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# Utah Transportation Funding Case Study

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Transportation improvements in Utah are strongly linked to economic development and the need to provide jobs for the state's rapidly growing population.

## Background

By almost any measure, the Utah Department of Transportation (UDOT) is one of the most successful transportation organizations in the country. This certainly holds true in its repeated ability to attract increased State funding. And it provided a unique case study in terms of what some may view as seemingly inherent contradictions. For example, the state as a whole is politically very conservative and yet the public and elected leadership seem to prefer tax increases over tolling or public-private partnerships to fund surface transportation initiatives. The composition of the State Legislature reflects a strong conservative majority and yet, contrary to positions of their political brethren elsewhere in the country, they have not hesitated to raise taxes for transportation when they felt the time had come to act. Furthermore, Utahns are known for loving their cars and yet they are strong supporters of public transportation along the Wasatch Front. And they have demonstrated their commitment to use transit in a metropolitan area whose highway network operates at a level of service that would be the envy of urban regions around the country. And to add to the list of ironies, their largesse in funding highways and transit capacity projects to avoid the congestion traps that have befallen others, and the extremely high regard in which the Utah DOT is held, a DOT that has used its advanced asset management tools to make the case for system preservation, have not been sufficient to provide sorely needed financial support for system preservation. When it comes to maintenance and rehabilitation, in fact, they are seriously underfunded, despite a clear recognition of preservation needs on the part of the Department as well as among the elected leadership.

Despite, and in some cases because of these ironies and paradoxes, UDOT has been unusually successful in recent years in receiving large amounts of state funding – through budget surpluses, increased funding allocations, increased debt capacity and a local option to dedicate a fraction of the sales tax to transportation.

## Development

UDOT, working with regional and local stakeholders, has defined the state's roadway needs in various strategic and long-range plans. As stated in UDOT's 2009 Strategic Plan, "... from July 2007 to July 2008, Utah's population increased by 2.5 percent, ranking Utah first in the nation. Between 1990 to 2007, Utah's population increased by 56 percent. Although vehicle miles traveled (VMT) declined by four percent in 2008, from 1990 to 2007,

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VMT increased by 87 percent. During the same time period, new highway capacity increased by less than 5 percent.”

UDOT has been successful in engaging stakeholders around the state. All UDOT regions are able to provide input into the project prioritization process on an annual basis. Working with Metropolitan Planning Organizations in the state’s urban regions, UDOT also has established a Joint Highway Committee comprised of 40-50 local governments throughout the state. The UDOT planning division works with these communities’ commissions, mayors, and councils to develop local transportation master plans. These local plans then provide input into UDOT’s transportation plans and programs.

In 2003, the legislature approved HB 310, which funded a Transportation Planning Task Force. This group’s goal was to look at statewide transportation needs and funding, and it included skeptics and potential detractors. UDOT leadership “treated this as an opportunity” and worked closely with the task force to communicate the complex challenges of addressing transportation needs throughout the state. Ultimately, this task force reached consensus in identifying \$16.5 billion in long-term transportation needs.

The Salt Lake Chamber of Commerce, which also provides leadership and support to all of the state’s Chambers of Commerce, took the case for transportation to the next level by forming the “Utah 2015 Transportation Alliance.” This prestigious group of local and national business leaders based in Utah embraced the bold objective to fund key projects identified in the 2030 transportation plans, but in half the time otherwise contemplated. The Alliance commissioned a study by independent consultants to verify Utah’s transportation needs, assess the costs to meet those needs, and consider funding options. Based on this study, the Chamber was able to make specific recommendations about how to fund an accelerated transportation program.<sup>1</sup>

The unusually strong support by Utah’s business leaders for transportation stems largely, as would be expected, from reasons having to do with economic development. But the explanation goes deeper, and it gets “personal.” As pointed out by Lane Beattie, the CEO of the Salt Lake Chamber of Commerce, and a former president of the Utah Senate, in 1989 Utah was losing 13,000 people per year – primarily young people who were unable to find work in the State. The business community focused heavily on that problem. “These were our children who were moving away from their families.” In the 1990s, with local successes and a strong national economy the situation was reversed. “We were gaining 33,000 people annually because we had jobs, an attractive quality of life, and we had businesses attracted to a healthy, strong, educated workforce and to a transportation system that would meet their needs. Our children were moving back to Utah, along with many others.” He points out that “we don’t grow for growth’s sake...we grow for our families.”

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Utahns strongly encourage economic development and there is a clear link between economic development and good infrastructure. As one of the Governor's chief aides put it, "jobs and mobility are one and the same issue...the ability to attract companies and jobs to Utah depends upon how easily goods and people can get here." He goes on to point out that when one particular project, Legacy Parkway, was stalled by environmental opponents whose rallying cry was (as has been heard so often around the country) "we can't build our way out of congestion" that statement served to intensify the commitment among political and business leaders to expand the transportation system as Utah grew. "We were not going to let gridlock become the inevitable fate that has occurred in so many places." The Legacy controversy was settled by an understanding with environmental groups, who have most recently signed an agreement not to oppose a similar major new highway known as the Mountainview Parkway. In Utah, environmental groups have recognized that economic development is just as important as conservation.

Judging by investments made in recent years, and that continue to be made in highway and transit capacity, and by the system performance observed "on the ground" as one rides on well-functioning freeways during peak hours and well utilized light rail lines at all hours, it is clear that Utah is putting its money where its economic development and quality of life goals are. And it seems to be working for them. In recent years, funding for UDOT has stemmed from a variety of sources including:

- Proposition 3, a 2006 ballot measure that increased the sales tax by a quarter cent for transportation (the majority of which was for transit, but a quarter of the revenues were for road projects).
- Between Fiscal Year 2005 and 2009, over \$900 million of general fund surpluses were transferred to support UDOT projects.<sup>1,2</sup>
- In 2009, Governor Huntsman signed a pair of bills that would allow for \$2.2 billion in bonding for state transportation projects over the next four years.<sup>3</sup>

## **Sponsors and Stakeholders**

### ***Utah DOT***

Building upon a track record that some UDOT observers say dates back to the 1990's, and particularly since the Department's visible successes in preparation for and during the 2002 Winter Olympic Games, UDOT has continued to improve its credibility through a leadership approach and indeed an organization that exudes competence, communication, and responsiveness. When political leaders speak, UDOT listens. And when UDOT speaks, political leaders listen. UDOT has built a reputation among political and business leaders, the media and the public, and increasingly within the environmental community, as being an agency that you can count on and an agency that delivers. This is due to a few key factors:

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### **Strong Leadership and Quality People**

None of the interviewees mentioned UDOT without raving about John Njord, UDOT's Executive Director, and Carlos Braceras, UDOT's Deputy Director. They have the respect, appreciation, and confidence of the Governor, the legislature, and the public. Njord and Braceras have served in these positions since May 2001 under three different governors. Both have received awards for their accomplishments as UDOT leaders. They, of course, will credit their people, who in the eyes of those who have worked with UDOT staff over the years, do indeed reflect well on the organization.

Braceras noted that UDOT's approach is to be "stewards of the road...we don't own the road." He explained that it's important to be aware of the public: UDOT's customers. Everything visible on the road will reflect upon UDOT's reputation.

Njord and Braceras are business-like and relatively low-key in their approach letting their track record speak for itself. They do, however, place high value on the relationships they have built with the state's political leadership.

### **Valuable Relationships**

"We have great relationships with the Governor, the Governor's staff, and key legislators. We go out of our way to get to know them," states Braceras. Every month, UDOT executives and staff visit with county leadership the day before their monthly Commission meeting. Braceras noted that this builds relationships and trust across the state. "We look for every opportunity we can to engage an elected official."

### **Successful Project Delivery**

One of UDOT's most notable success stories was the on-time and within budget completion of Interstate 15, a \$1.6 billion project and the nation's first application of design-build for a project of that magnitude. The state's political leadership supported UDOT in embarking on this new approach to project delivery for a fast-track project whose success was essential to handle traffic during the Olympic games, but not without some anxiety. Former Senate president Lane Beattie recalls the all-day work session at UDOT headquarters with the Governor, legislative leaders and UDOT staff, ultimately agreeing to the proposal on the strength of the homework the staff had done. John Nixon, Executive Director of the Governor's Office of Planning and Budget, pointed out that the I-15 "set the stage for having a great deal of confidence in UDOT." "Additionally," he goes on, "they are known for being innovative and non-bureaucratic."

As an example, Nixon noted that by virtue of where he lived at the time he was able to personally observe the remarkable and highly innovative fast turn-around bridge replacement project using Self-Propelled Modular Transporter technology, for which UDOT earned high praise (with UDOT project development director Jim McMinimee,

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recognized nationally by the Engineering News Record as one of the top 25 industry leaders for 2008.)

“UDOT executives understand the importance of being transparent and accountable” notes Greg Curtis, former Utah House Speaker. Curtis recalled how well UDOT would present project status information whenever it was requested in a clear, understandable way that enabled him to respond to constituents.

### **Internal Efficiencies**

Carlos Braceras explains the importance of demonstrating internal efficiencies before asking for additional funding. He notes that UDOT has one of the leanest work forces relative to its responsibilities – only 1,600 employees managing and maintaining a 6,000 centerline mile highway network.

Braceras cites, as an example, how a few years ago, UDOT eliminated 10 percent of its vacant positions by cross-training staff in the “Transportation Technician Program.” Construction people had to get a Commercial Drivers’ License to push snow and maintenance people had to be certified for inspection work. This improved the agency’s credibility.

### **Governor Jon Huntsman**

Governor Huntsman has served as Utah governor since 1995 and his support has been vital to UDOT’s success. The Governor sees transportation investment as a key to improving economic development. In connection with a proposed ballot measure to increase funding, Governor Huntsman stated: “Welcome to the fifth fastest growing state in America. Because of the growth we need the infrastructure that will sustain our quality of life and the ability for our economy to continue to provide the jobs that will make for quality of life.”

The Governor’s support for transportation is matched by his confidence in UDOT to deliver. “We are fortunate to have the governor’s trust in the Department,” notes Carlos Braceras, “his office turns to us and to our comptroller to ask key questions about what we need and might be able to accomplish at different funding levels. And they don’t question our judgment.”

John Nixon, the Governor’s senior staff member for the budget observes that the Governor does not get into brokering projects, leaving the setting of priorities with political leaders and planners to UDOT.

### **Legislature**

The Legislature, as reflected by two recent leaders who were interviewed – a former Senate President and a former House Speaker – does not hesitate to support funding for

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transportation, united with the Governor in his view that this is essential to the economic growth of their state. Notwithstanding the Legislature's political conservatism, and somewhat surprisingly, they seem to prefer taxes and bonding to tolling or privatization options. The legislature's response to the Governor's 2010 budget proposal to cut funding for UDOT because of a decline in revenue was to restructure its bonding policies and restore the program.

As noted by Braceras, "passion in our legislature for transportation is sometimes underestimated...the overall budget was put together around the need to preserve the transportation budget." Braceras explained that the majority of the legislators are conservative and pro-business, so they have been very supportive of investing in transportation to support economic development. Curtis pointed out that the legislature's approach was to grow the economy by investing in transportation and in the long run, this economic growth will fund education and other needs.

### ***The Business Community***

As discussed earlier, the business community has been instrumental in supporting transportation investments. Since Lane Beattie, former Senate President, became President and Chief Executive Officer of the Chamber, he has aggressively pursued increased transportation funding because, as he states "if we didn't have increased funding for infrastructure, we were going to suffer economically."

### ***Environmental Groups***

Recognizing that Utah's environmental groups often challenged road capacity investments, as they did with the Legacy Parkway project, Governor Huntsman led a strategy with UDOT senior managers to proactively engage the environmental community. After settling the litigation on Legacy Parkway, UDOT actively engaged the environmental community in deliberations about other projects, such as the Mountain View Corridor. UDOT recently reached agreement with key environmental groups who were actively engaged in this project, and thereby hopes to avoid costly and time-consuming litigation. Carlos Braceras points out that there will always be a certain degree of tension with environmental groups, but observes how that is, in fact, healthy as UDOT undertakes the environmental planning process for its projects.

### **Communications/Marketing**

Transportation is consistently communicated in Utah as being a key driver for economic development. In general, the press has been supportive of UDOT and its transportation investment strategies.

Leaving nothing to chance, however, the Chamber of Commerce undertook an intensive campaign to win public support for Proposition 3, the 2006 ballot measure that proposed

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increasing the sales tax by a quarter cent for transportation. As Beattie describes it, the Chamber of Commerce needed to first convince the legislature to put this on the state ballot and then convince the public to vote for it. In one-on-one meetings with legislators, Beattie had one of the top 100 CEOs in the country get personally involved. Once the legislation was passed to allow the measure onto the ballot, the business community raised \$750,000 to support the initiative (mostly from highly motivated contractors and consulting engineers) in ten days. The media campaign consisted of a month-long publicity blitz of television and radio ads, lawn signs, emails, posters, and direct mail. They invested in newspaper ads that stated “Fix it now or fix it later” (see Figure 1 below), posters with slogans like “how to save time, money, and headaches,” and direct mail that said “We’re facing a transportation crisis.” Additionally, a television advertisement showed a child being buried by legos as the commentator said “The longer we wait...congestion will bury us.” Beattie pointed out that they “trained people to speak using the same rhetoric” regarding the transportation funding issue. The Proposition 3 sales tax proposal passed with more than 2/3 of the voters’ support.

In addition to Proposition 3 Utah’s political leadership has supported transportation and UDOT’s programs in particular, through transfers of budget surpluses that occurred prior to the recent economic downturn. And the media was completely supportive.

On January 19, 2006, Utah’s Daily Herald stated:

*Some legislators may be reluctant to spend the money on state programs because they see this as “growing government” -- a slippery definition that may not connect to reality in this case. To the business community, it makes a lot more sense to use excess income for desperately needed capital improvements. Utah, for example, needs some vital infrastructure to maintain a healthy economy. Invest it in transportation. One way to put the budget surplus to good use is to deposit it in the Transportation Investment Fund. The fund, created last year, is an interest-bearing dedicated account that will finance future transportation projects, such as upgrading Interstate 15 in Utah County.<sup>4</sup>*

A similar sentiment is expressed in the February 18, 2007 Deseret News:

*Spending on infrastructure is safe, conservative, responsible and far-sighted. It doesn’t increase agency base budgets, and when the inevitable economic downturn occurs, the one-time spending provides a cushion. It can be eliminated without hurting education, social services, or other permanent programs, helping avoid layoffs and deep program cuts.<sup>5</sup>*

Figure 1. Sample Transportation Funding Advertisement

**Fix it now, or fix it later?  
Let voters decide.**

**Traffic congestion** in Utah will triple during the next 25 years. Last year alone, 78,000 new people—roughly the population of Ogden City—moved into the state. The “Cossacroads of the West” is quickly becoming the “Parking Lot of the West.”

Sooner or later, transportation improvements will need to be made, but the cost of waiting is high. Traffic congestion hurts Utah’s economy and quality of life. Plus, improvements started now will be completed years sooner, and with the rising price of construction, cost millions less to build.

**It’s time to act.**  
Utah’s business community has put forward a plan to invest in a balance of highway and mass transit projects that will keep Utah livable and prosperous, including:

- FrontRunner commuter rail from Salt Lake City to Provo
- Bus rapid transit connecting Provo and Orem
- Fixed guideway systems in South Davis County and Ogden/Weber State
- TRAX light rail extensions to Draper, West Jordan, West Valley City, and the International Airport
- Investment in local roads

For voters to consider this plan in the fall, however, Governor Huntsman must call a special session of the legislature to put the proposal on the ballot. Spending to improve Utah’s transportation now, so we don’t have to spend even more later, is a tough decision. But the business community believes you deserve to make that choice.

**Here’s what you can do:**

1. Call Governor Huntsman’s office at 801-538-1000 and ask him to convene a Special Session of the legislature on July 19th.
2. Call the Utah House of Representatives at 801-538-1029 and the Utah Senate at 801-538-1035 and ask them to give you the chance to vote on your transportation future.
3. Visit the 2015 Transportation Alliance web site ([www.2015Utah.com](http://www.2015Utah.com)) and sign on as a partner.

**Salt Lake Chamber**  
Utah’s Business Leader™

**THE 2015 TRANSPORTATION ALLIANCE**  
Ensuring Mobility for a Strong Economy

The 2015 Transportation Alliance was created by the Salt Lake Chamber and other businesses to accelerate transportation investment in Utah. The Alliance seeks to fund a balance of highway and transit projects identified in the 2030 transportation plan by 2015.

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UDOT's communications strategy seems to be a combination of allowing their track record and the credibility they have earned speak for itself, while letting others – such as the business community and editorial boards – make the case for transportation investments through marketing and editorializing. Judging from the results, it seems to be a successful strategy.

## **Lessons Learned/Looking Back**

The following is a list of the key success factors as identified by the interviewees:

### ***UDOT credibility is universal, instilling confidence that what is promised will be delivered.***

It is not often that state DOT leaders are compared with rock stars, but that is exactly what one interviewee observed in characterizing the popularity of UDOT's Director and Deputy Director and the credibility of UDOT as a whole. It is a popularity earned in a much more deliberative way than entertainers, but it is no less indicative of the high regard in which they are held. It is also indicative of how the personal credibility of an agency's leadership can be indistinguishable from that of the agency as a whole. The confidence in UDOT among elected leaders, the business community, and the Governor's key staff is palpable, and clearly a critical factor in their willingness to publicly advocate for transportation resources.

Interviewees all discussed how important it is to work closely with legislative leaders. Former Senate President Beattie pointed out how important it is to take the time to help the legislators understand the issues and help them understand why it's important to them. And, when initiatives are successful, how important it is to let elected officials take the credit they are due.

Former Speaker Curtis observed, "It is essential to keep faith with the taxpayers...when you break trust with them it takes forever to get it back." He explained that if UDOT had failed to complete the building of Legacy Highway when the court stopped the project, then folks in a different part of the valley wouldn't trust that I-15 would happen next as was promised. It's an interconnected chain of commitments that must be fulfilled."

Deputy Director Carlos Braceras believes "our currency is 'public perception.'" He explained that "for us to continue to do projects – we have to have trust of the people." To test their standing with their customers, UDOT uses public opinion polls. The latest poll showed a 76% approval rating for UDOT, which is unprecedented for a public agency in Utah.

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***Political and business leadership share a common vision for transportation, and able to communicate a focused message in winning public support.***

The basis of support for funding transportation in Utah is single-minded among political leaders and the business community in terms of the clarity of their vision and their ability to communicate their message to the public. It is for economic growth, plain and simple. And at least according to one interviewee, it is not economic growth in an abstract way or in a way driven solely by narrow financial goals. The growth objective relates to providing jobs for an expanding population so that young people do not have to leave Utah to earn a living. It is an economic growth objective with a societal dimension in a state where family values rank high among residents.

***Political leaders and the public willing to tax themselves to achieve a quality transportation system***

Unlike much of the rest of the country, and in politically conservative Utah, of all places, the idea of taxes for transportation is still alive. This may well be the result of the unique combination of (1) the single-minded shared vision for economic growth, rooted in a community-based commitment to provide jobs for a fast-growing population and (2) a degree of credibility enjoyed by UDOT that is second to none among state DOTs in the nation. Certainly with a strong business community and a conservative ethic, one might have expected the notion of public-private partnerships supported by toll roads to have had some degree of serious consideration, but that has not happened.

What is also unique is what the vision of a “quality transportation system” means in Utah. Along the Wasatch Front it means little or no congestion on streets and highways in peak hours and a transit system that attracts reasonable ridership, even in an auto-dominated region. In rural areas it means safety and mobility with multi-lane sections interspersed at regular intervals along 2-lane highways to facilitate safe passing opportunities. As one interviewee put it, saying “we can’t build our way out of congestion” just makes us more determined to do just that.

***A winning combination for system enhancement does not cut it for supporting maintenance and preservation***

All interviewed acknowledged that Utah’s single-minded commitment to funding transportation has not, for reasons not entirely clear, leveraged the resources required for preservation and maintenance. The needs are recognized (UDOT employs analytical approaches to asset management as advanced as any) and they have articulated and quantified what is required, yet the result is a system whose traffic-carrying capacity is expanding while its physical condition is slipping.

Carlos Braceras noted that such funding may be difficult to come by, “since we’ve been doing too good of a job of hiding our maintenance problem...we paint the road black

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instead of doing long-term preventive fixes.” Braceras believes that legislators understand the consequences of under-funding O&M; however, he stated “the design life of a road versus an elected official’s political life are quite different.” Former House Speaker Curtis pointed out that there’s no “glamour or ribbon-cutting” when a road is preserved.

## **Additional References**

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