



State of Rhode Island and Providence Plantations

Interoffice Memorandum

April 6, 2016

To: Jared Rhodes, Chief
Rhode Island Statewide Planning Program

Department: Administration

From: Meredith E. Brady
Acting Policy Director

A handwritten signature in blue ink, appearing to read 'M. Brady', is written over the name 'Meredith E. Brady' in the 'From:' field.

Department: Transportation

Subject: Request for FFY2016 TIP Amendment

Background:

As part of the development of the RhodeWorks initiative and the shift to a ten-year State Transportation Improvement Program (STIP) from the current 4-year STIP, RIDOT developed a Ten Year Plan, which extended from FFY2016 through FFY2025. As a result, the first year of the Ten Year Plan overlapped with the last year of the current (FFY2013-FFY2016) STIP.

In order to align the Department's priorities and the integrated asset-management and performance-based focus that was used in developing the Ten Year Plan, RIDOT is requesting an amendment that replaces the former FFY2016 STIP program with a new FFY2016 STIP program. There are some items which carry forward into FFY2016, but comparing the two programs is particularly difficult for several reasons:

- Since the FFY2013-FFY2016 STIP was enacted, there have been TWO new federal transportation authorizations: MAP-21 (Moving Ahead for Progress in the 21st Century), which was passed just before the STIP was adopted, and the FAST (Fixing America's Surface Transportation) Act, which passed in December 2015. Both of these authorizations changed funding categories, developed performance and asset management requirements, and set specific national priorities. The proposed FFY2016 STIP amendment allows RIDOT to accurately portray the use of funds from specific pools and brings us closer to conforming to a range of federal requirements and goals.
- In addition to changing requirements, the FAST Act provided slightly less than a 3% average annual increase over the five years from FFY2016 through FFY2020, or approximately \$20

million more per year. In FFY2016, the increase is only \$5 million, but the revised program accounts for both the increase in funding and new or redefined categories.

- At the state level, there were a number of changes since September 2012, not least of which was the creation of the Highway Maintenance Account (HMA) and its subsequent funding through license and registration fees; the indexing of the gas tax; a shift of gas tax to the Rhode Island Turnpike and Bridge Authority (RITBA); and other General Assembly initiatives geared toward providing a more sustainable funding source for transportation operations and infrastructure in Rhode Island.
- In February 2016, the General Assembly enacted the RhodeWorks initiative, which allows for tolling of tractor trailers to help pay for the reconstruction, replacement, and maintenance of specific bridges on high-volume corridors throughout the state. RhodeWorks will bring future toll revenue, which is shown in the FY2017-FY2025 proposed STIP, but the legislation also allowed for the refinancing of existing Grant Anticipation Revenue Vehicle (GARVEE) debt and the issuance of \$300 million in new GARVEE proceeds (backed by the increased federal revenue from the FAST Act). This FY2016 STIP amendment accounts for both the refinancing of the existing GARVEE debt (which reduces FY2016 debt service payments) and the issuance of the new GARVEE in FY2016.
- RIDOT has undertaken an unprecedented reorganization in 2015 and 2016: the new pipelines, or programs, coincide with organizational changes and a move toward a project management approach to delivering concrete results.
- RIDOT is now displaying all maintenance and operating costs as part of the STIP, along with all state funding sources, in order to be more transparent and provide more accurate information.

Fiscal Constraint:

The attached table shows the sources and uses and demonstrates fiscal constraint for FFY2016 as part of the proposed amendment. The current, adopted FFY2013-FFY2016 STIP shows a bottom line of \$304 million in revenues and expenditures for FFY2016 (including the December 2015 Travel Plaza amendment). The proposed FFY2016 amendment shows a bottom line of \$763 million in revenues and expenditures. The difference of \$459 million between the two programs is primarily driven by the changes in state transportation infrastructure and maintenance funding.

1. State funding sources increase from just \$41 million in the adopted FFY2013 to FFY2016 STIP to more than \$528 million, an increase of \$487 million.
2. Of this \$487 million state revenue increase, approximately \$130 million is allocated to operating and maintenance expenditures, and is derived from gas tax in combination with the Highway Maintenance Account (HMA). These expenditures have always been part of RIDOT's operating budget, but the proposed FFY2016 amendment would show them in the STIP for the first time.
3. Of the remaining \$357 million in increased state revenue, \$300 million comes from the new GARVEE bonds, which RIDOT expects to have issued in the late summer. Nearly \$200 million will be allocated to the Route 6/10 Interchange, although RIDOT does not expect immediate expenditure of the funds. The remaining \$100 million will allow the RhodeWorks program to advance repair, replacement, and preventative maintenance on bridges, saving nearly a billion dollars in the long-term.
4. The remaining increase in state sources includes the \$35 million transit hub bond, approved by the voters in November 2014; \$10 million in prior year project closeouts; More than \$6 million

in additional Rhode Island Capital Plan (RICAP) funds budgeted to RIDOT in FY2016 for capital projects; \$3 million in third party funds for the construction of the I-295 ramps in Johnston at Greenville Avenue; and \$3 million in unallocated bond funds, also allocated to the I-295 ramp project. [*Note: unallocated bond funds are a limited source accrued through past accounting practices that fiscal staff in the General Assembly and budget office have determined is available for capital projects and should be spent down.*]:

RIDOT hereby requests a major amendment to the FFY2013-2016 STIP to replace the current FFY2016 program with an updated FFY2016 program that reflects changes in state and federal funding, along with a realistic assessment of the way in which projects should be scheduled to meet asset management and performance-driven goals. None of the changes will reduce, nor otherwise impact, funds already committed as part of approved FFY2013-2016 STIP and total funding sources match total funding uses: fiscal constraint is maintained.

Please let us know if you require additional information regarding this request. Thank you for your assistance in this matter.

FFY2016 Funding Sources *(in millions)*

Highway - State		FY2016
ISTF Fund		
Gas Tax		\$85.2
RICAP Funds		\$28.2
RI Highway Maintenance Account		\$53.1
RICAP For Projects		\$6.5
RICAP for Maintenance Facilities		\$4.5
Project Closeouts		\$10.0
IWAY Land Sales Proceeds		--
GARVEE Bond Proceeds		\$300.0
Transit Hub Bond		\$35.0
Unallocated Bond Proceeds		\$3.0
Third Party Funding		\$3.0
Toll Bond Proceeds		--
Toll Revenue		--
Total RIDOT State Resources Available		\$528.5
Highway - Federal		
		FY2016
Railway-Highway Crossings Program		--
Highway Safety Improvement Program		\$17.5
Transportation Alternative Program		--
National Highway Performance Program		\$123.2
CMAQ Program		\$10.7
Planning		\$6.4
Surface Transportation Block Grant Program		\$62.0
National Freight Program		\$6.4
TIGER Grant		\$9.0
Federal Budgetary Holdback		(\$6.2)
Total Federal Highway Funding Sources		\$229.0
Non-Highway Revenue		
		FY2016
NHTSA		\$3.0
FTA (Fixed Guideway)		\$2.8
Total Non-Highway Funding Sources		\$5.8
Total RIDOT Funding Sources		\$763.3

FFY2016 Funding Uses *(in millions)*

Pipeline Summary		2016
Bridge Maintenance		11.7
Pavement Maintenance		8.7
Traffic Safety Maintenance		10.1
Drainage Maintenance		5.0
Maintenance Operations		40.8
Transit Operations - RIDOT		7.7
Toll Operations		0.0
Headquarters Operations		18.6
	Subtotal	102.6
Debt Service		66.3
Passthroughs		7.9
Contingency - Inflation		1.7
Bridge Capital Program		184.4
Pavement Capital		56.0
Traffic Safety Capital Program		27.0
Drainage Capital Program		3.2
Transportation Alternatives		11.1
Planning - Program Development		14.7
Toll Capital		38.0
Maintenance Capital Program		4.5
Transit Capital Program - RIDOT		50.2
	Subtotal	465.0
RT 6/10 Project		195.7
	Subtotal	195.7
	Total	763.3