

Surface Transportation
SAFETEA-Lu (2005 to 2009)
Reauthorization
 Southeastern Asphalt User/Producer Group
 Birmingham, Alabama
 November 2008\

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 Federal Highway Administration - Resource Center
 Pavement & Materials TST

CHANGE

The dogmas of the quiet past are inadequate to the stormy present... as our case is new, so we must think anew and act anew.

SAFETEA-Lu Reauthorization

Regardless of the Outcome Change is Certain...

- ✓ **New President**
- New Administration
 - Secretary USDOT
 - Administrator FHWA
- New Highway Bill?
- New Focus?
- New Direction?

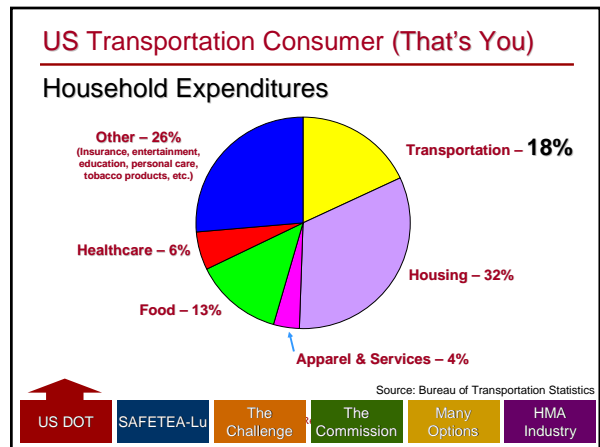
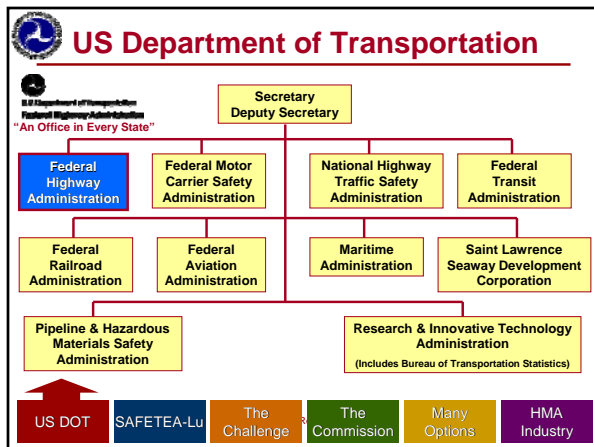
SAFETEA-Lu Reauthorization 3

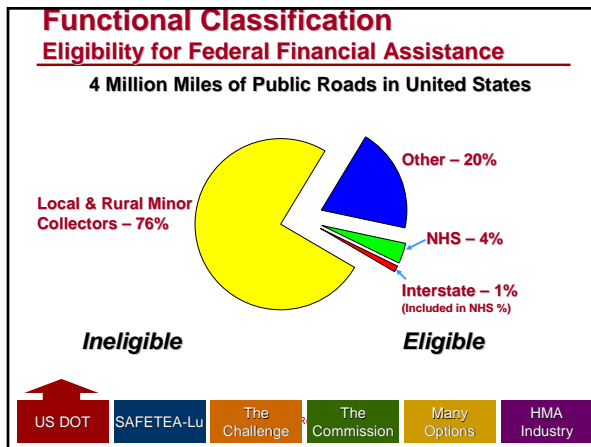
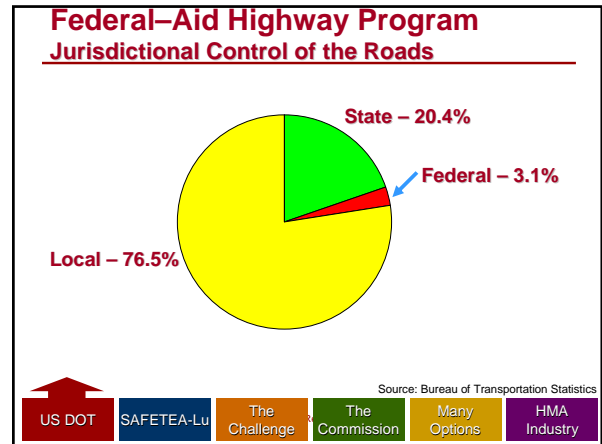
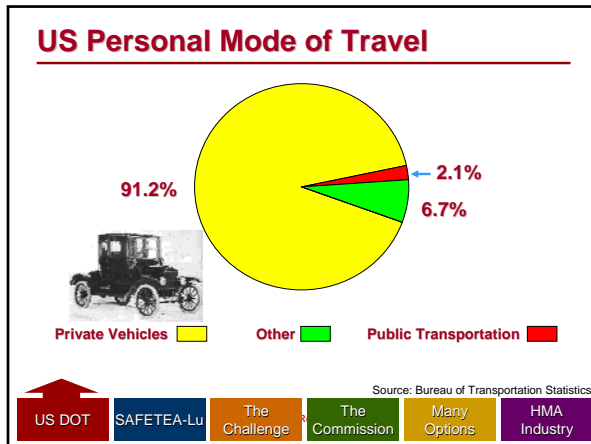
Our Visit

Our Nation's Transportation System (NTS)

- US DOT & Transportation Consumer
- SAFETEA-Lu & Highway Trust Fund
- 2 Words about Today's Challenges
- The NTS Policy & Revenue Study Co
- Reauthorization: FHWA, Others...
- HMA Industry Future

US DOT SAFETEA-Lu The Challenge The Commission Many Options HMA Industry





- ### Characteristics of the Federal-aid Highway Program
- ✓ Federally assisted, State administered
 - ✓ Requires States to have highway agency
 - ✓ KY & AZ challenging -> \$ to General Assembly
 - ✓ Matching requirements
 - ✓ Reimbursable program
-
- Source: Bureau of Transportation Statistics

- ### Legislation
- #### Our Nation's Transportation System (NTS)
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-
- Source: Bureau of Transportation Statistics

- ### SAFETEA-Lu
- Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users
- On August 10, 2005, President George W. Bush signed **SAFETEA-Lu**. It authorizes the Federal surface transportation programs for highways, highway safety, and transit.
- \$252.6 billion authorized over 5 year (2005-2009)**
- **Federal-aid Highways - \$201.6 Billion 80%**
 - Public Transportation - \$45.2 B
 - Highway & Motor Vehicle Safety - \$5.8 B
-
- Source: Bureau of Transportation Statistics

SAFETEA-Lu

Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users

Federal Aid Program of \$201.6B with Highway Obligation Limitations (OL)

Year	2005	2006	2007	2008	2009
OL	\$34.422 Billion	\$36.032	\$38.244	\$39.585	\$41.200

Note: Remember ~ \$40 Billion per year

Source: <http://www.fhwa.dot.gov/safetealu/>


SAFETEA-Lu

Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users


Federal-aid Highway Program Funding, 2005-2009

Area	Billions
Interstate Maintenance	\$25.2
National Highway System (NHS)	30.5
Bridge	20.4
Surface Transportation Program	32.5
Congestion Mitigation & Air Quality	8.6
Highway Safety Improvement	5.1
Federal Lands	4.5
Research	2.3
Other	72.5

Legislative Lesson




- SAFETEA-Lu Authorization 2005
 - This **BILL** authorized FHWA to continue the Federal Aid Highway program. **No Funds** are included in the **BILL**. (meaning: Contract Authority)
- DOT funding Obligation **BILL** (Appropriations) –
 - Each year Congress passes funding **BILLS** to obligate funds for use.
 - This is done by other committees than those that create the Authorization **BILL**



SAFETEA-Lu Reauthorization 15

Highway Trust Fund



Federal-aid Highway Act of 1956

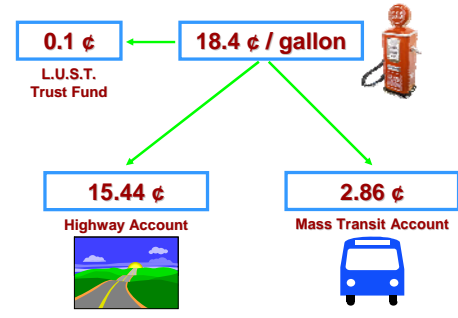
- Established **Trust Fund** to collect revenue to pay for the authorizations, FY 1957 to 1972
- Appropriations Bills draw in the Trust Fund

SAFETEA-LU

- Extended authorizations for FY 2005 to 2009
- Extended Trust Fund through FY 2011

Trust Fund: Federal Gasoline User Investment

The Gas Tax was last increased under President Reagan

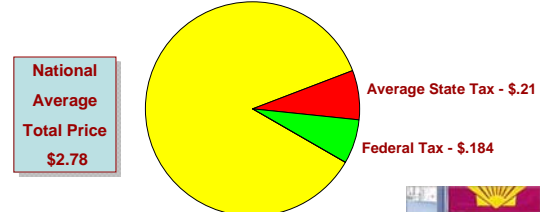


Effective October 1, 1997

SAFETEA-Lu Reauthorization

Leaking Underground Storage Tank (LUST) Trust Fund (1986) 17


Cost of User Investment per Gallon



National Average Total Price: \$2.78


Average State Tax - \$.21

Federal Tax - \$.184



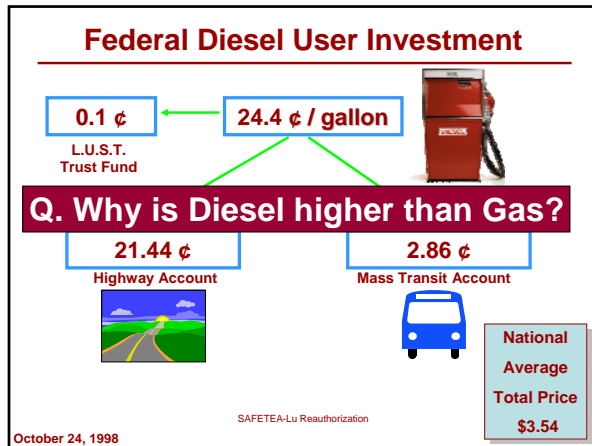
California, Ave Regular: \$3.21 / gal

Alabama, Ave Regular: \$2.77 / gal



October 24, 2008

SAFETEA-Lu Reauthorization



Summary User Investments

Fuel Type	Rate
Gasoline	18.4¢ / gallon
Diesel	24.4¢ / gallon
Special fuels	18.3¢ / gallon
Gasohol	18.4¢ / gallon
Liquefied petroleum gas	13.6¢ / gallon
Liquefied natural gas	11.9¢ / gallon
M85 (from natural gas)	9.25¢ / gallon
Compressed natural gas	48.54¢ / 1000 ft ³

Source: FHWA Office of Highway Policy Information

US DOT SAFETEA-Lu The Challenge The Commission Many Options HMA Industry

Additional Federal Truck User Fees

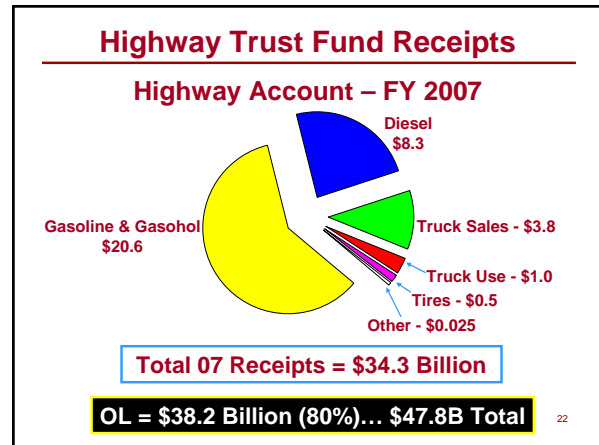
Truck Sales: 12% of retail price for trucks over 33,000 lbs or trailers over 26,000 lbs GVW

Truck Use: Up to 55,000 lbs No Tax
Over 55,000 lbs \$100 + \$22/1000 lbs over 55,000, \$550 maximum

Tires: 9.45 ¢ for each 10 lbs exceeding 3500 lbs maximum rated load capacity
(4.725 ¢ for biasply or super single tire)
Effective January 1, 2005

SAFETEA-Lu Reauthorization

21



Does All Contracting Stop with The Highway Trust Fund Out Of Cash?

- No. Spending on programs continues as new receipts are received
 - An average of \$3 billion per month
 - \$1,160 per second or 6400 gal. of gas purchased
- Payments may not be timely
 - Very problematic for States, who rely on prompt reimbursements

SAFETEA-Lu Reauthorization

23

Highway Trust Fund



- September 19, 2008
- U.S. Secretary of Transportation Mary E. Peters on President Bush's action on the Highway Trust Fund**
- Following the President's signature of legislation to prevent a funding shortfall in the highway trust fund, **\$8.017 billion of general funds was transferred to the Highway Account of the Highway Trust Fund.**




SAFETEA-Lu Reauthorization

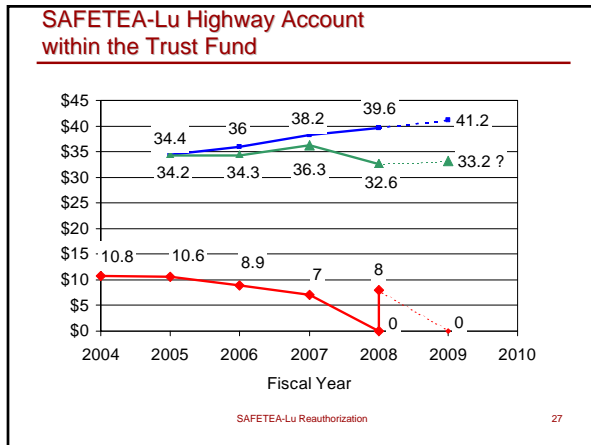
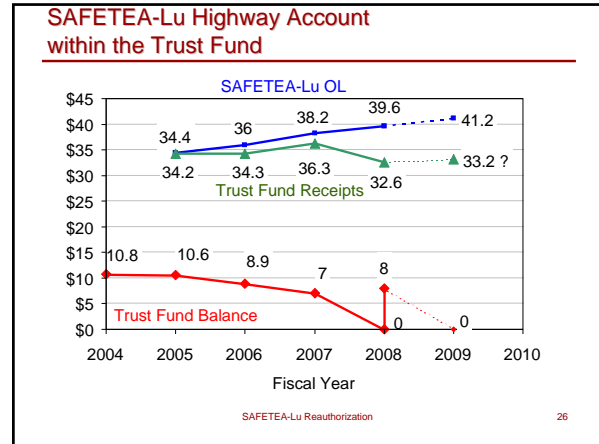
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FY 2009 CR

- 6 month Continuing Resolution at FY 2008 Funding Levels (OL)
- \$8.017B ~ 20% of anticipated annual reimbursement or 40% of CR














Highway Trust Fund Future?

Something WILL happen this year...

- ✓ USDOT position... no increase in user fee (tax)
- ✓ AASHTO proposal... +10¢/gal indexed to inflation

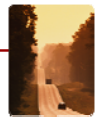













The Challenge

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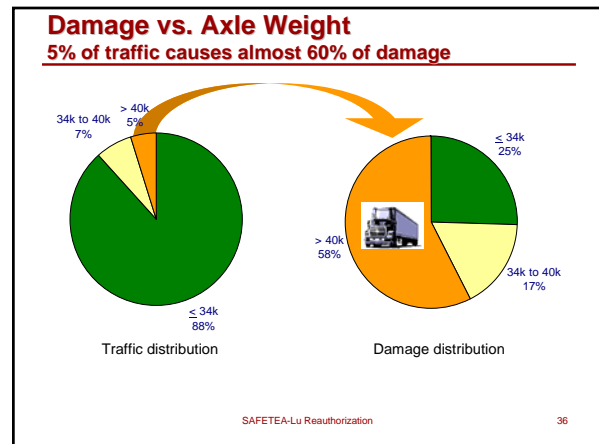
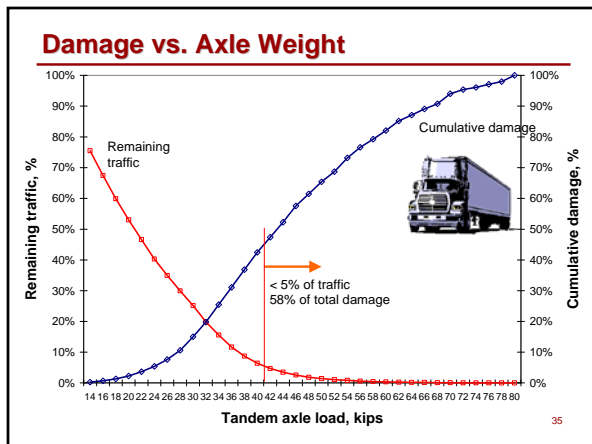
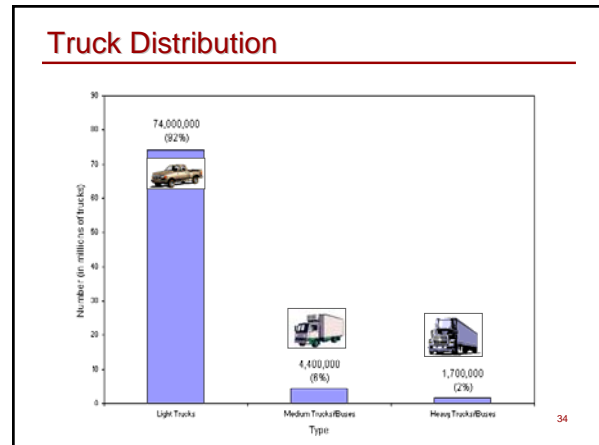
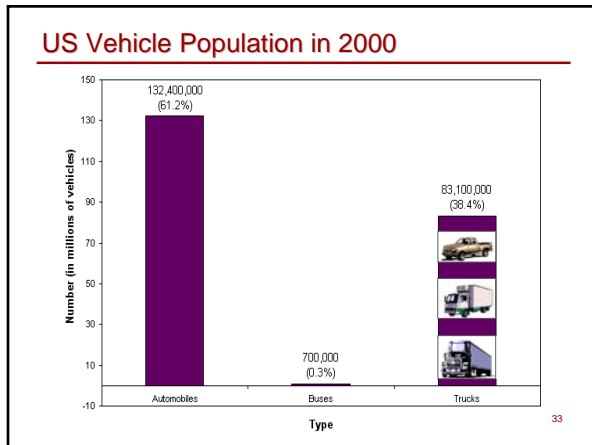
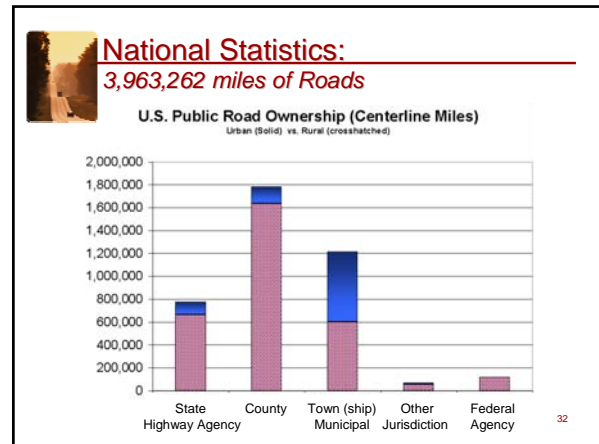
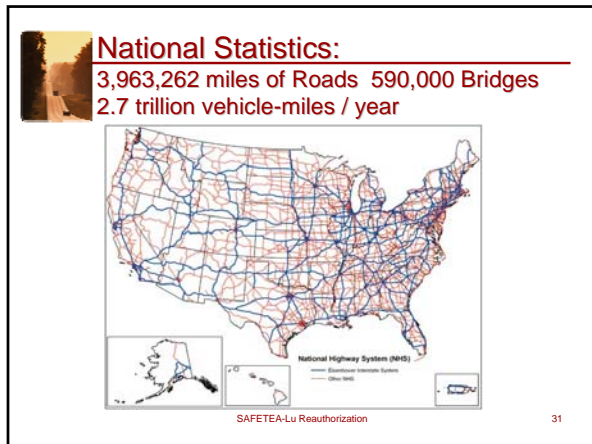







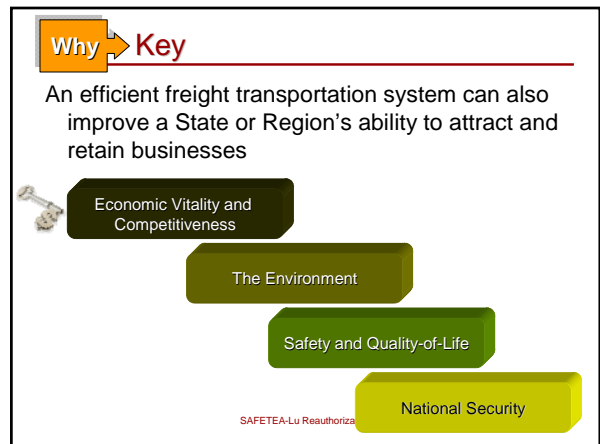
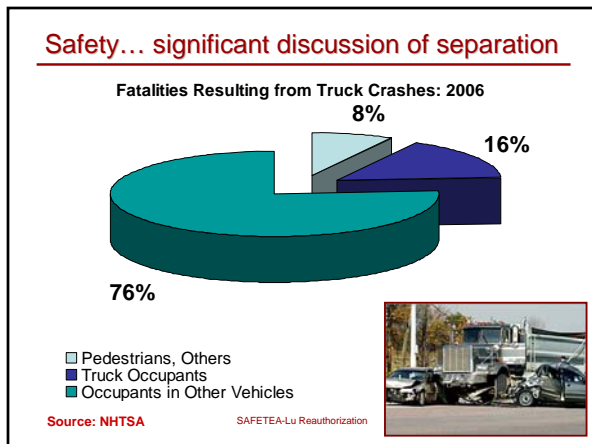
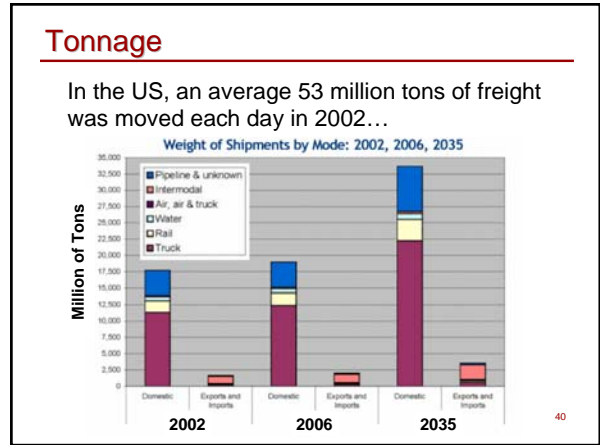
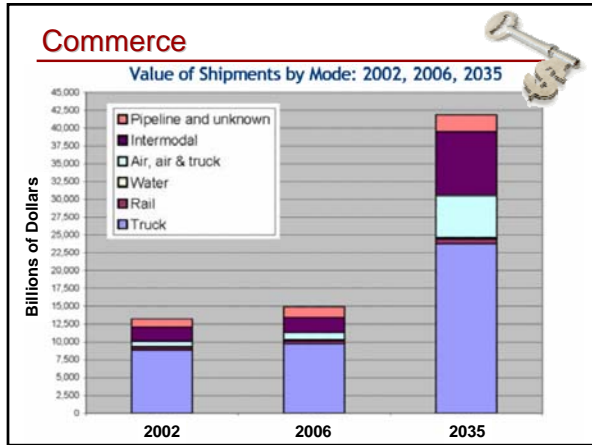
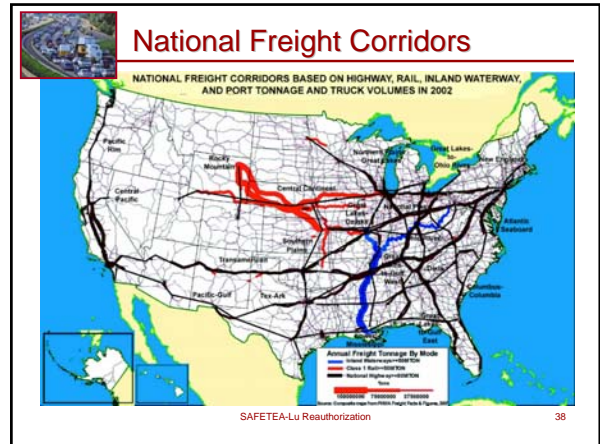
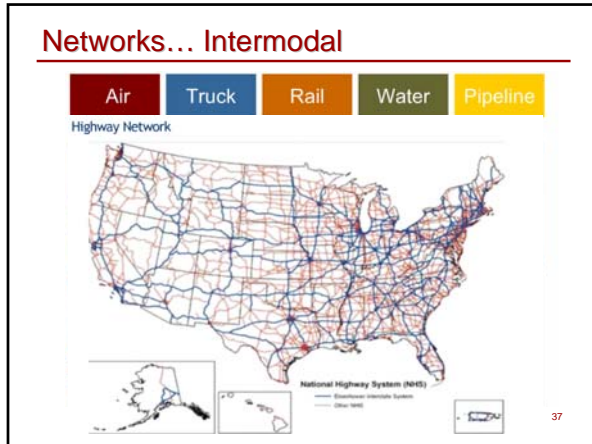
2 Words about Our Nation's Transportation System

FREIGHT









CHANGES



- Congestion and Freight are driving factors
- Increased traffic and loadings (super-singles)
- Environmental Concerns (sustainability)
 - ex. Use of bag-houses at production facilities, increase in recycled materials
- Performance Measures tied to Funding
- Supply sources (asphalt, polymers, aggregates)
 - Escalating materials costs
- Production changes
 - ex. Drum plants vs. batch plants vs Warm Mix
- Staff reductions & Shifting roles
- Personnel experience & shortages


43

The Commission




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The Commission




- Created in 2005
 - SAFETEA-Lu Section 1909
- The Commission was created because, as Congress declared, *“it is in the national interest to preserve and enhance the surface transportation system to meet the needs of the United States for the 21st century.”*
- *The Commission expired on July 7, 2008*



The Commission – Debate



- What will be the Future Demands on NTS?
- How does the NTS Function Today?
- What are the long-term Investments Needs?
 - Capital Investment Principles:
 - Tied to specific system wide performance objectives
 - Assessed for benefits and costs
 - Influenced by economic, environmental, and energy considerations
- What Revenue Sources are Available?...
- What are the Barriers to Achieving the Vision?...




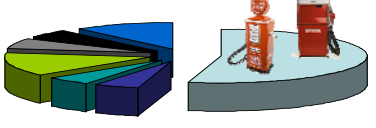
The Commission




- Today's Revenue Sources
 - Motor-Fuel & Vehicle Taxes (aka User Investment)
 - Property Taxes & Assessments
 - General Fund Appropriations
 - Other Taxes and Fees
 - Investment Income and Other Receipts
 - Bond Issue Proceeds





2005 Revenue Sources

■ Fuel Tax	53%
■ Tolls	
■ Property Tax	
■ General Fund	
■ Other Tax/Fee	
■ Investment	
■ Bonds	




The Commission-Barriers




Ineffective Investment Decisions

1. Lack of **Performance** Standards
2. Congressional Earmarking
3. Lack of Requirements for **Benefit-Cost** Analysis
4. **Inflexibility** in Funding Arrangements
5. Distribution Method of Highway Funding (through State to Local) Q. Priorities?
6. **Regulatory Restrictions** Limiting Tolling on Interstate
7. Institutional Arrangements Impacting Planning...



Minority Views

Secretary Peters, Commissioner Cino, Commissioner Geddes



Agreement


1. Importance for sustained investment
2. Opportunities for simplification, consolidation, and streamlining
3. Need for greater accountability and rational investment decisions

Disagreement

1. Fuel Tax increases are not a solution
2. Unnecessarily Large Federal role
3. An inappropriate definition of "need"
4. An independent governance commission is neither practical nor good policy
5. New Federal restriction on pricing and private investment
6. The Commission Report is Inconsistent in its approach to earmarking
7. The Commission's energy research and investment recommendations are inappropriate




2¢... Input into Reauthorization



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Preparing for Reauthorization

- OST Initiative
 - Policy team
 - Regulatory team
 - Finance team
- <http://www.fightgridlocknow.gov>




George W Bush Administration




Now to 2010?






53

Guiding Principles




- Increased State **Flexibility**
- Narrower/Deeper Federal Role
- **Simplification** of Federal Programs
- Decisions based on **Performance & Merit**
- Encouragement of Innovation
- Encourage **Public-Private Partnerships**
- Direct Pricing of Road Use
- Empowering Customers



2¢ - Many Options

Commission, AASHTO, ARTBA, NAPA, ATN



General Themes

- New Investment Strategy
- Surface Transportation Legislation (Intermodal)
- Safety / Freight / Commerce
 - Freight Corridors, or Critical Commerce Corridors
- Performance Based (Risk) Program
- Merit (Benefit-Cost) System Investment
- Preservation & Growth
- Innovative Program Delivery
 - Performance Contracting
 - Public Private Partnerships / Concessions
 - Sustainability

2¢ - Many Options

AASHTO – Surface Transportation Authorization



\$545 Billion Blueprint for Authorization

\$375B for highways over 6 years

- 56% annual increase from SAFETEA-Lu
- Calling for a 5% limit on Congressional Earmarking, ☹

- Authorization "**Reform Agenda**"
 - "Federal programs must be focused on national interests, and transportation investments must be performance-based and outcome-driven..."
- Sustainability**
 - Partnering, Planning, "**Green**" Practices
- Multi-Modal Plan for **Freight**
 - Strategic Plan for investments

Goals/Outcomes...

- Expanding our economy, "**Greener**", Improving the quality of life for our growing population.



Allen Biehler
Secretary PennDOT
New AASHTO President



The House Ways and Means Committee

Focusing on Economic Recovery




Housing Financial Services Committee Chairman Barney Frank (MA), House Speaker Nancy Pelosi (CA), and House Ways and Means Chairman Charles Rangel (NY)




The Challenge


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HMA Industry Challenges



- Preservation & Growth required continued **Innovation** • **Faster**
- Workforce** growth & development • **Better**
- Performance driven solutions require an even **greater understanding** of the system • **Smarter**
- Sustainability**, WMA and High-RAP are a good start... what's next on the horizon? • **Greener**

HMA Industry Challenges



And I know we are up for the challenges ahead!




The Source of “@II” WWWisdom

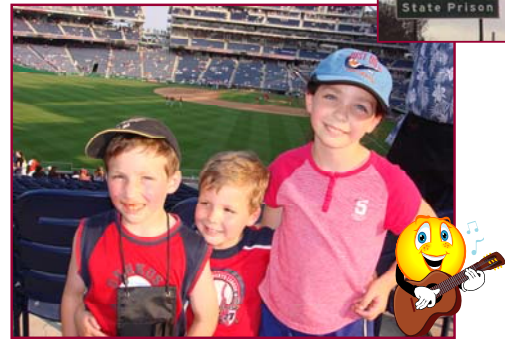
- USDOT, FOCUS, REFORM, RENEW
 - <http://www.fightgridlocknow.gov>
- FHWA, SAFETEA-Lu
 - <http://www.fhwa.dot.gov/safetealu/>
- The Commission, SAFETEA-Lu Report
 - <http://www.transportationfortomorrow.org/information/>
- AASHTO, Financing
 - <http://finance.transportation.org/?siteid=64&pageid=2648>
- ARTBA, Reauthorization
 - http://www.artba.org/tmaw/reauthorization_update.htm
- America's Transportation Network, Reauthorization
 - www.americastransportationnetwork.com
- NAPA, SAFETEA-Lu & Reauthorization
 - http://vocusgr.vocus.com/grspace2/WebPublish/controller.aspx?SiteName=NAPA&Definition=Home&XSL=Home&SV_Section=Home



SAFETEA-Lu Reauthorization

61

Questions?



SAFETEA-Lu Reauthorization

62