

Colorado DOT Economic Case Studies

Summary Report of
12 SB228 Projects

03/04/2016



Project Purpose

Draw a connection between transportation and economic activity that people may not have considered before

Combine quantitative evidence with memorable, real world stories

Provide substantive material with which to talk to decision makers about the value of transportation investment

US 550- US 160 Connection in Durango

Modernizing an important highway junction and connecting to development

Reconfigures the connection of US 550 to US 160 using the Grandview Interchange, which is ready for use. The project will open up land for development – a rarity in this rocky terrain – as well as provide improved access to the area’s largest new development and regional hospital.

Estimated Cost: \$90 million

Construction Period Jobs: 989

Anticipated Benefits

- Improved access to new development and hospital
- Opens up developable land
- Brings a well traveled highway up to modern engineering standards
- Increases connectivity of the Durango and the Farmington, NM labor sheds

“There is huge retail leakage to Farmington, NM. If we could get another big box store in this area, there would be much less leakage.”

–Jack Lewellyn

Durango Chamber of Commerce



“Durango will not realize the development potential of the land surrounding the interchange without this project.”

–Roger Zalneraitis

La Plata County Economic
Development Alliance

Economic Outcomes

Value of direct transportation benefits to road users by 2040:

\$66M

Addition to the Colorado economy from project benefits:

\$856M

New Jobs supported by the economic activity:

495

Modernization of the US 550 and US 160 interchange southeast of Durango will open up land for much sought after development, improve safety, increase regional accessibility, and enhance connectivity and mobility between the Durango and Farmington, New Mexico labor sheds.

The current interchange configuration includes a steep descent of US 550 into US 160, where the two roads combine to form an approach to Durango that is one of the busiest road segments in southwest Colorado. The modernized connection will improve safety, bringing the vertical grade from 5% down to 3%, and will eliminate the need for reduced speeds and the existing traffic light that slow traffic during the busiest times.

The transportation benefits of the improvements are estimated at \$66 million through the year 2040, primarily from travel time savings and reduced vehicle operating cost, along with small safety, emissions, and business logistics benefits.

Much more significant economic impacts will come from new development potential around the interchange. Durango is mountainous and space-constrained, with limited land suitable for large scale development. The land adjacent to the interchange is suitable, but is currently vacant. With the access provided by the new interchange, it will become a prime location for a series of big-box retail stores that the area currently lacks.

An important impact of this project to the Colorado economy is that it will greatly reduce the need for Durango residents to travel to Farmington, NM for big-box shopping, where Durango officials report there is “huge retail leakage,” thus keeping more dollars in Colorado.

Altogether, the project investment, transportation benefits, and new development potential will lead to an estimated \$1.4 billion in new economic activity in Colorado, supporting 495 permanent jobs. Of the \$1.4 billion, \$856 million will be a direct increase to Colorado’s gross state product.

Total Transportation Benefit:	\$66M
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Primarily from travel time savings and lower vehicle operating costs.

Total New Economic Output:	\$1.4B
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Addition to State Economy	\$856M
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Permanent Jobs	495
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Economic activity comes from project spending and the savings from direct transportation benefits. The new activity supports new jobs and increases the gross state product (GSP).

Outcomes & Benefits

Direct Benefits – are defined as those societal benefits that are a direct result of the project, which includes money saved due to: *Travel Time Savings, Vehicle Operating Cost Savings, Improved Safety Savings, Logistics Savings, and Reduced Emission Savings.*

Business Output (Sales) – Total new revenue for Colorado businesses as project spending and direct benefit dollars move through the economy

- **Gross State Product (Value Added)** Business Output retained in Colorado
- **Wage Income** The portion of Gross State Product earned by Colorado households

Employment – Jobs supported and sustained in Colorado from the business activity above

Stakeholder Outreach

Interviews with local stakeholders provided background for the project narrative, as well as contingent development estimates. They help ensure that numerical results align with on-the-ground realities.

Chambers of Commerce

Economic Development Organizations

Business Owners

Real Estate Developers

Local Government

Local Engineers