Transportation

Transportation

Summary

The transportation function provides for the maintenance and construction of a quality infrastructure which reflects the transportation needs of the citizens of Rhode Island. The function is implemented by the Department of Transportation (DOT) through its core programs, transportation development and maintenance. Transportation development includes construction and design, traffic management, environmental and intermodal planning, capital programming, bridge rehabilitation/replacement, and highway safety. The DOT maintenance section engages in the routine maintenance of state highways, bridges, and associated roadsides and highway appurtenances.

In FY 1994, Rhode Island established the Intermodal Surface Transportation Fund (ISTF), to provide financing for transportation expenditures from dedicated user-related revenue sources. This dedicated highway fund establishes a direct relationship between transportation project financing and the end-users of the projects, with a stable revenue stream capable of financing the projects on a pay-as-you-go basis.

For FY 2010, the Intermodal Surface Transportation Fund (ISTF) is supported by 32.5 of Rhode Island's 33.0-cent per gallon gasoline tax. Gasoline tax receipts finance operating and debt service expenditures of the Department of Transportation, as well as specific portions of transportation-related expenditures of the Rhode Island Public Transit Authority (RIPTA) and the Department of Human Services (formerly the Department of Elderly Affairs). The revenue generated by the state's gasoline tax is allocated to these recipients on an individual cent basis. State law governs the distribution of the cents to the agencies. As of FY 2010, there is no longer any contribution to the general fund from the gasoline tax. The anticipated current and upcoming fiscal year revenue collection for the gasoline tax was established at each Revenue Estimating Conference; however, as there is no longer an impact on general revenues, the Conference is no longer determining the gasoline tax estimate. The Office of Revenue Analysis within the Department of Revenue has provided the estimates for FY 2010 and FY 2011. The Office of Revenue Analysis estimates gasoline tax collections on a cent per gallon revenue yield. This yield is the basis for the development of budgets for the various gasoline tax supported operations.

Since the inception of this funding mechanism for transportation activities, there have been numerous revisions to the allocation plan. Each change has been initiated in order to direct more revenues to transportation operations rather than to the general fund. There has been a change to the disbursement schedule in the enacted FY 2010 Budget, which increased the RIPTA allocation and the total gasoline tax by two cents, and an increase to the Department of Transportation of one cent, with an offsetting reduction and elimination of the allocation of gasoline tax directed to the general fund.

Starting in FY 2009, 0.5 of the State's 1.0 cent per gallon environmental protection regulatory fee collected by distributors of motor fuel when the product is sold to owners and/or operators of underground storage tanks is recommended to support the Rhode Island Public Transit Authority (RIPTA).

Transportation

Current Law Gasoline Tax Allocation (in cents)

Recipient	2005	2006	2007	2008	2009	2010	2011
DOT	20.75	20.75	20.75	20.75	20.75	21.75[3]	21.75
RIPTA	6.25	7.25[1]	7.25	7.25	7.75[2]	9.75[4]	9.75
General Fund	2.00	1.0[1]	1.0	1.0	1.0	0.0[3]	0
DEA/DHS	1.0	1.0	1.0	1.0	1.0	1.0[5]	1.0
Underground Storage Tank	1.0	1.0	1.0	1.0	0.5[2]	0.5	0.5
Total:	31.0	31.0	31.0	31.0	31.0	33.0	33.0

[1] *One additional cent is recommended for RIPTA with an offsetting reduction in the allocation of gasoline tax directed to the general fund starting in FY 2006 to finance a market survey of non-transit users and a management study of the agency*
[2] *Starting in FY 2009, 0.5 of the 1.0 cent Underground Storage Tank fee is recommended for allocation to RIPTA*
[3] *Starting in FY 2010, 1.0 of the remaining cent distributed to the General Fund is recommended to finance Department of Transportation operations*
[4] *Starting in FY 2010, 2.0 new cents of gasoline tax were added to the total for 33.0 cents now collected allocated to finance RIPTA*
[5] *Starting in 2010, 1.0 cent formerly directed to DEA will now be sent to DHS*

The Department of Transportation provides services through four programs: Central Management, Management and Budget, Infrastructure Engineering, and Infrastructure Maintenance. Primary funding for Rhode Island transportation and highway construction spending is provided through the Federal Highway Administration (FHWA), under the authority of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). This Act, passed in August 2005, authorizes funds for highway construction, highway safety programs, mass transit operations, and other surface transportation projects for the five-year period 2005 - 2009. The Act combines the improvements scheduled for current programs with new initiatives for improving transportation safety and traffic flow efficiency, enhancing communities, and advancing economic growth. However, the Act has now expired, and only short-term extensions have been passed by Congress as they wrestle with shortfalls in the Federal Highway Trust Fund. The uncertainty of these conditions has impacted the Department of Transportation’s budget, causing more conservative estimates to be employed.

The DOT Highway Improvement Program (HIP) includes highway and intermodal projects that utilize federal funds administered by the FHWA, and highway transportation infrastructure projects financed by state matching funds, which include general obligation bonds and proceeds from certain land sales. The HIP implements DOT’s capital program as identified in the State's Transportation Improvement Program (TIP). The TIP is a listing of transportation projects that the state plans to finance over a six-year period from federal highway funds. The Federal Highway Administration requires that all projects utilizing federal funds shall appear in a TIP adopted by the State Planning Council and approved by the Governor.

Transportation

In Rhode Island, the TIP is the product of extensive public outreach to all communities, public interest groups, and citizens throughout the state by the agencies involved in transportation planning and project implementation. Following extensive public solicitation for the current TIP, highway projects are selected by a twenty-seven member public body, known as the Transportation Advisory Committee (TAC), using criteria based on six major categories: mobility benefits; cost effectiveness; economic development; environmental impact; degree of support to local and state goals and plans; and safety/security/technology. Certain projects are reviewed by special public committees prior to selection for the TIP by the TAC. The transportation air quality subcommittee, assisted by DOT staff, conducts a solicitation and evaluation of Congestion Mitigation and Air Quality (CMAQ) proposals. A TAC subcommittee reviews new bicycle/pedestrian projects, and a DOT advisory committee solicits and evaluates application for funds earmarked in SAFETEA-LU for transportation enhancement activities.

As part of the American Recovery and Reinvestment Act of 2009, the Rhode Island Department of Transportation is expected to receive a total of $137.1 million for highway infrastructure investment, which will be spent over the next few years for sixty-two separate projects throughout Rhode Island including highway, road and bridge repair, pavement resurfacing, as well as enhancement projects, such as lighting and drainage improvements. The Department is expected to receive a total of $612,000 in fixed guideway infrastructure grants, which are expected to be spent over three years starting in FY 2010. An ARRA grant has been received which will provide training for $350,000, scheduled to be expended over the next two years. In addition, applications for other stimulus grants have been submitted which would be utilized on various projects if they are awarded.

FY 2004 marked the beginning of a major effort on the part of Rhode Island government to address the rebuilding and modernization of the State's transportation systems. In November 2003, the State issued the first series in a bond program that authorizes $709.6 million and currently programs $668.1 million in construction funds for five major infrastructure projects to be completed over an 8 ½ year period. This undertaking will be primarily financed through two funding mechanisms. The majority of the costs ($548.2 million) will be provided through Grant Anticipation Revenue Vehicle bonds (GARVEE). GARVEE represents a program approved by FHWA that allows states to borrow funds, which are backed and repaid by the annual allocation of Federal Highway Administration construction funds. A supplemental revenue bond issue known as the Motor Fuel Revenue Bonds program, which is secured by 2-cents of the department's gasoline tax allocation, will provide another $119.9 million for this infrastructure initiative. The State has issued a second series of both the GARVEE and Motor Fuel Bonds program in 2006 and has completed the issuance of a third series in FY 2009. The projects being financed under this program are the I-195 Relocation, Washington Bridge Reconstruction, a new Sakonnet River Bridge, the construction of Quonset Rt. 403, and amounts for completion of the Freight Rail Improvement Program. The debt service on the GARVEE bonds in FY 2010 and FY 2011, to be paid through the FHWA allocation, is $40.3 million and $44.7 million, respectively and is reflected in the Department's operating budget as a federal fund source. The gasoline tax revenue supported debt service on the Motor Fuel Tax revenue bonds dedicated to the trust account is estimated to be $8.4 million in FY 2010 and $8.4 million in FY 2011.

The continued emphasis towards a more balanced multimodal transportation system extends to statewide mass transit programs. As noted above, operating assistance of $40.0 million in FY 2010 and $39.9 million in FY 2011 to the Rhode Island Public Transit Authority will be financed from a 9.25 cent allocation of the gasoline tax, as well as an additional 0.5 of the 1.0 Underground Storage Tank fee. Another cent of the gasoline tax not included in the Department of Transportation budget supports the efforts of the Department of Human Services to streamline and enhance elderly and handicapped transportation services. Much of this allocation is transferred to RIPTA to underwrite pass programs for the elderly, and to finance compliance costs statewide associated with Americans with Disabilities Act requirements.

Transportation

The revised FY 2010 budget for the Department of Transportation totals $418.1 million, including $317.0 million in federal funds, $100.1 million in other funds, and $1.0 million in restricted receipts. This represents a $71.0 million decrease in all funds from the FY 2010 enacted budget. Federal funds decrease a total of $64.3 million, while restricted receipts decrease $500,000 from the enacted budget. Other funds for the Department decrease a total of $6.1 million from the enacted budget. The other funds total includes gasoline tax expenditures for the Department, RIPTA, and GARVEE/Motor Fuel Revenue Bonds, as well as Rhode Island Capital Plan Fund appropriations, land sale proceeds, nonland surplus property revenues, and other miscellaneous receipts.

The revised FY 2010 estimated revenue available within the ISTEA fund is $136.2 million, which represents the revised per penny gasoline tax yield estimate of $4,185,000, as well as a carry forward from FY 2009 totaling $192,261 and an additional $2.1 million from 0.5 cent of the 1.0 cent Underground Storage Tank fee. Gasoline tax funds within the Department of Transportation total $91.0 million, $41.0 is recommended for the operations of the Department, $39.9 is the operating transfer to finance RIPTA, and $8.4 million is associated with the GARVEE/Motor Fuel Revenue Bonds program. Gasoline tax funds within the Department decrease $4.2 million from the enacted budget. The decrease is primarily a result of the revision in the gasoline tax estimate. The original estimate used in the FY 2010 Enacted Budget was $4.4 million. The estimate provided by the Office of Revenue Analysis has revised the per penny gasoline tax down to $4,185,000, a loss of $215,000 per penny. Other adjustments to the total gasoline tax appropriation for the Department include projected transfers to the Department of Administration to finance transportation related general obligation bond debt service costs of $40.3 million for DOT and $824,797 for RIPTA in FY 2010. The debt service adjustment to the Department represents a decrease of $1.0 million from the enacted budget. A total of $1.5 million represents the financing of Human Resources, Information Technology, and Legal Services positions consolidated within the Department of Administration. The total transfer amount of these positions represents a decrease of $266,750 from the FY 2010 enacted. Due to the decrease in gasoline tax revenue, an account to offset the Department's expenses was set up for FY 2010. The offset totals $2.5 million, with the expectation that further savings will be identified in the near future. The Governor recommends a $63 balance forecast for the end of FY 2010 to be carried forward into FY 2011.

A total recommendation of $6.8 million in FY 2010 from the Rhode Island Capital Plan Fund finances the Pawtucket-Central Falls Train Station Study, RIPTA Elmwood Avenue Expansion Project, Salt Storage Facilities, and Maintenance Facility improvements. This is an increase of $1.8 million from the enacted budget due to increases in projected spending on the East Providence Facility and RIPTA's Elmwood Expansion project, which is scheduled to be completed in FY 2010; with an offsetting decrease in expenditures on the Cherry Hill/Lincoln Facility, which has been delayed into later years.

Other funds changes also include a $1.2 million decrease from the sale of land associated with the I-195 relocation project in order to reflect current project schedules. The Department estimates collecting $100,000 in FY 2010 from administering a state highway logo sign program. This represents no change from the enacted budget. Unlike other states with such programs, the Department previously did not charge any fee for oversight to businesses utilizing the program. Revenue raised in FY 2010 is recommended to be used for operating expenses within the Division of Engineering, which do not quality for federal reimbursement.

Federal funds decrease a total of $64.3 million from the enacted budget. Part of the substantial decrease from the enacted budget is due to the Federal Highway Program projects. These expenditures are projected to decrease by $30.6 million from the enacted level due to the high level of uncertainty about the availability of funds this fiscal year as the current federal highway program, SAFETEA-LU has expired. Only short-term extensions have been enacted to date, as Congress wrestles with the shortfall in the Federal Highway Trust Fund. Therefore, the DOT has been conservative in their construction scheduling as the construction budget of the Department is driven by the availability of funding.

There is also a decrease attributable to the infrastructure investment stimulus funds from the American Recovery and Reinvestment Act of 2009. Expected expenditures have decrease $31.9 million from the enacted level. These funds are not in jeopardy, as the time limit for expending the stimulus funds runs to FY 2015. The Department has made commitments for the majority of funds and is working to meet the commitment dates on the remaining funds to ensure that all resources will be received by the State.

This overall decrease in federal funds includes several offsetting increasing federal grants, such as a $415,251 increase in National Highway Safety Administration grants to correct actual federal grants anticipated in FY 2010 and a decrease of $289,600 in Federal Transit funds associated with the fixed guideway (commuter rail) project. National Highway Safety Administration grants total $6.4 million while federal transit grants total $11.4 million. GARVEE debt service is deducted from the total estimated obligation authority estimate for the federal highway fund, and totals $44.5 million in the revised FY 2010 budget. The revised FY 2010 budget also includes a total of $11.7 million related to personnel costs associated with the GARVEE program and general obligation bonds within the federal funds category.

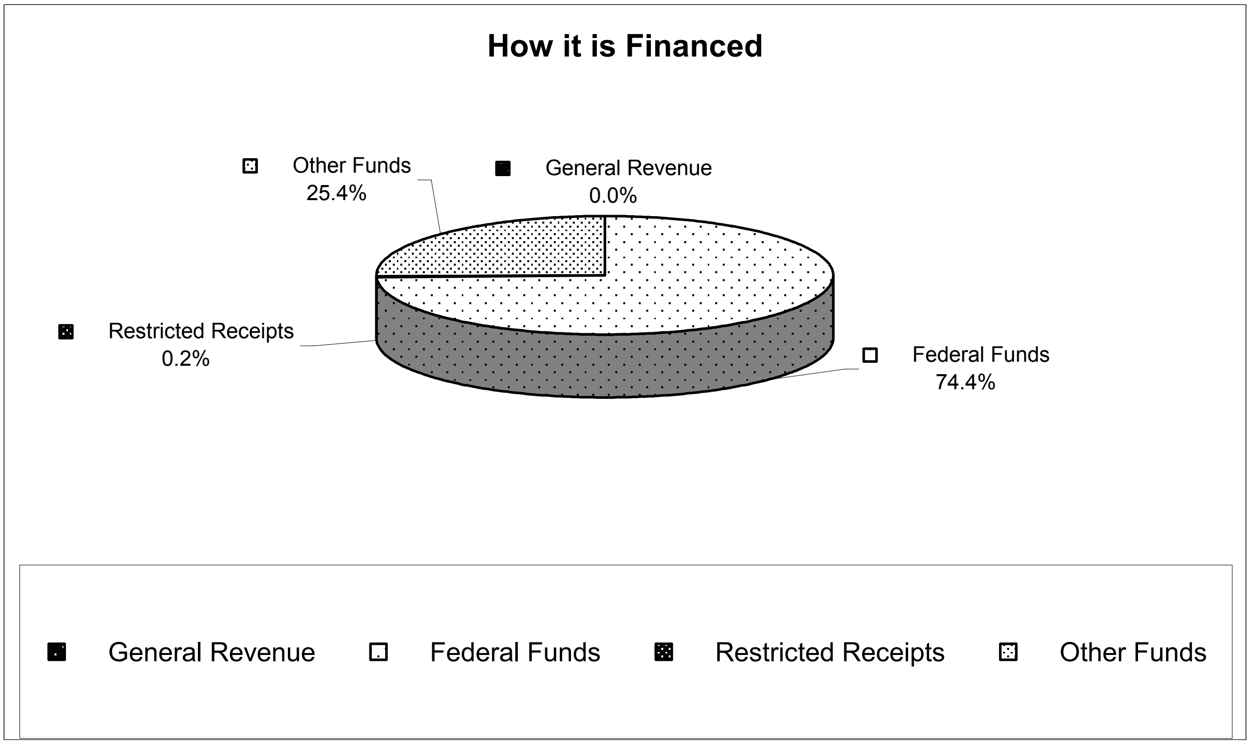
For the Department of Transportation, the Governor recommends 780.2 FTE positions for FY 2010. This is not changed from the enacted budget, and includes 89.0 FTE stimulus funded positions.

In FY 2011, recommended expenditures from all sources for transportation activities total $424.8 million, a decrease of $64.2 million from the FY 2010 enacted budget.

The following chart illustrates departmental expenditures by source of financing for FY 2011.

This chart does not include general obligation bond expenditures, GARVEE expenditures, and GARVEE debt service payments, with the exception of personnel costs financed by the GARVEE program and general obligation bonds.

Transportation



The other funds source represents 25.4 percent of the FY 2011 budget for the Department, or $108.1 million. This represents an increase of $1.9 million from the FY 2010 enacted budget. Other funds is comprised of total gasoline tax expenditures of $85.4 million, of which $37.0 million represents the Department of Transportation budget, $38.9 million is budgeted for RIPTA's allocation of the gasoline tax, with an additional $2.1 million for the 0.5 cents of the Underground Storage Fee allocated to RIPTA beginning in FY 2010, and $8.4 million is budgeted for the Motor Fuel Bond allocation of the gasoline tax.

The total estimated receipts for the ISTEA fund in FY 2011 are $136.8 million, which represents a gasoline tax yield estimate of $4,210,000 per penny of the gasoline tax. The total gasoline tax budget within the Department of Transportation represents a reduction of $11.8 million from the FY 2010 enacted budget. Included in the FY 2011 gasoline tax budget for the Department is a general obligation bond debt service payment of $44.8 million, an increase of $3.4 million from the FY 2010 enacted budget. The RIPTA portion of the debt service payment in the Department of Administration totals $1.1 million, an increase of $296,548 from the FY 2010 enacted budget. A total of $1.3 million represents reductions to the Department's allocation of the gasoline tax in order to finance Human Resources, Legal Services and Information Technology positions consolidated within the Department of Administration. The transfer represents a decrease of $423,523 from the FY 2010 enacted budget. Due to the increase in debt service for the Department, combined with the decrease in gasoline tax revenue, an offset to the expenses of DOT was again set up for FY 2011. The total amount of the offset is $6.3 million for the budget year. The FY 2011 budget takes into account a $63 carry forward surplus budgeted from FY 2010. The Governor recommends budgeting a carry forward in order to supplement the Department's FY 2011 budget to meet an increase in debt service costs, and a decrease in gasoline tax revenues.

The FY 2011 recommendation includes Rhode Island Capital Plan Fund expenditures totaling $2.6 million, of which $1.6 million is for the East Providence Facility project, $70,000 for RIPTA Land and Buildings, $190,400 for RIPTA Paratransit vehicles, $650,000 for Maintenance Facilities, and $125,000 is recommended for outfitting of fire alarm systems for various maintenance facilities to comply with new fire code regulations.

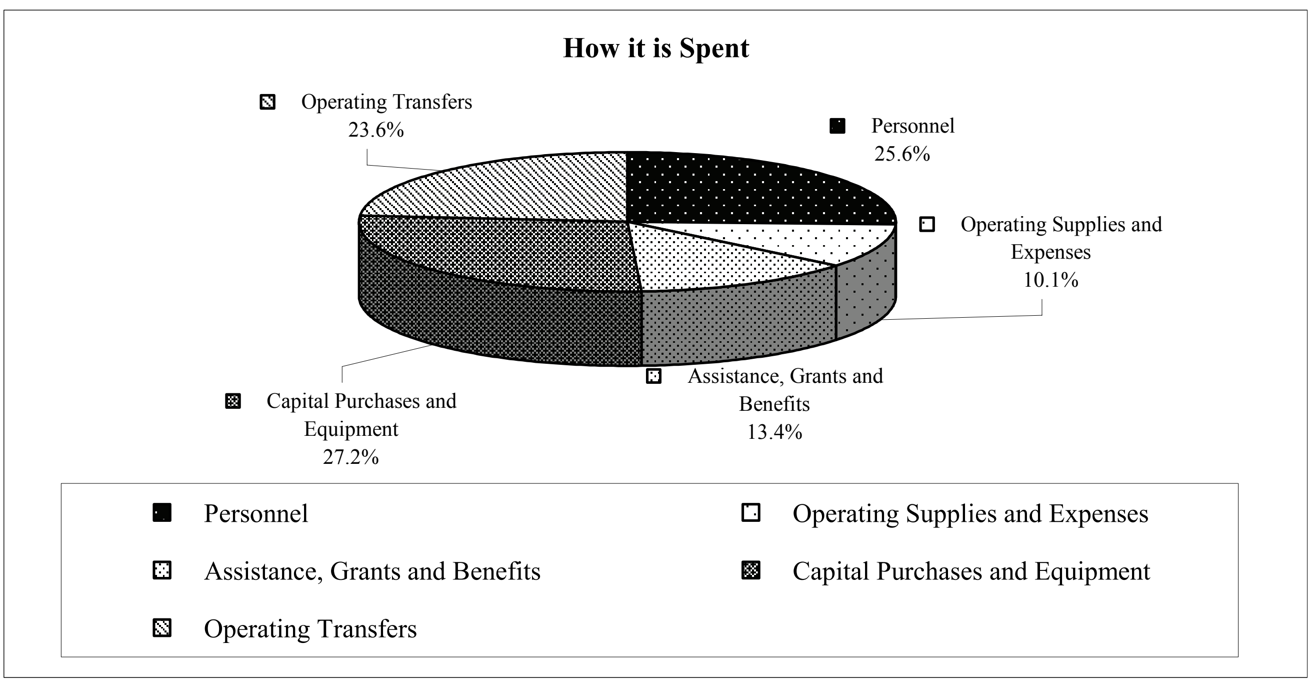
A total of $18.2 million in other funds is from estimated land sale revenues. An additional $16.2 million is estimated from land sales associated with the relocation of the I-195 project. The remaining other funds for the Department is comprised of $1.4 million for the State Infrastructure Bank account, and $430,000 for outdoor advertising, nonland surplus property collections and logo sign fee revenues for the budget year.

The total budget for federal grants for the department represents 74.4 percent of the budget, or $315.7 million, of which $189.3 million is federal highway funds, $43.8 million represents federal highway infrastructure stimulus fund grants, $260,000 is for fixed guideway stimulus funds, a total of $48.4 million is GARVEE debt service payments from federal highway funds, $7.3 million has been budgeted to account for personnel costs transferred to the GARVEE construction program, and $5.0 million represents personnel costs allocated to general obligation bonds. Other federal grants for the Department are comprised of a total of $2.6 million in Federal Transit funds and $14.1 million in National Highway Safety funds. Federal transit funds increase by $12.3 million in FY 2011. National Highway Safety funds decrease by $3.1 million over the FY 2010 enacted budget to correct actual federal grants anticipated in FY 2011.

Restricted receipts represent 0.2 percent of the total budget or $1.0 million. Restricted receipts decrease $500,000 from the FY 2010 enacted budget.

For FY 2011 the Governor recommends 780.2 FTE positions for the Department of Transportation, which represents no change from the FY 2010 enacted budget, and includes 89 stimulus funded positions.

The following chart illustrates departmental expenditures on an all funds basis by category of expenditure for FY 2011.



Transportation

The capital category of expenditure represents 27.2 percent of the total Department budget. Capital consists primarily of federal highway dollars located within the Engineering program for infrastructure construction costs, which have decreased due to the delayed expenditures of stimulus funds, as well as the uncertainty associated with the expiration of the SAFETEE-LU program, which has caused the Department to be conservative in its estimates. Available funding drives the projections for the Department of Transportation. Included in the Engineering program is $18.2 million in estimated revenue from the sale and/or lease of properties. Included in this estimate is $16.2 for the sale of land associated with the relocation of Route 195. This revenue, along with $40.0 million in general obligation bond funds (not included in the operating budget), is utilized to meet matching requirements to federal highway funds provided under SAFETEA-LU.

A total of 25.6 percent represents personnel costs of the Department, which includes contract services. Initiated in FY 2008, the Department's federal indirect cost recovery plan allows a portion of personnel, as well as contract services and operating costs to be eligible for federal reimbursement. A total of $16.8 million of personnel costs are located within the Maintenance program where the source of funding is the gasoline tax.

The category of operating transfers represents 23.6 percent of all funds total spending for DOT, which includes the pass-through gasoline tax revenue for RIPTA of $39.9 million, and $48.4 million which is paid for the GARVEE bonds through an operating transfer of Federal Highway funds.

The operating category represents 10.1 percent of all funds total spending for the Department with 43.9 percent of the category representing Maintenance activities, which include pavement repair, crack sealing, pothole repair, litter collection, vehicle fleet maintenance, street and sidewalk sweeping, signage, highway light maintenance, and bridge washing. Snow and ice removal operations also fall under the management of this program.

Assistance, grants, and benefits represent 13.4 percent of the FY 2011 budget and consist primarily of Federal Highway Administration and Federal Transit Administration grant funds.