After a small stimulus surge, industry wonders about direction of Obama administration, Congress

During his campaign run of 2008, Barack Obama became the first presidential candidate in over a decade to speak in the native tongue of the road and bridge industry. He often used words like “deficient bridges” and “crumbling roads” as if he was wearing a hardhat and reflective vest. He spoke of a stronger America, one that would follow a steady diet of asphalt, concrete and steel rebar in an effort to put men and women back to work.

For a short time in the White House it appeared President Obama was indeed a top-flight flagger as he steered Congress to pass in record time the $787 billion American Recovery and Reinvestment Act (ARRA). However, the promising talk lost a bit of its truth when it was discovered that less than 6% would be devoted to actual road and bridge construction.

Obama’s approval rating in the industry has been losing air ever since. In an exclusive ROADS & BRIDGES survey, over 57% give him a grade of C or worse, with another 10% handing out an incomplete.

“We think the stimulus bill did not include enough money for highways and bridges,” Clayton Boyce, vice president of public affairs for the American Trucking Associations, told ROADS & BRIDGES. “It was a pretty small amount overall as a percentage of the total stimulus bill. We would have liked to see more.”

What has followed the signing of the stimulus bill has been rhetoric that has been hard to understand, ranging from spending criticism at the state DOT level to an 18-month extension of the current highway bill, SAFETEA-LU. It has led some to believe that when it comes to
big and prosperous infrastructure spending, the Obama administration is showing hints of closing up shop.

Recovery fumble?
ARRA funding has been getting scrutinized on a regular basis, but Rep. John Mica (R-Fla.), the Republican leader of the Transportation and Infrastructure Committee, blew in a firestorm at a press conference on July 10. Citing U.S. DOT data from July 3, Mica said that the limited funds expended in high-unemployment states and federal bureaucratic red tape have failed to get jobs and transportation projects moving.

“Unfortunately, only a shocking 1% of the $48 billion in stimulus funds administered by the U.S. Department of Transportation has been spent,” Mica said. “That’s just $523 million across all 50 states. As funds sit idle, so do workers.”

It was a direct shot at those at the state DOT level, who were warned by Obama himself that the spending of ARRA dollars must be done quickly (50% by June 29), and the consequences of slow movement could deaden momentum for the next multiyear highway bill. John Horsley, executive director of the American Association

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If you had to assign a grade, how would you rate the Obama administration and how it has responded to the road and bridge industry?
of State Highway & Transportation Officials, did not hesitate with a rebuttal.

“In the five months that have passed since the American Recovery and Reinvestment Act was signed into law, $16.7 billion in highway projects have been approved for funding,” he said in a statement released shortly after the Republican press conference. “Nearly 2,000 projects are currently under construction in 46 states, D.C. and on federal lands.”

Directors of state DOTs continued the defense at the Western Association of State Highway & Transportation Officials meeting a week later. During a press conference, Washington State Transportation Secretary Paula Hammond pointed out that the state of Washington had advertised 138 ARRA-funded projects and that 66 were currently under construction.

“The stimulus program is working,” she said. “We are providing good jobs and are creating long-term improvements.”

Will Kempton, director of Caltrans, reported similar stimulus activity, and said by the end of the summer the state of California will have almost $2 billion in projects tied to ARRA dollars.

“In California we are using these dollars to do many large projects that otherwise would not have gone forward,” he said.

Kempton’s best example of stimulus money at work was the I-405 project in Los Angeles, one “that could not proceed because we did not have the resources to do so.” However, $200 million in recovery investment changed the tune.

“We are creating over the life of that project somewhere along the order of 15,000-16,000 jobs in the state. That is what this is all about,” Kempton said.

John Njord, executive director of the Utah DOT, added that 93% of his state’s ARRA share had already been appropriated, but struck a common weak chord behind the stimulus movement.

“Our amount was just a couple of hundred million dollars and we could have used 10 times that amount and put it out to contracts to create even more jobs,” he said.

When asked if the stimulus funds are helping move the road and bridge industry, 58% of ROADS & BRIDGES readers said yes, but a hearty 79% said that most of it was going to maintenance and resurfacing instead of those projects that would increase capacity and fight congestion. In the perfect world, the survey respondents still thought ARRA funds should be used for maintenance (33.8%), but increasing the road capacity was equally important (30.4%).

“We knew that these types of projects [maintenance/resurfacing] were quick to let and quick to finish,” Jeff Solsby, with the American Road & Transportation Builders Association (ARTBA), told ROADS & BRIDGES. “The bigger question moving forward as part of the authorization is what are we going to do to move on from just maintenance towards capacity or new expansion?”

Multiyear, not multimonth

With offensive linemen-sized legislation putting up
solid blocks, a new six-year bill has no running room.
At press time, Congress could not think much beyond health care reform and the energy bill. As for long-term highway and bridge funding, the Obama administration appeared to be giving the House and Senate a bit of a breather, suggesting an 18-month extension of SAFETEA-LU in June. Despite strong insistence coming from House Transportation & Committee Chairman Jim Oberstar (D-Minn.), who has said repeatedly that he would not support a funding extension under SAFETEA-LU and is the author of the House’s six-year, $450 billion Surface Transportation Authorization Act, members of Congress were considering the 18-month option. The Senate Environment and Public Works Committee, by a convincing 18-1 margin, passed the 18-month extension, but mainly as a safety net to ensure ongoing funding for highway and bridge work, a situation made more critical with the depletion of the Highway Trust Fund.
“If [the Highway Trust Fund] runs out of money, there is some kind of interim money that needs to be passed,” said Boyce. “What is important for the ATA is that the flow of funds is not interrupted and that the state governments get the money they need to keep road repairs under way.”
The Western Association of State Highway & Transportation Officials leaned much the same way while emphasizing the importance of passing the right bill.
“Most of us would like to see a bill as quickly as possible, but obviously we would like to see a bill that includes reform and one that includes the appropriate level of financing for transportation moving forward,” said Kempton.
ARTBA, however, believes the natural progression should show a long-term highway bill following the stimulus package.
“We need to move as quickly as possible on the authorization bill because it has always been viewed as a 1-2 punch,” said Solsby, “with one being the stimulus and two the authorization bill so we could end this chronic under-funding of infrastructure.
“I am not putting a time frame on it, but [regarding the passage of a six-year bill] the fat lady has not sung,” added Solsby.
ARTBA has been walking the halls of Capitol Hill hard this summer. On July 16, ARTBA Chairman Charlie Potts and Michael Filipczak, a specialty infrastructure contractor, testified on the effects of passing an 18-month exten-
sion. Filipczak, president of Midasco LLC, Elkridge, Md., brought up a national report by the Pacific Institute for Research & Evaluation, which found that deficiencies in the U.S. roadway environment cost American businesses $22 billion a year. With construction payrolls reduced by about 40,000 jobs since 2007 “delaying action [on a long-term bill] would just compound the transportation problems already facing small businesses,” said Filipczak.

“We are appalled by recent calls for, and actions to, postpone enactment of a new surface transportation program investment bill until at least March 2011,” said Potts. “I assure you, the only people who might possibly benefit from such a delay are right here in Washington, D.C. They are certainly not in the real world that I have worked in for over four decades.”

Before the announcement of an 18-month extension, ROADS & BRIDGES readers were optimistic about the passage of a long-term bill, with over 91% saying they were either fairly or very confident a deal would be signed before the year is out.

At press time, nothing was certain. If either health care reform or the energy bill collapse in the Senate, which many were predicting would happen, the possibility of clearance for a six-year highway bill would elevate.

“If [the Obama administration] have one or two big defeats they are far too smart and far too politically sophisticated to say, OK, let’s throw in the towel and wait another 18 months,” an industry source told ROADS & BRIDGES. “They are going to create a new agenda.”

The hopes of fully funding the next six-year bill still rest on an increase in the federal gas tax, which has been endorsed by the American Trucking Associations. Another means gaining some momentum is having the bill passed with a delay on the enactment of financing provisions. The House was ready to launch its full version of the authorization bill in mid-July, but the Senate was still lagging with its piece, with one industry insider saying there were “whole pieces that are still blank.”

“It cannot be understated how important it is for people in our industry to get involved in the process,” said Solsby. “Whether they call media outlets or go on our website and find a way to take action, that is what is going to move this.”