

The Challenge

- The economic downturn reduced dollars available for highway improvements
- Current funding levels will not catch up
- We are falling further behind, fixing yesterdays problem
- Construction costs have increased significantly in recent times
- The transportation system needs more than small scale investments

A Future at Risk

- Transportation revenues fail to keep pace with growth and inflation
- Colorado risks falling farther behind in transportation infrastructure

CONCLUSION

Inadequate roads and bridges cost Colorado motorists billions of dollars every year in wasted time and fuel, injuries and fatalities caused by traffic accidents, and wear and tear on their vehicles. Increasing funding and making needed improvements to Colorado's roads and highways is key to providing a safer, more efficient system. A system that will save motorists money and time, while improving the economic livelihood of the entire state and its residents.

Colorado's highway system is critical for the state's economy and quality of life. Without a major investment of new dollars, Colorado will fall further behind and be unable to maintain the highway system that has taken over 100 years to build. A portion of future funding for transportation improvements should be dedicated for highway system quality and highway maintenance.

DENVERPOST.com

editorial

**Bicyclists discover state's rough roads
As the state continues to grow, more than one-third of Colorado's roads are in poor condition, and funding continues to fall behind growth.**

One reason Ride the Rockies, the just-completed annual Colorado bicycle tour, is so popular is that the staff and volunteers take pains to make the event safe. Among other things, crews travel the route before the ride begins, using orange spray paint to mark such problem spots as potholes and broken pavement. In some places, they have to highlight so many damaged areas that the road resembles a big jigsaw puzzle.

Sadly, that situation would exist no matter where the tour (sponsored by The Denver Post) went in our state. While poor road conditions are especially noticeable from the seat of a bicycle, Colorado's deteriorating highways are a concern no matter what you drive or ride. Common problems include asphalt wrecked by freezes, shoulders that don't meet modern standards and roads that have been patched so often the lanes have been unacceptably narrowed.

--Excerpt taken from the Denver Post dated 6/27/06--



COLORADO'S HIGHWAY CONDITION DILEMMA

As a result of increased use and a lack of road improvement funding, Colorado's system of roads and bridges is in poor condition. Without a major investment of new dollars, Colorado will fall further behind and be unable to maintain the highway system that has taken over 100 years to build.



A LOOK AT THE FACTS

Through its pavement management system, the Colorado Department of Transportation (CDOT) has determined that 35% of the state's highway system is in poor condition. In addition, approximately 18% of the system is in need of reconstruction or major rehabilitation and has zero Remaining Service Life (RSL).

Driving on roads in need of repair costs Colorado's motorists \$955 million - \$321 per driver - annually in extra vehicle operating costs, including accelerated vehicle depreciation, additional repair costs and increased fuel consumption and tire wear. Additional annual vehicle operating costs are estimated to be \$344 in the Denver metro area and \$284 in the Colorado Springs area.

A desirable goal for state and local organizations is to keep 75% of its roadway system in good or better condition. Due to a lack of funding, it is difficult for the Colorado highway system to meet the 60% good or better goal established by the Colorado Transportation Commission.



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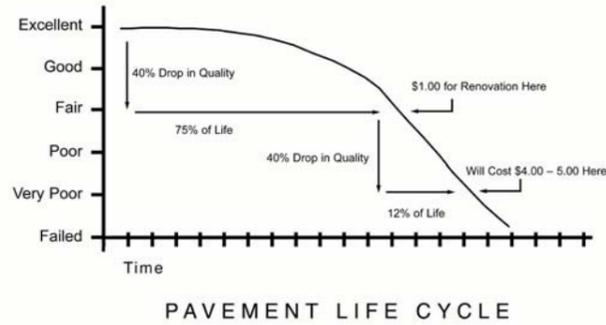
COLORADO'S HIGHWAY CONDITION DILEMMA



ASPHALT
THE SMOOTH QUIET RIDE

THE COST OF COLORADO'S INADEQUATE ROADS

The Colorado Department of Transportation (CDOT) currently invests approximately \$150 million annually in the Surface Treatment Program. It is estimated that a two fold increase in funding to \$300 million is needed annually just to maintain the current condition of Colorado highways.



Without adequate funding, a “keep the good roads good” approach cannot be taken and roads will deteriorate to the point of needing total reconstruction. It is estimated that it costs four to five times higher to reconstruct (rebuild) a poor road as compared with maintaining and resurfacing a road kept in good condition. (Reference: Heartburn Highways, TRIP October 2005)

Steady population growth has resulted in increased vehicle travel on Colorado's highways, resulting in accelerated pavement deterioration.

- * Colorado's population increased by 38 percent from 1990 to 2004, from 3.3 million residents to 4.6 million residents.
- * Vehicle travel in Colorado increased by 25 percent between 1990 and 2003, from 20 billion vehicle miles of travel (VMT) to 26 billion VMT. Vehicle travel in Colorado is projected to increase at this rate into the future.
- * Currently 35% of Colorado's roadways are in poor condition. At existing funding levels, CDOT estimates that approximately 60% of the roadways will be in poor condition by 2024.
- * The amount of transportation funding in Colorado has declined as a percentage of state funding from approximately 12% in 1985 to 5% in 2006.

Statistics provided by TRIP, a national transportation research group. 202-466-6706, www.tripnet.org and the Colorado DOT.

Perspectives

MAJOR HIGHWAY INVESTMENTS TOP PRIORITY

David A. Pampu



Perspectives examine critical issues in transportation finance. Editor David Pampu can be reached through the Website.

MoveColorado also publishes in-depth white papers that examine these issues in greater detail.

MoveColorado is a private industry organization that provides information, sponsors education programs, and supports the efforts of Colorado community, business and political leaders to solve transportation funding issues.

Colorado's transportation system is the backbone of the state's economy. The state's transportation system moves goods and services, supports tourism and recreation, moves commuters to jobs and provides the means for transporting our agricultural products to market.

In recent years voters in various regions of Colorado have committed to visionary investments in air transportation, rapid transit and local roads. While these investments significantly contribute to enhancing our transportation infrastructure and, consequently, the economy, investment in our state highway system has not kept pace. In fact there has been a 38% decline in funding for highways in recent years. This despite the fact that 87% of the \$77 billion worth of commodities delivered annually to and from sites in Colorado is transported on the state's highways and that commercial trucking is projected to increase 52% in Colorado by 2020. Regarding the impact of investment on the economy, the Federal Highway Administration has estimated that every \$1.00 spent on street and highway improvements results in \$5.40 in economic benefits.

Colorado's highway system exists, but continued investment in the maintenance and upgrade of the system to meet the needs of the 21st century is critical. In 2004 The Road Information Program (TRIP), a national research organization on highway transportation issues, graded various aspects of Colorado's highway system:

Report Card Colorado Highway System (Road Information Program, Washington, DC 2004)	
Road Condition	C-
Bridges	B
Congestion	D+
Safety	C-
Economic Development and Transportation Funding	C-

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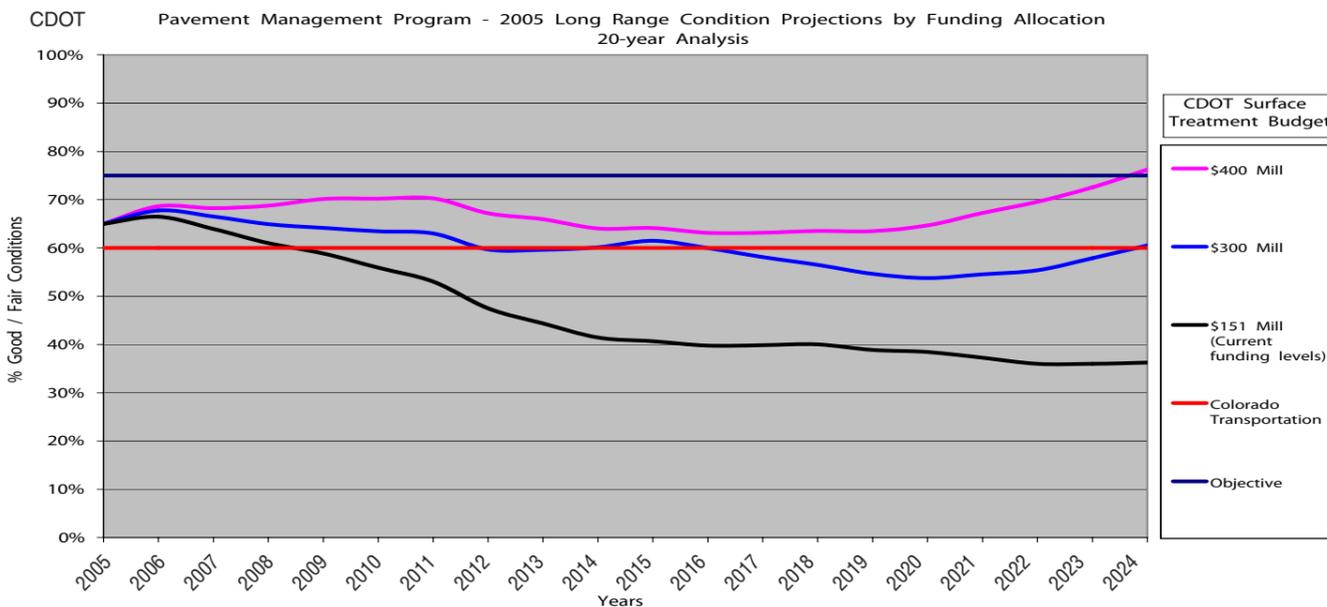
The passage of Referendum C & D would have helped the state address some of these deficiencies. If approved by the voters of Colorado, these proposals would have provided \$1.2 billion in guaranteed funding to improve the state highway system accelerating the construction of the projects through bonding. Even though the bonding provisions did not pass, Referendum C will still help transportation funding by reducing the budget crisis. Approximately \$1 billion in transportation funding through SB 1 and HB 02-1310 will be generated through 2010-11.

While the overall impact on transportation will be to return Colorado to 2001 funding levels, that wouldn't happen until 2010-11 and it will depend on economic recovery. We now face higher construction costs. The amount of money generated, \$1 billion, is approximately 1% of total needs of \$100 billion through year 2030. Currently, thirty percent of Colorado's urban highways are congested. CDOT currently invests \$162 million annually for capacity improvements. By 2030, with population projected to double and congestion increasing by 161%, it will require \$1 billion annually to maintain the 30% congestion level.

Perspective: While the underlying foundation of highway revenue is the user fee assessed on motor fuel sales, in recent years Colorado has increasingly relied on state General Fund revenues to supplement user dollars to meet state highway needs. One significant effect of the TABOR amendment has been to eliminate the ability of CDOT to avail itself of these state General Fund dollars. That will change because of the passage of Referendum C. The problem is that without a major investment of new dollars, Colorado will fall further behind, unable to make progress on the widening gap in transportation funding critical to our highway system. As we consider future transportation revenues, we need to think of our highway system as a top priority.

SETTING THE PACE FOR TRANSPORTATION FUNDING IN COLORADO

“It is estimated that a two fold increase in funding is necessary just to maintain the current condition”



Assumes 4.0% inflation in costs and 3.5% increase in budget per year & k factor = 0.2
1% bridge enhancement, 4.6% for P.E., 17.0% for C.E., & 11.0% for essentials

95% of the budget is utilized for resurfacing and reconstruction projects.
5% of the total budget is utilized for preventive maintenance