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KDOT Suspends Most Dec./Jan. Project Lettings

Kansas Department of Transportation Press Release – November 12, 2008

Kansas - Faced with uncertain funding at both the state and federal levels, the Kansas Transportation Department announced a suspension from awarding most construction projects for the months of December and January. With anticipated decreases in vehicle registration fees, gas tax revenue and federal funding, the combined net loss in federal and state funds to KDOT could be nearly \$250 million in fiscal year 2010.

"We are operating in a time of extreme financial uncertainty, and it would be irresponsible for us to begin work on projects without knowing whether we will be able to pay for them," said Kansas Department of Transportation Secretary Deb Miller. "KDOT's first priority will be to preserve our system and complete local projects and those projects already underway. We will continue to evaluate our financial situation to determine whether we can afford to let additional scheduled projects. We will continue to reassess the situation to determine if or when any additional projects can be let."

The decision will impact most remaining projects under the state's 10-year plan, the largest of which is the \$58 million expansion of highway K-61 from Hutchinson to McPherson. KDOT was scheduled to let \$203 million worth of projects in December, which will be reduced to \$57 million. In January, \$111 million worth of projects were scheduled; that number has been reduced to \$48 million.



A stimulus package from Congress would help state DOTs avoid these kinds of moves. Deb is correct when she says it would be irresponsible for them to proceed

with projects when their funding is so uncertain. Leaders of DOTs all over the country are making these hard, often unpopular decisions; Neil Pederson in Maryland, Dave Ekern in Virginia and others have led the way. Deb Miller won't be the last DOT CEO forced to make these tough decisions. TW

Hearings to Address Toll Increases, Lease of Alligator Alley

Land Line Magazine – November 10, 2008

Florida - Six firms are vying for the lease of Alligator Alley tollway in South Florida, and state transportation officials are ready to implement a toll hike to ensure the winning bidder a profit. The Florida Department of Transportation held two public hearings this week regarding toll hikes on the east-west I-75 toll road that runs between Ft. Lauderdale and the Naples area.

The proposed increase would charge truckers up to \$5 more, from \$10 to \$15, for those paying cash, beginning July 1, 2009, according to a draft of the concession agreement. The private investor will be allowed to raise tolls again after January 1, 2011, to account for inflation.

The Florida DOT has been working to lease the Alligator Alley and two other roadways to private investors for the next 50 to 75 years since Gov. Charlie Crist signed enabling legislation into law in 2007. All six consortiums competing for the Alligator Alley lease have at least one foreign partner.

NYC Transit Officials Eye More Bridge Tolls

Land Line Magazine – November 10, 2008

New York City's Metropolitan Transit Authority is looking at implementing tolls on four city-run East River crossings to help reduce a deficit that has jumped from \$300 million to \$1.2 billion because its share of corporate and real estate tax revenues has fallen with the economic downturn. Motorists currently pay \$5 tolls on the MTA's East River bridges, and a commission appointed by Gov. David Paterson may recommend charging drivers the same toll on the city's Brooklyn, Manhattan, Williamsburg and 59th Street bridges, according to local newspapers.

The MTA's budget beginning in January will be nearly \$600 million short of what the agency predicted in July, and executive director Elliot Sander said the cuts and fare hikes "will be very, very significant." While not specifying what changes will be made, Sander said, "Whatever that mix that we come up with, in terms of fare and toll increases and service reductions, there's no question that they would have an impact, significantly, on our customers and on the functioning of that region."

New York City Mayor Michael Bloomberg said he would support charging tolls on free East River crossings if the estimated \$1 billion annual revenue generated would be spent on improving mass transit. Each weekday, more than 8.5 million people on average use the MTA's buses, subways and suburban rail lines.

While Others Act on Transit, the CTA Waits

Chicago Tribune – November 10, 2008

Illinois - Last week's election brought billions of dollars for transportation in California, but no transportation initiatives were on the ballot in northeastern Illinois, which ranks second behind Los Angeles for congestion nationwide. Elected officials in Chicago have acknowledged the need to shape up the Chicago Transit Authority for the city possibly to host the 2016 Olympics, and state officials have optimistically placed their hope in the investment of the Barack Obama administration to replace the state's crumbling infrastructure.

Meanwhile, the CTA's board, unable to wait any longer for elected officials to act, approved fare hikes this week for 2009. The increase is less than what was originally proposed, however, with monthly pass fees will rise to \$86 from \$75, down from the suggested hike to \$90.

A new capital-spending plan to rebuild aging infrastructure has shown no signs of moving forward, blocked by political inaction in Springfield. An estimated 550 transit projects nationwide are "ready to go" as soon as funding is available, according to the American Public Transportation Association. Among the projects on the list are several in Chicago, including track improvements on CTA rail lines and the purchase of additional buses to replace aging cars that have traveled more than a half-million miles.



As the director of UDOT during preparations for the 2002 Winter Olympic Games in Salt Lake City, I learned first hand about federal funding availability for transportation projects. I suggest that Chicago figure out how to solve their transit funding problems without relying on the possible 2016 Olympics. Yes, federal funds for transit exist but much of that money will go to temporary systems, leasing of buses, paying wages and so forth with only a fraction going to legacy systems in the community. It was reported that Japan spent \$5 billion on their transportation system for the 1998 Nagano Olympic Games. Federal aid for 2002 in Utah was a small fraction of that amount. TW

Oregon Governor Proposes \$1B-Plus Transportation Package

The Associated Press – November 10, 2008

SALEM, Ore. – This week Oregon's governor unveiled a \$1 billion transportation-funding package that he hopes will boost the economy while repairing the state's aging infrastructure. On Monday, Gov. Ted Kulongoski presented the proposed Jobs and Transportation Act of 2009 to the Oregon House and Senate Transportation committee, to be funded by a handful of tax and fee increases. Among those are a 2-cent gas tax hike, more than doubling annual car title and registration fees and raising the tobacco tax by 2 ½ cents to fund new road, bridge and rail spending.

The proposed increases would amount to nearly \$500 million a year. The rest of the plan's funding would come from borrowing \$600 million and taking \$16 million in lottery money. The governor's plan calls for \$249.5 million in state highway spending, \$149.7 million for county roads and another \$100 million for city streets.

"Investing in transportation in tough times sets us up for success in good times," Gov. Kulongoski. If the Legislature approves the package, it would be Oregon's largest commitment to transportation ever. The plan would create 2,100 jobs each year for the first five years, the governor told the transportation committees in a joint meeting, which would be an effective way to lower the state's 6.5 percent unemployment rate.

Oregon is facing a \$1.3 billion shortfall just to maintain state highways to handle current traffic levels, according to state officials' estimates. The state legislature will review the plan when it convenes on Jan. 12, although previous efforts to raise the state's 24-cent gas tax have been promptly rejected in the past. The last attempt was a nickel increase, which voters said no to in 2000.

Advocates Urge Action on Road Spending this Year

Battle Creek Enquirer, MI - November 10, 2008

LANSING, Mich. – Transportation advocates in Michigan are urging the Legislature to raise vehicle registration fees and possibly the 19-cent gas tax in the lame-duck session after the November election, when lawmakers are more likely to pass unpopular tax and fee hikes. Time is running out, however, and even lawmakers who are in favor of taking action are not sure much can happen before the end of the year. Lawmakers met for two days this week, and will reconvene for one to three weeks in December.

The Transportation Funding Task Force, established by the governor and state legislature, released a report this week stating that transportation spending needs to be doubled for a "good" level of investment in roads, bridges, airports and public transit to be maintained. Several panel members agreed a viable short-term option in lame duck would be to boost vehicle registration fees. A measure introduced in 2007 to increase vehicle registration fees by half has not progressed.

Other temporary solutions suggested by members of the task force include allowing counties to impose their own vehicle registration fees, gasoline taxes and drivers license fees; or converting the per-gallon gasoline tax to a tax on the wholesale price of gas, so gas revenues would not rely so heavily on consumption.

"Even if you just set it at a revenue-neutral level to maintain the status quo, the next time we have a spike in gasoline prices, that would prevent us from suffering a decline in revenue for our transportation system," said Rich Studley, co-chair of the task force and head of the Michigan Chamber of Commerce.



I wouldn't put too much stock in the resolution of a lame duck legislature. First, the number of lame ducks in the group is a minority. Most of the legislators will be back next year and will run for reelection in the future. Second, not all of them will want their legacy to be the fact that they raised taxes on their way out the door. Third, the acrimony preventing bipartisan solutions will still be present. Generally, that adds up to a "do-nothing" lame duck session when it comes to substantive revenue generation. TW

Tram to Oakland Airport Hits Dead End

Contra Costa Times – November 12, 2008

California - A Bay Area transit agency's \$386 million plan to offer light rail service to the Oakland Airport has stalled after it failed to attract investors to help foot the cost of the project. The poor economy and declining flight ticket sales are being blamed for the loss of interest by the private sector to help the Bay Area Rapid Transit build the 3.2-mile elevated tramway between the airport and the Coliseum Station.

Of the three private consortiums in discussions with BART over the past eight months, the last one – which included Merrill Lynch & Co. for financing – backed out recently, agency officials reported this week.

BART had already secured \$256 million for the line, including \$109 million in Bay Area toll revenue from the Metropolitan Transportation Commission, \$98 million from the Alameda County Transportation Improvement Agency; and \$42 million from the Port of Oakland, the airport's landlord. The Federal Transit Administration also agreed to pay \$25 million to help build one of the first public transit projects in the country to be built by a public-private partnership. The transit agency had planned to sign a 35-year concessionaire agreement with a private investor, as well as sharing fare revenues with the consortium in exchange for about \$130 million to help build the line. Agency officials say they will now go back to the drawing board to consider less-expensive options, such as dedicated bus lanes.

BART currently operates AirBART shuttle buses between Coliseum Station and the airport for a \$3 fare. In 2007, the buses carried 1.3 million riders, or about 9 percent of Oakland airport passengers, according to a BART report. Transit officials touted the new tram as a faster, more convenient means of airport travel, while reducing congestion and pollution in the area.

Governor Plans to Dismantle Mass. Turnpike

The Boston Globe – November 10, 2008

BOSTON – Government officials in Massachusetts have revealed that Gov. Deval Patrick is planning to dismantle the state Turnpike Authority, cut all tolls west of Route 128 with the exception of two border crossings and raise tolls closer to Boston to help pay off Big Dig debt. The plan would turn Massachusetts Turnpike operations over to the state highway department west of Route 128. The Massachusetts Port Authority would take over operations within Route 128, also called the Metropolitan Highway System.

The governor's plan is an effort to improve efficiency, fix aging infrastructure and pay off debt from the nearly \$15 billion Central Artery project, dubbed the Big Dig. Officials also say dismantling the Turnpike Authority is also an attempt to mollify drivers in western Massachusetts who complain they have been burdened with Big Dig costs despite long-broken pledges that Turnpike tolls would be abolished once the roadway's original construction loans were paid off.

The plan will likely raise tolls on Route 128, whose drivers use the Central Artery and its underground system of highways and airport connections the most. One proposal discussed by the Turnpike board in September called for increasing tunnel tolls by \$5, from \$3.50 to \$8.50, and raising tolls at the Allston-Brighton Turnpike interchange by \$1, to \$2.25.

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