
GIAMPO – Policy Board

Tuesday, February 24, 2015

Regular Session

Item E1

Financial Constraint in the Development of the Long Range Transportation Plan

Staff Contact: John Adams, MPO Manager

Agenda Memo E1, E2, E3, E4

From: John T Adams, MPO Program manager

Meeting: February 24, 2015

Subject: Financial Constraint in Developing the Long Range Transportation Plan and Transportation Improvement Program.

Item #'s:

Background

Items E1, E2, and E3 – Federal Requirements

E-1 Financial Constraint in the Development of the Long Range Transportation Plan (LRTP)

A key component of a performance-based transportation plan is reviewing and estimating available financial resources. Developing a financial resource estimate typically involves developing an inventory of available funding streams, along with projections of funding that is forecast to be available from each funding stream over the life of the transportation plan. . The financial plan will contain information on funding sources at the Federal, State, and local levels. Reasonably expected funds will be estimated and projected over the entire lifespan of the transportation plan. When developing the financial plan, eligible projects and their phases will be prioritized and funding will be identified for each phase and the expected year of activity. Attached for your review is an excerpt from the Federal Highway Administration on Financial Planning in the Development of the Long Range Transportation Plan.

E-2 City of Grand Island 1-6 Year Improvement Program

One of the key planning activities required of the Policy Board, is the development of a Transportation Improvement Program (TIP). The TIP is developed on an annual bases identifying/programming projects that were initially identified in the LRTP. Currently, the City and County both develop 1-6 year transportation improvement plans for projects under Nebraska State Statute Section 39-2119. With the designation of the Grand Island Area becoming an MPO these activities will become a part of the federally mandated activity of the MPO, which is the development of the Transportation Improvement Program (TIP). Included is a PowerPoint presentation of the projects currently in the 1-6 program that will be presented to Grand Island City Council on February 24, 2015.

E-3 Proposed Dedicated Capital Improvement Fund Process

A presentation will be made by John Collins P.E., Public Works Director, and William Clingman, Interim Finance Director.

As mentioned in E1, and E2, two (2) of the primary planning requirements of an MPO are to identify and have reasonable expectations of revenue streams to implement proposed projects, identified through the planning process. Many, if not all roadway projects have several phases (I.E., preliminary engineering, right-of-way needs, utility relocations, construction, and construction engineering, Etc.), these phases are generally spread out through several budget cycles. The presentation begins to outline possible changes to the budgeting of the Capital Improvement Program (CIP), to committing funding to projects over the life of their implementation.

E-4a Aerial Photography – Past Amendment to the Unified Planning Work Program (UPWP)

Costs were solicited for aerial photography to be flown in the spring of 2015. As firm has been selected and recommendation has been made for City Council for February 24th. The anticipated period for the photography to be flown is between March 15–April 15. This is the optimal time for the photography to be taken. The high resolution photography will be used in the development of the Long Range Transportation Plan.

E-4b Performance-Based Long Range Transportation Plan

The final negotiations are completed and submitted to the department of Roads for final agreements. These agreements will be taken to City Council on March 10th. The consultants will begin work shortly after the agreements are signed.

Developing a Long Range Transportation Plan

Excerpt - FHWA Model Long-Range Transportation Plans: A Guide for Incorporating Performance-Based Planning

Financial Planning – Developing a Long Range Transportation Plan

A key component of a performance-based transportation plan is reviewing and estimating available financial resources. Developing a financial resource estimate typically involves developing an inventory of available funding streams, along with projections of funding that is forecast to be available from each funding stream over the life of the transportation plan. During this process, it is helpful to note the types of investments that are eligible using each funding stream. Financial resource estimation typically culminates in a chapter or other defined section of the transportation plan that discusses available financial resources to devote to transportation projects. This section is sometimes labeled the "Financial Plan." The financial plan serves as a key input for investment analysis, project selection, and moving projects from the transportation plan to the STIP/TIP.

MPOs are required to create a financial plan that demonstrates how the transportation plan can be implemented; that is, the MPO's MTP must be cost feasible.^[124] The financial plan is critical to demonstrating fiscal constraint for MPOs. State DOTs can opt to include a financial plan in the statewide transportation plan.^[125] Even if the statewide transportation plan does not include a financial plan, it should be informed by the financial plan and investment strategies from the State asset management plan for the NHS and investment priorities of the public transit asset management plans.

FHWA provides guidance to transportation agencies on the reasonability of assumptions regarding the agency's available resources.^[126] In long-range planning, agencies sometimes consider implementing pricing mechanisms to finance specific projects or to incentivize certain behaviors that provide benefits such as congestion reduction to the traveling public. According to FHWA, enactment of specific taxes or pricing strategies can be considered reasonable if there is clear evidence of support for the taxes or fees and specific strategies are in place for securing the necessary approvals. As an example, in its Transportation 2040 plan, the **Puget Sound Regional Council**, the MPO for the Seattle metropolitan area, included roadway pricing strategies that would be phased in over the life of the plan.^[127] According to PRSC, these pricing strategies will support a 132 percent peak period increase in local transit service (108 percent increase off-peak), the extension of regional light rail, and investments in walking and biking facilities. Together, they are expected to result in a 9 percent reduction in regional greenhouse gas emissions from the trend.

The financial plan will usually contain information on funding sources at the Federal, State, and local levels. Reasonably expected funds should be estimated and projected over the entire lifespan of the transportation plan. Anticipating the overall level of Federal revenues and local match is a core element of the financial analysis.

Anticipating future levels of funding can be challenging. Educated guesses can inform the estimate's deviation from a flat line projection. Funding streams may fluctuate (e.g., State gas tax revenues in the event of a recession), so planners should build a margin of error in their estimates. Further, the purchasing power of the dollar will deteriorate over time due to inflation. Planners should apply inflation factors to each revenue stream to ensure that investment decisions are being made using common figures.^[128]

Developing a Long Range Transportation Plan

Excerpt - FHWA Model Long-Range Transportation Plans: A Guide for Incorporating Performance-Based Planning

There may be many sources of funding, including local funding, State funding (revenue from motor fuel taxes, registration fees, etc.), Federal funding, debt financing, toll equity and public-private partnerships. The volume and flexibility of available funding has a profound influence on the investments that are included in the transportation plan's investment package. The total pool of available funds impacts the number and size of projects that the agency can afford to build. Flexible funds allow for money to be directed toward projects that provide the best performance return-regardless of project type, mode or functional class of the roadway.

In practice, forecasting revenue early in the development of the performance-based transportation plan (in the scoping or baseline phase) will provide information about the financial constraints that must be considered when developing trends and targets. However, more detailed financial planning typically occurs through the plan development process. There will likely be more transportation system performance improvement needs and desired implementation strategies than available funding. To determine how adopted strategies in the transportation plan can be implemented, the transportation plan 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.