

**Statement of Sergio “Satch” Pecori
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**Before the House Transportation & Infrastructure Committee
Subcommittee on Highways & Transit hearing on
“Assessing the Transportation Needs of Tribes, Federal Land
Management Agencies, and U.S. Territories”**

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Chairman DeFazio, Ranking Member Graves, Chair Norton, and Ranking Member Davis:

Thank you for the opportunity to testify before the subcommittee. It’s an honor to represent my firm and my colleagues in the nation’s engineering industry to you and the members of the subcommittee today.

My name is Satch Pecori. I am the CEO of Hanson Professional Services. Our firm is headquartered in Springfield, IL, has over 500 employees, 28 offices in the USA and generated nearly \$100M in revenues in 2019. Hanson provides engineering, planning and allied services in six markets: Transportation Infrastructure, Railway, Aviation, Industry, Power and Federal-State Government.

In addition to my professional work, I am also an active member of the American Council of Engineering Companies (ACEC) – the trade association representing more than 600,000 engineers and the nation’s engineering industry. I had the privilege of serving as ACEC National Chairman in 2017-2018. While I am testifying today on my own behalf, the policy recommendations I will discuss today are consistent with the views of my colleagues at ACEC.

Hanson has experience working with federal land management agencies and tribes on transportation infrastructure, flood damage reduction projects throughout in Illinois and across the country.

An example is a project in Devils Lake, North Dakota, where the U.S. Army Corps of Engineers hired Hanson to complete the design and analysis computations for 12 miles of consistently flooded roadways on the Spirit Lake Nation Reservation.

Portions of the North Dakota and Bureau of Indian Affairs (Spirit Lake Nation Reservation) roadways in the vicinity of Devils Lake and Fort Totten, North Dakota, were elevated to protect the existing transportation system, resources and human life from the rising waters of Devils Lake. Some of the roadway sections’ culverts were plugged and elevated to “act” as dams, and others were equalized with water existing at near-equal levels on both sides of the roadway. The roadways that “act” as dams were not constructed to function as long-term dams and safely impound water. Under Section 1937 of the 2005 surface transportation act entitled Safe, Accountable, Flexible, Efficient Transportation Equity Act (SAFETEA-LU), funding was made

available to address these roadway sections.

To ensure that roadways and other embankments constructed for this project would safely impound water, the design and construction needed to satisfy Federal Highway Administration (FHWA) design criteria as stated within Section 23 CFR 650.115 (c). Also involved in the project were the Central Federal Lands Highway Division (CFLHD) of the FHWA in cooperation with the Spirit Lake Nation, U.S. Bureau of Indian Affairs, U.S. Bureau of Reclamation, FHWA North Dakota Federal Aid Division and the North Dakota Department of Transportation.

Federal Lands Funding Needs and Project Backlog

We are deeply aware of the need to maintain our nation's infrastructure, including the roads, trails, historic structures, and visitor centers that make safe, memorable, and learning experiences out of travelling to America's national parks and other federal lands.

Unfortunately, after decades of unreliable funding, the National Park Service (NPS) has an infrastructure repair backlog estimated at \$11.6 billion (FY 2017), half of which consists of roads, bridges, and tunnels. Deferred maintenance affects almost every national park site across the country and includes crucial repairs to aging buildings and historical structures, electrical, water, mechanical, and plumbing systems, and other infrastructure that is vital to keeping parks accessible and safe for visitors. Tribes and territories also have significant transportation infrastructure needs as well.

Increased annual federal funding is certainly necessary to address deferred maintenance in national parks and other public lands. Federal lands programs should receive additional resources in any potential national infrastructure proposal or surface transportation reauthorization written by this committee. These investments will help to employ thousands of American workers, support continued tourism and economic development in hundreds of park communities, and ensure that our national treasures are preserved for generations to come.

Program Management Inefficiencies and the 1908 Race Riots Project Site

However, additional resources alone are not sufficient. The federal agencies responsible for administering these programs should improve their interagency coordination and review their project prioritization processes to ensure that these funds are spent as efficiently as possible. Let me tell the committee about one project in particular that sheds some light on some potential areas for improvement: the 1908 Race Riot Site in Springfield, Illinois.

In 2010, the City of Springfield initiated a project to consolidate three railroad tracks that extend parallel through the heart of the city for about six miles. These three tracks are within a 16-block area and create vehicular traffic delays, congestion, safety issues, and train horn noise to the residents and businesses in Springfield. The project will consolidate the two most active tracks into a single corridor leaving the third track in place with low train volumes of about four trains per day. The project will also construct nine railroad grade separations at the highest volume roadways to reduce congestion and delays, allow emergency vehicle access, and increase safety for pedestrians and vehicles. The project cost is estimated at \$315 million and scheduled for completion in 2025.

The project has received four Federal grants to date, including two TIGER grants and one BUILD grant totaling over \$50 million. Additional funding has been received from the Illinois Department of Transportation, Illinois Commerce Commission, and the City of Springfield. The project is over halfway in committed funding and construction of two underpasses is completed with one underway, expected to be completed by the end of 2020.

As part of the National Environmental Policy Act (NEPA), the lead federal agency, the Federal Railroad Administration (FRA), prepared an Environmental Impact Statement (EIS) for the project which culminated in a Record of Decision being signed in December 2012. This allowed federal funding for the project and the first segment (the Carpenter Street Underpass) began construction in August 2014.

In the fall of 2014, shortly after construction began, archaeologists discovered the former foundations of seven homes within the right-of-way required for the rail corridor. Further investigation revealed that these foundations were homes that were burned during a race riot in August of 1908. The aftermath and outcry from this event – in which two black men were hanged – soon led to the formation of the National Association for the Advancement of Colored People (NAACP).

The discoveries at the project site resulted in these homes being eligible for listing in the National Register of Historic Places because their lack of disturbance since 1908 preserved the integrity of the structures. Also, the homes were originally built in the mid-1840s adding to their historic significance.

Because of the historic significance of this site, the FRA was required to proceed with a review under Section 106 of the National Historic Preservation Act. This process began in early 2015 by identifying any interested parties with an interest in the outcome of this site, called consulting parties. The FRA held two public meetings in Springfield to identify these groups in March and May of 2015. The first of three consulting parties was held in July of 2015. A second meeting was held in August of 2016. The FRA spent the remainder of 2016 and 2017 preparing a Section 4(f) Alternatives Analysis to avoid and minimize impacts to the site.

In March of 2018, the FRA held their third and final consulting parties meeting in Springfield to announce their preferred alternative to minimize impacts to the archaeological site. They requested mitigation options from the group so that they could draft a Memorandum of Agreement (MOA) to proceed with data recovery, or excavation, of the archaeological site. A couple of months later, the FRA decided that they were not going to participate in funding any site mitigation and mitigation was left to the consulting parties.

The consulting parties, independent of FRA support, created a conceptual memorial during the summer of 2018 for the race riot site to commemorate the riot and the founding of the NAACP. The proposed memorial for this site can be viewed in the following link: <https://youtu.be/2K-is9n7A5M>. In December 2018, Congressman Davis proposed a bill (H.R. 139) to establish the Springfield Race Riot National Historic Monument under the National Park Service.

This site needs to be preserved and memorialized in a way that allows the story of the 1908 race riot and the people affected by it to be told.

The National Park Service conducted a Reconnaissance Survey of the site in April 2019 and made a favorable finding in September 2019 that the site is suitable for listing with the National Park Service. In addition, Dr. Carla Hayden, the current Librarian of Congress visited the site in September 2017 and viewed the artifacts recovered from the archaeological site. She was very impressed with the artifacts and mentioned that the Library of Congress houses the most NAACP artifacts in the country, however there are no artifacts from Springfield where the NAACP originated. She expressed a great interest in having an exhibit from Springfield in the Library of Congress.

In October 2018, the FRA executed the MOA which allowed for excavation of the house sites that were included in the right-of-way of the rail corridor. Archaeologists began excavations in the spring of 2019, after the winter freeze had thawed, and completed the excavations on the house sites in October of 2019.

The process implemented by the FRA caused project delays by taking four years to complete the Section 106 and Section 4(f) evaluations. The City had identified and evaluated avoidance alternatives and the consulting parties had agreed on site mitigation objectives at their first meeting in July 2015. The FRA then undertook a separate analysis of avoidance alternatives and came to the same conclusions as the City. They also decided on the same mitigation objectives that had been agreed on by the consulting parties over three years earlier. A process that should have taken about one year was extended to four years.

The federal government should not be an impediment to the implementation of infrastructure construction projects, nor should it delay decisions on preserving significant historic resources. Over three years were lost in our construction schedule for this segment of the Springfield Rail Improvements Project by a process that should have taken no more than a year. This delay would likely have been much longer without the persistent inquiries to the FRA Administrator and his staff by our congressional delegation.

No one wants to lose important resources to construction projects. But when the project sponsor, the State agencies, and the consulting parties have all agreed on a path forward the federal agencies should assist, not delay. The three years lost did nothing to improve the project or to preserve any resources.

We recommend strict project controls and schedules with milestones for federal agencies during their review and processing of project documents. They need to be accountable for lengthy project delays caused by staffing shortages, budget limitations, or unfamiliarity with implementation and compliance of federal laws and policies. Better utilization of budget resources is an important component of reducing project backlogs.

Other Project Delivery and Procurement Recommendations

Finally, let me highlight three policy recommendations that impact the federal lands programs that are the subject of today's hearing, but also have broader implications for all transportation agencies and clients.

First, as you continue to develop your bill to reauthorize federal surface transportation programs, I would urge you to oppose policies that restrict the ability of public agencies to contract with private sector firms. America's engineering firms are trusted advisors to their clients, and the industry plays an essential role in helping FHWA, other Federal land management agencies, state departments of transportation, and local public agencies deliver critical infrastructure services to the taxpayer. Engineering firms are involved in every phase of every type of transportation project: planning solutions to reduce congestion; assessing environmental impacts; evaluating and improving the safety and sustainability of roads, bridges, and tunnels; designing both simple and complex structures; and, monitoring construction to ensure it complies with approved designs and materials. Engaging the private sector allows public agencies to benefit from the specialized experience, innovation, and on-budget and on-time performance that firms like Hanson bring to the table to ensure project success.

We have seen some legislative proposals that would mandate that only public employees conduct certain engineering, design, or inspection work. These kinds of restrictions would interfere with the ability of federal, state, and local officials to acquire the most qualified service providers to perform these functions. Such a provision would also interfere with the ability of agencies to set staffing levels in a way that gives them the flexibility to respond to fluctuations in funding. In the end, costs go up, and the ability of agencies to efficiently deliver transportation projects to the public is compromised. This committee should reject any proposals to restrict the ability of federal, state, or local transportation agencies to partner with private sector engineering firms.

Second, I would encourage you to promote contracting practices that ensure qualified, innovative engineering services. Federal statutes and most state laws require procurement of engineering services through Qualifications-Based Selection (QBS), a competitive procurement process that puts emphasis on identifying the most experienced and technically qualified firms at a fair and reasonable cost. This has been the law of the land for nearly 50 years, and it is the gold standard for professional services procurement. According to a 2009 study by the University of Colorado and Georgia Tech, QBS saves money by reducing change orders during construction that inflate project cost. To ensure transparency and that taxpayer funds are properly obligated and spent, Titles 23 and 49 also provide that engineering and design contracts funded with federal highway and transit funds must comply with the Federal Acquisition Regulation (FAR) cost principles.

The surface transportation reauthorization should maintain and expand public procurement rules that require the use of QBS to emphasize innovation and qualifications to facilitate successful project delivery. The bill should also continue to include FAR 36.6 compliance as a condition of receipt of funding by state and local governments for grant, loan, and aid programs. Federal land management agencies have a pretty good track record with QBS and FAR compliance, and it has served them well. In fact, ACEC awarded the Western Federal Lands division of FHWA with our national QBS award last year. They can be good models for state and local agencies to follow.

Third, Hanson and our colleagues at ACEC would like to promote the utilization of more lump sum contracting by federal, state, and local agencies. Lump sum is a negotiated payment method that provides for a fixed price not subject to adjustment because of changes encountered in the performance of the work. The consultant assumes responsibility for costs over or under the negotiated price assuming there is no change in the scope of the project. This payment method increases the firm's flexibility to manage the project (relative to a traditional cost-plus-fixed-fee contract using hourly rates), including the assignment of staff and utilization of advanced technologies. It also provides incentive to be innovative and creative, finding efficiencies in project delivery. Public agencies benefit by placing all cost inflation risk on the firm. Lump sum contracts are also much easier to manage, especially invoicing and auditing, saving staff time and money for both the agencies and firms.

In Hanson's experience, transportation and federal land management agencies have some experience with lump sum contracting. By contrast, the Corps of Engineers has been much more proficient and has benefited from its use. We would like to see more of this value-based contracting in the transportation sector.

There are no statutory barriers to lump sum; it is an authorized payment method under federal regulations. Nevertheless, the reauthorization bill could include provisions to encourage its use on federally funded projects – both for federal land management agencies and territories, and by state and local transportation agencies when utilizing federal-aid funds.

Thank you again for the invitation to testify today. I look forward to answering any questions.