

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 RMS 2050 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 28-year period in the RMS 2050 MTP.

ROADWAY FUNDING SOURCES

The following programs were considered when calculating the total amount of roadway funding available for the RMS 2050 MTP. The funding estimated to be available for projects in the EPMPO area through the lifespan of the 2022 Unified Transportation Program (2022-2031) was used to form the base-year funding assumptions that were extrapolated to complete the funding forecast for the duration of the MTP (2022-2050).

Funding assumptions are listed for each category in **Table 6-2**.

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.

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 and continued through the FAST Act, 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.

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).

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 (EPA). 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, except for carpool and vanpool projects, which will remain 100% federal. Because the EPMP Study Area is currently a non-attainment area, some projects in the RMS 2050 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.



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 through 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 2022 Unified Transportation Program 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 using a performance-based prioritization process. 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 using a performance-based prioritization process. Project funding must be authorized by the Texas Transportation Commission.

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, Texas Mobility Fund, pass-through financing, regional revenue and concession funds, and local funding.

Projects are determined by state legislation, Texas Transportation Commission-approved Minute Order, or 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 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 TxDOT 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 Bridge Maintenance and Improvement Program (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 MPOs located in a transportation management area (TMA).



Projects are selected by MPOs operating in TMAs, 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 TMAs.

CATEGORY 8: SAFETY

Safety-related projects both on and off the state highway system including the federal Highway Safety Improvement Program, Systemic Widening Program, and Road to Zero program.

Funding is allocated to TxDOT's Traffic Safety Division, which selects projects statewide. Projects in the Highway Safety Improvement Program are evaluated, prioritized, and selected at the district level based on three years of crash data (targeted funds) or systemic approved projects as outlined in the guidance. 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 (TAP)

Transportation-related activities as described in the Transportation Alternatives Set-Aside (TASA) Program, such as construction of sidewalks, bicycle infrastructure, pedestrian and bicycle signals, traffic-calming techniques, lighting and other safety-related infrastructure, and transportation projects to achieve compliance with the Americans with Disabilities Act.

For urbanized areas with populations over 200,000, the MPO selects TASA 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).



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.

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 as energy sector initiatives.

RIDER 11(B) BORDER INFRASTRUCTURE

Rider 11(b) funding is distributed to the three TxDOT districts with international ports of entry (Pharr, Laredo, and El Paso Districts) for highway projects within 50 miles of a port of entry. Selection criteria include improvements that facilitate safe movement of motor vehicles at or across the land border between the United States and Mexico.

CATEGORY 12: STRATEGIC PRIORITY

Projects with specific importance to the state; including those that improve; congestion and connectivity, economic opportunity, energy sector access, border and port connectivity, efficiency of military deployment routes or retention 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. Common project types include roadway widening (both freeway and non-freeway), interchange improvements, and new-location roadways. Funding in Category 12 is awarded to specific projects at the discretion of the Texas Transportation Commission, which selects from



candidate projects nominated by TxDOT districts and MPOs.

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.

TRANSPORTATION REINVESTMENT ZONES

Texas Legislature has established innovative methods of developing and financing transportation projects. One such tool local entities use to advance transportation projects is a transportation reinvestment zone (TRZ).

The local governing body designates a zone in which it will promote a transportation project. Once the zone is created, a base year is established, and the incremental increase in property tax revenue collected inside the zone is used to finance a project in the zone.

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 RMS 2050 MTP 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. During the development of the previous MTP, 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 fiscal years of the RMS 2050 MTP (2022-2031) are fiscally constrained by funding category, with funds accounted for through the Texas 2022 UTP and New Mexico state funding program projections as coordinated with NMDOT.

The RMS 2050 fiscally constrained MTP is further broken up into subsequent bands of time, using the same state funding projections for 2032, followed by the outer years of the plan from 2033-2040 and 2041-2050, 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 EPMPPO study area.

Unless otherwise noted, most of these funding categories continue throughout the RMS 2050 MTP, but no additional growth rate (other than the inflation rate) beyond 2032 was applied.

Though there are a number of funding categories administered throughout the MPO planning area, the EPMPPO 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 2022-2031 of the RMS 2050 MTP are shown to grow at an average **1.0%** rate according to the 2022 UTP. This growth is in line with the historical average, and this growth rate is assumed to continue throughout the remaining years of the RMS 2050 MTP with total Texas CMAQ funding of **\$302M**, and total STP-MM revenue of **\$723M**.

New Mexico CMAQ and STP-Large Urban revenue expectations were coordinated with NMDOT with no growth rate applied to these programs in the RMS 2050 MTP, with a total NM CMAQ funding of **\$52M** and total STP-Large Urban funding of **\$29M**.

The total amount estimated to be available in the El Paso region through the Texas TAP program is **\$41M**. NMDOT provides TAP funds as they become available for planning and programming purposes.

TxDOT introduced additional funding assumptions in the RMS 2050 MTP for non-programmatic funding categories:

- \$138M bonding revenue for Borderland Expressway in 2027 and 2029
- \$180M of El Paso-District allocation of Rider 11(b) Border Infrastructure Funding between 2023-2031
- \$911M of Category 2 (Transportation Management Area Corridors) from 2032-2050
- \$900M of Clear Lanes Initiative Version 2 throughout the plan between 2028 and 2050



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 28-year period of the MTP. Federal funding administered by the EPMPO in the RMS 2050 MTP 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
2022 (Immediate)	\$393,575,504
2023-2026 (Implementation)	\$1,096,194,614
2027-2032 (Short-Term)	\$2,166,465,452
2033-2040 (Medium-Term)	\$1,662,515,338
2041-2050 (Long-Term)	\$2,014,113,217
TOTAL (2022-2050)	\$7,332,864,126





TABLE 6-2: 2022-2050 TOTAL MTP FUNDING BY CATEGORY

FUNDING BY CATEGORIES	2022-2050 TOTAL
TEXAS HIGHWAY FUNDING CATEGORIES	
1 - Preventive Maintenance & Rehabilitation	\$1,310,254,973
2 - Metropolitan Area (TMA) Corridor Projects	\$1,200,727,843
3 - Local Contribution	\$306,894,938
3- Transportation Mobility Fund	\$18,000,000
4 - Statewide Urban Connectivity Corridor Projects	\$56,368,501
5 - CMAQ	\$302,269,026
6 - Structures Replacement & Rehabilitation	\$55,100,000
7 - STP - MM	\$715,624,225
7 - CRRSAA	\$7,670,000
8 - Safety Projects	\$19,432,726
9 - Transportation Alternatives-Set Aside	\$40,552,179
9 - Transportation Enhancements Program (TXDOT)	\$11,457,341
11 - District Discretionary	\$105,826,833
11 - BSIF	\$14,000,000
11 - Rider 11(b)	\$180,000,000
12 - Strategic Priority	\$960,820,000
Bonding CRRMA for Borderland Expressway	\$275,702,470
Clear Lanes Initiative v2	\$900,000,000
City of Socorro TRZ	\$35,000,000
City of Horizon TRZ	\$8,885,667
3 - Local PE Funds	\$1,939,647
3 - State PE Funds	\$280,879,233
3 - Local ROW Funds	\$6,871,952
3 - State ROW Funds	\$50,764,604
TOTAL TX HIGHWAY FUNDING	\$6,865,042,158
NEW MEXICO FUNDING CATEGORIES	
STPL (Surface Transportation Program - Large Urban)	\$29,375,782
STLE (Surface Transportation Program - Exempt)	\$6,742,848
STPF (Surface Transportation Program - Flex)	\$5,995,050
CMAQ (CMAQ -Mandatory)	\$51,632,122
NHPP - National Highway Performance Program	\$23,632,583
NHPP-F - National Highway Performance Program Freight	\$14,290,179
New Mexico State Funds	\$178,793,062
SBSI (Border) - Borderland Expressway	\$7,349,248
Anthony, NM	\$40,642,457
Sunland Park, NM	\$90,013,778
NM Border Authority	\$19,354,859
TOTAL NM ROADWAY FUNDING	\$467,821,968
TOTAL MTP ESTIMATED ROADWAY FUNDING	\$7,332,864,126

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)

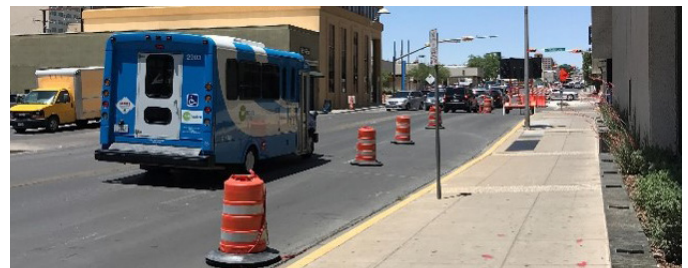
The Enhanced Mobility program provides formula funding to assist in meeting the transportation needs of the elderly and persons with disabilities when the transportation service provided is

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 FTA 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 2023-2025 approximately \$5M of CMAQ funds are programmed to be transferred from FHWA to FTA for Sun Metro to operate its Montana RTS projects. Sun Metro will continue to receive traditional FTA 5307 formula funds for programs such as capital maintenance, planning and ADA Paratransit for over \$570M, and for Transit Enhancement projects covered by FTA 5339 funds for nearly \$114M, which includes approximately \$60M for buses and bus facilities. The FTA 5307 and 5339 funds are expected to grow at a rate of 1% through 2050. This growth rate is expected to be different for 5307 funds to be used for Security Equipment and 5339 funds for Bus and Bus facilities expenses which are calculated with a 2.5% growth rate.

One Sun Metro project is 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 2041 which assumes 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 RMS 2050 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 **\$1B**.

TABLE 6-3: TOTAL TRANSIT FUNDING BY STAGE

STAGE	AMOUNT
2022 (Immediate)	\$20,761,645
2023-2026 (Implementation)	\$85,173,630
2027-2032 (Short-Term)	\$134,711,073
2033-2040 (Medium-Term)	\$193,875,445
2041-2050 (Long-Term)	\$568,989,802
TOTAL (2022-2050)	\$1,003,511,595

TABLE 6-4: 2022-2050 TRANSIT FUNDING BY SOURCE

FUNDING BY CATEGORIES	2022-2050 TOTAL
TRANSIT FUNDING CATEGORIES	
Large Urban Cities (Section 5307)	
1. Capital Maintenance	\$467,023,841
2. JARC	\$2,800,000
3. Security Equipment	\$7,495,123
4. Planning	\$35,153,247
5. ADA Para Transit	\$57,129,616
SUBTOTAL	\$569,601,827
Seniors and People with Disabilities (Section 5310)	\$17,034,572
Seniors and People with Disabilities (Section 5310) Administrative	\$1,892,731
SUBTOTAL	\$18,927,303
Bus and Bus facilities (Section 5339)	\$60,063,784
Curb Cuts/ADA Imp. (to include accessibility sidewalk enhancements) (Section 5339)	\$15,000,000
Support Vehicles/Bus Rehab (Section 5339)	\$18,528,170
Computer Hardware/ Software (Section 5339)	\$6,543,885
Transit Enhancements (to include shelters) (Section 5339)	\$14,000,000
Small Starts Funding (5309)	\$150,423,313
Certificates of Obligation	\$150,423,313
FACILITIES AND EQUIPMENT FUNDS - SUBTOTAL	\$414,982,465
TOTAL TRANSIT FUNDING	\$1,003,511,595

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 6-5** 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: 2022-2050 COST FORECAST (ALL PROJECTS)

STAGE	ROADWAY	TRANSIT	TOTAL
2022 (Immediate)	\$339,657,644	\$20,761,645	\$360,419,289
2023-2026 (Implementation)	\$959,018,132	\$85,173,630	\$1,044,191,762
2027-2032 (Short-Term)	\$2,034,701,880	\$134,711,073	\$2,169,412,953
2033-2040 (Medium-Term)	\$1,695,145,713	\$193,875,445	\$1,889,021,158
2041-2050 (Long-Term)	\$2,201,411,066	\$568,989,802	\$2,770,400,868
TOTAL (2022-2050)	\$7,229,934,435	\$1,003,511,595	\$8,233,446,030





CONSTRAINING THE PLAN

The anticipated total program funding for both highway and transit is expected to be roughly \$8.34 billion over the 28-year planning horizon of the MTP. Total program costs are estimated to be about \$8.23 billion in YOE dollars. Because the total program funding is expected to be greater than program costs – for each year of the plan through 2032, each stage of the plan from 2033-2050, and for the 28-year period overall – the RMS 2050 MTP is fiscally constrained. In accordance with TxDOT’s UTP process, the first ten years of the plan (2022-2031) are also fiscally constrained by funding category.

Figure 6-1 shows the financial performance of the plan for each year between 2022 and 2032, and then average annual estimates between 2033-2040 and 2041-2050.

Table 6-6 shows the fiscal summary for the 2022-2050 MTP.

TABLE 6-6: RMS 2050 MTP FISCAL CONSTRAINT SUMMARY

	FUNDING	COST
Roadway	\$7,332,864,126	\$7,229,934,435
Transit	\$1,003,511,595	\$1,003,511,595
TOTAL	\$8,336,375,721	\$8,233,446,030

FIGURE 6-1: FINANCIAL PERFORMANCE OF THE RMS 2050 MTP; FUNDING VS COSTS

