



Transportation and Partnerships

American Association of Port Authorities
National Association of Regional Councils

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Agenda

- Premise
- Future Trends
- Timeline
- NARC outreach and positions



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Premise

- SAFETEA-LU Expires
 - Trust fund insolvent late 2008-early 2009
 - Diminishing state and local funding
 - Congestion costing U.S. billions
 - Project delivery slow if not impossible
 - Project cost overruns
 - Lack of material
 - Lack of modal integration
 - Goods movement consuming infrastructure capacity

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Future Trends

- Political
- Construction Costs
- Post Katrina/Rita
- Future Funding
- Asia
- Freight
- Global Warming and Energy

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Future Trends Overview

- Urban Land Institute Report cites U.S. as lagging behind Asia and Europe
- Inadequate investment over 40 years
 - by some estimates up to and over \$1 trillion
- Investing in systems that are not integrated – stove piped – and legacy
- Not investing in the vanguard

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Future Trends Construction Costs

- Project cost overruns up to 60%
- Why?
 - No material in some cases
 - We, China and India have glutted the world's cement stock. Production will not meet needs until 2010
 - Predicated upon a slowdown in Chinese and Indian construction.
 - No domestic cement supply
 - No capacity
 - No labor in others
 - In the SW – there isn't enough labor to meet project demands
 - Contractors have stopped bidding

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Future Trends Disasters

- Post Katrina/Rita
 - \$5 billion and counting
 - Total cost may reach \$150 billion
 - Does not account for business and population displacement
 - CA fires, FL Hurricanes, Western droughts (may be species killer)
- Treasury solvency
- Only available money for recovery is in domestic discretionary accounts
 - i.e. transportation, housing, aging, education, social programs
- We are fighting to keep domestic programs funded

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Future Trends: Funding – Not Disaster Related

- War and Defense spending
 - “The cost of the wars in Iraq and Afghanistan could grow to a total of \$2.4 trillion by 2017”, CBO Director Peter Orszag told House Budget
 - Interest payments alone on the debt related to the wars could reach \$705 billion
- Entitlements
 - Social Security and Medicare/Medicaid
- Current recession?
- Debt and debt loads and ratios
 - If unfunded Medicaid, Social Security, etc. promises are added, to total debt loads this figure totals \$59.1 Trillion
 - China holds over \$1 trillion in dollar denominated assets
 - In comparison, \$1.4 trillion represents M1 or the "tight money supply" of U.S. Dollars - the value of the U.S. Dollar could change dramatically should China ever choose to divest itself of a large portion of those reserves
 - the U.S. Treasury statistics indicate at the end of 2006, foreigners held 44% of federal debt held by the public. In total, lenders from Japan and China held 47% of the foreign-owned debt





Funding – Not Disaster Related

- What will our transportation funding look like over 20 years?
- Trust fund – insolvent – 2009
 - VMT, Fuel Efficiency, New Fuels, Gas Prices, more facilities than we can afford
- Transportation as a whole of the economy
- How much can business and the consumer absorb?
- Tied to other Federal Domestic accounts
- PPP's?

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Future Trends Asia

- Chinese and Indian Competitiveness
- Purchasing power
- Goods production
- Shipments
- Ability of our system to absorb?
 - Thin

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Future Trends: Freight



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Basic Numbers

Chinese Freight Capabilities will grow by 35% over the next 10 years.

Ours – 7%

Our current system **CANNOT** meet expected global trade demands

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The State of Goods Movement

- In 1970, trade was 12.4% of U.S. gross domestic product (GDP). Today, it is over 25%
- Shipment of containerized cargo in and out of the U.S. will increase by more than 350% by 2020
- To handle these increased loads, truck traffic, measured in vehicle miles traveled (VMT) will increase by 200 billion miles and rail shipments of freight are projected to grow by 1 billion tons
- Nearly 12.7 billion metric tons of goods and raw materials valued at \$8 trillion moved over the U.S. transportation system in 1997 (the last year for which statistics are available)



Only Getting Bigger



**Largest Cargo Airplane
Antonov - AN-124 Ruslan**

**Up to 150 tonnes of cargo can
be carried.**



Largest container ship

**The container ships with the
largest declared capacity are
the 9,200 TEU sister ships MSC
Pamela and MSC Susanna.
Bigger ships under
constrcution**

Expansion

- Panama Canal Expansion: \$5.25 billion. Double Volume by 2025
- \$685 Million Vancouver Port Expansion (plus millions in other facilities)
- Hutchison Whampoa Ltd. expansion of Mexican port facilities
 - Hutchison Port Holdings (HPH) is the world's leading port investor, developer and operator that operates across Europe, the Americas, Asia, the Middle East and Africa
 - It operates in five of the seven busiest container ports in the world, handling 13% of the world's container traffic
- U.S. is under-investing!

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The Tie That Binds

Freight and Economic Competitiveness ARE national priorities.

Figure 2-4. Estimated Average Daily Truck Traffic: 2020



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Global Warming and Energy

- Carbon may be the tax of the future
 - Already being discussed in Congress
- Regions may have to account for the effects of global warming through new measures
- Energy is and will be in play
 - Are we energy efficient?
 - Are we sustainable?
 - Are we safe and secure?

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Timeline

- SAFETEA-LU reauthorization 2009
 - Presidential Election 2008
 - Congressional Elections
 - Potential shift in power bases
 - Including domestic agendas
 - New Administration
 - New Secretaries
 - Can a bill be ready to move my 2009?
 - No
 - » More like 2010 – 2011
 - What does this mean for funding?
 - Short term bills?
 - CR's?

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NARC Outreach and Positions

- Multiple regional meetings
- Spectrum of ideas
 - Devolution – stronger federal program
- **Innovation – Empowerment - Streamlining**
- Consensus on:
 - Limited but focused federal role
 - National projects
 - Limited federal funding
 - Program streamlining
 - Expedited project delivery
 - More authority/funding at regional and local level
 - Limit federal oversight

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NARC Continued

- Continued support of COGs and MPOs in transportation planning and delivery – urban AND rural
- **Dedicated freight funding**
- Sustainable and long term funding sources
 - Income tax fix, national sales tax, vmt tax?
 - State/regional/local monies
- Integration
 - Across agencies programs, policies
- 1200 page bill to 200

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Summary

- Many possible avenues to a new bill
 - Green
 - Freight
 - Integrated
 - No change at all
 - No bill – no program
- Willingness of leaders to accept and promote change
- Acceptance of trends
- Acceptance of need to raise revenue
- Let us know your ideas – get involved!

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