Testimony of Commissioner James P. Redeker
Appropriations Committee
Fiscal Year 2014 – Fiscal Year 2015 Operating Budget
February 13, 2013 3:00 p.m.
Legislative Office Building, Hearing Room 2D

Good afternoon Chairwoman Harp, Chairwoman Walker, and members of the Committee. I am James P. Redeker, Commissioner of the Department of Transportation. I am pleased to appear before you today to discuss Governor Dannel P. Malloy's recommended biennial operating budget for the Department of Transportation.

During the last biennium, the Department made great strides in transportation, with accomplishments such as the opening of the Q-Bridge, groundbreaking of CT*fastrak*, initiating redevelopment of the service plazas, advancement of the New Haven-Hartford-Springfield Rail Program, and ongoing improvements to the rail system, including expansion of rail station/parking facilities and the roll-out of new M-8 rail cars. As we move forward, recently passed transportation initiatives include state legislation *(Public Act 12-70)* that requires the utilization of alternate project delivery methods (such as Design-Build or Construction-Manager-at-Risk), and federal legislation *(MAP-21)* mandating the implementation of a comprehensive transportation asset management plan. These initiatives, and others, combined with the ongoing demands of the Department's mission, will test our resourcefulness.

Governor Malloy's budget for the upcoming biennium recognizes the importance of the Department's responsibility to provide the citizens of Connecticut a safe, efficient, integrated, multimodal transportation network. Our roads, bridges, ports, airports, ferries, buses, and trains are essential to the quality of life and economic well-being of our state and our nation.

The Governor has recommended a transportation Capital Program of $711.5 million in fiscal year 2014 and $593.8 million in fiscal year 2015. The proposed Capital Program provides funds for vital infrastructure improvements in the biennium, including:

- $231 million in the "Fix-it First" road and bridge programs that will address reconstruction, repair or replacement of bridges and roads in need of immediate attention;
- $66 million in the State Bridge Restoration program;
- $126 million in the "Interstate" program, that provides for the maintenance and enhancement of the state's portion of the nationwide system of highways, and includes $100 million to continue upgrades to I-84;
- $98 million in the "Intrastate" program that will fund improvements to the state's primary and secondary roads;
- $137.8 million in the "Resurfacing" program for ongoing restoration of the state's highways;
- $17 million for Urban Systems;
- $18.9 million for environmental compliance and hazardous waste abatement;
- $34.7 million for renovation and repair to Department's garages and other facilities;

- $286 million for Bus and Rail facilities and equipment that will provide funding for capital projects necessary to support two commuter railroads, and Transit operations in eight urban areas and 13 active transit districts;
- $10 million in Ports funding and $4 million for the General Aviation Program.

The Governor's recommended Capital Program also includes an increased emphasis on municipal aid, with new bond authorizations of $15 million in the first year for a revitalized Local Bridge Program, $45 million in each year for Local Transportation improvements. The budget also proposes a $30 million increase in each year for grants available under the Town Aid Road grant – at $60 million annually. This would be the largest investment in this Program in the state's history, reinforcing the Governor's commitment to a strong state and local transportation infrastructure.

The Governor has recommended Special Transportation Fund appropriations of $551.7 million for fiscal year 2014, and $570 million for fiscal year 2015. In response to difficult economic times, the budget proposal reflects constrained growth in our total spending plan – no increase compared to fiscal year 2013 in the first year, and an increase of only 3.3 percent in the second. It calls for annualization of the fiscal year 2013 Deficit Mitigation Plan, reduction to the Tweed-New Haven Airport grant, the elimination of some program areas, such as Non-ADA Dial-A-Ride, and Transit Improvement; and also proposes to move Pay-As-You-Go Transportation Projects to be funded within the Capital Program. These changes may present challenges; however, we understand how important it is for all agencies of government to operate within the financial constraints that exist, while ensuring quality services are provided. The proposed budget includes positions and funding necessary to meet the Department's ongoing operational needs and to begin to address certain federal and state transportation mandates.

The Governor's proposed Personal Services budget of $161 million in fiscal year 2014 and $170 million in fiscal year 2015 provides funding for dedicated employees that plan, design, maintain, and provide support for a safe highway and bridge network, waterways, and public transportation system. The proposed authorized count of 3085 includes 3043 positions required to perform our ongoing mission, and 42 new positions to meet mandates:

- Twenty positions to reduce use of Consultant Liaison Engineering Firms,
- Five positions for Design-Build and Construction-Manager-at-Risk Project Delivery,
- Five positions for the implementation of a Highway Safety Program Section,
- Nine positions for the implementation of a Transportation Asset Management Plan,
- One position for DBE monitoring,
- And two positions for CT*fastrak* implementation and ongoing support.

The Governor's proposed Other Expenses appropriation of $53.4 million in fiscal year 2014 and $53.2 million in fiscal year 2015 includes IT funding to achieve the mandated implementation of Transportation Asset Management, DBE Monitoring software and Bridge Analysis Systems software. While the proposed budget reflects a 4 percent increase over fiscal year 2013 funding, it is important to note that almost 90 percent of the Department's Other Expenses account is dedicated to fixed costs for commodities and services that are subject to inflationary increases, including highway illumination, motor vehicle fuel, fleet repair, highway and electrical items (*such as guide rail, posts, concrete barriers and lights)*, costs for operating

more than 100 Department facilities, and snow removal materials and contractual services. Of note, the Snow Removal budget is based on an "average" winter; however, Department costs are dependent upon the severity of weather events that are out of our control and difficult to project. Road and bridge damage resulting from weather events such as significant rainstorms with flooding, and unprecedented snow events like October 2011's Storm Alfred and this month's Storm Charlotte, require the Department to respond quickly to ensure the continued safety of the traveling public. While the Department pursues options to recover federal funds, where eligible, there are often unexpected expenses in our operating budget.

The Highway and Bridge Renewal Equipment appropriation provides funding for purchase of snow plow trucks and pay loaders, as well as other essential highway and bridge maintenance equipment. The Governor's proposed budget for Highway and Bridge Equipment of $9.6 million in fiscal year 2014 and $7.98 million in fiscal year 2015 includes $3.2 million in the first year for specialty equipment to maintain CT*fastrak*. Reductions to, or even level funding in this account, pose significant challenges to the Department. An ongoing equipment replacement program is a critical aspect of properly managing fleet equipment and controlling overall fleet repair expenses.

Maintaining existing rail and transit services is a key element of the Department's operating budget. These programs serve the mobility needs of over 75 million passengers annually. The Department will continue to work with service operators to control expenses, minimize required deficit payments, and thus limit future increases in the Bus and Rail appropriations. These services, along with the ADA Paratransit Program, represent approximately 58 percent of the Department's operating budget.

The Governor's recommended Bus Operations appropriation of $143 million in fiscal year 2014 and $146.9 million in fiscal year 2015 includes the implementation of a Zone-1 fare increase of 20 cents, raising the fare from $1.30 to $1.50, effective January 1, 2014. While it is unfortunate that fare increases have to occur, they are necessary in order to maintain service levels in the face of rising costs. Even with this fare increase, the State will have to increase its annual bus appropriation and, in all systems, the State will be paying more per person trip than the riders will. The Governor's proposed budget also provides $3.75 million in the second year to subsidize the first six months of service of CT*fastrak*.

The proposed Rail Operations budget of $146.4 million in fiscal year 2014 and $150.7 million in fiscal year 2015 will provide for existing and expanded service on both the Danbury Branch and Shore Line East. Danbury service will be added with the completion of the signal project later this year. On Shore Line East, expanded service to New London, both weekdays and weekends, is planned. Finally, the Department continues to restore the New Haven-Hartford-Springfield Line to construct a two-track right-of-way for expanded service on this multi-state corridor.

I look forward to working with you in implementing a biennial budget that allows for continued preservation and improvement of the State's transportation network, and enables us to deliver the superior transportation system that the citizens of Connecticut deserve.

I will gladly respond to any of your questions.