



**REGIONAL TRANSPORTATION COMMISSION**

*Metropolitan Planning • Public Transportation & Operations • Engineering & Construction*

Metropolitan Planning Organization of Washoe County, Nevada

April 19, 2019

**AGENDA ITEM 3.8**

**TO:** Regional Transportation Commission

**FROM:** Stephanie Haddock, CGFM  
Director of Finance/CFO



Lee G. Gibson, AICP  
Executive Director

**SUBJECT: Report Regarding Indexed Fuel Taxes**

**RECOMMENDATION**

Acknowledge receipt of the report regarding indexed fuel taxes in Washoe County as required by NRS 373.065.

**SUMMARY**

NRS 373.065 requires that before each statutorily required annual inflationary adjustment is made to the fuel tax rates in Washoe County, the Regional Transportation Commission (RTC) review, at a public meeting, the amount of the upcoming adjustment, the history of past adjustments and what has been done with the revenue collected. This agenda item presents to the RTC Board the required data for its review. The PPI index adjustment beginning July 1, 2019, is 1.30%.

**FISCAL IMPACT**

There is no fiscal impact to the FY 2019 Budget associated with Board action. The additional revenues that will be generated in FY 2020 by the indexed RTC fuel taxes will be programmed in the FY 2020 budget.

## **PREVIOUS ACTIONS BY BOARD**

The Board acknowledged receipt of previous PPI index adjustments as follows:

<b><u>Fiscal Year</u></b>	<b><u>PPI Rate</u></b>
2019	1.97%
2018	2.15%
2017	3.43%
2016	5.25%
2015	6.02%
2014	6.22%
2013	5.81%
2012	4.98%
2011	5.18%
2010*	6.20%

\*Effective January 2010

Prior to that, there were CPI index adjustments in 2004, 2005, 2006, 2007, 2008, and 2009. It should be noted that due to the timing requirement to implement the increases, preliminary index rates are used for the last two months of the calendar year. All indexes from the Bureau of Labor Statistics are subject to revision up to four months after publication. The indexes will be trued up in the calculation of the next year's 10 year average calculations.

## **ADDITIONAL BACKGROUND**

In November 2008, the voters in Washoe County passed ballot question RTC-5 which proposed a measure to ensure a portion of the funding necessary to implement the 2035 Regional Transportation Plan (RTP). This was to be done by adjusting or "indexing" fuel taxes annually to recapture the purchasing power being lost by these revenues due to inflation in the cost of street and highway construction. The RTC-5 funding measure changed the existing indexing basis from the Consumer Price Index (CPI) to the Producer Price Index (PPI). It also recaptured the lost purchasing power on the federal and state fuel taxes being paid in Washoe County by indexing the federal and state taxes on gas, alternative fuels, and diesel. The Nevada State Legislature approved enabling legislation for RTC-5 with the passage of SB 201, and the Washoe County Commission subsequently enacted the implementing ordinance in August 2009. While the enabling legislation, codified in NRS 373.067, specifies that the annual inflationary adjustments will occur automatically, subsection 2b requires the Regional Transportation Commission:

- (1) To review, at a public meeting conducted after the provision of public notice and before the effective date of each annual increase imposed by the ordinance:
  - I. The amount of that increase and the accuracy of its calculation;
  - II. The amounts of any annual increases imposed by the ordinance in previous years and the revenue collected pursuant to those increases;

- III. Any improvements to the regional system of transportation resulting from revenue collected pursuant to any annual increases imposed by the ordinance in previous years; and
- IV. Any other information relevant to the effect of the annual increases on the public; and;

(2) To submit to the board any information the commission receives suggesting that the annual increase should be adjusted.

To conform with the July 1 to June 30 fiscal year and budgetary requirements of the State, as well as the amount of administrative lead time required by the Department of Motor Vehicles to make adjustments in the fuel tax rates, reports are submitted to the RTC Board for the rate increases in April to be effective July 1. Collections of the PPI indexed fuel taxes began on January 1, 2010, and the local governments and the RTC received the first proceeds in March 2010.

The amount of RTC PPI indexed funds collected through FY 2018 were:

<u><b>PPI Revenues</b></u>		
<u><b>Fiscal Year</b></u>	<u><b>RTC<sup>(2)</sup></b></u>	<u><b>Local Governments</b></u>
2018	\$ 62,519,649	\$ 7,300,669
2017	56,953,775	6,629,077
2016	50,409,644	5,827,176
2015	41,564,035	4,850,891
2014	32,534,203	3,804,079
2013	24,740,803	2,888,994
2012	18,075,929	2,092,874
2011	12,288,597	1,419,438
2010 <sup>(1)</sup>	3,241,425	374,925

(1) Effective January 2010

(2) RTC amounts reported in the FY13 Indexed Fuel Report to the Board of Commissioners included CPI indexed amounts in the reported revenues. This report excludes CPI indexed revenues which were no longer collected after implementation of the PPI index in January 2010.

The estimate for PPI revenues for FY 2019 is \$69,473,578.

**Inflationary Adjustment Effective July 1, 2019**

On July 1, 2019, an inflationary adjustment of 1.30% will be made to the motor vehicle fuel tax rates in Washoe County, increasing rates on a cents per gallon basis as follows:

Fuel Type	Local		
	RTC	Governments	Total
Gasoline/ Gasohol	0.9769	0.1535	1.1305
Diesel	1.0744	-	1.0744
LPG	0.8097	-	0.8097
CNG	0.8303	-	0.8303
A55 <sup>(1)</sup>	0.3915	-	0.3915

(1) Emulsion of water based hydrocarbon

Attachment A identifies the rolling ten-year average PPI rates from the U.S. Bureau of Labor Statistics associated with the fuel taxes for local governments (NRS 365) and the RTC fuel tax (NRS 373).

It should be noted that in July of 2010, the Bureau of Labor Statistics modified the publication structure for Material and Supply inputs to the Construction Industry. As a result, the PPI index for Highway and Street Construction (BHWY code) was discontinued and replaced with the PPI index for Other Nonresidential Construction (WPUIP2312301 code). The RTC Board of Commissioners approved a change to the new index in March 2011.

### Adjustments from Previous Years

**PPI Indexing.** On January 1, 2010, in order to transition to the PPI index, the CPI indexed amount was frozen at the rate in effect as of July 1, 2008 (FY 2009), and the new indexing provisions calculated on the PPI rate were implemented on the local, state and federal tax rates for gasoline, and state and federal tax rates for diesel and other special fuels. The annual incremental changes in Motor Vehicle Fuel Tax due to PPI increases in Washoe County follow:

<u>Annual Increases in Cents per Gallon</u>								
Fiscal Year	10 Yr. Avg. PPI	<u>Gasoline/Gasohol</u>			Diesel	LPG	CNG	A55 <sup>(1)</sup>
		RTC	Local Govt's.	Washoe County Total				
2020	1.30%	0.9769	0.1535	1.1305	1.0744	0.8097	0.8303	0.3915
2019	1.97%	1.4518	0.2281	1.6800	1.5968	1.2339	1.2033	0.5818
2018	2.15%	1.5511	0.2438	1.7949	1.7060	1.3183	1.2856	0.6215
2017	3.43%	2.3925	0.3760	2.7686	2.6314	2.0334	1.9830	0.9587
2016	5.25%	3.4794	0.5468	4.0262	3.8267	2.9571	2.8838	1.3942
2015	6.05%	3.7808	0.5942	4.3750	4.1582	3.2134	3.1336	1.5150
2014	6.22%	3.6595	0.5751	4.2346	4.0247	3.1102	3.0330	1.4663
2013	5.81%	3.2305	0.5077	3.7382	3.5530	2.7457	2.6775	1.2945
2012	4.98%	2.6377	0.4146	3.0522	2.9010	2.2418	2.1862	1.0569
<b>Total</b>		22.1834	3.4864	25.6697	24.3977	18.8539	18.3860	8.8889

(1) Emulsion of water based hydrocarbon

### **Improvements to the Regional Road System (RRS)**

The total estimated amount of revenue from indexed fuel taxes distributed to the RTC including CPI since inception is \$370.8 million through December 2019. This entire amount has been programmed along with other fuel tax revenues for project implementation and as the pledged revenue for debt service for four revenue bond sales totaling \$435 million that were implemented to fund road projects. Indexing serves as the main instrument for repayment of the debt service. As of August 2016, all the proceeds from the revenue bond sales have been expended and the RTC is back to primarily funding road projects with indexed fuel tax revenues. A complete list of bond funded projects can be found in attachment B and FY 2017 fuel tax funded projects are listed in attachment C.

### **Information Received from the Public Regarding the July 1, 2019 Adjustment**

No comments have been received at this point in time.

Attachments

**PRODUCER PRICE INDEX  
AVERAGE ANNUAL CHANGE  
ROLLING 10 YEARS**

**Source: Bureau of Labor Statistics, BONS Index**

10-Year Range	2009-2018
	-7.7%
	5.8%
	8.7%
	1.7%
	0.5%
	0.5%
	-5.6%
	-2.1%
	4.1%
	7.0%
<b>Rolling Avg</b>	<b>1.30%</b>

**Producers Price Index-Commodities**

Series Id: WPUIP2312301 - Other Nonresidential Construction, goods



**Attachment A**

**RTC 5 BOND PROJECTS  
EXPENDITURES LIFE-TO-DATE BY BOND ISSUE**

**Bond Funded Projects As of December 31,2016**

Project Number	Project Termini	Total
Multi	Pre Bond Project expenditures 1/26/09 - 6/26/09	\$ 676,250.00
212025	Bravo	868,552.43
242011	Bridge St. / Caughlin Pkwy	1,082,999.02
212035	Coliseum / Yori	760,551.79
222013	E. Glendale	1,226,316.58
222020	E. Lincoln	927,254.61
212021	Echo Avenue	982,740.74
222008	El Rancho	1,341,018.76
212029	Evans / Highland	1,059,969.42
542023	FY11 Bike/Ped Improvements	168,526.98
532010	Geiger Grade Realignment	930,831.03
542021	I-580 Northbound Widening	20,000,000.00
222016	International Place / Icehouse Rd.	454,427.71
244001	Intersection Corrective Maintenance	1,465,919.94
244002	Intersection Corrective Maintenance 2	1,247,536.73
244003	Intersection Corrective Maintenance 3	908,782.27
222017	Larkin / Madison	709,203.39
212024	Las Brisas	810,415.97
512009	Lemmon Drive	247,890.39
222009	Lillard	1,177,260.90
222021	Linda / Southern	1,201,904.97
212023	Longley	1,068,477.12
222015	Loop / Saloman	629,758.51
212036	Mae Anne	1,578,105.21
212015	Mae Anne	641,500.14
212005	Mae Anne Ave. Rehab.	34,040.09
212047	Mayberry	2,346,436.27
212034	Mayberry	2,628,315.23
540102	McCarran Sidewalk	149,880.50
212009	Military Road	2,780,321.83
212010	Mill Street	1,853,832.71
532005	Moana Lane Widening	35,600,521.94
212017	Moya Blvd	2,143,451.90
212026	Mt. Rose	472,072.02
212011	N. Virginia	2,222,151.95
212038	Neil / Gentry / Terminal	28,733.80
212048	Neil / Gentry / Terminal	367,661.85
221001	Nichols	927,641.90
212012	Parr Boulevard	2,469,679.82
212030	Parr Circle / Catron Drive	1,266,489.18
212044	Peckham	774,380.46
212013	Pembroke	1,716,870.84
532008	Plumb / Harvard	168,196.21
212045	Plumb Lane	6,675,556.78
532012	Plumb/Terminal ITS	289,717.07
540082	Pyramid / McCarran	20,570.64
540082	Pyramid / US395 Connector	69,319.56
212022	Ralston / Fifth	1,854,752.80
343010	Regional Road Maint. Patching 10	1,213.00
343011	Regional Road Maint. Slurry Seal 10	284,974.49
343014	Reg'l Road Maint. Crack Seal 11	124,043.11
343017	Reg'l Road Maint. Crack Seal 12	559,199.20
343012	Reg'l Road Maint. Patching 11	779,063.19
343016	Reg'l Road Maint. Patching 12	610,639.56
343013	Reg'l Road Maint. Slurry Seal 11	5,261,559.60
343015	Reg'l Road Maint. Slurry Seal 12	3,265,362.24
212006	Reno Consolidated 0901	1,486,366.81
212016	Reno Consolidated 0902	1,920,048.49
212018	Reno Consolidated 1001	785,000.04
212028	Reno Consolidated 1002	1,866,519.46
212031	Reno Consolidated 1003	3,168,984.84
212039	Reno Consolidated 1004	4,370,039.33
212040	Reno Consolidated 1005	863,131.10
212032	Reno Consolidated 1101	1,779,397.81
212033	Reno Consolidated 1102	2,850,741.31

**RTC 5 BOND PROJECTS  
EXPENDITURES LIFE-TO-DATE BY BOND ISSUE**

**Bond Funded Projects As of December 31,2016**

<b>Project Number</b>		<b>Project Termini</b>	<b>Total</b>
212041	Reno Consolidated 1103	Gould / Lewis / Prosperity / Sunshine / Kuenzli	1,707,326.79
542019	Reno/Sparks Bike Ped Plan	All jurisdictions	53,697.61
212042	Ridgeview	Plumas / Lakeside	358,493.10
510072	Robb Drive	I80 / Sharlands	117,182.91
222019	Rock Blvd	Glendale / Hymer	841,146.52
532011	SE Connector Phase I	Greg St/Clean Water Way	88,184,041.73
532013	SE Connector Phase II	Clean Water Way/South Meadows	120,524,435.00
530042	SE Connector Plan Alignment		202,034.91
542013	SE McCarran Study	Longley / Greg	96,307.07
542017	SE McCarran Widening Const.	Longley / Greg	39,109,202.14
212027	Security Circle	N. Virginia / N. Virginia	835,226.70
212037	Silver Lake	Stead / Sky Vista	764,518.22
212043	Socrates	McCarran / Sienna	1,914,449.46
222010	Sparks Consolidated 0902	Deming Way / Bergin / Franklin	1,152,135.55
220082	Sparks Consolidated 0903	Freeport / Steneri	2,231,867.08
222011	Sparks Consolidated 1001	Crane / Frazer / Hymer / Pacific / Pittman / Shaber / 15th-21st	5,008,735.59
222022	Sparks Consolidated 1101	Marietta / Snider	1,720,509.21
222025	Sparks Consolidated 1201	Greenbrae/ Merchant	1,724,834.89
222018	Spice Island / United Circle	Greg / Franklin - Spice Island / Spice Island	2,395,074.04
212019	Summit Ridge / Sky Mountain	W. McCarran / 4th	1,545,321.76
232002	Tanburg	7th / Mineral	219,915.75
212020	Taylor Street	Virginia / Kietzke	33,557.58
542025	TE Spot Intersection Project 11/12	All jurisdictions	1,309,401.64
542020	TE Spot Intersection Project 9/10	All jurisdictions	1,354,736.10
5328	US395 / Meadowood Interchange		7,652,863.09
532009	Veterans Parkway / Geiger Grade	Roundabout	5,375,728.77
222012	Victorian Phase II	Pyramid / McCarran	3,351,267.23
522008	Vista / Baring	NB Left turn lane	461,632.80
522007	Vista Boulevard	Los Altos / Wingfield Springs	8,603,385.79
212014	W. 7th Street	Madera Ct. / McCarran	809,705.94
212046	W. Huffaker	Del Monte / Spring Leaf	909,659.64
222014	York	18th / 4th	1,642,597.78
	<b>TOTAL</b>		<b>\$ 441,214,065.93</b>



**Regional Transportation Commission  
Reno, Sparks and Washoe County, Nevada**

**SCHEDULE OF CONSTRUCTION PROJECT EXPENDITURES  
GENERAL FUND  
(Regional Streets and Highways Fund)**

Year ended June 30, 2018

	Right- of-way Acquisition	Engineering and Inspection	Construction	Total
<b><u>Pavement Preservation Projects</u></b>				
<b>All Jurisdictions</b>				
Annual pavement preservation FY2017/2018	\$ -	\$ 398,914	\$ 5,909,908	\$ 6,308,822
Annual pavement preservation FY2018/2019-Crack Sealing	-	292,807	-	292,807
Annual pavement preservation FY2018/2019-Clean Water Water Way	-	59,670	-	59,670
Oddie/Wells Corridor Multi-Modal	-	50,751	-	50,751
<b>City of Reno</b>				
4th and Prater corridor improvement - Evans/Galetti	132,032	995,986	12,643,741	13,771,759
<b>City of Sparks</b>				
4th/Prater corridor improvement - Galetti/Pyramid	132,032	995,986	12,643,741	13,771,759
Total Pavement Preservation Projects	<u>264,064</u>	<u>2,794,114</u>	<u>31,197,390</u>	<u>34,255,568</u>
<b><u>Capacity Improvement Projects</u></b>				
<b>All Jurisdictions</b>				
ITS Network Pilot Project	-	216,473	448,919	665,392
Traffic Management 2A	-	11,399	228,035	239,434
<b>Washoe County</b>				
Southeast Connector phase 2 - Clean Water/S. Meadows	290,623	1,125,525	11,702,798	13,118,946
<b>City of Reno</b>				
Southeast Connector phase 2 - Clean Water/S. Meadows	1,162,494	4,502,100	46,811,192	52,475,786
Virginia St/ Midtown/ UNR	196,878	1,773,351	163,091	2,133,320
Bicycle and Pedestrian Improvement (2018) - Kesytone	-	116,685	-	116,685
Bicycle and Pedestrian Improvement (2018) - Mill-Terminal Way -McCarran	-	25,856	-	25,856
<b>City of Sparks</b>				
Pyramid/McCarran intersection improvements	35,445	-	-	35,445
<b>NV Department of Transportation</b>				
Pyramid/McCarran intersection improvements	-	1,107,555	9,910,205	11,017,760
Pyramid Hwy./US 393 connector	-	173,929	-	173,929
Total Capacity Improvement Projects	<u>1,685,440</u>	<u>9,052,873</u>	<u>69,264,240</u>	<u>80,002,553</u>
Total All Projects	<u>\$ 1,949,504</u>	<u>\$ 11,846,987</u>	<u>\$ 100,461,630</u>	<u>\$ 114,258,121</u>