

THE FIRST WORD

January, 2014

ODOT Making Plans For Shortfall In Federal Highway Funding

ACEC OKLAHOMA Leadership Briefed During Special Conference Call

At the request of ODOT Director Mike Patterson, ACEC OKLAHOMA's Board of Directors and Partnering Steering Committee met via Conference Call with Director Patterson and the Senior ODOT Staff on Monday, December 23rd.

Director Patterson wanted to discuss the looming, critical Highway Trust Fund shortfall and the dire impact it could have on Oklahoma's engineering and construction program. Patterson held a similar conference call on Friday, December 19th, with the Associated General Contractors of Oklahoma.

Our thanks to Director Patterson and the ODOT Senior Staff for their foresight in keeping the engineering and construction community fully aware of the financial shortfall which may be coming soon, and, engaging both groups early in the process so that neither group is blindsided should cuts to be program be necessary.

Below is a Recap of the Conference Call. Two things to note:

1. Please understand that these are not "quotes" from the Director or the Senior Staff. Rather, this is the general interpretation of what transpired during and after the meeting.
2. The Conference Call was put together on very short notice and it was virtually impossible to include the entire ACEC OKLAHOMA membership in the call. In an effort to keep everyone informed, we are providing the notes from the meeting, which have been reviewed for accuracy and content by the ACEC OKLAHOMA participants.

If you have any questions or would like to discuss this further, please don't hesitate to contact the ACEC OKLAHOMA office. We will be glad to answer any of your questions.

Participants in Conference Call

ACECOKLAHOMA	ODOT
Marty Hepp	Director Mike Patterson
Mike Homan	Deputy Director Tim Gatz
Chuck Mitchell	Chief Engineer Casey Shell
Brent Schniers	Dir. of Operations Paul Green
Brandon Claborn	Dir. of Engineering Tim Tegeler
Jim Benson	Dir. of Finance Russell Hulin
Stacy Loeffler	
Alan Soltani	
Ron Weltzheimer	
Keith Angier	
Joe Davis	
Mike Vahabzadegan	

Director Patterson reviewed the billing cycle of ODOT to FHWA, and recapped what happened several years ago when there was a similar drop in the balance of the Trust Fund.

He noted that at that time, ODOT considered suspending lettings and possible shutdown of projects, but that Senator Inhofe was able to get an infusion of general fund money into the Trust Fund, which averted suspensions and shutdowns.

He stated that on the current ODOT program, 55% of the expected money is from the Feds, and that the other 45% was State-only money.

As of September, 2013, there was only \$3.7 billion in the Trust Fund, and ODOT had outstanding bills to the Feds totaling around \$1 billion. He said that each state bills the Fed differently. Some states bill monthly, some weekly and some

(Cont. on Page 2)



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ODOT / ACEC OKLAHOMA Conference Call

(Cont. from Page 1)

daily. He noted that if everyone would have had a “run on the bank,” the Trust Fund would have gone broke. He also stated that there was not an update on the fund balance in October and November, and that he suspects that there were no updates because the fund had gone “negative.”

At the end of last week, there was a \$10 billion deposit made to the Trust Fund, and that as of this morning, the balance was \$9.3 billion. So, there has been a spike in the balance, but the decline has already begun, and there is no safety valve this time for an additional infusion of cash. The \$10 billion was a one-time thing and won't happen again this fiscal year.

While the Trust Fund is expected to “go broke” in September, Director Patterson thinks that June is a more likely date.

He also said that last Friday, a similar conference call was held with the Contractors, and that much has changed between Friday and today. He painted a much more bleak picture to the contractors on Friday, but now knowing that a \$10 billion infusion has occurred, ODOT is a little more optimistic. But, he said that as the Trust Fund continues to be depleted in coming months, ODOT's concern will continue to deepen.

He stated that while last week it looked as though ODOT might have to cancel the January lettings and make some short-term cutbacks in engineering contracts, the infusion of cash has alleviated that concern, and that the January lettings and engineering contracts will move forward as scheduled.

In response to several questions, Director Patterson stated the following:

1. In 2008, ODOT kept only a small amount of cash on-hand, but that due to a change in philosophy after 2008, ODOT is keeping a larger balance. Currently there is about a 3-month balance of cash on hand.
2. ODOT does not want to STOP lettings, engineering contracts, and/or existing construction. If it comes to having to seriously consider something like this, ODOT will attempt to “taper” things off, but will not just simply stop.
3. When asked about the recent slow-down in the selection of engineering firms for projects, Director Patterson and Mr. Tegeler said that it was not a response to the possible funding issues, but rather was more due to the changes in staff and responsibilities in recent months. They recognize that there has been a slowdown, and are working to get that caught up as quickly as possible.
4. When asked about how engineering contracts would be impacted if future lettings were cancelled or postponed, Director Patterson said that ODOT didn't want to be in a position where when the funding was restored, there were no plans on the shelf. They recognize that they can't simply cut off all of the engineering work because if they did so, they would be further behind when the funding was restored.

****As a side note, I participated in the Conference Call from the ODOT office. Following the end of the call, I had the opportunity to visit with the Senior Staff about these two issues.

First, regarding the recent slowdown in selections and NTP's, Tegeler told me that there would be 11 new engineering contracts go before the Commission in January, and that he was trying to clear the “backlog” of selections and contracts as quickly as possible.

Second, they fully understand that the engineering portion of a project is a very small piece of the total cost of the project, and that it is not good policy to completely shut down engineering, and then have down-time in construction lettings waiting for engineering to play “catch up” at some later date. So, my impression is that they will wait as long as possible before beginning or fully pulling back on the engineering.

If you have any questions, drop me a note (jsullins@acecok.org) or give me a call.



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Members Firms On The Move

Two member firms have recently moved to new office, and one even changed their name.

Poe & Associates has moved to new office in the Valliance Bank Tower on Northwest Expressway. Their new address is 1601 Northwest Expressway, Oklahoma City, OK, 73118. Telephone, Fax, etc., remain the same.

Cobb Engineering Company has moved to a newly constructed office building in 4555 W. Memorial Road, Oklahoma City, OK, 73142. The new telephone number is 405-753-4200. Additionally, e-mail addresses will change slowly over the next few months as Cobb Engineering Company has changed their name to **CEC // Infrastructure Solutions**. The new name reflects the firm's growth and diversity of services and captures the essence of where they have come from and further define who they are becoming.

ACEC Joins Appeal of EPA Case to U.S. Supreme Court

ACEC has joined in an amicus brief asking the U.S. Supreme Court to review a federal circuit court case in which the Environmental Protection Agency vetoed a permit issued three years earlier by the U.S. Army Corps of Engineers to a mining company to discharge dredge and fill material.

In *Mingo Logan Coal Co. v. EPA*, the federal district court ruled against the EPA, but the Court of Appeals for the DC Circuit reversed, finding that the "plain language" of the Clean Water Act authorizes the EPA to prohibit a disposal site "whenever" the agency determines that an adverse effect may result from a discharge.

The decision, if upheld, could undermine the current permitting process, especially given that the EPA action took place years after the Corps permit was issued.

Joining ACEC in the amicus effort are a large number of trade and professional associations, including the National Association of Manufacturers (NAM), AGC, ASCE, and ARTBA.

ACEC OKLAHOMA January Meeting and EEA Awards

ACEC OKLAHOMA's January Board and General Membership Meeting is scheduled for Thursday, January 23rd in Oklahoma City.

This will be a dinner meeting, with the General Membership Meeting beginning at 5:00pm. The Board will meet earlier in the afternoon, beginning at 2:00pm.

In addition to a business program, we will announce the winners of the 2013 Engineering Excellence Awards competition.

Registration information will be sent to all members in the next few days, so watch your e--mail for detailed information.

Look forward to seeing everyone on January 23rd!!!!

ACEC Supports Two Bills to Increase Transportation Funding

Congressman Earl Blumenauer (D-OR) has introduced two ACEC-backed bills that would raise the federal gas tax by 15¢/gallon in the short term and transition federal funding to a stable long-term source.

The *UPDATE Act: Update, Promote, and Develop America's Transportation Essentials* would end the transfer of General Fund dollars to the Highway Trust Fund, increase the gas tax to 33.4¢/gallon, index it to inflation, and replace it with a vehicle miles traveled (VMT) fee system by 2024.

The *Road User Fee Pilot Project* bill would establish a competitive grant program to fund state and regional VMT pilot projects to determine "best practices."

"ACEC applauds Congressman Blumenauer for introducing legislation that will avoid debilitating cuts in highway and transit investment with predictable, sustainable and growing revenue from user fees, an effective model that has long enjoyed significant public support," wrote ACEC President Dave Raymond in a statement of support.

Best Wishes for a Healthy, Happy, and Prosperous New Year!!!!



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President's Report

January, 2014

David Raymond, ACEC President

Happy New Year! Although December is typically a slow month in Washington, “Team ACEC” put some points on the scoreboard – notably passage of the WRDA bill in the House and an ACEC-backed budget agreement to increase caps on discretionary spending by \$63 billion over two years. Looking ahead, the new year – an election year – will pose challenges, but we intend to prevail with final passage of the WRDA bill now in conference, MAP-21 reauthorization, and regulatory reforms. Our record 2013 ACEC/PAC fundraising of more than \$755,000 (and still counting) gives us a powerful war chest to help propel our legislative agenda. We look forward to working closely with you in 2014 on the various issues that mean the most for our members. Hauoli Makahiki Hou! (Happy New Year in Hawaiian courtesy of ACEC/Hawaii Executive Director Ginny Wright).

General

- ACEC/PAC raised a record \$755,000-plus in 2013 (we’re still receiving funds that were sent to us at year’s end), and ACEC/Illinois raised more than any other state: over \$62,000, the most ever raised by an MO.
- ACEC/Maryland, Iowa, Idaho, Kentucky, Massachusetts, North Carolina, Pennsylvania, Virginia and West Virginia were among those achieving their ACEC/PAC fundraising goals in December, as state contributions are still being counted – with at least 33 states crossing the finish line, beating last year’s record of 32.
- Total firm membership in ACEC rose from 5,015 at the start of the fiscal year to 5,076 (1.3% gain) by the end of the second quarter, and employee strength grew from 328,063 to 372,253 (a whopping 13.5% gain) during the same time period, reflecting the Council’s continuing value and appeal.
- ACEC has joined in an amicus brief asking the U.S. Supreme Court to overturn a federal circuit court case that upheld the EPA’s veto of a Corps of Engineers dredging permit issued three years earlier to a mining company.
- Congressman Earl Blumenauer (D-OR) introduced ACEC-backed legislation to raise the federal gas tax by 15¢/gallon and transition to a vehicle miles traveled (VMT) system to create a stable, long-term funding source.
- Reuters published an editorial by the head of America’s Infrastructure Alliance – an organization backed by ACEC and other major stakeholders in the transportation sector – which makes the case for continued federal commitment to infrastructure.
- ACEC/PAC hosted fundraisers for Senator Ed Markey (D-MA), House Transportation and Infrastructure Chairman Bill Shuster (R-PA), and Reps. Bill Pascrell (D-NJ), Derek Kilmer (D-WA), Dan Lipinski (D-IL), and Lee Terry (R-NE).

Government Advocacy

- House and Senate conferees continue to reconcile their Water Resources Development Act (WRDA) bills, with a final agreement expected in early 2014.
- Congress cleared an ACEC-backed budget agreement to increase caps on discretionary spending by \$63 billion over two years and replace the impending automatic across-the-board sequestration with targeted cuts and federal fee increases.
- The House overwhelmingly passed legislation supported by ACEC to protect engineering firms and other businesses from so-called “patent trolls”.

Business Resources

- EJCDC released the new 2014 edition of E-500, *Agreement Between Owner and Engineer for Professional Service*, also available at www.acec.org/bookstore.
- Don’t miss these upcoming 2014 webinars: *Client Research: Debunking Myths and Maximizing ROI*; *Business Development Tools for Technical Professionals*; *Strategic Decision-Making in Uncertain Times*; *Step-by-Step Guide to Authentic and Effective Presentation and Interview Skills*; *Federal and State Privacy and Security Law Requirements*; *Writing Winning Proposals – 2014*.



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