



'08 MAYORS' ACTION FORUM ON INFRASTRUCTURE

# NATIONAL AGENDA ON INFRASTRUCTURE FOR THE NEXT PRESIDENT OF THE UNITED STATES

September, 2008

**Manuel A. (Manny) Diaz**  
Mayor of Miami  
President  
The U.S. Conference of Mayors

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September 16, 2008

## **An Open Letter to the Next President of the United States**

The nation's infrastructure, specifically our aviation, energy, rail, surface transportation and water systems, is the backbone of our economy. For too long, we have dealt with these issues in a piecemeal fashion and have not addressed our infrastructure needs in a comprehensive manner. These are national issues that require national solutions, including increased federal investment.

More than 50 mayors and other leaders from across the nation met in New York City August 13-14, 2008 to develop an action agenda for a renewed commitment to America's infrastructure to present to the next President of the United States. This meeting was the second of five '08 Mayors' Action Forums which I am convening before early October to define for our next President the partnership that must exist between Washington and our cities if we expect to successfully confront the problems of crime, infrastructure, poverty, arts, and the environment.

As mayors, we serve as the CEOs of the nation's metropolitan economies that drive the U.S. economy. As CEOs, we understand all too well that our nation can not remain economically competitive with rest of the world if our transportation systems are inadequate, water systems are leaking, and our energy systems do not address changing realities, among other needs. We also believe that we must rebuild our nation's infrastructure in ways that are more energy efficient, less reliant on foreign oil, and more environmentally sustainable.

Following the New York forum, I asked a smaller group of mayors to review the items discussed there and to give further focus to this national action agenda on infrastructure. This document is the product of those efforts. It provides recommendations for a new and stronger relationship between the nation's mayors and the federal government to assure that we update the country's antiquated infrastructure in ways that will keep us economically competitive, and do so in ways that are climate and energy centered.

We look forward to working with you during your transition and after your inauguration to further develop and implement these recommendations. With your help, we can establish a working relationship that will begin to restore the values, principles, and sense of purpose that Washington has lost.

Sincerely,

A handwritten signature in black ink, reading "Manuel A. Diaz", with a long, sweeping flourish extending to the right.

Manuel A. (Manny) Diaz  
Mayor of Miami  
President

## FOREWORD

When he was inaugurated President of The U.S. Conference of Mayors at our organization's 76<sup>th</sup> Annual Conference, Miami Mayor Manuel A. (Manny) Diaz declared that "Washington has lost its values, lost its principles, lost its sense of purpose. They no longer invest in our cities, they no longer invest in our people." Mayor Diaz strongly believes that national problems demand national investment and that the next President of the United States must understand why "an investment in America's cities is an investment in America's future."

Addressing the National Press Club luncheon in Washington on August 4, Mayor Diaz announced the launch of a series of national forums on crime, infrastructure, poverty, arts, and environment he was convening in Philadelphia, New York City, Los Angeles, and Miami. The second of these, the forum on infrastructure, was held August 13-14 in New York City, with more than 50 mayors and others meeting in a working session to develop an infrastructure agenda that would be presented to the next President.

In New York City, and in other sessions for mayors, there was significant consensus on the infrastructure problems that cities face.

- The mayors expressed alarm that the nation's infrastructure gap continues to grow, despite vigorous local government revenue commitments and other local initiatives, which continue to outpace efforts by their partners at the state and federal levels.
- The mayors want to be vested with more authority to decide how available federal resources are invested, especially in metropolitan areas, and be held accountable for their performance in the use of these resources, including measuring progress in achieving national objectives, particularly improving safety, reducing oil dependency and advancing climate protection.
- The mayors expect that such a commitment to local decision-making be accompanied by broader latitude and flexibility in the use of infrastructure resources to design solutions that are free from federal rules that bias investment choices (e.g., more flexibility in CSO correction projects) and encumber locally-determined investment plans (e.g., transportation program silos).
- The mayors want the new surface transportation law (i.e., successor to SAFETEA-LU law) to fully empower local decision-making, especially in the nation's metropolitan areas, in determining federally-assisted surface transportation investments in their areas.
- The mayors also believe that the new Administration should take advantage of the multiple transportation bills – aviation, Amtrak/intercity rail and surface transportation – pending before the next Congress and seek reforms to streamline and integrate planning processes and enable investment choices that can deliver more seamless and integrated transportation connections and services to the public.
- The mayors urge statutory reforms and policy adjustments to place greater emphasis on making transportation and water services more affordable and reliable, with an emphasis on reducing costs for families and businesses (e.g., what expanded public transit or technology deployment has shown to do in lowering transportation costs).

The recommendations contained in the national action agenda which follows are direct responses to these and other challenges, describing how the federal government can act to support needed reforms and changes. We are indebted to all of the mayors who participated in our New York City Action Forum on Infrastructure and set the direction for this agenda.

We especially appreciate the time and additional effort devoted by the working committee of mayors, including Conference Vice President and Seattle Mayor Greg Nickels who chaired this panel, which further refined this agenda after the New York City forum. These efforts have produced an agenda that sets forth how Washington can join with mayors and other local elected leaders to expand our nation's commitments to our many critical infrastructure needs.

A handwritten signature in black ink that reads "Tom Cochran". The signature is written in a cursive, slightly slanted style.

Tom Cochran  
CEO and Executive Director  
The U.S. Conference of Mayors

## AMERICAN INVESTMENTS

*Addressing our nation's infrastructure challenges require an expanded partnership between mayors and other local elected leaders and the federal government, especially in our many metropolitan areas which are the engines of America's economic growth. Despite increasing local commitments, the scale and breadth of the nation's infrastructure needs are such that increased federal commitments are both urgent and necessary to support our future prosperity. It is time for a significant paradigm shift in federal policy, one that empowers mayors and other local leaders to set priorities in their areas with greater accountability for specific outcomes.*

In its 2005 Infrastructure Report Card, the American Society of Civil Engineers estimated the nation's infrastructure needs at a staggering \$1.6 trillion over five years. Despite considerable new revenue commitments by local governments, which outpace state and federal government efforts, the nation's infrastructure needs – both preservation of existing assets and system expansions – are growing much faster than public resource commitments. The need is especially acute in metropolitan areas where these facilities underpin a substantial share of all U.S. economic activity. Today, federal policy largely ignores the often unique and always more complicated issues associated with metropolitan infrastructure needs. Federal funding commitments and policies largely defer to state governments to allocate resources within states, without any substantive federal requirements to address infrastructure needs of cities and metropolitan areas. As one example, of the more than \$42 billion annually flowing to states for surface transportation investment, only six percent of available funds are directed to decision-makers in the nation's metropolitan areas. Likewise, states operate under no federal policy directives related to cities or metropolitan areas in the use of federal funds – approximately \$1.6 billion annually – for water and wastewater infrastructure. These areas account for most federal infrastructure resources where an opportunity exists to direct resources to metropolitan infrastructure needs. (In contrast, nearly all transit and airport funds are allocated directly to local, regional and state entities that either manage and/or deliver direct services.)

Mayors urge the new President to redeploy existing resources and commit new resources to accelerate improvements to the nation's infrastructure through these actions:

- Adopt a National Rail Investment Plan that invests in rail connections between and within cities and metropolitan areas, including increased federal funding commitments to rail infrastructure projects.
- Ensure that federal funding commitments for infrastructure are energy and climate-centered.
- Adopt reforms that promote the smarter and wiser use of existing federal resources.
- Develop a new federal strategy to make increased federal funding commitments to critical infrastructure in cities and their metropolitan areas a national priority.
- Move bipartisan consensus legislation on Amtrak/intercity rail.
- Raise existing federal commitments to water and wastewater infrastructure by \$50 billion over 10 years to help cities close the needs gaps for water/wastewater infrastructure.
- Fully fund the Energy Efficiency and Conservation Block Grant (EECBG) program at the \$2 billion authorized level to curb local energy use and develop renewable energy supplies.
- Set clear national milestones (e.g., 5-year, 10-year, etc.) that measure progress from improvements to the nation's existing infrastructure.
- Allocate available federal resources based on economic output and empower local officials to take lead in determining investments in their own metropolitan areas.
- Adopt capital budget to guide federal investments for preservation and new capacity.

## **NATIONAL RAIL INVESTMENT**

*With unpredictable and expected higher fuel prices, highway congestion, and an uncertain aviation outlook, as President Dwight D. Eisenhower transformed the nation through the Interstate Highway System, America needs a comprehensive National Rail Investment Plan.*

Economic and environmental forces are repositioning intercity, commuter rail and other rail transit as a most promising and welcome alternative to high fuel prices, worsening reliability and on-time performance at most major airports, and highway travel between destinations. At a time when Amtrak and commuter operators are experiencing record demand, intercity and commuter rail expansion will be constrained, without significant new investment in rail infrastructure. In addition to providing unparalleled access to metropolitan areas for many rural Americans, it sometimes represents the only major transportation link to the rest of the country. To meet broader mobility, economic, environmental, and energy security goals, improved long-distance and regional service, world class higher speed premium service, more frequent and reliable commuter rail service, enhanced rail transit and improved intermodal linkages for seamless travel (e.g., air-rail linkages) are investments that are urgently needed. As the bi-partisan National Surface Transportation Policy and Revenue Commission reported, intercity passenger rail is a critical missing link in the nation's transportation system.

The mayors urge the following actions by the new President to support this expanded rail vision:

- Enact consensus bipartisan legislation to increase funding for Amtrak/intercity rail, giving the new President the opportunity for immediate action on raising our nation's rail commitments.
- Adopt a national rail investment strategy that sets forth a long-term financial commitment to expand rail investment between and within cities and metropolitan areas.
- Assist private rail carriers in raising needed capital to expand passenger and freight rail capacity to support increased freight and passenger volume by rail (despite growing revenues, rail companies are undercapitalized, and cities and other local governments can't underwrite needed freight improvements).

## **SURFACE TRANSPORTATION (Bridges, Highways & Transit)**

*It is in cities and their metropolitan areas where a broader range of surface transportation solutions are evaluated and pursued, whether this means deploying new technology, changing development practices to promote expanded travel options, or enhancing the performance of existing corridors through increased commitments to transit, high occupancy auto use and non-motorized travel. Mayors and other local elected officials in their regions, especially in metropolitan areas, own and operate most of the transportation assets and facilities in their regions and, as such, are best positioned to decide how to invest available transportation resources. The current record shows that state governments through their state transportation departments have been unable to respond or adapt readily to the transportation challenges now before the nation, especially those before our metropolitan areas.*

In recent years, states have used rising federal surface transportation commitments to largely substitute for their own new revenue commitments to highway and transit infrastructure, while still focusing on ever more costly new capacity to support single occupancy automobile travel.

Since 2000, new state revenue commitments to highway investment have fallen below the rate of growth in federal highway commitments (states raised new revenues at two-thirds the rate of growth of federal funding growth). At the same time, states increased their highway transportation debt at two and one-half times the rate of new revenue growth. In contrast, local governments, during this period, grew new revenues for highway investment at more than twice the rate of state revenue growth, and kept increases in debt below the growth in new revenues.

At a result of state revenue constraints, states generally have moved away from projects that reflect local and metropolitan priorities, including congestion relief, transit investment, local bridge repair or improvements to support non-motorized travel. This is reflected in either constant or declining obligation rates under various federal programs categories and other actions that have diminished federal funding commitments to local and metropolitan investment. Waning state commitments and a growing reliance on debt means that a larger share of future federal funds are encumbered, reducing the availability of future federal fund for metropolitan infrastructure needs, including the rapid diversification of travel options needed to reduce the nation's dependency on imported oil and make progress on our climate protection goals.

The following actions by the new President would help redirect the use of surface transportation resources to correct these imbalances in current practices and promote a broader range of transportation solutions, especially in the nation's metropolitan areas:

- Reform the current surface transportation law (e.g., change the “product line”, make smarter use of available resources, fix what we have built already, and put local officials in charge of investment decisions in metro areas).
- Make the next surface transportation law more “climate and energy centered”, thorough changes that focus more resources on expanding transit capacities and other travel options to help curb oil use in the transportation sector.
- Ensure that new highway and transit capacity investments in metropolitan areas are decided by local elected officials.
- Allocate available federal surface transportation funds to cities/metro areas, based on their relative share of economic output, redirecting a substantial share of the more than \$40 billion annually in federal highway/transportation funding now allocated to State DOTs.
- Ensure that other infrastructure – facilities that support walking, bicycling and transit – is recognized equally with other capacity investments under federal law.
- Close the current funding gap in Highway Trust Fund.

## **ENERGY AND INFRASTRUCTURE**

*Federal energy policies need to be reformed and redirected to increase the availability of renewable energy supplies to help cities and metropolitan areas find new ways to power their economies, especially transportation and water systems. Such actions are especially crucial to mayors as they seek new and innovative ways to reduce the nation's dependence on foreign oil, curb greenhouse gas emissions, and promote green jobs and green technologies.*

To date, there has been limited discussion or consideration of federal actions that can help connect renewable energy supplies to our nation's infrastructure systems and networks. Today, the amount of gasoline consumed in our transportation sector is about what the U.S. imports. As an example, there are numerous cities and regions that are planning significant increases in their transit capacities. If these streetcar, bus or light rail systems use electricity to power the vehicles, renewable energy supplies can be used to directly substitute for imported oil.

There are other examples as well where renewable energy supplies could power infrastructure systems or directly substitute for carbon-based fuels in the delivery or operation of these systems.

The following actions by the new President would further this agenda:

- Reduce America's dependency on oil in the transportation sector through the broader utilization of electricity in the transportation sector.
- Adopt national portfolio standards requiring utilities to use wind power, solar, geothermal and other renewable power supplies for a share of their generating capacity.
- Diversify America's energy supplies to promote a broad range of energy sources, including wind, solar, biomass, nuclear, and waste-to-energy.
- Scrap the current U.S. DOE corridor designations and revamp the existing rules to expedite the development of a new corridor designation process that supports the transmission of renewable energy supplies.
- Promote the development of new transmission lines and other facilities to provide access to renewable energy supplies, including strategies that promote the use of wind and other renewable energy supplies in powering city and metropolitan infrastructure systems.
- Fund research and enact incentives to increase energy storage and production facilities at the user level, promote smart grid policies, and incentivize through pricing the use of renewable energy supplies.
- Renew and extend for longer time federal tax credits for wind power and other renewable power supplies.

## **WATER AND WASTEWATER**

*Local Government invests greatly in the nation's water and sewer infrastructure to keep citizens safe and the United States economically competitive. The Federal Government needs to renew its partnership with local government to protect this critical infrastructure.*

Local Government is responsible for the vast majority of investment in water and sewer infrastructure, spending over \$1.25 trillion from 1956 through 2005 (\$85 billion in 2005 alone). Meanwhile, the federal contribution over this period was about 7% (\$91 Billion) with \$56 billion provided to cities from 1972 through 1990 in the form of wastewater construction grants. These construction grants, which helped cities comply with the regulations of the Clean Water Act, were phased out by 1990 and replaced by the State Revolving Fund Loan Program which has steadily been cut over the years.

Despite the tremendous investment by local government, the U.S. Environmental Protection Agency estimates that there still is a \$500 billion "needs gap" to meet our water and wastewater infrastructure needs and to comply with current environmental mandates.

A recent report by the Cadmus Group for The U.S. Conference of Mayors, determined that Water and Wastewater Infrastructure investment stimulates the nation's economy and creates jobs. For every one dollar of water and sewer infrastructure investment, it is estimated that Gross Domestic Product increases by \$6.35 in the long-term. For each additional dollar spent on operating and maintaining water and sewer industry, the increase of revenue or economic output for all industries is increased by \$2.62 in that year. In addition, for every one job added in water and sewer creates 3.68 jobs in the national economy to support that job.

The following actions by the new President would renew and strengthen the federal commitment to the nation's water and wastewater needs:

- Remove Private Activity Bonds for water/wastewater infrastructure from State Volume Caps.
- Fully fund federally-passed environmental mandates and court-ordered consent decrees applicable to water and wastewater systems (e.g., combined-sewer and wet weather overflow issues).
- Place priority on funding rehabilitation of aging infrastructure (leaking pipes are a concern for most cities who can lose anywhere from 5-40% of their water), improvements that protect water and sewer infrastructure from catastrophic events, and ensure source water availability (35% of cities in a Conference of Mayors survey do not know where their water supply will come from by 2025).
- Allocate an additional \$50 billion over 10 years in this way: \$3 billion annually in grants to cities to comply with sewer overflow infrastructure; and \$2 billion annually in additional SRF loan funding for rehabilitation of aging infrastructure, protection of water and sewer infrastructure, and promote source water availability.
  - Address future infrastructure needs through a mix of funding sources.
  - Increase program/policy flexibility to allow cities to undertake locally-designed strategies, emphasizing green infrastructure and other flexible and innovative solutions.
  - Plan for and fund infrastructure improvements related to climate change, including adapting to events such as droughts, floods, and rising sea levels.

## **EXECUTIVE ORDERS AND ADMINISTRATIVE ACTIONS**

Many of the actions called for in this plan will require legislation. There are, however, many actions which the next President of the United States can take that would have an immediate impact on infrastructure in cities and metropolitan areas:

- Appoint key policy-makers to departmental and agency positions with expertise on local infrastructure issues who can help develop a comprehensive national infrastructure strategy.
- Review and revise existing U.S. DOT's rail infrastructure loan program to make it more accessible by rail companies to accelerate growth in freight rail movement and passenger rail services.
- Withdraw U.S. DOE's current transmission corridor designations and revise the process to facilitate corridors designations for promoting the use of renewable energy resources
- Direct U.S. DOT officials to engage Governors and state DOTs on the use of existing federal transportation funds and how these resources can support a broader range of transportation solutions, including transit and travel demand management.
- Develop a strategy to provide financial assistance to help low-income families pay for water and sewer costs, similar to the LIHEAP program for heating and cooling costs.
- Adjust existing federal transportation policies to help mitigate and/or reduce the burden of rising transportation costs on family budgets.
- Adjust federal policies to fully capture the significant benefits of an expanded federal infrastructure in addressing other national priorities (e.g., relieving congested highways and aviation system, reducing oil dependency and greenhouse gas emissions, addressing travel affordability, and enhancing security and emergency response).



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