



# 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?**



# 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.



# 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...

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## 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



# A New Vision: The “Critical Commerce Corridors” Program

## 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...



# 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



# A New Vision: The “Critical Commerce Corridors” Program

## 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



# A New Vision: The “Critical Commerce Corridors” Program

## 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**



# A New Vision: The “Critical Commerce Corridors” Program

## 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**



# A New Vision: The “Critical Commerce Corridors” Program

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.



# A New Vision: The “Critical Commerce Corridors” Program

## 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**



# A New Vision: The “Critical Commerce Corridors” Program

## 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



# A New Vision: The “Critical Commerce Corridors” Program

## 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!**