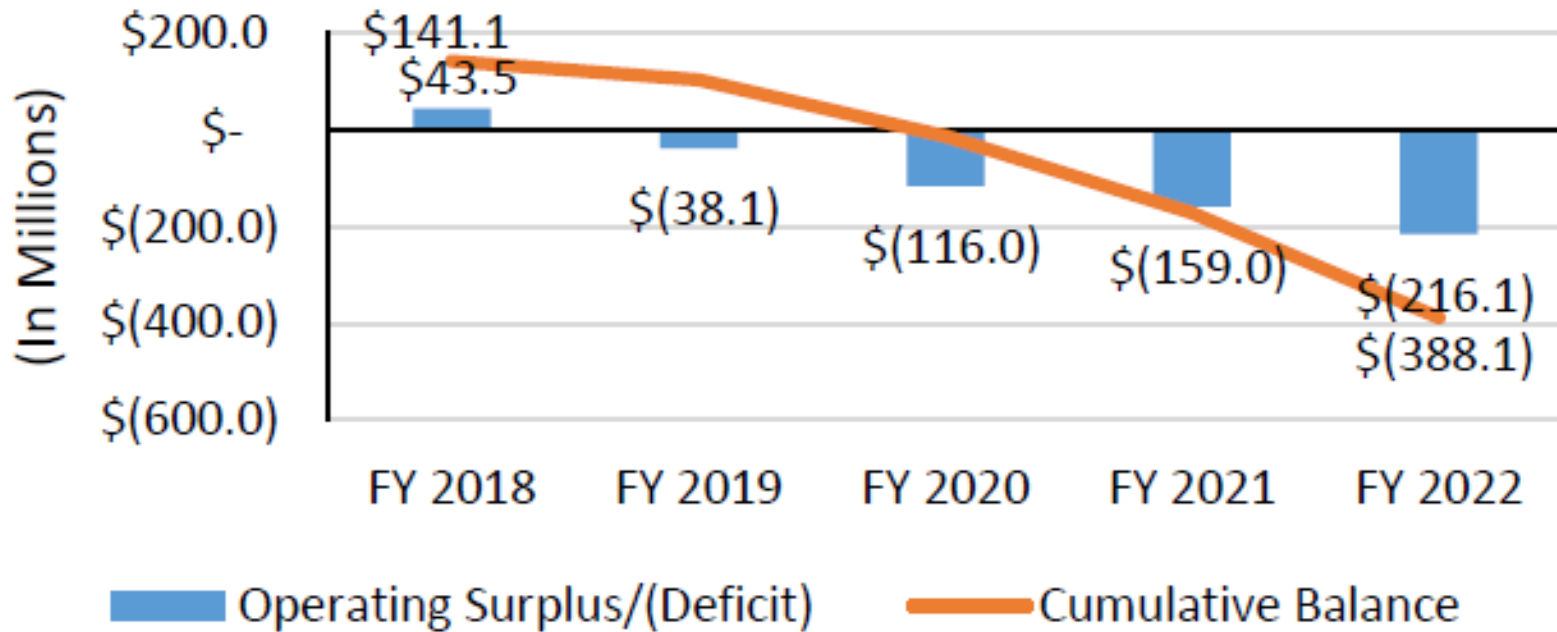




Connecticut Department of Transportation Special Transportation Fund

September 2018

STF – Adopted Budget October 2017



Problem Statement



- **SFY 2018: Inability to sell bonds**
 - STF bond proceeds were 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 prevented bond sales
- **Beyond 2018: Existing Income Levels insufficient to support STF**
 - Rising debt service associated with past debt is eroding available STF income
 - Decreasing income estimates combined with increasing operating costs making the problem worse
 - Income to debt service coverage ratios headed lower, risking bond rating
 - **Operating and capital reductions alone cannot solve the long term problem**

Problem Statement



- DOT does not control income for STF
- DOT does not control debt service capacity
- DOT does not control personnel/benefit expenses
- Without new income for STF, DOT had to reduce operating and capital expenses SOLELY to sell bonds to pay bills in FY2018.

Problem Statement



- **Debt service supported by budget insufficient to sustain Capital Program**
 - FY2018 anticipated \$900 million
 - Budget - \$800 million
 - FY2021 anticipated **\$1.2 billion**
 - Budget - **\$650 million**
 - Massive reductions in capital spending required
 - No new 5-year capital program

Consequence without Added Income



- Implement a series of operating budget cuts beginning in 2018
- Significantly reduced capital program in the 2018 construction season and in the future

Budget Cuts



- 15% reduction in staffing
- Bus and Rail fare increases and service cuts
- \$4.3 Billion of projects deferred

Consequence of CTDOT Budget Actions



Without additional STF income:

- STF was demonstrated to be balanced with a cumulative 5-year surplus
- Bonds sold -- \$800M
- Ability to sell bonds beyond current obligations highly questionable
- **Problem was not solved and would return in 2020**



REVENUE

Final Budget Passed May 9, 2018

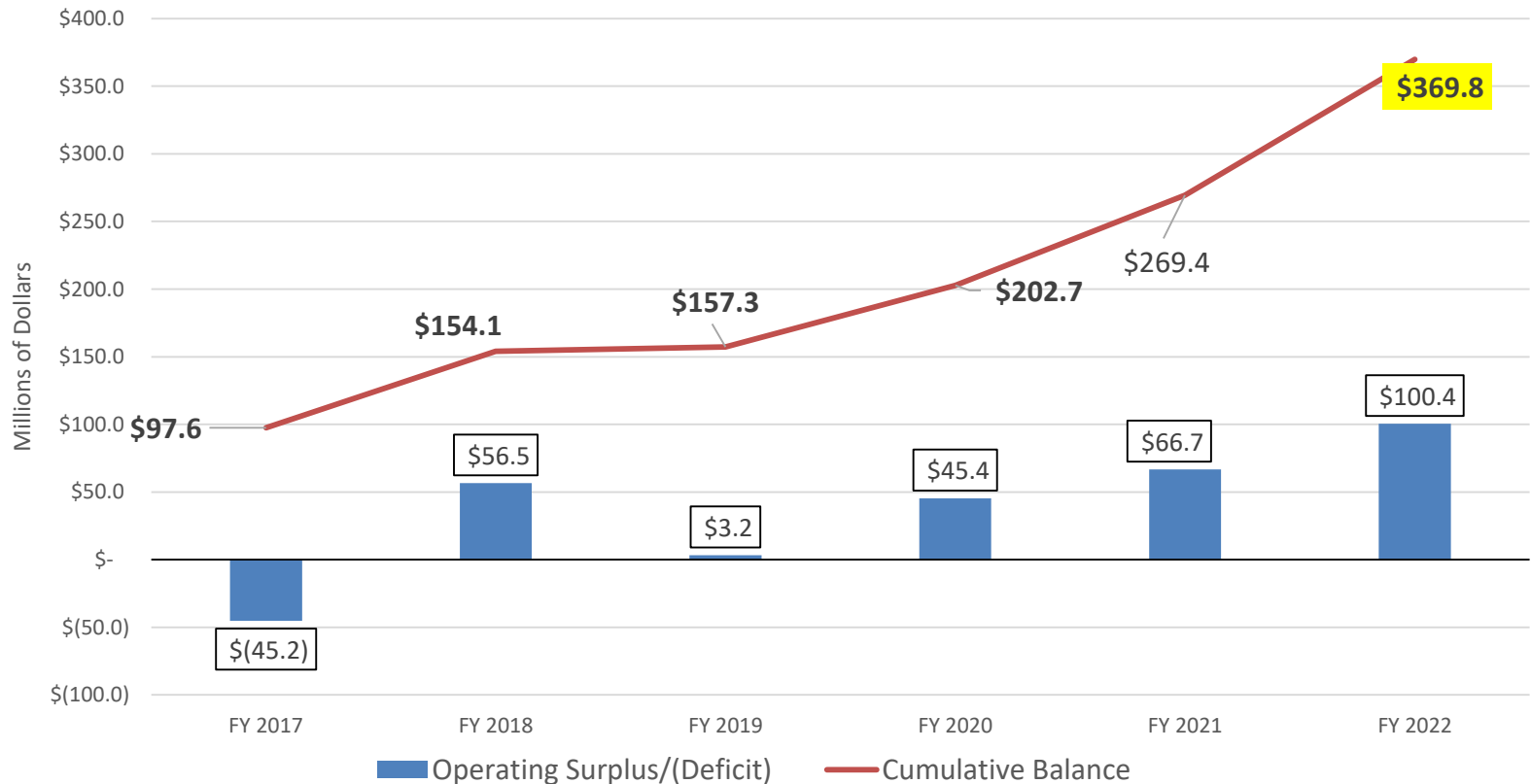


- Dedication of New Car Sales Tax
 - FY19 -- 8% (\$29M *increased* revenue to STF)
 - FY20 – 33%
 - FY21 – 56%
 - FY22 – 75%
 - FY23 – 100%
- GO Bonds
 - FY19 -- \$250M GO Bonds
 - FY20 -- \$250M GO Bonds

STF Forecast -- REVISED



Special Transportation Fund Projections
REVISED Projections with May 2018 Revenue and Budget



Impacts to DOT



- **Predictable, growing funding to sustain current services and “Ramp-Up” level of capital investment for 5 years**
- FY19
 - Position funding restored
 - Rest areas remain open
 - PAYGO at \$13.6M (no funding for MS4)
 - No fare increases or service cuts
 - Deferral of projects avoided
 - STF “surplus” of \$3.2M
- \$1B “cap” in bonding in FY19 and FY20

Operating Budget



DEPARTMENT OF TRANSPORTATION - OPERATING BUDGET SUMMARY			
ACCOUNT	SID	FY 2018 PA 17-2	FINAL S.B. 543 FY2019 (5-9-2018)
Authorized Position Count >		3357	3362
PERSONAL SERVICES	10010	175,824,829	175,874,964
OTHER EXPENSES	10020	53,727,023	53,214,223
EQUIPMENT (REGULAR)	10050	1,341,329	1,341,329
MINOR CAPITAL PROJECTS	10070	449,639	449,639
HIGHWAY PLANNING & RESEARCH	12017	3,060,131	3,060,131
RAIL OPERATIONS	12168	173,370,701	211,673,193
BUS OPERATIONS	12175	156,352,699	191,687,787
ADA PARA-TRANSIT PROGRAM	12378	38,039,446	41,839,446
NON-ADA DIAL-A-RIDE PROGRAM	12379	1,576,361	1,576,361
PAY-AS-YOU-GO TRANSP.PROJECTS	12518	13,629,769	13,629,769
PORT AUTHORITY	12590	400,000	400,000
TRANSPORTATION TO WORK	16276	2,370,629	2,370,629
TOTAL - DOT APPROPRIATIONS		620,142,556	697,117,471
change from gov >			7,580,395
change from PA 17-2 >			40,513,404

Capital Budget



DOT CAPITAL BUDGET			
		SFY 2018 Authorized Budget	SFY 2019 Final Budget
Program			
STO BONDS			
<u>ENG & HWY</u>	Resurfacing	75,000,000	75,000,000
	STP/Urban Systems	14,776,250	16,217,392
	Local Transp.Capital Improvement Program	62,000,000	64,000,000
	State Bridge	33,000,000	33,000,000
	Interstate	13,000,000	13,000,000
	Intrastate	44,000,000	44,000,000
	Fix-it First Roads	55,000,000	55,000,000
	Fix-it First Bridge	111,115,000	99,760,000
	Local Bridge	0	24,000,000
	Highway and Bridge Renewal Equip.	10,400,000	10,400,000
	Environ. Compliance/Soil Remediation	17,660,000	15,000,000
	Town Aid Road	30,000,000	30,000,000
		Subtotal	465,951,250
<u>PUB TRANS</u>	Bus and Rail Facilities, Equip & Related	236,250,000	246,000,000
<u>LET'S GO</u>	<u>Let's Go CT Capital Program</u>	\$551,700,000	\$749,800,000
F&A	DOT Facilities	63,132,500	44,247,000
	Subtotal all Programs	\$1,317,033,750	\$1,519,424,392
	Cost of Issuance	55,000,000	55,000,000
TOTAL STO BONDS		\$1,372,033,750	\$1,574,424,392
NON-STO BONDS	Town Aid Road	30,000,000	30,000,000
TOTAL		\$1,402,033,750	\$1,604,424,392

Next Steps



- Bond Commission – June
- Restart projects and programs
- Prepare new 5-year Capital Program
- Prepare 5-year Operating budget strategy

TOLLS



July Bond Commission authorized \$10M

- 10 – 20 year Strategic Financial Plan
- Public outreach
- Environmental assessment
- Preliminary design documents
- Revenue and cost estimates
- Traffic forecasts
- Concept of operations



2018 LOOK AHEAD

2018 LOOK AHEAD



- Complete section of East Coast Greenway in Cheshire
- Complete widening of I84 in Waterbury
- Start construction of Charter Oak Bridge project
- Initiate project to remove signals on Route 9 in Middletown
- Complete West River Bridge
- Rehabilitation of I84/Route 8 interchange
- Atlantic Street Bridge replacement
- Arrigoni Bridge rehabilitation
- Watertown Bus Maintenance Facility
- Hartford Rail Line opening
- Walk Bridge construction
- Complete Positive Train Control
- SMART Card for bus transportation



Thank You