



Transportation Seminar Series

Transportation Finance

September 20, 2011
Fargo, ND IACC 412

Upper Great Plains Transportation Institute
North Dakota State University

Today's Presentation

Outline:

Federal and State Transportation
Funding in ND

Sources of Revenue and Funding

Federal and State Budgeting

Example of Construction Programming
Process.

Examples of Transit Funding

Federal Funding - Highway Trust Fund

Established in 1956

Source of Funding

Federal Fuel Tax

18.4 cents gas – 24.4 cents diesel

Truck Tire Excise Tax – based on tire wt.

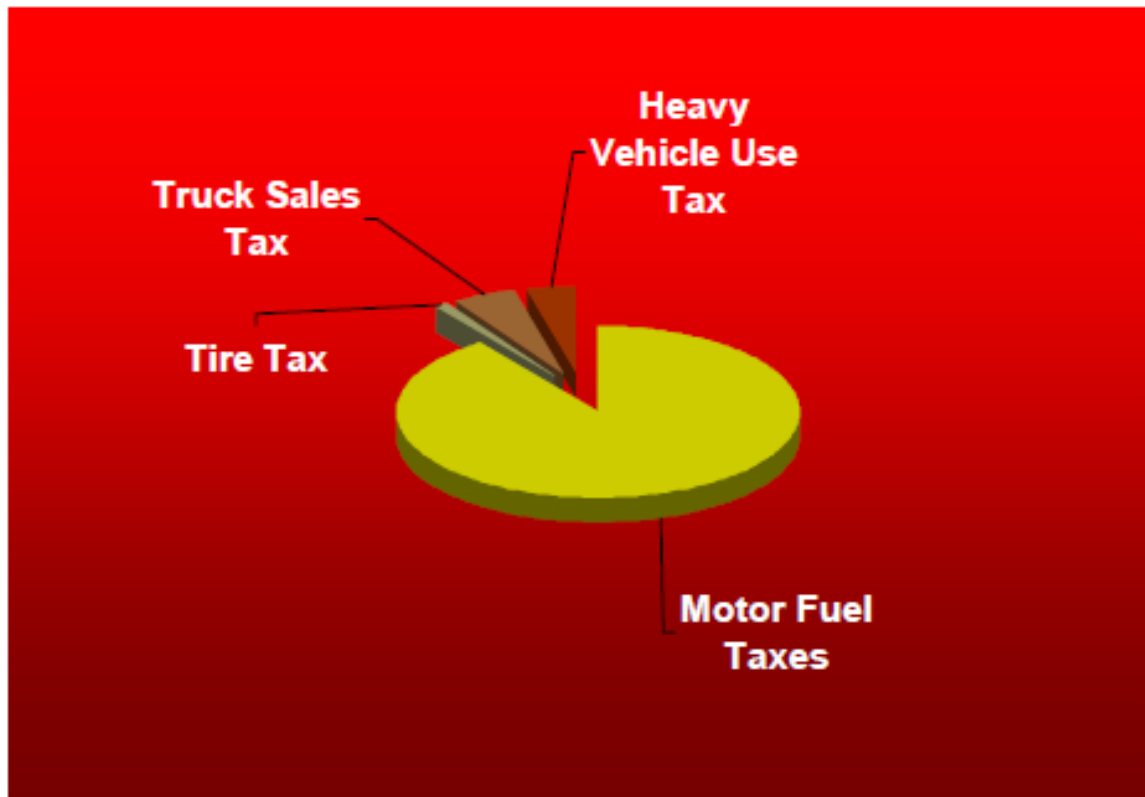
Truck/Trailer Sales Tax - 12 %

Annual Use Tax - \$100 + \$22/1000 >
55,000 lbs.

<http://www.fhwa.dot.gov/aap/primer98.pdf>

Federal Funding - Highway Trust Fund

Federal Highway Trust Fund Revenues



Highway Trust Fund

Federal Fuel Taxes



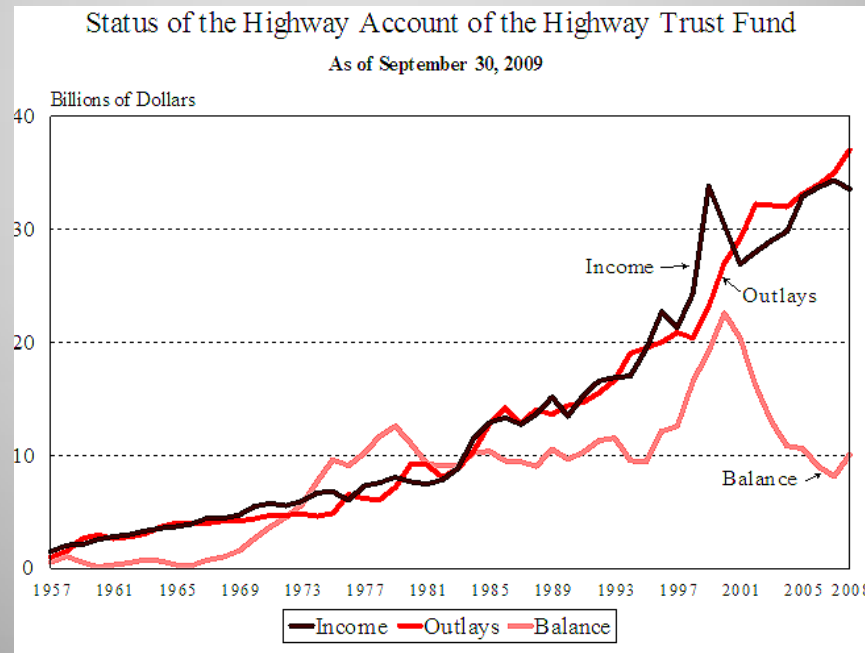
- Gasoline: 18.4¢ per gallon (constant since 1993)
 - 15.44¢ to Highway Trust Fund
 - 2.86¢ to Mass Transit Account

- Diesel: 24.4¢ per gallon (constant since 1993)
 - 21.44¢ to Highway Trust Fund
 - 2.86¢ to Mass Transit Account

Federal Funding - Highway Trust Fund

Revenue in 2008 = \$31.8 Billion

Outlays in 2008 = \$37.1 Billion



<http://www.fhwa.dot.gov/policyinformation/statistics/2008/balchrt.cfm>

Federal Funding to States

Starts with *Multi-year Authorization* – sets funding ceilings.

1991 – ISTEA

1998 – TEA-21

2005 – SAFETEA-LU



Annual Appropriation – Delivers the actual annual funding

Importance of Federal Highway Funding

- Federal transportation funding for highways has been valuable and effective for ND
- Historically ND receives about \$2 for every \$1 contributed to the Highway Trust Fund.

Categories of Federal Funds

Funding Name	Apportionment (2011)
Interstate Maintenance (IM)	\$30.7 Million
National Highway System (NHS)	\$85.3 Million
Surface Transportation Program	\$41.5 Million
Congestion Mitigation and Air Quality (CMAQ)	\$9.2 Million
Bridge Replacement and Rehabilitation (BRR)	\$11.3 Million
Transportation Enhancement (TE)	\$4.1 Million
Coordinated Borders Infrastructure (CBI)	\$11.1 Million
Highway Safety Improvement Program (HSIP)	\$7.9 Million
Planning, MPO Planning, State Planning & Research	\$6.2 Million
Safe Routes to Schools	\$1 Million
Equity Bonus	\$31.8 Million
Missile Roads (actually DOD funding)	Not Projected

State Transportation Revenue Primary Sources

Fuel Tax

Gasoline, Gasohol and Diesel (23 cents/gal)

Each penny of tax generates about \$5.6 million annually.

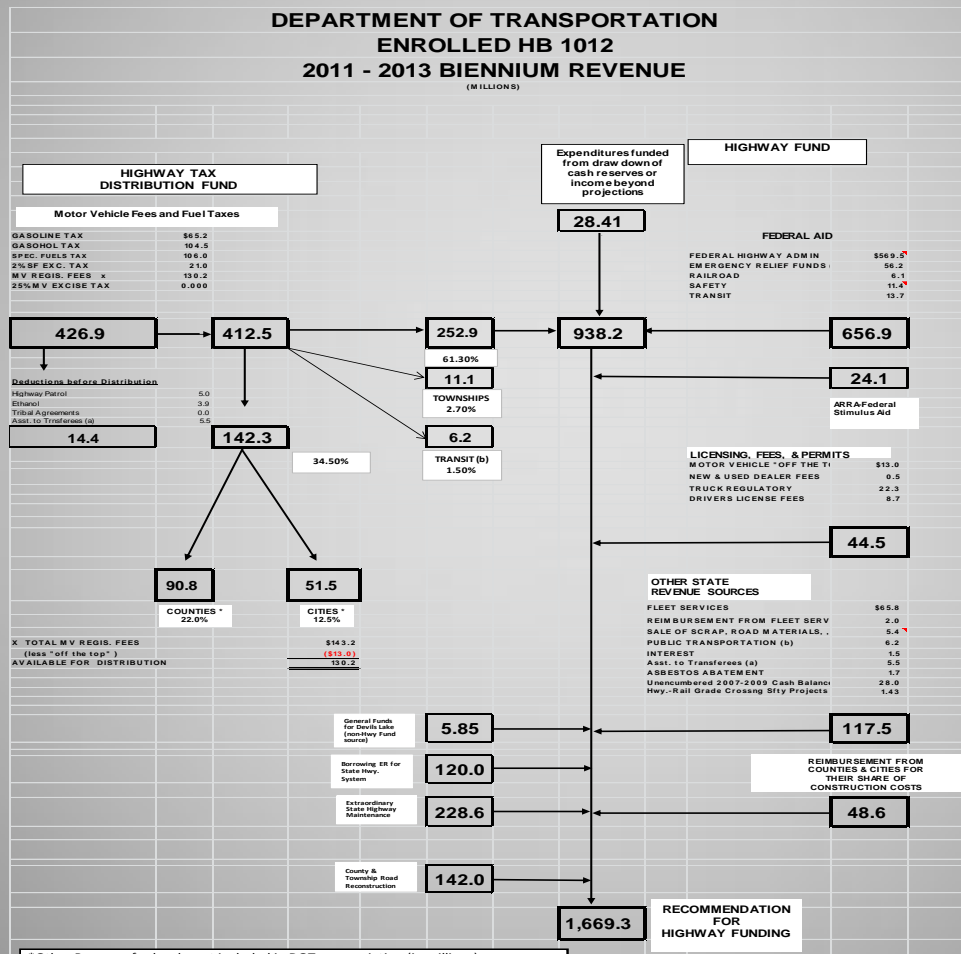
Registration Fees

In 2009 there were about 775,000 vehicles in state so each \$1 fee generated about \$775,000. (not counting trailers)

One Time Funding

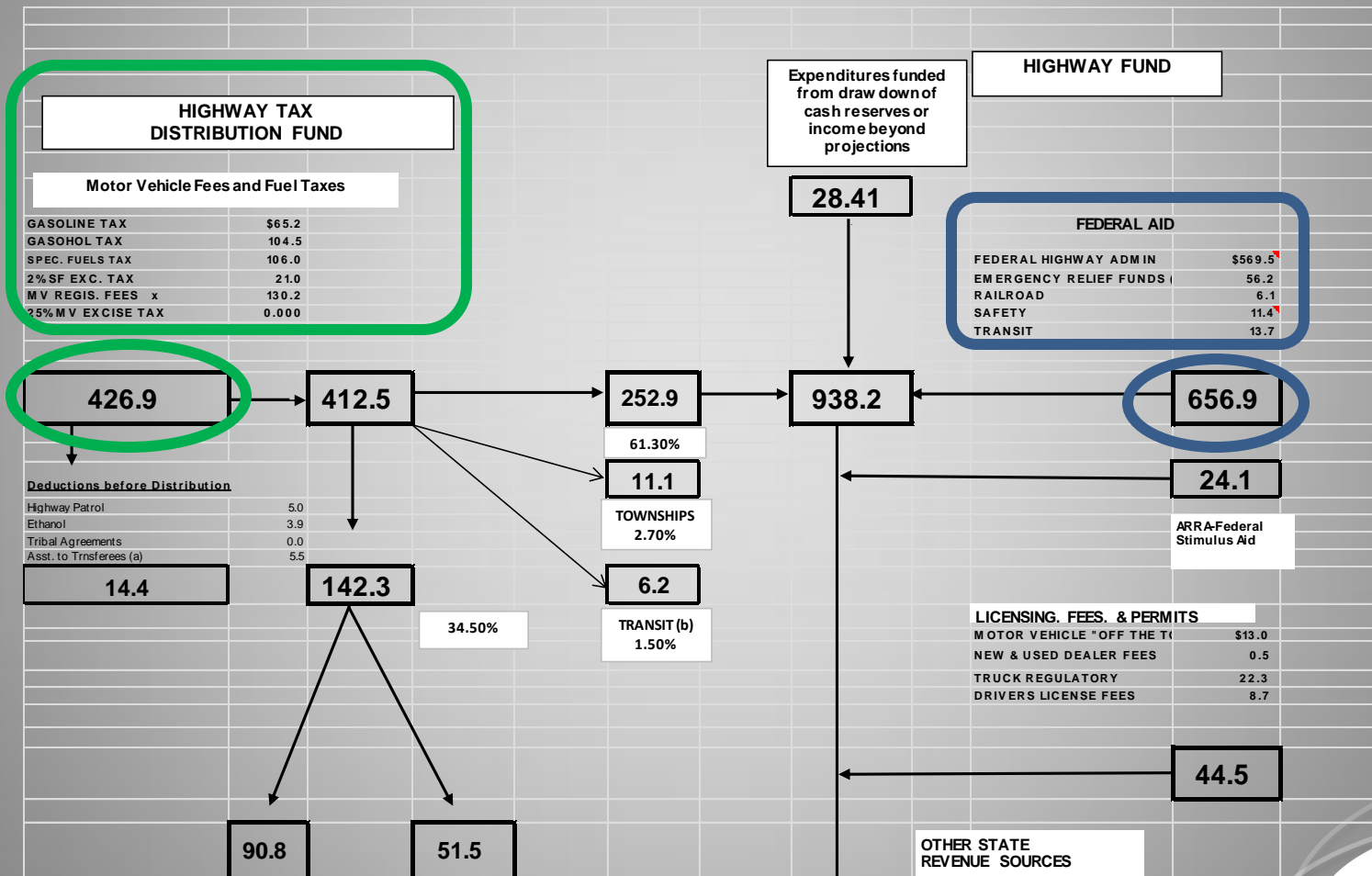
General Fund and oil extraction and MV excise tax

Primary Sources of Revenue to NDDOT – 2011 to 2013



*Other Revenue for local, not included in DOT appropriation (in millions)

Primary Sources of State Revenue to NDDOT – 2011 to 2013



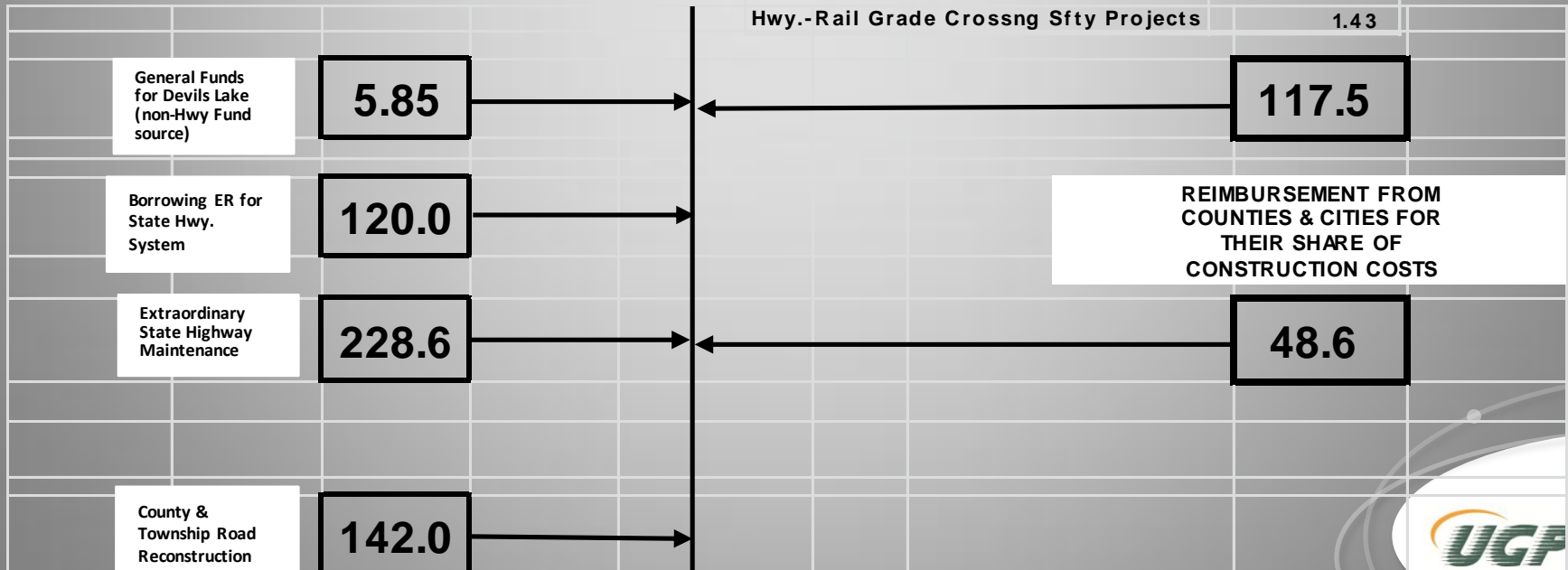
HB 1012 One Time Spending

One Time :

- Devils Lake
 - \$5.85 General Funds
- Extraordinary State Highway Maintenance = \$228.6 Million
- County and township road reconstruction program = \$142 Million

Primary Sources of State Revenue to NDDOT – 2011 to 2013

FLEET SERVICES	\$65.8
REIMBURSEMENT FROM FLEET SERV	2.0
SALE OF SCRAP, ROAD MATERIALS, ,	5.4
PUBLIC TRANSPORTATION (b)	6.2
INTEREST	1.5
Asst. to Transferees (a)	5.5
ASBESTOS ABATEMENT	1.7
Unencumbered 2007-2009 Cash Balance	28.0
Hwy.-Rail Grade Crossng Sfty Projects	1.43



County and township road reconstruction program = \$142 M

- The Budget includes an additional \$142 million in state funds to address the greatest local roadway needs in the 17 oil impact counties.
- The \$142 million will be for paved and gravel roadways.
 - \$118.2 million for paved roads.
 - \$23.8 million for unpaved roads.



Extraordinary State Highway Maintenance = \$228.6 M

The Department is designing and working on projects on the following roadways:

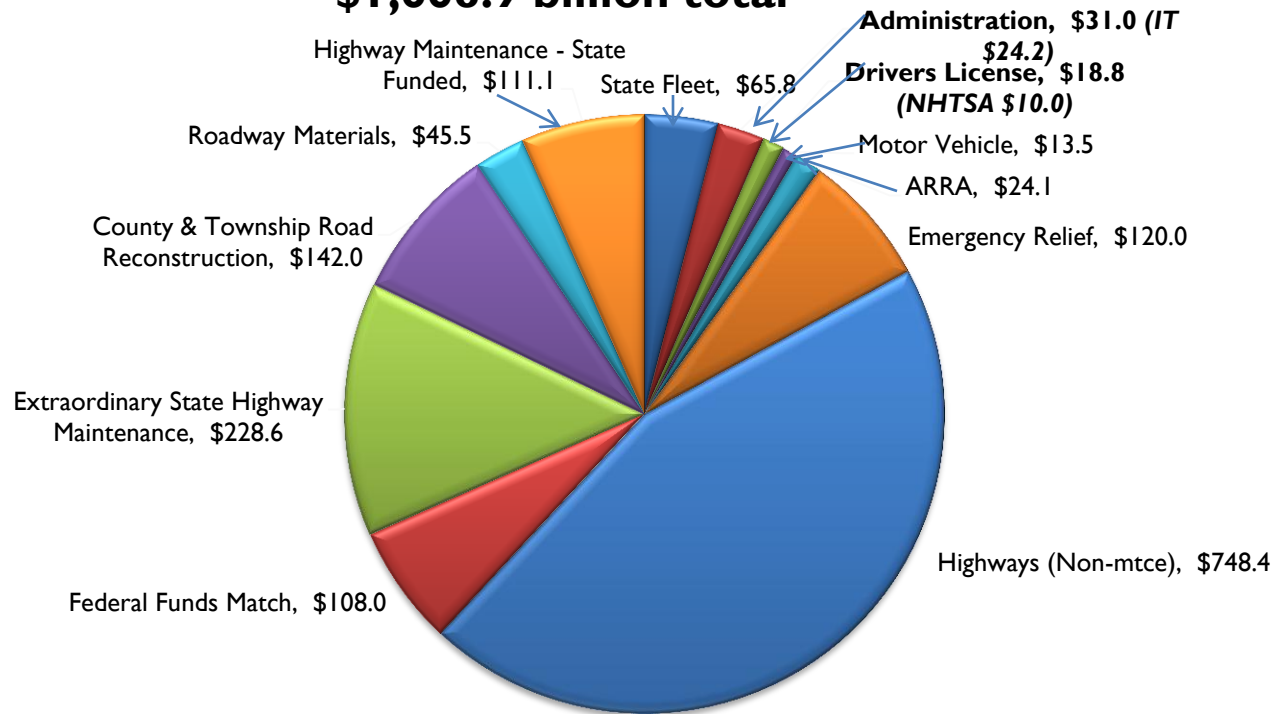
- ND 22 – Dickinson north to Hwy 23
- ND 23 – from New Town east and west
- ND 8 – north and south of Stanley
- Other overlays on various highways will be completed.



Overview of NDDOT Budget

NDDOT 2011-2013 Budget, including ARRA (millions)

\$1,668.9 billion total



Distribution of Primary Highway Funding in ND

Federal Funding

- Federal Funds shared with counties and cities:
 - NDDOT 74.99%
 - Cities 16.57%
 - Counties 8.44%
- ND Hwy Distribution Fund percentages:
 - State 61.3%
 - Cities 13%
 - Counties 21.5 %
 - Townships 2.7%
 - Transit 1.5%



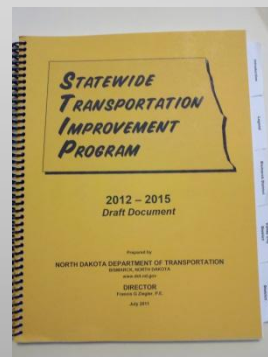
Distribution of Primary Highway Funding in ND

ND DOT distributes Federal funds to the 53 counties based on the following formula:

- 25% - Land area
- 25% - Population
- 25% - Miles of federal aid roads
- 25% - Local effort (roadway mill levy)

Project Programming/Scheduling Process

- **State Transportation Improvement Program**
 - Annual Process
 - Covers Highways and Transit Programs
 - Covers 4 years of programs
 - Requires public input and must be fiscally constrained



Project Programming Process

State Transportation Improvement Program (STIP)

SEPTEMBER

- ◆ Priorities/Investment Strategy memo to District Engineers [P&P]
- ◆ Statewide Conferences – Present STIP process [P&P]
 - Local Technical Assistance Program (LTAP)
 - Tribal Technical Assistance Program (TTAP)
 - League of Cities
 - Association of Counties
- ◆ Meetings to discuss with District Engineers: [P&P]
 - Department Philosophy
 - Highway Performance Classification System (HPCS)
 - Investment Strategy
 - Tribal Input Process
 - Urban Program
 - Prioritize Urban Regional (UR) Projects
 - Review Preventative Maintenance Projects on UR system
 - Encourage diverse mix of project types
 - Review ND Street Projects
 - Review New Businesses
 - Transportation Enhancement (TE) Program
 - Multi-use Paths, Landscaping Projects
 - Review Scoping Report process
 - Comprehensive Safety Program
 - Federal Highway Administration (FHWA) Priorities
 - National Highway Transportation Safety Administration (NHTSA) Priorities

- ◆ Notify Public of TE application process [Local]
 - News release to media and website
 - Letter requesting TE application submittal
 - Metropolitan Planning Organizations (MPOs), Bureau of Indian Affairs (BIA), Tribal Governments
- ◆ Request Urban Priorities from the 13 major cities by September 15 [Local]

OCTOBER

- ◆ Begin Investment Priority development [DE]
 - Interstate and Non-Interstate Categories
- ◆ Association of Counties annual meeting – present STIP process and current projects [P&P]
- ◆ News Release #1 to the media and website by October 10 [P&P]
 - Public information regarding district priority process
 - Points of contact listing
- ◆ County program received by October 20 [Local]

NOVEMBER

- ◆ ND Street Program to cities under 5,000 [Local]
- ◆ TE project applications received by November 15 [Local]

DECEMBER

- ◆ Investment Priority District deadline [DE]
- ◆ STIP update process begins [P&P]

DECEMBER (cont.)

- ◆ Bridge Division priorities submitted by December 15 [P&P]
- ◆ Urban Priority projects submitted with District and MPO input/approval by December 15 [Local]
- ◆ Coordinate Urban and TE Projects by December 15 [Local]

JANUARY

- ◆ Directors Task Force submits TE program to NDDOT Director for approval by January 15 [Local]
- ◆ Request review and endorsement of five-year urban program project list from districts and three office holders by January 15 [Local]

FEBRUARY

- ◆ Brief NDDOT Director on Urban Program [Local]
 - Proposed five-year plan (cities)
 - Make changes as necessary
- ◆ Receive ND Street Program from cities under 5,000 [Local]
- ◆ Director signs off on the draft urban program by February 15 [Local]
- ◆ Recommendations on ND Street projects to NDDOT Director by February 15 [Local]

Project Programming Process

State Transportation Improvement Program (STIP)

MARCH

- ◆ News Release #2 to media and website [P&P]
 - Present major projects greater than \$5 million
 - Two-week comment period
- ◆ Send proposed urban program to 13 major cities and 3 MPOs [Local]
- ◆ Programs are due by March 15 [P&P]
 - Railroad Projects
 - TE Projects (FINAL)
 - Urban Projects (FINAL)
 - Transit Projects (FINAL)
- ◆ Submit proposed projects to districts for a two-week review and comment period commencing March 15 [P&P]

APRIL

- ◆ Write DRAFT STIP schedule [P&P]
- ◆ Review DRAFT STIP [P&P]
 - Director of Transportation Programs
 - Planning and Programming Engineer
 - Local Government Engineer
- ◆ Brief and receive verbal approval on DRAFT STIP and proposed four-year rural program [P&P]
 - Deputy Director for Engineering
 - Invitees
 - Office of Transportation Programs
 - Office of Project Development
 - Office of Operations
 - Design Division
 - Bridge Division
 - Local Government Division
 - Drivers License and Traffic Safety Division
 - Financial Management Division
- ◆ Setup and conduct Interstate Review by April 15 [P&P]
- ◆ Brief and receive verbal approval from NDDOT Director on the DRAFT STIP by April 15 [P&P]
- ◆ Review DRAFT STIP with FHWA by April 15 [P&P]

MAY

- ◆ Consolidate DRAFT STIP comments by May 15 [P&P]
- ◆ Receive verbal approval from FHWA on DRAFT STIP by May 15 [P&P]
- ◆ Publish DRAFT STIP in paper format and on website by May 15 [P&P]
- ◆ News Release #3 to media and website for state-wide 30-day comment period commencing May 15 [P&P]
- ◆ Facilitate federal agency submissions to Governor by May 23 [P&P]
 - Program due from Bureau of Indian Affairs (BIA)
 - Program due from National Park Service (NPS)
 - Program due from Forest Service (FS)

JULY

- ◆ Districts review list of projects [P&P]
- ◆ Receive programs from FHWA (IM, NHS, STP, Bridge, etc.) [P&P]
- ◆ Brief NDDOT Director on FINAL STIP by July 15 [P&P]
- ◆ Receive FINAL TIP from MPOs by July 15 [Local]
- ◆ Produce FINAL STIP by July 31 [P&P]

AUGUST

- ◆ Submit FINAL STIP to FHWA/FTA for review [P&P]
- ◆ Meet with Tribal Planners [P&P]
- ◆ Receive FINAL STIP approval by August 15 [P&P]
 - FHWA
 - FTA
- ◆ Print FINAL STIP by August 15 [P&P]
- ◆ Publish news release to media and website for the FINAL STIP by August 15 [P&P]
- ◆ Distribute FINAL STIP by October 1 [P&P]

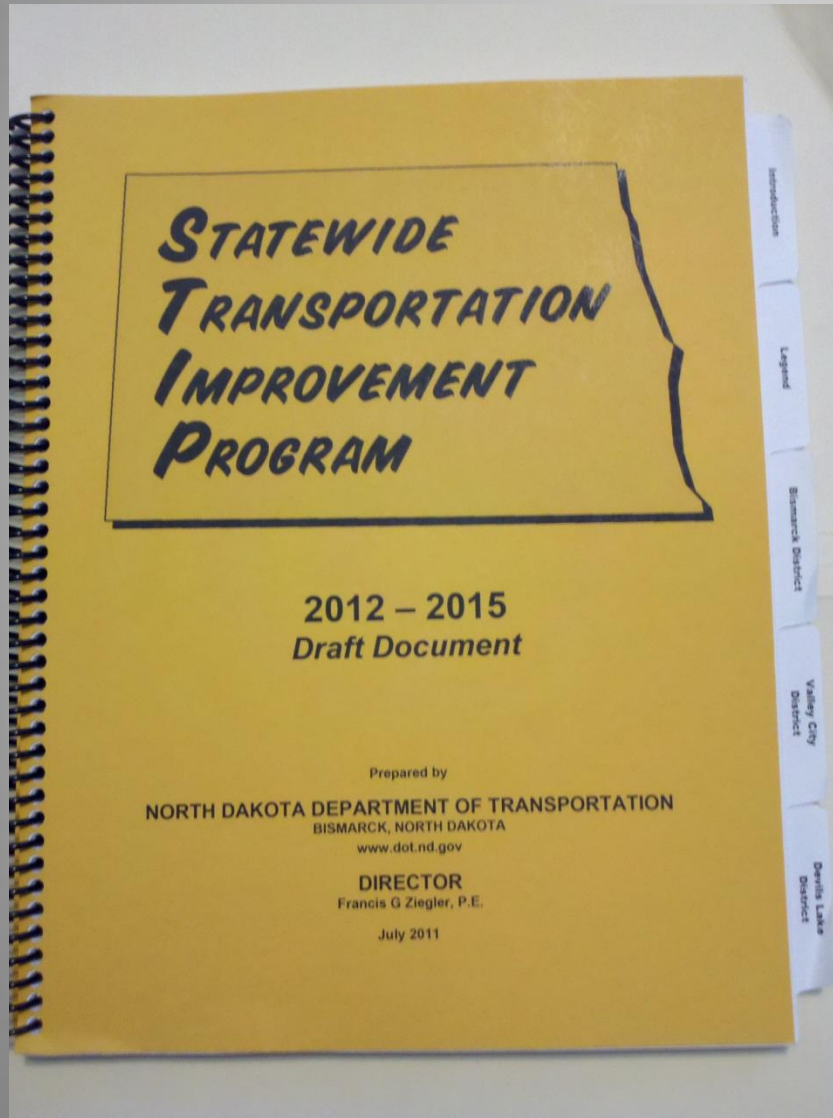
Project Programming Process

State Transportation Improvement Program (STIP)

- **Simplified Overview**
- Ask Public for project suggestions
- Ask State, city and counties for project priorities
- Project funding and inflation (4 years)
- Apply priorities and apply investment strategy
- Develop Draft STIP
- Ask for Comments
- Combine draft STIP with MPO TIP's and apply comments
- Request Approval – FHWA and FTA
- Create Final STIP
- Start Over

Project Programming Process

State Transportation Improvement Program (STIP)



Project Programming Process

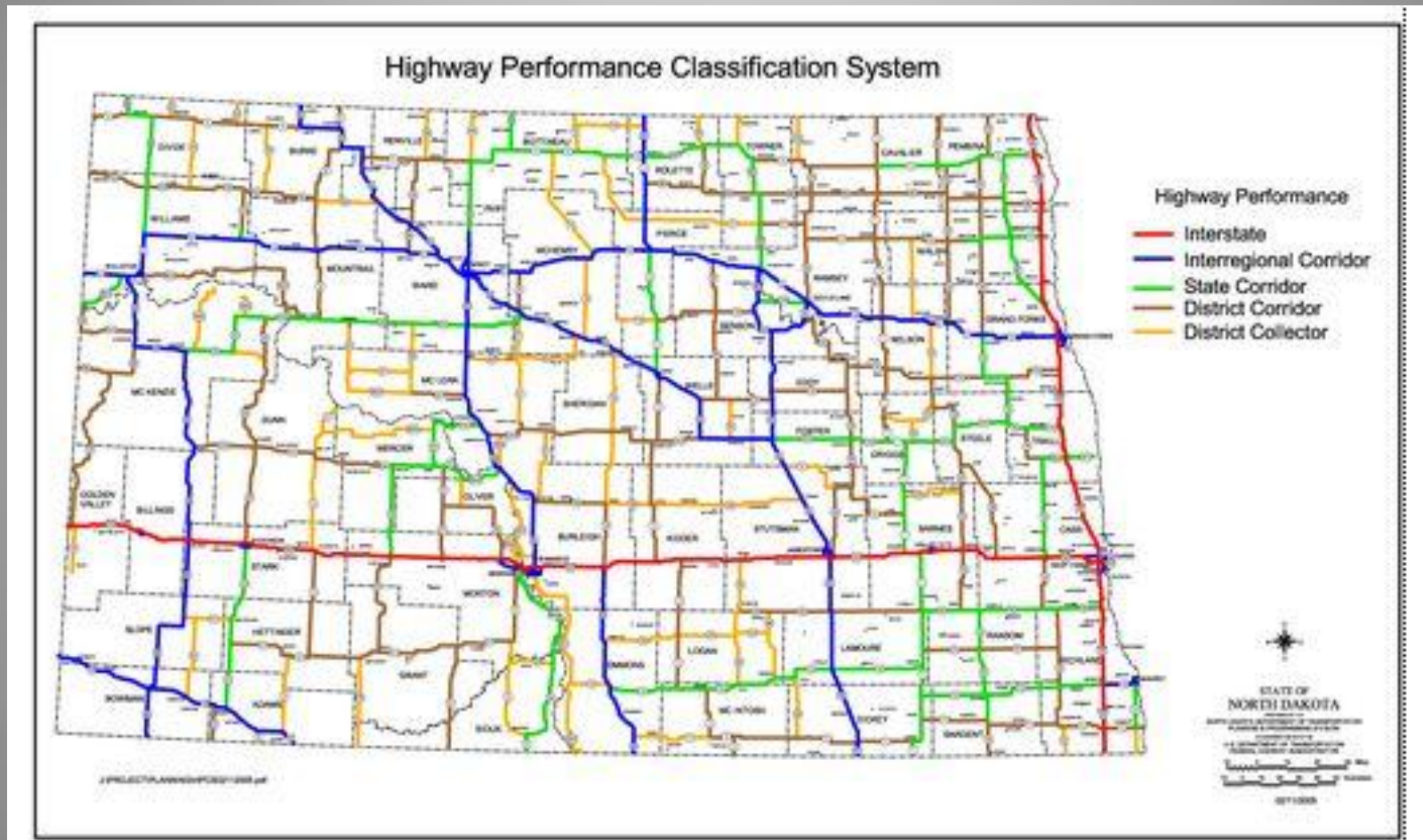
State Transportation Improvement Program (STIP)

Investment strategy –
appropriately distributes
funds to the following
priority levels:

- Interstate System
- Interregional System
- State Corridors
- District Corridors
- District Collectors



North Dakota Highway Performance Classification System



Project Programming Process

State Transportation Improvement Program (STIP)

Investment Strategy

Work Type	Interstate	Interregional	State Corridors, District Corr. & District Collectors
<u>Goal</u>	<u>45%</u>	<u>20%</u>	<u>35%</u>
Prev. Maintenance	27%	26%	36%
Minor Rehab & Struc. Overlay	27%	42%	42%
Major Rehab., new or reconstruction	38%	26%	16%
Structure	3%	3%	3%
Safety	5%	3%	3%

Project Programming Process

State Transportation Improvement Program (STIP)

Cost by Construction Type

Improvement Type	Dollars/Mile (2010 costs)
Non-Interstate Seal Coat	\$35,000
Interstate Seal Coat	\$50,000
Thin Lift Asphalt Overlay (2 inch thick)	\$140,000
3 inch Asphalt Overlay	\$300,000
Asphalt Surfacing Reconstruction	\$760,000
Total Reconstruction (grading and asphalt surfacing)	\$1,275,000
Interstate Concrete Paving/recon . (2 lanes in one direction)	\$1,700,000

Project Programming Process

State Transportation Improvement Program (STIP)

Inflation Example

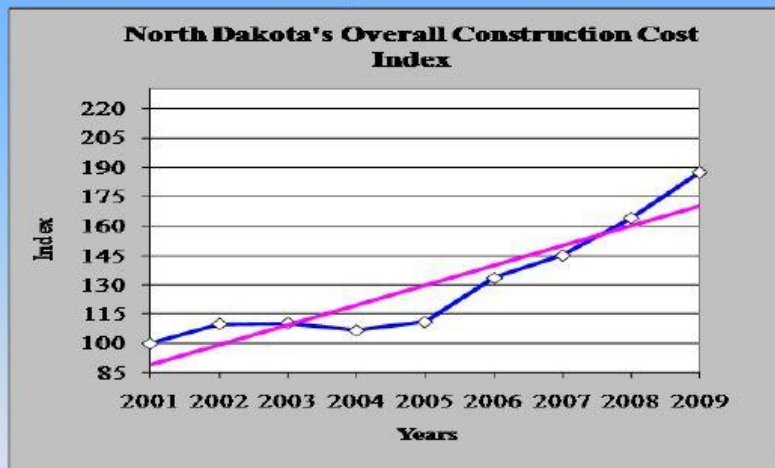


2004

3" Overlay - \$150,000 per mile
Seal coat - \$ 16,000 per mile

2009

3" Overlay - \$275,000 per mile
Seal coat - \$ 28,000 per mile



Between 2001 to 2009, North Dakota's overall construction cost index rose 88 percent

TRANSIT FUNDING



Federal Funding

- Source –Transit Trust Fund
- Administering Agency- FTA
 - Eleven categories of Urban and Rural Funding
- 3 Metro areas in ND
- 28 Non-Metro (rural) Recipients in ND
- Approximately \$15 million/yr.

State Funding

- Source Highway Tax Distribution Fund
 - 1.5% of HTDF Fund
 - \$3.1 million/yr.
 - 37 rural and urban recipients

Federal Transit Funding

Code)	Description
5304	Metropolitan Planning (Bis/Man)(Fargo/WF) (GF)
5305	Statewide Planning
5307	Urbanized Area Formula Program
5309	Bus and Bus Facilities
5310	Elderly and Individuals with Disabilities
5311	Non-Urbanized Formula Grants (rural)
5311(b)	Rural Transit Assistance Program
5311(c)	Public Transportation on Indian Reservations
5311(f)	Intercity Bus
5316	Job Access and Reverse Commute (JARC)
5317	New Freedom Transit Program

Transit Funding

For More information:

Consult the numerous SURTC Research Reports on the UGPTI Site:

<http://www.ugpti.org/research/projects.php?topic=11>

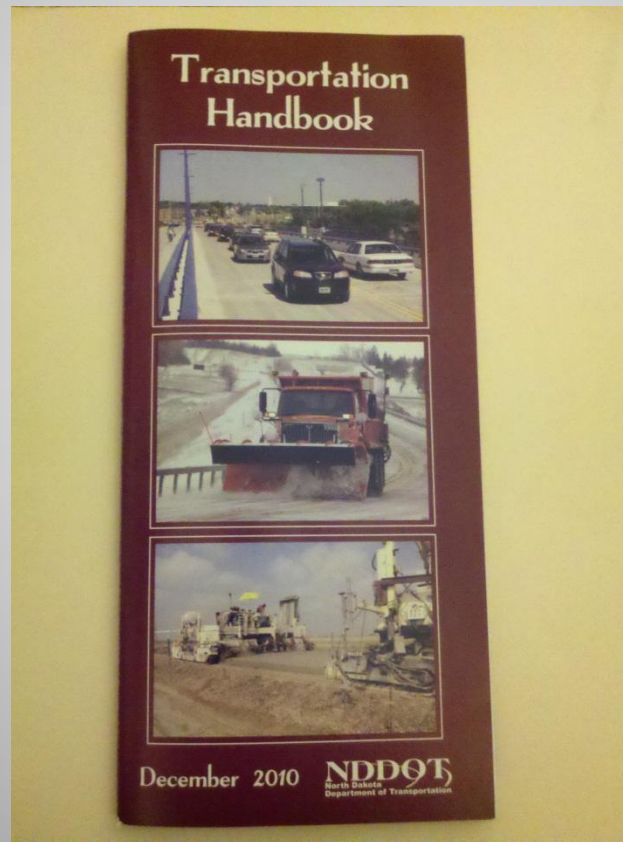


North Dakota's Rail Loan Program

- NDDOT administers 2 rail loan programs
 - Only short line railroads eligible
 - Advances about \$3 million/year
 - Local Rail Freight Assistance Program
 - FRA reviews & approves loans
 - Freight Rail Assistance Program – state funds created from LRFA loans.
 - Low interest loans not as valuable in today's low interest environment.



Much of today's info can be found in the ND Transportation Handbook – directly or indirectly.



To request a copy:

<http://www.dot.nd.gov/dotnet2/submitinfo/submitinfo.aspx?pageID=handbook-req>

UGPTI

WRAP-UP

- What we covered:
 - Federal and State Transportation Funding in ND
 - Sources of Revenue and Funding
 - Federal and State Budgeting
 - Example of Construction Programming Process – STIP
 - Rail Loan Program
 - Transit Funding

Questions???

