

**THIS IS THE FIRST PROJECT
IN THE UNITED STATES
COMPLETED UNDER PROVISIONS OF THE NEW
FEDERAL AID HIGHWAY ACT OF 1956
EIGHT MILES CONCRETE PAVEMENT ON US-40
INTERSTATE ROUTE NO. 1
STATE HIGHWAY COMMISSION OF KANSAS**



Moving Beyond the Interstate Era

By Daniel L. Dornan, P.E.

In June 2006, the United States highway program will reach a significant milestone—the 50th anniversary of the Interstate Highway System. This 46,769-mile network of controlled-access highways is considered by many to be one of the wonders of the modern world. As we approach this milestone, however, our highways face a myriad of challenges, including exploding growth in travel demand (by both people and freight), deteriorating conditions of highway facilities, inadequate funding, and spiraling costs. Collectively these challenges threaten the efficiency of the nation’s highway system, which in turn threatens the nation’s economic vitality and ability to compete in the global economy.

While we celebrate the vision and achievements of a prior generation of highway sponsors and builders, the current generation faces the daunting task of retooling the entire highway program to address these challenges and provide for the highway transportation needs of the next generation. The process of retooling such a massive program involves both risks and opportunities for public sponsors (including federal, state, and local transportation agencies) and private providers of highway projects and services (including planners, designers, builders, operators, and maintainers). For many, the risks of changing will appear too great. The risks of not changing, however, are much greater, as they jeopardize the very future of the nation’s quality of life.

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For the private companies that constitute the U.S. highway development industry, competition from international firms seeking to penetrate the U.S. highway infrastructure market is prompting greater innovation. The choice facing these companies is whether to adapt and thrive or resist and wither. As we will see below, many of them are poised to accept the challenge of change.

Key Features of the U.S. Highway Program

The U.S. highway program is based largely on the model established by the Federal-Aid Highway Act of 1956, popularly known as the National Interstate and Defense Highways Act of 1956. This seminal piece of legislation amended and supplemented the Federal-Aid Road Act of 1916 and created the funding and delivery mechanisms for building the Interstate Highway System as well as other highways of national significance. This model was emulated by the 50 states, whose transportation agencies took on the administrative responsibilities for delivering the program and its projects. Several key but now limiting features of the program remain to this day:

- Extensive structure and fragmentation, particularly in the areas of funding, financing, project delivery, and administration;
- Reliance on motor fuel taxes to fund a significant portion of the capital costs of the program;
- A primary emphasis on infrastructure construction and (more recently) reconstruction and renewal, with little focus on facility operations or preservation; and
- Financing on a pay-as-you-go basis, which delays needed projects until adequate funds are available to complete them.

Although this framework served the program well in its formative years, it can no longer sustain the program, for the following reasons:

- The emphasis on process and prescriptive standards has resulted in program inefficiencies and stifled innovation, as most project sponsors and providers continue to rely on traditional approaches to fund and deliver highway projects and shun alternative approaches, despite growing fiscal constraints.
- The reliance on per-gallon motor fuel taxes is strangling the program financially, as the proceeds from fuel taxes fall behind the basic needs associated with highway infrastructure renewal and expansion due to wildly fluctuating fuel prices, growing vehicle fuel efficiency, diversion or exemption of fuel taxes to promote certain policies, and reluctance by elected officials to increase fuel tax rates.
- The short-term focus on capital construction and rehabilitation has undermined life-cycle stewardship of highway infrastructure and led to costly, premature obsolescence of facilities.
- Pay-as-you-go financing of projects and low-bid awards of construction contracts have constrained the program, stifled innovation, and made it unresponsive to the needs of a growing economy.

Further exacerbating the program's fiscal challenges is the fragmentation of institutional responsibility for highway infrastructure, its funding, and its benefits. For example:

- Motorists perceive little relationship between the money they spend on fuel taxes and how the proceeds are used to build, operate, or maintain specific highways.
- Most collateral beneficiaries of the highway system (such as stores, resorts, restaurants, housing developments, and industry centers) aren't being charged for the benefits they accrue when a highway is built or enhanced nearby.
- Typically the federal government contributes significantly to funding highway development, while the states are solely responsible for highway maintenance. Once the highway is built and the federal

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funding has been spent as a sunk, or unrecoverable, cost, public-sector owners at the state level have little incentive to invest the necessary resources to preserve the asset properly.

The overall result is an underfunded, underresourced, bureaucratic program that lacks the flexibility and creativity to become efficient and effective. Only that small portion of the interstate system that is tolled can be considered self-sufficient, with the fiscal resources to fully fund rehabilitation, replacement, and expansion.

Differing Perspectives

The long-delayed passage in 2005 of the surface transportation funding bill (the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, or SAFETEA-LUⁱ) has given mixed signals to stakeholders in the U.S. highway program. The increase in funding (about 30 percent over the prior, six-year funding bill, the Transportation Equity Act for the 21st Century, or TEA-21) suggests to some that the traditional program can continue to serve the nation's highway infrastructure needs until it is renewed by additional fuel taxes under a different, future administration. However, with inflation taking larger chunks out of the highway program and highway infrastructure needs growing at increasing rates, the gap between available funding and transportation needs will continue to widen. Some have even suggested that shortfalls in projected fuel tax proceeds may cause the Highway Account of the Federal-Aid Highway Trust Fund to be in deficit by 2010ⁱⁱ. This would lead to more dramatic changes in the program.

The risk of the first perspective, that the traditional program can continue via subsequent renewals of federal funding bills, is that major stakeholders will lack the incentive needed to make fundamental changes in the program to ensure its future viability. As a result, they will become marginalized as more-innovative providers bring alternative financing and

ⁱ On August 10, 2005, President Bush signed into law the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). With guaranteed funding for highways, highway safety, and public transportation totaling \$244.1 billion, SAFETEA-LU represents the largest surface transportation investment in U.S. history.

ⁱⁱ Future Highway and Public Transportation Finance—Phase I: Current Outlook and Short-Term Solutions, Executive Summary. National Chamber Foundation, U.S. Chamber of Commerce, 2005, p. iii.



project delivery approaches, some of which are described below, to the U.S. highway market. Conversely, the risk of the second perspective, that the projected level of highway program revenues may fall short under the current funding arrangement, is to mistakenly believe that the current program will be completely replaced by other, innovative approaches, only to find that the majority of projects continue to be developed under the traditional approach. By moving too quickly to embrace new ideas, stakeholders can miss the opportunities provided by this sizable market. In reality, the future will likely combine both perspectives, with the current program being augmented by alternative project financing and delivery approaches as it undergoes a gradual transformation to a more flexible, competitive, and productive model.

For major stakeholders, the prospect of changing the current U.S. highway program poses a number of questions:

- What might such a new model consist of?
- How long might this transformation take? Will it be gradual and orderly, or dramatic and disruptive?
- What steps can be taken in the short term to accomplish this transformation without abandoning or destroying the current program?

To address these questions, it is important to understand which attributes of the current program need to change, the drivers and sources of change, and the implications of change for current stakeholders. Current stakeholders in the U.S. highway program will be more likely to embrace the changes needed to reinvigorate the program if they understand the opportunities transformation provides—and the negative consequences of inaction.

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Retooling the Program

Several changes will be required to reinvigorate the U.S. highway program and make it more cost-effective and robust. These changes would alter many aspects of the current program, affecting both revenues and costs. Among the most important program attributes that need to change are the following:

- Pricing of highway accessibility and services;
- Accountability of highway providers for services delivered to users;
- Competition in how highway facilities and services are provided from a functional, organizational, technological, and process perspective;
- Collaboration between program stakeholders; and
- Stewardship of highway infrastructure assets over their life cycles.

Pricing. Much of the highway system in the United States is provided free of direct charge. Indeed, unlike most other goods and services in our economy, highway accessibility isn't priced for the consumer. As a result, this scarce resource is overburdened by unconstrained growth in demand. In many urban regions, highways are severely congested during peak travel periods, and inadequate funds exist to relieve the congestion, let alone keep the facilities traveled in a state of good repair. Unless the nation is willing to devote unlimited resources to build more and more highways, the current situation can only lead to greater gridlock—spreading farther from the urban cores and across more hours in the day—until our economy begins to slow down and our competitive position in the world marketplace becomes threatened.

Pricing via direct user charges (such as tolls and value pricing) is one of the best ways to ration the scarce resource of highway capacity while also providing additional resources to add capacity. Direct pricing also encourages the introduction of new technology, more tailored services, and greater efficiency in the use of available highway capacity. Numerous examples of what competitive pricing can do for an industry long stifled by regulation and bureaucracy can be found in the telecommunications (television, telephone, cellular phone, and Internet services) and freight transportation (airline, railroad, and trucking services) industries. Both industries have undergone major transformations as a result of deregulation or enhanced competition, using pricing to differentiate services and ration scarce resources.

The U.S. experience with road pricing is limited to just more than 5,000 miles of tolled highway facilities.ⁱⁱⁱ For most of these facilities, tolls are used to pay for the costs of financing, construction, operation, and maintenance. On several facilities, variable tolls are used to manage demand during peak travel periods. For most of the U.S. highway system, further road pricing opportunities will be limited to adding capacity as a result of new alignments or facility expansions, because of the difficulty in gaining public support for introducing tolls on previously toll-free facilities. For public sponsors of highway projects, tolling agencies and authorities represent an important source of insight into what it takes to overcome travelers' resistance to tolling and convince them to use the tolled facilities. These entities are also knowledgeable about the process and technologies of tolling as well as innovative approaches to financing and managing these facilities.

Accountability. Tolling authorities and agencies have long understood that the pricing mechanism of tolls transforms highway users into customers who expect a

Tolling authorities and agencies have long understood that the pricing mechanism of tolls transforms highway users into customers who expect a higher level of service in return for the price paid to use the facility.

ⁱⁱⁱ There are slightly more than 5,000 miles of tolled highways, bridges, and tunnels in the United States, representing 3 percent of the 161,800-mile National Highway System. Just more than 2,900 miles, or 58 percent, of the tolled highways are part of the Interstate Highway System. These tolled facilities represent 6 percent of the 46,769-mile Interstate Highway System.

higher level of service in return for the price paid to use the facility. Through pricing, the vendor (the tolling entity) becomes more accountable to the customer (the toll-paying user), who has a choice in whether or when to use the facility or another travel mode. The presence of competitive options to the tolled or priced facility, such as nontolled roadways and public transit, is essential for holding tolling agencies accountable to their customers.

In addition, the use of external financing through tax-exempt bonds or tax-increment financing introduces fiscal accountability between the agency and those providing the financing. When combined, the customer and financial accountability requirements of road-pricing mechanisms provide strong incentives for the sponsoring agency to be vigilant in providing high levels of service (to ensure that customers use the facility) and prudent fiscal management of agency resources (to ensure timely payment of debt service).



Competition. The provision of highway infrastructure is one of the last public monopolies in the United States. Given the highly structured nature of the highway program and the established nature of the industry that supports it, there is limited competition in the provision of highway infrastructure. As long as ample funding is available for the program, limited competition poses no threat. Without adequate funding, however, there is a greater need for the efficiencies that more robust competition can provide.

Competition can take various forms, including functional, technological, corporate, and process-related competition. Over the past 15 years, successive reauthorization bills have opened the

door to greater flexibility in project financing, such as the use of grant anticipation notes and, now, private activity bonds. The reauthorizations have also permitted more flexible delivery approaches, such as design–build and other kinds of public–private partnerships (PPPs). These results have increased the potential for more competition in the U.S. highway market. Further flexibility in how the program is funded, financed, delivered, and managed will be needed to achieve significantly greater competition in the provision of highway program services and products.

Collaboration. The U.S. highway program consists of specific stakeholders with defined roles and responsibilities, whereby the public and private sectors are largely separated by function and responsibility. Funding comes primarily from consumers of motor fuel; the private sector largely designs and builds the highway facilities; the public sector largely administers the program and carries out the maintenance and operation of the facilities; and users, of course, take responsibility for the vehicles that travel the highways.

As alluded to earlier, owners and developers of land made more accessible by highway facilities are rarely involved in the highway development process, even though they represent one of the most significant beneficiaries of the program. Similarly, truckers and shippers of freight are major users of the nation’s highways but typically oppose increases in fuel taxes and toll rates or the introduction of road pricing to provide the financial resources needed to sustain and expand the highway system. Bureaucratic rules often fragment the project development and delivery process, with different firms being responsible for project planning, design, construction, and maintenance. Funding responsibilities, too, are fragmented, with federal funds primarily used to fund facility development and renewal, leaving the states to fund facility maintenance and operation. (The states also fund facility development and renewal.)

The structured fragmentation of the U.S. highway program diminishes opportunities for efficiencies that could emerge from collaboration between the various stakeholder groups involved. Yet greater collaboration could yield significant savings in project costs and duration while

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bringing to the program additional resources from beneficiaries heretofore not directly involved in the program.

In several instances, greater collaboration between program stakeholders has been allowed, in areas such as innovative project financing (bonds, loans, credit enhancements, and the like), contracting (design–build project delivery, best value–based selection), and planning (environmental streamlining). Such collaboration has reduced project costs and delivery times, all while preserving project quality.

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The Federal Highway Administration’s Special Experimental Project Number 15 (SEP-15) provides opportunities for highway agencies to apply such innovative approaches on an exception basis. Many of these approaches promote the use of PPPs in the development and stewardship of highway projects. PPPs are an effective way to tap additional financial, technological, staffing, equipment, and facility resources as well as methods to deliver highway projects and services. Such partnerships can provide a “Nash Equilibrium,” in

which benefits are maximized for the participants consistent with their relative contributions to the arrangement^{iv}.

In the U.S. highway program, there are many more beneficiaries than are currently participating in the program. By asking more of them to contribute to highway funding and including more stakeholders in the process of developing and delivering these projects, we can gain highway resources while minimizing the costs of project delivery consistent with high-quality service.

Stewardship. The early focus of the U.S. highway program on capital construction created an imbalance between short-term project development and long-term asset management. As a result, projects were carefully

^{iv} The economic theory of the Nash Equilibrium has been the foundation for corporate negotiations and international diplomacy for the past 50 years. It recognizes that if all the parties to a rivalry are able to collaborate in achieving some mutual gain, the total benefits of achieving that gain are maximized. This is in contrast to a “winner-take-all” approach to competitive resolution, whereby only one party benefits and the rest lose. John F. Nash Jr. described the mathematical basis for the “Equilibrium” theory in his Ph.D. dissertation while at Princeton in 1950.

designed and constructed, yet their proper maintenance and preservation could be deferred. At the state level, the federal funding program made it appear cheaper to replace highway infrastructure using 80 percent federal funding than to invest 100 percent of state funds in life-cycle asset management. With the service life of highway infrastructure far exceeding the terms of elected and appointed officials involved in the highway program, there was little incentive to consider the long-term consequences of deferred maintenance; namely, premature asset obsolescence.

In the 1970s and 1980s, the federal government began taking action to address the problems caused by deferred maintenance and amended the Federal-Aid highway program to allow Highway Trust Fund proceeds to be used to refurbish deteriorated facilities. Various programs were created that provided Federal-Aid funds for resurfacing, rehabilitating, restoring, and reconstructing deteriorated highway facilities^v. In the 1990s, efforts were made to develop highway and bridge asset management systems to help state and local highway agencies better track and manage the upkeep of their facilities. These efforts are supported by the Federal Highway Administration's Office of Asset Management, created in 1999.

With the approval of Statement Number 34 by the Governmental Accounting Standards Board in 1999^{vi}, all state and local government agencies responsible for infrastructure assets such as highways and bridges were required to begin reporting on the current value of these assets in their annual financial statements. This effectively made visible to the financial community the fiscal consequences of public agency decisions at the state and local levels regarding the upkeep of their infrastructure assets. This also provided the basis for valuing these assets, an essential first step in securitizing them for possible future lease or sale.



^v The Interstate 3R Program (Resurfacing, Rehabilitation, and Restoration) was created by the Federal-Aid Highway Act of 1976 (Public Law 94-280) and later expanded to become the Interstate 4R Program (Resurfacing, Rehabilitation, Restoration, and Reconstruction) by the Federal-Aid Highway Act of 1981 (Public Law 97-134).

^{vi} GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments. Governmental Accounting Standards Board, Norwalk, Conn., June 1999

The consequences of not managing assets from the beginning of the U.S. highway program are visible today, as major portions of the nation's highway system are deteriorated and require significant investments for rehabilitation, reconstruction, and replacement. Despite this, the short-term perspectives of many public officials continue to constrain life-cycle asset management of the nation's highway infrastructure. The ability of PPPs to engender long-term corporate responsibility for highway assets can create the necessary environment for realizing the benefits of life-cycle asset management. These benefits derive primarily from the huge savings associated with not having to replace infrastructure as frequently as required when maintenance is deferred. However, these periodic savings in capital costs typically occur in 25- to 35-year cycles and must be balanced against the somewhat increased costs associated with a facility designed, constructed, and preserved for maximum longevity. With contract responsibilities ranging from 50 to 99 years, PPPs provide the time frame needed to value the long-term benefits of asset management.

Alternative Approaches Gain Momentum

State and local officials are beginning to understand that the continued devolution of the nation's highway program means more limited resources from the federal government and more fiscal responsibility for state and local governments. Because available funding isn't keeping pace with growing needs, resourceful government officials at the state and local levels are beginning to consider alternative ways of developing highways and leveraging their scarce resources to better meet their constituents' mobility needs, whether passenger or freight. In addition to PPPs and design-build contracting, examples include user fee-supported debt-based financing, tax-increment financing, long-term concessions, and outright asset sales.

These approaches challenge the status quo to some extent, and some approaches face statutory, regulatory, and institutional hurdles. Despite these impediments, there is growing momentum among project sponsors and asset owners to apply alternative project financing and delivery approaches. Evidence of this came in 2005 in the form of two breakthrough projects. The first involved the virtual sale (through a 99-year lease) of the tolled, 8-mile Chicago Skyway for \$1.8 billion to an international consortium. The second was the award of a \$7.2-billion, 50-year comprehensive development agreement for major portions of the Trans-Texas Corridor system along Interstate 35 in Texas to another international

consortium. In both cases, the application of highly creative financing and project delivery approaches made the bids by the winning consortia vastly superior to competing bids. This creativity included the use of taxable debt and equity financing, the 99-year lease term, and the selling of depreciation tax credits associated with the Chicago Skyway deal. The master comprehensive development agreement for the Trans-Texas Corridor allows numerous projects to be prioritized and expedited through the development and financing processes while providing the sponsoring agency significant up-front capital (\$1.2 billion), based on projected toll revenues.

It is the revenue potential of new or existing tolled highway facilities such as the Chicago Skyway that is attracting the attention of companies experienced in innovative financing and contracting approaches to highway infrastructure development and management. Across the country, numerous efforts are under way to assess the nature and level of private-sector interest surrounding leasing or selling tolled highway facilities to private consortia under a franchise or concession contract arrangement.

The concession contracting model is one of the predominant forms of PPPs used in Europe and Asia to finance and develop highway infrastructure. In a concession, the contract team finances, builds, operates, and/or maintains the facility under a franchise agreement for a specified term, taking on most of the project and financial risks—and the potential rewards—over the contract term. Concessions can be used to manage existing facilities or to develop new ones. Their terms are typically in the 25- to 30-year range, although, as noted above, there are concession contracts with 50- to 99-year time frames as well.

Tolling agencies in the United States and the international highway development community are important sources of insight into alternative project financing and service delivery approaches. They are also potential sources of competition to traditional state highway agencies in the application of these approaches to developing and managing highway infrastructure in the United States.

For organizations that have successfully navigated the transition to more privatized financing and delivery of infrastructure overseas, the U.S. highway infrastructure market represents a golden opportunity

Implications for U.S. Highway Development

Concessions and other innovative approaches to financing and delivering highway projects distinctly favor those firms with the experience and skill in applying creative techniques to achieve optimal results for both the sponsoring agency and the bidding consortium. For those organizations that have successfully navigated the transition to more privatized financing and delivery of infrastructure overseas, the U.S. highway infrastructure market represents a golden opportunity to apply the lessons learned and techniques developed in PPP projects abroad. The attractiveness of the U.S. market is based on many factors, including the following:

- The huge volume of pending highway infrastructure projects and an even larger backlog of needed projects;
- A strong public demand for convenient mobility and accessibility by automobile, and an increasing willingness by travelers to pay for improved operational performance through the convenience of electronic toll collection;
- The appeal of a relatively safe haven for investment (due to the political and economic stability of the United States);
- The increasing legal and institutional capability to embrace innovative financing and project delivery approaches; and
- The limited domestic use of innovative financing and delivery approaches.



Domestic firms are experienced in designing and building projects of modest size on a pay-as-you-go basis, with the design work separated from the construction process. Since the early 1990s, however, some have embraced the design–build project delivery approach, and a few are now pursuing concession contracting, equity- and debt-based financing, and highway pricing schemes such as high-occupancy toll (HOT) lanes and tolled express lanes. International firms, in contrast, have been developing and applying innovative approaches to project finance and delivery for the past 20 years. These international entrepreneurs succeed by:

- Bringing financing to a project, tapping patient capital from such sources as long-term pension funds, insurance funds, and pooled infrastructure funds;
- Using a portfolio approach to project financing and management;
- Applying taxable debt- and equity-based financing instruments over very long contract terms, which permits depreciation-based tax credits on the assets;
- Understanding the life-cycle cost savings of managing highway assets for the long term; and
- Recognizing the opportunities for securitizing critical public-use infrastructure such as highways, provided there is a revenue stream to support investment.

For the U.S. highway development industry to effectively compete in the emerging market for projects involving innovative financing and delivery, domestic firms should consider taking the following actions:

- Seek strategic partners among highly capable and recognized international firms that have expertise in applying innovative approaches to project finance, delivery, and management.
- Establish strategic alliances with major financial institutions in the United States and overseas to develop targeted infrastructure funds based on available long-term pension funds and insurance funds that can be used to provide debt- and equity-based financing for highway projects with committed revenue sources.

- Expand product offerings to include the full spectrum of services over the life cycle of a highway facility—on a project, segment, and/or network basis—taking maximum advantage of the fiscal benefits of asset securitization, life-cycle asset management, depreciation accounting, and diversified revenue sourcing.

These actions will expand the opportunities for domestic firms to play a major role in delivering services under a retooled U.S. highway program.

Turning Point

The current highway program in this country is at a turning point. The traditional ways of funding and delivering highway infrastructure cannot adequately provide for the accessibility and mobility needs of the nation. The challenge facing the traditional stakeholders in the U.S. highway program, both public sponsors and private providers, is how to adapt the current program to meet current and future needs in a self-sustaining and cost-effective manner.

Key strategies for moving the U.S. highway program forward to greater self-sufficiency include the following:

- Diversify program funding sources by tapping a broader base of highway beneficiaries to contribute, including private-sector developers, shippers, and freight carriers.
- Use road-pricing strategies to ration scarce highway capacity, improve travel reliability, reduce pollution, and promote safety in the more congested urban areas of the nation while generating additional funds for expanding highway capacity, supporting alternative modes of travel, and improving urban mobility and accessibility.
- Treat road users as customers by offering a choice of service offerings that are priced, when appropriate, or paid for by the key beneficiaries according to the relative advantage they receive.
- Hold stewards of highway assets accountable for the performance of these assets, as well as for the prudent and efficient management of financial and other resources associated with these facilities.

- Treat highway infrastructure not as a sunk cost but as a valued asset that requires prudent stewardship over the full life cycle of the asset.
- Provide greater opportunities for private-sector providers, through PPPs, to use alternative approaches to finance and deliver highway projects to enhance program outcomes.

The key to solving the fiscal and resource challenges facing the nation's highway program is to increase program revenues while reducing facility life-cycle costs.

Some highway transportation agencies in the country are already using some or all of these strategies to leverage their scarce resources and improve program performance and efficiency. Examples include state transportation agencies in Virginia, Florida, Texas, Minnesota, and Oregon. This is especially true of the more progressive tolling agencies and authorities, such as Florida's Turnpike Enterprise, the Illinois Tollway, the North Texas Tollway Authority, and the Port Authority of New York and New Jersey.

The key to solving the fiscal and resource challenges facing the nation's highway program is to increase program revenues while reducing facility life-cycle costs. As alluded to above, increasing program revenues will require leveraging traditional funds by tapping additional funding sources, particularly among the program's key beneficiaries. Reducing facility life-cycle costs will require improving the stewardship of these assets to extend their service lives, as well as rationing available capacity through pricing.

Many of the innovative finance and delivery approaches being proposed for the U.S. are aimed at these two objectives. Still, the question remains: Will the public sponsors and private providers of the U.S. highway program embrace change and reap the rewards of a vastly expanded program, or will the benefits be realized by newcomers more experienced in innovation and less tied to traditional approaches? The winners will be those best able to serve the public sponsors and users of highway projects.

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