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Don't stall transportation innovation

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To remain economically competitive, the United States must have a 21st-century transportation system. Goods must move efficiently to market, and people must reliably get from their homes to their jobs or schools.

Our transportation network, however, has not kept pace with our exponential growth. For example, from 1980 to 2006, the total number of miles traveled by automobiles increased 97 percent and the miles traveled by trucks increased 106 percent. Yet over the same period, the total number of highway lane miles grew only 4 percent.

One key reason for the lack of investment is that transportation-funding shortfalls are growing at all levels of government, and traditional funding sources are no longer keeping up with growing needs. All government levels would need to spend \$101 billion each year for the next two decades just to maintain the current system, according to the most recent Federal Highway Administration Conditions and Performance Report.

As a result, states and cities increasingly look to innovative solutions — like partnering with the private sector to modernize their transportation networks. Congress must not restrict the ability of states and cities to innovate in these fiscally challenging times.

Yet that is just what happened in the Senate transportation bill. Some provisions could mean that states and cities would lose a percentage of their federal funding if they consider partnering with the private sector. Other provisions eliminate the option to use Private Activity Bonds to finance leased highway projects and changes the depreciation timetable for long-term highway leases from 15 years to 45.

Taken together or individually, these provisions would have a chilling effect on future private investment in infrastructure — perhaps even bringing it to a halt.

Many state and local governments are successfully funding critical infrastructure, according to the Urban Land Institute, through innovative financing methods — including bonds, user fees and public-private partnerships. For example, Denver FasTracks extension to the airport drew \$2.3 billion in private funding in 2010. In San Francisco, the Presidio Parkway is being extended from the Golden Gate Bridge by a private consortium in a \$1 billion deal that will reach a financial close in 2011.

Granted, public-private partnerships are not the solution to every state's transportation funding challenges. But they are one critical piece of the solution.

My own experience with public-private partnerships in infrastructure investment, when I was governor of Pennsylvania, convinces me that the private sector is looking for long-term stable investments — and these partnerships must be a viable option for helping to fund our transportation needs. In 2008, for example, I got a \$12.8 billion, public-private

proposal to lease the Pennsylvania Turnpike, but the state Legislature refused to approve the deal.

The transportation conference committee had its first public meeting earlier this month. Now the hard work begins to craft a final conference report that can pass both the House and the Senate and be signed by President Barack Obama.

It is critical that the conferees protect the ability of states to seek creative solutions to transportation funding challenges, rather than creating roadblocks to leveraging state dollars with private investment.

Ed Rendell is the co-chairman of Building America's Future and former governor of Pennsylvania.

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