

**NATIONAL STRATEGY TO
REDUCE CONGESTION ON
AMERICA'S TRANSPORTATION NETWORK**



May 2006



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

Congestion is one of the single largest threats to our economic prosperity and way of life. Whether it takes the form of trucks stalled in traffic, cargo stuck at overwhelmed seaports, or airplanes circling over crowded airports, congestion is costing America an estimated \$200 billion a year.

Each year, Americans lose 3.7 billion hours and 2.3 billion gallons of fuel sitting in traffic jams and waste \$9.4 billion as a result of airline delays. Worse, congestion is affecting the quality of Americans lives by robbing them of time that could be spent with families and friends.

Congestion is not a fact of life. It is not a scientific mystery, nor is it an uncontrollable force. Congestion results from poor policy choices and a failure to separate solutions that are effective from those that are not. President Bush and I recognize the challenge that congestion poses and the opportunity that we have to do something about it. That is why we have launched a new, national initiative to reduce congestion in America.

This plan, the *National Strategy to Reduce Congestion on America's Transportation Network*, provides a blueprint for federal, state and local officials to follow as we work together to tackle this growing problem. Over the coming months, we will focus the Department's resources, funding, staff and technology to cut traffic jams, relieve freight bottlenecks, and reduce flight delays. We must not be afraid to embrace new solutions if we are going to make any meaningful progress in reducing congestion.

The plan itself calls upon the leadership of the Department to establish Urban Partnership Agreements with selected communities and encourages states to pass legislation giving the private sector a broader role in investing in transportation. It calls for more widespread deployment of new technologies and practices that end traffic tie ups, designates and funds new "corridors of the future," takes on port and border congestion, and expands aviation capacity.

The bottom line is that every person and every business in American has a vested interest in reducing congestion. Congestion kills time, wastes fuel, and costs money. But we don't have to let traffic delays put our lives on hold any longer. We have the tools, the technology, and the plan to make today's congestion a thing of the past.

Sincerely,

A handwritten signature in black ink, appearing to read "Norman Y. Mineta", is written over a circular stamp or seal.

Norman Y. Mineta
U.S. Secretary of Transportation
May, 2006

“Transportation is key to the productivity, and therefore the success, of virtually every business in America. Congestion and delay not only waste our time as individuals, they also burden our businesses and our entire economy with inefficiency and higher costs.”

**- Secretary of Transportation Norman Y. Mineta
January 2001**

“Congestion is not a fact of life. We need a new approach and we need it now.”

**- Secretary of Transportation Norman Y. Mineta
May 2006**

CONGESTION DRAINS THE ECONOMY

Growing congestion in U.S. transportation systems poses a substantial threat to the U.S. economy and to the quality of life of millions of Americans.

- According to the Texas Transportation Institute (TTI), in 2003, congestion in the top 85 U.S. urban areas caused 3.7 billion hours of travel delay and 2.3 billions gallons of wasted fuel, for a total cost of \$63 billion.
- In the 10 most congested areas, each rush hour traveler “pays” an annual virtual “congestion tax” of between \$850 and \$1,600 in lost time and fuel and spends the equivalent of almost 8 work days each year stuck in traffic.
- The cost of annual commercial airline passenger delays in the United States costs another \$9.4 billion.

CONGESTION HURTS FAMILIES

Congestion and the growing unreliability of the highway system impose severe costs on the quality of life of millions of Americans. Parents are increasingly missing events with their children, friends and families are finding it harder to spend time together, and civic participation broadly is being negatively impacted. Evidence suggests that each additional 10 minutes in daily commuting time cuts involvement in community affairs by 10 percent (*Robert Putnam, Bowling Alone, 2000*).

CONGESTION THREATENS BUSINESSES

Beyond lost time and fuel, transportation congestion imposes significant additional costs on U.S. businesses. As transportation congestion mounts, the economic benefits generated by trucking, rail and aviation deregulation are increasingly threatened. The TTI totals and aviation figures take into account only time and fuel, and would be much higher if unreliability, inventory, environmental, and other costs were included. To date, these costs have been insufficiently quantified, so most evidence is anecdotal. However, even these anecdotes are telling:

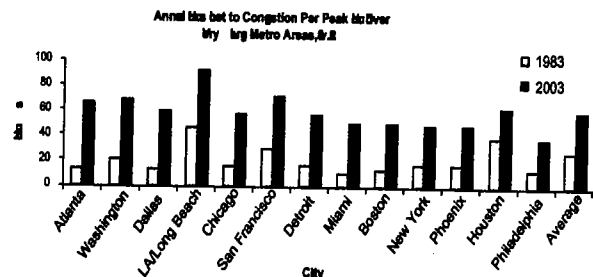
Cost of Congestion in Wasted Time and Fuel in the Largest Urban Areas

Metro Area	Total Cost (\$ in Millions)	Cost Per Peak Traveler
Los Angeles-Long Beach-Santa Ana CA	\$10,686	\$1,688
San Francisco-Oakland CA	\$2,604	\$1,224
Washington DC-VA-MD	\$2,485	\$1,189
Atlanta GA	\$1,764	\$1,127
Houston TX	\$2,283	\$1,061
Dallas-Fort Worth-Arlington TX	\$2,545	\$1,012
Chicago IL-IN	\$4,274	\$876
Detroit MI	\$2,019	\$856
Miami FL	\$2,485	\$869
Boston MA-NH-RI	\$1,662	\$853
Phoenix AZ	\$1,265	\$631
New York-Newark NY-NJ-CT	\$6,780	\$824
Philadelphia PA-NJ-DE-MD	\$1,885	\$641

Source: Texas Transportation Institute, 2005 Urban Mobility Report

Growth in Wasted Hours

- Congestion has increased dramatically over the past 2 decades
- In the 13 largest cities, drivers spend the equivalent of almost eight work days each year stuck in traffic



Source: Texas Transportation Institute, 2005 Urban Mobility Report

- A national retailer that keeps \$2.5 billion worth of merchandise on-hand recently added 10 days of “buffer stock” to its inventory due to increased delays. This buffer stock cost the retailer \$2.7 million annually.
- A computer chip manufacturer advanced its last shipment departure time two hours ahead for outbound shipments through Portland International Airport due to increased afternoon peak congestion on area roads.
- An Atlanta area distributor of pet food with an 11-truck fleet finds it difficult for one truck to make more than 12 daily deliveries; in 1984, one truck made as many as 20 deliveries each day.
- In 2005, congestion at the Otay Mesa and Tecate crossings along the California-Mexico border was estimated by the San Diego Association of Governments to cost the U.S. economy \$3.7 billion in output and almost 40,000 jobs.
- In 2000, Global Insight, an economic forecasting firm, estimated congestion at the Ambassador Bridge between Detroit, Michigan and Windsor, Canada cost motor carriers between \$150 million and \$200 million.

ALARMING TRENDS

Highway Congestion on the Rise

Highway congestion has increased dramatically over the past two decades. Between 1982 and 2003, U.S. highway congestion has increased in extent, duration, and intensity. In 2003, in the largest U.S. cities, highway congestion:

- Impacted 67% of travel (up from 33% in 1982);
- Lasted 7 hours per day in duration (up from 4.5 hours in 1982); and
- Added an additional 37% to the length of the average rush hour driver’s trip (up from 13% in 1982).

Congestion Spreading to Suburban and Rural America

Based on current trends, highway congestion is on its way toward becoming a problem in medium-sized cities within the next 10 years, while smaller cities, towns, and the suburban and rural fringe can expect to face similar challenges over the next 10 to 15 years.

For example, a medium-sized city such as Birmingham, AL, should expect its congestion in 2013 to be as bad as, or worse than, that currently experienced by a large city such as St. Louis, MO. The rate of congestion growth has also been even greater in rural than in urban areas, portending increased congestion in communities of all sizes.

Public Frustration Growing

The American public has become increasingly frustrated with the performance of its highway network. In a 2005 National League of Cities survey, traffic congestion led all other categories – including education and healthcare – when subjects were asked to identify the most deteriorated conditions in their cities over the last 5 years.

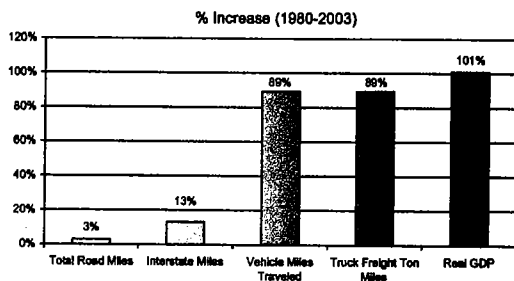
In a 2001 survey by the U.S. Conference of Mayors, 79% of Americans in the 10 metro areas surveyed believed that congestion had gotten worse over the last 5 years; 50% believed that congestion had become “much worse.”

CAUSES OF CONGESTION

At its most fundamental level, highway congestion is caused by the lack of a mechanism to efficiently manage use of existing capacity. While congestion in our aviation and rail systems also deserves national attention, the ability to formally assign rights to various users through air traffic control and dispatch systems helps prevent the type of gridlock we see on our highway system. Economists have long advocated that pricing the costs of congestion directly is the most viable means to address this problem and reduce overall congestion costs. The price of highway travel (gas taxes, registration fees, etc.) currently bears little or no relationship to the cost of congestion, however. Put differently, the average rush hour driver pays out of pocket costs that do not reflect the true costs of the travel. As a result, the network gets swamped, vehicle throughput collapses, and the cost of congestion to all users grows rapidly.

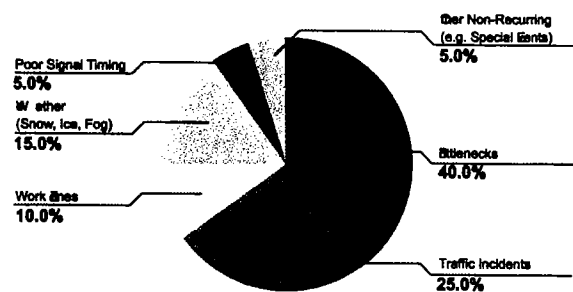
Traffic and Capacity Imbalance

The Interstate Highway System comprises just over 1% of the Nation's total miles of roadway, but carries almost 25% of all traffic.



In more immediate terms, congestion is caused by a number of additional factors, including traffic incidents, special events, weather, work zones, and poor signal timing. According to the Federal Highway Administration, approximately half of all congestion can be traced to "recurring" causes (physical bottlenecks, poor signal timing, etc.), and the other half to "non-recurring" (accidents, work zones, weather, etc.). We have significant ability to mitigate the impacts of congestion and provide critical additional capacity during peak traffic periods by more effectively addressing these factors.

Secondary Causes of Highway Congestion



Source: "An Initial Assessment of Freight Bottlenecks on Highways," FHWA White Paper (Oct. 2006)

CONGESTION IS NOT A FACT OF LIFE

We know that congestion is a problem facing families, communities and businesses, and we know that more can be done to improve the performance of the existing transportation network. As a country, we justifiably do not accept equivalently low service levels from our other network and public utility services, and there is no reason to accept it in our transportation system.

Transportation congestion is not a fact of life. It is not a scientific mystery, an uncontrollable force, or the insurmountable fate of the American people. Rather, congestion results from poor policy choices and a failure to separate and embrace solutions that are effective from those that are not. A confluence of trends provides a ripe opportunity to deliver better results:

- **Public dissatisfaction.** The American people have registered strong public discontent with congestion and with spending decisions that do not produce high returns in terms of congestion relief.
- **The development of new transportation technologies.** Newly available technologies can greatly improve system management, provide more timely information for system users and responders, and lower the costs of toll collection.
- **The demonstrated success of road pricing.** Other major cities around the world, including London, England and Stockholm, Sweden most recently, have reduced congestion and improved throughput almost immediately through the implementation of congestion pricing strategies.

- **Increased private sector interest in U.S. transportation infrastructure investment.**

Transactions such as the \$1.8 billion 99-year lease of the Chicago Skyway and the pending \$3.8 billion 75-year lease of the Indiana Toll Road, as well as the recent creation of large transportation infrastructure funds, demonstrate the growing interest of private sector capital investors in U.S. transportation systems.

- **Consensus on the limitations of current financing mechanisms.** There is a growing consensus among transportation policymakers and economists that existing financing mechanisms for highway and aviation infrastructure are unsustainable in the long-term and will be unable to keep pace with projected demands on the transportation network.

- **Challenges to the supply chain revolution.**

The deregulation of the trucking, rail and aviation industries has produced enormous supply chain efficiencies and has led to a reduction in total logistics costs for businesses. However, growing congestion and unreliability threatens supply chain productivity and ultimately the ability of sellers to deliver products to market.

THE SIX-POINT PLAN

The Department of Transportation proposes the following six areas of emphasis. Each of these areas shows potential to both reduce congestion in the short term and to build the foundation for successful longer-term congestion-reduction efforts.

Relieve urban congestion. The Department will seek to enter *Urban Partnership Agreements* with model cities, pursuant to which the cities and Department will commit to the following actions:

- Implementing a broad congestion pricing or variable toll demonstration;
- Creating or expanding express bus services, which will benefit from free flow traffic conditions;
- Securing agreements from major area employers to establish or expand telecommuting and flex scheduling programs; and

- Expediting completion of the most significant highway capacity projects currently underway that hold the greatest potential for reducing congestion and bottlenecks.

To the maximum extent possible, the Department will commit discretionary resources and expertise to support the above actions, including potentially Small Starts funds, Open Roads Pilot Program funds (if appropriated in FY '07), and Value Pricing Pilot Program funds. The Department will work to expedite completion of capacity projects through: i) inclusion of such projects on the Executive Order on Environmental Stewardship and Transportation Infrastructure Project Reviews; and ii) providing tolling flexibility, private activity bond borrowing authority, and TIFIA program credit assistance, if necessary.

Unleash private sector investment resources. The Department will work to reduce or remove barriers to private sector investment in the construction, ownership, and operation of transportation infrastructure by:

- Developing an organized effort to encourage states to enact legislation enabling them to enter into infrastructure agreements with the private sector;
- Overcoming institutional resistance to reform through education, demonstrations and relationship building with state agencies and private investors/developers; and
- Utilizing existing Federal program authorities, including the major surface transportation legislation signed by President Bush last August, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), to encourage formation of public-private partnerships.

Promote operational and technological improvements. The Department will work to advance low-cost operational and technological improvements that increase information dissemination and incident response capabilities by:

- Encouraging states to utilize their Federal-aid formula funds to improve operational performance, including providing better real-time traffic information to all system users;
- Emphasizing congestion reducing technologies in the implementation of the Intelligent Transportation Systems program; and
- Promoting best practices and identifying private sector partnering and financing opportunities to improve incident and intersection management (e.g., formation of roving response teams, enactment of quick clearance and “move it” laws, and deployment of adaptive intersections).

Establish a “Corridors of the Future” competition. The Department will accelerate the development of multi-state, multi-use transportation corridors by:

- Running a competition to select 3-5 major growth corridors in need of long-term investment;
- Convening a multi-state process to advance project development and seek alternative financial opportunities; and
- Fast-tracking major congestion reducing corridor projects that received funding in SAFETEA-LU.

Target major freight bottlenecks and expand freight policy outreach. The Department will address congestion in the nation’s freight system by:

- Transforming DOT’s existing Gateway Team in Southern California into a larger Intermodal Hot Spot Team to convene the region’s diverse freight stakeholder community to forge consensus on immediate and longer term transportation solutions;
- Engaging shippers from the retail, manufacturing, agricultural and technology sectors, as well as freight carriers and logistics firms, through a series of “CEO Summits,” structured around the Department’s National Freight Policy Framework; and
- Establishing a senior-level DHS-DOT border congestion team to prioritize operational and infrastructure improvements at the nation’s most congested border crossings.

Accelerate major aviation capacity projects and provide a future funding framework. The Department will address congestion in the aviation system by:

- Designing and deploying the Next Generation Air Transportation System – a modernized aviation system with greater capacity and less congestion;
- Improving efficiency and reducing delays at New York City’s LaGuardia Airport. In the short-term this will involve replacing the current High Density Rule. In the longer-term, it will include a redesign of the region’s airspace and the use of market-based tools to manage congestion at our most crowded airports;
- Giving priority treatment and agency resources to projects that enhance aviation system capacity; and
- Streamlining environmental reviews for aviation capacity projects.



**REMARKS FOR
THE HONORABLE NORMAN Y. MINETA
SECRETARY OF TRANSPORTATION**

**NATIONAL RETAIL FEDERATION
NATIONAL STRATEGY TO REDUCE CONGESTION ON AMERICA'S TRANSPORTATION NETWORK
WASHINGTON, DC**

**MAY 16, 2006
11 AM**

Thank you for inviting me to speak this morning at this important conference, at the start of National Transportation Week. Few sectors of our economy are as dependent on transportation as the retail sector. Without shipping, trucking, and air freight, America's retailers would have nothing to offer consumers but blank catalogs, empty websites, and bare show rooms.

And while the retail sector plays a vital role in maintaining the strength of the world's largest economy, it is slowly being strangled by transportation congestion. Whether it takes the form of trucks stalled in traffic, cargo sitting on the dock at overwhelmed seaports, or airplanes circling over crowded airports, congestion is costing America an estimated \$200 billion a year.

If power blackouts drained billions of dollars from the economy each year, it would be considered a crisis of unacceptable proportion. Yet many accept the fact that Americans squander 3.7 billion hours and 2.3 billion gallons of fuel each year sitting in traffic jams and waste \$9.4 billion as a result of airline delays. Even worse, congestion takes a major bite out of our day – time that could be spent with families, friends, and neighbors.

Congestion is not a scientific mystery, nor is it an uncontrollable force. Congestion results from poor policy choices and a failure to separate solutions that are effective from those that are not. We need a new approach, and we need it now.

So, today, I am announcing the *National Strategy to Reduce Congestion on America's Transportation Network* – a national congestion relief initiative.

Congestion is not a fact of life. We will use our people, our resources, and our expertise to help our partners at the state and local levels use their existing transportation networks better and add capacity where it makes the most sense.

With me today is Joe Boardman, who does an outstanding job overseeing the safety and operation of the nation's trains as Federal Railroad Administrator. I am directing Joe and the entire leadership of the Department of Transportation to make congestion relief a top priority, and to take the following actions.

First, we will focus heavily on our largest metropolitan areas and seek "Urban Partnership Agreements" with as many cities as are willing to participate. These agreements will call for new variable pricing programs designed to spread traffic flows throughout the day and to get more out of existing highways.

The agreements also will provide for more efficient and responsive bus systems that tailor services specifically for rush-hour commuters; speed up the review process for highway projects under way; and seek commitments from major employers in the region to allow more of their employees to flex their schedules and/or telecommute.

Second, we will encourage more states to find ways to open up their transportation infrastructure to private investment opportunities. State budgets are stretched thin, while gasoline taxes are becoming increasingly untenable as long-term sources of funding.

At the same time, major financial institutions and their clients are expressing increasing willingness to invest billions

