http://www.twincities.com/mld/twincities/

Taking investor toll roads to Congress

BY HANK SHAW
Pioneer Press

America's road-building is lagging, and there's not enough money to catch up. Private investors offer to build a road and charge $2.25 to travel it. They say the new road will be built faster, cheaper and tougher than anything taxpayer money can match. Critics say toll roads let the rich move smoothly while the poor stay stuck in the ruts.

That debate raged in 1793, as the Lancaster Turnpike was being built to Philadelphia. The arguments haven't changed much during the ensuing 210 years, though private toll roads have opened in several states.

Now, U.S. Rep. Mark Kennedy, a Republican from Watertown, wants to use the concept to widen federal interstates, including those in Minnesota.

Kennedy and Gov. Tim Pawlenty are scheduled to speak at the Minneapolis Hilton today for a forum on private road-building, which Kennedy hopes will help arm him with information he needs to sell the idea in Congress.

"This is a fairly radical change," Kennedy said. "So it takes some understanding for people to get behind it."

Privately built roads clash with the notion that road-building is one of the government's fundamental jobs. And while many projects in other states have succeeded, some have not.

Kennedy also faces formidable opposition from his colleague from Chisholm, U.S. Rep. Jim Oberstar - the ranking Democrat on the committee that holds the fate of Kennedy's legislation in its hands.

NOTHING NEW UNDER THE SUN

Pennsylvania's Lancaster Turnpike began a boom in private road-building that lasted until the mid-19th century, when rail eclipsed roads as the best way to bring goods to market.

By all accounts, the Lancaster turnpike worked.

It cut travel time between Philadelphia and Lancaster from four days to 12 hours and remained in wide use for 40 years, until nearby canals diverted much of its traffic. And although it cost $465,000 to build - $60 million in today's dollars - the turnpike paid for itself and made money for its investors.

Most toll roads of that era never earned a profit. But with so few public roads at the time, investors felt it was worth their money just for quicker travel times for their goods and services.

Business groups make similar arguments today.

For example, the Minnesota Chamber of Commerce supports Kennedy's proposal because it argues that congested highways make the Twin Cities region less competitive. Without a massive tax increase, which they oppose, business groups say government cannot hope to meet the demand for wider, faster roads.

Maintenance, then and now, is an issue. The short-lived "plank road" boom of 1847-53, which reached Wisconsin thanks to dairy farmers in need of fast roads for their perishable goods, ended because the wooden planks used to surface the roads rotted too fast.

Now, many private road-builders guarantee their asphalt for up to 15 years, twice as long as a typical highway.

In Kennedy's proposal, toll money raised by the private roads would pay for repairs. One way would be to create a trust fund that could pay for maintenance with interest from the fund. Another would be to keep the toll indefinitely.

HOW IT WOULD WORK

Kennedy's plan would lift a 40-year-old ban on tolls along interstate highways and let a private firm add lanes to existing roads to ease congestion. Some sections of the system, such as Interstate 80 from Indiana to Pennsylvania, had tolls before the ban took effect and were allowed to keep them.

Kennedy said a likely spot in Minnesota for private investment would be Interstate 94 between the Twin Cities and St. Cloud, or along I-35W in the south metro area. This is how he envisions the plan working:

A firm would strike a deal with the state to add a lane along a highway. A toll price would be set that would repay the company's initial cost to build the lane, plus interest, plus a profit. Kennedy says he imagines the amount of profit would be similar to that allowed for power companies - whose profit margins are regulated by the state.

Financing could be a problem. Raising the hundreds of millions needed to widen a highway has broken several deals in other states. Who's responsible in case the project goes bankrupt also has scuttled several proposals.

Once the lane was built, drivers could choose to use it for a fee. Tolls on similar projects range from $1 to $9, depending on how far they go and how congested they become.

The tolls would be collected electronically through a device called a transponder, a small black box that typically attaches to the car's windshield near the rearview mirror. Drivers would pay either by creating a special account set up through the company or by linking the transponder to their credit card, as is done with the EZ-Pass system on the East Coast.

Typically, state patrol officers enforce the rules and state highway departments maintain the roads. Tolls pay those costs.

PRIVATE ROAD PARADISE

Kennedy's proposal may be fairly radical for the interstates, but the modern revival of private toll roads stretches back at least 15 years, to Virginia.

Virginia became home to the first private toll road built in more than a century when the Dulles Greenway opened in 1995, eight years after planning began. The Greenway stretches for 14 miles between the Capital Beltway and Dulles International Airport.

Since then, Virginia has become a private-road paradise. At least three completed highway projects with significant private investment have been finished there, and four more are planned.

Most ambitious are the proposals to add lanes to 325 miles of Interstate 81 - the backbone of that state's commercial truck trade, which makes up 40 percent of total traffic on the highway.

One proposal would create a trucks-only lane along the route, a proposal similar to one tried in northern Minnesota in 1995. That scheme, which would have linked grain-rich Manitoba to the port of Duluth, never got off the ground.

Officials say Virginia's leadership in public-private road-building stems from its tradition as a low-tax, small-government state in which even Democrats hesitate before raising taxes. But with skyrocketing population growth - the commonwealth boasts two of the nation's five fastest-growing counties - congestion is growing even faster than in Minnesota.

Shirley Ybarra, a former Virginia secretary of transportation who will speak at today's forum, said bipartisan support from four governors - two Democrats and two Republicans - helped create a hospitable environment for private projects.

"Public-private partnerships are not a political issue," Ybarra said. "It's not a Democrat versus Republican thing."

A ROUGH ROAD

But it may be an old-guard versus new-guard thing.

Kennedy's proposal, which he dubbed the FAST Act, or Freeing Alternatives for Speedy Transportation, has not been included in the House version of the massive six-year transportation plan scheduled for debate this winter. Kennedy said it should be added soon.

Keeping it in the bill will be tougher. Oberstar dislikes the idea and may have the clout to kill it, even though the Republicans control the committee. "There are serious equity problems with tolls on a roadway that effectively close the roads to low-income people," Oberstar said.

But the "Lexus Lane" effect Oberstar speaks of hasn't materialized in a similar system California's used for years. California lets solo motorists drive carpool lanes if they pay a toll, and studies there have shown no relation between drivers' income and how often they use the lanes.

Kennedy said he also fears Congress indeed might allow tolls on interstates, but would make them federal and send the money back to Washington.

"That would be a nightmare," he said. "My whole focus is to push the power out of Washington if it's a problem that can get solved at the local level."

Hank Shaw can be reached at hshaw@pioneerpress.com <mailto:hshaw@pioneerpress.com> or 651-228-5257.