



Road Usage Charges

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What Are Road Usage Charges?

- Payments assessed to drivers based in proportion to how much they are using public roadways
- Differ from tolls, which are payments to access a specific road or bridge
- Generally, a set amount per mile of driving
- Often designed as a replacement for gasoline taxes

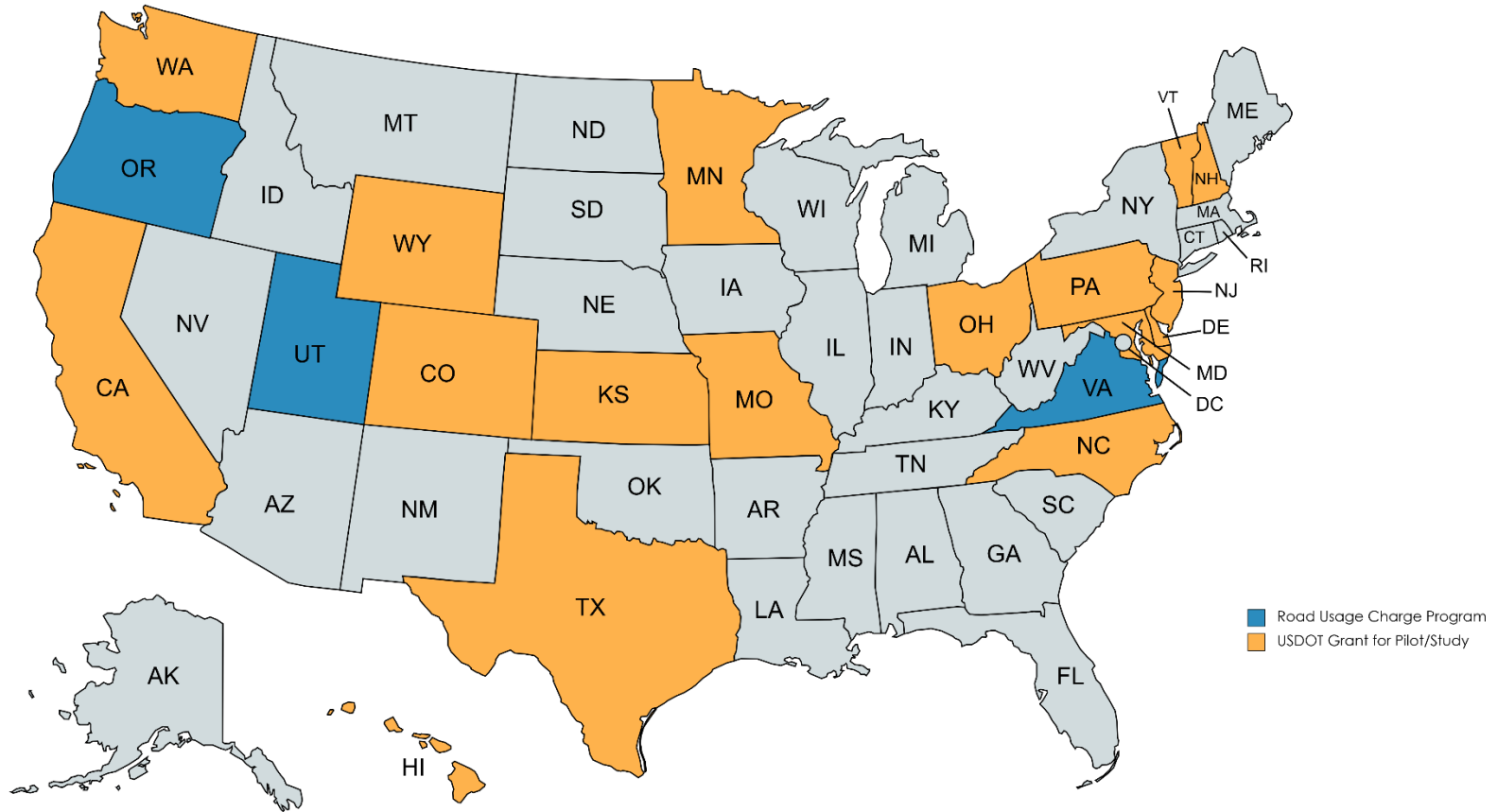


Why Road Usage Charges?

- Nationally, road construction and maintenance are highly dependent on gasoline taxes for funding
- Increases in fuel efficiency have challenged this funding model
 - Average fuel economy for model year 2020 vehicles was 25.7 miles per gallon, up 29 percent from the model year 2005 average of 19.9



Who Is Considering Road Usage Charges?



General Characteristics of Current Programs

- States are starting small
- Restricted to high fuel efficiency vehicles: electric, plug-in hybrid, or gasoline hybrid vehicles
- Participants are volunteering for the programs
 - States have adopted a supplemental registration fee for high efficiency vehicles; volunteers opt-in to a program to replace the flat fee with a per mile charge
 - Maximum road usage charges are capped at the flat fee amount to encourage participation



Identified Issues

- How much do you charge per mile?
 - Generally between 1¢ and 2¢ per mile
 - Indexed?
- Do the fees apply to travel on out-of-state or private roads?
- How do you collect mileage totals?
 - Manual readings of odometers? By vehicle owner or by official?
 - Onboard telematics
 - Smartphone applications



Identified Issues

- Administrative costs
 - Federal funds available in the short term
 - Does starting now save the state in the future?
- Privacy Issues
 - Pilot programs evidence suggests a GPS-enabled device (smartphone, on-board telematics) isn't a concern for some
 - In one pilot program, about 1/2 of users chose a option involving location-based mileage reporting, about 1/2 of users chose an option that did not involve GPS.
 - Privacy protections can be built into enabling legislation



Federal Funding

- Federal grant money is available for states
 - Funds have been available since 2016, but federal officials think high matching requirements (50 percent) may have discouraged applicants.
- Infrastructure Investment and Jobs Act includes two programs; the federal share of costs increased to 80 percent
 - Strategic Innovation for Revenue Collection: \$15 million per year for 5 years, to test the feasibility of a road user fee and other user-based alternative revenue mechanisms.
 - National Motor Vehicle Per-Mile User Fee Pilot: \$10 million per year for 5 years, to demonstrate a national motor vehicle per-mile user fee.



Questions?

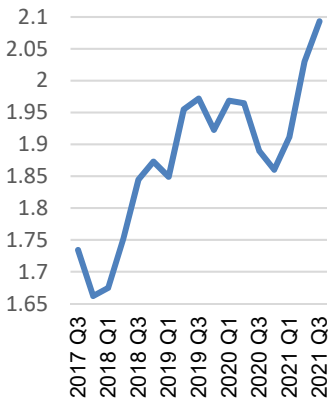
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ACTION PLAN

| | |
|--------------------------|-----|
| Submitted by agency? | Yes |
| Timeline assigned? | No |
| Responsibility assigned? | No |

National Highway Construction Cost Index



Source: Federal Highway Administration

Economic data shows construction costs increasing significantly in calendar year 2021, including road construction costs. Preliminary data from the Federal Highway Administration shows a 10.9 percent year-over-year increase in road construction costs nationally.

In recent years, the Legislature has made significant nonrecurring appropriations to the Department of Transportation (DOT) for road construction and maintenance in response to deteriorating road conditions as pavements age and maintenance funding is insufficient to maintain or improve the condition of the transportation network. DOT has done well managing projects as illustrated in the department’s consistent ability to complete projects on-time and on-budget. The supplemental performance information, attached to this report, includes additional information on the significant nonrecurring investments made by the Legislature.

Project Design and Construction

To judge the performance of the department’s project planning and execution, measures covering the ability of the department to plan and complete projects on-time and within budget are tracked. The department has significantly improved its ability to put projects out to bid as scheduled. Of the 34 projects year-to-date, the department has put 33 out to bid as scheduled, improving significantly from prior year performance. Although construction costs continue to climb, cost overruns remain below the target of 3 percent; with construction projects closing in the third quarter over budget by \$1.8 million.

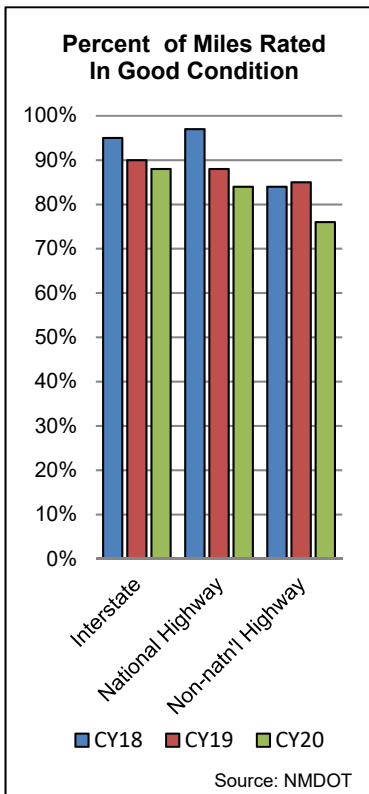
Decreases in the number of projects completed on schedule are of note, particularly due to the significant resources made available to the department for projects. Global supply chain issues and increases in the number of construction projects generally may pose operational challenges for the department.

| | | | | | | | | |
|---|-----------------|--------------------|--------------------|--------------------|----------------|----------------|----------------|---------------|
| Budget: \$613,837.9 | FTE: 368 | FY20 Actual | FY21 Actual | FY22 Target | FY22 Q1 | FY22 Q2 | FY22 Q3 | Rating |
| Projects put out for bid as scheduled | | 75% | 77% | 67% | 100% | 93% | 100% | G |
| Projects completed according to schedule | | 92% | 94% | 88% | 100% | 88% | 77% | Y |
| Final cost-over-bid amount on highway construction projects | | 1% | 1.8% | 3.0% | -0.3% | 1.9% | 1.2% | G |
| Program Rating | | G | G | | | | | G |

Highway Operations

Maintenance activity typically slows during the third quarter, as road crews transition to cold-weather operations; however, the department is on track to substantially surpass the FY22 target for roadway preservation. Overall, the number of bridges rated in poor condition remains below target; in future years the department will have access to additional federal and state funds to remediate the 4 percent of bridges currently listed in poor condition.

| | | | | | | | | |
|---|---------------------|--------------------|--------------------|--------------------|----------------|----------------|----------------|---------------|
| Budget: \$250,882.6 | FTE: 1,859.7 | FY20 Actual | FY21 Actual | FY22 Target | FY22 Q1 | FY22 Q2 | FY22 Q3 | Rating |
| Statewide pavement miles preserved | | 3,970 | 3,852 | 3,000 | 2,031 | 1,304 | 205 | G |
| Bridges in fair condition or better, based on deck area | | 96% | 96% | 90% | 96% | 96% | 96% | G |
| Program Rating | | G | G | | | | | G |



DOT assesses all New Mexico roads each calendar year using a Pavement Condition Rating (PCR) score to measure roadway condition. For calendar year 2020, road condition data show New Mexico roadways deteriorated significantly from the prior year with lane miles in deficient condition increasing 54 percent year-over-year. Calendar year 2021 data will not be available until May 2022.

A PCR score of 45 or less indicates a road in poor condition. In 2020, the average PCR score for the state was 54.9, down from 57.4 the prior year. The annual decline of 2.5 shows that funding was insufficient to maintain, let alone improve, the condition of New Mexico roadways. Additionally, because there are so many lane miles in fair condition with PCR scores less than 50, it is likely that, without significant investment, lane miles in poor condition will continue to see rapid growth.

Between 2016 and 2020, the proportion of roadways in poor condition increased from 17.4 percent to 23.8 percent. However, road conditions vary significantly by district; in 2020, district 2 had the worst average condition with 28 percent or roads in poor condition while district 6 had the best condition with 10.2 percent of roads in poor condition.

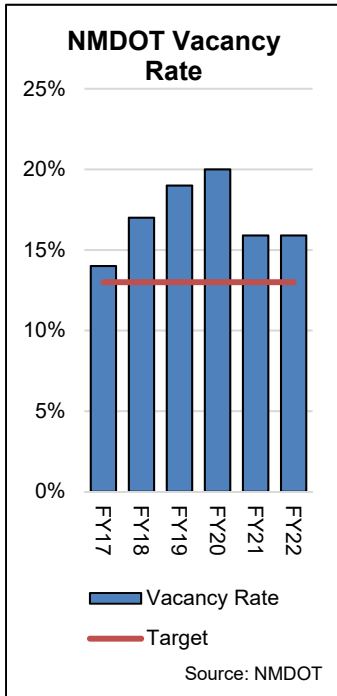
| CY20 Road Condition Survey | CY17 Actual | CY18 Actual | CY19 Actual | CY20 Target | CY20 Actual | Rating |
|--|-------------|-------------|-------------|-------------|-------------|----------|
| Interstate miles rated fair or better | 93% | 95% | 90% | >90% | 88% | Y |
| National highway system miles rated fair or better | 89% | 97% | 88% | >86% | 84% | Y |
| Non-national highway system miles rated fair or better | 79% | 84% | 85% | >75% | 76% | G |
| Lane miles in poor condition | 4,606 | 3,783 | 4,420 | <5,425 | 6,805 | R |
| Program Rating | G | G | G | | | Y |

Modal

Nationwide, traffic fatalities have increased, with federal data indicating more traffic fatalities in 2021 than in any year since 2005. NMDOT data reflects this increase. Total fatalities are on track to surpass FY21, possibly related to increasing traffic. Data indicates alcohol-related fatalities are down. Pedestrian fatalities and unbelted fatalities remain persistently high. Park and ride and rail runner service was curtailed as a result of stay at home orders and remote work for state agencies. Despite decreased remote work for state agencies, usage remains significantly lower than historic levels.

| Budget: \$77,875.2 | FTE: 126 | FY20 Actual | FY21 Actual | FY22 Target | FY22 Q1 | FY22 Q2 | FY22 Q3 | Rating |
|---|----------|-------------|-------------|-------------|---------|---------|---------|----------|
| Traffic fatalities | | 424 | 411 | <357 | 140 | 117 | 106 | R |
| Alcohol-related traffic fatalities | | 176 | 113 | <125 | 22 | 15 | 24 | G |
| Non-alcohol-related traffic fatalities | | 248 | 298 | <232 | 118 | 102 | 82 | R |
| Occupants not wearing seatbelts in traffic fatalities | | 158 | 171 | <133 | 60 | 46 | 40 | R |
| Pedestrian fatalities | | 83 | 76 | <72 | 29 | 31 | 27 | R |
| Riders on park and ride, in thousands | | 175 | 53.6 | 235 | 22.3 | 22.3 | 26.1 | R |
| Riders on rail runner, in thousands* | | 516 | 40.9 | N/A | 70.9 | 72.4 | 69.8 | |
| Program Rating | | R | R | | | | | R |

*Measure is classified as explanatory and does not have a target.



Program Support

The department received exemptions from the statewide hiring freeze and has maintained a stable staffing rate even as vacancy rates across the state increase. The department is on track to experience fewer than 90 injuries and fewer than 35 injuries in work zones. The department notes injuries resulted in no lost days of work.

The department did not report a vacancy rate for the third quarter, but data from the State Personnel Office in April suggests a vacancy rate of about 18 percent.

| | Budget: \$43,856.7 | FTE: 252.8 | FY20 Actual | FY21 Actual | FY22 Target | FY22 Q1 | FY22 Q2 | FY22 Q3 | Rating |
|---|--------------------|------------|---|---|-------------|---------|---------|---------|---|
| Vacancy rate in all programs | | | 20.4% | 15.9% | 13.0% | 15.8% | 15.9% | NR | R |
| Employee injuries | | | 54 | 35 | 90 | 19 | 5 | 17 | G |
| Percent of invoices paid within 30 days | | | 93% | 93% | 90% | 93% | 93% | 93% | G |
| Employee injuries occurring in work zones | | | 13 | 11 | 35 | 10 | 2 | 3 | G |
| Program Rating | | | G | G | | | | | G |

Department of Transportation Special Appropriations

In the third quarter NMDOT expended \$42 million from special transportation appropriations, with just over half of appropriations made before the end of FY21 spent. However, less than half of 2019 appropriations for major investments has been spent, though the department did encumber funds for the final project midway through Q4, which is not reflected on this sheet. The department was given 5 years to spend these funds, which will revert at the end of FY24. A list of select major investment projects and project status is attached.

The department has yet to commit funds appropriated for road projects during the December 2021 special session, but expects to do so in July. The department did commit funds for purchasing electric vehicle charging infrastructure. Recently, the department awarded \$7.3 million for essential air service grants, not shown on the table below. Department staff indicate the two grant recipients—airports in Las Cruces and Gallup—can begin drawing those funds in the fourth quarter.

Special Transportation Appropriations, 2019 to 2022 Expenditures and Encumbrances through March 2022

| Year | Type | Appropriation | Expended | Encumbered | Spent in Q3 | Percent Expended | Reversion Date |
|----------|--|----------------------|----------------------|----------------------|---------------------|------------------|------------------|
| 2019 | for state roads, MIPS | \$175,000,000 | \$79,624,865 | \$57,235,856 | \$6,641,271 | 45% | 6/30/2024 |
| 2019 | for state roads, maintenance | \$100,000,000 | \$94,362,345 | \$4,748,358 | \$184,081 | 94% | 6/30/2024 |
| 2019 | for local roads | \$50,000,000 | \$45,676,564 | \$2,974,523 | \$1,701,804 | 91% | 6/30/2024 |
| | Subtotal: 2019 | \$325,000,000 | \$219,663,775 | \$64,958,737 | \$8,527,156 | 68% | 6/30/2024 |
| 2020 | for state roads, maintenance/MIPS | \$135,000,000 | \$123,792,377 | \$8,817,335 | \$3,086,271 | 92% | 6/30/2023 |
| | Subtotal: 2020 | \$135,000,000 | \$123,792,377 | \$8,817,335 | \$3,086,271 | 92% | 6/30/2023 |
| 2021 | for state roads, MIPS | \$170,000,000 | \$32,764,115 | \$28,022,391 | \$13,288,500 | 19% | 6/30/2025 |
| 2021 | for local roads | \$121,000,000 | \$18,748,726 | \$102,251,274 | \$17,363,414 | 15% | 6/30/2025 |
| 2021 | for essential air service ¹ | \$9,000,000 | \$0 | \$0 | \$0 | 0% | |
| | Subtotal: 2021 | \$300,000,000 | \$51,512,841 | \$130,273,664 | \$30,651,914 | 17% | 6/30/2025 |
| 2021 Sp. | for state roads, MIPS | \$142,500,000 | \$0 | \$0 | \$0 | 0% | 6/30/2025 |
| 2021 Sp. | for roadway beautification | \$10,000,000 | \$0 | \$0 | \$0 | 0% | 6/30/2025 |
| 2021 Sp. | for regional airports | \$10,000,000 | \$0 | \$0 | \$0 | 0% | 6/30/2025 |
| 2021 Sp. | for electric vehicle charging | \$10,000,000 | \$0 | \$1,498,294 | \$0 | 0% | 6/30/2025 |
| | Subtotal: 2021 Special | \$172,500,000 | \$0 | \$1,498,294 | \$0 | 0% | 6/30/2025 |
| 2022 | for state roads, MIPS | \$247,500,000 | \$0 | \$0 | N/A | 0% | 6/30/2025 |
| 2022 | for I-40/I-10 Planning | \$25,000,000 | \$0 | \$0 | N/A | 0% | 6/30/2025 |
| 2022 | for regional airports | \$5,000,000 | \$0 | \$0 | N/A | 0% | 6/30/2025 |
| 2022 | for equipment/district offices | \$9,000,000 | \$0 | \$0 | N/A | 0% | 6/30/2025 |
| 2022 | for the transportation project fund | \$60,000,000 | \$0 | \$0 | N/A | 0% | 6/30/2025 |
| 2022 | for rest area improvements | \$20,000,000 | \$0 | \$0 | N/A | 0% | 6/30/2025 |
| 2022 | for essential air service | \$5,000,000 | \$0 | \$0 | N/A | 0% | 6/30/2025 |
| 2022 | for wildlife corridors | \$2,000,000 | \$0 | \$0 | N/A | 0% | 6/30/2025 |
| | Subtotal: 2022 | \$373,500,000 | \$0 | \$0 | \$0 | 0% | 6/30/2025 |

¹NMDOT awarded \$3.8 million to the City of Gallup and \$3.5 million to Dona Ana County, but these funds were not encumbered until Q4.

Source: SHARE

Department of Transportation Major Investment Projects Status Report, Q3 2022

| District | Road | Project and Location | Status Note | Amount Expended | Amount Encumbered | Total |
|----------|------|------------------------------|-----------------------------------|--------------------|--------------------|---------------------|
| 1 | I-10 | Lordsburg Bridge Replacement | Contractor is finalizing project. | \$7,267,801 | \$4,301,492 | \$11,569,293 |

G

Letting Date: 12/18/2020
Completion: 11/9/2022

| Expenses by Quarter | |
|---------------------|-------------|
| FY21 Q4 | \$1,863,827 |
| FY22 Q1 | \$1,847,897 |
| FY22 Q2 | \$2,178,000 |
| FY22 Q3 | \$1,378,077 |

| Statewide Transportation Improvement Program Estimates | |
|--|--------------------|
| GAA Section 9 (2019) | \$4,000,000 |
| Federal Funds | \$2,915,883 |
| Road Fund | \$706,536 |
| Total Cost Estimate | \$7,622,419 |
| GAA Section 9 (2020) | \$4,413,837 |

| | | | | | | |
|---|--------|--|--|---------------------|--------------------|---------------------|
| 1 | NM-404 | Bridge replacement at I-10 interchange | Project delay from March completion estimate; under partial suspension while correct action plans put in place | \$13,357,783 | \$7,717,627 | \$21,075,410 |
|---|--------|--|--|---------------------|--------------------|---------------------|

R

Letting Date: 8/21/2020
Completion: 8/30/2022

| Expenses by Quarter | |
|---------------------|-------------|
| FY21 Q4 | \$4,935,284 |
| FY22 Q1 | \$2,517,795 |
| FY22 Q2 | \$2,887,994 |
| FY22 Q3 | \$2,744,713 |

| Statewide Transportation Improvement Program Estimates | |
|--|---------------------|
| GAA Section 9 (2019) | \$9,100,000 |
| Federal Funds | \$8,529,651 |
| State Road Fund | \$1,461,700 |
| Total Cost Estimate | \$19,091,351 |

| | | | | | | |
|---|--------|--------------------------|--|---------------------|---------------------|---------------------|
| 2 | US-285 | US-285 Corridor, Phase 1 | Project is under construction and progressing, however, estimated completion date is not available | \$24,460,996 | \$24,008,234 | \$48,469,230 |
|---|--------|--------------------------|--|---------------------|---------------------|---------------------|

G

Letting Date: 4/24/2020
Completion: Not Reported

| Expenses by Quarter | |
|---------------------|-------------|
| FY21 Q4 | \$7,819,846 |
| FY22 Q1 | \$1,851,590 |
| FY22 Q2 | \$2,307,657 |
| FY22 Q3 | \$2,338,641 |

| Statewide Transportation Improvement Program Estimates | |
|--|---------------------|
| GAA Section 9 (2019) | \$42,934,243 |
| Total Cost Estimate | \$42,934,243 |

| | | | | | | |
|---|------|--|---|--------------------|--------------------|--------------------|
| 3 | I-25 | Los Lunas Corridor, I-25 Interchange and E-W Corridor from I-25 to NM-47 | NMDOT reports a local lead agreement has been executed; construction expected to begin this spring. | \$1,676,740 | \$7,677,669 | \$9,354,409 |
|---|------|--|---|--------------------|--------------------|--------------------|

Y

Lead Agency: Village of Los Lunas

| Expenses by Quarter | |
|---------------------|-----------|
| FY21 Q4 | \$0 |
| FY22 Q1 | \$0 |
| FY22 Q2 | \$941,908 |
| FY22 Q3 | \$529,314 |

| Statewide Transportation Improvement Program Estimates | |
|--|----------------------|
| GAA Section 9 (2019) | \$5,000,000 |
| GAA Section 9 (2021) | \$15,200,000 |
| Local Funds | \$20,436,427 |
| Federal Fund | \$118,517,050 |
| Total Cost Estimate | \$159,153,477 |

Department of Transportation Major Investment Projects Status Report, Q3 2022

| District | Road | Project and Location | Status Note | Amount Expended | Amount Encumbered | Total |
|----------|----------------------------|--|--|---|-------------------------------|---------------------|
| 4 | NM-39 | Pavement rehabilitation north of Logan | Projects funds encumbered after close of quarter (May 2022); costs now estimated at \$24.4 million | \$0 | \$0 | \$0 |
| R | | | <i>Expenses by Quarter</i> | <i>Statewide Transportation Improvement Program Estimates</i> | | |
| | Letting Date: 3/18/2022 | | FY21 Q4 | \$0 | GAA Section 9 (2019) | \$21,000,000 |
| | Completion: Not Reported | | FY22 Q1 | \$0 | State Road Fund | \$132,539 |
| | | | FY22 Q2 | \$0 | Federal Funds | \$777,753 |
| | | | FY22 Q3 | \$0 | Total Cost Estimate | \$21,910,292 |
| 4 | US-54 | Reconstruction and Rehabilitation, East side of Tucumcari | Project is under construction, scheduled completion, August 2022 | \$19,271,626 | \$11,529,102 | \$30,800,728 |
| G | | | <i>Expenses by Quarter</i> | <i>Statewide Transportation Improvement Program Estimates</i> | | |
| | Letting Date: 6/26/2020 | | FY21 Q4 | \$1,690,451 | GAA Section 9 (2019) | \$13,100,000 |
| | Completion: 8/30/2022 | | FY22 Q1 | \$718,994 | Local Funds | \$845,881 |
| | | | FY22 Q2 | \$3,651,741 | State Road Fund | \$95,796 |
| | | | FY22 Q3 | \$2,170,650 | Federal Funds | \$7,470,406 |
| | | | | Total Cost Estimate | \$21,512,083 | |
| 5 | NM-68 | Road reconstruction and bridge rehabilitation, miles 7 to 10, north of Alcalde | Project is in construction | \$7,957,756 | \$10,215,735 | \$18,173,491 |
| G | | | <i>Expenses by Quarter</i> | <i>Statewide Transportation Improvement Program Estimates</i> | | |
| | Letting Date: 4/17/2020 | | FY21 Q4 | \$1,791,642 | GAA Section 9 (2019) | \$10,500,000 |
| | Completion: Not Reported | | FY22 Q1 | \$788,543 | Federal Funds | \$11,204,727 |
| | | | FY22 Q2 | \$1,156,507 | State Road Fund | \$1,909,421 |
| | | | FY22 Q3 | \$928,669 | Total Cost Estimate | \$23,614,148 |
| 6 | I-40 | Design and ROW acquisition for Allison Corridor Project, from NM 118 to Kachina Road in Gallup | Project is in design; construction estimated to begin in 2023. | \$1,646,156 | \$1,066,731 | \$2,712,887 |
| Y | | | <i>Expenses by Quarter</i> | <i>Statewide Transportation Improvement Program Estimates</i> | | |
| | Letting Date: Not Reported | | FY21 Q4 | \$456,941 | GAA Section 9 (2019) | \$4,500,000 |
| | Completion: Not Reported | | FY22 Q1 | \$83,326 | Capital Outlay (General Fund) | \$1,500,000 |
| | | | FY22 Q2 | \$291,105 | Total Cost Estimate | \$6,000,000 |
| | | | FY22 Q3 | \$593,195 | | |

Department of Transportation Major Investment Projects Status Report, Q3 2022

| District | Road | Project and Location | Status Note | Amount Expended | Amount Encumbered | Total |
|----------|--------|--|--|---|-------------------------------|---------------------|
| 6 | US-491 | Reconstruction and Rehabilitation of Carbon Coal Road and Intersection at US-491, Gallup | Project is under construction with estimated completion date in November | \$13,842,889 | \$13,707,016 | \$27,549,904 |
| | | | <i>Expenses by Quarter</i> | <i>Statewide Transportation Improvement Program Estimates</i> | | |
| | | | FY21 Q4 | \$4,480,361 | GAA Section 9 (2019) | \$22,000,000 |
| | | | FY22 Q1 | \$2,005,078 | State Road Fund | \$190,249 |
| | | | FY22 Q2 | \$2,197,993 | Capital Outlay (General Fund) | \$11,000,000 |
| | | | FY22 Q3 | \$4,014,063 | Total Cost Estimate | \$33,190,249 |

G

Letting Date: 12/18/2020
 Completion: 11/14/2022

Notes

Statewide Transportation Improvement Program estimates are provided to illustrate the scope of the project and how the department blends funding from multiple sources to complete projects. The latest estimates may not reflect actual costs due to increases in construction costs.

Completion dates are estimates from NMDOT's active projects website or from NMDOT staff.