

Testimony of Commissioner James Redeker
Appropriations Committee
Fiscal Year 2015 Mid-Term Operating Budget
February 19, 2014 1:30 p.m.
Legislative Office Building, Hearing Room 2C

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

The Department remains steadfast in its mission to provide the citizens of Connecticut a safe, efficient, integrated, multimodal transportation network. Our roads, bridges, buses, trains, ports and ferries are essential to the quality of life and economic well-being of our state and our nation.

The Governor has recommended revised Special Transportation Fund appropriations of \$583.3 million for fiscal year 2015. The budget proposal reflects constrained growth in our total spending plan – a net revision of \$3.3 million, or less than one percent, compared to the initial fiscal year 2015 budget passed last spring.

The Governor's proposed Personal Services budget of \$167 million 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 3188 includes 103 new positions to support mandates and ongoing transportation initiatives:

- Seventy-five positions to implement an expanded capital program and provide shovel-ready construction projects;
- Ten positions to reduce use of Consultant Liaison Engineering Firms;
- Six positions to support Design-Build and Construction-Manager-at-Risk Project Delivery methods, as outlined in Public Act 12-70;
- Seven positions to work on Transit Oriented Development (TOD) initiatives;
- Four positions for the support and maintenance of CTfastrak;
- And one position to establish a mandated OSHA-required Hearing Conservation Program.

The Governor's proposed Other Expenses appropriation of \$53.5 million is an increase of \$1.8 million. It is important to note that about 90 percent of the Department's Other Expenses funding is dedicated to snow and ice removal and costs for commodities and services that are subject to inflationary increases. This includes fleet repair, (which is directly impacted by an aging fleet), highway illumination, motor vehicle fuel, highway and electrical items (such as guide rail, posts, concrete barriers and lights), and costs for operating more than 100 Department facilities. The Department's most evident non-discretionary Other Expenses spending is for Snow and Ice Removal materials and contractual services. The \$13.2 million Other Expenses budget amount for Snow and Ice Removal is based on an "average" winter; however, the Department's actual costs are dependent upon the severity of weather events that cannot be

controlled and are difficult to estimate. This year is a case in point. Our budget estimate for snow and ice removal (including Personal Services) for 2014 is \$29.7 million and, to date, we have spent more than \$36 million. The Other Expense budget adjustments also include IT funding for fixed maintenance cost increases, and software for the federally mandated implementation of Transportation Asset Management, the Hearing Conservation Program, DBE Monitoring, and a Comprehensive Project Management system. Finally, the Other Expense budget has funds for increases in security contract costs and for utility costs for two new maintenance facilities.

Maintaining and improving existing rail and transit services is a key element of the Department's operating budget. These programs serve the mobility needs of over 80 million passengers annually, and represent approximately 57 percent of the Department's operating budget. The proposed Rail Operations budget of nearly \$150 million includes \$1.5 million to support a Safety and Maintenance program in response to the May 2013 New Haven Line derailment. The Governor's recommended Bus Operations appropriation of \$147 million and ADA Paratransit Program of \$32.9 million remain unchanged from the enacted FY 2015 budget.

The Governor has also recommended an increase to the Transportation Capital Program of \$69.8 million, revising the total to \$663.58 million in fiscal year 2015. This increase demonstrates the Governor's ongoing commitment to transportation - a commitment that has increased the Department's Capital program by 165 percent since FY 2010. The Governor's proposed adjustments for FY 2015 include:

- \$17.65 million in additional funds for Bus and Rail Facilities and Equipment, to support station improvements on the New Haven Line and new commuter stations for New Haven-Hartford-Springfield;
- \$6.7 million in additional funds for Environmental Compliance and Hazardous Waste abatement;
- \$20 million in additional funds for improvements to deep water ports, including dredging;
- \$10 million in new funds to support the implementation of a federally mandated comprehensive Transportation Asset Management Plan;
- \$10 million for the Local Bridge Program, in addition to existing authorizations of \$45 million for Local Transportation Improvements; and
- \$60 million for grants available under the Town Aid Road grant.

The Governor's recommended Capital Budget also includes \$5.4 million for Highway and Bridge Renewal Equipment. This funding provides for the purchase of snow plow trucks and pay loaders, as well as other essential highway and bridge maintenance equipment. Large annual fluctuations in past truck purchases have resulted in a significant percentage of trucks recently reaching the end of their useful life. An ongoing equipment replacement program is a critical aspect of properly managing fleet equipment and controlling overall fleet repair expenses.

I look forward to working with you in implementing a 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.

2014 Program Report Card: Connecticut Statewide Bus System (Connecticut Department of Transportation)

Quality of Life Result: All Connecticut residents have access to a safe and efficient intermodal transportation network.

Contribution to the Result: Local, Express and Paratransit/ADA bus services in Connecticut provide alternative travel options for residents. The use of bus transit results in decreased roadway traffic congestion, a reduction in Paratransit/ADA bus services in Connecticut provide alternative travel options for residents. The use of bus transit results in decreased roadway traffic congestion, a reduction in vehicle accidents, improved air quality, improved access for transit dependent populations to work, education and other vital services, as well as land use and economic benefits: all of which provide an improved quality of life for Connecticut residents. Increased congestion levels, a need for reverse commuting to suburban locations, and federal mandates to reduce air pollution present a growing opportunity for bus transit, which in many cases is the most cost-effective and flexible transit mode.

Program Expenditures	State Funding	Federal Funding	Other Funding	Total Funding
Actual FY 13	\$156,431,737	\$1,567,668	\$4,628,714 (Local) + \$50,721,632 (Revenue)	\$213,349,750
Estimated FY 14	\$158,869,357	\$1,500,000	\$5,034,374 (Local) + \$53,750,939 (Revenue)	\$219,154,670

Partners: CTTransit; Regional Planning Agencies (RPAs); Municipalities; Large Businesses; Transit Agencies (districts); Paratransit Service Operators; Intrastate Bus Operators; Interstate Bus Operators; AMTRAK; Metro North Railroad; and Federal Transit Administration (FTA).

Funding for Statewide Public Bus Service:

There are separate line items in the state budget for fixed route, ADA Paratransit and Dial-a-Ride, as indicated below.

Bus Program \$	Fixed Route	ADA Paratransit	Dial-a-Ride
FY2013 (1)	179,748,907	32,644,906	955,937
Expenses	38,986,804	1,715,938	146,224
Fare Revenue	9,862,875	9,791	0
Other Revenue	130,899,229	29,845,575	576,358
State \$	1,567,668	0	0
Federal \$	3,101,766	1,073,602	233,356

(1) All FY2013 dollars are unaudited

The State of Connecticut subsidizes the majority of the cost to operate fixed local bus service in twenty urban and rural service areas, ADA/Paratransit and Dial-a-Ride services, as well as express bus service in the Hartford area. These bus systems provide vital transportation links for the young, elderly, mobility impaired and transit dependent, as well as travel options for those riders who wish to use public transportation rather than their car. CTTransit is the State-owned bus service, and is Connecticut's largest bus operator, providing approximately 77% (31 million) of all public bus passenger trips. Thirteen transit districts provide public bus operations for the remaining urban and rural areas of the state. In accordance with the Americans with Disabilities Act (ADA) of 1990, paratransit (on demand) services are provided by 12 transit operators in all areas with local fixed route bus service. The ADA paratransit program provides mobility to people with qualifying disabilities who travel within the service area of the regular fixed-route bus system. The approximate subsidy provided by the State of Connecticut as a proportion of overall operating costs in FY2013 was: Fixed Route and Express bus service—69%; ADA/Paratransit—91%; Dial-a-Ride—61%.

How Much Did We Do?

SYSTEM ACCESSIBILITY - Fixed-Route Service - Percent of Population within ¼ Mile of Fixed-Route Bus Service.

(a) 2010 Population	CT	Population and Employment within ¼ mile of local bus or 2.5 mile of express bus stop
(b) 2010 Employment	CT	70% -- 2,492,081 people
(a) 3,544,380		66% -- 1,290,834 people
(b) 1,956,245		

ADA/Paratransit - Passenger Trips Provided to Eligible Clients

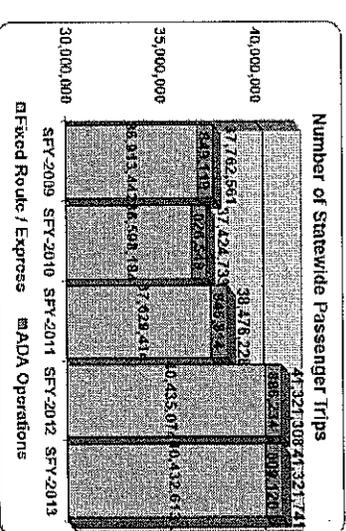
Fiscal Year	Number of Clients	Number of Eligible	Passenger Trips Provided
2013	29,866		889,128
2012	25,223		886,234
2011	19,012		846,814

Story behind the baseline: The upper Table above indicates the percentage of Connecticut's population living or working near fixed bus routes. This statistic gives some measure to the reach of the system.

The ADA requires that paratransit users be pre-certified as eligible clients. The lower table above shows the number of certified clients and the number of passenger trips provided. These statistics show how many residents are potentially accessible to the ADA service. **Trend:** ▲

How Well Did We Do It?

SERVICE UTILIZATION - Number of Statewide Bus Passenger Trips by Fiscal Year.



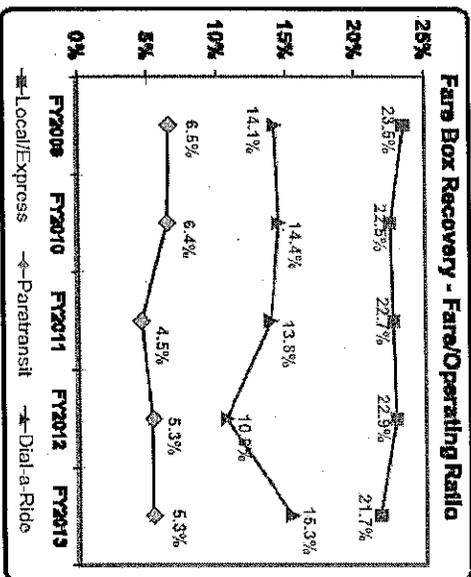
Story behind the baseline: The above Figure illustrates that bus transit ridership increased by approximately 9 percent between fiscal 2009 and fiscal 2013. Riding the bus is beneficial to riders and other residents of Connecticut. Based upon average vehicle occupancy data, each bus passenger removes approximately 0.83 vehicles from Connecticut's roads. **Trend:** ▲

2014 Program Report Card: Connecticut Statewide Bus System (Connecticut Department of Transportation)

Quality of Life Result: All Connecticut residents have access to a safe and efficient intermodal transportation network.

How Well Did We Do It?

COST EFFECTIVENESS Fare Box Recovery Ratio by Fiscal Year

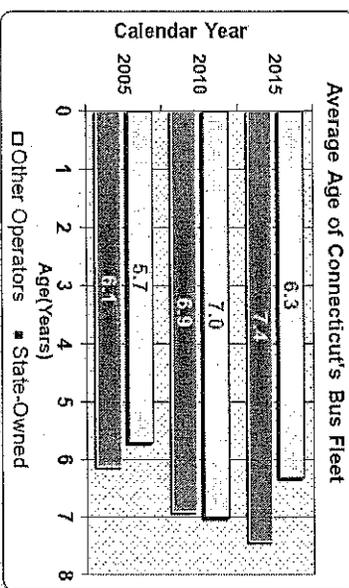


Story behind the baseline: Revenue for bus operations is primarily comprised of bus fares and advertising fees. In FY2013, the fares covered approximately 22 percent of costs for fixed and express bus operations and approximately 5 to 15 percent of paratransit and Dial-a-Ride. These percentages have decreased most years since FY2009. Operating costs have risen while ridership has increased slightly and fare levels remain constant. Most of the increasing yearly deficit is subsidized by the State of Connecticut.

Trend: ▼

Is Anyone Better Off?

TRANSIT INVESTMENT - Average Age of Bus Transit Fleet



Story behind the baseline: The expected life of heavy-duty transit buses is 12 years. Smaller buses and vans have a shorter life expectancy. An older fleet tends to require higher levels of maintenance, which results in the potential for a reduction in reliability of service. Riders are attracted to buses that are clean, comfortable, reliable and attractive. **Trend:** ▼

Is Anyone Better Off?

BENEFITS OF BUS USE - Yearly Benefit of Fixed Route Bus & Paratransit

Yearly Benefit of Fixed Route Bus & Paratransit (Calculations Based on Bus Passenger Miles of Travel (2)(1))	FY2008	FY2009	FY2010	FY2011
Millions of Gallons of Fuel Saved (at 20.2 mpg fleet average)	6.24	6.56	5.89	5.88
Millions of Miles of Auto Travel Reduced	124.0	132.4	119.0	118.7
Tons of GHG CO ₂ equiv. Emissions Reduced	59,944	64,022	57,540	57,389
Millions of Dollars Saved by Customers Not Driving Autos (at \$0.50/mi)	\$62.0	\$66.2	\$59.5	\$59.4

(2) Estimates made using "Recommended Practice for Quantifying Greenhouse Gas Emissions from Transit", p.31-35, American Public Transportation Association, AP7A-CC-RP-001-09, Aug. 2009.

(3) Latest available data

Story behind the baseline: Based upon average vehicle occupancy data, each bus passenger removes approximately 0.83 vehicles from roadways, thus decreasing greenhouse gas (GHG) emissions, gasoline use and reducing highway congestion. Estimates of total yearly reductions for FY2008 to FY2011 are presented in the Table above. **Trend:** ▼

Proposed Actions to Turn the Curve:

1. The Department's strategy to maintain and attract riders is to: provide a safe, convenient and reliable service; provide online passenger trip route planning and service information; monitor usage and adjust capacity when needed; adjust service hours or routes, as warranted; increase frequency of service (reduce headway) where cost-effective; and, continue marketing and advertising campaigns to portray benefits of transit use.
2. If funding allowed, fixed bus service could be expanded to areas currently underserved or with no service. In conjunction with this, ADA service would be expanded, as it is federally mandated. If funding growth does not keep up with expense on inflation, service would be reduced. A fare increase in all CTT transit services was implemented in January 2014 to increase the fare box recovery ratio and establish a policy on longer-term relationships between costs borne by customers and costs borne by the general taxpayer.
3. Through resource identification, process improvement, and technology advances, the Department strives to contain costs and find innovative and more efficient ways to deliver services. A new fare collection system is being pursued that has the potential to reduce boarding times for passengers, and provide more flexible payment options.
4. Maintain buses in a state of good repair, and, update fleet on the transit industry and FTA recommended schedule. The average age of the bus fleet should be six years, with replacement of one twelfth of the fleet annually. With the use of federal American Reinvestment and Recovery Act (ARRA) stimulus funds, the Department has placed orders for 136 new heavy-duty buses (95 Diesel and 41 Hybrid). Approximately 126 of these were received during 2010. The remaining buses were received in 2011 and 2012. These new buses offer the potential to reduce downtime, service calls, and pollutants and, to increase capacity for improved on-time performance.
5. Promote efficient system management and operations.

Data Development Agenda:

1. Develop and conduct surveys, and use rider feedback to improve service and meet current and future needs of customers.

2014 Program Report Card: Connecticut Commuter Rail Operations (Connecticut Department of Transportation)

Quality of Life Result: All Connecticut residents have access to a safe and efficient intermodal transportation network.

Contribution to the Result: The New Haven Line (NHL) and the Shore Line East (SLE) commuter services provide alternative travel options for Connecticut and New York commuters. The use of rail by commuters results in decreased traffic congestion, reduction in vehicle accidents, reduction of air, noise and water pollution, travel time savings, and land use and economic benefits; all of which provide an improved quality of life for Connecticut residents. The role of railroads in Connecticut represents an essential component in providing a growth opportunity model for people and goods movement that is strategically connected to other modes.

Program Expenditures	State Funding	Federal Funding	Other Funding	Total Funding (includes Revenue)
Actual FY 13	\$104,295,610	\$0	\$24,463,097 (MTA) + \$304,691,208 (Revenue)	\$433,449,915
Estimated FY 14	\$115,493,001	\$0	\$36,531,955 (MTA) + \$342,455,547 (Revenue)	\$491,480,603

Partners: Metro-North Railroad (MNR), Amtrak, Federal Transit Administration (FTA), Federal Railroad Administration (FRA), DEEP, DECD, Municipalities operating parking lots adjacent to rail stations, Regional Planning Agencies (RPAs), CT Commuter Rail Council, Other Rail Advocacy Groups, and NY, MA, RI DOTs and Transit Authorities.

Funding for Commuter Rail Service: The FY2013 budgets for the New Haven Line and Shore Line East are presented in the table below:

Commuter Rail	New Haven Line (NHL)	Shore Line East (SLE)
\$ FY2013		
Expenses	\$402,189,282	\$31,260,633
Fare Revenue	289,667,554	2,233,056
Other Revenue	12,790,598	0
State \$	75,268,035	29,027,577
Federal \$	0	0
MTA (1) \$	24,463,097	0

(1) MTA-Metropolitan Transportation Authority (New York)

How Much Did We Do?

SYSTEM ACCESSIBILITY - Percent Population within 2.5 Miles of Rail Stations

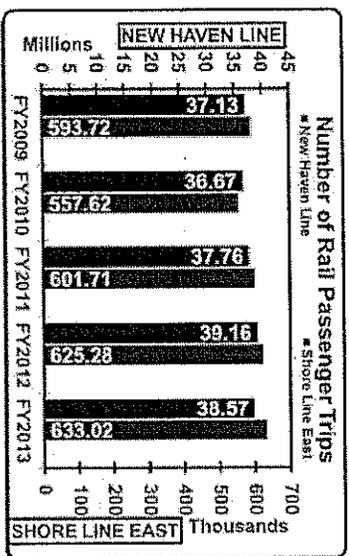
(a) 2010 CT Population	Population and employment within 2.5 miles of rail stations
(b) 2010 CT Employment	31% -- 1,101,213 people
(a) 3,544,380	30% -- 582,220 people
(b) 1,956,245	

Story behind the baseline: The national standard for accessibility to commuter rail transit is 2.5 miles from a boarding station. The figure above indicates that 31 percent of Connecticut's population is within the rail service area for SLE or NHL including the three branch lines. This is an estimated year 2010 potential rider pool of 1,101,213 people. Thirty percent of Connecticut's population is also employed within 2.5 miles of a station.

Trend: ▲

How Well Did We Do It?

SERVICE UTILIZATION - Number of Rail Passenger Trips on New Haven Line and Shore Line East



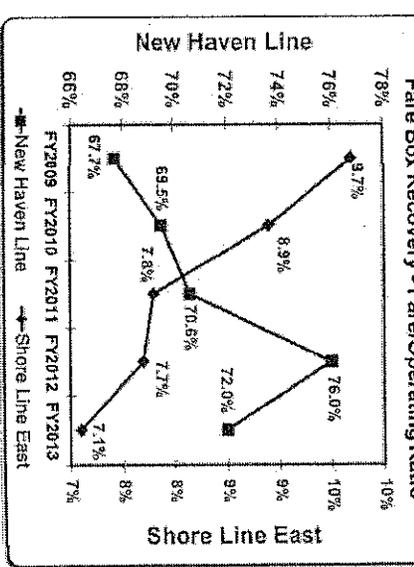
Story behind the baseline: The New Haven Line (NHL), which is operated by Metro-North Railroad, is the single busiest commuter line in North America, carrying over 38 million passengers in FY2013. The NHL includes three branch lines (New Canaan, Danbury and Waterbury). Shore Line East (SLE) service is operated between New Haven and New London by Amtrak on the Northeast Corridor. SLE locomotives and rail cars are owned by CTDOT and SLE service is operated under contract with Amtrak.

Ridership rebounded in FY2011 and FY2012 after the FY2009-2010 ridership economic downturn in Connecticut and adjacent states.

Trend: ▲

How Well Did We Do It?

COST EFFECTIVENESS - Fare Box Recovery Ratio

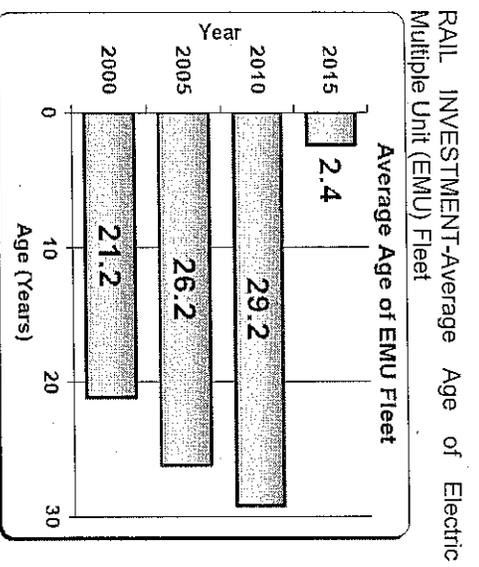


Story behind the baseline: Revenue for rail operations is comprised of train fares, rent, concessions, and food/beverages. The fares alone covered 72 percent and approximately 7 percent of costs for NHL and SLE, respectively, in FY2013. During FY2013, increases in both NHL and SLE fare revenues did not keep up with the operating costs for both those lines and led to a decrease in the fare to operating ratio. The State of Connecticut and New York MTA jointly subsidize the yearly deficits for the NHL. The deficit for the SLE is borne entirely by Connecticut.

Trend: NHL ▲ - SLE ▲

2014 Program Report Card: Connecticut Commuter Rail Operations (Connecticut Department of Transportation)

Quality of Life Result: All Connecticut residents have access to a safe and efficient intermodal transportation network.
Is Anyone Better Off?



Story behind the baseline: The purchase/acquisition of 405 state-of-the-art M8 Electric Multiple Unit (EMU) rail cars is a critical step to reduce overall fleet age, increase fleet reliability, increase capacity for ridership growth and meet American with Disabilities Act requirements. Connecticut's M2 rail cars on the NHL average over 38.5 years of age. With the reduction of the older fleet, the overall EMU fleet age is currently at 11.9 years. Two hundred and seventy-two (272) M8 rail cars have been delivered with 262 M8s tested, accepted and deployed in NHL service (as of September 2013). The remaining 133 M8s (Connecticut will own 274 of the M8 fleet) will be delivered periodically through mid-2015. The result, as shown in the chart above, illustrates that the average EMU fleet age will drop significantly to 2.4 years by 2015.
Trend: ▲

Is Anyone Better Off?

Yearly Benefit of Commuter Rail <i>(Calculations Based on Rail Passenger Miles of Travel (2/3))</i>	BENEFITS OF COMMUTER RAIL			
	FY2008	FY2009	FY2010	FY2011
Millions of Gallons of Fuel Saved (at 20.2 mpg fleet average)	49.5	48.0	49.6	50.2
Millions of Miles of Auto Travel Reduced	1,000.3	969.0	1,001.4	1,014.6
Tons of GHG CO ₂ eq. equiv. Emissions Reduced	483,603	468,478	484,151	490,512
Millions of Dollars Saved by Customers Not Driving Autos (at \$0.50/mi)	\$500.1	\$484.5	\$500.7	\$507.3

(2) Estimates made using "Recommended Practice for Quantifying Greenhouse Gas Emissions from Transit," p.31-35, American Public Transportation Association, APTA CO-RP-00-106, Aug. 2009.
 (3) Latest available data

Story behind the baseline: Rail commuting benefits all Connecticut residents. On average, each rail passenger removes 0.83 vehicles from Connecticut roadways, thus contributing to significant reductions in greenhouse gas emissions, fuel use, and highway congestion. Estimates of these benefits are presented in the table above.
Trend: ▲

Proposed actions to turn the curve:

1. Continue to promote the benefits of commuter rail as an energy and timesaving alternative to driving or flying.
2. Increase rail service where viable, such as service expansion on the New Canaan, Danbury and Waterbury branches, SLE and the New Haven Line through Penn Station-New York and points south.
3. Invest in the New Haven-Hartford-Springfield Line (NHHS) and implement expanded intercity and new commuter rail service.
4. Provide seamless passenger trip planning and service information among all travel modes.

5. Expand Connecticut's role in developing a growing interconnected rail system with adjoining states, and with the New York and Boston metropolitan centers.

6. Attract and maintain riders on Connecticut's commuter rail network by providing additional capacity on the New Haven and branch lines, extending SLE service to New London and increasing parking capacity at stations throughout the state.

7. Manage costs and revenues (a 5% fare increase went into effect in both 1/1/2012 and 1/1/2013) to control increases in the subsidy by the State of Connecticut, without reducing ridership.

8. Improve rail service through a significant investment in new rail cars, as well as in new train stations, improved and new rail car maintenance facilities and additional train station parking.

9. Continue to invest in capital improvements and maintenance programs. Specifically, 158 miles of new catenary, replacement and rehabilitation of 29 rail bridges, and new rail facilities in New Haven and new train stations in Fairfield and West Haven. Improvements in SLE train stations are also underway. The New Haven Rail Yard (NHRYD) improvements are a significant investment currently under construction. This project will ultimately transform the existing NHRYD into a fully functional facility that provides for efficient and effective storage, dispatching, inspection, maintenance and cleaning of the M8 rail cars as well as the locomotives and coaches for the future NHHS train service. Other NHL investments include: the replacement programs, upgrade of track and other railroad structures, and cyclical bridge maintenance programs.

Data Development Agenda:

1. Develop and conduct customer surveys, and use rider feedback to improve service and meet current and future needs of customers.
2. Identify, define and collect statewide data that will measure the actual demand for rail commuter services, particularly among persons who are not yet riding rail