

**Agency:** Arizona Department of Transportation

**Proposal:** Fund Transfers

**FY 09 Savings:** \$34,025,100

**FY 10 Savings:** \$50,797,200

This option would transfer monies out of the following funds and into the General Fund in FY 2009 and FY 2010. The option combines 2 types of transfers:

- Fund reduction and transfers (FRATs): These transfers would reduce annual spending from the agency's Other Funds, typically by 5% in FY 2009 and 10% in FY 2010. An amount equal to these reductions would be swept into the General Fund.
- Excess balance transfers (EBTs): These transfers would typically sweep 50% of anticipated FY 2009 ending balances and 50% of FY 2010 ending balances (as adjusted by the FY 2009 sweep) into the General Fund.

The table below outlines the total transfers in FY 2009 and FY 2010 from this option. Modifications of the spending or revenues levels originally assumed by agencies are listed in the "Comments" column. The transfer savings for MVLIE, SETIF, and VITE would be implemented by using those funds to offset costs in ADOT's State Highway Fund budget, then using the freed up monies as part of a Vehicle License Tax (VLT) transfer to the General Fund.

| <b><u>Fund</u></b>                                                | <b><u>FY 09<br/>Transfer</u></b> | <b><u>FY 10<br/>Transfer</u></b> | <b><u>Comments</u></b>                                                          |
|-------------------------------------------------------------------|----------------------------------|----------------------------------|---------------------------------------------------------------------------------|
| <i>Appropriated</i>                                               |                                  |                                  |                                                                                 |
| Motor Vehicle Liability Insurance Enforcement (MVLIE) Fund        | \$121,000                        | \$508,700                        | No EBT in FY 09.                                                                |
| Safety Enforcement and Transportation Infrastructure Fund (SETIF) | 794,900                          | 0                                | No FRAT in FY 09 and FY 10. No EBT in FY 10.                                    |
| State Aviation Fund                                               | 3,464,100                        | 965,100                          | No FRAT in FY 09. EBTs total 81% in FY 09.                                      |
| State Highway Fund                                                | 21,001,800                       | 42,003,600                       | No EBT in FY 09 and FY 10.                                                      |
| Transportation Department Equipment Fund                          | 5,586,200                        | 5,204,700                        | Agency spending in excess of revenues reduced \$(6,805,700) in FY 09 and FY 10. |
| Vehicle Inspection and Title Enforcement (VITE) Fund              | 407,100                          | 278,100                          | No FRAT in FY 09 and FY 10.                                                     |
| <i>Non-Appropriated</i>                                           |                                  |                                  |                                                                                 |
| Arizona Highways Magazine Fund                                    | 1,380,600                        | 1,052,300                        |                                                                                 |
| Economic Strength Projects Fund                                   | 1,269,400                        | 784,700                          |                                                                                 |
| <b>TOTAL</b>                                                      | <b>\$34,025,100</b>              | <b>\$50,797,200</b>              |                                                                                 |

Arizona Department of Transportation

|                                                                   | FY 2008           |                     |                   | FY 2009              |                     |                |                     | FY 2010              |                     |                |                     |
|-------------------------------------------------------------------|-------------------|---------------------|-------------------|----------------------|---------------------|----------------|---------------------|----------------------|---------------------|----------------|---------------------|
|                                                                   | Actual<br>Revenue | Approp/<br>Spending | Ending<br>Balance | Estimated<br>Revenue | Approp/<br>Spending | GF<br>Transfer | Ending<br>Balance * | Estimated<br>Revenue | Approp/<br>Spending | GF<br>Transfer | Ending<br>Balance * |
| Arizona Highways Magazine Fund (NA)                               | 7,346,800         | 7,416,800           | 1,961,200         | 6,630,000            | 6,477,800           |                | 2,113,400           | 6,230,000            | 6,477,800           |                | 1,865,600           |
| Technical Revision                                                |                   |                     |                   |                      |                     |                | 0                   |                      |                     |                | (1,056,700)         |
| Fund Reduction and Transfer                                       |                   |                     |                   |                      | (323,900)           | 323,900        | 0                   |                      | (647,800)           | 647,800        | 0                   |
| Excess Balance Transfer                                           |                   |                     |                   |                      |                     | 1,056,700      | (1,056,700)         |                      |                     | 404,500        | (404,500)           |
| Total                                                             |                   |                     |                   | 6,630,000            | 6,153,900           | 1,380,600      | 1,056,700           | 6,230,000            | 5,830,000           | 1,052,300      | 404,400             |
| Economic Strength Project Fund (NA)                               | 1,249,600         | 896,200             | 3,288,700         | 1,150,000            | 1,000,000           |                | 2,438,700           | 1,150,000            | 1,000,000           |                | 2,588,700           |
| Technical Revision                                                |                   |                     |                   |                      |                     |                | 0                   |                      |                     |                | (1,219,400)         |
| Fund Reduction and Transfer                                       |                   |                     |                   |                      | (50,000)            | 50,000         | 0                   |                      | (100,000)           | 100,000        | 0                   |
| Excess Balance Transfer                                           |                   |                     |                   |                      |                     | 1,219,400      | (1,219,400)         |                      |                     | 684,700        | (684,700)           |
| Total                                                             |                   |                     |                   | 1,150,000            | 950,000             | 1,269,400      | 1,219,300           | 1,150,000            | 900,000             | 784,700        | 684,600             |
| Motor Vehicle Liability Insurance<br>Enforcement Fund (OA)        | 2,898,900         | 2,254,100           | 3,824,600         | 2,647,700            | 2,419,500           |                | 52,800              | 2,900,000            | 2,419,500           |                | 533,300             |
| Technical Revision                                                |                   |                     |                   |                      |                     |                | 0                   |                      |                     |                | 0                   |
| Fund Reduction and Transfer                                       |                   |                     |                   |                      | (121,000)           | 121,000        | 0                   |                      | (242,000)           | 242,000        | 0                   |
| Excess Balance Transfer                                           |                   |                     |                   |                      |                     | 0              | 0                   |                      |                     | 266,700        | (266,700)           |
| Total                                                             |                   |                     |                   | 2,647,700            | 2,298,500           | 121,000        | 52,800              | 2,900,000            | 2,177,500           | 508,700        | 266,600             |
| Safety Enforcement and Transportation<br>Infrastructure Fund (OA) | 3,444,900         | 2,108,100           | 2,511,800         | 3,400,000            | 2,158,000           |                | 1,589,700           | 3,400,000            | 2,158,000           |                | 667,600             |
| Technical Revision                                                |                   |                     |                   |                      |                     |                | 0                   |                      |                     |                | (794,900)           |
| Excess Balance Transfer                                           |                   |                     |                   |                      |                     | 794,900        | (794,900)           |                      | 0                   | 0              | 0                   |
| Total                                                             |                   |                     |                   | 3,400,000            | 2,158,000           | 794,900        | 794,800             | 3,400,000            | 2,158,000           | 0              | (127,300)           |
| State Aviation Fund (OA)                                          | 25,533,600        | 2,602,800           | 22,581,400        | 30,055,000           | 2,337,000           |                | 4,249,400           | 29,425,000           | 2,337,000           |                | 3,587,400           |
| Technical Revision                                                |                   |                     |                   |                      |                     |                | 0                   |                      |                     |                | (3,464,100)         |
| Fund Reduction and Transfer                                       |                   |                     |                   |                      | 0                   | 0              | 0                   |                      | (233,700)           | 233,700        | 0                   |
| Excess Balance Transfer                                           |                   |                     |                   |                      |                     | 3,464,100      | (3,464,100)         |                      |                     | 731,400        | (731,400)           |
| Total                                                             |                   |                     |                   | 30,055,000           | 2,337,000           | 3,464,100      | 785,300             | 29,425,000           | 2,103,300           | 965,100        | (608,100)           |
| State Highway Fund (OA)                                           | 685,742,000       | 408,356,900         | 548,813,000       | 660,397,600          | 420,035,800         |                | 295,000,000         | 738,036,800          | 420,035,800         |                | 118,826,200         |
| Technical Revision                                                |                   |                     |                   |                      |                     |                | 0                   |                      |                     |                | 0                   |
| Fund Reduction and Transfer                                       |                   |                     |                   |                      | (21,001,800)        | 21,001,800     | 0                   |                      | (42,003,600)        | 42,003,600     | 0                   |
| Total                                                             |                   |                     |                   | 660,397,600          | 399,034,000         | 21,001,800     | 295,000,000         | 738,036,800          | 378,032,200         | 42,003,600     | 118,826,200         |
| Transportation Department Equipment<br>Fund (OA)                  | 34,175,000        | 34,554,100          | 7,956,900         | 32,154,700           | 38,960,400          |                | 1,151,200           | 32,154,700           | 38,960,400          |                | (5,654,500)         |
| Spending Revision                                                 |                   |                     |                   |                      | (6,805,700)         |                | 6,805,700           |                      | (6,805,700)         |                | 13,611,400          |
| Technical Revision                                                |                   |                     |                   |                      |                     |                | 0                   |                      |                     |                | (3,978,500)         |
| Fund Reduction and Transfer                                       |                   |                     |                   |                      | (1,607,700)         | 1,607,700      | 0                   |                      | (3,215,500)         | 3,215,500      | 0                   |
| Excess Balance Transfer                                           |                   |                     |                   |                      |                     | 3,978,500      | (3,978,500)         |                      |                     | 1,989,200      | (1,989,200)         |
| Total                                                             |                   |                     |                   | 32,154,700           | 30,547,000          | 5,586,200      | 3,978,400           | 32,154,700           | 28,939,200          | 5,204,700      | 1,989,200           |
| Vehicle Inspection and Title Enforcement<br>Fund (OA)             | 1,661,700         | 1,665,300           | 2,415,000         | 1,831,600            | 1,682,500           |                | 814,100             | 1,831,600            | 1,682,500           |                | 963,200             |
| Technical Revision                                                |                   |                     |                   |                      |                     |                | 0                   |                      |                     |                | (407,100)           |
| Excess Balance Transfer                                           |                   |                     |                   |                      |                     | 407,100        | (407,100)           |                      |                     | 278,100        | (278,100)           |
| Total                                                             |                   |                     |                   | 1,831,600            | 1,682,500           | 407,100        | 407,000             | 1,831,600            | 1,682,500           | 278,100        | 278,000             |
| Total - Fund Reduction and Transfers                              |                   |                     |                   |                      |                     | \$ 23,104,400  |                     |                      |                     | \$ 46,442,600  |                     |
| Total - Excess Balance Transfers                                  |                   |                     |                   |                      |                     | \$ 10,920,700  |                     |                      |                     | \$ 4,354,600   |                     |
|                                                                   |                   |                     |                   |                      |                     | \$ 34,025,100  |                     |                      |                     | \$ 50,797,200  |                     |

OA = Other Appropriated Fund  
PA = Partially-Appropriated Fund  
NA = Non-Appropriated Fund

\* A negative ending balance was reported by the agency. Actual ending balances will not be negative.

**Agency:** Arizona Department of Transportation

**Proposal:** ADOT Non-Highway Capital Fund Transfer

**FY 09 Savings:** \$32,128,800

**FY 10 Savings:** \$0

The option would revert \$32,128,800 to the fund of origin, including \$22,196,200 to the State Highway Fund (SHF), \$635,000 to the State Aviation Fund, \$6,697,600 to the Highway User Revenue Fund (HURF), and \$2,600,000 to the Safety Enforcement and Transportation Infrastructure Fund (SETIF) from monies appropriated to the Arizona Department of Transportation (ADOT) for individual capital projects. While the \$635,000 of State Aviation Fund monies can be directly transferred to the General Fund, the remaining funds could be used to benefit the General Fund through other fund shifts.

HURF, SHF, and SETIF monies cannot be deposited directly into the General Fund since the Arizona Constitution requires gas tax and other highway-related fees to only be used for “highway and street” purposes. Instead, this option would deposit the HURF and SHF portions of Vehicle License Tax (VLT) into the General Fund. SETIF monies would be used in place of SHF expenditures in ADOT’s operating budget, which would facilitate the use of the same VLT approach regarding deposit of the \$2,600,000 into the General Fund. In this manner, the first \$31,493,800 of VLT for distribution to SHF could be deposited into the General Fund in FY 2009. VLT is an in lieu property tax, which can be transferred to the General Fund since it is not a constitutionally protected highway user revenue.

The \$32,128,800 consists of the following:

- **Far Southeast Valley Multi-Use Facility (FY 2008)** \$6,701,900  
This includes 20 acres for a highway maintenance yard and 5 acres for a new Motor Vehicle Department (MVD) customer service center.
- **Vehicle Wash Systems (FY 2008 and FY 2009)** 4,096,300  
This project includes the construction of new vehicle wash systems at 10 rural highway maintenance sites statewide.
- **Surprise MVD Service Center (FY 2008)** 3,956,300  
This new service center will include facilities for customer service, vehicle inspection, enforcement, and an executive hearing office.
- **De-Icer Buildings (FY 2008 and FY 2009)** 3,675,000  
This project consists of the construction of 10 new buildings to house de-icer chemicals, bulk sand, and cinders used during winter months to de-ice highways.
- **Safford Vehicle Maintenance Shop (FY 2008)** 3,215,000  
This new facility will be built in the existing Safford maintenance yard and will have 8 maintenance bays for servicing light, medium, and heavy-duty equipment.

- **Oil & Asphalt Storage Tanks (FY 2008 and FY 2009)** 2,754,000

This project consists of installing 10,000 gallon oil and asphalt replacement storage tanks and concrete basins at 8 locations and new tanks and containment basins at 2 additional locations.
- **Far Southeast Valley Maintenance Yard (FY 2009)** 2,350,000

This project includes the construction of new highway maintenance yard facilities at the new far Southeast Valley Multi-Use Facility.
- **Payson MVD Service Center (FY 2006 and FY 2008)** 2,145,300

This new service center will replace a smaller leased facility, and will include facilities for customer service, vehicle inspection, commercial driver's license, and an executive hearing office.
- **San Luis Inspection Station (FY 2008)** 2,000,000

This project consists of the design, planning, and construction of a state safety inspection station at the San Luis II port of entry.
- **Grand Canyon Airport Water Storage Tank Renovations (FY 2008)** 635,000

This project consists of inspecting, cleaning, and painting the interior and exterior of 3 water tanks and repairing water pumps and meters.
- **Arizona Mexico Border Agreements (FY 2009)** 600,000

This project allows ADOT to enter into agreements and provide funding to the Arizona-Mexico Commission, the Department of Homeland Security, and the Arizona International Development Authority to improve traffic safety, border security, and infrastructure planning.

The projects have not been submitted to the Joint Committee on Capital Review, but the department may have expended some monies for initial designs.

**Agency:** Arizona Department of Transportation

**Proposal:** Building Renewal VLT Fund Transfer

**FY 09 Savings:** \$2,974,200

**FY 10 Savings:** \$0

This option would transfer \$2,974,200 of the Arizona Department of Transportation's (ADOT) FY 2009 building renewal appropriation to the General Fund, which would leave \$984,700 for critical projects and \$250,000 for possible future emergency funding. These savings would be achieved with \$2,974,200 of the \$4,052,000 State Highway Fund (SHF) appropriation.

Building renewal appropriations provide for the major maintenance and repair of state-owned buildings. The FY 2009 Capital Outlay Bill (Laws 2008, Chapter 289) appropriated \$4,208,900 to ADOT for building renewal in FY 2009. This amount consists of \$4,052,000 from the SHF and \$156,900 from the State Aviation Fund. The SHF amount is for the ADOT Building System and the State Aviation Fund amount is for the Grand Canyon Airport. The amounts represent 50% funding of the revised highways building renewal formula and 100% funding of the aviation building renewal formula. The formula is based on the square footage and replacement cost of existing buildings.

At its November 13, 2008 meeting, the Joint Committee on Capital Review gave a favorable review of \$984,700 (\$920,400 from SHF and \$64,300 from the State Aviation Fund) for 115 projects which ADOT considered to be critical in nature.

SHF monies cannot be deposited directly into the General Fund since the Arizona Constitution requires gas tax and other highway-related fees to only be used for "highway and street" purposes. Instead, this option would deposit the SHF portion of vehicle license tax (VLT) into the General Fund. In this manner, the first \$2,974,200 of VLT for distribution to SHF could be deposited into the General Fund in FY 2009. VLT is an in lieu property tax, which can be transferred to the General Fund since it is not a constitutionally protected highway user revenue.

**Agency:** Arizona Department of Transportation

**Proposal:** Statewide Transportation Acceleration Needs Account Fund Transfer

**FY 09 Savings:** \$104,000,000

**FY 10 Savings:** \$0

This option would transfer \$104,000,000 out of the Statewide Transportation Acceleration Needs (STAN) Account of the State Highway Fund into the General Fund in FY 2009. The department reports that the STAN Account had a balance of \$253,000,000, including deposits and interest earnings totaling \$355,500,000 and expenditures of \$102,500,000, as of December 26, 2008.

The State Transportation Board uses monies in the STAN Account of the State Highway Fund to pay for certain costs for the construction or reconstruction of freeways, state highways, bridges, and interchanges that are in a county's regional transportation plan or ADOT's long-range statewide transportation plan. The STAN Account monies are divided 60% for Maricopa County, 16% for Pima County, and 24% for all other counties. In contrast, ADOT divides net State Highway Fund monies available for statewide highway construction according to an agreement known as the "Casa Grande Accord" - 37% for Maricopa County, 13% for Pima County, and 50% for all other counties.

A total of 5 projects with costs of \$122,400,000 have not begun construction yet, but ADOT has expended some monies for initial designs. The following table provides a list of available monies for these projects.

| <b>Project</b>                                                                                                                                             | <b>Estimate</b>       | <b>Expenditures</b> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|---------------------|
| I-10 from Verrado Way to Sarival road in West Valley. Add a lane.                                                                                          | \$ 45,900,000         | \$ 2,500,000        |
| I-17 from Carefree Highway to Anthem Way in North Valley. Add a lane.                                                                                      | 33,100,000            | 2,500,000           |
| Loop 303 at Bell Road in Northwest Valley. Add partial interchange. Cactus and Waddell Roads at Loop 303 crossings in West Valley. Make road improvements. | 23,000,000            | 2,700,000           |
| Williams Gateway Freeway from Loop 202 to Ellsworth Road in Mesa. Right-of way.                                                                            | 20,400,000            | 200,000             |
| <b>Total:</b>                                                                                                                                              | <b>\$ 122,400,000</b> | <b>\$ 7,900,000</b> |