Arizona

Smart Transportation:
Save Money and Grow the Economy
Keep Arizona Moving in the Right Direction

Save Money by Taking Better Care of What You Have

1. Dedicate more to maintain and repair existing roads and bridges.

Grow the Economy by Making Your Investments More Strategic

2. Fund the biggest job creator: public transportation.

3. Spark innovation and cost-savings through a competitive transportation solutions program.

4. Revisit near-term spending decisions and long-term project selection to improve transportation outcomes, add jobs, and grow Arizona’s economy.
**Smart Transportation:**

Save Money and Grow the Arizona Economy

Like the rest of the country, Arizona’s budget and economy face significant challenges. These challenges also create the opportunity and the imperative to revisit existing spending programs and ask if the state is really getting everything it can from them.

Right now, voters don’t think the current approach is working. Polling nationwide shows people are dissatisfied with the economy and believe the nation is on the wrong track. People don’t trust the state with their money. Only 10% of voters think the government spends money wisely while fully 86% think their state does a fair or poor job.

Moving forward, Americans do think there is a better way. In a recent survey by Hart Research Associates, 68% of those polled believe “now is the time for the state to invest in transportation because if done right these investments will create new jobs and attract new businesses.” Voters are clear about their hopes for their state, and Smart Growth America has practical solutions to help make that vision a reality.

In the following pages we outline an innovative, yet common sense approach to transportation spending that cuts costs, creates jobs, attracts businesses — and clearly shows that the state is responding to the fiscal and economic crisis with strong leadership that is not satisfied with a system that makes “fair or poor” use of taxpayer dollars.

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**The Need:**

On its current path, Arizona’s transportation system is on track to become highly expensive, uncompetitive, and unsafe. Arizona has invested heavily in transportation, but reduced revenues and increased debt service will reduce the state’s ability to maintain its facilities in a state of good repair.

Carrying on business as usual will result in a deteriorated road network, inadequate transit network, and a six- to ten-fold increase in repair costs resulting from neglect and deferred maintenance.

**The Smart Solution:**

Arizona is at a crossroads. While there is still a sizable gap between revenue and spending, this gap can be closed if the state makes strategic decisions about how to get the highest return on its investment. By making fiscally responsible choices about the state’s transportation priorities, Arizona can not only save money and create jobs, but it can also help preserve the transportation system and make Arizona a more welcoming business climate on the mid- and long-term horizons.
Save Money by Taking Better Care of What You Have

1. Dedicate more to maintain and repair existing roads and bridges

**Spending more on repair and maintenance is a good investment: it saves the state money, saves citizens money, is a superior job creator, and is very popular among voters.** According to the American Association of State Highway and Transportation Officials (AASHTO), every $1 spent to keep a road in good condition avoids $6-14 needed later to rebuild the same road once it has deteriorated. In addition, poor roads add an average of $335 to the annual cost of owning a car – in some cities an additional $740 more – due to damaged tires and suspensions and reduced fuel efficiency.

While Arizona has invested heavily in repair and maintenance in recent years, insufficient investment over the long-term has led to a backlog of roads and bridges in “poor” and “deficient” condition requiring $31 million annually in major rehabilitation costs over the next twenty years.

**Funding, to the extent possible, the annual maintenance need to keep Arizona’s road and bridge system in a state of good repair - currently $800 million - is the most fiscally responsible transportation investment the state can make.**

Arizona should strive to fully fund the annual repair need or as much of it as possible based on near-term highway revenue forecasts. Prioritizing system preservation will save taxpayers hundreds of millions of dollars, while improving road and bridge conditions. The investment in maintaining infrastructure will also pay off in job creation. Numerous studies find that maintenance and repair creates even more jobs than building new roads.

Without a renewed commitment to system maintenance and repair, the state ensures a network of declining quality – with attendant safety problems, additional cost to Arizona families for car repairs, and a loss of economic competitiveness as businesses target states with better freight access.

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**Repair Costs for Road and Bridge Network**

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost (2009$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADOT major roads (lane miles)</td>
<td>17,020</td>
</tr>
<tr>
<td>Lane miles in “poor” condition</td>
<td>687</td>
</tr>
<tr>
<td>“Structurally deficient” bridges</td>
<td>(2%) 132</td>
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<tr>
<td>Annual preventative maintenance needs for road/bridge network</td>
<td>$799,636,652</td>
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<tr>
<td>Annual major rehabilitation needs for “poor” and “deficient” roads/bridges</td>
<td>$30,698,489</td>
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<tr>
<td><strong>Total annual road/bridge repair need</strong></td>
<td><strong>$830,335,140</strong></td>
</tr>
<tr>
<td>Past ADOT annual investment in repair (2004-2008)</td>
<td>$221,398,245</td>
</tr>
</tbody>
</table>

2. As calculated by Smart Growth America based on data available from FHWA. “Poor” and “deficient” road/bridge rehabilitation costs were annualized over 20 years.

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$1 billion spent on fixing existing highways creates 16% more person-years of construction jobs than new road construction.

51% of voters believe fixing roads and bridges should be the top priority for the state (33% chose expanding transit and other choices, 16% chose expanding roads).

Most voters – 59% – believe that the government has a duty to make sure that roads and bridges are safe and reliable.
2. Fund the biggest job creator: public transportation

**Investments in public transportation create almost twice the jobs that highways do, help others get to their jobs, and attract private sector investment—creating still more jobs.** The Arizona Department of Transportation (ADOT) should invest strategically in public transportation statewide.

**These strategic investments should include:**

**Shifting existing resources to restore service and hold the line on fares.** To address budget shortfalls, transit agencies across the state have proposed both fare increases and service cuts that disproportionately impact low-income workers. Providing the necessary resources will enable low-income workers to get to their jobs and prevent the potential lay off of transit workers.

**Supporting the timely build out of regional transit systems.** Proposition 400, approved by voters in the 2004 elections, allows for possible transit system expansion in the Phoenix metro area, including:

- West to Glendale from the current terminus at Montebello,
- West from Central Station to the Arizona State Capitol complex, then north, and then west to the communities of Avondale and Tolleson,
- North to Paradise Valley Mall in northeast Phoenix,
- South from the Tempe campus of Arizona State University to southern Tempe,
- East from the Mesa terminus, and
- North to Scottsdale.

Comparable expansion of public transportation is also envisioned in the Flagstaff, Tucson, and Yuma metropolitan areas. Accelerating these investments would put transit at the forefront of growing the state’s economy – creating more jobs faster than any other public infrastructure investment.

Other states have realized substantial returns on similar investment. For example, the Hudson-Bergen Light Rail line in New Jersey has attracted $5.3 billion in development over the eight years since it opened, Dallas has seen more than $4.2 billion in development at light rail station areas, and Portland has seen over $4 billion in development adjacent to its streetcar system.

Transit investment is not just the purview of large metropolitan communities. For example, in Colorado the state DOT and its local partners in Garfield, Eagle, and Pitkin counties have made significant multimodal investments along Interstate 70 and State Highway 82 in the Roaring Fork and Colorado River valleys. CDOT is an active partner in the VelociRFTA bus rapid transit project, a $50 million project under the Federal Transit Administration’s “Very Small Starts” program. The project will support almost 100 construction jobs and link low-income workers to employment centers on the Western Slope.

**Public transportation is popular with voters**

When polled, voters said that the most important factor when prioritizing transportation investments should be “the number of jobs created in the long term that would remain in [my] community.”

61% of those polled (and 57% of Independents) said they would feel more positively about a governor who favored a plan that “provided more choices such as buses, carpools, light rail, van service, and commuter rail.”

64% said that “buses, carpools, light rail, van service, and commuter rail were a good or very good value for the cost.”
3. Spark innovation and cost-savings through a competitive transportation solutions program

There are many ways to solve transportation problems. While leaders often resort to the old standby of building large pieces of infrastructure, there are under-used alternatives to consider.

- System management—ramp metering, improved stoplight timing, better incident management, and improved local road network connections.
- Pricing—corridor pricing, parking cash-out, pay-only-when-you-drive insurance, parking pricing.
- Better development—bringing grocery stores to underserved areas, transit-oriented development.
- Demand management—telecommuting, alternate work schedule, employee commute programs, and car- and bike-sharing.
- Biking and walking—connections that provide simple, low cost solutions for many of the short trips people take every day.

Among transportation professionals it is widely acknowledged these techniques are quite often cheaper and more effective than either a road or a transit solution. It is also true that most governments underutilize these low cost strategies, leaving significant benefits on the table.

From the funding the state has available for new capacity, the state could set aside a portion of its federal and state revenues for places that want to pursue innovative least cost solutions to their transportation problems.

A state program similar to the federal TIGER (Transportation Investment Generating Economic Recovery) grant program would enable Arizona communities to put their best ideas forward. The widest range of projects should be eligible and they should be judged against criteria such as job creation, private sector investment, and other criteria emphasizing “returns on investment.”

Smart Example: Oregon Flexible Funds Program

As an outcome of the 2009 Legislative Session, the Oregon Department of Transportation (ODOT) was asked to increase its investment in Non-Highway Transportation. In June 2010, the Oregon Transportation Commission (OTC) directed staff to develop a Flexible Funds Program and form an Advisory Committee to help develop criteria for the new program. The Purpose Statement, Vision and Criteria included in the Flexible Funds Program Application Instructions were developed with the assistance of the Advisory Committee and approved by the OTC in August 2010.

What is the focus of the new program?
The intent is to fund sustainable, non-highway transportation projects, programs, and services that positively impact modal connectivity, the environment, mobility and access, livability, energy use, and the overall operation of the transportation system.

Projects likely to be funded include transit; bicycle and pedestrian infrastructure; transportation demand management; and the planning, research, and project development that supports those projects as well as related programs and services. Projects should further support development of a multimodal transportation system that is interconnected, safe, seamless, and increasingly looks to non-highway solutions that are:

- Interconnected/multifaceted
- Environmentally Sensitive
- Sustainable
- Fostering livability as well as providing Oregonians with better access and more transportation choices
4. Revisit near-term spending decisions and long-term project selection to improve transportation outcomes, add jobs, and grow Arizona’s economy

Arizona’s economy and transportation revenue situation demand that investment decisions made prior to the recession be revisited. ADOT’s 2009-2012 State Transportation Improvement Program and the Arizona Highway User Revenue Fund, Forecasting Process & Results, FY 2010-2019 assume revenues of approximately $2.2 billion annually. The state of the economy and the uncertainty regarding federal transportation funding suggest that this forecast may be optimistic. Many projects have spent years in the development “pipeline,” and their original purpose has either been forgotten, no longer applies, or does not meet today’s need for higher return on investment. Revisiting these spending decisions will show the people of Arizona that the state’s leadership is responding immediately to the current economic and fiscal realities.

Operationally, this means ADOT should incorporate the new fiscal reality into its update of the Long Range Transportation Plan and its five-year capital improvement program. Re-evaluating near-term decisions to move those of highest value to the front can serve as the poster-child for a broader initiative to bring greater transparency, performance, and accountability to the project selection process.

Nationally, voters want more accountability from the government and want it to make better use of the money it has. They are skeptical of the state’s ability to use their money well. Redesigning the project selection process so that projects are selected on the basis of clear and transparent criteria would help to address this credibility gap. It would also show that leaders are willing to break with past practices to get better returns on the money the government does have.

Possible criteria include:

- Cost
- Impact on mobility, access, and transportation choices
- Ability to create jobs in the near-term and jobs and economic activity in the long-term
- Affect on long-term system costs and tax burden
- Others appropriate to Arizona

With these smart transportation approaches, the leaders of Arizona can demonstrate to voters the ability to be fiscally responsible while growing the economy.

“It is of particular importance in these times of severe fiscal constraint that we invest scarce public resources more wisely and efficiently, in order to maximize the reach and impact of what we spend... Otherwise we will continue to get the same results: deteriorating infrastructure marked by unacceptable compromises to safety as well as worsening performance, especially growing congestion.”

— Bipartisan Policy Center’s National Transportation Policy Project and the National Surface Transportation Infrastructure Financing Commission

In 2008, McKinsey and Company evaluated potential transportation investments in Metro Atlanta, finding:

<table>
<thead>
<tr>
<th>Investment Description</th>
<th>Incremental Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>$220 million invested in demand management</td>
<td>$40 billion</td>
</tr>
<tr>
<td>$26 billion in road investments</td>
<td>$40 billion</td>
</tr>
<tr>
<td>Better coordination with development (deemed to be virtually cost-free)</td>
<td>$39 billion</td>
</tr>
</tbody>
</table>
Smart Growth America advocates for people who want to live and work in great neighborhoods. We believe smart growth solutions support thriving businesses and jobs, provide more options for how people get around and make it more affordable to live near work and the grocery store. Our coalition works with communities to fight sprawl and save money. We are making America’s neighborhoods great together.

Smart Growth America is the only national organization dedicated to researching, advocating for, and leading coalitions to bring smart growth practices to more communities nationwide. Visit us online at www.smartgrowthamerica.org.

Sources:
Public opinion polling: Smart Growth America Nationwide Survey: Strategic findings from survey among 1,000 voters nationwide conducted November 16 – 22, 2010 by Hart Research Associates.


Methodology Memo - Determining Road and Bridge System Preservation Costs – Smart Growth America, December 2010.

