

3. FUNDING

In theory, funding assumptions for the Cache MPO Long Range Transportation Plan should flow down from assumptions in the UDOT Statewide Long Range Transportation Plan and be consistent with all other MPOs across the State of Utah. In practice, plans will not always be completed in sequence and each plan, either MPO or statewide, should draw from the best available funding assumptions of earlier plans and seek ways to maintain consistency with other documents amidst evolving assumptions. The Utah Department of Transportation completed a Statewide Long Range Transportation Plan in October 2003 and the Wasatch Front Regional Council completed an update of their Long Range Transportation Plan in December 2003. The following assumptions regarding long-term funding for transportation projects in Utah draw collectively from these two plans and are the foundation for funding assumptions included in the CMPO Long Range Transportation Plan:

- No additional bonding beyond fiscal year 2007,
- A five-cent gas tax increase every six years beginning in 2006 (updated from UDOT's 2005 start year assumption),
- Three percent annual growth rate for state funds,
- Two percent annual growth rate for federal funds,
- No additional general fund appropriations beyond 2017, and at levels currently shown in the CHF financing plan.

A. Statewide Highway Funding

Table 3-1 summarizes the statewide funding assumptions included in UDOT's Long Range Transportation Plan.

Statewide Funds Available

"Statewide Funds Available" comes from UDOT's statewide long range plan, *Utah Transportation 2030*. It is based on listed assumptions and net of UDOT operating budget, transfers out, and B&C Road allocations. UDOT's estimate, \$10,605,000,000 has been reduced by two percent to reflect the later start date of the first gas tax increase assumed in the plan.

Federal Funds Available

"Federal Funds Available" are also from *Utah Transportation 2030*, which does not offer details in terms of specific funding programs included within it. It is the total of all federal funding UDOT anticipates receiving from the federal government.

Other Funds Available

"Other Funds Available" are taken from *Utah Transportation 2030*. "Other Funds" are estimated by UDOT as registration fees not subject to B&C allocation and currently going to Centennial Highway Funds.

Maintenance and Preservation Costs

This is a total of all non-congestion relief funding, again from UDOT's statewide long range plan.

Maintenance and Preservation Costs – Contingency

The contingency reflects an additional 20 percent of Maintenance and Preservation Costs reduction from "Total Funds Available." This is because UDOT's Congestion Relief funding estimate may have been high and that a top priority of the Department is the ongoing maintenance and preservation of the existing transportation system.

Table 3-1: Total Statewide Highway Funds 2005-2030

| | |
|--------------------------------------------------|-------------------------|
| Statewide Funds Available | \$10,392,900,000 |
| Federal Funds Available | \$4,952,600,000 |
| Other Funds Available | \$290,300,000 |
| Total Funds Available | \$15,635,800,000 |
| Maintenance and Preservation Costs | -\$5,179,300,000 |
| Maintenance and Preservation Costs - Contingency | -\$1,035,860,000 |
| Total Net Funds Available for Capacity | \$9,420,640,000 |

**B. CMPO
Areawide Funding**

**i. Highway
Funding**

Table 3-2 shows funding projections for the Cache MPO area. Assumptions for each item in Table 3-2 are detailed below.

Federal Funds Programmed Directly to CMPO

This is an estimate of future federal funding based on current federal funding levels. The \$32,283,000 shown in Table 3-2 is a sum of Surface Transportation (STP) funds and planning (PL) funds, each grown from existing contributions (STP=\$800,000 and PL=\$121,542) at two percent per year (see federal funding assumptions in previous page) to the year 2030.

Net UDOT Funds for CMPO

Several steps iterations of this number were used before arriving at an estimate agreed upon by UDOT officials. First, of the “Total Net Funds Available for Capacity” in Table 3-2, UDOT assumed that four percent would be distributed to the Cache MPO (*Utah Transportation 2030*, Executive Summary, page 9). Second, based on population projections by the Utah Governor’s Office of Planning and Budget suggesting that other counties (Tooele, Box Elder, and Summit Counties) will exceed populations of 50,000 people during the planning horizon and so would be competing for these funds as well, UDOT’s assumption of a four percent share to the Cache MPO was reduced to three percent. Finally, upon further coordination with UDOT and amidst preliminary discussions within UDOT regarding the update of their statewide long range plan, the estimated new capacity funding to the Cache MPO was revised to approximately \$250,000,000 by the year 2030, representing a Cache MPO share of statewide funding of approximately 2.6 percent.

CMPO Projected B&C Funds

Estimating transportation-related costs is a challenge, particularly in smaller areas, since systematic planning for maintenance and preservation activities is not always accomplished until the needs become acute. In many respects, it is tempting to suggest that total B&C fund distributions from the current 24.5 cent per gallon gasoline tax will offset the ongoing maintenance and preservation costs, which has generally been the historic trend. However, one advantage of consistent planning for a continuing gasoline tax increase is beginning to anticipate short term “surpluses” of B&C funds above the ongoing maintenance and preservation needs. Although the priorities of the Legislature are difficult to predict on an annual basis, sound planning principles call for the anticipation of funds and the thoughtful application of their use, as opposed to crisis management with insufficient funds.

“CMPO Projected B&C Funds” starts with existing statewide B&C funding for 2003=\$115,755,260 according to UDOT FY 2003 Funding Allocation Summary. That amount is grown by three percent per year to 2030 (see state funding assumptions in previous page). Added to this are gas tax receipts, assuming a five-cent increase every six years beginning in 2006. From the total of future B&C funds and future gas tax receipts, the Cache MPO share is assumed to be 3.4 percent, a share held constant and consistent with existing B&C fund allocations.

CMPO Maintenance and Preservation Costs

The WFRC uses the following assumptions to estimate maintenance and preservation costs to local governments which have been historically paid for by B&C road funds:

- \$1,500 per lane mile for road maintenance,
- \$4,500 per lane mile for road preservation and reconstruction,
- \$2,100 per lane mile for traffic operations and safety.

These assumptions about annual maintenance costs have been used in the CMPO Long Range Plan. The cities included in the CMPO currently maintain approximately 812 paved lane miles. “CMPO Maintenance and Preservation Costs” are the result of each of the three costs shown above applied to 812 paved mile lanes. In addition, a 20 percent contingency is applied to maintenance and preservation costs to reflect the uncertainty and priority of these activities. This total is grown at three percent per year to the year 2030 to reflect state funding assumptions discussed at the beginning of this chapter.

Additional CMPO Local Funding

This category is perhaps the most speculative and the least quantifiable. It assumes \$2,000,000 per year grown at a rate of three percent annually to the year 2030. Local funding might include sources such as development impact fees, general fund obligations, local option sales tax, etc.

Table 3-2: CMPO 2005-2030 Total Highway Funds

| | |
|---------------------------------------------|------------------------|
| Federal Funds Directly Programmed to CMPO | \$32,282,732 |
| Net UDOT Funds for CMPO | +\$250,000,000 |
| 2030 Statewide B&C Funds | \$4,734,496,921 |
| 2030 Statewide Gas Tax Receipts | <u>\$2,679,369,838</u> |
| Total | \$7,413,866,759 |
| 3.4 % of Total for CMPO | x .034 |
| CMPO Projected B&C Funds | +\$252,071,470 |
| CMPO Maintenance and Preservation Costs | -\$322,816,257 |
| Additional CMPO Local Funding | +\$81,801,845 |
| Net Available Funds for New Capacity | =\$293,339,790 |

It is important to understand that the ‘Net Available Funds for New Capacity’ in the CMPO are neither an entitlement of funds nor a set apportionment of any subset of funds. They reflect only an estimate of available funds over the 25 year planning horizon. In fact, the CMPO has very little funding authority and is responsible for programming a relatively small amount of funds, primarily in the form of Surface Transportation Program (STP) funds apportioned from the Federal Highway Administration to each Urbanized Area. Through the cooperative planning process, the CMPO must also agree upon and include in the Transportation Improvement

ii. Transit Funding

Program all other projects completed in the area using other federal funds. Although the CMPO has no programming power beyond STP funds, through the cooperative planning process it has influence on the programming of state and local funding.

Transit funding has not been directly quantified over the 25 year planning horizon but should be discussed. Transit in the Cache Valley Transit District is funded through a ¼ cent sales tax of participating cities. No fares are charged for transit service so there is no farebox revenue. It is anticipated that increases in transit service will generally correspond to funding increases above and beyond the growth of the existing sales tax at the present tax rate. However, it is unclear whether transit funding will opt for farebox revenue, dedicated transit sales tax (rate) increases, packaged highway and transit sales tax (rate) increases, or some other form. Although there is some flexibility in using “highway funds” for transit, transit plans will generally be self-sufficient in the sense that any major transit expansion would generally require a dedicated transit funding analysis resulting in a no net difference between transit revenue and transit expenses.

Table 3-3 summarizes the expected transit funding over the short term period from 2003 to 2010. All information in Table 3-3 is from the *Cache Valley Short Range Transit Plan FY2003-2007*. Funding beyond this point will depend on a variety of policy factors presently being considered by the Cache Valley and Logan Transit Districts depending on the perceived willingness of the tax payers to pursue elements of the Ultimate Transit Plan within the 25 year planning horizon.

Table 3-3: 2003-2010 Transit Funding

| | CVTD | LTD |
|--------------------|-------------|--------------|
| Net Operating Cost | \$6,198,600 | \$13,360,700 |
| Net Capital Cost | \$840,000 | \$5,195,500 |
| Sales Tax Revenue | \$5,538,800 | \$12,577,300 |
| Federal Revenue | \$2,055,000 | \$5,212,500 |
| Other Revenue | \$222,300 | \$1,347,000 |

Source: LSC Consultants

Note Federal Revenue include FTA Section 5307, 5309, and 5311 funding.

Other Revenue includes capital reserve and may result in net revenues.

C. Programming Authority of Funding

Table 3-4 takes the individual line items identified in Table 3-2 and summarizes total funds for the Cache MPO for 2005-2030 in the appropriate funding categories that may be expected over the planning horizon.

It should be emphasized that the CMPO has no programming or direct approval power over the vast majority of funding, including state and local funding. However, it is important for the CMPO to create the regional leadership necessary to establish the system of improvements that each partner entity can help implement. Therefore, it is wise for the Cache MPO to plan for the entire \$293 million of expected funding in the Cache MPO area, but it is also misleading to imply that the Cache MPO has this full amount, or even a majority of this amount, in any near-term or future programming capacity.

CMPO Funds Available for New Capacity

This is the total of all lines from Table 3-2.

Federal STP Cache

This is an estimate of future STP funding based on current federal funding levels. It assumes the existing \$800,000 annual contribution increased at two percent per year (see federal funding assumptions in previous page) to the year 2030. It is a portion of the “Federal Funds Directly Programmed to CMPO” from Table 3-2, along with “Federal PL Cache” below.

Federal PL Cache

This is an estimate of future PL funding based on current federal funding levels. It assumes the existing \$121,542 annual contribution increased at two percent per year (see federal funding assumptions in previous page) to the year 2030. Along with “Federal STP Cache” above, it is a portion of the “Federal Funds Directly Programmed to CMPO” from Table 3-2.

Other Federal

“Other Federal” is 31.3 percent of the \$250,000,000 “Net UDOT Funds for CMPO” from Table 3-2. This proportion is consistent with UDOT’s proportion of federal funds to total distribution from their long range plan. When added to “State” and “CHF/Other”, it totals \$250,000,000.

State

“State” is 66.9 percent of the \$250,000,000 “Net UDOT Funds for CMPO” from Table 3-2. This proportion is consistent with UDOT’s portion of state funds to total distribution from their long range plan. When added to “Other Federal” and “CHF/Other”, it totals \$250,000,000. It is important to note that projected state funds in Table 3-4 are larger than identified state projects in Chapter 4’s project list shown in Table 4-1

CHF/Other

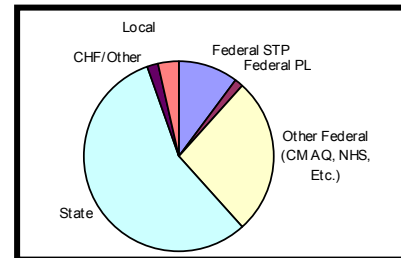
“CHF/Other” is 1.8 percent of the \$250,000,000 “Net UDOT Funds for CMPO” from Table 3-2. This proportion is consistent with UDOT’s portion of other funds to total distribution from their long range plan. When added to “Other Federal” and “State”, it totals \$250,000,000.

Local

“Local” funds in Table 3-4 is the total of “CMPO Projected B&C Funds” and “Additional CMPO Local Funding” minus “CMPO Maintenance and Preservation Costs” all from Table 3-2.

Table 3-4: Total CMPO Funding Categories 2005-2030

| CMPO Funds Available for New Capacity | \$293,339,790 | 100% |
|----------------------------------------------|----------------------|-------------|
| Federal STP Cache | \$28,024,968 | 10% |
| Federal PL Cache | \$4,257,763 | 1% |
| Other Federal (CMAQ, NHS, Etc.) | \$79,186,869 | 27% |
| State | \$166,171,547 | 57% |
| CHF / Other | \$4,641,592 | 2% |
| Local | \$11,057,058 | 4% |



Much of the planning emphasis of the earlier Cache MPO LRP has been on the estimated STP funding, which should be noted has been reduced from an estimate of over \$38 million from the period of 1998 to 2025 to today’s estimate of approximately \$32 million over the next 25 years. The appropriate role of the LRP is to establish the vision of transportation improvements across the region based on fiscal assumptions of almost \$300 million of available funding. However, the

role that the Cache MPO can play in terms of prioritizing these projects and ensuring implementation of solutions to meet the projected transportation needs of the area are less than one tenth this total amount. The Project Development section of this plan discusses the role of prioritizing projects for each available funding category.

Since funding is complicated by the restrictions of each source, it is important to track the progress of broad funding sources. While this is important for all funding, it is of vital importance for the vast majority of funding which is beyond the direct control of the Cache MPO. The Cache MPO must meet with UDOT staff on an annual basis to track past and projected future funding. Table 3-5 provides an estimate of projected funding over various time periods of the 25 year plan. The projected shortfall of local funding above local revenue in the early years is of particular importance since it reflects the need for either additional local funds or the cost of deferred maintenance.

Table 3-5: Phased CMPO Funding (rounded)

| | Total 2005-2030 | Phase I 2005-2010 | Phase II 2010-2020 | Phase III 2020-2030 |
|-------------------------|------------------------|--------------------------|---------------------------|----------------------------|
| Total CMPO Funds | \$293,340,000 | \$33,532,000 | \$94,943,000 | \$164,536,000 |
| Federal STP | \$28,025,000 | \$5,250,000 | \$10,263,000 | \$12,511,000 |
| Federal PL | \$4,258,000 | \$798,000 | \$1,559,000 | \$1,901,000 |
| Other Federal | \$79,187,000 | \$14,835,000 | \$29,000,000 | \$35,351,000 |
| State | \$166,172,000 | \$20,876,000 | \$54,935,000 | \$90,360,000 |
| CHF/Other | \$4,642,000 | \$583,000 | \$1,535,000 | \$2,524,000 |
| Local | \$11,057,000 | -\$8,770,000 | -\$2,241,000 | \$22,067,000 |

Assumptions:

Statewide 5 cent gas tax increases every 6 years beginning 2006

Federal funds increase 2% per year.

State and Local funds increase 3% per year.

Per mile roadway maintenance costs include 20% contingency.

State and Other Federal funds coordinated with UDOT forecasts.

Local funds based on \$2 million per year and may include:

- *Development impact fees and development contributions*
- *Toll Facilities,*
- *General Fund assistance,*
- *Local option Sales Tax, and other sources.*