

CDOT, Division of Transportation Development, Planning Branch



Russell George, CDOT Executive Director presents Gov. Ritter with a CDOT hard hat for the hard work ahead.

Transportation Finance and Implementation Panel kicks-off at statewide transportation summit

Whether you work out of a maintenance shed, region office or headquarters you know first-hand that Colorado's transportation network has a rough road ahead.

The state's transportation infrastructure is aging, demand is growing and revenues are shrinking. On the campaign trail, then candidate Bill Ritter promised to convene, within 90 days of taking office, a blue ribbon panel to develop proposals for sustainable sources of transportation finance.

On April 5, Governor Bill Ritter welcomed The Transportation Finance and Implementation Panel to its kick-off meeting, a Statewide Transportation Summit. The summit was at the

Colorado Convention Center in Denver and attracted close to 600 participants. The 30 panel members consist of elected officials, business executives, environmental advocates, and transit supporters across Colorado.

Governor Ritter described Colorado's current funding of transportation as, "antiquated, inadequate and in need of overhaul," during his opening remarks.

To begin this overhaul the Governor has charged the panel to evaluate current spending practices; assess the transportation fiscal structure, funding and priority-setting processes; and propose new funding mechanisms and

priorities for existing and future projects. The Governor acknowledged that transportation finance panels are not new. The Ritter panel in contrast to previous efforts has been told that all options, including new sources of revenue, are on the table.

Following the Governor's speech, Summit participants heard from speakers and participated in breakout sessions on various aspects on the future of transportation in Colorado.

The panel will be hitting the road over the next few months with meetings, to be scheduled, for the Eastern Plains, Western Slope, Mountains, San Luis Valley and along the Front Range.

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“antiquated, inadequate and in need of overhaul.”

-Gov. Ritter on Colorado current methods of financing highways and transit

A Quiet Crisis: Transportation finance

Colorado’s transportation funding woes are common throughout the country according to Rand Corporation’s transportation expert Martin Wachs.

Wachs, who addressed the Summit, noted that increasing fuel efficiency and rising costs have eroded the power of gas taxes to raise adequate revenue to support transportation networks (see what has happened to Colorado’s gas tax on page 4).

The ideal tax is tied directly to use of the

system. A tax like a vehicle miles traveled (VMT) fee that is adjusted by weight of vehicle is perfect, but Wachs acknowledges that political feasibility of a VMT tax is a decade or two away. VMT fees are in place in Europe and being tested in Oregon, Seattle and Atlanta.

According to Wachs, the fears of “big-brother” tracking vehicle movements are wildly overstated. Current technology, such as that being tested in Seattle, allows vehicles to communicate with gas pumps telling the gas

pumps how many miles the vehicle drove since it last filled-up. There is no tracking of the vehicle and all the information is held in the vehicle.

The best short-term options for raising revenue are increasing the gas tax, indexing the gas tax to inflation, dedicating a portion of sales taxes to transportation.

Wachs warned that sales taxes, while a good revenue generator, encourage overuse of the system leading to congestion and faster deterioration of the system.

U.S. DOT Recommends Value Pricing

Summit attendees heard from U.S. Department of Transportation Assistant Secretary for Policy, Tyler Duvall. Duvall, called on the state to take the costs of congestion seriously. According to the Texas Transportation Institute (TTI), congestion in Denver, Boulder and Colorado Springs has cost more than a \$1 billion every year since 1999. Colorado can not build its way out of congestion. Duvall encouraged the panel

to think boldly about combating congestion.

Chief among Duvall’s suggestions is the pursuit of value-priced lanes, such as the (I-25/US36) Express Lanes in the Denver area. Value-priced lanes charge a fee that varies with the amount of congestion. The priced lane offers a reliable congestion-free travel time. Duvall pointed out that highways are the only networks in our economy that do not manage congestion based on supply and

demand. For example, electric rates climb during peak demand periods.

Duvall also encouraged Colorado to look to transit, telecommuting and alternate work schedules to alleviate congestion. Transit already plays an important role in combating congestion. The TTI found that in 2003 transit in the Denver area avoided more than 10 million hours of travel delay.

The Summit's afternoon program included breakout sessions for participants to learn more about revenue options, the state of the system and offer their own ideas on a range finance and implementation issues.

Session One - What are the options?

Heather Copp, CDOT's CFO presented the preliminary findings of a recently completed revenue options study. The study examined a wide range of revenue generating options, including gas, sales and vehicle miles traveled taxes. The complete study will be available on CDOT's website in late April.

Session Two – Measuring the Pulse

Using electronic voting technology this session polled participants about why they value the transportation system, funding option preferences and what their neighbors think about the future of transportation in Colorado. If this group knows their neighbors, there is considerable education needed as a strong majority thought their neighbors would oppose tax increases to support transportation.

Session Three – Is Today as Good as It Gets?

Jennifer Finch and Pat Nolan of IHC representing

Move Colorado presented on the future state of Colorado's transportation network and the cost and revenue pressures the system is facing. While revenues have declined, construction costs have increased dramatically in recent years, in part due to the international demand for materials. In the next decade it is anticipated that the state highway system will go from 60 percent in good or fair condition to 60 percent in poor condition. Attendees acknowledged that a "paradigm shift" will be needed to solve this funding and infrastructure crisis.

Session Four – Brainstorming a Transportation Vision for Colorado

The session provided an opportunity to discuss the potential role of transportation principles, developed by Action 22, the Progressive 15, Club 20 and DRCOG. Comments included suggestions for a more focused vision with which the public could connect.

Session Five – Transportation Livable Communities and the New Energy Economy

The session included discussions about land-use, technology and transit's influence on the future of Colorado's transportation network.

Panel Members

Co-Chairs

Doug Aden, Colorado Transportation Commission (TC) Chairman

Cary Kennedy, Colorado State Treasurer

Bob Tointon, President, Phelps-Tointon, Inc

Members

Ray Baker – Partner, Gold Crown Management

Charles Bedford – The Nature Conservancy, State Director

Joe Blake - Denver Metro Chamber, CEO

Mike Cheroutes - Hogan and Harston, Partner

Ken Conyers - Action 22, Chairman Elect

Cas Garcia - Former TC Member

Bill Elfenbein - RTD Board Member

James Hume - Farmer

Mick Ireland – State Transportation Advisory Committee member

Leslie Jones - Club 20

Joe Kiley - Ports to Plains and Town of Limon

Carl Maxey - Maxey Companies

Mark Mehalko - Move Colorado

Tony Milo - Colorado Contractors Association

Dale Mingilton - Senior Vice President, 1st Bank

Kevin O'Malley – Clear Creek County Commissioner

Michael Penny – Frisco Town Manager

Joe Rice - State Representative

Paul Smith - Smith Railway Consulting

Vivian Stovall - Chair, Colorado Democrats

Dan Stuart - Former Transportation Commissioner

Ed Tauer - Mayor of Aurora

Will Toor - Boulder County Commissioner

Stephanie Takis - State Senator

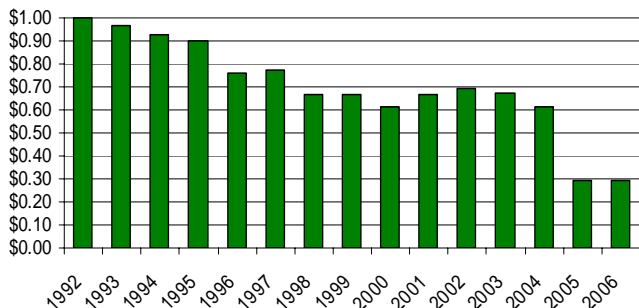
Glenn Vaad - State Representative

Melanie Worley - Douglas County Commissioner

Slides Presented at Summit

State Fuel Tax - Worth 30% of It's Original Value

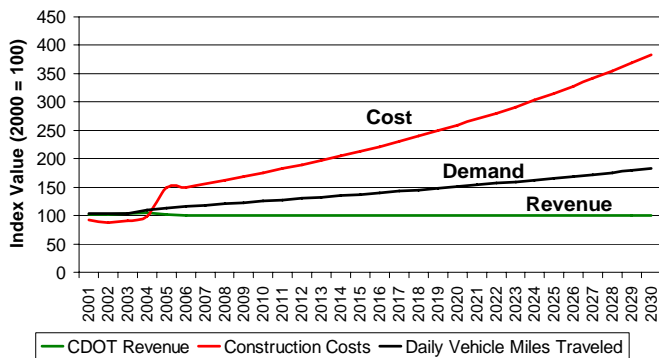
Relative Value of State Motor Fuel Tax



Note: The value is deflated by the Colorado Construction Cost Index (C-CCI). The C-CCI average 6.9% annually between 1992 and 2006.

(above) The state gas tax was last raised in 1992. A dollar worth of tax in 1992 was worth just 30 cents in 2006.

Future Demand and Costs Grow Projected Revenues Flatten



(above) In 2005 construction costs spiked, growing more than 50% in one year. Over the next two decades construction costs are estimated to grow at 4% a year, miles traveled are estimated to grow at 3%, while revenues will remain flat.

Summit attendees heard the same story from CDOT, Colorado Counties Inc and the Colorado Municipal League – Colorado transportation network is valuable, relied on more than ever before, and requires additional revenue to maintain even its current condition.

CDOT’s Director of Transportation Development, Jennifer Finch emphasized the multimodal nature of the system and the value it delivers to Colorado. The transportation system’s highway, transit, rail and aviation elements all contribute the functioning of the state.

- In 2002, more than \$230 billion of freight moved into, out of and with-in Colorado.
- Nearly two million workers rely on the road network to access jobs.

- The state’s seven largest transit agencies carried nearly 90 million trips in 2004.
- A recent CDOT study estimated that spending the \$48 billion additional dollars called for in the 2030 Statewide Plan to maintain the current system would generate nearly \$60 billion dollars in benefits.

Chip Taylor of CCI and Mike Brateen of CML expressed concern about growing “off-the-top” diversions of gas taxes and Senate Bill (97- 1), House Bill 1310 funds not including a share back to counties or municipalities.

Counties and municipalities throughout Colorado are faced with the same cost and demand increases that CDOT struggles to control.



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Send comments, questions and ideas for The Update to Andrew Stober, andrew.stober@dot.state.co.us.