

CHAPTER SEVEN – FUNDING

Funding assumptions for the 2007 update to the Cache Regional Transportation Plan were based on ground-breaking coordination between the four Utah MPOs (Cache, Dixie, Wasatch Front, and Mountainland) and UDOT. Utah follows an advanced practice in the development of a Unified Transportation Plan, encompassing a summary of the Regional Transportation Plan of each of the four MPOs as well as the rural areas planned by UDOT. In order to ensure consistency for this Unified Plan, each individual Regional Transportation Plan followed a common set of demographic, financial, cost estimating, and related assumptions. Therefore, the cost assumptions included in the CMPO Regional Transportation Plan Update are consistent with those made statewide.

The following assumptions regarding long-term funding for transportation projects in Utah are drawn collectively from all concurrent transportation plans and included in the CMPO Regional Transportation Plan:

- All financial assumptions are presented in future year dollar values including inflation.
- Committed CHF projects are assumed complete by 2009.
- TIF program replaces CHF program with 8.3 percent sales tax plus \$90 million in 2006 growing to include 16.6 percent of total sales tax (equal to the value of automobile related sales tax) by 2011.
- State gas tax will be increased by \$0.05 per gallon in 2016 and by an additional \$0.05 per gallon in 2026.
- Federal funds and programs are projected to increase at a rate of two percent per year, below the rate of highway inflation.
- State B&C program are projected to continue at present 25 percent of total fuel tax revenue.

I. Statewide Highway Funding

Following these statewide assumptions, the Utah Department of Transportation estimated revenue needs to accomplish their “Final Four” transportation goals. These goals include:

- Take Care of What We Have,
- Make the System Work Better,
- Improve Safety,
- Increase Capacity.

UDOT estimated the amount of money necessary over the 25 year planning horizon to meet each goal. Since total revenue was insufficient to accomplish all of the state’s goals, revenue shortfalls were expressed in a shortage of funding for new capacity, with the first three goals completely met. The remaining funds for capacity were assumed to be available for each MPO based on that MPO’s share of total statewide population within each planning phase. Table 7-1 summarizes the statewide funding assumptions included in UDOT’s Long Range Transportation Plan.

Table 7-1: Statewide Funding Assumptions

	2007-2015	2016-2025	2026-2030	TOTAL 2007-2030
Revenue				
Total Federal Revenue	\$2,411.2	\$3,280.2	\$1,900.4	\$7,591.8
Total State Revenue	\$5,837.0	\$14,412.6	\$10,774.8	\$31,024.5
Total Revenue	\$8,248.2	\$17,692.9	\$12,675.2	\$38,616.2
Outside Expenses/Transfers	\$1,834.7	\$2,914.4	\$1,979.4	\$6,728.4
UDOT Operations	\$1,631.8	\$2,189.1	\$1,268.2	\$5,089.2
Total Available Revenue	\$4,781.7	\$12,589.4	\$9,427.6	\$26,798.7
Expenses				
Take Care of What We Have	\$2,758.5	\$4,483.3	\$3,208.2	\$10,481.0
Make the System Work Better	\$187.3	\$331.4	\$237.1	\$755.8
Safety	\$231.6	\$409.8	\$293.2	\$934.5
Total Capacity	\$2,542.6	\$9,206.2	\$7,111.2	\$18,860.0
CMPO Capacity	\$101.7	\$386.7	\$312.9	\$801.3

A. State (UDOT) Capacity Funds Available

The final row in Table 7-1 presents the estimated CMPO capacity funds which will be available from UDOT-related sources. While UDOT’s assumed distribution provides much needed funding for congestion relief throughout the state, in small areas such as Cache County there is not a sufficient mix of state and local highways to allow UDOT funds to be fully spent on state highways in the CMPO. The CMPO plan assumes that State Capacity Funds will be available for both state and non-state highways throughout the CMPO. Future plans must address this potential planning conflict by defining the purpose of state revenue gains in urbanized areas throughout the state.

II. Federal Funds

Two sources of federal funds are projected to be available directly to the CMPO. These funds include Surface Transportation Program funds which are currently available, and Congestion Mitigation – Air Quality funds, which may be available to the CMPO in the future.

A. Federal STP Funds

The CMPO presently receives approximately \$821,000 annually through a federal apportionment of Surface Transportation Funds. These funds are received on an annual basis and are available for programming directly by the CMPO. Over the past several years, the CMPO has saved this apportionment so that a balance of approximately \$5.776 million exists for several high-priority projects identified by the CMPO in their last Long Range Transportation Plan and presently included in the CMPO Transportation Improvement Program (TIP). The annual CMPO STP apportionment is projected to continue throughout the life of the plan and grow at a rate of two percent per year.

B. Federal CMAQ Funds

In addition to STP funds, federal funds may be provided directly to the CMPO in the future if the CMPO planning area is designated as a “non-attainment area” for the National Ambient Air Quality Standards. Funds available to MPOs with such air quality problems are termed Congestion Mitigation – Air Quality (CMAQ) funds and are only eligible to be spent on certain projects which do not increase single-occupant vehicle capacity such as intersection improvements, carpool promotion, transit improvements, etc. The specific restrictions of these funds, combined with the fact that they are only available after air quality problems are established, limit the value of CMAQ funds in many areas. Despite this limitation, these funds do provide an additional revenue source. The timing and amount of this funding are subject to actual air quality non-attainment status which is projected in Cache County for particulate (PM 2.5) pollution in 2010 and based upon coordination with UDOT and the Utah Department of Environmental Quality, Division of Air Quality. CMAQ funds were projected to be available in the CMPO beginning in the year 2010 at a level of \$200,000 per year and increasing at two percent annually through the life of the plan.

III. Local Funds

The Unified Planning assumptions developed by each MPO established a clear federal and state funding assumptions but left local funding available for each MPO to plan individually. Local funding assumptions may include a wide range of funds such as development impact fees, local toll roads, corridor preservation funds (as established by the state legislature), and other local funding sources. Estimates of local funds do not require a present-day tax increase or any immediate steps by the elected body of the CMPO Executive Council and simply provide for a planning framework for which future funds may be available based on future political willingness.

A. Corridor Preservation Funds

In 2006, the Utah State Legislature allowed each County Council of Governments to enact a county-option vehicle registration fee of \$10 per vehicle. In fact, in 2006 UDOT established a portion of funding available to match corridor preservation because it provides a strong financial savings of buying vacant or undeveloped land prior to transportation need. Based on the approximate 70,000 registered vehicles in Cache County, it is estimated that if this fund were established in the year 2010, the county would collect approximately \$737,000 annually. This fund was projected to begin in Cache County by the year 2010, continue throughout the life of the plan, and grow at a rate of four percent per year.

B. Quarter-Cent Sales Tax

Also in 2006, the State Legislature allowed for a local option quarter percent sales tax which can be available for transit or highway projects upon a countywide election. Salt Lake County recently adopted this sales tax increase (bringing Salt Lake County to $\frac{3}{4}$ of a cent, $\frac{1}{2}$ cent larger than Cache County) and earmarked the funds for a variety of TRAX expansion projects and several highway improvements. It is unclear how Cache County might divide the funding between transit and highways and there appears to be no short-term movement to establish this funding. However, given the political willingness and support by the general electorate, it is

estimated that a ¼ cent local option sales tax in Cache County could begin as soon as 2010, would collect approximately \$2 million per year, and would grow at a strong rate of 5.5 percent annually.

C. State B&C Funds

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 been the general historic trend. In reality, B&C funds often increase to meet the ongoing maintenance costs in a sporadic fashion such that short-term deficits may exist. The 2006 and 2007 legislative priority of putting sales tax into transportation funding has left local governments with a gap of maintenance needs which is not covered by gas tax revenues. Although the projected gas tax increase in 2016 and 2026 will help provide needed local revenue to Cache County local governments, this revenue is not projected to keep pace with growing local maintenance needs.

The Cache MPO share of statewide B&C funds is presently approximately 3.4 percent of the total B&C funds, which is assumed constant for the purpose of this plan. With highway maintenance and construction costs estimated to increase at four percent per year, the 2.5 percent increase in gasoline taxes is not projected to keep pace with maintenance and preservation costs in the CMPO. It is strongly recommended that the present formula of allocating 25 percent of state gas tax to local governments be amended to reflect either increasing an increasing share of gas taxes or a 25 percent share of total state transportation revenue. While the 2006 legislative increase to UDOT funding is welcome, UDOT must recognize their role to set the example that good roads cost less at the local level, and provide maintenance and preservation relief to local governments.

D. CMPO Maintenance and Preservation Costs

The WFRC used 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. Based on these MPO estimates, state B&C funds are not keeping pace with Cache MPO local government maintenance and preservation costs.

IV. Total Highway Funding

Table 7-2 summarizes each funding source and provides for a phased estimate of CMPO capacity funds available by 2030. Due to restrictions placed on several funding sources, actual funding available to the CMPO may be less than the total funds identified.

Table 7-2: Total Highway Funds in the CMPO by Phase

	Phase I (2007-2015)	Phase II (2016-2025)	Phase III (20026-2030)	Total
Federal STP Funds	\$14,765,721	\$10,958,420	\$6,348,735	\$32,072,876
Federal CMAQ Funds	\$1,261,624	\$2,466,233	\$1,428,806	\$5,156,663
State (UDOT) Capacity Funds	\$101,704,445	\$386,660,177	\$312,894,548	\$801,259,170
Local 1/4 Cent Sales Tax	\$13,776,102	\$35,506,178	\$19,717,403	\$68,999,683
Local Vehicle Registration Fee	\$3,668,235	\$8,401,388	\$7,480,412	\$19,550,036
Net B&C Revenue - Maintenance Expense	-\$46,717,600	-\$70,288,228	-\$48,838,340	-\$165,844,168
Total Revenue	\$88,458,527	\$373,704,168	\$299,031,565	\$761,194,260

V. Transit 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 fare box 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 fare box revenue, dedicated transit sales tax increases, packaged highway and transit sales tax increases, or some other form. Although there is some flexibility in using “highway funds” for transit, transit plans will generally be self-sufficient in 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 7-3 summarizes the expected transit funding over the short term period from 2007 to 2011. All information in Table 7-3 is from the *Cache Valley Short Range Transit Plan June 2006 (see enclosed CD)*. Funding beyond this point will depend on a variety of policy factors presently being considered by the Cache Valley Transit District depending on the perceived willingness of the tax payers to pursue elements of the Ultimate Transit Plan within the 25 year planning horizon.

Table 7-3: 2007-2011 Transit Funding

Source	FY 07	FY 08	FY 09	FY 10	FY 11
Total Operating and Capital Funds (including FTA funds)	\$5,496,425	\$6,949,227	\$9,544,917	\$7,617,494	\$6,070,151