Building on Progress: Financing Connecticut's Future Transportation System

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Part I: Introduction -- The Coming Crisis

Over the next ten years $7.01 billion is needed to maintain Connecticut's existing highway and bridge network. Anticipated funds fall short of this need by approximately $1.74 billion.[1] Similarly, for public transportation current capital funding levels are insufficient to maintain the existing system in a state of good repair, and to upgrade existing facilities and vehicles. No significant capacity additions are included in the highway figures, and funds available for identified transit needs do not include any expansion of services or growth in capacity.

While increasing capacity is vital, responsible proposals to address evolving transportation needs must first acknowledge the need to maintain existing transportation facilities and systems in good condition. Despite significant action taken by the Governor and the General Assembly this year to address transportation issues, there is still at least a $3 billion dollar gap between what is committed for transportation initiatives and what the Transportation Strategy Board sees as priority needs.[2]

The forecast under current efforts is for more congestion ahead. Anyone who has traveled on I-95, I-91 or portions of I-84 at rush hour can attest to the need for a long-lasting investment in capacity. The American Society of Engineers reports that vehicle travel on Connecticut's highways increased 19% from 1990 to 2003. Thirty eight percent of Connecticut's major urban roads are congested, and 53% of Connecticut's major roads are in poor or mediocre condition. A study by the Harvard School of Design[3] in 2002 estimated that automobile traffic could be expected to increase by about 130 percent over the next fifteen years. A recent study by Texas A&M University found that rush-hour delays cost each traveler an average of $566 per year in Bridgeport-Stamford, $390 in New Haven and $309 in Hartford. [4]

Mobility is vital to the economy of the state. The speed and cost of moving people and goods are major factors in economic competitiveness. Connecticut

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[1] 2005 Master Transportations Plan

[2] The State committed $1.3 billion in new revenues to fund transportation initiatives this year. The transportation investment plan they enacted can help Connecticut leverage its location to enhance our economic competitiveness by, among other things, improving our linkages to New York and New Jersey. Transportation Strategy Board

[3] *Promoting Smart Growth in Connecticut*", Harvard Design School, January 2002

[4] Texas Transportation Institute, *2004 Urban Mobility Study*

has the great advantage offered by our proximity to New York City that makes up the largest economic center in the world. On the other hand, Connecticut ranks as the fifth costliest state in the nation for major businesses, according to the Fairfield County Business Journal. Connecticut faces a number of significant challenges to moving goods and people in an efficient way.

Challenges include: limited access to mass transit for most commuters, restricted numbers of Hudson River crossings, and low use of rail for transporting goods -- current estimates that 98% of goods are moved by truck in the state. In his 1999 report, Michael Gallis warned that if people and goods couldn't come into our state readily from New York, Connecticut risks becoming an "economic cul-de-sac".[5] While recent progress has been made in funding transportation, that prediction still rings true.

Transportation and Economic Competitiveness

In today's economy, metropolitan regional centers compete for jobs, talented people and investment. Many factors contribute to a metropolitan region's competitiveness, including the cost and nature of public services and the availability, price and quality of goods. The ability to move people and goods affects choices about expansion and location made by existing Connecticut businesses, and by businesses outside the region that are considering locating here.

The 2000 study by the Connecticut General Assembly's Program Review and Investigations Committee identified transportation as "a basic enabler of economic activity and ultimately helps to shape society's material success."[3] Its main findings describe the relationship between transportation and the economy:

- Economic growth can be linked to targeted investments in transportation infrastructure;
- It is essential to the State's economic vitality to have a high performing transportation system by ensuring adequate maintenance of the existing infrastructure and by providing adequate capacity;
- The State's connection to the global marketplace plays an increasingly vital role in the State's economic success; and
- Airports and seaports are valuable and unique economic assets within the transportation network.

Throughout the U.S. and elsewhere, regions have recognized the economic importance of a solid transportation infrastructure and taken aggressive steps to maintain and upgrade their infrastructure. Global competitiveness depends on a seamless, stable and efficient system of moving people and goods, and

[5] Michael Gallis, *Connecticut Strategic Economic Framework*: A Report of the Connecticut Regional Institute for the 21st Century, 1999

Connecticut's global competitors are investing heavily in rail upgrades and other transportation infrastructure. To support these important investments, competing metropolitan regions around the country and the world are using a variety of innovative financing options and new ways to capture revenues, from recouping costs from new buildings near transit, to utility surcharges, to GPS-based per mile charges for over the road trucking. The Transportation Strategy Board (TSB) report stated, "Connecticut's transportation system and the investments necessary to support that system are critical to the State's long-term economic competitiveness and vitality. Failure to invest will seriously jeopardize that economic future and increase the risk to our quality of life. The choice is not between investing or not investing; it is between investing smaller amounts on a planned, relatively orderly basis sooner or much greater amounts later on a reactive crisis-driven basis."

Connecticut's Transportation Problems Remain

Five years after the Gallis report detailed the long-term problems Connecticut faces in moving people and goods, and despite the progress made this year, we still face very significant transportation challenges.

Connecticut has three main economic regions and transportation corridors, all continuing into adjacent states: the coastal corridor from I-287 in Westchester County, NY through New Haven; the I-91 corridor from New Haven through Hartford to Springfield and Amherst, MA; and the southeast corridor extending from New London to Newport, RI. Each of these corridors is difficult to access. Two of them depend on I-95 for primary access. Commuter traffic and truck traffic congest this corridor, especially at peak times. Freight rail access is limited in Connecticut and 98% of goods move by truck, which further exacerbates road corridors. Most freight rail is routed through Albany or via barge across the Hudson and East Rivers. Connecticut's commuter system is neither efficient nor extensive enough to support widespread commuting. The median commute times in the state went up 16 percent from 1990 to 2000—a faster increase than the U.S. as a whole. Fewer than 2% of commuters take the train and another 2.5% take the bus with 95% not using transit to get to work.

The State's $1.3 billion investment this year focused the bulk of resources on addressing the acute congestion problems in Fairfield County. In many ways, that portion of the state is the key to the economic health of all of Connecticut. Fairfield County competes directly with northern New Jersey, a state that has developed aggressive passenger rail initiatives. But other parts of Connecticut have pressing transportation needs as well. Southeastern Connecticut has also been overrun by traffic, due in large part to the success of the casinos and tourism industry. The greater Hartford region has sought to address its long-term traffic needs for years, for instance through its proposal for a Hartford-New Britain busway to provide an alternative to an increasingly congested freeway.

Interstate 84 between Waterbury and the New York border is all too-often a multi-lane truck and car parking lot. And an upgraded commuter rail service between New Haven and Springfield can rightly be expected to spur economic growth in a number of towns along the central corridor of our state and provide an alterative to I-91.

In addition, high travel costs hurt commuters' pocketbooks. A recent study by Texas A&M University found that rush-hour delays cost each traveler an average of $566 per year in Bridgeport-Stamford, $390 in New Haven and $309 in Hartford. [6]

System Maintenance: The Revenue-Constrained Approach

The burden of maintaining the current transportation network is reflected in ConnDOT's *2005 Master Transportation Plan*. The plan notes that:

- ConnDOT's primary responsibility is to maintain and to maximize the efficiency and safety of the existing transportation system. Further, federal laws and regulations give priority to maintaining the existing transportation system.
- Connecticut's transportation system is in good physical condition but congestion on highways and the commuter rail system is growing. The volume of traffic is increasing and the daily peak hours of travel are expanding; the challenge is to maintain the system without disrupting flow of traffic.
- For the most part TEA-21 (FFY1998-FFY2003) met the safety and maintenance needs of Connecticut, but provided only minimum support for added highway capacity or increased rail and bus service.
- ConnDOT strives to reduce congestion through various technologies (Intelligent Transportation Systems, Vehicle Information Systems, traffic signal systems, and incident management programs) and strives to decrease delays caused by repaving through new 'superpave' technology and pavement management systems.

ConnDOT's emphasis on system maintenance was noted in the 2000 report prepared by the General Assembly's Program Review and Investigation Committee. While the Committee commended ConnDOT for its success in restoring much of the state's transportation infrastructure, it concluded that ConnDOT's mission had become too focused on maintaining the existing transportation system. This focus on system preservation reflected both the increasing budgetary constraints imposed on ConnDOT, and a long-term planning process that is revenue constrained.

[6] Texas Transportation Institute, *2004 Urban Mobility Study*

The revenue-constrained approach to long-term planning leaves little opportunity for developing new capabilities or meeting evolving transportation needs. It tends to perpetuate 'more of the same.' The Committee recommended that ConnDOT adopt a more strategic approach to long-term planning, and that such planning efforts include an examination of the adequacy of current and projected funding. The strategic planning should include the development of a new mission statement that 'clarifies the Department's purpose including elements that address economic development, customer service, and sensitivity to other societal goals.'

But all the planning in the world won't get the job done unless Connecticut finds a way to pay for what is needed.

Part II: Paying for Future Transportation Investments

Connecticut must explore new ways to fund further transportation investment. High gas prices make it unlikely that gas taxes will be raised substantially. Fortunately, there are many examples of innovative financing mechanisms that have been tried – and work – in other jurisdictions, in this country and worldwide.

It is important that, whatever funding mechanism is used, the public be very confident that the revenue will be used for the stated transportation purposes. Policy makers must create a type of "transportation lock-box" so that future budget writers are not tempted to dip into transportation revenue to balance state general fund budgets. Around the country, great efforts are being taken to assure that new revenues for transportation are actually spent on transportation.

Considerations in Analyzing Revenue Options

Investments in transportation infrastructure pay substantial dividends. . The Federal Highway Administration estimates that a "$1.00 increase in the U.S. capital stock has historically generated about 30 cents of cost savings producer benefits each year over the lifetime of the underlying road improvements." Nevertheless, securing the initial source of revenue is often challenging.

When considering whether a funding method is appropriate, policy makers should compare them to a set of desirable criteria. While no particular funding source might meet all of these criteria, such criteria should be considered in an effort to ascertain the extent to which they are politically feasible and appropriate.

- *The source of financing should be closely tied to transportation purposes.* It would be easier to sell a new funding method to the public if, in the public's mind, it will be used for the transportation facility under discussion.
- *Benefits from building the projects should be linked to the source of revenue.*
- *Equity*: The burden should be progressive and affect all persons fairly.
- *Inflation resistance*: The buying power of the proceeds should not be eroded by inflation.
- *Recession resistance*: Collections should be stable against economic conditions.
- *Implementing the funding mechanism should have minimal negative impact on regional competitiveness*.
- *Minimal transactions costs*: The funding source should be inexpensive to administer and not place undue burdens on those who are paying.
- *The funding source should provide adequate yearly revenues.*

Current Funding Sources for the State and their Potential for New Revenue

Before looking at new ways to raise revenue, the State needs to seriously study several traditional sources of revenue to determine the degree to which they have the potential to grow the Connecticut transportation infrastructure. They include *Operating Assistance Grants from the Federal Transportation Administration, interest income, transfers of large revenue from the State's general fund*, and *another increase in the gross receipts tax on petroleum companies* (increased from 5 to 5.8% in July 2005, with other increases scheduled).

Other potential funding sources match many of the criteria above and should also be considered, including the motor fuels tax, motor vehicle fees, and the sales tax on vehicles. Each would require raising the levels of taxes and fees that residents already consider too high, but citizens may agree to such increases if they are certain the revenue will go for its intended purpose:

- Connecticut's ***motor fuels tax*** has the most direct tie to transportation, and the State has relied on it heavily in the past. It presently raises approximately $450 million per year. However, it is already among highest in the nation for gas and diesel fuel and the recent oil price spike only exacerbates drivers' distaste for higher gas taxes. Even before recent price spikes, Connecticut's gas prices are consistently among the highest in the country. In the fall of 2005, for example, gas in the Bridgeport metropolitan region was consistently 10 to 20 cents more than the national average.[7]

- ***Motor vehicles receipts*** raise $150 to $200 million per year. The primary source of this revenue is a six-year fee for an operator's license and the remaining portion from the two-year vehicle registration fee. These are deposited in the Special Transportation Fund. Temporary registration and late fees paid to the Connecticut Department of Motor Vehicles make up a smaller part of this revenue stream.

- An additional $100 million per year is raised by ***license, permit and fees from a variety of sources*** including fines imposed for motor vehicle infractions, permits and fees imposed by ConnDOT, other fees collected by the CT DMV, late fees imposed under the Emissions Inspection Program, and a portion of the Clean Air Act.

- The six per cent ***sales tax on vehicles***, collected by the Department of Motor Vehicles, brings in about $73 million per year.

[7] American Automobile Association website

Potential New Funding Sources to Consider

Three potential new funding sources are being used in other jurisdictions and should be analyzed and considered in Connecticut. This paper does not recommend any one of them, but presents them all for consideration by policy makers as they continue to wrestle with meeting our transportation system needs. The three potential funding sources are tolls or road pricing, increased private sector participation, and value recapture.

Road Pricing (Tolls)

Tolls or "road pricing" are a way to collect a user fee by which the owner of a road or bridge charges drivers to enter, exit or drive. Charges can vary by time of day and congestion level. In recent years, the term "tolling" has also been referred to by other terms, such as "congestion pricing," "value pricing," "time of day pricing," or "dynamic pricing."

The Connecticut Turnpike section of Interstate 95 from the New York-Connecticut state line northeast to the Interstate 395 interchange (near the Rhode Island border) had tolls until they were removed in October 1985. The main reasons they were removed were safety, environmental concerns (air emissions) and congestion around tollbooths. However, modern methods of tolling do not require tollbooths, so the primary reasons to remove tolls no longer apply.

Toll systems have been proliferating across the country and world. But these "are not your parent's toll systems." There are many examples of new ways in which tolling has been used and modern road pricing systems are core to innovative financing in many parts of the country and world.

Toronto's highway 407 is a good example of high tech tolling. It is completely automated and toll booth-free. Drivers never stop or slow down to pay a toll or to have their transponders read. And drivers without transponders are identified by video. The address attached to the license plate is sent a bill in the mail for the tolls plus a "video fee." Tolls change according to congestion levels. The charge accumulates per kilometer, making it a true user fee.[8]

Tolls have been put in place on formerly toll-free roads in a number of cases. On Interstate 15 in San Diego, Interstate 394 in Minneapolis and State Road 91 in Orange County, CA, toll lanes were added to a toll-free road (known as HOT lanes, for High Occupancy Toll). They have been successful at easing congestion, providing choice to drivers, and raising revenue.

To make tolls more palatable to the driving public, policy makers should carefully consider certain options for its implementation.

[8] For more information on high tech dynamic road pricing, visit http://www.407etr.com/

- *Tolls should be completely electronic*. There should be no tollbooths or gates.
- *Tolls should vary by time of day and level of congestion*.
- *EZ*-Pass type *technology should be accessible to those without credit cards*, easy to buy, anonymous like phone cards, and preferably usable across the New England and New York metropolitan area (if not a larger area) – so that *users do not need to have multiple road pricing systems to traverse the Northeast of the country at a minimum.* Enforcement should be through video of license plates.

There are many options available for implementing tolling or road pricing. Among things to consider are: tolling all vehicles or tolling just trucks, tolling all lanes or turning some lanes into HOT lanes, tolling the length of a stretch of highway or just some portions of it, such as around a major interchange, and removing or lowering tolls overnight or when congestion is low.

The new $286.5 billion federal transportation-funding bill, called SAFETEA-LU, may provide resources for Connecticut to implement or experiment with tolling options. Among other things, the mammoth bill creates "new tools to implement innovative financings for highways and intermodal facilities" including private activity bonds for highways in surface freight transfer facilities, enhanced authority to use tolling to finance construction of interstate highways, increased flexibility in using design-build contracting, streamlined environmental processes, and improvements to innovative finance programs.

There are two programs in the federal bill that will allow three projects nationwide to put tolls on interstates. One is awarded to projects that could not otherwise fund reconstruction or rehabilitation of interstate corridors, and the other is for a state or compact of states to construct interstate highways. The former is a new program; the latter is a continuation of a program from the last federal transportation authorization legislation.

The new federal legislation also includes the Express Lanes Demonstration Program, which lets existing HOV facilities create toll lanes and the Value Pricing Pilot Program. The State of Minnesota recently launched an HOV road pricing system, for example. Pricing must vary by time of day or level of traffic. All these federally funded programs could be used in Connecticut to install new electronic tolls and increase funding for highways.

Arguments for and Against Road Pricing. There are several policy considerations state leaders should be aware of when considering types of road pricing systems. There are a number of arguments that have been advanced in favor or road pricing systems including:

- **Reduce road congestion.** Road pricing – especially tolls that vary by level of traffic and time of day– will *lower congestion*. This will result in time savings for those dependent on roadways, including commuters, those receiving deliveries brought by trucks, buses and emergency vehicles. Lowered congestion and smoother traffic patterns also result in a more reliable trip, something most drivers are willing to pay for.

- **Raise considerable revenue.** Road pricing also *raises considerable revenue*. The Tri-State Transportation Campaign has stated that tolling is one of the many methods that could be employed to reduce congestion in Connecticut. They estimate that tolling the length of I-95 would bring in $443 million per year. Toll revenue is appropriate to borrow against, and tolling authorities usually enjoy high bond ratings.

On the other hand, a number of arguments have been advanced against road pricing including:

- **Unequal impact.** Tolls by their very nature will *affect some residents more than others*. One stretch of highway, for instance, may have tolls while another does not. Residents in the toll road area will naturally oppose being singled out for an assessment other residents do not pay.

- **Regressive impact.** *Tolls can also be seen as regressive* because everyone pays the same regardless of ability to pay. Tax credits, reduced cost EZ-Pass, and other programs can help mitigate this concern.

- **Negative Impacts on Certain Businesses.** *Certain businesses will be affected by tolls more than others*, including truck companies, companies that use commercial vehicles, large employers who have many employees who drive, and retail strips along the highway. Businesses may fear that the corridor will lose business, but at the same time they expect that speedier trips will improve commerce.

- **Lack of Alternatives Roadways.** In most areas, *Connecticut simply does not have good alternatives to driving or to movement of goods on roadways.* Given the growth patterns that have developed over the last 50 years, trains or buses are not a viable option for many residents or businesses. They will not be able to avoid the tolls. To mitigate against this, tolls could be imposed in a way that they are designed to save time for the drivers who choose to use toll roads. In this way, drivers are getting a direct benefit for what they are paying.

- **Implementation Challenge.** *Implementation of electronic toll collection can be challenging.* First there is the challenge of convincing the State or

other jurisdictions to install a toll booth-free cashless system. After that hurdle is cleared, the public needs to be educated on options for anonymous payment and enforcement. Germany, for example, put in place a GPS satellite- based system of per-kilometer road pricing for all over-the-road trucks. The new system proved to be a significant implementation challenge when first tried, but has been successful after a second launch.

- **New Construction Required.** *Installing "HOT" lanes would probably require new construction* to allow multiple points of egress off of the lanes and 'change lanes.' These costs *might reduce any revenue gains*, at least for the short term.

- **Diversion to Local Roadways.** Additionally, there is also a possibility that tolls on some stretches of highway would cause diversions to other highways or even local roads. Needless to say, this should be avoided. Tolls should be a complement to the entire state-local network, not shift traffic so that it creates logjams elsewhere.

Increased Private Sector Involvement

There are many different types of financial arrangements involving a range of private sector participation. A private firm may build new infrastructure, lease existing infrastructure, and/or operate infrastructure, with varying level of restrictions imposed by their contracts with the public sector. One example is the Chicago Skyway, where a private firm bought the rights to collect tolls for 99 years on a section of already-operating tollway. The firm paid the city $1.83 billion for the lease.

Greater private sector involvement may take on other forms, such as private construction and operation of a HOT lane on an Interstate or toll road, or "selling" bridges. Some examples from around the U.S. include:

- Route 91 (Orange County, California). A private firm built toll lanes in 1995 on an existing highway and agreed to operate those lanes and collect tolls.
- Dulles Greenway (Virginia). A private firm built a new highway in 1995 and agreed to operate it for 42 years.
- Southern Connector (South Carolina). A private firm helped to finance a new road; a related nonprofit agreed to own and operate the road for 50 years or until the bonds are retired (which should be in 35 years). The nonprofit is a private consortium created by the state in 1998 when a proposal to increase the motor fuel tax failed.

- Pocahontas Parkway / I-895 (Virginia). A private firm built a new toll road in 1995 and a related nonprofit will collect tolls for 30 years. Virginia DOT operates and maintains the road.
- Camino Colombia (Texas). A private firm built and agreed to operate a new highway in 2000.
- TTC 35 (Texas). This is the first segment of a giant, privately built network of highways to be known as the Trans Texas Corridor. This segment will be leased to a private operator for 50 years.
- SR 125 (California). This is a primarily privately built highway that will be privately operated for 35 years.
- Washington, DC Beltway. A private firm, Transurban Group, is negotiating to exclusively study the feasibility of introducing HOT lanes

There are a number of ways to implement greater private sector involvement including:

- ***Full concession*****:** Like the Skyway deal, this would entail a long-term lease of a highway to a private firm. The private firm would operate the road and collect tolls.

- ***Partial concession*****:** This would be the same as a full concession but a DOT would only lease *sections* of the highway and/or its river crossings.

- ***Preliminary Exclusive Rights Agreement*****:** The State could form an agreement with a private firm that would grant that firm the exclusive right to investigate privatization opportunities. While this might provide a one-time influx of funds, it also might prevent private firms from competing for a final privatization bid, thus potentially lowering the final price received by the state. It is unclear how much money a private firm would pay for an exclusive rights agreement.

Private Sector Involvement: Policy Considerations. Depending on how these questions are answered, increased private sector involvement can substantially benefit -- or cost -- the State. These issues, among others, bear close scrutiny by those investigating the pros and cons of such arrangements:

- *How much time* will it take to close the deal?
- *What entity bears the risk* of default?
- *What steps can the private firm take* if traffic is too low?
- *Is the public sector restricted from building* other roads?
- How much, and how frequently, *can private firms increase tolls*?
- What *labor agreements* must the private sector uphold?
- What will be *the transactions costs* for the public sector?
- Will the private firm have *tax ownership* of the asset?

- *What entity will be responsible for major rebuilding* over time?
- What *condition must the asset be in at the end* of the private sector's lease?

Value Recapture

Proximity to and improvement of transportation infrastructure can increase property values and spur economic development. But the financial benefits of transportation improvements currently go entirely to the private sector (landowners and homeowners). *Value recapture*, sometimes called *cost sharing,* is when some of that financial benefit goes back to the public sector, in effect to pay the costs of improvements.

Tax increment financing (TIF) is one specific value recapture tool used to finance specific projects. It captures the incremental increase in taxes resulting from development, and allows the state or municipality to bond against this increase. The incremental increase comes from property and sometimes sales tax receipts. TIF essentially diverts some future tax revenue to debt service but pays for the development. New Jersey has fairly sophisticated TIF laws that allow municipalities to use revenue sources such as payments in lieu of taxes (PILOT), parking fees, admission to public facilities, and state and federal grants and loans to protect against an unanticipated shortfall in tax revenues. Hedges like this make TIF feasible.

Other types of value-recapture tools include more straightforward taxes or *mobility fees*. These are additional sales taxes, taxes or fees paid by corporations working in the area, and property assessments or other levies in an area that has benefited from transportation investment. In many parts of the country, transportation impact charges from new development are used to build and operate transportation infrastructure. Many of these could be politically problematic in Connecticut.

Value recapture can be part of a smart growth, transit oriented development (TOD) strategy. However, it is often considered more appropriate for funding specific projects because the impact of those projects is measurable. A more general value recapture plan to fund general transportation investment would have to be crafted carefully for it not to appear as just another tax.

Precedent and research support the idea of value recapture. The New York metropolitan area recaptures the value or property for investment in transit. New York's 12 County MTA region has an Urban Tax, which is an addition to the Mortgage Recording Tax and a variety of elements of development agreements. Elsewhere in the region, studies have been done estimating added land values due to additions to New Jersey Transit's Montclair / Boonton line. Similar studies have been conducted around the subways in Washington, DC and London. Hong

Kong's rail transit system is financed entirely by a value recapture model. The transit system receives no subsidy, and all costs, including interest on bond indebtedness, are paid from land rents derived from development in station areas.

There are many types of assessments that could be appropriate candidates for value recapture in Connecticut. For example, tax increment financing can be used for transportation purposes in certain parts of the state (like Revenue Allocation Districts in New Jersey), corporate or business taxes could be charged in transit corridors, recording taxes or realty transfer fees could be increased in transit corridors, and other types of land or land-use taxes could be dedicated to transportation.

Part III: Towards a New Connecticut Transportation System

In addition to examining new funding schemes and their promise to help investment in transportation infrastructure, Connecticut also needs to consider structural changes that will, over the long term, ease the pressure for building more roads or mass-transit systems.

Connecticut's primary agency for transportation is the Connecticut Department of Transportation (ConnDOT). But the State has also established a Transportation Strategy Board (TSB) to take stock of Connecticut's needs.

To ensure an integrated statewide approach the State must look at the roles of both ConnDOT and TSB – which should have oversight of various types of projects? Is the TSB capable of carrying out such a mission? What should the TSB's function be in relation to ConnDOT? Who should set the overall strategy and master plan?

In answering such questions policymakers must decide whether existing processes and structures are the best ones to carry out a long-term transit program. In some states there are transit authorities separate from the state transportation agency. It is unclear whether such an approach is necessary or appropriate in Connecticut. Either way, it is important that leaders take seriously a need to have structures and contracting processes that are as modern and efficient as possible.

Transit Oriented Development

Much has been said over the past few years about moving towards a "smart growth" pattern of development and away from current practice, which seems to encourage sprawl development. Among other things, sprawl is expensive: as people and businesses move farther away from already developed areas, the public sector finds itself investing in new roads, sewerage systems, schools and more. The cost of sprawl is significant, and the chief cost is congestion.

Transit Oriented Development (TOD) is clustering development in the quarter or half-mile radius around transit centers or corridors. For instance, development would occur along rail lines or near rail stations to facilitate transportation of people and goods. Early evidence is that aggressive transit oriented development in northern New Jersey, for example, has turned development away from green fields development to produce greater development nearer in to urban centers.

Connecticut needs to study the current planning structure and existing authority to see what legal impediments there are to implementing TODs, and how to best have it included in state, regional, and local planning processes. TODs may well

need specific development authorities in Connecticut as is the case in many other states to facilitate it with towns across the state, as well as changes in zoning guidelines to support transit oriented or transit supportive development.

Regional Approaches

The state must take steps to coordinate and integrate the work of the Regional Planning Organizations, (RPOs), Metropolitan Planning Organizations (MPOs) and Transportation Investment Areas (TIAs) so that there is a coherent, integrated approach to regional transportation and transportation planning decisions. Connecticut is increasingly looking to regional approaches to solve common problems. Although local decision-making and home rule remain important, municipal leaders are increasingly willing to enter into voluntary arrangements with their neighbors. Key to building confidence and trust among local officials is for regional planning and other regional systems to be built from the "bottom up" – that is, local concerns and interests taken into consideration by regional and state bodies, and developing a mechanism in which local officials have significant input and authority in those state and local decisions.

Connecticut presently has 15 Regional Planning Organizations (RPOs). The state also has established five "Transportation Investment Areas" (TIAs) under the Transportation Strategy Board. The State must take steps to rationalize, coordinate and integrate the work of the RPOs, MPOs and TIAs so that there is a coherent, integrated approach to transportation and transportation-planning decisions. In some cases it may mean that multiple RPOs covering a single commutershed or metropolitan statistical area must work together more closely to make planning choices.

Summary

Moving people and goods efficiently and effectively around the state and to and from our neighboring states is a critically important component of remaining regionally and globally competitive. Connecticut faces the need for substantial transportation investments to catch up and keep up in transportation infrastructure. Building on recent successes in addressing transportation needs, much more will need to be done to seek out innovative planning and funding mechanisms to ensure a successful economic future for the state. While there are a number of options for moving forward, significant additional resources and effort will be needed to build on recent progress to address our transportation system needs.

Connecticut's present and future economic vitality is dependant to a great degree on our willingness to meet our transportation challenges in a timely fashion.