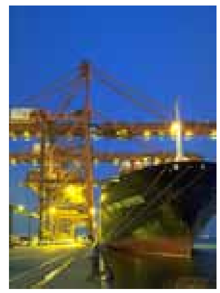
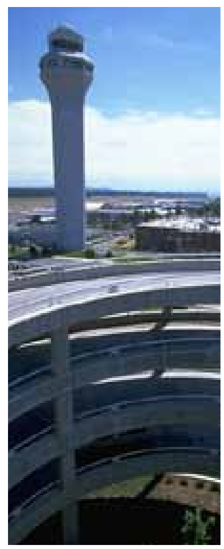
NCHRP 20-24(62)

Making the Case for Transportation Investment and Revenue



Requested by

American Association of State Highway and Transportation Officials

AASHTO
THE VOICE OF TRANSPORTATION

Prepared by

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Executive Summary

The headlines are daunting:

- In Ohio, "Official warned of possible bridge failure"
- "Los Angeles beats New York—in Traffic Congestion"
- In Michigan, "As Maintenance Needs go Unfunded, Drivers Pay"

What should I read if my time is limited?

Because of the extraordinary demands placed on transportation CEOs and senior managers' time, reading this Executive Summary may have to substitute for reading the entire report. However, since we recognize that for most senior transportation officials this topic is possibly the most urgent in the long list of challenging issues faced by agencies, we suggest taking the time to read Chapter 1—The Essential Guide for Senior Managers. This brief chapter is really the core of the report. It has been written for "readability" as an inducement for you to take the time to read the full document.

In this era of decaying transportation infrastructure and spiraling costs, agencies find that their limited resources are not meeting the growing needs. Chief executive officers (CEOs) and management teams of nearly every transportation agency across the nation are seeking additional funding. (Any management team not doing so might well be asking themselves why not.) With this in mind, the American Association of State Highway and Transportation Officials (AASHTO) Board of Directors requested this NCHRP research project with a title of *Identification of Marketing Tools that Resonate with Lawmakers and Key Stakeholders to Support and Increase Funding and Revenue for the Nation's Transportation System*. In keeping with the recommendations contained herein, the title has been shortened to *Making the Case for Transportation Investment and Revenue*.

To meet the needs of this project, researchers investigated 11 case studies to identify common themes and lessons learned on this crucial topic. Researchers investigated cases where agencies were successful in their funding initiatives, cases where they were not, and cases where agencies made multiple attempts with mixed results.

This document is arranged into three chapters and one appendix:

Chapter 1—The Essential Guide for Senior Staff helps you determine whether your agency is ready to ask for additional funding, provides steps you might take to get on the road to success, and identifies potential pitfalls to avoid.

Chapter 2—The Tactical Toolkit gives you examples of winning messages, describes the pros and cons to engaging in outreach, education, and marketing, and describes tools commonly used to engage audiences.

Credibility is key.

Some agencies enjoy a longstanding tradition of credibility, project delivery prowess and strong relationships with state legislators and other key decision-makers. This credibility worked to their advantage when requesting funding increases. In other states, when past difficulties with credibility and program performance (real or perceived) were improved, their turnaround was seen as a key to their success.

Chapter 3—Case Studies: Summarizing Lessons Learned briefly describes the context and lessons learned from each of the cases researched. Unique factors the researchers found are also described.

Appendix—Full Case Studies. For a more in-depth understanding of what each agency faced, how they dealt with difficulties, and how they won (or lost) their battles, we have included full case studies. You may find that other states have had to overcome hurdles that you now face.

Are you ready to ask for additional funding?

The first step when considering whether you are ready to pursue a transportation funding initiative is to do a candid and critical appraisal of your agency. Are you ready and able to support a successful effort? Chapter 1—Essential Guide for Senior Staff identifies 10 steps to help you determine if you are ready to ask for additional funding and helps prepare you for success. The 10 steps are outlined below:

- Step 1—Determine your program needs
- Step 2—Determine the costs, priorities, and benefits of your program
- Step 3—Design your case for the public, political leaders, and the media
- Step 4—Address your weaknesses
- Step 5—Find a champion
- Step 6—Secure support from your governor
- Step 7—Analyze your program's acceptance with the public, political leaders, and the media
- Step 8—Know your opposition

Do you have the right funding priorities?

Conventional wisdom has held that major new capacity projects are necessary in order to secure new funds. However, in Maryland, the agency sponsor successfully made the case that the Department's long-standing "preservation first" philosophy should apply to funding initiatives in 2004 and 2007.

- Step 9—Determine your resources
- Step 10—Create a winning strategy

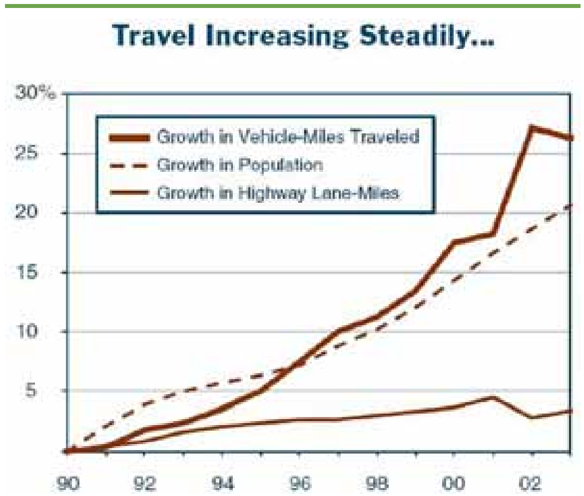
A checklist with searching questions is provided in Chapter 1. The checklist can be used to engage you and your leadership team as well as potential champions and supporters in discussions about the array of issues and opportunities that should be addressed in deciding on how or whether to undertake a transportation funding initiative. You should tackle these questions with complete candor before deciding whether you are ready to move ahead or have more homework to do.

Essential Elements Necessary for Success

In researching the case studies for this project, the team noted three recurrent themes that were essential to the success of the initiatives studied. We grouped these themes into three categories: validated transportation needs, agency credibility, and well-designed strategy.

Do you have a documented and validated transportation need?

The first step in securing new funding is to develop a well-documented statement of needs. The needs will have to be well communicated, comprehensive, and balanced.



Source: California Legislative Analyst's Office

Does your agency have credibility with the public and decision makers?

Another nearly universal theme we found in the case studies focused on agency credibility—the need to be viewed as responsive, to be trustworthy, to have strong relationships with key decision-makers, and to have a demonstrated history of effective use of allocated funds using a clear prioritization process and efficient project delivery. The three subcategories of credibility include fiscal responsibility, demonstrated delivery, and credible leadership.

Do you have a coalition of support?

In Washington State, Boeing specifically linked transportation conditions to its pending decision on where to assemble the 787 Dreamliner.

Creating a winning strategy

Before finalizing your decision to proceed with an initiative, you should define and gain confidence in the winning strategies that will work for the case at hand. In our research, we found that there is no silver-bullet formula for successful strategies. As would be expected, there were significant variations in the approaches taken depending upon, among other factors, (a) whether legislation or a public referendum was the mechanism to secure funding, (b) what the proposed uses of funding and the degree of specificity required to win support were, and (c) who the key supporters and likely opponents were. However, even across these divides, the research team identified several common themes, including the need to:

- Consider how much new budget to request
- Determine the revenue mix (taxes and bonding authority)
- Determine how to use the funds (what programs or projects to fund; modal composition)
- Determine how to apply the funding (merit based or other strategy)
- Address geographic and social equity issues (urban vs. rural; county / city distribution)
- Agree to the degree of project specificity (flexibility vs. specific support)
- Ensure there is an active and supportive stakeholder coalition
- Create a captivating message that is consistently presented throughout the initiative

Determine your project mix.

In Maricopa County, a group of elected officials and business leaders appointed by the Metropolitan Planning Organization made the key decisions about allocation of funding of different mode and selected specific projects that would be funded within those modes, including those on the state highway system.

Tactical Toolkit

Effective communication with political leaders, the press, and the public is at the heart of a successful funding initiative. Effectiveness means resonating with the listener or reader, imparting a high level of understanding, and evoking a supportive response that will lead to positive action. Key components a timely, well-managed communications program are in the messages communicated and the tools utilized.

Messages

Before thinking about what tools you will use to market your initiative, you have to have a solid message to communicate. If your message is muddy, incoherent, or does not speak to your audience, it will not matter what tool you have used to impart the information. The message must be simple to understand quickly and powerful enough to cause a reaction. The audience should hear the same core message, no matter what tool or person is communicating it. At the same time, it will be important to augment the core message in ways that reflect the particular interests of diverse stakeholders. The following five themes were identified in the cases researchers studied.

- Investment in transportation will save time and money, improve safety, and decrease congestion
- Investment in transportation will support economic development and growth in jobs
- The transportation agency spends its funds efficiently
- The transportation system has deteriorated to an unacceptable level, and current funding will not meet the needs
- Increased funding will be used to deliver specific projects

An effective message

Simple and clear

Consistent—regardless of the medium

Causes a reaction

Where do your political leaders stand?

Five months after the failure of the I-35W bridge over the Mississippi River, the Governor's veto of a transportation revenue program was overridden by the Minnesota legislature, reversing the previous record of two unsuccessful override attempts in 2005 and 2007.

Methods

When building support for an initiative, proponents used a variety of methods and tools to reach their constituencies. These general methods can be divided into three types of communications:

- **Outreach** to establish contact and gain feedback about the initiative
- **Education** to inform stakeholders about key issues
- **Marketing** to improve the likelihood of achieving a desired outcome

Most communication plans use a blend of these methods. The form and substance of your communications will change depending on the method you employ. Your audience will be different in these various forums as well.

How specific are your project commitments?

In one state, senior legislators referred to "the list that didn't exist," a list of projects that was nowhere publicly described. However, insiders understood that the list described projects that would be funded by the revenue program.

Which is the right tool for you?

Talk radio played a key role in the Washington State referendum to repeal a 9.5 cent per gallon tax increase. Initially, talk radio hosts barraged the airwaves to repeal the tax. However, after a series of persuasive guest appearances on those radio shows by Transportation Secretary MacDonald, the repeal was defeated. Knowledgeable observers report that those interviews were a major reason for the defeat.

Therefore, the complexity of the information will have to be tailored to those audiences.

Tools

Whether you are conducting outreach, educating, or marketing, you will likely employ one or more of the tools outlined below. Researchers found that initiative proponents described the tools below as useful and often essential to success.

- Polls and surveys
- Focus groups
- Reports
- Presentations
- Logos
- Websites
- Radio
- Television advertisements
- Print advertisements
- Roadside signs
- Editorial boards

Case Summaries: Summarizing Lessons Learned

Throughout this report, we have identified themes common to the 11 case studies and their initiatives. In the studies, we found common factors that, when present, are most likely to be associated with success. At the same time, our research uncovered a number of unique facts that became important in the individual initiatives. The table below briefly describes the cases studied, whether they were successful, and the unique situations each of the proponents faced. Taken together with the more common themes, a complete picture emerges about the factors that help make the case in building support for increased transportation funding.

Case Study	*Description*	*Unique Factor*
California Proposition 1B General Obligation Bond	$20 billion general obligation bond issue approved in 2006 voter referendum	The leadership of Governor Schwarzenegger drove a successful campaign to increase transportation funding by $20 billion. He staked his reelection on its passage
Maricopa County Sales Tax Referendum	½-cent local sales tax extension approved in 2004 voter referendum	Business leaders worked with elected officials through an appointed committee to create a successful transportation funding program
Maryland Transportation Revenue Programs	Vehicle revenue measures approved by legislature in 2004 and 2007 with system preservation emphasis	The focus in both of Maryland's revenue programs was system preservation, in contrast to the conventional wisdom that major capacity projects are necessary to win revenue increases
Minnesota Transportation Revenue Program	Revenue measures approved by the legislature in 2008 including override of Governor's veto	Initiative success in spite of active opposition by the Governor
New York City Congestion Pricing Program	Congestion pricing program that failed to secure legislative approval in 2008	The first to attempt cordon congestion pricing in the United States
Ohio Transportation Revenue Program	Largest transportation revenue increase in Ohio history approved by legislature in 2003	The lack of significant controversy or opposition was the hallmark of the Ohio funding program
Trans Texas Corridor	Visionary transportation program based on public-private partnerships (PPPs) and tolling proposed in 2002 and abandoned in 2009	Texas combined a *very* ambitious program, the Trans Texas Corridor, with a wide array of innovative financing methods
Utah Transportation Funding	Series of successful state funding measures from 2006 to 2009	Addition of urban freeways to avoid congestion while funding a successful light rail transit system
Virginia Transportation Revenue Initiatives	Successful initiative in 1986 followed by lack of success in recent years	The Virginia case study analyzes why, in seemingly similar circumstances, a program in 1986 was successful while recent efforts have not been
Washington State Nickel Package and Transportation Partnership Program	Major revenue increases approved by the legislature in 2003 and 2005 and subsequent defeat of repeal referendum	The scale of Washington's revenue increase—a total of 13.5 cents per gallon in a three-year period—is unique in the country
Federal Fuel Tax History	Increases in federal fuel taxes for both transportation and non-transportation purposes, 1956–present	The politicization of the fuel tax at the federal level has created a barrier to proposed increases

Chapter 1—The Essential Guide for Senior Staff

To create the steps, checklists, and lessons learned provided in this Guide, we evaluated stories of success and failure in 10 states where significant transportation funding was sought. We also researched the history of federal transportation funding, at its height and as funding diminished. All 11 case studies are presented in detail in Appendix A.

What will you find in this Guide?

Step-by-step actions

Actions checklist

Lessons learned

If your Department of Transportation (DOT) needs funding to implement needed projects, keep reading. Lessons from each of the 11 cases are presented here. We have identified a simple checklist with difficult questions you will need to answer before you go forward to your Legislature or your public and ask for funding. You may find that you have real work to do before you make the leap and ask for funding, or you may find you are ready today. Do you want to know which boat you are in? Read on.

Are you ready to ask for additional funding?

The first step in considering whether you are ready to pursue a transportation funding initiative is to do a candid and critical appraisal of whether the necessary components are in place to support a successful effort. Following the 10 steps listed below, you will find a simple checklist with difficult questions that you will need to answer before you can determine whether you are ready to ask for additional funding. Our research shows that asking for funding prematurely may lead to failure, and a rash decision may poison the well for future initiatives. Proponents of a funding initiative should first engage in a rigorous exercise to address the following issues:

Step 1—Determine your program needs

- Are your bridges falling apart? Are your pavements too rough to ride? Do you have safety and congestion solutions on the shelf without the funds to provide them? While the strategies and tactics discussed in this Guide can help support a successful initiative, they are not enough to prevail in the absence of an articulation of compelling needs. In an era of limited resources and a wide array of competing priorities, this is a fundamental pre-condition for success. When case study interviewees were asked to identify the key drivers for pursuing an initiative, fulfilling a compelling need in the eyes of the public was almost invariably their first response.

Step 2— Determine the costs, priorities, and benefits of your program

You must have solid technical analysis to support your case for increased revenue. It needs to be rigorous and complete and, since critics will try to discredit the analysis, it would be prudent to engage a knowledgeable third party for a critical peer review. You should strengthen your case before letting the critics have at it.

Step 3—Design your case for the public, political leaders, and the media

Build your case with leaders and the public and effectively communicate why more funding is needed. The technical case needs to be translated into plain English. The public, legislators, and media need to understand quickly why they should care about your initiative. What is your story? It will have to be understandable and persuasive.

Often, arguments from agencies or from the industries that support them are ignored. After all, agencies and Industries share a natural bias and stake in the requested new funding. To overcome this problem, in many states elected leaders have established ad hoc advisory committees to take an independent look at the case the agency is making and report their findings in a way that resonates with political leaders and the public.

Step 4—Address your weaknesses

Prior to initiating a request for new funding, engage in a candid assessment of your agency's shortcomings, real or perceived, which could hinder the initiative. If the shortcomings are substantial, it may be wise for you to defer the initiative until they can be addressed or you can demonstrate that the funding initiative is an essential part of a solution.

One common shortcoming experienced by agencies is that of credibility. Your agency must have credibility with your public and political leaders to run a successful initiative. You must have a positive track record of spending funds wisely; the information must be readily available to support your case.

There are various ways for an agency to assess its reputation. Some are elaborate and potentially expensive (such as statistical polling and focus groups) and others less formal and perhaps less reliable (survey forms with motor vehicle notices).

In Washington State, a long series of unsuccessful initiatives was reversed by two major successes in a three year period (providing 13.5 cents of added fuel tax revenue) after Secretary Doug MacDonald changed WSDOT's culture and its manner of communicating with stakeholders. The culture change was built around an extensive use of performance measurement that was communicated effectively in a journalistic style. The result was a dramatic improvement in WSDOT's credibility.

Step 5—Find a champion

The decision to pursue an initiative to increase funding for transportation is not for the faint of heart. It requires that a person with vision and persistence take charge. Moreover, while it is never a one-person show, someone needs to be the leader, the champion—someone whose passion, persistence, and persuasive powers are up to the challenge.

No two champions are alike. They can be out front as the most visible proponent or can work behind the scenes lobbying for support. They can come from the sponsoring agency (the CEO or chair of the governing or

If one champion is good, are more better?

It is possible to have more than one champion, as long as they work toward a shared goal. It is easy for an initiative to fragment when different leaders have clashes of goals or personalities.

advisory body), from the transportation industry (including labor organizations), from the business community at large, or from the political world. The case studies reflect all of these examples. More important than where they come from is that they are able to rise above the fray and see past the differences. They are the champions who are trusted by all, who must be engaged, and who can bring together and sustain a movement driven by a sense of mission and teamwork.

Step 6—Secure support from your governor

For state DOTs, the key elected official is typically the governor. Securing the support of the governor can be a difficult challenge with many non-transportation factors, such as other priorities and the election cycle part of the consideration. However, with the notable exception of Minnesota, all of the successful initiatives enjoyed some degree of support from their governors. Examples range from California, where Governor Arnold Schwarzenegger was the champion for a general obligation bond package that included significant transportation funding, to Ohio, where Governor Taft included the initiative in his State-of-the-State message largely because Secretary Gordon Proctor "… had done so much homework to lay a foundation for this plan."

It is not uncommon, particularly in the early days of an initiative, for Governors (or Presidents) to let it be known privately that while they are not prepared to publicly support a revenue increase, they will not object to efforts by others—even their own politically appointed agency heads—to test the waters by launching an effort to build support. While having the visible backing of a popular Governor from the outset is ideal, its absence is not necessarily fatal.

Step 7—Analyze your program's acceptance with the public, political leaders, and the media

Champions and their collaborating group of supporters have to recognize that they cannot go it alone. To have a realistic chance of success, the initiative must gain a critical mass of support.

It is essential that you get a good reading on the degree of "buy-in" you currently have or feel you can gain among key stakeholders. There is a wide variety of ways to do this ranging from informal head counts to statistical polling. Before you ask elected leaders to take actions that sustain an initiative, it is essential to know with confidence that you have that critical mass of support.

In our democratic society, the final barometer of success for a transportation initiative is the vote, whether of the general public or through their elected representatives in the legislature. Any serious consideration of whether to proceed with an initiative should include an initial forecast and continuous reading of these barometers. Here is where polling of the voting public by legislative leaders or lobbyists can make the difference.

If support is not there, you should engage in a strategic reassessment and come up with an approach that has a realistic chance of gaining the necessary support or you should consider a retreat. Retreat may be the better choice to avoid damaging the cause in the future. At the same time, it is not uncommon for funding initiatives to require repeated attempts. The key is to learn from an unsuccessful attempt and devise a turnaround strategy in the interim.

Step 8—Know your opposition

Launching an initiative to raise transportation revenue is much like jumping into a competition. There will be adversaries. The key questions are who are they, and why do they oppose your proposal? Understanding the strengths and weaknesses of your potential opponents is essential, including an analysis of their likely arguments. By doing this work, you will be able to get ready to counter or overcome those arguments.

Another question you should consider is whether the opponents are strong enough to defeat the effort. Often initiatives fall short of success because proponents failed to address early what appeared to be weak or ineffective opposition. Treat any opposition as a key force that could eventually tip the balance against you. Find out what they are concerned about and attempt to bring them into the fold. As demonstrated in the New York City, Texas, and Virginia case studies, failure to take potential opponents seriously can lead to defeat.

Step 9—Determine your resources

It takes resources to run a campaign. It therefore makes sense to launch an initiative only if there is sufficient confidence that the required resources can be assembled. Generally, two types of resources are needed: a strong non-agency organization for backing and funding.

A formal organization serving as the “official” go-to voice of the initiative is important to raise funds, to hold meetings, to rally support, to advocate with elected leaders, to deal with the media, to get the message across. Public agencies are rarely in a position to do this because of restrictions on advocating and raising money. However, agencies can certainly communicate with such organizations, sharing information relating to past performance, current conditions, and future needs.

Typically, such organizations are ad hoc creations of the business community, often centered on contractors, consulting firms, and vendors who might directly benefit from the initiative. Less common, but potentially even more effective, as occurred in Utah, is an organization led by an established and highly regarded business organization, such as a Chamber of Commerce.

Often, powerful but less visible informal organizations spring up to support a specific initiative or cause. Typically, these are private groups, which are not subject to public scrutiny and prefer to do their work behind the scenes perhaps in fundraising, in advocating, or in assisting with strategic advice. Take care that any interactions with “behind-the-scenes” groups or individuals can pass the public scrutiny test. That is, if such interactions are reported by the news media (as they often eventually are) there should be no cause for embarrassment.

Formal or informal fundraising is one of the primary functions that these organizations provide as they work in support of the campaign. Funding is particularly important in the case of a public referendum and its associated media campaign, which can run into millions of dollars.

Private organizations provided significant funding related to legislative enactments and public referenda in the California, Maricopa County, Minnesota, Ohio, Utah, and Washington State case studies.

Step 10—Create a winning strategy

If you have candidly considered the steps outlined above, you will have begun creating your strategy. A winning strategy will articulate the transportation needs convincingly communicated by a credible agency and champion(s). In addition, it will include a thoughtful, step-by-step process for executing the strategy with scheduled milestones. By answering the questions outlined in the following checklist, you will begin outlining your strategy.

The sequence of steps can be as important as the steps themselves. For example, putting the word out about needed funding before an airtight technical case has been made, or before the governor is consulted, or prior to asking the tough questions about your agency's credibility, is known in boxing circles as leading with your chin.

Strategies must be multi-dimensional, take plausible risks and pitfalls into account, be frequently validated and adaptable to changing realities, and be communicated to the core group of those actively advancing the campaign to ensure they are all on the same page. As the old adage goes, "Hope is not a strategy."

So, are you ready to launch your initiative? If you have engaged in a thoughtful and thorough analysis of these questions and found you have positive responses in all or nearly all cases, the stage may be set for launching a successful transportation funding initiative. If not, think carefully about what it will take to get ready and launch an initiative to get there.

Are you ready to ask for additional funding for your program?

Step 1—Determine your program needs

- q What are your specific program needs?
- q Why are the program needs compelling?

Step 2—Determine the costs, priorities, and benefits of your program

- q What are the costs to meet your program needs?
- q What are the priorities and benefits of your program?

Step 3—Design your case for the public, political leaders, and the media

- q Why do they need the program you have identified?
- q What is at stake if your program is not funded?
- q How can you make your program matter to the individual driver/transit rider?
- q How can you express the benefits of your program in ten or less words? (Example: improved safety, decreased congestion)
- q How can you communicate the program needs in a convincing manner?

Step 4—Address your weaknesses

- q What are your weaknesses?
- q How do your weaknesses matter to the public or officials?
- q When and how will you address your weaknesses?

Step 5—Find a champion

- q Do you have a strong leader to be the champion for your initiative?

Step 6—Secure support from your governor

- q Will your Governor support the initiative?

Step 7—Analyze your program's acceptance with the public, political leaders, and the media

- q Have you gained "buy-in" from key stakeholders?
- q If not, how can you?

Step 8—Know your opposition

- q Who are your opponents and why are they opposed?
- q What are their concerns?
- q Can you counter their arguments?
- q How are they organized and funded?
- q Can you address their concerns and neutralize their opposition?

Step 9—Determine your resources

- q What resources are available to help launch a successful campaign?
- q Which organizations might be willing to take up your cause?
- q How might you support this organization within ethical boundaries? What kind of information can you provide that will be useful to them?

Step 10—Create a winning strategy

- q Have you satisfactorily answered all the questions above?

Essential Elements Necessary for Success

In researching the case studies for this project, the team noted three recurrent themes that were essential to the success of the initiatives studied and present in nearly all of the cases. We grouped these themes into three categories: validated transportation needs, agency credibility, and well-designed strategy.

Do you have a documented and validated transportation need?

The first step in securing new funding is to develop a well-documented, well-communicated, comprehensive, balanced statement of needs. Creation of these materials is as much an art as a science, and this Guide includes good examples (for example, see the materials prepared by Ohio DOT in the Tactical Toolkit).

The state DOT or other agency sponsor typically provides the underlying information in support of transportation needs. Often a governor or legislature will invoke a "legitimizing process" in which an independent task force or commission reviews and endorses the statement. Such endorsement can provide cover for legislators who will be asked to take the unpopular action of increasing taxes. This function was performed by the Transportation and Policy Committee in Maricopa County, the Transportation Task Force in Maryland, the Traffic Congestion Mitigation Commission in New York City, the Transportation Review Advisory Council in Ohio, and the Blue Ribbon Commission in Washington State. Not to be outdone, the federal government established two transportation commissions pursuant to the SAFETEA-LU legislation, each with essentially the same assignment, and each reported with recommendations for significant increases in transportation funding.

What needs to happen behind the scenes?

The reality is that certain activities work best behind the scenes. Just because they occur behind the scenes does not mean there is anything unsavory happening. Yet the public, and particularly the press, have a seemingly naïve aversion to such quiet diplomacy.

The specific issue(s) that may need to be addressed behind the scenes will vary greatly for different initiatives. A typical example would be securing the support of a key legislator prior to a public announcement, or gaining a governor's tacit acceptance to test the waters without their public support.

The point is to be sensitive to the need for behind-the-scenes activities and to address them in the development of your winning strategies, while at the same time recognizing the legal restrictions emanating from sunshine laws in some jurisdictions and the risks of media characterization of wheeling and dealing in the proverbial "smoke-filled" back room.

Does your agency have credibility with the public and decision makers?

Another nearly universal theme we found in the case studies focused on agency credibility—the need to be viewed as responsive, to be trustworthy, to have strong relationships with key decision-makers, and to have a demonstrated history of effective use of allocated funds using a clear prioritization process and efficient project delivery. The three subcategories under credibility include fiscal responsibility, demonstrated delivery (on time and on budget), and credibility of agency leadership.

Agency's system stewardship

To be successful in your funding requests, you must be perceived as having been an effective steward of the existing system even within your financial constraints.

There is a natural tension between demonstrating that you have effectively managed the system while presenting a convincing case for the need of additional funds. You will have to show that you are doing all that you possibly can to preserve the current transportation system with funds at hand while at the same time demonstrating that the current funding levels will not take care of all the transportation needs. The agency articulating the needs has to be credible in the eyes of the public, their elected representatives, and the media. In all cases, these relationships need to be nurtured over time through consistent performance and effective communications.

Agency's demonstrated delivery

The other side of the credibility coin is showing you can deliver projects on time and within budget. Within the case studies, some agencies (e.g., Maryland State Highway Administration (MSHA) and Utah DOT) enjoyed a long-standing tradition of project delivery success and had strong relationships with state legislators and other decision-makers. This worked to their advantage in securing multiple funding increases. Utah DOT emphasizes a "need for speed" in project delivery from environmental review through construction. The Department recognizes that the results of a positive vote for transportation funding need to be apparent to elected officials and their constituents within a very short time period, consistent with the election cycle.

In other states, when difficulties with credibility via program delivery (real or perceived) significantly improved, their new positive record became a key factor in winning new funding. This was the case with Caltrans, Maricopa County (Arizona DOT), Ohio DOT, and WSDOT.

Agency's Leadership

Agency credibility begins at the top with the agency leadership. Each of the examples noted above had strong leaders that maintained or restored credibility through program performance and strong relationships (MSHA Administrator Neil Pedersen, UDOT Director John Njord, ADOT Director Victor Mendez, ODOT Director Gordon Proctor, and WSDOT Secretary Doug MacDonald). Each of these leaders enjoyed the respect, appreciation, and confidence of his respective governor, legislature, and the general public. However, it is also true that leadership emerges not solely from a single individual, but from a cohesive, focused core team that works with a common

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When should you launch your initiative?

Everyone has a different opinion about the right time to launch an initiative. For legislative approvals, one view is that starting the initiative campaign early in the election cycle is preferred because this provides the maximum amount of time for public discontent with a tax increase to subside. Another approach agencies adopted was a two year program. The first year was used to get legislative backing and conduct studies that established the transportation needs. In the second year, they would move forward and seek the funding. In contrast, for the multiple initiatives in Utah and Washington State it appeared that the election cycle was not a major concern.

Public referenda occur at the same time as general elections. Here the timing you have to decide is whether a national election with high expected voter turnout or an off-year election with low turnout will assist your initiative. Opinions are mixed. One camp holds that the national election is the better venue because transportation is popular with the broad majority of the electorate. This makes it less prone to a small group of opponents having a disproportionate impact, as could occur in an off-year. The counter argument is that a referendum conducted during a national campaign is more expensive, and there is a danger that your message will be drowned out by the bigger issues of the day.

Another timing consideration is the condition of the economy. The general consensus was that it was easier to secure approval of a transportation revenue increase during good economic conditions than bad, when the public is more focused on increased living expenses.

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vision and mutual respect for one another. The existence of such a team is one of the key factors for a successful transportation funding initiative, which will be discussed in later sections.

Creating a Winning Strategy

Once the decision has been made to proceed, you must identify the components of a winning strategy that will work for the case at hand. In our research, we found that there were significant variations in the approaches taken depending upon whether legislation or a public referendum was the mechanism to secure funding. However, even across this divide, the research team identified several common themes. Further, several of the case studies involved both legislative actions and referenda (California, Maricopa County, Utah, and Washington State).

How much to request

Perhaps the most fundamental question to address in designing a funding initiative is the question of "how much?" This is a two-step process—first, determining how much you need, and second, deciding how much you can reasonably expect to receive once requested. It is a delicate balancing act. You may need several billions but, if asked for, sticker shock could cause you to receive nothing. Ask for much less than you need and receive it, and you may be plagued with the question "could we have gotten more?"

Another issue to consider is that securing approval of a funding initiative involves significant economies of scale. That is, the degree of staff time, funding commitments, and other resources involved in promoting a, say, $2-billion program is not likely to be significantly greater than for a $500-million program. Therefore, there is a tendency to aim high, especially if a public referendum is involved. The critical factor is the linkage back to compelling needs. The higher the funding level requested, the more challenging it is to persuasively make the case.

The California experience is a good case in point. Initial funding goals were much more modest and well below stated needs. Interviewees reported that Governor Schwarzenegger decided that if he was to take the political risk of supporting increased infrastructure funding, it should be for an amount that would make a bigger difference. The Governor's package included $20 billion for transportation plus an additional $17 billion for housing, schools, and flood control, which were significantly beyond initial goals. One interviewee, who was pleasantly surprised when the boost in funding goals occurred, after winning expressed regret that the funding level was not higher yet.

Determine the revenue mix

Another consideration is what the split will be between "pay-as-you-go" and a program supported at least partially by debt financing. States vary widely in their practices depending upon financing traditions and legal constraints in each jurisdiction. At one end of the spectrum was the California general obligation bond program, which was entirely supported by debt financing and involved no increase in current taxation levels. The other extreme would be the federal highway program, which has always operated on a strictly pay-as-you-go basis. There have been attempts over the years to introduce bond financing for the federal program, notably by the Clay Committee in its 1955 recommendation to finance the Interstate Highway System, but these have consistently been defeated. Thus, the federal highway program's capital expenditures are funded solely from current revenue; certainly, an ironic situation when one considers the degree to which debt financing is relied upon to support operating expenditures in the balance of the federal government. The other case studies tended to be in between these two extremes, with increases in tax levels complemented by increased debt capacity.

The other aspect of revenue mix is the selection of specific taxes to generate the funding. Common taxing mechanisms include motor vehicle fuel taxes, registration fees, and titling fees, which are often used in combination with each other. These tax options are most common at the federal and state levels while sales taxes tend to dominate at the local level. As described in the case studies, many states have successfully obtained increases in the fuel tax in recent years, which is in stark contrast to the federal government, which has not increased fuel taxes for transportation purposes in many decades. Even at the state level, however, increases in the fuel tax are sometimes avoided. In Maryland, for example, a 2004 initiative supported by increases in vehicle registration fees and associated bonding was followed by a 2007 initiative funded by an increase from 5 percent to 6 percent in the vehicle titling tax. In both instances, Maryland DOT suggested increasing the fuel tax, which had not been adjusted since 1993, but two different administrations (from different political parties) each concluded that other measures would be more politically acceptable.

How to use the funds

Among the key considerations in the disposition of funds is the modal composition of the transportation program. In the past, it was common to have a program entirely dedicated to highways. However, it is now much more common to have a multi-modal program that includes all surface transportation modes. This is the case even in states with a relatively high dependence on the automobile, such as Utah. The proponents of the Ohio initiative acknowledge that the program would need to be multi-modal if it were to be successful in today's climate. In Maricopa County, funds were dedicated to three principal uses: freeways / highways, arterial streets, and transit (including a new light rail transit system). Each of the three uses had a geographically oriented base of support. The key to this initiative's success was a careful balancing of these three priorities following an extended and sometimes heated period of negotiations. California, Maryland, Minnesota, New York City, Texas, Utah, Virginia, and Washington State were all multi-modal initiatives.

Another aspect of use is the type of project within a mode. Conventional wisdom has long held that major new capacity projects are necessary in order to secure approval, whether by the legislature or the public and new capacity projects are certainly predominant within the case studies.

Researchers found anomalies, however. In Maryland, the agency sponsor successfully made the case that the Department's long-standing "preservation first" philosophy should apply to funding initiatives in 2004 and 2007. In Minnesota, the realization that the state's extensive network of bridge structures required rehabilitation, as graphically demonstrated by the collapse of the I-35W bridge in Minneapolis, was a key driver. The Maricopa County, Ohio, and Washington State programs all contained preservation elements, albeit less celebrated than the new capacity projects. It is noteworthy that all of these jurisdictions have a history of applying asset management processes in addressing preservation needs.

Also significant is the distribution of funds among governments. Most states have a tradition of sharing highway user revenues with local governments, usually distributed in accordance with a legislatively negotiated formula. These local governments typically share in the proceeds from state initiatives, and their representatives can be some of the most influential supporters of these programs, particularly with the legislature. In Ohio, for example, County Engineers (elected positions) were very effective advocates for the legislation, and local governments received a disproportionately large share of the proceeds in the initial years.

Applying the funding—a balance between merit-based and politically based allocation

Researchers found that most programs consisted of both merit-based program definition with politically based projects added in. This compromise seems almost inevitable because of the political nature of such large funding requests. However, it is worth noting that the two perspectives are not necessarily mutually exclusive. While there are glaring examples that give rise to the "pork-barrel" image of politically driven projects, the fact is that most politically driven projects have a legitimate underlying technical rationale.

While transportation executives are focused on the performance of assets for which they are directly responsible, the broader perspective provided by elected leadership often leads to program modifications that are beneficial from a societal and political viewpoint. For example, for the New York City congestion-pricing program, the politically appointed Traffic Congestion Mitigation Commission adopted several modifications to the original plan that significantly improved it. In Washington State, where every project was carefully itemized in the legislation, there seemed to be consensus that these were worthy projects. The simple political equation cited by some elected officials is that if they are to take the risk in supporting increased funding for transportation, they felt quite justified in tapping into the potential political rewards associated with project selection and ultimate delivery.

Geographic and social equity issues

Among the issues that elected leadership may be most sensitive to are questions of geographic and social equity. With respect to geography, it is simply impractical to disregard the locations from which revenues are raised. While constraining formulas are typically resisted, some semblance of balance in the distribution of projects and funding (urban and rural, suburban and central city, upstate and downstate) that is perceived to be "fair" is usually necessary for a successful initiative. Similarly, social equity concerns about such issues as disparate benefits, costs, or impacts to particular income or ethnic groups are often better addressed in the political environment. It seems that elected leadership is typically in a better position to determine the definition of "fair and equitable" than agency leadership.

Degree of project specificity

Another significant consideration is the degree to which individual projects are specifically identified in the initiative. For initiatives requiring legislative approval, many states have a tradition that projects should be selected and scheduled by the responsible agency in accordance with a merit-based process, and specific projects should not be arbitrarily inserted into legislation. Virtually all transportation executives prefer this approach because, among other factors, it provides the flexibility to adjust project selection and scheduling in response to changing conditions. However, this good government practice is sometimes stressed during the heat of the legislative process. For example, Minnesota places great reliance upon a structured planning process supported by constitutionally protected funding sources and formulas that produce well understood and relatively predictable funding streams. But, in a departure from this practice, the transportation funding legislation was amended to mandate construction of a generic project type, but one that was so specifically defined that it applied to only one project in the state, located in the district of a representative whose vote was deemed to be crucial to enacting the program.

In another state, senior legislators referred to “The list that didn’t exist,” a list of projects that was nowhere publicly described but was understood by insiders to be associated with the revenue program. In Ohio, projects were not identified in the legislation, but to some extent the Department promised the completion of certain projects. This became problematic when the double-digit inflationary increases in subsequent years made it impossible to deliver all of these projects as scheduled, damaging the Department’s credibility.

The extreme example of project specificity involved the two funding initiatives in Washington State. In this case, virtually the entire program was allocated to specified projects by year and by project phase, and, in many cases, only partial funding was provided. Accordingly, WSDOT's ability to manage its program is extremely constrained, but this was accepted as the price of obtaining additional funds. Ironically, during the recall referendum to repeal the 9.5-cent-per-gallon increase, it was this very specificity that enabled the Department and others fighting the repeal to point to particular projects that would be scrapped. This was cited as a key factor in defeating the repeal at the polls.

For initiatives requiring public referenda, it is generally acknowledged that some degree of project specificity is necessary in order to enlist voter support. In California, a list of "illustrative" projects was supplied to voters in order to provide some idea of what was under consideration. However, the state stopped short of committing to specific projects by specific dates, a wise precaution. In Maricopa County, the initial sales tax program approved in 1984 significantly over-promised what could be delivered, and this created a credibility problem for Arizona DOT that lingered for some time, impacting the 2004 referendum. Notwithstanding this lesson learned, initiative proponents in 2004 again felt it was necessary to promise a specific program of projects to obtain voter support. In fact, identification of a specific program that could be mutually supported by somewhat competing interests was the central activity that led to the successful referendum.

Stakeholder coalition

A coalition of supporters backing the funding initiative was reported to be present in virtually every case study. Typically, transportation consultants and construction contractors were at the heart of these coalitions, providing funding, strategic advice, and other resources throughout the process, but particularly in the gestation period. Broader business interests were also often involved. In Washington State, for example, Boeing was outspoken in its comments about the need for additional transportation improvements and specifically linked transportation conditions to its pending decision on where to assemble the 787 Dreamliner.

The role of the stakeholder coalition was particularly significant in Minnesota since the governor's position opposing the funding initiative precluded Minnesota DOT's involvement. In this instance, the Minnesota Transportation Alliance and a special public relations effort led by the Alliance, Progress in Motion, were the principal initiative proponents supplanting the role typically played by the agency sponsor. It was these groups that crafted the program, worked with the legislature to secure its initial enactment and subsequent override of the governor's veto, and led the public education campaign as the Department was forced to the sidelines.

In California, the Alliance for Jobs representing more than 1,700 heavy construction companies and 50,000 union construction workers in Central and Northern California was the primary stakeholder coalition. In Utah, the state's chambers of commerce, which are connected organizationally with the Salt Lake Chamber as the focal point, played a central role in marketing proposed transportation funding to the legislature and the public.

One of the challenging aspects of a stakeholder coalition is keeping the individual parties, who inevitably have somewhat disparate interests, on message and working for a common purpose. In Ohio, the concrete paving industry was a member of the stakeholder coalition, but appeared to be most interested in addressing the concrete vs. asphalt issue and attempted to modify the funding legislation to encourage the selection of concrete pavements. This was an unhelpful distraction that worked against coalition unity.

Creating a captivating message

In an era of fierce competition for the attention of legislators and the public, it is essential that a concise and compelling message capturing the spirit of the initiative be crafted and reinforced at every opportunity. Transportation professionals often resist this "sound bite" approach to marketing a funding initiative. They believe that a more comprehensive and analytical presentation is necessary in order to fully articulate the case for the initiative. Such a presentation is certainly one of the necessary elements to have a credible overall campaign, but it is not sufficient. The campaign must be complemented with a more succinct story that can be easily remembered and repeated by those less involved.

The California campaign in support of the Proposition 1 general obligation bonds featured “The 1 Plan to Rebuild California.” This message, focusing on goods movement, traffic flow, and jobs, was intentionally kept simple to prevent individuals—when lobbying their elected representatives—from “adding their own spin” and blurring the message.

In Utah, the emphasis was on addressing traffic congestion with the phrase “Fix it now, or fix it later?” This was an interesting example of the importance in understanding local perceptions when crafting a message. By the standards of most of the metropolitan areas in the country, Salt Lake City and environs experience relatively modest traffic congestion, approximately 30 hours of delay a year per peak traveler according to the Texas Transportation Institute. Yet this level of congestion is viewed as intolerable by many Utahans, and the successful campaign by the Salt Lake City Chamber of Commerce to accelerate key projects played to this perception.

In Texas, the vast size and boldness of a Trans Texas Corridor iconic image, thought initially to be an asset, became a liability. The widely circulated graphic depicting a 1,200-foot right-of-way, intended to be a selling point, elicited strong opposition from farmers and environmentalists, which obscured the underlying progressive goals of accommodating passenger and freight rail as well as utility lines in a common right-of-way with highways.

Lessons Learned—What Can Undermine Success?

The simple answer to the question of what can undermine success is a failure to address the factors described above. For example, if agency credibility has not been established, that will usually undermine success. However, to take the discussion a step further, review of the case studies does reveal some other recurring themes in initiatives that have encountered difficulties.

Premature announcement

Proceeding with a program before doing all of the home-work and credibility building will lead to poor results. For example, the 1994 attempt in Maricopa County to increase and extend the local option sales tax was not accompanied by a program of projects, but rather was justified on the grounds that the initial tax adopted in 1984 had proven insufficient and additional funding was necessary. This measure was defeated. Having learned a lesson from this, proponents in the 2004 referendum to extend the sales tax devoted considerable time to crafting a carefully balanced program of projects that had appeal to all important constituent groups. This measure was successful.

Inconsistent message

If proponents deliver a message that wavers over time in terms of the initiatives' purpose or benefits, it may create a vulnerability that opponents can exploit. For example, when the New York City congestion pricing initiative was initially unveiled to the public, it was promoted as a sustainability-inspired method of managing congestion levels in Manhattan. The revenue-raising aspect was either not mentioned at all or was dismissed as a very secondary consideration. However, as the plan continued to be reviewed and debated it became apparent that the revenue involved, and its ability to fund needed transit improve-ments for the Metropolitan Transit Authority, was very much on the minds of proponents and, in fact, was the most important aspect of the plan to many. As the debate continued, proponents became increasingly candid in acknowledging this, creating a backlash among some who felt they had been initially misled. The congestion pricing initiative would have been far better served had there been a frank acknowledgement from the outset that sustainability, congestion management, and the raising of needed revenue were all important objectives of the program.

Relying solely upon technical arguments

Development of an analytically rigorous demonstration of need is a necessary component for a successful initiative. However, it is not sufficient. There must also be recognition that securing approval of a funding program, whether by the legislature or in a public referendum, is essentially a political process. Transportation officials seeking approval of an initiative need to be keenly aware of this reality. In fact, they should embrace it—in a democracy, that is the way the system is supposed to work. WSDOT was unsuccessful for a number of years in obtaining funding increases until, in 2003, it succeeded in communicating its message in a manner that the political establishment and the public could understand and appreciate.

Lack of positive coordination with stakeholders

Failure to appreciate who can block the initiative, and not taking the time to ensure they are on board with any major transportation funding program, can also lead to failure. Such programs will always involve a wide range of diverse, and often disparate interests, and the wise advocate will attempt to enlist the support (or at least non-opposition) of all of them to the extent possible. However, a strategic approach to managing an initiative campaign also involves identifying those key individuals and organizations who have the ability to block the initiative and devising plans to ensure that they will not be obstacles to success. In Texas, the Trans Texas Corridor concept was championed by two powerful individuals—the Governor and his then current Texas Transportation Commission Chairman. As this very ambitious plan moved forward, it inevitably generated opposition from the many interests who felt impacted by it. The local toll authorities established in Texas to develop county toll roads would have appeared to be natural allies of the toll-dependent

Trans Texas Corridor concept. Instead, when differences arose the local toll authorities became opponents—along with farmers and environmentalists. Later, the legislature severely restricted TxDOT's ability to negotiate agreements with concessionaires and the Trans Texas Corridor as a statewide initiative was lost.

In New York City, most of the discussion regarding the congestion-pricing program was at the local level as the City and the Traffic Congestion Mitigation Commission reviewed and refined the program, with the aim of securing approval of the City Council. Despite the fact that the $354-million federal grant was also contingent upon receiving approval by the state legislature, there appears to have been limited interaction with affected legislators and their leadership until shortly before the deadline for approval. While the Mayor clearly embraced this proposal, there is little evidence of his personal involvement in persuading state legislators. In particular, there is little evidence of discussions with the State Assembly Speaker whose Manhattan district was very much affected by the congestion-pricing plan. Shortly before the deadline for legislative approval, the Mayor's Office engaged in an intensive lobbying blitz that was variously described by legislators as "testy" and "threatening." In the end, the Speaker refused to hold a vote on the matter. The Mayor's inability to gain the support of legislative leaders, such as the Speaker, whose own constituency supported the Mayor, led to the demise of this proposal.

Similarly, in Virginia attempts in recent years to increase transportation funds have been stymied by the strong anti-tax posture of the House of Delegates leadership. Notwithstanding the fact that the Commonwealth has embraced many of the strategies described in this report, this posture has proven to be an insurmountable obstacle in the period 2004–2008. Until such time that a successful strategy to alter this leadership position is identified and implemented, additional Commonwealth funding initiatives are problematic.

Chapter 2—Tactical Toolkit

Effective communication with political leaders, the press, and the public is at the heart of this research, and effectiveness depends upon a lot more than whether contact was made and information imparted. Effectiveness means resonating with the listener or reader, gaining a high level of understanding, and evoking a supportive response that will lead to positive action. There are two main components to a communications program: the messages you plan to communicate and the tools you plan to use to communicate them. The following sections highlight the messages and tools that have been effective in creating positive outcomes for many transportation organizations.

Messages

Before thinking about what tools you will use to market your initiative, you have to have a solid message to communicate. If your message is muddy, incoherent, or does not speak to its audience, it will not matter what tool you have used to impart the information. Some messages are designed to inform, while others are designed to convey urgency, or even a degree of fear, and, most importantly, provide a reason to act. Many of the case study interviewees reflected on the importance of having a *clear* and *consistent* message regardless of the medium through which it was conveyed. The message must be *simple* enough to understand quickly and powerful enough to *cause a reaction*. The audience should hear the *same core message*, no matter what tool or person is communicating it. Whether or not the data is disseminated, the message should be *substantiated* and *defensible*.

An effective message

Simple and clear

Consistent, regardless of the medium

Causes a reaction

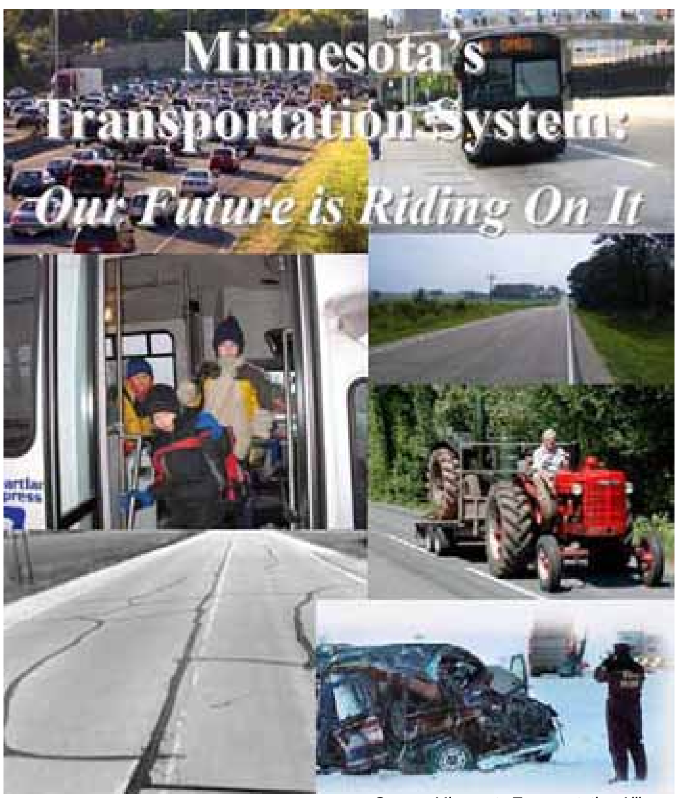
Researchers found there were several themes utilized effectively in the case study initiatives. The messages reflected the values of the stakeholders and the issues the transportation leaders felt were important to convey. These themes are summarized below:

Theme 1—Investment in transportation will save time and money, improve safety, and decrease congestion

Consistently, this message was conveyed in brochures, through radio and television advertisements, and billboards. In the Salt Lake Chamber of Commerce's 2007 Legislative Priorities leaflet, pages 2 and 3 are dedicated to transportation. The pages' tagline is "Save time, money, and headaches." Similarly, Ohio's 2002 "Seeing Red" brochure builds concern with statistics like the following: "At current funding levels, and with the wave of aging bridges nearing the end of their useful design life, ODOT predicts the number of deficient bridges will grow to 16 percent in 2005, to 25 percent by 2010, and up to 29 percent beyond 2020."

Theme 2—Investment in transportation will support economic development

Many transportation leaders promoted the strong tie between transportation and economic development. In California, job creation and a positive impact on an average person's daily life were frequently used messages. Similarly, as shown in their report cover (Example 1), the Minnesota tag line was "Our Future is Riding On It." As stated in the Salt Lake Chamber's 2009 Legislative Priorities leaflet, "A safe and efficient transportation system is foundational for Utah's economic vitality, quality of life and growth." In rapidly growing Maricopa County a recurring message was "Finish the Freeways" in order to serve a population that was projected to double over the next 30 years.



Source: Minnesota Transportation Alliance

Example 1. Minnesota Summary Report Cover

Theme 3—The transportation agency spends its funds efficiently

Many of the agencies researched believe that trust built through past performance was a cornerstone to having won support for revenue increases from the legislators and the public. It is not surprising, therefore, that this was a consistently a message they chose to communicate.

In California, Caltrans Director Kempton placed special emphasis on implementing and communicating his department's accomplishments by highlighting improvements in accountability, transparency, and project delivery. In Ohio, the Director of the ODOT repeatedly gave presentations demonstrating the efficiencies associated with internal re-engineering efforts and decreased staffing levels as shown in Example 2.

Source: Julie Ray, ODOT Deputy Director of Finance and Forecasting

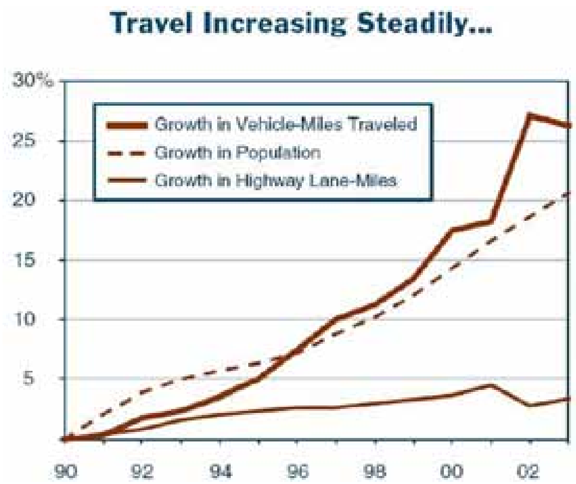
Example 2. Presentation Slides by Ohio Department of Transportation

Titled "Accountability: Keeping Promises," a full page of one of Maricopa County's brochures was dedicated to showing how the agency would track progress on its promises. This page included a list of accountability tools, such as independent performance audits, public review, an amendment processes for major changes, and separate fund accounts for each transportation mode.

Theme 4—The transportation system has deteriorated, and current funding will not meet the needs

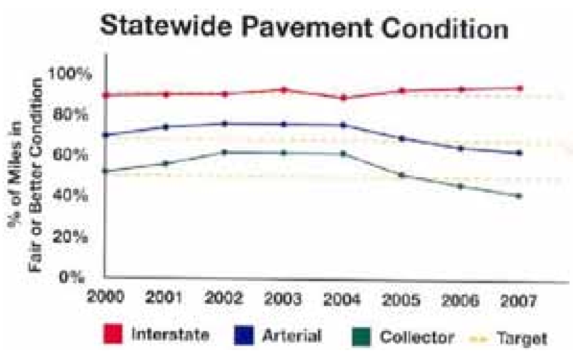
In the cases studied, all of the agencies had to demonstrate the level of deterioration of their infrastructure, and they had to make the case that the situation could not be rectified within the current funding levels. Generally, the arguments centered on increased costs, decreased funding streams, and provided a vision of how these issues could be addressed. Examples of how agencies chose to convey these messages follows.

One example comes from the California case study. In a report completed by the California's Legislative Analyst's Office, there is a section called "Traveling in California:



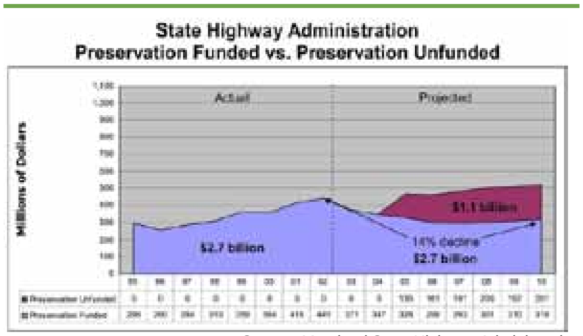
Source: California Legislative Analyst's Office

Example 5. Graphic from "California Travels: Financing Our Transportation"



Source: Utah Department of Transportation

Example 3. Graphic from UDOT's 2009 Strategic Plan



Source: Maryland State Highway Administration

Example 4. Maryland State Highway Administration Graphic

Trends and Mobility." This section focuses on the supply and demand argument, meaning the growth in highway capacity has not keep up with the state's population growth and highway usage as shown in Example 3.

In the 2009 Utah Strategic Plan, UDOT relied on graphics to show road deterioration trends (Example 4).

In Maryland, to make the case for system preservation, Maryland State Highway Administration (MSHA) prepared a series of materials that were presented to their Blue Ribbon Commissions, decision-makers in the executive and legislative branches, the media, and the general public. One of the graphics used to depict the growing needs and lack of funding is shown in Example 5.

In 2003, the Ohio County Engineers released a report titled "Ohio's County Highways." In this report, the Engineers presented assessment criteria, which provided a baseline for examining the conditions of the transportation infrastructure. For each criterion, the Engineers present the goals and the current performance against the goal. Example 6 shows an example from the report.

Theme 5—Increased funding will be used to build specific projects

Whether or not the initiatives required specific projects and outcomes to be identified in the legislation or referendum, most of the marketing materials the researchers reviewed specified how additional funding would be spent. Campaign materials included targeted brochures tailored to emphasize the plan's benefits to various regions throughout the jurisdiction. An example is shown in Example 7.

Methods

When trying to build support for an initiative, proponents used a variety of methods and tools to reach their constituencies. These general methods can be divided into three types of communications:

- Outreach to establish contact and gain feedback about the initiative
- Education to inform stakeholders about key issues
- Marketing to improve the likelihood of achieving a desired outcome

Gap Analysis - Road Resurfacing	
OBJECTIVE	Catch up with long-delayed resurfacing needs of most county highways; Cut average resurfacing schedules in half.
ASSESSMENT CRITERIA	All highways should be resurfaced at least every 10 years.
CURRENT CONDITIONS	*Well behind schedule. The resurfacing schedule for county highways is now averaging 17 years statewide.*
RECOMMENDED COMPLETION SCHEDULE	10 years for proper surface upgrades. Maintain 10-year average resurfacing schedule.
PROJECTED COSTS	Ohio's County Engineers estimate the full local cost of resurfacing all necessary county highways and highways — over a 10-year schedule — to be $85,771,000 per year.

Source: Ohio County Engineers

Example 6. 2003 Ohio's County Highways Report Sample Table

While most communication plans use a blend of these methods, it is important to recognize the differences. The form and substance of your communications will change depending on the method you employ. Your audience will be different in these different forums as well, and the complexity of the information will have to be tailored to those audiences. Equally important for those engaged in communication efforts is the need for a common understanding of what you are trying to achieve with the effort, and whether, through the method chosen, you will be able to achieve your goal. For example, while all communication is as least two-way, the amount of listening versus transmitting will be very different depending upon whether you are doing outreach, education, or marketing.

Source: Maricopa County

Example 7. Maricopa County Example Showing How Specific Projects Would Be Funded

The most important question to consider as you choose your methods and tools is who is your target audience? The second is what are you trying to achieve with the interaction? Stakeholder, legislative, and public audiences have very different characteristics, motivations, and levels of understanding. Understanding these differences is essential to selecting the appropriate set of methods and tools that will be most effective. The three methods highlighted above are more fully described below.

Outreach

When you engage in outreach efforts, you are initiating contact with those who may be affected by or interested in your initiative. Outreach campaigns provide awareness and information to allow individuals to determine the level of their interest and a potential position and course of action they may wish to follow. Such outreach also allows the sponsoring agency to gather feedback about their initiative, giving them information about what concerns, issues, or benefits the audiences have expressed. The agencies in the case studies used open houses, small group forums, and one-on-one meetings to do their outreach. Many tools were used in their outreach forums depending on the audiences, and the types of information that was imparted or that was being sought. Some examples of tools used were polling, focus groups, presentations, and handouts (such as folios). These and other tools are described more fully in the follow section.

There are significant advantages to engaging in outreach efforts: you find out what the public thinks about your initiative first hand; you get information that allows you to potentially amend or alter your initiative to be more attractive to the public; you have an opportunity to try out different messages with a small group and gauge their receptiveness to them. However, outreach efforts alone will not win the day. The numbers of people that can be influenced through outreach is relatively small. Generally, your message has to resonate with a much larger "public" to be successful.

Education

Education involves transferring information to constituencies with enough context to provide them a more complete understanding of the issues. More educated stakeholders are not only in a position to make more informed decisions, but are also in a position to influence, educate, and possibly convince others. This is a leveraging opportunity with motivated stakeholders willing to take the time and make the effort to become fully engaged. Examples of educational tools include the use of websites, preparation of reports that build a strong technical case while communicating the case to the public, use of presentations, and cultivation of the media, including briefings for editorial boards and encouraging feature stories that help make the case.

There are limitations to education efforts. A good education effort will take a great deal of early and in depth work. Though using the tools identified above allows for a broader audience to receive the information, a relatively small portion of the overall constituency will go to an agency website, read a special report on a transportation subject, or even read a transportation related article.

Marketing

Marketing is a targeted process with the objective to not only educate, but to influence decisions and actions taken by stakeholders by convincing them of the merits of a particular viewpoint. Marketing builds upon outreach and education in staking out a position. While some prefer not to call it marketing, and public officials must walk a fine line in terms of advocacy, the fact remains that a success of an initiative is virtually impossible without a significant marketing campaign. Such campaigns are generally run by non-governmental organizations and the private sector that have greater latitude to advocate such agendas.

Often DOTs and other public agencies or organizations are prohibited from advocating for ballot measures. This was true in Maricopa County, and Minnesota, for example, where public marketing campaigns were championed by construction industry associations. In Maricopa County, initially the local Metropolitan Planning Organization (MPO) was involved in the formulation of a project-specific expenditure plan supported by an extension of the county transportation sales tax. However, once the plan was endorsed by the Legislature and readied for approval by the public at the ballot, the MPO was compelled to step out of its advocacy role. A strong contracting industry and business-led campaign effort took over, marketing the initiative to the public using various tools.

In Minnesota, the state DOT has discretion in setting transportation spending priorities. This meant that it had much to gain from the proposed motor fuel tax increase, and the governor was opposed to the increase, so it was the construction industry that led the marketing effort.

The most commonly used marketing tools are targeted radio, television, and print ads. The marketing tools utilized in the case studies varied. The following section provides examples of the wide-ranging marketing tools that helped transportation organizations effectively communicate their message. In addition, although an agency might not find itself directly using the marketing tools described in this section, its ongoing successful use of outreach and education can provide the essential information that will enable outside advocacy groups to market the transportation funding message.

Tools

Whether you are conducting outreach, educating, or marketing, you will likely employ one or more of the tools outlined below. Researchers found that initiative proponents described the tools below as useful and often essential to success.

Polls and surveys

Many agencies poll their constituents for the purpose of gauging the transportation agency's credibility and the level of public support or interest. Although a widely used tool, for which the case studies revealed both heavy reliance as well as some unfavorable sentiment, caution should be exercised in their application. Polling can often be misleading or can miss the mark, particularly in election seasons. Nonetheless, polling by professional survey researchers, while not foolproof by any means, can provide great insights if it is done objectively and thoroughly. The key, assuming the desired outcome is objective information, is to avoid biases in the polling process, which means it should be conducted by professionals with a proven record for integrity and competence. Unfortunately, polling for the purpose of gaining a pre-ordained outcome is not uncommon, using biased sampling, slanted questions, or skewing the reporting of results. Such polls tend to undermine the legitimacy of polling as a useful tool when executed correctly. Fortunately there are established standards for integrity and competence in survey research; these should be adhered to.

Polling can be expensive and it may not be feasible or even legal for some DOTs to directly justify in their budgets. (Some DOTs do informal and non-scientific surveys by eliciting information from the public—such as in motor vehicle registration mailings or from booths at shopping malls or state fairs—but these are typically of relatively limited value in terms of probing controversial issues such as proposed transportation tax increases.) Industry partners often assist with polling, but to have credibility and value, the poll must be professional and unbiased.

In Maricopa County, polling was used extensively to ascertain which aspects of the Proposition 400 sales tax extension plan resonated most with the public, and these were subsequently integrated into campaign outreach materials and advertisements. Also, in the critical month leading up to the November election, a 300-person tracking poll was employed to gauge “real time” public support for the measure on a daily basis. In this way, simultaneous marketing efforts could quickly be tailored in response to the poll’s results. (A tracking poll works on a rolling basis, by which a subset consisting of the oldest members in the poll is replaced by a new, equally sized group. In the Maricopa County example 100 individuals were replaced each day.)

Similarly, polling by the American Automobile Association prior to the 2004 Maryland initiative indicated that

65 percent of respondents supported increased transportation funding. And, in the State of Washington, Secretary Hammond reported that polls were extremely helpful in guiding their initiative. After years of working on their communication, focusing on accountability and project delivery, WSDOT saw their poll ratings go up. Polls also demonstrated to the Washington Legislature that transportation was at the top of the list of issues that their constituents cared about. The understanding provided by polling of just how important transportation was to the public provided an important part of the foundation that the political leadership could use to move forward with a significant tax increase for transportation.

In contrast, however, the use of polling in Minnesota to gauge public support for the 2008 funding package anchored by a motor fuel tax increase was not considered helpful, especially because of its relatively high cost. There, focus groups were deemed more beneficial.

Focus groups

Focus groups are a form of intensive polling, involving personal interaction with randomly selected participants who meet with a research professional as they respond to questions or scenarios that may be posed. The tradeoff between focus groups and traditional polling centers on the ability to probe complex issues more deeply and to examine not only the points of view that may be expressed but the underlying reasons behind them. This is particularly important when testing the public's response to proposals, which on the surface may evoke a quick negative response. Tax increases for transportation are a perfect example of where a first response might be negative, but a second or third response might be very different when discussing how the impact might compare with the cost of one's daily cup of coffee or how guarantees can be invoked to ensure that tax revenues are used as intended to improve transportation services. Focus groups make it possible to gather information on the likely responses people have to a variety of scenarios. This information would be very difficult to gather through traditional polling.

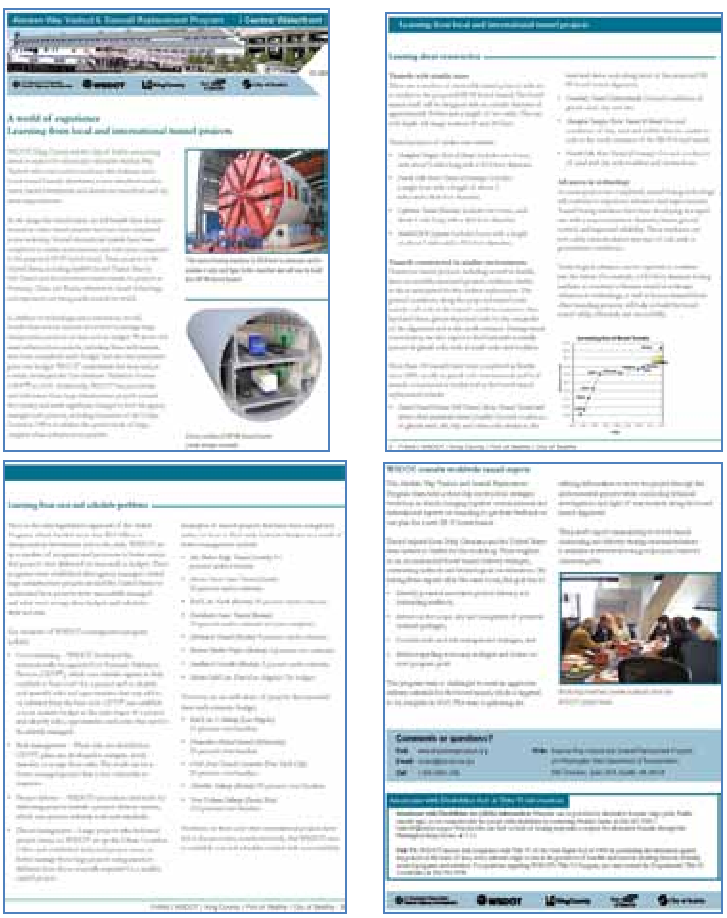
Focus groups were used in several of the case studies examined; again Maricopa County and Minnesota provide an informative contrast. Various forms of polling were employed throughout the public campaign for Maricopa County's Proposition 400, while focus groups were replied upon to a much lesser degree. However, focus groups in Minnesota played a crucial role in the 2005 passage of a constitutional amendment to increase guaranteed transportation revenue from the motor vehicle sales tax, a critical precursor to the successful 2008 funding package. The data gathered from focus groups indicated that the cumbersome wording of Minnesota's amendment, coupled with Minnesota's difficult constitution amending process, would prove to be formidable hurdles to passage. These findings helped shape a message that was simple, and focused on logic and fairness. As a result, the amendment was simplified and included no acronyms or confusing references.

Focus groups also played an important role in Minnesota's 2008 funding package. In that instance, a legislative campaign was necessary to support the State Legislature's passage of the funding bill and override the Governor's veto. Data gathered from focus groups helped proponents create campaign messages that reflected public and stakeholder sentiment, which in turn were used as a basis to lobby state legislators for their support.

Reports

Reports are *the* tool for gathering and presenting complicated information and data needed to educate critical audiences of the need for increased transportation funding. In-depth, technically oriented reports are essential to document the needs underlying a funding initiative. These may be difficult for most lay people to grasp, but there is a high probability that the basic case will be challenged by some with access to a significant level of expertise. It is therefore essential that the case for needs—current conditions and performance, future goals and performance targets, and resources required—be thorough and complete. In-depth reports must be technically sound, factually rich, and sufficiently detailed to make an airtight case that would withstand the most informed skeptics who have a sufficient level of analytical skills to grasp the breadth and depth of the technical case. One way to achieve this is to ensure that state-of-the-practice technical tools are employed. It is worth applying thorough quality assurance techniques to screen out inaccuracies and ambiguities before critics are left to find them and possibly make mischief of them.

In terms of communicating with those who simply lack the technical expertise or, more commonly, the time to digest in-depth, technically-based reports, summary reports are commonly used to portray an agency's needs and proposals for new funding in clear and reasonably simple terms. Summary reports can serve as an overview for widespread public consumption, leveraging the key points of the in-depth technical report, but presented in easy-to-understand, every-day language. These promotional reports are reader-friendly and make extensive use of graphics. WSDOT used a summary document form to great effect. Dubbed "folios" (Example 8), WSDOT created dozens of these summaries, which describe the issue, provide useful data, and direct the reader to more in-depth resources.



Source: WSDOT

Example 8. Sample WSDOT "Folio"

In most of the successful case study initiatives, the reports that provided a much-needed critical mass of credibility to the effort came in the form of ongoing department reports on the condition and performance of the DOT’s assets. This was true in California, Maryland, Minnesota, Ohio, Utah, and Washington, where the reports varied considerably in scope and frequency but had in common the following characteristics:

- Factual data
- Objective analyses
- Credible findings
- Reported publicly

In other words, these agencies took an asset management, performance-based approach, and cast that approach in a continuing framework of accountability and transparency. This approach enhanced the agency’s credibility since it reflected a way of doing business rather than preparation for a single event initiative.

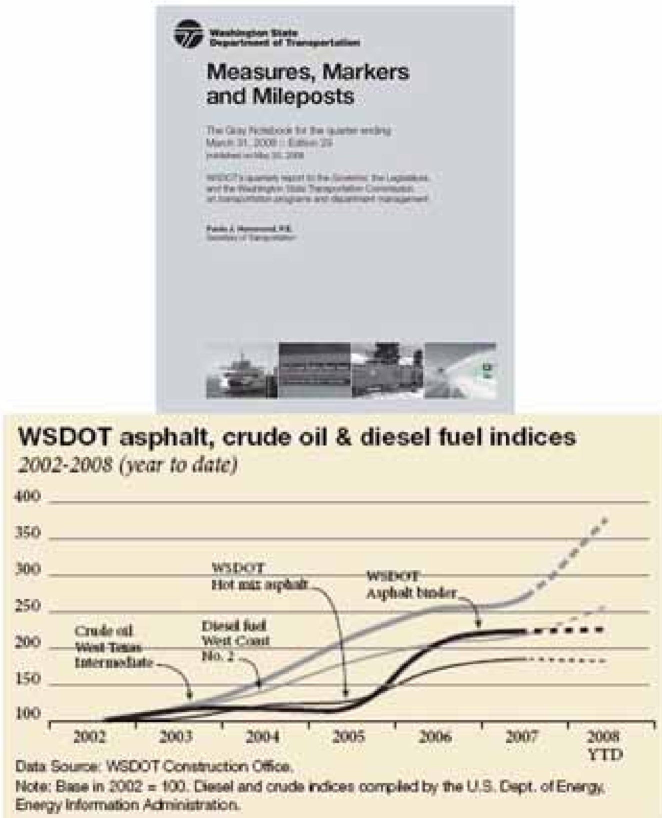
An impressive example of a technical report is Ohio’s “Study of the Adequacy and Distribution of the Motor Fuel Tax.” In 2002, Ohio’s General Assembly created a “Motor Fuel Tax Task Force” to find ways to address the needed repairs, construction, maintenance, and safety issues of Ohio’s transportation system at the state and local levels. This Task Force conducted regional meetings and heard testimony from various agencies, organizations, and individuals, including the Ohio Department of Transportation, the County Engineers, the Ohio Troopers, and the Contractors Association. By so doing, the Task Force ensured they were working with the most valid and non-partisan information, figures, and statistics. As a result, they developed a 109-page technical report that identified the state’s transportation needs and made recommendations to increase and re-allocate the state’s motor fuel tax and other revenue sources.

California offers a good example of a non-technical, promotional report as shown in Example 9. It presents a reader-friendly, attractive, and approachable summary of the Governor’s infrastructure investment plan and the revenue measure to help fund it. A non-technical audience—the public, media, and legislators—would have

Source: Caltrans

Example 9. Summary Report of Strategic Growth Plan and Proposition 1B in California

little difficulty absorbing the messages communicated here—there is a need, there is a plan, and there is a sensible way to pay for it.



Source: Washington State Department of Transportation

Example 10. Washington State's "Gray Notebook" with a Sample Graphic

An example of a technical report that can be easily understood by non-technical audiences is the WSDOT quarterly report, officially titled, "Measures, Markers, and Mileposts," and referred to as "The Gray Notebook" (Example 10). These quarterly reports are packed with data and information in tables and charts, which might take much more time to absorb, were it not for the readable narratives that accompany them. Secretary MacDonald used these reports to demonstrate how he and his managers track progress of projects (scope, schedule, and budget), track issues around operation and maintenance activities, and inform the legislature and the public of issues. In other words, the Department chose to operate in the proverbial fish bowl. What sets these reports apart in content and intended audience are their ability to bridge the gap between the technical and promotional, between the professionally knowledgeable and the average public. In this manner, the Gray Notebook represents a hybrid of the in-depth technical and the easier-to-grasp summary report.

Presentations

Presentations provide the advantage of controlling the setting as well as the message, maximizing the likelihood of a favorable impact. Several examples in the case studies illustrate the use of careful orchestration by government officials' staff, where time, place, audience, and other factors can judiciously be set.

Presentations at special forums or as part of regularly scheduled meetings are a commonly used practice for disseminating information, educating stakeholders and eliciting feedback. Presentations in a public forum can serve a dual purpose—first for those in attendance and second as an opportunity to reach an even wider audience. The key is to be strategic about what may seem like ordinary events. By leveraging the event through inviting the media, holding press conferences, and giving interviews, the potential is always there for getting more exposure for the investment in time involved in what otherwise might be a modest gathering with much more limited impact.

This is not to discount the importance of many appearances in front of a relatively small, local audience where the implications of a broader proposal can be placed in the context of a local town or region. Presentations offer the opportunity to communicate the details of a funding proposal or the issues surrounding its needs in a manner that is germane to the audience. In this manner, the answers to important questions such as "how does this affect me?" or "why do I have to pay?" can be made clearly and convincingly, important considerations in gradually building the case for statewide initiatives, which often can seem abstract or immaterial without a local context. But it is important to bear in mind that a broader audience can also be reached through television and other media outlets, especially if the featured speaker is a high-profile individual who would be more likely to draw the media. Having the Governor lead a presentation is a virtual sure-bet as a significant media event. If the Governor is there with a message of statewide significance, a local audience is likely to respond favorably while also serving as a "backdrop" for a wider range of statewide viewers.

In California and Virginia, the Governors themselves, along with cabinet members and other senior officials, embarked on statewide circuits in their respective states, occasionally referred to as, "the road show." In California these visits occurred during the Governor's re-election campaign, but careful attention was paid to focusing on

Source: http://gov.ca.gov/issue/strategic-growth/

Example 11. Governor Schwarzenegger Discussing California's Strategic Growth Plan

the transportation funding initiative and what it meant to Californians in the long run, as opposed to the shorter-term question of who was going to be California's next Governor. In that case, giving presentations on the revenue measure became part of the Governor's political strategy (Example 11).

In Virginia, at each visit the Governor and others would identify projects that were important to that area and promise to build them out of new revenue funds. In 2004 and 2005, Virginia's Governor and Secretary of Transportation held numerous "town hall" meetings focusing on the transportation "crisis". These visits energized the local advocates for transportation improvements who were expected to influence their legislative representatives.

An annual "road show" is also a key element in the Maryland DOT preparation of its capital program and securing elected official and public support for that program. Every year in every county (plus Baltimore City), the Maryland Secretary of Transportation and senior officials representing each of the modal administrations having projects or services in that area review in detail the Department's past year performance in living up to its commitments and present the upcoming program for local political leaders, state legislators, the press and the public. These forums offer ideal opportunities to strengthen the Department's credibility in terms of delivering projects as promised, as well to send the message about what it would require to address unfunded needs.

In Maricopa County, early efforts to build support for extending the existing transportation sales tax two years before its expiration were undertaken by an industry-led coalition. Presentations were delivered to chambers of commerce, business organizations, and other community associations to build awareness and elicit financial support.

In the majority of the case study examples, presentations were used in the early stages of formulating a funding initiative. This is in contrast with polling and focus groups that were generally used during the more mature stages of an initiative's campaign to help focus on specific issues or refine strategies and plans of attack. Presentations tend to act as an "early days" outreach tool with broad application. Information dissemination, initial education and messaging, and solicitation of stakeholder input or financial support are all good reasons for employing this readily available tool.

Presentations can set the tone and direction for a revenue increase initiative and accordingly should be implemented strategically—each one potentially shaped by a balanced combination of a broad-based, core theme, as well as more customized messaging tailored to specific interests and circumstances.

Logos

Many of the transportation initiatives were associated with logos (Example 12). In Minnesota in 2005, a logo was identified that capitalized upon the strong bond Minnesotans have with the state license plate while whimsically incorporating the vanity plate legend VOTE YES with the tag line "Minnesota's Transportation Amendment." All of these logos were included on print and television advertisements, brochures, and websites.

Sources: AGC Arizona, California Alliance for Jobs, Minnesota Transportation Alliance

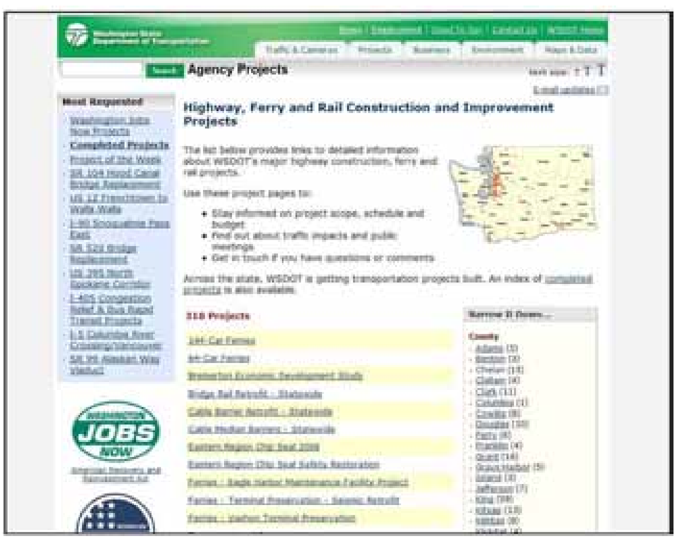
Example 12. Sample Logos

Websites

Two types of websites may be used as an educational tool in communicating transportation revenue needs—DOT or other sponsoring agency websites and initiative-specific websites, which are often temporary in nature. Both types played significant roles in the various case studies.

Effective agency websites often contain timely and accessible information on system condition, performance, and needs. Reporting frequently on system performance serves to educate the interested public, and perhaps more importantly, key stakeholders and potential partners in championing the need for increased funding. Armed with facts and statistics on performance metrics such as safety, structural condition, and service levels, the average website viewer can become better informed and the engaged stakeholder can leverage the information to help build the case behind the need for greater funding.

Producing and disseminating relevant and reliable information through a website also serves to greatly enhance the credibility of a department by showing that it is acting transparently and accountably. Agency credibility was identified as a particularly significant precursor to moving initiatives forward in California, Maricopa County, Ohio, and Washington State where in all four cases, the state DOTs had suffered setbacks in perception of project delivery some years prior to their respective funding initiatives. However, all four agencies engaged in significant efforts and practices to enhance their capability, and in turn, their credibility, in terms of delivering on promised projects consistent with established goals for scope, schedule and budget. In California and Ohio, initially skeptical Legislatures began to believe that the Department could handle the increased project responsibilities associated with an influx of funding, and in Arizona, concerned Maricopa County residents were assured that a full program of projects promised under an extension of its transportation sales tax would be delivered. In Washington State, the DOT's strong initial performance in delivering the 2003 program built credibility for the 2005 program.



Source: WSDOT

Example 13. Washington State DOT's Website (Projects Page)

WSDOT's Departmental website was particularly notable (Example 13). The Department created a website for all of their projects. These sites described the project, which entities were doing the work, and the status—a report card complete with budget, schedule, and other relevant data. A key challenge in communicating such detailed information is keeping the data current and WSDOT devoted considerable resources to this arduous task.

The second type of website is one that focuses exclusively on a particular transportation revenue initiative and is therefore usually temporary. Websites dedicated to and focused on these initiatives are often sponsored by not-for-profit industry groups, and not necessarily the Department of Transportation, even though quite often much of the available information they contain comes from the agency. Transportation agencies may sponsor their own sites for an initiative as well, but typically, the content reflects less of an advocacy orientation, reporting on the factual or technical aspects of a proposed initiative, the likely effects on the Department's plans and programs if it passes or if it falls short, and official reports and press information, released as the campaign for the initiative unfolds. Lobbying, advocacy, or marketing-oriented materials are typically left to initiative-specific websites sponsored by pro-transportation interests.

Several examples of initiative websites can be found in the case studies. In Maricopa County, a website to promote Proposition 400 sponsored by the Associated General Contractors of Arizona and its political consultant was a critical pubic campaign education tool. The website featured an interactive map allowing users to view and zoom in on their region or neighborhood and layer on specific improvements programmed into the plan.

In Ohio, the County Engineers Association was a particularly strong stakeholder in the coalition supporting the transportation revenue program. The County Engineer is an elected official in Ohio and these individuals were able to communicate effectively with legislators and the public to describe the benefits to local road maintenance of the program.

Emerging outreach tools—social networking websites

Besides serving as a forum for passive educational materials called up by the website visitor, department and initiative websites can also serve as a forum for more dynamic, proactive, and leading edge communication tools. Although, the case studies in this research project generally predate the increasingly widespread use of social networking websites such as Facebook and Twitter, these avenues of education and outreach must not be overlooked in a comprehensive education or campaign effort. Although not the subject of a case study here, the Rhode Island Department of Transportation is a prime example of an agency that is at the forefront of capitalizing on these emerging tools. On its website's homepage, up-to-the-minute updates on its most significant project this decade (the I-195 Relocation Project or Iway) are available through no less than four social network website accounts—Facebook, Blogger, MySpace, and Twitter. This multi-pronged outreach and education approach should adapt well to a revenue initiative effort. Additionally, these tools may be especially significant to a public referendum campaign, where significant numbers of these website users fall into the 18-24 demographic, a bracket that traditionally garners the lowest levels of voter registration and election participation.

Radio

Researchers found that radio was one of the most prevalent marketing tools utilized. Radio advertisements and talk radio are two examples of this medium's use. Radio provides proponents the opportunity to reach a broad, yet targeted group of listeners, often while the listeners are in their motor vehicles facing congestion or other transportation-related issues. Among direct marketing tools radio is also one of the most cost-effective. In Minnesota, limited campaign funds were spent on targeted radio ads rather than television and were found to deliver strong value for money.

The Utah Chamber of Commerce ran advertisements supporting increased transportation funding through multiple media, including radio. With the sound of a heart pumping in the background, the radio announcer stated "That's the heart of a healthy economy…the life blood of that economy is efficient transportation. Yet, everyday our traffic arteries are clogged sacrificed to lost productivity and wasted gas. Imagine the strain on our roads in the next 20 years…the long-term risk to our economy could be fatal!"

Talk radio offers a unique dimension to this medium, one that can be persuasive in unpredictable ways. Perhaps the best example is in the Washington State referendum to repeal the recently enacted 9.5-cent-per-gallon motor fuel tax increase for transportation. In the summer of that year, polls showed that a constant barrage in support of the repeal on the part of anti-tax talk radio hosts was taking its toll. The conventional wisdom was that repeal had become a foregone conclusion.

While Transportation Secretary MacDonald was precluded from participating in campaigning or lobbying, he was also expected to be responsive to requests by the media. Prior to a fall vote, the Secretary became a frequent talk radio guest, engaging in spirited debate about the repeal and the consequences it would have, all the while walking a fine line between responsiveness and advocacy. As it turned out he had a good story to tell. The Secretary as able to report WSDOT's positive deliver record, showing on time and within budget projects that had been committed to in connection with a prior 5 cents-per-gallon revenue measure. In addition, the Secretary's ability to describe the adverse effects on transportation system performance, which his agency had been studiously tracking and reporting over several years, provided him with a strong and clear message that was repeated on talk radio for several months prior to the vote. Knowledgeable observers have credited the Secretary's constructive use of talk radio—the very medium that nearly caused the repeal—as the major reason for defeating the repeal and preserving a very large source of transportation revenue that pundits had been sure was about to be lost.

Television advertisements

Television was a frequent, although somewhat less commonly referenced, marketing tool in the case studies. Despite generally high costs, television has long been relied upon as one of the most direct and effective tools for delivering a campaign message. For nearly 50 years, since the famous televised debates between Nixon and Kennedy, television has been an inextricable part of important public campaigns, with respect to both broadcast news and as a medium of advertising. The combination of reaching an individual in the comfort of his or her home, the opportunity to combine a visual and auditory experience, and the ability to instantly spread a message with little in the way of physical or logistical barriers is compelling. Some question television's continued impact in reaching and influencing target audiences given the advancing enterprise of competing media, such as internet-based news and entertainment outlets, or technological advances, such as the commercial-skipping features of DVR. The fact remains, however, that television remains too significant and an imbedded part of our culture and daily lives to eliminate from consideration, even given its considerable expense.

In one example, the Utah Chamber of Commerce ran a television advertisement showing a child being buried by Legos as the commentator said "The longer we wait… congestion will bury us." A highly visible and well-visited booth at the Minnesota State Fair with a "worst roads" competition generated several radio and TV interviews during the precursor initiative to the 2008 funding increase, the 2005 dedication of the motor vehicle sales tax to transportation by constitutional amendment. And in Maricopa County, television ads capitalized on the opposition's factual errors with respect to the sales tax initiative's spending plan by creatively re-broadcasting these statements, simultaneously setting the record straight and touting the benefits of the plan.

The construction industry-led campaign in California, which raised significant financial resources, demonstrates how a broad, comprehensive, statewide campaign can be managed on a regional scale. A series of targeted television ads were produced presenting the overall economic benefits of approving the bond funding, but also answering the question "What's in it for me?" (Example 14-A) by highlighting several local projects per ad (Example 14-B), depending on the market in which it aired and inviting the viewer to learn more on the campaign's website (Example 14-C). Each ad then concluded with the same consistent, simple message and logo (Example 14-D) after citing these specific projects. The California case study findings concluded that the public campaign was highly successful, with television ads cited as a key component.

Source: McCarthy Marcus Hennings, Ltd.

Example 14. California Bond Initiative Television Ad Screenshots

Print advertisements

Print advertisements, including brochures or leaflets, were used in most of the marketing campaigns in the case studies. Designed with powerful messages and graphics, brochures were used as mailers and "leave behinds." For example, in Minnesota, leaflet drops were focused around major traffic generating events like Minnesota Twins and Vikings games. However, as the world becomes more "electronic," printed matter, especially direct mail, must be increasingly targeted to maximize relevancy. Knowing and communicating directly to your audience becomes the key factor to achieving success from this tool. Prior research, polling, or focus group studies can yield valuable insights into producing effective printed advertisements, helping to increase audience penetration and absorption where many other—often "tech" or "e-oriented"—media compete for individuals' attention. For example in Maricopa County, polling results were used to identify the key points of the proposed funding plan that resonated with the target audience. These key points, in turn, were featured on the first page of an eight-panel "french-fold" brochure as shown in Example 15 (top left). Also illustrated in Example 15 (clockwise from top right) are covers of brochures and one-pagers from California, Utah, and Ohio.

Sources (clockwise from top left): AGC Arizona, California Alliance for Jobs, Salt Lake Chamber of Commerce, Ohio Construction Information Association

Example 15. Sample Print Advertisements from Maricopa County, California, Utah, and Ohio

Roadside signs

Roadside signs, including billboards, pickets, and variable message signs (VMS), were also utilized in some of the marketing campaigns, mainly because their audience was so targeted to the actual road users. Agencies that used roadside signs were very strategic in their message and their locations. However, caution should be exercised in their use since roadside signs sometimes can be considered a safety hazard or even harmful to a campaign if placed in a poor location, for example, where it may have a negative impact on the visual environment in a residential community or an otherwise scenic area.

Effective examples include the Let's Rebuild California campaign for the infrastructure bond initiatives, where 13 billboard signs were placed along a 140-mile stretch of the southern half of Highway 99, a well-traveled route that was to receive critical upgrades with the increased funding. During the 2005 motor vehicle sales tax constitutional amendment initiative in Minnesota, the campaign utilized more than 20,000 lawn signs and, in the final days of the campaign, visibility tactics intensified through the deployment of street corner and highway overpass "pickets" and 50 VMS along heavily traveled and congested roadways. The electronic sign tactic generated much television and radio media coverage during the crucial final weekend of the campaign. Later in 2008, during the legislative campaign to pass a comprehensive revenue package anchored by a motor fuel tax increase, a billboard designed to look like a VMS was strategically placed along the detour route for the I-35W Bridge following its collapse in Minneapolis. Its clever wording made the point rather acutely (Example 16).

Source: AGC Minnesota

Example 16. Billboard Used in Minnesota (2008 Transportation Funding Bill)

Editorial boards

Editorial boards were also utilized whenever possible. For example, Secretary MacDonald of the State of Washington and other WSDOT executives went to editorial boards frequently. They made a point of creating events when a project was going to construction, giving them a chance to assert publicly when the project was on time, and on budget. They also looked for opportunities to showcase interesting or innovative construction activities, and worked to get the media out to look at them. Similarly, Ohio DOT Director Gordon Proctor, himself a former journalist, frequently met with newspaper boards and spoke on television and radio shows whenever an opportunity arose. He also educated his District deputy directors so that his message was communicated consistently to the media. Proctor believed that the media was consistently helpful for the Ohio funding initiative. In Minnesota, a consultant and lobbyist was hired to, among other things, draft letters to the editor focused on swaying legislative members on the opposing side.

In conclusion, the tools and messages used in conjunction with transportation funding initiatives are essential to communicate a story to stakeholders. As with any public relations campaign, it is vital to understand your audience and create a targeted, powerful message that resonates and evokes a positive response. The Tactical Toolkit describes a wide range of tools. As with any other toolkit, in the hands of serious and well-versed professionals, the tools will prove to be effective when used judiciously and with skill.

Chapter 3—Case Studies: Summarizing Lessons Learned

The discussion in Chapter 1 addresses common themes identified through the research of 11 initiatives. In the studies, we found common factors that, when present, are most likely to be associated with success when asking for increased transportation funding. By definition, "factors-in-common" have the broadest potential application to other jurisdictions as funding initiatives are considered and, accordingly, they are highlighted in the earlier discussion. At the same time, our research uncovered a number of unique facts that became important in the individual initiatives. The summaries below discuss the unique situations each of the proponents faced. Taken together with the more common themes, a complete picture emerges about the factors that help make the case in building support for increased transportation funding.

California

The most striking aspect of the California general obligation bond program was the decisive top down leadership provided by Governor Schwarzenegger. Proposition 1B was a major element of a Strategic Growth Plan that the Governor tirelessly promoted throughout 2006. During January and February he toured the state stumping for his proposal through speeches and meetings, with significant media attention. The specific bond package approved for placement on the November ballot by the legislature in May was a compromise that varied somewhat from the Governor's initial proposal. However, he was widely viewed as the driving force behind the program and he made it the centerpiece of his re-election campaign, which also culminated in November.

California's unique factor

The leadership of Governor Schwarzenegger drove a successful campaign to increase transportation funding by $20 billion. He staked his reelection on its passage.

In fact, some observers believed that the Governor's principal motivation in supporting the bond program was to enhance his re-election prospects, certainly a bold strategy in view of the initially lukewarm support from the general public for the bond measures. If that was the motivation, it proved to be a successful strategy. His approval rating, which stood at 37 percent during the second half of 2005, steadily improved over the course of the year as he was credited with demonstrating leadership and effectiveness in promoting a program of great significance to California, resulting in a 17-percentage point victory in November. Whatever the motivation, the fact is that he provided leadership for a consensus transportation funding program in a state better known for anti-government referenda, paralyzing political divisions and environmental and growth management. And he did so in a very personal manner that staked no less than his political future on the outcome.

Another hallmark of the California campaign, easily overlooked since it worked like a well-oiled machine, was the teamwork both within the Administration as well as with the California Alliance for Jobs. In a state that celebrates diversity and individuality, the degree of harmony from virtually all quarters bordered on astounding. In the end, there was no significant organized opposition to this bonding program of extraordinary magnitude.

Maricopa County

Maricopa County's unique factor

Business leaders worked with elected officials through an appointed committee to create a successful transportation funding program.

A noteworthy aspect of the Maricopa County sales tax initiative was the degree to which the Maricopa County Association of Governments (MAG) and its Transportation and Policy Committee (TPC) were the dominant decision makers. Arizona DOT did participate in the process and provided technical information, but the key decisions on program allocation among modes and project selection within modes, even on the State highway system, were made by TPC, a MAG-appointed committee of local elected officials and business interests. While federal policy and regulations do envision such a role for a Metropolitan Planning Organization it is rare to see the concept achieved as completely as it was in this case.

Composition of the TPC is also worthy of mention. Six of the 23 members were representatives of the business community while the others were local elected officials, primarily mayors from the many municipalities located in Maricopa County. Inclusion of business representatives was something of a departure for MAG; previous groups charged with developing transportation policy for the region had been limited to elected officials. Interestingly, the business leaders tended to play the role of 'honest brokers' on the committee, mediating among the local elected officials who tended to be advocates for improvements that benefited their respective jurisdictions and keeping TPC's focus on developing a regional plan that transcended the parochial interests of individual communities. They tended to be viewed by other members of the committee as 'investors', keenly interested in achieving an outcome to drive economic development, a platform that garnered strong consensus.

As was true for some other case studies, the 2004 sales tax referendum was not a 'one off' event, but rather one step in a continuing process. The ½ percent sales tax was initially imposed in 1984 and was principally devoted to urban freeway construction. However, its revenue projections were significantly overstated and it was thus unable to deliver the complete program of projects that had been promised during the 1984 campaign. These early pitfalls led MAG officials and state legislators to apply lessons learned as they prepared for the 2004 extension. These included revenue firewalls to prevent funding transfer between broad program categories, performance audits on a five-year cycle to evaluate scheduled projects, a rigorous major amendment process to revise project selection and adoption of a life cycle approach to maintain transportation assets.

Maryland

Maryland's unique factor

The focus in both of Maryland's revenue programs was system preservation, in contrast to the conventional wisdom that major capacity projects are necessary to win revenue increases.

The distinguishing factor for the two initiatives in the Maryland case study was the focus on funding for preservation, as opposed to new capacity. Since the 1980s, the Maryland State Highway Administration (MSHA) has followed a 'preservation first' policy, under which preserving the existing system took precedence over the creation of new capacity. MSHA worked with its budget subcommittees in the General Assembly every year to consistently present data based life cycle cost analysis that clearly demonstrated the economic benefits of system preservation. When the 2004 transportation revenue program was being developed the initial premise was that major high-profile capacity projects would be necessary to obtain legislative approval. Administrator Neil Pedersen challenged this premise, citing Maryland's long tradition of preservation first. He was able to successfully make this case, first to members of the governor's cabinet (Republican Governor Robert Ehrlich) and then to key members of the General Assembly. Of the $1.9 billion of the revenue program allocated to MSHA, $1.0 billion was for 'minor projects', principally system preservation, safety, and traffic operations.

In 2007, Maryland was again faced with the need to increase transportation revenues and again the emphasis within the highway component of the program was on system preservation. Interestingly, an election occurred between the two initiatives and the administration was now led by Democratic Governor Martin O'Malley. However, the change in leadership and political party did not affect the emphasis on highway system preservation; this had become a non-partisan policy for the state. The key to this continuing success has been a strategic asset management approach that is continually updated and improved to meet evolving conditions and is presented in a manner that instills confidence in the technical rigor and validity, yet is conveyed in terms that are readily understood.

Minnesota

The unique aspect of the Minnesota initiative was clearly that the program was approved despite the active opposition of Governor Tim Pawlenty. This represents the proverbial exception to the rule that the support of the state's top elected official is a necessary condition in the calculation of initiative success. At the same time, it is clear that the Governor's position greatly increased the degree of difficulty in securing approval. The Minnesota legislature approved major transportation funding programs in 2005 and 2007 only to have the Governor veto them. A veto override in the Senate was relatively easy to achieve due to the political makeup of that body, but on both occasions override efforts were unsuccessful in the House of Representatives. In the 2008 legislative session another funding program was passed and again vetoed by the Governor. This time, however, the veto was overridden in the House with a single vote to spare. The change in result was attributed by many observers to strong leadership by Speaker of the House Margaret Anderson Kelliher and an increased level of support by the Minnesota business community.

Minnesota's unique factor

Initiative success in spite of active opposition by the Governor.

Another part of the equation was the failure of the I-35W bridge over the Mississippi River in Minneapolis on August 1, 2007. This catastrophe captured national and state headlines and brought the transportation funding issue to the forefront of public consciousness across the nation. However, several of those interviewed for the Minnesota case study believed that it was possible to exaggerate the importance of this event for the outcome in 2008. The Minnesota legislature was already well aware that the condition of the state's extensive network of bridges was deteriorating and the I-35W collapse occurred during a period of heightened awareness of bridge maintenance. Still, it is undeniable that five months after the I-35W collapse the Governor's veto was overridden, reversing what had occurred in 2005 and 2007.

New York City

New York City's unique factor

The first to attempt cordon congestion pricing in the United States.

The New York City initiative represented the first serious attempt in the United States to implement cordon congestion pricing around an urban core. Although this technique for managing congestion and generating revenue has been used internationally (most notably in and untested concept in the US and this contributed to the Singapore, London, and Stockholm), it was an unfamiliar difficulty in securing acceptance. Several parties, public and private, participated in the early development of the congestion pricing plan, including leading members of the business community who were concerned about the long-term viability of the urban core in the face of significantly increasing traffic congestion. These activities culminated in Mayor Michael Bloomberg's decision to include this proposal in his PlaNYC, a broad initiative launched in April 2007, outlining the city's sustainability initiatives through 2030. Despite the multiple parentage, with this unveiling the cordon pricing proposal became firmly established as the Mayor's plan in the eyes of the media and the public.

An initial attempt to secure state legislative approval of the plan in 2007 was unsuccessful, but, as a compromise, a Traffic Congestion Mitigation Commission (TCMC) comprised of appointees of the Governor, Mayor, legislative leaders, and the city council was established to consider the merits. The stakes were increased in August 2007 when the US Department of Transportation awarded New York City a $354 million Urban Partnership Agreement grant to support transit improvements complementary to the cordon pricing program, contingent upon the City Council and State Legislature approving the concept by March 31, 2008 (later extended to April 7). The TCMC endorsed a modified congestion-pricing plan in January 2008, with revisions that were viewed as improvements to the original proposal.

With the stage apparently set for approval, the Mayor's Office focused first on the City Council and secured endorsement in March. However, as discussed in more detail elsewhere in this report, the plan was exceedingly controversial in the State Assembly and ultimately Speaker Sheldon Silver (ironically, representative of a Manhattan district with much to gain from the plan) refused to hold a vote, declaring that opposition was too great to even consider the measure. According to some observers, since this was a city issue, Speaker Silver had the clout to pass the measure if he was so inclined. The day after Speaker Sheldon announced his decision, the US DOT withdrew its offer of $354 million, reallocating the funds to Los Angeles and Chicago.

Ohio

The most striking aspect of Ohio's funding program in 2003 was the relative lack of controversy and the low key, clockwork approach that led to its enactment. A Motor Fuel Tax Task Force created in the previous legislative session produced a report in December 2002 endorsing the program and associated increase in the motor fuel tax and vehicle registration fees. Governor Robert Taft included the proposal in his January 2003 State of the State speech and the General Assembly promptly passed the legislation without significant modification by nearly 2-1 margins. The constrained timeframe may have been a factor in the lack of controversy—there really was not time for a formal opposition to become organized to work against the program. More important, however, was the fact that Ohio DOT and its Director, Gordon Proctor, had 'done their homework'—the Department had built a strong reputation and credibility and the purpose and benefits of the program were communicated consistently and effectively.

Ohio's unique factor

The lack of significant controversy or opposition was the hallmark of the Ohio funding program.

In developing an effective organization, Director Proctor relied on performance management principles to a degree that was unusual for the time. Recognizing that existing funding was insufficient to meet program needs, in 1999 the Department changed to a funding process based on need, taking explicit account of system conditions. This replaced the 'legacy approach' built on the basis of what programs had received in the past. The new approach was supported by strategic plans and performance measures. An Organizational Performance Index (OPI) monitored 65 key measures. These measures included metrics for pavement and bridge conditions, program delivery, and highway maintenance results. The measures were reviewed by each division, and were rolled up to an index of higher-level measures. Quarterly executive reports highlighted exceptions, areas that were not meeting goals. Districts were tasked with developing a plan to correct these failures, and the process was monitored. Management salary adjustments were determined in accordance with achievement of performance measures.

It is also noteworthy that even a relatively non-controversial funding measure as in Ohio is not without political implications. Steven Buehrer was a co-chair of the Motor Fuel Tax Force and a State Representative at the time. He supported the fuel tax and registration fee proposals, in contrast to his typical anti tax increase philosophy. In subsequent campaigns, his opponents spent $200,000 to $300,000 attacking his leadership role. Although now a State Senator, Buehrer believes he would be a member of the US Congress if he had not supported this program.

Texas

Texas's unique factor

Texas combined a very ambitious program, the Trans Texas Corridor, with a wide array of innovative financing methods.

The most obvious distinguishing factor for Texas in general terms is its massive size. This size has many implications for highways and transportation; among them a need for inter-regional corridors that are well beyond what is provided by the Interstate Highway System. In 2002 Governor Rick Perry proposed addressing this need with the Trans Texas Corridor concept, a 4,000-mile statewide network of transportation facilities and utility lines with rights-of-way up to 1,200 feet in width. The Governor intended to finance the plan not by raising taxes but rather through an array of innovative financing techniques—including state debt supported by toll revenues and, perhaps most significantly, massive reliance on public-private partnerships—the most aggressive PPP program in the nation. In addition, the ability to address metropolitan area highway needs would be enhanced through a proposal to establish Regional Mobility Authorities to construct and operate toll highways at the county level.

Initially there was relatively little reaction to the new focus on tolling and PPPs. But as TxDOT proceeded to convert the broad Trans Texas Corridor concepts into specific project proposals, criticism began to mount. One point of concern was the proposed application of tolls to existing free highways. (This has proven to be contentious virtually every time proposed anywhere in the country.) Also, as public hearings were conducted for specific projects and the implications of 1,200-foot right-of-ways for property owners in the corridors began to sink in, there was a strong negative reaction. Much of the criticism tended to crystallize in reaction to the concessionaires, typically foreign-controlled investors with 50-year agreements who were accused of being more interested in profits than serving the transportation needs of Texas. The initial response to the controversy was legislation in 2005 that placed various restrictions on PPP agreements, discouraged the conversion of existing free highways to toll, and modified the approach to acquiring real property for the Trans Texas Corridor.

Although this legislation placed some constraints on the Trans Texas Corridor and PPP agreements, neither the intent nor the effect was to end these programs and they continued to move forward. But they also continued to attract controversy with many believing that the state's aggressive policy toward private toll road development needed to be brought into check. This culminated in 2007 when local toll authorities in Dallas-Fort Worth and Houston felt marginalized by TxDOT's perceived preference to seek deals with private developers. The resulting legislation placed further restrictions on private toll road development and placed a two-year moratorium on new PPP agreements. In and 2007 and 2008 TxDOT suffered a series of budget shortfalls due in part to the loss of toll revenue. By 2009 TxDOT announced that the Trans Texas Corridor as originally conceived and planned was officially dead.

One of the most striking aspects of the Trans Texas Corridor saga involves the fact that it was the result of a top-down announcement by the Governor, working with the then chair of the Texas Transportation Commission. In contrast with California where the Governor crisscrossed the state making the case for a program of no small proportions, cultivating the support of a coalition of labor and industry and engaging the state's legislature who were actively involved, none of this was done in Texas prior to the Governor's announcement. There were many progressive ideas inherent in the Trans Texas Corridor proposal. What will never be known is whether the fate of this bold concept would have different if it were vetted and refined to a greater degree in the crucible of public engagement.

Utah

Utah's unique factor

Addition of urban freeways to avoid congestion while funding a successful light rail transit system.

The Utah case study shared many features with other successful initiatives, including strong credibility for the Department, effective relationships with elected officials, and the active support of an engaged business community. This business support stems largely from with the potential for economic development. But the explanation goes deeper, and it gets "personal." As pointed out by Lane Beattie, the CEO of the Salt Lake Chamber of Commerce, and a former president of the Utah Senate, in 1989 Utah was losing 13,000 people per year—primarily young people who were unable to find work in the State. The business community focused heavily on that problem. "These were our children who were moving away from their families." In the 1990s, with local successes and a strong national economy the situation was reversed. "We were gaining 33,000 people annually because we had jobs, an attractive quality of life, and we had businesses attracted to a healthy, strong, educated workforce and to a transportation system that would meet their needs. Our children were moving back to Utah, along with many others." He pointed out that "we don't grow for growth's sake…we grow for our families."

In 2006, the business community joined forces with the legislature to promote Proposition 3, a ballot measure that proposed increasing the sales tax by ¼ percent for transportation purposes. The Chamber of Commerce first discussed this measure with the legislature through a series of one-on-one meetings, including the personal involvement of one of the top 100 CEOs in the country. After the legislature approved placing the measure on the ballot, the business community raised $750,000 in 10 days to support the initiative, mostly from highly motivated contractors and consulting engineers. A month-long media campaign was launched with television and radio ads, lawn signs, emails, posters, and direct mail and the measure passed with over 2/3 voter support. As in Ohio, the short-term nature of this 'blitz' approach, working from a foundation of carefully nurtured strength, precluded the rise of an organized opposition.

Among the interesting "ironies" in Utah is the political will among elected officials in this politically conservative state to increase taxes in support of transportation improvements as opposed to using public-private toll roads, as was advanced in Texas. Another is the willingness to support transit along the Wasatch Front, in an area that prides itself on achieving little or no highway system congestion. And remarkably, patronage on the light rail system in the Salt Lake area is robust.

Virginia

The Virginia case study presented an interesting contrast between a successful funding initiative in 1986 and a series of failures during 2004-2008. Superficially, many factors were similar in the two time periods in terms of both demonstrated need and the campaign utilized to secure a funding increase. One of the compelling arguments in 2004 was the comparison of a 79 percent increase in vehicle miles traveled since 1986 vs. a 55 percent reduction in trust

Virginia's unique factor

The Virginia case study analyzes why, in seemingly similar circumstances, a program in 1986 was successful while recent efforts have not been.

fund purchasing power. In both eras, the Governor took a personal leadership role in the initiative and campaigned throughout the Commonwealth to develop support and in both eras there was widespread public and media support.

A crucial difference may have been that in 1986 the Governor established a blue ribbon panel, the Committee on Transportation for the 21st Century (COT-21), and charged it with examining transportation needs and developing a funding program to meet these needs. Significantly, appointments to COT-21 included some of the powerful members of the General Assembly, including the Senate President Pro Tem and Chairman of the Senate Finance Committee, the Senate Majority Leader, and the Speaker of the House of Delegates. There ensued a six-month process of establishing the rationale, justification, and support for a transportation revenue program. The resulting statewide program of projects built support in every community and made it difficult for legislators to oppose the program.

In contrast, during the more recent initiatives, the perspective of the leadership of the House of Delegates was that there was little effort to develop legislation that was built on what individual lawmakers would find acceptable. This prevented the crafting of a compromise bill.

Washington State

Washington State's unique factor

The scale of Washington's revenue increases—a total of 13.5 cents per gallon in a three-year period—is unique in the country.

What makes the Washington State case study stand out is that the transportation agency received two major funding programs with significant tax increases within a three-year period, a record unequalled in the country. The legislature approved fuel tax increases of 5 cents per gallon in 2003 and 9.5 cents per gallon in 2005, the first increases since 1991. The latter increase was petitioned to referendum but the ballot measure to repeal it was defeated in November 2005. This record is all the more remarkable because it occurred in a state notorious for political volatility and hairpin turns in public policy caused by the referendum process.

The second funding increase and the subsequent defeat of the repeal referendum are partially attributed to WSDOT's strong performance immediately following approval of the 2003 program. The legislature had established the general scope of each of the projects in the program including budget and schedule. While this degree of specificity limited the Department's flexibility, it also provided a ready scorecard to measure its performance. As the 2003 projects moved toward completion, nearly all of them on time and on budget, this provided WSDOT with credibility as discussions continued in 2005 about unmet transportation needs.

As adopted, the 2005 program was also extremely specific in terms of project commitments, schedules. and budgets. The degree of specificity meant that WSDOT had very little flexibility to adjust to changing conditions as the program moved forward. Even minor schedule adjustments that for most State DOTs would be solely an administrative function required interaction with the legislature and the various entities established to monitor WSDOT's performance. In this environment, an open and transparent communications strategy becomes essential and the Department has become adept at that. Similarly, the legislature's requirement that WSDOT benchmark and institute performance measures created the foundation for collecting excellent data on all aspects of the Department's activities. These data allow WSDOT to explain its work and performance with factual information consistently presented over time, thus building and maintaining trust with elected officials and the public.

Federal

The Federal case's unique factor

The politicization of the fuel tax at the federal level has created a barrier to proposed increases.

A key takeaway from the federal case study was the degree to which the fuel tax has become politicized, to a much greater extent than is typically the case in the individual states. This development traces back to the 1970s when there were a series of proposals for significant increases in the fuel tax not to fund transportation improvements, but rather to encourage conservation and/or reduce the federal deficit. All of these attempts were defeated but not without a great deal of controversy and their continued consideration tended to undermine the concept of the fuel tax as a user fee to be applied for a specific purpose.

In the 1950s and 1960s, there were several increases in the fuel tax and other transportation user fees and these were relatively uncontroversial, accepted as necessary for a national purpose, construction of the Interstate Highway System. But this perspective was lost in the 1970s and never really regained. There has only been one increase in the fuel tax since 1959 that was not related to deficit reduction (the 5 cent per gallon increase in 1982) and even that was justified more on the basis of job creation than transportation improvements (at least in the public pronouncements regarding this initiative). Proceeds from the 5 cent per gallon fuel tax increase in 1990 were divided equally between deficit reduction and transportation funding. The 4.3 cents per gallon increase in 1993 was applied solely to deficit reduction, although transportation advocates were successful in securing a 1995 return to the Trust Fund of the 2.5 cents from 1990 as part of this legislative package.

In 1997, during a brief period of federal budget surplus, the transportation community secured the return of all fuel tax revenues to the Highway Trust Fund. However, the series of actions related to federal deficit reduction severely eroded the notion of a user fee in the minds of Congress, the media and the general public and the passage of these fuel tax increases were bruising affairs. In particular, the 1990 increase is cited by many as a significant factor in President George H. W. Bush's unsuccessful re-election campaign in 1992.

Another contributing factor in the evolving perception of the federal fuel levy as just another tax rather than a transportation user fee was the completion of the Interstate Highway System during this time period. That was a national purpose that was easily understood. In its absence Congressional perception of the transportation program began to focus on minimum guarantees with the federal role largely one of collecting the revenue and proportionately returning it to the states. The loss of national purpose was further exacerbated by the rise of project earmarks (characterized by the media as "pork barrel projects'), which culminated in 2005 with SAFETEA-LU and its 5,000 project earmarks, epitomized in the media by 'the bridge to nowhere'.

These developments have caused many to be pessimistic about the prospects for increased transportation funding at the federal level, notwithstanding the recommendations of national commissions. However, another noteworthy finding from the federal case study is that the tide can turn in a political instant, as it did in 1982 and 1997. The ultimate lesson from the past for the transportation community is to persist and be prepared to move quickly when the right combination of opportunities arises.

One factor in common between the federal and state / local case studies is the value of executive leadership. Perhaps the three most significant boosts to federal surface transportation funding in the past half century were all the product of strong executive leadership: the advent of the Interstate Highway System in 1956 under President Eisenhower, the 5-cent-per-gallon increase in 1982 engineered by Secretary of Transportation Drew Lewis who had the ear of and received the tacit support of President Reagan, and the 1997 return of all fuel taxes to the trust fund, with Secretary of Transportation Rodney Slater working largely behind the scenes with members of Congress, the nation's governors, and President Clinton.

Appendix—Case Studies

California

Maricopa County

Maryland

Minnesota

New York City

Ohio

Texas

Utah

Virginia

Washington State

Federal

California Proposition 1B General Obligation Bond Case Study

Governor Schwarzenegger's leadership, championing of his Strategic Growth Plan, and persistence in making the bond package the number one issue of his reelection campaign culminated in the passage of Proposition 1B

Background

Initiative Description

In November 2006, voters in California passed the largest general obligation bond package ever offered on a single ballot. The $37.3 billion package comprised four separate sectors of state infrastructure—transportation, housing, education, and flood control—each with its own measure placed on the ballot by the State Legislature and Governor. The following table briefly summarizes each bond.

Table 1

Ballot Measure1	Sector	Types of Projects	Funding (millions)
Proposition 1B	Transportation	See Table 2	$19,925
Proposition 1C	Housing	Affordable housing development programs including homeownership assistance, multifamily housing, and new development	$2,850
Proposition 1D	Education	K-12 public school improvements; funding for state colleges and universities	$10,416
Proposition 1E	Flood Control	Flood control and levee repairs and maintenance; stormwater flood management; flood protection; floodplain mapping	$4,090
Total			**$37,281**

Source: LAO[1]

A fifth infrastructure bond to fund $5.4 billion in various environmental resource projects was placed on the ballot by initiative statute and also passed, but it was not part of legislative package that contained the transportation bond—the focus of this case study. This bond, Proposition 84, funded various water quality, water resource protection, flood control, parks, and forest and wildlife protection initiatives, and brought the total bond funding passed in the November 2006 election to $42.7 billion.

The largest of these four bond measures and the focus of this case study is Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Nearly $20 billion in new funding for transportation was made available to a broad range of new and existing programs as summarized in Table 2.

Table 2

Funding Program or Account	Types of Projects	Funding (millions)
Congestion Reduction—Highway and Local Road Improvements		
Corridor mobility	Reduce congestion on state highways and major access routes (capital projects)	$4,500
State Transportation Improvement Program	Increase capacity on highways, roads, and transit (capital projects)	$2,000
Local roads	Enhance capacity, safety, and operations	$2,000
State Highway 99	Enhance capacity, safety, and operations	$1,000
State-Local Partnership	Grants to match locally funded transportation projects	$1,000
State Highway Operations and Protection Program	Rehabilitate and improve operation of highways and roads (rehabilitation and maintenance projects)	$750
Subtotal Congestion Reduction		*$11,250*
Transit		
Local transit	Purchase vehicles and right-of-way	$3,600
Intercity rail	Purchase railcars and locomotives for state system	$400
Subtotal Transit		*$4,000*
Goods Movement and Air Quality		
Trade corridors	Improve movement of goods on highways and rail, and in ports	$2,000
Air quality	Reduce emissions from goods movement activities	$1,000
School bus retrofit	Retrofit and replace polluting vehicles	$200
Subtotal Goods Movement and Air Quality		*$3,200*
Safety and Security		
Transit security	Improve security and facilitate disaster response	$1,000
Grade separation	Grants to improve railroad crossing safety	$250
Local bridges	Grants to seismically retrofit local bridges and overpasses	$125
Port security	Grants to improve security and disaster planning in publicly owned ports, harbors, and ferry facilities	$100
Subtotal Safety and Security		*$1,475*
Total		**$19,925**

Source: LAO[1]

Some programs such as the State Transportation Improvement Program (STIP) and State Highway Operation and Protection Program (SHOPP) were already in existence and received an augmentation, while others were new programs or direct funding grants. Many of these funding mechanisms would still require future legislative authorization through the state's annual budget cycle to expend the funds or trailer legislation to further define the programs' purpose and then expend the funds. Proceeds from the sale of these bonds were intended to be spent over 10 years.

It should also be noted that a joint measure related to transportation funding was passed by the State Legislature and Governor and approved by the voters as Proposition 1A on the November 2006 ballot. It enacted strong protective measures for the sales tax on gasoline—a significant source of California transportation funding worth about $1.4 billion per year at the time of the proposition's passage—which had been previously subject to legislative diversions to the state's General Fund. (As will be noted later, the presence of the Proposition 1A measure on the ballot was cited by some observers as having had a positive effect on the passage of the 1B funding measure.)

California's Transportation Background

California's state department of transportation, Caltrans, operates and maintains about 50,500 lane-miles of highways, while cities and counties operate and maintain about 327,000 lane-miles of local roads. Much of the current state highway system was built during the "Golden Age" of infrastructure investment under Governor Pat Brown in the 1960s. As detailed in the following section, highway and other investments have tapered off despite significant population growth, growth in travel, and the aging of the system, much of which is currently 40 to 50 years old.

In 2003-04, 1.3 billion passenger trips were made on various modes of transit including bus, rail, and ferry. About 70 percent of these trips were by bus, with nearly the remainder on light rail, commuter rail and intercity Amtrak service.[1]

Development

Demonstrated Need

As with the rest of the country, but at levels that are unsurpassed in other states, California's traffic congestion and associated demands on all forms of transportation infrastructure have been growing faster than revenues necessary to meet them. Traditional sources of transportation funding, especially the gas tax, have been decreasing in purchasing power due to inflation, fuel efficiency gains, and rapidly rising construction costs.[2,3] Another traditional, but no longer significant source of transportation revenue—local property taxes—have been held to a constant rate of increase since 1978 by Proposition 13. As a result, municipalities in California have no power to increase property taxes in response to infrastructure needs (or in response to any other service needs). Municipalities have increasingly turned to optional increases in their sales taxes—local options sales taxes—as well as developer fees, and vehicle registration surcharges, to fund transportation projects.[4] The revenues from these taxes account for half of all money spent on transportation in the state, and are currently the largest single source of funding for local transportation projects.[5] At the state level, only the sales tax on gasoline and diesel fuel has provided a relatively constant or increasing source of funding, but its availability to transportation had been unreliable through 2006; the gasoline sales tax's dedication to transportation was made permanent four years prior in 2002 but had been subject to diversion to the state's General Fund until the significant protective measures enacted by Proposition 1A.

In 2004, the California Transportation Commission (CTC) estimated that the state would have a backlog of unfunded transportation projects worth $160 billion by 2009.[6] Physically supporting this vast financial deficit, the Bureau of Transportation Statistics (BTS) reported in 2004 that only 2 percent of roads in California were in "very good" condition compared to 13 percent nationwide. Conversely, 19 percent were rated "poor" compared to 7 percent nationwide.[7] Travel also had been increasing significantly—vehicle miles traveled increased at three times the rate of population growth between 1965 and 2005.[8] Delay on urban highways nearly doubled from 262,000 hours per day in 1992 to 512,000 hours per day in 2002.[9] The two most congested cities in the nation in 2005 were Los Angeles and San Francisco, with Riverside, San Diego and San Jose also in the top ten.[10] These significant demands had not been limited to passenger travel alone. In 2005, 39 percent of the freight arriving by containership in the U.S. went through the Ports of Los Angeles, Long Beach, or San Francisco.[9] Most of this cargo was then shipped across California highways on trucks, the primary source of wear and tear on roads. Overall, California's investment in transportation infrastructure has languished since the 1960s, the last period of major road building. Its spending per road mile traveled decreased by 75 percent from 1965 to 1980 and has remained roughly constant since, despite the increase in travel.[8]

Initiative Development

Prior to the development of the Proposition 1B bond package in 2006, significant statewide transportation planning initiatives dated back to 2004. The economic recovery following the dot-com bust and the change in governorship placed a renewed emphasis on comprehensive transportation planning and investment. In 2004, Caltrans staff was formulating a draft of the California Transportation Plan (CTP), a comprehensive statewide planning document. Following Governor Arnold Schwarzenegger's appointment of a new secretary to head Caltrans' parent agency (Business, Transportation and Housing [BTH]), Caltrans' planning division began to reshape the CTP into GoCalifornia, a new statewide vision for transportation policy based on investments that would lead to performance-driven outcomes.

GoCalifornia's vision consisted of a transportation system that achieved the so-called "3-Es," a prosperous economy, quality environment, and social equity. Emphasis was placed on system operations and preservation ahead of capacity expansion. GoCalifornia also laid out a 10-year mobility implementation plan designed to meet the state's transportation needs over the 20-year period from 2005 to 2025. The plan included goals for particular systems and modes, performance targets, improvements in Caltrans' accountability, and accelerated project delivery. However, new sources of revenue were not explicitly identified in the plan. Rather, it relied upon previously diverted gasoline sales tax revenue through Proposition 42 and federal funding to spur investment. By the end of 2005, the Governor's Office had become involved in the rollout of GoCalifornia and used it as the basis to formulate its Strategic Growth Plan (SGP), which itself expanded proposed investments to other sectors of infrastructure.

Early in January 2006, Governor Schwarzenegger unveiled his SGP in his annual State of the State speech. Citing expected population growth of 30 percent and $500 billion of needed infrastructure over 20 years, the Governor proposed a two-phased 20-year investment, the first of which was the SGP. The SGP would leverage $68 billion in general obligation bonds as well as other federal and private sector monies in investing $222 billion over 10 years in the state's transportation, education, water, public safety, and public services infrastructure.[11] This was big, even for California.

The bonds would require approval at the ballot over a series of elections between 2006 and 2014, and be implemented with a 6 percent statutory cap on the state's debt service. Specific to transportation, the Governor proposed constructing 1,200 new miles of highway and 600 miles of mass transit to reduce current congestion levels by 18 percent over 10 years. Transportation's proposed share of the SGP's overall investment was nearly half, $107 billion, supported by existing revenues, authorization for public-private partnerships (PPP), and two $6 billion bonds to be placed on the ballot in June 2006 and 2008.

Reaction to the Governor's bold, visionary plan was generally positive. There was generally no denying the importance of investing in badly needed infrastructure. Business interests, the construction industry, and a majority of the public supported the plan. However, it was necessary that the State Legislature pass legislation by two-thirds vote authorizing any bond package to be placed on a ballot. Republicans were least supportive of a plan of such magnitude, especially as it relied heavily on borrowing funds against future obligations from the General Fund. They advocated a more incentivized approach for businesses to spur investment, through PPPs, and a relaxation of often costly and time-consuming environmental review requirements. Democrats were more inclined to support investment through bonding but questioned the state's financial capacity to support the amount proposed by the Governor and the prospect of spreading their approval over several election cycles.[12,13] Specifically, Senate Pro Tempore Don Perata (D-Oakland) had already introduced a bond package late in the 2005 legislative session, which he continued to advance after the Governor's plan was released as a more modest $13 billon proposal for transportation, flood control, and affordable housing.

Through January and February 2006, the Governor toured the state stumping for his proposal through speeches and meetings, and with significant media attention. Meanwhile, members of the Legislature held informational hearings and conference committee meetings, and began to formulate their own plans for funding infrastructure projects. Alternative proposals began to emerge. Assembly Republicans released a proposal based on the pay-as-you-go principle rather than debt financing. Characterizing their plan as complementary to the Governor's, they proposed a constitutional amendment that would raise $36 billion over 10 years by devoting 1 percent of the General Fund annually to infrastructure projects, with increases contingent upon revenue growth. Senator Perata championed his $13 billion plan, while in the Assembly, Speaker Fabian Nunez (D-Los Angeles) led a $30 billion proposal. An initial deadline of March 10 had been set to pass an infrastructure package in time to appear on the June ballot. A sense of urgency to achieve this date stemmed from lawmakers' desire to finish the legislation before the annual budgetary process began in earnest in May. They also wanted to avoid the partisanship that would develop as the November gubernatorial election drew closer. Nonetheless, as the *Alameda Times-Star* reported in early March, there were "sharp disagreements among politicians and influential interest groups over the size, scope and fine print details, and election year politics."[14]

As the March deadline approached and passed, legislative proposals ballooned to nearly $50 billion as lawmakers' sought to include programs and projects favored by their districts. The Legislature, and of course the Governor, still hoped that a deal could be struck to place a bond package on the November ballot, now with the end of April as the target. Democratic and Republican legislative leaders promised to work on a scaled-back deal focusing on transportation, education, and flood control in an effort to attract the necessary Republican votes for the two-thirds passage. By the beginning of May, a new deal emerged and a bill passed both houses of the Legislature. The final bond package (previously detailed in the *Initiative Description* section) totaled $37.3 billion, with $19.9 billion for transportation. Notably, the total package was roughly half of what the Governor proposed in his SGP; while the bonding component for transportation was two-thirds greater than the share he originally suggested ($12 billion as two separate bonds). Of great importance was that the compromise was struck and a single proposal emanated from what had been a collection of competing conceptions.

Despite some initially lukewarm support from the general public for the bond measures, the transportation bond was generally favorably viewed, and support for all four measures increased as the election approached. Along with the Governor and the legislative leadership's active campaigning, well-funded supporters from unions, the construction industry, and other business interests were far more prevalent than the opposition, which primarily consisted of taxpayer watchdog groups. Each of the measures—Propositions 1B (transportation; 61.2 percent), 1C (housing; 57.4 percent), 1D (education; 56.5 percent), and 1E (flood control; 64.0 percent)—was approved by the voters in November 2006.

Sponsors and Stakeholders

Governor Arnold Schwarzenegger

Governor Schwarzenegger was *the* dominant figure in the success of the 2006 infrastructure bond package. His leadership, championing of his Strategic Growth Plan, and persistence in making the bond package the number one issue of his reelection campaign culminated in the passage of Proposition 1B and its associated measures. All interviewed cited the Governor's work as a critical success factor. And ultimately, despite numerous contributions to the package's success from many other individuals and groups, the Governor received the most credit; one interviewee observed that the public saw the Governor as the "driving force" behind the bond package.

According to some observers, Governor Schwarzenegger's motivations partly lay in his chances for reelection in 2006. At the end of 2005, the Governor's approval ratings were at their lowest point since he had taken office two years before. This was largely attributable to the unpopularity of his unsuccessful "reform agenda" he sponsored in a November special election. His initiatives attempted to increase the time for teachers to become tenured, restrict campaign contributions from union dues, impose various state budgetary spending limits, and alter the process for legislative redistricting.

Heading into his reelection year, the Governor's approval rating stood at 37 percent through the second half of 2005,[15] and he had not as yet established "legacy" accomplishments on which he could make his case for reelection. Having succeeded recalled-Governor Gray Davis on a platform of "recovery, reform, and rebuilding," Governor Schwarzenegger was keen to move on to the "rebuilding" of critical state infrastructure after the economy had begun to perform well again in 2004 and 2005 and his reform agenda had failed to gain traction. As a result, he unveiled his ambitious Strategic Growth Plan in his 2006 State of the State speech on which he pinned his election year hopes.

It appeared that the Governor's reelection year strategy was succeeding. An editorial in the *Sacramento Bee*[16] discussed how Governor Schwarzenegger was recovering from his flagging ratings:

> *There's no question that legislative approval of a revised package, coming after negotiations on bonds for the June ballot broke down two months ago, is a huge political gain for the*

> *governor as he claws his way back into the good graces of voters. He can campaign for a second term as a governor who made a significant difference in his first term. And in doing so, he undermines his Democratic rivals, [Treasurer] Phil Angelides and [Controller] Steve Westly, who depict him as ineffectual.*

The two Democratic candidates did support the bond package but credited Democratic legislators for producing the measure rather than the Governor. In the end, however, it did not matter, as the party's nominee, Phil Angelides, was defeated by 17 percentage points and the Governor's popularity was renewed. As one interviewee put it, the Governor had successfully run "an apolitical campaign on a leadership platform."

Whatever Governor Schwarzenegger's political motivation, what is important to infrastructure advocates is that in a state known for referenda that deflate governmental initiatives, a state where at times paralyzing political divisions run long and deep, and a state where environmental and growth management forces are strong, this Governor provided the leadership that led to a consensus funding package for transportation. That he did it in a very personal way that staked no less than his political future on the outcome makes it all the more interesting, particularly compared to most initiatives that are advanced in a much more dispassionate and much more arms-length fashion.

Senator Don Perata and the Legislature

Shortly after the November 2005 special election, Senate President Pro Tem Perata began to publicize a $10.3 billion bond proposal for the June 2006 ballot to fund roads, ports, high-speed rail, and flood protection. Governor Schwarzenegger had also begun to advocate for a bond package as well, although as it turned out, one that was bigger and more comprehensive in nature. However, because Senator Perata had introduced his bill in September 2005 following statewide meetings he had held with civic groups and business leaders, he took credit for the idea, noting that the Governor's proposal was only theoretical in nature at that time late in 2005.[17]

After the Governor's proposal was released, Senator Perata continued to advocate his own plan, revalued at about $13 billion and referred to as the "Perata Plan" on television ads that ran in February. At this time, interest began to peak among legislators in the Senate and Assembly as they held informational hearings and formulated their own bills. At this stage, ownership of a bond package providing substantial funding for infrastructure through bonding had effectively merged, as interest for it emanated from both parties in the Legislature and from within the Governor's Office.

Despite his efforts to work with the Democratic leadership in the Senate and Assembly, the Governor did not generate the necessary Republican votes to achieve a two-thirds majority during the first attempt in March. The Legislature then took a more isolated approach during the second go-around in April, realizing that the first attempt had established some common ground, but knowing the package had become too bloated for acceptance by a two-thirds majority. As described earlier, they formulated a scaled-back package, this time largely without the Governor's direct input. In this manner, greater bipartisan support within the Assembly and Senate was fostered. Of great importance, the Governor remained supportive during this second attempt and continued to publicly promote the prospect of delivering an infrastructure package.

Caltrans

Caltrans leadership and staff were intimately involved in the supporting technical development and deployment of GoCalifornia, the Strategic Growth Plan, and the infrastructure bond packages. Two critical events taking place throughout 2005 were the formulation of GoCalifornia under the overall leadership of the Secretary of Business, Transportation and Housing, Sunne Wright McPeak, and the rejuvenation of Caltrans' credibility under Director Will Kempton.

Secretary McPeak's prior experience at the Bay Area Council, a business-sponsored public policy advocacy organization, brought fresh thinking to comprehensive planning at Caltrans that meshed well with Governor Schwarzenegger's philosophy of thinking big and emphasizing infrastructure investments as critical to a strong economy. As GoCalifornia was being unveiled and discussed among stakeholders across the state in late 2005, and in turn becoming a vehicle for the Governor's SGP, a diverse range of transportation projects were proposed to satisfy the plan's identified goals of relieving congestion and improving safety and air quality. Expanding investment opportunities into other sectors of infrastructure—water, housing, education, and other public services—was a natural outgrowth of these discussions and endorsed by the Governor for inclusion in the SGP.

Director Kempton had been appointed by Governor Schwarzenegger in late 2004. An immediate priority of the new director was to reform and improve Caltrans' credibility with the public, political leaders, industry, and media. One interviewee cited Director Kempton's tireless efforts to market the positive aspects of the Department and address directly and swiftly perceived and real negatives. Targeted areas of improvement included on-time project delivery, more timely environmental review processes, and improved project cost estimates. Although there was a limited period of time for these improvements to take hold prior to the November 2006 vote on the bond package, interviewees agreed that these reforms had begun to have a positive effect on Caltrans' reputation, and in turn, credibility. Several simultaneous initiatives at Caltrans played important roles in supporting the formulation of the SGP and ultimately the bond packages. These initiatives, as well as Director Kempton's direct involvement of marketing and communicating GoCalifornia to regional partners across the state, are discussed further in the *Communications & Marketing* section.

Particularly those closest to Caltrans—legislators and industry leaders—were best able to experience the improvement in Caltrans' reputation that Director Kempton was able to bring about. The perception that under his leadership Caltrans had become more responsive and more credible in its ability to implement and manage the major investments proposed under the SGP and bond packages were important factors in the State-led campaign for funding.

Business and Industry

Well financed and influential organizations, especially from the construction industry, pressed state legislators and the Governor to come to an agreement on passing an infrastructure package in spring 2006 and later provided the financial support to assist in a fall campaign. The main private sector organization championing the bond package, and under which many regional and local business and industry groups operated, was California Alliance for Jobs.

California Alliance for Jobs represented an alliance of construction industry business and labor, with more than 1,700 heavy construction companies and 50,000 union construction workers in Central and Northern California. Their unified goal was to promote greater investment in transportation and water infrastructure through advocacy and information dissemination. The group brought together labor unions and management, including carpenters, laborers, operators, and their employers, and had helped pass local option sales taxes for transportation in various counties and Proposition 42, the statewide dedication of gasoline sales tax revenues to transportation in 2002.[18]

However, as noted earlier, revenue from Prop 42 sales tax receipts had not been realized for transportation, having been diverted for General Fund purposes through the state's annual budgetary processes. At the time of the Governor's announcement of the SGP and the Legislature's formulation of the bond package in early 2006, the Alliance for Jobs had been in the process of qualifying an initiative to better protect Prop 42 sales tax revenue for transportation. This widely-supported effort became the basis for the inclusion of Proposition 1A among the proposed infrastructure bonds. In fact, the Alliance for Job's early work in support of this protective legislation became a springboard that provided political leverage in support for the bond measures, especially Proposition 1B for transportation. The Alliance for Jobs moved to the forefront of the legislative and public campaigns for the bond measures, not just Proposition 1A, as discussed in the next section.

The Alliance for Jobs also helped to convince large geographic stakeholders such as the Metropolitan Transportation Commission (MTC), San Francisco's Metropolitan Planning Organization, and the Los Angeles Metropolitan Transportation Authority (Metro) to refrain from tying 1B funding to specific projects, making what proved to be a persuasive case that taking a general approach was the best means to win statewide public support.

Communications/Marketing

Several interviewees remarked that passing the bond package was a two-part campaign, one for the Legislature and one with the public. However, from others interviewed, it was clear that a third campaign had started prior to these two, a campaign to rebuild Caltrans' credibility and engage its regional partners throughout the state using GoCalifornia as an outreach vehicle. To some extent these three campaigns overlapped one another as the bond package evolved.

Caltrans and the Regional Partner Campaign

As discussed earlier, Caltrans' credibility was an important issue in building stakeholder, legislative, and public confidence in the Department's ability to manage and deliver an unprecedented commitment to increased transportation investment, and Director Kempton's leadership was key to Caltrans' improved credibility.

Director Kempton placed special emphasis on implementing and communicating his department's accomplishments by highlighting improvements in accountability, transparency, and project delivery. While getting his messages across to the public in general and to the media in particular was very important, Director Kempton focused on political leaders in the Legislature as well as local officials across the state. During the roll-out of GoCalifornia, Director Kempton personally participated in a series of regional forums across the state presenting the plan to regional partners, such as Regional Transportation Planning Authorities (RTPAs—California's MPOs), counties, and cities. Interviewees noted that from this work, he built support and solicited constructive input on the plan's vision and policies, which subsequently fed into the development of the SGP. A partnership between RTPAs and other local entities would become a significant early step in the ultimate bond package's formulation and acceptance, because it laid the groundwork for formulating Proposition 1B on a broad programmatic basis. Specific project earmarking would be avoided. Instead the California Transportation Commission would be directly involved in developing program policies and selecting projects from RTPA input, much like the mechanisms for existing state transportation funding policies. While the term "illustrative projects" was used to signify a number of priority projects that were almost certain to be funded, there were no explicit commitments in the ballot measure.

In addition to Caltrans' leadership, interviewees cited three specific department initiatives that had a positive impact on the development of GoCalifornia, the SGP, and the formulation of Proposition 1B:

- Industry Capacity Expansion Group – An outreach effort by Caltrans' Construction Group that began as an effort to attract businesses within the construction industry back to California following the economic slump of the dot-com crash. Subsequently, its aim was to ensure that there would be sufficient capacity within the industry during the economically robust 2004 to 2006 period to accomplish the work proposed in the SGP. This forum provided the opportunity for industry to see Caltrans as the "customer of choice," as one interview put it, and resolve any issues that might prove to be a hindrance to a positive working relationship.

- Research Advisory Committee – Started after the formulation of GoCalifornia, a technical group chaired by Caltrans Chief Deputy Director Randell Iwasaki. It engaged scientists and researchers from around the state with the goal of ensuring increased transportation funding would be spent effectively and would capitalize on current technological advances such as intelligent transportation systems.
- Short-term Congestion Relief Projects – An investment of $100 million in 29 high-visibility projects across the state. Simple, immediate congestion reduction solutions, such as restriping or highway shoulder use, were applied to these select projects to demonstrate what the bond's longer range investments could ultimately achieve on a much broader scale. Although results of these improvements were only beginning to occur at the time of the bond's passage, one interviewee felt momentum had been built from this effort.

With these initiatives underway and GoCalifornia evolving into the SGP, Director Kempton maintained a consistent message in marketing the plan to the Legislature, the next phase in producing and passing the bond package. Consistently citing the SGP's vision, goals, and specific, quantified targets for congestion reduction (in terms of reduced person hours of delay) and system performance left a positive impression with the Legislature, unaccustomed to such a level of commitment and detail from Caltrans' leadership.

Legislative Campaign

California Alliance for Jobs played an active role in the legislative campaign to convince lawmakers to support a comprehensive bond package. Individuals interviewed stated that the Alliance for Jobs leveraged its significant membership, which included both labor and management, to convince state lawmakers to reach an agreement on formulating the comprehensive measure. Their cohesive voice was able to engender bipartisan support between Democrat and Republican legislators; employers typically lobbied Republicans and labor lobbied Democrats. A consistent message was stressed and kept simple, focusing on goods movement, traffic flow, and jobs. One interviewee noted that this message was kept simple to prevent individuals—when lobbying their elected representatives—from "adding their own spin to an otherwise complicated message." Overall, individual constituents maintained their own relationships within a unified campaign.

Several other organizations were active at running public awareness campaigns, through television and other media, directed at urging the Legislature to come to an agreement and place the bond package on the statewide ballot. These included the U.S. Chamber of Commerce, supported by local business interests, and the California Infrastructure

Coalition, supported by a wide range of public and private sector interests that advocate for increased investments in infrastructure facilities and systems.

The prospect of the approaching election season also helped spur resolution among legislative leaders and the Governor, as well as both parties within the Legislature. No faction wanted to continue negotiating a deal on the infrastructure bond package as the June primary election and November general election approached and partisan politics were expected to set in.

Public Campaign

Prior to the Legislature's passage of Proposition 1B (as well as after) the Governor and Director Kempton had been campaigning across the state emphasizing three goals of the transportation component of the SGP—congestion reduction, air quality improvements, and roadway preservation—with an overarching fourth issue of increased jobs through the plan's investments. This simple approach was employed rather than focusing on the "strategic" components of the SGP (for example leveraging public-private partnership investment or achieving specific targets in person hours of delay). The Governor also tailored his speeches and engagements to specific areas of the state in which he campaigned, citing region-specific, illustrative improvements that localities and the local public could expect from the bond's funding.

Once the implementing legislation for Propositions 1A through 1E was passed by the Legislature and signed by the Governor in May 2006, the focus shifted fully to a public campaign to win approval in the November election. The primary campaign coalition was Let's Rebuild California, chaired by the Executive Director of the Alliance for Jobs, Jim Earp. The coalition raised money for the passage of the bond measures, receiving significant contributions from the Alliance for Jobs, the California Building Industry Association, the California Association of Realtors, and Californians to Improve Traffic Now, among other organizations.

Polling, focus groups, and research performed by the coalition indicated that a cohesive approach was required to win support across the diverse group of infrastructure packages. Transportation, though, was the driving force among them. Ultimately, broad-based support was gained, as Mr. Earp estimated that of the $16 million in total financing raised by the Let's Rebuild California campaign, approximately $1 million came from supporters of the housing measure, another $1-2 million from supporters of the education measure (who also raised another $12 separately under their own campaign), approximately $7 million from supporters of transportation (contractors, labor, and engineering firms), and about $7 million from Senator Perata's own campaign efforts.

Two political action committees were formed to fundraise—one dedicated to Proposition 1A to better protect gasoline sales tax receipts for transportation purposes (which, as discussed earlier was a precursor issue to the bond funding initiatives), and another, the United Campaign, derived from multiple sources in support of the bond packages. In addition, Senator Perata wielded his influence with businesses and labor groups outside the construction industry to contribute significantly to the campaign effort.

Targeted radio, television, and print ads were the primary vehicles of the public campaign. The Alliance for Jobs designed, produced, and paid for campaign literature that its labor union membership was able to customize and distribute. Job creation and a positive impact on an average person's daily life were frequently-used messages.

In the fall as the election approached, Senator Perata, Speaker Nunez, and Governor Schwarzenegger campaigned aggressively for the measures across the state, often focusing on how the benefits would be felt locally.[19] For example, Senator Perata, Governor Schwarzenegger and local leaders campaigned together in the state's Central Valley, a fast-growing but more conservative region, promoting the $1 billion in dedicated upgrades along 400 miles of Highway 99, a critical north-south corridor through this agricultural center of the state. As part of the Let's Rebuild California campaign, 13 billboards were placed along a 140-mile stretch of the road's southern half.

Lessons Learned

Those interviewed remarked that they would have done little differently with respect to the campaigns to bring the comprehensive bond package before the voters. Interviewees felt that communication and marketing efforts were quite successful, whether referring to Caltrans' effort at publicizing their improvements as a credible state agency, to making the case among regional partners and subsequently the Legislature to support and formulate a massive investment in transportation and other infrastructure, and finally to the public campaign to achieve voter approval. The success of the bond measures benefited from well funded and well managed public campaigns as well as a lack of significant opposition.

Governor's Personal Engagement

Although it is fairly common to find among the case studies the need for champions who are passionate and committed to supporting a transportation initiative, and in almost all cases (Minnesota notwithstanding) the support of an elected leader—usually a Governor or Mayor—is essential, it is certainly not always the case that the "booster-in-chief" turns out to be that very same elected leader. In this case it did. For the Governor of California, not only to support the initiative, but to adopt the issue as the centerpiece for his reelection year political campaign to the point where observers were saying that he was not campaigning for Governor, he was campaigning for the success of this initiative, is a notable characteristic of the California initiative. Governor Schwarzenegger in effect bet his political future on infrastructure in general, and transportation in particular, and in large part as a result of his personal engagement, the campaign for transportation as well as his campaign for Governor both succeeded.

A Tight Team at the Top

Director Kempton goes out of his way to credit both Governor Schwarzenegger for his personal leadership, and also his direct boss, Secretary of Business, Transportation and Housing, Sunne Wright McPeak with having masterminded the visionary ideas behind, and the strategies for succeeding in passing this complex array of measures in support of unprecedented funding commitments. It is clear that this was a team at the very top that had their act together. Given the number of key steps along the way where this initiative might have foundered, as well as its inherent breadth and complexity of the communications strategy, it is clear that the tightness of this team at the top was a key success factor.

Unified Strategy of Labor and Industry Stakeholders

The degree of unity and focus between labor and business in the transportation construction industry and their well-organized campaign through the California Alliance for Jobs and the Let's Rebuild California coalition was above and beyond the norm as they succeeded in having a favorable impact on the Legislature and the Governor in the initial phase, and the public at large when it came to the ballot box.

Economic Factors and Timing

The timing of seeking approval for an unprecedented investment in infrastructure also benefited from a robust economy. Despite structural deficits still plaguing the state budget, revenue was strong in 2004 and 2005 as a post-dot-com bust recovery brought in healthy individual, corporate, and capital gains taxes. Accordingly, the timing was good for significant investments in infrastructure, especially transportation, that had long been neglected and among the top concerns of the public and local and state leaders. Despite concern from some of the more fiscally conservative lawmakers as well as from taxpayer watchdog groups, the relatively prosperous economy fostered an environment in which the state could afford to commit general fund resources to borrowing substantial new funds.

Effect of a Comprehensive Infrastructure Package

One unique feature of the Proposition 1B transportation funding initiative was its packaging within a larger set of infrastructure investments backed initially by the Governor's comprehensive SGP.

One interviewee stated that having the SGP behind the bond packages' development was beneficial. The Governor and Legislature fundamentally agreed on the issue to pursue far-reaching investments in transportation and other infrastructure, which directed the debate from a question of, "Do we need it?" to, "How do we do it?" The presence of the SGP also impressed upon the public that the prime focus of this effort was directed at the state as a whole and did not represent limited colloquial or special interests.

However, there was no consensus among interviewees that packaging transportation alongside other investments in flood control, housing, and education was beneficial once the measures made it to the ballot. One individual felt that had transportation been offered as a standalone proposal, it would have passed by a greater margin; in fact its presence within the overall package helped carry the others. Also, some who voted against the bonds may have done so on the grounds that its overall size was too large and not a prudent financial commitment to make. However, another interviewee who stated that it would be hard to judge the outcome had transportation been presented alone, felt that opposition might have been greater had transportation been put forth by itself. Indeed another individual observed that broader and greater support, especially from within the construction industry, was generated by bringing other infrastructure sectors together with transportation.

Avoiding the Need for Specific Project Commitments

The transportation component of the California bond package did not rely on project specificity or earmarks, instead directing the funding to broadly-defined, regional-scale programs. All interviewees agreed though that within the transportation component of the bond package, employing relatively unencumbered, broadly defined programs and selling the package using an "illustrative list of projects" were generally positive strategies—only one facility in the package (State Highway 99) received specific project funding.

One interviewee remarked that having the funds unencumbered was desired to build broad-based support, especially from rural regions. The interviewee also stated that the use of an illustrative list of projects helped to bring awareness to the potential improvements the bond package would be able to fund. At the local level, needed projects had been identified for some time and simply required new financing. In this regard, the illustrative list of projects acted as a proxy for a local region's desired list of projects, in turn helping to build support behind the idea of actually having them implemented without being tied down to a state-level prescribed list. Another interviewee did acknowledge, however, that it is generally easier to market an initiative when a guaranteed project-specific expenditure plan is used. In California, this strategy is employed on a local level, when local option sales tax measures are voted upon and a specific list of projects accompanies the authorizing measure on the ballot. However, for this statewide initiative, it was agreed that the less prescriptive approach taken was the right one.

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Maricopa County Sales Tax Referendum Case Study

An MPO-led planning effort identified a carefully balanced program of projects that earned widespread support from the legislature, media and public.

Background

Initiative Description

In November 2004, the voters of Maricopa County, Arizona approved a 20-year ½-cent sales tax for transportation from 2006 through 2025 by passing Proposition 400. This tax was an extension of the existing ½-cent sales tax enacted in 1985 as Proposition 300 and which expired at the end of 2005. The original 1985 tax was almost entirely devoted to the construction of new freeways within the county, funding projects on the Maricopa County Association of Governments' (MAG) Regional Transportation Plan (RTP). The 2004 extension continued to fund projects on this long-range plan, but the types of projects funded were changed. Funding was allocated to the new construction of or improvement to existing freeways and highways (56.2 percent), improvements to arterial streets (10.5 percent), and to transit (33.3 percent). Greater detail of these projects is given below:[1]

- Freeway/Highway Element
  - 490 lane miles along new corridors
  - 530 general-purpose-lane-mile and 300 HOV-lane-mile widenings
  - Maintenance, operation, and noise mitigation improvements
  - Incorporation of a Freeway/Highway Life Cycle Program
- Arterial Street Element
  - New arterial facilities, widenings, or intersection improvements
  - Intelligent Transportation Systems (ITS) applications
  - Incorporation of an Arterial Life Cycle Program
- Transit Element
  - New regional bus service (local, arterial bus rapid transit [BRT], and freeway BRT)
  - 57.7 miles of light rail transit (LRT)
  - Other transit services including commuter vanpools and paratransit
  - Incorporation of a Transit Life Cycle Program

Estimated revenue generated from the tax over its 20-year span was $14.3 billion in year-of-expenditure (YOE) dollars. Other estimated state and federal funds over this time period amounted to $17.5 billion.[2] The sales tax itself represented 45 percent of the 20-year funding estimate, and accordingly, a critical source for implementing Maricopa County's RTP.

Maricopa County's Transportation Background

Maricopa County is the fourth most populous county in the U.S. and is home to nearly 4 million of Arizona's 6.5 million residents.[3,4] Maricopa County's estimated growth from July 2000 to July 2007 was nearly 800,000 people, making it one of the fastest growing metropolitan regions in the country with a population over 1 million.[5] At the time of the first transportation sales tax passage in 1985, its population was about 1.8 million, indicating a doubling of the county's population by the first tax's end.

Major cities in the county include Phoenix, Glendale, Mesa, Chandler, Scottsdale, Gilbert, Tempe, and Surprise.[6] The county is often geographically referenced by three main regions, the West Valley, Phoenix, and the East Valley. Much of the county's growth in the 1980s and 1990s took place in the East Valley (e.g., Mesa and Gilbert), with more recent growth in the West Valley (e.g., Glendale and Surprise).

Maricopa County's freeway/highway system includes routes on interstates, urban freeways and highways, and rural highways, all of which are part of the Arizona Department of Transportation (ADOT) State Highway System. Freeways/highway centerline mileage in the county is 615 miles, including 215 on interstates. The arterial street system complements the freeway/highway system, primarily comprising roadways of four or more lanes on a one-mile grid system, and carries auto traffic, transit, bicycle, and pedestrian traffic. Arterial streets carry more than half the vehicle miles traveled (VMT) in the region.[7]

The Maricopa County Association of Governments is the region's designated Metropolitan Planning Organization (MPO) whose membership consists of the county's 25 incorporated cities and towns (primarily mayors), three American Indian communities, the county itself, ADOT, and the Citizens Transportation Oversight Committee (CTOC). The CTOC was established in counties that levy a transportation excise tax and review and advise on matters related to the regional freeway system. Representatives from each of these members form MAG's governing and policy-making Regional Council.

Development

Demonstrated Need

Explosive population growth in Maricopa County over the past 25 to 30 years has required significant expansion in the region's transportation network. To an extent, expansion of the transportation system has itself helped reinforce growth in population as well. But mainly, socioeconomic reasons have helped drive growth, with ample job opportunities, affordable housing, and a perceived moderate cost of living, especially relative to many who relocated from California.[8]

The ½-cent sales tax (Proposition 300) in effect from 1986 through 2005 helped fund a significant portion of Maricopa County's roadway system to accommodate the growth of the 1980s and 1990s. That tax funded 138 centerline miles of regional freeways and highways on which about $5.7 billion (YOE) was spent. It was not, however, without financial difficulties. Several years into the program, during the late 1980s and early 1990s, it became clear that some of the projects promised under the tax's plan would not be delivered without additional funding. In an effort to compensate for the tax raising only half of its initial expectation as well as increased project costs,[9] a 10-year extension of the tax through 2016 plus an additional ½-cent sales tax was proposed. The additional ½ cent would be divided evenly between freeways and public transit. The proposal was defeated by the voters in November 1994.

Subsequently, the Governor and ADOT took steps to sure up what remained of the projects on Proposition 300's plan, revising funding forecasts, deleting two freeway projects, and reallocating federal funds. Additionally, ADOT introduced its Life Cycle Program concept in 1992. This Life Cycle Program, still employed today, implements a schedule of programmed projects, monitors their progress, and balances annual and total program costs with estimated revenues. In the case of Proposition 300 projects, this period had extended through its fiscal end in 2006.[1,10]

As Proposition 300's 20-year lifespan was drawing to a close in the early 2000s, it became clear that an extension of the tax to continue to fund system expansion would be necessary to meet continued population growth that had accelerated further. Traffic congestion and its environmental consequences were increasing and future projections of growth would only worsen the conditions. Forecasts published in MAG's 2003 RTP, the basis for the 2004 ½-cent sales tax extension as discussed in the following section, highlight these trends: by 2030, Maricopa County's population was projected to double from its level in 2000; and by 2025, projected employment would also double from its 2000 level, with job distribution spreading more uniformly throughout the urbanized region, rather than being concentrated in downtown Phoenix.[5]

A number of needs studies conducted by MAG for the 2003 RTP development identified a wide range of transportation projects to support projected population and employment growth. Among them included a transit study justifying investments in LRT and BRT corridors, proposed improvements to east/west mobility through the region, improvements within southwest Maricopa County near the border with growing Pinal County, and improvements necessary to serve the rapidly growing West Valley.[5]

Initiative Development

Significant development of Proposition 400 began in 2000. From 2000 to 2003, MAG developed the modal and area plans to determine the region's transportation needs beyond 2005 and the expiration of the 1985 Proposition 300 ½-cent sales tax for transportation. In 2002, a governance decision by the Regional Council led to the formation of the

Transportation and Policy Committee (TPC) to develop the region's next Regional Transportation Plan. The TPC consisted of elected officials from the county's seven largest cities, several other smaller communities, and the county itself; an ADOT state board member; and six individuals from the private sector to represent business interests.

At the same time, a grassroots effort led by the Associated General Contractors of Arizona (AGC) and its political consultant initiated its Maricopa 2020 campaign to advocate for an extension of Proposition 300. Its purpose was to educate the public about the tax's expiration and build support for its extension. Throughout 2003, they delivered many presentations to chambers of commerce, business organizations, and other community associations discussing future growth and mobility needs and related quality-of-life issues. In this manner, a coalition grew behind extending the sales tax, along with financial support, which together would later drive the election campaign.

A third parallel effort was the Vision 2001 Task Force that had been tasked with making a set of statewide recommendations on the future of Arizona's transportation systems. The Task Force released its findings in December 2001 summarizing the needs and means to finance 10,000 projects across the state. One proposed tool to fund the program was a statewide sales tax. The financed program was endorsed by the Task Force's transportation and business constituencies, but state elected officials were not apt to approve such a sales tax measure. Nonetheless, the Task Force's recommendations influenced Maricopa County's support for extending its own sales tax.

With input from MAG, the 2003 state legislative session began to address the upcoming expiration of Proposition 300. In March 2003, legislative proposals included a simple extension of the tax to be approved by the voters directing funding in the same manner as Proposition 300 had done, i.e. almost exclusively for freeway/highway expansion. However, funding for arterial (city) streets and transit was advocated by members of MAG, many of whom as mayors of the county's cities and towns sought funding for their local projects as well as transit within the more maturely and densely developed municipalities.

By April 2003, the Senate Finance Committee concluded that arterial street and transit funding should be included in a sales tax extension, beginning in earnest a debate over funding apportionment that would characterize the tax's development and eventual passage in November 2004.[11] To guide the sales tax's development, House Bill (HB) 2292 was signed by the Governor in May formally recognizing MAG's TPC and setting a deadline of December to finalize RTP. The RTP would specify which projects the tax extension, as well as other estimated resources, would fund over a 20-year timeframe.

The TPC presented a draft RTP in July, held six public hearings in August and September, and issued its final plan on September 17, 2003. Throughout the process, funding distributions, inclusion or exclusion of particular projects, and the setting of spending priorities were debated among the plan's stakeholders, well-represented by the Committee's membership—elected officials hoping to direct funding to their constituents' local needs and business representatives seeking improvements in their area and employment opportunities in support of specific projects. Emphasis fell on capacity expansion rather than system preservation, as the age of the county's infrastructure was relatively young. In the end, a prioritized list of projects emerged with a funding distribution of 56.2 percent freeways/highways, 33.3 percent transit, and 10.5 percent arterial streets.

Soon after the RTP was issued, however, criticism began as the focus turned to legislators who would be drafting a bill early in the 2004 legislative session authorizing the sales tax extension in what was hoped would be a May 2004 election. East Valley legislators felt too much money was going to extending light rail beyond the downtown region into the suburbs, preferring freeway expansion instead. West Valley legislators maintained this same stance against light rail and also felt that they were not going to receive enough of the money based on projections that their region would be subject to the most growth over the next 20 years. Meanwhile, the City of Phoenix began to threaten to pull out of the plan if wholesale changes were made, especially to the planned apportionment for transit.[12]

Despite initial objections from the chair of the House Transportation Committee, opposition to light rail was dropped as the 2004 state legislative session evolved, including a proposal to present it as a separate measure on the ballot. Many concerned lawmakers, including the House Transportation Committee chair became convinced that voters were owed the opportunity to vote on the tax extension and not lose a significant funding source for freeways, as well as other systems.[13] However, a November, rather than May 2004 election was approved. HB 2456 was passed and signed by the Governor in early February 2004, endorsing the RTP and authorizing the ballot measure for the November election.

Beginning in summer 2004 and increasing through the fall up to the election, pro and con campaigns were waged. Financial support for the Yes on 400 campaign outstripped detractors until a prominent East Valley businessmen bankrolled a hard-fought campaign against the measure, specifically opposing the light rail component. In the end though, the sales tax extension passed with a 58 percent majority.

Sponsors and Stakeholders

Prior Experience

A ½-cent sales tax to fund transportation improvements was not a new concept to decision-makers or the people of Maricopa County. Clearly, experience implementing and utilizing, as well as simply paying for the tax, leant a certain level of familiarity with the concept as the expiration of the original 20-year Proposition 300 sales tax began to approach in the early 2000s. In selling the idea among elected officials, business interests, and taxpayers, there was no notion of a "new tax," an often politically unpalatable approach to pay for new or increased public needs. In fact, opposition did not emerge against the tax itself, but rather on how and where it would be spent.

Proposition 300 enacted in 1985 helped fund major freeway expansion within Maricopa County during its rapid population growth in the 1980s and 1990s. Tax dollars collected translated into tangible and relied upon infrastructure that had become a significant part of the region's transportation system including segments of the 101 Loop through the northern portion of the Valley past Glendale and Scottsdale and Loop 202 around the East Valley near Mesa, Gilbert, and Chandler. Overall 138 centerline miles of freeway were funded. Residents of Maricopa County felt that they received something invaluable for their personal investments.

Of course, the first sales tax was not without its problems, including funding shortfalls and a failed attempt at extending and increasing the tax in 1994. Revenue projections made prior to the institution of Proposition 300 were rather crude and erroneously based on the high inflation rates of the 1970s and early 1980s.[14] Fiscal oversight of tax receipt expenditures was also lacking. The 1994 extension and increase was proposed without a comprehensive spending plan, and voters balked at raising the tax for unproven transit and to pay for freeway projects that had already been promised. The early pitfalls of the 1985 tax and the failure of the first Proposition 400 in 1994 led MAG officials and legislators to apply lessons learned and build safeguards into the 2004 tax extension.[1] The inclusion of these safeguards was also supported by campaign research efforts indicating that accountability, oversight, and revenue protection all backed by audit processes were important to public and legislative acceptance.[15] As a result, the following provisions were adopted into the Proposition 400 plan:

- Revenue firewalls – protected funding from being transferred from one program to another by mandating the funding distribution set among freeways/highways, arterial streets, and transit. This measure specifically addressed concerns that potential light rail or other transit cost overruns would end up impacting promised freeway funding.
- Performance audits – a five-year cycle of comprehensive, multi-modal performance audits would be performed to evaluate the RTP's scheduled projects and make project-specific recommendations on their viability.
- Major amendment process – developed to be able to modify the RTP based on the results of performance audits or recommendations from the TPC. An amendment would be made only after a rigorous consultation and review process showing that any alternative would have to provide at least the same level of congestion relief or mobility as the original project.

- Life Cycle Programs – based on the successful Freeway/Highway Life Cycle Program maintained by ADOT since 1992 and instituted following a 1991 audit of Proposition 300 expenditures, life cycle programs were implemented for the tax's arterial streets and transit elements, maintained respectively by MAG and Valley Metro Regional Public Transportation Authority (RPTA), which operates the regional transit system in the Phoenix metropolitan area.

Finally, Proposition 300's early difficulties also may have been influenced by ADOT's relative inexperience constructing urban freeways. In the mid-1980s, ADOT did not possess a good understanding of urban freeway design elements and their costs, including freeway-to-freeway intersections, drainage requirements, and others.[14] As the first sales tax program advanced, however, ADOT gained such experience, and the public and elected officials' confidence grew in the agency's ability to successfully implement freeway projects.

Incidentally, there was some disagreement among interviewees that active, visible construction was necessary to earn voters' support for extending the sales tax. One individual interviewed felt that it was necessary to demonstrate to the public that responsible agencies could deliver on what had been promised, especially for freeways that had experienced earlier pitfalls.[14] However, another remarked that had light rail construction been visible at the time of the election, causing traffic disruptions and impinging on business access in downtown Phoenix, voters may have balked at the approving funding when such prominent inconveniences were the clear result.[15] However, this difference of opinion also may have highlighted some of the inherent disagreements between support for freeways and support for light rail transit.

Maricopa Association of Governments

Since 1985 and Proposition 300, transportation decisions in Maricopa County have been locally-driven. It is also important to note that Arizona statute gives MAG the power to set transportation project priorities as well as to approve material scope and costs changes, lending it a primary role in transportation development in the county. As such, MAG played an instrumental role in Proposition 400's passage.

MAG's Transportation and Policy Committee successfully formulated an RTP to serve as the basis for the transportation sales tax extension. Over several months in the second half of 2003, elected officials and business representatives worked diligently to arrive at a spending and prioritization plan consensus. They carefully considered options for dividing funding geographically throughout the region. The TPC weighed distributing it based on population and likely voter turnout—this approach favored the more populous East Valley and Phoenix regions—or based on current traffic measurements and growth projections, which tended to favor the lesser developed but fast-growing West Valley.[16] The TPC also considered the mix of projects, requiring a balance among desired freeways in the outlying parts of the Valley, arterial street improvements in more built-up areas, and transit improvements, especially the continued expansion of light rail from downtown Phoenix, which at the time, had not yet started construction. Decisions were made using a performance-based approach, with a selection of projects that showed the best chance for improvements, balancing these competing priorities.

Eric Anderson, Transportation Director at MAG, was a key facilitator during the formulation of the RTP. As a leader within MAG but outside the TPC, he provided significant input at each step in the process, from guiding the initial policy discussions to formulating plan alternatives to identifying the right set of projects.[14] His work helped craft a plan in manner that was ultimately both politically and technically feasible.

Transportation Policy Committee Leadership

The chair of the TPC, Tempe Mayor Neil Giuliano, had prior experience with a transportation sales tax. His city, known for taking the lead on progressive initiatives, was the first in the state to implement a local transportation sales tax in 1996, which was used to fund transit projects. Centrally situated within Maricopa County and home to Arizona State University, Tempe draws a large amount of pass-through and destination-oriented traffic. Accordingly, transportation has been a significant issue for the city, often drawing greater public concern than crime and education. Mayor Giuliano applied his "CVS" model—the "capacity, value, and support" model he had used to indentify and build consensus for needed transportation improvements in Tempe—to his work on the TPC.[17]

Successful guidance of the TPC also came from its vice chair, Glendale Mayor Elaine Scruggs. Together, Mayors Giuliano and Scruggs felt that reaching a strong consensus on the RTP prior to the Legislature's involvement to authorize the election for the sales tax extension was essential. The *Arizona Republic* summed up the significance of agreeing on the plan in an editorial on the matter: "If large factions opposed the plan, the theory went, it would be an open invitation for the Legislature to tinker with components. Moreover, if the mayors [who partially comprise the TPC] openly rebelled and voted against it, the voters might take their cue from their leaders and turn down the extension of the half-cent sales tax in a planned election…."[18]

Arizona Department of Transportation

The Arizona Department of Transportation was not the primary public agency involved in the development of the Proposition 400 sales tax extension—that role belonged to MAG. Nonetheless, Proposition 400 campaign polling indicated that ADOT's reputation was significant. It is important to note ADOT's inauspicious beginning in delivering the products of the first Proposition 300 sales tax, as well as its subsequent recovery and marked improvement in project delivery and reputation beginning in the mid-1990s. With experience gained from the early days of freeway-building in the late 1980s and early 1990s, the introduction of the Lifecycle Program to better balance lifetime project costs, and the successful delivery of a reworked Proposition 300 program in its latter half, ADOT had achieved a certain level of positive credibility within the county. Eventual completion of these projects that now comprise an indispensible county freeway network created tangible results that helped shape users' support for a sales tax extension. One other particular and recent program that had achieved a favorable response from the public was the use of rubberized asphalt in freeway construction to reduce highway noise.[19]

In addition, ADOT had developed a good working relationship with MAG and provided strong technical support to the development of the RTP.[14] Another turning point for ADOT occurred in 1999 shortly after the passage of the Federal TEA-21 transportation reauthorization legislation the year before. Initially, ADOT had programmed only 10 percent of state discretionary transportation funds, including federal highway funds from TEA-21, for Maricopa County, a disproportionate figure considering the county held 60 percent of the state's population. Then-Director of ADOT, Mary Peters, brokered the so-called Casa Grande agreements in 1999 to reach an understanding on how best to divide transportation funding regionally around the state, since improving ADOT's working relationship with MAG and other county entities.[14]

Even so, in 2004, ADOT still shouldered some negative sentiment from the pressures of delivering the Proposition 300 freeway network that had to undergo modifications and the elimination of promised projects as it progressed. It was thought that this remaining negativity contributed to the high degree of project specificity in the Proposition 400 program.[20]

Business Community

Without the work and support from the business community in Maricopa County, the sales tax extension very likely would not have occurred. Individual business leaders, local coalitions, and chambers of commerce all played critical roles in advocating for the tax extension from the perspective of supporting economic growth. Their involvement took place at all stages of Proposition 400's development dating back to 2002 with the formation of Maricopa 2020, a grassroots effort led by the Arizona AGC and its political consultant, Highground Inc. As discussed under *Initiative Development*, throughout 2003 and prior to and during the TPC's work on the RTP, Maricopa 2020 built greater support for the sales tax extension, bringing chambers of commerce, business organizations, and other community associations on board. As this business-oriented coalition grew, so did support from local elected officials, who in turn brought to the table particular projects desired in their regions to be included in the RTP and funded by the tax extension. Business and community groups included among others:

- Phoenix Community Alliance – focuses on business and community revitalization in Central Phoenix
- East Valley Partnership – advocates for economic and social issues in the East Valley
- Western Maricopa Coalition – promotes the West Valley influence on public policy issues
- Valley Forward – promotes environmental concerns and livability issues in Maricopa County
- Homebuilders Association and Association of Realtors – advocates for the development community

One of the most notable influences of the business community was their presence on the TPC. Six of the 23 members were selected from the private sector, representing banking, trucking, heavy construction, real estate development and sales, and energy delivery. Their presence on the TPC represented the first time private sector interests were involved in transportation policy decisions; previously their involvement had been limited to technical work. Multiple interviewees pointed to this group of business representatives as instrumental in keeping the committee's work on task. As representatives from outside the political process, they acted as a tempering force—"honest brokers" as one interviewee put it—by resolving disagreements among elected officials and keeping the focus of their work on producing a regional plan by transcending the parochial interests of individual communities.[14,20] One interviewee described these six committee members as the "investors" among the overall group, keenly interested in achieving an outcome that would drive economic development, a platform that garnered a strong consensus. On a project basis, they had a good feel for which investments would meet approval at both a constituent and legislative level.[19] Overall, by the time the RTP was finalized, their contributions and activism had helped build both public acceptance and legislative support, leading to its approval in early 2004 to appear on that November's ballot.

Once the Proposition 400 measure was authorized by the state Legislature to appear on the ballot, the business community, again led by the same leaders of Maricopa 2020, championed the public campaign. The Yes on 400 campaign was spearheaded by the Arizona AGC and run by Highground Inc., led by their respective presidents, David Martin and Chuck Coughlin. The details of this campaign are discussed further under *Communications and Marketing*.

Legislative Leadership

Despite some short-lived hesitancy on accepting the inclusion of funding for light rail in the RTP, State Representative Gary Pierce (R-Mesa), chairman of the House Transportation Committee, was the main supporter and driver for delivering the authorizing legislation for the Proposition 400 ballot measure. After the RTP's issuance, in early October 2003 it was clear that Rep. Pierce, himself a strong supporter of freeway development as a representative from the East Valley, was not a proponent of the light rail funding included in the plan, despite stating that he would not oppose its funding when expected to formulate a bill in January 2004 to authorize the election.[21] As described in the *Initiative Development* section, opposition to light rail outside of Phoenix threatened to derail a smooth acceptance of the RTP and ballot measure authorization during late fall 2003.

In December, Rep. Pierce announced that there was too much legislative opposition to the plan and suggested withholding funding for expansion of light rail beyond Phoenix until at least 2011, allowing enough time for the initial downtown phase to prove successful, and postponing the ballot measure from May to November 2004 to allow further time to develop the legislation and secure the two-thirds vote needed for the bill's passage.[22] However, he subsequently began to adopt a more balanced approach as the January legislative session approached and supporters of the plan presented convincing data on light rail's expected benefits to the region.[20]

As the legislative session opened, Rep. Pierce insisted that the geographic battles were over, referring to the preferences of the East and West Valleys to build freeways, rather than light rail favored by the City of Phoenix. It was understood that the Legislature either had to accept the RTP in its unmodified entirety or reject it outright; there was no opportunity to modify the project selection that comprised it. This perception was later confirmed in an October 2004 issuance of a Legislative Council memo concluding that a legislatively-developed funding plan would be contrary to the federal transportation planning process and jeopardize the receipt of federal funds.[23] Thus, given the overwhelming support behind the plan especially at the city level, a majority of legislators, behind the leadership of Rep. Pierce, agreed that the public should not be denied the opportunity to decide on generating significant transportation revenue and investment. They endorsed the plan and authorized the election for November 2004.

Opponents

A small minority of legislators (about 20 percent) opposed the Proposition 400 plan—not the concept of the sales tax itself—during the legislative authorization process and beyond into the public campaign throughout 2004. They maintained staunch opposition to light rail funding, advocating for a significant reduction in its sales tax apportionment or its elimination from the measure altogether. During the height of the public campaign, one legislator, Rep. Andy Biggs (R-Gilbert), proposed rewriting the plan to devote 98 percent of its funding to freeways.[24]

However, the primary opponent to Proposition 400 as the election date approached was in fact a single individual—David Thompson, a wealthy East Valley entrepreneur who maintained a vehement opposition to light rail funding. He only became involved in the overall development of Proposition 400 very late, when in September 2004 he singlehandedly bankrolled the No on 400 campaign, becoming a formative opponent backed by a small number of pro-freeway legislators. Mr. Thompson argued that light rail did not move people as efficiently as freeways and their costs of construction were comparatively higher and nearly guaranteed to be more than anticipated. Like lawmakers, he was not opposed to the tax but wanted to see 90 percent of the funds dedicated to freeways, essentially eliminating the transit component as nearly all the remainder would fund arterial streets.[25] The details of his campaign are discussed further in the next section.

Communications/Marketing

Election Year Campaign

Certainly, communicating the need and purpose of the Proposition 400 sales tax extension was necessary early on in the process and throughout it, beginning with Maricopa 2020's support-building outreach efforts and through the critical development of the RTP and legislative campaign to authorize the ballot measure—these details have been extensively covered in earlier sections. However, many salient details associated with communicating and marketing Proposition 400 occurred after its legislative authorization and when the public campaign began in earnest.

Individuals interviewed who were members of Maricopa 2020 and also later directly involved in the Yes on 400 campaign stated that they had hoped to gain legislative approval for a May 2004 election. Their reasoning was a desire to start the campaign as soon as possible to capitalize on the initiative's existing momentum and to avoid competing among other measures and campaigns during the 2004 presidential general election. As a local measure, Proposition 400 would be placed near the end of the ballot and potentially be overlooked by voters. Campaigning during the general election also would be more costly.[15,19]

Maricopa 2020 interviewees stated that the Legislature's reasoning for selecting the November general election was to expose it to a larger voter turnout. As a special May election, Proposition 400 would have been the only measure to appear on the ballot, and they believed that the Legislature wanted to avoid the appearance of trying to appeal to a contracted voter base for an important countywide measure, potentially one that would skew—either in favor or opposed—results representing the actual public sentiment on the matter.[15,19] Indeed when interviewed, the TPC Chair stated that it is generally easier to sell a campaign message and generate a desired voter outcome during an off-cycle election.[17] A private sector member of the TPC interviewed for this study also agreed with the assessment that a larger public showing tends to produce a more reliable and balanced result. However, the interviewee disagreed with the assertion this decision was dictated by the Legislature, but rather resulted through the course of campaign debate.[20]

Yes on 400 vs. No on 400

The business community was key to fundraising and supporting the Yes on 400 campaign. Fundraising occurred throughout 2004, with the campaign kicking off in earnest in mid-September. Interviewees stated that upwards of $3 million was raised and spent, with $500,000 expended by the AGC and another $1.2 million from its members alone.[15,19] Polling was used extensively to ascertain which aspects of the Proposition 400 plan resonated most with the public, and these were subsequently integrated into campaign outreach materials and advertisements. Comparatively, focus groups were not employed widely, with one interviewee experienced in running campaigns stating that they are used only when the intensity of a particular issue needs to be measured or qualitative information obtained.[15] A tracking poll was also used to measure support for the initiative—300 individuals' opinions were recorded on a rolling basis, by which the oldest 100 individuals were replaced by a new set of 100.

Campaign messages that resonated most effectively with the public included highlighting the expected economic benefits of the planned infrastructure and how necessary they were to maintaining a high quality of life. Campaign materials included targeted brochures tailored to emphasize the plan's benefits to various regions throughout the county. The campaign also printed and collected requests for early mail-in ballots, from which they built a database of public supporters. Finally a comprehensive website offered numerous resources to learn about Proposition 400. It featured an interactive map allowing users to view and zoom in on their region or neighborhood and layer on specific improvements programmed into the plan.

The No on 400 campaign also debuted in September, and despite not having been previously involved in the development of Proposition 400 and undertaking a long fundraising effort, it proved to be a formative force. The No on 400 campaign was wholly supported by David Thompson, who some believe was capitalizing on the situation to advance a future political career.[17,20] Mr. Thompson's "No" campaign was strictly based on an anti-light rail platform.

The No on 400 campaign was often characterized as combative and narrowly focused, and ultimately the much broader coalition of supporters behind Proposition 400 prevailed. The Yes on 400 campaign capitalized on inaccurate statements made by Mr. Thompson on the merits of the plan and translated them into television and email advertisements in favor of the initiative.[15] Two interviewees suggested that Mr. Thompson's extreme position against nearly all funding for light rail ultimately harmed the effectiveness of his message,[14,17] although another believed that the failure of his campaign was more attributable to the unlikely ability of what was essentially a one-man campaign, albeit well-funded, to overcome the "massive inertia" behind a well-thought-out plan.[19] Another interviewee also suggested that Mr. Thompson's efforts helped crystallize the plan's support from elected officials; it was easier for the "Yes" campaign to diffuse the fact that the opposition was only opposed to the light rail component of the plan. As light rail only comprised 15 percent of Proposition 400's funding, it was clear to most of the public that the overall plan was much broader than this one issue that had formed the heart of the opposition's argument.[15]

Lessons Learned

Specification of Projects

One notable feature of Proposition 400 on which multiple interviewees remarked was the direction of all its funding to specific projects. Although one interviewee objected to calling this strategy earmarking, noting that selected projects were not "ornament projects" that had not been vetted through a public process,[19] all agreed on one aspect: voters insist on knowing what they would get for their money. Those directly involved in the campaign pointed to polling results indicating that an illustrative tool showing where the sales tax money would be directed was necessary to win public support for the measure.[19] However, multiple interviewees lamented that this process may also be too prescriptive, and that in retrospect, greater flexibility in funding particular projects would be beneficial because unforeseen changes in budgets or the logistics of pursuing a particular project may warrant a shift in the plan's programming that may not be possible. It was suggested that the plan's prescription be limited to specific corridors rather than specific projects along such a corridor.[20] Overall though, this limitation was "the inherent cost of doing business"[14] and a necessary product of the political process.[20]

Overall Conclusion

All interviewed agreed that Proposition 400 was an important achievement for Maricopa County; one calling it a "great public policy and community success."[17] The overall effort's flexibility, consistent message, and ultimately, the strong partnership across numerous stakeholders and process participants led to the measure's successful passage by 58 percent, a figure that had exceeded expectations.[17] The use of the TPC was identified as a key success factor; as noted it leveraged experienced leadership and the innovative inclusion of private sector members to build broad-based consensus and maintain an ability to remain agile throughout the process and work with the Legislature. Maintaining and marketing a consistent message continued past the plan development and legislative authorization phase into the public campaign. This factor was critical to overcoming the opposition as the election date neared. By continuing to tout Proposition 400's balance and inclusiveness throughout the campaign, the foundation for the opposition's argument was marginalized and shown to represent the sentiment of a very narrow segment of the electorate.

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Maryland Transportation Revenue Programs Case Study

"…the asset management approach was key to achieving this allocation. Equally important, MSHA had established credibility with the legislature that it had the ability to deliver the program of projects as promised."

Background

2004

In 2004 the Maryland General Assembly approved substantial increases in motor vehicle registration fees to support the activities of the Maryland Department of Transportation and local governments in Maryland. During the early planning for this transportation revenue program, the conventional wisdom was that system preservation activities could not be used to generate support for a revenue program; high-profile capacity projects were needed for that purpose. However, Neil Pedersen, the Maryland State Highway Administrator, felt a professional obligation to make the asset management case that timely system preservation interventions would serve to reduce long-term costs and should be of the highest priority. As a result, of the $1.9 billion of the revenue program allocated to MSHA over the five-year program period, over $1.0 billion was in the category of "minor projects", principally system preservation, safety and traffic operations.

The 2004 legislation (HB 1467) almost doubled the level of biennial motor vehicle registration fees in Maryland:

Table 1

Vehicle Classification	Previous	HB 1467
Automobiles under 3,700 lbs.	$54.00	$101.00
Automobiles over 3,700 lbs.	$81.00	$153.00
Small Trucks	$67.50	$127.50
Large Trucks	$16.00/1,000 lbs.	$22.50/1,000 lbs.

This increase in registration fees plus associated bonding supported the $1.9 billion increase in funding over the five-year program period.

2007

In 2007, Maryland faced severe revenue shortfalls in both the General Fund and the Transportation Trust Fund (TTF). In response, Governor Martin O'Malley (D), in his first year in office, called the General Assembly into special session in November, 2007 for the single purpose of addressing the revenue crisis. The legislature adopted a series of measures to address the General Fund shortfall, the most significant of which was an increase in the state sales tax from 5% to 6%. The vehicle titling tax, which is credited to the TTF, is traditionally set in Maryland at the same level as the sales tax so this was also increased to 6%. This increase, in combination with a transfer of a portion of General Fund sales tax revenues and other miscellaneous measures, increased TTF revenues by an estimated $1.7 billion over the five-year program period.[1] (The General Fund sales tax transfer was reversed in the next legislative session, thus reducing the TTF revenue increase by approximately 20%.)

As in 2004, a key question for the Maryland State Highway Administration (MSHA) was the allocation of increased revenues between capacity and preservation and, again, MSHA presented an analytically-based case for the importance of preservation that proved to be convincing to decision-makers in the executive and legislative branches. Well over ½ of the new funding allocated to MSHA was dedicated to preservation of existing assets rather than capacity expansion, notwithstanding the fact that state legislators had to cast a highly-visible vote to increase taxes in support of the funding increase.

Maryland's Transportation Background

Created in 1971, the Maryland Department of Transportation (MDOT) enjoys a unique transportation financing structure. Alone among the 50 states, it has a multi-modal Transportation Trust Fund in which all transportation-related revenues (fuel taxes, vehicle titling and registration fees, transit fares, landing fees, marine terminal fees, etc) are deposited and then disbursed without restrictions associated with modal origin. MDOT is comprised of a secretary's office, five modal administrations (aviation, highways, motor vehicles, ports and transit) and a transportation authority.

MSHA's key interaction with the General Assembly is through the legislative budget subcommittees that review and recommend approval of MSHA's annual budget. Since the 1980s, MSHA has worked with the subcommittees to establish the principle of 'preservation first', that preserving the existing system should take precedence over the creation of new capacity.

MSHA's efforts were aided by the legislators' memories of the previous decade when Maryland had drifted away from this principle with serious consequences for the condition of the highway network. But it was also crucial to apply the principles of asset management (although it wasn't called that back then) to present data-based life cycle cost analysis that clearly demonstrated the economic benefits of system preservation. It was also important to consistently build this case year after year in a strategic context, using clear and compelling graphics that showed trend lines within Maryland as well as comparisons with other states using federally compiled data. Emphasis was on the condition of bridges and pavements. At annual budget hearings, presentations were focused on long-term asset condition with a particular year's budget request cast against a strategic backdrop. Along with graphics, verbal presentations were given in non-technical terms. Each year legislators would hear the analogies of "fixing a leaky roof before adding a front porch" and "pay me now or pay me later" comparing the need to maintain roads and bridges to the needs of maintenance for the family car. The term "deferred maintenance" was characterized as "neglect." And legislators would be reminded each year of road and bridge conditions in years gone by when preservation was severely under-funded.

An acid test for the preservation policy arrived in 1991 when a downturn in the economy and resulting curtailment of state revenues required the Administration to stop advertising new projects at the peak of a major capital program. Many of these projects had been promised to the legislature and the general public as part of a transportation revenue program and deferral was thus particularly sensitive. However, the General Assembly had become advocates of the preservation philosophy and the FY1992/93 budget reflected a 1/3 cut in capital programs and only a 5% reduction in maintenance.

Development

2004

In order to assess the need for (i.e., help build the case for) a transportation revenue program, Governor Robert Ehrlich (R) appointed a Transportation Task Force chaired by former Transportation Secretary William Hellmann and composed of 30 members, including five State Senators and five State Delegates. The initial thinking by the Governor, his Secretary of Budget and Management, Chip DePaula, and the Task Force chair was that the revenue program would be largely justified by major high-profile capacity expansion projects.

However, MSHA Administrator Pedersen challenged this premise, citing system preservation needs, as described above, and Maryland's long tradition of 'preservation first'. This case was made initially to the Secretary of Transportation Robert Flanagan (a member of the Governor's cabinet), then to Budget Secretary DePaula (another cabinet member) in a three hour meeting that thoroughly explored the rationale for an emphasis on system preservation.[2] These discussions proved successful and this approach was subsequently endorsed by the Task Force.

An important component of MSHA's approach to system preservation was an aggressive maintenance program. In discussing this program with decision-makers, the two examples most often cited by MSHA were:

- Pavements – a thin overlay program with interventions prior to the steep segment of the deterioration curve reduces long term preservation costs.
- Bridge decks – a 2" overlay five years prior to the customary intervention point extends deck life by 15 years.

Both treatments are challenging to justify to the public and their elected representatives since interventions occur before asset deterioration is noticeable to the casual observer. One of MSHA's key strategies in support of early intervention was to point to examples, including other jurisdictions, in which deterioration to pavements and bridges in particular has been very pronounced, with the argument that early intervention is necessary to prevent this situation from developing in Maryland.

Another key set of decision-makers were the House and Senate budget subcommittees with jurisdiction over the Department of Transportation. All were persuaded of the 'preservation first' logic and of the $1.9 billion of the revenue program allocated to MSHA over the five-year program period, over $1.0 billion was in the category of "minor projects", principally system preservation, safety and traffic operations.[3] Pedersen believes that the asset management approach was key to achieving this allocation. Equally important, MSHA had established credibility with the legislature that it had the ability to deliver the program of projects as promised.

Most legislators were content to reach a conclusion based upon the pavement and bridge examples noted above. However, the vice-chair of a key legislative subcommittee carefully reviewed every MSHA program in order to be assured that all resource allocation decisions were based on similar objective criteria and were not politically driven. The fact that the Governor was from one political party while the majority of the General Assembly was from the other heightened the need for reassurance on this point.

2007

In a departure from Maryland tradition, a "blue ribbon" task force was not appointed in connection with the 2007 transportation revenue program. This was the decision of the Secretary of Transportation, John Porcari, and was largely due to the fact that transportation revenue was incidental to the larger question of General Fund revenues, as discussed above.

Another difference from 2004 was that transit funding played a much more prominent role, reflecting the priorities of the new administration of Governor O'Malley. Since transit projects tend to be "lumpy", with a small number of high cost projects in a few jurisdictions, geographic equity became a key consideration for the highway component in order to balance the overall transportation program. This consideration aligned nicely with MSHA's emphasis on system preservation since such projects tend to be distributed relatively uniformly across the highway network. MSHA was proceeding with one major new capacity project at the time, the Intercounty Connector in suburban Washington, but this toll project was excluded from the revenue program in order to maintain geographic balance.[4]

The November, 2007 deliberations on a transportation revenue program was strongly influenced by the collapse of the I-35W bridge in Minneapolis[5], which had occurred only three months previously, on August 1st. There was strong legislative interest in providing sufficient funding to avoid a similar calamity in Maryland. This legislative interest manifested itself whenever MSHA considered posting weight restrictions on a bridge. Such a consideration would draw the immediate attention of legislators in the area who were concerned about what this might imply about the safety of the structure. Administrator Pedersen often used the 'baby boom' analogy in discussing this with legislators: the generation of bridges constructed in the 1950s was now approaching retirement age with attendant reduced functionality and increased expenditures required to keep it in good health.[6] For example, the percentage of state system bridges that were aged 50 years or older had increased from 18% to 31% since 1993 (the last time the state motor fuel tax had been increased).

Sponsors and Stakeholders

Gubernatorial Leadership

An aspect of particular note regarding the 2004 and 2007 initiatives is that they were championed by different governors of different political parties – Robert Ehrlich (R) in 2004 and Martin O'Malley (D) in 2007. It seemed that the principle of 'preservation first' in Maryland, grounded in compelling analysis consistently presented over many years in countless budget presentations, had taken root to the point that it transcended partisan boundaries.

Media and the Public

The leading media outlets in Maryland have traditionally been The Baltimore Sun and The Washington Post and both have been consistent supporters of increased transportation funding. However, it is fair to say that editorial attention is typically more focused on major capacity projects than on system preservation.

Similarly, polling by the American Automobile Association prior to the 2004 initiative indicated that 65% of respondents supported increased transportation funding, but the poll did not address the system preservation issue.

Stakeholders

The Maryland business community, led by the Greater Baltimore Committee and the Washington Board of Trade, are strong supporters of both increased transportation funding in general and MSHA's 'preservation first' philosophy in particular.

Within the Maryland highway construction industry, the attitude toward 'preservation first' was more ambivalent. As would be expected, the asphalt and bridge contractors were strongly supportive. At the same time, opinion among general contractors was divided.[7] However, these disparate views were generally expressed only within the industry and did not become divisive in discussions with the General Assembly.

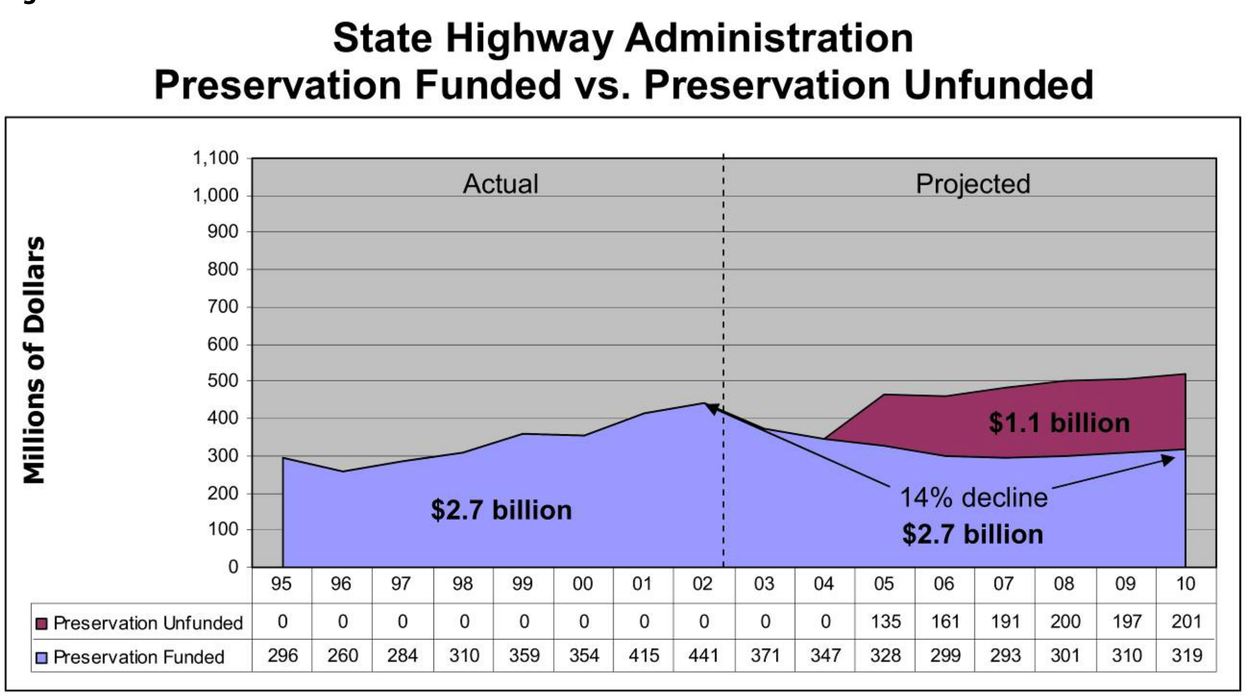
Communications/Marketing

In making the case for system preservation, MSHA prepared a series of materials for presentation to blue ribbon commissions, decision-makers in the executive and legislative branches, the media and the general public.

2004

In 2004, a projected shortfall of $1.1 billion was identified:

Figure 1



	95	96	97	98	99	00	01	02	03	04	05	06	07	08	09	10
Preservation Unfunded	0	0	0	0	0	0	0	0	0	0	135	161	191	200	197	201
Preservation Funded	296	260	284	310	359	354	415	441	371	347	328	299	293	301	310	319

The system preservation program was divided into four major categories for presentation purposes[8]:

- Safety and spot
  - Identify and address high hazard locations to reduce number and severity of accidents.
  - Reduce conflict points, coordinate traffic controls, improve turning geometrics, and improve traffic channelization.
  - Over the past ten years, State VMT has increased by more than six billion.
  - Safety improvement costs have increased due to the following:
    - 30% increase in materials and construction costs.
    - Escalating property values with corresponding increase in right-of-way costs.
    - Significant utility relocation in heavy populated urban areas.
    - American Disabilities Act (ADA) costs.
    - More stringent environmental regulations for drainage and storm water management.
  - Additional $105 million needed for FY 2005 – 2010.
- Resurfacing
  - Maintain acceptable ride quality/pavement condition and increase service life
  - Pavement network is aging. 77% of Interstate network constructed between 1950 and 1975; 80% of all state roads contain pavement layers at least 30 years old.
  - Aging roadways often require full depth pavement repair, substantial overlay and, in some cases, total reconstruction.
  - Attempting to reduce delay impact on the traveling public has increased maintenance of traffic costs.
  - Cost of liquid asphalt has increased 76% since 1999.
  - Traffic volumes have increased by 137% since 1970; truck volumes by 264%. This requires thicker pavements, thus increased costs.
  - Additional $266 million required for FY 2005 - 2010.
- Bridge replacement and rehabilitation
  - Upgrade/maintain bridge inventory so that there are no weight-posted or functionally obsolete bridges on the state system.
  - Combination of aging bridges, increased traffic, and increased truck traffic requires improvements to bridge system.
  - Work hour restrictions and maintaining maximum number of lanes has increased maintenance of traffic costs.
  - Environmental approvals have frequently lengthened structures and limited months worked.
  - Aggressive bridge overlay program needed to extend deck life to at least 40 years, compared with current 25.

- Some major bridge projects require significant expenditures.
- Additional $117 million required for FY 2005 – 2010.

- Intersection capacity improvement program
  - Reduce recurring traffic congestion at intersections.
  - Recognizing that roadway expansion needs greatly exceed available funding, program is needed to address congestion.
  - Over past ten years State VMT has increased by more than 6 billion.
  - Approximately 200 congested intersections operating at unacceptable levels of service.
  - Recognizing that Safety & Spot program had become totally focused on safety needs, this program was implemented at $5 million/year to address congestion.
  - This level of funding can only address a few intersections and is impacted by increased materials and construction costs, utility relocations in congested urban areas, right-of-way costs, and maintenance of traffic costs.
  - Additional $126 million is needed for FY 2005 – 2010.

2007

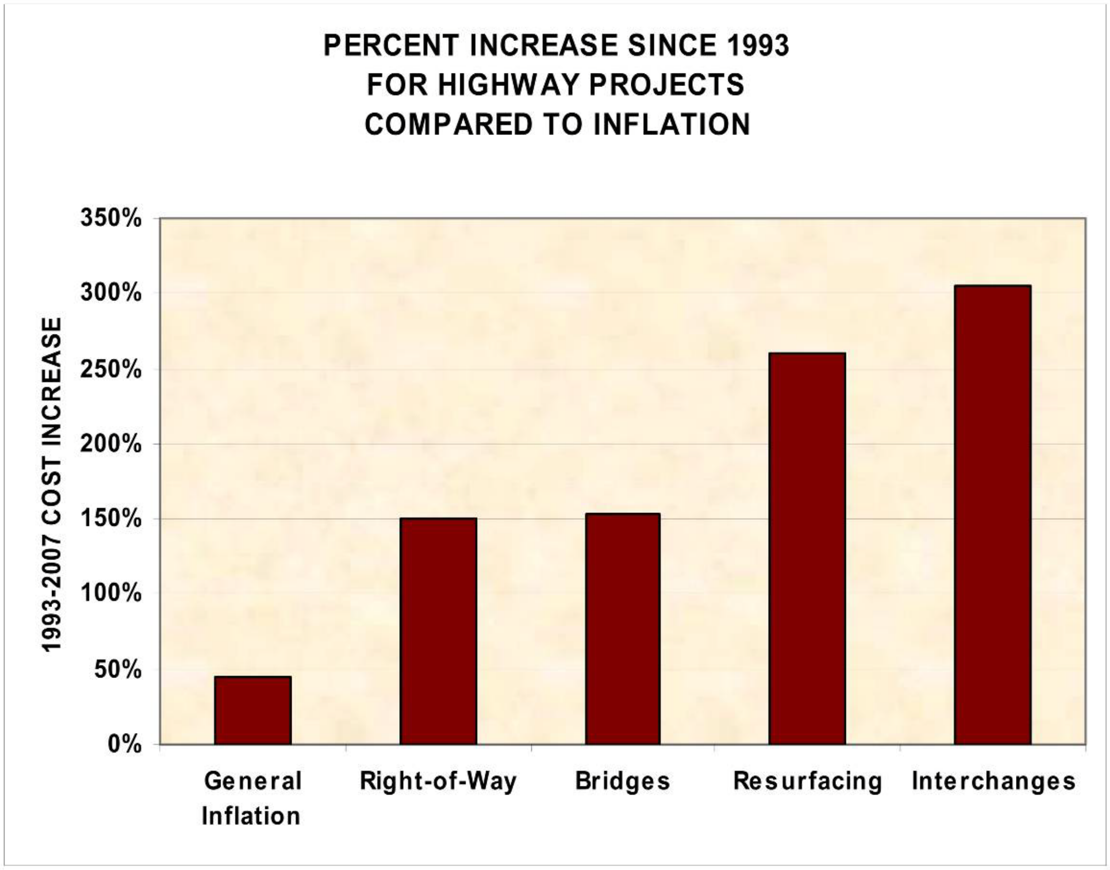
In identifying funding needs, MSHA[9] relied upon its asset management system to identify needed funding as compared with current, financially constrained targets in the five year capital program for various program categories (Table 2):

Table 2

Category	Five Year Target Level ($ million)	Five Year Need Level ($ million)
Legally Mandated Program Needs		
ADA compliance	$14.5	$28.2
Environmental compliance	$22.1	$22.1
Subtotal	*$36.6*	*$50.3*
Increased Operating Needs		
FY 2009-2013 need	$50.0	$113.3
Subtotal	*$50.0*	*$113.3*
Safety and Security Needs		
Crash prevention	$10.0	$11.0
Guardrail program	$8.0	$17.1
Safety and spot improvements	$10.0	$20.0
Traffic management	$61.0	$99.6
Coordinated Highways Action Response Team	$21.8	$24.3
Communications	$40.0	$50.0
"511"	$3.9	$3.9
Subtotal	*$154.7*	*$225.9*
System Preservation Needs		
Pavement surfacing and rehabilitation	$115.0	$240
Bridge replacement and rehabilitation	$120.0	$140.2
Buildings and facilities	$30.0	$65.5
Emergency needs	$9.0	$30.0
Equipment	$2.3	$4.6
Subtotal	*$276.3*	*$481.3*
System Enhancement Needs		
Community and safety enhancement	$0.0	$43.5
Sound barriers	$0.0	$12.9
Rest areas	$0.4	$9.8
Intersection capacity improvements	$0.0	$40.0
Environmental preservation	$0.0	$2.0
Subtotal	*$0.4*	*$108.2*
Large Bridge Project Needs		
Bridge project	$0.0	$126.0
Subtotal	*$0.0*	*$126.0*
Base Realignment and Closing (BRAC) Needs		
BRAC intersection improvements	$0.0	$125.0
Subtotal	*$0.0*	*$125.0*
Total	***$518.0***	***$1,230.0***

Another important element in MSHA's case for increased funding was the rapid increase in highway construction costs as compared with general inflation. 1993 was selected as the base year for this comparison since, as noted above, that was the last time the Maryland motor fuel tax had been increased:

Figure 2



	General Inflation	Right-of-Way	Bridges	Resurfacing	Interchanges
Percent Chg.	44%	150%	154%	260%	305%
1993	$1,000	$126,900	$80	$75,000	$28,505
Now	$1,442	$317,000	$202	$270,000	$115,501

Lessons Learned

Agency Credibility

The State Highway Administration has credibility with Maryland's elected leadership. MSHA is generally viewed as competent, responsive, and able to deliver. This credibility is by no means sufficient in making the case for funding system preservation as a priority, but it is absolutely essential.

Making the Case from within the Agency

Priority for system preservation has become ingrained within MSHA's core beliefs under a succession of Administrators dating back to the late 1970's. The working tools and level of effort required to substantiate preservation needs across asset categories is therefore a high priority on an ongoing basis. And a cadre of MSHA managers across the state, communicating with peers in industry, with the press and the public and with political leadership in their locale are able to convey a consistent and well established message about the importance of "preservation first."

Making the Case with Changing Political Leadership

Notwithstanding the fact that the 'preservation first' principle was well-established in MSHA, it was nonetheless necessary for MSHA and MDOT leadership to educate and persuade six Governors (and their senior budget staffs) during that same time period on the existence of this tradition and the economic reasons for it, and do the same for a succession of legislative leaders. State Highway Administrator Neil Pedersen, supported by successive Secretaries of Transportation, was able to make this case to initially skeptical leaders in both political parties for both the 2004 and 2007 revenue programs.

Making the Case Repeatedly, Strategically and in Clear Terms

Just as the need for system preservation is continuous and never-ending, Maryland's SHA makes the case for preservation funding in the same way. It is not the subject of intermittent studies, it does not ebb and flow. In Maryland, the case is made over and over again. A strategic asset management approach has proven essential, but it also needs to be continually updated and improved to meet evolving conditions. And the case needs to be made to each new generation of political leadership in a way that instills confidence in the technical rigor and validity, yet is conveyed in terms that are readily understood.

Project Specificity

A traditional component of the marketing for transportation revenue programs in Maryland has been that they will fund specified major capacity expansion projects. This was certainly the case in both 2004 and 2007, with highway projects emphasized in the former initiative and transit projects in the latter. However, for the funds allocated to system preservation (a majority of MSHA funding in both cases), specificity was at the program level rather than the project level. This is entirely appropriate and provides agency leadership with the necessary flexibility to adjust project selection in response to changing conditions and priorities.

Election Year Timing

Transportation revenue programs in Maryland are typically enacted near the beginning of the four-year election cycle, on the theory that this provides the maximum amount of time for taxpayer wrath to subside.[10] The 2004 and 2007 initiatives followed this practice with the 2004 program enacted in the second year of the four-year term of Governor Ehrlich and the 188 members of the General Assembly, while the 2007 program was enacted in the first year of the term for Governor O'Malley and the legislators.

Additional References

Maryland Department of Legislative Services, Fiscal and Policy Note, House Bill 1467. 2003.

Maryland Consolidated Transportation Program FY 2005-2010. 2004.

Maryland Consolidated Transportation Program FY 2009-2014. 2008.

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[1] Maryland Department of Legislative Services, Fiscal and Policy Note, House Bill 5. 2007.

[2] Interview with Pedersen, Neil (Maryland State Highway Administrator). April 22, 2009.

[3] In fairness, it should be noted that the balance of the program funded several major capacity projects that were quite significant in securing legislative approval.

[4] Pedersen interview.

[5] Pedersen interview.

[6] Pedersen interview.

[7] Pedersen interview.

[8] Maryland Transportation Task Force, Presentation for Public Hearing. October 2003.

[9] Summary of SHA Funding Needs. October 2007.

[10] One notable exception was a major program including a motor fuel tax increase that was adopted in the 1986 election year and actually became an important element in Governor Harry Hughes' re-election campaign.

Minnesota Transportation Revenue Program Case Study

Determination from legislative leaders and industry-led sponsors overcame staunch opposition from the state's Governor to pass this historic tax-driven funding increase

Background

Initiative Description

During the 2008 session of the Minnesota legislature, a comprehensive transportation funding package (Chapter 152 Funding Bill), anchored by a 25 percent increase in the state motor fuel tax, was passed by legislative override, despite the Governor's veto. For the first time since 1988, the motor fuel tax was increased by 5 cents, from 20 cents to 25 cents, in two steps. On April 1, 2008, the motor fuel tax was increased to 22 cents, and on October 1, 2008, it was increased by another 3 cents. Several other components of the funding package included:[1]

- $1.8 billion in bonding authority from FY 2009 through FY 2018 for trunk highways, which comprise Minnesota's state highway system and include interstates
- 3.5-cent surcharge on the motor fuel tax for trunk highway bond debt service according to following schedule:
  - FY 2009 0.5 cent
  - FY 2010 2.1 cents
  - FY 2011 2.5 cents
  - FY 2012 3.0 cents
  - FY 2013 3.5 cents
- $50 million in general obligation (GO) bonds for local bridges and $10 million in GO bonds for local roads
- Modification to vehicle licensing laws including eliminating the cap on license tab fees (annual vehicle registration fees)
- Dedication of the sales tax on leased vehicles to Greater Minnesota and local roads (see the following section a definition of Greater Minnesota)
- Authorization for seven counties in the metropolitan region to impose a ¼ percent sales tax for transit
- Authorization for counties in Greater Minnesota to impose a sales tax of up to ½ percent for transportation
- Modifications to transportation funding distribution formulas among regions and programs

This funding package is estimated to generate nearly an additional $6.5 billion over 10 years.[2] This increase represents an annual funding increase of about 50 percent over current levels, from about $1.3 billion to nearly $2 billion annually, one of the largest percentage increases in recent national history.

Minnesota's Transportation Background

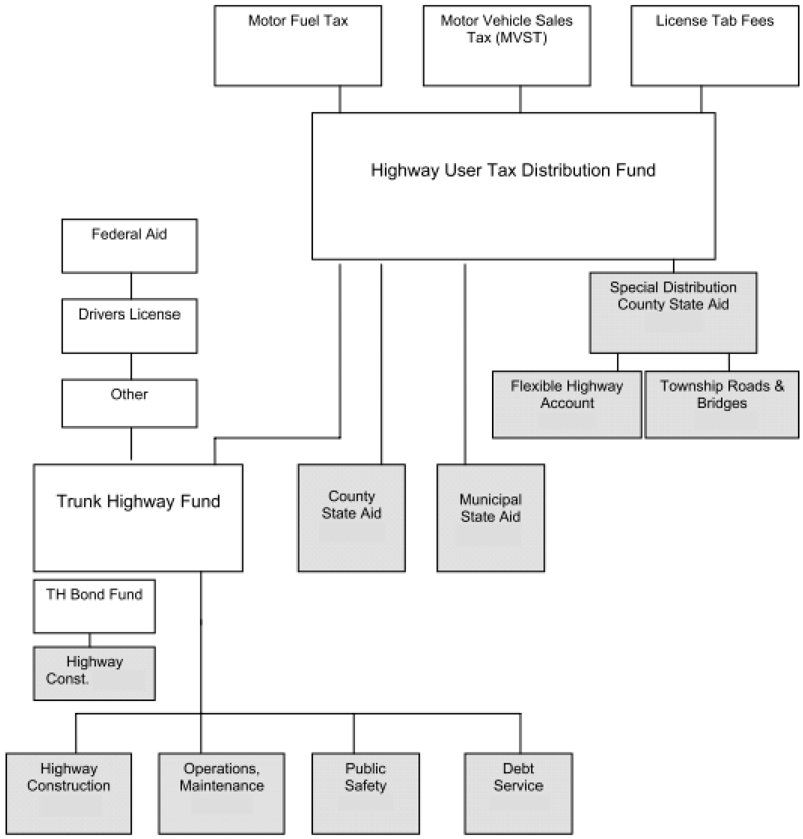
Minnesota is geographically divided into two regions—the Twin Cities (Minneapolis and St. Paul) metropolitan region and Greater Minnesota. Its transportation system includes roadways, bridges, transit systems, freight rail, and air and water facilities. Its roadways consist of:

- Trunk Highways – 29,227 lane miles, including interstates
- County Highways – 91,072 lane miles
- City Streets – 44,855 lane miles
- Township roads – 112,973 lane miles

Within these four categories, Minnesota has 19,155 bridges and culverts crossing its many lakes and waterways.[3]

Constitutionally mandated funding for state roads and bridges dates back to the end of the 19th century. Currently all state funding originates from the Highway User Tax Distribution Fund, which receives collections from the motor fuel tax, sales tax on motor vehicles, and license tab fees (see Figure 1). Monies from the fund are divided 62 percent to Mn/DOT for trunk highways (which is also funded through federal aid), 29 percent for county state aid (covering a subset of county highways), and 9 percent for municipal state aid (covering a subset of city streets).

Figure 1



Source: Minnesota Transportation Alliance

Development

Demonstrated Need

Like many metropolitan regions in the U.S. over the past 40 years, the Twin Cities metropolitan area has experienced marked population and workforce growth (especially among women), significant increases in auto ownership, and increased suburbanization and decentralization. These trends have culminated in greater vehicle miles traveled on a roadway system that has seen comparatively little expansion, often inadequate maintenance, and a funding system compromised primarily of the motor fuel tax's decreasing purchasing power due to inflation.[4] To an extent, these trends also apply to the less urbanized and rural areas of the state. Additionally, across the entire state, its vast system of bridge infrastructure has felt the demands of underfunded maintenance and rehabilitation needs.

Within the metropolitan region in 2000, 60 percent of the region's highways were found to be congested, and a 2003 Metropolitan Council survey of area residents found traffic congestion to be the number one concern, ahead of crime, education, and housing.[4] About the same time in 2004, Mn/DOT produced a needs study identifying a significant gap between existing resources and those required to bring the performance of the trunk highway system to the level of established criteria. The most recent Mn/DOT estimates of unfunded transportation needs across the state examine the period from 2008 through 2020. These estimates cover the costs of maintaining the existing system in good condition and meeting some new demand, and do not take into account the funding increases of the 2008 package:[2]

- Trunk Highway – $23.6 billion
- County Highways – $6.3 billion
- City Streets – $4.6 billion
- County/City/Township Bridges – $2.5 billion

In 2003, Governor Pawlenty had supported $400 million in advanced federal funding and $400 million in bonding for highways through 2006, but by the end of that period, the encumbered federal funds left little funding for counties. Essentially, no significant increase in funding for transportation had occurred since 1988 when the motor fuel tax was raised from 17 cents per gallon to 20 cents per gallon.

Initiative Development

Significant development of the 2008 funding package dates back to 2005. During that year's legislative session, in the face of the state's growing needs and the advancement of congestion and road condition as the primary concern among its citizens, a comprehensive package was proposed in the Republican-controlled Minnesota House. The proposal included a two-phase 10-cent increase in the motor fuel tax, $1 billion in trunk highway bonds over 10 years, and authorization for a ¼ percent sales tax for transit in the metropolitan region, among other provisions.[5] The proposal was eventually vetoed by Governor Tim Pawlenty, who had been disinclined to increase taxes. However, the phasing in of the full dedication of the motor vehicle sales tax (MVST) on vehicles to transportation (previously it had been about 58 percent) was also a provision of the 2005 funding package. Because it was included in that bill as a constitutional amendment, it was not affected by the Governor's veto and was approved by the voters in November 2006. The expected increase to highways and transit when the dedicated sales tax is fully phased in by FY 2012 is nearly $300 million per year.[5]

During the 2007 legislative session, another comprehensive bill originated, this time in the DFL-controlled Senate. (The Democratic-Farmer-Labor [DFL] Party in Minnesota is a major political party affiliated with the national Democratic Party—in 2006, the Minnesota House also was majority-controlled by DFLers.)

In March of the 2007 legislative session, the Senate and the House passed a transportation funding bill that included a 10-cent increase in the state motor fuel tax and a ½ percent sales tax authorization for Greater Minnesota, among other provisions.[6] The Governor and many Republicans voiced their opposition to the tax increase, with the Governor preferring to generate new funding through increased borrowing. During a May 2007 Senate-House panel session, the tax increase was reduced to 5 cents and $1.5 billion in bonding backed by up to a 2.5-cent fuel surcharge was added to the bill in attempt to attract greater legislative support to override a likely veto by the Governor.[7] The amended bill was vetoed by the Governor who called it an "unnecessary and onerous burden on Minnesotans that would weaken [the] state's economy."[8] A subsequent veto override failed by seven votes in the House.

Following the finalization of the FY 2008 budget, only three months later, on August 1, 2007, the collapse of the I-35W Bridge over the Mississippi River in Minneapolis captured state and national headlines and brought transportation funding back to the forefront of public debate. Three days later, it was reported that Pawlenty considered the bridge collapse an indication that increased funding for transportation was clearly needed, that he would consider an increase in the motor fuel tax, and that all options for funding were on the table.[9] Pawlenty later clarified he could support a motor fuel tax increase of 5 cents if it were temporary or offset by cuts in other taxes.[10] Also in the immediate aftermath, there was discussion of holding a special legislative session in the fall to consider a funding bill, but a lack of consensus on an agenda ahead of time derailed the effort.

DFLers rapidly reintroduced a comprehensive funding plan similar to the failed 2007 package when the 2008 legislative session opened on February 12, 2008, ignoring the Governor's January proposal of about $416 million in bonds for accelerated road and bridge projects.[11] The bill was quickly passed and again vetoed on February 21. However four days later, the override succeeded, this time with one vote to spare in the House.

Sponsors and Stakeholders

Legislative Leadership

Strong leadership from the Minnesota House and Senate contributed to the success of the 2008 funding initiative. Notable champions included Representative Bernie Lieder (DFL-Crookston), chairman of the House Finance Subcommittee: Transportation Finance Division, and Senator Steve Murphy (DFL-Red Wing), chairman of the Senate Transportation Committee.

Additionally Representative Ron Erhardt (R-Edina) played a critical role. As former chairman of the House Transportation Policy Committee in 2003-2004 and House Transportation Committee in 2005-2006 (prior to the change from a Republican to DFL majority caused by that year's election), Erhardt authored transportation funding bills in 2003 and 2005. The former failed to advance out of committee, but the latter became the first motor fuel tax increase to pass the House since 1988. By meeting with transportation interests outside the capital, Representative Erhardt began to employ the consensus building strategy that ultimately prevailed in 2008. As discussed previously, the funding increases in the 2005 bill set the stage for the 2007 bill and, ultimately, the successful 2008 legislation. Erhardt was a key Republican supporter of the two later measures as well, one of six Republican House members in 2008 who voted to override the Governor's veto.

Transportation committee leaders in the Senate and House also championed the funding increases in 2007 and 2008. Going into the 2008 legislative session, Senator Murphy was determined to push a motor fuel tax bill through the Legislature, following the narrow failure of the proposal in 2007 and the aftermath of the I-35W Bridge collapse. Reporting on an interview with Murphy before the start of the session, the *St. Paul Pioneer Press* noted that Murphy did not want a funding increase proposal whittled down by the Governor and was confident in overriding a likely veto. Murphy's intentions, after the passage of a funding bill, also included voting on removing Lt. Governor Carol Molnau from her post as commissioner of Mn/DOT because of perceived mismanagement and her opposition to funding increases.[12]

Perhaps more significantly, Representative Lieder helped lead the charge in the House where the critical override vote lay—DFLers held a two-thirds majority in the Senate, enough to override a veto without Republican participation. Formerly a chief highway engineer, Representative Lieder has been in the Legislature since 1984. His concern over Mn/DOT reducing its responsibilities and not asking for increased budget was reported in the *Pioneer Press* prior to the 2008 legislative session. He felt the privatization of services, such as pavement restriping, and reduction in staff was not cost-effective. He expressed concern that top management personnel were inexperienced political appointees, including its commissioner, Lt. Governor Molnau.[13]

Finally, the Speaker of the House, Margaret Anderson Kelliher, also galvanized support for the bill in the House by bringing up the issue of transportation funding early in the 2008 legislative session and setting the tone for legislative agenda. Near the time of the override vote, she also succeeded in earning the support of the Chamber of Commerce who had sided with the Governor in opposing a motor fuel tax increase after it had supported the dedication of the MVST in 2005.[14]

Mn/DOT

An auditor's report released in February 2008, between the passage of the 2008 transportation funding bill and the Governor's veto, concluded that Mn/DOT had not met its "preservation first" policy, with over half of trunk highway construction spending having gone toward system expansion since 2002. Additionally, Mn/DOT had been consistently scheduling more projects than it could afford and often relied too heavily on financing new construction with bonds. Since 2002, the report found that Mn/DOT had not met its goal for maintaining roads in good condition, with planned spending on road and bridge upkeep only half of what was required.[3,15]

Much of this criticism for Mn/DOT's performance was directed at its commissioner. Formerly a member of the House and a Transportation Committee chair, Lt. Governor Carol Molnau was appointed Commissioner of Mn/DOT by Governor Pawlenty but ended up caught between running Mn/DOT on a tight budget and being supportive of the Governor's anti-tax position. She was criticized over the use of existing funding—while not supporting increases for her own department—and over the I-35W Bridge collapse.[16] Her refusal to meet with contractors eager to press upon her the need to increase transportation funding engendered a poor relationship within the industry.

To an extent, she had been successful at deflecting criticism, but Senate DFL leaders had promised to remove her from her post following the passage of a funding bill in 2008.[16] The Senate Transportation Committee followed through and voted to remove her three days after the veto override at the end of February 2008.

Despite a lack of faith in Mn/DOT's leadership during the Pawlenty administration, Mn/DOT's reputation did not unduly derail the effort to pass the 2008 funding package and entrust the Department with significant new resources. Politically, the promise to remove Molnau from her post helped alleviate concern over Mn/DOT's leadership if the funding increase was approved. Perhaps more significantly, the positive reputation of its rank-and-file members as solid engineers and planners helped buoy the Department despite the turmoil at the top. When interviewed, Representative Lieder and former Representative Erhardt confirmed the Legislature's confidence in the abilities of Mn/DOT's staff.

Stakeholders

Minnesota Transportation Alliance

The Minnesota Transportation Alliance was an active proponent of the 2008 transportation funding package through lobbying efforts, public education, and advertising. The Alliance is a public interest group that acts as an advocate, partner, and information source for transportation issues within the state. Its members, who include businesses, labor organizations, the transportation industry and local governments, work with industry, elected officials, advocates, and government entities. They lobby St. Paul and Washington DC for increased investments in transportation, organize community groups to gain specific improvements' programming and financing, and gather and disseminate relevant legislative information among its constituents and the public.

Progress in Motion

A specific public relations effort led by the Transportation Alliance called Progress in Motion (PIM) helped advocate for a permanent increase in funding for transportation.

Following the 2006 passage of the constitutional amendment dedicating all MVST to transportation, PIM evolved from a group called Minnesotans for Better Roads and Transit and began to advocate for a comprehensive package like the one proposed in 2005 that accompanied the amendment. Notable members of PIM included representatives of the road building and other related industries, including members of the Associated General Contractors (AGC) of Minnesota. PIM also hired lobbyist and consultant Jim Wafler who was instrumental in successfully spreading the message about the proposed funding package and working between the Legislature and the public in building its support. His activities are discussed further under Marketing Tools.

Grassroots Efforts

Grassroots support for the funding package came in large part from the nonprofit Transit for Livable Communities (TLC). Since 1996, TLC has advocated and organized support for a "balanced transportation system that encourages transit, walking, bicycling, and thoughtful development."[17] Compared with well funded industry groups and lobbyists, such as members of Progress in Motion, TLC worked within a small budget, using its action network to meet with legislators to support the bill and to secure dedicated funding for transit and strong community support for the Hiawatha light rail line in Minneapolis.

Media

The major metropolitan newspapers, the *Star Tribune* (Minneapolis), and the *St. Paul Pioneer Press* ran editorials in favor of the funding package. Editorial boards of the 12 daily newspapers outside the metro area, which also were generally Republican, uniformly published positive editorials as well.

Opponents

Governor Tim Pawlenty has been a staunch anti-tax leader, vetoing all three major motor fuel tax proposals in 2005, 2007, and 2008. While acknowledging the need for addressing transportation funding inadequacies over this period, his position typically leaned toward a more measured approach centered on raising funds through bonding. For the 2008 legislative session, it was reported that Pawlenty's strategy was to be passive when it came to transportation, thinking that in the past competing proposals from the Governor's office and the Legislature have clashed without results. The Governor was expected to let the Legislature make their proposal and then negotiate a deal from there. A motor fuel tax increase would be under consideration if offset with other tax cuts.[18]

The Chamber of Commerce, representing numerous state businesses, sided with the Governor and opposed increasing taxes, but was persuaded by the Speaker of the House to support the initiative very close to its eventual passage. Other opponents that did not factor as significantly as the Governor's Office included Senate and House Republicans that supported the Governor and voted to support his veto. Additionally, the Taxpayers League of Minnesota, led by former Republican House member Phil Krinkie, opposed the funding measure on budgetary grounds, but did not have significant funding to mount a serious challenge.

Communications/Marketing

Package Considerations

Equity

Several equity considerations factored into the formulation of Minnesota's 2008 transportation funding package. The measure contained considerations to help bridge the divide across traditionally problematic equity concerns in the state. Specific to transportation, these concerns included geographic equity among rural and urban residents and modal equity among users of transit and highways. A "strategic industry perspective" held by members of PIM was that they felt that rather than parse out a funding package and pit factions against one another, it was instead preferable to increase the size of the overall package and accommodate all concerned parties to build broad-based support.[14] In this manner, transit received a dedicated funding source (the option for the seven-county metro area to enact ¼-percent sales taxes) to balance funding for highways. This provision built on the 2006 dedication of the MVST to transportation, which had contained a provision directing not less that 40 percent of receipts to transit. Directing greater funding to transit also helped ease the battle between rural and urban areas, as the former tended to prefer funding highways, while the latter sought greater transit funding. A distribution formula for state aid to highways was also altered by the funding measure to better favor growing rural counties.

Earmarking

Earmarking, the widely used and oft-criticized means of legislatively directing funding to specific projects, historically has not had great prevalence in Minnesota, especially with transportation. Traditionally in Minnesota, this fiscal strategy has been eschewed in favor of reliance on a structured planning process and allowing Mn/DOT, counties, and municipalities to direct their allotted budgets the best ways they see fit. Constitutionally protected funding sources and formulas have guaranteed well understood and relatively predictable funding streams, even if overall budget levels had been lacking.[19,20] As Representative Lieder described it, legislators prefer to avoid the "political arm" from raking over the budgetary process. This phenomenon certainly aided in the approval of significant increases in taxes and fees without relying on a prescribed menu of projects to be funded with new revenues.

One minor exception to this policy approach became part of the negotiation over the 2008 legislation. To help secure the vote of one particular House Republican, particular language was used in the bill to narrowly restrict certain highway funding. In this manner, essentially only one route meeting this criterion would be eligible to receive the funding. This particular route was located in the key Republican's district, and effectively its funding acted as an earmark. According to Representative Lieder, this stipulation was insisted upon by House leadership as a part of the effort to guarantee enough Republican votes for the expected veto override.[20]

Election Year

The Minnesota House of Representatives, which is elected biennially, was up for reelection in 2008. This factor may have been a disadvantage for proponents seeking to override the Governor's promised veto. Republican representatives from conservative districts in the state may have been resistant to side with DFLers and oppose the Governor during a reelection campaign. In retrospect, it is not clear that Republicans who voted for the override harmed their reelection chances with that decision. Of the six Republicans who voted with all DFLers for the override, two did not seek reelection, two were reelected, and two lost their seats. (All but three DFLers who ran for reelection held their seats.) One of the two defeated was Representative Erhardt, who having supported the measure, drew competition from a fellow Republican and ran unsuccessfully as a "moderate independent". On the other hand, there is some belief that voting against the bill and the override contributed to the defeat of at least one House Republican, because contractors in his district eager for increased business opportunity in their industry opted to support his opponent.[14]

Federal Funding

Federal funding was not generally a consideration in formulating the transportation funding package. There was some expectation that Representative James Oberstar's appointment as chairman of the U.S. House Transportation and Infrastructure Committee in 2007 would result in increased federal funding to the state and his district. Some concern arose over the potential need to direct state funding to provide supplemental funding for projects with federal earmarks. Proponents of the state transportation funding package also worried that Republicans would be disinclined to support the measure thinking that Oberstar would facilitate increased federal assistance to Minnesota, diminishing the need to implement increased state funding. Nonetheless, these concerns did not materialize into actual stumbling blocks to the success of the funding initiative.

Marketing Tools

Progress in Motion

PIM evolved from an earlier campaign orchestrated by a coalition called Minnesotans for Better Roads and Transit (MBRT) that had successfully passed the full dedication of the MVST to transportation during the 2006 General Election. MBRT was assembled and led by the AGC of Minnesota and was the largest coalition formed for a public policy issue in the history of the state, comprising over 1,200 businesses and organizations. After the approval of the MVST ballot measure, MBRT evolved into Progress in Motion to continue its transportation funding advocacy and promote a comprehensive funding package like the one vetoed by the Governor in 2005. PIM's members had the experience of running a successful campaign, where it had raised $3.5 million over 20 months, and as the AGC describes it, took a "complex pubic policy issue and cleverly package[d] it around a marketing icon (the state license plate) and a straightforward message."[21]

Beginning early in 2007, PIM began a public relations campaign to inform voters of the necessity of new transportation investments, and in turn, to press upon their state representatives to support such an initiative. Members of PIM met with legislators on a weekly or biweekly basis, which helped form a continuous dialogue between lawmakers and proponents for transportation funding. Other key PIM activities included research, advertising, and polling.[19] PIM lobbyist Jim Wafler was instrumental in managing its interaction with legislators, including meeting with key Republicans whom they targeted as likely supporters to override the Governor's veto. Mr. Wafler, a former chief of staff to three Speakers of the House, was in charge of the "hard count" in the House, determining precisely the number of legislators that could be relied upon to vote to override the veto. His other duties included numerous community-level speaking engagements, helping to draft letters to the editor, and promoting company activism and interaction among members of the Legislature.[14]

Importantly, PIM's efforts extended beyond traditional transportation circles. Non-transportation interest groups across the state were brought on board to support the package. Among them were agricultural commodity groups who rely on county roads and state highways to ship their goods to markets. Other groups included religious organizations with particular interest in transit, as well as environmental groups seeking system efficiencies and modes and technologies to reduce pollution.[19] Overall, PIM was successful at creating a broad coalition among various interest groups, including contractors, unions, producers, businesses, and local governments. These participants in turn generated local support for the measure.[14]

Overall, PIM raised and spent about $5 million on the marketing campaign for the funding package. Most of the money came from contractors, but from suppliers, the engineering community, unions, and individual businesses as well. It had hired a Virginia-based marketing firm, which Jim Wafler credited with a successful marketing effort. The campaign budget was largely spent on targeted radio advertisements, but included other media such as strategically placed billboards along the detour route for the I-35W Bridge.

Lessons Learned

Determination from legislative leaders and industry-led sponsors overcame staunch opposition from the state's Governor to pass this historic tax-driven funding increase.

Those interviewed for this funding initiative uniformly agreed they would not have done very much differently. They felt the measure, its development, and campaign were very successful. Credit was attributed to the strong leadership in the House and DFL caucus that built on the groundwork laid in 2005 by Ron Erhardt and other supporters of that year's attempt at passing a funding bill. The 2005 passage of the constitutional amendment dedicating 100 percent of the MVST to transportation galvanized the efforts of Progress in Motion and the DFL caucus to attempt to pass a comprehensive funding package again in 2007 and 2008.

It should be noted that the collapse of the I-35W Bridge between the unsuccessful 2007 bill and the ultimately successful 2008 bill certainly did contribute to its passage. However, the event was less of a necessary turning point than an unfortunate coincidence, having occurred during a period of newly heightened awareness of adequate bridge maintenance. Mn/DOT's ongoing bridge inspection process, in accordance with federal National Bridge Inspection Standards, was being undertaken on one or two year intervals, depending upon the bridges' condition. A March 2007 inspection report revealed 70 fracture critical bridges throughout the state—those bridges that are at risk for collapse if one of their load carrying components fails. Several bridges had been closed on an emergency basis for repairs prior to the I-35W Bridge collapse. However, the final National Transportation Safety Board report on the collapse indicated the cause as a design flaw—an undersized gusset plate—and that maintenance was not a factor.

Regarding the public campaign, Mr. Wafler felt that the budget was well spent and the message was clear and focused. In retrospect, he would not have invested in polling, as the results proved not to be particularly helpful, especially given the relatively high cost. Focus groups, on the other hand, were successful in formulating the campaign message for the funding initiative. Additionally, he would seek broader-based support beyond the participation in PIM, engaging other entities such as transit interests and local big businesses (e.g. Target and Medtronic), even if their contributions would have been comparatively small.

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New York City Congestion Pricing Program Case Study

"…the failure has to do as much with political chemistry and personalities as the substantive merits of the pricing proposal" —Ken Orski

Background

Initiative Description

Congestion pricing in New York City was an unsuccessful attempt in 2008 at charging motorists a fee to enter the busiest portion of Manhattan during the workday. The initiative was championed by Mayor Michael Bloomberg in an effort to reduce congestion in New York City and generate funding for citywide transportation improvements, mainly involving mass transit. The plan was one of 16 transportation initiatives laid out in the Mayor's sustainability plan for 2030, PlaNYC, unveiled in April 2007. It was clearly the most visible and widely debated of all of the proposals included in PlaNYC.

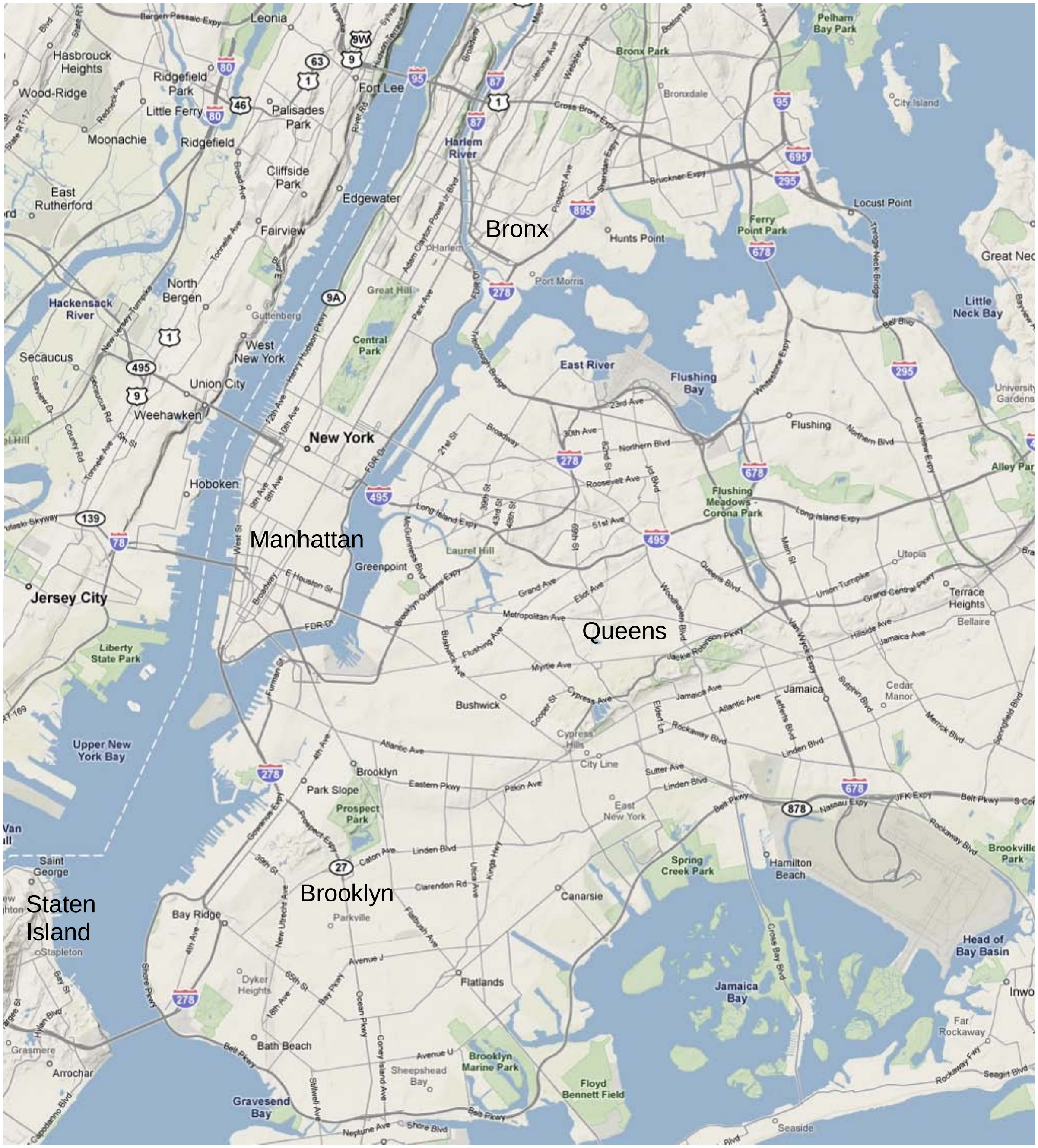
Once implemented, congestion pricing was estimated to generate $420 million per year in revenue that would have been reinvested in transportation improvements, especially in areas underserved by transit. Had it been approved by March 31, 2008, New York City would have received a $354 million grant through the USDOT's Urban Partnership Agreement program, the majority of which was intended to fund complementary transit improvements including express bus service, bus rapid transit routes, dedicated bus lanes on bridges, and new ferry service.

Legislative approval at the state level was required to implement congestion pricing, granting New York City the authority to levy the charge. However, citing a lack of support for the plan within the State Assembly, the Speaker decided not to call for a vote on the proposal, effectively killing it.

New York City's Transportation Background

The five boroughs that comprise the City of New York (Figure 1) are served by a vast network of roadways, bridges and mass transit facilities, including a subway and bus system and three commuter rail lines. Most New York City transit services as well as toll bridges and tunnels within the City are operated by the Metropolitan Transportation Authority (MTA). Intercity rail, other bus service, and ferry service also play important roles in the region's transportation system. The Port of New York and New Jersey Authority operates transit as well as bridge and tunnel facilities that connect the two states. Bringing the City's transit system fully into a state of good repair and expanding and improving transit services to serve growing population and employment that the City is expecting have been important goals of the current mayor, as outlined in his 2030 sustainability plan, PlaNYC.

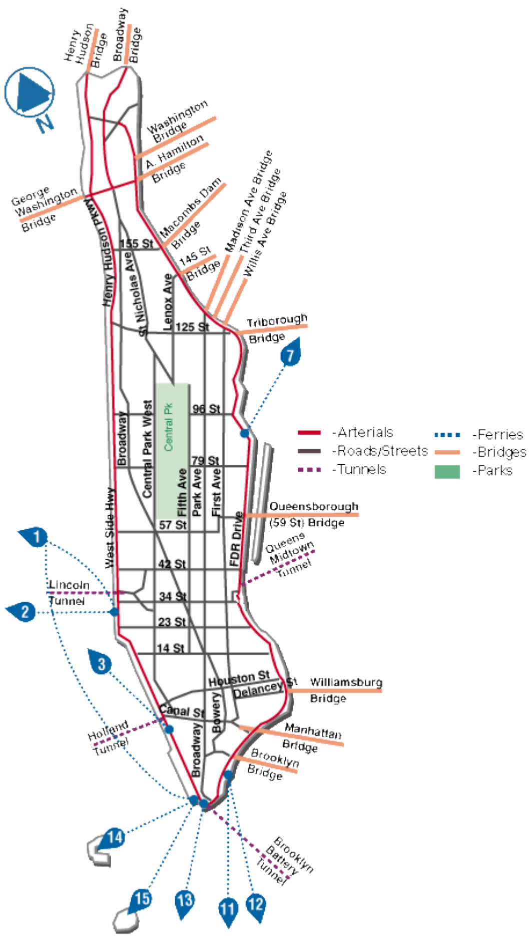
Figure 1



Source: Google

The borough of Manhattan is a 23-square mile island situated between the Hudson and East Rivers, primarily laid out on a grid street pattern (Figure 2). Its region below 60th Street, roughly the lower geographic half of the island, is considered the central business district (CBD) of New York City for the purposes of the congestion pricing scheme. The CBD is connected to the State of New Jersey to the west via two toll tunnels, to the borough of Brooklyn to the southeast via one toll tunnel and three untolled bridges, and to the borough of Queens to the east via one tolled tunnel and one untolled bridge. These bridges and tunnels and the street connections across 60th Street represent the cordon of the congestion pricing plan across which the charge would have applied.

Figure 2



Source: NYCDOT

Traffic congestion in the CBD has become worse over the past 15 to 20 years despite dramatic improvements to mass transit. The City began heavily reinvesting in its transit system in the early 1980s. Although auto commuters represent only 16 percent of those who entered the CBD in 2005, over 800,000 total vehicles entered Manhattan on a typical weekday that year, with more than 274,000 workers commuting by car in 2000. Heavy congestion on the bridges and tunnels increased from seven hours to 10 hours per day from 1990 to 2005, representing a spreading of the "rush hour" across the entire workday. Average speeds in the CBD as measured by GPS data from taxis were 8 MPH in late 2007.

New York City is currently the second most congested city in the U.S. according to the Texas Transportation Institute.[1]

With an estimated 1 million more residents and 750,000 more jobs expected by 2030 in New York City, increased investments in transit have been called for, even beyond those projects already funded and under construction.[2] Finding ways to reduce congestion on city streets and highways, bridges and tunnels and on heavily used transit lines, as well as ways to raise sufficient revenue in support of ongoing operations, maintenance as well as expansion of transit services, are compelling priorities for New York City's transportation system.

Development

Initiative Development

In May 2006, USDOT introduced its *National Strategy to Reduce Congestion on America's Transportation Network* as a new and comprehensive way to reduce congestion on U.S. roadways, rail networks, airports, and waterways. The Urban Partnership Agreement (UPA) program is one component of this effort by which USDOT partners with metropolitan regions in the country to pursue one of its so-called "4T" strategies of congestion reduction: tolling, transit, telecommuting, and technology. Cities selected through an application process for partnership status receive priority consideration for available federal discretionary funds across a dozen programs. Applications were solicited in December 2006 and submitted by the end of April 2007.[3]

In that same month, on April 22, 2007, New York City Mayor Michael Bloomberg unveiled PlaNYC, a broad initiative outlining efforts for the city's sustainability through 2030. The plan's goals were to enhance New York's urban environment by focusing on five key dimensions—land, air, water, energy, and transportation—to increase quality of life and reduce greenhouse gas emissions. PlaNYC's transportation component focused on reducing congestion by adding mass transit capacity and achieving a state of good repair for the city's roads, subways, and rails. One of 16 transportation initiatives was a proposed three-year congestion pricing program, charging drivers a fee to enter Manhattan below 86th Street to achieve a predicted 6.3 percent reduction of traffic within the zone and raise an estimated $420 million annually.[2] (The congestion zone is shown in Figure 3 under its final, modified form.)

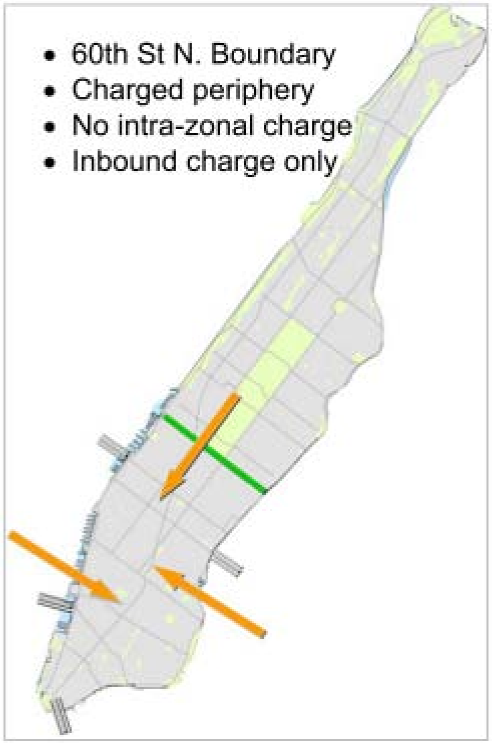
New York City had applied to the UPA program, presenting congestion pricing as its applicable strategy for congestion reduction. The city was among nine metropolitan regions chosen by USDOT in June 2007 as preliminary finalists for a UPA grant, but was cautioned that without the necessary state legislative approval in place by August, final selection and the funding could be in jeopardy.[4] Mayor Bloomberg fought for legislative approval at end of the 2007 state legislative session, but came up against strong opposition from outer borough state legislators as well as members of the City Council who felt the plan would harm their constituents. They believed transit would still not be a viable option for some, placing the financial burden on those commuters. Concerns also arose from predictions of worsened congestion and pollution near the zone's periphery due to park-and-ride activity on city streets.

The plan won the support of the Governor and other key elected officials including the State Senate Majority Leader, the City Council's Speaker, and the Manhattan Borough President. Although legislative approval was not granted, with the help of the Governor, a compromise agreement establishing a 17-member Traffic Congestion Mitigation Commission (TCMC) was reached in July. The commission was tasked with studying not only the Mayor's congestion pricing proposal, but other strategies to achieve a similar measure of congestion relief.[5]

USDOT awarded New York City a $354 million UPA grant in August 2007, but made it contingent upon City Council and State Legislature approval of the congestion charge by March 31, 2008. Additionally, only $10 million of the grant could have been used to implement the congestion pricing scheme (primarily because of constraints on the sources of federal funds comprising the grant), with the vast majority of the money stipulated for the plan's complementary transit improvements.[6] The city would have had to fund the estimated $223 million cost for congestion pricing system separately.

At the end of January 2008, the TCMC released its report evaluating the Mayor's congestion pricing plan, an alternative version of the plan, and three other traffic mitigation schemes. The commission voted to recommend the alternative congestion pricing plan, which incorporated several modifications to the Mayor's proposal. The major changes included charging inbound travel only, not including an uncharged periphery route within the zone, not charging for intra-zonal trips, and shifting the northern border from 86th to 60th Street (Figure 3). Predicted congestion reduction was 6.8 percent (compared to 6.7 percent under the Mayor's proposal using revised travel demand modeling) and annual revenue generation was estimated at $520 million.[1] Unchanged components of the plan included: the basic daily fees of $8 for auto users and $21 for truck users, weekdays from 6 AM to 6 PM; a credit for tolls paid in crossing a tolled bridge or tunnel into Manhattan; and barrier-free toll collection, either through the E-ZPass electronic transponder system or a camera-based license plate recognition system.

Figure 3



Source: TCMC

A decision on congestion pricing's approval came down to an extended deadline of April 7, 2008. It garnered late support at the state level from New York's new Governor, David Paterson, who had replaced Eliot Spitzer two weeks before the end of March, and secured the City Council's endorsement on March 31. Despite the Governor's support, his last-minute efforts at consensus building, and intense lobbying from the Mayor's Office, the plan was declared dead on April 7, as State Assembly Speaker Sheldon Silver refused to hold a vote for the plan, declaring that Assembly opposition was too great to even consider the measure.[7]

Sponsors and Stakeholders

Mayor's Office

Building Support

Mayor Bloomberg and his office were the main champions of the congestion pricing initiative. Congestion pricing's roots can be traced back to early in the Mayor's second term that began in 2005 when his office began a near-term examination of how New York City uses ever-scarcer land for various city services. This effort then grew to looking 20 to 25 years into the future and expanded from a basic infrastructure plan into a long-term growth plan centered on sustainability. From this work, PlaNYC emerged.

Congestion pricing was included in PlaNYC as a bold solution to the negative quality-of-life, economic, environmental, and health impacts of traffic congestion in the city. Members of the Mayor's staff, especially Deputy Mayor for Economic Development Dan Docotoroff, as well as large businesses that work closely with the Mayor's Office, had been influenced by the success of congestion pricing on London. The Partnership for New York City, a nonprofit business organization, performed a background study that presented data on the economic impacts of traffic congestion on the city, including the oft-cited conclusion that it costs the regional economy $13 billion a year.[8] Accordingly, the initial impetus for congestion pricing was congestion reduction and the resultant economic and environmental improvements. Only further into its development did the central issue of revenue generation for the MTA emerge as a major driving force.

Mayor Bloomberg championed his proposal extensively, building support within the City Council and receiving the backing of a diverse coalition of business, labor, environmental, civic, and transportation advocacy groups. Support also came from the federal level, with the USDOT eager to award New York the UPA grant to showcase congestion pricing in the U.S. The Mayor's newly established Office of Long-term Planning and Sustainability played a significant role in developing and promoting the initiative. One interviewee remarked that congestion pricing's inclusion within the context of a larger sustainability initiative was beneficial to winning broad-based support. No significant institutional opposition existed, aside from some small outer borough businesses and parking interests within Manhattan. However, in the end, the Mayor was unable to convince a key group of state lawmakers to approve the proposal, and accordingly, he also received a good part of the blame for its failure.

Convincing State Leaders

After PlaNYC and congestion pricing's introduction in April 2007, the Mayor presented his plan to state lawmakers late in that year's legislative session, providing a relatively short time for them to examine and debate its merits. Although Senate Republicans, which held a majority at the time, were generally on board with the Mayor's agenda, it was reported that "testy" meetings were held with Senate Democrats that damaged relations between the two groups.[9] In addition, the Mayor's relationship with the Democratically-controlled State Assembly historically had been difficult.

The second go-around in April 2008 was the more significant of the two attempts, as State Assembly Speaker Sheldon Silver announced then that the matter would not be considered in open session, and the deadline to receive the federal UPA grant passed. Postmortem analyses by pundits suggested the Mayor's insistent and somewhat combative approach in attempting to persuade the Assembly into approving his plan had backfired, leading to the plan's demise at the behest of the Speaker.[9,10]

The key group of lawmakers that the Mayor failed to convince of the plan's value included outer borough and suburban Assembly members. Despite numerous data-based presentations to members of the Assembly on the benefits of the plan, he failed to build the necessary political support among state legislators over time that would have engendered consensus and endorsement. Assembly members interviewed after the plan's failure generally described the Mayor's tone as "threatening" during his campaign pressing for their approval.[9] It was reported that the Mayor had faltered at the art of compromise and negotiation and generated political ill-will with lobbying activities that failed to satisfy Assembly Democrats.

City Council

The City Council also played a significant part in the effort to advance congestion pricing. Speaker Christine Quinn, whose district is in Manhattan, was a strong backer of the proposal, and she and her office worked to build support among other Council members. However, at the time of the Council's vote, there was still some internal opposition from the Council's members. The eastern halves of Brooklyn and Queens, underserved by transit, were primary regions where this opposition originated, notwithstanding promised transit service improvements. More than half of the 30 votes in favor of the proposal consisted of the Manhattan and Bronx delegations; those in Manhattan gaining most of the congestion relief benefits, and, based on its socioeconomic make-up, those in the Bronx overwhelmingly using transit to travel into Manhattan.

Although the required approval ultimately was to have come from the State Legislature, rendering the Council's role a secondary one, the Legislature's action is typically first triggered by a "home-rule message", essentially an endorsement and request for action from the City Council. But while there is typically routine interplay between Council members and their state counterparts on home rule issues, they did not actively lobby the State Legislature, deferring to the Mayor, whose initiative it was. The Council's vote was taken at the deadline in March 2008 and passed with 30 in favor and 20 against.

State Assembly

The failure of the New York State Assembly to support the Mayor's congestion pricing proposal was the ultimate key to its setback. Many members of the Assembly, especially outer borough and surrounding community representatives, voiced concern and opposition to the plan. No champion existed within the State Assembly to counteract the public ambivalence of Speaker Sheldon Silver (notwithstanding the fact that his legislative district lies entirely within the congestion pricing cordon where public support was the strongest) and the plan's critics, led by the outspoken Assemblyman Richard Brodsky.

The manner in which the Assembly, led by Speaker Silver, dealt with the matter of the congestion pricing proposal received wide-ranging criticism. Speaker Silver was a key part of the tenuous relationship that existed between the State Assembly and the Mayor's Office. At the deadline, Speaker Silver led a closed-door Democratic conference to debate the measure over the three days prior to the announcement of its defeat. This manner of considering the plan was criticized by some as secretive, obscuring from the public a measure of accountability as to who supported or opposed the plan and for what reasons.[11]

Richard Brodsky, an assemblyman from Westchester County (a suburb north of New York City) and member of the TCMC, was a vocal opponent of the congestion pricing plan. He strongly objected to the plan even though many residents in his district who commute to Manhattan by car would have received a substantial credit against the charge for bridge tolls they were already paying. Also, many of his constituents, while relatively affluent, use mass transit for their commutes. Assemblyman Brodsky was quoted in the *New York Times* as saying, "I don't believe public places should be distributed based on an ability to pay."[12] He felt the congestion charge was regressive at its essence, even if the impact would have been borne primarily by working- and middle-class commuters outside his district. Brodsky felt that the issue of economic equity was not prevalent enough in the debate and was overlooked by notable advocates such as environmental groups.

Metropolitan Transportation Authority

The MTA was the main transportation agency involved in the debate over congestion pricing. Improving mass transit was an integral component of the congestion pricing scheme. Drivers choosing to forgo their cars and avoid paying the charge would be enticed to take commuter rail, subway, bus, or potentially ferry service into Manhattan's CBD. In turn, the upfront funding from the UPA grant would help implement immediate transit service improvements to attract new ridership. As the debate over the proposal unfolded, the anticipated revenue from the proposed congestion charge was increasingly acknowledged as a significant source for longer-term transit capital improvements. Increasingly, what was initially characterized as a proposal driven primarily to address congestion and sustainability issues became viewed as primarily an alternative way to fund transit.

Specifically, the MTA's credibility was a critical factor, as public and elected officials' confidence in the MTA to successfully implement the promised service improvements became a primary issue affecting the fate of the City's congestion pricing's proposal. Interviewees agreed that the MTA was supportive through the process of identifying the necessary improvements and working through the technical details of implementing the charge system. Top MTA staff led by CEO Elliot Sander received praise for their effort at interagency coordination, for example when working out the toll credit arrangement with the Port Authority of New York and New Jersey, the bi-state agency that oversees bridge and tunnel crossings from New Jersey into New York City.

One interviewee described the MTA's support as tacit rather than energized, but most was satisfied with the supportive role that the MTA played. However, the MTA did not initiate a proposed set of improvements. Instead, perhaps based on past issues about the MTA's ability to deliver on its promises, elected officials and other leading proponents of the congestion pricing measure were asked to present the agency with specific, region-by-region transit improvements identified by current and potential transit riders and other stakeholders to determine which ones might be feasible financially and operationally. According to most interviewees, the MTA's responses to these proposals were reasonable and generally accepted by stakeholders.

Nonetheless, the MTA's credibility suffered another setback near the approval deadline in March 2008, when a fare increase on weekly and monthly passes—voted on in the previous December—went into effect. This increase was quickly followed by the untimely announcement that other promised service improvements planned previously outside of congestion pricing would not be implemented because of less-than-expected revenues from real estate taxes, a significant source of funding for the agency's budget. Additionally, the emphasis on the financially troubled MTA's budget led some to see the congestion charge as a "commuter tax in disguise."[10] A commuter tax, which had been levied in New York City until 1999 to support the use of city services by non-residents, remained an unpopular concept with state lawmakers whose districts lie outside the city.

The stress on funding the MTA's capital program also precipitated a late change to the congestion pricing plan from a three-year pilot program to a permanent one, so that its projected revenue could be used to secure long-term bond financing. Some opponents of the untested plan objected to moving away from trial-based implementation.

Traffic Congestion Mitigation Commission

When the Legislature remained unconvinced by the initial 2007 congestion pricing proposal it received from the City, the Traffic Congestion Mitigation Commission was formed as a compromise between the Governor (on behalf of the Mayor) and the Legislature to study the merits of the original proposal alongside other potential traffic reduction strategies. The implementing legislation also mandated that a new MTA capital plan be formulated two years early, so as to link the congestion charge revenue to the agency's long-term budget.

The TCMC comprised 17 individuals appointed by the Mayor, City Council Speaker, Governor, Assembly Speaker and Minority Leader, and Majority and Minority Leaders of the Senate. The Commission held public hearings in the fall of 2007 and analyzed other proposals for traffic reduction in New York City. One interviewee noted that because of its balanced composition and success at soliciting spirited public input, the Commission provided a good forum to debate alternative congestion reduction schemes, including a modified congestion pricing plan. There was a general sentiment, including from the Mayor's Office, that the alternative congestion pricing plan ultimately endorsed by a majority of Commission members in January 2008, included substantive improvements to the Mayor's initial proposal (the details of which were noted earlier in the *Initiative Development* section).

Media

Media in the New York metropolitan region were overwhelmingly in favor of congestion pricing. The *New York Times*, *Newsday* (Long Island), and the *Journal News* (Westchester County) ran multiple editorials lauding the congestion pricing plan and urging lawmakers to pass it. In addition, the editorial boards of the more conservative *Daily News* and *New York Post* were in favor of the proposal, although within the print media, they had run the most critical articles during congestion pricing's development. It is not often that the editorial boards of the *New York Times*, *Daily News*, and *New York Post* agree on a significant revenue-based public policy issue for the city.

Following the plan's failure to gain legislative approval, or even an up or down vote, one analyst of the congestion pricing ordeal observed that "the New York press corps was largely on the side of Mayor Bloomberg and against Speaker Silver."[10] In fact, the *New York Times* published a scathing editorial laying the blame for the plan's failure squarely on the shoulders of the Speaker, calling him "unworthy of his office" and "cowardly" for not formally considering the plan until the last minute and then deciding not to hold an open vote.[13] It placed the onus on Speaker Silver to propose alternatives to reduce congestion and fill the MTA's budget gap.

Communications/Marketing

The Campaign for New York's Future

Three primary aspects to marketing congestion pricing included a public campaign, a legislative campaign, and the TCMC's report recommending congestion pricing as the preferred strategy to reducing traffic congestion in the city.

The primary campaign vehicle behind congestion pricing and relied upon by the Mayor was the Campaign for New York's Future, which was formed to promote the goals of PlaNYC. This 501(c)(4) nonprofit organization was established by the Partnership for New York City—a business organization representing CEOs from the top 200 firms in New York that promotes commerce, finance, and innovation—along with many other business, civic, health, labor and environmental organizations. The Campaign for New York's Future raised funds to promote and campaign for congestion pricing, focusing on disseminating information on its benefits. One specific aspect of the campaign that resonated with members of the public and local elected officials touted how traffic reduction would benefit those areas of the city where asthma rates were high, particularly among the very young, such as in the Bronx and parts of Brooklyn. Marketing efforts also emphasized the receipt of the significant federal UPA grant to improve transit service in the near-term if the plan gained approval.

Polling was used to verify what the Mayor's Office had, itself, inferred from its sense of public opinion—namely, that public support for congestion pricing was prevalent: in the end it was about 60 percent in favor. Polling results also indicated a strong preference to dedicating the revenue from the congestion charge to long-term transit capital improvements rather than leaving the funding open to general use. In this sense, the public campaign was rather successful, although as discussed in Section V, there were unresolved issues with the proposal that left a certain contingent of the public dissatisfied with its implementation. The legislative campaign, principally among members of the State Assembly, was not successful. As presented in Sections III and V, communication between the Mayor's Office and the Assembly was inadequate to build enough support for Albany to grant its approval. As one legislator commented, looking back on the failure of the plan to gain approval: "All politics is relationships, and if [the Mayor] hasn't built the relationships over time he can't suddenly create those relationships with 48 hours to go in the process."[9]

Lessons Learned

Looking back, interviewees identified a number of issues that in retrospect could have been the difference between winning approval and losing the battle for congestion pricing in New York City.

Champion within the State Assembly

A strong advocate for congestion pricing never materialized in the legislative body that had the final say—the State Assembly. Without a champion, opponents had a relatively easy job of foiling the Mayor of the country's largest city and the nation's Secretary of Transportation who was offering up more than a third of a billion dollars. An influential champion of the Mayor's message in the legislature may have been able to build momentum and support for congestion pricing to at least counterbalance the intense opposition that materialized, and perhaps force Speaker Silver, whose District would have benefited from and whose constituents supported the proposal, to hold a vote and declare his position one way or the other, which he never had to do. A champion in the State Assembly also may have been able to make the case for congestion pricing sooner to allow more time for debate, understanding, and for supporters to emerge and coalesce.

Timing

At least one interviewee remarked that the Mayor, his administration and those organizing the campaign should have approached and engaged Albany earlier in the process, and that it had perhaps spent too much time focused on the City Council.

Another question about "timing" stems from the fact that members of the State Senate and Assembly, who serve two-year terms, were up for reelection in 2008. The *New York Times*[14] reported a month after congestion pricing's failure that its consideration during an election year may have made state legislators reluctant to back a controversial and untested (in the U.S.) proposal during a reelection year. About a dozen legislators declined to complete an endorsement questionnaire for congestion pricing on behalf of the League of Conservation Voters, a strong proponent of the plan.

Whether or not the creation of the Traffic Congestion Mitigation Commission, which pushed the Legislature's consideration of the City's proposal from the summer of 2007 to the spring of 2008, was a result of conscious strategy of delay in relation to election year timing is not clear. But the effect was the same.

Agency Credibility

The credibility of the MTA remained a lingering issue. MTA credibility became a significant factor for congestion pricing once the debate over its implementation became more of an issue about revenue and less about being part of the solution to achieving PlaNYC's sustainability goals. Despite generally positive reaction to the MTA's work at responding to stakeholders in identifying transit service improvements to fund with the congestion charge and coordinating with other agencies on its technical aspects, some skeptics remained unconvinced that the agency could deliver on its promises. A post-evaluation survey conducted by the Partnership for New York City identified the MTA as a significant part of the problem, with low credibility cited as a cause. One individual interviewed suggested that linking the congestion charge to the immediate service improvements (those to have been funded by the UPA grant), rather than long-term capital improvements, would have created a stronger link between the charge itself and the promised traffic reduction benefits upon which the initiative was marketed.

Unresolved Issues

As the plan evolved—from the Mayor's initial proposal presented in PlaNYC, to the alternative scheme advanced by the TCMC, and finally to the incorporation of last-minute modifications in an attempt to win state legislative approval—so did these issues of debate, but they were never fully resolved.

Operational Concerns

Several technical concerns with the way congestion pricing would have been implemented and operated drew criticism. Concerns voiced by city and state leaders included:[10]

- Park-and-ride activity predicted near the zone's periphery or at main transit hubs outside the zone that could increase local congestion and pollution (this issue was partially resolved with the incorporation of a residential parking program)
- Shifting of traffic patterns outside the zone that could exacerbate local congestion
- Potentially inadequate support for transit access to accommodate the anticipated increase in riders diverted from autos, despite planned MTA service improvements
- Unaddressed underlying causes of congestion within the zone, including double-parking, truck deliveries, taxis picking up and discharging passengers, pedestrian-vehicle conflicts at intersections, and others

One late amendment to congestion pricing's draft legislation included a shift from a pilot program to a permanent one. In this manner, the revenue stream would be able to back bonds for the MTA's capital improvements. There was some disagreement among interviewees about whether this change harmed or helped the proposal's chances for approval. Some noted that both the successful implementation of congestion pricing in London and Stockholm began as pilot programs, and it was thought that introducing the scheme on a trial basis would be a better way to gain user acceptance. However, others argued that supporters of the plan would have been satisfied either way—if congestion pricing were implemented on a trial or permanent basis. There existed a general belief that once the initiative was in place, it would be there to stay.

User Equity

A second unresolved issue and serious reservation of congestion pricing's opponents was user equity. The congestion charge was to apply equally to all users and was seen by some as an unfair, regressive tax on the lower and middle class. To offer some accommodation in addressing this concern, one last-minute amendment to the plan would have reimbursed the charge for low-income motorists who qualify for the federal earned income tax credit, however, the details of implementing that provision were not spelled out.[10,15] Proponents also argued that only a small fraction of lower-income residents in outer boroughs drive to work in Manhattan, relying instead on mass transit, and would not be affected. Nonetheless, critics responded with the counterargument that small businesses that rely on frequent truck deliveries into the congestion zone, workers who have jobs requiring the mobility of an automobile, and residents who would still not have adequate transit options would be unfairly impacted. There was no good way to satisfy the contingent of people—primarily those in the eastern halves of Brooklyn and Queens—for whom driving would remain their preferred option, that reduced congestion would potentially improve their driving experience and be worth the additional costs to them as a result of the congestion charge.

Questions were also raised over the equity of crediting users who already paid bridge or tunnel tolls that in many cases negated the congestion charge entirely. Among them, the primary group was motorists from New Jersey who essentially would pay nothing beyond existing tolls collected by the Port Authority. One last-minute amendment to satisfy critics of this element would have required the Port Authority to contribute $1 billion per year to the MTA to help fund its capital program. Alternately, if the contribution would not be made, an additional $3 charge would have been levied on users of Port Authority facilities to enter the congestion zone, but this alternative drew sharp criticism from New Jersey state leaders.[16] In the end, it was moot.

Politics and Personalities Can Be the Pivot Point

Summed up in the headline to this case study, as most students of the political process would agree, despite the most comprehensive and compelling of strategic plans, years of studies and analyses that lead to clear conclusions, and widespread support from the public and the media, in the face of political rivalries, or simply the absence of a strong political bond among key leaders, the most meritorious of proposals may not stand a chance. Mayor Bloomberg's inability or unwillingness, whichever it was and for whatever reasons, to do what was needed to gain the support of powerful legislative leaders such as Speaker Silver, whose own constituency supported the Mayor, is a stark lesson that people and their interrelationships may represent the single most important driver or barrier in advancing such political initiatives.

"Lose-Lose" May be Better than "Win-Lose" – if the Burden is Perceived as Shared Equitably

In evaluating the failure to implement congestion pricing in New York City one year later, one interviewee observed that it is more difficult to gain support for a challenging public policy initiative when there is a clear distinction between winners and losers—those who would gain from the congestion charge's traffic reduction benefits and revenue investment and those who would simply feel that they would be paying a an increased cost for the status quo. Instead, though it may appear counterintuitive, it may well be easier to gain general public support when everyone feels they are sharing in the sacrifice to be made and that by and large, none are gaining a disproportionate or unfair advantage. It was an interesting observation.

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Ohio Transportation Revenue Program Case Study

"All of the interviewees agreed that ODOT's strong reputation and credibility during this time period was a necessity for the success of this initiative."

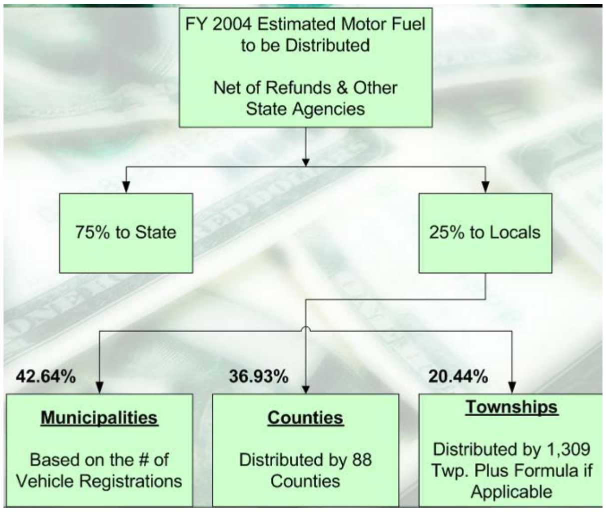
Background

In April of 2003, the State Legislature approved one of the largest transportation tax increases in Ohio history. It was decided that between July 1, 2003 and 2005, the tax on motor fuel in Ohio would increase by 2 cents per gallon each year (totaling 6 cents).[1] Once fully implemented, this tax increase raised about $300 million annually for ODOT. The state's 22-cent per gallon gas tax had not increased since 1993.[2]

The same bill lowered the legal threshold for drunken driving from a blood alcohol content of 0.10 to 0.08. Additionally, the fees for a driver's license would increase by $12 and fees for vehicle registration in Toledo would increase by $11.[1] Then Governor Bob Taft wanted to increase driver's license fees and vehicle registration fees so gas tax money wouldn't be used to pay for Ohio Highway Patrol operations.[3] House and Senate legislators passed this bill by nearly 2-1 margins.[4]

Local governments receive 25% of the gas tax and the Ohio Department of Transportation (ODOT) receives the remaining 75%.[5] Since this initiative also freed up an additional 3 cents per gallon previously allocated to the State Highway Patrol that was transferred in full to local governments, the local governments actually received 50% of the overall fuel tax revenues. (Proctor) While ODOT needed funding for capacity, the localities were focused on preservation and maintenance.

Figure 1. ODOT Fuel Tax Distribution[6]



This initiative was timely because it was part of a larger effort to stem the economic downturn.[2] This bill was instrumental in funding Governor Bob Taft's Jobs and Progress Plan. During the next decade, this $5 billion plan would help stimulate Ohio's economy and create new jobs by investing in the highway network. As stated in the 2004 ODOT Annual budget, "Jobs and Progress was promised to generate more than 4,000 jobs, ease freeway congestion, improve road safety and connect rural regions."

Development

Demonstrated Need

There was a strong case for the need to increase funding for state and local infrastructure projects. In December of 2002, the Motor Fuel Tax Task Force created by Ohio's General Assembly completed a study on the adequacy and distribution of the motor fuel tax in Ohio. This and other studies clearly identified millions of dollars worth of unfunded lifecycle and capacity projects and complimentary statistics. Examples include:

- More than 50 percent of the pavements on Ohio's general and urban highway systems falling into the deficient category
- More congested roadways, as the daily number of vehicle miles traveled (VMT) had increased 27 percent since 1990 and highway expansion had not kept pace
- Over 6,000 bridges were reaching the end of their design life
- A local highway system in need of $527 million lump sum for critical repairs, which doesn't include general maintenance needs or annual expenses
- The Ohio Department of Transportation's (ODOT) new construction program was falling from $490 million in Fiscal Year (FY) 2002 to less than a third of that amount in FY 2004, and no monies available for new construction beginning in FY 2005 and beyond.[7]

- Construction costs had increased over 50 percent since 1993 while gas tax and license revenues had risen only 29.5 percent in the same time, and had actually decreased since 1999.[8]

Although the Ohio Department of Transportation (ODOT) had an annual budget in excess of $2 billion dollars, the vast majority of those funds were used for basic maintenance and operations. ODOT had spent an annual average of about $350 million for system expansion between 1996 and 2002. Although a significant amount of money, it was enough to expand the highway network by only one-third of one percent annually.[8]

The amount of money ODOT devotes to system expansion or new construction is the residual amount left after ODOT has met its system preservation goals and it has passed through the funds it provides to local government. The combination of the "Major New Projects," or non-maintenance projects, totaled approximately $5.1 billion.[8]

In the years prior to 2003, Gordon Proctor, former ODOT Director, consistently communicated the fact that ODOT was going to need a new source of funding by 2003. While Jerry Wray, the ODOT Director that served before Proctor, built a culture of change and efficiencies in ODOT, Proctor put performance measures in place and communicated this need. Julie Ray, Deputy Director of Finance & Forecasting, stated "We were able to analyze data, use that data to make decisions, and then communicate all of this to legislators, newspaper boards, and districts. This was more communication than was ever done before."

In addition to communicating the project needs across the State, Proctor also utilized many graphics that communicated the importance of Ohio's highway system. Ohio has "an inordinately large transportation network because of its status as the crossroad for America's manufacturing and agricultural heartland. Fifty percent of North America's population and 60-70 percent of the manufacturing capacity lie within a 600-mile radius of Ohio's borders."[9] Proctor often showed maps of the United States that showed the nation's highway freight density and manufacturing capacity locations to stress this point. (Holdgreve)

Bill Development

The passing of the fuel tax bill was relatively uncontroversial and uneventful. Promoted as a "user fee" as opposed to a tax, this tax increase was generally understood and accepted.[4] ODOT had established its need and there was very little discussion on how additional funding would be spent due to general acceptance of the priorities and process established by the Transportation Review Advisory Council (TRAC). TRAC was established by the Ohio General Assembly in 1997, and charged with developing and overseeing a project selection process for new transportation capacity projects. This controlled the fiscal outlay and demonstrated a project's worth based on an agreed-upon project scoring process. (Howard Wood) Proctor stated, "Everyone was using the vernacular of TRAC; it was widely accepted." Since the TRAC criteria emphasized macro corridors and economic competitiveness, equity across the state occurred naturally.

Even though the foundation was built over the course of many years, the actual bill development and communication occurred over the course of only two months, which left very little time for controversy. There was a 90-day referendum when the public could have voiced opposition, but no one did. (Holdgreve) Additionally, Proctor stated "the timing was optimal." In 2003, then-Governor Bob Taft was in the first year of his second term and still relatively popular, and there were consecutive terms of same-party (Republican) ruling.

Then-Governor Taft was supportive of the fuel tax bill due to its ability to promote economic development. Taft stated "After 9/11 and the stock market crash, there was a clear awareness in Ohio, that a key issue was job generation and economic development. It was also understood that there was a close relationship between our economy and good transportation. We lost manufacturing jobs, so good transportation access was really important for economic development."

Additionally, Steve Buehrer, former State Representative for Ohio's 82nd District and co-chair of theMotor Fuel Tax Task Force, stated "We kept our bill pretty pure. It wasn't about a lot of other things." Proctor credited Governor Taft with his willingness to let ODOT pursue a fuel tax increase without associating it with many other tax increases or legislative changes. While the vehicle registration fee increase and other changes did stir up some controversy, this was minimal. (Holdgreve)

Simultaneous to the fuel tax bill being pursued, Proctor and the Governor were also pursuing increases in Federal funding. Ohio legislators have always challenged Ohio's status as a donor state in the payment of federal highway taxes. Additionally, legislators were fighting for a change to the ethanol tax formula. In order to ensure that ODOT did not receive excessive funding due to the state fuel tax increase occurring at the same time as federal funding increases, the fuel tax bill included a "trigger clause." The trigger clause stated that there would be no 2 cent fuel increase in 2006 if Ohio achieved a 95% return on federal highway taxes [addressing the donor/donee issue] and if the ethanol issue was resolved favorably. The trigger clause was never enacted.

Sponsors and Stakeholders

This funding initiative had many champions and few opponents.

Proctor was consistently identified as being instrumental in this initiative's passing. Michelle Holdgreve, former ODOT Deputy Director for Legislative Services, raved, "Gordon was at every single meeting, which was rare for a Director…he was so accessible and articulate." "Gordon was like the conductor of an orchestra," Ray stated. Former Governor Taft acknowledged that one of his reasons for supporting this bill was due to Proctor: "I had such tremendous confidence in Gordon and his ability to communicate. He had done so much homework to lay a foundation for this plan." Both Ray and Taft believed his background both as a journalist and ODOT planner were crucial to his success.

Likewise, former Governor Taft was identified as another key champion. Proctor stated, "The Governor was instrumental in the passing of this bill." In 2002, Taft supported legislation that funded the Motor Fuel Tax Task Force and then, in 2003, in his State of the State Address, he publicly announced his support of a motor fuel tax increase. (Holdgreve) While Taft acknowledged that Proctor and his staff did most of the legwork, all interviewees agreed that Taft's support was necessary.

Proctor pointed out that many of the legislators were extremely supportive of the fuel tax. Since half of the fuel tax revenues were designated for local governments, their municipalities had a lot to gain. Additionally, the MIS process for major projects generated a lot of local champions as a natural outgrowth of the planning for these projects. This created relationships and supporters for individual projects, which translated into supporting the funding. (Proctor) Additionally, Buehrer pointed out that the county engineers really advocated well for their members' support.

As expected, there were many industry groups that were supporters. The Ohio Petroleum Marketers Association had an interest in seeing that the State Highway Patrol did not receive any fuel tax revenues. Even though the Ohio Contractors' Association had a vested interest in this initiative, Proctor stated that he probably kept them in the dark more than necessary in order to prove there was no collaboration. Buehrer pointed out that a regional group, the Transportation Advocacy Group of Northwestern Ohio (TAGNO), was actively championing this tax increase.

On the other hand, all of the interviewees struggled to remember any opponents. While the State Highway Patrol had reason to oppose the initiative due to losing funding, the agency worked for the Governor within the executive branch, so this was not an option. Their union and individuals within the group expressed their concerns to legislators, but this was barely problematic.

All of the interviewees agreed that ODOT's strong reputation and credibility during this time period was a necessity for the success of this initiative.

Ray noted that this foundation took about 10 years to fully develop. In the early 1990s, then-Governor Voinovich began many cost cutting and efficiency improving initiatives. The savings from these measures were put towards improving ODOT's asset management practices. During Proctor's service as Director, ODOT developed performance measures that showed significant improvements in most areas, including % of deficient pavement, bridge conditions, etc. Through these improved asset management practices, ODOT was able to show strong improvement as well as well-documented state transportation needs. (Howard Wood) Proctor began his communication campaign with statistics such as these:

- Despite being 23 percent smaller in workforce size, the number of miles of deficient pavement on the freeway system were reduced by 66 percent.
- Despite being 23 percent smaller, the percentage of damange or deficient guardrail has been cut 60 percent.
- Despite being 23 percent smaller, the percentage of structurally deficient bridges has been cut by one half, and
- Despite being 23 percent smaller, sign deficiencies have been reduced by 29 percent, pavement striping deficiencies were reduced by 27 percent.[9]

In fact, ODOT seemingly did everything in its power to stretch existing funds as far as possible. Before 2003, ODOT reduced its employees from 7800 to 6031 (the 23% reduction), held operating expenses to a 2 percent growth for 8 years, and utilized these cost savings to leverage additional bonding authority of $220 million for 5 consecutive years.[6] Holdgreve stated "we cleaned our house."

According to Brian Burgett, former Contractors Association president, "the level of spending and the excellence of Proctor [ODOT Director] and his staff are the envy of other state transportation directors.[4]

Communications/Marketing

"None of us like the fact that we have to have the tax," said Sen. Bill Harris, R-Ashland. "But this is a tax we understand. What this bill does is give us a chance to put dollars to work to correct (roadway) problems."[10]

This quote reflects the general public and legislators' perspective on the fuel tax. Former Governor Taft stated "It was so easy for the legislators and the public to understand where the money was going." Ray believes that much of this was due to Proctor's ability to communicate simply and meaningfully. She pointed out that he "made sure that all of the legislators understood that all of their constituents would benefit from the fuel tax increase. He worked hard about how the message was delivered." Ray explained that Proctor had a way of communicating to the average person and this forced everyone in ODOT to think this way." Examples of some public-friendly brochures and reports that were published to address the state of Ohio's roadways and funding include:

- "Seeing Red – An Overview of Ohio's Highway Condition" was published in 2002 by the Ohio Construction Information Association. The report warned that more than half of Ohio's highways were "falling into the deficient category," that over 6,000 bridges were reaching "the end of their design life" and that Ohio's highway system needed $527 million for "critical repairs."
- "Study of the Adequacy and Distribution of the Motor Fuel Tax" by the Motor Fuel Tax Task Force in December 2002.
- "Rough Road Ahead: Ohio's County Highways: 2003" by the County Engineers Association of Ohio

Not only did Proctor spend time convincing the legislators of the bill's importance, he took the time to communicate with the Agency staff as well. Proctor held executive meetings and webcasts on a regular basis where he would explain the Agency's goals and point out his concerns. (Ray) The Agency staff buy-in was important because, under Proctor's guidance, they developed strong visuals in a public-friendly format that communicated a convincing story with statistics to support it. (Holdgreve)

Proctor utilized the media effectively too. Holdgreve pointed out that he met with newspaper boards and he would speak on television and radio shows whenever an opportunity arose. Holdgreve stated, "He was very forthcoming and he had the data to back himself up." He also educated his District deputy directors so that his message was communicated consistently to the media. Proctor thought the media was helpful and Holdgreve agreed that the initiative was covered extensively as either positive or neutral.

Even though no projects were earmarked in this bill, the legislators had a good idea of which projects would be funded. Proctor was quoted as saying, "If the legislature approves the gas-tax increase and the federal government provides $200M, the state likely can complete several projects – including the new U.S. 24, and improvements to I-75 and I-475 in Toledo in the next decade."[3]

Lessons Learned

All of the interviewees believed that this was, in general, a very successful initiative. The following is a list of the key success factors as identified by the interviewees:

- Over a period of 10 years, ODOT proved that available funding was being utilized as effectively as possible and there was still tremendous need. Based on available data, ODOT had solid data to show how effective ODOT had become and how additional funding would be spent, if made available.

- The TRAC provided a transparent, criteria-based project selection process that created a geographically-balanced, bi-partisan project list reflecting no political agenda.
- Proctor was actively involved and engaged in this initiative and he could communicate effectively.
- The Governor, who was generally popular and moderate, openly supported this bill.

The interviewees did, however, identify a few key lessons learned.

Even though this bill did not have any earmarking, Proctor did, to some extent, promise the completion of certain projects. Many of these projects were not fully developed and the cost estimates did not anticipate the double-digit inflationary increases that occurred in subsequent years. (Wood). Proctor stated that this "put later ODOT executives on the hook for over-promised projects." Ray pointed out "It would have been wiser to use more conservative estimates." Howard Wood, former ODOT Deputy Director Planning, stated, "ODOT is losing some of its past credibility."

- There are political implications to vocalizing support of any initiative. Buehrer pointed out that his opponents of the last 2 elections spent around $200,000 - 300,000 attacking his support of the fuel tax increase. Buehrer stated "I believe I'd be in the U.S. Congress now had I not supported it, but I felt strongly about it, so I do not regret this decision." On the other hand, the construction industry rewarded Buehrer for his leadership, "contributing nearly $100,000 of the $632,000 Buehrer has received in campaign contributions since 2003."[4]
- One of the interviewees reflected on how important it is to understand your supporters' motives. A vocal group that was in support of the fuel tax initiative was the concrete industry. Even though they had a lot to gain from this initiative's success, the concrete industry took this as an opportunity to raise the concrete vs. asphalt pavements issues and attempted to insert language favoring the use of concrete pavements. This distracted the legislators from the fuel tax initiative.
- Both Proctor and Ray pointed out that this bill would need to be multi-modal if it were to be passed today.

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Trans Texas Corridor Case Study

A bold and visionary transportation program that foundered due to lack of outreach and stakeholder buy-in.

Background

Initiative Description

The development, evolution, and recent end to the Trans Texas Corridor concept—at least as originally conceived—have been unfolding over the past seven years. The Trans Texas Corridor was introduced as an ambitious proposal by Governor Rick Perry in 2002 to build a 4,000-mile statewide network of transportation facilities and utility lines over a 50-year time span within new rights-of-way up to 1,200 feet in width. Included in the proposal were toll and non-toll highway lanes for general traffic as well as exclusive lanes for trucks, rail lines for high-speed passenger service, and separate tracks for freight, with room left over for power, telecommunications, and pipe lines for water, oil and gas.[1]

Its introduction had quickly followed the beginning of what would become a period of multiple constitutional and statutory changes to Texas law from 2001 to the present, designed to finance the state's growing transportation needs which could not be met by inadequate motor fuels tax receipts. Most notable and controversial of these new finance mechanisms were provisions for the development and operation of toll roads to be financed, designed, constructed and operated, by private entities (concessions) who would collect toll revenue to recover their initial investment and ongoing costs of operations and maintenance. Although as of early 2009, the Trans Texas Corridor is no longer, two of its original highway components (the TTC-35 and I-69/TTC) are being advanced, and future multimodal corridor expansions may be pursued on a case-by-case basis utilizing the new financing tools that have evolved throughout the Trans Texas Corridor process.

Texas' Transportation Background

The Texas Department of Transportation (TxDOT) is governed by the five-member Texas Transportation Commission, whose commissioners are appointed by the Governor with the advice and consent of the Senate. The commissioners' six-year terms are staggered, so that an appointment is generally made every two years. The governor designates one commissioner to serve as the chair. The Texas Transportation Commission is responsible for:[2]

- Developing a multimodal statewide transportation plan
- Guiding and overseeing the planning, design, construction, maintenance, and operation of the state highway system
- Awarding contracts for state highway improvements

- Fostering, and assisting in the development of public and mass transportation in the state
- Adopting rules for the operation of the department

TxDOT maintains nearly 80,000 miles of state roads and about 50,000 bridges—more than any other state.[3] Historically, Texas has funded its transportation system almost exclusively on a pay-as-you-go basis, primarily relying on the motor fuels excise tax and vehicle registration fees. A shift in this fundamental approach began in 2001 when the voters of Texas approved a constitutional amendment (Proposition 15) designed to accelerate the funding of transportation projects aimed at both system preservation and new construction. This shift would soon propel Texas to the forefront in terms of innovative approaches to financing transportation, attracting interest from across the country and around the globe in new opportunities on a very large scale for investors and developers, as well as contractors and engineers.

In 2001, three significant changes to transportation funding were enacted through Proposition 15 and its enabling legislation:

- The enabling legislation supporting this constitutional amendment authorized, upon approval of the Texas Transportation Commission, the creation of Regional Mobility Authorities (RMAs). RMAs were granted the ability to operate at the county level and construct, maintain, and operate toll highways if a regional toll authority did not already exist. The advent of RMAs was expected to relieve TxDOT of the significant financial burden of building and maintaining numerous urban highways that had been identified as priority projects in metropolitan areas such as Austin, San Antonio, and El Paso, and placing these areas on a comparable footing with Dallas and Houston where toll authorities and toll roads already existed.
- The concept of toll equity was also authorized, by which TxDOT could finance the development and construction of toll roads without having to repay the State Highway Fund as previously stipulated in the Constitution.[4] RMAs could now issue debt and leverage federal and state funds to finance toll facilities without the requirement of repayment, which often prohibited a project from being implemented.
- The constitutional amendment created the Texas Mobility Fund designed to finance the construction, reconstruction, acquisition, operation, and expansion of state highways as well as toll roads and bridges through grants, loans, and revenue from general obligation bonds. Sources of revenue other than the constitutionally dedicated vehicle registration fees and fuel taxes could be used, although these sources were not initially identified. The Texas Transportation Commission was authorized to sell bonds backed by the Fund, with the option of state backing if the Fund was insufficient.[4]

In addition to these three provisions, enabling legislation also dissolved the Texas Turnpike Authority, transferring its powers and duties to the Texas Transportation Commission and granting it and TxDOT the authority to enter into four Exclusive Development Agreements (EDA) before March 1, 2004. EDAs were considered public-private partnerships, which could allow private franchises to construct, operate, and maintain a toll road project. They were also authorized to use design-build as a project delivery method.

Development

Demonstrated Need

Texas has been among the fastest growing states, with a 65 percent spike in population between 1988 and 2001.[5] In addition, a dramatic growth in highway travel was a result of both passenger vehicles as well as sharp increases in truck traffic sparked by growth in goods-movement within the state and interstate traffic resulting from the 1994 North American Free Trade Agreement. These factors combined to create a level of demand on the state's highway system that far outstripped the capacity of TxDOT to expand and maintain it. In 2001, TxDOT estimated that it had only 36 percent of the funding required to meet the growth in travel demand.

Initiative Development

Governor Perry's Proposal

Notwithstanding the state's extraordinary growth in a period of economic prosperity, and the manifest need for increased transportation capacity, the political will did not exist in Texas to raise the state's fuel tax, which had not been increased from its rate of 20 cents per gallon since 1991 and whose purchasing power had been reduced by 25 percent by 2001. The clash between the "irresistible force" of growth in people and freight and the "immovable object" of no additional fuel taxes certainly helped to spark interest in alternative strategies that ultimately included a constitutional amendment in November 2001 and a number of innovative transportation funding approaches advanced by the Governor and the Legislature.

An initial affirmative outcome at the polls, helped set the stage for Governor Rick Perry, who in January 2002, just three months after the referendum passed, unveiled the broad and bold Trans Texas Corridor proposal introduced earlier and discussed in greater detail below. The Governor intended to finance the plan without raising taxes by capitalizing on Proposition 15's provisions—the newly created Texas Mobility Fund, toll equity, partnerships with public or private entities through Exclusive Development Agreements, and the formation of Regional Mobility Authorities.

It would not be unreasonable to infer that the Trans Texas Corridor plan was in the making, but not yet discussed publicly, at the same time that voters were being asked to approve a measure that would help establish plausibility for the plan's financing over the next 50 years. The plan was announced without any prior public discussion and was not a product of TxDOT's ongoing statewide transportation planning activities. Following the announcement, the Governor directed TxDOT to create a more detailed implementation plan, which took several months to prepare and was released in June 2002.

TxDOT's Implementation Plan

The TxDOT report, *Crossroads of the Americas: Trans Texas Corridor*[5] outlined the framework to implement the Governor's vision. The Trans Texas Corridor would include a network of multimodal corridors up to 1,200 feet wide encompassing 4,000 miles of:

- A high-speed, controlled-access tollway with separate lanes for passenger vehicles (three lanes in each direction) and trucks (two lanes in each direction)
- Two-way rail (six tracks, three in each direction) with separate commuter/freight and high-speed passenger facilities
- A dedicated utility zone for transmission of oil, natural gas, energy, water and data

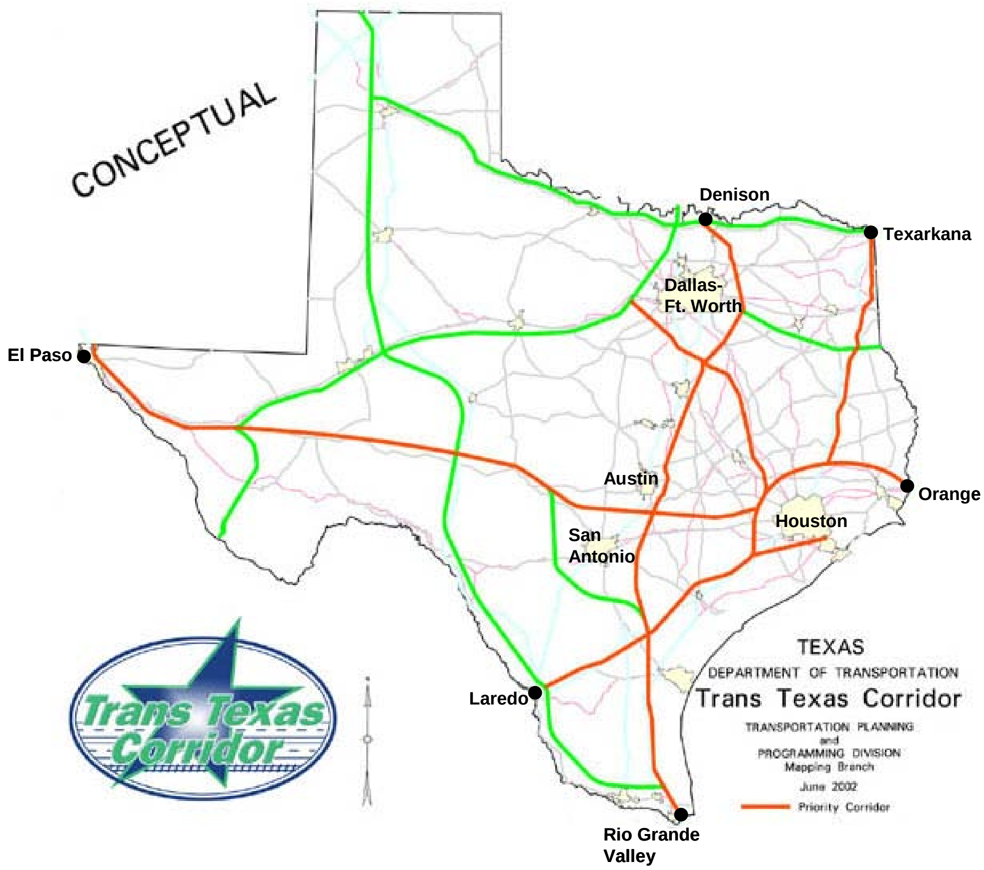
The report estimate that 6.2 million residents would live near the Trans Texas Corridor, out of which 3.7 million residents (59 percent) would live near four priority corridors out of the eleven proposed (see Figure 1). Four priority routes would represent 49 percent of the total Trans Texas Corridor mileage:

- I-35, I-37 and I-69 (proposed) from Denison to the Rio Grande Valley
- I-69 (proposed) from Texarkana to Houston to Laredo
- I-45 from Dallas-Fort Worth to Houston
- I-10 from El Paso to Orange

The cost estimate for the entire Trans Texas Corridor ranged from $145 to $184 billion and would require more than half a million acres of new right-of-way. Proposed finance mechanisms included those enacted through Proposition 15 in 2001 and introduced in the Governor's proposal—toll equity, RMAs, and the Texas Mobility Fund. Additionally, the TxDOT report recommended the use of private concessions, effectively expanding upon the authorization for EDAs. In a concession, a private or quasi-private company covers capital as well as ongoing operational costs and is compensated either on a set schedule or based on facility use. The concessionaire is typically responsible to perform design, construction, operation, finance, and maintenance. Contract periods typically run for decades, with recent examples extending from 35 up to 100 years, after which an extension can be granted or, in some cases, the facility may revert to the public sponsor.

The TxDOT report noted that further state (and potentially federal) legislation would be required to finance and implement the Trans Texas Corridor, including capitalizing the Texas Mobility Fund, clarifying and expanding the use of EDAs, and streamlining right-of-way acquisition and environmental review processes.

Figure 1



Source: TxDOT

HB 3588 (2003)

One year after the TxDOT implementation report was issued, HB 3588 was passed and signed by the Governor in June 2003. The bill instituted the following provisions:

- It statutorily created the Trans Texas Corridor and authorized TxDOT to finance the plan using the State Highway Fund, tolls, fees, bond proceeds, the state infrastructure bank, and federal sources. It also permitted and encouraged the Department to solicit the participation of private entities in the planning, design, construction, and operation of facilities. TxDOT was also granted the authority to acquire real property in advance of determining the corridor's final route.
- TxDOT was granted the power to plan, construct, maintain, and operate rail facilities or systems, both new and existing.
- TxDOT was granted the power to convert segments of the non-tolled state highway system to toll road projects and, if so desired, transfer them to RMAs.
- The cap on toll equity was changed from 30 percent of the annual obligation authority under the federal highway-aid program established in 2001 to $800 million from monies in the State Highway Fund.

- It also authorized several new financing tools to implement the Trans Texas Corridor including:
  - Authorizing RMAs to issue revenue bonds, to impose tolls, fees, and fares, and to lease or sell a part of a transportation project;
  - Authorizing TxDOT to pay pass-through tolls to public or private entities (fees based on the number of vehicles using a highway paid by a state or local agency or authority to a private concessionaire as reimbursement for particular service [e.g. maintenance])
  - Capitalizing the Texas Mobility Fund with motor vehicle inspection and driver's license fees, which was expected to generate $250 million to back $3 billion in bonds
- The sunset date for the four EDAs authorized in 2001 in conjunction with Proposition 15 was eliminated. Instead TxDOT was authorized to enter into any number of Comprehensive Development Agreements (CDA), which again included the potential for concessions with private entities to construct, maintain, repair, operate, extend, or expand a turnpike project.

Although HB 3588 was "revolutionary" in the annals of transportation financing, not just for Texas, but for the U.S. as a whole, and would have enormous impacts both on the public as well as the transportation community, the measure garnered relatively little legislative or public attention, passing late in the 2003 session. As one retrospective article in the *Austin American-Statesman* put it, "amid the hoopla over redistricting and the state budget crunch [roughly a $10 billion deficit], most people probably didn't notice."[6] Much of the media reporting at the time focused on a driver responsibility component of the bill which implemented a modified driver points system and increased fines and court costs associated with traffic violations, directing the revenue to trauma facilities and emergency medical services.

Also in 2003, Proposition 14 was approved by the voters granting TxDOT debt authority. Revenue bonds, restricted to two-year terms and backed by the State Transportation Fund, were designed to deal with TxDOT's short-term cash flow problems.

Criticism Begins in 2004

Not long after the passage of HB 3588, in mid-2003, it became more apparent to the public how sweeping its changes were to the ways in which Texas could finance its road system. Between October 2003 and March 2004, TxDOT adopted a set of toll road guidelines, including guidance on the conversion of non-tolled segments of the state highway system. This action drew strong debate on the strategy's merits concerning, for example, the toll conversion of two Airport Freeway lanes in the Dallas-Fort Worth area[7] or the Central Texas Regional Mobility Authority's (CTRMA) plans to convert Austin area freeways to toll roads.[8] TxDOT's push for future capacity expansion through tolling drew objections from local officials across all areas of the state, although some acceptance came from the Dallas-Fort Worth area.[9]

The public awakening was also sparked as TxDOT began advancing the planning for the Trans Texas Corridor by hosting a statewide series of public hearings in February 2004 to solicit input on when and where to build the corridor's components. Later, towards the end of the year, TxDOT hosted public hearings specific to the first Trans Texas Corridor route selected for study—TTC-35/I-35 Bypass running north-south from Denison north of Dallas-Fort Worth to San Antonio—and awarded the development contract to the private consortium Cintra-Zachry, a Spanish-Texan team, in December. The 316-mile TTC-35 was estimated to cost $6 billion with a 50-year concession worth $1.2 billion to the state.

Rural opponents began to vocalize their concerns against the corridor's plan to take large swaths of undeveloped land. The Texas Farm Bureau, which had supported the initial proposal in 2002, reversed its position and began to oppose the plan. TxDOT's response that the Trans Texas Corridor was meant to be a long-range vision, and not a detailed blueprint, did not resonate among those who guessed from available small-scale maps that their land or their communities were being threatened.[10] One outspoken couple in Fayette County, located midway between Austin and Houston, began a watchdog website to track the developments of the Trans Texas Corridor and encourage residents to communicate their opposition to their legislators. Local leaders were also concerned with the cost of connecting urban areas to the Trans Texas Corridor, which was intended to pass many miles from cities they were ostensibly meant to serve.

HB 2702 (2005)

Following the mounting criticism toward the Trans Texas Corridor as well as the prospect of a heavily increased reliance on tolling to fund transportation, there was an expectation going into the 2005 legislative session that the policies put in place by HB 3588 would undergo significant change. Underscoring how that bill "slipped under the radar" in 2003, the *Austin American-Statesman* reported that even the media had not been paying close attention at the time. But that circumstance was about to change for the upcoming session, as HB 2702, which initiated a series of limitations and prohibitions, was passed by the Legislature and signed by the Governor in June 2005.[11] Its key provisions included:

- A number of modifications and clarifications to the acquisition of real property for the Trans Texas Corridor (and other projects) including encouraging the purchase of options for possible future use (of not more than five years in duration) and offering leasebacks to property owners when the property is needed for immediate use
- Prohibiting non-compete clauses in CDAs for projects included in the Unified Transportation Program of a local government. (Non-compete clauses meant that state and local authorities agree that no transportation improvement can be made

which might adversely affect traffic and revenue for the project covered by the CDA)

- Requiring RMAs, CDAs, or toll authorities to approve a methodology for setting, increasing, or collecting tolls
- Authorizing RMAs to offer transit services and the transfer of toll authority assets to an RMA
- Limiting concessions to 50 years and expanding them to rail projects, joint toll road-rail projects, and projects that contain both tolled and untolled elements; TxDOT CDAs could be 70 years under certain conditions, if not on the Trans Texas Corridor
- Clarifying the application of pass-through tolls and authorizing pass-through fares for rail projects
- Prohibiting the conversion of an untolled highway to tolled highway expect under certain pre-existing stipulations or if it gained county and voter approval
- Removing the $800 million cap on toll equity, replacing it with a five-year, average, annual expenditure limit of $2 billion

A retrospective on transportation project and policy development across the state for 2005 noted that, although the bill contained notable modifications to HB 3588, including better protection of rural interests during the development of the Trans Texas Corridor, the Legislature at that time remained committed to supporting the Governor's pro-toll policies as the preferred alternative for financing future transportation projects.[12] Legislative efforts to increase the state's motor fuels tax, index it to inflation, or allow local regions to increase it separately failed to gain traction in 2005. It was also expected that all or part of three new toll roads under construction would open in 2006, while several others would continue in their planning and construction.

TTC-35 DEIS and Governor's Race (2006)

The Draft Environmental Impact Statement (DEIS) for the TTC-35 project was released in early April 2006 and over 50 public hearings were held along the corridor in July and August. The public meetings drew substantial negative reaction to the proposal, including opposition to the taking of virgin land and farmland outside of existing right-of-way, the potential for unfair compensation, increased illegal immigration and truck traffic along the corridor, and the prospect of the facility's foreign ownership.[13]

The 2006 gubernatorial race, which ultimately reelected Governor Perry, also generated strong, unfavorable sentiment for private toll road development and the Trans Texas Corridor. Chris Bell, the Democratic nominee, and Republican-turned-Independent Carole Keeton Strayhorn expressed their opposition to these plans. Strayhorn, responding to the large crowds at the TTC-35 public hearings, criticized the proposal, arguing that tolling highways was unnecessary, and instead suggested the Texas Mobility Fund, GARVEE bonding, and realizing efficiencies within TxDOT's operations.[14]

Meanwhile, the plans for the TTC-35 moved forward. TxDOT and Cintra-Zachry signed an agreement in June under the umbrella of the overall corridor to develop a 40-mile extension of the soon-to-be-complete State Highway 130 near Austin. SH 130 and this extension would ultimately form a part of the full TTC-35 corridor. The announcement was made at a seminar for investors in New York City by a Texas Transportation Commission member who declared the state "open for business," an oft-cited quote underscoring the state's approach to involving the private sector in future transportation facility development. Later in September, a master plan for the full development of theTTC-35 was released. It included a timeline for building certain components over the next 50 years, their costs, means of payment, and estimates of revenue generation.

SB 792 (2007)

In early 2007, much of the dissatisfaction with the state's aggressive policy toward private toll road development began to culminate in a legislative response. There was widespread sentiment that TxDOT's power to pursue CDAs needed to be brought into check. Local toll authorities in Dallas-Fort Worth (North Texas Tollway Authority [NTTA]) and Houston (Harris County Toll Road Authority [HCTRA]) had felt marginalized by TxDOT's preference to seek deals with private developers and collect multibillion dollar upfront payments. In February, a deal was announced to lease SH 121 near Dallas to Cintra, which would assume responsibility for existing operations, construction already underway, and an additional extension. Additionally, a State Auditor's Report was released that same month noting that TxDOT had overstated the expected gains and underestimated the potential costs of the TTC-35 project, and had been pursuing the deal without sufficient oversight.[15]

The 2007 state legislative session produced numerous proposed bills curtailing TxDOT's powers and the execution of CDAs with private entities. An all-day senate transportation committee hearing was held on March 1 examining the efficacy of private toll road development through the questioning of state transportation officials. Committee members expressed concern that private development would lead to higher toll rates, which would provide excessive profits rather than needed investments in the region's transportation system. A large contingent of the public was also in attendance, primarily voicing their opposition to the TTC-35.

By May and following negotiations with the Governor, who had disapproved of an initial bill passed by the House and Senate (HB 1892), SB 792 was signed in June after the end of the legislative session. It placed further restrictions on the development of private toll road development, although several exceptions were made. The main provisions of the bill included:

- Reducing the maximum term of a CDA with TxDOT from 70 to 50 years and requiring the contract to contain an explicit mechanism for setting the facility's purchase price if TxDOT chose to take over the project
- Placing a two-year moratorium (through September 1, 2009) on CDAs with private entities, with a number of exceptions, including those in which a major portion was located in a nonattainment or near-attainment air quality area, and establishing a legislative committee to study this prohibition
- Sunsetting authorization to enter into CDAs following the end of the moratorium; authorization for projects still allowed under the moratorium were excepted, instead sunsetting on August 31, 2011
- Requiring TxDOT to reinvest CDA revenue back into projects in the same region containing the toll project
- Granting certain counties the right of first refusal (primacy) to develop a toll project, rather than permitting TxDOT to pursue a CDA with a private developer as the first option
- Establishing a market valuation process under which a toll project must be developed; the market valuation process specified an initial toll rate and rate increase formula
- Furthering the limitations on including non-compete clauses in CDAs
- Requiring TxDOT to issue and distribute timely updates on the Trans Texas Corridor, including contract documents and master plan updates
- Requiring greater fiscal transparency for public and private developers of toll projects

Although SB 792 enacted a comprehensive set of new restrictions on the use of CDAs with private entities, a number of project exceptions applied.

Nonetheless, as part of the backlash to private deals, TxDOT permitted NTTA to submit a last-minute bid for SH 121 after the terms of the Cintra deal had been released. Although the NTTA deal was less expensive and incorporated a plan to reinvest a greater amount of money into the region's existing tollway network, an independent report concluded that a private deal for SH 121 would result in a better overall value and less risk.[16] Even so, Dallas-Fort Worth MPO's Regional Transportation Council voted to lease the roadway to NTTA in June, supplanting Cintra.

TxDOT's Difficulties and the End of the Trans Texas Corridor Vision

In November 2007, TxDOT announced a budget shortfall of $1.1 billion for 2008, ascribing the delay for expansion projects to inflation, reduced federal aid, increased maintenance needs, and loss of toll revenue through private toll road leases. That same month, a DEIS was released for a second planned Trans Texas Corridor project—the I-69/TTC—a part of the federally-envisioned I-69 running from Canada to Mexico. Plans called for the highway to use existing South Texas roadways south of Houston but pass through rural regions north and west of the city. Eleven town hall meetings on the overall Trans Texas Corridor were held in January and February 2008, followed by 46 public hearings on the I-69/TTC DEIS into early March. The meetings drew continued opposition toward the Trans Texas Corridor concept and many of the same objections to the I-69/TTC as previously voiced for the TTC-35. Especially in rural areas, concerns cited included the taking of land and destruction of rural quality of life, increased illegal immigration and crime along the corridor, and environmental harm. Many comments suggested that TxDOT utilize existing highways first for expansion before pursuing new corridors.[17]

Meanwhile, in February 2008, TxDOT revealed the funding shortage that it had announced three months earlier was due to an accounting error in which revenue from the sale of bonds was double counted, resulting in an over commitment of funds. The revelation of this error triggered a state audit. A second announcement of bad news that month revealed that the six toll roads owned by TxDOT were not producing the anticipated level of revenue that was to be reinvested in road projects. By the end of March, legislators were questioning the continued use of the Trans Texas Corridor term because of the severe negative connotation it had acquired.[18]

Further criticism of TxDOT was levied in June when a preliminary Sunset Advisory Commission report was released. (The Sunset Advisory Commission is comprised of state legislators who review state agencies on a 12-year cycle to examine if they are successfully fulfilling their established function.) The report, citing TxDOT's objectionable strategy for toll road development and poor financial planning, recommended overhauling the agency.

In June, 2008 TxDOT announced plans that the I-69/TTC would use only existing highways along the route, abandoning plans to pass through rural regions. They also announced the selection of the private consortium of Zachry/ACS over a competing proposal from Cintra to plan the I-69/TTC.

In early 2009, TxDOT declared that the Trans Texas Corridor as originally conceived and planned, dating back to 2002, was officially dead. Only standalone projects would be considered in the future, with the environmental analyses of the TTC-35 and I-69/TTC continuing. This approach would result in the selection of individual transportation projects, tailored to specific regions' needs, using the various financing tools made available throughout the Trans Texas Corridor process. Corridor widths, while still potentially accommodating multiple modes as necessary, would be generally up to 600 feet, rather than 1,200 feet in the initial concept. The Trans Texas Corridor designation, despite still being codified in statute, would no longer be used, replaced by the highway numbers originally associated with each highway segment. TxDOT discussed this revised approach in its publication titled *Innovative Connectivity in Texas/Vision 2009.*[19]

Sponsors and Stakeholders

Governor Rick Perry & Commissioner Ric Williamson

Rick Perry became Governor in late 2000, after serving as Lt. Governor (1999-2000), Agriculture Commissioner (1991-1998), and a member of the state House of Representatives (1985-1990). While in the Legislature, he worked closely with Ric Williamson, a state representative from 1985-1998. Shortly after taking office in 2001, Governor Perry appointed Ric Williamson to the Texas Transportation Commission. Multiple interviewees noted that Governor Perry and Commissioner Williamson were like-minded and generally in favor of market-based solutions to financing state transportation needs, a strategy that eschewed raising taxes. As one interviewee remarked, Commissioner Williamson felt that TxDOT should be operated like a public utility.

Governor Perry introduced the Trans Texas Corridor in early 2002 one year after taking office. Although he was credited with proposing this unprecedented plan, Commissioner Williamson was the key architect and implementer of the Trans Texas Corridor, and ultimately the focal point of its detractors. Throughout the ongoing debate over the Trans Texas Corridor and related legislation supporting private toll road development, there was a general consensus that Commissioner Williamson, who became chair in 2004, was intellectually brilliant, embracing of debate, and a strong believer that his policies and values were the right ones.[20]

However, Williamson was also often considered authoritarian, running TxDOT in a way that ultimately engendered significant opposition from the public, local entities (notably toll authorities), and elected officials. As the backlash to the Trans Texas Corridor and TxDOT's approach to implementing toll roads reached a critical state in 2007, Senate Transportation and Homeland Security Committee Chair John Carona (R-Dallas) said publicly that Williamson had "worn out his welcome" and should be replaced.[21] Williamson's term as commissioner had expired, but Governor Perry did not name a replacement, and Williamson remained in his position until his death at the end of 2007.

Representative Mike Krusee

Representative Mike Krusee (R-Round Rock) became chairman of the House Transportation Committee in 2003 and was the legislative leader behind the financing techniques implemented through HB 3588 and HB 2702.

His vision of a comprehensive and innovative financing package that culminated in HB 3588 began in 1998 when Dell, a major employer headquartered in Rep. Krusee's district north of Austin, decided to locate a major expansion of their business, expected to create 10,000 jobs, to Nashville, Tennessee, rather than the Austin area. Rep. Krusee reports that Dell cited as a primary reason for this decision the failure to implement necessary Austin-area highway improvements (particularly I-35) and the likelihood that such implementation was not going to happen within a sufficient timeframe to suit their just-in-time manufacturing and shipping business model. Rep. Krusee approached then-Lieutenant Governor Rick Perry determined to work on a financing package to back the construction of SH 130, a tolled route facilitating mobility within the critical north-south corridor on the east side of Austin that Dell had cited as a key reason for its decision.

By 2001, a financing package for SH 130 had been engineered to include toll-backed revenue bonds, a TIFIA loan, $700 million in motor fuel tax funds, and $500 million from local contributions. Also in 2001, Rick Perry had become Governor and had appointed Ric Williamson to the Texas Transportation Commission. Although the SH 130 financing package drew accolades for being innovative and sufficient to accelerate construction of the badly-needed roadway, Commissioner Williamson did not approve of the deal because an inordinate share of motor fuel tax revenue would have gone to the Austin area. Rep. Krusee felt that this outcome meant that such a financing package would not be developed again.

Rep. Krusee began to examine alternative finance models, including public-private partnerships, that would provide capital and absorb many of the risks associated with building SH 130. Broadening this thinking beyond a single project over the 2001 to 2002 period culminated in Rep. Krusee's championing of HB 3588 in 2003, after having been appointed chairman of the House Transportation Committee. Rep. Krusee's then-counterpart in the Senate, Sen. Steve Ogden (R-Bryan), as well as TxDOT staff, were not actively involved in the formulation of the bill. However, Rep. Krusee disagreed with assertions later made by many legislators that they had not fully understood the implications of HB 3588 when voting to pass it.

Additionally, in devising HB 3588, Rep. Krusee had been considering the benefits of applying the bill's financing mechanisms to comprehensive corridor planning, incorporating, for example, multiple modes or other infrastructure such as utilities into one overall environmental review to accelerate their implementation. However, he disagreed with the approach taken by Governor Perry and Commissioner Williamson to present such a project concept in the form of the Trans Texas Corridor, where all corridors envisioned for the next 50 years were laid out on a map, appearing to be more than just conceptual in nature.

In 2005, Mr. Krusee again led the development of the follow-up to HB 3588, HB 2702. The need for the bill was dictated by necessary statutory clarifications and a response to mounting opposition from rural regions of the state to plans for the Trans Texas Corridor and the use of concessions. During the formulation of HB 2702, input was solicited from TxDOT, whose staff was newly-energized by the prospect of expanded project work from the provisions enacted in HB 3588. Compromises were made with rural legislators to curtail private development along the Trans Texas Corridor's proposed rights-of-way.

Transportation Industry

Prior to the enactment of HB 3588, the transportation industry involved in road-building in Texas—principally the engineering and contracting communities—primarily measured their business based on the volume of projects that could be designed or built each year with revenue from the motor fuels tax. With the introduction of HB 3588 promising to create a wide array of new and little-understood funding mechanisms and involve the private sector in the implementation and operation of new facilities, there were some initial misgivings with the proposed legislation. Especially concerned were small business members of the Texas Association of General Contractors (AGC) who worried that these new measures would bring about greater competition from larger firms, especially those positioned to capitalize on private concessions (i.e. through comprehensive development agreements). Several interviewees noted that the concerns of the engineering and contracting communities were assuaged when it was promised that the new funding initiatives in HB 3588 would be over and above existing levels from the motor fuels tax and that these levels would be sustained. In fact, baseline funding was to be increased through capitalization and use of the Texas Mobility Fund.

By 2006, several years into the implementation of HB 3588, some industry representatives began to join the opposition to private toll road development, although its members generally had not been opposed to concessions. TxDOT, led by Ric Williamson, maintained a preference for pursuing concessions with private entities. This strategy drew strong opposition in the Dallas and Houston areas, where existing regional toll authorities, the North Texas Toll Authority (NTTA) and Harris County Toll Road Authority (HCTRA), respectively, felt marginalized. Industry, instead, supported primacy for toll road authorities— the right of first refusal to develop a toll road—because they considered them to have a proven track record for delivering projects. Local toll road authority opposition is discussed further in the next section.

Opponents

The Trans Texas Corridor and the broad menu of new ways to finance transportation projects drew considerable opposition from a host of sources. Perhaps most outspoken was the sustained opposition to the Trans Texas Corridor led by members of the public and local elected officials in rural regions of the state. Detractors decried the potential taking of virgin land and farmland far outside existing highway rights-of-way, along corridors that seemingly did not require increased capacity for many years to come. Two prominent voices representing this opposition were the Texas Farm Bureau and a grassroots coalition called CorridorWatch.org.

The Texas Farm Bureau is an independent group of farmers and ranchers that advocates for public policies that promote the economic wellbeing of its more-than-400,000 members. The Bureau vigorously opposed the Trans Texas Corridor and its first two proposed segments, the TTC-35 and the I-69/TTC, because of the prospective loss of land and severing of remaining parcels without what they considered to be just compensation. Others opposed the projects on the basis of anticipated environmental damage, expected increases in illegal immigration and crime along newly-developed corridors, and the high local costs of connecting them to urban centers.

CorridorWatch.org was a highly effective grassroots organization that acted as a voice for rural opposition. The coalition was started by a former city manager and his wife in rural Fayetteville, mid-way between Austin and Houston. CorridorWatch.org maintained a comprehensive website disseminating information on the Trans Texas Corridor's development and the negative impacts that would result. They also brought a strong presence to the Corridor's public hearings, vocalizing their opposition and receiving significant media coverage.

As the concept of the Trans Texas Corridor led to the more concrete proposals of the TTC-35 and the I-69/TTC, opposition began to focus more on the private development of toll roads throughout the state and the ongoing perception that these facilities would be owned by self-serving, off-shore private interests. As mentioned earlier, Dallas (NTTA) and Houston (HCTRA) area toll authorities were disfavored by TxDOT and its Commission chairman, Ric Williamson, to develop new toll road projects. One interviewee suggested that TxDOT's view was that these authorities were too focused on exacting revenue from existing facilities and not sufficiently focused on rapidly implementing new projects. Elected officials from Dallas and Houston supported the local toll authorities' position and were especially concerned that the upfront concession payments made by the private consortia preferred by TxDOT would not be justly reinvested in their regions. The initial award of SH 121 near Dallas to foreign-owned Cintra and the subsequent retraction and award to NTTA highlighted the strife that culminated in the 2007 legislative response to these developments, SB 792. Sen. John Carona of Dallas led the charge, instituting the moratorium on private concessions and gaining primacy for local toll authorities.

Communications/Marketing

The rise and fall of the Trans Texas Corridor and pursuit of privatized toll road development highlights an outcome of inadequate and ineffective communication about a transportation initiative's underlying purpose, scope, and methods for implementation. The introduction of the Trans Texas Corridor itself in early 2002 set the stage for this characterization. Later, policies adopted and actions taken by TxDOT and the Texas Transportation Commission, after the funding initiatives of HB 3588 were introduced, continued to result in transportation decisions which critics alleged were inadequately debated in public forums.

Trans Texas Corridor Introduction (2002)

The Trans Texas Corridor introduction and the subsequent implementation plan produced by TxDOT generated a fair amount of incredulity in terms of its unprecedented size and scope. One interviewee remarked that those in attendance at the press conference announcing the plans thought the proposal was "outlandish" and "campaign rhetoric" for Governor Perry entering his reelection year. The concept itself had been developed among a small circle of people, led by the Governor and Texas Transportation Commissioner Ric Williamson. The follow-up implementation plan issued by TxDOT in June 2002 also was a transportation planning product produced without involvement from other stakeholders, of which there were many.

It became clear that the way the Trans Texas Corridor was presented and communicated would become a driving force behind its widespread opposition. Several interviewees commented that by focusing on the entire state at once and proposing such a set of comprehensive, multimodal, and multi-sector infrastructure improvements all at once gave detractors numerous viable targets. By presenting the concept with renderings of the 1,200-foot corridors and a map of proposed routes (which were intended to be very general since relatively little in the way of detailed studies had been done), opposition was quickly generated by those who saw the proposal as more than conceptual and assumed the routes could directly impact them—by cutting through their farmland, for example, in the case of rural opponents. Overall, critics felt that during the rollout of the Trans Texas Corridor and the development of the TTC-35, TxDOT performed the bare minimum in terms of public outreach and that a much more proactive approach was needed, particularly in view of the size and complexity of the proposals and the issues and concerns that might have been anticipated.

HB 3588 and Toll Roads (2003-2004)

Bill Formulation

Although it was a technical package of transportation funding measures implemented legislatively and not by referendum, the passage of HB 3588 was also marked by a lack of public engagement and debate. . One interviewee believed that the formulation HB 3588 was characterized by insider legislative negotiations among those with influence over transportation policy-making. According to this critic of the legislation, no input from potential stakeholders outside this insular group was solicited. The lack of initial media coverage and the perception that legislators were not fully aware of the implications of what they were voting for only served to reinforce sentiment that the bill's far-reaching initiatives had not been greatly publicized, and only became readily apparent after the legislated tools were used in practice. Additionally, the public focus on the Trans Texas

Corridor drew attention away from these new funding mechanisms, the full comprehension and acceptance of which would have been necessary to successfully implement the Governor's bold proposal.

Toll Road Conversions

One early use of HB 3588's provisions was TxDOT's pursuit of toll road conversions—proposals to add tolls to finance improvements on existing free roads. The backlash toward the prospect of paying for roadways that previously were free was in sharp contrast to the acceptability of toll financing for new facilities. During the second half of 2003, the Texas Transportation Commission was formulating a set of toll road guidelines to spell out in more detail TxDOT's intended policies and procedures regarding the newly enacted provisions of HB 3588. The conversion of non-tolled state highway segments to toll roads and the potential subsequent transfer to RMAs drew the greatest attention during this period of early guideline formulation. This was especially the case in the Austin area which was home to the only RMA in the state at the time, the Central Texas Regional Mobility Authority.

Specifically, TxDOT announced the possibility of converting roads under construction at the time with traditional funding to toll roads, even though they had not been initially developed in that manner. A three-mile extension of U.S. 183 north of Austin was a prime example of this.[6] Public backlash against this plan and negative reaction to draft toll road guidelines that did not guarantee that a converted road would have to have a reasonable alternative (free) route created early hostility to TxDOT's pursuit of the new toll road provisions in HB 3588.[22]

This halted attempt at converting the newly-opening segment of U.S. 183 to a toll road also had a negative impact on the public's trust of the fledgling CTRMA and its plans to build and operate a further 12-mile tolled extension of that road, the CR 183-A Turnpike. Acceptance of tolling new capacity and the credibility of the CTRMA faced an uphill battle. However, unlike TxDOT's approach, the CTRMA performed extensive public outreach, especially among businesses and residents along the proposed corridor. Its chairman noted that the CTRMA had been both "honest and accessible" to the public during the process. The project opened in 2007 on time and on budget, and robust traffic and revenue were indicative of positive public feedback.

Bumps in the Road (2005-2008)

TTC-35 CDA

Throughout the evolution of the Trans Texas Corridor proposal, a limited rapport with the public and lack of consistent and sustained communication of the plan's details continued to adversely affect its chances for implementation and served to build stronger opposition to TxDOT's efforts. According to critics, the lack of transparency in advancing the initial segment of the Corridor pursued by the Department—the proposed TTC-35 from San Antonio to north of Dallas—and the CDA award to Cintra-Zachry highlighted TxDOT's reluctance to communicate its actions to the public, stakeholders, and elected officials. While certain information needed to remain confidential for a time in order to preserve the integrity of a competition among private enterprises, this could have been better communicated.

In March 2005, the *Houston Chronicle* requested a public release of the full 200-page CDA between TxDOT and Cintra-Zachry through an open records request. Citing privacy concerns over financial information and stating the plan was only conceptual in nature, TxDOT and Cintra-Zachry opposed the release. In May, however, the state Attorney General issued a ruling that the documents should be made public. The next month, TxDOT and Cintra-Zachry filed a lawsuit to overturn the ruling, beginning a period of legal battles. On its outreach website, CorridorWatch.org criticized TxDOT and their process for developing the Trans Texas Corridor following these recent actions:[23]

> *The entire Trans Texas Corridor project has developed and grown well out of public view, and certainly without public participation… There's a stark difference between seeking public input on a project under consideration and working to sell the public on a project already in place. But even that pales when they go a giant step further and spend taxpayer money to keep the public from knowing the most important details of a 50-year contract that will affect most of us for the rest of our lives.*

In September 2006, the CDA documents were released and the lawsuit dropped as the master plan for the TTC-35 was finalized. The master plan superseded the older conceptual documents that were the subject of the lawsuit, so these were released as well, ending the prolonged battle. However, the damage had been done, as opposition to the Trans Texas Corridor and the private concessionaire funding model continued to grow.

TxDOT and Regional Toll Authorities

As the provisions of HB 3588 became better understood and underwent some clarification with HB 2702 in 2005, the Department's pursuit of toll road concessions with private firms began to draw greater criticism in 2006 and 2007. As discussed earlier, combative relationships with established local toll authorities in Dallas and Houston—the NTTA and HCTRA, respectively—and in turn the local lawmakers and stakeholders from those regions who supported their local authorities, eroded TxDOT's credibility in its pursuit of private concessions. This course of events led to SB 792 in 2007, which significantly curtailed their use. To further illustrate the deteriorating relationship between TxDOT and the local toll authorities, one interviewee remarked on how TxDOT required HCTRA to pay market value for TxDOT right-of-way for projects the authority sought to develop. In the past TxDOT transferred these lands to HCTRA at much lower costs. The Department's "bumps in the road" in marketing private concessions and toll roads had begun to affect even toll road proponents themselves, and by extension, the local leaders who had the ability to react against the Department by seeking legislative changes.

Damage to Public Relations

Finally, from late 2006 through 2008, a serious of reports reviewing various aspects of TxDOT's operations and actions caused further damage to TxDOT's credibility.

- December 2006 – A Governor's Business Council Report was released which included an assertion that indexing the motor fuels tax to inflation would have been sufficient to generate TxDOT's required funding without the need for tolling on many planned roads.[24,25]
- February 2007 – A State Auditor's Office report concluded that the public was at risk for unknown state costs for the development of the Trans Texas Corridor's TTC-35 and that TxDOT generally had not been forthcoming with financial information related to the project. The audit recommended greater transparency and public access to information and that the state's Comptroller assume responsibility from TxDOT for toll revenue projections.[26]
- June 2008 – The Sunset Advisory Commission released its preliminary findings (which were formally issued in January 2009) including its critical review of TxDOT.

Lessons Learned

Bold Vision and Strong Leadership

While in retrospect there has been much criticism of the Trans Texas Corridor concept, it must not be forgotten that the boldness of its vision and the strength of the Governor's personal commitment did much to stir the imagination of many—perhaps most Texans at the time—and to marshal the interest of the private sector worldwide who seemingly stampeded to Texas with billions of dollars at their disposal to capitalize on what quickly became the poster-child in the U.S. and a leading example worldwide of innovative transportation financing and delivery. The lack of similar vision and leadership in other jurisdictions, and particularly at the federal level, has been often cited as a major reason for failure to move forward in addressing much needed investment in transportation. In Texas, for what was more than just a brief shining moment, there was engendered a sense of mission and urgency that was palpable. In the early days of the Trans Texas Corridor, some of the criticism levied against TxDOT was that it was moving too slowly to deliver the vision.

Breadth and Pace

Looking back, many observers agreed that the sheer scale and scope of the Trans Texas Corridor concept was an unrealistic and overly simplistic approach to the transportation and infrastructure needs it purported to address. There was no doubt that some of the corridors contained in the proposal had been identified as critical to Texas's future transportation network, such as many segments of the proposed north-south bypass to existing I-35—the TTC-35. However, to have proposed a statewide network across vast stretches of open rural land, where it was not obvious that highway expansion would be necessary even within the plan's 50-year timeframe, proved to be one of the plan's major undoings. That the proposed corridors were to also contain other modes of transportation and infrastructure in nearly ¼-mile-wide rights-of-way rendered the scheme even more outlandish in the eyes of its detractors.

Interviewees concurred that a more prudent approach to the concepts behind the Trans Texas Corridor would have been to focus initially on just a few key corridors. More serious consideration could have also been given to expanding existing facilities first and proposing construction within or building upon existing rights-of-way. Instead, the message of "need" in these priority corridors was somewhat obscured by the overwhelming magnitude of the proposed statewide network. Presenting the Trans Texas Corridor components on a statewide map led many to believe that these routes were more than conceptual in nature—that specific route alignments had been decided. This quickly resulted in opposition to the plan where the need for such a facility was not readily apparent.

Some also considered the broad menu of financing mechanisms introduced in HB 3588, a number of which had been untested, to be too many to properly initiate all at once. Elements of this legislation may have had a better chance for successful adoption and implementation if they had not been authorized simultaneously in such an ambitious package and absent sufficient time for broad-based understanding and careful development.

Finally, in retrospect, although at the time transportation industry representatives who had come to Texas from elsewhere in the U.S. and beyond were urging even faster action, the pace at which TxDOT began to pursue implementation of the Trans Texas Corridor concept primarily through the untested and ultimately distrusted private toll road concessionaire model, was seen by some as a strategic error. Other, more conservative approaches to public-private partnerships may have posed fewer risks and challenges in the early days of getting the proposal off the ground.

Outreach and Buy-in

While the need for bold vision and strong leadership, comparable to President Eisenhower's much acclaimed launch of the nation's interstate highway system, are widely regarded as essential to address a huge backlog of surface transportation needs—and the Trans Texas Corridor proposal had both—it became evident that a key aspect of leadership must include gaining sufficient support among stakeholders to sustain the enterprise over the long run. Virtually no proposal of any significance moves forward without its challenges and detractors. The question is not whether there will be opposition, but whether a critical mass of support sufficient to withstand efforts by opponents to undermine the proposal has been developed. Even in authoritarian situations, great leaders seem to understand that winning the hearts and minds of followers is essential.

In the case of the Trans Texas Corridor, the energy and enthusiasm that surrounded the initial launch seemed to dissipate over time through an approach that can only be described as "announce-and-defend." Whether or not this approach was a matter of conscious strategy remains unclear. It is at least plausible that the decision to keep the wraps on the Trans Texas Corridor proposal until after the November 2001 constitutional amendment and legislative actions was the result of a deliberate assessment that such an action might have jeopardized the passage of the underlying funding actions that were needed. It is also plausible that the "announce-defend" approach to the Trans Texas Corridor was just more a product of personalities or institutional culture in which a poker playing philosophy of revealing as little as necessary of ones intentions makes for a surer bet. Certainly this predisposition to secrecy about one's intentions permeates the competitive worlds of both politics and the private sector, both of which were important parts of the Trans Texas Corridor from the outset.

Regardless of whether it was a product of conscious strategy or a product of personalities and culture, there seemed to be little attention paid to the need for outreach and soliciting stakeholder engagement and buy-in. It was as if the leadership believed the proposal was so compelling and the merits so apparent that it needed little or no "selling" beyond its initial announcement. For whatever reason, the absence of sufficient public and stakeholder outreach, and building of strong coalitions and widespread consensus, had far-reaching implications in terms of the ultimate fate of the Trans Texas Corridor concept. Multiple interviewees stated that doing greater outreach—to the public, to local and regional stakeholders, and to local elected officials—would have gone a long way to earning greater and perhaps more durable acceptance. Students of transportation initiatives note that just as much thought and effort needs to be put into a public education process, to communicate both the consequences of underinvestment and the validity of proposed solutions, as is placed in formulating the solutions themselves and the means to finance them.

Building on Lessons Learned

Perhaps the ultimate "lesson" to be gained from an assessment of lessons learned is that it is possible to bounce back. TxDOT went through a rough period in launching, defending, and ultimately withdrawing the Trans Texas Corridor proposal. But TxDOT is also working hard to turn things around, to retain and refine what seemed to work well while redefining and revising strategies and methods which were ineffective or counter-productive.

Ultimately, elements of the once grand Trans Texas Corridor and various innovative financing mechanisms, like private toll road development, will play an important role in Texas' transportation future and are likely to gain support among Texans and the renewed attention and interest among participants in the transportation community.

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Utah Transportation Funding Case Study

Transportation improvements in Utah are strongly linked to economic development and the need to provide jobs for the state's rapidly growing population.

Background

By almost any measure, the Utah Department of Transportation (UDOT) is one of the most successful transportation organizations in the country. This certainly holds true in its repeated ability to attract increased State funding. And it provided a unique case study in terms of what some may view as seemingly inherent contradictions. For example, the state as a whole is politically very conservative and yet the public and elected leadership seem to prefer tax increases over tolling or public-private partnerships to fund surface transportation initiatives. The composition of the State Legislature reflects a strong conservative majority and yet, contrary to positions of their political brethren elsewhere in the country, they have not hesitated to raise taxes for transportation when they felt the time had come to act. Furthermore, Utahns are known for loving their cars and yet they are strong supporters of public transportation along the Wasatch Front. And they have demonstrated their commitment to use transit in a metropolitan area whose highway network operates at a level of service that would be the envy of urban regions around the country. And to add to the list of ironies, their largesse in funding highways and transit capacity projects to avoid the congestion traps that have befallen others, and the extremely high regard in which the Utah DOT is held, a DOT that has used its advanced asset management tools to make the case for system preservation, have not been sufficient to provide sorely needed financial support for system preservation. When it comes to maintenance and rehabilitation, in fact, they are seriously underfunded, despite a clear recognition of preservation needs on the part of the Department as well as among the elected leadership.

Despite, and in some cases because of these ironies and paradoxes, UDOT has been unusually successful in recent years in receiving large amounts of state funding – through budget surpluses, increased funding allocations, increased debt capacity and a local option to dedicate a fraction of the sales tax to transportation.

Development

UDOT, working with regional and local stakeholders, has defined the state's roadway needs in various strategic and long-range plans. As stated in UDOT's 2009 Strategic Plan, "… from July 2007 to July 2008, Utah's population increased by 2.5 percent, ranking Utah first in the nation. Between 1990 to 2007, Utah's population increased by 56 percent. Although vehicle miles traveled (VMT) declined by four percent in 2008, from 1990 to 2007, VMT increased by 87 percent. During the same time period, new highway capacity increased by less than 5 percent."

UDOT has been successful in engaging stakeholders around the state. All UDOT regions are able to provide input into the project prioritization process on an annual basis. Working with Metropolitan Planning Organizations in the state's urban regions, UDOT also has established a Joint Highway Committee comprised of 40-50 local governments throughout the state. The UDOT planning division works with these communities' commissions, mayors, and councils to develop local transportation master plans. These local plans then provide input into UDOT's transportation plans and programs.

In 2003, the legislature approved HB 310, which funded a Transportation Planning Task Force. This group's goal was to look at statewide transportation needs and funding, and it included skeptics and potential detractors. UDOT leadership "treated this as an opportunity" and worked closely with the task force to communicate the complex challenges of addressing transportation needs throughout the state. Ultimately, this task force reached consensus in identifying $16.5 billion in long-term transportation needs.

The Salt Lake Chamber of Commerce, which also provides leadership and support to all of the state's Chambers of Commerce, took the case for transportation to the next level by forming the "Utah 2015 Transportation Alliance." This prestigious group of local and national business leaders based in Utah embraced the bold objective to fund key projects identified in the 2030 transportation plans, but in half the time otherwise contemplated. The Alliance commissioned a study by independent consultants to verify Utah's transportation needs, assess the costs to meet those needs, and consider funding options. Based on this study, the Chamber was able to make specific recommendations about how to fund an accelerated transportation program.[1]

The unusually strong support by Utah's business leaders for transportation stems largely, as would be expected, from reasons having to do with economic development. But the explanation goes deeper, and it gets "personal." As pointed out by Lane Beattie, the CEO of the Salt Lake Chamber of Commerce, and a former president of the Utah Senate, in 1989 Utah was losing 13,000 people per year – primarily young people who were unable to find work in the State. The business community focused heavily on that problem. "These were our children who were moving away from their families." In the 1990s, with local successes and a strong national economy the situation was reversed. "We were gaining 33,000 people annually because we had jobs, an attractive quality of life, and we had businesses attracted to a healthy, strong, educated workforce and to a transportation system that would meet their needs. Our children were moving back to Utah, along with many others." He points out that "we don't grow for growth's sake…we grow for our families."

Utahns strongly encourage economic development and there is a clear link between economic development and good infrastructure. As one of the Governor's chief aides put it, "jobs and mobility are one and the same issue…the ability to attract companies and jobs to Utah depends upon how easily goods and people can get here." He goes on to point out that when one particular project, Legacy Parkway, was stalled by environmental opponents whose rallying cry was (as has been heard so often around the country) "we can't build our way out of congestion" that statement served to intensify the commitment among political and businesses leaders to expand the transportation system as Utah grew. "We were not going to let gridlock become the inevitable fate that has occurred in so many places." The Legacy controversy was settled by an understanding with environmental groups, who have most recently signed an agreement not to oppose a similar major new highway known as the Mountainview Parkway. In Utah, environmental groups have recognized that economic development is just as important as conservation.

Judging by investments made in recent years, and that continue to be made in highway and transit capacity, and by the system performance observed "on the ground" as one rides on well-functioning freeways during peak hours and well utilized light rail lines at all hours, it is clear that Utah is putting its money where its economic development and quality of life goals are. And it seems to be working for them. In recent years, funding for UDOT has stemmed from a variety of sources including:

- Proposition 3, a 2006 ballot measure that increased the sales tax by a quarter cent for transportation (the majority of which was for transit, but a quarter of the revenues were for road projects).
- Between Fiscal Year 2005 and 2009, over $900 million of general fund surpluses were transferred to support UDOT projects. [1,2]
- In 2009, Governor Huntsman signed a pair of bills that would allow for $2.2 billion in bonding for state transportation projects over the next four years.[3]

Sponsors and Stakeholders

Utah DOT

Building upon a track record that some UDOT observers say dates back to the 1990's, and particularly since the Department's visible successes in preparation for and during the 2002 Winter Olympic Games, UDOT has continued to improve its credibility through a leadership approach and indeed an organization that exudes competence, communication, and responsiveness. When political leaders speak, UDOT listens. And when UDOT speaks, political leaders listen. UDOT has built a reputation among political and business leaders, the media and the public, and increasingly within the environmental community, as being an agency that you can count on and an agency that delivers. This is due to a few key factors:

Strong Leadership and Quality People

None of the interviewees mentioned UDOT without raving about John Njord, UDOT's Executive Director, and Carlos Braceras, UDOT's Deputy Director. They have the respect, appreciation, and confidence of the Governor, the legislature, and the public. Njord and Braceras have served in these positions since May 2001 under three different governors. Both have received awards for their accomplishments as UDOT leaders. They, of course, will credit their people, who in the eyes of those who have worked with UDOT staff over the years, do indeed reflect well on the organization.

Braceras noted that UDOT's approach is to be "stewards of the road…we don't own the road." He explained that it's important to be aware of the public: UDOT's customers. Everything visible on the road will reflect upon UDOT's reputation.

Njord and Braceras are business-like and relatively low-key in their approach letting their track record speak for itself. They do, however, place high value on the relationships they have built with the state's political leadership.

Valuable Relationships

"We have great relationships with the Governor, the Governor's staff, and key legislators. We go out of our way to get to know them," states Braceras. Every month, UDOT executives and staff visit with county leadership the day before their monthly Commission meeting. Braceras noted that this builds relationships and trust across the state. "We look for every opportunity we can to engage an elected official."

Successful Project Delivery

One of UDOT's most notable success stories was the on-time and within budget completion of Interstate 15, a $1.6 billion project and the nation's first application of design-build for a project of that magnitude. The state's political leadership supported UDOT in embarking on this new approach to project delivery for a fast-track project whose success was essential to handle traffic during the Olympic games, but not without some anxiety. Former Senate president Lane Beattie recalls the all-day work session at UDOT headquarters with the Governor, legislative leaders and UDOT staff, ultimately agreeing to the proposal on the strength of the homework the staff had done. John Nixon, Executive Director of the Governor's Office of Planning and Budget, pointed out that the I-15 "set the stage for having a great deal of confidence in UDOT." "Additionally," he goes on, "they are known for being innovative and non-bureaucratic."

As an example, Nixon noted that by virtue of where he lived at the time he was able to personally observe the remarkable and highly innovative fast turn-around bridge replacement project using Self-Propelled Modular Transporter technology, for which UDOT earned high praise (with UDOT project development director Jim McMinimee, recognized nationally by the Engineering News Record as one of the top 25 industry leaders for 2008.)

"UDOT executives understand the importance of being transparent and accountable" notes Greg Curtis, former Utah House Speaker. Curtis recalled how well UDOT would present project status information whenever it was requested in a clear, understandable way that enabled him to respond to constituents.

Internal Efficiencies

Carlos Braceras explains the importance of demonstrating internal efficiencies before asking for additional funding. He notes that UDOT has one of the leanest work forces relative to its responsibilities – only 1,600 employees managing and maintaining a 6,000 centerline mile highway network.

Braceras cites, as an example, how a few years ago, UDOT eliminated 10 percent of its vacant positions by cross-training staff in the "Transportation Technician Program." Construction people had to get a Commercial Drivers' License to push snow and maintenance people had to be certified for inspection work. This improved the agency's credibility.

Governor Jon Huntsman

Governor Huntsman has served as Utah governor since 1995 and his support has been vital to UDOT's success. The Governor sees transportation investment as a key to improving economic development. In connection with a proposed ballot measure to increase funding, Governor Huntsman stated: "Welcome to the fifth fastest growing state in America. Because of the growth we need the infrastructure that will sustain our quality of life and the ability for our economy to continue to provide the jobs that will make for quality of life."

The Governor's support for transportation is matched by his confidence in UDOT to deliver. "We are fortunate to have the governor's trust in the Department," notes Carlos Braceras, "his office turns to us and to our comptroller to ask key questions about what we need and might be able to accomplish at different funding levels. And they don't question our judgment."

John Nixon, the Governor's senior staff member for the budget observes that the Governor does not get into brokering projects, leaving the setting of priorities with political leaders and planners to UDOT.

Legislature

The Legislature, as reflected by two recent leaders who were interviewed – a former Senate President and a former House Speaker – does not hesitate to support funding for transportation, united with the Governor in his view that this is essential to the economic growth of their state. Notwithstanding the Legislature's political conservatism, and somewhat surprisingly, they seem to prefer taxes and bonding to tolling or privatization options. The legislature's response to the Governor's 2010 budget proposal to cut funding for UDOT because of a decline in revenue was to restructure its bonding policies and restore the program.

As noted by Braceras, "passion in our legislature for transportation is sometimes under-estimated…the overall budget was put together around the need to preserve the transportation budget." Braceras explained that the majority of the legislators are conservative and pro-business, so they have been very supportive of investing in transportation to support economic development. Curtis pointed out that the legislature's approach was to grow the economy by investing in transportation and in the long run, this economic growth will fund education and other needs.

The Business Community

As discussed earlier, the business community has been instrumental in supporting transportation investments. Since Lane Beattie, former Senate President, became President and Chief Executive Officer of the Chamber, he has aggressively pursued increased transportation funding because, as he states "if we didn't have increased funding for infrastructure, we were going to suffer economically."

Environmental Groups

Recognizing that Utah's environmental groups often challenged road capacity investments, as they did with the Legacy Parkway project, Governor Huntsman led a strategy with UDOT senior managers to proactively engage the environmental community. After settling the litigation on Legacy Parkway, UDOT actively engaged the environmental community in deliberations about other projects, such as the Mountain View Corridor. UDOT recently reached agreement with key environmental groups who were actively engaged in this project, and thereby hopes to avoid costly and time-consuming litigation. Carlos Braceras points out that there will always be a certain degree of tension with environmental groups, but observes how that is, in fact, healthy as UDOT undertakes the environmental planning process for its projects.

Communications/Marketing

Transportation is consistently communicated in Utah as being a key driver for economic development. In general, the press has been supportive of UDOT and its transportation investment strategies.

Leaving nothing to chance, however, the Chamber of Commerce undertook an intensive campaign to win public support for Proposition 3, the 2006 ballot measure that proposed increasing the sales tax by a quarter cent for transportation. As Beattie describes it, the Chamber of Commerce needed to first convince the legislature to put this on the state ballot and then convince the public to vote for it. In one-on-one meetings with legislators, Beattie had one of the top 100 CEOs in the country get personally involved. Once the legislation was passed to allow the measure onto the ballot, the business community raised $750,000 to support the initiative (mostly from highly motivated contractors and consulting engineers) in ten days. The media campaign consisted of a month-long publicity blitz of television and radio ads, lawn signs, emails, posters, and direct mail. They invested in newspaper ads that stated "Fix it now or fix it later" (see Figure 1 below), posters with slogans like "how to save time, money, and headaches," and direct mail that said "We're facing a transportation crisis." Additionally, a television advertisement showed a child being buried by legos as the commentator said "The longer we wait…congestion will bury us." Beattie pointed out that they "trained people to speak using the same rhetoric" regarding the transportation funding issue. The Proposition 3 sales tax proposal passed with more than 2/3 of the voters' support.

In addition to Proposition 3 Utah's political leadership has supported transportation and UDOT's programs in particular, through transfers of budget surpluses that occurred prior to the recent economic downturn. And the media was completely supportive.

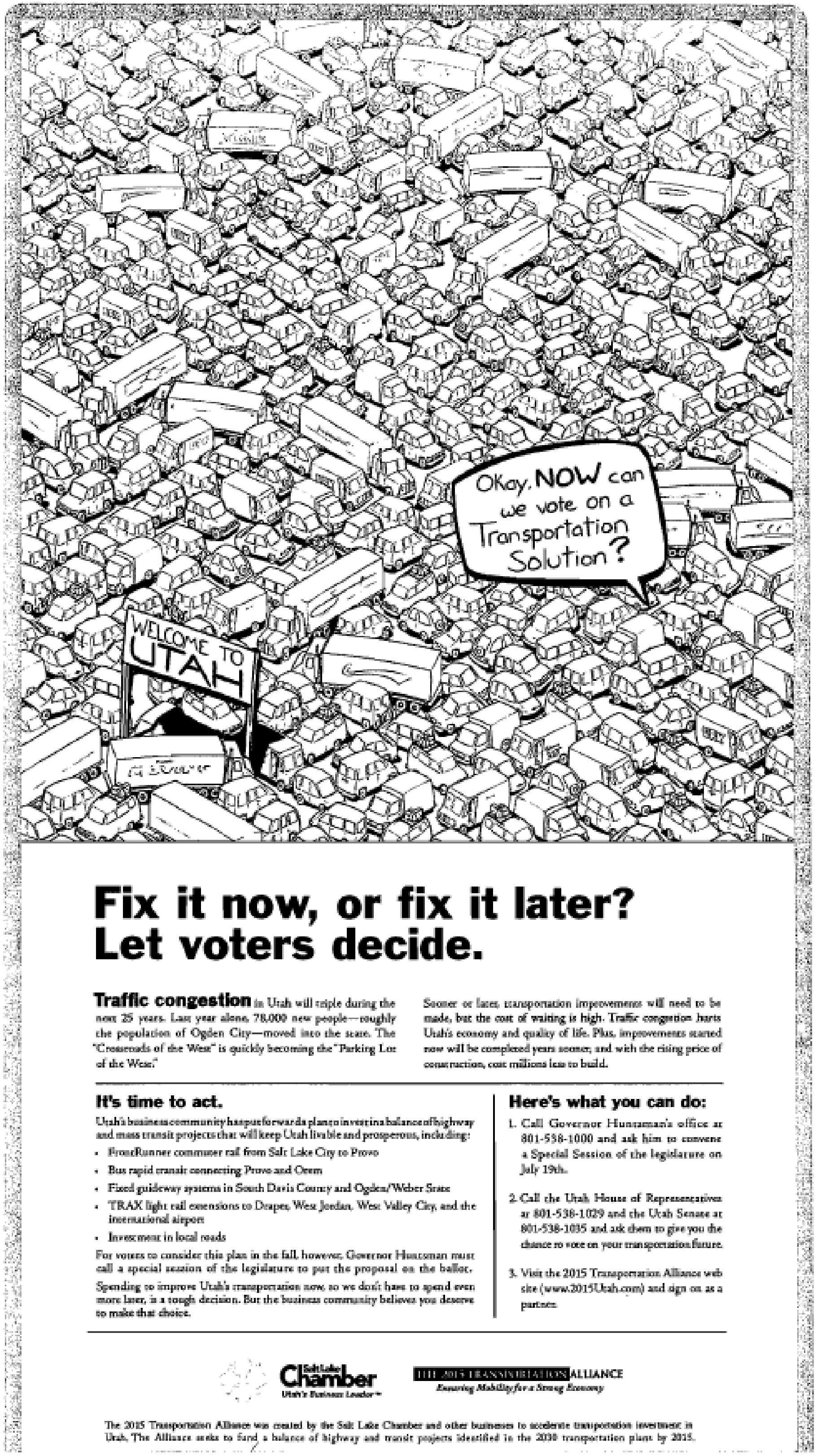
On January 19, 2006, Utah's Daily Herald stated:

> *Some legislators may be reluctant to spend the money on state programs because they see this as "growing government" -- a slippery definition that may not connect to reality in this case. To the business community, it makes a lot more sense to use excess income for desperately needed capital improvements. Utah, for example, needs some vital infrastructure to maintain a healthy economy. Invest it in transportation. One way to put the budget surplus to good use is to deposit it in the Transportation Investment Fund. The fund, created last year, is an interest-bearing dedicated account that will finance future transportation projects, such as upgrading Interstate 15 in Utah County.*[4]

A similar sentiment is expressed in the February 18, 2007 Deseret News:

> *Spending on infrastructure is safe, conservative, responsible and far-sighted. It doesn't increase agency base budgets, and when the inevitable economic downturn occurs, the one-time spending provides a cushion. It can be eliminated without hurting education, social services, or other permanent programs, helping avoid layoffs and deep program cuts.*[5]

Figure 1. Sample Transportation Funding Advertisement



UDOT's communications strategy seems to be a combination of allowing their track record and the credibility they have earned speak for itself, while letting others – such as the business community and editorial boards – make the case for transportation investments through marketing and editorializing. Judging from the results, it seems to be a successful strategy.

Lessons Learned/Looking Back

The following is a list of the key success factors as identified by the interviewees:

UDOT credibility is universal, instilling confidence that what is promised will be delivered.

It is not often that state DOT leaders are compared with rock stars, but that is exactly what one interviewee observed in characterizing the popularity of UDOT's Director and Deputy Director and the credibility of UDOT as a whole. It is a popularity earned in a much more deliberative way than entertainers, but it is no less indicative of the high regard in which they are held. It is also indicative of how the personal credibility of an agency's leadership can be indistinguishable from that of the agency as a whole. The confidence in UDOT among elected leaders, the business community, and the Governor's key staff is palpable, and clearly a critical factor in their willingness to publicly advocate for transportation resources.

Interviewees all discussed how important it is to work closely with legislative leaders. Former Senate President Beattie pointed out how important it is to take the time to help the legislators understand the issues and help them understand why it's important to them. And, when initiatives are successful, how important it is to let elected officials take the credit they are due.

Former Speaker Curtis observed, "It is essential to keep faith with the taxpayers…when you break trust with them it takes forever to get it back." He explained that if UDOT had failed to complete the building of Legacy Highway when the court stopped the project, then folks in a different part of the valley wouldn't trust that I-15 would happen next as was promised. It's an interconnected chain of commitments that must be fulfilled."

Deputy Director Carlos Braceras believes "our currency is 'public perception." He explained that "for us to continue to do projects – we have to have trust of the people." To test their standing with their customers, UDOT uses public opinion polls. The latest poll showed a 76% approval rating for UDOT, which is unprecedented for a public agency in Utah.

Political and business leadership share a common vision for transportation, and able to communicate a focused message in winning public support.

The basis of support for funding transportation in Utah is single-minded among political leaders and the business community in terms of the clarity of their vision and their ability to communicate their message to the public. It is for economic growth, plain and simple. And at least according to one interviewee, it is not economic growth in an abstract way or in a way driven solely by narrow financial goals. The growth objective relates to providing jobs for an expanding population so that young people do not have to leave Utah to earn a living. It is an economic growth objective with a societal dimension in a state where family values rank high among residents.

Political leaders and the public willing to tax themselves to achieve a quality transportation system

Unlike much of the rest of the country, and in politically conservative Utah, of all places, the idea of taxes for transportation is still alive. This may well be the result of the unique combination of (1) the single-minded shared vision for economic growth, rooted in a community-based commitment to provide jobs for a fast-growing population and (2) a degree of credibility enjoyed by UDOT that is second to none among state DOTs in the nation. Certainly with a strong business community and a conservative ethic, one might have expected the notion of public-private partnerships supported by toll roads to have had some degree of serious consideration, but that has not happened.

What is also unique is what the vision of a "quality transportation system" means in Utah. Along the Wasatch Front it means little or no congestion on streets and highways in peak hours and a transit system that attracts reasonable ridership, even in an auto-dominated region. In rural areas it means safety and mobility with multi-lane sections interspersed at regular intervals along 2-lane highways to facilitate safe passing opportunities. As one interviewee put it, saying "we can't build our way out of congestion" just makes us more determined to do just that.

A winning combination for system enhancement does not cut it for supporting maintenance and preservation

All interviewed acknowledged that Utah's single-minded commitment to funding transportation has not, for reasons not entirely clear, leveraged the resources required for preservation and maintenance. The needs are recognized (UDOT employs analytical approaches to asset management as advanced as any) and they have articulated and quantified what is required, yet the result is a system whose traffic-carrying capacity is expanding while its physical condition is slipping.

Carlos Braceras noted that such funding may be difficult to come by, "since we've been doing too good of a job of hiding our maintenance problem…we paint the road black instead of doing long-term preventive fixes." Braceras believes that legislators understand the consequences of under-funding O&M; however, he stated "the design life of a road versus an elected official's political life are quite different." Former House Speaker Curtis pointed out that there's no "glamour or ribbon-cutting" when a road is preserved.

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Virginia Transportation Revenue Initiatives Case Study

Tax measures are more likely to be successful with full and deliberate political participation in the legislative measure. Critical considerations are timing, political leadership involvement and support, and development of champions.

Background

The Commonwealth of Virginia has had mixed success dealing with transportation revenue increases. An initiative introduced by Governor Gerald L. Baliles in 1986 was described as sweeping and dramatically successful[1]. More recent initiatives starting in 2004 and extending through 2008 were not successful in actually raising added revenue, although a revenue bill was passed and signed into law. The measure was subsequently declared unconstitutional. In both instances:

- The unmet transportation need for additional funding was well defined
- The elements that drove the need for added funding was compelling
- The loss of purchasing power of the existing transportation revenues was clearly described
- The public attitude toward a transportation tax increase was felt to be supportive
- The governor was personally committed to a revenue increase
- The administrations marketing efforts had similar characteristics

In many ways, the transportation and revenue environments and marketing efforts were similar. This case study compares and contrasts these two initiatives to try to determine why similar marketing efforts were successful in one instance but unsuccessful in the other. What lessons can be learned?

The Initiative Descriptions (1986 & 2004-2007)

1986

In 1986, Virginia had about 58,000 miles of state maintained highways making it the third largest highway network in the U.S. The "Bird Road Act" adopted in 1932 made the state responsible for construction and maintenance of Primary and Secondary highways. Cities were allocated road maintenance payments if they met certain state imposed standards. An "unmet" needs study was developed by the Joint Legislative Audit and Review Commission (JLARC) that was confirmed by a survey of local jurisdictions. The total estimated shortfall found during that study was about $16 billion.

In his "State of the State" address, Governor Gerald L. Baliles identified transportation as the top priority of his administration. Baliles aggressively set out to address what was clearly understood to be a transportation "crisis". He established a "Blue Ribbon" panel, the Commission on Transportation in the 21st Century (COT-21), and charged it to "confirm the critical highway and transportation needs of the Commonwealth; explore alternative means of financing transportation; and examine the feasibility of establishing a separate fund for highway construction." He announced that he intended to call the General Assembly into special session to consider the COT-21 findings and recommendations.

COT-21 divided the study into four areas: Critical Needs; Financing Options; Legal Issues; and Industry Capabilities. As a matter of strategic importance, President Pro Tem and Chairman of the Senate Finance Committee Edward Willey chaired COT-21 (until his death); Senate Majority Leader Hunter Andrews (who succeeded Willey as Chairman) and Speaker of the House of Delegates A. L. Philpott were selected to lead various parts of the study. Thus began a six month process of establishing the rationale, justification, and support for a transportation revenue increase. COT-21 made several significant recommendations for change. The recommendations for revenue increases addressed both structural and sufficiency concerns[2]. The principal tax measures included:

- A 3/4 percent increase in the Sales Tax dedicated solely to transportation—achieving a new revenue source that would address the tax "structure" problem by keeping pace with inflation,
- The gas tax was increased to $.175 cent per gallon—a one cent increase adding about $44 million to collections that along with a 1% increase in Titling Tax, valued at $150 million, addressed revenue "sufficiency".
- Two trust funds were established—one for construction (the Transportation Trust Fund (TTF) and another for maintenance (the Highway Maintenance and Operating Fund (HMO).
- Finally, a $1 billion bond authorization backed by a pledge of the State's total transportation revenue was adopted—along with a required constitutional test case. (The pledge bond was subsequently determined to be unconstitutional.)

During legislative consideration of the revenue increase, fifteen percent of the total revenue of the TTF was, for the first time, set aside for subsequent allocation to Transit, Ports, and Aviation. The remaining 85% was dedicated to highway system construction and maintenance.

The recommendations were adopted by the 1987 General Assembly with one significant change but not without considerable debate and disagreement. The sales tax increase was reduced to a ½% increase. The final agreement raised about $422 million a year.

The arguments during the Special Session about the revenue measure were not so much about <u>**how much**</u> to raise but <u>**how it was to be raised**</u>. The principal point of contention was whether to authorize a lottery and dedicate its proceeds to transportation purposes.

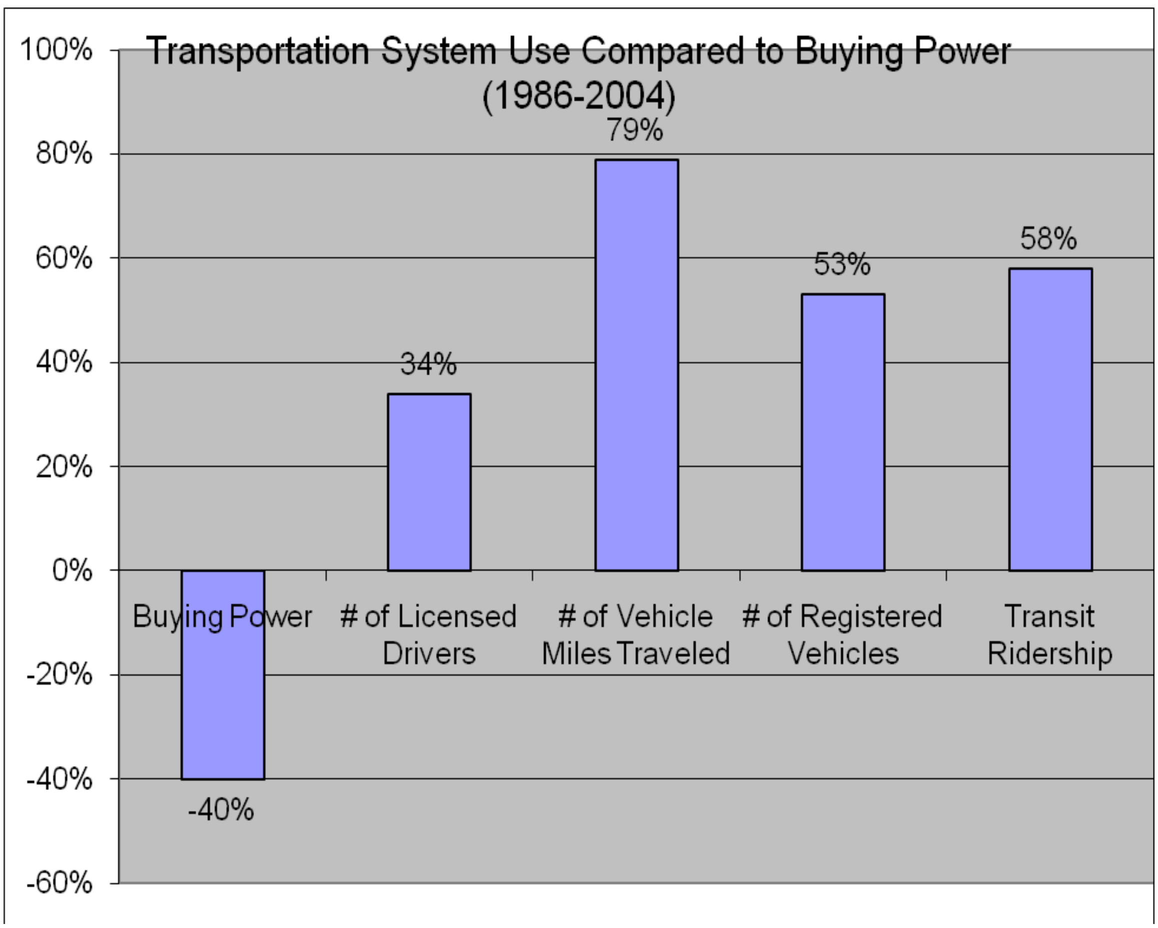
The lottery issue took nearly a week of debate before it failed. A second hurdle involved the House and Senate Conference Committee and a ruling of the Lieutenant Governor. The Lieutenant Governor is also the President of the Senate and rules on parliamentary questions. Efforts to include alternative taxes in Conference

were dashed when a ruling was made that only tax measures originally part of a House or Senate adopted bill could be considered by the Conference Committee.

2004-2007

Eighteen years later, inflation had eroded the purchasing power of the 1986 revenue gain by about 55%. The $.175 cent 1986 gas tax was now valued at about $.08. Construction costs had rapidly increased during that period. The unmet need for transportation funds in the newest statewide needs analysis put the total at more than $68.4 billion with the highway shortfall at $57.4 billion.[3] Use of the highway system had grown dramatically since 1986 as shown in Figure 1.[4]

Figure 1



Newly elected Governor Timothy M. Kaine, recognizing a new “crisis” in transportation funding, announced an initiative to raise additional revenue for transportation through what he referred to as a “balanced program”. The description of a balanced program was murky at best but consisted of a collection of various sources of revenue.

The timing could not have been worse. There had been two significant events in the transportation policy environment. Both Northern Virginia and Hampton Roads voters had turned down referenda on transportation tax increases just a couple years earlier. In addition, a transportation tax increase proposed in a Senate sponsored bill in 2004, and strongly supported by the Senate Finance Chairman John Chichester had been dropped from consideration because of opposition of the Republican leadership in the House of Delegates—who stood on philosophical grounds opposing any and all tax increases.

In 2007, after years of contentious debate, the General Assembly finally adopted HB 3202 that permitted the Northern Virginia and Hampton Roads local governments to collectively raise revenues for transportation. In both regions a new local authority was established and was authorized to collect taxes as soon as feasible. As part of HB 3202, the legislature also adopted an “abusive driver” program which was to raise revenue by adding a penalty “fee” on top of driving violation “fines”. There was an immediate negative public reaction to the “abusive driver” program and the General Assembly repealed that portion of the revenue program in the next legislative session and refunded revenue collections.

The nature of the HB3202 tax program was a significant departure from traditional funding where the state imposed taxes for transportation and had responsibility for maintenance of the extensive system of interstate, primary, and secondary roads. In this case, the revenue was to be raised by local officials.

The most significant change in tradition was in the establishment of Urban Transportation Service Districts and Impact Fees. Those counties with populations greater than 90,000 were authorized to create "urban transportation service districts" in areas where density was at least one residential unit per acre. This classification applied to only Northern Virginia and Hampton Roads. The major features and complexity of the tax authorizations are described in the following discussion.

In general terms, the legislation provided that if transportation service districts were created:

- Localities (instead of the state) assumed maintenance responsibility for roads within the service district.
- VDOT would be required to make per lane mile payments to localities that established districts, equal to lane mile rate for cities.

- Localities could impose impact fees for public facilities that were impacted by residential development in areas outside of urban transportation service districts that were zoned agricultural and being subdivided for residential development.
- Localities could take as credit any off-site transportation improvements.
- Impact fees could be charged prior to issuance of a building permit and could be used for direct improvements to new development. [5]

Hampton Roads Transportation Authority (HRTA)

In the Hampton Roads region, HB 3202 created the HRTA as an independent political subdivision consisting of Chesapeake, Hampton, Isle of Wight, James City, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, Williamsburg, York. Implementation of local taxes was made optional. Accomack and Northampton could also become members but only after the Chesapeake Bay Bridge Authority was turned over to HRTA. The HRTA tax measures were to be locally imposed.

HRTA Revenues

- 2% retail gas tax
- 2% local car rental fee
- 5% sales tax on auto repairs
- Initial vehicle registration fee of 1% of vehicle value
- Increase vehicle inspection fee by $10
- Increase driver's license fee by $10
- Created a classification of commercial real estate within the counties of the HRTA and established a commercial real estate assessment rate of 10 cents per $100 of assessed value.
- Imposed a Hampton Roads congestion relief fee based on the sale of property (grantor's tax) equal to 40 cents per $100 of assessed valuation.

Implementation of the local transportation fees required at least seven of the 12 localities (comprising at least 51% of total regional population) to submit a letter of intent to issue taxes prior to December 31, 2007.

It is important to note that each of the major tax increases fell directly on Virginia residents. Interstate travelers were given a "free ride", quite different than any previous transportation tax discussion.

Northern Virginia Transportation Authority (NVTA)

In Northern Virginia, HB 3202 established NVTA as an independent political subdivision with full bonding and tolling authority and established a complex distribution process. Implementation of the local transportation fees required at least 6 of the 9 localities to submit a letter of intent to issue taxes prior to December 31, 2007. The distribution details of this legislation set up a complex process.

NVTA Revenue

- 2% transient occupancy tax
- 2% local car rental fee
- Increase annual driver's license fee of $10
- One-time 1% vehicle registration fee
- Increase vehicle inspection fee by $10
- 5% sales tax on auto repairs
- Created a classification of commercial real estate within the counties of the NVTA and established a commercial real estate assessment rate of 25 cents per $100 of assessed value.
- Imposed a Northern Virginia congestion relief fee based on the sale of property (grantor's tax) equal to 40 cents per $100 of assessed valuation.

NVTA Fund Distribution Scheme

NVTA bonding authority was distributed 40% to localities and 60% to other NVTA projects. However, of the 40% returned to localities:

- The first 50% was distributed to Falls Church, Alexandria, and Arlington urban and secondary construction and public transportation
- The remaining 50% was for urban and secondary road construction largely at the discretion of the locality.

Of the 60% retained by the authority:

- NVTA was to appropriate debt service on bonds as needed.
- $50 million was to be distributed annually for the contribution to Washington Area Metropolitan Transportation Authority.
- $25 million was to be distributed annually for Virginia Railway Express capital improvements

Development

Assessing Need and Allocating Transportation Revenue

It is important to note again that transportation conditions as well as the need for revenue to address unmet need in 1986 and 2006 were similar in context although the magnitude of needs was substantially higher in the latter year.

The significance of measuring transportation needs in terms of revenue dollars (rather than projects) had been the criteria established in a study made by the Joint Legislative Audit and Review Commission (JLARC). JLARC had gathered data from the Department of Transportation and requested local governments to review and confirm whether the amounts included all known transportation projects in their respective areas. The total was valued at just over $16 billion during the study period. Legislation had also been adopted that unmet needs assessments would be measured and reported to the General Assembly every five years. The rationale used was that the appropriation of dollars was the job of the legislature, and unlike the differences in construction projects, it permitted an equitable allocation of dollars among counties, highway systems, and construction districts.

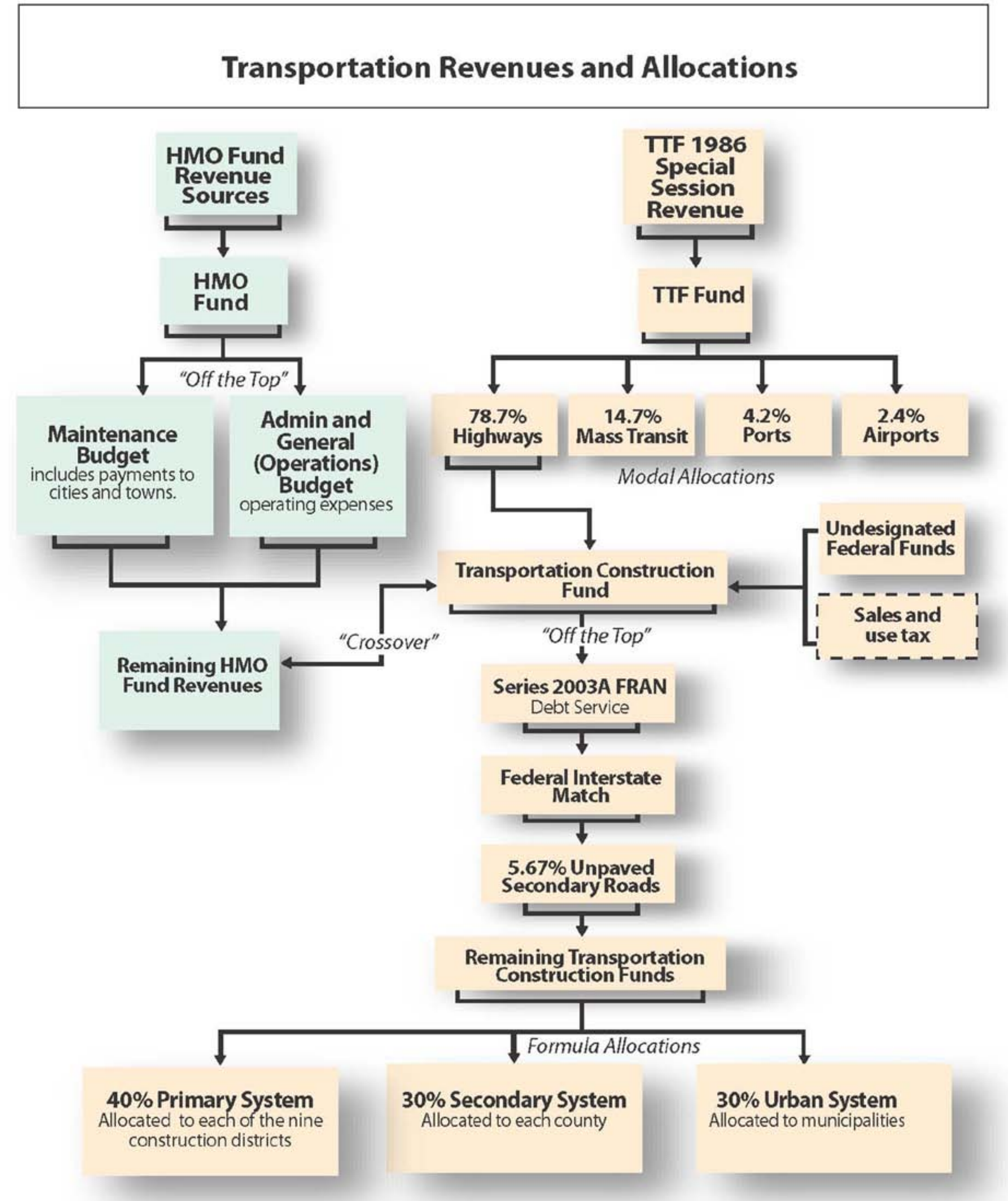
The allocation formula adopted at that time is shown on page 9. Conveniently, all new revenue raised in the 1986 initiative was dedicated for construction and placed in the Transportation Trust Fund (TTF) while all existing revenue was reserved for maintenance and placed into the Highway Maintenance & Operating Fund (HMO). Among other actions:

- For the first time, 15% of revenue was set aside for Ports, Airports, and Transit.
- The Virginia Department of Highways & Transportation was renamed The Department of Transportation (VDOT), and the Commonwealth Transportation Board (CTB) was expanded to 15 members.
- Also new was the authorization of $1 billion in "Pledge Bonds" which pledged repayment from the transportation revenue stream—meaning the first dollars deposited in transportation accounts would be the source of repayment. A court case was also included in the legislation to determine the constitutionality of this new funding mechanism. Subsequently, the "Pledge Bond" authorization was found to be unconstitutional (as was also the case in 1986). Efforts to introduce a constitutional amendment in subsequent years failed.

In 2004, when the Senate's proposal for a transportation tax was deleted it was clear that philosophical opposition to any statewide tax increase was the hallmark of the House of Delegates leadership. After years of controversy, the political compromise that moved HB3202 was that local governments in Northern Virginia and Hampton Roads were authorized to levy taxes—the philosophical principle had been maintained.

There was no "statewide" revenue increase. Politically, however, it solved two political problems. The Governor was able to take the controversy associated with transportation off his agenda and the leadership of the General Assembly could say they dealt with the issues prior to the fall elections without raising a statewide transportation tax. But the legislation was quickly doomed by violent reaction to one part of the legislation which placed an "Abusive Driver" fee on top of the fines and fees. The balance of the bill was put to rest when the State Supreme Court declared the legislation as unconstitutional because it gave taxing authority to regional authorities composed of both elected and appointed officials. Virginia's constitution requires any tax increase to be levied by elected officials.

Figure 2



Sponsors and Stakeholders

There was a considerable difference in the number of prominent individuals and organizations involved with the transportation finance issue in 1986 compared to the more recent efforts. With the COT-21 blue ribbon panel, a statewide list of as many as 30 potential "champions" for transportation finance improvements was established. COT-21 was composed of former governors, the Speaker of the House of Delegates, the President Pro Tem and Chairman of the Senate Finance Committee, and prominent citizens. In making these appointments, the Governor increased the likelihood of legislative support and reduced the likelihood of opposition to potential revenue recommendations.

The appointments to COT-21 were not without criticism. No Republican legislators were appointed and some geographic regions of the state were not represented. Two members of the General Assembly issued a statement that said in part "the politics of exclusion is and will not be acceptable. With the current makeup of the Commission, the report which will be received is likely to be viewed by the members of the Republican Party with the same skepticism as the appointments which were announced on Friday." However, this criticism had little impact on the work of COT-21. COT-21 divided its work into two general emphasis areas—one for maintenance chaired by Speaker A.L. Philpot and one for Construction chaired by the Majority Leader of the Senate, Hunter Andrews.

During the period of development for COT-21, the Governor, Secretary of Transportation and Public Safety Vivian Watts, Transportation Commissioner and Chairman of the Commonwealth Transportation Board Ray Pethtel, and Secretary of Finance Stuart Connock conducted an almost full-time "road show" around the state.[6] At each stop, included in the speeches were lists of projects that would be built with additional funding as well as identification of projects that would not be built unless there was additional revenue.

Governor Baliles also formed a Better Transportation Association, consisting of some of the state's most influential businessmen. The CEO's of Dominion Resources, CSX Corporation, Sovran Bank, Wheat First Securities were among the appointees.[7]

Interestingly, and perhaps just as supportive, was the fact that several Republican legislators introduced a tax proposal (an anticipated windfall from federal income tax reform) thereby recognizing the validity of the need for additional funding. Additional Republican political support came from Virginia's congressional delegation. Senator John Warner, Representatives Stanford Parris, Frank Wolf and William Whitehurst endorsed the roads program along with five Republican congressional district chairpersons.[8]

From 2004 through 2008 campaign efforts were somewhat similar in approach—except that Governor Kaine held "town hall" type meetings (instead of project related meetings) and focused most of his presentations on the general "transportation crisis". For example, during January 2008 the Governor held sessions in Lynchburg, Falls Church and Virginia Beach. In a fashion similar to the 1986 initiative, Governor Kaine would include references to important and (usually) highly popular road projects that would be built if there were additional funds.

Three transportation lobby groups played a major role in promoting the transportation initiatives.

The Virginia Road and Transportation Builders Association and the Virginia Aggregates Association teamed up in 2004 to fund a massive public-awareness campaign designed to outline the details of the state's transportation situation and garner citizen feedback based on potential solutions and funding options for the state's transportation system.

Between the two groups, nearly $1 million was infused into the statewide program, which offered education sessions on the short- and long-term effects of the state's transportation situation

A second transportation advocacy organization was also on the scene. The organization was called the Virginians for Better Transportation (VBT). It described itself as a diverse and expanding advocacy group working to implement statewide, multi-modal transportation solutions through increased, dedicated and sustainable funding and responsible business practices. VBT conducted a public awareness campaign to educate Virginians about the Commonwealth's transportation funding challenges and the essential role transportation plays in the quality of life of all citizens. The tag line used by the organization continues to be "**it's time**"—it's time to address Virginia's transportation funding crisis.

VBT's web site carries a number of statements illustrating why Virginia has a "transportation crisis" and includes speeches, PowerPoint presentations, and other resources available to interested individuals. During the 2008 legislative session and up to date, VBT has sent 16 "blast emails" to prominent citizens and key transportation decision-makers.

The Greater Washington Board of Trade also played an important role in Northern Virginia. The Board adopted transportation as its top priority. Its Virginia political action committee met regularly with 18 other business organizations that coalesce around a unified message and strategy for promoting transportation funding. Members of this group met one-on-one with each member of the Northern Virginia legislative delegation asking them to support and sponsor meaningful funding initiatives and to actively work toward their passage. In addition the committee lobbied members of the House and Senate Finance Committees where the bills were considered and voted on[9].

Communications/Marketing and Lessons Learned

From afar, the perspective of the two initiatives looks very similar—yet one succeeded and the other failed. Probably the most important lesson one can learn from the two different transportation revenue initiatives was in the preparation of the 1986 initiative and the philosophical opposition of legislative leaders during 2004-2008.

Preparation

COT-21 gave the administration and its supporters the time to focus attention on all transportation decision-makers. Nearly all issues and questions associated with the efficiency of the administration of the Department, its programs, and its capability to manage such a large program as well as the capacity of the construction industry to add such a sizable construction program were dealt with over the nearly six month period. Everyone who would eventually have to vote on the revenue measure had an opportunity to have their opinions "on the table". Based on the earlier allocation changes, a majority of members were "winners" in the distribution of funds.

Champions

The 1986 initiative was championed by the Governor, the Secretary of Transportation, the Secretary of Finance, and the Transportation Commissioner each of whom made numerous visits to communities where local transportation projects were needed. Although a record of the total number of visits was not kept, it has been estimated that the number of visits collectively was between 50-75. Many of the members of COT-21 helped champion the need for a tax increase during the course of the initiative and added project relevant local support.

No Surprises

Virtually everyone in each community knew a revenue measure was "on the table" and what they could expect in return for their support. There were no surprises when the legislation was introduced. The COT-21 process was aggressive enough that it gained support from the Speaker of the House of Delegates and the Chairman of the Senate Finance Committee. Any prospect of philosophical opposition was limited to individual legislators—not leadership.

Political Philosophy

During the most recent initiatives, the political philosophy of the leadership in the House of Delegates flatly opposed any statewide tax increase. It just was not the right time to introduce legislation that did not have widespread involvement. According to the House Majority Leader, there was little effort to develop legislation that was built on what individual legislators would find acceptable. As a result, a bill could not be passed until an acceptable compromise could be reached that preserved the principles of the Republican House of Delegates leadership.

Local Projects

During each visit in 1984, the Governor and others identified specific projects that would (or would not) evolve from the transportation revenue. These visits energized the local advocates for transportation improvements. A statewide list of "projects of importance" was developed with legislative and local participation and distributed widely by the statewide and local media. Delegate Raymond Guest, the House Minority Leader noted that "highway issues traditionally have been decided on the basis of what legislators think is best for their districts, rather than on partisan or ideological lines.[10] However, since the administrations "road show" had identified hundreds of new transportation projects, and since every legislative district gained new road projects, the Republican delegation was effectively co-opted out of its potential role as opponents of the COT-21 program. One Republican legislator commented after the special session that …"constituents can't see an efficient use of their tax dollars, but they can see new roads"[11].

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[4]Source: Presentation, Barbara Reese, Virginia Transportation Conference, 2004, from data supplied by Weldon Cooper Center.

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Washington State Gas Tax Increase Case Study

Though a combination of strong government and private leadership, increased agency credibility, well demonstrated and documented transportation needs, and strong marketing principles, the Washington State Department of Transportation (WSDOT) successfully requested and kept the largest funding program in the agency's history.

Background

In July 2003, a five-cent-per-gallon gas-tax increase, approved by the Washington State Legislature, went into effect, funding $4.5 billion in priority projects (dubbed the "Nickel Package").[1] Just two years later, in April 2005, the Legislature approved another $8.5 billion for additional transportation projects, raising the gas-tax another 9.5 cents.[2] These were the state's first gas-tax increases and the first major influx of budget since 1991.[3]

Nickel Package

The leadership of the Legislative Transportation Committee, with both houses of the Legislature created a package of transportation improvements funding with a five-cent gas-tax increase to raise $4.5 billion. The package was focused on a prescribed list of priority projects. Democrats and Republicans negotiated the investment in such a way as to allow legislators of both parties to support the Package and to prevent it from becoming an issue in future elections. The Legislature also approved a 0.3 percent sales tax on new and used vehicles to fund a "Multi-modal Transportation Account" chiefly to benefit transit agencies and passenger ferry service, and created an independent Transportation Performance Audit Board to monitor WSDOT reforms and programs.

Transportation Partnership Account (TPA)

As the WSDOT showed over the next two years, they were up to the task of managing and implementing projects funded under the Nickel Package. All but a few Nickel projects advanced toward completion on schedule and on budget.

As WSDOT's performance improved, leaders from business, civic organizations, labor, and environmental groups from around the sate formed a "Transportation Partnership" to lobby for new funding. New funding was developed - $8.5 billion, the largest single program ever contemplated for transportation in Washington. It was funded primarily by a 9.5-cent increase in the gas-tax, phased in over four years. Nearly half of the funding was to replace at-risk infrastructures, such as the Alaskan Way Viaduct and the SR 520 floating bridge.

Failed Repeal of TPA

Directly following the difficult but successful passage of the new TPA funding, an initiative was launched to repeal the tax. The Transportation Partnership, along with Legislative and Agency representatives worked tirelessly to keep the funding intact. Using print and television media, talk radio, and the Agency's web page, they communicated the message that more investment was needed, and they successfully fended off the repeal.

Development

In November 2000, the Blue Ribbon Commission on Transportation warned, "Washington's transportation system is on a collision course with reality." Capital investment in the state's transportation system had remained flat since 1980 while everything else had increased dramatically: population, employment, vehicle registrations, and vehicle miles traveled. The interstate highway system and other infrastructure were aging, while peak-hour congestion in major corridors increased.[4]

In 2001, Governor Locke proposed a $17.2 billion transportation package based on the Blue Ribbon Commission's "Early Action Plan." He also sought appointing authority over the Secretary of Transportation; neither moved forward in the Legislature.

In the middle of this debate, on February 28, 2001, a magnitude 6.8 earthquake shook the region. The quake damaged buildings, roads and public infrastructure throughout Western Washington, including the aging Alaskan Way Viaduct in Seattle. The earthquake, which was centered near Olympia, caused more than $1 billion in damage to roadways and infrastructure.

Governor Locke summoned the Legislature back to Olympia in late April of that year for three special sessions focusing on the transportation budget. However, he had no better results than he had had during the regular session. It appeared that the department was stuck.

However, on April 23, 2001, Doug MacDonald took charge of the WSDOT, becoming the fourth Secretary of Transportation. MacDonald had been the Executive Director of the Massachusetts Water Resources Authority, and over nine years, he guided the on-time and on-budget delivery of a $4 billion construction program for new wastewater facilities. On the heels of the Blue Ribbon Commission's recommendations to the Legislature and Governor to implement benchmarks, tracking, and accountability measures within WSDOT, MacDonald's reputation for hands-on management and a passion for public accountability led to his appointment as Secretary of WSDOT.

As MacDonald joined WSDOT, he faced a long list of unfunded transportation needs. But the immediate challenge was the public and legislative skepticism about WSDOT's capabilities and performance. Accountability and project delivery became WSDOT's new mission. MacDonald worked with public officials, local governments, citizens, and WSDOT employees to restore confidence; confidence that would be critical convincing the Legislature to pursue new funding initiatives for transportation.

Starting in 2001, Secretary MacDonald began to rebuild the public's confidence in WSDOT. He focused on a few key items: delivery, accountability, and communication. He directed WSDOT divisions and programs to establish quantifiable benchmarks for monitoring their performance. "What gets measured gets managed," was the new motto. MacDonald began a quarterly report to the Legislature, which was (and still is) posted on WSDOT's website.[5] These reports tracked all aspects of WSDOT's work, from project design to maintenance and operations, along with the budgets and schedules for the work.

In 2002, the Legislature focused on the recommendations the Blue Ribbon Commission outlined in their 2000 report to the Legislature and Governor. The Legislature adopted a "transportation efficiency" bill based on the Commission's recommendations, while MacDonald reached out to the Legislature with the "Grey Notebooks," which measured the department's performance, and to the public on talk radio and newspapers. The media praised WSDOT's new accessibility, and the Puget Sound Business Journal found the Gray Notebook's detail to be "addictive."[6]

While WSDOT began to institute changes, in 2002, Governor Locke put forward a scaled back version of the plan he proposed in 2001. As the Democrats had taken control of the House as well as the Senate, he expected to succeed. However, some feared that passage of a major gas-tax increase would spell trouble for November elections.[7] As a compromise, the Legislature drafted legislation with two main features: a referendum to go to the voters to decide if they wanted a nine-cent gas-tax increase to fund a detailed transportation plan, and a new "Regional Transportation Investment District," to raise regional revenue to meet the Puget Sound's extraordinary needs.

If passed, the referendum (R-51) would fund $7.8 billion over ten years for transportation improvements. Although major business and labor interest were behind R-51, some environmental and pro-transit interests felt that the plan was too focused on highways. There was no partnership promoting the package, and R-51 failed by more than 60 percent.

After the failure of R-51, Secretary MacDonald and other WSDOT staff went on the road offering "straight talk about transportation." Department officials spoke candidly to anyone that would listen about the challenges facing transportation, to publicize its progress, and to report on WSDOT's performance.[7] WSDOT was now able to show its improved project delivery, cost management for maintenance programs, and new business practices. In fact, WSDOT could now show improvements in most areas of operations due to its implementation of new programs and systematic tracking of those programs and project progress.

The Nickel Package

Out of the public and Legislature's increased confidence in WSDOT, coupled with the extraordinary transportation needs, emerged the Nickel Package. The five-cent gas-tax increase would raise $4.5 billion over the next ten years for projects that met specific, stringent criteria – the projects had to be "ready to go" and they had to be of "statewide or regional significance." Using these criteria, the Legislature was able to create a list of projects that could be funded for this amount, understanding that they could not take care of all the transportation needs at one time. With the passage of the package, which was virtually uncontested, came new accountability measures. The Legislature established the general scope of each of the projects, the schedule, and the budget. WSDOT would be judged on whether they were able to meet each measure for each funded project.

WSDOT rose to the occasion. Though the specific scope, schedule, and budgets identified by the legislature limited WSDOT's flexibility in delivery, Secretary MacDonald knew that if the department could deliver, they would win the trust of the legislature and the public. It worked.

TPA

As the Nickel projects moved toward completion, nearly all of them on time and on budget, discussions were continuing about the unmet transportation needs.

In the fall of 2003, Boeing announced that Washington would have to compete with other states as it determined where to assemble its 787 Dreamliner. Boeing had already surprised the public and government by shifting its corporate headquarters from Seattle to Chicago in 2001. Citing transportation as a big issue, it appeared that Boeing might take move a significant portion of its capital investment and payroll elsewhere.

Boeing's CEO Alan Mulally publicly criticized Washington's business climate, saying of the $4.2 billion Nickel transportation package, "This is a Band-Aid. This doesn't even get you started."[8] Ultimately, Boeing keep production in Washington, but only after receiving promises that they would receive more than $3 billion in tax breaks and subsidies.[9]

Against this backdrop, business leaders, civic organizations, labor, and environmental organizations leaders from around the state formed a "Transportation Partnership" to lobby the Legislature to fund critical statewide and regional transportation investment.

In January 2005, Democrats held a narrow majority in both the House and Senate. House Transportation Chair Ed Murray and Senate Transportation Chair Mary Margaret Haugen backed ambitious transportation improvement packages. Their Republican colleagues, including Senator Jim Horn, gave qualified support to the effort for the package. In the last days of the 2005 session, a bill came out of the conference committee that outlined an improvement package costing $8.5 billion. If passed, it would be the largest transportation program in WSDOT's history. It was to be funded by a 9.5-cent increase in the gas tax, which would be phased in over four years along with other fees. Nearly half of the funding was earmarked for replacing at-risk structures, including the Alaskan Way Viaduct, and the SR 520 floating bridge.

The bill passed the Senate, but failed in the House. Governor Gregoire and leaders from both parties were aided by the Transportation Partnership, and all parties worked feverishly to create solutions to legislator's issues. Just hours before the House adjourned, the "Transportation Partnership Investment Fund" passed. It was passed with support from about one-third of Republicans, including conservatives like Senators Bill Finkbeiner, Joseph Zarelli, and Dan Swecker. It was important to them that, in companion legislation, independent auditing of the department's performance was strengthened to help enforce wise spending.[10]

At the same time, legislation passed that shifted authority for appointing and overseeing the Secretary of Transportation from the Transportation Commission to the governor, though the Commission was retained as an organization.

Failed Repeal of TPA

Immediately after the TPA was passed, a public initiative was filed with the objective of repealing the funding (I-912).[11] The backers of the repeal submitted over 420,000 signatures on I-912 petitions – nearly double the number needed to put it on the ballot.

Finding campaign funding to fight I-912 was difficult. When R-51 went forward to the ballot, businesses and organizations worked hard to get the package passed, contributing significant funds toward the effort. In spite of the significant funding – which bought polling studies, high quality commercials, air time on television and radio, mailings – the initiative failed. In this case, with the overwhelming number of signatures collected and early polling showing that I-912 would pass, transportation supporters were reluctant to contribute to what looked like a losing campaign. Therefore, the "No on I-912" campaign was run on a shoestring budget. However, the legislature had given the campaigners a powerful message to put forward: Look at the 274 projects you will lose if you vote for this initiative.

The Transportation Partnership, the collision of business, community, and environmental organizations, got together and created the "Keep Washington Moving" campaign. The organization conducted polling surveys that made it possible for them to focus their key messages for the campaign, and helped them identify where to target those messages. Some of their key messages included:

- 274 new road projects across Washington – CANCELED. Initiative 912 takes it all away.
- I-912 slashes funding for roads, highways and bridges, and does nothing to relieve congestion.
- I-912 puts citizens and the economy at risk.
- Initiative 912 offers no alternative to today's gridlock on key state highway.
- Say NO to more traffic, more costs, more risks to Washington
- Initiative 912 – a plan to do nothing.
- No on I-912 – no to more of the same.
- I-912 ignores safeguards put in place that ensure our tax dollars are spent wisely.

The list of projects defined by the legislature to be implemented became a significant communication opportunity for the defenders of the program. WSDOT was required by the legislature to identify, organize, and track all funded projects. WSDOT provided this information via its well organized website. Therefore, the agency was able to quickly tag the projects that would be cut if the initiative passed and make the information available to the public and the media.[12] Every project had proponents in the form of legislators, organizations, and communities. Since the TPA program included projects throughout the state, each community could go to the web site and see if a project in their community would be cut, allowing each community to know exactly what they were going to lose.[13]

In addition, Keep Washington Moving used their limited funding to conduct ongoing polls, create posters, handouts, and mailings. They had their members participate in editorial boards and go on radio. Some of the headlines the were able to generate included:

- Spokane Spokesman-Review: “Critics of gas tax should halt deceit”
- Tacoma News Tribune: “Road revenues wrong target for anti-tax crowd”
- Seattle PI: “Highway Funding: Don't hit the brakes”

Secretary MacDonald was a key part of those media messages, and he worked tirelessly speaking on radio and being interviewed for print and television news.

In the summer prior to the vote, polls showed that anti-tax talk-radio hosts were helping ensure the passage of I-912. While Secretary MacDonald was precluded from participating in campaigning or lobbying, he was expected to be responsive to requests for information made by the media. That summer and fall, he became a frequent talk radio guest, engaging in spirited debate about the repeal of the gas tax and the consequences it would have. MacDonald had excellent facts, which he articulated well, and he was able to easily explain the transportation needs. His grasp of the consequences of the repeal, in terms of the projects that would not be built, and the adverse effects on system’s performance which his agency had been studiously tracking and reporting over several years, provided him with a strong and clear message that was repeated on talk radio for several months prior to the vote. Knowledgeable observers have credited the Secretary's constructive use of talk radio – the very medium that might have ensured the tax repeal's success – as the major reason for defeating the repeal and preserving a historic level of funding that pundits had been sure was about to be lost.

At the same time, WSDOT had gained a great deal of credibility, showing that it delivered its projects on time and on budget, with few exceptions. These factors became a winning combination, and the initiative to repeal the TPA funding failed, with 55% of the electorate voting not to repeal.

Sponsors and Stakeholders

There were a few key players over the years that made these initiatives successful, and ensured that once the funding was secured, it did not get taken away.

Legislative Leadership

According to those interviewed, both House Transportation Chair Ed Murray and Senate Transportation Chair Mary Margaret Haugen were key to passage of the transportation improvement packages. Senator Haugen began her efforts on the Blue Ribbon Commission, which focused on transportation needs and funding solutions. The commission was made up of many constituencies – from legislators to farmers, from city chamber members to labor representatives. In November 2000, the Commission made several important recommendations which the Legislature systematically implemented. Key recommendations included: adopting benchmarks and require agency accountability; providing funding for a strong state and regional transportation system; and providing the agency tools that promote efficiency.[14]

As the transportation needs became apparent, and the connection between a healthy transportation system and a health economy became clear, both Murray and Haugen became outspoken advocates for new investment in Washington's transportation infrastructure.

Secretary Doug MacDonald

According to Senator Haugen, "Doug really took the Blue Ribbon Commission's recommendations to heart!"

Secretary MacDonald changed the agency's culture and its way of communicating externally, and in so doing, dramatically and quickly increased WSDOT's credibility. MacDonald created a clear, focused message: delivery, accountability, and communication.

He told the public what WSDOT was going to do, WSDOT did the work, and he communicated how it went. MacDonald required that a special effort be made to tell the public the bad news as well as the good. He believed that telling the public bad news would build the agency's credibility.

As the face of the agency, MacDonald was an invaluable champion. From the day he started working at the agency in 2001, he began to increase the department's accountability and ensure that projects were being completed on-time and on-budget.

MacDonald effectively used the media. He organized state-wide road-shows targeted to editorial boards, local elected leaders and talk radio to make the case for funding and to demonstrate WSDOT's performance record.[15] This proved successful for several reasons – he articulated the department's case well and he established relationships with people state-wide who hadn't met with the Transportation Secretary in years, if ever.

Transportation Partnership

The issues were big, so there had to be a significant coalition built to get the budgets passed. Big business (Microsoft, Vulcan, Boeing), labor, and environmental organizations played important roles, and establishing the Transportation Partnership with an impressive list of diverse organizations helped convince the legislature that they had support to implement new taxes. This group was important for the Nickel package, but had an even more powerful impact on the Transportation Partnership Account (TPA), which raised the gas tax another 9.5 cents, and which was challenged through a citizen initiative, requiring a public vote. These groups funded the campaign, which was successful in retaining the tax increase. "This group can do things that a State agency cannot," said Secretary Hammond.

When measured against the numbers of proponents in favor of these initiatives, here weren't many opponents. There were anti-tax groups and organizations that argued that WSDOT could do more with less if it were more efficient. However, these arguments were shallow and ultimately didn't have much of a following.[16]

Those interviewed stated that there were also a few that didn't like how the funding was allocated. Part of the issue revolved around a common argument, that the west side of the state, which included the City of Seattle, got more than its fair share of the funding. However, WSDOT was able to supply data collected over time that demonstrated that this wasn't the case.

Agency

Each of the persons interviewed cited the Agency's credibility as a key factor leading to significant increases in funding.

According to Secretary Hammond, before Secretary MacDonald arrived, the agency was organized around dispersed authority. Prior to his arrival, Headquarters had been renamed the "Service Center" and Regions and Project Engineers ran their projects to the best of their ability, using methods that were "home-grown." WSDOT communicated little to the public, except where required to do so, and there was no centralized message or agency mission. After MacDonald took charge, WSDOT began to learn how to communicate the good work they had always done for the public, which rebuilt confidence in the agency. At the same time, WSDOT implemented project controls and centralizing reporting. With MacDonald at the helm, Headquarters role changed – Regions had to implement projects using the tools and requirements set down from a central authority.

MacDonald understood that new project controls were the price of receiving the Nickel funding. WSDOT's managers and the staff had to be trained to use these new tools and understand the new requirements. Creating an excellent delivery record was required with the new funding. Communicating facts in a compelling way was also now required.

Secretary Hammond reports that there were challenges. For example, the agency was not prepared for line item budgeting when the legislature passed the Nickel Package. Many of the projects that were funded through the Nickel Package had been shelved years earlier, and there was not time update budgets or consider regulatory changes that happened in the mean time. Depending on the project, project managers were required to redesign to get the projects to fit within the budgets that were allocated. Many projects had good, recent estimates that fit with the budgets allocated. In a few cases, WSDOT had to go back to the Legislature and explain why they were unable to deliver with the budget allocated. WSDOT did this well, and its credibility continued to rise.

Communications/Marketing

WSDOT used several methods to communicate its messages: print media, websites, folios, quarterly reports, and polls.

Secretary MacDonald and other WSDOT executives went to editorial boards frequently. They made a point of creating events when a project was going to construction, giving them a chance to say in the media that the project was on time, and on budget. They also looked for opportunities to showcase interesting or innovative construction activities, and worked to get the media out to look at them.

WSDOT created four-page brochures, they dubbed "folios," which they packed with interesting information. They created them for projects, issues, and processes.[17]

Quarterly reports were also prepared, officially titled, "Measures, Markers, and Mileposts," and referred to as "The Grey Notebook." The quarterly reports were packed with data and information. MacDonald used these reports to track progress of projects (scope, schedule, budget), track issues around operation and maintenance activities, inform the legislature and the public of issues, and to highlight interesting topics.

WSDOT also created websites for each project. The sites not only describe the project, who is doing the work, and how to find out more, but also features a report card, complete with budget and construction statistics.

Secretary Hammond reports that polls were extremely helpful. After a few years of working on their communication, focusing on accountability and project delivery, WSDOT watched their poll ratings go up. Polls also showed the Legislature that transportation was at the top of the publics' list of issues that needed addressed. Polls help them understand how important transportation was to the public, and gave them the permission they felt they needed to increase taxes.

The Transportation Partnership used a variety of tools in their effort to pursue and keep transportation funding in Washington. The group actively lobbied legislative leaders using coordinated messages. They polled the public and shared the results with leaders. They created posters, mailings, and press releases, identifying the right audiences, and targeting them. Using polling data, they were able to mold and shift their messages as the opposition rebutted them or new information was generated.

Lessons Learned

The people interviewed expressed numerous lessons learned. However, these lessons can be grouped into several themes.

Communication

To get and keep funding, your agency must be trusted by the Legislative bodies that will allocate the funding and the public the agency serves. Communicating your successes to the public is important. *Being frank about your failures is essential*.

All of the interviewees credit WSDOT's recently built credibility as a primary factor in being given and keeping new funding. It's an ongoing effort that requires a continued communication effort to demonstrate the agency's progress on projects. Communication with the public and Legislative bodies has become a regular course of business for the agency. This fact allows them to use the same information when elections are underway and people are looking for data about the agency's work. (Of course, WSDOT, as a public agency, is not allowed to advocate for or against any elective issue.) WSDOT's reputation was essential for the successful passage of both of the initiatives.

WSDOT's mission is "accountability, transparency, and project delivery" and "no surprises." If you ask almost any WSDOT employee, they will be able to tell you that. The culture has shifted. This is important.

Build Partners and Coalitions

Establishing a program of specific funded projects was essential to building a coalition to support the initiatives.

The list of projects defined by the legislature to be implemented became a significant communication opportunity for the defenders of the program. On the WSDOT web, WSDOT was required by the legislature to identify, organize, and track all funded projects. WSDOT was able to quickly tag the projects that would be cut if the initiative passed. Each of these projects had proponents in the form of legislators, organizations, and communities. This became a very strong coalition of support.

Collecting and Providing Excellent Data

The Legislature requiring WSDOT to benchmark and institute performance measures also helped the Agency to create the foundation for collecting excellent data that they now use in their communications.

Providing data and organizing it in a way that it can be tracked and easily understood is essential. Having excellent data over time allows the Agency to explain its work and its performance with factual information, which is also critical when building or maintaining trust with the public and the Legislature. The Legislature asked the department tough questions, and WSDOT rose to the occasion, developing baselines and measurements for just about everything.


NO
on 912
SAY NO TO
MORE
TRAFFIC
MORE
COSTS
MORE
RISK TO
WASHINGTON
NO TO MORE OF THE SAME
To learn more about projects I-912 cancels in your neighborhood, go to:
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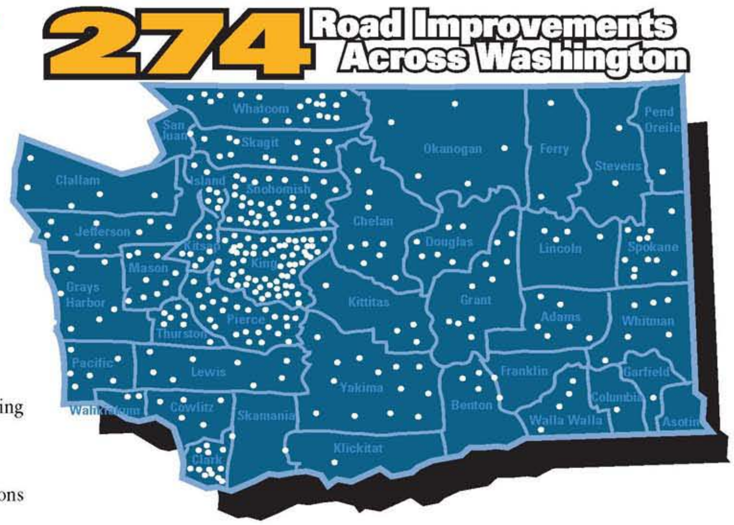
NO
on 912
NO TO MORE OF THE SAME

INITIATIVE 912 CANCELS:



WHY VOTE NO ON 912?

Earlier this year, our state took a giant step forward by approving a balanced statewide transportation plan – including tough accountability measures and annual audits to protect taxpayers.

INITIATIVE 912 PUTS AT RISK:

- Funding for 274 projects across Washington state to make highways safer and to keep traffic moving
- Coordination with prior transportation planning
- Traffic flow improvements in 69 locations
- Fixes for 100 high accident locations
- Upgrades to 172 bridges to withstand earthquakes
- Replacement of 53 deteriorating or outdated bridges
- 35 projects for trucks and trains
- Adding 73 miles of highway barrier to prevent cross-over accidents

SOURCE: Washington Dept. of Transportation

INITIATIVE 912 MEANS:

SOURCE: Washington Dept. of Transportation

MORE TRAFFIC

Congestion is the result of failing roads, chokepoints and bottlenecks. The 2005 transportation package addresses congestion relief in a number of projects by adding lanes, investing in transit solutions, and helping to reduce back-ups and accidents. If any of the 274 projects don't get built, people will be spending even more time stuck in traffic than they are today.

For every month of delay, interest costs alone reach into the millions of dollars.

MORE COSTS

If Initiative 912 passes, vital road and bridge projects all over Washington will be canceled, costing taxpayers millions in extra interest costs. Plus, experts have repeatedly warned us that the next earthquake, big or small, could destroy the 520 bridge and the Alaskan Way Viaduct, bringing traffic and commerce across Washington state to a standstill, never mind the untold costs in lives as well.

MORE OF THE SAME

Initiative 912 is a statewide recipe for more of the same: Unchecked traffic gridlock and unsafe highways. The 912 campaign wants to do nothing about our transportation problems. They just want more of the same: more congestion.

NO on 912

NO TO MORE OF THE SAME

To learn more about projects I-912 cancels in your neighborhood, go to:

www.VoteNo912.org


NO
on 912
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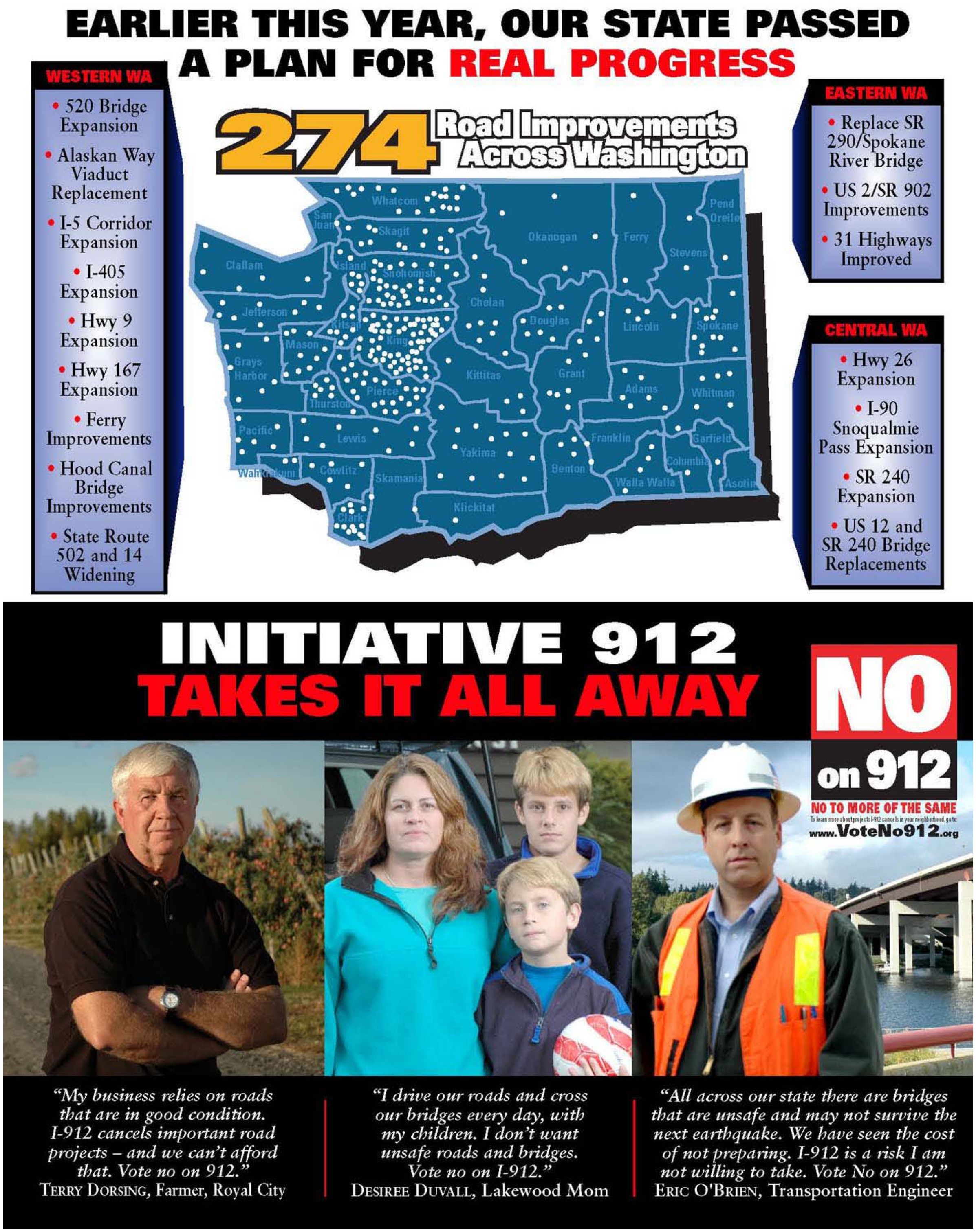
274 ROAD IMPROVEMENT
PROJECTS ACROSS WASHINGTON
CANCELED


EARLIER THIS YEAR, OUR STATE PASSED
A PLAN FOR REAL PROGRESS
WESTERN WA
• 520 Bridge Expansion
• Alaskan Way Viaduct Replacement
• I-5 Corridor Expansion
• I-405 Expansion
• Hwy 9 Expansion
• Hwy 167 Expansion
• Ferry Improvements
• Hood Canal Bridge Improvements
• State Route 502 and 14 Widening
274 Road Improvements Across Washington
Whatcom
San Juan
Skagit
Clallam
Island
Snohomish
Jefferson
Kitsap
Mason
King
Grays Harbor
Pierce
Thurston
Pacific
Lewis
Wahkiakum
Cowlitz
Skamania
Clark
Okanogan
Ferry
Stevens
Pend Oreille
Chelan
Douglas
Lincoln
Spokane
Kittitas
Grant
Adams
Whitman
Yakima
Franklin
Garfield
Columbia
Benton
Walla Walla
Asotin
Klickitat
EASTERN WA
• Replace SR 290/Spokane River Bridge
• US 2/SR 902 Improvements
• 31 Highways Improved
CENTRAL WA
• Hwy 26 Expansion
• I-90 Snoqualmie Pass Expansion
• SR 240 Expansion
• US 12 and SR 240 Bridge Replacements
INITIATIVE 912
TAKES IT ALL AWAY
NO on 912
NO TO MORE OF THE SAME
www.VoteNo912.org
"My business relies on roads that are in good condition. I-912 cancels important road projects – and we can't afford that. Vote no on 912."
TERRY DORSING, Farmer, Royal City
"I drive our roads and cross our bridges every day, with my children. I don't want unsafe roads and bridges. Vote no on I-912."
DESIREE DUVALL, Lakewood Mom
"All across our state there are bridges that are unsafe and may not survive the next earthquake. We have seen the cost of not preparing. I-912 is a risk I am not willing to take. Vote No on 912."
ERIC O'BRIEN, Transportation Engineer

[1] Nickel Package budget, law. Engrossed Senate/House Bill 1163.

[2] Transportation Partnership Investment Fund budget, law. Engrossed Senate Substitute Bill 6103.

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Federal Fuel Tax History Case Study

"What seems to turn the federal tide toward enacting revenue increases, whether or not they are driven primarily by transportation needs, is a strategy that couples 'making the case' with 'seizing the moment'."

Background

The other case studies in this report focus on individual funding initiatives that were relatively recent, and describe their development and the various factors that led to success or failure. For this examination of federal transportation funding the research team has taken a somewhat different approach. We have conducted a longitudinal review of funding initiatives since 1956. A key observation in this review is that the last time the federal motor fuel tax was last raised solely for transportation purposes with no other collateral interests was arguably in 1959. Since then, increases in federal fuel taxes have been principally for the purpose of stimulating job creation in an economic downturn (as occurred in 1982, which was the last time that the entire fuel tax increase was devoted to transportation) and/or general fund deficit reduction (although these increases were subsequently transferred to the Highway Trust Fund). This phenomenon has occurred despite the fact that all of the states have increased their fuel taxes during this 50-year period and there appears to be bi-partisan agreement that increased federal funding for transportation infrastructure is sorely needed. This case study endeavors to identify the factors that have caused increases in a traditional "user fee" to become untenable at the federal level over the past quarter century, a period when the case for additional transportation funding for state and local governments appears to have been more compelling than at the federal level.

The modern era of federal transportation funding and the federal motor fuel tax began with the passage of the Federal-Aid Highway Act and Highway Revenue Act of 1956. This landmark legislation authorized significant funding for the Interstate Highway System and other highway programs, established the user fee principle for financing this program and created the Highway Trust Fund as the funding mechanism to accomplish these purposes. The revenue title of the bill increased the tax on motor fuel (from two cents to three cents per gallon), increased fees on tires, trucks, trailers and buses and established an annual heavy-vehicle use tax. Interestingly, the key Congressional debate in 1955 and 1956 focused on whether the Interstate System was to be funded on a "pay-as-you-go" basis or with the support of bond financing. The increases in the various taxes, which were widely viewed as user fees being applied to a national purpose, were relatively uncontroversial.

In response to rising cost estimates to complete the Interstate System, the Federal-Aid Highway Act of 1959 increased the motor fuel tax to four cents per gallon and shifted half of the existing 10% truck excise tax from the General Fund to the Highway Trust Fund. Again, this application of increased user fees was relatively uncontroversial. In fact, it was recognized in 1956 that the cost estimate for the Interstate System was preliminary and that increases of this nature were likely. In contrast with federal and state measures over the years to tap fuel taxes as a source for the general fund, it has been said that the user fee/trust fund mechanism was intended by many who supported it as a way to protect the General Fund from the growing need to finance highways.[1] During the 1960s there were further increases and extensions of transportation user fees as the Interstate System cost estimate continued to rise, although the motor fuel tax remained at four cents per gallon.

In the 1970s the nation, and the world, experienced two negative trends—energy crises due to conditions in the Middle East and the consequent inflation-driven budget deficits. In a prelude to discussions that were to recur two decades later, a series of proposals to increase the federal motor fuel tax were introduced, with the twin objectives of deficit reduction and energy conservation. Proposals ranging from 10 cents per gallon to 50 cents per gallon were introduced in 1975, 1977 and 1979. They were in sharp contrast with the previous modest increase needed to support Interstate system cost increases, and all were greeted with intense Congressional opposition from a coalition of suburban/rural legislators concerned with constituents' long driving distances and liberal members who felt the tax would disproportionately affect the poor.[2] None of these proposals came close to being enacted, but their continued discussion tended to undermine the proposition that the motor fuel tax was primarily a user fee linked to transportation investment. Perhaps more significantly, the Congressional debate acted to politicize the federal motor fuel tax – all future proposals to increase it would be subject to intense legislative and public scrutiny.

Surface Transportation Assistance Act of 1982

By 1982 the Highway Trust Fund was in financial distress and a broad coalition of transportation interests were clamoring for a revenue increase. Under the leadership of US Transportation Secretary Drew Lewis, a major funding initiative was enacted that had a five cents per gallon increase in the motor fuel tax as its centerpiece. However, in a departure from legislation in the 1950s and 1960s, the principal rationale for the increased funding, at least in public, was not as much investment in transportation infrastructure as it was job creation. The nation was in a recession at the time and the most frequently cited argument in favor of the legislation was Secretary Lewis's estimate that the program would create 320,000 jobs.[3]

Securing the Administration's support for this legislation was a remarkable achievement for Secretary Lewis. As late as September 28, 1982, President Reagan observed that he saw no necessity for an increase in the gasoline tax "Unless there's a palace coup and I'm overtaken or overthrown…" However, Lewis was able to build the case for the program within the Administration, first persuading the Office of Management and Budget (OMB) staff and then approaching the President in a post-midterm election November 10th meeting also attended by OMB Director David Stockman. Lewis presented several charts that clearly made the case for additional transportation investment (for example, one demonstrating the vehicle maintenance benefits of smoother roads). Stockman was opposed to the proposal arguing that it was counter to Reagan Revolution principles and an extended and spirited debate ensued. In the end, President Reagan concluded that this was more of a user fee than a tax and thus did not violate his anti-tax policy.[4]

In this discussion with the President, Lewis was aided by the strong political relationship between the two men.[5] Lewis had been a key figure in the 1980 presidential election, leading the campaign in the battleground state of Pennsylvania among other roles. And during his first year as Secretary, he had been the point person in dealing with the air traffic controllers' strike, an episode that did much to enhance Reagan's reputation as a strong leader. He had earned the President's trust and confidence, which some observers have noted was a critical factor in President Reagan's rather abrupt shift in course on raising the federal fuel tax. The President signed the bill into law on January 6, 1983. (The often repeated story that Reagan didn't realize that an increase in the gasoline tax was involved here is debunked by the firsthand account of the meeting noted above and two entries in his diaries – "Wednesday, November 10 Bud. Meeting – 1st Drew Lewis on subject of 5 cent gas tax pledged to repair hi ways and bridges; Thursday, January 6 – Signed the Gas Tax bill…"[6])

A key aspect of the legislation was that construction of the Interstate Highway System was at last drawing to a conclusion and funds were increasingly distributed to a broader range of transportation programs. As the most significant example of the new direction, one cent of the five cents was dedicated to transit programs. This departure was necessary to secure the support of urban Democrats, especially on the House side, and was the result of an agreement between Secretary Lewis and House Speaker Tip O'Neill.[7] The 80/20 relationship between highway and transit uses for federal fuel tax increases was thus established – and subsequently applied when deficit related increases were allocated to the Trust Fund.

Another indication of shifting priorities was the introduction of earmarks for specific projects designated individually by members of Congress. Dating back to 1914, such earmarks had not been a feature of the federal-aid highway program, which was founded on the notion that the states would set priorities for the use of federal funds on the basis of planning studies (initiated in 1934 under the Hayden-Cartwright Act) and a planning process (first required for metropolitan areas under Section 134 of the 1962 Federal-Aid Highway Act.) This structure was embodied in the procedural rules of the House of Representatives, which until 1995 prevented the inclusion of specific projects in a general highway authorization bill. But this critically important tradition, which set the Federal-Aid Highway Program apart from virtually all other federal grant programs, was initially bent in the 1970s with the introduction of the first project earmarks, which were termed "demonstration projects" in order to avoid a direct conflict with the procedural rule.[8] This trend was reinforced in the 1982 legislation with the funding of 10 demonstration projects at a cost of $362 million.[9] With the precedent thus established, the practice of earmarking would grow to over 5,600 demonstration projects at a cost of $19.4 billion in 2005's Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), undermining in the eyes of many the notion that the federal program for highways was driven by well documented needs established by state and local planning.

The five cents per gallon increase became effective April 1, 1983. As it happened, this was during a period of falling retail prices for gasoline and diesel fuel, which greatly ameliorated any negative public reaction to it.

1990s Deficit Reduction Measures

Omnibus Budget Reconciliation Act of 1990

The Omnibus Budget Reconciliation Act of 1990 established a 5 cent motor fuel tax increase on both gasoline and diesel fuels. The five cent increase was to be divided with 50 percent going to the General Fund for deficit reduction, while the other 2.5 cents was split between the Mass Transit Account (0.5 cents) and the Highway Account (2 cents). The transportation industry was strongly opposed to this partial diversion of a traditional user fee from transportation purposes to deficit relief for the General Fund. However, from a political perspective other aspects of this legislation were perhaps more controversial and significant.

During his acceptance speech at the 1988 Republican National Convention, President George W. Bush made his famous "read my lips, no new taxes" pledge. However, in 1990 there was a bipartisan agreement that a $500 billion deficit reduction program over five years was necessary for the national economy, although there was no agreement on the mix of revenue increases and cost reductions necessary to achieve this goal. The President and his Republican supporters in Congress wanted to focus only on cost reduction measures while the perspective of the Congressional Democrats, as expressed by House Speaker Thomas Foley, was that "The assumption, I think, is that all things would be on the table."[10]

Intense bargaining over the budget reconciliation went on for a period of six months and a number of alternative motor fuel tax increases were considered along the way. At one point, budget summit negotiators reached agreement on a 10 cents/gallon in the motor fuel tax along with an across-the-board petroleum tax that would increase the price of motor fuel by an additional two cents/gallon.[11] This proposal generated a predictable and intense negative reaction when reported to the House and Senate and in the end a five cents/gallon, distributed as described above, was passed by Congress and signed into law by President Bush on November 5, 1990, to become effective on December 1st. The timing of this increase meant that the 2.5 cents/gallon allocated to transportation was available to augment funding for the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991.

In contrast to the 1983 nickel increase, the 1990 hike occurred in a period of rising retail fuel prices (the retail price of a gallon of gasoline increased from $1.08 to $1.38 between July and October of 1990), thus heightening the perceived impact among the traveling public and the resulting political backlash. In fact, some political observers have cited the reconciliation act's revenue increases in general and the motor fuel tax in particular, and the President's apparent breach of a pledge not to raise taxes, as a major factor in his unsuccessful re-election campaign in 1992. Thus the motor fuel tax was further politicized and the perceived political danger of supporting any increase was etched into the minds of many in Washington.

Omnibus Budget Reconciliation Act of 1993

With this perspective as background, newly-elected President Bill Clinton spoke in terms of an energy tax rather than a motor fuel tax on the basis of its environmental, energy security and deficit reduction benefits. A complex British Thermal Unit (BTU) tax was developed and narrowly passed the House of Representatives in May, 1993. However, it ran into a roadblock in the Senate Finance Committee, which had many members allied with the petroleum industry. The committee replaced the BTU tax with a 4.3 cents/gallon motor fuel tax, all allocated to deficit reduction, and this passed the Senate with Vice President Al Gore casting the tie-breaking vote.

During the ensuing conference, the size of the motor fuel tax increase continued as a subject of debate, but in the end 4.3 cents/gallon was approved. All of these funds were allocated to deficit reduction and this diversion was again opposed by the transportation industry. However, transportation advocates won a partial victory when the conference report, as subsequently enacted, also provided that the 2.5 cents per gallon adopted for deficit reduction in 1990 would be transferred to the Highway Trust Fund effective October 1, 1995[12].

Taxpayer Relief Act of 1997/Transportation Equity Act for the 21st Century

Thus the stage was set for the next transportation reauthorization, initially scheduled to occur in 1997. The US Department of Transportation actually began preparing for this legislation early in the 1990s as it exercised the many innovative provisions of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). ISTEA provided a solid policy framework with its multi-modal emphasis and allowances for funding flexibility, thus allowing the next authorization legislation to focus on funding levels.[13] Rodney Slater, initially as Federal Highway Administrator and then as US Secretary of Transportation, emphasized the economic benefits of transportation investment and built relationships across the country, notably on a 1996 road tour commemorating the 40th anniversary of the Interstate Highway System. Secretary Slater also took pains to relate the role of transportation investments in achieving the broader goals of the Clinton Administration, even to the point of carefully parsing State of the Union addresses and identifying which transportation programs supported the various domestic as well as global themes and initiatives described in this annual address, including social and economic development at home and global competitiveness internationally.[14] Slater believed it was important for DOT to be perceived as part of the Administration team and for transportation to integrate its message in support of the broadest policy agenda.

As consideration of the new authorizing legislation began, federal budget deficit concerns persisted and the administration's initial budget and fiscal outlook envisioned a flat-line program with no infusion of new revenues. Partially in response, Rep. Bud Shuster, the forceful chairman of the House Transportation and Infrastructure Committee, proposed legislation that would take the Highway Trust Fund off-budget. This bill, which failed by only two votes, succeeded in signaling to the White House and Congressional leadership that Chairman Shuster and his bipartisan Transportation and Infrastructure Committee, the largest Committee in either House, were forces to be reckoned with in these deliberations.[15]

Debate on the new legislation, which eventually became known as the Transportation Equity Act for the 21st Century (TEA-21), quickly entered gridlock, primarily due to the contentious 'donor/donee' issue.[16] With the fulfillment of a widely supported and enduring national vision of an Interstate system, strong concerns were expressed among some states that the federal transportation revenues collected in their jurisdiction exceeded federal funds expended in those jurisdictions. While donor state concerns had arisen before they were deflected by the strong sense of national purpose embodied in the construction of the Interstate System. A majority of legislators had supported the premise that this system provided benefits to the nation as a whole and that national funding without consideration of the jurisdictional origin of funds was appropriate. However, with the Interstate System virtually complete and more and more funding going to projects of primarily local concern, often *earmarked* projects of primarily local concern, this argument became far less compelling. This 'balkanization' aspect was exacerbated because at the time earmarked projects were treated as 'above the line' and thus increased a state's net allocation of dollars.

Accordingly, the donor states pressed for the adoption of a 'minimum guarantee', meaning that a specified minimum percentage of the funds collected in a state would be returned to that state. A minimum in the range of 90% was most often suggested. With relatively level funding this meant that a number of donee states, which had been receiving federal funds that exceeded federal revenue collected in their jurisdiction, were confronted with the prospect of a reduction in the dollar level (not just percentage level) of their federal-aid program. This was deemed by many to be politically unacceptable. While it was clear that Chairman Shuster had the votes to pass legislation in the House without a significant minimum guarantee, it seemed equally clear that the donor/donee issue would cause the bill to founder in the Senate.[17]

As it happened, 1997 marked a favorable transition (albeit temporary) in the condition of the federal budget deficit, fueled by an era of robust economic growth for the United States. The federal budget deficit, which had become as much a rationale for fuel tax increase discussions as the need for improved surface transportation, had dramatically declined and appeared to be headed for a surplus. Secretary Slater recognized that this unexpected development presented an opportunity to resolve the transportation funding impasse. He proposed that the 4.3 cents per gallon fuel tax still accruing to the General Fund be transferred to the Highway Trust Fund. The unique economic circumstances of the time made it possible to do this while still maintaining a federal budget surplus. In a reprise of the President Reagan/Secretary Lewis discussion 15 years previously, Secretary Slater relied upon a strong, but respectful, personal and political relationship with President Clinton to make the case for this solution.[18]

Although opinions vary on the degree of its significance, an important step in the process was a meeting between President Clinton and most of the country's governors, acting under the auspices of the National Governors Association. In preparation for the meeting, Secretary Slater briefed both the President and the governors on the expected course of the discussion, anticipating that the President, a former governor himself, would be receptive to the perspectives of this group.[19]

The result was the Taxpayer Relief Act of 1997, which was enacted in August and transferred the 4.3 cents per gallon tax effective October 1, 1997. In addition to the NGA meeting, two keys to this achievement were 1) the federal budget was now heading for surplus, thereby undermining the argument that fuel tax funds were needed for deficit reduction, and2) it was clear that Chairman Shuster had the votes to pass the subsequent transportation legislation in the House and thus an accommodation had to be achieved.[20] However, the tax bill made no provision for the expenditure of the additional income; that was left to TEA-21.

Remarkably, even with the funding solution in hand, TEA-21 wasn't enacted until the following May. The principal reason for this delay was the intensity of the donor-donee controversy, which raged on even as the additional funds accumulated in the Trust Fund. Eventually a minimum return of 90.5 % for specified programs[21] was agreed upon. In combination with the increased funding provided by the transfer of the fuel tax, this resulted in an increase in the dollar total apportioned to every state other than Massachusetts.[22] Other contributing factors to the delay were continuing ambivalence to the funding level by deficit hawks within the Administration and opposition by members of the Appropriations Committees, whose authority was significantly reduced by some of the TEA-21 provisions.[23] The legislation was eventually passed on May 22nd and signed into law June 9th.

SAFETEA-LU, the "Bridge to Nowhere," and the Languishing Fuel Tax

TEA-21 is seen by many as a high water mark in financing federal surface transportation, largely because:

- Diversion of the fuel tax for deficit reduction ended
- The shift of the 4.3 cents/gallon (plus the 2.5 cents transferred in 1995) enabled the Federal Highway program to grow by more than 40%
- Federal surface transportation funding was protected by firewalls that made it difficult if not impossible to divert trust fund revenue or trim back the federal program below authorized levels

The wounds caused by an intense donor/donee debate were dressed, if not completely healed

However, the picture would change dramatically under the next reauthorization known as SAFETEA-LU. (Safe, Accountable, Flexible, Efficient, Transportation Equity Act – A Legacy for Users). The change in leadership of the House Transportation and Infrastructure Committee was a critical factor as Bud Shuster yielded the Chairman's gavel to Representative Don Young of Alaska who at various points was at odds with Congressional leadership, the Bush Administration and the transportation industry as the Committee vacillated between just over $250 billion and $375 billion in proposed funding. The latter would have required a substantial revenue increase but the prospects for increases in fuel taxes and fees were nil. The final figure of $286.5 billion that was enacted represented a modest increase that lagged inflation.

Chairman Young's tenure will perhaps be remembered most for the "tipping point" that seemed to occur in the characterization of the highway program by the nation's media and other watchdogs from a nationally focused, visionary federal program to one that had become a collection of dubious pork barrel projects epitomized by the now infamous "bridge-to-nowhere" earmarked project, whose notoriety was heightened further in the 2008 Presidential election. Earmarks, even though generally they no longer add to a state's overall funding allocation, have gained the status of an "entitlement" for members of Congress, especially those in the leadership. This perception, though readily countered by an objective analysis of how the vast majority of projects (which are non-earmarked) are identified and federal funding allocated, has proven difficult to shake.

The damage done to the prospects for a federal fuel tax is all too apparent. Even a combination of the following countervailing events have proven to be inadequate to change the bleak outlook for such a revenue increase, though the need for such an increase is widely recognized. Consider:

- Two separate national commissions, mandated by Congress, and at least on the surface, led or influenced by the Bush Administration that had appointed many of their members – an administration strongly opposed to any consideration of a fuel tax increase – reached similar and mutually supporting conclusions about the need for a significant increase in the fuel tax over time as well as a shift from the cents per gallon to a cents per vehicle mile tax. In particular, the National Surface Transportation Policy and Revenue Commission called for a performance-based National Transportation Plan to be funded by a 40 cents per gallon fuel tax increase phased in as the plan is adopted and funds are needed.
- A deficit in the Highway Trust Fund of $8 billion in 2008 – the first deficit in more than 50 years of the Trust Fund's existence – that had to be "plugged" with an transfer from the general fund, with the prospects of larger transfers needed in the near future (the result of declining consumption driven by a combination of more fuel efficient vehicles, as well as short-term record prices for fuel in mid-2008 and an extremely weak economy that have caused unprecedented declines in travel)
- Public concerns about the condition of surface transportation infrastructure, amplified by the sudden failure of the I-35W bridge in Minneapolis, and analytically supported by the widely quoted ASCE Report Card as well as the recently updated AASHTO Bottom Line report

And yet, there appears to be no serious consideration of an increase in the federal motor fuel tax in the near future.

Despite this, it must be recognized that federal funding for highways and transit has shown remarkable resilience. For example, a Bush Administration proposal for that would have significantly reduced the program in response to the TEA-21 "RABA" provision (formally known as Revenue Aligned Budget Authority, a provision that adjusted the size of the program based upon increasing or decreasing revenue) that was observed faithfully by Congress during increases was quickly cast aside at the first turn to a projected decline. The fact is that while there seems to be a political glass ceiling that impedes a much-needed increase in federal transportation revenue, there also seems to be a rather strongly reinforced floor that mitigates against back-sliding.

In the competition between the irresistible political force that tends to avoid reductions in federal surface transportation funding and the immovable political object that acts to foil attempts to raise these funding levels, anything can happen, and it usually does, often in the most unplanned and unexpected ways (witness Drew Lewis and Rodney Slater seizing the moment at politically opportune times under the right set of circumstances.) This is not to suggest a completely unplanned ad hoc and opportunistic approach to advocacy for federal funding increases. The message seems to be that such planning while necessary to frame the debate and provide a firm footing for advocates, may not be sufficient. What seems to turn the federal tide toward enacting revenue increases, whether or not they are driven primarily by transportation needs, is a strategy that couples "making the case" with "seizing the moment."

Lessons Learned

The legacy of this era appears to be a federal motor fuel tax that has become highly politicized with its traditional characterization as a transportation user fee severely compromised. This was nowhere more evident than in the 2003-2005 transportation reauthorization deliberations that ultimately resulted in SAFETEA-LU. Despite near-unanimous agreement within Congress that a substantial increase in federal transportation funding was strongly warranted by the need to address the urgent requirements of the nation's aging infrastructure, during the two-plus years this legislation was debated there was virtually no serious consideration of raising motor fuel taxes or other revenue sources to finance this increase.

In the early days of the Interstate Highway System, the message was a simple one, easily reduced to a sound bite – motor fuel taxes were user fees being applied to a national program that conferred benefits to the country as a whole. In recent decades, the message has become considerably more mixed and the federal user fee concept undermined by several developments:

- The series of initiatives in the 1970s and again in the 1990s to increase fuel taxes for purposes related to energy conservation and federal budget deficit reduction rather than transportation investment. These initiatives were driven by a desire to significantly increase fuel taxes as found in most other industrialized countries, basically for energy/climate reasons and without an intent to increase transportation investment.
- The gradual completion of the Interstate System and a consequent shift in funding allocations to projects that were more local than national in impact, often local projects that were earmarked during the legislative process.
- An across-the-board anti-tax sentiment in Congress, perhaps best exemplified by the Americans for Tax Reform organization (Grover Norquist, President) that attempts to solicit anti-tax pledges from all Congressional candidates of both

parties.[24] The key turning point for this factor may have been the 1994 mid-term election that brought many new members of Congress to Washington who embraced this sentiment.[25]

- A primary emphasis on transportation funding initiatives as job creation programs rather than as infrastructure investments.
- A turn to General Funds to supplement traditional federal transportation funds since the latter are so clearly insufficient to address identified needs.[26]

These factors make it difficult to be optimistic about the prospects of increasing federal motor fuel taxes, notwithstanding the recommendations of national commissions to do so. It no longer appears to be possible to secure an increase in the federal fuel tax based solely on the need for additional transportation investment.[27] On the other hand, possibilities that can neither be predicted nor planned with any degree of reliability may well develop as they have in the past. Only months prior to President Reagan's support of the 1982 increase he had foresworn that very possibility, only to become convinced on the basis of broader needs and the right political equation, to support his proactive Secretary of Transportation, who had earned his confidence. Similarly, there was a time during the deliberations over the 1997 reauthorization when Chairman Shuster stood alone, unable to bring the Senate or the Administration to support a substantial program increase. Once again, when the opportunity arose, spurred by a proactive Secretary of Transportation who had a longstanding relationship with the President, and had nurtured the case for increased revenue in his outreach across the country and in his relationships inside the Beltway, the moment was right and in a political instant, the tide had turned.

Approaching this issue from the broader perspective it is difficult to imagine any Congress or administration completely abandoning the federal interest in surface transportation. It is conceivable, according to experienced and well-informed observers, that entirely different models will emerge that will not require support for federal transportation revenue increases in the traditional sense. For example, one scenario has the trust fund nursed back to health by transitioning to a vehicle-mile based tax and then serving a more limited role in support of the repair, rehabilitation and reconstruction of facilities in which the country as a whole has a significant national interest. This could include the Interstate System as well as most if not all of the National Highway System, along with priority transit systems that serve critically important inter and intra-regional flows. Under this scenario, major new corridors, or large-scale capacity enhancements in existing corridors would compete nationally for support through some combination of innovative approaches such as TIFIA loans, infrastructure banks and private sector incentives which also protect the public's interest.

Under another scenario, prudent investments in public transportation as well as highway system preservation measures which reflect conservation principles reducing greenhouse gas emissions through improved flows would be eligible for revenues that might accrue under climate change legislation that would result in a higher commercial price for energy, such as is most likely under a cap and trade approach.

In any case, while the outlook may look bleak at any particular moment for the prospects of a breakthrough in increased federal funding, experience tells us that situation can change abruptly and the industry needs to be prepared for changes whose timing may be difficult to predict. There are potentially viable ideas being discussed about what such changes might entail. The ultimate lesson of the past is to persist and be prepared to move quickly when the right combination of opportunities arises.

Finally, it is interesting that the challenges at the state and local level have been somewhat less problematic than at the federal level. As discussed elsewhere in this report, there have been a series of successful state and local transportation funding initiatives across the nation during this time period, in which the public and its elected representatives have been have able to understand the linkage between additional revenue and increased transportation investment. But while there appears to be much less confidence in that linkage at the federal level for the moment, history shows us that could change in an instant.[28]

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[21] Interstate Maintenance (IM), National Highway System (NHS), Bridge, Congestion Mitigation and Air Quality Improvement (CMAQ), Surface Transportation Program (STP), Metropolitan Planning, High Priority Projects, Appalachian Development Highway System, Recreational Trails, and the Minimum Guarantee itself.

[22] Massachusetts had previously enjoyed a disproportionately large apportionment due to the Central Artery/Tunnel.

[23] Basso interview.

[24] Downey interview.

[25] Basso interview.

[26] These last two points were clearly demonstrated in the American Recovery and Rehabilitation Act of 2009.

[27] Basso interview.

[28] Slater interview.