

Dear Representative of the Indiana Department of Transportation:

I am writing to insist that the project to construct an extension of Interstate 69 between Indianapolis and Evansville be stopped. Let's take the INDOT's objectives point by point. These comments are for the FEIS of Tier 1.

Regarding the objective of **strengthens the transportation network in Southwest Indiana** there are other solutions that many people, including myself, have commented on before, including mass transportation by rail and bus. Furthermore, there are ways to deal with what is a supposed transportation problem without even doing transportation projects in the first place. Instances are 1. better internet services, 2. not populating low populated areas so as to avoid costly and difficult to manage urban sprawl, 3. working at home and 4. high density mixed use development that is in environmentally appropriate already developed locales. However, because INDOT's specialty seems to be construction of roads, better definitions of problems and creation of solutions are just not possible.

Regarding the objective of **supports economic development in Southwest Indiana**, INDOT falls drastically short on this with the likelihood for actual harm. Take for instance, the report (summarized in Appendix A) by Neal Johnson, Ph.D. of Indiana University in 1997 that examined INDOT's cost-benefit analysis for a highway between Indianapolis and Evansville. With corrections of INDOT that seem to have gone uncontested by INDOT he came up with a return on investment of 1 to .81 – a loss on investment. Despite the failure of this feasibility study by INDOT, it resisted the no build option and persisted in pursuit of a new terrain highway. Surely, if the State of Indiana is going to create jobs it can do so in a manner that on the whole benefits Hoosiers as both workers and taxpayers, instead of creating a destructive boondoggle. (By the way, the material in Appendix A advocates for the I-70/US-41 corridor, I, on the other hand, advocate for a plan that entails the no build option and a more sophisticated economic plan that could include INDOT, especially for long distance rail, but would be well beyond the basic task of building a highway.)

INDOT must not assume that a balanced and fair cost-benefit economic analysis is not really necessary. It is a big mistake to trust the basic rule of the Gross Domestic Product, which is to basically just add money that changes hands. We also need subtraction for personal, social and environmental degradation. Otherwise, we will find that when an aquifer is ruined by a gas truck spill that the payment for clean up and for bottled water is better for the economy than the prevention of never having built the highway in the first place.

If Johnson's study did not do so, an internalization of the externalities would be appropriate for INDOT to perform. Appropriate economic cost-benefit analysis by INDOT must not merely include the fair market value of peoples' home but also the externalities, traditionally ignored in estimating the price of a home and land. These externalities include ecosystem services (e.g., the natural space that purifies our air, water and soil, hydrates our aquifers, and provide habitat for pollinating insects and recreation) and quality of life of life. INDOT in its environmental

impact statements tells the world that these people are in dire circumstances and that it can bring or enhance progress to the area. Moreover, we are told that the people who would lose their homes would be paid full market value; however, INDOT must also account for the full value of the lost ecosystem services and the quality of life features in its feasibility studies and environmental impact statements. The GDP clouds what is good for the economy. Although cost-benefit analysis, ecosystem services, and quality of life data are atypical in economic data they ought to be front and center. Furthermore, there is strong evidence in Appendix B from economists Balmford, et al that a 1 to 100 return on investment is possible from investment in our wildlands. What a strong contrast with the losing ROI of I-69's proposed extension.

Regarding the objective of **complete the Portion of the National I-69 Project between Evansville and Indianapolis** we are under no absolute obligation to be a part of this project. Just get us out of the project.

Sincerely,

Gregory J. Buck
537 Fletcher Avenue #2, Indianapolis, IN 46203

Appendix A

**Common Sense
I-69
Fact Sheet
July 17, 2003**

**Getting the Most Bang
for the Buck:**

**Cost/Benefit Analyses for the
Proposed I-69 Highway**

Based on cost-benefit analyses and economic data going back over 10 years, it is clear that an I-69 route using I-70 and an upgraded US 41 provides far more "bang for the buck" than a new-terrain route. As demonstrated below, the enormously expensive new-terrain I-69 has repeatedly failed cost-benefit tests. By contrast, I-70/US 41 provides nearly all the benefits of a new-terrain route while saving nearly \$1 billion in cost.

1990

The “Southwest Indiana Highway Feasibility Study” (a/k/a the “Donohue Study”) was a congressionally funded cost/benefit analysis of four potential highway projects in Southwest Indiana, including a new Interstate between Indianapolis and Evansville. The study was conducted for the Indiana Department of Transportation (INDOT) and the Federal Highway Administration (FHWA).

The study concluded that “based on the results of the cost/benefit evaluation, construction was not recommended for any of the four alternatives...This suggests that there may be other projects both inside and outside Southwest Indiana that would represent better investments.” (1)

1996 – 1997

INDOT conducted a cost/benefit analysis as part of its 1996 Draft Environmental Impact Statement on a proposed Interstate between Bloomington and Evansville. That analysis estimated that the cost/benefit ratio would be 1:1.54, meaning that for every dollar invested, \$1.54 would be returned in benefits. (2)

In May 1997, Neal Johnson, PhD., an economist at Indiana University, published a review of INDOT’s cost/benefit analysis. Dr. Johnson’s expertise was in cost/benefit analysis and he taught both undergraduate and graduate-level courses on the subject. His report was an impartial analysis, motivated by a concern that the benefits and costs of this major project be correctly and honestly calculated and presented to the public. Dr. Johnson was not paid by either proponents or opponents of the highway, or by anyone else, for the preparation of the report.

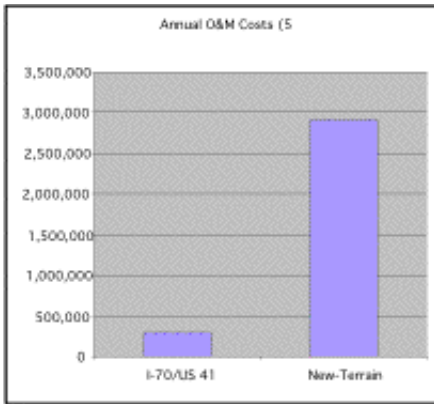
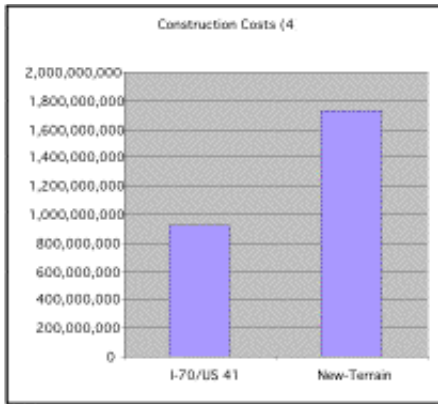
Dr. Johnson corrected several deficiencies in INDOT’s methods of calculating benefits, and found that once those deficiencies were corrected, the costs of the proposed Bloomington to Evansville highway would exceed the benefits by \$115 million. The report concluded that the cost/benefit ratio would be 1:0.81, meaning that for every dollar invested, only 81 cents would be returned in benefits. Dr. Johnson’s conclusion was not disputed by either FHWA or INDOT. (3)

2002 - 2003

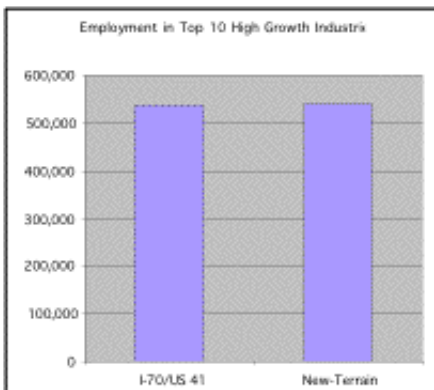
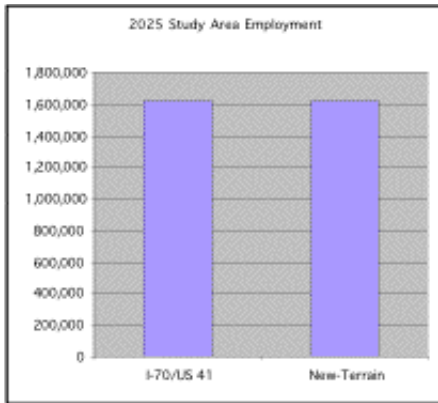
In July 2002, INDOT released a Draft Environmental Impact Statement for a proposed extension of I-69 between Indianapolis and Evansville. In January 2003, Governor O’Bannon announced he was selecting a new-terrain route for I-69 via Bloomington. O’Bannon and INDOT rejected the least costly alternative for I-69, which is to use I-70 and an upgraded US 41 as the route.

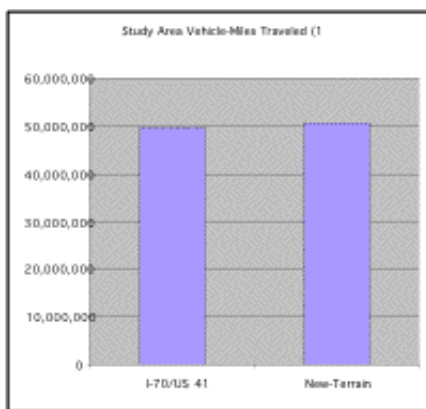
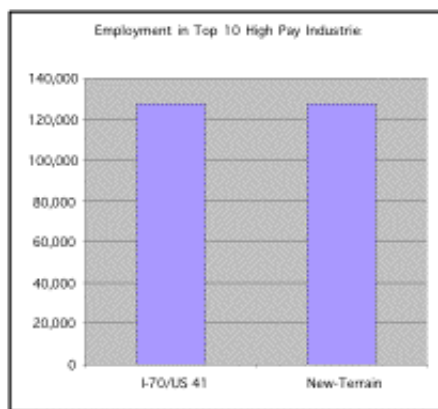
INDOT has refused to conduct a cost/benefit analysis on O’Bannon’s preferred route. The previous poor performance of proposed highway projects between Indianapolis and Evansville may be one reason INDOT is refusing to perform such an analysis. A comparison of INDOT’s estimated costs and purported benefits of the new-terrain I-69 and the I-70/US 41 route strongly suggests that O’Bannon’s new-terrain route would again fail a cost/benefit analysis and perform much worse than the I-70/US 41 option.

Construction Costs of New-Terrain are Nearly Twice Those of I-70/US 41, and Operation and Maintenance Costs of New-Terrain are Ten Times Those of I-70/US 41...



...While the Benefits of I-70/US 41 and the New-Terrain Route are Nearly the Same





Conclusion

No proposal for an extension of I-69 through Southwest Indiana has ever passed an objective cost/benefit analysis. INDOT's refusal to conduct a cost/benefit analysis on Governor O'Bannon's preferred route is telling. A review of INDOT's own cost and benefit data indicates that O'Bannon's new-terrain route would likely fail a cost/benefit analysis and would certainly perform worse than the I-70/US 41 route.

For more information, contact Andy Knott at Hoosier Environmental Council at 317.685.8800.

Footnotes:

- (1) "Southwest Indiana Highway Feasibility Study;" Donohue & Associates, Cambridge Systematics and Congdon Engineering Associates; February 1990; p. 12.
- (2) "Draft EIS – Southwest Indiana Highway Corridor;" Indiana Department of Transportation; March 1996; Appendix A, p. 6-8.
- (3) "Re-evaluation of the Benefits and Costs of the Proposed Southwest Indiana Highway;" Neal Johnson, PhD.; Indiana University; May 1997.
- (4) Data from "I-69 Draft Tier I EIS;" Indiana Department of Transportation; July 2002; Table 3-33, p. 3-52.
- (5) Data from "I-69 Draft Tier I EIS;" Indiana Department of Transportation; July 2002; Table 3-34, p. 3-53 DEIS
- (6) Data from "Regional Economic Impact Analysis;" Technical Report 5.3.2 for I-69 Draft EIS; Indiana Department of Transportation; January 2002; Table 1, p. 4.
- (7) "Review of I-69 Evansville to Indianapolis Tier 1 Draft Environmental Impact Statement;" Smart Mobility, Inc.; November 2002; p. 24 which uses data from "I-69 Draft Tier I EIS;" Indiana Department of Transportation; July, 2002; Appendix B, Table B-5, Page B-8. (No-Build = 100%)
- (8) "Review of I-69 Evansville to Indianapolis Tier 1 Draft Environmental Impact Statement;" Smart Mobility, Inc.; November 2002; p. 24 which uses data from "I-69 Draft Tier I EIS;" Indiana Department of Transportation; July 2002; Appendix B, Table B-6, Page B-9. (No-Build = 100%)
- (9) Data from "Regional Economic Impact Analysis;" Technical Report 5.3.2 for I-69 Draft EIS; Indiana Department of Transportation; January 2002; Table 1, p. 4.
- (10) Data from "Regional Economic Impact Analysis;" Technical Report 5.3.2 for I-69 Draft EIS; Indiana Department of Transportation; January 2002; Table 1, p. 4.
- (11) Data from "Review of I-69 Evansville to Indianapolis Tier 1 Draft Environmental Impact Statement;" Smart Mobility, Inc.; November 2002; p. 19. VMT data extracted from INDOT DEIS model files.

Appendix B

Andrew Balmford, et al

Source: Science; 8/9/2002, Vol. 297 Issue 5583, p950, 4p, 2 graphs
 Document Type: Article
 Subject(s): CONSERVATION of natural resources

MICROECONOMICS

Geographic Term(s): BRAZIL

RIO de Janeiro (Brazil)

Abstract: On the eve of the World Summit on Sustainable Development, it is timely to assess progress over the 10 years since its predecessor in Rio de Janeiro. Loss and degradation of remaining natural habitats has continued largely unabated. However, evidence has been accumulating that such systems generate marked economic benefits, which the available data suggest exceed those obtained from continued habitat conversion. We estimate that the overall benefit:cost ratio of an effective global program for the conservation of remaining wild nature is at least 100:1. [ABSTRACT FROM AUTHOR]

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