



Special Transportation Fund (STF)

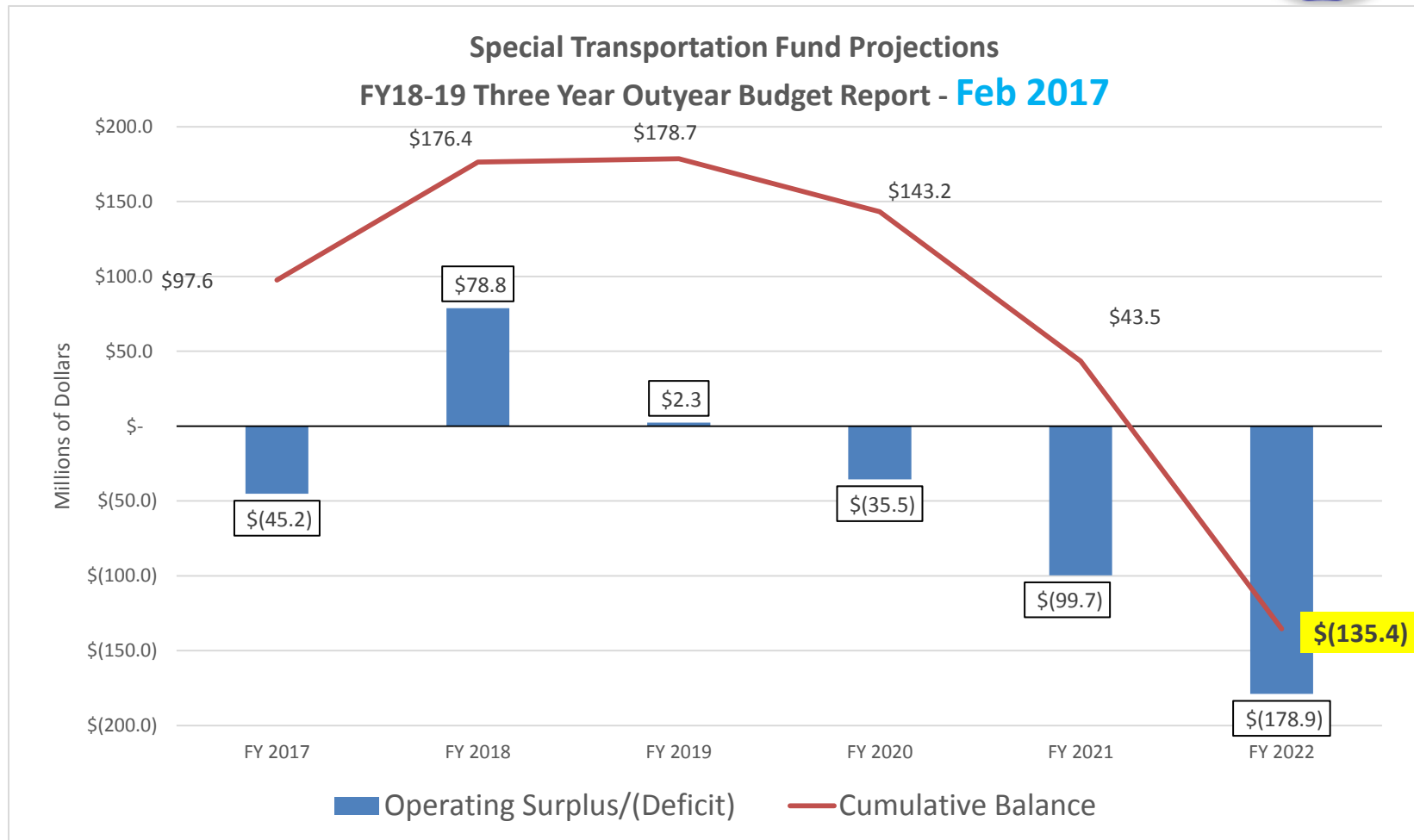
Department of Transportation Operating and Capital Budget Impacts

Outline

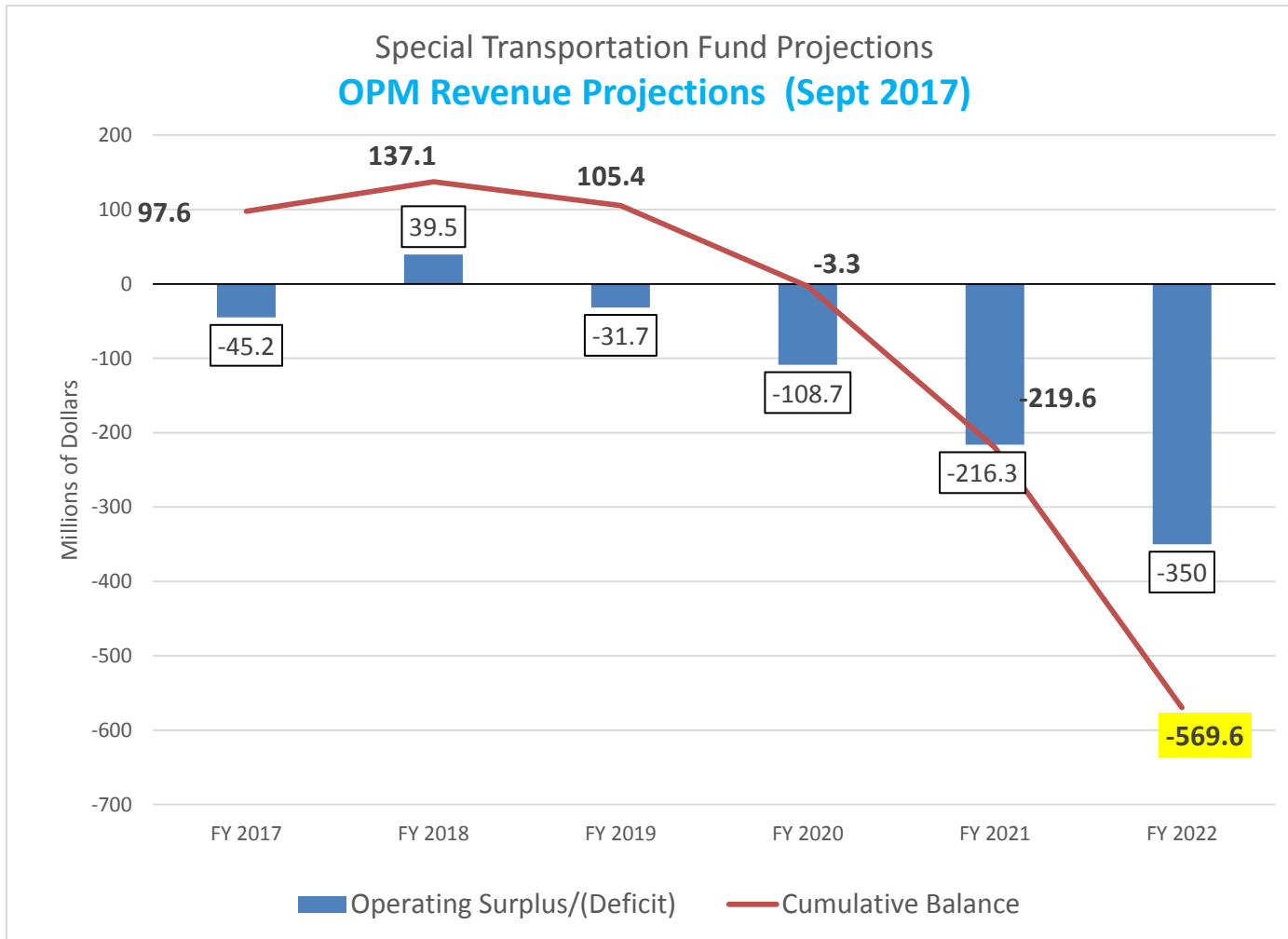


- STF condition – February to present
- Reasons for STF shortfall
- Short and long term problem
- Operating budget impacts
- Capital program impacts
- STF after budget actions

STF Forecast - February



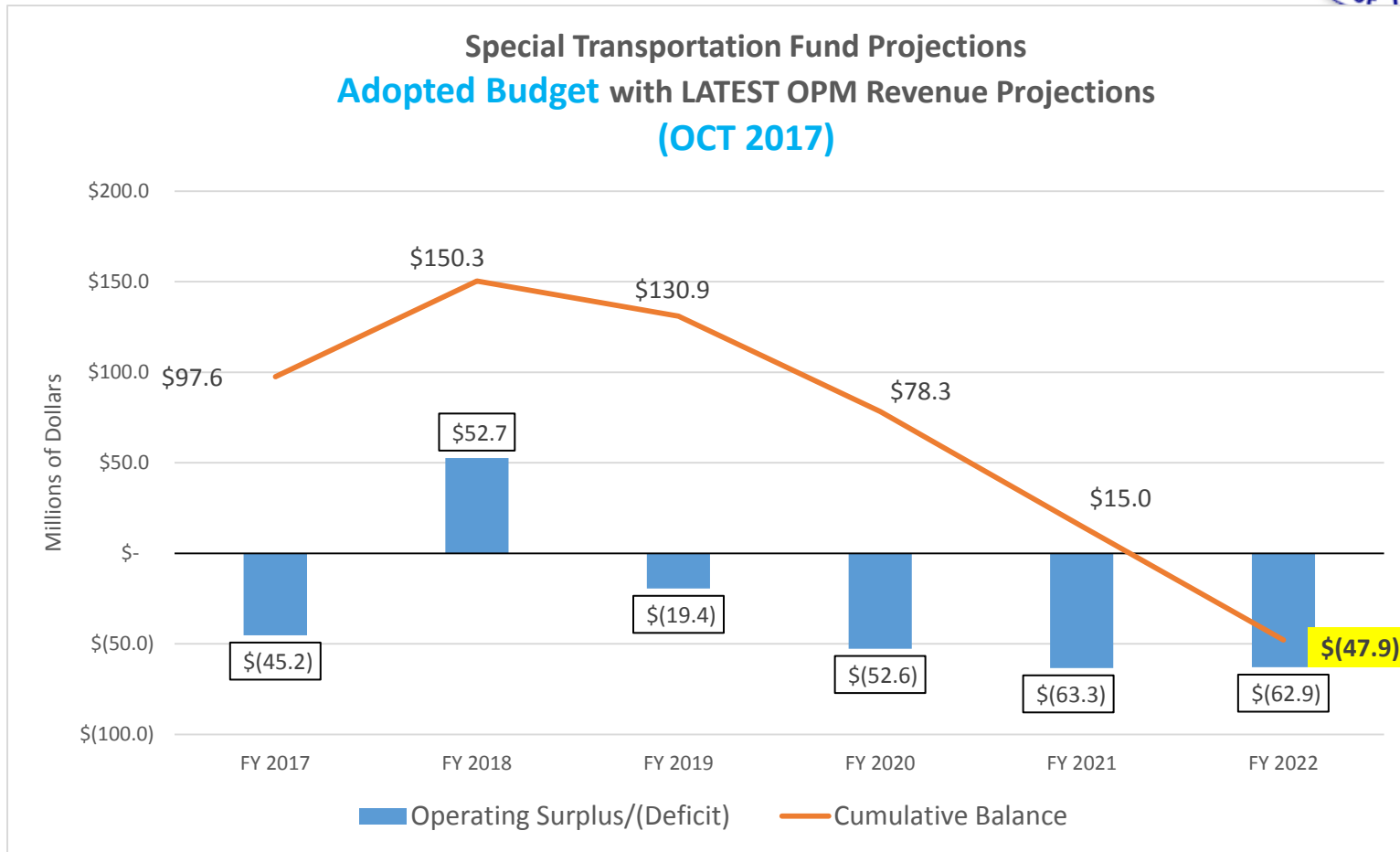
STF Forecast - September



STF Forecast - October

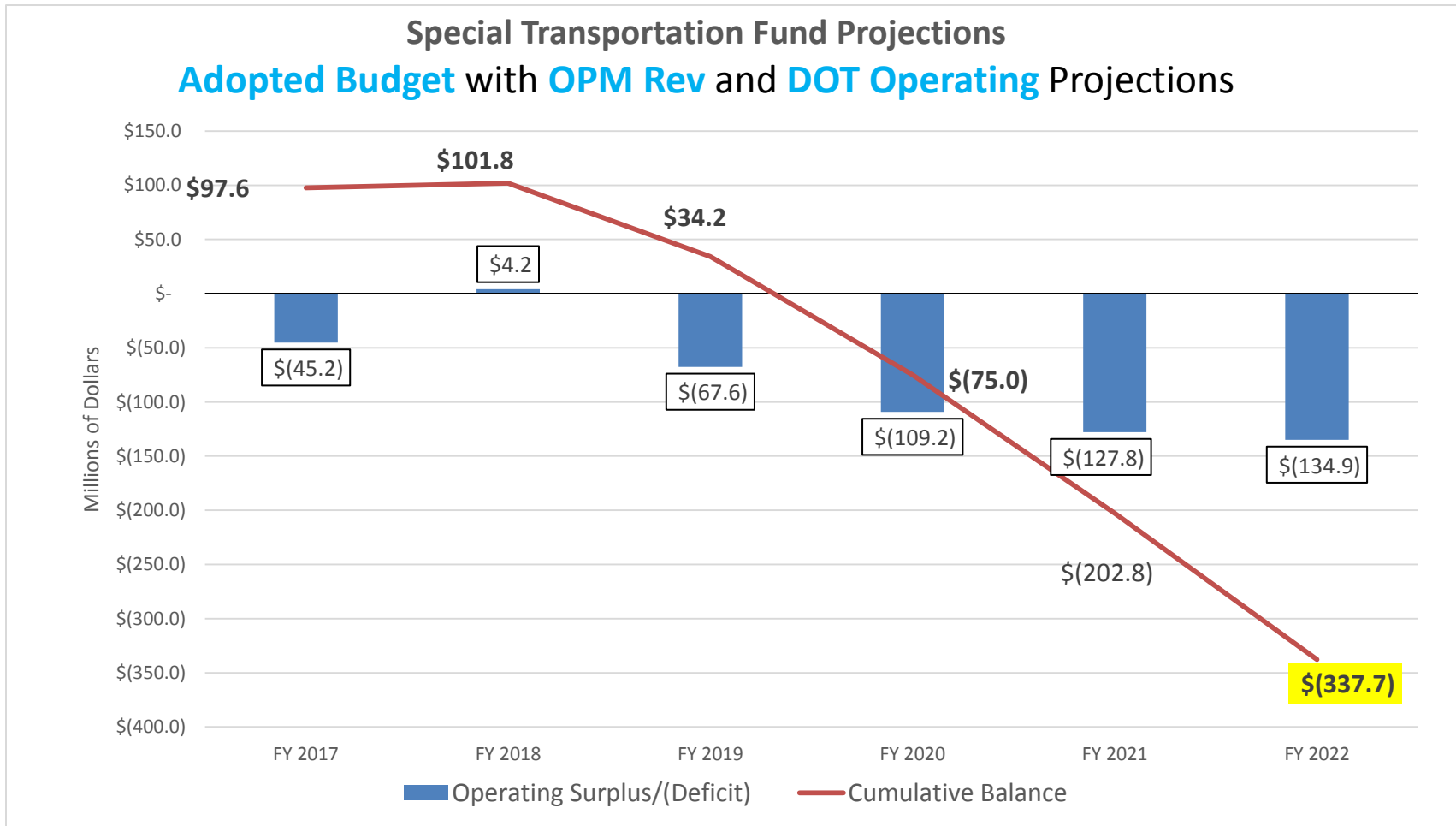


Special Transportation Fund Projections
Adopted Budget with LATEST OPM Revenue Projections
(OCT 2017)

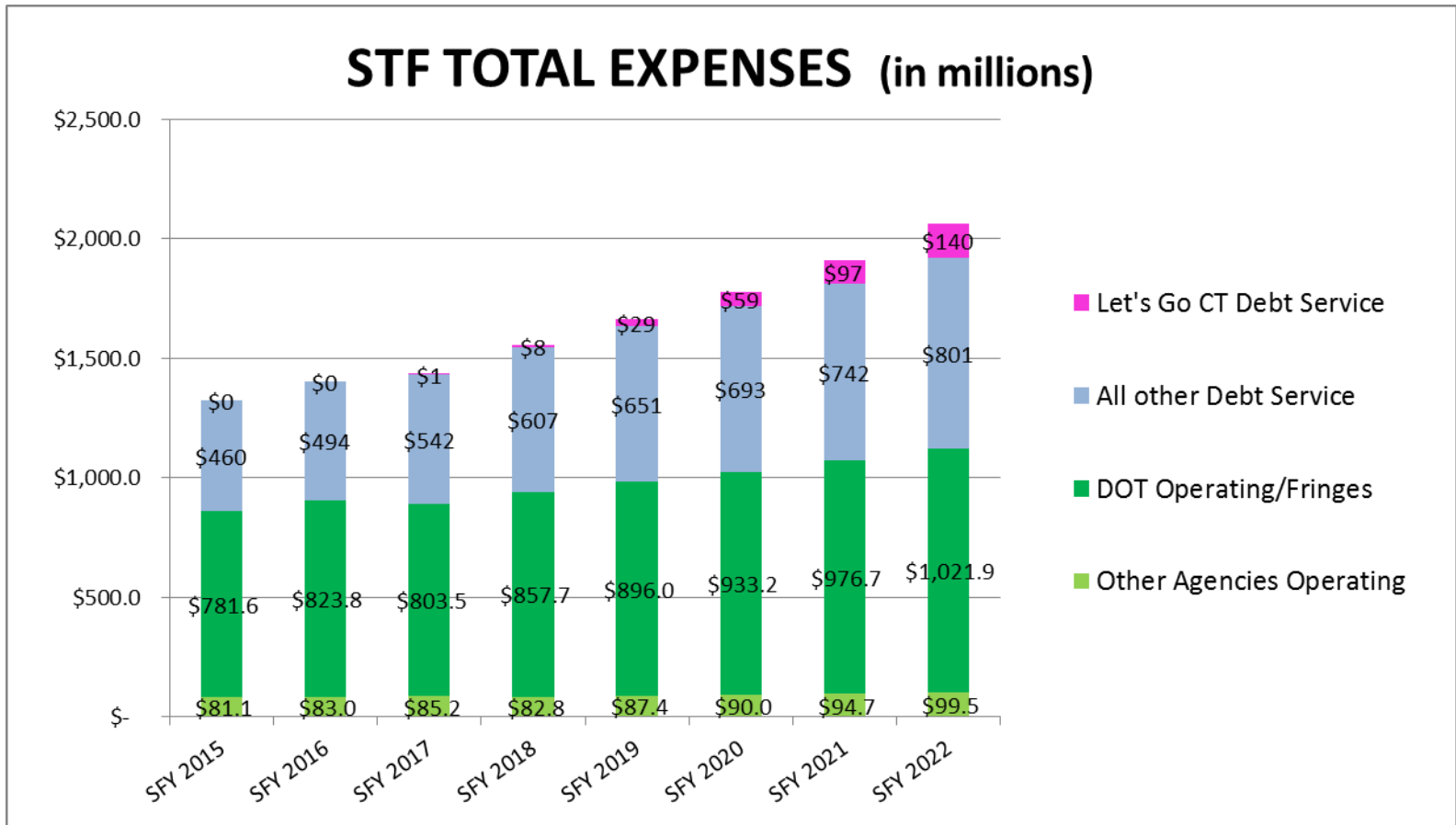


STF Forecast -- November

DOT Expenses forecast through June 2017



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



Description	Projected Growth (millions)	%
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



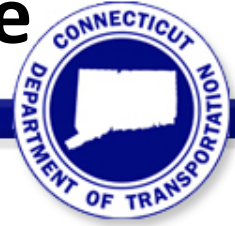
	FY1997	FY2017	%
Operating Budget	\$288M	\$620M	215%
Capital Budget	\$150M	\$900M	600%

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

- LOTCIP: 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
- 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**

Capital Projects Under Review for Suspension or Deferral



Highway and Bridge

- State Bridges currently rated in fair condition, excluded @ \$77m
- Hartford Interchange 29 @ Charter Oak Bridge (unless Federal grant approved)
- Woodbridge CT 15 West Rock (Heroes) Tunnel
- Norwalk 7/15 Interchange
- Hartford I-84 Viaduct
- Middletown Route 9 Signals/Bridges
- Waterbury 8/84 Interchange (Mixmaster)
- West Hartford, I-84 Construct Operational Lanes EB & WB
- I-95 Widening between Stamford to Bridgeport
- I-95 Widening from the Baldwin Bridge to the Gold Star Bridge
- Danbury, Reconstruct I-84 between Exits 3 & 8
- Gold Star Bridge NB (Phase 2)
- Maintenance Facility Rehabs and Replacements
- Renovate District 1 HQ Building in Rocky Hill
- Salt Shed Roof replacements and wetland remediation

Capital Projects Under Review for Suspension or Deferral



Highway and Bridge

- Town Aid Road Payments to Municipalities - portion from STO Bonds
- Local Bridge projects without a fully executed agreement
- Pavement; VIP underfunded by \$21m/yr and Preservation by \$25 m/yr
- Signing Preservation (underfunded by \$15m/year)
- Community Connectivity Program
- Expanded Trail/Alternative Mobility Program
- Innovative Bridge Program
- Minimally Funded Miscellaneous Needs: Emergency Projects, Construction Claims, Asset Management , MS-4 Compliance, Alternative Contracting Expansion
- Highways Over-programming (approximately \$500m). Projects included in Over-programming may advance if other projects, on the Go List are delayed, leaving a hole in the federal program.

Capital Projects Under Review for Suspension or Deferral



Public Transportation

- Hartford Line—PE and Con—Phase 3b—Double tracking (Hartford - Springfield), including additional stations PE and Con (North Haven, Newington, West Hartford, Windsor, and Enfield)
- Café Car Conversion (10 cars)
- Clinton Railroad Station
- Merritt 7 Railroad Station (PE and Con)
- New Haven Railroad Station Parking Garage(PE and Con)
- Stamford Railroad Station Parking Garage (PE and Con)
- Stamford Railroad Station Pedestrian Bridge(PE and Con)
- Orange Railroad Station
- Madison Railroad Station – Pedestrian Bridge and Parking Garage
- Bridgeport Barnum Railroad Station
- Cos Cob Bridge Repairs

Capital Projects Under Review for Suspension or Deferral



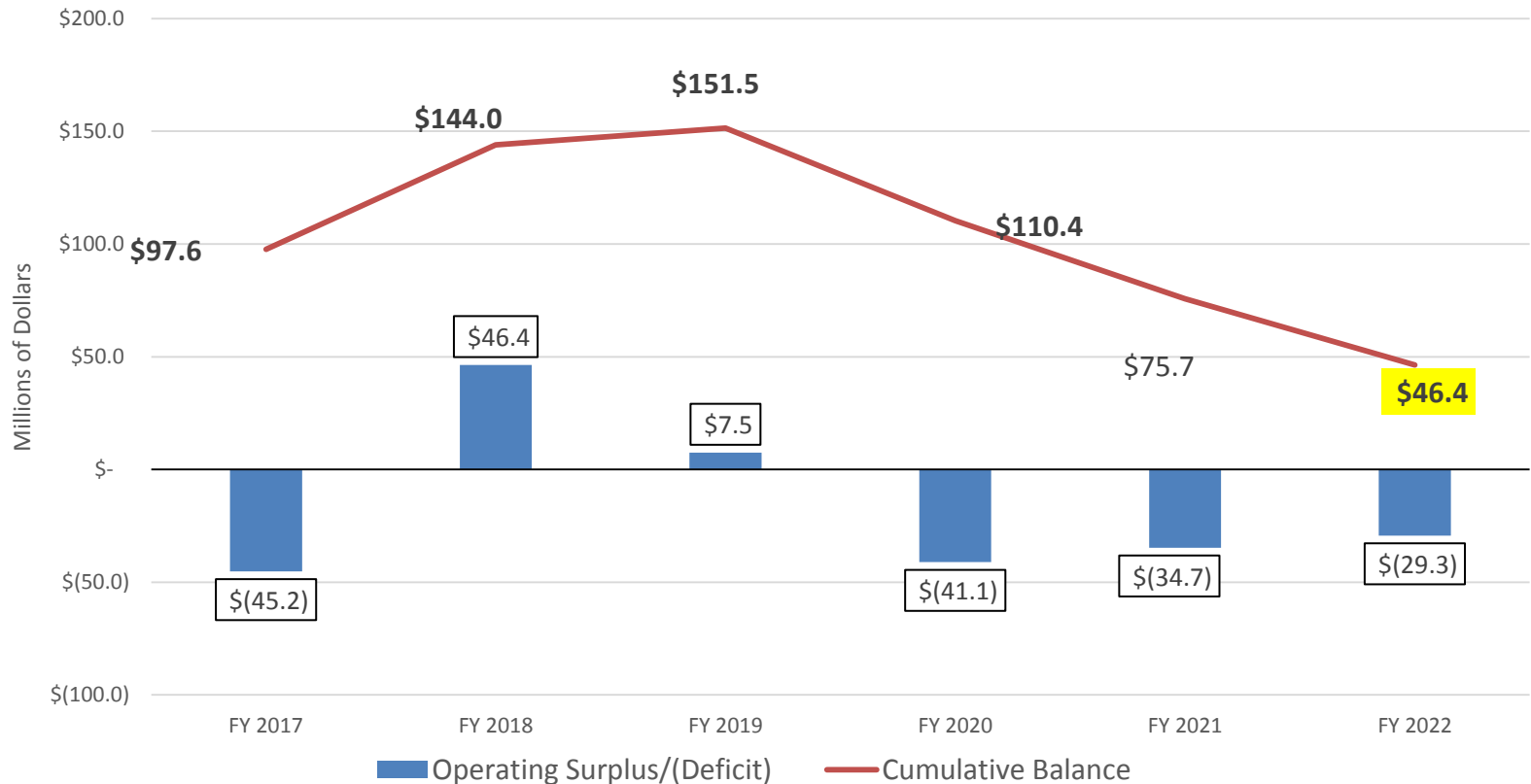
Public Transportation

- New Canaan Branch Improvements
- New Haven Line Customer Service Initiative
- New Haven Line – Rail Maintenance Facility Improvements
- Replacement of Rail Cars on Shore Line East, Waterbury and Danbury Lines
- Off System Bridge Repairs
- Middletown Swing Bridge Repairs
- Greater New Haven Transit District (GNHTD) New Maintenance Facility
- Estuary TD New Maintenance Facility
- Norwalk TD Facility Improvements
- Greater Hartford Transit District (GHTD)- Union Station Improvements
- Greater Bridgeport Transit Authority (GBTA) – Facility Improvements
- Bus Service Expansion Fleet

STF Forecast – December 2017



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





REVENUE

CT Gas Tax History

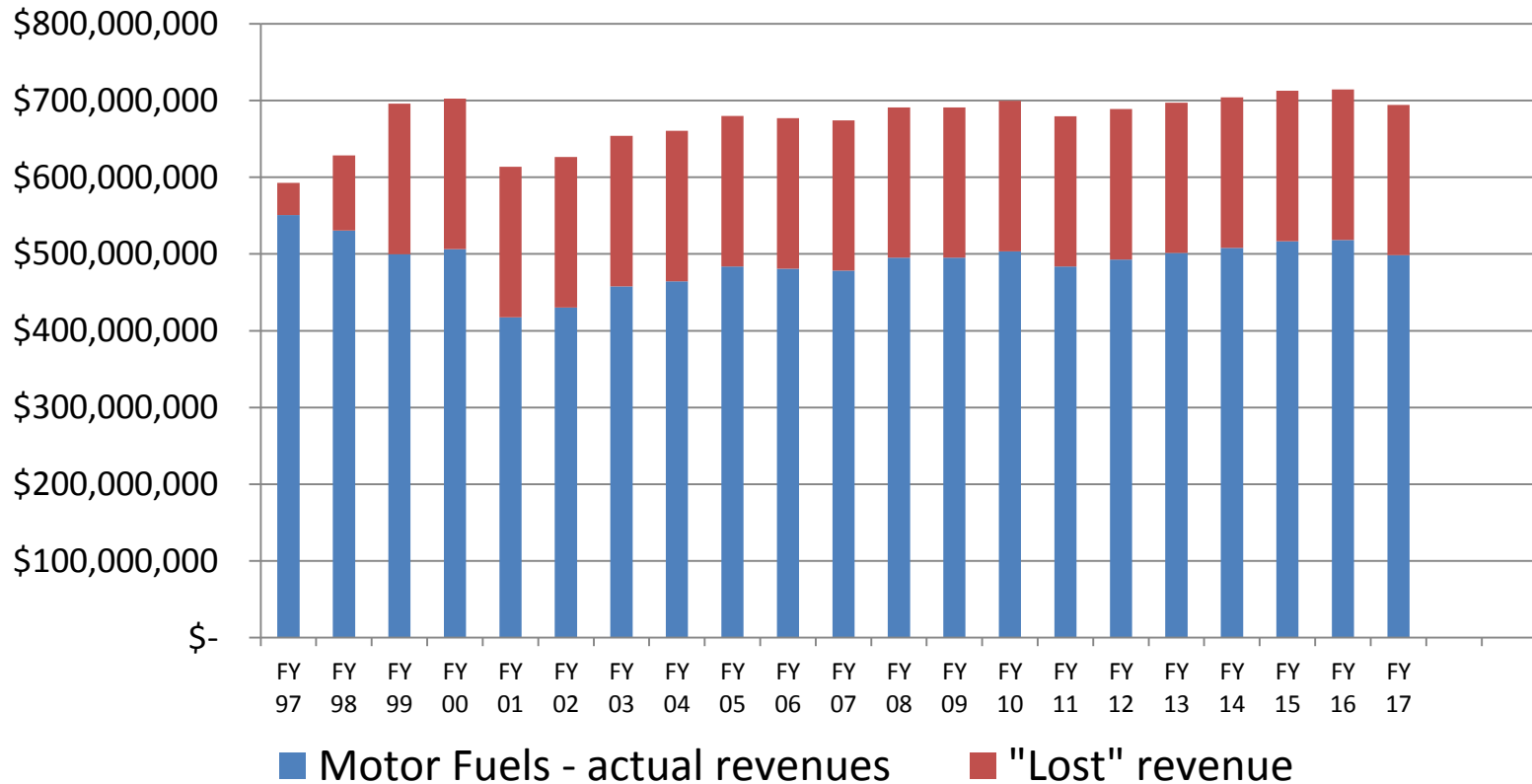


- **Gas tax reduced from 39 cents to 25 cents starting in 1997**
- **20 years with no increases**
- **If gas tax was indexed to inflation, current gas tax would be 39 cents today**

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

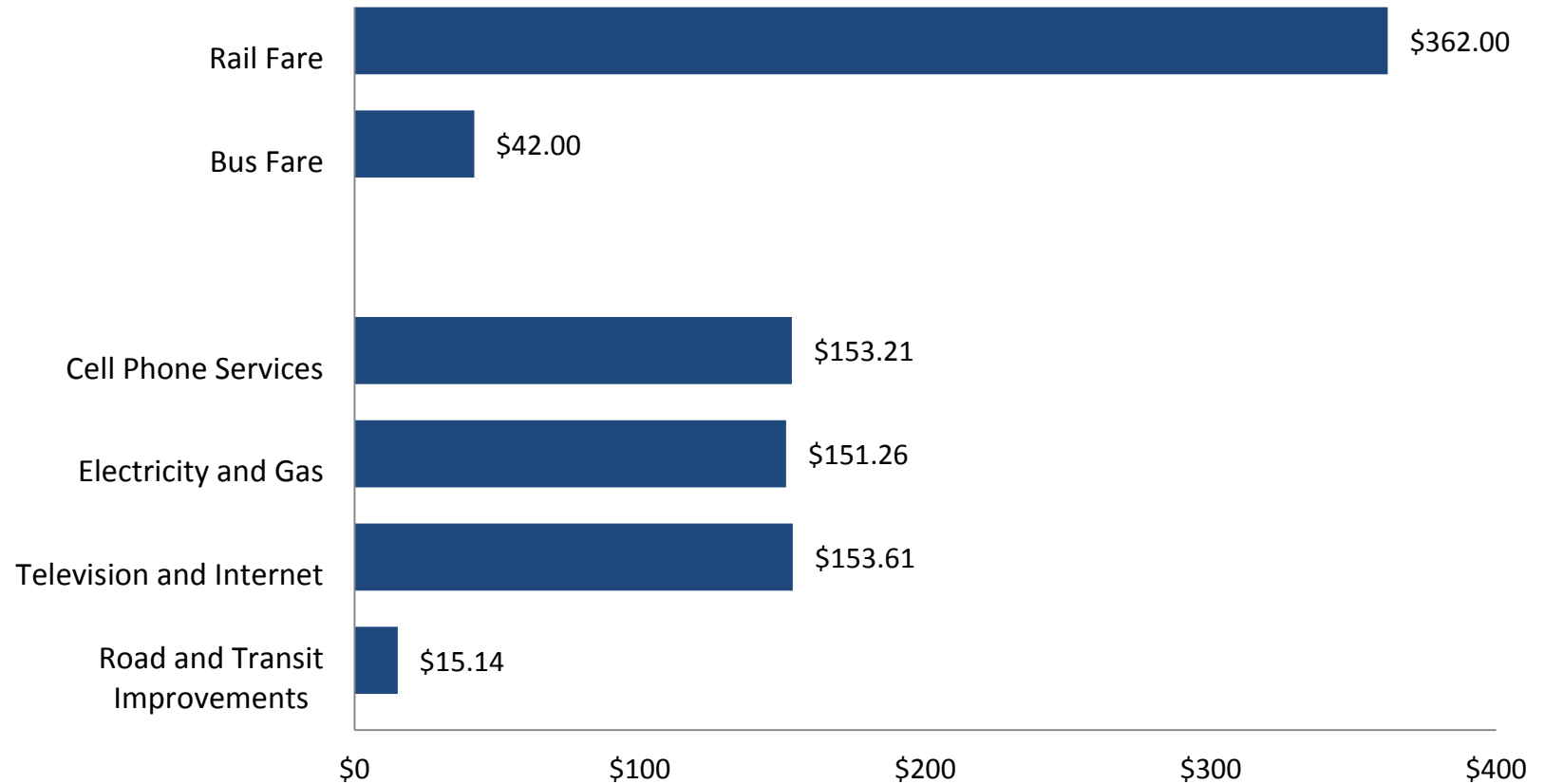


Calendar Year	Rail		Bus		Motor Fuels		
	Fare increase	Index	Fare increase	Index	Tax Increase/ (Decrease)	Tax	Index
2000		100.000		100.000	-21.88%	\$0.25	100.000
2001		100.000		100.000		\$0.25	100.000
2002		100.000		100.000		\$0.25	100.000
2003	15.00%	115.000		100.000		\$0.25	100.000
2004		115.000	10.00%	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
1992 – 2018 Change	53.8%		75.0%		0.0%		
1992 – 2020 Change	84.5%		99.2%		0.0%		

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

WHAT'S NEXT



- Governor Malloy will propose a plan for the STF by the end of January
- Legislature in session February 7
- Commission on Fiscal Stability and Economic Growth report to Legislature by March 1
- Lock Box – November 2018



THE END