Agenda

- Introductions and Background
- The Next Economy
- Surface Transportation – ARRA & Future Prospects
- 2010 Transportation Market Outlook
- Q&A
About Onvia

Onvia is the leading provider of gBusiness solutions in the United States

- 8,500 clients who sell to government, subcontract or supply
- Identify and qualify actionable business development opportunities
- DemandStar eProcurement Platform - 6,000 government users
- Largest public sector procurement database
- Primary markets served:
  - Energy/Environmental/Water
  - Architecture/Design, Engineering, Construction (Infrastructure)
  - Information Technology/Telecommunications
  - Medical/Healthcare
  - Vehicles/Equipment
  - Professional Services
  - Operations & Maintenance
The Next Economy

The Federal, State and Municipal Market

$5.5 Trillion a year.
$105 Billion per week.
$15 Billion a day.
$625 Million an hour.
$10 Million a minute.
$175,000 a second.

“"The government has moved in next door and it ain’t leaving.”


“The frontier between the state and market has shifted, the realm of the state has been enlarged.

— Daniel Yergin, Wall Street Journal, After the Bailouts, Washington’s the Boss, December 28, 2009
The Next Economy (cont’d)

Government Spending is almost 50% of GDP

Source: usgovernmentspending.com
The Next Economy (cont’d)

Businesses are Preparing for ‘gBusiness’ Arena

Source: McKinsey Quarterly 2010
Recovery Act Implementation and Future Prospects for Surface Transportation

Joung H. Lee
Associate Director for Finance and Business Development, AASHTO
Session Objectives

- To provide an update on state spending levels
- To report and show lessons learned from Recovery Act implementation
- To discuss the state of current surface transportation funding, including the Federal Highway Trust Fund conditions
- To provide AASHTO’s funding framework for the future
- To give the latest update on current program extension and surface transportation reauthorization
Figure 1. State Budget Gaps: FY 2002-FY 2012 (projected)

*Includes Puerto Rico
** 35 states and Puerto Rico forecast FY 2011 gaps. The amount shown for FY 2011 indicates the 36 states that provided gap estimates.
***23 states and Puerto Rico Forecast FY 2012 gaps. The amount shown for FY 2012 indicates the 20 states that provided gap estimates.
Source: NCSL survey of legislative fiscal offices, various years.
Annual Percentage Budget Changes, Fiscal 1979 to Fiscal 2010

SOURCE: National Association of State Budget Officers.
Transportation Spending Cuts in 21 States in FY 2010

- Arizona
- California
- Connecticut
- Florida
- Georgia
- Kansas
- Louisiana
- Massachusetts
- Maine
- Michigan
- Mississippi
- Nevada
- North Carolina
- New Jersey
- New York
- Ohio
- Pennsylvania
- South Carolina
- Virginia
- Washington
- Wisconsin

Source: National Association of State Budget Officers
American Recovery and Reinvestment Act (ARRA) of 2009

Overall Features

- $48.12 billion to USDOT
- 100 percent Federal share
- Maintenance of effort required
- Periodic reporting of economic impact of stimulus spending
- $1.5 billion in TIGER discretionary grants
  (Up to $200 million for TIFIA credit assistance)
Recovery Act Provisions

Highways
- $27.5 billion total
- Met statutory 100% obligation goal

Transit
- $8.4 billion total
- Met statutory 100% obligation goal

Passenger Rail
- $8 billion for intercity passenger and high-speed rail
  - Grants awarded 28 January 2010
- $1.3 billion for Amtrak

Aviation
- $1.3 billion total
Recovery Act Progress Report

Federal Highway Administration reports as of 29 January:
- 11,100 highway projects have won federal approval to proceed
- 7,050 highway projects are under contract or ready to proceed
- 2,140 projects are already completed

Federal Transit Administration reported as of 4 February:
- It had obligated $7.2 billion of its recovery funding to over 700 projects, nearly 87 percent of available funding
- Another 220 project applications, valued at $1.1 billion were under review

Bids have come in across the country at 10% to 30% under estimates, leading to more work being accomplished
Recovery Act Progress Report

As of 7 January 2010:

- 1,125 bridges had been improved, replaced or newly constructed
- 21,400 miles of pavement were either improved, resurfaced or widened
- 1,700 miles of safety traffic management projects were implemented
- Over 630 miles of bike lanes, sidewalks or environmental mitigation projects were underway
- 7,450 buses have been purchased and 1,637 bus shelters constructed
Recovery Act Jobs Impact

- **280,000 direct, on-project jobs** have been created or sustained across the country.
- Total employment from these projects, which includes direct, indirect, and induced jobs, reaches almost **890,000 jobs**.
Economic Recovery

**Key Points**

- State DOTs are utilizing stimulus dollars **quickly** and demonstrating **accountability**

- However, economic recovery plan **cannot be a substitute for long-term investment goals** that must be articulated and implemented in the full transportation authorization
Highway Account of the Highway Trust Fund: Receipts and Outlay Discrepancy

*Excludes $8.017 billion transfer from General Fund to Highway Account of HTF in September 2008.

**Excludes $7 billion transfer from General Fund to Highway Account of HTF in August 2009.
Ensuring Highway Trust Fund Stability

Highway Account Balance

Source: Federal Highway Administration
Purchasing Power Loss of the Highway Program

Source: Transportation Weekly
Surface Transportation Authorization Act of 2009

Funding

- Total funding $450 billion; a $500 billion with High Speed Rail
- $337.4 billion in Highway investment
  - $100 billion for Capital Asset Improvement (NHS, IM, Bridge)
  - $50 billion for Metropolitan Mobility and Access (MMA)
  - $25 billion for Projects of National Significance
  - $162.4 billion for other FHWA-administered programs (e.g. Highway Safety Improvement, Surface Transportation, CMAQ, Freight, etc)
- $99.8 billion transit
  - $87.6 billion from HTF
  - HTF share was 15.2% in SAFETEA-LU; it is increased to 19.5% in STAA
  - $12.2 billion from GF
- $50 billion high speed rail corridors
- $12.6 billion Motor Carrier Safety
Surface Transportation Authorization Act of 2009

- Specific authorizations are not included in the bill nor are the apportionment formulas.
- While the top line numbers are in the bill there is no specific breakdown by category and no formulas or runs that would show state shares or return on contributions.
- There is no revenue title to be bill yet.
Legislative Recommendations

Between 2010 and 2015, in order to invest in a robust surface transportation program to meet significant national needs, Congress should fund a $565 billion multimodal program comprised of:

- **Highway program funded at $375 billion**
  (2015 level = $75 billion)

- **Transit program funded at $100 billion**
  (2015 level = $20.8 billion)

- **Freight program funded at $40 billion**
  (2015 level = $9.2 billion)

- **Intercity passenger rail program funded at $50 billion**
  (2015 level = $11.7 billion)
Legislative Recommendations

- Federal government must continue to play a **strong role** in investing and maintaining an integrated and multimodal national surface transportation system.

- States and local governments should be provided with **maximum flexibility** to use federal revenues from existing core sources to meet systemic transportation needs.

- Strong **accountability measures** must accompany substantially increased funding to ensure resources are spent as efficiently and effectively as possible.

- We need to **restore purchasing power** by making sure the impact of inflation on commodities and construction costs must be addressed in setting investment levels.
Legislative Recommendations

- Adopt a long-range approach to funding the surface transportation system that gradually moves away from dependence on the current motor fuels tax to a **distance-based direct user fee** such as a fee on vehicle miles traveled.

- Assure that any **climate change** legislation that creates a new revenue source, either through a carbon tax or cap-and-trade, provides substantial funding for transportation.

- **Eliminate or drastically limit earmarking** in federal transportation programs.
## Proposed Program Funding Levels to Restore Purchasing Power

<table>
<thead>
<tr>
<th>Potential Program Name</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preservation and Renewal</td>
<td>$28.00</td>
<td>$30.80</td>
<td>$33.60</td>
<td>$36.40</td>
<td>$39.20</td>
<td>$42.00</td>
<td>$210.00</td>
</tr>
<tr>
<td>Highway Freight (Based on Existing Revenues)</td>
<td>$2.40</td>
<td>$2.64</td>
<td>$2.88</td>
<td>$3.12</td>
<td>$3.36</td>
<td>$3.60</td>
<td>$18.00</td>
</tr>
<tr>
<td>Highway Safety Improvement Program</td>
<td>$2.60</td>
<td>$2.86</td>
<td>$3.12</td>
<td>$3.38</td>
<td>$3.64</td>
<td>$3.90</td>
<td>$19.50</td>
</tr>
<tr>
<td>Operations</td>
<td>$2.40</td>
<td>$2.64</td>
<td>$2.88</td>
<td>$3.12</td>
<td>$3.36</td>
<td>$3.60</td>
<td>$18.00</td>
</tr>
<tr>
<td>Transportation System Improvement/Congestion Reduction</td>
<td>$11.10</td>
<td>$12.21</td>
<td>$13.32</td>
<td>$14.43</td>
<td>$15.54</td>
<td>$16.65</td>
<td>$83.25</td>
</tr>
<tr>
<td>Environment Program</td>
<td>$3.50</td>
<td>$3.85</td>
<td>$4.20</td>
<td>$4.55</td>
<td>$4.90</td>
<td>$5.25</td>
<td>$26.25</td>
</tr>
<tr>
<td><strong>TOTAL - Highways</strong></td>
<td>$50.00</td>
<td>$55.00</td>
<td>$60.00</td>
<td>$65.00</td>
<td>$70.00</td>
<td>$75.00</td>
<td>$375.00</td>
</tr>
<tr>
<td><strong>TOTAL - Transit</strong></td>
<td>$12.5</td>
<td>$14.2</td>
<td>$15.8</td>
<td>$17.5</td>
<td>$19.2</td>
<td>$20.8</td>
<td>$100.00</td>
</tr>
<tr>
<td><strong>TOTAL - Freight (Based on New Revenues Outside of Highway Trust Fund)</strong></td>
<td>$4.2</td>
<td>$5.2</td>
<td>$6.2</td>
<td>$7.2</td>
<td>$8.2</td>
<td>$9.2</td>
<td>$40.00</td>
</tr>
<tr>
<td><strong>TOTAL - Intercity Passenger Rail</strong></td>
<td>$5.0</td>
<td>$6.3</td>
<td>$7.7</td>
<td>$9.0</td>
<td>$10.3</td>
<td>$11.7</td>
<td>$50.00</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td>$71.67</td>
<td>$80.67</td>
<td>$89.67</td>
<td>$98.67</td>
<td>$107.67</td>
<td>$116.67</td>
<td>$565.00</td>
</tr>
</tbody>
</table>
Hiring Incentives to Restore Employment (HIRE) Act – HR 2847

- $17.6 billion package
- Signed into law on 18 March 2010
- SAFETEA-LU Extension
  - Extends SAFETEA-LU at pre-rescission FY 2009 spending level until 31 Dec 2010
  - Credits Highway Trust Fund with $19.5 billion in foregone interest payments
  - Allows Highway Trust Fund to accrue interest
  - Fuel tax credit for exempt fleet to be covered by the General Fund
  - Restores the $8.7 billion contract authority rescission contained in SAFETEA-LU
- Build America Bonds expansion to cover other qualified tax credit bonds
### AASHTO SURVEY—READY-TO-GO PROJECTS

<table>
<thead>
<tr>
<th>Mode</th>
<th>Number of States Reporting</th>
<th>Number of Projects</th>
<th>State Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highway</td>
<td>51*</td>
<td>7,497</td>
<td>$47.26 billion</td>
</tr>
<tr>
<td>Transit</td>
<td>34</td>
<td>983</td>
<td>$9.77 billion</td>
</tr>
<tr>
<td>Rail</td>
<td>20</td>
<td>234</td>
<td>$3.49 billion</td>
</tr>
<tr>
<td>Port</td>
<td>11</td>
<td>80</td>
<td>$0.58 billion</td>
</tr>
<tr>
<td>Aviation</td>
<td>16</td>
<td>528</td>
<td>$1.81 billion</td>
</tr>
<tr>
<td>Intermodal**</td>
<td>9</td>
<td>266</td>
<td>$6.63 billion</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>50*</td>
<td>9,588</td>
<td>$69.55 billion</td>
</tr>
</tbody>
</table>

Committee on Transportation and Infrastructure
Transportation and Infrastructure Investment Included in
H.R. 2847, the "Jobs for Main Street Act, 2010"
December 16, 2009

<table>
<thead>
<tr>
<th>Transportation and Infrastructure</th>
<th>Total Investment</th>
<th>Jobs Created</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highways</td>
<td>$27,500,000,000</td>
<td>765,133</td>
</tr>
<tr>
<td>Transit</td>
<td>$8,400,000,000</td>
<td>253,539</td>
</tr>
<tr>
<td>Amtrak</td>
<td>$800,000,000</td>
<td>22,258</td>
</tr>
<tr>
<td>Airport Improvement Program</td>
<td>$500,000,000</td>
<td>13,912</td>
</tr>
<tr>
<td>Maritime Guaranteed Loan Program</td>
<td>$100,000,000</td>
<td>55,646</td>
</tr>
<tr>
<td>Clean Water State Revolving Funds</td>
<td>$1,000,000,000</td>
<td>27,823</td>
</tr>
<tr>
<td>Army Corps of Engineers</td>
<td>$715,000,000</td>
<td>19,893</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>39,015,000,000</strong></td>
<td><strong>1,158,204</strong></td>
</tr>
</tbody>
</table>
Current State of Play

There is great uncertainty right now

- Still no solution on paying for a six-year bill
- Senator Voinovich received promise from Senator Reid to pass reauthorization by the end of the year
- Senator Boxer promises to mark up the EPW bill by the end of the year
- USDOT “principles” forthcoming
- Earmarks ban in the House
Current State of Play

- Broader variables: unemployment situation and deficit-spending appetite
- It is important to pass the six-year authorization bill soon, as state DOTs and contractors depend on long-term investment time horizons
- Any action should not reverse the progress made through the stimulus legislation
Thank You

Joung H. Lee
Associate Director for Finance and Business Development

AASHTO - American Association of State Highway and Transportation Officials
444 North Capitol Street NW, Suite 249
Washington, DC 20001
Phone: (202) 624-5818
Fax: (202) 624-5469
Email: jlee@aashto.org
Web: www.transportation.org
2010 Infrastructure

- Market expected to grow 8%+ fueled by unspent recovery funds
- New ARRA funded transportation projects
- HIRE bill will likely push out transportation spending bill
- Project costs beginning to rise
- Continued strong competition for projects
2,800 New Projects In Q1 2010
Q1 key road construction commodities such as asphalt paving mixtures were up almost 50% over February 2009, with overall inputs to highway and street construction up 5.4% for the same period..
Strategic Considerations for 2010

- Competition/pricing pressure will vary in major metros vs. outlying areas
- Higher volume of smaller dollar projects
- Local preference changes
- Importance of getting registered
- Many stimulus jobs going to firms with existing contracts
- Differentiate rather than just quoting at lower margins
- Partner with minority-owned businesses
- Businesses must engage with government or be left behind the Next Economy
Questions
Thank You

Michael Balsam
Chief Strategy Officer

Onvia, Inc.
509 Olive Way Suite 400
Seattle, WA  98101
Email: mbalsam@onvia.com
Web: www.onvia.com