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McCain calls for Gas Tax Holiday

Land Line Magazine – April 15, 2008

Presidential candidate John McCain is calling for a holiday on federal fuel taxes over the summer, in an effort to boost his popularity by giving Americans a break at the pumps. In an economic speech Tuesday, McCain proposed suspending the 18.4-cent federal gas tax and 24.4-cent diesel tax between Memorial Day and Labor Day. Meanwhile, crude oil was trading at more than \$113 per barrel a gallon in New York on the day of McCain's speech, just pennies below the all-time record high set on Monday.

The average American driver would save approximately 18-cents per gallon under McCain's plan, for a total of about \$28 over the course of the summer, according to the American Association of State Highway and Transportation Officials (AASHTO).

Critics of the plan say the cost would be much greater than the benefits. The \$28-per-commuter saved would pull money out of the highway trust fund, which is already \$3.4 billion short and cannot afford the loss. The American Society of Civil Engineers (ASCE) estimates that every dollar invested in the highway system creates \$5.40 in economic benefits, and each billion spent creates about 35,000 jobs. McCain's plan is to tack the entire cut onto the deficit.

The total cost of the McCain plan, under those estimates, is up to \$9 billion and 300,000 jobs. The New York Times reports that it would make much more sense to offer low-income Americans

rebates for gas, because it will be less costly and target the people who really need it. Even if gas prices drop 18 cents over the summer, the fuel-related problems facing our country are not about to change, and will likely only worsen each year.



In late breaking news, the attempt to do this in the U.S. Senate on Thursday failed and it does not appear there will be such a holiday. I tend to agree with the New York Times approach of giving some kind of tax-rebate to low income families, but given the political climate in D.C. right now even the most logical solutions are virtually out of reach. TW

Congestion Pricing a Hard Sell

Los Angeles Times – April 14, 2008

California - Congestion pricing may soon be on its way to three freeways in Los Angeles County, but some commuters are skeptical of the benefits converting carpool lanes to toll lanes will bring. Official's plan to use federal dollars to bring tolls to the 210, 10 and 110 south freeways got a boost last week when New York City forfeited \$354 million in federal aid after lawmakers failed to approve an \$8 congestion charge to enter lower Manhattan.

The U.S. Department of Transportation has expressed an interest in bringing congestion pricing, which is becoming increasingly popular, to Los Angeles. A controversial aspect of Los Angeles County's plan is to convert existing lanes into toll lanes, rather than build new ones. The tolls would vary by time of day, with the highest toll charged during rush hour. Single-occupant cars would probably pay the most to use the lanes.

Caltrans estimates that carpool lanes have a capacity of about 1,650 vehicles per hour – more cars than that will decrease speeds. Many of the carpool lanes are already carrying 1,200 to 1,400 vehicles, according to Caltrans data, which is enough to bring traffic to the same stop-and-go as the regular lanes. Critics say the only way to make the toll lanes successful is to charge fees so high that current users are forced back into the free lanes, to use another route or to change the time of their commute. Some commuters are also concerned the money raised with the toll lanes would not be dedicated exclusively to mass transit, as officials have promised, because of past misuses of transit funds.

Tiny Endangered Bat may Stalls Southern Beltway Project

Pittsburgh Post-Gazette – April 16, 2008

Pennsylvania - A tiny bat that weighs a quarter of an ounce and is at most 2 inches long may stall construction progress of the Southern Beltway near the Washington-Allegheny county line. The Pennsylvania Turnpike Commission has reported that the Federal Highway Administration will not sign environmental impact documents for the project until it has been determined whether the endangered Indiana bat lives in the 13.3-mile alignment where the limited-access highway is to be built.

Bats, including the Indiana bat, which has been on the endangered species list since 1967, are

considered the only major predator of night-flying insects such as mosquitoes and are a significant part of the ecosystem. The FHWA says it may not issue a Record of Decision required for the turnpike commission to started acquiring property as planned for the end of this year if the corridor is part of the bat's habitat. As a result, dozens of property owners who have been in limbo since the project was conceived 15 years ago may have to wait even longer.

The section of the Southern Beltway is to be built from a new I-79 interchange north of Canonsburg to Route 22 in Robinson. There, it would link up with the beltway's Findlay Connector, which is already open to Pittsburgh International Airport.

Iowa Approves Road Funding

KHOA, IL - Apr 16, 2008

DES MOINES – The Iowa Senate and House agreed this week to use higher license and registration fees on new vehicles to generate an additional \$161.4 million a year into highway and road repairs without increasing the state gas tax. Lawmakers have been working throughout the session to negotiate a transportation package that will cover a projected \$200 million annual shortfall for the state's transportation system.

Lawmakers were in agreement about the need to allocate more money for state highways, but how to pay for the effort was sharply disputed. Republicans argued that the state had enough money to move around to fund roads without raising taxes or fees. "We have the money. Revenues are at historic highs," said Sen. Steve Kettering, R-Lakeview. "We can prioritize and we can provide funds for our roadways."

To ease the increase for nearly every vehicle owner in the state, lawmakers' plan will gradually implement the higher fees. Initially, the higher fees will only affect the 2010 model year, so the higher fees will only apply to brand-new vehicle purchases. The first year, the state will only receive an extra \$11.6 million, which will grow to \$161.4 million within five years.

U.S. DOT to Improve Air Travel Experience

DOT News for the U.S. Department of Transportation – April 16, 2008

WASHINGTON, D.C. - The U.S. Department of Transportation is taking measures to strengthen passenger protections and reduce air congestion, including doubling limits airlines must reimburse fliers involuntarily bumped from oversold flights and implementing operational improvements to reduce delays this summer.

"We are taking steps to improve the travel experience, cut delays and lower fares in one of America's busiest aviation markets," Secretary Peters said this week. Beginning next month, fliers who are bumped from overbooked flights will receive \$400 if they are rescheduled to reach their destination within two hours of their arrival time, and up to \$800 if the timeframe exceeds two hours.

Secretary Peters also announced new air traffic measures designed to help reduce delays this summer, including new and increased flexibility for airplanes to use alternate routes in the sky to avoid severe weather. A new routing alternative will provide an "escape route" into Canadian airspace from the New York metro area so aircraft can fly around thunderstorms and high winds this summer. "By making better use of our skies, we are working to limit the impact weather has on the travelers on the ground," said Secretary Peters.

The FAA will also be opening a second westbound route for aircraft, similar to adding another interstate highway lane in the sky. This will allow a parallel route along a busy aviation corridor, to help cut westbound delays from the New York area.

State Reserve to Ease Burden of Fuel Costs

KCAU, IA - Apr 16, 2008

Nebraska lawmakers are considering using millions of dollars from the state's cash reserve to help ease the burden of sky-high fuel costs. The legislature reached a compromise this week to scrap a measure that would have increased the gas tax by about 3 cents a gallon, to help raise about \$16 million for road construction.

If the senators' bill is approved, \$15 million will be pulled from the cash reserve for transportation.

"This bill will not increase the gas tax. This bill will leverage federal dollars that have been sitting there that have not been used in the past for various projects around the state," said Sen. Deb Fisher of Valentine. Fisher added that the bill has the support of Gov. Dave Heineman. Lawmakers overrode a veto by the governor earlier this month and enacted a penny increase in the fuel tax.

NCTA Solicits First Public Private Partnership

NCTA Press Release - April 11, 2008

RALEIGH – The North Carolina Turnpike Authority (NCTA) has announced the bidding of its first public-private partnership, a proposed 7-mile facility to be called the Mid-Currituck Bridge project. The chosen qualified investor or contractor will work with the NCTA in the development and design of the project, and potentially build, finance, operate and maintain the completed project.

"This is an exciting time in the history of transportation in North Carolina," said David Joyner, Executive Director of NCTA. "The Turnpike Authority is embarking on the state's first-ever Public Private Partnership in an effort to expedite the construction of the long-awaited Mid-Currituck Bridge by partnering with private investors to develop creative ways to deliver this project on a more aggressive time table and at a lower cost to the state."

The bridge will be constructed on a new location across the Currituck Sound connecting the North Carolina mainland at U.S. 158 near Aydlett with NC 12 on the Outer Banks south of Corolla.

Construction of the Mid-Currituck Bridge is scheduled to begin in late 2009 and be open to traffic in fall 2013.

Bill would Cut Baltimore Transit Budgets

Daily Record Business Writer – April 16, 2008

Maryland's state contribution to mass transit budgets could be cut from 35 to 40 percent under a bill passed by the General Assembly, forcing the transit agency to make up the difference with fare hikes. Mass transit advocates say the change in the way the state funds its mass transit systems is a missed opportunity to enhance public transportation in Baltimore.

While not expected to immediately impact planned systems such as Baltimore's Red Line, the planned reductions could restrict expansions for existing transit systems. Maryland has long used an efficiency measurement for its systems called "farebox recovery," which allows rural areas to pay less for mass transit, because they have access to few mass transit lines.

Farebox recovery mandates can force transportation systems to raise fares or cut back on service, which reduces ridership, according to Donald C. Fry, president and CEO of the Greater Baltimore Committee. If the bill, which is backed by the state transportation department, had not passed, the state would have gone back to a 50 percent farebox mandate that was decreased by a law that took effect in 2000. The law was set to expire this year.

"Unfortunately, this could put constraints on how much the Maryland Transit Administration is able to really invest in a high-quality public transportation system for as many riders as possible," said Dan Pontious, acting executive director of the Citizens Planning and Housing Association in Baltimore. Gov. Martin O'Malley has not yet signed the bill.

Safety Inspections Prompt Reviews at US DOT

Dow Jones – April 14, 2008

WASHINGTON, D.C. – Last week's major disruptions in air travel caused by safety inspections has prompted the Department of Transportation to look at new ways to deal with safety issues in the future without leaving thousands of passengers stranded with canceled flights. A Federal Aviation Administration safety audit forced American Airlines to cancel 3,000 flights last week.

"We want to explore what options are available to make sure that travelers aren't necessarily inconvenienced, while continuing to insist that the carrier meets all its safety obligations," said Brian Turmail, a Department of Transportation spokesman.

Tim Wagner, a spokesman for American, said the company requested a seven-day grace period from the FAA when it discovered the problem to fix it. Repairs would be performed at night so service would not be disrupted. The FAA denied that request, according to Wagner. He pointed out that the problem was one of technical compliance with the FAA directive, and would not be a threat to in-flight safety.

The FAA is moving forward with an audit of all U.S. carriers' compliance with thousands of its directives, to be complete by June 30.

Airlines Shutdown Clouds Honolulu Airport Plan

Honolulu Advertiser – April 13, 2008

Hawaii - The failure of two primary Hawaii carriers may force the state to modify its 12-year, \$2.3 billion airport modernization plan, which was to include an air-conditioned people-mover for Honolulu. Aloha Airlines and ATA flew more than 14 percent of passengers between the West Coast and Hawaii, and would have paid about \$15 million in landing fees and rents this year.

The revenue loss represents a major portion of the \$100 million the state collects each year from the dozens of airlines that fly in and out of Hawaii. While some of the other carriers will help offset the loss by adding capacity, it will be difficult for the industry to replace all of the lost passenger seats this year with fuel prices at record highs.

Gov. Linda Lingle's administration is depending on the rents and fees paid by the carriers to help pay for the airport renovation, which is the state's second largest public construction project after Honolulu's planned \$3.7 billion fixed rail transit system. "I would be surprised if these developments don't cause the state's plan to be delayed or altered in some ways," said Kurt Krummenacker, lead analyst for airport bonds at Moody's Investor Services in New York. "It is such a traumatic loss of air carrier capacity."



Three aviation stories this week is a record since we started publishing the Tom Warne Report almost four years ago. The American Airlines story illustrates how consumers can be impacted when government agencies or service providers become cavalier about compliance with safety or other regulations. The US DOT's move to assess higher fees against the airlines for traveler inconvenience shows what kind of reaction service providers get from governments when they don't self-regulate. Finally, the story out of Hawaii shows how fragile infrastructure projects can be when industries like the airlines are operating on such thin margins and their demise eliminates programmed funding. Every one of these points can be translated into the highway, transit, freight or port segments of our industry. TW

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