

**Leonard Transportation
Center Forum:
For Whom the Road Shall
Toll?**

**TRANSPORTATION
MATTERS**

**May 2008
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The Starting Point

what is the goal?

**My goal for transportation is
to reduce the effects of
distance as an inhibiting force
in our society's ability to
realize its economic and
social aspirations**

A thought on goals!

If your transportation goals can be met by everyone staying home you have the wrong goals!

ITS ALL ABOUT FINANCE TODAY !

□ FINANCE

□ FINANCE

□ FINANCE

□ FINANCE

□ FINANCE

A PLAN

FINANCE

VISION

A PLAN

FINANCE

CREDIBILITY

VISION

A PLAN

FINANCE

CREDIBILITY



VISION



A PLAN



FINANCE

Maybe it was easier then !

THE INTERSTATE ERA

□ CREDIBILITY



□ VISION



□ A PLAN



□ FINANCE

□ MacDonald,
Fairbank, Turner

□ Toll Roads and
Free Roads

□ Interregional
Hwys; 1944 Act

□ 1956 Act

MY VISION: 3 Trends will define the future

1. Replacing the Baby-boomers – where will our workforce come from?
 2. Expanding metro areas –with focus on the suburbs – the doughnut metro
 3. An affluent time-focused society – \$50/hour and tripling of average value of goods moved
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In This New World the Great Issue Will Be Skilled Workers

- ❑ Finding skilled workers will be the key concern of business.
 - ❑ They will go where those people are;
 - ❑ or, go where those people want to be!
 - ❑ States and Metro areas that can provide this resource will be big winners!
 - ❑ Minorities, Immigrants and rural populations will be a crucial part of the work force
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Work Force Issues

- Older workers in labor force
 - Even more females in labor force
 - Even more variable schedules
 - Work hours – a lot like part time
 - Skills matches – more spreading out
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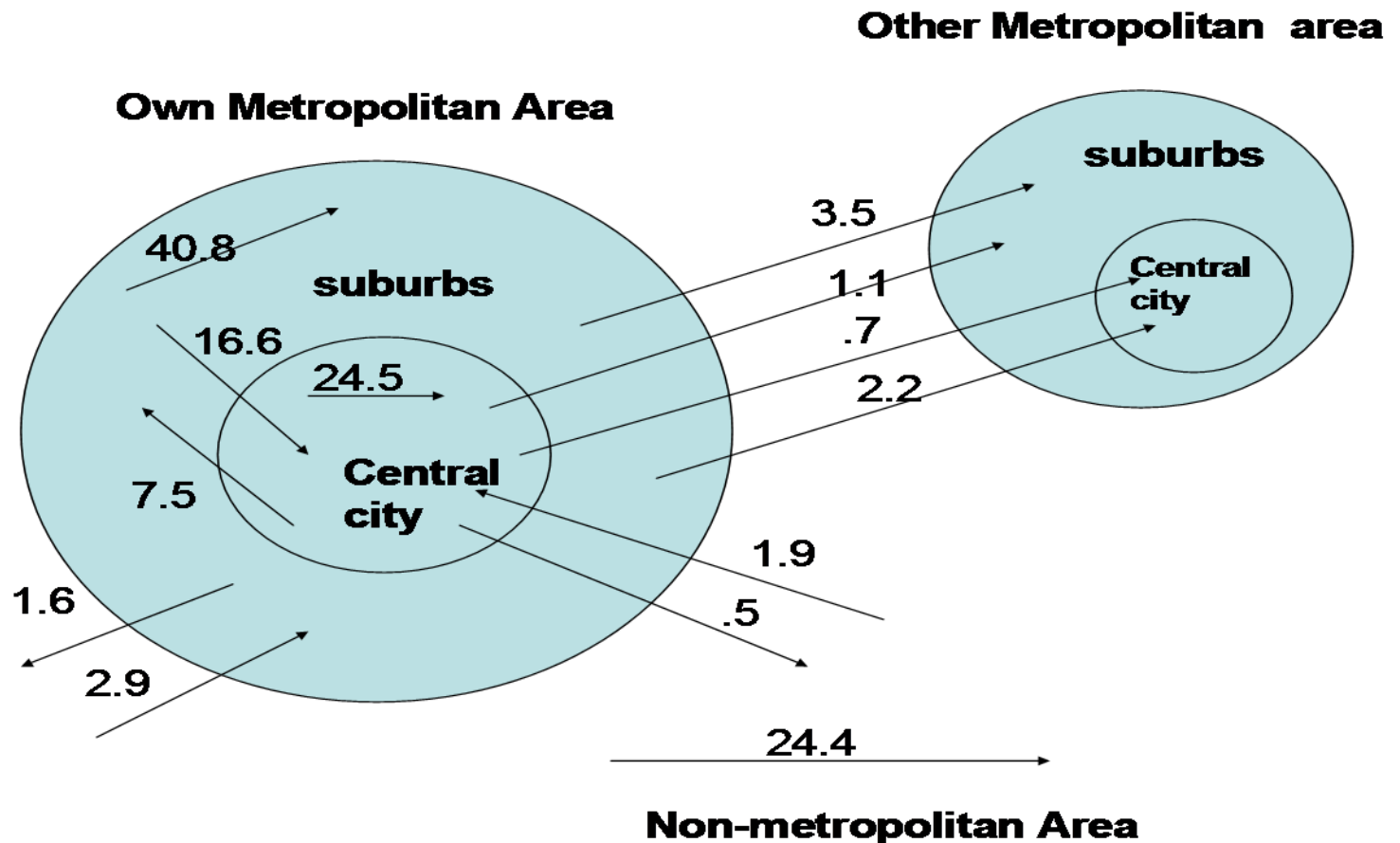
THE COMPETITIVE ENVIRONMENT

Location, Amenities, Flexibility

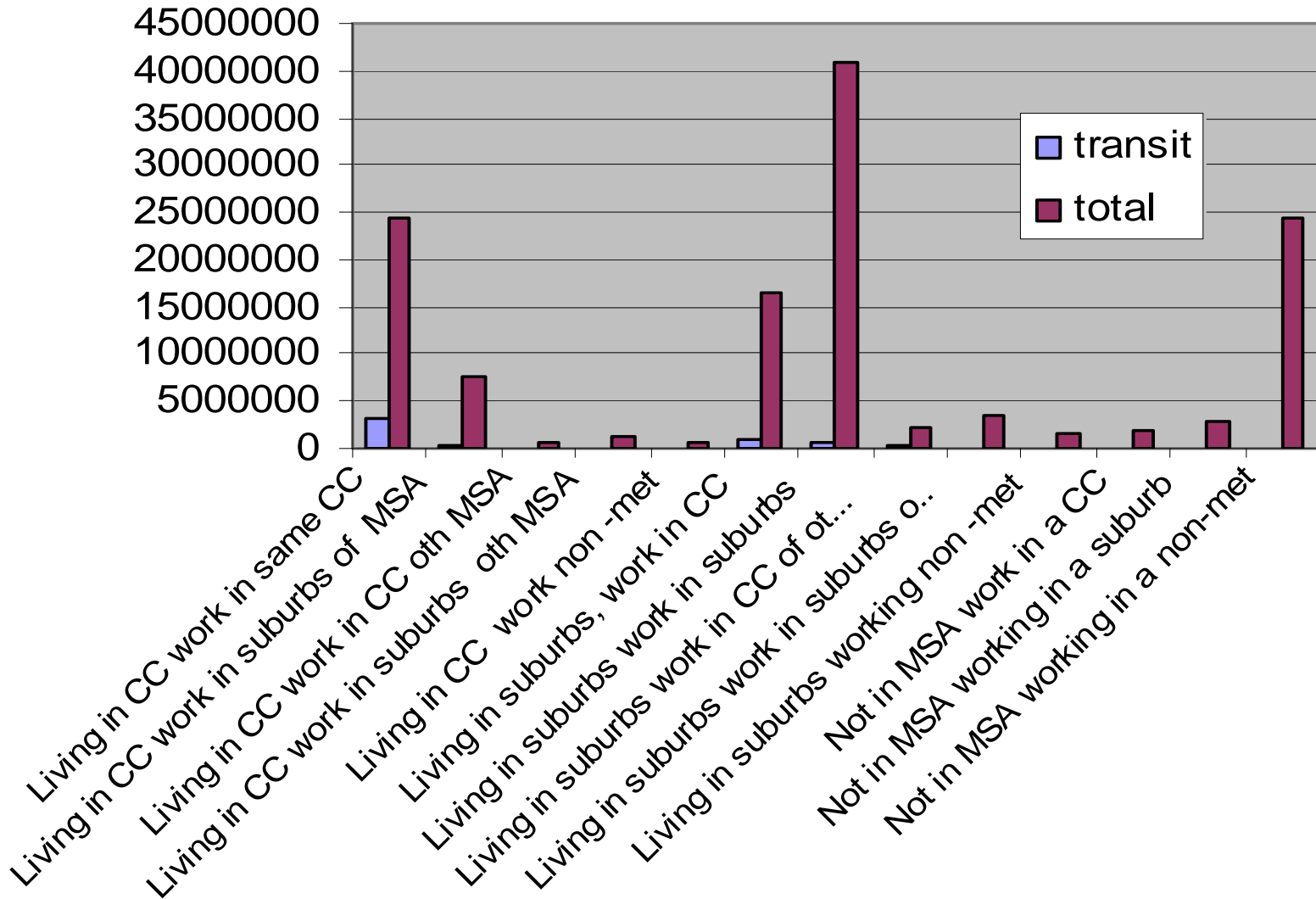
- The increases in services in the economy will permit more population to act on location preferences as workers and employers are less tied to resources and more attracted by amenities.
 - Areas of the country will compete for workers on the basis of life-style, climate, and ease of living. Good transportation will be one of the competitive amenities.
 - Employers will be forced to be more flexible in schedules and benefits to attract workers.
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2000 commuting patterns show the importance of regional flows

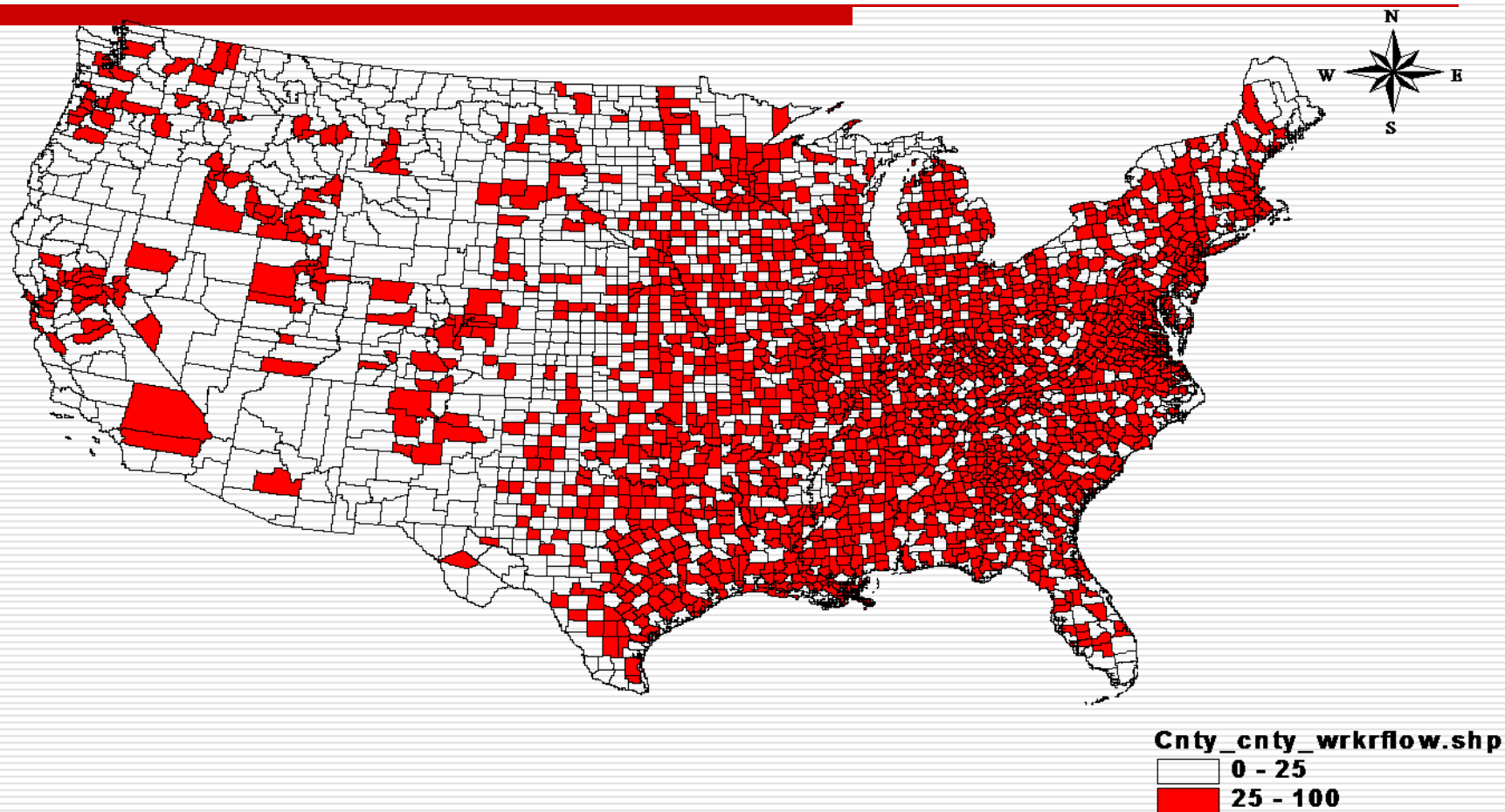
2000 METRO FLOW MAP



National commuting flows

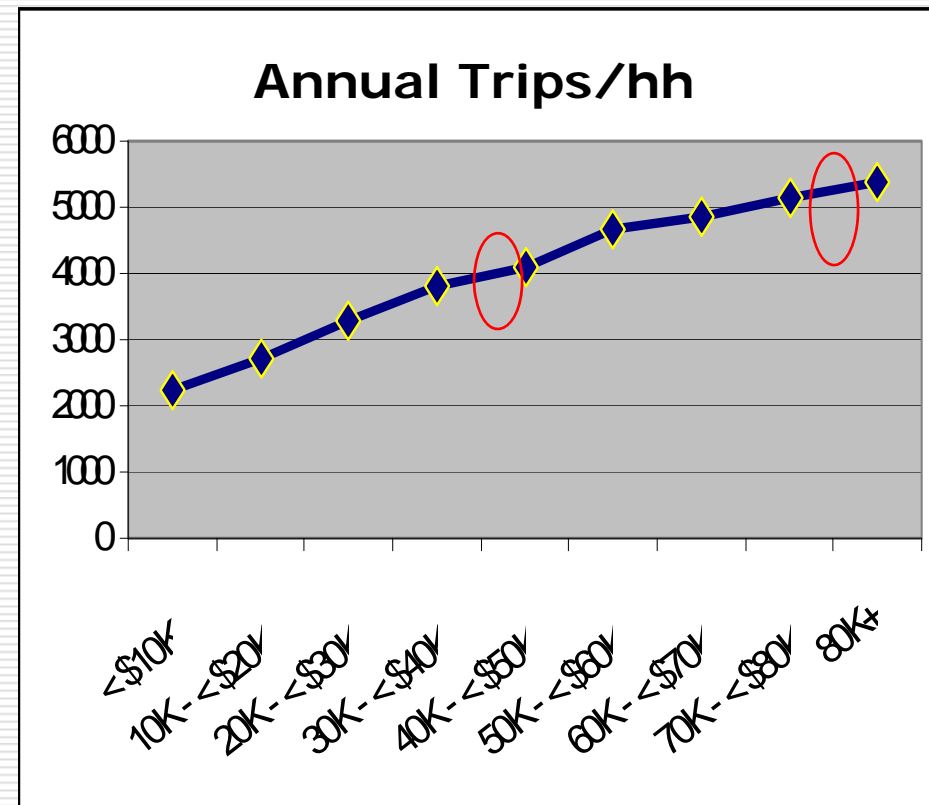


County-to-County Worker Flow Percentage: 2000



An Affluent Society

- Growth GDP 3%; Pop 1% = WEALTH
- = IMMENSE VALUE OF TIME will drive most decisions including transportation
- = travelers and freight will demand and be able to pay for high quality, reliable, amenity-based personalized transport
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TRANSPORTATION'S ROLE

Transportation services should not impede, but maybe actually abet/enhance, the prospect of that wealth occurring.

**GETTING US TO THE
AFFLUENT SOCIETY**

**CONGESTION = WHEN DEMAND
EXCEEDS CAPACITY**



WHAT IS CONGESTION ?

Congestion is:

People with the economic means to act on their social and economic interests - getting in the way of other people with the means to act on theirs!

The great loss from congestion is not the extra three minutes it takes to get home each night

HOUSEHOLDS

- It's the decline in the number of jobs I could reach in ½ hr!
- It's the decline in the number of affordable homes accessible to my work!
- It's the decline in the assurance of arriving on time!

BUSINESSES

- It's the decline in the number of workers within ½ hr of my employment site!
 - It's the decline in the number of suppliers & customers within ½ hr of my business!
 - It's the decline in shipment reliability!
-

Three Significant Responses

- **Texas** – GBC voted to focus on congestion to maintain economic competitiveness; Gov'r agreed
 - **Georgia** – Governor told state agencies "solve congestion now"!
 - **Washington** – the State auditor conducted an audit of the State's effectiveness in addressing congestion
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Common Threads – Stimulus

- **“Something has to be done!”**
 - Economic threat
 - Irate Citizenry
 - In all cases genesis came from **outside the system** – the Governor, the Legislature, or the Business Community
 - Many of the agencies involved were reluctant participants.
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Common Threads – Institutions

- ❑ **No Ownership of problem!**
 - ❑ Dozens of Players (Seattle >100)
 - ❑ Zero transparency – the public has no access to information
 - ❑ People vs the System; Defend “The System”
 - ❑ Interstate Commerce vs Metro Mobility
-

Common Threads – Finance

- ❑ Planning/Programming/Finance disconnect
 - ❑ Congestion evaluation weight 11% in Atlanta; part of 4th element of goals in Washington)
 - ❑ Funding locked in (zero flexibility)
 - ❑ Donor-Donee at the county level
 - ❑ “Sub-Area Equity”
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The Policy Conflict

Neighborhood

- Shorter trips
- Walk/bike
- Land use solutions
- Design/Plan
- What's freight?
- Accessibility
- Public
- Mass
- Change behavior
- Make it happen

Globally Integrated

- Longer trips
 - Broad "community"
 - Choices
 - Market forces
 - Major role for freight
 - Mobility
 - Private
 - Personalized
 - Technological fix
 - Let it happen
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My Take away – 1

- Set targets and monitor:
 - A TTI of 120 in Texas
 - A TTI of 135 in Atlanta
 - A 15-20% reduction of congestion within 5 years in Washington
 - Use Direct Criteria
 - Hours of delay reduced/\$
 - Focus on public's benefits
 - Performance-based program
 - WHAT SHARE OF THE PROBLEM AM I SOLVING WITH WHAT SHARE OF MY RESOURCES?
-

My Take away – 2

- ❑ Process is dysfunctional and disinterested in the problem
 - ❑ No accountability
 - ❑ Planning process is as much the problem as the solution
 - ❑ Focus and goals are elsewhere and it will probably get worse
 - ❑ Lack of funds is just a part of it
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Infrastructure Issues

- A relatively more operable future;
but:
 - Immense Backlog
 - Retrofitting the System
 - Interstate Reconstruction
 - Federal Gov - an Unreliable Partner
 - No interest in mobility
 - On-going revenue conflicts
-

THE TWO VIEWS IN TOWN

THE "TABULA RASA" SCHOOL OF PUBLIC POLICY

- "Isn't it great that we can start over?"

THE "CREEPING INCREMENTALISTS"

- "Where is this all leading?"
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THE CONFLICT

- "TR" School – sees an oppt'y to get things "right"!
 - HOT Lanes
 - Leased Facilities
 - Tolls = Variable Pricing
 - System-wide tolling
 - "CI" School – sees a lot more proof needed!
 - A complement not replacement – what %?
 - Protect present tax base
 - Cash cow-ification of tolling
-

A national conflict; Important issues remain

- ❑ What role for tolling?
 - ❑ Who plans? How?
 - ❑ Who sets prices? With what intent?
 - ❑ Who gets the money? For what?
Dedication vs general revenue
 - ❑ How determine new capacity needs?
 - ❑ What Fed program scale 40-60%
 - ❑ Solvency of Trust Fund
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The cash-cow-ification of tolls...

"... transport ministers expressed diverging views on the use of revenues generated from road tolls. The United Kingdom, Belgium, Germany, Denmark, Sweden, Ireland and France would prefer to use the proceeds from road tolls as government fiscal revenue to be allocated to any sector. However, the Commission together with some Member States refuses this approach, arguing that the charging of road use is not being put in place to generate additional state revenues but to reduce congestion and negative environmental impacts."

Council meeting on 9 March 2004

KEY: What happens to toll revenues?

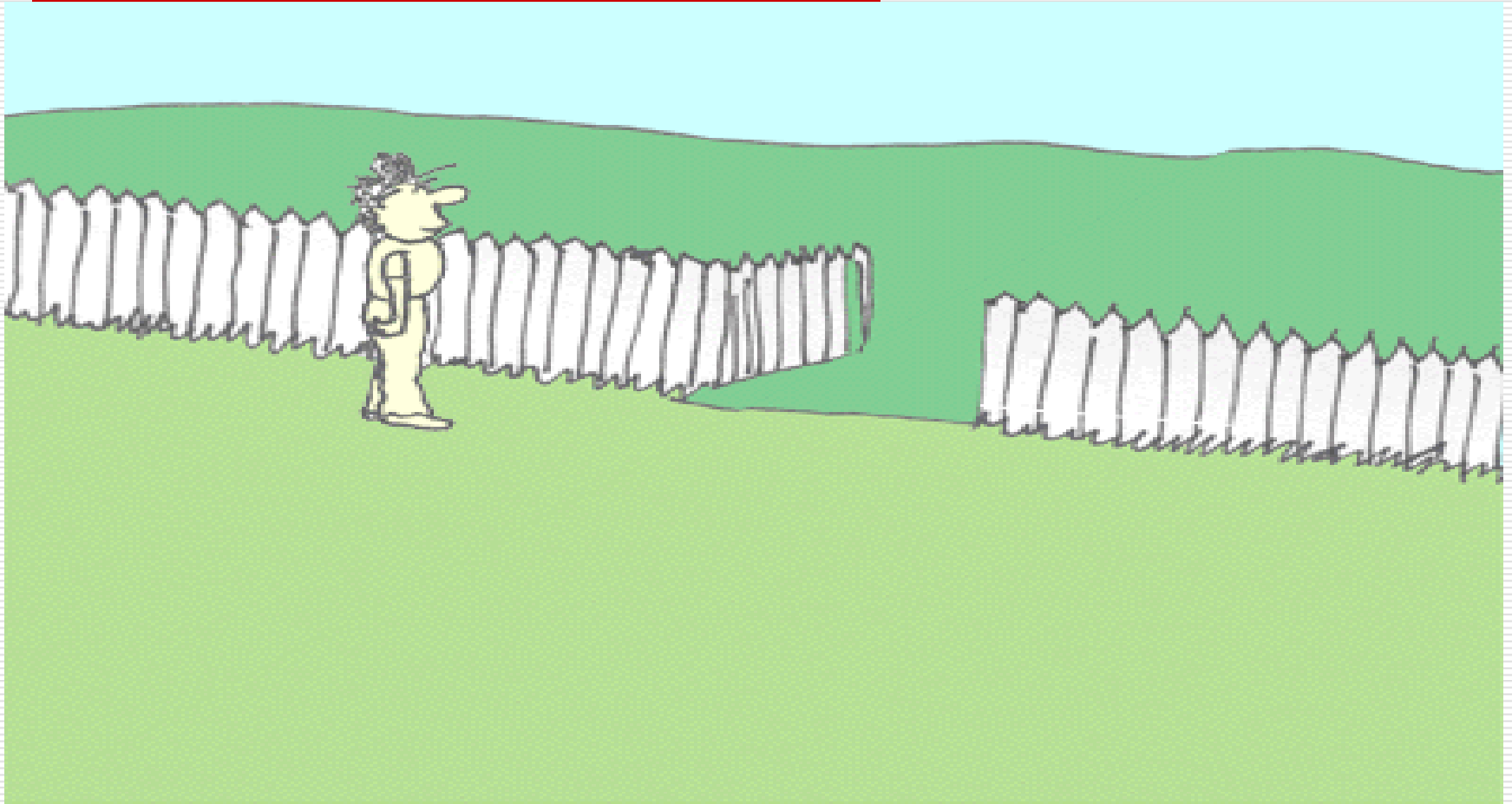
- BEST** Explicit dedication to facility
- OK** General dedication to "system"
- POOR** General dedication to "transportation"
- BAD** For general revenue purposes

**LOSS OF DEDICATION TO THE FACILITY DESTROYS ONE OF THE POWERFUL BENEFITS OF TOLLS/BONDING;
A "CLOSED SYSTEM" BETWEEN OPERATOR/BONDHOLDERS AND USERS**

What can we assume we know about those priced off?

- ❑ Who are they? Where do they go?
 - ❑ What alternatives exist for them?
 - ❑ What new costs do we impose on users?
 - ❑ What forces do we put into play?
 - ❑ Rewarding bad public policy –the poorer the alternatives the higher the price has to be to get people off !
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The grass is always greener on the other horn of the dilemma



WHY CAN'T THERE BE AN END
TO ALL THIS KILLIN'?

WHY CAN'T THERE BE PEACE IN
THE VALLEY?



Walter Brennan
in a scene from all of
his pictures!

There could be peace in the valley if we agreed:

- #1. The gas tax and tolling concepts are complementary.
 - #2. The basic gas tax approach can significantly benefit from greater emphasis on tolling where the opportunities exist, often on major high level long distance facilities or where congestion is most serious.
 - #3. Toll roads cannot do it alone. They are a very useful supplement in the road system but cannot approach meeting the basic needs of the system.
 - #4. Protecting toll roads revenue from diversion is as important as protecting the gas tax.
 - #5. Mechanisms need to be put in place that support the continued effectiveness and strengths of these two fundamental revenue sources.
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My financial agenda

Vision; Plan; Finance

- Defend the highway trust fund's role
 - Defend the program from further diffusion of goals and funding
 - Defend the program from other budget "wants"

 - Assure a supportive, rational tolling policy
 - Assure tolls are dedicated to facility
 - Assure tolls are revenue tools; not social engineering and not a general purpose bail-out tool that mortgages the future

 - Restore confidence in State and Federal Programs
 - Focus the Federal Program
 - When you are building transportation museums the public has the right to believe that the bridges wont fall down.
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WITH ALL THIS WHAT WILL DRIVE REAUTHORIZATION?

- A year ago – it would have been all about international trade = FREIGHT
 - NOW – its all about GHG and CO₂
 - NEXT – its all about RECESSION ???
 - AFTER NEXT – ELECTION/ADMIN ???

 - IN A YEAR -- REAL ISSUE WILL BE WHERE DOES THE MONEY COME FROM TO WRITE A BILL
-

The right next steps

Credibility, Vision, Plan, Finance

- Win public respect and support
 - Demonstrate a real dedication to solving congestion
 - Adopt measurable performance results
 - Accept public consumer sovereignty
-

THE TIME FOR ACTION IS PAST!



THE TIME FOR ACTION IS PAST!

***Now
is the time
for
senseless bickering.***

With a thank you to the demotivators

Thank you

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