



Asphalt Conference
April 1, 2013
Ramada Hotel - Bismarck

Record breaking biennium

The 2011-2013 biennium is one that can be called record breaking in many ways.

- Record energy production
- Record agricultural production
- Record manufacturing & tourism
- Record flooding
- Record traffic
- Record motor vehicle registrations
- Record drivers license renewals

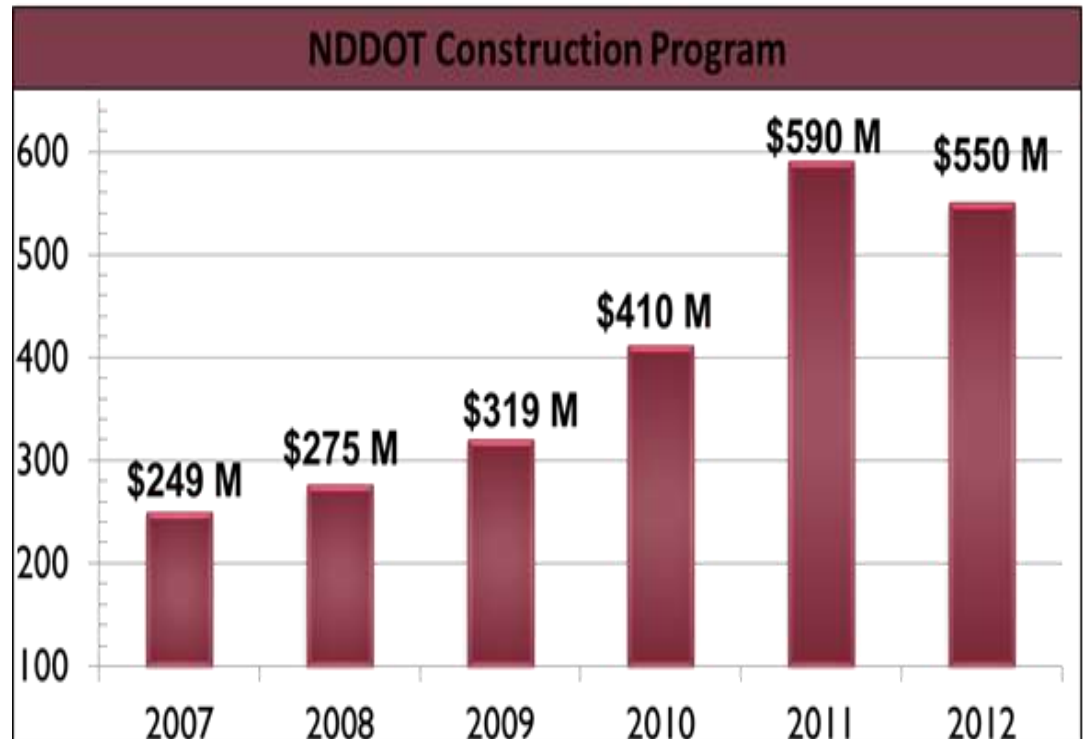


Thanks to you the state has successfully handled a large number of historic records.

Accomplishments

- Working with our partners – county, city, township and tribal agencies - the Department had the two largest road construction programs in state history, delivering over \$1 billion in projects.

- **Road Construction**
NDDOT bid out 444 contracts for highway construction.



Accomplishments - Emergency Work

- **Emergency Work**
\$316.74 million in federal Emergency Relief funding.
- **Devils Lake Basin Projects:**
From 1994 to 2012, we have spent approximately \$550 million on roadways in the Devils Lake Basin (includes state highways, county roadways, and BIA roads).



ND Highway 57 grade raise – Devils Lake

As we look to the future



Challenges - Traffic

▪ Increases in traffic:

- Increased traffic volumes (particularly heavy trucks), accelerated the deterioration of county, township, tribal roads and state highways in the oil impact areas.
- From 2010-2012 North Dakota saw a 22% increase in traffic statewide, and a 53% increase in traffic in western N.D. on all state highways.
- US 85 west of Watford City averaged 11,051 vehicles a day in 2012 compared to 2,322 in 2006.
- I-94 near Fargo averaged 68,000 vehicles a day in 2012.



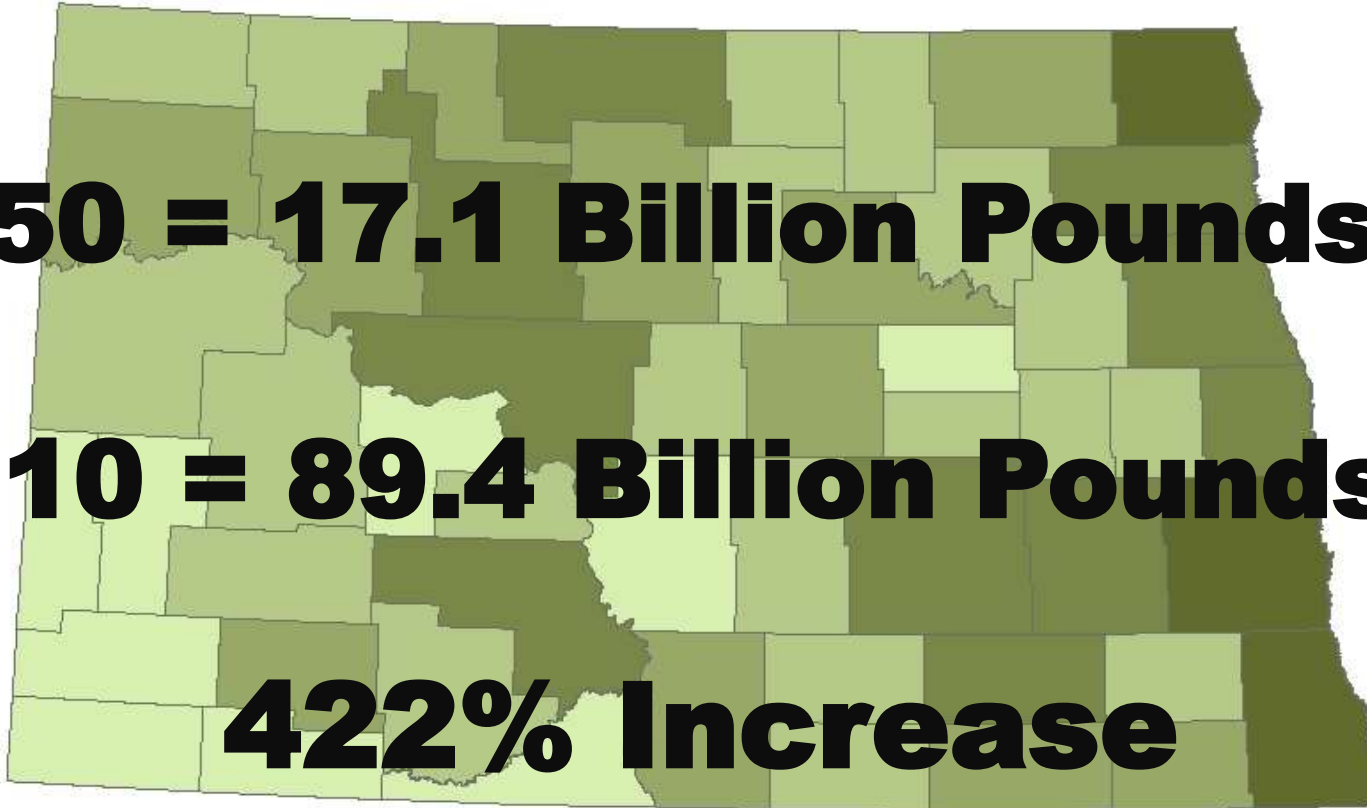
US 85 Watford City intersection

Agricultural Growth 1950-2010

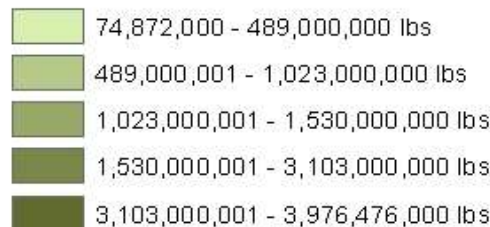
1950 = 17.1 Billion Pounds

2010 = 89.4 Billion Pounds

422% Increase



Legend



Manufacturing Growth



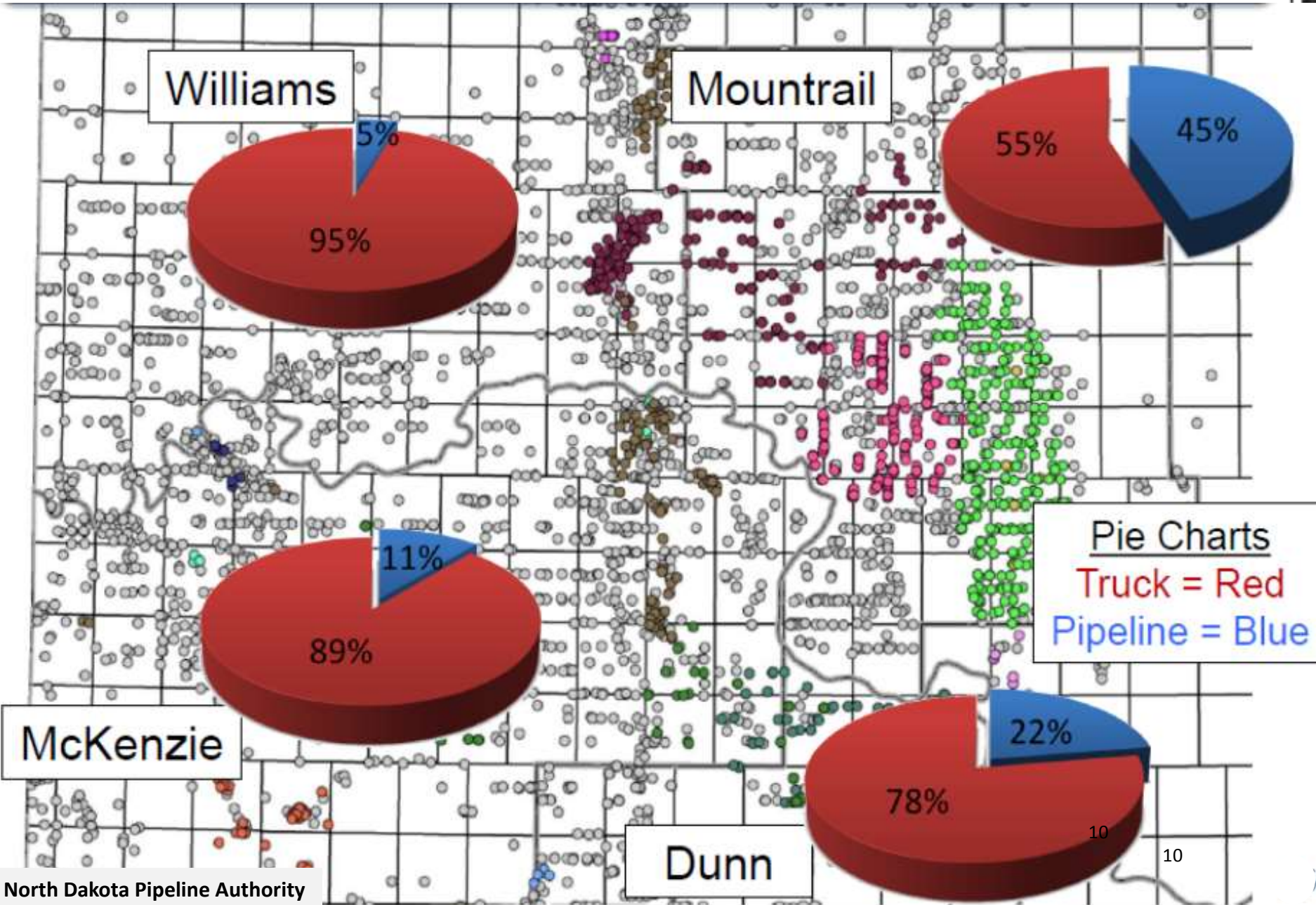
North Dakota is one of only a few states to experience a growth in manufacturing between 2000 and 2011.

Energy Production

- 768,853 barrels of oil produced daily – December 2012
- Compared to 343,867 barrels per day – December 2010



ND Oil Transportation



History of System Design

- Many state highways were designed and built in the 1950's and 60's. Roadways in the western part of the state were originally built to handle agriculture traffic (small grains and ranching) and were not built to carry the heavy loads associated with oil development.
- Over the years many of the roads in the eastern part of the state have been built to carry heavier loads associated with more intense agricultural development (sugar beets, potatoes, corn etc.)



Challenges - System Condition



ND Highway 1806 on September 2, 2010



ND Highway 1806 on April 28, 2011-After 7 months of traffic

Challenges - System Condition

System Condition:

- Increased traffic volumes, (particularly heavy trucks), have accelerated the deterioration of county, township, tribal roads and state highways in the oil impacted areas. Roadways in the western part of the state were originally built to handle agriculture traffic (small grains and ranching) and were not built to carry the heavy loads associated with oil development.
- The picture illustrates damage that has occurred on US 85 due to increased heavy truck traffic.



US 85

Cost Of Doing Business

- One of the major challenges facing city, state, county and township levels of government as they try to provide transportation infrastructure is the rising cost of doing business.
- The chart illustrates inflation is averaging more than 11% per year since 2001. Construction cost inflation is eating up growth in revenues.
- Even though we are at an all-time high for contractors bidding on our projects, costs continue to rise substantially primarily due to labor and material costs.



UGPTI Roadway Needs Study

| Biennium | Roadways | Needs Total \$\$\$ In Millions |
|-----------|-------------------------|-----------------------------------|
| 2013-2015 | State Highways | \$2,414.7 |
| 2015-2017 | State Highways | \$1,352.9 |
| 2013-2015 | County & Township Roads | \$ 834.0 |
| 2015-2017 | County & Township Roads | \$ 772.0 |

UGPTI State Needs Study was complete January 2013
 UGPTI County Needs Study was complete September 2012

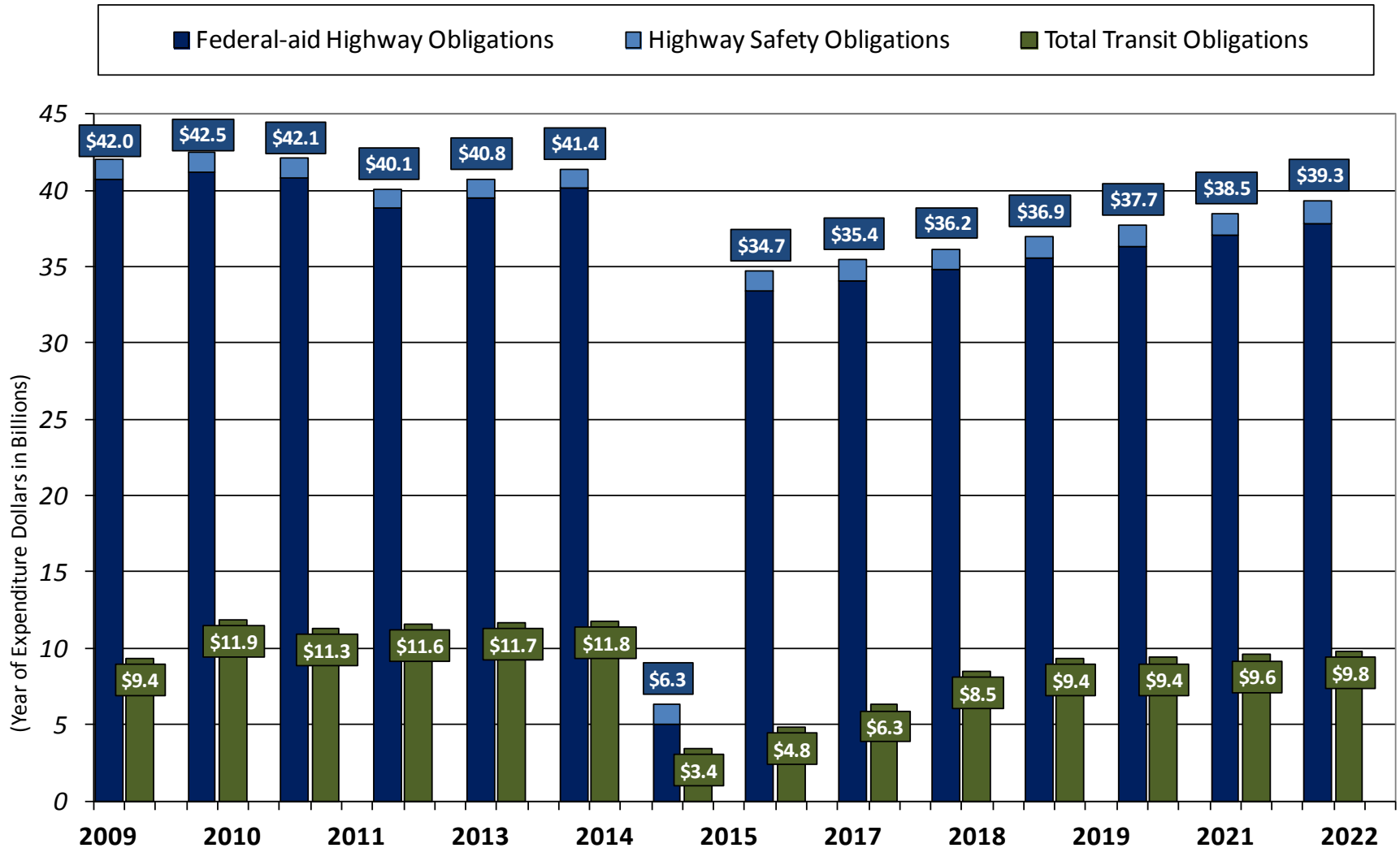
Federal Funding MAP-21 Bill

- The bill states North Dakota has an apportionment of:
 - \$240.5 million in 2012 and 2013.
 - \$242.5 million in 2014.
- Bill provides an obligational authority of \$234.5 million for 2012 and unknown for 2013.
- Congress recently passed legislation that will provide the state with the obligational authority for 2013. We anticipate receiving funding close to MAP-21 levels.
- Over the past five years, DOT received an average of approximately \$245 million in obligational authority a year.

Uncertainty of Federal Funding

Federal Highway and Transit Needs and Obligations Through 2022

Assumes a minimum balance of \$2 billion for the Highway Account and \$.25 billion for the Mass Transit Account



Comparison of Appropriation Highlights

2011-2013 Biennium vs. 2013-2015 Proposal

2011-2013 Approp. Highlights

- \$1.67 billion total appropriation.
- \$228.6 million one time for extraordinary state highway maintenance.
- \$142.0 million one time for county and township road reconstruction program.
- Nine new FTEs
- \$15.6 million increase for roadway maintenance safety items such as lighting, snow and ice removal, pothole patching, and pavement marking.
- \$2.5 million in one-time authority for asbestos abatement in the central office building.
- \$530,886 to convert the agency's entire radio network to digital.

2013-2015 Approp. Highlights (Governor's Budget)

- \$2.7 billion total appropriation to NDDOT.
 - SB2012 - \$2.1 billion
 - SB2176 - \$620 million
 - \$2.7 billion includes \$1.16 billion one time for enhanced state highway investments.
 - SB2012 - \$541.6 million
 - SB2176 - \$620 million
- SB2176 - \$100 million for non-oil-producing counties, cities and townships (state treasurer distributes)
- SB2012 provides \$142 million one time funding for county & township road reconstruction program and provides that these funds can be used for construction costs as well as engineering and design costs effective January 1, 2013.
- SB2012 provides \$10 million to match a federal TIGER III grant to rebuild a 20-mile segment of railroad track & 2 bridges near Churchs Ferry.
- SB2012 provides \$9.7 million for a motor vehicle registration/ titling info technology project.
- SB2012 provides \$6.0 million in one-time funding for the final phase of asbestos abatement.
- SB2012 provides 16.0 new FTEs.

Highway Investments

Eastern and western roadway investments utilizing state and federal funding.

| Funding | Oil Impact Area (Minot, Williston & Dickinson Districts) (\$ Millions) | Bismarck, Valley City, Devils Lake, Grand Forks, & Fargo Districts (\$ Millions) | Statewide (\$ Millions) | Total (\$ Millions) |
|--|---|---|----------------------------|------------------------|
| 2011 – 2013 BIENNIUM | | | | |
| Oil Impact Funds for State Highways | \$228.6 M | --- | | \$228.6 M |
| Oil Impact Funds for County Roads | \$142.0 M | --- | | \$142.0 M |
| Bid Openings (2011 – 2012) (Fed funds, state & local match) | \$316.7 M | \$347.6 M | | \$664.3 M |
| Emergency Relief (ER) | \$86.4 M | \$197.7 M | | \$284.1 M |
| Total 2011- 2013 Biennium | \$773.7 M | \$545.3 M | | \$1,319.0 M |
| 2013 – 2015 BIENNIUM (SB 2012 & SB 2176) | | | | |
| Projected Oil Impact Funds for State Highways | \$1,161.6 M | --- | | \$1,161.6 M |
| Projected Oil Impact Funds for County Roads | \$142.0 M | --- | | \$142.0 M |
| SB2012 Amendment - County & Township Bridge Program | | | \$27.0 M | \$27.0 M |
| STIP (2013 -2014) (Fed funds, state & local match) | \$148.8 M | \$450.0 M | | \$598.8 M |
| ER Carryover (from 2011-2013 biennium) | \$31.1 M | \$77.0 M | | \$108.1 M |
| Total 2013- 2015 Biennium | \$1,483.5 M | \$527.0 M | \$27.0 M | \$2,037.5 M |
| | | | | |
| Grand Total 2011 – 2015 | \$2,257.2 M | \$1,072.3 M | \$27.0 M | \$3,356.5 M |

Schedule of Local Transportation Funding – 2013 Legislative Session

| Bill/NDCC | Section | Recipient | System | Allocation Basis | Funding Source | Local Match | Administration Method | Funding Amount | Total Funding |
|---|----------|-----------|--------|------------------|----------------|-------------|-----------------------|----------------|------------------------|
| SB2012 | | | | | | | | | |
| County and Township Road Reconstruction Program | 1,4 | OP-C | C,T | UGPTI/NDDOT | GF to HF | 10% | COI Grant | 142,000,000 | |
| County and Township Bridge Reconstruction Program | 1,5 | C | C,T | UGPTI/NDDOT | SIIF | 10% | CBR Grant | 27,000,000 | |
| Township Transportation Funding Distributions | 8 | OP-C,T | T | LSA | GF to ST | | AST | 10,000,000 | |
| Contingent Public Transportation Funding | 7 | PT | | LSA/NDDOT | GF to PTF | | G | 1,100,000 | |
| Township Transportation Funding Corrections | 9,10 | C,T | C,T | LSA | GF to ST | | AST | 1,005,000 | \$ 181,105,000 |
| SB2176 | | | | | | | | | |
| Non-oil Transportation Funding Distributions | 2 | NOP-Cty | Cty | HTDF | GF to ST | | AST | \$ 24,200,000 | |
| Non-oil Transportation Funding Distributions | 2 | NOP-C | C | HTDF | GF to ST | | AST | 39,800,000 | |
| Non-oil Transportation Funding Distributions | 2 | NOP-C | C | HTDF | GF to ST | | AST | 3,200,000 | |
| Non-oil Transportation Funding Distributions | 2 | NOP-T | T | HTDF | GF to ST | | AST | 12,800,000 | |
| Non-oil Transportation Funding Distributions | 2 | NOP-C | T | LSA | GF to ST | | AST | 5,100,000 | |
| Non-oil Transportation Funding Distributions | 2 | NOP-T | T | LSA | GF to ST | | AST | 14,900,000 | 100,000,000 |
| SB2221 | | | | | | | | | |
| County and Township Scenic and Recreation Roads | 1,2 | C,T | C,T | NDDOT | SIIF to SRF | | G | \$ 20,000,000 | 20,000,000 |
| SB2013 | | | | | | | | | |
| Dust Control Pilot Project | 9 | OP-3C | C | LSA | USCL to C | | G | \$ 3,000,000 | |
| Contingent Oil & Gas Impact Grant for Dust Control | 10 | OP-C | C | LSA | USCL to C | | G | 7,000,000 | |
| Gross Productn Tax Allocation Oil Gas Impact Grant Fund | 12 | OP-C | T | LSA | USL to C | | G | 15,000,000 | 25,000,000 |
| HB1358 | | | | | | | | | |
| Oil Producing County Distributions | 6 | OP-C | C | POP | SIIF to ST | | AST | \$ 190,000,000 | |
| Non-oil County Transportation Funding Distributions | 7 | NOP-C | C | PCRM | GF to HF | | G | 150,000,000 | |
| Oil Producing Township Distributions | 8 | OP-C | T | LSA/HTDF | GF to ST | | AST | 8,760,000 | |
| Gross Production Tax Allocation | 3 | C | NS | LSA | GPT | | AST | 292,900,000 | |
| Gross Production Tax Allocation | 3 | Cty | NS | LSA | GPT | | AST | 86,500,000 | 728,160,000 |
| Highway Tax Distribution Fund Allocations per NDCC | | | | | | | | | |
| City Allocations | 54-27-19 | Cty | Cty | HTDF | FTMV | | AST | \$ 74,100,000 | |
| County Allocations | 54-27-19 | C | C | HTDF | FTMV | | AST | 130,400,000 | |
| Township Allocations | 54-27-19 | T | T | HTDF | FTMV | | AST | 16,000,000 | |
| Public Transportation Allocations | 54-27-19 | PT | PT | HTDF | FTMV | | AST | 8,900,000 | \$229,400,000 |
| Total Local Transportation Funding – All Sources | | | | | | | | | \$1,283,665,000 |

Legend for Attachment C = 3C - Three counties in oil impacted areas, AST - Direct Allocation Through the ND State Treasurer, C – Counties, CBR Grant - County/Township Bridge Reconstruction, Separate Appropriation Line - Handled as a grant, COI Grant - County Oil Impact - Separate Appropriation, Line-Handled as a grant, Cty-Cities, FTMV-Fuel Taxes & Motor Vehicle Registrations, G-Grant, GF - General Fund, GPT-Gross Production Tax, HF - Highway Fund, HTDF - Highway Tax Distribution Formula, LSA - Legislative Set Allocation, NDCC-North Dakota Century Code, NDDOT - North Dakota Department of Transportation, NOP-Non oil producing, NS- Requirement for use of funding not specified. Could be used for transportation purposes, OP - Oil producing, PCRM-Prorated based on county road mileage, POP-Propotional based on oil production, PTF-Public Transportation Fund, SIIF - Strategic Investment and Improvements Fund, SRF-Special Roads Fund, ST - State Treasurer, T-Townships, UGPTI - Upper Great Plains Transportation Institute, USL-University and School Lands

Construction

STIP Projects 2013-16



Unprecedented Funding

Expectation to Deliver



During upcoming construction season we want to ensure the following:

- Use of the right mix of asphalt for each location (facing challenges such as rutting)
- Top quality achieved through excellent contracting, inspection and oversight
- Need to “*Get In-Get Out*” due to high traffic volume at construction sites



New Technology

- DOT just signed a new document allowing the use of warm-mix asphalt
- Using more high grade asphalt binders
- More micro-surfacing and slurry seals in lieu of chip sealing
- Used safety edge on some projects (EDC Initiative)

Summary

- Increased Funding
 - Deliver “on time-on budget”
 - Quality
- Traffic increases
 - Safety

Questions?