

# FHWA – Changes for the Coming Year

by Lester P. Lamm

*The following article was first given as an address at the Reno! 82 Monday afternoon General Session, held June 21 at the MGM Grand Hotel.*

I have to admire any group which comes to Nevada in 1982 to discuss its future. Speaking specifically of the Highway Program area, we are about as uncertain of our future today as at any point within the past quarter century. And yet, there are very hopeful signs in the air, signs which a betting person would back to the hilt.

Let me amplify - any public works program can be no more successful than its funding allows. At the Federal level, highway funds are all paid by highway users through a trust fund mechanism. That is, everytime you buy gas, revenues are set aside for us to use. I won't embarrass anybody by asking for a show of hands here, but nationally only 6% of the people know that the Federal gas tax is 4¢ per gallon, and its been 4¢ since 1959. And, even though the highway trust fund is a very efficient financing mechanism, it has not been able to keep up with inflation, the development of more fuel-efficient vehicles and the growing deterioration of the system.

As a result, we look ahead to the rest of the 1980's knowing that a revitalized national economy can only be built on a strong transportation system. To provide the type of highway system we need, we should invest \$4 billion/year for 10 years to close the final gaps in the interstate system, \$3 billion per year to upgrade and restore older interstate routes, \$2 billion for primary highways, \$2 billion for bridges, and \$2-3 billion for other major roads. Even this rate leaves 3/4 of the road and street system

with no Federal dollars.

That's a needed investment of more than \$13 billion per year. The highway trust fund now raises \$7.5 billion annually and if you think this is an academic issue for engineers, about 10% of the Federal dollar goes for Right of Way. I'm talking about your future as well.

I mentioned, though, that there were encouraging signs. FHWA's Ray Barnhart and transportation secretary Drew Lewis also recognize the funding gap, and the secretary has developed a proposal that would raise \$5-6 billion per year. He wants to be the first Secretary of Transportation ever to increase Highway Trust Fund revenues. Can we do it? Yes. When? Good question.

Let me put aside the issue of funding for a moment, and turn to a few other significant items. The most important to me is one I term our good name. It truly pains me to see headlines all over the country about bid rigging by highway contractors.

Thus far, around 300 companies and individuals have been convicted of antitrust offenses, primarily through Department of Justice probes. Of these, about two-thirds involve Federal-aid contracts, and we therefore have been declaring them unacceptable for Federal-aid highway work. The unacceptability period may range from 6 months to 3 years.

The administrator, Ray Barnhart, has left little doubt where FHWA stands on basic bid-rigging policy. He and I are disturbed that the reputation of the Federal-aid Highway Program, and that of the highway construction industry in general, is being tarnished through these conspiracies. Bid-rigging will



*Lester P. Lamm was appointed Executive Director of the Federal Highway Administration in June 1973 by President Nixon. This is the top-ranking career post in the FHWA.*

*During the past 8½ years, Lamm has worked for five Secretaries of Transportation and five Federal Highway Administrators. During this time FHWA has supervised more than \$50 billion in Federal assistance for highway and bridge improvements.*

*Last year Lamm received two prestigious awards, and they were presented within 10 days of each other. The first was the Thomas H. MacDonald Memorial Award, presented each year by AASHTO.*

*The second honor was the awarding of the President's Distinguished Executive Award, the highest award given for Senior Executive Service members within the Federal government.*

not be tolerated by this administration. However, that's the construction area - what about the \$700 million annual Right of Way program, where temptations for collusion and fraud have been traditional in areas such as property management.

In the late 1950's and early 1960's, we saw one state where all individuals doing business with the state paid a fee of 5% to 10% to a state official. In another state, alleged payments to property owners were retained by local officials. Hearings by the Congress identified Right-of-Way irregularities and grossly inflated appraisals in three other states.

In the early days of the program this rash of irregularities was probably due to the thinking of some officials and appraisers that no one would be reviewing their work independently. Also, it's clear to me that the Right-of-Way profession at that time had not reached today's sophisticated level.

But even today, inflated appraisals are still being made and Right-of-Way irregularities are still being called to our attention. It is just good business practice that appraisers follow the dictates of their own profession and that state highway agencies keep their systems of checks and balances. You are professionals, and I look to you to assure that these two Right-of-Way strengths are retained.

During the past several years, you have asked for less regulation from the Federal level. The Federal Highway Administration has been working toward this goal of a lesser Federal role, and increased authority and responsibility at the state and local level. Since 1981, our efforts have been aided greatly by commitments and support from the President and his entire administration.

Some time ago, we organized a task force to review all of our existing regulations in order to reduce requirements and regulations. In the Right-of-Way area, major reductions are very close to completion. For example, in the acquisition and appraisal area, the

number of regulations will be cut in half -- from 20 to around 10. These regulation changes were discussed at the recent joint FHWA-AASHTO Right of Way conference in Oklahoma, which was attended by several of you at this seminar.

I recommend that the association carefully study these proposed regulations when they are published in the FEDERAL REGISTER, and give us your views. I can assure you that they will be carefully considered. What you say does have an effect, it is your opportunity to get in on the ground floor, and influence the regulations with which you in the highway agencies will be working.

The phrase "do more with less" has taken on a special significance in the past few years in Federal and state government. Increased costs, general economic conditions, and the public's view of the role of government have all taken their toll, and FHWA and the state highway

agencies have all been affected. By the end of September, FHWA will be at our lowest staffing levels since the early 1950's. Many highway departments also have found themselves in the same circumstances.

This has forced us to take a hard look at the way we do business. In order to accommodate personnel reductions, there have been a number of reorganizations in our Washington office, and in the field. In this process, we have taken into account the need to provide manpower resources in those areas that are most important to the FHWA mission.

Our Right of Way headquarters office was recently reorganized. The primary functions were left intact. The Highway Beautification program was transferred to the acquisition unit. Many people were released due to this restructuring.

These personnel reductions have forced us to look at our priorities,

## **NATIONAL FIELD SERVICE CORPORATION**

**Right of Way acquisition**

**Environmental Impact  
Statements**

**Minerals Leasing**

**Telephone Engineering**

**Surveying**

**National Field Service Corporation  
Tuxedo Square, Tuxedo, New York, N.Y. 10987**

**Tel. 914 351-5128**