



8. FINANCIAL ELEMENT

8.1 Introduction

The scarcity of funds is just one input into the evaluation of the regional transportation system, but is a primary consideration in the development of a realistic LRP. The limitation of funds either defines the degree to which objectives can be realized and what can be done, or emphasizes the pressing need for alternative or increased financial resources. Funding constraints can influence the prioritization, timing and phasing of implementation of plan implementation.

Hand-in-hand with the consideration of funding resources is the methodology and reliability of expected costs produced for the various elements included in the regional plan. Only by having consistent and reliable cost estimates for the projects, programs and/or actions that are being considered can a financially realistic plan be developed

While always an important consideration, funding constraints were given a heightened emphasis first with the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) and further with the Transportation Equity Act of the 21st Century of 1998 (TEA -21). Specifically, ISTEA and related guidance stated:

“...the metropolitan transportation plan shall...include a financial plan that demonstrates the consistency of proposed transportation investments with known and projected sources of revenue. The financial plan shall compare the estimated revenue from existing and proposed funding sources that can reasonably (be) expected to be available for transportation uses, and the estimated costs of constructing, maintaining and operating the total (existing plus planned) transportation system over the period of the plan. The estimated revenue by existing revenue source (local, state, and federal and private) available for transportation projects shall be determined and any shortfalls identified. Proposed new revenues and/or

revenue sources to cover shortfalls shall be identified, including strategies for ensuring their availability for proposed investments. Existing and proposed revenues shall cover all forecasted capital, operating, and maintenance costs. All cost and revenue projections shall be based on the data reflecting the existing situation and historical trends. For (air quality) non-attainment and maintenance areas, the financial plan shall address the specific financial strategies required to ensure the implementation of projects and programs to reach air quality compliance...”¹

As part of the ISTEA metropolitan planning process rules and guidance, MPOs were required to broaden their focus to include not only expansion projects but also capital investments and other measures needed to preserve the existing metropolitan transportation system.

TEA-21 federal legislation further enhanced the ISTEA budgetary requirements by requiring:

“A financial plan that demonstrates how the adopted long-range transportation plan can be implemented, indicates resources from public and private sources that are reasonably expected to be available to carry out the plan, and recommends any additional financing strategies for needed projects and programs. The financial plan may include, for illustrative purposes, additional projects that would be included in the adopted long-range transportation plan if reasonable additional resources beyond those identified in the financial plan were available. For the purposes of developing the long-range transportation plan, the metropolitan planning organization and the state shall cooperatively develop estimates of funds that will

¹ ISTEA, Rules and Guidance, Statewide Planning, Metropolitan Planning, Federal Register, October 28, 1993.



be available to support plan implementation."²

Paramount in both legislative acts was the requirement for fiscal constraint in the development of the plan and Transportation Improvement Programs (TIPs). Since enactment of ISTÉA in 1991, advancement of the LRP through the incremental implementation of projects on the metropolitan planning organization's (MPO's) TIP has increasingly been guided by the ISTÉA requirement of fiscal constraint. The MPO's TIP is to be derived from the adopted LRP and associated policies. While the LRP was required to consider fiscal constraint, the annual, or semi-annual, updated TIPs were required to be even more precisely fiscally constrained on an annual and program limit basis. This provides a strong reason for the long range transportation plan to be realistic in terms of anticipated funds and estimated project and program costs.

While neither new funding sources nor increases in current rates of taxation or user fees are assumed, it is not inappropriate to observe that existing sources have increased over time and will likely continue to do so in the future. Actual revenues and costs associated with the 2004 LRP will obviously be higher than estimates expressed in 2004 dollars. However, given that projecting long-term inflation rates is a speculative exercise at best, it is recommended that revenues and costs will be expressed in 2004 dollars. Anticipating that inflation and revenue levels will keep pace with each other seems the most prudent approach for long range planning given the methodological uncertainties and challenges associated with econometric or other forecasts of inflation or revenues.

8.2 Revenue Sources

8.2.1 FUNDING RESOURCE ESTIMATE ASSUMPTIONS

Projecting future revenues to be available for transportation improvements and new initiatives is a difficult undertaking because revenues draw from federal, state and local taxes and programs, with some revenues coming from user fees and private developer resources. Levels of funding from any of these sources fluctuate from time to time as a result of changing socioeconomic conditions. The federal, state and local programs generally depend upon legislative actions that may have a higher or lower priority relative to other socioeconomic considerations at the time of legislative actions. ISTÉA in 1991 promised higher levels of funding and authorized new funding programs, however Congress did not always appropriate the full funding authorized by that Act. TEA -21 recognized this problem and included some provisions in that legislation to guarantee a minimum level of spending based on the Highway Trust Fund (HTF) receipts. New York State's budget provided lower levels of state funds causing the State Dedicated Fund program of projects to be spread out from originally a four-year program to five or more years. Local funds available to address transportation needs depend on local budget constraints that consider competing needs. While projections of future funds may not be definite or made with real confidence, certain assumptions and technical assessments can be made to identify reasonable resource estimates needed for long-term plan financing.

Around the state and country, most long range transportation plan updates generally assume that future funding estimates should be guided by historical funding trends, current funding programs and funding levels established by federal and state funding legislation and any dedicated political initiatives, such as bond and/or other defined transportation funding programs. Baseline revenue forecasts primarily represent continuation of authorized funding

² Transportation Equity Act for the 21st Century (TEA -21)



levels available from state and federal sources. Accordingly, this baseline revenue forecast does not assume that there will be any increase in federal or state revenues beyond those already authorized, nor any increase in any user taxes, nor enactment of other new financial mechanisms. The MPO process could be used to identify additional potential funding sources as necessary to support actions of the Plan element. A summary of funding sources is included as Appendix B.

8.2.2 SOURCES OF FUND ESTIMATES

For the purposes of the ECTC 2004 LRP, "annual average" estimates (in 2004 dollars)

of the various Federal, state and local fund sources expected to be available over the next twenty years are being provided by NYSDOT, the City of Elmira and Chemung County. In addition, certain data were extracted from the approved the ECTC FY04 – FY06 Transportation Improvement Program (TIP).

8.2.4 FUND ESTIMATES

Exhibit 8.1 shows an estimate, in 2004 dollars, of average annual funding that may reasonably be expected to be available during the course of this plan. The NYSDOT central office provide an assumption of funding allocations based on a version of the house proposal for the re-authorization of the federal transportation program.

Exhibit 8.1 ECTC LRP Funding Resource Estimates (in 2004 \$'s)³

Funding Resource	Estimate Source	Estimate	Comment
FEDERAL			
Highways			
HBRR	NYSDOT	\$3,150,000	Historical avg/annual allocation
STP	NYSDOT	\$6,400,000	Historical avg/annual allocation
NHS	NYSDOT	\$2,750,000	Historical avg/annual allocation
Appalachia	NYSDOT	\$7,800,000	Historical avg/annual allocation
TEP (Enhancements)	NYSDOT	\$350,000	1/6 Region 6 historical allocation
Transit (Fixed-Route & ADA)			
5307 – Capital & Operating	CCTS	\$704,214	
Transit (Special Transportation)			
DSS: Medical/Pre-School	Chemung County	\$564,000	Data from September 2002 CCTSES ⁴
OFA: Elderly Transportation	Chemung County	\$2,000	Data from September 2002 CCTSES
Youth: Cohesion	Chemung County	\$7,000	Data from September 2002 CCTSES
Airport			
AIP	ECTC 04-06 TIP	\$2,288,700	Three-year average, FY04-06 TIP.
Federal Subtotal		\$23,664,914	

³ Note: Estimate to be "annual average" in 2004 \$\$

⁴ Chemung County Transit System Evaluation Study



State			
Highways			
State Dedicated Fund	NYS DOT	\$3,800,000	One-sixth of historical Region 6 amount. Historical use is to provide the non-federal match on State system projects. Total amt flowing into Chemung County in 2003 and 2004.
CHIPS (Capital)	NYS DOT	\$2,450,000	
Marchiselli	NYS DOT	\$550,000	75% of the non-federal share of the construction of off-State system projects. Not allocated.
Transit (Fixed-Route & ADA)			
STOA (Operating)	ECTC 04-06 TIP	\$1,200,000	Three-year average, FY04-06 TIP.
TSDf (Capital)	ECTC 04-06 TIP	\$372,000	
Transit (Special Transportation)			
DSS: Medical/Pre-School	Chemung County	\$282,000	Data from September 2002 CCTSES
Health: Mercy Care	Chemung County	\$4,000	Data from September 2002 CCTSES
Airport			
State Match	ECTC 04-06 TIP	\$127,150	Three-year average, FY04-06 TIP.
State Subtotal		\$1,985,150	
Local			
Highways			
Chemung County	Chemung County	\$500,000	Approximate County road budget
City of Elmira	City of Elmira	\$1,100,000	Historical Average over last 5-6 years.
Bike/Ped			
Chemung County	Chemung County	\$150,000	No specific allocation.
City of Elmira	City of Elmira		Historical Average over last 5-6 years. Expenses will likely rise due to new trail construction. Includes Trails, sidewalks, ADA ramps.
Transit (Fixed-Route and ADA)			
Farebox	Chemung County	\$609,000	Data from September 2002 CCTSES
Non-User Revenue	Chemung County	\$218,000	Data from September 2002 CCTSES
Chemung County	Chemung County	\$667,000	Data from September 2002 CCTSES
Other Counties	Chemung County	\$315,000	Data from September 2002 CCTSES
Transit (Special Transportation)			
DSS: Medical/Pre-School	Chemung County	\$282,000	Data from September 2002 CCTSES
Sheriff: Vehicle Maintenance	Chemung County	\$33,000	Data from September 2002 CCTSES
Airport			
Local Match & Other Local	ECTC 04-06 TIP	\$240,483	Three-year average, FY04-06 TIP.
Subtotal		\$3,614,483	
TOTAL		\$29,265,547	



8.2.5 FUNDING ISSUES

As the ECTC looks to the future, there are a number of issues that are already impacting and will continue to impact the availability and buying power of funding for transportation projects and programs in the ECTC region.

The cost of roads and other transportation facilities has risen dramatically even as the revenue to support them as declined. Building and maintaining roads and transit facilities requires spending on land, labor, capital equipment, and materials, all of which cost more than they used to. The Engineering News Record Construction Cost Index, for example, tracks over time the average cost in twenty cities of a mix of major ingredients in the cost of transportation facilities: common labor, steel, lumber and concrete.

Between 1957 and the end of 2002, the index rose by 817 percent. While there was undoubtedly a gain in the productivity of construction expenditures during this time period, it is nonetheless clear that revenues have declined dramatically in relation to costs.

In the ECTC region, this is reflected in the fact that the cost of properly maintaining the existing system is projected to exceed the amount of resources that are reasonably expected to be available. It is important to note (see Exhibit 8.2) that, for highways, the projected average annual cost for system preservation is roughly 90% of the total, whereas for transit the comparable figure is about 85%.

8.3 Funding Opportunities

The Long Range Transportation Plan is "financially constrained" in that it does not contemplate making commitments that cannot be kept. The federal regulations require that funds are "reasonably expected to be available." The maintenance needs

alone in Chemung County exceed available resources, so the ECTC may wish to explore opportunities to secure additional funding. There are several broad options available; these are discussed in this section of the Plan.

8.3.1 Retain New York's Share of Federal Transportation Funding

Securing an equitable share of Federal transportation resources in the TEA-21 legislation is a top priority for the state. In coming years, transportation stakeholders across the state will need to work with NYSDOT and the State's Congressional delegation to both assure that TEA-21's successors maintain an equitable share of resources for New York and to maintain TEA-21's guarantees of appropriation and release of authorized funds.

8.3.2 Work to Increase Federal Funding for Transportation

In his May 7, 2003 testimony before the U.S. Congress House Transportation & Infrastructure Committee, Governor Pataki stated: "[Nationally], currently the level of [transportation] investment is \$74.1 billion. Improving conditions and performance would require an annual investment of about \$125 billion. Congress should explore ways to increase the level of Federal investment in the Nation's highways and transit systems to more closely meet growing infrastructure needs." The ECTC, through its participation in the Association of New York State MPO's, is poised to continue to exert leadership on a statewide basis to achieve higher levels of Federal funding.

8.3.3 Maximize Efficiency in the Use of Existing Resources.

A compelling argument for additional funding would logically begin with a credible explanation that every possible efficiency in the planning and project delivery process is being pursued. Areas of possible efficiency gain include:



- Further coordination of human service agency transportation;
- Better coordination of highway maintenance operations (towns, villages, cities, counties, state);
- Engage in partnerships with private construction contractors to reduce costs and increase longevity of highway projects;
- Further integrate transportation planning with land use and development planning so that public or private investment maximizes the "bang for the buck"; and
- NYSDOT has a well developed policy of requiring major commercial developers to mitigate the transportation impacts of their development under the SEQRA process. Other municipalities could follow suit.

8.4 Cost Projections

The multi-modal transportation system in the ECTC region has been analyzed for deficiencies and needs based on agreed-upon goals.

Exhibit 8.2 summarizes the cost estimate (2004\$), on an average annual basis, of meeting those needs. Background material regarding these estimates is included in Appendix C.

A main objective of this long range transportation plan is the allocation of funds to various transportation projects and programs in support of a regional vision and the goals and objectives defined for the Plan. The Plan supports this direction by:

- Continuing to allocate the bulk of funds to maintaining the existing system;
- Recognizing the eight major goals for the region's transportation system that have been adopted by the ECTC Policy Committee;
- Reflecting the importance of improving safety, preserving the environment and residents' quality of life, and implementing the region's bicycle and pedestrian master plans by allocating a percentage of future transportation dollars to these categories; and,
- Identifying the rising importance of technology in maximizing transportation system efficiency by allocating a specific amount of future dollars to the continued implementation of Intelligent Transportation System (ITS) projects.

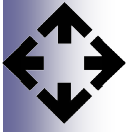
A discussion on project prioritization and selection is provided in Chapter 9 of the Plan.





Exhibit 8.2
ECTC Long Range Transportation Plan
Average Cost per Year, 2005-2024
2004\$

Modal Element	Average Annual Cost	20-Year Total
	2004 \$	2004 \$
Highways		
Capacity Enhancements		
State System	\$500,000	\$10,000,000
Non-State System	\$4,385,000	\$87,700,000
Subtotal New Capacity	\$4,700,000	\$94,000,000
System Preservation		
Urban System	\$11,100,000	\$221,900,000
Rural System	\$4,850,000	\$96,900,000
State Bridges	\$5,890,000	\$117,750,000
Non-State Bridges	\$4,830,000	\$96,500,000
Subtotal System Preservation	\$26,670,000	\$533,050,000
Total Highways	\$31,555,000	\$630,750,000
Transit		
Fixed-Route/ADA		
Capital Costs		
Bus Replacement	\$790,000	\$15,840,000
Other	\$140,000	\$2,760,000
Subtotal Capital	\$930,000	\$18,600,000
Operating Costs	\$4,010,000	\$80,280,000
Subtotal Fixed-Route ADA	\$4,940,000	\$98,880,000
Special Transportation Services	\$1,170,000	\$23,480,000
Total Transit	\$6,110,000	\$122,360,000
Safety		
	\$750,000	\$15,000,000
Intelligent Transportation Systems		
	\$1,000,000	\$20,000,000
Bike/Pedestrian		
	\$200,000	\$4,000,000
Plan Total	\$39,615,000	\$792,110,000



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