The American Dreamer

Protecting Freedom, Mobility, and Affordable Homeownership

Newsletter of the American Dream Coalition • americandreamcoalition.org • Fall 2014

Rail Fails in Austin, St. Pete, San Antonio, Arlington

Thanks to hard work by members of the American Dream Coalition, light-rail ballot measures in Austin, Texas, and Pinellas County, Florida lost by decisive margins this November 4. Meanwhile, activists in San Antonio and Arlington, Virginia persuaded their local governments to halt plans to build expensive streetcar lines.

No Tax for Tracks put up lawn signs all over Pinellas County.

In Austin, a proposal to spend $1.4 billion building a 9.5-mile light-rail line gained only 43 percent of the vote. Light rail fared even worse in Pinellas County (where the largest city is St. Petersburg), whose transit agency proposed to spend $1.7 billion on a 24-mile light-rail line. Only 38 percent of the county's voters supported this plan.

This result is particularly remarkable considering that rail proponents spent well over $1 million promoting the ballot measure, while opponents—a group called No Tax for Tracks led by ADC member Barbara Haselden—spent under $100,000. Pinellas County's transit agency also spent hundreds of thousands of dollars of taxpayer funds promoting rail.

For example, the transit agency received a $500,000 grant from the Department of Homeland Security to warn transit riders to watch out for suspicious activities, but it spent most of the grant on television ads promoting light rail. When rail opponents challenged this, the agency claimed the grant was "more than just about bombs and terrorism." The Department of Homeland Security disagreed as it wrote an angry letter to the transit agency demanding its money back. The agency returned the money, but the ads had already been broadcast.

Despite the loss of the Pinellas measure and a similar light-rail measure in Tampa in 2010, Tampa Bay rail advocates promise to keep working to bring obsolete transit to the region. Tampa-St. Petersburg is the nation's 18th largest urban area, and other than a short streetcar line that is widely regarded as a failure, it is the nation's largest urban area that itsn't burdened with an expesnive rail transit system.

The campaign against Austin's rail plan was led

Citizens Against Rail Taxes made this bumper sticker.

by Jim Skaggs, who has been an active member of the American Dream Coalition since it began in 2003. Skaggs and his group, Citizens Against Rail

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From the Director

by Eileen Bruskewitz

For people concerned about regional land-use and transportation planning, the 2014 American Dream conference in Denver was one of the most important meetings in memory. This conference had everything from debates over tollroads (see page 3) and sustainability planning, to speakers such as Mark Gotz telling us of successful efforts to stop intrusive regional planning in Florida, to a great tour of light rail and transit-oriented developments in the Denver metro area.

If you weren't able to attend the conference (or even if you were), almost all of the presentations are now available on ADC's YouTube channel. You can also download PowerPoint shows from ADC's web site and order DVDs of the entire conference using the form on page 4 of this newsletter. Many thanks to ADC executive committee member Jim Karlock for recording all of the sessions and putting them on DVDs and YouTube.

By the next newsletter, we'll know when and where our next conference will take place. In the meantime, please turn to ADC's web pages or our many experts for help with transportation and land-use issues in your neighborhood, city, or region.

Republicans Win Congress: Now What Will They Do?

Republicans will have a solid majority in both the House and the Senate during the next session of Congress. But there is little consensus among them about what to do with the gas tax and transportation law that expires in May.

The first question they have to decide is whether to continue deficit spending at recent levels. The federal gasoline tax brings in about $38 billion per year, but Congress is spending about $55 billion a year on surface transportation—mostly highways, transit, and bike routes. Not all of the difference comes out of the Highway Trust Fund, but enough does that Congress has had to add roughly $10 billion a year in general funds to the fund since 2007.

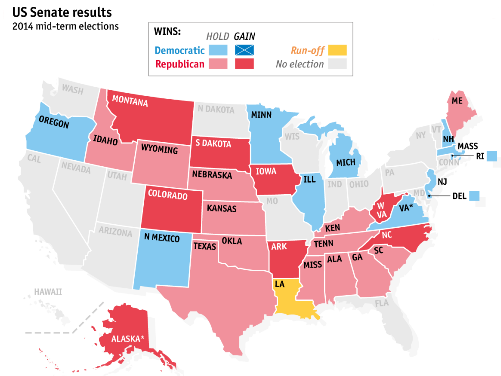
If Congress continues to deficit spend, the second question is where the money will come from. Under Congressional budgeting rules, it can't simply borrow money to add to the fund; it has to raise revenues or reduce spending somewhere else. Since Republicans don't want to raise taxes, they will have a choice of cutting transportation spending or cutting spending somewhere else.

Only after answering these two questions will Congress start to think about the question that is important to many American Dream Coalition members: where will the money go? Before the mid-1970s, all federal gas taxes went exclusively to highways. But since then increasing shares have gone to transit and other programs. Today, more than 20 percent is spent on transit and not all of the remainder goes to building and maintaining roads.

In addition to the highway-transit division, federal funds are spent in two different ways. Most are *formula funds*, meaning they are distributed to states and metropolitan areas based on formulas that use such factors as land area, population, and highway miles or transit ridership. But some funds are distributed in the form of *competitive grants*, meaning they are supposed to go to projects that meet certain standards and are the highest priorities in the nation.

There are three problems with competitive grants. First, competitive grants are really political grants, with money going to where they will do the administration the most political good, not where they will provide the greatest transportation benefits.

Second, competitive grants are wastefully spent because they encourage cities and states to adopt the most expensive projects they can find so they can get a larger share of the competitive grants.



Third, competitive grants are also inequitably spent, with states that have the most politically powerful delegations getting the most money. For these reasons, Congress should replace all competitive grants with formula funds.

A second target for American Dream Coalition members is the requirement that metropolitan transportation plans in regions that haven't met air quality standards attempt to meet or "conform" with air quality goals. Since 1970s, metropolitan areas have spent tens of billions of dollars attempting to comply with this requirement. Urban air is a lot cleaner today than it was in 1970, yet nearly all if not all of that improvement is due to requirements that new cars be cleaner than old ones.

The evidence indicates that regional transportation planning has not only done little to improve air quality, it may have actually made it worse because planners used the air quality rule to spend money on politically correct projects rather than things that would actually help clear the air. Meanwhile, the Environmental Protection Agency has continually tightened air quality standards so that most areas that were considered polluted in 1970 are still considered polluted even though automotive air pollution has been cut by more than 90 percent. Eliminating the air quality conformity requirement would save taxpayers money and allow regional planners to concentrate on problems they can actually solve rather than ones that they can do little about.

A third goal for many American Dream Coalition members is to persuade Congress to allow more tollroads. Congress has historically forbidden states to charge tolls on roads that have been partially funded by the federal government. While this restriction has been slightly relaxed in recent year, most interstate highways still cannot be tolled.

The Interstate Highway System cost about $450 billion to build and is reaching the end of its design life. Existing gas taxes are inadequate to rebuild it, much less expand it to meet current needs. Tolls are one possible solution, and Robert Poole, of the Reason Foundation, would like Congress to at least give states the option of tolling interstates to help finance their reconstruction.

As the story on the next page shows, not everyone in the ADC agrees that tolls are the solution to highway finance needs. Many fear that tolls, like gas taxes, will be diverted to transit or other non-highway uses. They also worry that tolls are more regressive than gas taxes. Given that gas taxes are less effective as cars become more fuel-efficient, either tolls or mileage-based user fees may end up replacing them. Oregon and other states are testing alternatives, and Congress could encourage such experiments.

American Dreamers Debate Tollroads, Public-Private Partnerships

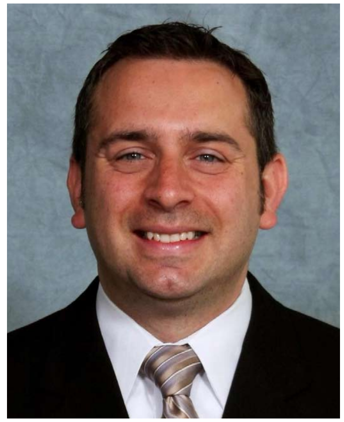
One of the highlights of the 2014 Preserving the American Dream conference was a debate between the Reason Foundation's Bob Poole and the American Highway Users Alliance Greg Cohen over tollroads and public-private partnerships. This debate was unuaual in that both Poole and Cohen have been longtime supporters of ADC, but the two have some differences of opinion on highway finance.

Robert Poole

Poole is one of the nation's leading thinkers on highways and traffic, having developed the ideas of HOT lanes and HOT lane networks as a way of relieving congestion. At the ADC conference, he argued that gas taxes aren't working anymore (if they ever did) because they do nothing to relieve traffic congestion. Tolls would not only provide a way to finance new construction, they are a powerful congestion-reduction tool.

Public-private partnerships, Poole contended, offer new ways to finance projects that are especially effective in cash-strapped states. In many cases, tolls collected by the private partner will repay all of the costs of construction, but Poole admitted that some state funding may be needed if toll revenues can't cover all costs.

In response, Cohen warned that "some tolling and PPPs can add value to users, there are many temptations to fleece the public." He accepted that tolls could quickly add new capacity to congested highways either by building new HOT lanes or converting existing HOV lanes to HOT lanes. However, he opposed tolling of existing free lanes (other than underutilized HOV lanes).



Greg Cohen

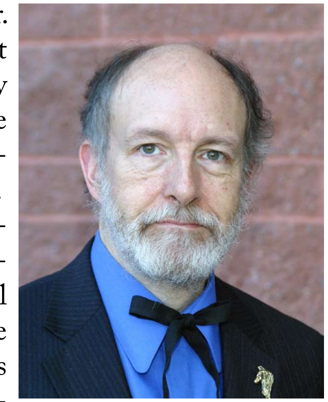
Cohen also pointed out that when states, such as Indiana, give long-term leases to private parties in exchange for large up-front payments, state officials benefit from being able to spend that one-time payment while travelers end up having to pay stiff tolls for 50 to 99 years. Noting that tolls are more regressive than gas taxes, Cohen warned that aggresive tolls could create safety problems if they divert trucks from major highways to parallel routes.

He also feared that tolls were just as vulnerable as gas taxes to diversions to transit or other boondoggles. He noted that his group had joined the Cato Institute and other organizations in a legal challenge to the recent doubling of toll rates on the Dulles Toll Road in order to provide funds for an expensive new rail line in northern Virginia.

"Good toll ideas can easily go bad," warned Cohen, noting that New York City bridge tolls are used to subsidize New York subways and tolls on I-95 in Delaware are used to subsidize much of that state's government.

Terri Hall

Texas toll critic Terri Hall joined Cohen in skepticism about tolls. She noted that, outside of peak hours, free lanes carry more traffic than toll lanes on many Texas toll roads, and variable toll rates on Dallas' LBJ express lanes can reach 95 cents per mile during rush hour. She also contended that some Texas tollways may be bailed out by the state as tolls are proving insufficient to cover the costs.



Randal O'Toole

Cato Institute scholar Randal O'Toole observed that ADC's goal should be to promote user fees that tie users with transportation providers. Any tollroads that require government subsidies or any diversions of tolls to non-highway uses weakens those ties.

O'Toole also pointed out that there are two kinds of public-private partnerships. In the kind supported by Poole, which financial professionals call the "demand risk" model, the private partner puts up the money and takes the risk that tolls won't cover those costs. In the other, which financiers call the "availability payment" model, the private partner puts up the money, but a public agency guarantees a profit by making annual payments to cover the private party's costs. This model is used by transit agencies, but is sometimes also used for highway construction.

In short, all four participants in the debate agreed that tolls are a good way of paying for new construction so long as the tolls are the exclusive source of funds and are not diverted to other uses. Not everyone agreed about using tolls to pay for reconstruction of existing roads or using tolls to supplement other taxes to build new roads. While Hall opposed giving private parties control of public highways, the other three agreed that the demand-risk model of public-private partnerships would work, but the availability-payment model should be avoided. ADC members should try to build on these areas of agreement in the future.

Rail Fails

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Taxes, raised $400,000 to counter the roughly $1 million raised by rail proponents. Austin's transit agency, Capital Metro, also did a number of questionable "public education" efforts promoting rail. On the other hand, a number of leading rail supporters came out against the measure saying the proposed route was the wrong place to build Austin's first light-rail line.

Rail skeptics in San Antonio were also able to convince that city to back off on its plan to spend nearly $300 million on streetcars. The streetcar plan appeared to be all but a certainty, but opponents, led by ADC member Jeff Judson, gathered 27,000 signatures to put the measure to a vote. The city tried to disqualify most of the signatures, and streetcar opponents threatened to go to court.

Then President Obama named San Antonio Mayor Julian Castro—a strong streetcar advocate—as Secretary of Housing and Urban Development. His replacement, Ivy Taylor, immediately cancelled the streetcar, and the city council agreed to put the measure on the ballot in May. Opponents are confident of a victory then.

Rail skeptics scored another important victory in the 2014 election. Streetcar critic John Vilstadt ran as an independent for the Arlington, Virginia County Board, making his opposition of a proposed $358 million streetcar plan the centerpiece of his campaign. His solid 56 percent win over a Democrat opponent in a solid Democrat district persuaded other members of the Arlington County board to abandon the streetcar plan.

Opposition to the Arlington streetcar was led by Arlingtonians for Sensible Transit. One of the group's leaders, Joseph Warren, spoke at the 2013 American Dream Coalition conference. The American Dream Coalition wishes to congratulate everyone who worked hard on behalf of taxpayers and supporters of sensible transit and transportation.

ADC Awards

Recipients of two awards at the 2014 ADC conference deserve special recognition for their willingness to go well beyond the call of duty to protect taxpayers and transportation users. First, ADC gave La Vonda Atkinson a special award for whistleblowing the misuse and misplacement of millions of dollars on a San Francisco light-rail project.

Atkinson had been an accountant tracking funds spent on the Central Subway, a 1.7-mile light-rail line costing close to $1 billion per mile. When she alerted her superiors that $141 million could not be accounted for, they told her to ignore the problem. She refused to do so, at the the cost of her job. ADC's Tom Rubin, an accountant himself, proudly presented the award to Atkinson.

The annual American Dreamer award was given to Sharon Nasset, leader of a Portland-area group called Third Bridge Now, for her role in helping to stop a $3.4 billion light-rail bridge across the Columbia River. Planners spent nearly $200 million on this project, which finally dies in 2014 when the Washington and Oregon legislatures refused to fund it.

ADC Membership Form

You can join ADC, renew your membership, or order 2014 conference DVDs using this form or on line.

❑ Please send me 12 DVDs from the 2014 conference for ❑ $50 (members) or ❑ $100 (non-members)

❑ Please enter or renew my individual membership in the American Dream Coalition for $30

❑ Please enter or renew my group membership in the American Dream Coalition for $250

❑ I also want to contribute:
❑ $100 ❑ $1,000 ❑ $__________

❑ Enclosed is my check

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Working for Freedom, Mobility, and Affordable Homeownership