

A Vision that Requires a Transformation of Our Approach To The U.S. Surface Transportation System

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Vision – The Commission has adopted a vision that calls, appropriately, for the U.S. to “Create and sustain the preeminent surface transportation system in the world.”

A New Structure Will be Needed to Implement the Vision – We cannot make that vision a reality with the existing structure of our transportation institutions and capabilities. This vision requires the nation not simply to create a set of programs. It requires us to design a new, integrated approach to structuring, funding, and implementing, and funding our needs for investing and operating our transportation systems.

Characteristics of the New Structure – The new structure must have the following characteristics:

Relation to the political system –

It must be authorized by the political system and be the focus of political oversight, overall approval, and funding, but it must be free from direct political interference in its plans (i.e., earmarking as we have come to know it; a model people often use to describe this kind of political role is the structure of the Base Realignment and Closing Program)

Professional structure –

It should be based on these principles:

Transportation is not discretionary in the long run.

Just as our water systems and electric power systems cannot function properly without regular investment and renewal, neither can our transportation system. If we think of transportation as a utility, then we will understand that the “taxes” we use to fund it are really surrogates for utility fees. The public would not put up with brownouts or contaminated water indefinitely. But the current system expects them to be understand that perpetual congestion and pollution and enormous investment programs that do not improve transportation operations are somehow different.

Transportation requires business-like planning and management.

The plans that our transportation system develops and that communicate its needs to the public and their political leaders are often extremely long range and complex. They do not make clear the relation between investment and operational improvement, and they do not provide an integrated approach to assessing transportation needs. Much planning is “laminated” – a series of

jurisdictional or modal plans that get compiled into an over all “plan” for a region. An improved variety of planning is “coordinated” – i.e., an approach that looks at the separate plans and works to eliminate duplication and overinvestment. The preferred type of planning is “integrated” planning, through which plans are developed by examining transportation needs of corridors or networks and using all tools possible to develop a plan that will do the most to resolve – on a sustainable basis – the problems facing transportation operations in those areas for the most economical investment in improved infrastructure and operational systems. This is a rare type of planning and a type that should be predominant in our transportation system. From a financial viewpoint, moving toward a hybrid of commercial financial statements , including a balance sheet and a statement of sources and uses of funds, will help enormously in understanding the structural and financial needs of the transportation system.

Transparency and Accountability.

The plans need to be able to tell people what they need to pay for and what they will get for it and in what time frame. That way they can hold their political leaders accountable in a way that is simply not possible today. With 128 separate transportation organizations in the four-country Puget Sound Region, for example, it is impossible for political leaders to be held accountable for continued poor performance of the region’s transportation system. In addition, the financial systems that support this new structure, should make clear to the voters the amount of “depreciation” of their transportation systems that needs to be funded each year so they do not get surprised by enormous bills for overcoming deferred maintenance due to poor management by local or regional governmental entities.

An Enhanced Role for the Private Sector.

In financing, operations, and systems development, the new structure will require a larger role for the private sector. Efforts by government agencies to replicate what the private sector does have not been overly successful. We must develop better means for integrating private operations and systems development capabilities into our transportation systems.

Geographical Context.

This overall system must comprise components that address: (i) Intrastate transportation (local, metropolitan, regional, and statewide), (ii) Interstate transportation (to include issues of connectivity, interoperability, adequate corridor/network capacity and supporting services, and economy in the fullest sense of the term); (iii) Continental, meaning what is needed to connect us effectively with our NAFTA partners, but also to connect us with Alaska and Hawaii; and (iv) International (including the landside connections of our aviation system as well as our ports.

Operational Context.

The system must address passenger and all modes. It should be based on sound economics, not on a requirement to achieve “balance” in the treatment of the

modes. Integration and intermodalism do not imply “balance.” Modal choice is important, but modal choice is meaningless if the economics do not support it.

The Need to Move Beyond a Public Works Approach to Transportation.

The impact of developing technology and our need for dramatic improvements in the operational capabilities of our transportation systems mean that we are in a new world of transportation planning and implementation. We will be planning and building (and converting) our infrastructure to a new level of operational capability in our major urban and metropolitan regions. These corridors and networks will incorporate smart systems that support multiple functions (tolling, congestion pricing, capacity maximization, etc.) and that will reflect in their operations an “understanding” of how to get maximum value out of the infrastructure at any given time. This is not the world of public works as we know it, and much of our transportation system will therefore require a new levels of training and skills and organization and planning than we have experienced before.

External Factors that Are Driving Changes in Transportation.

Global Trade.

Following World War II, a series of improvements in the global trading system has had an immense impact on the movement of people and goods throughout the world. There is no reason to expect that the benefits of these improvements will cease. Greater trade flows are projected and are very likely to materialize. The impact of this tsunami of trade

The Imminent Change in the Sourcing of Energy for Reasons of National Security, National Economic Health, and Environmental Improvements, and the Impact on the Utility of a Fuel-Based Revenue Source for Transportation Investments.

Our dependence on insecure sources of foreign oil means not only that we are funding both sides in the war on terror (some of our major oil suppliers fund terrorist groups), but also that we are open to severe disruption of our economy. Issues of climate change and the environment also mean that we will benefit from moving away from the petroleum-based fuels that power 98 percent of our transportation system. The changes are coming soon. And they will likely accelerate the rate of erosion of the fuel tax. Specifically, the productivity of the gas tax is on the verge of receiving a frontal assault from major increases in the fuel mileage of today’s production line hybrid-electric vehicles; the Toyota Prius now gets 60 miles per gallon, while its larger sibling the Camry hybrid now gets 35-40 miles per gallon. More importantly, there is the near-term promise of an improvement of 5 to 8 times in fuel mileage as plug-in hybrid-electric vehicles that will get 100-150 miles per gallon fuel mileage equivalent arrive on the showroom floor by the end of this decade.

Given changing technology, the fuel tax dedicated to road financing is likely to erode at an increasingly higher rate, unless there are very large increases in the

per-gallon tax, or very high sales taxes are imposed. It is therefore prudent to look at other sources of revenue to sustain the transportation system.

Implications of the New Structure

The new structure will require a new way of thinking, new program structure, new skills, and much different organization.

While the coming work force exodus will present challenges, it will also offer opportunities to redesign our organizations and the skills of those who administer the transportation sector.

This topic could avail itself of much more elaboration. In the interests of brevity, however, all of us can imagine the needs of the future and then compare that imaginative vision with the capabilities of our existing institutions and political processes to meet those needs.