Summary of a State and Federal Teleconference Call—June 18, 2014

Purpose of this Effort

As MAP-21 freight initiatives are implemented across states and new policies are germinating in such proposed legislation as Grow America (http://www.dot.gov/grow-america), state DOTs pose questions about the implications of a national freight network and related policies.

The questions include:

- How will the freight initiatives impact related programs and allocations?
- How does network delineation affect regulations and funding, and what are the benefits and costs of program participation with non-federal roads such as managed toll facilities?
- What does it mean to state budgets and transportation planning if portions of non-state owned/controlled toll facilities are included in USDOT’s Primary Freight Network (PFN)?

The most prominent questions posed by state DOTs about tolled facilities reflect concern about proportional funding that could be lost related to de-federalized facilities such as toll roads.

MAFC technical representatives who have toll facilities in their states, along with experts from premier tolling states such as Florida and Texas, were invited to discuss toll facilities and state perceptions of the roll of these facilities in the national freight network as affected by other MAP-21 and proposed freight initiatives. Participants in the teleconference included:

- Rickey Fitzgerald (Freight Coordinator, FLDOT)
- Randy Fox (Planning Mgr, FL Turnpike Enterprise)
- Eric Gordon (Traffic Ops Mgr, FL Turnpike Enterprise)
- Ed Strocko (Freight Analysis Mgr, FHWA)
- Deanna Smith (ILDOT)
- Kevin Schoeben (Office of Planning and Programming, ILDOT)
- Susan Stadt (Bureau of Urban Planning, ILDOT)
- Chris Herrick (Director of Planning, KSDOT)
- John Maddox (Rail Freight, KSDOT)
- Jack Kimmerling (Director Office of Freight and Logistics, INDOT)
- Mark Locker (OHDOT)
- Ernie Perry (MAFC)
- Aaron Jermier (MAFC)
- Ben Zietlow (MAFC)

Background Data

According to FHWA, toll roads make up 5,380 miles of highway in the United States. 3,157 of those miles are located on the interstate system, while 2,223 are on non-interstate highways. Five MAFC states (Illinois, Indiana, Kansas, Minnesota, and Ohio) make up a third of the nation’s interstate toll roads.
Managed Toll Facilities and the National Freight Network: State Perspectives

<table>
<thead>
<tr>
<th>MAFC State</th>
<th>Interstate Toll Miles</th>
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<tbody>
<tr>
<td>Illinois</td>
<td>374.13</td>
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<tr>
<td>Indiana</td>
<td>157.00</td>
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<tr>
<td>Kansas</td>
<td>236.00</td>
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<tr>
<td>Minnesota</td>
<td>27.00</td>
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<tr>
<td>Ohio</td>
<td>241.20</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>1,035.33</strong></td>
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**Summary of State Comments**

Participants were asked to describe their state’s toll system, any issues or opportunities they may see with inclusion of toll facilities in the national freight network, and their thoughts and preferences for toll accommodations in national freight policy. Four significant areas of discussion were identified in the teleconference.

- Tolled facilities are non-federal, and in general, participants expressed that they intend that these remain as tolled facilities.
- The PFN designation is seen as beneficial for toll facilities. Toll authorities and state DOTs encourage the identification of the facilities as freight corridors.
- Toll facilities welcome and appreciate trucks as more truck traffic equates to more tolls, and more truck traffic on tolled facilities mean less truck traffic on other state routes. Some suggest that tolled facilities are often better equipped to handle the higher weights.
- Federal Toll credits are commonly used as non-federal match based on state maintenance of effort on tolled facilities. The credits are awarded to the respective DOT, and can be used as local match against federal funds. See the link below and the six step toll credit approval process, and the five step toll credit use instructions in the narrative below. [http://www.fhwa.dot.gov/ipd/finance/tools_programs/federal_aid/matching_strategies/toll_credits.aspx](http://www.fhwa.dot.gov/ipd/finance/tools_programs/federal_aid/matching_strategies/toll_credits.aspx)

**Comments by Agency**

*Ed Strocko, FHWA*

As far as MAP-21 and FHWA’s Freight Initiatives relates to toll facilities it is important to remember that:

- MAP-21 was only about designation, not about funding.
- The production of a draft PFN was a good exercise for all levels: federal, state, local. FHWA received quality feedback about the process/methodology, and have recently revisited what Congress wrote. Due to the legislative process (MAP-21 being only a two year bill, expiring soon, and three varying bills being introduced by the White House, Senate, and House) FHWA is
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currently awaiting clarification. They are not pushing forward with some of the MAP-21 initiatives such as the critical rural freight corridor designations. Essentially, FHWA and the state DOTs are in the “draft” stages, and with all of the comments and agendas, will need to see what the language looks like in the next authorization.

• The network designation methodology will likely be reviewed by Congress to address the prominent comments, but we must still keep in mind perspective. The initial purpose was to identify the roads that make up the core/backbone of the national freight system without thinking about funding. This was accomplished. The PFN, however, overlaps and coincides with local networks, and as such the PFN can be viewed narrowly (the core/backbone) as well as broadly (states and local agencies identifying portions of their freight network that were not identified and designated as part of the PFN).

Regarding Grow America, the Senate EPW Version, and the House Version:

• Considerable differences exist between the prospective reauthorizations, so much so that to attempt to predict what will make it through to the final bill is unrealistic. For example, the senate calls for PFN designation and certain formula restrictions while Grow America does not target the network with funding.

• Grow America would put program provisions under Title 49, and not Title 23 as in MAP-21.


• Comparison of MAP-21 reauthorization and the Grow America Act http://blog.tstc.org/2014/06/03/whats-the-difference-grow-america-act-vs-map-21-reauthorization/

State Comments

Illinois DOT: Toll roads in Illinois fall under a separate jurisdiction. Illinois has the third highest mileage of all states, of which approximately 200 miles are tolled. Toll roads were incorporated into their freight plan with increased regional coordination. The proposed Illiana Expressway would be a tolled facility, and ILDOT would ask FHWA for PFN designation using the additional 3,000 miles.

http://www.illinoistollway.com/homepage

Indiana DOT: The state leases their toll roads, receives toll credits from such facilities, and encourages its inclusion on the PFN. The ITTRC Concession, located in Granger, Indiana operates the facility and was awarded a 75-year lease of the toll road for $3.8 billion (see http://www.in.gov/indot/2711.htm).

http://www.ezpassin.com/

Kansas DOT: Kansas DOT and the Kansas Turnpike Association

The Kansas Turnpike consists of 236 miles from the Oklahoma border to Kansas City along interstates 35, 335, 470, and 70. It was built in the 1950s. It is non-federalized (no federal funds were used to build, and there is no desire to federalize). The toll credits produced by the facility are managed by the Kansas DOT. In general, these are used as local match on federal funds, are provided to MPOs as local match and use has been somewhat limited.

KSDOT would like to see more trucks on the turnpikes as they are most suited/built better to accommodate the truck traffic.

http://www.ksturnpike.com/
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Ohio DOT: Ohio is organized much like Illinois. Toll credits are received from their toll facility (I-80), are flexible, and are used to assist with alternative projects. OHDOT would like to see the facility remain on the PFN as it is a robust part of their freight network. Increases in tolls impact parallel state routes and approximately fifty percent of freight traffic is pass-thru traffic. The state is able to bond against the toll facilities to use on off-system projects. Seventy-five percent of the toll revenue stays in the northern part of Ohio.

http://www.ohioturnpike.org/

Florida DOT: The Florida Turnpike Enterprise (FTE) is the tolling entity for the state of Florida. It owns and manages approximately 460 miles from the central part of the state to southeast and Tampa area. It manages about 150 miles of state owned tolled roads known as “alligator alley,” and also manages facilities for other independent toll authorities. Trucks are welcomed, appreciated, and allowed special accommodations on their facilities; however, trucks will be excluded from new express lanes. The FTE foresees no policy issues with toll or tolled facilities as part of a national freight network and indicated that federal funds are only a minor portion of their budget.

http://www.floridasturnpike.com/

Note: FTE is a business unit of the Florida Department of Transportation, while Kansas, Indiana, Illinois, and Ohio tolling authorities are all autonomous/separate agencies/authorities from their state DOT (but usually the transportation secretary sits on their boards).

FHWA Innovative Program Delivery: Explanation of Toll Credits


Phase I: Toll Credit Approval

1. State spends toll funds on capital roadway improvements serving interstate travel.
2. State submits certifications and request for use of toll credits to FHWA with maintenance of effort (MOE) documentation.
3. FHWA determines whether state meets requirements.
4. FHWA approves MOE and toll credits for later use.
5. State establishes a special account to track toll credits.
6. Credit remains available until used by state.

Phase II: Toll Credit Use

1. State identifies candidate project(s) for application of toll credits.
2. State determines the amount of credit applied to project(s).
3. Credit is debited from state's special account when project agreement is executed.
4. State submits billings for progress payments and toll credits applied as non-Federal share.
5. FHWA reimburses Federal share according to project agreement.

Conclusion

Toll facilities are considered prime routes to benefit from classification as part of the national freight network. A reputational awareness of toll facilities as high-quality freight corridors by the trucking industry will continue to attract trucks, revenue, and to some degree, keep these same trucks off of other routes that may not be as structurally sound. And as the national freight network is a designation
and not a program and there is no funding related to a national freight network. States neither lose nor gain direct benefits when toll facilities in their states are included in the primary and national freight networks.

With a national freight policy and network very much still a work in progress, states should expect continued policy discussions regarding freight networks and corridors. States should also plan to engage in the policy discussion with solid data and analysis to ensure their best interests, the state’s development goals, and system needs are addressed in a developing a national freight policy and network.

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