



In This Issue

- Indiana Gov. Opposes Commission Recommendation
- Plan to Lease PA Turnpike Draws Increased Support
- Las Vegas Monorail sees Spike in Ridership
- Big Dig Settlement over \$450M
- Seniors' Free Rides to Cost Transit Agencies \$30M
- State to Approve \$3M to Study I-84 Expansion
- Oberstar Chastises NTSB for 35W Bridge Discovery
- Biodiesel Tax Break Passes S.D. Panel
- FHWA Administrator Rick Capka Resigns
- Minnesota to Replace 600 Bridges

Indiana Gov. Opposes Commission Recommendation

Inside Indiana Business (Press Release) – January 21, 2008

Indiana - Governor Mitch Daniels is urging Indiana's Congressional Delegation to oppose a proposal by a federal transportation commission to raise the federal gasoline tax by 40 cents. Daniels says the state has fully funded its own transportation needs for at least the next ten years without raising taxes. In a letter to all members of the delegation, Daniels said the increase would be "a harmful and unnecessary step from Indiana's standpoint."

Governor Daniels listed two main reasons why the delegation should oppose the tax:

- 1) "Through our Indiana Toll Road lease Indiana has funded our transportation needs for at least a decade, without either taxes or borrowing. We will set a new record for road building and bridge repair every year through 2015, while holding gas taxes where they are. Simply put, we do not need the money and our citizens clearly do not need the additional taxes.
- 2) When Washington collects gas taxes, Indiana gets the short end of the stick. As you know, for every dollar paid by an Indiana motorist, only \$.92 comes back in federal highway funds. The rest goes to subsidize projects in other states. Please don't make a bad deal worse; Indiana would be far better off if the federal government abolished its gas tax and let us collect and reinvest what we need here at home.

At \$3 a gallon, I know I needn't remind you how harmful to family budgets a forty cents per gallon increase would be. But even if gasoline were less expensive, this proposal would be unfair to Indiana taxpayers and unnecessary in view of the tax-free, debt-free way we have dealt with our own state's transportation challenges."

Plan to Lease PA Turnpike Draws Increased Support

WPSU – January 21, 2008

Pennsylvania - More lawmakers in Pennsylvania are endorsing Gov. Ed Rendell's plan to lease the Pennsylvania Turnpike to a private company to raise money for transportation projects.

However, Gov. Rendell's plan to turn I-80 into a toll road continues to meet stiff opposition from legislators, including Congressman John Peterson, through whose 5th Congressional District I-80 passes. A recent study by Penn State Harrisburg suggests that toll increases could decrease traffic on the roadway, citing Ohio as an example of when sharp toll increases drove truck traffic to two-lane roadways less safe than the turnpike.

Gov. Rendell disagrees with the study, saying, "Back in 2004, we increased the Pennsylvania Turnpike tolls by 42%. There was no lessening of traffic on the Turnpike; in fact it increased after we raised the tolls."

And, the governor added, "It depends on how much control the government retains. Under these proposals, we're not selling the Turnpike, we're leasing it. And just like when you lease a house, you make sure the tenants don't paint your white house green, same thing: we control maintenance schedules, we control when tolls can go up."

Las Vegas Monorail sees Ridership Spike

USA Today – January 21, 2008

LAS VEGAS – The Las Vegas Monorail Co. saw a spike in ridership in 2007, with nearly 900,000 more riders than the previous year, according to figures released last week. But even with the extra riders, the \$650-million rail line connecting several Las Vegas Strip resorts did not generate enough ticket sales to balance its budget.

In the fourth quarter of 2007, ridership was up 27% from the same quarter in 2006, said Ingrid Reisman, vice president of communications for the monorail operator. "We will continue to work hard to promote the Las Vegas Monorail, which will become increasingly critical to mobility in our busy resort corridor," she said.

Between October and December, an average of almost 22,000 riders on the 3.9-mile system daily brought in nearly \$77,000 in fare revenue, officials reported. However, the line would need a daily average of about 34,454 riders at \$3.57 average fare per passenger to make the \$123,000 estimated by credit ratings firm Fitch Ratings needed to break even financially.

This year was the first time since opening to the public in July 2004 that the monorail was forced to use some of its cash reserves to help make a scheduled bond payment. Monorail executives are looking to obtain financing for construction of a half-billion extension through McCarran International Airport, which they hope will increase ridership and possibly turn a profit for the company.

Big Dig Settlement over \$450M

USA Today – January 23, 2008

BOSTON – Big Dig engineers will pay over \$450 million to settle the Massachusetts lawsuit to cover a fatal tunnel collapse and leaks and design flaws on the nation's most expensive public works project. The Bechtel/Parsons Brickerhoff consortium, who managed the project for the state, has agreed to pay \$407 million, and several smaller companies will collectively pay about \$51 million, according to an announcement by U.S. Attorney Michael Sullivan.

Bechtel/Parsons Brinckerhoff will not face criminal charges in the July 2006 collapse of an I-90 tunnel ceiling which left a Boston woman dead. Under the deal, the consortium, which was paid over \$2 billion to manage the project, will not be barred from receiving future government contracts. The deal will not directly affect a separate lawsuit filed by the victim's family. Power Fasteners Inc., a family-owned business based out of New York, has been charged with involuntary manslaughter in the case, after the National Transportation Safety Board found the wrong type of epoxy was used to hold up the concrete ceiling panels that collapsed.

The \$14.79 billion Big Dig project, was originally priced at \$2.6 billion, teamed Bechtel/Parsons Brinckerhoff with the Massachusetts Turnpike Authority to bury the old elevated Central Artery that stretched across the middle of Boston with a system of tunnels, ramps and bridges. Dec. 31 marked the end of the project.

Seniors' Free Rides to Cost Transit Agencies \$30M

Medill News Service – January 23, 2008

Illinois mass-transit organizations are preparing to lose about \$30 million in revenue from their already-depleted budgets, following the passing of a mass-transit funding bill which will give elderly and disabled commuters free rides. The bill passed the state Legislature last week, dealing a blow to Metra, Pace and the Chicago Transit Authority.

The Regional Transportation Authority said that of the three agencies, Pace will be the hardest hit financially, losing about 35 to 40 percent of its revenue, for a loss of up to \$2 million. The funding bill, which passed 61-47 in the House and 32 -19 in the Senate, will increase regional sales tax and real estate taxes to provide over \$500 million in transit aid.

Metra, with the lowest senior ridership of the three organizations, stands to lose up to \$10 million, and the CTA will lose around \$20 million. However, none of the agencies could predict how much ridership will increase with the free rides.

"I haven't seen any projections on how much that will affect ridership, but when you provide something for free, that would tend to increase ridership," said Chicago Metropolis 2020 Vice President James LaBelle, who has worked with public transportation issues for over 30 years. "For every free ride that's given, somebody else has to pay for it."



These are complex public policy decisions. The last quote says it all – if you give something to someone for free or for a deep discount then someone else must pay the difference. Elected officials bear the responsibility to make these policy judgments. But there are always two sides to the ledger and, at the end of the day, credits and debits have to equal. With discounts and no money to fill the void, it doesn't sound like that was the case in Chicago. TW

State to Approve \$3M to Study I-84 Expansion

Voices, CT – January 23, 2008

HARTFORD – A \$3 million environmental impact study announced by Gov. M. Jodi Rell to look at widening I-84 west of Waterbury to the New York State line is expected to be approved this week by the State Bond Commission. The project, to add a third lane the length of the 32-mile corridor in both directions, will be studied jointly by the Connecticut Department of Transportation and the Federal Highway Administration.

"We know there is a clear need for widening the I-84 corridor west of Waterbury because of current and projected traffic volume," Gov. Rell said. "The good news is that the economic expansion in the western part of our state has been moving steadily from southwest to northwest Connecticut – and that expansion brings not only much-needed jobs and commerce, but also traffic congestion. We need a 21st century transportation system to support our 21st century economy."

Oberstar Chastises NTSB for 35W Bridge Discovery

KSTP.com – January 23, 2008

St. Paul, Minn. – Congressman Jim Oberstar criticized the Chairman of the National Transportation Safety Board this week for prematurely announcing the cause of the 35W bridge collapse before the completion of the investigation. In a letter to Chairman Mark Rosenker, Oberstar said he has "serious concerns" about the public announcement, since the final report on the cause of the bridge collapse could be tainted by what has already been said.

"We do not today, know what caused the I-35 collapse," said Chairman Mark Rosenker last Tuesday. Although a few minutes later, Rosenker said the gusset plates on the 35W bridge were too small. "This is a very important finding, this tells us why the bridge collapsed," he said.

Oberstar blamed the chairman's inexperience for "preempting the board's ultimate finding, that is very uncharacteristic of the board." Oberstar said his letter was to preserve the credibility of the NTSB, although he went on to praise Rosenker for holding the Jan. 15 press conference to alert the public of a potential bridge design flaw. The senator worried that Rosenker "committed the

board to conclusions which will be difficult to change” if investigators end up finding something other than the gusset plates to be the cause of the collapse.

Biodiesel Tax Break Passes S.D. Panel

Houston Chronicle – January 23, 2008

PIERRE, S.D. – Gov. Mike Rounds plan for a biodiesel fuel tax break to encourage the production of fuel from soybeans has been endorsed by a state Senate committee, sending the measure to the full Senate for further deliberation. The bill would give a 2-cent tax cut for diesel fuel that contains at least a 5 percent blend made from soybeans or other organic products. The 2-cent-per-gallon tax break matches that given to ethanol, a gasoline blend made using corn.

Biodiesel facilities in South Dakota must reach a capacity of 20 million gallons a year and produce a minimum 10 million gallons annually before the 22-cent-per-gallon tax would be cut to 20-cents. The tax break would end when production hits 20 percent of diesel fuel sold, said state Agriculture Secretary Bill Even. Even hopes the measure will encourage the development of soybean processing plants that will make biodiesel, as only one small plant currently exists.

An environmental fund would compensate the state highway fund for lost fuel tax revenue, transferring \$800,000 per year into the highway account. Even said eventual consumer demand for biodiesel will mean no tax break will be needed.

Gov. Rounds said a blend of low-sulfur diesel and fuel made from soybeans makes engines run cleaner, which will help soybean farmers as well as vehicle owners. The governor said growth in the biodiesel and ethanol industries will help keep the price of soybeans and corn high, which is a good thing for the state. “In South Dakota we want high prices on our commodity products,” he explained.

FHWA Administrator Rick Capka Resigns

FHWA Press Room – January 24, 2008

WASHINGTON - Federal Highway Administrator J. Richard Capka announced his resignation this week after five and a half years of service. Secretary of Transportation Mary Peters discussed his accomplishments on the FHWA website.

“My friend and colleague Rick Capka leaves the department with an exceptional record of accomplishment. Under his guidance, first as my Deputy and then as my successor as the Federal Highway Administrator, the agency has made significant progress in improving our nation’s mobility and keeping our roadways safe. His exceptional leadership in Minneapolis after the bridge collapse and in Louisiana after Hurricane Katrina exemplifies Rick’s work ethic and ability to get the job done. I wish him and his family the best of success in their future endeavors.”



Rick has done a great job in both positions at FHWA. What the Corps of Engineers lost with his military retirement, the US DOT gained when he accepted the FHWA

Deputy role. I am sure the whole industry wishes him every success. TW

Minnesota to Replace 600 Bridges

Minneapolis Star-Tribune - January 14, 2008

Minnesota - Gov. Tim Pawlenty has proposed to replace 600 deteriorating bridges across Minnesota under a \$1 billion capital investment plan, with a record 40-percent of the borrowing plan dedicated to transportation. The plan takes on bridge repair needs "in a more aggressive fashion," while putting aside long-standing priorities such as higher education in the state.

The investment plan devotes \$416 million to bridges, roads, I-35W congestion relief and Central Corridor light rail. When the Legislature meets in February, the Senate will have its transportation bill ready, which is expected to address a nearly \$2 billion backlog of transportation projects across the state.

Officials at the Association of Minnesota Counties were delighted at the proposed funding boost. Carol Lovro said the governor's proposal was "easily the largest in state history. The most we've ever gotten was \$55 million two years ago, so we're very encouraged that the governor recognizes the level of need. There are bridges in greater Minnesota that county engineers have had to close because it was too dangerous to let school buses and cars drive over them and they couldn't get the money to fix them."

Copyright © 2004-2007 The Tom Warne Report, LLC. Quotation or distribution for political or commercial use is not permitted. For questions about how this document may be shared or distributed, please visit TomWarneReport.com for contact information.