Chapter 3—Case Studies: Summarizing Lessons Learned

The discussion in Chapter 1 addresses common themes identified through the research of 11 initiatives. In the studies, we found common factors that, when present, are most likely to be associated with success when asking for increased transportation funding. By definition, “factors-in-common” have the broadest potential application to other jurisdictions as funding initiatives are considered and, accordingly, they are highlighted in the earlier discussion. At the same time, our research uncovered a number of unique facts that became important in the individual initiatives. The summaries below discuss the unique situations each of the proponents faced. Taken together with the more common themes, a complete picture emerges about the factors that help make the case in building support for increased transportation funding.

California

The most striking aspect of the California general obligation bond program was the decisive top down leadership provided by Governor Schwarzenegger. Proposition 1B was a major element of a Strategic Growth Plan that the Governor tirelessly promoted throughout 2006. During January and February he toured the state stumping for his proposal through speeches and meetings, with significant media attention. The specific bond package approved for placement on the November ballot by the legislature in May was a compromise that varied somewhat from the Governor’s initial proposal. However, he was widely viewed as the driving force behind the program and he made it the centerpiece of his re-election campaign, which also culminated in November.

In fact, some observers believed that the Governor’s principal motivation in supporting the bond program was to enhance his re-election prospects, certainly a bold

California’s unique factor

The leadership of Governor Schwarzenegger drove a successful campaign to increase transportation funding by $20 billion. He staked his reelection on its passage.
strategy in view of the initially lukewarm support from the general public for the bond measures. If that was the motivation, it proved to be a successful strategy. His approval rating, which stood at 37 percent during the second half of 2005, steadily improved over the course of the year as he was credited with demonstrating leadership and effectiveness in promoting a program of great significance to California, resulting in a 17-percentage point victory in November. Whatever the motivation, the fact is that he provided leadership for a consensus transportation funding program in a state better known for anti-government referenda, paralyzing political divisions and environmental and growth management. And he did so in a very personal manner that staked no less than his political future on the outcome.

Another hallmark of the California campaign, easily overlooked since it worked like a well-oiled machine, was the teamwork both within the Administration as well as with the California Alliance for Jobs. In a state that celebrates diversity and individuality, the degree of harmony from virtually all quarters bordered on astounding. In the end, there was no significant organized opposition to this bonding program of extraordinary magnitude.

**Maricopa County**

A noteworthy aspect of the Maricopa County sales tax initiative was the degree to which the Maricopa County Association of Governments (MAG) and its Transportation and Policy Committee (TPC) were the dominant decision makers. Arizona DOT did participate in the process and provided technical information, but the key decisions on program allocation among modes and project selection within modes, even on the State highway system, were made by TPC, a MAG-appointed committee of local elected officials and business interests. While federal policy and regulations do envision such a role for a Metropolitan Planning Organization it is rare to see the concept achieved as completely as it was in this case.

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**Maricopa County’s unique factor**

Business leaders worked with elected officials through an appointed committee to create a successful transportation funding program.
Composition of the TPC is also worthy of mention. Six of the 23 members were representatives of the business community while the others were local elected officials, primarily mayors from the many municipalities located in Maricopa County. Inclusion of business representatives was something of a departure for MAG; previous groups charged with developing transportation policy for the region had been limited to elected officials. Interestingly, the business leaders tended to play the role of ‘honest brokers’ on the committee, mediating among the local elected officials who tended to be advocates for improvements that benefited their respective jurisdictions and keeping TPC’s focus on developing a regional plan that transcended the parochial interests of individual communities. They tended to be viewed by other members of the committee as ‘investors’, keenly interested in achieving an outcome to drive economic development, a platform that garnered strong consensus.

As was true for some other case studies, the 2004 sales tax referendum was not a ‘one off’ event, but rather one step in a continuing process. The ½ percent sales tax was initially imposed in 1984 and was principally devoted to urban freeway construction. However, its revenue projections were significantly overstated and it was thus unable to deliver the complete program of projects that had been promised during the 1984 campaign. These early pitfalls led MAG officials and state legislators to apply lessons learned as they prepared for the 2004 extension. These included revenue firewalls to prevent funding transfer between broad program categories, performance audits on a five-year cycle to evaluate scheduled projects, a rigorous major amendment process to revise project selection and adoption of a life cycle approach to maintain transportation assets.
Maryland

Maryland’s unique factor

The focus in both of Maryland’s revenue programs was system preservation, in contrast to the conventional wisdom that major capacity projects are necessary to win revenue increases.

The distinguishing factor for the two initiatives in the Maryland case study was the focus on funding for preservation, as opposed to new capacity. Since the 1980s, the Maryland State Highway Administration (MSHA) has followed a ‘preservation first’ policy, under which preserving the existing system took precedence over the creation of new capacity. MSHA worked with its budget subcommittees in the General Assembly every year to consistently present data based life cycle cost analysis that clearly demonstrated the economic benefits of system preservation. When the 2004 transportation revenue program was being developed the initial premise was that major high-profile capacity projects would be necessary to obtain legislative approval. Administrator Neil Pedersen challenged this premise, citing Maryland’s long tradition of preservation first. He was able to successfully make this case, first to members of the governor’s cabinet (Republican Governor Robert Ehrlich) and then to key members of the General Assembly. Of the $1.9 billion of the revenue program allocated to MSHA, $1.0 billion was for ‘minor projects’, principally system preservation, safety, and traffic operations.

In 2007, Maryland was again faced with the need to increase transportation revenues and again the emphasis within the highway component of the program was on system preservation. Interestingly, an election occurred between the two initiatives and the administration was now led by Democratic Governor Martin O’Malley. However, the change in leadership and political party did not affect the emphasis on highway system preservation; this had become a non-partisan policy for the state. The key to this continuing success has been a strategic asset management approach that is continually updated and improved to meet evolving conditions and is presented in a manner that instills confidence in the technical rigor and validity, yet is conveyed in terms that are readily understood.
Minnesota

The unique aspect of the Minnesota initiative was clearly that the program was approved despite the active opposition of Governor Tim Pawlenty. This represents the proverbial exception to the rule that the support of the state’s top elected official is a necessary condition in the calculation of initiative success. At the same time, it is clear that the Governor’s position greatly increased the degree of difficulty in securing approval. The Minnesota legislature approved major transportation funding programs in 2005 and 2007 only to have the Governor veto them. A veto override in the Senate was relatively easy to achieve due to the political makeup of that body, but on both occasions override efforts were unsuccessful in the House of Representatives. In the 2008 legislative session another funding program was passed and again vetoed by the Governor. This time, however, the veto was overridden in the House with a single vote to spare. The change in result was attributed by many observers to strong leadership by Speaker of the House Margaret Anderson Kelliher and an increased level of support by the Minnesota business community.

Another part of the equation was the failure of the I-35W bridge over the Mississippi River in Minneapolis on August 1, 2007. This catastrophe captured national and state headlines and brought the transportation funding issue to the forefront of public consciousness across the nation. However, several of those interviewed for the Minnesota case study believed that it was possible to exaggerate the importance of this event for the outcome in 2008. The Minnesota legislature was already well aware that the condition of the state’s extensive network of bridges was deteriorating and the I-35W collapse occurred during a period of heightened awareness of bridge maintenance. Still, it is undeniable that five months after the I-35W collapse the Governor’s veto was overridden, reversing what had occurred in 2005 and 2007.
New York City

The New York City initiative represented the first serious attempt in the United States to implement cordon congestion pricing around an urban core. Although this technique for managing congestion and generating revenue has been used internationally (most notably in Singapore, London, and Stockholm), it was an unfamiliar difficulty in securing acceptance. Several parties, public and private, participated in the early development of the congestion pricing plan, including leading members of the business community who were concerned about the long-term viability of the urban core in the face of significantly increasing traffic congestion. These activities culminated in Mayor Michael Bloomberg’s decision to include this proposal in his PlaNYC, a broad initiative launched in April 2007, outlining the city’s sustainability initiatives through 2030. Despite the multiple parentage, with this unveiling the cordon pricing proposal became firmly established as the Mayor’s plan in the eyes of the media and the public.

An initial attempt to secure state legislative approval of the plan in 2007 was unsuccessful, but, as a compromise, a Traffic Congestion Mitigation Commission (TCMC) comprised of appointees of the Governor, Mayor, legislative leaders, and the city council was established to consider the merits. The stakes were increased in August 2007 when the US Department of Transportation awarded New York City a $354 million Urban Partnership Agreement grant to support transit improvements complementary to the cordon pricing program, contingent upon the City Council and State Legislature approving the concept by March 31, 2008 (later extended to April 7). The TCMC endorsed a modified congestion-pricing plan in January 2008, with revisions that were viewed as improvements to the original proposal.

With the stage apparently set for approval, the Mayor’s Office focused first on the City Council and secured endorsement in March. However, as discussed in more
detail elsewhere in this report, the plan was exceedingly controversial in the State Assembly and ultimately Speaker Sheldon Silver (ironically, representative of a Manhattan district with much to gain from the plan) refused to hold a vote, declaring that opposition was too great to even consider the measure. According to some observers, since this was a city issue, Speaker Silver had the clout to pass the measure if he was so inclined. The day after Speaker Sheldon announced his decision, the US DOT withdrew its offer of $354 million, reallocating the funds to Los Angeles and Chicago.

Ohio

The most striking aspect of Ohio’s funding program in 2003 was the relative lack of controversy and the low key, clockwork approach that led to its enactment. A Motor Fuel Tax Task Force created in the previous legislative session produced a report in December 2002 endorsing the program and associated increase in the motor fuel tax and vehicle registration fees. Governor Robert Taft included the proposal in his January 2003 State of the State speech and the General Assembly promptly passed the legislation without significant modification by nearly 2-1 margins. The constrained timeframe may have been a factor in the lack of controversy—there really was not time for a formal opposition to become organized to work against the program. More important, however, was the fact that Ohio DOT and its Director, Gordon Proctor, had ‘done their homework’—the Department had built a strong reputation and credibility and the purpose and benefits of the program were communicated consistently and effectively.

In developing an effective organization, Director Proctor relied on performance management principles to a degree that was unusual for the time. Recognizing that existing funding was insufficient to meet program needs, in 1999 the Department changed to a funding process based on need, taking explicit account of system conditions. This replaced the ‘legacy approach’ built on the basis of what programs had received in the past. The new approach was

Ohio’s unique factor

The lack of significant controversy or opposition was the hallmark of the Ohio funding program.
supported by strategic plans and performance measures. An Organizational Performance Index (OPI) monitored 65 key measures. These measures included metrics for pavement and bridge conditions, program delivery, and highway maintenance results. The measures were reviewed by each division, and were rolled up to an index of higher-level measures. Quarterly executive reports highlighted exceptions, areas that were not meeting goals. Districts were tasked with developing a plan to correct these failures, and the process was monitored. Management salary adjustments were determined in accordance with achievement of performance measures.

It is also noteworthy that even a relatively non-controversial funding measure as in Ohio is not without political implications. Steven Buehrer was a co-chair of the Motor Fuel Tax Force and a State Representative at the time. He supported the fuel tax and registration fee proposals, in contrast to his typical anti tax increase philosophy. In subsequent campaigns, his opponents spent $200,000 to $300,000 attacking his leadership role. Although now a State Senator, Buehrer believes he would be a member of the US Congress if he had not supported this program.

**Texas**

The most obvious distinguishing factor for Texas in general terms is its massive size. This size has many implications for highways and transportation; among them a need for inter-regional corridors that are well beyond what is provided by the Interstate Highway System. In 2002 Governor Rick Perry proposed addressing this need with the Trans Texas Corridor concept, a 4,000-mile statewide network of transportation facilities and utility lines with rights-of-way up to 1,200 feet in width. The Governor intended to finance the plan not by raising taxes but rather through an array of innovative financing techniques—including state debt supported by toll revenues and, perhaps most significantly, massive reliance on public-private partnerships—the most

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**Texas's unique factor**

Texas combined a very ambitious program, the Trans Texas Corridor, with a wide array of innovative financing methods.
aggressive PPP program in the nation. In addition, the ability to address metropolitan area highway needs would be enhanced through a proposal to establish Regional Mobility Authorities to construct and operate toll highways at the county level.

Initially there was relatively little reaction to the new focus on tolling and PPPs. But as TxDOT proceeded to convert the broad Trans Texas Corridor concepts into specific project proposals, criticism began to mount. One point of concern was the proposed application of tolls to existing free highways. (This has proven to be contentious virtually every time proposed anywhere in the country.) Also, as public hearings were conducted for specific projects and the implications of 1,200-foot right-of-ways for property owners in the corridors began to sink in, there was a strong negative reaction. Much of the criticism tended to crystallize in reaction to the concessionaires, typically foreign-controlled investors with 50-year agreements who were accused of being more interested in profits than serving the transportation needs of Texas. The initial response to the controversy was legislation in 2005 that placed various restrictions on PPP agreements, discouraged the conversion of existing free highways to toll, and modified the approach to acquiring real property for the Trans Texas Corridor.

Although this legislation placed some constraints on the Trans Texas Corridor and PPP agreements, neither the intent nor the effect was to end these programs and they continued to move forward. But they also continued to attract controversy with many believing that the state’s aggressive policy toward private toll road development needed to be brought into check. This culminated in 2007 when local toll authorities in Dallas-Fort Worth and Houston felt marginalized by TxDOT’s perceived preference to seek deals with private developers. The resulting legislation placed further restrictions on private toll road development and placed a two-year moratorium on new PPP agreements. In and 2007 and 2008 TxDOT suffered a series of budget shortfalls due in part to the loss
of toll revenue. By 2009 TxDOT announced that the Trans Texas Corridor as originally conceived and planned was officially dead.

One of the most striking aspects of the Trans Texas Corridor saga involves the fact that it was the result of a top-down announcement by the Governor, working with the then chair of the Texas Transportation Commission. In contrast with California where the Governor crisscrossed the state making the case for a program of no small proportions, cultivating the support of a coalition of labor and industry and engaging the state’s legislature who were actively involved, none of this was done in Texas prior to the Governor’s announcement. There were many progressive ideas inherent in the Trans Texas Corridor proposal. What will never be known is whether the fate of this bold concept would have different if it were vetted and refined to a greater degree in the crucible of public engagement.

Utah

The Utah case study shared many features with other successful initiatives, including strong credibility for the Department, effective relationships with elected officials, and the active support of an engaged business community. This business support stems largely from with the potential for economic development. But the explanation goes deeper, and it gets “personal.” As pointed out by Lane Beattie, the CEO of the Salt Lake Chamber of Commerce, and a former president of the Utah Senate, in 1989 Utah was losing 13,000 people per year—primarily young people who were unable to find work in the State. The business community focused heavily on that problem. “These were our children who were moving away from their families.” In the 1990s, with local successes and a strong national economy the situation was reversed. “We were gaining 33,000 people annually because we had jobs, an attractive quality of life, and we had businesses attracted to a healthy, strong, educated workforce and to a transportation system that would meet their needs. Our

Utah’s unique factor
Addition of urban freeways to avoid congestion while funding a successful light rail transit system.
children were moving back to Utah, along with many others.” He pointed out that “we don’t grow for growth’s sake…we grow for our families.”

In 2006, the business community joined forces with the legislature to promote Proposition 3, a ballot measure that proposed increasing the sales tax by ¼ percent for transportation purposes. The Chamber of Commerce first discussed this measure with the legislature through a series of one-on-one meetings, including the personal involvement of one of the top 100 CEOs in the country. After the legislature approved placing the measure on the ballot, the business community raised $750,000 in 10 days to support the initiative, mostly from highly motivated contractors and consulting engineers. A month-long media campaign was launched with television and radio ads, lawn signs, emails, posters, and direct mail and the measure passed with over 2/3 voter support. As in Ohio, the short-term nature of this ‘blitz’ approach, working from a foundation of carefully nurtured strength, precluded the rise of an organized opposition.

Among the interesting “ironies” in Utah is the political will among elected officials in this politically conservative state to increase taxes in support of transportation improvements as opposed to using public-private toll roads, as was advanced in Texas. Another is the willingness to support transit along the Wasatch Front, in an area that prides itself on achieving little or no highway system congestion. And remarkably, patronage on the light rail system in the Salt Lake area is robust.

**Virginia**

The Virginia case study presented an interesting contrast between a successful funding initiative in 1986 and a series of failures during 2004-2008. Superficially, many factors were similar in the two time periods in terms of both demonstrated need and the campaign utilized to secure a funding increase. One of the compelling arguments in 2004 was the comparison of a 79 percent increase in vehicle miles traveled since 1986 vs. a 55 percent reduction in trust

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**Virginia’s unique factor**

The Virginia case study analyzes why, in seemingly similar circumstances, a program in 1986 was successful while recent efforts have not been.
fund purchasing power. In both eras, the Governor took a personal leadership role in the initiative and campaigned throughout the Commonwealth to develop support and in both eras there was widespread public and media support.

A crucial difference may have been that in 1986 the Governor established a blue ribbon panel, the Committee on Transportation for the 21st Century (COT-21), and charged it with examining transportation needs and developing a funding program to meet these needs. Significantly, appointments to COT-21 included some of the powerful members of the General Assembly, including the Senate President Pro Tem and Chairman of the Senate Finance Committee, the Senate Majority Leader, and the Speaker of the House of Delegates. There ensued a six-month process of establishing the rationale, justification, and support for a transportation revenue program. The resulting statewide program of projects built support in every community and made it difficult for legislators to oppose the program.

In contrast, during the more recent initiatives, the perspective of the leadership of the House of Delegates was that there was little effort to develop legislation that was built on what individual lawmakers would find acceptable. This prevented the crafting of a compromise bill.

### Washington State

**Washington State’s unique factor**

The scale of Washington’s revenue increases—a total of 13.5 cents per gallon in a three-year period—is unique in the country.

What makes the Washington State case study stand out is that the transportation agency received two major funding programs with significant tax increases within a three-year period, a record unequalled in the country. The legislature approved fuel tax increases of 5 cents per gallon in 2003 and 9.5 cents per gallon in 2005, the first increases since 1991. The latter increase was petitioned to referendum but the ballot measure to repeal it was defeated in November 2005. This record is all the more remarkable because it occurred in a state notorious for political volatility and hairpin turns in public policy caused by the referendum process.
The second funding increase and the subsequent defeat of the repeal referendum are partially attributed to WSDOT’s strong performance immediately following approval of the 2003 program. The legislature had established the general scope of each of the projects in the program including budget and schedule. While this degree of specificity limited the Department’s flexibility, it also provided a ready scorecard to measure its performance. As the 2003 projects moved toward completion, nearly all of them on time and on budget, this provided WSDOT with credibility as discussions continued in 2005 about unmet transportation needs.

As adopted, the 2005 program was also extremely specific in terms of project commitments, schedules, and budgets. The degree of specificity meant that WSDOT had very little flexibility to adjust to changing conditions as the program moved forward. Even minor schedule adjustments that for most State DOTs would be solely an administrative function required interaction with the legislature and the various entities established to monitor WSDOT’s performance. In this environment, an open and transparent communications strategy becomes essential and the Department has become adept at that. Similarly, the legislature’s requirement that WSDOT benchmark and institute performance measures created the foundation for collecting excellent data on all aspects of the Department’s activities. These data allow WSDOT to explain its work and performance with factual information consistently presented over time, thus building and maintaining trust with elected officials and the public.
The Federal case's unique factor

The politicization of the fuel tax at the federal level has created a barrier to proposed increases.

A key takeaway from the federal case study was the degree to which the fuel tax has become politicized, to a much greater extent than is typically the case in the individual states. This development traces back to the 1970s when there were a series of proposals for significant increases in the fuel tax not to fund transportation improvements, but rather to encourage conservation and/or reduce the federal deficit. All of these attempts were defeated but not without a great deal of controversy and their continued consideration tended to undermine the concept of the fuel tax as a user fee to be applied for a specific purpose.

In the 1950s and 1960s, there were several increases in the fuel tax and other transportation user fees and these were relatively uncontroversial, accepted as necessary for a national purpose, construction of the Interstate Highway System. But this perspective was lost in the 1970s and never really regained. There has only been one increase in the fuel tax since 1959 that was not related to deficit reduction (the 5 cent per gallon increase in 1982) and even that was justified more on the basis of job creation than transportation improvements (at least in the public pronouncements regarding this initiative). Proceeds from the 5 cent per gallon fuel tax increase in 1990 were divided equally between deficit reduction and transportation funding. The 4.3 cents per gallon increase in 1993 was applied solely to deficit reduction, although transportation advocates were successful in securing a 1995 return to the Trust Fund of the 2.5 cents from 1990 as part of this legislative package.

In 1997, during a brief period of federal budget surplus, the transportation community secured the return of all fuel tax revenues to the Highway Trust Fund. However, the series of actions related to federal deficit reduction severely eroded the notion of a user fee in the minds of Congress, the media and the general public and the passage of these fuel tax increases were bruising affairs. In particular, the 1990 increase is cited by many as a...
significant factor in President George H. W. Bush's unsuccessful re-election campaign in 1992.

Another contributing factor in the evolving perception of the federal fuel levy as just another tax rather than a transportation user fee was the completion of the Interstate Highway System during this time period. That was a national purpose that was easily understood. In its absence Congressional perception of the transportation program began to focus on minimum guarantees with the federal role largely one of collecting the revenue and proportionately returning it to the states. The loss of national purpose was further exacerbated by the rise of project earmarks (characterized by the media as “pork barrel projects”), which culminated in 2005 with SAFETEA-LU and its 5,000 project earmarks, epitomized in the media by ‘the bridge to nowhere’.

These developments have caused many to be pessimistic about the prospects for increased transportation funding at the federal level, notwithstanding the recommendations of national commissions. However, another noteworthy finding from the federal case study is that the tide can turn in a political instant, as it did in 1982 and 1997. The ultimate lesson from the past for the transportation community is to persist and be prepared to move quickly when the right combination of opportunities arises.

One factor in common between the federal and state/local case studies is the value of executive leadership. Perhaps the three most significant boosts to federal surface transportation funding in the past half century were all the product of strong executive leadership: the advent of the Interstate Highway System in 1956 under President Eisenhower, the 5-cent-per-gallon increase in 1982 engineered by Secretary of Transportation Drew Lewis who had the ear of and received the tacit support of President Reagan, and the 1997 return of all fuel taxes to the trust fund, with Secretary of Transportation Rodney Slater working largely behind the scenes with members of Congress, the nation’s governors, and President Clinton.