



**The Tennessee Advisory Commission
on Intergovernmental Relations**



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MEMORANDUM

TO: TACIR Commission Members

FROM: Harry A. Green
Executive Director

DATE: June 29, 2011

SUBJECT: Building Tennessee's Tomorrow, 2011

The Tennessee General Assembly charged the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) with developing and maintaining an inventory of public infrastructure needs "in order for the state, municipal and county governments of Tennessee to develop goals, strategies and programs which would

- improve the quality of life of its citizens,
- support livable communities, and
- enhance and encourage the overall economic development of the state."

The inventory began in fiscal year 1996-97 and has been updated annually. Each year TACIR works along with the nine Development Districts to compile Tennessee's Public Infrastructure Needs Inventory by gathering information from state and local officials. The information they provide is analyzed by TACIR staff, and an annual report is prepared for the General Assembly. Highlights from the current report are presented in the attached executive summary; a draft of the complete report will be emailed in its entirety in advance of the meeting.

The report submitted for your approval is the ninth in the series and comprises \$37.6 billion in projects reported by state and local officials. It contains a summary and a general overview of information from the inventory completed in fiscal year 2009-10. This most recent inventory includes projects that need to be in some stage of development during the five-year period July 2009 through June 2014. The report includes statewide information by type of project and by level of government, as well as information on the condition and needs of our public schools. The report also includes

- statewide information by type of project and by level of government,
- information about the availability of funding to meet reported needs, and
- a comparison of county-area needs.

Appendices include county-area information about each type of need collected for the inventory, as well as relevant legislation, inventory forms, and a glossary of terms.

Attachment.

Building Tennessee's Tomorrow: Anticipating the State's Infrastructure Needs *July 2009 through June 2014*

Executive Summary

This report is the ninth in a series on infrastructure that began in the late 1990s. These reports to the General Assembly present Tennessee's public infrastructure needs as reported by local officials, those submitted by state departments and agencies as part of their budget requests to the Governor, and those compiled by the Tennessee Department of Transportation. The information presented in this report was collected during fiscal year 2009-10 and covers the five-year period of July 2009 through June 2014 and provides two types of information: (1) needed infrastructure improvements and (2) the condition of existing elementary and secondary (K-12) public schools. Needs fall into the six broad categories shown below.

Reported Infrastructure Needs	
Transportation and Utilities \$19.5 billion	Education \$7.7 billion
Health, Safety and Welfare \$6.9 billion	Recreation and Culture \$1.8 billion
Economic Development \$1.1 billion	General Government \$473 million
Grand Total \$37.6 billion	

A number of conclusions may be drawn from the information compiled in the inventory:

- The total need for public infrastructure improvements is estimated at \$37.6 billion for 2009 through 2014—an increase of \$269 million from the previous inventory—including the cost of upgrading existing public schools to good condition. This is the smallest increase in any inventory since they began in 1997.
- Three categories—Transportation and Utilities, Recreation and Economic Development—all increased. The largest dollar increase was in Transportation and Utilities (\$612 million). Even with a significant increase in transportation needs, total needs increased only slightly because three types—water and wastewater, new school construction and public buildings—decreased by more than \$100 million each. Even though the increase in Transportation and Utilities needs is larger than the

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[Public Chapter 817 Acts of 1996]

total increase in public infrastructure needs, it is substantially smaller than increases in previous years. This category continues to account for about half of the total infrastructure needs in the inventory.

- Economic Development needs increased \$109 million from the previous inventory. This increase can be attributed to an increase in the estimated cost of the convention center project in Nashville. Recreation and Culture increased slightly (\$21 million or 1.2%). Recreation needs declined, but modest increases in community development and libraries, museums and historic sites more than offset that decline.
- Three of the six categories—Education; Health, Safety and Welfare; and General Government—decreased from the previous inventory. Education is the second largest category after Transportation and Utilities and includes mainly public schools and higher education facilities. The category as a whole declined \$56 million. An \$80 million increase in higher education needs was not enough to offset the \$109 million decrease in public school needs. The only type of public school need that increased was system-wide needs, such as central offices and bus garages.
- Health, Safety and Welfare decreased the most (\$239 million) of any broad category with two project types—water and wastewater and law enforcement—declining by more than \$100 million each. General Government needs fell by \$171 million (26.5%), mainly because of a \$164 million decrease in public buildings, the largest decrease of any individual type of infrastructure need. Fourteen public building projects reported in the last inventory were canceled, and 44 were completed.
- Local officials are confident of only \$10.9 billion (which is about 18% more than in the previous inventory) of the \$29.3 billion identified as local needs. (These figures do not include needs at existing schools or those in state agencies' capital budget requests.) Most of that amount, \$10.3 billion, is for needs that are fully funded; another \$700 million is for needs that are partially funded. That leaves another \$18.4 billion of needs for which funding is not yet available. It is likely that more of the need will be met from existing funding sources as projects move through planning and design and into the construction phase, but it is impossible to know in advance how much.
- The effects of funding from the American Recovery and Reinvestment Act (ARRA) are beginning to show up in this inventory. Funding status in the previous inventory was reported as of July 1, 2008, before the ARRA was enacted. Funding status in the current inventory is reported as of July 1, 2009. By then, the ARRA was passed and funds had begun to flow to infrastructure needs. ARRA funding specifically reported for needs in the current inventory amount to \$84 million. Funding sources reported in the inventory are usually not that specific, so the real total could be much higher.
- Fully funded public infrastructure needs increased by about \$1.5 billion from last year. This increase is mainly from state and federal funding sources for unfunded transportation needs reported in previous inventories that were funded in the current inventory. It is possible that funding for these needs became available because ARRA funds for transportation projects, such as paving that are not included in the inventory freed up other federal and state dollars for road construction projects.

- For the third consecutive year, needs for school infrastructure improvements—including new schools and improvements or additions to existing schools—decreased by more than \$100 million. The largest decrease, \$127 million, is in new school construction needs, but the need reported for improvements at existing schools also declined. The decline in needs for new schools has followed a decline in enrollment. Enrollment grew significantly from 2000 to 2007, but slowed . New school construction needs followed a similar pattern and have now decreased by more than \$100 million for the second straight year by more than \$100 million.
- The overall condition of Tennessee's public school buildings continues to be consistent with 91% of schools in good or excellent condition. This is the same level reported by local officials since July 2004 and a considerable improvement over the 59% reported in 1999. The estimated cost of infrastructure improvements reported in the inventory also seems to have stabilized at around \$3.5 to \$3.7 billion since 2001. (These figures do not include the needs of the state-owned special schools.)
- State or federal mandates affect about 5% of all projects in the current inventory, the same as the last three years. About 15% of projects reported in 2001 were mandate related, but that percentage declined each year through 2004 when it fell below 5% for the first time. Although public elementary and secondary schools account for 41% of the total number of projects affected by facilities mandates, this is a substantial decline from the 60% in the previous inventory. The decline is largely because of the waning effect of the Education Improvement Act, which was fully implemented by fall 2001.
- Consistent with analysis of previous inventories, tax base factors and income correspond more closely to needs by county than population factors do, although total population and population density are good predictors of infrastructure needs as well. The strongest predictors of need may simply reflect the common sense inference that tax base and income tend to concentrate where population concentrates. Also, it is possible that the ability to fund infrastructure may influence local officials as they respond to the inventory.