



A REPORT FROM THE IBTTA 82nd Annual Meeting & Exhibition

IBTTA AUSTIN

★ 2014 ★

September 14-17, 2014
Austin, Texas



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Many thanks to all the planners, speakers, moderators, sponsors, exhibitors, hosts and especially the delegates for making Austin a huge success!

Number of
Attendees

972

Number of Organizations
Represented

289

Number of Countries
Represented

19



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Introduction: A Moment of Opportunity

IBTTA's 82nd Annual Meeting & Exhibition convened in Austin, Texas September 14-17 at a moment of unprecedented opportunity for the tolling industry, with more than 900 participants and 55 exhibitors representing 19 countries, from Australia to the United Arab Emirates and from Hong Kong to Brazil. "You are in charge of your own destiny," IBTTA Executive Director and CEO Patrick Jones told participants. "We have set the table, and we encourage you to enjoy a feast of knowledge and experience, a feast of wonder and excitement, a feast of epiphanies and ah-ha moments."

In a video presentation, ASECAP President Øyvind Halleraker endorsed IBTTA President Mike Heiligenstein's emphasis on customers and collaboration, noting that "transportation is a key factor in sustained social and economic growth." The joint declaration that ASECAP and IBTTA signed in 2013 reflects the two organizations' shared conviction that "there are no free roads, and that [road] charging is a key factor" in delivering mobility across the global economy.



Tolling Embraces the Future

The future of the tolling industry in the United States begins with greater flexibility to toll existing interstate highways, a theme that Deputy Transportation Secretary Victor Mendez picked up in his remarks to participants. “If you look at some of the items that were built into MAP-21, and some of the issues we bring to the table through the GROW AMERICA Act, we also bring a little more flexibility into the federal program,” he said.



Speaking a few weeks after Congress passed a short-term funding patch for the Highway Trust Fund, Mendez reviewed the pressures facing the highway system through 2050 and stressed the need for certainty in federal infrastructure funding.

“Those of you in the private sector don’t run your businesses two or three months at a time,” he said. “We cannot run a \$70 billion per year business two to three months at a time, nine months at a time. So we’re working very hard with the Administration and Congress to come up with a funding solution that will give all of us certainty for the long term.” He pointed to public-private partnerships (P3s) and TIFIA funding as innovative approaches that will enable the U.S. to “tackle the big-ticket projects that we need to succeed in our country.”

Ed Regan of CDM Smith predicted a 400 to 500% increase in the size of the U.S. tolling industry over the next 15 years, with 30 out of 50 states adding new tolled capacity. “By 2030, the number of miles of toll roads in one form or another in the United States will increase to 25,000,” he said, from about

5,400 miles today. “That’s a four-fold or five-fold increase in the number of tolled miles, and the vast majority of that will be all-electronic tolling,” with 70% of the new tolled mileage on existing interstate highways.

There are no guarantees, Regan said. But “if I’m even close, the amount of change and growth will be huge, and the opportunities limitless.” The primary driver will be the many states that “have identified new projects with no source of funding.”

Regan and Robert Poole of the Reason Foundation agreed that interstate tolling pilot projects would be easier to introduce if the option were available to all states and all roads, rather than setting up political friction between pilots and nearby capacity.

Henry Cisneros, former Secretary of Housing and Urban Development and former Mayor of San Antonio, underscored the “philosophical concept that users ought to pay directly for services. It’s especially compelling at a time when the federal government literally has no money.” The wrong pricing formula can accentuate social inequalities, he said, but “there are ways to do the pricing, by the design of the [pricing] vehicle, that make it less regressive and put the benefits closer to where the users are.” Tolling opponents in cities like San Antonio are “really vocal,” he said, “but in the final analysis, the toll roads have to be done and will be done.”

P3 consultant Mary Scott Nabers noted that decision-makers and the public are in a “brand new world” where there aren’t enough resources to pay for essential systems, from highways to water infrastructure. Without those services, “an entire region disintegrates.” Cisneros said the situation calls for a vision “that has to be bigger than just transportation. Transportation today is a means to an end, which is a better life.”

Other panelists discussed the prospects for a long-term federal financing deal, and the steps some states are taking to generate new revenue and develop P3s. “If we can get people to touch and feel and personalize what we do, we have a better chance of getting them to understand why maintenance is important on our highways, as well,” said one senior state official.

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In a lightning tour of tolling and highway infrastructure projects around the world, IBTTA International Vice President Emanuela Stocchi stressed a common concern about infrastructure financing amid economic uncertainty, a need that is most obviously met through public-private partnerships and user financing.

The Texas Story: Stunning Growth, Stunning Success

Throughout the week, panelists pointed to the stunning economic growth and massive development of infrastructure in Texas.

“We have been pursuing this ‘all of the above’ strategy in building roads,” Governor Rick Perry told participants. “All of the above except one, and that’s raising taxes.” He called for greater flexibility and certainty in federal project funding, noting that “local people know the needs of their region and their community better than Washington, DC. States know better than the federal government how to make things run smoothly.”

Perry said employers always point to transportation, energy and water infrastructure as a precondition of their success. The need for mobility for goods and people led Texas to explore “some pretty bold and innovative ways to expand and grow our transportation infrastructure,” he explained. “We placed

more power and control in the hands of local authorities,” expanded the use of P3s, streamlined the environmental review process and, most recently, introduced a constitutional amendment that will dedicate about \$1.7 billion per year in oil and gas revenue to highway infrastructure if voters adopt it in a November ballot.

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IBTTA President Mike Heiligenstein, Executive Director of the Central Texas Regional Mobility Authority (CTRMA), traced 10 years of “collaborating with the Texas Department of Transportation (TxDOT), other partner tollways, our cities and counties within our jurisdiction, to develop a seamless network of expressways through the region.” TxDOT Executive Director Lt. Gen. J.F. Weber, USMC (Ret.) pointed to congestion as the prime motivator for a transformation of Texas’ vast transportation system. Its highways, railways, maritime ports and airways carry \$1.4 trillion in annual economic output, its ports handle more tonnage than any other Gulf Coast state, and the state highway network carries 480 million miles of mobility per day.

“With that vastness come some challenges, and as leaders in enhancing mobility, you’re familiar with those challenges,” he said. The fossil fuel activity at the heart of the state’s economic boom places unrelenting demands on transportation infrastructure. “Every hole that’s drilled in the ground to drill oil takes 10 to 11 million pounds of sand. Millions of gallons of water. Many vehicles. Much infrastructure. All of that concentrated in a certain area of our state, causing great challenges transportation-wise.”

Texas’ population could double by 2050, he added, and future transportation challenges include the expansion of the Panama Canal and mobility across the Mexico-U.S. border.

A panel of state transportation pioneers traced Texas’ history as a tolling industry laboratory—from the constitutional amendment that allowed state and local funds to be spent on toll roads, to the introduction of regional mobility authorities, to persistent problems with toll revenue diversion, to a clear emphasis on local control and accountability. Panelists discussed the development of state and regional highway systems and the more recent arrival of all-electronic tolling, with P3s emerging as an essential tool for managed lane projects that can cost more than \$1 billion to build.



A seamless customer experience and strong relationships with regional partners emerged as key success factors for the large, ambitious projects now in operation or under construction in many parts of the state. To get roads built, “it really does take place at the local level,” a panelist said. “One size does not fit all. You’ve heard the term ‘locally’ used several times, and it truly is a local issue,” since the right mobility solution for one community may not work for another. “Each of us has different, unique needs.”

But even with significant discretionary funding from the state, another panelist said highway infrastructure in Texas depends on action in Washington. Texas hasn’t raised its gas tax since 1991, and “if we don’t get some long-term, permanent solutions for sourcing future revenue, I think we’re going to be in trouble.” A panelist acknowledged that even the \$1.7 billion per year in proposed oil and gas revenue would fall far short of the state’s \$4 to \$5 billion shortfall in annual highway spending.

The panel also underscored the close connection between freight mobility and economic development: When Toyota agreed to a major investment in Texas, it was on the understanding that just-in-time delivery of essential parts orders would not be held up in a “three-hour parking jam” on a major expressway, a panelist said.

Later in the conference, a panelist said Texas is well positioned as a center for autonomous and connected vehicle development, with established expertise in automotive and information technology, strong intellectual capital, a business-friendly political and regulatory environment, and a large potential consumer market. Autonomous and connected vehicles could produce \$450 billion in annual value for the U.S. economy, and



Texas is poised to capture at least 10% of that activity.

But a session moderator pointed to a paradox in the Texas experience: the state is the world’s 12th- or 13th-largest economy, “yet we have extraordinary income inequality and a basic anxiety about whether we’re becoming victims of our own success.” Cisneros said the paradox is “perfectly explainable” in a state that has kept taxes low to attract business, but “hasn’t figured out how to harness the benefits that come from that growth.” While “one clearly feels good about the stellar achievements on the jobs front, there is much to be done to make sure this is sustainable, by investing in our people.”

Nabers agreed that Texas won’t keep attracting new population without strong social infrastructure, adding that the same problem is playing out across the U.S. “We’ve been a ‘no new tax’ state for so long, we have no money,” she said. “So we need to go to alternative funding like public-private partnerships,” which means raising public, political, and media understanding of how P3s work.



Transportation as a System: Financial Costs, Economic Benefits

"If you think congestion is bad now,
wait for 2050. We need to look at
transportation as a system and think
about the culture of how we get around."

A panelist from Texas said today's transportation challenges are too big and complex for jurisdictions to just build their way out of them. "If we don't look at transportation as a system, take technology seriously, and think about changing the culture of how we travel and how we get around this state, if you think congestion is bad now, wait for 2050," he said. The infrastructure decisions of the next few years will benefit "not necessarily us, but our children and our grandchildren," by delivering continued prosperity and quality of life.

Several panelists delved into the financing arrangements behind the wave of managed lane projects under way across the United States. One agency CFO described a project that depends on tolls for an express lane, with a mix of tolls and sales tax revenue to fund general-purpose lane improvements. Another panelist talked about a congestion relief project that was originally envisioned as a P3, founded on financiers' interest in availability payments, and eventually received funding from a metropolitan planning organization, on the understanding that the road will generate enough revenue over time to pay for system extensions.

FORECASTING TOMORROW'S TRANSPORTATION SYSTEM

The continuing crisis in transportation funding was a recurring theme throughout the conference. Investment hasn't kept up with the need for infrastructure, the federal gas tax hasn't increased in more than two decades, and "as state DOTs are shrinking in size, they are not shrinking in the services they are responsible for," a panelist said. The result: 54% of America's



major roads are rated poor or mediocre, 25% of bridges need significant repair or can't handle their current traffic, and the system is unprepared for a 25% increase in vehicle travel—and a 64% increase in freight traffic—by 2030.

With growth in per capita vehicle miles travelled slowing down, participants heard that traffic and revenue forecasts are equal parts art and science. “Forecasting is an attempt to envision and quantify some set of future conditions,” a session moderator said, based on “motorists’ value of time and their willingness to pay to save time, or otherwise have a more reliable trip.”

While a wide range of data, variables, models and simulations goes into a traffic and revenue forecast, a panelist noted that “models and simulations will never precisely mirror the real world” because “the future is never a simple extrapolation of past trends.” Their value lies in their ability to approximate real-world results. But by definition, their accuracy “is difficult to gauge without the benefit of hindsight.” Even a simple variable like U.S. population growth looks different when it's broken down by state and region, he explained. “So when a consultant looks at a model and gets different data for different areas, keep in mind that this is a very complex system.”

The picture gets even more complicated when traffic and revenue models are applied to dynamic pricing systems. “The dynamic nature of pricing is something we have to look at carefully,” a panelist said. “We’re trying to predict human behavior more than some of the more predictable variables we relied on before.” For managed lanes, the four key questions are global demand for a corridor, the pace at which demand will grow, the share of demand that will use a tolled facility, and the toll rate users will willingly pay.

Another panelist described traffic and revenue consultants as “puzzle builders, in a way,” trying to construct reliable models out of complex, diverse data. While studies have tracked significant differences in behavior and expectations between the Boomer and Millennial generations, no one can say whether Millennials’ choices will shift as they age.

“Is it a risky business?” he asked. “Certainly, there’s a lot of risk. You are looking at the future profile based on what you know today.” Another panelist agreed that, with weaker correlations between traffic and GDP growth, traffic and revenue forecasting becomes increasingly uncertain beyond 10 to 15 years, making it difficult to justify capital expenditures on a 30-year timeline.

This is one reason rating agencies are having trouble adapting to the rise of managed lanes. “All the additional data is good, but sometimes with managed lanes, we’re still learning how to react to things,” a panelist said. “As we get more comfortable about what’s out there, maybe we’ll get less conservative.”



TOLL REVENUE DIVERSION: A MATTER OF PERSPECTIVE

One conference session focused on toll revenue diversions, with panelists weighing the pros and cons of dedicating toll road revenue to other corridors, modes or regions. “I’m of the opinion that there isn’t a right answer,” the session moderator said. “Locals know best, and you have to explain the risks and rewards to all the constituencies.”

One established turnpike authority was the subject of a senior consulting study aimed at “unlocking the value” of the road while protecting its future viability. In the end, the authority opted for a change in mandate that would allow it to issue toll-financed debt for infrastructure projects that had a “nexus” to the turnpike, based on proximity, impact on traffic and revenue, or movement of goods or services. Throughout, the state placed high priority on maintaining its high standing with rating agencies.

Another panelist described an agency that has always functioned as part of an integrated system. “We’re in the transportation business,” he said. “We’re in the transit business. We’re in the bus and ferry business. We have a monopoly—it’s our bridge, our bus, our boat. Two of those lose money.” Toll-paying customers still benefit, enjoying a level of mobility that is only possible with buses and ferries accounting for 25% of trips.

“Successful rollout of connected vehicles will depend on a change in perspective for transportation agencies that have traditionally protected their data from use by others.”

But a rating agency representative warned that, “at the end of the day, most of these diversions end up having negative credit consequences.” Agencies use a variety of metrics to assess a toll project, and “the outflow may not affect the ultimate rating,” she said. “But it can still translate into weaker metrics and a weaker bond rating.”

TOLLING ACROSS BORDERS

Whether the borders were in Europe, between the United States and Mexico, or between the U.S. and Canada, a panel on international tolling pointed to interoperability as a cornerstone of a successful system. Participants heard an update on the

Regional European Electronic Toll Service (REETS), an interim system that began to take shape after the EU missed a 2012 deadline for full interoperability. On a continent where a truck can pass through five countries in six or seven hours, a panelist stressed the urgency of a project that will bring together eight participating countries: Austria, Denmark, France, Germany, Italy, Poland, Spain and Switzerland.

Along the U.S.-Mexico border, an advantage of Texas’ system of regional mobility authorities is that RMAs have the authority to cross borders, with or without tolling. A panelist said the city of El Paso is aiming for an “interoperability system that gets you in and out of our toll roads, over our international bridges, whether they’re owned by the city, the county, or other entities, and into our parking garages and meters.” The ultimate goal is to offer access to all system components with a single card.

Two panelists discussed cross-border tolling between the U.S. and Canada. The E-ZPass Group already works on the Peace Bridge, between Buffalo, NY and Fort Erie, Ontario and on three international bridges operated by the Niagara Falls Bridge Commission. It will soon become available on the Thousand Islands Bridge between Ontario and Upstate New York. With a trading relationship worth \$632 billion per year, and 37.6 million E-ZPass crossings between the U.S. and Canada, a panelist said both countries have an interest in addressing any operational, financial and customer communication issues along the border. Those issues include different currencies, foreign transaction fees and fluctuating exchange rates.



Technologies Transforming Transportation

“We’re not just about tolling. The sooner we get our arms around that, the better off our industry will be.”

A recurring question for panelists and participants was how to juggle the multitude of new technologies crowding into the highway transportation field, while managing billions of dollars worth of infrastructure in a way that satisfies customers and bondholders. “We’re not just about tolling. We’re about mobility,” said IBTTA President Mike Heiligenstein. “The sooner we get our arms around that, the better off our industry will be.”

Retail and consumer futurist Doug Stephens pointed to a mass of structured and unstructured data, 90% of it created in the last two years, supported by sophisticated tools for “deciphering the unique correlations that we can find within that data.” The result is the ability to drill down to individual customer needs and wants—and a growing expectation that retailers and service providers will do nothing less.

Online technologies are also building customer communities based on common interests, rather than traditional segmentation factors like income, geography or ethnocultural origin. When one utility amasses 55,000 Likes on Facebook, “it allows them now to have a conduit of communication with that community” and gamify the shopping experience. Stephens pointed to the challenge for legacy companies trying to manage existing infrastructure and operations while adapting to a new way of doing business.

For the second year in a row, a conference highlight was a series of skits on the future of tolling and transportation, presented by four teams of IBTTA Leadership Academy alumni. The winner won the coveted IBTTA Light Bulb Award for delivering the most creative idea with the greatest likelihood of implementation and industry impact.

AN APP FOR EVERY USE

Participants heard about a flurry of new mobile applications that is putting much more choice into customers’ hands. Panelists described hands-free, eyes-free apps developed by tolling agencies that provide real-time information on roadway conditions and congestion, speed limit changes, or border wait times, analyze parking availability for trucks, or enable customers to change their toll status. A panelist said her agency decided to work with a customer who had begun building his own app using a screen scraper. But “one of the things we’ve learned is that, once you start the process to build an app, you can’t just stop,” she said. “We’re in the app business now.”

Another panelist discussed an app that allows drivers to reserve the time and route of their trips. The system gives tolling agencies added insight on traffic flow, allows drivers to coordinate their mobility within a regional transportation “ecosystem,” encourages commuters to stagger their travel times, and tracks cumulative time savings, carbon dioxide reductions, and reward points. Another speaker presented a ride-sharing app that “takes people off the roads by turning two people in two cars into two people in one car.” The developers are currently testing whether the system can support occupancy-verified toll discounts.



Joseph Kopser, CEO of RideScout, encouraged tolling agencies to take advantage of private apps that are readily available to them. “If you’re in the public sector, no offense, but stop building apps,” he said. “If you’re building your own app in-house, the person working on it is about to be snatched up by the private sector and paid 10 times more.”

He said apps can help toll operators fill up and monetize the spare capacity on their roads: “Any industry that works at 2% occupancy offers the opportunity to make millions when you realize 3% occupancy,” he said.

CONNECTED AND AUTONOMOUS VEHICLES

A panelist said the U.S. market for connected and autonomous vehicles is emerging fast. The Department of Transportation will finalize its rulemaking for the technology in 2016, DOT’s first solicitation for connected vehicle pilots is due in 2015 and General Motors is planning a “highly automated vehicle” for 2017. “It’s not just the traditional players, either,” with Google’s fleet about to add its hundredth prototype vehicle.

Passenger safety is by far the biggest motivator. “They don’t get drunk. They aren’t distracted. They don’t get tired. They don’t text,” a panelist said. “Self-driving vehicles have the potential to save tens of thousands of lives over current technology.”

For tolling agencies, panelists said the technologies behind connected vehicles support integrated payment systems, real-time performance feedback, communications between vehicles

and infrastructure, and decentralized traffic management. With the ability to operate at higher speeds, with closer headways and narrower lanes, agencies will be able to squeeze more traffic volume and revenue out of existing infrastructure.

Another panelist said the transition to connected and autonomous vehicles will be slow and gradual, with fully automated vehicles likely to enter the market by 2025. “For the tolling industry, it could be game-changing,” she said. “Toll roads have the potential to alter or reduce the cost of congestion, because people have the opportunity to work or do other things while they’re travelling.” But by altering the way customers measure and interpret the value of time, self-driving vehicles may also shift their willingness to pay for time savings.

The biggest transformation will be the rise of sharing as the new mode of transportation ownership, as users move beyond vehicles that sit idle for most of the day and night. “Increasingly, what the younger generation expects of transportation is a service, not hardware,” a panelist said. “It’s a service you get from this [mobile] device. Do you think that’s crazy? It’s already happening.” With a global market worth \$25.2 billion in 2014, connected vehicles are already “big business, compared to your small business.”

Successful rollout of connected vehicles will depend on a seamless security network, a solution to questions about sharing of telecommunications spectrum and a change in perspective for transportation agencies that have traditionally protected their data. “The disruption is going to go to those who release the data,” he said.



Agency staffing will have to shift in response, with data analysts, electrical engineers and network security specialists joining the mix. “We’re not just about building roads anymore. We’re about building networks,” a panelist noted.

But another speaker pointed to the current limitations of connected vehicle technology: the prototypes only work on pre-driven routes, in fair weather, and in relatively rough settings that don’t require safe freeway driving or the ability to navigate around obstructions, or even landscaping.

“A smart city is a place where customers and service providers are part of a highly connected, interactive web of infrastructure and data.”

SMART CITIES AND INTEGRATED CORRIDOR MANAGEMENT

A “smart city” is a place where customers and service providers are part of a highly connected, interactive web of infrastructure and data. With the expectation that 50 billion connected devices will be in use around the world by 2050, and that 2.8 trillion sensors will be deployed by 2019, a panelist said the challenge will be to extract meaning from a mountain of data, while protecting individual users’ privacy and security.

Experience in the utility industry shows how data can be used to boost operational efficiency, shape end use behaviors and allow users to do more with—and derive greater satisfaction from—the devices they own. With 77 million customers, U.S.



tolling agencies could go through a similar transition that brings together connected and autonomous vehicles, tolled roads and lanes, road user charging, and active travel demand management. Panelists discussed smart city applications that support integration of transportation modes and adjacent highway facilities, using predictive analytics to support advanced transportation demand management.

SAFETY FIRST

Deputy Transportation Secretary Victor Mendez emphasized highway safety in his keynote remarks to the conference, and a couple of speakers called for constant vigilance to protect customers and employees. “It’s very scary out there for the guys who are building and working on the roads,” one panelist noted. Collisions and enforcement are also an important issue for managed lanes—particularly in the first few months of operation, when users are still becoming familiar with the transition from the general-purpose roadway.



It's All About the Customer

Retail and consumer futurist Doug Stephens stressed the “massive, quantum levels of change” that have transformed the relationship between customers and products. A toll road, bridge, tunnel or turnpike “is not like a rack of clothing,” he said, “but in a sense, it’s almost trickier than clothing or coffee. It becomes more of a binary decision for the customer. They either use the toll road or they don’t. There’s no gradation. It’s either yes or no,” and the big challenge is that the satisfaction of saving time wears off by the time a user receives their monthly toll bill.

In line with IBTTA’s 2014 theme, *Customers & Collaboration*, Stephens said the key questions for tolling agencies include:

- How to fully activate the toll road experience on mobile platforms
- How to gamify the experience
- How to customize and personalize the experience to each user on the system
- How to build a stronger sense of community among users
- How to expand and extend the experience to other aspects of the consumer’s life.

Using Netflix’ conquest of Blockbuster as an example, he warned that legacy organizations fail to respond to the shift in consumer culture when their “organizational imprinting” makes it difficult to see the world through any other lens. The often fatal result is an incremental response to exponential change, and protection of existing business models that are being dismantled by broader disruption. While earlier generations of business leaders could thrive by offering an average product to what they believed to be their average customer, Stephens said the world of “one-click satisfaction” will only tolerate products that promise either high utility (low price, minimal service) or high fidelity (greater exclusivity, immersive experience).

“These are the two business models that are winning,” he said. “Anything caught in the middle is losing.” And in the new business landscape, the threat doesn’t come from known competitors who offer similar services: “it’s much easier for the banditos to come over the barriers,” with disruptive start-ups coming out of the woodwork to challenge established business models.

Several sessions focused on the changing profile and expectations of tolling customers, with panelists describing rapid, significant changes in technology, demographics and business models that open up new avenues to build revenues and relationships.

Participants also heard from a panel of customers and critics that captured the evolving views of the American Trucking Associations (ATA) and the American Automobile Association (AAA), two organizations that have had considerable influence on highway financing policy in the United States.

ATA Second Vice Chairman Pat Thomas, Vice President, Public Affairs for UPS Inc., reiterated his organization’s opposition to





tolling existing interstate capacity, even after it reluctantly opted to support a higher federal gas tax. But truckers accept existing toll roads and support tolls to build new capacity. “The worst [highway] bottlenecks are very problematic for our members, as well as the motoring public,” he said. “So there is a value proposition to doing some different things that would move traffic along at a better rate.”

Phineas Baxandall of the U.S. Public Interest Research Group acknowledged tolling as a “legitimate way to raise revenue,” but expressed concern that tolls can distort decision-making in ways that are wasteful and bad for the public. “Toll roads don’t just add new choices and benefits,” he said. “They also foreclose choices and impose potential harms. This shouldn’t be discounted just because a transponder is involved.”

AAA’s Vice President, Public Affairs, Kathleen Bower, expressed support for a federal gas tax increase and acknowledged the provisions of MAP-21 that allow more flexibility for states. “We think MAP-21 made a good effort to ensure that funds are invested wisely in projects that will make a real difference for safety and mobility.”

AAA is more inclined to support tolling on new capacity than existing roadways, but Bower acknowledged that individual AAA clubs have taken a range of positions on the issue. “It varies from region to region, depending, frankly, on the user’s experience with various types of facilities.” For example, AAA Mid-Atlantic was very supportive of the 495 Express Lanes, working closely with

Transurban to ensure adequate breakdown lanes and assisting with public education when the road opened.

AAA generally opposes congestion pricing, but supports all-electronic tolling as an innovation that “improves safety, helps with emissions, certainly speeds traffic and helps reduce congestion.”

Thomas and Bower both said they welcomed the thinking in the Reason Foundation’s recent report on value-added tolling to fund reconstruction of the U.S. interstate highway system. AAA hasn’t yet endorsed the approach, Bower said, but “we’re a practical organization. We recognize the political paralysis we’re experiencing at this time. We understand that we’re not going to get a gas tax increase at any time in the near future. And for that reason, we understand that everything has to be on the table,” with the public interest kept at the forefront.

Reason’s Robert Poole, Director of Transportation Policy, summarized the five pillars of the value-added tolling proposal:

- Limiting the use of toll revenues to the tolled facility
- Charging only enough to fully cover capital and operating costs over the life of the facility
- Introducing tolls only once a facility is finished
- Using tolls to replace, not supplement, existing fuel taxes
- Providing a higher level of service on tolled interstates.





Conclusion: *'We're Not Done Yet'*

"It's incumbent on this group to be very, very clear that the fight's not over. In fact, I think it's probably just begun. "

Throughout the Annual Meeting, panelists and participants placed tolling at the center of the effort to modernize highway systems and financing, accommodate growing populations and economies and deliver the benefits that come from building a prosperous community on sound infrastructure.

"People think in common sense terms, and they know there's congestion and that we're not putting enough money into it," Henry Cisneros said. Leadership means delivering a "strong, consistent message," providing "an overarching expression of the vision and an explanation in ways that make sense."

When jurisdictions like Texas see rapid population growth, the new arrivals "are not bringing asphalt or water or health care or education with them," said session moderator Kevin Smith of The Texas Tribune. "People say we hate the roads, and yet there aren't enough of them. What will it take to get citizens to understand that we need to invest?"

IBTTA President Mike Heiligenstein acknowledged members' hard, devoted effort to build an industry record based on results. "That's why leadership needs to be consistent, and it's not about one person. It's about a central current of consensus, built over time. That's a lot of work."

He traced IBTTA's progress with its *Moving America Forward* campaign, noting that the industry's advocacy work is not yet done. "It's incumbent on this group to be very, very clear that the fight's not over. In fact, I think it's probably just begun."



SAVE THE DATE

August 30 - September 2, 2015

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