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
Special Transportation Fund Projections
FY18-19 Three Year Outyear Budget Report - Feb 2017

Operating Surplus/(Deficit)
Cumulative Balance

FY 2017: $(45.2)
FY 2018: $78.8
FY 2019: $2.3
FY 2020: $(35.5)
FY 2021: $(99.7)
FY 2022: $(135.4)

Millions of Dollars
STF Forecast - September

Special Transportation Fund Projections
LCO 10069 with OPM Revenue Projections (Sept 2017)

Operating Surplus/(Deficit)  Cumulative Balance

FY 2017  FY 2018  FY 2019  FY 2020  FY 2021  FY 2022
-45.2  39.5  105.4  -3.3  -219.6  -350

Millions of Dollars

0  100  200  300  400  500  600  700
-100 -200 -300 -400 -500 -600 -700
STF Forecast - October

Special Transportation Fund Projections
PA 17-2 with LATEST OPM Revenue Projections
(OCT 2017)
STF Forecast -- November
DOT Expenses forecast through June 2017

Special Transportation Fund Projections
PA 17-2 with OPM Rev and DOT Operating Projections (Nov 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

<table>
<thead>
<tr>
<th>Description</th>
<th>Projected Growth (millions)</th>
<th>%</th>
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</thead>
<tbody>
<tr>
<td>Existing Debt Service</td>
<td>$341,032,944</td>
<td>74%</td>
</tr>
<tr>
<td>DOT Operating/Fringes</td>
<td>$240,349,414</td>
<td>31%</td>
</tr>
<tr>
<td>Other Agencies Operating</td>
<td>$18,404,018</td>
<td>23%</td>
</tr>
<tr>
<td>Let's Go CT Debt Service</td>
<td>$139,944,933</td>
<td>n/a</td>
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</table>
## BUDGET GROWTH  FY1997 – FY2017

<table>
<thead>
<tr>
<th></th>
<th>FY1997</th>
<th>FY2017</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Budget</td>
<td>$288M</td>
<td>$620M</td>
<td>215%</td>
</tr>
<tr>
<td>Capital Budget</td>
<td>$150M</td>
<td>$900M</td>
<td>600%</td>
</tr>
</tbody>
</table>
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
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
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
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
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.
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.
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)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Surplus/(Deficit)</th>
<th>Cumulative Balance</th>
</tr>
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<tbody>
<tr>
<td>FY 2017</td>
<td>$(45.2)</td>
<td></td>
</tr>
<tr>
<td>FY 2018</td>
<td>$46.4</td>
<td>$144.0</td>
</tr>
<tr>
<td>FY 2019</td>
<td>$(7.5)</td>
<td>$151.5</td>
</tr>
<tr>
<td>FY 2020</td>
<td>$(41.1)</td>
<td>$110.4</td>
</tr>
<tr>
<td>FY 2021</td>
<td>$(34.7)</td>
<td>$75.7</td>
</tr>
<tr>
<td>FY 2022</td>
<td>$(29.3)</td>
<td>$46.4</td>
</tr>
</tbody>
</table>
THANK YOU