

Chattanooga-Hamilton County/North Georgia TransPlan 2030 - Long Range Transportation Plan (as amended to meet the provisions of SAFETEA-LU)

5 Financial Resources

Implementation of transportation improvements is contingent on available funding. As noted in Section 2 SAFETEA-LU requires **that** the LRTP must be financially feasible. Federal requirements emphasize this aspect of the plan. The LRTP must demonstrate the source of funds that can be reasonably expected to be made available to carry out the plan and to identify financing strategies for projects and programs.

This section provides an overview of transportation funds expected to be available for the CHCNGA area through the period 2005-2030. A careful evaluation of the availability of financial resources from federal, state and local sources helped guide policy and decision makers in selecting and prioritizing programs and projects for the CHCNGA 2030 LRTP.

2030 LRTP Revenue Forecasts

Federal requirements mandate that short and long range transportation plans cannot propose to spend more money than can be funded from reasonably available revenues. Revenue forecasts for highways were developed in consultation with staff from TDOT and GDOT. Transit revenue estimates were developed with consultation from CARTA and HCRT, as well as with GDOT for the rural transit programs in Walker, Dade and Catoosa counties.

Transportation funding forecasts used the following three key approaches:

- Information provided by state DOTs, CARTA, RPA and local governments
- Analysis of historical trends over a decade
- Previous forecasts of funding availability / legislated matching and use requirements

States receive funding from appropriations authorized through SAFETEA-LU, the federal transportation legislation, for highway and surface transportation projects. The states of Tennessee and Georgia receive about 90 percent of their respective motor fuel tax contribution to the Highway Trust Fund. In addition, SAFETEA-LU funds the Mass Transit Account share of the fuel tax, which may be used for transit capital and operations. The CHCNGA region is a Transportation Management Area and therefore is eligible for STP allocations.

Preparation of the forecasts involved a review of historical funding data and trends. The Tennessee and Georgia shares of expected future revenues were estimated by TDOT and GDOT. The revenue estimates were based on the last 10-years of allocations programmed for use in the CHCNGA region. Based on this historical projection, the CHCNGA TPO is expected to receive \$5.733 billion over the next 25 years and all projects and programs identified in the 2030 LRTP must fall within this revenue estimate. A majority of these funds will be for Tennessee projects (76 percent), reflecting the role of Chattanooga as a major urban center for the state and the balance will fund projects in Georgia. Funds are available for capital and maintenance/operations projects and programs and they are directly programmed and prioritized in the TIP by the TPO through the TIP application process.

Based on revenue estimates provided by TDOT and GDOT, approximately \$4.16 billion of federal, state and local transportation funds are available to the CHCNGA study area for capital improvements (road, bridge, ITS, enhancement and safety projects) to year 2030, and

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approximately \$463.3 million of federal, state and local funds are available for transit projects and programs (5307, 5309 and 5311 programs) to the year 2030. Federal law requires a local/state match participation in the project cost for both transit and road projects. The transit project match is usually 80 percent federal to 20 percent non-federal for transit capital projects and 50/50 for transit operating assistance. The highway project match varies; Interstate projects are usually 90/10 federal to non-federal, while other state and local roads may have an 80/20 percent match requirement. Historically, a majority of the region's local road projects have a local sponsor, and local funds are shown for matching participation. TDOT and GDOT are responsible for funding the match on state road projects. In addition to capital costs, the CHCNGA LRTP must address road system operations and maintenance costs. These costs are expected to increase due to:

- Increased roadway mileage associated with plan improvements
- Increased local roadway miles due to new growth in commercial and residential developments
- Increased VMT
- Increased truck VMT
- Implementation of transit improvements requiring ongoing operations/maintenance costs
- Expansion of ITS components and associated monitoring and response capabilities

Approximately \$553 million of federal, state and local funds is available for maintenance and operation improvements to the year 2030. A portion of the TDOT's maintenance and operation funding will be used to maintain and rehabilitate bridges in Hamilton County.

Operations and maintenance are programmed as lump sum categories used for projects identified after the TIP is adopted. These are not capacity adding projects and include a number of activities. GDOT maintenance lump sum program categories include six funding / work types: two are for bridge painting/ maintenance and the other four are for road maintenance. Types of road work are resurfacing, pavement rehabilitation, median work, impact attenuators, signing, fencing, pavement marking, landscaping, rest areas, walls, guardrail, and shoulder work. TDOT has a similar vehicle called *Statewide Categories*. These fund projects with small-scale impacts, (e.g. pavement resurfacing, bridge replacement/rehabilitation, bridge inspection, freeway service patrols, rail/highway grade crossings, hazard elimination, lighting, etc.

CARTA receives transit funding from three major sources: FTA, the City of Chattanooga, and TDOT. As the designated recipient for federal transit funds, CARTA receives approximately \$2.88 million (2005 dollars) per year from the 5307 transit program, which it uses for operating expenses. The 5309 program funds CARTA's capital program, which totals \$1 million (2005 dollars) per year on average, with TDOT and the City of Chattanooga each putting up a 10 percent match. TDOT contributes an additional \$1.8 million (2005 dollars) per year towards operating expenses, while the City of Chattanooga budgets \$3.2 (2005 dollars) per year for CARTA operations. CARTA's 2004 budget totaled \$12 million.

Discussions with CARTA staff and review of historical trends indicate that, over the next 25 years, the 5307 (operating assistance) program will increase to a total of \$111 million (3 percent

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annual growth) and the 5309 (capital assistance) program will total \$46.3 million (3 percent annual growth). The TDOT match will total \$92 million (5 percent growth), and the City of Chattanooga will contribute \$123.37 million, keeping pace with federal and state participation (3 percent growth). The 5307 and 5309 programs total \$157.3 million in federal funds, representing 42 percent of the transit budgets for the long range study period. The CARTA program budget to the year 2030 will total \$372.67 million for capital improvements and operating expenses.

Funding estimates for the rural transit providers in the CHCNGA TPO region were developed through discussions with TDOT, GDOT and the TPO and reviewing historical funding allocations. Based on this estimate, the rural transit providers can expect to receive approximately \$1,360,700 per year to the year 2030. This figure has been projected to \$90,685,487 over the planning period with an inflation rate of 4% applied

The following provides a summary of the methodologies and sources used for estimating anticipated CHCNGA funding. The anticipated funding is based on historical growth using current dollars (there was no factoring for inflation-funding and costs are in current dollars).

<u>Funding Revenues</u>	<u>Methodology</u>	<u>Source</u>
Roadway <ul style="list-style-type: none"> • Construction and Reconstruction • Bridges • Enhancements • ITS • Safety 	Historical revenue trends based on the last 10 years of allocations programmed for the CHCNGA TPO region and a 4% inflation rate applied. The 4% inflation factor was recommended by FHWA and FTA	TDOT and GDOT
Operations and Maintenance	Historical revenue trends based on the last 10 years of allocations programmed for the CHCNGA TPO region and a 4% inflation rate applied, as recommended by FHWA and FTA	TDOT, GDOT, and CARTA
CHCNGA TPO <ul style="list-style-type: none"> • STA – OA 	≈ \$6 million per year and used historical trends and a 4% inflation rate applied, as recommended by FHWA and FTA	TPO
Public Transportation <ul style="list-style-type: none"> • 5307 • 5309 	3 percent annual growth based on historical allocations.	CARTA
Transit Local Funds <ul style="list-style-type: none"> • City of Chattanooga • TDOT 	Based on historical allocations which is about \$3.2 million per year (3 percent growth rate) for the City of Chattanooga and approximately \$1.8 million per year (5 percent growth rate) for TDOT.	CARTA
Rural Transit <ul style="list-style-type: none"> • 5311 	Historical revenue trends on the last 6 years of allocations programmed for the CHCNGA TPO region with a 4% inflation rate applied as recommended by FHWA and FTA	GDOT and TPO

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Potential Funding Sources

A number of potential funding sources could be utilized to finance the various recommended improvements that are identified in the 2030 LRTP. Several federal funding sources are available for transportation systems meeting eligibility criteria, including:

- ***Appalachian Development Highway System (APD)*** – Funding for routes with remaining work deemed eligible as approved by the Appalachian Regional Commission (ARC).
- ***(L110) Bridge Replacement and Rehabilitation (BRR-L)*** – Funding for off-system bridge replacement or to rehabilitate aging or substandard bridges based on the sufficiency rating.
- ***Bridge Replacement and Rehabilitation (BRR-S)*** – Funding for on-system bridge replacement or to rehabilitate aging or substandard bridges based on the bridge sufficiency.
- ***(L220) Enhancement Activity Set Aside of the STP (ENH)*** – Funding for 12 exclusive activities such as pedestrian facilities, rehabilitation and restoration of historic transportation related structures, and mitigation of pollution due to highway runoff.
- ***Interstate Maintenance (IM)*** – Funding to rehabilitate, restore, and resurface the Interstate system. Reconstruction is also eligible if it does not add capacity, and High Occupancy Vehicle (HOV) lanes can be added.
- ***National Highway System (NHS)*** – Funding of major roadways, including the Interstate system, a large percentage of urban and rural principal arterials, the Strategic Defense Highway Network (STRANET), and strategic highway connectors.
- ***(L940) Recreational Trails (RCTR)*** – Funding for the creation, rehabilitation, and maintenance of multi-use trails.
- ***State (STA)*** – Provides for 100 percent state funding by the state for various projects on the state route system.
- ***(L230,L240) Surface Transportation Program*** – Funding for transportation improvements to routes functionally classified as urban collectors or higher. The Q23 portion of STP funds is allocated by formula to areas with more than 200,000 population.
- ***Federal Transit Program (TP)*** – Funding for planning, capital and operating assistance, major capital needs such as light or commuter rail system development, large bus or rail fleet purchases, construction of transit facilities, passenger equipment for special needs, intercity bus programs, and state administration of projects of a transit nature.
- ***Section 5303 - Metropolitan Planning*** – Provides funds to MPOs to support the cost of preparing LRTPs and financially feasible TIPs and conducting intermodal transportation planning and technical studies.

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- **Section 5307 - Urbanized Area Formula** – Provides funds to urbanized areas with populations more than 50,000 for transit operating and capital assistance and for transportation related planning. For areas under 200,000 in population, funds are apportioned on the basis of population and population density. For areas over 200,000 in population, funds are apportioned based on population, population density, and transit data.
- **Section 5309 - Elderly and Persons with Disability** – Provides transit capital assistance through the state to private non-profit organizations and public bodies that provide specialized transportation services to the elderly and/or disabled persons.
- **Section 5311 - Non-Urbanized Area Formula** – This formula grant program provides funds to each state for state administration, planning and technical assistance and for transit capital, operating and project administration assistance in areas with populations less than 50,000.

Each funding program requires non-federal match of typically 10 to 20 percent. NHS funds and IM funds are used for capital improvements or for maintenance of the Interstates. These funds are programmed by TDOT and GDOT into the CHCNGA programs and plans. The dollar amounts for each fund may vary annually. TDOT and GDOT have the option of using STP funds allocated to the state (other than STP/Q23), for state projects in the CHCNGA region.

The TPO has direct responsibility for programming CHCNGA allocated Surface Transportation Program funds (STP/Q23) based on local needs and priorities. Projects that receive STP/Q23 funds are approved by the TPO and will usually target construction, intersection improvements, resurfacing, enhancements, and alternative transportation improvements. Transit funds (5307 and 5309) are allocated by formula to CARTA, but may also include discretionary funds approved through special grant programs. Rural programs (5311) depend on federal allocations along with state participation for capital and operating assistance.

It is anticipated that during Fiscal year 2008, the TPO will receive approximately \$11.9 million in STP/L230 funding, including \$5 million through TDOT and \$6.9 through GDOT. The Chattanooga region is expected to receive, with a 4% inflation rate applied, about \$533 million in STP funds through the year 2030 (\$410 million from TDOT and \$123 million from GDOT).

Other potential funding sources could include the following SAFETEA-LU federal grants:

- Transportation and Community and System Preservation Pilot Program
- CMAQ for PM2.5 portion of TPO

Other local funding alternatives that may be considered by local jurisdictions in the TPO area include:

- Special Assessment Districts Impact and Utility Fees
- Bond Financing
- Toll Roads
- Available Tax Mechanisms

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There are several possible funding sources at the local level which can be explored to finance transportation improvements. Georgia allows a special purpose local option sales tax (SPLOST), which may be used to fund a variety of local government initiatives including transportation. This type of funding resource has become increasingly popular, with cities, counties, and transit districts turning to local option sales taxes as a funding mechanism for local transportation projects. Georgia law requires local option sales taxes be approved by voters through referendum.

Tolls, or user fees, are another potential transportation funding source. Tolls have been very successful in some areas to fund needed transportation projects. Tolling has been an avenue for development of public/private partnerships. These partnerships have demonstrated value for timely implementation of transportation projects, with the potential for generating revenues from sufficient travel market demand.

Tax increment financing (TIF) is another alternative utilized by a number of areas to finance infrastructure costs related to development. The additional property taxes generated by the development are used to implement needed infrastructure such as roads, sidewalks, and recreational facilities. Any use of innovative funding sources for transportation applications would be developed through dialogue with TPO members and their approval.

Total Projected Funding Available

Based on the funding projections provided by both TDOT and GDOT, the total projected capital, maintenance and operations funding available to the CHCNGA TPO for the 2030 financially feasible LRTP totals \$5,733,350,808. Table 5-1 provides the projected funding for each element in the 2030 LRTP. There are sufficient funds that can be reasonably anticipated to fund the complete Needs Plan. Therefore the LRTP Plan is financially feasible and has sufficient funds to implement all programs and projects identified in the Needs Plan analysis.

Approximately 74 percent of the total funds available are programmed for capital projects. The remaining funds are targeted for maintenance and operations of the transportation system and public transportation. TDOT and GDOT will provide a majority of these funds from state and federal sources. Local contributions are also included, representing city and county participation on specific projects.

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**Table 5-1
2030 Available Funding**

	Total Funding Available for CHCNGA 2030 LRTP		
	Total	TN Portion	GA Portion
New Construction and Reconstruction (see Note 1)	\$3,591,004,319	\$2,584,091,585	\$1,006,912,734
Safety/Intersection (See Note 1)	\$77,003,482	\$37,478,993	\$39,524,489
Bridges (see Note 1)	\$171,652,450	\$117,119,075	\$54,533,374
Enhancements (See Note 2)	\$246,999,245	\$199,937,725	\$47,061,520
ITS (See Note 1)	\$71,263,137	\$71,263,137	\$0
Public Transportation 5307 and 5309 (3)	\$372,670,000	\$372,670,000	\$0
Public transportation 5311(See Note 4)	\$90,685,487	\$27,205,646	\$63,479,841
Waterway (See Note 5)	\$0	\$0	\$0
Rail Safety (See Note 1&6)	\$25,858,612	\$17,761,135	\$8,097,478
Airport (See Note 7)	\$0	\$0	\$0
Maintenance and Operations (See Note 1)	\$553,046,810	\$396,761,428	\$156,285,383
Local STP OA (See Note 1&8)	\$533,167,266	\$410,538,795	\$122,628,471
TOTAL FUNDING AVAILABLE to 2030	\$5,733,350,808	\$4,234,827,519	\$1,498,523,290

Note 1 – These revenue estimates have been inflated 4% from the figures that appeared in the 2030 LRTP adopted in June 2005 which were in 2005 dollars. The 4 % inflation rate was recommended by FHWA and FTA

Note 2 – Enhancement projects are federally funded (80 percent federal and 20 percent local match). Based on SAFETEA-LU, Enhancement funds can be used for the following: Pedestrian and Bicycle Facilities, Pedestrian and Bicycle Safety and Educational Activities, Acquisition of Scenic or Historic Easements and Sites, Scenic or Historic Highway Programs including Tourist and Welcome Centers, Landscaping and Scenic Beautification, Historic Preservation, Rehabilitation and Operation of Historic Transportation Buildings, Structures, or Facilities, Preservation of Abandoned Railway Corridors, Control and Removal of Outdoor Advertising, Archaeological Planning and Research, Mitigation of Highway Runoff and Provision of Wildlife Under/Over-crossing and Establishment of Transportation Museums.

Note 3 – CARTA provided 2030 funding estimate of \$372,670 for 5307 and 5309 projects/programs and this funding estimate is in line with historical funding levels and federal formulas.

Note 4 – The 5311 funding estimate is based on historical funding provided by GDOT and the TPO with a 4% growth rate applied. The 4% inflation rate was recommended by FHWA and FTA.

Note 5– TDOT and GDOT do not dedicate funding to waterway projects. Waterway projects will be funded through other federal funding sources or private entities.

Note 6- TDOT and GDOT have Statewide Rail Safety Programs that are funded through “130” funds. These funds help to improve approximately 20 crossings per year.

Note 7 – TDOT and GDOT have Statewide Aviation Programs that are funded through federal (FAA) Block Grants. All Aviation improvements must be included in the Capital Improvement Program to be eligible for these federal funds. State funds generated through aviation fuel tax are also a source of funding to aviation improvements.

Note 8 – The STP OA dollars are controlled by the TPO and historically 75% fund roadway projects, 10% fund intersection improvements, 5% fund alternative transportation projects, 5 % fund enhancement projects and 5 % fund resurfacing projects.

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