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PSA - IAEO August 2012 Infrastructure Update

Up to $17 billion in TIFIA loans now available for road, bridge projects

U.S. Transportation Secretary Ray LaHood announced the availability of up to $17 billion in loans for critical infrastructure projects across the country as a result of the recently enacted surface transportation bill. LaHood encouraged states and cities across the country to submit letters of interest for the TIFIA (Transportation Infrastructure Finance and Innovation Act) program, which provides direct loans, loan guarantees and standby lines of credit to major infrastructure projects with the potential to create jobs and spur economic development and growth.

“Americans have always done big things—not in spite of hard times, but as a means of overcoming them,” said LaHood. “That’s why the Obama administration is launching the largest infrastructure loan program in our history—these investments will help cities and states create jobs right away building the big transportation projects we need to make sure our economy continues to grow and prosper.”

The recently enacted surface transportation bill, known as MAP-21, provided $1.7 billion in capital over two years for the TIFIA credit assistance program, up from $120 million in FY 2012, making it the largest transportation infrastructure finance fund in the Department’s history. Each dollar of federal funds can provide approximately $10 in TIFIA credit assistance, meaning $17 billion in loans through TIFIA, which in turn can leverage $20-$30 billion in transportation infrastructure investment. Altogether, the expanded federal loan program could result in up to $50 billion in federal, state, local and private-sector investment for critical transportation projects across the country.

A wide range of critical transportation projects are eligible for the funding, including everything from highway and passenger rail projects to public transit and international bridges and tunnels. Because of the flexibility provided by the TIFIA programs, many qualified, large-scale projects that might otherwise be delayed or shelved can move forward quickly, providing an immediate boost to jobs while laying a foundation for continued economic growth.

To date, the TIFIA program has used $9.2 billion in funding to leverage more than $36.4 billion in private and other capital to help build 27 major transportation projects around the country.

In addition to announcing the availability of the expanded TIFIA funding, LaHood also announced the establishment of the Project Finance Center (PFC) to help state and local government project sponsors analyze financial options for highway, transit, rail, intermodal and other surface transportation projects facing funding challenges. Through the PFC, the Department of Transportation will have a unique opportunity to provide technical assistance to state and local sponsors of surface transportation projects seeking financial support, making it easier for communities to build the transportation projects they need.

Source: U.S. DOT

Department of Transportation Announces Funding for 47 TIGER 2012 Projects

At the end of June U.S. Transportation Secretary Ray LaHood today announced that 47 transportation projects in 34 states and the District of Columbia will receive a total of almost $500 million from the U.S. Department of Transportation's TIGER (Transportation Investment Generating Economic Recovery) 2012 program.

The TIGER program is a highly competitive program that is able to fund innovative projects difficult or impossible to fund through other federal programs. In many cases, these grants will serve as the final piece of funding for infrastructure investments totaling $1.7 billion in overall project costs. These federal funds are being leveraged with money from private sector partners, states, local governments, metropolitan planning organizations and transit agencies. The grants will fund a wide range of innovative transportation projects in urban and rural areas across the country:

• Of the $500 million in TIGER 2012 funds available for grants, more than $120 million will go to critical projects in rural areas.

• Roughly 35 percent of the funding will go to road and bridge projects, including more than $30 million for the replacement of rural roads and bridges that need improvements to address safety and state of good repair deficiencies.

• 16 percent of the funding will support transit projects like the Wave Streetcar Project in Fort Lauderdale.

• 13 percent of the funding will support high-speed and intercity passenger rail projects like the Raleigh Union Station Project in North Carolina.

• 12 percent will go to freight rail projects, including elements of the CREATE (Chicago Region Environmental and Transportation Efficiency) program to reduce freight rail congestion in Chicago.

• 12 percent will go to multimodal, bicycle and pedestrian projects like the Main Street to Main Street Multimodal Corridor project connecting Memphis and West Memphis.

• 12 percent will help build port projects like the Outer Harbor Intermodal Terminal at the Port of Oakland.

• Three grants were also directed to tribal governments to create jobs and address critical transportation needs in Indian country.

Under all four rounds combined, the TIGER program has provided $3.1 billion to 218 projects in all 50 states, the District of Columbia and Puerto Rico. Demand for the program has been overwhelming, and during all four rounds, the Department of Transportation received more than 4,050 applications requesting more than $105.2 billion for transportation projects across the country.

The fiscal year 2013 appropriations bill currently under consideration in the U.S. Senate provides $500 million for a future round of TIGER grants.

Click here for additional information on individual TIGER grants.

Investment in High-Speed Rail in the U.S. Results in the Net Benefits of $26.4 Billion

While critics of implementing a high-speed rail program in America say the U.S. cannot afford to build it, new information released last month shows that the net benefits to investment far exceed the cost. The report titled "Opportunity Cost of Inaction: High-Speed Rail and High Performance Passenger Rail Service" was released at a Congressional briefing by the American Public Transportation Association (APTA). It shows that building a high-speed rail program in the U.S. results in $26.4 billion in net benefits over the next 40 years.

"As we look at the implementation of high-speed rail in America, we must recognize the value it brings to help sustain and complement our other modes of transportation," said APTA President and CEO Michael Melaniphy. "It is critical that policy makers take a leadership role in moving high-speed rail forward to capture the billions of dollars of economic, mobility, energy and environmental benefits." The report shows investment in high-speed and high performance passenger rail not only aids in solving our capacity issues, but helps mitigate overall transportation costs and helps our roadways and airports work more efficiently.

The strain on our transportation system by travelers will result in increased congestion and delays which will lead to billions of dollars lost in lost opportunities in a globally competitive market. "By building high-speed rail, we not only offer mobility benefits to those who ride the rails, but to those who continue to fly or drive by helping to alleviate the strain on our overburdened network," said Melaniphy.

There are substantial net benefits to regions if we invest in high-speed rail. The net benefit to investing in the California region is $8.2 billion over 40 years. The Midwest is $11.7 billion, the Northwest Corridor is $5.5 billion and the Pacific Northwest is $1.1 billion. Additional factors in determining the net benefits include economic output generated, tax revenue generated, emissions savings and others. Numerous additional social and mobility benefits are not quantified in the report.

"This study quantifies just the tip of the iceberg and is a very conservative estimate of the net benefits resulting from implementing high performance trains in America," said Melaniphy. "We must recognize the positive growth potential and benefits high-speed rail can provide to our citizens."

Click here to read the full report.

Obama Administration Announces 5 Major Port Projects to Be Expedited

As part of its "We Can't Wait initiative", the Administration announced that 7 nationally and regionally significant infrastructure projects will be expedited to help modernize and expand 5 major ports in the United States, including the Port of Jacksonville, the Port of Miami, the Port of Savannah, the Port of New York and New Jersey, and the Port of Charleston. As part of a Presidential Executive Order issued in March of this year, the Office of Management and Budget is charged with overseeing a government-wide effort to make the permitting and review process for infrastructure projects more efficient and effective, saving time while driving better outcomes for local communities. These are the first 7 of the initial 43 projects that will be expedited by the Executive Order – additional expedited infrastructure projects will be announced in the coming weeks.

The Obama Administration is also announcing the establishment of a White House-led Task Force that will consist of senior officials from various White House offices, the Army Corps of Engineers, and the Departments of Transportation, Commerce, Homeland Security, and the Treasury. The Task Force will develop a Federal strategy and coordinated decision making principles that focus on the economic return of investments into coastal ports and related infrastructure to support the movement of commerce throughout the Nation.

Click here for more details on the five port projects.

Construction Employment Stagnates

Construction employment stalled in June as more former construction workers left the industry, according to an analysis of new federal data released last month by the Associated General Contractors of America. The lack of current job openings, along with the departure of experienced workers, suggests a potential skilled-labor shortage may be developing, construction association officials warned.

“Employment in the construction industry has fluctuated within a very narrow range — 1 percent above or below the June level of 5.5 million — for more than two years now,” said Ken Simonson, the association’s chief economist. While the latest figure was 14,000 higher than one year earlier, the June 2012 total was just 2,000 higher than in May and in June 2010. “Construction employment has essentially been stagnant for much of the past two years.”

Meanwhile, the unemployment rate for former construction workers fell to 12.8 percent, the lowest June rate since 2008 and much better than the 15.6 percent rate in June 2011 or the 20.1 percent rate in June 2010, Simonson noted. He added that over the past two years nearly 750,000 experienced workers have either found jobs in other industries, returned to school, retired or otherwise left the workforce. “It will be hard for construction firms to get those skilled workers back when demand picks back up.”

There was little difference among construction segments in terms of recent job gains or losses, Simonson noted. Residential construction added 1,700 total jobs in June and 8,900 (0.4 percent) over 12 months. Nonresidential construction firms lost 600 jobs in June but added 4,300 (0.1 percent) over 12 months.

Nonresidential job gains for the year were concentrated among nonresidential building contractors, which lost 1,000 jobs in the latest month but added 4,300 (0.7 percent) over 12 months. Heavy and civil engineering construction firms shed 2,000 jobs in June and 1,800 (-0.2 percent) in the past year. Nonresidential specialty trade contractors boosted employment by 2,400 since May but only 1,800 (0.1 percent) since June 2012.

Association officials noted that one bright spot for the industry was the 27-month highway and transit bill the president is signing into law. They said the legislation includes many significant reforms that will allow more existing transportation funds to be invested in highway and transit construction projects, as opposed to unrelated programs.

“This measure will certainly help staunch the decline in construction employment among highway and transportation builders,” said Stephen E. Sandherr, the association’s chief executive officer. “Congress understands that investing in infrastructure is one of the best ways to support growth within the private sector.”

New Residential Construction Up Over 20% from Last Year

The Commerce Department's U.S. Census Bureau released June 2012 data on new residential construction (PDF) showing that housing starts in June 2012 were at a seasonally adjusted annual rate of 760,000, up 6.9 percent from May’s revised estimate and up 23.6 percent from June 2011. Starts of multifamily structures increased 12.8 percent, and single-family starts rose 4.7 percent. Building permits for the month were at a seasonally adjusted annual rate of 755,000, down 3.7 percent from the revised May rate but up 19.3 percent from one year earlier.

"In June, new home starts hit their highest level since October 2008, and housing permits are up 29 percent in the first six months of this year compared to last," said Acting U.S. Commerce Secretary Rebecca Blank. "However, while the housing market is stabilizing, too many homes are still underwater and too many homeowners are still struggling to make ends meet."

Research report identifies key water industry trends

A new report from the Water Research Foundation identifies key trends intended to help water utilities better understand what the future may hold.

"Forecasting the Future: Progress, Change, and Predictions for the Water Sector" analyzes social, political, economic, environmental, and business trends that are expected to influence the water industry over the next 20 years. According to a panel of international experts, the top 10 trends include:

1. Uncertain Economy, Financial Instability
2. Decreased Availability/Adequacy of Water Resources
3. Aging Water Infrastructure/Capital Needs
4. Shifting Water Demands (Per Capita Reduction)
5. Changing Workforce, Dynamic Talent Life-Cycle
6. Expanding Technology Application
7. Mass/Social Media Explosion
8. Increasing/Expanding Regulations
9. Efficiency Drivers, Resource Optimization
10. Climate Uncertainty

The report also presents a Water Sector Blueprint that identifies seven key strategic imperatives for the water industry to pursue in order to attain the desired future. They include:

1. Communication: Multi-Faceted Engagement
2. Collaboration/Partnerships
3. Total Systems View
4. Rate Making/Financing
5. Applied Technology
6. 21st Century Leadership Skills
7. Adaptive Planning

Click here to get the full report.

Helping Veterans and Military Families Connect to Jobs and More by Tapping Local Transportation

In July, U.S. Transportation Secretary Ray LaHood today announced $29 million in grants to provide improved access to local transportation for veterans and their families, wounded warriors and other military personnel, helping them find affordable rides to work, school, shopping, medical care and other destinations in their communities. The grants will support 64 projects in 33 states and the Northern Mariana Islands.

The Veterans Transportation and Community Living Initiative, funded and managed by the Federal Transit Administration (FTA), supports efforts by local governments and transit agencies to implement technologies—ranging from "smart phone" applications to real-time transit bus locator information—that make it easier for veterans and others to access and schedule rides on available buses, vans, taxis and other transportation systems.

FTA received 81 eligible proposals requesting $41 million for this second round of the Veterans Transportation and Community Living Initiative grants, reflecting strong demand for the program. In FY2011, FTA awarded $34.6 million for 55 veterans' transportation projects around the country.

Click here for more information on the individual grants.

Rockefeller Foundation Infrastructure Survey Reveals Bipartisan Support for Transportation and Infrastructure Investments and Reform

An exclusive Rockefeller Foundation survey reveals overwhelming bipartisan support for federal investment in transportation and infrastructure projects.

The survey showed that 71% of voters think leaders in Washington should seek common ground on legislation related to roads, bridges and transit systems, including 66% of Tea Party supporters and 71% of Republicans. Two out of three voters say that improving the country's transportation infrastructure is highly important. Nearly half of all voters said that roads are often or totally inadequate and that only some public transportation options exist. Eighty percent of voters agree that federal funding to improve and modernize transportation will boost local economies and create millions of jobs, and view it as critical to keeping the United States as the world's top economic superpower.

But Americans want changes in the way the Federal government invests in infrastructure and makes policy. Two-thirds of respondents favored 9 of 10 reforms tested in the survey, with 90 supporting more accountability and certification that projects are delivered on time and fit into a national plan. In terms of priorities, a vast majority (80 percent) believe the country would benefit from an expanded and improved public transportation system and 57 percent believe that "safer streets for our communities and children" should be the one of the top two priorities if more money is to be invested in infrastructure.

This Rockefeller Foundation Infrastructure Survey highlights 4 key findings:

1. American voters see improvement in transportation infrastructure as a way to improve the economy and their quality of life: With federal unemployment rates hovering at 9%, Americans feel that improvements to transportation and infrastructure will create millions of jobs – eight in ten voters think transportation and infrastructure will boost local economies and create jobs including 64% of Tea Party supporters and 66% of Republicans.

2. American voters are looking for consensus and cooperation in Washington: Americans want their elected officials to work together, especially around the issue of transportation and infrastructure (66% of voters say this is a time where they would like leaders in Washington to make compromises and seek common ground). More than any other issue tested, American voters would like to see compromise on legislation related to transportation and infrastructure (71%).

3. American voters see room for improvement in how government spends money on infrastructure: With a high federal deficit, Americans overwhelmingly say that that current government spending on building and maintaining transportation infrastructure is inefficient and unwise – 64% overall and 72% of Republicans. Americans support a host of reforms aimed at making spending more efficient while still producing results. For instance, 90% support allowing local regions to have some input on how transportation dollars are used in their area.

4. American voters are open to several funding streams for national transportation projects: With overwhelming support for transportation and infrastructure improvements, Americans are open to

several funding streams. Seventy-eight percent encourage more private investment and 72% of voters support imposing penalties on projects that go over budget or exceed their deadline. Sixty percent of voters support establishing a National Infrastructure Bank, 59% support issuing new transportation bonds and 58% support eliminating subsidies for American oil companies that drill in other countries. Only 27 percent support increasing the gas tax, although almost half of all respondents believe it increases annually (it has not increased since 1993).

For the full survey results please visit the Rockefeller Foundation.

Latest Economic Indicators at a Glance

Consumer Confidence - The Conference Board Consumer Confidence Index®, which had declined in June, improved slightly in July. The Index now stands at 65.9 (1985=100), up from 62.7 in June. The Expectations Index improved to 79.1 from 73.4. The Present Situation Index, however, decreased slightly to 46.2 from 46.6 a month ago.

Says Lynn Franco, Director of Economic Indicators at The Conference Board: "Despite this month's improvement in confidence, the overall Index remains at historically low levels. Consumers' attitude regarding current conditions was little changed in July, but their short-term expectations, which had declined last month, bounced back. However, while consumers expressed greater optimism about short-term business and employment prospects, they have grown more pessimistic about their earnings. Given the current economic environment — in particular the weak labor market — consumer confidence is not likely to gain any significant momentum in the coming months."

Construction Spending – Construction spending during June 2012 was estimated at a seasonally adjusted annual rate of $842.1 billion, 0.4 percent (±1.8%)* above the revised May estimate of $838.3 billion. The June figure is 7.0 percent (±2.0%) above the June 2011 estimate of $786.8 billion. During the first 6 months of this year, construction spending amounted to $387.1 billion, 9.0 percent (±1.5%) above the $355.1 billion for the same period in 2011.

Private Construction: Spending on private construction was at a seasonally adjusted annual rate of $567.9 billion, 0.7 percent (±1.6%) above the revised May estimate of $564.2 billion. Residential construction was at a seasonally adjusted annual rate of $265.6 billion in June, 1.3 percent (±1.3%) above the revised May estimate of $262.1 billion. Nonresidential construction was at a seasonally adjusted annual rate of $302.3 billion in June, 0.1 percent (±1.6%) above the revised May estimate of $302.1 billion.

Public Construction: In June, the estimated seasonally adjusted annual rate of public construction spending was $274.2 billion, nearly the same as (±2.8%) the revised May estimate of $274.1 billion. Educational construction was at a seasonally adjusted annual rate of $65.7 billion, 1.4 percent (±4.6%) below the revised May estimate of $66.6 billion. Highway construction was at a seasonally adjusted annual rate of $80.4 billion, 1.5 percent (±7.7%) above the revised May estimate of $79.3 billion.

Gross Domestic Product - Real gross domestic product -- the output of goods and services produced by labor and property located in the United States -- increased at an annual rate of 1.5 percent in the second quarter of 2012. In the first quarter, real GDP increased 2.0 percent.

Factory Orders - New orders for manufactured durable goods in May increased $2.3 billion or 1.1 percent to $217.2 billion. Transportation equipment, up three of the last four months, had the largest increase, $1.7 billion or 2.7 percent to $63.1 billion. This was led by nondefense aircraft and parts, which increased $0.4 billion.

Durable Goods - New orders for manufactured durable goods in June increased $3.4 billion or 1.6 percent to $221.6 billion. This increase, up two consecutive months, followed a 1.6 percent May increase. Excluding transportation, new orders decreased 1.1 percent. Excluding defense, new orders decreased 0.7 percent. Transportation equipment, up four of the last five months, had the largest increase, $5.1 billion or 8.0 percent to $68.8 billion.

Consumer Price Index - On a seasonally adjusted basis, the Consumer Price Index for All Urban Consumers was unchanged in June after declining 0.3 percent in May. The index for all items less food and energy rose 0.2 percent in June, the same increase as in May.
Employment Cost Index

Employment Cost Index - Wages and salaries and benefit costs for civilian workers rose 0.5 percent, seasonally adjusted, from December 2011 to March 2012. Over the year, compensation rose 1.9 percent, wages and salaries 1.7 percent, and benefits 2.7 percent

July Employment Report - Total nonfarm payroll employment rose by 163,000 in July, and the unemployment rate was essentially unchanged at 8.3 percent. Since the beginning of this year, employment growth has averaged 151,000 per month, about the same as the average monthly gain of 153,000 in 2011. In July, employment rose in professional and business services, food services and drinking places, and manufacturing. Manufacturing employment rose in July (+25,000), with nearly all of the increase in durable goods manufacturing. Employment in other major industries, including mining and logging, construction, retail trade, transportation and warehousing, financial activities, and government, showed little or no change over the month. Select here for the full report.

Producer Price Index - The Producer Price Index for finished goods increased 0.1 percent in June. Prices for finished goods moved down 1.0 percent in May and declined 0.2 percent in April. The index for finished goods less foods and energy moved up 0.2 percent.

Productivity and Costs - Productivity declined 0.9 percent in the nonfarm business sector in the first quarter 2012; unit labor costs rose 1.3 percent (seasonally adjusted annual rates). In manufacturing, productivity grew 5.2 percent and unit labor costs fell 4.9 percent.

Real Earnings - Real average hourly earnings rose 0.2 percent in June, seasonally adjusted, due to a 0.3 percent gain in average hourly earnings combined with an unchanged CPI-U. Real average weekly earnings rose 0.5 percent over the month.

U.S. Import and Export Price Indexes - U.S. import prices fell 2.7 percent in June, following a 1.2 percent decrease in May. Lower prices for both fuel and nonfuel imports contributed to the overall decline. U.S. export prices fell 1.7 percent in June after a 0.4 percent drop the previous month.