

# Arizona State Transportation Board

## Financial Report

Presentation by: Kristine Ward, CFO

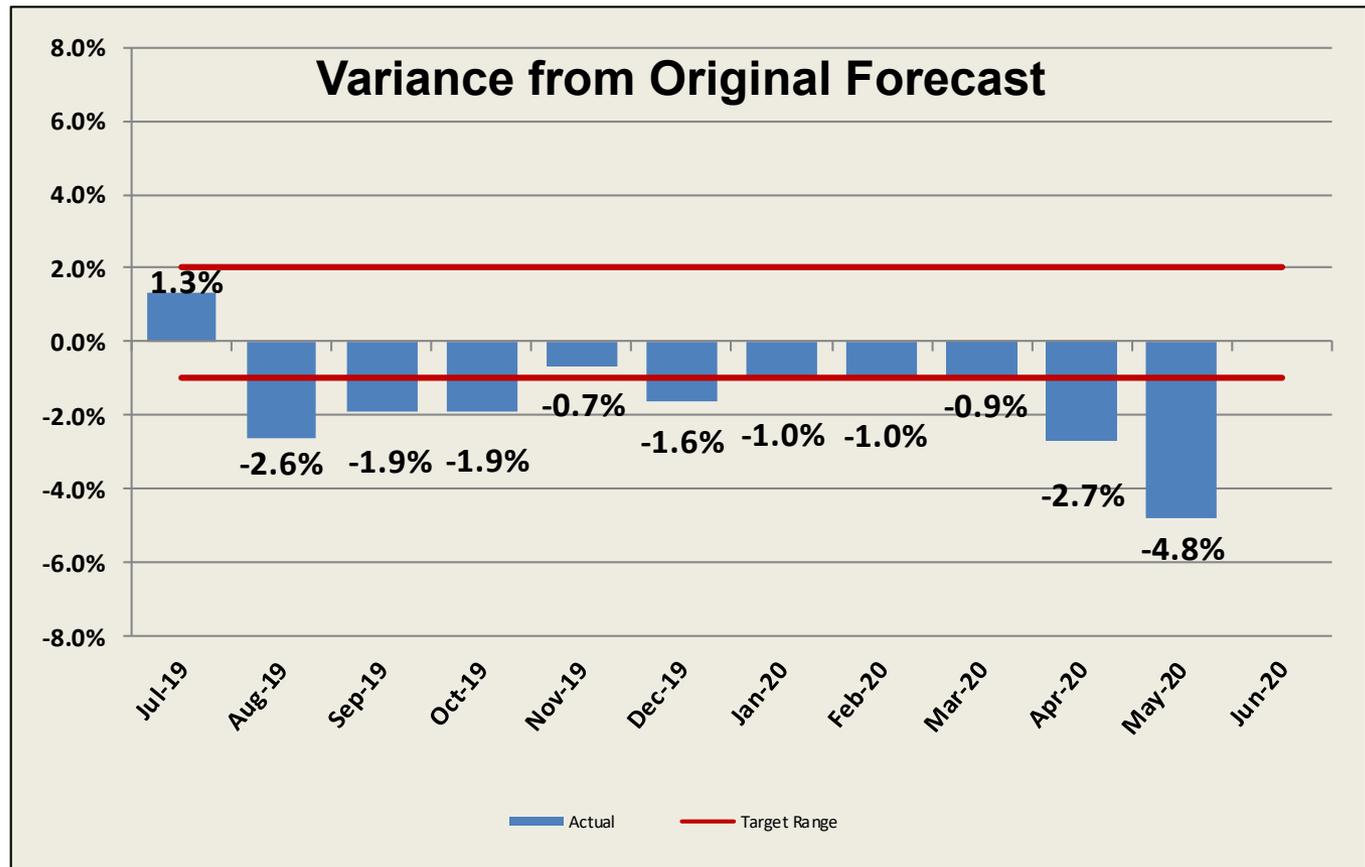
June 19, 2020

# Revenue Report:

## Highway User Revenue Fund (HURF)



- Gas tax** – Strong decline month (-38.1 %), moderate decline FY20 (-1.5%)
- Diesel tax** – Moderate decline month (-1.7 %), moderate growth FY20 (1.0%)
- VLT** – Strong decline month (-23.7 %), moderate growth FY20 (1.5 %)

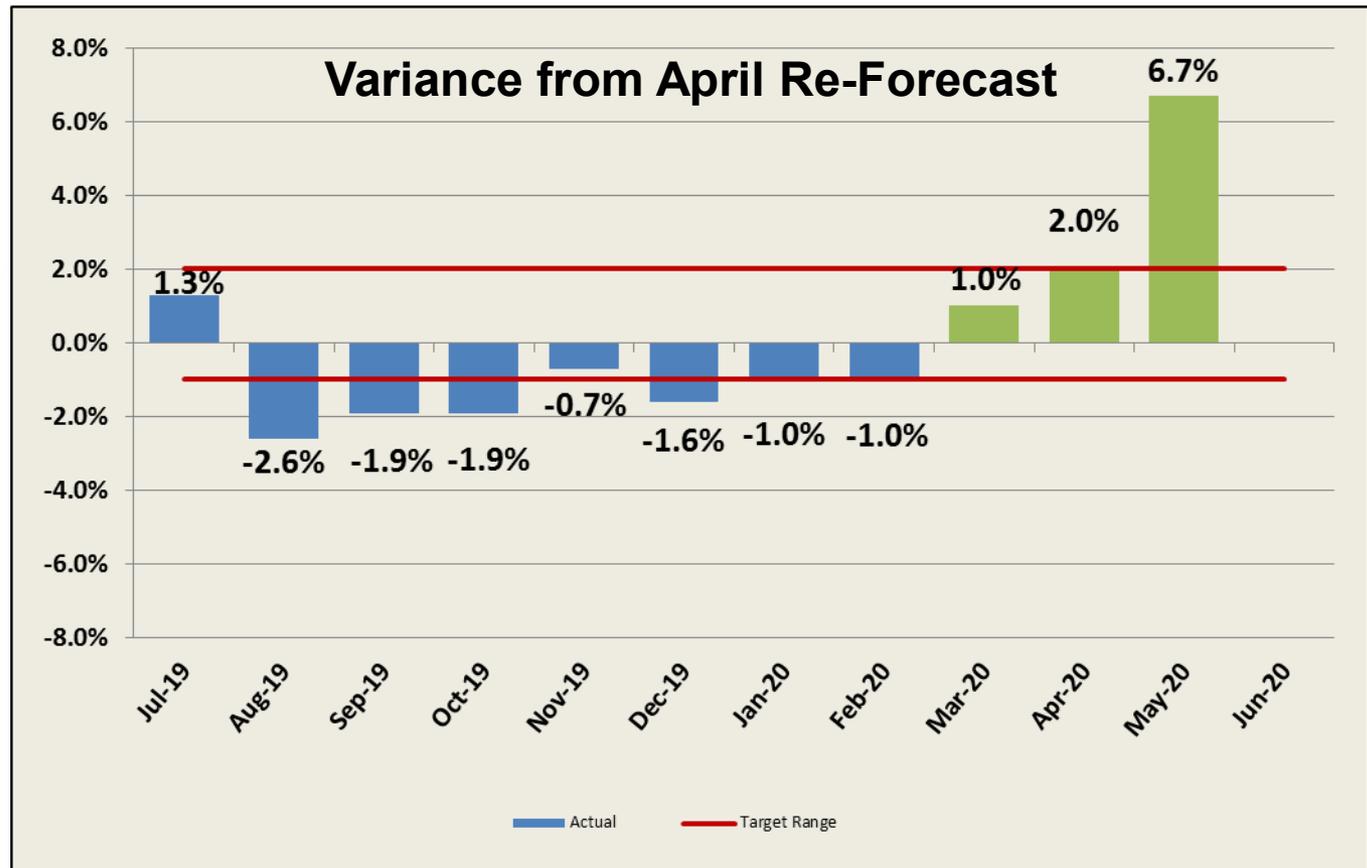


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# Highway User Revenue Fund (HURF): Revenue Re-Forecasts vs. Actuals

Revenue Category	May						
	Orig Est	Act	Variance from Orig Est	% Chg from Orig Est	Apr Est	Variance from Apr Est	% Chg from Apr Est
Gasoline Tax	\$46,044	\$28,628	(\$17,416)	-37.8%	\$27,626	\$1,002	3.6%
Use Fuel Tax	17,292	13,960	(3,332)	-19.3%	14,698	(738)	-5.0%
Motor Carrier Fee	2,927	2,847	(80)	-2.7%	2,195	652	29.7%
Vehicle License Tax	42,100	30,850	(11,250)	-26.7%	27,365	3,485	12.7%
Registration	13,465	13,685	220	1.6%	11,445	2,240	19.6%
Other	5,615	4,050	(1,565)	-27.9%	4,773	(723)	-15.1%
<b>Total</b>	<b>\$127,443</b>	<b>\$94,020</b>	<b>(\$33,423)</b>	<b>-26.2%</b>	<b>\$88,103</b>	<b>\$5,918</b>	<b>6.7%</b>

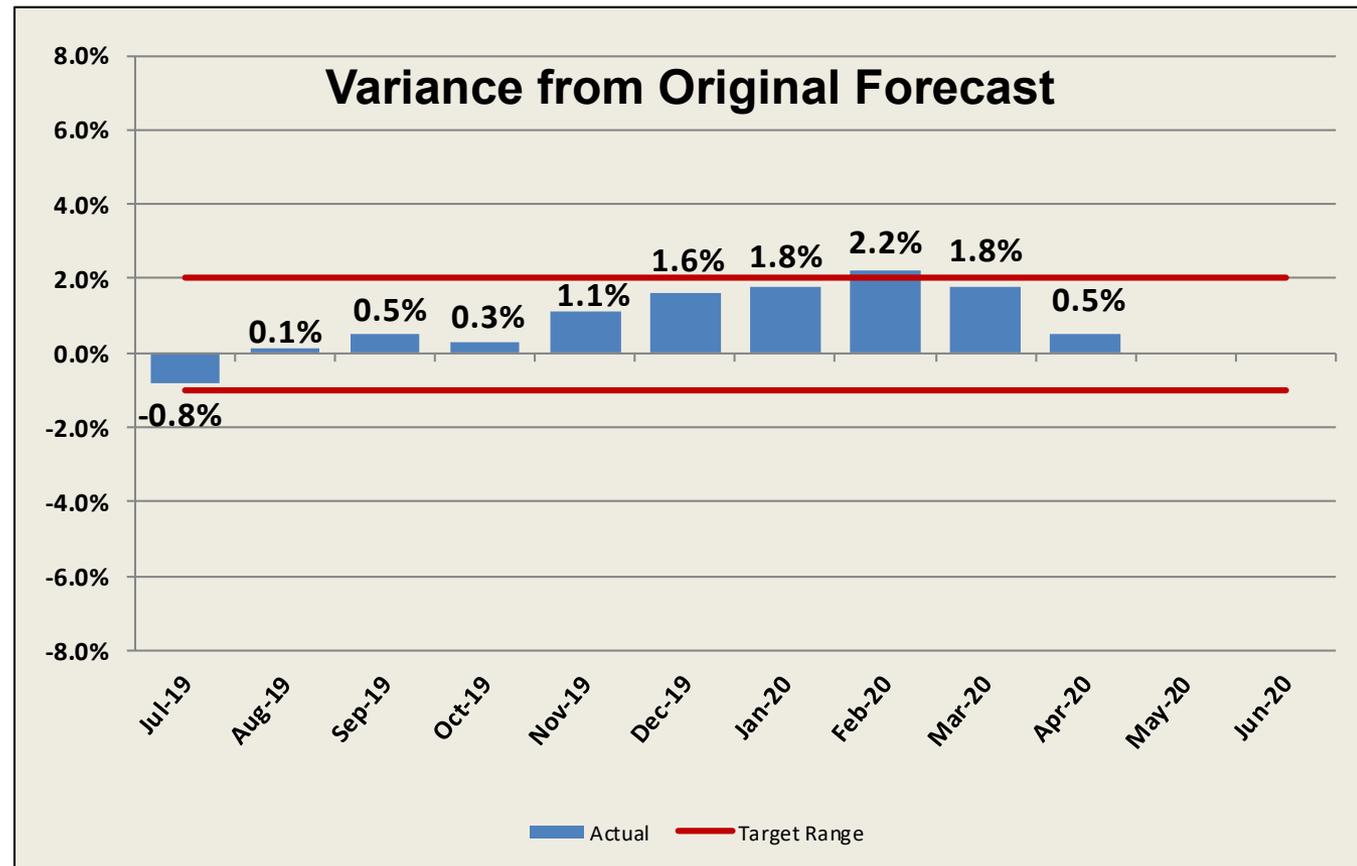
*Revenue in Thousands*

# Revenue Report:

## Regional Area Road Fund (RARF)



- **Retail sales** - Strong growth YTD (9.3 %)
- **Contracting** – Strong growth YTD (17.9 %)
- **Restaurant & Bar** – Moderate growth YTD (0.2 %)

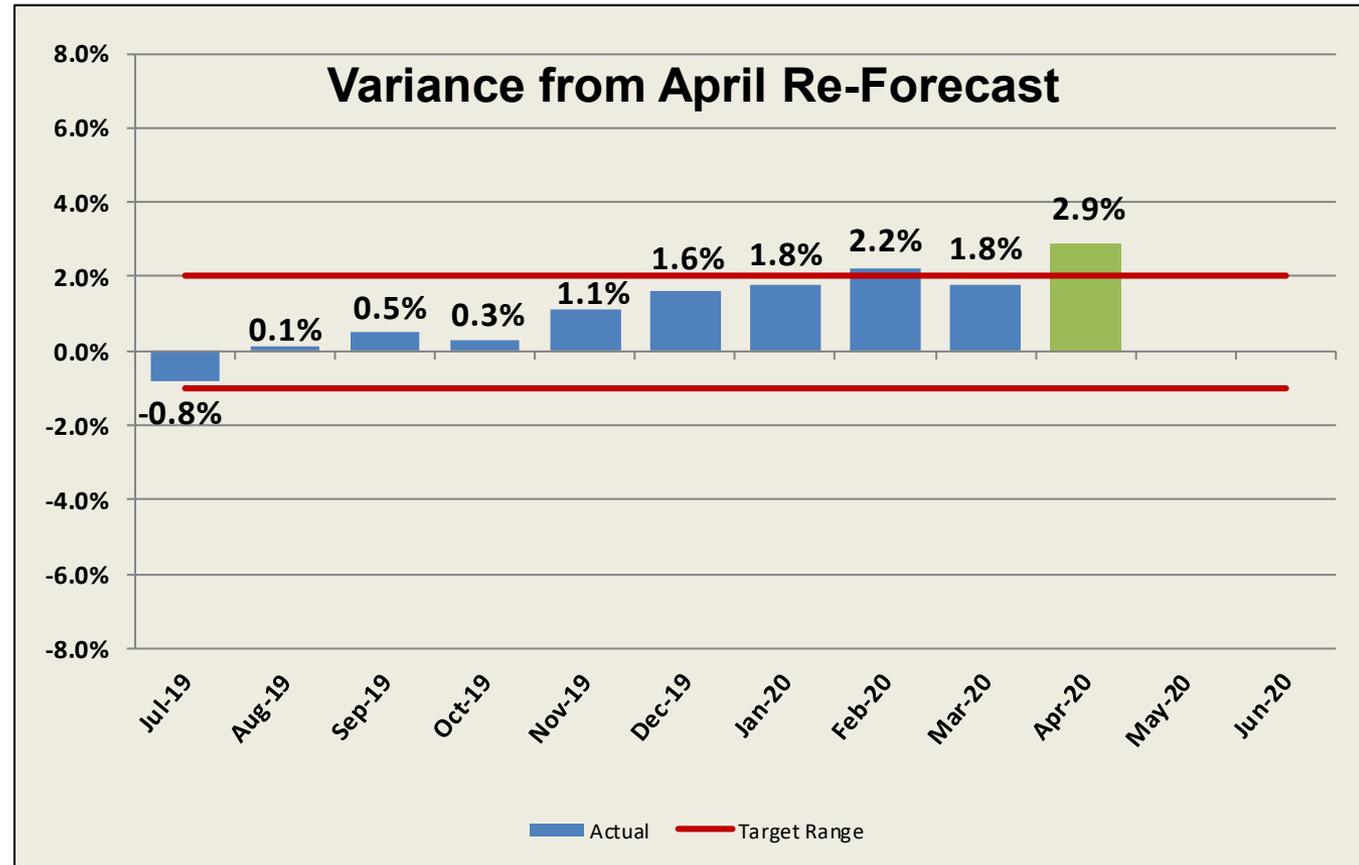


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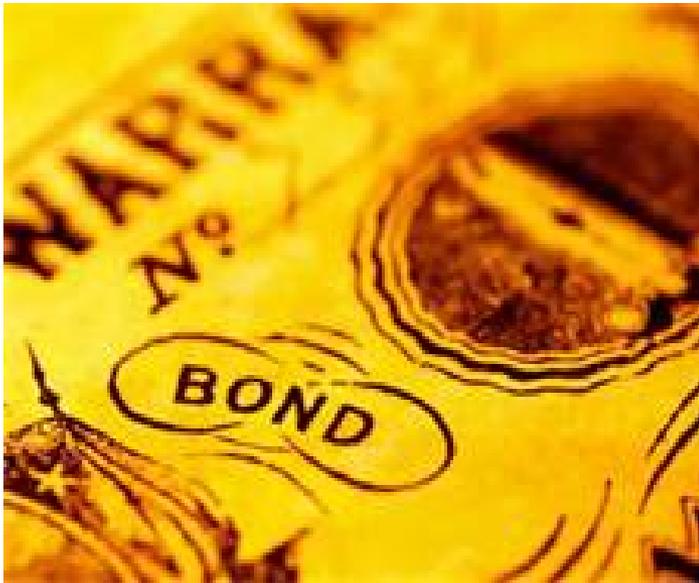
# Regional Area Road Fund (RARF): Revenue Re-Forecasts vs. Actuals

Revenue Category	April						
	Orig Est	Act	Variance from Orig Est	% Chg from Orig Est	Apr Re-Est	Variance from Apr Re-Est	% Chg from Apr Re-Est
Retail Sales	\$24,543	\$24,007	(\$536)	-2.2%	\$18,345	\$5,662	30.9%
Contracting	4,698	4,745	47	1.0%	4,685	60	1.3%
Utilities	2,055	1,945	(110)	-5.3%	1,952	(7)	-0.4%
Restaurant & Bar	5,743	3,647	(2,096)	-36.5%	2,297	1,350	58.7%
Rental of Real Property	5,475	4,204	(1,271)	-23.2%	2,190	2,014	92.0%
Rental of Personal Property	1,958	1,609	(349)	-17.8%	783	826	105.5%
Other	1,493	1,068	(425)	-28.5%	1,075	(7)	-0.6%
<b>Total</b>	<b>\$45,965</b>	<b>\$41,226</b>	<b>(\$4,739)</b>	<b>-10.3%</b>	<b>\$31,328</b>	<b>\$9,898</b>	<b>31.6%</b>

*Revenue in Thousands*

# Additional Updates

- **Federal Aid Program**



- **Debt Financing Program**

- HURF Capacity
- RARF Capacity

- **Cash Management**



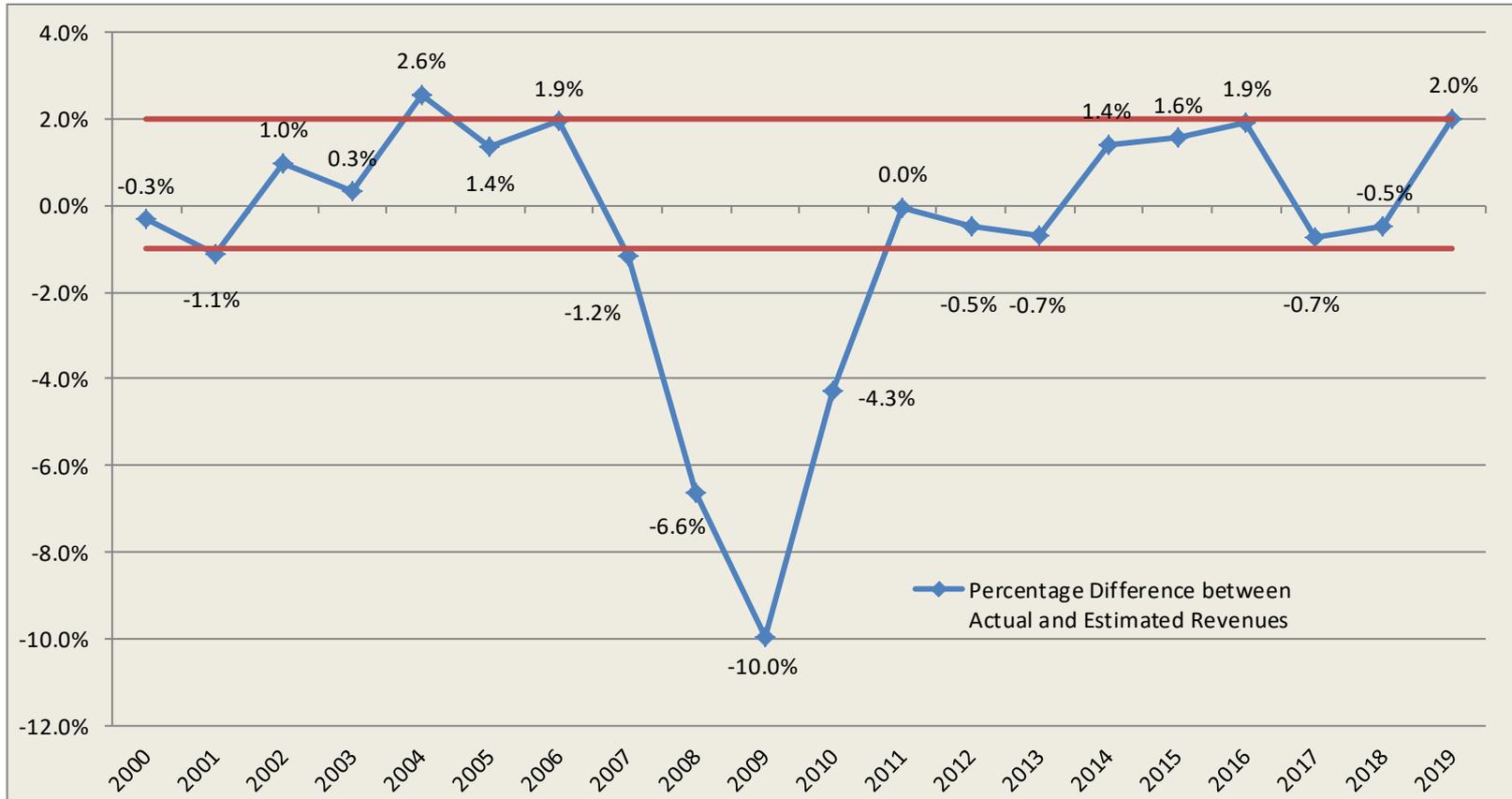
# Revenue Forecast Process:

## Composition of the panel

- Maricopa Association of Governments (MAG), Transportation Professional
- City of Phoenix, Economist
- City of Peoria, prior JLBC, Fiscal Specialist
- JLBC, Fiscal Specialist
- Previous State Treasurer's Office, Financial Professional
- Office of Economic Opportunity, Economist
- Previous JLBC & Commerce, Economist
- The Maguire Company, Economist
- Vison-Econ, Economist
- ADOT, prior ASU, Economist
- ASU, Economist
- HDR, Economist – Contracted to develop & run forecasting model for ADOT

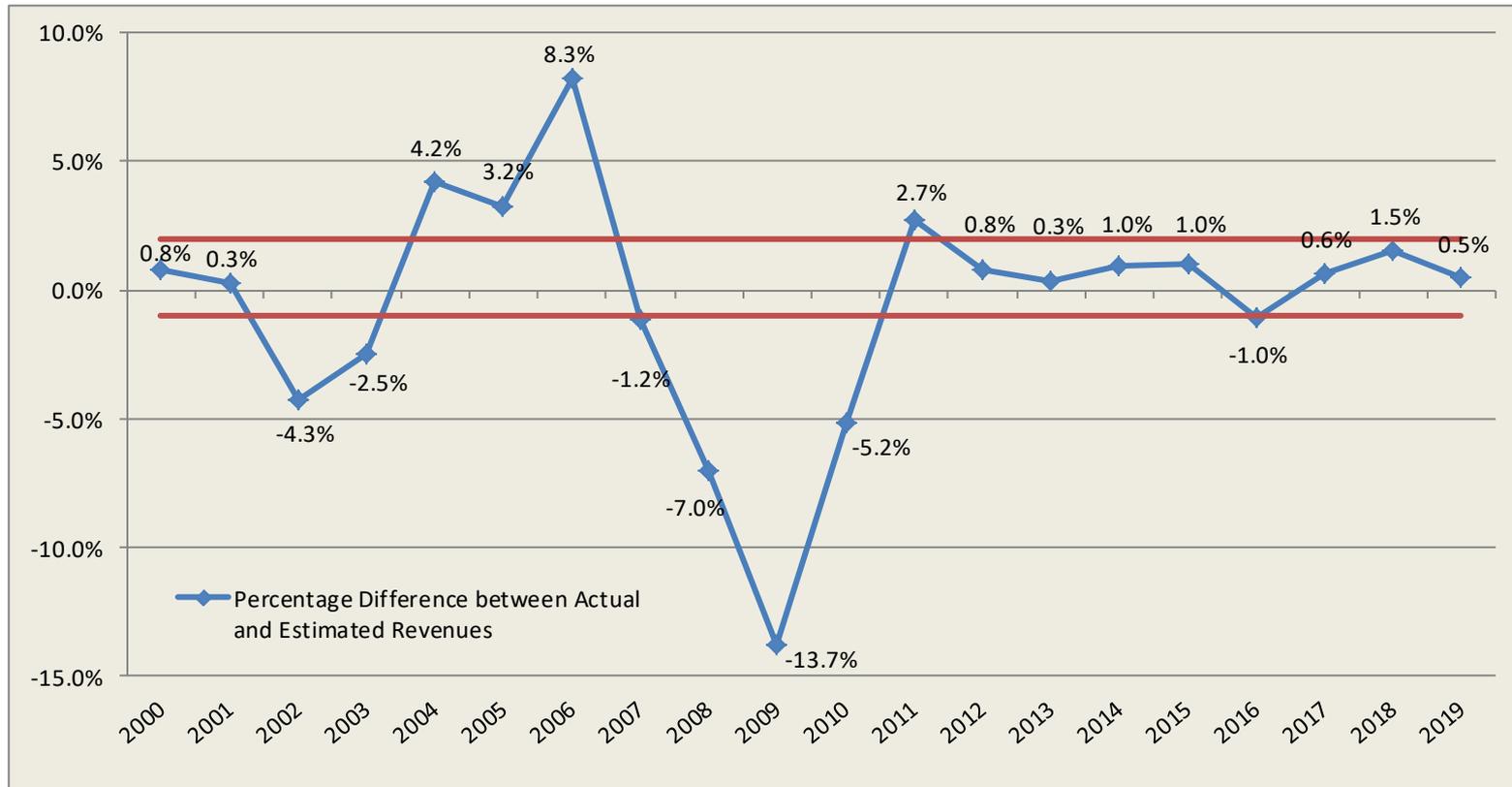
# Short-term Forecast Accuracy: Highway User Revenue Fund (HURF)

## Variance from Short-term Forecast



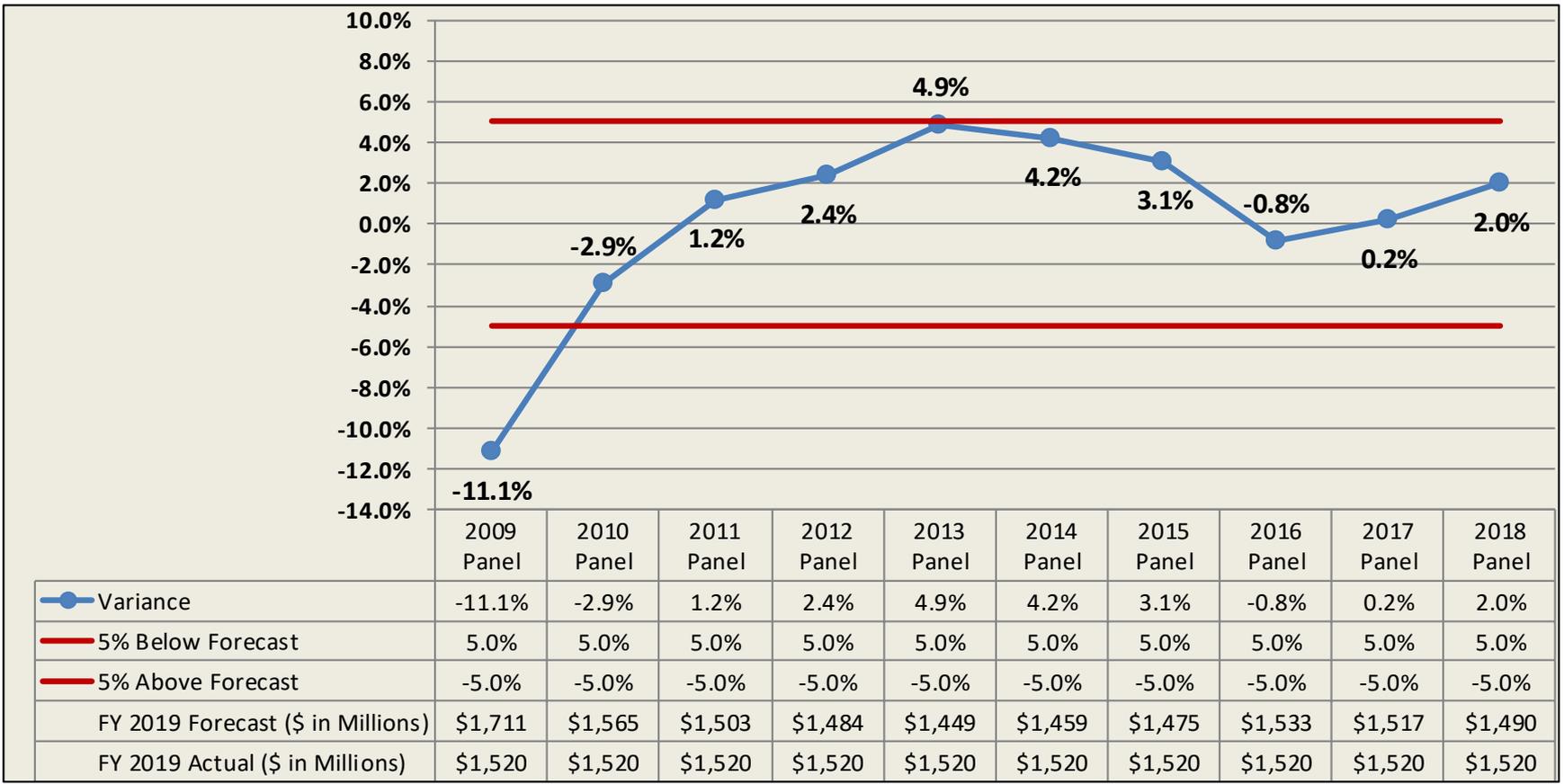
# Short-term Forecast Accuracy: Regional Area Road Fund (RARF)

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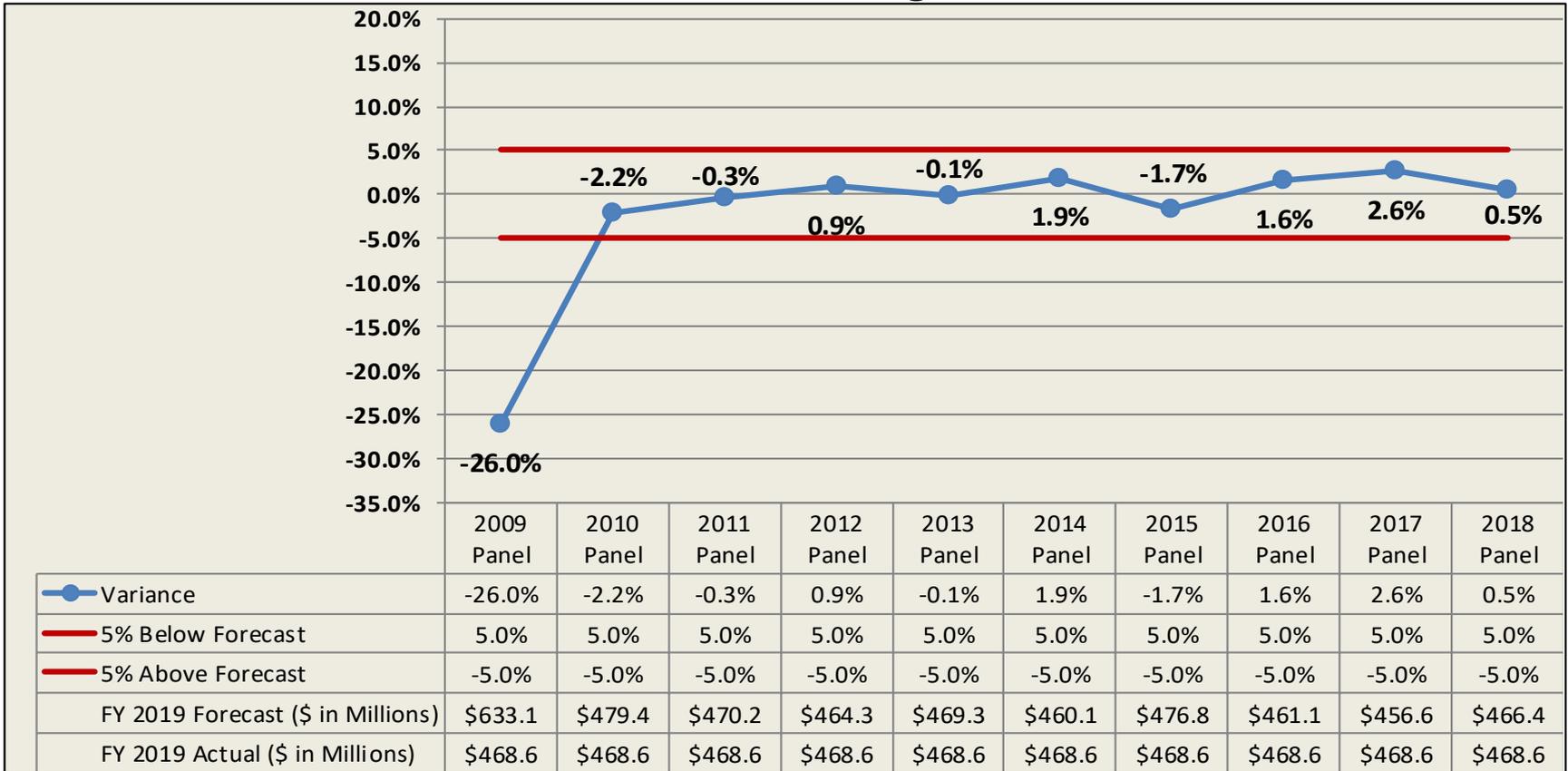
# Long-term Forecast Accuracy: Highway User Revenue Fund (HURF)

## FY2019 Variance from Long-term Forecast



# Long-term Forecast Accuracy: Regional Area Road Fund (RARF)

## FY 2019 Variance from Long-term Forecast



# Forecast Process:

## Standard Schedule vs. Condensed & Accelerated Schedule

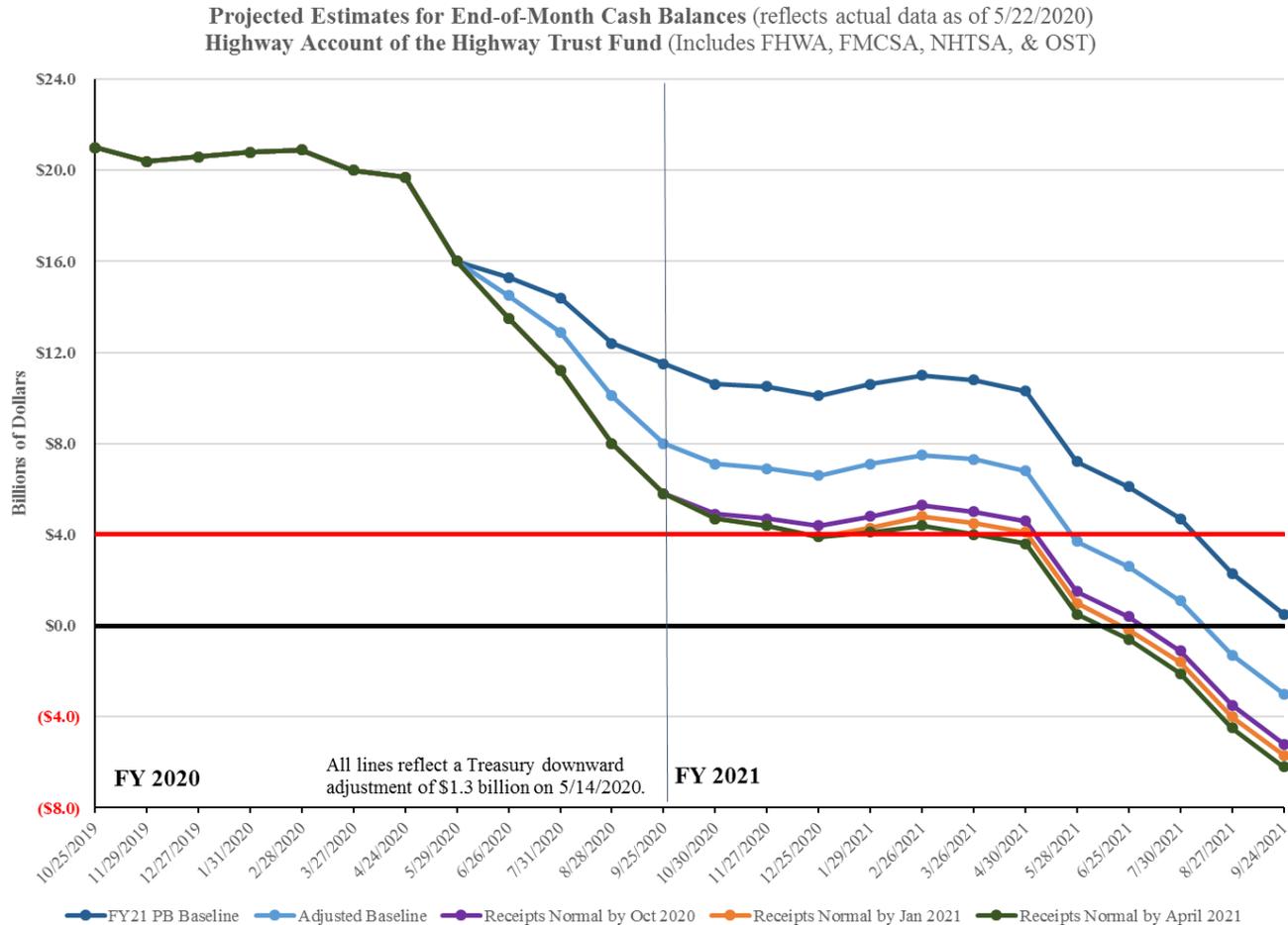
Task	Standard Schedule	Condensed/Accelerated Schedule
FY 2021 Interim Forecast	July 14	August 15
RAP panel	August 5	August 5
RAP results (HURF)	August 26	August 19
RAP results (RARF)	August 26	August 26
Finalize forcast (HURF)	September 18 - September 25	August 21 - August 28
Planner Development	September 28 - October 31	August 31 - September 4
MPD to develop prgm & RAAC	August 15 - December 31	September 7 - September 11
Present to State Transportation Board	January 28	September 18

# What do we project is the longer-term impact of the COVID-19 virus on the Highway Account?

- **When will the Highway Account reach a shortfall (continued)?**
  - Second, FHWA has run potential scenarios to estimate the timing of the shortfall.
    - These potential scenarios start with a 40% reduction in expected baseline revenue for May 2020.
    - Then a gradual increase in revenue until pre-COVID-19, baseline (normal) levels are reached.
      - Scenario #1 assumes a gradual return to normal revenue by October 2020.
      - Scenario #2 assumes a gradual return to normal revenue by January 2021.
      - Scenario #3 assumes a gradual return to normal revenue by April 2021.
  - **All three scenarios project that the Highway Account will reach a critical point in Spring 2021 and a shortfall in Summer 2021.**

# What is the longer-term impact of the COVID-19 virus on the Highway Account?

- When will the Highway Account reach a critical point?



# Questions