



FY 2016 Recommended Budget Budget Question

Board Question #: 6

BUDGET QUESTIONS:

Given the decline in fuel prices, what is the future state of our Transportation Fund? Can we fund our existing debt?

RESPONSE:

Yes, although PRTC has reduced the fuel tax revenue projections, barring unforeseen circumstances, it is expected that the fuel tax will be sufficient to fund our existing debt service. However, when we add in projected new debt service stemming from the Recommended CIP and bonds to be sold for new transportation projects, the Transportation Fund will require the return of the \$2.8 million decal revenue in FY 2018.

The decal revenue (or another equivalent revenue source) will allow us to balance the Transportation Fund in FY 2018 and FY 2019. In FY 2020, even when the decal revenue is assumed, we will be nearly \$400,000 short of the \$700,000 fund balance staff recommends to maintain necessary cash flow for this fund. In FY 2021, we will be \$2 million short of balancing the fund, and the Transportation Fund balance will be fully depleted.

The information provided above assumes the following new bond issuances for transportation projects in the Recommended CIP:

Assumed New Bond Issuances					
Project	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
(\$ in millions)					
Unpaved Roads	\$0.1	-	-	-	-
Hickory Ridge/Rt. 1	-	\$1.1	-	-	-
Exit 118	-	\$2.3	\$5.5	-	-
Exit 126	\$5.0	\$12.5	\$10.9	\$1.0	\$2.9
Harrison Rd – Old Plank to Gordon	\$2.5	-	-	-	-
Thornton Rolling Intersection	\$0.5	\$0.6	-	-	-
Grand Brooks Road	\$1.0	-	-	-	-
Ely’s Ford/Rt. 3	\$0.5	\$3.5	-	-	-
Corridors – Rt 1/208	\$0.2	-	-	\$2.9	\$2.9
Corridors – Rt 2/17	\$0.2	-	-	\$2.9	\$2.9
Total	\$9.9	\$20.0	\$16.4	\$6.8	\$8.6

If these proposed bond issuances are reduced, of course the analysis will change for the better. The extent of the improvement will depend on the extent of the reduction in assumed issuances. For sake of discussion, you may assume that every \$1 million in bonds issued creates approximately \$100,000 in new debt service.