



Thursday, December 04, 2008

editor@sddt.com

<http://www.sddt.com>

Source Code: 20081204tzc

Infrastructure investment as an economic stimulus -- Failure is not an option

By MARY LYDON AND TONY PAUKER

Thursday, December 4, 2008

2008 marks a juncture where rapidly changing economic climate, a heightened sense of environmental issues and a growing awareness of the dire condition of our infrastructure will determine and reorder the next generation of winners and losers -- countries, companies, investors and people. Without optimal roads, waterways, transit and broadband width, those who fall behind will get left behind. Those with innovative solutions will become the new political and economic leaders.

In countries like China, Japan, Australia and India, infrastructure planning is done at the national level and this gives them a sharp edge where the focus is based on the good for all. In the United States over the past half century, most infrastructure planning is done at the local and state level and causes a disconnect between local and national priorities. The hundreds of metropolitan planning organizations, and all the politics that goes with them, create an environment where short-sighted politicians and tax-adverse citizens collude against a future of global competitiveness.

President-elect Barack Obama is considering following in line with other American presidents who have spearheaded significant national infrastructure initiatives. In 1808 there was Thomas Jefferson's canal and road building endeavor. A hundred years later Teddy Roosevelt's focus became power generation. Franklin Roosevelt rolled out the New Deal in the 1930s (maybe under similar economic conditions we are experiencing), and then in the 1950's, Dwight Eisenhower's interstate highway system. There has been no new national infrastructure agenda since.

A federal infrastructure stimulus would be a win-win for the economy. Improving and replacing roads, sewers and bridges in this country have projected costs of \$136 billion. Economists estimate that every \$1 billion in infrastructure translates into 40,000 jobs. Job creation and global competitiveness must be a big part of the national economic stimulus package that Obama plans on rolling out on Jan. 20. An infrastructure initiative would fit that bill.

Members of the National Governor's Association met with Obama and Biden earlier this week, laying out a plan for an infrastructure economic stimulus program. There is \$136 billion in infrastructure projects that are "ready to go." The governor's asked that if a program is put into place that the permit process is streamlined so that projects could be expedited. This is a great state and federal partnership where we all win.

Infrastructure investment has the opportunity to create jobs and enhance our global competitiveness but clean air, water conservation and open space need to be planned into the equation as well. New concepts, as identified in ULI's Infrastructure 2008 Report, include: cluster development; expanded rail and truck corridors; infill suburbs to be more urban but served by transit; congestion pricing to reduce traffic flows in urban corridors; intercity high speed rail; and water restriction in arid regions. Higher density that is clustered and connected by transit provides the opportunity for more open and green space.

These same concepts should be considered at the local level. It is estimated that the city of San Diego alone may have an infrastructure deficit of \$5 billion. At the same time it is clear our construction industry has been decimated. Any opportunity to not only address our crumbling infrastructure, but also stimulate the local economy should be seriously considered.

The Federal Highway Trust Fund expires in 2009 and Congress more than likely will increase the gas tax from the current 18 cents/gallon, set in 1993, up to 58 cents/gallon. This is not a popular measure but would add working capital to the infrastructure stimulus initiative. Other funding strategies include tolling interstate roads; tying community development to goals for lowered vehicle miles traveled; stop subsidizing sprawl; and stop tapping user fee revenues as cash cows.

ULI San Diego/Tijuana will be discussing the national and local opportunities that an infrastructure stimulus package could bring on Jan. 13 at the University Club in downtown San Diego. Come hear what San Diego has planned and how it will fit into a national initiative.

Lydon is executive director and Pauker is chair of Urban Land Institute San Diego/Tijuana.