

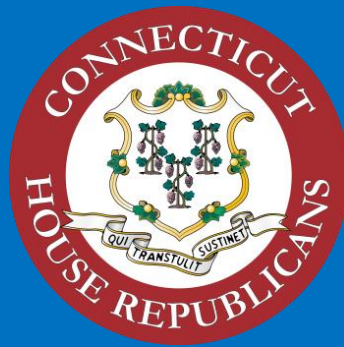
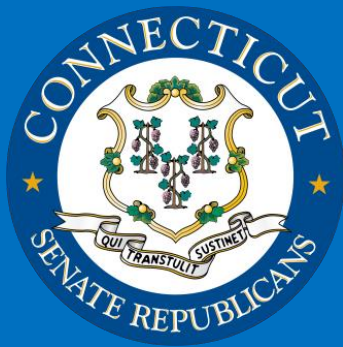


PRIORITIZE PROGRESS

A Plan to Address Long Term Transportation Needs in Connecticut

Original Plan Presented on February 10, 2015

Plan Updated in February 2019



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, Former 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 not been made a priority 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 and beyond.

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 Special Tax Obligation bonds dedicated to transportation.
- 3) 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 over \$1 billion annually in state funds. Paired with projected federal funds, this guarantees over \$2 billion annually.
- No tax increases
- No tolls
- Operates under the new state bonding cap when fully implemented to reduce debt
- Flexibility in setting transportation priorities
- A historic level of funding for transportation that is also maintainable and predictable. This will allow Connecticut to support our immediate transportation needs as well as pursue a bold vision for improvements since our state will finally have a reliable, long term source of funding.

Background

Connecticut's transportation system plays a major role in the state's economy, quality of life and opportunity for growth. A smoothly run transportation system with reduced congestion, safer roads, and an overall easier experience to get people from point A to point B can encourage job growth and business development. Easy to use roadways and transit systems allows people better access to employment, housing, education, recreation, and goods and services. As companies consider states to relocate to or expand within, the quality of a region's transportation system plays a major role in determining where a business can be most successful.

Unfortunately, here in Connecticut the state's transportation infrastructure has been reported to be among the worst in the nation. According to the national nonprofit TRIP, on average 4 out of every 5 miles of Connecticut's major roadways are in either poor or mediocre condition. Fifty-seven percent of Connecticut's major locally and state-maintained roads are in poor condition and 22 percent are in mediocre condition. TRIP also estimates that driving on deficient roads costs Connecticut motorists a total of \$6.1 billion annually in the form of additional vehicle operating costs, traffic delays, and crashes.¹

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.² TRIP identifies eight percent of Connecticut's bridges (338 out of 4,214) as being structurally deficient.³

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).⁴

Congestion is also a significant problem in parts of our state, cutting into time at home and work and adding costs onto employers and residents. TRIP estimates the value of lost time and wasted fuel in Connecticut is approximately \$2.4 billion per year.

These issues have been worsened by a pattern of lawmakers and state leaders diverting or sweeping funding that was intended to be used for transportation to instead be used to fund other areas of the budget. While the previous governor proposed a \$100 billion transportation plan, he did not ever offer a way to fund this plan. Instead, the legislature authorized the plan to go forward without a

¹ TRIP. "Connecticut Transportation By the Numbers: Meeting the State's Need for Safe and Efficient Mobility." May 2017. http://www.tripnet.org/docs/CT_Transportation_by_the_Numbers_TRIP_Report_May_2017.pdf

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

³ TRIP. "Connecticut Transportation by the Numbers," December 2014.

⁴ Connecticut Department of Transportation - The I-84 Hartford Project, "What is the I-84 Hartford Project?" www.i84hartford.com.

funding source, therefore creating a hole in the state budget and worsening the state's transportation underfunding.

Given this situation and the severity of our needs, we must take overdue action to address the many significant transportation issues at hand.

Last year, for the first time in many years, lawmakers took a major first step toward refocusing on transportation with the passage of a revised fiscal year 2019 state budget. The historic bipartisan budget eliminated projected deficits in the state's Special Transportation Fund (STF), reversing in part the damage caused by promises that could not be kept. As a result, the budget resulted in surpluses in the STF in each of the next five years. The bipartisan budget also implemented a portion of Prioritize Progress in the short term. Including elements from Prioritize Progress in the budget resulted in the state being able to invest \$1 billion in transportation funding in each of the next two years – more than Connecticut has ever spent on transportation before. The inclusion of a portion of Prioritize Progress in the bipartisan budget specifically boosts transportation funding by an additional \$100 million annually. This is just the beginning of what could happen if Prioritize Progress were fully implemented. As explained in the following, once fully implemented, Prioritize Progress will result in hundreds of millions of dollars more annually for transportation infrastructure, and billions of dollars over the long term. To continue the progress we made last year we recommend rolling this program forward into the future as detailed below.

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. Connecticut needs to commit to infrastructure improvements to create jobs that are not fleeting, but that are predictable, consistent and sustainable. Prioritize Progress establishes stable, dedicated funding to be used directly for transportation infrastructure projects which allows for long term planning without the fear of losing funding in a fluctuating economy. It also works within current state resources, preserving bonding for core needs, redirecting bonding for wants, and making transportation a top priority when it comes to Connecticut's bonding investments.

This proposal offers a way to dramatically boost transportation at the same time it relies on **no new tax revenue** and **no tolls**, while also providing **\$65.4 billion for transportation needs** over the next 30 years (assuming DOT projections for federal funding). Prior to the former governor releasing his unfunded \$100 billion plan, the administration projected that Connecticut's total system preservation needs for transportation over 30 years totaled \$62 billion (Let's GO CT! Transportation Finance Panel April 28, 2015 presentation). Therefore, Prioritize Progress is a plan to provide the appropriate level funding Connecticut needs to

cover all these costs and more to properly support transportation improvements throughout our state.

Prioritize Progress would allow Connecticut to live within our means while also providing 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. Implementing the full plan this year will put our state on a path towards sustainable transportation funding immediately.

Prioritize Progress recommends 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 \$703.7 million in calendar year 2020.

This plan also utilizes the state's new bond cap of \$2 billion, which results in a significant reduction of bonding as compared to what has been bonded in recent years. Using the new cap, this proposal recommends maintaining bond funding for specific fundamental state programming (such as education and low income housing among others identified in the chart below), reserving a contingency fund of between \$100-\$150 million in bonds for the governor to use at his or her discretion, and dedicating all remaining bonds under the cap to transportation. This plan would thereby prioritize transportation needs, at the same time it protects current bonding levels for core needs including schools construction, clean water, town aid road, and other investments detailed below. This initiative would provide additional funding beyond the DOT capital program of approximately \$750 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 necessities listed in the below chart. The \$150 million governor's contingency built into this plan can be used to fund any other project or program not delineated in the below chart. In addition, to the extent that projected allocations of particular line items come in below what is available per this schedule, the governor could move funds accordingly. For example, in 2014 only \$350 million was allocated for school construction. Since Prioritize Progress sets aside \$500 million for school construction, if spending on this item came in closer to the 2014 levels, the governor would be able to use the balance (in this example, \$150 million) for other initiatives.

This initiative will enable the state to appropriately pay for transportation needs without adding new expenses to the state budget, without exceeding the bond cap, without over-burdening families with additional taxes, and without implementing tolls. It would also boost state funding significantly irrespective of federal funding.

Proposed General Obligation Bonding

Republican Proposed Prioritization of Transportation 2020												
Proposed Allocations (in millions)	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029		
School Construction/School Security Grants	\$ 500.0	\$ 500.0	\$ 500.0	\$ 500.0	\$ 500.0	\$ 500.0	\$ 500.0	\$ 500.0	\$ 500.0	\$ 500.0	\$ 500.0	\$ 500.0
UCONN*	186.2	101.4	98.0	85.0	70.1	63.6	40.6	-	-	-	-	-
Gubernatorial Contingency	100.0	100.0	100.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0
Clean Water Fund Grants	85.0	85.0	85.0	85.0	85.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Housing Trust Fund & Housing Programs	50.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Bioscience Innovation Fund	15.0	15.0	15.0	15.0	-	-	-	-	-	-	-	-
Board of Regents	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Manufacturing Assistance Act	50.0	50.0	50.0	50.0	50.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Urban Act	50.0	50.0	50.0	50.0	50.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Small Town Economic Assistance Program	30.0	40.0	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	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Town Aid Road	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0
Local Capital Improvement Program	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Crumbing Foundations	20.0	20.0	20.0	-	-	-	-	-	-	-	-	-
CT Bioscience Collaboration Program*	10.6	-	-	-	-	-	-	-	-	-	-	-
Connecticut Strategic Defense Investment Act*	9.5	9.6	9.8	10.0	10.3	10.3	10.3	10.3	10.4	10.5		
Total Annual G. O. Bond Allocations	\$ 1,296.3	\$ 1,261.0	\$ 1,267.8	\$ 1,285.0	\$ 1,255.4	\$ 1,363.9	\$ 1,340.9	\$ 1,300.3	\$ 1,300.4	\$ 1,300.5		
Statutory Bond Allocation Cap**	\$ 2,000.0	\$ 2,000.0	\$ 2,000.0	\$ 2,000.0	\$ 2,000.0	\$ 2,000.0	\$ 2,000.0	\$ 2,000.0	\$ 2,000.0	\$ 2,000.0		
Remaining to Fund Transportation Projects	\$ 703.7	\$ 739.0	\$ 732.2	\$ 715.0	\$ 744.6	\$ 636.1	\$ 659.1	\$ 699.7	\$ 699.6	\$ 699.5		
10 Year Total												\$ 7,028.5
30 Year Total												\$ 21,085.5
*Future authorizations under current law.												
Bold figures represent those allocations that occur contractually and therefore cannot be adjusted by the administration. All other items can be funded at the level so desired by the Governor.												
**Bond Allocation Cap may increase due to CPI												

Step 2: Preserve Special Tax Obligation Bonds

This plan also recommends the state continue to authorize and allocate Special Tax Obligation (STO) bonds for the normal, DOT capital program.

Maintaining STO bond authorizations at \$750 million annually, along with the newly proposed General Obligation Bond commitment, would result in a 10 year transportation fund total of approximately \$15 billion in state funds alone.

Totaling all the projected investments in transportation, and utilizing projected federal funding as presented by the Department of Transportation and the Office of Policy and Management to the transportation finance panel on April 28, 2015, total expected funding for transportation infrastructure projects grows to over \$2 billion annually, as detailed below. The total combined state and federal investment reaches \$21.9 billion over 10 years and \$65.5 billion over 30 years.

Over the next three decades years, these proposed changes will provide a reliable revenue stream and a historic level of investment that Connecticut can count on year after year for important transportation projects. It will enable the state to fix our roads, make our bridges safe, and boldly improve public transportation which will benefit every town, every family and every employer.

Projected Total Funding

Republican Proposed Prioritization of Transportation 2020											
Total Proposed Transportation Expenditures											
All Sources of Funds											
	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	
Proposed Allocations (in millions)											
General Obligation Bonds	\$ 703.7	\$ 739.0	\$ 732.2	\$ 715.0	\$ 744.6	\$ 636.1	\$ 659.1	\$ 699.7	\$ 699.6	\$ 699.5	
Average Special Tax Obligation Bonds	750.0	750.0	750.0	750.0	750.0	750.0	750.0	750.0	750.0	750.0	
Assumed Federal Funding*	733.5	732.4	732.4	732.4	732.4	732.4	732.4	732.4	732.4	732.4	
Total Annual Transportation Spending	\$ 2,187.2	\$ 2,221.4	\$ 2,214.6	\$ 2,197.4	\$ 2,227.0	\$ 2,118.5	\$ 2,141.5	\$ 2,182.1	\$ 2,182.0	\$ 2,181.9	
10 Year Total										\$ 21,853.6	
30 Year Total										\$ 65,491.6	
*Figures are from DOT updated Federal Program Funds, assumes flat funding after 2021											

Step 3: 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 successful 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 with 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. It should be modeled on the state's previous TSB which was comprised of business leaders, commissioners of state agencies and five members appointed by top lawmakers and tasked with uniting experts to develop a long-term strategy for transportation improvements.

We recommend first addressing immediate safety needs and deteriorating infrastructure, but we stress that this plan relies upon the expertise of CTDOT and the TSB to prioritize initiatives appropriately and plan for future transportation needs.

Progressing Forward

For the past hundred plus years Connecticut has not had a reliable or foreseeable revenue stream for transportation. 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. Mobility and access are keys to growth and opportunity.

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.

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 without asking for more from taxpayers, job creators or families.

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