

6 Financial Plan

This chapter of the MTP documents the methodology, consistent with federal requirements and good planning practice, used to determine projected revenue sources that can reasonably be expected to be available to the TxDOT Pharr District and the Harlingen-San Benito metropolitan area.

Introduction

An important part of planning is identifying the resources needed to implement the solutions identified through the planning process. Solutions that cannot be implemented for lack of funds are no solutions at all, so a comparison between needed resources to projected resources is critical. Determining funding shortfalls gives way to the creative process of determining innovative and non traditional methods of securing revenue. The result is an achievable plan giving local elected officials and TxDOT a realistic, and therefore effective, foundation from which decisions related to or affected by transportation can be made.

Background and Methodology: Highways

Unless otherwise stated, district wide financial constraint was based TxDOT's UTP funding and Current federal funding programs. Funding levels for financial constraint for the three metropolitan areas and the rural portion of the Pharr District have been generally apportioned to each area by population. This follows the federal model of determining urbanized boundary areas and of apportioning funding based on urbanized area population.

In the past, the MPO has received Coordinated Border Infrastructure (CBI) federal funding and TxDOT's Category 3 funding. The Coordinated Border Infrastructure (CBI) program was created under the old transportation bill the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users or SAFETEA-LU. Now under MAP-21, this program was eliminated. The MPOs may have some CBI funding but they are from the old CBI program. Category 3, when the US 77/83 and US 83 was upgrade in 2007, Category 3 funding was exceeded and the MPOs have not received any Category 3 and according the UTP for the Pharr District, this area will not receive any more funding through Category 3. The Pharr District currently receives Category 11 that the MPOs can use to project funding for highway projects but this funding is at the Pharr Districts' discretion.

Federal Earmark Monies

The Harlingen-San Benito MPO has an allocation of \$866,000, which requires no local match. These earmark monies are intended to be used for Preliminary Engineering, but may be used for any phase.

Background and Methodology – Transit

FTA Section 5307-Urbanized Formula Funds

Under this program, federal transit funds are apportioned to each of the 405 urbanized areas in the United States. These funds may be used for any capital expenditure and for purchase of “associated capital maintenance items.” Valley Metro in coordination with the Harlingen-San Benito MPO uses this funding source for vehicle replacement, preventative maintenance, and other capital improvements for existing transit services. This program supports urban transit systems serving communities over 50,000 in population.

A financial projection for public transportation is \$49,284,125 for the next 25 years, which provides a projection of 1,971,365 per year.

Metropolitan Planning Program (Section 5303)

Federal Transit Administration provides this funding to support planning activities in metropolitan areas. TxDOT is the direct recipient of funds and allocates 5303 funds. TxDOT administers 5303 funds jointly with Metropolitan Planning “PL” funds, available through FHWA. The 5303 and PL funds can support any MPO costs related to intermodal transportation planning activities for the urbanized area.

FEDERAL HIGHWAY ADMINISTRATION

Under the FHWA Surface Transportation Program (STP) funding, a portion of the region’s federal highway funds may be flexed to transit use. An additional 10 percent of STP funds are for Transportation Enhancements, including historic preservation and environmental betterments.

Other Federal Programs

A variety of other federal programs could be pursued to focus on project goals and objectives including economic revitalization, community development, historic preservation, and/or job creation. Among these are HUD Community Development Block Grant (CDBG) funding, EDA program funding, and various tax incentives related to Community revitalization deduction and historic preservation. Additionally, CDBG and USDA Rural Development funds are two of the few federal grants that can be counted as a local match towards other federal dollars.

Year of Expenditure (YOE) Costs

The expenditures and revenues being utilized in this MTP are financially constrained by the Year of Expenditure (YOE), as set forth by MAP-21. The Year of Expenditure (YOE) and the associated inflated costs have been identified for all projects and the annual inflation rate used is four percent (4%). An exception to this is the consultant services that area employed by TxDOT, to perform the Preliminary Engineering (PE)

work. These costs are not derived by use of the aforementioned percentage instead these costs represent the actual contract cost negotiated with a particular consultant for a specific project.

Total Project Costs (TPC)

As set forth by MAP-21, the Total Project Cost (TPC) needs to be calculated as part of the MTP update. Total Project Cost (TPC) takes into consideration the different components that are utilized in deriving the Total Project Cost (TPC) for a specific project. Items such as preliminary engineering, right of way purchase, and in the case of transit projects, operating, planning, maintenance and capital all make up the TPC. In order for these costs to be properly estimated and suitably programmed, construction estimates will incorporate the following data.

For **Construction Engineering (CE)** and **Contingency** costs the following factors will be utilized.

Projects that are valued at:

- **Less** than \$1 M = 9% CE, 8% Contingencies
- \$1.0 M to \$5.0 M = 6% CE, 7% Contingencies
- \$5.0 M to \$25.0 M = 5% CE, 7% Contingencies
- +\$25 M = 4% CE, 6% Contingencies

In calculating the **Indirect Cost**, a set rate of 4.97% of the estimated YOE construction cost will be used. For the **ROW Costs**, these will be obtained from TxDOT's ROW section and/or Advance Funding Agreements (AFA). For the **Preliminary Engineering (PE)**, this will be obtained from TxDOT's consultant management section.

Please note that some of the Preliminary Engineering or Right of Way costs are subject to be incurred by the local municipalities, County, or state (TxDOT).

Operations and Maintenance

Operating and maintaining the transportation system are expensive. MAP-21 regulations require that the 2015-2040 MTP demonstrate appropriate system-level of funds to adequately operate and maintain Federal-aid highways. The HSBMPO uses mostly State funds to finance the operating and maintenance of highways within the HSBMPO boundary. The financial summary on table 6.1 provides funding projections for Preventative Maintenance, Rehabilitation, Safety, Operation Improvements and Enhancements.

Based on the historical expenditure practices, Operations and Maintenance needs have been met with sufficient funding to maintain the system in desirable condition. As operating cost escalate, TxDOT pledges to ensure that the system will maintain a desirable condition as defined by the TxDOT Maintenance Division.

Other tools, aside from the added capacity improvement projects, can be used to deal with congestion problems on MPO area roadways. Many of these other tool comprise

operational and maintenance strategies. Typically, no single strategy by itself can yield dramatic results. By employing multiple strategies at once, the MPO (in cooperation with TxDOT-Pharr District and local municipalities) can effectively utilize operational and maintenance (O&M) strategies to forestall or diminish congestion problems. For example, transit service can alleviate congestion problems by moving passengers to employment centers, shopping and other destinations efficiently.

Conclusion

As discussed above the financial projections for the 2015-2040 Metropolitan Transportation Plan will serve as a mean of forecasting possible projects within the 25 year horizon. Financial projects for highway and transit have been made based on for possible funding sources and the Harlingen-San Benito MPO plans to develop alternative funding sources in an effort to implement needed projects within the Harlingen-San Benito MPO area.