



# Regions Respond

Ohio Transportation Leadership Summit

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# Agenda

Thanks to MORPC

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- Premise
- Future Trends
- Timeline
- Regions Respond
- 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



# 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

# More? Or better managed?

	Highway	Rail			Transit Rail		Navigable waterways
		Class I	Amtrak	Commuter rail	Heavy rail	Light rail	
2001	3,948,335	97,817	23,000	5,209	1,572	897	26,000
2002	3,966,485	100,125	23,000	6,831	1,572	960	26,000
2003	3,974,107	99,126	22,675	6,809	1,597	996	26,000
2004	3,981,512	97,662	22,256	6,875	1,596	1,187	26,000
2005	3,995,635	95,830	22,007	U	U	U	U



# Freeway Congestion

Table 2. Components of the Congestion Problem, 2005 Urban Area Totals

Urban Area	Travel Delay		Excess Fuel Consumed		Congestion Cost	
	(1000 Hours)	Rank	(1000 Gallons)	Rank	(\$ Million)	Rank
<b>Very Large Average (14 areas)</b>	169,278		120,127		3,205	
Los Angeles-LBch-Santa Ana, CA	490,552	1	383,674	1	9,325	1
New York-Newark, NY-NJ-CT	384,048	2	241,976	2	7,383	2
Chicago, IL-IN	202,835	3	141,612	3	3,968	3
Dallas-Fort Worth-Arlington, TX	152,129	4	106,207	4	2,747	4
Miami, FL	150,146	5	105,181	5	2,730	5
Atlanta, GA	132,296	6	96,066	7	2,581	6
San Francisco-Oakland, CA	129,919	7	100,525	6	2,414	7
Washington, DC-VA-MD	127,394	8	90,861	9	2,331	8
Houston, TX	124,131	9	92,559	8	2,225	9
Detroit, MI	115,547	10	76,062	10	2,174	10
Philadelphia, PA-NJ-DE-MD	111,704	11	70,902	12	2,076	11
Boston, MA-NH-RI	93,374	12	62,521	13	1,820	12
Phoenix, AZ	81,727	14	58,922	14	1,687	14
Seattle, WA	74,098	15	54,707	15	1,413	15
<b>Large Average (25 areas)</b>	33,809		23,366		628	
San Diego, CA	90,711	13	71,123	11	1,708	13
Denver-Aurora, CO	64,997	16	42,519	16	1,176	16

# Airports

- Over 3000 public airports

Table 1: Distribution of Activity (2002)

<i>Number Airports</i>	<i>Airport Type</i>	<i>Percentage of All Enplanements</i>	<i>Percentage of All Based Aircraft <sup>†</sup></i>
31	Large Hub Primary	69.4	1.4
37	Medium Hub Primary	19.7	2.9
68	Small Hub Primary	7.6	4.5
247	Non Hub Primary	3.1	11.6
127	Non-Primary Commercial Service	0.1	2.1
278	Relievers	0.0	28.7
2,556	General Aviation	0.0	39.6
3,344	Existing NPIAS Airports	99.9	90.8
16,232	Low Activity Landing Areas (Non-NPIAS)	0.1	9.2

<sup>†</sup> Based on active aircraft fleet of 211,244 aircraft in 2002.

# Airports

Top 5 U.S. Airports, ranked by 2007 System\* Scheduled Enplanements

Passenger numbers in millions (000,000)

2007 Rank	Airport	2007 Enplaned Passengers	2006 Rank	2006 Enplaned Passengers	Pct. Change 2006-2007
1	Atlanta	42.572	1	40.669	4.7
2	Chicago O'Hare	34.127	2	34.444	-0.9
3	Dallas-Ft. Worth	28.014	3	28.168	-0.5
4	Los Angeles	23.809	4	23.103	3.1
5	Denver	23.708	5	22.440	5.6



# Top Port Totals

(over 200 ports in US)

	Total	
	Calls	000 dwt
Los Angeles/Long Beach	5,426	243,752
New Orleans, LA <sup>1</sup>	5,650	237,505
Houston, TX	6,327	215,467
New York, NY	4,817	188,006
San Francisco, CA <sup>1</sup>	3,676	165,601
Philadelphia, PA	3,240	132,469
Hampton Roads, VA <sup>1</sup>	2,660	111,365
Beaumont, TX	1,268	86,392
Corpus Christi, TX	1,455	84,893
Charleston, SC	2,234	82,167
LOOP Terminal, LA	307	79,650
Columbia River, WA <sup>1</sup>	2,219	77,896

# 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

# 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



## 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?

# Future Trends Asia

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

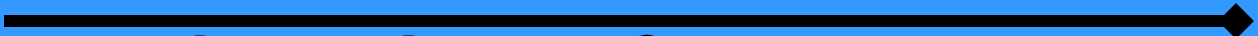


# Future Trends: Freight



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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



# 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 ship with the largest declared capacity is the 11,000 TEU *Emma Mærsk*.  
Bigger ships under construction

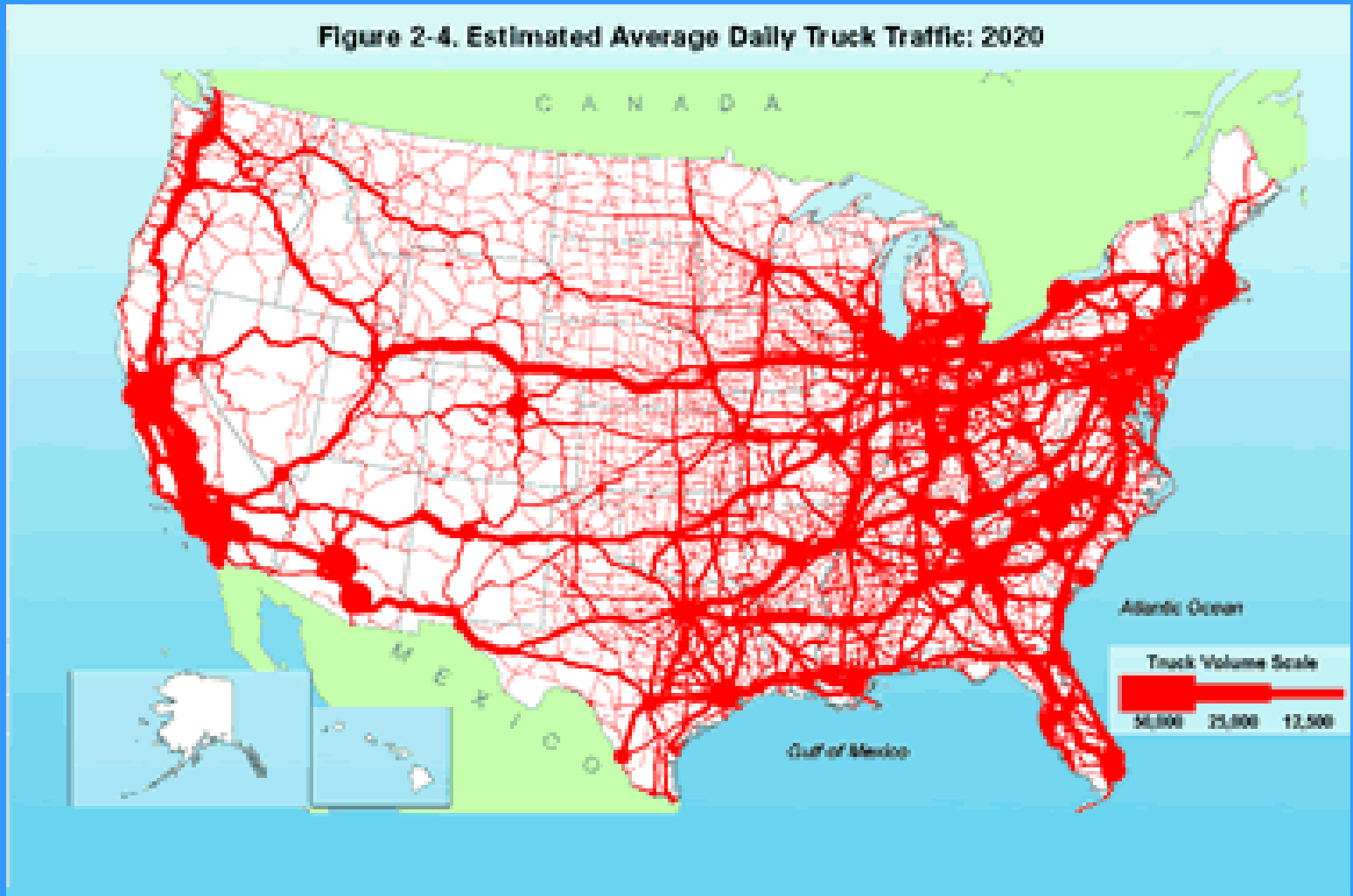
# Expansion

- 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!



# The Tie That Binds

Freight and Economic Competitiveness ARE national priorities.





# 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?

# 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?



# Regions Respond

- Traditional decision making not working
- Lack of leadership and vision
- Transportation, infrastructure, other issues are both vertical and horizontal – regions can align needs



# Regions Respond

- Creating their own taxing structures
  - San Diego, Phoenix, others...
- Integrating modes
  - Investing more in transit, freight
  - Planning more in aviation, maritime
- Fiscally constrained
- Can help set priorities
  - Between state and locals
  - Among locals



# Regions Respond

- Creating new initiatives
  - Climate change
  - Energy
- Understanding cross-links
  - Housing, workforce, economic development and transportation



# NARC Outreach and Positions

- Multiple regional meetings
  - Including OH
- Spectrum of ideas
  - Devolution – stronger federal program
- **Innovation – Empowerment - Streamlining**
- Consensus on:
  - Limited but focused federal role
    - National projects
    - Limited federal funding
    - Intermodal agency
      - Promoting diffusion of resources among modes and lessening the need for competition
    - Promoting economic competitiveness and security
    - Setting standards
    - Research and data collection
  - 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
    - USDA, DOD, DOT, etc....
- 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!
- Join A NARC Campaign – become a member – be active!

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