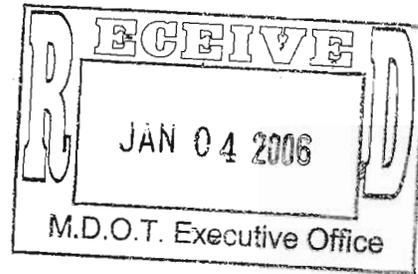




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To: Senator Dennis Damon
Representative Boyd Marley
Members of the Transportation Committee

From: Kate Dufour, MMA
Gary Williams, MaineDOT

Date: January 2, 2006

Re: Urban/Rural Initiative Program (URIP) Working Group

In the first session of the 122nd Maine Legislature, the Transportation Committee addressed bills seeking changes to the existing state/municipal road assistance program. In response to the issues raised in those bills, the Committee directed the Maine Department of Transportation (MaineDOT) to partner with the Maine Municipal Association and convene a working group to explore the issues raised with the existing state-local road program. The working group was directed to report back to the Transportation Committee on or before February 1, 2006. Specifically, the group was asked to report its findings and recommendations for addressing inequities in the distribution of Urban/Rural Initiative Program Funds (URIP), the limitations on the uses of the URIP funds, as well as to how Maine compares with other states in its allocation of funds to municipalities.

On August 16, 2005 a group of municipal officials and MaineDOT representatives met to address the issues raised by the Transportation Committee. As you will see in the attached list, both the MaineDOT and urban, suburban and rural municipalities were represented in the discussion. As requested by the Committee, an invitation to participate in that meeting was also extended to Representatives Doug Thomas and Ross Paradis. Unfortunately, neither of the Representatives could attend the meeting.

We are happy to report the working group's recommendations are unanimous. While some members of the working group expressed concerns with URIP, overall the group believes that: 1) the URIP funds are being equitably distributed to the municipalities; 2) the limitations on the use of the revenue are acceptable; and 3) the program is appropriately funded.

Funding Inequities. In the simplest terms, the state distributes URIP funds to 491 municipalities and 10 counties each year in quarterly payments. Each entity receives \$600¹ per year per lane mile for all rural state aid minor collectors and all public roads maintained by a

¹ The distribution rate for seasonal public roads is \$300 per lane mile.

municipality located outside of the urban compact area and \$2,500² per year per lane mile for summer maintenance and \$1,700 per year per lane mile for winter maintenance on state highways located within the compact area (i.e., the more built-up sections of the state and state aid highway system within the 43 designated urban compact municipalities). The program also ensures that each municipality will receive a minimum state subsidy for roads, regardless of the number of lane miles. The “hold harmless” clause in the statutes guarantees that future payments will not fall below the 1999 payment amount.

Although the working group acknowledges that the amount of URIP revenue distributed to rural and urban communities varies, the group also understands that the higher distribution amounts for urban areas are directly associated with the higher costs for maintaining the busier state and state aid roads. The “hold harmless” guarantee in the law also assures that all municipalities received some assistance.

When the working group closely examined the impact of the “hold harmless” guarantee, the members of the group found that the guarantee reshapes the issue of “inequity”. Currently, there are ninety-five municipalities that are being held harmless, whereas in just the last fiscal year 210 municipalities were being held harmless. Since in these municipalities reimbursement is not based on the current number of lane miles, but rather on the basis of a guarantee based on 1999 payments, the actual per lane mile reimbursement is greater than the \$600 provided for in statute. According to MaineDOT, the reimbursement provided to hold harmless communities ranges from \$5,200 to \$643 per lane mile.

Some of the working group members raised two concerns with the treatment of “hold harmless” communities. Some members of the group were concerned that the existing practice shifts a portion of available URIP revenue from one group of communities to the hold harmless communities. A second concern was raised with the on-going use of the hold harmless provision. Some members of the working group believe that the hold harmless provision should be phased-out, which would mean that those towns would see a decrease in their current funding amount. However, the group believes that now is not the right time for that change.

Limitations. Under URIP, state funds must be used for capital improvements. However, there are two exceptions to that rule. One exception allows URIP funds to be used for maintenance or improvements of public roads located in urban compact areas. The second exception allows the URIP funds to be used for both capital and maintenance expenses in a community where there are no state aid minor collector roads and the town affirmatively votes that local roads and bridges located in the community are in good condition as to not require significant repairs or improvements for at least ten years.

When the local road assistance program was reformulated into URIP in 1999, one of the basic tenets that guided the transformation was a commitment to making capital improvements to Maine’s rural local and minor collector transportation infrastructure. Municipal officials believed in that goal then, and still do today. For that reason, municipal officials support keeping the limitations on the use of URIP revenue to ensure that all communities continue to use this

² The \$2,500 per lane mile rate is for the first and second lanes. The rate for the third and subsequent lanes is \$1,250 per lane mile.

state revenue to make capital improvements to the local road and/or minor collector infrastructure system.

State Funding. In addition to exploring the URIP mechanisms, the Transportation Committee also asked the working group to explore how Maine compares with other states in its allocation of funds to municipalities for transportation projects. According to MMA staff's interpretation of some of the Federal Highway Administration's (FHWA) 2003 Highway Statistics Report data, Maine allocates \$17 on a per capita basis and \$1,551 per local road mile in state aid to municipalities, which in both cases is 38th in the nation. It is assumed that most states have a similar "grant-in-aid" program as Maine does in the form of URIP.

According to the MaineDOT's interpretation of other FHWA 2003 Highway Statistics, Maine ranks rather high in its funding for minor collector roads. Relative to the minor collector highway system, in most states, the maintenance of these roads rests with the local agencies whereas MaineDOT ranks 2nd highest in amount of maintenance dollars spent on these state aid roads. Relative to capital improvements on minor collectors, MaineDOT ranks 15th highest in amount of capital funding whereas Maine was near the bottom in 1996.

Regardless of the data and the interpretation of that data, which can vary widely, all members of the working group, including MaineDOT representatives, believe that the state's current level of funding to the Urban/Rural Initiative Program is appropriate.

Thank you for the opportunity to address these issues. We hope that you find this information helpful.

c.c. Gary Williams
Theresa Savoy
Peter Coughlan

Urban/Rural Initiative Program (URIP) Working Group Membership

Municipal Representatives

Errol Additon, Selectman, Town of Leeds
John Anderson, Manager, Town of Boothbay
Ralph Farnham, Councilor, Town of Oakland
Elaine Fuller, Selectman, Town of Manchester
Carl Pease, Councilor, Town of Hampden
George Richardson, Selectman, Town of Westport Island
Terry St. Peter, Manager, City of Belfast
Don Shepley, Councilor, Town of Hermon
Tom Sotir, Councilor, City of Augusta
Thomas Stevens, Manager, City of Presque Isle

Kate Dufour, MMA Staff

Maine Department of Transportation Representatives

Gary Williams, Federal Liaison and Special Projects Coordinator
Peter Coughlan, Director, Community Services Division
Fred Hutchinson, Urban/Rural Initiative Program Administrator
Nate Howard, Planning Analyst