

Brian Bouchard

Blue Ribbon Commission on Highway Funding

October 2019

Good morning !

My name is Brian Bouchard, and I am the President of H.O.Bouchard, Inc. We own 105 trucks, based in Hampden, Me, with a satellite location in Eliot. Our fleet travels 7.5 million miles per year, burning nearly 1.5 million gallons of fuel in the process. We transport a variety of commodities in various different types of tanker trailers. We employ 155 employees in Maine and 5 in New Hampshire. My father started the business in 1958, the year I was born coming from Fort Kent, ME with a single dump truck, he came to work in Bangor hauling gravel to help build I-95 and Bangor Int'l Airport. Our company is 61 years old. We are called upon by various agencies for a variety of reasons trucking related. We have 3 managers that have been with our company for over 40 years each of them. We have a second generation of managers in the company and a third generation owner ready to continue to service our customers in Maine as we have for over 60 years.

Like the insurance commercial says" We know a thing or two because we have seen a thing or two.

Thank you for inviting me to speak to the Blue Ribbon Commission on roads, bridges, road maintenance and funding. I don't know that I am an expert on roads and roadbuilding, but I do have years of experience accounting for trucking costs. With that, I have formed some opinions that I would like to share with you.

H.O.Bouchard travels many of the major corridors in New England and Eastern Canada on a daily basis.

One of our larger customers is Dragon Products in Thomaston, Maine. From there, we transport cement products to their customers in Maine, New Hampshire, Massachusetts and Eastern Canada.

We transport home heating oil, propane and gasoline from Searsport, South Portland and Auburn to destinations all over the state of Maine, New Hampshire, and Vermont for many Oil companies in New England.

We haul road salt to DOT and municipal salt sheds from Searsport to Augusta, to Rangeley to Jackman, over to Calais and continue serving DOT sheds up north to all the sheds as far north as Fort Kent.

We transport liquid asphalt from St. John, New Brunswick, Searsport, South Portland, Newington, NH and Boston to all the paving contractors in Maine, and most in New Hampshire. We deliver industrial chemicals from Searsport, Auburn and Nashua, NH to Pulp and Paper mills, as well as waste treatment plants and water districts in Maine and as far north as Edmundston, New Brunswick and as far south as Peabody, Mass.

So, H.O.Bouchard trucks travel on all major Maine highways, New Hampshire, Massachusetts, Vermont and into New Brunswick and Quebec daily. We get a chance to see all the major routes in our state.

We pay about \$750,000 in fuel taxes, PLUS \$300,000 in tolls annually.

I have been asked if I could quantify the costs in maintenance of operating on poorly maintained roads. This is very difficult to do, for many reasons:

1. They don't get rough all at once. As roads deteriorate, maintenance increases. This is common sense, but difficult to quantify by the bump in the road.
2. We would have to have a control unit operating on perfect roads hauling the same loads as the one on rough roads to compare differences. That's not practical.
3. Cost/mile is the best yardstick for comparisons. But the costs of new trucks have increased by 35% in the last 10 years, so separating inflation from bumps in the roads is just not feasible.

However, I can tell you that our experience operating on a constantly deteriorating road system, the Golden Road, leads me to the conclusion that at some point the cost no longer justifies operation under those conditions.

As the road deteriorated, it did not necessarily become more dangerous. The professional drivers who operate there simply had to slow down for the conditions at hand. This sounds simple enough, but the long-term ramifications are more complex.

The real measure of the cost of operating equipment is cost/hour. Our drivers are paid by the hour. Fuel is burned by the hour. Insurance, registration, depreciation, and other costs, are figured by the year. This also means it can be broken down to hourly rates. A decrease in average speed from 50 mph to 35 mph is no small amount. It is a loss of productivity of 30%. That means an increased cost of transportation of at least 30% - and I say "at least" because this doesn't take into account the deteriorating road conditions causing additional wear-and-tear. As speed decreases, maintenance costs per hour increase. At some point, further operation no longer makes economic sense.

That is the danger that the State of Maine, and the U.S. overall must confront. If the movement of people and goods in Maine becomes prohibitively expensive, compared to other states, or Provinces, our whole economy will inevitably see negative results.

Let's not forget that when poor road conditions necessitate slowing down, that EVERYONE must slow down:

- School children will be on busses longer.
- Everyone will spend more time commuting; less time producing.
- Roads will become more clogged as traffic slows down.
- Just-in-Time will require more time.

Let me demonstrate this another way:

The new paper machine rebuild at SAPPI paper mill in Hinckley is projected to require 1 million tons/year more raw wood input. That will require approximately 33,000 more truckloads per year. If every load must slow down just enough to add 1 hour/trip; that would mean an extra 33,000 truck hours/year, JUST ON THE INCREASE IN DEMAND. A modern truck needs to return about \$100/hour to justify its existence. That means the extra cost of the extra wood will be about \$3.3 million per year. Think about those numbers on everything we do in Maine, including bussing school children and getting food on the shelves at our grocery stores.

On a positive note, the Maine DOT has been doing an excellent job on winter maintenance to minimize disruptions to the economy caused by winter weather. That becomes more important every year. People, and businesses, no longer carry large inventories. Maine pulp and paper mills no longer store large wood inventories. Every system requires products to be on the move constantly. The groceries must be fresh. The wood must get to the mill. The children must get to school. The doctor must get to the hospital!

However, this does not come without a cost. That cost is in rust and corrosion issues that degrade the value of our assets. Check engine lights coming on these days is a common experience and causes significant maintenance costs. But the roads, in my opinion, by the use of winter maintenance chemicals are safer and more productive.

The increased salting and brine use takes a toll on our bridge lifespans, Their useful life is reduced.

But again, our bridges are much safer in the winter than in the past!!

Some thoughts to summarize:

Many of our roads, both state and interstate, are grooved and rutted where traffic has worn them down causing major hydroplaning during heavy rains and slushy conditions, and increased icing in the winter. These conditions pose serious safety issues in Maine.

I am not a road engineer, but when roads are crumbling and have cracks in them and we apply salt that melts down the roads and the water sits in the grooves the water migrates down into the cracks and the road refreezes and causes frost heaving!

Major routes all over this state have seen roads crumbling causing serious concerns as to where our commerce will be 20 years from now. If we keep falling behind each year, there will come a point where we may need to shut roads and bridges. This happened on the Verona bridge a few years ago. This caused Verso Paper in Bucksport which received its chemical and fuel oil by truck from Searsport to have us go around by way of Hampden on one side to Brewer and back down the river while this bridge was being replaced, costing them thousands and caused us to need more people for the extra distance. This type of thing is not good for our long term economy. And, if we keep driving people out of this state, we will continue to lose funding, because when the population declines, so does our state revenues!

I have heard people complain about the heavy trucks rutting 201 in Skowhegan. Sappi just spent an estimated quarter of a billion dollars on an upgrade at the Somerset mill. A big portion of their raw ingredients come down 201 on trucks. So do the raw ingredients for Verso in Jay and ND Paper in Rumford. The finished products from sawmills up above Skowhegan come down 201. It is what this state does, and does well. The road system is a key part of the success of the forest products industry. We MUST do our part to support our mills.

Earlier I mentioned that H.O.Bouchard pays about \$750,000 in fuel taxes. We also paid \$300,000 in tolls, a large portion of that on the Maine turnpike. Those tolls are in addition to a fuel tax. No legislator has to vote YES for a tax increase when tolls go up by the authority. Maine Turnpike raises their funding for their roads and bridges by input from the public and their board members and we accept it and drive on that well maintained road system.

When we travel the 50 miles from So Portland to Kittery, not only are we paying fuel taxes to support all our roads and bridges in Maine, but we also pay tolls to the Maine Turnpike that funds their 100 mile section each way from Kittery to Augusta, now we primarily travel the 295 corridor, so we encounter about 50 miles each way, South Portland to Kittery, with that we still pay \$ 300,000 in tolls annually for that section. That to me is double pay for that portion of the roads!

As we drive industry, business and people out of Maine we lose our revenues in gas, food, property tax, sales tax, shopping, restaurants entertainment commerce etc etc... We can try to blame Amazon for the increased truck traffic, but it goes well beyond that.

Our modern economy demands a safe and efficient road system. It's a shame we are so reluctant to pay for it.

Trucks are a necessity in order to live and enjoy our state. If we don't agree to invest more in this great state, I fear we will have to pay one toll in York as a State Park fee. Sorry, but living here all my life and traveling all over this state, it is sad we have the infrastructure we have today without the foresight and political fortitude to make the needed investments.

Our company is proud to have Maine plates on our trucks, and we are proud to say we have the 3rd generation in place to continue to service a variety of industries that really rely on our safe and efficient transportation of their goods so they and we can remain competitive.

If we don't take this seriously, we are in for the next step in population decrease as business will not be able to afford our state and move on.

I am not in a position to tell folks in Augusta what to do, but a simple solution would be a \$.09 cent increase in motor fuel fees, and when you do that and compute it on the 950 million gallons consumed in all vehicles in Maine, you just generated \$ 85 million in additional funds, and we have a known shortfall of near

\$200 million.

We are borrowing \$ 100 million each year in transportation bonds, good thing we are, but this money is being used to bandaid cracked roads when they need complete rebuilds, but how can we ask our commissioner to make the roads right if we are not willing to get him the money for it!!

Think about this for a minute. The average Maine consumer travels 25,000 miles per year, and the average auto is at least 20 mpg. That equates to 1250 gallons consumed per year on average, \$.09 increase is \$ 112.50 per year, break that down to a 5 day work week, and we are looking at \$.43 per day to improve roads and bridges. Who wont pay for that ?

For H O Bouchard that equates to an annual increase on our fleet of \$ 135,000 and I am strongly in favor of that approach. And we still are obligated to pay \$ 300,000 per year in tolls on top of all that.

Worried about tourists? Most tourists might spend two weeks in Maine and travel a total of 1500 miles while in Maine or 75 gallons or @ \$.09 increase in fees added to a gallon of gas equals: \$ 6.75.

They don't mind paying for a Lobster dinner when it goes up by \$ 10 each year!!

They wont even flinch!

Worried about collecting from electric cars? Think about this for a minute; A) let's worry about that when the cars show up; and B) how are we going to dispose of worn batteries as they wear out? Landfills? Nope, they are toxic and hazardous waste! Infrastructure enough to support the cars? Not for a very long time, heck we are avoiding an electrical corridor to feed Boston with power, how will we ever keep electric cars going??

Electric trucks to move goods to all our grocery stores and distribution, electric vehicles hauling propane and gasoline and watch out for sparks!!

We will not see this any time soon folks, sorry.

Lets not put energy in the past we cant change that, lets put our energy in today and the future will happen!

This should not continue to be political as in the past.

It is that simple folks, it really is.

Thank you for this opportunity to express my view points on funding and our current infrastructure.

Brian Bouchard