surface transportation
policy project

The transportation system should provide for the efficient and reliable delivery and distribution of goods and services to all markets, serve employer needs for recruitment and retention of a high-quality workforce, and be redundant, resilient, reliable and resistant to service and system disruptions. In addition, transportation investments should support local and regional economic objectives and recognize efficient activity centers as the drivers of economic prosperity and sustainable growth.

–New Transportation Charter

Businesses are primary taxpayers in most communities. They bear the costs of inefficient infrastructure systems – and their prosperity is at stake when merchandise is not delivered on time, and when workers are delayed and stressed by commuting requirements. Livable communities attract highly qualified, mobile workers – and the converse is also true: unlivable, difficult commutes keep good workers away.

Unnecessary Costs

Annual costs of motor vehicle crashes:
$230.6 billion - includes $61 billion in lost workplace productivity

Annual cost of congestion in major urban areas:
$78 billion

Inefficiencies dominate the transportation system because it is not planned or improved *as a system*. Intermodal connections must be made seamless – for people as well as freight. Better management is the key. Business leaders have the experience and knowledge of such systems to give invaluable input into the decision-making process – locally, at the state level, and at the federal level of transportation planning.

Worker Productivity Lowered by Bad Commutes

Each year, businesses across the country are paying tens of billions of dollars extra in absenteeism, excess parking, medical care, employee benefits, turnover, and lowered productivity expense. Employees who have no choice but to battle their way through congestion every day are less productive and more likely to change jobs. Employers are forced to increase their site costs through land for parking that many employees would just as soon not use – parking “cash-out” programs (cash instead of parking) consistently produce a 10-12% reduction in parking needs where alternative modes are available.

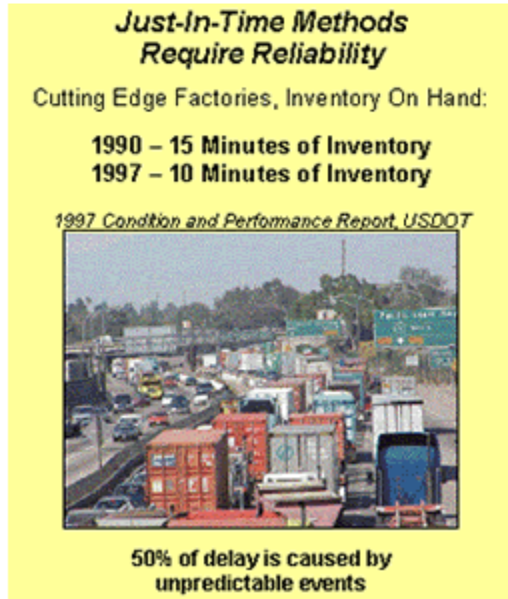
The productivity costs of bad commutes can be substantial. In 1995, the most recent data available on total drive time, the average American spent 443 hours behind the wheel of a car, or 55 eight-hour workdays. In a study of 68 cities, the Texas Transportation Institute (TTI) estimated that the total congestion "bill" for the areas studied in 1999 came to $78 billion, which was the value of 4.5 billion hours of delay and 6.8 billion gallons of excess fuel consumed.

Employees also recognize the toll that excessive commutes will take on them. Businesses that are not served by transit and close-by development find it significantly harder to recruit workers. Many highly skilled employees are also increasingly seeking workplaces located in areas with a high quality of life, which they associate with activity clusters, such as downtowns or "village centers," transportation options, and affordable housing close to the workplace. Employees want a supermarket of transportation and lifestyle choices, and businesses benefit when these are provided by the public sector.

Shifting Investment Raises Costs

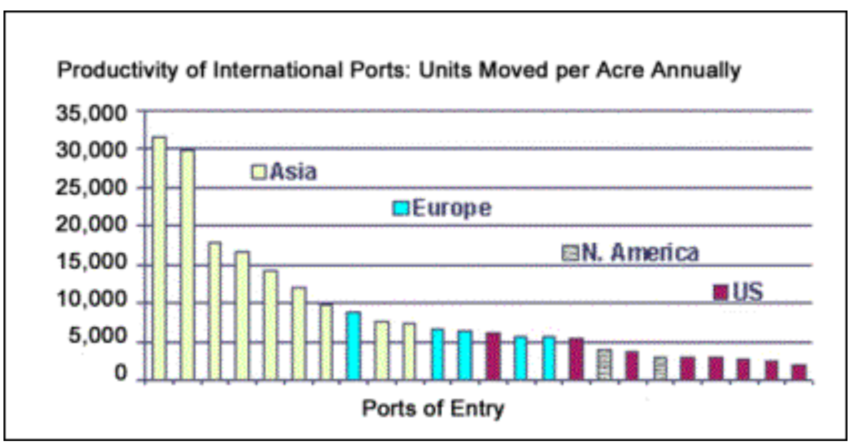
Businesses located in existing areas are increasingly suffering from rough roads, high traffic, and lack of accessibility to shippers, retailers, and customers. A disproportionate amount of public money is being spent to create new infrastructure on the fringe of the urbanized area, benefiting businesses who move, but not those who stay in place. The companies staying in place instead are surrounded by aging infrastructure which receives a decreasing share of limited maintenance funds as new roadway and exit ramps enter their own maintenance cycle.

Businesses also depend on livable communities to maintain a customer base for service and retail. They are doubly hurt by disinvestment in metropolitan areas – where 80% of the US population live, and 85% of the country's economic activity takes place – first, in their own operations, and second in their ability to move products and services at the other end.



Goods Delivery Hampered by Old Business Model

Many shippers and other businesses are currently caught in a captive market for freight movement. Intermodal needs are increasing, but businesses in many locations have no choice in moving their freight because of a lack of access to cost-effective modes such as rail and intermodal services. Improvements to the complex intermodal system that would be required to meet these needs are done piecemeal and are hampered by current subsidies favoring the status quo.



Working under a 'just-in-time' model, shippers and freight providers need reliability as much or more than speed of delivery. Everyday congestion as well as unpredictable accidents on the roadway jeopardize business success. The productivity of freight infrastructure in the U.S. is still low when compared to other countries around the world. U.S. freight problem-solvers prefer to "work hard," with a construction solution – more infrastructure, bigger infrastructure, and big dollars. "Work smart" is the more promising option: a systems solution, better utilization of existing infrastructure, and a smarter investment.

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