

John Fairstein

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May 23, 2007

To: Knox TPO Executive Board
From: John Fairstein, 11205 Sam Lee Rd., Knoxville, TN 37932
Re: Proposed SR-475 Toll Road

Thank you for your service to our community. Though no recommendation has been made by our TPO or the local Parkway Resource Team, TDOT and the legislature seem to be moving very quickly to establish the proposed SR-475 Knoxville Parkway as a tollway “pilot” program. I have a number of questions:

1. How much will it cost to traverse SR-475? Will property owners who lose their land to a tollway be able to share in the toll revenues?
2. Will a tollway be held to the same environmental standards required for federally funded highways? The wording¹ in the legislation appears to give TDOT sole authority for “environmental evaluation and documentation in accordance with such policies and procedures as the department may establish.” That seems unconscionable -- what role do local environmental agencies, TDEC, EPA, and FHWA play?
3. Can we see a comparison of financing SR-475 Knoxville Parkway via standard state and FHWA funds vs. state issued bonds and toll revenues? What is the difference in time-to-completion of the road between the two funding options? How long will it take to pay down the bonds? What happens if the toll revenues don’t meet the forecast?
4. There are four “mainline” toll plazas shown on the WilburSmith report map. How many lanes wide will a toll plaza be? How much land will a toll plaza take? Will citizens and children in the vicinity of a toll plaza be subjected to continuous pollution from slowed, stopped, and accelerating diesel trucks? How about the noise from Jake brakes?
5. When will our TPO and the Parkway Resource Team be allowed to begin deliberating on this proposal?

CABOL’s Bob Shaw who was unable to attend today’s meeting, has raised some important questions:

1. Why was there no public participation in the initial study and planning?
2. Will TDOT have free reign to charge whatever it wishes? Will the TPO have a say?

¹ AMEND Senate Bill No. 1152* House Bill No. 1204: SECTION 3 (c) The development of any tollway or toll facility project by or under the authority of the department shall consider alternatives to the project, shall consider the economic, social and environmental effects of the tollway project, and shall consider the findings of the environmental evaluation process and public comments, including comments from any metropolitan planning organization and/or rural planning organization in which the project is located, before developing any final construction plans for the tollway or toll facility. If the proposed project involves federal aid funding or constitutes a major federal action, the department's environmental evaluation process shall be subject, as applicable, to the National Environmental Policy Act of 1969, as amended. If the proposed project does not involve federal aid funding and does not otherwise constitute a major federal action, it shall be subject to environmental evaluation and documentation in accordance with such policies and procedures as the department may establish. (Quoted from <http://www.legislature.state.tn.us/bills/currentga/Amend/HA0334.pdf>.)

Subject: Proposed SR-475 Toll Road

From: "TDOT Comments" <TDOT.Comments@state.tn.us>

Date: Mon, 18 Jun 2007 12:59:50 -0500

To: <jeff.welch@knoxtrans.org>

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To: Executive Board, Knoxville Transportation Planning Organization

The Tennessee Department of Transportation has been asked to comment on correspondence sent to the Executive Board on May 23rd, 2007, by Mr. John Fairstein regarding potential legislation on toll roads and possible impacts on the proposed SR-475 Knoxville Parkway. I am happy to provide such comments on behalf of the Department. The comments are organized around the five questions asked directly by Mr. Fairstein and the additional eight questions asked by Mr. Robert Shaw as included in Mr. Fairstein's letter.

Fairstein questions:

1. "How much will it cost to traverse?" **First, there is no existing proposal to toll SR-475. TDOT has undertaken conceptual feasibility studies of three possible candidate projects in order to determine how such analysis should be done and to provide some evidence that there are projects in Tennessee where tolling would provide an alternative funding mechanism. The SR-475 corridor was chosen as one of these three studies. The study estimated that the toll charge for travel on SR-475 would range from \$1.50 to \$2.50 depending on the distance traveled.**

Tolling legislation just passed by both houses of the Tennessee General Assembly authorize TDOT to present to the General Assembly no more than two candidate pilot projects for tolling, one involving a bridge and one being a highway route. The legislation provides for no exceptions to the normal TDOT right of way acquisition process, a well established and documented process. Toll revenues would be used to pay debt service on bonds issued to finance the project during construction and for maintenance and operation of the system.

2. "Will a tollway be held to the same environmental standards.?" **Any transportation project, including tollway projects, undertaken by TDOT involving federal aid funding or constituting a major federal action are subject to the National Environmental Policy Act of 1969, as amended. Until recently, there were no established procedures for conducting an environmental analysis of transportation projects, including tollway projects, undertaken by TDOT not involving federal aid funding or constituting a major federal action. On April 16, 2007, TDOT adopted the Tennessee Environmental Procedures Manual which outlines the environmental process for all transportation projects, regardless of funding source. The procedures outlined in the Manual include specific steps to involve resource and regulatory agencies, as well as the public, early and throughout the development**

process. The Manual is available on the TDOT website at:

<http://www.tdot.state.tn.us/environment/tepm.htm>

3. "Can we see a comparison of financing.?" **As stated in response to the first question, this was only a conceptual feasibility study focusing on bond financing with tolls as a revenue source. This is not a project proposal and no comparison of financing strategies or of construction and operation plans was undertaken. In the conceptual feasibility study, the bonding capacity analysis assumed a 40-year planning horizon for bond pay down, an industry standard. Accepted industry principles were used to evaluate the feasibility of tolling to cover all costs of paying down debt service as well as covering costs of maintenance and operations. Should this project move forward as a candidate for tolling, an "investment grade" analysis of toll revenues and project costs would need to be completed before any potential funding institution would be willing to invest and before the State of Tennessee would be willing to move forward with such a project. The legislation passed by both houses of the General Assembly outline the assurances the State would require.**

The full text of all three conceptual feasibility studies is available at the TDOT website:

<http://www.tdot.state.tn.us/longrange/longrange.htm>

4. "There are four 'mainline' toll plazas shown.?" **The identification of mainline toll plazas in the conceptual feasibility study is there only as planning tool. The study does not address any preliminary engineering related to the roadway, detailed plaza location or actual plaza design. Such design would only occur after a project were actually selected as a candidate for one of the tolling pilot projects. Again, the process for such a proposal and approval by the General Assembly is a part of the legislation just passed in both houses of the General Assembly.**

5. "When will our TPO and the Parkway Resource Team be allowed.?" **Assuming the legislation passed by both houses of the General Assembly is signed by the Governor, TDOT will begin a review of candidate projects using the criteria spelled out in the conceptual feasibility study recommendations. These criteria include full incorporation of the project in local long range transportation plans. Accordingly, if TDOT were to move forward with evaluation of the SR-475 Knoxville Parkway as a potential candidate for a pilot project, immediate consultation with the Knoxville TPO would have to occur since the TPO is the designated local agency for the development and maintenance of long range transportation plans in the Knoxville region. Since the Knoxville Parkway Resource Team was created by action of the Knoxville TPO, it would be up to the TPO to expand the role of the Resource Team to include consideration of the tolling question.**

Shaw questions:

1. "Why was there no public participation in the initial study and planning?" **As stated in response to previous questions, the only studies completed are conceptual feasibility of tolling on these three potential projects. The results of these studies are available for public review. As very clearly**

required in the tolling legislation just passed by both houses of the General Assembly, public participation in the broad discussion of tolling as a financing option for Tennessee is required as is public participation in any specific tolling project proposal. Likewise, the full involvement of the TPO, as described in the response to the previous question, if a project proposal is put forward for the SR-475 Knoxville Parkway project will require full public participation as with any project activity.

2. "Will TDOT have free reign to charge whatever it wishes.?" No. The tolling approach requires consideration of market forces to find a balance between payment for the bonds issued to finance construction together with maintenance and operations expenses and value motorists and truckers place on performance the tolled facility provides them. The legislation just passed by both houses of the General Assembly also requires that tolled facilities be located in such a manner that alternative routes are available for those who do not want to pay. Any discussion of toll rates would certainly include consultation with the local governments in the area of the toll facility. If such a facility were located in the Knoxville area, consultation with the TPO would occur.

3. "The too is really a new tax.?" While one can debate forever what is a tax and what is a user fee, it is generally accepted across the nation, both now and historically, that tolls are user fees, not taxes. This is especially the case when alternative facilities are available (see response to previous question.) With regard to public involvement, the legislation just passed by both houses of the General Assembly requires public hearings on the tolling concept as well as public participation in the pilot projects that would be brought before the General Assembly for approval.

4. "Who will pay to take the toll road.?" One of the key reasons TDOT initiated the conceptual feasibility studies was to answer this very question. Traffic forecasts and the willingness of motorists and truckers to pay tolls at various levels for the performance of a toll facility were a part of the analysis used by Wilbur Smith and Associates to determine the feasibility of tolling on these potential facilities. A bypass around urban congestion is attractive to through motorists and truckers if the toll is worth the value of time savings. Further discussion of the methods used to make this determination can be found by reading the conceptual feasibility studies themselves. As given in response to Mr. Fairstein's earlier question, the studies are available on-line at:

<http://www.tdot.state.tn.us/longrange/longrange.htm>

5. "Why can't TDOT live within its budget rather than issuing bonds.?" TDOT is living within its budget. As has been explained on numerous occasions, including to the Knoxville TPO, a number of forces have come together to severely constrain funding available for transportation projects, not only here in Tennessee but across the country. Primary factors are: federal funding rescissions; reduced rate of growth in state and federal gasoline tax revenues; dramatically increased construction and maintenance costs; increase maintenance of aging transportation infrastructure; and, continuing growth in needs for transportation investments. These factors were a part of the discussion in Tennessee's Long Range Transportation Plan. Tolling was one alternative financing tool cited for further study. That is exactly what TDOT, and the legislation just passed by both houses of the General Assembly, is attempting to do.

6. "Why are we even considering selling tollways to private owners?" **We are not considering selling tollways to private owners. This issue is not on the table. The legislation just passed by both houses of the General Assembly does not include any authority for such a sale. It does not even ask that such an approach be studied. The legislation requires that proposed pilot toll projects be new construction and that they be constructed, maintained and operated by TDOT.**

7. "Why has the Eastern leg suddenly appeared. Why wasn't it discussed by the Resource Team.?" **The tolling conceptual feasibility studies looked only at the feasibility for tolling given traffic and revenue forecasts, as stated in the responses to previous questions. In order to evaluate the feasibility for tolling the entire arc of SR-475, Wilbur Smith and Associates were asked to look not only at the western (Orange Route) section but also at the impact of completion of the arc to the east. The study did not in any way look at other issues associated with eastern segment.**

The Resource Team was charged with enhancing the design for the western (Orange Route) segment of SR-475. Other than in the minority report filed by the Team, analysis of the eastern arc was not requested nor undertaken. In fact, the feasibility of tolling the Orange Route was not part of the charge to the Team. Without question, the design features for the Orange Route recommended by the Team are critical to the planning for this facility regardless of the method of funding.

8. "Why did the taxpayers pay for the Wilbur Smith SR 475 study.?" **As stated in responses to previous questions, a review of alternative transportation funding sources was one of the items discussed in the Long Range Transportation Plan. Also, the Transportation Committee's of both houses in the General Assembly, in discussing the plan, raised questions regarding approaches to tolling and the evaluation of possible tolling opportunities. The Wilbur Smith and Associates study was commissioned to provide TDOT and others with information on both how a tolling feasibility study would be conducted and also about the application of such a study to three types of facilities in Tennessee. The information gained through the studies was a part of the discussion with the General Assembly as they considered and then passed legislation on tolling.**

If you have any further questions regarding these responses, please contact me.

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3. The toll is really a new tax; why didn't the people have a say? If I am going to pay a new tax, I might have wanted to pay for public transportation.
4. Who will pay to take the toll road? Won't this defeat the stated purpose of a bypass?
5. Why can't TDOT live within its budget rather than issuing bonds?
6. Why are we even considering selling tollways to private owners?
7. Why has the Eastern leg suddenly appeared? Why wasn't it discussed by the Resource Team during the Context Sensitive planning phase?
8. Why did the taxpayers pay for the WilburSmith SR475 study (at \$453K) when the legislature has not even approved toll roads yet?

Respectfully submitted,

John Fairstein