Rebuilding Our Interstates

The Case for Tolling

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Tolling: An Idea whose Time has Come and Gone... and Maybe Come Back Again

• Tolling Renaissance
  - States are desperate for new, sustainable sources of revenue
  - Fully automated tolling eliminates high collection cost, congestion and other problems with older methods
  - Growing interest in direct road user charging to manage demand and properly allocate costs to users
  - Innovative new pricing applications—such as managed lanes
  - Increased potential for PPP solutions—enabled by a new sustainable revenue source
• Toll roads make up about half of all new freeway centerline miles built in last 10 years
The Interstate System

- 48,000 miles of mobility, connectivity and economic vitality
- Probably the most important transport investment in American history
- Its more than 50 years old!

Courtesy of Chris Yates
The Original Plan: Tolls

- The Interstate system was originally conceived as a toll system
  - FDR envisioned a system which would be “self liquidating” thru tolls and sale of property rights
  - Biggest concern was low traffic demand in some states
- About 3000 miles of the system had already been built (or financed) as toll roads thru the 1950’s (including Connecticut Turnpike)
The 1956 Program: No Tolls

- Ultimately built without tolls; funded largely through the Federal gas tax
- Cost $130 billion to build; $119 billion in Federal funds
- The Federal government conceived it, largely funded it, but owns virtually none of it
  - The states are left holding the bag
- Key question: who pays for the next 50 years, and how do we fund the rebuilding of this great national asset?
Changing Federal Perspective on Tolling

• Strong prohibitions of tolling through late 1980’s
• Strong encouragement for use of tolls and pricing today
  - Congestion pricing program
  - Express toll lanes / HOT lanes programs
  - Several tolling pilot programs
  - UPA and Corridors of Future programs

• EXCEPT: The interstates... the last (and strongest) bastion of federal resistance
  - Congress has so far clung to the most critical of federal tolling restrictions
  - Two pilot programs would allow tolling of interstates—none yet used (Virginia just received approval to add tolls to I-95)
Arguments Against Tolling the Interstates

• The I-system is critical for interstate connectivity and commerce
  – We are talking about tolling the interstates, not closing them

• Tolls are unsafe, inefficient and cause congestion
  – Not in the age of “all electronic tolling”

• The Interstates are “already paid for”
  – Lets take a closer look at that one
Connecticut Turnpike--
A Quick Case Study

Greenwich to Killingly
129 Miles
Opened 1958
Turnpike History

- Built as a toll road, opened in 1958
  - Not critical to our discussion
- 129 miles through southern Connecticut
- Total cost: $465 million
- Designated as part of I-95 soon after completion
- Tolls removed in 1985
Roads Don’t Last Forever

Mianus River Bridge Collapse June, 1983
Rebuilding... a Piece at a Time

New Haven Area Reconstruction
13 Miles
New Haven Area Project

• 13 miles of improvements
  – Widening
  – Major bridge replacement
  – Interchange reconstruction

• Total cost: $2.2 billion

• Reconstruction of 10% of the Turnpike cost almost five times the original cost of the entire Turnpike
Of Course; There’s More Than Just New Haven

I-84 Projects
$5 Billion +
“They’re Already Paid For”

• The Connecticut example shows:
  - Roads don’t last forever; and
  - It will cost 10-20 times more to rebuild the system than it did to build it in the first place

• More proof:
  - The states are spending over $25 billion per year on Interstate system maintenance, expansion and reconstruction
  - That means we are spending more every five years than the original cost of the entire 48,000 mile system!

• What’s worse:
  - The Federal share of total interstate funding has declined to less than 45%
  - Given the state of the Trust Fund it will likely continue to decline even more
The Next 50 Years

Original System Cost

Future Maintenance, Expansion and Reconstruction Cost by Decade

State

Federal
Connecticut Turnpike - One More Lesson Learned
All-Electronic Tolling
All-Electronic Tolling

- No toll booths
- Non-stop, cashless collection
  - EZPass users
  - Video tolling for non-EZPass traffic
    - “pay by mail”
- Can be easily implemented as gantries across existing roads
  - Without major disruptions
  - Without causing congestion, pollution and wasted fuel
- Key challenge: Need for national toll interoperability
  - Interstate enforcement
  - National license plate registry
All-Electronic Tolling (AET) Hwy 407 Toll Zone - Toronto
Why Tolling May be a Good Option

- Interstates are limited access and provide a premium level of service
  - Most appropriate for tolling
- Today tolls can be added with minimal impact on traffic thru electronic tolling
- Can provide a sustainable future new source of revenue to help pay for the ongoing cost of repair and expansion
- Introduces direct user charges to appropriately allocate cost of future improvements to those who directly benefit
  - And not to those who don’t benefit
The “Thru Trip” Dilemma

• Many smaller states have significant problem with through traffic
  – Examples: I-10 in MS or I-95 in CT or RI
• Much of the traffic on the Interstates passes through the state without purchasing fuel
  – Contribute to congestion and wear and tear
  – Don’t contribute to the gas tax
  – Without user charging burden to rebuild and maintain falls to in-state motorists, many of whom do not even use the road
Providing A Foundation for Performance

• The new emphasis in transportation policy is on performance and lifecycle sustainability

• Tolling supports this concept
  - Developing an ongoing, sustainable source of revenue
  - Creates foundation for long term investment and maintenance to ensure interstate mobility over the next 50 years
  - Ensures that dollars go to projects with greatest need
A Growing Consensus

• The call for removing restrictions on tolling is coming from many directions:
  – 2006 TRB Report: *The Fuel tax and Alternatives to Transportation Funding*
  – National Transportation Infrastructure Finance Commission
  – Bipartisan Policy Center: *National Transportation Policy Project*
Big Challenge with Political and Public Support

- Big disconnect - political perceptions vs actual public opinion on tolling
  - Public tends to support user fees more than additional taxes - particularly on new capacity
- However - Public opposition to adding tolls to existing free roads is high
  - Most people believe the roads “are already paid for”
- Solution requires a realistic and credible assessment of what will need to be rebuilt over the next 50 years of the interstate system
  - Do we continue to pretend the system will last forever?
  - Do we wait for the system to collapse... one bridge at a time?
  - Do we risk losing the mobility, connectivity and economic vitality that comes with this most valuable of transportation assets?
  - OR... do we decide its too important to neglect and develop a realistic framework for funding the next 50 years?
In view of the importance of our Interstate System, it is time to rethink the prohibition on tolling:
- The interstates are certainly not “already paid for”
- The Federal funding role is declining
- The states need options

States need new options and flexibility to do tolling:
- Only if they choose to
- Many states probably will not

The bottom line: If the Federal government can no longer help solve the problem it should at least “get out of the way”:
- Remove outdated Federal restrictions on tolling
- Give states the flexibility and new tools to solve the problem themselves