



THE AMERICAN INSTITUTE OF ARCHITECTS

STATEMENT OF
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“The Upcoming Highway Bill and Ensuring it Meets the Needs of Small Businesses”

House Committee on Small Business
Subcommittee on Investigations and Oversight

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Introduction

Chairman Altmire, Ranking Member Fallin, and members of the Subcommittee — good morning. I am Rob Robinson, AIA, an architect from Glenshaw, Pennsylvania, and the Chairman of Urban Design Associates, a small architecture and planning firm in Pittsburgh. Thank you for this opportunity to appear before you to discuss federal transportation policy and its impact on small businesses.

At Urban Design Associates we design cities, towns, and neighborhoods with an eye for what makes vibrant places for the people who live, work and play there. We employ a participatory process in which we bring together citizens, economists, engineers, architects, developers, policy makers, government officials, and builders to construct positive, achievable visions for the future. Through our projects, which range from planning mixed-income neighborhoods to designing transit-oriented developments to reviving historic downtowns, we see how transportation systems help connect people to jobs, to opportunities, and to each other, creating livable, sustainable and prosperous places.

I am also pleased to represent the American Institute of Architects (AIA) at today's hearing. The AIA is comprised of more than 83,000 licensed architects, architects-in-training and allied professionals across the country who are committed to the planning and design of safe and sustainable buildings and communities.

The AIA and its members have a long history in supporting communities struggling with transportation challenges. Through our nearly 40-year old Design Assistance Team (DAT) program, AIA architects and other design professionals have provided *pro bono* design services to scores of communities from coast to coast. These teams recommend changes to the communities' comprehensive master plans, offer suggestions on urban design issues, and educate and engage the community in a dialogue about the options available to strengthen their cities and towns. Through these volunteer efforts over the years, architects and urban designers have increasingly occupied a central role in the integration of transportation facilities within existing and planned communities.

In 2005, Congress recognized the critical importance of architects to transportation policy by authorizing a study in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) (P.L. 109-59) to explore how well-designed transportation projects benefit communities in terms of economic development, sustainability, civic engagement, safety and livability. The study, *Moving Communities Forward*, which was released in 2008, shows that how transportation systems are designed can make the difference between communities that prosper and those that founder.¹

Today, thousands of AIA architects are designing the transportation systems, transit facilities, roadway amenities and master transportation plans that foster not just mobility and access, but also create sustainable, smart communities. Many of those architects work for small firms, like my own, or are sole practitioners. In fact, according to the AIA's most recent *Firm Survey*, 96 percent of architecture firms in this country have 50 or fewer employees, and those firms account for nearly six in ten of the nearly 200,000 workers who are employed by architecture companies nationwide.² When you consider that the design and construction industry accounts for nearly one in ten dollars of gross domestic product,³ the critical role that small firms play to economic growth becomes clear. As with the rest of the American economy, small design firms are the engines that drive prosperity.

However, as all of you are no doubt aware, the current economic crisis has been devastating to the architecture profession and the larger design and construction industry. Every architect I know has seen layoffs and cutbacks in his or her firm; smaller firms, which have tighter cash flow and smaller profit margins even in good times, are particularly hard-hit. Metropolitan regions, cities, transit authorities and towns have all but stopped planning for the future, or re-thinking outdated infrastructure and the demands of a growing urban market for redevelopment, because of budget shortfalls and a fractured real estate market.

¹ <http://www.movingcommunitiesforward.org>

² <http://www.aia.org/components/ATAB028868>

³ <http://www.aia.org/aiacmp/groups/aia/documents/pdf/aias075500.pdf>

Unfortunately, things do not appear as if they are going to get better soon. Just this week, the AIA released its semi-annual *Consensus Construction Forecast*, a survey of the nation's leading construction forecasters. It found that nonresidential construction spending is expected to decrease by 16 percent in 2009 and drop by another almost 12 percent in 2010 in inflation adjusted terms.⁴

The challenges our nation faces are not just confined to the economy. The fragile state of our infrastructure is challenging our nation's ability to recover and prosper. Consider these ominous facts:

- The U.S. population is expected to grow by 50 percent by 2050⁵, much of that growth centered in big metropolitan areas, where traffic congestion already costs our economy \$80 billion a year and where water and power systems are falling apart.
- More people equals more energy consumption. But oil and gas prices are escalating. That, plus the specter of climate change, means the way we power our cars, buildings and factories must change.
- Our infrastructure -- the buildings, roads, bridges, power lines and plumbing that make our country run -- is aging rapidly. It has been estimated that it will take \$2.2 trillion dollars to make the requisite fixes -- and that's just for what's already in place.⁶ Without more funding, falling bridges and failing levees may become far more common.

This “perfect storm” of crises threatens not only our economic well-being, but our national security as well. We simply cannot expect to remain competitive in the global economy when the basic systems we need to prosper are underfunded and underperforming.

⁴ http://info.aia.org/aiarchitect/thisweek09/0710/0710b_consensus.cfm

⁵ <http://pewresearch.org/pubs/729/united-states-population-projections>

⁶ <http://www.infrastructurereportcard.org/>

That is why I believe that it is vital for Congress to pass comprehensive transportation legislation this year. Waiting simply does not make sense when you consider both our nation's enormous challenges and the great opportunity that this legislation presents to provide a broad base of local support and job creation to build communities for the future.

Impacts on Job Creation

The Surface Transportation Authorization Act of 2009 (SFAA), currently before the House Transportation and Infrastructure Committee, could not come at a better time. It recognizes what the AIA reported to Congress in its study, *Moving Communities Forward*, that well planned and designed transportation projects create more prosperous, sustainable and livable communities. This legislation will help rebuild our infrastructure, reduce the congestion that is choking our communities, and reduce greenhouse gas emissions.

Most importantly, it will create jobs. Jobs for architects and planners. Jobs for engineers and builders. Jobs for operators and maintenance personnel. It also will help foster prosperous communities that are the foundation of small businesses and the jobs they create.

The impact of passing a transportation bill on job creation and retention is enormous. The Transportation and Infrastructure Committee's estimate that this legislation would create or save six million jobs is borne out by other studies that show the job-creation impacts of infrastructure investments. The Committee bases its figure on a Federal Highway Administration estimate that \$1 billion of federal investment creates or sustains 34,799 jobs.⁷ The Center for Regional Analysis at George Mason University in Fairfax, VA, meanwhile, found that every \$1 billion invested in construction, including transportation-related facility construction, creates 28,500 jobs.⁸ It is important to note that these jobs

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<http://transportation.house.gov/Media/file/Highways/HPP/Surface%20Transportation%20Blueprint%20Executive%20Summary.pdf>

⁸ <http://www.naiop.org/foundation/2008contdev.pdf>

are not merely direct employment, but also include direct and indirect jobs with construction supply materials and services companies, as well jobs created or saved when construction, supplier and service providers spend their incomes. I also would point out that these are private-sector jobs.

In the architecture profession alone, the AIA has estimated that every \$1 billion in investments in design and construction on buildings and facilities creates or preserves 270 architect jobs,⁹ and many more indirect jobs for support staff, suppliers and consultants down the line.

At a time when the unemployment rate is nearing ten percent, it makes no sense to delay action on legislation that will create so many well-paying jobs across the economy.

Impacts on the Economy

The impact of the transportation bill on job creation is not limited to the direct creation of employment though investments in transportation design and construction. When government at all levels invests in a 21st Century transportation system, the results on the small business community can be significant.

First, well-designed transportation projects help create attractive and accessible business districts where small businesses can flourish. The AIA's *Moving Communities Forward* study found communities that have invested in transportation upgrades – everything from new intermodal facilities and transit-oriented development to simple design elements like bus shelters and landscaping – have seen increased commercial activity follow. This is particularly true for older, historic main streets and central business districts. These backbones of the American economy have for too long been neglected and even harmed by transportation projects that pass them by in favor of inefficient and short-term single land use patterns spread out over the landscape. Transportation improvements that bring consumers off the interstate and into diverse, mixed-use communities with walkable main streets and affordable neighborhoods create a market for start-up businesses. As we

⁹ <http://www.aia.org/aiaycmp/groups/aia/documents/pdf/aias078714.pdf>

track the choices of our current generation of citizens looking for places to live and work, we see an overwhelming attraction to diverse and sustainable communities that have transit, walkable and bikable neighborhoods with easy access to services and amenities. This market creates a remarkable opportunity for our older towns and cities to regenerate themselves in ways that will be attractive to this growing market. Investment in infrastructure and transportation systems will be key to their survival and prosperity.

Second, a 21st Century transportation system will help people live near where they work, expanding job opportunities. This will become an even more pressing need as sprawl continues to force people to live further away from where the jobs are. Numerous opinion polls taken at the height of gas prices last year showed more Americans making choices about where to work based on the length of their commutes. As the financial and emotional costs of congestion and energy prices continue to weigh down the workforce, the ability of small businesses that cannot easily relocate to attract top talent will decrease markedly. There also is now a considerable body of research that connects the health and well-being of citizens, especially children, to their environment. Clean, walkable communities with integrated uses, open space and park networks with trails, sidewalks and public spaces foster more physical activity and social interaction and can reduce health care costs.¹⁰

Third, a 21st Century transportation system will reduce congestion and improve the safety and reliability of the transportation network. Every minute stuck in traffic, and every axle damaged by potholes, is money off the bottom line. Small businesses, with their thinner profit margins and tighter cash flows, simply cannot depend upon an unreliable transportation system to move their goods and services from place to place. For these reasons, I believe that Congress simply cannot afford to wait 18 months or longer to pass a new transportation bill; it must act now.

¹⁰ <http://aappolicy.aappublications.org/cgi/content/abstract/pediatrics;123/6/1591?rss=1>

Recommendations for Reform

My fellow architects and the AIA have worked closely with the House Transportation and Infrastructure Committee and its Senate counterparts to ensure that the transportation bill helps small architecture firms plan and design transportation systems that will strengthen our country. As this Subcommittee explores this issue and provides recommendations to the Transportation and Infrastructure Committee, I would like to express my support for several principles that I believe should be a part of the bill.

- The legislation should provide ample opportunities for small businesses to take part in the design and construction of the new transportation infrastructure. For small architecture firms, that means investing in transit and intermodal facilities designed to foster compact, mixed-use development and redevelopment opportunities. We support Sec. 3007 of the STAA that creates a new “Intermodal and Energy Efficient Transit Facilities Grant” program. We also urge the committee to include provisions that support the use of public participation processes, including interactive workshops led by planning and design professionals, to help communities plan their futures. These, too, create jobs for small design and planning companies.
- The legislation should ensure that small firms have the ability to compete for contracts under the bill. In recent years, the phenomenon of “bundling,” where multiple tasks are combined into a single request for qualifications (RFQ) has made it difficult for small firms, which typically do not have the capacity to handle such large contracts, to compete. Although there are times that bundling may make sense, the legislation should work to ensure that small firms have a chance to compete for – and win – contracts. Otherwise these become the exclusive domain of large, multi-national companies with little or no connection to local communities and local small businesses.
- The legislation should preserve and protect provisions in the current law (23 USC 112b) that require funds to be awarded to architecture and engineering (A/E) firms through qualifications-based selection (QBS) procedures. The Brooks Act

(Public Law 92-582) established the procurement process by which architects and engineers are selected for design contracts with federal design and construction agencies.

Under the Brooks Act, A/Es are selected on the basis of demonstrated competence and qualification for the type of professional services required *before* reasonable and fair fees are negotiated. With QBS, price quotations are not a consideration in the selection process. The QBS process has also been adopted by 46 out of 50 states because it ensures that the architects and engineers who design public infrastructure projects are the most qualified to perform the work, ensuring the safety, reliability and efficiency of the nation's infrastructure. It also enables smaller firms and emerging talent to have an opportunity to compete for work, since awards are not based on who has the lowest overhead and therefore can do the work the most cheaply. We strongly believe that QBS must be preserved in the new transportation law to protect the health and safety of the public and to expand the playing field for design firms of all sizes.

Thank you for the opportunity to provide testimony on this important issue. We look forward to working with the Committee to help America's small businesses compete and thrive with a 21st Century transportation system. I am happy to answer any questions the Committee may have.