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California Transit Panel Approves Toll Plan

Inland Valley Daily Bulletin, CA - May 10, 2008

California - Local transportation authorities have approved an agreement with federal officials to trade some of the San Gabriel Valley's carpool lanes for toll roads, in an effort to bring congestion pricing to the Southland. According to the agreement between the Metro board and the U.S. Department of Transportation, Metro would receive almost \$214 million from the federal government to convert sections of carpool lanes on the 210 and 10 freeways into specialized toll lanes, according to Metro spokesperson David Sotero.

While fee amounts have not been determined, Sotero said the agency is still deciding whether vehicles with a certain number of passengers will ride for free, or just be charged less. "There is also some discussion about probably allowing solo drivers to use the toll roads while paying the most amount for the privilege," he said.

The program, which would base toll amounts on the degree of congestion, must still obtain approval from the California Transportation Commission and the state Legislature by October to receive federal funds. The lanes must be operating by Dec. 31, 2010, said Sotero. Metro plans to use some of the revenue from the lanes to buy a fleet of buses to use the toll lanes. The remaining proceeds will help pay for toll lanes along the 210 between the 710 and 605 freeways, and on the 10 between downtown Los Angeles and the El Monte Bus Depot.

Alabama Toll Bills Advance

Land Line Magazine - May 9, 2008

Alabama - Lawmakers in Alabama are moving forward with several efforts that would make possible toll roads and privatization, to help pay for roadwork. Gov. Bob Riley has voiced his support for pursuing alternative funding methods for road construction, saying the state fuel tax revenue is not keeping up with transportation needs and the matching funds from the federal government are not enough to bridge the gap.

Advocates of the toll plans say the fuel tax revenue shortage has been magnified by the skyrocketing cost of construction materials including concrete, steel and asphalt. Gov. Riley said hiking gas and diesel taxes is not the answer, although toll roads are a viable solution.

A bill supporting that position is nearing approval at the statehouse in Alabama. After a House approval of 96-3, the State Commerce, Transportation and Utilities Committee voted 6-1 in favor of HB70, which would permit the state's Toll Road, Bridge and Tunnel Authority to enter public-private partnerships. The private consortiums would have the authority to collect tolls on roads and bridges.

A separate bill approved by the House and awaiting a Senate decision is HB101, which would authorize establishing a separate toll road, bridge and tunnel authority for Montgomery County. A similar bill, HB60, in the House Government Operations Committee contains the same provisions as HB101 as well as a provision to give the public 90 days advance notice of tolling projects and fees charged to drivers.



I know some think we put an inordinate amount of information in The Tom Warne Report on toll roads and PPPs. In fact, we have to meter it a bit in our weekly research since so many stories come up on these subjects that we have to give some ink (can you say that in an Internet newsletter?) to other relevant topics. TW

Controversial Kansas City Bypass gets Federal Approval

Kansas City Star, Mo. – May 7, 2008

Missouri - A controversial highway that would carry traffic around southeast Lawrence, Missouri has cleared its final environmental obstacle, although the route still faces a courtroom battle. The federal government recently gave final environmental consent for the South Lawrence Trafficway, a four-lane expressway making it easier to reach parts of the city located in the southwest corner of Missouri.

Environmentalists have 180 days to prepare their court challenge against the proposed highway, which would cut through 58 acres of wetlands south of Haskell Indian Nations University. The 5.6-mile highway would create a less-congested alternative to I-70 northwest of Lawrence. Drivers currently must follow Kansas 10 along 23rd Street, a busy retail corridor which is difficult to navigate during rush hour.

The \$148 million highway is considered regionally significant, and has been endorsed by several cities in the Kansas City area, including Overland Park, Lenexa and Olathe. The Greater Kansas City Chamber of Commerce has also announced its support. Although the project has no known funding so far, an estimated \$22 million will be spent on mitigation for the 300 acres of wetlands

expected to be damaged by the highway.

Topeka lawyer, Bob Eyre, who represents opponents of the projects, says the mitigation plan is no good. "They want us to trade known, viable functioning wetlands for possibly functioning wetlands in the future," he said. "That's not a realistic trade-off. That's a false trade, and that's one that people who protect wetlands for a living are very dubious of."

Top 3 Airlines Raise Fuel Charge \$20 per Round Trip

San Francisco Chronicle – May 9, 2008

The three largest airlines in the country have hiked ticket prices by \$20 per round trip, to account for rapidly rising fuel costs. American Airlines, Delta Air Lines and United Airlines' increases affect the carriers' fuel surcharges, which have reached \$130 per round trip on many flights. That means the taxes and fees could amount to more than the airfare charges on some cheap flights.

The increase was initiated by Delta, and is the second for the airline in a little over a week. Competitors quickly matched the hike, which applies to most domestic flights. As airlines struggle to stay on top of soaring energy costs, they have been rushing to raise airfares, add on surcharges and charge for extras such as additional bags and more legroom. Fuel is now the biggest cost for many airlines.

Jet fuel prices have skyrocketed along with gasoline as the cost of crude oil increasingly reaches record highs. The Energy Information Administration said the price of a gallon of gasoline is up 78 percent from this time last year, averaging \$3.57 in New York on Tuesday.

Fuel Surcharge Advances in Senate, House

Land Line Magazine – May 7, 2008

WASHINGTON, D.C. - Fuel surcharges may no longer be a means used by middlemen to enhance profits if bipartisan legislation under consideration in both the Senate and House is approved. The bill would mandate 100 percent pass-through of fuel surcharges to the actual buyer of the fuel.

"This bill will go a long way toward helping truckers and their shipping customers weather the brutal cost of fuel," said Todd Spencer, executive vice president of the Owner-Operator Independent Drivers Association. "It's all too common for middlemen in the trucking industry to push shippers to pay fuel surcharges, but only pass along a portion of those surcharges to the truckers who are actually handling the freight and paying the bill."

The bill, called "Truth in Reliable Understanding of Consumer Costs Act," or the "TRUCC Act," is identical to a bill introduced to the Senate in April. The TRUCC Act would ensure that when brokers and middlemen negotiate a contract to haul freight for a shipper, they do not use the high price of fuel to take advantage of that shipper or the trucker who actually hauls the shipper's freight.

Fuel surcharges have long been a way for trucking companies to recoup the high cost of fuel. Now, with the soaring fuel prices, much more is being collected, but not passed on. Currently, there is no uniform surcharge for the trucking industry. The charges are negotiated individually, allowing some opportunistic middlemen to take advantage of shippers and truckers.



We carried these two stories this week as a reflection of what is happening in the nation in response to rapidly increasing fuel prices. In the end the consumer pays the higher prices—whether at the pump for fuel or at the cash register for goods. Gas prices hit another record this morning, reaching \$3.77. While they may go down a bit after Memorial Day, as is typical, don't expect to see a huge plummet. We must plan on dealing with fallout from these prices (e.g. lower fuel tax revenue growth, higher cost of goods, etc.) for a long time. There is nothing Congress or anyone can do in the short-term to mitigate the hand we have been dealt. In thinking strategically, include this in your thought process. TW

Federal Funding Announced for Northstar Rail Line

News Release, hometownsource.com – May 8, 2008

WASHINGTON, D.C. – The Northstar Commuter Rail project is moving ahead at full throttle. Congressman Jim Oberstar and U.S. Senators Norm Coleman and Amy Klobuchar announced May 8 that the Federal Transit Administration (FTA) has awarded the project a \$53.9 million installment to fund construction of the 40-mile line, which will run from Minneapolis to Big Lake.

Oberstar spearheaded the effort to secure federal funding for the Northstar line. The federal government will contribute \$156.8 million toward the project's \$320 million cost. Northstar will take an estimated 2,600 cars off the road each day, saving over a million gallons of gas each year.

"This line will ease traffic congestion on the I-94 and Highway 10 corridors, and will give commuters an alternative to fighting with traffic," Oberstar said. "The population of the Twin Cities' northwest suburbs is growing at an incredible rate; if we do not create alternatives for commuters, traffic on Highway 10 will slow to half its current speed by 2025. Northstar is part of a comprehensive approach to address the long-term problem of congestion in the Twin Cities."

The Texas Transportation Institute estimated that Minnesota motorists and businesses pay \$1.1 billion annually in wasted fuel and lost time because of congestion on the state's highways. The commuter rail line is scheduled to open in November 2009.

Turnpike Bidders get Extra Time to Up the Ante

Dow Jones Newswires – May 10, 2008; The Morning Call – May 13, 2008

HARRISBURG – The winning offer for the 75-year lease of the Pennsylvania Turnpike will be announced shortly, according to Gov. Ed Rendell. The deal, which could represent one of the largest deals in the nation's infrastructure sector, would render plans to convert I-80 into a toll road moot. The state currently has a pending application for the conversion with the Federal

Highway Administration.

Rendell and his administration said Monday that several of the Turnpike offers were so close that bidders were given till the end of this week to increase their bids if they choose. The governor would not disclose how many bids they had received, or the amounts of the bids, although his transportation aide Roy Kienitz predicted last week that the bids would probably be at the "lower end" of the \$12 billion to \$18 billion range estimated in recent months.

The Dow Jones reports that one of the bidding groups is led by Spanish toll-operator Abertis Infraestructuras SA, and another by Spain's Cintra in partnership with Australia's Macquarie Infrastructure Group, which already jointly operates toll roads in Indiana, Illinois and Ontario. Companies are bidding to operate the 360-mile east-west mainline Turnpike and the 110-mile Northeast Extension. Rendell hopes to raise \$945 million a year with the lease, to pay for improvements to the state's crumbling highway and bridge network, as well as to boost mass transit agencies.

The state may have been able to garner higher bids nine months ago, before the financial markets fell into turmoil, but Rendell insisted he was nonetheless pleased with the bids. "This is not the best time to be doing this, but it is what it is," he said.

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