

CHAPTER NINE - FINANCES

Chapter Nine presents the financial component of the Regional Transportation Plan. The purpose of the financial analysis is to demonstrate what funding may be reasonably available during the planning horizon of the Plan. This analysis should in no way be construed to be an actual forecast of individual programs or projects, but rather an analysis of funds that could be reasonably available for transportation investments during the planning horizon of the Plan.

This chapter shows two components of street and road transportation finance in the MPO and the rural RTPO.

The first is a summary of revenue sources and expenditures for the decade of 1999-2008 for city and county road systems. The data is compiled from the City Street and County Road Report form, a survey of transportation related revenues and costs submitted annually to WSDOT by each Washington city and county.

The second, is a look at projected revenues and expenditures for city and county streets and roads, state highways, and transit in the MPO for 22 years from 2011-2032, and the rural RTPO for the 20-year period of 2011-2030.

The financial analysis presents forecast revenue, non-construction transportation expenditures, estimated project construction costs and potential remaining funds for the MPO and the rural RTPO. The tables are based on completion of projects identified by each jurisdiction within the horizon of the Plan.

BFCG staff developed projections for local, state, and federal revenue based on historical data trends and assumptions developed through the Plan development process with the MPO/RTPO Technical Advisory Committee (TAC). TAC members include representatives from local agency planning and public works staffs, WSDOT, and transit agencies.

The lists of projects identified by MPO and rural RTPO jurisdictions are shown in Appendix H. Additional projects identified in case additional revenue becomes available are also listed in Appendix H.

The RTP projects are consistent with each jurisdiction/agency Transportation Improvement Program (TIP) and comprehensive plan.

This chapter also contains information concerning projected revenues and costs for Ben Franklin Transit, Valley Transit and rural WSDOT costs over the life of the Plan.

HISTORICAL REVENUES AND EXPENDITURES: 1999-2008

Figure 9-1 and Table 9-1 (pages 9-3 and 9-5) show the transportation revenues received by cities and counties in the RTPO between 1999 and 2008 by category, in addition to the percent each category comprised of total revenue. The data is presented for three different geographies - the MPO (Tri-Cities metropolitan area), the rural RTPO (the remainder of the RTPO) and the combined MPO/RTPO (the entire three-county region).

Using the same three areas, Figure 9-2 and Table 9-2 (pages 9-4 and 9-5) show the value of non-construction transportation expenditures by cities and counties in the RTPO between

1999 and 2008, in addition to showing the percent each category comprised of total expenditure.

FINANCIAL ANALYSIS

Tables 9-3 and 9-7 in this section provide a financial analysis addressing forecasted revenue, non-construction costs, and transportation project costs for street and road systems in the MPO and the rural RTPO.

YEAR OF EXPENDITURE CALCULATIONS

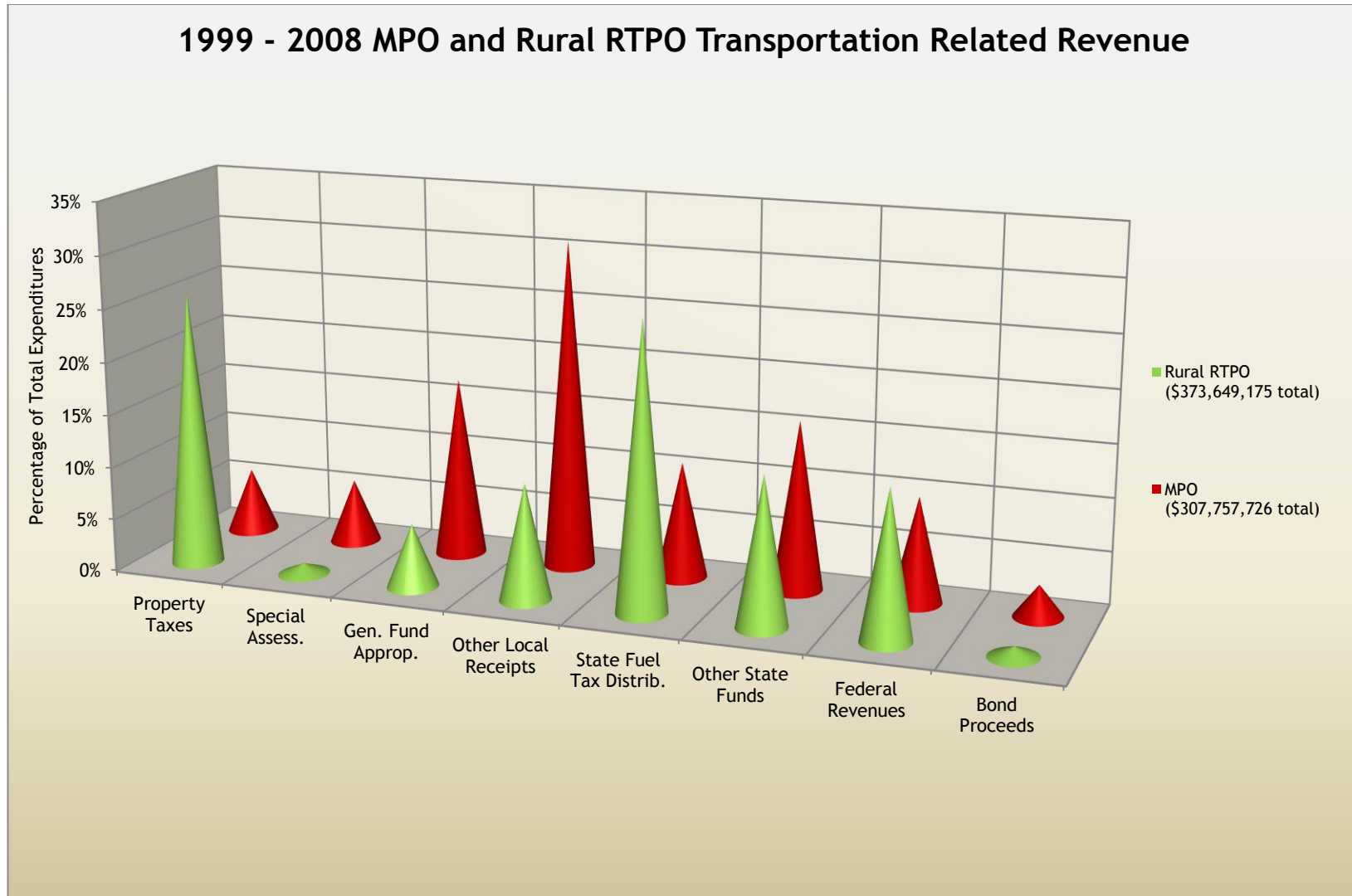
CFR Section 23.450.322 states “Starting December 11, 2007, revenue and cost estimates that support the metropolitan transportation plan must use an inflation rate(s) to reflect “year of expenditure dollars,” based on reasonable financial principles and information, developed cooperatively by the MPO, State(s), and public transportation operator(s).” Year of expenditure calculations (YOE) are mandatory only for MPO jurisdictions. YOE inflation calculations are not developed for jurisdictions outside the MPO.

To calculate YOE revenues, the 1999-2008 revenue data from each MPO jurisdiction’s Street and Road report was reviewed to develop a rate of inflation. The Highway Construction Cost Index and the Highway Construction Cost Index - Maintenance, national indices used by WSDOT to forecast project and M&O costs, were used to determine a rate of inflation for construction and maintenance and operations costs.

FINANCIAL CONSTRAINT

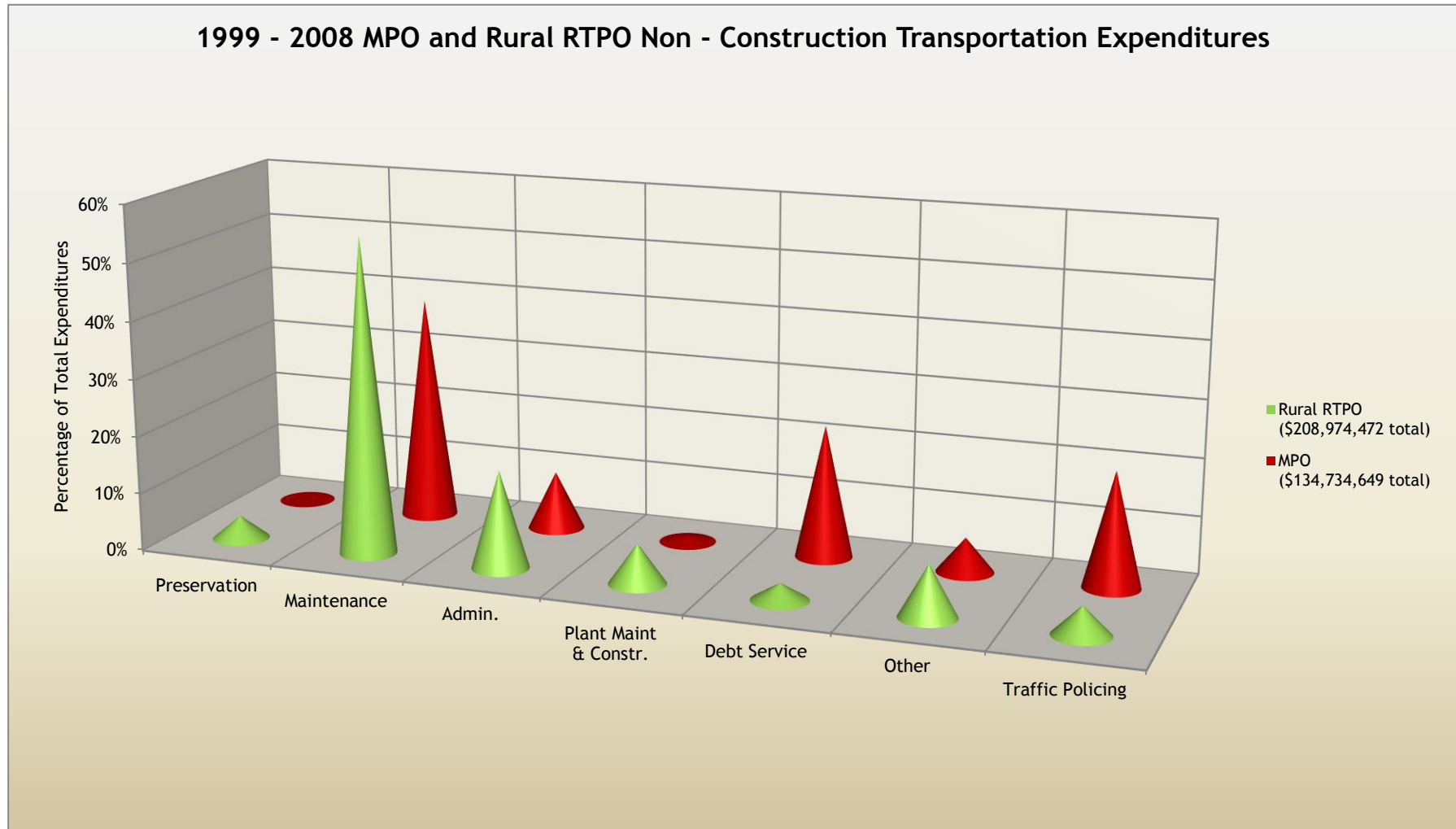
Based on regulatory requirements, the MTP is required to be financially constrained to reflect what realistically may be done with available revenues during the 22-year planning horizon. This requirement mandates that the improvements included in the plan, and the maintenance and preservation of the existing transportation system, must be affordable within already available and projected sources of revenue.

Figure 9-1: 1999-2008 Transportation Revenue by Category in the Benton-Franklin-Walla Walla RTPO



Source: 1999-2008 WSDOT City Street and County Road Reports

Figure 9-2: 1999-2008 Non-Construction Transportation Expenditures by Category in the Benton-Franklin-Walla Walla RTPO



Source: 1999-2008 WSDOT City Street and County Road Reports

Table 9-1: 1999-2008 Transportation Revenue by Category in the Benton-Franklin-Walla Walla RTPO

| 1999-2008 MPO and RURAL RTPO TRANSPORTATION RELATED REVENUE (\$) | | | | | | | | | | | |
|--|----------------|-----------------|-------------------|-----------------------|----------------------|-------------------------|-------------------|------------------|---------------|-------------|----------------|
| | Property Taxes | Special Assess. | Gen. Fund Approp. | Local Road User Taxes | Other Local Receipts | State Fuel Tax Distrib. | Other State Funds | Federal Revenues | Bond Proceeds | Ferry Tolls | Total Receipts |
| MPO | 18,690,521 | 18,570,937 | 66,104,160 | 0 | 95,794,771 | 35,136,064 | 47,999,042 | 31,439,661 | 8,331,633 | 0 | 322,066,790 |
| % of Total | 6% | 6% | 21% | 0% | 30% | 11% | 15% | 10% | 3% | 0% | |
| Rural RTPO | 98,542,757 | 2,417,505 | 73,034,375 | 0 | 42,927,580 | 100,999,746 | 53,874,598 | 50,473,137 | 3,709,319 | 0 | 425,979,016 |
| % of Total | 23% | 1% | 17% | 0% | 10% | 24% | 13% | 12% | 1% | 0% | |

Source: 1999-2008 WSDOT City Street and County Road Reports

Table 9-2: 1999-2008 Non-Construction Transportation Expenditures by Category in the Benton-Franklin-Walla Walla RTPO

| 1999-2008 MPO AND RURAL RTPO NON-CONSTRUCTION TRANSPORTATION EXPENDITURES(\$) | | | | | | | | |
|---|--------------|-------------|------------|------------------------|--------------|------------|------------------|--------------------|
| | Preservation | Maintenance | Admin | Plant Maint. & Constr. | Debt Service | Other | Traffic Policing | Total Expenditures |
| MPO | 494,113 | 52,359,751 | 13,750,819 | 468,806 | 30,984,128 | 8,685,442 | 38,815,541 | 145,558,601 |
| % of Total | 0.3% | 36% | 9% | 0.3% | 21% | 6% | 27% | |
| Rural RTPO | 7,803,960 | 115,741,261 | 35,807,557 | 3,422,992 | 7,168,417 | 17,905,266 | 56,195,696 | 244,045,148 |
| % of Total | 3% | 47% | 15% | 1% | 3% | 7% | 23% | |

Source: 1999-2008 WSDOT City Street and County Road Reports

MPO 22-YEAR FINANCIAL ANALYSIS: 2011-2032

MPO ROAD SYSTEM 22-YEAR FINANCIAL ANALYSIS: 2011-2032

Table 9-3 provides an analysis of revenues and costs over the next 22 years for state highways, streets, and roads in the MPO planning area. WSDOT and the metropolitan area jurisdictions have estimated revenue of \$1.06 billion to maintain and provide needed improvements to their street systems over the next 22 years. Of this total, \$474 million (45%) will be needed to maintain and operate the system, and \$589 million (55%) will be available for improvements. At the end of the 22-year planning horizon, the MPO will have an estimated \$30 million surplus.

Table 9-3: 2011-2032 MPO Road System Financial Analysis

| TOTAL MPO ROAD SYSTEM 22 YEAR FINANCIAL ANALYSIS (\$) | | | | | |
|---|----------------------|--------------------|--------------------|--------------------|-------------------|
| YEAR | FORECAST REVENUE | FORECAST M&O COSTS | PROJECT REVENUE | PROJECT COSTS | ENDING BALANCE |
| 2011-2020 | 478,697,110 | 216,716,847 | 270,846,262 | 270,394,746 | 451,516 |
| 2021-2032 | 583,830,856 | 257,276,708 | 326,554,148 | 296,334,075 | 30,220,073 |
| Total | 1,062,527,965 | 473,993,555 | 597,400,410 | 566,728,821 | 30,671,590 |

Source: WSDOT, MPO Jurisdictions

BEN FRANKLIN TRANSIT

In developing this 2011-2032 financial analysis, Ben Franklin Transit assumed an annual 3% increase in sales tax, fares. The agency assumed a 2.75% annual increase in expenditures for the first decade and a 3% increase in expenditures for the final 12-year period. Revenue received from grants for equipment purchases was kept at a constant value. The 2011-2032 Financial Analysis for Ben Franklin Transit is shown in Table 9-4 below.

Table 9-4: Ben Franklin Transit 2011-2032 Financial Analysis

| BEN FRANKLIN TRANSIT 22 YEAR FINANCIAL ANALYSIS (\$) | | | | | |
|--|--------------------|---------------------|--------------------|--------------------|--------------------|
| YEAR | OPERATIONS INCOME | OPERATIONS EXPENSES | CAPITAL INCOME | CAPITAL EXPENSES | REMAINING ESTIMATE |
| 2011-2020 | 323,126,476 | 322,187,121 | 47,862,000 | 47,862,000 | 939,356 |
| 2021-2032 | 553,272,437 | 546,810,441 | 61,000,000 | 61,000,000 | 6,461,996 |
| TOTAL | 876,398,913 | 868,997,562 | 108,862,000 | 108,862,000 | 7,401,351 |

Source: Ben Franklin Transit

CONCLUSION - TOTAL MPO 22 YEAR FINANCIAL ANALYSIS

The financial analysis developed for this plan indicates financial resources forecast for the 2011-2032 MTP are sufficient to support the planned expenditures as shown in Table 9-5 below.

Table 9-5: Total MPO 2011-2032 Financial Analysis

| TOTAL MPO 22 YEAR FINANCIAL ANALYSIS (\$) | | | |
|---|-------------|---------------|---------------|
| YEARS | 2011-2020 | 2021-2032 | TOTAL |
| REVENUES | 858,551,586 | 1,198,103,292 | 2,056,654,878 |
| EXPENDITURES | 857,160,714 | 1,161,421,223 | 2,018,581,937 |
| TOTAL | 1,390,872 | 36,682,069 | 38,072,941 |

Source: Ben Franklin Transit, WSDOT and MPO Jurisdictions

RURAL RTP0 20-YEAR FINANCIAL ANALYSIS: 2011-2030

RURAL RTP0 ROAD SYSTEM 20-YEAR FINANCIAL ANALYSIS: 2011-2030

Tables 9-6 below provides a 20-year financial analysis addressing forecasted revenue, non-construction costs, and transportation project costs for street and road systems the rural RTP0. Table 9-6 provides an analysis of revenues and costs over the next 20 years for state highways, streets, and roads in the rural RTP0 planning area. WSDOT and the metropolitan area jurisdictions have estimated revenue of \$1.07 billion to maintain and provide needed improvements to their street systems over the next 20 years. Of this total, \$476 million (45%) will be needed to maintain and operate the system, and \$589 million (55%) will be available for improvements. At the end of the 20-year planning horizon, the rural RTP0 planning area will have a remaining estimate of -\$29 million.

Table 9-6: Rural RTP0 Road System 2011-2030 Financial Analysis

| TOTAL RTP0 ROAD SYSTEM 20 YEAR FINANCIAL ANALYSIS (\$) | | | | | |
|--|------------------|--------------------|-----------------|---------------|--------------------|
| YEAR | FORECAST REVENUE | FORECAST M&O COSTS | PROJECT REVENUE | PROJECT COSTS | REMAINING ESTIMATE |
| 2011-2020 | 437,149,175 | 232,923,613 | 204,225,562 | 236,521,685 | -32,296,123 |
| 2021-2030 | 628,649,175 | 243,923,613 | 384,725,562 | 381,468,000 | 3,257,562 |
| Total | 1,065,798,351 | 476,847,226 | 588,951,125 | 617,989,685 | -29,038,560 |

Source: WSDOT South Central Region Planning Office, RTP0 Jurisdictions

VALLEY TRANSIT

In developing this 2011-2030 financial analysis, Valley Transit assumed an annual 3.0% increase in sales tax, fares and all operating expenditures. The cost of capital equipment purchases assumed an annual 4.6% increase. The local match requirement for capital equipment grants is assumed to remain at 20%. The 2011-2030 Financial Analysis for Valley Transit is shown in Table 9-7 below.

Table 9-7: Valley Transit 2011-2030 Financial Analysis

| VALLEY TRANSIT 20 YEAR FINANCIAL ANALYSIS (\$) | | | | | |
|--|-------------------|---------------------|----------------|------------------|--------------------|
| YEAR | OPERATIONS INCOME | OPERATIONS EXPENSES | CAPITAL INCOME | CAPITAL EXPENSES | REMAINING ESTIMATE |
| 2011-2020 | 44,288,505 | 41,451,087 | 11,178,912 | 16,007,791 | -1,991,461 |
| 2021-2030 | 59,574,018 | 56,579,334 | 14,669,498 | 20,546,450 | -2,882,268 |
| TOTAL | 103,862,523 | 98,030,421 | 25,848,410 | 36,554,241 | -4,873,729 |

Source: Valley Transit

JURISDICTIONS/AGENCIES NOT INCLUDED IN FINANCIAL ANALYSIS

The Port Authorities in the RTPO (Port of Benton, Port of Kennewick, Port of Pasco, and the Port of Walla Walla) were not included in the financial analysis for the RTPO or MPO. The financial resources (federal and state) the port authorities are projected to receive for road improvements are small compared to what other jurisdictions/agencies receive, and are usually transferred to other jurisdictions for access improvements to port facilities.

UNMET NEED

Multiple jurisdictions in the RTPO have projects designated as “Unmet Need”, with no funding available. RTPO and MPO members have indicated the funding shortfalls, excluding the planning projects, will be reduced to a manageable level and/or eliminated as project priorities and plans are defined and future transportation improvement plans are developed. These projects are listed in Appendix H.