

Comments of NVCOG Executive Director Rick Dunne
to the Commission on Fiscal Stability & Economic Growth

January 29, 2018, New Haven, Connecticut

Good morning to the Chairs and Members of the Commission.

My name is Rick Dunne and I am the Executive Director of the Naugatuck Valley Council of Governments. My Chair, Mayor Neil O'Leary of the City of Waterbury sends his regrets and wishes he could be here this morning as this hearing addresses another issue that is very important to his agenda for Connecticut's cities, however a prior engagement prevents him from joining us.

Thank you for this opportunity to address this body concerning the nexus of transportation investment, economic growth and fiscal stability.

The Naugatuck Valley Region, nineteen towns anchored by Waterbury & now with centers of commerce also in Bristol and Shelton, our spine running up the Naugatuck River, connected by the Waterbury Branch Line Rail, Route 8, and I-84, our half-million residents host 2 million passenger vehicle trips daily. The only region of Connecticut existing in four counties - we like to say we have our feet planted in Fairfield County, our head in Litchfield County and with our hearts in New Haven County we still have a hand in Hartford County - the Naugatuck Valley's future is uniquely tied to investment in transportation.

This morning, I wish to make two main points in my comments.

The first is that no political subdivision may hope to operate a healthy economy that attracts private investment, creates jobs and also be a place where people want to live in the absence of a strong and convenient infrastructure that meets the needs of both business and people. While it is critically important to maintain what we already have in terms of infrastructure, we cannot lose sight of the need to modernize, expand and develop new, alternate modes of transit to compliment the motor vehicle and whatever form the current, manually-operated internal combustion version of that evolves into.

The second point I wish to make is the need to completely separate the revenue stream for building, operating and maintaining our major transportation systems from the normal appropriations process of the Connecticut General Assembly and the state's General Fund. To this end I call on this body to investigate and make recommendations to adopt independent highway and transit operating authorities that are empowered to raise their own revenue, enter into partnerships, collect their own operating and maintenance fees for use of the roadways and fixed guideways and dedicate all of that revenue exclusively to the operations of such systems - much in the same way that Connecticut has already successfully done by unburdening our Department of Transportation of direct operations of the Connecticut Airport Authority and the Connecticut Port Authority.

I would assert to you that this presents a much simpler method of guaranteeing that current and future revenues now dedicated to the Special Transportation Fund could not be diverted from their intended purpose and such a revenue separation would avoid a constitutionally questionable proposal for a "lockbox". The models exist for this; it is neither secretive science,

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nor risky venture. It is a well-established practice used by virtually every state up and down the east coast and is predominate around the country.

Yes, it would reduce the role of the General Assembly and reduce the need for CT-DOT staff to operate these systems, but it would also free the general taxpayers of the state from both special and general obligation debt related to these systems and recoup a share of the debt service and operating costs for these systems from out-of-state passenger vehicles from which we currently receive exactly nothing. It would then allow the CT-DOT to focus on the safety and maintenance of our remaining non-revenue state roadways and structures, much in the way that large county transportation departments do in states with counties.

When I travel and speak around the state about these issues, one might assume that the revenue question would be the controversial subject. To assume so would be incorrect. The biggest pushback I get is against transit expansion. Instead they ask why we don't just "add another lane, or two" to I-95, or in our region I-84 or Route 8?

Connecticut is designed for fragmented and balkanized suburban development that is not only expensive to towns and the state but is not responsive to the needs of the next-generation of advanced technology workers. These people will migrate to more expensive urban areas and the businesses that need them will follow them there.

Clearly, it is not Connecticut's overall tax burden that is losing us business. We know that the Northeast will always lose cost-sensitive manufacturing and assembly to Southern states just as the USA loses this type of business to cheap overseas countries. Sure, we need to be wary of the exceptions like Charlotte, who by the way got the advanced technology and transit infrastructure gospel a very long time ago. But our regional competition is with Massachusetts, Rhode Island, New York, New Jersey and Pennsylvania. As compared to them, CT's overall tax burden, both business and personal, is lower than almost all of them. The problem is the way that burden is distributed and especially the way it hits small family and startup businesses, the ones that create the most jobs in the aggregate but usually remain under 50 employees individually. These are the businesses that hold the greatest upside potential for our state. They generally pay well and generate a lot of the economic activity that percolates an economy. But we seem to go out of our way to burden these specific business startups with the most taxes and fees. Trust me, I speak from experience.

However, if our state instead fosters low and wide business activity through its tax policy - that can drive the regional businesses and banks to allow them to take on more business accessing and providing credit in a steady, dependable market. This is the general economic environment that can be attractive to the major regional, national and multinational businesses.

But - and this is a big but - all of the pro-business tax policy in the world is not going to help Connecticut, all of the aspirational economic policy won't amount to a hill of beans unless you have the kind of infrastructure that all of these vertically integrated businesses in a healthy

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regional economy can rely on for Advanced Technology Connections. When I talk about Advanced Technology Connections I'm not just talking about broadband infrastructure, I'm talking about transportation infrastructure - and I'm not talking highways, I'm talking about rail, bus rapid transit, TOD, re-exploiting our existing dense urban environments where people connect; where they can live and work - where they can hop on the bus or hop on the train.

You know I'm not too shy to say that Governor Malloy has the right the idea with "Let's Go CT" to create a network from our existing heavy commuter rail -infrastructure that most states would kill for- but operate it like rapid transit; without a schedule on the Main Line connecting the major cities along the coast which are in turn connected with the Branch Lines cities in the interior corridors. Our corridors are defined right now by highways that frankly we can't afford to expand. The cost to replace highway bridges that are in perfectly good shape but don't have the capacity to meet current and future demand, causing congestion and long commutes—those expenditures make no sense when we can build scalable transit less expensively with greater convenience for the passenger, business and taxpayer.

Let me provide an example:

In our region we have this conga line of cars going south down Route 8 every morning into Fairfield County and north toward Waterbury every evening. Daily backups average 6-8 miles, bumper-to-bumper, day and night. Many people live in The Valley from Waterbury to Derby because it's affordable and they need to cross the Housatonic River into Fairfield County because they can make excellent money there. About 1000 people per day take the Waterbury Branch Line Rail with most having a 20-40 minute trip. At the same times over 90,000 vehicles make the crossing of the Route 8 Bridge (design capacity 48,000 vehicles/day) headed mostly into Shelton and points south in the morning rush, some driving their cars up to three hours a day each way to get to those jobs.

At some point we will be faced with replacing that bridge over the Housatonic River between Derby and Shelton just for capacity purposes. I won't put the Commissioner on spot so I'll tell you it'll cost a billion dollars to replace that bridge – in contrast it will cost a half billion dollars to expand and outfit the entire Waterbury Branch Line of the New Haven Line System and provide 30 minute service between Waterbury, Bridgeport, New Haven and all points in between. For the balance of what the bridge replacement would have cost we could outfit the system with major new transfer stations and parking facilities and connect the still expanding business corridor in Shelton using a new Bus Rapid Transit System in a Fixed Guideway. Currently 24,000 vehicles must drive to those jobs since there is no convenient commuter option to get to the Route 8 Corridor between Derby & Bridgeport. Finally, with the construction of scalable fixed guideway service across the interior of Connecticut from Danbury to Waterbury and connecting with CTfastrack in New Britain, Connecticut can establish the type of interconnected transit system that will attract the current and next generation of advanced technology workers, the dollars that follow them and the employers that crave them – and all at a much lower long-term cost than "adding another lane or two" to our highways.

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Finally, I will close with two revenue imperatives that are both obvious and necessary in the near term:

First, Connecticut must immediately Increase and Index the gas tax to generate not just more revenue but to price all transportation modes more closely to the market so that all users, whether transit or highway pay a fairer share of the cost of their ride.

Our region's CEOs directed Mayor O'Leary by broad majority at their last meeting to pursue a funding solution that included a 4¢ increase in the state gas tax.

Secondly, The Connecticut General Assembly must authorize the tolling of CT's Highways and direct the Executive to seek relief from Congress from current restriction.

Thank you for your time and your patience. I would be pleased to respond to any questions.