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Democrats say Privatizing Turnpike too Risky

Houston Chronicle - Mar 3, 2008

HARRISBURG, Pa. – A recent study by the Pennsylvania Democratic House has found that privatizing the Pennsylvania Turnpike would involve major risks, including potentially significant toll increases, and concluded it would be better to add tolls to I-80 instead. The 65-page study also stated that the billions of dollars in upfront payments obtained by leasing the turnpike could be too tempting for the General Assembly, who may one day try to divert some of the money to projects other than roads, bridges and mass transit.

"Absent an amendment to the Pennsylvania Constitution, we are aware of no authorization or ability for the commonwealth to create an effective lockbox which would protect such funds from the enticing temptation of future legislative invasion and usurpation for non-transportation purposes," Democratic leaders reported in the study. The study predicted "aggressive toll increases" as a result of the turnpike lease, called the financial assumptions in previous studies overly optimistic and cautioned the state that it would probably not be able to recover the road at no cost if the operator were to go bankrupt.

I-80 tolls would be significantly higher, beginning with a 25 percent increase in 2009. Approved last summer, the law known as Act 44 is intended to raise almost a billion dollars per year for transportation over the next ten years. The plan, which must be approved by federal regulators, has drawn fierce, angry opposition from those living along the highway. Gov. Ed Rendell is working with potential bidders on the long-term lease of the turnpike and says he plans to submit the best leasing proposal to the Legislature in the next few months.

I-35/820 Project OK'd by Feds

Fort Worth Star Telegram, TX - Mar 4, 2008

Texas - A major thoroughfare and interchange are about to get an extreme makeover after federal officials gave their approval on Monday for Texas state officials to move forward with plans to build these capacity improvements. TxDOT plans to expand the Northeast Loop 820 from four lanes to six toll-free lanes plus four toll lanes, and rebuild the crowded I-35 W/820 interchange.

Funding for the project, known as the North Tarrant Express, has long been a problem, and in 2006, TxDOT began working on a plan to hire a private company to build and operate the project, then use tolls from express lanes to cover part of the costs. Four groups of companies were pre-qualified by TxDOT to compete for the project, and will be asked to submit detailed development and finance plans this week.

The North Tarrant Express is one of the few projects exempted from the privately run toll road moratorium lawmakers instituted last year. If all goes according to plan, construction could begin in 2009.

Toll Authority Steps Up with \$2.3B Deal

Bond Buyer, NY - Mar 3, 2008

DALLAS - Just two weeks after the North Texas Tollway Authority broke ground on the \$5 billion State Highway 121 Turnpike, the agency is confronting a difficult credit market this week with a \$2.3 billion revenue bond deal, the largest in its history. The turnpike will stretch from the northeastern Dallas suburb of McKinney to the Tarrant County line near the Dallas-Fort Worth Airport to the southwest. The highway will intersect with the authority's flagship Dallas North Tollway, serving Denton, Dallas and Tarrant counties.

Representing the first long-term debt for the project, the bonds will borrow a portion of the \$3.5 billion in bond anticipation notes issued by the authority last year to buy the right to develop the road and begin the project. The \$2.3 billion in bonds will be divided into a series of five scheduled payments.

"Because of the recent volatility in the bond markets, it is not clear whether the authority will be able to issue the additional refunding bonds in the manner contemplated," according to an official statement from the authority. "In such event, the authority has developed alternative financing plans utilizing primarily fixed-rate current interest bonds."

At the groundbreaking ceremony last month, board chairman Paul N. Wageman praised the upcoming tollroad, despite the debt required to finance it. "The region, as well as the state, benefits from SH 121," he said. "Money from NTTA's \$3.2 billion upfront payment for SH 121 will be used by the Regional Transportation Council to finance other regional transportation projects. It is not every day that we are given an opportunity to shape a new path in service to the public.

For the NTTA, today is one of those days.”



The financial situation in our nation is eventually going to influence public entities and their ability to finance projects at what have been very low rates. It could make debt financing too expensive for major projects to advance. The increasing debt service for those issues that make it to market will reduce the planned revenue. The red flags are there and need to be watched. TW

DOT Consultants could Hire Own Auditors

Journal State House Bureau – March 3, 2008

PROVIDENCE – In a final move before leaving office, Maryland Transportation Department Director Jerome F. Williams has begun a process to institute a hire-your-own auditor policy for consultants who work for the department in their requests for new, and usually higher, reimbursement rates.

Starting out, the opportunity will only be available for two of the numerous engineering consultants on the DOT’s payroll: Caputo & Wick, of East Providence, and Crossman Engineering, of Warwick, who were paid \$251,361 and \$1.295 million respectively in DOT consulting fees last year.

Williams first acknowledged submitting the proposal for the new auditing practices to the Federal Highway Administration in December, saying “it may be a prudent way of conducting audits and getting them in on time.” Recently nominated by Gov. Carcieri to be Department of Administration director, Williams has refused to make his correspondence with the FHWA public. “FHWA is fine with our proposed pilot. We partnered with FHWA – it is good management practice. No further comment,” explained his spokesman Charles St.Martin.

Although DOT auditors have on occasion had to aggressively challenge contractors requesting reimbursement for disallowed expenses, industry spokesman Michael Doyle described the problem that resulted from the DOT’s 8-person audit staff: “While one can argue that the state is better protected by such a system, it is beyond the capacity of the current staff to do this in a timely way. That has resulted in many of the overhead rates ... that are being used today being based on data that, in some [cases], is more than 10 years old.”

Counties Agree on \$150M for Transit

Stockton Record, CA - Mar 2, 2008

SAN ANDREAS – After a five-year trial of pooling their highway construction dollars, the transit planning agencies in three ----- counties recently approved \$150 million worth of projects for the next 20 years, showing they are ready for a long-term commitment. Officials for the counties say without such cooperation, they would not be able to accumulate the necessary highway funds as quickly.

Planners say their top priorities include fixing numerous bottlenecks in the region, which are essential to the region's economy, to not only cut commuters time traveling to work, but also allowing tourists to reach historic Gold Rush towns and mountain resorts.

Wisconsin has Improved Bridges, audit finds

Milwaukee Journal Sentinel, WI - Feb 27, 2008

Madison, Wisconsin – An Wisconsin bridge-audit prompted by Minnesota's I-35W collapse last August has found that the state transportation department cut the number of structurally deficient state-owned bridges by almost 70% in recent years while improving the timeliness of agency inspections at the same time.

According to the report, the state has inspected 98% of its bridges in the required 24 months, and the percentage of structurally deficient state-owned bridge decreased by 3%, to 4.4% between 2002 and 2006. The last audit, in 2001, found that 16% of bridges were inspected late. The report released this week by the Legislative Audit Bureau found that 34 state bridges are over 80 years old, exceeding the 75-year lifespan of most bridges.

Federal Highway Administration officials told auditors that that Wisconsin has one of the best programs for bridge inspection in the nation, with the second-lowest rate of deficient bridges among Midwestern states.

GOP Pitches Plan for U.S. 2, Alaskan Way Viaduct

HeraldNet, WA - Mar 5, 2008

OLYMPIA – Lawmakers in Washington announced this week they can raise \$6 billion in new transportation funding, including \$500 million for U.S. 2, without raising taxes. The House Republicans proposed to divert \$1.5 billion in gas tax revenue from the Alaskan Way Viaduct Replacement to improvements on U.S. 2, Highway 9 and other roadways in the Eastern and southwest portions of the state.

The GOP would replace viaduct funding by allowing private firms to finance building a tunnel in place of the quake-damaged viaduct. The plan would generate additional revenue from tolls on Evergreen Floating Bridge and a new Columbia River Crossing, as well as redirect 10 percent of sales tax revenue from car sales and auto parts from the general fund into the transportation fund.

The House Republicans proposal offers a significant investment for safety improvements on U.S. 2, where 47 fatalities have occurred since 1999 between Everett and Stevens Pass. Rep Dan Kristiansen, R-Snohomish, said \$2 billion worth of safety improvements is needed for the highway, yet Democrat budgets in the Senate and House would spend \$4 million for rumble strips and \$5 million for a passing lane "to repair an area where there's never been a fatality.

The plan was given a cool reception by state transportation officials, however. "This plan is dead

on arrival," Rep. Judy Clibborn, D-Mercer Island, chairwoman of the House Transportation Committee said in a statement. "While it is nice to finally see some sort of proposal from the House Republicans, it is hard to take these proposals seriously." Both the House and Senate have approved transportation budgets, and Clibborn is working with Senate transportation panel chairwoman Mary Margaret Haugen, D-Camano Island, to iron out the differences.



Several stories this week exemplify the rancor that exists between the parties over transportation funding. There was a time when transportation was largely a bi-partisan topic where everyone could benefit. Today things are different at both state and federal levels. Through partnering, leadership and collaboration have worked on our projects. Cooperation probably wouldn't hurt on the political front as well. TW

AAA: Crashes Cost Seattle More than Congestion

Puget Sound Business Journal – March 5, 2008

SEATTLE - Car crashes are costing the Seattle-area more money than the region's widespread congestion problems, according to a report commissioned by the AAA travel club. The city ranks No. 9 among major metropolitan cities in crash costs, which total \$3.39 billion in the Seattle-Tacoma-Bellevue area. New York City is at the top of the list, with crashes costing over \$18 billion per year.

In comparison, congestion costs in the Seattle area are \$1.4 billion per year, compared with the national leader, Los Angeles, where congestion costs more than \$9.3 billion annually. Each year, crashes cost a total of \$164.2 billion to urban areas nationally, while congestion costs come in at \$67.6 billion.

The study, conducted by Cambridge Systematics Inc. for AAA did not give specific recommendations about how to lower the number of crashes, except for encouraging public support for state and federal funding of road safety-related improvements. Eleven components were measured in the study to determine total crash damage: property damage, lost earnings, lost household production (non-market activities occurring in the home), vocational rehabilitation, emergency services, medical costs, travel delay, workplace costs, administrative, legal, pain and lost quality of life.

\$8M Grants for SEPTA & Local Transit Services

Philadelphia Inquirer, PA – March 6, 2008

Pennsylvania - SEPTA and local transit services in Pennsylvania will soon be getting nearly \$8 million in state and federal funding to help with the cost of routes that serve reverse commuters this year, according to the Delaware Valley Regional Planning Commission. The money, coming from 35 grants, is intended to assist low-income workers and welfare recipients by enhancing weekend, nighttime and other off-peak service, particularly on routes that carry urban residents to suburban employment.

The Federal Transit Administration and department of transportation grants, which were

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announced this week at Market East Station, make it possible for the routes to be financially viable. The off-peak service will provide a mode of transportation for about 5,000 commuters traveling to 300 employment sites each week in the five-county Philadelphia area.

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