

# THE FIRST WORD

November, 2007

## House Interim Committee Reviews Current & Future Highway Funding Challenges

Highway funding has been a major topic of an interim study this summer being conducted by the House General Government and Transportation Subcommittee, chaired by Representative Mike Thompson (R-Oklahoma City).

Three separate hearings have been held by the Committee during the past few weeks, bringing to light challenges which Oklahoma's transportation system and the funding mechanisms for transportation face in the coming years.

Although recent funding initiatives have paved the way for progress on transportation projects, use and damage have caused many Oklahoma bridges to be deemed deficient.

In the first of the series of meeting, in light of the recent bridge collapse in Minnesota and flooding rains over the past few months, transportation officials reported on their evaluations of the risk posed by the more than 6,000 bridges in Oklahoma.

"We have a lot of serious problems with bridges," said Gary Ridley, director of the Oklahoma Department of Transportation. The director's presentation focused on the numbers:

- Oklahoma has eight bridges with deck-truss structures, which were used in the construction of the Minnesota bridge, Ridley said. One of those bridges is the Purcell/Lexington bridge on U.S. Highway 77, which was built in 1938. A \$3.6 million rehabilitation project two years ago helped extend the life of the bridge, but given the volume of traffic the bridge receives, it should be replaced, Ridley said. Such an undertaking would cost between \$35 and \$40 million.
- In addition to the eight deck-truss bridges, Oklahoma has 63 bridges that are considered fracture critical. This means that if a beam were to fail, there is no redundancy to maintain the bridge's stability, Ridley explained. There are more than 900 bridges that are classified as structurally deficient, he said. Furthermore, ODOT currently has a backlog of 637 bridges dubbed "functionally obsolete. To address this backlog, it would cost the state approximately \$2.6 billion, he said.

- The sheer number of bridges and deficient funding has contributed to the state of Oklahoma's bridges. There are 6,700 bridges in the state system, which is more than Kansas, Florida or Wisconsin have, he said. Prior to 2006 legislation that pledged millions of dollars to transportation projects, there had been 22 years of stagnant transportation funding at the state level, he said. Time has also contributed to the state of bridges. As of this year, there are 173 bridges in Oklahoma that are 80 years old. By 2014, there will be 1,600 bridges that are 75 years old, he said.

"They're big ticket items," Ridley said. "This didn't happen overnight, and it can't be fixed overnight." To address the needs of Oklahoma's bridges, both the state and federal governments will have to respond, Ridley said.

During the 2006 special session, the Legislature approved a measure that allocates a portion of the motor vehicle registration fees to a new County Improvements for Roads and Bridges Fund. The bill also made the State Transportation Fund a continuing fund, not subject to fiscal year limitations, to be used for the construction, repair and maintenance of state highways. The bill allowed for annual increases of up to \$50 million until \$200 million in new funding is achieved. However, that allocation was contingent on a 3 percent growth in the state economy. In 2007, early reports gauged the state's growth at less than 3 percent, meaning ODOT missed out on \$32.5 million. ODOT's eight-year project workplan is dependent on those funds, Ridley said.

ODOT is also still working on the allocation of funds granted during the 2006 regular session. The department was appropriated \$100 million specifically for state bridges, and an additional \$25 million was to be used for county bridge projects. ODOT used the money to target the state's 1,000 load-posted bridges, Ridley said. Forty-four bridges are currently under contract, and 20 have yet to be let out for contract, he said, adding that 14 or 15 of those will be let out in September.

"From where we were a year and a half ago to where we are today, there's definitely a difference," Ridley said. "Oklahoma needs to be proud of the direction we're taking."

(Cont. on Page 2)

## Highway Funding Challenges (cont)

During the second meeting of the Committee the panel heard that a growing number of states are realizing that gasoline taxes are becoming an increasingly unviable revenue source and public opinion strongly supports spending more state revenue on highways and bridges.

Lawmakers were interested in the poll, conducted in August by Pat McFerron, director of survey research for Cole, Hargrave, Snodgrass & Associates. When voters were asked to name the most important issue in the state, 17 percent now mention the condition of the state's roads and bridges. That's more than mention education, the economy, illegal immigration and crime, according to McFerron.

Given the heightened concern about roads and bridges following the Minnesota bridge collapse, some might want to discount the fact that 92 percent of Oklahoma voters say the Legislature should spend more on roads and bridges. In reality, this is only slightly higher than the results of the firm's survey conducted in January 2006, when the same question received a similar response of 89 percent.

What has changed is the level of intensity, McFerron said. In 2006, 62 percent "strongly agreed" while today 75 percent of Oklahoma voters "strongly" believe the Legislature should spend more money on roads and bridges.

Geoffrey Yarema, appointed by Transportation Secretary Mary Peters to the National Surface Transportation Infrastructure Financing Commission in March, said he is hearing from a lot of states that the gasoline tax is no longer working for them. Currently, Oklahoma has roughly \$9 billion in unmet needs, and other states face similar situations, Yarema said. The federal government likely will not be rescuing states in the near future, he said.

Gary Ridley, ODOT director, said in the future, Oklahoma could also need to veer away from its gas tax. Finding an agreeable alternative would not be easy, Ridley said. Ways for the state to fund transportation from ODOT's perspective are a general tax of some kind, a road user fee like a toll system or a combination of the two, Ridley said.

Ridley said the state's gas tax would be viable for several years to come, but that it eventually would flatten out, causing the need for a different base system for transportation funding.

During the final meeting, the Committee learned that Federal highways are drying up. Tyler Duvall, Assistant Secretary of Transportation, said the Federal Highway Trust Fund is projected to run out of money in 2009. The fund provides the money that is shared with the states for highway projects. Duvall said a combination of factors have led to the fund running deficits, which have been made up with general fund appropriations from Congress. Currently, he said, that deficit is approximately \$5 billion annually.

Duvall explained that the revenue is funded with the federal gasoline tax, which stands at 18-cents per gallon and was last increased in 1994. Since that time, however, the growth in travel has slowed, resulting in reduced income to the

fund. Additionally, he said fuel economy, which means cars and trucks will use less fuel, has increased and is expected to increase further in coming years, additionally cutting revenue to the fund.

"The federal revenue profile for the coming years is flat while expenditures are forecast to increase," Duvall said. Meanwhile, the trust fund must continue to meet its obligations to the states for funding certain road projects, leading forecasters to project the bankruptcy of the fund in 2009.

One possible solution, he said, would be to increase the federal gasoline tax, a move that is not supported by President George Bush and his transportation secretary.

As states consider how to fund future road projects, Duvall said, they would need to move away from the pay-as-you-go method that has been popular for many years. Instead, he said, they will need to consider how they can use existing revenue streams to creatively finance projects.

Duvall also noted that most major road projects are now using a toll model in which users pay tolls to finance the roads' construction and maintenance. A third method being utilized, particularly in Europe and Asia, is public-private partnerships (PPP), Duvall said, in which a private firm builds and operates a toll road.

Regardless of the methods used, Duvall said, state transportation agencies will need to bring in financial experts to their departments to maneuver through the different financing alternatives. Duvall also said a large amount of private funding is available for such infrastructure improvements.

ODOT Director Gary Ridley said that the state is familiar with the toll road model, having operated toll roads for almost 60 years. He said that, in effect, Oklahoma toll road system is already a "public-private partnership" but expressed some reservations about the growth of public-private partnerships in Oklahoma.

The House Committee has another meeting scheduled for Thursday, November 8th. The agenda that day calls for discussion on the impact of Utility Company's on pending highway construction, as well as discussions pertaining to railroad infrastructure. These are open public meetings, and ACEC OKLAHOMA members are welcome and encouraged to attend.

**ACEC OKLAHOMA**  
**General Membership Meeting**  
**Wednesday, November 14th**  
**11:45am, Downtown Doubletree, Tulsa**  
**SPEAKER:**  
**Tulsa County Commissioner**  
**Fred Perry**

## Missouri Tackles Highway/ Bridge Problems From New Angles

The state of Missouri is moving forward with a novel plan to finance their state's backlog of transportation repairs, having developed a plan to fix more than 800 bridges within the next five years.

The Missouri plan has a team of contractors financing the \$400-\$600 million in repairs and maintaining the bridges for a 25-year period. In return, Missouri will use federal bridge funds to pay the companies over a 25-year period. Here's an overview of the plan:

- \* Contractors will repair or replace nearly 80 percent of the bridges in the state over the next five years and will be required to keep those bridges in good shape for the next 25 years under a "Design/Build/Operate/Maintain" program.
- \* The program targets smaller, rural bridges from 100 to 300 feet long.
- \* The contractors will only be paid after the repairs are complete.
- \* Contractors could recoup as much as twice their construction costs as the state repays the companies over 25 years.
- \* Missouri's plan has short-term political benefits as lawmakers don't have to sell the public on the need for higher gasoline taxes or new tolls.

Missouri lawmakers are touting the plan as a "model" for the rest of the nation. "With this innovative new approach to transportation, we will do in five years what would have taken us 20 years before," said State Representative Neal St. Onge.

This is the second "innovative" program implemented in Missouri in recent months to address critical transportation issues.

Beginning January 2, 2008, 5 miles of urban interstate in St. Louis (I-64), will be closed to traffic so that a complete reconstruction of the freeway can begin. Eventually, another 5.5 miles will be closed, with completion of the entire project set for late 2009. The \$535 million project involves rebuilding about 10.5 miles of interstate, including 29 bridges and 12 interchanges, and adding another lane each way on a portion of the highway. Work on a portion of the project started in March. So far, it's involved several weekend closures and months of lane restrictions for overpass reconstruction.

## OU Engineers Without Borders Invites ACECOK Members to Attend November Meeting

The OU chapter of Engineers Without Borders (OUEWB) is starting its third year of activities. The objective of EWB is to partner with disadvantaged communities around the world to improve their quality of life through implementation of environmentally and economically sustainable engineering projects, while developing internationally responsible engineering students.

Locally, OUEWB had helped run engineering and science activities in Norman elementary public schools, refurbished a playground for the Cleveland County Youth and Family Center, and have contributed to Habitat for Humanity. Internationally, OUEWB has played a role in the construction of a footbridge in Honduras for a regional hospital in the summer of 2006 and in 2007 brought a sustainable and reliable source of water to the center of a Guatemalan farming community of government relocated refugees.

The OUEWB invites ACEC OKLAHOMA members to the next chapter meeting to be held Wednesday, November 14, at 6:00pm in the Regents Room, 3rd floor, Oklahoma Memorial Union. Guest speaker will be Dr. Derek Chitwood. Dr. Chitwood received his PhD in Environmental Engineering from USC. For the past five years, he has been an Environmental Development Consultant with International Health Resources in Kunming, Yunnan, China. He will be making a presentation on "Protecting Drinking Water Springs in Mountainous Southwest China". OUEWB will also be showing slides from the project in Guatemala and discussing the upcoming 2008 project. OUEWB would also like to start discussions about establishing a professional EWB chapter in central Oklahoma.

If you are interested in getting involved with Engineers Without Borders, please join OUEWB for dinner on Wednesday, November 14. In order to make arrangements for catering, we would ask that you RSVP to Ms Molly Smith at (405) 325-5913 or [mfmith@ou.edu](mailto:mfmith@ou.edu).

## AIA To Release New A201 Documents

The American Institute of Architects (AIA) will be releasing the new updates to the A201™-2007 and nearly 50 other owner/architect, architect/consultant, and contractor/subcontractor agreements. The updates are set to be released in November.

For more information on the new documents, visit AIA's website at [www.aia.org](http://www.aia.org).

## PRESIDENT'S MONTHLY UPDATE

David Raymond, President, ACEC

### General

- \* Over 1,000 attendees at ACEC's Fall Conference in Maui made it the largest Fall conference to date, and according to many members it was "the best ever!", with highlights including guest speakers Wally "Famous" Amos, legendary engineering professor David Billington, and celebrated corporate leader Gary Wendt.
- \* Mark Bernhardt of Burgess & Niple in Ohio testified on behalf of ACEC at a hearing on bridge safety and inspections before the House Science and Technology Committee.
- \* Over \$100,000 was raised for ACEC/PAC; four additional MOs were honored for meeting their 2007 ACEC/PAC fundraising goals – ACEC/Kansas, ACEC/South Carolina, ACEC/Alaska, and ACEC/Wyoming – joining ACEC Arizona, ACEC/Kentucky, ACEC Montana, ACEC/Tennessee, and ACEC/Wisconsin.
- \* Georgia Department of Transportation was named the 2007 QBS Grand Award Winner by ACEC and the National Society of Professional Engineers; the Wisconsin Department of Administration and Aurora Colorado Water were selected 2007 QBS Merit Award winners.
- \* ACEC's Board of Directors provided critical comments on the Life/Health Trust transition to UnitedHealthcare; received a briefing on the NCEES "Bachelors Plus 30 proposal" which must be considered at the MO level prior to being taken up nationally; and potential reform in dues collection which will be the subject of further analysis.
- \* ACEC Minuteman Fund grants were awarded to fight a proposed professional sales tax in Maryland and defeat legislation in New Hampshire that would have increased monetary judgments against design firms.
- \* ACEC Chairman MacMurray led a 17-member U.S. delegation to the FIDIC meeting in Singapore where ACEC Vice Chairman Greggs Thomopoulos was elected FIDIC Vice President.

### Institute for Business Management

- \* Collaborated with the Construction Management Association of America to sell CMAA's construction management model contracts on the "Contracts Central" page of ACEC's bookstore.
- \* Twenty-five registered continuing education providers on the ACEC-NCEES RCEP.net site now include ACEC/Virginia, ACEC/Massachusetts, PSMJ, ASHRAE, etc.
- \* Met with APWA volunteers and staff to explore joint educational programs and products, including promotion of APWA's Red Book" on procurement and support for the national QBS study.
- \* Re-organized EJCDC webpage for easier navigation through the documents.
- \* Released hard-copy version of 2007-2008 Industry Trends Survey.
- \* \$68 billion House-passed FAA reauthorization bill includes funding increases for airport projects and ACEC language encouraging the use of QBS for projects funded with Passenger Facility Charges (PFCs).
- \* Successful onsite Fall Conference Bookstore, with author signings by Wally "Famous" Amos and David Billington (additional signed copies available), for total sales in excess of \$10,000.
- \* To address the engineer shortage, Rep. Emanuel Cleaver (D-MO) introduced H.R. 3634, the Strategic Technology/Engineering Program (STEP) Act of 2007 – developed in consultation with ACEC – to provide scholarships and loan forgiveness to engineering graduates.

### Government Affairs

- \* Helped secure final Senate passage of the Water Resources Development Act (WRDA), clearing the bill for White House consideration.
- For more information on ACEC activities and services and the latest up-to-date news, visit the ACEC website at [www.acec.org](http://www.acec.org).**