

Department of Transportation
Governor's FY 2012 and FY 2013
Recommendations



Staff Presentation to the House
Finance Committee
March 27, 2012

Department of Transportation

- Central Management
 - Internal audits and control
- Management and Budget
 - Financial oversight and administration
- Infrastructure Engineering
 - Design and construction of all transportation projects
- Infrastructure Maintenance
 - Maintain state highways, bridges, roadsides, pavement and drainage systems

Department of Transportation

- Over 1,100 road miles
 - Over 3,300 lane miles
- 644 state owned bridges
 - 171 structurally deficient
 - 216 functionally obsolete
 - 64 posted
 - 25 closed

Federal Highway Projects

- Construction and repair for highways, roads and bridges
- Safety improvements
- Resurfacing
- Drainage and lighting improvements

Fund Sources

- Federal Highway Administration Funds
 - State uses \$40.0 million of G.O. bonds as 20% state match for approximately \$200 million annually
 - Historically matched with \$80.0 million bond referenda during election years
 - 2012 ballot includes only \$20.0 million
 - Part of pay-go initiative

Fund Sources

- Stimulus Funds
 - Over \$140.0 million
 - 62 individual projects
 - Commuter rail
 - Majority of funds have been spent
 - \$2.9 million for FY 2013

Fund Sources

- Other Federal Funds
 - Approximately \$90 million in FY 2013
 - Grant funding from National Highway Transportation Safety Administration
 - Federal Transit Authority

Fund Sources

- Land Sale Revenue
- FY 2013 - \$1.9 million
 - Derived from the sale of department owned land
 - Funds used for equipment purchases

Fund Sources

- I-195 Land Sale Revenue
- FY 2013 - \$20.5 million
 - Derived from the sale of department owned land
 - Funding used to purchase equipment
 - Larger amounts that are available from Interstate 195 relocation
 - Funds must be used for project costs

Fund Sources

- Gasoline Tax
 - Derived from 32.5 cents per gallon
 - Approximately \$135 million annually
 - Deposited into Intermodal Surface Transportation Fund
 - Distribution to transportation entities contained in statute

Gasoline Tax Proceeds

<i>Entity</i>	<i>Share</i>
Department of Transportation	21.75
Public Transit Authority	9.75
Elderly Transportation - DHS	1.0
Environmental Protection Fee	0.5
<i>Total</i>	33.0

Gasoline Tax Proceeds

- Based on Department of Revenue's estimate
- Gas tax is currently 33.0 cents
- DOT share is 21.75 cents

Gasoline Tax Proceeds

<i>Fiscal Year</i>	<i>Per Penny Yield</i>	<i>DOT Share</i>	<i>Total Funding</i>
2007	4.707	20.75	97.7
2008	4.513	20.75	93.6
2009	4.327	20.75	89.8
2010	4.185	21.75	91.0
2011	4.268	21.75	92.8
2012 Rev.	4.224	21.75	91.9
2013 Rec.	4.224	21.75	91.9

In millions

Gasoline Tax Expenditures

- Maintenance Division
 - Personnel
 - Operations
 - Electricity – highway lighting
 - Vehicle maintenance
 - Winter maintenance

Winter Maintenance

Fiscal Year	Cost (Millions)	Hours of Operation	Cost per Hour
2008	\$7.9	290	\$27,142
2009	16.2	354	45,768
2010	11.7	374	31,294
2011	18.8	401	46,883
2012	8.0	162	49,382
5-year Avg.	\$12.5	316	\$40,094

Winter Maintenance

- Revised request of \$12.9 million
- Costs consist of
 - \$4.7 million related to storm operations
 - \$3.3 million related to other operations
- Anticipated expenditures of \$8.0 million
- \$4.9 million of winter maintenance expenditure surplus
- Included by Governor to reduce shortfall

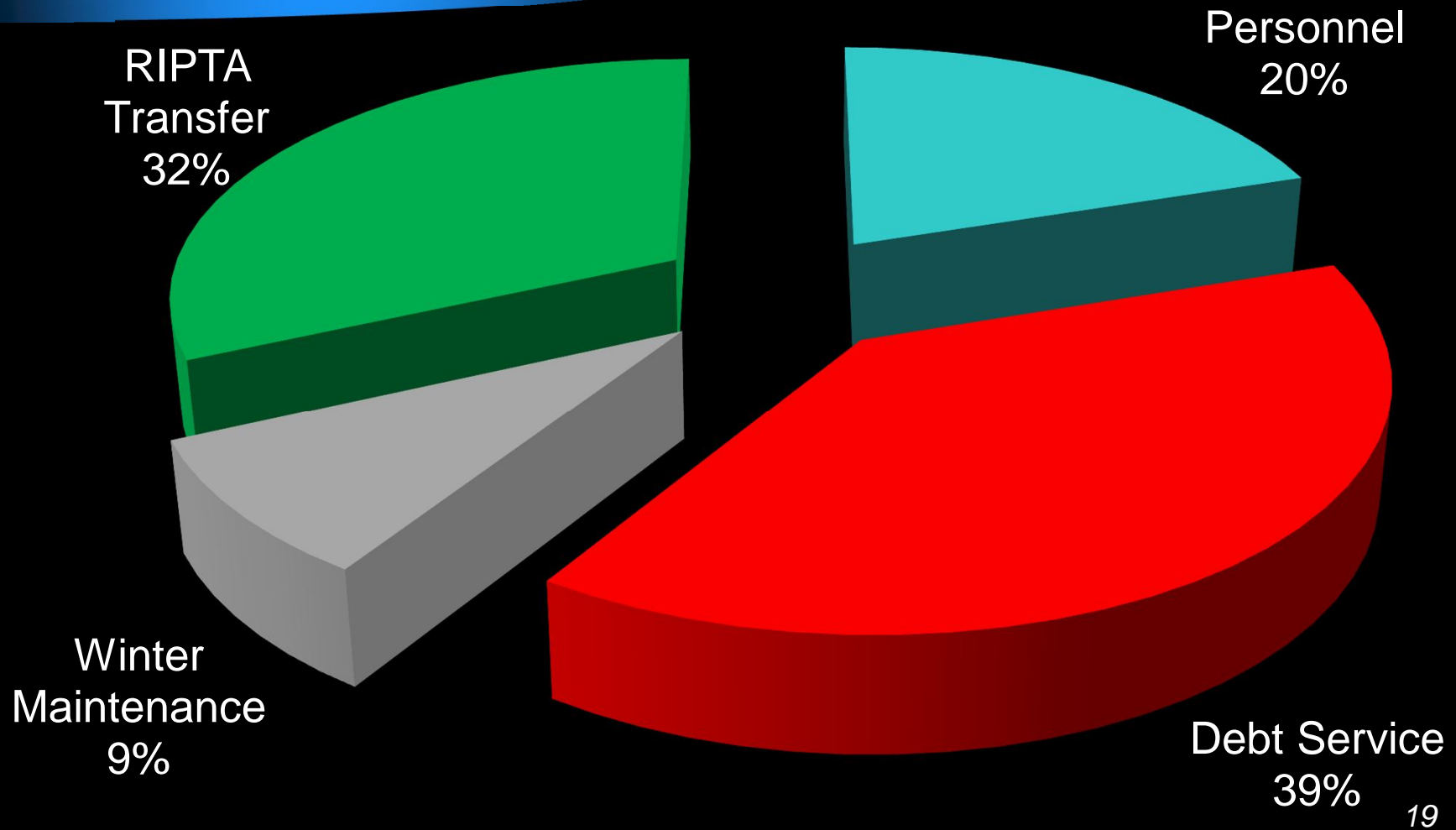
Gasoline Tax Proceeds

- General Obligation Bond Debt Service
 - \$42.3 million
- Reduced amount reflects
 - Debt restructuring
 - Rebate available from Build America Bond proceeds
 - \$2.0 million from general revenues

Gasoline Tax Proceeds

- Total of \$137.3 million for transportation in FY 2013
- Elderly Transportation - \$4.2 million
- RIPTA - \$41.2 million
- DOT - \$91.9 million

Gasoline Tax Expenditures FY 2013



FY 2012 Revised Recommendation

- Governor recommends \$440.9 million
- \$25.3 million more than enacted
 - \$28.9 million more from federal funds
 - \$3.7 million less from other sources
- 772.6 full-time equivalent positions
 - 443.6 funded with federal funds
 - 297.0 funded with gasoline tax proceeds
 - 32.0 funded with other sources

FY 2012 Revised Recommendation

- Department does not receive general revenues
- Governor recommends \$2.0 million of general revenues to pay debt service
- Increases available gasoline tax proceeds for operations
- Reduces available general revenue

FY 2012 Revised Recommendation

<i>(Millions)</i>	<i>Enacted</i>	<i>Governor</i>	<i>Difference</i>
Federal Funds	\$310.0	\$338.9	\$28.9
Gas Tax	92.5	91.9	(0.6)
Res. Receipts	1.0	1.0	-
Other	23.5	20.4	(3.1)
<i>Total</i>	<i>\$427.0</i>	<i>\$452.3</i>	<i>\$25.3</i>

FY 2012 Revised Recommendation

- FHWA Projects - \$7.8 million more
 - Reflects revised award and expenditures
- Salaries and Benefits - \$5.2 million more
 - Reflects actual filled positions
 - Includes turnover for approximately 32.0 positions
 - As of pay period ending March 10th
711.6 filled positions

FY 2012 Revised Recommendation

- NHTSA grants - \$1.9 million less
 - DUI enforcement, seatbelt usage and speeding
- Commuter Rail - \$13.3 million more
 - Revised award from Federal Transit Administration
 - Used for development of South County Commuter Rail project

FY 2012 Revised Recommendation

- Department originally anticipated a \$12.2 million deficit for FY 2012
- Revised request reduced it to \$9.6 million
- Quarterly review determined shortfall closer to \$7.4 million

FY 2012 Revised Recommendation

- Governor includes
 - \$2.0 million from general revenues for a portion of debt service
 - Build America Bond rebates
 - Additional winter maintenance savings
- Now projecting a \$2.5 million shortfall

FY 2013 Recommendation

- Governor recommends \$492.3 million
 - \$65.3 million more than enacted
 - \$52.3 million more from federal funds
 - \$13.0 million more from other sources
- Includes \$13.6 million of new funding from accelerated transportation fees
- Supplements gas tax for operating costs

FY 2013 Recommendation

- Agencies used pre-reform retirement rates when preparing their budgets
 - Governor's budget adjusts rates to reflect new, lower costs and reduces general revenues expenses
 - Savings from other sources shifted to unidentified operating expenses
 - For DOT, these total approx. \$3.9 million
 - Some may be available to offset state costs

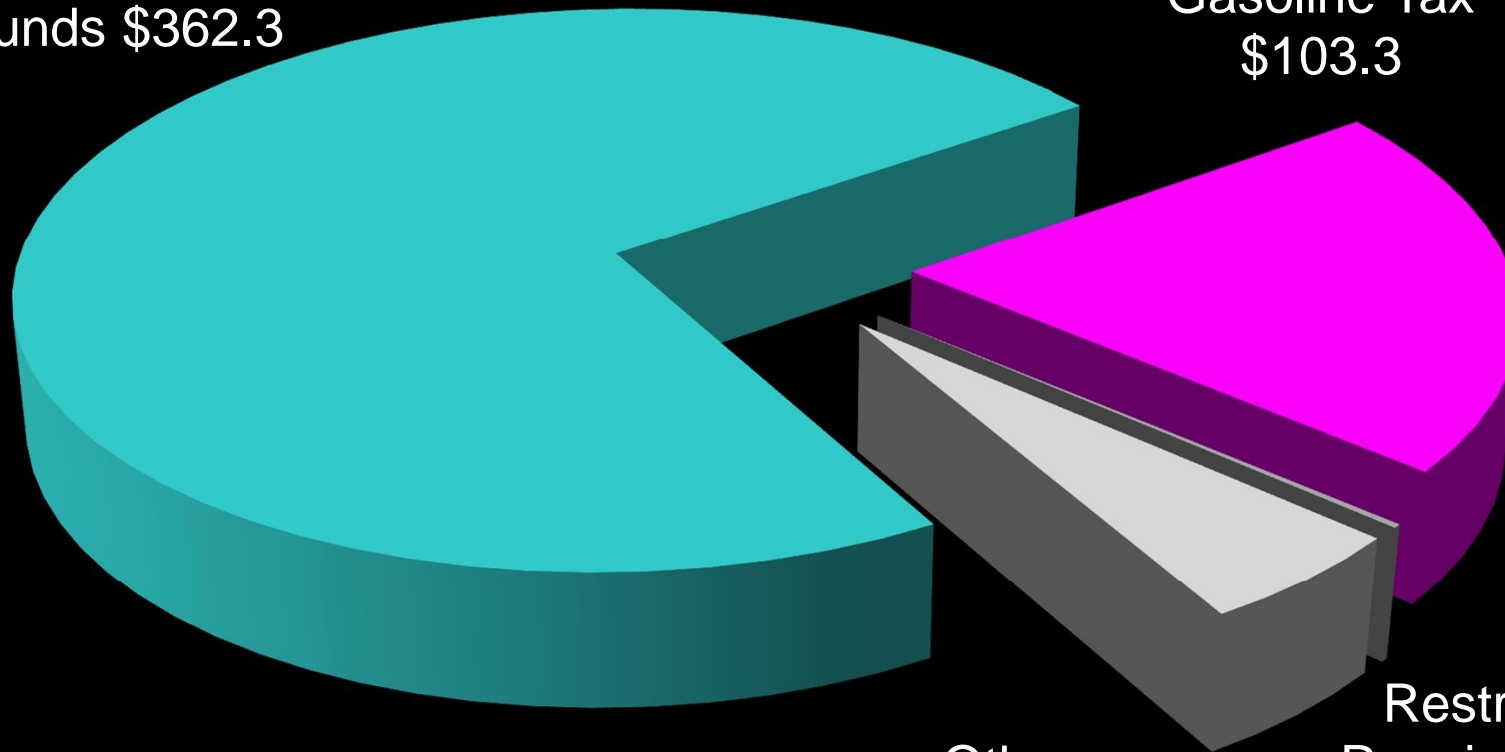
Gasoline Tax Expenditures – FY 2013

Balance Forward	(\$2,469,372)	(\$2,469,372)
Gasoline Tax	91,876,350	91,876,350
Accelerated Fees (Art.25)	-	13,646,434
Available Proceeds	\$89,406,978	\$103,053,412
Debt Service	\$50,766,354	\$50,766,354
Winter Maintenance	11,745,350	11,745,350
Vehicle Maintenance	6,560,223	6,560,223
Other Maintenance	22,242,497	22,242,497
All Other	9,420,402	9,420,402
Expenditures	\$100,734,826	\$100,734,826
(Deficit)/Surplus	(\$11,327,848)	\$2,318,586

FY 2013 Sources (in millions)

Federal
Funds \$362.3

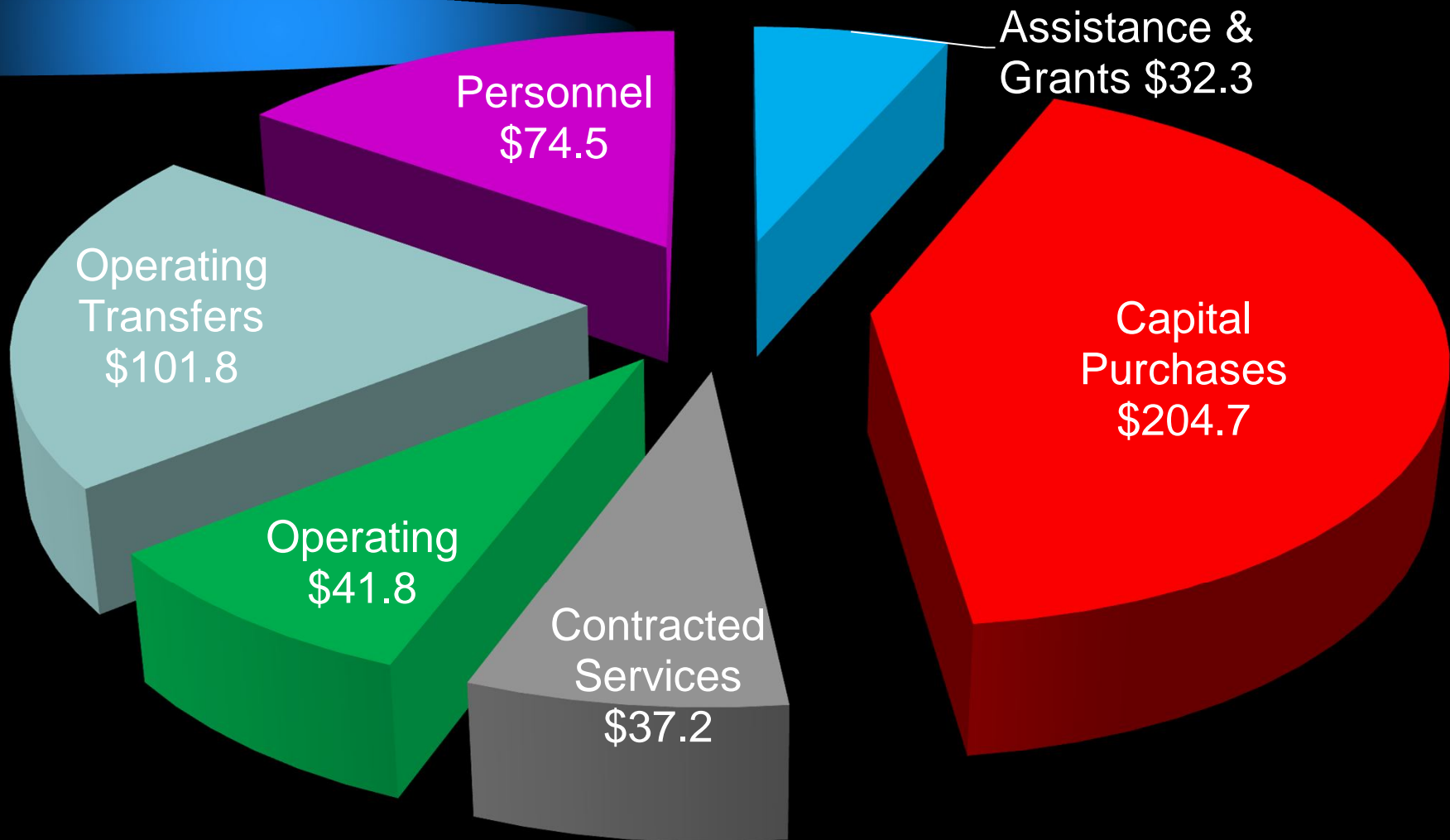
Gasoline Tax
\$103.3



Other
Sources
\$25.7

Restricted
Receipts \$1.0

FY 2013 Expenditures (in millions)



FY 2013 Changes to Enacted

<i>FY 2012 Enacted</i>	<i>\$427.0 million</i>
Federal Highway Projects	54.4
Salaries and Benefits	8.0
GARVEE Bond Projects	4.1
Commuter Rail	(5.9)
Interstate 195 Relocation	5.8
Winter Maintenance	(1.4)
All Other Changes	0.3
Total Changes	65.3
<i>FY 2013 Governor</i>	<i>\$492.3 million</i>

FY 2013 Recommendation

- FHWA projects - \$271.7 million
 - \$54.4 million more
 - Revised award and planned expenditures
 - Consistent with upcoming Transportation Improvement Program

FY 2013 Recommendation

- Salaries and Benefits - \$74.5 million
 - Authorized level of FTEs – 772.6
 - \$8.0 million more than enacted
 - Turnover for 27 positions
- Filled positions
 - FY 2009 average filled – 640.8
 - FY 2010 average filled – 696.4
 - FY 2011 average filled – 707.6
 - Currently 711.6 filled positions

GARVEE Bond Projects

- The 2003 Assembly authorized the state to advance certain projects with GARVEE bonds (Grant Anticipation Revenue Vehicles)
- Program approved by Congress that allows states to borrow funds, which are then backed and repaid by the annual allocation of federal funds

GARVEE Bond Projects

- Funds were combined with proceeds from the Motor Vehicle Tax Revenue bonds, which are financed through a two-cent dedication of DOT's gas tax
- Occasionally the value of the two cents has been higher than the necessary debt service payment
- Remaining amount is deposited into a residual account

GARVEE Bond Projects

- Accounts for \$4.1 million in FY 2013
- Budget programs these funds into capital program to make final payments for the GARVEE funded projects
 - Freight Rail Improvement Plan
 - Relocation of Interstate 195
 - Route 403 interchange
 - Sakonnet River Bridge
 - Washington Bridge

Article 7, Section 6 – GARVEE Bonds

- Washington Bridge Repairs
 - Received unbudgeted funding from a federal earmark; also cost savings
 - Made additional \$9.6 million available
 - The article would increase authorization of bonds for Sakonnet Bridge
 - Not borrowing additional funds; transferring amount from one project to another

FY 2013 Recommendation

- Commuter Rail - \$12.8 million
 - \$5.9 million less than enacted
 - Revised award from Federal Transit Administration
 - Used for development of South County Commuter Rail project

FY 2013 Recommendation

- Interstate 195 Relocation Land Sales
 - \$20.5 million
 - \$5.8 million more than enacted
 - Funds can only be used for project costs
 - Reflects anticipated land sales

FY 2013 Recommendation

- Winter Maintenance - \$11.7 million
 - Used for salt, sand and vendors
 - Other activities taking place during the winter
 - Pot hole filling, vehicle repair, traffic lights
 - Consistent with 5-year average
 - \$1.4 million less than enacted

FY 2013 Recommendation

- Governor includes three transportation articles in 2012-H 7323
 - Article 5 – Bond Referenda
 - Article 20 – East Bay Bridge System
 - Article 25 – Transportation Fees
 - Heard on March 8th

Article 5 – Question 2, Transportation

- Budget includes \$201.4 million of general obligation bonds for November 2012 ballot
- Question 2, Transportation
 - \$20.0 million for Highway Improvement Prog.
 - \$1.5 million for RIPTA
- Remaining ballot questions were heard on March 20th

Article 5 – Question 2, Transportation

- Used to match Federal Highway Funding
 - Interstate improvement, bridge improvement, pavement management, and congestion mitigation and air quality
- Used to match Federal Transit Funding
 - Bus purchases, repairs and rehabilitation
- According to Governor's plan, this would be the last G.O. bond authorization for DOT

Article 20 – East Bay Bridge System

- Transfers ownership from DOT to RITBA
 - Sakonnet River Bridge
 - Jamestown Verrazzano Bridge
- Establishes East Bay Infrastructure Fund
 - Bridges
 - Capital Improvement Projects
 - East Bay Area

Article 20 – East Bay Bridge System

- Allows tolling
 - Explicitly on Sakonnet
 - Requires permission from federal agencies
 - Revised Environmental Impact Statement
 - Public outreach program
 - RITBA currently awaiting toll study

Article 20 – East Bay Bridge System

- Allows Sakonnet and Jamestown to be subject to current financing mechanisms of Authority
- Effective upon passage
- Implementation in FY 2014 – FY 2015
 - Federal approval

Article 25 – Division of Motor Vehicles

- Accelerates the incremental transportation related fee increases included by the 2011 Assembly
- Fully implemented on January 1, 2013
- Department would use this funding in FY 2013 for operations
- Estimated to yield \$13.6 million

Article 25 – Division of Motor Vehicles

- In FY 2014, fees will be deposited into
 - Intermodal Surface Transportation Fund
 - Highway Maintenance Trust Fund
- Transfer to Trust Fund increases by 1/3 each year until all funds deposited into Trust

Article 25 – Division of Motor Vehicles

Fiscal Year	Total New Fee Revenue	ISTF	Highway Maint. Fund
2013	\$13.6	\$13.6	-
2014	\$20.8	\$13.9	\$6.9
2015	\$20.8	\$7.0	\$13.9
2016	\$20.8	-	\$20.8

In millions

Article 25 – Division of Motor Vehicles

Fiscal Year	Current Debt	Build America Bonds	New Debt Service	Projected Restruc.	General Revenue	Debt Service
2013	\$54.1	(\$2.0)	\$1.1	(\$10.9)	-	\$42.3
2014	\$46.1	(\$2.0)	\$4.4	(\$6.5)	(\$10.0)	\$32.0
2015	\$49.7	(\$2.0)	\$4.9	(\$4.1)	(\$20.0)	\$28.4
2016	\$45.3	(\$2.0)	\$4.9	\$2.0	(\$30.0)	\$20.3
2017	\$45.0	(\$2.0)	\$4.9	\$2.0	(\$43.1)	\$9.9
2018	\$36.5	(\$2.0)	\$4.9	\$3.7	(\$42.1)	-

In millions

Article 25 – Division of Motor Vehicles

Current Law

Fiscal Year	Biannual Registration Fee	Annual Registration Fee	License Fee
2013	\$60.00	\$30.00	\$30.00
2014	\$70.00	\$35.00	\$40.00
2015	\$80.00	\$40.00	\$50.00
2016	\$90.00	\$45.00	\$60.00

Article 25 – Division of Motor Vehicles

Governor's Proposal

Fiscal Year	Biannual Registration Fee	Annual Registration Fee	License Fee
2013	\$60.00	\$30.00	\$30.00
2014	\$90.00	\$45.00	\$60.00

Capital Development Plan

- \$3,470.5 million total project costs
- \$1,754.8 million for FY 2013 through FY 2017
- Includes projects in the Highway Improvement Program
 - Bridge replacement
- Department asset protection projects
 - Installation of fire alarms

Capital Development Plan – New Projects

- Train Station Repairs - \$2.0 million
 - Repairs at three train stations; Woonsocket, Kingston and Westerly
 - Kingston and Westerly stations are currently active; Woonsocket serves as a bus depot
 - Maintenance division is currently responsible for these facilities
 - Larger scale asset protection projects, such as roof and window repairs, painting and HVAC upgrades

Capital Development Plan – New Projects

- Maintenance Agreement- \$5.0 million
 - Convert RIPTA's former maintenance facility to a cooperative facility for the Department's heavy fleet and the Authority's buses
 - Elmwood facility is currently obsolete
 - Maintenance has been shifted to the Authority's new headquarters
 - Architectural and engineering services to design the facility; construction costs for the conversion

Capital Development Plan

<i>Project</i>	<i>Status</i>	<i>Cost</i>	<i>Financing</i>	<i>End Date</i>
Highway Imp. Program	Revised	\$2,229.8 million	G.O. bonds, FHWA, RICF	Perpetual
I-195 Relocation	Revised	\$426.8 million	FHWA, GARVEE	FY 2016
Sakonnet River Bridge	Revised	\$142.4 million	FHWA, GARVEE	FY 2013
Equipment Replacement	Revised	\$46.9 million	State Revolving	Perpetual
Maintenance Fire Alarms	Revised	\$0.5 million	RICAP	FY 2013

Capital Development Plan

<i>Project</i>	<i>Status</i>	<i>Cost</i>	<i>Financing</i>	<i>End Date</i>
Commuter Rail	Revised	\$238.6 million	MBTA, G.O. Bonds	Post FY 2017
Salt Storage Facilities	Revised	\$17.5 million	G.O. Bonds RICAP	FY 2017
Maintenance Asset Protec.	Revised	\$3.6 million	RICAP	FY 2017
Freight Rail Improvement	Revised	\$155.6 million	GARVEE, FRA	FY 2013

Capital Development Plan

<i>Project</i>	<i>Status</i>	<i>Cost</i>	<i>Financing</i>	<i>End Date</i>
Washington Bridge	Ongoing	\$69.6 million	GARVEE	FY 2016
Pawtucket-CF Train Study	Ongoing	\$3.4 million	RICAP, FTA, Local	FY 2016
E.P. Maint. Facility	Ongoing	\$4.9 million	G.O. Bonds RICAP	FY 2012
Lincoln Maint. Fac.	Ongoing	\$4.1 million	G.O. Bonds RICAP	FY 2013

Capital Development Plan


<i>Project</i>	<i>Status</i>	<i>Cost</i>	<i>Financing</i>	<i>End Date</i>
Maintenance Asset Protec.	Ongoing	\$3.6 million	RICAP	FY 2017
Quonset Route - 403	Ongoing	\$114.0 million	FHWA, GARVEE	FY 2013
Portsmouth Facility	Ongoing	\$5.5 million	GO Bonds, RICAP	FY 2014

Department of Transportation
Governor's FY 2012 and FY 2013
Recommendations



Staff Presentation to the House
Finance Committee
March 27, 2012

Rhode Island Public Transit Authority: Governor's FY 2012 Revised and FY 2013 Budgets



Staff Presentation to the House
Finance Committee
March 27, 2012

Organization and Structure

- Quasi-public agency
- Established in 1964
- Responsible for fixed-route bus service and Americans with Disabilities Act paratransit service operations
- Governed by an 8 member Board of Directors

Organization and Structure

□ Service

- 1,436 square miles
- 3,300 daily trips
- Routes range from 2.5 miles to 45.5 miles
- 54 fixed routes statewide

□ Fares

- One-way: \$2.00
- Monthly pass: \$62.00

Organization and Structure

- Currently 815.0 filled positions
- 23 non-union; Union members belong to:
 - 618 - Bus Operators/Maintenance
 - 618 A - Street & Shop Supervisors
 - 808 - Administrative
- Fleet of 241 fixed-route buses
- 135 paratransit vans
 - Includes Ride and ADA trips

Ridership - Passengers

- FY 2008: 20.8 million
- FY 2009: 18.6 million
- FY 2010: 18.0 million
- FY 2011: 18.2 million
- Totals includes 0.6 to 0.7 million passengers annually on paratransit vehicles

FY 2012

- Originally projected a \$4.6 million deficit
- Summer of 2011, held 10 public hearing regarding service cuts
- Due to response, Board decided to not address shortfall with service cuts
- Explored alternatives

Deficit Reduction - Millions

<i>Initiative</i>	<i>Impact</i>
Projected Deficit	\$(4.6)
Personnel Savings	0.3
Fuel Savings	0.5
Insurance Savings	0.8
Utilities, Capital Match, ADA	0.9
Maintenance	0.4
Total	3.0
<i>Current Deficit</i>	<i>\$(1.7)</i>

FY 2013 Revenue Sources

- Gasoline Tax
 - \$41.2 million
 - Based on a per penny yield of \$4.2 million
 - 9.75 cent share
 - 42.2% of all revenue sources
 - Based on Department of Revenue estimate included in Transportation budget

Gasoline Tax Proceeds

<i>Entity</i>	<i>Share</i>
Department of Transportation	21.75
Public Transit Authority	9.75
Elderly Transportation - DHS	1.0
<i>Total</i>	32.5

Gasoline Tax Proceeds

<i>Fiscal Year</i>	<i>Per Penny Yield</i>	<i>DOT Share</i>	<i>Total Funding</i>
2007	4.707	7.25	34.1
2008	4.513	7.25	32.7
2009	4.327	7.75	42.2
2010	4.185	9.75	40.8
2011	4.268	9.75	41.6
2012 Rev.	4.224	9.75	41.2
2013 Rec.	4.224	9.75	41.2

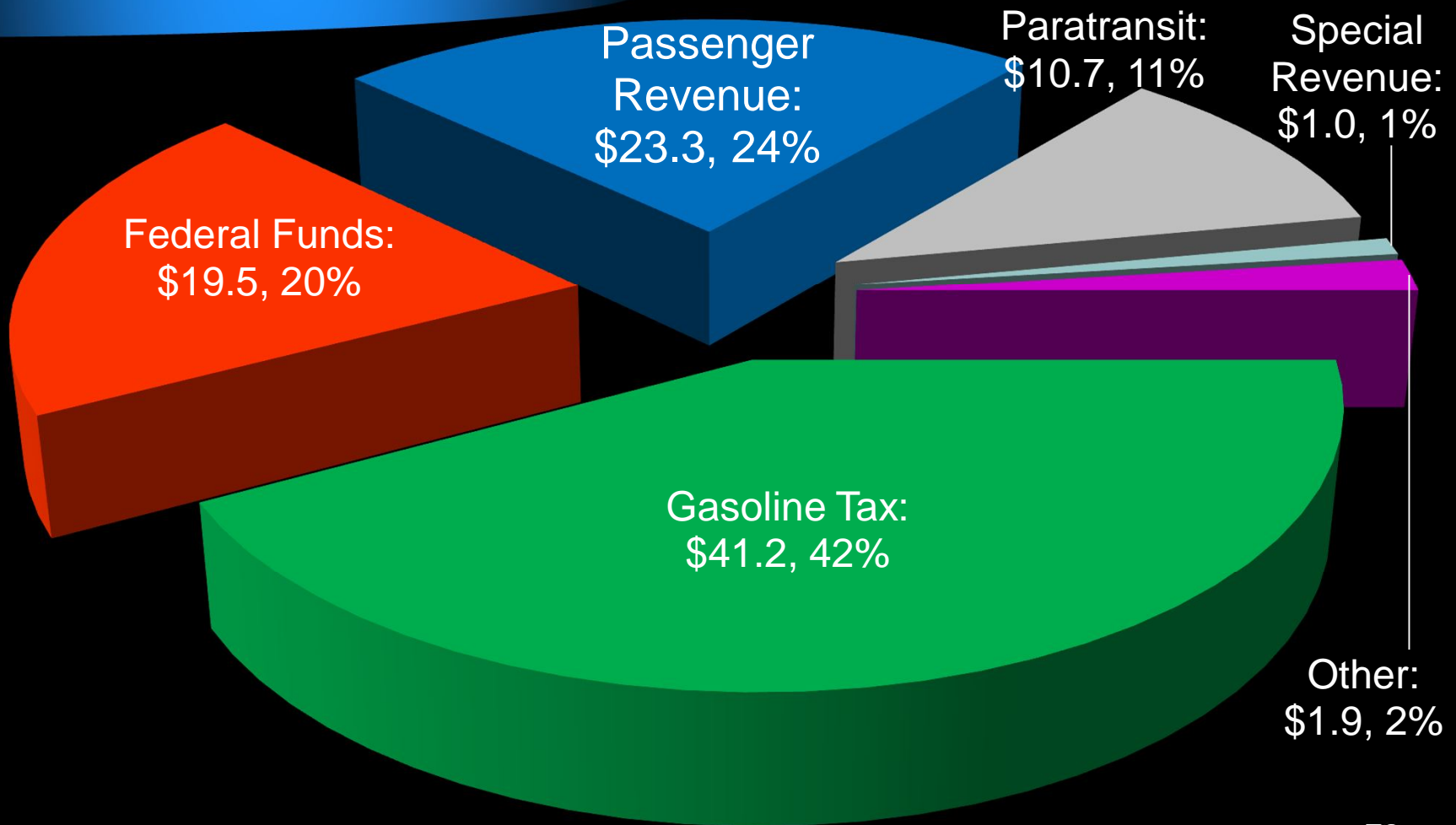
In millions

FY 2013 Revenue Sources

<i>Fund Source</i>	<i>FY 2013</i>
Gasoline Tax	\$41.2 M
Federal Funds	19.5
Passenger Revenue	23.3
Paratransit Reimbursement	10.7
Special Revenue	1.0
Other Sources	1.9
<i>Total Sources</i>	<i>\$97.6 M</i>

As included in Governor's budget, Board subsequently revised FY 2013 budget

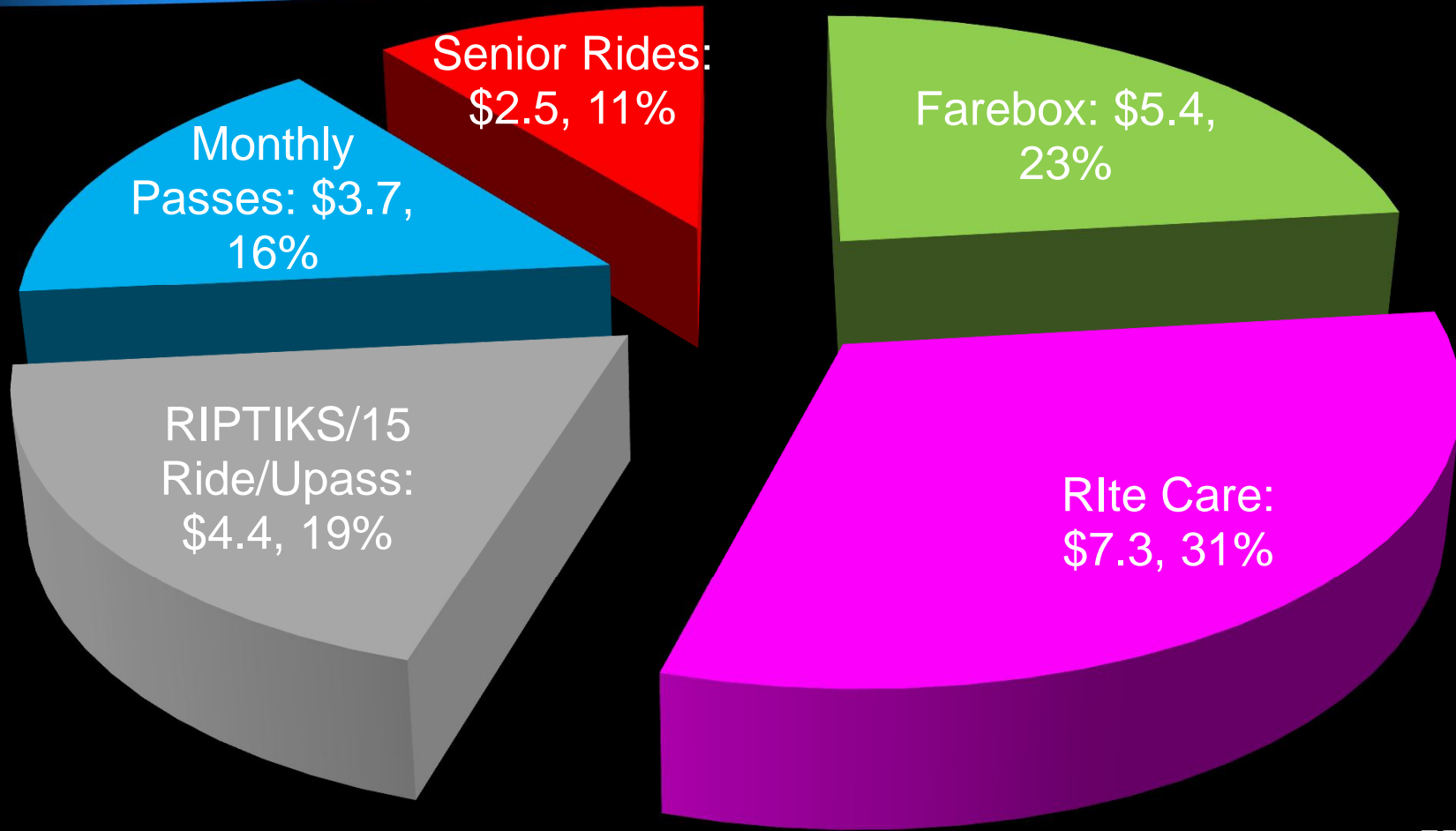
FY 2013 Revenue Sources - Millions



Passenger Revenue

<i>Source</i>	<i>FY 2013</i>
Farebox	\$5.4 M
Rlte Care	7.3
RIPTIKS/15 Ride pass/Upass	4.4
Monthly Passes	3.8
Senior Rides	2.5
<i>Total</i>	<i>\$23.3 M</i>

Passenger Revenue



Expenditures

<i>In millions</i>	FY 2012	FY 2013	Change
Salaries & Wages	\$44.6	\$45.8	\$1.2
Benefits	23.9	24.8	0.9
Operations	34.3	34.7	0.4
Special Services	0.7	2.3	1.6
Total	\$103.5	\$107.6	\$4.1

FY 2013 Expenses

- Salaries and Wages
 - \$45.8 million
- Employees Benefits
 - \$24.8 million
 - Defined pension benefit plan
 - Health care benefits consistent with state employees
 - Co-shares and waivers are different

FY 2013 Expenses

- Operating expenses - \$34.7 million
 - Fuel and maintenance
 - Ride program expenses and ADA
 - Debt service for general obligation bonds

FY 2013 Expenses

- Special Services - \$2.3 million
 - Legal services
 - Actuarial studies
 - Auditing services
 - Environmental services
 - Project support
 - Engineering, ARRA, Metro Transit Study

Bus Purchases

- \$1.5 million referenda for 2012 ballot
- Article 5, heard on March 20th
- FY 2013 – 2017
 - 139 vehicles
 - Buses, trolleys and flex vehicles

FY 2013 – 2017 Capital Plan

<i>Project</i>	<i>Status</i>	<i>Cost</i>	<i>Financing</i>	<i>End Date</i>
Solar/Roof Technologies	New	\$2.4 million	ARRA, FTA RIPTA	FY 2012
Paratransit Vehicles	Revised	\$28.3 M	Fed., RICAP RIPTA	Perpetual
Bus Purchases	Revised	\$142.8 M	Fed., New G.O. bonds	Perpetual
Providence Connector	Revised	\$8.2 million	FTA	FY 2015

FY 2013 – 2017 Capital Plan

<i>Project</i>	<i>Status</i>	<i>Cost</i>	<i>Financing</i>	<i>End Date</i>
Bus Rapid Transit	Ongoing	\$3.7 M	Fed., RICAP RIPTA	FY 2016
Intelligent Transportation	Ongoing	\$10.8 M	Fed., RIPTA	FY 2014
Land & Building Enhancements	Ongoing	\$13.3 M	Fed., G.O. Bonds, RICAP, RIPTA	Perpetual

FY 2013 – 2017 Capital Plan

<i>Project</i>	<i>Status</i>	<i>Cost</i>	<i>Financing</i>	<i>End Date</i>
Radio Interoperability	Ongoing	\$4.3 M	FEMA	FY 2012
Elmwood Expansion	Ongoing	\$41.7 M	FTA, RIPTA RICAP	FY 2012
Bus Washes	Ongoing	\$0.6 M	ARRA	FY 2012


Budget Issues

- Projecting \$1.7 million deficit for FY 2012
- \$10.0 million deficit for FY 2013
 - Board's revised budget lowers projection to \$8.0 million
- Fuel prices
- Gasoline Tax
- Debt Service

Budget Issues

- Debt Service
 - FY 2009: \$759,878
 - FY 2010: \$824,797
 - FY 2011: \$981,691
 - FY 2012: \$1,105,344
 - FY 2013: \$2,021,932
- Not addressed by Governor's transportation initiatives

Rhode Island Public Transit Authority: Governor's FY 2012 Revised and FY 2013 Budgets



Staff Presentation to the House
Finance Committee
March 27, 2012