

**From:** [Mark Robinowitz](#)  
**To:** [Columbia River Crossing](#);  
**CC:**  
**Subject:** \*\*\* Detected as Spam \*\*\* Peak Traffic - and Peak Oil - no need for road widenings  
**Date:** Saturday, May 03, 2008 2:37:32 AM  
**Attachments:** [highway\\_vehicle\\_miles\\_traveled.gif](#)  
[0423\\_mz\\_bus.jpg](#)

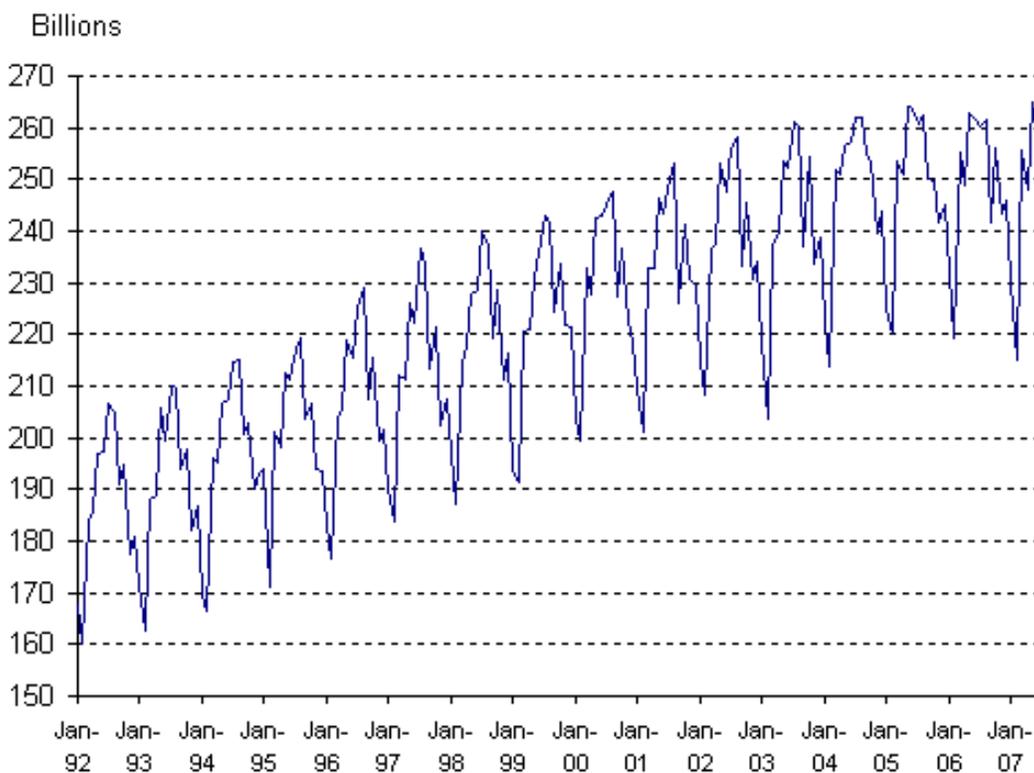
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US Department of Transportation  
**Bureau of Transportation Statistics**



chart about "Peak Traffic"  
 (the BTS doesn't use that term)

Vehicle Miles Traveled	Highway miles (millions)	Percent change from same month previous year
Jun-06	261,657	-0.71
Jun-07	260,340	-0.50



[http://www.businessweek.com/magazine/content/08\\_18/b4082000518114.htm](http://www.businessweek.com/magazine/content/08_18/b4082000518114.htm)

# Gas May Finally Cost Too Much

Highway traffic is falling as pump prices climb. Are Americans rethinking their auto addiction?

by [Christopher Palmeri](#)

For 20 years now, county workers in Palm Beach County, Fla., have been counting cars with sensors at strategic points along its 4,000 miles of roads. Nearly every year traffic volume has climbed at least 2%. But in 2007 there was a slight decline in the number of vehicles on the roads. This year traffic is down 7.5% through March. "We're seeing a very significant change," says county engineer George Webb. "We're having a good time speculating why."

It's not just Palm Beach. Traffic levels are trending downward nationwide. Preliminary figures from the Federal Highway Administration show it falling 1.4% last year. Now, with nationwide gasoline prices having passed the inflation-adjusted record of \$3.40 a gallon set back in 1981, the U.S. Energy Information Administration is predicting that gasoline consumption will actually fall 0.3% this year. That would be the first annual decline since 1991. Others believe the falloff in consumption is steeper than the government's numbers show. "Our canaries out there tell us they are seeing demand drop much more considerably than the fraction the EIA is talking about," says Tom Kloza, chief oil analyst at Oil Price Information Service, a Gaithersburg (Md.) market research firm.

Is oil-guzzling America changing its ways? Some think so, though it's worth noting the U.S. still consumes one-third of the world's annual gasoline output. "It appears we've finally hit the ceiling that's causing the U.S. population to rethink how and where they use their vehicles," says Paul Weissgarber, who heads the energy practice at consulting firm A.T. Kearney.

Just look at the latest auto sales figures. Sales fell 8% overall during the first quarter of 2008, and those of gas-hungry SUVs and pickup trucks dropped off a cliff, down 27% and 14%, respectively. High gas prices are forcing even SUV lovers to shift gears. Fed up with spending \$100 five times a month to fill up his Chevy Suburban, Ron Gesquere, an auto parts executive from suburban Detroit, recently bid \$10,000 on eBay ([EBAY](#)) for a used Mini Cooper S. "I could make the payments on the Mini with the savings in gas," he says.

For years analysts have been surprised that gasoline consumption continued to rise even as prices kept climbing. Now that consumption has finally slowed, it remains to be seen if Americans are driving less just because the economy is doing poorly or if they are altering their behavior in a lasting way. Certainly consumers seem to be at a psychological turning point. Fuel prices are rising faster than incomes and show no sign of slowing down. Being green is trendy, and the war in Iraq has fanned concerns about U.S. dependence on oil from abroad.

Consider, too, that ridership on public transport climbed to a 50-year high in 2007, reports the American Public Transportation Assn., as more companies start to pick up part of the tab for employee commuter costs. (Such corporate subsidies became tax-deductible recently.) And sales of more fuel-efficient cars are up. The shift has not been lost on Detroit's Big Three, which heavily depend on SUV and pickup sales for profits. "Fuel economy as a selling point is absolutely here to stay," says James Farley, group vice-president for marketing at Ford Motor [\(F\)](#). "Our future plans revolve around the idea that gasoline is going sideways and up from here, not down."

## A BOOMER SLOWDOWN

Demographic factors may also be driving down gasoline consumption. When the postwar march to the suburbs was in full swing and the nation's highways expanded, gas consumption grew by an average of 4% a year. In more recent years that rate has moderated to 1.2%. A study released in April by the EIA posited that part of the decline could be attributed to falling population growth and baby boomers exiting their peak driving years. That translates into fewer car sales on a per capita basis. Many analysts have been knocking down their estimates of growth in worldwide oil demand because of weaker consumption in the U.S.

Mind you, it's not yet certain that falling gas consumption is here to stay. Historically, consumption tends to dip during recessions, then rebounds with the economy. "There have really only been a few times Americans have cut back their gas consumption over a long period of time," says Geoff Sundstrom, a spokesperson for the American Automobile Assn. "Those occasions are where you've had high prices and a recession, such as 1974 and 1981. It looks like we're heading into another one of those." EIA researchers expect consumption growth will rise back up to 0.9% next year—though that's still below what the U.S. has averaged so far this decade.

So even if gas consumption does bounce back it's likely to do so at a slower pace. "Consumer habits are pretty sticky," says Adam Robinson, an energy analyst at Lehman Brothers [\(LEH\)](#). "We've seen a long period of high prices that has finally hit the consumer, and now they're going to shift

their preferences."

Indeed, some commuters are finding public transport to their liking. Aly Cohen, a 27-year-old financial analyst at Costco Wholesale ([COST](#)), first tried taking the bus to work in January. Now, with her employer picking up most of the \$63 tab for a monthly bus pass, she has stopped driving to work altogether and cut her gas consumption in half. "It's nice," she says. "I can take a nap or read." Such a shift in commuting habits, if copied on a large scale, may alter U.S. energy consumption in significant and surprising ways.

*For more on rising gasoline prices and motorists' reactions, watch a video report at [businessweek.com/go/tv/gas](http://businessweek.com/go/tv/gas).*

*With David Kiley and David Welch in Detroit.*

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[http://www.businessweek.com/magazine/content/08\\_18/b4082056979063.htm?chan=rss\\_topStories\\_ssi\\_5](http://www.businessweek.com/magazine/content/08_18/b4082056979063.htm?chan=rss_topStories_ssi_5)

## Good-Bye, Cheap Oil. So Long, Suburbia?

Author James Kunstler says the Automotive Age is almost history and deconstructs McMansion living

by [Mara Der Hovanesian](#)

The suburban landscape has been marred by foreclosures and half-built communities abandoned in the subprime aftermath. But James Howard Kunstler, author of a dozen books, including *The Geography of Nowhere: The Rise and Decline of America's Man-Made Landscape*, thinks there's a bigger threat to those far-flung neighborhoods: the scarcity of oil. As Kunstler sees it, oil wells are running dry and the era of cheap fuel is over. Given the supply constraints, he says the U.S. will have to rethink suburban sprawl, bringing an end to strip malls, big-box stores, and other trappings

of the automotive era. Kunstler, 59, predicts a return to towns and cities centered around a retail hub—not unlike his hometown of Saratoga Springs, N.Y. But the shift to this new paradigm, he says, will be painful. (Kunstler could be off the mark; he predicted technological Armageddon after Y2K.) *BusinessWeek* writer Mara Der Hovanesian spoke with Kunstler about suburbia, which he calls "the greatest misallocation of resources the world has ever known."

### **Why has suburban life flourished?**

The suburbs were largely products of industrialism. We had a huge supply of oil and cheap undeveloped land, and we decided to become a happy, motoring utopia. It had many practical benefits. The trouble is after a while it became a cartoon of country living.

### **Why is suburbia now threatened?**

Cheap oil is what made suburbia possible. But we'll run into problems with spot shortages. As we get into trouble with these supplies, our economy will suffer. Major instabilities in the system will present themselves much sooner than we are led to believe. And by that I mean the way we produce food, the way we conduct commerce, and the way we move around.

### **When will all that happen?**

The rise and fall of oil production is asymmetrical. In other words, it'll be a steeper, rockier tumble down than the steady increase going up. My own sense of things is that we will be in very serious trouble inside of five years.

### **Won't it help to cut back on gas?**

I get people who come up to the podium after a speaking engagement to tell me they've just gotten a Prius, expecting brownie points. It's not that

we're driving the wrong cars. It's that we're driving cars of any size, incessantly.

### **What about biofuels?**

We will use all of them, probably. But we will be greatly disappointed by what they can do for us. We certainly aren't going to run Wal-Mart ([WMT](#)), Disney World ([DIS](#)), and the highway system on any combination of solar, wind, nuclear, ethanol, biodiesel, or used french-fry oil.

### **Isn't it a bit radical to declare game over for Wal-Mart?**

It is part and parcel of the suburban predicament. How long can they maintain their warehouse-on-wheels as the price of motor fuels goes up?

### **How will the U.S. have to adapt?**

Virtually anything organized on a grand scale is liable to fall into trouble—government, finance, corporate enterprise, agribusiness, schools. Our gigantic metroplex cities will prove to be inconsistent with the energy diet of our future. I think our smaller cities and towns will be reactivated. We are going to be a far less affluent society.

### **Does your lifestyle reflect all this?**

I live in a classic Main Street town. I've always had a garden. It certainly doesn't provide for all my needs, but for all of my salad and salsa fresca needs, in season. I'm not a survival nut. I'm not squirreling away wheat berries in plastic tubs in the basement. I don't have an arsenal of firearms. I lead a pretty normal American small-town life. Of course, I'm a self-employed author and don't have to commute to work.



## LINKS

### Down on the Minifarm

Small vegetable and herb farms are sprouting in suburbia, reported *The Wall Street Journal* on Apr. 22. A one-eighth acre plot costs \$5,500 to start plus \$2,000 more each year, but it can yield \$10,000 to \$20,000 in annual sales. Environmentalists applaud the practice, which cuts the carbon cost of bringing food to consumers. But some neighbors of minifarms are complaining about bad smells from manure, the article notes.

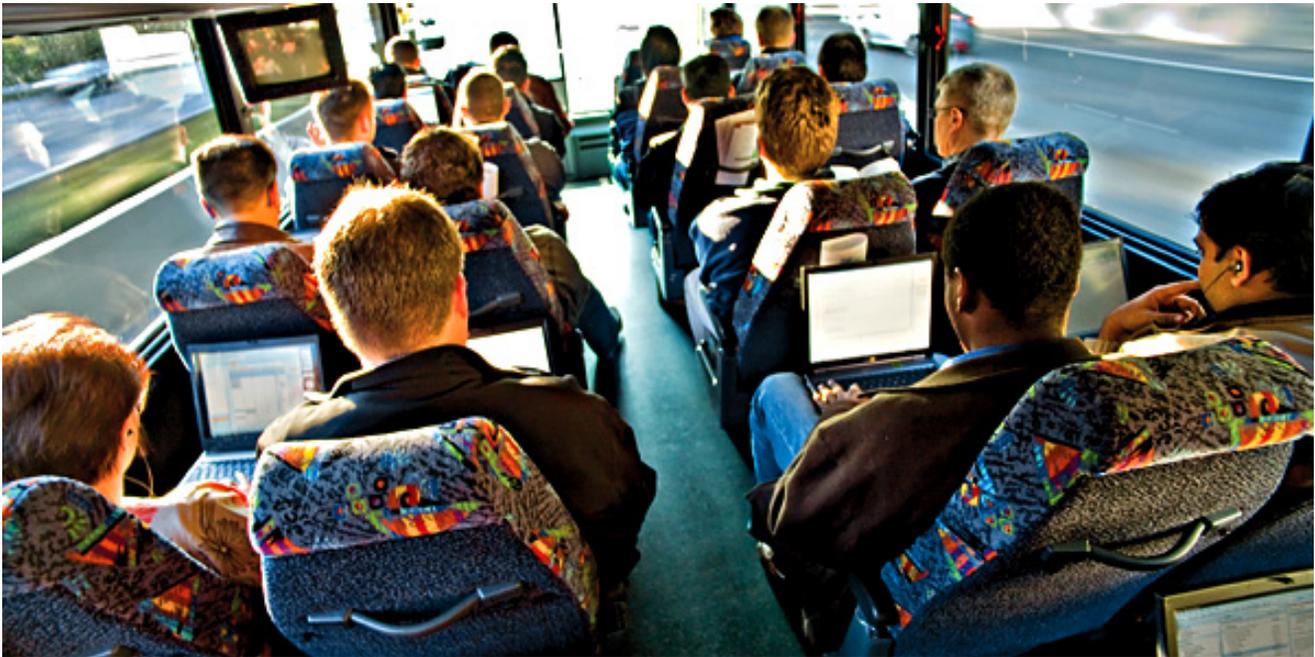
*[Der Hovanesian](#) is Banking editor for BusinessWeek in New York .*

[http://www.businessweek.com/magazine/content/08\\_18/b4082000049320.htm](http://www.businessweek.com/magazine/content/08_18/b4082000049320.htm)

NEWS April 23, 2008, 2:32PM EST

## Suddenly, It's Cool to Take the Bus

Sky-high gas prices have more commuters switching to employer-subsidized transportation—and loving it



Microsoft's employee shuttle: The airy, Wi-Fi-equipped coaches are wildly popular Rick Dahms

by [Michelle Conlin](#)

For years, in-house transportation gurus at companies across the country have been obsessing about how to cajole employees out of their cars. They've handed out mass-transit passes, ordered fleets of luxury coaches, reserved premium parking spots for van pools, and filled locker rooms with toiletries and towels for those who bike to work. They've educated workers about the evils of not only the SUV but the SOV (single-occupancy vehicle). And they've appealed to the corporate drudge's quest for happiness, brandishing research showing that those who travel to work alone in cars are the most miserable commuters of all.

Nothing, however, has done as much for their cause as today's record prices for petrol. Employees who once sneered at the "bus people" or "bike freaks" are clamoring to sign up for all manner of company-subsidized transportation programs. "Every time gas prices rise, I get more and more employees who are taking our car pools or van pools or shuttle buses," says Schering-Plough's ([SGP](#)) transportation chief Sheila Gist. This new golden age has Gist in overdrive, scheduling new routes for what has become Schering's own in-house transit system. In the past year alone, Gist says, ridership is up by as much as 40%. Companies are big on breaking the car addiction because doing so raises productivity, amps morale, and delivers much lusted-after green cred.

The surge in oil prices has accelerated the trend. So have new corporate tax deductions for employer-subsidized transportation. Consider what's happening at insurer Safeco ([SAF](#)). When the company moved to Seattle last year, it installed commuting concierges to help employees figure out how best to use the company's vouchers for mass transit, shuttles, car pools, and ferries. Free rentals from Zipcar await those who need to run errands during the day. Safeco also encourages its staff to skip the commute altogether by offering free phone and broadband service for their home offices, as well as a furniture stipend with which to decorate. Today, 90% of employees are out of their cars, up from 50% in 2006. The company is aiming for zero-car status. Says Safeco transportation analyst Brady Clark: "We're still working on that 10%."

## A PERMANENT SHIFT?

Some companies can't meet the demand fast enough. After Microsoft ([MSFT](#)) rolled out a new shuttle-bus service last fall, employees immediately howled for more routes. The plush, Wi-Fi-equipped coaches have become so wildly popular—strategy chief Craig Mundie is a big fan—that when word leaked recently that Microsoft was adding to the service, a group of Microsofters hacked into the reservation system and filled up the new routes before they were even announced. Employee Bryan Keller used to commute alone in his 20-mpg Honda Pilot. "I've regained two hours of my day," he says. Using Microsoft's online "carbon calculator," Keller estimates he's saved \$150 on gas and dropped 1,000 pounds of CO<sub>2</sub> from his carbon footprint since he began using the service in October.

The executive in charge of the program, Chris Owens, has watched employee interest in alternatives rise and fall with the price of gas before. But he believes this time is different. "I think people are making lifestyle changes now, permanent changes like getting out of their cars or switching vehicles or just not driving to work anymore," says Owens. "People are starting to believe this is a longer-term situation."

Conlin is the editor of the Working Life Dept. at *BusinessWeek*.

ruckrover•

Apr 26, 2008 4:23 AM GMT•

What is the IQ of a Hummer driver? Do Hummer drivers have social consciences? How much longer can we fail to tax the hell out of big gas-guzzlers to pay for the health costs of air pollution and future costs of global warming or a world where there is not enough oil for essential air transport and shipping, mining and agriculture?

Squeezebox•

Apr 25, 2008 10:12 PM GMT•

The Federal Government is "on the bus" too! Federal employees have had subsidies for bus passes and vanpools for years. It's a nice way to give everyone a "raise" and clean the air too.

Olusegun Mikhail BAYODE•

Apr 25, 2008 9:05 AM GMT•

This is a case of "necessity is the mother of invention". Thanks for the rising pump price. On a serious note, with a well organised mass transit system, vehicular traffic will reduce and our roads will last longer. Road maintenance cost will reduce and more people are moved with less buses compared to cars & SUVs. In Nigeria, Lagos state has a Bus Rapid Transit(BRT) scheme operational presently. But the challenge has to do with consistency in government polices and sustainability. The issue of security will have to be looked into, timing of the arrivals and departures should also be predictable. This is very important especially where most organisations have zero tolerance policies for lateness.

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