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Study says Denver metro economy loses \$38.5 billion a year to highway gridlock

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The Denver metro region will sacrifice as much as \$38.5 billion a year in economic output if it fails to spend the money necessary to resolve traffic congestion, according to a study by the [Reason Foundation](#) of gridlock's impact on economic growth.

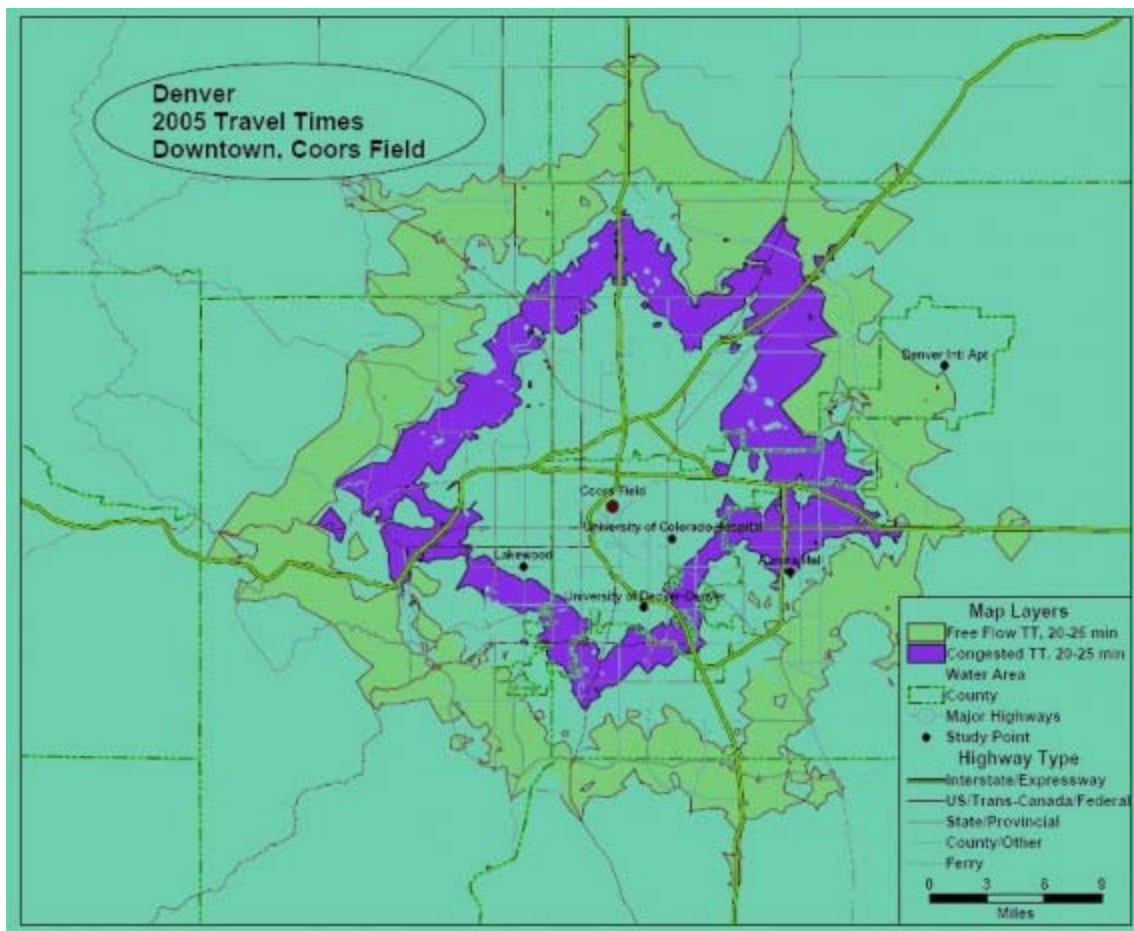
In a study called "[Gridlock and Growth: The Effect of Traffic Congestion on Regional Economic Performance.](#)" the libertarian think tank based in California examined eight metropolitan areas, including Denver, and attempted to quantify the increase in economic production it says would result from improved mobility in free-flowing traffic conditions.

Of the eight regions, Denver had the second-biggest bang for the transportation buck, Reason reasoned. Investing at least \$10 billion over the next 20 years, according to the study, would leverage up to \$38.5 billion each year in added economic output – a ratio of 77-to-1.

Charlotte, N.C., had a higher ratio, 150-to-1, but its economic output gain was smaller at \$22.5 billion annually. That's because its estimated 20-year infrastructure costs to relieve congestion was just \$3 billion.

“If we were able to alleviate the severe congestion in the Denver region, with \$10 billion to \$15 billion in projects to get rid of the right bottlenecks and open up the tight places, that would unleash economic activity that would generate these amounts,” said Sam Staley, Reason’s director of urban and land use policy.

The study looked at current traffic, transportation improvement plans, population growth projections, current productivity and gross regional production in Atlanta, Charlotte, Dallas, Denver, Detroit, Salt Lake City, San Francisco and Seattle. With data from regional planning organizations in each metro area, including the [Denver Regional Council of Governments](#), Reason determined the 25-minute drive boundaries under both predicted congestion and free-flow conditions, then translated the difference into added economic activity.



The purple ring represents the area from which it takes 25 minutes to reach Coors Field downtown during congested traffic. The yellow ring is the additional area from which the driving time is 25 minutes during free-flow conditions.

For Denver, it looked at the impact of population growth and longer commuting times on five areas by 2030: downtown centered on Coors Field, the University of Denver, Aurora Mall, Lakewood and Denver International Airport. Of those locations, Reason calculated that eliminating severe congestion around the region's retail centers, exemplified by the Aurora Mall, would yield the biggest economic gains. Enhanced mobility led to economic activity that added \$38.5 billion a year to the metro economy and more than \$2 billion in annual tax revenues.

That was the highest impact in the study except for Dallas, where eliminating severe congestion around the University of Texas-Dallas engendered \$46 billion annually.

"That represents the amount Denver would lose because of increased congestion through 2030," Staley said. "Denver is losing a fair amount already, in fact, with current congestion."

Denver's "Travel Time Index" as determined in a series of studies by the [Texas Transportation Institute](#) at Texas A&M University is 1.40, meaning that travel during congested rush hours takes 40 percent more time than during free-flow traffic. That is the third-highest congestion among the eight cities in the study.

The impact of eliminating congestion in Denver's suburbs was an estimated \$14.4 billion in greater economic output. Around the University of Denver, it was \$9.3 billion; eliminating congestion around DIA produced \$8.9 billion in annual economic output; and for downtown, it was \$7 billion.

The study found meager benefits to traffic congestion projects in Salt Lake City and San Francisco, where the cost of improvements outstripped the annual increase in economic output.

The entire report can be viewed at Reason Foundation's web site.

"Traffic congestion increases costs to American businesses, workers and families," the report states. "It increasingly takes more time and fuel to get where we want to go, costing us time and money. As traffic congestion worsens, it will significantly undermine the economic competitiveness of U.S. cities and regions.

Authors David Hartgen, Emeritus Professor of Transportation Studies at University of North Carolina-Charlotte, and Gregory Fields, a retired Army officer and a UNC-Charlotte graduate student in transportation, earth sciences and sociology, found that reducing regional traffic congestion can add billions of dollars in productivity and economic output.

"Most major cities will find that wise infrastructure investments that eliminate gridlock and produce free-flowing road conditions will more than pay for themselves by boosting the region's economy, and thus tax revenues," the foundation report says.

"Reducing traffic congestion by 10 percent improves productivity by over one percent," Hartgen said. "One percent may sound small, but in a city like Denver, it can mean tens of billions of dollars in economic gains."

There is a total of \$87.8 billion in transportation project on [Denver metro region plans through 2030](#), according to the Reason tabulation, including \$53.9 on highways and \$23.4 on transit. But spending \$10 billion to \$15 billion of it to untangle key congestion points would enable the economic growth.

Conversely, failure to address gridlock would eliminate up to \$38.5 billion a year from the metro economy.

“This report shows how important it is to prioritize taxpayer money on infrastructure projects with the best benefit-cost ratios,” said Adrian Moore, Reason’s vice president of research. “If you focus on the projects proven to improve mobility and eliminate traffic jams, your investment will be rewarded several times over. Shorter travel times increase worker productivity, spawn more jobs and help create more shopping, entertainment and dining choices.”

The study also claims that regional productivity increases are more likely in suburban locations than downtowns, while the cost of congestion relief projects is relatively smaller in suburbs.

“An implication of this study is that current transportation plans may be placing too much focus on downtowns,” Reason states. “In mid-sized cities where car use is overwhelmingly predominant the impact of suburban transportation improvements will be particularly effective in spurring regional economic performance. Clearly, the role of suburbs, malls and universities in regional economic performance needs to be more fully explored.”

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