



FUNDING THE PLAN

INTRODUCTION

Key to the Long Range Transportation Plan update is demonstrating that the costs associated with projects and programs included within the recommended plan are within the region’s transportation budget. In the planning process, the MPO must document the costs of short-term (TIP) and long-term (LRTP) planning period recommended actions and that there is funding (federal, state, or local sources) to implement the action. The LRTP financial assessment is required to address the costs and funding of both system improvements (expansion) and maintenance / operation / rehabilitation of the existing and expanded systems. While it is a local decision as to how much of the total estimated transportation budget will be allocated to system expansion (new routes, adding lanes to existing routes, adding new or improving existing interchanges) relative to the amount allocated to maintenance and operations (overlays for existing routes, signal system upgrades and operating routes), FHWA evaluates the reasonableness of the split relative to the planning guidelines. The federal planning guidelines address ensuring maintenance of the current system as well as accommodating future growth.

<p><u>Expansion Projects</u> Focused on improving traffic flow or safety through:</p> <ul style="list-style-type: none"> • Adding through lanes or turn lanes. • New streets/roads. • Upgrading to an intersection roundabout. • New / Improved Interchanges on the interstate. <p><u>Maintenance/Operations Projects</u> Are solely focused on maintaining the current network:</p> <ul style="list-style-type: none"> • Resurfacing and reconstructing streets (no new lanes) • Bridge replacement. • Maintaining buses. • Operating daily transit service • Trail maintenance.
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The financial assessment for the LRTP is divided into two key elements:

- Funding level estimates for the planning period through 2035.
- Individual project and program costs for:
 - Maintaining the current multimodal system.
 - Operating the current multimodal system.
 - Expanding the current multimodal system to address current deficiencies and/or future growth in the region.



The purpose of this chapter is to document the methods, assumptions and estimates of the funding available for LRTP projects throughout the planning period. The types of projects that are included in the LRTP are illustrated in the pyramid below as the blue top of the pyramid; those projects that relate to maintenance / operations / rehabilitation shown in green are not included in the LRTP project list.

Allocation Categories for Transportation Funding in LRTP



FUNDING APPROACH

Direction in federal metropolitan transportation planning rules is relatively broad in that MPOs are required to provide estimates of the funding that can reasonably be expected to be available for throughout the planning period. The MPO and the LRTP study team has employed a relatively conservative interpretation to the word “expected” in establishing the local method for defining the funding available through the 2035 planning horizon. The method is characterized as conservative in that the future funding assumptions are based on actual expenditures in the region over a period of time rather than simple factoring of federal funding levels and the expectation of continued increases in future federal transportation bills.

TITLE 23 USC SECTION 134 – METROPOLITAN TRANSPORTATION PLANNING

A transportation plan under this section shall be in a form that the Secretary determines to be appropriate and shall contain, at a minimum, the following:

...indicates resources from public and private sources that are **reasonably expected** to be made available to carry out the plan, and recommends any additional financing strategies for needed projects and programs.



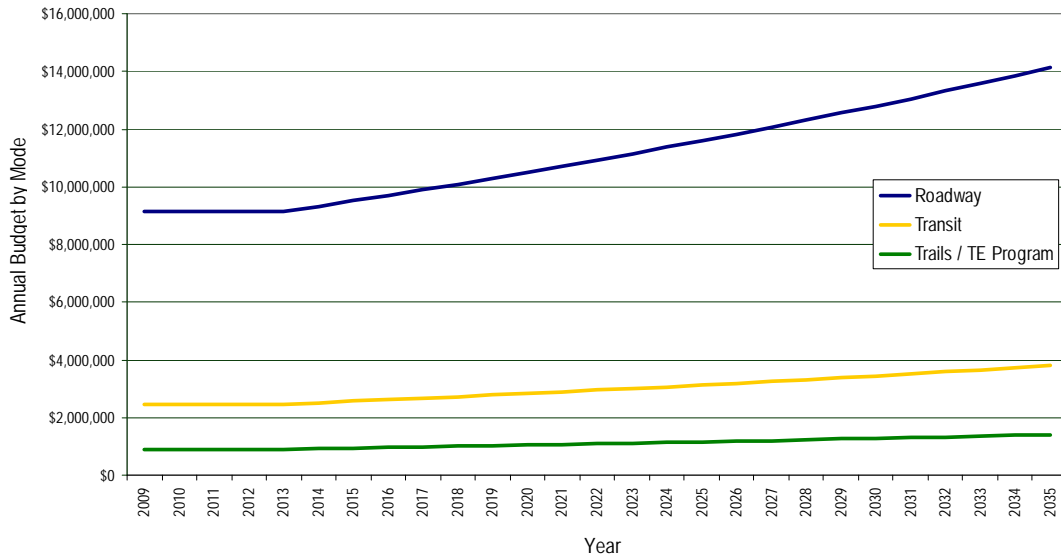
The methodology used to prepare future funding estimate included:

- Examining historical actual transportation expenditures in the MPO area over a period, including separating system expansion projects (those similar to the LRTP focus) from maintenance, operations and rehabilitation projects.
- Addressing the inflation impacts on the buying power of a dollar over the historical review period. As expenditures in specific years were included in the analysis, it was possible to bring the historical period dollars forward to 2009 dollars, which was the base year of the funding assessment. Consumer Price Index (CPI) inflation rates over the period were applied to expenditure values in each of the years in a period to develop 2009 dollar amounts.
- Determining an annual average expenditure on transportation system maintenance, operations and rehabilitation relative to expansion expenditures. The recommended transportation plan individual projects focus on expansion, however, maintenance costs for the existing system are removed from the total funding prior to developing the individual expansion project list.
- Working with FHWA and NDDOT staff to identify whether future transportation funding would be greater than, less than or about equal (in real dollars) to current levels.
- Applying the annual funding level changes expected to the annual average LRTP-related project expenditures (2009 dollars).
- Discussing with each jurisdiction, the NDDOT and FHWA the reasonableness of the estimates derived through this approach. The assumptions, based on the feedback received from them, were that:
 - For the first five years of the funding analysis (2009-2013), the LRTP should assume no growth in Bismarck-Mandan transportation funding.
 - Beyond the first five years of funding analysis (2014-2035), a 2% annual growth rate in revenues for the region was acceptable.

Figure 26 shows the annual funding levels by mode anticipated through 2035. The budget levels are shown in terms of 2009 dollars.



Figure 26. Annual Modal Funding Projection by Year (2009 Dollars)



Listed below are the total levels of modal funding, including Federal, State and Local funds that are projected to be available throughout the region between today and 2035 for expansion and major reconstruction projects:

- Street and Roadway Funding (2009-2035): \$300,285,000
- Transit System Funding (2009-2035): \$80,889,000
- Trails Funding/Transportation Enhancement (TE) Dollars (2009-2035): \$29,914,000

Some of the funds identified above are already committed to transportation projects through the current TIP. The currently approved TIP runs through 2013, and the transportation plan needs to identify projects and funding beyond those currently committed by the TIP. Thus, the funding that is projected to be available for the region between 2014 and 2035 for expansion/reconstruction is:

- Street and Roadway Funding (2013-2035): \$254,575,000.
- Transit System Funding (2013-2035): \$68,569,000.
- Trails Funding/TE Dollars (2013-2035): \$26,274,000.

Financial constraint of the LRTP-recommended projects must now be demonstrated in terms of “Year of Expenditure” dollars; meaning that the project or program costs and the regional transportation budget should be extrapolated forward to account for inflation cost and funding changes expected over the period of the plan (through 2035). The rule⁵ was intended to address the assumption that in the past some long-range transportation plan construction cost estimates have understated construction cost increases in relation to transportation revenues and budgets.

⁵ FHWA and Federal Transit Administration (FTA) Statewide and Metropolitan Planning Rule (72 Fed. Reg. 7224)