





Cost to Administer Federal Highway Program

March 14, 2016

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Considerations

Member Skancke requested presentation of NDOT's cost to administer federal program

1. Major costs are primarily a function of
 - a) Federal **laws** and coordination with FHWA, FTA, and FRA
 - b) Preparing financial and project management **plans**, cost/risk assessments and benefit/cost analysis
 - c) Federal "**pass-through**" programs such as Local Public Agency (LPA) and Metropolitan planning
 - d) Potential **time** delays
2. How do key **differences** between State vs. Federal project affect budget?
3. Do **benefits** received from Federal program outweigh costs?

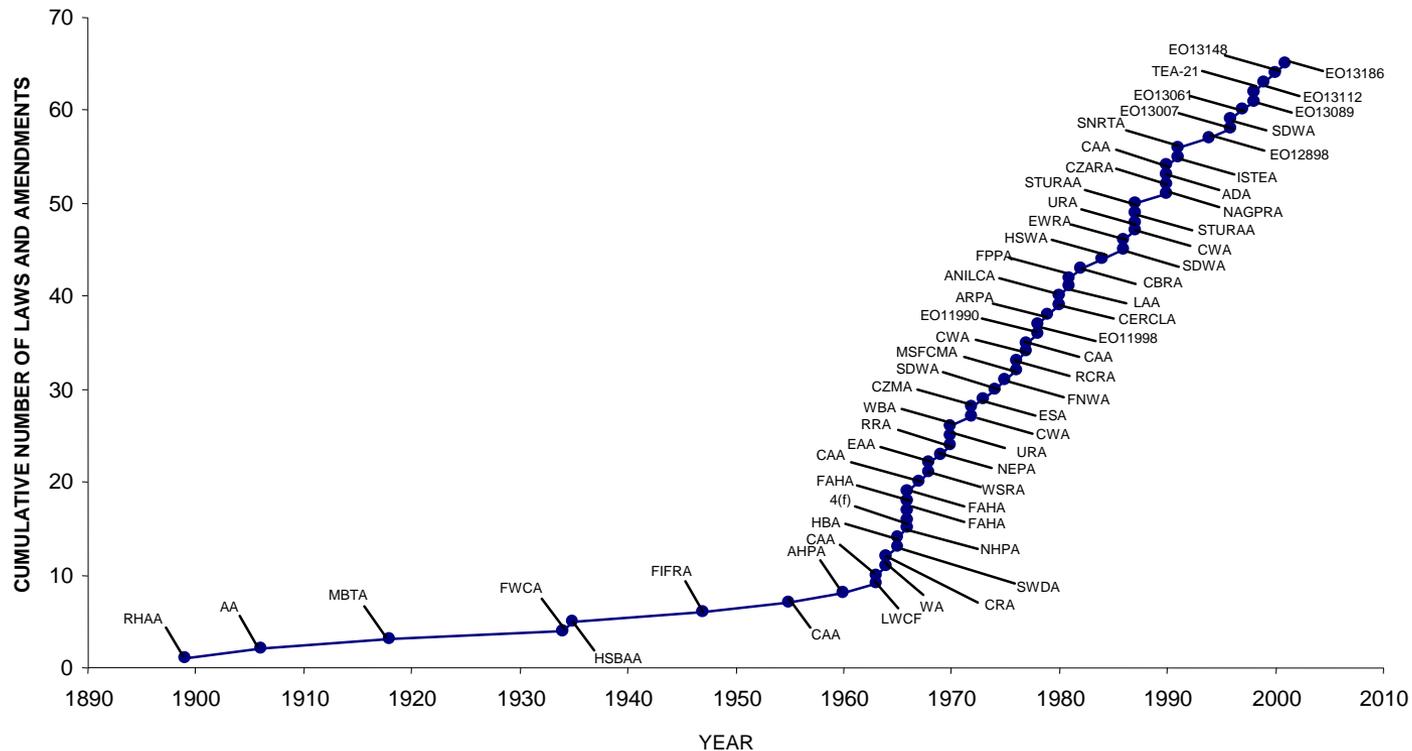


Key Federal Laws

- Davis-Bacon Wage Act, 1931
- Buy America Provision (BAA), 1933
- Civil Rights Act, 1964
- National Environmental Policy Act (NEPA), 1970
- Uniform Relocation Assistance and Real Property Acquisition Act, 1971
- Clean Water Act, 1972
- Endangered Species Act, 1973
- Civil Rights Restoration Act, 1987
- Americans with Disabilities Act, 1990



Federal Environmental Laws & Executive Orders Affecting Transportation





NDOT'S FY 2016 BUDGET \$698,735,563

Revenue Sources

FAST Act: \$1.9 Billion

FFY 2016: \$368M

FFY 2017: \$376M

FFY 2018: \$384M

FFY 2019: \$393M

FFY 2020: \$402M

Federal Aid: 52.67%

Highway Fund: 47.33%

SFY 2016: \$331M

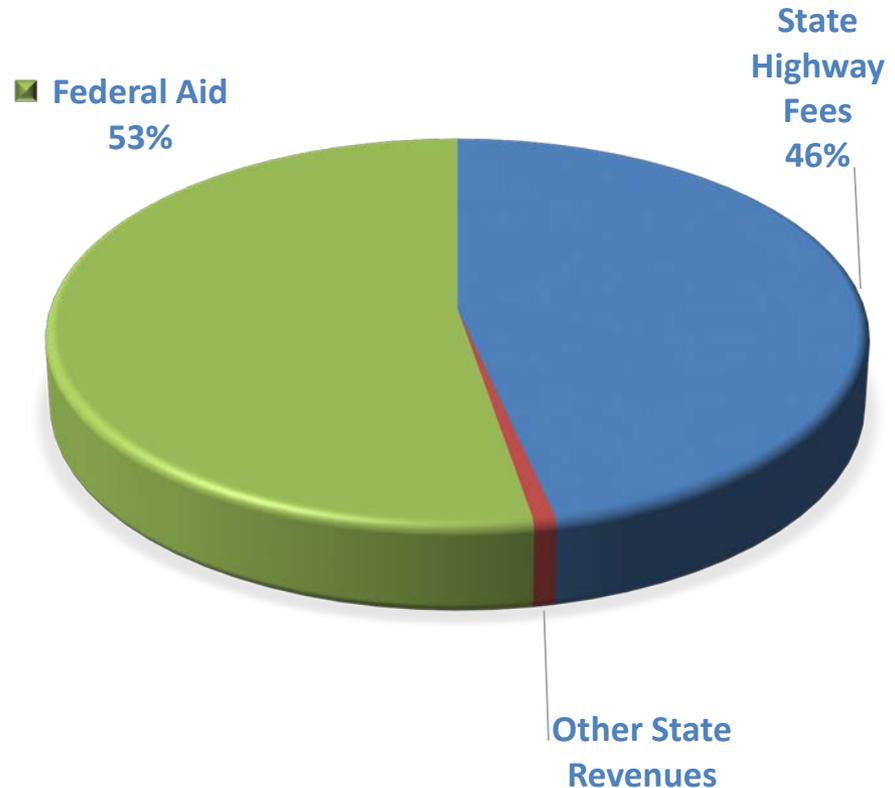
Gas and Special Fuel Taxes

Registration

Motor Carrier

Driver's License Fees

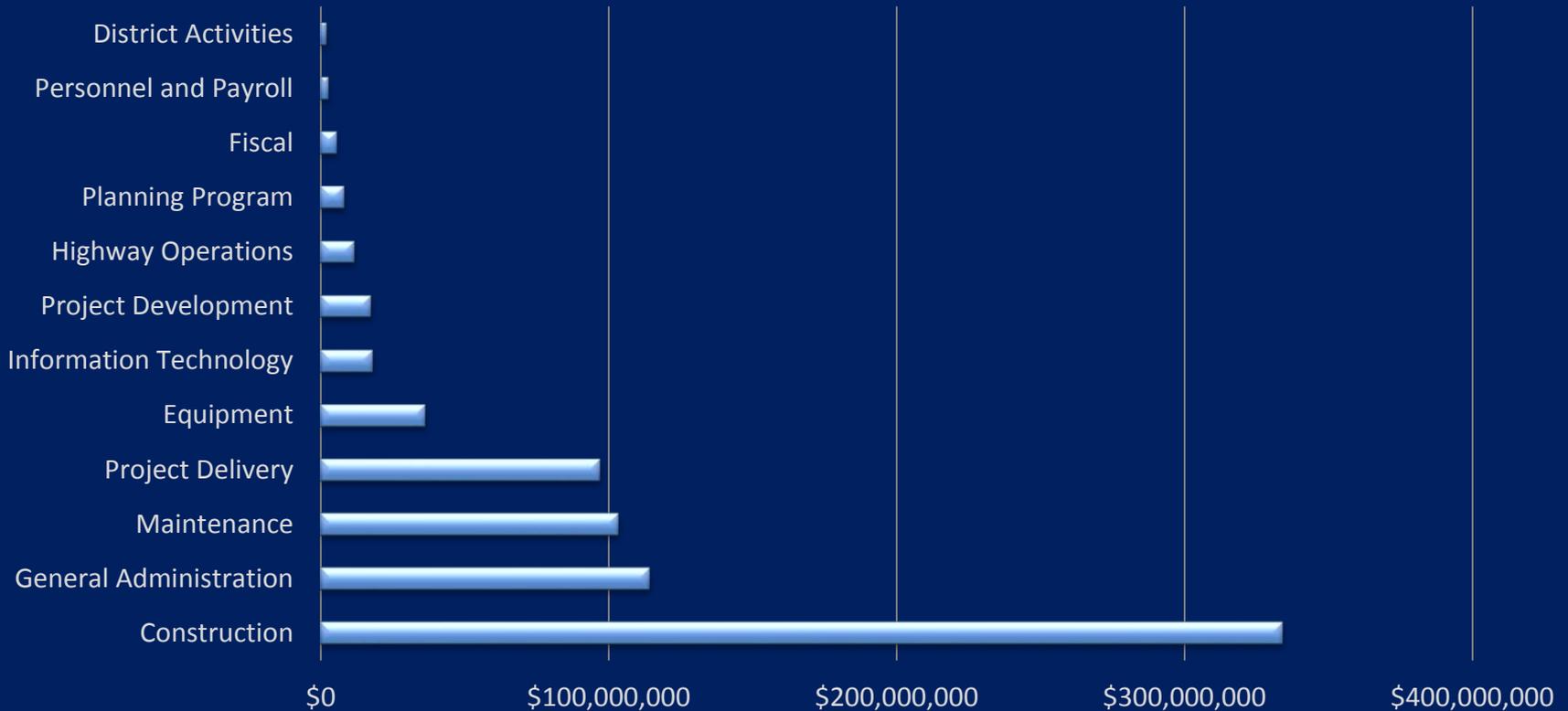
Other Revenues





Major Activities

FY 2016





Impact of Federal Activities

NDOT Activity	FY 2016 Budget**	Est % Federal**	\$ Estimate Federal Work	Divisions
Project Delivery	\$99.0	25%	\$24.8	Project Management, Performance Analysis, Roadway Design, Specifications, Stewardship, (LPA), Architecture, Structural Design, Environmental, Right-of-way, Safety/Traffic Engineering, and Location Divisions
Planning	\$7.9	20%	\$1.6	Multimodal Transportation
Project Development	\$17.5	20%	\$3.5	Planning Administration, Roadway Systems, Traffic Information, Research, Program Development
General Administration	\$13.5	35%	\$4.7	Transportation Board, Director's Office, Public Information, Legal, Internal Audit, Multimedia, Civil Rights and Contract Compliance, Flight Operations, Administrative Services, Reproduction, Buildings & Grounds, Records Management
Fiscal	\$5.4	60%	\$3.3	Financial Management, Accounting, Stockrooms
Total	\$143.4		\$37.9*	

***Estimated cost NDOT would no longer incur from administering federal program**

** Above figures from/based upon approved FY 2016 performance-based budget.



Federal Program Benefits

- **Obligation:** Nevada fully obligates all federal funds and, due to careful strategic planning, received funds other states are unable to obligate: \$161M over 12 years; Average of **\$13.4M annually**
- **Contribution:** NV is a “donee” state receiving \$1.8 Billion more than contributed to the federal HTF since 1956. In 2013, NV contributed over \$254M to the HTF and **received an extra \$112M** over its contribution; a 44% return on investment
- **Match:** NV is only state eligible for 95% federal funding on federally eligible projects due to being the state with largest % of federal ownership. Other states typically match federal projects with 20% state funds. On average, NV contributes **\$52M less match annually** on federal projects as a result of this policy



Realized Benefits

NDOT Revenues	FY 2016 Estimate
Federal Donation + Redistribution	\$ 112M
Federally Attributed Costs	<u>-\$37.9M</u>
Net Realized Benefit	\$ 74.1M*

*Nevada receives over **\$74M more in benefits** from administering the federal program than it is contributing to the federal HTF.



Conclusions

- Most federal laws must be followed on highway projects **regardless of funding source**
- In most cases it's a **best practice** to follow federal law such as paying prevailing wages and following Buy America provision
- **Standardization of procedures** for both federal and state projects minimizes potential for errors. "Extra" costs to administer federal program are difficult to quantify as a result
- Since Nevada receives more funds from the HTF than it contributes, **Nevada is more than compensated** for the extra costs incurred from administering the federal program to meet federal requirements



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Budget Account 4660 Department of Transportation Revenues FY 2015 - 2017

<u>4660 NDOT - Transportation Revenues</u>	<u>FY 2015-2016</u>	<u>FY 2016-2017</u>	<u>% of Budget</u>
2507 Highway Fund (State User Fees)*	323,047,739	325,053,834	49.88%
3401 Federal Aid Reimbursement	320,000,000	320,000,000	49.25%
3722 Transfer from DMV (Bike Path Planning)	252,595	252,595	0.04%
3893 License Plate Fees (New Bicycle Plate)	50,000	50,000	0.01%
4021 Miscellaneous Sales - Overdimensional Permits	358,995	358,995	0.06%
4034 Reimbursement from the Sale of Oil & Gas	3,500,622	3,500,622	0.54%
4238 Cost Allocation: State Agency Reimb. 800 MHZ Radios	625,320	625,320	0.10%
4355 Cost Allocation: County Reimb. 800 MHZ Radios	113,805	113,805	0.02%
4304 Building Rent - Las Vegas Traffic Management Center	<u>729,083</u>	<u>780,392</u>	<u>0.12%</u>
Total	<u>\$ 648,678,159</u>	<u>\$ 650,735,563</u>	<u>100.00%</u>

* State share of Gas and Special Fuel Taxes, Registration, Motor Carrier, and Driver's License Fees