

Building Tennessee's Tomorrow: Anticipating the State's Infrastructure Needs

July 2015 through June 2020

INTRODUCTION

One of the greatest fiscal challenges facing our elected officials is dealing with the nation's aging infrastructure. As the population grows and shifts, new classrooms must be built and equipped to meet our children's needs. As roads and bridges wear out, they must be repaired or replaced to ensure our safety. And as outdated water lines begin to crack and fail, they must be upgraded to carry clean drinking water safely and efficiently. These examples are just a few of the demands confronting state and local officials as they struggle with the daunting task of matching limited funds to seemingly unlimited needs.

Why do we rely on the public sector for roads, bridges, water lines, and schoolhouses instead of looking to the private sector? The private sector does a fine job of providing goods and services when it is possible to monitor and control their use and exclude those who cannot or will not pay an amount sufficient to generate profit. In the interest of general health and safety, excluding users is not always desirable, and profit may not always be possible. Public infrastructure is the answer when the service supported is essential to the common good and the private sector cannot profitably provide it at a price that makes it accessible to all. Therefore, we look to those who represent us in our public institutions to set priorities and find ways to fund them.

Why inventory public infrastructure needs?

The Tennessee General Assembly affirmed the value of public infrastructure in legislation enacted in 1996 when it deemed an inventory of those needs necessary "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

Infrastructure projects not only create jobs and improve quality of life for all Americans, but they enhance economic growth in the long term. With improved roads, bridges, and ports, businesses are better able to serve consumers and expand their enterprises.

Lindsey Klaassen and Ed Mortimer, *InfrastructureUSA, Infrastructure: An Investment Worth Making*, April 6, 2017

through the provision of adequate and essential public infrastructure.”¹ The public infrastructure needs inventory on which this report is based was derived from surveys of local officials by staff of the state’s nine development districts,² the capital budget requests submitted to the Governor by state officials as part of the annual budget process, and bridge and road needs from project listings provided by state transportation officials. The Commission relies entirely on state and local officials to evaluate the infrastructure needs of Tennessee’s citizens as envisioned by the enabling legislation.

What infrastructure is included in the inventory?

For purposes of this report, and based on the direction provided in the public act and common usage, public infrastructure is defined as

*capital facilities and land assets under public ownership
or operated or maintained for public benefit.*

To be included in the inventory, infrastructure projects must not be considered normal or routine maintenance and must involve a capital cost of at least \$50,000.³ This approach, dictated by the public act, is consistent with the characterization of capital projects adopted by the Tennessee General Assembly for its annual budget.

Local officials were asked to describe anticipated needs for the period July 1, 2015, through June 30, 2035, classifying those needs by type of project. State-level needs were derived from capital budget requests. Both state and local officials were also asked to identify the stage of development—conceptual, planning and design, or under construction—as of July 1, 2015. The period covered by each inventory was expanded to 20 years in 2000 because of legislation requiring its use by the Commission to monitor implementation of Tennessee’s Growth Policy Act.⁴ Plans developed pursuant to that act established growth boundaries for annexation by the state’s municipalities. This report focuses on the first five years of the period covered by the inventory and the following types of public infrastructure (see page 255 for a glossary of project types)

- Transportation and Utilities
 - Transportation
 - Other Utilities

¹ Chapter 817, Public Acts of 1996. For more information about the enabling legislation, see appendix A.

² For more information on the importance of the inventory to the development districts and local officials, see appendix B.

³ School technology infrastructure is included for existing schools regardless of cost in order to provide information related to the technology component of the state’s education funding formula.

⁴ Chapter 672, Public Acts of 2000.

- Education
 - Post-secondary Education
 - School Renovations
 - New Public Schools and Additions
 - Other Education
 - School System-wide
- Health, Safety, and Welfare
 - Water and Wastewater
 - Law Enforcement
 - Public Health
 - Storm Water
 - Fire Protection
 - Solid Waste
 - Housing
- Recreation and Culture
 - Recreation
 - Libraries, Museums, and Historic Sites
 - Community Development
- General Government
 - Public Buildings
 - Other Facilities
- Economic Development
 - Industrial Sites and Parks
 - Business District Development

Within these parameters, local officials are encouraged to report their needs as they relate to developing goals, strategies, and programs to improve their communities. They are limited by only the very broad purposes for public infrastructure as prescribed by law. No independent assessment of need constrains their reporting. In addition, the inventory includes bridge and road needs from project listings provided by state transportation and capital needs identified by state officials and submitted to the governor as part of the annual budget process.

Infrastructure in the United States is in such poor condition that it would only merit a “D+” if it were graded like students, according to the American Society of Civil Engineers (ASCE). The group estimates it would take an additional \$2 trillion of spending by 2025 to bring the average up to a “B.”

Daniel C. Vock, *Governing*, “Engineers Give America’s Infrastructure D+, Again,” March 9, 2017

Few things have more impact on people and place than the roads and bridges and transit lines we build, and the critical utilities that keep them running. Most of these projects are associated with progress, but outcomes can be good or bad.

Anthony Flint, Citylab,
Infrastructure's Big Moment is Coming, May 8, 2017

How is the inventory accomplished?

The public infrastructure needs inventory is developed using two separate, but related, inventory forms.⁵ Both forms are used to gather information from local officials about needed infrastructure improvements. The second form is also used to gather information about the condition of existing public school buildings, as well as the cost to meet all facilities mandates at the schools, put them in good condition, and provide adequate technology infrastructure. Information about the need for new public school buildings and for school system-wide infrastructure improvements is gathered in the first form. TACIR staff provide local officials with supplemental information from the state highway department about transportation needs, many of which originate with local officials. This information helps ensure that all known needs are captured in the inventory.

In addition to gathering information from local officials, TACIR staff incorporate capital improvement requests submitted by state officials to the Governor's Budget Office into the inventory. While TACIR staff spend considerable time reviewing all the information in the inventory to ensure accuracy and consistency, the information reported in the inventory is based on the judgment of state and local officials. In many cases, information is limited to that included in the capital improvements programs of local governments, which means that it may not fully capture local needs.

Projects included in the report are required to be in the conceptual, planning and design, or construction phase at some time during the five-year period July 2015 through June 2020. Projects included are those that need to be either started or completed during that period. Estimated costs for the projects may include amounts spent before July 2015 to start a project that needs to be completed during the five-year period or amounts to be spent after June 2020 to complete a project that needs to be started during the five-year period. Because the source of information from state agencies is their capital budget requests, all of those projects are initially recorded as conceptual.

In the context of the public infrastructure needs inventory, the term "mandate" is defined as any rule, regulation, or law originating from the federal or state government that affects the cost of a project.⁶ The mandates most commonly reported are the Americans with Disabilities Act (ADA), asbestos, lead, underground storage tanks, and the Education Improvement Act (EIA). The EIA mandate was to reduce the number of students in each public school classroom by an overall average of about 4½ by fall 2001. Tennessee public schools began working toward that goal with passage of the EIA in 1992 and met it by hiring a sufficient number

⁵ Both forms are included in appendix C.

⁶ See the Glossary of Terms at the end of the report.

of teachers. However, some schools still do not have sufficient classroom space to accommodate the additional classes and teachers required.

Except in the case of existing public schools, the inventory does not include estimates of the cost to comply with mandates, only whether the need was the result of a mandate; therefore, mandates themselves are not analyzed here other than to report the number of projects affected by mandates. Even in the case of public schools, with the exception of the EIA, the cost reported to TACIR as part of the public infrastructure needs inventory is relatively small—less than 1% of the total.

How is the inventory used?

The Public Infrastructure Needs Inventory is both a product and a continuous process, one that has been useful in

- short-term and long-range planning,
- providing a framework for funding decisions,
- increasing public awareness of infrastructure needs, and
- fostering better communication and collaboration among agencies and decision makers.

The inventory promotes planning and setting priorities.

The Public Infrastructure Needs Inventory has become a tool for setting priorities and making informed decisions by all stakeholders. Many decision makers have noted that in a time of tight budgets and crisis-based, reactive decisions, the annual inventory process is the one opportunity they have to set funding issues aside for a moment and think proactively and broadly about their very real infrastructure needs. For most officials in rural areas and in smaller cities, the inventory is the closest thing they have to a capital improvements program (CIP). Without the inventory, they would have little opportunity or incentive to consider their infrastructure needs. Because the inventory is not limited to needs that can be funded in the short term, it may be the only formal opportunity they have to consider the long-range benefits of infrastructure.

The inventory helps match critical needs to limited funding opportunities.

The Public Infrastructure Needs Inventory provides the basic information that helps state and local officials match needs with funding, especially in the absence of a formal capital improvements program. At the same time, the inventory provides information needed by the development districts to update their respective Comprehensive Economic Development Strategy Reports required annually by the Federal Economic Development Administration. Unless a project is listed in that document, it will not be considered for funding by that agency. Information from the inventory

As infrastructure deteriorates, many sectors of the economy lose their ability to operate efficiently.

Diane Whitmore Schanzenbach, Ryan Nunn, and Greg Nantz, The Hamilton Project at Brookings, *If you Build It: A Guide to the Economics of Infrastructure Investment*, February 7, 2017

has been used to develop lists of projects suitable for other types of state and federal grants as well. For example, many projects that have received Community Development Block Grants were originally discovered in discussions of infrastructure needs with local government officials. And it has also helped state decision makers identify gaps between critical needs and available state, local, and federal funding, including an assessment of whether various communities can afford to meet their infrastructure needs or whether some additional planning needs to be done at the state level about how to help them.

The inventory provides an annual review of conditions and needs of public school facilities.

The schools' portion of the inventory is structured so that the condition of all schools is known, not just the ones in need of repair or replacement. Data can be retrieved from the database and analyzed to identify particular needs, such as technology. This information is useful in pinpointing pressing needs for particular schools and districts, as well as providing an overview of statewide needs. This unique statewide database provides information about the condition and needs of Tennessee's public school facilities.

The inventory increases public awareness, communication, and collaboration among decision makers.

The state's infrastructure needs have been reported to a larger public audience, and the process has fostered better communication between the development districts, local and state officials, and decision makers. The resulting report has become a working document used at the local, state, and regional levels. It gives voice to the often-underserved small towns and rural communities. Each update of the report provides an opportunity for re-evaluation and re-examination of projects and for improvements in the quality of the inventory and the report itself. This report is unique regarding its broad scope and comprehensive nature. Through the inventory process, development districts have expanded their contact, communication, and collaboration with agencies not traditionally sought after (e.g., local boards of education, utility districts, and the Tennessee Department of Transportation) and strengthened personal relationships and trust with their more traditional local and state contacts. Infrastructure needs are being identified, assessed, and addressed locally and documented for the Tennessee General Assembly, various state agencies, and decision makers for further assessment and consideration.

What improvements have been made to the inventory?

As each inventory cycle comes to a close, TACIR staff review the collection and analysis process to identify ways to improve efficiency and accuracy. Staff continually work to improve methods for project tracking and quality control. This year, improved surveying of public housing agencies and

authorities identified a need for \$304 million in infrastructure to support public housing that had not been captured in previous inventories. In addition, infrastructure related to broadband internet access was added as a new project type this fall and will be analyzed in the July 2016 report. Staff continues to analyze the relationship between school-level enrollment and the need for improvements at individual schools, augmenting analyses using system-level enrollment. Staff also continued to improve and enhance the online inventory application.

Staff also routinely evaluate methods to improve how the information collected in the surveys is shared with state and local officials and communicated to the general public. Toward those ends, this year's report format includes one-page summaries for each county. See page 8 for the statewide summary. The county summaries may be found beginning on page 21. The summaries highlight the top three types of infrastructure based on total estimated cost needed in the county broken down by whether it's needed locally or at the regional level. The estimated costs for all types of infrastructure are divided between conceptual projects and those that have moved into the planning and design stage or have started construction. The infrastructure needed at public school systems is also compared to student enrollment.

What else needs to be done?

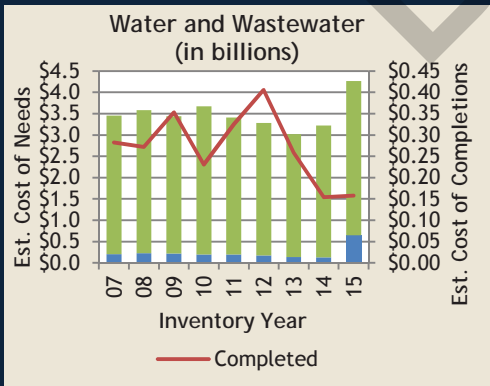
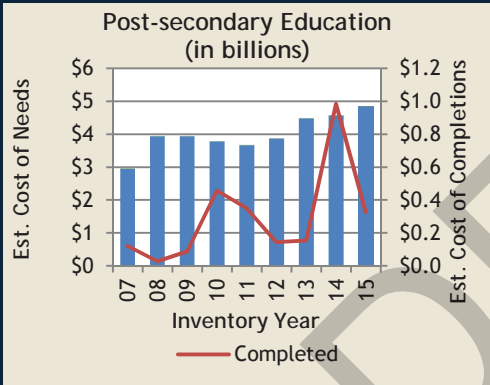
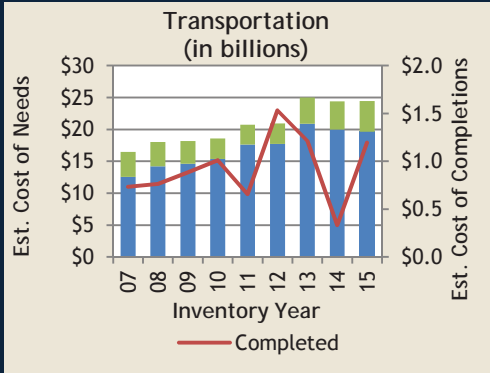
The data collection process continues to improve, and the current inventory is more complete and accurate than ever. The Commission has tried to strike a balance between requiring sufficient information to satisfy the intent of the law and creating a burden on local officials reporting their needs. By law, the inventory is required of TACIR, but it is not required of state or local officials; they may decline to participate without penalty. Similarly, they may provide only partial information. This can make comparisons across jurisdictions and across time difficult. But with each annual inventory, participants have become more familiar with the process and more supportive of the program.

Improvements in the technological infrastructure of the inventory itself have set the stage for future efforts to make the inventory more accessible and useful to state and local policy makers and to researchers. Future work will include adding some GIS capabilities so staff and public officials can better analyze infrastructure needs.

State Total

Total Estimated Cost* for Infrastructure Improvements
\$43,416,840,970

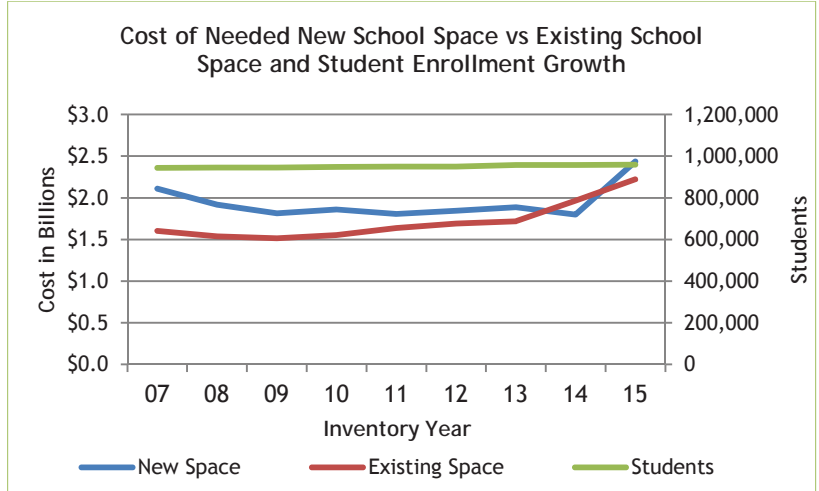
TOP 3



■ = Local
■ = Regional (Serves Multiple Counties)

Estimated Cost of Needed Infrastructure for State Total Five-year period July 2015 through June 2020

Project Type	Conceptual	Planning & Design + Construction
Transportation	\$10,545,716,694	\$13,891,483,029
Post-secondary Education	1,834,018,000	3,006,178,399
Water and Wastewater	1,298,510,294	2,969,665,192
New Public Schools & Additions	1,533,420,127	901,563,000
School Renovations	1,693,600,927	527,072,696
Recreation	400,520,765	773,839,889
Law Enforcement	386,604,589	371,836,787
Public Buildings	403,256,841	177,555,000
Public Health Facilities	329,782,700	112,988,285
Libraries, Museums, & Historic Sites	67,542,928	315,008,151
Other Utilities	64,127,004	251,975,106
Housing	242,890,000	61,118,235
Industrial Sites and Parks	148,016,000	105,580,474
Community Development	106,724,248	94,370,413
Storm Water	63,981,850	122,972,835
Fire Protection	108,159,789	68,855,866
Business District Development	28,034,000	135,109,257
Other Facilities	48,606,300	92,171,000
Other Education	46,810,000	36,720,000
School-System-wide	25,242,000	3,700,000
Solid Waste	15,680,300	5,832,000
Total	\$19,391,245,356	\$24,025,595,614



*Total Estimated Cost = Conceptual + Planning & Design + Construction