

**STATEMENT OF
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DEPUTY SECRETARY OF TRANSPORTATION**

**BEFORE THE
HOUSE APPROPRIATIONS SUBCOMMITTEE ON TRANSPORTATION,
HOUSING AND URBAN DEVELOPMENT, AND RELATED AGENCIES**

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Chairman Latham, Ranking Member Pastor and Members of the Committee, thank you for the opportunity to discuss the Department of Transportation's (DOT) accomplishments in implementing the Disaster Relief Appropriations Act of 2013.

Background

Hurricane Sandy began as a tropical storm on October 22, 2012 and quickly strengthened into a Category 3 hurricane by the time it made landfall in Cuba. From there, the storm followed the east coast as it travelled North before finally dissipating on October 31, 2012. Hurricane Sandy became the largest Atlantic hurricane on record with winds spanning 1,100 miles and damage costs second only to Hurricane Katrina.

Hurricane Sandy caused widespread devastation to the transportation infrastructure in its path. New York and New Jersey were especially hard hit sustaining significant damage to transit and commuter rail, Amtrak and freight railroads, airports and aviation systems, pipeline and natural gas distribution systems, and highways and tunnels. The entire area experienced major travelling delays as airport, transit, passenger rail and bus systems could not meet their schedules or provide typical services. The problem was further compounded by gas shortages throughout the affected areas.

The Department of Transportation's Initial Response

As soon as the storm was identified as a potential threat, DOT's National Response Program staff began working with the Federal Emergency Management Agency's (FEMA) National and Regional Response Coordination Centers and Joint Field Offices to monitor the storm's progress and prepare to assist where needed. Fifty-eight DOT employees were deployed to Joint Field Offices in New York and New Jersey to assist state and local governments and other infrastructure owners to restore transportation and infrastructure and to provide FEMA with additional assistance in the immediate aftermath of the storm.

The Federal Highway Administration (FHWA) provided \$59 million in "Quick Release" Emergency Relief to New York (\$30 million), New Jersey (\$20 million), North Carolina (\$4 million), Rhode Island (\$3 million), and Connecticut (\$2 million) to address critical highway repairs.

The Federal Motor Carrier Safety Administration (FMCSA) issued an Eastern Regional Emergency Declaration, temporarily lifting the hours-of-service requirements and other regulations on interstate trucking carriers to speed the movement of emergency supplies into the affected area. An Interstate Petroleum Transport Team was established to resolve issues that might impede speedy delivery of fuel and relief supplies where needed.

The Federal Railroad Administration (FRA) opened an emergency docket providing waivers to its hours of service and equipment inspection requirements to facilitate response and recovery efforts.

Despite substantial damage to its Air Navigation Services equipment, the Federal Aviation Administration (FAA) was able to restore normal air traffic operations quickly by working around the clock to repair and replace equipment.

The Maritime Administration (MARAD) assisted with immediate recovery efforts by providing ships used to feed and house 968 emergency responders. MARAD also provided waivers to the Jones Act enabling 11 vessels to carry more than 2.7 million barrels of petroleum products into the affected area.

The Pipeline and Hazardous Materials Safety Administration (PHMSA) assisted in coordinating emergency repairs of distribution lines and tracked the availability of fuel.

The Federal Transit Administration (FTA) sent staff to the region to assist with damage assessments and to coordinate with the transit authorities. FTA staff worked with the General Services Administration (GSA) to procure 250 buses to replace lost commuter rail and transit service in New Jersey and to connect to ferry terminals providing access to Manhattan.

All of these immediate response efforts were critical in restoring services to the transportation systems as quickly as possible. However, it was clear that longer term repairs and restoration efforts would be necessary to return the transportation systems to pre-storm service levels.

Disaster Relief Appropriations Act of 2013

The Disaster Relief Appropriations Act of 2013 (“Disaster Relief Act”) provided \$13.1 billion in supplemental appropriations to assist the Department of Transportation with long-term recovery and restoration efforts for those transportation systems damaged by Hurricane Sandy. These funds are to be used to support state and local partners in the rebuilding and recovery efforts; to ensure proper and cost-effective coordination between Federal, local and state partners; and to ensure a proper level of oversight in the administration of the funds.

The Act provided \$10.9 billion to the Federal Transit Administration to fund a new Emergency Relief program. Up to \$5.4 billion of this funding may be directed to mitigation efforts, as determined by the Secretary, that will help strengthen transportation assets in a manner which would minimize damage from future storms. The Act also directs that \$6 million of these funds be made available to the Office of the Inspector General for activities that will ensure proper oversight and accountability of these resources.

The Federal Highway Administration received \$2 billion to fund highway emergency relief activities. Of this amount, \$489 million was distributed for Hurricane Sandy Relief, and \$315 million was provided to fully fund the current year backlog on prior events, with the remaining \$1.218 billion to be used on future emergency relief needs.

Amtrak received \$118 million to undertake recovery and resiliency projects on the Northeast Corridor and to pay for repair work resulting from Hurricane damages.

The Federal Aviation Administration received \$30 million to fund repairs to airport facilities, aviation navigation systems, power systems and equipment.

All of the funds provided to DOT have been apportioned and are ready to be allocated to projects, have already been allocated, or are at the obligation stage.

Sequestration Impact

Based on the Budget Control Act, the funds provided by the Disaster Relief Appropriations Act of 2013 will be reduced once sequestration takes effect. This means the resources provided to the Department of Transportation for Hurricane Sandy relief and restoration activities will be reduced by approximately five percent – or about \$650 million.

Implementation Status Report

DOT has made significant progress in implementing the Disaster Relief Act. This is particularly evident in the ongoing work of FTA as the Operating Administration continues to stand-up its new Emergency Relief program. FTA published in the Federal Register a Notice of Availability of Emergency Relief Funds on February 6 to notify potential grantees of the availability of the first \$2 billion for repair work. As a first step, FTA is targeting these funds towards local repair projects where expenses already have been incurred and disbursed, and to existing contractual commitments that are already underway. To date, FTA has received grant requests from the Metropolitan Transit Authority (MTA), the Port Authority of New York and New Jersey (PATH), and the Southeastern Pennsylvania Transit

Authority (SEPTA). I am pleased to announce today that FTA has responded by allocating \$390 million as the first installment of Hurricane Sandy relief funding. These reimbursements were carefully vetted and will begin to alleviate the financial burden on the hardest-hit transit agencies. Any funds remaining from this first \$2 billion will be prorated to other known response and recovery costs as determined by the FTA/FEMA cost validation team.

FTA has also been working collaboratively with FEMA on a Memorandum of Agreement (MOA) that identifies the responsibilities FTA will assume in future disasters involving transit systems. FEMA Administrator Fugate and Federal Transit Administrator Peter Rogoff signed the MOA this week. This is a major milestone achieved in standing up FTA's Public Transportation Emergency Relief Program.

Along with its other efforts, FTA is working on a staffing plan to provide resources for a Hurricane Sandy Office in Region 2 that will strengthen FTA's ability to respond to issues as they arise.

FHWA has been using its well-established Emergency Relief program to provide Hurricane Sandy funding to address needed highway repairs. FHWA allocated \$489 million in funding to the states affected by Hurricane Sandy. In addition, \$28 million was allocated for Emergency Relief on Federally Owned facilities, including \$6 million to help the National Park Service meet their timeline for reopening Liberty Island and the Statue of Liberty. In the immediate aftermath of the storm, FHWA provided \$59 million in "quick release" funds to enable states to begin critical repairs. So far, no additional requests from assistance have been received.

FHWA has also allocated funds provided in the Disaster Relief Act to address the backlog of emergency relief projects. These funds which were also released on February 15th fully clear out FHWA's backlog for the current fiscal year.

FRA and Amtrak are working on grant proposals that will guide the implementation of Hurricane Sandy funds. Amtrak has expended \$17 million for repair work including de-watering and repairing tunnels, repairing signals, draining flooded areas around Substation 41 (Kearney) and for other efforts such as tree removal, catenary repairs and debris slides. Amtrak continues to refine its list of Hurricane Sandy supplemental-eligible projects and cost estimates.

The FAA continues to address Hurricane Sandy damages at three of the Nation's top 30 airports – LaGuardia, John F. Kennedy, and Newark Liberty International airports. Most of this damage was at FAA facilities and includes repairs to such things as roofs and walls, navigation systems, power systems and structures and equipment. FAA is currently managing 58 separate repair projects.

As we continue to progress with Hurricane Sandy response and recovery efforts, it is important to note that we recognize that effective partnerships with our State and local partners, airport and transit authorities, and other regional entities in all the affected areas is an important element in implementing the provisions of the Disaster Relief Act and of ensuring an effective and efficient recovery and restoration process. These relationships have been critical in our understanding of the local needs and continue to be important as we address recovery and repair issues.

Task Force Participation

DOT is working closely with our other Federal partners to develop coordinated strategies for recovery and response efforts through participation in the Rebuilding Task Force. The work of this group will help inform future plans for rebuilding in a way that helps ensure that the Federal investments make sense.

Mitigation Planning

As work continues in this phase of Hurricane Sandy response and restoration, we recognize the need to restore the transportation infrastructure in a way that will result in guiding principles for rebuilding stronger, more resilient systems that can withstand future storms of this magnitude. The Department is developing a

process to assess potential mitigation projects that will focus on ways to strengthen the transportation infrastructure in the affected areas while recognizing the interdependencies and connection to other Federal, state, and local assets. The flooding situation at Substation 41 (Kearney) is an excellent example to consider. This substation that is critical in providing power to several transportation systems is below grade and has a history of flooding from typical storms. Correcting this fundamental problem now will help ensure uninterrupted transportation services in the future.

Accountability

As work continues in implementing the Disaster Relief Act, the Secretary is conducting regular briefings to assess our progress. The Inspector General has been invited to participate in these briefings. The Financial Management Stewardship Committee also meets weekly to ensure consistent management and reporting of funds across the Department. This group is also responsible for reporting on allocations, obligations, and expenditures of funds.

DOT is taking steps to ensure that funds provided in the Disaster Relief Act are managed properly and with the same strong internal controls used to administer other reimbursable funds here at DOT. The reimbursable process ensures that Federal funds are not provided to grantees until projects are inspected and meet Federal standards. This is one more way we can ensure proper stewardship of the taxpayer's resources.

Again, thank you for the opportunity to share the Department's accomplishments in the Hurricane Sandy restoration efforts. I will be happy to answer your questions.