

Funding

Comparing anticipated costs for transportation improvements against available dollars is important with any planning activity. As such, project costs in *Horizon 2030* have been compared to an estimation of available financial resources.

Project Costs

The cost associated with each transportation improvement is developed by a project's sponsor. A project sponsor is typically the agency responsible for implementing the proposed improvement. Cost assumptions are based on various factors that each agency takes into consideration; these may include items such as estimated cost of acquiring land for a project's right of way, equipment acquisition, cost of materials, and labor. Project sponsors use current dollar amounts when estimating project costs. Agencies responsible for maintaining and operating infrastructure improvements have indicated their commitment to ensuring that transportation infrastructure is maintained and operated using a combination of local, state, and federal funding resources. Rehabilitation of some existing facilities has been proposed in *Horizon 2030* and such funding sources have been accounted for in the estimation of available resources through the year 2030.

Resources

Federal regulations (23 C.F.R. 450.322 (b)(11)) pertaining to the long-range transportation plan development state, "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....Existing and proposed revenues shall cover all forecasted capital, operating, and maintenance costs. All costs and revenue projections shall be based on the data reflecting the existing situation and historical trends." Since the 1993 transportation plan, *Regional Mobility 2010*, and each subsequent update, the process for determining future funding estimates begins with a review of the cost of projects programmed in the previous five years of the Transportation Improvement Program (TIP). The TIP is the programming document that identifies specific dollar amounts and sources needed to fund a project.

The review of the previous five years of TIP programming began with Fiscal Year 2001 and ended with Fiscal Year 2005 for *Horizon 2030*. In the analysis of the previous five years of the

TIP, some projects, because of their unique nature and scope and/or funding opportunities, were removed from analysis and did not contribute to estimating future resources. Projects eliminated from the analysis include the Louisville Bridges Project, the I-65 reconstruction in Indiana, and the TRIMARC Incident Management Program that were included in any of the five TIP years used for determining an estimate of future resources. The programmed phases of these projects were removed from consideration in order to depict a more realistic and conservative estimate of resources. Reasoning for not including these projects in the analysis include 1) expansive projects that are not common and may skew the estimate of resources and result in an overestimation of future funds, and 2) the estimation of available resources centers on federal funds that are distributed to Kentucky and Indiana on a formula basis and not discretionary appropriations established through congressional legislation. These projects may include discretionary appropriations and have therefore been excluded from the analysis for estimating available resources. Estimated available resources are kept in current dollars.

For *Horizon 2030* the estimation of available resources is based on formula distribution of funds to Indiana and Kentucky. Examples of federal funding categories distributed to each state based on a formula that, among other things, takes into consideration a state or region's population are: National Highway Systems, Surface Transportation Program, Interstate Maintenance, Bridge, etc. There are funding sources other than those distributed to the states by formula that may be considered when proposing projects for the *Horizon 2030 Transportation Plan*. Examples of these types of funds, referred to as Special Funds in *Horizon 2030*, may include congressional appropriations through legislative action, local and state funding initiatives, bonds, etc. Project sponsors are asked to identify reasonable funding sources for projects for which they intend to use funds other than federal funds distributed on a formula basis. Please see Appendix D. These projects include:

KIPDA ID	Project Name	County Report ID	Project Cost
967	Anchorage to LaGrange Corridor Advanced Transit	Jefferson & Oldham	\$40,500,000
980	Bardstown Rd. Corridor Advanced Transit	Jefferson	\$9,000,000
979	Clarksville - New Albany Advanced Transit	Clark & Floyd	\$51,000,000
978	Dixie Hwy. Corridor Advanced Transit	Jefferson	\$72,700,000
968	Downtown Advanced Transit	Jefferson	\$50,000,000
1315	Fleet Replacement & Expansion	Regional	\$125,000,000
966	Frankfort Ave. Corridor Advanced Transit	Jefferson	\$62,000,000
19	I- 65	Clark	\$50,000,000
133	Interstate Traffic Management	Jefferson	\$50,000,000
617	Louisville Metro Loop Trail	Jefferson	\$38,000,000
52	Ohio River Bridges	Clark	\$623,433,806
185	Ohio River Bridges Project	Jefferson	\$1,370,000,000
235	South Central Corridor Advanced Rapid Transit	Jefferson & Clark	\$750,000,000
977	South East Corridor Advanced Transit	Jefferson	\$401,800,000

There are projects in *Horizon 2030* that do not intend to have federal involvement. Projects such as these are included in the Transportation Plan because of their anticipated impact on air quality. The cost of these projects is not included in the total cost of proposed projects used in completing a comparison between project costs and estimated available resources.

The nature of a long range transportation plan does not lend itself to specifically identifying all future maintenance needs through the horizon year. The long range plan emphasis is on projects and programs which hold constant (relative to demand), and when appropriate, expand the transportation system to meet evolving needs and wants. For the most part, roadway projects involve a geometric change to the cross section of a road, its alignment and/or its termini. This also includes the construction of new roads and bridges. In terms of transit and other alternate mode opportunities, *Horizon 2030* identifies strategies that expand services to meet needs. Conversely, maintenance projects are intended to repair and rehabilitate existing roadways constructed through the horizon year of the Plan without introducing significant changes that may influence travel behavior. Operation and maintenance of the transit system is seen in the same context as roadway operation and maintenance. The intent is to ensure that the transit system continues to operate with minimal disruption of service resulting in maintenance issues.

It is appropriate to reflect, within the Plan itself, an area's ability to operate and maintain the transportation system. To that end, a projection of possible operating and maintenance funding resources has been completed. Each state and the transit authority was requested to identify a typical annual expense for maintaining and operating the roadway and transit systems for Bullitt, Clark, Floyd, Jefferson, and Oldham counties. As well, a review of federally funded maintenance projects in the *FY 2006-FY 2008 Transportation Improvement Program* provided an estimate of federal funds used to maintain the roadway system.

O/M Funding Source	O/M Funding Estimate
Federal Funding	\$ 155,750,000
State Funding	\$ 425,950,000
Transit Funding	\$ 1,072,400,000
O/M Funding	\$ 1,654,100,000

Both states, the local governments, and the Transit Authority of River City (TARC), rely on a mix of resources to preserve, maintain, and operate the road and public transportation system. Contributors to the mix include federal formula funds, state transportation funds, local transportation funds, and local tax revenue dedicated to TARC. Both the states of Kentucky and Indiana have state funding sources for maintaining and preserving the roadway infrastructure. The states also make available to local governments funds for the maintenance of roadways located in their jurisdictions. For example, the state of Kentucky provides County Road Aid, Municipal Aid, and Rural Secondary funds to the local government entities. The state of Indiana also provides revenue to local jurisdictions for the maintenance of roads. Indiana provides local governments with resources from the Local Road and Street Accounts, and the Motor Vehicle Highway Accounts. Some local governments utilize funds from their General Budget while others may also include tax generated revenue. For instance, Clark County, Indiana collects a local tax identified as the Cumulative Bridge Account and another local tax referred to as the Wheel Tax that is collected by Clark County and distributed to cities and towns located within the County. Along with fare box revenue and Federal Transit

Administration funding, TARC utilizes a payroll tax (Mass Transit Trust Fund) to meet some of their operating and maintenance expenses.

In August 2005, the Safe, Accountable, Flexible, and Efficient Transportation Equity Act - A Legacy for Users (SAFETEA-LU) was signed into law. This act increases the amount of Federal funding available to the states over the life of the act by 30%. The additional funding available through SAFETEA-LU is not accounted for in *Horizon 2030* as it was developed with the funding scenarios of the act currently in place at the time of plan development, the Transportation Equity Act of the 21st Century, or TEA-21.

Comparison of Costs and Resources

After completing project development the total probable cost of proposed projects in *Horizon 2030* is found to be within reasonable limits of the resources estimated to be available for their implementation. The probable cost for projects in Clark and Floyd counties that are anticipated to use federal formula funds is \$602,559,025 and the estimated resources for the same two Indiana counties total \$555,465,225. Probable cost is within 8% of resources estimated to be available through the year 2030. For the Bullitt, Jefferson and Oldham counties’ projects that are anticipated to use federal formula funds, there is a probable project cost of \$2,337,296,830. The probable cost is within 10% of the estimated \$2,126,765,520 projected to be available through 2030.

The total probable cost of projects in *Horizon 2030*, regardless of funding resource, is \$6,633,289,661. With over \$2.6 billion in estimated formula funding resources and nearly \$3.7 billion in estimated special funding resources, the probable project costs are within reasonable limits of the projected funding estimates.

	Estimated Resources	Probable Project Costs
Formula Funding	\$2,682,230,745	\$2,939,855,855
Special Funding	\$3,693,433,806	\$3,693,433,806
Total	\$6,375,664,551	\$6,633,289,661