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SURFACE TRANSPORTATION INNOVATIONS NEWSLETTER

Surface Transportation News: Improving I-35 in Texas, Opening Up Interstate Rest Areas, and More

Plus: Calls for New Jersey to further subsidize transit, CAFE and SAFE emission regulations, and more.

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Texas Commission Robs Peter to Pay Paul

Austin has the second most-congested freeway corridor in Texas: I-35 through downtown. It has needed expansion and modernization for many years, and the best solution would be to adopt an innovative design that was used last decade to modernize the LBJ Freeway (I-635) in Dallas. Thanks to commitments made the last time lanes were added, the LBJ's footprint could not be widened, nor could its height be increased. The innovative solution was to add variably-priced express toll lanes in a newly depressed median and to rebuild some of the main lanes cantilevered over the express lanes. Priced express lanes are the most sensible way to add capacity, since pricing delivers both high speeds and high throughput even during peak travel times. And this benefits both time-urgent motorists and express bus service.

A fix of Austin's I-35 is long overdue, and the Texas Transportation Commission voted on April 30 to add the \$6.6 billion I-35 project to its 2020 Unified Transportation Plan. While somewhat resembling the LBJ project in appearance, it has three key differences:

1. Instead of priced express lanes, the new lanes will be high-occupancy vehicle (HOV) lanes, which stimulate little actual carpooling and don't control congestion.
2. Instead of being funded primarily by variable tolls, the project will be funded by an uncertain grab-bag of statewide discretionary transportation funds, totaling \$3.4 billion, in addition to previously dedicated funds.
3. Instead of being procured as a long-term public-private partnership (P3) concession, this \$6.6 billion megaproject will be procured traditionally, with all the risks borne by taxpayers.

This appears to be entirely a political decision. The Texas legislature, in 2017, ceased approving large-scale P3 projects and also banned the use of tolls in any project that included state funding (from gas taxes and other state revenue sources). Doing the I-35 project as a tolled P3 would have required next year's state legislative session, at the very least, to make a one-time exception for the I-35 Austin project. This might not be as big a long-shot as it seems since the chairs of both the state House and Senate transportation committees urged the commission not to do the project conventionally. And the state's largest business group, the Texas Association of Business, said repeatedly that a long-term P3 like those used for Dallas, Fort Worth, and Houston highway megaprojects, and priced express lanes rather than HOV lanes, was the far better way to go.

Moreover, there are serious negative consequences statewide with the commission's plan. The \$3.4 billion of TxDOT discretionary money would otherwise have been spent across the whole state—rural areas as well as urban areas. And the COVID-19 recession is leading to large shortfalls in nearly all the state revenue sources used for transportation: fuel taxes, sales taxes, and oil severance taxes. A lot of the money the commission is counting on is based on business-as-usual projections, not the uncertain and declining revenues from the current economic downturn during the pandemic and a potentially very deep recession. While the project is needed, an outsider like me would expect state legislators from every part of Texas, except Austin, to be vocal about distributing that smaller pot of discretionary money for the most-urgent rural and urban highway projects around the state, instead of spending it all in Austin.

There is also a growing body of research that supports the idea that adding variably-priced express lanes is the best form of freeway capacity expansion. As I noted in my submission to the commission last month, a major economic study used data from the DFW metro area to compare adding free lanes, HOV lanes, priced express lanes or adding tolls to all lanes. The research team (from Cornell and McGill Universities) found that the express lanes alternative added the most value. After being presented at the Transportation Research Board annual meeting, it has now been published in [Case Studies in Transportation Policy](#).

TxDOT executive director James Bass told the *Austin Monitor* that the commission's amendment to the 2020 plan is not a funding commitment, which seems to hold open the door for next year's legislature to reconsider how to fund and procure this \$6.6 billion I-35 megaproject.