

# TRANSPORTATION IMPACTS AND LOCAL ECONOMIC ACTIVITY

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Transportation activities have both costs and benefits to a local economy. Within urban areas, traffic congestion can add significant cost by reducing productivity to businesses that are heavily dependent on surface transportation (NCHRP 2005, Report 463). Transportation improvements to major corridors can improve system efficiency and access, and thereby encouraging local economic expansion.

In most metropolitan areas, there is growing concern with increases in traffic congestion and associated adverse impacts on the local economy. Traffic congestion can be defined as traffic delays caused when vehicles move below a reasonable speed because the number of vehicles using a road exceeds its capacity thus reducing throughput.

The *2005 Urban Mobility Report* found that congestion continues to grow in all urban areas in the country. The report noted that congestion during morning and evening peak periods increased from 12% of the total peak time to 40%. The Bakersfield Metropolitan Area ranked 80<sup>th</sup> of 85 urban areas with the worst congestion. The Kern Council of Governments in the *Destination 2030 Regional Transportation Plan* estimates that congestion in Kern County will increase 140% by 2030. This congestion is not limited to the Bakersfield Metropolitan Area. Several corridors in now rural areas are projected to show congestion increases during peak commute times.

Traffic congestion has a wide range of impacts on business activity such as increasing air pollution, delaying worker commute time, and delaying delivery to suppliers and customer markets. Increased congestion means longer travel times and increased travel cost. The Urban Mobility Report noted that congestion costs \$13.75 per hour in California. This added expense for both commuters and deliveries increases local business costs.

Congestion also impacts business productivity by reducing the size of the accessible labor market area, customer delivery area, and shopper market area. Potential worker access to jobs and customer access to goods and services may also affect the “market reach” of local businesses. The commercial cost per hour of congestion is \$72.65. In 2005, congestion cost Kern County \$30 million (Urban Mobility Report, 2005).

Over the past twenty-five years, the Federal Highway Administration has studied the economic activity of highway corridors both before and after major highway improvements. These studies have generally examined trends and changes in population, employment, personal income, property value, and business mix. Generally these studies identified increases in business activity in the corridor after the improvements were completed. In 2003, the North Country in New York case study used a new approach in examining access to markets. The study found that highway improvements not only benefited existing firms but also improved access, making the area more attractive for economic development.

Highway improvements will not only benefit existing firms but also improve access to strategic markets and make the region more attractive as a place to do business. This direct impact is primarily a benefit for businesses relocating to the region, and those existing businesses interested in expanding activity at an existing location (Hodge, 2003).

Economic development benefits of a major transportation improvement are generally not immediate. Significant business attraction activity may be phased in a five-to ten-year period once the transportation improvement is completed. Existing businesses will increase activity and may expand facilities due to improved access. These expansions, however, are dependent on the type and extent of the local economic development strategy.

Job creation based on completion of a major transportation improvement can vary widely depending on the existing local economy. Improved access to labor markets, shopping, and delivery service areas may expand tourism opportunities or improve goods movement facilities. In California, for every dollar invested in transportation infrastructure, there is \$2.60 in benefits from reduced congestion.

The projected increase in congestion in Kern County will reduce the economic attractiveness of the area, hindering its economic development potential. Firms requiring time-sensitive transportation may not locate where congestion is increasing. Expansion of existing businesses

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may be delayed or canceled due to the reduction in customer access and market area.

Destination 2030 identifies the needed transportation facilities and funding to construct the necessary projects, thereby reducing congestion throughout Kern County. While congestion will continue to increase annually, becoming significant by 2030, the funding required to construct the needed facilities will not be available until 2050.

### References

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### A Cool Website!

[BakersfieldFreeways.us](http://BakersfieldFreeways.us) is a high-tech website with simulations, maps, and project descriptions addressing the growing transportation concerns of the Bakersfield metropolitan area, which has been experiencing unprecedented population growth over the past decade. This sizeable growth, coupled with the region's increasing role as a central hub for interregional commerce and travel, has generated considerable strain on the area's transportation systems. With the completion of Bakersfield Systems Study in 2001, the City created a Division to deal with several major transportation projects under the Thomas Road Improvement Program (TRIP). The goal of this Division is to improve mobility of residents through the completion of these projects.

The City is using the website to seek proposals from qualified engineering firms to provide engineering and environmental services for TRIP's medium-size projects (e.g., Oak Street at 24th Street Interchange) and large-size projects (e.g. West Beltway Project). The City stipulates that while the approval and funding process takes many years from project inception to completion, and so many of this Division's projects will not be built "tomorrow," it is prudent to begin planning for them today so that future costs and impacts will be minimized.

