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P3s May be Answer for Southwest Rail Agencies

The Bond Buyer – August 19, 2008

DALLAS – A new era of public-private partnerships to fund costly light rail systems as an alternative to planes and cars is forthcoming, predicted transit experts at the 11th annual Transportation Summit in Irving, Tex. last week. "The economics are right for a massive jump in transit," Art Guzzetti, American Public Transportation Association director of policy told attendees. "The trends are all favorable – the environmental trends, the energy trends, the population trends, the urban trends, the economic trends – all show a prominent economic outlook coming from our nation's cities."

If various forms of infrastructure were connected, their value could be leveraged, according to David Casselman, principal at the engineering consulting firm Lea & Elliot Inc., which is working on rail transit systems for Dallas-Fort Worth, Phoenix, Denver and other U.S. airports. "There's a big up-front cost," said Casselman. "But if they could fund that, it would replace about 180 buses and 180 drivers with just a few drivers and a system that could run 365 days a year and 18 hours per day."

Veolia, the largest private transportation provider in the U.S., is constructing a \$150 million light-rail connector in France from Lyons' Part-Dieu train station to Saint-Exupery airport under a 30-year exclusively privately funded concession. Jean-Claude Ziv, project manager for Veolia Transportation, and other rail experts say rail is the solution to congested air routes that result in frequent delays, especially on the East Coast. "Only in the U.S. do you see 200- and 300-mile

commuter flights in association with hubs,” said Ziv.

Experts hope the \$20 billion high-speed rail initiative on the California ballot, along with the election of a new president and Congress, will infuse the industry with the capital it needs to grow a new high-speed rail industry in the U.S.



The economic model for transit PPPs has yet to be applied here in the US. The challenge stems from the fact that transit systems are subsidized from the day they open. Concessionaires need not only to cover the capital and operating costs of a system but also they expect to make money. Something will have to change in the financing plan to make this work. Given the number of projects in the New Starts pipeline and the limited ones that will actually be funded, a solution would be welcomed across the country. TW

New Mexico Approves \$200M for Transportation

Forbes, NY – August 15, 2008

SANTA FE, N.M. – The state legislature adjourned their special session this week in agreement to the governor’s proposal to earmark \$200 million to help pay for highway projects that received approval five years ago but have been delayed by skyrocketing construction costs. Legislators approved \$50 million to be used from the surplus plus an additional \$150 million in severance tax revenue to help finance transportation projects.

Turnpike Seeks Private Investors to Complete \$5B Expressway

Pittsburgh Tribune-Review – August 16, 2008

The Pennsylvania Turnpike Commission is looking for companies interested in helping finance construction of incomplete sections of the \$5 billion Mon-Fayette Expressway and Southern Beltway. The commission was instructed by lawmakers to build the highways in 1985. After considering private financial assistance since early 2007, the recent request for interested organizations to attend a meeting in September is the first overt move by the commission to use an alternative method to help pay for highway toll projects.

The Turnpike Commission is opposed to Gov. Ed Rendell’s plan to privatize the main turnpike, which is still awaiting legislative approval. However, the commission does not have the funding to finish the 100-mile network of roads that will connect Pittsburgh with I-68 near Morgantown, W. Va. Spurs would also link to Monroeville and Pittsburgh International Airport.

Among the portions of the expressway remaining to be built is the 24-mile, \$3.6 billion section through Allegheny County, running from Route 51 in Jefferson Hills to the Parkway East in Pittsburgh and Monroeville.

Suit to Block Infrastructure Investment Dropped

Reuters – August 13, 2008

SAN FRANCISCO - An organization representing state engineers in California has agreed to terms with Calpers, the largest U.S. pension fund, effectively halting a lawsuit to block the fund's investment in public-private infrastructure initiatives. The Professional Engineers in California Government (PECG) threatened to sue the \$234 billion fund if it adopted a new policy, which the PECG said left open the possibility for Calpers to invest in P3s (public-private partnerships) with its members' money, and also members could have their jobs outsourced to private companies.

Following recent negotiations, the policy now contains new language ensuring members' jobs will not be outsourced to private firms when investing in P3s. Representatives for the 13,000-member engineering group added, "Although PECG does not support public-private partnerships because they are proven to be bad investments and are contrary to the public interest, we will be neutral on the proposed policy because of the language that has been agreed upon."

It is still unknown how the agreement will manifest; a source close to the negotiations said the wording is vague enough that the policy will be evaluated on a project-by-project basis. Ultimately, the language provides a requirement only for P3s of which Calpers members could be stakeholders.

Marquette Interchange Re-Opens Early, Under Budget

The Business Journal of Milwaukee – August 19, 2008

The Wisconsin Department of Transportation and Gov. Jim Doyle officially opened the \$800 million Marquette Interchange, the largest road construction project in state history on Tuesday. The project, which began in 2004, finished three months ahead of schedule and approximately \$10 million under budget. Doyle said in a July interview that the new interchange is "the best transportation project we've done."

Located just south of Wisconsin Avenue near Marquette University, the interchange links I-43 with I-94 and extends out as I-794 to Lake Michigan a few miles to the east, parallel to the southern edge of downtown Milwaukee. The four-year project removed all left hand on and off ramps and created more distance between ramps to reduce traffic conflicts from lane changes, said WisDOT Secretary Frank Busalacchi.

The project, scheduled for completion in December, finished early because of better communications among all entities involved in the project, according to Busalacchi. The original interchange was built 40 years ago at a cost of \$33 million.

The interchange project was the largest road project ever undertaken in the state when work began in 2004, however, that amount will be exceeded in 2009 when work begins on the \$1 billion-plus I-94 reconstruction project between Milwaukee and the Illinois border.



If you did not visit this project during construction you can't appreciate the

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intricacies of the work, planning and execution that went into the very successful project. Having been to the site a couple of times, I can say it is a substantial achievement for the state DOT, and engineers and contractors involved. Congratulations to all involved. TW

S. Dakota Considers Mileage Fee

Land Line Magazine – August 20, 2008

South Dakota - In an effort to close a road funding gap, lawmakers in South Dakota are considering charging drivers a fee based on the number of miles they travel in the state. They are also trying to stop shifting road funds to other state agencies.

The state generated \$121 million from the state tax applied to fuel purchases during the fiscal year that ended in July, amounting to a four-percent increase. However, a state panel reported that still doesn't come close to meeting the state's transportation needs. The state gets 75 percent of its transportation funding from the federal government, but a national shortage is threatening the future of those dollars. That could result in a \$70 million loss for the state.

State Rep. Shantel Krebs, R-Sioux Falls, said a mileage fee was tested in Oregon, and South Dakota is among several states examining the results. Krebs said making drivers pay for each mile they travel will ensure those who drive the most will be charged for the most wear and tear.

Plans for New I-95 Bridge Posted

The Times of Trenton, NJ – August 20, 2008

For the first time, officials unveiled plans this week for the replacement of the four-lane Scudder Falls Bridge with a \$250 million nine-lane span, including roundabouts at Route 29 on the New Jersey side. The replacement bridge is to be constructed on the upstream side of the existing span, which was built after a flood destroyed the Yardley-Wilburtha free bridge in 1955.

Officials considered several proposals over the years, including the possibility of twin spans to carry the current daily 59,000 vehicles across and is predicted to reach nearly 80,000 in the future.

Plans posted by the Delaware River Joint Toll Bridge Commission on their website include a realignment where Route 29 intersects with I-95 and the widening of I-95 in Pennsylvania from four to six lanes from Route 332 to the bridge. The project is currently undergoing environmental and other studies before construction can begin.

Alabama Highway Needs Creative Financing

Times Daily, AL - Aug 20, 2008

Alabama – Creative financing may be the only road to success for a 320-mile controlled-access highway from Shoals to Mobile, which supporters say will be beneficial to depressed regions in that part of Alabama. “You can imagine what this would do for economic development,” said Bedford, who belongs to a commission charged with studying the feasibility of the project. Dubbed the West Alabama Freeway, the project has a \$5.3 billion estimated cost if it were built today.

Lt. Gov. Jim Folsom said in order for the project to become a reality, federal and state governments will have to work together for funding. Communities along the north-south route will also likely need to have some sort of financial involvement in the massive project, said Alabama Sen. Roger Bedford, D-Russellville. Other financing options under consideration include various combinations of local funding, such as bond issues, Federal Highway Administration appropriations and public-private partnerships, which may involve a toll road to reimburse the private sector’s investment.

“The interest and the will is there,” said Folsom.

Are Hybrids a Silent Danger?

The Los Angeles Times – August 20, 2008

California - Hybrids may be good for the environment but they may be worse for pedestrians, particularly the blind, because they are too quiet. The California Legislature has sent a bill to Gov. Arnold Schwarzenegger to create a committee to study the issue and report in one year on recommendations for possible solutions.

With more than 350,000 hybrids travelling the state’s roads, the California Energy Commission will determine whether these vehicles are posing additional dangers for pedestrians. While no cases of a pedestrian being killed by walking out in front of a silent hybrid have been reported, minor accidents and near-misses are becoming more frequent.

Companies are already working on external noisemaking devices for the vehicles to alert blind or inattentive pedestrians to their presence. Among the solutions in the works is a waterproof speaker to be installed on the front of the car that would emit a noise similar to an engine.

“There’s been a movement to make vehicles quieter, but we can be victims of our own virtue,” said Carrie Cornwell, chief consultant to the Senate House and Transportation Committee. “That could be the case with automobiles if they get too quiet.”

Gov. Schwarzenegger has not taken a stand on the issue, however, Carrie Cornwell, consultant to the Senate House and Transportations Committee, says it’s unlikely that the noisemakers would be required by the state to be installed on vehicles already on the road. Other states are also looking into the issue, and the National Highway Traffic Safety Administration held hearings on the topic in June. Regulation could be forthcoming.



One of my personal vehicles is a 2009 Toyota Camry Hybrid, a great car and perfect for my needs. If you haven't driven a hybrid, you may not realize that

when you stop at an intersection, the engine often turns off and the vehicle runs on batteries. At first, it is a bit unnerving since the vehicle goes completely silent. I can appreciate how this would be a problem for those who rely on engine noise for safety. This unintended consequence can and will be remedied. By the way, I have found the reported mileage rating of 34 on the highway to be low—I get around 38 or 39. TW

Fitch Revises Airport and Toll Road Outlooks to Negative

The Bond Buyer – August 20, 2008

WASHINGTON – Skyrocketing fuel prices and decreased traffic at both U.S. airports and toll roads led Fitch Ratings to revise the outlooks for both sectors from stable to negative, according to a special report by the ratings agency released this week. The rating revision comes just five months after Fitch's special report on 2008 global infrastructure and finance gave both toll roads and airports a stable outlook, despite the expectation for pressure on both sectors.

The new report entitled 'U.S. Transportation Assets: Facing a Temporary Decline or a Permanent Change?', states that the weak economy, coupled with more than seven months of volatile fuel prices have caused U.S. airport passengers and toll road paying traffic to decline by 18% and 16%, respectively.

Fitch reports a 33% increase in gasoline prices and a 52% rise in jet fuel prices from 2007. While air passengers and traffic vary significantly across the nation depending on varying economic strengths and other factors, the southwest was highlighted as the "most challenging" region for both toll roads and airports.

"The key to maintaining financial flexibility during the current environment is for a combination of rate increases and cost-cutting measures," Fitch said.

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