

Section 3 - Funding the TIP

2010-2013 Transportation Improvement Program

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Federal regulations require the programming of state & local transportation programs & projects into a transportation improvement program (TIP). This section will provide explanations of the various types of funding options, list specific sources of federal, state, & local transportation funds, and update current funding & revenue levels in the Evansville MPO Study Area.

Fund Types

There are a variety of funding options available for programmed improvements in the TIP. The majority of transportation projects programmed in the TIP involve a combination of federal, state, and local funding sources.

Federal Funds

Federal transportation funding is authorized through the federal transportation funding bill (SAFETEA-LU), as described in Section 1. Federal fiscal constraint for the FY 2010-2013 TIP is demonstrated in Table 1. Federal funds are within the anticipated Federal funding levels, indicating fiscal constraint for local federal-aid projects. The various federal surface transportation funds available to the Evansville-Henderson Urbanized Area include:

1. National Highway System (NHS) funds are dedicated for roadway facilities of national importance, due to direct access to interstates, transportation centers, and defense facilities.

This includes the interstate system and all federal and state highway facilities classified as principal arterial. In order for a project to qualify to receive NHS funding, it must be initiated by the state DOT. Therefore, priority for NHS projects is also set by the state. Interstate construction and maintenance projects are eligible to receive 90% federal obligation, while other NHS project types are eligible for 80%.

2. Surface Transportation Program (STP) funds may be used to finance any surface transportation project on any Federal-Aid road. Federal-Aid roads consist of all surface transportation facilities, with the exception of urban local facilities or rural minor collectors and local roads. Projects initiated by state, county, or city agencies can qualify to receive STP funding.

Each state receives a limited amount of STP funds. Of the funds received, 20% is obligated to Transportation Enhancement and Safety activities. Transportation Enhancement activities consist of projects which enhance the transportation system. These may include bicycle/pedestrian facilities, historic preservation, or landscape activities. Safety activities include hazard elimination and railroad crossing improvement projects. Both categories are distributed on a discretionary basis through INDOT and KYTC.

The remaining 80% of STP funds are distributed based upon population levels. This allocation is based upon the latest decennial census. Group I urbanized areas (with population of +200,000) receive 62.5% of the funds, while the other urbanized (with less than 200,000) and rural areas receive the remaining 37.5% of the funds. The Evansville-Henderson Urbanized Area is classified as a Group I Area (greater than 200,000 population) based upon the 2000 Census and shares in the 62.5%

remaining funds. Funding priority within the urbanized area is determined by the MPO (EMPO), while projects in rural areas must compete for statewide STP funds. STP funds can qualify to be used for interstate construction & maintenance. These projects receive 90% federal obligation, while all other STP funds receive 80% obligation.

3. Congestion Mitigation and Air Quality (CMAQ) funds are allocated to both states and localities that have not attained national ambient air quality standards, or NAAQS, mandated under the Clean Air Act Amendments of 1990. Projects or programs which demonstrate air quality benefits, such as reductions in ozone or carbon monoxide levels, are eligible to receive these CMAQ funds. These projects may include traffic flow improvements, transit strategies, and other demand management techniques. However, projects which result in expanded capacity for single-occupant vehicles (such as added travel lanes) are ineligible for CMAQ funds. The federal obligation for CMAQ projects and programs is 80%.
4. Highway Safety Improvement Program funds are authorized in SAFETEA-LU as a new core funding program for safety improvement projects to reduce traffic fatalities and serious injuries on all public roads. The program replaces the Hazard Elimination Safety STP set aside from earlier transportation bills. The federal participation for HSIP projects is 90-100%.
5. Bridge Replacement and Rehabilitation funds are available to be used to reconstruct, replace, or rehabilitate deficient bridge structures. Any bridge on a public road is eligible to receive funding, but funding discretion is the responsibility of the state. The federal share of Bridge Replacement and Rehabilitation funds is 80%.
5. Equity Bonus funds ensure that each state receives a guaranteed return on its contributions to the Highway Account of the Federal Highway Trust Fund.
6. Interstate Maintenance (IM) funds are available for the maintaining the interstate system. The state is responsible for programming of maintenance funds.
7. Transportation Enhancement (TE) funds are intended to enhance the transportation system through the use of non-traditional projects, such as bicycle & pedestrian facilities, landscaping, and historical facilities. TE funding is based upon a 10% set aside of Surface Transportation funds.
8. Transportation, Community, and System Preservation (TCSP) provides funding for a comprehensive initiative including planning grants, implementation grants, and research to investigate and address the relationships between transportation, community, and system preservation and to identify private sector-based initiatives. The Federal share payable on any TCSP project or activity shall be 80% or subject to the sliding scale rate in accordance with 23 USC 120(b).
9. High Priority Projects (HPP) the High Priority Projects Program provides designated funding for specific projects identified in SAFETEA-LU. A total of 5,091 projects are identified, each with a specified amount of funding over the 5 years of SAFETEA-LU. The Federal share remains at 80%.
10. Safe Routes to School (SRTS) for infrastructure related projects, eligible activities are the planning, design, and construction of projects that will substantially improve the ability of students to walk and bicycle to school. Each State must set aside from its Safe Routes to School apportionment not less

than 10 percent and not more than 30 percent of the funds for noninfrastructure-related activities to encourage walking and bicycling to school. The Federal share for SRTS funds is 100%.

11. American Recovery and Reinvestment Act (ARRA) the Federal share payable on account of any project or activity carried out with funds made available by the ARRA shall be at the option of the recipient, up to 100% of the total project cost.

State Funds

State funds can be used as the sole funding instrument for a project or as matching funds to the federal assistance for state-initiated highway projects or programs.

Local Funds

There are a variety of transportation funding mechanisms available to local governments. Although many options are available, not all revenue sources may be used to fund or serve as a match to federal funds for improvement projects. Portions of some revenue sources are allocated to fund routine maintenance of transportation facilities, pay employee wages, and maintain equipment. Table 1 summarizes local revenues and costs for the first four years of the TIP. Local fiscal constraint is indicated by the positive balances for LPA's. Based on historical averages, a small shortfall is shown for Henderson Area Rapid Transit. Consultation with HART and the City of Henderson confirmed that the required funds will be made up with a general fund transfer adjustment.

1. Local Road & Street funds provide revenue to both city and county highway departments in Indiana. These funds may be used for various improvements to the local transportation systems, including right of way acquisition, preliminary engineering, construction, or reconstruction activities. They may also be used for bond repayment.
2. The Motor Vehicle Highway Account is the principal source of revenue for operation of the county highway departments. This fund is used for the purchase of materials, equipment, and labor for the maintenance and construction of county transportation facilities.
3. The Cumulative Bridge Fund may be used to finance the construction or repair of county bridges and grade separations.
4. The State of Indiana also provides for a local option auto excise & wheel tax. Both Vanderburgh and Warrick Counties exercise this taxing option. Revenue must be distributed evenly between the county and the municipalities based upon the ratio of city miles to total county miles.
5. Tax Increment Financing (TIF) funds are funds collected from a specific area and can be spent to provide infrastructure improvements to encourage development in the area.
6. Local governments may also use general obligation bonds and cumulative capital improvement funds to fund transportation improvements.
7. Local governments in Kentucky may receive State-Municipal Road Aid, State-County Road Aid, and Local Economic Assistance funds.

Transit Funds

1. Section 5303-Metropolitan Planning funds are available to both state and LPAs to fund transit related planning activities.
2. Section 5307-Block Grants are formula-based grants for urbanized areas over 50,000. Determining block grants apportionments is based upon a formula which takes into account population, population density, and operating characteristics. Federal obligation is 80% for capital projects and up to 50% for operating deficit.
3. Section 5309-Discretionary Grants and Loans are available on a competitive basis to fund capital improvements. These funds are administered through the state agency.
4. Section 5310-Grants and Loans for Special Needs of Elderly Individuals and Individuals with Disabilities provide capital assistance to public and non-profit entities that furnish transportation services to elderly or disabled individuals who are unable to utilize the traditional transit system. Federal obligation for Section 10 grants is 80%. These funds are administered through the state agency.
5. Section 5316-Jobs Access and Reverse Commute (JARC) provides capital and/or operating assistance for employment and employment-related transportation services.
6. Section 5317-New Freedom provides capital and/or operating assistance for disability- related transportation services that goes beyond ADA compliance.
7. State Transit Funding-The State of Indiana Public Mass Transportation Fund (PMTF) is used to match federal assistance provided under Sections 5307 & 5309 of the Federal Transit Act. This fund receives 0.67% of the state sales and use tax. Funds are allocated through a performance-based formula.

The Commonwealth of Kentucky matches capital funds at 10% of the total cost of projects under Section 5307 and 5309. Toll Credits, or excess toll revenues, may be used as a credit toward the non-Federal matching share of federally assisted transit projects. Toll Credits do not provide cash to the project to which they are applied, but their use effectively raises the federal share up to 100 percent on projects receiving Toll Credits. Kentucky does not provide funding for planning and operating costs.

Table 1: Federal Funds and Programmed TIP Costs

Indiana						
Funding Source	Unobligated Prior Year Funds	Fiscal Year				TIP Total
		2010	2011	2012	2013	
STP/EB IN	\$10,392,907	\$4,266,981	\$4,266,981	\$4,266,981	\$4,266,981	\$27,460,831
STP-R	-	\$4,339,931	\$11,710,143	\$0	\$0	\$16,050,074
CMAQ	\$1,383,821	\$1,249,448	\$1,249,448	\$1,249,448	\$1,249,448	\$6,381,613
HES	\$0	\$460,000	\$0	\$0	\$0	\$460,000
TE	\$1,128,915	\$3,575,272	\$647,934	\$580,000	\$580,000	\$6,512,121
HSIP-IN	\$1,479,654	\$364,948	\$364,948	\$364,948	\$364,948	\$2,939,446
Transit	-	\$1,578,385	\$1,559,697	\$1,622,085	\$1,686,969	\$6,447,136
TCSP	-	\$0	\$1,103,000	\$0	\$0	\$1,103,000
HPP	-	\$2,748,000	\$0	\$0	\$0	\$2,748,000
Bridge	-	\$1,031,546	\$0	\$1,273,560	\$0	\$2,305,106
ARRA	-	\$8,716,978	\$0	\$0	\$0	\$8,716,978
SRTS	-	\$278,800	\$0	\$0	\$0	\$278,800
Total Federal Funding (Local Projects)						\$81,403,105
Programmed Federal amount						\$66,826,891
Surplus/Deficit						\$14,576,213
Kentucky						
STP KY	\$2,077,058	\$400,000	\$400,000	\$400,000	\$400,000	\$3,677,058
HPP KY	\$8,231,000	\$0	\$0	\$0	\$0	\$8,231,000
Transit	\$0	\$718,949	\$708,350	\$736,684	\$766,152	\$2,930,135
ARRA	\$0	\$0	\$0	\$0	\$0	\$0
HES/HSIP	\$0	\$0	\$0	\$0	\$0	\$0
Total Federal Funding (Local Projects)						\$14,838,193
Programmed Federal amount						\$12,001,135
Surplus/Deficit						\$2,837,058

Table 2: Local Revenues and Programmed TIP Costs

	Available Local Revenues			Projected Revenues & Programmed Costs		
	Average Annual Local Revenues	Average Annual Ops & Maintenance Costs ³	Average Annual Available Revenues	2010-2013 Projected Available Revenues	Programmed Local Costs 2010-2013	Surplus/Deficit
Indiana						
Vanderburgh County	\$12,208,174	\$6,771,056	\$5,437,118	\$22,242,725	\$4,674,089	\$17,568,636
City of Evansville	\$9,854,538	\$6,124,897	\$3,729,641	\$15,257,601	\$4,196,951	\$11,060,650
METS ¹	\$6,462,973	\$3,668,740	\$6,462,973	\$26,439,398	\$21,545,918	\$4,893,480
Darmstadt	\$104,340	\$54,554	\$49,786	\$203,671	\$0	\$203,671
Warrick County	\$10,102,139	\$4,866,265	\$5,235,875	\$21,419,458	\$7,166,477	\$14,252,981
City of Boonville	\$1,337,020	\$263,051	\$1,073,969	\$4,393,504	\$0	\$4,393,504
Town of Chandler	\$331,276	\$0	\$331,276	\$1,355,217	\$0	\$1,355,217
Town of Newburgh	\$647,898	\$55,546	\$592,352	\$2,423,255	\$784,352	\$1,638,903
Town of Lynnville	\$61,810	\$30,819	\$30,991	\$126,780	\$0	\$126,780
Kentucky						
Henderson County	\$3,075,228	\$2,933,944	\$141,284	\$577,979	\$2,700	\$575,279
City of Henderson ²	\$1,248,531	\$1,101,233	\$147,298	\$2,660,332	\$2,057,750	\$602,582
HART ¹	\$539,877	\$395,193	\$539,877	\$2,208,585	\$2,253,181	-\$44,596
City of Corydon	\$647,182	\$0	\$647,182	\$2,647,559	\$0	\$2,647,559

¹ Latest available annual general fund transfer assumed as best available data for projected transit revenues. Transfers necessary to balance transit budget are assumed.

² Projected revenue includes incurred cost and in-kind matching credits for the Henderson Riverfront Development project.

³ Transit Operations/Maintenance reflected in Programmed Local Costs and not deducted from available revenues.