



Public Transportation and Toll Roads: New Synergies and Opportunities

By William W. Millar

Much has been written of a coming era of prolific growth for toll roads in the United States. Indeed, on the surface, it appears three trends bode well for the toll-road industry: (1) a continuing need for supplemental revenue sources for transportation investment; (2) heightened demand for congestion relief and improved economic efficiency; and (3) a new emphasis on free-market approaches to transportation finance. I agree that the toll industry has an exciting future.

Certainly, the fact that the most recent federal surface transportation legislation, SAFETEA-LU (the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users), includes no new or additional revenue sources amplifies the need to explore new revenue options and financing methods. Because change doesn't come easily, however, numerous questions remain in the minds of the traveling public and elected officials:



- Will the public accept paying tolls for what it heretofore had perceived was free?
- Will creation of toll lanes themselves be an adequate remedy for traffic congestion?

- Will there be uneasiness over privacy concerns as electronic cards and transponders continue to proliferate as means of toll payment?
- Will there be a bandwagon of protest when the “Lexus lanes” cries begin?

Public and political acceptance of a widespread increase in roadway tolling is still a big question mark. My belief is that public transit can enhance the overall appeal of toll roads.

Complementary Modes

Public transportation and toll-road facilities are two critical elements of our regional and national transportation networks in the United States. That’s why the initial managed-lane initiatives and the many pending plans for high-occupancy toll (HOT) lanes to link transit and toll roads through a unified mobility strategy have uncovered a great new synergy. Indeed, the two modes of transportation complement each other very well.

Public transit can help toll roads achieve maximum performance in the travel corridors they serve, improving the operation of toll facilities as well as the overall mobility provided through such facilities. Moreover, integration of transit can help give toll projects a broader public appeal by helping alleviate congestion and offering balance and travel options. Transit riders, meanwhile, can benefit from express trips on high-performance toll lanes and from the overall revenues generated for transportation needs in the corridor.

We now enjoy a new opportunity to blend toll-road and transit modes in a systematic way. Recognizing tolling, value pricing, and HOT lanes as major components of America’s transportation future, the organization I represent, the American Public Transportation Association (APTA), devoted considerable attention to tolling issues in the many months leading to the recent enactment of SAFETEA-LU. The leadership of APTA’s Legislative Committee created the Roadway Tolling/Value Pricing Working Group, ably chaired by Al Harf, executive director of the Potomac and Rappahannock Transportation Commission/OmniRide (Woodbridge, Va.), to develop a set of related APTA principles, which are described below.



Compared with prior laws, we're pleased that SAFETEA-LU gives broader flexibility to the states in determining how toll revenues can be applied in federally assisted capital projects, allowing the states to use such revenues for both transit operating and capital purposes. Increasingly, states are allowed to look to tolling as a way to address needs for transportation infrastructure, services, and overall system capacity.

With the ongoing revenue streams that road tolling can generate, as well as the possibility of public–private partnerships and the untapped market power of offering express auto and truck trips for a price, states and communities are sure to consider tolling options in the coming years. Multibillion-dollar concession agreements in Illinois, Virginia, and Indiana are evidence of strong, ongoing revenue streams that will be available to states and communities. Indeed, tolling seems to be an idea that's right for our times.

However promising these possibilities, formidable hurdles and uncertainties lie ahead. Currently accounting for only about 4.5 percent of overall highway revenues, toll roads are still a minority element in the mix. Will this change? At this writing, the jury is still out.

Intermodal Strategies Are a Must

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Interconnectivity will be essential given the country's projected population growth over the next few decades. By November 2006, according to U.S. Census Bureau calculations, we will have surpassed 300 million people. Thirty years after that, we will have reached 400 million.

The need to address surface mobility through a combination of roads and transit was the central theme of two recent reports, both of which emphasize that America's economic growth and international competitiveness can only be fostered through an improved surface transportation system. The first report, titled *2010 and*

Beyond: A Vision of America's Transportation Future, was released by the Hudson Institute in August 2005. The salient theme of this book is that the arrival of new technology has enabled America to finance, manage, and integrate highways, public transportation, and goods movement in new ways that promote safety, economic efficiency, environmental friendliness, and other social benefits to an extent that we couldn't even dream of a few years ago. The book stresses the importance of integrating what have traditionally been separate travel modes into a single, smoothly functioning system that concentrates on service to the customer rather than on mechanical processes. The authors make a strong case for funding surface transportation in a contemporary, integrated, and sufficiently robust manner that recognizes the importance of having individual modes complement and support each other financially.

The second report, prepared by Cambridge Systematics and sponsored by the U.S. Chamber of Commerce's National Chamber Foundation, is simply titled *Future Highway and Public Transportation Finance*. The report projects that the current rate of gas-tax collection is insufficient to see SAFETEA-LU through its course and projects a zero balance for the Highway Account of the Highway Trust Fund in 2008, with the Mass Transit Account not far behind. The authors contend that continued disruptions in the consumption of gasoline caused by supply and price fluctuations could



further erode revenues. As does the Hudson report, the Chamber study recommends indexing the gas tax as a short-term option, with eventual implementation of a user fee based on vehicle miles traveled.

Both reports consider highway and transit needs together, taking the view that highways and public transportation programs should function as parts of an integrated network, and that all modes should work together to serve the full array of transportation needs, enhance economic productivity, and bolster America's international competitiveness. This enlightened approach envisions transportation programs that aren't compartmentalized into modal "silos" but are pieces of an overall system working together in ways that will best serve the public.

Toll facilities and transit have worked hand in hand for many years. New York City, San Francisco, Philadelphia, and other cities recognized long ago that the performance of toll bridges in heavily traveled corridors depends on some of the trip volume being picked up by transit programs operating in the same corridors. With toll roads and transit back in the spotlight, it is time to reinvigorate this long-standing relationship.

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A New Renaissance

Transit trends are quite favorable. Last year saw a sustained movement toward strong transit ridership. Since 1995, in fact, public transportation use has risen 23 percent—faster than vehicle miles traveled on our roadways and airline passenger miles logged over the same period. In 2005, Americans used public transportation more than 9.5 billion times—the highest ridership level in more than 40 years.

With high gas prices in the third quarter of 2005, national transit ridership grew by 3.3 percent from the same period in 2004. At the same time, vehicle miles traveled decreased by 0.2 percent, according to Federal Highway Administration statistics. Even with a decline in gas prices in November, the strong ridership trend continued, with more than 25 agencies showing double-digit increases from a year ago. The increased ridership of the third quarter, combined with the November increases, indicate that more and more Americans want transportation options besides the automobile. APTA fully expects that trend will continue to grow as more people discover the convenience and affordability of public transportation. After all, if you give people a good choice, an option that works for them and their travel needs, they're happy to use public transportation.



Of course, public transit isn't only for commuters. At the White House Conference on Aging in December 2005, delegates from around the country considered 73 separate resolutions, including the pledge to "ensure that older Americans have transportation options to retain their mobility and independence." That resolution received the third-most votes, with 1,002 ballots (out of a maximum of 1,200), and will go to

President Bush and Congress to help guide national aging policies for the next 10 years.

Fortunately, new bus and rail systems are opening at a steady pace, providing the public with more and better choices. And while financing remains a major issue, in 2005 the public approved 84 percent of ballot

measures related to public transportation (21 of 25). This marks the third consecutive election cycle with a 75-percent or higher approval rate for public transportation measures. It certainly appears that the public sees the need for better mobility and improved transportation infrastructure while also recognizing the need to pay for it.

Reviewing Our Policy Objectives

In many ways, APTA and IBTTA have similar organizational structures. Both groups have a strong mix of public and private members. In both there is a particularly strong private-sector membership in supply and capital development areas and a mix of both public- and private-sector membership in operations. In forming the association’s legislative positions, APTA’s policy development process considers the full range of public and private views. Fortunately, road tolling and value pricing resonate strongly with both sectors.

So how can transit help strengthen the public’s willingness to accept road tolling?

Putting on our public policy hats, let’s look at some of the objectives we hope to achieve through transportation investments. In particular, the following objectives are most relevant: mitigating traffic congestion, enhancing mobility options, providing financing for transportation programs and infrastructure, and ensuring social equity.

Mitigating traffic congestion. As transportation professionals, we are under a public mandate to find solutions to traffic congestion. Public transit programs can play a critical role by taking vehicles off the road at the “peak of the peak,” when congestion levels threaten a critical breakdown. The price the public pays for using the toll roads can be justified by providing a premium level of service. With an emphasis on the overall movement of people (rather than vehicles), transit can help toll facilities achieve that level of performance, especially during peak commuting times.

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Enhancing mobility options. It should be the goal of our transportation system to provide the public with a range of mobility choices. Including public transportation in the corridor mobility plan will make the overall transportation system work better. Express bus service lends toll operations an intermodal feel that should increase public and political acceptance of tolls.

Providing financing for transportation programs and infrastructure. The gas tax is likely to remain the centerpiece of the federal surface transportation program through at least 2020. Claims that the gas tax is unsuitable as a long-term funding source because of increased fuel economy and the rise of hybrids and other alternative-fuel vehicles are not supported by objective analyses. The National Chamber Foundation report cited earlier says increasing fuel efficiency will cause only a modest erosion of motor fuel tax revenues through 2020. The bigger question is the willingness of elected officials to vote for increases to the current rate of 18.4 cents per gallon, via either a straight increase or “indexing.” As the balance of the federal Highway Trust Fund begins to approach a crisis level, it will be hard to resist the need to increase the gas tax. In any event, toll financing will be a supplement to, not a substitute for, the gas tax into the foreseeable future.

Since 1983, the federal motor fuel tax has served as the funding source for both highways and public transit. This arrangement has resulted in good policy, helping unite transit-leaning areas and highway-leaning areas in support of a balanced, multimodal transportation program. As tolling begins to assume a larger portion of transportation financing, it is important that it develop the same multimodal presence as the gas tax enjoys. This will be a critical factor as the public and elected officials come to grips with the emergence of toll roads.

Ensuring social equity. Providing free-flowing travel lanes to those able and willing to pay to use them will inevitably invite allegations of social inequity. Such criticisms could be mitigated by incorporating public transportation into toll projects: Those unable to afford to drive in the premium travel lanes would have the option of choosing improved transit service. These improvements could include more frequent service, newer and better equipment, better stations and shelters, and more amenities.

In each of these policy areas, the overall performance of the toll facility is enhanced significantly through the inclusion of public transit.



Flexible Solutions

Be it HOT lanes in Minnesota, managed lanes in San Diego, concession agreements in Virginia, or a comprehensive statewide network of tolled corridors and rail lines in Texas, projects are stronger and more acceptable if public transportation is part of the package. Last year, Congress soundly defeated a proposal to limit the flexibility of tolling so that revenues could not be used for transit or road maintenance. Indeed, solutions to congestion, mobility, and other transportation issues aren't limited to roads, so neither should the use of resources.

As is often the case, challenges can bring new opportunities. To that end, APTA would like to draw upon the dialogue that has occurred nationally in the transportation community and offer the following observations, as identified by APTA's Roadway Tolling/Value Pricing Working Group.

First, as noted above, tolling should be a supplement to, not a substitute for, traditional sources of surface transportation funding (federal, state, and local), which alone are insufficient.

Second, mass transit services using a tolled facility should be permitted to use the facility toll free.

Third, tolling for any HOT-lanes project that might be pursued must be dynamically priced to ensure that travel speeds for qualifying HOV and transit users are not degraded.

Fourth, accommodations for transit use of a toll facility should include all suitable features that would provide quality transit service. Such features could include transit stations, ramps and approach accommodations, adequate park-and-ride lots, and information services that can enhance transit.

Fifth, taking advantage of the SAFETEA-LU provisions that permit the use of toll revenues for both transit operating and capital purposes, transit services should be given strong consideration for the use of net project revenues. Such practices have been successfully demonstrated in San Diego and elsewhere.

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I challenge toll-road agencies to be ambitious in integrating transit into their projects. We are undershooting the vision by merely providing the transit operator with a toll-free express trip. Tolled lanes should factor bus rapid transit (BRT) features into the project design. BRT elements allow transit riders the full benefits of the travel time savings new toll lanes can provide. Elements of

BRT vary from project to project, but in the context of a commuter route, park-and-ride lots and intelligent transportation system components (such as signal priority and queue jumping) are especially important. Other features that should be locally optional include new and/or improved stops, shelters, and stations; off-board fare-collection systems; real-time passenger information; and specially designed buses to allow improved boarding and operation.

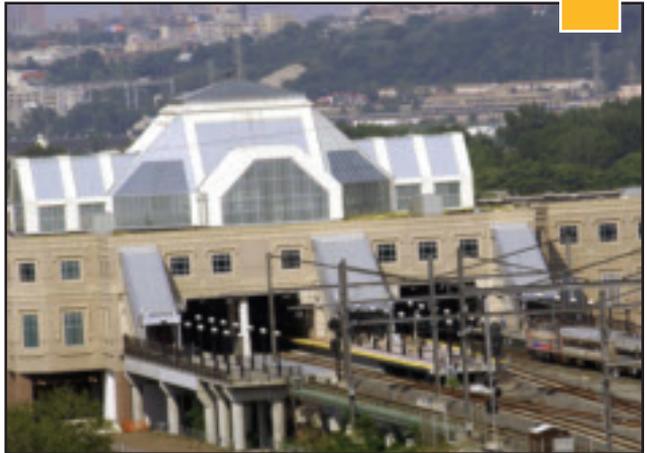
Several outstanding examples have emerged in which the toll-road developer, in conjunction with regional transportation agencies, has opted to use a portion of toll revenues for the outright financial support of transit services. In places where demand for transit is high and where there is a crying need for more mobility options, transit can be the ingredient that can make ambitious toll projects a reality. This was the case for tolling proposals in Virginia's Dulles Corridor and I-95/395 corridor. In San Diego, a successful model for full transit integration is the I-15 FasTrak system, which has had great success addressing corridor mobility needs by integrating road and public transportation solutions. More than 5,000 daily FasTrak automobile customers generate more than \$1 million in support

of the Island Breeze commuter bus service in the I-15 corridor. An expansion of the project to open in 2007 will include three BRT stations.

Planning for Finance

Financing America's transportation needs will be one of the biggest issues facing Congress in the coming years. IBTTA anticipated this with two highly successful transportation financing conferences over the past several years. Additionally, SAFETEA-LU has created two much-anticipated commissions that will identify the best ways to finance federal transportation investments post-2009, the National Surface Transportation Policy and Revenue Study Commission and the National Surface Transportation Infrastructure Financing Commission.

It seems good all the way around. Toll roads can help transit work better. Transit can help toll roads work better. The bottom line is that the public is better served when the two are integrated. While transit will be more prevalent in some places than others, our collective future will only be strengthened through a partnership between toll roads and public transit.



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