



Testimony of Gary Ridley, Secretary, Oklahoma Department of Transportation

On Behalf of

The American Association of State Highway and Transportation Officials

Regarding the American Recovery and Reinvestment Act of 2009

Before the Committee on Transportation and Infrastructure

U.S. House of Representatives

December 10, 2009

Mr. Chairman and Members of the Committee, my name is Gary Ridley. I am Secretary of the Oklahoma Department of Transportation and Chair of the American Association of State Highway and Transportation Officials (AASHTO) Construction Subcommittee. I am here today to testify on behalf of Oklahoma and AASHTO, which represents the departments of transportation in the fifty States, the District of Columbia and Puerto Rico.

First, I want to thank you, Mr. Chairman, for your leadership in ensuring that the American Recovery and Reinvestment Act of 2009 (ARRA), enacted almost ten months ago, included substantial funding for transportation investments. We appreciate that you and the Members of your Committee recognize the important contribution of transportation capital investments to improving our Nation's economic health and sustaining our competitiveness in the global marketplace as well as supporting American construction jobs.

You have held the States accountable, and I am proud to report to you today that the departments of transportation have kept our word and shown that we could quickly put ARRA dollars to work, investing in worthy projects and creating and sustaining good paying jobs. These transportation capital investments will leave future generations with a modernized transportation system and physical transportation assets lasting 50 to 100 years or more at the same time we have created or sustained "made-in-America" jobs.

Today, I want to emphasize three points –

- The State departments of transportation have delivered on the promise of quickly obligating ARRA funds, executing contracts, getting construction projects underway and putting workers on the job.
- The backlog of transportation infrastructure needs is substantial. State departments of transportation have identified an additional 9,500 projects valued at just under \$70 billion that could be advanced quickly, creating and sustaining an additional 2.1 million jobs across rural and urban areas in all States.
- The Oklahoma Department of Transportation has been highly successful in rapidly transforming its ARRA apportionment into actual transportation projects on the ground. These projects range from simple, low cost preservation activity to multi-million dollar, complex construction projects. Oklahoma's successful experience offers lessons that we are sharing with all the States.

States have Quickly Moved to Get Projects Underway thereby Creating and Sustaining Good Paying Construction Jobs

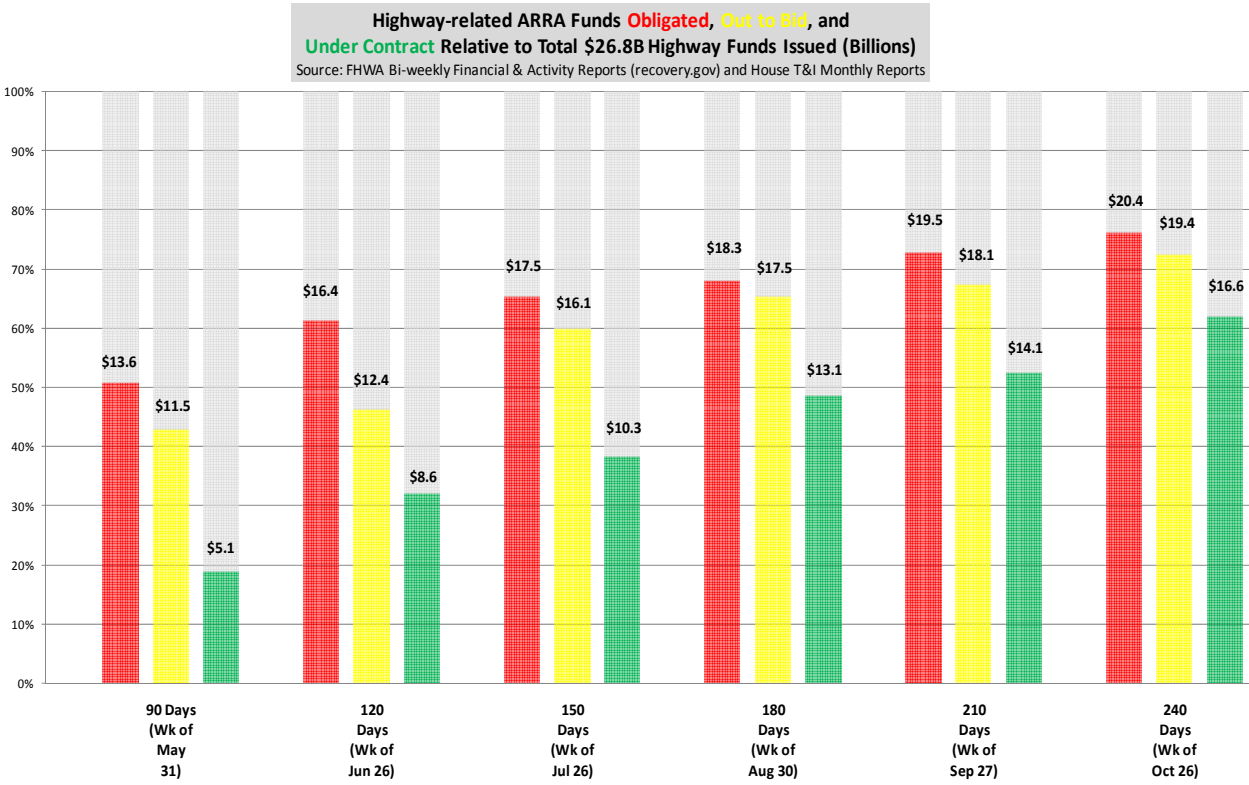
It has been just over nine months since the ARRA highway funds were apportioned to the States on March 2, 2009. The pace with which the States have been able to get these dollars working on the ground is impressive.

According to the U.S. Federal Highway Administration's daily tabulation, as of December 7, 2009, \$21,088,012,490 or 79% of the ARRA highway dollars apportioned to the States has been obligated. FHWA estimates that there are 5,458 highway projects under construction in all 50 States, the District of Columbia, Puerto Rico and Federal Land Highways valued at \$14.01 billion.

That, however, is only one part of the picture. AASHTO recently did an analysis of contract awards of ARRA funds for highway projects.

A key measure of how fast jobs can be created is the time frame for moving from obligations to contract awards. That final step puts the work in the hands of contractors and thus supports and creates jobs. The charts below demonstrate that under the ARRA program, substantial funds were moved from obligation (federal approval) to requesting bids (95 percent) and letting of contracts (81 percent). Once funds are approved by the federal government, the States are able to move quickly to advertising bids and awarding contracts. Construction firms, suppliers and fabricators start hiring or bringing workers back once bids are in, contracts signed and projects set to begin.

EXPERIENCE FROM ARRA IMPLEMENTATION

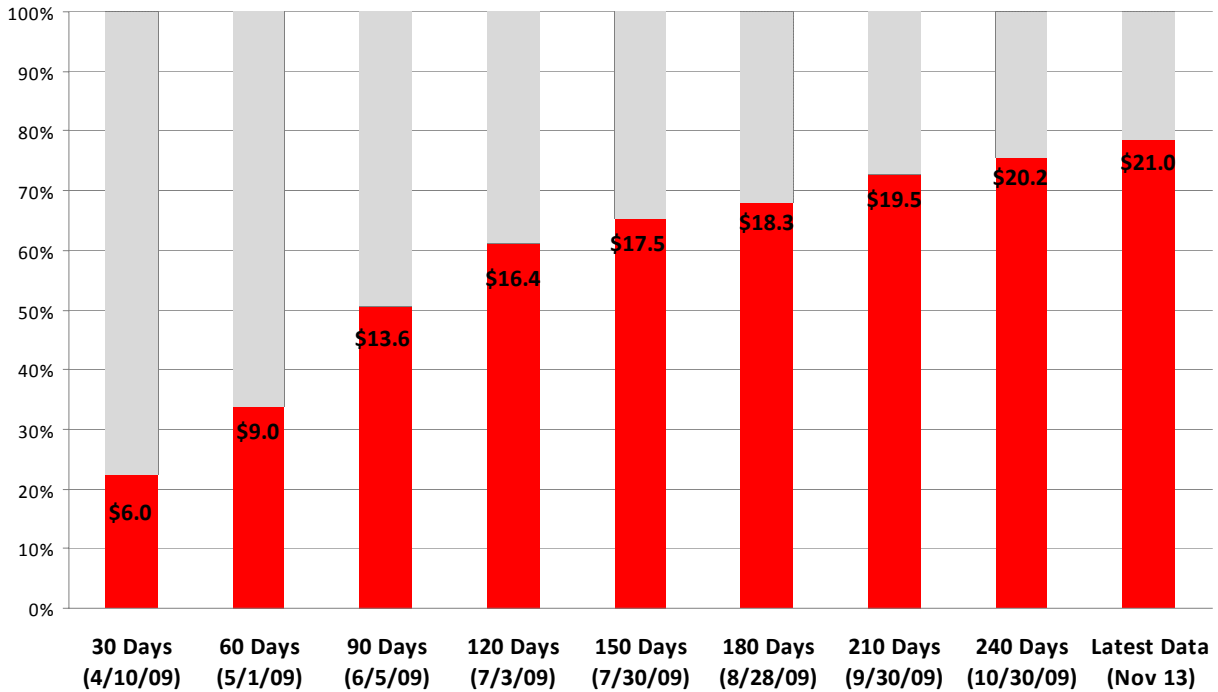


EXPERIENCE FROM ARRA IMPLEMENTATION

Highway-related ARRA Obligations Relative to Total \$26.8B Highway Funds Issued (Billions)

Source: FHWA Bi-weekly Financial & Activity Reports (recovery.gov)

Notes: Each data point taken from FHWA report released closest to desired ARRA milestone



States have been Successful in Delivering Worthy Projects Across All Modes to Improve and Modernize our Transportation System

The orange barrels are out and workers are back on the job, and the capital investments that are being made in improving and modernizing our transportation system will have a long-lasting positive effect on our economy beyond immediate job creation: shoring up our fragile supply chain and enhancing all travel options.

The States are investing highway economic recovery funds in projects to deliver smoother and safer roads and bridges, to reduce congestion, and to long-term economic benefits while delivering good paying jobs. Congress also expanded the eligibility of the highway funds to include intercity passenger and freight rail and port projects, and states are using that flexibility.

Highway Funds for Rail Projects -- The Minnesota Valley Regional Railroad Authority is using \$2.5 million in ARRA Highway funds for rail replacement, track improvements and safety upgrades along a 94-mile rail line, operated by the Minnesota Prairie Line Railroad. The new rail will support heavier rail cars and higher train speeds, providing operational efficiencies and faster deliveries

Highway Funds for Port Projects – The Duluth Port Authority is using \$3 million in ARRA Highway funds for dock and navigation improvements at the Duluth harbor, including replacement of corroded sheet piling. The project will place protective steel plating around the perimeter of the 5,775-foot dock wall of the Port Authority’s Clure Public Marine Terminal facility. The facility, operated by Lake Superior Warehousing Co., is a major shipment hub for wind energy components, handles a variety of other heavy-lift cargo (e.g. wood pulp and paper, steel coil and oil extraction equipment) and is designated a Foreign Trade Zone.

Highway Funds for Transit Projects – Maryland Governor Martin O’Malley announced recently that additional transportation projects worth \$30 million could be funded by the American Recovery and Reinvestment Act (ARRA) due to savings generated by the intense competition for Maryland’s ARRA highway and transit contracts advertised earlier this year. More than \$17 million will be re-invested to rehabilitate the Mondawmin Transit Center in Baltimore, the Maryland Transit Administration’s aging bus maintenance facilities and electrical systems critical to the operation of the Baltimore Light Rail system.

Highway Funds for Bike/Ped Projects- A prime example of ARRA Highway funds being put to work for bike and pedestrian projects is in Maupin, Oregon. The small town is a tourist hub in north central Oregon, located along the beautiful Deschutes River. The ARRA-funded project improves safety for pedestrians, supports local businesses and preserves the road system through the picturesque canyon. The project includes building new curbs and sidewalks, installing a new storm drainage system and reconstructing the roadway to reduce highway erosion from runoff.

Washington DOT has used \$1.25 million ARRA Highway funds toward a \$5.65 million project in Lynnwood, Washington designed to improve safety for pedestrians and bicyclists at the I-5/196th Street SW interchange. The DOT is constructing a new walkway on the 196th Street SW overpass and a pedestrian bridge over the existing southbound I-5 off-ramp.

Highway Funds for Transportation Enhancements – The Delaware Department of Transportation is using ARRA Highway funds for a number of transportation enhancements projects, including streetscape improvements Centreville, Delaware. They will repair or replace brick and concrete sidewalks, upgrade curb ramps to Americans with Disabilities Act standards, improve drainage, and upgrade crosswalks, signing and striping, and landscaping.

Highway Funds for Smoother, Safer Roads and Bridges – In Pennsylvania, one-third of recovery dollars, roughly \$443 million of ARRA Highway funds has been used for repairs or renovations to extend the lives of 428 bridges.

Utah received \$213 million in ARRA Highway funds, which are being used on 104 pavement preservation, bridge rehabilitation and capacity improvement projects statewide that would not have been completed without the stimulus funding. A Utah DOT spokesman recently said, “the goal was to spread the projects throughout all corners of the state, and rapidly use the funds to provide jobs throughout local communities and repair and replace roads and bridges in critical need.”

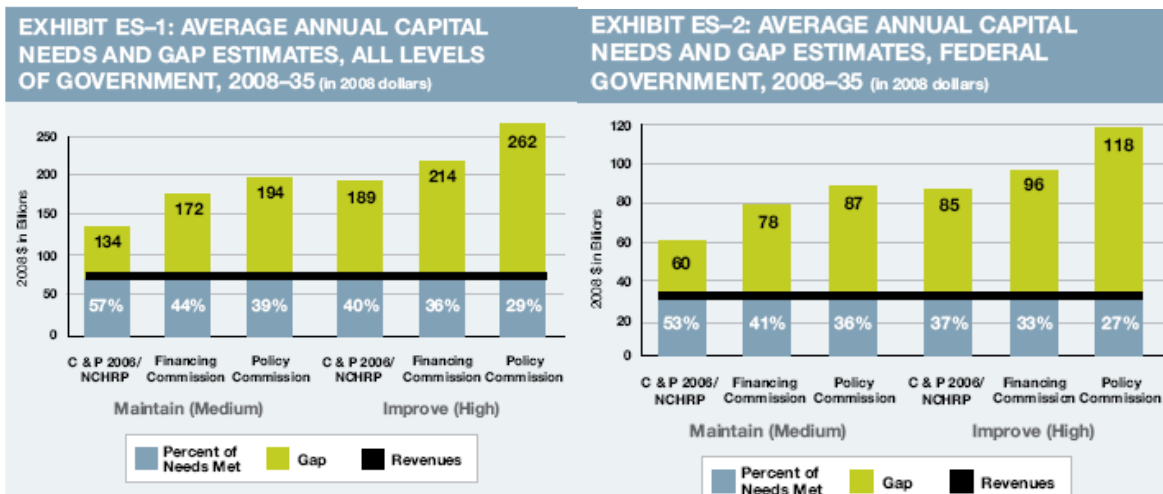
The Washington State Department of Transportation recently awarded a contract for a safety project on State Route 8 in Grays Harbor and Thurston counties. The \$1.7 million project will involve the installation of high-tension cable barrier on a 20-mile stretch of arterial highway from Elma to US 101, increasing the safety of the roadway for the 17,000 motorists who drive it daily.

Highway Funds for Congestion Relief – In Arizona, more than 40 projects designed to create better highways for Arizona’s drivers are now under construction, and \$114.5 million in cost savings for these projects is being reinvested in additional transportation projects around Arizona. Included among the projects is the US 60/Grand Avenue widening project between Loop 303 and 99th Avenue in Maricopa County’s West Valley. The project is Arizona’s largest ARRA project—costing an estimated \$45 million to add one lane in each direction through a 10-mile stretch, and it was the 6,000th highway project in the nation to receive approval for ARRA funding. Arizona DOT says that, “This is welcome news to the tens of thousands of drivers who regularly drive through this seriously congested corridor.”

On November 23, Washington State DOT advertised the contract for the I-82/Valley Mall Boulevard Interchange in Yakima. \$28.6 million in ARRA Highway funds enabled Washington DOT to advance this project that otherwise would have been delayed six years due to state funding constraints. The interchange provides access to and from I-82 for Union Gap and Yakima, and serves a growing commercial area with heavy traffic congestion.

The backlog of transportation infrastructure needs is substantial, and State departments of transportation have identified an additional 9,500 projects valued at \$70 billion that could quickly be advanced to construction.

The National Surface Transportation Infrastructure Financing Commission found that the roots of our current transportation crisis lie in our failure as a nation to fully understand and, act on the costs of deferred investment in our surface transportation infrastructure, especially in the face of an aging infrastructure, a growing population, and an expanding economy.



The dollars made available by the American Recovery and Reinvestment Act of 2009 are indeed having a positive effect on our economies, and we appreciate the infusion of these dollars. However, the backlog of ready to go projects is substantial, and there are many more projects ready to go than we have available economic recovery dollars.

AASHTO recently completed a survey of its 50 State departments of transportation, and the District of Columbia to assess the extent of additional transportation projects that the States could quickly get underway. The State transportation departments identified 9,500 highway, bridge, transit, port, rail, and aviation projects worth more than \$69 billion that, if funded, could be used to create hundreds of thousands of jobs across the country.

We defined “Ready-to-go” as a project that could move through the federal approval process (i.e., be obligated) within 120 days of enactment of authorizing legislation, thus enabling the State to proceed toward construction.

SUMMARY OF PROJECTS THAT CAN BE OBLIGATED WITHIN 120 DAYS			
<i>Detailed individual state numbers are available from AASHTO</i>			
MODE	NUMBER OF STATES REPORTING (INCLUDING DC)	NUMBER OF PROJECTS	DOLLAR VALUE
Highways Subtotal	51	7,497	\$47,263,676,719
Transit	34	983	\$9,771,616,536
Rail	19	234	\$3,493,567,900
Port	11	80	\$581,900,000
Aviation	16	528	\$1,813,165,986
Intermodal	10	266	\$6,626,600,000
Other Modes Subtotal	34	1,899	\$19,256,851,473
GRAND TOTAL	51	9,588	\$69,550,527,141

ARRA: The Oklahoma Experience

Mr. Chairman, I am pleased to share the very successful experience that the Oklahoma Department of Transportation has had in implementing ARRA.

Beginning in early November, 2008, we utilized several hundred internal and private engineering and technical personnel to begin the preparation of engineering plans for targeted highway system Recovery Projects in anticipation of the availability of some type of economic stimulus funds.

Projects were selected to be advanced and accelerated from the fully vetted and critically needed improvements encompassed in the Department's Eight Year Construction Work Plan or on-going Pavement Preservation Programs. Projects were targeted with full consideration of the ability to complete all engineering activities and have them ready for contract letting quickly. Those with simple or completed environmental processes, no or fully completed right-of-way acquisitions and/or utility relocations and those with engineering requirements that could be expedited were given priority in the sole interest of achieving a heightened state of preparedness and without regard for political subdivision.

While the improvements encompassed by the targeted projects varied widely, particularly on the state highway system, many included complex, large scale reconstruction and rehabilitation of high traffic facilities. More than eighty percent of the available Recovery Act dollars have been invested in full pavement and bridge replacements or reconstruction work that will extend the life cycle of the highways many years.

The Department also initiated project preparation discussions with our two major metropolitan area planning organizations, the Association of Central Oklahoma Governments (ACOG) in Oklahoma City and the Indian Nations Council of Governments (INCOG) in Tulsa and with our County Commissioners. We advised these entities that they too should begin preparations in the interest of being ready if additional funds were to become available.

To that end, the Department advanced transportation projects with a value in excess of one billion dollars to shovel ready status by the end of January, 2009.

By closely monitoring the ongoing Congressional and Administration Recovery Act discussions during the crafting of the legislation, we began to anticipate the funding levels that might be available. As funding opportunities became more clearly defined, we were able to focus our project delivery strategies on our heavily traveled regional routes such as the Interstate and National Highway System. Also, recognizing that some funds would be sub-allocated, the Department continued our work to maintain open and productive communication lines with the two major metropolitan areas and our Counties to ensure they were represented and well prepared to move their projects forward quickly.

Concurrently, we were able to anticipate that the delivery requirements for Recovery Act projects would be inherently different from regular Federal-Aid transportation projects. The Recovery Act would mark the beginning of a new era of real-time scrutiny at the highest levels in the interest of government transparency, accountability and oversight.

Therefore, we prepared to meet all customary and extraordinary reviews, audits and ARRA-specific reporting requirements that could be imposed by the President, the Congress, the USDOT, the Office of Management and Budget, the Inspector General, the Government Accountability Office, the Oklahoma State Legislature and the State of Oklahoma Auditor and Inspector. In our preparations to comply with these extraordinary requirements, we identified and implemented several heightened risk management strategies related to the financing of all Recovery projects regardless of origination.

As part of its risk management strategy, Oklahoma imposed a prohibition on the utilization of ARRA funds for any negotiated or non-competitively bid contract or for "soft costs" associated

with non-construction ARRA project activities. This action ensures that all ARRA project dollars are utilized for construction only. Construction projects are ideally suited for Recovery Act expenditures because they are openly and competitively bid through a familiar, time-tested and easily monitored process. When the project bids are awarded and the contracts are issued, the work is progressively reimbursed, consistently inspected, systematically monitored and regularly audited. In addition, any changes, modifications or deviations from the work as bid are presented to the Oklahoma Transportation Commission for their full and complete consideration and approval.

The Department financed the cost of construction engineering, inspection and testing for each Recovery project exclusively with non-ARRA funding sources.

In Oklahoma we set an exact amount of ARRA funding that would be available for individual Recovery projects. Each Recovery project was then split-funded with other funding sources to fully finance the actual awarded bid amount. In doing so, any and all additional construction costs incurred during the construction of the Recovery project through change order, modification or supplemental agreement are financed with the other funding sources as established.

We believe that these measures, while conservative, are prudent and necessary to cast the Oklahoma Department of Transportation and the State of Oklahoma in the best possible light in the utilization and expenditure of Recovery dollars.

Today, ten short months later, we find ourselves writing and reporting the closing chapters of the Recovery Act Highway Investment legacy. Of the \$465 million available to Oklahoma, we have obligated almost \$420 million or just over ninety percent. One hundred and eighty six Recovery projects have been obligated, one hundred and sixty six have awarded contracts, and forty one are completed.

Some of the projects are much more than simple rehabilitation projects. They include major and complex elements of construction and some are completely replacing badly deteriorated infrastructure. An example of one of our significant undertakings is the \$70+ million dollar improvement to Interstate 244 in downtown Tulsa, better known as the Inner Dispersal Loop (IDL) (See attached summary). The IDL Recovery project requires a complete directional closure of the Interstate to facilitate full-depth pavement replacement and the major rehabilitation or replacement of approximately 40 bridges.

Another is a \$60 million dollar complete reconstruction of eight miles of the original Interstate 40 west of Oklahoma City (see attached summary). This past Spring, Interstate 40 in Oklahoma was characterized by *Parade Magazine* as one of "The Worst Roads in America" and further described as "broken and potholed pretty badly." We appreciate *Parade's* perspective, research and comments, but we did not need them to tell us that Interstate 40 is not in good condition. The Department has been focusing our resources on I-40's expensive reconstruction to the extent that we can for many years. However, there is just not enough funding available to do an adequate job. The Recovery Act allowed the Department to dedicate more than \$107 million of ARRA Highway funds to accelerate more than 48 miles of reconstruction and resurfacing work on many critical sections of Interstate 40. The ARRA Highway funds will also allow us to advance the schedule of even more work looking forward for the future. We are confident that

significant progress is being made and soon I-40 will no longer bear *Parade's* dubious distinction.

Some of the smaller, but no less critical projects that have been initiated include more than \$26 million invested on the County road system to replace more than fifty deficient bridges and another \$26 million on the County road system to fund Americans with Disabilities Act (ADA) compliant sidewalk improvements in rural communities, which could never hope to meet ADA requirements without this financial assistance.

In this ten month window, since enactment of ARRA, the Department has paid out more than \$240 million to construction contractors and those Recovery dollars are now pulsing through the economy. We have also eclipsed one million hours worked on Recovery Act projects as reported by those contractors. How many jobs those hours constitute depends on which of the numerous formulas and interpolations you choose to apply, but the numbers are undeniable and significant. Regardless of your viewpoint, those projects would not have been delivered and those hours would not have been worked without Recovery Act assistance.

Also of substantial consequence, we have recently completed the annual rebalancing of our Eight Year Construction Work Plan where we measure our performance, validate the scope, schedule and budgets of included projects and add a new year's worth of projected funding and projects. In recent years it was all we could do to maintain and continue the projects in the Plan due to cost escalations and flattening funding projections. This year because of the ARRA funds we were able to accelerate and deliver early many existing Construction Work Plan projects creating an ARRA domino effect that also accelerates other projects to completion well ahead of their existing schedules and enables us to advance new, additional projects. We all understand very clearly that time is money, and this has saved us substantial amounts of both.

In conclusion, we again express our gratitude to you, Mr. Chairman, and to the Committee for your inclusion of Highway investments in the provisions of the Recovery Act and for your leadership and commitment to this Nation's transportation infrastructure. One-time infusions of unanticipated funds are always welcomed and we have proven that we can deliver on our commitments. However, we would be remiss if we did not reiterate the need for a growing, consistent, long-term federal transportation investment strategy that identifies and introduces non-traditional revenue sources. If we fail to plan, we will surely plan to fail. We would be happy to answer any questions you may have.

OKLAHOMA DEPARTMENT OF TRANSPORTATION

Project Name: Tulsa Inter Dispersal Loop - West and north segments further described as Interstate 244 beginning just north of the Arkansas River and extending north then east to the US 75 North interchange for a total length of approximately 2.9 miles (see map below).

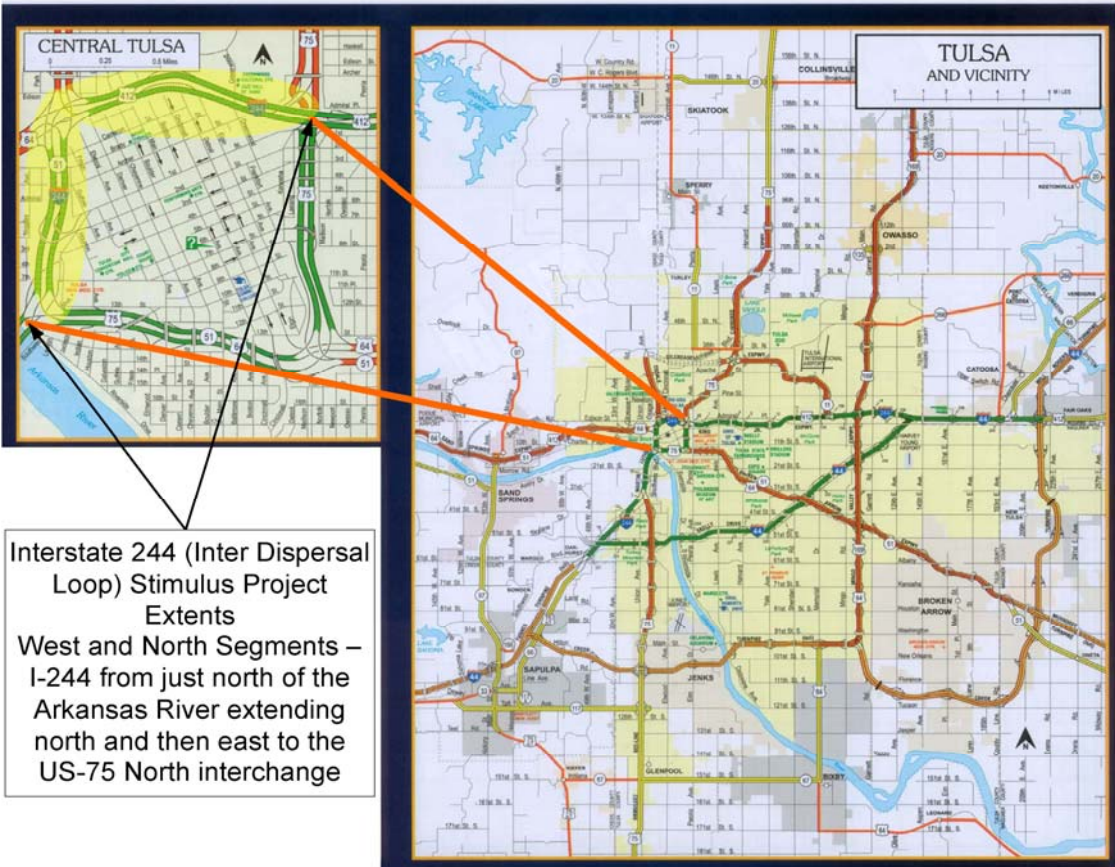
Project Type: Interstate Pavement Reconstruction and Major Bridge Rehabilitation

Project Cost: Total \$72 Million, ARRA Funds \$65 Million

Project Background: The section of I-244 was originally constructed in the early 1970s. These sections of interstate carry an average of 68,990 vehicles per day including an average of 7,590 trucks per day and has extensively deteriorated bridge decks and pavements.

Project Scope and Details: This project will rehabilitate 39 bridges and reconstruct approximately 23 lane miles of heavily deteriorated I-244 interstate pavement on the west and north segments of the Inter Disposal Loop section in Tulsa, Oklahoma. The project was let to construction as a single, multi-phase construction project as depicted and construction started in mid-April of 2009 with an extremely accelerated schedule.

Highway	County	Work Type	Description	ARRA Est.
I-244	Tulsa	Pavement Reconstruction /Bridge Rehabilitation	Inter Dispersal Loop (IDL)	\$65,000,000



OKLAHOMA DEPARTMENT OF TRANSPORTATION

Project Name: Canadian County I-40

Project Type: Interstate Widening, Pavement Reconstruction and Bridge Reconstruction

Project Cost: Total \$63 Million, ARRA Funds \$30 Million (2 separate projects)

Project Background: This section of I-40 was built in 1969 and most recently received diamond grinding along the western half in 1992. It carries an average of 39,500 vehicles per day including an average of 11,060 trucks per day and has extensively deteriorated bridge decks and pavements.

Project Scope and Details: This project will replace 2 bridges, rehabilitate 4 bridges and reconstruct approximately 8 miles of heavily deteriorated I-40 interstate pavement from milepost 128 to milepost 136 in Canadian County, Oklahoma.

Highway	County	Work Type	Description	ARRA Est.	Projects
I-40	Canadian	Pavement Reconstruction /Bridge Reconstruction	M/P 128 to 136	\$30,000,000	2

