

COVID-19 Related Funding Needs Questions

1) The areas/expenditures relating to your agency that are being impacted by COVID-19 and you think will need to be addressed through relief funding;

The State has established a COVID-19 project for Agencies to track any and all expenses (i.e. time, materials, etc.) associated with work efforts to combat the spread of the novel coronavirus. Tracking the costs is important for possible FEMA reimbursement. Examples where the Department is using this activity: time worked on setting up portable dynamic message boards for no parking restrictions (i.e. NH1A from Seabrook to Rye), time worked on preparing Continuity of Operations Plans (COOP), purchase of PPE, coordination with other State agencies, Federal agencies, vendors, etc. on how they are responding to the pandemic, time spent on internal conference calls or in meetings directly coordinating, reporting, or responding to COVID-19. FEMA reimbursement for the COVID-19 emergency declaration is presently specified at 75%. The declaration is only for costs incurred due to the COVID-19 public health emergency, costs not accounted for in the state's budget and costs incurred during the 3/1/20 to 12/31/20 timeframe. It is hoped that Congress will adjust the reimbursement level to be 100% to minimize the financial burden on States. Otherwise 25% of these costs will need to be paid out the Department's budget.

Similarly, the Department is supporting statewide COVID-19 response efforts. DOT employees have been working on Emergency Support Functions (ESF) to support both transportation and public works. In addition DOT employees have been volunteering at the numerous call-centers and in various capacities at the Emergency Operations Center. The costs associated with these activities are tracked separately against a different COVID-19 codes, so that it is possible to report on the costs associated with both DOT and Statewide response efforts.

All aspects of transportation have been impacted by COVID 19. The two modes of transportation that were initially most significantly impacted by COVID-19 were transit and aeronautics. From the being of this crisis both NH's private bus operators and our local transit agencies were taking steps to increase the safety of their drivers and passengers. This meant that they were incurring additional costs as they increased cleaning and made changes to operations to practice social distancing. Subsequently, as limitations were placed on which businesses were open and telework was encouraged, ridership began to decline. Ultimately, when the stay at home orders or similar were implemented in both NH and neighboring states, some providers chose to suspend fixed route service entirely. Federal Transit Administration (FTA) funding is used to fund aspects of each of these entities' operations and CARES Act funding of \$39 Million is available to assist these entities to some degree.

The only service that the Department directly operates through a contract with Concord Coach, is the Boston Express bus service. As a result of COVID-19 health concerns and greatly diminished ridership, Boston Express suspended all service and NHDOT closed the bus terminals along the I-93 and FEET corridors effective March 28, 2020.

The DOT owned transit terminals in Dover and Portsmouth were also closed when C&J bus suspended their services on March 22, 2020.

The impacts of the pandemic were also felt very early on by the aeronautics industry. As travel restrictions were implemented there was a natural reduction in enplanements and consolidation of flights. This has had a devastating impact on NH airports, in particular the three commercial airports in Lebanon, Portsmouth and Manchester. The CARES Act did provide funding for NH airports. To date \$15.2M has been made available.

The Department is also very concerned that the necessary stay-at-home order has led to a significant reduction in traffic and this is impacting gas tax receipts (into the Highway Fund) as well as Turnpike toll revenue. Since mid-March the traffic reductions have been significant (50% to 55%) on the southern sections of I-93 and the Turnpike system, where automated traffic information is readily available. The Department is in the process of gathering automated traffic data elsewhere across the state. Early indications are an estimated 50% reduction in traffic for the 4th quarter of FY20, 25% reduction for the first quarter of FY21 and 10% reduction for the rest of FY21, but until it is understood how the executive orders in the New England states will be lifted there is a lot of uncertainty. This reduction in traffic will have financial impacts across Highway Fund activities including, the Department's operating budget, Block Grant Aid to municipalities, Betterment program, and Capital Budget projects. The revenue loss is projected to be approximately \$55-\$60 million over the biennium for the Highway Fund and approximately \$40-\$45 million in the Turnpike Fund, but these numbers are very preliminary.

As a result the Department has significantly adjusted work plans and is minimizing the construction work effort that is funded with Highway Fund dollars. Federally funded work is continuing as planned, as the federal dollars are available and are matched with toll credits. Turnpike projects are also continuing as planned, as we have adequate funding in reserves to complete this year's construction program.

Anticipating that there may be a federal relief and/or stimulus package, the Department continues to advance the design of all projects. There are some design phase activities that are being impacted by COVID-19, for example right-of-way meetings with landowners and public hearings. While most construction continues, there have been some project delays due to supply chain issues and workforce challenges, mostly as a result of different definitions of essential services in other states.

While construction work continues the Department has been partnering with the construction community to implement guidelines to ensure we are keeping workers safe and following the latest State and CDC guidance.

- 2) *Any sources of federal relief outside the so-called \$1.25 billion "flex funds" that you anticipate being available to cover these costs, whether specific CARES Act funding or any other federal relief;*

The CARES Act includes \$25B for FEMA reimbursement for declaration of major disasters. The Department will work with Homeland Security and Emergency Management (HSEM) to apply for FEMA reimbursement of all COVID-19 project related costs. FEMA reimbursement for the COVID-19 emergency declaration is presently specified at 75%. The declaration is for only for costs incurred due to the COVID-19 public health emergency, costs not accounted for in the state's budget and costs incurred during the 3/1/20 to 12/31/20 timeframe.

The CARES Act also includes \$25B of FTA funding for transit related services. NH is designated to receive \$39.0M, which is nearly twice the FFY20 FAST Act apportionment. The Department has developed preliminary "white papers" for each sub-allocation with proposals and next steps to outline how the CARES Act FTA funding could be dispersed. These funds should greatly mitigate the impact on bus services and help to transition services back to pre-COVID operating levels.

Additionally, the CARES Act provided \$10B of FAA funding to support US Airports. NH is designated to receive \$15.2M to support NH airports which the Department will administer. Additional funding is also anticipated to be forthcoming to assist with Airport Improvement Projects (AIP), to increase the federal share to 100 % (typically about 90%). The three commercial airports, Manchester, Portsmouth and Lebanon have so far received \$12.1M, \$1.6M and \$1.1M respectively.

3) *If you anticipate other federal relief being available, the status of any such relief;*

The American Association of State Highway and Transportation Officials (AASHTO) has submitted a letter dated April 6, 2020 to the Congressional leadership urging Congress to include in the next COVID-19 legislation - "Phase 4" emergency relief package, \$49.95B in flexible federal funding to offset the loss of state transportation revenues. This immediate revenue backstop would help prevent major disruptions and ensure state DOTs would continue to operate and maintain their transportation infrastructure. The letter requests the distribution to be in the form of federal formula to cover the remainder of FFY20 and FFY21, and to be 100 percent federal share with no match requirement. If passed this would represent roughly \$185M in federal funding to NH to cover the significant reductions in gas tax revenue and turnpike toll revenue. The request is that this money have maximum flexibility so that it could be used to fund all activities, design, construction, operation and maintenance, of both State and Federal roadways.

There is also a lot of discussion about a subsequent recovery package to stimulate the economy through investment in infrastructure, including transportation. The current federal surface transportation bill the FAST Act expires in Sept 2020, so it is anticipated that this recovery package would be advanced as part of a reauthorization of transportation spending.

- 4) *Which of the areas identified in number 1 would likely require flex funds, or could require flex funds if other anticipated relief falls through;*

At this time the hope is that DOT would not need to access these funds, however until it is determined if Congress will provide direct funding for highway purposes, and until it is determined if FEMA funding will be at 100% it is unclear as to whether DOT would need to submit a request to access these funds. Also until we determine how to best use the FTA and FAA dollars it is unclear as to whether the other modes of transportation will also need additional assistance.

Presently the CARES Act includes a provision for FEMA reimbursement at 75% for costs incurred due to the COVID-19 public health emergency. If Congress does not modify this provision to be reimbursed at 100%, then flex funds could be necessary for the remaining 25% of the costs. That being said, FEMA funds cannot typically be matched by other federal funds, so there would need to be further action to ensuring that the use of flex funds to match FEMA is possible.