



# ECONOMIC BENEFITS OF INVESTING IN TRANSIT

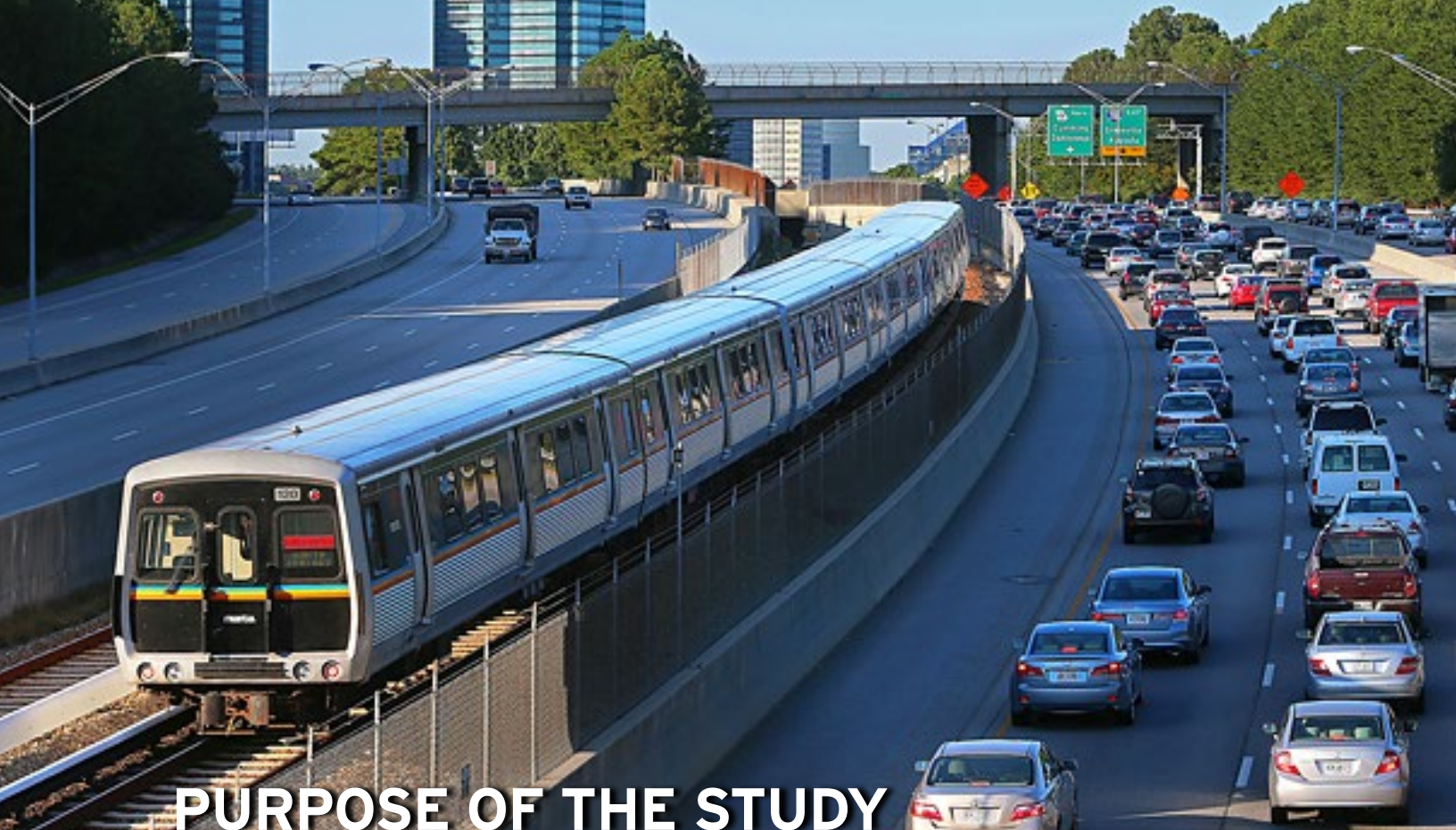
December 2015

The HNTB Companies

**HNTB**

Metro  
Atlanta  
Chamber 





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## PURPOSE OF THE STUDY

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In November 2014, HNTB Corporation, in partnership with the Metropolitan Atlanta Chamber, completed and submitted a study of the “Economic Benefits of Investing in Transportation.” The document served as a resource to the Joint Study Committee on Critical Transportation Infrastructure Funding leading to the Georgia State General Assembly enacting HB 170. The Transportation Funding Act of 2015 is estimated to generate just under \$1B per year in new transportation funding for road and bridge projects. With Georgia’s road funding needs addressed, it is prudent to study other elements of the state’s transportation portfolio, including transit in Atlanta.

This study looks at current trends in transit investment and provides perspective on the economic impact of transit investments in Atlanta and to the state of Georgia. The report intends to answer the following questions:

- Why is transit investment important and what is the economic return on investment?
- How much has been invested in transit historically?
- Who benefits from increased transit funding?
- How does transit funding work and who are the providers?
- How much additional transit funding is needed?
- What happens if we do not increase transit investment?

This report compiles publicly available information, approximate funding ranges, and a high-level evaluation of outcomes to understand job growth and investment related to transit.



# WHAT IS THE IMPACT OF TRANSIT ON THE STATE'S ECONOMY?

MARTA is the largest transit agency in the state of Georgia and the 9th largest transit agency in the U.S. As Atlanta's population and employment has grown, the impact of MARTA on the metro area's economy, and thus Georgia's economy, has increased over time.

As businesses look to attract millennials to their work force, they are specifically looking for proximity to transit as a key feature in location decisions. Within the last two years, recent corporate relocations are bringing jobs and investment to the metro area. Proximity to MARTA is a key factor for these corporate location decisions, for example:



State Farm's new corporate headquarters will add 3,000 jobs;<sup>2</sup>



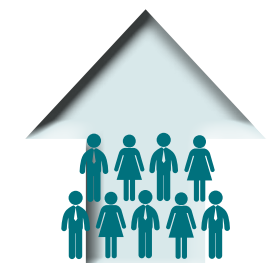
Mercedes-Benz

Mercedes Benz' relocation of its headquarters will add 1,000 jobs and will invest approximately \$100 million in the new headquarters location;<sup>3</sup> and

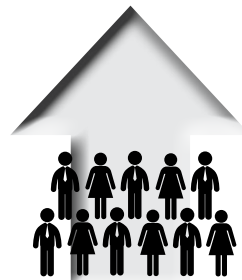


Kaiser Permanente

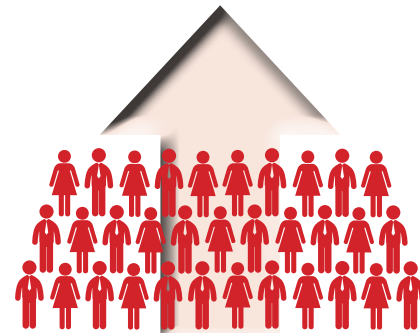
Kaiser Permanente's relocation will add 900 jobs.<sup>4</sup>



**KAISER PERMANENTE**  
900 JOBS



**MERCEDES BENZ**  
1,000 JOBS



**STATE FARM**  
3,000 JOBS

*According to the Carl Vinson Institute of Government at the University of Georgia, the economic impact of MARTA<sup>1</sup> is:*

- *MARTA's capital budget supports 10,000 to 20,000 jobs annually in Georgia*
- *Nearly 65,000 workers in metro Atlanta use MARTA daily for their commutes*
- *MARTA's capital budget provides \$500 million to \$1 billion in personal income annually*

<sup>1</sup> Carl Vinson Institute of Government "The Economic Impact of the Metropolitan Atlanta Rapid Transit Authority on the Economy and Labor Mobility of the Region" December 2012

<sup>2</sup> [http://www.bizjournals.com/atlanta/real\\_talk/2014/02/state-farm-kdc-announce-massive.html](http://www.bizjournals.com/atlanta/real_talk/2014/02/state-farm-kdc-announce-massive.html)

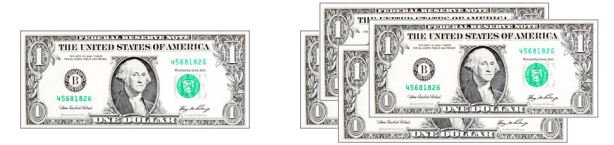
<sup>3</sup> <http://www.bizjournals.com/atlanta/news/2015/01/06/mercedes-benz-to-invest-100m-in-atlanta.html>

<sup>4</sup> <http://saportareport.com/transit-and-walkability-key-factors-in-kaiser-permanentes-decision-to-put-900-new-jobs-in-midtown/>

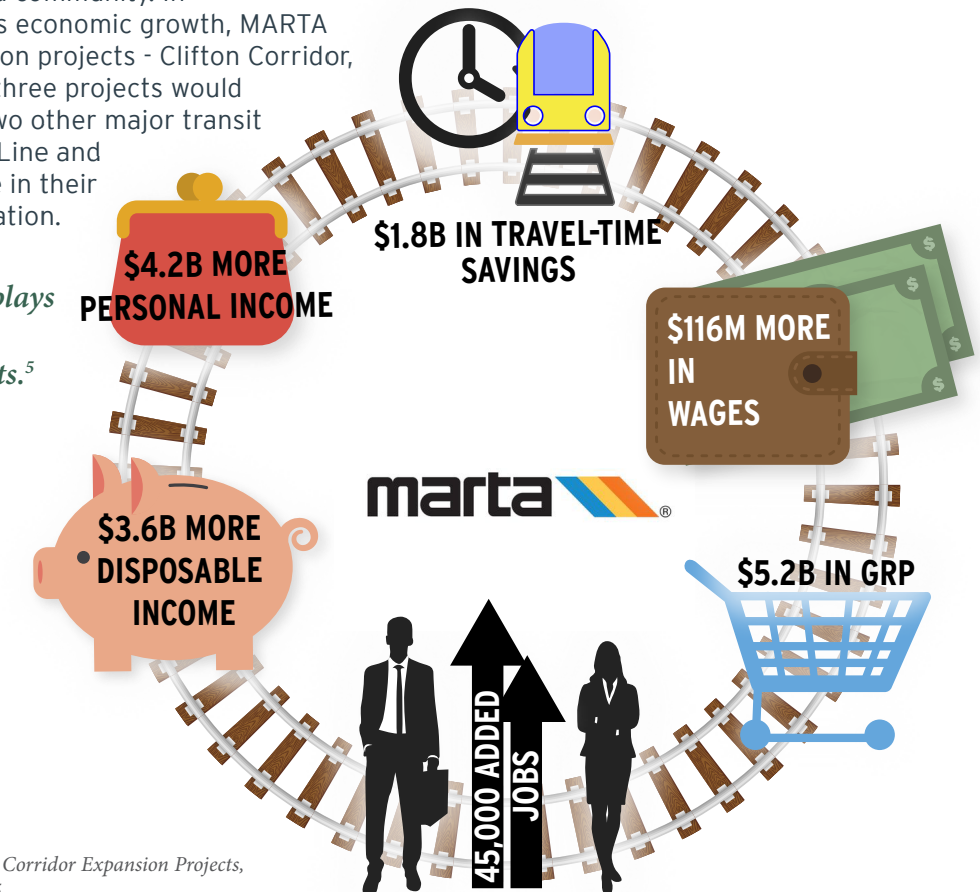
All three locations were chosen in part because of their proximity to a MARTA station. This job growth and investment has occurred without significant investment in MARTA expansion in over a decade.

According to the American Public Transportation Association (APTA), for every \$1 invested in public transportation, there is a \$4 economic return to a community. In order to further the region's economic growth, MARTA has three proposed expansion projects - Clifton Corridor, I-20 East, and GA 400. All three projects would provide connectivity with two other major transit endeavors, the Atlanta BeltLine and Atlanta Streetcar, which are in their initial phases of implementation.

*The following graphic displays the benefits of the three MARTA expansion projects.<sup>5</sup>*



**\$1 INVESTED = \$4 RETURN**



<sup>5</sup> Economic Impact Analysis of MARTA Corridor Expansion Projects, Atlanta Regional Commission May 2015

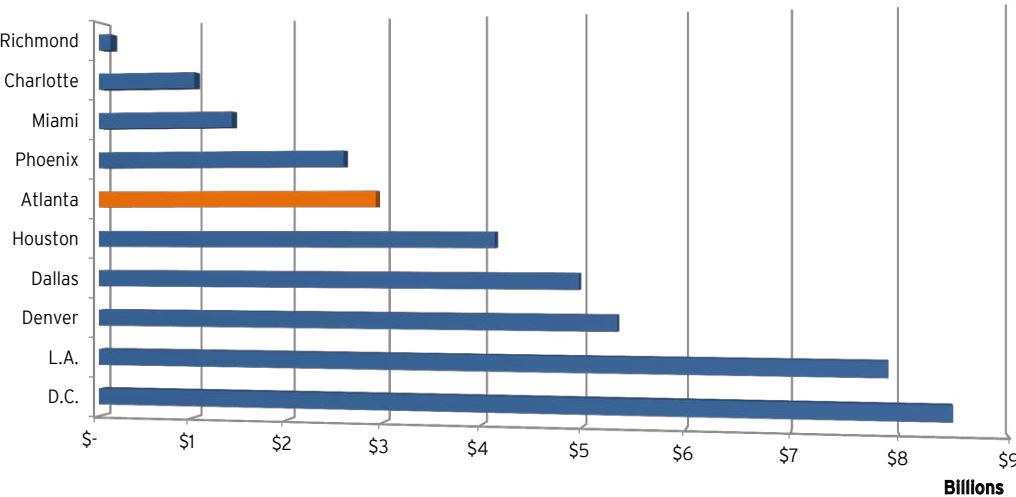




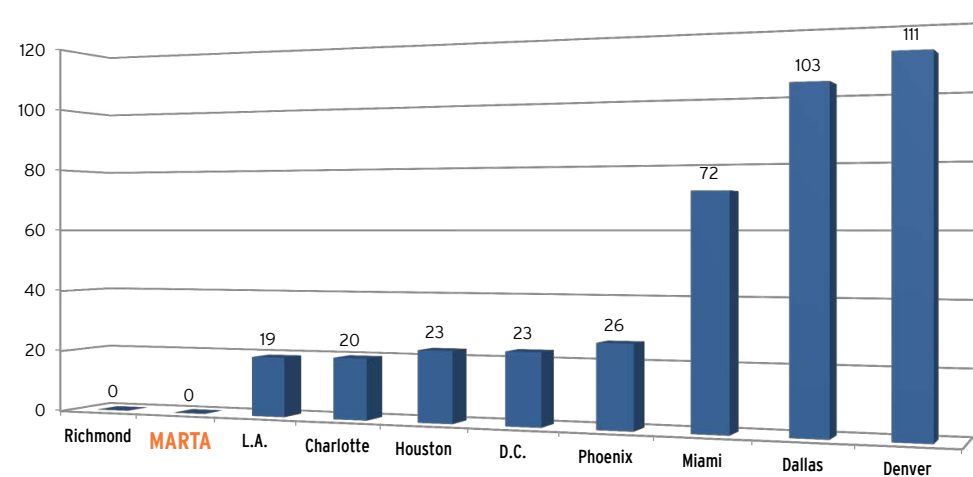
# HOW DOES GEORGIA'S TRANSIT INVESTMENT COMPARE TO PEERS?

MARTA has not expanded since 2000. Since that time, peer cities have expanded their systems significantly. Washington, D.C. and Los Angeles have spent close to \$10B respectively with continued expansion on the horizon. Alongside Richmond, metro Atlanta ranks LAST among all its peer regions in (rail) transit expansion since 2000. According to APTA, out of 58 local transit initiatives put to voters in 2012, 46 were approved (79%).<sup>6</sup> From these examples, Georgia can rest assured that there is a rising public interest with increasing transit funding and building more transit projects. Georgia needs to keep pace with its competitors by investing more in transit.

TOTAL TRANSIT CAPITAL FUNDS SPENT (2000-2013)



TOTAL RAIL MILES ADDED (2000-2013)

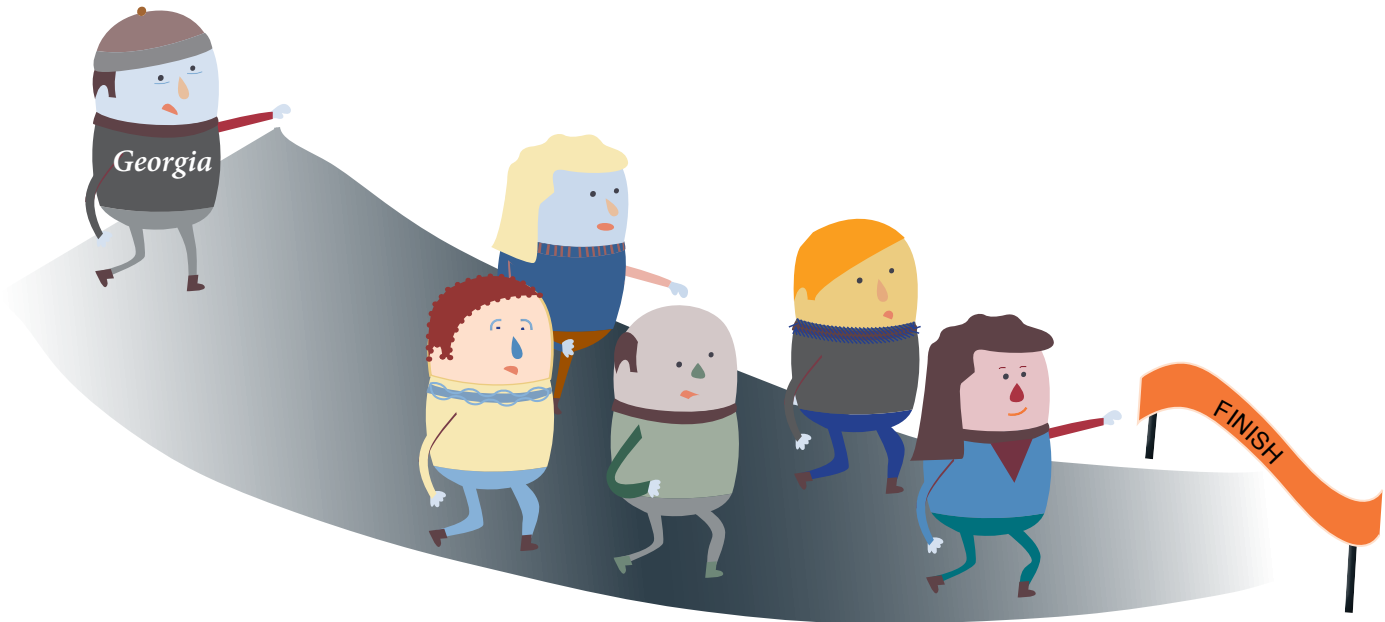


<sup>6</sup> [http://www.apta.com/mediacenter/pressreleases/2012/Pages/121107\\_Ballot-Initiatives1107-148.aspx](http://www.apta.com/mediacenter/pressreleases/2012/Pages/121107_Ballot-Initiatives1107-148.aspx)

Georgia is lagging behind when it comes to transit investment. Today, if we compare Georgia with state DOTs of our peer cities relating to non-federal funding sources for transit projects, **Georgia ranks last**; the state of California ranks highest. Note: this funding does not include money collected at the fare box.

State	State Roadway Funding (2014-15)	Non-Federal Funding for Transit (2014/15)	Ranking
California	\$ 5,663,624,000	\$ 1,097,180,000	1
Virginia	\$ 2,002,312,684	\$ 922,095,000	2
Florida	\$ 1,949,000,000	\$ 264,400,000	3
North Carolina	\$3,315,600,000	\$ 122,900,000	4
Texas	\$ 1,847,213,113	\$ 32,041,067	5
Colorado	\$ 235,183,556	\$ 15,000,000	6
Georgia*	\$ 420,000,000	\$ 88,195,839	7
Arizona	\$ 622,100,000	N/A	N/A

\*Georgia's total non-federal funding includes a one-time distribution of \$75 Million of bond funds in 2016.  
Sources: State DOTs' financial summaries



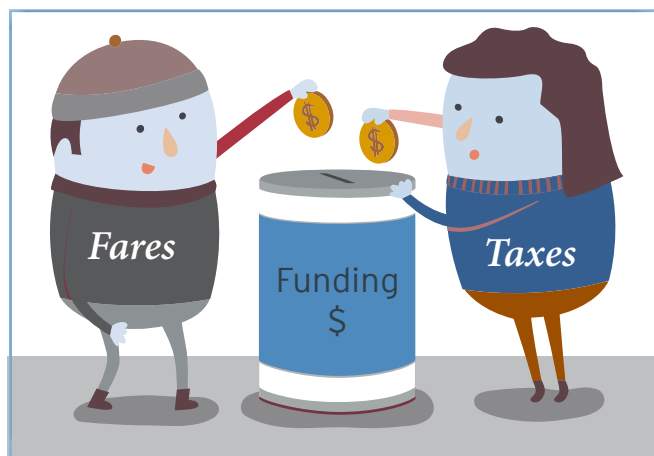




## HOW DOES TRANSIT FUNDING WORK?

Transit funding has two categories: operating/maintenance (O&M) and capital. Operating funding represents the cost of running the transit service, such as salaries for transit operators and fuel for buses. Capital funding covers the purchase of infrastructure such as buses, trains, or new rail lines.

The primary funding sources are the fare box (where you deposit your money before boarding) and taxes. The money collected at the fare box only covers a portion of the true costs; therefore, the funding gap is filled by revenues such as sales, property, or income taxes dedicated to transit expansion and operations.



Unlike traditional roadway projects, capital transit projects typically require a 50/50 match between federal and local dollars, which can be a combination of local or state revenue. The process to reserve federal funding is rigorous and requires transit agencies to demonstrate a long-term (at least 20 years) financial plan that has a dedicated local source of revenue for capital and operating expenses. This is essential for any future MARTA expansion to permit for a long-term local funding solution.

In Georgia, every county that has a qualifying transit service receives federal and state funding. There are 14 urban transit systems and 114 rural transit programs in Georgia. Additionally, there are 21 transit system operators statewide, all of which qualify for federal and state transit funding.<sup>7</sup> Considering the competition for federal and state transit funding, those funding sources alone will not provide enough money for construction of MARTA's three expansion projects.

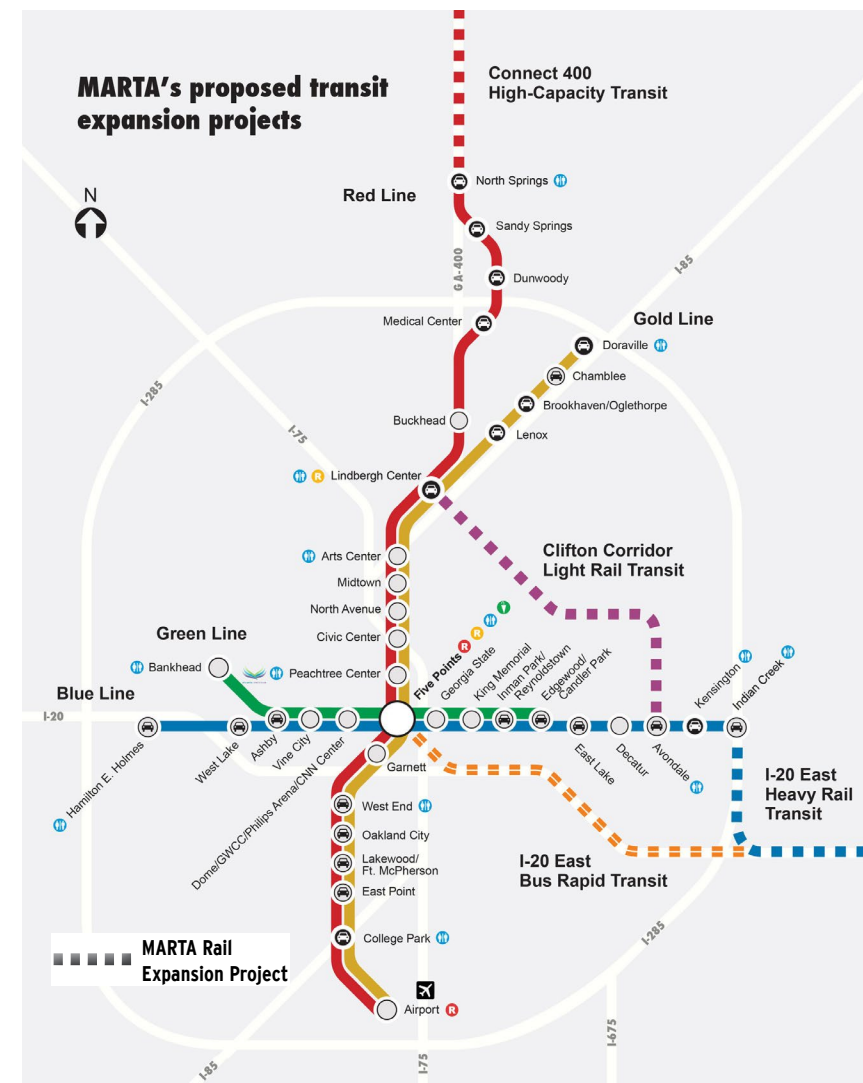
*Georgia has limited transit funding yet multiple operators in line for their share.*

<sup>7</sup> <http://www.ntdprogram.gov/ntdprogram/cs?action=showRegionAgencies&region=4>

## WHAT DOES ATLANTA NEED?

MARTA needs \$8B to build and operate its three expansion projects - Clifton Corridor, I-20 East, and GA 400. Each of these projects provide compelling benefits:

- **Clifton Corridor** is a proposed light rail line connecting MARTA's Lindbergh and Avondale heavy rail stations. The Clifton Corridor is the largest employment center not served by the MARTA rail system or having direct access to the Interstate. Over **197,000 jobs** would have new transit access.
- **I-20 East** is a proposed 12-mile heavy rail extension from MARTA's Indian Creek station south to Wesley Chapel Road, then east to a new station at the Mall at Stonecrest. This project also comprises new Bus Rapid Transit (BRT) from MARTA's Five Points rail station along I-20 high occupancy vehicle (HOV) lanes to a new transit station at Wesley Chapel Road. Over **190,000 jobs** would have new transit access.
- **GA 400** is a proposed heavy rail extension from MARTA's North Springs station to a new station at Windward Parkway to the north. Over **203,000 jobs** would have new transit access.







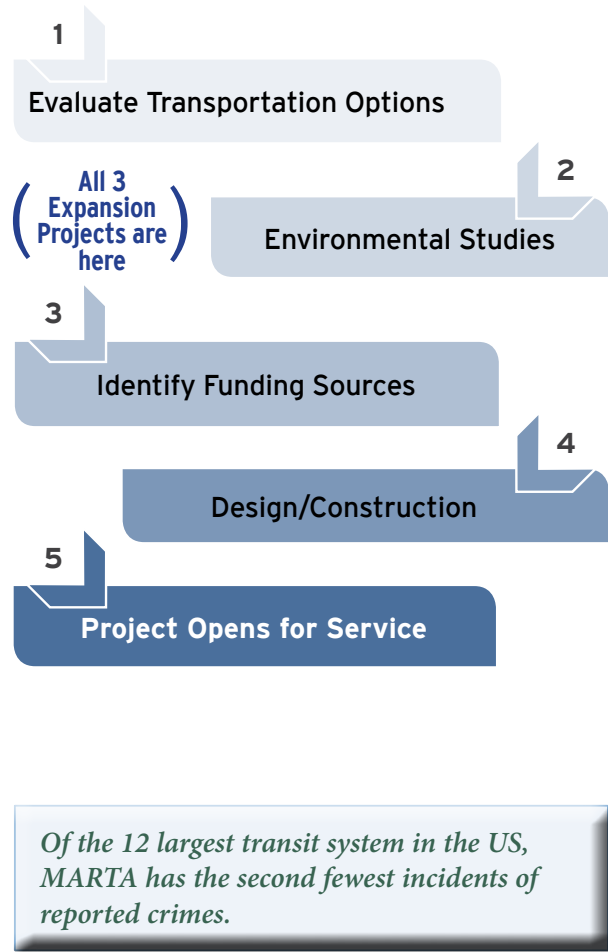
# WHO BENEFITS?

As this is not MARTA's first time developing major transit improvements, it has become a successful agency in complying with state and federal procedures, which are rigorous and take longer to complete compared to roadway projects. (See figure to the right illustrating key milestones of the project development process). MARTA has been developing its three expansion projects for a number of years (before 2009), and therefore has a firm grasp on what it will take to get these projects built (e.g., engineering, project costs). As MARTA remains fully engaged with its federal and state planning partners as well as major stakeholders, MARTA has the experience to shepherd these three transit projects through the legally mandated process.

Additionally, MARTA has been recently recognized for its impressive leadership and efficient management.

- *In 2014, MARTA ranked nationally 27th out of 781 transit providers in efficient utilization of its vehicles.<sup>8</sup>*
- *Over the last three years, MARTA has cut over \$100M in expenses from its budget.<sup>9</sup>*
- *MARTA GM/CEO, Keith Parker, received APTA's 2015 Outstanding Public Transportation Manager award.<sup>10</sup>*

## KEY MILESTONES IN THE PROJECT DEVELOPMENT PROCESS



Transit is a viable alternative travel mode that can help offset congestion impacts. Recurring congestion levels are costly and impact Georgia's workforce by being stuck in daily traffic. **Atlanta ranks 12th in the nation as far as congestion impacts per driver, costing a total of \$1,130 per driver annually.** If Georgia's workforce and commodity flows continue to be negatively impacted by congestion, it compromises this state's and Atlanta's ability to be an economically successful region.

## JOBS

Central Business Districts (CBDs) play a significant role in employment sheds, but successful regions consist of multiple employment/activity centers dispersed throughout the metropolitan area - all of which require efficient transit access.

Peer City	Labor Access	Rank
Denver	45.6%	9
D.C.	33.8%	23
Los Angeles	25.4%	42
Phoenix	23.5%	50
Houston	22.5%	56
Charlotte	21.8%	63
Richmond	16.2%	82
Miami	15.5%	85
Dallas	14.7%	86
Atlanta	14.7%	87

Metro Atlanta needs more travel mode options to help address increasing congestion levels, and to provide residents with better access to jobs. According to the **Brookings'** Metropolitan Policy Program report, *Where the Jobs Are: Employer Access to Labor by Transit* (July 2012),<sup>12</sup> **Atlanta, out of the 100 largest metropolitan areas, ranked near the bottom for its share of the population that can reach the typical job in 90 minutes via transit.** The following table illustrates the ranking of 10 other peer cities and their corresponding population percentage that can travel to jobs within 90 minutes via public transit.

### Who Benefits...

- ***EVERYONE** - Increased transit funds help enhance other travel modes, as well as freight movement.*
- ***EMPLOYERS** - An expanded transit system would play a tremendous role in efficiently connecting people to jobs.*
- ***HOTELS** - Those located in close proximity to MARTA rail stations have seen higher revenue performance.*
- ***MILLENNIALS** - Comprise an increasing percentage of the workforce; where they choose to live and their mode of travel will impact where large companies locate.*
- ***SENIORS** - Atlanta ranked #1 in the U.S. with the biggest increase of seniors from 2000 (7.7%) to 2013 (10.4%).*

<sup>8</sup> <https://www.aptam.com/resources/statistics/Documents/FactBook/2014-APTA-Fact-Book-Appendix-B.pdf>

<sup>9</sup> MARTAnomics 101

<sup>10</sup> [http://www.aptam.com/members/memberprogramsandservices/awards/Documents/2015\\_awards\\_program\\_final.pdf](http://www.aptam.com/members/memberprogramsandservices/awards/Documents/2015_awards_program_final.pdf)

<sup>11</sup> [http://www.brookings.edu/~media/research/files/reports/2015/03/24-job-proximity/srvy\\_jobsproximity.pdf](http://www.brookings.edu/~media/research/files/reports/2015/03/24-job-proximity/srvy_jobsproximity.pdf)

<sup>12</sup> <http://www.brookings.edu/~media/research/files/papers/2012/7/transit-labor-tomer/11-transit-labor-tomer-full-paper.pdf>





# WHAT IF ATLANTA'S TRANSIT FUNDING IS NOT INCREASED?

## MILLENIALS

Millennials (individuals born between 1982 and 2003) play a major role for employers with their growing presence in the workforce. Millennials' travel patterns and mode choices will be critical for employers to understand and ultimately accommodate. APTA's report, *Millennials and Mobility: Understanding the Millennial Mindset*,<sup>13</sup> found that this age group appreciates having multiple transportation options, of which travel by transit was a popular choice. As millennials comprise an increasing percentage of the workforce, where they choose to live and their mode of travel will impact where large companies locate. **In Forbes magazine's ranking of the top 25<sup>14</sup> best cities to live for millennials, Atlanta ranked number 25.** Transit expansion would effectively help provide millennials with more adequate travel mode choices.



## SENIORS

Seniors (who are often transit-dependent) are another group who can benefit from a transit system expansion, and as seniors transition into retirement, their travel patterns and mode needs will change as well. Metro Atlanta needs a viable transit system to provide for this segment of the population. On a national scale, AARP estimates the number of seniors living in areas where public transportation service is poor will increase.<sup>15</sup> The 2014 American Community Survey estimated, for metro Atlanta, that seniors

made up just under 10% of the total ridership using public transportation. **Forbes analyzed 52 of the largest metropolitan areas in the U.S.; Atlanta ranked #1 with the biggest increase of seniors from 2000 (7.7%) to 2013 (10.4%).<sup>16</sup>** If this trend continues, significantly higher transit demand is expected.

<sup>13</sup> <http://www.apta.com/resources/reportsandpublications/Documents/APTA-Millennials-and-Mobility.pdf>

<sup>14</sup> <http://www.forbes.com/sites/kathryndill/2015/05/13/the-best-cities-for-millennials-right-now/>

<sup>15</sup> <http://www.aarp.org/home-family/getting-around/info-04-2013/seniors-independent-living-public-transportation.html>

<sup>16</sup> <http://www.forbes.com/sites/joelkotkin/2014/10/30/aging-america-the-u-s-cities-going-gray-the-fastest/>

Metro Atlanta, in particular, cannot afford transit funding to not increase, considering what is at stake for the region. If transit funding in Atlanta is not increased, the metro area potentially faces the following consequences:

- Lose the opportunity of gaining close to 50,000 jobs
- Miss the opportunity of significant economic development opportunities, particularly other Fortune 500 companies relocating elsewhere
- Further erosion of competitiveness with peer cities
- Metro area congestion grid-lock increases
- Millennials could decide to locate elsewhere that has better transit connections, transportation options and access





# CONCLUSIONS

MARTA, the ninth largest transit agency in U.S., has not expanded its rail system in 15 years. Numerous factors indicate that the timing is right to re-invest in MARTA, particularly its three expansion projects. These expansion projects will cost approximately \$8B, but the potential benefits of these projects to the Metro-Atlanta 20-county region could be worth much more. By 2040, MARTA's expansion projects could provide Metro Atlanta with the following:

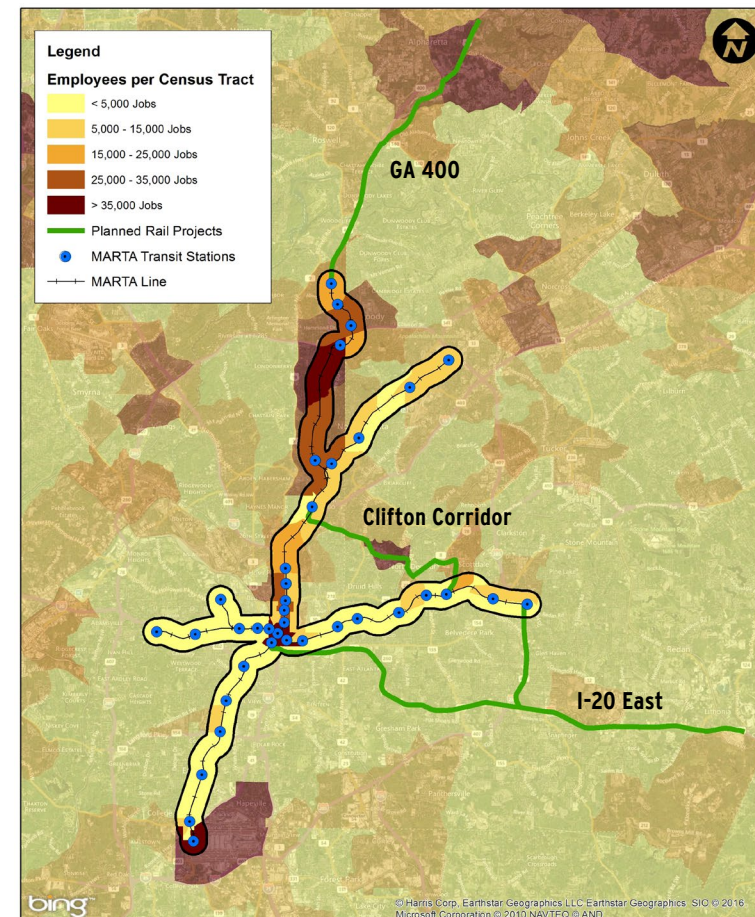
- Nearly 45,000 additional jobs (including supported jobs that are maintained year-over-year) with just over 60% of those jobs located within the MARTA service area;
- Transit access within 1/2 mile to 1.4M jobs;
- A \$5.2B increase in Gross Regional Product (GRP);
- A \$4.2B increase to personal income with the majority of this increase occurring in counties currently not serviced by MARTA;
- Approximately \$3.6B more in disposable income for households within the 20-county region;
- An additional \$116M annually in wages for the Atlanta region; and
- Commuter travel-time savings of over \$1.8B total (congestion relief).

**2040 NUMBER OF JOBS WITH TRANSIT ACCESS**

Clifton: 197,400  
 400 Extension: 203,300  
 Existing MARTA: 821,000  
 I-20 East: 190,800  
 Total: 1,412,500

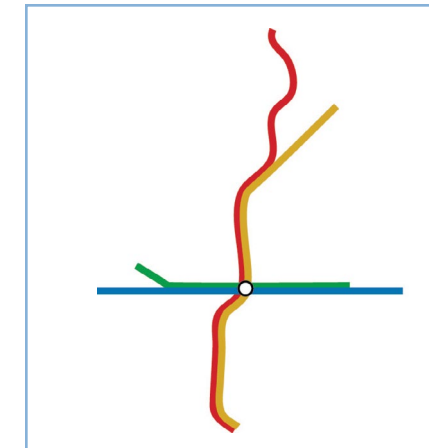
*Within a ½ mile buffer*

## 2040 EMPLOYMENT AND MARTA RAIL



The green lines on the map represent the three MARTA expansion projects.

# PEER CITY SYSTEMS COMPARISON



## ATLANTA:

4 lines covering XX miles of track over XX square miles, XX stations.



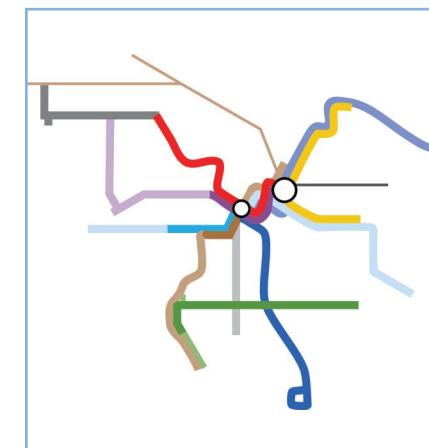
## DENVER:

X lines covering XX miles of track over XX square miles, XX stations.



## DALLAS:

X lines covering XX miles of track over XX square miles, XX stations.



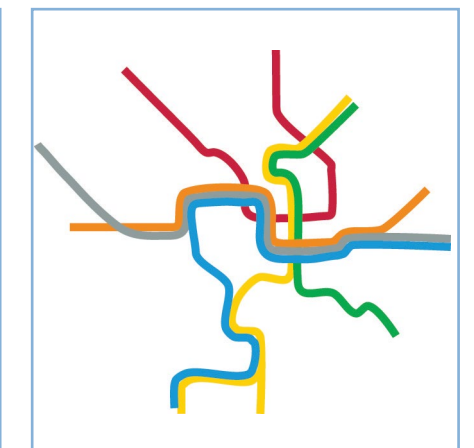
## LOS ANGELES:

X lines covering XX miles of track over XX square miles, XX stations.



## PORTLAND:

X lines covering XX miles of track over XX square miles, XX stations.



## WASHINGTON, DC:

X lines covering XX miles of track over XX square miles, XX stations.





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