



## Prioritize Progress

*A Plan to Address Long-Term Transportation Needs in Connecticut*

Presented by

Connecticut Senate Republican Caucus

Connecticut House Republican Caucus

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## Overview

“For 120 years, we at the DOT have planned improvements based on money that we think will be available from revenue streams, and therefore we are always struggling to have barely functioning transportation systems.”

--James Redeker, Commissioner of the Connecticut Department of Transportation (Danbury News Times, January 21, 2015)

In every state, transportation plays a vital role in economic development and quality of life. Here in Connecticut, transportation has been ignored for far too long. Funding has been unpredictable and unreliable and funds intended for transportation projects have often been siphoned off to spend elsewhere. As a result our transportation system is far from where it needs to be to foster growth and advancement.

It is time to make transportation a priority.

The following plan presents a long-term solution to advance transportation in Connecticut for the next generation. The plan creates a predictable and sustainable funding stream to ensure that transportation will be properly prioritized for the next three decades.

### **Key components of the plan would require the state to:**

- 1) Reserve a set amount of General Obligation Bonds to be used solely for transportation priorities.
- 2) Preserve current Special Tax Obligation bonds dedicated to transportation.
- 3) Fill all vacant positions at the Department of Transportation to ensure that the agency can efficiently carry out the state's needed transportation projects. As of January 1, the DOT is 114 positions below where they were 6 months previously.
- 4) Re-establish the Transportation Strategy Board (TSB) to work alongside CTDOT to assess proposed projects and identify community needs.

### **Benefits of the plan include:**

- An annual transportation funding mechanism guaranteeing at least \$1 billion annually over the next 30 years
- No tax increases
- No tolls
- A reduction in the current level of state bonding
- Flexibility in setting transportation priorities
- A sustainable and predictable funding plan to support future generations



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## Background

Connecticut's transportation infrastructure is among the worst in the nation. According to a recent study conducted by the national nonprofit TRIP, 41 percent of Connecticut's major roadways are in poor condition, while another 41 percent are rated in mediocre or fair condition.<sup>1</sup> According to the Federal Highway Administration's National Bridge Inventory, nearly 1 in 10 bridges in CT in 2013 were found to be structurally deficient, that's 413 out of 4,218 bridges.<sup>2</sup> TRIP identifies even more bridges in trouble, estimating that 35 percent of Connecticut bridges are structurally deficient and in need of repair, improvement or replacement, with 25 percent of those bridges being functionally obsolete.<sup>3</sup>

Connecticut's major highway system was built decades ago and can no longer support our state's modern day transportation needs. For example, I-84 in Hartford, currently one of the busiest sections of highway in Connecticut, carries 175,000 vehicles per day, more than three times what it was designed to hold, according to the Connecticut Department of Transportation (CTDOT).<sup>4</sup>

Public transportation could relieve traffic on our roadways, but Connecticut's current options, including railways, cannot meet the needs of riders. While our state is home to one of the busiest commuter railways in the entire country, Metro-North's New Haven Line is plagued with failing infrastructure, capacity problems and serious safety issues. In January 2014 the Regional Plan Association estimated that the New Haven Line would need \$3.6 billion in addition to the \$1 billion already budgeted in investments through 2020 to address the growing problems and rebuild its aging infrastructure.<sup>5</sup>

These problems are no secret to Connecticut's residents or lawmakers. We can all agree that these many transportation issues must be addressed, which is why the CTDOT has repeatedly identified projects the state needs to undertake. Unfortunately, instead of prioritizing transportation in Connecticut, there has been a decline in public expenditures on highway and public transportation infrastructure between 2003 and 2013 including a decline of 10.5 percent for public transportation and 19 percent for highways and streets. This has left Connecticut with over \$19 billion in total DOT unprogrammed initiatives, according to CTDOT's 2015-2019 capital plan.<sup>6</sup>

This number is staggering and overwhelming, and unfortunately is likely to grow as federal transportation funds are likely to decrease.<sup>7</sup>

Given this situation and the severity of our needs, now is the time to take action and figure out how to address the many significant transportation issues at hand. It is time to identify a predictable and sustainable way to fund the projects that will increase the safety and reliability of our transportation system as well as improve travel and everyday life for everyone who lives in and visits Connecticut.

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<sup>1</sup> TRIP. "Connecticut Transportation by the Numbers: Meeting the State's Need for Safe and Efficient Mobility," December 2014.

<sup>2</sup> U.S. Department of Transportation Federal Highway Administration. "Deficient Bridges by State and Highway System 2013," December 2013.

<sup>3</sup> TRIP. "Connecticut Transportation by the Numbers," December 2014.

<sup>4</sup> Connecticut Department of Transportation - The I-84 Hartford Project, "What is the I-84 Hartford Project?" [www.i84hartford.com](http://www.i84hartford.com).

<sup>5</sup> Regional Plan Association. "Getting Back on Track: Unlocking the Full Potential of the New Haven Line," January 2014.

<sup>6</sup> Connecticut Department of Transportation. "FFY 2015 - 2019 Capital Plan," November 2014.

<sup>7</sup> Connecticut Construction Industries Association, "Moving Transportation Forward in CT," August 2014.



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If transportation is truly a primary concern for Connecticut’s governor and lawmakers, it is urged that the state adopt the following plan to (1) reprioritize spending to put the focus on transportation and (2) create a bipartisan board to aid DOT in allocating funding to help the most people across the state.

**Step 1: Prioritize Funding for Transportation**

Connecticut’s transportation needs have been overlooked and underfunded for far too long. We cannot continue on this path if we hope to bring transportation up to the standards needed to support our current population and open our state to future growth. Therefore, in addition to protecting current sources of transportation funding, **it is recommended the state make a clear and defined commitment to transportation projects by reserving a set amount of General Obligation Bonds to be used solely for transportation priorities, beginning with a commitment of \$441.5 million in fiscal year 2016.**

This plan creates a soft bonding cap of \$1.75 billion the first year and gradually reduces the cap to \$1.6 billion, a significant reduction in bonding compared to the governor’s 2014 G.O. bond total of \$1.9 billion. It also reduces the bond cap from the Office of Fiscal Analysis’ projected bond allocations for the first two years. As a result, under the new cap, as estimated by OFA, Connecticut will save in debt service totaling \$305 million over the life of the bonds. It should be noted that the governor has currently allocated \$1.3 billion in G.O. bonds so far this calendar year.

**Bond Cap Proposal Comparison (in billions)**

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019 and on</u>
From the OFA Fiscal Accountability Report - Projected Bond Allocations	1.9	1.8	1.7	1.6
Proposed Republican "Soft" Bond Allocations	1.75	1.75	1.7	1.6

Using the new soft cap this proposal recommends maintaining bond funding for specific fundamental state programming (such as education and low income housing among others), reserving a contingency fund of \$100 million in bonds for the governor to use at discretion, and dedicating all remaining bonds to transportation. This plan would thereby prioritize transportation needs. This initiative would provide additional funding beyond the "normal" DOT capital program of approximately \$600 million annually that will continue to be financed with Special Tax Obligation Bonds.

The current state bonding that will be preserved in this plan includes funding for: School Construction and School Security Grants, the University of Connecticut, Clean Water Fund Grants, Housing Trust Fund & Housing Programs, Board of Regents CSU 2020, Capital Grants to Municipalities and the Small Town Economic Assistance Program (STEAP), Capital Improvements to State Owned Buildings, Local Capital Improvement Program, and the Bioscience Collaborative.

The \$100 million contingency built into this plan can be used to fund any other project or program not delineated in the below chart.



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## Proposed General Obligation Bonding

Prioritization of Transportation										
Proposed Allocations (in millions)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
School Construction/School Security Grants	\$ 450.0	\$ 450.0	\$ 450.0	\$ 450.0	\$ 450.0	\$ 450.0	\$ 450.0	\$ 450.0	\$ 450.0	\$ 450.0
UCONN*	312.1	266.4	269.5	251.0	269.0	191.5	144.0	112.0	73.5	-
Clean Water Fund Grants	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Housing Trust Fund & Housing Programs	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Gubernatorial Contingency	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Board of Regents - CSU 2020*	95.0	95.0	95.0	-	-	-	-	-	-	-
Capital Grants to Municipalities/STEAP	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Capital Improvements to State Owned Buildings	60.0	61.2	62.4	63.7	64.9	66.2	67.6	68.9	70.3	71.7
Local Capital Improvement Program*	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
BioScience Collaborative*	21.4	21.1	15.8	12.5	10.6	10.6	-	-	-	-
<b>Total Annual G.O. Bond Allocations</b>	<b>\$ 1,308.5</b>	<b>\$ 1,263.7</b>	<b>\$ 1,262.7</b>	<b>\$ 1,147.2</b>	<b>\$ 1,164.5</b>	<b>\$ 1,088.3</b>	<b>\$ 1,031.6</b>	<b>\$ 1,000.9</b>	<b>\$ 963.8</b>	<b>\$ 891.7</b>
Annual "Soft" Bond Cap	\$ 1,750.0	\$ 1,750.0	\$ 1,700.0	\$ 1,600.0	\$ 1,600.0	\$ 1,600.0	\$ 1,600.0	\$ 1,600.0	\$ 1,600.0	\$ 1,600.0
Remaining to Fund Transportation Projects	\$ 441.5	\$ 486.3	\$ 437.3	\$ 452.8	\$ 435.5	\$ 511.7	\$ 568.4	\$ 599.1	\$ 636.2	\$ 708.3
10 Year Total										5,277.0
30 Year Total										\$ 15,831.1

\*Statutory programs

**This initiative will enable the state to appropriately pay for transportation needs without adding to the state budget, without over-burdening families with additional taxes, without implementing tolls, and without relying on the presence of federal funding.**

This plan also recommends the state continue to authorize and allocate Special Tax Obligation (STO) bonds for the normal, DOT capital program. The Special Transportation Fund will also once again fund Town Aid Road in this plan.

Maintaining STO bond authorizations, which have averaged \$600 million annually, along with the newly proposed General Obligation Bond commitment, would result in a 10 year transportation fund total of approximately \$11.3 billion and a 30 year total of \$37.4 billion.

## Total State Transportation Funding

Prioritization of Transportation										
Total Proposed Transportation Expenditures										
General Obligation and Special Tax Obligation Bonds										
Proposed Allocations (in millions)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
General Obligation Bonds	\$ 441.5	\$ 486.3	\$ 437.3	\$ 452.8	\$ 435.5	\$ 511.7	\$ 568.4	\$ 599.1	\$ 636.2	\$ 708.3
Average Special Tax Obligation Bonds	600.0	600.0	600.0	600.0	600.0	600.0	600.0	600.0	600.0	600.0
<b>Total Annual Transportation Spending</b>	<b>\$ 1,041.5</b>	<b>\$ 1,086.3</b>	<b>\$ 1,037.3</b>	<b>\$ 1,052.8</b>	<b>\$ 1,035.5</b>	<b>\$ 1,111.7</b>	<b>\$ 1,168.4</b>	<b>\$ 1,199.1</b>	<b>\$ 1,236.2</b>	<b>\$ 1,308.3</b>
10 Year Total										\$ 11,277.0
30 Year Total										\$ 37,442.9

\*Average STO bonds authorized over the past five years is \$597.7 million



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If the maximum federal funding of 80 percent is received for these initiatives, the state could garner additional funding as shown in the below table. At most, federal funding could increase funding to approximately \$20.3 billion over the next 10 years and \$67.4 billion over the next 30 years.

### What if Federal Funding Were Included?

Prioritization of Transportation										
Total Proposed Transportation Expenditures including Potential Maximum Federal Dollars										
Proposed Allocations (in millions)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
General Obligation Bonds	\$ 441.5	\$ 486.3	\$ 437.3	\$ 452.8	\$ 435.5	\$ 511.7	\$ 568.4	\$ 599.1	\$ 636.2	\$ 708.3
Average Special Tax Obligation Bonds	600.0	600.0	600.0	600.0	600.0	600.0	600.0	600.0	600.0	600.0
Total State Funds Transportation	\$ 1,041.5	\$ 1,086.3	\$ 1,037.3	\$ 1,052.8	\$ 1,035.5	\$ 1,111.7	\$ 1,168.4	\$ 1,199.1	\$ 1,236.2	\$ 1,308.3
Maximum Federal Funding at 80%	833.20	869.04	829.82	842.26	828.36	889.32	934.74	959.26	988.96	1,046.64
Total Annual Transportation Spending	\$ 1,874.7	\$ 1,955.3	\$ 1,867.1	\$ 1,895.1	\$ 1,863.8	\$ 2,001.0	\$ 2,103.2	\$ 2,158.3	\$ 2,225.2	\$ 2,354.9
10 Year Total										\$ 20,298.6
30 Year Total										\$ 67,397.2

By reserving these General Obligation Bonds for transportation, we will have a predictable and sustainable funding mechanism, enabling the state to fix our roads, make our bridges safe, and improve public transportation. This is an important, responsible and needed policy shift because an improved transportation system will benefit every town, every family and every employer.

It is also recommended that Connecticut **fill all vacant positions at the Department of Transportation** to ensure that the agency can efficiently carry out the state’s needed transportation projects. As of January 1, the DOT is 114 positions below where they were 6 months previously. The midterm budget adjustments included 103 new positions for DOT but this change has never been realized.

Over the next 30 years, these proposed changes will provide a reliable revenue stream that Connecticut can count on year after year for important transportation projects. We recommend first addressing immediate safety needs and deteriorating infrastructure, but we stress that this plan relies upon the expertise of CTDOT and a Transportation Strategy Board to prioritize initiatives appropriately and plan for future transportation needs.

## Step 2: Identify Urgencies

The state of Connecticut has an overwhelming amount of pressing transportation needs. While DOT has recognized many priority projects, it is recommended that the state re-establish the Transportation Strategy Board (TSB) to help DOT assess proposed projects, identify community needs, and ensure that all current funding is used in a manner that is best for all Connecticut residents.

The TSB will serve as a bipartisan organization tasked with working CTDOT to identify the state’s most urgent transportation needs and determine which projects will take priority, as well as the amount of funding that will be allotted to each transportation project.



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## Conclusion

By securing a predictable and sustainable funding source and empowering transportation experts to plan for the future, we can create a safe, reliable and multi-model transportation network - including roads, bridges, rail, bus, and port improvements. It is recommended that Connecticut first address immediate safety needs and deteriorating infrastructure and then consider progressive development for our future.

For the past hundred plus years Connecticut has not had a truly reliable or foreseeable revenue stream for transportation. This plan secures current funds, reprioritizes spending, and gives experts the tools and resources they need to institute a broad range of transportation projects and improvements.

Everyone benefits from a strong transportation system, and progress can only be made if we prioritize transportation.



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