



AMPO

# METROS

Quarterly

A QUARTERLY NEWSLETTER FROM THE ASSOCIATION OF METROPOLITAN PLANNING ORGANIZATIONS

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## Long-Range Plan Budgets Used in TIP Development

### Plan Implementation Through "Steady Progress" Principle

John Poorman, Staff Director, CDTC

Capital District Transportation Committee's (CDTC) New Visions long-range plan budget calls for steady progress across all improvement categories at any funding level that exceeds the funding needs of a tightly-defined system preservation category. That is, steady progress is possible at all times – at a faster rate if funding is higher, slower if it is lower. To implement this policy, Capital District Transportation Committee uses categorical budgets in the New Visions plan directly in the TIP update process. There are 17 project categories in the plan (such as highway operations, ITS capital investment, stand-alone goods movement actions, intermodal facility capital investment, and others). Early during a TIP update, CDTC will compare the overall New Visions budget emphasis by category to the budget emphasis represented by existing commitments in the TIP. If funding is sufficient to widely solicit new project candidates, CDTC will make funding available for new TIP projects primarily for categories that are under-represented in the existing TIP.

For example, in the 1997 TIP update, \$55 M of \$90 M of funds available for new projects was allocated across only those categories that were under-represented in the initial TIP – pavement, bridge, transit, ITS, bike/ped. The highest ranking projects in these categories (based on cost effectiveness and relationship to New Visions "priority networks"



for ITS, transit, goods movement or bike/ped travel) were selected for funding in "round one", regardless of sponsor or geography.

Approximately \$30 M was used to address compelling arguments to fund projects that do not easily respond to quantitative ranking, and to assure geographic balance. (A remaining \$5 M was reserved to respond to public comment on the draft TIP.) For another example, in 2003 CDTC committed the first \$50 M in round one to only certain categories (ITS, pavement, bridge, bike/ped, safety), assigning to the top-ranked projects regardless of location or sponsor.

Notably, given the pre-existing set of highway capacity commitments on the TIP prior to 1997, CDTC has not earmarked any TIP funds for the highway capacity expansion budget category in any of the past five TIP updates. The effect of this approach has been the following:

- Equal access to funding based on need, rather than ownership;
- A shift away from large-scale capacity projects;
- A swift shift to a balanced set of projects with significant impact;
- Rapid implementation of ITS, transit, bike/ped and other components of the plan;
- Real-world results that reflect the comprehensive principles of the plan.

After eight years of this plan-TIP connection, success is visible. The Capital District has among the most advanced technology sets on highway and transit systems; urban reconstruction projects have helped revitalize downtowns; and pavement conditions on both state and non-state systems are stable. **M**



## Alternative Finance – Inside This Issue

With the passage of SAFETEA-LU, it became evident that funds dedicated to transportation investments at all levels of government would not be sufficient to grow, maintain, or improve current transportation systems. Hope is not lost. Budget constraints have encouraged many MPOs to think outside the box when developing their plans, thus implementing alternative sources of funding. This issue of *Metros* looks at unique sources of revenue as well as how MPOs are incorporating tolls, public/private partnerships, or innovative revenue mechanisms into their plans. **M**

## Tolls and Asset Management Move Into High Gear: No More Throwing Money Out the Window

Michael A. Replogle, Transportation Director, Environmental Defense

Regions struggling with traffic congestion and funding shortfalls are seeking improved asset management and system performance tools. New technologies make automated non-stop road pricing a practical matter, unlike past days when tolls meant getting stuck in backups waiting to throw your money out the window. MPOs and states across America, from Miami to Seattle, San Diego to New York, are moving road tolls and innovative financing tools into the mainstream of their planning and program implementation efforts. New federal planning requirements seem likely to further spur this on.

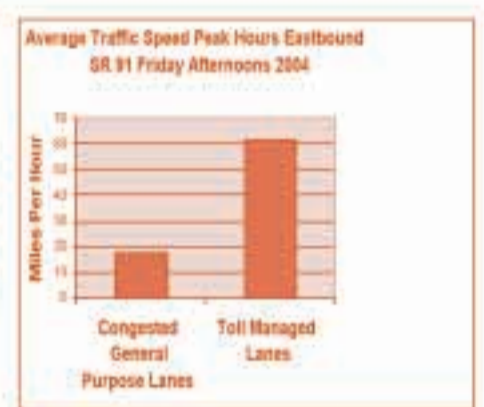
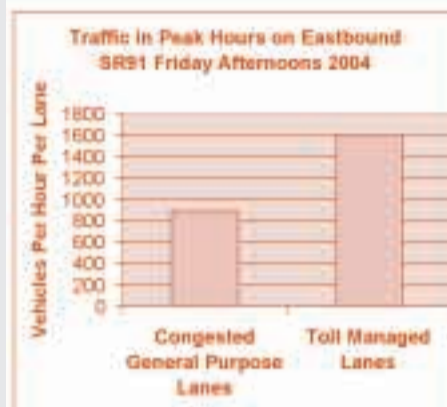
A new report from Environmental Defense, *No More Just Throwing Money Out the Window: Using Road Tolls to Cut Congestion, Protect the Environment, and Boost Access for All*, looks at recent experience, strategies, and criteria for evaluating different approaches to tolling, suggesting a new approach to that might create high performance corridors.

Some regions are using tolls to expand travel choices, others are focusing more on just expanding highways. San Diego's toll managed lanes save time for many and help pay for new express bus service. With an 80% public approval of the current project, plans are advancing for a regional transit-supportive toll lane network. Houston has similar plans moving forward in a few corridors. Toll managed lanes are now part of Metropolitan Washington, D.C.'s long-range plan, with a half dozen toll lane proposals advancing and a regional study underway for a network of variably priced lanes.

Many public officials are also looking at how to unlock value trapped in underperforming public infrastructure. A \$1.8 billion 99-year lease of the Chicago Skyway toll road in 2004 paid off debts, bolstered the City of Chicago's budget for years to come, and funded programs for the elderly, children, and the poor, while allowing managed toll increases and ensuring long-term highway maintenance. In contrast, the \$3.8 billion lease of the Indiana Toll Road in 2006 will accelerate road construction across the state. In Texas, similar deals are being developed

### Converting Free Lanes to Toll Managed Lanes Could Recover Lost Capacity

2 toll managed lanes carry as much peak hour traffic – at 3 times the speed – as moved in 4 free, but congested lanes



for leasing many roads; state officials signed an \$8.5 billion deal for private development of a 300-mile Trans-Texas Corridor parallel to I-35 as the start of a proposed 4,000-mile tollway network that has drawn fire from both the right and the left.

Building new toll roads and lanes may provide short-term congestion relief and spur more traffic growth, but it will not fix the already existing roads. Some states like Oregon are looking to take asset management beyond the pavement, integrating it with safety, traffic and transit operations, and system planning and management, including land use and natural resources. Maryland DOT is proposing to add one toll managed lane in each direction on the Capital Beltway while upgrading an existing lane in each direction to a toll managed lane, rather than just adding new toll lanes.

MPOs face challenging new planning requirements that will press them to consider how to transform today's low efficiency roads into high performance corridors and networks. SAFETEA-LU requires regional transportation plans to include "operational and management strategies to improve the performance of

existing transportation facilities." It requires state and metropolitan transportation plans to "achieve the objectives of the planning process," with a focus on serving mobility needs and fostering economic growth and development while minimizing fuel use and air pollution. And it requires "capital investment and other strategies to preserve the existing and projected future metro transportation infrastructure and provide for multimodal capacity increases." For MPOs and states to do all this under fiscal constraints is a tall order demanding new approaches.

The growing number of High Occupancy Toll (HOT) lanes, many created out of existing or planned HOV lanes, show ways to achieve higher productivity from roads. During times of greatest congestion, the toll managed lanes on California's SR 91 carry twice as many vehicles per hour per lane at three times the speed compared to parallel free unmanaged lanes. There may be opportunities in many corridors to upgrade unmanaged motorway lanes to high performance toll managed lanes on congested motorways. This data suggests that for every two lanes upgraded it would be like creating a new virtual lane of peak period motorway capacity, at a fraction of the cost.

But would the public accept introduction of tolls on existing congested free motorways? Not if motorists see tolls as just another tax and remain stuck in traffic, without attractive dependable travel options. But experience with cordon charging in a half dozen cities across the world, from London to Stockholm, shows public acceptance for pricing existing lanes if congestion pricing delivers clearly visible congestion relief and better travel choices.

Performance-based contracting may provide a way forward in the face of public distrust. In a paper presented at the 2006 Transportation Research Board Annual Meeting, FHWA's Patrick



# Tolling (Continued)

## Funding Major Transportation Projects In Hampton Roads, Virginia

Arthur L. Collins, Executive Director, HRPDC

Dwight L. Farmer, Deputy Executive Director, Transportation, HRPDC

Virginia's Hampton Roads region has developed a package of major unfunded transportation projects for many years. In 1999, the Hampton Roads Planning District Commission completed a "Regional Priority Setting" process that outlined a number of transportation infrastructure projects that would provide a significant amount of internal mobility and external accessibility. The entire process required approximately one year for the Transportation Technical Committee (TTC) and the Hampton Roads MPO to assess current and future transportation conditions, to create alternative solutions and to evaluate their impacts on the transportation system. In addition, the MPO, as well as its respective City Managers and County Administrators, conducted extensive discussions regarding the equity of various financing mechanisms. This process resulted in a package of six major highway and transit projects carrying a cost estimate of over \$7 billion to be implemented over a 20-year period. The MPO endorsed a financing concept that included a combination of tolls on each facility as well as a regional gas tax of \$0.08 per gallon.

The regional priority package was forwarded to the region's delegation in the Virginia General Assembly for consideration during their 2002 session. During the session, members of the General Assembly engaged in a high profile discussion of the Hampton Roads MPO proposal. During that discussion, members from the Northern Virginia/Washington DC metro area added a Northern Virginia component to the legislation. After considerable debate, the Virginia General Assembly approved legislation calling for a regional voter referendum on the respective transportation packages that would be financed solely with a 1% general sales tax in Hampton Roads and a 1/2% general sales tax in Northern Virginia. The referenda were held in November 2002. Both failed by margins of 38/62 in Hampton Roads and 45/55 in Northern Virginia.

Over the past three years, the Hampton Roads MPO updated its financially constrained Long Range Transportation Plan. Given the defeat of the 2002 Transportation Referendum, the Federal Highway Administration has indicated that without substantial positive action by the Virginia General Assembly to provide additional funding for the aforementioned transportation package, these projects would not be able to move forward in the next Long Range Plan update.

In order to determine the financial feasibility of the regional priority projects, the Hampton Roads Planning District Commission, initiated a Toll Feasibility Study of the six of them. The study was initially designed to evaluate the financial feasibility of each project as a "stand alone" toll road whereby tolls would only be placed on improved roadways. The scenario assumed that tolls could not be implemented until the completion of the respective projects. The results were clear. None of the projects were capable of generating sufficient funds to cover their respective debt services. The HRPDC staff then requested that the consultants investigate a "front-end" tolling scenario whereby tolls would be implemented, when possible, on the existing parallel free facilities. The imposition of tolls on existing free parallel roadways was possible on two of the six roadways examined. It was assumed that tolls would be implemented immediately on the remaining four facilities. As improvements were completed, it was assumed that tolls would then be placed on the new facilities.

The conclusions were again clear. Only one project was financially feasible under the "front-end" scenario. It is important to note that the debt service coverage could have been increased moderately if toll rates were set at "what the market would bear". The travel demand analysis, however, concluded that demand would have been reduced to the point that the projects would not need the newly built capacity. Thus the consultant recommended a

"reduced" toll rate that did provide a scenario that utilized the new capacity. As a package, the "front-end" scenario with the "reduced" toll rate only covered approximately 30% of the required debt service.

The HRPDC then requested one final analysis, asking the consultant to determine what additional revenues would be required in addition to the "front-end" tolls to cover debt service. The analysis determined that an additional \$275 million per year rising 4% per year would be required to cover the debt service for the project construction. In addition to the tolls on each facility today that range from \$0.65 to \$1.50 per trip during off peak; tolls 50% higher during peak periods; and tolls on some parallel free facilities, additional revenue would have to be generated through: 1) A general regional sales tax of 0.5%; 2) A regional gas tax of \$0.08 per gallon of fuel; 3) A motor vehicle registration fee of \$50 per vehicle per year; and 4) An increase in the motor vehicle sales and use tax of 1%.

The 2006 session of the Virginia General Assembly went into special session to complete its budget deliberations as well as address transportation funding issues. The Governor and the General Assembly have presented various proposals to deal with the transportation funding problems within the state generally and within the Hampton Roads and Northern Virginia regions more specifically. Each proposal calls for a different method of bringing additional money to the state transportation trust fund. The House of Delegates clearly indicated it would oppose new taxes to cover transportation improvements or tolling on existing facilities. The House proposed a substantial amount of revenue be diverted from the current state surplus and that consideration be given to diverting general revenue funds to transportation. The Governor has consistently opposed this proposal while the Senate opposed the use of surplus funds to cover long-term debt service for transportation. Now we must wait for the final decision. **M**

## Tolling in Practice—MPO case studies

Adrian Moore, Vice President of Research, Reason Foundation

We have been hearing about the idea of paying for new capacity needs in urban areas with tolling, but now we are beginning to see it. At least 12 metro areas are building or planning to build tolled capacity additions. Here are a few examples:

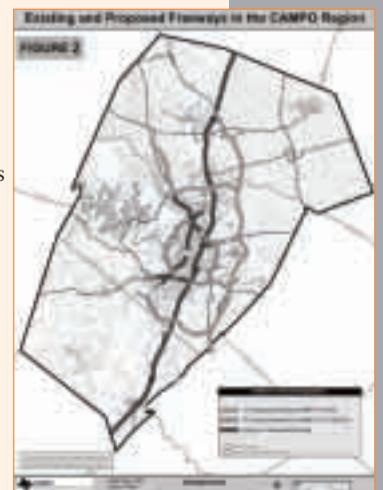
The Atlanta Regional Commission recently decided to weight congestion mitigation at 70 percent in its planning decisions, and to set a 2030 goal of a Travel Time Index of 1.35. Its December 2005 Congestion Mitigation Report concluded that adding new capacity must be the lead strategy, combined with improving the efficiency of existing capacity and demand management. Much of the new planned capacity will be managed lanes.

In Texas, the state has driven an aggressive transportation planning process, and while that has sometimes run roughshod over MPO planning, in many instances MPO plans have embraced new imperatives and funding from the state planning process. What has emerged are increasingly explicit plans to use tolls to pay for some new capacity where tolling is most able to fund the project, and shifting other funding sources to the many other unmet needs in metro areas. In San Antonio, the LRTP relies on 25 percent of funding coming from added toll capacity.

The Dallas-Ft. Worth MPO, looking at the reality of 55 percent of its identified needs being unfunded, has crafted a plan to leverage existing dollars more effectively and

efficiently by building toll roads for some key expansions and new links, and an extensive network of managed lanes (see map). About half of the new funding in their UTP comes from tolling.

In Austin, CAMPO's plans for new capacity rely heavily on a network of new toll roads and managed lanes (see map). A series of resolutions passed by the CAMPO board in 2004 establish criteria and strategies for the toll road network, including using toll revenues for the transportation network near the toll roads, and a commitment to providing non-tolled alternatives. **M**



Managed Lane System from NCTCOG's Mobility 2025 plan, amended April 2005

# Public / Private Partnerships

## Alternative Financing For Transportation Projects

Richard Norment, Executive Director, National Council for Public-Private Partnerships

Transportation projects are often the lifeblood of economic development. You only have to look at the history of the development of South Florida, or more recently the impact of several mass transit or dedicated exits from limited access roads to see the potential for the enormous influence that improved transportation can have on an area's vitality.

Yet money from the federal government, and now state and local governments, often falls short of providing sufficient funding for many transportation projects. Federal grants are declining while congestion and growth require increased funds. As a result, the public sector now must look for alternatives. In recognition of this need, Congress expanded the options for local governments to capture the resources of the private sector to meet the public's transportation needs.

While SAFETEA-LU (Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users) is only a small step away from traditional funding methods, the bill does offer opportunities for alternative finance. The legislation is a harbinger for the future in that it includes provisions for tolling, Private Activity Bonds, and other provisions that call for less reliance on the federal treasury.

While some of the approaches included in the legislation may be "new" to federal statutes, "public-private partnerships" (PPPs) have existed for hundreds of years. Some of our earliest transportation projects are examples of PPPs. The Lancaster Turnpike, developed in 1793 through a partnership between the private sector and the Pennsylvania state government, cut the time for farmers to get their products to Philadelphia from three days to a few hours. This created an enormous boost for the economy of the Lancaster area. Another PPP between the New York State Government and a number of private companies created the Erie Canal. The success of the canal was in part dependent on the state's regulation of tolls, making the use of the canal economically feasible and causing an explosion in economic activity from Buffalo to New York City.

These historical examples offer suggestions to handle today's challenges related to PPPs. As we gain additional experience with PPPs, the public sector has learned how private investment can be harnessed to serve the public.

While far from the only alternative in financing, the use of tolls is one of the oldest methods available. SAFETEA-LU includes multiple tolling opportunities, particularly for High Occupancy Tolling (HOT) lanes and for Value Pricing. Recent studies indicate that these tolling systems are not the "Lexus Lanes" that many feared. In fact, traffic analysis shows that people of all income levels use these lanes. The classic example of a HOT lane user is the parent using the

HOT lane to pick up his or her child before the day care center's "late fee surcharge" deadline.

Tolls, however, generally will not pay for the total development costs of a green field transportation project. One variation, now appearing in some PPPs, is the use of long-term maintenance contracts as part of the funding package for new construction. Under this scheme, the government's budgeted maintenance costs are used as part of the financial mix by incorporating these funds in a long-term construction contract. Under this form of partnership, known as Bid-Design-Build-Operate-Maintain (BDBOM), improved quality of construction can reduce the maintenance costs for the operator (the private sector) below the budget maintenance payment. The difference is used to recapture of the costs of the initial private investment.

A variation of long-term maintenance contracts, "availability payments", allow the government to provide a long-term schedule of payments to cover maintenance and operation of a transportation system through which the private sector can recapture the initial financial investment. These "availability payments" are modeled after the European Private Finance Initiatives (PFIs).

State and local governments are increasingly looking for alternative financing approaches tied to the economic benefit of improved transportation. As an experiment, Private Activity Bonds (private debt for a public project, issued under the authority of the public agency) have a limited approval under SAFETEA-LU. The legislation allocated \$15 billion to the United States Department of Transportation for use in local projects. Meanwhile, Tax Increment Financing (TIF), a more popular and widely used tool, clearly links economic development to new transportation projects.

A project in Orlando, Florida illustrates how TIF can make a project possible. A large parcel of undeveloped land was immediately adjacent to Interstate 4, but there was no available access. The private holder requested that the state build an interchange, leading to a negotiation that resulted in TIF financing. Building the interchange cost approximately \$24 million, which was paid for by the increases in the real estate taxes on the private property – as the tax increment rose (over ten fold in just a few years), the extra tax revenues paid for the issued bonds. To make the project economically viable, land for the interchange was profited by the private sector to the state.

Washington, D.C. used TIF to develop an additional Metro station to spur new economic development in part of the city. Private land owners paid for one-third of the construction of the new station. The resulting immediate explosion in economic development led the Director of Transportation for Washington, D.C. to comment, "if I had known how great the economic impact was going to be, I would

have asked the business community for half of the construction costs and they would have still gained substantially from the investment."

When no single property holder exists, there are ways to combine the resources of an entire business community to aid in project finance, such as the experience with Virginia's Route 28. Originally a two-lane road with stop lights every quarter-mile, the local businesses realized that an improved road would stimulate economic development. A dedicated tax district was created and a tax increase of twenty cents per one hundred dollar valuation of all commercial and industrial property has provided funding for seventy-five percent of project costs. Route 28 is now an eight-lane limited access highway with plans to eliminate all traffic lights within the next year. The growth of businesses (and property values) in the area clearly indicates that this was a smart decision for both the public and the private sectors.

What becomes most interesting for public planning officials are the ways in which combinations of these innovative approaches can be applied to a range of possible projects. Development of light rail, dedicated bus lines and streetcars as downtown "people movers" can be underwritten by the financial support of local commercial enterprises. Using underutilized land assets for private sector mixed use can lead to significant contributions to infrastructure development.

One final point about PPPs should be made – this approach is not "privatization", under which the public sector abrogates a significant level of control. Under a true PPP, the public sector retains ownership, defines the rules of conduct of the partnership under terms of a strict contract, and is able to share the risks and the rewards of the effort. Most importantly, PPPs can allow a city or county to proceed with a project that might not otherwise be financially possible.

Enough experience has now been gained in the development of PPPs that this method of innovative financing of projects should be considered – at least as an option – for almost any project, particularly if it includes an economic development component.

The NCPPP conducts workshops on how to apply these innovative techniques in the development of all types of projects – transportation, water/wastewater, economic development and a host of other possible applications for the use of PPPs. Information about hosting of such a workshop, as well as case studies and other valuable information about developing and managing PPPs can be found on the NCPPP Website [www.ncppp.org](http://www.ncppp.org).

*Rick Norment is the Executive Director of the National Council for Public-Private Partnerships (NCPPP), a non-profit educational institute with active members from both the public and private sectors. Information about NCPPP is available at [www.ncppp.org](http://www.ncppp.org).*

# MPOs - Unique Funding Ideas

## Funding Central Florida's Transportation Needs

Bob O'Malley, APR, Director of Public Affairs, METROPLAN ORLANDO

After nearly a decade, an innovative transportation funding solution successfully passed the Florida Legislature this year.

Like most urban areas nationwide, traffic congestion is a challenging problem in Central Florida. To meet the demand of a growing population of both residents and visitors, METROPLAN ORLANDO, the MPO for the Orlando Urban Area, continually seeks additional funding for its transportation priorities. Thanks to the Florida Legislature, one such funding initiative is closer to becoming a reality.

During the final week of the 2006 Florida Legislative Session, lawmakers in Tallahassee passed legislation that gives counties the option of asking voters to approve a \$2 per day rental car surcharge. Such a local option rental car surcharge has been the top legislative priority for METROPLAN ORLANDO for several years.

### Increased funding for increased demands

There are roughly 1.7 million residents living in METROPLAN ORLANDO's three-county service area. Yet on any given day there are an additional 550,000 tourists in Orlando, placing additional demand on Central Florida's roadways. Many funding formulas, however, do not take this additional population into account. This creates both a backlog of transportation projects and an underfunded transportation system.

The idea to pursue a local option rental car surcharge was born from a need for increased funding and a desire to create a link between cost and cost creator. Orlando is the world's largest tourist destination with over 47.7 million visitors in 2004 alone. Yet despite being one of the top areas in the world for rental cars, Orlando's rental car rates (including fees) are among the lowest priced in the nation.

This surcharge was envisioned as a user fee, directly affecting only those people renting a car—with an exception for drivers having repair work done on their own cars.

It was also seen as a local option, voter-approved surcharge where local communities would make the ultimate decision on funding.

### A significant funding source

Implementation of a \$2 per day local option rental car surcharge could generate up to \$40 million per year for transportation improvements in Central Florida. However, its potential does not stop there.

During the 2005 legislative session, landmark growth management legislation created a funding source known as the Transportation Regional Incentive Program (TRIP) to provide funds for regionally significant transportation facilities. TRIP funds, however, require a 50 percent local match. A local option rental car surcharge would provide a source of local match funds. If used as a match with TRIP funding, local option rental car surcharge could potentially yield up to \$80 million per year for both road improvements and mass transit in Central Florida.

### Effective lobbying based on sound public affairs practice

The idea of the local option rental car surcharge was not new this year. It has been a main legislative priority for METROPLAN ORLANDO for years, never coming to fruition. But this year, a new strategy was developed to help assure passage.

For the last two years, METROPLAN ORLANDO has been conducting research on rental car rates in cities across the nation, using Las Vegas as a benchmark since it serves as Orlando's main travel destination competitor. Consistently, Orlando's rates were among the lowest in the nation, beating out Las Vegas among others.

A fact booklet on the local option rental car surcharge was created using the research and was distributed to key stakeholders, including legislators. Both the booklet and

articles on rental car surcharge were prominently featured on METROPLAN ORLANDO's Web site, newsletter and annual report.

In addition, METROPLAN ORLANDO worked with influential legislators who could head up the effort for rental car surcharge and METROPLAN ORLANDO staff made plans to lobby in Tallahassee throughout the legislative session.

### Success through strong leadership

At the beginning of this legislative session, Florida House Majority Leader Andy Gardiner, State Senator Daniel Webster and State Representative John Quiñones pledged to spearhead this legislation and filed HB 301 and SB 2632.

Rental car companies and anti-tax groups fought the measure by deploying a cadre of powerful lobbyists and running television commercials with misleading arguments against the legislation. METROPLAN ORLANDO staff responded by contacting newspaper editorial boards throughout the state to set the facts straight.

Language from the rental car surcharge bills was added to an important bill related to bonding capacity for Florida's Turnpike Enterprise. It passed the House 103-14 and was sent to the Senate. During the extended final hours of the last day of the legislative session, the Senate voted to approve the measure 34-4.

### What now?

SB 1350, which includes the local option rental car surcharge, will now go to Governor Jeb Bush. He has until July 1 to decide on whether or not he will sign it into law. If approved, Florida counties will have the option of bringing the issue to county-wide voter referendum, and local voters will be able to make the decision about whether or not to use this new funding source to increase investments in transportation. **M**

## Alternative Financing for TMAs: One MPO's Vanpooling Arrangement

Vicky McLane, Regional Policy & Programs Manager, North Front Range MPO

The landscape along the foothills of Colorado's North Front Range is being reshaped by rapid growth and the challenges that come with it. Once a small group of towns off Interstate 25, Colorado's North Front Range metropolitan planning area has grown to include three medium sized cities and multiple fast growing smaller communities with increasingly indistinct boundaries. Community leaders are scrambling to respond to growth rates as high as 12%.

Meanwhile transportation infrastructure deteriorates.

The North Front Range Transportation & Air Quality Planning Council, also known as the North Front Range Metropolitan Planning Organization (NFRMPO), addresses the region's long-range transportation planning needs. The NFRMPO, established in 1988, has grown from a planning agency serving two small urbanized areas – Fort Collins and Greeley – to a regional transportation planning agency serving thirteen local governments. The NFRMPO's voting membership also includes two state agencies – the Colorado Air Quality Control Commission and the Colorado Transportation Commission.

The NFRMPO also manages a vanpooling program that has generated considerable excitement in the region over the last few years. The VanGo™ vanpooling program, which started in 1994 with nine vans, today includes 60 vans serving over 400 commuters who collectively travel an average of 6,000 miles per day. Operated as part of the MPO's regional transportation demand management effort, the VanGo™ program has built a reputation as a reliable and cost effective commuting method. Recently, because of higher gas prices, the program has been fielding an average of 100 extra calls each week. The majority of the vans travel south to the Denver metro area, with the remaining vans traveling throughout Colorado's North Front Range.

The NFRMPO's fare recovery is above average at about 70%, (national averages for vanpool programs run between 40%-65%); however, additional support is always needed. The National Transit Database (NTD) reporting system has provided the NFRMPO with an unusual way to garner extra funding.

A local transit agency operating in a TMA can report vanpooling miles driven within a TMA for credit. The credit results

in the local transit agency receiving additional Federal funds in recognition of the vanpool miles. If the MPO is operating the vanpool program, it should, in turn, receive some of that bonus NTD money. The MPO will need to negotiate with the local transit agency as to how much of the bonus money it receives, but it can be significant depending on the numbers of vanpools and riders. NFRMPO has an MOU with both Denver's Regional Transportation District (RTD) and Fort Collins' Transfort transit service to share these dollars.

The NFRMPO currently receives funds from the RTD, and is working with Transfort to provide the data necessary to allow this transit agency to include VanGo™ miles in their annual NTD reports.

For those MPOs that operate a vanpool program, and that are also TMAs, use of NTD reporting may offer some financial relief. NFRMPO staff would be happy to share its insight and experiences with other MPOs. For further information, please contact John Daggett, [jdaggett@nfrmpo.org](mailto:jdaggett@nfrmpo.org) 970.224.6190. **M**

# Additional Sources of Revenue

## SAFETEA-LU, National Parks and MPOs

Jim Evans, National Park Service

The 390 park units managed by the National Park Service (NPS) are located in rural, suburban, and urban settings throughout the United States, Puerto Rico, the Virgin Islands, and Guam. The units bear many designations including, but not limited to national park, seashore, monument, memorial, battlefield, heritage area, historic trail, and historic site. More information on NPS park units is on the Internet <http://data2.itc.nps.gov/parksearch/atoz.cfm>.

The NPS multimodal transportation system includes travel by air, water, rail, and nearly 10,000 miles of park roads and parkways, over 14,000 miles of trails, and approximately 100 transit systems. The NPS Park Roads and Parkways Program (PRPP) is authorized to receive over \$1 billion in Federal Lands Highway Program (FLHP) funds between FY 2005 and FY 2009. FLHP funds are used for transportation planning, research, design, engineering, and construction of roads, parkways, and transit facilities that provide access to or are within park units, and they have obligation authority and therefore, do not affect State obligation limitations.

### SAFETEA-LU, National Parks and MPOs

SAFETEA-LU contains provisions for consultation between the MPOs, States, local governments, tribal and federal land management agencies such as the National Park Service (NPS).<sup>1</sup> Consultation generally means that one party confers with another party in accordance with an established process, about an anticipated action, and then keeps that party informed about actions taken. Consultation is important because transportation planning must be a continuing, comprehensive, and collaborative process, especially in light of the fact that no single agency has responsibility for the construction, operation, or maintenance of the entire transportation system.

According to SAFETEA-LU, MPOs are responsible for actively seeking the participation of all relevant agencies and stakeholders in the planning process and this

article will provide basic information about working with the National Park Service.

### Transportation Planning Context

First, we must look at the relationship between NPS park units and metropolitan planning areas. The most challenging aspect of getting the NPS more involved in the metropolitan planning process is identifying the best points of engagement within a very decentralized and diversified system of NPS units. NPS and the Federal Highway Administration (FHWA) are working to identify partnership opportunities with states and MPOs using urban proximity profiles developed by the Federal Lands Highway Division of FHWA.

The diversity of locations (urban, suburban, rural) in these three examples point out the challenges NPS and MPOs have in establishing the appropriate level of involvement for NPS in the metropolitan transportation planning process. However, as great as the challenges, so are the rewards of sharing information on projects of regional significance that improve safety, mobility, congestion, system quality, air quality, traveler information, and regional modeling to name a few. Some MPOs may also want to benefit from the specialized knowledge of both the NPS and the Federal Lands Highway Divisions concerning context sensitive design, recreational trails, and byway development.

### Summary

There are no easy answers and it is apparent from the previous examples that one process will not work for all.



Figure 1 (Washington DC Metro Area) is an example of an urban setting in which NPS park units are located in a densely populated metropolitan area and regional transportation network. To ensure that the federal transportation funds dedicated to addressing the needs of the NPS in this region provide the maximum benefit to the traveling public, there should be a high level of coordination between the NPS, the states of Virginia and Maryland, the District of Columbia, and the National Capital Region Transportation Planning Board.

SAFETEA-LU requires inclusion of NPS projects in appropriate State and MPO TIPS, but the question remains as to what collaborative processes takes place for the various transportation planning activities. In addition, earmarked projects funded under SAFETEA-LU require close coordination between the States and MPOs, and are subject to obligation limitations, matching share requirements, and inclusion in State and MPO TIPS.

Future regional transportation investments must result from a transparent, collaborative, informed, and objective decision-making process that includes all partners and stakeholders. The National Park Service looks forward to this transition period and to developing long-term strategies for addressing regional transportation needs with States and MPOs. **M**

1 Please refer to Sections 1107 and 6001 of the SAFE, ACCOUNTABLE, FLEXIBLE, EFFICIENT TRANSPORTATION EQUITY ACT: A LEGACY FOR USERS PUBLIC LAW 109-59—AUG. 10, 2005 (SAFETEA-LU § 1107 and 6001 amend Sections 134 and 135 of Title 23, United States Code).

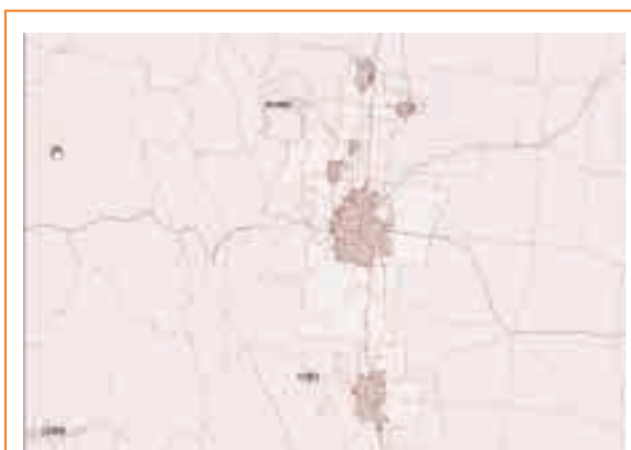


Figure 2 (Denver & Northfront Range Metro Areas) is an example of a rural park transitioning to a suburban park. Two MPOs (Denver Regional Council of Governments (DRCOG) and the North Front Range (NFR) MPO and five cities (Denver, Boulder, Longmont, Greeley, and Fort Collins) are encroaching upon the boundaries of Rocky Mountain National Park (ROMO). There is a tremendous amount of development planned for this area over the next 20-30 years, and the degree to which the park is involved in the transportation planning process will determine how well the park will be able to mitigate congestion and maintain access for an ever-growing number of annual visitors.



Figure 3 (Anchorage, Alaska Metro Area) is an example of NPS parks in rural locations. The park units are hundreds of miles from the urban center of Anchorage and the level of involvement in the transportation planning process in this context is going to be significantly different than the previous to examples.

# Additional Sources of Revenue (Continued)

## Charity Begins at Home, and Gets you to Work, Shop and School — Generating Net New Funding for Transportation Projects.

Michelle L. Maggiore, P.E., Associate, Delcan Inc. and Penelope Weinberger, Associate Research Specialist, Texas Transportation Institute

Beginning in fiscal year 2003, the Revenue Aligned Budget Authority (RABA) adjustment was negative for the first time, decreasing the guaranteed level of highway funding by \$4.369 billion. Meanwhile, the Federal gas tax remains 18.4 cents per gallon. President Clinton approved the last gas tax increase in 1993. Despite the fact that we are collecting less and needing more, proposed increases to the gas tax have proven unsuccessful. They have been derailed by Governors and Members of Congress, who, in some cases, propose elimination of the gas tax – and the federal aid highway program – altogether.

Assuming that the current gas tax remains 18.4 cents per gallon, by 2009, Highway Trust Fund (HTF) expenditures will exceed revenues, according to a 2005 study by the U.S. Chamber of Commerce. The Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU) provides guaranteed federal funding for highway and transit capital improvements for a cumulative total of \$286.4 billion for the 2005 through 2009 period. However, the estimated revenues coming in to the HTF during this same time period total only about \$231 billion. This scenario results in a complete drawdown of the HTF account even before 2009.<sup>1</sup>

Although SAFETEA-LU provides state and local transportation decision makers with more flexibility for solving transportation problems in their communities, it still typically requires a local match for federally funded projects. As a result, state and local governments have to find ways to generate matching funds.

Rapidly diminishing funds coupled with growing transportation demand and infrastructure needs requires a search for new sources of revenue in the form of public-private partnerships, tolling and innovative finance. Additionally, tax benefits for charitable donations to transportation enhancements can inject “net new” dollars into the revenue stream. This concept is explored below.

Are large-scale transportation projects too costly for donations to make a difference? Together, WalMart and Target give over \$270 million annually to important charitable causes. Boeing gives over \$70 million annually. These companies may be willing to give additional annual charitable gifts for transportation enhancements. For example, if a planned interchange or highway enhancement would support a large corporation’s business interests, then this corporation could donate money to such an enhancement, simultaneously benefiting the local community. Similarly, the Proffer System in the Commonwealth of Virginia allows developers to enhance roadways and/or other public facilities beyond the project scope, in turn providing benefits for the community and the region.

For large-scale projects, corporate contributions could be used to fund the non-federal match. However, individual contributions should not be overlooked. The Project for Public Spaces reports that individual contributions amounted to over \$43 million for a public park in Kansas City.<sup>2</sup> In general, parks, green space and recreation centers are excellent examples of public works projects funded through donations. In most cities public parks are paid for with local taxes, but, when cities and individuals want more than is planned, private fundraising is often the answer. In Manhattan, \$2.25 million was raised for the rehabilitation of an ice rink in Central Park. In Houston, \$1.5 million in parklands (13 acres) were donated to the City in exchange for a tax break. The land will be developed into park space with funds from the City of Houston Parks and Recreation Department and additional funds raised by Houston Parks Board Inc., a non-profit organization that has acquired and developed more than 15,000 acres of Houston parklands.

Adopt-a-highway programs are another example of public works funded by private concerns. These programs depend on individual donations and have been in place since the late 1980’s. Groups or organizations adopt a section of roadway and remove litter, plant or establishing trees or

wildflowers, clean graffiti, and control vegetation. In California, 15,000 shoulder-miles of roadside have been adopted since 1980.

Transportation projects also have a history of private sector funding. Canals, railroads, and turnpikes were once funded through state-sponsored lotteries, where individuals would buy lottery tickets. Subsequent revenues would be divided between the lottery winner and the public works project.

It is conceivable that large sums of money could be generated for transportation projects through charitable giving, especially in large metropolitan areas. Projects funded by charitable contributions should be in a metropolitan region’s Long Range Transportation Plan (LRTP) and should undergo the same environmental and alternatives analysis as any other project. The idea is to provide funding for needed projects that might otherwise not be built and to move these projects into a programmatic stage in which they are slated for development in the regional Transportation Improvement Program (TIP) or Statewide Transportation Improvement Program (STIP). It is not recommended that “unnecessary” improvements be programmed simply because private funds are available. After all, states and local governments are still responsible for operation and maintenance of these facilities as well as regional air quality and overall regional quality of life. Private investment and public donations should be used to support regional transportation and mobility goals.

Now let’s talk about the tax code... **M**

1 Future Highway and Transportation Finance Executive Summary. The U.S. Chamber of Commerce – National Chamber Foundation 2005.

<http://www.uschamber.com/ncf/publications/default>.

2 The Project for Public Spaces. “What Non-profits do for Parks.”

<http://www.pps.org/upo/info/pubpriv/activities/PPPP-chapter3>.

*continued from page 2*

DeCorla-Souza, described how this might work. An “Operate-Design-Build-Operate contract model” would focus first on inviting a concessionaire to operate an existing highway corridor for higher productivity with such strategies as improved transit and rideshare services, rush hour shoulder lanes, improved transit access, ramp-metering, and peak-period congestion management tolls. Investment in new capacity would follow only in response to a demonstration of cost-effectiveness compared with operational and service improvements. Peak period tolls set to manage congestion would not be retained by the private concessionaire as profit, but managed publicly with accountability and transparency. Income of the concessionaire might be based on performance payments adapted from the approach

used on England’s A1 highway, focusing on system reliability, the number of people and amount of goods moved in the corridor without congestion, and meeting the terms of environmental performance and community benefit agreements. Highly cost-efficient cell phone probe based traffic monitoring systems like one being demonstrated in Baltimore could support contracting performance measurement and deliver real-time traveler information. Motorists might have their toll payment waived if they get stuck in traffic. MPOs could play a major role in helping local and state officials and the public consider how new ways of financing and managing transportation systems might be used. Will they deliver just more and bigger toll roads, with more traffic, sprawl, and pollution? Or high perform-

ance corridors that focus on boosting travel choices, cutting congestion, and improving environmental quality with better management, operation, and enhancement of existing transportation assets, adding new capacity only when it is most cost-effective? Will the public and local officials have a seat at the table as goals and agreements for transportation public-private partnership concession agreements are negotiated? Will the resulting systems address the public’s priorities and needs, with appropriate transparency and oversight of performance and use of funds? Only time will tell.

More information can be found at [www.environmentaldefense.org/go/road-pricing](http://www.environmentaldefense.org/go/road-pricing). **M**



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## Other Resources to Check Out...

The Brookings Institution has a webpage filled with reports, speeches, op-ed's, and testimony dedicated to the topic of *Transportation Finance*. See

<http://www.brook.edu> Click on "Research Topics" and then "Cities and Suburbs." Go three quarters of the way down the page to "Transportation," and then click on "Transportation Finance."

The Charlottesville-Albemarle MPO created a Transportation Options Funding Group in order to explore and implement alternative sources of transportation funding. As part of their scope, they prepared a **Transportation Funding Options Report**, that addresses transportation funding needs and explores alternative revenue sources for projects in the Charlottesville-Albemarle metropolitan area. You can view the report at: <http://www.tjcdc.org/pdf/fundOpt/FundOptionsReport.pdf>

The Center for Transportation Excellence (CFTE) will release a research report on ballot measures related to public transportation. The report will examine the recent history of these ballot initiatives/referenda and quantify a variety of key measures. The report will also examine national trends related to ballot measure success, and growth in local support and voter-approved financing for public transportation. For more information please visit the CFTE website [www.CFTE.org](http://www.CFTE.org) or send an email to [info@cfte.org](mailto:info@cfte.org).

FHWA has a website dedicated to public/private partnerships which was developed in response to the growing interest in capitalizing on new forms of partnerships between the public and private sectors to plan, finance, build and operate the nation's transportation infrastructure. The site defines all aspects of public/private partnerships and offers a host of case studies. See <http://www.fhwa.dot.gov/ppp/>

The FHWA Resource Center Finance Team is offering courses, seminars, and workshops to assist transportation professionals in financing transportation projects and programs. For a listing of courses and

their descriptions, see

<http://www.fhwa.dot.gov/resourcecenter/teams/finance/courses.cfm>

The Reason Foundation focuses part of their research on Transportation and Tolls. The website offers a number of policy studies and commentary focused on tolling and public/private partnerships. See <http://www.reason.org/transportation/index.shtml>

The U.S. Chamber of Commerce has released the **Future Highway and Public Transportation Finance Phase I and Phase II** reports. The objective of this two-phased study is to identify funding mechanisms to meet national highway and transit investment needs. See <http://www.uschamber.com/ncf/publications/default.htm>

The TRB Committee on Taxation and Finance, in collaboration with the Federal Highway Administration, is sponsoring a workshop on Transportation Finance Innovations during the TRB Summer Conference in La Jolla, CA. The workshop is designed to advance the knowledge base of alternative approaches for delivering and financing the nation's surface transportation system. This will be a full day workshop on Saturday, July 8, 2006. See <http://www.trb.org/conferences/jointsummer/2006/> and then click on, "Workshop on Transportation Finance Innovations."

TRB posted presentations from their 85th Annual Meeting. Many of them deal with the topic of transportation finance. See [http://gulliver.trb.org/calendar/past\\_events.asp](http://gulliver.trb.org/calendar/past_events.asp) Click on "TRB 85th Annual Meeting," which is located under "January 2006," and then click on "e-sessions." Presentations under the topics, "Taxation & Finance," "Transportation 2025," and "Transportation Policy," are the most applicable to alternative finance.

AASHTO sponsors **InnovativeFinance.org**, which is a clearinghouse providing information on innovations in all areas of surface transportation finance. The site defines innovative finance, offers case studies, an events page, a resource library, and more. See <http://www.innovativefinance.org/>

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