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Agency of Transportation

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TO: Joint Fiscal Committee
FROM: Leonard (Lenny) LeBlanc, VTrans CFO *LAL*
RE: FY2017 Transportation Fund rescission plan
DATE: September 2, 2016

At the Emergency Board meeting held in July, an updated FY 2017 revenue forecast was adopted that is \$2.8 million less than the forecast used to construct the FY 2017 budget adopted by the Legislature. Pursuant to 32 V.S.A. § 704(b)(1), the Agency of Transportation (VTrans) hereby submits the attached plan to realign appropriations with the reduction in the Transportation Fund Revenue.

VTrans believes that this proposal minimizes the impact to the FY2017 Transportation Program.

The attached plan has been reviewed by Secretary Cole with Senator Mazza and Representative Brennan and they indicated their approval of the plan.

cc: Steve Klein, Chief Fiscal Officer, Joint Fiscal Office



| | A | B | C | D | E | F | G | H |
|----|---|--------------------|--------------------|--------------------|--|--|---------------------|---------------------|
| 1 | Description | TFund - 20105 | FHWA - 20135 | Total | Description | Impact | DeptID | Major Object |
| 2 | | | | | | | | |
| 3 | July 2016 Revenue forecast adjustment estimated Transportation Fund FY2017 impact.* | (2,939,240) | | | FY2017 Transportation Fund shortfall after July 2016 consensus revenue forecast. This number is the net effect of the July forecast compared to the January forecast adjusted for the as-passed transportation revenue bill (Act 159), compared to total FY2017 Transportation Fund appropriations. | N/A | | |
| 4 | TFund stabilization reserve impact | 128,019 | | | Reduce FY2017 stabilization reserve requirement associated with FY2016 end-of-year carry forward reversions to cover the FY2016 revenue shortfall (5% of \$2,560,374). This is a Transportation Fund operating statement adjustment - requires an amendment to be included in the FY2017 budget adjustment bill to exclude carryforward reversions from the Transportation Fund stabilization reserve requirement. | No impact to the FY2017 Transportation Program. | N/A | N/A |
| 5 | Net Transportation Fund FY2017 shortfall | (2,811,221) | | | | | | |
| 6 | | | | | | | | |
| 7 | FY2017 appropriation adjustment plan: | | | | | | | |
| 8 | DMV | (640,000) | | (640,000) | Savings from Point of Sale system project - estimated total cost less than budget of \$1.68M. | No impact to the FY2017 Transportation Program. | 8100002100 | Operating |
| 9 | Maintenance | (604,162) | | (604,162) | Reduce funding related to materials and equipment purchases budgeted in FY2017 that were accelerated into FY2016 using 2015-2016 winter maintenance savings. | No foreseeable impact to the FY2017 Transportation Program, but reduces funding that could potentially be available if needed for severe winter costs. | 8100002000 | Operating |
| 10 | Transfer a cash surplus in the Central Garage internal service fund to the Transportation Fund. | (588,000) | | (588,000) | This utilizes a FY2016 year end fund balance in the Central Garage Internal Service Fund and transfers that balance to the Transportation Fund. | No impact on planned FY2017 Central Garage fleet equipment purchases or on the FY2017 Central Garage appropriation. | N/A - fund transfer | N/A - fund transfer |
| 11 | Program Development - Paving | (229,059) | 229,059 | | Utilize toll credits made available by meeting FY2016 maintenance of effort (MOE). Replaces Transportation Fund matching requirement with available - FHWA funds. | No impact to the FY2017 Transportation Program. | 8100001100 | Operating - LSI |
| 12 | Program Development - Paving | (350,000) | (1,400,000) | (1,750,000) | Anticipates savings in project costs due to scheduling and other impacts, including lower asphalt pricing. Note that the as passed FY2017 budget already assumes \$6M (\$4.8M federal and \$1.2M state funds) in project savings. The savings is estimated at 80/20 prorata. | No foreseeable impact to the FY2017 Transportation Program. Note that the as passed FY2017 budget already assumes \$6M (\$4.8M federal and \$1.2M state funds) in project savings. | 8100001100 | Operating - LSI |
| 13 | Town Highway Class 2 Roadway | (400,000) | | (400,000) | Restore program funding to FY2017 GOVREC amount - reduce by \$400,000 from \$7,648,750 to \$7,248,750. | Funding at the increased level is anticipated to be restored for FY2018. | 8100002600 | Grants |
| 14 | | | | | | | | |
| 15 | TOTAL OF ABOVE ITEMS | (2,811,221) | (1,170,941) | (3,982,162) | | | | |
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| 27 | * The Transportation Infrastructure Bond Fund (TIB Fund) forecast was effectively reduced by \$100,000 in July. Any necessary appropriation adjustments will be proposed for the FY2017 Budget Adjustment Bill. | | | | | | | |
| 28 | | | | | | | | |
| 29 | VTrans Finance and Administration | | | | | | | |
| 30 | 9/2/2016 | | | | | | | |