

## A publication of Bowles Rice LLP Solve Size LLP Fall 2012



## **Investment Needed in Our Highway Infrastructure**

Mike Clowser, Executive Director Contractors Association of West Virginia

Mike Clowser is executive director of the Contractors Association of West Virginia (CAWV), an organization he has served since 1979. CAWV represents over 450 firms in the highway, building, utility and industrial contracting industry.

CAWV members, who are identified by the yellow hard hat "Hard At Work" logo, build West Virginia's roads, bridges, schools, hospitals, water and wastewater treatment facilities. airports and other infrastructure projects that add to the quality of life for all West Virginians.

Mr. Clowser is a member of the **Associated General Contractors** of America (AGC) and from March 2011 through March 2012, he served as chairman of AGC Executive Leadership Council, which is comprised of 95 state executives from around the country.

He received a bachelor's degree from West Virginia University in 1978.

Nearly 60 years after President Dwight D. Eisenhower articulated a vision for the country's transportation system, West Virginia and the nation face a challenge in modernizing aging and increasingly congested interstate highways. If West Virginians are to continue to enjoy their current level of mobility, the state will need to make a commitment to providing the public with a 21<sup>st</sup> century highway system.

West Virginia's 515-mile Interstate system was completed in 1988 at a staggering \$2.8 billion in engineering, right-of-way acquisition and construction costs. This network has become the most important set of corridors linking West Virginians to people and businesses within the state and the nation.

"The Interstate system has led to significant increases in economic productivity in West Virginia," according to a report released by The Road Information Program (TRIP), a national nonprofit research group. The report, titled "The Interstate Highway System in West Virginia: Saving Lives, Time and Money," states that the initial construction of the Interstate system provided a tremendous boost to business productivity as a result of more efficient goods' shipment. TRIP estimates West Virginians save over \$2,000 per year in time; reduced fuel consumption; reduced apparel, food, housing and transportation costs; and safety benefits. The total annual savings is approximately \$3.7 billion.

The problem is that the big rash of investment in the 1950s and 1960s is now 60 years old. It will soon fall apart. West Virginia's Interstate system is at the end of its useful life and there is not enough money to replace it.

The West Virginia Department of Transportation (WVDOT) has found that by 2026, nearly two-thirds - 351 of 555 miles - of the state's



Interstate system will be in need of significant rehabilitation or reconstruction. Similarly, half of the bridges - 46 percent - will need significant repairs or reconstruction. The WVDOT also found that, by 2026, additional lanes will be needed along 142 miles of the existing interstate system in order to relieve growing traffic congestion.

Unfortunately, West Virginia's system of state and county roads does not fare much better. TRIP reports that 37 percent of major roads are in poor or mediocre condition and more than one-third of the state's bridges show significant deterioration or do not meet current design standards.





The final two segments of a Route 19 bypass highway just east of Beckley, West Virginia, included a 1,200-foot-long bridge (opposite page) and 1.6 miles of four-lane highway (above).

The project was completed by Vecellio & Grogan, Inc., Beckley.

West Virginia's transportation system is in a crisis, and without action, roads and bridges will continue to deteriorate. What is needed is more investment in our highway infrastructure.

Federal and state motor fuel taxes (18.4 cents per gallon and 32.2 cents per gallon, respectively) make up the majority of the resources for the State Road Fund. These taxes, paid by transportation system users, have not been raised since 1993 and, since then, have lost 80 percent of their purchasing power because they have not kept up with the rate of inflation.

WVDOT has stated the total cost of needed repairs and expansion of West Virginia's transportation system over the next 25 years is \$39 billion; however, only \$15 billion will be available.

According to WVDOT Secretary Paul A. Mattox Jr., P.E., "That is an extra \$1 billion per year that we need to construct and maintain our system. The Division of Highways is trying to maintain the level of services that taxpayers expect, with much less funding coming in. The less we have to spend, the less we can accomplish,

which affects much more than just the traveling public. It affects the lifeblood of the state, economic development and jobs and, in turn, has a profound impact on our way of life."

There has been much debate on how to provide additional funding for highways. The problem is getting from the talking stage of saying it's a good idea to actually moving it to action.

Some of the ideas that have been proffered over the years include tolling, bond measures, gas taxes, driver's license and registration fees, instituting tax-by-the-mile, sales tax and local revenue options, public-private partnerships, indexing taxes, and oil and gas severance taxes. The user fee has been the historical – and most fair – way to pay for roads. Motorists have been willing to pay because roads are not free. Unfortunately, the tremendous challenge today is that current revenues will not pay for maintaining our system, much less adding new capacity.

In August 2012, Governor Earl Ray Tomblin created the Blue Ribbon Commission on Highways, which will review the state's transportation condition,

## **HIGHWAY FACTS**

- West Virginia is only one of four states having jurisdiction over both state and county roads.
   The others are Delaware, North Carolina and Virginia.
- Despite its relatively small size, West Virginia maintains the sixth largest network of roads in the nation.
- While the U.S. average is only 20 percent, West Virginia is responsible for 92 percent (36,703 miles) of the public highway mileage in the state.
- West Virginia is 49th in capital investment per state-maintained highway mile, spending only \$7,574 per lane mile, compared with the national average of \$23,967.
- Travel on West Virginia's Interstate highways is expected to increase by 67 percent by the year 2026.
- Since peaking in fiscal year 1994, the real value of the State Road Fund has decreased over the last decade.
- Driving on roads in need of repair costs West Virginia motorists \$292 million a year, or \$229 per motorist, in extra vehicle repairs and operating costs.

examine overall needs and develop consensus on a long-term strategic state plan of action. The commission will study innovative and additional criteria for financial modeling. It's a complex issue and there is no single answer to solve the funding problem. All options must be on the table.

THIS IS AN ADVERTISEMENT VIEWSQVISIONS Fall 2012 25