

FY 2009 BUDGET

Fund Source	FY 2008 As Passed	FY 2008 BAA Adjusted	FY 2009 As Passed	Increase (Decrease)	Percent Change
STATE	192,661,319	190,749,152	187,152,508	(3,596,644)	-2%
FEDERAL	204,271,030	193,112,152	207,443,926	14,331,774	7%
LOCAL/OTHER	3,561,903	3,561,903	2,740,311	(821,592)	-23%
BONDS	-	-	15,050,000	15,050,000	
INTER-UNIT TRANSFERS	5,770,000	5,770,000	4,411,250	(1,358,750)	-24%
CENTRAL GARAGE FUND	14,611,622	14,611,622	14,930,774	319,152	2%
TOTAL	420,875,874	407,804,829	431,728,769	23,923,940	6%

VTrans' FY2009 budget as passed is \$431.7 million. This represents a \$23.9 million increase (6 percent) over the FY2008 appropriation, after recommended budget adjustments. The increase is largely due to increased federal funds (\$10.6 million) and the use of bonds (\$15.0 million) to help fund the transportation program. The increase in federal funds is primarily due to the following factors:

- ❖ Funds made available by the recently passed Federal FY2008 appropriations act are greater than in recent years.
- ❖ Budgeted federal funds also vary based on congressional earmarks and other discretionary programs.

The FY2009 transportation budget also continues the recent trend of annual JTOC adjustments to redirect transportation funds to transportation uses, and for the first time in years also contains an infusion from the Capital Budget (\$15.0 million) to help address transportation needs. This figure reflects an additional \$10 million (less issuance costs) in bond funding for transportation projects that is contingent upon approval in October by the Capital Debt Affordability Advisory Committee.

The Administration believes that the preservation and safety of existing transportation assets should be VTrans' highest priority so that these assets do not deteriorate to the point where they require major reconstruction at substantial cost. The FY2009 budget increases preventive maintenance and preservation activities by \$11 million (68 percent) over FY2008. This increase continues the Agency's commitment that began in FY2007 to make preventive maintenance and preservation a priority. Since that time, the Agency has increased funding \$18 million (nearly 200 percent) in these critical areas. The primary components of this approach, dubbed "The Road to Affordability," include:

1. Realignment of priorities.
 - a. Focus on traveler safety and preservation of the existing infrastructure.
 - b. Optimizing resources by focusing on a practical number of large projects.
 - c. Setting realistic timetables for large projects and new roadway segments.

2. Rethink project focus.
 - a. Require a “back-to-basics” approach by limiting project amenities not related to preservation, traveler safety, or environmental protection.
 - b. Require innovative-financing approach for proposed new roadway segment projects.
 - c. “Just-in-time delivery” of design, right-of-way, and permitting. VTrans continues to reduce the percentage of its capital budget that is designated for the design, right-of-way, and permitting of projects that are still many years away, and in turn increase the percentage designated for construction.
 3. Continued commitment to safety and the environment. Transportation activity accounts for about 46 percent of Vermont’s green house gas emissions (GHG). VTrans has several initiatives designed to reduce Vermont’s carbon footprint.
 - a. The use of cleaner fuels, such as biodiesel, and supporting the research and development of alternative technologies including hydrogen-fueled and plug-in hybrids.
 - b. Supporting the replacement of the public transit fleet with vehicles that use more fuel efficient and cleaner engine technology.
 - c. Gaining transportation efficiencies by helping Vermonters find alternatives to single-occupancy vehicles or reducing the length of trips.
 - i. Increased investment in public transit also reduces emissions by transporting more people with less energy expended.
 - ii. The Go-Vermont Program works with local employers to facilitate ride-sharing.
 - iii. Continued investment in new park-and-ride facilities helps to ensure the success of vanpool, rideshare, and public transit programs.
 4. Employ asset management, performance measurement, and project prioritization to ensure transportation dollars are spent in the most cost-effective manner.
 - a. Focus on maintaining overall system.
 - b. Put limited transportation dollars to work where they do the most good.
1. **STATE:** The \$187.2 million in state funds is a \$3.6 million decrease (2 percent) from the FY2008 appropriation, after recommended budget adjustments, and a \$5.5 million decrease from the as-passed FY2008 budget. Transportation revenues continue to be adversely affected by increased fuel prices, declining motor vehicle sales, and a lackluster economic outlook. However, anticipated transportation revenues continue to be sufficient to assure that we are not at risk of having to turn back available federal funds for lack of available matching funds.
 2. **FEDERAL:** The \$207.4 million in federal funds is a \$14.3 million (7 percent) increase over the FY2008 appropriation. This increase is normal as budgeted federal funds vary significantly from year to year. We expect to obligate all federal funds as they become available, noting that SAFETEA-LU earmarks do not expire and are available until expended. At this time, there is essentially no risk of having to turn back federal funds.

3. **LOCAL/OTHER:** The \$2.7 million in local and other funds is a \$800,000 decrease (23 percent) from the FY2008 appropriation. This variation is normal as the local share is the estimated local match required for program expenditures of state and/or federal funds. Local match requirements vary from year-to-year because they are based upon the types of programs or projects included in a particular budget.
4. **BONDS:** The \$15.0 million in bonds represents the first time in years that bonding authority has been utilized for transportation. As part of the administration's economic stimulus package, an additional \$10M in bonding authority for transportation is included but is contingent upon approval in October by the Capital Debt Affordability Advisory Committee.
5. **INTER-UNIT TRANSFERS:** The \$4.4 million in inter-unit transfers is a \$1.4 million decrease from FY2008. These funds from the federal National Highway Transportation Safety Administration (NHTSA), which passes through the Governor's Highway Safety Program, are only available for safety improvement projects. A surplus had accumulated as projects were identified and designed, but the Agency in recent years has been drawing the funds down as projects move to construction. The decrease is reflective of the drawdown as VTrans continues to put these funds to work on eligible hazard elimination projects. These funds are treated as interdepartmental transfers in VTrans' budget.
6. **CENTRAL GARAGE FUND:** The \$14.9 million in central garage funds is a \$300,000 increase (2 percent) over FY2008. This increase is largely attributable to the upward pressure of fuel costs.

Highlights of the FY2009 Budget:

- \$25.9 million for the Department of Motor Vehicles (DMV). This is a \$400,000 decrease (2 percent) from FY2008. Included is \$2 million to fund the final stages of modernizing the Department's computer systems. DMV's Systems Modernization project will replace the current 1970's batch processing mainframe system with a technologically advanced, real-time system where information is updated immediately. The new system will streamline DMV's workflow, provide more timely and accurate information, and ensure faster revenue accounting. The project is anticipated to be completed in FY2009. Also included is \$900,000 million to complete the development and implementation of the enhanced driver license (EDL) program. The remainder of the budget funds all current DMV services.
- \$67.2 million for paving. This is an \$8.2 million increase (14 percent) over FY2008. The increase reflects the additional \$3 million in paving treatments that were added to FY2008 in the Operation Smooth Ride. The increase continues a steady commitment by the Administration to cost effectively extend the useful life of Vermont's highway infrastructure. Vermonters rely on the State's road system more than any other mode of transportation. A robust paving program is essential to not only maintain the state's existing infrastructure, but to improve Vermonters' safety and mobility. The Administration has increased annual spending for paving by \$45 million (over 300 percent) over the last five years (from \$21.9 million in FY2003 to \$67.2 million in FY2009). A total of 296 miles of paving improvements are planned for the summer of 2008. This year's planned improvements include 122 miles of paving and 174 miles of preventive maintenance (146 miles of crack sealing and 28

miles of ultra-thin overlay), and the additional 80 miles of treatment included in Operation Smooth Ride.

- \$61.2 million for bridges. This is a \$10.5 million increase (21 percent) over FY2008. Bridges are an integral part of Vermont's highway infrastructure, and VTrans makes it a high priority to keep them in a safe and usable condition. Much of the increase is attributed to additional funding allocated to preservation and maintenance-related bridge and culvert activities, largely within the Bridge Maintenance appropriation, which is up \$10.9 million (224 percent). A \$2 million decrease (9 percent) in the Town Highway Bridge Program reflects (a) a large number of SAFETEA-LU earmarks that have already been put to work and (b) the significant gains that have already occurred with regard to the overall condition of our town highway bridges relative to other programs. This budget funds replacement or rehabilitation construction on numerous culverts and 54 bridges, including 37 town highway bridges, 16 state highway bridges and two interstate bridges.
- \$49.7 million for roadway. This is a \$1.4 million decrease (3 percent) from FY2008. The budget is consistent with VTrans' Road to Affordability strategy, and reflects the Agency's efforts at setting realistic timetables for large projects as well as redirecting priorities to preservation activities. The roadway budget includes \$5 million for small culvert, ledge and slope repair activities, which is an increase of \$340,000 over FY2008. Major construction projects include: continuation of Bennington Bypass North, the first of six segments of US 7 Pittsford-Brandon, completion of the Circ-Williston Environmental Impact Statement, reconstruction of US 5 in Hartford, Springfield VT 143, continuation of safety improvements along I-91 north of Hartford, beginning the reconstruction of I-89 in St. Albans and Swanton, and the South Burlington Market Street project.
- \$11.8 million for highway safety and traffic operations. This is a \$1 million increase (9 percent) over FY2008. The budget for this important safety program is largely funded by a combination of safety money coming through the Governor's Highway Safety Program as well as a Federal Safety Program created under SAFETEA-LU. VTrans is also taking the lead in working with its highway safety partners (including other government agencies, private industry, law enforcement, etc.) to implement a Strategic Highway Safety Plan. VTrans is now better positioned to address highway safety concerns – a critical element of our fundamental mission to keep Vermont's transportation system safe for travelers. A focus on traveler safety is a primary component of VTrans' Road to Affordability.
- \$2.1 million for park-and-ride facilities. This is essentially level funded from FY2008. This funds the enlargement and improvement to two existing lots, as well as the construction of two new facilities which combined represents some 270 parking spaces. There are 11 additional facilities in various stages of development that in the future will provide approximately 700 new or improved spaces. The spaces being constructed combined with those under development will nearly double the number of existing spaces at VTrans' park-and-ride facilities. This budget also provides funding for approximately 100 additional spaces throughout the state through the continuation of the popular municipal park-and-ride grant program, which is increased by \$50,000 over FY2008 to \$250,000.
- \$5.5 million for bicycle and pedestrian facilities. This is a \$300,000 decrease (5 percent) from FY2008. This funds construction of approximately 4.69 miles that includes seven bicycle and pedestrian projects, three adaptive re-use structures and a sidewalk facility in Fairlee funded through the Safe Routes to School program. Projects in West Rutland, Winooski and Woodstock were completed in 2007. This budget also includes \$1.7 million for eight federal earmark projects that will

not require state funds since matching funds will come from local sources, and money to continue the design of nine other projects. In the last 12 years, VTrans' bicycle and pedestrian program has funded construction of over 74 miles of bicycle and pedestrian facilities. The Agency will continue planning and integrating these facilities into the State's overall transportation strategy.

- \$2.4 million for enhancements. This is a \$430,000 decrease (15 percent) from FY2008. This budget funds enhancement projects that previously received grants and are now ready to proceed. It includes work on 43 existing projects, including construction funding for 18 projects. Projects to be completed include sidewalks and pedestrian improvements, scenic easements, and adaptive reuse of historic bridges.
- \$3.95 million for rest areas. This is a \$3.3 million increase (500 percent) over FY2008. The budget primarily funds preliminary engineering for a welcome center in Bennington and construction of a sewer project for the Hartford rest areas. The significant increase is attributed to construction of the Hartford project, which is expected to occur during FY2009. Both projects received federal earmark funds.
- \$64 million for maintenance. This is a \$600,000 increase (1 percent) over FY2008. The increase reflects an increased emphasis on preventive maintenance for bridges; continued concentration on improvement of culverts and ditching; the pressure of rising fuel and materials costs on operations; a modest investment in the federally-funded Intelligent Transportation System (ITS) programs to include design of a fiber optic network; and a continuation of general maintenance and other activities that facilitate the safety and mobility of Vermont's people and goods. A strong commitment to the effective maintenance of the State's existing infrastructure is vital to the management of the State's transportation assets.
- \$19.7 million for public transit. This is a \$600,000 increase (3 percent) over FY2008. The funding continues VTrans' efforts to create a seamless, integrated, statewide public transportation system while increasing the coordination of all transit services. The funding also supports development and implementation of the new "Go Vermont" carpool and vanpool efforts, as well as web-based and coordinated marketing of alternatives to single-occupancy vehicle travel. The FY2009 budget increases funding for existing operations, and allows for the creation of a limited number of new routes where they are most needed. The overall public transit budget reflects an \$180,000 increase in capital funding to \$4.4 million, which is significant considering the increase is over and above the \$825,000 in "one-time" funding added to capital in FY2008. Not included is an additional \$1.6 million of Vermont's Federal Transportation Administration (FTA) funding that passes directly through to the Chittenden County Transportation Authority (CCTA), and additional FTA funding that CCTA receives directly from FTA.
- \$9.4 million for aviation. This is a \$2.4 million increase (34 percent) over FY2008. Vermont's aviation assets are in relatively good condition, and the proposed FY2009 budget provides sufficient investment to build on that condition. Program highlights include design efforts to improve runways and safety areas, hazard beacon improvements, hangar development, security cameras, upgrades to snow removal equipment buildings, and approach lighting. It also continues support for Vermont's municipally owned major airport in Burlington with a \$4.5 million appropriation.

- \$16.8 million for rail. This is a \$2.5 million decrease (13 percent) from FY2008. The decrease reflects current project schedules and timelines for contracts established over the last year. The five-year funding profile developed by VTrans contains increased investment in future years and continues to support improvements to the state's rail infrastructure. Despite the \$2.5 million decrease, this rail budget is still \$6 million more than just a few years ago (FY2006) when the rail budget was only \$10.5 million. The FY2009 allocation continues both the upgrade of existing rail infrastructure to the 286,000-pound standard and the rehabilitation of bridges along the lines. It includes \$3.7 million for continued AMTRAK rail passenger service, \$50,000 for marketing the service, and \$187,500 as VTrans' share of a new \$375,000 program to improve the railroads that host Amtrak and enhance on-time performance. The combination of the State's FY2009 commitment and \$44.5 million in federally earmarked rail infrastructure funds that became available as a result of SAFETEA-LU continue to support economic growth by improving our rail infrastructure and encouraging the increased use of rail to move freight and passengers efficiently.
- \$1.6 million for transportation building facilities. This is a \$200,000 increase (14 percent) over FY2008. Funds will be used for construction or improvements to facilities in Colchester, Marlboro, Middlesex, North Montpelier, and Windsor. The proposal also funds development and design of future maintenance facilities or improvements to existing facilities, and the installation of above-ground fuel storage tanks to replace existing buried tanks which reach the end of their serviceable life.
- \$58 million for town highway programs. This is an \$800,000 million decrease (1 percent) from FY2008.
 - *Town Highway Programs:* This budget funds increases to Town Highway Structures and Class 2 Roadway programs of \$340,000 and \$700,000 respectively, and level funds the Town Highway Aid Program at FY2008 as-passed level of \$25 million. The Town Highway Emergency program is funded with \$250,000 to accommodate future emergency needs.
 - *Town Highway Bridges:* Funding for town highway bridges in FY2008 increased by about \$6 million over FY2006, largely due to SAFETEA-LU earmarks. A \$2 million decrease in the Town Highway Bridge Program reflects (a) a number of SAFETEA-LU earmarks that have already been put to work and (b) that significant gains that have already occurred with regard to the overall condition of our town highway bridges relative to other programs. Despite the decline in total appropriation, this budget continues to demonstrate VTrans' commitment to the preservation of Vermont's town highway bridges. The FY2009 budget funds construction for 314 town highway bridges, up from 26 in FY2008. This increase represents 31 percent more bridges planned for construction. This budget demonstrates VTrans' commitment to assist municipalities in making necessary repairs and replacements of Vermont's bridges and culverts.
- There are only two "shelf projects." These projects are anticipated to be ready for construction at some time during FY2009, but have no federal and/or state funds identified or budgeted for their construction during FY2009. These projects are considered to be a lesser priority than those selected for advancement. The estimated construction cost of the two shelf projects is currently \$2.8 million. This represents significant progress from only three years ago, when the shelf list included 33 projects with estimated construction cost of \$67.9 million.

AGENCY OF TRANSPORTATION					
FY 2009 AS PASSED (incl additional \$10M bonds)					
	TOTAL	STATE *	FEDERAL	LOCAL/ OTHER	INTERNAL SERVICE
<u>DISCRETIONARY FUNDS</u>	0				
<u>DEPT. OF MOTOR VEHICLES</u>	25,925,911	23,854,657	2,071,254		
<u>FINANCE & ADMINISTRATION</u>	11,875,420	11,375,420	500,000		
<u>PROGRAM DEVELOPMENT</u>					
Paving	67,225,347	16,616,141	50,609,206		
Interstate Bridge	4,694,000	469,400	4,224,600		
State Highway Bridge	21,106,000	4,373,402	16,732,598		
Roadway	49,700,853	7,104,305	41,164,556	1,431,992	
Highway Safety and Traffic Operations	11,813,693	234,720	7,622,723	3,956,250	
Park & Ride	2,079,610	250,000	1,829,610		
Bike & Pedestrian Facilities	5,482,383	394,537	5,087,846		
Enhancements	2,420,440	79,000	2,341,440		
Multi-Modal Facilities	0	0	0		
Program Development Administration	14,097,956	10,147,956	3,950,000		
Total Program Development	178,620,282	39,669,461	133,562,579	5,388,242	
<u>BRIDGE MAINTENANCE PROGRAM</u>	15,767,988	6,328,096	9,439,892		
<u>REST AREAS</u>	3,950,000	417,300	3,532,700		
<u>POLICY & PLANNING</u>	11,022,950	1,983,875	8,639,075	400,000	
<u>MAINTENANCE</u>	63,960,874	60,295,608	3,565,266	100,000	
<u>PUBLIC TRANSIT PROGRAM</u>	19,719,221	6,677,897	13,041,324		
<u>AVIATION</u>	9,425,426	2,207,426	7,218,000		
<u>RAIL</u>	16,794,901	8,538,901	8,256,000		
<u>CENTRAL GARAGE</u>	14,930,774				14,930,774
<u>TRANSPORTATION BUILDINGS</u>	1,646,000	1,646,000			
Total "VTrans" Programs	373,639,747	162,994,641	189,826,090	5,888,242	14,930,774

AGENCY OF TRANSPORTATION					
FY 2009 AS PASSED (incl additional \$10M bonds)					
	TOTAL	STATE *	FEDERAL	LOCAL/ OTHER	INTERNAL SERVICE
<u>TOWN HIGHWAY BRIDGES</u>	19,667,289	2,991,134	15,412,836	1,263,319	
<u>TH STRUCTURES</u>	3,833,500	3,833,500			
<u>TH CLASS 2 ROADWAY PROGRAM</u>	6,448,750	6,448,750			
<u>TH EMERGENCY PROGRAM</u>	250,000	250,000			
<u>TH AID PROGRAM</u>	24,982,744	24,982,744			
<u>TH CLASS 1 SUPPLEMENTAL GRANTS</u>	128,750	128,750			
<u>TH VERMONT LOCAL ROADS</u>	375,000	235,000	140,000		
<u>MUNICIPAL MITIGATION GRANT PROGRAM</u>	2,112,998	247,998	1,865,000		
<u>TH PUBLIC ASSISTANCE GRANTS</u>	200,000		200,000		
Total "Town Highway" Programs * *	57,999,031	39,117,876	17,617,836	1,263,319	
<u>TRANSPORTATION BOARD</u>	89,991	89,991			
TOTAL PROGRAMS *	431,728,769	202,202,508	207,443,926	7,151,561	14,930,774

**187,152,508 Total Transportation Fund
(15,050,000) (BONDING AUTHORITY-reduced by \$150K issuance costs)**

* State funds include \$15.05M in bonding authority

** "Town Highway" Programs excludes town highway projects included in "Vtrans" Programs.

Paving, Roadway, Enhancements, and Bike/Ped for example.

Local match not included in appropriations.

Bridge Summary:

State Highway Bridge	21,106,000	4,373,402	16,732,598	0	0
Interstate Bridge	4,694,000	469,400	4,224,600	0	0
Bridge Maintenance	15,767,988	6,328,096	9,439,892	0	0
Town Highway Bridge	19,667,289	2,991,134	15,412,836	1,263,319	0
Bridge Total	61,235,277	14,162,032	45,809,926	1,263,319	0

TOTAL BUDGET COMPARISON
FY 2009 AS PASSED VS FY 2008 AFTER BAA (APRIL

	FY2008 ADJUSTED	FY2009 AS PASSED	CHANGE INC/(DEC)	% CHANGE INC/(DEC)
<u>DISCRETIONARY FUNDS</u>	0	0	0	
<u>DEPT. OF MOTOR VEHICLES</u>	26,362,341	25,925,911	(436,430)	-1.7%
<u>FINANCE & ADMINISTRATION</u>	11,275,043	11,875,420	600,377	5.3%
<u>PROGRAM DEVELOPMENT</u>				
Paving	58,998,308	67,225,347	8,227,039	13.9%
Interstate Bridge	5,943,000	4,694,000	(1,249,000)	-21.0%
State Highway Bridge	18,201,388	21,106,000	2,904,612	16.0%
Roadway	51,093,504	49,700,853	(1,392,651)	-2.7%
Highway Safety and Traffic Operations	10,840,000	11,813,693	973,693	9.0%
Park & Ride	2,097,958	2,079,610	(18,348)	-0.9%
Bike & Pedestrian Facilities	5,773,543	5,482,383	(291,160)	-5.0%
Enhancements	2,853,550	2,420,440	(433,110)	-15.2%
Multi-Modal Facilities	380,000	0	(380,000)	-100.0%
Program Development Administration	14,049,968	14,097,956	47,988	0.3%
Total Program Development	170,231,219	178,620,282	8,389,063	4.9%
<u>BRIDGE MAINTENANCE PROGRAM</u>	4,865,945	15,767,988	10,902,043	224.0%
<u>REST AREAS</u>	650,000	3,950,000	3,300,000	507.7%
<u>POLICY & PLANNING</u>	10,702,299	11,022,950	320,651	3.0%
<u>MAINTENANCE</u>	63,339,627	63,960,874	621,247	1.0%
<u>PUBLIC TRANSIT PROGRAM</u>	19,148,363	19,719,221	570,858	3.0%
<u>AVIATION</u>	7,012,841	9,425,426	2,412,585	34.4%
<u>RAIL</u>	19,264,309	16,794,901	(2,469,408)	-12.8%
<u>CENTRAL GARAGE</u>	14,611,622	14,930,774	319,152	2.2%
<u>TRANSPORTATION BUILDINGS</u>	1,449,000	1,646,000	197,000	13.6%
Total "VTrans" Programs	348,912,609	373,639,747	24,727,138	7.1%

TOTAL BUDGET COMPARISON				
FY 2009 AS PASSED VS FY 2008 AFTER BAA (APRIL)				
	FY2008 ADJUSTED	FY2009 AS PASSED	CHANGE INC/(DEC)	% CHANGE INC/(DEC)
<u>TOWN HIGHWAY BRIDGES</u>	21,702,372	19,667,289	(2,035,083)	-9.4%
<u>TH STRUCTURES</u>	3,494,500	3,833,500	339,000	9.7%
<u>TH CLASS 2 ROADWAY PROGRAM</u>	5,748,750	6,448,750	700,000	12.2%
<u>TH EMERGENCY PROGRAM</u>	60,000	250,000	190,000	316.7%
<u>TH AID PROGRAM</u>	24,982,744	24,982,744	0	0.0%
<u>TH CLASS 1 SUPPLEMENTAL GRANTS</u>	128,750	128,750	0	0.0%
<u>TH VERMONT LOCAL ROADS</u>	375,000	375,000	0	0.0%
<u>MUNICIPAL MITIGATION GRANT PROGRAM</u>	2,112,998	2,112,998	0	0.0%
<u>TH PUBLIC ASSISTANCE GRANTS</u>	200,000	200,000	0	0.0%
Total "Town Highway" Programs	58,805,114	57,999,031	(806,083)	-1.4%
<u>TRANSPORTATION BOARD</u>	87,106	89,991	2,885	3.3%
TOTAL PROGRAMS	407,804,829	431,728,769	23,923,940	5.9%

Bridge Summary:

State Highway Bridge	18,201,388	21,106,000	2,904,612	16.0%
Interstate Bridge	5,943,000	4,694,000	(1,249,000)	-21.0%
Bridge Maintenance	4,865,945	15,767,988	10,902,043	224.0%
Town Highway Bridge	21,702,372	19,667,289	(2,035,083)	-9.4%
Bridge Total	50,712,705	61,235,277	10,522,572	20.7%