

MAY 2010 TRANSPORTATION NEWS

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05/23/10

Citiwire.net

By Edward T. McMahon, Urban Land Institute

Infrastructure: Pay Now Or Pay A Lot More Later

America has an infrastructure problem: crowded highways, leaking pipes, collapsing bridges, and aging transit systems. Lots of people have been talking about the infrastructure problem, although given the deep and ongoing state and federal budget crisis we haven't really done much about it. Sure the Obama administration recently directed \$8.5 billion to high speed rail and billions more for "shovel ready" projects in the stimulus bill, but considering that the American Society of Civil Engineers (ASCE) estimates that the nation faces a \$2.2 trillion infrastructure backlog, this is just a drop in the bucket.

Infrastructure will lay the foundation for America's future prosperity but our elected leaders have failed to level with the American people about how the country is falling behind our global competitors or explaining the true costs of making required upgrades and building new systems." Leveling with the American people" is just one of the key recommendations of Infrastructure 2010: Investment Imperative, the fourth in a series of annual reports produced by the Urban Land Institute and Ernst and Young on U.S. and global infrastructure trends.

Mass transit is just one area where the rhetoric doesn't meet the reality. While the U.S. has provided "seed funding" for high speed rail in a few important travel corridors, China has leaped far ahead of the US and other countries, including Japan and France and is now the world leader in high speed rail. After years of investment in new highways, China is now investing billions in a cutting edge network of train and subways designed to boost exports and revolutionize the flow of people and goods. By 2012, China will have over 5,000 miles of high speed rail and is currently building 60 new subway lines in more than 20 cities. Next year when a new Shanghai to Beijing high speed line opens (a year ahead of schedule) the journey between China's two most important cities will be reduced to just 4 hours for a 600 mile trip.

Our problem, in addition to a lack of funding, is the U.S. lacks a national vision for infrastructure improvements that would integrate rail, road, transit, airport and seaport networks to serve major economic hubs and propel growth. The ULI/E&Y report makes clear that America's future prosperity, world economic standing and ability to accommodate over 100 million more people by 2050 depends directly on "bolstering its primary economic gateway cities and metropolitan regions which produce 90 percent of national GDP."

Similarly, the Brookings Institution's recent report on the State of Metropolitan America says the U.S. faces a "decade of reckoning." After years of subsidizing and effectively hiding the real costs of building and maintaining infrastructure for users and taxpayers, government leaders must now decide whether and how to pay for necessary massive infrastructure improvements at a time when the public is calling for belt-tightening.

The National Highway Trust Fund has nose-dived into insolvency and the federal gas tax (the major source of funding for roads, bridges and transit) hasn't been raised since 1993 – yet Congress and State Legislatures say "no new taxes" while also resisting other funding mechanisms such as tolls or user fees. One solution, according to the new ULI report, is to establish "a national infrastructure bank" similar to Europe's successful model. This would help promote investment-grade decision making and attract more private capital into infrastructure investments. One thing is clear, inaction has its own price: "The more you let things go, the more expensive the costs to fix and rebuild."

The other key recommendations in Infrastructure 2010 are first, to "move toward merit" rather than formulas in allocating federal funding to state and local governments for infrastructure, and to encourage integrated infrastructure, environmental and land use planning. This recommendation is consistent with the Obama administration's new federal sustainable community's partnership and livability initiative. However, it runs headlong into the Congressional tradition of pork barrel funding for transportation and other infrastructure projects. The final key recommendation in the new report is to "raise revenues through user fees," not only to pay for improvements and upgrades, but also to help gain economic efficiencies and

environmental benefits through encouraging changed behaviors, such as less driving, greater water conservation, and reduced per capita energy consumption.

Unfortunately, political will appears in short supply to tackle our mounting infrastructure problems. The American public seems to think that we can get something for nothing: high quality roads, transit and water systems without having to pay for them. The truth, however, is very different. When it comes to infrastructure we are in a slow motion meltdown. The high standard of living that Americans have taken for granted can not be maintained without significant investment. Sadly, it seems that only a crisis will shake us out of our infrastructure lethargy.

Edward T. McMahon is a senior resident fellow at the Urban Land Institute and the Charles E. Fraser Chair for Sustainable Development and Environmental Policy.

05/21/10
Quorum Report
By Kimberly Reeves

AG Opinions Open Door To Rail Relocation Funds

Clarifies ambiguity and allows \$182m commitment to actually happen

Two opinions issued today, linked together, appear to free up about \$100 million or so to create the Rail Relocation and Improvement Fund.

A trio of lawmakers – Sens. Wendy Davis and Jeff Wentworth, along with Rep. Ruth McClendon Jones – expressed concern that the leadership at the Texas Department of Transportation had stalled on the agency's promised \$182 million commitment to the new rail fund, even though the agency had gone ahead and hired a rail director.

Expenditures on the rail fund could not occur if spending next session was not as much as last session. The first opinion, directed to Wentworth, agree with Wentworth's argument that expenditures to create the new Department of Motor Vehicles should be considered a direction of TxDOT funds rather than a direct appropriation.

A second opinion, an inquiry by Comptroller Susan Combs, offers more clarification of some of the criteria that would be used by the Comptroller in make the determination of how expenditures could be verified and appropriations set aside.

Representative McClendon told QR, "The advocates for funding of the rail relocation and improvement fund have received wonderful news today from Attorney General Abbott -- in fact, music to my ears! He has established that the funding of the Department of Motor Vehicles was not an appropriation so much as a transfer of funding from TxDOT to the DMV. This issue appeared to be a major roadblock in the Comptroller's determination in deciding to officially certify the \$182 million appropriated by the 81st Legislature to go into the constitutionally dedicated rail relocation and improvement fund. This issue is finally cleared up by today's opinion."

05/20/10
Fort Worth Star-Telegram
By Gordon Dickson

Private company proposes tearing down and rebuilding part of I-35W

A toll road developer has offered to tear down and rebuild 10 miles of Interstate 35W from downtown to far north Fort Worth to relieve one of Tarrant County's biggest bottlenecks with a combination of toll and nontoll lanes.

The proposal by NTE Mobility Partners, submitted this week to the Texas Department of Transportation, would allow motorists to pay their way out of congestion on toll lanes that would extend from Interstate 30 near downtown to North Tarrant Parkway, south of Alliance Airport.

For motorists who can't or don't want to pay tolls, the project would include reconstruction of existing nontoll lanes, continuous frontage roads, improvements to access ramps and an end to those pesky left-lane exits at the I-35W/Loop 820 interchange. Federal and state law generally requires existing nontoll interstate lanes to remain free, although toll lanes can be added.

Months of negotiations are likely needed before it becomes clear whether state officials will approve the project. But the developer has said that, if its offer is accepted, the \$2.7 billion project could be open to traffic by June 30, 2017.

"With the new proposed configuration, the project will result in over 1.5 million hours saved annually by moving drivers from congested roads to free-flowing lanes," according to an executive summary of the report released Thursday afternoon.

Obstacles

But while the I-35W plan may be the best and perhaps only chance of fixing the interstate for at least the next 10 years -- state officials and lawmakers say they'll run out of gasoline-tax-supported funds to build any roads by 2012 -- the proposal promises to be controversial on many levels:

Tarrant County residents may be growing intolerant of toll roads as a solution to seemingly every mobility problem in the western Metroplex. Toll projects are already under way on Texas 114/121 in Grapevine, Airport Freeway and Loop 820 in Northeast Tarrant County, and Southwest Parkway in Fort Worth.

The I-35W developer is overseeing the Airport Freeway/Loop 820 project, known as North Tarrant Express.

The I-35W project does not have environmental clearance and, although the federal government is expected to sign off on it by early next year, there's always a chance it could be delayed by an unforeseen environmental problem. In any case, dirt won't turn on I-35W until that paperwork is filed.

NTE Mobility Partners, which is led by the U.S. arm of Spain-based Cintra, says that while it will bring outside money to the table to pay for most of the construction and maintenance, it will need some public funds.

The executive summary calls for the Transportation Department to inject \$287.5 million in public funds, although later it explains that a scaled-back version of the plan could be done for \$173.8 million in public funds.

Officials with NTE Mobility Partners declined Thursday to elaborate on those costs, which are expected to be detailed during a Texas Transportation Commission workshop Wednesday in Austin.

They're also not elaborating on how they plan to handle the tens of thousands of cars and trucks that use the corridor each day. I-35W is not only a popular commuting corridor in Fort Worth but also a primary route for commercial traffic between Mexico and Canada.

Detouring traffic won't be easy at several points. I-35W has large bridges spanning the Trinity River and two sets of freight railroad tracks.

"We'll look at it," Transportation Department spokesman Christopher Lippincott said. "The project remains a priority. But the issue will be: What additional investment can the public make?"

This week, state officials ordered sweeping cuts of about 5 percent in most agencies to balance the budget. The Transportation Department, which operates mostly on gasoline tax revenue, was mostly spared from the belt-tightening on the general fund.

But state lawmakers might frown upon an additional nine-figure contribution to Tarrant County highways -- already the beneficiaries of more than \$400 million in federal Recovery Act funding last year.

Lawmakers have also banned future deals with private developers to build toll roads -- known as comprehensive development agreements.

The I-35W project was one of just a few such agreements exempted from that ban.

The deals allow developers to collect tolls for up to 52 years under a long-term lease arrangement and keep whatever profits they can draw in exchange for paying road construction costs upfront. Developers must also maintain the roads during that time.

Now that the proposal has been submitted, the Transportation Department has 30 days to decide whether the I-35W corridor is ready for development and then several more months to negotiate a contract with NTE Mobility Partners.

It could be a year before the I-35W makeover is deemed viable.

"This is just a first step in this procurement process. There's a ways to go," NTE Mobility Partners spokesman Robert Hinkle said.

Big value

Despite those remaining obstacles, supporters say the project holds tremendous value.

The state has about \$150 million in Proposition 14 bond funds, which the Legislature approved for mobility projects, that could be applied to the project. The 20-year bonds can be repaid with future gas tax revenue and could be used to fund construction of the nontoll portions of the I-35W/Loop 820 interchange.

Texas Transportation Commission member Bill Meadows of Fort Worth said he hopes that residents look at the potential benefits of the project as a whole, not just at the toll lanes.

"I strongly believe that if there's a toll element, there's also got to be a free option," Meadows said. "I'm very appreciative of having received a proposal. I'm excited to have something to work with. This potentially represents a way to address a major transportation problem in the Metroplex."

05/20/10

Fort Worth Business Press

By Gary Fickes, Tarrant County Commissioner

Extreme Makeover: NE Tarrant County Traffic Edition

Northeast Tarrant County began its own version of Extreme Makeover on February 17. Rather than construction on a worn-out home, this project will see a massive mobility renovation. Consider the impact of the addition or renovation of over 335 lane miles that will relieve congestion on 17 highways and roadways, four major highway interchanges, and twelve bridges positively affecting traffic through 13 cities!

If you drive through Northeast Tarrant County for work, or to Dallas/Fort Worth International Airport to pick up friends or family, you need to know about the transportation projects that will affect your commute for the next five years.

Five projects are starting this year and will lead to major improvements for residents, commuters and businesses that will benefit us for decades.

Two of the most congested freeways in Texas will be widened and three critical local thoroughfares will be expanded.

How long will the construction process last? How will this impact my business and my commute? How can I navigate through Northeast Tarrant County?

We have already begun the education process. Over 475 people attended the Northeast Tarrant County Transportation Summit on February 17 in Grapevine. The event was designed to inform the general public and business community about the projects and challenges they will present over the next five years.

Regardless of whether you travel this area on a sporadic basis or daily, you will need to know about each of them:

* The DFW Connector, also known as *The Funnel*, broke ground on February 17, just after the Northeast Tarrant County Transportation Summit. So how large is the scale of this \$1.02 billion project that will rebuild portions of four highways, two interchanges, and five bridges in Grapevine and Southlake and improve overall mobility on seven highways (Interstate-635, State Highway 121, State Highway 114, State Highway 360, FM 1709, FM 2499 and State Highway 26). At the widest point along SH 114, the corridor will be 24 lanes wide. The entire construction project covers 8.4 miles and a total of 145 lane miles. The expected completion date is 2015 and NorthGate Constructors is the managing entity. DFW Connector is funded by Texas Department of Transportation.

* The North Tarrant Express is the other major project in Northeast Tarrant County and will begin later this year at a cost of \$2.5 billion. Impacting North Loop 820 and SH 183 (Airport Freeway), the major east-west thoroughfare through Northeast Tarrant County, this 13.3 mile project from IH-35W in Fort Worth to SH 157 in Euless will rebuild several of the area's most congested highways and add additional lanes by 2015. The ultimate build-out will include six free lanes and four managed (toll) lanes, for a total of ten lanes (five in each direction) that will provide 135 lane miles.

This project will improve mobility on SH 183, SH 121 and North Loop 820 and during construction impact traffic on those same freeways plus SH 157 (Industrial Boulevard), FM 3029 (Precinct Line Road), FM 1938 (Davis Boulevard), SH 26 (Grapevine Highway), U.S. Hwy. 377, and I-35W.

Overall, the North Tarrant Express will affect traffic in north Fort Worth, Haltom City, North Richland Hills, Richland Hills, Hurst, Bedford and Euless. The project is funded by Texas Department of Transportation/public funds, NTE Mobility Partners, and private financing. NTE Mobility Partners is the managing entity.

* North Tarrant Parkway is another east-west thoroughfare. This \$14 million project will widen a 3.5-mile stretch with six total lanes (three in each direction) through North Richland Hills and Keller. The construction, which will cover 21 lane miles, began in mid-April and should be completed by October 2011.

The project runs along North Tarrant Parkway from Highway 377 on the west to Davis Boulevard on the east.

Overall, this project will impact traffic in north Fort Worth, Keller, Watauga, and North Richland Hills. The actual widening will be in Keller and North Richland Hills.

This project is funded by Tarrant County (\$9.43 million) and the cities of North Richland Hills and Keller, and TxDOT. The city of North Richland Hills is managing the construction.

* FM 1938 (Phase I) is a \$15.3 million strategic north-south connector that will extend this road by two miles from State Highway 114 in Westlake south of Precinct Line Road to the northern border of Southlake at Randol Mill Avenue, with up to six lanes to Dove Road and then four lanes from Dove to Randol Mill. The construction will cover ten lane miles and just broke ground on May 7 with a summer 2012 completion date.

Overall, this project will impact traffic in Westlake, Trophy Club, and the commercial campuses of Solana, Fidelity, and Deloitte. The actual extension will be in Westlake, Southlake, and Keller.

Phase II construction should start in 2012 and will extend this road from the northern border of Southlake 1.6 miles to FM 1709 (Southlake Boulevard). This phase will cover 8.4 additional lane miles for an overall total project of twenty lane miles.

The overall 3.6-mile project covers 18.4 lane miles and is funded by the Texas Department of Transportation, Tarrant County, North Central Texas Council of Governments and the cities of Westlake, Southlake, and Keller. The right-of-way is paid by Tarrant County. TxDOT is the managing entity.

* Golden Triangle is a \$23 million expansion to create a four-lane divided boulevard to carry east-west traffic from Interstate-35W in north Fort Worth to Highway 377 in Keller. The 3.7-mile construction will cover 14.8 lane miles and will start this August with a summer 2012 completion date.

This project will impact traffic in north Fort Worth and Keller and is funded by the city of Fort Worth (\$7 million) and Tarrant County (\$7 million) with the remainder from federal funds. The city of Fort Worth is the managing entity.

Tarrant County's population will continue to increase at an amazing rate in the coming years, and we are moving ahead with mobility plans for our future.

The partnerships with TxDOT, the North Central Texas Council of Governments, cities, contractors, and Tarrant County are leading to smart planning and use of resources today. The end result will be decades of smooth travel as Northeast Tarrant County enhances its position as an ideal place to live and conduct business.

Now that's a very positive extreme make-over! Stay tuned.

County Commissioner Gary Fickes is Tarrant County Commissioner for Precinct 3 and on the executive board of the Tarrant Regional Transportation Coalition.

05/19/10
Pittsburgh Post-Gazette
By Jon Schmitz

Transportation interests oppose new climate bill

A broad-based group of transportation interests today assailed the landmark climate change legislation offered last week by U.S. Sens. John Kerry and Joe Lieberman, saying it would set back efforts to improve the nation's highways, bridges and transit systems.

Twenty-eight groups representing government transportation officials, trucking interests, mass transit operators, transit employees, motorists, construction workers and contractors said the legislation would impose higher fuel tax costs but divert most of the money from transportation improvements.

The bill would require oil refiners to purchase carbon emissions allowances at prices that would increase with time, as an incentive to drive down oil consumption and promote use of cleaner energy.

The transportation groups estimated that in 2013, the first year of the legislation's effect, it would generate \$19.5 billion in fees from fuel consumption. "Instead of returning revenue from these fees to improving the transportation system, the bill diverts at least 77 percent of the funds away from transportation infrastructure investment," they said in a letter to Mr. Kerry and Mr. Lieberman.

"America's roads, bridges and transit systems are falling apart in many cases," said William Millar, president of the American Public Transportation Association, in a conference call with news reporters today. He said the Kerry-Lieberman bill is "insufficient to maintain, much less improve, public transit, roads and bridges."

Passage of the bill also would block efforts to enact a new long-term federal transportation bill to replace the one that expired last year, he said.

He was joined in the conference by John Horsley, executive director of the American Association of State Highway and Transportation Officials; Stephen E. Sandherr, CEO of the Associated General Contractors of America; and Pete Ruane, president and CEO, American Road and Transportation Builders Association.

They said improving highways, bridges and transit systems and reducing traffic congestion were a key part of reducing greenhouse gas emissions and consumption of foreign oil. They said every dollar in new transportation fees generated by climate change legislation should go to the federal Highway Trust Fund.

"Traffic congestion needlessly wastes 2.8 billion gallons (of gasoline) per year," Mr. Sandherr said. He cited a study that concluded that easing congestion could trim carbon emissions from transportation by 30 percent. The Kerry-Lieberman measure "actually makes the problem worse," he said.

"They need our support to get this thing done," Mr. Ruane said. "This is the shadow-boxing phase of this fight. The first punch hasn't been thrown."

05/18/10

Dallas Morning News Transp. Blog

By Michael Lindenberger

FTA chief: Time to ask hard questions about rail

America's top federal transit official, FTA Administrator Peter Rogoff, told transit providers across the country today that they need to think hard before they ask the federal government to help pay to expand their rail systems.

If agencies are running out of money to provide top-quality service and maintenance on bus and rail systems already in place, it may not be wise to expand, he said. He spoke at a conference in Boston.

"At times like these, it's more important than ever to have the courage to ask a hard question: if you can't afford to operate the system you have, why does it make sense for us to partner in your

expansion?" Rogoff said. "Might it make more sense for us to roll up our sleeves, and target our resources on repairing the system we have?"

That's a question DART will surely be asking itself. The agency has announced that it will have to drastically cut bus and rail service -- and all but end major new construction for 20 years -- as a result of pessimistic long-term sales tax projections.

The news comes as the agency is set to open the largest rail expansion in North America, known as the Green Line, later this year. By 2012, the first phases of its Orange Line service to Irving will be complete, and efforts to find private partners to pay for the proposed Cotton Belt line are underway.

The Green and Orange Line expansions will require service commitments -- commitments that seem certain to come at least in part at the expense of existing service levels.

Rogoff said it's important agencies not sacrifice current operations in order to fund new expansions.

"Our transit systems must be safe, reliable and efficient," Rogoff stated. "I know transit riders will not put up with dirty stations, unreliable service, slowed train speeds, inoperable escalators - especially those who have other options. We need to attract and maintain riders, not push them back onto the highway."

Rogoff made the remarks today as the keynote speaker at the conference "Next Stop: A Summit on the Future of Transit" in Boston. His full speech is available [here](#).

His remarks struck me as unusually stern. Here's an excerpt:

I'm now concluding my first year as Administrator. I meet with a great many transit general managers. While these meetings are all different, they often follow a certain pattern.

I start off the meeting by asking how things are going.

They express gratitude for the new Recovery Act funds but then go on to explain that the

- * downturn in municipal revenues,
- * the downturn in sales tax receipts,
- * the cutbacks in the city and state levels,
- * has necessitated service cuts.

Sometimes we talk about serious service cuts of 20 percent or more. We talk about:

- * route reductions
- * layoffs
- * furloughs
- * Significant chunks of capital reinvestment being deferred as they use Federal capital dollars for preventive maintenance to close operating gaps.

It's all very grim.

But then we get to the second part of the meeting. The consultants start to get excited and the glossy brochures come out. And the next thing you know, the general manager wants to talk about their new plans for expansion -- the spanking new rail service to communities not yet served.

In fairness, many of these new communities have been waiting for a long time to get rail service. Indeed, many were promised rail service as part of a sales tax referendum that was passed a

decade ago. The other communities got service - but now those are more expensive than originally forecast - and the sales tax is taking in far less than expected.

At times like these, it's more important than ever to have the courage to ask a hard question: if you can't afford to operate the system you have, why does it make sense for us to partner in your expansion?

If you can't afford your current footprint, does expanding that underfunded footprint really advance the President's goals for cutting oil use and greenhouse gases? Does it really advance our economic goals in any sustainable way?

Are we at risk of just helping communities dig a deeper hole for our children and our grandchildren?

Might it make more sense for us to put down the glossy brochures, roll up our sleeves, and target our resources on repairing the system we have?

05/16/10

Lubbock Online

By Enrique Rangel, A-J Austin Bureau

South Plains rural roads buckling under strain of progress

AUSTIN - Despite the economic slump in Texas and across the nation, things are looking up for a good number of rural communities in the South Plains.

For instance, the growing number of dairy farms in counties such as Bailey, Hale and Lamb, have made the area one the top milk producers in the state. And the more the dairy industry grows, so do the area's cattle feedlots.

And then, there are the wind farms sprouting on the open plains, plus the always productive oil and gas fields.

For local and state officials, all of this economic activity is a double-edged sword.

On the one hand, the success of these industries means more jobs and tax revenues for a region that has continuously lost population for more than a half-century.

But on the flip side, the increasing number of large trucks carrying milk, dairy products and cattle - as well as giant turbines, feedlot items and fuel - are taking a toll on the narrow farm roads. For Texas Department of Transportation officials, the rapid wear and tear on the two-lane roads is what they've long feared. When they were built some 65 years ago those so-called farm-to-market roads (or, FM for short) were designed for cars and small pickups of that time, not for today's freight vehicles.

To complicate matters, the record rain and snow this past winter left an unusually large number of potholes and cracks, particularly in the northeastern corner of the South Plains, TxDOT officials say.

"Floyd County is one of the most impacted, but Swisher County is another one," said Douglas Eichorst, district engineer for the Lubbock District of TxDOT, which has 17 counties under its jurisdiction.

However, the problem is everywhere, Eichorst emphasized. FM 789 in the eastern sections of Lubbock and Hale Counties, is a good example, and so is FM 214 close to the New Mexico border. Both roads go north-south.

"The wind farms built there are having a big impact, and the snow and the rain we had made the road conditions worse," Eichorst said.

"After the severe winter we had this year, we have more potholes and cracks than ever," said Mike Craig of Plainview, area engineer for Castro, Crosby, Floyd, Hale and Swisher counties in the Lubbock District of TxDOT.

"For the most part you don't notice it because our guys do a pretty reasonable job of fixing them, but we've had more potholes and cracks than you can imagine," Craig said.

Up in the Panhandle, the condition of the FM roads is about the same, if not worse, than in the South Plains, officials with the Amarillo District office of TxDOT say.

"This is a big concern for us because we exhausted our budget" fixing the roads, said Howard Holland, district engineer for the Amarillo District of TxDOT, which also has jurisdiction over 17 counties.

"Those vehicles exceed 80,000 pounds and, with special permits, they can go over 200,000 pounds," Holland said of the freight trucks. "This has a dramatic impact on our roadways." By contrast, the average pickup weighs about 4,000 pounds, he said.

However, thanks to their respective four-year plans, the outlook for the roads in the Panhandle/South Plains region is good for the immediate future, Holland and Eichorst said. But with a 5 percent spending cut Gov. Rick Perry and legislative leaders are recommending to all state agencies to offset a \$15 billion to \$18 billion budget shortfall expected in the next biennium, it is hard to predict what will happen to road maintenance in the long run.

The deteriorating condition of rural roads everywhere, not just in West Texas, has gotten the attention of the Texas Legislature.

"The farm-to-market roads are no longer farm-to-market roads, they are basically arterials ... congested areas that TxDOT is still maintaining as farm-to-market roads," Rep. Joe Pickett, D-El Paso, chairman of the House Transportation Committee, said during a recent joint hearing with the chamber's Agriculture and Livestock Committee.

Pickett made his comments as Fred Underwood of Lubbock, one of five members on the Texas Transportation Commission, was telling the lawmakers about the beating rural roadways take because they get far more weight than they were built for.

"One truck does the damage of 9,600 cars," Underwood said of freight vehicles.

Rep. Joe Heflin, who sits on the Agriculture & Livestock Committee, said the maintenance of rural roads is another major issue the Legislature must tackle in its effort to revitalize struggling rural areas like most of the 16 counties in his 85th House District.

"The maintenance of those roads is getting closer and closer to reconstruction," the Crosbyton Democrat said.

Rep. Yvonne Gonzalez Toureilles, D-Alice, chairwoman of the Agriculture & Livestock Committee, wondered how the Legislature will address the issue.

"It's kind of a dilemma for us," she said. "How do we get those products out of the rural areas without tearing up the roads, and who pays for that?"

Rep. Warren Chisum - who represents District 88, the largest rural House district in the Panhandle/South Plains region, and is past chairman of the budget-writing Appropriations Committee - said upgrading the rural road system is indeed a dilemma the Legislature must tackle despite the projected budget shortfall.

"Cattle trucks, for example, weigh about 80,000 pounds, plus they are handling 40 tons of freight," the Pampa Republican said. "Then, we have a lot of oil field trafficking. That is just too much for our narrow farm-to-market roads. ... We need to do something about that."

When the Legislature is back in session next year "we need to recognize that if we don't address this, it's going to cost us more in the future," Chisum added. "The infrastructure of rural areas is critical to the state because we produce food and other items vital to the Texas economy."

05/14/10
Dallas Morning News
Editorial

Public-private venture key to transit project

If there's any way to build new rail transit projects in North Texas, boldness will be a key ingredient.

The Regional Transportation Council voted last week to seek a private developer for a major east-west line past the north end of Dallas/Fort Worth International Airport. This effort is being watched nationally because it would represent the first public-private partnership to build a modern urban transit line.

This newspaper hopes this innovative approach will lead to a success story and overcome the considerable obstacles that skeptics point out.

The odds are stacked against developing new transit lines the traditional way - sales tax, federal match, bond sale, lay track. DART is running out of money and may be able to carry through on only one more light-rail project. With state lawmakers staring at a bleak fiscal picture, local transportation leaders aren't counting on new revenue coming out of Austin - not enough to join new cities to the DART rail network, anyway.

Enter the RTC venture. The 43-member council has asked the transportation staff of the North Central Texas Council of Governments to pursue a developer and financier for the long-planned Cotton Belt line.

DART owns the right of way, but someone else has to find the cash. Private investors would need a return on their dollars, and that would take an innovative mix of fares, fees, local transportation taxes and commercial development rights along the route.

The effort requires unprecedented cooperation from several cities, and their leaders will need to get on board with steadfast resolve to make it happen.

Linking the several employment centers is a natural. The initial focus of development runs east from D/FW through Coppell, Carrollton and Addison, across Far North Dallas and the campus of UT-Dallas, then into Richardson's Telecom Corridor.

One variation would hook into DART's Red Line and head north through Plano into Allen and McKinney.

Incorporating Collin County boomtowns into a seamless transit system benefits all communities. Public transportation would open up jobs to more people in retail-rich areas that need workers but not more traffic.

Allen and McKinney leaders have long cited rail service as a goal they don't have the means to achieve. A public-private partnership could solve that problem.

The \$800 million-plus price tag for the Cotton Belt is daunting. But the new service - probably a new generation of quiet, efficient diesel vehicles - is less than a third of what DART-style light rail would cost.

Making the Cotton Belt line a reality will require a high level of enterprise. But that's what North Texas is all about.

05/14/10
Texas Monthly
By Paul Burka

Engineers' Group Criticizes Inaction on Transportation

Yes, the Texas Council of Engineering Companies has a self-interest in roadbuilding, needless to say, but so does everyone who drives on Texas roads. The point of the TCEC statement, as the headline says, is that there is a cost to doing nothing.

TRANSPORTATION: THE COST OF DOING NOTHING

No one wants to pay more for anything, but in transportation it's becoming more and more clear that there is a cost – in both time and money – to doing nothing. This week, the Funding Subcommittee of the Texas House Select Committee on Transportation Funding heard testimony from Frank Bliss, a commercial real estate developer in the Metroplex, who investigated the cost to taxpayers in increased fuel costs through decreased fuel efficiency when traffic goes from free-flowing to “stop and go.”

Mr. Bliss used data from projected congestion trends in the DFW area and EPA estimates of highway and city fuel efficiency for different kinds of vehicles to estimate the aggregate cost incurred when congestion increases the amount of driving that takes place under city conditions (19.6 mph) versus highway conditions (48.3 mph). He concluded that, depending on the fuel efficiency of the vehicle, the increased cost to the average taxpayer if no action is taken would range from \$250 to \$350 per year just in extra fuel costs. Increased time in congested traffic would also cost time (204 hours each year) that could be spent at home or in the community – and would cost businesses productivity.

His conclusion: “Without adequate funding for transportation, as growth occurs we pay for the lack of infrastructure by buying more gasoline and having less time for our families, communities, and the businesses we represent. Instead of . . . [paying] to fund new roads, we're giving it to the gas companies. If we understood the math, I think we might change our attitudes and put the money where it can help us the most.”

The state's transportation user fee is set at the same rate as 1991 (well before the world wide web was invented) and its purchasing power has declined forty percent. But anyone who thinks drivers are not paying more to drive has not looked at the pace of toll road construction and gross toll revenue collections in Texas over the past fifteen years, as toll authorities work to meet the capacity demands that aren't being paid for by user fees.

This rate of increase is essentially equivalent to a one-half cent per gallon annual increase in the state's transportation user fee over the period — and it is driven by a shortfall in user fee-funded investment.

Our point is this: If Texas continues to grow at a pace of 1,000 new residents a day, highway users don't get to decide whether or not we will pay more to use the highways. We will pay more. We only get to decide how we want to pay. If we decide we don't want to pay through increased

user fees (the most broad-based way), then we will pay more with our time and pay more in tolls. It's that simple.

* * * *

Rick Perry can say that he hasn't raised taxes, but tolls are more expensive than gasoline taxes, and they have surged upwards. The rate of toll revenue increase cited above — equivalent to a 1/2 cent per year increase in the gasoline tax (I'm not going to adopt the euphemism of "user fee") since the last tax increase in 1991 — figures out, over 20 years, to be identical to a 10-cent increase in the gasoline tax. Critics of the gasoline tax have a point, that it has lost a lot of its revenue-raising potential due to greater fuel economy, but raising the tax is still better than stagnancy. We could have built a lot of free roads with a ten-cent increase in the tax. Instead, we have spent this decade fighting over unpopular toll roads and even more unpopular proposals to privatize roads. At any point, Perry could have stepped forward and said that we needed to raise the gasoline tax — or presented the public with a referendum of the two alternatives, toll roads or gasoline taxes. Instead, we took the most costly approach: borrowing. We spent billions of dollars on bonds and hundreds of millions on interest payments. Stupid, stupid, stupid. Or, I should say, politics, politics, politics.

05/14/10

AASHTO Journal

Transportation Groups Concerned About Senate Bill's Revenue Allocation

Two senators released a draft climate and energy bill Wednesday that would require oil companies to purchase carbon emission allowances, likely increasing the price of gasoline and diesel fuel, but diverting the vast majority of those revenues outside the transportation sector.

Sens. John Kerry, D-Massachusetts, and Joseph Lieberman, I-Connecticut, unveiled their bill at a press conference after several months of work to compile a Senate version of comprehensive climate-change legislation. The House of Representatives passed a climate bill last June, but it has not been called up in the Senate.

The Kerry/Lieberman bill would provide a more generous distribution of free greenhouse-gas-emission allowances to U.S. industries and pre-empt states from running their own cap-and-trade programs to control emissions that contribute to global warming. Their "American Power Act" aims to cut U.S. greenhouse-gas emissions 17% from 2005 levels by 2020, matching the House-passed target. Their bill, released as a "discussion draft" and not yet formally introduced in the Senate, would also mandate an 80% emissions cut by 2050.

An initial analysis of the Kerry/Lieberman bill by a coalition of transportation interest groups found that sales of carbon allowances to oil companies for transportation fuels would generate at least \$19.5 billion starting in 2013. No more than \$6.25 billion of that revenue, however, would be directed to transportation purposes: approximately \$2 billion each for the Highway Trust Fund, U.S. Department of Transportation discretionary grants, and state and local mobility projects that reduce greenhouse-gas emissions. The coalition had written to Kerry and Lieberman last month urging that all revenues derived from the transportation sector be reinvested in that sector.

AASHTO Executive Director John Horsley issued a statement Wednesday criticizing the Kerry/Lieberman bill for failing to direct 100% of transportation revenue to the Highway Trust Fund for investment in a multiyear federal surface transportation program.

"The Highway Trust Fund is in trouble. Three transfers from the General Fund have had to be made to the trust fund over the past 18 months to keep it solvent," Horsley said. "Meanwhile, the need for additional revenues to maintain and modernize our nation's highways, bridges, and transit systems keeps growing."

Horsley noted the 2008 U.S. DOT Conditions & Performance Report concluded that to improve the surface transportation system, highway investment should be increased \$175 billion annually and transit investment increased \$21 billion annually.

"We support achieving the short-term and long-term greenhouse-gas-emission reduction goals established by this bill and believe the transportation sector should do its part," he said. "But Congress can ill-afford to consider any legislation that pre-empts funding from the Highway Trust Fund that supports the vital transportation systems every American relies on. Every dime of carbon allowances raised by climate-change legislation must be deposited in the trust fund to ensure the country has the money it needs to maintain a first-rate transportation network that will create jobs and spur economic growth."

Transportation Interests Displeased with Draft Bill's Revenue Distribution

Other transportation organizations also issued statements this week critical of the Kerry/Lieberman draft.

"The climate bill clearly imposes a tax on transportation fuels and reallocates revenue from that tax for nontransportation purposes," said Bill Graves, president and CEO of the American Trucking Associations.

Kerry and Lieberman propose directing the bulk of transportation fuel allowance revenue to federal government debt reduction, discounts for certain heating oil and electricity consumers, reforestation programs, subsidies for the energy-production industry, and incentives for developing more nuclear power.

"The U.S. transportation infrastructure network is in desperate need of maintenance and expansion across all modes," said Pete Ruane, president and CEO of the American Road & Transportation Builders Association. "Diverting transportation revenues away from our roads, bridges, and transit systems at a time when they need attention the most will hurt our economy, inhibit our ability to reduce emissions from congestion, and limit our ability to compete in a global marketplace."

Supporters of the Kerry/Lieberman bill praised the draft for taking significant steps to reduce emissions from the transportation sector while increasing federal funding of transportation projects.

"This robust investment puts on us the right path to reduce transportation emissions and oil consumption and improve our nation's crumbling transportation infrastructure," said Sen. Tom Carper, D-Delaware. "The American Power Act provides a strong commitment to a cleaner transportation system by providing Americans with a practical alternative to using their cars, trucks, and vans for every trip."

But opponents maintain it would be politically impossible to raise gasoline and diesel taxes to generate more money for the Highway Trust Fund if fuel prices are also increased by carbon allowance fees -- which could add about 13 cents to the cost of a gallon at the pump, according to one industry estimate.

"By taking funds raised through the proposal's new transportation fees and committing all but a small percentage to unrelated spending, the legislation leaves our aging and inefficient roads, airways, and transit systems vastly underfunded," said Stephen Sandherr, CEO of the Associated General Contractors of America.

Bill Would Require States to Incorporate GHG Reduction Goals in Transportation Planning

Beyond the revenue provisions, the Kerry/Lieberman draft basically incorporates all of the transportation planning-related provisions included in the climate bill introduced late last year by Kerry and Senate Environment & Public Works Committee Chairwoman Barbara Boxer, D-

California. This version would make fundamental changes to the transportation planning and programming process requiring the reduction of greenhouse-gas emissions to become an integral component of planning.

Both bills require states and metropolitan planning organizations to set greenhouse-gas-emission reduction targets, then develop as part of the long-range transportation plan strategies and investment plans to meet the targets. States and MPOs would be required to submit their plans to U.S. DOT and the U.S. Environmental Protection Agency for review lasting up to 180 days, followed by a U.S. DOT finding that the plans would likely achieve targeted levels of greenhouse-gas emissions. In addition, EPA would be directed to prescribe models and methods that state DOTs and MPOs would be required to use in developing greenhouse-gas targets and strategies. The penalty for failure to set targets and strategies is the loss of eligibility for discretionary performance grants.

Full text of the Kerry/Lieberman American Power Act, summaries of the bill's sections, a press release, and a video of Wednesday's press conference are available at tinyurl.com/APA051210.

Coalition Asks Congress to Provide \$4B for High-Speed Rail in FY 2011

The American Association of State Highway and Transportation Officials joined other interest groups Tuesday in kicking off a campaign urging Congress to appropriate \$4 billion for high-speed rail projects next fiscal year rather than the \$1 billion proposed in President Barack Obama's 2011 budget.

During an event at Washington's Union Station, the coalition linked arms to push for greater federal rail funding next fiscal year as well as a dedicated long-term source of revenue to support development of high-speed rail lines across the United States.

"We see the rest of the world moving ahead with ambitious high-speed rail programs," said Robert Yaro, president of the Regional Plan Association and co-chairman of the infrastructure advocacy group America 2050. "The Chinese plan to have theirs more or less done in five years. At the level of funding the administration has proposed, we'll be doing well to finish ours in 500 years."

The coalition launched a website, www.fourbillion.com, to promote its message.

"President Obama began our nation's renaissance with high-speed rail one year ago by putting \$8 billion in the American Recovery & Reinvestment Act -- the biggest investment our country has ever made in high-speed rail. However, his request in the 2011 annual budget was only \$1 billion," according to the coalition. "Now that the stimulus dollars have been awarded and it is clear that this country needs to dramatically increase our investment in high-speed rail in order to grow our economy, drive down business costs, create jobs, and reduce our addiction to foreign oil, it's time to ... spend \$4 billion on high-speed rail in the 2011 annual budget."

In addition to the increased mobility and improved national transportation network brought about by high-speed rail, studies and estimates from around the country compiled by the coalition show investing in the technology could generate more than 2 million U.S. jobs, avoid 11 million tons of greenhouse-gas emissions annually, and cut the nation's oil dependence by nearly 600 million gallons each year.

In addition to the \$8 billion provided by the recovery act in 2009, Congress appropriated \$2.5 billion for high-speed rail this fiscal year. The strong need for significantly higher appropriations is illustrated by the fact the Federal Railroad Administration received high-speed rail applications from 24 states totaling \$57 billion this year, while only \$10.5 billion in federal grants have been made available, according to the coalition.

"Many state DOTs are working hard to move their high-speed rail projects forward," said AASHTO Executive Director John Horsley. "Congress can help give these states a big push by

quadrupling the president's budget request for high-speed rail for Fiscal Year 2011 to \$4 billion. This will help keep the recovery act's momentum going toward realizing our goals of having swift passenger trains connecting America's major cities, which would expedite travel, create hundreds of thousands of good-paying construction jobs, and help to relieve highway congestion." AASHTO's high-speed rail information center is available at www.highspeed-rail.org.

The House Highways & Transit Subcommittee has endorsed a \$50 billion high-speed-rail allocation as part of a six-year surface transportation reauthorization measure. The revenue source for that allocation has yet to be determined, however.

More than 100 House members wrote Obama last month in support of establishing a dedicated funding stream for high-speed rail. House Transportation & Infrastructure Committee Chairman James Oberstar, D-Minnesota, and House Railroads, Pipelines, & Hazardous Materials Subcommittee Chairwoman Corrine Brown, D-Florida, joined 104 other Democrats in signing the letter. It did not suggest how to raise the dedicated revenue, however.

"We cannot just focus on building more roads. We have to find broader solutions to address our transportation problems. That is why we must develop high-speed rail here in the United States," the representatives wrote to Obama. "But given budget constraints, we cannot continue to rely on general authorizations and appropriations to finance high-speed rail."

The letter is available at tinyurl.com/HSRletter0416.

LaHood Rides 312 mph Maglev Train in Japan

U.S. Transportation Secretary Ray LaHood whizzed through Japan at more than 300 mph Tuesday while riding a magnetic-levitation demonstration train the Japanese hope to sell to agencies developing high-speed rail projects in America.

"We are right at the beginning of an opportunity for American cities to be connected by high-speed trains," LaHood said after his 27-minute ride at a test track in Yamanashi, west of Tokyo. "I'm delighted with this opportunity to really experience all the technology."

LaHood visited the Central Japan Railway Co. line as renewed U.S. spending on railways revives optimism about maglev projects, including a possible link between Washington and Baltimore, [Bloomberg News reported](#). That proposed line, costing an estimated \$6 billion, would cut the 40-mile trip down to 18 minutes and could eventually be extended to New York and Boston. Maglev trains float above the tracks and are propelled by magnetic currents. The global recession has slowed deployment of maglev technology. One maglev passenger train is currently operating between Pudong International Airport near Shanghai, China, and the outskirts of that city's financial district. LaHood planned to ride that train today.

Japan has built the world's busiest conventional high-speed rail network with "bullet train" services covering most of the country. The nation had 308 million high-speed train passengers in the year ending March 2009. Central Japan Railway Co. hopes to develop the demonstration maglev line into a corridor linking Tokyo and Nagoya, stretching at least 177 miles. Completion of that maglev line is currently scheduled for 2027.

"Those of us who saw the Japanese trains are impressed with the railroad system in Japan," LaHood [wrote today on his blog](#). "And we do look forward to opportunities to partner in America with experienced rail companies from abroad. But we're only interested in partnerships that use American workers in American facilities."

"I have now ridden several of the world's fastest trains, and I have seen how effectively they deliver passengers from city to city," LaHood continued. "And I am looking forward to the day when we secure those partnerships and create those jobs and revitalize an American rail manufacturing industry. And build those trains."

05/13/10
Fort Worth Star Telegram
By Gordon Dickson

Local money must cover cost overruns for Grapevine highway project

ARLINGTON -- Local money must be used to cover any cost overruns on the \$1 billion freeway project under way in Grapevine, because the Texas Department of Transportation did not include a contingency for unforeseen expenses in its budget, officials said Thursday.

Members of the Regional Transportation Council were alarmed to learn that they would need to chip in \$7.5 million to create a small contingency for the project, known as the DFW Connector, and avoid construction delays. Nonetheless they unanimously agreed to set aside \$7.5 million in federal mobility dollars -- funds that could have been spent on road work in other cities.

"Is this a policy change or a one-time thing?" asked Paul Wageman, a council member from Plano who is chairman of the North Texas Tollway Authority.

For now, the contingency applies just to the DFW Connector, but it could mean that local money would have to be spent on future highway projects as well, officials said.

State transportation officials have changed the way they set budgets for projects, said Bob Brown, the Transportation Department's manager of comprehensive development agreements in Dallas-Fort Worth. No longer are large contingencies of up to 10 percent of a project's overall cost routinely put into the budget, a practice that some state lawmakers have criticized because it encouraged contractors to charge higher fees.

The dispute over cost overruns is the latest in a long saga involving a lack of funding to properly overhaul the congested highways in Grapevine, one of the region's most gridlocked corridors.

The \$1 billion DFW Connector project, which includes a renovation of the Texas 114/121 corridor in Grapevine, was originally estimated to cost \$1.5 billion. But after several years of negotiations, the state has hired a developer, NorthGate Constructors, to build as much of the project as possible -- \$1 billion worth, including \$250 million in federal stimulus funds -- by 2015.

In recent weeks, state officials have added about \$10 million in changes to a portion near D/FW Airport's north entrance, although they've also trimmed \$5 million through engineering savings. Still, faced with a \$5 million funding gap, state officials opted to ask the transportation council to step up with funds to cover that immediate need, plus \$2.5 million for any future expenses.

Michael Morris, transportation director with the North Central Texas Council of Governments, said he would meet with state transportation officials later this month to talk about whether any other local funds would be needed for area projects.

Transportation council members say they want assurances that they'll eventually get their money back, noting that they've begrudgingly allowed toll lanes to be built in the region to help the state Transportation Department meet its needs statewide.

"I'm concerned this region helped itself come up with funds, and we're being leaned on," said Frisco Mayor Maher Maso.

Once the DFW Connector is complete, the transportation council's \$7.5 million will be repaid from proceeds on the toll lanes being built in the medians. Those lanes will allow motorists to pay a toll to go full-speed through Grapevine. New free lanes are also being added.

5/13/10
Fort Worth Star Telegram
By A. Lee Graham

Work to start next month on Northeast Tarrant north-south route

Work kicks off in June on a north-south roadway that will eventually give motorists a smoother route from Texas 114 in Westlake to Northeast Loop 820 in North Richland Hills.

In the project's first phase, Farm Road 1938 will be built as a six-lane divided roadway from Texas 114 through undeveloped land to just south of Dove Road. From that point to Randol Mill Road, officials plan a four-lane roadway. All the work will be in Westlake, and the cost of the entire 2.2-mile segment is estimated at \$15.2 million.

Construction is expected to be completed by summer 2012.

Planning is still under way for the second phase, which will extend Farm Road 1938 south 1.6 miles to Farm Road 1709 in Southlake, rebuilding two lanes with left turn lanes and raised curb medians. At that point, the new section of 1938 ties to Davis Boulevard, which stretches south to Loop 820.

That segment has a projected cost of \$22.6 million.

Local leaders say the project will relieve congestion and improve safety. "It will be a tremendous convenience," Trophy Club Mayor Connie White said.

Southlake Mayor John Terrell said, "We identified mobility as one of our top priorities, and we're just ecstatic that this project is going to move forward.

"One of the most important impacts it will have on Southlake is the fact that a considerable amount of traffic that is coming from the west that is congesting [Farm Road] 1709 will have an opportunity to divert north to [Texas] 114," Terrell said.

That means fewer vehicles clogging 1709, or Southlake Boulevard, during peak traffic periods.

The Texas Department of Transportation is overseeing construction, and \$14.6 million in federal and state funds is paying for most of the first phase, said Val Lopez, spokesman for the agency.

Project partners are Westlake, Southlake, Trophy Club and Keller. The cities together provided about \$500,000 for construction costs and paid for development and engineering. Tarrant County paid for right of way acquisition, Lopez said. The North Central Texas Council of Governments is coordinating design, right of way and utilities components.

The contract for the first phase was awarded to Ed Bell Construction Co. of Dallas. Lane closures are expected to be minimal because most of the work focuses on a new location of the road, according to state transportation officials.

Funding is not yet in place for the second phase, Lopez said, and a time frame has not been determined.

05/13/10
Fort Worth Star-Telegram
By Steve Campbell

Three Texas metro areas among best for growth, study says

Texas metro areas have already been singled out as among the best places to ride out the Great Recession, but a new study illustrates the long-term vigor of the Dallas-Fort Worth, Houston and Austin economies.

Seattle; Washington, D.C.; and Denver topped the list of strongest local economies over two decades, from 1989 to 2008, according to Policom Corp.'s 2010 ranking of 366 metropolitan statistical areas.

And while Houston (No. 4), Dallas-Fort Worth (No. 10) and Austin (No. 12) didn't lead the list, the top 15 spots are virtually interchangeable, said William Fruth, president of Policom, a Palm City, Fla., company that specializes in analyzing local and state economies.

What does stand out is Texas' long-term economic performance, he said.

Driving that success is the state's diversified economy, low tax rates and limited regulation, he said.

"There is no other state in the country that has had a better track record for 20 years of quality economic growth than Texas," Fruth said. "When you chart out the states, no one has done better."

Why?

"I knew the answer to that question and I asked a local economic developer in Texas. His response: 'We shoot regulators at the state line.'

That sums it up," Fruth said. "You have greater economic freedom and an attitude that we want economic development.

"You go to Texas and you are a go-go state. We want you to come here and grow and be profitable."

Fruth's list closely mirrors an assessment of the best cities to find jobs released by Newgeography.com in April.

"If you look at all the regions, nothing else does as well as Texas," Pepperdine University professor Michael Shires told the Star-Telegram after the five major Texas cities notched half of the top 10 spots for jobs.

"During volatile times, places with broad-based growth strategies -- like Texas and Utah -- do best," Shires wrote in an article accompanying the rankings, "Finding the Good in This Bad Time."

Fruth said his rankings incorporate 23 economic factors and don't reflect the "latest 'hot spot' or boomtown" but areas with the strongest economic foundations.

"While most communities have slowed or declined during this recession, the strongest areas have been able to weather the storm," he said.

"The top-rated areas have had rapid, consistent growth in both size and quality for an extended period of time."

Two factors helped Seattle notch the top spot: Boeing and Microsoft. "They provide lots of jobs, and they pay very well," Fruth said.

Washington, D.C., which has been ranked 1st, 2nd or 3rd over the last seven years, has a built-in advantage, he said.

"The federal government is bigger than any corporation. It keeps growing. The jobs are stable, and they pay well."

Other Texas metro areas in the top 100 were San Antonio (No. 29), Corpus Christi (No. 80) and Killeen-Temple-Fort Hood (No. 89).

05/13/10

Dallas Morning News Transportation Blog

By Michael Lindenberger

RTC to vote today to seek private partner to build Cotton Belt commuter line

With public funds for transit, and all transportation, drying up faster in North Texas than the grass in your front lawn will later this summer, the Regional Transportation Council is poised to take a big step toward asking the private sector to do what the public sector can't, or won't, and fund the big suburban rail line known as the Cotton Belt.

The council meets at 1 p.m. today and is expected to approve a proposal by regional transportation planner in chief Michael Morris, who wants the council itself to take responsibility for negotiating an unprecedented deal with private firms to fund the construction of the 62-mile rail corridor, especially the 22-mile eastern portion from DFW International Airport to Carrollton and onto Plano. .

The idea (laid out in a white paper here) is to find a private firm to pay for construction costs, which could exceed \$1 billion, likely in return for guaranteed annual "availability payments" that would be enough to allow the private firm to service its debt, and earn a handsome return on any equity investors have contributed to the project. Such deals are exceedingly rare among American transit lines, but where they have been used elsewhere they have also involved contracts with the private firms to operate and maintain the rail lines according to whatever terms are established in advance.

If the RTC approves Morris's proposal, already approved by both DART and the Fort Worth transit agency, it will give itself the responsibility for seeking out and selecting a private firm to partner with, and to negotiate a deal for the rail service. DART would retain ownership of the rail lines, and could take over operations in the future, once its sales tax revenues were sufficient to do so, though that probably would be decades into the future.

(DART last year asked private firms to submit letters of interest in the project, and received a handful, according to DART spokesman Morgan Lyons.)

Last week, the Dallas Regional Mobility Coalition invited Lisa Fenner of KPMG, an expert from Australia in transit public-private partnerships, to speak about the promise of such arrangements. What they heard, if they listened hard to get beyond Fenner's optimism for PPPs in general, was that finding a private partner to develop the Cotton Belt will be exceedingly challenging.

Fenner told me after the meeting that most of the transit-related PPPs around the world that she used as examples in her presentation had either been much smaller endeavors than the massive Cotton Belt proposal, or had involved significant, upfront infusions of tax dollars to help shore up the initial financing.

There is no money as yet identified for the Cotton Belt, and DART chairman Bill Valesco told me last week that his agency expects to have a grand total of zero dollars to contribute to the project in any time in the foreseeable future.

That hasn't deterred Morris, who has proven himself adept at finding innovative funding solutions for transportation projects. He told DRMC members that he and members of the RTC have already brainstormed "100 revenue-producing ideas" for how the region could produce the money

necessary to fund the annual "availability payments" that the private sector will expect in return for any agreement to fund the rail line.

Presumably, he'll lay out some of those ideas today. Last week, he said the marquee idea is to work with Gov. Rick Perry to lure a manufacturing plant to North Texas that would be located along the Cotton Belt, and help produce revenue to pay the private firm. The idea is to have a plant locate here that would manufacture new rail cars according to a design DART is hoping to get approved by the FTA that would allow a new kind of commuter rail car that is quieter -- more like a light rail vehicle -- and yet would meet federal safety standards usually associated with heavier, nosier commuter trains.

Other ideas could involve giving the private investors development rights for property around the new Cotton Belt stations, though doing so may be costly, since much of that land is already in private hands. Money could also be raised by creating special taxing districts around future stations that would capture all or some of increased property tax receipts as property values rise as a result of the new stations.

But Fenner told me after the meeting that any private investor will look very closely -- and critically, frankly -- at any source of revenue tied to property value increases. Typically, she said investors are able to borrow very little against such guarantees, meaning they play only but roles in securing the financing necessary for a rail line.

The one source of revenue they do tend to rely on, she said, was dedicated sales tax funding. That, happens to be the one source of funding that is absolutely not available for the Cotton Belt.

Another challenge? The same financial downturn that has depleted DART's capacity to build new rail lines has likely made private firms less likely to partner with transit agencies, FTA Administrator Peter Rogoff told me last week in Houston.

Despite the challenges, look for the RTC to move forward. As Vaslesco told me Friday, with DART unable to build the line it seems as if there is little risk in moving forward to seek private investors -- no matter how long the odds against finding a workable solution appear to be.

Meanwhile, I sent both Morris and DART a few questions about the idea last week, and their answers are below.

Lindenberger: FTA Administrator Rogoff says private interest in PPPs has waned. Does that give you concern? And can DART tell us what kind of interest it received when it asked private firms to submit letters of interest?

Amanda Wilson, spokeswoman for the RTC: We agree that a traditional public-private partnership may not work. We have been in that position for over a year. That is why we are not pursuing a traditional model, but an initiative on innovative finance.

DART spokesman Morgan Lyons, responding to : There have been three to six financial firms expressing interest. It appears some would be interested in coming in on their own and others that are part of groups including engineering or construction firms. It's still early in the process.

Lindenberger: Rogoff said it's important that the deals truly shift risk onto the private firms -- the risk, for instance, that if ridership doesn't materialize, they end up eating the lost revenue. Is that part of the vision RTC and DART have for the kinds of deals they envision would work for the Cotton Belt?

Lyons: It is our expectation the private firms assume the risk for their investment. It's been our position from the beginning the only way we could support a public private partnership to accelerate the Cotton Belt would be for it to have no negative impact on our financial plan.

Wilson: The RTC does not have any preconceived opinions regarding the proper share and distribution of risk. During the next 6 months, the RTC will solicit for financial advisory services that will determine the levels of risks, the specific project implementation items that pose the greatest risk, and how best to share the risk between the public and private interests.

Lindenberger: TxDOT and other state DOTs learned the hard way that private firms bring armies of lawyers and financial experts to negotiate these PPPs, and it's taken some time before the toll road deals were shaved of some of the provisions that legislatures have since found onerous. Does DART or RTC have the kind of legal and financial expertise, or experience, to successfully negotiate these kinds of deals?

Lyons: Yes. While we have strong financial and legal staffs we would also anticipate securing external financial and legal counsel through the negotiations. Certainly the NCTCOG will have access to additional resources of this type through this process.

Wilson: The RTC is comprised of 43 members representing all the transportation providers throughout the region, including TxDOT, NTTA, the transit authorities, and many of the region's cities and counties. The staff and selected RTC members were directly involved during the negotiations of all the recent toll projects throughout the region, including SH121, LBJ Freeway, the D/FW Connector, and the North Tarrant Express. As a result of that involvement, the RTC members have become experienced and intimately knowledgeable of the legal and financial complexities of PPP contracts. The Cotton Belt Corridor project presents the next opportunity for the RTC to investigate an innovative finance solution to solving the funding needs of an important regional project. The RTC is fully equipped and prepared to execute any necessary innovative finance arrangement rather than wait for the State and/or federal government to fund our region's desperately needed transportation projects. We think our experience with SH 121 (Denton and Collin Counties), LBJ, DFW Connector, North Tarrant Express, SH 161 and Southwest Parkway/Chisholm Trail Parkway makes us uniquely qualified to evaluate the feasibility of applying innovative funding strategies for roadway projects on transit projects.

05/12/10

Transportation Weekly

The Legislative Services Group

Analysis: LaHood Indicates That General Fund Bailouts Of Highway Trust Fund Justify Shifts In Spending Priorities

At a Senate hearing last week, U.S. Transportation Secretary Ray LaHood made explicit what has long been feared by the stakeholder community that is dependent on federal highway spending (not transportation spending, highway spending): that the \$34.5 billion in bailout transfers from the general fund of the Treasury to the Highway Trust Fund over the last twenty months have changed the special user-financed nature of the Trust Fund that was in place from 1956 to 2008 and justify changes in the highway versus non-highway spending ratios put in place after extensive negotiations in the 2005 SAFETEA-LU surface transportation reauthorization law.

LaHood's statement came at a May 6 hearing of the Senate Transportation and Housing Appropriations Subcommittee. The hearing focused on the DOT-HUD-EPA Interagency Partnership for Sustainable Communities that featured testimony from LaHood and his HUD counterpart, Shaun Donovan.

The Partnership was established by the Obama Administration last year. The 2011 budget request includes increased funding for the Partnership, including a \$200 million transfer of highway and bridge construction funding apportioned to states from the Highway Account of the Highway Trust Fund to be used instead for discretionary planning grants through the Office of Livable Communities.

In response to questioning by the ranking minority member of the subcommittee, Sen. Kit Bond (R-MO), LaHood said that: "I know the Highway Trust Fund is set up out of the receipts that come from the gasoline tax. But I will tell you, sir, that when we...when you all extended the program twice now, and extended it through December, the \$35 billion, almost \$40 billion to pay for that came from the general fund...which is taxes paid by all the taxpayers.

"So the idea that we're, we're trying to take highway trust funds and use it for other things other than highways — part of the money comes from the general fund, which is paid for by all the taxpayers, who in some instances want something more than just roads. I have to put that on the record."

(Undersecretary of Transportation for Policy Roy Kienitz made this same basic point in response to heated questioning at a House subcommittee hearing on the Partnership on March 10, but as one Hill staffer indicated, when the Secretary himself says it, it takes on a much greater imprimatur of being the policy of the Obama Administration.)

The argument made by LaHood — that the general fund transfers to the Trust Fund poke \$35 billion worth of holes in the traditional arguments of highway spending advocates that "all Trust Fund money comes from taxes on highway users and is held in trust to pay for direct benefits for highway users" — is completely defensible. In fact, the more paranoid-minded thinkers in the highway stakeholder community (and you know who you are) suspect that the Obama Administration's unwillingness to address the Trust Fund's revenue shortfalls is largely a ploy to justify ever-increasing non highway shares of Trust Fund spending based on the grounds that general fund bailouts are not in any way sacred and should support a greater share of Trust Fund spending on mass transit, bike paths, pedestrian walkways, and the potential fungible transfer of money between Department of Transportation accounts and Housing and Urban Development accounts.

This also indicates that the Administration is not buying the justifications offered by the authors of the general fund to Trust Fund transfers — that the transfers were simply "making the Trust Fund whole" and compensating the Fund for past transgressions where money was "stolen" from the Trust Fund.

If one accepts those justifications, then the transfers merely maintain the status quo ante and do not require any change in thinking. If one rejects those justifications, all manner of changes can be justified.

The 2005 SAFETEA-LU law was enacted almost two years behind schedule because the Bush White House refused to find middle ground with Congress on the spending and revenue levels in the bill (with the recent bailouts being the inevitable result) and because of the perpetual difficulty in wrangling the votes for a politically acceptable split between highway and non highway spending and for dividing the highway spending between the 50 states and D.C.

The \$35 billion (and counting) in GF to HTF transfers not only promise to justify a rewrite of the highway versus non-highway split that was so painstakingly negotiated in SAFETEA-LU, as LaHood noted, but they also promise to blow up the highway formulas once negotiations on that issue commence.

The post-Interstate era that began in the late 1980s has been marked by "donor states" (largely within the Sun Belt) demanding ever increasing shares of highway program spending, with the goal of boosting those shares until they are as close as possible to each state's share of total HTF Highway Account receipts.

The shift in the nature of the Trust Fund cited by LaHood, brought on by \$35 billion (and counting) of bailouts from the general fund, could conceivably justify a wholesale rewriting of those formulas as well. For example, Rep, Jerrold Nadler (D-NY), who has been perhaps the most cogent critic

of the donor state arguments of late on the House Transportation and Infrastructure Committee, has always taken pains to note that the Empire State pays an outsized share of general fund tax receipts due to the salaries and bonuses of Wall Street. If the bailouts have fundamentally changed the nature of some of the money in the Trust Fund's Highway Account, then Nadler would seem to be within his rights to demand that, since Texas and Florida are guaranteed a 92 percent rate of return on their fuel, truck and tire tax payments into the Trust Fund, New York should now get a 92 percent rate of return on its outsized share of contributions to the general fund pro-rated to the \$35 billion (and counting) that the general fund has so recently deposited in the Highway Account.

And this emphasis on the receipt side does not even begin to address the potential problems on the programmatic spending side, since about one-third of total highway formula funding apportionments to states are based on the state fuel/truck/tire tax payments to the Trust Fund (one-third of Interstate Maintenance, 30 percent of NHS, 35 percent of STP, and all of the Equity Bonus that goes to donor states (as previously mentioned)). Once the formulas and deals established by SAFETEA-LU begin to be rewritten based on the principle that the \$35 billion (and counting) in general fund transfers are fundamentally an altogether different source of money, the internecine fighting between states over those formulas promises to be spectacular.

The bailouts have already occurred, and their eventual effect on the debate over the structure of transportation spending is inevitable. The open question is: what will the venue for those changes be?

The Obama Administration has proposed the \$200 million shift in SAFETEA-LU priorities from highway construction formula funding to Livable Communities planning grants through the fiscal 2011 appropriations bill, while the eventual reauthorization of surface transportation programs authorized under the 2005 SAFETEA-LU law languishes, having been extended through December 2010.

A coalition of construction industry associations and labor unions wrote to the Senate appropriators on May 5 (much to the surprise of LaHood, who was questioned about the letter at the May 6 hearing by Bond and had not seen it) to request that they avoid changing the SAFETEA-LU policy decisions in their bill (the very, very carefully worded letter is reprinted below).

Conversations with representatives from several signatories reveal two reasons for the letter's existence:

- A desire to keep the multi-year transportation authorization bill (and the committees that write that bill) relevant — a desire shared by the chairmen of those committees (after all, if the Administration can rewrite the authorization bill in the appropriations bill, why have an authorization bill at all?)
- A desire not to cloud the must pass DOT appropriations bill with Katy-bar-the-door requests to rewrite SAFETEA-LU if the appropriators open the door to rewriting that bill through the appropriations process.

05/12/10
Bond Buyer
By Audrey Dutton

High-Speed Rail Could Face Uphill Battle

WASHINGTON - Congressional appropriators will be hard-pressed to provide more funding for high-speed rail for fiscal 2011 unless there is clear evidence that the \$10.5 billion lawmakers approved for the sector has been used by state and local governments, a congressional staffer said yesterday at a rail industry meeting here.

This year is going to be pretty tough, said Sylvia Garcia, a staff member of the House Appropriations transportation, housing, and urban development subcommittee.

Garcia warned that the size of the overall budget, much less the transportation portion, is still uncertain. Congress has not yet voted on a budget resolution. If or when that happens, it may decide to either freeze or decrease spending in fiscal 2011, she said.

The Senate Budget Committee approved a budget resolution late last month that included about \$10 billion less in new budget authority for transportation in the coming fiscal year, which begins Oct. 1, than in the current one, but about the same level of *outlays.

Congress last year approved \$8 billion for high-speed rail grants that will mostly set the stage for rail lines in California, Florida, and Midwestern corridors. It *approved another \$2.5 billion for fast rail in this year*s *appropriations, after President Obama requested \$1 billion annually to fund its development.

California Gov. Arnold Schwarzenegger has vowed to have a groundbreaking for the state*s high-speed rail line before the end of his last year in office, which is this year, said Rod Diridon Sr., chairman of the American Public Transportation Association*s intercity rail committee and member and past chairman of the California High Speed Rail Authority*s board.

But that has not yet happened.

*There*s \$10.5 billion out there, and nobody is really seeing anything,* said Garcia, who joined other congressional staffers at the event hosted by the Railway Supply Institute.

Though she acknowledged that high-speed rail projects do not break ground overnight, Garcia said *one of our biggest issues* on the Appropriations Committee is that without demonstrable results, *it*s hard for us to go to bat* for additional funding to support an initiative.

*There*s a lot of support for high-speed rail, but it*s a new program,* Garcia said.

Additionally, the Senate is bogged down with several high-profile issues, including climate legislation and a new Supreme Court justice nominee, she noted.

But more rail investment could *arrive through a separate vehicle from *appropriations, said Paul Schmid, *legislative assistant for Sen. Thomas Carper, D-Del.

Carper cosponsored a bill with Sen. Richard Durbin, D-Ill., in 2008 that would allow issuance of \$700 million of tax-credit bonds called *qualified Amtrak* bonds for each fiscal year between 2009 and 2012, of which up to \$300 million could be designated for any individual state.

That legislation is *likely* to be re-*introduced this summer, Schmid said.

05/11/10

Dallas Morning News Opinion Blog

By Clayton M McCleskey

Yes, "Economies grow at 220 miles an hour." And if Texas doesn't get serious about high-speed rail, we'll be stuck in the slow lane.

While racing to catch a flight this weekend at Washington's Reagan Airport, this ad for German high-speed train manufacturer Siemens caught my attention:

Having seen the success of Spain's high-speed rail and how other European countries from Britain to Poland are pouring money into their rail networks, I tend to agree.

Modern economies are built on connectivity and mobility. Right now Texas has neither.

This is currently on my mind because I have to head to Houston this week, and it's so frustrating that there is no rail link between Dallas and Texas' other major cities. I can either burn 4 hours in a car or cough up a bunch of cash to fly, which would probably take me just as long as driving if you factor in security and getting to the airport.

Some might contend that driving isn't all that bad. But on a recent road trip to Corpus Christi, I was reminded of just how over-crowded and outdated Texas' highways are. I know many Texans love to drive, but I don't think anyone enjoys sitting in traffic on I-35. Bullet trains blow past traffic jams and could get you to Houston in just over an hour or to Austin even faster.

I know there is some hope on the horizon for high-speed rail in Texas. But I'm not holding my breath. We can barely afford to extend DART to D/FW Airport. So, bullet trains to Houston seem even less likely. What a shame.

Writing about the prospects for high-speed rail in Texas, I feel like a broken record. It seems like Texas has been talking about high-speed rail ever since the days of the Alamo. But alas, we still are not laying tracks.

It's baffling to me why we can't get our act together on this. There is definitely interest in high-speed rail. The governor has told me he's on board. State legislators have said the same. And I wish I had a penny for every time a Texan - upon hearing that I live in Europe - has made a comment about how great European high-speed rail is.

What does it say about Texas that there's a need for high-speed rail, broad support for it, and yet we can't seem to make much concrete progress?

Meanwhile, the Chinese are planning a high-speed line that would extend from London all the way to Beijing. They are working with Europeans to build an extensive high-speed rail network that stretches across two continents.

And we're not even sure we can run light rail trains to the new convention center hotel.

05/11/10

Bloomberg Businessweek

By Chris Cooper

LaHood Rides 502 KPH Maglev Train as Japan Seeks U.S. Sales

U.S. Transportation Secretary Ray LaHood rode on a 502 kilometer-per-hour (312 mph) magnetic-levitation train in Japan, stoking optimism that the Asian nation may be able to sell the technology overseas.

"We are right at the beginning of an opportunity for American cities to be connected by high-speed trains," LaHood said yesterday after his 27-minute ride at a test track in Yamanashi, west of Tokyo. "I'm delighted with this opportunity to really experience all the technology."

LaHood visited the Central Japan Railway Co. line as renewed U.S. spending on railways revives optimism about maglev projects, including a possible link between Washington and Baltimore. That proposed line, costing some \$5.8 billion, would cut the 40-mile journey to 18 minutes and it could eventually be extended to New York and Boston, according to a Maryland Department of Transport-backed group promoting the project.

“The U.S. Transport Secretary coming to Japan and riding the maglev is significant,” said Masayuki Kubota, who oversees the equivalent of \$1.7 billion in assets in Tokyo at Daiwa SB Investments Ltd. “It is a big step forward in getting contracts.”

Japan’s government has pledged to support JR Central’s bid to build the Washington-Baltimore line, possibly including loans from a state-owned bank. Maglev trains float above the tracks and are propelled along by magnetic currents.

“There is a lot of interest in Japan’s maglev,” Japanese Transport Minister Seiji Maehara said last week. “I welcome the U.S. Transport Secretary trying out the train.”

Siemens, Bombardier

Japan’s backing for maglev sales is part of wider government efforts to help trainmakers compete with Germany’s Siemens AG, France’s Alstom SA, Bombardier Inc. of Canada and China South Locomotive & Rolling Stock Corp. in the U.S. President Barack Obama has approved \$8 billion in federal funds for conventional and high-speed projects across the country.

The Maryland Department of Transportation had a bid for \$1.75 billion in stimulus funds for the Baltimore-Washington plan turned down, according to Phyllis Wilkins, executive director of Maglev Maryland, which is promoting the line. The Federal Railroad Administration said the project was “not ready,” without elaboration, she said.

The maglev group has had “a series of very substantive meetings” with JR Central about the project, Wilkins said. Soushi Hasegawa, a spokesman for Nagoya-based JR Central, said the company was preparing to work on detailed plans.

Maryland Congestion

The proposed line could carry about 9.2 million passengers a year, according to the Baltimore-Washington maglev website. It would take about three years to build after approval and need one year of testing, Wilkins said.

The train may help ease traffic that has made roads in Maryland’s Montgomery County, which lies between Washington and Baltimore, the fourth most congested in the country, according to digital-mapping company TomTom NV. Washington ranks seventh.

The line could be paid for with stimulus funds, revenue bonds and a federal loan, Wilkins said. Ticket sales would pay for operations and maintenance, she said.

LaHood said that the U.S. would look at opportunities for maglev trains. He declined to comment on government backing for the Washington-Baltimore line.

“The only thing we ask of manufacturers -- whether it’s maglev or other technologies -- is to build factories in America and hire American workers,” he said.

Delayed Plans

The global recession has slowed deployment of maglev technology. The line LaHood rode on is eventually due to become part of a link between Tokyo and Nagoya, stretching at least 286 kilometers. JR Central delayed the 5.1 trillion yen (\$55 billion) plan last month by two years to 2027 after a drop in sales on existing operations, which include the Tokyo-Osaka bullet-train line, Japan’s busiest.

The Baltimore-Washington line has been studied since 1994, according to the Federal Railroad Administration website, and was due to enter service as early as this year, according to a timeline on the promoter’s website.

"Maglev would seem to be pie in the sky for the Northeast corridor," said Jeff Straebler, a fixed-income strategist at RBS Securities Inc. in Stamford, Connecticut. "If the U.S. is serious about high-speed rail that is effective, i.e. pays for itself, the money would be better spent buying right of way along Amtrak to allow a straighter and therefore faster path."

Shanghai Maglev

A maglev train, built using technology developed by Siemens and ThyssenKrupp AG, is in commercial operations in Shanghai. Passengers there are whisked along at 431 kph from Pudong International Airport to the outskirts of the city's financial district. Japan's maglev holds the world rail-speed record at 581 kph.

Nippon Sharyo Ltd.'s N700, a conventional high-speed bullet train, can travel at a top speed of 330 kph. That compares with Amtrak's Acela Express, which is capable of 241 kph between Washington and Boston. Nippon Sharyo is a unit of JR Central.

Japan has built up the world's busiest high-speed rail network with bullet-train services covering much of the nation. The country had 308 million high-speed train passengers in the 12 months through March 2009, compared with the 3.4 million carried by Amtrak's Acela in fiscal 2008, according to figures compiled from the train operators' websites.

05/11/10

Quorum Report

Bombshell: Pitts tells committee legislature facing \$18+ billion shortfall

In unusual move, Speaker shares ideas with appropriators for writing budget without taxes
House Appropriations Chairman Jim Pitts (R-Waxahachie) said today that he believes the budget shortfall facing lawmakers next session is around \$18 billion and could possibly be even higher. His new estimate is significantly bigger than the \$15 billion figure used in the past by the House's chief budget writer and reflects the growing sense among legislative leaders that revenues for the current biennium could be off by as much as \$3.5 billion.

While sales tax revenues for April showed a modest gain of 1.4 percent, year to date collections are down 10.3 percent, or nearly \$1.5 billion.

Given a budget situation that Pitts described as painful, he said that he expected budget writers to be looking at a whole host of ways to boost the state's coffers. He listed as examples gambling and the taking away of certain tax exemptions, such as the sales tax exemption on tattoos. Depending on how gambling is implemented, expanded gaming could bring in \$1 billion initially with as much as \$4 billion annually in the out years, Pitts said. Limiting tax exemptions could raise another billion dollars.

"I'm going to look at every new revenue enhancer we can," he said.

Pitts' remarks came at the close of a hectic morning meeting of the Appropriations committee that kicked off with the unusual sight of the sitting House Speaker addressing the committee members from the dais.

Speaker Joe Straus urged budget writers to find ways to make tough cuts while staking out totally new thinking in some areas of the budget. He highlighted areas for lawmakers to consider, including a moratorium on new programs that would require general revenue, discussion on whether to avoid issuing bonds next session or using furloughs or four-day workweeks to curtail personnel costs.

Meanwhile, Straus stressed that it was "imperative that the state cover the budget shortfall without a tax increase."

Straus' hard line on new taxes drew congratulations from advocates of limited government. "Rather than compound the pain and impede economic recovery with even more burdensome costs of state government, Speaker Straus is setting the right course for Texas by demanding a 'no new taxes' budget for the new biennium," said Michael Quinn Sullivan of Texans for Fiscal Responsibility. "That commitment, shared by Gov. Rick Perry and Lt. Gov. David Dewhurst, will serve to empower our citizens and encourage an even more robust economic climate for all Texans."

Dick Lavine, a fiscal analyst with the Center for Public Policy Priorities, countered that the size of the impending budget shortfall demanded a balanced approach between cuts and revenue enhancement. The CPPP is a progressive think tank that advocates for low-income Texans. "I think the Speaker has taken a one sided approach," said Lavine. "We cannot balance (the budget) on cuts alone."

He suggested strategies such as using all of the Rainy Day Fund, which will be roughly \$8.2 billion by year's end, using some method of payment adjustments to defer some spending into a coming biennium and revenue enhancements without new taxes.

Pitts said that he could only commit to using as much of the Rainy Day Fund that he could muster 100 votes in favor of. Tapping into that revenue source requires a two-thirds vote in each chamber and Pitts said today that he believed he could get the OK to use roughly half that amount.

It was mentioned at today's hearing that bond rating agencies view favorably the sizeable balance in the fund – which is designed to help the state weather fiscal emergencies. Lavine said, though, that if there were ever a time to pull down the balance of the fund, now would be it. He compared the fund to a stock tank behind a house that has caught on fire. There would be little point in taking out just half the water if it meant not having enough to put out the fire, he said. Pitts' calculation of an \$18 billion shortfall takes into consideration \$6.4 billion in onetime GR aid from the federal stimulus package along with \$5.6 billion in transfers from the property tax relief fund as well as the cash balance that had carried over into the current biennium.

Today, Pitts factored in the expected \$3.5 billion shortfall in revenue for the biennium as well as cost pressures from health care cost inflation on the state's social services agencies as well as on the teacher and state employee retirement funds and the prison system. In addition, budget writers must likely come up with more money for the foundation school program to make up for lower property values statewide. Finally, the state continues adding residents, leading to greater demand for services. Pitts added that he's assuming that the federal government will act to extend an enhanced match on Medicaid aid for another six months, worth about \$1 billion to Texas. If that does not occur (and the aid is hung up currently over concerns on how to pay for it), Pitts said his shortfall estimate could increase by another billion or so dollars.

Despite the assumption of a \$3.5 billion revenue hole made today by Pitts and other members of the Appropriations panel, chief revenue estimator John Heleman said there are "no plans to do another revenue estimate at this time."

05/10/10
AASHTO New Release
By Tony Dorsey

Recovery Act Investments Stimulate 300,000 Transportation Jobs

Washington, DC - At least 311,000 direct, on-project highway and transit jobs have been created or sustained across the country during the first year of the Recovery Act, according to a new report just out this week by the House Transportation and Infrastructure Committee. The report also finds that Iowa, Maine, New Hampshire, Pennsylvania, and Wyoming have 95 percent or more of their American Recovery and Reinvestment Act highway formula funds committed to

projects that are underway or have already been completed.

"The positive effect of those 311,000 jobs can be felt in households and communities all across the country," said John Horsley, AASHTO executive director. "States are using Recovery Act investments to improve 34,500 miles of pavement and 1,262 bridges. We're talking about real value for the American public because their tax money is being spent wisely on improvements that will last for decades."

According to the report, almost 100 percent of the recovery funds dedicated to highway and transit projects have been approved at the federal level. More than 11,000 highway and bridge projects worth \$24.9 billion are in the bidding process and work is underway on 8,613 projects that will bring \$19.6 billion into the communities where the projects are located. On the transit side, work is underway on 3,279 projects totaling \$4.7 billion.

You can find more details at <http://recovery.transportation.org>. The committee's 71-page report is available at tinyurl.com/HTIC050510

05/0910

Fort Worth Star Telegram
By Gordon Dickson

Trinity Railway Express may raise fares for the second time in a year

Riding public transportation in Dallas-Fort Worth isn't the bargain it used to be.

The cost of buying a ticket on the Trinity Railway Express, a commuter rail line connecting the two cities' downtowns, could soon be double what it was less than a year ago.

The Fort Worth Transportation Authority and Dallas Area Rapid Transit, which co-own the TRE and raised ticket prices just eight months ago, are planning another round of fare hikes beginning in October. A day pass good for bus or train travel in the entire region would increase to \$10, up from the current \$7.50. As recently as September, that fare was only \$5.

The agencies are not alone. Across the state, transit providers are asking passengers to pick up more of the tab for operating services such as bus and rail lines. Sales taxes, their main revenue source, are way down in most cities.

Higher fuel costs during the past three years also are adding to the stress, as operators dip further into their budget reserves just to keep their equipment rolling.

Even regular TRE riders who get yearly passes through employers are feeling the pinch. In some cases their fares have more than doubled since 2008, and could be five times as much by 2012.

"Most of the TRE commuters here use the annual 'ePass,' and we've already experienced two years of drastic cost increases in a row," said Jamie Terrell of east Fort Worth, who rides the train to his job at American Airlines' headquarters near Dallas/Fort Worth Airport. The price of annual passes varies for riders because many employers pay some or all of the yearly cost as a perk. But no matter who pays, the price has increased from just \$140 two years ago to \$404 today, and it could go as high as \$720 by 2012, a T official said.

Bad timing

Many riders are buzzing with concern about the rising fares, Terrell said.

Some riders say TRE could make more money by doing a better job of enforcement -- making sure everyone on board has a ticket. Also, riders are concerned that fares are going up at precisely the wrong time -- while the economy is down and people need public transit the most -- and that some riders probably will go back to their cars.

Passengers also are upset that they're being asked to pay more money, with no service improvements to show for it, he said.

But, Terrell added: "There's also a fair amount of understanding here on what the transit agencies are going through."

Less service

In addition to raising fares, the T has recently cut back many bus routes to offset a \$1.9 million budget shortfall.

In Dallas, DART has tapped the brakes on its once-aggressive plans to build light-rail lines throughout the Dallas area, realizing that previous estimates were far too optimistic about how much sales tax money would be available for expansion in the coming years. They have also warned that layoffs and cuts in service are likely in the near future. DART collects a 1-cent sales tax from member cities.

Opponents of public transportation often point out that fares typically make up just a fraction of operating costs -- and considering that ticket proceeds only cover about 15 percent of TRE's expenses, they might say it's about time the riders pay more.

But that's not what these increases are about, an official said.

"You're not trying to recoup your costs. You're trying to keep your system running," DART spokesman Morgan Lyons said. "There's a limit to how much each of these pools of revenue can go. It's a reflection on the crummy regional economy."

In Fort Worth, the T collects a half-cent sales tax from member cities. T board members are drawing up a new long-term strategic plan, and officials said they don't expect the economic climate to slow down the agency's attempts to build new rail lines, including a proposed southwest

Fort Worth-to-Grapevine commuter rail service that could be partly open by 2013.

Fort Worth also has many undeveloped commercial areas on its southwest and north sides, so the prospects for sales tax growth are still solid.

A new era

The higher fares are really a signal that public transportation in Tarrant County is maturing, and that introductory fares which were kept artificially low to encourage ridership in the TRE's early years are no longer necessary, said T senior vice president Nancy Amos.

"When we first started the TRE, we weren't sure anybody would ride," Amos said.

TRE service began in Dallas and Irving in 1996, and was gradually extended into Northeast Tarrant County, arriving in downtown Fort Worth in 2001. The trains now carry an average of more than 9,600 riders per day.

"Now, the fares are going to be more consistent with what others are paying," she said.

Riders say they would welcome a more mature service that gives them more places to ride for their money.

Charlie Theis, who rides TRE each day, said he hears less criticism about the fares, and more about the lack of trains to places in North Texas.

"This is the worst mass transit system I have experienced in a major city, not in service but in coverage," he said.

05/07/10

Reason Foundation

By Robert Poole

The Future of Transportation Funding

Four performance-based principles to improve infrastructure funding

A common theme has emerged in discussions of reauthorizing the federal surface transportation program. Besides the much-discussed problem of insufficient infrastructure investment, we also face the serious problem of misdirected investment. This point was made eloquently by JayEtta Hecker of the Bipartisan Policy Center in recent testimony before the Senate EPW Committee (March 11, 2010). This has also been a key theme of the Policy & Revenue Commission (2007), the Mary Peters DOT report on reauthorization (2008), and a number of GAO reports.

In a nutshell, federal highway and transit funding is almost entirely formula-based, with little accountability for results (i.e., projects that actually achieve meaningful performance measures). Moreover, Congress earmarks increasingly large shares of both highway and transit funds for their pet projects, which often rank low on state and local priority lists. The solution put forward by all of the above is to replace some or all formula funding with (1) a performance-based approach, in which (2) mode-neutral funding is focused on (3) truly federal needs. That sounds great on paper, but my purpose here is to take a careful look at this formulation, to see if it would really address the problem.

Let's look first at the idea of a "performance-based" approach to funding. Despite the dreams of some planners, we are not going to have a national board of wise and disinterested transportation wizards who define a top-down national transportation infrastructure plan and hand out funds only for projects that score highest on some set of performance metrics. I say this after watching a number of developments over the last several years.

SAFETEA-LU created a discretionary grant program called "Projects of National and Regional Significance (PNRS)," which many viewed as a prototype for the performance-based approach. Every single project under PNRS was earmarked by Congress. And when the Mary Peters Department of Transportation created the Urban Partnership Agreement competition, using funding from a number of discretionary programs, outraged members of Congress from cities that did not win insisted on a Government Accountability Office (GAO) investigation and denounced the program in speech after speech.

More recently we have three examples from the Obama administration. The TIGER grants have been lauded by some as examples of "merit-based" selection. But if you look at the announced selection criteria, they are so vague and general that just about any kind of project could and did get selected—multi-modal goods movement, bike paths, streetcars, you name it. There was not a single quantitative transportation performance measure in TIGER. Then there is the Obama administration's policy change within the Federal Transit Administration (FTA), eliminating a previously required cost-effectiveness hurdle for New Starts funding. This was clearly aimed at permitting locally desired streetcar projects that have, if anything, a negative impact on traffic congestion, to qualify for FTA funding. And there is also the Administration's all-out support for large federal funding of high-speed rail projects based on no analysis, no outcome measures, and no benefit/cost requirements.

Examples like that make me very anxious about the idea of "mode-neutral funding"—the second plank in this reform agenda. In surface transportation, the only mode that currently generates net user-tax revenues is highways. So proposals for mode-neutral funding mean, in practice, that auto drivers and truckers will be tapped to pay for any number of projects that will not benefit them at all. Hecker was honest enough to acknowledge that this is a problem: "Adopting a mode-

neutral approach to new investments will remain extremely difficult in practice as long as most of the funding is coming from one mode.” But she went on to advocate doing so anyway.

This issue raises the question: Whose money is this? For the most part, state DOTs and governors consider the federal highway user tax revenues as theirs, to be returned to their states to help them meet their surface transportation needs. Highway users, understandably, consider these funds as held in trust for their benefit by the Highway Trust Fund. But over the last several decades, the executive and legislative branches of the federal government have come to regard these monies as their own, to dispense as they see fit. While almost everyone still gives lip service to the idea that users-pay/users-benefit is a sound principle for infrastructure funding, that principle is directly at odds with “mode-neutral” funding.

What about creating user taxes for the other modes? How about a 10% transit-user tax and a 10% high-speed rail user tax, with the proceeds used to fund the federal share of those projects? You only need to spend a few minutes playing with real numbers on capital and operating costs to appreciate that such taxes would be a drop in the bucket for those modes. On the other hand, for creating intermodal connections for goods movement (ports, rail, trucking), it would be quite feasible to implement new port and freight-rail user taxes, along with the additional truck user tax that industry is supporting (on condition that all revenues go for goods-movement infrastructure investments).

The third element of the reform agenda is one I support: refocusing the federal program on what is truly federal, rather than state or local. In a forthcoming Reason policy paper, I make the case that interstate commerce and international trade are truly federal purposes, justifying continued federal investment in the Interstate highway system and other national goods-movement infrastructure, on a users-pay/users-benefit basis. If intercity high-speed passenger rail made any kind of economic sense, it, too, would be an appropriate federal purpose. But state highways, local streets and roads, urban transit, sidewalks, bikeways, etc. are decidedly not federal. Yet those calling for sweeping reform have been unwilling to say this, just when we need exactly that kind of line-drawing.

So where does all this lead us? While spelling out a complete revamp of the federal program is beyond the scope of this column, here are several guidelines.

First, we must refocus and narrow the scope of the federal program to truly federal purposes. Second, we should strengthen—rather than undermining further—the very sound users-pay/users-benefit principle. Third, where federal funding does continue, we should insist that all such projects demonstrate a benefit/cost ratio of at least 1.5. And obviously, we should remove rather than increase federal obstacles to tolling, pricing, and public-private partnerships.

A new federal program based on those four principles would be performance-based in fact, not just in rhetoric.

Robert Poole is director of transportation at Reason Foundation. This column first appeared in [Public Works Financing](#).

05/07/10

Dallas Morning News Opinion Blog

By Mike Hashimoto

If transit saves us so much money, why don't more of us take advantage?

Why sites like newgeography.com are valuable: Instead of accepting uncritically a press release headline, it has writers like Wendell Cox to say, "Hold on, let's think about that."

The American Public Transportation Association this week put out its list of how much people living in the Top 20 public transit cities could save by ditching the personal vehicle and taking the train (or bus).

The Dallas headline: "You could save \$8,836 a year by giving up your car."

More, perhaps, in my case since it would be a pickup. Or not.

Here's what Cox has the good sense and solid logic to point out:

With savings such as these, a visitor from Mars to APTA's Fantasyland might expect that nearly all urban travel should logically be by transit rather than by cars. But, alas, no. Nothing could be further from the truth. In fact, cars, which APTA tells us cost nearly 10 times transit, account for more than 98% of motorized travel in US urban areas.

Profligate Americans? What could possibly explain this paradox? Surely, there is plenty of evidence that Americans would much rather spend less than more on products of equal value. This has been painfully evident to "legacy" airlines that have had to lower their prices to compete with discount carriers like Southwest Airlines. Traditional supermarkets have lost hoards of customers stores like Wal-Mart or Costco over amounts that pale by comparison to the savings that APTA would have us believe are so readily available by rejecting our "love affair" with the automobile.

Of course, the choice is not that simple. Americans no more have a love affair with the automobile than with flush toilets or refrigerators. The American (and Canadian, Australian, European and Asian) love affair is not with products, but rather with the better life style that the products make possible. People have refrigerators because they keep food fresh and prevent spoiling. Under certain circumstances, however, refrigerators are not practical, such as when one uses a cooler instead at a picnic. Transit is like that. It makes sense for some trips, but not a large share in the overall scheme of things.

From a personal point of view, I plan to ride DART's Green Line from Carrollton to downtown starting in December. Every day? Dunno. But some of the time, sure. I have a job that doesn't require me to leave the office too often, so once I'm here, I'm here.

I've tested train commuting via the TRE, which is pretty darn imperfect, since it doesn't stop closer to my home in Flower Mound than north Arlington. In miles and gas expended, that's roughly halfway to downtown Dallas.

The new light rail to Carrollton cuts that driving burden a good bit. Also, the Denton County authority says it will run trains from Denton to the north Carrollton DART stop, so, if I wanted to switch trains, I could cut off a little more by starting on a Denton County train, switching to a DART Green Line at Frankford.

The variables are these: Train cost (yes, even with the heavy government subsidy), extra time (no getting around that; it takes 20 or 30 minutes longer, door to door); and gasoline prices.

Gas prices? Yes. Because all things considered, gas has to cost enough to make it worth the hassle of driving to the train stop, trusting my truck won't get vandalized or stolen, being stuck at the office all day without a vehicle and reversing steps to get home, without the ability to veer off to run errands in either direction.

As Cox points out, however, there are times when transit makes more sense than driving. One is when parking on the destination end is a question mark. That's not an issue (yet) at the office, but going, say, to a hockey game at the AAC is. I'll usually drop \$15 or \$20 to park for a game, but train tickets for my lovely wife and me are \$10 on the TRE, as long it's not a Sunday game. When

the Green Line is running, I'd think it would be even less (and might even include Sunday service, perish the thought).

My pal Reader Mike (no relation) likes to complain that he's paying higher taxes so I can ride the train here and there, and he's right. Too bad. It's one of the few government subsidies I still qualify for.

So thanks for the train rides, Reader Mike. I promise not to go overboard and use them every day. Just when it makes fiscal sense.

05/07/10
CBS 11 / TXA 21
By Jay Gormley

TxDOT: No New Roads After 2012

DALLAS — For years, the Texas Department of Transportation says it has been running out of money. The agency, known as TxDOT, has been lobbying to raise the gas tax and to create more toll roads; two solutions that are not popular with most North Texans.

"Raising taxes on gas and tolls doesn't seem to be the right option. There has to be another plan they can come up with" says Addison resident Stacy Udoni.

Fellow Addison resident Christopher De Garza would go a step further. "I would not raise the gas tax or build more toll roads."

In the may edition of its progress report, TxDOT states it will no longer have money to build new highways after 2012. The agency says it will only have funds to maintain existing roads.

State transportation officials say the budget crunch has put two major projects in jeopardy; the widening of Interstate 35E from the LBJ Freeway to Denton, and the expansion of the downtown Dallas Mixmaster known as Project Pegasus.

TxDOT says much of its shortfall is because the gas tax has not been raised since 1991. "It's like trying to buy a house today with the dollars you made in 1991" says Cynthia Northrop white with TxDOT.

Texans pay 38.4 cents in taxes for every gallon of gas purchased. 18.4 cents covers federal taxes. The remaining 20 cents is for the state tax. A good chunk of that money goes to road construction.

"Obviously the recession is not helping matters, and we've got more fuel efficient cars so people are buying less gas" adds White.

But TxDOT has its share of critics. During her run for the governor's office, Senator Kay Bailey Hutchison blasted the agency for mismanaging funds and leaving taxpayers to hold the bag. "I put amendments on federal laws saying that you could not toll a federal highway and the biggest lobbyist against my amendment passing was TxDOT."

North Texas is one of the fastest growing areas in the country. TxDOT says the region alone will need \$98 Billion of road work over the next 30 years. And as of now, none of those projects are funded.

TxDOT admits raising the gas tax will not solve all of its funding problems. The agency is looking to state lawmakers and other local transportation agencies to help fill the gap.

05/07/10

Junior House Members Call for Changes to 2 Highway Formulas in SAFETEA-LU Extension

A group of 55 freshman and sophomore House Democrats wrote to their leadership Monday demanding action on legislation to "correct the inequitable distribution of funding for two highway programs" as established by a law enacted in March to extend the 2005 surface transportation authorization known as "SAFETEA-LU" through the end of December.

Representatives signing the letter want a Feb. 26 agreement among House Speaker Nancy Pelosi, D-California; House Transportation & Infrastructure Committee James Oberstar, D-Minnesota; and Senate Majority Leader Harry Reid, D-Nevada, enacted into law. The agreement deals with modifying funding distributions under the Projects of National & Regional Significance and the National Corridor Infrastructure Improvement programs that were established in the Hiring Incentives to Improve Employment Act that extended surface transportation funding until the end of this year.

The House of Representatives has twice passed bills that would enact the Pelosi/Oberstar/Reid agreement but the Senate has yet to act on that legislation due to objections from some Democratic senators. (see March 19 and March 26 AASHTO Journal stories)

"Since enactment of the HIRE Act, the House has passed legislation on two separate occasions correcting the distribution of these highway funds to ensure that every state receives an equitable share of PNRs and Corridor highway funding," the letter states. "As member of the freshmen and sophomore classes of the Democratic majority, we urge you to make every effort to ensure that the Senate honors the commitments that it made to the House."

In addition to Pelosi, the letter was sent to House Majority Leader Steny Hoyer, D-Maryland; House Majority Whip James Clyburn, D-South Carolina; and House Democratic Caucus Chairman John Larson of Connecticut.

The HIRE Act provides \$932 million in funding for the two programs at issue through Dec. 31. Letter signers want the formulas modified to redistribute the money to all 50 states.

"The HIRE Act distributes this funding among only the states that received Fiscal Year 2009 PNRs or Corridor program earmarks," the letter notes. "This distribution results in four states receiving 58% of the funding and 21 states receiving nothing. Such an inequitable distribution of highway funding is unacceptable to our states and districts."

The 55 representatives cite the urgency of quickly enacting changes to the two formulas since the summer peak highway construction season is only weeks away.

"Enacting the modification in the coming weeks is critical because these programs provide funding for Fiscal Year 2010 and states need these funds to appropriately plan their summer construction seasons and ensure that the funds are obligated prior to Oct. 1," according to the letter.

Oberstar spokesman Jim Berard said the chairman has no comment regarding the letter but he continues to seek the appropriate legislative vehicle to enact the changes he and the letter signers seek.

Dedicated Revenue Source Needed for Rail, Brown Declares at Florida Hearing

Congress must identify a specific source of money to fund future high-speed-rail lines, the chairwoman of the House railroads subcommittee said Monday during a field hearing in Miami.

"I always assure everyone that the \$8 billion in the recovery act was just a down payment and that there will be more planning and construction dollars coming in the near future," said Rep. Corrine Brown, D-Florida. "We need to find a dedicated revenue source so that states, operators, and manufacturers aren't afraid to make investments in infrastructure and manpower."

Brown said the importance of high-speed rail to America's future prosperity can't be overstated.

"Once we have the first two to three lines up and running, the benefits of high-speed and intercity passenger rail investment will become evident both to the American people and to policymakers in Washington," she said. "These initial rail lines will then serve as a successful model and inspire the funding and construction of future projects."

As chairwoman of the House Railroads, Pipelines, & Hazardous Materials Subcommittee, Brown said her goal is to have high-speed, intercity, and commuter rail lines nationwide "to serve as an alternative to our current systems of transportation."

Congress approved the first-ever appropriation for high-speed rail last year in the American Recovery & Reinvestment Act. Florida received \$1.25 billion of the recovery grant pool this February to put toward construction of a high-speed line connecting Tampa and Orlando. Florida had sought \$2.5 billion for construction of the first segment during the initial round of grant applications.

Applicants across the nation submitted \$57 billion of projects for the \$8 billion pot of rail money provided by last year's recovery act.

"The traveling public wants more transportation alternatives," said House Transportation & Infrastructure Committee Chairman James Oberstar, D-Minnesota. "The overwhelming interest from the states in receiving recovery act grants for development of high-speed or intercity passenger rail is proof of the public's desire for a strong national passenger rail system."

Florida Transportation Secretary Stephanie Kopelousos said she intends to seek additional funding for the 84-mile Tampa-to-Orlando corridor as well as for an eventual extension of the line from Orlando to Miami.

"We are preparing two applications to get more money for the Tampa/Orlando phase and Miami/Orlando," she told The Miami Herald.

Congress has appropriated an additional \$2.5 billion for FRA's grant program during this fiscal year. President Barack Obama's Fiscal Year 2011 budget request includes another \$1 billion for the rail program.

The state will also seek federal grants to advance a plan to resume passenger rail service from Jacksonville to Miami along the Florida East Coast Railway, she said. Amtrak ran a special test train between those two cities Saturday to examine the corridor's potential for future passenger service.

Oberstar complimented the Sunshine State's rail ambitions.

"The plan that Florida has laid out makes sense for the state," he said. "Florida could be a template for the nation."

Senate Panel Scrutinizes Future of Train Service in America

The top Republican on the Senate transportation appropriations subcommittee called on FRA, Amtrak, and the U.S. Department of Transportation to provide a detailed outline of rail transportation's future in the United States.

Sen. Kit Bond, R-Missouri and ranking minority member of the subcommittee, raised concerns about management and financing for rail programs.

"When it comes to rail, no one has a complete picture of what we are going to build, a map of the plan, how we are going to pay for it, or how much it will cost us," he said. "With a \$12 trillion and growing deficit, we can't just throw funds at projects willy-nilly."

Bond discussed a National Rail Plan to be presented to the subcommittee this September. He expressed hope that the plan will address those questions. Bond also emphasized that this plan should highlight those corridors that the Obama administration has identified as high-speed-rail investment priorities, the cost estimates for those routes, and benchmarks to better assess how improvements to existing rail networks will benefit the public. In addition, Bond asked that Amtrak's capital needs and fleet requirements be included in the plan.

President Barack Obama's budget requests for the Federal Railroad Administration and Amtrak were reviewed during the Senate transportation appropriations subcommittee hearing, which took place last week.

Subcommittee Chairwoman Patty Murray, D-Washington state, stressed to leaders of FRA and Amtrak that they need to administer their programs and manage their funding effectively and responsibly.

"Both organizations face significant challenges in the years ahead," she said, "but we can't afford to waste taxpayer dollars or squander this unique opportunity to make our railroads work better for commuters, businesses, and communities across the country."

Federal Railroad Administrator Joseph Szabo reviewed his agency's efforts to make rail transportation systems more secure and efficient.

"We have continued to enhance the safety of our citizens who live along and use the nation's freight- and passenger-rail systems, while designing the policies, programs, and infrastructure necessary to advance the vision and investment of high-speed passenger rail across our country," he said.

Joseph Boardman, Amtrak's president and CEO, stressed the urgent need to replace an aging fleet. Amtrak, which could compete directly with private operators under the Obama administration's high-speed-rail plan, is seeking \$2.5 billion for Fiscal Year 2011. That amount includes \$446 million to buy new rail cars and locomotives.

"If we continue to delay, we risk a significant worsening of the mechanical problems and failures that degrade our service quality and increase the already considerable maintenance expenses associated with the maintenance and repair of a fleet far past its prime," he said.

Theodore Alves, Amtrak's inspector general, reinforced a need for the long-distance passenger railroad to be well-positioned for future challenges.

"Amtrak can still be the provider of choice in this competitive environment, but only if it is perceived as an efficient organization that provides quality and cost-effective service," Alves said.

Witness statements and a video of this hearing are available at tinyurl.com/THUDRAAS-hearings.

5/06/10

Fort Worth Star Telegram

By Gordon Dickson

Bad roads cost Texas drivers \$336 a year in repairs

Potholes, crumbling pavement and other byproducts of poorly maintained roads are costing Texas car owners an average of \$336 a year in unnecessary repairs, according to a report released Thursday.

"As road conditions deteriorate, drivers incur greater and greater costs every time they get behind the wheel," says the report, titled Road Work Ahead by the Texas Public Interest Research Group.

"As the amount of road decay, potholes, bumps, clogged drainage systems, and damaged bridges increases, so too do the number of accidents, the amount of money spent on car maintenance and the number of hours consumed by driving."

The report by the organization, a nonprofit consumer group, concludes that elected officials and state policymakers have their priorities mixed up. Instead of spending more of their highway dollars keeping existing roads and bridges in good working order, they continue to focus on building new roads.

"It's like adding a guest room on your home when the roof is leaking," advocate Melissa Cubria said.

Middle of the road

Despite the grim tone of the report, Texas ranked in the middle among states -- 24th -- in terms of the cost of car repairs. About 7 percent of Texas roads are in poor or mediocre condition, and Texans' average \$336 a year car repair bill is nearly identical to the national average of \$335, the report states.

The worst states included New Jersey, where car owners paid an average \$596 in additional car repairs because of road conditions, and California, where they paid \$590.

San Antonio, where the average car repair was \$590, was the only Texas metro area among the nation's worst 20.

The Texas Department of Transportation's own data shows that in 2009 the agency spent about half its budget on new roads, and half on maintenance of existing roads -- \$3.4 billion versus \$3 billion, respectively.

Political pressure

Transportation officials are under pressure from state lawmakers to keep building roads to try to meet the needs of a population that continues to grow despite the economic downturn. Elected leaders oppose diverting all highway funds to maintenance.

"The Legislature said, you've got to find a supportable balance" of new road work and maintenance, said Steven Polunsky, staff director of the state's Senate Transportation and Homeland Security Committee

Meanwhile, Texas' pavement scores continue to get worse. The state regularly grades the quality of its road surfaces on a scale of 1 to 100, and scores have steadily dropped during the past four years. In 2005, 87.3 percent of roadways were in good or better condition, but today the rating has dropped to 85.9 percent.

State officials hope the percentage of highways in good or better condition will jump to 87.2 percent during the coming year because of a one-time infusion of federal stimulus funding for road maintenance.

And the funding problem promises to get worse. Gas tax revenue, the primary source of highway funding, is on the decline as motorists cut back their driving habits and pick more fuel-efficient cars.

Unless new revenue sources are found, Texas will be out of money to build new roads by 2012, Transportation Department spokesman Christopher Lippincott said.

Then the state will have little choice, Lippincott said, but to spend its budget on maintenance.

05/06/10

Fort Worth Star-Telegram

By Gordon Dickson

Top Texas official warns that building high-speed rail is a marathon, not a sprint

Building a high-speed-rail network in Texas will be a long process, and those who wish to someday zoom across the state in rail cars traveling 150 to 220 mph should not expect instant success, the state's top rail official warned.

Rail supporters have expressed excitement in recent weeks that Texas -- which was all but passed over this year when the Obama administration pledged \$8 billion for high-speed-rail development -- is finally getting serious in its efforts to connect cities by rail and perhaps qualify for the next round of funds.

But Bill Glavin, appointed late last year as the Texas Department of Transportation's first rail director, told the Tarrant Regional Mobility Coalition on Wednesday that years of careful planning lie ahead.

"The plan we produce this fall will not have lines on a map. We're not there yet," Glavin said. "We will have a list of potential improvements, public and private, freight and passenger rail, and we can begin to lay out the costs and the expected revenues."

This summer, Glavin's rail division plans to hold meetings across Texas to talk with residents about the prospects of connecting Dallas-Fort Worth to places such as San Antonio, Oklahoma City and Houston by the next generation of passenger rail.

Information from those meetings -- dates have not been announced -- will be used to create Texas' first official rail plan, a document that advocates say will dramatically help the state qualify for federal high-speed-rail funding.

Glavin cautioned the coalition that the first edition of the plan will talk about high-speed-rail corridors only in the broadest sense and will not even identify which rail lines may be used.

The state's initial effort will focus on developing a few corridors identified by the Texas Transportation Institute at Texas A&M University as candidates for high-speed rail:

The Interstate 35 corridor, including Fort Worth and connecting Oklahoma City and San Antonio.

Dallas-Fort Worth to Houston, with potential extensions to Marshall, Little Rock and Shreveport.

The Austin-Houston corridor, roughly along U.S. 290.

About \$50 million in federal funds is available for states to study high-speed-rail corridors, and Texas is working with neighboring states to qualify for those funds, Glavin said.

Officials from Tarrant, Dallas and other counties are already debating the best places in the region for a high-speed-rail connection.

Opinions vary about whether it's better to connect the downtowns of Fort Worth and Dallas or to bring the trains to a more centralized location such as Dallas/Fort Worth Airport. From there, riders could catch local commuter rail or some other form of public transit to their destination.

North Richland Hills Mayor Oscar Trevino noted that Glavin repeatedly referred to the North Texas region as "Dallas" when talking about high-speed-rail corridors.

"We'd be happy if you called it Dallas-Fort Worth," Trevino said.

Glavin, who has lived in Southlake for years, apologized and explained that he had gotten in the habit of calling the region "Dallas" as shorthand.

05/06/10

Dallas Morning News Transportation Blog

By Rodger Jones

Do Austin, Houston transit messages affect North Texas? Of course.

The PR nightmare out of the urban transit agencies will give state lawmakers an extra reason to reject new proposals for developing rail.

Austin's Capital Metro started long-anticipated commuter rail service in March, but [ridership looks anemic](#) -- about 1,000 a day. It's a weird brand of rail service, with [rush-hour-only schedules](#) during the week and nothing on weekends. I don't know how you build ridership with that.

A bigger deal for Capital Metro is fallout from a [scathing report to the Legislature](#) last week and a reputation of being a [free-spending agency that welshes](#) on deals.

In Houston, meanwhile, the [transit agency Metro is facing potential loss](#) of huge federal money because of the suspicion of misleading information involved in grant applications. And Metro's [chief may be out the door](#) this week.

So why do these meltdowns matter to North Texas? State politics.

Nearly every urban legislative delegation banded together in Austin last year to try to get a local-option funding bill through the Legislature for transportation. It would have helped build urban roads and rail projects. The plan called for a pool of transportation money from a menu of tax options put before voters.

Strong themes running through arguments for the bill were: 1) highway construction alone can't solve traffic congestion, 2) rail transit must be in the mix, 3) since rail can't be built from today's gas-tax fund, new sources of revenue must be created.

I believe those are all sound arguments, but it's going to be hell re-stating them next year to a Legislature that has seen the headlines of crummy management in urban transit systems.

With the economic nosedive, declining sales tax collections are forcing deep budget cuts that will mean loss of jobs, reduced service and canceled projects.

It's a bittersweet period for DART, since full Green Line service will begin later this year, adding to what the agency touts as the biggest light rail expansion in North America.

Last year, as lawmakers were deep-sixing the local option bill, opponents were wary of letting big-city transit agencies get their hands on more tax money.

Those misgivings will be amplified many times over next year, I predict, if a transportation tax bill begins to make headway.

You can hear it now: "Why would you trust those scoundrels with more of your hard-earned dollars?"

In the absence of more money for rail construction, DART may never be able to build new rail lines or extend service downtown or in West Dallas, Oak Cliff and southeast Dallas. The east-west Cotton Belt may never get built from Plano, across North Dallas and into downtown Fort Worth. McKinney, Allen and Frisco may never attract service.

Some critics say that DART shouldn't have built everything that's on the ground or under construction now. They say rail reaches too few people for the money involved.

The arguments are compelling on both sides. But the one argument that may win the day next year may be the simple question from opponents: "Haven't you seen the headlines?"

05/06/10

Dallas Morning News Transportation Blog

By Michael Lindenberger

LaHood: President still opposed to gas tax increase

In a speech in Houston Wednesday, Transportation Secretary Ray LaHood said Congress and the White House are largely in sync about what ought to be in the next big transportation reauthorization bill.

"There is great agreement between the DOT and the Congress about what should be in the bill," LaHood said. "The dilemma is finding \$500 billion to make it happen."

So I asked him afterward, what are the ideas being kicked around to find that money?

"There are lots of ideas. The president proposed an infrastructure fund, that's a \$4 billion initiative. We still have the highway trust fund, even though we know that it's insufficient. And there are going to be some PPP's."

What about a gas tax increase?

"The President has consistently opposed raising the gas tax," he said.

So what will the authorization bill look like? Here's what he said in his speech:

"Having gone through this process, we've committed to a new recipe of legislative ingredients. It consists of: Ingredients that improve safety and reduce injuries and fatalities; ingredients that keep our communities economically competitive and affordable; ingredients that maintain the reliability, capacity, and efficiency of our entire transportation network; ingredients that give people more than one choice about how to get from one place to another - so kids can walk or bike to school and veterans or seniors can get to a doctor's appointment if they can't drive; ingredients that reduce America's reliance on oil and greenhouse gas emissions.

Blended together, this mix will help ensure that a student in Houston can go from a neighborhood with safe streets to a school that prepares her to collaborate and compete in the global economy. It will help ensure that student's parents go from an affordable home to a job that pays the bills.

Now, we need to figure out how to pay for it."

05/06/10

Fort Worth Star Telegram

Editorial

Time for the T in Forest Hill?

Based on news headlines only, the city of Forest Hill often appears to be headed backward, plagued by constant infighting over budgets, disagreements about management styles and just petty politics in general.

This Fort Worth suburb of 13,000 has had three City Council recall elections in five years -- with a fourth one possible this year -- and has hired three city managers in the last six years.

With that much distraction, it is a wonder leaders get anything accomplished at all.

But this week city officials took initial steps that could have Forest Hill and its residents moving forward, literally, with the help of the Fort Worth Transportation Authority, commonly known as the T.

Representatives from the T met with council members Tuesday night in an attempt to learn what the city desires in public transportation and how the authority might help meet those needs.

Mayor James Gosey has suggested that the city's quarter-cent sales tax now reserved for street maintenance could be reallocated to fund public transportation. The quarter-cent tax is half of what full partners Fort Worth, Richland Hills and Blue Mound pay to the T for bus and light rail services and transportation for the disabled.

But the authority has been willing to provide a scaled-down service for smaller communities for less payment. Grapevine, for example, has contracted for a commuter rail line that will connect it to downtown and southwest Fort Worth that will be paid for by a voter-approved three-eighths-cent sales tax. That line could be operational by 2013.

The Forest Hill proposal is still in the idea stage, but a T spokesperson said the authority is willing to work with the city to see what can be accomplished. Obviously the plan would depend on how much money the quarter-cent sales tax would generate and, of course, would have to be approved by the T's board and Forest Hill voters.

New City Manager Sheyi I. Ipaye said the quarter-cent tax was approved in 2007, and in the last half of that year it generated \$141,500. It raised \$289,000 in 2008; \$282,000 in 2009 and \$149,000 through April of this year, on course to top \$300,000.

Should the city reallocate the tax for transportation, Ipaye said it would pay for street maintenance -- a longtime issue in Forest Hill -- with additional income budgeted from the general fund, assistance from the county and the street repair fee from the T whereby the authority reimburses a city up to 15 percent of the funds it raises through the dedicated sales tax.

To more keenly address transportation problems in the area, North Texas needs a regional transportation system with a mechanism to pay for it.

But until that happens, it will be necessary for forward-thinking communities to either create their own public systems or, more wisely, to partner with an established transportation authority with a track record.

That is what Forest Hill is thinking about doing even as one city, Richland Hills, is regrettably considering pulling out of the system, as Lake Worth did in 2003.

Ipaye says he will spend the summer educating city leaders and the community about the proposal, which he expects to be on the November ballot. Saying it would be a "win-win" for the T and Forest Hill residents, the city manager is confident such a proposition will pass.

He said he has assurances from the T that public transit service could be started in the city 90 days after voters approve the plan.

On its website, Forest Hill calls itself "a city on the move."

With this visionary idea, it appears the description is accurate. And at least on this issue the city is moving in the right direction.

05/05/10

The Journal of Commerce

By William B Cassidy

Highway Bill Delay Seen Stretching into 2011

New multi-year bill may not pass until spring, Rep. Mica warns

It may be 2011 before Congress passes a surface transportation bill, says Rep. John Mica, R-Fla., ranking Republican on the House Transportation and Infrastructure Committee.

"I think we're looking at spring, though I haven't given up" on December, Mica told transportation attorneys at Eckert Seamans Cherin & Mellott yesterday.

Debate over how to fund a bill that is likely to cost \$500 billion has stalled progress on legislation in the House and Senate as both parties in Congress and the White House wrestle over the direction of federal transportation policy. An agreement is seen as unlikely before the November election.

The chances that Congress will pass a Federal Aviation Administration reauthorization bill this year are "50/50," Mica said. When an FAA bill does pass, "The FedEx provision" changing that company's status under labor law "will not be in a final bill," he said.

"We need the funding in place to keep aviation moving forward," Mica said. "We need a comprehensive plan" for aviation, he said, that includes high-speed passenger rail connections at U.S. airports.

05/05/10

Fort Worth Weekly

By Dan McGraw

Fort Worth Misplaces its Streetcar Money.

Fort Worth is playing fast and loose with its transit future.

Two years ago, Fort Worth Mayor Mike Moncrief, along with city council members and dozens of business leaders, traveled to the Pacific Northwest to look at modern streetcar systems in Tacoma, Portland, and Vancouver. They were impressed by the accessibility of the systems, connectivity of the lines, and nearby economic development.

It seemed that the time was right to build such a system here, initially to link downtown with the near south and west sides of town. Business leaders were on board, and surveys showed widespread popular support.

More recently, however, members of council seem to have changed their tune. Twice in recent months, according to sources, some council members have worked behind the scenes to divert federal grant money specified for streetcars to other transportation projects.

Last fall, the [North Central Texas Council of Governments](#) obtained a \$1.6 million federal grant to hire an engineering firm for a Fort Worth streetcar study, looking at things like routes and funding options.

But at a council meeting last month, some members tried to get that money switched over to a study of the [Tower 55](#) problem on downtown's southeast edge, where slow-moving freight trains are causing a major transportation snarl.

When officials of the North Central Texas Council of Governments told city officials the money couldn't be switched wholesale, the council still cut the funding for the streetcar study in half and told the engineering firm to reduce its scope.

In February, Fort Worth officials learned that an earlier attempt to divert funds from streetcars to other projects had backfired. Fort Worth and Dallas had collaborated on an application for a [Transportation Investment Generating Economic Recovery](#) (TIGER) federal grant last fall to fund streetcar systems in both cities. But included in Fort Worth's portion of the application was a request for \$17 million for two bridges in the Trinity River Vision project — which had nothing to do with the proposed streetcar project. Federal officials approved the requested money for Dallas but denied Fort Worth's request, in part because of the bridges item.

Part of the council's attempts to change direction of federal funds and Fort Worth's transit future may be due to intense lobbying by other interest groups. Rail companies like [Burlington Northern Santa Fe](#) and [Union Pacific](#) want to get Tower 55 fixed. Citizen groups — especially in north Fort Worth — want the bottleneck on I-35W cleaned up. And some advocates of a commuter rail expansion think the streetcars might compete with it for federal dollars.

"We have gotten behind on the road projects that voters approved in the 2004 bond vote," said council member Danny Scarth. "We don't want to put streetcars ahead of that." Scarth said the projects are behind schedule because of a lack of state transportation funding.

As far as using only half of the federal grant money for the streetcar study at this time, Scarth said, "If we decide to proceed after the first part of the study is done, the rest of the grant money will still be there for us."

But the cuts also mean the city has pushed back completion of the study by six months to a year. And some city hall observers — and streetcar supporters — believe that delay may threaten future funding for the system by causing federal officials to question the city's commitment to the project.

"There is greater and greater competition among cities to get these transportation funds, and the feds will be likely to only fund those projects where the cities have committed local funding and have full support," said Michael Hennig, president of Civtech Solutions, a local consulting firm that works with governments to obtain federal grants.

"In all honesty, I think what we are seeing in Fort Worth is [an attempt] to reframe the debate, meaning the city's leadership is essentially saying we can do one thing or another but not both," Hennig said. "But as fast as Fort Worth is growing, it is beyond the state of [choosing just] one thing or another. [The streetcar] project is very important for the city, with benefit to the urban village program" and to economic development.

In the study's first phase, Omaha-based [HDR Engineering Inc.](#) will identify the best routes and economic impact analysis. Phase two will recommend a plan to fund the project. If council

decides to proceed, phase three would study preliminary engineering plans and environmental assessments.

Council member Jungus Jordan said approving only part of the study now is a smart move because “the engineering portion of the study makes the assumption that streetcars are the solution to the transportation problems we have.

“But we don’t have gridlock in and around downtown Fort Worth,” Jordan said. “Our first priority should be to alleviate the traffic congestion on I-35W north of town. One of the ways to do that will be the southwest-to-northeast [commuter rail line](#). We have to find ways to get people to their jobs with an alternative to concrete roads. I don’t think streetcars do much of that.”

The commuter rail line from southwest Fort Worth to Dallas/Fort Worth International Airport is expected to cost \$500 million. Rerouting freight trains in trenches through the Tower 55 rail yard is expected to cost \$600 million. Jordan said that project will help free up tracks for the commuter rail line.

While the commuter rail and Tower 55 projects are expected to be mostly federally funded, the streetcar lines would be paid for largely with local tax money. Still, Jordan said, “If we are seeking federal funds, we need to set our priorities.” He said the council realized the limitations on federal funding for local transportation projects earlier this year when he went to Washington to lobby for the Tower 55 projects and the city came away with no federal commitment.

A modern streetcar system has great support among real estate developers, especially those in the Hospital and Cultural districts, which could get some of the first routes. But public support is also there. In a 2009 survey done for the city, 48 percent of the citizenry was “very supportive” of implementing a streetcar system, with 25 percent “somewhat supportive.” Only eight percent indicated they were “not supportive.”

This year, in his state of the city address, Moncrief emphasized the need for more mass transit options. “Commuter rail, streetcars, and other alternative modes of transportation also remain a priority for me and this city council,” he said. “Unfortunately, Fort Worth and other major metropolitan areas are finding out the hard way what a mistake it was to design and build cities around automobiles years ago.”

Streetcar supporters are regrouping and trying to make the issues clear to local residents. “There is a lot of misinformation out there on streetcars right now,” said Southside developer Fran McCarthy, who has served on both streetcar study panels and chairs the council-appointed Central City Redevelopment Committee.

McCarthy said the central city committee is going to add more information to an influential white paper on streetcars that it published several years ago and reissue it to political and business leaders. A [Facebook page](#) for streetcar supporters has also been established and now has more than 900 “friends.”

“After that West Coast trip, everyone was on board, and I’m not sure what has happened since then,” McCarthy said. “They are holding streetcars to a much higher standard, and we have done so many more studies on streetcars than they have for commuter rail.

“They say [the streetcar system] doesn’t pay for itself from the fare box, but neither does any mass transit system, including commuter rail,” the developer said. But studies show that modern streetcar systems go far beyond paying for themselves in the long run “because of the economic development and increased tax revenue associated with them,” he said.

Hennig agrees. “There are many mass transit options in the toolbox, and streetcar lines are a part of that,” he said. “It is not a fancy toy for rich people to use. It is an efficient way to move people

around in urban areas. Fort Worth needs to solve some of its transportation problems, and road construction and commuter rail are part of that. But so are modern, urban streetcars.”

05/04/10

Dallas Morning News Transp. Blog

By Michael Lindenberger

Top U.S. transit official: Fewer private firms willing to invest in private rail ventures like the Cotton Belt

The nation's top transit official said Tuesday that North Texas faces some tough odds as it hopes to fast-track the Cotton Belt rail line by lifting a page out of Gov. Rick Perry's private toll road playbook.

Next week, the Regional Transportation Council will likely vote on a plan that would give it authority to negotiate a long-term financing deal with private firms who would pay for the construction of the Cotton Belt, a move that if successful could see service open on the first privately financed passenger rail line in Texas by 2014.

But the appetite for such ventures among private firms has soured of late, said Federal Transit Administrator Peter M. Rogoff this morning, in an interview with me just after he participated in a round-table of top federal transportation officials.

"FTA has had a mixed experience with public-private partnerships," Rogoff said. "And that has been really colored by the downturn of the economy. We had a lot of firms interested in partnering with the FTA to deploy these project, but a great many of them have left the building as the capital needed to put into these projects went away."

Rogoff knows federal policy -- and especially the ins and outs of funding those policies. He took over the Federal Transit Administration a year ago after serving 14 years as Democratic staff director for the transportation subcommittee on the Senate appropriations committee. Read to the jump for more of his thoughts on private rail lines.

Yesterday, we reported that TxDOT has said again that it's going to be out of money for new road projects by 2012.

The federal government, whose highway trust fund is only solvent because it's been bailed out by general revenue funds repeatedly, is in about the same shape. A long-promised and past-due plan to overhaul federal transportation policy has been held up in Washington, a top DOT official said this morning, because "there is no consensus on how to pay for it."

That's why FTA likes the idea of private firms helping to build passenger rail lines.

That's the same reason Perry's folks cite for wanting privately financed toll roads in Texas. "We are still very interested in joining with the private sector to deploy these projects," Rogoff said. "It's important obviously because we are having trouble trying to finance the federal program -- that is one of the things that has delayed the reauthorization (of the federal transportation legislation).

But Rogoff made an important caveat: Private partnerships come in all kinds of shapes and sizes. Just as with toll roads, a lot depends on the details of the contracts. The problem, of course, is that the contracts that do the best job of protecting the public interests tend to spur smaller interest from the private sector.

"That said, we are particularly interested in in public-private partnerships where there is real risk transferred to the private sector," Rogoff said. "In some of the public-private partnerships we have seen the private entity wants to take on little to no risk and take something off the top, when the public sector and the transit agencies still bear vast majority of risk of cost overruns or the risk of

ridership not materializing as envisioned. So we are in favor of public-private partnerships, but we want to make sure that they are real partnerships."

Texas and other states have had to learn this the hard way. Earlier versions of private toll road deals included terms that most lawmakers no longer find acceptable, including poorly worded buy-back provisions, no-compete clauses and more.

Rogoff said transit agencies will need to structure their deals carefully -- and somehow still make them attractive to private firms.

"It can be made to work," he said. "It depends. Some people have talked about doing variable fares, just as toll roads have sometimes talked about variable tolls. It's a matter of just how you draw the parameters going in. Some of these PPPs that have been shown to be feasible, you have to have hard guarantees as to frequency of service and reliability of service and have to be able to really not just finance the project, but also require (the private firm) to operate the project for a real period of time.

"Then you need to hold that partnership accountable for delivering that extended service and for keeping fares in the range that is tolerable to the public. But where there is little to no private risk, we don't necessarily see the value the private partner brings to the game."

The way the public sector holds the private sector "accountable" is through careful drafting of hugely complex contracts -- and the private sector tends to price every element according to how much risk it is acceptable. The more risk, the more profit it expects -- and, often, the less it's willing to invest.

So one question to think about as the RTC moves forward: Does it have the financial and legal heft necessary to negotiate with the big firms likely to come knocking at their door once it and DART hang the open-for-business sign at the door? TxDOT and other states found themselves significantly out-gunned by Wall Street types in the early years, though they've ramped up their skill sets since then.

RTC, on the other hand, is joining the legal and financial arms race late, and will have to learn fast.

05/04/10

The Journal of Commerce

By John D Boyd

DOT Plan Would Reshape Freight Planning

Long-term vision targets multi-state spending, carbon reductions

A proposed long-term vision to guide the Department of Transportation would focus on major freight system corridors, curb carbon use by freight operations and use more multi-jurisdiction planning instead of letting states decide how to spend much of the federal money budgeted for them.

Those are elements of what Transportation Secretary Ray LaHood called "a new strategic plan that returns the focus of transportation decisions to the people who use the transportation systems and their communities."

As LaHood and other DOT officials have indicated in recent months, the "Transportation for a New Generation" concept would shift more freight out of trucking and onto railroads, build community "livability" concepts into freight facility planning and put greenhouse gas considerations firmly into freight funding and regulatory strategies.

The department offered its draft plan for public comment starting May 4. But the DOT made clear that over the next five years it wants to implement a new results-driven set of programs.

It said the nation's approach since the 21st century began has been that "policies and individual investment decisions for highways, public transit, railroads, seaports, inland waterways and airports often lacked an outcome-driven approach and at times conflicted with each other and with important national priorities."

The plan hints at what could be new ways to allocate money out of large federal accounts such as the Highway Trust Fund. Now, it said, states and local highway agencies decide where to spend federal-aid funding and they "select projects that may or may not address pavement quality and bridge condition."

It suggests that "if the federal government focuses its funding on federal interest areas, the states would be in a better position to maintain "their" transportation assets using state dollars."

And the DOT said its freight strategy will target "the multi-modal freight corridors that connect major population centers, global gateways and other major freight generators."

The DOT says it will also use passenger rail investments to support freight rail infrastructure, and it aims to "strategically expand the marine highway system" so it can carry more containers and will develop an anti-rollover standard for heavy trucks.

The program is chock full of new ways to measure system needs and then to link that data to funding and regulatory actions, from clocking the use of freight corridors to a standard for truck stability to prevent rollovers of heavy trucks. It plans to inventory all existing port acreage and berthing spaces to guide investments so ports can prepare for growth in ocean trade.

05/03/10

NationalJournal.com

By [Lisa Caruso](#)

How Should We Prioritize Highway Spending?

On April 26, the organization representing state transportation officials released the first in a series of reports calling for increasing the nation's capacity in transit, rail and particularly highways. Two days later, a leading consumer watchdog group unveiled a report urging federal and state governments to strongly emphasize preserving the current interstate highway and bridge system rather than expanding it.

["Unlocking Gridlock,"](#) released by the American Association of State Highway and Transportation Officials, focuses on relieving urban congestion. While AASHTO advocates maintaining and improving the performance of the current transportation system, shifting car trips to other modes and shifting freight from trucks to rail, it says that adding new highways "will be a principal part of what is needed" to relieve congestion and foster economic growth.

When it comes to highways, the U.S. Public Interest Research Group reaches a different conclusion in its report ["Road Work Ahead: Holding Government Accountable for Fixing America's Crumbling Roads and Bridges."](#) U.S. PIRG believes "we must adopt strong 'fix it first' rules that give priority to maintenance of our existing roads and bridges, set national goals for the condition of our transportation system, and hold state governments accountable for achieving results."

How would you set priorities for highway spending? What criteria would you use? How can federal policy better encourage states to keep existing roads and bridges in good repair? How can it give them better tools to address their urban mobility and congestion problems?

B/C Analysis: the Missing Ingredient

By [Bob Poole](#), Director of Transportation Studies, Reason Foundation

Both the PIRG and the AASHTO reports are flawed, in that neither calls for highway investment policies that require a decent return on the investment.

PIRG correctly notes that elected officials have a bias toward cutting ribbons rather than ensuring proper highway maintenance. And AASHTO correctly points to ample research demonstrating the large need for adding capacity in both urban areas (for congestion relief) and on long-distance Interstates (for goods movement). But both exaggerate their cases.

PIRG's proposal to do no capacity expansion until every last mile of road in the country is brought up to first-class standards would waste huge sums on roads with very little traffic. But AASHTO's uncritical endorsement of more than doubling total annual highway investment to \$175 billion makes the same mistake. That number does come from the excellent 2008 Conditions & Performance Report from the US DOT—but that's only one of several dozen scenarios in the report. It's what we might call the DOT's "unconstrained" scenario. We can get a more credible investment approach by reviewing the report's other scenarios.

The C&P report provides two approaches to prioritizing highway investment. One is to use a benefit/cost screen, allocating investment dollars only to projects that exceed some B/C threshold value. Its "unconstrained" scenario uses $B/C = 1.0$, a standard far below a reasonable return on an infrastructure investment—especially when resources are limited. Reviewing the same data with a B/C screen of 1.2 yields a highway investment target of \$157 billion, while B/C of 1.5 puts the annual target at \$137 billion. That's still a large increase from the current \$79 billion, but is a far more defensible investment goal.

The other prioritization approach in the C&P report is congestion pricing—assumed to be applied immediately to all congested highway segments nationwide. While that is totally unrealistic, if it were do-able, it would further reduce the required annual investments. Pricing and a 1.0 B/C screen yields \$122 billion per year; B/C of 1.2 with pricing cuts that to \$117 billion, while the 1.5 screen reduces it further to \$102 billion. While we aren't going to price all lanes on all congested highways anytime soon, those numbers should give us the bottom range of sensible highway investment.

For purposes of the current reauthorization, I'd opt for the no-pricing approach with B/C of 1.5, which gives us the \$137 billion/year highway investment target. The DOT's modeling suggests that 52% of this should be system rehabilitation, 38% of it on system expansion, and the balance for safety and other enhancements.

My point here is that serious modeling of this sort gives us a way to go beyond PIRG's ideological anti-highway posturing—and AASHTO's state DOT wish lists. A nation that by all realistic forecasts will still be using highways for 90 to 95% of all personal travel 25 years from now and will still be using trucks for 80 to 90% (by value) of all domestic goods movement has no realistic option but to invest in both highway rehabilitation and highway expansion. But AASHTO would be more credible if it started applying realistic benefit/cost screens to prioritize both kinds of investment.

05/03/10
SupplyChainBrain
Robert J. Bowman

High-Speed Rail Is Great, But What About Freight?

If you've ever ridden the [TGV](#) between Paris and Lyon, you know what a pleasure it can be to zip along the rails at speeds of up to 200 miles per hour, more quickly and a lot less stressfully than traveling by air or passenger car. And you might have thought: wouldn't it be great to have

something like this in the U.S.?

There's been talk of high-speed rail in this country for years, but real progress has been stymied by a lack of political will and the massive price tag. Now, the concept might be inching toward reality. Early this year, President Obama announced [\\$8bn in federal grants](#) to launch a [High Speed Intercity Passenger Rail Program](#). The plan calls for construction of a number of high-speed corridors between major city pairs, including Tampa/Orlando and San Francisco/Los Angeles, in addition to upgrading some existing passenger services. The money, part of federal stimulus funds under [the American Recovery and Reinvestment Act of 2009](#), is little more than a "down payment" on the actual cost of building a modernized rail system. (The [Federal Railroad Administration](#) has said it received requests for nearly \$57bn in funding from 37 states and the District of Columbia.) But it's a good beginning, and it bodes well for a venture that could greatly improve rail operations in this country, while generating thousands of jobs and providing another kick-start for the still-dormant economy.

Someday, then, you might find yourself tapping away at your laptop while zipping through California's Central Valley. But what about freight? As it's currently envisioned, high-speed rail will mostly be limited to passenger trains. You can't help but wonder if all the excitement will draw attention and funding away from crucial initiatives for improving the commercial rail system.

The [Association of American Railroads](#) likes the Obama plan; president and CEO Edward R. Hamberger called it "[good for America](#)." At the same time, he put in a word for freight. More than 90 percent of Amtrak's passenger operation moves over rights-of-way owned by freight railroads, he pointed out, and the two sides will continue to share a good amount of track under the new initiative. Hamberger noted that FRA's guidelines for high-speed rail "make clear that states applying for grants for intercity and high-speed rail projects are required to have written agreements with the host freight railroads on issues such as safety, infrastructure capacity, compensation and liability." And, he added: "This ultimately will help ensure that higher speed rail does not compromise the vital present and future role of freight rail in America's economic recovery."

Do I detect a slight nervousness on the part of freight interests?

Leslie Pollock is a long-time urban planner who currently serves as principal of [Camiros Ltd.](#) in Chicago. He points to the nightmarish tangle of tracks that already slows the switching of freight cars between rail systems there. "It's an astounding amount of time that it takes, just to get through the Chicago freight network," he says.

It's not clear whether any of the money earmarked for high-speed rail will address that situation, or the need for additional dedicated freight corridors and intermodal yards throughout the country. It's true that the U.S. Department of Transportation has earmarked \$1.5bn in grants under the Transportation Investment Generating Economic Recovery ([TIGER](#)) program for a variety of purposes, including some intermodal improvements. But such projects must share the money with plans for new train stations, bridges, streetcars and even bicycle paths all over the country. On top of that, there's a push to spend even more on public transit, instead of projects that would benefit freight.

For all their track sharing, passenger and freight services have divergent interests. Pollock notes that switching delays in urban centers such as Chicago are partly due to the simple fact that many freight yards are in the wrong place. They grew up around urban centers in the big industrial boom between 1850 and 1920, he says, but they should be moved to outlying communities where there's more room to operate, and less congestion. Ironically, cities like those big rail facilities because they generate income from property taxes, but the situation doesn't help freight providers to function at maximum efficiency. And when it comes time to dole out limited dollars for major rail improvements, whose interests – freight or passenger – will prevail?

Freight and passenger services do share the dilemma of how to negotiate the last couple of miles of a trip, Pollock says. To that end, there's an ongoing program in Chicago called [CREATE](#), a partnership between industry and government to improve the efficiency of all kinds of rail movements through the city. So there's hope for real cooperation among all parties.

I still worry, though, that the glitz factor of high-speed passenger trains could derail essential improvements on the freight side nationwide. Anthony Perl, director of the Urban Studies Program at [Simon Fraser University](#) in Vancouver, B.C., agrees that high-speed rail is almost exclusively a passenger issue. He thinks it's entirely possible that freight-oriented funding will suffer as a result. He argues for the electrification of conventional rail for freight, along with the greater use of alternative modes such as coastal shipping.

The railroads have made substantial investments in their networks and equipment since the huge system bottlenecks of just a few years ago. But there's a lot more work to be done, and public funds are needed, too. The question remains: will high-speed trains cause freight to slow down to a crawl?

05/03/10

Fort Worth Star-Telegram
Editorial

It's time to plan new tracks around Fort Worth

America's railroads have a good track record when it comes to hauling toxic inhalants. Accidents are extremely rare even though volume is extremely high -- trains hauled 72,000 tank cars of such dangerous cargo in 2008.

One source told *Star-Telegram* reporter Gordon Dickson for a story published Friday that about 1,300 chlorine-filled tank cars a week go through Union Pacific's Davidson Yard south and southwest of downtown Fort Worth. Even at that pace, the yard's safety record with those shipments is strong.

Tarrant County is at the intersection of major rail corridors. Union Pacific's tracks run east-west through the heart of the county and Fort Worth. Running north-south through that same heart are the lines of Fort Worth-based BNSF Railway, also with a good safety record on tank cars loaded with toxic inhalants.

Still, good safety records don't mean mishaps can't occur, and even one accident could be catastrophic in such a congested urban area. Add the threat of a terrorist attack involving one of those rail cars and there is reason to worry.

Dickson cited a Homeland Security report that said a cloud of chlorine gas could kill up to 17,500 people and injure 100,000 others within miles.

Why take the chance -- especially when an alternative is available and has even been approved by voters?

In 2005, Texans approved a constitutional amendment creating the Rail Relocation and Improvement Fund and authorizing grants to help finance the relocation, rehabilitation and expansion of rail facilities. The vote wasn't even close, 53.8 percent to 46.2 percent. In Tarrant County, the measure passed by 59.5 percent to 40.5 percent.

The fund would help pay to move the county's busiest rail lines outside major population areas. Urban lines would still be here for delivery of goods (and for use by commuter trains), but a lot of traffic could be routed around the city.

Since 2007, federal law has required railroads to move hazardous cargo around, rather than through, major U.S. cities. No such bypass is available in Tarrant County, although it could be. Why hasn't it happened? Money, of course. Such a project would cost millions if not billions.

Although the Rail Relocation and Improvement Fund exists, so far it's still an empty shell. In a maddening twist, it could have money available for needed projects but doesn't.

State Sen. Wendy Davis of Fort Worth and Rep. Ruth Jones McClendon and Sen. Jeff Wentworth of San Antonio pointed out in a Sunday *Star-Telegram* commentary that the Legislature last year budgeted \$182 million for the fund. But the Texas Department of Transportation has laid claim to that money for highways, because it says the wording of the appropriation allows it to do so.

Davis, Jones McClendon and Wentworth want the Transportation Department to release the money for rail projects.

Texas Attorney General Greg Abbott has been asked to settle the dispute. Let's hope he does so soon.

Tarrant County's history was shaped by railroads, and they'll be an essential and vibrant part of the urban area's economic life for the foreseeable future. But that does not mean all freight traffic must move through the area's most densely populated and busiest parts. Finding another way was the reason the Rail Relocation and Improvement Fund was created.

This is not a time for profligate spending by any level of government, but it is still a time for planning things that clearly will be needed. Money from the fund could and should be used to begin planning major freight rail routes around Tarrant County cities.

05/03/10
Texas Weekly

Magical Accounting

It's 1983. Oil prices are in the toilet. The Texas economy is suddenly and unexpectedly reeling. Lawmakers, who happen to be in session, have a choice between big cuts or new taxes or something creative. Comptroller Bob Bullock and his top propeller-heads find a creative out - a way to balance the budget without big cuts or tax hikes.

They changed the due dates of the taxes already in place, borrowing from the future by speeding the arrival of money that wouldn't have been available under normal circumstances until the next budget period.

In another budget crunch just a few years later, they did the opposite, slowing payments due in the current budget a day - into the next budget.

Lawmakers decided to pay state employees on the first day of the month instead of the last day of the month. That moved the last payment of the budget period into the next budget period, lowering what was needed immediately and making it easier to match costs with lower revenue.

No taxes. No cuts. Just some accounting and collection tricks. When lawmakers - now in the early stages of exploration into a budget shortfall that, on the low side, will total \$11 billion - return early next year to construct a balanced budget, they'll look to timing maneuvers to cover the first \$2 billion or more. It's a time-tested solution.

"I would rather see reductions made," says Talmadge Heflin, a former House Appropriations

Committee chairman who now works for the Texas Public Policy Foundation. "But if they have no other choice than raising additional revenue..."

The state's accounting tricks really came into their own in 1991. That's right: Another budget crunch, one so bad that lawmakers approved a new tax bill, some "efficiencies" in existing programs, the state lottery, and hundreds of millions of dollars in "smoke and mirrors" budgeting that moved costs out of the troubled period and into a future budget. They delayed the state's payment to local school districts by a day, "saving" an astonishing amount of money. They held money in the general fund that was destined for state highways a little longer than usual and delayed other payments that would ordinarily come due in the last days of a biennial budget.

A few years later, lawmakers "repaid" the money they'd borrowed from themselves. A simple way to think of it: Over two years, the state makes 24 monthly payments from the Foundation School Program for public education. If they're writing a tight budget, lawmakers can - and have - delay that 24th payment into the next budget. They only make 23 monthly payments in the current period, and the budget can be balanced, in part, with that extra money. Things get better, the economy improves, and lawmakers write a budget "correcting" their earlier sleight of arithmetic by putting 25 payments - one more than ordinary - into a budget. And when things get tight again, they've got their trick ready to go again.

It's ready now. State budgeteers expect the gap between revenue and current service spending to be somewhere in the \$11 billion to \$20 billion range, a classic money trap that leads to conversations about taxes, spending cuts, expanded (and taxable) gambling, using the Rainy Day Fund and new federal stimulus programs.

And cheating, too. The budget writers could erase \$2 billion or more of tough political decisions over cuts or taxes with accounting tricks. And when you get down to it, it's a victimless crime. "Obviously, it's easier (than the alternatives) - it's invisible to the public," Heflin says.

Delaying the school payment by a day would chop \$1.4 billion from the total. That's instead of trying to cut that much from a program or to raise that much with a new tax. It's politically easy, and so it'll be at the top of the list when it's time to balance spending and revenue. Delaying payments to the employee and teacher retirement systems, Medicaid payments, and transfers of gasoline taxes into the state highway fund - all will be on the table.

The danger is a slow economic recovery. The timing games are one-time solutions, based on the idea that you can delay the fiscal worries until things get better, hopefully within two years. If it takes longer, you're in trouble. "It's a gamble," says Dale Craymer, president of the Texas Taxpayers and Research Association. "It works great if revenues recover and you grow out of the problem."

Moving up the tax due dates probably wouldn't work again. When that was done, sales taxes were due at the end of the month. Taxpayers knew that so long as their checks were postmarked in time that the money didn't have to be in the state's hands on time, and they could make money on the float. Moving the due date back ten days meant that most checks landed in the state coffers before the end of the month, and that's why it helped duck a tax bill three decades ago. With electronic filing, that sort of trick doesn't work anymore. Likewise, some of the spending tricks aren't there. The state never returned to paying its employees on the last day of the month, so that one-time delay is no help now.

Billy Hamilton, now a consultant, worked for Bullock in 1983 when the comptroller cooked up those changes in tax deadlines and got these games started. And he was there when another comptroller, John Sharp, expanded the use of delayed payments in 1991. "We used to say that

'on the last day of the state,' you know, when Texas goes out of business or whatever, someone will have to write a check before they turn out the lights."