

# 13 | Financial Plan

## 13.1 OVERVIEW

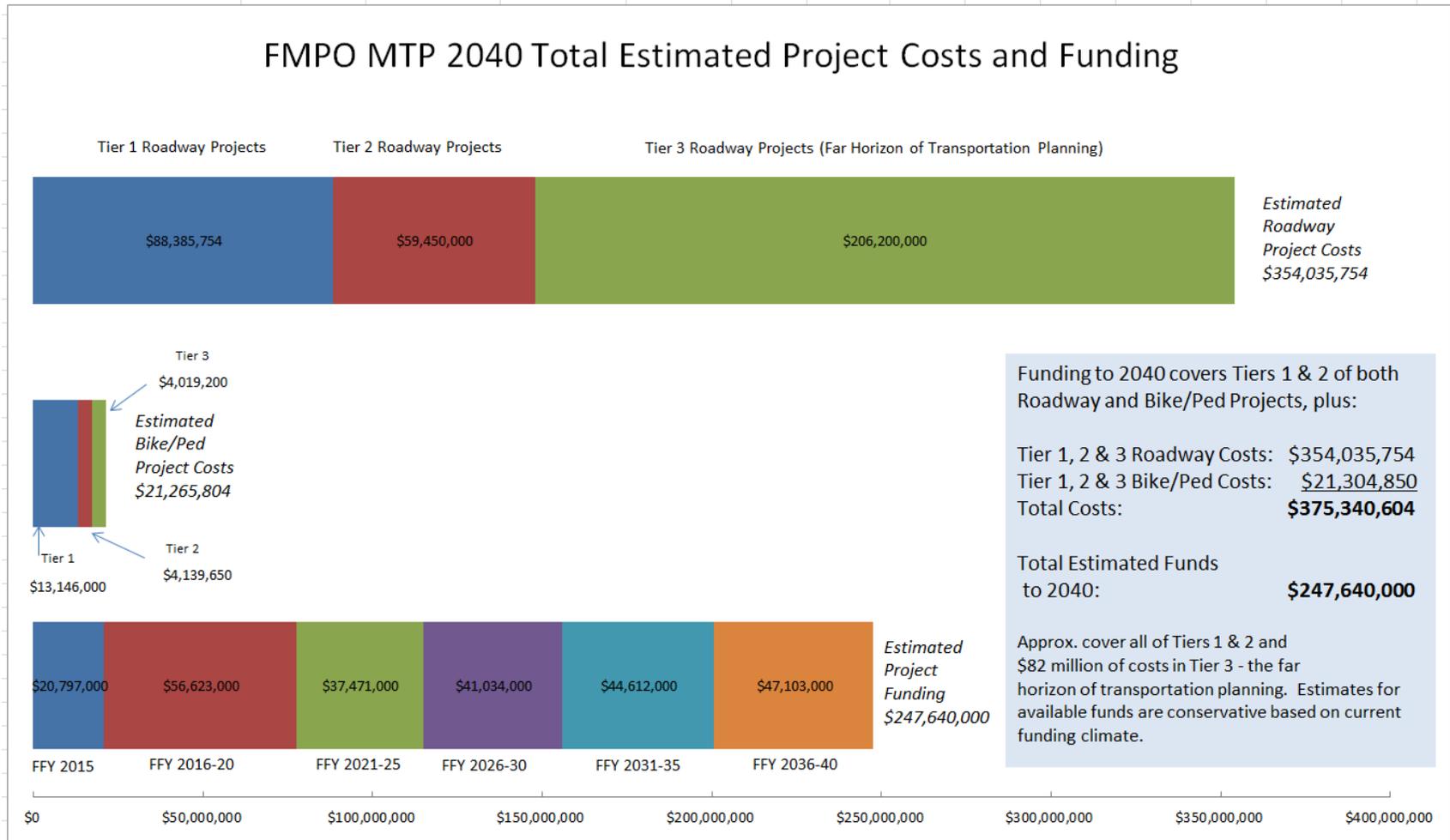
According to MAP-21, the Metropolitan Transportation Plan must show how anticipated transportation projects are based on reasonable estimates of available funds. MAP-21 also establishes performance based programming and requires states and MPOs to develop performance measures regarding system maintenance and condition, fatalities and injuries, congestion, emissions, and freight movement. These federal policies, and long range planning in the New Mexico Transportation Plan (NMTP) by NMDOT, will direct federal and state funding to system maintenance, operations efficiency and safety ahead of building new capacity. The goals of the MTP align with state and federal goals and incorporate regional priorities.

The continuing planning process used by the MPO and its partners combines long-term regional projections with near-term adjustments and implementation. The MTP employs a 25-year planning horizon, and is updated every five years. For the next 25 years, population projections for the MPO area are for growth: from approximately 97,000 in 2015 to 138,000 in 2040. This MTP, and previous versions, have identified many projects to accommodate that growth as it occurs. However, present financial projections by federal, state and local government are more conservative and projected funds do not cover all potential projects listed in the MTP. Therefore, regular review of system needs, demographic and economic trends, performance measures and funding, will provide the ongoing re-adjustment to match the area's transportation needs and goals with these conditions and factors.



Figure 13-1 shows the aggregated costs of roadway and bike/pedestrian projects identified in the chapters of the MTP, each shown in tiers by time frame: Tier 1 (next 5 years), Tier 2 (5-15 years), and Tier 3 (15-25 years and beyond). Also shown are the total projected available funds, by five-year time periods. Near-term projects are listed below in Table 13-1. For details regarding project costs in Tiers 2 and 3, see Chapters 5 and 9. Details regarding funding are also discussed below.

Figure 13-1 – Comparison of Future Estimated Project Costs in the MTP and Anticipated Funds



### ***13.2 FINANCIAL PLANNING IN THE NEAR TERM***

Developing and administering a Transportation Improvement Program (TIP) is one of the principal functions of an MPO. The TIP is a list of near-term, regionally-significant projects for which funds are identified. These projects align with the MTP and can be lead and funded by local government entities or NMDOT. Projects often include a mix of local, state and federal dollars.

The TIP is the basis for the available funds in the near-term from local, state and federal sources. In June 2015, the MPO developed a TIP for the federal fiscal years of 2016 to 2021. The projects included are shown on Table 13-1. For almost all of the projects shown, identified funding equals the total estimated project cost. Some projects have found partial funding and sponsoring agencies and/or the state are working to complete the funding. For three projects which are partially funded, the present shortfall is approximately \$17 million. As funding is identified for projects, they will be added to the TIP by amendment.



*Vereda del Rio San Juan River Trail in Bloomfield*

Table 13-1 – FMPO FFY 2016-2021 TIP – Funding Detail as of June 30, 2015

Project Name	Lead Agency	Estimated Project Cost	Total Funding Amt	Est. Unfunded Amt
East Arterial Route Phase II	Aztec	\$7,319,750	\$7,319,750	\$0
Vereda del Rio San Juan River Trail Phase II	Bloomfield	\$199,636	\$199,636	\$0
Vereda del Rio San Juan River Trail Phase III	Bloomfield	\$203,050	\$203,050	\$0
Red Apple Transit Capital/Operating	Farmington	\$1,289,587	\$1,289,587	\$0
Red Apple Transit Bus Route Accessibility	Farmington	\$81,577	\$81,578	\$0
East Pinon Hills Boulevard Extension Phase I*	Farmington	\$3,950,000	\$3,700,000	\$250,000
East Pinon Hills Blvd Extension Phase II*	Farmington	\$13,265,454	\$250,000	\$13,015,454
US 64 Phase IV	NMDOT D-5	\$15,600,000	\$15,600,000	\$0
US 64 Phase VI	NMDOT D-5	\$9,000,000	\$9,000,000	\$0
US 64 Phase V*	NMDOT D-5	\$17,655,750	\$14,198,714	\$3,457,036
NM 173	NMDOT D-5	\$2,110,000	\$2,110,000	\$0
Bridge Preservation: US 550 #9178 & #9179	NMDOT D-5	\$260,000	\$260,000	\$0
Pinon Hills Bridge Connection (CR 3900/ PHB Ext. Phase 3)	San Juan County	\$8,000,000	\$8,000,000	\$0
Kirtland Walk Path	San Juan County	\$1,000,000	\$1,000,000	\$0
CR 350/ CR 390 Intersection	San Juan County	\$650,000	\$650,000	\$0

\* - Note: Partly unfunded projects may have more funding pending, with local entities and/or NMDOT working to complete the funding for the project. This amount reflects funding identified through June 30, 2015.

As seen in Table 13-2, NMDOT anticipates that, from 2016 to 2019, the current funding amounts assigned to projects are all the funds they expect to have available. Through their own long-range plan, the NMTP, NMDOT anticipates approximately 5 million dollars may be available each year in 2020 and 2021.

*Table 13-2 – Projected Available Local, State and Federal funds (not including Transit)*

FMPO Projected Funds for New and Rebuilt Projects - 2015 to 2040												
Fund Source	FFY 2015	FFY 2016 Projection	FFY 2017 Projection	FFY 2018 Projection	FFY 2019 Projection	FFY 2020 Projection	TOTAL FFY 2016-2020	TOTAL FFY 2021-2025	TOTAL FFY 2026-2030	TOTAL FFY 2031-2035	TOTAL FFY 2036-2040	
Total Local Funding New and Rebuilt Projects	\$1,762,000	\$9,705,000	\$2,058,000	\$1,542,000	\$1,871,000	\$1,917,000	\$17,093,000	\$10,760,000	\$12,754,000	\$14,679,000	\$15,393,000	
Total Federal and State Funding New and Rebuilt Projects	\$19,034,000	\$8,296,000	\$8,972,000	\$8,262,000	\$9,000,000	\$5,000,000	\$39,530,000	\$26,711,000	\$28,280,000	\$29,933,000	\$31,709,000	
Total Federal, State and Local Funding New and Rebuilt Projects	\$20,797,000	\$18,001,000	\$11,030,000	\$9,804,000	\$10,871,000	\$6,917,000	\$56,623,000	\$37,471,000	\$41,034,000	\$44,612,000	\$47,103,000	

### 13.3 FINANCIAL PLANNING IN THE LONG TERM

Long-term projections for costs and available funds come from a variety of sources. Estimating costs begins with the projects identified in the MTP, with expected price tags assigned by the project’s potential sponsor. A few projects have some level of study completed and may have close approximate cost figures. Some are new ideas, far into the future, or large in scope. Estimated project costs will need to be refined in the future. Nevertheless, future project costs show the magnitude of funding needed based on best current information.

In consultation with staff from each entity, projects were assigned to a tier, or time frame, based on the likelihood of the need, likelihood of available funding, or local priority. Future projects and their tiers are reflected in Chapter 5 and Chapter 9. To reflect “year of expenditure” dollars, annual inflation on construction costs were projected at approximately 2.5 percent, or about 25 percent in a decade and 60 percent in 20 years.

Estimating future funds is a compilation of the expected revenue available for transportation from each local entity, plus NMDOT's estimate of available state and federal funds. The future funding picture for state and federal funds is being clarified by NMDOT through an Asset Management Plan. Inflation rates were provided by each entity.

### **13.4 FUNDING SOURCES**

The MPO itself does not receive funding to sponsor construction of projects; projects are sponsored by the three cities, the county, Red Apple Transit, and NMDOT.

Local entities may use their general funds as well as dedicated infrastructure funds to complete regional transportation improvements. These funds rely on revenues from various sources including local sales and property taxes, fees, and bond levies. When they receive federal funding for a project, it comes through NMDOT in cooperation with from the following sources:

- **National Highway Performance Program (NHPP)** – 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 Alternatives Program (TAP)** – 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.
- **Recreational Trails Program** – provides funds for the creation or maintenance of new or existing trails, typically for non-motorized modes of travel.
- **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.
- **High Priority Projects Program** – commonly known as 'earmarks', this program provides designated funding for specific projects identified in SAFETEA-LU.

Local entities may also receive state funds, which typically include the General Fund, Severance Tax, and the Municipal Arterial Program (MAP). Additional revenues sources may come from impact fees if established by the individual entities under NM State Statute.

### 13.5 ESTIMATED MAINTENANCE FUNDING

Maintenance is performed by the three cities within their jurisdictions, by San Juan County in the remainder of the MPO, and by NMDOT on New Mexico and United States highways. Table 13-3 shows the compilation of projected federal, state, and local funds for operation and maintenance of the system, with future figures shown in five year periods.

*Table 13-3 – Estimated Federal, State and Local Operation and Maintenance Funds, 2015-2040*

FMPO Projected Operation and Maintenance Funds - 2015 to 2040											
Fund Source	FFY 2015	FFY 2016 Projection	FFY 2017 Projection	FFY 2018 Projection	FFY 2019 Projection	FFY 2020 Projection	TOTAL FFY 2016-2020	TOTAL FFY 2021-2025	TOTAL FFY 2026-2030	TOTAL FFY 2031-2035	TOTAL FFY 2036-2040
Total Local Operation and Maintenance	\$11,195,000	\$12,243,000	\$11,717,000	\$11,431,000	\$11,623,000	\$11,822,000	\$58,836,000	\$62,605,000	\$69,822,000	\$78,640,000	\$88,813,000
Total Federal and State Operation and Maintenance	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$8,000,000	\$8,280,000	\$8,767,000	\$9,283,000	\$9,829,000
Total Federal, State and Local Funding O&M	\$12,795,000	\$13,843,000	\$13,317,000	\$13,031,000	\$13,223,000	\$13,422,000	\$66,836,000	\$70,885,000	\$78,590,000	\$87,923,000	\$98,642,000

MAP-21 requires the establishment of several performance measures related to road and bridge condition. As stated above, NMDOT is developing an Asset Management Plan statewide for state and federal facilities for which it is responsible. Local government within the MPO will cooperate with NMDOT to set maintenance condition targets and outline the means of measuring and reporting those conditions. That plan is expected to be prepared in 2016.

### 13.6 TRANSIT FUNDING

Red Apple Transit receives Federal Transit Administration 5307 grant funds for operations and for capital purchases and projects. The City of Farmington provides matching funds, including contributions by Aztec, Bloomfield, San Juan County, and fare box

receipts, to leverage these federal dollars. Federal grant money spent on operations covers 50 percent of an expense and requires a 50 percent local match. Similarly, federal grants pay 80 percent of a capital or personnel expense and require a 20 percent local match. Based on operation contracts and expenses, planning expenses, and budgeted capital needs, Red Apple Transit determines how to allocate the grant in a given year. Based on the mix of operations and capital expenditure, the revenue sources, may show close to 50 percent of revenues from FTA grants when most work is operations, or some percentage greater than 50 percent from FTA grants, when Red Apple leverages more funds for capital needs. As an example, Figure 13-2 shows the dollar amounts and percentage of total revenues dedicated to Red Apple Transit in FY2015. Table 13-4 shows the total annual figure of operating revenue/expenditure from Fiscal Years 2010 to 2014 (both revenue and expenditure are equal in final budget reporting).

Figure 13-2 Sample year FY 2015 of Revenues

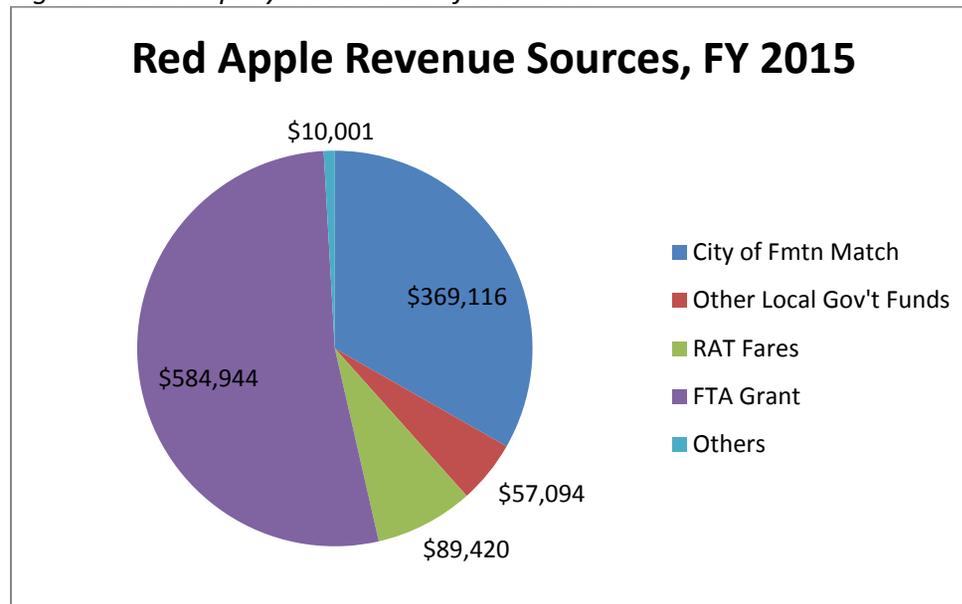


Table 13-4 Recent Total Operating Revenue/Expenditure for Red Apple Transit FY 2010 to 2014

FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
\$ 811,273	\$ 1,011,895	\$ 1,041,825	\$ 963,688	\$ 953,939

Red Apple consistently budgets for an increase in operating expense of between 2 and 3 percent per year. Table 13-5 contains projected operating expenses if these increased at 2.5 percent annually to 2040. Red Apple Transit currently uses a contractor, Ride Right, LLC, to carry out its service operations.

*Table 13-5 Projected Future Operating Expenses per Year and for 5-year Periods*

	2016-2020	2021-2025	2026-2030	2031-2035	2036-2040
Projected Avg Ann Operating Exp. per Year	\$ 1,056,467	\$ 1,195,296	\$ 1,352,368	\$ 1,530,080	\$ 1,731,145
Total for 5-year Period	\$ 5,282,337	\$ 5,976,479	\$ 6,761,838	\$ 7,650,399	\$ 8,655,724

Red Apple Transit is currently spending grant money allocated in 2012, and the combination of fares and local match limits any future expansion of the system. The Red Apple Transit also continually looks for way to improve the efficiency from the existing number of routes, and current levels of federal grants and matching funds.

Red Apple Transit also pursues federal grants to purchase new equipment or infrastructure, such as busses or bus stops and shelters. Such capital purchases can be made using FTA 5309 Capital grants which provide 80 percent of federal funding with a 20 percent local match. For example, Red Apple keeps a fleet of 14 busses and it anticipates purchasing 2 busses each year to replace its fleet. Each bus costs an estimated \$76,000 and usually lasts between 6 and 7 years. Therefore, to replace the fleet costs approximately \$1,064,000 over 7 years (with \$212,800 coming from local matching funds and \$851,200 coming from federal grants).

Red Apple Transit recently commissioned a study to select a transit hub location within Farmington. Estimated costs and funding options will be considered by Red Apple Transit following the results of the study, expected by the end of 2015. Red Apple Transit also is adding shelters and amenities to existing routes through federal Transportation Alternatives Program funds in 2016 and 2017. They were awarded approximately \$82,000 to improve bus route accessibility at eight locations on the system.

### **13.7 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, and established use 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 State Transportation Commission**

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