

# **Presentation to the Hampton Roads Planning District Commission**

## **Transportation Impacts**

**By**

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# **The Problem: Congestion is Increasing**

- ✓ Travel times are increasing**
- ✓ Travel speeds are decreasing**

# Proposed Projects Analyzed

- **Southeastern Parkway and Greenbelt**
- **Expansion of the Midtown Tunnel and an Extension of the MLK Freeway**
- **Improvement to U.S. 460**
- **Third Crossing**

# The Issue

**What will happen to the HR economy if the proposed projects are not built?**

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# Question #1

(Do Not Build Question)

# Two Views

- **Damage to the Economy**
  - **Worst Case** - Other metro areas improve their transportation systems faster than HR and congestion grows
    - Region will become less competitive
    - Both the region's basic (port/tourism) and selected non-basic sectors will suffer
  - **Best Case** – HR matches the transportation improvements in other metros but congestion grows
    - Region will maintain its competitiveness
    - Selected non-basic sectors (but not the basic sectors) will suffer
- **Lose an Opportunity to Improve the Economy**  
(Opportunity Cost)

# Question #2

(Build Question)

# Three Scenarios

- **No Build Scenario** – highway investments in Hampton Roads match the levels of highway construction in competitor MSAs (the “business as usual” scenario)
- **Build Scenarios**
  - **Low Scenario** – transportation benefits are 10 percent less than the most likely outcome
  - **High Scenario** – transportation benefits are 10 percent above the most likely outcome

# Methodology

- **Estimated:**
  - **Future travel conditions**
  - **Construction costs**
  - **Tax collections to cover construction costs**
  - **Value of time saved by commuters**
- **Used REMI model to simulate the regional economy with/without transportation improvements**

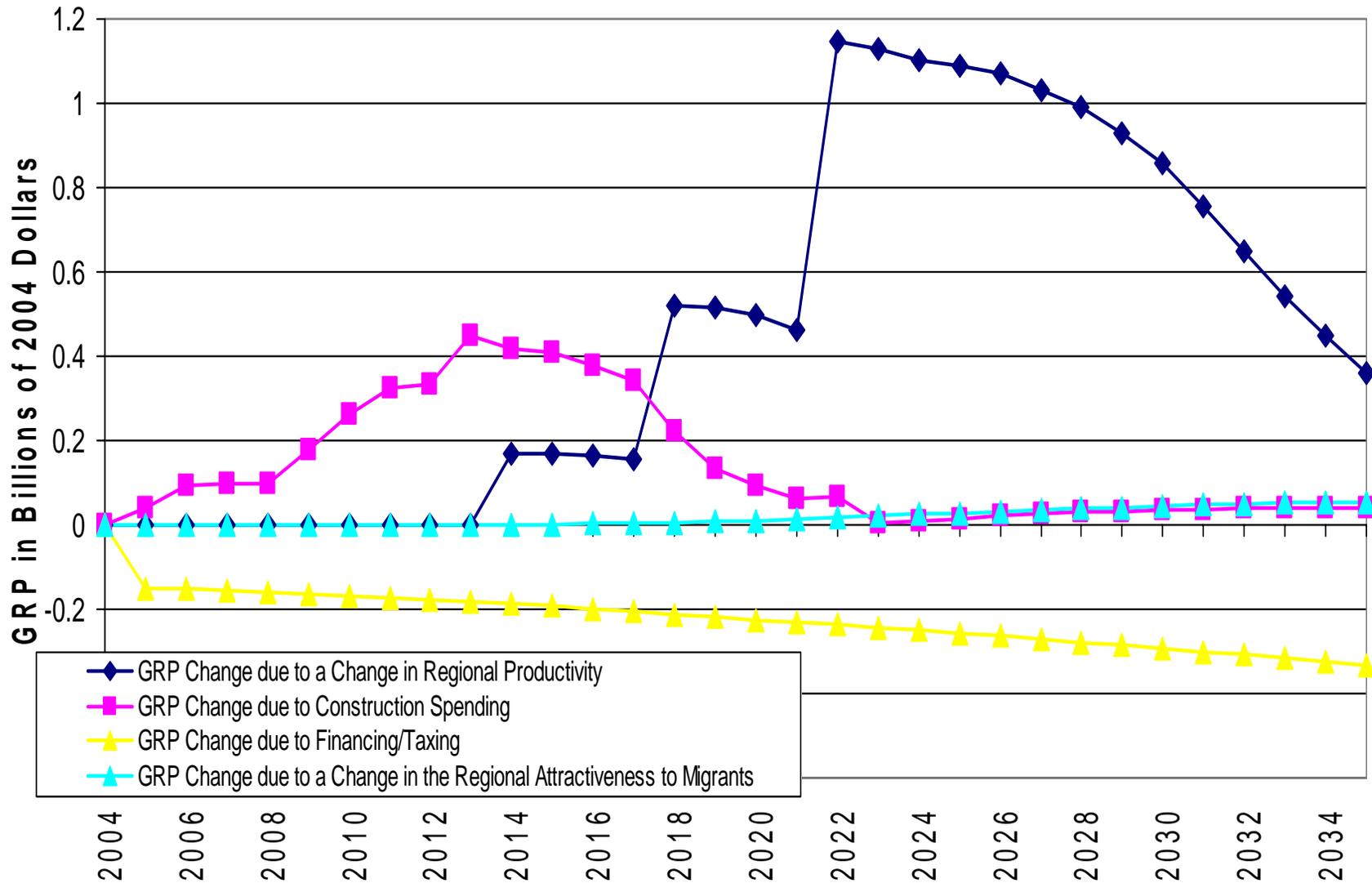
## Net Impact of Four Transportation Projects: Build Minus No-Build Scenario

Low Scenario = All Inputs Assumed to be Ten Percent Below Most Likely Scenario

High Scenario = All Inputs Assumed to be Ten Percent Above Most Likely Scenario

Types of Impacts	Impacts						Cumulative Impacts (Sum of 2005 - 2035 Impacts)
	2010	2015	2020	2025	2030	2035	
<b>Gross Regional Product (Millions of 2004 \$)</b>							
Low Scenario	\$76.5	\$314.9	\$307.2	\$657.1	\$463.9	\$85.8	\$9,507.7
High Scenario	\$93.7	\$386.4	\$376.2	\$950.5	\$644.5	\$132.9	\$12,924.0
<b>Employment</b>							
Low Scenario	1,260	4,233	2,501	4,919	2,251	-993	72,800
High Scenario	1,546	5,186	3,070	6,231	3,177	-1,027	90,904
<b>Population</b>							
Low Scenario	-2,502	-601	893	3,804	4,314	1,308	30,480
High Scenario	-3,057	-732	1,099	5,015	5,997	2,247	44,671
<b>Per Capita Income (2004 \$)</b>							
Low Scenario	\$78.1	\$122.5	\$77.1	\$103.5	\$31.5	-\$9.5	\$2,127.2
High Scenario	\$95.3	\$150.0	\$94.1	\$159.5	\$41.1	-\$20.7	\$2,791.5
<b>Nominal Annual Wage</b>							
Low Scenario	\$26.7	\$58.2	\$52.0	\$56.6	\$29.9	\$5.5	\$1,160.2
High Scenario	\$32.7	\$71.2	\$63.7	\$63.5	\$34.8	\$4.7	\$1,369.2
<b>Local Government Finances (Millions of 2004 \$)</b>							
<b>Revenues</b>							
Low Scenario	-\$4.8	\$6.8	\$10.4	\$28.8	\$26.2	\$6.8	\$353.6
High Scenario	-\$5.9	\$8.4	\$12.7	\$41.6	\$37.3	\$11.6	\$506.3
<b>Expenditures</b>							
Low Scenario	-\$10.4	-\$2.8	\$3.6	\$15.6	\$18.3	\$5.9	\$128.3
High Scenario	-\$12.7	-\$3.5	\$4.4	\$20.6	\$25.3	\$10.0	\$187.9
<b>Net</b>							
Low Scenario	\$5.5	\$9.5	\$6.8	\$13.1	\$7.9	\$0.9	\$225.3
High Scenario	\$6.8	\$11.8	\$8.3	\$21.0	\$12.0	\$1.6	\$318.4

## Net GRP Impact of Four Transportation Projects: Construction Spending, Financing Costs, Regional Attractiveness, Regional Productivity (Ten Percent Plus Scenario)



# Impact Estimates are Conservative

- **Analysis focused on how new transportation facilities change the economy – not how existing facilities help to sustain the economy**
- **Did not include economic impact of changes to air quality, vehicle operating costs, safety (savings in life, health, vehicle damage)**
- **Impacts are modest when compared to other studies**
  - **Carl Vinson Institute of Government (UGA) – U.S. 280 widening**
    - **Cost: \$466 Million    Benefit: \$328 million annually**
  - **ICF Kaiser for Greater Richmond Chamber of Commerce**
    - **Three highway investments increased annual GRP by approximately \$25 per \$1 invested**

# Conclusions

- **Not building the projects will damage the economy**
- **Building the projects ....**
  - **will strengthen the regional economy by generating \$9 to \$13 billions of additional GRP from 2005 to 2035**
  - **will improve the quality of the regional economy by raising incomes and wages**

**The End**