

APPENDIX G

FINANCE

Financial Plan Revenue Sources

and

Regional Disbursement of Federal Transportation Funds

FINANCIAL PLAN REVENUE SOURCES

Revenues generated for transportation-related projects originate from a number of federal, state, and local sources. Some of the major revenue sources that are projected to be used within the RTPO and MPO over the next 20 years are described below. Below are descriptions of fund sources that have been identified through the federal transportation acts and through state legislative action for transportation projects in Washington. Information is from the Statewide Transportation Improvement Program (STIP) Document - 2012-2015.

FEDERAL REVENUE SOURCES

The following are descriptions of fund sources identified in SAFETEA-LU, however, some of these fund sources may be revised or discontinued during the life of a new act.

Bridge (BR): The Bridge Replacement/Bridge Rehabilitation Program provides assistance for eligible bridges on public roads. The state prioritizes and programs state and local bridges for funding.

Congestion Mitigation and Air Quality (CMAQ): The CMAQ category addresses congestion mitigation and air quality improvement in non-attainment and/or maintenance areas of the state. Funds are distributed to non-attainment and maintenance areas based on their population and the severity of air quality non-attainment. The MPO prioritizes and programs projects for funding.

Interstate Maintenance (IM): This program is for the rehabilitation, restoration, and resurfacing of the Interstate system only. The state prioritizes and programs projects for funding.

National Highway System (NHS): The NHS includes the Interstate as well as other nationally significant routes, approximately 3,420 miles of roads and highways within Washington. The state selects and prioritizes projects for funding. There are about 118 miles of local NHS routes and WSDOT provides the Metropolitan Planning Organizations (MPOs) and/or Regional Transportation Planning Organizations (RTPOs) an equal amount of STP funds in exchange for the proportionate NHS dollars to streamline the administration of the funds, in their annual allocations.

Surface Transportation Program (STP): This program provides flexible funding that may be used by WSDOT and localities for projects on any Federal-aid highway, including the NHS, bridge projects on any public road, transit capital projects, intracity and intercity bus terminals and facilities and includes funding for non-traditional transportation projects such as scenic and historic preservation, pedestrian sidewalks, bicycle paths and landscaping. The STP program includes sub-allocated funds based on population, STP flexible for use anywhere and transportation enhancement. MPOs and county lead agencies are allocated STP (sub-allocated, STP flexible and enhancement) funds based on population, for prioritization and selection. STP funds are divided into the following categories:

Regional STP (STP(U) & STP(R)): Formula allocations of these funds to the MPO/RTPO or county lead agencies are based on population and road mileage. The MPO/RTPO or county lead agency prioritizes and programs projects for funding based upon their established procedures.

WSDOT's STP (STP): A portion of the STP funds that can be used anywhere, are for state highway system preservation and interstate reconstruction. The WSDOT prioritizes

and programs these projects.

Legislative Projects (STP(L)): A portion of the STP flexible funds from SAFETEA-LU that can be used anywhere in the state. The Washington State Legislature and Governor select and program the projects for funding.

Transportation Enhancement (STP(E)): Under SAFETEA-LU, the set aside is modified to be the greater of 10% of State's STP apportionment or the dollar amount of the TE set aside for the State for 2005. Eligible transportation enhancement projects include bikeways/walkways; highway beautification; acquisition of scenic easements and scenic or historic sites; historic preservation, rehabilitation and operation of historic transportation buildings including a provision for tourist and welcome centers; preservation of abandoned railway corridors; control and removal of outdoor advertising; archaeological planning and research; environmental mitigation of water pollution due to highway runoff or reduction of vehicle-caused wildlife mortality while maintaining habitat connectivity; safety and educational activities for pedestrians and bicyclists; and establishment of transportation museums.

Highway Safety Improvement Program (HSIP) (previously STP Safety) (STP(S)): Under TEA-21, 10% of STP funds were set aside for safety improvements. The objective of this program is to identify, implement and evaluate cost-effective safety construction projects. This program includes the Railway/Highway Crossing Program and the Hazard Elimination Safety (HES) Program (TEA-21 only).

In SAFETEA-LU the objective of the core safety program is to achieve a significant reduction in traffic fatalities and serious injuries on all public roads. This program is subject to set-asides for high risk rural roads and the railway/highway crossing programs. These funds are made available to all state and local agencies and tribal nations within Washington and can be applied to all public roadways. The state prioritizes and programs state and local projects based upon the Strategic Highway Safety plan approved by the Governor in 2006 called Target Zero.

Safe Routes to School (SRTS): This program is to enable and encourage children, including those with disabilities, to walk and bicycle to school; to make walking and bicycling to school safe and more appealing; and to facilitate the planning, development and implementation of projects that will improve safety, and reduce traffic, fuel consumption and air pollution in the vicinity of schools. The state prioritizes projects and submits them to the Legislature and Governor for approval.

Coordinated Border Infrastructure (CBI): This program is to improve the safe movement of people and goods at or across the land border between the United States and Canada and the border between the United States and Mexico. WSDOT prioritizes and programs these projects.

Demonstration Projects (DEMO): Demonstration projects are identified through appropriation bills approved by Congress.

High Priority Projects (DEMO): The High Priority Projects program provides designated funding for specific projects identified by Congress in 23 U.S.C. 117. The designated funding can only be used for the project as described in the law, [1601(a)].

Ferry Boat Discretionary (Discretionary): A national discretionary program for the construction of ferry boats and ferry terminal facilities. Historically, Washington is allocated \$5M per year, beginning in 1999.

Scenic Byways (Discretionary): A national discretionary program that provides for: the designation, by the Secretary of Transportation, of roads that have outstanding scenic, historic, cultural, natural, recreational, and/or archaeological qualities as All-American Roads (AAR)/National Scenic Byways (NSB); projects on an AAR or NSB; state designated scenic byways; and planning, designing, and developing State scenic byway programs.

Transportation, Community and System Preservation (TCSP) Program (Discretionary): A national discretionary program intended to address the relationships among transportation, community, and system preservation plans and practices; and identify private sector-based initiatives to improve those relationships.

Intelligent Transportation Systems (ITS) Program (Discretionary): A discretionary program to accelerate the integration and interoperability of intelligent transportation systems (ITS) across system boundaries, to improve transportation efficiency, promote safety, increase traffic flow, improve traveler information, enhance alternative transportation modes, build on existing intelligent transportation system projects or promote tourism.

Recreational Trails Program: The program provides funds to develop and maintain recreational trails for motorized and non-motorized recreational trail users.

FTA Section 5303 and 5304: These formula funds are apportioned to each state for metropolitan and statewide planning that supports cooperative, continuous, and comprehensive planning and other technical assistance activities for making transportation investment decisions. States are direct recipients of Section 5303 funds which are then allocated to Metropolitan Planning Organizations by formula.

FTA Section 5307: These funds are apportioned by a formula to each urbanized area, and are available for planning, capital and operating assistance. Where they exist, the transportation management area (TMA) and the designated recipient determine the programming of these funds. WSDOT is the designated recipient for the Asotin, Bellingham, Longview, Mount Vernon, Olympia, Tri-Cities, Wenatchee and Yakima urbanized areas.

FTA Section 5308 - Clean Fuels Grant Program: The program supports the use of alternative fuels in air quality maintenance or nonattainment areas for ozone or carbon monoxide through capital grants to purchase low-emissions or electric buses and related equipment; and construct alternative-fuel facilities.

FTA Section 5309 (Bus): This transit discretionary program provides capital assistance for new and replacement buses, related equipment, and construction of bus facilities. FTA also provides unallocated discretionary Bus and Bus Facilities Program funds through its "State of Good Repair" initiative and "Bus Livability Program", authorized by 49 U.S.C. 5309(b), for capital bus and facility replacement projects.

FTA Section 5309 (FG): This program provides capital assistance for the modernization of existing fixed guideway systems. Funds are allocated by a statutory formula to urbanized areas with systems that have been in operation for at least seven years.

FTA Section 5309 (NS): The New Starts program funds construction of new fixed guideway systems or extensions to existing systems. Typically projects receive these funds through a full funding grant agreement (FFGA) that defines the project scope and specifies the total multi-year Federal commitment to the project.

FTA Section 5310: These formula funds are designed to provide passenger equipment to meet the special needs of the elderly and persons with disabilities. Section 5310 specifically assists private, nonprofit organizations in obtaining equipment to provide service where transportation services for this group are unavailable, insufficient, or inappropriate for their use. Projects eligible for Section 5310 funding are derived from a locally developed, coordinated Public Transit-Human Service Transportation Plan and included in the RTP program in their respective area. WSDOT administers these funds through a competitive grant program and programs rural Section 5310 projects in a statewide grouping in the STIP.

FTA Section 5311: These formula funds are apportioned to each state, and include Rural Transit Assistance Program (RTAP), intercity bus programs, state administration, and both capital and operating assistance. WSDOT administers these funds through a competitive grant program serving the general public in rural areas of the state and programs all Section 5311 projects in a statewide grouping in the STIP.

FTA Section 5316: SAFETEA-LU Job Access and Reverse Commute (JARC) program provides formula funding to support the development and maintenance of job access projects designed to transport welfare recipients and eligible low-income individuals to and from jobs and activities related to their employment, and for reverse commute projects designed to transport residents of urbanized areas to suburban employment opportunities. Projects eligible for Section 5316 funding are derived from a locally developed, coordinated Public Transit-Human Service Transportation Plan. WSDOT administers these funds through a competitive grant program and programs small urban and rural Section 5316 projects in a statewide grouping in the STIP.

FTA Section 5317: The New Freedom Program (NFP) was established in SAFETEA-LU as a formula program to provide funding for new public transportation services and public transportation alternatives beyond those currently required by the Americans with Disabilities Act of 1990 (ADA) to assist individuals with disabilities with transportation, including transportation to and from jobs and employment support services. Projects eligible for Section 5317 funding are derived from a locally developed, coordinated Public Transit-Human Service Transportation Plan. WSDOT administers these funds through a competitive grant program and programs small urban and rural Section 5317 projects in a statewide grouping in the STIP.

Federal Lands Highways Programs (FLHP): Funding is managed by FHWA. There is limited state authority over this category of funding. Funding is provided through a discretionary program. The Federal Lands Highways Program includes the following categories of roads:

Indian Reservation Roads (IRR) are public roads that provide access to and within Indian reservations, Indian trust land, restricted Indian land, and Alaska native villages. IRR funds can be used for any type Title 23 transportation project providing access to or within Federal or Indian lands. Washington IRR TIPs are provided to WSDOT by FHWA and included as an attachment to the STIP. IRR projects may also be listed separately as part of the coordination with the WSDOT, MPOs, RTPs and county lead agencies and tribal nations.

Park Roads and Parkways program funds may only be used on public roads under the jurisdiction of the National Park Service (NPS).

Public Lands Highways road is defined as a forest road, or any highway through unappropriated or unreserved public lands, non-taxable Indian lands, or other Federal reservations that are under the jurisdiction of, and maintained by a public authority and open to public travel. Projects on these facilities are funded through the national Public Lands Highways discretionary program.

Refuge roads are public roads that provide access to or within a unit of the National Wildlife Refuge System and for which title and maintenance responsibility is vested in the United States Government.

Department of Defense (DOD): Transportation projects are sometimes funded through Department of Defense rather than FHWA.

Community Development Block Grant (CDBG): CDBG program funds are primarily for low and moderate-income communities, to partially pay for projects advocating for the interests of a low-income neighborhood, such as providing new street infrastructure and supporting neighborhood revitalization. These grants are awarded through Washington State Department of Commerce.

State

WSDOT (WSDOT): Funding provided for WSDOT lead projects.

TRANSPORTATION IMPROVEMENT BOARD (TIB): an independent state agency that provides state funding through a share of the statewide gas tax, for street construction and maintenance to cities and counties.

Urban Arterial Program (UAP): funds roadway projects that improve safety and mobility.

Urban Corridor Program (UCP): funds roadway projects with multiple funding partners that expand capacity.

Sidewalk Program (SP): funds sidewalk projects that improve safety and connectivity.

Small City Arterial Program (SCAP): funds small city (under 5,000 population) projects that improve safety and roadway conditions.

Small City Preservation Program (SCPP): funds small city (under 5,000 population) projects for rehabilitation and in some cases partners with WSDOT or county paving projects.

COUNTY ROAD ADMINISTRATION BOARD (CRAB): an independent state agency that provides state funding through a share of the statewide gas tax, for county roadway projects.

Rural Arterial Program (RAP): funds improvements on rural arterial roads.

County Arterial Preservation Program (CAPP): funds pavement preservation projects of a county's existing paved arterial road network.

Public Works Trust Fund (PWTF): a low-interest loan program for local governments to fund needed infrastructure improvements, administered by the Public Works Board by the State Department of Commerce.

Freight Mobility Strategic Investment Board (FMSIB): an independent state agency that provides state or federal STP flexible funds, combined with partnership funding, for freight mobility and freight mitigation projects along strategic freight corridors as approved by the legislature and Governor.

Other State Funding Sources (OTHER): All other unidentified state fund sources, including but not limited to tolling, pedestrian/bike safety and safe routes to school funds administered by WSDOT.

LOCAL REVENUE SOURCES

Property Tax - The chief source of local revenue. Usually such taxes go to the general fund and are then appropriated for transportation purposes. Property taxes are dependent upon local economic conditions; however, they remain a steady and reliable source of revenue.

General Funds - General funds include all local funds subject to appropriation by the governing body - property taxes, local option sales tax, utility taxes, general state shared revenues, business license fees, etc.

County Road Tax - Dedicated to all county unincorporated transportation costs: administration, maintenance, operations, and construction.

Real Estate Excise Tax - A tax imposed by city or county governing bodies not to exceed $\frac{1}{4}$ of one percent of the real estate selling price. The tax is for any capital improvements meaning that transportation needs will compete with other capital funding needs (e.g. water, sewer, fire, etc.).

Payment in Lieu of Taxes (PILT) - When a county has incurred a loss or reduction of real property tax revenue due to the existence of lands and waters administered by the federal government, this PILT process offsets the loss from the Capital Projects Fund. Benton County receives such funds from the U.S. Department of Energy and designates them toward accomplishing public works projects that support economic development and other public purposes.

Local Improvement Districts - A district formed for bond issue where the district residents vote to place additional tax levies on their property to pay the bond dept.

Bonds - Public authorized loans for any capital improvement (transportation, water, sewer, etc.). Two bonds are available under statute: Councilmanic Bonds which are authorized by jurisdiction governing bodies for specific capital improvements, and Voter Approval Bonds which are authorized by jurisdiction voters for specific capital improvements.

Optional Sales Tax - Locally levied and distributed by the state to each city on the basis of collections within the jurisdiction. State law authorizes up to $\frac{1}{2}$ of one percent.

Transit Sales Tax - The major source of all transit revenue. Ben Franklin Transit and Valley Transit both collect a $\frac{3}{10}$ of one percent sales tax on all taxable goods and services purchased within their respective Public Transportation Benefit Area (PTBA).

REGIONAL DISBURSEMENT OF FEDERAL TRANSPORTATION FUNDS

The Surface Transportation Program (STP) was first a component of federal law titled the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991. The STP was retained in subsequent versions of federal transportation legislation titled the Transportation Equity Act for the 21st Century (TEA-21) of 1998 and most recently in 2005, the Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users (SAFETEA-LU).

The STP provides flexible funding that may be used by States and localities for projects to preserve and improve the transportation system consistent with regional priorities. The funds may be utilized on any Federal-aid highway, including the NHS, bridge projects on any public road, transit capital projects, and intracity and intercity bus terminals and facilities. A portion of funds reserved for rural areas may be spent on rural minor collectors.

In August 2004, WSDOT designated the BFCG as "lead agency" for the distribution/allocation and tracking of all federal STP and NHS funds attributable to Benton, Franklin, and Walla Walla counties.

Historically, STP funding in Benton, Franklin, and Walla Walla counties has been distributed using a variety of methods. Mandated by the state legislature in 2006, RTPO's were required to develop a competitive process for selecting projects. Thus the 2008 - 2013 STP funds were awarded to specific projects by using a competitive process within each of the three counties.

Projects selected to use STP funds are directly aligned with both the transportation policies in the Washington Transportation Plan (WTP) and the regional policies of BFCG's Metropolitan/Regional Transportation Plan. After projects are selected and prioritized, a recommended list is forwarded to the BFCG Board for final approval.

The Benton-Franklin-Walla Walla RTPO receives approximately \$3M annually in STP Urban and Rural funds.

All projects or activities to be funded with regional STP monies (urban or rural) must meet federal eligibility requirements as outlined in the 2005 federal transportation act (SAFETEA-LU). Such projects or activities must support and be in compliance with the Growth Management Act (GMA), this Regional Transportation Plan, applicable countywide comprehensive planning policies, and the sponsoring jurisdiction's comprehensive plan. Such projects or activities must also be included or amended into the jurisdictional six-year Transportation Improvement Program (TIP) and the Statewide Transportation Improvement Program (STIP).

Advance programming of future year(s) STP allocations is issued in accordance with WSDOT rules/restrictions and must be approved by the BFCG Board.

The Transportation Enhancement (TE) Program is an element of the federal STP. WSDOT allocates TE funds to the RTPO's. The RTPO is responsible for the call for projects, prioritization and selection of projects. Regional policy assures distribution throughout the three counties. After projects are selected and prioritized, a recommended list is forwarded to the BFCG Board for final approval.

Transportation Enhancement allocations are not announced annually. The 2010 - 2012 TE allocation for the Benton-Franklin-Walla Walla RTPO was \$1.6M.