

**Appendix B:**  
Background on Funding Resources



## SUMMARY DESCRIPTION OF FUNDING SOURCES

This section describes the sources of funds that are generally available to fund transportation programs and projects in the ECTC region. Although these sources are generally familiar to transportation planners, they may be less so to elected officials and members of the public. Moreover, at the Federal level, the Intermodal Surface Transportation Efficiency Act of 1991 made substantial changes to the structure of Federal funding programs for transportation, with additional (though less substantial) changes being made in TEA-21. Many sources have statutory restrictions that limit their use to certain eligible purposes. This in turn influences the ultimate allocation of funding by mode and purpose being recommended in the Plan. This summary description of different funding sources is included in this Long Range Plan to provide interested parties with the contextual framework within which to consider funding options and possibilities.

### Federal Sources

**Highway Bridge Replacement and Rehabilitation Program (HBRR):** These funds may be programmed in the ECTC TIP to replace or rehabilitate highway bridges on the FHWA "Select List" and to seismically retrofit bridges located on any public road. More specifically, HBRR funds may be programmed in the ECTC TIP to replace or rehabilitate highway bridges on the FHWA "Select List" and to seismically retrofit bridges located on any public road. Funds are distributed according to a formula that is based on each state's relative share of the total cost to repair or replace deficient highway bridges.

**Surface Transportation Program (STP):** This program provides flexible funding that may be programmed in the ECTC TIP for projects on any Federal-Aid Highway (FAH), including the National Highway System, bridge projects on any public road, transit capital projects, and intra-city and intercity bus terminals and facilities. A portion of funds reserved for rural areas may be spent on rural minor collectors.

*Flexibility of use* was intended to be the hallmark of STP. Specific types of projects for which STP funds may be programmed in the ECTC TIP include:

- Construction, reconstruction, rehabilitation, resurfacing, restoration, and operational improvements for highways (including Interstate highways) and bridges (including bridges on public roads of all functional classifications), including any such construction or reconstruction necessary to accommodate other transportation modes;
- Capital costs for transit projects eligible for assistance under chapter 53 of title 49, including vehicles and facilities, whether publicly or privately owned, that are used to provide intercity passenger service by bus;
- Carpool projects, fringe and corridor parking facilities and programs, bicycle transportation and pedestrian walkways, and the modification of public sidewalks to comply with the Americans with Disabilities Act;
- Highway and transit safety infrastructure improvements and programs, hazard eliminations, projects to mitigate hazards caused by wildlife, and railway-highway grade crossings;



- Capital and operating costs for traffic monitoring, management, and control facilities and programs;
- Surface transportation planning programs;
- Transportation enhancement activities;
- Transportation control measures listed in section 108(f)(1)(A) (other than clause (xvi)) of the Clean Air Act;
- Development and establishment of management systems under section 303 of Title 49, U.S.C.;<sup>1</sup>
- Participation in natural habitat and wetlands mitigation efforts related to projects funded under Title 49, U.S.C., which may include participation in natural habitat and wetlands mitigation banks; contributions to statewide and regional efforts to conserve, restore, enhance, and create natural habitats and wetlands; and development of statewide and regional natural habitat and wetlands conservation and mitigation plans, including any such banks, efforts, and plans authorized pursuant to the Water Resources Development Act of 1990 (including crediting provisions);
- Infrastructure-based intelligent transportation systems capital improvements; and,
- Environmental restoration and pollution abatement projects (including the retrofit or construction of storm water treatment systems) to address water pollution or environmental degradation caused or contributed to by transportation facilities.

The TEA-21 legislation requires states to distribute STP funds in the following manner:

- 10% - Safety
- 10% - Transportation Enhancement Activities
- 50% - Regional STP, STP Local, & rural areas
- 30% - State discretionary

**STP – Safety:** Within the STP framework, 10% of funds are set aside for safety improvement projects. The Hazard Elimination Program funds activities to resolve safety problems at hazardous locations and sections, and roadway elements, which may constitute a danger to motorists, pedestrians, and bicyclists. The Railway/Highway Crossings Program is designed to fund safety improvements to reduce the number of fatalities, injuries, and crashes at public grade crossings.

**STP – Enhancements:** Within the STP framework, 10% of funds are set aside for Transportation Enhancements (TE). These are transportation-related activities that are designed to strengthen the cultural, aesthetic, and environmental aspects of

<sup>1</sup> Section 303 of Title 49, U.S.C requires implementation of a system for *managing*: highway pavement of Federal-aid highways; bridges on and off Federal-aid highways; highway safety; traffic congestion; public transportation facilities and equipment; and intermodal transportation facilities and systems. In addition, Section 303 requires implementation of a *traffic monitoring* system for highways and public transportation facilities and equipment.



the Nation's intermodal transportation system. The transportation enhancements program provides for the implementation of a variety of non-traditional projects, with examples ranging from the restoration of historic transportation facilities, to bike and pedestrian facilities, to landscaping and scenic beautification, and to the mitigation of water pollution from highway runoff.

**STP – Regional Flexible Funds:** Pursuant to TEA-21, 62.5 percent of the remaining 80 per-cent of the STP funds apportioned to a state are to be in (1) urbanized areas of the state with an urbanized area population of over 200,000, and (2) in other areas of the state in proportion to their relative share of the state's population. The remaining 37.5 percent may be obligated in any area of the state. Funds may be programmed in the ECTC TIP for the purposes described above.

○ **National Highway System (NHS):**<sup>2</sup> This program provides funding for improvements to rural and urban roads that are part of the NHS, including the Interstate System and designated connections to major intermodal terminals. Under certain circumstances, NHS funds may also be used to fund transit improvements in NHS corridors.

Specific projects for which NHS funds may be programmed in the ECTC TIP include:

- Construction, reconstruction, resurfacing, restoration, and rehabilitation of segments of the National Highway System;
- Operational improvements for segments of the National Highway System;
- Construction of, and operational improvements for, a Federal-aid highway not on the National Highway System, and construction of a transit project eligible for assistance under chapter 53 of title 49, if:
  - the highway or transit project is in the same corridor as, and in proximity to, a fully access-controlled highway designated as a part of the National Highway System;
  - the construction or improvements will improve the level of service on the fully access-controlled highway and improve regional traffic flow; and
  - the construction or improvements are more cost-effective than an improvement to the fully access-controlled highway;
- Highway safety improvements for segments of the National Highway System;
- Transportation planning in accordance with the metropolitan and statewide planning provisions of TEA-21;
- Capital and operating costs for traffic monitoring, management, and control facilities and programs;

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<sup>2</sup> DESCRIPTION.—The "National Highway" System consists of the highway routes and connections to transportation facilities depicted on the map submitted by the Secretary to Congress with the report entitled "Pulling Together: The National Highway System and Its Connections to Major Intermodal Terminals" dated May 24, 1996.



- Fringe and corridor parking facilities;
- Carpool and vanpool projects;
- Bicycle transportation and pedestrian walkways in accordance with section 217 of Title 23, U.S.C.;<sup>3</sup> and,
- Development, establishment, and implementation of management systems under section 303 of Title 23, U.S.C. (as described above).

**Appalachian Development Highway System (ADHS):** This program provides funds for the construction of the Appalachian corridor highways in 13 states to promote economic development and to establish a state-federal framework to meet the needs of the region. More than 92 percent of the ADHS is located on the National Highway System (NHS). Funds are made available among the 13 states based on the latest cost to complete the ADHS. The 2002 total estimated cost to complete the ADHS (combined federal and state cost) is \$8.505 billion. As of September 30, 2002, more than 80 percent of the ADHS was open to traffic and an additional 4 percent was under construction. Of the 2440.6 miles open to traffic, all eligible work has been completed on 2,257.2 miles. Second-stage construction work, such as adding interchanges, lanes, second-stage pavement, and rest areas, is required on the remaining 183.4 miles. In Chemung County, eligibility is limited to sections of "Corridor T" (NY17) and "Corridor U" (the Elmira Arterial).

**Transportation Enhancements (TE):** See STP – Enhancements, above.

**Section 5309: Transit Capital Assistance:** This program provides transit capital assistance for new fixed guideway systems and extensions to existing fixed guideway systems (New Starts), fixed guideway modernization, and bus and bus related facilities. Section 5309 is funded from both the Mass Transit Account of the Highway Trust Fund and the General Fund. It provides for a 90% federal share for the incremental costs of vehicle-related equipment needed to comply with the Clean Air Act Amendments and the Americans with Disabilities Act requirements and an 80% federal share for all other eligible costs. In recent years, these funds have been entirely earmarked by Congress during the annual appropriations process. New York State provides 50% of the non-federal share of capital projects (up to 10% of project cost) through the Omnibus and Transit Purposes appropriation in the State Transportation budget.

○ **Section 5307: Transit Capital and Operating Assistance:** This program provides transit capital and operating assistance to urbanized areas with populations of more than 50,000. Funds may be programmed in the ECTC TIP for bus vehicle replacements and facility recapitalization.

It provides for a 90% federal share for the incremental costs of vehicle related equipment needed to comply with the Clean Air Act Amendments and the Americans with Disabilities Act requirements, and an 80% federal share for all other eligible costs.

**Transit Section 5310: Elderly and Persons with Disabilities Formula Program (formerly Section 16(b)(2)):** This is a capital-only assistance program for the

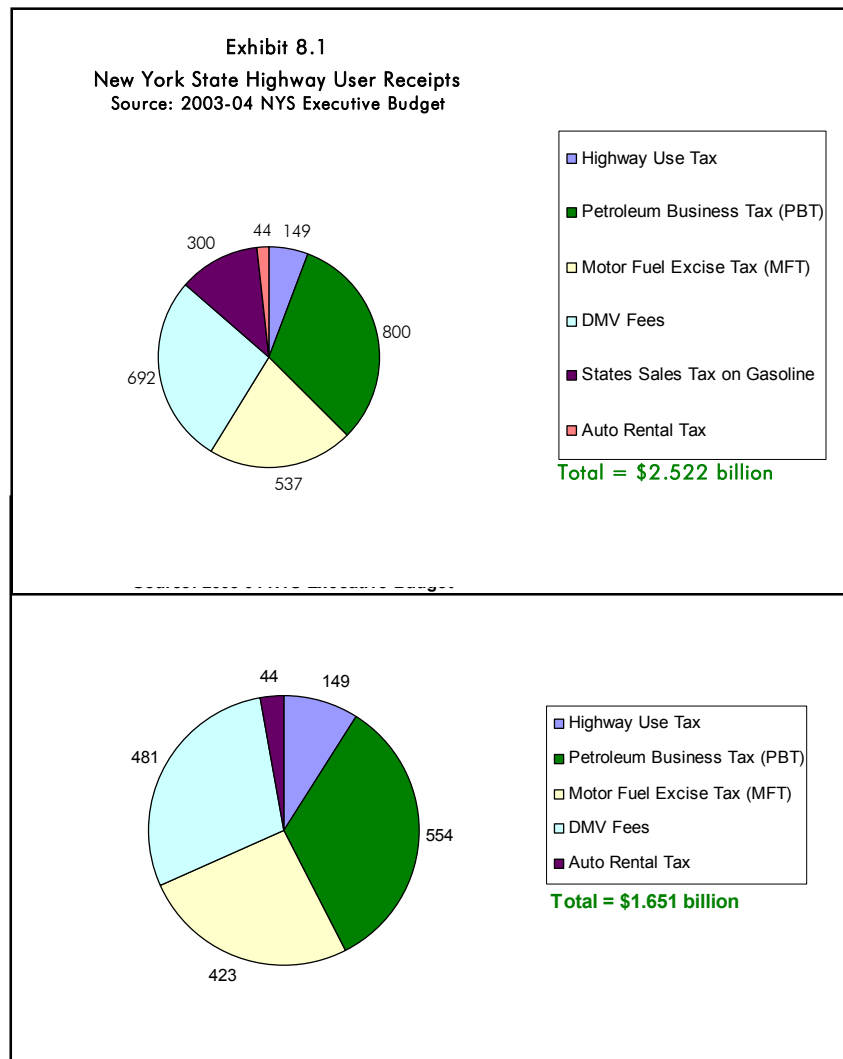
<sup>3</sup> Pursuant to Section 217, a State may obligate NHS funds for construction of pedestrian walkways and bicycle transportation facilities and for carrying out non-construction projects related to safe bicycle use.



purchase of vehicles to transport the elderly and individuals with disabilities. It is intended primarily for private not-for-profit organizations. Public organizations that coordinate services for the elderly and individuals with disabilities or that can certify that no not-for-profit organizations are readily available that can provide service may also be eligible to receive program funding. FTA apportions funds directly to states based on each state's share of the Nation's elderly and disabled population. The program in New York is administered by NYSDOT. In Federal FY2002, New York State received approximately \$5.8 million; 6.9% of the national 5310 total.

## State Sources

**State Dedicated Fund (SDF):** The State Dedicated Fund (SDF) is the principal State funding source for transportation projects in New York. About 65% of New York State highway user receipts go to transportation projects. The remainder is used for other transportation programs, including the State Dedicated Transit Fund (SDTF) and State Transit Operating Assistance (STOA), described below. Exhibits 8.1 and 8.2 depict this arrangement.





**Consolidated Local Street and Highway Improvement Program (CHIPS):** The New York State Legislature established the Consolidated Local Street and Highway Improvement Program (CHIPS) in 1982. The purpose of the program is to assist localities in financing the construction, reconstruction, or improvement of local highways, bridges, highway-railroad crossings, and/or other local facilities. The applicable rules for the program are contained in Section 10-c of the State Highway Law. Apportionments to municipalities are calculated annually by NYSDOT according to formulas specified in this section of the Law.

**STOA: State Transit Operating Assistance:** The New York State Department of Transportation distributes over \$1.7 billion annually in State Mass Transportation Operating Assistance (STOA), and other transportation assistance, to approximately 130 transit operators. In State Fiscal Year (SFY) 1975-76, the NYS Legislature enacted a permanent, on-going STOA Program with appropriations from the State's General Fund and administered by the State Commissioner of Transportation (this is the Section 18-b Program). The Mass Transit Operating Assistance fund was created by Section 88-a of State Finance Law. This fund is subdivided into upstate and downstate dedicated tax fund accounts. The downstate account provides funding to transit systems in the 12-county New York metropolitan transportation commuter district and consists of revenues from the following sources: a portion of the Petroleum Business Tax (PBT); the Metropolitan Transportation Authority (MTA) Corporate Tax Surcharge; a 1/4 Percent Sales Tax in the MTA region; and the Long Lines Tax. The upstate account provides funding to all transit systems outside the 12-county metropolitan transportation commuter district. A portion of the PBT is the sole dedicated revenue source for the upstate account. In SFY 2003-04, STOA, and other transportation assistance, funds from all revenue sources accounted for approximately \$1.7 billion in operating aid statewide. This level of appropriation was supported by additional general funding and dedicated transportation funding statewide. In addition, a portion of the new non-MTA transit dedicated fund resources was used to enhance operating aid. STOA funds distributed pursuant to the original 18-b provisions of State Transportation Law require a 100% local match. In SFY 2003-04, the portion of the total STOA appropriation subject to the required matching provisions remained at \$224 million. STOA funds operators based on ridership and vehicle miles operated. For the second quarter of calendar 2004, the amounts were \$.405 per passenger, and \$.69 per vehicle mile for both upstate and downstate.

**State Dedicated Transit Fund (SDTF): Transit State Dedicated Fund Program:** This is the State's funding program to address capital needs – for systems other than the Metropolitan Transportation Authority (MTA) – that exceed available federal and local resources. Local Transit sponsors and designated recipients of funding from the Federal Transit Administration (FTA) (other than the MTA) are eligible recipients. Generally, eligible recipients include counties, cities and upstate Regional Transportation Authorities. The program consists of a \$68 million state commitment over the 2000-2001 to 2004-05 plan period. Between \$12 million and \$16 million per year were made available in the period FY01 to FY05, subject to annual appropriation authority.

### 8.2.3.3 Transit – Special Transportation

There are a number of special funding sources that provide assistance for social service transportation programs. These include:



- **Department of Social Services (DSS): Medical/Pre-school Transportation:** DSS contracts with Chemung County Transit System (CCTS) to meet the transportation needs associated with the Medicaid and pre-school programs. CCTS is responsible for providing demand-responsive service to and from medical treatments for Medicaid clients. CCTS is also responsible for providing demand-responsive service for pre-school children between home and training, therapy, and treatment facilities. As part of the pre-school program CCTS is responsible for providing on-board aides and the children are not transported in conjunction with other adult paratransit passengers.
- **Office for the Aging (OA): Elderly Transportation:** The county's Office for the Aging (OA) is an organization that provides senior citizen transportation services through a contract with Totem Taxi, a local taxi company. Transportation is restricted to medical appointments and occasional trips to social agencies. On-going services are provided only for individuals who do not own a car and are not on Medicaid. In 2003, OA served 3,873 one-way taxi trips and provided service for between 150 and 200 unduplicated passengers. OA and CCTS occasionally coordinate their transportation services on a case-by-case basis especially for those individuals confined to wheelchairs and need additional mobility assistance.
- **Sheriff: Vehicle Maintenance:** CCTS also has a contract to provide limited maintenance on Sheriff's vehicles at the bus garage. This is included in the contract for Medicaid/Pre-school service.
- **Youth: Cohesion:** The Chemung County Youth Bureau has secured a federal grant to operate a Youth: Cohesion program. The program provides youth ages 4 to 12 the opportunity to participate in structured group activities free of charge for 6 weeks during the summer months. Activities include field trips to museums, swimming pools, nature trails, etc.