



Iowa DOT Update

DMATS/RPA 8 Board Meeting – December 18, 2024



Stuart Anderson

Topics

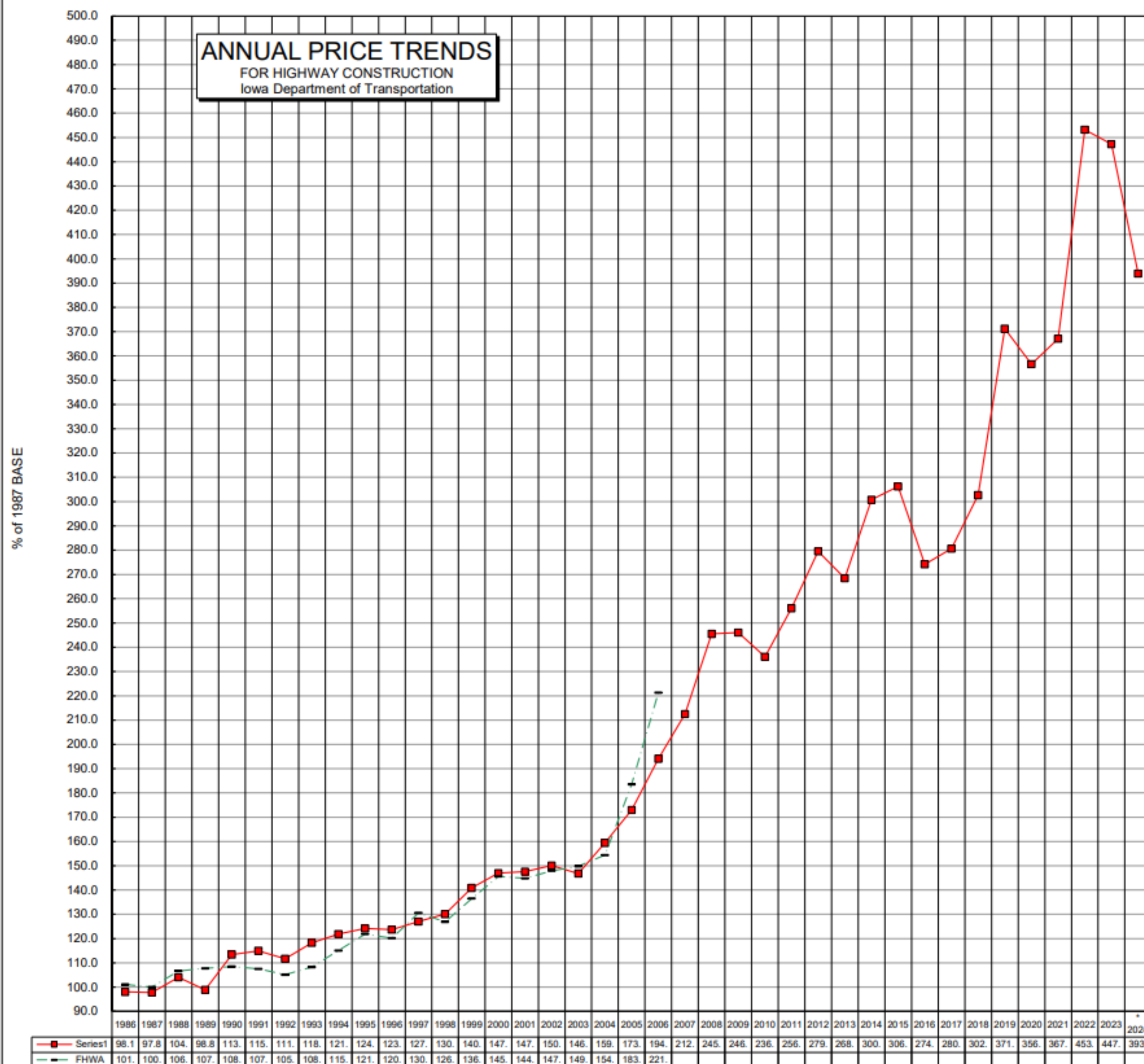
- Personnel Updates
- Five-Year Highway Program
- Highway Trust Fund
- Secondary Road Fund Distribution Committee

Personnel Updates

- New Iowa DOT Chief Operating Officer: **Melissa Gillett**
- Iowa Transportation Commission
 - **Bill Anderson (Cherokee)**
 - **Mary Mulgrew Gronen (Dubuque)**
 - *Sally Stutsman (Riverside), Chair*
 - Ray Gaesser (Corning), Vice-Chair
 - Linda Juckette (Cumming)
 - *Tom Rielly (Oskaloosa)*
 - Rich Arnold (Russell)

2025-2029 Highway Program

- Approved June 11, 2024
- \$4.5 billion of state/federal funding over five years
- Increased investment on pavements with a focus on Interstate pavements
- Added final phase of I-380 widening between Iowa City and Cedar Rapids
- Adds 50 new truck parking spots on the Interstate
- Financial situation
 - No new revenue
 - Inflation is moderating
 - Three of the five years are beyond the life of the Infrastructure Bill – forecast flat revenue

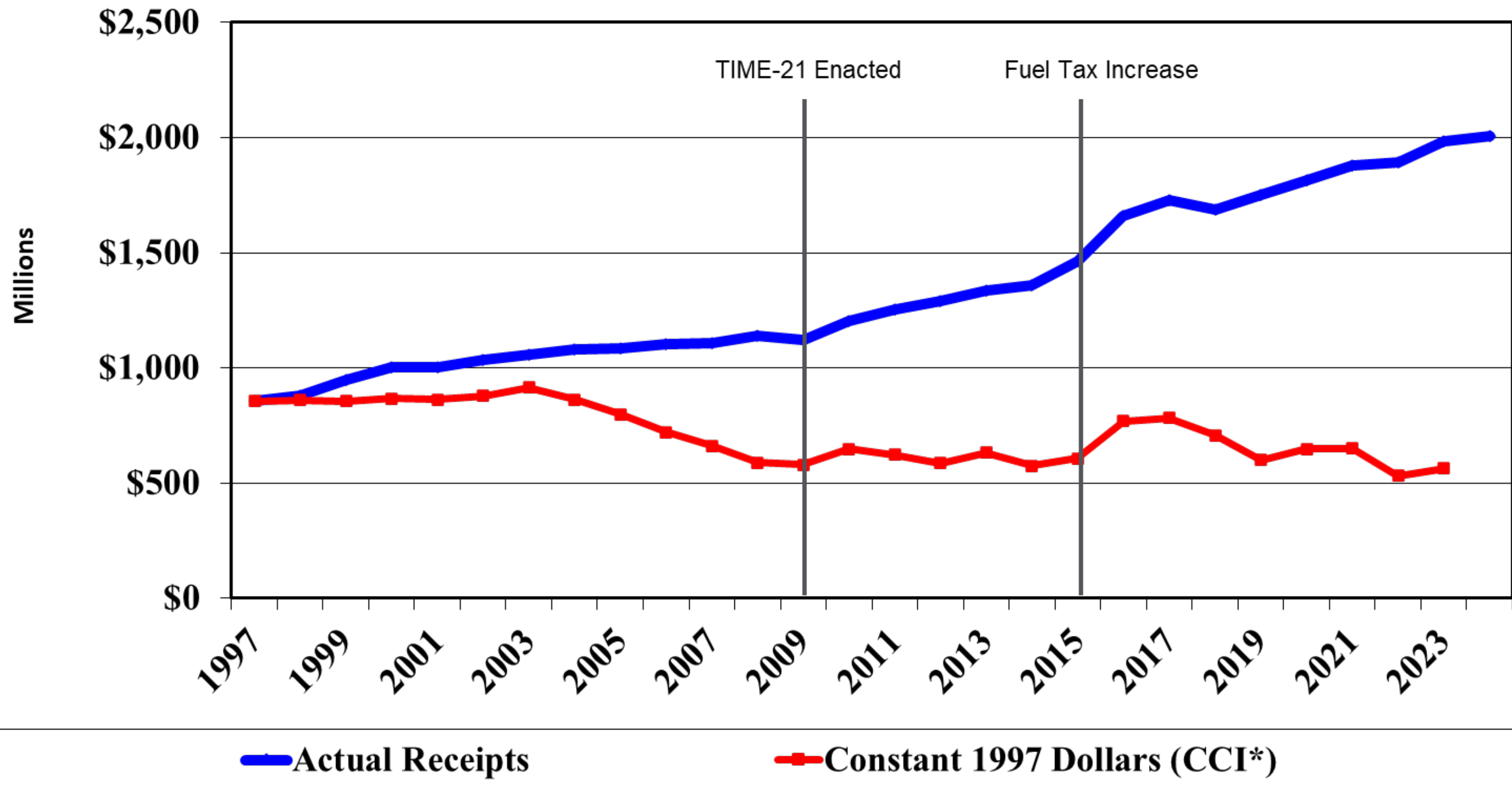
ANNUAL PRICE TRENDS
FOR HIGHWAY CONSTRUCTION
Iowa Department of Transportation

CY 2022: +23%

CY 2023: -1%

CY 2024 (through Sept): -12%

Historic Road Use Tax Fund Revenue



*CCI= Iowa Construction Cost Index. This reflects the inflation of roadway construction costs in Iowa and corresponding loss in buying power.

FY 2025 Status

- Operating Budget Status
 - Through October: Five percent below planned budget
- Highway Funding Status
 - State Funding
 - FY 2024 lettings through November: \$42.9 m below programmed amounts
 - FY 2024 revenue through October: \$2.1 m below forecast
 - Overall balance: \$4.4 million overprogrammed (started at \$45.2 m over programmed with an amendment)
 - Federal Funding
 - FFY 2025 operating under a continuing resolution through Dec. 20.
 - Awarded a \$57.3 million federal discretionary grant for I-380/Wright Brothers Blvd project in Cedar Rapids (December 2023)
 - Awarded a \$68.7 million federal discretionary grant for the southwest mixmaster in Des Moines (September 2024)

2026-2030 Highway Program

- Work is underway
- Financial situation
 - No new revenue
 - Inflation continues to moderate
 - Buying power challenges – volume of work
 - Four of the five years are beyond the life of the Infrastructure Bill – *forecast flat revenue?*

Next Reauthorization

- Likely cover years FFY 2027 to 2031
- Will there be a funding increase?
- Will there be fewer formula programs? Fewer discretionary programs?
- Impact of a new Congress/Administration?
- Will it be passed on time (i.e. by October 1, 2026)?

Highway Trust Fund History

- Created in 1956 to fund federal highway, mass transit, safety and motor carrier safety programs
- Structural change in 1982
 - Highway Account – initially allocated 80 percent, now it's ~87 percent
 - Mass Transit Account – initially allocated 20 percent, now it's ~13 percent
- Purpose: Dedicated and predictable source of funding that provides certainty to state and local governments in maintaining good quality highways and transit

Highway Trust Fund Sources

- Federal Fuel Tax (84 percent of revenue)
 - Gasoline: 18.4 cents per gallon
 - Diesel: 24.4 cents per gallon
- Heavy trucks and trailers sales tax (10 percent of revenue)
 - 12 percent of sales price
- Heavy vehicles annual use tax
 - \$100 to \$550 annual tax on trucks over 55,000 pounds
- Excise tax on certain tires for heavy trucks

Highway Trust Fund Challenges

- Federal fuel tax not changed since 1993
- Increasing fuel efficiency
- Increasing electric vehicles
- Increasing funding levels

Highway Trust Fund Status

- Highway Trust Fund has been imbalanced since the early 2000s
- Highway Trust Fund ran out of money in 2008 requiring General Fund transfers
- Since 2008 - \$272 billion of transfers (\$118 billion alone with the Infrastructure Bill)
- Current funding will run out during FFY 2028
- In FFY 2023
 - HTF supported 73 percent of Highway Account spending
 - HTF supported 59 percent of Mass Transit Account spending

Highway Trust Fund – Potential “Fixes”

- Increase fuel taxes and/or index
- Add kilowatt hour fees for electric vehicles
- Add annual electric vehicle registration fees
- Shift to a mileage-based user fee
 - Infrastructure Bill appropriated \$50 million for a National Per-Mile User Fee Pilot

Road Use Tax Fund Distribution

- DOT: Primary Road Fund (47.5 percent)
- Cities: Street Construction Fund (20 percent)
 - Allocated to individual cities based on each city's share of total state municipal population.
- Counties (32.5 percent):
 - Secondary Road Fund (24.5 percent)
 - Allocated to individual counties based on a formula
 - Farm-to-Market Fund (8 percent)
 - Allocated to individual counties based on a formula

Current Administrative Rule Process

- Secondary Road Fund Distribution Committee
 - Membership (twelve members)
 - Six county engineers appointed by Iowa County Engineers Association
 - Six county supervisors appointed by the Iowa State Association of County Supervisors
 - Equal distribution of members from large, medium, and small counties with geographic diversity and no county having more than one member.
 - Six-year staggered terms
 - Meetings - at least once a year
 - Resolution to propose a new or modified formula requires 10 affirmative votes
 - Resolution to adopt, amend, or rescind administrative rules requires 10 affirmative votes

Current Administrative Rule Process

- Changes to the distribution formula
 - Can be proposed by committee or executive board of Iowa County Engineers Association or Iowa State Association of County Supervisors
 - With a new proposal, committee will establish a work plan and schedule to complete a report within 18 months of request
 - Report provided to all county engineers and supervisors for comment.
 - After receipt of comment, the committee may adopt a resolution that formally proposes a distribution formula (10 affirmative votes)
 - Both executive boards shall consider a request to endorse.
 - With executive boards endorsement, each county considers and adopts a resolution in favor or in opposition.
 - If at least 66 counties adopt resolutions in support, the new distribution formula is adopted.

Current Administrative Rule Process

- Iowa County Engineers Association Service Bureau annually calculates Secondary Road Fund and Farm-to-Market Fund distribution allocations using data from Iowa DOT.

Factor	Secondary Road Fund Weighting	Farm-to-Market Road Fund Weighting	Factor explanation
Area	30%	30%	Total area of each county, including urban areas – serves as measure of system size and extent
Pop	10%	15%	Rural population living outside incorporated areas
VMT	12.5%	10%	"Vehicle Miles of Travel per day" -- a measure of total traffic
Dirt	0.5%	0%	Miles of un-surfaced roads
Granular	20%	9%	Miles of granular surfaced roads
Paved	13%	23%	Miles of paved, seal-coated or otherwise weatherproofed roads
-LFBD-	14%	13%	Total lineal feet of bridge deck of all structures included in National Bridge Inventory [Span >= 20 ft]
	100%	100%	

Boards and Commissions Changes

- Senate File 2385 – Passed in the 2024 Session
- Eliminates SRFDC from Iowa Code
- Requires Transportation Commission to adopt county road fund distribution formulas through administrative rules
- Transportation Commission empowered to establish and utilize ad hoc advisory committees

Recommendation to Commission

- Rescind Chapter 102 – Secondary Road Fund Distribution Committee
- Adopt new Chapter 103 – Secondary Road Fund Distribution Methodology
 - Establish and utilize SRFDC as an ad hoc advisory committee to the Transportation Commission
 - Retain current distribution formula
 - Retain current process for considering changes to the formula and requirements for executive boards and counties to approve, with final consideration and approval by the Transportation Commission.

Actions/Next Steps

- ✓ Commission approved new Chapter 103: Sept. 10, 2024
- ✓ Regulatory analysis public hearing: Oct. 24, 2024 – No comments received.
- Rulemaking comments due: Jan. 6, 2025
- Rulemaking public hearing: Jan. 6, 2025
- Administrative Rules Review Committee: May review at a regular monthly meeting
- Final Commission Approval Scheduled – March 11, 2025

Thank you!

Questions?



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