



NARC

Building Regional Communities

National Association of Regional Councils

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The National Association of Regional Councils is pleased to submit the following testimony to Chairman Thomas Petri and the Subcommittee on Highways, Transit, and Pipelines of the United States House of Representatives' Committee on Transportation and Infrastructure.

For hearing titled "Highway Capacity and Freight Movement: The Current Status and Future Challenges" to be held on May 10th, 2006

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May 9, 2006

The Honorable Thomas E. Petri
Chairman, Subcommittee on Highways, Transit, and Pipelines
Committee on Transportation and Infrastructure
United States House of Representatives
B-370 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Petri,

It is our pleasure to submit this letter to the Record for your Committee's hearing on "Highway Capacity and Freight Mobility: The Current Status and Future Challenges."

The National Association of Regional Councils (NARC) is committed to helping our nation's transportation planning agencies and member Metropolitan Planning Organizations (MPOs) and Councils of Government (COGs) cope with the influx of freight traffic and its expected impact on highway capacity. Freight and goods movement through our nations' intermodal distribution system has grown rapidly and by 2020 is expected to double in truck vehicle miles traveled, and more than triple in tonnage of air cargo, maritime shipments, and rail. Statistics from across the country are astounding:

In the Detroit metropolitan region:

The Ambassador Bridge accounts for 24.75% of all tonnage between the US and Canada and 27.9% of that by truck. Growth on the bridge is expected to rise 8% by 2020.

In the Los Angeles metropolitan region:

By the Year 2030, international trade through the ports of Long Beach and Los Angeles is expected to triple. This will increase daily truck trips along the nine major truck routes in the region by 70%. Daily rail trips will increase by over 150%. The potential negative effects on the region's mobility, air quality, safety and resources are staggering.

In the Philadelphia metropolitan region:

Container tonnage experienced a 27% gain in 2004. The Port's labor-intensive military cargoes experienced an amazing 1569% gain over the previous year. The total percent is expected to keep rising to meet the demands of war in Iraq and Afghanistan and the war on terrorism.

In the San Diego metropolitan region:

Today's average wait time at the U.S./Mexico border of 45 minutes, causes eight million trips into the San Diego region to be lost. This equates to a loss of nearly \$1.3 billion in potential revenues – mostly in the retail sector; three million potential working hours; 28,000

to 35,000 jobs; and \$42 million in wages annually. The total economic impact on the San Diego region is an output loss of between \$2 billion and \$2.5 billion per year.

In the Southwestern Region of Washington State:

The issues in SW Washington highlight how freight is also an issue for our small and rural communities. The Ports of Grays Harbor, Vancouver, Woodland, and Longview are experiencing increasing traffic from short-line railroads and trucks transporting logs, grain, and paper pulp. The rail lines servicing these ports are at capacity, and the Cowlitz-Wahkiakum Council of Governments expects to see a spike in truck traffic over the next 15 years. To accommodate the increased truck traffic, the COG estimates a need for over \$200 million in highway improvements. If highway or rail capacity to these ports is not improved, raw material providers could move their operations elsewhere on the west coast, threatening thousands of high-paying blue collar jobs in the logging, agricultural processing, and goods movement industries.

The ripple effect of congestion on our highway system is overwhelming as well. In all major urban and many rural areas, the effects of failing to meet capacity needs are evident. According to the Texas Transportation Institute (TTI), a leader in transportation research, “the average delay, per peak traveler in 85 urban areas they studied, is 47 hours. There are 17 urban areas with delay per peak traveler values in excess of 50 hours.” This loss of personal time and productivity accounts for billions of dollars sucked out of our economy and is due to many factors including a growing mobile population and accident related incidents on major freeways. The actual numbers of hours lost and the loss of productive capital, according to our member MPOs and COGs, will be much higher as we realize a growing demand for freight delivery.

Highway capacity that is already under intense pressure to move commuters will all but disappear as the volume of freight shipments rise. According to US DOT, “74% of goods shipped in the US are transported exclusively by trucks”. Our ability to meet the demand for new capacity is also limited by a lack of available infrastructure funding at the Federal, State and local levels and a lack of developable land to build major new facilities upon.

At a recent summit co-hosted by NARC, the Federal Highway Administration, the Delaware Valley Regional Planning Commission (DVRPC), the Coalition for America’s Gateways and Trade Corridors, and the American Planning Association (APA) in Philadelphia, we learned of the competing demands for developable lands along waterfronts and adjacent to port facilities. The competition from local communities wanting to develop housing and recreation versus ports needing to expand is fierce. The outcome usually being ports expanding through relocation thereby increasing the distances trucks must travel and the impact on local road systems. We will have to reconsider our current way of meeting freight delivery needs across all modes or face catastrophe on our nations’ interstate and highway system and on local and state owned roads.

Highway capacity is also a major concern for manufacturers, shippers, and retailers—both foreign and domestic. The public sector process of building roads is much slower than the private sector’s ability to expand distribution networks. The highway construction process

requires extensive data collection, design, local approval, and public commentary periods that can stretch the process into several years.

Often, a local government must wait for several fiscal years to collect Federal-aid money to build a needed project. Meanwhile, a major retailer can build a new distribution center in a matter of months. This timeframe disconnect does not allow local governments to keep pace with growing infrastructure demands.

A related and serious problem is the continued under funding of our major urban networks, port and airport connectors, and intermodal hubs. Most, if not all, of our nations regions are able to fund only 40 percent to 50 percent of needed transportation infrastructure (resulting in under-funding by ten's of billions of dollars). According to TTI, "over the past 2 decades, only about 50 percent of the needed [highway capacity] mileage was actually added." According to US DOT, "Currently, there is a \$325.4 billion backlog of economic highway and bridge projects waiting to be completed". The bulk of available funding is used to maintain and preserve a mature system of highways (figures from US DOT indicate, that "there are over 160,000 miles of major roads that need resurfacing or reconstruction."), transit, ports, and airports – a legacy system needing a massive infusion of dollars to maintain Pacific, Atlantic, and trade from the Americas.

There are possible solutions to our highway capacity problems. The recent SAFETEA-LU transportation bill provides the framework for some solutions to this impasse, including TIFIA bonds, State Infrastructure Banks, and tolling of Federally-funded facilities.

- 1) We need to finance our regional and local systems to bring them to full capacity. This could be done with innovative public/private partnerships (see attached Regional Infrastructure Zone Report) and also through the expenditure of political will to make transportation finance a priority for investment. This may include indexing the gasoline tax to keep pace with inflation or the commitment of general funds to transportation programs.
- 2) Implement innovative tolling and freight hauling rules to help ameliorate the problem in the short and long term. In order to regulate highway use and charge user fees, authorization is needed by Congress and USDOT agencies. Some examples of this include restriction of truck traffic during peak hours, truck tolling of major commuter thoroughfares, and designation of major truck routes. Charging highway user fees to trucks achieves two major policy objectives: the generation of new highway construction money and the diversion of freight traffic to rail and maritime modes.
- 3) Redistribute transportation funding to alleviate critical bottle-necks. By "flexing" transportation dollars between modes while also looking to new sources of revenue we may be able to alleviate the most congested and bottle-necked areas. Thereby increasing efficiency and easing the loss of dollars in productivity.
- 4) Encourage a balanced distribution of freight throughout our intermodal system. For example Congress could provide incentives for heavy rail for long haul cargo movement, air cargo for just in time delivery, trucks for mid and short range distribution and a flexible

system of short haul maritime shipping to ease congestion at ports. Our transportation leaders, planners, and builders must engage the private sector to help alleviate our intermodal congestion.

Our Association urges the Committee to examine all new ways of generating revenue and new ways of balancing our intermodal system.

As the Committee goes forward, there are several outstanding studies for you, your colleagues, and your staffs to consult, including:

- **New York Metropolitan Transportation Commission's (NYMTC) Comprehensive Port Improvement Plan.** This study looked at the possible expansion of the Port of New York/New Jersey through the year 2060. This study concluded that truck traffic will exacerbate traffic conditions at existing choke points and along access roads and ramps to the port. Special attention to capacity is needed at this critical junctures. As of May 2006, this report was under the final stages of completion, and will be released in several formats in the coming months.
- **Port and Modal Elasticity Study by the Southern California Association of Governments' (SCAG).** This report predicts how port fees and time of day regulation would impact highway congestion. The Ports of Los Angeles and Long Beach accept over 60% of all US trade with Asia. The region is grappling with how to limit this port growth or provide for the efficient movement of the incoming freight. This report, and other work from SCAG can be downloaded and viewed at: <http://www.scag.ca.gov/goodsmove/>

Thank you for your consideration of our concerns.

Sincerely,

Cameron Moore
Executive Director
National Association of Regional Councils

Regional Infrastructure Improvement Zones



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This publication was made available by the National Association of Regional Councils (NARC). The concept of Regional Infrastructure Improvement Zones (RIIZ) was developed by the Ohio-Kentucky-Indiana Regional Council of Governments (OKI) in consultation with the National Association of Regional Councils.

About OKI:

The Ohio-Kentucky-Indiana Regional Council of Governments (OKI) is a council of local governments, business organizations and community groups committed to developing collaborative strategies to improve the quality of life and the economic vitality of the region. Formed in 1964, OKI has spent 42 years cultivating partnerships and alliances that range from the federal government to local councils. Its 103 members represent governmental, social and civic groups from 198 communities in the eight county, three-state region. OKI has final authority over all federal dollars spent on transportation in the region. In 2006, OKI approved over \$30 million in funding for projects in this region. For more information, contact:

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About NARC:

For nearly 40 years, NARC has served as a non-profit 501 (c)(3) organization with an expertise in representing pr-active, multi-functional, full-service organizations that serve local units of government. NARC membership includes Councils of Government (COGs), Metropolitan Planning Organizations (MPOs), Economic Development Districts (EDDs), and other regional government agencies. NARC provides federal education and advocacy on behalf of its regional government, and also serves as a platform for research, education, and information sharing. For more information, contact:

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Introduction

Traditional sources of transportation funding are on the decline. The Federal Highway Trust Fund is projected to be insolvent as early as 2009. Alternative sources of funding like tolling and impact fees are a part of the solution, but are not the entire solution. New, innovative sources of funding are needed to bridge the gap between the available funds and the funds needed to build the road facilities that we need.

The private sector moves faster than the public sector. The lag in public sector decision-making is a necessary component of public review, prioritization, and local decision-making. Delays are frequently encountered due to a lack of funding for needed transportation projects. These delays in infrastructure construction often frustrate private companies who rely on these facilities to make their businesses grow.

In recent years there has been a movement toward private-sector involvement in infrastructure construction. Privately-operated or built roads, new types of bonding, and exactions are examples of ways private companies have involved themselves in the infrastructure provision process.

This white paper proposes a new, innovative solution to transportation infrastructure construction. This concept was developed by the Ohio-Kentucky-Indiana Regional Council of Governments (OKI) in conjunction with the National Association of Regional Councils (NARC). This proposal establishes Regional Infrastructure Improvement Zones, which encourage private-sector involvement in road building through favorable tax treatment of funds and streamlined approval processes.

Regional Infrastructure Improvement Zones

Regional Infrastructure Improvement Zones will allow private corporations or individuals to contribute funds toward construction of roadways and other infrastructure. These donations will be tax-deductible contributions and can be spent only on transportation upgrades that the whole community is eligible to use.

In many ways, RIIZs are similar to Economic Development Districts. Economic Development District plan for economic viability of their areas, but can only go as far as budgets will permit. Further, these organizations do not deal strictly with transportation infrastructure. With increased pressure being placed on local budgets as well as a decrease in gas tax collections, local government are forced to give up their plans to build new transportation facilities or are increasing taxes to meet their needs. Neither of these solutions benefits the local economy.

Through the implementation of a Regional Infrastructure Zones local projects can turn to business and individuals to improve their economic climate. The Regional Infrastructure Improvement Zones will also begin to infuse new funding into the transportation system—creating less reliance on the traditional highway trust fund.

How will it Work

Regional Infrastructure Improvement Zones are based on Urban Boundary designations. Businesses and/or individuals who wish to form a Regional Infrastructure Improvement Zone must first apply through their local Metropolitan Planning Organization (MPO). The MPO will be responsible for determining if local governments in the area, as well as other community organizations support the proposed infrastructure improvements. The MPO will also be responsible for determining the eligibility of the proposed projects in local or state long-range plan documents. Final approval of the RIIZ will come from the MPO's Board of Directors. When these conditions are satisfied a certificate of approval will be issued to the Regional Infrastructure Improvement Zone and filed with the state's Attorney General and with the Internal Revenue Service.

When the certificates are properly filed members of the infrastructure zone will be permitted to make contributions. Businesses and individuals may make contributions to the fund. These donations will be tax-deductible contributions on the corporations' or individuals' annual tax forms.

Acceptable projects for Infrastructure Zones may include road repair or construction, transit facility construction, the purchase of right-of-way, historic preservation of transportation facilities (i.e. train stations, covered bridges), water runoff facilities, or other projects that will enhance the transportation system of the designated area.

Infrastructure Zones will not be permitted for upgrades that are considered customary or ordinary for development approval. An example of an improper use would be the construction of roads inside a new subdivision. However, it would be acceptable for the builders or residents to create a RIIZ to support upgrades to the major arterial that borders the subdivision.

Regional Infrastructure Improvement Zones may be as small as a single street or as large as an entire city. One example of an Infrastructure Zone could be an add-a-lane project at a four-way intersection. On one corner is a local bank, another is a department store while the third and fourth corners house an office building and a gas station. Each of these corporations, in concert with their local government can apply to their MPO for RIIZ status in order to add a turn lane, sidewalk, or bus stop that will enhance business and job opportunities.

Membership in these Zones are not limited to businesses, individuals may also join. As with any donation to a charitable cause the Infrastructure Zone will issue individuals a receipt indicating the amount of their contribution as well as the date received. The contributing business or individual could then deduct the amount of their donation from the income taxes.