

**Interim Government Services Committee
Wednesday, March 14, 2012
9:45 a.m. - Roughrider Room**

**North Dakota Department of Transportation
Francis G. Ziegler, P.E., Director**

Mr. Chairman and members of the committee, I'm Francis Ziegler, Director of the North Dakota Department of Transportation (DOT). Thank you for giving me the opportunity to present information to you today. I will present the following information as it pertains to the state budget:

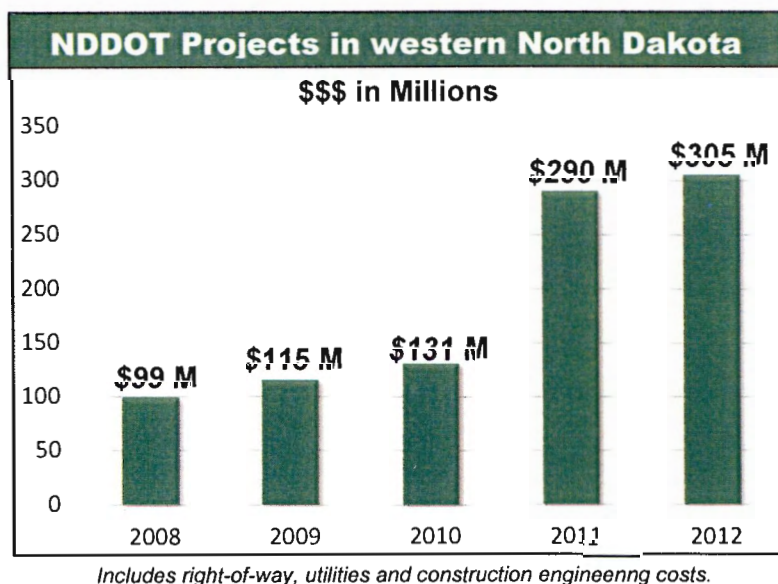
- Status of road construction projects in area affected by oil and gas development.
- Update on the number of motor vehicles registered in the state.
- Estimated and actual motor fuels and registration fees collected to date.
- Updated estimates for 2011-13 biennium distributions from the highway tax distribution fund.

1. Status of road construction projects in area affected by oil and gas development

DOT is aggressively addressing infrastructure improvements to enhance safety and traffic movement in western North Dakota. The Department invested approximately \$635 million in state projects from 2008-2011 to preserve and improve transportation infrastructure in this area. The state will invest an additional \$305 million in 2012, as well as continue to plan and work on future road projects.

Recent highway improvements completed in 2011 include:

- Super 2 construction on US 85 between Watford City and Williston, providing additional passing and turning lanes.
- Installing traffic signal systems at highway intersections near Tioga, Williston, Watford City and Stanley.
- Completing major construction and widening projects on highways - ND 8, ND 22, ND 23 and US 85.
- Expediting repairs on damaged pavement of several state highways in Williston and Watford City areas.



Transportation Projects planned for 2012 on state highways in oil impact areas:*

- ND Highway 8 - Widening and regrading near Bowbells from Junction of ND 52 to ND 50.
- ND Highway 23 - Widening roadway and adding passing and turning lanes east of New Town to ND 37.
- ND Highway 22 - Expanding to five lanes in north Dickinson to county line. Adding turn lanes and passing lanes 12 miles north of Killdeer to Lost Bridge. Widening and adding passing/turning lanes from ND 73 to ND 23.
- US Highway 85 - Urban reconstruction in Alexander and possible addition of passing lanes.

*While these projects may be planned for this year, some work may need to be scaled back due to increased truck traffic damaging US Highway 2 requiring repair work to be completed.

Funding utilized on state, county and township roads

The comprehensive transportation funding package provided by the legislature includes enhancement of state, county, city and township roadways. The table below illustrates the amount of funding utilized in 2011 and the amount that will be spent this year in western North Dakota.

Oil Impact Area \$\$\$ For Transportation Projects		
Funds	2011	2012
State Transportation Improvement Program (STIP) Federal, state & local match	\$159.0 M	\$123.8 M
Extraordinary State Highway = \$228.6 M	\$ 84.5 M	\$144.1 M
Emergency Relief Funds	\$ 22.7 M	\$ 37.4 M
Federal Tiger Grant and ARRA Funds -- Minot	\$ 24.1 M	\$ 0
Sub Total	\$290.3 M	\$305.3 M
County & Township Roads = \$142 M	\$ 19.5 M	\$122.5 M
Total	\$309.8 M	\$427.8 M

Work is progressing on the county and township projects. Please refer to the chart below where we have a list of the allocations and reimbursement each county receives from the \$142 million fund. Several counties have recently bid out numerous projects totaling approximately \$40 million. The recent bid numbers do not show in this chart because the counties have not submitted a request for reimbursement yet.

\$142 Million County and Township Road Fund for Oil Impact Areas

County	Allocations			Reimbursement Requests		
	Paved	Unpaved	Total	Paved	Unpaved	Total
Billings	\$1,204,030	\$773,205	\$1,977,235	\$0	\$773,205	\$773,205
Bottineau	\$4,968,000	\$165,854	\$5,133,854	\$1,477,212	\$136,151	\$1,613,363
Bowman	\$400,000	\$99,128	\$499,128	\$357,318	\$99,128	\$456,446
Burke	\$4,860,000	\$663,415	\$5,523,415	\$0	\$139,862	\$139,862
Divide	\$6,293,430	\$1,948,780	\$8,242,210	\$4,660,835	\$0	\$4,660,835
Dunn	\$7,600,000	\$3,429,860	\$11,029,860	\$0	\$1,538,615	\$1,538,615
Golden Valley	\$1,034,000	\$852,509	\$1,886,509	\$12,677	\$443,936	\$456,612
McHenry	\$0	\$20,732	\$20,732	N/A	\$0	\$0
McKenzie	\$20,004,030	\$3,608,292	\$23,612,322	\$0	\$3,608,292	\$3,608,292
McLean	\$0	\$829,268	\$829,268	N/A	\$9,157	\$9,157
Mercer	\$0	\$39,655	\$39,655	N/A	\$0	\$0
Mountrail	\$38,604,510	\$3,296,341	\$41,900,851	\$5,138,088	\$1,207,347	\$6,345,435
Renville	\$4,932,000	\$100,000	\$5,032,000	\$1,935,193	\$29,586	\$1,964,779
Slope	\$0	\$100,000	\$100,000	N/A	\$0	\$0
Stark	\$8,500,000	\$1,605,888	\$10,105,888	\$1,290,278	\$108,130	\$1,398,409
Ward	\$6,120,000	\$1,285,366	\$7,405,366	\$0	\$0	\$0
Williams	\$13,680,000	\$4,187,805	\$17,867,805	\$5,051,593	\$0	\$5,051,593
Total	\$118,200,000	\$23,006,098	\$141,206,098	\$19,923,195	\$8,093,409	\$28,016,604

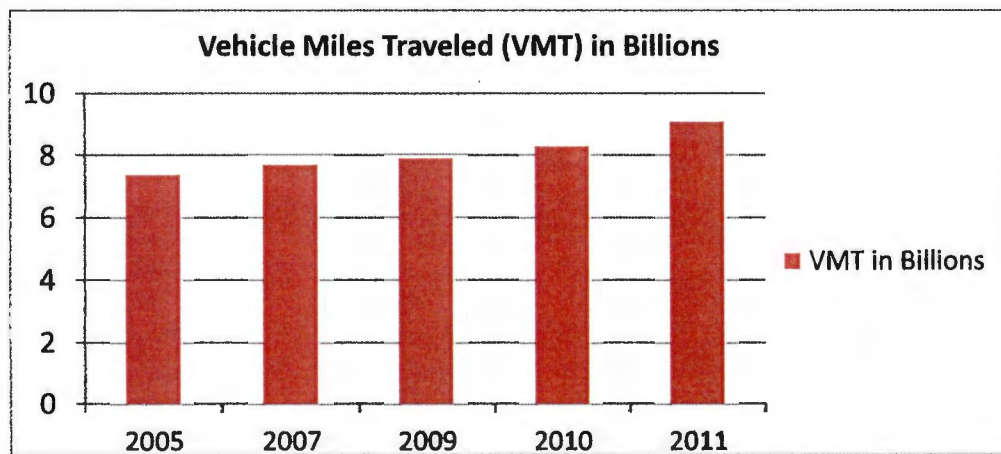
Used all of their allocation

Traffic Increases

The increased traffic volumes, (particularly heavy trucks), has accelerated the deterioration of state highways, county and township roads in the oil impact areas in western North Dakota. The latest traffic count on ND 23 within the city limits of New Town show a range of 8,350 – 10,415 vehicles a day.

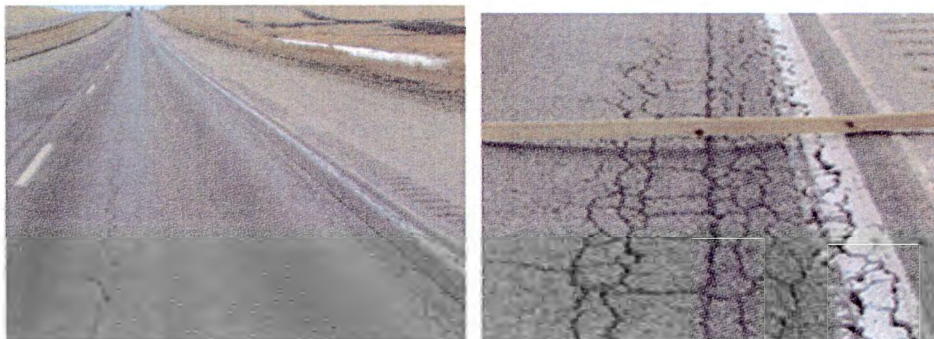
Highway	Location	Average AADT 2006	Average AADT 2009/2010	Average AADT 2011
ND 8	ND 23 N to Stanley	611	2,454	2,981
ND 22	Dickinson N to ND 23	1,078	2,573*	3,557
ND 23	Watford City to New Town	1,353	3,356*	4,020
ND 23	New Town to ND 8	3,326	5,608*	6,508
ND 23	ND 8 to US 83	1,351	2,191*	2,680
US 85	West of Watford City to Jct. of US 85 and US 2	2,322	2,828	6,270
US 2	US 85 to Stanley-EB &WB	2,003	3,654	7,270
US 2	Stanley to US 52-EB & WB	2,442	2,914	6,056

North Dakota has seen an increase in vehicle miles traveled (VMT's) on the state highway system growing from 7.4 billion in 2005 to 9.1 billion in 2011.



Please refer to Attachment A which illustrates vehicle miles traveled in the 17 oil impact counties.

US Highway 2 - Emergency repair work must be completed due to greatly increased truck traffic. The highway was built in 2004 and designed for a 20 year life cycle. Due to significantly more traffic, the roadway has sustained damage. The DOT must address this damage. Below are photos of damage on US Hwy 2 near Ray.



2. Update on the number of motor vehicles registered in the state

Motor vehicle renewals hit a new high in 2011 as over one million registrations were processed in North Dakota.

Total Motor Vehicle MV Registrations					
Year	2007	2008	2009	2010	2011
MV Registrations	902,581	960,125	952,616	945,282	1,048,240

SB 2207 changed the temporary motor vehicle registration process and DOT along with the Highway Patrol implemented a new online process for Temporary Motor Vehicle registrations and a public information campaign in 2011. The charts below illustrate the increase of temporary registrations and that the revenue more than tripled over the last six months.

Temporary MV Registrations Old process January 1, 2011 – May 31, 2011			
Highway Patrol	VRTS Transactions Processed	Total	VRTS Dollar Amount Collected
704	2,114	2,818	\$382,482

Temporary MV Registrations New online process June 1, 2011 – Dec. 31, 2011			
Processed Online at Branch	Processed Online	Total	Dollar Amount Collected
896	3,135	4,031	\$1,262,890

The total number of temporary motor vehicle registrations in 2011 was 6,849 registrations, with approximately \$1.64 million collected. Three important factors contribute to the success of this program: increased law enforcement, changing the manual process to an electronic process and implementing a public information campaign.

3. Estimated and actual motor fuels and registration fees collected to date

The tables below illustrate estimated and actual motor fuels and registration fee collections to date for the 2011-13 biennium.

Estimated Motor Fuels & Registration Fee Collections for 2011-13 Biennium			
All numbers presented in Millions			
Estimated Biennium to Date Seven months of collections	Motor Fuels	Motor Vehicle Registration Fees	Total Collections
Gross Highway Tax Distribution Revenues – deduction before distribution (\$14.4 M for Bien.) (Highway Patrol Appropriation, Ethanol, Asst. to Transferees) Net Highway Tax Distribution Revenues available for distribution.	\$86.5	\$38.0	\$124.5 <u>-4.2</u> \$120.3

Actual Motor Fuels & Registration Fee collections to date for the 2011-13 biennium All numbers presented in Millions			
Actual Biennium to Date Seven months of collections	Motor Fuels	Motor Vehicle Registration Fees	Total Collections
Gross Highway Tax Distribution Revenues – deduction before distribution (\$14.4 M for Bien.) (Highway Patrol Appropriation, Ethanol, Asst. to Transferees) Net Highway Tax Distribution Revenues available for distribution.	\$116.6	\$55.6	\$172.2 -9.3 \$162.9*

*The 2009-11 Actual Biennium to Date = \$119.7 million.

4. Updated estimates for 2011-13 biennium distributions from the highway tax distribution fund.

The tables below display updated estimates of revenue and distributions from the highway tax distribution fund, per legislative formula.

Updated Estimates of Revenue from the Highway Tax Distribution for 2011-13 biennium All numbers presented in Millions			
Updated Estimates of Revenue	Motor Fuels	Motor Vehicle Registration Fees	Total Collections
Gross Highway Tax Distribution Revenues – deduction before distribution (Highway Patrol Appropriation, Ethanol, Asst. to Transferees) Net Highway Tax Distribution Revenues available for distribution.	\$370.9	\$159.0	\$529.9 -16.7 \$513.2

Updated Estimates of Distributions from the Highway Tax Distribution for 2011-13 biennium All numbers presented in Millions				
Updated Estimates of Distributions	Percent of Distribution	Updated Total Distributions	2011-13 Enrolled Distributions	Growth
State Highway Fund	61.3%	\$314.6	\$252.9	\$61.7*
Counties	22.0%	112.9	90.8	22.1
Cities	12.5%	64.1	51.5	12.6
Townships	2.7%	13.9	11.1	2.8
Transit	1.5%	7.7	6.2	1.5
		\$513.2	\$412.5	\$100.7

*The DOT's 2011-13 budget was based on 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.

The information provided here is only an estimate of revenue and distribution based on seven months of collections; the numbers presented are subject to variation or change. Fuel consumption may decrease if there is a change in the oil industry and gas prices continue to increase.

This concludes my testimony, thank you for the opportunity to appear before the committee today.

Attachment A

Vehicle Miles Traveled in Oil Impact Counties

County	All State Highways		% Change
	2010	2011	
Billings	43,738,833	57,803,615	32.2%
Bowman	35,049,707	33,087,711	-5.6%
Burke	35,200,737	38,353,749	9.0%
Divide	20,378,030	29,935,853	46.9%
Dunn	77,739,687	117,135,610	50.7%
Golden Valley	28,168,601	34,049,462	20.9%
Hettinger	20,127,742	21,182,816	5.2%
McHenry	84,552,464	91,136,106	7.8%
McKenzie	164,304,744	273,341,185	66.4%
McLean	155,657,080	163,129,680	4.8%
Mercer	56,043,133	56,842,129	1.4%
Mountrail	167,112,070	225,971,742	35.2%
Renville	18,128,444	24,287,304	34.0%
Slope	22,644,830	24,162,356	6.7%
Stark	196,711,849	243,518,984	23.8%
Ward	368,445,712	399,538,842	8.4%
Williams	194,156,904	348,937,138	79.7%
17 Oil Counties Total	1,688,160,568	2,182,414,284	25.1%
Statewide Total VMT	2010 8,302,732,175	2011 9,166,285,707	10.4%

All figures are Annual Vehicle Miles of Travel