



# **Special Transportation Fund (STF)**

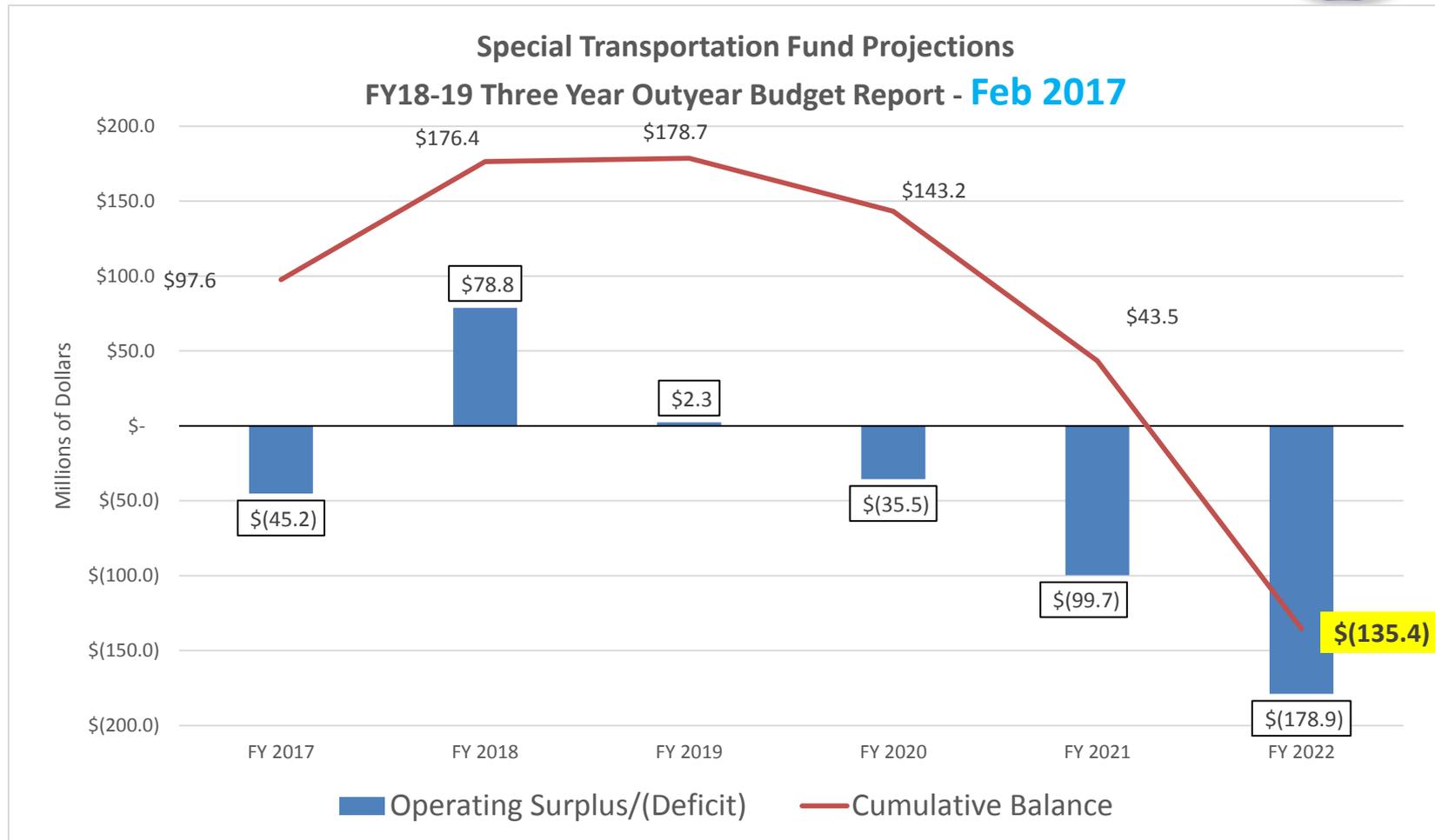
## **Department of Transportation Operating and Capital Budget Impacts**

# Outline

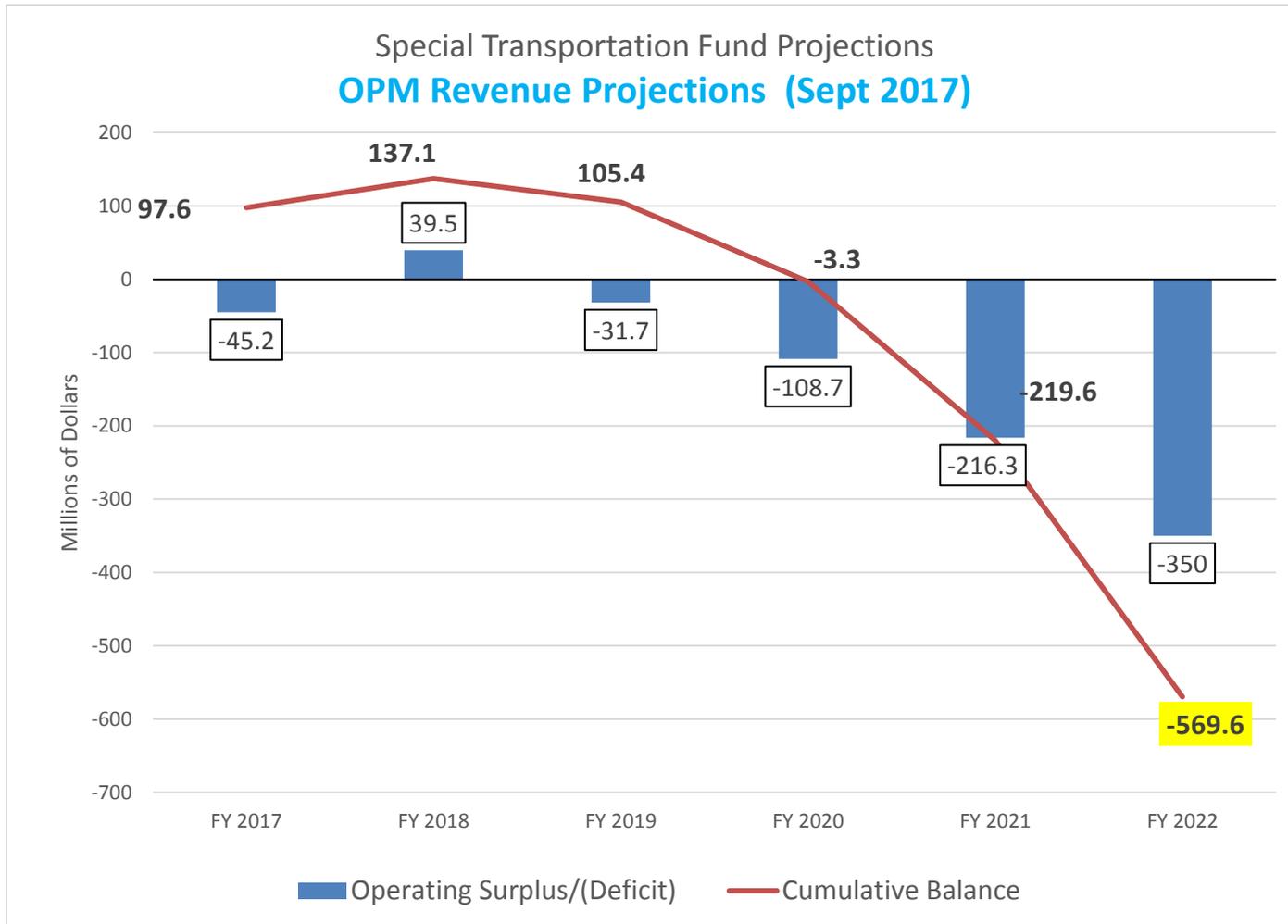


- STF condition – February to present
- Reasons for STF shortfall
- Short and long term problem
- Operating budget impacts
- Capital program impacts
- STF after budget actions

# STF Forecast - February



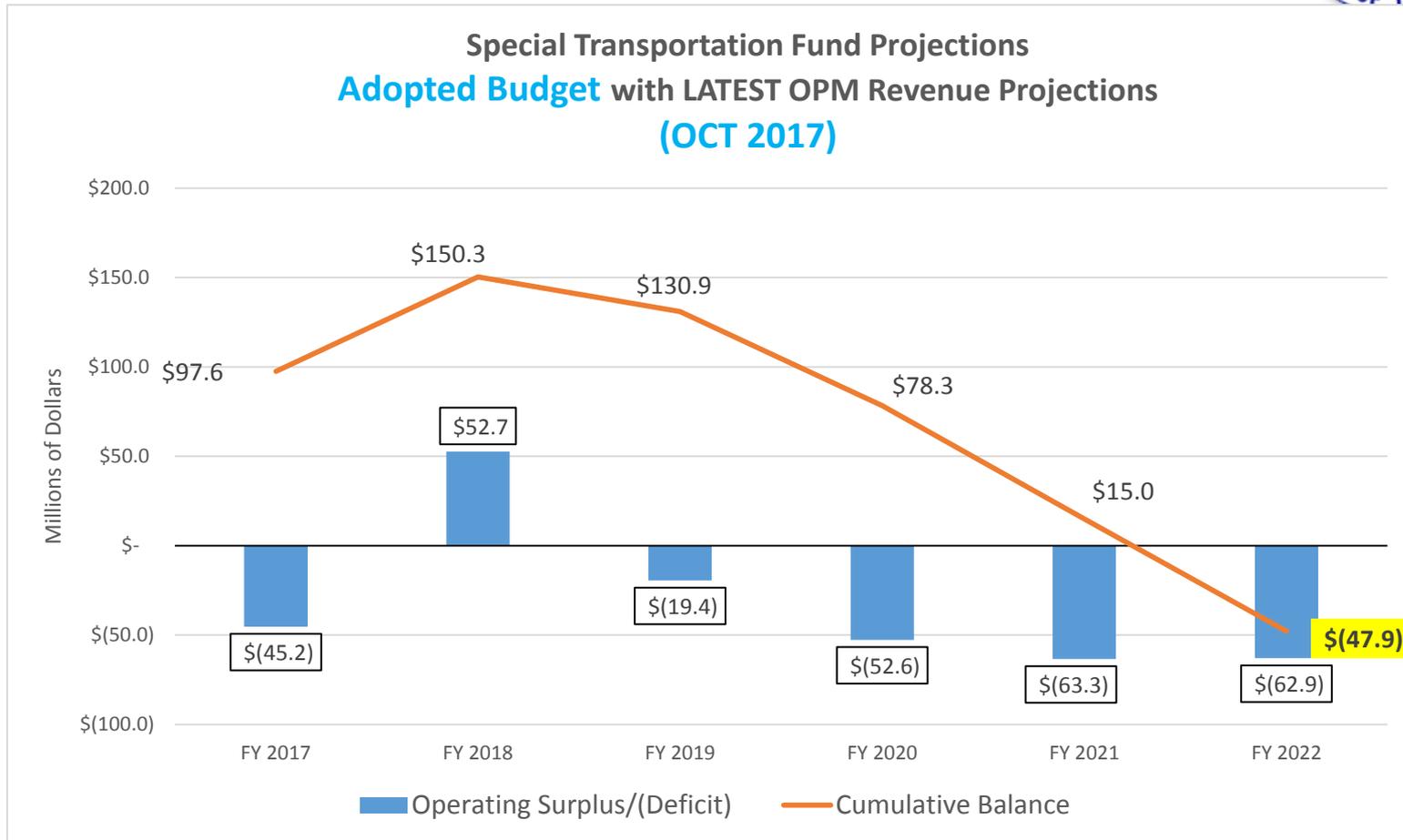
# STF Forecast - September



# STF Forecast - October



Special Transportation Fund Projections  
**Adopted Budget** with LATEST OPM Revenue Projections  
**(OCT 2017)**

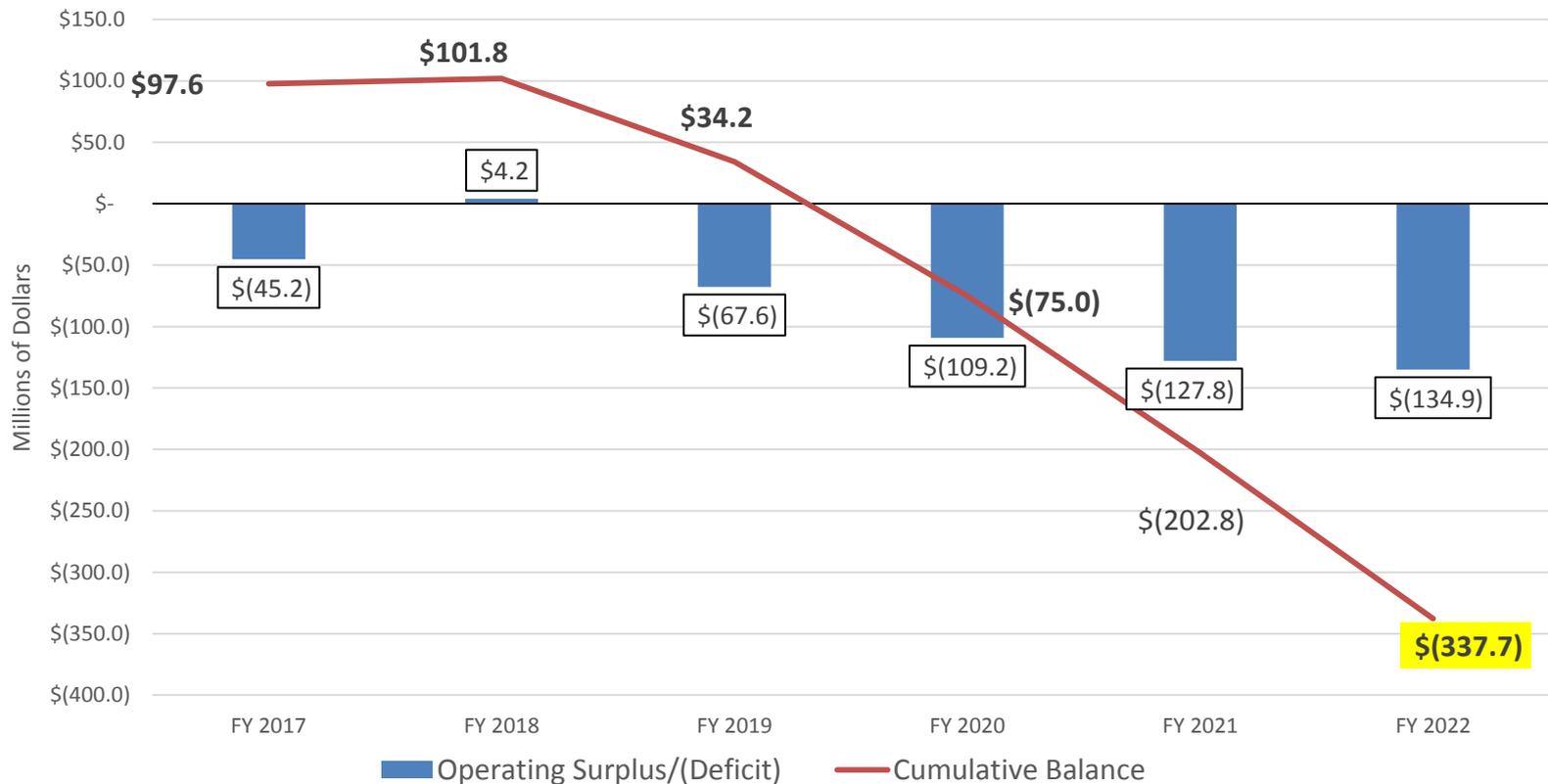


# STF Forecast -- November

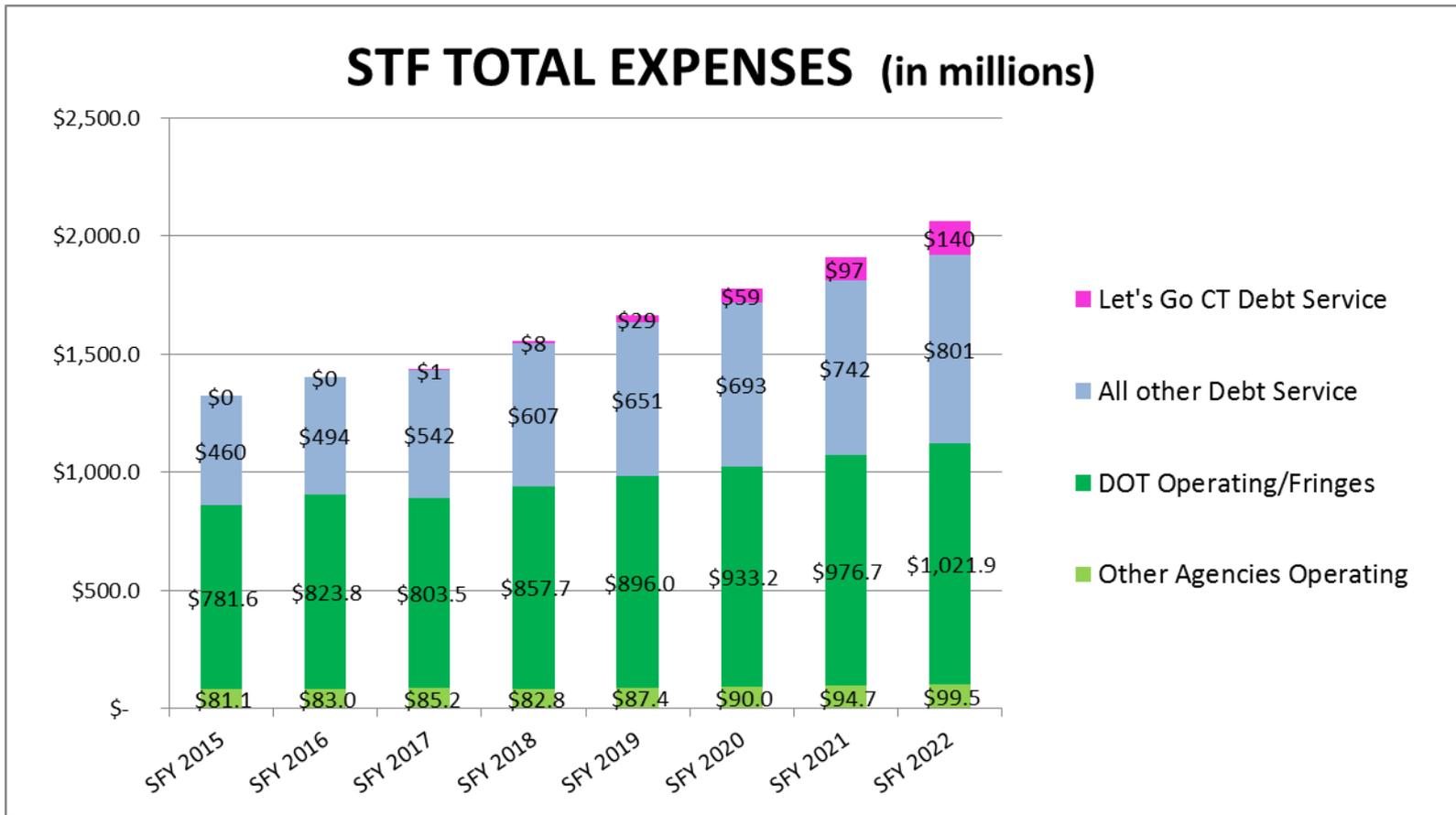
## DOT Expenses forecast through June 2017



Special Transportation Fund Projections  
**Adopted Budget** with **OPM Rev** and **DOT Operating** Projections



The major contributor to STF Total Expenditure Increases is Debt Service although DOT and Other Agency operating expenses are also growing



# Growth in STF Expenditures FY15 – FY22



<b>Description</b>	<b>Projected Growth (millions)</b>	<b>%</b>
Existing Debt Service	\$341,032,944	74%
DOT Operating/Fringes	\$240,349,414	31%
Other Agencies Operating	\$18,404,018	23%
Let's Go CT Debt Service	\$139,944,933	n/a

# BUDGET GROWTH FY1997 – FY2017



	FY1997	FY2017	%
Operating Budget	\$288M	\$620M	215%
Capital Budget	\$150M	\$900M	600%

# Problem Statement



- **Short Term: Inability to sell bonds**
  - STF Bond proceeds are fully expended
  - Additional Bond proceeds are required to meet existing capital project expenses – **up to \$1B capital payment obligations in FY18**
  - Current year and cumulative STF deficits prevent bond sales – Cumulative projected deficit over \$300M through 2022 so immediate operating and capital reductions are required
- **Longer Term: Existing Revenue Levels insufficient to support STF**
  - Rising Debt Service associated with past debt is eroding available STF revenue.
  - Decreasing Revenue Estimates combined with Increasing Operating Costs making the problem worse
  - Revenue to Debt Service coverage ratios headed lower, risking Bond Rating
  - **Operating and Capital Reductions alone cannot solve the long term problem**

# DOT Budget Impacts without New Revenue



Implement a series of operating budget cuts beginning in FY19

Significantly reduce capital program beginning in the upcoming construction season

# Operating Budget Actions



## **DOT Administrative Impacts**

- Reduction in DOT Staffing – currently 423 vacancies (14%)

## **Highway and Bridge Impacts**

- Reduction in PAYGO road and bridge paving and maintenance work
- Completely close Rest Areas
- Reduced maintenance staff will impact service levels for snow events and routine maintenance

## **Bus Impacts**

- Eliminate Non-ADA local bus service subsidies
- 15% Bus Fare Increase FY 2019
- Transit District 15% Subsidy Cut FY 2019
- Transit District 50% Subsidy cut FY 2021
- Additional CMAQ subsidy for CTfastrak
- 5% Bus service reduction in FY 2021

# Operating Budget Actions



## Rail Impacts

- 10% Rail Fare Increase FY 2019
- 5% Rail Fare Increase FY 2021
- 5% Rail Fare Increase FY 2022
- Metro-North Non-Service Expense Reductions FY 2019
- No Weekend and Some Off-Peak Service Reductions - Danbury, Waterbury and New Canaan Rail Lines FY 2019
- 50% Reduction in Shoreline East Service FY 2019

# Capital Program Principles



- Fund ongoing (already awarded) **construction** projects
- Ensure **match of all federal funds**
- Fund ongoing **phase-funded** federal projects, to avoid payback obligations
- Award new projects ONLY if funded with federal funds or essential for safety/state of good repair
- **Eliminate approximately \$2.0 billion of \$2.8 billion** of **Let's Go CT! Ramp Up** authorizations
- Fund **core DOT** projects and programs,  
**Eliminate local/municipal funding**
  - Reduced – Federalized LOTCIP
  - No local bridge projects
  - No STF funded Town Aid Road starting FY18

# Capital Projects Going Forward



## Highway and Bridge

- **Bridge Repairs @ \$25m/yr**
- **Pavement; VIP @ \$54m/yr plus Preservation @ \$25m/yr**
- **Gold Star NB Bridge(Phase 1) @ \$104m**
- **East Haddam Swing Bridge @\$ 38m (in lieu of \$55m rehab project)**
- Charter Oak Repairs @ \$10m (in lieu of larger Charter Oak Bridge Interchange project) Note: If Federal INFRA Grant is awarded, full project will be funded
- Waterbury Bridges (I-84 & CT 8) @ \$180m
- \$10.4m/year for Equipment Procurements for the Highway and Bridge Maintenance fleet

# Capital Projects Going Forward



## Highway and Bridge

- **LOTICIP: 100% State Funded in 2018, revised to STP-Urban in 2019-22 at 80/20**
- Local Bridge included only for projects with a fully executed agreement
- **Town Aid Road Payments to Municipalities – only the portion out of GO Bonds – Starting in FY18.**
- Facility funds for Roof Repairs
- Environmental Compliance Funds for Tank Replacements and other Mandated Activities
- Funds for PE/RW/Mods, Safety Program, Guiderail, Illumination, some Signing

# Capital Projects Going Forward



## Public Transportation

- All Projects associated with the Walk Bridge Program
- Hartford Line Construction (New Haven to Hartford)
- Locomotive Overhauls
- 60 M8 rail cars for New Haven Line to address ridership growth
- 16 New Coaches for Hartford Line to replace leased equipment
- SAGA Bridge Repairs
- New Haven Line Signal System Replacement
- New Haven Line Network Infrastructure
- New Haven Rail Yard Projects
- Waterbury Branch Signalization

# Capital Projects Under Review for Suspension or Deferral



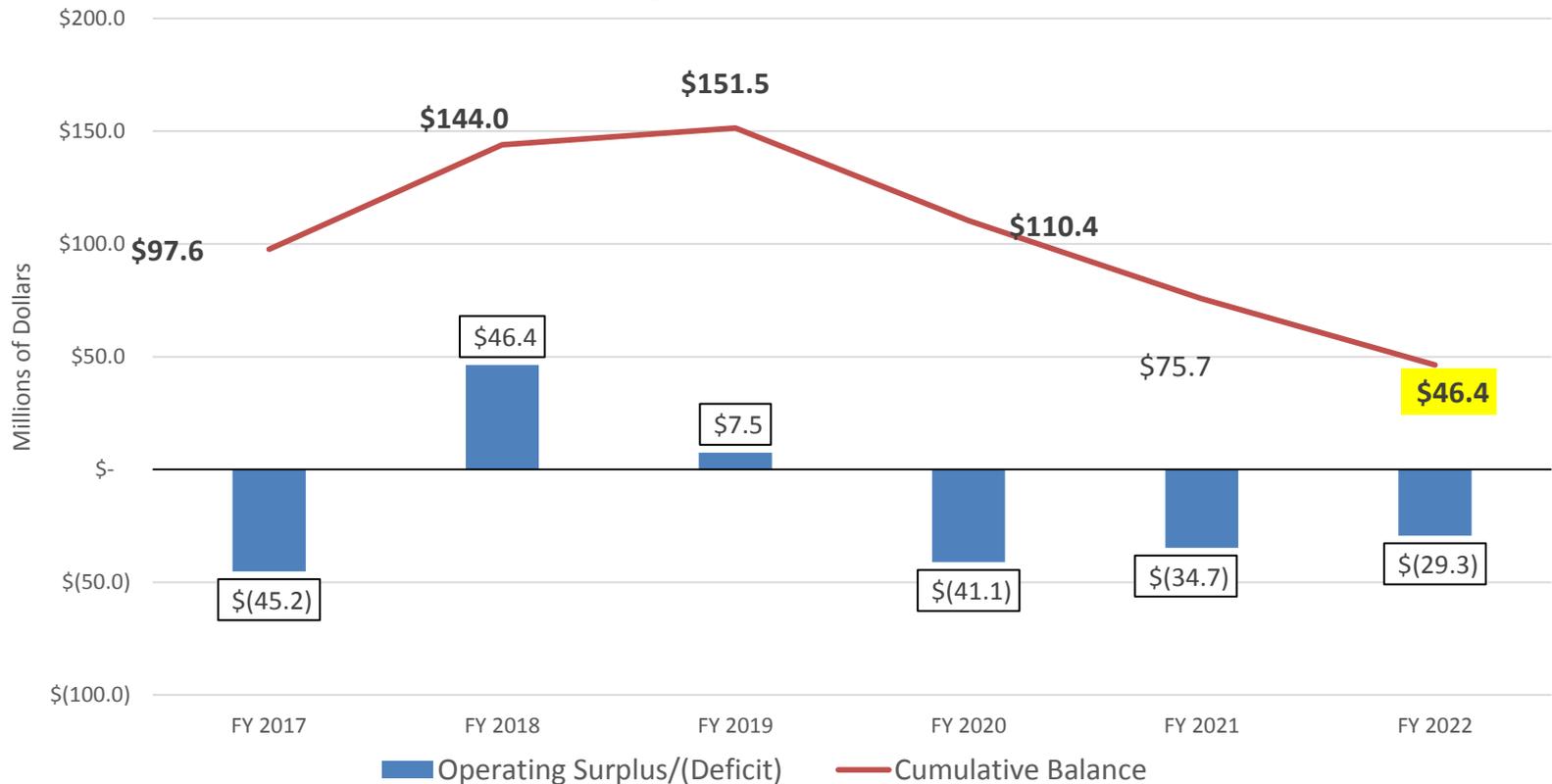
## Generally

- 100% state funded projects will be reviewed for suspension or deferral (unless required to maintain base state of good repair) – this includes many **Let's Go CT Ramp Up projects**, FIF-Road and FIF-Bridge projects, as well as many 100% state funded Public Trans projects.
- Limit Design work and Rights-of-way acquisitions for 100% state funded Construction projects – this will likely mean stopping existing Consultant Design agreements. Some additional expenses will be necessary to bring design to logical stopping point.
- **5 Year Impact: \$4.3 Billion of Engineering, Construction and Public Transportation projects would not be done.**
- **Impact to date: \$100M of construction projects will not be done this year**

# STF Forecast – December 2017



**Special Transportation Fund Projections**  
Based on Table 8 including Expenditure Reductions (Dec 2017)





# REVENUE

# CT Gas Tax History

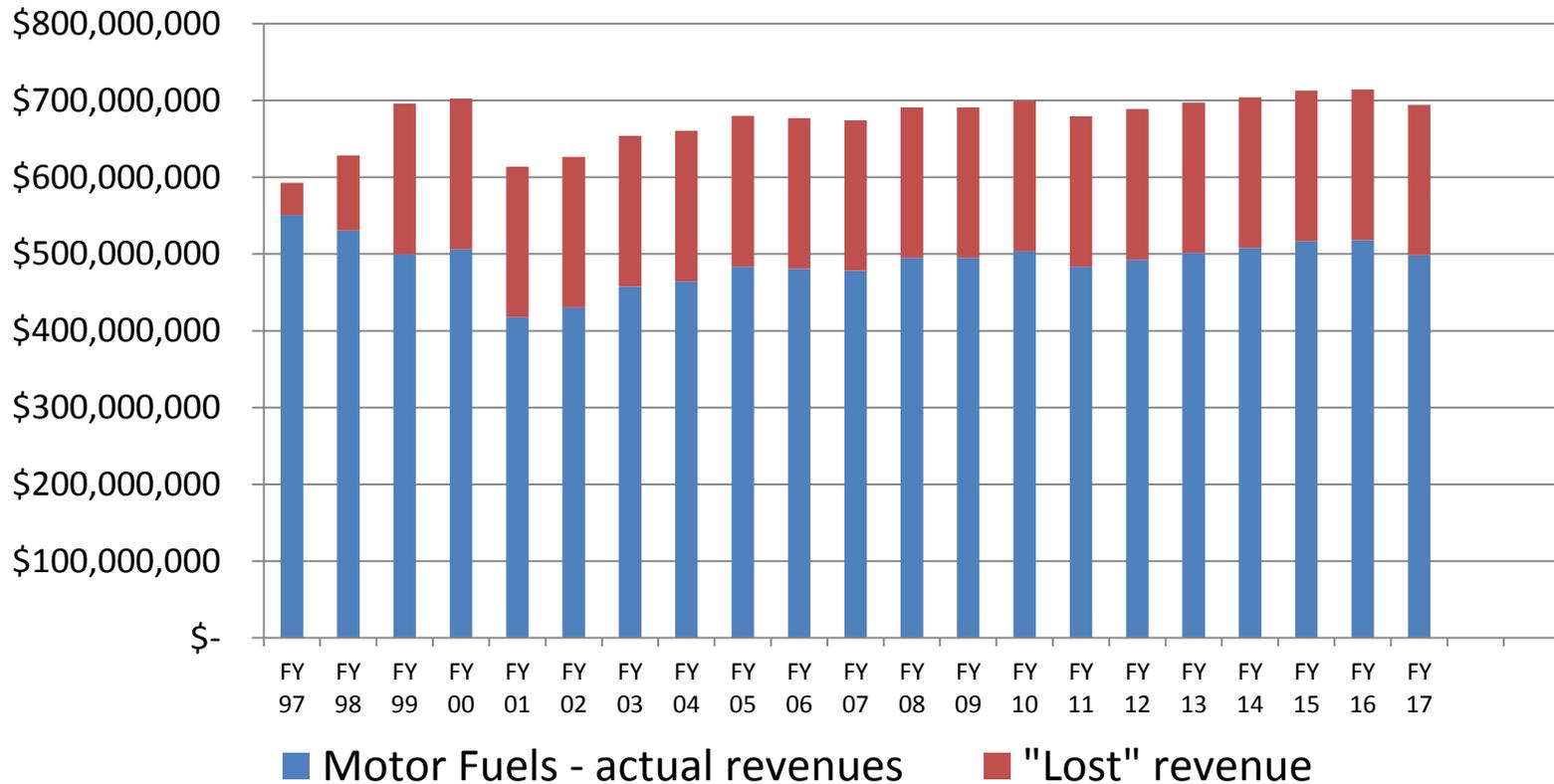


- **Gas tax reduced from 39 cents to 25 cents starting in 1997**
- **20 years with no increases**
- **If gas tax was indexed to inflation, current gas tax would be 39 cents today**

# CT Gas Tax History



## STF – Lost Motor Fuel Tax Revenue from gas tax cut \$3.6 Billion (in red)



# Gas Tax/Tolls - Regional Comparison



## State Motor Fuel Tax

- **Connecticut: 25 cents**
- Massachusetts: 24 cents
- New Jersey: 37.1 cents
- Rhode Island: 34 cents
- New York: 24.2 cents

## Tolls

**NO**

YES

YES

YES

YES

# Gas Tax vs. Rail and Bus Fares

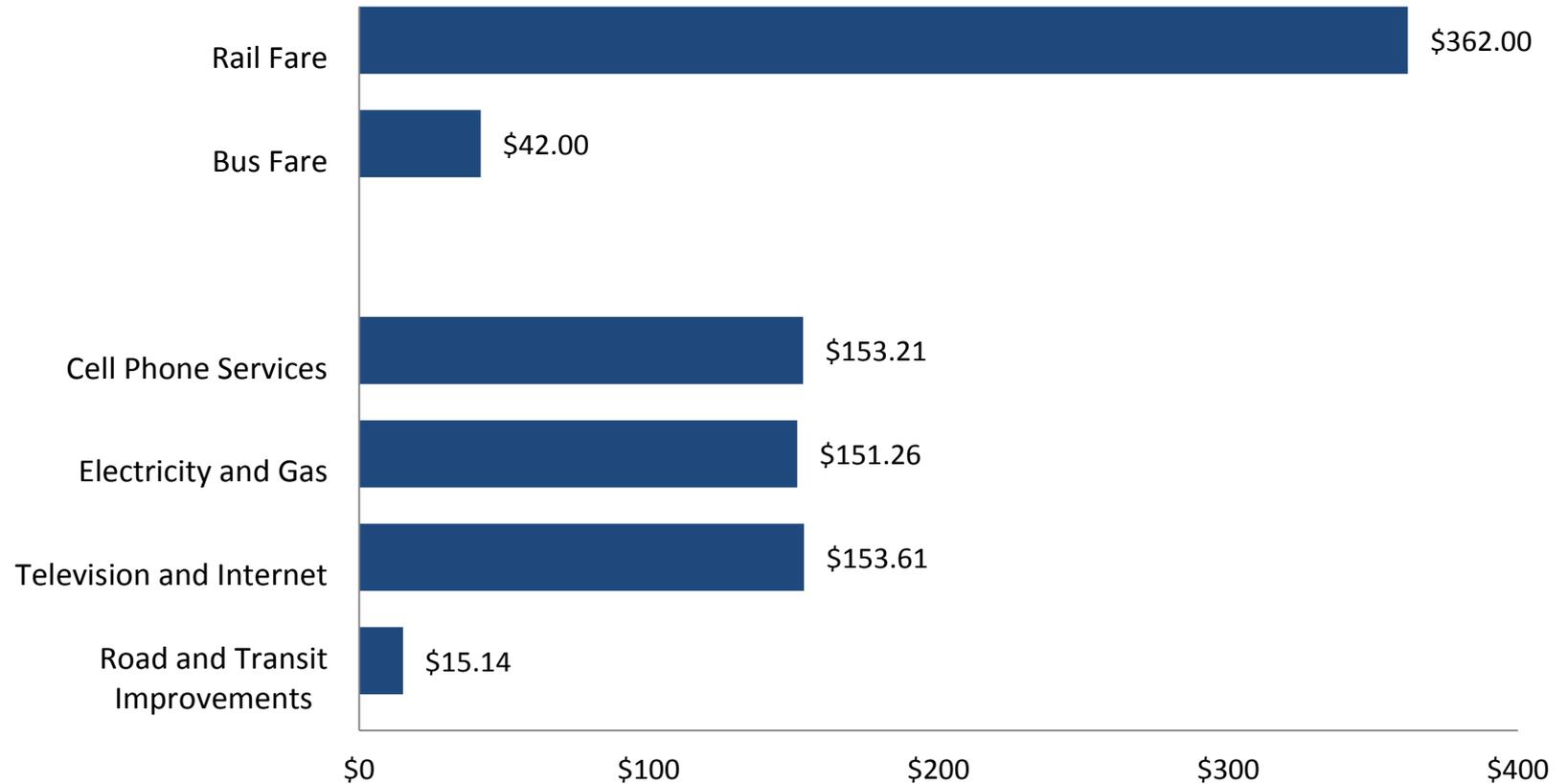


Calendar Year	Rail		Bus		Motor Fuels		
	Fare increase	Index	Fare increase	Index	Tax Increase/ (Decrease)	Tax	Index
2000		100.000		100.000	-21.88%	\$0.25	100.000
2001		100.000		100.000		\$0.25	100.000
2002		100.000		100.000		\$0.25	100.000
2003	15.00%	115.000		100.000		\$0.25	100.000
2004		115.000	10.00%	110.000		\$0.25	100.000
2005	5.50%	121.325	13.64%	125.000		\$0.25	100.000
2006		121.325		125.000		\$0.25	100.000
2007		121.325		125.000		\$0.25	100.000
2008		121.325		125.000		\$0.25	100.000
2009		121.325		125.000		\$0.25	100.000
2010		121.325		125.000		\$0.25	100.000
2011		121.325		125.000		\$0.25	100.000
2012	5.25% *	127.695	4.00%	130.000		\$0.25	100.000
2013	5.00% *	134.079		130.000		\$0.25	100.000
2014	5.00% *	140.783	15.38%	150.000		\$0.25	100.000
2015	1.00% *	142.191		150.000		\$0.25	100.000
2016	6.00% *	150.723	16.67%	175.000		\$0.25	100.000
2017	1.00% *	152.230		175.000		\$0.25	100.000
2018	1.00% *	153.752		175.000		\$0.25	100.000
2018	20.00%	184.502	13.80%	199.150		\$0.25	100.000
<b>1992 – 2018 Change</b>	<b>53.8%</b>		<b>75.0%</b>			<b>0.0%</b>	
<b>1992 – 2020 Change</b>	<b>84.5%</b>		<b>99.2%</b>			<b>0.0%</b>	

# Connecticut Household Expenditures



## Average Monthly Expenses



# Sales Tax Dedication



- 2015 Legislative session
  - Oil Companies Tax directed to Special Transportation Fund
  - Sales tax dedication (estimated)
    - FY2016      0.3%      \$109.0M
    - FY2017      0.4%      \$194.5M
    - FY2018      0.5%      \$340.1M
  - Actual revenues less than forecast

# New Car Sales Tax



- Included in Biennial Budget starting in 2021
  - 2021 \$66.9
  - 2022 \$145.6
  - 2023 \$220.5
  - 2024 \$300.0

# TOLLS?



- No authorization for DOT regarding tolls.
- Estimates done for Finance Panel for statewide interstate and major limited access highways (Routes 2, 3, 8, 9)
- Implementation 4-5 years after authorization to proceed.
- Revenue could yield \$750 million/year



**THE END**