

Government Services Committee

Wednesday, September 19, 2012
Roughrider Room, State Capitol

North Dakota Department of Transportation
Grant Levi, Deputy Director of Engineering

Mr. Chairman and members of the committee, I'm Grant Levi of the North Dakota Department of Transportation (DOT). Today we will discuss the following topics:

- Federal Funding (Provisions of the Federal Highway Bill)
- 2011-2013 Budget Status
- Highway Tax Distribution Fund
- Fargo District Office information

Federal Funding

On June 29, the House and Senate passed a new two-year \$105 billion surface transportation reauthorization bill, called Moving Ahead for Progress in the 21st Century or MAP-21.

The bill reauthorizes the federal-aid highway, highway safety, and transit programs which were last authorized by the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) passed in 2005.

The bill states North Dakota's apportionment will be:

- \$240.5 million in 2012 and 2013.
- \$242.5 million in 2014.

In addition to apportionment, the state needs obligational authority for the funding. In fiscal year 2012, DOT received \$234.5 million of obligational authority. In looking to the future Congress has not yet passed a bill to give states obligational authority for fiscal year 2013. At the present time Congress is discussing a six month extension which would provide half of the needed obligational authority funding. This may limit the DOT's ability to get projects done next year. Over the past five years, DOT received an average of approximately \$245 million in obligational authority a year.

MAP-21 does contain some provisions to streamline the environmental process, but it also adds additional reporting requirements. The following table, modified from a draft AASHTO briefing paper, summarizes the performance measures required by MAP-21.

MAP-21 National Performance Measure Requirements

National Goal Area	National Performance Measure
Safety	1. Serious Injuries and Fatalities per VMT 2. Number of Serious Injuries and Fatalities
Infrastructure Condition	3. NHS Bridge Condition 4. Interstate System Pavement Condition (including minimum levels set by the Secretary) 5. NHS Pavement Condition (<i>excluding Interstate</i>)
Congestion Reduction	6. Traffic Congestion
System Reliability	7. Interstate Sys. Performance 8. NHS Performance (<i>excluding the Interstate</i>)
Freight Movement and Economic Vitality	9. Freight Movement on the Interstate System
Environmental Sustainability	10. On-Road Mobile Source Emissions

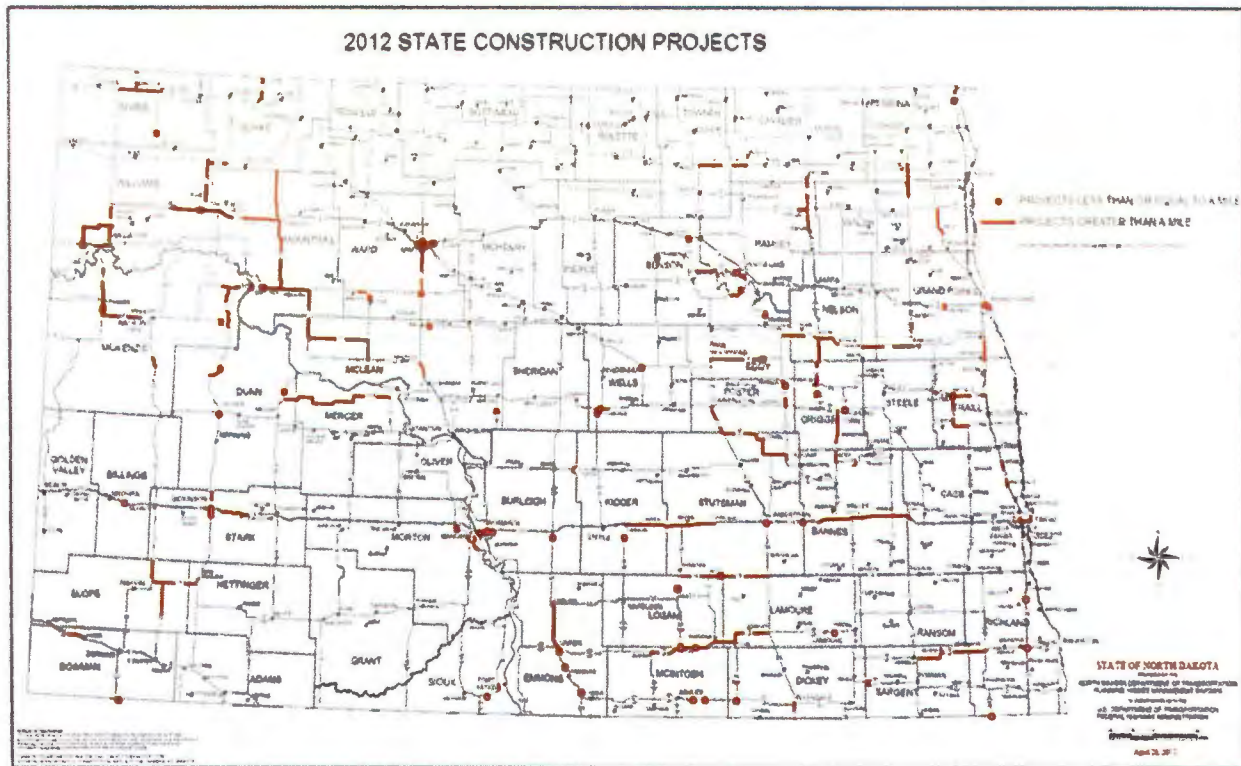
The additional reporting requirements may require additional staffing.

The Department is currently reviewing MAP- 21 (nearly 600 pages of legislation) and we will report on more details at another time.

2011-2013 Budget Status

The DOT’s biennium budget including federal funds is approximately at the level projected during the session for the first year of the biennium.

- As provided in HB1012 and during the special session last year, the Department was given authority to borrow up to \$200 million for Emergency Relief projects. At this time federal payments are coming in, therefore we estimate the amount borrowed will be in the range of \$40-50 million(match). The Department has borrowed \$7.5 million from the Bank of North Dakota at this time. Repayment of borrowed funds will need to be addressed in the 2013-2015 budget.
- **Construction Status**
 - The construction program for 2012 is approximately \$550 million. Additionally there is \$81 million in carry over for 2011 on the state system and \$105 million to be completed on county roads in oil country. Approximately \$700 million is being invested this year. Please see the construction map on the next page.



- **\$228 million funding for oil impact areas.** Work is progressing on several projects that utilize the \$228 million for state highway projects including:
 - **US Highway 2** - Road repair and reconstruction north of Williston to Junction of US 85.
 - **US Highway 85** - Work is nearly complete on extending existing passing lanes between Watford City and Williston. This project is part of the state's plan to convert the highway into an undivided, four-lane highway.
 - **ND Highway 23** - Improvements include widening roadway and adding passing and turning lanes east of New Town to ND 37.
 - **ND Highway 22**- Currently expanding to five lanes in north Dickinson to county line. Adding turn lanes and passing lanes 12 miles north of Killdeer to Lost Bridge. Also widening and adding passing/turning lanes from ND 73 to ND 23.
 - **Williston Northwest temporary truck bypass** has been opened to traffic.
 - **Work is also progressing on other highways** including ND 8, ND 1806 and ND 40, plus the installation of various interim traffic signal systems.
- **Truck reliever routes/temporary bypasses:**
 - The DOT also plans to complete work this year on a second temporary bypass that will provide an alternate route around Williston's eastern edge. At the request of Williston city officials and Williams County commissioners, the state plans to resurface a section of County Road 9 and County Road 6 to serve as an east-side bypass. Construction is expected to begin this fall, with completion by the end of the year.

- DOT has held public meetings to identify possible routes for a permanent bypass along the west side of Williston. The public input process and the environmental analysis required for a permanent, west-side bypass are expected to be completed in the summer of 2013. Construction should also begin next year, provided funding is available.
- The Department is going through the environmental evaluation process for other truck reliever routes/bypasses in several areas including: Dickinson, New Town, Watford City, Alexander, and Killdeer.

\$142 million funding for oil impact county projects. Work is progressing on the county and township projects. The chart below lists allocations and reimbursement each county receives:

\$142 Million Oil Fund Allocation By County

County	Allocations			Reimbursement Requests		
	Paved	Unpaved	Total	Paved	Unpaved	Total
Billings	\$ 1,204,030	\$ 773,205	\$ 1,977,235	\$ 1,204,030	\$ 773,205	\$ 1,977,235
Bottineau	\$ 4,968,000	\$ 165,854	\$ 5,133,854	\$ 3,680,831	\$ 156,641	\$ 3,837,471
Bowman	\$ 400,000	\$ 99,128	\$ 499,128	\$ 357,318	\$ 99,128	\$ 456,446
Burke	\$ 4,860,000	\$ 663,415	\$ 5,523,415	\$ 4,467,107	\$ 485,838	\$ 4,952,945
Divide	\$ 6,293,430	\$ 1,948,780	\$ 8,242,210	\$ 6,212,240	\$ -	\$ 6,212,240
Dunn	\$ 7,600,000	\$ 3,429,860	\$ 11,029,860	\$ 6,361,621	\$ 1,538,615	\$ 7,900,236
Golden Valley	\$ 1,034,000	\$ 852,509	\$ 1,886,509	\$ 1,034,000	\$ 852,509	\$ 1,886,509
McHenry	\$ -	\$ 20,732	\$ 20,732	N/A	\$ -	\$ -
McKenzie	\$ 20,004,030	\$ 3,608,292	\$ 23,612,322	\$ -	\$ 3,608,292	\$ 3,608,292
McLean	\$ -	\$ 829,268	\$ 829,268	N/A	\$ 829,268	\$ 829,268
Mercer	\$ -	\$ 39,655	\$ 39,655	N/A	\$ 39,655	\$ 39,655
Mountrail	\$ 38,604,510	\$ 3,296,341	\$ 41,900,851	\$ 34,378,255	\$ 2,828,677	\$ 37,206,932
Renville	\$ 4,932,000	\$ 393,902	\$ 5,325,902	\$ 4,932,000	\$ 150,473	\$ 5,082,473
Slope	\$ -	\$ 100,000	\$ 100,000	N/A	\$ -	\$ -
Stark	\$ 8,500,000	\$ 1,605,888	\$ 10,105,888	\$ 8,164,703	\$ 1,215,120	\$ 9,379,823
Ward	\$ 6,120,000	\$ 1,285,366	\$ 7,405,366	\$ 6,023,379	\$ 1,141,765	\$ 7,165,144
*Williams	\$ 13,680,000	\$ 4,187,805	\$ 17,867,805	\$ 10,284,495	\$ 4,187,805	\$ 14,472,300
**Total	\$ 118,200,000	\$ 23,300,000	\$ 141,500,000	\$ 87,099,978	\$ 17,906,991	\$ 105,006,969

Used all of their allocation

*\$4.0 million of Williams County unpaved allocation was used as part of their contribution for the NW Temporary bypass in Williston.

In looking to the future, DOT is aggressively addressing the development of transportation projects for the next biennium.

Highway Tax Distribution Fund

The tables below illustrate revenue amounts from the Highway Tax Distribution fund.

Estimated Motor Fuels & Registration Fee Collections for the 2011-13 biennium.			
<i>(all numbers presented in millions)</i>			
<i>Estimated Biennium to Date for the 2011-13 biennium (thirteen months of collections)</i>	Motor Fuels	Motor Vehicle Registration Fees	Total Collections
Gross Highway Tax Distribution Revenues	\$160.7	\$70.6	\$231.3 X
Deductions before Distribution (\$14.4 m for bien.) (Highway Patrol Appropriation, Ethanol, Asst. to Transferees)			<u>-7.8</u>
Net Highway Tax Distribution Revenues available for distribution			\$223.5

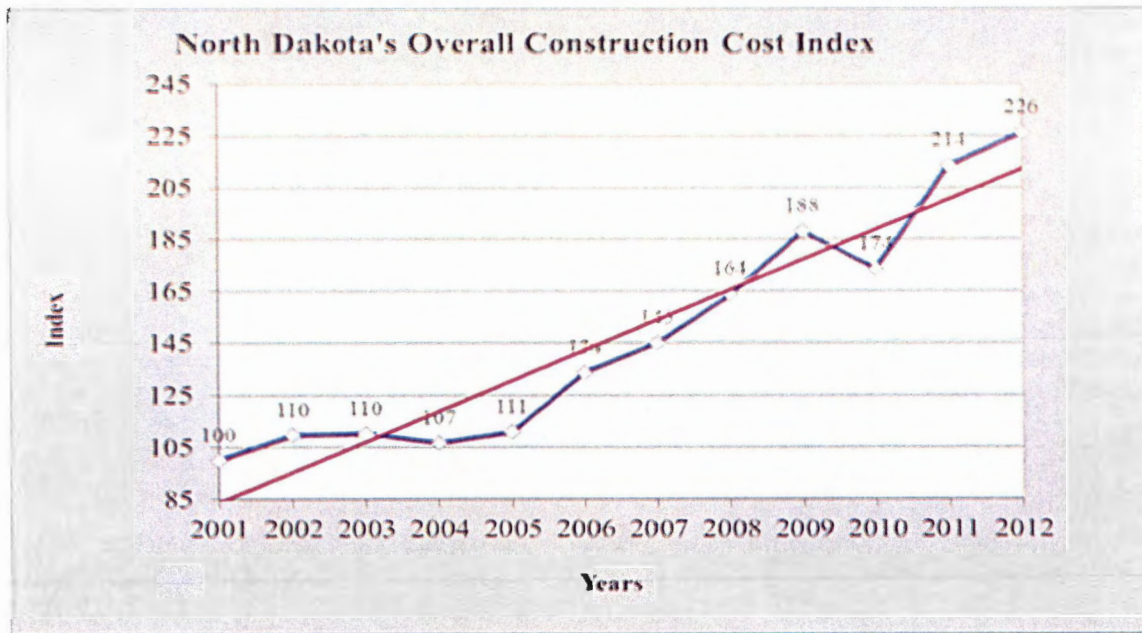
Actual Motor Fuels & Registration Fee Collections for the 2011-13 biennium.			
<i>(all numbers presented in millions)</i>			
<i>Actual Biennium to Date for the 2011-13 biennium (thirteen months of collections)</i>	Motor Fuels	Motor Vehicle Registration Fees	Total Collections
Gross Highway Tax Distribution Revenues	\$216.3	\$91.2	\$307.5 X
Deductions before Distribution (Highway Patrol Appropriation, Ethanol, Asst. to Transferees)			<u>-11.7</u>
Net Highway Tax Distribution Revenues available for distribution			\$295.8

Estimate-to-Actual Revenue Distributions from the Highway Tax Distribution Fund for 2011-13 biennium	Percent of Distributions	Actual Distributions 2011-13 biennium	2011-13 Enrolled Distributions	Growth
<i>Thirteen months of collections (all numbers presented in millions)</i>				
State Highway Fund	61.3%	\$181.3	\$137.0	\$44.3 *
Counties	22.0%	65.1	49.2	15.9
Cities	12.5%	37.0	27.9	9.1
Townships	2.7%	8.0	6.0	2.0
Transit	1.5%	4.4	3.4	1.0
	100.0%	\$295.8	\$223.5	\$72.3

* The DOT'S 2011-13 budget was based on an estimated growth in revenue and it was left short \$28.41 million. As a result \$28.41 million must be used to balance our biennial budget.

Cost of Construction

Construction cost inflation is eating up the growth in revenues. Construction project costs have increased as the price of materials used in highway construction have risen. The chart on the next page illustrates inflation is averaging more than 11% per year since 2001.



**2012 construction year is not complete and values will change.*

Fargo District Office

Pursuant to Section 12 of House Bill 1012, DOT took measures to sell the Fargo District Office over the past year. The Department created and placed advertisements in daily and weekly newspapers located in eastern North Dakota and western Minnesota every 3-4 months. The DOT also placed information on the agency's website about the sale and property which included:

- Notice of Sale
- NDDOT Fargo District Office Information
- Fargo Office Blueprints
- Plat Information.

As a result the Department received a couple of inquiries, but no offers to purchase the district office. Per HB1012 we are proceeding with construction of a maintenance building.

This concludes my testimony. Thank you.