The Missouri Highways and Transportation Commission (MHTC) has worked diligently to address the state's long-term, insufficient transportation funding challenge and made tough choices needed to move forward.

In March of 2010, Missouri Department of Transportation (MoDOT) embarked on a five-year effort to reduce its workforce by 20 percent (1,200 employees); close 124 facilities (including three district offices); and sell off 752 pieces of heavy equipment. The goal was to save $512 million and put it back on Missouri’s roads.

These tireless efforts paid dividends. The workforce goal was reached by early 2013 and the other goals were met by Fall 2014. The accelerated pace of implementation boosted savings to $605 million – every dollar of which went to provide infrastructure improvements that Missourians want and need.

But here’s the reality; aging infrastructure is being patched when it should be replaced. The number of “critical-condition” bridges has risen. Traffic is slowing down because significant improvements are not being funded.

The Statewide Transportation Improvement Program for 2016-2020 is primarily maintenance driven. Until December, there was uncertainty on the federal level. Congressional passage of the Fixing America's Surface Transportation (FAST) Act provides some stability for planning by securing federal funding for the next five years. However, it does not solve Missouri’s transportation woes.

Missouri needs $160 million in new state revenues to adequately maintain and improve the existing highway system; continue making systematic safety improvements; begin addressing the backlog of 641 bridges that need to be repaired or replaced; and to reinstitute the Commission’s cost-share program.

Even then, that would not be enough to rebuild and expand Interstate-70, or any of Missouri’s other aging interstates, or to contribute to the improvement of other modes of transportation.

IT IS TIME TO INVEST IN MISSOURI’S FUTURE

by Stephen R. Miller
**Staying In The Game**

Across Missouri’s borders, Kansas, Iowa, Nebraska and Arkansas have all recently increased funding for transportation.

All of Missouri’s neighboring states have higher sales taxes, and all but one has higher fuel taxes (and that one, Oklahoma, has toll roads). Yet, all of them have state highway systems approximately one-third the size of Missouri’s system. With 34,000 miles of highways and 10,400 bridges, Missouri has the seventh-largest transportation system in the country, but ranks 47th in revenue per mile with one of the nation’s lowest fuel taxes.

The regional average for Missouri’s neighboring states is 25.8 cents per gallon for gasoline and 25.6 cents per gallon for diesel. Missouri’s fuel tax is 17 cents per gallon and has not been increased in 20 years. Missouri does not have tolling authority or general sales tax support.

Efforts are underway to make a very modest first step to restoring our competitiveness. In his final State of the State Address, Gov. Jay Nixon said it is time to “work together to move transportation forward in Missouri.”

**Three Buckets**

What are possible solutions? First, there is no single solution; no silver bullet. Second, not all funding solutions are equal; each has its own strengths and weaknesses. Finally, solving Missouri transportation funding issues is a little like completing a puzzle; the right solution has to be matched with the corresponding need.

Missouri’s transportation funding issues can be described as falling into three buckets. Missourians feel the first priority must be to preserve the existing system – more than $50 billion in assets. The revenue source for this must be a long-term, stable, recurring source.

Fuel tax, a true user fee, is one funding mechanism ideally suited to this task. It is stable because it is tied to the gallons of fuel consumed. While the price of fuel could swing wildly, fuel consumption is relatively stable. It also recurs year after year. Further, revenue from a fuel tax is constitutionally protected and cannot be diverted to any purposes other than investment in roads, bridges and law enforcement. It is deemed appropriated at the time of collection, and does not require legislative debate and action. However, fuel tax revenue does have limitations because it cannot be used to address the other needs of a comprehensive transportation system, such as: river ports, passenger rail, transit airports and bike/pedestrian facilities. Sen. Doug Libla’s Senate Bill 623 advanced out of the Senate Transportation Committee on January 20. It would increase the fee on gas and diesel by 1.5 and 3.5 cents per gallon respectively and generate $80 million in new revenue – $56 million for the state highway system and $24 million to be split evenly between cities and counties. Other pieces of transportation legislation are also under consideration.

One of the possible solutions for I-70 is the use of public-private partnerships, commonly known as P3s. In a P3, a team of private funders, engineers and contractors enter into a long-term agreement to fund, design, build and operate the interstate pursuant to strict performance criteria set by MoDOT. The revenue source typically comes from charging a fee to use the new road. The Federal Highway Administration (FHWA) has historically
prohibited tolling an existing roadway, but in recognition of the need to find a way to build the second generation of interstates, the FHWA has created three pilot projects. Missouri was chosen for one of them; however, it must make reasonable progress in the next year to use this special exemption or lose it.

At the same time, MoDOT has launched its Road to Tomorrow project that is soliciting ideas from around the nation and the world regarding what the interstate of the 21st century should look like, with a significant emphasis on discovering technologies and innovations that might generate revenue that could contribute to the reconstruction and operation of I-70. The hope is to discover other revenue streams in addition to tolling to fuel a solution for I-70.

Such a solution will require enabling legislation from the legislature. If enacted, however, it would be just one piece to the funding puzzle, but would do nothing for preservation of the entire system. It would address just one project, albeit a huge and vital one.

The third bucket consists of projects desired by so many of Missouri’s local partners. They are projects that expand our system and/or provide for economic development. These include congestion relief in urban areas; the completion of four-lane corridors in rural areas; and new interchanges or by-passes to spur economic development. It also includes funding for non-highway modes of transportation that are essential to a vital integrated transportation system. Many of the projects have already been identified as a result of the General Assembly’s Blue Ribbon Commission that toured the state, in 2012; MoDOT’s “On The Move” long-range planning initiative that held listening sessions across the state in 2013; and the project lists that were generated for the Amendment 7 campaign in 2014.

One popular tool MoDOT has used in the past to address this third bucket was a cost-share program where local communities compete for matching funding from MoDOT based on economic development, transportation need and public benefit. For those communities with vibrant economies, it has offered a way to achieve a highly desired special project. However, many communities lack the resources to take advantage of such a program. Furthermore, cost-share programs are targeted and do not address preserving the current system. Cost-share programs can be a very important part of an overall funding program. It can make very important contributions to this third bucket (along with other funding); but, it does nothing to address preservation and interstate needs.

Sound complex? It is a puzzle to be sure. The important thing to remember is that Missourians face a big challenge, one that is going to require multiple funding sources. Not all of them are going to be popular with everyone. Each has its strengths and weaknesses. Each has its appropriate role. The Commission and MoDOT will continue to educate Missourians and political leaders on these important distinctions.

Any increase in state transportation funding would be a step in the right direction; however, Missourians need to be clear about what each funding source can and cannot do. For example, a modest fuel tax increase would be a start to addressing the first bucket and would allow Missouri to begin reducing its number of critical-condition bridges (641). There has been some talk that the House of Representatives might consider some form of cost-share program. This would address the third bucket. I hope we make it a trifecta with the introduction of P3 legislation that would help address the second bucket.

Multiple solutions are needed, and MoDOT is eager to work with political leaders to tackle the transportation challenge.

**More Than Roads**

Transportation is more than just roads and bridges. Gov. Nixon’s proposed Fiscal Year 2017 budget would invest an additional $5 million to improve and expand Missouri’s ports to help ship our goods around the world and create more jobs here in Missouri.

As part of its legislative package for 2016, the Missouri Highways and Transportation Commission supports legislation that would establish a Waterways Trust Fund to fund capital improvement projects for ports across the state. This would serve as a dedicated funding source of general revenue dollars. We are hopeful this issue gains traction this legislative session.

**Economic Development**

Why make these investments? Businesses pay close attention to infrastructure investments. Missouri competes nationally and globally for businesses, jobs and opportunity. Economic development specialists say the two most important factors to attract new businesses are a quality workforce and proximity to critical transportation corridors.
If we fail to invest in transportation, we all suffer. Congestion and safety issues are not addressed and opportunities for economic development are missed.

CALL TO ACTION

I urge you to talk to your senators and representatives about these important issues. We need to continue these conversations on both the local and state level. Legislators need to know your thoughts about taking action now to support Missouri’s transportation system and continue enhancing our roads and bridges.

It is time to invest in Missouri’s future.

Stephen R. Miller, Kansas City, has served as Chair of the Missouri Highways and Transportation Commission since 2014, rotating to Vice Chair at the Commission’s March 2015 meeting. Miller is partner of the Kansas City law firm, Miller Schirger, LLC. Learn more about Missouri’s transportation needs at www.modot.org.

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Photo by Shaun Schmitz.

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