

# **CHAPTER 6:**



**Financial**

## Financial

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The Regional Transportation Plan for the Sierra Vista Metropolitan Planning Organization is a fiscally constrained plan, identifying revenue and transportation projects for the next 10- 20 years. Chapters of the RTP identify numerous projects that are needed and will increase the efficiency or safety of the transportation system in the region. However, resources are limited and anticipated available funding won't be enough to pay for all projects identified in previous chapters.



A financial plan is an important part of the 2040 Regional Transportation Plan that demonstrates that this long-range plan can be reasonably implemented over time. MPOs use financial planning to take a long-term look at how transportation investments are funded and at the possible sources of funds. MPOs must consider funding needs over the 20-year period of the transportation plan and the 5-year period of Transportation Improvement Programs (TIPs).

This chapter presents how transportation improvements are funded in the SVMPO region and the financial plan to prioritize projects, based on available funding. The forecast for transportation revenue and costs are presented and summarized, including costs for projects and operations and maintenance of the existing transportation network. Mostly, the financial plan anticipates the transportation revenue available for the next 20 years between Fiscal Year 2016 and 2036 and compares it to the anticipated costs of projects proposed as a part of the RTP. Every five years, the RTP will be updated to reflect new projects and anticipated available funding.

### Revenue

Funding for transportation projects and strategies comes from a variety of sources including the Federal government, State governments, special authorities, local government fund contributions, such as local property and sales taxes, and impact (development) fees. Federal transportation funding is available through the Federal Highway Trust Fund and the Mass Transit Account of the Trust Fund.

Potential revenue sources provide a general outlook of available funding for capital, operating, and maintenance costs associated with the surface transportation system. Realistic funding and income forecasting support decision-making and stakeholder and public trust by providing an understanding of the limits of funding to support the implementation of projects.

### ***Federal Funding***

Most Federal transportation funding is provided from the Highway Trust Fund (HTF). This fund was created as a user-supported fund. The HTF receives revenue from Federal gasoline taxes, taxes on other fuels, and other taxes. The revenues from taxes paid by users of highways into HTF were intended for financing roads. Transportation legislation over the past 25 years has expanded the use of the HTF revenue to fund other modes of transportation such as transit and bicycle/pedestrian facilities.

The HTF was set-up as a pay as you go fund, meaning that most federal transportation funding was limited to the amount in the HTF unless Congress provides money from other sources. In recent years this has been an issue as there has not been enough revenue to fund commitments made in transportation funding legislation.

### **Funding Through the Federal Highway Administration**

The Federal Highway Administration (FHWA), part of the United States Department of Transportation (USDOT), provides much of the federal funding administered by SVMPO. Substantial FHWA funding programs include:

- ❖ **Metropolitan Planning Program (PL)** funds are provided to urbanized areas with populations greater than 50,000, including the SVMPO region. The PL funds are administered by the Arizona Department of Transportation (ADOT) and are dedicated to supporting transportation planning for all modes of transportation, including the development of plans such as the 2040 Regional Transportation Plan.
- ❖ **State Planning and Research (SPR)** funds are administered by ADOT and distributed to the MPO to support multimodal transportation planning activities. The SPR allocation by ADOT is discretionary and not required by current transportation legislation.
- ❖ **Surface Transportation Program (STP)** funds are used to fund road and bridge projects, transit capital improvements, and planning activities. Eligible road projects must be functionally classified as a major collector or above and eligible bridge projects include all public roads of all functional classifications.
- ❖ **Highway Safety Improvement Program (HSIP)** funds are provided for improvements to roads with the purpose of reducing traffic fatalities and serious injuries.

### **Funding Through the Federal Transit Administration**

The Federal Transit Administration (FTA) provides funding for transit services in the SVMPO region through a variety of programs. The FTA transit funding programs are:

- ❖ **FTA Metropolitan Planning Program (Section 5303)** funds, similar to the PL program listed under FHWA funding, are designated to the SVMPO for transit planning and research activities.
- ❖ **Operating and Planning (Section 5307)** funds support urban transit systems, like Vista Transit, in communities over 50,000 in population.
- ❖ **Capital Investment (Section 5309)** funds are discretionary funds for major transit capital investments.

### **Other Federal Transportation Funding**

- ❖ **Transportation Alternatives Program (TAP)** funds are for programs and projects defined as transportation alternatives, including on and off-road pedestrian and bicycle facilities, infrastructure projects for improving non-driver access to public transportation and enhanced mobility, recreational trails and safe routes to school projects, among other projects. The TAP replaced the former Transportation Enhancements (TE) funding program.

### **State Funding**

The State of Arizona taxes motor fuels and collects fees related to the registration and operation of motor vehicles. These revenues are deposited into the Highway User Revenue Fund (HURF) for distribution to the State Highway Fund, as well as to Arizona cities, towns, and counties. The State distributes 27.5 percent of

the total fuel tax revenues to Arizona cities and towns. Distribution is based on population and origin of revenue.

- ❖ **Highway User Revenue Fund (HURF)** is the state's source of state-generated revenues to finance transportation improvements throughout Arizona.

### ***Local Funding***

Besides Federal and State aid programs listed above, local governments can fund transportation through a broad mix of sales and use taxes, and other local revenue.

#### **City of Sierra Vista**

The City of Sierra Vista relies primarily on Highway User Revenue Funds (HURF), development impact fees, developer participation, and general funds to maintain existing transportation infrastructure, increase capacity of existing roads, and fund transit operations.

#### ***Development Fees***

The City collects development fees from new construction at the time a building permit is issued for the purpose of constructing system improvements needed to accommodate new development. A development fee represents new growth's proportionate share of capital facility needs, which includes streets. Development fees may only be used for capital improvements or debt service for growth-related infrastructure. Development fees may not be used for operations, maintenance, replacement of infrastructure, or correcting existing deficiencies. Sierra Vista collects street development fees for arterial streets and intersections.

#### **Cochise County**

Cochise County relies primarily on three funding sources for surface transportation: Highway User Revenue Funds (HURF); Vehicle License Tax (VLT) and a secondary tax rate on property dedicated to the Flood Control District. The first two sources generated an estimated \$7,700,366 for the maintenance, repair, and construction of roadways, and the Flood Control District generated an estimated \$2,222,655 for Floodplain work activities (FY2014-2015). In addition, in recent years the Board of Supervisors has supplemented the Highway Dept. budget with approximately \$1 million from the General Fund. These funds would otherwise be used to meet other County service needs.

### **Revenue Projections**

Providing realistic funding and revenue forecasts supports decision-makers, stakeholders, and public trust by providing an understanding of the limits of funding to support the transportation system. The transportation system in the Sierra Vista region is challenged to accommodate many competing needs, and the fiscal constraint is necessary to set priorities for allocating resources to address those needs. Fiscal constraint also helps clarify what is possible with existing funding sources and can inform the debate about new sources of financing.

During the time this Regional Transportation Plan was being developed, the U.S. Congress passed, and President Obama, signed the Fixing America's Surface Transportation (FAST) Act approving highway and

transit spending through 2020. Federal funding under the FAST Act will slightly increase funds for metropolitan regions by 1% a year up to 5% in 2020.

State of Arizona Highway User Revenue Funds (HURF) distributions to local communities are expected to increase 3.4% a year. The 5, 10, and 20-year total in **Table 6-1** is based on the current population and current gas sales. As the City increases in population and gas sales increase, the HURF distribution to the City of Sierra Vista will also increase. The expected 2020 HURF distribution, **Table 6-2**, to the City is projected to be \$3.66 million. In 2025 the City’s expected HURF distribution is projected to be \$4.33 million. In 2035, the City’s expected HURF distribution is projected to be \$6.04 million.

*Table 6-1: Financially Constrained MPO Funds*

Funding Source/Program	Annual Amount	5-Year Total	10-Year Total	20-Year Total
Surface Transportation Program (STP)	\$307,205	\$1,582,725*	\$3,165,450	\$6,330,899
Highway Safety Improvement Program	\$519,767	\$2,079,068	See Note**	See Note**
Transit Funds (5307)	\$1.65 Million	\$6.6 Million	\$16.5 Million	\$33 Million

\*Based on the current annual amount and increased 1% a year for the next five years.

\*\*It is anticipated that in Fiscal Year 2019, the MPO will no longer receive an annual apportionment of HSIP funds and that funding for safety projects will be a State-wide competitive bid process managed by ADOT.

*Table 6-2: Financially Constrained City of Sierra Vista Funds*

Funding Source/Program	Annual Amount	5-Year Total	10-Year Total	20-Year Total
HURF	\$3.1 Million (FY16)	\$16.6 Million*	\$36.2 Million*	\$86.8 Million*
Transportation Development Impact Fee	\$550,000	\$2.75 Million	\$5.5 Million	\$11 Million

\*Based on the current annual amount and increased 3.4% a year. Source: ADOT

## Prioritized Projects

Transportation projects are identified in the Long Range Transportation Plan (LRTP) to move from project concept to programming of funds. Programming is the transition of projects from the LRTP to design and construction phases of the project.

The Transportation Improvement Program (TIP) is a listing of transportation projects that are expected to be initiated within a five year period and financed in whole or part with Federal, State, and local funds.

Transportation projects must be programmed in the approved MPO TIP and included in the STIP to be eligible for federal transportation funding.

### ***Programming Funds***

Every year, the State must submit a State Transportation Improvement Program (STIP) to FHWA and FTA for review and approval. The STIP covers a minimum four-year period and includes the fiscally constrained

ADOT Five-Year Facilities Construction Program and the TIP from each MPO and rural Council of Governments (COGs).

### ***Project Identification and Selection***

The MPO identifies transportation projects needs from a number of sources. First, the MPO utilizes its travel demand model (ADOT Small Area Travel Demand Model) to identify significant capacity issues within the MPO planning area and transportation network. Second, the MPO examines proposed projects identified within the chapters of the MPO's Long Range Transportation Plan. Third, the MPO identifies projects from other sources to include, but not limited to, the Cochise County Long-Range Transportation Plan (2015), Sierra Vista Safe Bicycle and Pedestrian Routes Plan (2011), the Sierra Vista Small Area Transportation Study (2003), and the Sierra Vista's Infrastructure Improvements Plan and Development Fees Update study (TischlerBise). Plans that are proposed in this RTP, such as the Strategic Highway Safety Plan (SHSP), will identify additional projects and potential funding sources when completed.

### ***Project Prioritization***

Other than capacity increases to State Routes 92 and 90, the remaining roads in the SVMPO region are expected to continue to operate at a level of service B or better. Projects in the SVMPO planning area will, therefore, focus on:

1. Pavement preservation
2. Modernization of the existing transportation system
3. Targeted capacity improvements (based on population growth and development)
4. Safety improvements
5. Alternative transportation projects (bicycle and pedestrian) to include streetscape projects.

### ***Transportation Project Lists: Funded and Not Funded***

The **Transportation Project Needs – Funded List (Table 6-3)** identifies projects with an identified funding source. The list identifies projects for which there are foreseeable sources of finance and includes projects that are currently programmed by the City, County, ADOT or SVMPO in the State Transportation Improvement Program (STIP).

The **Transportation Project Needs – Not Funded List (Table 6-4)** for the SVMPO region is not a wish list but merely represents a list of projects that are recognized needs based on existing and future conditions. When a funding source is identified for a particular project on the list, the project will move to the Funded List and particular project timeframe year will be provided.

Appendix A: *Sierra Vista Sidewalks, Inventory & Implementation Plan* prioritizes areas of the community where sidewalks are most needed.

### ***Local Federally Funded Projects***

There are higher costs, such as additional Federal oversight and requirements, associated with using Federal Aid program funds, such as STP funds. In response to this cost, the MPO Board's current methodology is to save/loan annual STP funds until over \$1 million is available to fund a project or projects. Therefore, enough STP funds for a project are expected to be available every 3 – 4 years (depending on available funds, the local jurisdiction contributes as a required match and any additional amount needed to fund desired projects fully).

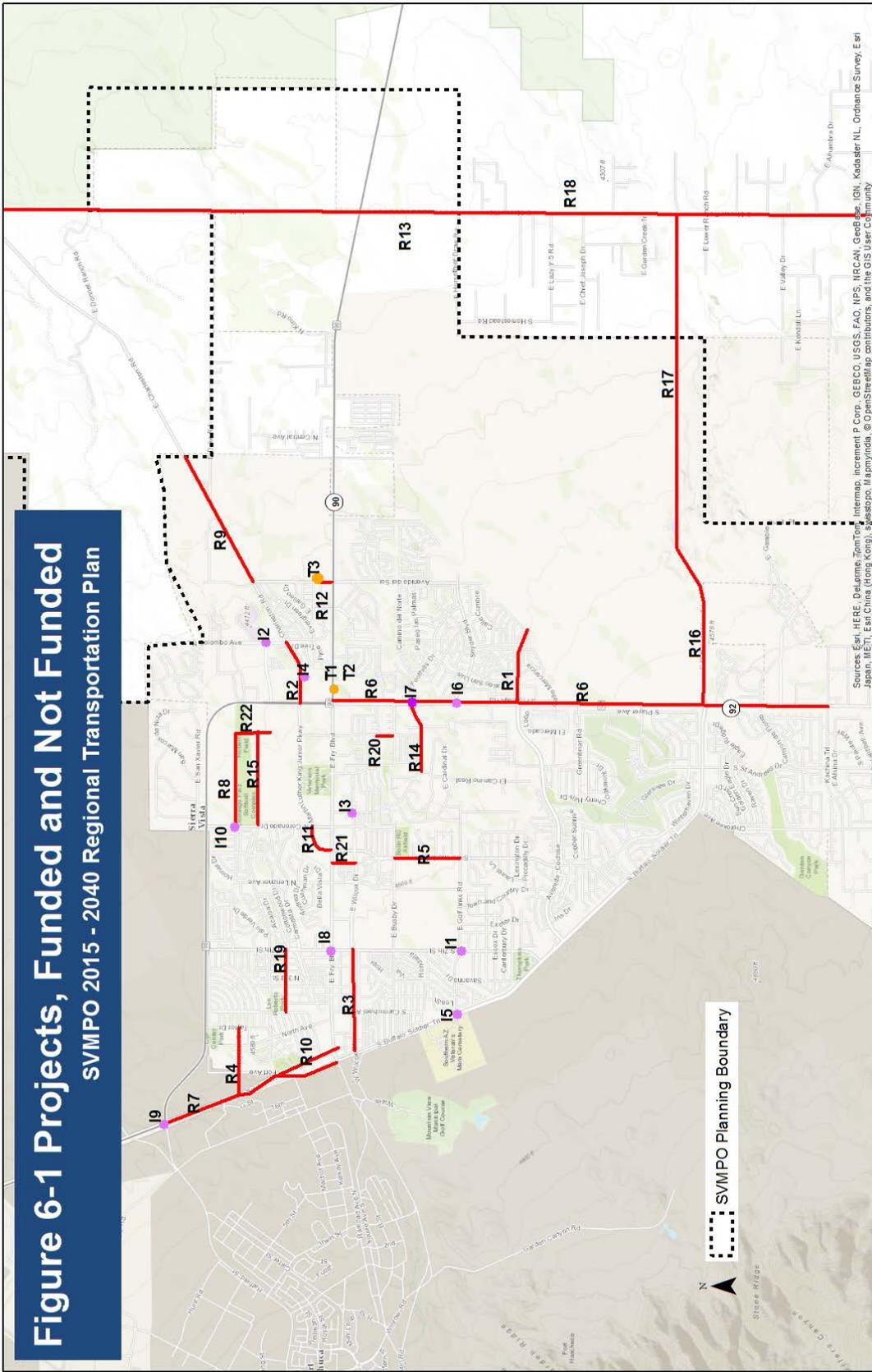


TABLE 6 - 3 Transportation Project Needs - Funded

Project Type	Project ID	Project	Location Description	Project Description	Federal Classification	Cost (2015)	Project Timeframe	Funded	Funding Source	Sponsor
<b>Road</b>										
	R1	Avenida Cochise	SR 92 to Camino Montana	Resurface roadway	Major Collector	\$300,000	FY17	Yes	HURF	SV
	R2	Charleston Road	Martin Luther King to Colombo	Resurface roadway	Minor Arterial	\$400,000	FY20	Yes	STP	SV
	R3	Wilcox Road	BST to 7th Street	Resurface roadway	Major Collector	\$400,000	FY20	Yes	STP	SV
	R4	Kayetan	BST to North	Resurface roadway	Major Collector	\$400,000	FY20	No	STP	SV
	R5	Coronado	Busby to Golf Links	Widen roadway from two to four lanes	Minor Arterial	\$1.2 Million	2016	Yes	Development Fees	SV
	R6	SR 92 Pavement Preservation	SR 90 to Kachina	Resurface roadway	Principal Arterial	\$4.2 Million	FY18	Yes	STP	ADOT
	R7	Buffalo Soldier Trail	SR 90 Bypass to Fry Blvd.	Resurface roadway	Minor Arterial	\$1.2 Million	FY17	Yes	STP	SV
	R8	Tacoma	Coronado Dr. east to Avenida Escuela (future)	Upgrade roadway, add lanes	Major Collector	\$375,000	2016 - 2026	Yes	Development Fees	SV
	R9	Charleston Road	Giulio Cesare Ave to City Limits	Widen to four lanes	Principal Arterial	1,160,000	2016 - 2026	Yes	Development Fees	SV
	R10	North Garden Ave.	Between BST and Fry	Road Diet and Streetscape Improvements	Major Collector	\$600,000	FY16/17	Yes	Local	SV
	R11	Coronado Drive	Between Martin Luther King and Fry Blvd.	Resurface roadway	Minor Arterial	\$400,000	FY18	Yes	HURF	SV
	R12	Giulio Cesare Ave.	Between SR 90 and Michelangelo Dr.	Widen roadway, adding lanes	Minor Arterial	\$500,000	2016 - 2026	Yes	Development Fees	SV
	R13	Moson Road	Between SR 90 and Horse Thief Road	Widen to four lanes	Major Collector	\$400,000	2016 - 2026	Yes	Development Fees	SV
	R14	Foothills	Between El Camino Real and SR 92	Moderize Roadway	Major Collector	\$151,000	2016 - 2026	Yes	Development Fees	SV
	R15	Las Brisas	Between SV Police Station and Avenida Escuela	Improve Roadway	Major Collector	\$750,000	2016 - 2026	Yes	Development Fees	SV
	-	Maintenance and resurfacing of roads	City of Sierra Vista public roads	Maintenance of local roads	-	\$3.1 million	Annual	Yes	HURF	SV, CC
<b>Intersection</b>										
	I1	Seventh / Golf Links		Traffic Signal	Minor Arterial	\$350,000	2016 - 2026	Yes	Development Fees	SV
	I2	Campus Drive / Columbo		Traffic Signal	Major Collector	\$450,000	2016 - 2026	Yes	Development Fees	SV
	I3	El Camino Real / Wilcox		Traffic Signal	Major Collector	\$400,000	2016 - 2026	Yes	Development Fees	SV

I4	Charleston at Hobby Lobby		Traffic Signal	Minor Arterial	\$350,000	2016 - 2026	Yes	Development Fees	SV
I5	BST / Golf Links		Traffic Signal	Minor Arterial	\$350,000	2016 - 2026	Yes	Development Fees	SV
I6	SR 92 / Snyder		Traffic Signal	Principal Arterial	\$400,000	2016 - 2026	Yes	Development Fees	SV
I7	SR 92 / Foothills		Upgrade signal and intersection safety improvements	Principal Arterial	\$1.4 Million	FY17	Yes	HSIP	ADOT
I8	7th St / Fry		Replace signal intersection	Minor Arterial	\$250,000	FY16/17	Yes	HURF	SV
I9	SR 90 / SR 90 Bypass		improvements. Adding	Principal Arterial	\$2.5 Million	FY17	Yes	STP	ADOT
I10	Coronado / Tacoma		New Signal	Minor Arterial	\$400,000	2016 - 2026	Yes	Development Fees	SV

**Transit**

-	Vista Transit	Cit of Sierra Vista	Operations & maintenance	-	\$1.6 Million	Annual	Yes	5303, Local (General Fund)	SV
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TABLE 6 - 4 Transportation Project Needs - Not Funded

Project Type	Project ID	Location Description	Project Description	Federal Classification	Cost (2015)	Project Timeframe	Funded	Funding Source	Sponsor	
<b>Road</b>										
	R16	BST Extension	SR 92 to Avenida del Sol	Extend roadway Sierra Vista city limits	Minor Arterial	\$3.25 Million		No	Developer Construction, Development Fees, STP	SV
	R17	BST Extension	Avenida del Sol to Moson	Extend roadway to connect to Moson	Minor Arterial	\$5 Million		No	Local, STP	SV, CC
	Not shown on map	Ramsey Road	SR 92 to Palominas Rd	Widen roadway or upgrade roadway	Minor Arterial	NA	-	No	-	CC
	R18	Moson Road	Charleston to Hereford	Upgrade roadway	Major Collector	NA	-	No	-	CC
	R19	Theater Drive	7th St. to Carmichael	Perfect Right-of-way and upgrade roadway	Minor Collector	\$500,000		No		SV, CC
	R20	Avenida Escuela	Quail Run to Blue Bird	Upgrade and widen roadway	Minor Collector	\$300,000		No		SV
	R21	Bel Aire Place	Fry to Wilcox	Upgrade and widen roadway	NA	\$150,000		No		SV
	R22	Avenida Escuela Bridge	End of Roadway to Civic Center Ball Fields	Road and bridge to connect SV sports complex	Major Collector	\$2.5 Million		No	HURF, Local	SV
<b>Transit</b>										
	T1	Bus pull out	Hwy 90 (west bound)	In front of Food City grocery store on SR 90	Principal Arterial	\$80,000		No		SV
	T2	Bus pull out	Hwy 90 (east bound)	In front of Target on SR 90	Principal Arterial	\$80,000		No		SV
	T3	Bus passenger shelter	Giulio Cesare Ave	Improve existing bus stop with shelter	Minor Arterial	\$15,000		No		SV

Cost estimates in current year (FY16) dollars.