

State of Rhode Island and Providence Plantations

Executive Summary



Fiscal Year 2019

Gina M. Raimondo, Governor

Transportation

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Summary

The transportation function provides for the maintenance and construction of quality infrastructure that reflects the transportation needs of the citizens of Rhode Island. The function is implemented by the Department of Transportation through its core programs (Central Management, Management and Budget, Infrastructure Engineering, and Infrastructure Maintenance) and 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 Department of Transportation 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 the goal of establishing a stable revenue stream capable of financing the projects on a pay-as-you-go basis.

For FY 2018, the Intermodal Surface Transportation Fund is supported by 32.5-cents of Rhode Island's 34.0-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), the Rhode Island Turnpike and Bridge Authority (RITBA), 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 Office of Revenue Analysis within the Department of Revenue has provided the gasoline tax collections estimates for FY 2018 and FY 2019 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 was a change to the disbursement schedule in the enacted FY 2010 Budget, which increased the RIPTA allocation and the total gasoline tax by 2.0-cents, and an increase to the Department of Transportation of 1.0-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 from motor fuel sales to owners and/or operators of underground storage tanks has been used to support RIPTA.

The most recent change to this funding mechanism occurred when the 2014 General Assembly passed Article 21 of the FY 2015 Appropriations Act. Starting in FY 2015, 3.5-cents of the gasoline tax is transferred to the RITBA, to be used for maintenance operations, capital expenditures and debt service on any of its projects in lieu of a toll on the Sakonnet River Bridge, with a corresponding decrease to the Department of Transportation's share of the gasoline tax. Furthermore, starting in FY 2016, the gasoline tax will be adjusted biennially by the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Bureau of Labor Statistics. The adjustment will be rounded to the nearest 1.0-cent increment, while the total tax cannot be less than 32.0-cents per gallon on all taxable gallons of fuel sold or used in Rhode Island in any given year. In FY 2018, the gasoline tax did not increase, as there was not enough growth to produce an increase.

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	Current Law Gasoline Tax Allocation (in cents)						
	Fiscal Year						
<u>Recipient</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
DOT	21.75 ³	21.75	18.25 ⁶	19.25 ⁷	19.25	19.25 ⁸	19.25
RIPTA ¹	9.75 ⁴	9.75	9.75	9.75	9.75	9.75	9.75
RITBA	0.0	0.0	3.5	3.5	3.5	3.5	3.5
General Fund ¹	0.0 ³	0.0	0.0	0.0	0.0	0.0	0.0
DHS/DEA	1.0 ⁵	1.0	1.0	1.0	1.0	1.0	1.0
Underground Storage Tank-DEM	0.5 ²	0.5	0.5	0.5	0.5	0.5	0.5
Total:	33.0	33.0	33.0	34.0	34.0	34.0	34.0

¹Increased to 7.25 cents in May 2006 (FY 2006) with a corresponding decrease to the General Fund.

²Starting in FY 2009, 0.5 of the 1.0 cent Underground Storage Tank fee was recommended for allocation to RIPTA.

³Starting in FY 2010, 1.0 of the remaining cent distributed to the General Fund was recommended to finance Department of Transportation operations.

⁴Starting in FY 2010, 2.0 new cents of gasoline tax were added to the total for 33.0 cents now collected; the additional two cents were allocated to finance RIPTA.

⁵Starting in FY 2010, 1.0 cent formerly directed to Department of Elderly Affairs are now sent to Department of Human Services.

⁶Starting in FY 2015, 3.5 cents of gasoline tax are distributed to the Turnpike and Bridge Authority, with a corresponding decrease to the Department of Transportation.

⁷Starting in FY 2016, the gasoline tax shall be adjusted by the percentage of increase in the CPI-U.

⁸CPI-U growth was not high enough to increase the gasoline tax for FY 2018.

In recent years, Rhode Island has modified its transportation financing system to reduce reliance on debt financing and to provide additional resources for state projects. Rhode Island General Law 39-18.1-4 created the Rhode Island Highway Maintenance Account within the Intermodal Surface Transportation Fund. Article 22, included in the FY 2012 Enacted Budget, increased registration and license fees and dedicated those new revenues to transportation purposes, namely as a piece of the state match used toward the department's federal highway program. The Article prescribed a three-year, phased increase in registration and license fees, which began in FY 2014. Two-year registrations and drivers' licenses would each be increased by \$30 (\$10 per year for three-years), while one-year registrations would be increased by \$15 (\$5 per year for three-years).

In the 2014 legislative session, the financing mechanism for transportation infrastructure and bridge repairs changed dramatically when the General Assembly, as part of the FY 2015 Enacted Budget, passed Article 21 – Relating to Transportation, which:

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- Raised the state vehicle inspection fee by \$16.00, from \$39.00 to \$55.00. Previously \$16.00 of this fee had been deposited into the general fund; now, a total of \$32.00 (\$16.00 previous funds and the \$16.00 increase) is deposited into the Rhode Island Highway Maintenance Account.
- Added a \$25.00 surcharge on all dismissals based on a good driving record. The previous fee of \$35.00 covers court costs; the additional \$25.00 is deposited into the Highway Maintenance Account.
- Transferred existing motor vehicle fees, surcharges and tax revenues from the general fund to the Highway Maintenance Account, including:
 - \$50.00 fee to receive a certificate of title for a purchased vehicle.
 - Rental Vehicle Surcharge – 8.0 percent of gross receipts per rental vehicle for the first thirty days.
 - A multi-year phase-in for all remaining motor vehicle fees beginning in FY 2016.

While the passage of Article 21 was an important step to creating a state-funded program for transportation infrastructure and transit, during the 2015 General Assembly session, the Department of Transportation and the Governor’s Administration put forward the RhodeWorks proposal to fund Rhode Island’s transportation infrastructure needs for the next decade. Passed in early 2016, the plan includes the refinancing of existing Grant Anticipation Revenue Vehicle (GARVEE) debt to shift payments into the future and make \$120 million in federal funds more immediately available (during the initial years of the proposed program), as well as the issuance of \$300 million in new GARVEE bonds. Additionally, the plan includes the tolling of large commercial trucks beginning in FY 2018, resulting in an estimated \$41.0 million of revenue per year when implemented. The focus of the program is the reduction of the number of structurally deficient bridges in Rhode Island, from 22.0 percent in 2014 to 10.0 percent in 2025.

Federal Funding

Primary funding for Rhode Island transportation and highway construction spending is provided through the Federal Highway Administration (FHWA). Federal highway funding is provided through the Highway Trust Fund and other sources, as appropriated and allocated by Congress through transportation authorization legislation. Typically, these authorization provisions extend five to six years, allowing for mid-range capital planning at the state level. The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), which was passed in August 2005, authorized funding for highway construction, highway safety programs, mass transit operations, and other surface transportation projects over a five-year period, from 2005 to 2009. The Act expired in 2009, but was extended for short periods with minor adjustments to the substantive provisions.

In June 2012, Congress approved a two-year transportation authorization called Moving Ahead for Progress in the 21st Century (MAP-21). MAP-21 intended to create a streamlined and performance-based surface transportation program and build on and refine many existing highway, transit, bike, and pedestrian programs and policies. Again, there multiple short-term extension after the expiration of the original MAP-21 term.

After years of short-term fixes, on December 4, 2015, the President signed into law the Fixing America’s Surface Transportation (FAST) Act that authorizes federal highway, highway safety, transit, and rail programs for five-years from Federal Fiscal Year 2016 through FFY 2020. The FAST Act represents the first long-term comprehensive surface transportation legislation since the SAFETEA-LU Act in 2005.

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Transportation Improvement Program

The Highway Improvement Program implements the Department'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 set period from federal highway and transit funds. The development of 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. Federal law requires that all projects using federal transportation funds shall appear in a TIP adopted by the State Planning Council and approved by the Governor. Up until FY 2017, Rhode Island developed four-year TIPs, with the last one expiring on September 30, 2016. Moving forward, the State will develop a 10-year TIP, with updates and re-adoption each year. This approach increases the frequency of public participation and allows for more accurate planning. The first four years of the TIP will be fiscally constrained, meaning that the projects included may not exceed the anticipated funding that is reasonably expected to be available over the four-year time period. The FFY 2017 – 2025 TIP was passed on September 8, 2016.

DEPARTMENT OF TRANSPORTATION					
Source Of Funds	FY 2016 Actuals	FY 2017 Actuals	FY 2018 Enacted	FY 2018 Revised	FY 2019 Recommended
General Revenue	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$254,067,959	\$240,249,803	\$285,390,062	\$290,957,841	\$292,015,160
Restricted Receipts	\$2,890,620	\$1,516,861	\$3,168,128	\$3,086,078	\$3,034,406
Other Funds	\$126,118,709	\$142,311,488	\$181,781,930	\$249,939,918	\$245,560,863
RI Capital Plan Fund	\$12,052,271	\$38,103,232	\$43,724,952	\$51,059,476	\$51,822,782
Total Funding	\$395,129,559	\$422,181,384	\$514,065,072	\$595,043,313	\$592,433,211
FTE Authorization	701.0	701.0	775.0	775.0	795.0

FY 2018 Revised Budget

The Governor recommends revised FY 2018 appropriations of \$595.0 million for the Department of Transportation, including \$291.0 from federal funds, \$249.9 million from other funds, \$51.1 million from the Rhode Island Capital Plan Fund, and \$3.1 million in restricted receipts. Relative to FY 2018 enacted levels, recommended federal funds increase by \$5.6 million, Rhode Island Capital Plan Fund financing increases by \$7.3 million, while restricted receipts decrease by \$82,050 from enacted levels. Other funds increase by a total of \$67.5 million from enacted levels. The other funds total includes gasoline tax expenditures for the Department of Transportation, RIPTA, Turnpike and Bridge Authority, and GARVEE/Motor Fuel Revenue Bonds, as well as Rhode Island Highway Maintenance Account funds, toll revenue, land sale proceeds, non-land surplus property revenues, and other miscellaneous receipts.

Revenues derived from the gasoline tax and the Highway Maintenance Account, which combined, make up the state-funded portion of the Intermodal Surface Transportation Fund. The revised estimated state gas tax revenue available in FY 2018 is \$142.0 million, which represents the revised per-penny gasoline tax yield estimate of \$4,449,465.

Adjustments to the total gasoline tax appropriation for the Department of Transportation include projected transfers to the Department of Administration to finance transportation-related general obligation bond debt service costs of \$39.4 million. The Department of Transportation receives \$1.9 million through the Build America Bond rebates that will be used to reduce the amount of gasoline tax used for debt service.

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The total general obligation debt service the Department of Transportation is responsible for paying in FY 2018 remained at the enacted level of \$41.2 million, as there was no change in the debt service schedule.

Through consolidation efforts over the years, the Department of Transportation finances employees through gas tax revenues and budgets those positions within the Department of Administration. A total of \$1.5 million represents financing of purchasing, audit, and planning positions that exist within the Department of Administration for employees who work with the Department of Transportation. Additionally, pursuant to authority provided by the General Assembly in the FY 2018 Appropriations Act, increased funding totaling \$2.3 million is now reflected in the agency gas tax budget for FY 2018. This accounts for the decentralization of budgetary authority for statewide internal services provided by the Department of Administration's Divisions of Human Resources and Information Technology.

The revised estimated receipts for the Rhode Island Highway Maintenance Account portion of the Intermodal Surface Transportation Fund in FY 2018 are \$142.0 million. This includes a positive carryforward of \$66.0 million from FY 2017. As part of Article 21, all remaining registration and license fees were to be transferred from the General Fund to the Intermodal Surface Transportation Fund beginning in FY 2016, in a phased-in approach (25.0 percent in FY 2016, 75.0 percent in FY 2017, and 100.0 percent in FY 2018). The 2017 General Assembly adjusted the phase-in schedule to 50.0 percent in FY 2017, 80.0 percent in FY 2018, and 100.0 percent in FY 2019. As part of the revised FY 2018 Budget, the Governor recommends reducing the schedule phase-in for FY 2018 to 60.0 percent, which will result in \$10.3 million less in revenue for the Intermodal Surface Transportation fund. The Governor recommends 100.0 percent in FY 2019.

Article 21 also designated five-percent of all Highway Maintenance Account receipts to be transferred to support operational expenses at the Rhode Island Public Transit Authority (RIPTA). The 2017 General Assembly directed an additional \$5.0 million per year for FY 2018 and FY 2019. The additional funding will be used to offset a reduction in revenue from the reinstatement of free rides for elderly and disabled riders and to fund debt service on outstanding general obligation bonds, which had been funded using general revenues for the previous two years.

Central Management

Within the Central Management program, the Governor recommends revised FY 2018 appropriations of \$13.0 million, including \$8.1 million from federal funds and \$4.9 million from gas tax revenues. Relative to FY 2018 enacted levels, recommended federal financing increases by \$1.3 million, while gas tax revenue financing increases by \$99,923. The Governor's recommendation includes \$248,688 in gas tax financing for internal services previously budgeted within the Department of Administration.

Management and Budget

Within the Management and Budget program, the Governor recommends revised FY 2018 appropriations of \$5.3 million, entirely from gas tax revenues. Relative to FY 2018 enacted levels, recommended gas tax revenue financing increases by \$2.3 million, not including statewide decreases to medical insurance rates. \$1.6 million of the increase is due to internal services previously budgeted within the Department of Administration. The remainder is mostly due to a decrease in the amount of expenses allocated for personnel costs associated with administering federally sponsored programs; a corresponding increase exists in the Infrastructure-Engineering program.

Infrastructure-Engineering

Within the Infrastructure-Engineering program, the Governor recommends revised FY 2018 appropriations of \$413.5 million, including \$282.9 million from federal funds, \$75.1 million from gas tax revenues, \$4.0 million in toll revenues, \$45.8 million from the Rhode Island Capital Plan Fund, \$2.6 million from other

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funds, and \$3.1 million in restricted receipts. Relative to FY 2018 enacted levels, recommended federal financing increases by \$4.3 million, gas tax revenues decrease by \$1.1 million, toll revenues increase by \$4.0 million, Rhode Island Capital Plan Funds increase by \$7.1 million, other funds decrease by \$41,997, and restricted receipt funds decrease by \$82,050, attributable to adjustments detailed below.

- *Highway Improvement Program – Rhode Island Capital Plan Fund Financing.* In addition to the gasoline tax revenues and the Rhode Island Highway Maintenance Account generated revenues, the Department of Transportation’s Highway Improvement Program (HIP) represents those highway and intermodal projects that utilize federal funds administered by the Federal Highway Administration. Other than federal grant funds, the HIP utilizes state funds for matching and non-matching purposes. To begin the elimination of general obligation bond financing for the Department of Transportation’s federal highway match, the General Assembly appropriated \$20.0 million in FY 2013 and \$21.1 million in FY 2014 from the Rhode Island Capital Plan Fund. The trend to use Rhode Island Capital Plan Fund financing as a portion of the state match was accelerated in the enacted FY 2015 Budget, which contained \$27.7 million and even more so in the enacted FY 2016 Budget, which contained \$34.7 million of state match financing, and the enacted FY 2017 Budget, which contained \$32.5 million. The enacted FY 2018 Budget increased again to \$35.9 million. This included \$3.4 million to offset the transfer of revenues from the Highway Maintenance Account for the Rhode Island Public Transit Authority. Additionally, based on unspent carry forward in Rhode Island Capital Plan Fund financing from FY 2016, an extra \$31.5 million was programmed over the following six years (or approximately \$5.2 million per year). The Governor’s total recommendation for the revised FY 2018 Budget is \$42.9 million, which includes \$7.1 million of unspent carryforward from FY 2017.
- *Operating Transfer to Rhode Island Public Transit Authority (RIPTA).* The continued emphasis toward a more balanced multimodal transportation system extends to statewide mass transit programs as well. Operating assistance to RIPTA will be financed from a 9.25-cent allocation of the gasoline tax, as well as an additional 0.5-cent of the 1.0-cent Underground Storage Tank fee. The Governor recommends an operating transfer of \$43.4 million to RIPTA for operating assistance, which is a decrease of \$936,146 from the enacted FY 2018 Budget based on revised estimates to the per-penny gas tax yield.
- *Operating Transfer to Rhode Island Turnpike and Bridge Authority.* As referenced earlier, the General Assembly authorized the transfer of 3.5-cents of the gasoline tax to the Turnpike and Bridge Authority beginning in FY 2015 in place of toll revenues on the Sakonnet Bridge. For FY 2018, the Governor recommends an operating transfer of \$15.6 million to the Turnpike and Bridge Authority, which is a decrease of \$336,052 from the enacted FY 2018 Budget based on revised estimates to the per-penny gas tax yield.
- *Operating Transfer – Motor Fuel Tax Revenue Bonds.* The gas tax-funded debt service on the Motor Fuel Tax revenue bonds totals \$9.1 million in the enacted FY 2018 Budget, which is paid using 2.0-cents of total gas tax revenues. The Governor recommends \$8.9 million in the revised FY 2018 Budget, a decrease of \$192,030, based on revised estimates to the per-penny gas tax yield.
- *Toll Revenue.* As part of RhodeWorks, the Department of Transportation plans to open two gantries to toll commercial trucks early in 2018. The remainder of the gantries will open later in the year. Estimated revenue for FY 2018 is \$4.0 million.

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- *Internal Services.* The Governor recommends \$504,912 in gas tax revenues and \$1.3 million in federal funds to go towards internal services previously budgeted within the Department of Administration.

Infrastructure-Maintenance

Within the Infrastructure-Maintenance program, the Governor recommends revised FY 2018 appropriations of \$163.3 million, including \$142.0 million from the Rhode Island Highway Maintenance Account, \$15.9 million from gas tax revenues, \$5.3 million from the Rhode Island Capital Plan Fund, and \$150,000 from other funds. Relative to FY 2018 enacted levels, recommended Rhode Island Highway Maintenance Account revenues increase by \$67.5 million, gas tax revenues decrease by \$4.7 million, Rhode Island Capital Plan Fund financing increases by \$280,313, while other funds remain at the enacted level, attributable to adjustments detailed below.

- *Maintenance Vehicles/Heavy Equipment Purchases.* The Governor recommends \$18.0 million in gas tax funding for the purchase of vehicles and heavy equipment for maintenance staff in the FY 2017 revised budget, which is \$11.2 million higher than enacted levels. The increase is due a delay in planned purchases from FY 2017 to FY 2018. The additional vehicles and equipment are required for the planned increase of maintenance staff as part of the RhodeWorks program.
- *Infrastructure Projects.* The Governor recommends \$142.0 million in Highway Maintenance Account funding, which is \$67.5 million more than enacted levels, for various transportation capital projects. Most of the increase is from unspent funds from FY 2017 that will be used on a number of major construction projects, including the reconstruction of the Route 6/10 interchange.

FY 2019 Recommended Budget

The Governor recommends FY 2019 appropriations of \$592.4 million for the Department of Transportation, including \$292.0 million from federal funds, \$245.6 million from other funds, \$51.8 million from the Rhode Island Capital Plan Fund, and \$3.0 million in restricted receipts. Relative to FY 2018 enacted levels, recommended federal funds increase by \$6.6 million, Rhode Island Capital Plan Fund financing increases by \$8.1 million, and restricted receipts decrease by \$133,722 from the enacted budget. Other funds for the Department of Transportation increase by a total of \$63.8 million from FY 2018 enacted levels. The other funds total includes gasoline tax expenditures for the Department of Transportation, RIPTA, Turnpike and Bridge Authority, and GARVEE/Motor Fuel Revenue Bonds, as well as Rhode Island Highway Maintenance Account funds, toll revenue, land sale proceeds, non-land surplus property revenues, utility access permit fees, and other miscellaneous receipts.

The total estimated receipts for the gasoline tax portion of the Intermodal Surface Transportation Fund in FY 2019 are \$144.3 million, which represents a gasoline tax yield estimate of \$4,440,702 per penny of the gasoline tax. The total estimated receipts for the Rhode Island Highway Maintenance Account portion of the Intermodal Surface Transportation Fund in FY 2019 are \$97.0 million, which represents an increase of \$22.6 million from FY 2018 enacted levels. Rhode Island General Law 39-18.1-4 transfers 100.0 percent of all existing Department of Motor Vehicle (DMV) fees to the Highway Maintenance Account as of July 1, 2018.

Projected transfers to the Department of Administration to finance transportation-related general obligation bond debt service costs are estimated at \$38.3 million in FY 2019. This includes \$1.9 million through Build America Bond rebates that are used to reduce the amount of gasoline tax used for debt

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service. Total general obligation bond debt service the Department of Transportation is responsible for paying in FY 2019 decreases by \$1.1 million from the FY 2018 enacted level of \$39.4 million.

A total of \$1.8 million represents financing of purchasing, audit, and planning positions that exist within the Department of Administration for employees who work with the Department of Transportation. Additionally, pursuant to authority provided by the General Assembly in the FY 2018 Appropriations Act, increased funding totaling \$2.5 million is now reflected in the agency gas tax budget for FY 2019. This accounts for the decentralization of budgetary authority for statewide internal services provided by the Department of Administration's Divisions of Human Resources and Information Technology.

Central Management

Within the Central Management program, the Governor recommends FY 2019 appropriations of \$11.3 million, including \$6.5 million from federal funds and \$4.8 million from gas tax revenues. Relative to FY 2018 enacted levels, recommended federal financing decreases by \$253,117, while gas tax revenue financing increases by \$40,488. Gas tax expenditures include \$251,996 for internal services previously budgeted within the Department of Administration. This increase is offset by lower personnel costs due to a decrease in FTE positions to balance increases in other programs.

Management and Budget

Within the Management and Budget program, the Governor recommends FY 2019 appropriations of \$5.3 million, entirely from gas tax revenues. Relative to FY 2018 enacted levels, recommended gas tax revenues increase by \$2.3, mostly due to the inclusion of \$1.7 million for internal services previously budgeted within the Department of Administration. In addition, as in FY 2018, a lower allocation of federal indirect expenses is recommended.

Infrastructure-Engineering

Within the Infrastructure-Engineering program, the Governor recommends FY 2019 appropriations of \$446.0 million, including \$285.5 million from federal funds, \$75.3 million from gas tax revenues, \$38.4 million from the Rhode Island Capital Plan Fund, \$41.0 million in toll revenue, \$2.6 million from other funds, and \$3.0 million in restricted receipts. Relative to FY 2018 enacted levels, recommended federal financing increases by \$6.9 million, gas tax revenues decrease by \$848,750, Rhode Island Capital Plan Funds decrease by \$276,159, other funds decrease by \$25,310, and restricted receipt funds decrease by \$133,722, attributable to adjustments detailed below.

- *Highway Improvement Program – Rhode Island Capital Plan Fund Financing.* The Governor's FY 2019 recommendation includes \$35.9 from the Rhode Island Capital Plan Fund for the state match on federally funded transportation projects, equal to FY 2018 enacted levels.
- *Rhode Island Public Transportation Authority (RIPTA) – Rhode Island Capital Plan Fund Financing.* The Governor's FY 2019 recommendation includes Rhode Island Capital Plan Funds for three different RIPTA capital projects. A total of \$90,000 is recommended in FY 2019 as the match to an ongoing transit and security enhancement project. Match funding in FY 2019 is also recommended for the second year of two RIPTA projects that will begin in FY 2018: the Downtown Providence Transit Connector project (\$1.6 million in FY 2019), which will provide enhanced service through the heart of city; and the Downtown Pawtucket Bus Hub and Transit Corridor project (\$946,168 in FY 2019), which will encompass the construction of a new bus hub and infrastructure adjacent to the future Pawtucket-Central Falls Train Station. The funding for all three projects in FY 2019 is \$1.7 million greater than 2018 enacted levels.

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- *Rhode Island Airport Corporation (RIAC) – Rhode Island Capital Plan Fund Financing.* Between FY 2017 and FY 2018, RIAC received \$5.0 million in Rhode Island Capital Plan Fund financing to for runway construction and the completion of an expanded Federal Inspection Service facility to support new international flights arriving at T. F. Green Airport. The Governor does not recommend Rhode Island Capital Plan Fund financing for RIAC in FY 2019.
- *Federal Highway Administration Pledge to Trustee.* 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 2003, 2006 and 2009, the State completed the first, second and third parts of a three-part bond transaction that provided \$680.0 million in construction funds for five major infrastructure projects financed by two methods. The majority of the costs have been financed through Grant Anticipation Revenue Vehicle bonds (GARVEE). GARVEE is a program approved by Congress that allows states to borrow funds, which are then repaid by the annual allocation of Federal Highway Administration construction funds. The remaining costs were provided through Motor Vehicle Tax Revenue Bonds. These bonds are financed through a 2.0-cent dedication of the Department's gasoline tax allocation. The projects financed under this program were the I-95 Relocation, Washington Bridge Reconstruction, a new Sakonnet River Bridge, the Freight Rail Improvement Program and Quonset Rt. 403 construction. The RhodeWorks 10-year plan includes a proposal to refinance GARVEE debt to shift payments into the future and make \$120.0 million in federal funds more immediately available. In FY 2016, an additional \$300.0 million in new GARVEE bonds was made available, which requires only interest payments for the first nine years. The debt service on the GARVEE bonds to be paid through the FHWA allocation is \$57.5 million in the Governor's recommendation for the FY 2019 Budget, which is \$34.0 million more than enacted levels (to include the additional principal payments on the new issuances). The expense is reflected in the Department's operating budget as a federal fund source.
- *Operating Transfer to Rhode Island Public Transit Authority (RIPTA).* Operating assistance to RIPTA will be financed from a 9.25-cent allocation of the gasoline tax, as well as an additional 0.5-cent of the 1.0-cent Underground Storage Tank fee. In FY 2019, the Governor recommends an operating transfer of \$43.3 million to RIPTA for operating assistance, which is a decrease of \$1.0 million from FY 2018 enacted levels.
- *Operating Transfer to Rhode Island Turnpike and Bridge Authority.* Operating assistance to the Turnpike and Bridge Authority will be financed from a 3.5-cent allocation of the gasoline tax. In FY 2019, the Governor recommends an operating transfer of \$15.5 million to the Turnpike and Bridge Authority for operating assistance, which is a decrease of \$366,723 from FY 2018 enacted levels.
- *Operating Transfer – Motor Fuel Tax Revenue Bonds.* The gas-tax funded debt service on the Motor Fuel Tax revenue bonds totals \$8.9 million in FY 2019, which is paid using 2.0-cents of total gas tax revenues. This is a \$209,556 decrease from FY 2018 enacted levels.
- *Toll Revenue.* The Governor recommends \$41.0 million of toll revenue in FY 2019 to reflect the completion and operation of all planned toll gantries. Toll revenue was not included in the FY 2018 enacted budget.

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- *Internal Services.* The Governor recommends \$511,627 in gas tax revenues and \$1.3 million in federal funds to go towards internal services previously budgeted within the Department of Administration.

Infrastructure-Maintenance

Within the Infrastructure-Maintenance program, the Governor recommends FY 2019 appropriations of \$129.8 million, including \$97.0 million from the Rhode Island Highway Maintenance Account, \$18.8 million from gas tax revenues, \$13.4 million from the Rhode Island Capital Plan Fund, and \$650,000 from other funds. Relative to FY 2018 enacted levels, recommended Highway Maintenance Account revenues increase by \$22.6 million, gas tax revenues decrease by \$1.8 million, Rhode Island Capital Plan Fund financing increases by \$8.4 million, and other funds increases by \$500,000, attributable to adjustments detailed below.

- *Personnel Costs.* The FY 2019 Governor's recommendation includes \$28.0 million for personnel costs, which is \$1.9 million more than the enacted FY 2018 Budget. This is due to a department-wide increase in FTE positions, most of which exist within the Infrastructure-Maintenance program. These include a number of highway and bridge maintenance operators to further the Department's goal of relying less on outside contracts for maintenance services.
- *Road and Bridge Maintenance.* The FY 2019 Governor's recommendation includes \$69.4 million in Highway Maintenance Account funds for road and bridge maintenance, which is \$22.1 million higher than FY 2018 enacted levels. This is due to additional revenues from the final phase in the remaining Department of Motor Vehicles fees transferred from the General Fund that will be used for road and bridge maintenance.
- *Transfer of Operational Expenses.* In FY 2019, the Governor recommends \$3.8 million less than in the enacted FY 2018 Budget gas tax budget for maintenance expenses, including winter and vehicle maintenance. The decrease is for the shifting of some of these expenses to Highway Maintenance Account funds, due to slightly lower gas tax revenues and higher Highway Maintenance Account revenues.
- *Maintenance and Repair of Local Transportation Infrastructure – Rhode Island Capital Plan Fund Financing.* The Governor recommends \$10.0 million from the Rhode Island Capital Plan Fund in FY 2019 to fund pavement repair and other transportation asset protection projects in cities and towns. These investments will extend the life of local infrastructure and create safer and more enjoyable driving conditions for residents.
- *Operating Transfer to Rhode Island Public Transit Authority (RIPTA).* Based on an estimated total of \$97.0 million expected to be deposited into the Highway Maintenance Account in FY 2019, RIPTA is scheduled to receive \$9.9 million, or five-percent of total available revenues, plus an additional \$5.0 million. This is \$506,976 higher than FY 2018 enacted levels, due to additional revenues from the final phase in the remaining Department of Motor Vehicles fees transferred from the General Fund to the Highway Maintenance Account.
- *Utility Access Permit Fees.* Beginning in FY 2019, the Governor recommends instituting a fee on permits requested by utilities for access to Department of Transportation right-of-ways. The fee will help fund administrative costs associated with the issuing of permits. The Governor recommends \$500,000 in FY 2019 as additional revenue available for use by the Department of Transportation.

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Full-Time Equivalent Positions

The Governor recommends 775.0 FTE positions in the revised FY 2018 Budget, unchanged from the FY 2018 enacted level. In FY 2019, the Governor recommends 795.0 FTE positions or an increase of 20.0 authorized FTE positions from the FY 2018 enacted level. The increase in positions is part of the Department's goal to reduce reliance on contracted services for maintenance operations and includes a highway and bridge operators and laborers, as well as some positions devoted to design and engineering support.

