

THE DIFFERENCE IS NIGHT AND DAY

Why investing in highways and bridges is an investment in prosperity



MAINE DEVELOPMENT FOUNDATION

www.mdf.org

INTRODUCTION: *Maine's transportation investment imperative*

Maine's transportation infrastructure has fallen into disrepair, and with every failing bridge and posted state highway, the state's economy and quality of life are at risk. The MaineDOT estimates that the state will need to invest an additional \$280 million – \$300 million a year over the next 10 years to address the problem of our aging transportation infrastructure. These bridges and highways serve as critical links for Maine communities and every day that we let them fall into further disrepair costs us in lost lives, lost income and lost economic potential.

Maine's transportation system touches virtually every aspect of life in Maine. Businesses rely on a safe and efficient roadway network to deliver their goods and services as well as to get key raw materials to their facilities. Maine residents depend on safe roads and bridges to travel to and from work, school and civic events. Visitors to Maine who support one of Maine's largest and most important industries, tourism, make vacation plans based, in part, on the ease of travel and the safety of the transportation system. Public safety officials depend on a modern, state-of-the-art transportation network to minimize vehicular accidents and to deliver medical, fire and police services as quickly as possible. Government relies on transportation to support both the commerce and the security of the state. The transportation system is the very foundation of Maine's economy and at the base of Maine's quality of life.

In 2007, in recognition of the importance of a modern, efficient transportation network to Maine, the Maine Economic Growth Council decided to add an indicator to its annual Measures of Growth report. The Council gave the new benchmark a red flag, indicating that lack of investment – particularly the declining condition of state highways – is causing the Maine economy to fall behind. In the two years since then, the problem has grown in magnitude, and Maine has made limited progress in efforts to increase funding for this essential resource.

If Maine's economy is going to thrive in the coming century, state leaders must recognize the benefits of a safe and efficient transportation infrastructure and invest to protect those benefits. This document is a compilation of research gathered by the Maine Development Foundation that demonstrates the positive and negative consequences associated with varying levels of investment in Maine's transportation system.



Laurie G. Lachance

President & CEO, Maine Development Foundation



Holly Anderson

A spring washout in midcoast Maine.



MaineDOT

A deteriorating bridge support on a Maine bridge.

When we don't invest

In researching the economic impacts of the public investment in transportation, the Maine Development Foundation found that investment in transportation can literally mean night and day for Maine's economy. If we continue to underinvest, virtually every sector of the state's economy stands to suffer. Moreover, it will come at a great cost to public safety as Maine's highways and bridges will descend further into disrepair.

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It costs Maine drivers money.

On average, each Maine motorist spends \$282 a year due to more rapid depreciation, extra repairs, higher fuel usage and increased tire wear caused by deteriorating roads.

FACT: Annually, poor roads cost Maine motorists \$263 million statewide.

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It costs Maine lives.

Approximately 200 people die in automobile crashes in Maine every year, and roughly one-third of those accidents may be due to poor or antiquated road design.

FACT: Annually, as many as 65 highway deaths in Maine may be caused by the state's aging highways.

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It costs our society.

The Federal Highway Administration uses a Comprehensive Cost methodology to quantify the costs of automobile accidents using the following 11 factors: 1) property damage; 2) lost earnings; 3) lost household production; 4) medical costs; 5) emergency services; 6) travel delay; 7) vocational rehabilitation; 8) workplace costs; 9) administrative; 10) legal; and 11) pain and lost quality of life.

FACT: During 2005, automobile accidents in Maine cost an estimated \$1.1 billion.

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It diminishes essential public services.

Every day we do not fix our roads, the hidden costs to our communities and citizens multiply. The effectiveness of firefighters, police, EMTs and other critical public services are significantly impacted by poor roads.

FACT: Firefighters typically have just 20 minutes to get to the scene of a house or business fire before the building's structural integrity is compromised to a point where firefighters cannot enter to combat the fire.

FACT: When a victim's heart stops, a paramedic has just six minutes to administer defibrillation before he or she sustains brain damage and possible death.

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It increases the cost of Maine products.

Every year, Maine commercial haulers lose income because of deficient roads and bridges, whether it is a detour caused by a posted road or a closed bridge or having to drive at a reduced speed because of a rough road surface.

FACT: Every hour of unscheduled delay costs a trucker \$350, so time lost due to congestion or poor roads adds up to significant lost income. That, in turn, increases the costs of our products in the marketplace, as well as the cost of products purchased by Maine residents.



MaineDOT

Posted weight restrictions are on the rise in Maine, bringing many rural industries to a halt every spring.



Maine Better Transportation Association

A local resident protests the condition of a road in rural Knox County.



MaineDOT

More than 70 bridges have been closed or posted with weight restrictions.

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It damages Maine's productivity and economic competitiveness.

Annually, MaineDOT posts between 1,600 and 2,000 miles of state roads – between 18% and 23% of all state highway miles. These restrictions hit many of Maine's core industries hard, shutting them down for weeks at a time and dramatically decreasing productivity. Industries especially hard hit are: pulp and paper, construction, manufactured housing, fuels and forest products.

FACT: Maine has more miles of posted, unbuilt roads than any other state, decreasing productivity and putting affected industries at a significant competitive disadvantage.

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It disproportionately affects our rural economy.

Maine has a large number of rural roads that have not yet been built to modern standards. Because these roads have inadequate drainage, many are posted with weight restrictions during the spring thaw, when the soil moisture content is high. As a result, many rural industries that must transport their heavy products, materials or equipment by truck over Maine's rural highways have to suspend operations or shut down during "mud season."

FACT: Posting roads severely impacts the state's industrial businesses, particularly in rural areas where the job opportunities for Mainers are limited.

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It disproportionately affects our older residents.

As Maine's population continues to age, older drivers will be unduly impacted by poor roads. When one considers that Maine has one of the oldest and most rapidly aging driver populations, that accident rates among older drivers are very high and rising, and that poor road conditions lead to higher accident rates and significant economic costs, the need for increased investment in Maine's roads becomes critical. Put another way, older drivers and bad roads are a very bad combination.

FACT: Currently, about 15% of Maine's population is over the age of 65, they hold roughly 15% of the driver's licenses and they are involved in roughly 15% of the fatalities – a number likely to increase as our population grows older and our highway conditions worsen. By 2025, fully 21% of Maine people will be over 65.



Maine Better Transportation Association

Modern, efficient highways save lives and benefit all sectors of Maine's economy.



Maine Turnpike Authority

Investment in transportation infrastructure creates good jobs and strengthens our communities.

When we invest

While outdated, deteriorating highways and bridges have an adverse effect on Maine's economy, the Maine Development Foundation research found that investment in the state's transportation infrastructure would bring markedly brighter results. By committing to a steady, long-term highway and bridge maintenance plan, Maine will create good paying jobs, improve mobility, increase citizen safety and reduce the cost associated with traffic accidents. The outcome is a stronger business climate and a better quality of life.

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It supports a major sector of our economy.

According to the Bureau of Economic Analysis (BEA), the Direct Effect Employment Multiplier for the construction industry is 2 and for the Truck Transportation industry is 2. In layman's terms, for each job created in these industries, a second job is supported in other parts of the economy through the re-spending of the wages and benefits of these workers.

FACT: With 49,000 people directly employed in Maine's transportation sector in 2005, an additional 49,000 jobs were supported in other parts of Maine's economy.

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It benefits all sectors of the economy.

On average, Maine citizens employed within the transportation sector contribute a significant amount of revenue to the state in the form of taxes. Those taxes, in turn, are invested in schools, state police, state-funded research and development and other essential programs and services that support Maine communities and businesses.

FACT: Roughly \$84 million in individual income taxes are collected every year from Maine's transportation workers.

FACT: In 2006, a \$487 million state and federal investment in highway and bridge maintenance supported more than 15,000 jobs in Maine's economy.

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It saves money and lives.

Because poor road design is a significant factor in 1/3 of all accidents, Maine sees a significant public benefit when appropriate investments are made to address these issues – including fewer traffic-related deaths and millions of dollars saved.

FACT: Investment in transportation infrastructure improvements to Maine's highways and bridges potentially could save 65 lives and \$360 million annually.

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It attracts new business.

Several recent surveys have shown a direct link between transportation investment and economic development. Most striking was the 2004 National Corporate Survey for 24 site location factors: access to highways was second only to labor costs in importance.

FACT: Highway access was ranked as more important than taxes or energy costs to business looking to locate a facility.



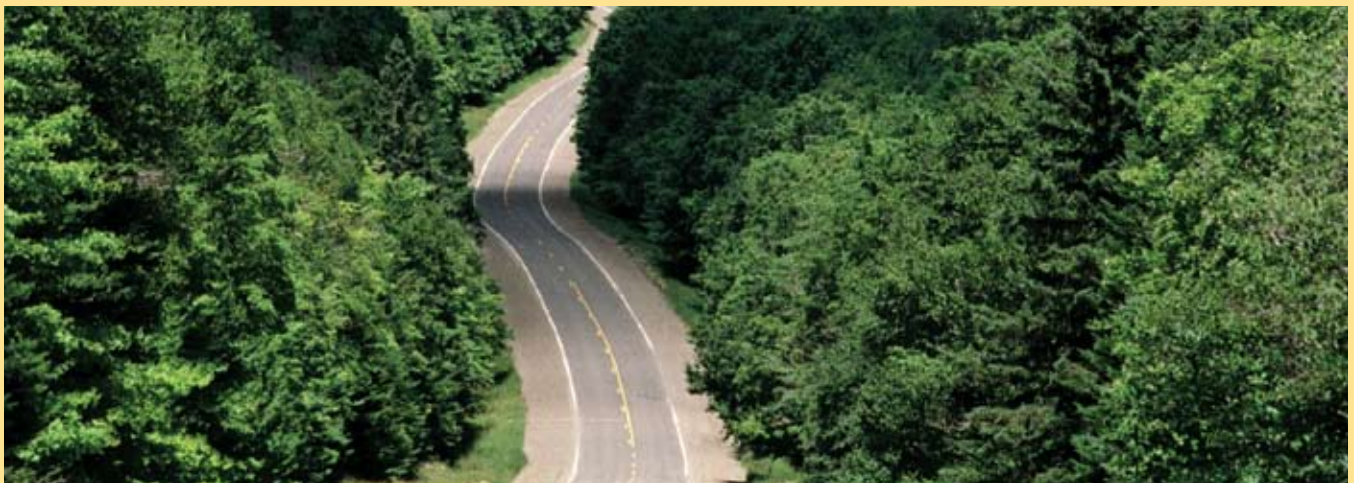
MaineDOT

Investment in Maine's highways generates millions of dollars in state tax revenues.



Maine Turnpike Authority

When a business locates, access to a highway is second only to labor cost as a deciding factor.



MaineDOT

Good transportation plays an important role in a region's quality of life.

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It keeps Maine moving.

Good roads and bridges form the backbone of a transportation system that efficiently moves Maine products and Maine people to destinations throughout the region. To preserve and improve Maine's economic competitiveness, the state highway system must be modernized and its efficiency enhanced.

FACT: 85% of Maine's freight and 95% of all passenger movements take place over Maine roads compared to a U.S. average of 78%-80%.

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It generates jobs.

In 2008, the Federal Highway Administration estimated that every \$1 billion of highway investment supported 34,779 jobs (or every \$1 million dollars of investment supported approximately 35 jobs).

FACT: A \$1 million investment in highways and bridges supports roughly 35 jobs.

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It generates essential state revenues.

The transportation sector is a major contributor to state revenues – from income tax collected from transportation industry workers, fuel tax and vehicle excise taxes, to sales tax on vehicle rentals and sales. The healthier the transportation sector is, the greater those revenues will be.

FACT: In 2005, the transportation sector contributed \$750 million in revenues to the state.

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It is essential to our quality of life.

Investment in improving our highways and bridges can save money and significantly improve the quality of everyday life for Maine citizens.

FACT: According to the Federal Highway Administration, every \$100 million spent on improvements results in \$540 million in benefits from improved traffic safety, reduced travel delays and reduced vehicle operating costs. This represents a 5-to-1 return – a great investment!

For more information about the Maine Development Foundation and the Maine Economic Growth Council's *Measures of Growth in Focus* report, visit www.mdf.org or call 1-207-622-6345.

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