

Coalition of New England Companies for Trade (CONNECT)

Northeast Trade and Transportation Conference

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Transportation Policy

Where Are We Headed in an Obama Administration?

Trade Policy Needs Transportation Policy as its Support

- Our Trade Policy is aimed at 2009
- Our Transportation Policy is vintage 1956-1977

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Matching our System to Today's Demands

And Thinking About the Future

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We Want Economic Growth and Prosperity

But We Know They Can Bring Along Congestion

How Can We Respond Quickly?

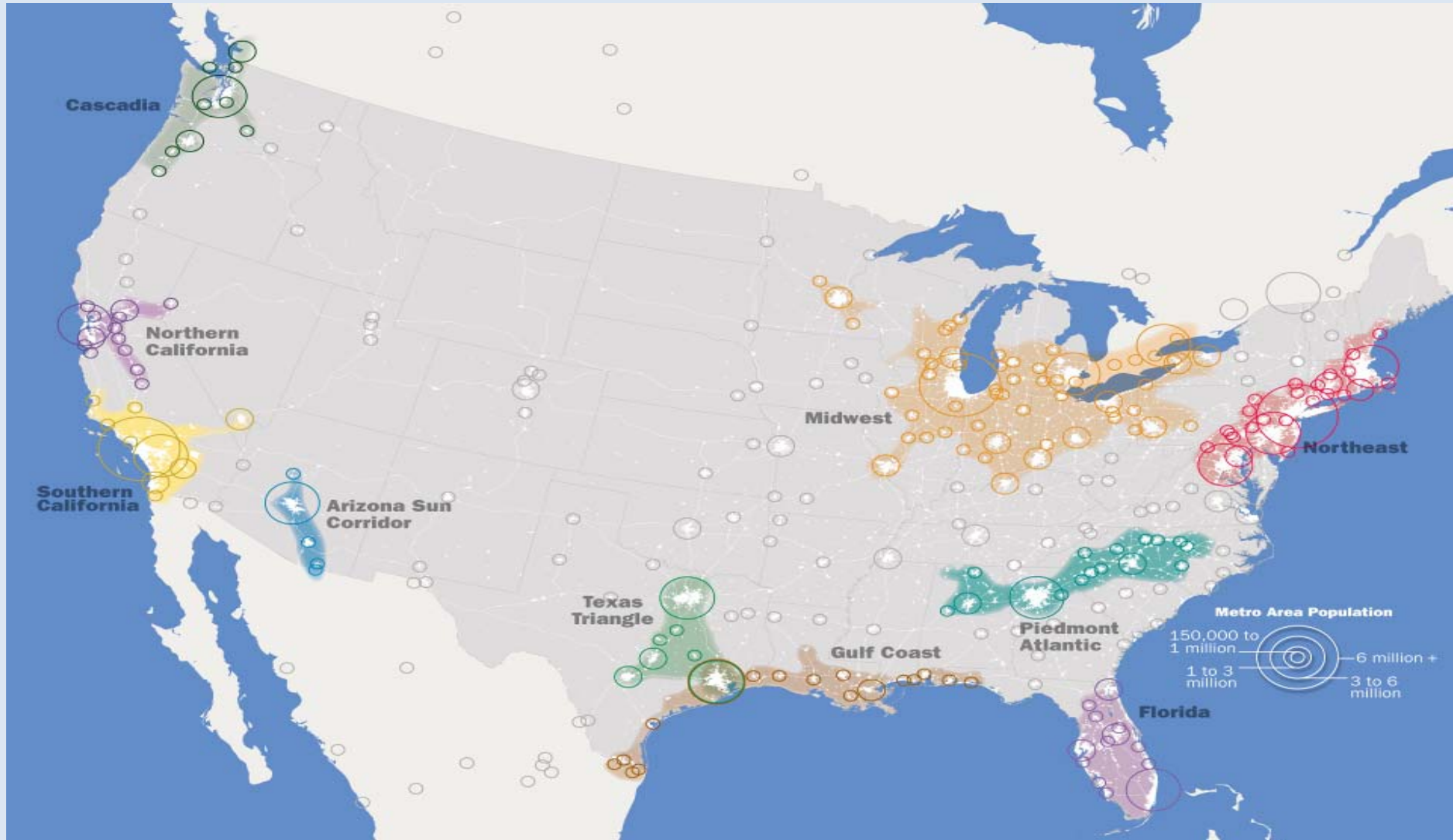
Changes in Transportation Policy Don't Happen Overnight

- 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?

America Is Changing

- Demographic Change
 - Another 100 million people by Midcentury
 - And a New Pattern

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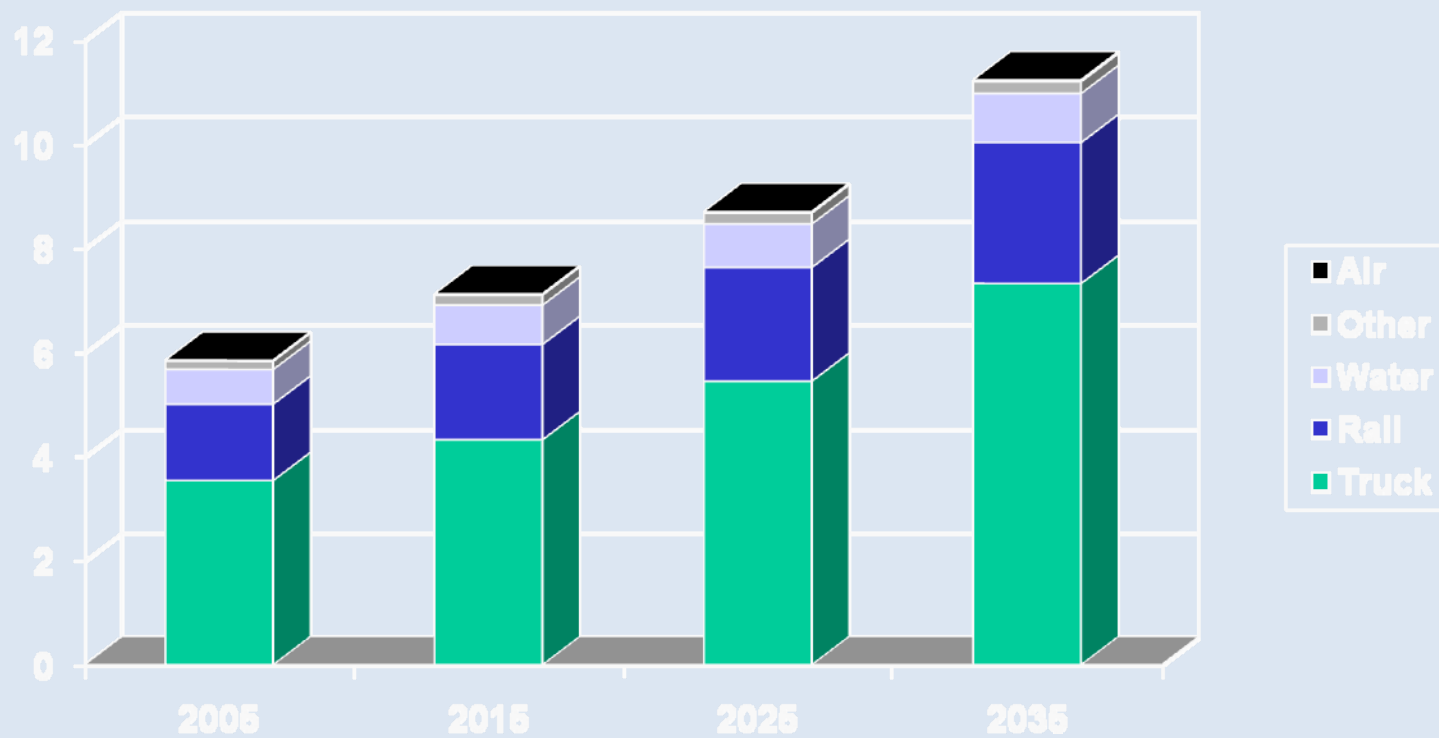


America Is Changing

- Demographic Change
- Global Economy

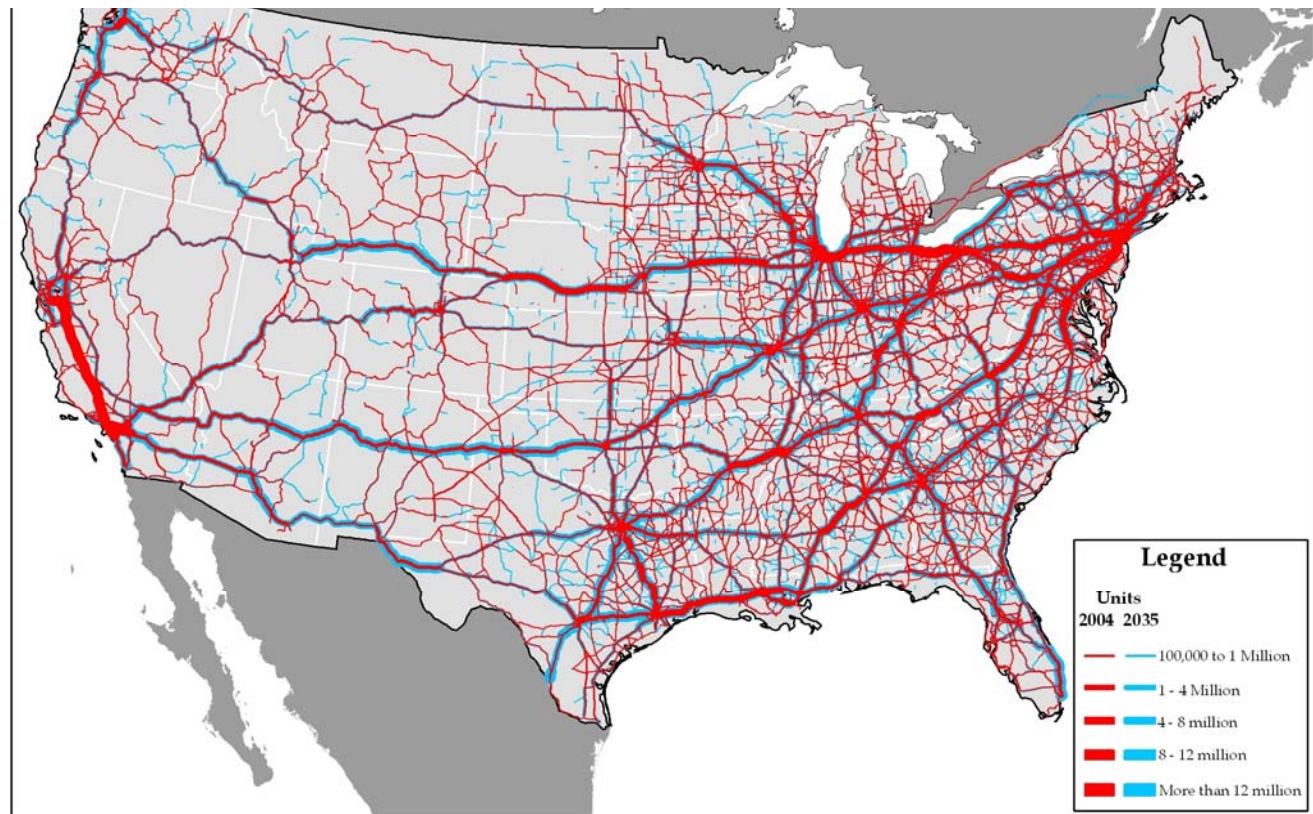
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Freight Traffic Growth - Trillions of Ton Miles



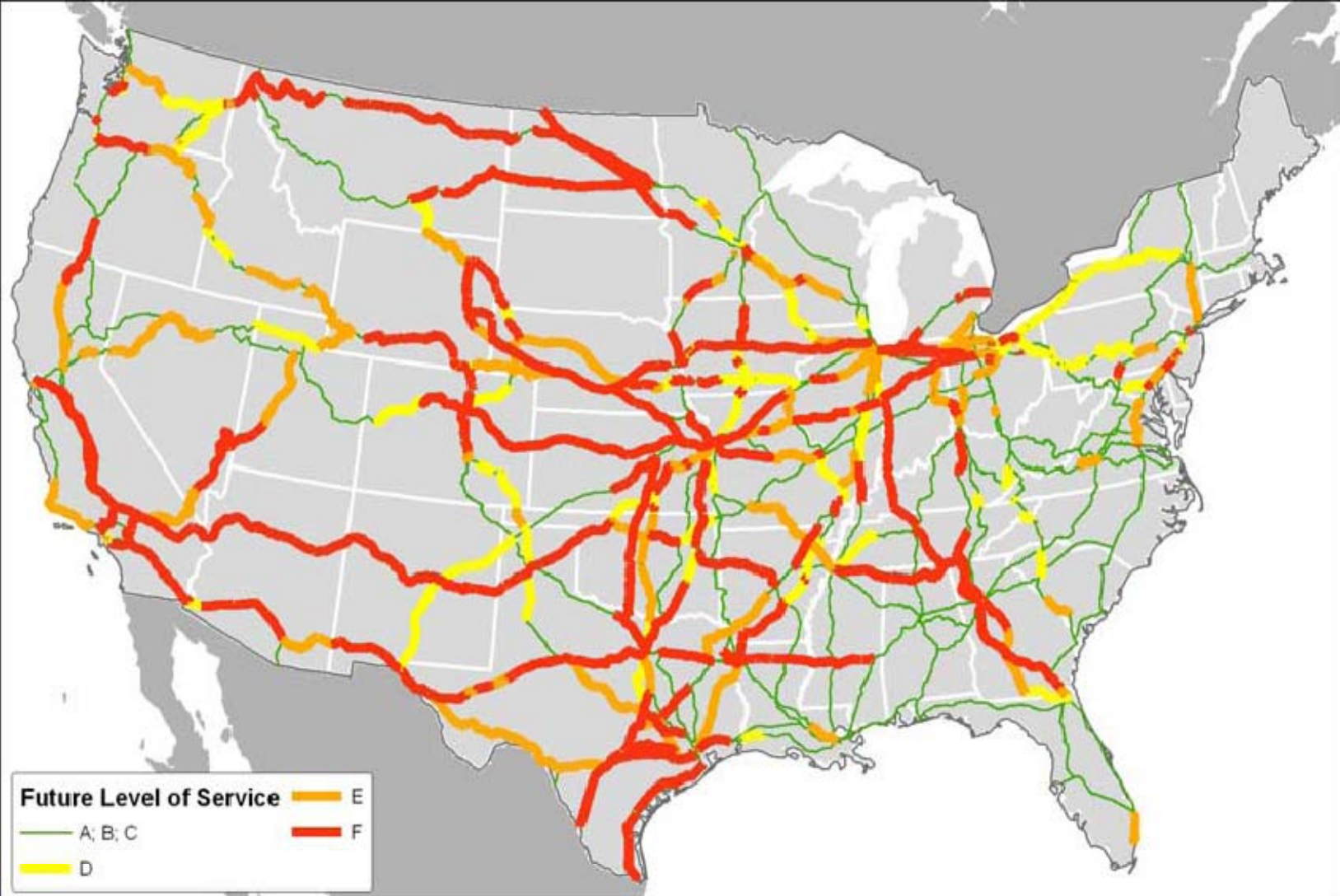
AASHTO Freight Transportation Bottom Line Report, 2006

Freight-Truck Highway Flows in 2005 and 2035



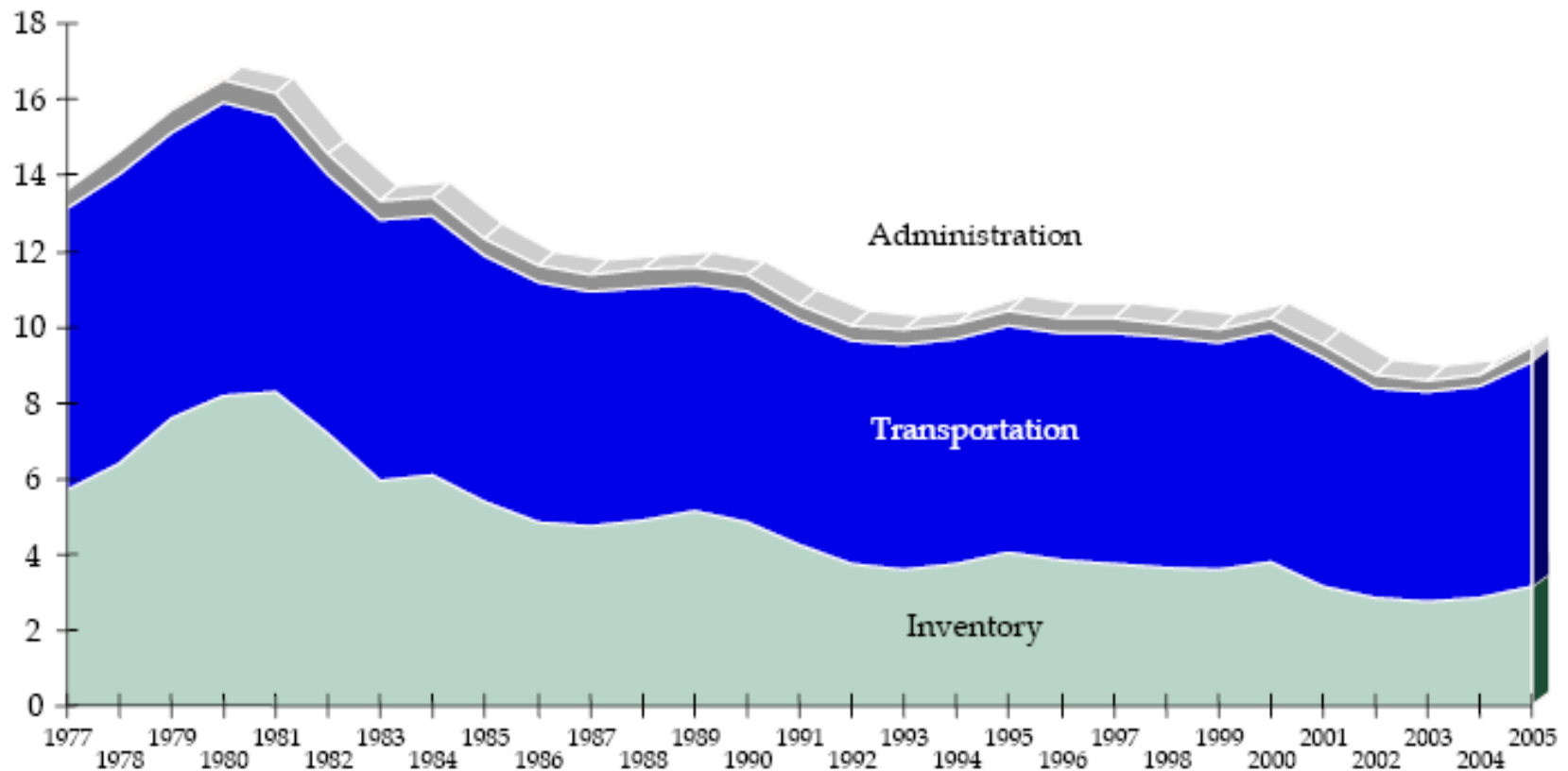
Source: Cambridge Systematics based on Global Insight, Inc TRANSEARCH 2004 data and economic forecasts

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Percent of U.S. Gross Domestic Product



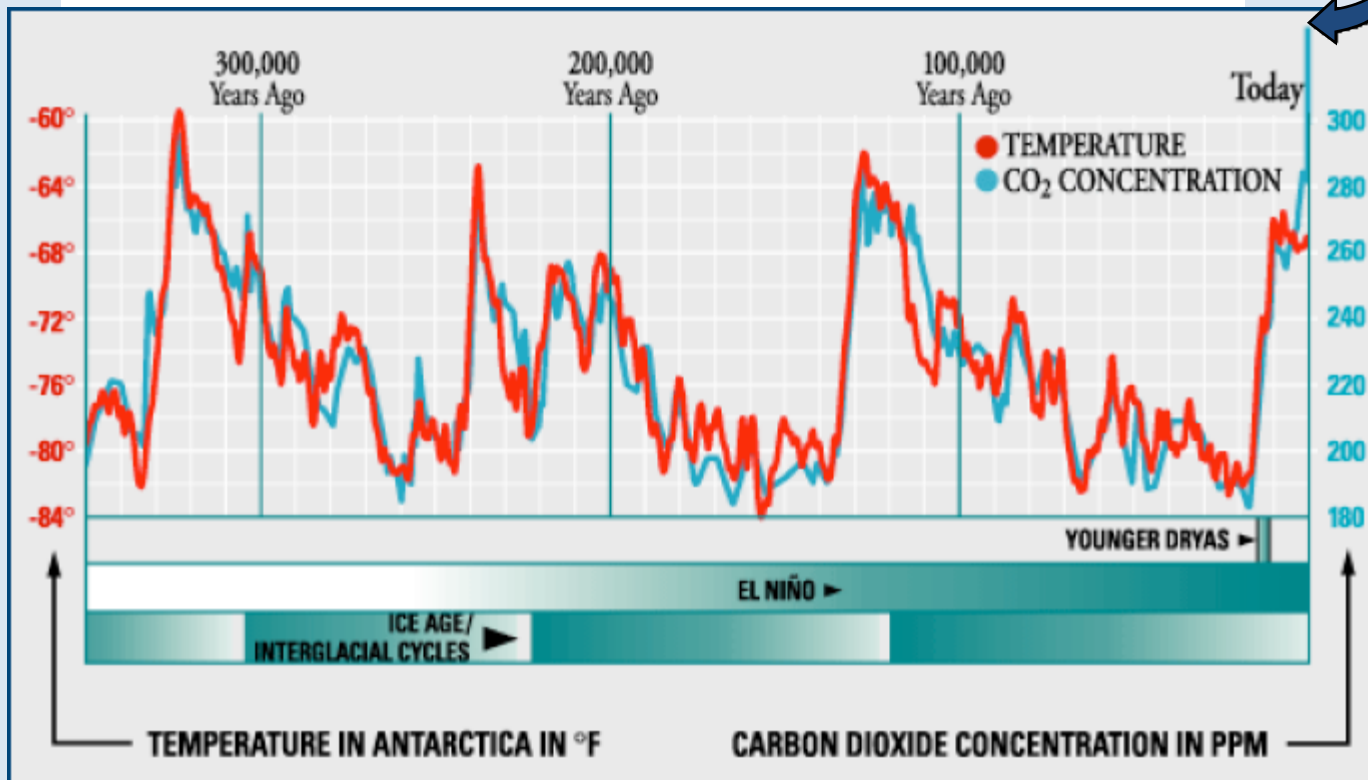
Source: Rosalyn A. Wilson, *State of Logistics Report*, Council of Logistics Management, 2006.

America Is Changing

- Demographic Change
- Global Economy
- Climate Change

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Levels are now off the chart

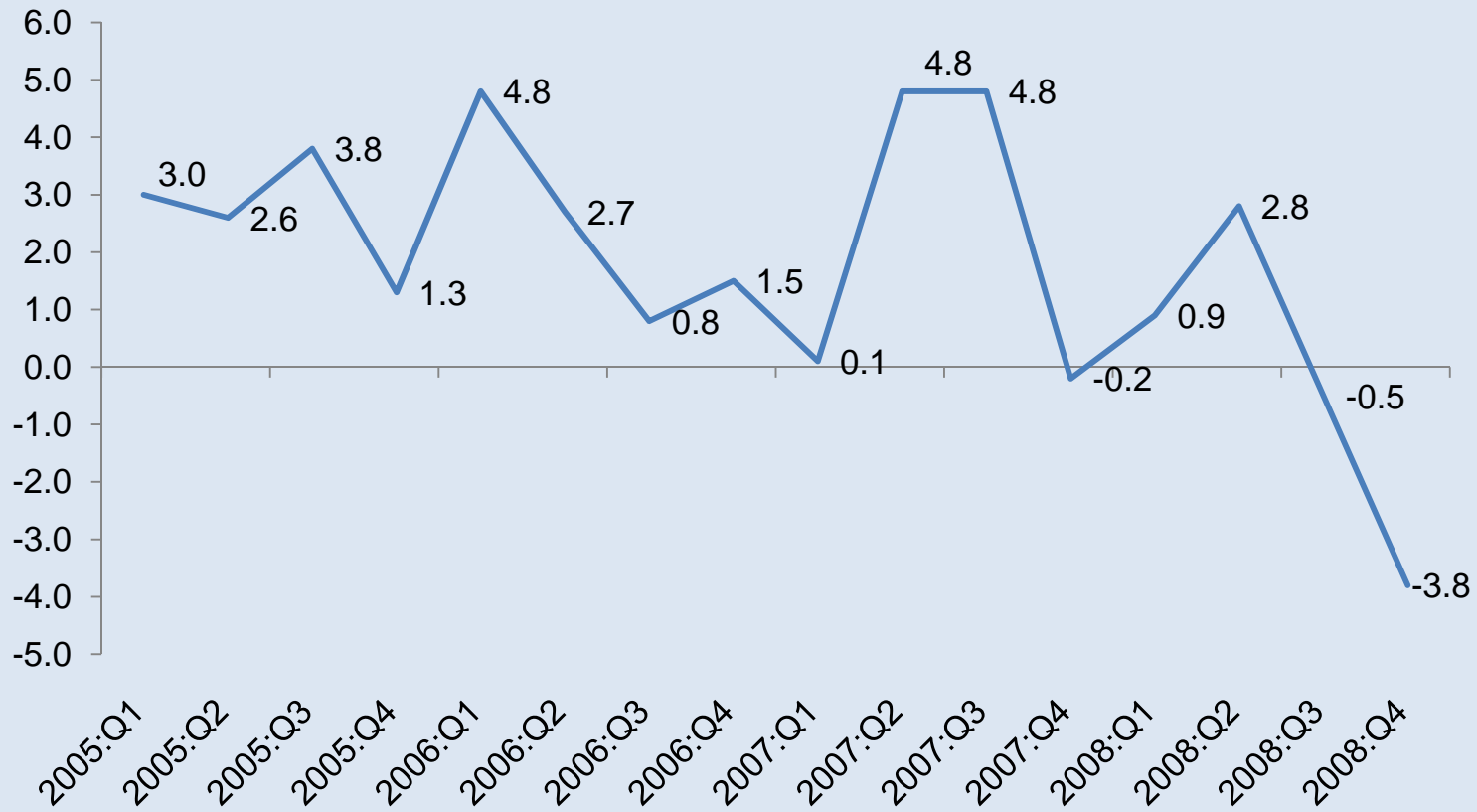


America Is Changing

- Demographic Change
- Global Economy
- Climate Change
- **Economic Downturn**

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GDP Changes 2005-2008



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Consumer Confidence 1985 = 100



Severe Economic Downturn

- Massive Governmental Response
- Implications of Recovery Act

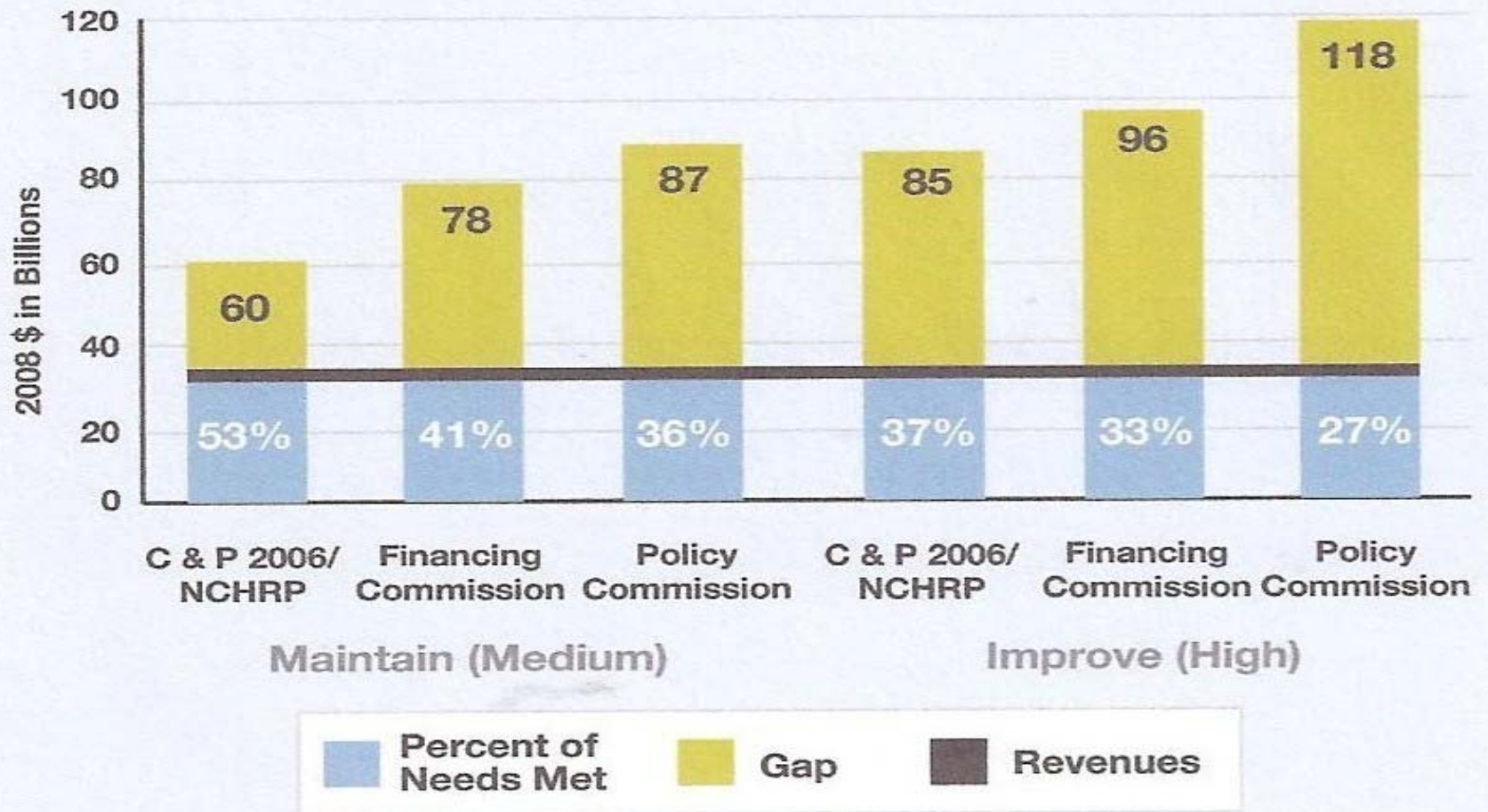
Government Action

Shortfall in Infrastructure Investment

Not a New Problem But May Be Worsening.

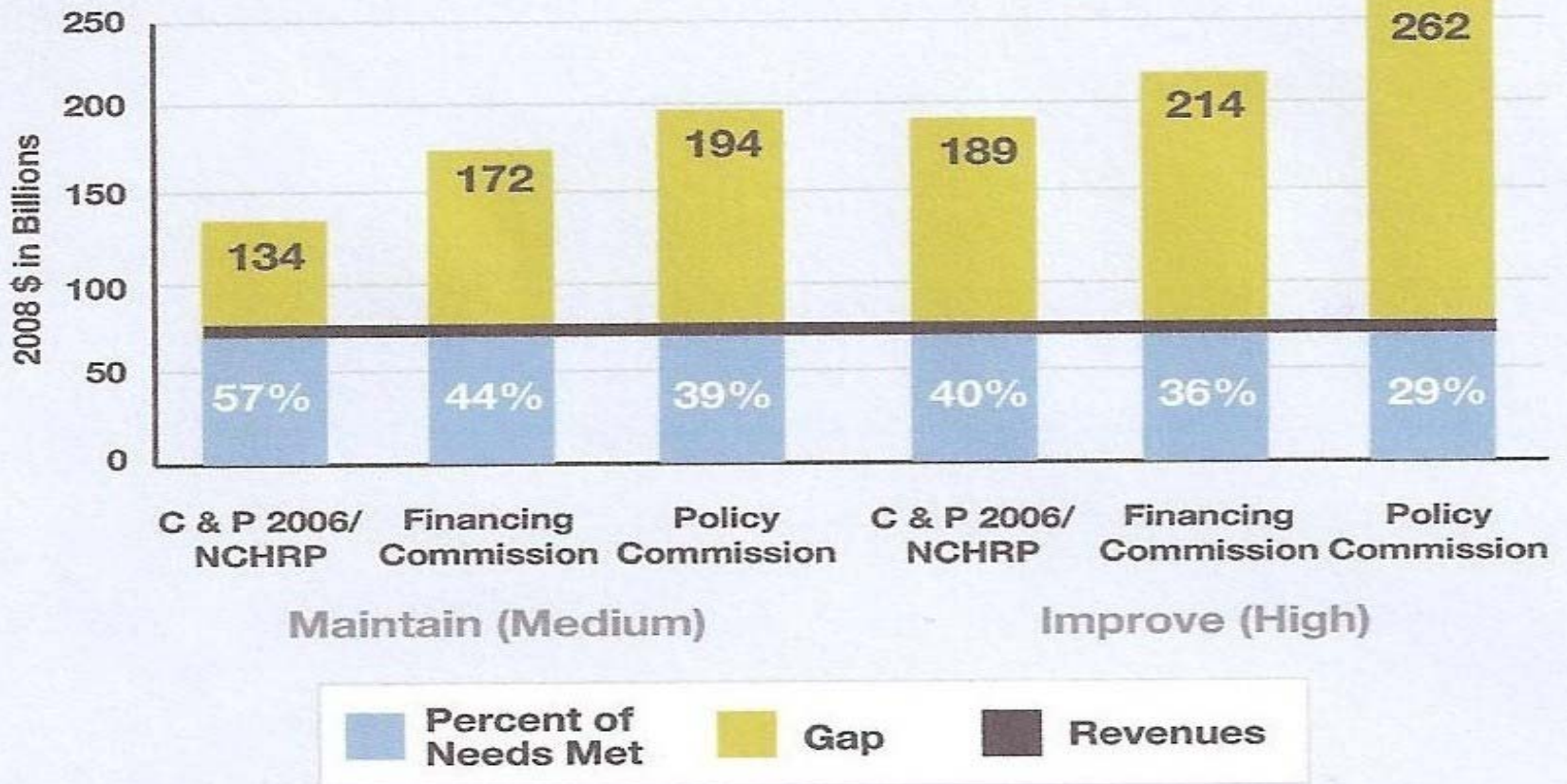
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EXHIBIT ES-2: AVERAGE ANNUAL CAPITAL NEEDS AND GAP ESTIMATES, FEDERAL GOVERNMENT, 2008-35 (in 2008 dollars)



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EXHIBIT ES-1: AVERAGE ANNUAL CAPITAL NEEDS AND GAP ESTIMATES, ALL LEVELS OF GOVERNMENT, 2008-35 (in 2008 dollars)



Major Concerns Across the Modes

- Trust Fund Insolvency
- Revenue Sources-User Taxes, User Fees, General Revenues
- Role of the Private Sector
- Need for Aviation Legislation
- Freight and Passenger Rail Issues

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Many Groups Are Looking at the Future

Goods Movement is on their Agenda

Looking to the Future

- Coalition for America's Gateways and Trade Corridors
 - Freight Mobility Program
 - Focus on Competitive Grants
 - Freight Trust Fund
 - Revenues from Those Who Benefit

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A National Strategic Freight Mobility Program and Trust Fund (FTF) that includes:

- National strategy for planning & investment
- Merit-based criteria for prioritizing projects
- Predictable, dedicated, sustained funding for freight infrastructure
- Partnership with the private sector to anticipate and meet the needs of system users

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An adequate, guaranteed funding stream, which will grow commensurate with the demand for freight infrastructure, is needed to:

- Meet the current backlog of neglected connectors, bottlenecks and other present day needs.
- Provide continuing improvements, encourage adoption of new, green technologies, and respond to changing trade routes of the future.
- Incentivize state and local investment and leverage the widest array of public and private financing.

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A new user fee dedicated to the FTF for freight transportation infrastructure only

- Assessed as broadly as possible, on all domestic and international freight, without advantaging or burdening any sector or mode

Does not preclude other new and current revenue sources

Looking to the Future

- American Road and Transportation Builders Association
 - Critical Commerce Corridors Program
- US Chamber of Commerce
 - Americans for Transportation Mobility

Looking to the Future

- National Committee for America 2050
 - Mega-Regional Focus

Looking to the Future

- American Association of State Highway Officials (AASHTO)
 - Freight Bottom Line Report
 - Support for Multi-Modal, Multi-Jurisdictional Freight Investments

Looking to the Future

- National Surface Transportation Policy and Revenue Study Commission
 - Looking for a National Purpose
 - Strong Focus on Goods Movement and Intermodal Development
 - Strong Federal Role with Resources Behind It

Looking to the Future

- National Surface Transportation Financing Commission
 - Final Report Just Issued
 - Validate System Needs
 - Long Term VMT Charges, Short Term Gas Tax
 - Supplement with Freight Fees and Charges
- Many Others

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We Know the Questions:

- What's The Vision?
- How Do We Change Policy?
- What's the Legislative Opportunity?

How Do We Develop the Answers?

Legislative Opportunity

- Expectations for Change-Not Business as Usual
- New Surface Legislation Should be in Place by October 1st, 2009
- Hearings Already Held
- New President, New Congress
- New Focus on Infrastructure
- Revenue Problems as a Driver

Hopeful Signs for Freight Policy

- Lessons learned in the 1990's-such as Alameda Corridor Project
- New Era of Intermodalism
 - Congestion Focus
 - Public Private Partnerships
- Lessons Learned from SAFETEA-LU
 - Pilot Freight Programs
 - Freight Planning Requirement

Constraints to Change

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

Building an Action Agenda-What Are the Key Levers for Change?

- Lessons from Recovery Program
- Concern for Economic Growth and Competitiveness
- Climate Change Debate
- Fear of Trust Fund Bankruptcy

Key Targets for Change

- Adequate Resources
- Goods Movement
- Institutions and Partnerships
- Performance Based Decisionmaking
- Earmark Control
- Sustainability
- Research and Technology
- Multimodal Planning and Development

Policy Innovations

- New Revenue Mechanisms
 - Greater Use of Congestion Pricing and Tolling
 - Eventual Road Pricing
- Public Private Partnerships in Service Delivery
- New Institutions

Summary

- There Should be Legislation in 2009
- It Should be the First Step in a new Cycle
 - “New Authorization not Reauthorization”
- It Should have a Focus on Freight
- It Won't be the Last Step but it needs to Set the Pattern

Questions?

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