

May 14, 2020

Iowa Transportation Commission

Tom Rielly, Chair

Nancy Maher, Vice-Chair

Richard Arnold

Kathy Fehrman

Linda Juckette

John Putney

Charese Yanney

*Delivered electronically*

Re: Request for Authorization to Borrow Funds from the RISE Fund

Dear Commissioners,

As we have for the last two years, we are requesting your authorization to temporarily transfer funds from the RISE fund to the Primary Road Fund (PRF) during state fiscal year 2021. This request is made pursuant to section 315.3(3)(b) of the Iowa Code, which states:

*If the state transportation commission receives and files a letter from the director of transportation certifying that the cash flow funding of the department may be inadequate to meet anticipated road construction costs, the commission may authorize the temporary transfer of funds from the RISE fund to the primary road fund. Funds transferred under this paragraph shall be repaid to the RISE fund within six months of transfer.*

By this letter, I am certifying the cash flow funding of the department may be inadequate to meet anticipated road construction costs during fiscal year 2021. As we have discussed in the past, it is not a certainty that we will need to borrow RISE funds to meet cash flow needs in the highway program, but there is enough uncertainty to PRF revenue and expenditures in fiscal year 2021 to suggest that it is possible borrowing RISE funds may be necessary. Therefore, we believe it's prudent to request your authorization to do so. As with last year, the uncertainty of PRF expenditures is due to the large I-74 project in the Quad Cities and the increased drawdown of federal funds by local jurisdictions during this coming construction season. In addition, the anticipated reduction in PRF revenue due to the COVID-19 pandemic will also impact our PRF balances.

As we are doing this year, we will continue to provide regular updates throughout the year on the status of PRF revenue and expenditures and will of course advise you if it proves necessary to borrow RISE funds. If we do borrow RISE funds, we do not expect that would impact your ability to continue to award RISE funding to all eligible projects. In addition, as required by Iowa Code, any funds borrowed and transferred will be repaid to the RISE fund within six months of transfer.

Iowa Transportation Commission

May 14, 2020

Page **2** of **2**

Our request for your authorization will be part of our recommendation for Commission approval of the 2021-2025 Iowa Transportation Improvement Program, and your authorization would be memorialized in the order approving the program. A copy of the proposed order is included with this letter. The authorization to borrow will apply through the end of fiscal year 2021 which is June 30, 2021.

Please let me know if you have any questions or would like additional information. I look forward to seeing you all in June.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Marler", written in a cursive style.

Scott C. Marler, Director