

Transportation Committee

February 23, 2016

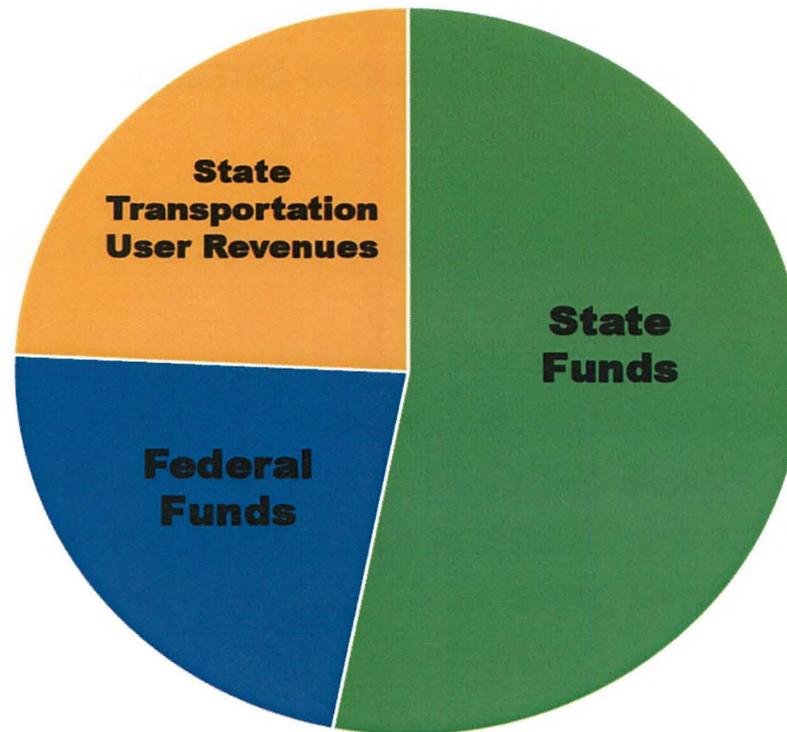
Information requested by Transportation Committee

- The effect of the 4.05% general fund budget allotment on the department.
- A comparison of actual to projected highway fund revenues to date for the 2015–17 biennium and projections for the remainder of the biennium.
- The department's original plan for 2015–17 biennium road projects and any changes to the plan.

NDDOT Revenue Sources

- **State Funds** – an allocation of state funds are distributed to be spent on road projects, as well as allocations to county and transit programs. These funds consist of one-time General Funds and Strategic Investment and Improvement Funds.
- **Federal Funds** – this federal funding is utilized for federal road projects, transit and safety initiatives.
- **State Transportation User Revenues** – include a portion of the state’s fuel taxes and motor vehicle registrations as well as state truck regulatory fees. This is primarily used for Department operations including motor vehicle, driver’s license, maintenance work, salaries and state match for federal projects.

Budget Revenue Sources for 2015-17 Biennium



4.05% General Fund Allotment

The 4.05% reduction means we will need to adjust General Fund expenditures on road construction projects, and allocations to counties and transit providers by \$26.6 million.

NDDOT State General Funds

NDDOT State General Funds		
Revenue	Dollar Amount	4.05% Reduction
SIIF Funds	\$450.0 M	\$0
General Fund – Road Projects	\$541.1 M	\$21.91 M
General Fund – Reimburse Motor Coach	\$1.0 M	\$0
General Fund – Special Road Projects	\$2.0 M	\$81,000
	Subtotal Reduction	\$21.99 M

County and Transit state funding

County		
Revenue	Dollar Amount	4.05% Reduction
SIIF Funding	\$240.0 M	\$0
General Fund	\$112.0 M	\$4.53 M
SIIF Funding	\$112.0 M	\$0
	Subtotal Reduction	\$4.53 M

Transit		
Revenue	Dollar Amount	4.05% Reduction
General Fund	\$200,000	\$8,100
	Subtotal Reduction	\$8,100
	Total State Fund Reduction	\$26.6 M

Effect of 4.05% General Fund Allotment

- \$4.53 million reduction in distribution of funds for non-oil producing counties.
- The majority of the needed reduction in other NDDOT programs occurred in the highway construction program as follows:
 - Cost savings achieved through receiving lower bids on projects due to lower energy prices.
 - Changed projects in western North Dakota to reduce costs, for example:
 - Changed US 85 Highway project in Watford City from concrete to asphalt.
 - Adjusted ND 42 Highway project south of Crosby from reconstruction to an overlay.
 - Adjusted project work on other urban projects in Minot and Williston areas.

Federal Funding

- On December 4, 2015, the federal transportation bill titled: Fixing America’s Surface Transportation Act, or “FAST Act” was signed into law.
- It is the first law enacted in over ten years that provides long-term funding certainty for surface transportation.

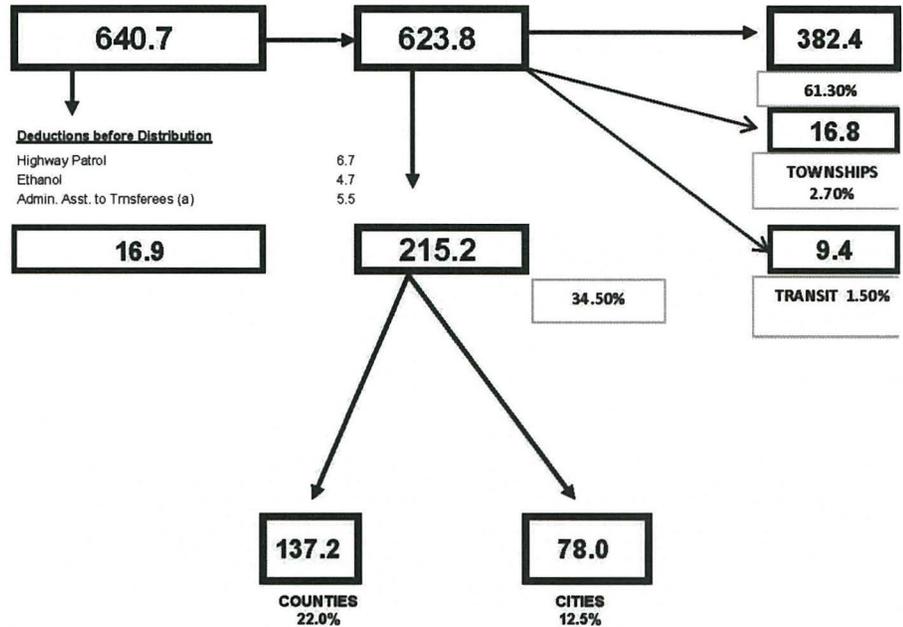
Apportionment Funding	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
North Dakota	\$251.83 M	\$257.03 M	\$262.59 M	\$268.51 M	\$274.94 M
Obligational Authority	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
North Dakota	\$239 M	\$?	\$?	\$?	\$?

State Transportation User Revenues 2015-2017

HIGHWAY TAX DISTRIBUTION FUND

Motor Vehicle Fees and Fuel Taxes

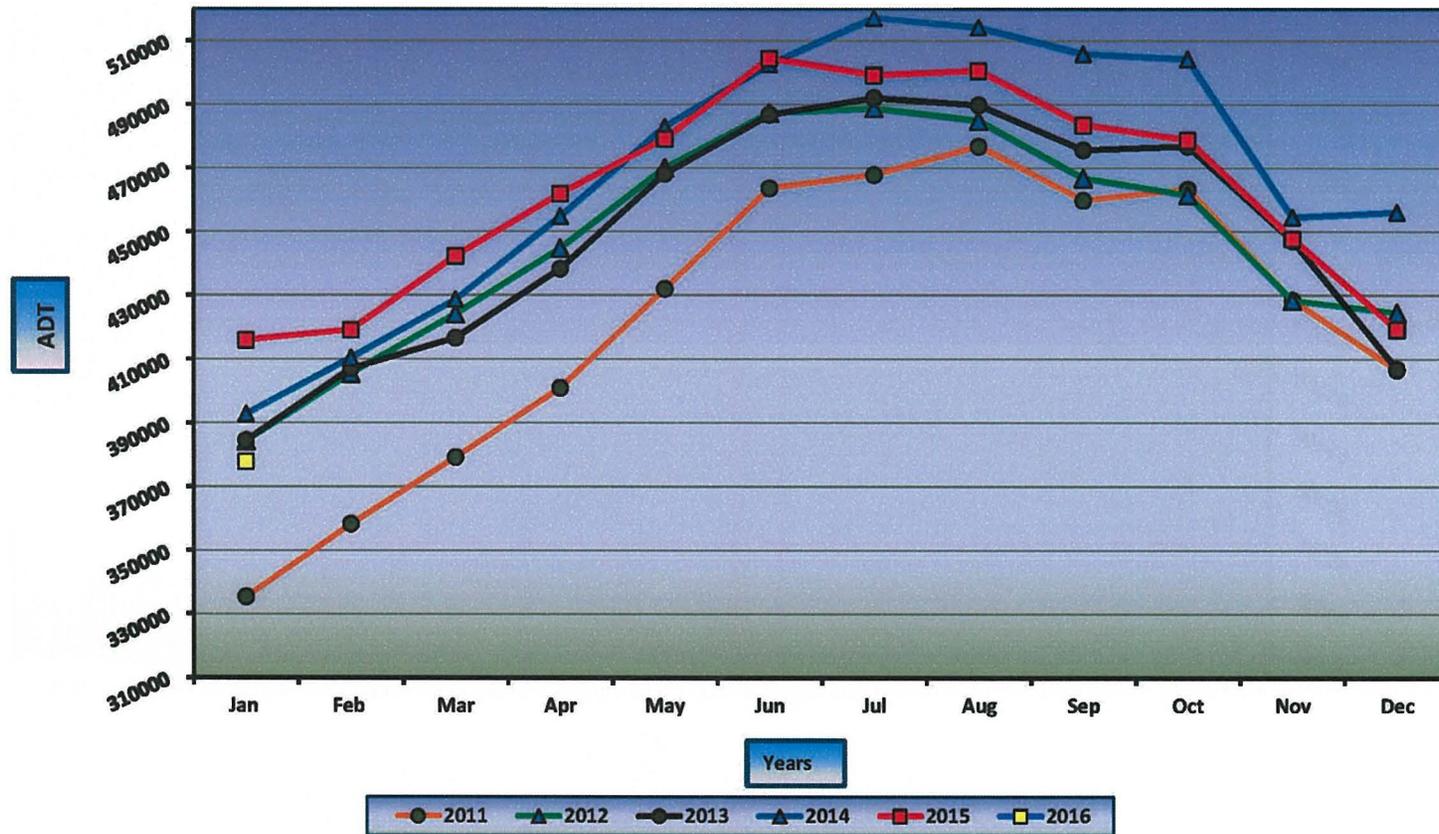
GASOLINE TAX	\$43.6
GASOHOL TAX	164.3
SPEC. FUELS TAX	206.0
2% SF EXC. TAX	44.5
MV REGIS. FEES x	183.3



X TOTAL MV REGIS. FEES
(less "off the top")
AVAILABLE FOR DISTRIBUTION

\$206.7
(\$23.4)
<u>183.3</u>

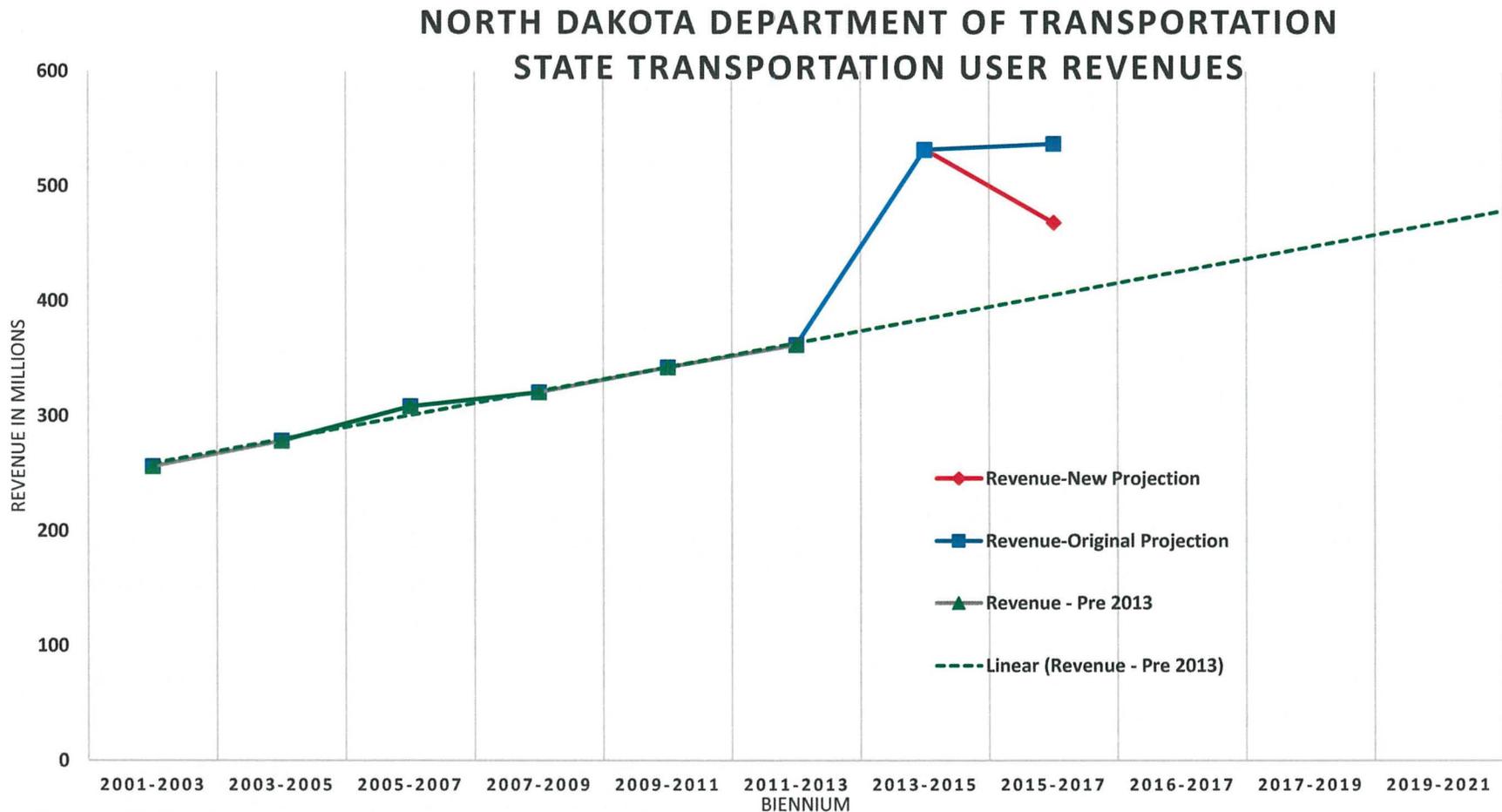
Average Daily Traffic 2011-2016



Truck Traffic-2011-2016



State Transportation User Revenues



* While we experienced a significant increase in revenue, this allowed us to keep up with inflationary costs and customer service demands.

State Transportation User Revenues

When preparing the Department budget for this biennium, state transportation user revenue numbers were projected based on several factors, including past revenue trends and anticipated economic activity in the state. Consequently, NDDOT is projecting the 2015-17 Biennium revenue to be approximately 13% below its original revenue projections. The chart below illustrate impacts as a result of revised revenue projections.

NDDOT Transportation User Revenue Changes for 2015-2017 Biennium			
Revenue Source	2015-17 Enrolled	2015-17 Revised	Difference
NDDOT Share of State Highway Tax Distribution Fund	\$ 382.4 M	\$ 332.8 M	\$ 49.6 M
Other State Highway Fund Revenues	\$ 154.8 M	\$ 135.2 M	\$ 19.6 M
TOTAL	\$ 537.2 M	\$ 468.0 M	\$ 69.2 M

State Highway Tax Distribution Fund Non-State Agency

The counties, cities, townships, and transit providers also receive a portion of the state fuel taxes and motor vehicle registration fees. Just as NDDOT's state transportation user revenues are impacted by the reduced traffic volumes, so are the state transportation revenues distributed to these local entities. The following chart depicts the revenue impact to the local entities.

State Highway Tax Distribution Fund Non-State Agency Comparison			
	Enrolled 15-17	Revised 15-17	Difference
County	\$137.2 M	\$119.4 M	\$17.8 M
City	\$78 M	\$67.9 M	\$10.1 M
Township	\$16.8 M	\$14.7 M	\$2.1 M
Transit	\$9.4 M	\$8.1 M	\$1.3 M

Budget Adjustments

While we appreciate some of the adjustments we are making will have a small impact on services we provide, NDDOT needs to do the following to address the \$69.2M State Transportation User Revenue shortfall:

- Holding 20 unfilled FTE positions
- Reduced oil patch add-on
- Reducing budget line for temporary employees
- Reduced out-of-state travel
- Reducing building expenditures
- Eliminating IT project
- State Fleet costs savings on reduced fuel prices
- Pavement Marking Program

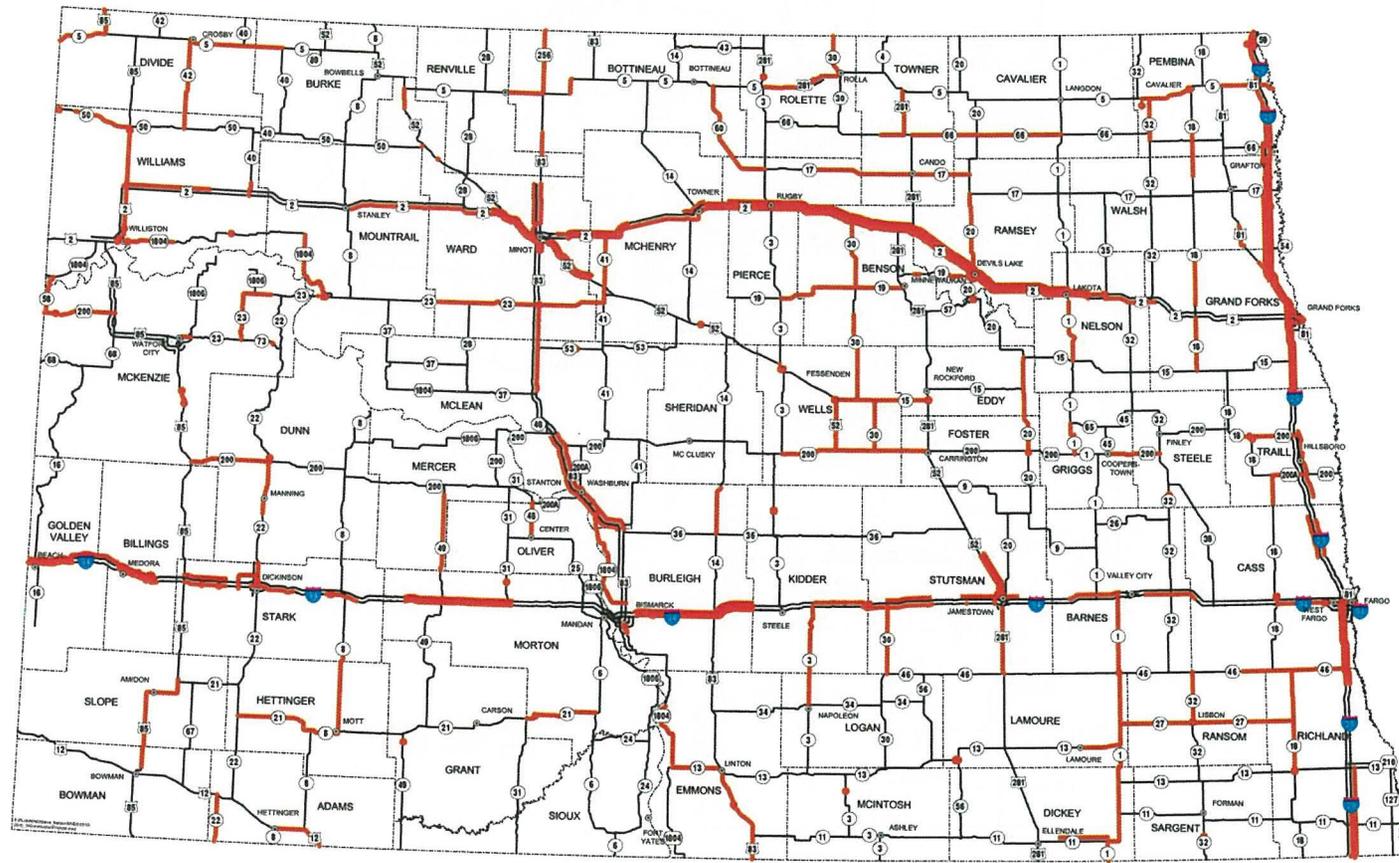
Budget Adjustments continued...

- Closing the following five rest areas:
 - Norwich
 - Finnish
 - Pleasant Lake
 - Germantown
 - Sykeston
- Reduced equipment expenditures

Biennium Road Projects

- Throughout biennium changes are made to projects as a result of:
 - Prices of materials used for construction.
 - Accelerated roadway damage because of changed commodity movements.
 - Delayed or reduced revenues.

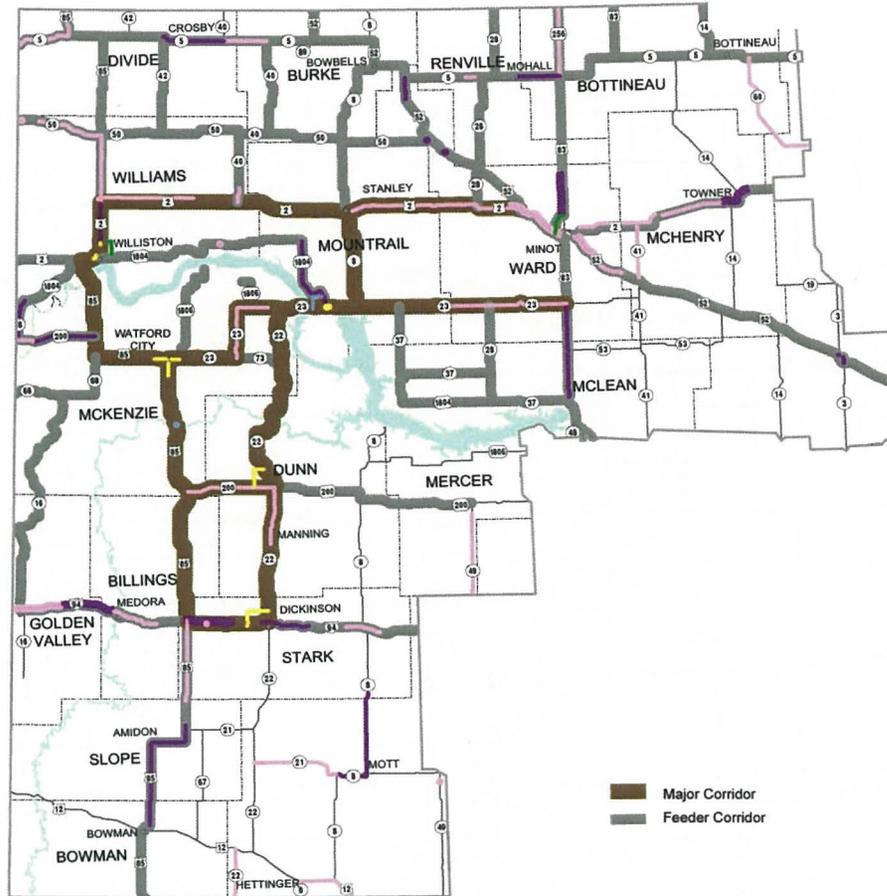
Planned 2015–2017 Construction Program (Start of Legislative Session)



**Based on \$1.354 billion in state funds*

2015-2017 State Funded Projects Under Development for Minot Dickinson and Williston Districts

\$1.354 Billion



- 2015 Proposed SOIB Rural Projects
 - 2016 Proposed SOIB Rural Projects
 - 2017 Proposed SOIB Rural Projects
 - 2015 Proposed SOIB Bypasses / Urban Projects
 - 2016 Proposed SOIB Bypasses / Urban Projects
- NOTE : Anticipated Bid Time Frames

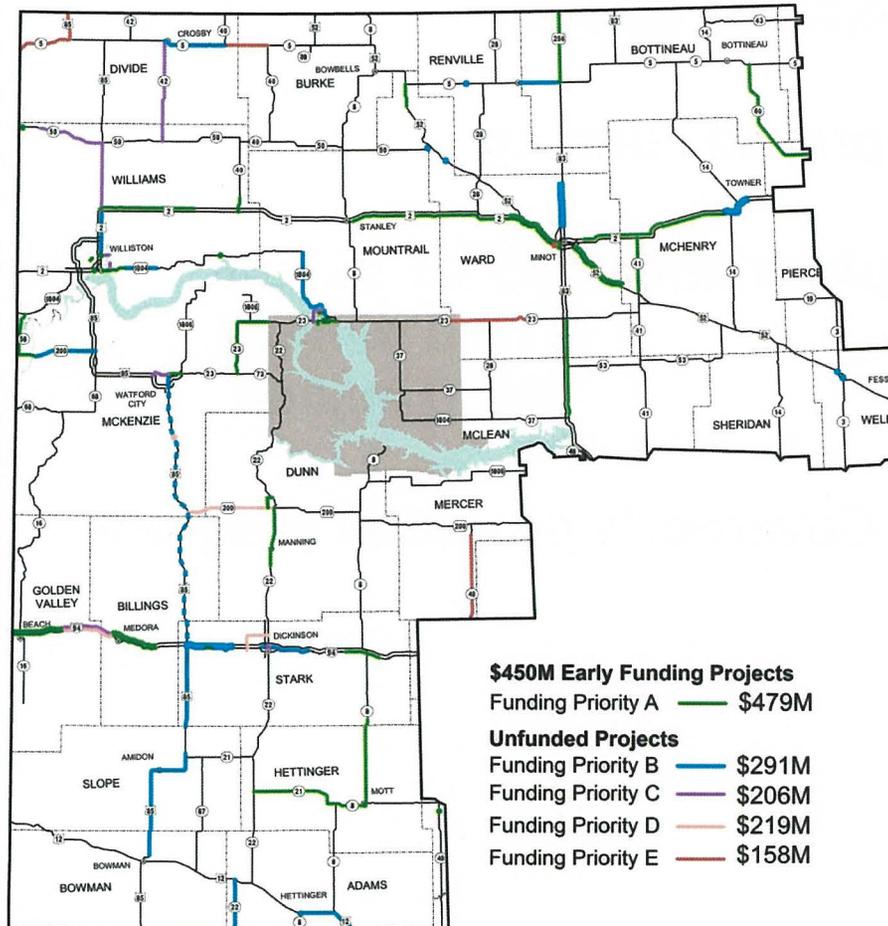


Biennium Road Projects – One-Time State Funding

- Governor’s proposed Budget \$1,354 million
- Legislative Approved Funding \$991.1 million
 - Session Appropriation \$953.1 million
 - Trigger \$18.0 million
 - Trigger \$20.0 million
- Reductions in Governor’s proposed program **\$362.9 million**

Biennium Road Projects

2015 -2017 STATE FUNDED PROJECTS MINOT, DICKINSON and WILLISTON DISTRICTS



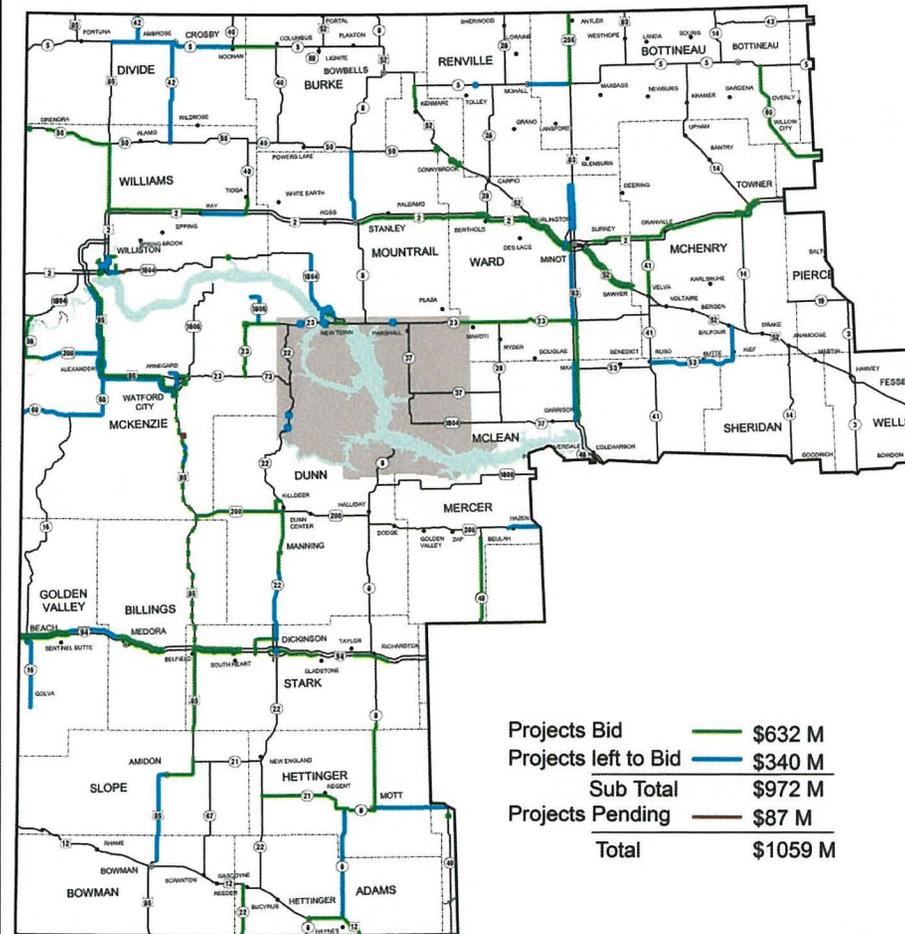
Priority list – includes early funding

State Fund Allotment Adjustment

- Legislative Appropriations \$ 991.1 million
 - Less 4.05% General Fund \$ 21.91 million
- \$ 969.19 million

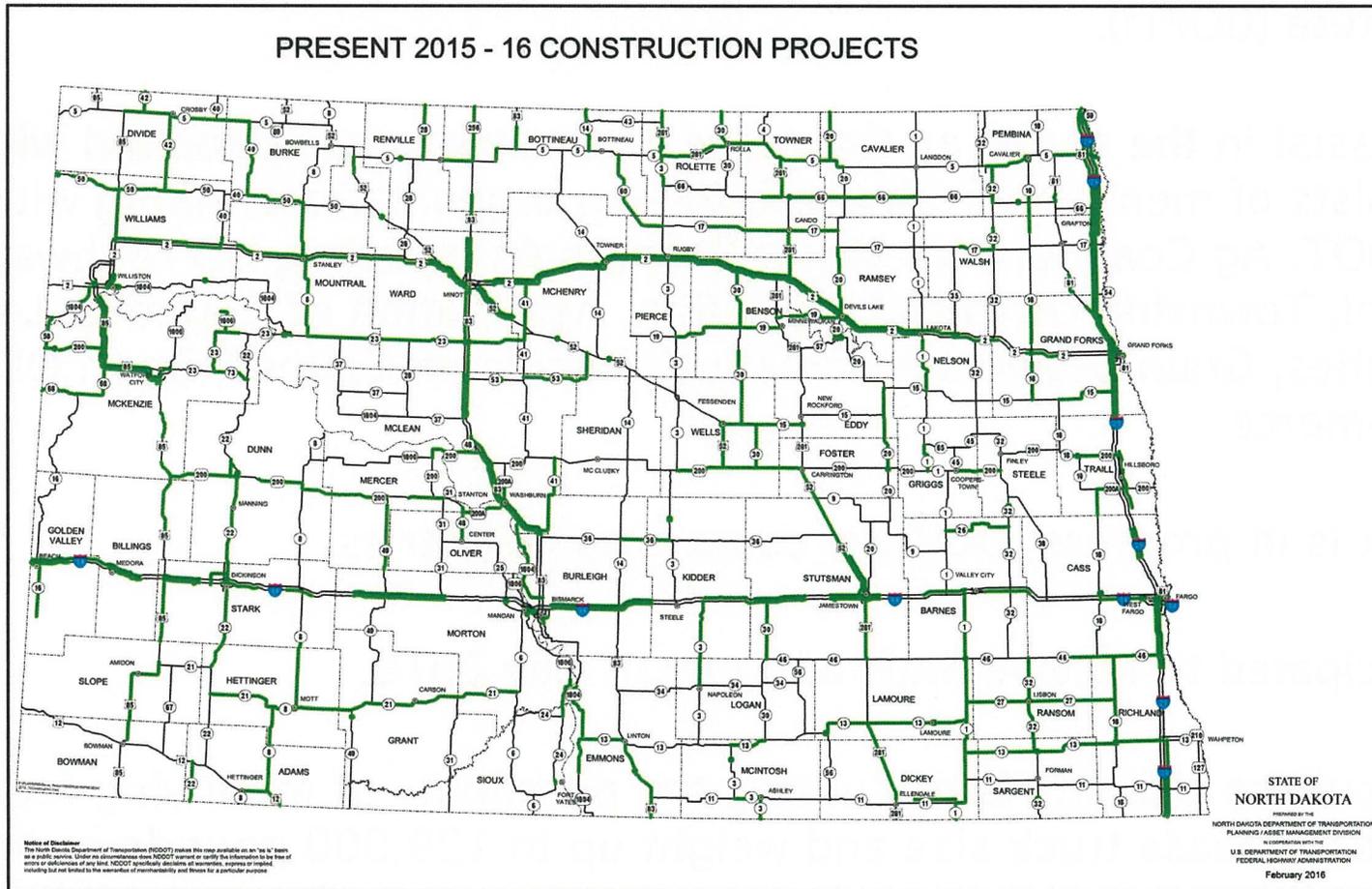
Biennium Road Projects

2015-2017 STATE FUNDED PROJECTS MINOT, DICKINSON and WILLISTON DISTRICTS



4.05%
Allotment
Adjustment

Biennium Road Projects



Truck Size and Weight Study

- Have finalized the scope of work with Upper Great Plains Transportation Institute (UGPTI).
- To assist in the study, an Executive Committee was appointed which consists of members from the following organizations: Along with NDDOT, Ag Coalition, ND Motor Carriers Association, ND Highway Patrol, Township Officers Association, Association of Counties, League of Cities, Grain Growers Association, Petroleum Council, Dept. Of Commerce
- Work is in progress, UGPTI is contacting industries.
- Anticipated to receive draft of study in May 2016.
- Agriculture industry is discussing the possibility of modifying federal law to increase truck size and weight up to 129,000 pounds on the Interstate.

Questions

