

AG Summit

August 21, 2018

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NDDOT's Mission and Vision

Mission: Safely move people and goods.

Vision: North Dakota's Transportation

Leader Promoting:

- Safe Ways
- Superior Service
- Economic Growth



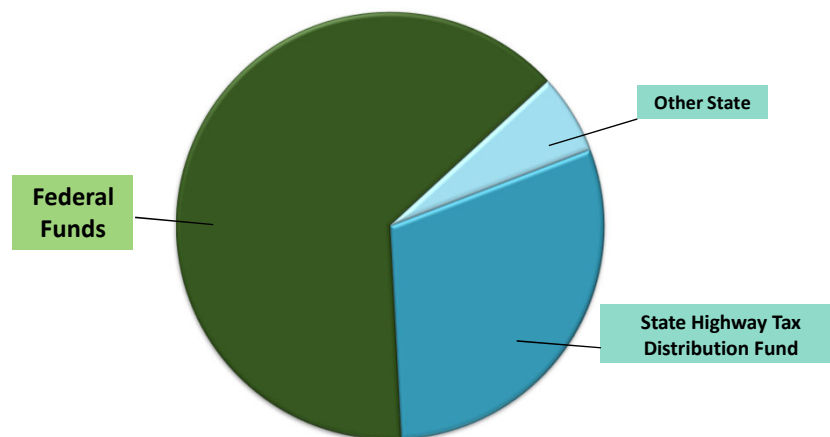
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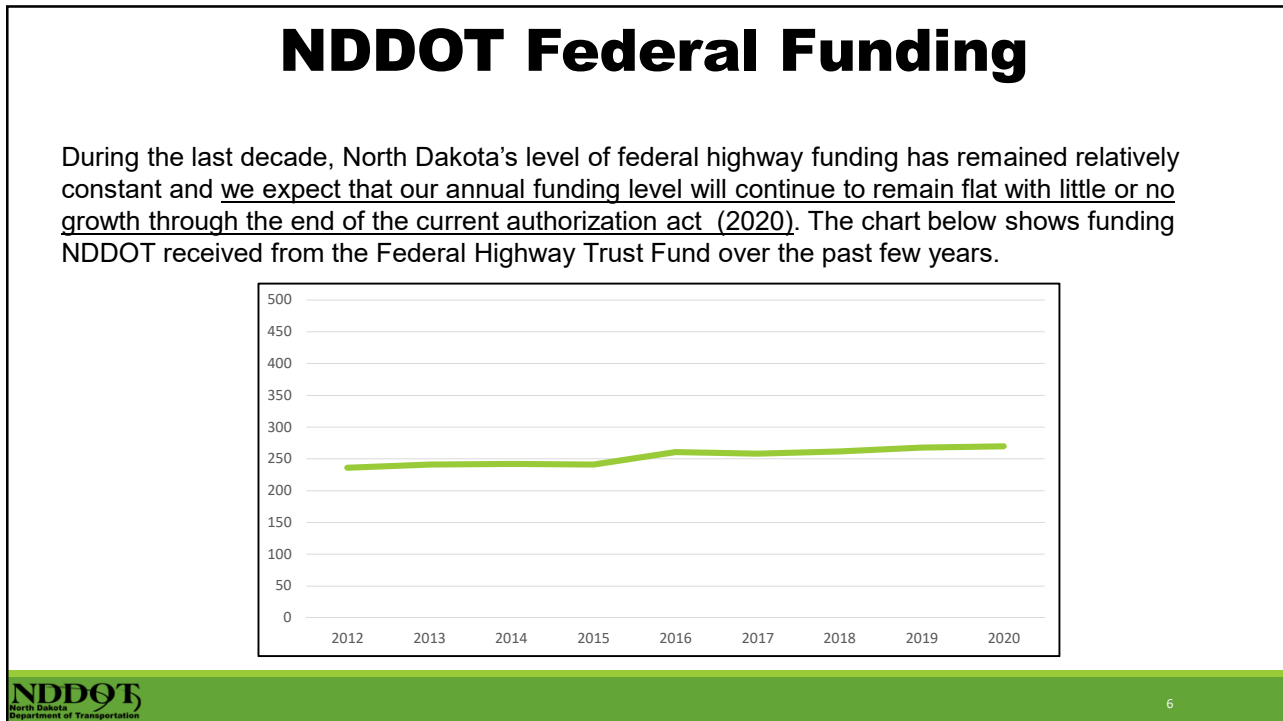
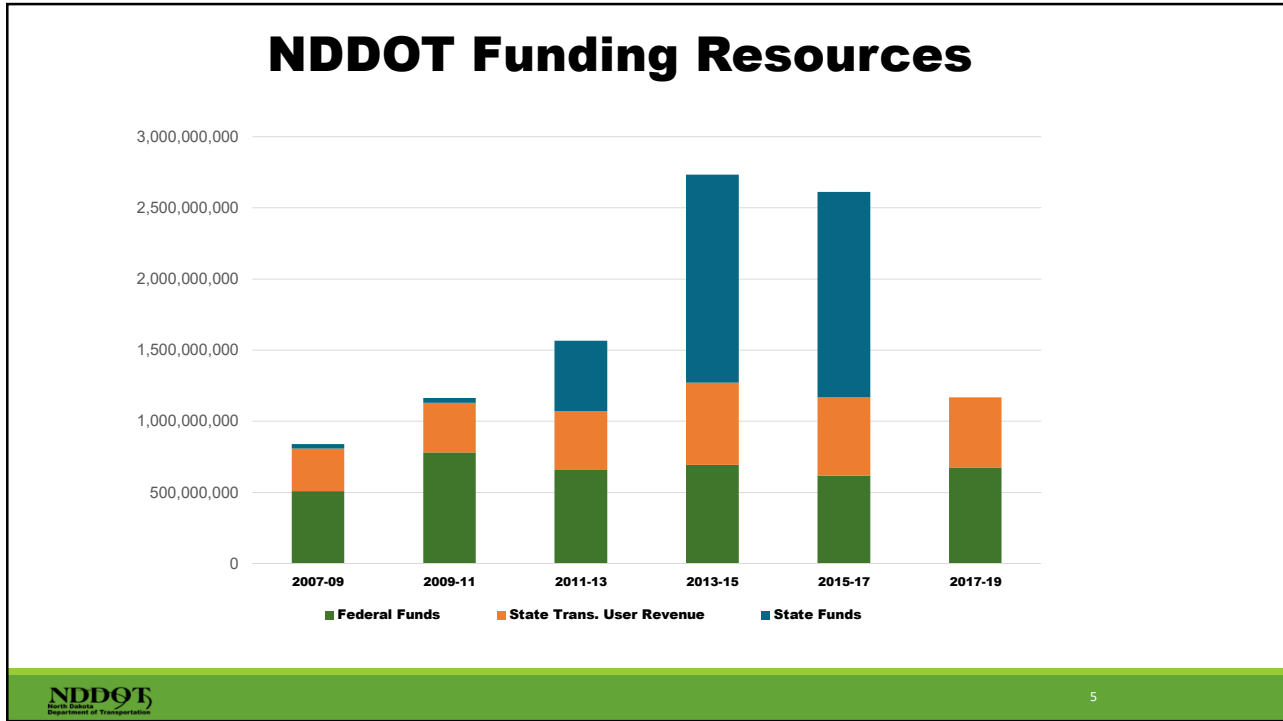
Transportation Funding

- We all know that the agriculture industry is essential to the state's economy, and the transportation system plays a key role in movement of agricultural commodities.
- Much like the Ag industry, the transportation industry is faced with high costs for equipment and products while working with limited funding.

NDDOT Transportation Revenue

The primary sources of revenue provided to NDDOT are Federal Funds, State Funds from the Highway Tax Distribution Fund and Other state sources primarily Drivers License Fees and oversize/overweight permits.





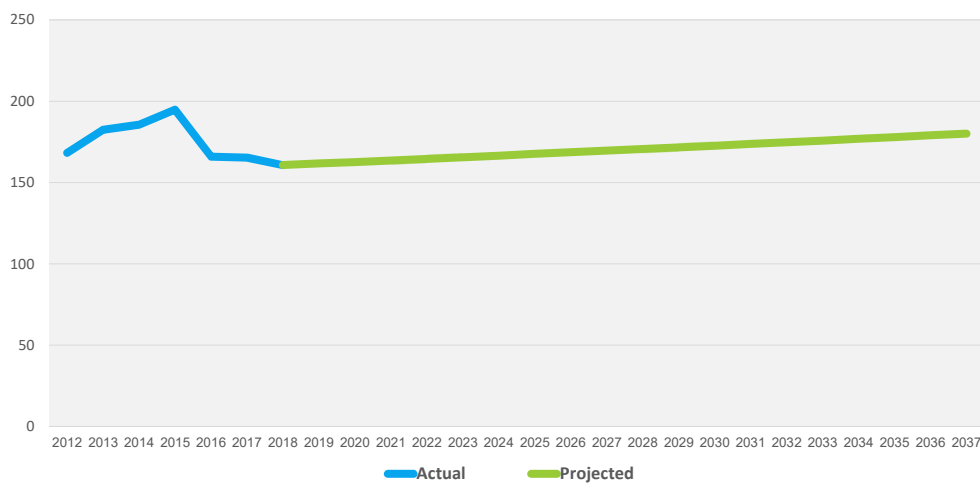
Current State Funded Sources of Transportation Revenue

The largest source of state transportation revenue comes from Highway Tax Distribution Funds which are derived from state fuel taxes and motor vehicle registrations.

- **North Dakota Motor Fuel Tax**
 - 23 cents/gallon
 - Has not changed since 2005
- **Motor Vehicle Registration Fees**
 - Has not changed since 2005

It is important to note that 23 cents per gallon for state fuel tax is collected whether the price at the pump is \$1.99 or \$3.99.

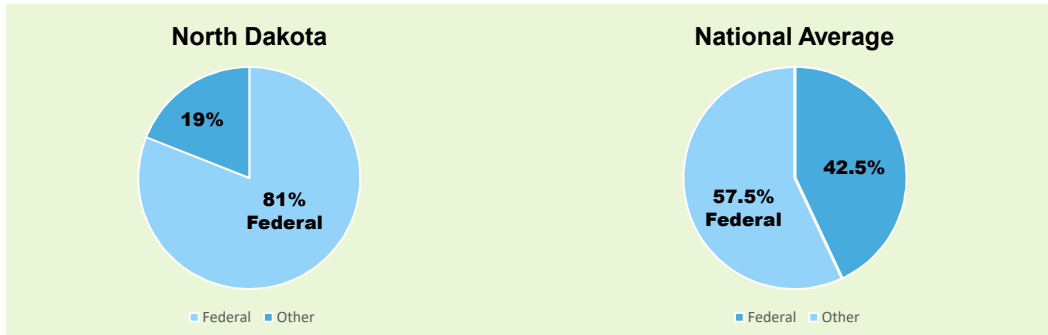
NDDOT Revenues from Fuel Taxes and Motor Vehicle Registrations



ND Construction Funding vs National Average

The new construction program appropriated in the 2017-2019 NDDOT appropriation is based almost completely on federal funds plus state matching funds.

- National DOT average – Approximately 42.5% federally funded construction program
- NDDOT average – Approximately 81% federally funded construction program



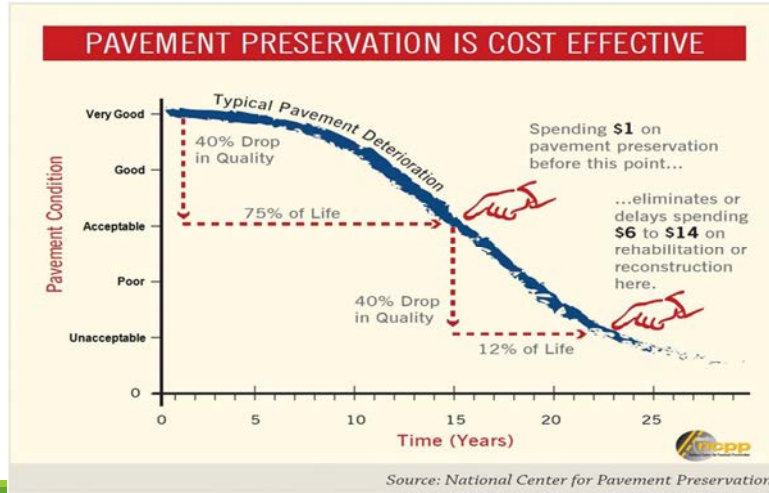
Infrastructure Needs for City, County, State and Transit

Statewide Infrastructure Needs – All Jurisdictions

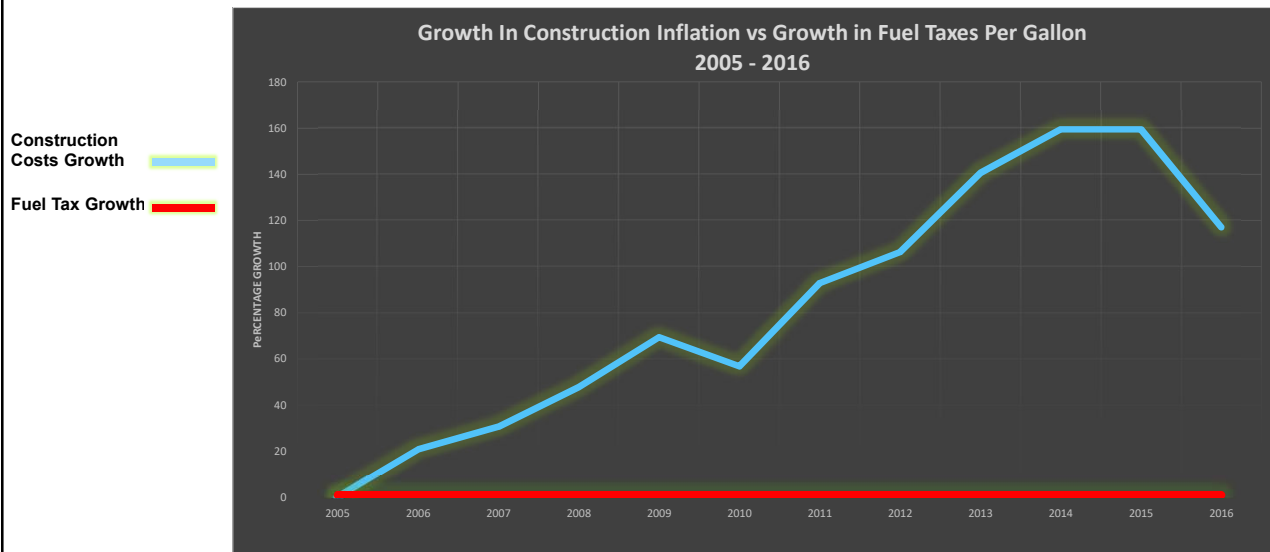
Year	State (\$million)	County and Twp (\$million)	Urban (\$million)	Transit (\$million)	Total (\$million)
2016-17	\$1,469	\$1,028	\$149	\$72	\$2,717
2018-19	\$1,223	\$993	\$105	\$66	\$2,388
2020-21	\$818	\$1,025	\$88	\$69	\$2,000
2022-23	\$818	\$985	\$78	\$70	\$1,951
2024-25	\$788	\$926	\$51	\$72	\$1,837
2026-35	\$5,159	\$3,848	\$173	\$369	\$9,549
Harmonization	\$761				\$761
2016-35	\$11,037	\$8,805	\$643	\$718	\$21,202

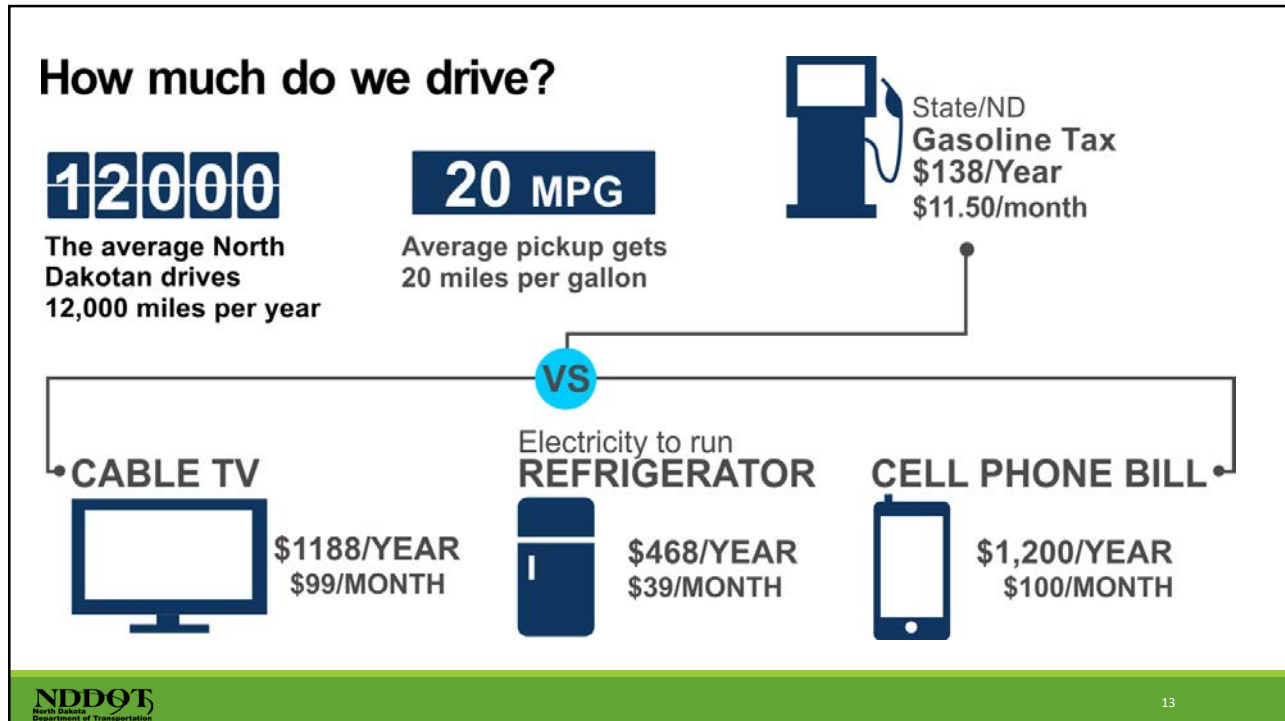
Investment Timing is Critical

- Long-term planning - known funding generates efficiencies.



Growth In State Construction Costs vs Growth In State Fuel Taxes





Disruptive Technologies

As disruptive technologies such as ride sharing, fuel efficient vehicles, and electric vehicles become more and more prevalent, these projections will very likely prove to be optimistic.

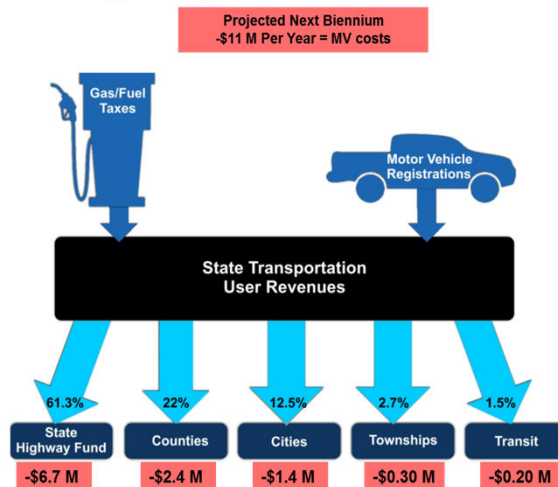


Motor Vehicle Costs And Revenues

Motor Vehicle Division costs are projected to be approximately \$11 million per year during the next biennium.

- By statute, the costs to cover the Motor Vehicle Division are taken off the top of the revenue proceeds prior to deposit in the Highway Tax Distribution Fund.
- Every dollar of cost incurred by Motor Vehicle is one dollar that does not go into the Highway Tax Distribution Fund and is therefore not available to fund transportation. The chart below shows Highway Distribution Fund
- Allocations with the numbers in red illustrating how each area loses funding to cover costs totaling \$11 million per year next biennium.

Highway Tax Distribution Fund



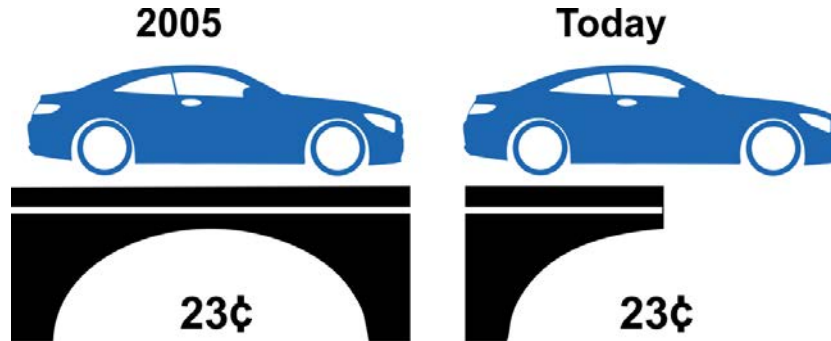
Traffic and costs have increased while funding remains flat

NDDOT's main sources of funding come from state fuel taxes and vehicle fees (the same since 2005), but costs and traffic have increased.

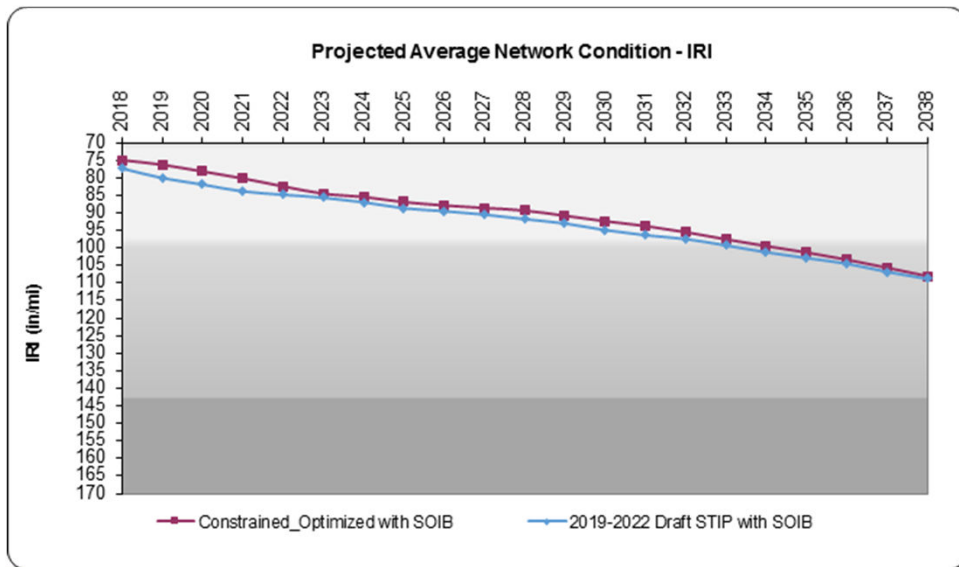
- From 2005 to 2017, North Dakota's truck traffic numbers increased 66%, all vehicle traffic numbers climbed 30%.
- Asphalt surfacing cost \$500,000 per mile in 2005 and costs \$1.1 million per mile in 2017.
- Salt used for snow and ice control cost \$55 per ton in 2005 and \$81 per ton in 2017.

Buying Power

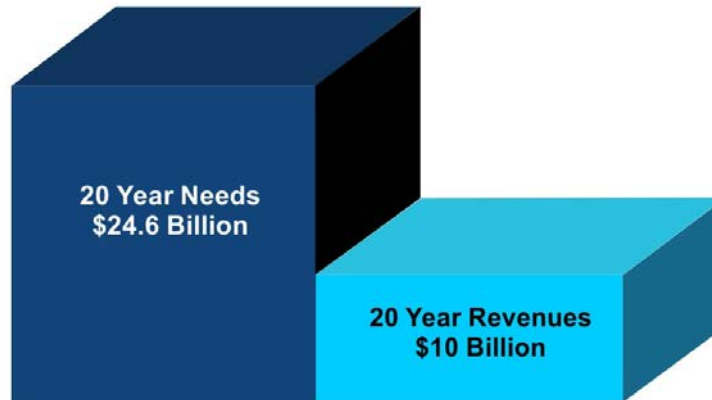
Due to inflation, each 23 cents on a gallon of gas buys about 46% of the infrastructure construction costs compared to when the rate went into effect in 2005.



State Highway Conditions Will Decline



NDDOT Projected 20 Year Transportation Needs vs Revenues to maintain our system in its current condition



Long-Term Funding

- **Long-term predictable funding generates efficiencies:**
 - Right fix, Right time, Right asset = lower life-cycle costs
 - Most transportation projects require 4-6 yr. lead time.
- **To maintain transportation system & services at current levels:**
 - Would require investing \$24.6 Billion over the next 20 years, which is \$14.6 Billion more than today's funding level would generate.

To maintain the roadways we have today and position North Dakota for the future, we need to invest in our transportation infrastructure now.

ND Farm To Market 2018 BUILD Grant

- The NDDOT has applied for a federal grant called 2018 BUILD to provide funding for a program that will enhance bridge safety and the bridge building process on rural roadways.
 - The program includes bridge testing on rural roads which may enable us to safely classify some bridges at a higher load limit ensuring shorter distances to market and increase efficiency in farm operations.
 - It also includes speeding up the process of replacing bridges by using pre-fabricated and pre-cast bridges which will reduce construction and out-of-service times.