



NEVADA TRANSPORTATION ISSUES

AN ECONOMIC AND FISCAL OVERVIEW

PREPARED FOR:

NEVADA HIGHWAY USERS COALITION

April 2007



GENERAL OVERVIEW

- Applied Analysis and Hobbs, Ong & Associates were retained by the Nevada Highway Users Coalition to review and analyze the economic and fiscal impacts associated with transportation system improvement delays.
- This analysis includes two primary components
 - A cost-escalation analysis
 - An economic, fiscal and social impact assessment
- This analysis utilizes a number of assumptions about project costs, inflation, timing and demand. It is intended to provide a preliminary framework for analytical discourse; it is not comprehensive in nature.



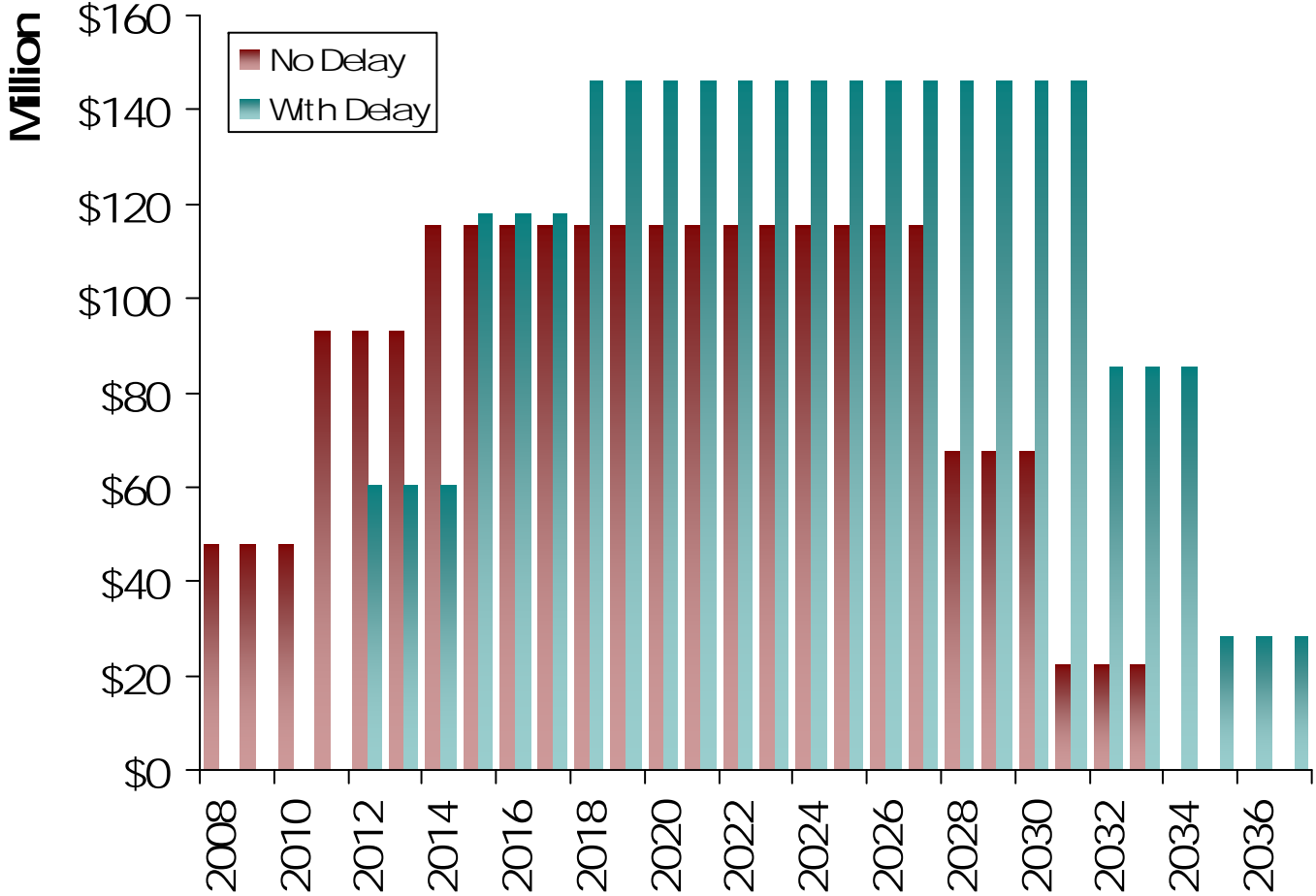
Part I

The Financial Cost of Delay



I-15 PROJECT COST COMPARISON

Escalations in construction cost and financing cost result in an additional cost of \$611 million to Nevada taxpayers.

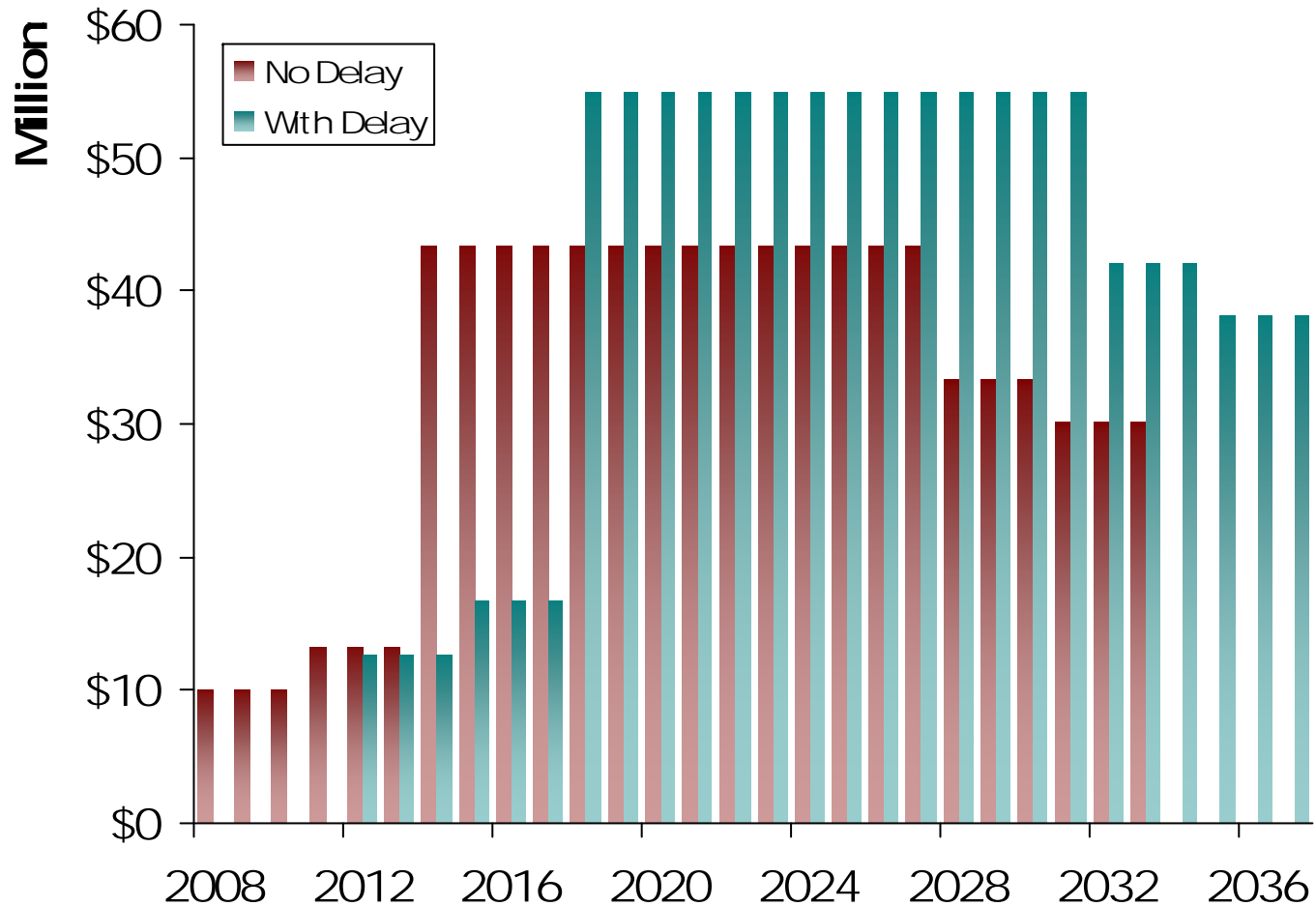


Sources: PFM; Hobbs, Ong & Associates; and Applied Analysis



I-80 PROJECT COST COMPARISON

Escalations in construction cost and financing cost result in an additional cost of \$229 million to Nevada taxpayers.



Source: PFM; Hobbs, Ong & Associates; and Applied Analysis



THE RESULT

CONSTRUCTION COSTS & FINANCING COSTS

	I-15 Project	I-80 Project	Projects Total
<u>Baseline Expenditure Schedule</u>			
Baseline Par Amount	\$1,576	\$ 592	\$ 2,168
Baseline Debt Service Costs (Principal & Interest)	\$ 2,313	\$ 868	\$ 3,181
Baseline Interest Costs (Interest Only)	\$ 736	\$ 276	\$ 1,013
<u>Five Year Delayed Expenditure Schedule</u>			
Delayed Par Amount	\$ 1,992	\$ 748	\$ 2,740
Delayed Debt Service Costs (Principal & Interest)	\$2,923	\$ 1,097	\$ 4,020
Delayed Interest Costs (Interest Only)	\$ 931	\$ 349	\$ 1,280
Incremental Increase in Debt Service Cost	\$ 611	\$ 229	\$ 840
Incremental Increase in Interest Cost	\$ 194	\$ 73	\$ 267
Percentage Increase in Project Cost	26.4%	26.4%	26.4%

(in millions)



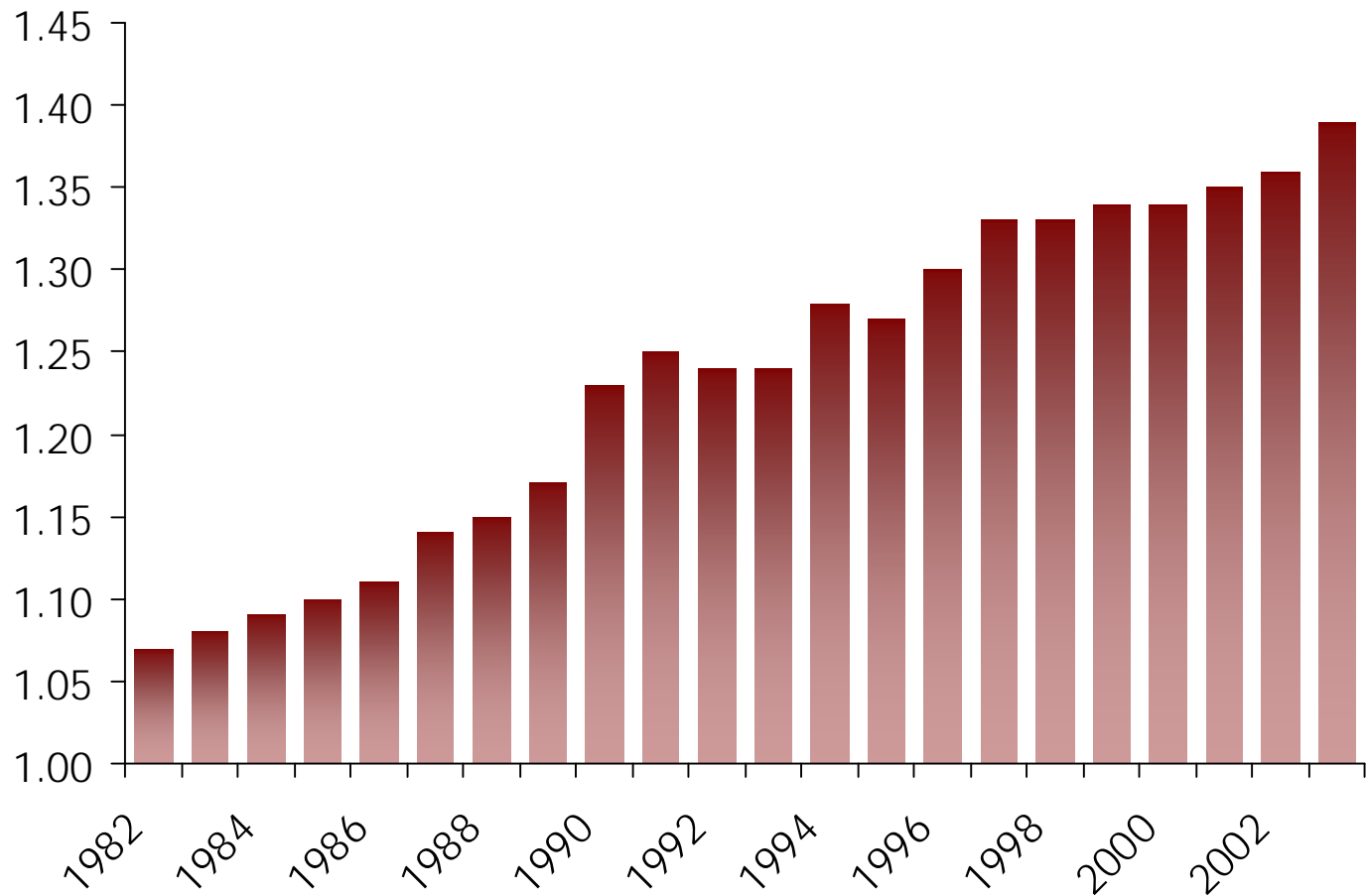
Part II

Economic, Fiscal & Social Impacts



TRAVEL TIME INDEX

Southern Nevada's Travel Time Index is now the 10th worst in the nation and is roughly equivalent to that in New York City.

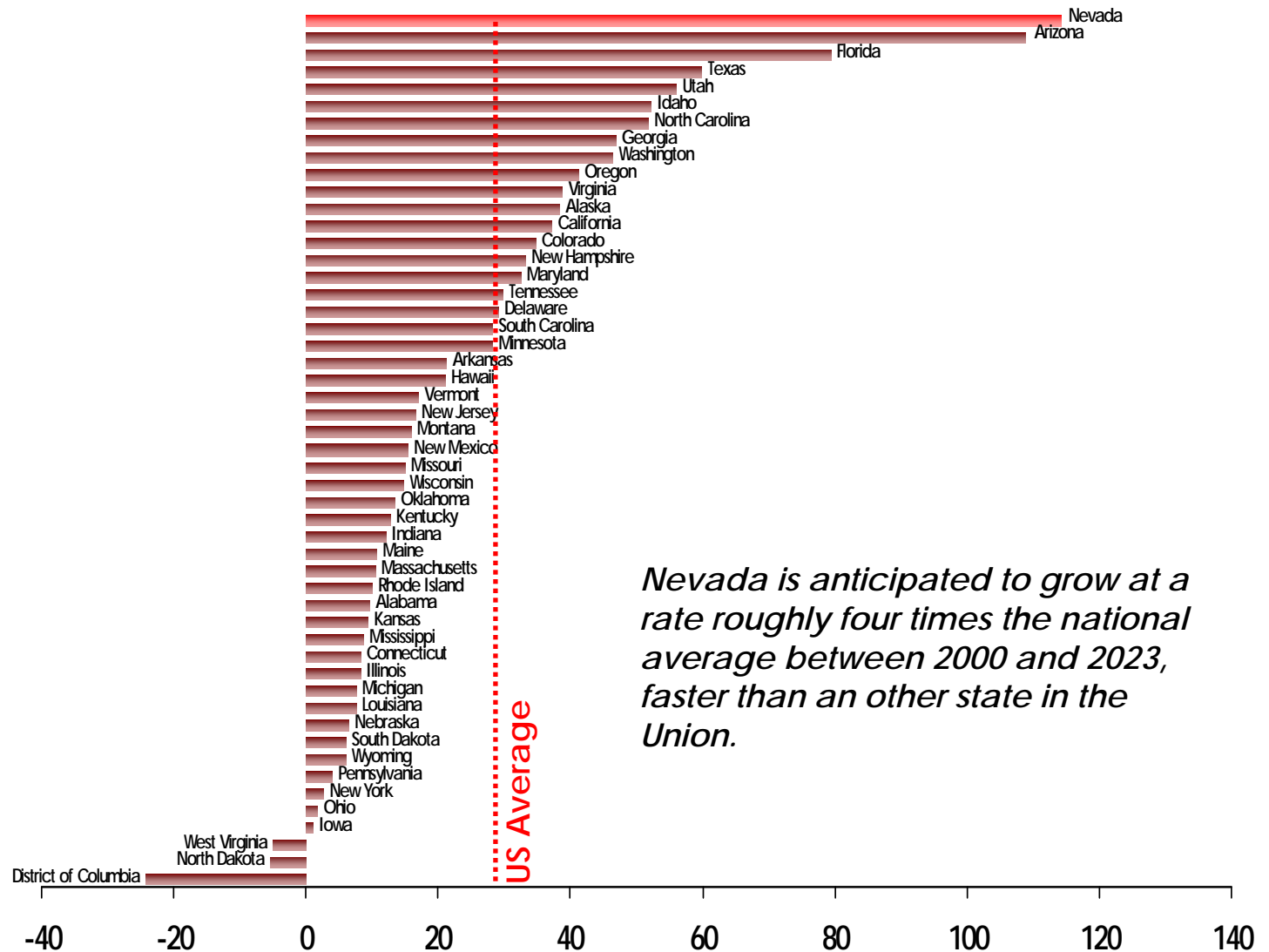


Source: Texas Transportation Institute, *2005 Urban Mobility Study* (2006).



NEVADA TRANSPORTATION
an economic and fiscal overview

PROJECTED STATE POPULATION PERCENTAGE GROWTH RATES 2000 - 2030



Nevada is anticipated to grow at a rate roughly four times the national average between 2000 and 2030, faster than any other state in the Union.

Source: U.S. Census Bureau, Population Division, Interim State Population Projections (2005).



IMPACT COMPARISON

INCREMENTAL COSTS VS. CONGESTION COSTS

- The Texas Transportation Institute estimated that traffic delays cost the average southern Nevadan \$269 during 2003. This rate has increased by roughly 13 percent annually since 1982.
- Assuming that this rate increases by a conservative three percent per year and that the cost of delay in the balance of the state is roughly half that in southern Nevada, total delay costs statewide will be approximately \$27 billion during the next 20 years.



INCREMENTAL COST-BENEFIT ANALYSIS

INCREMENTAL COSTS VS. TRAVELER SPENDING

Total Visitor Volume	51.4 M
Estimated Spending Per Visitor	\$718
Total Annual Visitor Spending	\$36.9 B
Share of Visitors Traveling by Ground Transportation	55.0%
Annual Spending from Ground Trans. Visitors	\$20.3 B
Estimated Visitor Spending During the Useful Life of Proposed Improvements (20 Years)	\$406.0 B
Estimated Incremental Cost of Tourism Improvements	\$3.8 B
Estimated Break-even Point	0.94%
Tourist Visitation Threshold	5.3 M
Total Visitor Volume Threshold	0.51%

Sources: Nevada Commission on Tourism, *Discover the Facts* 2006; Las Vegas Convention and Visitor Authority; Reno-Sparks Convention and Visitors Authority; and Applied Analysis.



NEVADA INDUSTRY MATRIX

PRODUCTION, DEMAND, IMPORTS AND EXPORTS

	Net Industry Production	Total Commodity Demand	Total Exports	Total Imports
Agriculture	\$1,083	\$404	\$531	\$854
Mining	\$3,574	\$84	\$1,785	\$62
Construction	\$22,803	\$17,891	\$3,010	\$-
Manufacturing	\$10,302	\$13,030	\$7,735	\$27,201
TCPU	\$11,561	\$4,872	\$3,115	\$2,653
Trade	\$18,873	\$13,238	\$3,760	\$3,100
FIRE	\$31,794	\$15,554	\$15,422	\$9,602
Services	\$51,304	\$17,517	\$24,114	\$8,205
Government	\$10,214	\$9,970	\$2	\$499
Other	<u>\$(303)</u>	<u>\$1,248</u>	<u>\$646</u>	<u>\$1,778</u>
Total	\$161,205	\$93,809	\$60,121	\$53,952

Notes:

(1)TCPU: Transportation, Communications and Utilities; FIRE: Finance Insurance and Real Estate.

(2) Figures in millions.

(3) Figures will not sum as intermediate line items are omitted from this table.



ECONOMIC IMPACT SUMMARY

HIGHWAY AND ROAD CONSTRUCTION

Highway Construction Spending	\$1,000,000	\$3,800,000,000
<u>Employment (in person years)</u>		
Direct	7.7	29,260
Indirect	2.5	9,500
Induced	<u>3.1</u>	<u>11,780</u>
Total	13.3	50,540
<u>Wage and Salary Payments</u>		
Direct	\$441,294	\$1,676,917,694
Indirect	\$104,517	\$397,163,954
Induced	<u>\$106,897</u>	<u>\$406,210,082</u>
Total	\$652,708	\$2,480,291,730
<u>Economic Output</u>		
Direct	\$1,000,000	\$3,800,000,000
Indirect	\$254,676	\$967,768,800
Induced	<u>\$262,550</u>	<u>\$997,690,000</u>
Total	\$1,517,226	\$5,765,458,800



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