

Thank you very much for the opportunity to speak to you this morning and present the views of local elected leaders from across the nation. I want to especially thank you, Secretary Peters, for your remarks to our members last week at our Congressional City Conference in DC and your willingness to share your perspective with the 3000 local officials at the conference.

My name is Bart Peterson. I am the Mayor of Indianapolis, home of the Super Bowl champion Colts and the President of the National League of Cities, the nation's oldest and largest organization devoted to strengthening and promoting cities as centers of opportunity, leadership and governance. NLC is a resource and advocate for 19,000 cities, towns and villages and the thousands of local elected officials who work tirelessly to keep our cities running. I want to recognize two of our NLC transportation leaders who have helped raise the level of discussion within NLC on this critical debate about the future of our nation's surface transportation system, Mayor Bill Brooks of Belle Isle, Florida, and Council Member Laura Padgett of Wilmington, NC.

The Interstate Highway System remains the first and most definitive example of how investment in transportation can yield substantial economic development for American cities and communities.

Providing reliable, affordable transportation to all citizens requires careful planning and the active participation of local elected officials working cooperatively with all levels of government. We appreciate the leadership of the Commission for recognizing the importance of preserving and maintaining our transportation infrastructure. Our transportation system is critical to economic growth, business competitiveness, quality of life and national security.

My colleagues from the National League of Cities and the National Association of Counties do not have the luxury of turning a problem over to another level of government. We do it all! And local governments are not just another special interest. We are the places where people live, work and play. America's cities and towns are home to more than 218 million people, 7 out of 10 people live in U.S. cities and towns.

Municipal governments not only keep America's cities running, they also contribute to the local economy by providing jobs and generating revenue, and they buy seven percent of all the goods and services in the country. In 2002, the combined expenditures (budgets) for all municipalities combined was \$367,418,169,000. (That's 367 billion dollars!)

We are very familiar with the problems of aging infrastructure, keeping our rivers clean, maintaining our schools and our neighborhoods. We focus on jobs, street lights, pavement resurfacing, picking up the snow, putting out the fires, keeping kids in schools, and preparing for emergencies. And we cannot afford to deal with only one challenge or opportunity at a time. We must do it all, and we must do all of this within a balanced budget.

That is why my organization, NLC, and my elected colleagues at NACo, the governors, state legislators, city and county managers, and council of state governments are collaborating with the National Academy of Public Administration on a six month study of the intergovernmental system for financing transportation programs.

We are looking at the current state of transportation financing, the relationship of various policy goals such as energy independence, global competitiveness, the environment and sustainability and the governance policies and agreements for the financing of surface transportation system within the US.

Across all levels of government – local, regional, state and national – we are experiencing increasing levels of congestion, crumbling infrastructure and environmental concerns (especially air pollution and energy dependency issues).

As the “Crossroads of America”, it is vital for Indianapolis to have well-functioning roads because of the trucking industry and the need to move freight efficiently, often via intermodal freight facilities.

Trend analyses show that truck traffic is expected to grow throughout the state over the next 20 years. Much of the growth will occur in urban areas and on the Interstate highway system. These forecasted increases in truck traffic highlight the need to anticipate and plan for infrastructure needs, noise and air quality impacts before they

become a problem. Part of being a local leader is getting in front of the issues and addressing them before they become a problem too large to handle.

Keeping our roads in working order is a monumental task, and one that often gets overlooked. The rehabilitation of our major thoroughfares and interstates is time consuming and expensive. And yet, if we didn't do it, our citizens would notice immediately.

We are currently experiencing the first stage of a major rehab of I-70 on the east side of our city. This project will take a minimum of 9 months and it involves the closure of four major ramp systems that serve our residents and businesses. In the short term the impact to commerce and local shippers is going to be significant. In about five – seven years this area will be impacted again when this segment of the interstate is widened to accommodate the ever-increasing levels of traffic.

This project is in stark contrast to the “Hyperfix” project of a few years ago where a major segment of our interstate system that traverses the east side of the downtown was closed for only 60 days to be “hyperfixed”. That project is a great example of how the road building process can be done faster and more efficiently; those techniques should be employed more often.

Traffic congestion is an issue that none of us can escape or fully address by focusing only on roads. In the nine-county central Indiana area, the population is projected to increase by 36% and vehicle miles of travel (VMT) are projected to increase 37% in the next 25 years.

For Indianapolis and Marion County the difference in population and VMT growth is more dramatic – the population is expected to increase 6% but the VMT growth is projected to be 31%. At the same time, our vehicle hours of travel are increasing. So, not only are we driving more, it’s taking longer to get where we want to go. It is foolish to think that these increases can be accommodated by addressing roadway capacity only.

And this is not just a problem in my community. In a recent poll of municipal officials' opinions, 21 percent of those surveyed said that traffic congestion was the most pressing concern affecting the quality in life in their respective communities. When asked what the most pressing area of concern was in the area of public resources, more than 50 percent (54%) pointed to transportation infrastructure.

Increasingly, the opportunities for roadway expansion are becoming limited due to physical limitations (the necessary right-of-way often isn't available), financial constraints and current social priorities that value quality of life factors over adding lanes to our already car-centric world.

There is a strong desire locally and nationally to address our transportation needs in a more holistic fashion. The concept of mobility should incorporate public transit and other means of non-motorized travel (bicycles and pedestrians) rather than focus exclusively on the personal automobile.

Although shippers might have a different perspective, as local leaders we must weigh the impact of transportation decisions in the context of other quality of life issues and the impact on our community. We need to ask ourselves: is congestion all that matters? In almost all instances the answer is no. People are interested in a better quality of life, where they can walk, bike or use mass transit as an easy-to-use and efficient means of getting places.

In Indianapolis we are very automobile dependent. Our bus system is under-funded and we have studied options for rapid transit for many years. We are now ready to move forward but we can't keep up with the infrastructure needs that we have now, let alone pay for the additional costs of an extensive rapid transit system.

Yet, we can't afford not to do it either, and there's the dilemma... we need new transportation options while simultaneously maintaining what we've got and there isn't enough money to do both.

As you have heard from witness after witness, the major impediment to achieving a multi-modal and improved intermodal system is funding. The Highway Trust Fund is dwindling due to decreasing revenues from the gas tax. Federal funding for roadways is not increasing proportionately to meet the growing construction costs, and transit is under-funded in general.

The Indiana Department of Transportation has noted that the inflation factor for 2006 was 16%. They budgeted for 11% and are now having to re-evaluate their priorities. The inflation increases due to rising costs of petroleum have hit the transportation industry hard, and the effects will ripple through for a number of years to come.

There is an urgent need to address this funding issue because the efficient movement of people and goods is critical to our ability to compete in the global market. In the same vein, well-designed transit systems can be used to shape or redevelop areas and cities and are thus excellent economic development tools that should be encouraged and supported. Transit systems around the U.S.

provided 9.6 billion trips in 2004, an average of more than 26 million passenger trips per day.

The best solution is a multi-modal approach where we address our roadway needs but not to the exclusivity of transit and other alternative transportation options. Solutions that strive to limit congestion, through user-fees, tolls, and congestion pricing should also be given strong consideration.

However, user-fees, tolls and congestion pricing are not the sole answer to our cities' or our nation's transportation infrastructure needs. The solution will require an intergovernmental partnership and collaboration between local, state and federal agencies to ensure that we make the right decisions.

While you will hear from my colleague about the innovative financing options of many California counties, not all communities have that latitude. In many states, local funding options are limited, in my case, by the Indiana State Legislature.

The National League of Cities wants to preserve the federal fuel tax to fund the Highway Trust Fund and support public transportation programs. We look forward to participating in the discussion getting underway on how we continue the strong intergovernmental partnership that has built this nation's transportation system and ensure that we develop a fair, equitable and reliable funding source that maintains a federal leadership role and meets our needs for the future. The Commission represents a significant first step in beginning that dialogue. Local governments, representing the places and people who live where all these decisions and their impacts on the community come together, need to be at the table and have a reasonable say in how that money is spent.

Thank you.