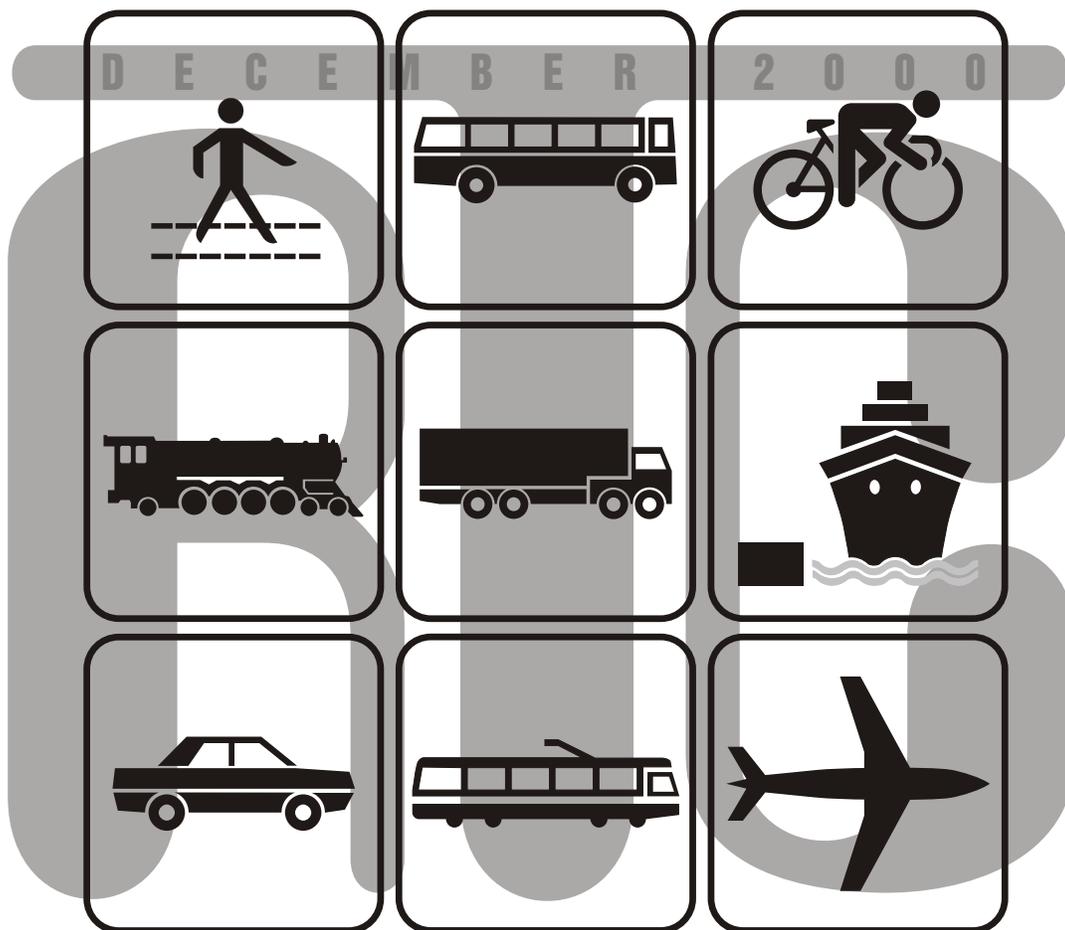


Metropolitan Transportation Plan for Clark County



Southwest Washington Regional Transportation Council

CHAPTER 4

FINANCIAL PLAN

OVERVIEW

Potential transportation improvement projects proposed in this Plan are intended to meet the MTP policy objective of making the most efficient use of, and enhancing, the existing transportation system. The potential highway, transit and non-motorized recommendations are designed to meet transportation planning goals:

- to provide Mobility and Accessibility
- with Cost-effective and Affordable projects
- which will minimize Environmental Impact and improve Air Quality

The availability of federal, state and local moneys will have a significant impact on the ability to fund proposed projects. This chapter describes revenue sources and discusses changes to revenue sources as a result of federal and state legislation. The projection of funding ability is based on historic funding levels. The ability of the projected funding to meet MTP costs is determined.

Transportation has traditionally been funded by “user fees”. Today, the major tax sources to fund transportation are the gas tax, the Motor Vehicle Excise Tax (MVET), vehicle registration fees and transit fare box revenues. Gas tax is imposed at the federal level (\$0.183 per gallon) and at the State level (\$0.23 per gallon) and is devoted primarily to highway purposes.

CURRENT REVENUE SOURCES

FEDERAL FUNDING

The federal funding picture changed significantly with the passage of the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 and its successor, the Transportation Equity Act for the 21st Century (TEA-21), passed in 1998. Funding programs in ISTEA and TEA-21 allow much greater flexibility in the way money may be used. The federal funding programs now have a multimodal emphasis especially the Surface Transportation Program, which gives regions greater independence to invest in alternate modes of travel, including capital transit projects, such as High Occupancy Vehicle (HOV), Light Rail Transit (LRT), and park and ride facilities. ISTEA was considered landmark legislation because of this and because it enhanced the role of the Metropolitan Planning Organization in the programming, planning, and prioritization of STP funds, established Transportation Management Areas (TMAs), and made funding available for transportation projects to help regions meet air quality standards. A brief description of the existing funding programs available through the federal Act follows.

Interstate Maintenance (IM) Program

This program is similar to the former FAI-4R program and is intended for projects to rehabilitate, reconstruct, restore, and resurface the Interstate System. IM funds may not be used for new travel lanes, other than High Occupancy Vehicle lanes or auxiliary lanes or

reconstruction. Six-year funding is set at \$23.8 billion, nationwide. The Washington State apportionment is \$487.9 million over six years as outlined in the table below.

National Highway System (NHS)

National Highway System was a new funding category in ISTEA. It established a National Highway System (NHS) which consists of major roads in the U.S. including the interstate system; other routes identified for their strategic defense characteristics; routes providing access to major ports, airports, public transportation and intermodal transportation facilities; and principal arterials that provide regional service. Funding in this category may be used for a wide variety of projects. In addition to roadway construction, operational and maintenance improvements, eligible projects include: start-up for traffic management and control, infrastructure-based intelligent transportation system capital improvements, fringe and corridor parking, carpool and vanpool projects, bicycle and pedestrian projects, and wetlands and natural habitat mitigation. In certain circumstances, transit projects in the corridor are also allowed if they benefit the NHS facility. Publicly-owned intracity and intercity bus terminals are also eligible. In addition, states have the option to shift 50% of the money to the STP category, which has greater project flexibility. The funding level for the NHS program is \$28.6 billion nationwide for the next six years. Estimated Washington State apportionments are outlined below:

Table 4-1: Estimated Washington NHS Allocations (in millions \$)

ESTIMATED WASHINGTON NHS ALLOCATIONS (IN MILLIONS \$)	
<i>(Note: The amounts shown below are authorized amounts; appropriated amounts are lower)</i>	
	TOTAL: Federal Fiscal Years 1998-2003
Interstate Maintenance	\$487.9
National Highway System	\$545.7
Totals	\$1,033.6

Source: US DOT web-site at <http://www.fhwa.dot.gov/tea21>

Surface Transportation Program (STP)

This program is similar to a block grant program and combines the old Federal Primary, Federal Aid Urban, and Federal Aid Secondary categories into a single, flexible, intermodal program. Generally, it can be used for any road or bridge except for local roads or rural minor collectors, although a portion of the funds reserved for rural areas may be spent on rural minor collectors. In addition to eligibility for operational and capacity improvements to roadways, it allows for the programming of transit capital projects, intracity and intercity bus terminals, carpool projects, fringe and corridor parking, capital and operating costs for traffic monitoring, management or control, transportation enhancements, transportation planning, and transportation control measures for air quality. If an area has been designated a Transportation Management Area, as the Vancouver region has, money cannot be spent on road capacity improvements for general purpose traffic unless the improvements are part of an overall Congestion Management Plan.

Of the money received by the state, 10% must be set aside for safety projects such as hazard elimination and 10% for transportation enhancements such as pedestrian and bicycle facilities.

Total funding for the STP is \$33.3 billion nationwide. The table below outlines estimated STP funding available within the state of Washington for the extent of the TEA-21 (1998-2003).

Table 4-2: Estimated Washington STP Allocations (in millions \$)

ESTIMATED WASHINGTON STATE STP ALLOCATIONS (IN MILLIONS \$)	
(Note: The amounts shown below are authorized amounts; appropriated amounts will be lower)	
	TOTAL: Federal Fiscal Years 1998-2003
Enhancements	\$67.5
Safety	\$67.5
Distributions by Population	\$337.6
Planning & Research (STP)	\$17.2
Statewide Flexible	\$387.8
Totals	\$877.7

Source: 8/10/98 Estimates by
 WSDOT

Congestion Mitigation and Air Quality Improvement Program

These funds are specifically targeted for air quality non-attainment and maintenance areas for ozone, carbon monoxide (CO) and small particulate matter (PM-10) to implement projects and strategies which reduce transportation related emissions; to implement Transportation Control Measures (TCM's) listed in Section 108 of the Clean Air Act, or the State Implementation Plan, or that the Department of Transportation or the Environmental Protection Agency has determined will contribute to attainment and maintenance of National Ambient Air Quality Standards (NAAQS). Money in this fund is apportioned by population and weighted by the severity of pollution. Funds in this category cannot be used for new highway capacity. However, construction of high occupancy vehicle lanes are allowed with the understanding that capacity may be used by single occupancy vehicles during the non-rush hour period. The Clean Air Act Amendments of 1990 require that highest priority be given to the implementation of the transportation portions of applicable SIP's and TCM's for applicable SIP's. Total six-year funding for this program is \$8.1 billion, nationwide. It is anticipated that the state of Washington will receive \$130.8 million for the six-year period from FFY 1998 through FFY 2003. An average of \$21.8 million per federal fiscal year is received to be used in the areas with air quality problems; Seattle, Vancouver, Spokane and Yakima. RTC is one of the MPO's, statewide, which receipt of CM/AQ funds.

Bridge Replacement and Rehabilitation Program

This program provides funds to assist states in replacement and rehabilitation of deficient highway bridges and to seismic retrofit bridges on any public road. The nationwide program provides \$20.4 billion in funding. Within Washington State, about \$534 million is to be received for bridge projects from 1998 through 2003. Distribution of Bridge funds to individual bridge replacement projects for local agencies is governed by policies established by the Bridge

Replacement Advisory Committee (BRAC). The needed bridge projects forecast for the Clark County region over the 20-year planning period are listed in Appendix B.

High Priority (Demonstration) Projects

TEA-21 provides funding for High Priority Projects throughout the nation as identified by Congress. TEA-21 includes 1,850 such projects costing a total of \$9.4 billion. In Clark County, High Priority funding is allocated to the following projects: \$4 million to the Mill Plain Extension west to the Port of Vancouver and \$4.721 million to the 192nd Avenue corridor in east county.

STATE FUNDING

The Motor Vehicle Fuel Tax and Motor Vehicle Excise Tax (MVET) are the two major state revenue sources for highway maintenance and arterial construction funds. Some of the programs funded by these revenue sources are described below:

Transportation Improvement Account

This program is administered by the Transportation Improvement Board (TIB) and provides funding for projects to improve the mobility of people and goods in Washington State's urbanized areas. The TIB encourages projects which are coordinated among government agencies and provide for public/private participation. The TIA urban program requires a minimum 20% local match.

Urban Arterial Trust Account (UATA)

The Transportation Improvement Board also administers Urban Arterial Trust Account (UATA) funds. The program is to improve the existing city and urban county arterial street system to reduce congestion, strengthen the structural ability to carry traffic loads, address roadway width deficiencies, provide improvements to reduce accident rates, and implement traffic management to maximize mobility of people and goods. A minimum 20% local match is required.

The table below provides an example of annual statewide funding overseen by the Transportation Improvement Board (TIB):

Table 4-3: Transportation Improvement Board Funding Programs

TRANSPORTATION IMPROVEMENT BOARD FUNDING PROGRAMS			
Funding Program	Eligible Agencies	Type of Projects	Funds a) 1999 Statewide b) 1999 Clark County c) 1997-99 Statewide d) Clark Co. (historical)
Transportation Partnership Program (TPP)	Urban Counties, Cities > 5,000 Population, Transportation Benefit Districts	Regionally Significant, Improve Mobility and Economic Dev., Multijurisdictional, Multi-modal, Public/Private Coop.	a) \$58.2 million b) \$9.9 million c) \$122.0 million d) 62.3 million
Arterial Improvement Program (AIP)	City and County Arterial Streets (Within Federal Urban Area Boundary)	Improve Mobility, safety, address geometric and structural deficiencies	a) \$41.3 million b) \$5.4 million c) \$57.2 million d) 25.3 million
Small City Program (SCP)	Incorporated cities with population < 5,000	Address Structural Condition, Lane and Shoulder Width Deficiencies, Safety Issues	a) \$5.8 million b) \$0.143 million c) \$7.9 million d) \$1.2 million
Pedestrian, Safety & Mobility Program (PSMP)	Urban and Small City	Enhance and Promote Pedestrian Mobility, Safety, System Continuity and Connectivity	a) \$4.7 million b) \$0.162 million
Public Transportation Systems Program (PTSP)	Transportation System Agencies Outside Central Puget Sound that are net contributors of MVET to the PTSA	Planning and Development of Capital Projects, HCT Systems, HOV Lanes and Related Facilities, Other Public Transportation System related Roadway Projects on State Highways, County Roads or City Streets	c) \$3.9 million

Rural Arterial Program This fund is for financing arterial road improvements in rural areas. Proposed projects for this program are rated by a specific set of criteria including (1) structural ability to carry loads, (2) capacity to move traffic at reasonable speeds, (3) adequacy of alignment and related geometrics, (4) accident rates and (5) fatal accident rates.

Community Economic Revitalization Board

This fund was established by the legislature to make loans and/or grants for public facilities, including roads, which will stimulate investment and job opportunities, reduce unemployment, and foster economic development.

Public Works Trust Fund

Development to provide low interest loans to local governments for infrastructure improvements and is funded by utility taxes.

LOCAL FUNDING

Local revenue comes from a variety of sources such as property tax for highway projects and sales tax for transit projects. Other revenues include moneys from street use permits, gas tax, utility permits, and impact fees.

Arterial Street Fund

This is the distribution of the state gasoline tax to the cities and counties based on each jurisdiction's population.

Transportation Impact Fees

Transportation impact fees were authorized in HB 2929 of the 1990 Legislature to address the impact of development activity on transportation facilities. Clark County, City of Vancouver the City of Camas and City of Battle Ground have established Transportation Impact Fees programs. Clark County and the City of Vancouver are currently updating their transportation impacts fees programs.

POTENTIAL TRANSPORTATION REVENUES

The revenue sources described in this section are programs approved by the State Legislature which authorize jurisdictions to impose fees at the local level for specific transportation infrastructure categories with voter approval. These programs have not been instituted in this region, but could be imposed in the future.

Local Option Vehicle License Fee

A local option fee of up to \$15 per vehicle can be imposed at the county level and can be used for general transportation including: public transportation, high capacity transportation, transportation planning and design, and other transportation related activities. A maximum \$15 local license fee could generate up to \$4.5 million per year in revenues within Clark County.

Local Option Fuel Tax

A local option fuel tax of up to 10% of the statewide motor vehicle fuel tax may be imposed by the county without voter approval; this would amount to a 2.3 cents per gallon local option. Revenue from this source must be used for highway purposes including: construction and maintenance of city streets, county and state roads, and related activities. This could raise an estimated \$3.4 million per year.

Commercial Parking Tax

The county or city may impose, subject to exclusive referendum procedure, a tax on the commercial parking business to be used for general transportation purposes. The tax could be based on gross proceeds or number of stalls, or on the customer. As of yet, there are no localities that have instituted a parking tax, and consequently, issues associated with it have not been analyzed nor have revenue estimates been made.

TRANSIT REVENUES

Revenue sources have been described above that are intended exclusively for highway investment or have the flexibility to be used for highway/transit funding. This section will address revenue sources specifically for the purpose of funding transit needs.

HIGH CAPACITY TRANSPORTATION REVENUES

Federal

The Surface Transportation Program of ISTEA gives much greater emphasis on intermodal flexibility and allows those funds to be used for transit capital projects. In addition, National Highway System funds can be used on alternative arterials or transit projects within the NHS corridor if there is a direct benefit to a NHS facility. Federal funds provided C-TRAN with approximately \$12.7 million in 1994.

State

The Transportation Fund of the state can be used for any transportation purpose including transit but historically has primarily been used for highway projects. Within the Transportation Fund is the Public Transportation System Account which may be used for transit-related projects, although the amount available to the remainder of the state outside the Puget Sound area is quite small.

The state High Capacity Transportation Account (HCTA) is available to transit agencies for planning, construction, and operating High Capacity Transportation systems and provides 80% state funding.

LOCAL OPTION REVENUES

There are a number of local option taxes available at the local level that can be implemented with voter approval. Unlike potential revenue sources described earlier, these local tax options would be used exclusively for planning, constructing, and operating high capacity and feeder transportation systems.

Motor Vehicle Excise Tax

Additional local level MVET, to a maximum of 0.8%, is allowed to be levied.

Employer Tax

A tax on employers of up to \$2 a month per employee could generate over \$2.7 million a year in the Clark County region.

Sales Tax

This would allow up to a 1% local sales tax option and could generate over \$20 million a year in revenue.

REVENUES AND COSTS

ISTEA requires that the *MTP* be “fiscally constrained”; there must be a balance between forecast revenues and costs of identified transportation system improvements. With limited revenues available for funding transportation improvements, the most cost-effective transportation solutions must be identified and selected. The analysis of needs and revenues presented in local Growth Management Act (GMA) plans, *1999-2018 State Highway System Plan*, and *Transportation Improvement Program 2000-2002* are used in the *MTP* as the basis for its financial plan. Both the state and local transportation planning processes are required to exercise fiscal responsibility in preparing transportation finance plans. The GMA requires that local jurisdictions prepare a Capital Facilities Plan (CFP) element to include transportation projects as part of the GMA plans.

The financial analysis presented in this *MTP* assumes revenues and costs in 1999 dollars. This method has advantages in that the methodology is straightforward, but has drawbacks in that inflation is not considered in the analysis. However, the inflation factor has an impact on both the revenues and costs sides of the equation. On the revenues side, gas taxes do not keep pace with inflation. On the project costs side, the longer the time taken to implement a project the more expensive it will be. Another problem that the transportation sector faces is that although the federal government authorizes transportation dollars at a certain level, the actual appropriation for their use is at a lower level.

REVENUES

Historic data relating to revenue receipts for regional transportation improvements is used to assess revenues likely to be received for future transportation needs. The historic data is derived from Transportation Improvement Programs (TIP) for years 1993 through 2002 (TIP years developed since passage of the ISTEA) as a basis for annual revenue estimates. Revenues received for implementing the TIP for years 1993 through 1999 are included in the analysis and revenues programmed in the TIP for years 2000 through 2002.

1999 analysis reveals that once dollars are set aside for regional system maintenance, preservation and operations (approximately \$25 million annually) about \$27.9 million per year remains available for regional transportation system expansion projects annually in Clark County (See Figure 4-1 below). Over the twenty-year planning horizon of the *MTP*, this would mean approximately \$558.6 million in revenues available for regional transportation system expansion.

As noted above, this revenue projection is exclusive of system maintenance, preservation and operating revenues which are already accounted for, exclusive of local transportation system needs and exclusive of revenues received to fund transit system operations.

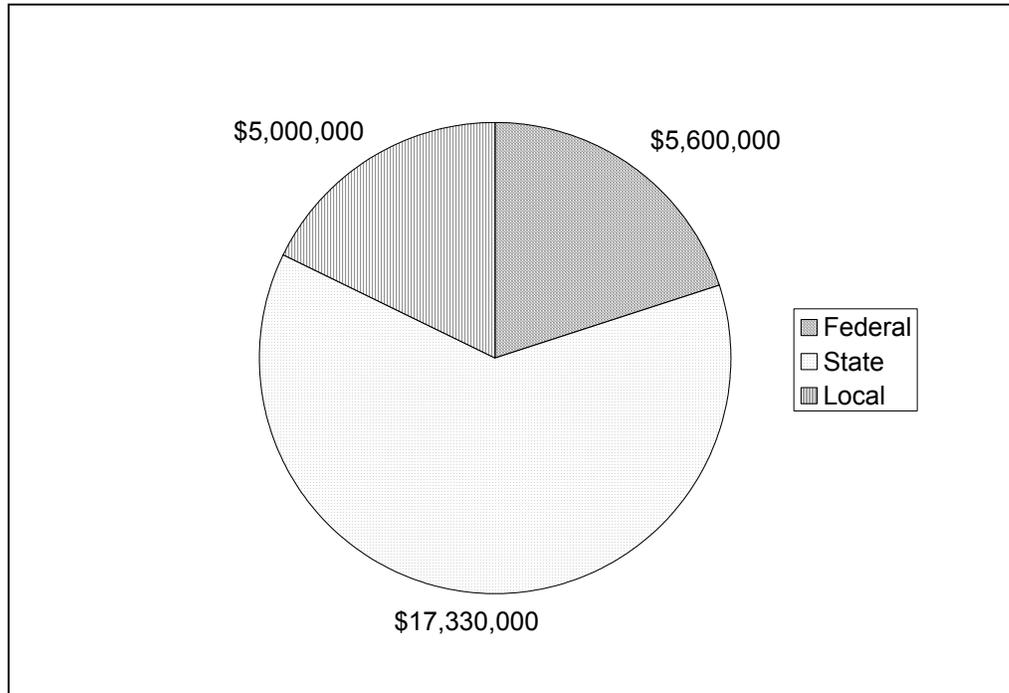


Figure 4-1: Annual Average Revenues for "Mobility/Accessibility" Projects on Regional Transportation System in Clark County

COSTS

System Maintenance, Preservation and Operations

Before consideration can be given to system expansion, the region needs to ensure that sufficient money is available to adequately maintain, preserve and operate the transportation system already in existence. For the regional transportation system, costs to maintain, preserve and operate the system exceed \$25 million annually. These costs are likely to take up a greater percentage of available revenues over the twenty year period as the transportation system ages and grows. Transit operating costs are assumed to be covered by available revenues to the transit system. Projected funding for transit system operation and improvement is outlined in the *Model Transit Sub-element and Capital Facilities Plan*, (C-TRAN, May 1994). The document was prepared to support GMA planning efforts. For the six-year planning period, C-TRAN publishes a *Transit Development Plan* (TDP) which reports on projected service levels and funding strategies. The latest published TDP provides a review of 1998 and covers the years 1999 through 2005 and was issued in mid-1999.

System Expansion

In a rapidly growing region such as Clark County, there is large demand for system expansion. MTP highway system expansion costs have been estimated at \$558.6¹ million over the twenty-year period. Cost estimates are reviewed in detail at each MTP update.

Estimated capital costs for bi-state transportation facilities is addressed in the October, 1996 report prepared for the Transportation Futures Committee, *New Bi-State Transportation Facilities Capital Cost Comparisons*. The I-5 Trade Corridor Study, now underway, and the Bi-State Transportation Committee which convened in September, 1999 will also address bi-state needs. It is acknowledged in the state 1999-2018 Highway System Plan that a replacement for the I-5 Interstate Bridge will be required in the longer term. However, it is tagged as a High Cost Project (HCP); funding is not identified for the project and so it is not a part of the fiscally constrained Plan.

CONSISTENCY BETWEEN MTP AND STATE SYSTEMS PLAN AND LOCAL PLANS

All recommended projects contained within the MTP are consistent with State and local plans. The *MTP* financial plan is required by the federal government to be “fiscally constrained”. The MTP includes all state projects identified in the State Highway System Plan, 199-2018 (January, 1998) Financially Constrained list. However, the State’s Highway System Plan identifies transportation needs beyond the revenue levels currently available for regional transportation uses identified in this MTP. The additional transportation needs are listed in the section of the state Highway System Plan titled, "Mobility Strategies Excluded from Constrained Plan". The Highway System Plan estimates that there are \$1.3 billion in unmet needs on the state transportation system in Clark County in the twenty year period. The State plan calls for legislative action to increase transportation revenues to overcome the projected shortfall in funding but the outcome is not yet assured. Local GMA plans are dependent on the implementation of various measures to raise additional transportation revenues and, again, the outcome is not certain. It is assumed that funding for *MTP* system improvements already programmed in the regional and local transportation improvement programs is secured.

FISCAL CONSTRAINT OF THE MTP

The MTP for Clark County represents a fiscally-constrained transportation plan in that projected revenues² appear to be available to meet the estimated cost of regional transportation projects³

¹ Cost estimates for the Plan were reviewed in 1999. The cost estimates assume the low end of the cost range for state projects as noted in the 1999-2018 Washington State Highway System Plan (WSDOT; January, 1998). Also, credit is taken for projects which are already fully or partially funded.

² A detailed analysis of available and projected revenues and estimated cost of projects is available from RTC.

³ Regional projects include all state transportation facilities, principal arterials and some minor arterials. Local projects (remainder of the minor arterial system, collectors and local roads) are not included in the MTP's detailed fiscal analysis.

(in 1998/9 dollars) listed in Appendix A. The financial outlook can change if cost estimates for certain projects are increased and/or if projected revenues increase or decrease. The objective of making most efficient use of limited transportation dollars motivated RTC to conduct a transportation project prioritization process during 1998. The rationale for the prioritization process was that if the region could agree on top priorities, medium term priorities and longer term priorities, then the region could advance those top priority projects for statewide competitive funding. It was felt that those projects that have the top priority support of the whole region may be able to more successfully compete for funds. The process focussed largely on prioritization of regional highway capacity expansion projects. These are the type of projects for which dollars are most difficult to obtain because policy is to ensure the maintenance and preservation of the existing system before funds can be allocated to system expansion. The Prioritization Process is outlined in Chapter 5 of the MTP.

The Clark County region does have additional transportation needs beyond those improvements listed in the MTP. Projects to meet these needs cannot be incorporated into the Plan at this time as there are insufficient revenues projected to be available for their construction and/or implementation. Some of these projects are outlined in the 1999-2018 Washington State Highway System Plan and are to be addressed in the next MTP update. During 1998/99 several revenue issues may be resolved which may alter the financial outlook. The federal Transportation Equity Act for the 21st Century (TEA-21) was passed during 1998 which allocates additional funding to transportation projects nationwide than did its predecessor, the Intermodal Surface Transportation Efficiency Act (ISTEA). Referendum 49 was passed by the voters of Washington State in November, 1998 which allocates additional state funds to transportation projects. Initiative 695 was passed by voters in Washington in November, 1999. This initiative led to repeal of the Motor Vehicle Excise Tax which has significantly reduced the revenues available to transit. In addition to revenue issues, finance considerations have to account for cost estimates that may increase as the full extent of work and funding necessary to fulfill certain projects is realized.