

MassTransit

BETTER TRANSIT THROUGH BETTER MANAGEMENT

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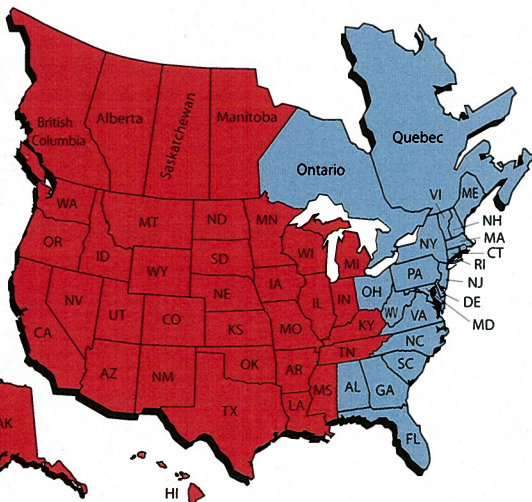
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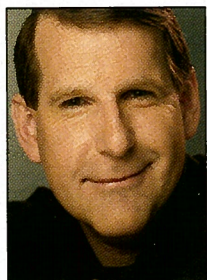
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Publisher's Comment

James E. Moore II, *Mass Transit's* Publisher for a Day

Trolling for Tolls: Transit Agencies Must Step Up

If you want to support transit agencies, it's time to hit the road.

When I talk to the press about U.S. public transit agencies, I focus on two points. First, transit operators must contend with sharply conflicting objectives. Transit franchises convey an exclusive **right** to serve, coupled with an **obligation** to serve. They are a form of wealth transfer intended to ensure at least a minimally acceptable degree of mobility for urban residents who would not otherwise be mobile. At the same time, transit agencies are expected to field services of sufficient quality to attract riders whose resources permit them to drive. This is nothing short of a Gordian knot.

Second, all organizations endeavor to grow. In the private sector, the standard strategy is to increase revenues by offering goods and services buyers will bid for, while controlling costs. In a public agency, the rules are different. Careful cost-effectiveness will likely mean *fewer* resources in the future.

The surest way to ensure growth in revenues is for an agency to burden itself with expensive programs and capital-intensive construction. Then costs overwhelm the revenues generated by providing services, the relative importance of fare-box revenues shrinks, and rational agencies must focus on ensuring their continued access to tax revenues — not on configuring services to attract riders. Unfortunately, financial dependence is not the only negative result.

In 1994, the NAACP sued the Los Angeles County Metropolitan Transportation Authority in federal court for increasing bus fares and reducing bus service in favor of new rail facilities that they considered much less cost effective than buses.

The painful truth is that cost ineffective choices can make the service pie smaller for all transit users, even as these choices induce transit budgets to grow.

In the decade since, I have all but given up on criticizing urban rail investments, focusing instead on advocating what I hope are politically feasible avenues for improving transit services.

Transportation economists have asserted for 40 years that the only systemic solution to congestion is tolling.

Transportation economists have asserted for 40 years that the only systemic solution to congestion is tolling. Long a political pariah, road tolls gained a degree of acceptability in 1991 in the form of ISTEA's Congestion Pricing Pilot Program, and genuine respectability in 1998 as TEA-21's Value Pricing Pilot Program. The protracted debate over the still-pending 2003 federal surface transportation reauthorization has given unparalleled visibility to the prospect of tolling on interstate facilities, and to the new management and financing options that tolls present. Transit agencies should speak up, and support the institutional changes needed to permit tolls.

The case is strong. In a 1993 report for a nonprofit think tank, Professors Gordon Fielding and Daniel B. Klein coined the term "HOT lanes" (high-occupancy toll lanes) to describe specialized lanes that would be open to high-occupancy vehicles

such as buses, as well as to single-occupancy vehicles whose drivers are willing to pay a toll. In 1996 and 1997, Thomas A. Rubin and I completed a series of reports for the same foundation, the last two of which explained the promise of bus rapid transit (BRT), among other options. In 2003, the foundation followed up with a widely read report by Robert W. Poole, Jr., and Kenneth Orski that elegantly ties these various elements together and calls for the use of tolls to finance HOT networks that would also accommodate HOV and BRT vehicles.

Transit agencies are full of hard-working people trying to deliver critically important services. The leadership in these agencies should rediscover their optimism, and recognize that HOT networks offer their agencies a rare opportunity to deliver a cost-effective service that is capable of competing with the flexibility and convenience provided by private automobiles. HOV lanes currently in place should be converted to HOT lanes.

The new links needed to form a true HOT network are self-financing, or would become so if enabling legislation to authorize public-private partnerships can be passed in the states where it is most needed. The transit industry has the political sophistication to make a difference in the debate in Congress and in state legislatures.

Now is the time for transit providers to act. It's time for them to hit the road. ■

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