



MEMORANDUM

Date: January 22, 2014

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "C.H. Huckelberry", is written over the typed name of the County Administrator.

Re: **Transportation Funding**

Attached are two graphs showing the status of the Federal Highway Trust Fund; both the Highway Account (Attachment 1) and the Mass Transit Account (Attachment 2). As you can see, both funds are nearing depletion; and without significant Congressional action to increase revenues or transfer Federal General Funds to the Trust Fund, it will essentially run out of money in September 2014.

The greatest impact of this lack of funding will be to interstate reconstruction and repair. These federal funds are transferred to the Arizona Department of Transportation; hence, the most significant impact to maintaining the street and highway system in Arizona will fall to the State highway agency, the Arizona Department of Transportation. To a lesser extent, local government funding will be impacted from historically state-shared federal transportation and transit funds. The largest impact will be to the Pima Association of Governments Transportation Improvement Plan and, potentially, the backfilling of Regional Transportation Authority funding shortfalls that have occurred as a result of the prolonged recession.

This information is provided to keep the Board apprised of transportation funding concerns. The message is we cannot and should not rely on federal funding to help solve our local transportation problems. In fact, failure to increase funding at the state level will have a dramatic effect on the state's ability to maintain the larger primary and interstate system within the State of Arizona.

CHH/anc

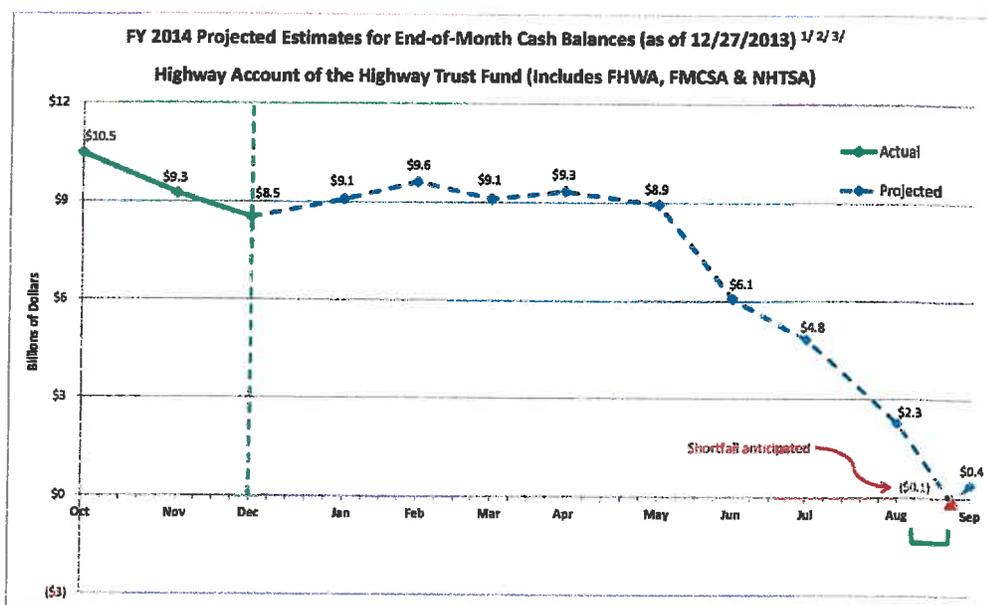
Attachments

c: Martin Willett, Chief Deputy County Administrator
John Bernal, Deputy County Administrator for Public Works
Priscilla Cornelio, Director, Department of Transportation
Michael Racy, Racy Associates, Inc.



Highway Trust Fund Ticker

Highway Account

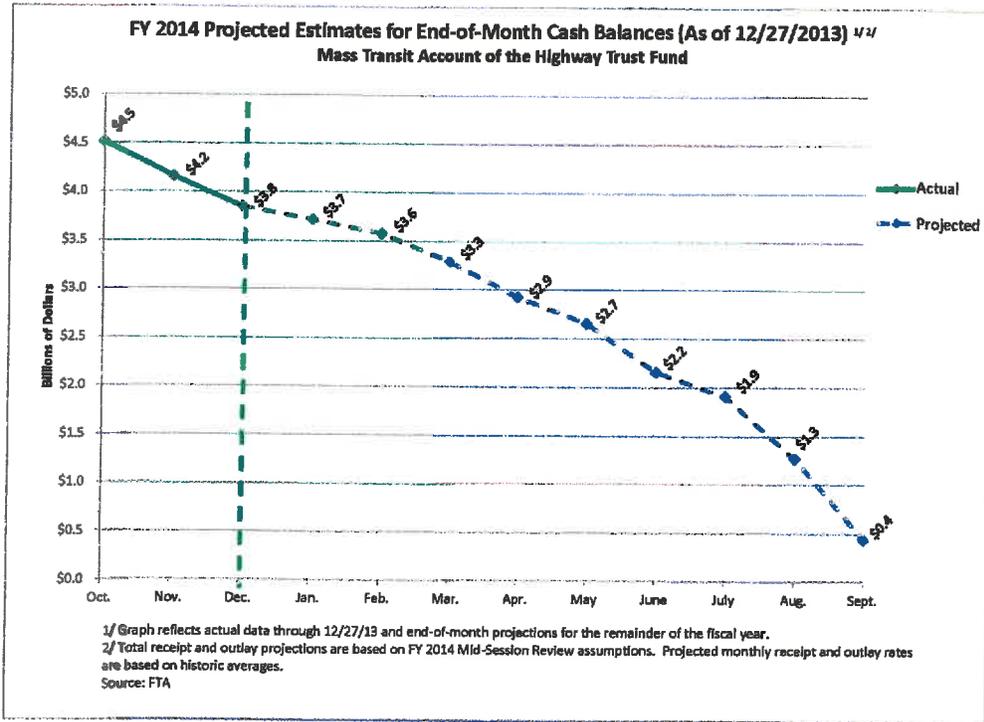


1/ Graph reflects actual data through 12/27/13 and end-of-month projections for the remainder of the fiscal year.
 2/ Total receipt and outlay projections are based on FY 2014 Mid-Session Review assumptions. Projected monthly receipt and outlay rates are based on historic averages.
 3/ Range of anticipated shortfall: Green brackets denote the estimated window of when the anticipated shortfall will occur.
 Source: FHWA

Based on current spending and revenue trends, the U.S. Department of Transportation estimates that the Highway Account of the Highway Trust Fund will encounter a shortfall before the end of fiscal year (FY) 2014.

- The Highway Account began FY 2014 with approximately \$1.6 billion in cash.
- A \$9.7 billion transfer from the General Fund to the Highway Account was processed shortly after the start of the fiscal year (\$10.4 billion authorized in MAP-21, reduced by sequestration).
- The surface transportation program continues to outlay at a greater pace than receipts are coming in. As a result, the cash balance has dropped by nearly \$3.4 billion since the General Fund transfer occurred. As of the last week of December 2013, the Highway Account cash balance was \$8.5 billion.

Mass Transit Account



Based on current spending and revenue trends, the U.S. Department of Transportation estimates that the Mass Transit Account of the Highway Trust Fund (HTF) will have a balance of approximately \$440 million at the end of fiscal year (FY) 2014.

- The Mass Transit Account began FY 2014 with approximately \$2.5 billion in cash.
- A \$2 billion transfer from the General Fund to the Mass Transit Account was processed shortly after the start of the fiscal year (\$2.2 billion authorized in MAP-21, reduced by sequestration).
- As of the last week of December 2013, the Mass Transit Account cash balance was \$3.8 billion.

Updated: Wednesday, January 15, 2014