



SunTran Celebrates 10 Years of Service

On Monday, December 15, 2008, SunTran celebrated 10 years of service in Ocala, Florida. The day was celebrated by free rides all day and refreshments served from 6:00 am until 7:30 pm. Our ridership that day was 1846 passengers. SunTran continues to see an increase their ridership and our passengers were full of accolades for their transit system on Monday, many of whom have rode the system since it's inception.



Zion Fleet Modernization

On the first day of the new administration, the National Parks office at Zion was informed that they had immediate authorization for \$1.2 million for vehicle replacement/rehabilitation. Congratulations to our client and our team. This may be one of the first cases that fleet replacement begins before the public can tell the fleet is aged.

Judged Not By The Color of Their Skin, But By The Content Of Their Character

On Monday, January 19, we celebrated the accomplishments of the abbreviated yet inspiring life of Dr. King, who reminded us how he hoped his four little children would be measured. On Tuesday, celebrants lined the entire two mile length of the mall from Dr. King's steps at the Lincoln Memorial to the platform at the west face of the Capitol.

Our More Perfect Union may not seem perfect at times; not in the midst of two wars and high unemployment; certainly not in 1961 in Montgomery when Freedom Rider John Lewis was beaten for choosing to ride a white bus. But the pride on Congressman John Lewis' face during the inauguration said more than the exceptional words spoken by our 44th president.

Later that day, President Bush was welcomed by thousands in Midland's Centennial Plaza. Congratulations to President Obama, best wishes to President Bush.

February is Black History Month. Celebrate the progress since Rosa Parks and John Lewis made their stands, reflect on the tragic sacrifices made by Dr. King, Medgar Evers and others to reach this point. Remember that each year and each event brings us closer to February becoming simply American History Month.

Recovery Plan or Stimulus

No matter the title, there is agreement forming on Capitol Hill for a package of tax cuts and federal investments that may exceed \$800 billion. Though nothing is certain yet, it is highly likely that the transit component will favor the projects that are ready to spend or build. Since the new administration has asked that no earmarks be included, the input is being funneled through the governors and mayors conferences.

It would seem likely that the new bill will be a similar size to an "extra" year of FTA funding in some respects. The APTA report of the House version anticipates a 5307 style \$5.4 billion allocation, \$0.6 billion for 5311 style projects; both formula driven. The shovel ready New Starts are smaller than some had expected, but the rail modernization is large, as one would expect given the timing of the investment. Highways and bridges will be improved also, but it is interesting that the bill will include approximately 3 to 1, rather than 4 to 1 funding balance between highways and transit. Even Amtrak will find \$1.1 billion in the House version.

More important for some of our clients is the 100% federal share of these projects. Keep in mind the final bill will have several spend or lose provisions, so have those specifications and bids ready.

The shifts in emphasis from the 2008 bill may include increased emphases on alternative fuel, fuel efficiency, and American products. The program items that could shift include a much sharper review of CMAQ programs being spent for highways.

Dedicated Funding for Transit

For decades some transit systems have sought a dedicated sales tax to provide stable and economy growth based local funding. The Texas and California systems that have voted in these taxes have built dramatic infrastructure in the last two decades. Atlanta and Denver are among those systems that have linked the transit system and sales tax.

Clearly overall sales have dropped nationwide. Despite frenzied crowds at many Walmarts, the retailer reported same store sales 1.7% up. Analysts had predicted 2.8%. Zales reported a 22% drop in the December same store sales. Limited reported a 20% drop in same store sales.

But what happens when transit customers are growing but the sales tax is declining? This is a challenging spot for any system. The Texas systems have had moderate impacts to date. MARTA reports a \$60 million deficit. UTA in Salt Lake City reports an 18% drop in sales tax revenue. Denver RTD reports a 6% drop. In Miami, the process is complicated by an investigation into the promises made between managers and union officials prior to the last sales tax election.
(Reuters 1.8.09)

Busy Legislative Session Ahead

The Indiana Legislature will consider a variety of important bills this session including the Regional Transit Districts legislation (HB1660) and the Renewable Biomass Fuel (SB0340). The regional transit bill allows creation of regional districts, requires the governor to appoint a deputy commissioner for public transportation, allows agencies to merge and allows funding from several regional sources.

Transit in Mainstream Appeal

In each city we serve our goals include building better communities through transit. There is no doubt in Charlotte, or Fort Worth, or Lubbock that most citizens think the bus, train, and shuttle are critical parts of the infrastructure. But when the apartment or other private organization highlights the shuttle service as part of the value of their property, you know you have delivered high value. In Waco, that is demonstrated in the University Parks Apartment website and print advertisement in the Baylor Apartment Guide. Of the sixteen features of the complex, the third listed is: "On Baylor Shuttle Route". The Summer Place Apartments in Lubbock tout "On Citibus Route", as do the Genoa Gardens apartments. The Summertime Villa Apartments in Lubbock advertise their "Citibus Stop", as do the Carol Ann Apartments and others. In Bloomington, the Rolling Ridge Apartments not only tout the BT routes, like many apartments in town, they also post a link to the BT website and post a second link to the 4 Bloomfield Road route.

In Charlotte the trend along the Lynx continues with projects such as the Millennium South End, Circle at South End, Chelsea South End, Ashton South End, and 2171 Hawkins acknowledging the rail line is the reason for the development at that location. The same could be said for the T&P project including the condominiums at the TRE station in downtown Fort Worth.

Dulles Metrorail Finally Moving

It was only a few years ago (in 1964) that the Dulles master plan called for rail transit. In 1999 the concept of Metrorail to Dulles had cleared several conceptual plan hurdles and was included in the FTA approved TPB Constrained Long Range Plan. In 2005, FTA rates the project "recommended". In 2007, many thought the cost effectiveness criteria of the FTA New Starts program might derail the project. The DOT Secretary Mary Peters and Virginia Governor Timothy Kaine announced the Phase 1 approval this month.

The FTA New Start funding will comprise \$900 million of the \$2,647 million Phase 1 funding. The Design Build Agreement with Dulles Transit Partners LLP includes \$1,600 million for construction, aerial structures, electrical power systems, stations, and utility relocation. The final legal issues which opened doors included the October, 2008 Richmond Circuit Court decision dismissing a lawsuit challenging the transfer of the Dulles Toll Road to the Metropolitan Washington Airports Authority. That led to the November, 2008 transfer of the Dulles Toll Road from the Virginia Department of Transportation to the Airport Authority



<http://www.dullesmetro.com>

Warren Buffet, China, and Lithium Ion

Mr. Buffett rarely makes a bad investment. A recent investment is the Berkshire Hathaway 10% ownership of BYD, the Chinese electric car firm. The BYD is the first production scale plug in hybrid electric car. The car is not yet available in the United States, but it is certainly a firm to watch, our children may be driving them soon. The popular F3 model is powered by lithium ion batteries, like that planned for the Volt by GM. The 111 horsepower, 11 gallon tank, and plug in charging yield the combination most car companies are chasing: exceptional mpg in normal duty, and no gasoline consumption in short 60 mile round trip routine use. Of course, GM and Toyota are catching up, but is it more surprising that you may never before have seen a BYD picture (since there have been over 100,000 sold), or that the F3 won 68 automobile awards for design, innovation, and quality, or that BYD is a company that first and foremost is a battery producer.

Now That Oil is Below \$50

By the time you read this, the price of oil will be different.

The February futures contract for gasoline has dropped from \$3.45 per gallon wholesale, bulk, without tax in July, 2008 to a recent bottom of \$0.80 per gallon in December. The close on January 20, 2009 was \$1.14. That price is one third above the bottom and two thirds below the peak.

The \$33 price of December 19, 2008 did not last long. The price on 1.7.09 dropped back to \$43. The drop this day was bolstered by the reduction of Israeli Hamas shooting and the EIA report that United States crude inventory was up 15% from the same week last year. Since some of the oil is floating waiting for oil prices to rise before docking and offloading, expect OPEC to push members to restrict output.

In general, the price is so low that oil firms are storing crude at sea to prevent selling too low. One oil report identified a trader seeking to rent 10 supertankers for three to nine months.

But how are those most impacted by fuel price crises adjusting to lower cost fuel, are they reducing the investigation of alternatives? In some cases, yes. In the case of the airlines, there are several research efforts with long term impacts that have not been deterred. On 1.7.09, Continental Airlines flew a 157 passenger 737 jet for two hours with no passengers to test their first attempt at operating a two engine jet with one engine on 50% jet A/ 50% biofuel (algae and jatropha). The prior week a similar test was conducted by Air New Zealand in a four engine 747. Last February, Virgin Atlantic conducted a test. Japan Airlines plans a similar test in the first quarter. Though all indications have been favorable to this point, the test are becoming more realistic. In the Continental test, the biofuel engine will be cut off and restarted in midair, and the crew will simulate a approach abort and maximum thrust condition.

Several engine manufacturers believe the airlines will not lose the focus due to the temporary reduction in oil price. Pratt/Whitney, Rolls Royce, and GE have each participated in field research.

Sasol is refining aviation fuel from coal in a process first used on a wide scale by the Germans in WWII. Much as switchgrass and algae for ethanol are touted as a win/win for the planet and for food prices, the algae and jatropha concept allow plant fuels from low yield or no commercial farm land. (NYT1.7.09)

When Do Electric Cars and Cell Phones Seem Similar?

When the citywide use of the electric cars is marketed by the firm Better Place. In the Bay Area, in Hawaii, Israel, Denmark, and Australia the Silicon Valley firm is pushing the new business model. The car batteries are owned by Better Place. The cars are brought to one of many recharge stations where Better Place "refuels" them with rapid electric charging or battery exchange. The firms bills customers for the distance driven, much like cell phone minutes. The Hawaii example holds particular interest for the investors since the island welcomes their 70% renewable energy pledge by 2030. The company predicts over 6 million visitors will try the approach during visits to the islands. (Fortune/CNN 12.4.08)

Denver Downtown Real Estate Bucks Trend

Office, residential and retail space in downtowns around the country is more vacant than it was one year ago. The problem intensity varies by market, but the pattern is similar: rental income is lowered by higher vacancies, which leads to tougher negotiations for tenants, which leads to easing of rates, which leads to further income reduction. At some point, many new projects must halt as is the case in Las Vegas. In other cases, lenders may lose patience with building owners and take possession of the property.

One city that is reversing the trend is Denver. During the Rocky Mountain Commercial Real Estate Expo, developer Randy Nichols said he was invited to explain why his firm would be "stupid enough to build 500 housing units" during the worst market conditions in decades. He cited Denver's investment in public transportation as one of four reasons that he is not worried. The Urban Land Institute and Price Waterhouse, in Emerging Trends in Real Estate 2009 list Denver among the top 15 markets. The transformation of LoDo and the expansion of the light rail and commuter rail system have been interconnected. (NYT 1.7.09)



Green X Games

The evolution to sustainable development is not waiting for Congress or the president. The ski resorts and many companies throughout Colorado no longer consider sustainability a political item. The issue is now viewed as good business. One small part of the equation are the efforts in Aspen this week. In addition to the service provided by Aspen's RFTA, our Rocky Mountain Transit Management is providing 13 bus shuttles per day to move standing passenger loads from remote parking to visitor gates at the Winter X Games. **Our thanks to the hard work of our client and our team led by Joe Walsh.**



Ever Had Wheel Problems?

It is never fun to explain a wheel problem to the public or client. There are simple steps to prevent a wheel disconnect: proper torque methods and measurements, wheel cleaning and wheel inspection. But wheel problems do happen, no matter how preventable. Another step in the safeguard process is an early warning system. This never replaces the preventive maintenance steps, but it offers critical redundancy. Wheel checks may be a simple tire technician grease pencil mark after tightening. WHEEL-CHECK, (the trade product), is also a reasonable cost. The plastic indicators are aligned during the wheel fastening and offer a clear visual warning for any nuts that are losing torque. In shop terms: the indicators are clearly visible at 50 ft lb torque Even non transit personnel would notice the indicators at 100 ft lb torque change.

In Memoriam

Hershel Payne, founding chairman of the Fort Worth Transportation Authority (The T) Board of Directors, died Dec. 16, 2008, at the age of 70. Mr. Payne was Chairman of the Fort Worth Transportation Authority (The T) board from 1983 to 1993. In recognition of his service to public transportation in the city, The T named its new headquarters in his honor at dedication ceremonies in 1997.

Richard Spraberry served as on the Fort Worth Transportation Authority's board from 1997-2003. Mr. Straberry served as Vice Chair on the Fort Worth Transportation Authority and Chairman of the Mobility Impaired transportation Services .

Both leaders offered vision, leadership, and a compass to our team at the Fort Worth Transportation Authority during their terms. We will miss our friends.