



The Transportation Development Association of Wisconsin is a statewide nonprofit organization that advocates building and maintaining an efficient, reliable and interconnected transportation system that addresses our state's needs for safe mobility and economic growth.

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Joint Finance Backs RTAs, For Some

The legislature's Joint Finance Committee after hours of deliberation approved the creation of three Regional Transit Authorities (RTAs): one for Milwaukee County, one for Dane County and one for commuter rail in the Southeastern Wisconsin counties of Kenosha, Racine and Milwaukee. The details of the three RTAs are as follows:

Milwaukee County

- Delete the governor's recommendations related to the Southeast Regional Transit Authority.
- Create a Milwaukee County RTA. The Authority would be run by a 5 member board appointed by Milwaukee County (two), the city of Milwaukee (two) and the governor (one).
- Provide the RTA the authority to impose up to 1.0% sales tax to be used to fund transit, parks, cultural and emergency medical

services in Milwaukee County.

- Require 15% of the revenues be paid to the city of Milwaukee each year.

Dane County RTA

- Create a Dane County RTA covering Madison's designated transportation planning corridor. The Authority would be run by a nine member board appointed by Dane County (two), the city of Madison (two), the governor (one), mayors of any city with 15,000 people (one each, currently Middleton, Fitchburg and Sun Prairie) and the Dane County Cities and Villages Association (one).
- Allow the Dane County RTA to impose up to a .05% sales tax for the purpose of supporting regional transit and commuter rail.

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Executive Perspective

By Craig Thompson, TDA Executive Director

Fix Transit Funding Fast

The increasingly intense debate about how we fund transit here in Wisconsin strikes me as a good news-bad news situation. It's good that people are talking about what is clearly a very serious problem – when it comes to effective and efficient transit funding, Wisconsin has lagged behind much of the rest of the country for decades.

But the news will be bad indeed if the rising noise level on this subject doesn't yield some true understanding of why the transit funding policy we have in place now so urgently needs to be overhauled.

Lawmakers in most other states figured out years ago that regions need to be able to make decisions on which public transportation services are most beneficial to the people and businesses in that region. Yet Wisconsin still operates with a one-size-fits-all framework dictated from Madison. And it becomes more apparent each week that this doesn't work for much of the state because regional economies are not passed in a piece of legislation or dictated for the convenience of arbitrary political boundaries. They simply occur. We would do well to allow the people and businesses in those regions to decide not only what type of public transportation would be best for them but also agree on how much they want to pay for it. There is a growing consensus among the public and decision makers that we need to act on a regional basis. That's good news.

On the flip side, though, the gas tax and the property tax are horrible funding streams for the future of our state's transportation systems. The property tax here is already extremely high because too many services are funded by it. It is also no longer an accurate indication of

wealth; according to the Wisconsin Department of Revenue, Wisconsin's property tax has shifted from a progressive tax to a regressive tax.

The gas tax, as well, finances far too many programs and services in Wisconsin, which is one of the reasons why it is so high. And this, too, is misleading because Wisconsinites who are familiar with the state's higher-than-average gas tax are usually not nearly as tuned in to the fact that Wisconsin ranks 32nd in the country – and lowest in the Midwest – when it comes to the collection of all taxes and fees for transportation.

Perhaps the greatest opportunity for good news in this debate lies in the chance it gives us to go beyond arguing about how to pay for transit and turn our attention to the benefits of transit, instead. And this is a great time to do exactly that because, in recognition of transit's many contributions to Wisconsin's economy, environment and quality of life, TDA has worked with Governor Jim Doyle to proclaim May 18-24 as Wisconsin Transit Week. There will be efforts going on throughout the state the week to focus the conversation more squarely on how important transit is to our state's success. Thanks to all the people and groups that are helping with this effort.



TDA Fly-in a Success

On April 21st-22nd, more than 60 Transportation Development Association members and other Wisconsin transportation stakeholders visited Washington, D.C., for the 19th Annual TDA Fly-in. During the event, participants heard from key federal transportation policy makers and national transportation advocates, attended office meetings with members of the Wisconsin congressional delegation, and networked with colleagues.

On Tuesday, April 21st, the Fly-in program included presentations by four prominent speakers. Addressing the event's first session were: Kathy Ruffalo, president of Ruffalo & Associates and member of the National Surface Transportation Infrastructure Financing Commission; Rob Padgette, Director of Policy Development & Research for the American Public Transportation Association (APTA); Shayne Gill, Aviation, Passenger Rail & Public Transportation Program Manager for the American Association of State Highway and Transportation Officials (AASHTO) and Pete Ruane, president and CEO of American Road & Transportation Builders Association (ARTBA).

Kathy Ruffalo began the first day's session with perspectives on the National Surface Transportation Infrastructure Financing Commission (Financing Commission). She addressed the condition of the Highway Trust Fund (HTF), the workings of the Financing Commission and finally the commission's recommendations. Ruffalo was emphatic that the U.S. has a transportation funding crisis

not a financing crisis. There is no innovative financing plan that will save transportation, as any financing plan will eventually have to be paid back with cash. In the short term, the gas tax is the best way to generate revenue according to Ruffalo and the commission. By 2020, the Financing Commission recommends a completed transition to a Vehicle Miles Travelled fee.



Rob Padgette from APTA gave an overview of public transportation including the benefits and current ridership trends. He went on to layout APTA's principles for the next surface transportation authorization. APTA looks to Congress to propose a bold vision for public transportation with more than double the funding of SAFETEA-LU. Padgette also reviewed public transportation funding in the in the American Recovery and Reinvestment Act of 2009 (ARRA).

Aviation authorization and passenger rail was covered by Shayne Gill of AASHTO. AASHTO is promoting the following principles for aviation authorization: a multi-year (5years) authorization to allow airports to plan, an increase in the passenger facility charge (PFC) to \$7.50, removal of the cap on the number of block grant states and continuation of the Essential Air Service program. Gill then reviewed passenger rail funding options, including the money for high-speed rail included in ARRA, and AASHTO's authorization proposal for intercity passenger rail.

Pete Ruane of the American Road & Transportation Builders Association (ARTBA), a

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TDA favorite who has graciously addressed TDA members at almost every Fly-in, rounded out the day's speakers. Ruane gave his perspectives on the upcoming authorization and warned TDA participants not to underestimate the amount of work that will be necessary to secure an appropriately funded surface transportation authorization.

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, Senator Russ Feingold, Representative Tom Petri and Paul Carver from Representative Dave Obey's office addressed Fly-in participants and answered questions at the Wednesday morning session.

Matters discussed with lawmakers at the afternoon office visits included: the next surface transportation authorization and the need for robust investment, the health of the HTF, the aviation reauthorization and ensuring sufficient funds to maintain a safe and efficient system of air travel, passenger and freight rail and funding for improvements on the Upper Mississippi River-Illinois Waterway and reconstruction of the Soo Locks.

The 2009 TDA Fly-in background and issue papers are available at the TDA website, www.tdawisconsin.org.



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Gas Tax Increase Worthy of Consideration

While Governor Doyle still prefers the tax on oil companies to increase transportation revenue, he states a three-cent increase in the gas tax as an alternative is worthy of consideration.

Doyle has long supported a plan to tax oil companies and prohibit them from passing the tax on to consumers. However, critics believe this provision violates the U.S. Constitution's protections of interstate commerce.

Some business groups have put forward an alternative funding plan in order to avoid the oil company tax's potential legal challenges. The plan over two years would raise:

- \$170 million from the gas tax
- \$61 million by increasing the fee for car titles to \$78 from \$53
- \$15 million by putting a \$50 annual surcharge on hybrid vehicles
- \$42 million from the environmental cleanup fund

Related Media Coverage

[Wisconsin State Journal April 20, 2009](http://www.madison.com/wsj/mad/latest/447842) – “Doyle would consider gasoline tax hike instead of tax on oil tax” <http://www.madison.com/wsj/mad/latest/447842>

[Milwaukee Journal Sentinel April 22, 2009](http://www.jsonline.com/news/statepolitics/43498722.html) – “Doyle says raising gas tax ‘worthy of consideration’” <http://www.jsonline.com/news/statepolitics/43498722.html>

[Milwaukee Journal Sentinel April 7 Editorial](http://www.jsonline.com/news/opinion/42555242.html) – “Thinking long term: Trying to Tax Big Oil won't work. A better bet to provide needed funding for roads is a small hike in the gas tax – for now – and then rethinking road financing entirely.” <http://www.jsonline.com/news/opinion/42555242.html>

Stimulus Projects Coming in Lower than Expected

Competition is helping to drive down the cost of stimulus projects allowing states to do more projects and create more jobs. A survey by the American Association of State Highway and Transportation Officials (AASHTO) found that states are reporting bids coming in between 5% and 27% below estimates.

In Wisconsin, the first round of bids for road projects funded with federal stimulus funds came in \$9 million (7%) under estimates. “There was good competition among contractors to compete for this work and bring in low bids,” said Governor Doyle in a statement. “That’s a good deal for taxpayers and provides the opportunity for additional projects to benefit from the federal funding.”

Any savings must be used for additional transportation projects. In a letter, U.S. Transportation Secretary Ray LaHood warned state governors and transportation officials against diverting any of the federal stimulus funds saved through lower-than-expected project costs away from transportation projects. In the letter Secretary LaHood stated, “President Obama’s policy is that all savings will be reinvested in eligible projects, and only in those projects. This was also the clear intent of Congress when it approved the Recovery Act.”

The savings trend may not continue as additional work is put out to bid and will largely depend on the cost of materials, which can fluctuate quickly.

Tax Collections Down, Deficit Grows

Wisconsin's general fund deficit, currently pegged at over \$5 billion, is growing. However, no one is sure at this time how much the recession and lowered tax collections will add to this figure. Some estimate that the deficit may actually be closer to \$6-\$7 billion. While everyone appears to believe the deficit is going to get much worse, a revised deficit figure is unlikely to be released until the tax collection totals for the ten month period of July through April are finalized later this month.

Any increase in the deficit is, of course, only going to make a difficult budget more challenging.

Revised Transportation Trust Fund Revenues

The economy is also impacting the condition of the transportation fund. The Legislative Fiscal Bureau (LFB) has released a paper revising estimated transportation fund revenues and expenditures through 2011. Key findings in the paper include:

- Fuel tax collection in 2009 and 2010 are estimated to be lower than previously projected due to lower fuel consumption numbers resulting from the lower forecasted improvements in Wisconsin disposable income and the Industrial Production Index.
- Vehicle registration fees and the proposed

oil profits tax are also estimated to be less than the amounts included in the governor's budget.

- Declining revenue since the 2008-09 budget adjustment act has led to an estimated \$8.9 million deficit at the end of the current biennium. The Wisconsin Department of Transportation has given its operating divisions targets for appropriation lapses that would be sufficient to eliminate this deficit.
- Current revenue and expense estimates result in a balance in the trust fund at the end of the 2009-11 biennium which is almost \$25 million less than the amount estimated by the administration at the time the governor's budget was introduced.
- Without fee and tax increases (98% attributable to the oil company profits tax), net transportation fund revenues will fall by 1.1% in 2010 and another .3% in 2011.

Visit http://www.legis.state.wi.us/lfb/Misc/2009_04_28_DOT%20Condition.pdf to view the LFB memo.

Hutchinson Proposes to Allow States to Opt Out

Senator Kay Bailey Hutchinson, ranking minority member of the Senate Commerce, Science and Transportation Committee, proposed legislation recently to allow states to opt out of the federal highway program and retain 100% of gas tax dollars collected within their borders.

"The existing funding formula is no longer serving the best interest of each state or American motorists, said Kay Bailey Hutchinson, R-TX. The bill is co-sponsored by Senators Mel Martinez, R-FL; John Cornyn, R-TX and Jon Kyl,

R-AZ. A companion bill was introduced in the House by Jeff Flake, R-AZ.

Senator Hutchinson acknowledges that the bill is unlikely to gain any real traction, but Democrats in large donor states like Florida and Ohio may give it a look. The bill does, however, bring attention to the long-time friction between donor and donee states. Regional and partisan differences are likely to become more heated as work on the surface transportation authorization continues.

President Puts Forth High-Speed Rail Plan

President Obama has been very clear in his support of high-speed rail. He recently released a strategic plan for high-speed rail and gave details about how the administration will distribute \$8 billion in intercity passenger rail funding included in the economic stimulus bill and the additional \$1 billion per year for five years requested in the president's budget.

The plan establishes three tracks for high-speed rail: "ready to go" individual projects, corridor development and state corridor planning efforts. In addition, the plan identifies the following ten high-speed corridors as potential recipients for federal funding:

- California Corridor (Bay Area, Sacramento, Los Angeles, San Diego)
- Pacific Northwest Corridor (Eugene, Portland, Tacoma, Seattle, Vancouver BC)
- South Central Corridor (Tulsa, Oklahoma City, Dallas/Fort Worth, Austin, San Antonio, Little Rock)
- Gulf Coast Corridor (Houston, New Orleans, , Mobile, Birmingham, Atlanta)
- Chicago Hub Network (Chicago, Milwaukee, Twin Cities, St. Louis, Kansas City, Detroit, Toledo, Cleveland, Columbus, Cincinnati, Indianapolis, Louisville)
- Florida Corridor (Orlando, Tampa, Miami)
- Southeast Corridor (Washington, Richmond, Raleigh, Charlotte, Atlanta, Macon, Columbia, Savannah, Jacksonville)
- Keystone Corridor (Philadelphia, Harrisburg, Pittsburgh)
- Empire Corridor (New York City, Albany, Buffalo)
- Northern New England Corridor (Boston, Montreal, Portland, Springfield, New Haven, Albany)

Competition for federal funding is expected to be fierce. Governor Doyle and other top Midwestern officials have already sent a letter to U.S. Transportation Secretary Ray LaHood

touting the benefits of high-speed rail in the Midwest. The group seeks \$3.5 billion in federal stimulus money (or 43% of the total) for high-speed rail in the region. Last month, Doyle applied for the full \$519 million cost of a 110-mph passenger rail line between Madison and Milwaukee.

The administration acknowledges the amount they have designation for high-speed rail to date, \$13 billion, is simply a down payment. Additional dedicated funding for long-term planning and high-speed rail development will be necessary in the next surface transportation authorization.

Oberstar Suggests Rapid Transition to VMT

Representative James Oberstar, D-MN and chairman of the House Transportation and Infrastructure Committee surprised many at a recent hearing by suggesting the U.S. switch within two years to a vehicle miles traveled user fee (VMT) as the primary revenue source for the Highway Trust Fund. This stance puts Oberstar at odds with the Obama administration. In February, White House Press Secretary Robert Gibbs told reporters that a VMT charge "is not and will not be the policy of the Obama administration." Oberstar quickly rebuked Gibbs's statement.

Many transportation experts have recommended a transition from the gas tax to a VMT charge, including the two congressional commissions created by SAFETEA-LU, the National Surface Transportation Policy and Revenue Study Commission (Policy Commission) and the National Surface Transportation Infrastructure Financing Commission (Financing Commission). However few experts have proposed such a short time line. The Financing Commission recommends a completed transition to a VMT fee by 2020.

AASHTO / APTA “Bottom Line” Report

The American Association of State Highway and Transportation Officials (AASHTO) and the American Public Transportation Association (APTA) have released a “Bottom Line” report outlining needed transportation investment and expected benefits for the investment.

The report includes the finding that by 2015 all levels of government will need to more than double their spending on highways and bridges to keep up with increased traffic, freight congestion, the demands of aging highways and bridges and the growth of the nation’s population. Transit investment will need to quadruple in order to service expected increased ridership. For the increased investment, Americans can expect smoother roads, less congestion, expanded transit services and reduced vehicle owner costs – estimated at more than \$400 per car each year.

“The economic analysis used to develop this report clearly show that the benefits of the investment will exceed the costs,” said John Horsley, AASHTO executive director.

The report was presented to House Transportation and Infrastructure Committee Chairman James Oberstar at a press conference in Rayburn House Office Building.

Visit <http://bottomline.transportation.org/> to view the entire report.

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- Require a non-binding referendum on whether or not the RTA should impose the sales tax.

KRM Commuter Rail Authority

- Create a KRM Authority with power limited to the creation, construction and operation of the KRM commuter rail line. The Authority would be run by a nine member board with members appointed by the governor (one), the city of Kenosha (one), Kenosha County (one), Racine County (one), the city of Racine (one), city of Milwaukee (two) and Milwaukee County (two).
- Provide the KRM board the authority to impose up to a \$16 per transaction vehicle rental fee in the three counties, indexed to inflation and rounded to the next highest quarter dollar.
- Provide authority for the KRM board to issue up to \$50 million in bonds.
- Require the Authority to submit an application to the Federal Transit Administration for the KRM commuter rail line to enter the preliminary engineering phase of the federal new starts grant program no later than one year after the effective date of the bill.

The committee rejected creating a Fox Valley Regional Transit Authority and did not vote to allow new RTAs in other areas of the state.

The RTA provisions will not be final until passed by the legislature and signed into law by the governor.

Transportation in the News

Stimulus Stories

Governor Doyle Announces Stimulus for Local Transit – Governor Doyle has recommended \$34.5 million in federal stimulus funds to be spent on transit projects statewide. The recommendation includes a list for small urban transit systems (\$23.1 million) and a list of rural projects (\$11.3 million).

For the small urban transit systems – cities with populations between 50,000 and 200,000 – the next step is for each city to work with the Federal Transit Administration to submit its application and have its project certified by the U.S. DOT.

Projects for the non-urbanized transit systems were approved by the state legislature's Joint Committee on Finance. The state Department of Transportation will submit funding applications on their behalf to the federal government.

Stimulus Grants to focus on Intermodalism – A new Department of Transportation (DOT) competitive grant program created by the economic stimulus package will likely focus on ports and intermodal projects. At an April 28th hearing, U.S. DOT Secretary Ray LaHood told the House Transportation Committee that the \$1.5 billion in grants should be used on projects that would otherwise remain unfunded, probably not highways, transit, aviation or high-speed rail all of which received large amounts of dedicated spending. The criteria for awarding the grants must be published by May 18th, and grant applications must be received within 90 days of DOT's May 18th deadline. DOT must award the grants within one year of the bill's enactment. Priority will be given to projects that can be completed within three years.

Soo Locks Denied Stimulus Funds – The U.S. Army Corps of Engineers recently announced that it will not spend stimulus funds to build a \$500 million boat lock on the eastern edge of Lake Superior. The Soo Locks, located in Sault Ste. Marie, Michigan, consist of four separate locks that raise and lower ships by 21 feet,

providing the only connection between Lake Superior and Lake Huron. Of these four locks, only one, the Poe Lock, can accommodate 1,000+ foot cargo vessels. Of the three remaining locks, one, the Davis Lock is out-of-date and rarely used; another, the Sabin Lock is closed all together. The U.S. Army Corps of Engineer's plan has long been to replace the smaller and antiquated Davis and Sabin Locks with one newer, larger lock similar to the Poe Lock to provide system redundancy. One of the reasons this project may have been passed over for stimulus funding is the expected length of the project – 10 years. The Corps favored projects that could be completed more quickly.

In 2007, Congress agreed the federal government would fully fund the project. However, no significant federal funding has been forth coming. TDA continues to advocate for federal funding for the Soo Locks.

Other

Gas Prices only to Rise Slightly – The U.S. Energy Information Administration predicts that gas prices will average \$2.23 per gallon during this year's peak driving season. This represents a 9% increase over the current national average of \$2.05 per gallon but considerable lower than last summer's \$3.81 average. The sluggish economy is leading to these relatively low prices.

"The absence of a meaningful spring rally in fuel prices by this time of year is excellent news for consumers starting to plan summer road trips, said Geoff Sundstrom, AAA spokesman.

Traffic Fatality at Record Low – The number of Americans killed in traffic accidents last year dropped to 37, 313 – the lowest level in almost half a century. Wisconsin 2008 traffic fatalities closely followed the national trend. The 589 people who died in Wisconsin traffic crashes in 2008 represents the lowest traffic fatality total in the state since World War II. Preliminary data shows traffic fatalities dropped about 20%

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Association Notes

Calendar of Events

TDA Drive-in – May 13th at the Madison Club.

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 – July 30th
- TDA Annual Meeting – October 1st

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

Interesting News Coverage

Dallas Morning News May 1, 2009 (also national syndication) – “The Chevy Volt is not ready to roll” http://www.dallasnews.com/sharedcontent/dws/dn/opinion/viewpoints/stories/DN-lane_03edi.State.Edition1.19352ae.html

Washington Post April 30, 2009 – “Tracking How Stimulus Dollars Are Tracked” <http://www.washingtonpost.com/wp-dyn/content/article/2009/04/29/AR2009042904153.html>

Milwaukee Journal Sentinel April 21, 2009 – “Science education group retools” <http://www.jsonline.com/business/43319457.html>

Wisconsin Radio Network April 13, 2009 – “Midwest governors all aboard for high speed rail” <http://www.wrn.com/gestalt/go.cfm?objectid=A18259DA-5056-B82A-372C29B798D3A24D>

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in Wisconsin last year, compared to the 737 people who died in 2007. Nationally, high gas prices and the weak economy led Americans to drive 3.6% fewer miles in 2008. This decline in driving is one of the factors leading to the drop in fatalities. Other factors contributing to the drop in Wisconsin include drivers heeding the message to buckle-up and drive responsibly, unusually severe winter and spring weather and stepped-up law enforcement efforts.

Illinois Airport Privatization a No Go – The first-of-its-kind deal to privatize Midway Airport fizzled amid the global credit crisis. The Midway Investment and Development Co. walked away from the deal informing the city it would not be able to raise the necessary money. The city hopes the plan to privatize the airport can be resurrected once the capital markets fully recover. The city will keep in \$126 earnest money paid by the potential investors.

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