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2013-2022 Ten Year Transportation Plan Analysis

November 18, 2011

Executive Summary

In 2005, the Associated General Contractors of New Hampshire (AGC of NH) analyzed the Department of Transportation's 2007-2016 (2007) Ten Year Transportation Improvement Plan (Ten Year Plan). The analysis was based on *phase description totals* and *application codes* contained in the Ten Year Plan, and was designed to show how revenue projections align with planned construction projects. This analysis resulted in the 10 Year Highway Plan "A Second Look" report. As the Legislature begins proceedings on the 2013-2022 (2013) Ten Year Plan, the AGC of NH has again conducted an analysis of the proposed plan to see how revenue and construction projects correlate.

Ten Year Plan Analysis

The 2005 analysis showed that the plan was over-programmed by about 30%-38%. The Association presented these findings to the Department of Transportation and the Legislature to show that cuts needed to be made for planned projects to be more in line with revenue projections. Commissioner Charles O'Leary recommended removing projects in subsequent Ten Year Plans to portray a more realistic picture to the construction industry and municipalities when planning future projects.

AGC of NH analyzed the 2011-2020 (2011) Ten Year Plan as a precursor to a 2013 Ten Year Plan analysis (Report: 10 Year Transportation Plan- Based on 2011-2020). The *phase description totals* for each of the three Ten Year Plans analyzed is shown in the table below:

	Construction	Engineering	Rights of Way	Miscellaneous	Total
2007	2,813.654	271.235	226.259	240.288	3,551.436
2011	2,841.628	210.663	119.937	447.584	3,619.812
2013	2,299.195	148.323	108.446	420.963	2,976.923

* Numbers are in millions

While cuts needed to be made following the 2007 Ten Year Plan, 2011 construction and overall totals are clearly higher than they were in the 2007 Ten Year Plan. AGC of NH believes this could be a result of remaining federal stimulus funding, and an increase in revenue because of the registration fee surcharge enacted in 2009. Comparing the proposed 2013 Ten Year Plan, the totals are lower because there isn't the additional funding (federal stimulus and registration fee surcharge) that was available in the previous plan.

While total projected construction is less in the 2013 Ten Year Plan, cuts were made proportionally to this area of the plan. In 2007, construction accounted for 78% of the plan,

and in 2013, construction retains a 77% share of the plan. Conversely, engineering and rights of way decreased by almost half of the 2007 plan. The Association hypothesizes that this is likely because currently New Hampshire is not planning to add new roads and highways to the plan.

In addition to comparing *phase description totals*, the Association also looked at *application codes* within the Ten Year Plan. The *application codes* define the amount allocated for airports, betterment, rail, state aid bridge, state aid highway, turnpike, turnpike replace and renew, and other. The chart below compares *applications codes* of the 2007-2016 plan with the proposed 2013-2022 plan:

	Airport	Betterment	Rail	St. Aid Bridge	St. Aid Hwy	Trnpke	TRR	Other	Total
2007	124.17	162.87	5.60	75.07	23.91	383.21	71.84	2,704.73	3,551.43
2013	224.03	212.00	230.78	73.09	31.06	554.42	110.98	1,540.53	2,976.92

* Numbers are in millions

The largest percentage increase is in the rail category, which jumped approximately \$225 million. This increase is likely because of the assumption that the state will receive additional federal funds to pay for the proposed Capitol Corridor. Additional substantial increases are in the airport and turnpike categories. Airports receive funding from the Federal Aviation Authority (FAA), which has its own trust fund and authorization separate from the Highway Fund. As for the turnpike increases, the Executive Council increased tolls in 2009, and this has allowed the Turnpike System to fund a greater number of projects than in the past. The Turnpike System has allocated over \$100 million in projects in the plan based on the assumption of increased toll revenue over the next ten years.

Revenue Projections

Projecting future revenue for the state is challenging, as the Federal government has yet to reauthorize funding, and state revenue dropped during 2011. Comparing revenue trends from 2006-2011, there is a clear increase in revenue from 2010-2011. This is largely because of the federal stimulus funds the state received and the registration fee surcharge enacted in 2009. The stimulus funds were a one-time allocation, and the Legislature allowed the registration fee surcharge to sunset in June 2011, resulting in a loss of revenue. Removing both these funding sources, it is likely that revenue will, in the future, be more in line with 2009 levels at the start of the 2013-2022 Ten Year Plan. “Other revenue” has also increased, but the Association attributes this to the sale of I-95 during the 2009 Legislative Session, and increased bonding. These are temporary measures, and the bonding will have a reducing effect on future revenue, as those funds will need to be paid back.

In terms of federal funding, New Hampshire has received approximately \$150 million for each of the past four years. Federal funding is essential to the state's revenue projections for the Ten Year Plan, as it enables the state to complete projects that they wouldn't otherwise. New Hampshire receives about one dollar in federal funds for each dollar the state sends to the Federal government. However, the Federal government has consistently funded states at higher levels than it is collecting, creating a cash-flow problem. If allotments were reduced to what is collected from the states, New Hampshire's apportionment would equal approximately \$100 million, which is a 33% cut from current funding levels.

Conclusion

Since 2005, AGC of NH has advocated for a realistic Ten Year Plan that matches construction projects closely with available funding. A realistic plan is important for cities and towns, contractors, and future and existing businesses. Cities and towns rely on the plan to help them improve their infrastructure, while contractors look at the plan to see how much work will be available in the coming years. AGC of NH estimates that there is approximately \$180 million worth of projects each year over the life of the plan, which is about equal with what the plan provided in 2008-2009.

The 2013-2022 Ten Year Plan closely matches with projected revenue; it is no longer over-programmed as was the 2007-2016 Ten Year Plan. While the plan appears to be financially realistic, a significant portion relies on bonding. In addition, looking at rail and turnpike projects over the length of the plan, there are proposed projects where special funding is required. An option would be to highlight these projects that have assumed special funding, or require future legislative or Executive Council actions in a separate section of the Ten Year Plan. This would show a clear connection between special funding and the related projects; thus creating a more realistic picture of the construction total.

The plan as it is proposed today, portrays a realistic picture of what the Department of Transportation can accomplish in ten years (taking into consideration the above statements), however, it is dependent on receiving the projected revenue. Furthermore, New Hampshire's infrastructure cannot sustain additional Ten Year Plans that follow the same trend of less construction projects and reduced revenue. The state will not be able to address the bridges on the red list, or the needed projects that were not included because of funding restrictions. Additionally, if less funding is received than projected, the 2013-2022 Ten Year Plan will fall short, and further cuts will need to be made.