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CEO, Job Opportunities Task Force



# Transportation Alliance

June 3, 2019

Governor Larry Hogan  
100 State Circle  
Annapolis, MD 21401

Treasurer Nancy Kopp  
Goldstein Treasury Building  
80 Calvert Street  
Annapolis, MD 21401

Comptroller Peter Franchot  
Goldstein Treasury Building  
80 Calvert Street  
Annapolis, MD 21401

## RE: OPPOSE I-495 and I-270 P3 Program

Dear Governor Hogan, Treasurer Kopp, and Comptroller Franchot:

On behalf of the Central Maryland Transportation Alliance I am writing to respectfully urge the Board of Public Works to reject the recommendation from the Maryland Transportation Authority and the Maryland Department of Transportation that the Board approve the I-495 and I-270 P3 Program.

The Transportation Alliance is a coalition of corporate and civic leaders whose singular focus is to be a catalyst for improving the region's transportation because a great transportation system will grow the economy, give residents more choices, and keep people and the environment healthy. Unfortunately, the I-495 and I-270 P3 Program will not achieve these outcomes.

Our concerns with the proposed project are detailed below.

## **Fiscal responsibility**

At an estimated cost of \$9-11 billion, this proposal is being touted as the “largest P3 highway project in North America.” Additionally, the term of any agreement with the private sector to build, operate, and maintain the lanes would last around 50 years. The complexity and risks associated with such a massive, long-term commitment are well beyond those of a typical transportation project. Therefore, due diligence is critical and the Board must take extra care in its mission of protecting and enhancing the State’s fiscal integrity.

A U.S. DOT Federal Highway Administration report from 2016, began its Executive Summary by stating bluntly: “During the past decade, many U.S. highway public-private partnerships (P3s) have experienced financial distress due to lower-than-expected traffic and revenue.”<sup>1</sup> The study identified three projects in Virginia (the Dulles Greenway, I-495, and the Pocahontas Parkway), among others around the country, that had to be re-negotiated because the financial arrangements were not sustainable.

There is a danger in public-private partnerships that proponents will over-promise on the benefits and financial feasibility of a project and then when problems arise down the line the State will be expected to step in and incur costs. For example, North Carolina recently widened I-77 through a similar P3 toll lane proposal. However, in response to resident protests over paying the tolls, the state has considered buying out the private toll operator at significant cost to taxpayers. In the meantime, the state is proposing other costly “solutions” to the toll lanes, including frequent driver rebates, capping tolls, and providing “non-tolled capacity”.<sup>2</sup>

Additionally, capacity increases on the highway mean there will be more pressure on the roads that feed into the highways. State and local governments will then be asked to alleviate those pressures by widening and expanding local and arterial roads. These costs are not included in the P3 program and will need to be covered by the State and/or local governments.

## **Effectiveness**

Widening highways has a poor track record for relieving traffic congestion. For decades study after study has found that expanding road capacity does not relieve congestion because people will drive more and soak up that capacity. The most recent study to come to this conclusion was released just this year and it found that a 1 percent increase in lane-miles induced a 1 percent increase in vehicle-miles traveled (VMT). Moreover, after just five years the short-term increases in speed are wiped out and congestion returns to pre-project levels<sup>3</sup>.

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<sup>1</sup> United States Department of Transportation Federal Highway Administration. *Revenue Risk Sharing for Highway Public-Private Partnerships*. December 2016.

<sup>2</sup> <https://www.ncdot.gov/news/press-releases/Pages/2018/2018-08-15-i-77-express-lanes.aspx>

<sup>3</sup> Kent Hymel, “If you build it, they will drive: Measuring induced demand for vehicle travel in urban areas,” *Transport Policy* Vol. 76 (April 2019): 57-66

These are capacity expansion projects. MDOT may claim that building managed toll lanes will improve speed and travel time in the existing general-purpose lanes, a claim similar to ones regularly made by proponents of any widening project, but evidence suggests that any improvements in the general-purpose lanes will be short-lived and congestion will exceed pre-construction levels within five years. In the end, we'll have more cars sitting in the same traffic while the wealthy pay to bypass the congestion.

## **Environment**

Adding more lanes of highway will have significant environmental consequences. Additional lane miles add impermeable surface that will increase stormwater runoff into streams, rivers, and the Chesapeake Bay. Additional lane miles and additional capacity for cars will result in increased tailpipe emissions, currently the largest source of air pollution in Maryland. Additional lane miles will encourage auto-dependent residential and business development that will result in conversion of more farmland and natural lands to land covered with asphalt and buildings.

And then there is climate change. In October 2018 the Intergovernmental Panel on Climate Change published a 700-page report on the impacts of global warming and what it would take to reduce greenhouse gas emissions to limit warming to 1.5 degrees Celsius. To achieve this, the report states that global CO2 emissions must decline by about 45% from 2010 levels by 2030 and reach net zero around 2050. This means we have just 11 years to drastically cut emissions if we are to mitigate the rising sea levels, droughts, and storms that result from global warming. Reducing emissions from the transportation sector will be critical to this effort and those reductions will not happen if we continue to widen highways and increase our dependence on cars.

MDOT's attempt to claim that this project will reduce greenhouse gas emissions is based on cherry-picked, misleading information. To deny that adding lanes to 270 and 495 will result in more driving and more tailpipe emissions is a form of climate change denial. In 2019 Maryland must do better.

## **Inequity**

Investments in transportation do not impact all populations equally. This proposal to widen highways through privately financed toll lanes will disproportionately improve mobility for higher income people and those with private automobiles. Additionally, it will further structural inequities that disadvantage some populations based on age, race, gender, ethnicity, income, location, or physical limitations. In Maryland neighborhoods that are historically disinvested and under stress, more than a third of households have no access to a vehicle. The proposed projects will exacerbate the patterns that have left neighborhoods cut off from economic opportunity, suffering high unemployment, entrenched poverty, and disinvestment.

## **Opportunity cost**

Despite MDOT's dubious claims that this project will be delivered at no cost to the state, there is always an opportunity cost when pursuing any project. The state has already committed and will continue to commit resources that could otherwise be spent on solutions that produce better outcomes.

Once big infrastructure projects like these are built, their impacts will reverberate for decades to come and might never be undone. This project will not deliver the benefits as promised. Instead it will result in more cars, more traffic, more sprawl, more inequality, more pollution, and more of a burden on state taxpayers. I urge you to reject the recommendation from the Maryland Transportation Authority and the Maryland Department of Transportation that the Board approve the I-495 and I-270 P3 Program.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian O'Malley". The signature is fluid and cursive, with a large loop at the end.

Brian O'Malley  
President & CEO

CC: Pete Rahn, MDOT  
Lisa Choplin, MDOT  
Sheila McDonald, BPW  
Melissa Hodges, BPW