



## In This Issue

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- Hindsight is 20/20 when Looking at Texas Toll Deal
- NC to Reform How it Chooses Projects
- Virginia Approves 6-Year Transportation Program
- Wyoming Plans to Toll I-80
- Nevada Bill Setting Guidelines for Toll Roads Fails
- N.C. House Endorses Temporary Fuel Tax Hike
- New Gas Taxes Arrive as Hawaii Prices Jump
- Nossaman Partner Appointed Chief Counsel to FHWA
- Caltrans Sued Over Gender, Race Quotas in Contracts

## Hindsight is 20/20 when Looking at Texas Toll Deal

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*Dallas Morning News – June 17, 2009*

Texas - The North Texas Transportation Authority is wondering if the \$3.2 billion paid for the State Highway 121 was too much, as agency officials consider huge toll increases amid decreased traffic levels. The NTTA beat out a \$2.8 billion, 50-year bid from Spanish firm Cintra to finish the road for the Texas Department of Transportation, and the contract marked the richest new tollroad contract in the nation's history.

Since the deal was signed, traffic on Highway 121, known as the Sam Rayburn Tollway, has dropped nearly 20 percent from levels predicted two years ago. Now authority officials believe their only option may be to approve a proposal to hike tolls by 32 percent – and risk traffic levels dropping further in response – to cover a \$6.1 billion debt.

When asked whether the Regional Transportation Council charged too much for the tollway, NTTA vice chairman Victor Vandergriff said, "Yes, it did. Both in what it paid and in the way it was paid."

Still, NTTA chairman Paul Wageman, who led the fight to purchase the 26-mile toll road in 2007, said while the agency may have made a mistake by paying so much upfront, leveraged against future tolls, it's too early to tell whether the 52-year contract was a mistake. Wageman says only time and a better economy will ease concerns.

# NC to Reform How it Chooses Projects

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The Daily Reflector – June 16, 2009

The transportation department in North Carolina plans to take on fewer projects so more will be funded and completed, the head of the agency said this week. Over the next 12 to 18 months, the department will reform how it selects projects to increase base funding of safety, traffic and growth, Secretary of Transportation Gene Conti said at a Greenville-Pitt County Chamber of Commerce luncheon.

North Carolina has used its Transportation Improvement Plan for years, which details projects the department plans to work on over a seven-year period. "The TIP has been one of our better works of fiction," Conti said. About 50 percent of the projects from the plan typically get funding.

Conti said with a \$250 million to \$300 million shortfall facing the agency, the department has already cut 1,200 temporary workers and dropped monthly project funding from \$75 million to \$20 million. Other possible solutions are also under consideration, including changing from a fuel tax to a tax on vehicle miles traveled, and toll roads are likely to become more commonplace, he said.



*This process of balancing the STIP against "real" money has been done in a number of states in the last decade. We did it in Utah when I arrived in 1995. Philip Shucet did it in Virginia when he became the commissioner there. You can't spend money you don't have. It is something a new secretary or director can do when they first arrive since they didn't cause the problem. Good move on Gene's part to take this on and get it fixed. TW*

# Virginia Approves 6-Year Transportation Program

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VDOT Press Release – June 18, 2009

**RICHMOND** – Virginia's Commonwealth Transportation Board adopted the Six-Year Improvement Program for Fiscal Years 2010-2015 Thursday in Richmond. The \$7.4 billion program is down from \$8.9 billion in the revised FY 2009-2014 program approved in February.

The CTB also approved VDOT's maintenance and operations budget, which includes reductions to the agency's service including reducing 42 rest areas and welcome centers to 23 and cutting mowing and roadside maintenance by \$20 million.

VDOT's Six-Year Program reflects \$650 million in cuts to the highways and \$880 million in rail transit reductions. The highway declines are largely a result of continued state and federal revenue shortfalls, while the transit and rail declines are mainly attributed to the transfer of \$776 million in Dulles Corridor Metrorail Project funding to the Metropolitan Washington Airports Authority.

The CTB applied previously allocated but unused dollars from interstate projects to fund two major ready-to-go projects in order to use federal funds for FY 2009. More than \$97 million from

projects with phases not currently under way was reallocated to fund the I-95 bridge rehabilitation and I-64 paving projects in the Richmond district.

"We have lived our commitment to make these difficult business decisions with transparency and to collect public input before we finalized our plan," Ekern said. "These are not easy decisions, but as we respond to our revenue shortfalls and long-term, fundamental changes to our business and staffing levels, we must adapt."

The six-year improvement program is available at <http://www.virginia.gov/projects/syp-default.asp>. Details of the rail and transit program are available at [www.drpt.virginia.gov](http://www.drpt.virginia.gov).

## Wyoming Plans to Toll I-80

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*TheNewspaper.com* – June 14, 2009

The Wyoming Department of Transportation is promoting a proposal to begin tolling I-80 for the 400 miles that run through the state. The plan differs from other tolling plans across the country because the main purpose of the I-80 tolls is not to reduce congestion, and it would not add new lane capacity.

Instead, transportation officials are targeting out-of-state truckers. I-80 is used as a key route for trucks carrying loads between Northern California and New Jersey. Trucks account for nearly half of the traffic on Wyoming's section of I-80, with out-of-state vehicles making up 80 percent of the total traffic on the interstate.

While WYDOT does not currently have any toll roads, officials are optimistic that Congress will relax the rules and restrictions on tolling interstate highways this year.

"Federal interstate maintenance funding levels are currently insufficient to properly maintain the Wyoming span of I-80 due to high levels of truck traffic," a WYDOT-funded tolling feasibility study stated. "The two approaches that merited further consideration from a financial feasibility perspective were truck-only toll lanes and tolling of all traffic on the existing capacity without any roadway expansion. These two approaches are politically challenging, but financially, have promise in solving WYDOT's roadway maintenance funding dilemma."

WYDOT is working on a public relations campaign to urge state legislators to act right away. The department also began a weeklong "open house" with meetings to promote the tolling proposal.



*Other than revenue from fuel and a few meals, Wyoming gets little benefit from being the conduit for so much freight traffic--yet they carry a huge financial burden as a consequence; it seems to be a fairness issue. TW*

## Nevada Bill Setting Guidelines for Toll Roads Fails

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*Land Line Magazine* – June 16, 2009

A bill to remove barriers regarding toll roads in Nevada died in the Assembly Transportation this week, despite state senators' acceptance of the measure. For the second session in a row, lawmakers in the Assembly committee did not bring the bill out of committee for consideration.

Sen. John Lee, D-North Las Vegas, said the bill was designed to discourage privatization deals in the state by requiring private companies to follow several steps before constructing toll roads. SB206 would eliminate the barrier to toll roads in the state, but would have prohibited existing public highways from turning into privatized roadways.

The toll road issue can be reconsidered in the 2011 regular legislative session. Nevada lawmakers hold regular sessions only during odd-numbered years.

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## **N.C. House Endorses Temporary Fuel Tax Hike**

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*Land Line Magazine – June 15, 2009*

Lawmakers in the North Carolina House have joined state senators in approving a bill preventing a drop in the state's fuel tax amid the struggle to cope with plummeting road funds. If Gov. Beverly Perdue signs the bill, the existing 29.9-cent-per-gallon fuel tax limit will become the minimum rate for the next two years.

The tax is figured by a 17.5-cent flat rate and a 12.4-cent wholesale component, adjusted twice a year based on wholesale prices. Without the change recently approved by lawmakers, the tax was expected to fall to 28 cents on July 1.

In January, the tax is expected to rise by ½ cent to 30.4 cents, which will generate an estimated \$67.5 million for roads and bridges through mid-2011, according to a legislative fiscal note.

Democratic lawmakers, which control both statehouse chambers, say they made a mistake by passing a cap on the tax in 2006, which has since caused the state to receive nearly a half-billion less in fuel taxes. This temporary tax increase will reverse the 2006 cap.

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## **New Gas Taxes Arrive as Hawaii Prices Jump**

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*Pacific Business News (Honolulu) – June 12, 2009*

Drivers in Hawaii are facing a steady climb in fuel prices similar to last summer's, but this year new taxes will add almost 10 cents per gallon beginning July 1. The state general fund will gain about \$40 million annually because state legislators allowed a tax exemption on gas sales to expire.

A \$1.05 surcharge – up from five cents – on every barrel of petroleum sold in the state will also take effect July 1. Adding an additional two cents to every gallon of gasoline, the tax revenue will help pay for the development of clean-energy systems, and some will also go to the general fund.

Hawaii's average price for a gallon of regular unleaded gasoline has increased by 46 cents since  
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April to \$2.91; still relatively low compared to the \$4.50 charged July 31, 2008. The Honolulu City Council gave Oahu residents a break recently, however, by deciding not to increase the county's fuel tax by three cents to 19.5 cents per gallon.

## Nossaman Partner Appointed Chief Counsel to FHWA

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*Nossaman Press Release – June 16, 2009*

WASHINGTON, D.C. – The Federal Highway Administration has appointed a partner of national law firm Nossaman LLP as Chief Counsel. Karen Hedlund's appointment was commended by former Secretary of Transportation Norman Mineta as "a great selection by the Obama Administration and Secretary LaHood."

For the past fourteen years, Ms. Hedlund has practiced as a member of Nossaman's Infrastructure Practice Group, representing numerous transportation agencies at the national, state, and regional level on innovative procurement and financing and the development of related federal and state legislation.

Infrastructure Practice Group Chair, Geoffrey S. Yarema said, "In the many years Karen was with Nossaman, we have played a major role in reshaping the way state and local governments deliver and finance transportation projects. Karen was a key figure in our clients' success. We are certain she will be an equally key figure in the Administration's efforts to reshape federal transportation policy."

Ms. Hedlund joined the FHWA in Washington, D.C. on June 15, 2009.



*Karen has been active in our industry on so many fronts. This is a great opportunity for her and a very good thing for the industry. Congratulations. TW*

## Caltrans Sued Over Gender, Race Quotas in Contracts

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*The Oakland Tribune – June 11, 2009*

A federal lawsuit claiming Caltrans' plans to set racial and gender quotas on road contracts funded with federal dollars violates the state and federal constitutions was filed this week.

The department recently changed its Disadvantaged Business Enterprise program to require 6.75 percent of federally funded state transportation contracts be awarded in a "race-conscious" manner. The qualification encompasses small businesses owned by women, African-Americans, American Indians or Asian/Pacific Islander-Americans. Businesses owned by white, Latino or certain Asian-American men are not included.

The lawsuit filed by the Pacific Legal Foundation on behalf of the Associated General Contractors of America's San Diego Chapter, says the policy violates the state constitution prohibiting public agencies from considering race, sex or ethnicity in education, employment or contracting. The lawsuit claims Caltrans also violates the U.S. Constitution's 14th Amendment because the

department has not been accused of discrimination to warrant a race-conscious remedy.

"Contracts should be awarded to the lowest responsible bidder and not by bureaucratic fiat," Pacific Legal Foundation principal attorney Sharon Browne said, adding there's "no evidence to suggest Caltrans would lose federal dollars if it treats all contractors equally."