

**Remarks of
Patrick D. Jones
Executive Director & CEO
International Bridge, Tunnel and Turnpike Association
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(Note: These remarks have been edited for readability)

As we say goodbye to one presidential administration and say hello to another, I'd like to offer a few observations on the state of highway transportation in America, how we see ourselves, and where we might be going.

We Are Blind to the Way Things Really Are

Last week we learned from major news organizations that astronomers have discovered that our galaxy is much bigger than scientists had originally thought.

There's a relationship between the size of a galaxy and the speed at which stars travel within the galaxy. The faster the speed, the bigger the galaxy. Well, our sun is traveling a lot faster than scientists previously thought. So, it turns out our galaxy is a lot bigger than we thought. In fact, it's about the same size as our neighbor Andromeda.

According to an [editorial in the New York Times](#), "These new observations remind us of a basic problem in understanding the galaxy that we live in. We cannot get a view from outside it. *We are essentially blinded to the structure and motions of the Milky Way by the fact that we live within it.*" (Emphasis added.)

"We can see how the neighbors live...in Andromeda...because we can see the whole galaxy in the distance, even with the naked eye on a dark, clear night. There is no looking back at the Milky Way. We can only guess at ourselves by observation, extrapolation and analogy."

Paraphrasing for purposes of this discussion, I'd like to suggest that we in the United States are essentially blinded to the most effective transportation policies and funding strategies that could work here in America.

It is difficult for us to see clearly and appreciate alternative means of funding and operating our highway system.

The equivalent of the interstate highway system in Western Europe is an integrated network of toll roads operated by a collection of different and diverse private sector concessionaires.

The notion of converting the interstate highway system to toll roads – and the further notion of allowing private sector concessionaires to operate those roads – is anathema to many people in this country.

The 20 countries that are part of ASECAP, the European toll road association, collect about \$30 billion a year in tolls on a network that is just under 18,000 miles of highways.

Germany alone collects over \$4 billion a year in tolls on heavy trucks. That's about half of what we collect in tolls in the entire United States.

So, it's difficult to look objectively at transportation policies in the U.S. – our Milky Way – even though the Andromeda Galaxy – Europe – burns quite brightly in the night sky, with very productive toll roads in the 20 ASECAP countries.

As I mentioned before, there's a close relationship between the size of a galaxy and the speed of the stars in that galaxy.

In a similar way, I would suggest that the speed of the acceptance and adoption of tolling and road pricing in the U.S. translates into a much larger opportunity for tolling to play an important or even dominant role in the funding and operation of highways in this country. A couple of examples to support this suggestion:

First, a [study by PB Consult for FHWA](#) found that even though toll roads account for only 5% of all highway revenues in the U.S., toll roads have been responsible for 30 to 40 percent of new “high end” road mileage over the past decade.

Second, at last year's Transportation Research Board annual meeting, [Johanna Zmud of NuStats reported on a study](#) summarizing the findings from 110 different surveys looking at public attitudes toward tolling. The study found there is clear majority support for tolling and road pricing.

Among all surveys, 56 percent showed support for tolling while opposition was found in only 31 percent of the surveys.

Another way to express this connection between expanding galaxies and highways is like this: The opportunity for tolling and road pricing is much larger than we previously thought because the conditions and forces that are favorable to tolling are moving much faster than we previously believed.

Let's just look at the world we live in – today.

In the second half of 2008, the Congress approved and the president signed a \$700 billion financial bailout for banks and the financial community. In early 2009, President-Elect Obama outlined the contours of a nearly \$800 billion economic stimulus package over the next two years.

So, just in the last few months, we must confront one and a half trillion dollars of borrowed money flushed into the economy – somewhere – with apparently no revenue stream to support

the drawdown of this debt. We're talking about an enormous debt that will be forced upon our children, grandchildren and great grandchildren.

The advantage of tolling – perhaps I should say, the defining characteristic of tolling – is that the debt capacity is linked to a growing revenue stream. If you can't identify and provide some assurance of a growing revenue stream for your toll road, bridge, or tunnel project – then you can't issue debt.

So, we're still talking about the speed of stars in the galaxy and the size of the opportunity for tolling. Another session at this year's TRB annual meeting considered the recommendations of the National Surface Transportation Infrastructure Financing Commission. The five commissioners in attendance did a good job of explaining what their recommendations are going to look like and how they got there.

Adrian Moore of the Reason Foundation said this: "There is no option we face that is not fraught with problems." He went on to say, "The *least regret* option is moving to a mileage fee-based system."

Kathy Ruffalo, another commissioner, reinforced that notion and added that a fuel tax, set at any level, will erode. Then she said, "All of us have to get out of our individual comfort zones to move forward."

Don't Stop Thinking About Tomorrow

My second major observation, with apologies to Fleetwood Mac, is this: Don't stop thinking about tomorrow.

Not long ago, we at IBTTA put 15 smart people in a room for a day and asked them to think about the **future** of highway transportation in America.

These 15 people have names you would all recognize. They come from government, think tanks, private industry, the environmental community, trucking, technology providers, academia. They speak at TRB. They speak at all types of other meetings. IBTTA pulled these people together for one day.

In the first part of the meeting, we asked them to think about the challenges facing highway transportation in America. In the second part of the meeting, we asked them to articulate a vision for the future of highway transportation in America – a vision where things are better than they are today.

Here are some of the characteristics of that vision. I find them to be remarkably similar to the recommendations of the infrastructure financing commission:

- Moving off the gas tax to a per mile charge to finance and build future highways.
- Expanded use of road pricing and managed lanes to improve the capacity of our existing highways.

- Cordon pricing in major cities.
- Having “economic development” become one of the key motivators for transportation investment.
- Dedicated truck lanes or truck-only toll lanes.
- Making our facilities completely secure and grappling with the cost to do that.
- Smarter growth patterns that concentrate new jobs and housing close to where you can get to good transportation choices other than driving.
- Movement toward a concession model for infrastructure management.
- Recognition that our political structures are not very adept at pricing transportation services.

That vision and those characteristics came from 15 smart people sitting in a room for one day. This one day meeting pre-dated the work of the infrastructure financing commission AND the policy and revenue study commission. It happened three and a half years ago in July 2005. The report from that meeting is available [here](#).

Conclusion

I’m very excited about the speed we’re moving and about the expanding opportunities for tolling and road pricing in our little part of the galaxy called transportation.

But we face huge challenges.

- We have to take responsibility for our actions.
- We have to make some sacrifices.
- We have to make tough choices about our transportation options and how we pay for them.

The inauguration is just a few days away. Many people have drawn parallels between Barack Obama and Franklin Roosevelt or Abraham Lincoln. I’d like to close with a [quote from John F. Kennedy](#) who sought to explore the next nearest celestial body in our galaxy.

“We choose to go to the moon. We choose to go to the moon in this decade and do the other things, not because they are easy, but because they are hard, because that goal will serve to organize and measure the best of our energies and skills, because that challenge is one that we are willing to accept, one we are unwilling to postpone, and one which we intend to win.”

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