



Editorial: Thoughts about a \$25 Gas Card

Last night I stayed in the Anaheim Marriott hotel; I have been there several times. This hotel is convenient to my client's offices, nicely appointed and serves my needs well. I have found the rates to vary considerably depending on the season, probably because it is within a couple of blocks of Disneyland. The rate I paid last night was a special they were running which included not only a decent room price and a nice breakfast but also a \$25 gas card. A \$25 gas card! Never, in all my travels, have I been given a gas card as an incentive to stay at a hotel.

Over the years we have often speculated in our policy discussions about what would happen if gas reached three or four dollars a gallon. We no longer have to speculate. Now our discussions focus on the "what ifs" associated with five or six dollar per gallon fuel.

My \$25 gas card caused me to take a quick inventory of the ways our lives have changed with the rising price of fuel. Here are a few:

- Prices of all commodities (e.g. groceries and other goods) have gone up
- Fuel surcharges are being levied on everything from shipping to airline tickets
- More people are staying home for vacations this summer
- People are still going to the lake but leaving the boat home
- Independent truckers are seeking financial shelter by looking for employment with larger firms
- Movie tickets may be going up because of popcorn price increases (concessions subsidize the tickets)
- People are driving less which is reducing related fuel tax revenues collected by the federal government and by the states
- The market for SUVs is virtually non-existent but terrific for fuel efficient models
- People are choosing transit, carpooling and other means to reduce the fuel consumption
- My son rode his bike to his friend's house the other day saying he didn't want to use the gas to drive there (I hear general applause from parents on this one—a good economics lesson for him)

and his friends)

Almost all of us are taking actions to mitigate the impact of high fuel prices in our lives. In small and large ways, we are adjusting - sometimes deliberately and other times more subconsciously. Early this year I bought a hybrid Camry for my personal vehicle—months before \$4-a-gallon fuel. It has been a great purchase financially and fits my own desires to be responsible about how our family lives. I had several dealers in the area to choose from and the dealer I used even gave me a break on the price equivalent to the rebate for which this model no longer qualifies. A month or so ago a neighbor saw a similar vehicle and decided to go home and think about it before making a purchase. When he called the next day to finalize the purchase the salesman told him, “That vehicle is gone. It was sold after you left.”

It is interesting how high oil prices have impacted almost every aspect of our personal lives. If the product doesn't directly contain petroleum, some element of petroleum is probably in the supply chain that gets it to us. You would be hard pressed to name something you do or purchase that is not affected.

A quick review of the presidential candidates' plans for dealing with the energy crisis reveals little comfort for the transportation industry. Neither one projects a plan that will solve the problem for the short term. TDM will help some. Longer-term solutions such as renewable energy sources, nuclear power, oil shale and (perish the thought) more drilling are just that—long-term fixes to a current problem. Specific actions should be taken to move forward on all of them since no single solution will get us out of this bind any time soon.

If the physical solutions (getting more energy and being more efficient about it) are elusive, so, too, are the answers to the policy questions. I enjoy polling audiences and groups about their thoughts on the National Surface Transportation Policy and Revenue Study Commission's report. The Commission recommended many substantive ideas. However, when asked, folks who may not remember their mother's birthday can cite, without prompting, that the commission called for a 40-cent fuel tax increase. The probability of a 40-cent gas tax increase passing can be measured only with an electron microscope.

Congress is working on an FY '09 fix to the Highway Trust Fund. It has not been easy to this point. I am certain that a solution will be found in time to save the base program but nothing more. Those familiar with the process and the magnitude of the problem that begins in FY '10 know that '09 is a warm up act; the big show has yet to come on stage. The solutions for fixing the Highway Trust Fund fall into two broad categories. The easy ones don't raise much money and those that raise sufficient money have little chance of being enacted. As a nation we have some bitter pills to swallow in our future. We need to start seriously considering the available options.

The impacts of all this upheaval on the transportation industry will be significant. I would suggest we haven't yet seen the end of this road. Nevertheless, in spite of my editorial musings, I count the situation as a challenge or series of challenges that can be met with thoughtful and deliberate actions on the part of all segments of the transportation industry. The sky is not falling—it just needs some shoring up until it can be rebuilt. Owners, engineering consultants and contractors will all have to change though it will not be easy and will involve different methods and new approaches in doing business. Yesterday's solutions will not work on tomorrow's problems. Delaying these changes will not make the problem go away or simplify them, while acting now

may mean the difference between survival into the future or becoming a footnote in an industry historical document. Great firms will do more than survive—they will thrive because of choices they make today. Watching firms go through this process is both gratifying and proof of the exciting possibilities.

As for my \$25 gas card—I think I'll head out, put a little gas in the car and send a few dollars to the Highway Trust Fund. It's the least I can do.

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