Blue Ribbon Panel Update

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Colorado Department of Transportation, Division of Transportation Development, Planning Branch

Four Corners to the Kansas border, communities talk transportation

The Transportation Finance and Implementation Panel traveled border to border over the summer meeting in Akron, Breckenridge and Durango.

At each meeting, the panel devoted morning sessions to input from the public, Transportation Planning Region representatives and CDOT Regional Transportation Directors. Meetings also included electronic polls of local participants. The Panel's afternoon sessions took a closer look at specific revenue options.

Panel co-chair and State Treasurer Cary Kennedy noted that the Breckenridge meeting was the first time the panel had assembled since the interstate bridge collapse in Minneapolis. "The tragedy in Minnesota doesn't change our charge, but it does bring home our dialog and the importance of our work."

The public and transportation leaders in all regions offered insights into the key transportation issues facing their communities. The Eastern Plains is defined by the need to support agricultural and an emerging new energy economy. Yuma County ranks first in Colorado for corn production. Ethanol production is slated to begin at a new factory this month generating nearly 100 truck trips a day.

Southwest Colorado and the San Luis Valley are the only transportation planning regions in the state without direct access to I-25, I-70 or I-76. Leaders from these regions urged the panel to remember the importance of key non-interstate corridors, such as US 160.

The transportation concerns of Colorado's central mountains are driven by the need for tourist and employee access to the ski and summer resorts. Skyrocketing home prices mean employees must travel farther to jobs. Between 1998 and 2004 home prices in Eagle, Summit, Pitkin and Grand counties grew by more than 40%.

The panel heard from Flo Raitano, executive director, of the I-70 Coalition. Raitano implored the panel to think big and think multi-modal about the I-70 corridor. "In the long run, congestion on I-70 must be addressed by creating a transit alternative." The I-70 Collation is currently administering a state funded grant to ensure that land-use planning along the I-70 mountain corridor is amenable to transit development.

"The tragedy in Minnesota doesn't change our charge, but it does bring home our dialog and the importance of our work."

-Cary Kennedy,
Colorado State Treasurer and Panel Co-Chair

Inside the Update

***The Update* is prepared by the Division of Transportation Development's Planning Branch to keep CDOT employees and the public informed about the work of the Transportation Finance and Implementation Panel. *The Update* will be distributed periodically during the term of the panel.**

Technical Advisory Committee considers revenue options

Throughout July and August the panel's Technical Advisory Committee (TAC) considered 39 revenue options for presentation to the Panel. Ultimately the committee was able to identify 25 options with potential for use by the state, regions, local governments, or corridors. The TAC has focused its work on state options.

Russ George, CDOT's executive director, noted the TAC's work at a recent panel meeting, "The TAC has done a stellar job sorting through the data to understand the depth and breadth of revenue options."

The TAC specifically addressed questions about the feasibility of a vehicle miles traveled (VMT) fee. The TAC has convened a working group to research potential options for a VMT fee pilot program. The working group will prepare a white paper on the issue as the full TAC identifies other measures to provide immediate relief.

Among options to provide immediate statewide relief are increases to motor fuel taxes and vehicle registration fees,

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- Russ George, Executive Director, Colorado Department of Transportation

Revenue Option: vehicle registration fee

The Panel and its Technical Advisory Committee (TAC) have stated a desire to make the maintenance of current transportation assets a priority. CDOT estimates that it requires about $340 million per year of additional funding just to keep the state highway system in its current condition.

To pay for maintenance the notion that those who use the system should pay for maintenance is compelling.

This user-pays approach can be realized through a variety of mechanisms, the TAC presented during a recent update to the panel that an additional vehicle registration fee is a potential approach.

The link between registrations and road conditions is clear, drivers benefit from well maintained roads. Whether a vehicle is used sparingly or extensively, a well maintained highway system allows the vehicle to make the trip expeditiously and without incurring damage.

The current average registration fee is $40 per vehicle. Fees vary based on age, value and weight of the vehicle. To fund the $340 million additional investment in the state highway system required to clear the maintenance backlog would necessitate an additional $68 average fee. The total average fee per vehicle would reach $108 a year. If the additional fee varied with the weight of vehicle the amount could vary significantly.

The primary disadvantage of the concept is that it does not include a mechanism to recoup the costs imposed upon the state highway system by those vehicles registered out of state.

Revenue Options: motor fuel taxes

The motor fuel tax is the work horse of highway transportation finance. The state motor fuel tax currently provides about half of all CDOT revenues and more than a quarter of all local revenues for road and bridge spending. The taxes are collected with a low rate of evasion and are disbursed through a set of tiered formulas to the state, county, and municipal governments.

Colorado's motor fuel taxes ($0.22/gal gas and $0.205/gal diesel) were last raised in 1991. The taxes are at about the national average and about a penny lower than the Rocky Mountain Region average. The revenues have been losing ground against dramatic cost increases over the past decade. In fact, the tax is worth about a third of its 1991 value, when adjusted for construction costs.

To fund the $340 million additional investment in the state highway system, required to clear the maintenance backlog, would necessitate a 12 cent a gallon increase in gas and diesel taxes. It is unclear how much of any tax increase would be absorbed by producers and how much paid by consumers.

While a motor fuel tax increase would have an immediate positive impact, without regular increases to keep up with inflation, the value of any increase erodes. To maintain the value of the motor fuel tax, the state could index the tax. Indexing increases the tax based on growth of a specific factor, such as consumer prices or construction costs.

One form of indexing under consideration by the panel is to remove the state sales tax exemption on motor fuels. The removal of the exemption would result in a charge of 2.9 percent on the dollar value of motor fuel sales. As the price of fuel rises or declines so would the amount of revenue generated.

Assuming an average fuel price of three dollars a gallon, the sales tax would generate an additional $244 million of funding. Every one percent increase to the sales tax is estimated to generate $84 million of revenue.

A draw back to motor fuel taxes is that the state constitution has historically been interpreted to require that motor fule taxes or fees be solely expended on the public highway system to the exlusion of transit.

Panel Statewide Tour Schedule

The Governor's Panel has two regional meetings left, before focusing solely on recommendations

May 31- Denver

June 29 – Meeker

July 12 – Pueblo

July 31 – Akron

August 24 – Breckenridge

September 10 - Durango

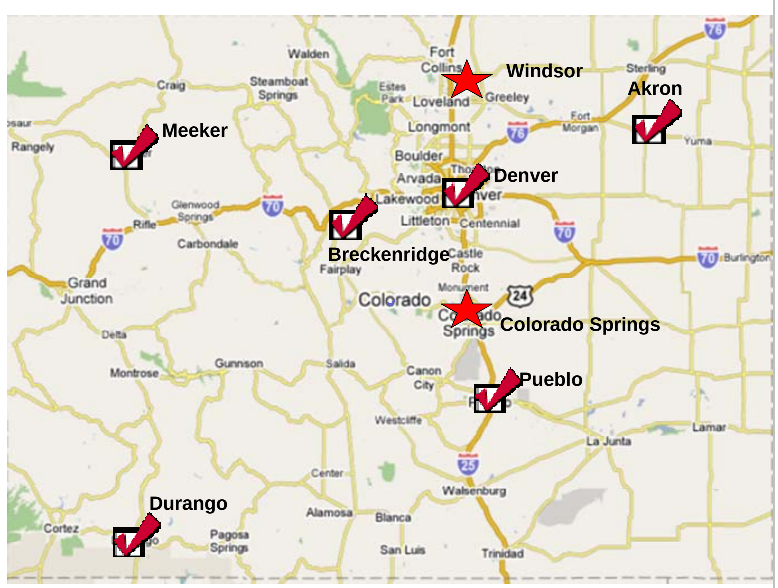
New Meeting

September 25
North Front Range
Community Recreation Center, 250 11th Street, Windsor, CO

October 4
Colorado Springs
Time and Location - TBD

October 25
Denver Metro
Time and Location – TBD

November 15
Denver Metro
Time and Location - TBD



Learn more about the panel's efforts at Governor Ritter's web site:
http://www.colorado.gov/governor/

Follow the links to the Blue Ribbon Transportation Panel

Doing more with less

At presentations around the state, CDOT Region Transportation Directors have shared strategies employed to stretch tax dollars further. Over the next three decades CDOT's budget is anticipated to remain stagnant at about $1B per year. The strategies described below will help stretch scarce resources further.


1.

Asphalt recycling

Picture 1: By recycling asphalt torn up during resurfacing projects the department realizes asphalt cost savings of nearly $40 per ton.


2.

Replacing bridges with box culverts

Picture 2: Bridge structures are expensive to maintain. When feasible, short bridges are replaced with concrete box culverts. The culverts are less expensive to maintain and reduce the likelihood of placing weight restrictions that limit freight movement.


3.

Extending structure life

Picture 3: This 1930's concrete box culvert was vulnerable to collisions on a narrow two lane stretch of state highway. In the absence of the millions of dollars required to replace the structure, CDOT forces installed approach railing for about $20K. The railing increases driver safety and protects the structure from collisions.


4.

Snow fencing:

Picture 4: These fences trap snow before it blows across highways. National studies have found that fences like these save $100 in snow removal costs for ever dollar invested over the fences' 20 year anticipated life.

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