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U.S. Hwy Fund to go Broke in August

Reuters – June 2, 2009

WASHINGTON – The federal highway fund that supports highway and bridge repairs across the nation is expected to run dry by August, according to the top ranking Republican on the Senate Environment & Public Works committee.

"We recently learned that the Highway Trust Fund will run out of money some time before August of this year, and will require an infusion of \$5 billion to \$7 billion to get through the rest of fiscal year 2009," said Oklahoma Senator James Inhofe at a confirmation hearing for the next highway administrator.

Federal officials sent emergency money to the fund last summer to prevent the depletion of the fund, and the same action may be required this summer. An additional \$8 billion to \$10 billion will likely be needed in 2010, Inhofe said.

Some blame the trust fund's unstable state on the failure to raise the federal gas tax since the early 1990's. Transportation Secretary Ray LaHood promised in March that that President Barack Obama would not raise the 18.4 cent federal gas tax.

Inhofe said even though the federal economic stimulus has sent funds to highway repairs, many states have been forced to suspend highway work amid threats of a trust fund shortfall. "This will be done by canceling new projects and existing contracts that have already been signed, in addition to slowing down existing projects that have already broken ground," he said. "Clearly, this would have a detrimental effect on the economy and will negate any gains made by the

stimulus.”



Those who are watching the Highway Trust Fund carefully are not surprised by this revelation. It is not new news. Insiders are also saying that the trust fund deficit for next year is much higher than the \$8-10 billion that is making its way around DC. Maybe as high as \$25 or 30 billion just to keep funding at 2009 levels. The President and Congress are in a corner. No gas tax increase is on the horizon. VMT was rejected soundly by the administration. Tolls, innovative financing and smart growth will fall woefully short of filling the deficit for both transit and highway projects. This year Congress will probably fill the void with General Fund money through greater borrowing which seems to be the answer to all fiscal problems these days. That process is not sustainable. It's time for hard decisions. TW

Lawmakers Override Gibbons Veto by Approving F Street Project

Las Vegas Review-Journal – June 1, 2009

CARSON CITY – Senators in Nevada have decided the City of Las Vegas and the Department of Transportation should spend up to \$70 million to reopen F Street in a historic West Las Vegas black community. Senators voted 17-4 Monday night to override a veto by Gov. Jim Gibbons, after a 29-13 Assembly vote on Sunday to reject the veto.

The bill requires the city of Las Vegas to spend \$22.5 million to help reopen the street, which was shut down last year in the \$240 million I-15 expansion project. The remaining funds must come from the state department of transportation, which says it will request federal assistance for the project.

Senate Majority Leader Steven Horsford, whose jurisdiction includes the F Street area, said the project could be constructed for as little as \$45 million, which he said is small in comparison to the \$100 million-plus the city could lose in a federal lawsuit filed by residents to have the street reopened.

Nevada Department of Transportation Director Susan Martinovich said the bill will force the delay of other highway projects in Clark County.

Crist Signs Bill for Outer Beltway

Jacksonville Business Journal – June 1, 2009

Florida - Gov. Charlie Crist signed a bill this week which will allow Jacksonville to improve its transportation routes, and also allows a project known as the First Coast Outer Beltway to move forward. Under the bill, the JTA could become a regional transportation center, covering all seven counties of Northeast Florida by 2010.

The proposed Beltway is a four-lane limited access 46-mile toll road with 13 interchanges from I-

295 in Clay County and connecting I-10 on the Westside of Jacksonville to I-95 in northern St. Johns County.

The Florida Department of Transportation delayed the Beltway project last year over uncertainty about whether the state would charge property taxes on the roadway land. With no state funding available, officials want to hire a private company to build and maintain the road, using tolls to recoup its investment.

Under the legislation signed by the governor, the private company would be exempt from paying property taxes on the beltway land. The state will now restart the procurement process to find a state partner for the project, which will be the first toll road in Northeast Florida in 20 years.

BART Awards Key Contract for Warm Springs Extension

Bay Area News – May 28, 2009

OAKLAND – Bay Area Rapid Transit directors have approved the first contract for the \$890 million, 5.4-mile rail extension to Fremont's Warm Springs district. BART officials said the Warm Springs Extension project is expected to create or support 26,700 jobs.

"This is an important extension of BART service that will address congestion on a notoriously gridlocked section of Interstate Highway 880 in Fremont," said BART Board President Thomas Blalock in a statement.

The contract awarded this week was the first of two key contracts in the project. Construction is scheduled to begin this summer and be completed in about three and a half years, with service beginning by June 2014.

Texas Gov. Declares Session Victory

The Associated Press – June 2, 2009

AUSTIN – Texas Gov. Rick Perry is declaring victory at this week's legislative session conclusion, despite lawmaker's failure to pass measures to keep the Texas Department of Transportation and other state agencies funded. Without further intervention they will be shuttered by Sept. 1, 2010.

House lawmakers adjourned for good shortly after passing a measure to postpone the "sunset" dates, which did not include \$2 billion in road building bonds many legislators were hoping for, and left the Senate with a take-it-or-leave-it proposition. The move infuriated senators, particularly Republicans, who responded by voting to adjourn without passing the agency reauthorization bill.

Senate legislators said they would rather go home and let Gov. Perry call them back into a special 30-day session to continue the transportation department and other state departments and approve the bonds.

Nevada Lawmakers Approve Fuel Tax Hike in Washoe County

Land Line Magazine – June 3, 2009

A bill to increase fuel taxes annually in Washoe County was approved by Nevada lawmakers late on the last night of the regular session. The Assembly and Senate agreed to override Gov. Jim Gibbons veto of the bill to allow the county to implement a voter-approved fuel tax hike to pay for road construction.

Gibbons, who has the reputation of being the most overridden governor in the state's history, vetoed the bill last month saying voters may not have understood they were supporting a tax hike because the ballot language was nonspecific. By the end of the session this week, lawmakers had voted to override 25 of the governor's 41 vetoes.

The tax hike legislation allows fuel taxes in Washoe County to rise at rates equal to the inflation of construction costs. Initially, estimates say the tax paid in the county per gallon of gasoline will go up by 2 cents, and 2.4 cents on diesel. Supporters of the tax hike say it will eventually generate \$250 million annually for roadwork in the county.

Two-Percent Vermont Gas Tax Takes Effect

Free Press – June 3, 2009

MONTPELIER – A new gasoline tax in Vermont was quietly implemented this week to increase the price distributors pay by 3.3 cents a gallon. The tax hike was part of a \$540 million budget signed by Gov. Jim Douglas on Friday, which called for the increase to take effect June 1.

The June 1 start date passed instead of the usual July 1 because low transportation revenue left the state short on funding. The 2 percent gasoline tax will be determined quarterly at a per-gallon rate based on the average prices distributors would be charged, according to Joe Choquette, lobbyist for the Vermont Petroleum Association. That rate, which starts at 3.3 cents, will be adjusted July 1 for the first quarter of the new fiscal year. Choquette said many of the state's 100 distributors were confused about the tax because they were not sure if it would pass before the June 1 start date.

The Vermont budget also contains millions of dollars in road projects, and a 3-cent diesel fuel tax hike which will take effect Oct. 1.

Metro looks at Smaller Light Rail Trains

East Valley Tribune – June 1, 2009

Arizona – Metro light rail is looking to solve budget concerns by using smaller trains running less frequently. With a \$1.3 million budget deficit looming for the upcoming fiscal year, the agency

believes the occasional use of single-car trains could be a possible solution.

The line's Sunday schedule could also be cut, with stations running three trains per hour instead of four. Metro says these changes combined with cuts to administrative costs could save the agency \$885,000 annually. Officials hope the remaining deficit will be made up by expected increases in fare revenue in the coming year. Another possible solution to raise revenue has been proposed to sell naming rights to the agency's stations, or possibly for the entire 20-mile line.

The proposed \$33.7 million budget will be voted on by the agency's board of directors later this month.