

CHAPTER NINE - FINANCIAL PLAN

INTRODUCTION

The financial data in this section presents a comprehensive look at the revenue requirements for the major components (county roads, city streets, state highways, and transit) of the RTP and MPO transportation system over the next 20 years (2006-2025). BFCG staff, along with representatives from each jurisdiction/agency within the RTP and MPO developed this picture. The revenue forecasting methodology is based on the City Street and County Road Report form, an annual survey of transportation related costs distributed to each city and county by WSDOT. The resulting data is self-reported transportation revenues and expenditures for each jurisdiction.

This section will provide a 20-year financial analysis that addresses forecasted revenue, maintenance and operation costs, and improvement costs for the major components of the RTP and MPO. A ‘financially constrained’ list of improvements that are needed over the next 20 years to meet the transportation planning goals of the RTP are provided in Chapter 7 for the MPO and Chapter 8 for the RTP. A planning list of improvements is also provided if additional revenue becomes available. The RTP planning projects are consistent with each jurisdiction/agency Transportation Improvement Program (TIP) and comprehensive plan.

FINANCIAL CONSTRAINT

Based on regulatory requirements, the RTP is required to be “financially constrained” to reflect what realistically may be done with available revenues during the 20-year planning horizon. This requirement means 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.

REVENUE FORECASTS

The methodology used to forecast revenue is based on the City Street and County Road Report form, an annual survey of transportation related costs distributed to each city and county by WSDOT. The resulting data is self-reported transportation revenues and expenditures for each jurisdiction. Although the expenditure data was utilized in developing the revenue forecast, this section will review only revenue data in detail.

The data issued by WSDOT reports revenues by nine categories and expenditures by seven categories. The revenue categories are: property taxes, special assessments, general fund appropriations, local road user taxes, other local receipts, state fuel tax distribution, other state funds and federal revenues. The expenditure categories include: maintenance, administration, plant maintenance and construction, debt service, other, traffic policing and construction expenditures.

The methodology utilized the annual reports for the ten-year period from 1994 to 2003. The data is summed, and resulting totals are judged to represent a decade’s worth of transportation revenues. For expenditures, the same procedure is used to calculate yearly

costs and 10-years worth of Maintenance and Operations (M&O) costs. As a category, “construction expenditures” are omitted from the calculation because they represent project costs. The methodology yields estimates for transportation revenue and M&O costs for a decade. Costs for a decade are doubled to estimate transportation revenues for the 20-year span of this plan.

To simplify the estimates for this section, a decision was made to not inflate projected costs or revenues for the 20 year planning horizon covered by this plan. Each jurisdiction/agency was asked to develop their transportation needs lists based on the two decades: 2006-2015 and 2016-2025. This also facilitated development of the project lists for the 2015 and 2025 Metropolitan Area Traffic Models.

Application of the methodology was not as smooth as anticipated. In reviewing the data for all RTPO members, eight smaller jurisdictions had some anomalies in their revenue streams. The city would receive grant funds for a street project and report notably increased transportation revenue for one to three years, then revenue levels return to the previous range. This would skew the ten-year revenue stream upward. BFCG staff reviewed and normalized revenue estimates for the eight jurisdictions concerned.

This section provides a 20-year financial analysis addressing forecasted revenue, maintenance and operation costs, and improvement costs for the major components of the MPO (Tri-Cities metropolitan area), the rural RTPO (the remainder of the RTPO) and the combined MPO/RTPO (the entire three-county region). For the financial analysis of individual jurisdictions comprising the MPO/RTPO, see Appendix G

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 will be used within the RTPO and MPO over the next 20 years to help fund the transportation system are also provided in Appendix G.

FORECASTED TRANSPORTATION REVENUE

This section breaks down estimated 20 year road, street and transit revenues for the MPO, the rural RTPO, which is the remainder of the planning area outside the MPO, and the RTPO, which is the entire planning region.

MPO 20-Year Forecasted Revenue

The forecasted revenue to be used to finance transportation and transit maintenance and improvement costs over the next 20 years for the MPO is presented in Tables 9-1 to 9-3 by revenue category. Table 9-1 presents the sum of all road costs by category for the MPO. Due to the range of potential funding sources and the uncertainty of final funding decisions in Olympia, WSDOT data was presented as a lump sum estimate. Table 9-2 breaks down revenue sources for Ben Franklin Transit for the 20 year period. Table 9-3 shows the same street and

road revenue information as Table 9-1 but without the WSDOT data. Figure 9-1 shows the comparative relationship of the various components of Table 9-3.

Rural RTPO 20-Year Forecasted Revenue

Tables 9-4 to 9-6 provide an analysis of the forecasted revenue for the next 20 years for the rural RTPO, that portion of the planning area outside the Tri-Cities. As with the MPO data, the first table, 9-4 contains the estimated funding by category for the rural RTPO street and road system including WSDOT Data. Table 9-5 shows the estimated revenue for Valley Transit in Walla Walla County, and Table 9-6 shows the road and street data without WSDOT. Figure 9-2 shows the data in Table 9-6.

RTPO 20-Year Forecasted Revenue

Tables 9-7 to 9-9 contain forecasted revenue data for the entire RTPO. Table 9-7 shows estimated road and street revenue for the region, including WSDOT. Table 9-8 contains the combined data for Ben Franklin Transit and Valley Transit. Table 9-9 shows the estimated street and road revenue for the entire region absent the WSDOT data. Figure 9-3 shows the data in Table 9-9.

TABLE 9-1: TOTAL 2006-2025 MPO STREET AND ROAD TRANSPORTATION REVENUES (\$)											
	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	WSDOT	Total Receipts
TOTAL	48,735,000	50,839,000	101,326,000	15,000	155,121,000	78,296,000	95,596,000	52,265,000	28,239,000	131,000,000	741,432,000

TABLE 9-2: TOTAL 2006-2025 MPO TRANSIT REVENUES - BEN FRANKLIN TRANSIT (\$)										
	Fare Revenue	Advertising Revenue	Rental Revenue	Interest Revenue	Other Local Receipts	Local Sales Tax Distrib.	MVE Tax Dist.	Sales Tax Equal. Dist.	Federal Rev. Capital	Total Receipts
TOTAL	25,265,000	1,421,000	0	13,264,000	735,000	163,499,000	78,173,000	0	16,803,000	299,160,000

TABLE 9-3: TOTAL 2006-2025 MPO STREET AND ROAD TRANSPORTATION REVENUES (NON-WSDOT) (\$)										
	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	Total Receipts
TOTAL	48,735,000	50,839,000	101,326,000	15,000	155,121,000	78,296,000	95,596,000	52,265,000	28,239,000	610,432,000

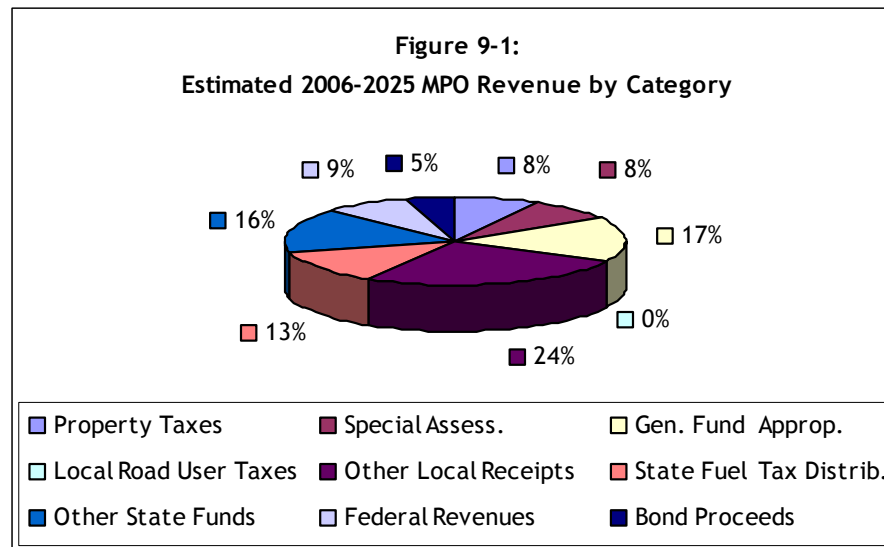


TABLE 9-4: TOTAL 2006-2025 RURAL RTPO STREET AND ROAD REVENUES (\$)

	Property	Special	Gen. Fund	Local Road	Other Local	State Fuel	Other State	Federal	Bond	WSDOT	Total
	Taxes	Assess.	Approp.	User Taxes	Receipts	Tax Distrib.	Funds	Revenues	Proceeds		Receipts
TOTAL	142,196,185	7,047,022	71,404,712	610,672	64,499,360	166,210,784	57,668,193	84,987,128	2,674,486	391,700,000	988,998,541

TABLE 9-5: TOTAL 2006-2025 RURAL RTPO TRANSIT REVENUES - VALLEY TRANSIT (\$)

	Fare	Advertising	Rental	Interest	Other Local	Local Sales	MVE	Sales Tax	Federal	Total
	Revenue	Revenue	Revenue	Revenue	Receipts	Tax Distrib.	Tax Dist.	Equal. Dist.	Revenues	Receipts
TOTAL	3,702,373	196,384	72,108	1,874,928	466,104	32,859,029	0	2,522,212	17,153,076	58,846,214

TABLE 9-6: TOTAL 2006-2025 RURAL RTPO STREET AND ROAD REVENUES (NON-WSDOT) (\$)

	Property	Special	Gen. Fund	Local Road	Other Local	State Fuel	Other State	Federal	Bond	Total
	Taxes	Assess.	Approp.	User Taxes	Receipts	Tax Distrib.	Funds	Revenues	Proceeds	Receipts
TOTAL	142,196,185	7,047,022	71,404,712	610,672	64,499,360	166,210,784	57,668,193	84,987,128	2,674,486	597,298,541

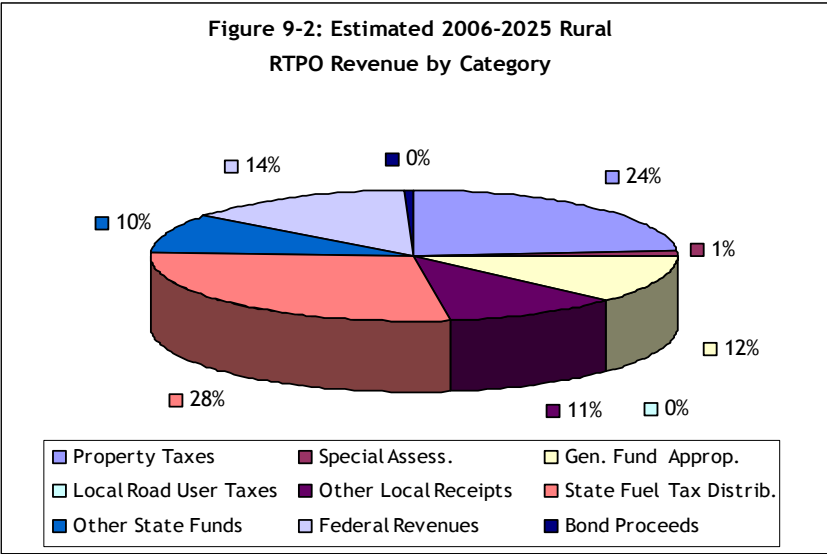
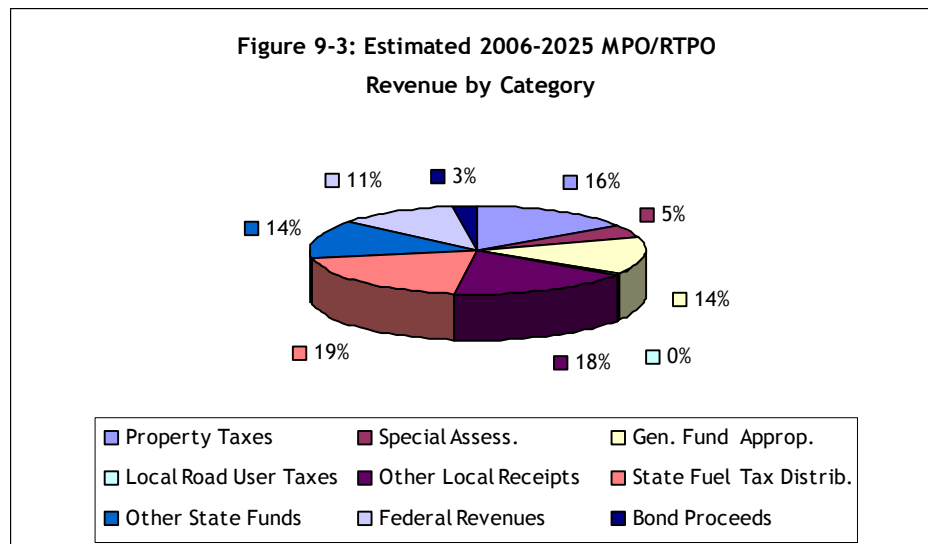


TABLE 9-7: TOTAL 2006-2025 MPO/ RTPO STREET AND ROAD REVENUES (\$)											
	Property	Special	Gen. Fund	Local Road	Other Local	State Fuel	Other State	Federal	Bond	WSDOT	Total
	Taxes	Assess.	Approp.	User Taxes	Receipts	Tax Distrib.	Funds	Revenues	Proceeds		Receipts
TOTAL	190,931,377	57,885,683	172,730,258	626,122	219,619,971	244,506,382	153,263,922	137,252,375	30,913,578	522,700,000	1,730,429,671

TABLE 9-8: TOTAL 2006-2025 MPO/RTPO TRANSIT REVENUES (\$)										
	Fare	Advertising	Rental	Interest	Other Local	Local Sales	MVE	Sales Tax	Federal	Total
	Revenue	Revenue	Revenue	Revenue	Receipts	Tax Distrib.	Tax Dist.	Equal. Dist.	Revenues	Receipts
TOTAL	28,967,529	1,617,698	72,108	15,139,062	1,201,194	196,357,529	78,173,466	2,522,212	33,955,866	358,006,664

TABLE 9-9: TOTAL 2006-2025 MPO/RTPO STREET AND ROAD REVENUES (NON-WSDOT) (\$)										
	Property	Special	Gen. Fund	Local Road	Other Local	State Fuel	Other State	Federal	Bond	Total
	Taxes	Assess.	Approp.	User Taxes	Receipts	Tax Distrib.	Funds	Revenues	Proceeds	Receipts
TOTAL	95,175,272	28,606,291	85,939,716	311,960	109,751,624	122,397,211	83,769,910	70,000,677	15,456,789	596,898,442



20-YEAR FINANCIAL ANALYSIS

Tables 9-10 through 9-12 present a 20 year financial analysis for the MPO, the rural portion of the RTPO and the entire RTPO.

MPO 20-Year Financial Analysis

The metropolitan area transportation system will cost \$1.04 billion to maintain and provide needed improvements over the next 20 years. Of this total, \$344 million (33%) will be needed to maintain and operate the system, and \$697 million (67%) will be available for improvements. At the end of the 20-year planning horizon, the MPO will have an ending balance of \$-5.9 million. In addition, the MPO will need to generate an additional \$106 million in revenue to fund proposed unmet need.

YEAR	FORECAST REVENUE	FORECAST M&O COSTS	PROJECT REVENUE	PROJECT COSTS	ENDING BALANCE
2006-2015	518,696,000	171,390,000	347,305,000	339,182,000	8,123,000
2016-2025	521,896,000	172,590,000	349,305,000	363,288,000	-13,983,000
TOTAL	1,040,592,000	343,980,000	696,610,000	702,470,000	-5,860,000

Rural RTPO 20-Year Financial Analysis

Table 9-11 provides a financially constrained analysis of the forecasted revenue, maintenance and operation costs, project revenue, and project costs over the next 20 years for the rural portion of the RTPO. The regional transportation system outside the MPO area will cost \$1.05 billion to maintain and provide needed improvements over the next 20 years. Of this total, \$502 million (48%) will be needed to maintain and operate the system, and \$546 million (52%) will be available for improvements.

At the end of the 20-year planning horizon, the rural RTPO planning area will have an ending balance of -\$7 million. In addition to this shortfall, the rural RTPO will need to generate an additional \$355 million in revenue to fund proposed planning projects.

YEAR	FORECAST REVENUE	FORECAST M&O COSTS	PROJECT REVENUE	PROJECT COSTS	ENDING BALANCE
2006-2015	584,772,000	250,868,000	333,905,000	335,147,000	-1,242,000
2016-2025	463,072,000	251,468,000	211,605,000	217,766,000	-6,161,000
TOTAL	1,047,844,000	502,336,000	545,510,000	552,913,000	-7,403,000

MPO/RTPO 20-Year Financial Analysis

Table 9-12 provides a financially constrained analysis of the forecasted revenue, maintenance and operation costs, project revenue, and project costs over the next 20 years for the entire MPO/RTPO planning area. The regional will generate \$2.09 billion to maintain and provide needed improvements over the next 20 years. Of this total, \$846 million (41%) will be needed to maintain and operate the system, and \$1.24 billion (59%) will be available for improvements. At the end of the 20-year planning horizon, the MPO/RTPO will have an ending balance of -\$13 million. In addition to this shortfall, the MPO/RTPO will need to generate an additional \$471 million in revenue to fund proposed projects identified as unmet need.

YEAR	FORECAST REVENUE	FORECAST M&O COSTS	PROJECT REVENUE	PROJECT COSTS	ENDING BALANCE
2006-2015	1,103,468,000	422,258,000	681,210,000	674,329,000	6,881,000
2016-2025	984,968,000	424,058,000	560,910,000	581,054,000	-20,144,000
TOTAL	2,088,436,000	846,316,000	1,242,120,000	1,255,383,000	-13,263,000

Appendix G provides a financially constrained analysis of the forecasted revenue, maintenance and operation costs, project revenues, and project costs over the next 20 years for each jurisdiction/agency in the RTPO and MPO.

STRATEGIES FOR FINANCING FUNDING SHORTFALLS

Some of the potential strategies for financing funding shortfalls that have been discussed around Washington state are identified below.

- **Indexing of the State Motor Fuel Tax:** This option involves regularly adjusting the motor fuels tax for inflation and fuel economy.
- **Empowering Metropolitan Areas:** This option empowers metropolitan areas to establish regional transportation improvement boards that can seek voter approval of new local-option revenue sources to finance and accelerate regional transportation projects.
- **Regional Vehicle Miles Traveled (VMT) Charge:** This option assumes the development of a program to impose a charge based on VMT within a congested region.
- **Regional Congestion Pricing:** This option includes a range of pricing mechanisms including electronically imposed and variable charges for use of congested facilities. Examples include tolls on individual facilities and regional, electronically monitored pricing of major corridors.

- **Local Tax Increment Financing:** This option includes a new tax increment financing authority based on the sales tax, the B&O tax or other sources.
- **Local Vehicle License Fee (VLF) Increase:** This proposal authorizes increases in the existing VLF up to \$100 per vehicle per year. The current VLF is authorized to counties at \$15 per vehicle per year. Benton, Franklin, and Walla Walla Counties currently do not impose this fee.

It should be noted that any new revenue generating option that increases per capita costs would be politically unpopular. Such options will need to be carefully reviewed and developed through extensive public dialogue.

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.

CONCLUSION

Overall, the MPO is forecasted to have a funding deficit of about -\$6 million and the entire MPO/RTPO is predicted to have a shortfall of -\$13 million at the end of the 20-year planning horizon. In addition to this shortfall, the RTPO/MPO will need to generate an additional \$471 million in revenue to fund proposed planning projects. Adding these planning projects to the existing shortfall of \$13 million would equate to a shortfall of \$484 million, or an annual shortfall of \$24 million. The 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.

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