FRONTIER GROUP

Megaprojects: Costs, Opportunity Costs and Mitigations

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Frontier Group

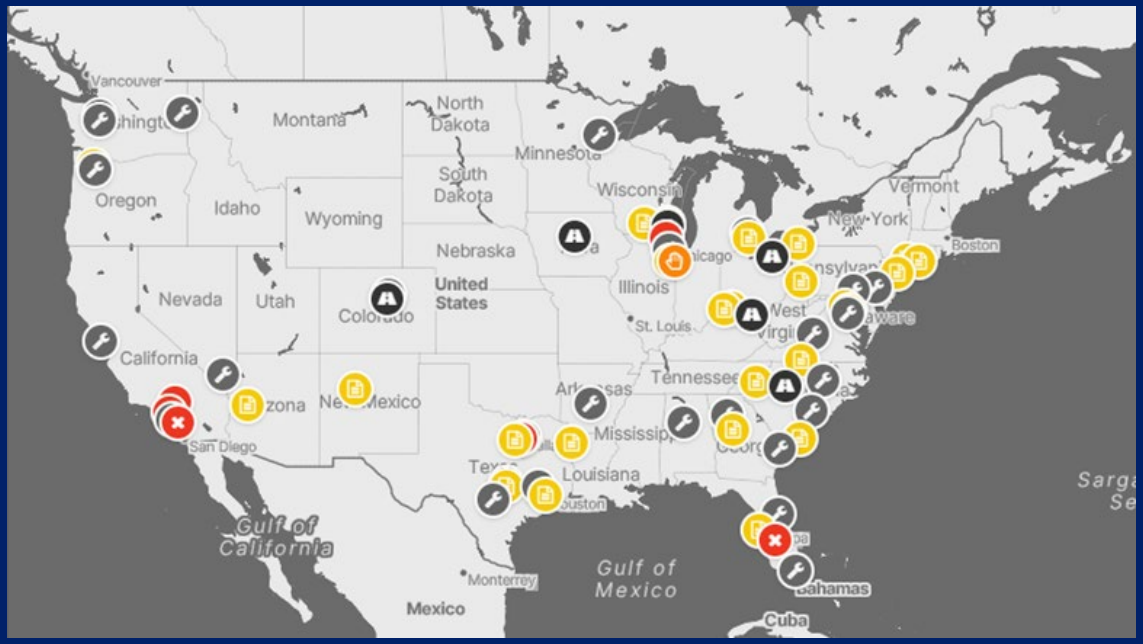
Non-profit, non-partisan research and public policy organization.

www.frontiergroup.org

Highway Boondoggles

73 projects, initial price tag: >$170 billion

www.frontiergroup.org/resources/highway-boondoggles/



Concerns:

- Total cost
- Value for money
- Community and other impacts.

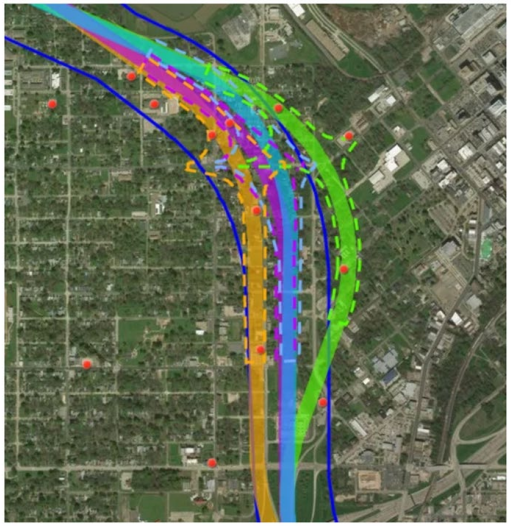
Project scoping and design decisions are a major source of cost overrun risk

- "Megaprojects are inherently risky due to long planning horizons and complex interfaces."
- "Frequently there is overcommitment to a certain project concept at an early stage, resulting in 'lock-in' or 'capture' …"
- "[c]omplexity and unplanned events are often unaccounted for, leaving budget and time contingencies inadequate."
    - From: Bent Flyvbjerg, "Megaprojects: Over Budget, Over Time, Over and Over," Cato Institute, 2017.

Why do transportation agencies opt for risky, supersized megaprojects?

Seeing transportation as an infrastructure problem

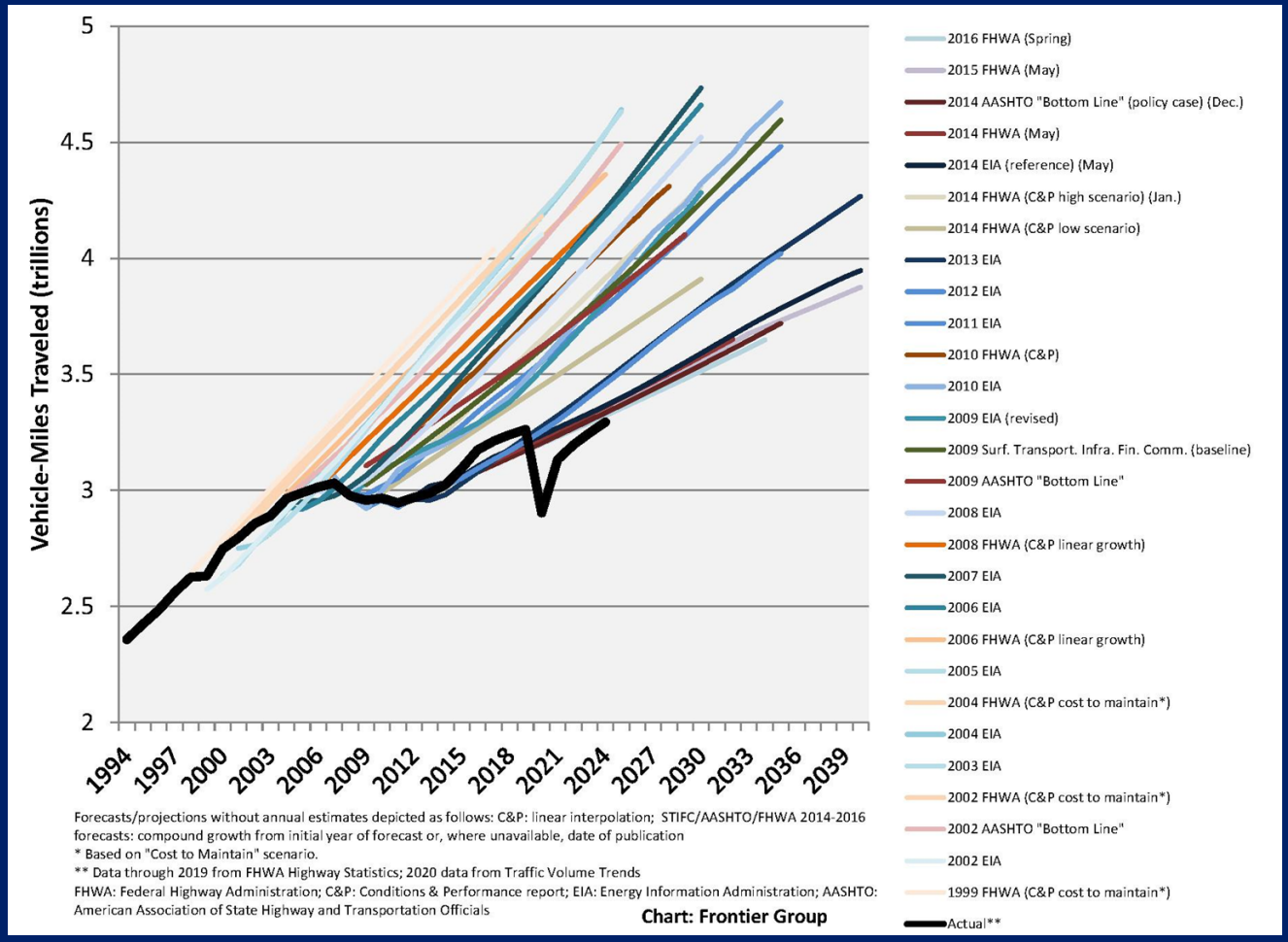
I-94 East-West project, Milwaukee (rendering: WisDOT)



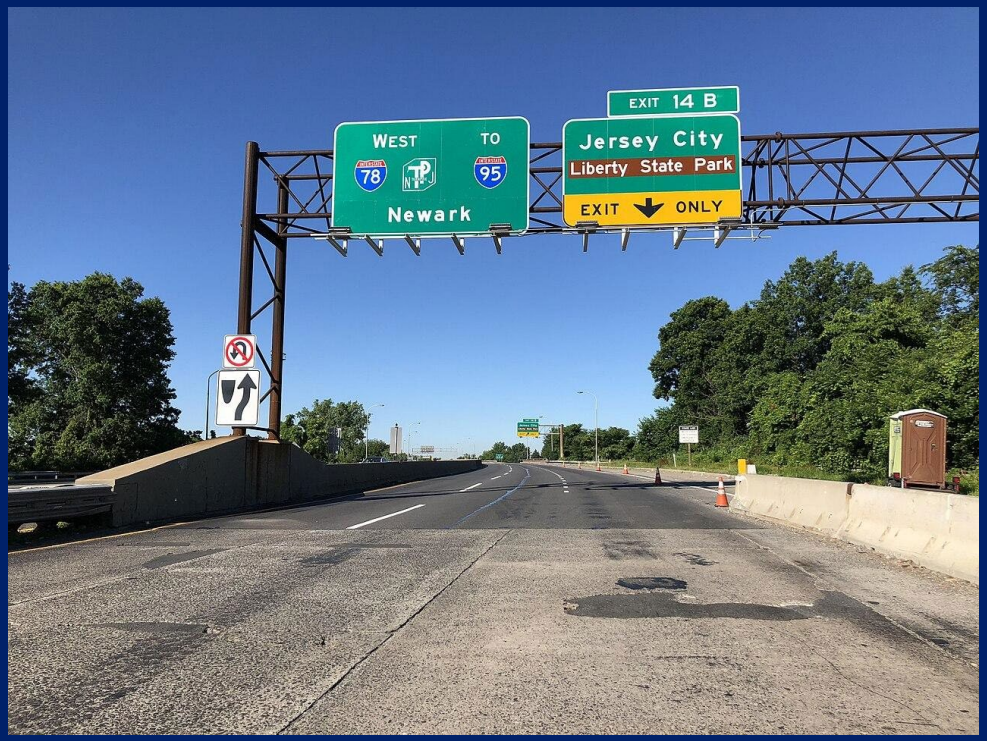
Each of the proposed I-49 expansion routes run through the heart of the Shreveport community of Allendale. Red dots represent churches.

I-49 Inner City Connection, Shreveport

“Predict and provide” + failed forecasts



Project focus vs. system focus



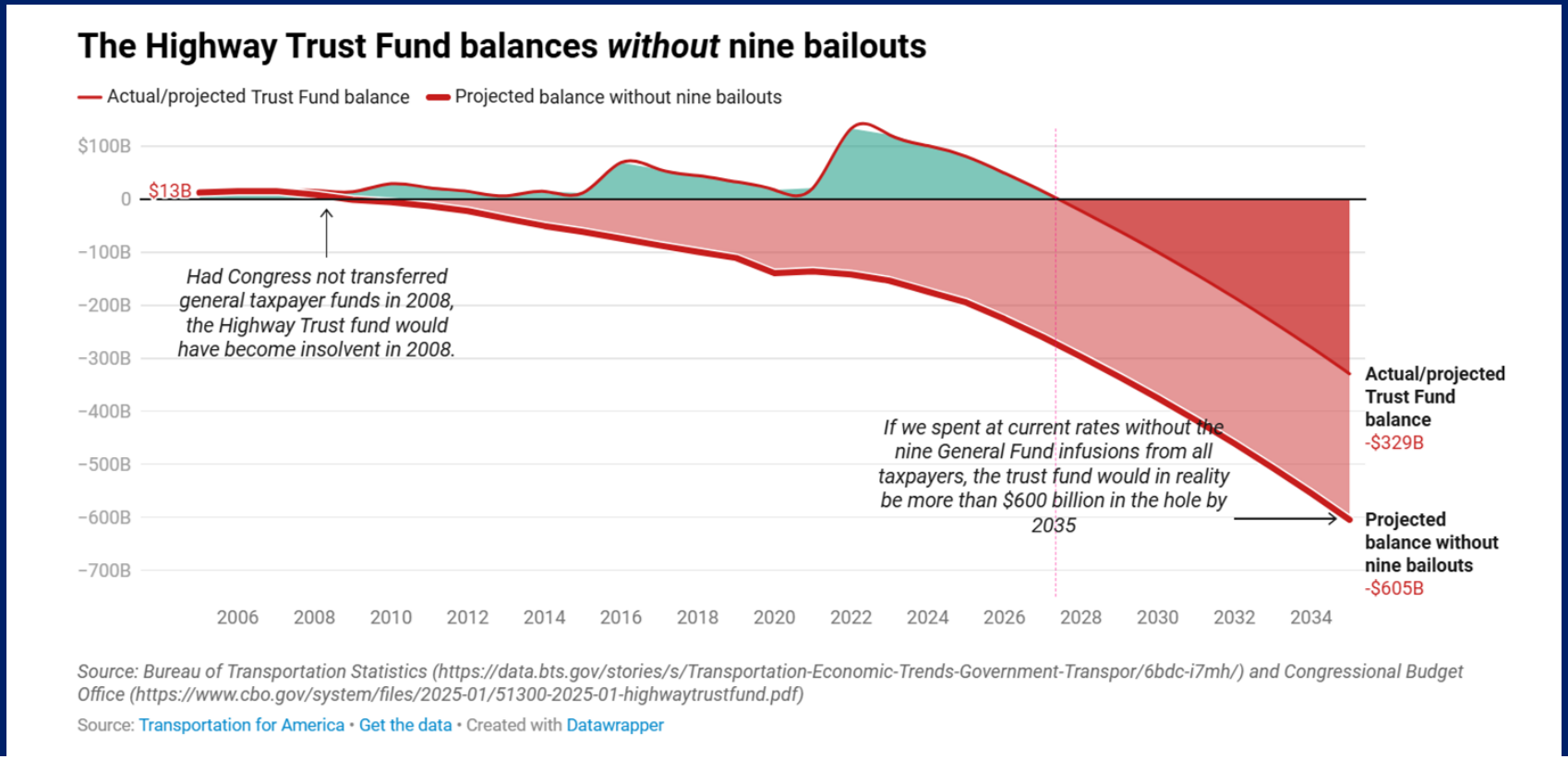
New Jersey Turnpike; Wikimedia Commons User Famartin, CC-BY-SA-4.0

"According to the [Dallas Trinity Parkway's] final environmental impact statement, the percentage of highway lane-miles in the project area that are subject to traffic congestion is expected to be **the same in 2035 regardless of whether the project is built or not.** "

-Frontier Group and U.S. PIRG Education Fund, *Highway Boondoggles 2014*.

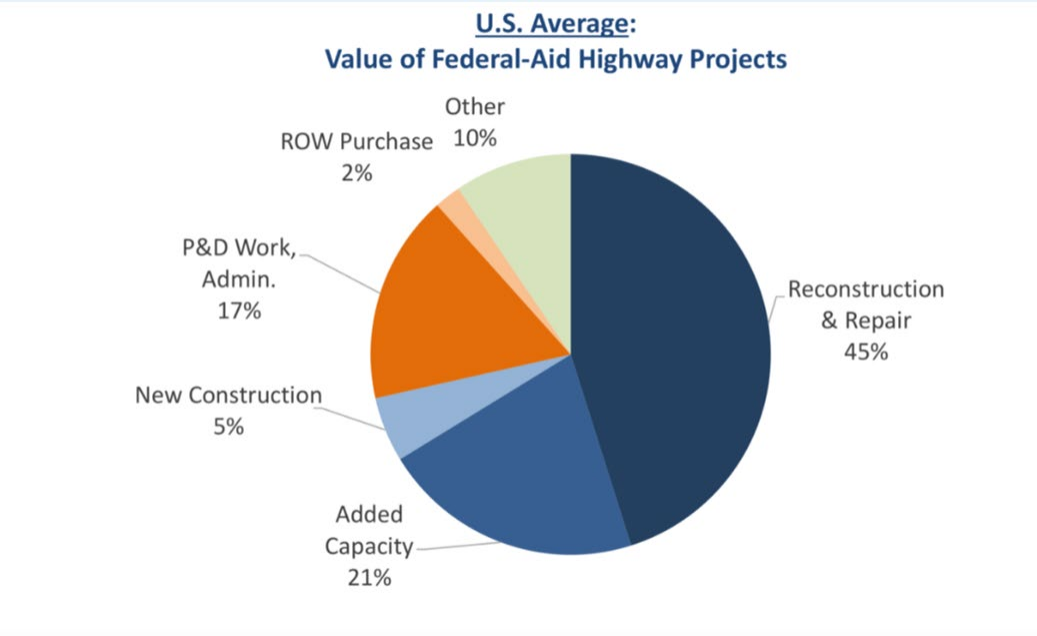
Takeaways

1. **Risk of overbuilding may now exceed risk of underbuilding.**



Takeaways

2. Need to reconsider allocation of resources across the transportation system.



American Road & Transportation Builders Association
https://www.artba.org/market-intelligence/highway-dashboard-iija/

>¼ of federally funded highway project spending in FY2022-2025 was for new construction, added capacity or right-of-way purchases

Takeaways

2. Need to reconsider allocation of resources across the transportation system.

Motor vehicle crash deaths by road functional class and land use, 2023						
	Rural		Urban		Total*	
	Deaths	%	Deaths	%	Deaths	%
Interstates and freeways	2,059	12	4,659	19	6,718	16
Arterial	4,036	24	14,449	60	18,485	45
Collector	7,344	44	2,607	11	9,951	24
Local	3,143	19	2,166	9	5,309	13
Total*	16,656	100	23,921	100	40,901	100
*Total includes other and/or unknowns						

IIHS/HLDI https://www.iihs.org/research-areas/fatality-statistics/detail/urban-rural-comparison

Takeaways

3. Today's crises provide an opportunity to think differently.

Thank you

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