

Orange County Transportation Authority

Briefing

February 28, 2011

Mortimer L. Downey

Senior Advisor, Parsons Brinckerhoff

Federal Funding for Surface Transportation Status and Outlook

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Unfinished Legislative Agenda from 2009 and Earlier

- Surface Transportation Authorization
- Aviation Authorization
- Regulation/Organization/Policy

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Context for Surface Legislation

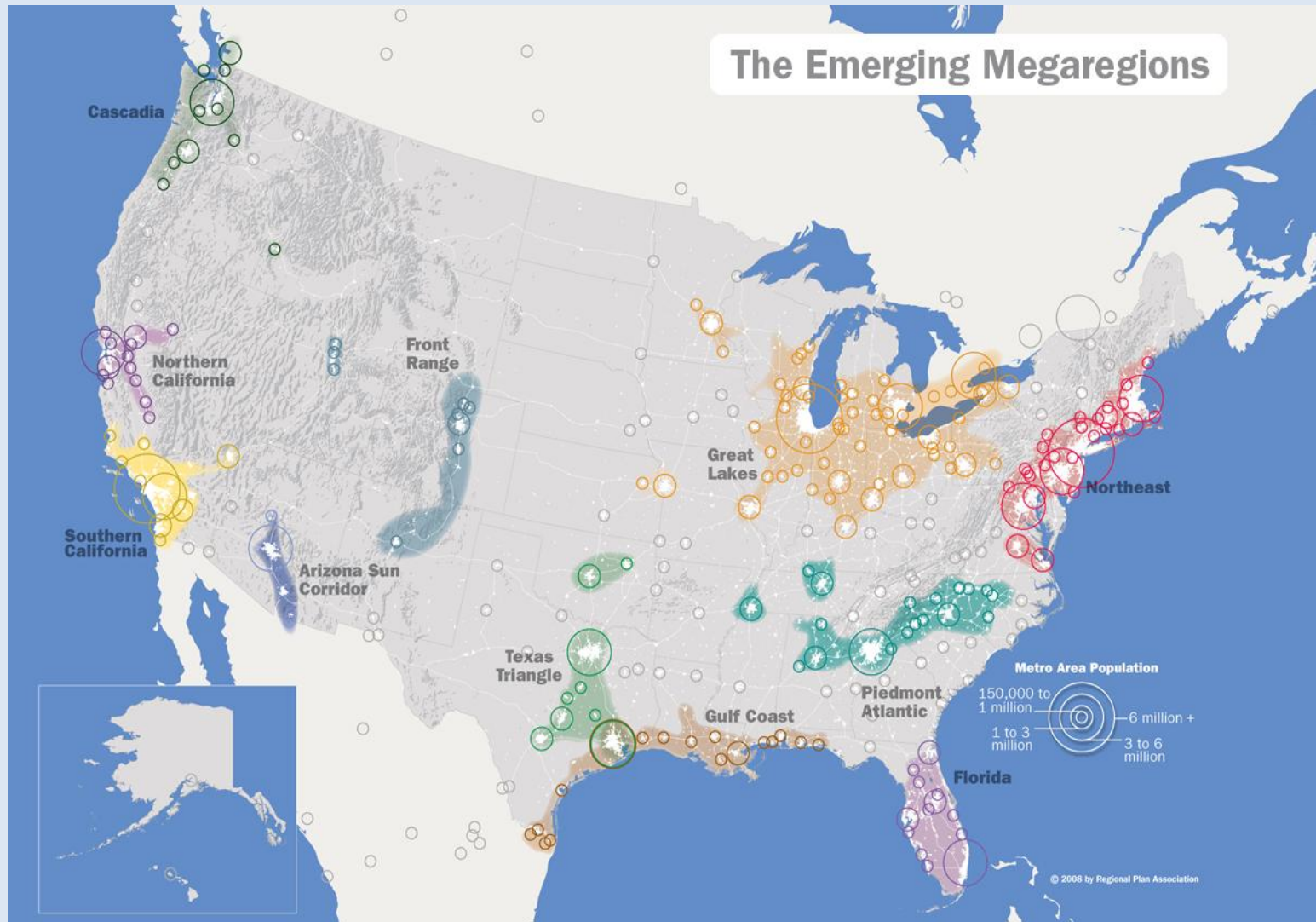
- Early Expectation of Change-Not Business as Usual
- Dissatisfaction with SAFETEA-LU
- National Commission Reports
- Increasing Public Debate
- Overwhelming Financial Pressure

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Drivers of Change

- Demographic

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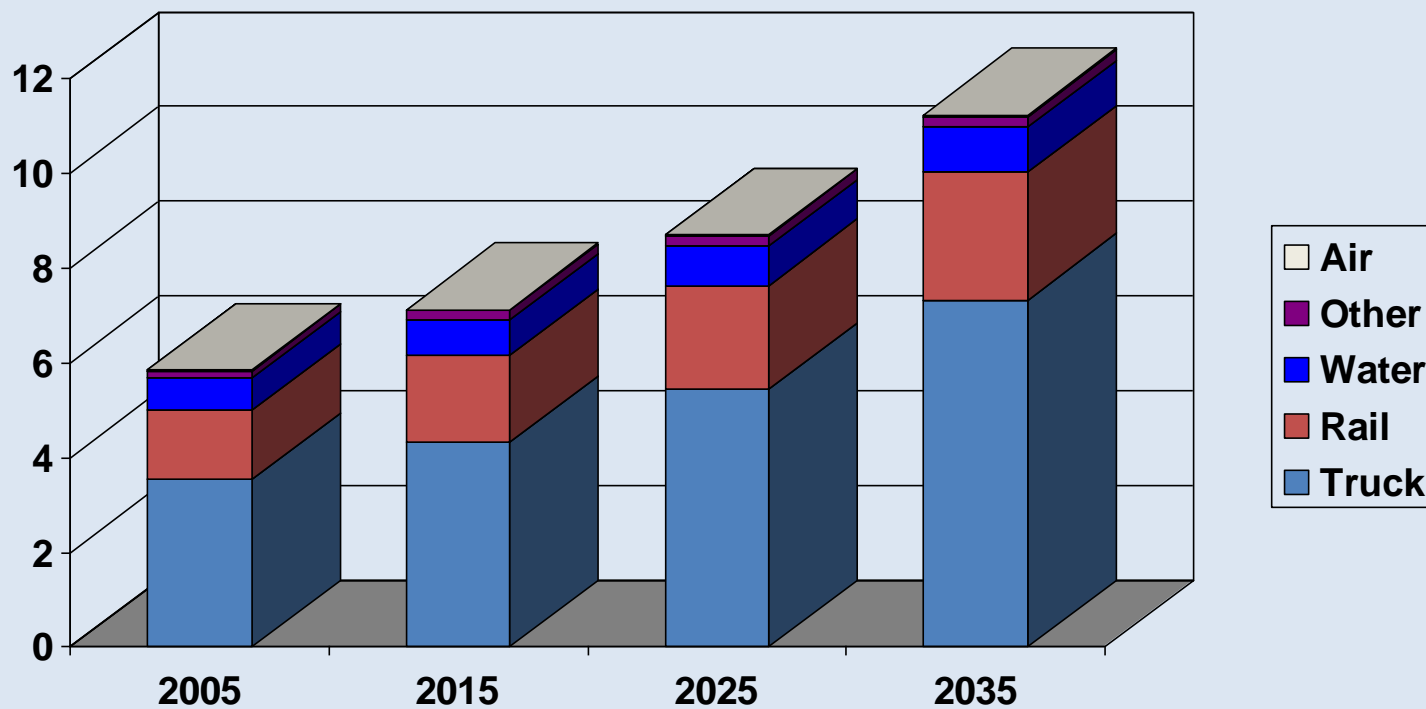
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Drivers of Change

- Demographic Change
- Global Economy

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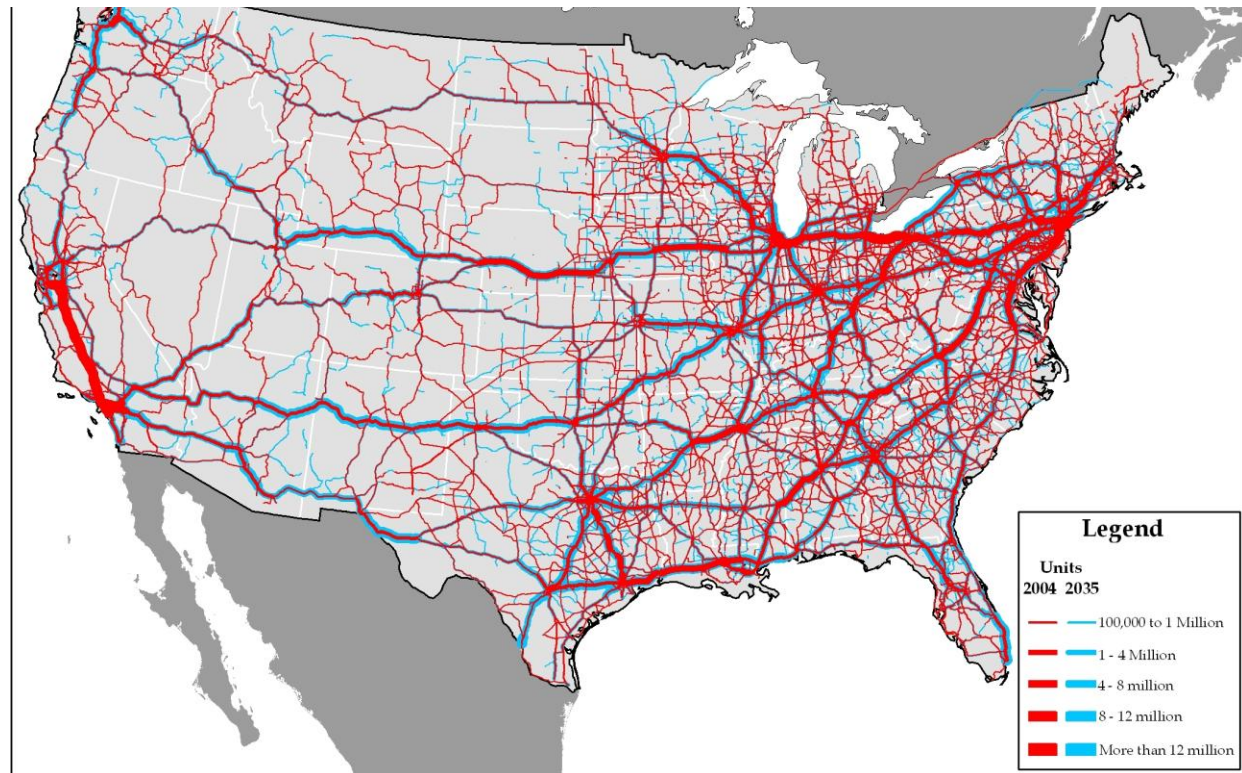
Freight Traffic Growth -Trillions of Ton Miles



AASHTO Freight Transportation Bottom Line Report, 2006

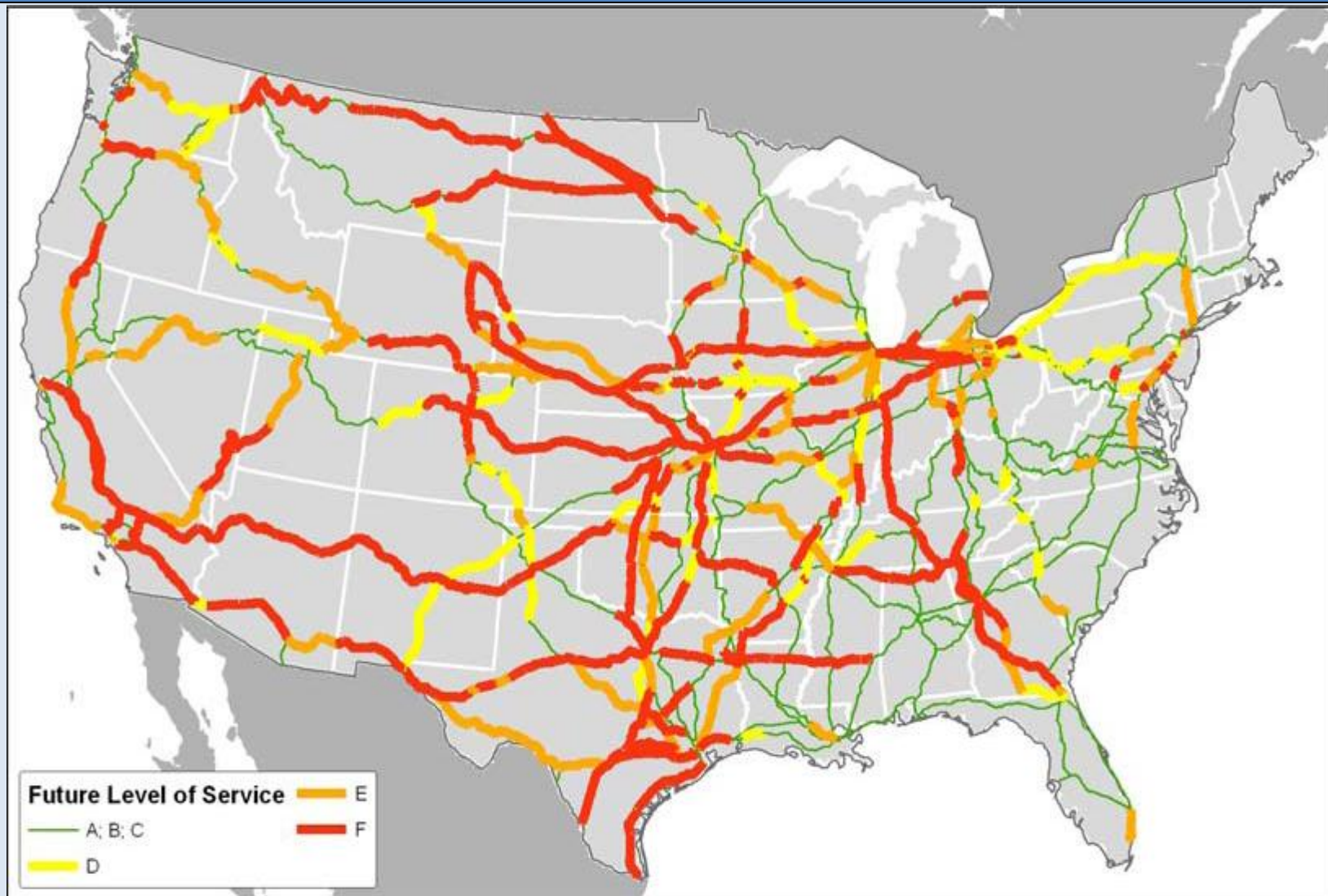
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Freight-Truck Highway Flows in 2005 and 2035



Source: Cambridge Systematics based on Global Insight, Inc TRANSEARCH 2004 data and economic forecasts

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Drivers of Change

- Demographic Change
- Global Economy
- System Condition and Performance

System Condition and Performance

- State of Good Repair
- System Performance/Congestion

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Drivers of Change

- Demographic Change
- Global Economy
- System Condition and Performance
- Economic Downturn

Severe Economic Downturn

- Massive Governmental Response
- Slow Economic Recovery
- Implications of the ARRA Investments
- Long Term Issues

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Changes in Transportation Policy Don't Happen Overnight

- 1894-1916 “What Can We Do?”
- 1916-1956 “Get the Farmer Out of the Mud”
- 1956-1991 “Build the Interstates”
- 1991-2009 “Environment and System Enhancement”
- What's Next? And When?

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Key Attributes of Current System

- Flexible Funding--Multi-Modal and Among Programs
- Mix of Formula and Discretionary
- Devolution of Decision Making, Shared Among States, Transit Agencies, MPOs
- Secured Funding: Guarantees and Firewalls
- Donor/Donee & Earmarking Disputes

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Key Attributes for a Future Program

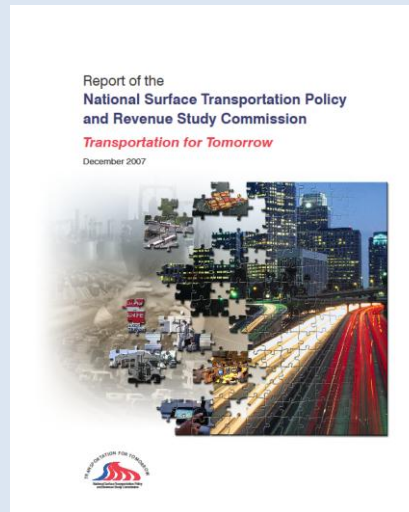
- Provide a Basis for Federal Role
- Match the New Geography and New Economy
- Provide Leadership in Investment with Adequate Resources
- Support Policy Innovation

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Background Studies

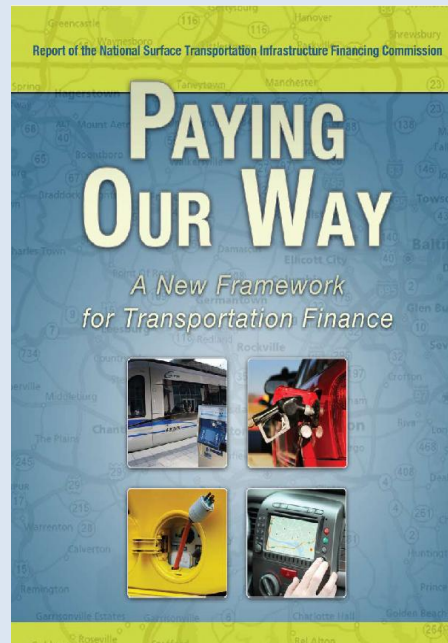
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National Surface Transportation Policy and Revenue Study Commission



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National Surface Transportation Infrastructure Financing Commission



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Intergovernmental Forum on Transportation Finance



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Others Looking to the Future

- Coalition for America's Gateways and Trade Corridors
 - Goods Movement Interest
 - Freight Trust Fund Advocacy
- US Chamber of Commerce
 - Americans for Transportation Mobility
- American Road and Transportation Builders Association
 - Critical Commerce Corridors
- Brookings Institution
 - Metropolitan Studies Program
- Bipartisan Policy Commission
 - Report Issued "Performance-Based, Mode-Neutral" System

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And More

- National Committee for America 2050
 - Mega-Regional Focus
- Building America's Future
 - Rendell, Schwarzenegger, Bloomberg
- STPP/Smart Growth America/Reconnecting America
 - T4 Coalition: Policy Document Issued
- Build America So America Works (LIUNA)
- AASHTO Visioning Process
- APTA Authorization Task Force
- American Society of Civil Engineers
 - Infrastructure Report Card

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Constraints to Change

- Fiscal
 - Short Term and Long Term Budget Crises
- Programmatic
 - Donor/Donee and (Maybe) Earmarks
 - Interest Group Politics
- Institutional
 - Silos within the Administration and the Congress
 - Roles of States and MPOs
 - Separation of Public and Private Transportation Modes

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Building an Action Agenda-Key Levers for Change

- Recovery Program Lessons
- Concern for Economic Growth and Competitiveness
- New Priorities from Obama Administration
- Fact of Trust Fund Insolvency
- Private Sector Involvement

Recovery Program Lessons

- How Much and How Fast
- Less Focus on Nature of Projects
- New Programs-High Speed Rail & TIGER
- Impact Now Wearing Off

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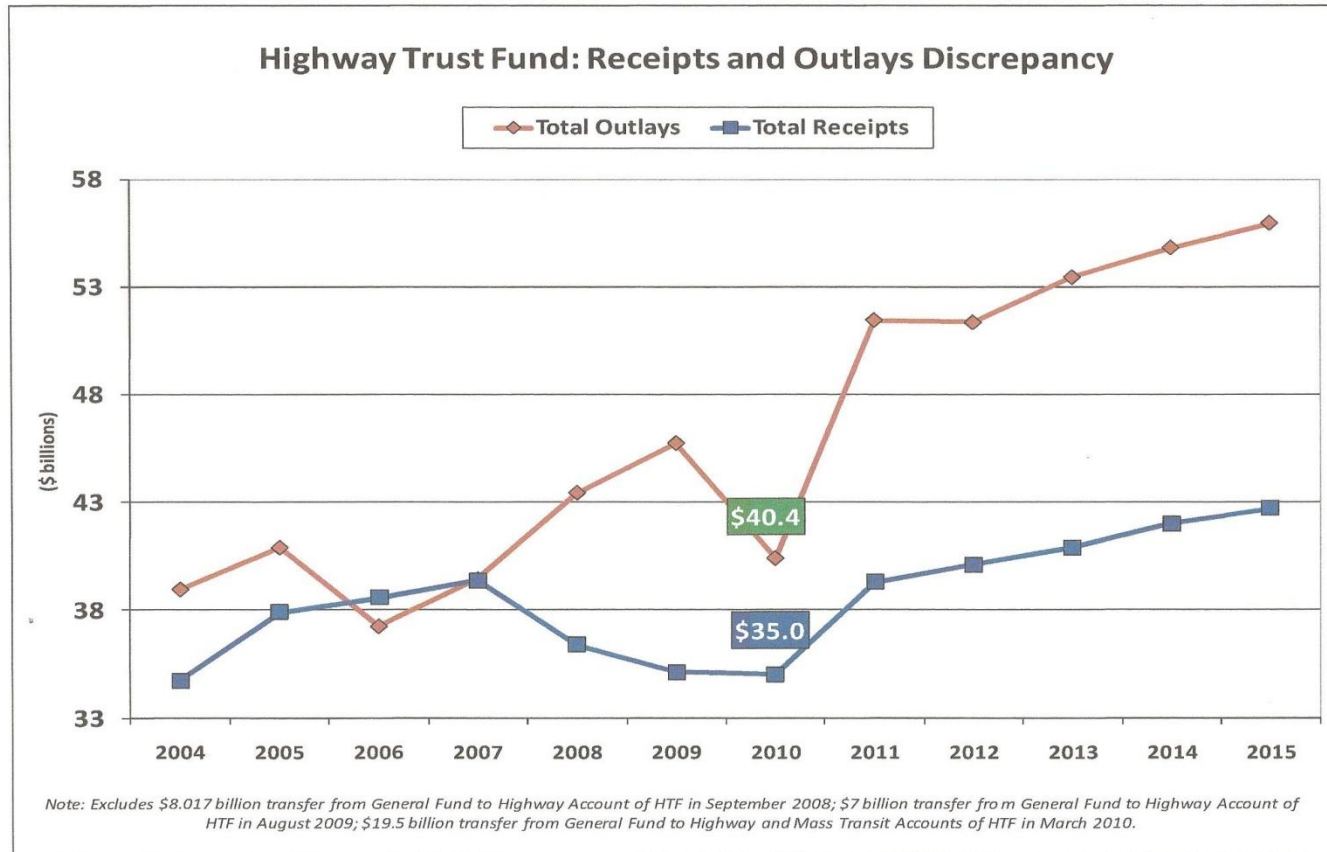
Economic Growth and Competitiveness

- Continued Concern for Economic Recovery
- New Focus on Freight Movements and National Purpose
- Drive for Exports
- Primacy of Metropolitan Areas
- Role of PPPs in a Post Fiscal Crisis World

Trust Fund and Budget Conditions

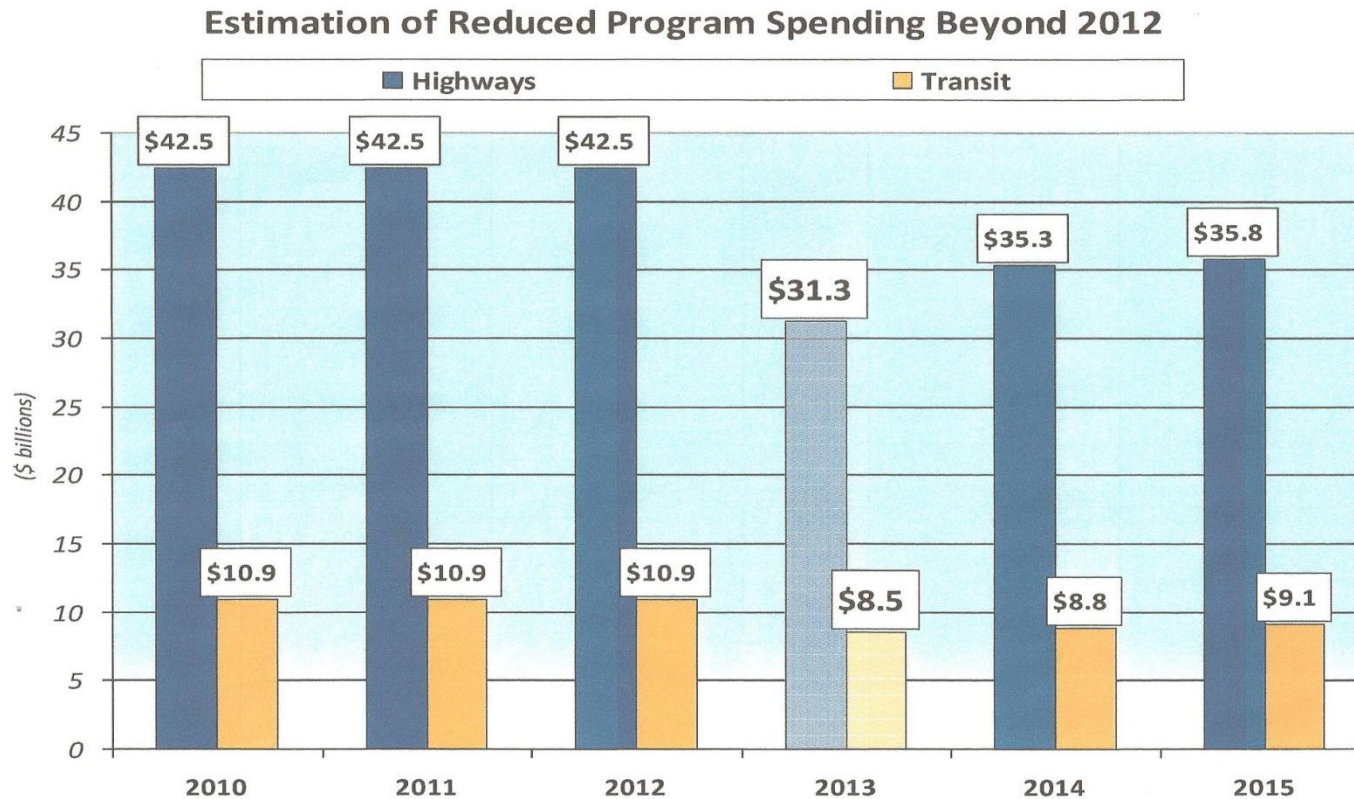
- New Budget Rules in House
- Climate of Budget Reduction
- Technical Scoring Issues Have Real Consequences
- New Revenues Problematic
- Actual Rescissions

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Source: AASHTO

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Source AASHTO

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Role for Private Sector

- Trend Established—GARVEE Bonds, TIFIA, RIFF, Build America Bonds, Private Activity Bonds
- Future for Private Investment—Asset Monetization, Capacity Expansion, Demand Management
- Federal Policy Responses—Pilot Programs, Interstate Tolling Issue

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Priorities from Obama Administration

- Livable Communities Initiative
- High Speed Rail
- National Infrastructure Bank

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Early Actions

- Continuing Resolution for 2011
- Administration Proposal
- House T & I Committee Actions
- Senate Response
- Electoral Timetable—2011 or Never

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2011 Continuing Appropriation

- Driven by New House Membership
- Rollback to 2008 or 2006
- Focused on Domestic Discretionary Programs
- Conflict with Senate and White House, Government Shutdown Possible
- Tougher Fights Ahead-Debt Limit and Budget Resolution

Administration Outlook

- Sidelined in 2009-2010
- Presidential Endorsements—Labor Day Speech & State of the Union
- Budget Proposal Delivered February 14
- Legislative Language at OMB
- LaHood Prediction—Enacted by Labor Day

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Obama Administration Proposal

- “Big and Bold”
- Transportation Trust Fund
- Six Years--\$556 Billion
 - \$50 Billion “Upfront”
 - Incorporates High Speed/Intercity Rail
 - Grows Baseline Programs: Transit +119%, Highways +47%
 - Convert to Mandatory under “Paygo”

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Obama Administration Proposal

- Reflects Administration Policies
 - 80% Formula, 20% Discretionary
 - New Programs for Livability and Performance
 - State of Good Repair Priority
- Includes National Infrastructure Bank

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High Speed and Intercity Rail

- Obama Administration Signature Initiative
\$53 Billion Six Years On Top of Current
- Controversial in House Republican Budget
- Status of Projects—CA, OH, WI, FL
- Intended to Become Part of Broader Surface Program
- New Role for Amtrak

House Legislative Outlook

- Oberstar Initiative—That Was Then
- Mica Initiative—Yet to Come, but Will be Resource Constrained
 - New Committee Makeup
 - Clear the Decks on Aviation Bill
 - Outreach Underway: Listening Sessions
 - Fill in with PPPs and Streamlining

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Senate Outlook

- Multiple Committees/Conflicting Schedules and Priorities
- Lead Will Come from EPW Committee (Highways)
 - Boxer Reelected/Joined with Mica
- Banking Committee (Transit Program)
 - New Rural Leadership
- Commerce Committee
 - New Focus on Freight and System Performance

Targets for Comprehensive Change

- Research and Technology
- Adequate, Predictable and Flexible Resources
- Institutions and Partnerships
- Performance Based Decisions
- Earmark Control
- Sustainability
- Goods Movement
- MultiModal Planning and Development

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Questions?

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WTS Leadership Institute

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Obama Administration

- Big and Bold
- Global Economy
- Climate Change

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