Ozarks Transportation Organization

July 18, 2007
Technical Committee Meeting

Plaster Student Union, Room 317

Missouri State University

1:30-3:30 PM

Dan Rudge
Executive Director
Ozarks Transportation Organization

Ozarks Transportation Organization

Technical Committee Meeting Agenda, July 18, 2007
Missouri State University Plaster Student Union Room 317 (Third Floor)

Call to Order..1:30 PM

I. <u>Administration</u>

A. Approval of Technical Committee Meeting Agenda
(2 minutes/Smith)
TECHNICAL COMMITTEE ACTION REQUESTED

Cress
Morris
Unan

B. Approval of May 16, 2007 Meeting Minutes...Tab 1
(2 minutes/Smith)
TECHNICAL COMMITTEE ACTION REQUESTED

SC fr covr
Unan

C. Approval of June 05, 2007 Special Meeting Minutes......................................Tab 1
(2 minutes/Smith)
TECHNICAL COMMITTEE ACTION REQUESTED

Childress
Doss
Unan.

D. Public Comment Period
(3 minutes/Smith)
Individuals requesting to speak are requested to state their name and organization (if any) that they represent before making comments. Individuals and organizations have up to three minutes to address the Technical Committee.

None

E. Executive Director's Report
(3 minutes/Rudge)
Dan Rudge will provide a review of the Metropolitan Planning Organization (MPO) staff activities since the May Technical Committee meeting.

II. <u>New Business</u>

A. Consideration of FY2008 – 2011 Transportation Improvement Program
(15 minutes/Rudge)
Under MPO bylaws, the region's Transportation Improvement Program (TIP) must be updated on an annual basis. In the past, the TIP has had a three year horizon to remain in conformance with federal law. However, with the passage of the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), the TIP must now be based on a four-year cycle. The FY 2008 – 2011 TIP will serve as the guidance document for all transportation projects being undertaken in the MPO service area over the next four years. (Materials sent under separate cover.)

Guidelines
Cruise
Price

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TECHNICAL COMMITTEE ACTION REQUESTED TO RECOMMEND THE FY 2008 – 2011 TRANSPORTATION IMPROVEMENT PROGRAM TO THE BOARD OF DIRECTORS FOR ADOPTION.

B. Consideration of Transit Coordination Plan .... **Tab 2**
(10 minutes/Longpine)
In August of 2005, Congress passed the Safe, Accountable, Flexible, Efficient, Transportation, Equity Act: A Legacy for Users (SAFETEA-LU), reauthorizing the surface transportation act. As part of this reauthorization, projects funded by the New Freedom Initiative, Job Access and Reverse Commute (JARC) and Elderly and Disabled Transportation Program (5310) must be part of a "locally developed coordinated public transit-human services transportation plan." This plan has been developed through a local Advisory Team comprised of transportation and human service providers. A series of monthly meetings beginning in September of 2006 has been the guidance for plan development. Plan development included a questionnaire to assess existing services and needs, identification of gaps in service, and prioritization of strategies for implementation. Plan results consist of prioritized strategies and subsequent actions which will guide future funding for human service transportation in the Ozarks Transportation Organization (OTO) region for the near future. (Materials Attached.)

S Price
C Gress
Unan

TECHNICAL COMMITTEE ACTION REQUESTED TO MAKE A RECOMMENDATION TO THE BOARD OF DIRECTORS ON ADOPTION OF THE TRANSIT COORDINATION PLAN. IF RECOMMENDED FOR ADOPTION INCLUDE THE FOLLOWING: THAT STAFF PREPARE A PRESS RELEASE PURSUANT TO THE MPO'S PUBLIC INVOLVEMENT PROCESS SO THAT A 15 DAY PUBLIC REVIEW PERIOD FOR THE TRANSIT COORDINATION PLAN CAN BE CONDUCTED AND COMMENTS RECEIVED PRIOR TO THE AUGUST BOARD OF DIRECTORS MEETING.

C. Consideration of Transit Development Plan .... **Tab 3**
(10 minutes/Rudge)
MPO staff has completed a Transit Development Plan (TDP) for City Utilities. The TDP is a five-tear strategic plan aimed at improving operations, customer service, and expanding service to emerging markets. Highlights of the TDP include recommendations to explore a Regional Transit Authority, raising fares for the first time since 1997, exploring a grid system for routes within the City of Springfield, and investing in emerging transit ITS technologies. The City Utilities Board of Directors has adopted this plan and has asked the CU transit staff to begin its implementation. (Materials Attached.)

S Ramstad
C Hutchison
Unan

TECHNICAL COMMITTEE ACTION REQUESTED TO MAKE A RECOMMENDATION TO THE BOARD OF DIRECTORS ON ADOPTION OF THE TRANSIT COORDINATION PLAN. IF RECOMMENDED FOR APPROVAL INCLUDE THE FOLLOWING: THAT STAFF PREPARE A PRESS RELEASE PURSUANT TO THE MPO'S PUBLIC INVOLVEMENT PROCESS SO THAT A 15 DAY PUBLIC REVIEW PERIOD FOR THE TRANSIT DEVELOPMENT PLAN CAN BE CONDUCTED AND COMMENTS RECEIVED PRIOR TO THE AUGUST BOARD OF DIRECTORS MEETING.

Unanimous

E Gress
Childers

D. Definitions of When a Priority Project is Complete..Tab 4
(15 minutes/Rudge)
At the June 2007 Board of Directors meeting, the Board began a discussion on whether or not to remove the North-South Corridor Study from the Top 5 Regional Priorities List. After a long discussion the Board requested that the issue be returned to the Technical Committee and that the Technical Committee develop recommended definitions for when projects are considered complete and can thus be replaced on the Regional Top Five Priorities List. (Materials Attached.)

TECHNICAL COMMITTEE ACTION REQUESTED TO MAKE A RECOMMENDATION TO THE BOARD OF DIRECTORS ON DEFINITIONS FOR WHEN A PRIORITY CONSTRUCTION PROJECT IS CONSIDERED COMPLETE AND WHEN A PRIORITY STUDY PROJECT IS COMPLETE.

E. Urban STP Funding Discussion..Tab 5
(10 minutes/Rudge and Gardner)
MoDOT has implemented a funds management policy in which STP fund balances may not exceed 3 years of annual allocations. Since OTO suballocates STP-Urban funds to urbanized area jurisdictions, this means each jurisdiction must meet this requirement individually. This policy is effective on September 30, 2009. Funds must be obligated by that date or they will be lost. Obligated means that FHWA has obligated the funds. In order for FHWA to obligate funds all program agreements and contracts must be in place and a notice to proceed will be issued by FHWA. Funds are not officially obligated until the notice to proceed is issued. If a project is a partnership with MoDOT, they will allow us to consider the funds obligated even though a notice to proceed has not been issued. (Materials Attached.)

THIS AGENDA ITEM IS FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS REQUIRED OF THE TECHNICAL COMMITTEE.

F. Addition of North-South Corridor EIS to the TIP..Tab 6
(10 minutes/Rudge and Smith)
At the Board of Directors June meeting the Board had a discussion on whether the North-South Corridor Study was complete. Some members of the Board felt that completing the EIS for the proposed new corridor(s) was the next logical step and that it fulfilled the MPO's commitment to the general public to alleviate traffic congestion on the existing US 160 corridor. The Board requested that the Technical Committee examine the financial ramifications of including the EIS in the TIP and what could be done with the $1.4 million if it were spent on a construction project. (Materials Attached.)

Request from Board to Postpone to August to Special Tech. Comm. Meeting

TECHNICAL COMMITTEE ACTION REQUESTED TO MAKE A RECOMMENDATION TO THE BOARD OF DIRECTORS ON WHETHER THE EIS FOR THE RECOMMENDED NORTH-SOUTH CORRIDOR SHOULD BE INCLUDED IN THE TIP.

Reason: Confusion over earmark & other funding issues

G. **Practice Presentation of Regional Priorities for Statewide Funding Consideration** (15 minutes/Rudge)
MoDOT Central Office has asked each of their 24 planning partners to develop a list of projects for consideration for funding if the State Legislature passes a bill that would provide $200 million to $600 million in annual funding. The six priority projects recommended for consideration are: 1) six lane US 65; 2) six lane US 60; 3) Request $7 million over three years as seed funding for the establishment of transit services to outlying MPO jurisdictions; 4) installing sidewalks within a half mile of all schools within the R-12 school district; 5) expand the statewide cost share funding pot; and 6) create a pot of funds for protective purchase of future rights-of-way. The Executive Director will have ten minutes to present these six priorities to the 24 planning partners. No PowerPoint presentations or other visual aids are allowed and only a one-page handout can be distributed prior to the presentation. The first run through of the presentation will be made at the Technical Committee meeting so that committee members may provide comments and feedback.

NO TECHNICAL COMMITTEE ACTION IS NECESSARY. THE PRESENTATION IS FOR INFORMATIONAL PURPOSES AND CONSTRUCTIVE CRITICISM IS ENCOURAGED.

III. **Other Business**

A. **Technical Committee Member Announcements**
(5 minutes/Technical Committee Members)
Members are encouraged to announce transportation events being scheduled that may be of interest to MPO Technical Committee members.

B. **Transportation Issues For Technical Committee Member Review**
(5 minutes/Technical Committee Members)
Members are encouraged to raise transportation issues or concerns that they have for future agenda items or later in-depth discussion by the MPO Technical Committee.

C. **Information Items ....Tab 7**
(Articles attached.)

IV. **Adjournment**
Targeted for 3:30 P.M. Next Technical Committee meeting scheduled for Wednesday, September 19, 2007 at 1:30 PM at the Missouri State University Plaster Student Union.

DR/dr
Attachments and Enclosure

Pc: David Coonrod, MPO Chair, Greene County Presiding Commissioner
Tom Carlson, Immediate Past Chair, Mayor, City of Springfield
Stacy Burks, Senator Bond's Office
David Rauch, Senator McCaskill's Office
Steve McIntosh, Congressmen Blunt's Office
Area News Media

MEETING MINUTES

Attached for Technical Committee member review are the minutes from the May 2007 and the June 5th Special Technical Committee meeting. Please review these minutes prior to our meeting and note any corrections that need to be made. The Chair will ask during the meeting if any Technical Committee member has any amendments to the attached minutes.

TECHNICAL COMMITTEE ACTION REQUESTED: To make any necessary corrections to the minutes and then approve the minutes for public review.

OZARKS TRANSPORTATION ORGANIZATION
TECHNICAL PLANNING COMMITTEE MEETING MINUTES
May 16, 2007

The Technical Planning Committee of the Ozarks Transportation Organization met at its scheduled time of 1:30-3:30 p.m., at the Missouri State University Plaster Student Union (3rd Floor, Room 317).

The following members were present:

Mr. Earl Newman, City of Springfield
Mr. Harry Price, City of Springfield (a)
Mr. Fred Gress, City of Willard
Mr. Wally Schrock, City of Republic
Mr. Ralph Rognstad, City of Springfield
Mr. Dan Watts, SMCOG
Mr. Bill Robinett, MoDOT
Mr. Gary Cyr, Airport
Mr. Jim Dow, Springfield R-12 Schools
Mr. Bryant Doss, City of Strafford
Ms. Jenni Jones, MoDOT
Mr. Frank Miller, MoDOT
Mr. Duffy Mooney, Greene Co. Highway Department
Mr. Roger Howard, Burlington Northern Railroad
Mr. Dan Smith, Greene Co. Highway Dept.
Mr. Andy Mueller, MoDOT
Mr. Steve Childers, City of Ozark
Mr. Ryan Mooney, Chamber of Commerce
Mr. Bob Atchley, Christian Co. Planning & Zoning

The following members were not present:

Mr. Terry Whaley. Ozark Greenways
Mr. Kevin Lambeth, City of Battlefield
Mr. Brad McMahon, FHWA
Mr. Joel Keller, Greene Co. Planning Dept
Mr. Mokhtee Ahmad, FTA
Mr. Gary Snavely, MSU
Mr. Mark Schenkelberg, FAA
Ms. Carol Cruise, City Utilities
Mr. Brian Bingle, City of Nixa
Mr. Mike Tettamble, Jr., Trucking Rep.

Others present were: David Bishop, Springfield Public Schools; Dan Rudge, Sara Edwards, Natasha Longpine and Lori Chafin, Ozarks Transportation Organization; Stacy Burks, Senator Bonds Office; Carl Carlson, Scott Consulting Engineers; Steve McIntosh, Congressman Roy Blunts Office; David Hutchison, City of Springfield; David Rauch and David Roberts, Senator Claire McCaskills Office; Diane Hogan, City Utilities Transit; Dawn Gardner, MoDOT; Teresa Steele, MSU.

Mr. Dan Smith called the May 16, 2007 Technical Planning Committee Meeting to order at 1:30 p.m.

I. Administration

A. Approval of Technical Committee Meeting Agenda

Mr. Rudge stated there was a request to remove item II (D) US 160 Safety Improvements in Willard and replace with an emergency request from MoDOT Route 14/ Business 65 & Selmore Road. The second change was to add item (G)1 MoDOT On-Call Hot Patching Contract. Mr. Gress motioned to accept the agenda as amended. Mr. Dow seconded, and the motion was carried unanimously.

B. Approval of March 22, 2007 Meeting Minutes

Mr. Miller requested in section II (D), paragraph 8, the last sentence that reads "That doesn't mean the county couldn't trade miles at a later date" be removed. Mr. Cyr motioned to approve the minutes as amended. Mr. Rognstad seconded, and the motion was carried unanimously.

C. Public Comment Period

Stacy Burks introduced David Rauch with Senator McCaskill's office. Mr. Rudge introduced Bryant Doss who is the new Technical Committee member from Strafford. Sara Edwards introduced Teresa Steele from MSU.

D. Executive Director's Report

Mr. Rudge stated the Board of Directors appointed a bylaws subcommittee which is making a recommendation to the full Board that states, for clarification purposes, no individual may serve on both the Technical Committee and the Board of Directors. Another change is that any jurisdiction that receives STP Urban Allocations may suballocate any portion to another jurisdiction and that only requires 75% approval from urbanized area members, not 100% like it was previously.

Also changed will be that instead of saying that the jurisdictions can spend the money on other projects outside their jurisdiction to the may suballocate Urban STP funds for projects outside their jurisdiction.

The local jurisdictions who receive the suballocation will be responsible for doing all the paperwork instead of Greene County and Springfield trying to manage a project not in their jurisdiction.

Mr. Rudge received a letter from the Mayor of Springfield stating that Harry Price is replacing Marc Thornsberry on the Technical Committee.

OTO has been working on a Transit Coordination Plan. Ms. Longpine has been working on bringing together all the different human service agencies and transportation providers in developing a coordinated transit plan. The Technical Committee will take action on this in July. The transit development plan has been through the City Utilities approval process and that will also be brought forward to the Technical Committee for review. Recommendations are to form a regional stand-alone transit authority to provide transit service outside the City of Springfield, and to look at going to a grid type system as opposed to the loop structure used currently.

II. <u>New Business</u>

A. Center City Streetscape TIP Amendment Request

Mr. Price explained that the City of Springfield was awarded a Transportation, Community, and System Preservation grant (TCSP) to complete streetscape improvements around the downtown square. These funds are competitive and represent additional dollars being brought into the OTO service area. Materials were attached. Mr. Ryan Mooney motioned to accept the TIP amendment and to have staff prepare a press release pursuant to the MPO's public involvement process so that a 15-day public review period for the TIP amendment can be conducted and comments received prior to the June Board of Directors meeting. Mr. Miller seconded, and the motion was carried unanimously.

B. MoDOT Rt. 266 Between I-44 and FR 107 TIP Amendment Request

Mr. Miller explained that MoDOT has been asked to accelerate its ROW acquisition and construction schedule for improvements targeted at the Rt. 266 (Chestnut Expressway) and I-44 interchange. In addition, the portion of Route 266 to Farm Road 107 has also been accelerated. The improvements to the Route 266 and I-44 interchange were received as part of a federal earmark while the improvements to Rt. 266 to Farm Road 107 are part of the MPO's Priority Project for the construction of an access road to the new Mid-Field Terminal. Mr. Ryan Mooney motioned to accept the TIP amendment and to have staff prepare a press release pursuant to the MPO's public involvement process so that a 15-day public review period for the TIP amendment can be conducted and comments received prior to the June Board of Directors meeting. Mr. Duffy Mooney seconded, and the motion was carried unanimously.

C. Airport Access Road TIP Amendment Request

Mr. Price explained that in an effort to accelerate construction of the Airport Access Road to the new Mid-Field Terminal, MoDOT, the City of Springfield and Greene County have requested that the TIP be amended so that ROW acquisition and construction can begin. Funding for this project would come from the City of Springfield and Greene County's STP-Urban allocation although MoDOT will bid the project on behalf of these two jurisdictions.

Ms. Edwards stated that Mr. Miller informed her of an obligation limitation on the million dollars that were federally earmarked. That limitation is $983,928. Mr. Cyr stated that had been confirmed.

Mr. Price motioned to accept the TIP amendment and to have staff prepare a press release pursuant to the MPO's public involvement process so that a 15-day public review period for the TIP amendment can be conducted and comments received prior to the June Board of Directors meeting. Mr. Mueller seconded, and the motion was carried unanimously.

D. Route 14/ Business 65 & Selmore Road TIP Amendment Request

Mr. Miller explained that this project is to replace pavement at this intersection. This is on the STIP, the STIP had been approved by the MPO last year, but because of the database, somehow it slipped through the cracks. MoDOT would like to complete this as soon as possible and they are asking that should this be approved by the Board of Directors in June, that they immediately receive notice from MPO that the TIP has been amended.

Mr. Atchley motioned to accept the TIP amendment and to have staff prepare a press release pursuant to the MPO's public involvement process so that a 15-day public review period for the TIP amendment can be conducted and comments received prior to the June Board of Directors meeting. Mr. Gress seconded, and the motion was carried unanimously

E. **MoDOT STIP Adoption Request**

Mr. Miller explained that each year, MoDOT District Eight must submit their Statewide Transportation Improvement Program projects to the Central office in July. This requires that the Ozarks Transportation Organization (OTO) take action on MoDOT projects twice in order for them to be programmed in both the OTO TIP and Missouri's STIP. While the MPO TIP follows the Federal Fiscal Year calendar, the MoDOT STIP must follow the state's Fiscal Year. Therefore, MoDOT is requesting that the attached projects which lie within the OTO service area be approved for programming in the STIP. Mr. Miller stated the major changes include: Hwy 65 & Hwy 14 interchange in Ozark; safety project for replacement bridge rail on Hwy 65 northbound bridge over Lake Springfield; capacity improvements to Hwy 65 between James River Freeway and Battlefield Road; and improvements to the intersection of Kansas Expressway and I-44.

Mr. Rudge explained that the Hwy 65 change does kick in the congestion management process and Mr. Miller has spoken to Mr. Rudge about the ways that MoDOT will look at the different options listed in the congestion management process.

Mr. Mueller added that last April MoDOT underwent a statewide prioritization process. Capacity on 65, the 44 & 13 interchange, and also the airport access road were three projects that received the green light to move forward through the full statewide prioritization process. These were recognized as high priorities statewide.

Mr. Rognstad motioned to accept the STIP request. Mr. Gress seconded, and the motion was carried unanimously.

F. **Glenstone and Republic Road Interchange TIP Amendment Request**

Mr. Price explained that the City of Springfield is requesting that existing TIP project #SP0406 be amended to include an additional $1.9 million for improvements to Republic Road in association with the revised Glenstone and James River Freeway interchange project. The funds will come from the City's STP-Urban allocation (80%) and local 1/8 cent sales tax (20%). The amendment does not change the STP-Urban allocation for other jurisdictions and is obligating a portion of Springfield's STP-Urban balance.

Mr. Miller motioned to accept the TIP amendment and to have staff prepare a press release pursuant to the MPO's public involvement process so that a 15-day public review period for the TIP amendment can be conducted and comments received prior to the June Board of Directors meeting. Mr. Childers seconded, and the motion was carried unanimously.

G. **Glenstone and I-44 Interchange TIP Amendment Request**

Mr. Newman discussed that Greene County and the City of Springfield successfully applied for Statewide Cost Share funds to make improvements to the I-44 and Glenstone Interchange. Because the Cost Share funds are available statewide on a competitive basis, the project represents additional transportation funds being brought into the Ozarks Transportation Organization study area and do not subtract from any funding pot that other jurisdictions would normally have access to.

Ms. Edwards stated on the TIP the title was changed to "Glenstone, I-44 to Valley Water Mill Road".

Mr. Dow motioned to accept the TIP amendment and to have staff prepare a press release pursuant to the MPO's public involvement process so that a 15-day public review period for the TIP amendment can be conducted and comments received prior to the June Board of Directors meeting. Mr. Newman seconded, and the motion was carried unanimously.

G. 1. MoDOT On-Call Hot Patching Contract

Mr. Miller stated the purpose of the project is to address any big problems with the major routes in the metropolitan area. Mr. Rognstad motioned to accept the TIP amendment and to have staff prepare a press release pursuant to the MPO's public involvement process so that a 15-day review period for the TIP amendment can be conducted and comments received prior to the June Board of Directors meeting. Mr. Cyr seconded, and the motion was carried unanimously.

H. MPO High Priority Project Listing

Mr. Rudge discussed that at the April Technical Committee meeting, a special subcommittee was formed to recommend a new Top Five MPO Priority Project to replace the completed North-South Corridor Study and to develop a list of projects to submit to MoDOT Central Office for inclusion in a Statewide Priorities needs analysis. MoDOT is looking to develop a list of statewide transportation needs totaling $200 million and $600 million to share with the legislature in hopes of securing an additional transportation funding package for voter consideration. The subcommittee selected six projects for consideration. Because not all jurisdictions were represented the subcommittee felt that narrowing the list to six projects was sufficient and would allow a focused discussion at the full Technical Committee meeting. One project will be added to the top five priority project list which is used when lobbying MoDOT and the legislative delegation. The remaining projects will then go into the statewide prioritization process. The central office stated they wanted to hear all projects across all modes.

In regards to rail service between St. Louis and Springfield, Mr. Howard met last week with the subcommittee and the house appropriations committee and discussed the corridor and potential cost that needed to be examined. The reality is dealing with a 50 mph freight railroad that translates into a 30-35 mph passenger railroad with 1950's jointed rail service. Paralleling I-44 with cars running 70-75 mph and passenger railroad running 30-35 mph, issues could be raised with how ridership will be built, making it successful. The railroad's interest is to see that any decision made, be made based on facts of what would be of good service and good likelihood for success in the corridor. The Railroad is not adverse to implementation of passenger rail on that line, they are adverse to it be implemented without the appropriate amount of resources for the corridor to provide the services that are necessary to make it happen. It would be the hope that if new service in Missouri were initiated, it would be implemented at a level that supports the likelihood of success. If this line goes in service at current infrastructure levels, it would have the distinction of being the slowest regularly scheduled passenger rail corridor in the United States.

Mr. Miller gave a summary of the regional priority projects. MoDOT receives inquiries from legislators such as, "If you had another $200 or $600 million a year, what would you do with it?" MoDOT wants to be ready with a prioritized list that has been prepared and evaluated by planning partners at a statewide level.

Mr. Rudge stated that the ideas he heard from the group were: capacity improvements on US65 from I-44 to Ozark; US 60/ National Avenue interchange; US 65/ Chestnut Expressway interchange; US 60 / Kansas Expressway.

Mr. Hutchison suggested that the committee members be given a list of projects to rank.

Mr. Rudge proposed taking the projects that were listed on the high priority corridors list. A list will be composed of priority projects that will be sent out to the Technical Committee members. The members will be asked to rank the projects as high, medium and low.

The Technical Committee would like to continue this at the next meeting under Roberts Rules of Orders. Mr. Rognstad motioned, Mr. Cyr seconded, and the motion was carried unanimously.

III. Other Business

A. Technical Committee Member Announcements

Mr. Miller stated that if any jurisdiction is using STP Urban funds, please contact Dawn Gardner first before doing anything.

Ms. Gardner discussed the new MoDOT policy of including ADA accessibility treatments on current projects. These would include curb cuts at intersections, pedestrian signals, and truncated domes.

Mr. Newman announced that there is a conference next week at the University Plaza sponsored by the Ozark Chapter ITE. The information will be given to Mr. Rudge to pass on to all the members. Mr. Rudge will be speaking during one of the sessions about a Regional Transit Authority and Mike McKenna will be speaking about the North-South Corridor study.

B. Transportation Issues For Technical Committee Member Review

Mr. Miller referred to Mr. Rudge's discussion about working with the public and them having a concept of how much projects cost.

C. Information Items

Informational articles were attached to this agenda.

IV. Adjournment

Mr. Childers made a motion to adjourn the meeting. Mr. Gress seconded. The meeting was adjourned at 3:05 pm.

Next Technical Committee meeting scheduled for Wednesday, July 19, 2007 at 1:30 PM at the Missouri State University Plaster Student Union.

TECHNICAL COMMITTEE AGENDA 07/18; ITEM II.B

Consideration of Transit Coordination Plan

Ozarks Transportation Organization
(Springfield, MO Area MPO)

AGENDA DESCRIPTION: In August of 2005, Congress passed the Safe, Accountable, Flexible, Efficient, Transportation, Equity Act: A Legacy for Users (SAFETEA-LU), reauthorizing the surface transportation act. As part of this reauthorization, projects funded by the New Freedom Initiative, Job Access and Reverse Commute (JARC) and Elderly and Disabled Transportation Program (5310) must be part of a "locally developed coordinated public transit-human services transportation plan." This plan has been developed through a local Advisory Team comprised of transportation and human service providers. A series of monthly meetings beginning in September of 2006 has been the guidance for plan development. Plan development included a questionnaire to assess existing services and needs, identification of gaps in service, and prioritization of strategies for implementation. Plan results consist of prioritized strategies and subsequent actions which will guide future funding for human service transportation in the Ozarks Transportation Organization (OTO) region for the near future. (Materials Attached.)

TECHNICAL COMMITTEE ACTION REQUESTED: Technical Committee action requested to make a recommendation the Board of Directors on adoption of the Transit Coordination Plan. If recommended for adoption, include the following: that staff prepare a press release pursuant to the MPO's public involvement process so that a 15-day public review period for the Transit Coordination Plan can be conducted and comments received prior to the August Board of Directors Meeting.

Transit Coordination Plan

The Transit Coordination Plan is a separate document in your agenda package. The Board of Directors mandate that all agenda packages be duplexed could not be met when formatting this document. Sorry for any inconvenience this may cause.

TECHNICAL COMMITTEE AGENDA 07/18; ITEM II.C

Consideration of Transit Development Plan

Ozarks Transportation Organization
(Springfield, MO Area MPO)

AGENDA DESCRIPTION: MPO staff has completed a Transit Development Plan (TDP) for City Utilities. The TDP is a five-tear strategic plan aimed at improving operations, customer service, and expanding service to emerging markets. The City Utilities Transit Plan relied on both technical and anecdotal data to develop recommendations for the future of transit in the Springfield, Missouri metropolitan area. Technical data used included:

- City Utilities Transit Operational Data;
- An analysis using the National Transit Database of transit systems with similar operational parameters to CU Transit operations. The peer systems selected are located in:
    - Sioux Falls, SD
    - Topeka, KS
    - Gary, IN
    - Fort Wayne, IN
    - Clarksville, TN;
- Census data.

Anecdotal data included:

- Bus operator surveys;
- On-Board survey;
- Interviews with local elected officials;
- Focus groups interviews with non-users to find out what barriers exist that prevent them from using transit.

Highlights of the TDP include recommendations to explore a Regional Transit Authority, raising fares for the first time since 1997, exploring a grid system for routes within the City of Springfield, and investing in emerging transit ITS technologies. The City Utilities Board of Directors has adopted this plan and has asked the CU transit staff to begin its implementation.

TECHNICAL COMMITTEE ACTION REQUESTED: To make a recommendation to the Board of Directors on adoption of the Transit Coordination Plan. If recommended for adoption include the following: That staff prepare a press release pursuant to the MPO's Public Involvement Policy so that a 15 day public review period can be conducted and comments received prior to the August Board of Directors meeting.

Transit Development Plan

The Transit Development Plan is a separate document in your agenda package. The Board of Directors mandate that all agenda packages be duplexed could not be met when formatting this document. Sorry for any inconvenience this may cause.

TECHNICAL COMMITTEE AGENDA 07/18; ITEM II.D

Definition of When a Project Is Considered Complete

Ozarks Transportation Organization
(Springfield, MO Area MPO)

AGENDA DESCRIPTION: At the June Board of Directors meeting the Board began a discussion on whether or not to remove the North-South Corridor Study from the Top Five Regional Priority list. After a long discussion the Board requested that the issue be returned to the Technical Committee and that the Technical Committee develop recommended definitions for when projects are considered complete and can thus be replaced on the Top Five Regional Priorities List.

At both the June Special Technical Committee meeting and the regular Board of Directors meeting also in June it was generally agreed that for construction projects, a project would be considered complete when the project was open to the public. However both the Technical Committee and Board had disagreement over what constitutes a completed study or plan. This issue is particularly problematic with the North-South Corridor Study as it was originally envisioned as a two-phase project with an EIS for a priority corridor. However, the adopted study developed a hybrid version that recommended two corridors, one local and one a new alignment for an existing state route. The study also recommended that the new corridors be prioritized along with other MPO construction projects. (Materials Attached.)

TECHNICAL COMMITTEE ACTION REQUESTED: Technical Committee action requested to make a recommendation to the Board of Directors on when a priority construction project is complete and when a priority study project is complete.

Staff Recommended Definitions for When a Priority Project is Complete

Construction Project

A construction project is considered complete, and can be removed from any MPO Priority Project List, when the construction is complete and the new facility is open to the general public.

Study or Plan Project

A study and/or plan is complete, and can be removed from any MPO Priority Project List, when the study/plan is either adopted by the Board of Directors or is accepted by the Board of Directors as work complete and contractual obligations fulfilled.

TECHNICAL COMMITTEE AGENDA 07/18; ITEM II.E

Urban STP Funding Discussion

Ozarks Transportation Organization
(Springfield, MO Area MPO)

AGENDA DESCRIPTION: MoDOT has implemented a funds management policy in which STP fund balances may not exceed 3 years of annual allocations. Since OTO suballocates STP-Urban funds to urbanized area jurisdictions, this means each jurisdiction must meet this requirement individually. This policy is effective on September 30, 2009. Funds must be obligated by that date or they will be lost. Obligated means that FHWA has obligated the funds. In order for FHWA to obligate funds all program agreements and contracts must be in place and a notice to proceed will be issued by FHWA. Funds are not officially obligated until the notice to proceed is issued. If a project is a partnership with MoDOT, they will allow us to consider the funds obligated even though a notice to proceed has not been issued. Please follow the "How to Program and Spend STP-Urban Funds" Flowcharts to make sure funds are obligated. Please keep in mind that it takes several months from beginning the paperwork to the time the funds are obligated by FHWA.

Attached, please find spreadsheets listing each jurisdictions allocations and projects that the funds are slated to spent on, as well as the maximum balance allowed. This list comes from the TIP. Most of these projects have not been obligated. Therefore, the money to fund these projects can still be lost if the funds are not obligated.

Please work to ensure that all the projects listed are obligated prior to September 2009 and that additional projects are added as soon as possible. Right now, if every project listed is obligated, no funds will be lost, because Greene County and The City of Springfield are planning to spend down their allocated balances. (Materials Attached.)

TECHNICAL COMMITTEE ACTION REQUESTED: None. This item is for informational purposes only.

Jurisdiction	Balance if Planned Project Funds are Obligated
Ozark	**$738,288**
Christian	**$882,759**
Springfield	**$4,531,659**
Battlefield	**$192,921**
Nixa	**$902,297**
Greene	**$1,506,317**
TOTAL	**$8,754,242**

Maximum Allowed **$11,984,067**

STP-Urban Balance

City of Battlefield

Appropriation FY 03 & 04	**$63,402**
Obligation (Transfer to Greene County)	($45,000)
Appropriation FY 05	**$34,029**
Appropriation FY 06	**$32,119**
Projected Approriation FY 07	**$36,124**
Projected Approriation FY 08	**$36,124**
Projected Approriation FY 09	**$36,124**
Balance	**$192,921**

Maximum Balance Allowed $108,371.06

STP-Urban Balance

City of Ozark

Appropriation FY03 & 04	**$257,928**
Appropriation FY 05	**$138,432**
Appropriation FY 06	**$130,663**
Projected Appropriation FY 07	**$146,955**
Projected Appropriation FY 08	**$146,955**
ThirdStreet/14	**($89,600)**
17th Street Relocation	**($140,000)**
Projected Appropriation FY 09	**$146,955**
Balance	**$738,288**

Maximum Balance Allowed $440,865

STP-Urban Balance

City of Nixa

Appropriation FY 03 & 04	**$315,254**
Appropriation FY 05	**$169,199**
Appropriation FY 06	**$159,704**
Nicolas/14	**($50,000)**
Truman/ 14	**($192,800)**
CC Study	**($37,910)**
Appropriation FY 07	**$179,617**
Projected Appropriation FY 08	**$179,617**
Projected Appropriation FY 09	**$179,617**
Balance	**$902,297**

Maximum Balance allowable $538,849.88

STP-Urban Balance

Christian County

Appropriation FY03 & 04	**348,765**
Appropriation FY 05	**187,185**
Projected Appropriation FY 06	**176,680**
Nicholas at 14	**(50,000)**
Projected Appropriation FY 07	**198,710**
Longview Extension	**(200,000)**
Highway 14 Eastern Bypass	**(176,000)**
Projected Appropriation FY 08	**198,710**
Projected Appropriation FY 09	**198,710**
Balance	**882,759**

Maximum Balance Allowed $596,129

City of Republic STP-Urban Funds

Date	Amount Available	Amount Obligated	Balance
10/1/2003	$303,436.03		$ 303,436.03
3/19/2004	$303,436.03	$ 303,436.00	$0.03
2005	$33,077.66	0.00	$33,077.66
2006	$33,077.66	0	$33,077.66
2008	$33,077.66	0	$33,077.66
2009	$33,077.66	0	$33,077.66
			$132,310.67

Maximum Allowed		$99,233

STP-Urban Balance

Greene County

Small Urban Remaining Funds	**$344,279**
Appropriation FY 03 & 04	**$1,399,043**
Appropriation FY 05	**$750,877**
Transfer from City of Battlefield	**$45,000**
Appropriation FY 06	**$708,737**
Weaver/Campbell	**($1,132,942)**
JRF/ Glenstone	**($500,000)**
Glenstone, I-44 to Valley Water Mill	**($1,500,000)**
Airport Access Road	**($1,000,000)**
Appropriation FY 07	**$797,108**
Projected Appropriation FY 08	**$797,108**
Projected Appropriation FY 09	**$797,108**
TOTAL	**$1,506,317**

Maximum Balance Allowable $2,391,323.15

STP-Urban Balance

City of Springfield

Small Urban Balance	**$ 3,163,403.16**
FY 03/04 Allocation	**$3,925,754.34**
FY 05	**$2,106,983.81**
FY 06	**$1,988,737.84**
Weaver/ Campbell Intersection	**($1,252,942.00)**
Glenstone/JRF/Republic Interchange	**($3,246,400.00)**
National/ Chestnut Intersection	**($1,400,000.00)**
Glenstone/ Primrose	**($1,400,000.00)**
Glenstone (I-44 to Valley Water Mill)	**($1,200,000.00)**
Campbell Avenue Traffic Signals	**($240,000.00)**
44/65 Enhancements	**($74,000.00)**
Airport Access Road	**($4,550,000.00)**
Appropriation FY 07	**$2,236,707.29**
Projected Appropriation FY 08	**$2,236,707.29**
Projected Appropriation FY 09	**$2,236,707.29**
BALANCE	**$4,531,659.03**

Maximum Balance Allowed $6,710,121.88

Projects are estimated figures. Actual obligations pending program agreements.

TECHNICAL COMMITTEE AGENDA 07/18; ITEM II.F

Addition of North-South Corridor Study EIS to the TIP

Ozarks Transportation Organization
(Springfield, MO Area MPO)

<u>AGENDA DESCRIPTION:</u> At the Board of Directors June meeting the Board had a discussion on whether the North-South Corridor Study was complete. Some members of the Board felt that completing the EIS for the proposed new corridor(s) was the next logical step and that it fulfilled the MPO's commitment to the general public to alleviate traffic congestion on the existing US 160 corridor. The Board requested that the Technical Committee examine the financial ramifications of including the EIS in the TIP and what could be done with the $1.4 million if it were spent on a construction project.

Discussions with MoDOT and other planning partners suggest that the following could be accomplished with $1.4 million of Urban-STP funds if the money was used on roadway construction projects:

- Approximately 2000 feet of one-lane of a new roadway;
- Approximately 1/10th of an interchange project;
- Depending on the intersection, ½ to 1/8th of an intersection improvement;
- Creation of three to six signalized intersections.

(Materials Attached.)

<u>TECHNICAL COMMITTEE ACTION REQUESTED:</u> Technical Committee action requested to make a recommendation to the Board of Directors on whether the EIS for the recommended north-south corridor should be included in the tip.

MPO WIDE OPERATIONS AND MAINTENANCE

FY2008

On-Call Guardrail and Guard Cable Repair in Ozarks Transportation Organization Area (MoDOT #8I0870)..TIP#MO0901

Various Routes

Federal Source Agency: N/A
Federal Funding Category: N/A
MoDOT Funding Category: Taking Care of the System – District 8
Work or Fund Category: Miscellaneous

MoDOT: $204,000
TOTAL FY2008: $204,000

North South Corridor Study Phase II...TIP #MO0703

Environmental Impact Statement for Selected Alternatives resulting from Phase I of the North South Corridor Study.

Federal Source: FHWA
Federal Funding Category: STP
MoDOT Funding Category: Major Projects and Emerging Needs
Work or Fund Category: PE

FHWA: $1,400,000
MoDOT: $350,000
TOTAL FY 2008: $1,750,000

FY2009

Intelligent Transportation Systems Management and Operations 2009 (MoDOT #8Q0884).TIP#MO0903

Ongoing Intelligent Transportation Systems Management and Operations, including operations of the Transportation Management Center for the Springfield region.

Federal Source Agency: FHWA
Federal Funding Category: STP
MoDOT Funding Category: Major Projects and Emerging Needs - Distributed
Work or Fund Category: Operations

FHWA (STP): $548,800
MoDOT: $137,200
Local (City of Springfield): $454,873
TOTAL FY2009: $1,140,873

On-Call Work Zone Enforcement in the Ozarks Transportation Area (MoDOT #8P0911).......TIP#MO0904

Federal Source Agency: NEED
Federal Funding Category: Safety
MoDOT Funding Category: Safety
Work or Fund Category: Safety

FHWA (STP): $24,000
MoDOT: $6,000
TOTAL FY2009: $30,000

On-Call Guardrail and Guard Cable Repair in the Ozarks Transportation Organization Area (MoDOT #8P0856)..TIP#MO0905

MoDOT Funding Category: Taking Care of System – District 8
Work or Fund Category: Miscellaneous

MoDOT: $204,000

FINANCIAL SUMMARY

--Highways/ Roads--

2008

PROJECT	FEDERAL						MoDOT	Local	Total
	STP Urban	STP	NHS	BRIDGE	ITS	TOTAL			
CC0701	$200,000					$200,000		$50,000	**$250,000**
CC0801	$176,000					$176,000		$44,000	**$220,000**
CC0802		$908,000				$908,000	$227,000		**$1,135,000**
CC0803						$0	$579,000		**$579,000**
CC0804		$158,400				$158,400	$39,600		**$198,000**
GR0512		$2,847,660				$2,847,660	$2,045,178	$711,916	**$5,604,754**
GR0701						$0		$1,155,000	**$1,155,000**
GR0802						$0		$1,970,361	**$1,970,361**
GR0804				$320,000		$320,000		$80,000	**$400,000**
GR0805				$320,000		$320,000		$80,000	**$400,000**
GR0808						$0	$2,000		**$2,000**
GR0809			$4,000			$4,000	$1,000		**$5,000**
GR0810		$150,400				$150,400	$37,600		**$188,000**
GR0811		$110,400				$110,400	$27,600		**$138,000**
GR0812		$309,600				$309,600	$77,400		**$387,000**
GR0813		$284,000				$284,000	$71,000		**$355,000**
NX0601						$0		$1,197,861	**$1,197,861**
NX0701						$0		$254,500	**$254,500**
NX0803						$0		$148,500	**$148,500**
NX0804						$0		$486,450	**$486,450**
OK0702	$89,600					$89,600		$22,400	**$112,000**
OK0703	$150,000	$4,638,400				$4,788,400	$1,159,600	$156,000	**$6,104,000**
OK0801						$0		$74,582	**$74,582**
OK0802						$0		$43,650	**$43,650**
OK0803						$0		$46,269	**$46,269**
OK0804						$0		$73,332	**$73,332**
OK0805						$0		$69,840	**$69,840**
OK0806						$0		$326,502	**$326,502**
OK0807						$0		$258,967	**$258,967**
OK0808						$0		$277,823	**$277,823**
OK0809						$0		$142,055	**$142,055**
RP0801						$0		$45,000	**$45,000**
RP0802						$0		$10,300	**$10,300**
RP0803						$0		$56,000	**$56,000**
RP0804						$0		$38,000	**$38,000**
RP0805						$0		$50,000	**$50,000**
RP0806						$0	$200,000	$200,000	**$400,000**
RP0807						$0	$5,000	$75,000	**$80,000**
RP0808						$0		$80,000	**$80,000**
SP0620					$739,656	$739,656		$1,115,794	**$1,855,450**
SP0626						$0	$3,280,000		**$3,280,000**
SP0701						$0		$200,000	**$200,000**
SP0702	$1,060,000					$1,060,000	$1,325,000	$265,000	**$2,650,000**

FINANCIAL SUMMARY

--Highways/ Roads--

2008 (Continued)

PROJECT	FEDERAL						MoDOT	Local	Total
	STP Urban	STP	NHS	BRIDGE	ITS	TOTAL			
SP0703	$402,500	$360,000				$762,500	$90,000	$702,500	**$1,555,000**
SP0708						$0		$1,500,000	**$1,500,000**
SP0718						$0		$318,000	**$318,000**
SP0719						$0		$940,000	**$940,000**
SP0722		$1,000,000				$1,000,000			**$1,000,000**
SP0723		$8,008,000				$8,008,000	$2,002,000	$1,090,000	**$11,100,000**
SP0801						$0		$400,000	**$400,000**
SP0804						$0		$775,000	**$775,000**
SP0805						$0	$2,000		**$2,000**
SP0806			$720,000			$720,000	$180,000		**$900,000**
SP0807			$80,000			$80,000	$20,000		**$100,000**
SP0808		$208,000				$208,000	$52,000		**$260,000**
SP0809	$300,000					$300,000	$1,728,300		**$2,028,300**
SP0810		$152,000				$152,000		$38,000	**$190,000**
SP0901				$160,000		$160,000	$40,000		**$200,000**
SP0902		$240,000				$240,000	$60,000		**$300,000**
MO0801		$412,800				$412,800	$103,200	$441,624	**$957,624**
MO0802						$0	$342,000		**$342,000**
MO0805				$11,200		$11,200	$2,800		**$14,000**
MO0806		$60,000				$60,000	$15,000		**$75,000**
MO0901						$0	$204,000		**$204,000**
MO0703		$1,400,000				$1,400,000	$350,000		**$1,750,000**
TOTAL	**$2,378,100**	**$21,247,660**	**$804,000**	**$811,200**	**$1,336,518**	**$26,577,478**	**$14,991,479**	**$16,524,258**	**$58,093,215**

FINANCIAL SUMMARY

--Highways/ Roads--

FINANCIAL CONSTRAINTS

	FEDERAL						MoDOT	Local	Total
	STP Urban	STP	NHS	BRIDGE	ITS	TOTAL			
2008 Anticipated	$3,595,220	$21,247,660	$804,000	$811,200	$1,336,518	$27,794,598	$14,991,479	$16,524,258	**$58,093,215**
2008 Programme	$2,378,100	$21,247,660	$804,000	$811,200	$1,336,518	$26,577,478	$14,991,479	$16,524,258	**$58,093,215**
Balance	$1,217,120	$0	$0	$0	$0	$10,943,103	$0	$0	**$10,943,103**
2009 Anticipated*	$3,595,220	$6,074,334	$499,200	$4,717,366	$0	$14,886,120	$56,872,100	$13,493,315	**$85,251,535**
2009 Programme	$2,895,000	$6,074,334	$499,200	$4,717,366	$0	$14,185,900	$56,872,100	$13,493,315	**$84,551,315**
Balance	$700,220	$0	$0	$0	$0	$700,220	$0	$0	**$700,220**
2010 Anticipated*	$1,797,610	$745,600	$21,928,800	$0	$0	$24,472,010	$6,172,600	$12,875,656	**$43,520,266**
2010 Programme	$0	$745,600	$21,928,800	$0	$0	$22,674,400	$6,172,600	$12,875,656	**$41,722,656**
Balance	$1,797,610	$0	$0	$0	$0	$1,797,610	$0	$0	**$1,797,610**
2011 Anticipated*	$1,797,610	$2,272,000	$0	$106,400	$0	$4,176,010	$594,600	$10,653,325	**$15,423,935**
2011 Programme	$0	$2,272,000	$0	$106,400	$0	$2,378,400	$594,600	$10,653,325	**$13,626,325**
Balance	$1,797,610	$0	$0	$0	$0	$1,797,610	$0	$0	**$1,797,610**

TOTAL BALANCE REMAINING 2008-2011 **$15,238,543**

INFORMATION ITEMS

Attached for Technical Committee member review are various information items regarding transportation in our region, state, and nation. These information items are typically drawn from newspapers, special reports, and mailings received by MPO staff. They are provided for the sole purpose of keeping MPO Technical Committee members apprised of transportation issues currently under review by MPO staff and/or other transportation organizations. The focus is on information that may have a direct impact on the Ozarks Transportation Organization study area.

FOX NEWS.com

As $3-a-Gallon Gas Becomes Reality, More Americans Choosing to Work From Home

Wednesday, June 27, 2007

By Amy Braunschweiger

FOX NEWS

As gas prices kept going up, her patience kept going down — Robin Rothstein had simply had enough.

ADVERTISEMENT

After spending hard time each day behind the wheel working as a real estate agent near her home in Germantown, Md., Rothstein says trading in her life on the road to work from home as an independent customer service representative is one of the best things she has ever done for herself — and her wallet.

"I love the fact that I can get up in the morning, go downstairs, get breakfast and start working," Rothstein, 52, said. "I also love the fact that I don't have to worry about being in traffic or about outrageous gas prices."

As spiking gas prices have hit new highs above $3 a gallon over the past year, business at one company specializing in setting people up to work from home has also been on the march upward, to the tune of a 20 percent rise. Rothstein is one of the many Americans who have changed careers due to rising fuel costs. After crunching the numbers, Rothstein says the decision was a no-brainer.

In her previous career, Rothstein's 2002 Chrysler Town & Country guzzled between $50 and $100 of her paycheck every week. Each time she filled up the tank (which she did twice a week) she felt like she was flushing her hard-earned cash down the drain, she said. Additionally, the driving added hours and stress to her workday, not to mention wear and tear on her minivan.

So, late last year, she converted one room of her family home into an office, and she found a position with Arise Virtual Solutions, a Miramar, Florida-based company that trains independent customer support personnel for companies like Walgreens and Verizon. After passing Arise's screening test and background check, Rothstein bought a computer and chose her clients: Home Depot and the Lasik Vision Institute.

Mary Bartlett, Arise's vice president of talent management, says Rothstein's story is like that of many of her clients. In fact, when Bartlett asks potential customer service reps why they want to work from home, more than ever she hears complaints about high gas prices and time spent on the road.

"I hear the same stories," Bartlett said. "They say, 'Because I live in a rural area, or because traffic is so terrible in the Atlanta area, I'm spending a whole lot of money only going one way, and I'm putting my whole paycheck into this.'"

Bartlett says high gas prices were a big factor in the 20 percent rise in the number of people applying to Arise's programs in the past year.

It's not surprising. According to the U.S. Census Bureau, in 2005 an estimated 3 million Americans commuted more than 90 minutes to work each way — almost twice as many as in 1990. Fifteen out of every 100 Americans traveled 45 minutes each way.

Since late 2006, Maureen Schaffner of Houston human resources company Administaff noticed a decided uptick in the number of her San Francisco area clients — mid- and small-sized companies — interested in the possibility of employees working from home. She says higher gas prices play a role.

"Here in the Bay Area, gas prices are usually first or second [highest] in the country," said Schaffner, Administaff's San Francisco team leader. "If they're coming by themselves in the car, they'll drive one or two hours. It's really impacting the workforce."

But higher gas prices alone shouldn't inform someone's decision to work from home, said Karissa Thacker, a management psychologist and an adjunct faculty member at the University of Delaware Lerner School of Business.

"People thinking about just the cost of gasoline should also think about other perspectives like: Will I be productive and will it be fun?" Thacker said. "It's not for everyone, by far."

It takes a whole new set of skills to work independently, Thacker said. Working from home requires the ability to focus and ignore household distractions. Also, people working from home need to know how to effectively get things done via e-mail or conference call and combat feelings of isolation, which can harm productivity.

Bartlett said working from home is not a perfect fit for everyone. Only 10 to 15 percent of applicants make it through Arise's rigorous screening process.

"You have to be a self-starter," Bartlett said.

On the flip side, some who have the opportunity to work from home just by nature of their profession instead PAY to set up shop. Many freelance workers rent shared office spaces, choosing to commute rather than stay home.

Last November, Chris Messina and Tara Hunt founded Citizen Space, a San Francisco-based office for the self-employed, after they both tried working from home.

"We were working out of our living rooms and out of coffee shops," Hunt said. "It wasn't good for our business, our clients and our own peace of mind."

For $350 a month, self-employed professionals get a desk, wireless Internet access and drinks, as well as a supportive community at Citizen Space.

"We create external motivation," Messina said.

But these "commuters" cut down on "pains" at the gas pump in other ways.

While one of their members rides his motorcycle to the cubicle-less office, the rest bike to work or take public transportation. Messina and Hunt said they didn't even take parking options into account when choosing their location.

"We don't even own a car," he said.

Even if she had a neighborhood office space to rent, Rothstein, would rather stay home, she said.

After all, her current office has two windows, giving her plenty of natural light and a view of leafy trees.

"I personally can't see any downsides," Rothstein said. "I don't have to worry about gas prices."

"I'm never going back," she added.

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The New York Times
nytimes.com

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July 10, 2007

Approval of Bloomberg's Plan for Traffic Seems Unlikely

By MICHAEL M. GRYNBAUM

An alternative to Mayor Michael R. Bloomberg's congestion pricing plan emerged in the State Assembly yesterday, as approval of his plan by the Democrats who control the chamber seemed increasingly unlikely.

Missing from the rival bill is any trace of the mayor's proposal to impose a fee on most motorists who drive below 86th Street in Manhattan during peak weekday hours — a proposal that has stalled in Albany despite broad support from environmental groups and some top state officials, including Gov. Eliot Spitzer.

Instead, the new proposal, sent to Assembly members on Sunday night, would attempt to ease traffic congestion with tax credits for businesses that encourage employees to telecommute, for employees who use car pools and for commercial drivers who enter Manhattan before 6 a.m. and after 9 p.m. A $500 million program to expand express bus service outside Manhattan is also included in the bill.

Top Assembly officials said the proposal was being seriously considered by lawmakers. Its author, Assemblyman Rory I. Lancman, a first-term Democrat from Queens, said he hoped to introduce the bill this week.

Also released yesterday was a sharply critical Assembly report that described congestion pricing as a regressive tax that would disproportionately affect poor and middle-income drivers, and questioned the plan's feasibility.

"I think the mayor's plan, certainly in its current iteration, is not going to happen," Mr. Lancman said in an interview. He said that state legislators had "a genuine desire" to tackle congestion problems, but that the mayor's proposal offered few public transportation alternatives for the influx of commuters who would leave their cars at home.

"If you're telling people you have to make a choice between a $2,000-a-year tax or use mass transit, I think it's only fair that those people actually have a viable mass transit alternative, and we don't," Mr. Lancman said. (The $2,000 figure refers to an estimate of what drivers would pay annually to enter Manhattan under the plan.)

A spokesman for Mr. Bloomberg said that the mayor's plan called for large-scale improvements to the city's mass transit system before the start of congestion pricing. "None of the other potential plans provides a revenue stream to fund $30 billion in mass transit improvements over the next two decades," the spokesman, John Gallagher, wrote in an e-mail message.

But supporters of congestion pricing are facing a Monday deadline, set by the Bush administration, to clinch support from state lawmakers. Federal officials say they are unlikely to provide the city with as much as $500 million in funds if Albany does not offer a green light.

The Assembly has never appeared to favor the plan. Members have raised concerns over privacy issues related to the installation of video cameras and over which public authority would oversee the project, among other issues. Wariness on the part of Assembly Speaker Sheldon Silver, a Democrat of Lower Manhattan, has also kept the plan from coming to a vote or even being introduced in the Assembly.

The Republican-controlled Senate has introduced a congestion pricing plan that Mr. Bloomberg broadly supports.

The Assembly report found that under the mayor's plan, nearly half of the new fees would be paid by drivers from the other boroughs, who make up 24 percent of traffic in the congestion zone. Manhattan residents, who account for 72 percent of traffic in the zone and who each earn about $30,000 more per year than other city residents, would pay 42 percent of the fees.

In a statement, a spokesman for the mayor said of the report's comments on his plan, "It's not regressive, because those who drive to work make 33 percent more than those who take the subway to work from the four boroughs outside of Manhattan."

Assemblyman Richard L. Brodsky, a Westchester Democrat who drafted the report, said at a news conference in Manhattan yesterday that the congestion plan would allow an increase in traffic speed of only three-fifths of a mile per hour, and that the proposed $8 fee for personal automobiles would probably have to be increased.

Several groups that support congestion pricing said yesterday that the report was flawed and did not address the environmental benefits of the mayor's plan. "Perhaps the most important thing about this report is what it doesn't do — namely, evaluate the cost to our environment if Albany doesn't act immediately," Marcia Bystryn, the executive director of the New York League of Conservation Voters, said in a statement.

At a news conference yesterday, Mr. Bloomberg declined to address the congestion pricing issue, but did refer briefly to the Assembly report, saying, "That's just a piece of paper."

Diane Cardwell and Danny Hakim contributed reporting.

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New kicks (for builders) on Route 66

Restoration drive picks up speed, especially for motels

Advertisement

By Lisa Chamberlain
New York Times News Service

July 8, 2007

Along Route 66, which connected Chicago to Los Angeles from 1926 to 1985, roadside motels and their signature neon signs have been celebrated in books, songs and movies, as motoring west became an expression of American independence and freedom.

Since Route 66 was decommissioned as a federal highway, however, many motels have been lost to the wrecking ball, while others have stood vacant, ready to be revitalized by a movement to create a heritage corridor along the historical highway.

Route 66 aficionados hope that the restoration of one of the most famous stops for travelers, Roy's Motel and Cafe in Amboy, Calif., will anchor a revival of motel culture and Route 66 tourism. Roy's, about three hours east of Los Angeles, was bought by a San Bernardino restaurateur, Albert Okura, who acquired not just the motel and cafe but the entire town. He promised the previous owner, Bessie Burris, that he would preserve and restore the town, which was in decline for decades and shut down completely in 2005.

As a collector of Route 66 memorabilia, Okura jumped at the chance to buy Amboy for $425,000 in 2005, betting that revived interest in Route 66 will make Amboy commercially viable again -- and he may be onto something. The World Monuments Fund, a New York-based organization devoted to saving architecture and cultural sites around the world, recently put Route 66 on its 2008 list of most endangered sites.

"There is a whole revival happening around Route 66," said Okura, who owns the Juan Pollo restaurant chain. "I'm the Baby Boomer generation, and we want to be young and live in the past. But you need somewhere to go, so they follow Route 66. But progress is disjointed. The more I looked into Amboy, the more I realized, there's no other place like this."

In addition to a gasoline station, post office, garage, church, cemetery, four houses and an airport runway, Amboy is most known for its atomic-age sign for Roy's. The original lodging in Amboy consisted of six bungalows built in the 1920s. A single-story motel with 20 units and a lobby were added in the 1950s, when Route 66 tourism was at its peak.

Despite slow progress in getting things back up and running, word has spread through the Route 66 subculture. And before Okura has even been able to make the gas station functional, tourists are arriving to monitor Amboy's progress.

"Fifty tourists from London had their cars shipped to America to drive Route 66," said Joanne Fuentes, who is helping to oversee the refurbishment for Okura. "It was an awesome sight. They parked right underneath the Roy's sign. We just had a group of about 20 people from Germany that had their motorcycles shipped over, so they can ride along the route. So there's a lot of people around the world that are waiting for this to happen."

Okura expects to open the gas station soon, followed by the motel and cafe. He has hired a preservation architect, Taylor Louden, who is based in Culver City, Calif., to guide the restoration, particularly of the bungalows, which have been picked clean by vandals. "It's a classic ghost town that isn't quite dead yet," Louden said. "The context is, you see these buildings for miles because there's nothing else around. In the background is this barren lunarlike landscape. It's significant that the place still exists at all."

The same might be said for many motels along Route 66 that have gone out of business and crumbled since Interstate 40 was built in the 1970s, bypassing most cities along the southwestern portion of the route. Independent groups including the New Mexico Heritage Preservation Alliance, run by Gary Wolff, a preservationist from Santa Fe, have sprung up to raise awareness of the motels' historical significance.

According to Wolff, Albuquerque once had 100 motels, but that number is down to 25. He estimates there were more than 300 motels along Route 66 in New Mexico, but that only 60 or so are left.

"A lot of these places are not kept up or are abandoned and become a nuisance," Wolff said. "We're encouraging communities to consider tax credits and grants to restore motels and wrap the motels into heritage tours."

Many of the motels are not remarkable architecturally. But three significant ones in Albuquerque that were listed on the National Register of Historic Places have been torn down.

But the city has drawn the line with the El Vado Motor Court, a Pueblo-style building that functioned as a motel until two years ago, when it was bought by a developer who intended to tear it down and build condominiums. The city blocked those plans in February.

"If we can't come to a resolution with the developer, we'll condemn it and take it," said Martin J. Chavez, mayor of Albuquerque, who would like to see the El Vado and others like it turned into boutique motels catering to Route 66 tourists. "Route 66 is very much a state of mind," he said. "It's part of who we are. It would be like New York without the Statue of Liberty."

The National Trust for Historic Preservation has advocated saving the El Vado, which was built in 1937. "The El Vado is special," said Daniel Carey, director of the group's Southwest office. "It's completely intact -- the rooms and office, the signage, traffic-flow pattern. And it's in a prominent location, in the bend of Route 66. It definitely could survive as a motel."

Another group that has taken an interest in preserving and reviving roadside motels along Route 66 is the Society for Commercial Archeology, a national organization devoted to preserving the 20th Century commercial landscape. "You need a combination of location and an owner who is really jazzed about putting money into it," said Douglas C. Towne, a board member and a Route 66 enthusiast. Towne said that fewer people these days traveled with a sense of adventure and spontaneity, and that this change had led to a decline in the motel culture. But, he said, "there's a small but growing segment of travelers that appreciates this architecture."

Credit for some of this revival can be attributed to the National Park Service, which has run the Route 66 Corridor Preservation Program, created by Congress in 1999 to help property owners, nonprofit organizations and cities preserve the heritage of Route 66.

"Motels are going through an awkward period," said Kaisa Barthuli, deputy program manager of the Route 66 program, which is based in Santa Fe. "They're becoming significant, but people don't fully see them as historic yet. We see around the country there is more interest to travelers who want that vintage motel experience. But we have to make sure they don't get torn down in the meantime. So we're trying to raise awareness of motels in our transportation history and our identity as adventure seekers."

Barthuli takes comfort in a handful of motels that have not only survived but have also thrived as tourist attractions, such as the Blue Swallow in Tucumcari, N.M.; the Munger Moss in Lebanon, Mo.; and Wigwam motels in Arizona and California with their individual teepee-style rooms. She also points to Flagstaff, Ariz., which is offering tax credits and other financial incentives to help motel owners improve facades and restore neon signs.

"It's a matter of timing and history," she said. "It's just percolating up now."

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The Columbian

County may let congestion increase

Wednesday, July 04, 2007
BY MICHAEL ANDERSEN Columbian staff writer

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Clark County is considering a strategy to close a quarter-billion dollar hole in its budget for new roads by gradually allowing more congestion on various streets in unincorporated Vancouver.

Steve Stuart Clark County commissioner

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With 184,000 more residents expected in the next 20 years, the county figures it would cost just over $1 billion to keep traffic clipping along at current rates. But taxpayers are $260 million short.

So under an idea pushed by Commissioner Steve Stuart, the county would allow traffic along key county roads - nobody knows which yet - to move a bit slower each year.

Meanwhile, Stuart said this week, the county might offer incentives for developments it likes - businesses that tend to pay employees well, perhaps, or homes built along bus routes. Also, fees charged to new developers might rise.

The new strategy is part of the growth plan that commissioners are taking before the public in a final hearing Thursday.

"It's obvious that the travel speeds would be much lower than they are today," county traffic planner Steve Schulte told commissioners last week at a hearing on the growth plan.

On some roads, Stuart said, slower speeds would be better.

"It'll be based on the land use," Stuart said. "I have people coming to me on at least a weekly basis concerned that traffic is moving too quickly through their neighborhood."

What's more, he said, if the county doesn't set priorities for spending its limited funds, it could end up lowering standards anyway, amid a painful political fight.

"It makes it a planning decision instead of a political decision," he said. "You can build more capacity in the areas that need it, where it's appropriate.

"There are corridors where, even at full build-out, we'll want to make sure that traffic can still move quickly," Stuart said.

Commissioners Betty Sue Morris and Marc Boldt tacitly agreed last week to include Stuart's strategy as a possibility for holding down road costs in the growth plan. But commissioners would still need to agree in the coming months on exactly where the traffic would slow, and by how much.

Morris, who unlike Stuart has said she'd accept a growth plan that doesn't completely close the road budget, expressed reservations.

"The only thing I realize as I'm driving is that I'm slowing down," she said.

Schulte, the county traffic planner, said the growing traffic levels are a natural result of the expected population growth that is driving the comprehensive growth plan revisions by Morris, Boldt and Stuart.

"You have urbanization occurring, and with urbanization comes congestion," Schulte said. "We set these standards for the most part back in 1999. ? We couldn't project what the comp plan would look like in 2007."

Stuart said his proposal is based a system used by the city of Kirkland.

Adding incentives for development near public transit, he said, would re-jigger the county's transit priorities - maximizing the number of people who get where they're going, not the number of cars on the road.

And Stuart said the new plan would better distribute the costs of improving roads among developers, rather than letting "the last one in the door pay the bill."

"Salmon Creek has been a great example," he said. "The service level kept going down and down without any money coming in. ? Legacy Heath Systems, which was the last one in the door last time, paid six, seven, eight million dollars to get them out of failure."

"It's not fair to expect one business or one development to pay for the impact that more than one of them has created," he said.

The growth-plan hearing is 10 a.m. Thursday in the Clark County Public Service Center, 1300 Franklin St., Vancouver.

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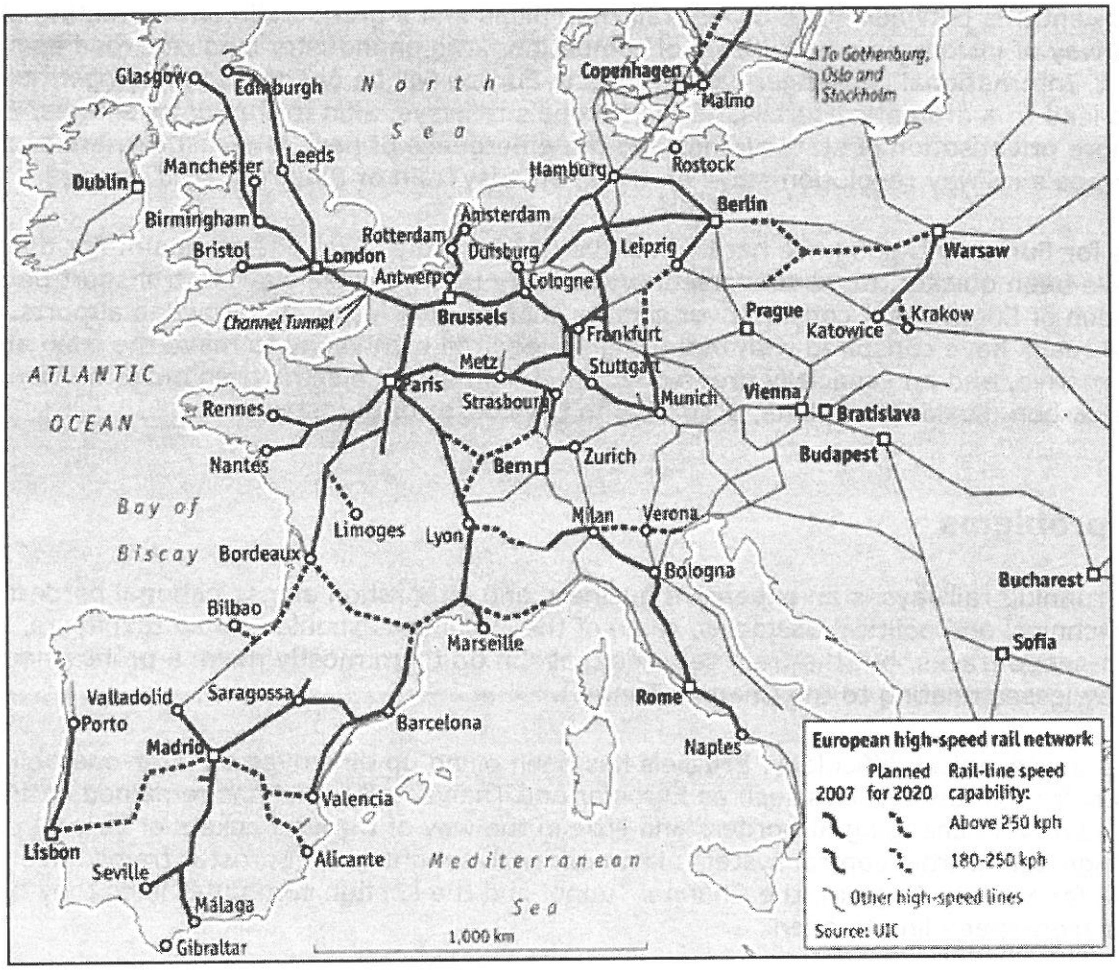
Economist.com PRINT EDITION BUSINESS

Europe's railways

A high-speed revolution

Jul 5th 2007 | BRUSSELS, FRANKFURT, PARIS AND STRASBOURG
From The Economist print edition



European railways form an alliance to promote swifter international travel

AS THE fastest train in Europe reaches its top speed of 320kph (200mph) the glasses of wine on the bar barely wobble. Champagne country is a blur as the train tears along Europe's newest high-speed line—the first to link France and Germany. France's *Train à Grande Vitesse* (TGV) can now travel between Stuttgart and Paris in only three hours 40 minutes instead of six hours. The latest generation of Germany's Inter-City Express (ICE) trains has similarly shrunk the journey time between Frankfurt and Paris.

This week high-speed railways in France, Germany, Belgium, the Netherlands, Austria and Switzerland joined with existing international services, such as the cross-channel Eurostar and the Paris-Brussels Thalys, to form Railteam, a new marketing alliance. The aim by the end of next year is to have one website that will allow travellers to view timetables and prices and, with one or two clicks, book tickets from one end of Europe to another. At the European Commission's insistence, Railteam members will compete on prices, though there could be some tricky moments as some of them team up to take on airlines.

Europe is in the grip of a high-speed rail revolution. Four new lines are opening this year and next, with trains running up to 320kph (see map). The eastern France TGV line is the first, to be followed in November by a new link from the Channel Tunnel to a new rail hub at London St Pancras, connecting Britain's first really fast line to the rest of the network. Paris will be only two hours 20 minutes away, and Brussels less than two hours. By 2008 Brussels will have new high-speed links to Amsterdam and Cologne. Railteam's aim is to increase high-speed passengers from 15m a year today to 25m by 2010.

The opening of the TGV-Est last month marked a huge change of heart for France. Its high-speed rail network has been spinning a web from Paris to the corners of the French hexagon since the mid-1970s. But now the TGV-Est wires France into the heart of its biggest neighbour, Germany, and gives birth to a joint venture between the French and German state-owned railways, SNCF and Deutsche Bahn (DB).

Although joint ventures between state-owned rail champions and a grand Railteam marketing alliance might not seem an ideal way of introducing a new level of competition into an industry long regarded as rusty, it is an important start. International passenger-rail services in Europe will be opened up to competition from January 2010. It could lead to a dramatic liberalisation of Europe's railways, akin to that of its airlines. Europe's open skies led to more privatisation of state airlines and the emergence of new, low-cost carriers such as easyJet and Ryanair. If Europe's railway revolution stays on track, an easyTrain or Ryanrail could emerge.

The prospects for Europe's trains have hardly been better since the great age of steam. For decades planes, cars and lorries have been quicker, more convenient and usually more reliable ways to transport people and goods throughout much of Europe. But concern over climate change, hassles at overcrowded airports, delayed flights and congested roads have conspired with better high-speed rail technology to make the train an increasingly attractive alternative, and an especially green one: a full high-speed electric train emits between a tenth and a quarter of the carbon dioxide of a plane, according to the bosses of Eurostar.

Signalling problems

Nevertheless, running railways is an expensive business and integration across national borders is painful and fraught with technical and political obstacles. Much of the expense is shouldered by taxpayers, who pay for the dedicated high-speed tracks, but the train services that run on them mostly make a profit (though Eurostar has been dogged by losses relating to the Channel Tunnel).

Then there are the technical difficulties. Brussels has been piling up directives on inter-operability for the past 16 years. Yet apart from a few services such as Eurostar and Thalys, rail travel has remained national, with locomotives and drivers changing at borders and little in the way of through tickets or co-ordinated timetables. Harmonising high-speed train control systems is an expensive nightmare. Eurostar trains have four different power systems for France, Belgium, the Channel Tunnel and the London commuter lines they had to use while waiting for the high-speed link to open.

Another obstacle to change is that governments and trade unions regard railways as providers of stable jobs that are shielded from competition. So there has been much resistance to opening up the market, particularly in France and Germany. The hope is that a grand alliance, and joint ventures under its umbrella, stand more chance of breaking free from old constraints than attempts to strike separate deals on particular routes.

Vorsprung durch DB

There is no doubt that Germany's state-owned railway is at the forefront of Europe's rail revolution. Hartmut Mehdorn, chief executive of DB, has turned a chronic loss-making railway into a powerful international business which plans to float some 30% of its shares next year. It is already a world-class logistics company, with a global business based on its international rail-freight activity. That could prove to be a useful hedge against greater competition in passenger rail.

DB carries twice as much freight and three times as many passengers as SNCF and owns and operates more than 90% of Germany's rail network. Over 200 competitors, mostly small firms that bid for franchises to run local services subsidised by regional authorities, run trains on its tracks. But DB still dominates the long-distance and inter-city traffic. Only two rivals compete on long-distance passenger services: Veolia on the Leipzig-Berlin-Rostock route, and Georg Verkehrsorganisation, which runs night trains between Berlin and Malmo in Sweden.

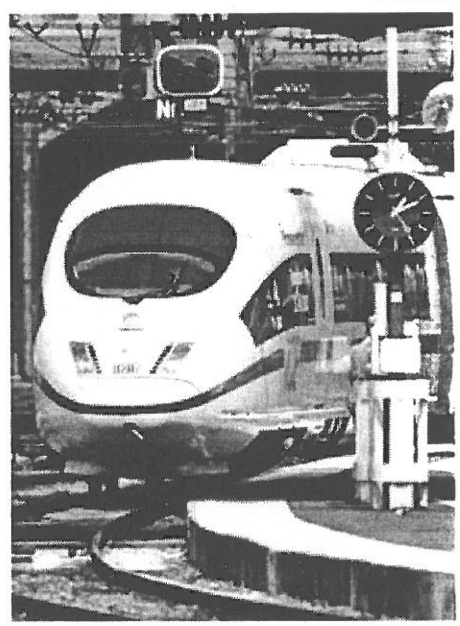
State rail firms have the ability to foil smaller rivals and new entrants. One way DB does this is with access to its tracks: InterConnex, owned by Veolia (a French group), fought a losing battle to run a passenger service between Frankfurt and Cologne. It was only offered a track on the right bank of the Rhine, which is winding and subject to delays. Some believe this is why DB will not be allowed to retain full ownership of the rail network in its pending privatisation. But Mr Mehdorn more or less made keeping the tracks a condition for staying when his contract was renewed for three years last month. Britain showed what can go wrong when track and train companies are separated: after the shambolic privatisation of British Rail the network company, Railtrack, collapsed and in effect had to be renationalised. Not surprisingly, there is little appetite to try anything similar on the Continent.

Over at SNCF the debates are different. Guillaume Pepy, SNCF's managing director, was taken aback when he was recently asked about privatisation. "No politician in France ever suggests privatising SNCF," he replied. But even if privatisation is not on the agenda in France, that does not mean greater commercialisation has been ruled out. There will be no avoiding it once access to Europe's passenger lines follows the freight liberalisation that started last January. SNCF's union-bound freight business is suffering so badly in the new environment that it will probably need rescuing by a partly privatised DB. But both SNCF's charismatic president, Anne-Marie Idrac, who made her name rejuvenating the Paris Metro, and Mr Pepy are bullish about international high-speed passenger rail: they conceived Railteam.

How successful will the new high-speed lines be at taking business away from airlines? A big shift in passenger numbers would be more likely if airlines had to pay the same taxes that train operators do, namely value-added tax and a tax on fuel, both of which would push up air fares. But despite the resulting price disadvantage, high-speed rail still has many attractions. The added comfort of a train and the ability to walk about, eat in a dining car, work online or use a mobile phone—not to mention the lack of endless queues and security checks—mean that high-speed rail offers a good alternative to flying. Hence the razzmatazz on May 25th when SNCF and DB ran their first high-speed trains from Stuttgart and Frankfurt to Paris, under a joint venture called Alleo, which is part of Railteam.

There is more to the rivalry between rail and air than the experience in transit, however. Railways must compete in other respects, too. SNCF is justly proud of its airline-style yield management system (originally based on the expertise of Sabre, an offshoot of American Airlines), which fills up seats by pricing them according to demand. This booking-only system enables SNCF to fill over 80% of seats on average.

Reuters



Move over, aeroplanes

DB tried to introduce a similar system in 2003, but abandoned it because of opposition from politicians and consumer groups. They wanted DB to retain its turn-up-and-pay style of rail travel, which German passengers cherish. Karl-Friedrich Rausch, the head of DB's passenger business, consoles himself with the thought that although DB does not fill as many of its seats as SNCF, travellers can at least arrive at, say, Frankfurt airport's shiny new station and be sure that they can get an ICE train every half hour to Stuttgart or Munich without booking. One of the reasons for the German preference for hop-on, hop-off high-speed trains is that stage lengths are shorter than in France, where the population is more spread out, with fewer big towns. One German idea adopted by Railteam is that frequent travellers will be able to board the next train and get a guaranteed seat if they miss a connection because of a delay.

Mr Rausch, who used to work for Lufthansa, reckons airlines are 15 years ahead of railways in the way they manage their businesses. But he is doing his best to catch up. He is concentrating initially on the improvements to customer service that trains can offer. DB already runs co-ordinated services with Lufthansa that allow travellers to transfer from a plane to a train with a single ticket, for example. Mr Pepy at SNCF reckons that when rail networks are opened up in 2010, airlines such as Lufthansa and Air France-KLM will start operating their own train services. Mr Rausch is more cautious. He thinks open access will take some years to become a reality and that airlines will probably get involved only as partners to train operators.

Whether through competition, co-operation or both, a plethora of European directives such as the "Railway Interoperability Directive" and the "Third Railway Package" will encourage the emergence of this new era of international rail travel. Rail bosses note that on six-hour journeys they are typically winning more than 60% of the leisure market from airlines. The same is happening with business travellers on four-hour journeys. It may be a while before you can choose between a French TGV or a German ICE to ride to Bucharest or even Naples. But as when Lenin sped in his sealed carriage through war-torn Germany 90 years ago, the train of revolution has left the station.

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Everything Michigan

KALAMAZOO GAZETTE

Now's the time to overhaul Amtrak

Monday, July 02, 2007

The Grand Rapids Press

Amtrak ridership is growing across the country.

In Michigan, it's exploding.

The number of passengers on the Grand Rapids-Chicago route alone jumped 75 percent between 2001 and 2006. That increase is something to whistle about.

But even as the number of train enthusiasts has grown, so has their frustration. Delays and poor service continue to dog Amtrak, driven in large part by overcrowded tracks that accommodate both freight and passenger service.

The nation's rail infrastructure is in need of an overhaul. With gas prices that make a fill-up feel like a tooth extraction, this is the perfect time to look to public transit. Amtrak is a crucial piece of the nation's energy-saving puzzle.

The agency's future has always ridden on uncertain funding and received mixed signals. Presidents at some points have called for no federal contribution -- which would be a death knell for Amtrak -- only to have Congress save the day. A year-to-year scrap for survival is no way to build a robust national passenger rail system.

Congress would do far better to fund Amtrak the way it funds roads, in multi-year budgets that allow planning, consistency and steady improvement.

A measure in the U.S. Senate would accomplish those goals. The bill would shell out $11.4 billion in federal funds for Amtrak and other passenger rail services over six years and provide another $7.4 billion for rail development. The funds would require new on-time service standards. Those improvements are necessary to justify the investment.

Michigan's Sens. Carl Levin, D-Detroit, and Debbie Stabenow, D-Lansing, have both signed on to the bill. Similar legislation has previously stalled in the House. Rep. Vernon Ehlers, R-Grand Rapids, sits on the House Transportation and Infrastructure Committee. His active support will be necessary to move this legislation to the president.

Amtrak operates three lines in Michigan: Grand Rapids-Chicago, Port Huron-Chicago and Detroit-Chicago. State ridership hit a record 665,000 passengers in 2006 -- a 47-percent increase since 2002. Nationally, the increase over the same time period was 12 percent.

That ridership leap is true despite this sobering fact: Michigan's three routes rank second-worst in on-time performance among Amtrak's 15 ``short-distance" routes nationally. The Pere Marquette route, which travels from Grand Rapids to Chicago, has a particularly bad record. This year, fewer than one in four trains has arrived on time, defined as being less than 10 minutes late to the station. About a third of the trains are more than 40 minutes late.

Federal law requires freight trains to yield to Amtrak on shared lines, but too frequently they don't. Passenger trains are sidetracked while freight carriers rumble through. That, too, would be addressed in the pending legislation, giving the government more tools to go after violators. In addition, Amtrak has not always had a sterling record when it comes to customer service and efficiency. That must be addressed.

Clearly, Michigan wants passenger rail service -- more and more of it. Congress can give that to the state and the country by promising steady funding that will build up the national passenger train system. In an age of rising energy costs and a national thirst for foreign oil, that's the right track to follow.

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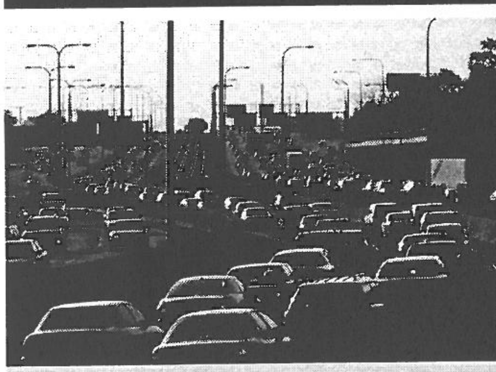
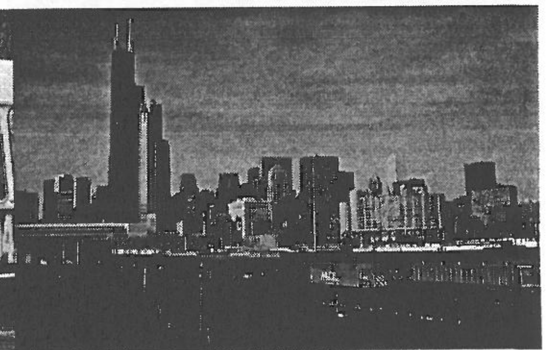
JUNE 2007

Finding Solutions To Fund Transit

Combining Accountability & New Resources For World-Class Public Transportation





Illinois PIRG

Standing Up To Powerful Interests

Finding Solutions To Fund Transit

Combining Accountability & New Resources For World-Class Public Transportation

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Illinois PIRG Education Fund

I. Executive Summary

Northeastern Illinois is home to the nation's second largest transit system. Hundreds of thousands of riders use CTA, Pace, and Metra every day, a testament to the value of transit in moving the region's goods, services and people where they need to go. Northeastern Illinois' transit network directly reduces traffic congestion and air pollution while increasing mobility for those residents that lack transportation choices.

Looking to the future, the region is expected to accommodate 2.3 billion additional annual travel trips by 2030. Efficient well-functioning transit will only become more critical to what makes the region attractive to residents, visitors and businesses.

Unfortunately, the future of public transit is endangered in Northeastern Illinois. Rising transit agency costs for energy, security and employee benefits have grown while funding—from an uneven and outdated apportionment of sales taxes across the six-county region—has not kept pace with needs. The outdated funding formula has created a transit budget shortfall that grows each year.

In recent years commuters have felt the effects of dwindling transit funding. Increased fares, less frequent bus and train service, and worsening delays have become the norm as the bus fleet ages and deteriorating train infrastructure necessitates designated slow zones on many rail lines.

In March 2007, the Illinois Auditor General released a study of the fiscal management of the region's transit systems. While the report identified several areas for greater efficiency, the report also stated that even if fares were doubled, resources would still be inadequate to maintain the current system in good working order. In other words, management can be improved with fewer layers of bureaucracy, but those reforms must be combined with a major infusion of new resources.

The growing budget hole has now reached crisis proportions. The public agency responsible for managing these activities, the Regional Transportation Authority (RTA), estimates the three transit service boards, the Chicago Transit Authority (CTA), Metra and Pace, face a combined $226 million shortfall for the second half of 2007.

Without a permanent funding solution authorized by state lawmakers, the short-term consequence of these shortfalls will be dramatic service cuts and increased fares. Service cuts would not only harm the millions of transit riders who currently depend on the RTA. Cutbacks would also increase traffic congestion for those who drive to work, and decrease economic output of the region as a whole as more time is wasted in traffic congestion and commuters are less able to access parts of the region where jobs are plentiful.

While the consequences of inaction are grave, solutions are within reach. "Finding Solutions to Fund Transit" highlights basic principles for evaluating potential revenue sources and considers several funding options available to state lawmakers to create a sustainable funding system for supporting the growing public transportation needs of Northeastern Illinois.

II. The Value Of Public Transit In Northeastern Illinois

Northeastern Illinois stands out nationwide as a dynamic, desirable place to live and do business. Our continued population and job growth is evidence. But growth puts pressure on public services. Even under current conditions, roadways and public transport networks are buckling: the greater Chicago area is notable not just for its quality of life, but also for its traffic congestion—third worst in the country.

To maintain our fertile business environment, strong job market, clean air and livable communities, the region must invest in its transportation network. A key component of that system is a strong and healthy public transportation system.

As the nation's second largest transit operator, the Regional Transportation Authority (RTA) carries nearly 1.9 million riders on an average weekday. The region's business centers could not function as engines of productivity and investment if public transit did not relieve traffic and the needs for additional roads and parking.

In addition to the intrinsic value of swift, reliable transit service, Northeastern Illinois also benefits from the impact transit use has on traffic congestion, economic development, a clean environment, public health, and reduced dependence on oil.

Congestion Reduction:

Congestion is a worsening problem on Illinois roads, wasting both time and fuel. As the region continues to grow and people increasingly work far from home, traffic congestion will pose an increasing threat to residents' most limited resource: their own time. In 1970, only one in eight commuters crossed a county line to travel to work. By 2000, it was more than one in four.[1] According to the last Decennial Census, from 1990-2000, travel times grew in all six collar counties. The median time grew most in Will County, where it reached 32 minutes.

Northeastern Illinois has the 3rd worst traffic congestion in the U.S.[2] That means each year we waste 253 million additional hours and burn 151 million additional gallons of gas because of traffic jams. According to the U.S. Department of Transportation, each person in Northeastern Illinois paid an average of $976 in wasted time and fuel as a result of road congestion.

Transit reduces congestion. According to estimates by the Texas Transportation Institute, which produces the gold standard in congestion data, if transit passengers were part of the general traffic flow, then total congestion would increase 29 percent. As a result, this would create about one billion hours in additional lost time nationally. [3]

Nationwide congestion wasted an estimated 2.3 billion gallons of gasoline in 2003.[4] By reducing driving, transit has a triple benefit for energy-savings. To start with, bus and rail travel is more fuel-efficient than driving. Add to that the fact that reduced congestion makes automobile travel more fuel-efficient. Congested driving, particularly stop-and-go-style travel during peak periods, greatly reduces vehicle fuel economy. Finally, to the extent that communities are served by transit, they become more walkable and require less space for road lanes and parking lots—reducing the driving needs of all.

Ensuring Mobility for Everyone:

The most obvious benefit associated with transit is mobility for people without access to automobiles. This includes any household with a car in the shop, an injury that temporarily makes driving difficult, or those who for economic reasons choose not to own a car. On a daily basis, some of society's most vulnerable people depend most on transit.

According to the Federal Transit Agency (FTA), in 1998, 24 million disabled Americans were dependent on transit.[5] An analysis by the FTA on 1995 data estimated that transit provided 2.6 billion trips that year for people who were either too impoverished to own a car, too young to drive, or over 74

1. University of Illinois at Chicago Urban Transportation Center, "Commuting in the Chicago Area: Emerging Trends" - 2003
2. Texas Transportation Institute Study, 2003
3. David Schrank and Tim Lomax, The 2005 Urban Mobility Study (College Station, TX: Texas Transportation Institute (2005).
4. David Schrank and Tim Lomax, The 2004 Urban Mobility Study College Station, TX: Texas Transportation Institute, (2005).

years of age. These trips comprised 40 percent of the total for transit.[6]

Economic benefits:

Public transportation is an important contributor to Chicago's economy. Without well functioning public transit, Northeastern Illinois would not be a hub for state investment and innovation. Employers often choose to locate in the region because of proximity and ease of access to other businesses, markets, and skilled workers. Locations served by transit, moreover, show increased property values compared to similar locations not served by transit.[7]

Transit agencies are also an important contributor to the economy in their own right. Cambridge Systematics, a private transportation planning firm, estimated the economic benefits to the regional economy to include 23,200 jobs created due to 2005 transit capital expenditures and $5.58 billion increase in business sales due to 2006 transit operating expenditures. The study also found savings in transportation costs to both highway and transit users due to reduced congestion to total $3.72 billion. Overall, the RTA system directly and indirectly provides at least $12 billion in economic benefits to the region and 120,000 jobs.[8]

Environmental and health benefits:

The United States Environmental Protection Agency has declared that all six counties in Northeastern Illinois fail to meet air-quality standards for ozone or fine particulate matter.

Mass transit has a critical role in keeping vehicle-source emissions at bay. According to an analysis by the RTA, public transit reduces the emissions of volatile organic compounds (VOCs) by 1,840 tons, nitrous oxide by 750 tons and fine particulate matter by 10 tons every year.[9]

For many residents, polluted air is not an abstract issue or simply a "green" cause. Particulate matter and nitrous oxides are poisonous to respiratory health, especially for children, seniors, and others with breathing difficulty. Exposure to VOCs is linked strongly with many types of cancer. These pollutants are also principally responsible for global warming. Raised temperatures overall mean longer, hotter summers that further exacerbate the danger for those with breathing problems.

Reduction in Oil Dependence:

Transit also reduces America's dependence on oil. The region's 3.65 billion annual vehicle miles directly saved as a result of transit, translates into a system-wide savings of 150 million gallons of gasoline consumption per year.[10]

As the energy sector becomes more volatile, and consumers pay greater out-of-pocket expenses at the pump, these savings will only become more substantial. If, as many anticipate, the price of gasoline continues to rise steeply, the region will have an additional competitive advantage by reducing the exposure to driving costs.

5. William W. Millar, Testimony of the American Public Transit Association Before the Labor Health and Human Services, Education and Related Agencies Subcommittee of the House Appropriations Committee, Feb. 5, 1998, 1998 WL 8991781.

6. "A Public Choice Policy Analysis," Transit Benefits 2000 Working papers, FTA Policy Paper (Office of Policy Development, FTA, 2000), chapter 1. Their share of net transit subsidies after subtracting for fares, however, was only 29 percent of the total. By contrast, among working-age transit users with above poverty incomes, those who did not own an automobile comprised 25 percent of all trips with 15 percent of public subsidies, and transit passengers who did own one or more automobiles comprised 35 percent of the total trips while incurring 56 percent of net subsidies. These numbers should not be treated as precise since 21 percent of costs could not be allocated between passenger groups.

7. Based on controlled comparisons of a sample of 2,842 commercial property sales in Washington, D.C., an FTA study found that proximity to a Metro station corresponds to higher property values. For every thousand feet closer to a Metro station, properties gained $70,000 in value. Measured differently, for every 3 blocks closer to a Metro station, properties gained $2.3 per square foot. See "A Public Choice Policy Analysis," Transit Benefits 2000 Working papers, FTA Policy Paper (Office of Policy Development, FTA, 2000), chapter 5. Similarly, a U.S. Department of Transportation study of Massachusetts commuter rail found that single-family homes located within a half mile of rail stations were worth [illegible] percent more than similar homes in similar communities further from a station. See Robert J. Armstrong (U.S. Department of Transportation) and Daniel Rodríquez (Department of City and Regional Planning, University of North Carolina, Chapel Hill) Transportation, 33:1 (January 2006).

8. RTA Situation Analysis Key Findings, Oct. 2006, http://movingbeyondcongestion.org/moving-beyond-congestion-documents/situation-analysis-key-findings.html

9. Based on 3.65 billion annual passenger miles by the RTA system . See RTA Situation Analysis Key Findings, Oct. 2006, http://movingbeyondcongestion.org/moving-beyond-congestion-documents/situation-analysis-key-findings.html

10. Assuming an average fleet fuel efficiency of 20 miles per gallon.

DEFINITION: CAPITAL VERSUS OPERATING FUNDS

Transit agency budgets are divided into two parts: capital and operating funds.

Capital funds consist of money for new projects. Rail stations, track and structure rehabilitation, bus and rail car purchases, and rail extensions are all part of this category. Capital funds pay for expansions in the RTA's capacity to move passengers—and 80 percent of this money comes from federal grants. Congress and the US Department of Transportation are ultimately responsible for these multi-year, merit-based outlays of money. Washington is typically willing to fund such a large proportion of new project expenses only when a local transit agency demonstrates its fiscal commitment to maintaining operation of what already exists.

Operational funds are the dollars that keep the RTA moving day to day. Operational expenses include outlays for such things as utility bills, small repairs and maintenance, staff salaries, and lease payments for plant and equipment. At the RTA, operational funds are raised mostly from fares (about 50 percent), advertising revenues, and local sales taxes.

III. Inadequate funding structure threatens the future of transit

As the needs for transit have grown over the years and will grow enormously in the future, the region's transit system should be expanding service and launching new projects.

The Regional Transit Authority, through an extensive process of eliciting input from communities and stakeholders around the region, produced a strategic plan entitled, "Moving Beyond Congestion." The RTA's first strategic plan in 15 years, the study put a price tag on future needs at $400 million a year in additional operating costs for the Chicago Transit Authority, Metra and Pace bus system, plus $10 billion in capital investments over the next five years.

Unfortunately, the region is currently moving in the wrong direction. The Regional Transportation Authority's combined $226 million budget shortfall in 2007 is part of larger structural problems. The regional funding formula is woefully obsolete, based on trends that have changed drastically over the generation since it was created. Transit agency costs have risen faster than inflation for reasons largely outside of their control. Years of forced cost-cutting through deferred maintenance and failure to replace outdated equipment has created a backlog of unmet needs that will lead to a vicious cycle of degraded service and reduced ridership that further reduces revenues. A recent Inspector General's report also highlights areas where cost cutting is possible; but the report concluded that these must be accompanied by major changes in how transit agencies are funded.

The Regional Funding Formula

The RTA's funding sources and division among the local transit agencies that make up the RTA are a holdover from what was meant to be a temporary solution in an earlier era. The 1983 RTA Act, an amendment to the 1973 Act that created the RTA to provide coordination among the three transit agencies in the region, directed 1 percent of the local sales tax in the City of Chicago and suburban Cook County and 0.25 percent of the local sales tax in the 5-county "collar" region to fund RTA operation.

The financing contributions of jurisdictions in the formula are not connected to where transit trips take place or the levels of service demanded across the region. In taxing Cook County more heavily than collar counties the existing system presumes that the large number of in-city transit trips provide services for Chicago residents. The sales-tax funding structure thus ignores the fact that users travel to counties other than their own point of origin.

In fact, over 80 percent of Metra and Pace riders with trip origin points in the collar counties connect to CTA service once they have arrived in Chicago to get to their final destinations. Collar county residents have been enjoying transit service that is increasingly subsidized by Chicago and suburban Cook residents.

When collar counties were relatively sparely populated, this imbalance in the funding formula may have been acceptable. But population has grown

11. Office of the Auditor General, Performance Audit: Mass Transit Agencies of Northeastern Illinois (March 2007). Cook County population data for 1985 was estimated by averaging data for 1984 and 1986.

substantially in the suburbs relative to the city. According to Census data, the population of Cook County increased only 2 percent between 1985 and 2005, while the population of the six collar counties skyrocketed by an average of 56 percent. As a result, suburban use of public transit has increased, including the number of collar community residents who travel within the City of Chicago. Metra's commuter rail passengers, for instance, increased from 62 million in 1985 to 69 million in 2005.[11]

To some extent, the shortcomings of the regional funding formula can be understood as a victim of the system's success. The region's transit system made it possible for collar counties to grow as more residential extensions of Chicago's hub of investment and innovation. That growth, however, has made the initial funding formula no longer appropriate for the current population and commuting patterns.

Continued population growth outside the city limits of Chicago—and indeed permanent relocation of Chicago residents to the collar suburbs—is sharpening the effects of this trend.

Moreover, the sales tax was intended to fund transit, but this revenue base has eroded at the same time that transit needs have increased. Sales taxes are the primary means for financing transit operating, but sales tax growth has fallen behind inflation and can be expected to fall further behind in the future.

Twenty five years ago when the funding formula for the transit agencies was last set lawmakers expected that sales taxes would provide a steady stream of revenue. They could not grasp how the portion of transactions in the economy covered by sales taxes would shrink in future decades and the mostly-service-intensive part of the economy exempt from sales taxes would grow. Much less could lawmakers a generation ago have anticipated the rise of internet commerce and catalog sales, both of which are exempt from sales taxes. Due to these unforeseen trends, sales taxes have not produced the steady growth of revenue that was anticipated.

The current funding formula was the State's response to dire fiscal instability at the time, but it was only ever intended to be a temporary solution—perhaps 5 years of relief before something better could be created.

More than two decades later, Northeastern Illinois still waits for that solution. Without a meaningful change in how the RTA's operations are funded, the total available sales tax revenues and distribution under the 1983 formula does not meet the needs of even current ridership—to say nothing about the burden it places on future expansion plans and capital projects that should be built. CTA, Metra, and Pace all stand to lose revenue and ridership.

The State could remedy the fiscal gap by applying a fair funding formula across the service region to ensure that RTA revenues correspond to service provided. The solution cannot be a simple reshuffling of proportions of the RTA "pie"; benefiting one service board at the expense of another. This will only shift the size of the fiscal gap from one transit agency to another.

Expenses Have Increased

Regardless of the funding structure, over the course of the last 25 years, all transit service agencies have been forced to try doing more with less. Chiefly due to circumstances outside of transit-authority control, security costs have risen, pension obligations have grown, and fuel costs have skyrocketed. Examples of these increased expenses include:[12]

- Over the last several years, CTA has experienced dramatic increases in security costs that now from $7.2 million to $34.8 million per year. Homeland security concerns have prompted heightened levels of security for major public infrastructure such as mass transit.
- CTA, Metra and Pace fuel costs have tripled since 2002.
- Metra health insurance expenditures are projected to increase from $48.5 million in 2004 to $58.5 million in 2008.
- Recent legislation requires the CTA to make annual payments to its pension fund. Even with pension restructuring, this is estimated to be well over $100 million per year drain on CTA finances that will begin in 2009

As a result, all three transit agencies in the region are facing critical shortfalls in both the capital funds used

12. Regional Transportation Strategic Plan Final Report, Regional Transportation Authority, February 8, 2007

to maintain and expand the system as well as in the operating funds used to provide reliable service.

The Auditor General's Report

Inefficiency and bureaucratic waste is a common criticism of the region's transit agencies. Like any agency, especially one with rising costs, it is legitimate to ask whether the same or better public transit services could be provided at a lower cost. In direct response to emergency dollars from state lawmakers to fix budget holes in the CTA budget, in 2005 lawmakers requested a formal audit of the transit agency.

In response, the Illinois Auditor General conducted an extensive, year-long audit of the RTA and all three transit boards. The final 500 page report, released in March 2007, was direct in its assessment of the current funding for transit, stating:

"While we identified some opportunities to improve efficiency and effectiveness through increased coordination, decreased redundancy and improved operations, these savings are relatively minor—in the tens of millions of dollars—compared to the current funding deficit and unmet future needs–which are in the hundreds of millions of dollars."

Thus, any attempt to improve transit finances through increased efficiency can only be effective if paired alongside major infusions of new resources.

Minor though the efficiency gains may be, they are still worthwhile. For example, coordination of schedules, routes, and payment systems between agencies could improve service for riders who transfer between lines operated by different agencies. The new head of the CTA, Ron Huberman, has moved to cut $12.5 million in administrative costs, as well as overtime and free travel expenses for employees. Increased accountability and efficiency can also help ensure public trust in transit agencies and the expanded service they must provide. High absenteeism, at the CTA incur costs found to be $46 million per year, some of which should provide an opportunity for cost savings.

Similarly, the on-time-performance, ridership, and average speed of each line should be regularly updated and posted on-line. Doing so, would jump start productive conversations about why particular routes underperform others, highlight best practices that should be adopted more widely, and bring attention to resource bottlenecks that prevent better performance.

The report stated that even if fares were doubled for the CTA, Metra and Pace, there still wouldn't be enough resources to maintain the current system in good working order.

Capital Funding

Inadequate capital funding does not just mean that new rail and bus projects to meet expanding needs and opportunities can not be launched. Lack of funds also mean neglect of basic upkeep and repairs of the existing system, which translate into slower, less reliable service.

The RTA's capital program for the next 5 years will differ substantially from that of the recent past. Average yearly capital investment will be reduced from $944 million in 2002-2006 to about $606 million in 2007-2011. The capital budget for 2007 is the lowest since 1998, and a full 50 percent less than what was available in 2004.[13] This leaves Northeastern Illinois with a slate of capital investment needs in the regional transit system that simply cannot be paid for. Examples of these include CTA bus and rail car replacement and rehabilitation, station and bus stop rehabilitation, rail and tie replacement for CTA and Metra and Pace bus garage expansion and improvements.

This unmet upkeep takes place in the context of increased population growth and growing demand for transit. The Chicago region is expected to add about 2 million additional people and 1.2 million jobs by the year 2030. This translates into 2.3 billion additional trips yearly—from home to somewhere, or from somewhere to home—than are made in the region currently.[14] Clearly our transit system as it stands today—and certainly as it is funded today—is not equipped to handle such activity. We need bold new ideas for how to fund the transit maintenance and expansion that our region will demand in the coming decades.

13. Regional Transportation Authority 2007 Proposed Budget, Two-Year Financial Plan and Five-Year Capital Program Todd Goldman and Martin Wachs, "A Quiet Revolution in Transportation: The Rise in Local Option Transportation Taxes," Transportation Quarterly, 57, 1 (Winter 2003), pp. 19-32.

14. Regional Transportation Authority Situation Analysis Key Findings, Oct. 2006, Page 36

WHAT IS WORLD CLASS TRANSIT? A VISION FOR ILLINOIS TRANSIT

A wise long-term plan for the future of transportation in Northeastern Illinois and a fair transit funding allocation is critical to maintain the region's economy and quality of life. Such a plan would provide public transit choices that link centers of population growth to areas where jobs are plentiful with affordable, reliable, on-time commutes. It would preserve access to open space and natural resources. A fair, adequate funding structure for the region would ensure future financial viability of transit service while providing the means for expanded capital investment. It would enhance riders' experience across a seamless public transportation system. It would increase the ease of use of transit for medical, shopping, recreational and educational trips as well as increase accessibility for a growing senior population where before such trips have necessarily been made by automobile. It would, in short, provide a world-class transit network for a region that deserves one, and on whose prosperity it increasingly relies.

IV. Seven Principals For Funding Transit

Typically, the biggest obstacle to improving public transportation is how to pay for it. However, not all revenue sources are equal. This section describes the basic principles that should underlay consideration of alternative funding mechanisms. Ideally, mechanisms for funding transit would have all the qualities listed below. In practice, some taxes or fees may be strong in some ways but weak in others.

1. Enhance market efficiency

Markets work best when the costs individuals face accurately reflect societal costs. In economists' jargon, total social welfare is improved when external costs get internalized for decision makers. Automobile drivers bear some of the costs they generate, but do not fully cover social costs. Taxes and fees that discourage vehicle trips by requiring drivers to consider those external costs are therefore market correcting. Fees that prompt drivers that impose higher-than-average external costs on society to pay higher fees are even more market correcting, and therefore do an even better job of improving market efficiency. Similarly, social welfare is improved when developers must pay the otherwise-invisible social costs of sprawl. Taxes and fees that help accurately reflect the true cost of driving and sprawling development is a preferable way to support transit.

2. Low collection costs

As is the case with all government funding sources, the costs incurred by collecting, monitoring, and enforcing taxes and fees are a drain that should be minimized. Revenue that is easier and cheaper to collect is preferable to those that require elaborate and costly mechanisms to implement.

3. Reliability

Transit agencies require reliable funding in order to plan long term. Doing so allows public transit to grow as the economy grows while also reducing traffic congestion.

Public service agencies are often subject to fluctuations in budget outlays that correspond to shifts in the political winds. Public transportation, though, is too important to leave to this ebb and flow. The public good that transit provides benefits users and non-users alike, and weaves together some of the very foundations of northern Illinois' quality of life: a healthy environment and a robust economy. With so much at stake, lawmakers must fight to ensure that transit funding receives guaranteed, stable, and sufficient funding from sources that do not require annual allocations from the state.

4. Diverse Funding

Having multiple sources of funding for transit is preferable to just one large source. Diversifying agency revenue sources protects transit systems from fluctuations in the economy that might hit one particular revenue source harder than others.

5. Fare increases are self defeating

Passenger fares do not advance transit goals. They are not akin to user fees for socially costly activities such as polluter fines to fund environmental cleanup. Transit ridership is a public good, and increasing the price of fares discourages riders. It makes poor economic sense to operate expensive transit systems but then discourage ridership through high fares. The net social benefits of additional transit riders tend to outweigh whatever additional fares might be paid.

Transit systems therefore should not have designated minimum farebox recovery ratios. Transportation officials should not approach fare policy from the perspective of, "What can we recoup at the fare box?" Instead, they should ask "What can we charge before we loose significant numbers of riders?"

That doesn't mean transit should be free. Even if transit ridership produces a net social benefit to society, fares that do not significantly discourage ridership are nonetheless justifiable because riders enjoy disproportionate benefits from the service.

Larger transit systems with high ridership can generate enough fares to cover a significant portion of operating expenses. On average, fares from transit agencies across the country cover a third of operating expenses for transit systems. More extensive systems tend to cover more of their costs through fares because they benefit from economies of scale and tend to be located in denser communities where commuters more prefer transit over the congestion and parking hassles of driving.

6. Budget Accountability

Funding should not be a blank check. Transit agencies should be held accountable for funding and service decisions. Transparency and accountability must be the norm for all transit agencies in our region. There must be open, accessible public oversight into the administration and operation of transit service in order to ensure that safety, security, fairness, and quality of service are always part of what is provided to the end-users of transit.

7. Community Participation

Finally, funding decisions should include community participation in decision-making. Planners, politicians, and decision makers should never forget for whose ultimate use and benefit public transport is developed. Every effort should be made to involve the voices, ideas, and concerns of citizen users of transit. Residents of local communities have the most to gain or lose from transit planning and funding decisions. It is incumbent on our leaders to always keep this in mind and to go to them when questions arise. As a result of community participation and involvement we can expect better decisions that reflect the needs and values of the community.

SHOULD TRANSIT BE FREE?

Free transit might seem like the most efficient and equitable pricing strategy. That way no money would be taken from low-income riders and no riders would be discouraged by fares. Moreover current spending wasted on selling tokens or enforcing fare collection could be eliminated. Transit vehicles could also board more swiftly without by using all doors for entry and letting riders board without stopping to fumble for payment.[1]

Free service exists in a number of smaller-city bus systems or for certain limited groups, routes, or times in larger systems.[2] Among larger transit systems, two notable fare-free experiments were conducted during off-peak hours in Denver, Colorado and Trenton, New Jersey, during the late 1970s. Both were discontinued after approximately one year in spite of increased ridership. The only other system-wide experiment with free fares in a large transit system was conducted in Austin, Texas from October 1989 until December 1990. In June and July of 2006, on a more limited basis, California's Metropolitan Transportation Commission eliminated bus, train, and ferry fares when officials announced "Spare the Air" alerts on hot, smoggy days.[3] The program cost $13.3 million, including advertisement for the program and prevented 8 tons of smog. Critics noted that this cost was far higher than alternative programs to reduce smog, such as replacing the aging diesel engines of old school buses. The Bay Area's BART system has requested to curtail the program due to increased vandals, garbage, and homeless riders.

The experiments with free-fare service have shown that free fares do not entice more drivers to leave their cars. Instead, free-fare entry to the transit system attracted groups of joy riders and homeless occupants. Increased numbers of riders who previously walked, biked, or carpooled also led to overcrowding. The incidence of vandalism and graffiti increased substantially, escalating maintenance costs and arguably discouraging commuters from leaving their cars. Increased numbers of homeless people rode around on buses, perhaps discouraging some commuters.

Instead of free fares, increased ridership might be created with passes for the elderly or students, or pre-paid passes from employers and social service agencies. In this vein, the U.K. Department for Transportation (DfT) has announced that beginning in April 2008 a new program will allow people more than 60 years of age and people with disabilities to travel for free during off-peak hours on any local bus across England.

1. *Jennifer S. Perone, "Advantages and Disadvantages of Fare-Free Transit Policy," National Center for Transit Research, Report Number: NCTR-473-133, BC137-38 (October 2002). See also, Hodge, D.C., Orrell III, J.D., & Strauss, T.R. (1994). Fare-free Policy: Costs, Impacts on Transit Service and Attainment of Transit System Goals. Report Number WA-RD 277.1. Washington State Department of Transportation.*
2. *For instance, in Seattle, WA, Ann Arbor, MI, and Cache Valley, UT.*
3. *http://www.mercurynews.com/mld/mercurynews/news/15155463.htm?source=rss*

V. Potential Revenue Options

Across the country, funding for transit comes from a variety of sources. State legislatures can choose to appropriate operating and capital funds in each yearly budget, they can commit to use federal transportation funds for transit, and they can dedicate revenue streams from particular funding sources. The best dedicated funding sources are those that accomplish more than just raise revenue because they improve market efficiency by solving market failures or better allocating costs to those who receive benefits. More specifically, the best revenue sources correct market failures by discouraging pollution and sprawl or drawing revenues from those who will most benefit from the reduced congestion brought about by transit.

Among the 25 largest transit agencies in the nation, the federal General Accountability Office (GAO) reports that a total of 23 received funds from dedicated funding sources. Moreover, according to the GAO these dedicated funds averaged 70 percent of the total state and local share of transit revenues.[15] Two or more sources of dedicated funding were reported in 18 of these transit systems. As the GAO reports, using a diverse basket of revenue sources protects transit systems from fluctuations in the economy that might hit one particular revenue source harder than others.

Cities, counties, and transportation districts increasingly fund new transportation projects through taxes or fees that apply only in their own local jurisdiction.[16] Fifteen states authorize local-option fuel taxes, though these tend to be used for road maintenance. Communities in many states levy local impact fees on developers or local real-estate transfer fees. Thirty-three states authorize some sort of local license or registration tax, which are assessed based on vehicle weight in Hawaii and parts of Virginia, and based on fuel efficiency in New Jersey. Local or county sales taxes exist in 33 states. These sales taxes have often been designated for new transit projects.[17]

Local-option taxes have benefits and drawbacks. Residents tend to be more supportive of paying for services in their own area. The disadvantage of localized taxation is the narrow base for these taxes makes it more difficult to raise significant revenue without high rates. These high rates can prompt taxpayers to cross local jurisdictions when making purchases to avoid the tax.

Below is a list of funding options that could be considered to address the current funding shortfall for transit in Northeastern Illinois and help alleviate future shortfalls. The revenues discussed below could be applied either state-wide or only in the jurisdictions near transit.

SALES TAXES

Sales taxes are the most common form of dedicated transit revenues for transit agencies. A GAO study of the nation's 25 largest transit systems found 15 systems received dedicated sales tax funds, totaling $4.5 billion in 2003, or 43 percent of dedicated funds for these systems. Among a broader sample, sales taxes have a similar though slightly smaller role. The National Transit Database of approximately 600 transit agencies reporting to the Federal Transit Administration shows that, after federal funds, sales taxes comprised the largest source of revenues for capital spending (38 percent) and the second largest source of operating expenses (27 percent) after fares (32 percent).[18]

Sales taxes are often more politically popular than other broad taxes such as income or business taxes. Despite the fact that these taxes fall harder on lower-income residents who tend to spend a greater portion of their income on taxable consumption goods, the simplicity of sales taxes gives citizens confidence that they will be collected fairly.[19]

Sales taxes comprise a relatively stable but declining source of revenue. People decrease their purchase of consumer goods relatively little during a reces-

15. Government Accountability Office, Mass Transit: Issues Related to Providing Dedicated Funding for the Washington Area Metropolitan Transit Authority (May 2006), GAO-06-516
16. Todd Goldman and Martin Wachs, "A Quiet Revolution in Transportation: The Rise in Local Option Transportation Taxes," Transportation Quarterly, 57, 1 (Winter 2003), pp. 19-32.
17. Fifteen states authorize local payroll or income taxes. One city in Ohio voluntarily earmarks a portion of its local-option income taxes for transit and localities in four states designate local-option payroll taxes for transit.
18. All data are from 2002. See the Central Broward East-West Transit Analysis, Financial Feasibility Study, Appendix.
19. The net effect of using new sales taxes to increase transit is nonetheless progressive because the benefits of transit tend to be more concentrated in lower-income groups than the incidence of sales taxes. Even using sales taxes to fund transit for relatively affluent suburban commuters also extends the transit networks into more affluent suburbs, thereby widening the political base of support. Targeted fees on gas guzzlers could be mildly progressive because high-income people tend to drive less fuel-efficient vehicles and drive significantly longer distances.
20. US DOT, Survey of State Funding for Public Transportation (2004). See also http://www.fhwa.dot.gov/ohim/hwytaxes/2001/tab6_toc.htm

sion compared to other taxes on capital gains, real estate, income, or payroll. On the other hand, sales taxes are unlikely to keep pace with the economy over the long term because sales taxes typically apply to most goods and few services. Goods represent a shrinking portion of the economy compared to services. Sales taxes also do not apply to the growing portion of transactions conducted through mail-order catalogs and online orders.

TAXES ON DRIVING

Taxes on driving to finance transit make double sense. Such taxes or fees directly discourage driving and also help fund alternatives to driving.

Gas taxes

Gas taxes are the staple of transportation spending in most states but are restricted to highway and road purposes in 30 states, 22 of which by constitutional restriction. Gas tax funds contribute to transit funding in 15 states.[20] According to GAO analysis of the 25 largest transit systems in 2003, dedicated gas taxes contribute to transit in only 7 of these systems, providing only about 3 percent of dedicated funds in those 25 systems. Gas taxes completely fund transit systems in Rhode Island, South Carolina, and Tennessee. Although gas taxes have declined in purchasing power over time, higher pre-tax gas prices have made the prospect of additional gas taxes less popular.

The advantage of gas taxes are that they are a relatively fair "user fee" that discourages driving.[21] One problem with funding transit with gas taxes is that while rising gas prices are likely to increase future demand for transit, they simultaneously reduce this source of revenue. More fuel-efficient cars will also decrease the revenue available for transit.

"The gas tax," actually includes several types of motor vehicle fuel taxes on different types of fuel. Oregon became the first state to establish a gas tax in 1919 and other states all followed suit during the next ten years. States vary in the way they tax diesel and gasohol, and they vary about which point in the distribution chain they impose the tax (importation into state, fuel distribution, into storage tanks, etc). Illinois is one of nine states that also levy sales taxes on gasoline – California, Delaware, Georgia, Hawaii, Indiana, Michigan, New York, and West Virginia being the others. The federal gas tax was created temporarily in 1932 and became permanent in 1956 as part of formation of the Federal Highway Trust Fund.

Gas taxes are far higher in other countries than in the United States. Gas taxes exceed three or four dollars per gallon in the United Kingdom and much of Continental Europe, compared to about 40 cents in the United States.

In America the value of gas taxes erodes over time because it is not indexed to inflation. Since 1993, the federal gas tax has remained unchanged at 18.4 cents per gallon, 2.86 cents of which is allocated to mass transit.[22] States' own gas taxes also have not kept up with inflation, losing 43 percent of their value during the 1970s, 80s, and 90s.[23] State gasoline taxes averaged 20.3 cents per gallon among the fifty states, ranging from a low of 7.5 cents per gallon in Georgia to a high of 30 cents per gallon in Rhode Island.[24] Statewide, Illinois' 20.1 cent gas tax falls just below the national average. Like a few other states, Illinois also has local gas taxes of 5 cents in Chicago and 6 cents in Cook County.

Taking state and federal gas taxes together on a per-mile basis, their inflation-adjusted value have declined by about 40 percent since 1960. The failure of nominal gas tax rates to keep pace with inflation is responsible for half this decline, with fuel-economy improvements during the 1970s and 1980s responsible for the other half.[25] Some have called for indexing gas taxes to inflation or pegging gas taxes to a constant portion of gas prices. Seven states have some variability in their rate linked to inflation.[26]

21. In a technical sense, gas taxes are not a direct user fee because the tax is levied on the first distributor, wholesaler, or refiner, who then passes the cost onto consumers who indirectly bear the tax.
22. The federal gas tax is distributed back to states based on various formulas. Some states receive more federal gas tax revenue than they collect while others are net donors. The Mass Transit Account was created within the Highway Trust Fund in 1983 when Congress increased the tax from 5 cents to 9 cents per gallon.
23. Robert Puentes and Ryan Prince, Fueling Transportation Finance: A Primer on the Gas Tax (Brookings Institute, March 2003).
24. From Martin Wachs, A Dozen Reasons for Raising the Gasoline Tax," Institute of Transportation Studies, University of California at Berkeley, Research Report UCB-ITS-RR-2003-1 (2003).
25. Ian W. H. Parry, Margaret Walls and Winston Harrington, "Automobile Externalities and Policies," Resources for the Future discussion papers DP-06-26 (June 2006).
26. FL, IA, KY, ME, NE, NY, NC.

GAS TAXES BY STATE [27]

State	Total state gas tax	State	Total state gas tax
Washington	34	*Average State Tax*	20.3
Wisconsin	32.9	Illinois	20.1
West Virginia	31.5	Louisiana	20
Pennsylvania	31.2	Minnesota	20
Rhode Island	31	Texas	20
North Carolina	30.15	Vermont	20
Nebraska	28	Kentucky	19.7
Ohio	28	New Hampshire	19.625
Montana	27	Michigan	19
Maine	26.8	New Mexico	18.875
Connecticut	25	Mississippi	18.4
Idaho	25	Alabama	18
Nevada	24.805	Arizona	18
New York	24.6	California	18
Utah	24.5	Indiana	18
Kansas	24	Missouri	17.55
Oregon	24	Virginia	17.5
Maryland	23.5	Oklahoma	17
Delaware	23	Hawaii	16
North Dakota	23	South Carolina	16
Colorado	22	Florida	15.3
South Dakota	22	Georgia	15.2
Arkansas	21.5	New Jersey	14.5
Tennessee	21.4	Wyoming	14
Iowa	21	Alaska	8
Massachusetts	21		

Rental car tax

Thirty-eight states levy taxes on rentals of motor vehicles. Rental car taxes are largely paid by out-of-staters, which has some political appeal. The levy also makes economic sense because visitors in rental cars would not otherwise pay the property taxes and registration, license or title fees that in-state drivers pay to help defray the costs of driving. Those fees are described below.

License, registration or title fees

All states require vehicle owners to pay for the privilege of driving within a state. Local governments in at least 34 states assess vehicle license and regis-

27. From the Federation of Tax Administrators, as of January 1, 2007, available at http://www.taxadmin.org/FTA/rate/motor_fl.html . Listed taxes are in some cases officially called inspection or environmental fees. In a few states localities also levy taxes on gasoline. These are: Alabama, 1 - 3 cents; Hawaii, 8.8 to 18.0 cents; Illinois, 5 cents in Chicago and 6 cents in Cook county; Nevada, 4.0 to 9.0 cents; Oregon, 1 to 3 cents; South Dakota and Tennessee, one cent; and Virginia 2 percent. Florida local taxes for gasoline and gasohol vary from 10.2 cents to 18.2 cents, plus a 2.07 cent-per-gallon pollution tax. Calculations for Kentucky and North Carolina are based on the average wholesale price and is adjusted quarterly. The actual rates are: KY, 9 percent; and NC, 17.5 cents plus 7 percent. In Virginia, large trucks pay an additional 3.5 cents. Idaho rate assumes maximum blended ethanol of 10 percent, which reduces rate.

tration taxes; 20 have a state-level version of these taxes dedicated for transit.[28] Collectively, states license over 200 million drivers. Fees commonly differ according to the type or class of license issued, and sometimes the age of driver or other factors. Increasing these fees can provide a dependable source of revenue. Most states also charge fees to register a vehicle's certificate of title. These fees, which are relatively unaffected by economic downturns, also provide highly reliable revenue sources.[29]

Title fees are transaction fees imposed on the cost of processing changes in vehicle title. They are a user fee on the state system of record keeping and administration. Most states impose these fees as a flat charge from as little as $2 to as much as $33 per transaction. Though such fees are typically collected by states to enhance administrative efficiency, they are generally used by county and municipal governments as general revenue.

Additional registration or title fees can be assessed on vehicle owners according to how much those vehicles are driven and how much each model type pollutes. Pollution fees create an incentive to reduce pollution by internalizing some of the costs imposed on society by gas guzzlers and those who drive a lot.

Since July 2006, new car dealers in New Jersey have paid a 0.4 percent surcharge on the sale or lease of vehicles with an EPA fuel efficiency rating of less than 19 miles per gallon. Since 1978 the federal government has levied a "gas guzzler tax" on inefficient new cars based on a sliding scale of how far they fail to reach combined fuel efficiency of 22.5 miles per gallon. That tax was created at a time when SUVs, pickups, and minivans were a small portion of the market, and it still exempts these vehicles.[30]

Pollution fees create an incentive to reduce pollution by internalizing some of the costs imposed on society by gas guzzlers and those who drive a lot. Future fees could alternately be placed, for instance, on vehicles according to how much their fuel efficiency falls below the state's fleet average. That way incentives and revenues would remain strong as fuel standards continue in the future.

Tire tax

Some states place a tax on the sale of new tires. It can be administered either as a percentage or flat fee on sales. This tax makes sense because tires clog public landfills and the bottom of our waterways. Proper disposal of tires in government waste sites is also expensive. The federal government imposes its own tax on the purchase of tires over 40 pounds.

These fees also make sense as a kind of transportation user charge because people who drive more must change their tires more frequently. Although no state does so presently, the fee could be waived for high-efficiency tires. Such tires come on new cars to improve fuel efficiency but have not yet become commercially available as replacement tires.

Weight-based vehicle sales taxes

Most states impose a sales tax on new vehicles purchased in the state or on vehicles imported into the state for sale. Indexing these sales taxes upward by weight would make pure economic sense because heavier vehicles put more stress on roads and bridges. Heavier cars are also typically less fuel efficient. To better target an environmental incentive, the tax increase could be indexed by fuel efficiency. The message from such a policy would be: if you buy a heavier, more polluting car into the state, then you will have to pay more to offset those costs.

Vehicle battery tax

As with tires, this tax is a kind of disposal fee. The acid-lead batteries used in cars, trucks, boats, and aircraft are toxic and expensive to dispose of. Florida levies $1.50 per new or remanufactured vehicle battery.

Weight-mile truck fee

Germany uses Global Positioning Systems (GPS) to levy fees on trucks for using the national motorway system. In America there is currently a system that charges trucks exceeding 26 thousand pounds a fee according to their weight and distance traveled in the state. These factors are typically already recorded at weigh stations for trucks beyond this weight threshold.

The economic logic behind this tax is that it precisely targets heavy vehicles that put the most wear on roads. If such a charge ends up discouraging long-

28. Todd Goldman, Sam Corbett, and Martin Wachs, Local Option Transportation Taxes in the United States (Berkeley, Calif: Institute of Transportation Studies, UCal Berkeley, March 2001)
29. Fees should not be so high, however, as to encourage low-income drivers from avoiding the licensing process.
30. http://www.epa.gov/fueleconomy/guzzler/420f06042.htm

distance trucking, then it will also have air-quality benefits, reduce congestion, and encourage locally produced goods.

Toll roads and congestion pricing

Tolls have advantages and disadvantages over gas taxes, and some of the disadvantages can perhaps be eliminated with the proper technology and incentives. Tolls are a reliable revenue source for charging drivers for road use. For new capacity at least, they are less unpopular than gas taxes. When combined with congestion-pricing, they encourage drivers to see the costs of driving and congestion; and they provide a framework in which excess congestion can be managed. States' income from road tolls totaled $5.9 billion in 2005, up from $4.1 billion in 1998. Ten additional states have begun the process of adding tolls on new or existing roads.[31]

Unfortunately tolls have a number of disadvantages. Traditionally, tolls require drivers to slow down and the costs of collection are high. Even new electronic tolling technologies such as I – PASS have significant costs to maintain and operate and require cars to slow down at toll booths.[32] Another problem with toll charges is that because they are only levied on some roads, drivers may be prompted to take less efficient routes as a way to avoid paying tolls.

Another problem with tolls is that, unlike gas taxes, fuel-efficient cars pay no less than gas guzzlers. Per-gallon gas taxes help make it cheaper to drive more fuel-efficient vehicles. Road pricing technologies do not necessarily include any of these beneficial forms of variable pricing. New road-pricing technologies such as GPS-based road fees could perversely eliminate some existing incentives for fuel efficiency.

New tolling technologies could be adjusted to include environmental and anti-congestion incentives. The federal ISTEA law created pilot programs to explore congestion-pricing options that would charge drivers different amounts for using roads at different times. The concept is similar to airlines charging higher fares during peak-travel times, a practice which encourages travelers to fly at off-peak times and reduces airport congestion.[33] Econometric studies suggest that drivers notice electronic tolling less than traditional toll payments. As a result, governments seem to find it politically easier to raise electronic toll rates, but drivers also find electronic tolls less of a disincentive for driving.[34]

Some projects such as the SR-91 project in Southern California have introduced new tolling by creating new premium-price lanes or roads with separate premium-price lanes that would require a large(r) toll but would allow drivers paying more to face less congestion. These arrangements might simply make congestion problems less pressing for higher-income drivers who drive in "Lexus lanes." A more favorable variant of this approach, as in SR-91, makes the new lanes free to high-occupancy vehicles (HOVs). Travel in these lanes is permitted for single drivers who pay a premium that is adjusted continually according to real-time demand to ensure that HOV drivers still enjoy less congestion.[35] Money from tolls could, as in San Diego, be used to fund transit in the travel corridor.[36] Transit can also benefit if public buses utilize the HOV lanes that single-occupancy drivers can only use at a premium price.

One variant of tolling is to charge vehicles for their daily or monthly use of especially congested downtown areas. Following the successful examples of London, Singapore, and Scandinavian countries, New York Mayor Michael Bloomberg proposed a plan to charge $8 per day to drive during peak hours in downtown Manhattan and to use the money to support transit service. In London, fees for entering the central business district have reduced traffic by 30 percent, increased traffic speed by almost 40 percent, and financed a large increase in transit ridership. The New York plan has received approval from Governor Spitzer and is eligible among nine finalists for $1.1 billion in special federal aid for anti-congestion measures in urban areas.

FEES ON DEVELOPMENT

Linking development fees to transit makes sense

31. "Fuel Efficient Cars Dent States' Road Budgets," Wall Street Journal, April 25, 2007.
32. "Innovative Toll Collection System Pays Off for Motorists and Agencies." Prepared by the National Associations Working Group for the USDOT, Report No. FHWA-SA-97-088. Washington, D.C.
33. There are numerous experiments in road-pricing underway. The Presidents 2007 budget proposal requested up to $100 to involve up to five states in evaluating road-pricing options. Oregon created has created a pilot program using GPS technology to meter road use as an alternative to gas taxes. Some New York City Bridges and the New Jersey Turnpike increase tolls during peak congestion hours.
34. Amy Finkelstein, "EZ-Tax: Tax Salience and Tax Rates," National Bureau of Economic Research, NBER Working Papers No. 12924 (February 2007), available at http://papers.nber.org/papers/W12924.
35. For extended discussion of road pricing, see FHWA conference proceedings http://knowledge.fhwa.dot.gov/cops/hcx.nsf/All+Documents/9C1501C3320F3FE485257067004941E3/$FILE/TRB%20CP34%20Road%20Pricing.pdf.
36. New toll lanes in Minnesota will also dedicate half of net revenue to transit.

because of the close relationships between land-use patterns and transit use. Development near transit stops increases ridership on transit lines, and the property value of real estate benefits from proximity to transit infrastructure.

Development impact fees

Impact fees are charges paid by developers for the "impact" their new development places on a community.[37] Impact fees are quite common. A GAO study found that 59 percent of local communities over 25,000 used these fees.[38] These charges can be assessed locally or on a state-wide basis. Properly targeted, impact fees can internalize the burdens that developers place on the road system to accommodate increased traffic flow or to offset the infrastructure requirements of increased sprawl. Fee exemptions can also be used to encourage smarter growth near public transit.

The San Joaquin Valley Air Pollution Control District in California introduced environmental construction fees in March 2005. The district requires developers to use energy-efficiency and traffic reduces techniques and to pay into a pool for pollution control as a way to offset the effect of their construction on emissions and congestion.[39] The fees are reduced if builders make design changes to reduce the project's effect on air quality. For residential development, for instance, reductions are granted for features such as bike paths, sidewalks on both sides of each street, higher density, greater energy efficiency, and location near jobs and retail. The building industry has sued against the measure.

Another approach would be to require large-scale developers and employers to either provide private shuttle service, contribute to a larger pool for private shuttle service, or to offset their burden on the state transportation system by contributing to a state fund for public transportation.[40] Such an approach would mimic the Massachusetts approach to health care reform. It starts with the fact that employers both gain from public transportation infrastructure and place a burden on that infrastructure. It then gives employers the choice of shouldering that burden themselves or contributing to public provision of those services.

Storm-water fees

These are special charges applied to impervious surfaces (pavement and buildings) to fund storm-water management systems. Unlike gardens, yards, and undeveloped land, impervious surfaces prevent rain water from returning to the water table. These surfaces therefore impose costs on the public by creating the need for infrastructure such as drainage systems and treatment facilities. This is a major environmental cost of sprawl that is normally pushed onto the general taxpaying public. Such fees exist in many cities and range from about $5 to $20 per 1,000 square feet, or about $1-7 annually per off-street parking space.[41]

Real-estate transfer tax

Real estate transfer taxes require the purchase of stamps based on the value of the property to be attached to the transfer document for almost any real estate transfer except wills or trusts. These taxes exist in almost all states at different rates.[42]

In Illinois, the current real-estate transfer tax rate is 50 cents for each $500 of value on real estate transactions or 0.1 percent of the sale price. Only Colorado has a lower rate on sale price than Illinois.[43] Counties may impose their own tax of 25 cents per $500 of value. Home rule municipalities may impose an additional real estate transfer tax.

New York and New Jersey provide an example on how this form of taxation can generate funding for transit while ensuring that additional costs for real estate deals do not impinge on low- and moderate-income Illinoisans' ability to buy a home. To fund transit, these states impose an additional one percent real-estate transfer tax only on personal residences valued at more than $1 million.

37. For a review of their effects, see http://www.brookings.edu/es/urban/publications/nelsonimpactfees.htm
38. General Accounting Office. 2000. Local Growth Issues—Federal Opportunities and Challenges.Washington, DC: U.S. Government Printing Office. For a primer on impact fees, see http://www.huduser.org/periodicals/cityscpe/vol8num1/ch4.pdf
39. Exempted from the fee are residential developments of fewer than 50 units, commercial buildings under 2,000 square feet and office space of less than 50,000 square feet.
40. See Mafruza Khan, Missing the Bus: How States Fail to Connect Economic Development with Public Transit (Good Jobs First, Sept. 2003), available at http://www.goodjobsfirst.org/pdf/bus.pdf.
41. For a list, see http://www.vtpi.org/parking_tax.pdf page 8.
42. http://www.taxadmin.org/fta/rate/Realtytransfer.html#Table
43. Federation of Tax Administrators, available at http://www.taxadmin.org/fta/rate/Realtytransfer.html#Table with detailed description. States without a tax are not listed. In some states these fees can raise very substantial revenues. Four states receive over $100 per capita annually from these fees, and the District of Columbia collects almost $485 per capital. Data on Illinois revenues are not strictly comparable because they are collected through a patchwork of different jurisdictions.

STATE REAL ESTATE TRANSFER/DEED RECORDATION TAXES[43]

State	Description	Rate in Percent
Alabama	$.50 per $500 of property conveyed	0.10%
Arizona	$2 per deed required to be recorded	NA
Arkansas	$3.30 per $1,000 of consideration in excess of $100	0.33%
California	Local taxes only	
Colorado	$.01 per $100 of consideration in excess of $500	0.01%
Connecticut	1.25 percent of consideration paid if consideration exceeds $2,000 -- Other rates for commercial transfers	1.25%
Delaware	2-3 percent (depending on local tax) on transfers in excess of $100; 1 percent on contracts for improvements to realty in excess of $10,000	2.0-3.0%
D.C.	2.2 percent of consideration or fair market value	2.20%
Florida	$.70 per $100 of consideration except in Miami-Dade County where it is $.60 per $100	0.70%
Georgia	$1 for first $1,000 of consideration plus $.10 per $100 of additional consideration	0.10%
Hawaii	$.10 per $100 of consideration	0.10%
Illinois	$.50 per each $500 of value or fraction of $50	0.10%
Iowa	$.80 per $500 paid for the real property transferred	0.16%
Kansas	0.26 percent of debt or obligation secured by real estate	0.26%
Kentucky	$.50 per $500 of value conveyed in deed	0.10%
Louisiana	Local taxes only	
Maine	$2.20 per $500 of value conveyed - Split between grantor and grantee	0.44%
Maryland	0.5 percent of consideration paid for realty -- Also local deed recordation taxes ranging from $2.20-$5.00 per $500 of value and local transfer taxes ranging up to 1.5 percent of consideration paid	Variable depending on local rates
Massachusetts	$4.56 per $1,000 of consideration	0.456%
Michigan	$3.75 per $500 of value for property being transferred plus local taxes of $.55 - $.75 per $500 of value	0.75%
Minnesota	$1.65 plus .33 percent of value in excess of $500 plus .23 percent of debt secured by real estate for mortgage registry	0.56%
Nebraska	$2.25 per $1,000 of value transferred	0.225%
Nevada	$1.95 - $2.55 per $500 of consideration depending on population of county	0.255% max.
New Hampshire	$1.50 per $100 of consideration split equally between buyer and seller	1.50%
New Jersey	Four transfer fees -- Basic is $1.25 state and $.50 county each $500 of consideration; additional fees range from $.25 - $4.30 per $500 of consideration; a fifth fee of 1 percent is imposed on buyers for an entire consideration in excess of $1 million for certain residential and farmland property	1.21% max. if less than $1 million
New York	$2.00 per $500 of consideration. An additional 1 percent on transfers of a personal residence of more than $1 million	0.4% on the basic tax plus and additional 1.0% on residence > $1 million

44. Federation of Tax Administrators, FTA Bulletin, February 16, 2006, http://www.taxadmin.org/fta/rate/Realtytransfer.html

State	Description	Rate in Percent
North Carolina	$1 per $500 of consideration or value transferred with 51 percent of revenue retained at local level	0.20%
Ohio	Local taxes only ranging from $.10 -$.40 per $100 of value	0.4% max.
Oklahoma	$.75 per $500 of consideration	0.15%
Pennsylvania	1 percent of consideration or fair market value with local transfer taxes of 1 - 3 percent	4.0% max.
Rhode Island	$2 per $500 of consideration	0.40%
South Carolina	$1.85 per $500 of value with $.55 per $500 retained at the local level	0.37%
South Dakota	$.50 per $500 of consideration payable by grantor	0.10%
Tennessee	$.37 per $100 of consideration plus a mortgage tax of $.115 per $100 of indebtedness in excess of $2,000	0.485%
Vermont	1.25 percent of value of property transferred; lower rates on certain homes and farms	1.25% max.
Virginia	$.25 per $100 of conveyance plus $.50 per $500 of consideration for transfer of realty	0.35%
Washington	1.28 percent of selling price plus local tax of 0.3-0.5 percent	1.33$% max.
West Virginia	$1.10 per $500 of consideration plus local taxes that may run to another $1.10 per $500	0.44% max.
Wisconsin	$.30 per $100 of value	0.30%

Parking tax

Local fees on paid parking or on physical parking spaces have limited revenue-raising potential, but would also encourage use of public transit. Parking taxes fall on drivers who live in, commute to, or visit urban areas. These individuals are also those who directly benefit from the congestion-reducing effects of transit. Parking taxes can be levied as a percent surcharge on parking transactions or as a flat fee for hourly/daily/monthly rates.

One promising approach would be to combine a fee on parking spaces with programs for employers to purchase reduced-rate transit passes for their employees. Employers that currently provide parking will want to reduce the number of parking spots they provide and will therefore be more eager to participate in the transit program.

Parking taxes tend to be levied by large cities rather than entire states. The city of Pittsburgh imposes a 50 percent tax on parking; the city of San Francisco has a 25 percent tax on commercial residential off-street parking. New York, Miami, Los Angeles, and Chicago have their own versions, the last of which is a flat tax.[45] Levies on non-residential parking spaces imposed on each parking space or per-volume of parking area exist in three Australian cities and Vancouver, British Columbia.[46]

Northeastern Illinois needs its transit system to regain world-class status. It needs a public transportation system that benefits the citizens and the economy of the entire region and provides a bridge to our transportation future. The existing transit funding arrangement is clearly obsolete and unable to meet the needs of the region.

45. http://www.vtpi.org/parking_tax.pdf
46. http://www.vtpi.org/parking_tax.pdf

VI. Recommendations

Fortunately, we do have options. Lawmakers face a variety of possible revenue choices that can provide expanding transit ridership with dependable and adequate funding. The Illinois Auditor General's report on transit agency funding also identifies promising ways to improve transit services and governance in ways that will attract greater ridership and deliver greater results. Illinois PIRG recommends three policy steps be taken to achieve these goals and permanently solve the mounting budget shortfalls that have plagued transit systems and kept them from realizing their potential.

1. Expand the current funding base

Illinois should build on transit's current funding source, the sales tax, with dedicated funding to operate and expand the regional transit system. The present funding mechanism is already in place, and easy to implement. The dedicated source of revenue stays in the region, rather than contributes to the general fund.

Raising the sales tax by a quarter of a cent would raise an estimated $280 million in its first year. Doing so would leverage another $70 million match from the state Public Transportation Fund.

In addition to raising the sales tax, it should be applied more broadly. All states exempt certain goods and services from sales taxes but there are important differences between how states apply these exemptions. Each exemption of a particular type of good or service shifts the overall burden onto a narrower set of transactions within the economy. Some of these exemptions make sense. Groceries and health care, for instance, are ordinarily exempt from sales taxes because these items are regarded as extraordinary necessities. Other exemptions lack a clear rationale, especially for services. For example, fur storage, yacht cleaning, travel-agent fees, dating services, pet grooming, tanning parlors, dry cleaning, golf lessons, tuxedo rental, car waxing, membership to private clubs, attorney fees, limousine service, chartered airplane flights, debt collection, lobbying, pool cleaning, advertising, management consulting, telemarketing and financial services are all exempted in Illinois from the sales tax.[47] These exemptions add up.

Policy makers should expand the sales tax base to include additional goods and services that are currently exempt. Illinois extends the sales tax to only 17 of the 168 services that states can tax, well under the 49 services covered by state sales taxes on average.[48] Six states tax over 100 types of services; neighboring Wisconsin's sales tax extends to 74 types of services; Minnesota's to 67.

2. Diversify the funding base

The sales tax should not remain the only dedicated source of transit revenue. As recent years have proven, growth in sales taxes is not reliable. Diversifying dedicated funding sources, moreover, better ensures stability. Fluctuations in the economy that might greatly reduce one particular revenue source may leave other revenue sources relatively stable or even increased.

This report has laid out a menu of potentials dedicated revenue sources. Some, like a small disposal fee on tires or batteries, would raise relatively few funds. Others, like an increase in the gas tax, could be a large revenue source. Introduction of a dedicated real estate transfer tax for transit is a particularly suitable option. Transit after all promotes development. And without its transit system, the northeast region would not command such high real estate values. As this report explains, many transit agencies around the country states rely on real estate transfer taxes.

3. Reform the Regional Transportation Authority

Regardless of the additional funding mechanisms that will be introduced, public dollars should not be a blank check. For this reason, new funding should be linked to the passage of new accountability measures and efficiency-enhancing reforms that ensure greater coordination between transit agencies in the region.

State policy makers should consider ways to strengthen the original intent of the Regional Transportation Authority Act when it was created in 1974: to promote comprehensive and coordinated regional public transportation. As recommended in the Auditor General's audit, policies must also be implemented to increase transparency and reporting on benchmarks of transit agency progress in achieving

47. Federation of Tax Administrators Survey (2004), available at http://www.taxadmin.org/fta/pub/services/online/service_state.taf?_function=list
48. http://www.taxadmin.org/fta/pub/services/services04.html#summary

regional goals, objectives and performance standards.

Accountability and efficiency policies should go hand in hand with new funding. The public needs to know that additional funds will be wisely spent and well accounted for. Accountability and transparency improve decisions about how to spend public dollars and build new transit in the future. Likewise, increased transit efficiency eliminates duplicative services, cuts down on transit bureaucracy and keeps management efficient. Doing so will make the system run better, save money, and help ensure public support.

Taking action on these recommendations will mean a more reliable and efficient transit system in Northeastern Illinois. Achieving that will mean greater prosperity for Illinois residents, less congestion on our roads, and a healthy economy and environment.