

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

July 2003 through June 2008

## Executive Summary

This report is the fifth in a series. It presents Tennessee's public infrastructure needs as reported by local officials, the needs submitted by state departments and agencies as part of their budget requests to the Governor, and project listings by the Tennessee Department of Transportation. It covers the five-year period of July 2003 through June 2008 and provides two types of information: (1) needed infrastructure improvements, and (2) the condition of existing elementary and secondary (K-12) public schools. The needs reported by state and local officials fall into the six broad categories shown in the block below. A number of conclusions may be drawn from the information compiled in the inventory:

- ✓ The total need for public infrastructure improvements is estimated at \$24.4 billion for 2003 through 2008—an increase of \$2.9 billion from the previous inventory—including the cost of upgrading existing public schools to good condition. The total need has increased \$10.8 billion since the 1999 report, and represents both increased need for infrastructure and increased coverage by the inventory.
- ✓ The transportation and utilities category represents nearly half of the one-year increase in infrastructure needs and nearly half of the total increase since the first report. Transportation needs alone, which increased \$1.3 billion since the last inventory and \$4.9 billion since the first, account for most of that increase and represent almost 39% of the total need. Most of the rest of the one-year increase was in business district development, an

Reported Infrastructure Needs	
Transportation & Utilities \$10.4 billion	Health, Safety & Welfare \$5.4 billion
Education \$5.3 billion	Recreation & Culture \$1.8 billion
Economic Development \$1.2 billion	General Government \$411 million
Grand Total \$24.4 billion	



***Adequate infrastructure is as essential to economic growth as economic growth is to individual prosperity.***

The Tennessee General Assembly charged the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) with developing and maintaining an inventory of 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.”

*[Public Chapter 817, Acts of 1996.]*

increase of \$447 million; water and wastewater, an increase of \$349 million; recreation, an increase of \$346 million; and law enforcement, an increase of \$221 million.

- ✓ The category with the largest percentage increase (70%) was economic development. This category fluctuates more than any other category, partly because it is relatively small. Business district development needs, which grew 111%, accounted for most of this increase because of large business district development projects, one in Nashville and the other in Memphis.
- ✓ Information about the availability of funding to meet Tennessee's public infrastructure needs indicates that in dollar terms more than half may go unmet. The inventory does not include funding information for needs at existing schools or for needs described in capital budget requests submitted by state agencies. Excluding those needs from the total of \$24.4 billion reported for the period covered by the inventory leaves \$20.3 billion in needs. Only \$10.1 billion of that amount is expected to be available according to the local officials who provided the information. Most of that amount, \$9.5 billion, is for needs that are fully funded, another \$600 million is for needs that are partially funded, and the remaining \$10.2 billion of the reported needs have no funding at all.
- ✓ The overall condition of Tennessee's public school buildings has improved dramatically since the first report in this series, but it appears to have leveled out. According to local officials, around 86% of their schools are in good or better condition—about the same as last year, but considerably better than the 59% reported in 1999. Given that fact, it is not surprising that education infrastructure needs increased the least in this inventory. Even so, needs reported in the current inventory are estimated to cost slightly more than \$3.7 billion, which is \$112 million more than the estimate in last year's report—a 3% increase—and \$1.2 billion more than the estimate reported in 1999. This year's increase is considerably larger than the one-year increase reported last year. Last year's increase was only \$55 million, which was less than 2%.
- ✓ The latest data confirm once again that projects included in a capital improvements program (CIP) are far more likely to progress to the construction stage than projects not in a CIP. Almost 44% of projects included in a CIP were in the construction phase, whereas only 20% of projects not included in a CIP were. These percentages were nearly the reverse for

projects in the conceptual phase. Only 20% of projects in a CIP were in the conceptual phase, but 46% of projects not in a CIP were.

- ✓ State or federal mandates affect about 6% of all projects in the current inventory, down from 8% last year. Other than for existing schools, TACIR does not know the cost of mandates. About 78% of all projects affected by mandates are needed for new and existing public schools and are estimated to cost \$542 million. About 6% of that amount is attributable to federal requirements, and 94% is related to state requirements. About 88% of mandate-related education needs is related to providing additional classrooms to meet the lower class sizes required by the Education Improvement Act.
- ✓ Several new initiatives are currently underway. Public Chapter 672, Acts of 2000, formally linked Tennessee's public infrastructure and its growth policy act [Public Chapter 1101, Acts of 1998], requiring that the inventory be used to help monitor implementation of the growth policy act. One such project is under way. Also currently underway is a project to improve the technological infrastructure of the inventory itself. This project is setting the stage for future efforts to make the inventory more accessible and useful to state and local policy makers and other researchers. Plans include making it possible for anyone with an interest to easily access information about and compare the infrastructure needs of cities, counties, and regions.

**There are three benefits of good infrastructure: economic development, public safety, and quality of life.**

Pete DeLay, Tennessee Infrastructure Alliance Chairman

