

# **Moving America's Infrastructure Forward**

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**Committee on Small Business**

**Subcommittee on Contracting and Infrastructure**

**U.S. House of Representatives**

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## **Introduction**

Chairman Golden, Ranking Member Stauber, and members of the Subcommittee, thank you for inviting me today for this important discussion on the nation's infrastructure. My name is Lynn Frazier, and I am a civil engineer based in Enfield, Maine and a Past-President of the American Society of Civil Engineers' Maine Section. I am currently a transportation engineer for a small engineering firm headquartered in Old Town, Maine and sit on the Board of the Maine Chamber of Commerce. In my capacity on the Board of the Maine Chamber of Commerce I am able to help shape the direction of Maine's largest business group and advocate for the investments in our infrastructure that are necessary to attract and grow local businesses.

Today, I am appearing on behalf of the more than 150,000 members of the American Society of Civil Engineers (ASCE)<sup>1</sup> and I appreciate the opportunity to submit our position on the importance and economic impact of long-term, strategic investment in our nation's infrastructure systems. ASCE has long been an advocate for maintaining and modernizing the nation's infrastructure. Founded in 1852, ASCE is the nation's oldest national engineering society representing the civil engineering professionals who serve as stewards of infrastructure here in the U.S. and around the world. ASCE is eager to work with Congress to find ways to further improve our nation's vital infrastructure systems and we thank you for examining this important issue.

America's infrastructure includes highways, streets, public buildings, mass transit, ports, airports, inland waterways, water systems, waste facilities, dams, levees and other public and private facilities. Although taken for granted, the nation's infrastructure is vital to the nation's public health and welfare. It is also the foundation on which our national economy, global competitiveness, and quality of life depends. Historically, our nation has invested in infrastructure projects with long-term benefits, such as the Hoover Dam and Interstate Highway System, that strengthened the economy while the project was being designed and built, and for generations to come.

For the U.S. economy to thrive, we need a first class infrastructure system that moves people and goods sustainably, efficiently, and affordably by land, water, and air; energy transmission systems that deliver clean, dependable, low-cost power; and water systems that reliably and safely drive industrial processes as well as the daily functions of our communities. Yet today, our infrastructure systems are failing to keep pace with current and expanding needs, as investment in our infrastructure falters.

If we are to achieve lasting progress for our infrastructure, the federal government must provide critical leadership and commit to not only financing infrastructure programs, but to funding them. Congress must do its part to enact long-term solutions, make regular and robust appropriations, and maintain scheduled reauthorizations for the Water Resources Development

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<sup>1</sup> ASCE was founded in 1852 and is the country's oldest national civil engineering organization. It represents more than 150,000 civil engineers individually in private practice, government, industry, and academia who are dedicated to the advancement of the science and profession of civil engineering. ASCE is a non-profit educational and professional society organized under Part 1.501(c) (3) of the Internal Revenue Code. [www.asce.org](http://www.asce.org),

Act, the Fixing America's Surface Transportation Act, and the myriad of other pieces of legislation that sustain our infrastructure. Further, all levels of government and the private sector must do its part to increase investment in order to restore America's world-class infrastructure.

### **ASCE's 2017 Report Card for America's Infrastructure**

Every four years, ASCE publishes the *Infrastructure Report Card*. The Report grades 16 major infrastructure categories using a simple "A" to "F" format and examines current infrastructure conditions and needs, assigning grades and making recommendations on how to raise them. Through this format, ASCE works to raise awareness for the public on the current state of our nation's infrastructure system, as well as the most pressing infrastructure challenges. While some incremental progress has been made since ASCE released its first Infrastructure Report Card in 1998, as a nation we still have a long way to go to ensure our country can compete in a global economy.

Most recently, ASCE's *2017 Infrastructure Report Card*<sup>2</sup> rated the overall condition of the nation's infrastructure a cumulative grade of "D+," with an investment gap of \$2 trillion. As our infrastructure continues to age, and investments do not keep pace with needs, the gap between identified investments and the public commitments to meet those needs only widens every year.

To quote the Maine Department of Transportation Commissioner, Bruce Van Note, "the reality is that we are now competently managing a slow decline of our transportation system until bipartisan funding solutions materialize, the system will not fail immediately, and we will do our best to avoid any serious safety impacts, but holding actions only work for a short time and the reliability of the system will suffer." The bleak reality is the case for infrastructure systems across the entire country.

Beyond the national Report Card, ASCE has issued a number of state infrastructure assessments. These reports prove to be a useful tool to examine how states are finding solutions for fixing and funding their infrastructure systems. The investments and innovations occurring at the state level can act as a testing ground as the federal government examines national solutions for our infrastructure.

The Maine Section of ASCE released a *Report Card for Maine's Infrastructure* in 2016, which rated the state's infrastructure a cumulative grade of "C-." Of the 14 categories graded in the Maine Report Card, only two infrastructure categories (energy and ports and waterways) were graded in good condition, while eight categories ranged in the fair to mediocre range, and four categories were considered in poor condition (dams and levees, municipal wastewater, passenger transportation, and roads). The Maine Report Card, like all of ASCE's state report cards, also highlights infrastructure innovations and successes that are taking place and could serve as examples at the national level. For example, in Maine the City of Biddeford embarked on an extensive redevelopment project at the site of an old waste incinerator. Through the use of a public-private partnership my firm was able to work with the city to attract \$100 million in private investment to construct new public parking facilities, public parks, and housing. However,

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<sup>2</sup> <https://www.infrastructurereportcard.org/>

while this redevelopment is an exciting opportunity, it should be noted that private, or additional state investment, cannot supplant reliable federal funding.

The Maine Section kicked off its update for the Maine Report Card earlier this month and we expect to release the new report later this year. Meanwhile, ASCE will release a new national *Report Card for America's Infrastructure* in February 2021. We hope that both of these reports can continue to move the national conversation about our infrastructure needs, as well as provide solutions for how to raise the grades.

### **Failure to Act: Closing the Infrastructure Investment Gap for America's Economic Future**

In 2016, ASCE released *Failure to Act: Closing the Infrastructure Investment Gap for America's Economic Future*<sup>3</sup>. This economic study analyzed the impact of current infrastructure investment trends on America's GDP, jobs, personal income, and businesses. The report found that over the next 10 years, surface transportation networks, which includes roads, bridges, transit, and commuter rail face an investment gap of \$1.1 trillion. Airports require an additional \$42 billion to close the funding gap, and inland waterways and ports needs \$15 billion.

In total, ASCE 2017 *Infrastructure Report Card* shows that the U.S. has only been paying about half of its infrastructure bill. Between 2016 and 2025, the investment gap totals just over \$2 trillion. Failing to close that gap risks rising costs, falling business productivity, plummeting GDP, lost jobs, and ultimately, reduced disposable income for every American family. Our economic analysis shows that by 2025, infrastructure will continue to degrade, resulting in a loss of 2.5 million jobs, \$3.9 trillion in GDP, and \$7 trillion in lost business sales. In addition, poor infrastructure costs each American family \$3,400 a year, which is \$9 a day, in personal disposable income. That's money we are spending on unexpected car repairs, watermain bursts, and lost productivity as we sit and wait for the train. For these reasons alone, it is time to invest in our nation's infrastructure. The longer we wait, the more it will cost each American family.

More specific to the business sector, our failing infrastructure has led to increased production costs, declining exports, increased cost of business travel and declining consumer spending. These impacts are rendering U.S. goods and services less competitive internationally and are falling disproportionately on technology and knowledge-based industries that drive innovation and economic development.

In Maine for example, failure to invest properly in the Penobscot River Valley rail connections has led to freight trains being forced to a speed limit of 10 miles per hour from formerly prosperous paper mill towns that desperately needs economic investment. Unfortunately, the slow train speeds have made it difficult to attract new manufacturers, since freight must be shipped out via truck. Meanwhile, the companies that are still in the area are now relying on trucks, which has led to increased congestion on local roads, an increase in traffic accidents, and significant maintenance needs due to the heavy freight volume.

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<sup>3</sup> Failure to Act: Closing the Infrastructure Investment Gap for America's Economic Future. (2016) [www.asce.org/failuretoact](http://www.asce.org/failuretoact)

Meanwhile, Maine has invested heavily in its ports over the past decade and that investment is paying off. Six years ago, Emskip made Portland its U.S. headquarters, a move that has significantly grown the number of exports going through the port and has created many well-paying jobs. Maine now has the potential to be a global exporter of specialty goods and regional companies are utilizing the weekly vessel service to increase their customer base with European markets.

So, while the problem remains significant, it is solvable. Through strategic, sustained investment, bold leadership, thoughtful planning, and careful preparations for the needs of the future, America's infrastructure can be improved and restored. By spending an additional \$206 million each year, for 10 years, we can close the investment gap, raise the nation's infrastructure grades and maintain our global competitiveness. That additional funding should come from all levels of government – federal, state, and local – as well as the private sector.

ASCE is currently in the process of updating the *Failure to Act* reports and will be releasing updates throughout 2020.

### **Fundamental Criteria for Future Infrastructure Investment**

In order to raise the grades, ASCE believes that all infrastructure programs and projects supported by infrastructure investment legislation must meet the following fundamental criteria:

- Investments must provide substantial, long-term benefits to the public and the economy;
- The cost of a project over its entire life span – including designing, building, operating, and maintaining the infrastructure – must be taken into account;
- Projects should be built sustainably and resiliently; and
- Federal investment should leverage state, local, and private investment, not replace these other critical sources of infrastructure funding.

Recent proposals by the Administration and House Democrats, as well as the bipartisan, multi-year surface transportation bill passed out of the Senate Environment and Public Works Committee all would make critical investments in our nation's infrastructure and follow these criteria. As shown by the *Failure to Act* reports, Americans cannot afford more of the status quo and the longer we continue to underinvest, the longer American families are forced to spend at least an additional \$3,400 a year due to leaky water pipes, deficient bridges, congested highways, outdated transit systems and an unreliable electric grid.

ASCE was pleased to see the framework from the House Democratic Caucus proposing a bold vision to address the needs of our nation's infrastructure. The proposal is an encouraging first step and serves as a strong template as Members of Congress develop infrastructure legislation this year.

In particular, ASCE is pleased to see additional funding for the Harbor Maintenance Trust Fund for the operations and maintenance needs for ports, and the ability to increase the Passenger Facility Cap to modernize the nation's airports both included in the framework. ASCE is also encouraged to see that the proposal would boost resilience by creating a new program to protect fragile or at-risk transportation assets before they fail.

However, ASCE would urge lawmakers to find a long-term solution to the Highway Trust Fund and ensure the federal government's role in infrastructure investment is not replaced by state, local, and/or private funding in any forthcoming legislation. The federal gas tax has not been increased since 1993, which has resulted in the purchasing power of that revenue exponentially declining over the past couple of decades. Combined with more fuel-efficient vehicles and the introduction of electric vehicles (EVs), revenues from the motor fuel tax will only further decline unless Congress addresses the issue. For this reason, ASCE advocates for a 25 cent increase in the federal motor fuel user fee, indexed to the Consumer Price Index, over the next five year. Additionally, to ensure the Highway Trust Fund remains sustainable as the nation's fleet slowly moves toward electric vehicles, ASCE also advocates for a tax on EVs to account for their use of the roadways and urges Congress to establish a broad national pilot program to better understand how a Mileage-Based User Fee could be implemented.

With this in mind, as Congress works to develop an infrastructure bill, ASCE urges lawmakers to draft legislation that addresses the following priorities:

- Fixes the Highway Trust Fund to modernize our nation's roads, bridges, and transit systems.
- Eliminates the cap on the Passenger Facility Charge to modernize our nation's airports.
- Puts trust in the Harbor Maintenance Trust Fund by fully appropriating the Harbor Maintenance Tax collections each year.
- Addresses resilience, sustainability, and total life-cycle cost of an asset.

Both the House Democrats framework, and the House Republican's principles for surface transportation reauthorization hit on many of ASCE's priorities. Therefore, we encourage Members of Congress to develop bipartisan legislation that addresses each of these critical priorities and makes real progress toward modernizing our nation's infrastructure.

### **Conclusion: A 21<sup>st</sup> Century Vision for America's Infrastructure**

ASCE thanks the Subcommittee for holding this hearing on a topic that affects the quality of life and livelihood of every American.

In the 21<sup>st</sup> century, we see an America that thrives because of high quality infrastructure. Infrastructure is the foundation that connects the nation's businesses, communities, and people – driving our economy and improving our quality of life. For the U.S. economy to be the most competitive country in the world, we must have a first-class infrastructure system: transport systems that move people and goods efficiently, at reasonable cost by land, water, and air; transmission systems that deliver reliable, low-cost power from a wide range of energy sources; and water systems that drive industrial processes as well as the daily functions in our homes.

We must commit today to make our vision of the future a reality – an American infrastructure system that is the source of our prosperity. ASCE and its 150,000 members look forward to working with the House Small Business Subcommittee on Contracting and Infrastructure to improve America's infrastructure so that every family, community, and business can thrive.