

Connecticut Public Transportation Commission
Minutes of May 5, 2016

Fourth Floor Conference Room
Union Station, New Haven

Attendance: Members: Kevin Maloney, Richard Schreiner, Bill Kelaher, Robert Rodman, Alan Sylvestre, Ed McAnaney, Mort Katz, Yvonne Loteczka. **Ex-officio members:** Fred Riese (DEEP). **Guest:** Don Shubert.

Chairman Maloney opened the meeting at 1:37 pm. The minutes of the meeting of April 7 were accepted as written.

Featured Speaker

Donald Shubert, President of the Connecticut Construction Industries Association, provided an overview of the new Federal surface transportation act, the Fixing America's Surface Transportation Act or FAST Act, passed by Congress in late 2015 and signed by President Obama on December 4, 2015. The FAST Act will provide \$305 billion in Federal transportation funds over the fiscal years 2016-2020. Shubert noted that Federal surface transportation bill funding still accounts for half of all transportation funding in the country.

Shubert next went through the list of Federal surface transportation bills, starting with ISTEA in 1991, which was the first intermodal surface transportation bill, and going through TEA-21 (1998), SAFETY-LU (2005), MAP-21 (2012), and now the FAST Act. One very favorable feature of the FAST Act is that it is a five year bill, which allows for stability and long-term planning. Shubert noted there had been 36 short-term extensions of the previous surface transportation bills in the last 10 years.

Beginning in 1998, federal gas tax revenues were insufficient to fully support the Highway Trust Fund. So beginning that year, a series of fund transfers to the Highway Trust Fund began. Most of the new support for the Highway Trust Fund came from the General Fund, with lesser support from three transfers from the Leaking Underground Storage Tank Fund. On three occasions, due to Federal sequestration, money was transferred out of the Highway Trust Fund into the General Fund, and on one occasion from the Mass Transit Fund to the General Fund. The General Fund transfers into the Highway Trust Fund have been increasingly important. In addition, these transfers have made every state a donee state, eliminating the guaranteed rate of return requirements to individual state, which had reached 95% under SAFETY-LU.

The FAST Act will increase Federal highway and transit funding faster than the predicted rate of inflation over the next five years. For Federal Aid Highway funding, the amounts provided over the next five years will increase as follows:

- 2015 - \$40.90 billion
- 2016 - \$42.36 billion
- 2017 - \$43.26 billion
- 2018 - \$44.23 billion
- 2019 - \$45.27 billion

- 2020 - \$46.36 billion

Transit funding will increase at a similar rate.

To provide this level of support, \$70 billion in General Fund support is added to the Highway Trust Fund under the FAST Act. Congress had to come up with spending offsets to compensate for the \$70 billion out of the General Fund. The five largest of these offsets are:

- Transfer from the Capital Surplus Account of the Federal Reserve: \$53.334 billion
- Dividend reductions for the Federal Reserve's member banks: \$6.904 billion
- Sale of 66 million barrels of crude oil from the Strategic Petroleum Reserve: \$6.2 billion
- Indexing Customs user fees for inflation: \$5.188 billion
- Allowing the Internal Revenue Service to hire private tax collectors: \$2.408 billion

Federal gas tax revenues continue to decline as a source of support for the Highway Trust Fund. Over the course of the FAST Act's life, the extent of General Fund Support for transportation will increase from the equivalent of a 10c/gallon fuel tax hike to a 20c/gallon fuel tax hike by 2020, or from roughly 25% of Federal transportation support to almost half of Federal transportation support by 2020.

For Connecticut, highway funding under the FAST Act between now and 2020 will be:

- 2015 - \$484 million
- 2016 - \$509 million
- 2017 - \$520 million
- 2018 - \$531 million
- 2019 - \$543 million
- 2020 - \$556 million

In addition to these funds, Connecticut and other states can reprogram unused earmarks under SAFETY-LU for other uses. Shubert noted that SAFETY-LU had contained 7,000 specific earmarks, including the infamous 'Bridge to Nowhere' in Alaska. Connecticut has \$84 million in unused, reprogrammable earmarks, which will provide significant additional funds. Together with \$3.8 billion in unused State bonding for transportation and the Let's Go CT ramp-up funds, ConnDOT is in good shape for capital funding at the moment.

The \$138.8 billion Surface Transportation Block Grant Program consolidates several former programs and allows for funding for both highway and transit projects. A significant amount of this funding will be awarded to, and administered at, the local level (MPOs and municipalities).

Shubert next discussed a couple of freight-specific programs in the FAST Act. The \$6.3 billion, 5-year National Highway Freight Program will provide \$14.6 million annually to Connecticut for use on highways designated as part of the National Highway Freight Network. In Connecticut, these are Interstates 95, 91, 84 and the tiny portion of I-684 in Greenwich. State departments of transportation can obligate funds over the first two years of the Act but must have an approved State Freight Plan in place by Year 3. Connecticut has seven of the top ten freight bottlenecks in New England within its borders.

The other freight-specific program is the Nationally Significant Freight and Highway Project Program, a \$4.5 billion program for projects that improve the movement of freight. These must also be

on the National Highway Freight Network. Intermodal projects are also eligible for up to \$500 million in project funding. The first round of proposals under this program was due on April 14.

Shubert said that the FAST Act will provide stability to Federal transportation funding. He advised Connecticut to be ready to take advantage of opportunities in the freight programs and to be ready at the local level to participate and to administer funds. Shubert foresees a major battle for the next reauthorization to come up with the non-gas tax portion of the program funding.

Reports for Operating Entities

Bill Kelaher mentioned that two of the remaining six manned Amtrak stations in Connecticut (Berlin and Meriden) have now been converted to unmanned stations. This leaves only Hartford, New Haven, Stamford and New London as manned stations.

Chairman's Report

Chairman Maloney mentioned a recent Wall Street Journal article concerning national transit ridership. Transit use saw its first decline in five years in 2015. Ridership on transit systems declined 1.3% from 2014 to 2015. Nationally, bus ridership was down 2.8% from 2014, a net drop of 150 million riders, but train and subway ridership edged up 0.2%. These figures don't include Amtrak or intercity buses. Lower fuel costs are assumed to be the cause of the drop in transit usage. The American Public Transportation Association estimates that for every 10% drop in gasoline prices, there is a 1.8% drop in transit ridership.

Kevin also noted that the increasing number of Uber drivers is having its effect not only on the taxi industry but on the rental car industry as well. Sales in the rental car industry are declining, likely due to the increasing availability and declining cost of procuring rides through Uber and similar services.

Old Business

Fred Riese reported that there may be progress in setting up an arrangement to link the Waterbury and Danbury campuses of Naugatuck Valley Community College using Peter Pan bus service. This arrangement would involve Peter Pan offering low cost commuter rate tickets to NVCC students, support from the NVCC Student Government Association's transportation fund, out-of-pocket fare payment by NVCC students and State-support of the service through ConnDOT. Fred has not yet been able to confirm that all the pieces have fallen into place but was told that the arrangement had been put into a final agreement.

Spring Public Hearings

Fred reminded members of the two public hearings coming up this month: Bristol on May 10 and Willimantic on May 23. Members are encouraged to do their best to attend. The final spring public hearing will be June 7 in West Haven.

New Business

Tentative plans for the June meeting are to invite Mike Sanders to give an update on *CTfastrak*.

Fred reported that the Connecticut Association for Community Transportation and Transit for Connecticut have scheduled the next Transit Roundtable for May 18 at Clinton Town Hall, 9-11 am,

with representatives from ConnDOT, the Lower River Council of Governments, Estuary Transit District, Kennedy Center, Connecticut Fund for the Environment and others.

Chairman Maloney closed the meeting at 3:05 pm.