

A Bridge Too Far

Now that the smoke has cleared after the mid-term elections, we can begin to see some possible changes in governing priorities. One important priority for Port Authority's region is federal funding for transportation infrastructure. Since the new administration has taken office, a significant change in where the funding goes has taken place. The administration has advocated more funding for rural transportation projects. Previous administrations gave funding to rural areas, too. However, according to Holland and Knight, a law firm that tracks USDOT spending, during the 2017 round of funding, DOT awarded 64 percent of the funds to rural projects even though the FY 2017 Appropriations bill had a rural set-aside of 20 percent. They also note that the FY 2018 Omnibus Appropriations bill increased the rural set-aside to 30 percent. Indeed, BUILD grant awards announced this month for 2018 shows nearly 70% of the \$1.4 billion going to rural areas with only 2 of the 91 projects being funded in New Jersey and New York.

As an example of how the funding paradigm has changed, the Competitive Highway Bridge Program for Fiscal Year 2018 has a restriction of "eligible applicants are States that have a population density of less than 100 individuals per square mile." Even though the grant is called "competitive", only 25 states fit this definition¹.

To understand what this means in practice we analyzed structurally deficient (defined when the deck, superstructure, substructure, or culvert is rated in "poor" condition) bridges in the eligible states and non-eligible ones. The bridges are further broken down into "rural" and "urban" as defined by the USDOT. The data shows that nearly 46% of deficient bridges are in

THE WATCHLIST

Economic Variables	Current	One Year Trend
UNITED STATES		
Real GDP [Annual Rate]	Q3 2018	3.4%
Unemployment Rate	Nov-18	3.7%
Consumer Price Index [Annual]	Nov-18	0.0%
Gasoline Price [Regular]	Nov-18	\$2.65
PORT AUTHORITY REGION		
Regional Employment [NY MSA]	Oct-18	9,821
Consumer Price Index [Annual]	Nov-18	1.9%
Port District Exports [\$Bill]	Oct-18	\$13.31
Port District Imports [\$Bill]	Oct-18	\$23.00
Case-Shiller Home Price Index	Oct-18	3.9%
Commercial Real Estate Asking Rent		
Midtown	Q32018	\$82.81
Downtown	Q32018	\$67.23

eligible states' rural areas. However, when cross referenced with average daily traffic on the targeted bridges, only 6.5% of the nation's traffic traverse them daily. In comparison, nearly 65% of all bridge traffic are on non-eligible state bridges in urban areas. The table below breaks down the eligible state structurally deficient bridges and their rural or urban designation.

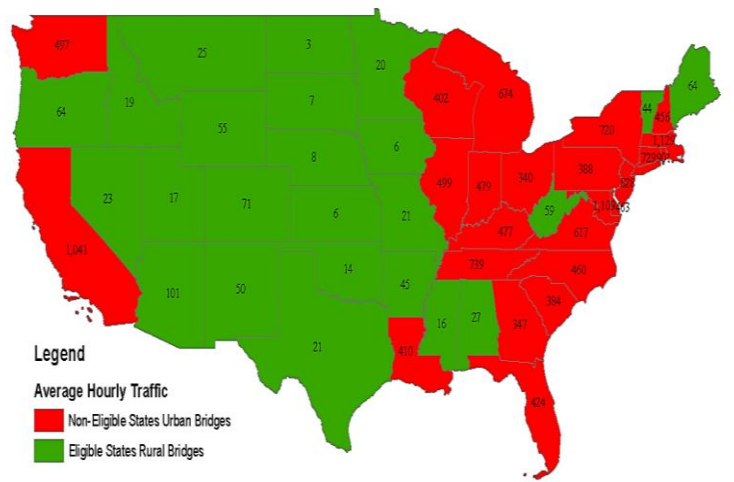
Count of Structurally Deficient Bridges				
Function Type	Rural	Urban	Total	% of Total
Eligible*	25,519	2,197	27,716	51%
Not Eligible	19,159	7,685	26,844	49%
Total	44,678	9,882	54,560	
Average Daily Traffic of Structurally Deficient Bridges				
Function Type	Rural	Urban	Total	% of Total
Eligible*	11,737,378	22,996,725	34,734,103	19%
Not Eligible	28,035,317	116,806,093	144,841,410	81%
Total	39,772,695	139,802,818	179,575,513	

Source: FHWA National Bridge Inventory

*States with Population under 100 per sq Mile

Bridges Targeted for Funding

Figure 1 Average Hourly Traffic of Rural Bridges in Eligible State and Urban Bridges in Non-Eligible States



When comparing traffic across the bridges, the results show that only 16% of eligible states have average hourly rural bridge traffic that exceed 60 vehicles per hour. This is low compared to urban bridges in non-eligible states that have the lowest traffic of 340 per hour, and 46% of the urban bridges exceed 600 vehicles per hour.

Even though the administration targets "rural" areas, some awards may be more like small suburban areas or even small metro areas². To assess the deficient bridges another way the analysis uses the amount of bridge that would need to be refurbished or replaced based on the US Dept. of Agriculture's definition of rural/urban counties and DOT's decking area. The data show a similar pattern; however, the population estimates indicate that more rural areas are losing population while urban areas are gaining.

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¹ Oddly, Texas is one of the eligible states because the law stipulates the use of the 2010 Census. If they use 2015 census population estimates, it breaches the threshold.

² The official definition for the BUILD grant is any area outside an Urbanized Area (UA) as designated by the U.S. Census Bureau. Per the Census Bureau, a UA is an area that consists of densely settled territory with a population of 50,000 or more people.

MONTHLY ECONOMIC INDICATORS

Planning and Regional Development Department

THE PORT AUTHORITY OF NY & NJ

December 2018

AVIATION	Oct '18	YTD	Oct '18/'17	YTD '18/'17	PORT COMMERCE	Oct '18	YTD	Oct '18/'17	YTD '18/'17
Revenue Passengers (000's)	11,809.9	116,149.6	4.0%	4.4%	Port Trade				
John F. Kennedy International Airport (JFK)	5,227.2	52,059.8	6.9%	3.6%	Container Imports (TEUs)	339,602	3,056,955	11.1%	7.8%
LaGuardia Airport (LGA)	2,643.7	25,007.4	-3.5%	1.9%	Container Exports (TEUs)	130,782	1,245,438	7.9%	6.9%
Newark Liberty International Airport (EWR)	3,875.7	38,506.0	5.5%	6.7%	Containers lifted on/off Express Rail	57,197	540,197	11.7%	14.5%
Stewart International Airport (SWF)	63.3	576.4	22.4%	61.4%	TUNNELS, BRIDGES & TERMINALS	Oct '18	YTD	Oct '18/'17	YTD '18/'17
Revenue Freight (Short Tons)	209,859	1,901,622	2.5%	3.7%	Eastbound Vehicle Volumes (000's)	10,379	100,131	0.8%	0.7%
Domestic	76,391	679,805	6.0%	6.0%	George Washington Bridge	4,384	42,958	-0.9%	-0.4%
International	133,468	1,221,817	1.0%	2.5%	Lincoln Tunnel	1,653	15,815	-0.6%	-0.2%
Flights	130,703	1,243,817	3.1%	1.3%	Holland Tunnel	1,335	12,485	2.9%	1.0%
Domestic Air Carrier	83,220	790,537	5.4%	3.2%	Bayonne Bridge	242	2,381	13.6%	24.4%
International Air Carrier	25,168	256,366	2.3%	1.2%	Goethals Bridge	1,479	13,703	8.4%	4.1%
General Aviation	22,315	196,914	-4.0%	-4.3%	Outerbridge Crossing	1,286	12,789	-3.6%	-1.8%
Paid Parked Cars	539,339	5,680,575	-6.4%	-5.3%	Eastbound Volumes by Vehicle Type (000's)				
Revenue AirTrain Passengers	1,683,862	16,901,365	-8.8%	-3.4%	Autos	9,446	91,402	0.6%	0.6%
					Trucks	667	6,238	3.4%	2.2%
					Buses	266	2,492	2.9%	0.7%
FERRY OPERATIONS	Oct '18	YTD	Oct '18/'17	YTD '18/'17	U.S. TRANSPORT. SERVICES INDEX	Oct '18	Sep '18	Change	
Passengers (000's)					(Prelim., Seasonally Adj., 2000=100)				
New Jersey Ferries	888.2	7,915.9	11.5%	4.4%	TSI - Combined Index	135.8	133.4	1.8%	
					TSI - Freight	138.8	136.1	2.0%	
					TSI - Passenger	129.6	127.9	1.3%	
PATH	Oct '18	YTD	Oct '18/'17	YTD '18/'17					
Passengers (000's)	7,537.0	68,674.0	1.6%	-1.3%					
Average Weekday	299.8	2,824.5	0.9%	-0.8%					
Average Saturday	100.9	1,102.9	-21.9%	-5.1%					
Average Sunday	78.1	814.5	-13.3%	-9.2%					

TRANSPORTATION FOCUS

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Although there is no question that structurally deficient rural bridges should be fixed, targeting specific state population density thresholds greatly diminishes this task. For instance, 62% of New York State's deficient bridges are in rural areas, but due to the state population exclusion in the grant New York is not allowed to "compete" for this funding.

What is most alarming is that the division between rural and urban areas is becoming more politically divergent along congressional and senate lines. Although this type of political division dates back to Hamilton versus Jefferson, skewing federal funding toward one and not the other hurts the country's overall economic development. With the tampering of the formula-driven competitive grant process at the executive level, the places with the most need could be overlooked for at least four years at a time. For urgent projects, that might be a bridge too far.

	OMB 2013 Rural/Urban County Definitions	% of Structurally Deficient Bridge Decking (Sqft)	2010 to 2017 Population Growth	% of 2017 Population
Metro	Counties with million population or more	43.7%	7.1%	55.5%
	Counties with 250,000 to 1 million population	19.2%	5.5%	21.3%
	Counties in metro areas of fewer than 250,000 populations	10.2%	3.5%	9.0%
Non-Metro	Urban area with 20,000 or more	7.9%	1.9%	5.7%
	Urban population of 2,500 to 19,999	14.3%	-2.4%	7.0%
	Completely rural or less than 2,500 urban populations	4.6%	-3.5%	1.4%



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