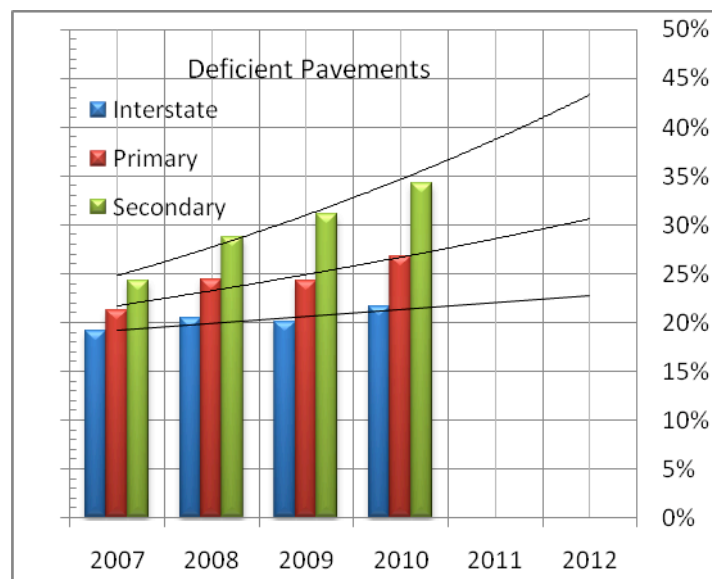


Virginia's Highway System: Deteriorating Roads and Jobs Lost Old Dominion Highway Contractors Association

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Two decades ago, Virginia's transportation program was the envy of the nation, but today we face an ongoing crisis. Our transportation infrastructure is crumbling and our investment in those critical facilities is deteriorating. The following facts and figures exhibit the current state of transportation infrastructure and its impact on employment in the Commonwealth:

- **Pavement deficiencies** – In 2009, about 20% of interstate highways, 25% of primary roads and more than 30% of secondary roads have deficient pavement.¹ If trends continue, by 2012 about 45% of Virginia's secondary roads, 30% of the primary roads, 25% of the interstates and 29% of the entire highway system will be substandard. The 18% deficiency goal for interstate and primary roads has never been met since it was established.



- **Bridge deficiencies** – More than 8,000 of Virginia's bridges are structurally deficient or functionally obsolete.² The price to fix these bridges exceeds \$3 billion.
- **Maintenance vs. Construction** – Growing maintenance needs coupled with declining revenues has forced the transfer of an even larger portion of construction funds to maintenance. This "maintenance deficit" has grown from \$3.6 million in FY 2003 to \$712 million in FY 2010. VDOT is now forced to transfer more than \$500 million per year from its construction budget to meet minimum maintenance standards.
- **Maintenance budget shortfall** – For FY 2011, VDOT would need \$1.1 billion to meet their performance target of no more than 18% of interstate and primary pavements rated deficient, and no more than 8% of bridges and culverts rated as structurally deficient. Only

¹ VDOT defines pavement as "deficient" if it has a Critical Condition Index (CCI) rating of 60 (on a 100 point scale) or below.

² According to AASHTO definitions, a "structurally deficient" bridge is one for which the deck (riding surface), the superstructure (supports immediately beneath the driving surface), or the substructure (foundation and supporting posts and piers) are rated in condition 4 (on a 10 point scale) or less. A "functionally obsolete" bridge is one that does not have adequate lane widths, shoulder widths, or vertical clearances to serve current traffic demand, or one that may be occasionally flooded.

\$613 million is budgeted for FY 2011. The total current maintenance budget for VDOT is \$1.3 billion annually while the current VDOT maintenance needs assessment finds \$1.9 billion is needed to adequately maintain our roads each year, a \$600 million annual shortfall in maintenance alone.

- **Fiscal Erosion of Fuel Tax** – Due to inflation, the 17.5 cent per gallon gas tax that became effective in 1987 now has the buying power of slightly less than 9 cents per gallon. Fuel efficiency increases have further eroded that buying power by an additional 11%. It took about 143,000 gallons of gas sales in 1987 to pave one mile of secondary road (\$20,000). Today, it takes about 457,000 gallons of gas sales to pay for the paving of that same mile of secondary road (\$80,000). Americans are burning an average of 8.2 million barrels -- 344 million gallons -- of gasoline per day in 2010, a figure that excludes the ethanol blended into gasoline. That's 8 percent less than at the 2006 peak, according to government data. By 2030, Americans will burn at least 20 percent less gasoline than today, experts say, even as millions of more cars clog the roads.
- According to a JLARC study, Virginia now places **#43 among all states** in road expenditures per vehicle miles traveled.³
- **Transportation Construction & Employment** – Statewide, construction industry lost more than 27,000 direct jobs between September 2008 and September 2009.⁴
- **Impact on Asphalt and Aggregate Industries** – In recent years, there has been a sharp decline in quarry employment and production due to the loss of highway contracting work. Asphalt production in Virginia has declined 50%⁵, while aggregate production in Northern and Central Virginia has declined 40%⁶ - both below 1986 levels over the last 4 years (see chart below). About 2000 asphalt industry jobs have been lost in Virginia since 1986, a nearly 50% reduction.
- It is good to hear VDOT has issued lettings for **\$1.1 billion of highway work** by the end of 2010. This includes an increase of \$250 million per year of additional paving work for the next two fiscal years. The VDOT audits identified much of the cash that will be available to fund this work but these short-term sources of revenue will be depleted by the end of 2012.

As these facts illustrate, Virginia is in dire need of dedicated, long-term and sustainable revenue for maintenance, new construction of highways, and expansion of transit and rail. The continuing political stalemate on transportation funding solutions threatens economic prosperity, our reputation for having the best business environment in the nation and the quality of life of all Virginians. Solutions will require both hard work and a spirit of compromise from both sides of the aisle.

³ “Virginia Compared to the Other States -- National Rankings on Taxes, Budgetary Components, and Other Indicators” (2010 Edition)

⁴ Dr. Stephen Fuller, George Mason University

⁵ Virginia Asphalt Association data

⁶ Virginia Department of Mines, Minerals and Energy data