MAG Management Committee
May 14, 2014

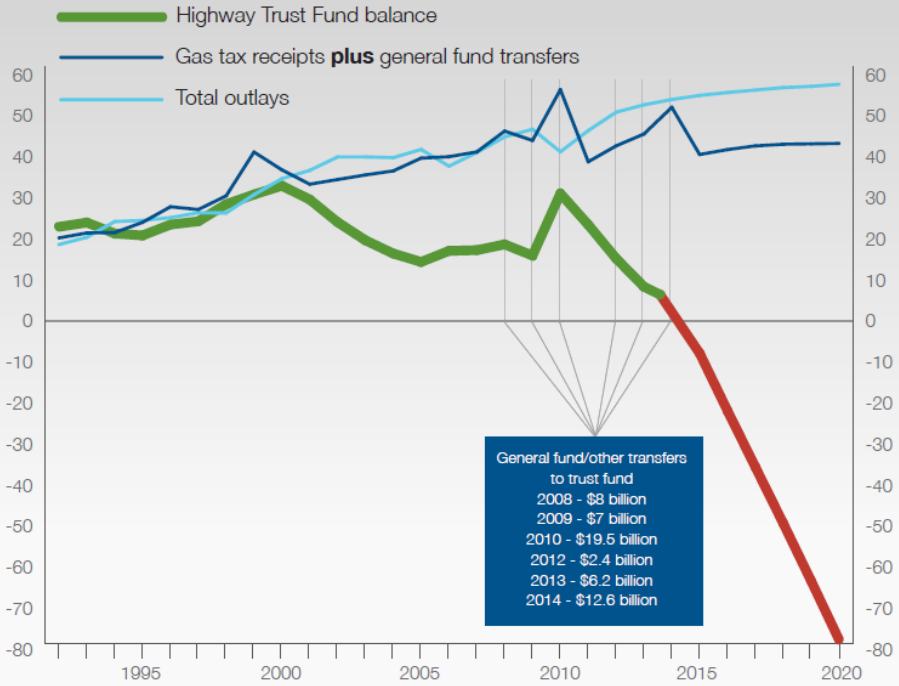
LEGISLATIVE UPDATE

MARICOPA ASSOCIATION of GOVERNMENTS

Highway Trust Fund in decline

Outlays exceeding gas tax receipts since the turn of the century
Only general fund transfers have kept the trust fund solvent

In billions



*2012-2020 numbers are based on most recent CBO projections- August 27th, 2012
**DOT requires a minimum $6 billion cushion, hence the HTF hits the red before crossing zero.
http://www.fhwa.dot.gov/policyinformation/statistics/2010/fe210.cfm

Transportation for America

HTF TWO PART ISSUE: LONG TERM SUSTAINABILITY AND SHORT TERM CASH FLOW

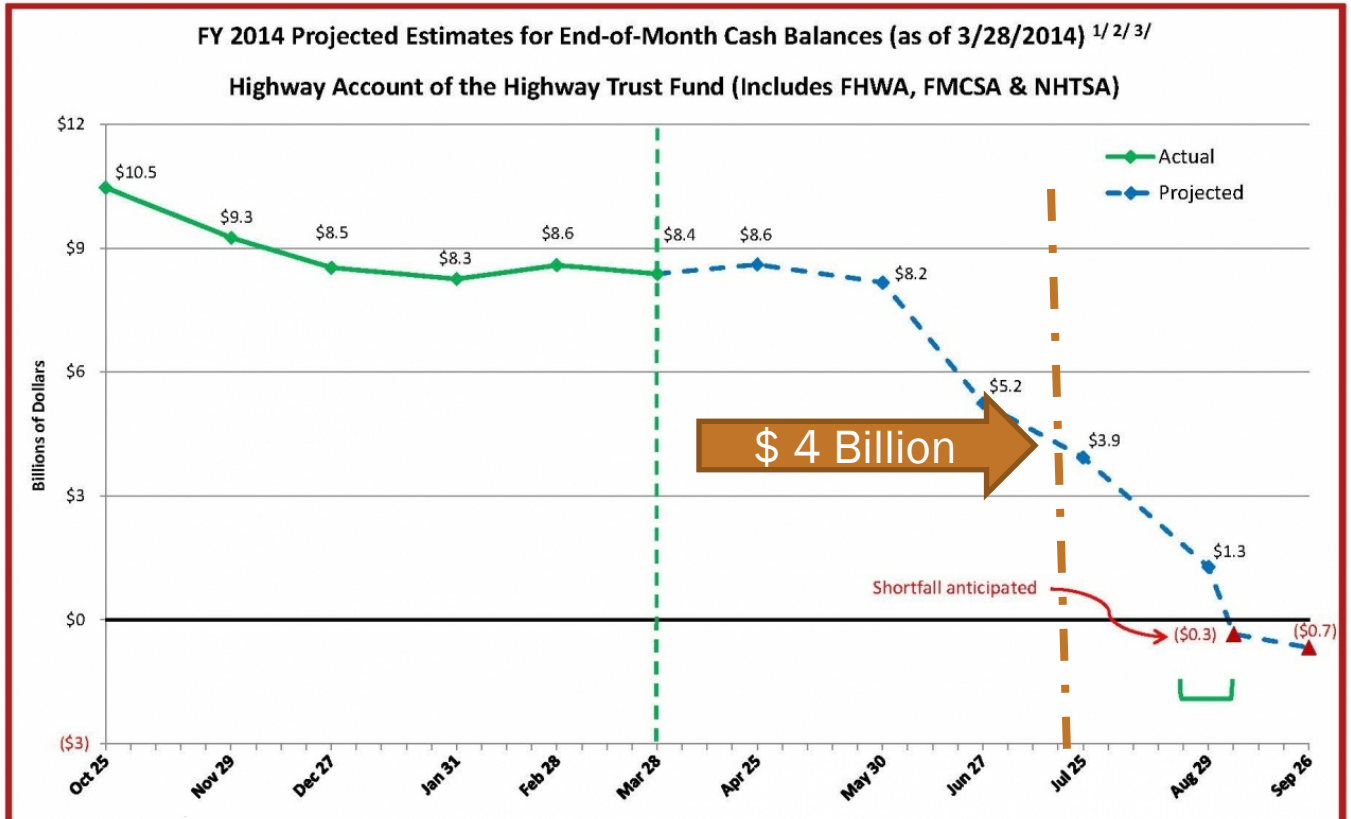
LONG TERM: Sustainability

- Historic issue; annual shortages reoccur
- Federal Gasoline Sales Tax
- Statewide: 75% of projects are Federal Aid
- Funding cuts, project delays, ongoing funding uncertainty.

SHORT TERM: Cash Flow

- HTF should maintain a $4 Billion balance
- Implement Cash Management Measure
- Congressional Action needed
  - Infusion from General Fund

Highway Trust Fund Status: Highway Trust Fund Ticker



1/ Graph reflects actual data through 3/28/14 and end-of-month projections for the remainder of the fiscal year.

2/ Total receipt and outlay projections are based on FY 2015 President's Budget Baseline 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

FHWA Methods to Address HTF Cash Flow Should Congress not act:

Should a situation occur where FHWA cannot fully reimburse States, the agency may take some or all of the following actions:

- Move from daily to weekly reimbursements (little to no effect on ADOT and local agencies)
- Align reimbursements with Trust Fund deposits; twice monthly (may slow down requested reimbursements)
- Make proportional payments to States based on available Trust Fund cash; **example reimburse 60% of each request** (major impact to state and local agencies; contract amendments, project delays, . . .)

These are some of the possible actions FHWA might take in the event of a cash shortfall. The specific actions would depend on the exact nature of the shortfall.
Source: http://www.fhwa.dot.gov/highwaytrustfund/ This page last modified on March 14, 2014.

AGENCY PREPARATIONS

- Local Agencies: Review Your Obligated Federally Funded Projects
- Close out inactive projects (sent on 5-9-2014).
- Request Reimbursement for expenses incurred.
- Move from quarterly requests, to monthly requests for reimbursement.