

# 6

## FINANCIAL ANALYSIS AND FISCAL CONSTRAINT





## 6. FINANCIAL ANALYSIS AND FISCAL CONSTRAINT

According to federal regulations, transportation improvement projects included in a metropolitan transportation plan (MTP) must fall within the financial capabilities of the community. The final project list included in the MTP must therefore be fiscally constrained – i.e., the funding available for projects must be greater than or equal to the anticipated cost of the projects.

This chapter includes a list of funding sources and dollar amounts anticipated to be available to fund projects included in the El Paso Destino 2045 MTP. It also outlines the process by which funding levels were forecast to determine the amount of funds available.

Because federal regulations stipulate that the financial forecast consider the change in value of the dollar over time due to inflation, funding and costs discussed in this chapter were estimated in year-of-receipt and year-of-expenditure dollars, respectively.

### ESTIMATING FUNDING

This section summarizes the process used to forecast roadway and transit funding over the 27-year period in the Destino 2045 MTP.

### ROADWAY FUNDING SOURCES

The following programs were considered when calculating the total amount of roadway funding available for the 2045 MTP. The funding estimated to be available for projects in the EPMPO area through the lifespan of the 2018 Unified Transportation Program (2019-2027) is listed for each category as summarized in **Table 6-2**. These estimates were used to form the base-year funding assumptions that were extrapolated to complete the funding forecast for the duration of the MTP.

The following section describes the state and federal funding sources available for roadway projects, as well as several local programs that can be used to fund local roadway projects.

### POTENTIAL FEDERAL FUNDING SOURCES

#### *NATIONAL HIGHWAY PERFORMANCE PROGRAM (NHPP)*

Most activities that were previously funded under the SAFETEA-LU National Highway System (NHS) program are now eligible under the National Highway Performance Program (NHPP) established through MAP-21, the purpose of which is to:

- ➔ Provide support for the condition and performance of the National Highway System;
- ➔ Provide support for the construction of new facilities on the NHS; and
- ➔ Ensure that investments of Federal-aid funds in highway construction are directed to support progress toward the achievement of performance targets established in a State's asset management plan for the NHS.

NHPP provides funding for construction and maintenance projects located on the newly expanded National Highway System (NHS), which includes the entire Interstate system and all other highways classified as principal arterials. MAP-21 eliminated the programs with dedicated funding for repair by consolidating the Interstate Maintenance and Highway Bridge Repair programs and shifting these funds to the new NHPP. NHPP provides funding for improvements to rural and urban roads that are part of the NHS, including the Interstate System and designated connections to major intermodal terminals. Under certain circumstances, NHS funds may also be used to fund transit improvements in NHS corridors.

#### *SURFACE TRANSPORTATION PROGRAM (STP)*

The STP is a block grant funding program with subcategories for states and urban areas. STP funding may be used for projects to preserve or improve conditions and performance on any Federal-aid highway, bridge projects on any public road, facilities for non-motorized transportation, transit capital projects, and public bus terminals and facilities.



These funds can be used for any road, including an NHS roadway, that is not functionally classified as a local road or rural minor collector. The state portion can be used on roads within (or outside) an urbanized area, while the urban portion can only be used on roads within an urbanized area. The funding ratio is 80/20 (federal/local).

Subcategories of the STP funds are:

- STP greater than 200,000 population (STP>200K)
- STP less than 200,000 population (STP<200K)
- STP less than 5,000 population (STP <5K)
- STP Flexible (STP-FLEX)
- STP Off-System Bridge (STP Bridge)
- STP Hazard Elimination (STP-HAZ)
- STP Enhancement (STP-ENH)

#### ***HIGHWAY SAFETY IMPROVEMENT PROGRAM (HSIP)***

The purpose of the Highway Safety Improvement Program is to achieve a significant reduction in traffic fatalities and serious injuries on all public roads, including non-State-owned public roads and roads on tribal lands.

HSIP requires that the State develop, implement, and update a Strategic Highway Safety Plan (SHSP); produce a program of projects or strategies to reduce identified safety problems; and evaluate the SHSP on a regular basis. The SHSP is a statewide coordinated plan developed in cooperation with a broad range of multidisciplinary stakeholders. As a part of the plan, states are required to have a safety data system to perform problem identification and countermeasure analysis on all public roads; adopt strategic and performance-based goals; advance data collection, analysis, and integration capabilities; determine priorities for the correction of identified safety problems; and establish evaluation procedures.

The FAST Act continues MAP-21 authorization of a lump sum for this program, and it is the responsibility of the State to divide up these funds according to the State's priorities. For a project to be eligible under the

HSIP program, the project must be consistent with the State's SHSP and correct or improve a hazardous road location or feature or address a highway safety problem. Workforce development, training, and education activities are also eligible uses of HSIP funds.

#### ***TRANSPORTATION ALTERNATIVES PROGRAM (TAP)***

The FAST Act continues the MAP-21 Transportation Alternatives Program (TAP) to provide funding for a variety of alternative transportation projects that were previously eligible activities under separately funded programs. Unless a State opts out, it must use a specified portion of its TAP funds for recreational trails projects. Eligible activities include:

- Transportation alternatives
- Recreational Trails Program (RTP)
- Safe Routes to Schools (SRTS) program
- Planning, designing, or constructing roadways within the right of way of former Interstate routes or other divided highways

States and MPOs (for urbanized areas with more than 200,000 people) conduct a competitive application process for use of the sub-allocated funds. Other than the recreational trails set-aside, States are given broad flexibility to use these funds.



Source: news.utep.edu

***CONGESTION MITIGATION AND AIR QUALITY (CMAQ)***

Urban areas that do not meet ambient air quality standards are designated as non-attainment areas by the U.S. Environmental Protection Agency (USEPA). CMAQ funds are apportioned to those urban areas for use on projects that contribute to the reduction of mobile source air pollution through reducing vehicle miles traveled, fuel consumption, or other identifiable factors. Both roadway and transit projects are eligible for CMAQ funds. Starting in FY 2013, all CMAQ projects were required to provide a 20% local match, with the exception of carpool and vanpool projects, which will remain 100% federal. Because the EPMPO Study Area is currently a non-attainment area, some projects in the Destino 2045 MTP are eligible for CMAQ funds.

***BRIDGE REPLACEMENT AND REHABILITATION PROGRAM (FBR)***

These funds can be used to replace or repair any bridge on a public road. The federal/state funding ratio is 80/20.

**POTENTIAL STATE FUNDING SOURCES**

State transportation funding comes from several sources of revenue. Traditionally this funding is used to match federal sources and to fund the operations of state Departments of Transportation. The primary funding source for the Texas state program comes from motor fuels taxes allocations, motor vehicle registration fees, severance taxes allocations, and many other revenue sources and fees, including voter-approved constitutional amendments Proposition 1 and Proposition 7, which redirect funding from the general fund to be spent on transportation projects. The primary funding source for the New Mexico state program is the state road fund; which is supported by the state gasoline tax, a special fuels tax on diesel, a weight-distance tax on commercial trucking, vehicle registration fees, and other minor fees.

Categories 1- 9 of the Texas UTP are federal and state programmatic funding categories; while categories 10, 11, and 12 are strategic and discretionary funding categories. The 2018 UTP provides the following definitions and criteria for each funding category:

***CATEGORY 1: PREVENTIVE MAINTENANCE AND REHABILITATION***

Preventive maintenance and rehabilitation on the existing state highway system, including minor roadway modifications to improve operations and safety; and the installation, rehabilitation, replacement, and maintenance of pavement, bridges, traffic control devices, traffic management systems, and ancillary traffic devices.

Projects are selected by districts. The Texas Transportation Commission allocates funds through a formula allocation program.

***CATEGORY 2: METROPOLITAN AND URBAN AREA CORRIDOR PROJECTS***

Mobility and added capacity projects along a corridor that improve transportation facilities to decrease travel time and the level or duration of traffic congestion, and safety, maintenance, or rehabilitation projects that increase the safe and efficient movement of people and freight in metropolitan and urbanized areas.

Projects are selected by MPOs in consultation with TxDOT. The Texas Transportation Commission allocates funds through a formula allocation program.

***CATEGORY 3: NON-TRADITIONALLY FUNDED TRANSPORTATION PROJECTS***

Transportation-related projects that qualify for funding from sources not traditionally part of the state highway fund including state bond financing under programs such as Proposition 12 (General Obligation Bonds), Texas Mobility Fund, pass-through toll financing, unique federal funding, regional toll revenue, and local participation funding.

Projects are determined by legislation, Texas Transportation Commission approved Minute Order, and local government commitments.

#### ***CATEGORY 4: STATEWIDE CONNECTIVITY CORRIDOR PROJECTS***

Mobility and added capacity projects on major state highway system corridors that provide statewide connectivity between urban areas and corridors, to create a highway connectivity network composed of the Texas Highway Trunk System, National Highway System, and connections from those two systems to major ports of entry on international borders and Texas water ports.

Corridors are selected by the Texas Transportation Commission based on engineering analyses of three corridor types; mobility, connectivity, and strategic. Funds are allocated by the Commission to TxDOT districts. Districts select projects along approved corridors in consultation with MPO's, the Transportation Planning and Programming Division (TPP), and TxDOT Administration using a performance- based evaluation.

#### ***CATEGORY 5: CONGESTION MITIGATION AND AIR QUALITY IMPROVEMENT***

Congestion mitigation and air quality improvement projects address attainment of a national ambient air quality standard in non-attainment areas of the state.

Projects are selected by MPOs in consultation with TxDOT. The Texas Transportation Commission allocates funds distributed by population and weighted by air quality severity to non-attainment areas. Non-attainment areas are designated by the U.S. Environmental Protection Agency (EPA).

#### ***CATEGORY 6: STRUCTURES REPLACEMENT AND REHABILITATION***

Replacement and rehabilitation of deficient existing bridges located on public highways, roads, and streets in the state; construction of grade separations at existing highway and railroad grade crossings; and rehabilitation of deficient railroad underpasses on the state highway system.

Projects are selected by the Bridge Division (BRG) based on a listing of eligible bridges prioritized first by deficiency categorization (structurally deficient followed by functionally obsolete) and then by sufficiency ratings. Railroad grade separation projects

are selected based on a cost-benefit index rating. Projects in the BMIP are selected statewide based on identified bridge maintenance/improvement needs to aid in ensuring the management and safety of the state's bridge assets. The Texas Transportation Commission allocates funds through the Statewide Allocation Program.



#### ***CATEGORY 7: METROPOLITAN MOBILITY AND REHABILITATION***

Projects that address transportation needs within the boundaries of designated metropolitan planning areas of metropolitan planning organizations located in a transportation management area.

Projects are selected by MPOs operating in transportation management areas, in consultation with TxDOT. The Texas Transportation Commission allocates funds through a federal program, distributed to MPOs with an urbanized area population of 200,000 or greater (transportation management areas [TMAs]).

#### ***CATEGORY 8: SAFETY***

Safety-related projects both on and off the state highway system including the federal Highway Safety Improvement Program, Railway-Highway Crossing Program, Safety Bond Program, and High Risk Rural Roads Program.

Projects are selected statewide by federally mandated safety indices and a prioritized listing. Projects selected in the Systemic Widening Program are evaluated by roadway safety features for preventable severe crash types using total risk factor weights. The Texas Transportation Commission allocates funds through the Statewide Allocation Program.

#### ***CATEGORY 9: TRANSPORTATION ALTERNATIVES PROGRAM***

Transportation-related activities as described in the Transportation Alternatives Set-Aside Program, such as on- and off-road pedestrian and bicycle facilities, and infrastructure projects for improving access to public transportation.

For urbanized areas with populations over 200,000, the MPO selects Transportation Alternatives Set-Aside Program (TA Set-Aside) projects through a competitive process in consultation with TxDOT. Funds allocated to small urban areas and non-urban areas (i.e., areas with populations below 200,000) are administered by TxDOT through a competitive process to be managed by the Public Transportation Division (PTN). TAP project eligibility is determined by TxDOT and FHWA. TxDOT staff makes recommendations to the Texas Transportation Commission for TAP allocation to areas less than 200,000 population. The Texas Transportation Commission, by written order, selects projects for funding under a TxDOT-administered TAP call for projects. Statewide TAP Flex projects are selected by the Texas Transportation Commission.



#### ***CATEGORY 10: SUPPLEMENTAL TRANSPORTATION PROJECTS***

Transportation-related projects that do not qualify for funding in other categories, including landscape and aesthetic improvement, erosion control and environmental mitigation, construction and rehabilitation of roadways within or adjacent to state parks, fish hatcheries, and similar facilities, replacement of railroad crossing surfaces, maintenance of railroad signals, construction or replacement of curb ramps for accessibility to pedestrians with disabilities, and miscellaneous federal programs.

##### ***Coordinated Border Infrastructure Program (CBI), Congressional High Priority Projects, and Federal Lands Access Program (FLAP)***

CBI projects are selected by districts with FHWA review and approval. Discretionary funds are congressionally designated. In FLAP, project applications are scored and ranked by the Programming Decision Committee (PDC). Members of the PDC include a representative from FHWA, a representative from TxDOT, and a member from a political subdivision of the state. Projects selected under FLAP are managed by TPP.

##### ***Supplemental Transportation Projects***

The Texas Parks and Wildlife Department (TPWD) selects State Park Roads projects in coordination with districts. The TxDOT Rail Division in coordination with districts selects Railroad Grade Crossing Re-planking and Railroad Signal Maintenance projects. Landscape Incentive Awards are distributed to 10 locations based on the results of the Keep Texas Beautiful Awards Program and managed by the TxDOT Design Division. Green Ribbon allocations are based on one-half percent of the estimated letting capacity for the TxDOT districts that contain air quality non-attainment or near non-attainment counties and managed by the TxDOT Design Division. Curb Ramp Program projects are selected based on conditions of curb ramps or the location of intersections without ramps and are managed by the Design Division.



***CATEGORY 11: DISTRICT DISCRETIONARY***

Projects eligible for federal or state funding selected at the district engineer's discretion. Projects are selected by districts. The Texas Transportation Commission allocates funds through a formula allocation program. A minimum \$2.5 million allocation goes to each district per legislative mandate. The Commission may supplement the funds allocated to individual districts on a case-by-case basis to cover project cost overruns, as well energy sector initiatives.

***CATEGORY 12: STRATEGIC PRIORITY***

Projects with specific importance to the state; including those that generally promote economic opportunity, increase efficiency on military deployment routes or retain military assets in response to the federal military base realignment and closure reports, and maintain the ability to respond to both manmade and natural emergencies. The Texas Transportation Commission selects projects.

**POTENTIAL LOCAL FUNDING SOURCES**

Any costs not covered by federal and state programs are typically the responsibility of the local governmental jurisdictions. Local funding can come from a variety of sources including property taxes, sales taxes, user fees, special assessments, and impact fees. Local funding is also critical to maintain eligibility for several federal and state funding sources due to the usual requirements for a "local match" – which is typically around 20% of total project costs for federal funding sources.

***PROPERTY TAXES***

Property taxation has historically been the primary source of funding for local governments in the United States. Property taxes account for more than 80 percent of all local tax revenues. Property is not subject to federal government taxation but is taxed at a high rate within the state of Texas given the lack of state and local-option income taxes.

***GENERAL SALES TAXES***

The general sales and use tax is also an important funding source for local governments. The most commonly known form of the general sales tax is the

retail sales tax. The retail sales tax is imposed on a wide range of commodities, and the rate is usually a uniform percentage of the selling price.

***USER FEES***

User fees are fees collected from those who use a service or facility. The fees are collected to pay for the cost of a facility, finance the cost of operations, and/or generate revenue for other uses. User fees are commonly charged for public parks, water and sewer services, transit systems, and solid waste facilities. The theory behind the user fee is that those who directly benefit from these public services pay for the costs.

***SPECIAL ASSESSMENTS***

Special assessment is a method of generating funds for public improvements, whereby the cost of a public improvement is collected from those who directly benefit from the improvement. In many instances, new streets are financed by special assessment. The owners of property located adjacent to the new streets are assessed a portion of the cost of the new streets based on the amount of frontage they own along the new streets.

***IMPACT FEES***

Development impact fees have been generally well received in other states and municipalities in the United States. New developments create increased traffic volumes on the streets around them, and development impact fees are a way of attempting to place a portion of the burden of funding improvements on developers who are creating or adding to the need for improvements. There are currently no municipalities in the El Paso region that assess a transportation-specific impact fee.

***BOND ISSUES***

Property tax and sales tax funds can be used on a pay-as-you-go basis, or the revenues from them can be used to pay off general obligation or revenue bonds. These bonds are issued by local governments upon approval of the voting public.



## MAINTENANCE AND OPERATIONS

The maintenance and operation of the transportation system was considered in the development of the Destino 2045 and its staged improvement program. Typically, maintenance costs are applicable to the system as a whole. Where possible, maintenance projects are identified individually. However, it is not possible to develop project-specific maintenance schedules beyond the near term. The maintenance costs identified in this plan are the responsibility of various governmental jurisdictions.

The balancing act of meeting identified transportation improvement needs and maintaining the present transportation system will continue as the system ages. Recommendations in this plan are conservative, because they factor in the impact of maintenance costs in the determination of available funding.

A variety of federal and state funds are used to implement the statewide overlay, maintenance, and operations program.

## ROADWAY FUNDING FORECAST

To determine the fiscal feasibility of implementing a program of projects in the MTP, an analysis of programmed funding was conducted. The EPMPO coordinated with TXDOT and NMDOT to determine projected funding and acceptable inflation rates for projects within their respective states. This resulted in compounded annual inflation rates of **4.0%** in Texas, and **1.5%** in New Mexico.

The first ten years of the Destino 2045, FY 2019-2028, are fiscally constrained by funding category with funds accounted for through the Texas 2018 Unified Transportation Program (UTP) for years 2019-2027 of the Destino 2045 MTP and New Mexico state funding program projections as coordinated with NMDOT.

The Destino 2045 fiscally constrained MTP is further broken up into subsequent bands of time, using the same state funding projections for 2029-2030, followed by the outer years of the plan from 2031-2040 and 2041-2045, which were fiscally constrained by banding together multiple years that are associated with the EPMPO's travel demand model networks.

Some of the UTP funding categories are not used for specific projects but are a demonstration of programs, such as Category 1-Preventative Maintenance and Rehabilitation, Category 6-Structure Replacement and Rehabilitation, and Category 8-Safety Projects of the UTP. Local contributions (which are beyond required local match to federal funds) are captured under Category 3 for projects in the Texas portion of the EPMPO study area.

Unless otherwise noted, most of these funding categories continue throughout the Destino 2045 MTP, but no additional growth rate (other than the inflation rate) beyond 2027 was applied.

Though there are a number of funding categories administered throughout the MPO planning area, the EPMPO directly administers three specific federal funding categories:



- Congestion Mitigation and Air Quality (CMAQ),
- Surface Transportation Program for metropolitan mobility projects (STP-MM)
- Transportation Alternative Program (TAP)

Texas CMAQ and STP-MM funds for years 2019-2027 of the Destino 2045 MTP are shown to grow at a 1.1% rate according to the 2018 UTP. This growth is in line with the historical average, and this growth rate is assumed to continue throughout the remaining years of the Destino 2045 MTP with total Texas CMAQ funding of **\$347M**, and total STP-MM revenue of **\$614M**

New Mexico CMAQ and STP-Large Urban revenue expectations were coordinated with NMDOT, and at the direction of NMDOT there was no growth rate applied to these programs in the Destino 2045 MTP, with a total NM CMAQ funding of **\$38M** and total STP-Large Urban funding of **\$22M**.

The total amount estimated to be available in the El Paso region through the Texas TAP program is **\$38M**. NMDOT provides TAP funds as they become available for planning and programming purposes.

TxDOT introduced additional funding assumptions in the Destino2045 MTP for non-programmatic funding categories:

- \$217M Clear Lanes Initiative for the US 62/180 Montana Expressway and Frontage Roads Phase II, in 2028
- \$438M bonding revenue for Borderland Expressway (AKA Northeast Parkway) in 2029
- \$180M of El Paso-District allocation of Rider 11B Border Funding between 2023-2031
- \$669M of Category 2 (Transportation Management Area Corridors) from 2028-2045
- \$50M of Toll Revenue generated from the Border West Expressway
- \$900M combined between Proposition 1 and Proposition 7 throughout the plan between 2023 and 2045



## ROADWAY FUNDING OVERVIEW

The coordinated effort with both TxDOT and NMDOT to project funding, annual forecast amounts, appropriate growth rates to relevant funding categories, and appropriate inflation rates resulted in the following levels (**Table 6-1**) of roadway funding estimated to be available for each stage of the plan.

**Table 6-2** displays the total funding estimated to be available by source over the 27-year period of the MTP. Federal funding administered by the EPMPO in the Destino 2045 is in line with historical trends and no reduction of these funds are expected in the future.

**TABLE 6-1: TOTAL ROADWAY FUNDING BY STAGE**

STAGE	AMOUNT
2019-2022 (Implementation)	\$646,683,580
2023-2028 (Short-Term)	\$1,250,490,231
2029-2040 (Medium-Term)	\$2,396,236,542
2041-2045 (Long-Term)	\$727,062,578
<b>TOTAL</b>	<b>\$5,020,472,931</b>



TABLE 6-2: 2019-2045 TOTAL MTP FUNDING BY CATEGORY

FUNDING BY CATEGORIES	2019-2045 TOTAL
<b>TEXAS HIGHWAY FUNDING CATEGORIES</b>	
1 - Preventive Maintenance & Rehabilitation	\$641,600,000
2 - Metropolitan Area (TMA) Corridor Projects	\$966,810,000
3 - Local Contribution	\$12,132,557
4 - Statewide Urban Connectivity Corridor Projects	\$138,394,620
5 - CMAQ	\$347,049,137
6 - Structures Replacement & Rehabilitation	\$51,300,000
7 - STP - MM	\$613,701,551
8 - Safety Projects	\$18,092,537
9 - Transportation Alternatives-Set Aside	\$38,463,306
9 - Transportation Enhancements Program (TXDOT)	\$2,465,000
11 - District Discretionary	\$106,120,000
11 - B	\$180,000,000
12 - Strategic Priority	\$63,930,000
Bonding CRRMA for Borderland Expressway	\$437,589,794
Clear Lanes Initiative	\$217,068,737
10 - CBI Program	\$8,000,000
10 - Earmark	\$4,655,874
Prop 1/ Prop 7	\$900,000,000
3 - Toll Revenue Bonding	\$50,000,000
3 - State PE Funds	\$113,509,365
3 - Local ROW Funds	\$7,863,264
3 - State ROW Funds	\$2,536,121
<i>Total TX Highway Funding</i>	<b>\$4,921,282,364</b>
<b>NEW MEXICO FUNDING CATEGORIES</b>	
STPL (Surface Transportation Program - Large Urban)	\$21,851,750
STPF (Surface Transportation Program - Flex)	\$3,000,000
TAPL (Transportation Alternatives Program - Large Urban)	\$54,018
CMAQ (CMAQ -Mandatory)	\$38,493,645
NHPP - National Highway Performance Program	\$16,600,000
NHPP-F - National Highway Performance Program Freight	\$12,800,000
SBSI (Border) - Borderland Expressway	\$6,380,000
Dona Ana County	\$11,154
<i>Total NM Roadway Funding</i>	<b>\$99,190,567</b>
<b>TOTAL MTP ESTIMATED ROADWAY FUNDING</b>	<b>\$5,020,472,931</b>

## TRANSIT FUNDING SOURCES

Transit providers in the study area are funded through a combination of federal, state, and local sources. Aside from local funding, the Federal Transit Administration (FTA) administers the primary funding programs utilized by transit providers in the study area. Of these programs, the Section 5307 Urbanized Area Formula program is the largest source of funding. Other FTA funding programs are more limited in nature.

### FEDERAL FUNDING SOURCES

#### *SECTION 5307 URBANIZED AREA FORMULA PROGRAM*

Section 5307, the Urbanized Area Formula program (49 U.S.C. 5307) makes federal funding available to urbanized areas for transit capital and operating assistance and for transit-related planning activities. Funding for the formula program is determined based on the level of transit service provision, population, and other factors.

#### *SECTION 5311 (FORMULA GRANTS FOR RURAL AREAS)*

This formula-based program (49 U.S.C. 5311) provides states and tribal governments with funding for administration, capital, planning, and operating assistance to support public transportation in rural areas, defined as areas with fewer than 50,000 residents. There are set-asides within this program for the Intercity Bus Program, the Rural Transit Assistance Program (RTAP), Public Transportation on Indian Reservations, and the Appalachian Development Public Transportation Program.

#### *SECTION 5310 (ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES)*

The Enhanced Mobility program provides formula funding to assist in meeting the transportation needs of the elderly and persons with disabilities when the transportation service provided is unavailable, insufficient, or inappropriate to meeting these needs. The purpose of this program is to enhance mobility for seniors and persons with disabilities by providing funds for programs to serve the special needs of transit-

dependent populations beyond traditional public transportation services and paratransit services.

Funds from the 5310 program can be used for both capital improvements and operating expenses. However, at least 55% of program funds must be used on capital projects that are public transportation projects planned, designed, and carried out to meet the special needs of seniors and individuals with disabilities when public transportation is insufficient, inappropriate, or unavailable. The remaining 45% of program funds may be used for:

- Public transportation projects that exceed the requirements of the Americans with Disabilities Act (ADA)
- Public transportation projects that improve access to fixed-route service and decrease reliance by individuals with disabilities on complementary paratransit
- Alternatives to public transportation that assist seniors and individuals with disabilities

Funds are apportioned for urbanized and rural areas based on the number of seniors and individuals with disabilities. The federal share for capital projects (including acquisition of public transportation services) is 80%; the federal share for operating assistance is 50%.







### SECTION 5339 (BUS AND BUS FACILITIES)

This formula-based program (49 U.S.C. 5339) provides capital funding to states and designated recipients to replace, rehabilitate, and purchase buses, vans, and related equipment, and to construct bus-related facilities.

### OTHER FTA FORMULA AND DISCRETIONARY GRANTS

There are several other FTA grant programs with funding available. Most of these grant programs are focused on fixed guideway systems or on temporary assistance.

### Section 5309 (Capital Investment Grants)

The Capital Investment Grant (CIG) Section 5309 program is a discretionary grant program for funding major transit capital investments. This includes:

- heavy rail,
- commuter rail,
- light rail,
- streetcars, and
- bus rapid transit.

By law, projects seeking CIG funding must complete a series of steps over several years to be eligible for funding. New Starts and Core Capacity projects, are required by law to complete the Project Development and Engineering phases in advance of receipt of a construction grant agreement. Small Starts projects are required by law to complete the Project Development phase in advance of receipt of a construction grant agreement. By law FTA rates projects at various points in the process, evaluating project justification and local financial commitment according to statutory criteria. FTA provides policy guidance on the CIG process and the evaluation criteria on their website.

### FLEXIBLE FEDERAL FUNDING SOURCES

Funding from the National Highway Performance Program (NHPP), the Surface Transportation Program (STP), Congestion Mitigation and Air Quality (CMAQ), and Transportation Alternatives Program (TAP) can be “flexed” to transit projects, with certain eligibility restrictions depending on the funding source.

## TRANSIT FUNDING FORECAST

From 2019-2021 approximately \$20M of CMAQ funds are programmed to be transferred from FHWA to FTA for Sun Metro to operate its BRIO and streetcar projects. Sun Metro will continue to receive traditional FTA 5307 formula funds for programs such as capital maintenance, planning and ADA Paratransit for over \$508M, and for Transit Enhancement projects covered by FTA 5339 funds for nearly \$100M, which includes approximately \$51M for buses and bus facilities. The FTA 5307 and 5339 funds are expected to grow at a modest rate of just over 1% in the through 2045.

Three Sun Metro projects are programmed with the expectation of receiving FTA 5309 Very Small Starts funding. Historically, Sun Metro has received Very Small Starts funding when leveraged by local funding. Federal transit funding is programmed for the Streetcar Phase II in FY 2023, the Juarez & El Paso International Pedestrian Crossing in FY 2024, and the Transit Center for intercity and international transit in FY 2026, all of which assume funding split between 50% Certificates of Obligation and 50% FTA 5309 Very Small Starts funding.

## TRANSIT FUNDING OVERVIEW

Table 6-3 shows the total transit funding forecast for the for the various stages of the Destino 2045 MTP. Table 6-4 breaks down forecast transit funding by source. Including local matching funds, the total amount of transit funding estimated to be available for the duration of the MTP is approximately \$945M.

TABLE 6-3: 2045 TRANSIT FUNDING FORECAST (ALL-SOURCES)

STAGE	AMOUNT
2019-2022 (Implementation)	\$82,914,692
2023-2028 (Short-Term)	\$457,588,388
2029-2040 (Medium-Term)	\$276,530,522
2041-2045 (Long-Term)	\$126,826,649
<b>TOTAL</b>	<b>\$943,860,251</b>



TABLE 6-4: 2019-2045 TRANSIT FUNDING BY SOURCE

FUNDING BY CATEGORIES	2019-2045 TOTAL
<b>TRANSIT FUNDING CATEGORIES</b>	
Large Urban Cities (Section 5307)	
1. Capital Maintenance	\$416,708,832
2. JARC	\$2,800,000
3. Security Equipment	\$6,311,615
4. Planning	\$31,633,537
5. ADA Para Transit	\$51,409,537
<b>SUBTOTAL</b>	<b>\$508,863,521</b>
Seniors and People with Disabilities (Section 5310)	\$2,600,000
<b>SUBTOTAL</b>	<b>\$2,600,000</b>
Seniors and People with Disabilities (Section 5310) <i>Administrative</i>	\$58,384
Bus and Bus facilities (Section 5339)	\$50,759,249
Curb Cuts/ADA Imp. (to include accessibility sidewalk enhancements) (Section 5339)	\$13,250,000
Support Vehicles/Bus Rehab (Section 5339)	\$16,629,624
Computer Hardware/ Software (Section 5339)	\$5,271,134
Transit Enhancements (to include shelters) (Section 5339)	\$14,000,000
Small Starts Funding (5309)	\$166,214,169
Certificates of Obligation	\$166,214,169
<b>FACILITIES AND EQUIPMENT FUNDS - SUBTOTAL</b>	<b>\$432,397,000</b>
<b>Total Transit Funding</b>	<b>\$943,860,251</b>

## ESTIMATING COSTS

Federal regulations define “total project cost” for the purpose of estimating fiscal constraint in the MTP to include:

- Planning elements (e.g. environmental studies and functional studies);
- Engineering costs (e.g. preliminary engineering and design);
- Preconstruction activities (e.g. ROW acquisition);
- Construction activities; and
- Contingencies.

The following assumptions helped guide the development of cost estimates for the proposed projects in the MTP as well as the maintenance and operation of the existing transportation system.

1. Because federal regulations do not require that the cost of maintenance and operations activities be computed for individual projects, the funding needed for maintenance and operation of the transportation infrastructure was estimated on a system-wide level.
2. Whenever a detailed engineering estimate for a particular project was not available, generalized planning-level cost figures were used to assess the cost of each of the project's elements. These generalized cost figures were based on estimates provided by TxDOT, NMDOT, and other available resources.
3. In the absence of detailed, local inflation information for construction related activities, an inflation rate of 4.0% for Texas portions of projects and 1.5% for New Mexico portions of projects was used for project cost estimation based on TxDOT and NMDOT guidance.
4. Project costs are estimated to include construction costs as well as right-of-way acquisition and engineering costs in consultation with project sponsors.



Both typical improvement costs and local knowledge of other project costs were used to develop cost estimates for the projects considered for the MTP. In keeping with federal regulations, cost estimates were computed in year-of-expenditure (YOE) dollars using the inflation factors outlined above in accordance with FHWA, TxDOT, and NMDOT guidance. **Table 6-6** displays the aggregate total estimated project costs for each period addressed by the MTP. Each period also includes programmatic cost estimates for general system maintenance and operation. The complete list of projects considered for inclusion in the MTP, along with estimated YOE costs, can be found in Chapter 8.

TABLE 6-5: 2045 COST FORECAST (ALL PROJECTS)

STAGE	ROADWAY (000)	TRANSIT (000)	TOTAL (000)
2019-2022 (Implementation)	\$631,072	\$82,914	\$713,986
2023-2028 (Short-Term)	\$758,682	\$457,588	\$1,216,270
2029-2040 (Medium-Term)	\$2,440,298	\$276,531	\$2,716,829
2041-2045 (Long-Term)	\$612,059	\$126,827	\$738,886
<b>TOTAL</b>	<b>\$4,442,111</b>	<b>\$943,860</b>	<b>\$5,385,971</b>



## CONSTRAINING THE PLAN

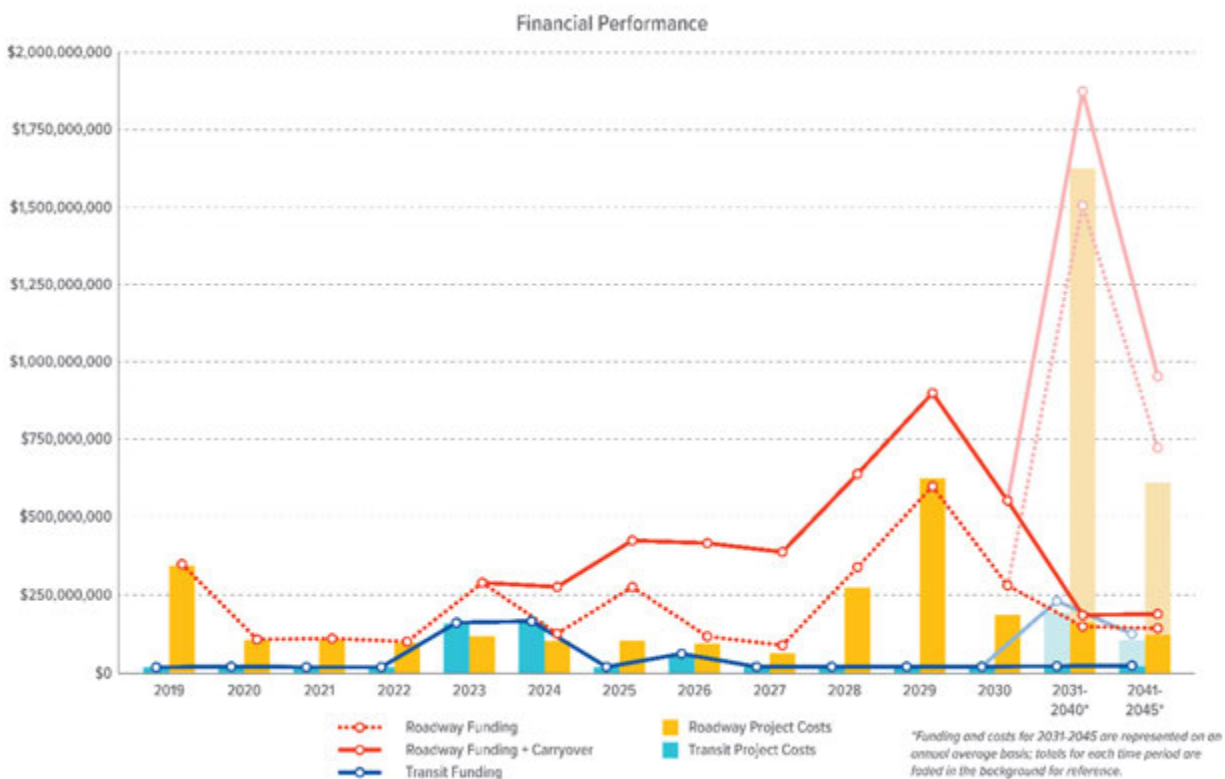
The anticipated total program funding for both highway and transit is expected to be roughly \$5.96 billion over the 27-year planning horizon of the MTP. Total program costs are estimated to be about \$5.39 billion in YOE dollars. Because the total program funding is expected to be greater than program costs – for each year of the plan through 2028, each stage of the plan from 2029-2045, and for the 27-year period overall – the Destino 2045 Metropolitan Transportation Plan is fiscally constrained. In accordance with TxDOT's UTP process, the first ten years of the plan (2019-2028) are also fiscally constrained by funding category.

Figure 6-1 shows the financial performance of the plan for each year between 2019 and 2030, and then average annual estimates between 2031-2040 and 2041-2045. Table 6-6 shows the fiscal summary for the 2019-2045 MTP.

TABLE 6-6: 2019-2045 MTP FISCAL SUMMARY

	FUNDING (000)	COST (000)
Roadway	\$5,020,473	\$4,442,111
Transit	\$943,860	\$943,860
TOTAL	\$5,964,333	\$5,385,971

FIGURE 6-1: FINANCIAL PERFORMANCE OF THE DESTINO 2045 MTP; FUNDING VS COSTS





This page intentionally left blank