



PORTS-TO-PLAINS INFORMATION HIGHWAY

Inside this Issue

- 1 Review of the National Surface Transportation Policy and Revenue Study Commission Report
- 2 Review - continued
- 3 Review - continued
Colorado Transportation Finance and Implementation Panel Report
- 4 CO Panel Report - continued
- 5 PTP Spotlight-Lamar, CO
- 6 Lamar, CO - continued
- 7 Movement of Agriculture Goods
- 8 2008 Investors in Progress

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Review of the National Surface Transportation Policy and Revenue Study Commission Report

"Simply raising the Federal fuel tax and putting more money into the same programs will not be acceptable. The Commission strongly believes that, before Federal financial support for surface transportation is increased, the Nation's surface transportation programs must be fundamentally reformed." (Transportation for Tomorrow, Volume I: Recommendations, Page 38)



The media has presented the Report of the National Surface Transportation Policy and Revenue Study Commission, Transportation for Tomorrow, in simplistic terms of a forty cent increase in gas tax. Listening and reading the media would lead to the conclusion that the entire recommendation consisted of a tax increase. The report is far more thoughtful. This month Ports-to-Plains will begin a series of articles that will attempt to review the Report with an emphasis on items of interest to the movement of goods. This month, because of the media coverage, the article will focus on Recommendations for Paying the Bill.

The Commission's recommendations for reform of the Federal surface transportation program constitute three legs of a stool. The first leg is accelerating the lengthy process by which transportation projects are delivered, saving both time and money. The second leg is consolidating the numerous investment categories of current law into a more focused, performance-based set of transportation programs related to objectives of genuine national interest. The third leg involves creating an independent National Surface Transportation Commission (or NASTRAC) to oversee development of a national strategic plan for transportation investment and to recommend appropriate revenue adjustments to the Congress to implement that plan.

-continued on page 2



...Review - continued from page 1

The report noted there are several models for such an independent commission at both Federal and State levels of government. One example was the Base Closure and Realignment Commission (BRAC).

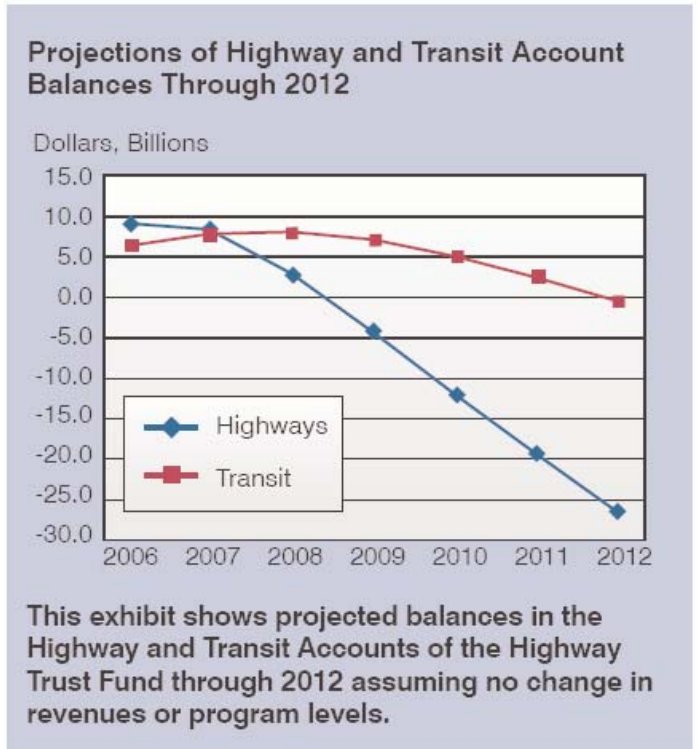
Immediate Highway Trust Fund Solvency

Of immediate concern is keeping the Highway Trust Fund solvent. The Report indicates "The latest projections by the U.S. Department of the Treasury and the Congressional Budget Office indicate that, by the end of Federal Fiscal Year (FY) 2009, the Highway Account of the HTF will have a negative balance of between \$4 and \$5 billion if no corrective actions are taken." This shortfall, left unaddressed, would result in a 20% decrease in federal revenue for Colorado according to Mickey Ferrill of the Colorado DOT Office of Policy. The impact in other states would be similar. As a result, "The Commission recommends that legislation be passed in Federal FY 2008 to keep the Highway Account of the HTF solvent and prevent highway investment from falling below levels guaranteed in SAFETEA-LU." The report indicated seven options to address the immediate shortfall. As shown in the graphic Projections of the Highway and Transit Account Balances Through 2012, the shortfall will continue to grow without additional revenue.

Fuel Tax's Role ... User Fee

Fuel taxes have historically provided a direct user source of revenue that has accounted for 90% of the Federal Highway Trust Fund revenues. Recognizing that fact the Commission stated: "We strongly support the principle of user financing that has been the backbone of transportation finance for the last 80 years. Personal and commercial travelers should pay for the transportation systems and services they use in proportion to the costs associated with their use."

The commission identified a growing consensus that alternatives to the fuel tax may be necessary in about 20 years, but indicated that the fuel tax should remain



Source: U.S. Department of the Treasury projections.

an important component of surface transportation finance until viable alternatives are found.

The Report identified the attributes that make fuel taxes particularly attractive sources of surface transportation revenues including:

1. low administrative and compliance costs,
2. ability to generate substantial amounts of revenue,
3. relative stability and predictability, and
4. ease of implementation.

It also identified a significant limitation to fuel taxes as a revenue source. It is not responsive to increasing construction costs when levied on a per gallon basis. The federal gas tax last adjusted in 1993 at \$0.184 per gallon for gasoline and \$0.224 per gallon for diesel has been eroded by inflation. The inflation rate by the Consumer Price Index from 1993 to 2007 is 41.95%. In short the user fee paid by fuel tax is now buys almost 42% less than it was in 1993.

-continued on page 3



Transportation for Tomorrow - continued from page 2

This limitation can be remedied by indexing the tax to inflation, using either a broad measure (such as the Consumer Price Index) or a more targeted measure (such as the Producer Price Index for Highway and Street Construction).

The actual recommendation by the Commission was: "The Commission recommends that the Federal fuel tax be increased from 5 to 8 cents per gallon per year over the next 5 years, after which it should be indexed to inflation. The exact tax rate required within this range would be confirmed by the strategic planning process and the new commission described above."

Longer Term ... Reform

In addressing the developing consensus that alternatives to the fuel tax should be explored as long-term revenue sources to finance highway and transit pro-

grams, the Commission noted increasing disparities in vehicle fuel efficiency will gradually erode the equity of the fuel tax, and in the long run many vehicles may be operating on fuels such as electricity that are difficult to tax. While believing that the current financing structure will be viable until at least 2025, the Commission "recommends that the next surface transportation authorization act require a major national study to develop the specific mechanisms and strategies for transitioning to an alternative to the fuel tax to fund surface transportation programs."

The Commission Report is an in-depth look at the reform of the Federal surface transportation program. It describes the consequences of inaction and future surface transportation investment requirements, with specific recommendations for a new beginning including recommendations to reform institutions and programs. Ports-to-Plains will continue to provide details of this report but if you would like to look at it yourself it is available at <http://www.transportationfortomorrow.org/>.

Colorado Transportation Finance and Implementation Panel

Joe Kiely, Vice President of the Ports-to-Plains Trade Corridor Coalition recently served on the Transportation Finance and Implementation Panel appointed by Governor Bill Ritter. The final report is available at <http://www.colorado.gov/governor/blue-ribbon-transportation-panel.html>.

www.movecolorado.org. While this discussion may go on for several years, the longer the discussion, the farther behind Colorado will get. Note that the resolution does not recommend specific funding sources but supports the debate on meeting the need.

The bottom line of much discussion is that current levels of funding will not even maintain the existing transportation system and surely will not fund critical economic projects like Ports-to-Plains.

Please consider the resolution and continue to monitor the discussion in the legislature. If you are a Colorado local government, economic development organization, chamber of commerce or a private business, please consider this action. If you have questions, please feel free to contact Joe Kiely (719-775-2346; joe.kiely@ports-to-plains.com). Presentations on the report are available.

As in the National Report described elsewhere in this newsletter, the current gas tax funding stream is no longer supporting the growing transportation needs of Colorado. The recommendation on page 4 indicates the needs of Colorado. The discussion about needs is simpler than the discussion about increasing revenue. That discussion is moving forward in the legislature. Thus it is important that our elected officials understand the need and consequences should no additional revenue be identified. Ports-to-Plains is a member of MoveColorado and asks that other organizations in Colorado consider the following resolution and provide copies to the Governor and your state elected officials and to MoveColorado (randy.harrison@movecolorado.org;

-view recommendation on page 4

What \$1.5 billion buys		
Investment Category	Funding Level	Service Level Outcome
Surface Treatment	\$222 million	Raise from C to B
Bridges	\$156 million	Maintain at B
Maintenance Levels of Service	\$82 million	Raise from C to B
Shoulders	\$78 million	Raise from F to D
Mobility	\$562 million total includes:	Accelerate funding obligation by about five years Limit decline of Mobility to D+ rather than to F Raise from D to C-
• Strategic Projects	\$56 million	
• Multi-Modal Mobility	\$337 million	
• Strategic Transit	\$169 million	
Transit - Urban	\$36 million	Raise from C to B
Transit - Rural	\$36 million	Raise from C to B
Environmental	\$25 million	Establish at B
Bicycle & Pedestrian	\$10 million	Establish at B
Local Transportation	\$293 million	Varies by local jurisdiction

Resolution to Support the Governor's Transportation Finance and Implementation Panel Report and Funding Threshold Recommendations

Whereas, [Organization Name] recognizes that existing funding streams for transportation infrastructure are not sufficient to either maintain the current system or account for projected population increases.

Whereas, [Organization Name] supports the sustaining of existing funding mechanisms and funding allocations for transportation infrastructure, and

Whereas, Governor Ritter recognized that the current funding system for transportation in Colorado is not adequate to meet Colorado's current and future needs for transportation and created The Governor's Transportation Finance and Implementation Panel, and

Whereas, the Report and Recommendations of Governor Ritter's Transportation Finance and Implementation Panel recognize that Colorado's economy and quality of life depend on the efficient and safe movement of people and goods, and responsible stewardship of the environment, and

Whereas, the recommended annual level of investment is consistent with the funding required to improve safety, preserve the system and provide travel options, and

Whereas, the Panel considered more than 40 forms of funding and, the recommended investment level will distribute needed funds to state and local highway and transit options by using new flexible revenue streams for transportation, and

Whereas, the Panel's Vision for Colorado's Transportation Future will create a comprehensive and sustainable system that creates choice and mobility for Coloradans, supports the economy, connects our communities and regions by providing dependable road, public transit, aviation and rail freight transportation throughout the state,

Whereas, the Panel concluded that sustaining Colorado's existing transportation system and expanding it to meet the needs of current and future Coloradans will require much more than the revenues currently expected for transportation at the state and local levels.

Whereas, any funding options chosen should be sustainable and have the broad support of business, political, community leaders and our citizens to ensure that transportation investments made for Colorado will build our economic future and quality of life with a safe, environmentally sound, comprehensive transportation system.

Now, therefore, be it resolved that,

[Organization Name] supports the implementation of the Governor's Transportation Finance and Implementation Panel's preferred investment level of an additional \$1.5 billion per year for transportation in Colorado.

[Organization Name] supports a bi-partisan legislative solution in 2008 that includes thorough debate of all potential funding sources, and may or may not include a referred measure.

[Organization Name] supports a strategy to secure the balance of the \$1.5 billion not otherwise secured during the 2008 Legislative Session in a 2009 ballot referendum or initiative.

Signed: _____ Date: _____

[Name]
[Title]
[Name of Organization]

Ports-to-Plains Membership Spotlight: Lamar, Colorado (Prowers County)

Lamar, Colorado with its population of just over 8800 serves as the industrial and retail center for the rural southeastern region of Colorado. Located in Prowers County, Lamar is surrounded by farm and ranch land where abundant crops of corn, alfalfa and wheat are common and livestock production is prevalent throughout the county.



Colorado Green Wind Farm in Powers County

Drive about 20 minutes south of Lamar and you will find the landscape changes considerably when you see many of the largest wind turbines in the United States towering above at 328 feet, or taller than a 32-story building. This wind farm otherwise known as the Colorado Green

Wind Project is the largest wind farm in Colorado and the fifth largest in the world as it encompasses 11,840 acres of land.

The project is a joint venture owned by PPM Energy, Inc. and Shell WindEnergy, Inc. and was developed to meet the growing demand for renewable energy in the state. Using one of eastern Colorado's strongest resources - wind, the tremendous benefits of this project are felt throughout the entire area. The wind project uses clean, green power of the wind to deliver electricity to residents in Colorado.

The City of Lamar and Prowers County are both members of Ports-to-Plains and have supported the

project for many years. Jeff Anderson, former city administrator for Lamar, served on the Ports-to-Plains Board of Directors for several years before his retirement in 2006. Leroy Mauch, former Prowers County Commissioner, now serves on the Ports-to-Plains Board and is committed to continuing the dedicated work of his predecessor to assist in the development of the Corridor on behalf of Lamar and all of Prowers County.

When asked about the Ports-to-Plains Corridor and what it means to the region, Mauch stated, "Since Lamar is located on the crossroads of both U.S. Highway 50 and 287, we have more truck traffic than ever. By improving to super-2 and eventually expanding to 4-lane, this will provide much needed relief to the increased traffic. We also now have \$1.3 million to start the design process on the Lamar reliever route. The environmental studies are almost complete so we are now ready to start on the building and design. We have a long way to go, but it's a good start."

President Bush signed the \$555 billion fiscal year 2008 spending bill (HR 2764) that was passed by Congress in December, 2007.

This omnibus spending bill is a combination of 11 different spending bills, including one for transportation, and will allow the government to operate until the end of the federal fiscal year, September 30, 2008. Included in that bill was the appropriation for Colorado of \$1,313,200 for U.S. 287 at Lamar (Ports-to-Plains). This is the funding that will be used to begin design on the Lamar relief route.

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Ports-to-Plains Welcomes:
Prairie to Ports Gateway
and Inland Port
as the newest member of the Coalition

Lamar, Colorado - continued from page 5



Lamar Welcome Center

Mauch went on to say that Texas Tech University announced during the Ports-to-Plains Board Meeting last month in Lubbock, Texas that they are sending several stu-

dents to Lamar this year to conduct an in-depth study of the traffic coming through the city. "This study will tell us a great deal about the type of traffic that passes through the community and also tell us where it is going", said Mauch. "The results of this study will be extremely valuable to Lamar and to the Colorado Department of Transportation."

"We are gaining each year," stated Mauch. "With a 12-mile stretch of highway completed to super-2 last year, we are continuing southward with highway improvement projects. These improvements are necessary, because with imports and exports coming in and out of Colorado we have already gained numbers in trade moving north to Canada and south to Mexico. Many people do not fully comprehend these numbers, but they continue to grow each year and these improvements are vital to meet the demands of the increased trade on our highway infrastructure."

When asked about the Ports-to-Plains Trade Corridor and its impact on the wind energy farm in Prowers County, Mauch was quick to say, "It will be a tremendous help for the eventual expansion of the wind farm because of the traffic moving in and out carrying the equipment for it."

Mauch also added, "Last fall, farmers in the area harvested a bumper wheat and corn crop. However, there were shortages on rail cars, so the elevators had to pile wheat on the ground and had problems getting it transported out. Much of it was relied heavily on trucking, which is another reason we need to have a super good highway in place to meet these types of demands."

Ron Stock, current city administrator for Lamar is enthusiastic about the Ports-to-Plains project and its impact on the community and surrounding area. "I believe that the Ports-to-Plains project is likely to benefit Lamar more than any other small city on the route, with the possible exception of the Port cities."

"There are only two, direct north-south routes in Colorado, the Ports-to-Plains highway and Interstate 25. Twenty percent of all truck carried cargo coming into Colorado or passing through Colorado passes through the City of Lamar. Hundreds of trucks traverse each day through the heart of the City, on our main street. It is getting to the point that a pedestrian, a child on a bike, or even personal automobiles cannot cross Main Street unless they are at a controlled intersection. And that's with today's traffic volume. The safety factors alone, with a by-pass routing truck and other traffic around the City, dictate our interest in and strong support for the Ports-to-Plains project."



Oversized load traveling through downtown Lamar

When asked if there are any new or potential businesses or industries in Lamar, Ron Stock added, "We have just finalized on an agreement to bring a new hotel - a Holiday Inn Express - into town. This is the first construction of new accommodations in the past 11 years. The former Neoplan factory was bought out in December by The Modern Group of Beaumont, Texas. They have announced plans to open a factory in the second quarter of 2008 and expect to employ 400 in metal fabrication."

Ports-to-Plains appreciates the support from both the City of Lamar and Prowers County and looks forward to continued progress in the future.

Movement of Agriculture Goods

Often the focus of economic data associated with Ports-to-Plains addresses the general movement of consumer goods or the opportunities to create jobs in the manufacturing or trucking and distribution industries. Basic to the economies of the rural areas through which Ports-to-Plains passes is the relationship of the transportation system to agriculture. Tim Larsen, Senior International Marketing Specialist for the Colorado Department of Agriculture, Markets Division, recently presented information on Transportation and Colorado's Agribusiness Industry to Governor Ritter's Transportation Finance and Implementation Panel which shows that relationship well.

	Agribusiness as % of Employment	Agribusiness Sales in \$ millions	Agriculture Production Employment	Agriculture Processing/Marketing Employment
Adams	4.1%	772	1,578	5,431
Arapahoe	1.5%	284	381	4,933
Baca	41.2%	103	848	128
Cheyenne	39.4%	38	457	56
Elbert	21.5%	49	979	210
Kiowa	59.8%	73	537	57
Lincoln	25.3%	46	595	198
Morgan	34.0%	1,034	1,402	3,485
Prowers	16.5%	239	821	386
Washington	50.4%	151	993	286
Weld	15.1%	3,123	5,571	7,919

Colorado's transportation system must move an average of 906,000 trucks and 32,400 rail cars of agriculture products annually. As Larsen states, "On average, everyday, 2,500 trucks and 90 rail cars are moving Colorado's livestock and crops from field to storage and on to market. Imagine a line of trucks, bumper to bumper from Boulder to Denver, critical to Colorado's agribusiness and with the potential to complicate Colorado's transportation infrastructure."

Breaking it down further the report indicated:



- Colorado's \$4.1 billion livestock industry will utilize 166,725 truck movements for livestock management and an additional 54,236 truck movements in marketing of these products after processing.
- Colorado's grain and feed crop industry, representing \$777 million in sales requires 142,938 truck movements from the field to storage, 393,317 truck movements to market and 31,979 rail cars to market. Currently, to meet the need for corn by feedlots and ethanol plants, 20,000 rail cars are required.
- Colorado's produce industry, led by San Luis Valley potatoes, required 91,900 truck movements from field to storage, 56,800 truck movements to market and 460 rail cars to market. Over 1,100 truckloads of potatoes are exported to Mexico annually from Colorado.



While these statistics are focused on Colorado, agriculture plays the same importance in the economies of the other Ports-to-Plains states.

For additional information contact :
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 phone: (303) 239-4118 • tim.larsen@ag.state.co.us



Ports-to-Plains Investors in Progress

Municipal Investors	County Government Investors
<p>City of Abernathy - TX City of Amarillo - TX City of Big Spring - TX City of Boise City - OK Town of Clayton - NM City of Del Rio - TX City of Dumas - TX Town of Eads - CO City of Hale Center - TX City of Happy - TX City of Lamar - CO City of Lamesa - TX Town of Limon - CO City of Lubbock - TX City of New Deal - TX City of Plainview - TX City of Raton - NM City of San Angelo - TX Town of Springfield - CO City of Stratford - TX City of Sonora - TX City of Tahoka - TX City of Tulia - TX</p>	<p>Cimarron County - OK Colfax County - NM Elbert County - CO Hale County - TX Howard County - TX Kiowa County - CO Lincoln County - CO Lubbock County - TX Maverick County - TX Moore County - TX Prowers County - CO Sherman County - TX Sterling County - TX Sutton County - TX Tom Green County - TX Union County - NM Val Verde County - TX</p>
Economic Development Corp. Investors	Chamber of Commerce Investors
<p>Amarillo Economic Development Corporation - TX Adams County Economic Development - CO Canyon Economic Development Corp. - TX Metro Denver Economic Development Corp. - CO Dumas Economic Development Corporation - TX Lamesa Economic Development Corporation - TX Laredo Development Foundation - TX Lincoln County Economic Development - CO Lubbock Economic Development Alliance - TX Maverick County Development Corporation - TX Moore Development for Big Spring - TX Plainview/Hale County Industrial Foundation Inc. - TX Sonora Industrial Development - TX I-70 Regional Economic Advancement Partnership - CO</p>	<p>Big Spring Area Chamber of Commerce - TX Cimarron County Chamber of Commerce - OK Dalhart Chamber of Commerce - TX Dumas/Moore County Chamber of Commerce - TX Eagle Pass Chamber of Commerce - TX Lamesa Chamber of Commerce - TX Lubbock Chamber of Commerce - TX San Angelo Chamber of Commerce - TX Stratford Chamber of Commerce - TX Sonora Chamber of Commerce - TX</p>
Other Investors	Conference Investors
<p>Amarillo College - TX Central 57 Importers & Exporters, Inc. - TX Colorado Motor Carriers Association - CO Ehler & Hettler, LLP - TX Lubbock Christian University - TX Panhandle Regional Planning Commission - TX Plainview Convention & Visitors Bureau - TX Prairie to Ports Gateway and Inland Port - SK, CANADA South Plains Association of Governments - TX Texas Tech University - TX TransPort - CO Wayland Baptist University - TX West Texas A&M University - TX</p>	<p>Del Rio Economic Dev. Corp. and City of Acuña Além International Management, Inc. Aquila The Bank & Trust City and County of Denver Colorado Asphalt Paving Association Colorado Contractors Association Colorado Office of Economic Development/Eastern Colorado Colorado Motor Carriers Association DMJM+HARRIS Dumas Economic Development Corporation Hugo Reed & Associates, Inc. Laredo Development Foundation Metro Denver Economic Development Corp. Panhandle Area Development District Parkhill, Smith & Cooper, Inc. Pate Engineers, Inc./Pate Transportation Partners Peoples Bank Reece Albert, Inc. State National Bank Stratford Grain Company Texas Good Roads Theodore Roosevelt Expressway Turner Collie & Braden Valero Energy Xcel Energy - Colorado Region Xcel Energy - Texas Region</p>