

Financial Management Services

February 03, 2022

FY2023 – FY2027 Tentative Highway Construction Program

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Revenue Forecast Process



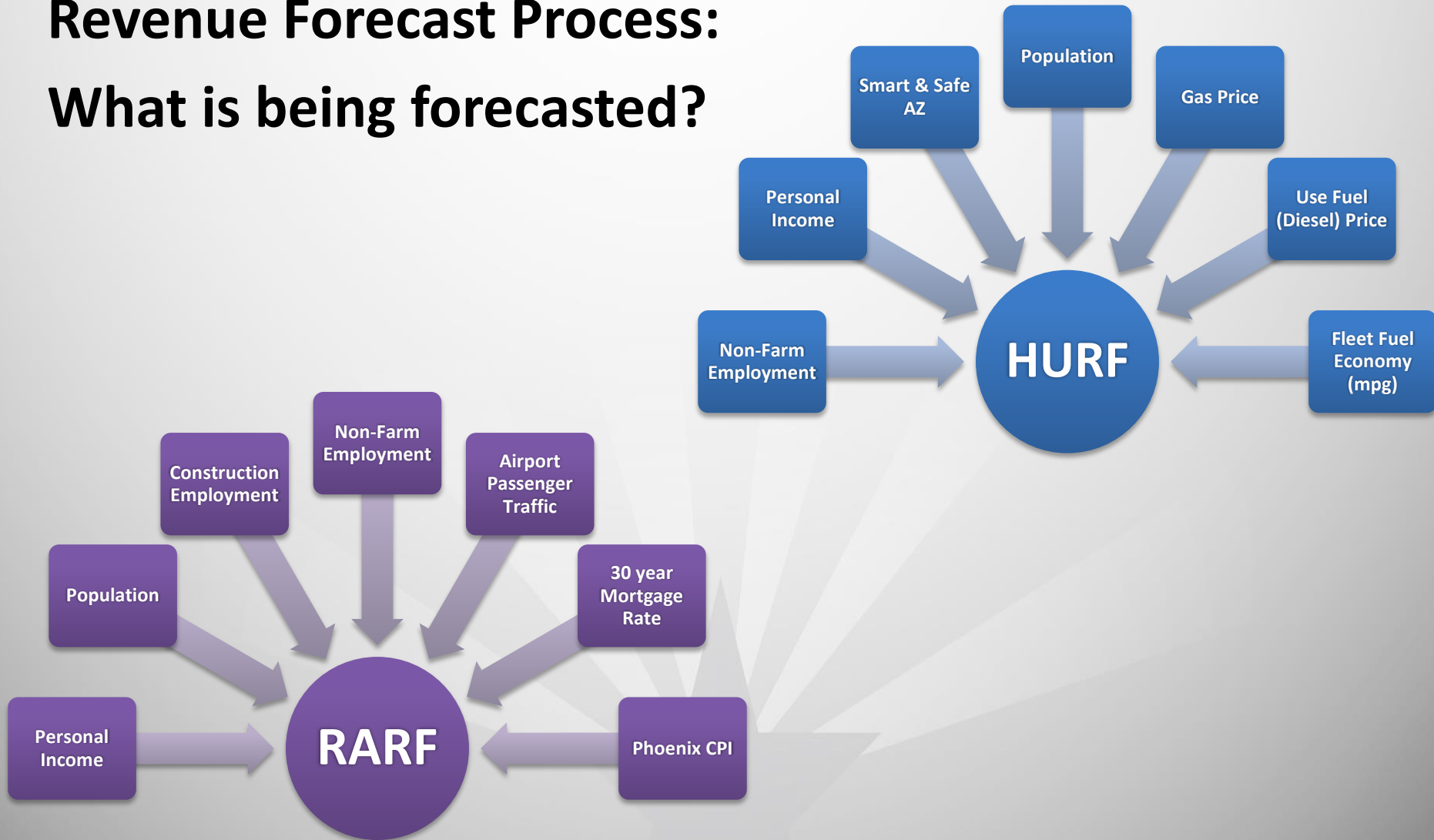
Revenue Forecast Process: Sources of Funding for the Highway Program

- ✓ Highway User Revenue Fund/ State Highway Fund
- ✓ Regional Area Road Fund/ Freeway Funds
 - Federal Funds (Formula Funding): established by Congress
 - Other Funding: Competitive Grants, Appropriations & Private Funding

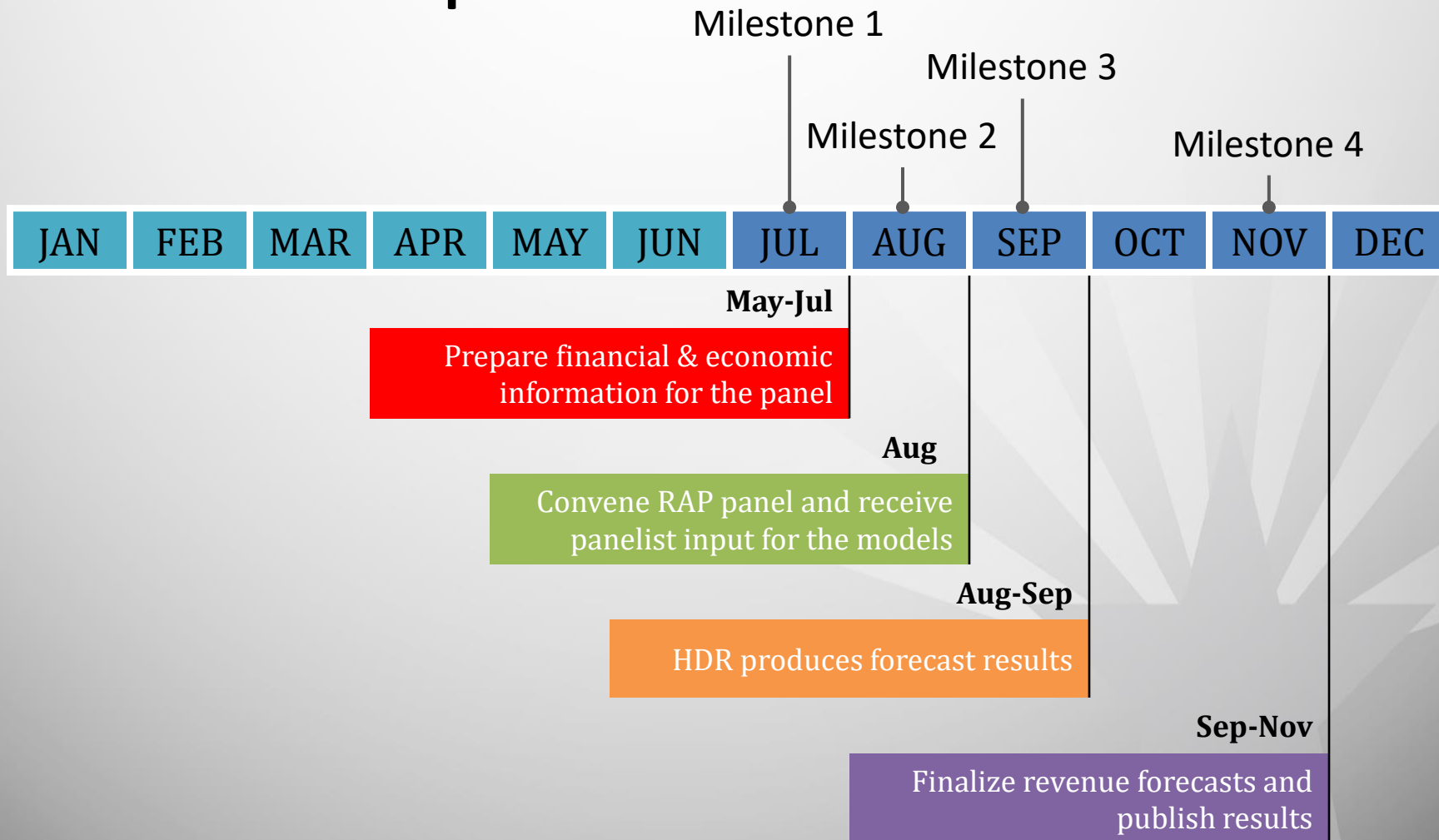
✓ = Forecasted by the Risk Analysis Panel (RAP)

Revenue Forecast Process:

What is being forecasted?



Revenue Forecast Process: What is the RAP process?



Revenue Forecast Process:

Who is involved?

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

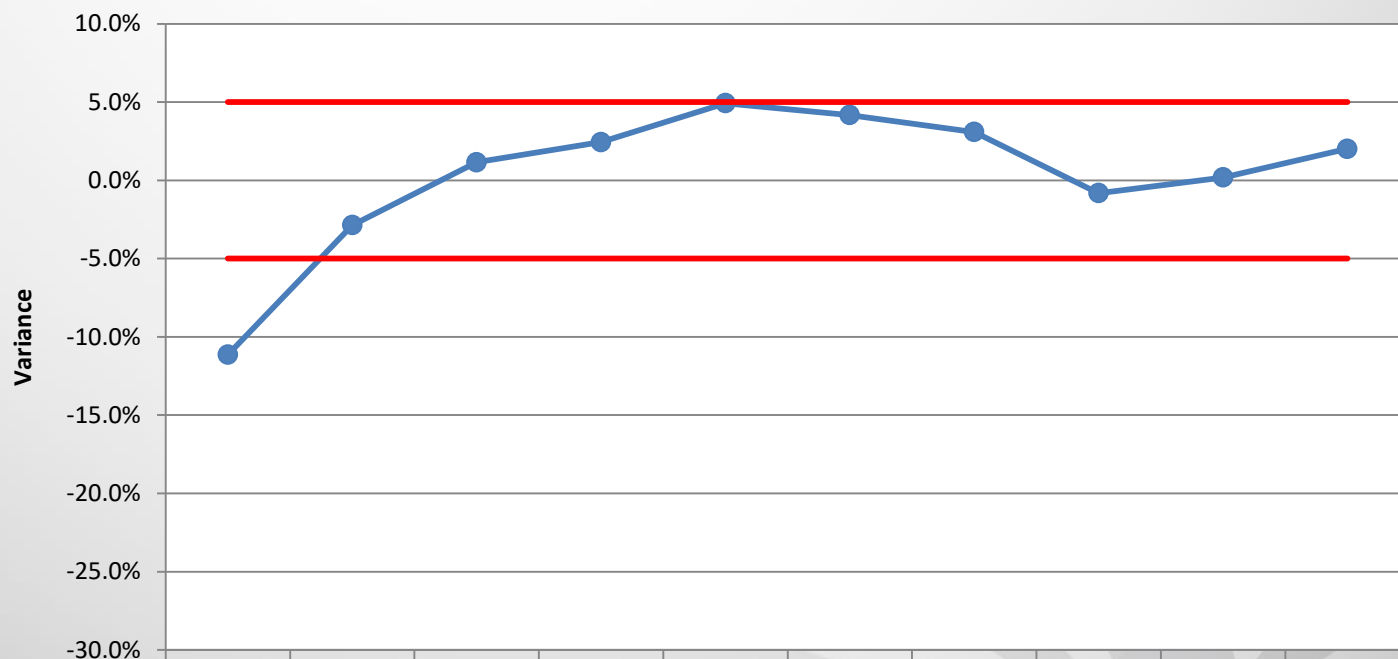


Revenue Forecast Process:

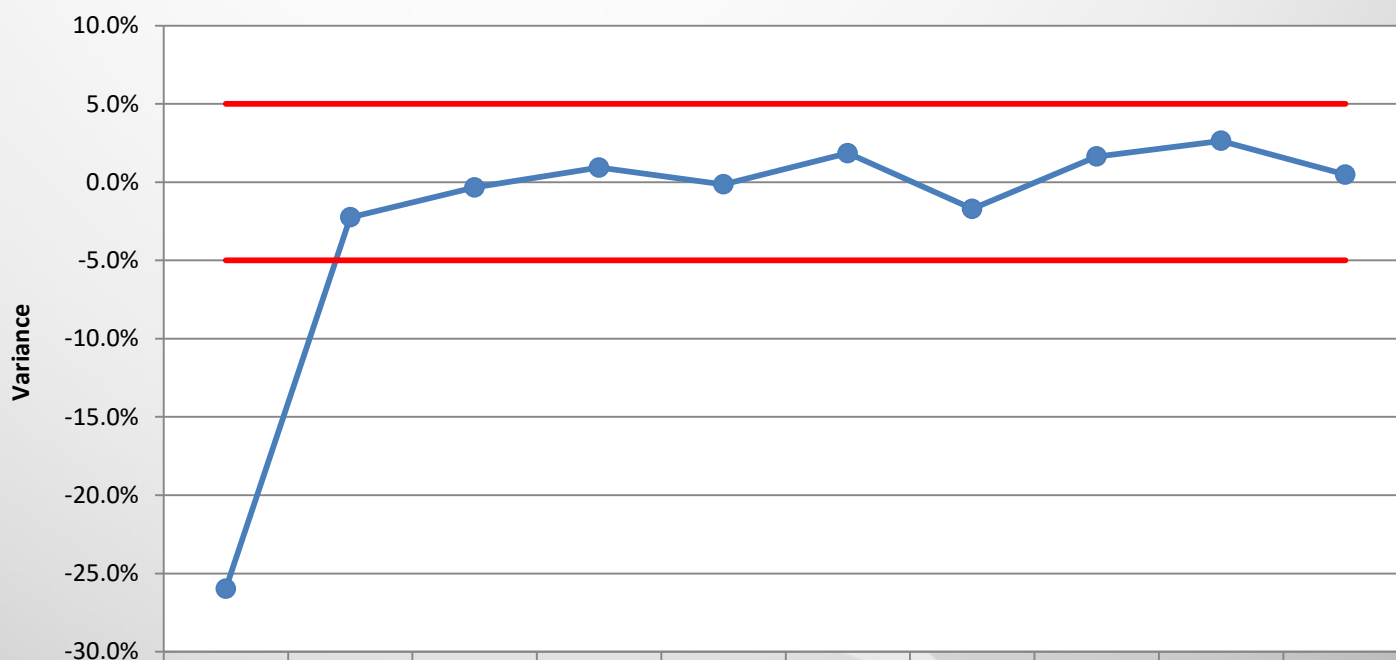
What is the product?

HURF TOTAL REVENUE RISK ANALYSIS RESULTS										
FY	MEAN	10%	20%	30%	40%	50%	60%	70%	80%	90%
2021	\$1,627,169,851	\$1,627,169,851	\$1,627,169,851	\$1,627,169,851	\$1,627,169,851	\$1,627,169,851	\$1,627,169,851	\$1,627,169,851	\$1,627,169,851	\$1,627,169,851
2022	\$1,788,712,519	\$2,050,020,215	\$1,952,401,449	\$1,883,954,673	\$1,826,478,998	\$1,774,850,000	\$1,725,269,262	\$1,674,289,337	\$1,617,206,733	\$1,543,470,637
2023	\$1,863,506,108	\$2,251,435,281	\$2,102,382,822	\$1,998,240,021	\$1,911,913,952	\$1,835,592,395	\$1,763,301,889	\$1,691,042,600	\$1,610,268,286	\$1,508,247,092
2024	\$1,949,613,423	\$2,429,668,650	\$2,240,967,967	\$2,110,705,460	\$2,004,374,738	\$1,910,590,940	\$1,822,848,371	\$1,735,053,051	\$1,638,200,085	\$1,517,549,497
2025	\$2,035,314,454	\$2,589,099,705	\$2,367,554,888	\$2,216,601,519	\$2,095,003,983	\$1,987,850,503	\$1,887,503,867	\$1,786,836,034	\$1,678,137,653	\$1,541,476,113
2026	\$2,121,521,312	\$2,741,220,048	\$2,491,370,162	\$2,320,899,963	\$2,184,793,753	\$2,065,912,836	\$1,953,982,087	\$1,842,945,022	\$1,723,736,653	\$1,573,550,843
2027	\$2,207,932,653	\$2,886,499,301	\$2,610,145,889	\$2,425,356,064	\$2,273,972,430	\$2,143,664,974	\$2,022,654,624	\$1,902,876,361	\$1,772,407,758	\$1,610,563,326
2028	\$2,294,299,100	\$3,024,142,354	\$2,726,221,385	\$2,528,037,315	\$2,363,696,944	\$2,222,726,084	\$2,094,171,568	\$1,962,900,397	\$1,823,265,603	\$1,649,999,035
2029	\$2,380,396,672	\$3,164,685,431	\$2,842,320,162	\$2,627,051,906	\$2,452,273,180	\$2,301,791,364	\$2,164,530,833	\$2,023,453,083	\$1,876,626,200	\$1,692,566,005
2030	\$2,465,930,930	\$3,302,006,895	\$2,954,292,993	\$2,726,202,289	\$2,539,893,329	\$2,380,885,003	\$2,234,261,957	\$2,087,096,537	\$1,929,974,480	\$1,735,908,042
2031	\$2,550,957,004	\$3,434,595,813	\$3,068,021,190	\$2,824,683,283	\$2,625,874,659	\$2,460,908,534	\$2,304,879,286	\$2,149,780,800	\$1,982,234,225	\$1,781,950,910
2032	\$2,636,745,317	\$3,570,276,556	\$3,178,913,527	\$2,923,678,649	\$2,716,047,746	\$2,540,171,578	\$2,374,910,963	\$2,213,352,954	\$2,039,001,517	\$1,828,164,397
2033	\$2,724,019,087	\$3,705,648,889	\$3,292,833,989	\$3,023,740,349	\$2,805,750,669	\$2,620,157,545	\$2,446,704,470	\$2,277,616,640	\$2,095,810,871	\$1,876,669,416
2034	\$2,812,927,842	\$3,839,091,432	\$3,407,597,205	\$3,124,973,622	\$2,897,482,228	\$2,702,155,165	\$2,522,273,939	\$2,343,929,021	\$2,156,743,886	\$1,925,209,657
2035	\$2,903,700,809	\$3,976,175,122	\$3,524,692,603	\$3,230,409,488	\$2,990,004,016	\$2,785,328,964	\$2,599,695,468	\$2,413,713,840	\$2,217,662,550	\$1,978,091,386
2036	\$2,996,546,867	\$4,119,335,204	\$3,643,126,677	\$3,337,710,279	\$3,085,699,165	\$2,871,848,917	\$2,678,864,137	\$2,484,507,914	\$2,280,405,407	\$2,031,151,783
2037	\$3,090,934,376	\$4,258,170,349	\$3,763,788,806	\$3,446,693,086	\$3,180,868,024	\$2,960,656,994	\$2,761,795,694	\$2,556,947,501	\$2,343,358,591	\$2,085,797,894
2038	\$3,186,910,634	\$4,401,636,773	\$3,889,727,695	\$3,552,995,766	\$3,281,368,838	\$3,049,891,223	\$2,842,703,688	\$2,630,759,546	\$2,407,867,246	\$2,142,109,917
2039	\$3,284,377,629	\$4,549,132,831	\$4,013,983,470	\$3,660,884,018	\$3,381,379,716	\$3,141,564,389	\$2,925,140,973	\$2,703,547,734	\$2,475,886,780	\$2,199,685,743
2040	\$3,383,268,910	\$4,698,714,720	\$4,140,395,581	\$3,772,747,199	\$3,481,821,815	\$3,233,375,540	\$3,006,561,383	\$2,778,842,931	\$2,543,100,370	\$2,260,015,853
2041	\$3,483,862,833	\$4,854,451,443	\$4,267,388,599	\$3,885,701,222	\$3,585,716,679	\$3,329,399,443	\$3,093,091,053	\$2,857,863,735	\$2,613,181,741	\$2,315,875,961

HURF Variance from Previous Forecasts For Fiscal Year 2019

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RARF Variance from Previous Forecasts For Fiscal Year 2019

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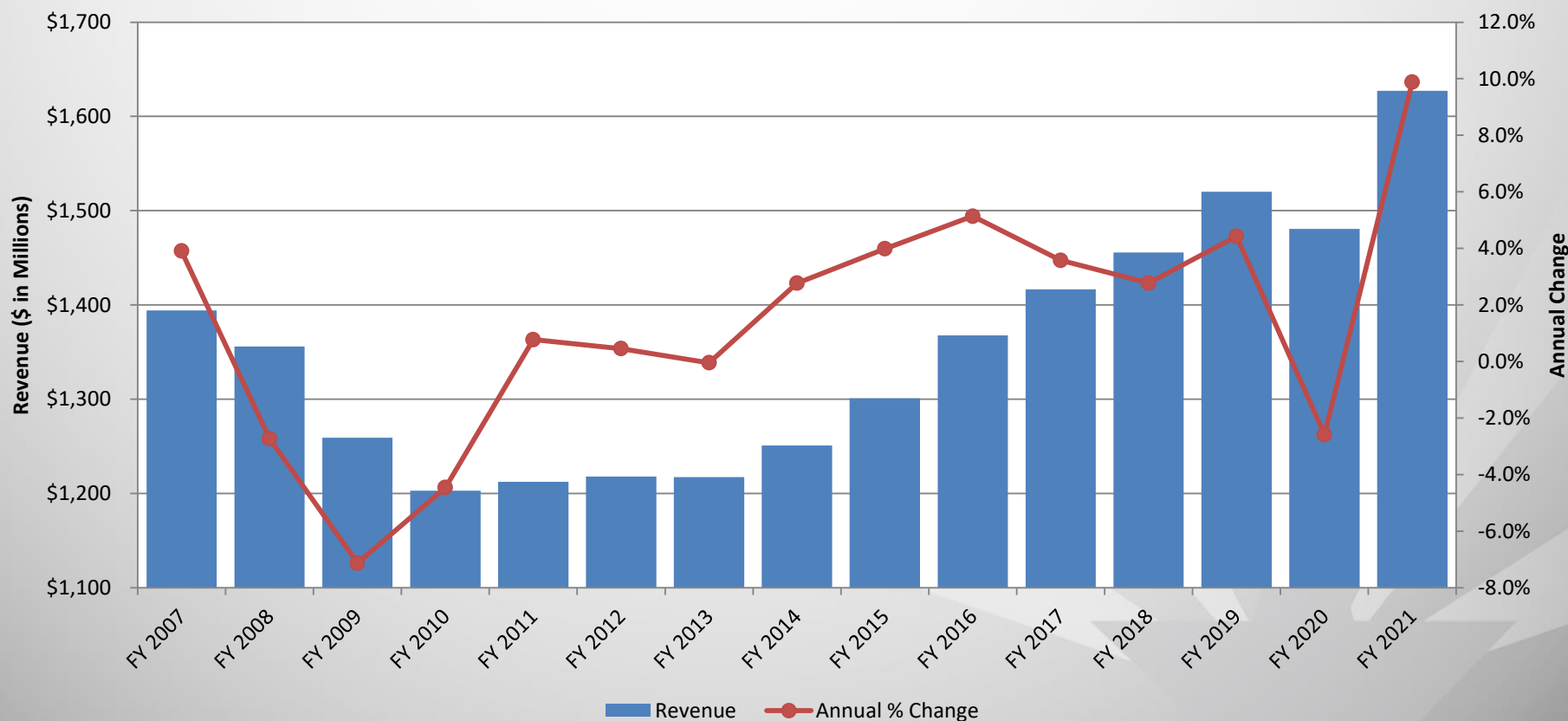
Benefits of the RAP Process

- Involves multiple experts in transportation & revenue forecasting
- Uses well-known and accepted statistical methods
- Provides objective, data-based, accurate results
- Is recognized by bond rating agencies as stable and effective

Highway User Revenue Fund Forecast



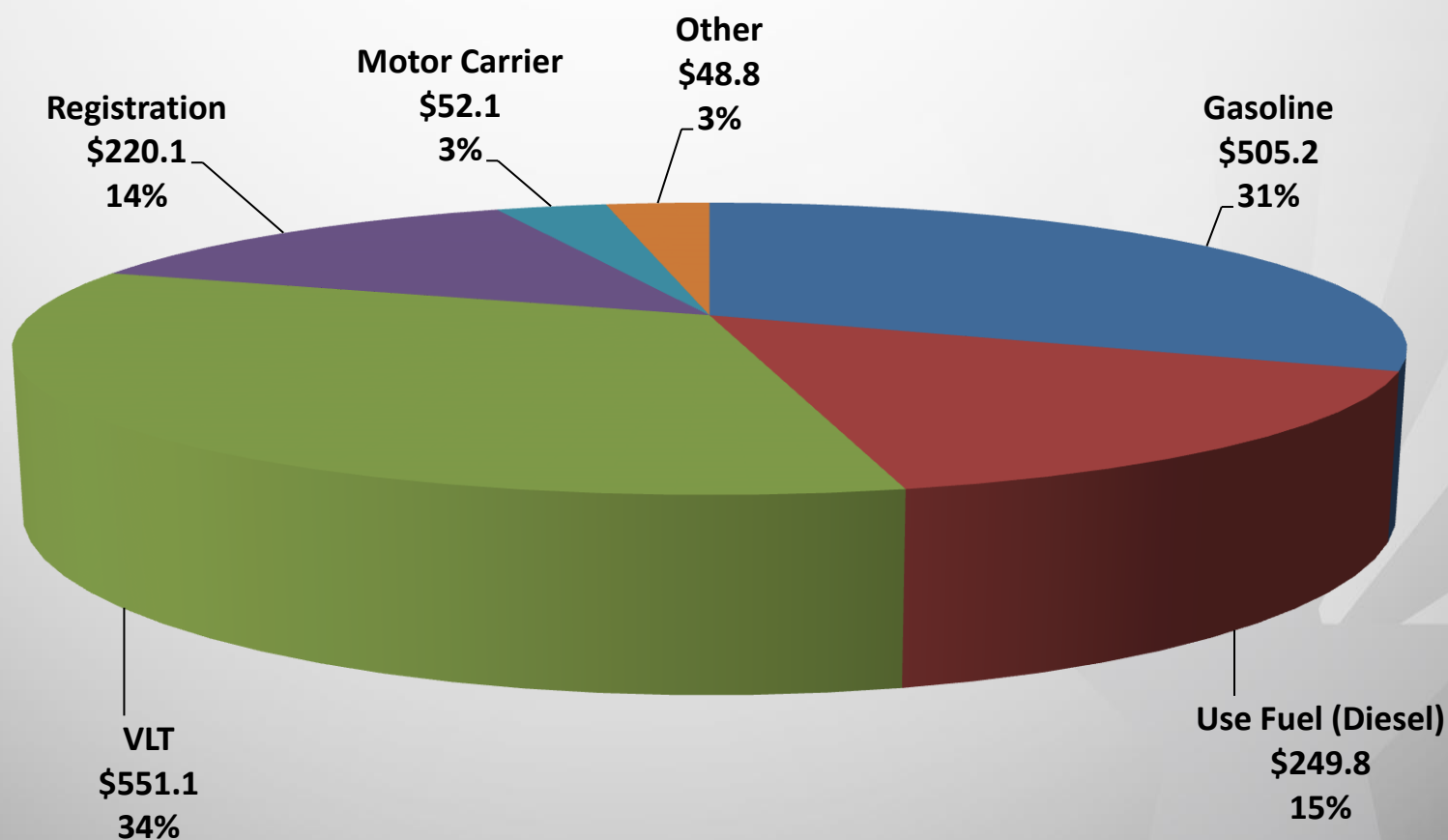
Highway User Revenue Fund (HURF): FY2021 Revenues



	FY 2020 Actual	FY 2021 Actual	Change	FY 2021 Estimate	Change
Total	\$ 1,480.8	\$ 1,627.2	9.9%	\$ 1,514.2	7.5%

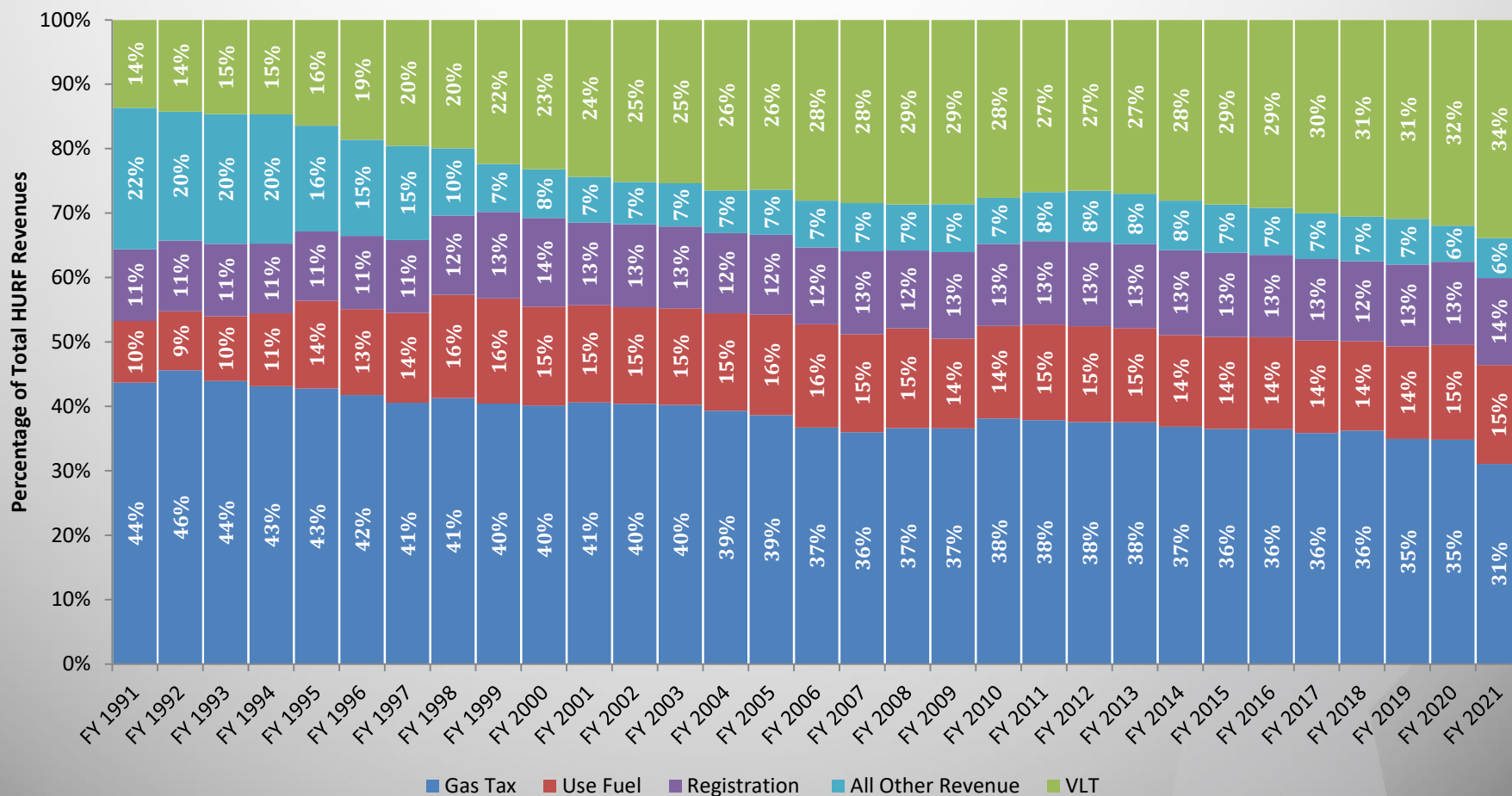
Highway User Revenue Fund (HURF): FY2021 Sources

Total: \$1,627.2 Million

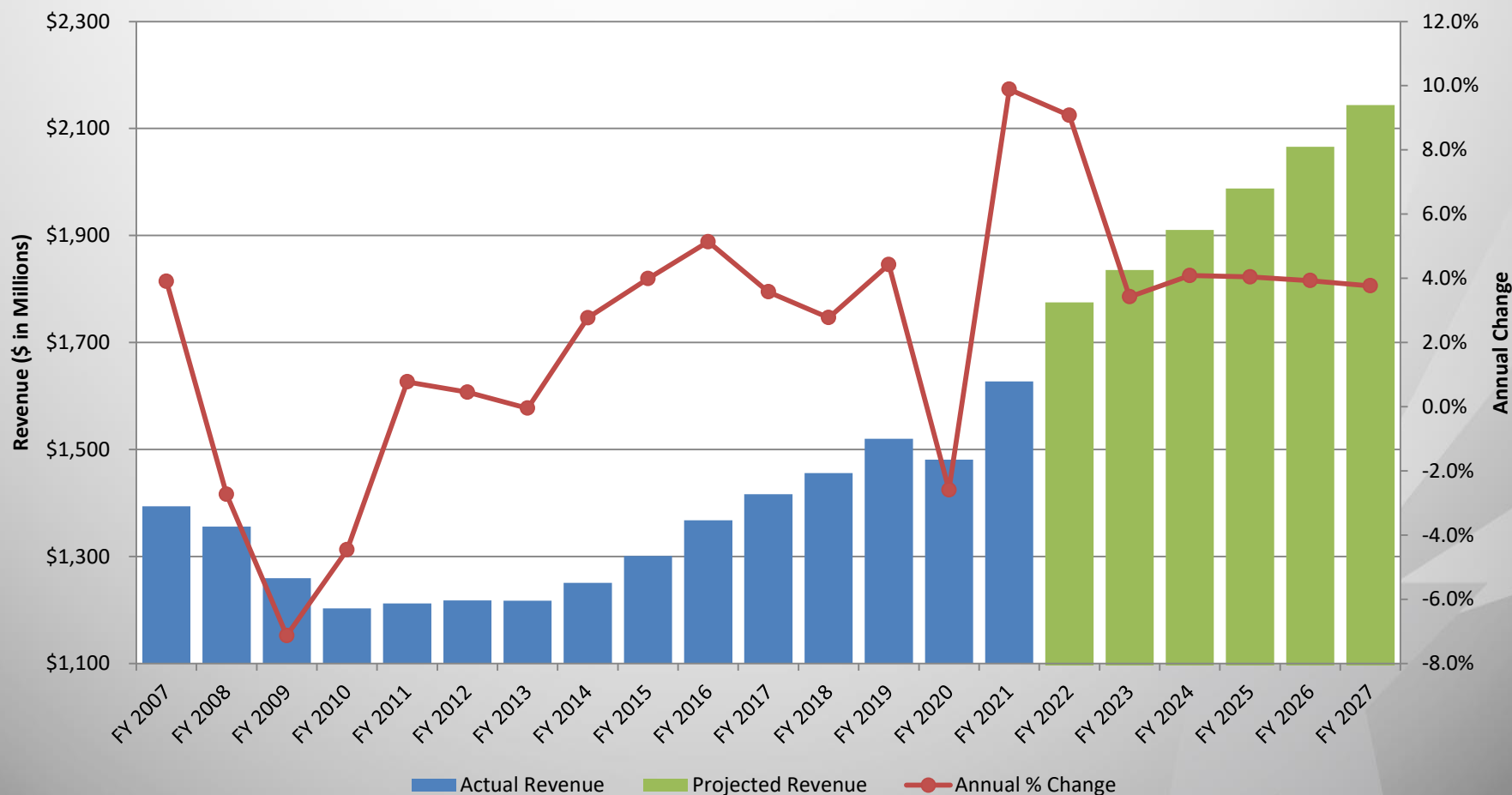


Revenue in millions

Highway User Revenue Fund (HURF): Revenue Categories as a Percentage of HURF



Highway User Revenue Fund (HURF): Revenue History and Forecast

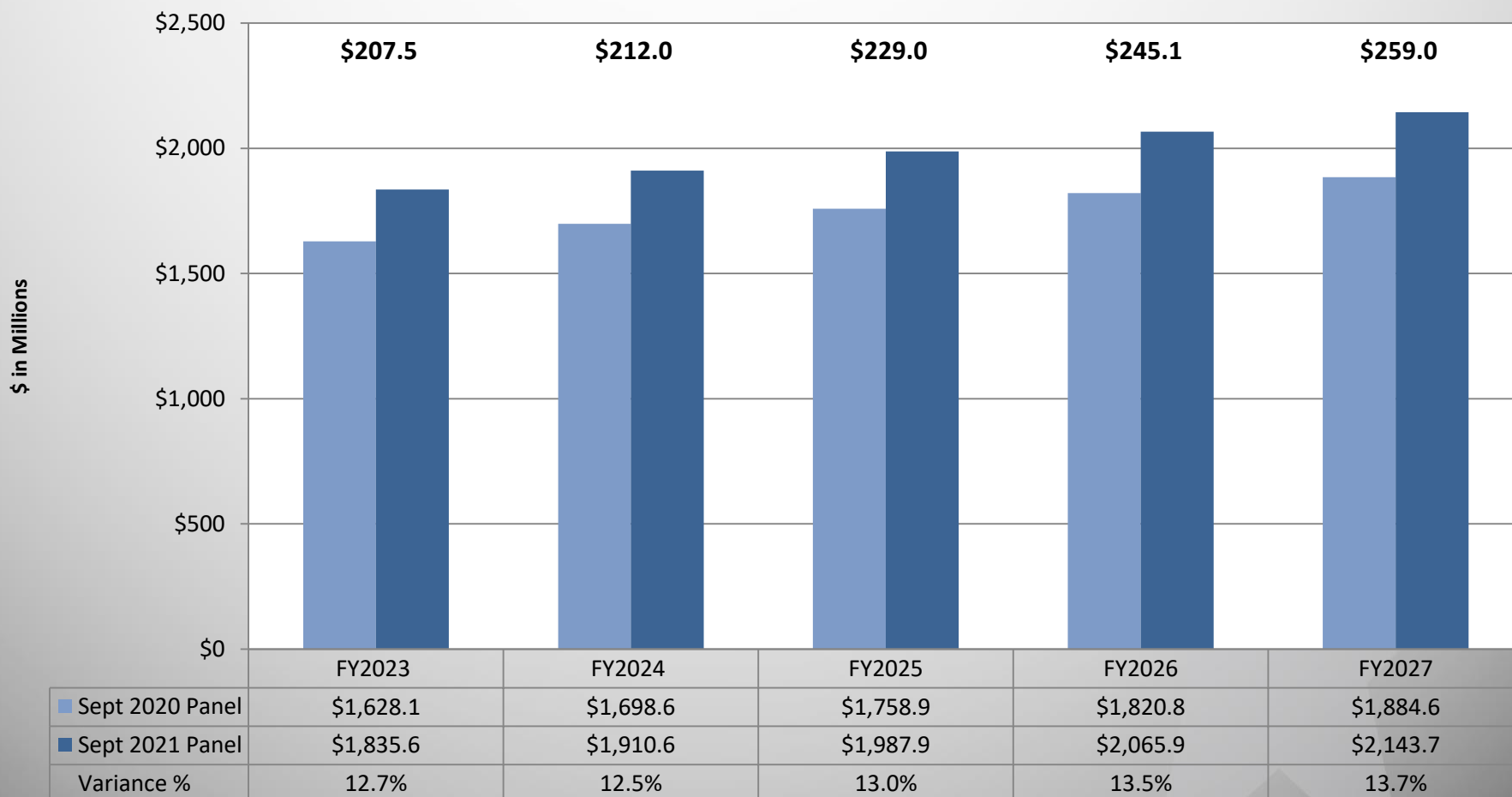


Revenue in Millions

Risk Analysis Process Results:

HURF 2020 vs 2021 Panel

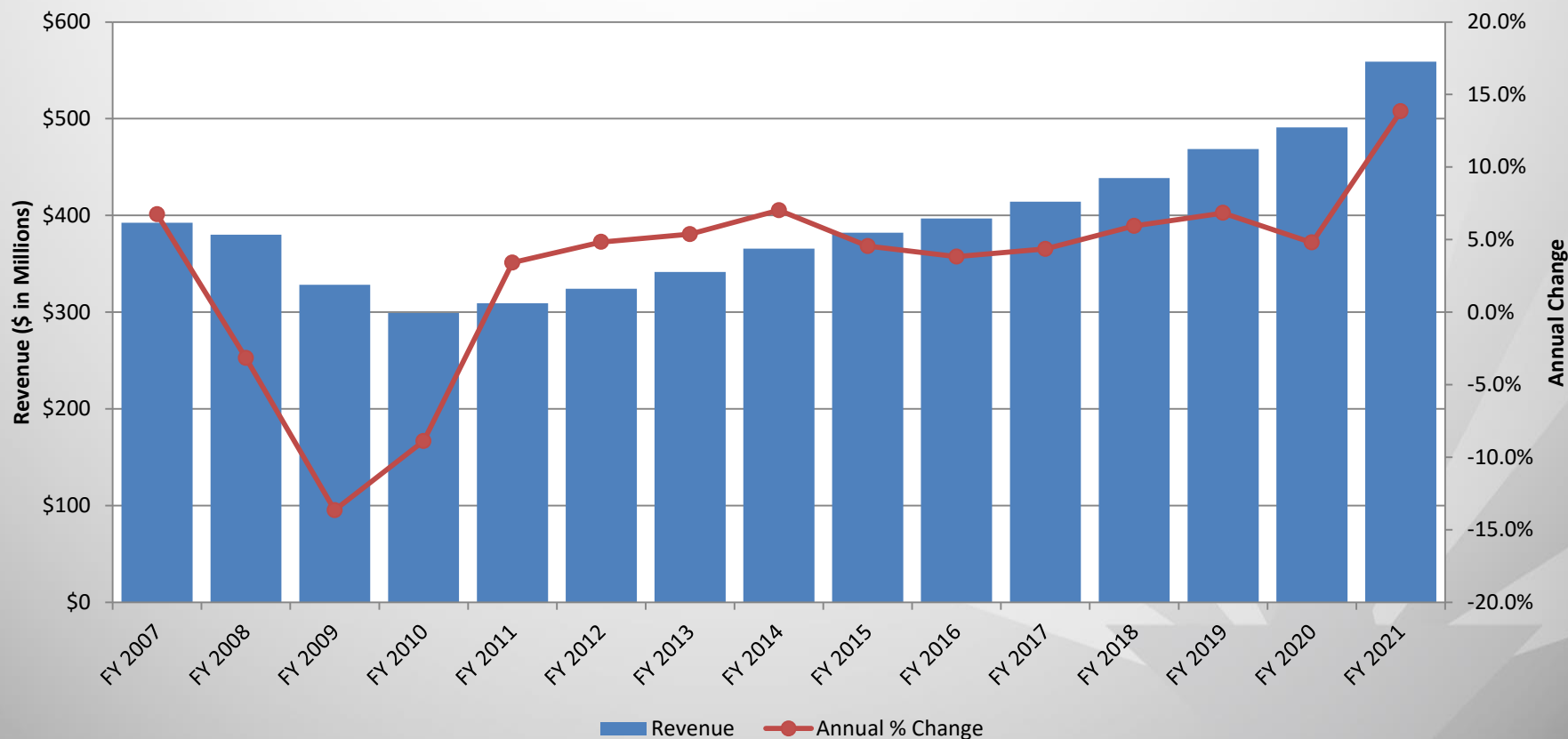
HURF forecasts were increased by \$1,152.5M, or 13.1%.



Regional Area Road Fund Forecast

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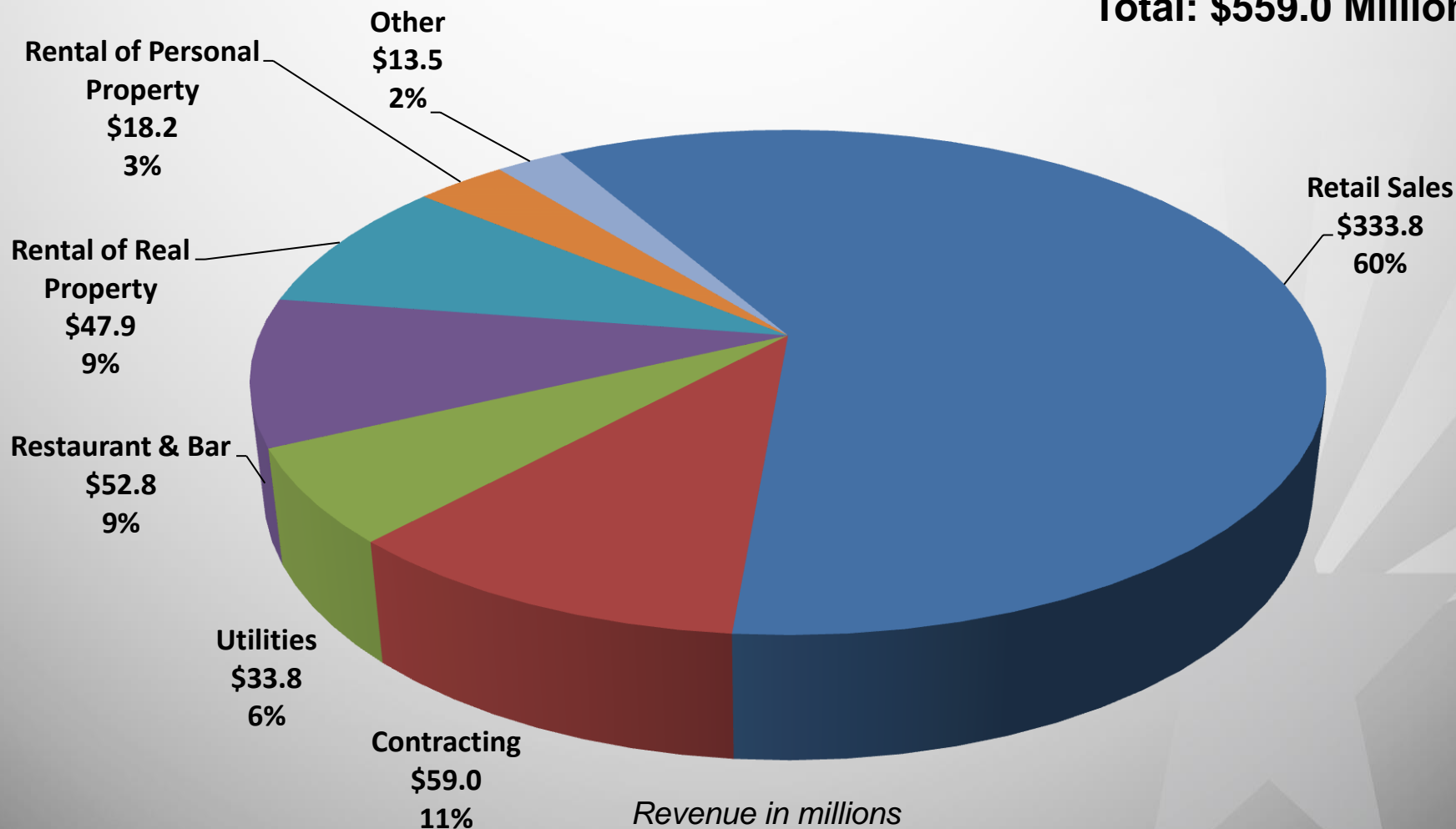
Regional Area Road Fund (RARF): FY2021 Revenues



	FY 2020 Actual	FY 2021 Actual	Change	FY 2021 Estimate	Change
Total	\$ 491.1	\$ 559.0	13.8%	\$ 514.5	8.7%

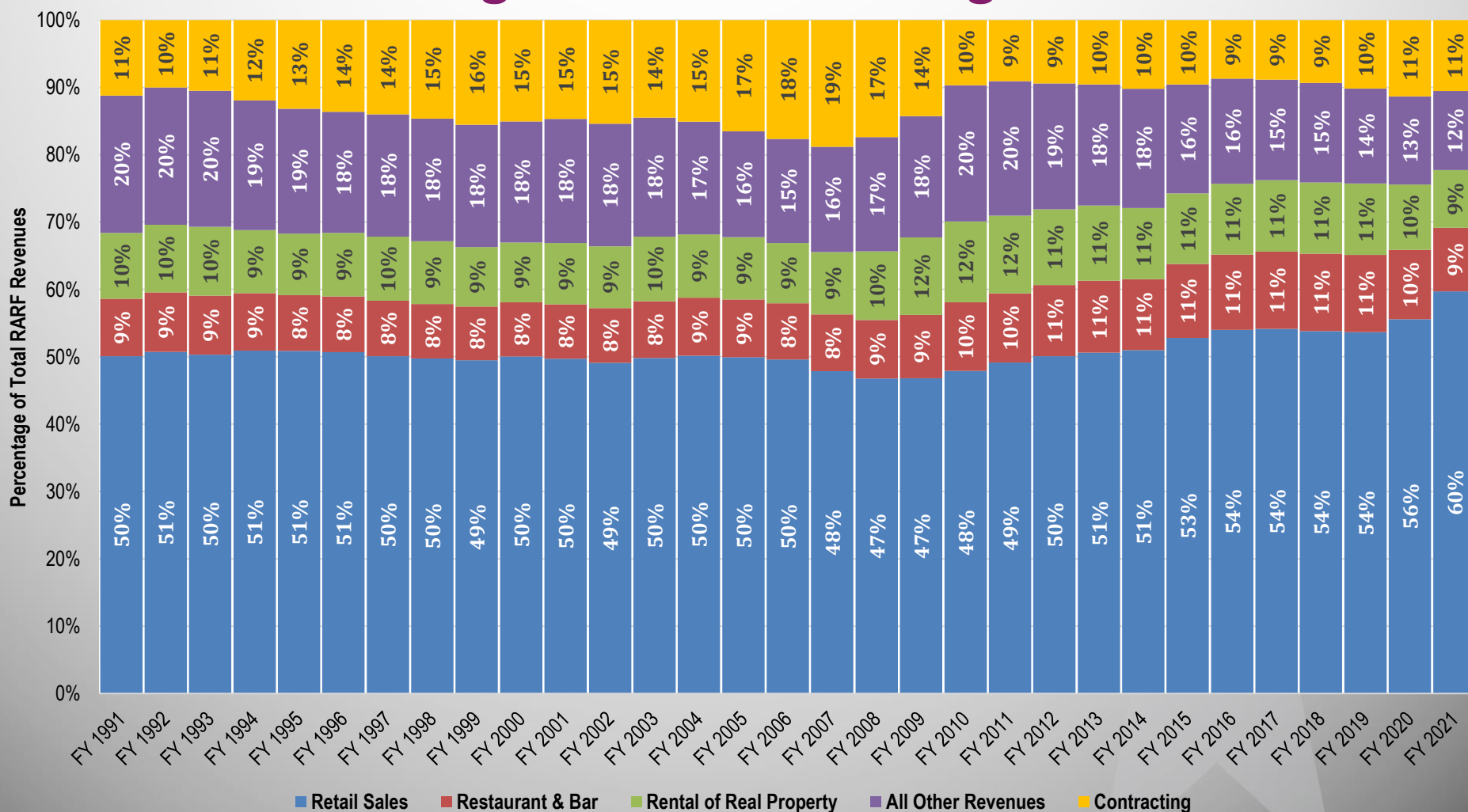
Regional Area Road Fund (RARF): FY2021 Sources

Total: \$559.0 Million



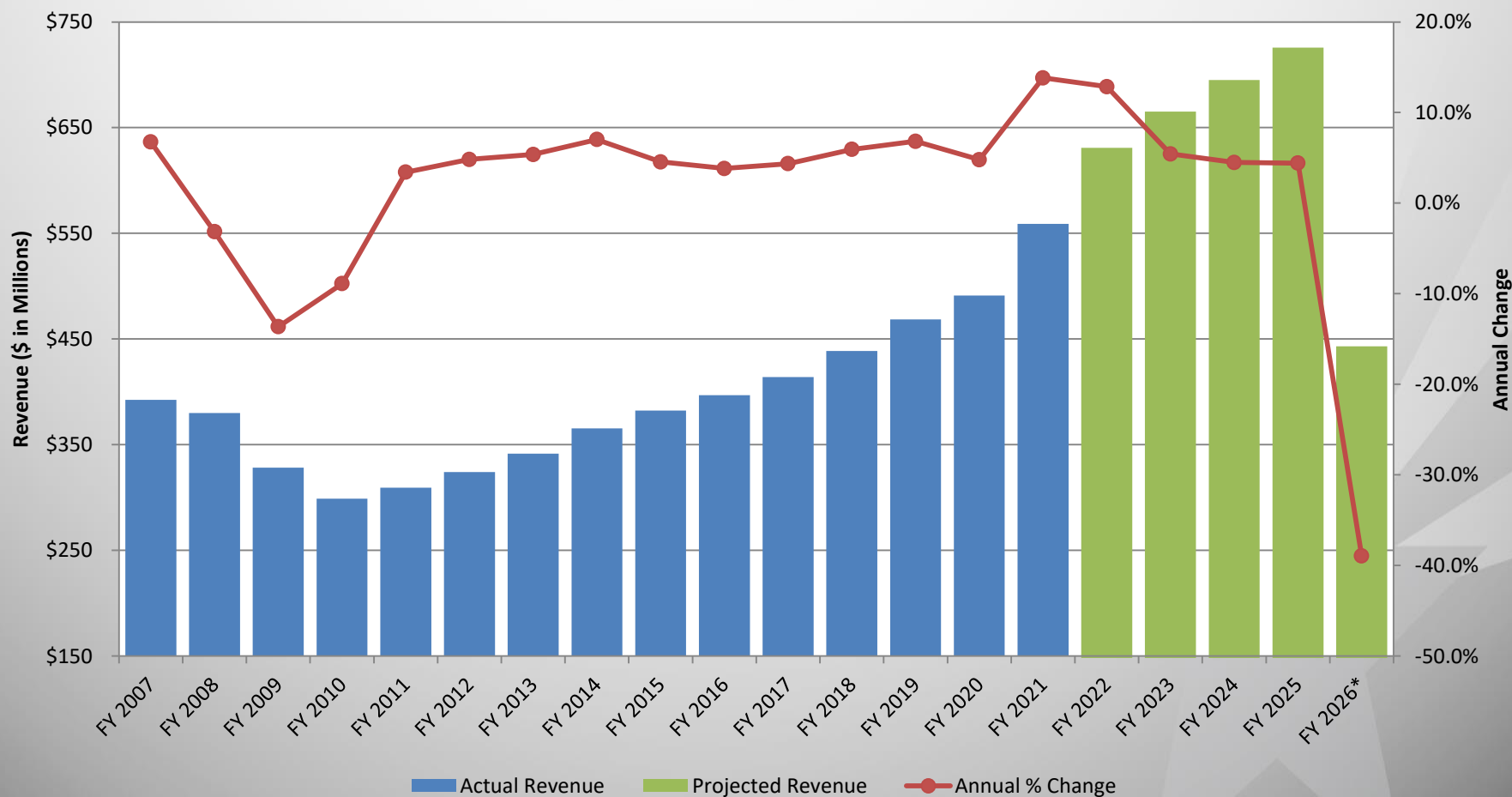
Regional Area Road Fund (RARF):

Revenue Categories as a Percentage of RARF



Regional Area Road Fund (RARF): Revenue History and Forecast

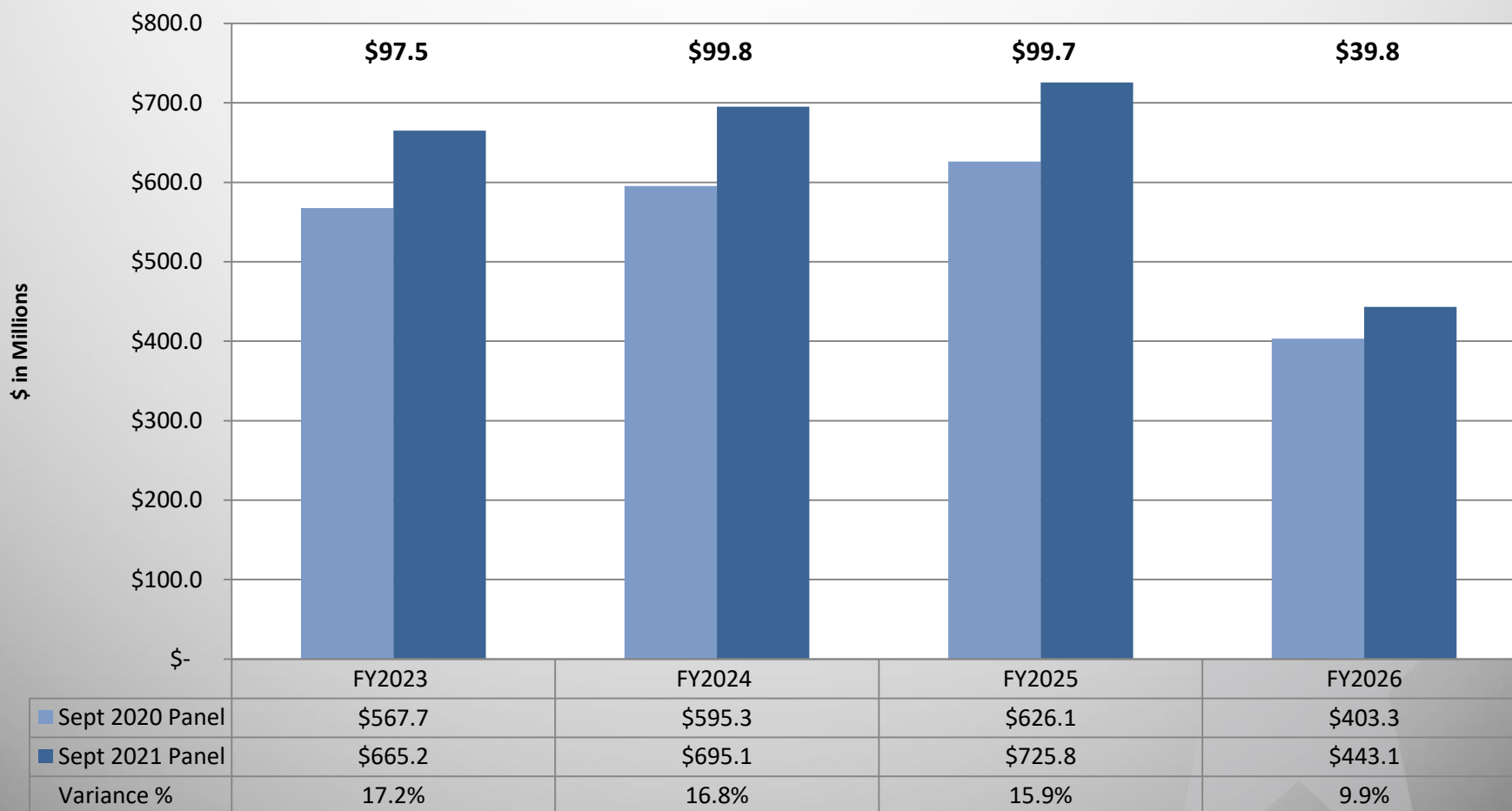
* FY 2026 forecast reflects the expiration of the transportation excise tax extension on December 31, 2025.



Risk Analysis Process Results:

RARF 2020 vs 2021 Panel

RARF forecasts were increased by \$336.8M, or 15.4%.



Federal Funding Forecast



Bipartisan Infrastructure Law (BIL) *formerly IIJA*: Funding

- Updates since last month...
 - FFY2022 apportionments = \$1,029.4M.
 - Continuing Resolution (CR) provides limited FFY2022 funding through February 18th, and prohibits the new Carbon Reduction and PROTECT programs from starting.
 - Funding provided through the CR is now available.
 - On Jan 14, we received notice of the new Bridge Formula Program funding and FFY 2022 apportionment of \$45M.

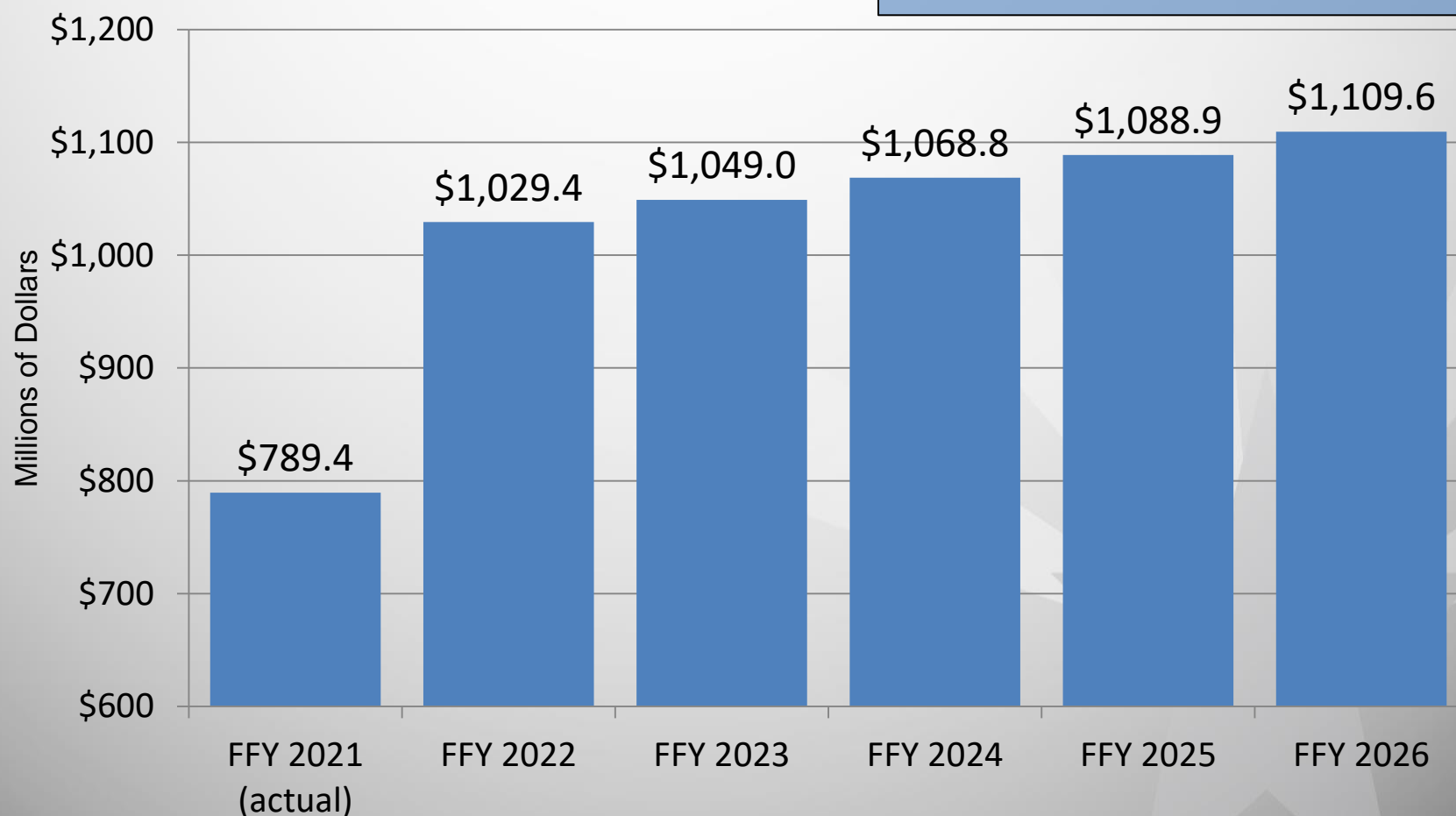
Bipartisan Infrastructure Law (BIL) *formerly IIJA*: Funding

- What we Don't know...
 - Level of Obligation Authority (OA), aka, funding.
 - Amounts sub-allocated to the MPOs.
 - Project/Funding qualifications, awaiting rules and guidance.
 - Electric Vehicle Programs formula funding.
- When will we know more...
 - Funding for the Electric Vehicle formula programs is expected in the “near future.”
 - The Continuing Resolution, and therefore funding, expires February 18th.

BIL Apportionments

FFY 2021 – FFY 2026

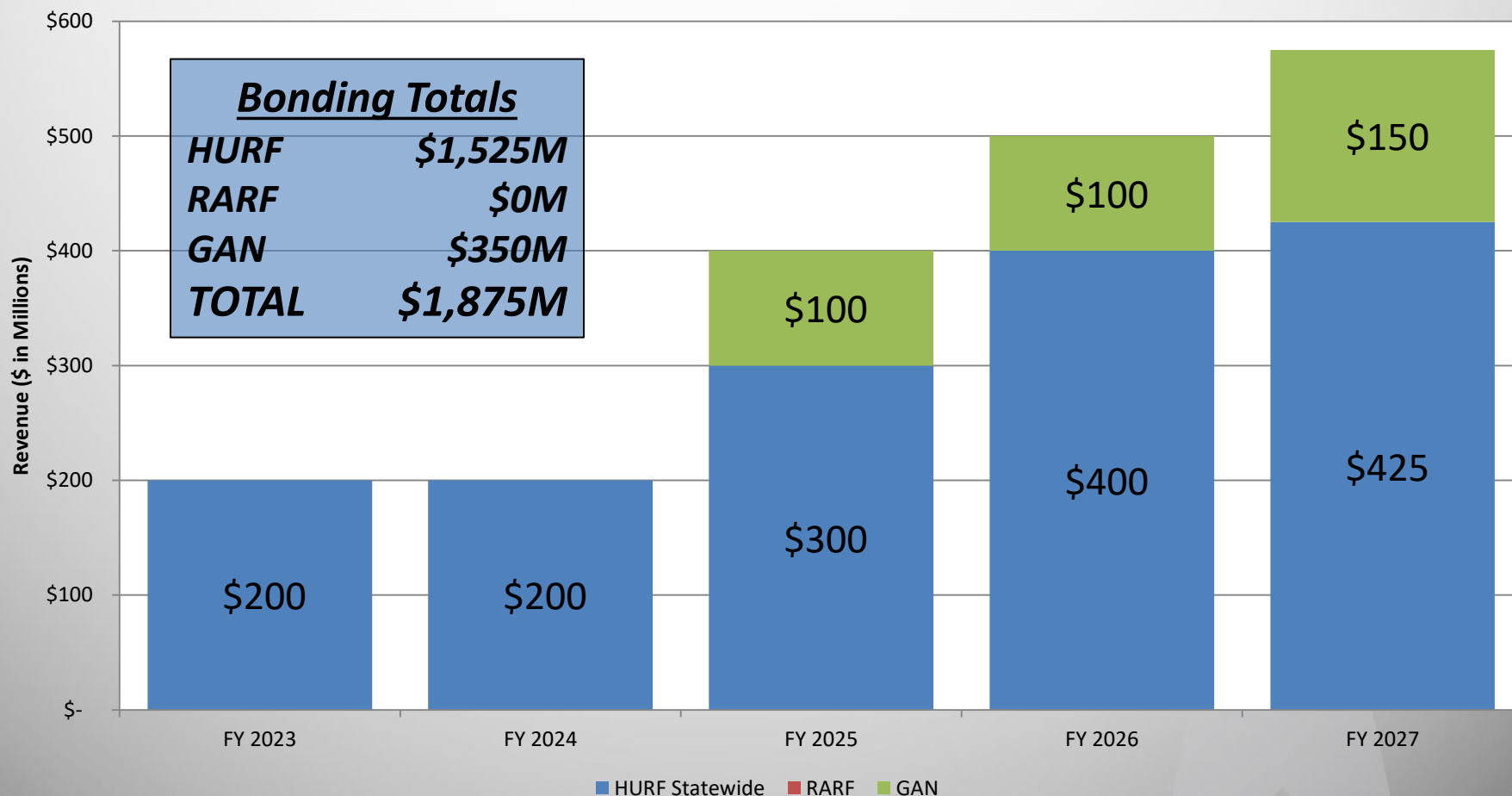
**Total BIL Apportionments:
\$5.3 billion**



Debt Financing Forecast

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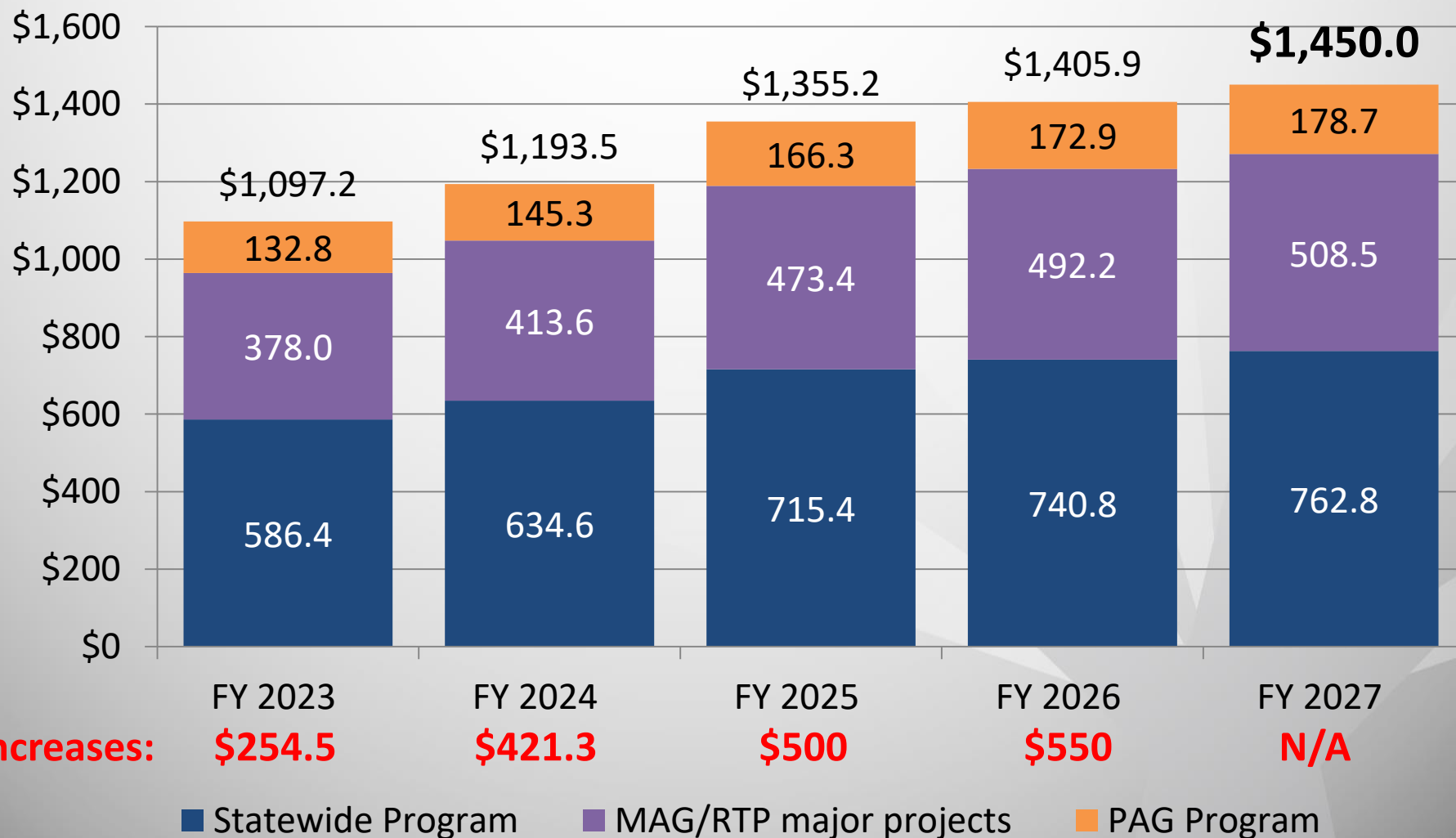
Total Planned Debt: FY2023 – FY2027



FY2023 – FY2027 Highway Construction Program Funding



Tentative Program Funding



Dollars in Millions

Risks to the Funding Forecast:

- **INFLATION**
- Congressional (In) Action
- Economic Downturn
- State Legislative Action



Questions

