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Arizona infrastructure costs to soar close to \$500 billion over next 25 years, study says

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Arizonans can expect a massive bill in the \$500 billion range over the next 25 years to pay for infrastructure to keep pace with growth, and if they don't pay up, it could have dire consequences for the business community.

A study conducted by the **L. William Seidman Research Institute** at **Arizona State University** to be released Thursday in conjunction with the **Arizona Investment Council's** annual meeting in Phoenix, found the state will need between \$417 billion and \$532 billion between 2008 and 2032 to improve its infrastructure.

That includes improvements in transportation, utilities, water, wastewater, and telecommunications -- most of which have lagged behind what already is needed in the state, said Tim James, director of research and consulting for the institute.

"If we do nothing, the state in 25 years will be an absolutely appalling place to live," he said.

It also won't attract much in the way of business development. Companies, whether already here or looking to relocate, want solid transportation, electricity that works and a telecommunications system that keeps them connected, said Gary Yaquinto, president of the Arizona Investment Council.

"Without this basic foundation, we're not an attractive place for businesses to locate or stay," he said.

The study assumes growth, particularly in the central area of the state from Phoenix to Tucson, will be the prime driver of costs. With Arizona's population having increased by 3.8 million between 1980 and 2007, the study assumes a slightly slower growth rate, but one that will add 4.2 million to the state by 2032.

That will mean big prices for infrastructure, including:

- Between \$74 billion and \$86.5 billion for new electric generation.
- About \$25 billion to wire the state with fiber-optic cable.
- Another \$109 billion for water and wastewater, some of which will replace aging infrastructure in more rural counties.
- And the biggest ticket item is transportation, with \$252.6 billion and \$310.8 billion needed to meet

growth needs.

The biggest problem -- one Arizona will have to come to grips with quickly -- is it doesn't have the means to raise that kind of capital based on current tax structures and funding mechanisms, Yaquinto said.

"If we don't start moving, we're going to end up in a situation where we aren't going to be able to meet these needs," he said.

The study offers various alternatives, from using public-private partnerships on road construction to a smoother transition to allow utilities to pass on increased costs gradually instead of large increases every few years.

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