



Critical Commerce Corridors:

A New Vision & Mission
for the Federal Surface
Transportation Program

vision





Major National Challenges

Think how our **national surface transportation program** can either **help... or hurt... our ability as a nation to meet existing and looming major challenges**:

- **U.S. economic competitiveness** in world markets (which impacts the price Americans pay for every good and service)
- **Global warming** and air quality
- **Controlling health care costs** (motor vehicle crashes largest cause of death and permanent disabling injuries to U.S. children and teens/\$230B+ annual health care toll)
- **Energy** dependence
- **Homeland security, defense and emergency response**



Ready to Meet Future Needs?

The federal government finances **almost half** of all U.S. **capital investments** in highway and bridge construction and is a major financier of mass transit and airport projects... BUT

... By any performance metric, the current federal investment in transportation infrastructure is **woefully under funded** to meet current OR future **national** safety, mobility, security and environmental needs... or even maintain current conditions.



The Competitive Challenge

CHINA

- **“National Transportation Highway System”**: \$150B investment
 - 1989: 168 miles of expressway
 - 2001: 10,000 miles of expressway
 - 2005: 25,480 miles of expressway
- 12/04 announcement: **“7918 Highway Network” expansion to NTHS**
 - Goal: 52,000 expressway miles by 2020, connect all cities with population over 200,000
- **China highway investment in 2001: 2.5% of GDP** (0.3% average through 1980s)
- **US highway investment: 0.65% of GDP**



The Competitive Challenge

INDIA

- **National Highway Development Project: \$50B investment**
 - Improve 40,000 miles of expressway
 - 1999: Enacted national gas & diesel tax; created Central Road Fund trust fund

EUROPEAN UNION

- **"30 Priority Axes"**: 2005 European Commission identified 30 critical transnational multi-modal transportation improvement projects
 - \$300B investment from EU and member states
 - More than 1/3 of projects ALREADY UNDERWAY
- **TEN-T Plan**: By 2020 expanding existing road network by 2,976 miles, rail by 7,750 miles + substantial additional highway, rail and inland waterway improvements



The Competitive Challenge

Our future economy and quality of life depends on a safe and efficient U.S. surface transportation network.

Where is the U.S. Plan?

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The Federal Surface Transportation Program

Meeting **national** needs means allowing a **federal role** that uses **federal** funds collected from the citizenry as necessary to meet **national** goals and strategic objectives.

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The Federal Surface Transportation Program

The Interstate Highway System would never have been built if each state alone had to pay for the segments running through it.

Implementing the IHS “vision” required a 50-state partnership with buy-in to strong federal leadership, coordination and financing.



The Federal Surface Transportation Program

“Business as usual” will not cut it!

**It’s past time for a new federal
surface transportation
vision... mission... and model!**



A New Vision

ARTBA Envisions a New Federal Program Structure Post-2009...

- A significantly better funded & streamlined “Core Program”—highways and transit...

AND

- A new, separately funded major 25-year federal initiative to enhance the secure and efficient movement of freight as a national priority—The “Critical Commerce Corridors” (3C) Program.



A New Vision

A Two-pronged Agenda for 2009 SAFETEA-LU Reauthorization...



A New Vision

First... Boost Existing "Core Program" Highway/Transit Investments

A major federal motor fuels excise increase no later than October 2009 to meet **existing** system needs

- **At minimum, 10 cents per gallon...** indexed annually for inflation... to keep pace with construction material price increases and maintain current physical conditions and performance levels... also addressing post-2009 funding shortfall/program cut



A New Vision: The “Critical Commerce Corridors” Program

Second... Authorize a “Critical Commerce Corridors” (3C) Program

- **National Priority Program** led by federal government to develop system to ensure **secure/efficient movement of freight**
- **Separate user fee financing mechanism**, “fire walled” from core HTF and solely dedicated to 3C
- **Complements** existing “Core” programs



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3C System Development:

“Put the Best Minds to the Task”

U.S. DOT to lead **fast-track** process involving **key private and public stakeholders and state partners** to create a **“strategic business plan”** for congressional review and approval that...

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A New Vision: The “Critical Commerce Corridors” Program

- **Utilizes a regional planning approach** coordinated to create a **seamless, multi-modal national system**
- **Identifies project components** of 3C System
- **Creates proposed strategic business plan** that **prioritizes project implementation**
- **Estimates project costs**
- **Recommends freight-related user fee mechanisms** to finance recommended 3C program



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What the 3C Might Include...

- Most—if not all—of the existing **Interstate Highway System** and a portion of the non-Interstate National Highway System
- **New Multi-Modal Trade Corridors**
- **New capacity separated “Truck Only” Lanes** allowing increased trucking productivity/vehicle mix safety



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What the 3C Might Include...

- **“Last mile”** military base, port, airport, inland waterway and rail connections
- **Tunneling and elevated road and rail ways** on existing right-of-way
- **International Gateways**
- **Multi-Modal freight transfer centers**
- **Integrated telecommunications corridors**



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What the 3C **Would** Include...

- Utilization of existing right-of-way to the greatest extent possible to **minimize environmental footprint**
- Using “**best-of-class**” environmental **protection/mitigation design & construction techniques**
- Application of **the world’s most advanced materials, communications & safety technologies**



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In short... the “Critical Commerce Corridors” System would be the world-recognized standard of surface transportation excellence for safety... efficiency... environmental sensitivity... structural design and construction... and high-tech management.



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3C Program Administration

- Projects administered by state DOTs
- **Suggested Eligible Use of 3C Funds**—Capacity Enhancements, Technology Implementation, Reconstruction, Managed and Truck-only Lanes
- Freight Rail/Telecommunications inclusion **contingent on** Rail/Telecom company/user **financial contribution to 3C System**



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3C System Financing

- U.S. DOT, w/relevant stakeholders, recommend **Freight-Based User Fee(s)** to finance costs identified for 3C System
- **Potential Fees might include (but not limited to)**— Bill of Lading Tax, Customs Fees, Mileage Tax, Freight Transaction Fee, Segregated Diesel Fuel Fee
- **Statutory “Budget Firewalls”** to separate 3C and “core program” HTF revenues



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3C Program Implementation

- Consider **transferring Freight-Based Components of existing “Core Highway Program”** to 3C System
- Some existing funding for these components might remain dedicated to remaining “Core Program” investment
- **Potential “hybrid” distribution of funds**—part formulaic (Apportioned Programs) and part Discretionary (Allocated Programs)



Existing Highway Program Structure

Major Formula Programs

- NHS
- STP
- Interstate Maintenance
- Bridge
- CMAQ
- HSIP
- Equity Bonus
- Border Infrastructure

Major Discretionary Programs

- Projects of National/Regional Significance
- Trade Corridors
- High Priority Projects
- Research



New Surface Transportation Program Structure

Potential 3C Components

Formula:

- Part of NHS
- Interstate Enhancement
- Border Infrastructure

Discretionary:

- Projects Reg/Nat'l Significance
- Trade Corridors

Other Identified Activities

New "Core" Program

Formula:

- Majority of NHS
- STP
- Interstate Maintenance
- Bridge
- CMAQ
- HSIP
- Equity Bonus

Discretionary:

- High Priority Projects
- Research

(+ Existing, Better Funded Transit Program)



Proposed 3C Implementation Schedule

October 2009 – March 2011

- USDOT Secretary convenes stakeholder meetings to develop 3C regional and national maps, business plan and project priority schedule.
- Concurrently, fast-tracked, major Interstate maintenance/bottleneck relief projects kicked off nationally under significantly better funded existing "Core Program."



Proposed 3C Implementation Schedule

April 1, 2011

- USDOT Secretary submits proposed 3C System regional and national maps and business plan to Congress for review and action.

September 30, 2011

- USDOT Secretary submits proposed 3C financing plan to Congress for review and action.



Proposed 3C Implementation Schedule

October 2011 – September 2012

- Congress considers and votes on 3C program structure and financing proposals (separately, or as one measure). Failure to meet statutory deadline for action (9/30/12) results in automatic withholding of federal funds for freight-related surface transportation infrastructure programs (i.e., Trade Corridors, Border Infrastructure, Projects of National & Regional Significance).



Proposed 3C Implementation Schedule

October 1, 2012

- Congress has enacted legislation authorizing 3C construction program and “business plan” with new freight-related user-related user fees to finance it.
- Funding for initial top-priority, “Tier 1” planning design and construction projects authorized under the “Critical Commerce Corridors” Program begins.



A New Vision: The “Critical Commerce Corridors” Program

Results of the ARTBA Vision:

- Two **Equal Priority Federal Programs**
- Two **Independent** Financing Structures
- One **Cohesive National Surface Transportation Strategy That Results in the **WORLD-STANDARD** System!**



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