Transportation At A Crossroads

AASHTO Presentation

February 26, 2008

Background

- Commission Established by SAFETEA-LU
- Blueprint for Next Cycle in 2009
- Final Report Issued in January

National Transportation Crisis

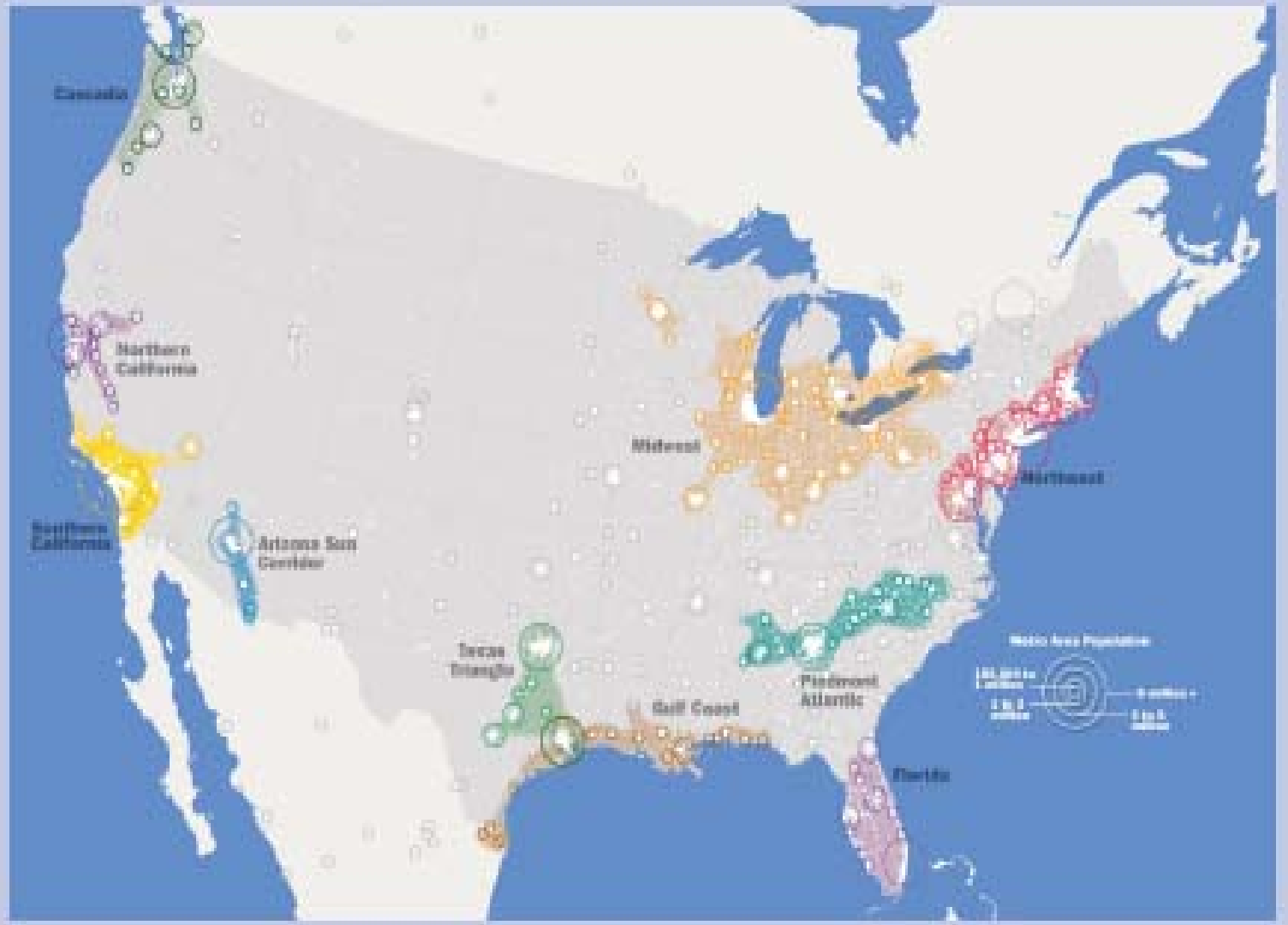
- Threatens Our International Competitiveness
- Threatens Our Economic Prosperity
- Threatens Our Way of Life

Crisis Has Three Elements

- Underinvestment Crisis
- Policy Crisis
- Financing Crisis

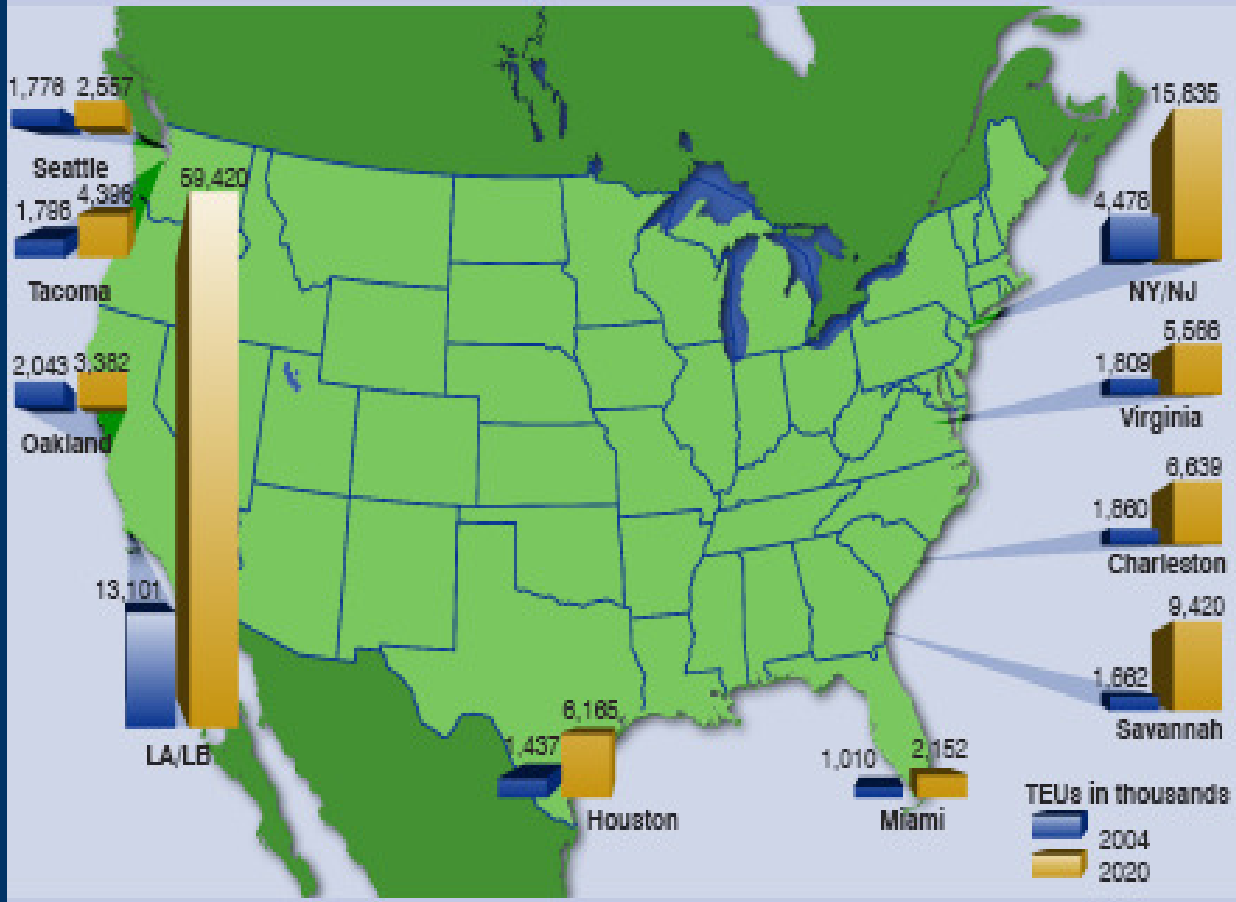
Underinvestment Crisis

Exhibit 2-4. Emerging megaregions in the U.S.



Economic activity in the U.S. is becoming increasingly concentrated in closely linked groups of metropolitan areas, referred to as "megaregions."

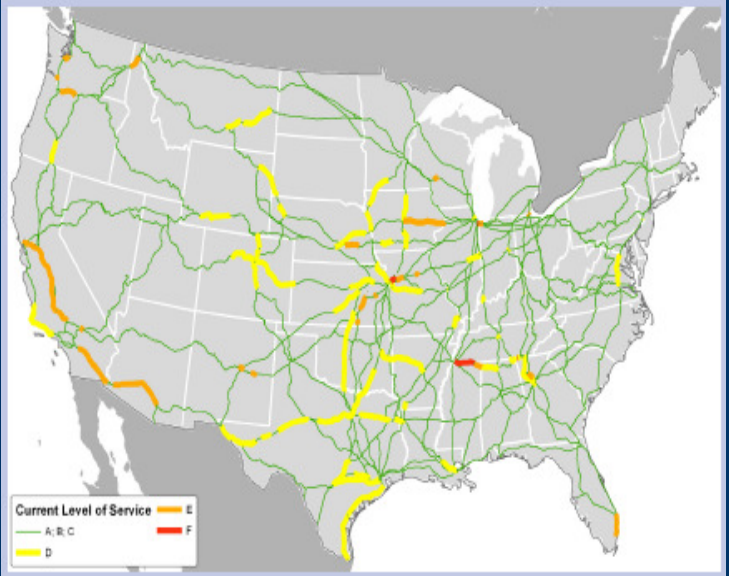
Exhibit 2-10. Projected growth in container shipments to U.S. ports, 2004–2020



Forecasted figures are based on 10-year linear regression.

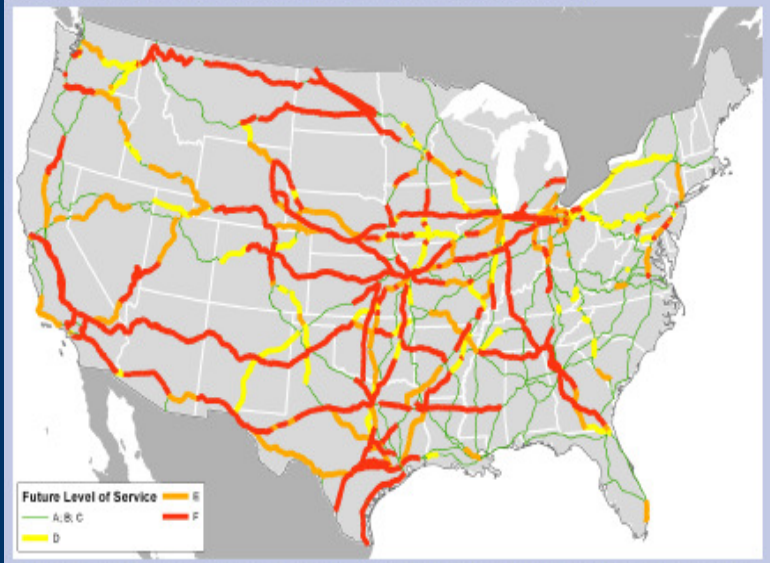
This map shows that based on current trends, U.S. ports are expected to see significant increases in container shipments over the next decade and a half, particularly at the West Coast Ports of Los Angeles and Long Beach (LA/LB). [Note that the forecasts are based on a linear projection of trends over the previous 10 years. They are not constrained by current or expected capacity at existing container ports, and do not account for the planned development of new container ports.]

Exhibit 3-8. Levels of service on the U.S. freight rail network in 2006



The map shows levels of service (LOS) on major U.S. railroads. Rail corridors operating at LOS A, B, or C (shown in green) are below practical capacity. Corridors operating at LOS D (shown in yellow) are near practical capacity, and those operating at LOS E (shown in orange) are at practical capacity. The most severe congestion is on corridors at LOS F (shown in red), where traffic exceeds capacity.

Exhibit 4-13. Projected 2035 train volumes compared to current train capacity



This map identifies the relationship between projected freight train volumes on an 85th-percentile day in 2035 with the theoretical capacity of individual rail sections, assuming that no additional capacity expansion occurs before that time. Levels of Service A, B, and C are all considered to be under capacity; Levels of Service D, E, and F are considered to be nearing capacity, at capacity, and over capacity, respectively.

Underinvestment Crisis

- Enormous needs—
  - Reconstruct our aging system
  - Provide new capacity for growth
- We need to invest $225-340 billion per year
- We are currently investing $87 billion per year

Policy Crisis

Policy Crisis

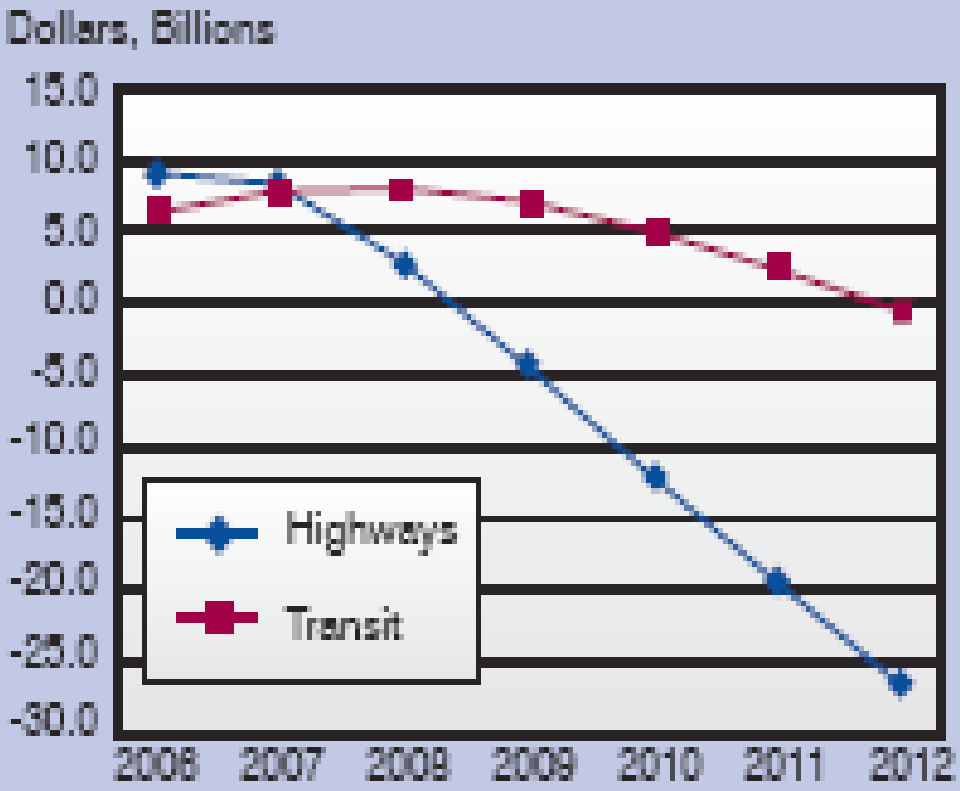
- Federal Program lacks vision and sense of purpose
- Project Delivery

Policy Crisis

- Donor-Donee
- Earmarking
- Proliferation of Programs (108)
- Insufficient Flexibility

Financing Crisis

Projections of Highway and Transit Account Balances Through 2012



This exhibit shows projected balances in the Highway and Transit Accounts of the Highway Trust Fund through 2012 assuming no change in revenues or program levels.

Financing Crisis

- Loss of Purchasing Power
- HTF Cash Deficit—2009
- Cannot Support SAFETEA-LU Funding Levels
- Meeting Needs

Deliberations

Perspective A

- Devolution Lite
- Shouldn’t Send Money To Washington
- Simply Need to Reallocate Existing Resources
- Reduced Federal Role
- Fundamental Issue Is Failure To Price
- Private Sector

Perspective B

- Federal Government Needs To Be Full Partner
- Rejected Devolution
- Rejected Elimination of Federal programs; Need Reform
- Private Sector Cannot Solve Problem Alone

Outcome

- Agreed to Disagree
- 9 Members Approved Report
- 3 Members Did Not

Recommendations

Investment Recommendations

- Increase Investment Significantly
- Federal Government A Full Partner

Policy Recommendations

- Major Program Reform
  - Restore vision/sense of purpose
  - Replace existing programs with 10 performance-driven, outcome-based, modally-neutral programs
  - NASTRAC
- Fix Project Delivery

Policy Recommendations (cont'd)

- Bring our existing surface transportation systems into a state-of-good-repair.
- Reduce fatalities by 50 percent by 2025
- Reduce congestion in major metropolitan areas by 20 percent by 2025
- Provide for smooth flow of freight to improve international competitiveness
- Provide access and mobility for rural areas and smaller cities
- Provide world-class intercity passenger rail in dense corridors (300-500 miles)

Policy Recommendations (cont'd)

- Set Standards/Metrics
- Develop Plans
- Develop Cost Estimates
- Fund on Cost-to-Complete Basis

Financing Recommendations

- User Fee Financing
- No Diversion
- Protect Funding Guarantees

Financing—Short Term

- Short Term: Fix deficit in 2009

Financing--Interim

- Federal
  - Motor Fuel User Tax
  - Freight Fee
  - Customs Duties
  - Ticket Tax
- State/Local
  - Tolling New Capacity on Interstate
  - Congestion Pricing on Interstate
  - Private Investment

Financing—Long Term

- Transition to VMT Tax
- Look At Replacement Fuels

Next Steps

Reauthorization

- Very Difficult Task
- First Session of New Congress
- New Administration
- Firsts
  - Bad Taste
  - Program Rehabilitation
  - Prospect of Reduced Funding
- Leadership
- Vision
- Extensions Problematic

Commission

- Take Message Around the Country
  - Greater Investment
  - Federal Government Full Partner
  - New Federal Vision/Mission and Reform
  - Adequate Financing
- All Majority Commissioners On Board

Critical Next Steps

- Administration
- Congress
- State DOT's
- Stakeholders

Conclusion

- At Crossroads
- Must Act Now
- Must Do For Our Grandchildren What Our Grandparents Did For Us