WRITTEN STATEMENT FOR THE RECORD

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COMMISSIONER

RENVILLE COUNTY, MINNESOTA

ON BEHALF OF

THE NATIONAL ASSOCIATION OF COUNTIES

BEFORE THE

HOUSE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE

SUBCOMMITTEE ON HIGHWAYS AND TRANSIT

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Chairman Graves, Ranking Member Norton and distinguished members of the subcommittee, thank you for holding today's hearing on the transportation needs of rural America and for inviting me to testify on behalf of the National Association of Counties (NACo). NACo is the only association representing the nation's 3,069 counties, which own 39 percent of the National Bridge Inventory and 45 percent of the nation's roads, including 53 percent of road miles that run through rural America and 28 percent of the federal-aid highway system. County elected officials are responsible for these critical transportation assets and are keenly aware of the investments needed to address the mobility, safety and economic needs of their communities.

My name is Bob Fox and I am a county commissioner from Renville County, Minnesota. Renville County is a rural county with a population of 15,000 that is located approximately 100 miles west of the Minneapolis-St. Paul metropolitan area. We are well known for our agricultural innovations, including crop and animal cooperatives, seed crop breeding and production and farmers who are utilizing newly developed agricultural technology.

There are 1,891 public road miles that run through Renville County, 38 percent of which are owned and maintained by the county. We also have a total of 218 bridges in Renville County, including 130 bridges captured by the National Bridge Inventory. Of those 130 bridges, 89 percent are locally owned (meaning they are owned either by the county or another unit of local government).

Most of my county's transportation infrastructure was built in the 1950s and 1960s. Since that time, there have been substantial changes in the agricultural sector that have resulted in higher productivity, the use of larger and heavier machinery and the consolidation of many activities. These changes have a large impact on our transportation infrastructure and create significant heavy truck traffic and what I like to call "rural rush hour."

While Renville County may not have the day-to-day congestion experienced by urban counties, there are certain times of the year, particularly in October during the peak of sugar beet harvesting season, when there are 500-800 trucks traveling down our county roads every hour for days on end. Our county's transportation infrastructure was not built to sustain that kind of volume or the sheer size of the equipment being utilized today.

Through my involvement in NACo and my experience serving in the leadership of the association's Agriculture and Rural Affairs Steering Committee and Rural Action Caucus, I can tell you that the experience of Renville County is not unique. Roughly two-thirds of the nation's 3,069 counties are considered rural with a combined population of 60 million. These rural counties face a number of challenges in providing adequate transportation infrastructure to meet the needs of our communities, regions and national economy.

Today, I would like to highlight some of the primary challenges facing transportation in rural counties and provide recommendations for ways Congress can support rural America in the forthcoming reauthorization of MAP-21.

Challenges facing rural counties and rural transportation infrastructure:

First, rural counties are facing numerous challenges that strain local funding options.

America's rural counties are experiencing declining populations with aging and younger residents seeking retirement and job opportunities in suburban and urban areas. Ongoing population losses reduce our tax base, which has a direct effect on our ability to fund transportation projects.

Generally, counties use a combination of local, state and federal dollars to fund their transportation investments, with the majority of the funding coming from state and local sources. For example, Renville County receives 3.7 percent of its transportation funding from the federal government, 59.8 percent from the state and the remaining 36.5 percent comes from county raised revenues.

Counties raise local revenue for transportation through a variety of sources, including property taxes, personal property taxes, local option sales taxes, local gas taxes, motor vehicle license and registration fees and assessments in special districts for transportation purposes. In the case of Renville County, most of our local funding for highways is derived through a local tax levy. In the fall of 2013, the Renville County Board of Commissioners also approved, for the first time, a $10 million bond for transportation projects. This bond will be paid back over 15 years with local tax dollars.

However, it is very important to note that most states limit counties' ability to raise revenue for capital projects. In fact, 43 states have some type of limitation on the property taxes collected by counties, including 38 states that impose statutory limitations on property tax rates, property tax assessments or both. Only 12 states authorize counties to collect their own local gas taxes, which are limited to a maximum rate in most cases and often require additional approvals for implementation.

Due to these local funding constraints, rural counties depend on a strong local-state-federal partnership to deliver transportation investments that are critical to our communities and national economy.

Second, rural counties are experiencing increasing and shifting demands on their transportation infrastructure.

Rural counties' economies are often built on a foundation provided by agriculture and natural resources. In my county, like in many rural counties, agriculture is the largest industry, generating $112.9 million in economic output in 2014. Nationally, the three million road miles and 450,000 bridges in rural America play a critical role in the movement of agricultural products, manufacturing goods and energy resources from our communities to domestic and global markets.

Unfortunately, rural infrastructure has become increasingly inadequate and unable to accommodate the demands of these modernizing industries and higher yields of production. According to the Federal

Highway Administration, 40 percent of county roads are inadequate for current travel and nearly half of the 450,000 rural bridges in America are structurally deficient.

Changes to the agricultural sector have increased the distance products have to travel in order to get from our farms to markets, which impacts our local economies and infrastructure. According to the U.S. Department of Agriculture's National Agricultural Statistics Service, between 2007 and 2012 the number of farms in America decreased by over 95,000, accounting for a loss of over seven million farmable acres. In that same amount of time, the average size of the American farm increased by almost four percent. This shift means our country has fewer farms to help meet the increasing demand for agricultural goods which now take longer to reach the consumer – directly impacting the cost of food while increasing the burden on rural infrastructure.

In addition to agriculture, fast-growing industries such as oil and gas put a lot of pressure on county transportation systems due to the rise in heavy traffic. For example, the energy boom in North Dakota caused traffic – especially heavy truck traffic – to rise by 40 percent. A 2012 assessment of North Dakota counties and other local road needs projected that the average number of daily truck trips on county roads in the four highest oil producing counties would increase 98 percent between 2012 and 2025. The roads used to access oil drilling areas were not built for heavy truck traffic, which damages existing infrastructure and reduces safety.

Third, rural counties are combating rising costs of transportation projects.

In addition to facing growing demands for transportation investment and numerous limitations on local revenue sources, rural counties are encountering rising costs for transportation projects. Based on the American Road and Transportation Builders Association's highway construction price index, the cost of construction, materials and labor for highway and bridge projects increased 44 percent between 2000 and 2013, outpacing the 35 percent increase in general inflation.

In my county, we have seen a drastic increase in the cost of projects. Just a few years ago, Renville County could budget for a road reconstruction project at less than $300,000 per mile. Today, that same project is estimated at $1 million per mile.

These problems are only exasperated by the state of affairs in Washington, DC. Short-term approaches to federal transportation funding drive up project costs and impair counties' ability to deliver critical transportation investments that improve the movement of goods and people across America. The longer we wait to pass a long-term reauthorization bill, the more damage our infrastructure sustains and the more expensive projects become – something rural counties simply cannot afford.

<u>Recommendations for MAP-21 reauthorization:</u>

Rural counties need a strong federal partner and a surface transportation program that supports the needs of rural America. Unfortunately, in addition to facing greater demands on their transportation infrastructure, rising costs of projects and numerous challenges that strain local funding options, rural counties have experienced funding reductions at the federal level that further diminish our ability to deliver critical transportation projects.

In addition to recommending that Congress fix the Highway Trust Fund and pass a long-term reauthorization bill that provides certainty at the state and local level, NACo has a number of specific recommendations for ways Congress can better support rural transportation that I would like to provide you at this time.

<u>NACo recommends that Congress make more federal highway dollars available for locally owned infrastructure.</u> Local governments own 78 percent of the nation's road miles, including 43 percent of federal-aid highways, and 50 percent of the National Bridge Inventory. Many of these highway miles and bridges can be found in rural America. Not only do they serve as a lifeline for rural counties and their citizens, they play a critical role in the movement of freight.

Unfortunately, when Congress consolidated and eliminated many of the old highway programs through the passage of MAP-21, it shifted funding away from the types of locally owned infrastructure that are eligible for federal-aid, which occurred primarily due to the elimination of the Highway Bridge Program. Overall, NACo estimates that MAP-21 reduced the funding available to locally owned highways and bridges by 30 percent.

In Renville County, we have experienced this firsthand, receiving decreased allotments of federal-aid transportation dollars since the passage of MAP-21. While the amount of federal-aid we received prior to MAP-21 was already minimal – roughly $426,000 in 2012 – we have seen that amount reduced in the years since the bill's implementation. The amount of federal-aid we receive on an annual basis is unable to complete an entire project. In fact, with the level of funding we receive, we are only able to complete one federal-aid project every four to five years (at best).

With funds becoming less and less, most counties are concentrating on maintaining ride quality on our existing pavements. While optimally we would pursue projects that address surface quality and widen our roads to accommodate today's heavy truck traffic and equipment that are traveling on our roads and bridges. Instead, we opt for less expensive pavement rehabilitation projects that sufficiently address the strength and ride quality of our roads but do not typically address capacity or safety.

Freight transport supports rural industries and provides a foundation for America's economy. Failure to adequately invest in the road and bridge infrastructure that supports freight transport puts rural economies and the national economy at a competitive disadvantage. The efficiency of the American freight system directly impacts our industries' ability to compete in export markets, with transportation costs being one of the most significant factors impacting our farmers' bottom lines. Inefficient and inadequate transportation infrastructure increases the prices that American consumers pay for goods, negatively impacts local economies, particularly in rural areas, and reduces U.S. competitiveness when exporting these products abroad.

NACo urges Congress to restore funding to bridges off the National Highway System. The nation's more than 610,000 bridges are vital components of our transportation network that are in critical need of repair. Unfortunately, MAP-21 significantly reduced the amount of funding available for more than 75 percent of the nation's bridge inventory – specifically bridges that are not a part of the designated "National Highway System" (NHS).

Prior to the passage of MAP-21, nearly $6 billion was authorized annually for the Highway Bridge Program to support bridges on and off the Federal-aid Highway System (or "on-system" and "off-system" bridges), with no less than 15 percent of each state's apportionment being set aside for off-system bridges. MAP-21 eliminated the Highway Bridge Program, shifting the program's funding (with the exception of the off-system bridge set aside) to the National Highway Performance Program. Unfortunately, funding for the National Highway Performance Program may only support projects on the NHS, which excludes 467,584 on and off-system bridges.

Restricting these dollars for use on a very limited number of bridges shortchanges the vast majority of our nation's bridges, including those bridges with the greatest need for repair. According to the National Bridge Inventory, 10 percent of the nation's bridges are considered structurally deficient and 14 percent qualify as being functionally obsolete. Nearly 90 percent of the nation's structurally deficient bridges and more than 70 percent of the nation's functionally obsolete bridges are not on the NHS. Limiting this funding to the projects eligible under the National Highway Performance Program creates a disparity that endangers the safety of citizens in rural and urban communities across the county.

While NACo is grateful that Congress continued the set aside for off-system bridges, a major funding gap was created for on-system bridges that are not on the NHS. These bridges, especially in rural communities, are some of the most critical bridges for the movement of freight and providing vital connections for our citizens. Of the 130 bridges in my county that exceed 20 feet, only eight are eligible for NHPP dollars. In total, we have 34 on-system bridges, 26 of which lost access to predictable funding under MAP-21, including 19 that are owned by the county. Nationwide, more than half of our National Bridge Inventory is considered "on-system" and more than half of those bridges are not on the NHS.

To address this issue, NACo has worked with a bipartisan and bicameral group of lawmakers to develop the Support for Bridges Act, a piece of legislation that was introduced in the Senate last month by Senators Roy Blunt (R-MO) and Bob Casey (D-PA). We hope to work with the members of this subcommittee to introduce companion legislation in the House of Representatives. NACo believes that this legislation will make more federal funding available to locally owned on-system and off-system bridges, and locally owned infrastructure in general that, together with our local dollars, will bring tremendous safety and economic benefits to rural and urban communities across the country.

NACo urges Congress to better address safety on 'high risk rural roads' in the reauthorization of MAP-21. Safety is one of the greatest concerns for rural counties, with the fatality rate on rural roads being about 2.5 times higher than that on urban roads, according to the Federal Highway Administration's Office of

Safety. In 2012, 19 percent of the U.S. population lived in rural areas but rural road fatalities accounted for 54 percent of all road-related fatalities. This is due to a number of factors like the physical characteristics of our roadways, including capacity and condition; behavioral issues such as higher speeds, reduced seat-belt use, and higher rates of impaired driving; and longer emergency medical response times due to the distance between incidents, emergency responders and medical facilities.

When MAP-21 eliminated the High Risk Rural Road program, it replaced it with a special rule that requires states to obligate Highway Safety Improvement Program dollars to address fatality rates on rural roads only if the fatality rates increase over a two year period. NACo believes that only requiring these investments to be made when rural road fatality rates increase does not adequately address rural road safety in areas with the greatest need. Instead, we recommend that states be required to address safety on rural roads if their rural road fatality rate does not decrease. While this difference in approach may appear nuanced, it better targets areas with the highest incident rates and compliments the goal of moving our nation's transportation system 'towards zero deaths.'

<u>NACo urges Congress to support other programs that allow counties to address mobility and infrastructure needs</u>. The aging populations and geography in rural counties create unique mobility challenges. In rural communities in particular, aging and disabled citizens can become extremely isolated and unable to access healthcare and other critical goods and services. One of the ways counties address the needs of our aging and disabled populations is through rural public transportation options. Rural public transportation systems provide both traditional fixed-route and demand response services in every state.

In Renville County, we have the Heartland Express, which provides transportation for all county residents. The Renville County Heartland Express was established in 1996 due to the demand for transportation in our rural area. With businesses closing, it has become harder for people to get groceries or go to a doctor without traveling a great distance. Our fleet of seven buses takes children to and from school and daycare, connects workers with jobs and provides a means for our elderly citizens to get groceries, access doctors and maintain social connections that are so critical to their overall welfare. Because of the vast geographic distance our public transportation systems have to cover and our growing population of transit dependent citizens, it's important to rural counties that Congress provides funding for transit programs through the Mass Transit Account of the Highway Trust Fund and continues funding for rural public transportation.

In addition to public transportation funding, many rural counties benefit from the Federal Lands Access Program (FLAP). FLAP supplements state and local resources for public roads, transit systems and other transportation facilities projects that provide access to, are adjacent to, or are located within federal lands, with an emphasis on high-use recreation sites and economic generators. With 62 percent of the nation's counties having federal land within their boundaries, FLAP is meeting a critical need in rural counties. In general, very few federal programs support truly local roads but FLAP is an exception. Many of the counties that benefit from the program simply do not have the local resources to complete the projects that are supported with FLAP funding. Federal lands, such as national parks, often drive tourism and recreational activities that support rural economies. Quality infrastructure and mobility options are critical for supporting these industries and rural communities.

NACo urges Congress to increase the role of counties in statewide planning and project selection processes. With recognition that there are greater transportation needs than available funds, project selection and planning processes should prioritize investments that maximize the long-term benefits for communities and regions. To help achieve greater performance and efficiency of our transportation system, local elected officials should have an elevated degree of involvement in decision-making processes. Local elected officials are well positioned to provide input on potential projects and their ability to support economic and community development. For example, rural county officials can help identify efficient routes within rural regions that connect multi-modal freight facilities, agriculture and natural resource production and distribution centers. Thinking beyond the explicit benefits of transportation projects and better understanding their broader context and value through the lens of local leaders can maximize the effectiveness of federal transportation dollars.

Ultimately, NACo believes that the next surface transportation bill must recognize that the transportation needs of rural counties are important to the nation's economy, public health and safety.

Improving the quality of transportation in rural America can result in various benefits for rural counties like mine, but maybe more importantly for the work of this subcommittee, can improve the nation's overall transportation network, which serves as the foundation for our country's economy.

Thank you again, Mr. Chairman and members of the subcommittee for the opportunity to appear before you today. I would be pleased to answer any questions.