TRANSPORTATION FUNDING AND COVID-19

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TRANSPORTATION FUNDING AND COVID-19

QUESTIONS AND INSTRUCTIONS

Questions:
Right a Question in the Comment Box
Raise your virtual “Hand”

Instructions:
Please keep yourself muted
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BASIC TIMELINE

March 6, 2020 – Indiana first confirmed positive case of COVID-19
March 9-12, 2020 – Purdue Road School
March 11-13, 2020 – Purdue and Indiana University extend “Spring Break” to the end of March
March 16-20, 2020 – Encouraged to work from home, Social distancing, schools move to remote teaching
March 23, 2020 – Governor issued Executive Order to “Stay at Home or Place of Residence”
March 25, 2020 – Executive Order in Affect

Statewide Traffic 45% Drop in Average Daily Traffic of Cars / Light Duty Vehicles
Data 35% Drop in Average Daily Traffic of Heavy Trucks

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TRAFFIC VOLUMES

Traffic Volumes for March 2020

SR 231 RM 136.0 – Tippecanoe County
Traffic Volumes for March 1 - April 18

-22%

40 - 42% drop

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-22%

40 - 42% drop
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TRAFFIC VOLUMES

Traffic Volume for Wednesdays 2020

Stay at Home order

Historical Traffic Volumes

Wednesdays in March and April, 2020

SR 231 RM 136.0 – Tippecanoe County
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TRAFFIC VOLUMES

Historical Traffic Volumes

SR 231 RM 136.0 – Tippecanoe County

Wednesdays in March and April, 2020

ADT

2018
2019

2020

43%
“In the absence of modeling programs, states can use the local population growth or gasoline tax growth rate to estimate the AACR of regional traffic conditions.”

Population Growth (%) = Traffic Growth (%)

Gas Tax Growth (%) = Traffic Growth (%)
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ESTIMATING GAS TAX DECREASE

- **Motor Vehicle Highway Account (MVH)**
  - *79% from Gas and Special Fuel Purchase

- **Highway Road and Street Account (LRS)**
  - *94% from Gas and Special Fuel Purchase

- **Local Road and Bridge Matching Grant Fund (CCMGF)**
  - *50% from Gas Purchase

*Source: 2019 Indiana Tax Handbook

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**MOTOR VEHICLE HIGHWAY ACCOUNT (MVH)**

![Bar chart showing components of MVH funding]

- **Gas Tax** (46.2%)
- **Special Fuel Tax** (27.8%)
- **Gas Use Tax** (4.8%)
- **IRP** (11.4%)
- **Vehicle Fees** (9.5%)
- **State Court Fees** (0.3%)

*Source: 2019 Indiana Tax Handbook*
TRANSPORTATION FUNDING AND COVID-19
MOTOR VEHICLE HIGHWAY ACCOUNT (MVH)

Gas Tax (46.2%)
Special Fuel Tax (27.8%)
Gas Use Tax (4.8%)
IRP (11.4%)
Vehicle Fees (9.5%)
State Court Fees (0.3%)

Motor Vehicle Highway Account ($1.34 Billion)

*Source: 2019 Indiana Tax Handbook
TRANSPORTATION FUNDING AND COVID-19
MOTOR VEHICLE HIGHWAY ACCOUNT (MVH)

- Gas Tax (??%)
- Special Fuel Tax (??%)
- Gas Use Tax (??)
- IRP (11.4%)
- Vehicle Fees (9.5%)
- State Court Fees (0.3%)

Motor Vehicle Highway Account (???)

*35-45% Decrease based on ADT
*AOS and/or SBOA to provide MVH/LRS impacts soon
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HIGHWAY ROAD AND STREET ACCOUNT (LRS)

*Source: 2019 Indiana Tax Handbook

Gas Tax (59%)
Special Fuel Tax (35%)
Vehicle Fees (6%)

LRS ($351 Million)

*30‐50% Decrease based on ADT
*35‐45% Decrease based on ADT
*AOS and/or SBOA to provide MVH/LRS impacts soon
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COMMUNITY CROSSINGS MATCHING GRANT FUND (CCMGF)

Gas Use Tax (50%)

50%

Vehicle Registration Fees (50%)

50%

CCMGF ($194 Million)

*Source: 2019 Indiana Tax Handbook

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ESTIMATING GAS TAX DECREASE

► How is International Registration Plan Affected?
► How is Vehicle Registrations Affected?
► How much change is there from year to year monthly distributions?
► We are assuming there is proportional relationship between gas usage and ADT?
► How much of March was affected?

The State will be coming out with some guidance on what these Revenue will look like Shortly
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Plan and Budget Accordingly

1) How does this affect your Construction projects this summer?
2) How does this affect what projects to bid and let?
3) How does this affect your use of Unrestricted MVH Funds?

MVH FUNDS AND 50% RULE: HERE’S WHAT YOU CAN EXPECT

50% Rule for Construction, Reconstruction, Preservation
- June 2017 – $226,833
- June 2019 – $281,595
  - MVH – Unrestricted - $140,797.5
- June 2020 - $168,597
  - MVH Unrestricted - $84,478.5

Other Dedicated Highway/Street Funds for “Unrestricted”
- CCMGF
- Federal Aid Projects
- LRS
- Wheel Tax
- Cumulative Bridge
  - Bridge Crew/Bridge Engineer for bridge related work
- County/Municipal Local Funds

*Assuming 40% Reduction in MVH

25-30% Increase

Wages
Insurance and Benefits
Fuel
Maintenance
Storm Cleanup
Event Cleanup
Winter Maintenance
Facility Costs
Mowing

COVID-19 Activities

* AOS and/or SBOA to provide MVH/LRS impacts soon

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SURVEY RESULTS

Have you or your employees been asked to help outside of normal Highway/Street Department Responsibilities?

- Helping Setup temporary overflow hospitals
- Additional traffic control around emergency areas
- Deliver barricades to help with COVID response
- Deliver and run materials for health department
- Help build a morgue
- Assist other County/City departments
- Assist in waste water if somebody gets sick
- Deliver/Install signs for restaurant food delivery
- Unload barrels of hand sanitizer

- Deliver Supplies and coordinate with Emergency Management Agencies
- Loading food for food pantry
- Set up concrete barriers to protect employees at mobile test facilities
- To help communities in county if needed
- Secure public areas
- To be flexible if we have issues with utilities
- Assist with Resident Assistant Program delivering supplies to high risk residents

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ACTION ITEMS MOVING FORWARD

What can you do today?

- Identify loss in revenue in actual dollars for your agency, MVH/LRS/Other
  - What are you receiving
  - What did you expect to receive
  - Where can you make up the difference
- Where are you spending less during the slowdown?
  - Fuel costs per gallon/gallons used – how much?
  - Utilities due to offices closed – how much?
  - Construction materials due to delayed projects
  - Fewer breakdowns/repairs during slower periods
  - Payroll savings due to reduced staffing
  - Fewer drivers lead to less accidents-fewer claims on road network
  - Reduction in maintenance calls
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TRANSPORTATION ASSET MANAGEMENT

Tool:
1) Budget
2) Plan
3) Communicate

Asset Management Plan

Driven by Policy
Based on Performance
Founded on Life Cycle Costs
Supported by Data
Defensible

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TRANSPORTATION ASSET MANAGEMENT

$5 Resources
Inventory Data
Condition Assessment
Goals/Performance Measures

Transportation Asset Management Plan

Develop Pavement/Bridge Plan
Evaluate In-House Projects and Contract Projects
Trade-Off Analysis
Network Analysis
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TRANSPORTATION ASSET MANAGEMENT

How can Asset Management Concepts Help?

- When you assess your road and bridge network you are making decisions based on facts.
- You can apply targeted treatments, even with reduced funding, that yield the best results.
- You can measure the results quickly and adjust your treatment plan.
- You need correct timely information to make good decisions, your inventory and condition ratings can be a roadmap to get you through this event and back on your feet sooner.
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SURVEY RESULTS
Which Activity will be most affected by Reduced MVH/LRS Revenue?

- Maintenance, 57%
- Reconstruction, 52%
- Preservation, 61%
- Construction, 47%
- Other, 9%
- Blank, 4%

Comments from Survey:
- 50/50 with Reduction could break us, with employees being paid out of MVH, we have some difficult decisions to make.
- Creating shifts to split staff
- Streets, Equipment Purchases, staff and benefits
- There has to be some flexibility with 1176 and 1173. Most Departments will not be able to meet or even come close to meeting it this does not get changed

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SURVEY RESULTS
How will Preservation Activities be effected?

- Reduced, 71%
- No change, 22%
- Increase, 4%
- Other, 3%

- Take Advantage of Grants and other Outside Funding
- CCMGF
- Federal Aid
- Look at possibly increasing your Preservation Activities
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SURVEY RESULTS

Have you delayed or rescinded projects out for bid due to COVID-19?

- Yes, 19%
- No, 69%
- Blank, 12%

Comments from Survey:
- Delayed summer road maintenance program, garbage contract
- Delayed to see where income and funding will be
- Updating cash flow analysis
- Not applying for grant because funds will not be available for match
- Planning to bid in fall now
- Have chosen not to bid some projects
- Still to early to tell

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SURVEY RESULTS

Are you currently working with reduced staffing?

- None: 46%
- <25%: 20%
- 25-50%: 22%
- >50%: 11%
- Blank: 1%

Comments from Survey:
- Social Distancing
- Separating Staff into Shifts
- Rotating shifts M-W-F / T-TH
- Working 4 hour days – 5 days a week for social distancing
- Some employees taking off because if high risk family members
- 1 per truck for social distancing
- Staff that can work from home are
RESOURCES:

INDIANA TAX HANDBOOK:
HTTP://IGA.IN.GOV/LEGISLATIVE/2020/PUBLICATIONS/HANDBOOKS/

FHWA TRAFFIC DATA COMPUTATION METHOD:
HTTPS://WWW.FHWA.DOT.GOV/POLICYINFORMATION/PUBS/PL18027_TRAFFIC_DATA_POCKET_GUIDE.PDF

QUESTIONS?

CONTACT INFORMATION:
PATRICK CONNER
CONNERP@PURDUE.EDU
Webinar Chat Dialog:
From Jay DuMontelle, FHWA to Everyone: 10:03 AM
Thanks LTAP for putting this presentation together, today!

From cbradsky to Everyone: 10:13 AM
Is this slide presentation be available afterwards?
Answer LTAP: Yes

From Stephanie Yager to Everyone: 10:21 AM
Not only fewer gallons being used but the price of the gas has really dropped

From Tena to Everyone: 10:21 AM
Are these reductions expected to impact our budget immediately or in 2021?
Answer LTAP: You should see partial impact in your May 2020 MVH and LRS distribution and full impact in your June 2020 distributions.

From Matt House to Everyone: 10:22 AM
Is that reduction predicted for the whole year? Assuming that only a number of months will have the full 40% reduction in traffic?
Answer LTAP: Only the months affected.

From Andrew to Everyone: 10:25 AM
Does anyone know the specific: 2019 Indiana Tax Book referenced as source material in one of the slides?

From bcochran to Everyone: 10:26 AM
what is the time frame for the turn around, meaning how long does it take for April counts to show up at the local level?
Answer LTAP: 2 month lag.... June will see the impact from April.
From TOM MARTIN to Everyone: 10:27 AM
I believe it is approx. 2 months from pump to distribution.

From amy h to Everyone: 10:30 AM
so you can use 1173 for all of those activities correct?

Answer LTAP: The 1173 can only be used for Construction, Reconstruction, and Preservation (CRP) related expenses. It can be used for wages and benefits associated with CRP activities.

From hitturne to Everyone: 10:31 AM
What are the chances that the restriction can be lifted during the pandemic?

From HWY Superintendent to Everyone: 10:34 AM
is there any chance they will lift the restricted due to the pandemic

From Stephanie Yager to Everyone: 10:39 AM
Fuel costs.....how many counties signed agreement to guarantee fuel cost or purchase fuel in advance at a much higher cost.

From amy h to Everyone: 10:39 AM
Ohio County did

From Jen to Everyone: 10:40 AM
Stephanie - exactly. Fuel bids are common and we have locked in prices and quantities. Sometimes we are on the "win" side and sometimes, like now, on the "losing" side. Risk management.

From hitturne to Everyone: 10:41 AM
We did not lock in, we bid as we buy

From troyhostetler to Everyone: 10:42 AM
We locked in also

From blancx to Everyone: 10:43 AM
State should consider waiving the 50% rule until such time we return to normalcy.

From Jen to Everyone: 10:43 AM
AIC/IACC/IACHES have submitted this request to the Governor. I believe AIM did something similar as well.

From troyhostetler to Everyone: 10:44 AM
Wave it or at least reduce it would help

From Stephanie Yager to Everyone: 10:44 AM
talk to your legislators about this now to get the conversations out there

From Curt Higginbotham to Everyone: 10:45 AM
50% rule was a problem before the pandemic, now its compounded.

From Stephanie Yager to Everyone: 10:45 AM
The more we talk about it the more it will be elevated with state leaders

From troyhostetler to Everyone: 10:45 AM
Exactly

From Administrative Assistant to Everyone: 10:45 AM
I agree

From bcochran to Everyone: 10:45 AM
back to 2008 when chip & seal roads had to be taken back to stone because of financial hardship.
From blanclx to Everyone: 10:47 AM
Thank you all, agree. Blanclx

From Stephanie Yager to Everyone: 10:47 AM
The right mix of fixes at the right time really stretches the funding!

From Greg Guerrettaz to Everyone: 10:48 AM
50% was bad from the start without 50% new revenue which never came.

From Curt Higginbotham to Everyone: 10:50 AM
Greg the state legislators that decided this had no idea how much of our revenue was needed to conduct the non restricted activities.

From jlockridge to Everyone: 10:51 AM
I agree the 50/50% was a bad idea

From Curt Higginbotham to Everyone: 10:54 AM
1173 is the mvh restricted account

From Michael Allen to Everyone: 10:55 AM
Will local agencies that operate on a June/July Fiscal year see budgetary changes based on later personal tax submittals from April 15th to July 15th

From ??? to Me: (Privately) 10:55 AM
Would the infrastructure funding being contemplated change these scenarios? How likely is this of happening

Answer LTAP: If you are referring to, relaxing the 50/50 rule, yes they would allow agencies to have more money available for the “unrestricted” line items.

From jeff.smith to Everyone: 10:55 AM
Agree with the others on 50 percent requirement - the state should alter or suspend it during this time.
From SAIAbbas to Everyone: 10:55 AM

Do you have any understanding of how the stimulus programs can help locals?

**Answer LTAP: Not sure right now. When we do, we will help communicate.**

From ??? to Me: (Privately) 10:56 AM

Will there be any Federal stimulus money?

**Answer LTAP: Not sure right now. Whem/if we hear we will help get the word out.**

From JBlanchard to Everyone: 10:57 AM

How much variation is seen year to year in fuel usage and revenue due to bad winter weather variations? How does that compare to this 6-8 week period?

**Answer LTAP: I haven’t studied what you have mentioned, but typically there is a bad week or 2 of snow in Jan or Feb so it balances out. This is happening in April when more people are getting out and doing more and driving more. I think this is much worse than a bad winter.**

From Stephanie Yager to Everyone: 10:57 AM

If income tax funds highway reductions in LOITs will be seen in 2021

From Lindsey Moss to Everyone: 10:57 AM

Aim did also make that request of the Governor’s Office.

From Bobby Howard to Everyone: 10:57 AM

Any more discussion about Federal money helping with the shortfall?

From Jen to Everyone: 10:59 AM

Check with NACo on the federal stimulus.

From Vicki Kitchin to Everyone: 10:59 AM

Congress will continue to pass Covid legislation to provide relief for various programs, Indiana US Senators and Representatives should be contacted - about local road funding relief - it is possible they could address.
Resources:

Indiana Tax Handbook:
http://iga.in.gov/legislative/2020/publications/handbooks/

FHWA Traffic Data Computation Method: