

Federal Highway Funding... ...It's Your Job!

A Special Presentation for the
Alabama Asphalt Pavement Association

Prepared by:
Jay Hansen
Vice President - Government Affairs



October 25-26, 2007



NAPA Goal

Grow Investments in the Highway and
Airport Infrastructure Markets



Goal One Strategies

- Grow Public Funding for Highways
- Stop Diversion of Highway Funding
- Fund Asphalt Pavement Research
- Grow Public Demand for Improved Highways



2007 Accomplishments - Legislative

- Secured Record Level of Funding for Highways
- Successful 2007 TCC Fly-In
- Supporting NSSGA efforts on Ban Asbestos in America Bill
- Reauthorized Asphalt Airfield Pavement Research Program in FAA Bills



2007 Activities - Coalitions

- TRIP: Customized State Reports
- ARTBA: Reauthorization Task Force
- NSSGA: Research & Reauthorization
- TCC: Construction Industry Lobbying Coalition
- ATM: Broad Transportation Coalition



2007 Activities - Members

- Responding to NAPA Member Inquiries:
 - Government Ownership of HMA Plants
 - Public-Private Partnerships
 - Davis-Bacon Compliance
 - Retainage Questions
 - Legislative Updates
 - Data on Industry
 - Market Outlook
 - Tax Questions



How big is the highway market
for the asphalt industry?

- A. 33%
- B. 54%
- C. 65%
- D. 76%



How big is the highway market
for the asphalt industry?

Answer:

65%



What is the Federal share of the asphalt highway market?

- A. 18%
- B. 24%
- C. 44%
- D. 64%



What is the Federal share of the
asphalt highway market?

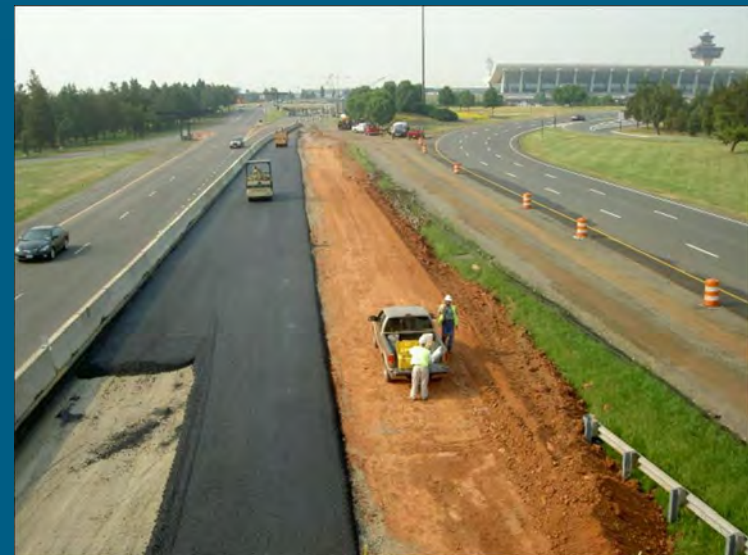
Answer:

44%



Highway Program

- Total highway capital spending = \$68b
 - Federal funding = 44%
- System rehabilitation $\geq 50\%$
- Important market for HMA industry
- Drives S/L spending



Highway Funding for 2008

- Administration Proposed \$630m Reduction
- Appropriations Bill in Congress
 - \$40.2 billion for federal highways
 - \$1 billion to repair deficient bridges
 - \$3.5 billion for airport capital improvements
- President Bush Threatened Veto
- House Vote in November
- Negotiation
- Approved December 22, 2007



Federal Funding - Ohio

- FY 2007 = \$1,114,000,000
- FY 2008 = \$1,160,000,000

Up 4.5%



FISCAL YEAR 2009

BUDGET

OF THE U.S. GOVERNMENT



OFFICE OF MANAGEMENT AND BUDGET



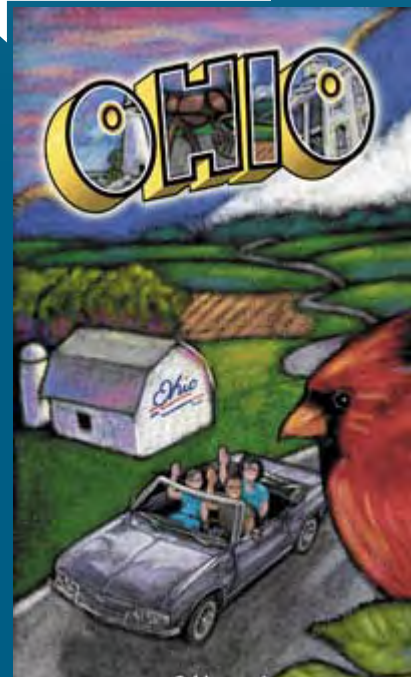
Federal Funding for FY 2009

	<u>FY 08 Enacted</u>	<u>FY 09 Proposed</u>
Highways	\$41.2	\$39.4
AIP	\$3.5	\$2.6
HTF	\$3.0	\$-3.2

Federal Funding Ohio

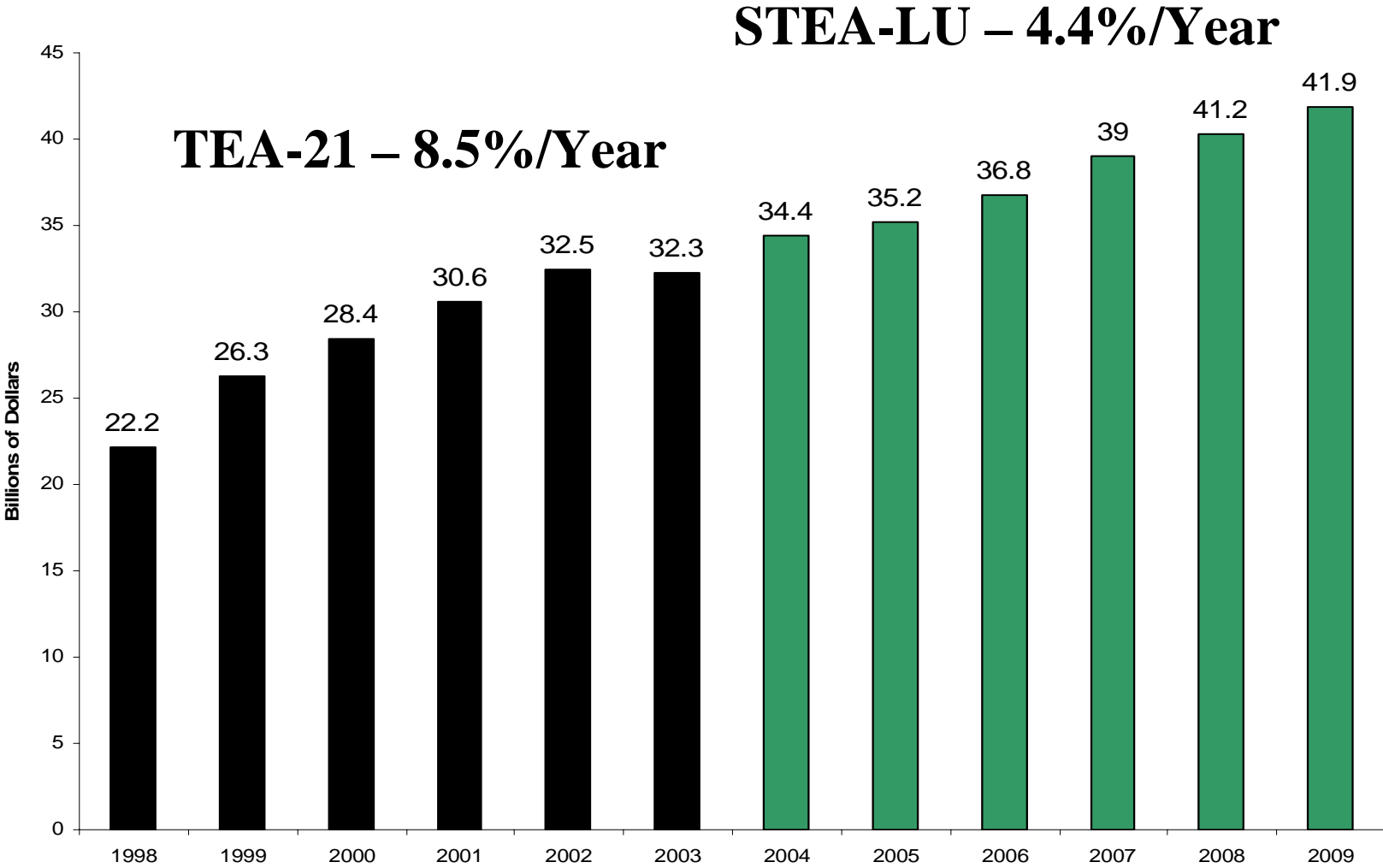
- FY 2007 = \$1,114,000,000
- FY 2008 = \$1,160,000,000
- FY 2009 = \$1,220,000,000

Up 5%



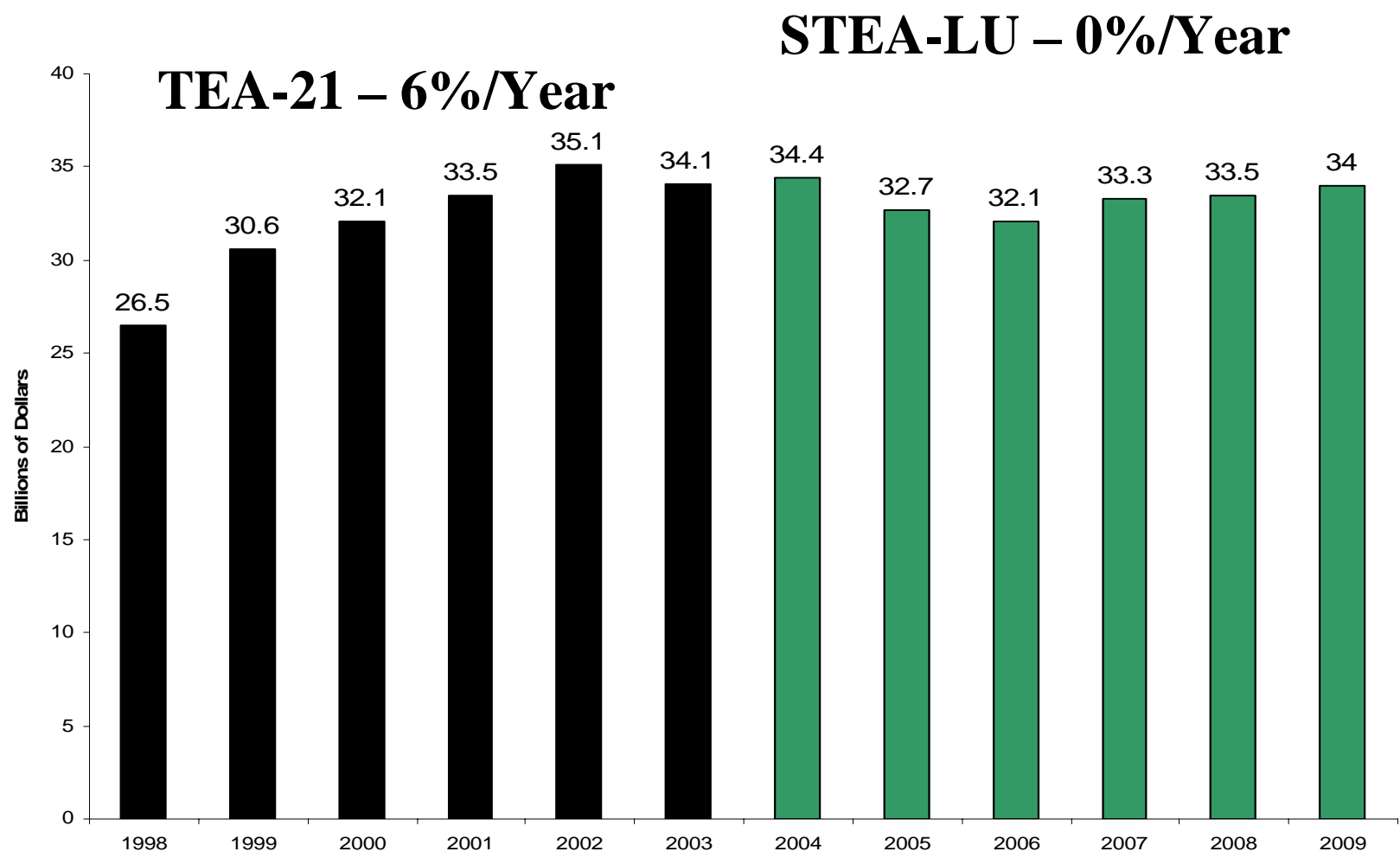


Funding for Highways Under TEA-21 & SAFTEA-LU





Funding After Effects of Highway Cost Inflation



National Legislative Challenges

- Highway Trust Fund Crisis
- Reauthorization of the Federal-Aid Highway Program

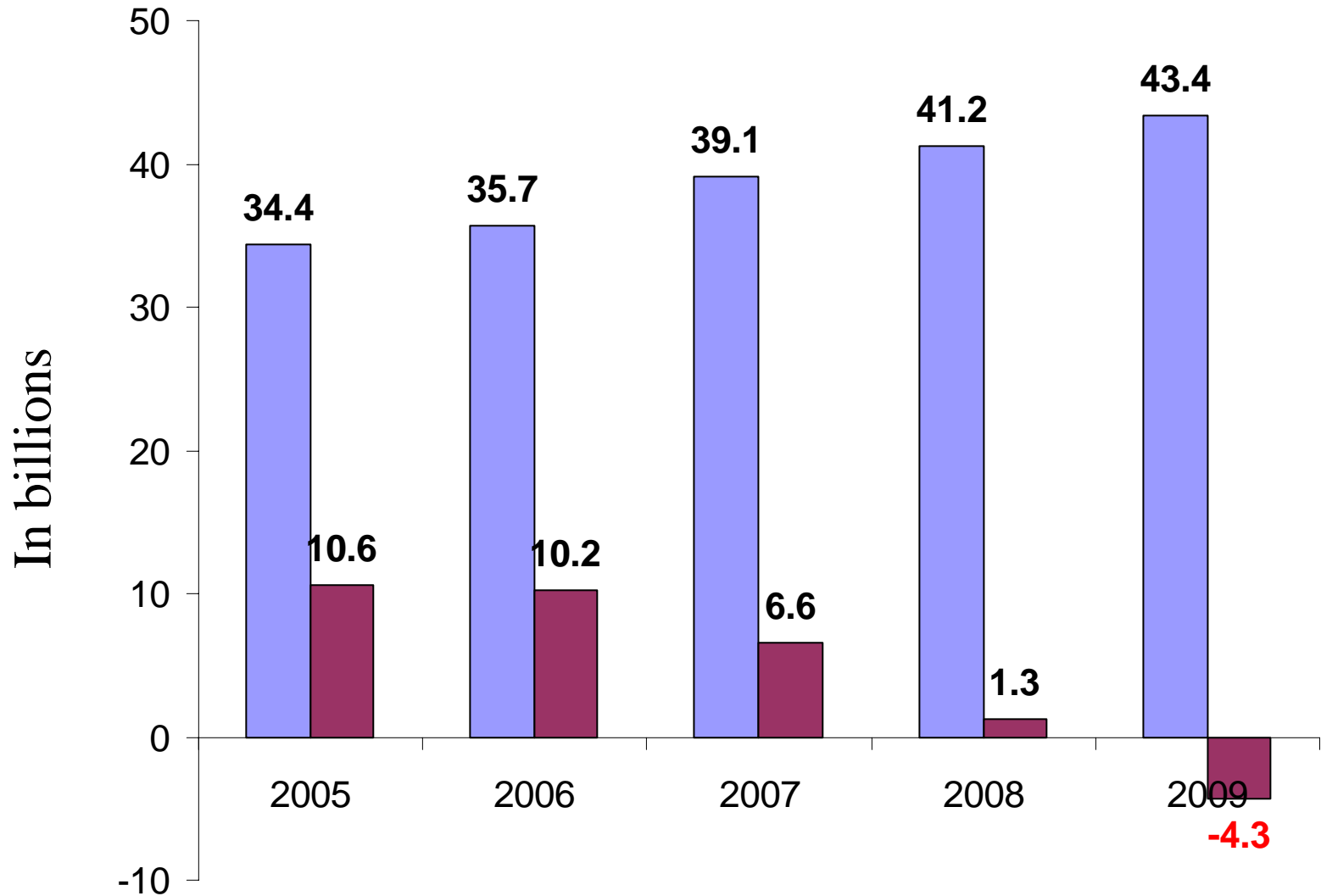


Highway Trust Fund Crisis



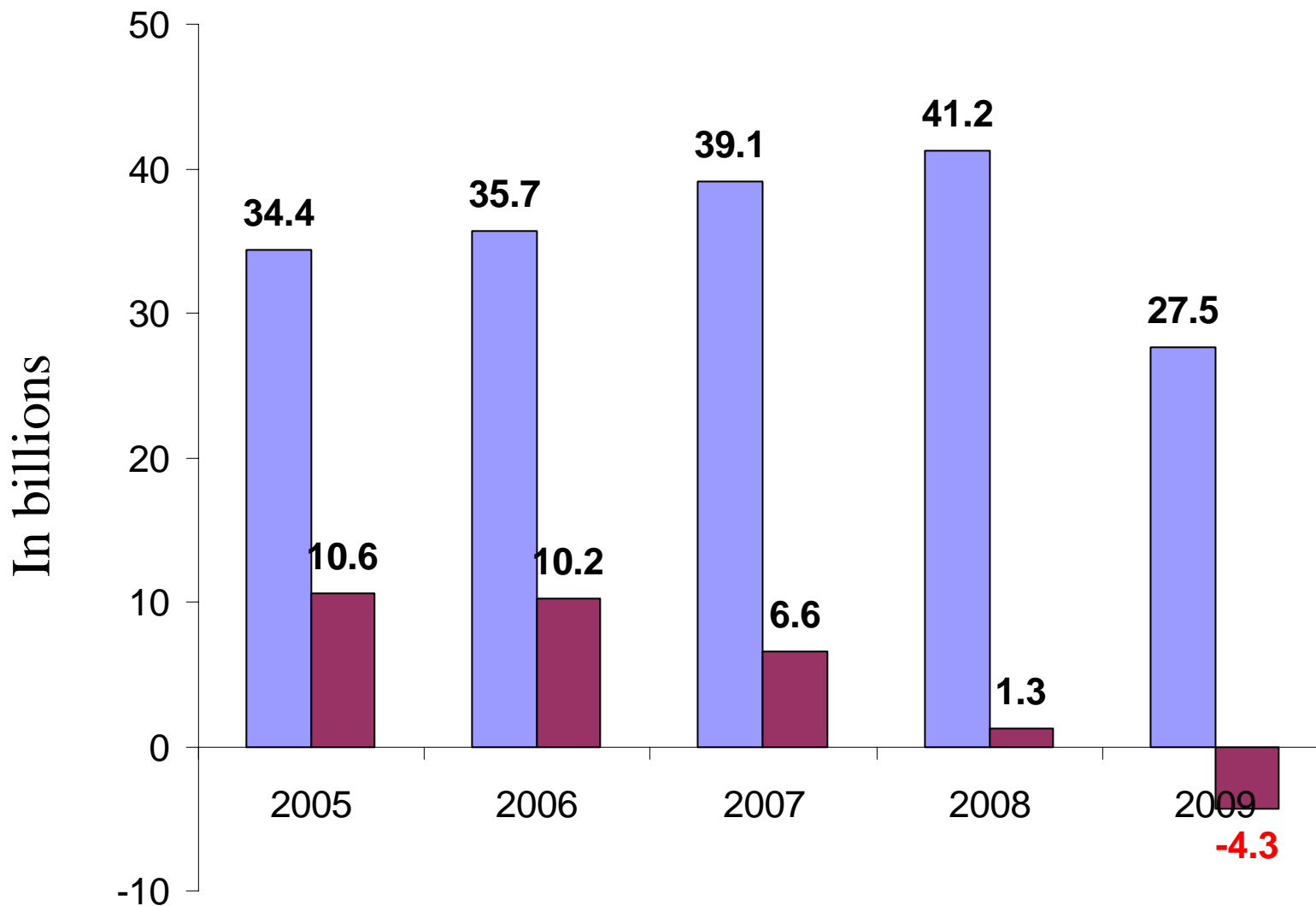
Highway Trust Fund Shortfall

August 2007 Estimate



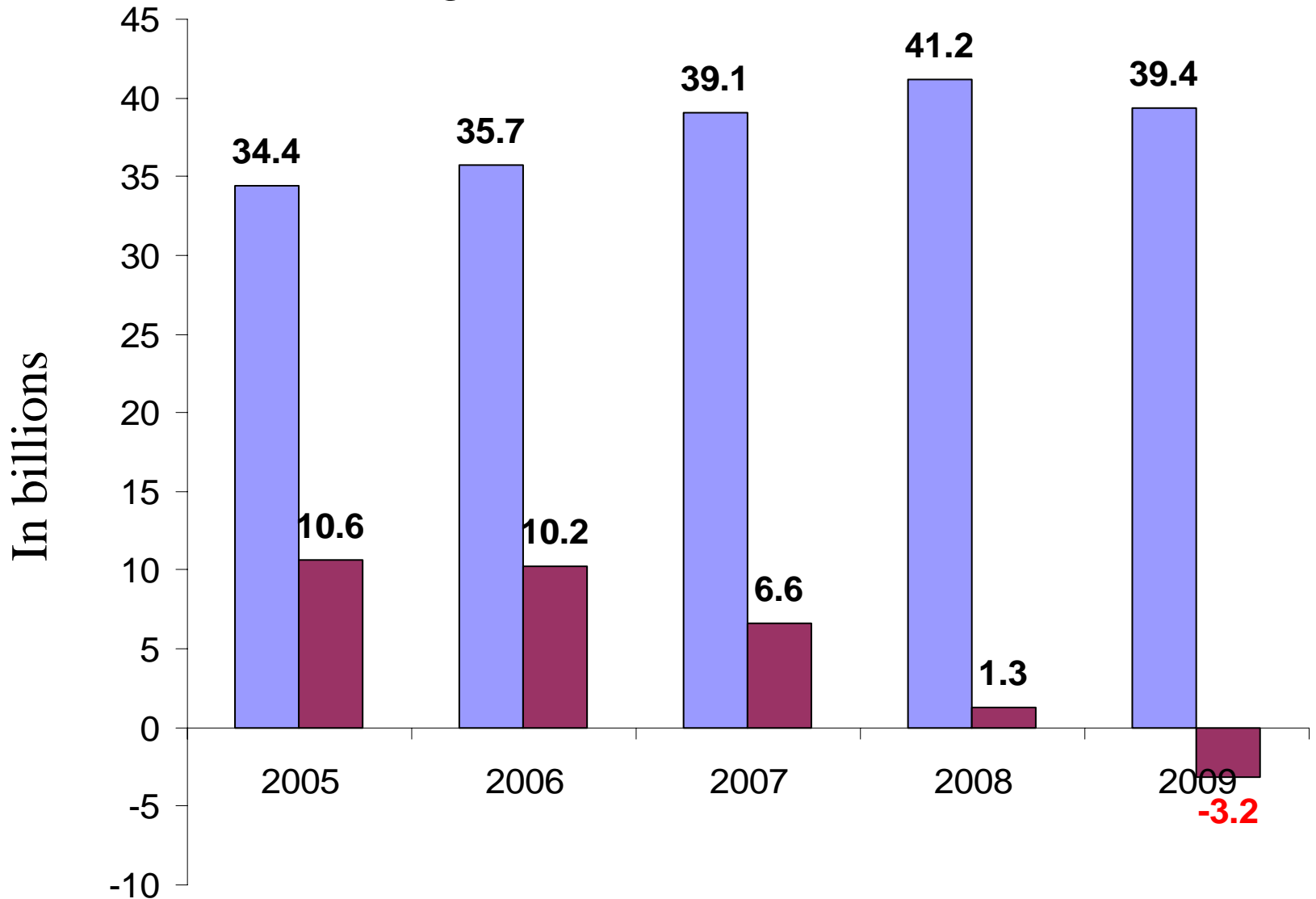
Highway Trust Fund Shortfall

August 2007 Estimate



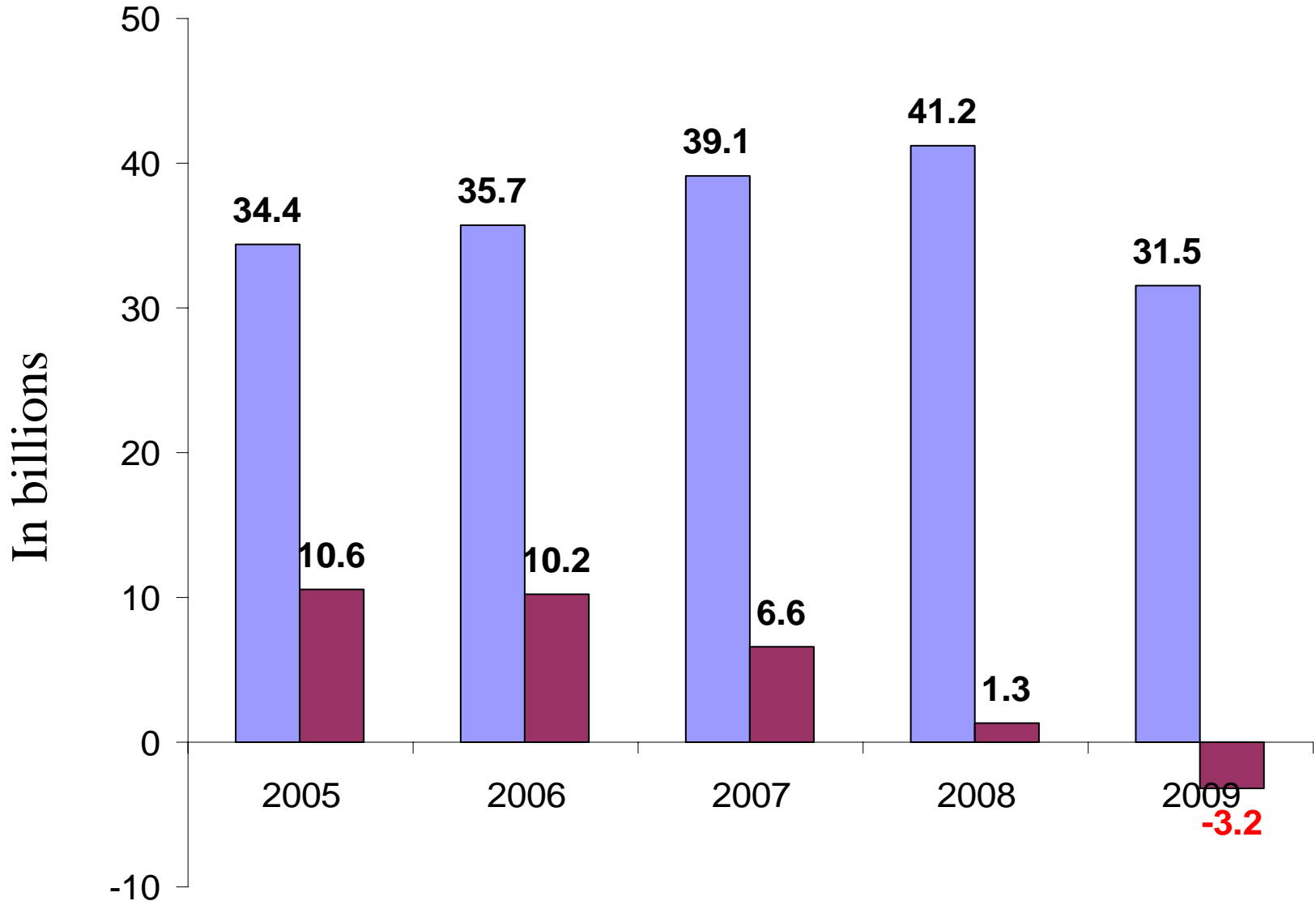
Highway Trust Fund Shortfall

February 2008 Estimate



Highway Trust Fund Shortfall

February 2008 Estimate



Highway Trust Fund Fix?

- Eliminate exemptions and transferring guzzler tax revenues to Highway Trust Fund.
- Congress did not act in 2007.
- TCC Legislative Fly-In May 20-21, 2008 now critically important.
- Will impact 2009 construction season.

Highway Reauthorization

2010	2011	2012	2013	2014	2015
------	------	------	------	------	------

Funding Levels

? ? ? ? ? ?



HMA
 Market
 Outlook

Huge Challenges

Aging Infrastructure

Skyrocketing Costs

Highway Policy & Funding Model Broken

Public Skepticism with Government

Industry Apathy

Terrible Political Climate

Climate Change/Energy

Economy/War/Health Care

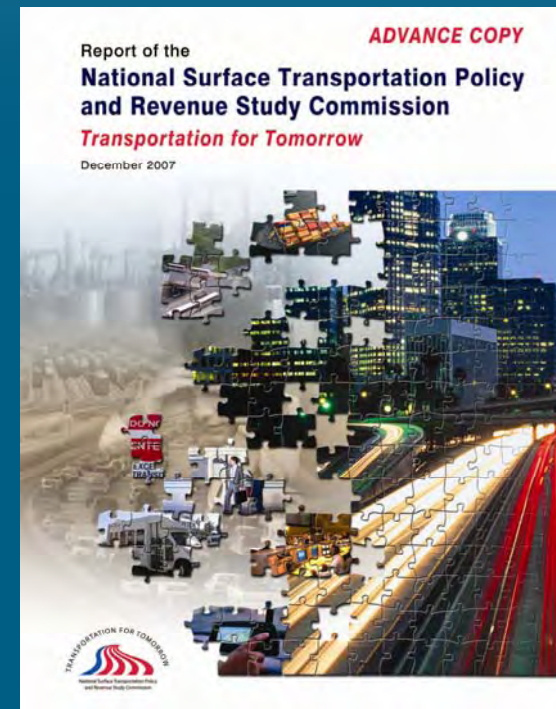
New Congress (Leadership?)

Extensions Problematic



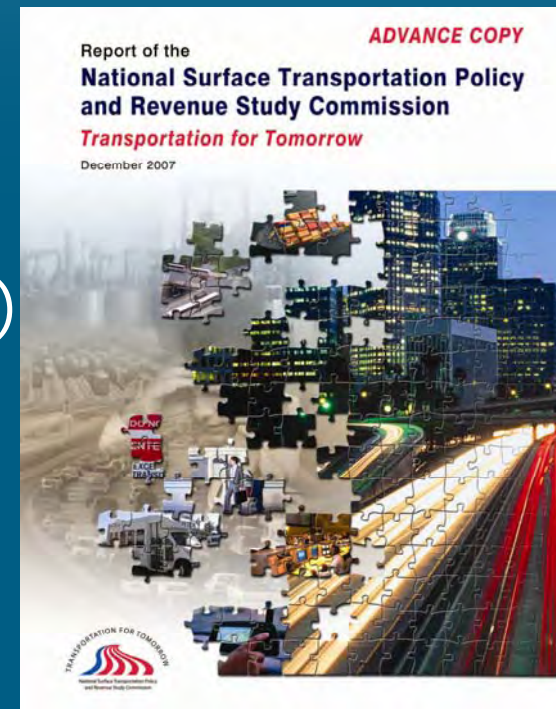
National Surface Transportation Policy & Revenue Commission

- Final Report Issued
- Strong Federal Role
- Restore Vision
- Replace 108 existing programs.
- Condition Federal Funding on Performance Measures and Out-Comes.
- Independent Commission



Annual Investment Requirements Highways & Bridges All Levels of Government

- Today = \$68 billion
- Maintain = \$185 billion per year
- Improve = \$276 billion
- Increase Funding (All of the Above)
 - 25 to 40 cent fuel tax increase
 - Indexing
 - Tolling, Bonding, PPP's, Etc...



Devolution Lite

- Stop sending funds to states
- Need to properly align supply and demand through pricing
- Let states figure it out
- Oppose higher fuel tax fees
- Private Sector/Wall Street has capital

Minority Views of Secretary Mary Peters, Commission Chair;
Commissioner Maria Cino; and Commissioner Rick Geddes

THE CONSTRUCTION WEEKLY

ENR

Engineering News-Record

February 11, 2008 • enr.com

Squeeze
Federal budget clamps down on non-defense items

Big Changes
DOE pulls plug on major clean-coal program

Two Down
Rising costs clip two nuclear power proposals



What is

- Federal highway



Crossroads Ahead

Mary E. Peters
U.S. Secretary of Transportation

DOT's Peters seeks smaller federal role in highways, transit

#BXNDZLN *****5-DIGIT 20706
#ENR0002919894/7# 01SEP25
MARGARET CERVARICH 00001
NATIONAL ASPHALT PAVEMENT 044609
5100 FORBES BLVD 00004
LANHAM MD 20706-4416 1663

McGraw Hill
CONSTRUCTION

“Turn-Back” Impact on Ohio

- State Gas Tax Increase in Ohio Needed to Replace Transportation Federal-Aid.

13.7¢



Highway Bill Task Force



Lloyd Bandy

Gary Stebbins

Ernie Herrick

John Suskie

Jim St. Ma

Highway Bill Task Force



Lloyd Bandy

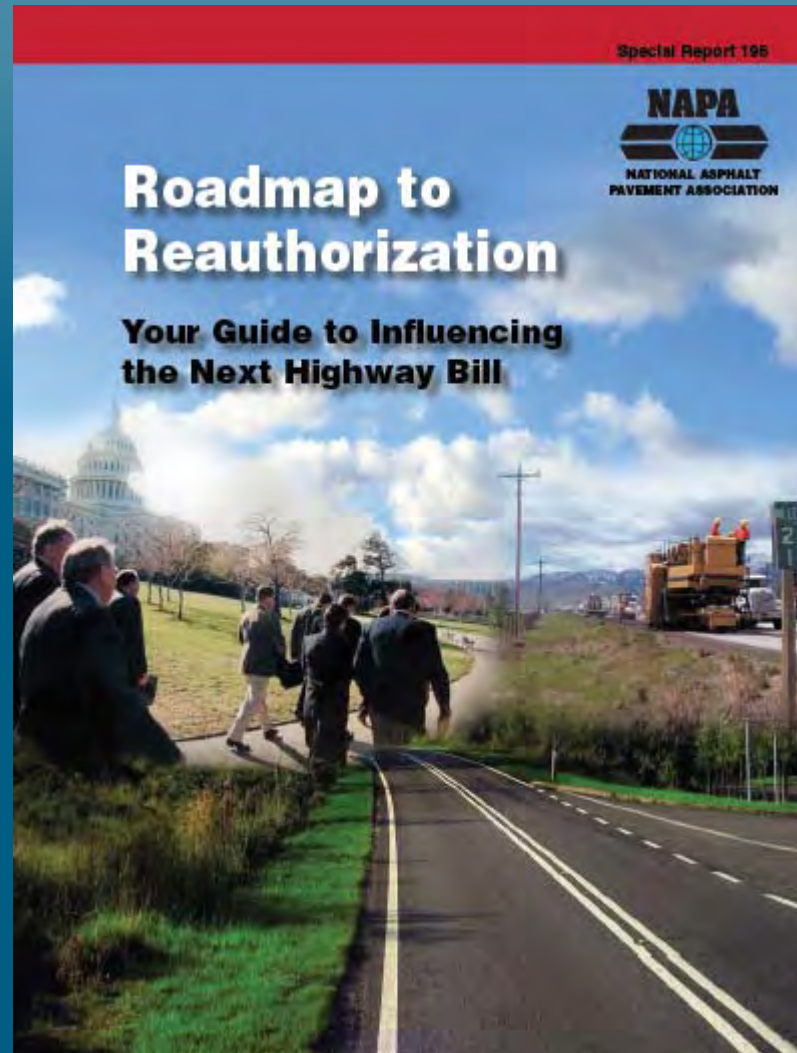
Gary Stebbins

Ernie Herrick

John Suskie

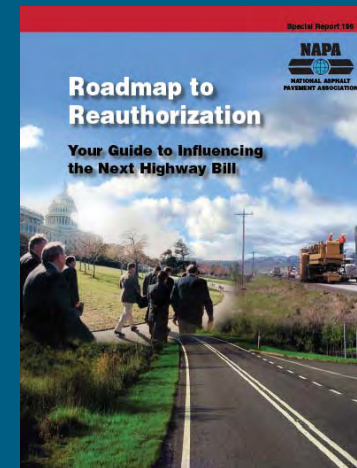
Jim St. Martin

Guidebook For Industry



It's Your Job...

- ...to understand what is at stake.
- ...that is being threatened.
- ...to participate in grassroots.



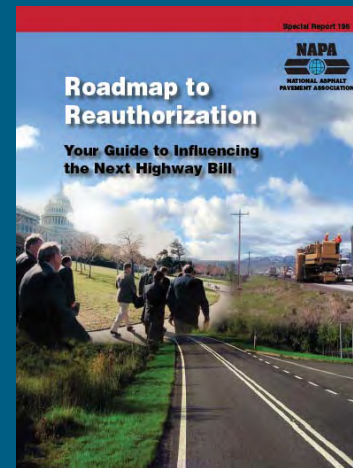
Jobs are at stake!

- *HMA Producers*
- *Oil Suppliers*
- *Aggregate Companies*
- *Equipment Manufacturers*
- *Subcontractors*
- *Suppliers*
- *Vendors*
- *Consultants*



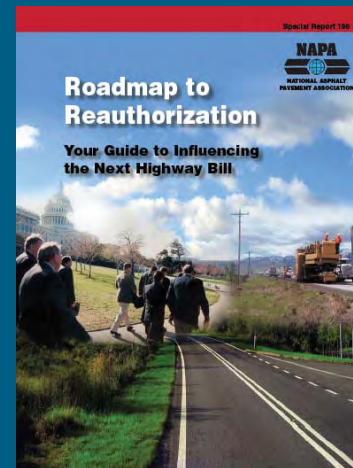
Why Grassroots?

- Make lawmakers aware that we exist as an industry.
- Create background noise NAPA needs to negotiate.
- Influence key votes.



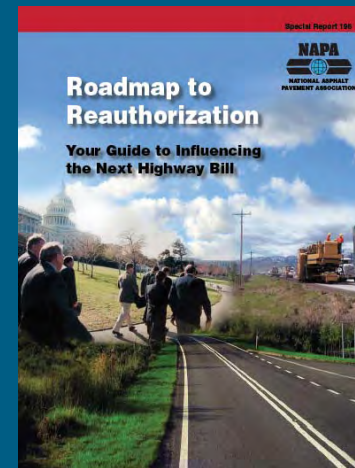
Grassroots Action Plan – Top 10

- Identify Highway Reauthorization as a top company priority.
- Appoint a grassroots coordinator.
- Prepare a grassroots action plan.
- Add “Company Grassroots” to your management team meeting agenda.
- Provide a web link to your local Members of Congress on company intranet.



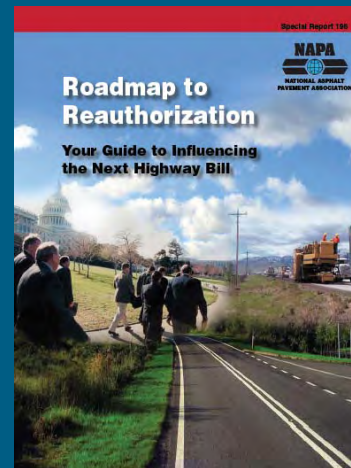
Grassroots Action Plan – Top 10

- Set up an action center for all employees to send messages to Congress.
- Designate staff to liaison with local Chamber of Commerce.
- Meet with subcontractors and vendors to encourage their involvement.
- Attend the TCC Fly-In in May.
- Use NAPA to stay on top of issue.
<http://legislative.hotmix.org>



Sample Ask

“Please support full funding for the highway program. My job AND MY VOTE depends on it!”



2008 Track Record



FAA Bill



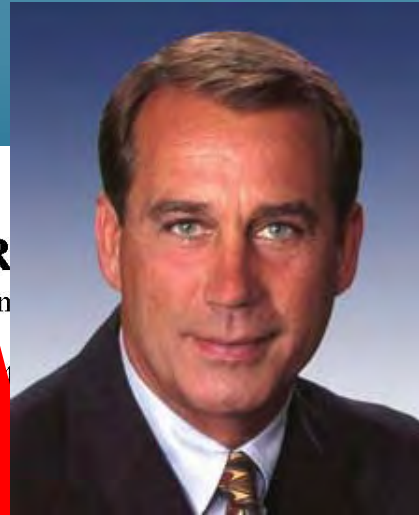
Nickel for Bridges



4



November vote on Transportation





Transportation Construction Coalition 2008 Legislative Fly-In

May 20-21, 2008

Hyatt Regency Capitol Hill
400 New Jersey Avenue, NW
Washington, D.C.
1-800-233-1234

Room rate: \$285 night
Room Block Name: "TCC Fly-In"

Tentative Schedule

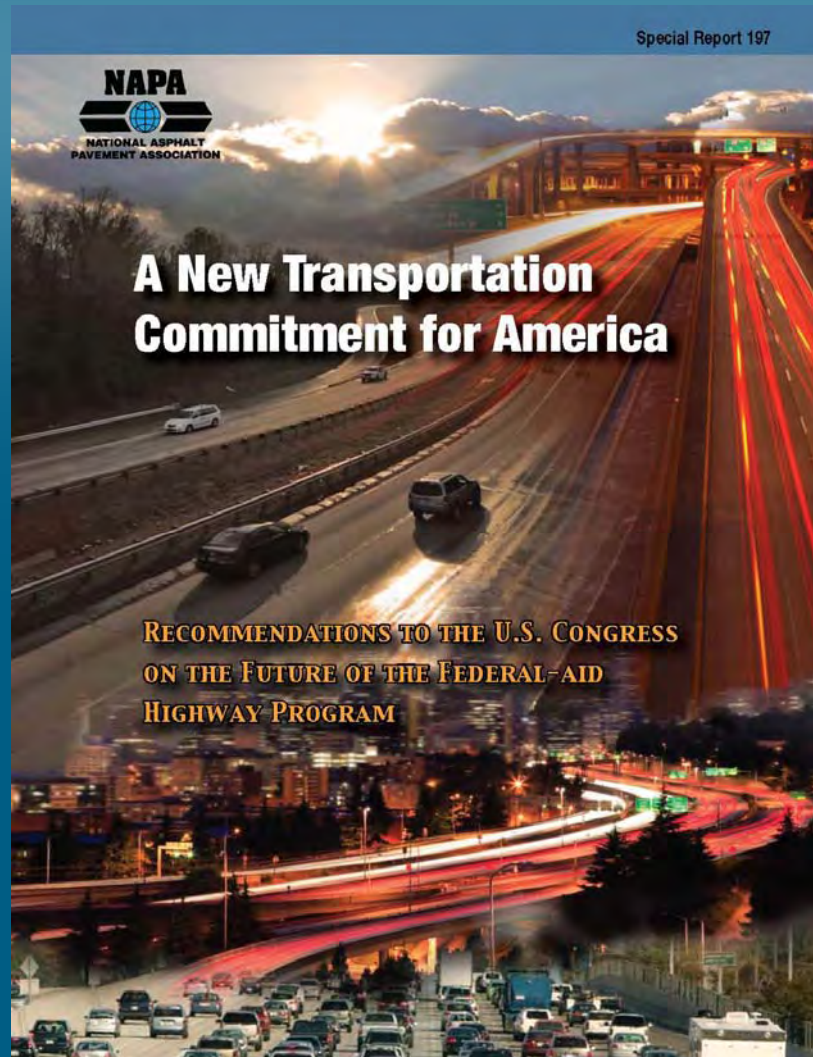
Tuesday, May 20

9:00 am to Noon – NAPA Meetings
2:00 pm to 4:30 pm – TCC Legislative Briefing
6:00 pm – Capitol Hill Reception

Wednesday, May 21

7:00 am to 7:45 am – TCC Breakfast
8:00 am to 5:00 pm – Congressional Visits

NAPA White Paper



New Transportation Commitment for America

- A New Transportation Commitment
 - National Transportation Summit
 - Declare 2010-2020 “Decade of Transportation”
- Modernize America’s Highways Now!
- Fund America’s Highway Infrastructure
 - Maximize existing funding sources
 - Increase the fuel tax
- Enact Critical Commerce Corridors
- Prepare for the Future: Asphalt Research



Political Action Committee

Approved



MEMORANDUM

TO: RON WHITE, CHAIRMAN - NAPA BOARD OF DIRECTORS
CC: NAPA EXECUTIVE COMMITTEE MEMBERS
FROM: RIC NEUBERT, CHAIRMAN - NAPA LEGISLATIVE COMMITTEE
SUBJECT: RECOMMENDATION TO ESTABLISH A NAPA PAC
DATE: SEPTEMBER 21, 2007

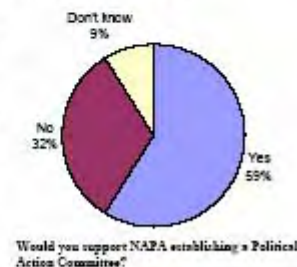
On August 21, 2007 NAPA's Highway Bill Task Force and NAPA's Legislative Committee unanimously approved a motion recommending the establishment of a Political Action Committee (PAC) connected to NAPA. The purpose of this memorandum is to provide NAPA's Executive Committee background on those discussions and a request that a motion be placed on the agenda at the next NAPA Board of Directors' meeting calling for the establishment of a PAC.

Background

On April 16, 2007 the Highway Bill Task Force met to outline a plan of action for the reauthorization of the Federal-aid Highway Program in 2009. Among the topics discussed was the establishment of a Political Action Committee (PAC) connected to NAPA. In preparation for the meeting, a survey was conducted in early 2007 of NAPA members to ascertain their views on the reauthorization of the Federal-aid Highway Program. The survey found that 59% of the respondents supported the establishment of a NAPAPAC.

The Highway Bill Task Force discussed the survey and the benefits of NAPA establishing a separate financial fund for individuals and corporate PACs to contribute for the sole purpose of supporting federal candidates running for elected office and who support NAPA's legislative priorities.

The Highway Bill Task Force discussed this issue in four subsequent meetings during 2007. NAPA's Legislative Committee ratified the Task Force recommendation on August 21, 2007.










2008 Asphalt Industry Challenges

- Highway Trust Fund Crisis
- 2009 Transportation Appropriations
- FAA Reauthorization
- Airfield Pavement Research Funding
- Recycling, Energy & Climate Change Issues
- Other issues that arise in Congress



Scorecard for 2008

- Economic Stimulus Package
 - Will it include highway resurfacing?
 - President's FY09 Budget released 2/4
 - Will it honor SAFETEA-LU?
 - How bad is the Highway Trust Fund?
 - Congressional Budget Resolution
 - Will it honor SAFETEA-LU?
 - How will Highway Trust Fund get fixed?
 - Transportation Appropriations
 - Final number for Highways?
 - When will it be enacted?
- 
- 
- 
- 
- 
- 
- 

No

No

Bad

Yes

?

?

?

Thank You!



Jay Hansen
Vice President - Government Affairs
jhansen@hotmix.org