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The Transportation Development Association of Wisconsin is a statewide, nonprofit educational organization working for an efficient and environmentally responsible transportation system that addresses safe mobility and economic growth.

If you would like to receive this publication by email please contact the TDA office at (608) 256-7044 or general@tdawisconsin.org.

Budget Repair Bill Stalled, Lets in Jeopardy

The budget adjustment bill remains stalled in the halls of Madison. The Governor introduced his version of a budget adjustment bill back in early March. The Assembly immediately passed a different version and later in March the Senate passed a third version. See TDA's April Newsletter for a summary of each proposal.

Since that time, negotiations have been taking place between the both houses of the legislature and the Governor. One of the main sticking points is transportation. The Governor's initial proposal contained a \$293 million transfer from the transportation fund to the general fund. Both Democratic Senate Majority Leader Russ Decker and Republican Assembly Speaker Mike Huebsch have stated that their caucuses are unwilling to transfer transportation funds.

As the stalemate drags on the Governor has warned of various steps he will take, unilaterally, if a solution is not reached soon. One of those unilateral steps would be to basically cancel the May and June bid lettings. There are 106 projects that are

scheduled to be let in May and June. These represent approximately \$261 million of work coming from both state and federal sources – one third of the total transportation projects for this year. In addition to these projects not getting done, it has been estimated that over 2000 jobs in the transportation construction industry would be lost.

Two of the other sticking points center around to what extent Wisconsin should resecure the funds from the tobacco settlement and whether or not to delay school payments until the next fiscal year.

As of the publication of this newsletter, there is less than one week left to come to agreement on these issues before the May lets are scheduled to go out.

The contractors, road users and labor unions held a press conference on May 6th to highlight the impact reduced lettings would have on Wisconsin's roads, jobs, and economy.

Executive Perspective by Craig Thompson, TDA Executive Director

Consequences of Another Raid Would be Real

Siphoning over one billion dollars of gas tax and registration dollars from the transportation fund and replacing it with IOUs over the past six years has been met with mixed reactions by Wisconsinites. Some have been enraged, some have grown more cynical and still more have remained indifferent.

Our roads and transportation systems have deteriorated. We are paying millions more on debt service rather than projects or programs. But none of this has affected the daily lives of Wisconsinites enough to truly grab their attention...yet.

Now our roads are actually hard, and in many cases dangerous, to drive on. We once again have a general fund deficit of hundreds of millions of dollars. Once again the Governor and others are trying to raid the transportation fund and replace it with IOUs. The difference this time is the impact on Wisconsinites could be immediate and severe.

Leadership from both parties in the legislature (Senate Majority Leader Russ Decker and Assembly Speaker Mike Huebsch) are holding firm to protect the transportation fund. They have indicated that we can fix the budget shortfall without raiding transportation yet again. The Governor does not agree with this position and has issued an ultimatum in response. The ultimatum is that the May and June bid lettings will be gutted or canceled if the legislature doesn't bend to his will. The deadline for this showdown is May 13th when the May bid lettings go out.

At stake is over one hundred projects already scheduled to go (not to mention already paid for). These include vital projects all over the state. More than two thousand workers and their families in Wisconsin are also at stake. If resolution is not reached – and the Governor holds firm on this ultimatum – they will be out of work. Now that will get peoples attention.

The effect of canceling the May and June bid lettings is hard to even calculate. We can't accurately estimate the amount of injuries or deaths that will result from accidents on roads that are scheduled to undergo desperately needed safety improvements. The full impact on businesses in the areas of these one hundred plus projects is hard to quantify other than it will be great. How many multi-generational, family-owned businesses in Wisconsin's construction industry will have to close their doors – we do not know. The ultimate impact on the families of over two thousand workers in the transportation industry is hard to detail.

One thing I know for sure is that it would be sad. It would be sad because it would have been one hundred percent avoidable. All of this would have been the result of pure politics – not market forces or the economy.

One more thing I know. Raiding the transportation fund will seem pretty real suddenly.



TDA Fly-in Draws a Crowd

On April 9th-10th, more than 75 Transportation Development Association members and other Wisconsin transportation stakeholders visited Washington, D.C., for the 18th Annual TDA Fly-in. During the event, participants heard from key federal transportation policymakers and national transportation advocates, attended office meetings with members of the Wisconsin congressional delegation, and networked with colleagues.

On Wednesday, April 9th, the Fly-in program included presentations by five prominent speakers.

Addressing the event's first session were: Dr. Pete Ruane, president and CEO of American Road & Transportation Builders Association (ARTBA); Dennis McGrann, leader of Lockridge Grindal Nauen's Federal Relations Division; Jack Schenendorf, of counsel to Covington & Burling and vice chair of the National Surface Transportation Policy & Revenue Commission; Tom Skancke, CEO of The Skancke Company and member of the



Commission; and Dr. Robert Atkinson, president of the Information Technology and Innovation Foundation and chairman of the other SAFETEA-LU commission – the National Surface Transportation Infrastructure Financing Commission.

Pete Ruane highlighted ARTBA's 2008 legislative priorities: the 2009 appropriation, the projected negative balance in the Highway Trust Fund (HTF), and the upcoming surface transportation reauthorization. He compared the vast number of reports coming out on the nation's transportation needs and the reauthorization to the battle of the bands. He recommended TDA stick to communicating the needs to the Wisconsin delegation and not get wrapped in the details of any report.

Dennis McGrann gave an update from the Hill touching on both the surface transportation reauthorization and the aviation reauthorization. Given the presidential election later this year, he expects little to be accomplished on the Hill this year.

A scheduling conflict prevented Secretary Busalacchi from participating in this year's Fly-in, but TDA is very grateful to Secretary Busalacchi for arranging to have two other members of the National Surface Transportation Policy & Revenue Commission address Fly-in participants. Jack Schenendorf reviewed the highlights of the Commission's report including: the size of the

transportation infrastructure problem, the need for federal leadership, the funding alternatives and recommended program reforms. Tom Skancke specifically addressed the need for project streamlining in order to reduce the number of years to complete a project from 15-20 years to 5-8 years. While acknowledging the dissenting view of Secretary Peters and two other members, Skancke pointed out that private capital can only play a limited role in our infrastructure problem as there is only approximately \$20 billion

per year of private capital available as opposed to the \$225 billion a year in identified needs.

Dr. Robert Atkinson closed the first day's session with perspectives from the National Surface Transportation Infrastructure Financing Commission. The Financing Commission was tasked by Congress to analyze funding options and to recommend changes to the current funding system for federal policymakers to consider. The Financing Commission sees the current funding approach as suffering from the following main problems: revenue is insufficient to maintain the national network and build needed improvements to the system; current funding mechanisms and levels of revenue are not closely linked to use of the transportation system, allowing

Fly-in continued on page 4

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demand and costs to grow faster than revenue; and critical components of the current approach to investing transportation revenue are not structurally driven toward cost effectiveness. Dr. Atkinson believes that technology will allow us to develop user fees that address these problems. The Financing Commission's report is due out this fall.

The second day of the Fly-in was highlighted by discussions with members of the Wisconsin congressional delegation both at the morning session and during office visits in the afternoon. Senator Herb Kohl, Representative Dave Obey, Representative Tom Petri and Representative Paul Ryan all addressed Fly-in participants and answered questions at the Thursday morning session.

Matters discussed with lawmakers at the afternoon office visits included: the need for highway and transit appropriations that equal SAFETEA-LU authorized funding levels, the projected shortfall in the HTF, the aviation reauthorization and ensuring sufficient funds to maintain a safe and efficient system of air travel, Amtrak funding and funding for improvements on the Upper Mississippi River-Illinois Waterway and reconstruction of the Soo Locks.

The 2008 TDA Fly-in background and issue papers are available at the TDA Website, www.tdawisconsin.org.



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Wisconsin Transportation Builders Association

Wisconsin Urban & Rural Transit Association

Politics and the Gas Tax Holiday

The high price of gasoline has drawn significant attention from the three remaining presidential candidates.

First out of the gate was Senator John McCain calling for a gas tax holiday from Memorial Day to Labor Day. The suspension of the federal gas tax for the summer months would result in an \$8.9 billion shortfall to the transportation fund. Senator McCain proposed to make up for that shortfall by utilizing money from the general fund.

Next, Senator Hillary Clinton proposed her version of a gas tax holiday. Senator Clinton's proposal was basically the same as Senator McCain's except that her proposal would make up for the lost revenue by implementing a "Windfall Tax" on oil companies.

Senator Barrack Obama has opposed both Senator McCain and Senator Clinton's proposals. Senator Obama has called these proposals "political gimmicks" pointing out that the average American would save a total of \$28 if the savings was even passed on by the oil companies.

The candidates would obviously not be president in time to introduce a gas tax holiday for this summer. There was a proposal introduced in the U.S. Senate, however, on behalf of Senator McCain that was later withdrawn.

Wisconsin's congressional delegation is split on the idea of a gas tax holiday.

Air Reauthorization Stuck in Senate

The Senate recently took up its version of the federal aviation reauthorization bill, but a failure to invoke cloture and stop debate prevented the bill from moving to a vote. Besides reauthorizing the Federal Aviation Administration (FAA) and aviation programs, the bill also includes a provision to restore solvency to the Highway Trust Fund (HTF), primarily by reclaiming from the general fund emergency transportation expenditures taken out of the HTF over the last 10 years.

Republican Senators object to the non-aviation tax increases and tax breaks in the bill, such as a \$1.7 billion tax credit for an unidentified transportation project in New York City, authorization of tax credit bonds for rail and a doubling of the per-barrel oil spill tax rate. Republicans were also angered when Majority Leader Reid, through procedural maneuvering, prevented any further amendments from being offered to the bill.

In addition, the Administration has made known its objection to the provision spearheaded by Senate Finance Committee leaders Max Baucus (D-MT) and Charles Grassley (R-IA) to restore solvency to the HTF. The Administration has proposed covering the shortfall in the Highway Account of the HTF by borrowing the money from the Mass Transit Account (also of the HTF).

The taxes that support the Airport and Airway Trust Fund and the statutory authority to expend money from the trust fund expire on June 30th.

Lack of Strategy Harms Economy

According to a new study by the Americans for Transportation Mobility (ATM) Coalition and the National Chamber Foundation of the U.S. Chamber of Commerce, the U.S. transportation system is failing to keep pace with the demands of a 21st century economy. Meanwhile, global competitors have increased transportation investment. As a result the study notes “the margin of the U.S. competitive advantage is shrinking.”

The study, “The Transportation Challenge: Moving the U.S. Economy,” highlights the growing imbalance between increased transportation demand and an aging infrastructure. In addition, population growth, shifting demographics and steady economic growth make an efficient and effective transportation system a necessity.

The study made a number of recommendations to address the U.S. transportation system including:

- Greater emphasis on economic needs and issues including regional mobility
- Development of a national consensus among citizens, businesses, and political leaders on the importance of increased investment in transportation
- Immediate action regarding the projected Highway Trust Fund deficit
- Greater emphasis on a national freight transportation program
- Increased public transportation investment using all potential revenue sources from all levels of government
- Increased use of financing options including public-private partnerships

Janet Kavinoky, ATM executive director, concluded, “We must act now. This report’s findings demand a rapid response...We have only one option: Invest now or pay later.”

Visit www.a-t-m.org to view the report.

House Passes Ballast Water Legislation

The House, as part of the Coast Guard Authorization Act, passed legislation that would for the first time require all ships entering U.S. waters to treat their ballast water to kill any invasive species.

In 2009 shippers would be required to start installing ballast sterilization systems aboard their vessels during regularly scheduled dry dock work – at a cost of \$500,000 to \$1 million per ship. All ships would need to be retrofitted by 2014. While initial kill standards would be relatively modest, they would be ramped up by 2012 and by 2015 the goal would be to have nothing live in ballast discharge.

Since 1994, ocean-going vessels transiting the Great Lakes/St. Lawrence Seaway have been required to exchange ballast at sea, prior to entering the St. Lawrence Seaway. Ballast exchange has been identified as one means of reducing the likelihood of transfer of invasive species.

Ballast water is carried in unladen ships to provide stability on the open seas and is discharged in exchange for cargo once at port. Contaminated ballast water has been blamed for the spread of invasive species which leads to the decline of native fish, an increase in algae and a host of other environmental problems. The Great Lakes are currently home to more than 180 foreign species.

The Senate has not yet passed its version of Coast Guard authorization or aquatic nuisance prevention and control.

Transportation in the News

Jobs and Transportation Investment – The Federal Highway Administration (FHWA) recently updated its estimate of the number of jobs created from transportation investment to project that every \$1 billion of federal highway investment, plus state match, supports 34,779 jobs. This is down from the 1997 analysis that showed 47,500 jobs supported by such an investment. Like all aspects of construction, inflation has also eroded the buying power of transportation dollars to support jobs.

The FHWA analysis measures the impact of transportation investment on three types of employment: construction oriented employment, supporting industry jobs, and induced employment which includes all jobs supported by expenditures from the wages of the first two groups.

USDOT Blog – The U.S Department of Transportation wants a 21st century solution for transportation issues and now will engage the public using 21st century means – a blog. Visit <http://fast-lane.dot.gov/>

Chicago Congestion Reduction Grant – Chicago has been selected to receive more than \$153 million in federal funds under a new congestion initiative. The plan will reduce congestion by establishing four new bus rapid transit routes along heavily congested corridors in downtown Chicago and implementing a high-tech, variable pricing system for all on-street parking to reduce congestion associated with circling cars and underpriced parking.

Colorado – Shrinking revenues have led the Colorado Transportation Commission to cut next year's budget by more than 20%. The amount received from the state gas tax remains steady, but the commission is projecting lower federal aid and reduced contributions from the general fund for highways and transit. The commission plans to focus on maintenance, and many projects will be postponed until better times.

Georgia Toll Roads – Royal Bank of Canada (RBC) said all proposals currently under consideration by the Georgia Department of Transportation (GDOT) for private investment in

public toll roads, including I-75 which is under a development contract, should be suspended. According to RBC, there are ways the roads might work as toll roads, but GDOT should first make decisions such as how high tolls should be and whether trucks should be in mandatory toll lanes.

Commissioner of GDOT Gena Abraham requested the RBC review of Georgia's public-private toll road program in recognition of GDOT board's growing dissatisfaction with patchwork toll road planning, depending on private companies to suggest what part of the system to build rather than GDOT itself planning for a comprehensive system.

Next, Commissioner Abraham and the board will meet with the companies that had made the toll road proposals to discuss RBC's findings.

New York City Congestion Pricing Plan – The New York State Legislature rejected a congestion pricing plan for New York City in spite of \$354 million of potential federal funds offered under the U.S. Department of Transportation Urban Partnership Program.

The congestion pricing plan, which had the strong support of Mayor Bloomberg, would have charged vehicles for access below 60th street during daytime hours – \$8 for cars and \$21 for trucks.

Secretary Peters issued a short statement calling the development “deeply disappointing.” The money originally intended for New York City will be redistributed to other cities with congestion-fighting plans.

Ohio Transportation Task Force – 55 people were recently named to the Ohio 21st Century Transportation Priorities Task Force. This group is challenged to redefine how Ohio deals with transportation needs by looking at every aspect of how people and freight move in the state. The task force will hold public hearings around the state and release a report in the fall. The report is expected to cover both recommended system changes and how to pay for improvements in roads, rail, transit, water and air systems.

Association News

Calendar of Events



TDA Drive-in – Wednesday, May 14th in Madison.

Visit the TDA website, www.tdawisconsin.org, for event information and a registration form. .

WURTA Spring Legislative Day – May 21st at the Inn on the Park in Madison. Visit the WURTA site, www.wurta.com, for an agenda and registration form.

Among the speakers at the event will be Terry Anderson, Director of the Legislative Council. Mr. Anderson will be speaking about the Legislative Council that was recently formed to study Regional Transportation Authorities (RTA's) in Wisconsin. The Legislative Council on RTA's will work on reaching consensus and introducing legislation regarding RTA's in Wisconsin.

Senator Russ Decker and Wisconsin Alliance of Cities Executive Director, Ed Huck will also be addressing the group.

If you know of an upcoming event that would be of interest to TDA members, please forward information to the TDA office, general@tdawisconsin.org.

Save these Dates

- TDA Golf Outing – Thursday, August 21st
- TDA Transportation Symposium – Wednesday & Thursday, November 12th & 13th

Visit the events page on the TDA website, www.tdawisconsin.org, for event details and any future changes in the schedule.

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