

7.0

FINANCIAL PLAN

MUMPO's planning area has experienced significant growth in population and continues to see a marked increase in vehicle miles of travel (VMT). Accommodating the additional demand on the transportation system requires additional financial investment.

In addition to the ongoing growth in demand for transportation services, construction costs also continue to increase, even without factoring in inflation. The transportation industry is giving more attention to safeguarding the natural environment, and construction practices have changed to improve the way transportation projects affect their surroundings. These changes are necessary and desirable, but also costly. The increased demands on transportation funding continue to create a backlog of unfunded projects – and, as the backlog increases, so do the overall project costs.

MUMPO realizes these challenges should be faced with creative solutions and that there is not a single solution to meet this area's transportation funding needs. MUMPO's plan is to increase choices in transportation and to find innovative financing techniques for funding construction and maintenance of the transportation system.

7.1 Current Funding Sources

- **Funding for streets and highways** within the MUMPO area comes primarily through the State Transportation Improvement Program (STIP). The City of Charlotte has asked its voters every few years to approve transportation bonds for street and road improvements. Since 2002, citizens of Huntersville and Matthews have also approved transportation bonds. For the most part, these bonds have been used for improvements on municipal roadways, but Charlotte's 1998 bond package was used to finance improvements to several state streets.
- **Funding for transit services** comes from a combination of federal, state and local sources. In 1998, Mecklenburg County voters approved a one-half cent local sales tax to fund expansion of the transit system and to implement rapid transit improvements in major corridors.
- **Funding for pedestrian and bicycle facilities** is typically achieved through inclusion in the design and construction of highway projects. It is MUMPO's practice to include sidewalks and provisions for bicycles on all road projects where feasible. These amenities are funded as incidental costs to the projects or, if necessary, as locally funded additions to NCDOT projects. Additionally, most MUMPO municipalities fund sidewalk projects in an effort to add sidewalks to all existing thoroughfares and collector streets.

7.2 Funding for Roadways, Bicycles and Pedestrians

MUMPO's highway construction program is funded by federal, state, and local sources. MUMPO does incorporate private funding as a mechanism for completing its transportation system. This generally occurs on minor thoroughfares and collector roads, and therefore is not included in the financial plan of this LRTP. The North Carolina General Assembly has authorized the construction of a limited number of toll roads. State toll legislation designates that one toll project be in the Charlotte region. MUMPO has considered this option for one project in this LRTP.

For a number of years, the overall funding levels for MUMPO and North Carolina have been somewhat uncertain. North Carolina uses a Highway Distribution Formula (Equity Formula) that dictates how funding is apportioned to each region of the state; however, the funding levels for the urban area are not guaranteed and can vary from year to year.

For at least the last ten years, MUMPO has received much of its highway funding through the Urban Loop Fund. When the Charlotte Outer Loop (I-485) is complete, this funding source will be used by NCDOT to complete other urban loops in North Carolina through 2027. The funding needed to complete I-485 is anticipated to be included in the 2006-2012 STIP.

As noted above, MUMPO includes bicycle and pedestrian provisions in roadway projects. The estimates for constructing the roadway projects in this LRTP include these costs. Also, the City of Charlotte has dedicated an annual amount of \$5 million for sidewalk construction.

■ Revenue and Expenditure Projections

The *2030 Long Range Transportation Plan* assumes that the current funding level for highways will continue through 2010. The LRTP's financial plan also reflects assumptions about changes in some funding sources beyond the current STIP. Beginning in 2011, the assumptions in this LRTP assume changes in the State's Equity Formula as indicated in State statutes governing when the formula can be revised.

The revenue projections used for developing the LRTP's financial plan are based on historic trends and some basic assumptions about future funding sources. Expenditure projections were determined on the basis of projected cost and ranking, and available revenues. The assumptions used in projecting NCDOT funding include:

- ▶ MUMPO Funding in the *2004-10 STIP*
 - Total funds = \$608 million (\$87 million per year)
 - Equity funds = \$331 million (\$47 million per year)
 - Urban Loop funds = \$277 million (\$40 million per year)
- ▶ The annual transfer of Highway funds to the General Fund will end.
- ▶ North Carolina's donor state status regarding the return of federal highway dollars to the State increases from 90.5 cents to 95 cents.

- ▶ Urban Loops funds will be made available for retrofitting I-485 and for construction of the Garden Parkway from I-485 across the Catawba River into Gaston County.
- ▶ The Monroe Connector project (STIP #U-3329) will be built as a toll facility.
- ▶ The following revenue and expenditure forecasts are included in the assumptions:

| Revenue Forecasts | | | |
|--|----------------------|------------------------|------------------------|
| Horizon Year | 2004-2010 | 2011-2020 | 2021-2030 |
| Loop Funds | \$323,000,000 | \$150,000,000 | \$96,000,000 |
| Toll Funds | -- | \$150,000,000 | -- |
| Other State* | \$331,000,000 | \$1,000,000,000 | \$1,000,000,000 |
| Local Funds | \$123,000,000 | \$275,000,000 | \$275,000,000 |
| Total Available | \$777,000,000 | \$1,575,000,000 | \$1,371,000,000 |
| Grand Total | | | \$3,723,000,000 |
| * includes Equity Formula | | | |
| Expenditure Forecasts | | | |
| Horizon Year | 2004-2010 | 2011-2020 | 2021-2030 |
| Loop Funds | \$323,000,000 | \$150,000,000 | \$96,000,000 |
| Toll Funds | -- | \$150,000,000 | -- |
| Other State* | \$331,000,000 | \$1,000,000,000 | \$999,000,000 |
| Local Funds | \$123,000,000 | \$275,000,000 | \$205,000,000 |
| Total Available | \$777,000,000 | \$1,575,000,000 | \$1,300,000,000 |
| Grand Total | | | \$3,652,000,000 |
| <i>Note:</i> Revenue and expenditure forecasts are in 2004 constant dollars. | | | |

7.3 Funding for Transit

CATS has developed a financial plan for the public transportation system that is consistent with the *Corridor System Plan*. This plan includes capital expenditures and operation/maintenance costs reflecting growth of the current bus service plus rapid transit service in all five corridors defined in the *2025 Integrated Transit/Land Use Plan for Charlotte-Mecklenburg*.

Operating revenues would include passenger fares, service reimbursements, maintenance-of-effort payments, sales tax revenues, and state maintenance assistance. Federal and State grants, along with the annual operating balance, would be used to finance the proposed capital program.

7.4 Roadway Operations and Maintenance

Operation and maintenance of the highway system is funded by a combination of local funds, state-aid-to-municipalities funds (Powell Bill), and state maintenance funds. In recent years, North Carolina has emphasized maintaining and preserving its existing transportation infrastructure, as indicated in the State's new Long-Range Statewide Multimodal Transportation Plan.

Based on recent actions by the North Carolina General Assembly, the North Carolina Department of Transportation (NCDOT) has increased the budget dedicated to maintenance of state streets. Additionally, the amount of Powell Bill funds given to most of the municipalities in MUMPO has increased steadily over the years. This funding source responds both to inflation (because it is a motor fuel tax) and to increases in system mileage (the formula for allocation of funds is based on population and non-state system road mileage).

Table 7-1: FY 2004 Roadway Maintenance Expenditures for Mecklenburg and Union Counties*

| Location | System | Mileage | General Maintenance Dollars | Resurfacing Dollars | Total Dollars | Total Per Mile Basis |
|--------------------|--------------------|--------------|-----------------------------|---------------------|---------------------|----------------------|
| Mecklenburg | Interstate | 72 | \$1,208,134 | \$0 | \$1,208,134 | \$16,687 |
| | Primary | 61 | \$703,642 | \$161,477 | \$865,119 | \$14,182 |
| | Secondary | 408 | \$1,620,894 | \$1,429,503 | \$3,050,397 | \$7,476 |
| | Urban | 463 | \$3,409,404 | \$1,448,657 | \$4,858,061 | \$10,493 |
| | Meck Total | 1,004 | \$6,942,074 | \$3,039,637 | \$9,981,711 | \$9,938 |
| Union | Primary | 142 | \$499,803 | \$1,047,106 | \$1,546,909 | \$10,894 |
| | Secondary | 1,143 | \$4,004,955 | \$3,113,513 | \$7,118,468 | \$6,228 |
| | Urban | 193 | \$1,451,803 | \$611,161 | \$2,062,964 | \$10,689 |
| | Union Total | 1,478 | \$5,956,561 | \$4,711,780 | \$10,728,341 | \$7,259 |
| Charlotte | Local | 2,103 | \$17,665,079 | | | \$8,402 |
| Cornelius | Local | 64 | \$470,935 | | | \$7,346 |
| Davidson | Local | 30 | \$236,249 | | | \$7,800 |
| Huntersville | Local | 104 | \$866,876 | | | \$8,351 |
| Indian Trail | Local | 6 | \$389,476 | | | \$62,018 |
| Lake Park | Local | 15 | \$84,808 | | | \$5,837 |
| Matthews | Local | 87 | \$720,417 | | | \$8,266 |
| Mint Hill | Local | 86 | \$562,139 | | | \$6,537 |
| Monroe | Local | 157 | \$981,380 | | | \$6,262 |
| Pineville | Local | 14 | \$118,030 | | | \$8,146 |
| Stallings | Local | 20 | \$242,594 | | | \$11,944 |
| Waxhaw | Local | 15 | \$101,347 | | | \$6,551 |
| Wingate | Local | 11 | \$81,294 | | | \$7,598 |
| | Local Total | 2,712 | \$22,520,624 | | | \$8,303 |

* Refer to North Carolina General Statutes (NCGS) 136-41.1 for details on fund allocations.

Tables 7-1, 7-2 and 7-3 list maintenance funding levels for state streets on a per-mile basis, average roadway maintenance costs per mile, and horizon year projected maintenance needs.

The municipalities within MUMPO received a total of \$22,520,624 in state aid for maintenance of municipal streets in fiscal year 2004. This amount was given to maintain a local street system of approximately 2,700 miles. This represents an annual allocation of \$8,303 per mile. This amount compares favorably to the average funding levels currently expended by NCDOT on state-maintained streets (\$8,344). Continued funding growth at these levels should be adequate to maintain the system for the duration of the LRTP.

Table 7-2: Average Road Maintenance Cost Per Mile for North Carolina

| System | General Maintenance Dollars | Resurfacing Dollars | Total Per Mile Basis |
|------------|-----------------------------|---------------------|----------------------|
| Interstate | \$16,687 | * | \$16,687 |
| Primary | \$9,323 | \$4,092 | \$13,415 |
| Secondary | \$3,009 | \$1,132 | \$4,141 |
| Urban | \$5,016 | \$3,993 | \$9,009 |
| Local | \$8,303 | ** | \$8,303 |

* Interstate Resurfacing is included in STIP, and included in the Capital program.

** Local maintenance funding is not broken out.

Table 7-3: Projected Maintenance Needs by Horizon Year (Millions)

| System | 2004-2010 | 2011-2020 | 2021-2030 |
|-----------------|-----------------|-----------------|-----------------|
| Interstate | \$8.41 | \$12.01 | \$12.01 |
| Primary | \$19.06 | \$27.23 | \$27.23 |
| Secondary | \$44.96 | \$64.23 | \$64.23 |
| Urban | \$41.37 | \$59.10 | \$59.10 |
| Local | \$157.62 | \$225.18 | \$225.18 |
| Total | \$271.42 | \$387.75 | \$387.75 |
| Revenues | \$302.61 | \$432.37 | \$432.37 |

7.5 Roadway and Transit Financial Summary

The table below (*Table 7-4*) shows the overall status of MUMPO's financial projections for all programs other than transit. A balance of \$191.2 million is projected for 2030. This balance is deemed desirable, considering some of the uncertainty of revenue sources. Additionally, the projections for revenues and expenditures are based on 2004 dollars. The row labeled Federal/State revenue and project costs shown in Table 7-4 for years 2004-2010 include funds previously authorized and costs previously spent.

TABLE 7-4: Revenues and Expenditures, Transportation (except Transit)

| | 2004-2010 | 2011-2020 | 2021-2030 | Total |
|---------------------------|---------------|---------------|----------------|----------------|
| OPERATING REVENUE | | | | |
| Street Maintenance | \$145.0 | \$207.1 | \$207.1 | \$559.2 |
| Powell Bill Funds | \$157.6 | \$225.2 | \$225.2 | \$608.0 |
| Operating Revenues | \$302.6 | \$432.3 | \$432.3 | \$1,167.2 |
| Operating Expenses | \$271.4 | \$387.8 | \$387.8 | \$1,047.0 |
| Operating Balance | \$31.2 | \$44.5 | \$44.5 | \$120.2 |
| CAPITAL REVENUES | | | | |
| Operating Balance | \$31.2 | \$44.5 | \$44.5 | \$120.2 |
| Federal/State | \$654.0 | \$1,300.0 | \$1,096.0 | \$3,050.0 |
| Local | \$123.0 | \$275.0 | \$275.0 | \$673.0 |
| Capital Revenues | \$808.2 | \$1,619.5 | \$1,415.5 | \$3,843.2 |
| Capital Expenses | \$777.0 | \$1,575.0 | \$1,300.0 | \$3,652.0 |
| Balance | \$31.2 | \$44.5 | \$115.5 | \$191.2 |
| Cumulative Balance | \$31.2 | \$75.7 | \$191.2 | \$191.2 |

(figures in millions of dollars)

Table 7.5 (below) is the *transit* financial summary. These projections, unlike projections for the roadway program, are based on anticipated revenue growth and inflation. A cumulative balance exists for these projections as well, but given the assumptions for growth and the uncertainty of inflation, this balance is needed to accommodate any cost overruns or revenue shortfalls

TABLE 7-5: Revenues and Expenditures, Transit

Charlotte Area Transit System Long Range Operating and Capital Pro Forma Cash Flow (Full Expansion)

| | 2004-2010 | 2011-2020 | 2021-2030 |
|--------------------------------------|--------------------|---------------------|---------------------|
| OPERATING REVENUES | | | |
| Passenger Fares | \$175.53 | \$ 440.20 | \$ 624.74 |
| Service Reimbursements | 31.20 | 64.66 | 84.84 |
| Other Revenue | 1.72 | 4.40 | 6.25 |
| Interest on Capital Rerves | 14.40 | 9.99 | 43.06 |
| Maintenance of Effort | 169.93 | 188.82 | 188.82 |
| Sales Tax (1/2 cent) | 525.93 | 771.17 | \$ 1,036.39 |
| State Operating Assistance and Other | 84.73 | 149.51 | \$ 193.82 |
| Total Operating Revenues | \$ 1,003.45 | \$ 1, 628.75 | \$ 2, 177.91 |
| OPERATING EXPENSE | | | |
| Bus and Corridor Operations | \$ 731.00 | \$ 1,359.15 | \$ 1,762.03 |
| Farebox Ratio | 24.0% | 32.4% | 35.5% |
| Operating Balance | \$ 272.46 | \$ 269.60 | \$ 415.88 |
| CAPITAL REVENUES | | | |
| Federal Grants | \$ 519.88 | \$ 570.06 | \$ 385.36 |
| State Grants | 243.71 | 291.59 | 177.65 |
| CATS Operating Balances | 272.46 | 269.60 | 415.88 |
| Capital Revenues | \$ 1,036.05 | \$ 1,131.25 | \$978.79 |
| CAPITAL EXPENSE | | | |
| Bus Acquisitions - COPS | \$ 49.20 | \$ 106.77 | \$ 156.91 |
| Other General Capital Outlays | 157.21 | 216.43 | 241.80 |
| Corridor Construction | 829.36 | 687.48 | 50.00 |
| Capital Expense | \$ 1,035.77 | \$ 1,010.69 | \$ 448.71 |
| BALANCE | \$83.67 | \$204.24 | \$734.31 |

(figures in millions of dollars)

