2019 TRANSPORTATION ISSUE PAPER

San Antonio Chamber of Commerce
San Antonio Hispanic Chamber of Commerce
North San Antonio Chamber of Commerce
South San Antonio Chamber of Commerce
San Antonio Mobility Coalition
West San Antonio Chamber of Commerce

Federal Surface Transportation Reauthorization and/or Federal Infrastructure Initiative

LEGISLATIVE PRIORITY: Support a federal transportation (infrastructure) initiative and/or the next federal Surface Transportation Reauthorization Bill with:

- Robust and sustainable multi-modal funding including highway, transit and rail;
- Expanded federal authority regarding public-private partnerships;
- Continued streamlining/simplification of environmental processes;
- Elimination of donor state status for Texas; and
- Establishment of new revenue streams to provide adequate and sustainable funding.

BACKGROUND: On December 3, 2015 the US House of Representatives approved a five-year $305 billion federal surface transportation reauthorization bill entitled Fixing America's Surface Transportation Act, or the FAST Act, that was signed into law by President Obama on December 4, 2015.

The FAST Act provided $225 billion in Highway Trust Fund contract authority over five years for the Federal-Aid Highway Program – starting at $41 billion in 2015 rising to $47 billion in 2020. For the initial year, this represented about a five percent increase in overall highway programs. The FAST Act also provided a first-year increase of about 16 percent for transit programs and an increase in passenger rail funding of 9 percent.

With the FAST Act set to expire in 2020, the conversation regarding the next multi-year reauthorization bill is already well underway. In addition, the Trump Administration released in early 2018 its *Legislative Outline for Rebuilding Infrastructure in America*, a general road map for greater investment in transportation, water, energy, telecommunications, and other types of infrastructure.

The following are principles that we would urge Congress to consider in either the next federal surface transportation reauthorization bill and/or a federal infrastructure initiative:

<u>Robust and Sustainable Funding – Highway, Transit, and Rail</u>

When the FAST Act was passed, the average annual funding level of $57.5 billion for highways and transit fell $16 billion short of what the Highway Trust Fund's annual purchasing power provided in 1993, the last time the federal gasoline tax was raised. Further, the Act relied upon $70 billion in General Fund support including a number of one-time funding measures. The anticipated gap between Highway Trust Fund income and anticipated spending in 2021 is expected to reach at least $18 billion.

The San Antonio region (Alamo Area MPO) currently lists 23 added capacity projects totaling $12.9 billion that cannot be funded during the next decade with current anticipated local, state, and federal funds. The State of Texas has a funding shortfall of at least $15 billion for the largest 16 projects in the state while Transportation Advocates of Texas, Inc. (TAoT) estimates a need of at least $60 billion for priority projects in all the major urban regions of the state.

With continued rapid population growth, our state and region will require more robust and sustainable resources to build essential projects. Many other states and regionals are similarly impacted. We urge Congress to provide more robust and sustainable funding by gradually increasing the motor fuels tax, providing additional support for private sector initiatives, and considering a mileage base fee in the relatively near future.

Similarly, transit and rail programs deserve a higher level of federal investment. Proposals to end or phase out capital grant programs for light rail and other transit initiatives make it highly unlikely that growing cities will be able to invest in the types of comprehensive transportation systems that can reduce congestion, provide commuters with additional options, and improve air quality.

<u>Expanded Federal Authority Regarding Public-Private Partnerships</u> – In an era where local, state, and federal funding levels clearly fall short of the levels needed to address growing congestion in rapidly growing metropolitan regions - as well as statewide connectivity and safety needs – it is essential that public-private funding and other non-traditional solutions continue to be encouraged, including toll and managed lane options. Without these approaches, large-scale projects, such as adding new managed lanes and connected/autonomous vehicle lanes to IH 35 between San Antonio and Austin - a concept under discussion by both MPOs – are not likely to move forward.

In addition to encouraging these options, we would recommend the following approaches for incentivizing the use of these additional tools: 1) expand the Transportation Infrastructure Finance and Innovation Act (TIFIA) credit assistance program, and 2) provide a source of federal funds for "toll equity" to address funding gaps in instances where tolls revenue does not provide sufficient income to cover the full cost of a project.

<u>Streamlining/Simplification of Environmental Processes</u> – While the last two reauthorization bills have made incremental progress in moving some environmental processes to the states, the process for completing environmental review of a project remains cumbersome at best, often resulting in multi-year delays in delivering needed congestion-relief projects.

In TxDOT's "2017 Federal Issues – First 365 Days" white paper, the following recommendations (among many others) are set forth to continue to streamline the environmental process and/provide additional state autonomy:

- Clarify air conformity requirements; the requirements can cause lengthy delay to efforts to add new projects to metropolitan plans, regardless of negligible efforts the projects may have on air quality conditions. Consider suspending actions by the Environmental Protection Agency (EPA) to enforce new 2015 tightening of National Ambient Air Quality Standards (NAAQS).

- Establish an accelerated project delivery pilot program of infrastructure projects for which the permitting processes will be streamlined.
- Work with Congress to establish a 90 day limit (rather than the current 150 day limit) in 23 USC 139(l) to file a petition for judicial review of a permit, license or approval for a highway or public transportation project.
- Work with Congress to establish a 90 day limit on a federal resource agency (e.g. US Army Corps of Engineers, U.S. Coast Guard, U.S. Fish and Wildlife Service) leaving vacant an employee position that is funded by an SDOT under 23 USC 139 (l).
- Expand NEPA assignment authority to include additional review items currently excluded from assignment agreements.
- Develop guidance to implement Sec 1316 of the FAST Act to expand assumption of federal responsibilities by states through assignment to state departments of transportation (SDOTs) or Federal Highway Administration divisions.
- Allow states to process their own design exemptions
- Expand assignment authority to cover additional resource agencies and their corresponding approval requirements.

<u>Elimination of Donor State Status</u> – The State of Texas currently receives a "rate of return" of only 95 percent for its contribution to the Highway Trust Fund – sending in $3.992.1 billion in revenue while receiving back only $3,790.2 billion. Texas is currently the only "donor" state – states that contribute more to the Highway Trust Fund than they receive in return. All other states receive more in return than they send in – some instances in excess of three times as much.

In FY 2020, when the next reauthorization bill is due, the formula used will be 15 years old and will be based on population numbers and other data that are more than 20 years old. The formula should be updated to reflect current census data, lane miles, vehicle miles traveled, and related trends/data that reflect the explosive growth experienced in various regions of the country. Updating the formula with more current data is likely to lead to a higher level of equity among the states regarding how Highway Trust Fund dollars are shared.

<u>Establishment of new revenue streams to provide adequate and sustainable funding</u> – As outlined above, we would urge Congress to provide more robust and sustainable funding – and address an estimated $18 billion annual funding gap (staring in 2020) by gradually increasing the motor fuels tax, providing additional support for private sector initiatives, and considering a mileage base fee in the relatively near future.

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Public Transportation and Federal Government Support

LEGISLATIVE PRIORITY: To ensure continued federal government participation in public transit to support continued growth in multimodal transportation options throughout the region.

BACKGROUND: As the Bexar County region moves toward the expansion of transportation mobility options — in line with the SA Tomorrow plan, VIA Vision 2040, and the Alamo Area MPO's Mobility 2040 plan — the need for additional funding capacity and opportunities, for both capital improvements and operations, is crucial. Since 2016, VIA has been moving on development of rapid transit corridor projects, which would feature dedicated lanes for transit to provide the frequency and reliability needed to handle growth today and projected for tomorrow.

The VIA Vision 2040 plan, which includes a robust rapid transit network within the Greater San Antonio Region, will require a multi-billion-dollar capital investment, and ongoing operations and maintenance funding. The VIA Vision 2040 plan is mirrored in the SA Tomorrow plan calling for rapid transit in dedicated corridors to provide travel time reliability and frequent service for the community. These current plans and visions have culminated to create the proposed framework for the ConnectSA modern mobility plan, which outlines recommended goals and projects to provide an integrated transportation network in the greater Bexar County region.

These plans will call for the traditional funding sources, which are dedicated to roadway and capacity maintenance, to be stretched even further. A proposal to eliminate the Federal Transit Administration (FTA) would have a severe impact on modernizing current transit programs and the funding of new projects. This would stretch local funding even further and place the greater Bexar County region at a disadvantage, compared to regions who have utilized prior federal funding to further enhance their rapid transit projects which they currently benefit from.

Local planning for further investment in the multimodal system is currently working with funding forecasts from the local, state, and federal levels. The need for continued federal support to current and new projects is vital to the continued growth in transportation options throughout this region. This would ensure our region's economic competitiveness in attracting and retaining businesses, residents and development, while improving quality of life and providing transportation options for all residents.

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Alternative Fuels Tax Credit

LEGISLATIVE PRIORITY: Support the passage and reinstatement of the alternative fuels tax credit.

BACKGROUND: With San Antonio being the last large metropolitan area in the United States to still be considered in attainment with the National Ambient Air Quality Standards, the use of alternative fuel vehicles by the public and private sector is crucial to voluntarily reducing nitrogen oxide (NOx) emissions within the region. To help reduce urban emissions and greenhouse gases, a number of fleets within the San Antonio region have switched to compressed natural gas (CNG), propane and other alternative fuels. Part of the motivation for this switch is due to the fuel savings realized by the tax credit, which provides up to a $0.50 per gallon tax credit for the use of these alternative fuels. This would have translated to nearly $2,000,000 in rebates for VIA from the federal government for Calendar Year 2018, had these extenders been in place.

VIA Metropolitan Transit, for example, has invested heavily in CNG infrastructure, including purchasing and putting into service in 2017 over 270 CNG powered buses, and the construction of the largest CNG fueling station in North America. The CNG fleet, which in the first year represented over half of the existing fleet being replaced, provides a savings of 97% less NOx than the vehicles being replaced, and was made possible in part by the economic benefit of the savings realized from the alternative fuels tax credit. VIA plans to have the entire fleet converted to CNG by 2025. At the full conversion of the fleet, it is estimated that the CNG credit alone will be over $4,000,000 per year, if reauthorized by Congress.

Since the tax credit was established in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (PL 109-50 § 11113, 26 USC § 6426, § 6427), it has been renewed multiple times by Congress.

Continued support for the usage of alternative fuels via tax credits provides additional economic benefits for agencies and organizations that have made the investment in diversifying fuel supplies and bolsters regional and national priorities by encouraging domestic production activities.

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Federal Aviation Administration (FAA) Reauthorization Airport Improvement Program (AIP) and Passenger Facility Charge (PFC)

LEGISLATIVE PRIORITY:

Support legislation that increases Airport Improvement Program (AIP) funding and greater flexibility for the use of AIP funds and raising or eliminating the Passenger Facility Charge (PFC) cap of $4.50.

BACKGROUND:

Passenger Facility Charge (PFC): In addition to federal grants, commercial airports controlled by public agencies may collect Passenger Facility Charges (PFC) from every boarded passenger to fund FAA-approved projects that enhance safety, security, or capacity; reduce noise; or increase air carrier competition. PFCs may also be used for airport passenger and baggage conveyance areas that are ineligible for AIP funding, such as terminal gates, bag claim/makeup and loading bridges.

The PFC of $4.50 has lost significant purchasing power since it was last adjusted nearly 20 years ago. Construction cost inflation has since stripped the PFC of almost half its value and the San Antonio Internal Airport (SAT) is getting further behind on making much-needed infrastructure improvements to accommodate both record traffic growth and the renovation of aging facilities, including passenger terminals.

Elimination of the PFC cap and an incremental increase of no more than $8.50 over the next 5 years will allow SAT to make much-needed infrastructure improvements to accommodate both record traffic growth and maintain the safety and security of passengers.

We support increasing or eliminating the PFC cap of $4.50 to provide the same purchasing power as in FY2000.

Airport Improvement Program (AIP): The Airport Improvement Program (AIP) provides grants to public agencies for noise mitigation, planning and development of public-use airports that are included in the National Plan of Integrated Airport Systems (NPIAS). Eligible projects include improvements related to airport safety, capacity, security, and addressing environmental concerns.

The San Antonio International Airport (SAT) anticipates pursuing entitlement and discretionary grant funding through the AIP for continued airfield upgrades to improve safety, enhance operations, and maintain existing infrastructure. The current overall cost estimate of SAT's planned airfield improvements is $130.8 million for FY 2019 through FY 2026. The major components of these improvements include reconstruction of taxiways, airfield perimeter road reconstruction, a comprehensive Airport Master Plan and completion of approximately half of a multi-year construction (safety) project to decouple the intersecting runways at SAT.

In the next four years (FY 2019-FY 2023), SAT will pursue approximately $29.3 million in federal grant funds for the following projects estimated at a total cost of $38.5 million: reconstruction of taxiways; airfield perimeter road reconstruction; airfield program design; environmental planning and preliminary design for the runway decouple (safety) project; and a new Airport Master Plan.

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Nonstop flight service between San Antonio International Airport (SAT) and Reagan National Airport (DCA)

Request:

Supports congressional changes to Perimeter Rule (49 U.S. Code 49109) and Slot Rule (14CFR93.123) in order to secure a Non-Stop Flight from San Antonio to Washington Reagan National (SAT-DCA).

Background:

DCA is subject to two rules designed to limit the number of aircraft that fly into the airport, the slot rule and the perimeter rule. These regulations were put in place in the 1960's to reduce congestion and noise levels near DCA and to support the development of the then recently opened Dulles International Airport (IAD).

Slot Rule

Established in 1969 as a regulation and made into law in 1986, the rule restricts the number of allowable flight operations at DCA. Aircraft must have operational authority to utilize DCA. There are currently 60 slots per hour authorized for the airport. One 'slot' is equivalent to one take-off or landing.

Perimeter Rule

The perimeter rule prohibits non-stop flights from DCA to destinations more than a set distance – currently 1,250 miles – from the airport. The perimeter was first implemented in 1965 at 650 miles. The perimeter has been extended two times in its history--to 1,000 miles in 1981 and to the current 1,250 miles in 1986.

Congress has authorized exemption slots three times in recent years, 24 slots in 2000, 22 slots in 2003, and 8 slots in 2012. 32 of the exemption slots added since 2000 have been for flights beyond the perimeter. An additional 8 within the perimeter slots were allowed to be swapped to beyond the perimeter slots in 2012, bringing the total number of beyond the perimeter slots currently available to 40.

At 1,381 miles from DCA, San Antonio is the largest medium-sized market outside of the perimeter to not have nonstop access to DCA. Nonstop access to DCA can be an important economic driver for business and tourism market growth. DCA is also a key link to the federal government for the City of San Antonio's significant civilian and military agencies. The data shows that in FY 2015 and FY 2016 Joint Base San Antonio had over 9,000 round trips from San Antonio to Reagan National Airport and over 17,000 round trips to the three airports in the DC area. These numbers do not include all of the military-related (contractors, etc) passengers not directly booked or tracked through military bases.

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