

# FINANCIAL PLAN

## 11.1) OVERVIEW

According to SAFETEA-LU, the financial plan of the Metropolitan Transportation Plan must be ‘fiscally constrained’, meaning transportation projects must be funded through reasonable estimates of revenues. The proposed roadway system improvements in the MTP are confined to the amount of funding available, or those revenues that can be reasonably expected over the 25-year life of the MTP. While more infrastructure improvements were identified than what funding would be reasonably expected, the roadway projects address the most pressing areas within the MPO boundary.

To complete the regional bicycle/pedestrian network, the entities will need to secure federal and local funding for many of the priorities discussed in Chapter 6. On-road bike facilities and sidewalks should be constructed in conjunction with new roads or with retrofit projects whenever feasibly possible. Funding these regional bicycle/pedestrian projects needs to be factored into the financial analysis.

Transit is funded primarily through FTA 5307 Operating and FTA 5309 Capital as well as through required local matches. These funding sources will be maintained as the reasonable funding estimates out to the year 2035. Although the Red Apple Transit does charge a fare for a fare box recovery ratio, the system is primarily subsidized by federal funds through FTA.



## 11.2) FUNDING SOURCES

The MPO typically receives funding from the following federal sources:

- **National Highway System (NHS)** – Used to construct improvements on urban and rural roads that are part of the NHS system.
- **Surface Transportation Program (STP)** – provides flexible funding that may be used by States and localities for projects on any Federal-aid highway, including the NHS and bridge projects on any public road.
- **Transportation Enhancements (TPE)** – Part of the STP program, this source funds specific walking and biking improvements that create facilities, provide safety, or preserve rail corridors for conversion into walk/bike trails.
- **Highway Safety Improvement Program** – Also part of STP, used for projects that provide safety or improve dangerous conditions on roadways, at intersections, or for walkers and bicyclists.
- **Highway Bridge Program** – enables States to improve the condition of their highway bridges through replacement, rehabilitation, and systematic preventive maintenance.

Other secondary federal sources occasionally received by the MPO include:

- **Recreational Trails Program** – provides funds for the creation or maintenance of new or existing trails, typically for non-motorized modes of travel.
- **Safe Routes to School Program (SRTS)** – A program that funds infrastructure improvements or educational activities that make it safer for students to walk or bike to school.
- **High Priority Projects Program** – commonly known as ‘earmarks’, this program provides designated funding for specific projects identified in SAFETEA-LU.
- **Transportation, Community, and System Preservation (TCSP)** – intended to improve efficiency of the existing transportation system by reducing environmental impacts and the need for new infrastructure.

Typical state funding sources include the General Fund, Severance Tax, and the Municipal Arterial Program (MAP). Local entities may use their general funds as well as dedicated road-building funds to complete regional transportation improvements. These funds rely on revenues from various sources including local sales and property taxes, fees, bond levies, and private sector contributions including right-of-way dedication. Additional revenues sources may come from impact fees if established by the individual entities under NM State Statute.

### 11.3) ESTIMATED ROADWAY COSTS and REVENUES

Conventional practice for estimating future revenues for financing future transportation projects begins with an examination of historical state and federal funding levels. An estimation of future federal and state funding for the Farmington MPO region would be made based on a forecast of previous authorizations; however, the insolvency of the Highway Trust Fund, federal funding rescissions, reduced District targets for federal funds, and the current economic recession make estimating the future funding levels based on historical data a challenge. Simply projecting current revenues over the past several years for the future is no longer a viable methodology for revenue forecasting.

An alternative to a straight historical forecast is the development of future revenue scenarios. Due to varying revenue-impacting assumptions, three scenarios have been created by the MPO: a low-revenue, mid-range revenue, and high-revenue. The revenue scenarios allow the Farmington MPO to be flexible in its planning process and adaptable to the changing dynamics of the economy within the region and the state. The Farmington MPO and its entities should always seek out or research new innovative funding strategies as they are identified. In a tight economy, the challenge is finding creative ways to optimize and augment existing financing strategies to provide the best service and infrastructure to the area's residents.

### 11.4) APPROVED SCENARIOS and PROJECT LISTS

The final roadway scenarios and project lists that are expected to meet future travel demand and needs reflect consultation with the public, local entities and other stakeholders. The MPO has undertaken an extensive amount of technical analysis to arrive at the approved scenarios contained in this plan. The overall roadway project lists were reduced and grouped into categories in order to meet the SAFETEA-LU planning requirements of a fiscally constrained plan for the next 25 years. The approved scenarios include combinations of up to six projects that could potentially fall within projected revenues. Several additional projects are shown in Appendix B. This list shows an additional \$201,000,000 in unfunded transportation needs. The MPO will maintain these projects as unfunded requests in the event that additional revenues or increased funding levels are achieved. A few identified projects have been removed as being not recommended due to high costs or not having much benefit to the regional system.

For each revenue scenario, a dedicated amount should be reserved for regional bicycle/pedestrian projects. Projects should be selected from the short term priority list. Project selection would be determined in future years based on specific conditions and need.

Project costs were developed in cooperation with the entities and NMDOT. The MPO used existing worksheets and formulas for cost estimation of road projects. Then, to achieve a year of expenditure amount, an inflation rate of 2.5% was applied

to the projects. Cost of materials and project length were the primary factors for bicycle/pedestrian costs, but they do not calculate right-of-way or property acquisition costs at this time. After review by the entities, the project costs received approval through the MPO process.

### 11.5) REVENUE ANALYSIS

Table 11-1 describes federal funding provided to NMDOT District 5 and the amounts programmed to the Farmington MPO during the past four years as well as through the current STIP cycle out to the year 2013. Each of the three scenarios is described as follows to indicate how the base funding level was developed and how projected funding levels are estimated. Assumptions are also explained as part of the financial analysis:

#### Low Revenue Scenario

- The Low Revenue scenario took the average federal funding per year (from FY2006 to FY2013) and reduced that amount (\$6,076,000) by 25%. Due to a lack of having a federal transportation bill in place, a 25% reduction is applied to reflect the uncertainty of District targets. An average local contribution amount was also calculated using the same formula; however the average amount (\$2,200,000) was reduced by 35% since most of the entities have indicated to MPO staff that they are

cutting their capital budgets in the near term. After projecting the federal and local contributions out to the year 2035, the total estimated revenue for the Low Revenue scenario is \$149,625,000. Table 11-2 shows what can be reasonably funded with this scenario.

#### Mid-Range Revenue Scenario

- The Mid-Range Revenue scenario takes the entire amount of federal funding programmed to the FMPO for a period of eight years (from FY2006 to FY2013) and assumes the funding will stay consistent for the next 25 years. In this eight year timeframe, the Farmington MPO received about \$48,609,000 in federal funding. For local contribution estimation, the eight year total capital funding (\$17,575,000) was assumed to continue until 2035. Total estimated funding for this scenario is expected to be around \$165,460,000 (Table 11-2).

#### High Revenue Scenario

- The High Revenue scenario calculates the average yearly amount of federal funding (\$6,076,000) and the average yearly local contribution (\$2,200,000) and continues these funding trends out to the year 2035. This scenario estimates a total revenue amount of \$206,900,000 (Table 11-2).

Each revenue scenario would allow flexibility for the Farmington MPO to fund some safety, bicycle and pedestrian projects over the next 25 years. The Metropolitan Transportation Plan and this scenario list can be revised, as necessary, to meet the changing needs of the community.

TABLE 11-1 – Federal Funding and Local Contributions by Year

	Total District 5 Federal Funding by Year	District 5 % Change Year to Year	Portion of District 5 Funding Programmed to FMPO	FMPO % Share of Federal Funding Year to Year
2006	\$ 43,420,700		\$ 750,667	
2007	\$ 23,153,000	-46.68%	\$ 1,199,000	5.18%
2008	\$ 26,431,800	14.16%	\$ 6,381,000	24.14%
2009	\$ 16,283,000	-38.40%	\$ 5,527,476	33.95%
2010	\$ 29,948,000	83.92%	\$ 13,640,000	45.55%
2011	\$ 28,996,500	-3.18%	\$ 11,210,779	38.66%
2012	\$ 24,359,000	-15.99%	\$ 5,500,000	22.58%
2013	\$ 15,650,000	-35.75%	\$ 4,400,000	28.12%

District 5 Total Federal Funds from FY06-FY13 to FMPO	\$	48,608,922
FMPO Annual Average Share of District 5 Federal Funds from FY06-FY13	\$	6,076,115

	Total Local Capital Funding for Regionally Significant Projects
2007	\$ 708,000
2008	\$ 3,845,000
2009	\$ 3,097,000
2010	\$ 2,225,000
2011	\$ 3,200,000
2012	\$ 1,125,000
2013	\$ 2,100,000
2014	\$ 1,275,000

Local Total Capital Funding from FY07-14 for Regionally Significant Projects	\$	17,575,000
Average Annual Share of Local Capital Funding from FY07-14	\$	2,196,875

TABLE 11-2 – Revenue Scenarios for Funding Future Transportation Projects

<b>OPTION #1</b>		\$ 113,925,000	<b>What can be funded with Option #1</b>	
FMPO Annual Avg Share of D5			US 64 widening	\$ 65,000,000
Federal Funds (reduced by 25%)	\$ 4,557,000		Pinon Hills Extension/CR 3900	\$ 26,500,000
<i>Assume funding trend continues for next 25 years</i>			East Arterial (South)	\$ 18,700,000
FMPO reasonable revenue estimate from D5			Highline Rd	\$ 15,000,000
Estimated Local Avg Entity Contribution to Regionally Significant Roads (reduced by 35%)			Various Regional Bicycle/Pedestrian Projects	
	\$ 1,428,000			\$ 12,000,000
<i>Assume funding trend continues for next 25 years</i>			Various Bridge Improvements	
MPO reasonable revenue estimate from Local Entities	\$ 35,700,000		<b>Project Funding Estimation</b>	
<b>Total Estimated Revenues</b>			<b>\$ 147,200,000</b>	
<b>OPTION #2</b>		\$ 121,522,500	<b>What can be funded with Option #2</b>	
Approximate Federal Funding for FMPO every 8 years	\$ 48,609,000		US 64 widening	\$ 65,000,000
<i>Assume funding trend continues for next 25 years</i>			Pinon Hills Extension/CR 3900	\$ 26,500,000
FMPO reasonable revenue estimate from D5			East Arterial (South)	\$ 18,700,000
Estimated Local Entity Contribution every 8 years			Highline Rd	\$ 15,000,000
	\$ 17,575,000		CR 390 Widening or New CR350 to CR3900 Connector	\$ 4,164,027
<i>Assume funding trend continues for next 25 years</i>			Various Regional Bicycle/Pedestrian Projects	
MPO reasonable revenue estimate from Local Entities	\$ 43,937,500			\$ 25,000,000
<b>Total Estimated Revenues</b>			<b>Project Funding Estimation</b>	
			<b>\$ 164,364,027</b>	
<b>OPTION #3</b>		\$ 151,900,000	<b>What can be funded with Option #3</b>	
FMPO Annual Avg Share of D5			US 64 widening	\$ 65,000,000
Federal Funds	\$ 6,076,000		Pinon Hills Extension/CR 3900	\$ 26,500,000
<i>Assume funding trend continues for next 25 years</i>			East Arterial (South)	\$ 18,700,000
FMPO reasonable revenue estimate from D5			Highline Rd	\$ 14,987,142
Estimated Local Avg Entity Contribution to Regionally Significant Roads			CR 390 Widening or New CR350 to CR3900 Connector	
	\$ 2,200,000			\$ 4,164,027
<i>Assume funding trend continues for next 25 years</i>			East Arterial (North)	
MPO reasonable revenue estimate from Local Entities	\$ 55,000,000			\$ 11,100,000
<b>Total Estimated Revenues</b>			<b>Project Funding Estimation</b>	
		<b>\$ 205,451,169</b>		

### 11.6) OPERATING REVENUES

District 5 and all four entities oversee operating budgets which maintain roadways typically through resurfacing, chip sealing, and other minor road repairs. District 5 oversees maintenance schedules for the state and US highways in this area. The entities maintain all other roads. Table 11-3

TABLE 11-3 PLACEHOLDER

### 11.7) TRANSIT REVENUES

Revenue for Red Apple Transit is expected to continue to come from FTA 5309 Capital and FTA 5307 Operating. It will continue to be assumed that the fare box recovery ratio will be insufficient and that transit subsidies will still be needed to fully cover all transit expenditures. Future capital funds will be contingent on the ten year lifespan of the current fleet. With a fleet of nine trolley-style buses and each costing approximately \$200,000, Red Apple would need \$1,800,000 in 5309 funding every ten years to replace its fleet. Total capital funds needed by 2035 are projected to be \$4,500,000.

TABLE 11-4 – Future Transit Operating Revenues

Timeframe (years)	Operating per Year	Total Operating
2011 to 2020	\$1,118,000	\$11,118,000
2021 to 2030	\$1,273,478	\$12,734,783
2031 to 2035	\$1,450,579	\$7,252,893
<b>Total Estimated Operating Funding from 2011 to 2035</b>		<b>\$31,167,675</b>

indicates yearly operating budgets for each entity. For purposes of this financial plan, operating budgets are assumed to increase by approximately two percent each year. Some entities expect operating budgets to remain constant for the near term.

The MPO and Red Apple Transit will make the assumption that FTA 5307 Operating funding will remain constant for each ten year period. For one ten year timeframe to the next, Operating is assumed to increase by nearly fourteen percent, which reflects the most recent Operating increase back between FY2007 and FY2008. Table 11-4 reflects Operating per year and ten year estimates projected out to the year 2035.

### 11.8) POTENTIAL REVENUE STREAMS

It will be advantageous for the Farmington MPO and its members to investigate other revenue streams beyond the traditional federal, state, and local funding programs. Committees established by the New Mexico Legislature are researching new funding source options to aid transportation improvements throughout the state. When recommendations from these committees are issued, the MPO may consider implementing these funding options that are applicable to this area.

#### Toll Collection/User Fees

Facilities could be constructed through the selling of bonds and be operated and maintained by toll collections. There are currently no existing toll facilities in the region. Toll revenue estimates would depend on:

- Traffic volumes of the roadway
- Trip length
- Established user fee

#### Public/Private Partnerships

Public/private partnerships could be used in financing transportation facilities. These ventures include roadways, bridges, right-of-way, pedestrian facilities, auxiliary lanes, and signalization. Public/private partnerships may also be used for parking facilities, bicycle facilities, transit improvements (including shelters), operational improvements, providing matching funds for transportation improvement projects (including enhancement projects), toll facilities, and other situations which may help leverage available financing for transportation improvements.

#### Borrowing

Borrowing allows the region the opportunity to build a project sooner, with the understanding that the borrowed money will need to be repaid out of future revenue streams. This could be accomplished through the issuance of bonds.

#### New Mexico Transportation Commission

Work with the New Mexico Transportation Commission to receive a larger portion of federal and state transportation funding allocated within District Five.