

HOPE IS ON THE HORIZON FOR HARRIED FLORIDA MOTORISTS

BY ROBERT POOLE

Five years ago, in an article for this *Journal*, I wrote about the horrible burden that traffic congestion placed on motorists in the state's main urban areas. I explained that, like much of the rest of the Sun Belt, Florida was not expanding the capacity of its highway system to match the growth in its population. The result was something like trying to stuff 10 pounds of potatoes into a 5-pound sack: urban roadways got overloaded.

It's now five years later. Have things gotten any better?

During the past year, you might have noticed a bit less congestion during rush hours, especially in South Florida. Daily vehicle miles traveled have declined nationwide by a few percentage points over the past two years, thanks initially to \$4.00

a gallon gasoline and then because of the recession. And in August, the *New York Times* reported that in 2009, Florida's population experienced its first decline (apart from the two world wars) since 1900.

On the assumption that those three causal factors are all temporary, it's fair to say that traffic congestion is still an enormous problem for the 56 percent of us who live in the four main urban areas—greater Miami (which includes Broward and Palm Beach Counties), greater Tampa/St. Petersburg, greater



Orlando, and greater Jacksonville. The *2009 Urban Mobility Report*, which came out in July, measures traffic congestion in over 400 U.S. urban areas as of 2007, the latest year for which complete data are available. As shown in Table 1, Florida's

urban areas are still seriously congested—and on most measures, their 2007 figures were the highest ever.

Consider the tri-county Miami metro area. The average commuter there wastes 47 hours per year in traffic congestion, and it takes 37 percent longer to get from point A to point B during rush hours than at uncongested times of day. Tampa motorists also waste 47 hours per year, and in Orlando, they waste 53 hours per year—the highest of any place in Florida. Counting only the cost of lost time (at about \$15/hour) and wasted fuel burned in stop-and-go traffic, the total cost of congestion in the four large metro areas in 2007 was \$5.4 billion. Florida’s expressways and arterials (boulevards) are overloaded with traffic, and that overloading is considerably worse today than it was five or six years ago, especially in Jacksonville and Tampa.

How did congestion get so bad? Obviously, Florida’s rapid growth (until recently) played a big part, but so did several other factors. The main funding source for our highways is federal and state gas taxes—and neither has been increased in more than 10 years. But the cost of building and maintaining roads *has* continued to increase. Consequently, in real (inflation-adjusted terms), gas tax dollars simply don’t buy as much today as

they did a decade ago. By contrast, tolls on at least some of Florida’s growing toll road systems have been increased, which is why most of the increased highway capacity this decade has been on toll roads.

Another factor in the failure to add enough highway capacity is anti-highway ideology. A generation urban planners, editorial writers,

citizen groups, and therefore elected officials has come to believe that “We can’t build our way out of congestion,” and “We must get people out of their cars.” Because they believe these things, they have fought to shift highway dollars into mass transit, and have also tried to mandate higher-density development, more sidewalks, and bicycle trails. These

policies have been pursued far more aggressively in places such as Portland, San Francisco, and Los Angeles than they have been in Florida. But unfortunately for their proponents, they have not succeeded. Congestion has continued to increase in metro areas that have been spending the majority of their transportation dollars on non-highway projects. Moreover, the percentages of their commuter trips made via transit, carpooling, and walking/bicycling are all lower today than they were 20 years ago.

Those who think that building rail transit is the best way forward for Florida’s urban areas need to look harder

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at the data. Most transportation experts agree that for fixed-rail transit to be able to serve a serious fraction of people's travel needs, an urban area needs a density of *at least* 5,000 people per square mile, and preferably 10,000 or more. In greater Miami, the density is just 3,217 per square mile, and it's much lower in the other three metro areas: 1,938 in Orlando, 1,712 in Tampa, and just 1,377 in Jacksonville. What rail transit will do, however, is soak up a very large fraction of available investment dollars, while creating a permanent need for large annual operating subsidies.

Some advocates of the "smart growth and transit" approach even welcome increased traffic congestion, on the grounds that it will discourage people from driving and will, in effect, force them to move closer to work or start riding the bus. What they don't appreciate is that traffic congestion imposes much higher costs than just the time and fuel wasted by individuals. Chronic congestion reduces the number of destinations anyone can get to within, say, 30 minutes. That limits people's job choices, and it prevents firms from being able to recruit from the entire wide-ranging metro area. Likewise, it plays havoc with just-in-time logistics systems on which business of all kinds, from big-box retailers to manufacturers, now depend. Congestion also reduces the number of calls a plumber, electrician, or realtor can make per day.

When economists use data and models to quantify those effects, they find significant reductions in a

metro area's economic productivity, due to congestion. A study of French cities by Rene Prud'homme found that reducing congestion increases the effective size of the labor market, and a 10 percent increase in labor market size increases economic output by 1.8 percent. In a recent study for the Reason Foundation, transportation economist David T. Hartgen modeled half a dozen U.S. urban areas and reached similar conclusions. In Britain, the highly respected Eddington study found that a 10 percent reduction in travel time just for *business travel* on the roads would add 0.4 percent to the gross domestic product.

So it clearly makes sense for Florida's urban areas to reduce today's high levels of congestion, rather than allowing them to worsen in coming decades, which is what a business-as-usual approach will lead to. The question is: How can we do this, given the inadequate funding that's available from gas taxes?

This is where some there is some serious good news to report. In my 2004 article, I suggested that adding express toll lanes to congested expressways could make a real dent in future congestion. With today's electronic toll collection (i.e., Sunpass), tolls can be collected at high speeds—and those tolls can be variable, to function as market prices. That means an express toll lane can charge a market-clearing price during rush hours—high enough to prevent the "express" lane from getting overloaded with cars like the regular lanes do. Essentially,

Table 1.
Congestion in Florida's Major Urban Regions

| | Miami | Orlando | Tampa | Jacksonville |
|-------------------------------------|-------|---------|--------|--------------|
| CONGESTION INTENSITY | | | | |
| ▶ Annual hours delay/traveler | 47 | 53 | 47 | 39 |
| ▶ Rank (nationwide) | #11 | #6 | #11 | #24 |
| ▶ Travel Time Index | 1.37 | 1.30 | 1.31 | 1.23 |
| ▶ Rank (nationwide) | #5 | #17 | #14 | #32 |
| CONGESTION COST (per year) | | | | |
| ▶ Total delay hours (M) | 145.6 | 61.0 | 41.8 | 22.5 |
| ▶ Rank (nationwide) | #4 | #17 | #22 | #33 |
| ▶ Cost of time and fuel waste (\$B) | \$2.9 | \$1.2 | \$0.85 | \$0.46 |
| ▶ Rank (nationwide) | #5 | #18 | #22 | #33 |
| URBAN AREA STATISTICS | | | | |
| ▶ Population (M) | 5.420 | 1.405 | 2.320 | 1.040 |
| ▶ Urbanized area (sq. mi.) | 1,685 | 725 | 1,355 | 755 |
| ▶ Density (persons/sq.mi.) | 3,217 | 1,938 | 1,712 | 1,377 |

Source: David Schrank and Tim Lomax, "2009 Urban Mobility Report," Texas Transportation Institute, July 2009 (<http://mobility.tamu.edu>)

it can offer you a guaranteed fast and reliable trip. Express toll lanes like this had already been in operation for a decade in California, when I wrote the previous article, and since then new ones have been started up in Denver, Houston, Minneapolis, Salt Lake City, and Seattle.

And last December Florida DOT opened the first phase of express

toll lanes on I-95 in Miami, converting and expanding the former carpool lanes. Currently less than 10 miles long, 95 Express is planned for extension to Ft. Lauderdale, and current studies are looking into extending it further north to West Palm Beach. Feasibility studies of other express toll lanes are under way in both Miami-Dade

and Broward County, and have been proposed for congested I-4 in Orlando.

The second piece of good news is the advent of highway public-private partnerships (PPPs) in Florida. The first two projects are in the greater Miami area: the Port of Miami Tunnel and the I-595 express toll lanes in Ft. Lauderdale. And a third PPP project is in the early bidding stages: a new outer beltway for Jacksonville.

In this type of project, teams of companies bid for the right to design, finance, build, operate, and maintain a major new transportation project for 30 to 50 years. In exchange for getting the contractual right to be the roadway's provider, the team is able to go to the capital markets and raise the billion dollars or more needed to design and build the project. In most cases, the team expects to take in enough money from tolls over that 30 to 50-year period to repay investors and cover all operating and maintenance costs. In a few cases, such as the Miami tunnel, there will be no tolls, but the state will make annual payments to the company, based in part on continued good performance, during the life of the agreement. The state (and highway users) still gets the billion-dollar project built now, while paying for it over a long period during which it provides valuable services to its customers.



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This type of long-term PPP model has been used for decades in France, Italy, Spain, and Portugal; it's the basis on which their equivalent of our Interstate highway system was built. In recent decades, Australia and Latin American countries (including Argentina, Brazil, Chile, and Mexico) have all made good use of this PPP model. It was first tried in this country in California

and Virginia during the 1990s, and Florida's Legislature passed enabling legislation this decade. Other states pursuing PPP highway projects include Arizona, Georgia, and Texas.

Thus, despite the limited funding available from gas taxes, Florida has two powerful new tools for reducing traffic congestion. Market-priced express toll lanes offer near-term relief for many of our most-congested expressways and toll roads. And the PPP model permits large sums to be raised in the near term to enable Florida to pursue billion-dollar-scale projects to help reduce the large backlog of needed additions to highway capacity. In short, market-based solutions can help solve Florida's congestion problem, thereby helping to restart the state's economic growth. ∞

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