



TRANSPORTATION CONSTRUCTION MARKET AND LEGISLATIVE UPDATE

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ARTBA Director of Public Affairs

October 1, 2009

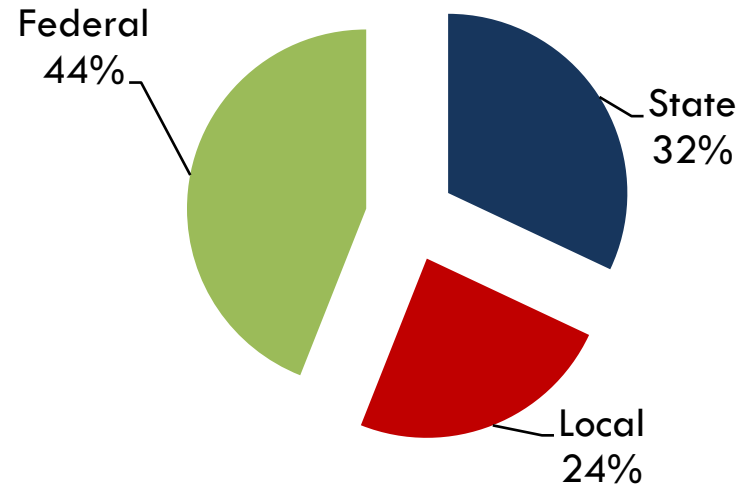
Presentation Overview

- **Federal Aid Highway Program & Funding**
- **American Recovery & Reinvestment Act**
- **Federal Highway/Transit Program Authorization**
- **National Market Overview**

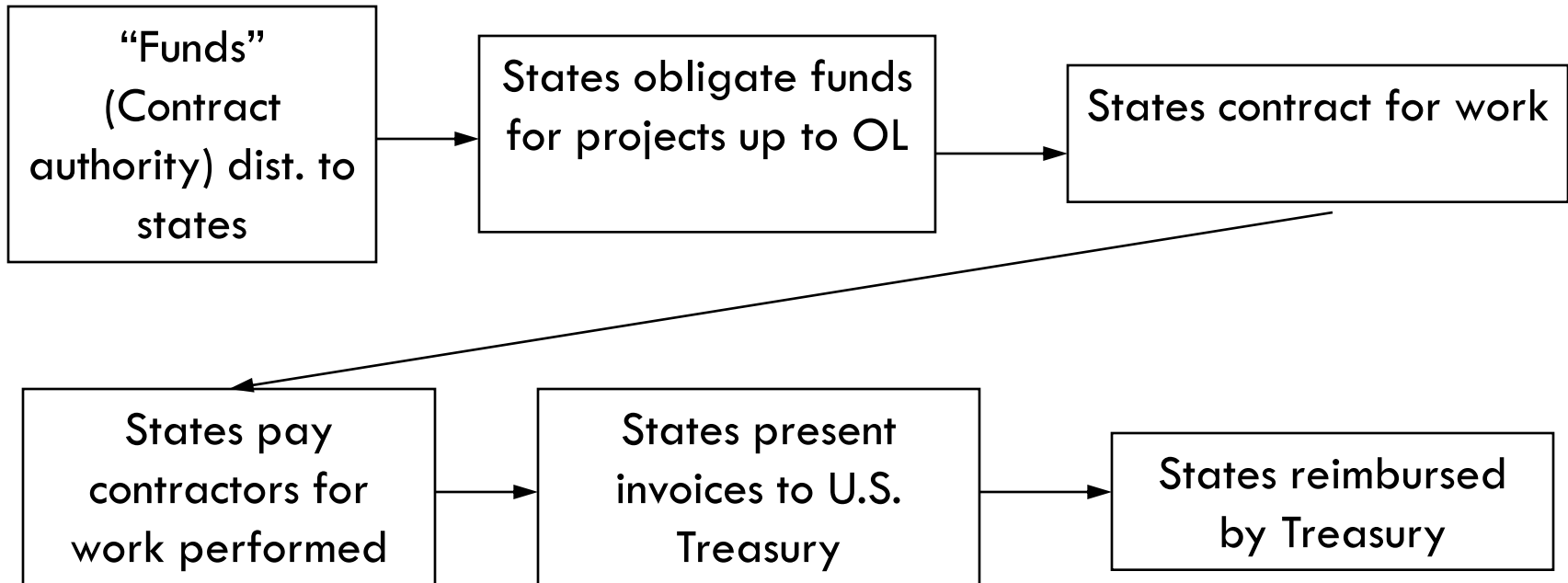
Highways & Bridges: A Shared Funding Responsibility

- Federal government – 1 million miles – Interstates, NHS, other primary roads
- State and local governments – 3 million miles – local and rural roads

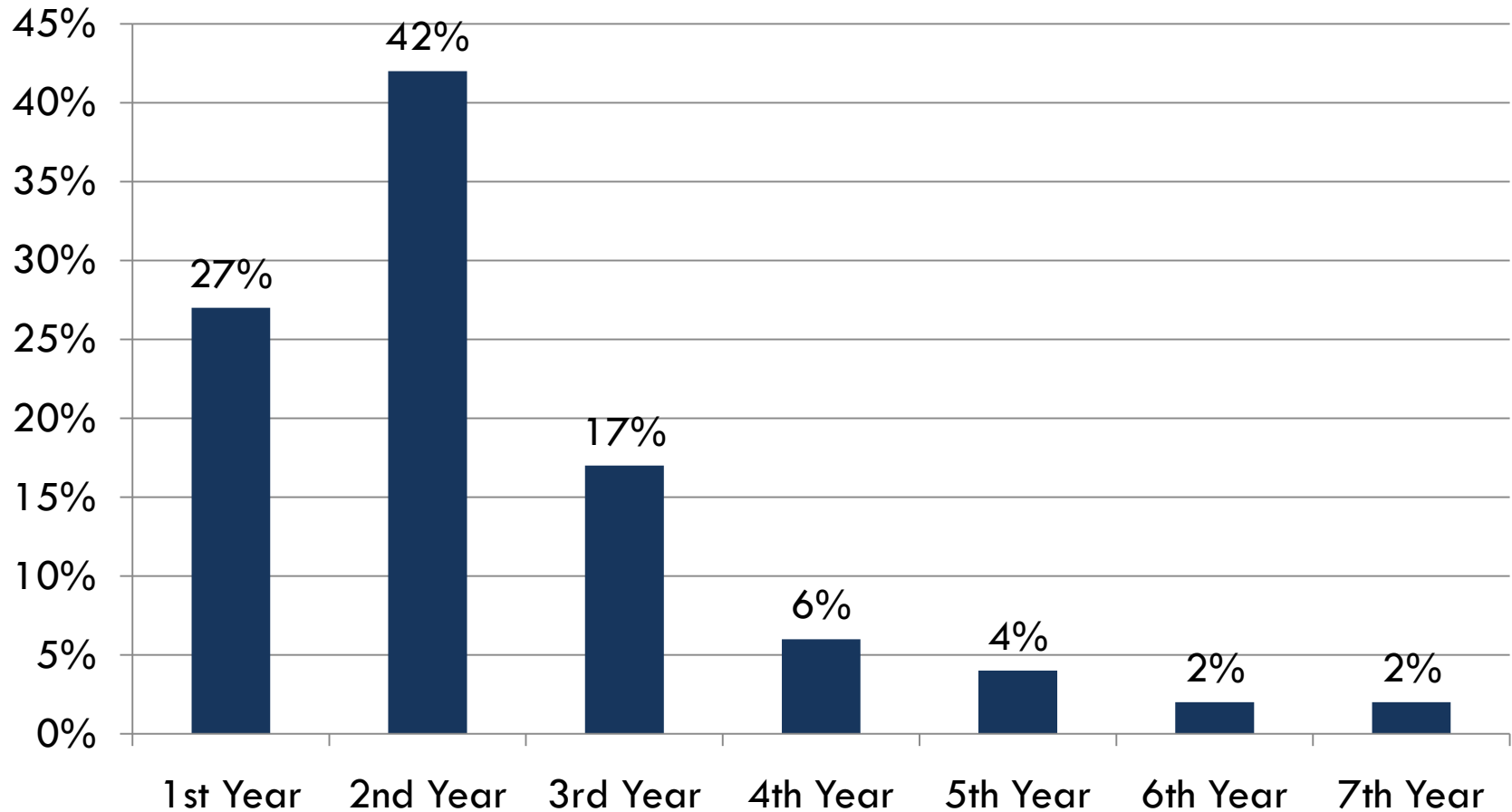
Sources of Highway
Capital Spending



The Federal Highway Program Spending Process



Spend Out Rate of Annual Federal Highway Appropriation (Budget Outlays)



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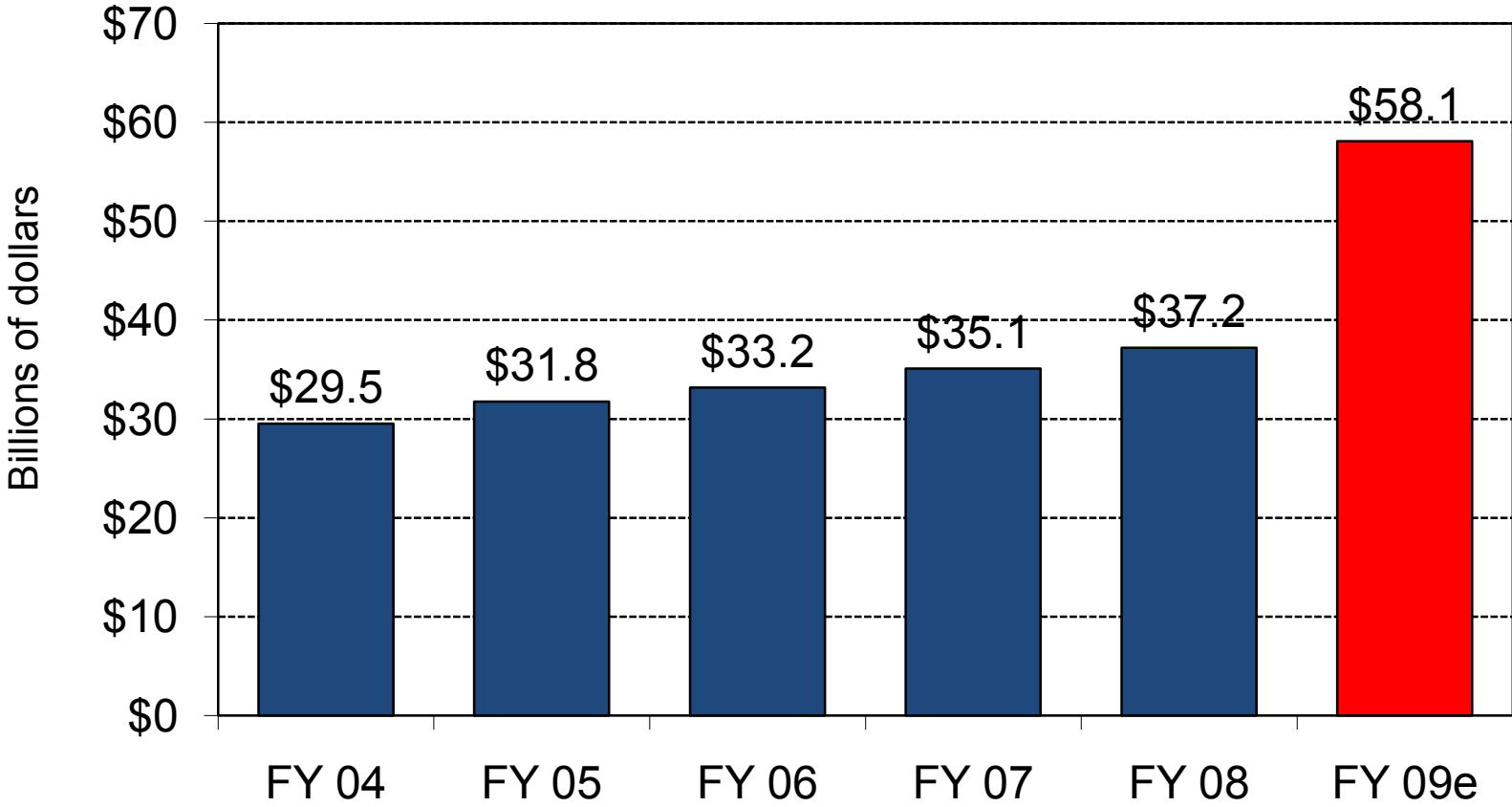
ARRA Funding and Obligations

American Recovery & Reinvestment Act

- **\$27.5 billion for highways** (until 9/30/10)
 - 67%, \$17.9 billion to State DOTs
 - 30%, \$8 billion to local governments
 - 3%, \$800 million for enhancements
 - 3%, \$840 set-asides
 - Wisconsin*:
 - \$530 million apportioned
 - \$357 million obl.-to-date
 - \$173 million un-obl.-to-date
 - \$54 million outlays-to-date

*(thru Sept)

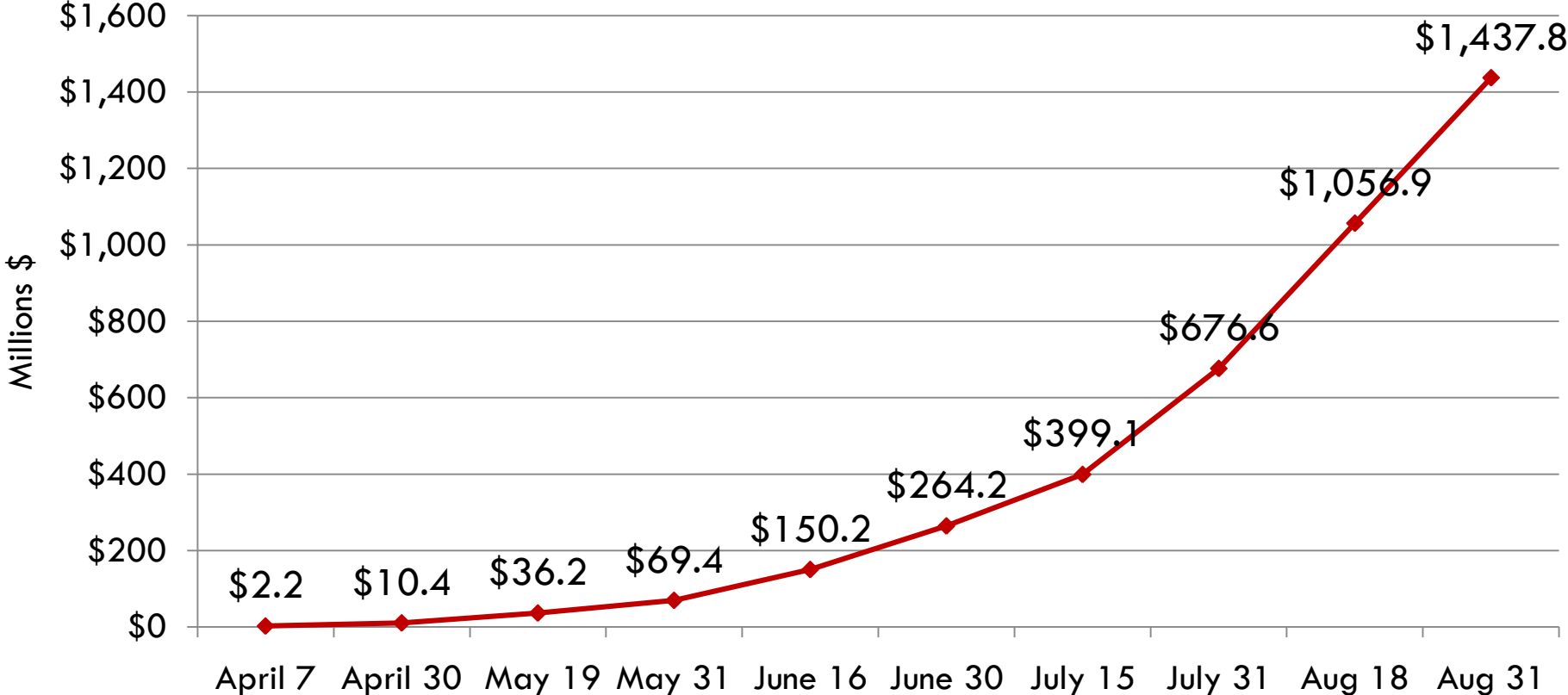
Obligation of Federal Highway Funds



Source: FHWA, U.S. Government Budget for FY 2010

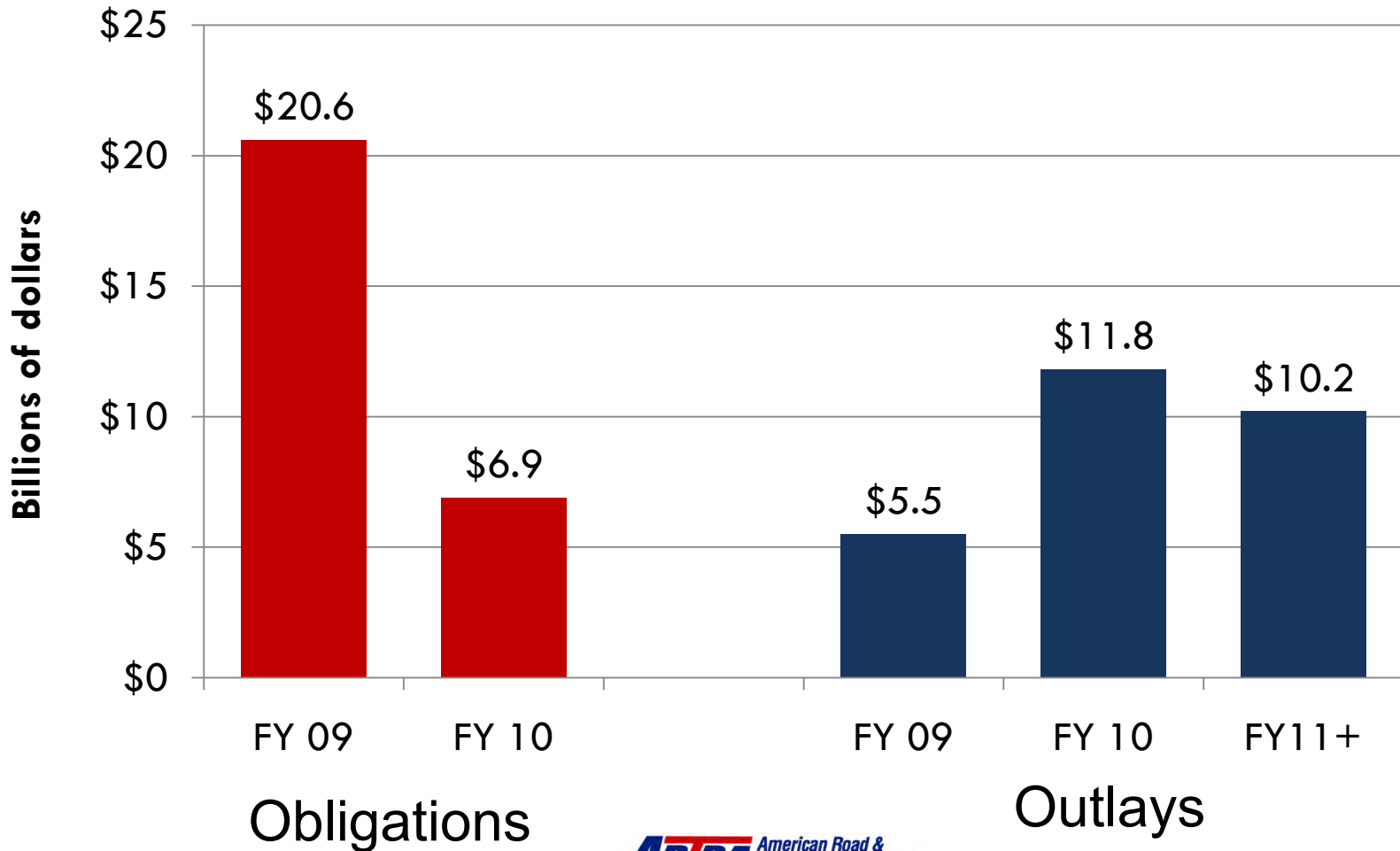
ARRA Outlays: April-September '09

Payments to Contractors for ARRA Construction Work



Source: Federal Highway Administration

Anticipated ARRA Market Impact



Tempering the Stimulus:

15 States Cut Own Program Funding FY 2009

- Massachusetts
- New Jersey
- Pennsylvania
- Michigan
- Georgia
- Louisiana
- Mississippi
- North Carolina
- South Carolina
- Virginia
- Arizona
- Utah
- California
- Oregon
- Washington

Tempering the Stimulus:

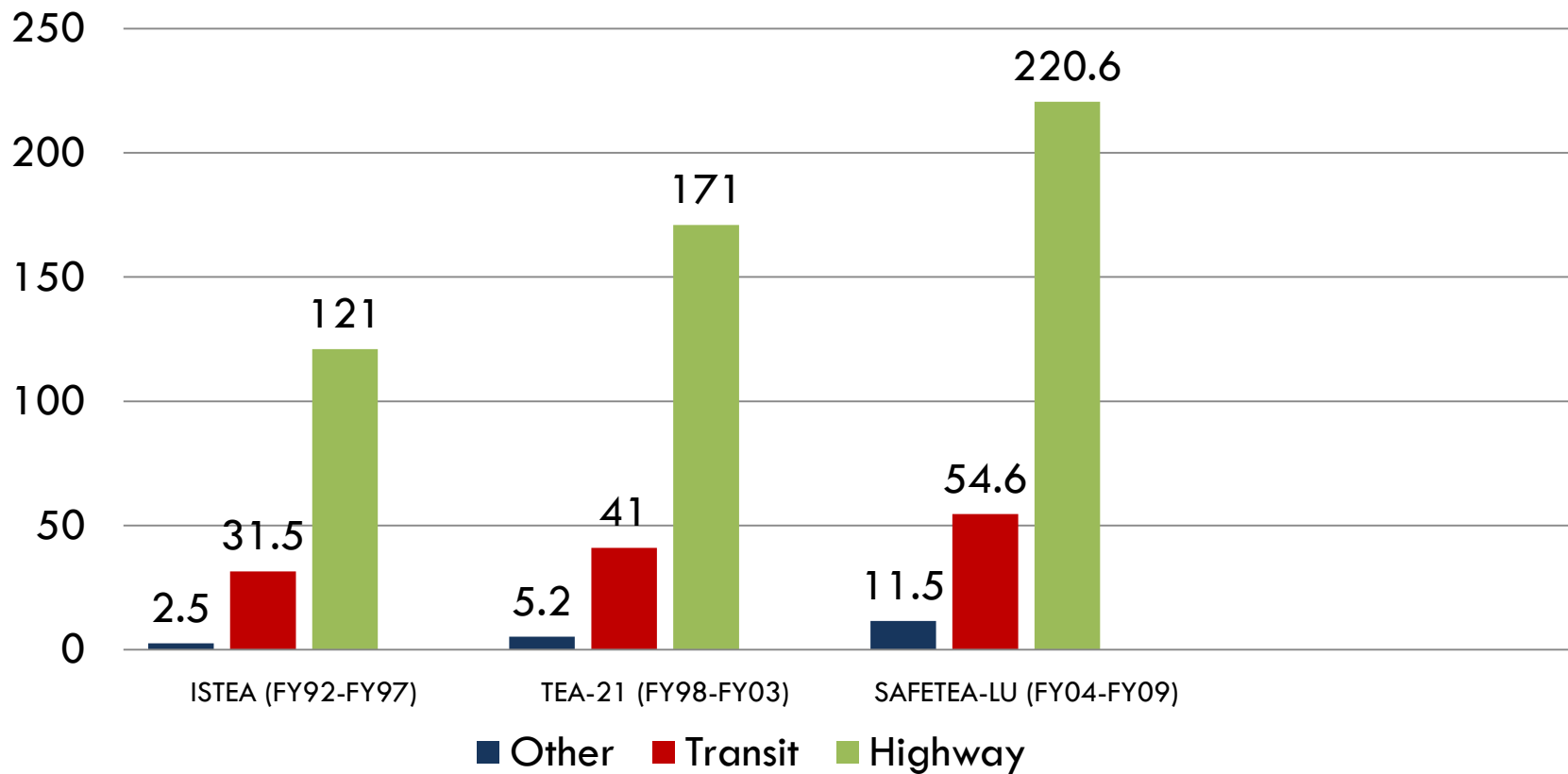
19 States Plan to Cut Own Funding FY 2010

- Maine
- Massachusetts
- Delaware
- New Jersey
- New York
- Illinois
- Michigan
- Georgia
- Louisiana
- North Carolina
- Minnesota
- South Carolina
- Virginia
- West Virginia
- Arizona
- Utah
- California
- Idaho
- Washington

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Federal Highway/Transit Authorization

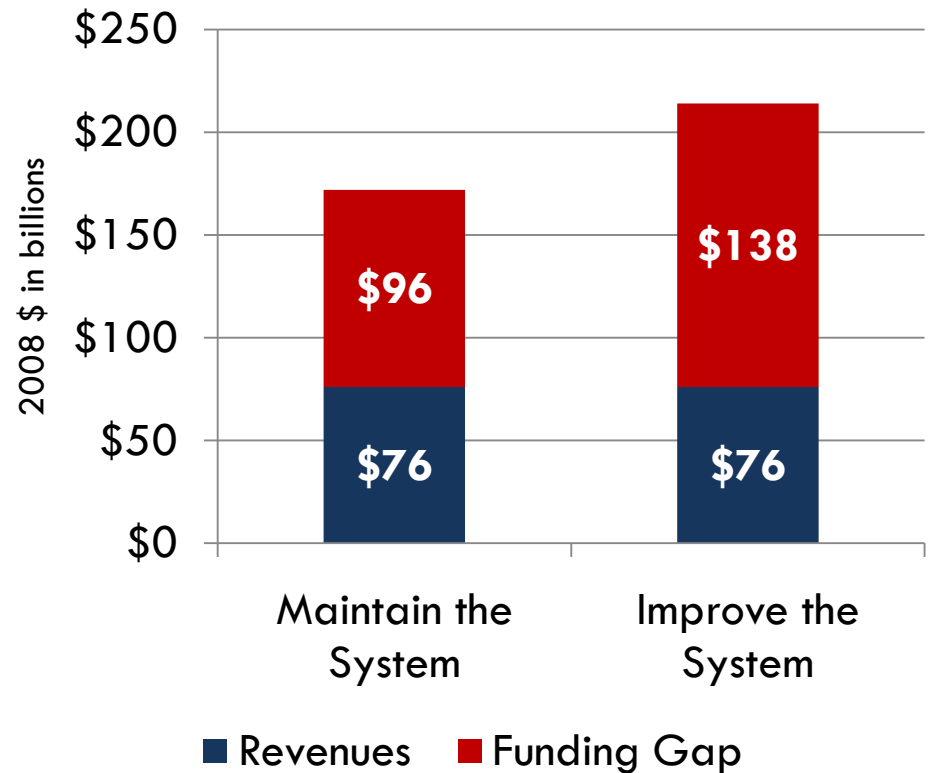
Federal Highway/Transit Program Funding Authorizations FY92 – FY09 (\$ Billions)



Context for New Authorization

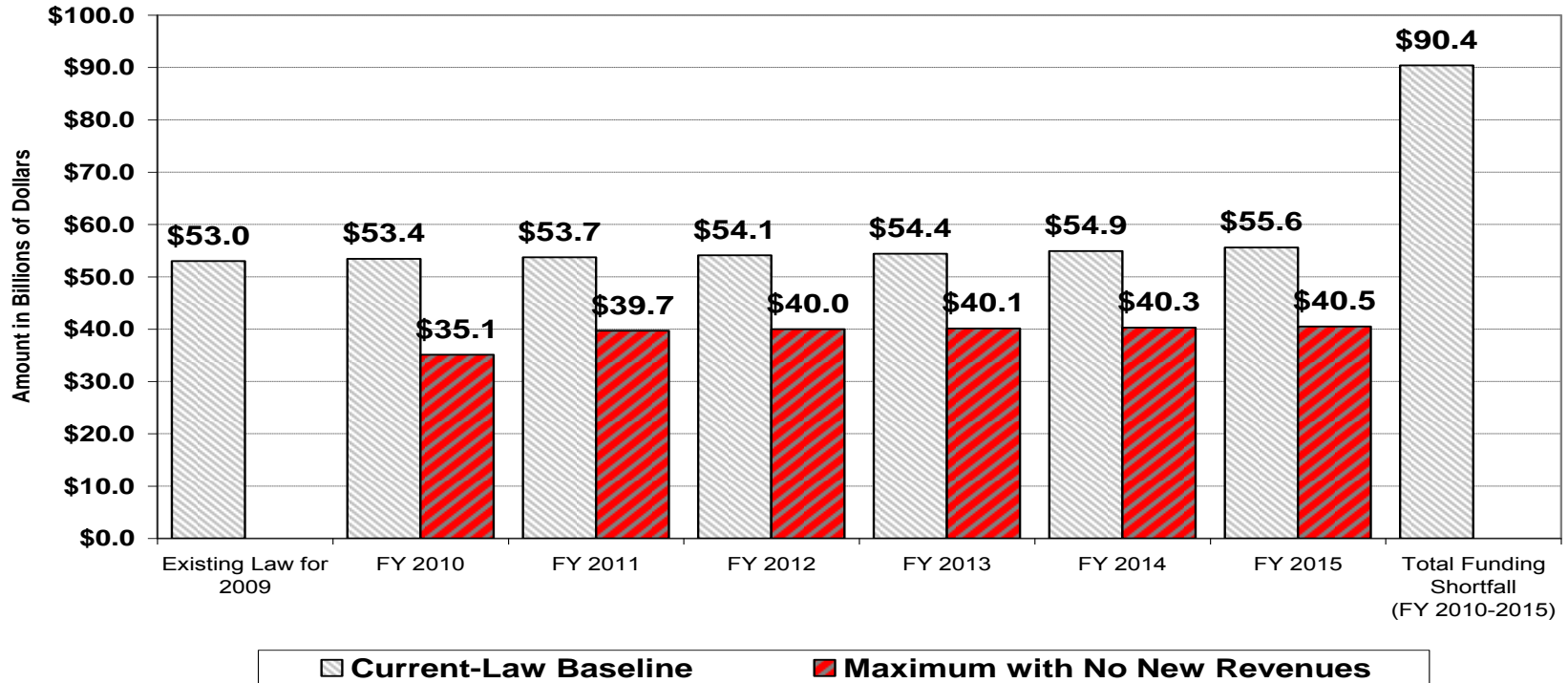
- National Surface Transportation Policy and Revenue Study Commission
- National Surface Transportation Infrastructure Financing Commission

2008-35 Average Annual Needs



\$90 Billion Status Quo Shortfall

Surface Transportation Investment Achievable with Current Revenues
(FY 2010 - FY 2015)



Source: Committee on Transportation and Infrastructure

House T&I Committee Surface Transportation Reauthorization Proposal

- **Proposed \$500 billion over six-years (FY10-FY15)**
 - \$337 billion for highways
 - \$100 billion for public transportation
 - \$13 billion for safety
 - \$50 billion for High Speed Passenger Rail (non-HTF)
- **+\$140B in new HTF revenues needed to fund**

House T&I Committee Surface Transportation Reauthorization Proposal

- **Proposed Core Highway Formula Programs**
 - Critical Asset Investment
 - Surface Transportation
 - Congestion Mitigation & Air Quality
 - Highway Safety Improvement
 - Freight Improvement

House T&I Committee Surface Transportation Reauthorization Proposal

- **New Discretionary Programs (non-formula)**
 - Metropolitan Mobility & Access: \$50 billion
 - Tier 1
 - Tier 2
 - Projects of National Significance: \$25 billion

House T&I Committee Surface Transportation Reauthorization Proposal

Key overall new themes throughout the bill...

- Performance Standards & Accountability
- “Livability” (“You know it when you see it.” – Roy Kienitz)
- “Climate Change”
- Improving Freight Mobility

Outlook for Reauthorization

➤ **Short-term**

- Extension (how long)
- HTF fiscal situation

➤ **Beyond short-term**

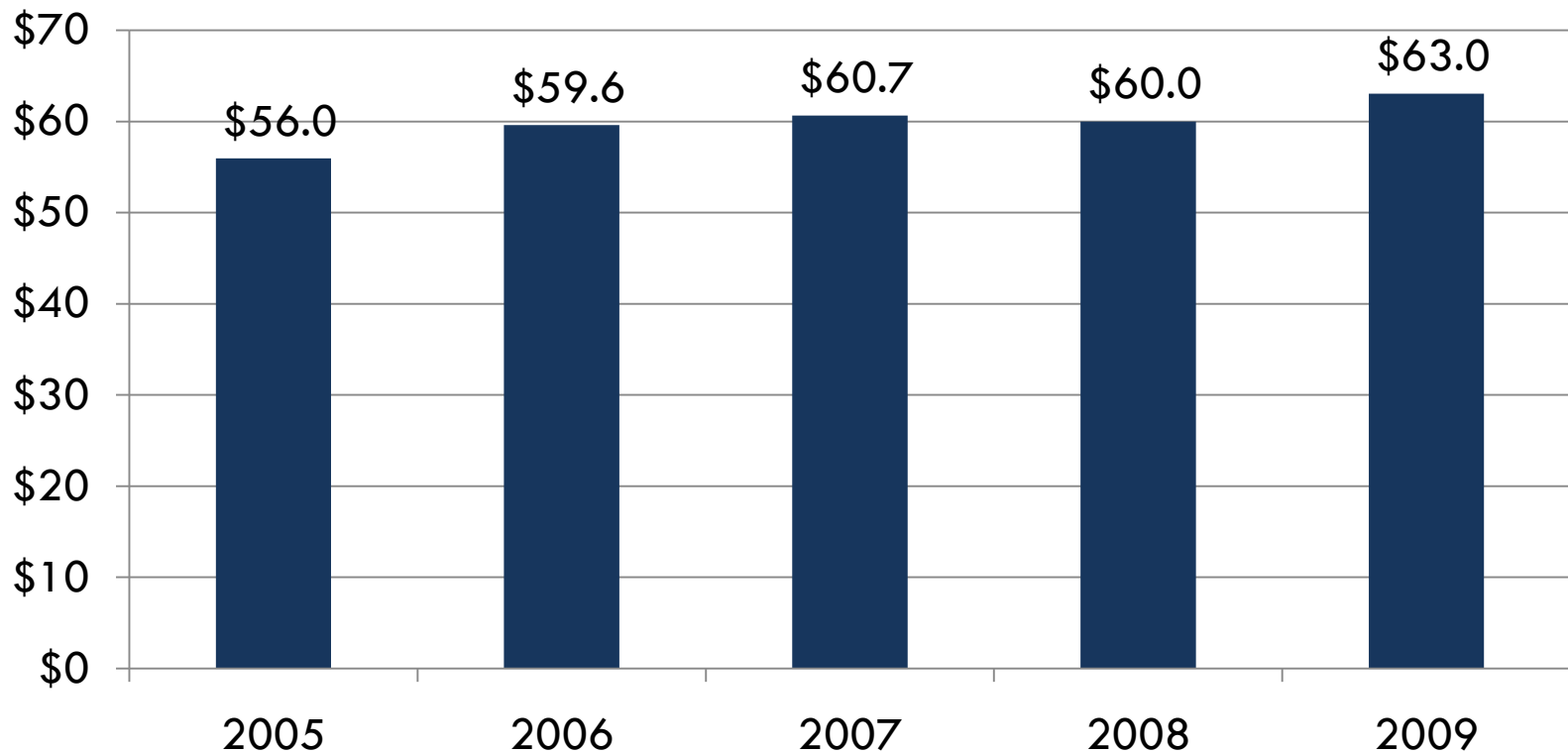
- Senate/Administration
- Revenues



Current Market Situation

Real Value of Total Transportation Construction

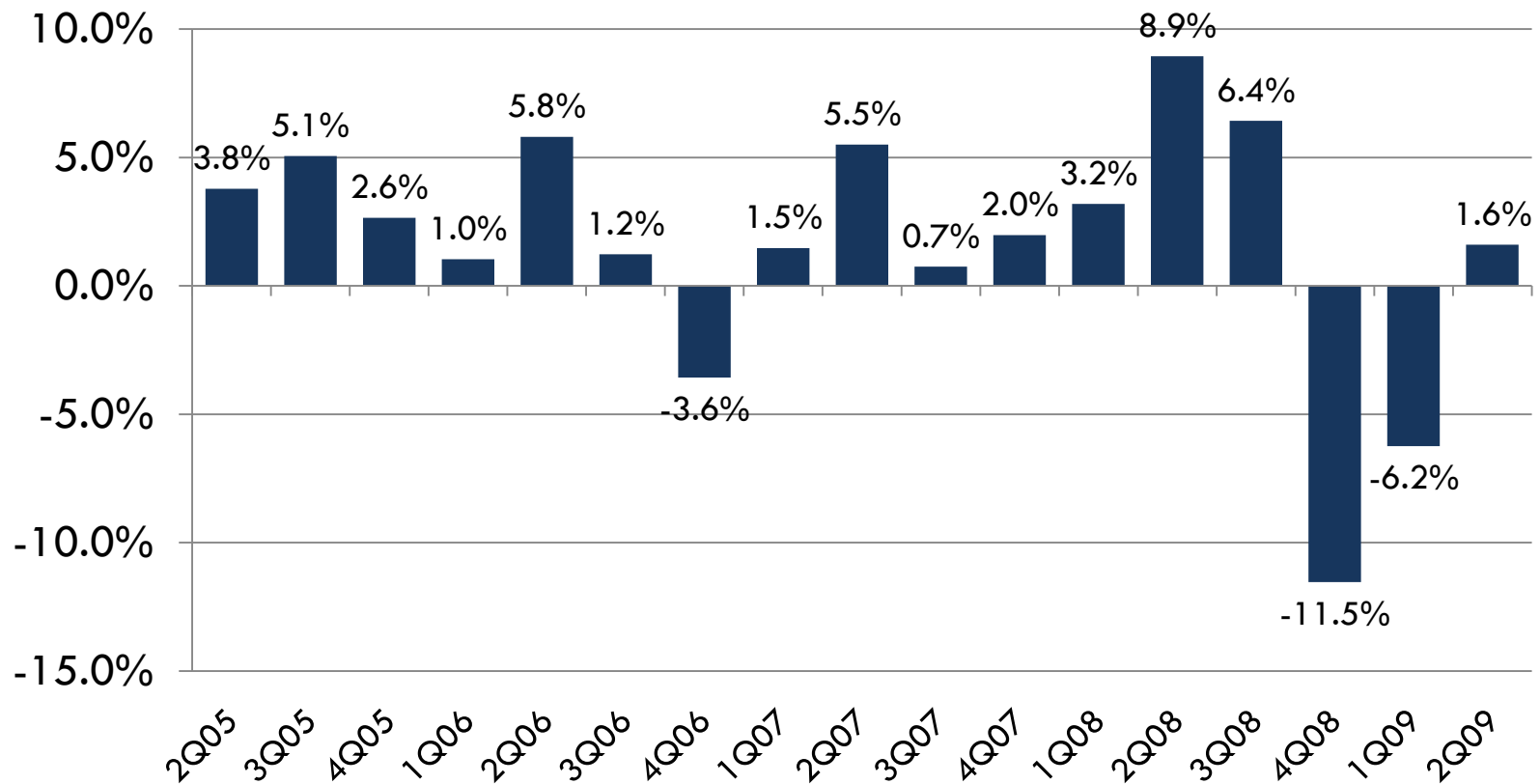
Transportation Construction – Jan to July
(in billions 2009 \$)



Source: U.S. Census Bureau, Value of Construction Put In Place, adjusted with ARTBA Transportation Construction Cost Index

Quarterly Change in Material Prices

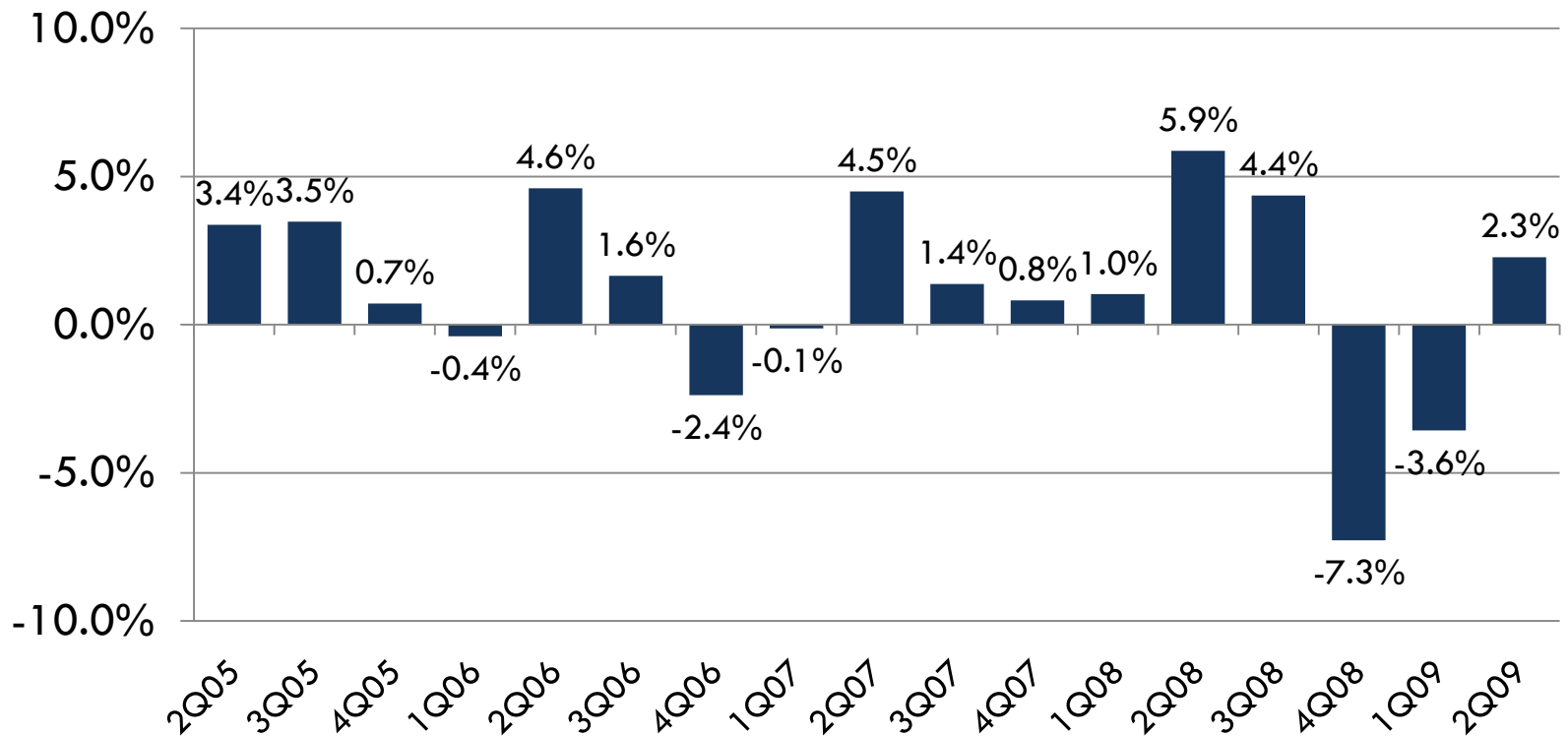
Average Highway & Street Material Prices



Source: U.S. Bureau of Labor Statistics; PPI for Highways & Streets

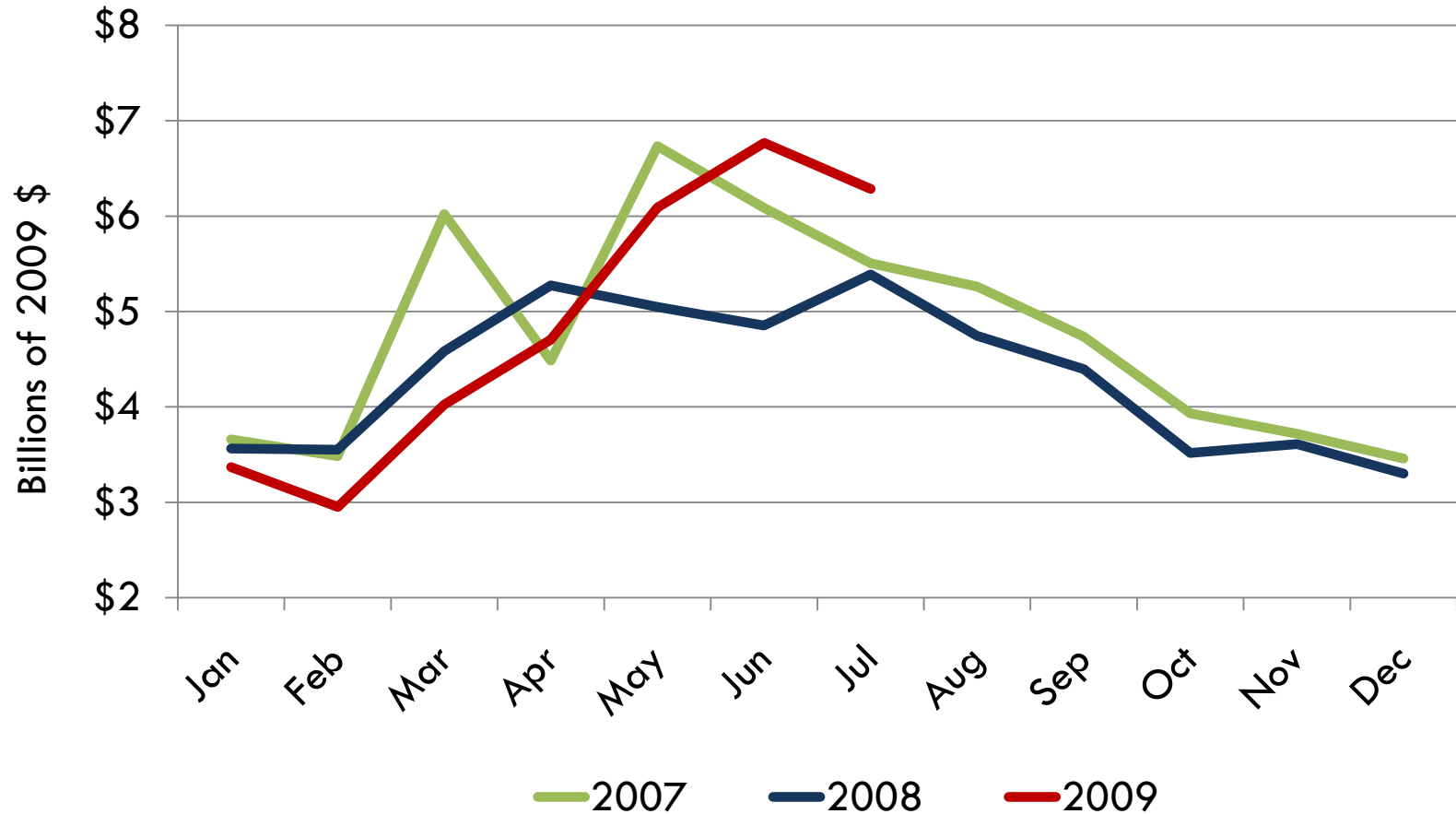
Quarterly Change in Project Cost

Total Project Costs – ARTBA Transportation Construction Cost Index



Source: ARTBA Transportation Cost Index based on materials, labor and overhead; data from U.S. Bureau of Labor Statistics

Real Value Highway & Bridge Contract Awards



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