



EVERETT TRANSTRENDS

THE TRANSLAW GROUP, INC.

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LET'S NOT SELL OUR HIGHWAYS

You will notice a theme throughout this month's newsletter, the wholesale leasing of our highways, bridges and tunnels. It's just not right in our ignored opinion. How and why can private enterprises make a profit on these leases? Why can't the states operate for the benefit of the public?

Frankly, we think the amount of built-in labor costs is what is killing our highways. Huge salaries along with the retirement of 80% of pay plus benefits on a group of people that retire as young as 55 years of age and collect for more years than they worked! The politicians should have the moxie to reduce unneeded staff and use private contractors to do routine maintenance and upgrades. The investment companies that are buying up these leases certainly will hire private contractors but that won't stop them from coming back again and again for toll increases to keep their return on investment up at the fat end of the return on investment spectrum.

The states should be doing the same thing as the private contractors would do in keeping costs down however, our toll roads become patronage dumps for our state politicians. And, this does not just apply to Massachusetts. Almost any toll road run by government will fall victim to the same circumstances. We are afraid that the leasing of our toll roads is a losing battle for the little guys. In fact, over 50 bidders recently expressed interest in leasing the Pennsylvania Turnpike. Read on.

POSSIBLE PENNSYLVANIA TURNPIKE LEASE DRAWS BIG-NAME INTEREST

There are almost as many potential bidders for the Pennsylvania Turnpike as there are states in the union, even if many of those expressing interest don't have roots in the U.S. at all. The Pennsylvania Department of Transportation reported this week that over 50 companies – both

foreign and domestic – have expressed interest in leasing the 531-mile turnpike. There are some big names on the list, such as domestic financial giants like Bear, Stearns & Co., Goldman, Sachs & Co., J.P. Morgan, Merrill Lynch, and The Carlyle Group.

A number of potential bidders are based in Europe, where privately operated toll roads are more common than in North America. Familiar foreign companies like Cintra of Spain and Macquarie Infrastructure Group of Australia are on the list. Cintra submitted through its Austin, TX, office. Macquarie hit the list via its securities firm in New York. Those two companies previously collaborated to lease the Indiana Toll Road and Chicago Skyway.

Pennsylvania Gov. Ed Rendell gave possible investors a deadline of Dec. 22, 2006, to send letters of expressed interest. Rendell cites a funding gap of billions of dollars between turnpike revenue and maintenance expenses. Like what happened in Indiana with the lease of the 157-mile Indiana Toll Road by investors who paid \$3.85 billion in cash, Rendell is seeking a similar deal for Pennsylvania.

The proposal to privatize has a large faction of opponents, including the Owner-Operator Independent Drivers Association, which has more than 147,000 professional drivers and companies in North America. The Association believes the U.S. system of interstates belongs to the people and should not be doled out to investors in business for profit.

PRIVATIZED AUSSIE TUNNEL GOES BELLY-UP

The first fully privatized infrastructure project in Australia has gone bankrupt. After only 16 months of operation, the 2.1 km motorway under Sydney's Central Business District was placed in the hands of receivers on December 27, 2006.

The Cross City Tunnel in Sydney went into receivership, owing \$560 million to 16 banks. The current toll for a one-way trip is \$3.50. With the 30,000 cars using the tunnel daily, (one third of the original projection of 90,000 cars per day), the gross revenue would be about \$31 million a year. With the amount of debt, interest payments would be about \$32 million a year. A parliamentary report that was issued in February stated public outrage over the closings of streets surrounding the tunnel forcing motorists to pay the high toll.

Three overseas companies have a total of \$220 million invested in the tunnel, Cheung Kong Infrastructure (50%), DB Capital Partners (30%) and Bilfinger Berger (20%). Chinese billionaire Li Ka-shing is the tunnel's biggest shareholder, as he invested \$100 million.

TOLLS GOING UP ON PRIVATELY LEASED CANADIAN ROAD

Truckers who use the 407 Express Toll Route north of Toronto, Canada, will see a toll increase on Feb. 1. According to Canadian media reports, during peak hours, the rate for single-unit trucks will increase by about 3 cents a kilometer to more than 35 cents.

The rate for multiple-unit trucks will jump about 4 cents to almost 53 cents a kilometer.

The Spanish company, Cintra, and the Australian company, Macquarie Infrastructure Group, two of the companies that operate the toll road, said the increases are needed to pay for ongoing improvements, including new lanes.

THIS CARRIER WILL GET YOU HOME



With drivers constantly complaining about getting home more often to see the family this driver has apparently solved the problem.

This driver tries to pop in to visit the wife and kiddies at least once a week.

RI IDLING BAN TO BE IN PLACE IN JULY '07

In Rhode Island, truck drivers soon will be prohibited from idling their engines for more than five consecutive minutes in any 60-minute period.

The state's Department of Environmental Management has until July 1, 2007, to develop regulations to limit idling. Violators will face up to \$100 fines. Subsequent violations will result in fines up to \$500.

Exemptions include situations when vehicles are stuck in traffic, required by law enforcement to stop, or "when it is necessary to operate defrosting, heating or cooling equipment to ensure the health or safety of the driver or passengers or to operate auxiliary equipment; when it is necessary to bring the engine to the manufacturer's recommended operating temperature or when the engine is undergoing maintenance or inspection."

The new law also clarifies that auxiliary power units and vehicles delivering fuel or energy products are not included in the restriction.

MOTORCOACH OPERATOR FINED \$31,000 FOR MULTIPLE VIOLATIONS

The Federal Motor Carrier Safety Administration fines Fung Wah Bus Transportation Inc. \$31,110 for violating federal safety regulations. In September, a bus operated by Fung Wah overturned on a freeway ramp outside Boston. Forty-eight people were injured, some seriously.

The FMCSA investigated the situations and found the company to be in violation of multiple federal regulations and initiated enforcement action for two specific violations: using drivers unable to speak the English language and drivers exceeding the posted speed limit.

The agency noted that this is not the first time it has reviewed Fung Wah's operations, according to the release. Federal authorities visited the company eight times over the past three years, including a May 2006 review that resulted in a \$12,950 fine for safety and traffic violations.

Fung Wah officials will have the opportunity to contest the alleged violations and the amount of penalties in an agency proceeding.

THE FURTHER ADVENTURES OF KUMAR AND SLOBODAN



Kumar and Slobodan are ready to get their own authority and run with the big guys. They just need a little seed money to put their rig in road-worthy condition.

This old gal will need more than just a few taillights and a "shine".

DOT EMPLOYEE KNOWS FULL MEANING OF TWIN SCREW

A former U.S. Department of Transportation employee, Shang Hsiung pleaded guilty to one count of wire fraud in connection with a scheme to use counterfeit checks and stolen credit card numbers to hire escorts to provide services to him while on official government travel.

Hsiung, 54, of Takoma Park, MD, entered his guilty plea in the U.S. District Court for the District of Columbia before Judge Ricardo Urbina. Hsiung, who is scheduled to be sentenced on March 13, 2007, is likely facing a sentence of eight months to 14 months in prison, according to a U.S. Department of Justice press release. According to the government's evidence, from January 2001 through March 2006, Hsiung created counterfeit checks and stolen credit card numbers, which he secretly purloined from colleagues at the DOT and other people, to pay for escorts to provide services to him while he was on official government trips.

Hsiung used his government telephone located within the District of Columbia to contact escort services and escorts in California, Colorado, Connecticut, Florida, Illinois, Nevada, Pennsylvania, Texas and Georgia.

In executing his scheme, Hsiung typically arranged for escorts to meet him at a hotel where he was staying on official government trips on the night before he checked out so the escorts would not be able to find him once they discovered that he had paid for their services with counterfeit checks or stolen credit card numbers.

Mr. Hsiung has brought the term “twin screw” to a new height not only did it work on his escorts, but the DOT and its employees got screwed as well!

CNN POLL: 97 PERCENT SAY ‘NO’ TO PRIVATIZED HIGHWAYS

Ninety-seven percent of respondents to a recent poll by CNN said they do not believe U.S. highways and roads should be owned by private companies, while only 3 percent said yes. CNN published the preliminary results of the viewers’ poll, which showed that 97 percent of nearly 8,400 respondents were not in favor of privatization.

The DOT issued a press release Monday, Jan. 8, announcing the department would provide states with “model legislation” to help them privatize public roads and infrastructure. Indiana’s elected officials used the legislative process to lease the Indiana Toll Road to private investors from Spain and Australia for \$3.85 billion in upfront cash.

The U.S. DOT is using parts of that lease and information from state laws around the country for its model legislation for other states to use in similar deals. Officials from Pennsylvania, New Jersey, Ohio, Maryland and Delaware have all issued statements recently in favor of leasing or selling their turnpike systems or toll roads to private investors.

ON-BOARD RECORDER PROPOSED RULE

Thursday, January 11, the Federal Motor Carrier Safety Administration (FMCSA) released its much anticipated notice of proposed rulemaking addressing the use of electronic on-board recorders (EOBRs) for compliance with the hours-of-service regulations.

Under the proposed regulations:

- New performance standards would be mandated for EOBRs installed in commercial motor vehicles (CMVs) manufactured two years following the effective date of the final rule;
- Motor carriers that have demonstrated a history of serious noncompliance with the hours-of-service rules would be subject to mandatory installation of EOBRs meeting the new performance standards; and
- The FMCSA would provide incentives to motor carriers who voluntarily use EOBRs in their CMVs.

Under the proposed performance standards, EOBRs installed on CMVs manufactured two years after the effective date of the final rule would be required to meet specific standards. The proposed standards would require the EOBRs to record basic information including name of driver, duty status, date and time, location of the CMV, distance traveled, and name and USDOT number of the motor carrier.

Under the proposal, EOBRs meeting FMCSA's current requirements and voluntarily installed in CMVs manufactured before the implementation date may continue to be used for the remainder of the service life of those CMVs.

The proposal would require mandatory installation of EOBRs for motor carriers that demonstrate a history of serious noncompliance with the hours-of-service rules. This would apply to motor carriers that had a 10 percent or greater violation rate of the hours-of-service regulations listed in the proposed Appendix C to Part 385 during each of two compliance reviews conducted within a two-year period. Violations in the proposed Appendix C to Part 385 include exceeding the hours-of-service limits, falsifying records of duty status, and failing to make a record of duty status.

FMCSA estimates that if these proposed rules were in place today, about 930 motor carriers and 17,500 drivers would be subject to mandatory EOBR installation.

Proposed incentives for voluntarily using EOBRs in CMVs include:

- Revising FMCSA's compliance review procedures to permit a random sample of drivers' records of duty status; and
- Providing partial relief from the hours-of-service supporting document requirements if certain conditions are satisfied.

The notice of proposed rulemaking is scheduled to be published in the Federal Register Thursday, January 18, 2007. The comment period on this NPRM is expected to last for 90 days. FMCSA anticipates the publication of a final rule in 18 to 24 months.

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