



Arizona Transportation Board Study Session

FY2025 – FY2029 Tentative Highway Construction Program

Financial Plan

Presentation by: Kristine Ward, CFO

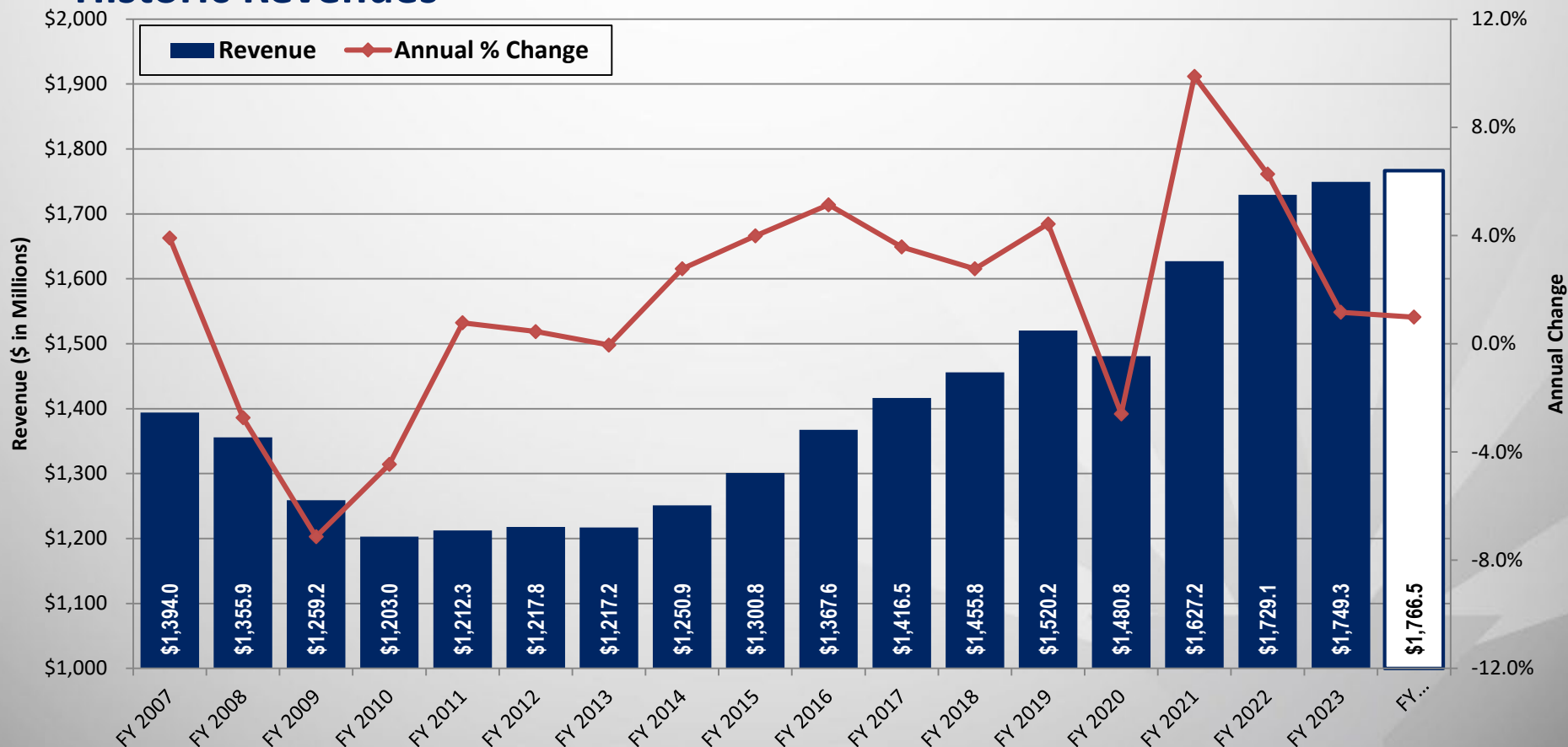
February 1, 2024

Revenue & Financing Forecasts

- **Highway User Revenue Fund (HURF)**
- **Regional Area Road Fund (RARF)**
- **Federal Funds**
- **Financing/Bonding**

Highway User Revenue Fund (HURF):

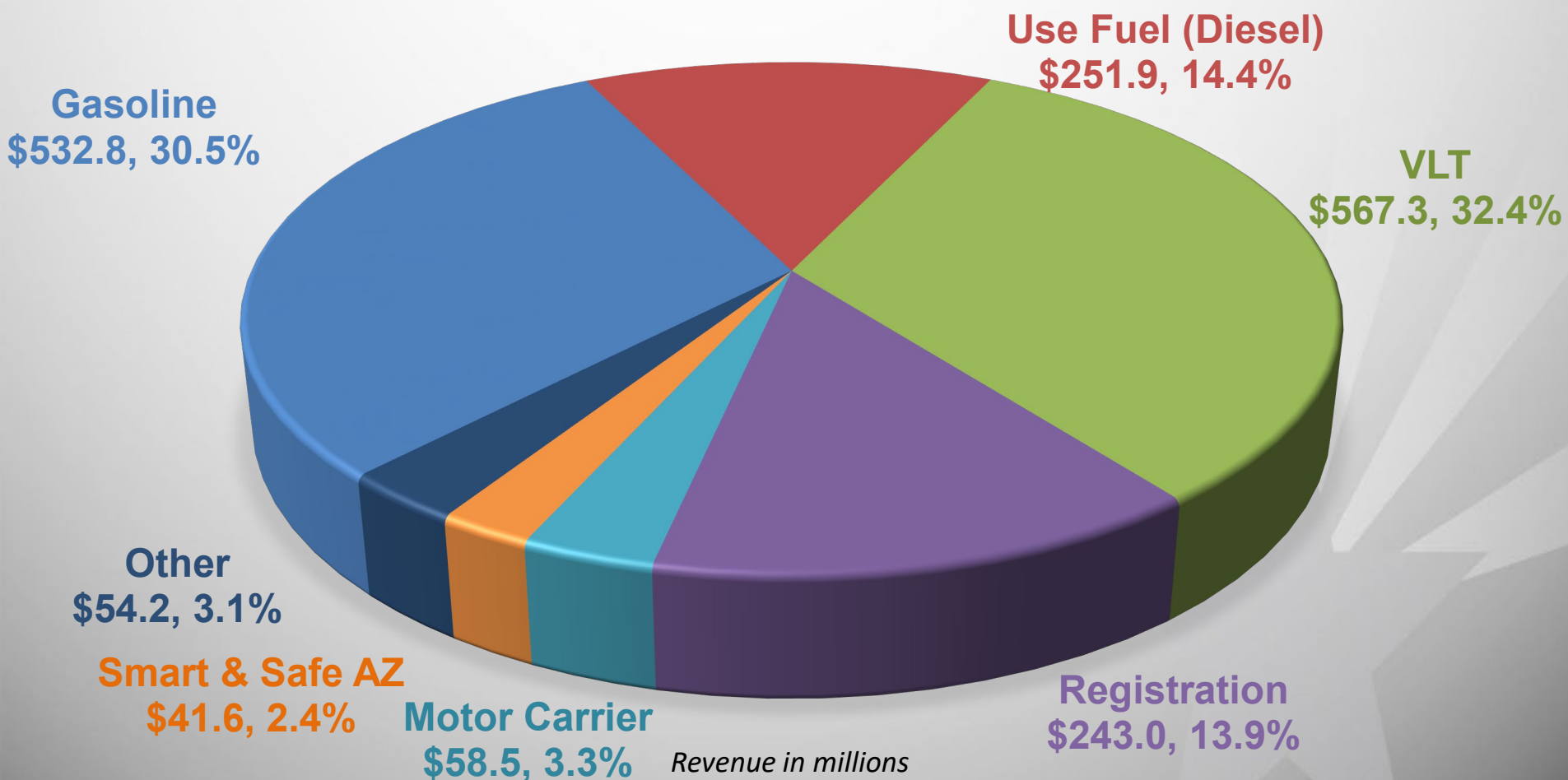
Historic Revenues



	FY 2022 Actual	FY 2023 Actual	Change	FY 2023 Estimate	Difference
Total	\$ 1,729.1	\$ 1,749.3	1.2%	\$ 1,748.5	0.0%

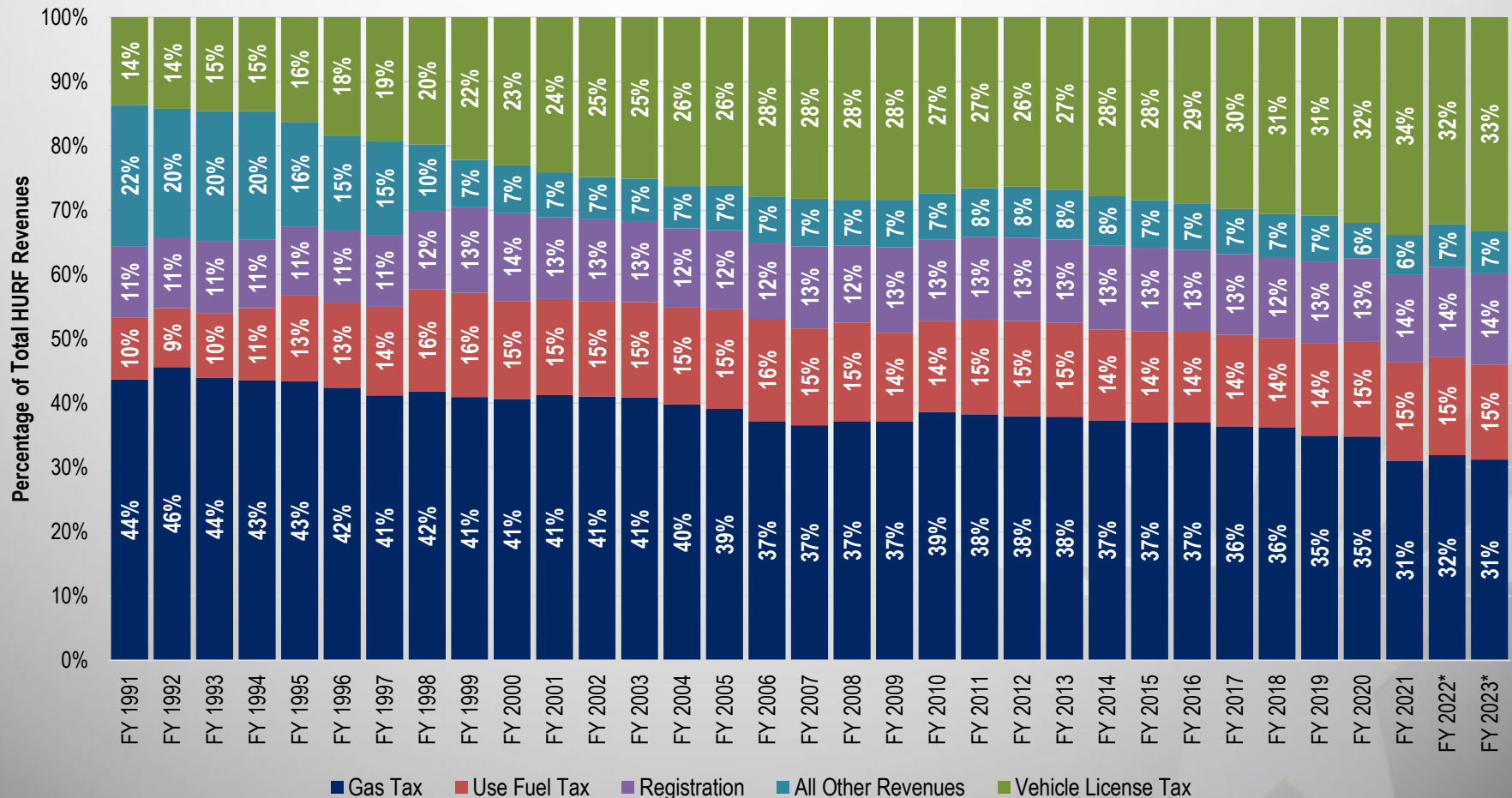
Highway User Revenue Fund (HURF)

FY 2023 - \$1,749.3 Million



Revenue Categories as a Percentage of HURF

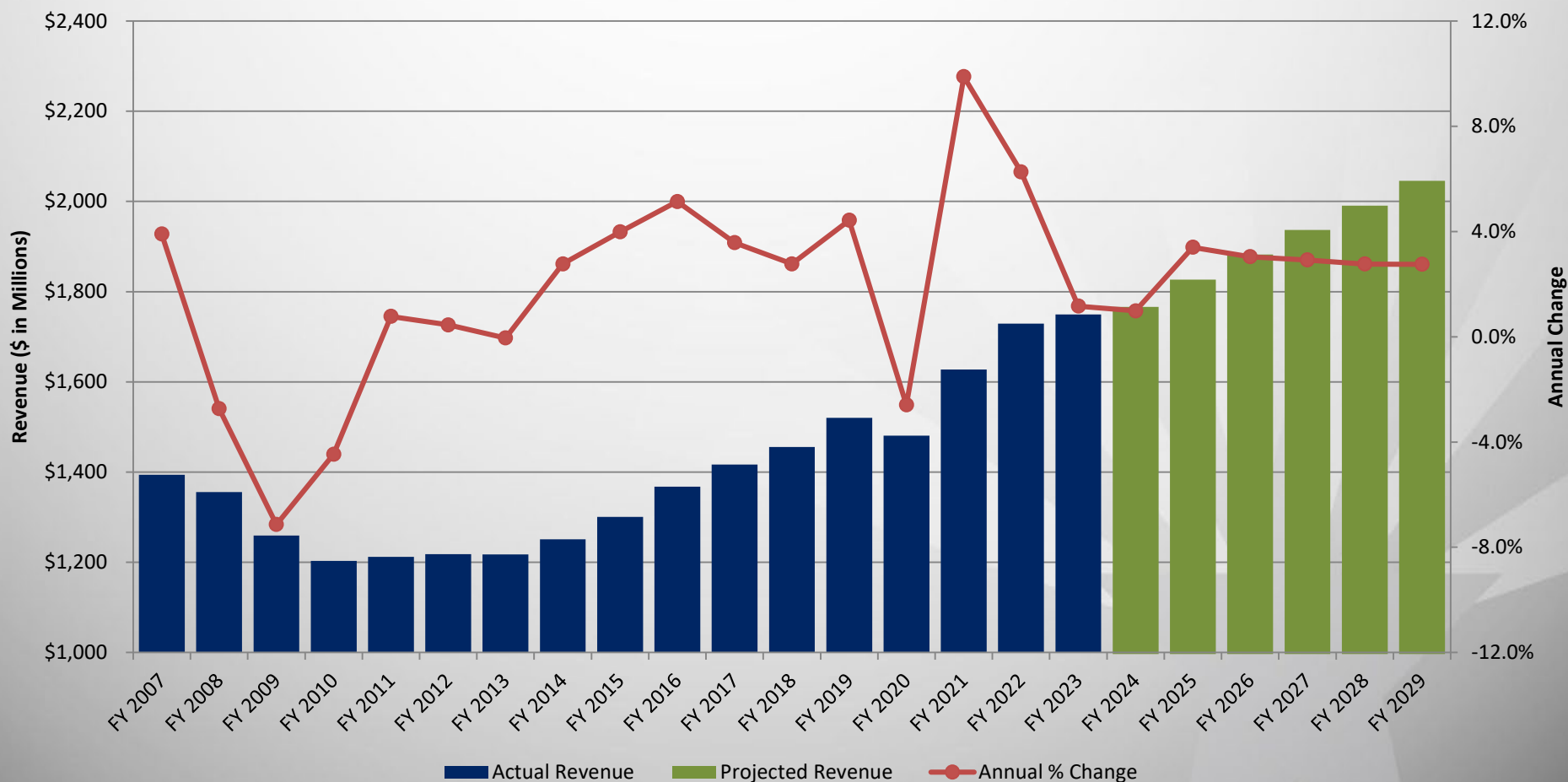
FY 1991–FY 2023 (Adjusted)



* The Smart & Safe AZ Fund added a new HURF revenue source in FY 2022. Revenue from this source has been removed to normalize the historical distribution.

Highway User Revenue Fund (HURF)

Revenue History and Forecast



Revenue in Millions

Highway User Revenue Fund (HURF)

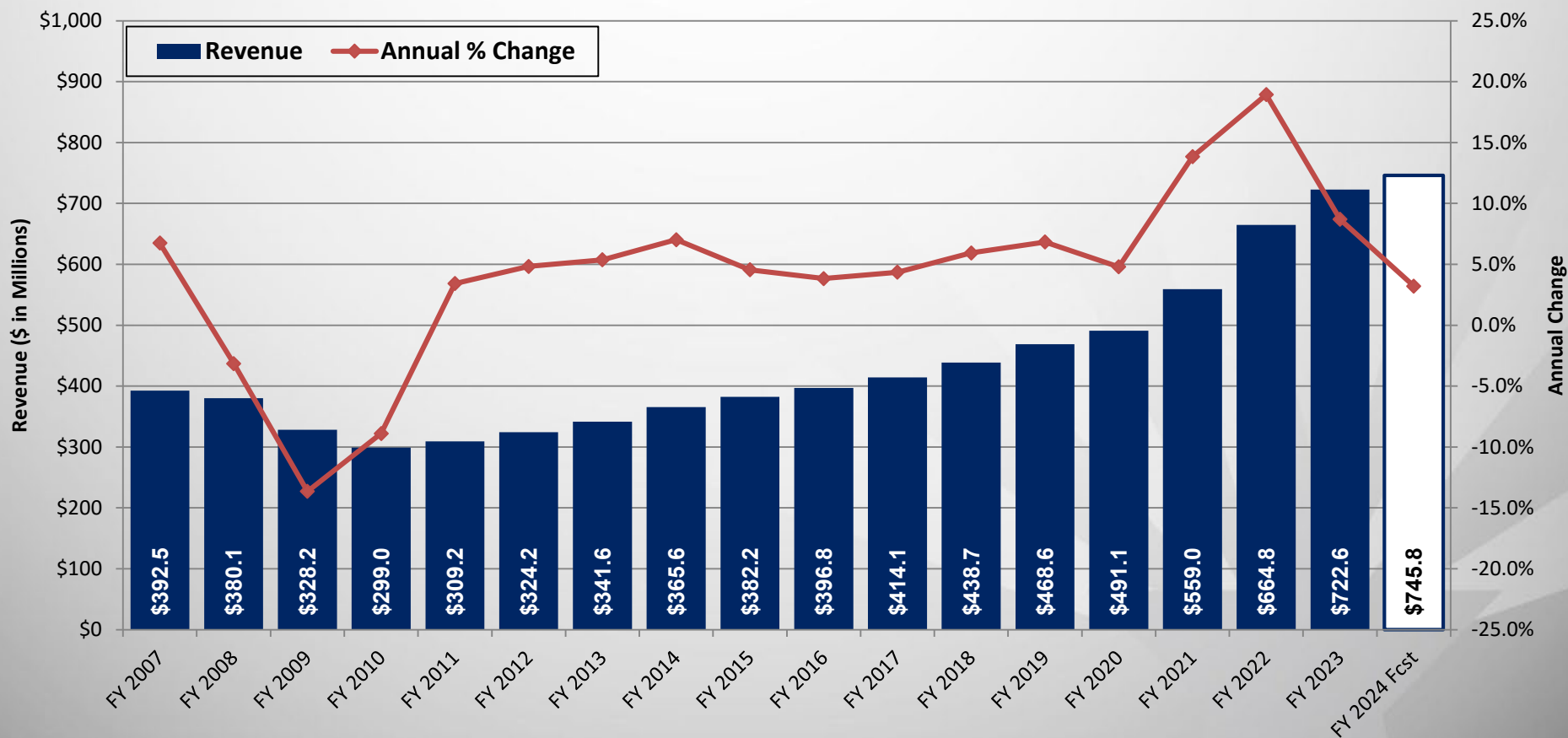
2024 Revenue Forecast

FY 2024-2029 Comparative Forecast (Dollars in Millions)			
Fiscal Year	Sep. 22 Official Forecast	Sep. 23 Official Forecast /1	Difference
2024	\$1,828.7	\$1,766.5	(\$62.2)
2025	1,893.7	1,826.6	(67.1)
2026	1,959.5	1,882.2	(77.3)
2027	2,026.1	1,937.1	(89.0)
2028	2,096.2	1,990.7	(105.5)
2029	2,166.8	2,045.5	(121.3)
Total	\$11,971.0	\$11,448.6	(\$522.4)
Ave. CGR	3.5%	3.0%	

Note: 1/ Includes the Smart and Safe Arizona Act (Proposition 207) revenues.

Regional Area Road Fund (RARF)

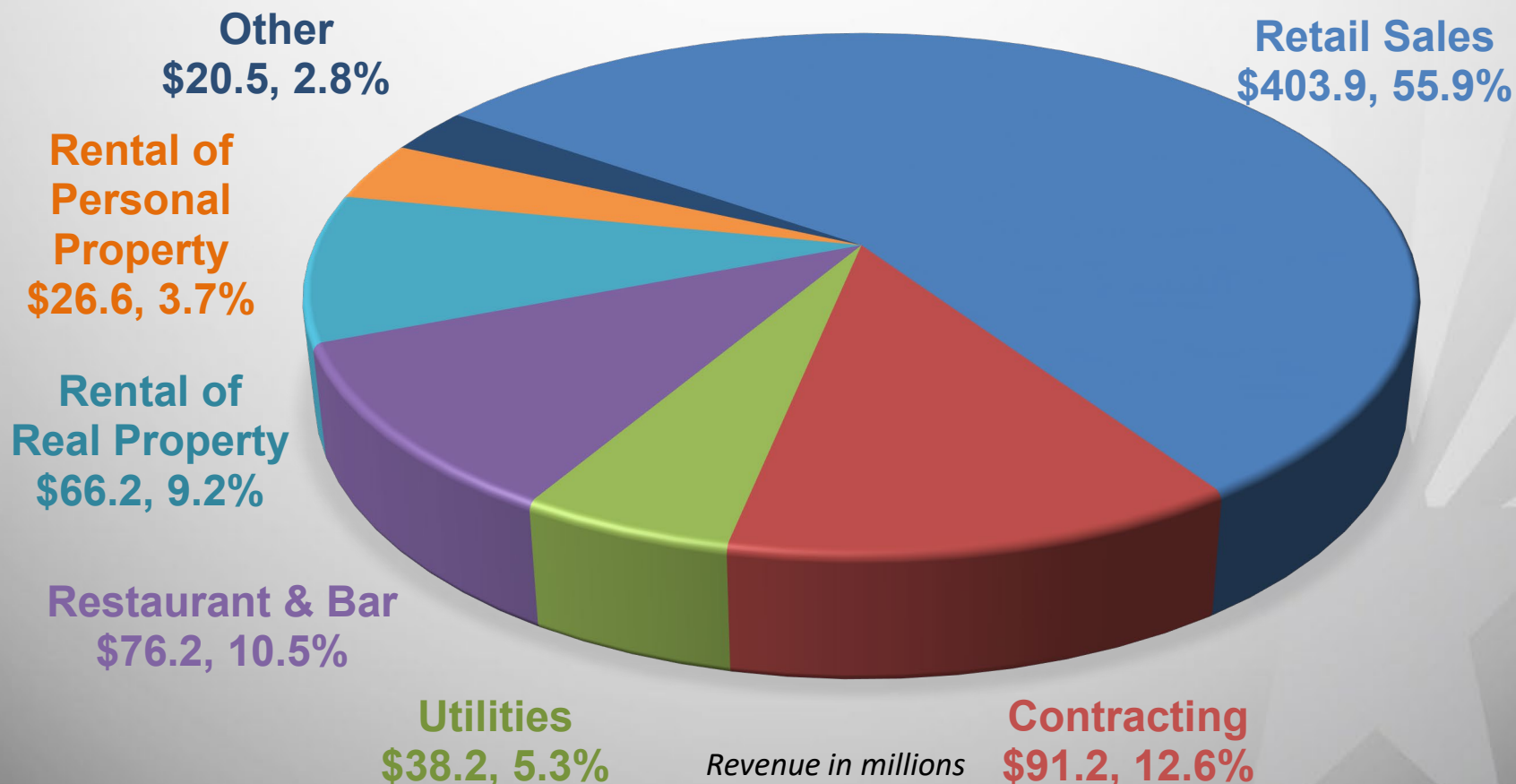
Historic Revenues



	FY 2022 Actual	FY 2023 Actual	Change	FY 2023 Estimate	Difference
Total	\$ 664.8	\$ 722.6	8.7%	\$ 720.1	0.3%

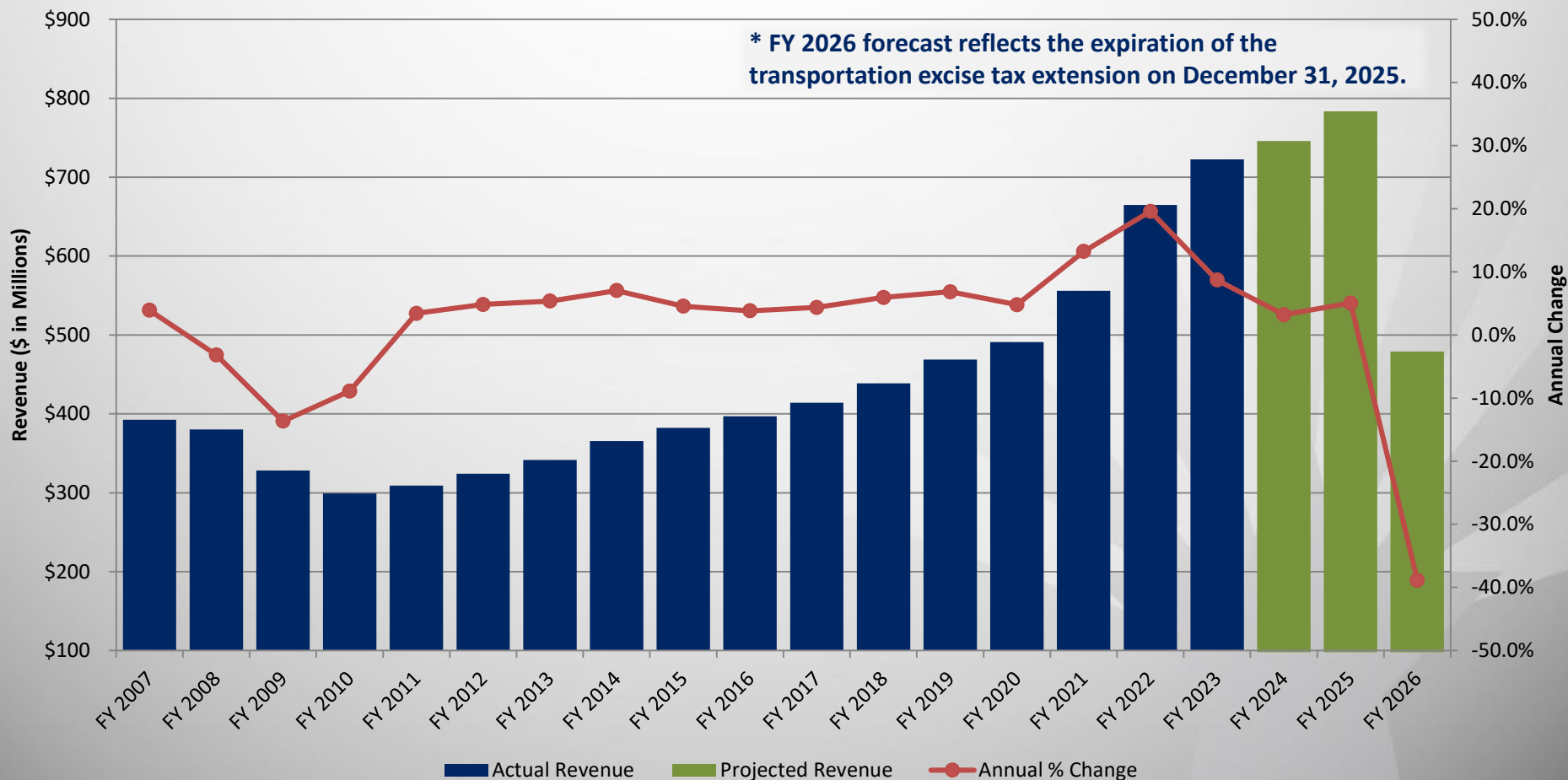
Regional Area Road Fund (RARF)

FY 2023 - \$722.6 Million



Regional Area Road Fund (RARF)

Revenue History and Forecast



Revenue in Millions

Regional Area Road Fund (RARF)

2023 Revenue Forecast

FY 2024-2026 Comparative Forecast (Dollars in Millions)

Fiscal Year	Sep. 22 Official Forecast	Sep. 23 Official Forecast	Difference
2024 /1	742.8	745.8	3.0
2025	780.9	783.4	2.5
2026 /1	479.2	478.9	(0.3)
Total	\$2,002.9	\$2,008.1	\$5.2
Average CGR	5.2%	4.9%	

Notes:

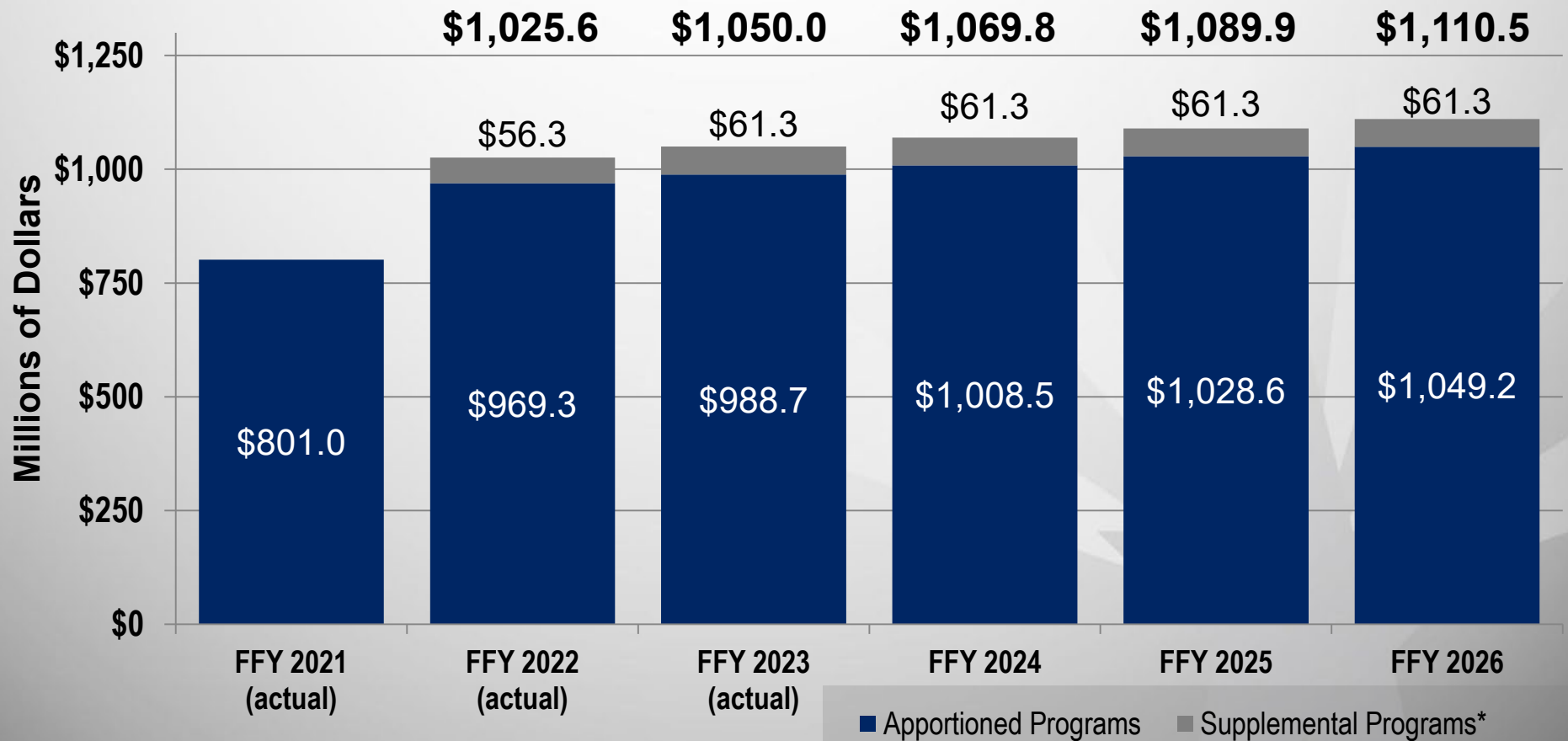
/1 Sep 23 official forecast of FY 2024 was developed by ADOT staff independently and varies slightly from the Risk Analysis Res

/2 FY 2026 forecast reflects the expiration of the transportation excise tax extension on December 31, 2025.

IIJA/BIL Apportionment Estimates

FFY 2022 – FFY 2026

Total Estimated IIJA funding limits: \$5.3 billion

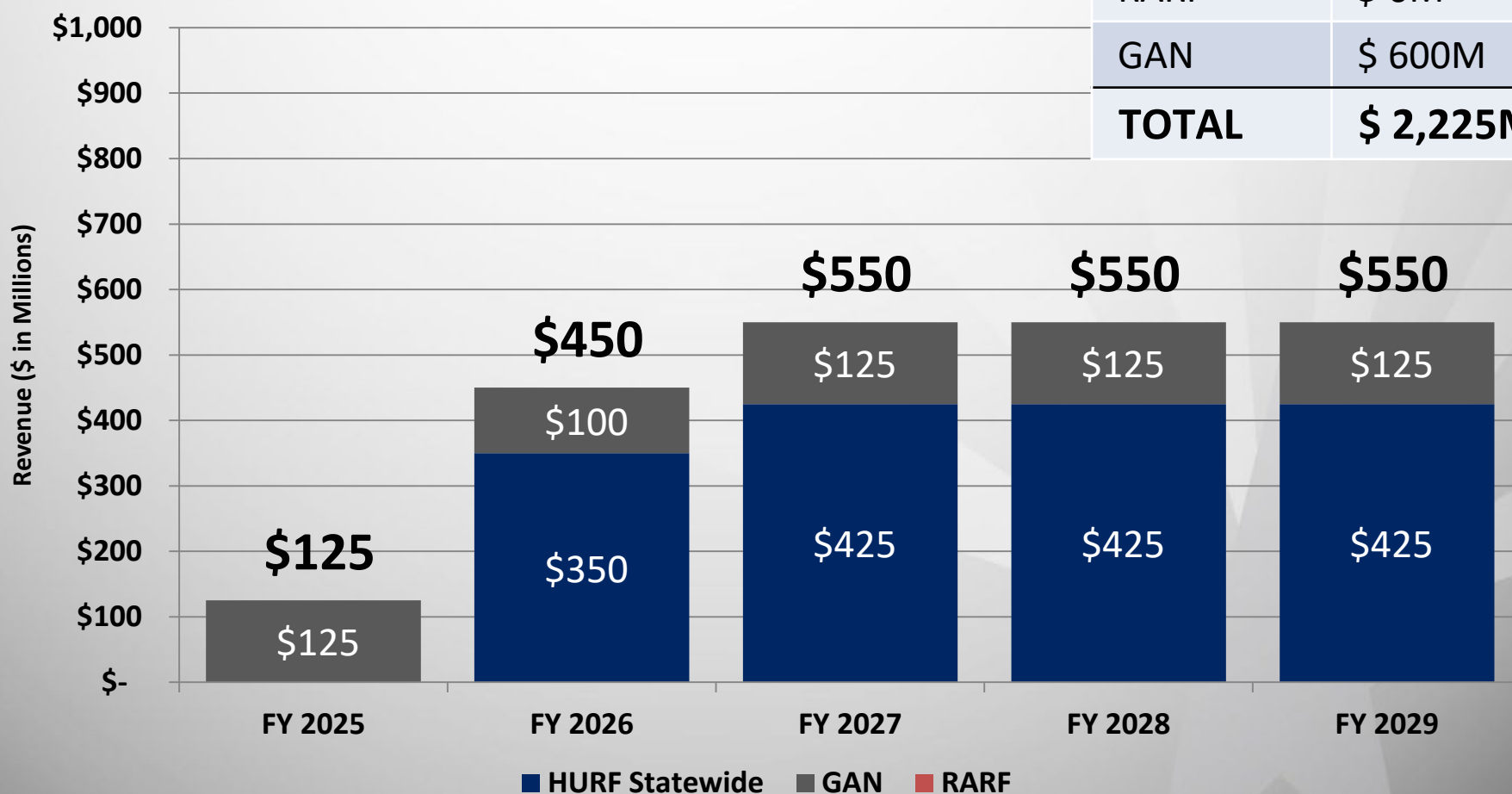


*Supplemental Programs consist of Bridge Program (\$45M) and National Electric Vehicle Infrastructure (NEVI) (\$11.3M to \$16.3M)

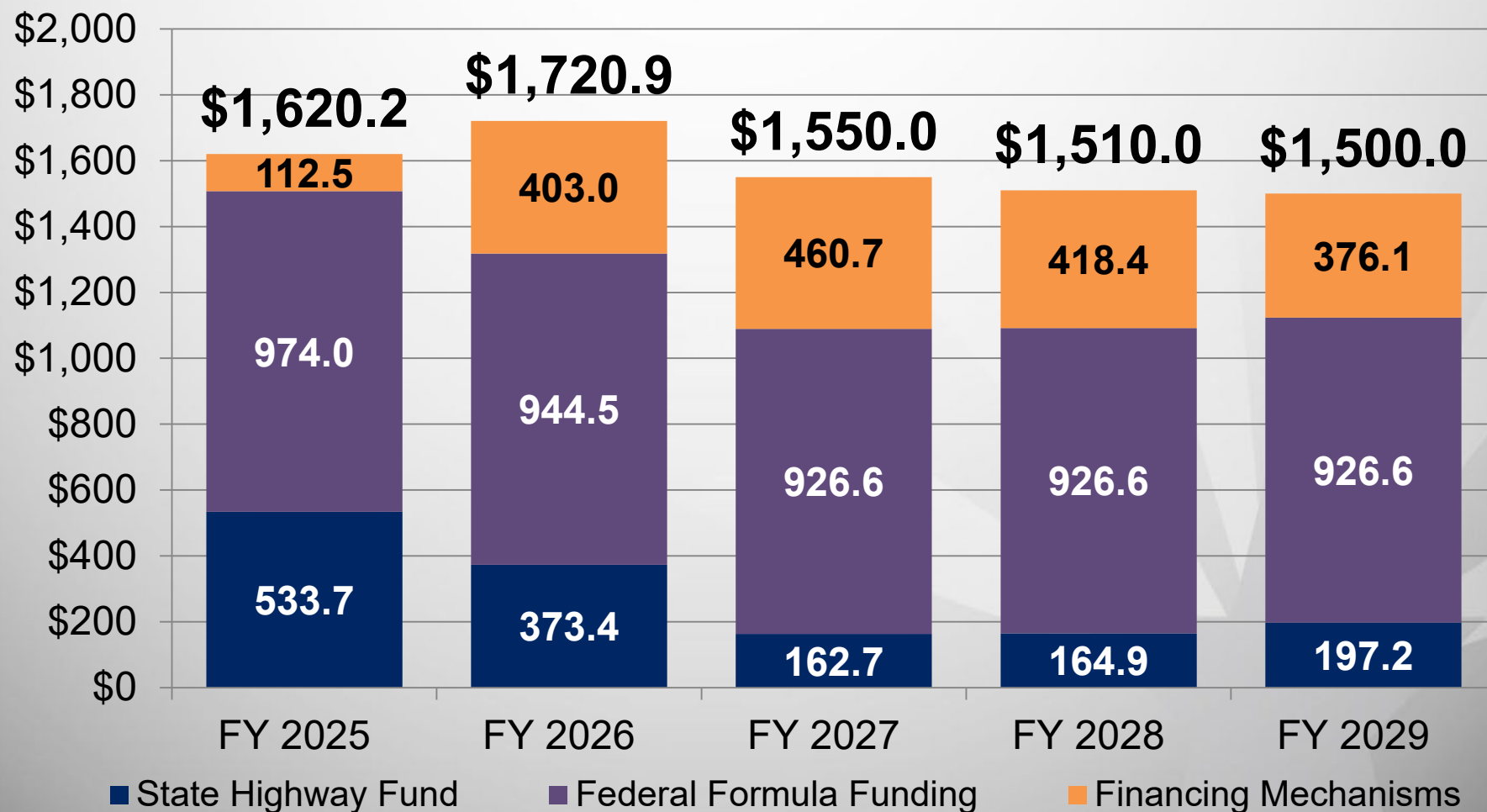
Total Planned Debt

FY2025 – FY2029

Bonding Totals	
HURF	\$ 1,625M
RARF	\$ 0M
GAN	\$ 600M
TOTAL	\$ 2,225M



Funding Available for Tentative Program



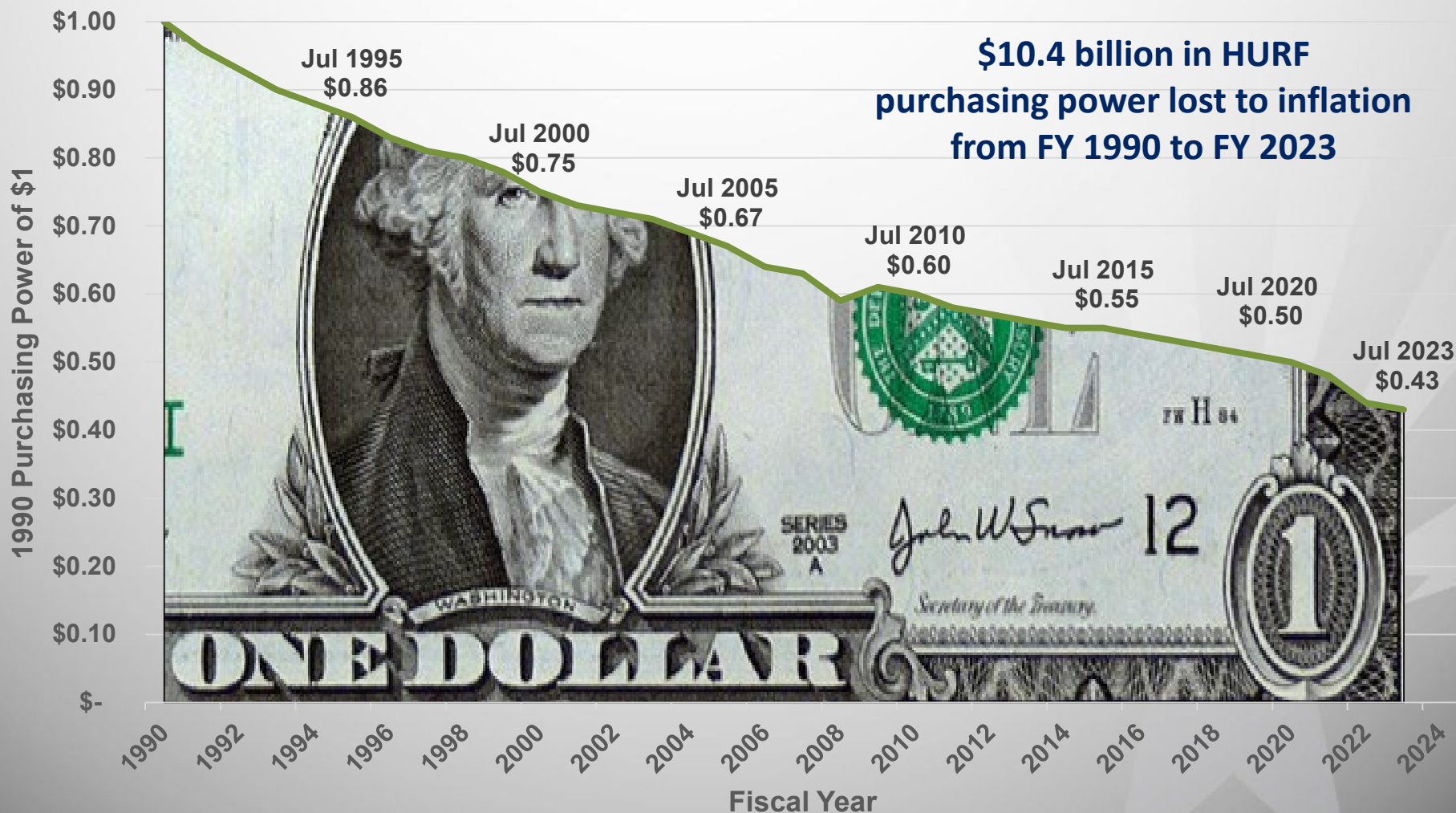
Dollars in Millions

Economic Headwinds

- Inflation
- Labor Shortages
- Emerging Markets

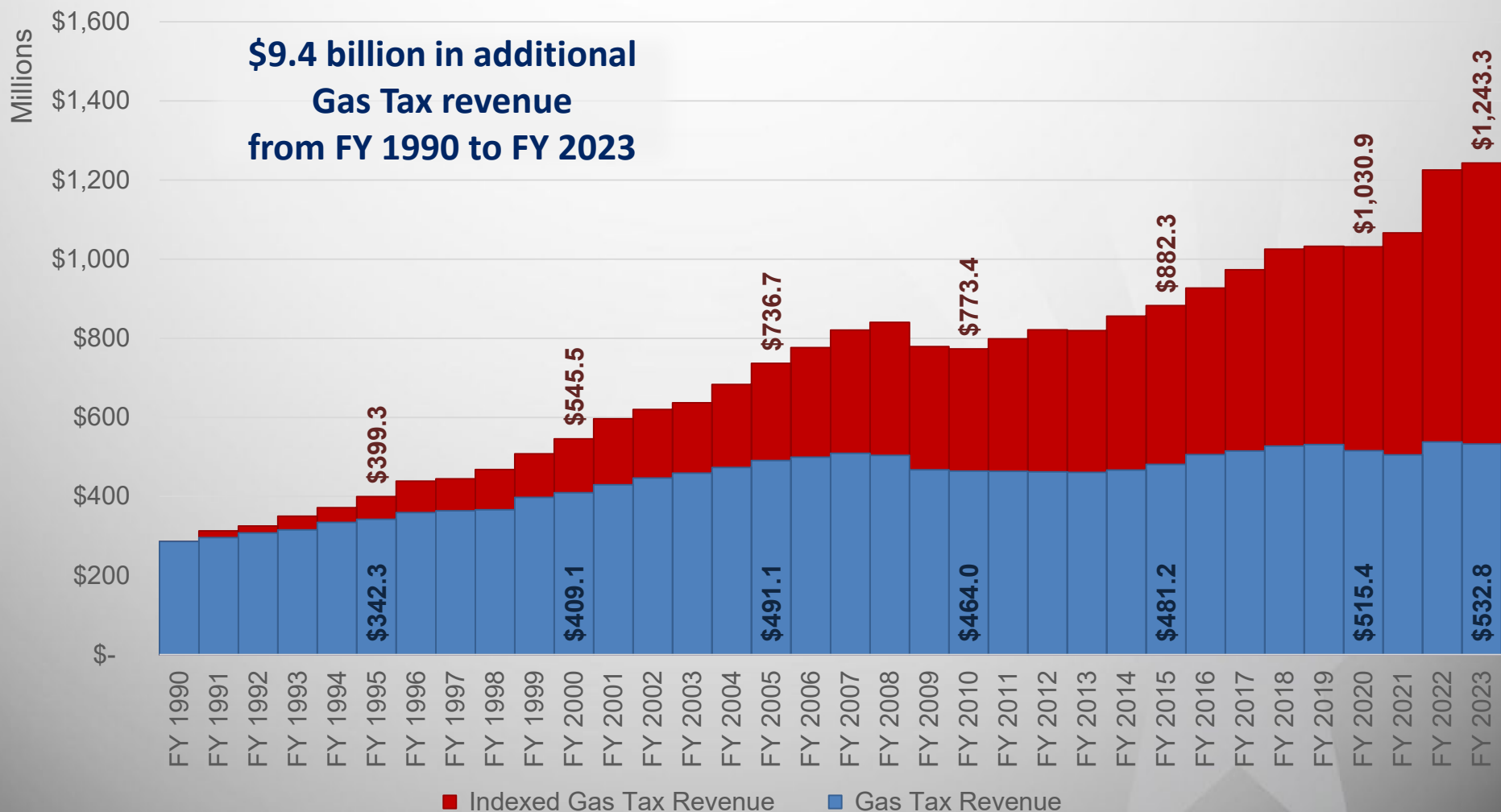


Diminishing Purchasing Power



If Gas Tax was Indexed to Inflation...

**\$9.4 billion in additional
Gas Tax revenue
from FY 1990 to FY 2023**



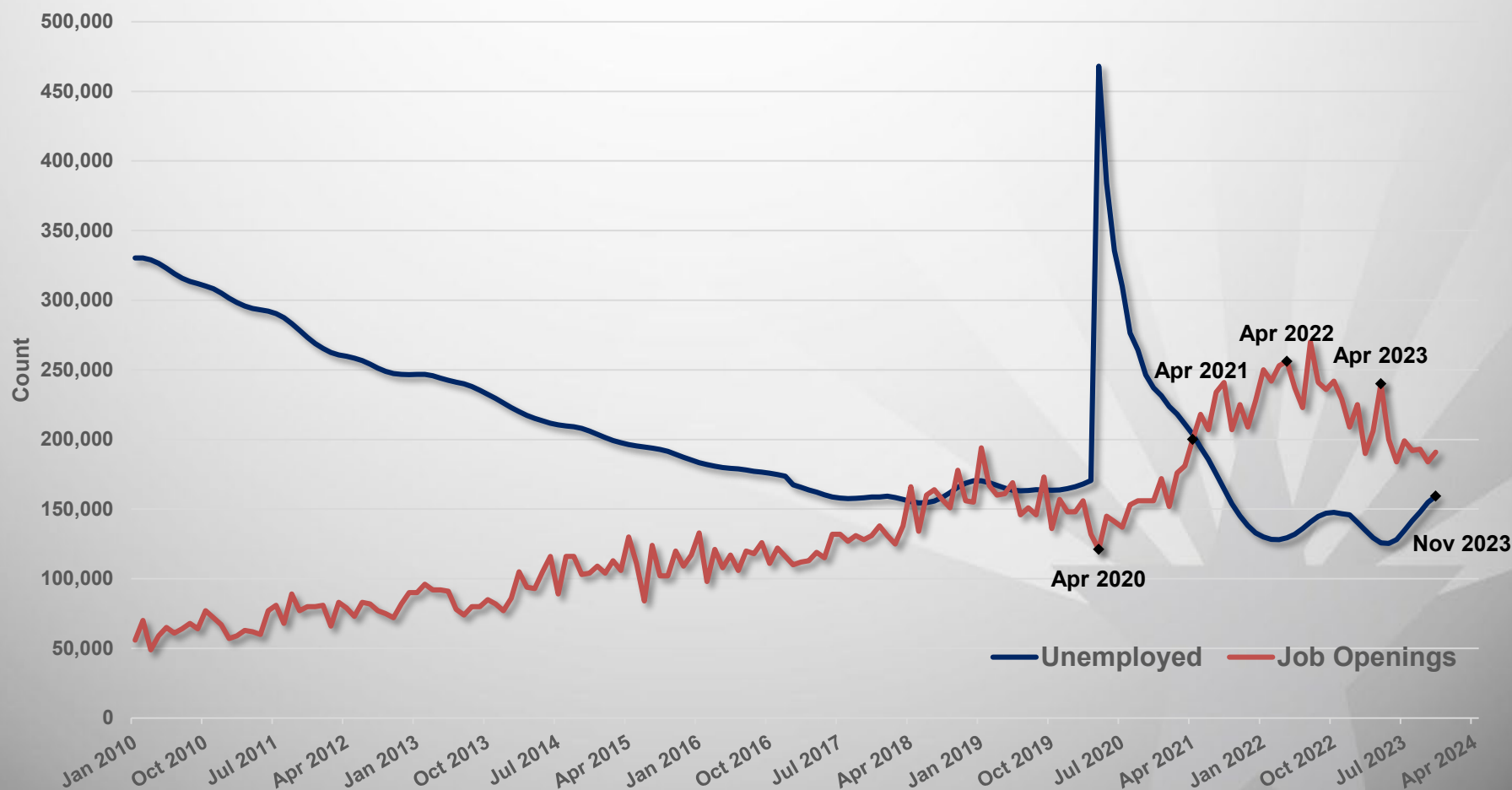
ADOT Construction Cost Index

Q4 FY 2016 – Q1 FY 2024



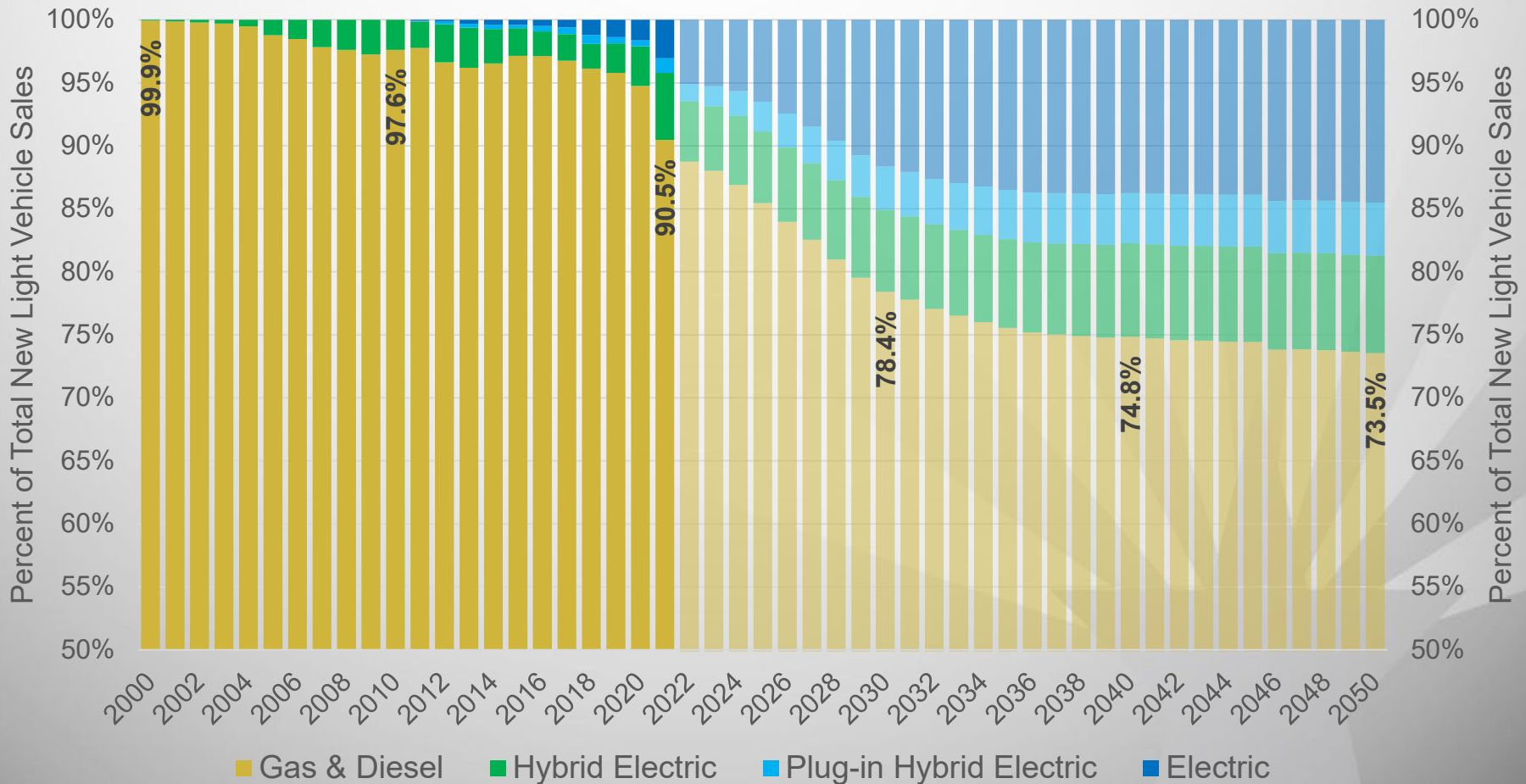
Labor Shortage

Arizona Unemployment vs Job Openings



US New Light Vehicle Sales by Fuel Type

2000–2021 Actual, 2022-2050 Projections

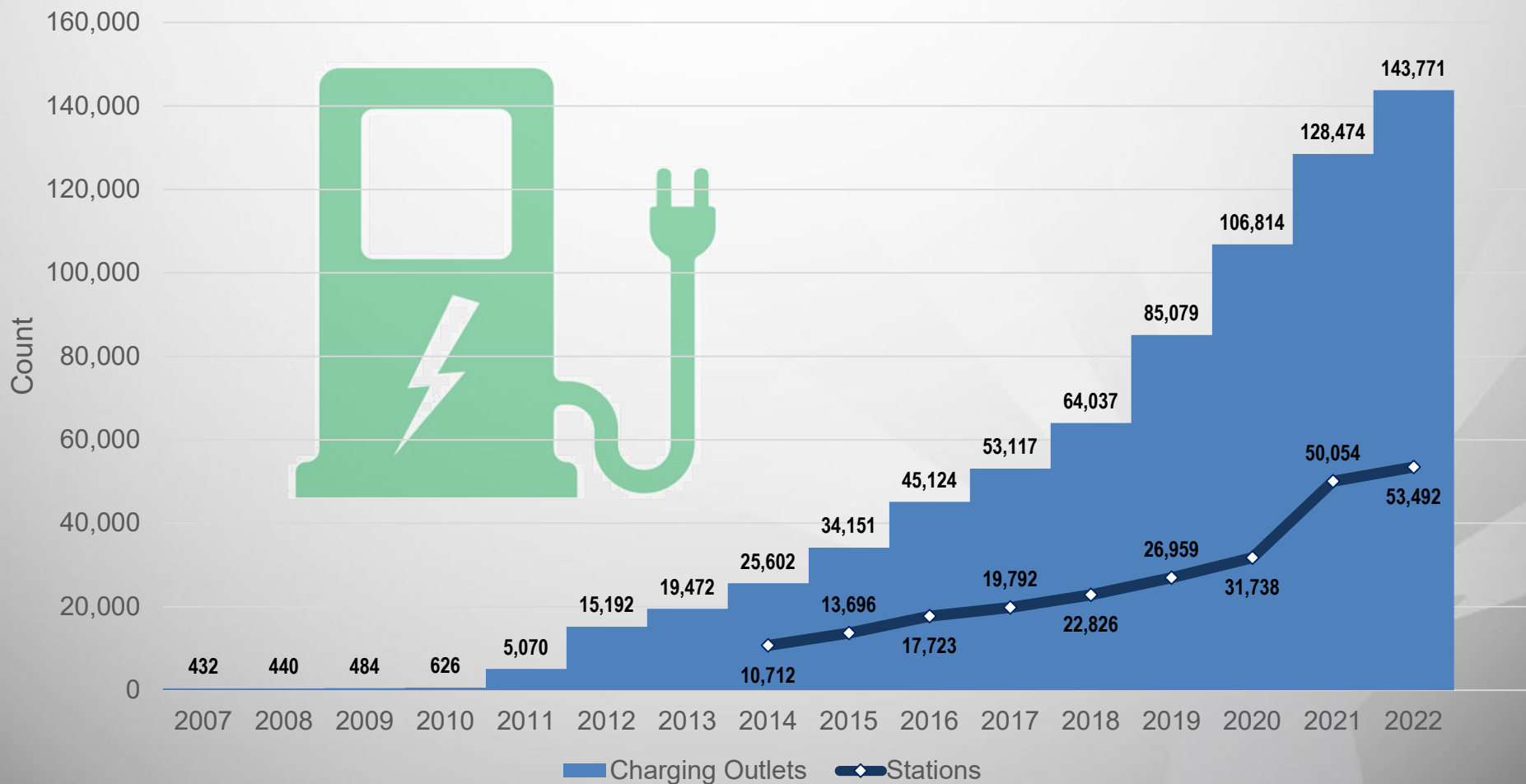


Sources: US Bureau of Transportation Statistics, 2021 National Transportation Statistics;
US Energy Information Administration, 2023 Annual Energy Outlook.

EV Models Available



Electric Vehicle Charging Stations/Outlets



Disruption to Fuel Tax Revenue

Electric Cars
Have Dented
Fuel Demand. By
2040, They'll
Slash It

Electric Vehicle Ownership Costs:

Today's Electric
Vehicles Offer
Big Savings for
Consumers

Predicting the Big Crash

The amount of oil displaced by electric cars depends on when vehicle sales take off. Here are three scenarios for rising EV sales.

2020 Consumer Reports Study:
EV drivers tend to spend about
60% less on fuel.

Est. \$2/gallon charging cost equivalency –
EV owners can save nearly \$1000 in fuel
costs each year.

International Energy Agency (IEA):
transportation accounts for around 60% of
global oil demand, and the rise of EVs could
significantly reduce this demand.



Additional Risks:

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

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