

# FISCAL FORECAST AMENDMENTS

## OVERVIEW

### **What's being amended?**

A section of Chapter 7 of the MTP- "Projects and Fiscal Constraint"- that focuses on the projected availability of funding for **roadway projects** in the French Broad River MPO Planning Area between 2015 and 2040. The original section can be seen on pages 76-78 of the original 2040 MTP.

### **Why is this being amended?**

A number of changes have taken place between the time the 2040 MTP was passed and the present that has increased the projected availability of funding for roadway projects in our region. In order to account for these changes and plan for them, we need to amend this section of the MTP.

## FISCAL CONSTRAINT

The French Broad River MPO seeks to spend within our means. Federal regulations require the MPO's Metropolitan Transportation Plan (MTP) to be fiscally constrained. This means the MTP must project the amount of funds that will be available for different transportation uses in order to responsibly plan for projects. The projection of available funding must be based on reasonable assumptions, derived from FHWA guidance, in order to create a feasible picture of the funding environment for the time period of the MTP (2016-2040).

## FISCAL ASSUMPTIONS

The French Broad River MPO is using a number of "reasonable" assumptions concerning the amount of funding that is expected to become available for transportation projects. These assumptions include:

- All funding will be presented in 2018 dollars and adjusted for future years based on a projected annual inflation rate of 1.9% (0.9085 multiplier for five-year time periods). Applying inflation to the revenue side allows present-day cost projections of projects to be used.
- Revenues from state and federal sources are based on NCDOT funding projections for the 2020-2029 State Transportation Improvement Program (STIP). Most funding for transportation projects in our region comes through the State of North Carolina's Strategic Prioritization Process- the funding projected to be available through that process is being used as the base for the updated fiscal model (with the exception of the time period for 2016-2020, which is already programmed in the current STIP)

- Funding availability is presented in five-year horizons to conform with the current MTP's outline of projects. If the cost of projects exceeds the projected funding in any one funding horizon, that cost overage will be accounted for in the following funding horizons.
- Funding has been divided into three tiers, based on the State of North Carolina's Strategic Prioritization Process: Statewide Mobility, Regional Impact, and Division Needs.

## PROJECTED FUNDING

Projected funding has been formulated based on a number of factors, based on the State of North Carolina Strategic Prioritization Process. The estimated funding has been split into three categories to conform with the three funding categories of the North Carolina prioritization process.

### **Statewide Mobility**

Statewide Mobility accounts for forty percent of funding for planned transportation improvements in North Carolina. This funding tier has eligible projects (Interstates, Strategic Highways, Major Airports, and Major Ports) compete across the state.

To determine how much funding will be made available in our region, the percentage of funding programmed to our region in Statewide Mobility funds for the 2018-2027 STIP was used- approximately 8.73% (as of March 14, 2018). This percentage was applied to projected revenues for the time period of 2020-2040, with inflation applied by five-year horizons.

#### Fiscal Assumptions:

- The French Broad River MPO Planning Area will continue to get an estimated 8.73% of Statewide Mobility funds made available through North Carolina's prioritization process
- Inflation will devalue the amount of funding available at an annual rate of 1.9% with no expected increases or decreases in state or federal funding expected to offset the devaluation of revenues

### **Regional Impact**

The Regional Impact tier accounts for thirty percent of funding for planned transportation improvements in North Carolina. This funding tier has eligible project types (US Highways, NC Highways, and projects eligible in the Statewide Mobility tier) compete across regions of the State, divided based on NCDOT Divisions. The French Broad River MPO Planning Area exists entirely within Region G, made up of counties within NCDOT Divisions 13 and 14. Funding is then divided to different regions based on the region's share of the state's population. Region G is the second smallest region by population and therefore receives the second smallest funding allocation in the state.

To determine the estimated amount of funding expected to be programmed for the MPO, the following assumptions have been used to develop those estimates:

- The French Broad River MPO will receive approximately 46.86% of the funding made available in Region G, based on the MPO's proportion of population within Region G
- Inflation will devalue the amount of funding available at an annual rate of 1.9% with no expected increases or decreases in state or federal funding expected to offset the devaluation of revenues

### **Division Needs**

The Division Needs tier accounts for thirty percent of funding for planned transportation improvements in North Carolina. This funding tier has eligible project types (any project in the Statewide Mobility and Regional Impact tiers, bike/ped, public transportation, and any other eligible roadway project) compete within NCDOT Divisions. The French Broad River MPO Planning Area spans two NCDOT Divisions- Buncombe and Madison counties are within NCDOT Division 13; Haywood, Henderson, and Transylvania counties are within NCDOT Division 14. Funding is divided evenly between NCDOT Divisions.

To determine the estimated amount of funding expected to be programmed for the MPO, the following assumptions have been used to develop these estimates:

- The French Broad River MPO will receive approximately 48.15% of funding in Division 13 and 45.04% funding in Division 14 (based on the MPO's share of population within those Divisions)
- Inflation will devalue the amount of funding available at an annual rate of 1.9% with no expected increases or decreases in state or federal funding expected to offset the devaluation of revenues

### **STBGDA Funding**

Another pot of funding that can go towards roadway projects in the FBRMPO planning area is Surface Transportation Block Grant Program- Direct Allocation (STBGDA). The French Broad River MPO receives approximately \$3,800,000 annually from FHWA to program. Some of this funding has already been accounted for- approximately \$300,000/year is "flexed" to planning funds for additional planning activities and the MPO's current fiscal forecast accounts for 47.6% of STBGDA going towards bike/ped projects and 2.67% going towards public transportation, leaving 49.27% to go towards roadway projects.

## OUTCOME

By adjusting for new funding forecasts made available by NCDOT for years 2021-2040 and adjusting the MPO's fiscal forecast to account for the multiple funding tiers in the prioritization process, the following outcome should more accurately reflect projected funding availabilities for our region through 2040.

	Statewide Mobility	Regional Impact	Division Needs	
			Division 13	Division 14
<b>2016-2020</b>	\$261,000,000	\$94,000,000	\$77,000,000	\$72,000,000
<b>2021-2025</b>	\$407,000,000	\$159,000,000	\$127,000,000	\$119,000,000
<b>2026-2030</b>	\$370,000,000	\$144,000,000	\$116,000,000	\$108,000,000
<b>2031-2035</b>	\$336,000,000	\$131,000,000	\$105,000,000	\$98,000,000
<b>2036-2040</b>	\$305,000,000	\$119,000,000	\$95,000,000	\$89,000,000
<b>Total</b>	<b>\$1,679,000,000</b>	<b>\$647,000,000</b>	<b>\$520,000,000</b>	<b>\$486,000,000</b>

	STBGDA
<b>2016-2020</b>	\$8,662,250
<b>2021-2025</b>	\$7,835,000
<b>2026-2030</b>	\$7,119,700
<b>2031-2035</b>	\$6,469,671
<b>2036-2040</b>	\$5,878,990
<b>Total</b>	<b>\$35,925,649</b>

Total Transportation Improvement Project Funding Projected for 2016-2040: **\$3,367,925,649**