Chapter 4: MTP Financial Analysis

Financial analysis of the 2035 MTP is not only a federal requirement, it is also good planning practice to ensure that planned transportation projects can be paid for with expected funding sources. This chapter looks at MRMPO's role in distributing funding to the region and examines the projected revenues and expenditures for projects and programs over the next 20 plus years.

A. Fiscal Constraint

Long-range transportation plans for metropolitan areas are required to be fiscally constrained, meaning that the 2035 MTP must include "sufficient financial information for demonstrating that projects in the MTP can be implemented using committed, available, or reasonably available revenue sources, with reasonable assurance that the federally supported transportation system is being adequately operated and maintained." In other words, the total cost of all transportation projects and expenditures cannot exceed the projected financial resources available. Table 4-1 shows this MTP to be fiscally constrained.

Table 4-1: Overview of Available Capital and Maintenance & Operations Funds and Expenditures

Funds Available	**Amount**
Federal and State Revenue for Transportation (Capital and District 3 Maint. & Oper.) FY 2008-2035	$2,852,997,370
Local Revenue for Transportation FY 2008-2035	$3,983,912,567
Total Public Revenue FY 2008-2035	**$6,836,909,937**
Expenditures	**Amount**
Cost of All Public Capital Projects FY 2008-2035	$5,093,845,634
Cost of Maintenance & Operations FY 2008-2035	$1,743,064,303
Total Public Expenditures FY 2008-2035	**$6,836,909,937**

Note 1: Estimates of federal funds use the FY 2011 obligation rate for all fiscal years.
Note 2: Zero percent growth is assumed for all federal categories from FY 2018 through 2035.
Note 3: Reduction of funds due to debt service is reflected in all Federal Highway categories through FY 2027 with funds restored from FY 2028 through FY 2035.
Refer to Table G-1 in Appendix G for more information.

B. Limited Transportation Funding

Reauthorization and Economic Stimulus

There are two major challenges to projecting how much funding is available for transportation projects. First, federal revenues are based on the Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users (SAFETEA-LU) authorization which was signed into law in August 2005. Although the SAFETEA-LU legislation authorized an unprecedented amount of funding for transportation between 2005 and 2009, the Act has expired and Congress has passed continuing resolutions that have extended SAFETEA-LU through September 2011. Further, continuing resolutions are expected until Congress enacts new legislation. Lack of a new federal transportation bill does not allow the New Mexico Department of Transportation (NMDOT) or the Mid-Region Metropolitan Planning Organization (MRMPO) to reliably project funding to levels beyond those previously authorized.

In 2008, the national and world economy entered a recession. In response, Congress enacted the American Recovery and Reinvestment Act of 2009, known as ARRA or "economic stimulus" funding. Although ARRA added $63,293,764 to the existing transportation funding in the metropolitan area, additional economic stimulus funding does not appear to be forthcoming with any certainty. As the economy continues to struggle toward recovery, state and local governments are experiencing stagnant or declining revenues from sources such as property taxes, impact fees and gasoline taxes which decrease the amount of funding available for transportation projects.

It is likely that the scarcity of federal and state funding in the immediate future, coupled with rising costs and increased needs, will require the region to explore alternative funding methods that could include additional taxes, bonding, public-private partnerships, implementation of toll facilities or other innovative financing methods.

While these issues create variability with regard to financial planning for the 2035 MTP, the financial assumptions outlined in Chapter 4 are reasonable and provide a basis from which the metropolitan area can plan a transportation system that serves the needs of the region through 2035. If Congress enacts legislation that provides substantially more or less funding than is assumed in this plan, MRMPO will review the TIP and the scheduling of projects in this plan and consider amendments if necessary.

C. Revenues

In order for MTP to be "fiscally constrained" the total cost of all transportation projects cannot exceed the projected financial resources available. One of the challenges all metropolitan planning organizations face is projecting how much funding will be available over a period of more than 20 years. As discussed earlier, revenue projections face the uncertainties of not having a transportation bill enacted by Congress.

The following are major points used to develop revenue estimates for this MTP.

Debt Service: The federal highway funds allocated to this metropolitan area have been reduced due to debt service to pay back bonds resulting from programs such as CHAT (Citizens' Highway Advisory Taskforce) and GRIP (Governor Richardson's Investment Partnership). Currently, up to 40 percent of New Mexico's statewide annual federal highway revenues through 2027 will be utilized for debt service, greatly reducing the amount of federal funds available for future projects. In 2010 the Federal Highway Administration and the New Mexico Department of Transportation entered into an agreement outlining the payment of this debt service. All funding information for federal highway funding categories provided by NMDOT to MRMPO has routinely accounted for decreases as a result of the state's debt service and is reflected in the funding estimates through FY 2027. The reduction due to debt service has been "restored" to estimates in FY 2028 through FY 2035 meaning the debt will have been paid-off at that point so more funding will be available for projects after 2027 (assuming no additional debt service is incurred).

Annual Revenue Increases: Federal revenue projections in this MTP differ from those in the previous MTP which estimated federal revenues by projecting 2007 levels and adding two percent annually for inflation. Federal amounts for 2008, 2009, 2010 and 2011 are those actually programmed and available. Fiscal year 2011 amounts were lowered to reflect revised, available amounts, particularly for the STP-E, STP-U and CMAQ categories (see NMDOT letter of March 13, 2011 - copied in Appendix G). Funding levels in years 2012 through 2017 were decreased in most categories from the original 2008 estimates of revenue based on information agreed to with NMDOT (see February 17, 2011 - meeting summary in Appendix G). For revenue projections in FY 2018 and beyond, the FY 2017 amounts have been projected forward at a zero rate of growth out to 2035 resulting in no annual increase for inflation. This is based on guidance from NMDOT and FHWA New Mexico Division.

Obligation Rate: Funding targets provided by NMDOT are routinely based on the amount available after application of the annual obligation rate. All federal revenue projections which are held steady at FY 2017 levels are based on the current obligation rate.

Matching Funds: Matching funds required under all federal programs are included in the total amounts.

FTA Funds: Federal Transit Administration funding estimates are primarily derived from data from ABQ Ride, the largest public transit operator in the AMPA, based on historical trends and their analysis of FTA funding estimated to be received particularly the FTA 5307, 5308 and 5309 categories. Funding for other FTA programs are provided by Rio Metro Regional Transit District based on estimates they received from the NMDOT Rail and Transit Division.

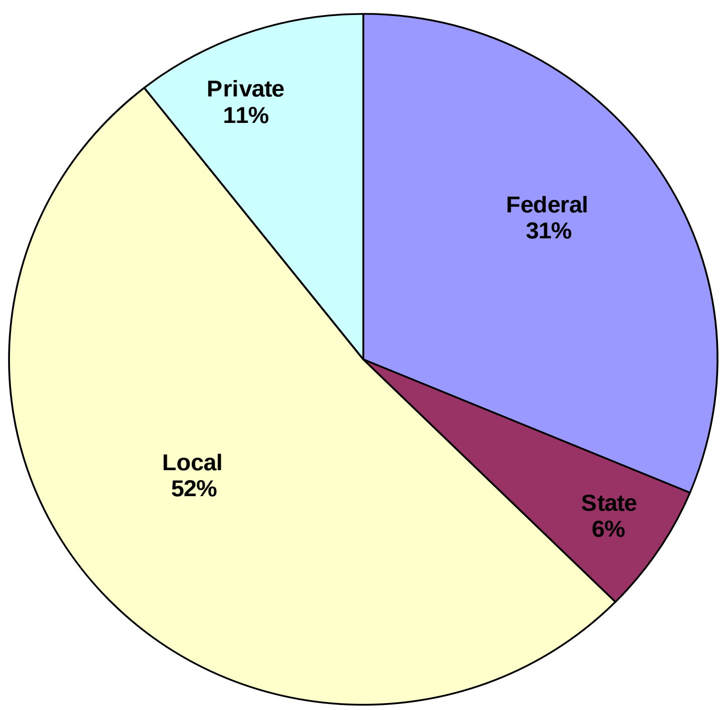
All revenues from public sources are summarized in Table 4-2. For a more detailed summary see Appendix G. It is recognized by MRMPO that given the uncertainties in our projections of federal funds, there is a certain level of risk involved. The risk has its greatest impact on the Transportation Improvement Program (TIP), which is the short-term listing of projects to be implemented and funded with federal funds. Once Congress enacts a transportation spending bill or an extension of SAFETEA-LU, MRMPO will need to review the FY 2012-2017 TIP and make adjustments accordingly. Federal regulations recognize this possibility for both the MTP and the TIP and provide guidance under 23 CFR 450.322 (f)(10)(viii) and 23 CFR 450.324(o) in the event that funding is substantially reduced from the amounts estimated. If additional federal funds are allocated to the metropolitan area, projects can be advanced or added to the TIP. However, if federal funds are less than projected, projects will need to be delayed and moved to outer years of the TIP and possibly moved to the later time frame of this plan. This would need to be done expeditiously because under federal regulations the TIP could not be amended until the TIP reflects the changed revenue situation. Furthermore, if Congress does not enact a new bill by the beginning of FY 2012 (October 1, 2011), MRMPO will need to review the projects programmed in FY 2012 and compare those amounts to the federal transportation dollars made available in the continuing resolution in effect at that time. Based on that review, adjustments to the FY 2012-2017 TIP may be necessary. Without the passage of a new transportation bill, this would need to be done at the beginning of each fiscal year and again, federal regulations would require that the TIP reflect the changed revenue situation if funds are reduced. Although the risk of lowered revenue has its greatest impact on the TIP, the MTP is also subject to revision if federal funding is substantially reduced from estimated levels. Federal regulations would require the MTP to reflect the changed revenue situation before it could be amended or updated.

Table 4-2: Summary of Projected Funding Available from Public Sources

Transportation Revenue (Public Sources)	Total FY 2008-2035
Federal Highway Program	$1,765,916,897
Federal Land Highway Program	$7,024,000
Federal Priority Funds	$72,482,026
Federal Special Programs	$37,297,195
Federal ARRA	$58,915,574
Federal Transit Administration	$444,932,047
Total Federal (includes required matching funds)	**$2,386,567,738**
State Capital Funds (includes GRIP 1 & GRIP 2)	$213,998,089
State Funds for District 3 Maint. and Oper.	$252,431,542
Local Funds	$3,983,912,567
Total Public Revenues	**$6,836,909,937**

Federal revenues are estimated to provide less than one-third of total capital funds for transportation projects. Local funding will provide slightly over one-half the funds, private developers will provide slightly over one-tenth the total, and the state is projected to provide less than one-tenth of the capital funds (see Figure 4-1 and Table 4-3).

Figure 4-1: Source of Capital Revenues



Private developers also contribute to the construction of the metropolitan area's transportation infrastructure. Total private development revenues for transportation capital infrastructure are presumed to equal the cumulative total of the cost estimates of all privately-funded projects. Essentially, these revenues are "cancelled out" by the costs of the privately-funded projects. Generally, privately-funded projects have no direct impact on fiscal constraint.

Table 4-3: Summary of Private Capital Revenue and Expenditures

Capital Revenue & Expenditures (Private Sources)	Total FY 2008-35
Private Capital Revenue	$812,613,748
Private Project Expenditures	$812,613,748

In addition to projecting revenues for capital construction, funding available for the maintenance and operations of the entire transportation system is also estimated. These funds are utilized for routine highway maintenance, railroad track maintenance, vehicle, bus and train maintenance and repair, equipment maintenance and repair, snow plowing and salting/sanding operations, bike trail maintenance and transit services operations. Funds used for maintenance and operations are included in the funding projections of available resources previously listed. Determining what portion of an agency's maintenance and operations funds is utilized on major roads which is the concern of this MTP is difficult. Agencies do not track routinely revenue availability or spending based on the classification of roadway. Some jurisdictions have combined public works departments that maintain all municipal property such as roads, bike trails, parks, etc. The projections of both revenues available for maintenance and operations, and the estimates of expenditures on major highways are explained in the following section.

D. Expenditures

Capital expenditures are listed by project in Appendix F. Public capital expenditures include all regionally significant projects funded with federal transportation dollars, state funds and local general funds, bond funds and impact fees.

Private funds used for construction of transportation infrastructure have been projected to equal the cost estimates of each privately-funded project. Cost projections for privately-developed projects are initially based on estimates from private developers. The cumulative costs of all privately developed transportation capital infrastructure is considered "private capital revenue." As noted before, these revenues are "cancelled-out" by the costs of the privately funded projects. Generally, privately-funded projects have no direct impact on fiscal constraint.

Maintenance and operations expenditures have been projected for the time period of the MTP. However, the MTP focuses on funds spent on federal-aid eligible highways and transit systems. For roadways this refers to those classified as Rural-Major Collector or higher and Urban Collectors or higher. Maintenance and operations (M&O) budgets do not distinguish between funds spent on major roadways or local streets. Therefore, the estimate of M&O expenditures on major roadways was projected as a proportion of the total M&O projections. All of the NMDOT projected expenditures are presumed spent on major roadways and infrastructure. For projecting local M&O expenditures on major roadways, only a portion of total expenditures is utilized to allow for discounting funds expended on minor and local roadways. This was based on the high proportion of lane miles of local streets in most jurisdictions which are maintained with this same pool of funds, and to exclude M&O funds used on minor transportation projects such as local trails, sidewalks, and local bus stops.

Projected M&O expenditures by all local jurisdictions total $4,053,273,740 and M&O expenditures by NMDOT are projected to be $252,431,542. Of the local amount, approximately two-fifths, or $1,490,632,761 is assumed to be expended for maintenance and operations on major roadways and transit. The entire NMDOT amount is projected to be spent on major facilities of which nearly all of NMDOT's system is comprised.

Table 4-4: Total State and Local Maintenance and Operations Expenditures

Projected Maintenance and Operations Expenditures on Major Facilities	Total FY 2008-35
Local Jurisdictions M&O Expenditures – Major Facilities	$1,490,632,761
NMDOT District 3	$252,431,542
Total Projected M&O Expenditures – Major Facilities	$1,743,064,303

Capital Project Expenditures by Project Type

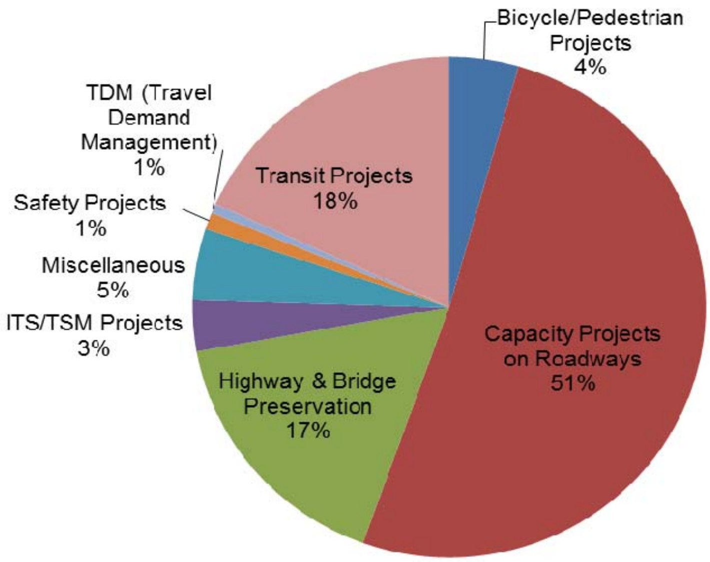
A review of all proposed capital projects reveals over half of all capital funds will be used to expand highway capacity with significant funds being spent on preserving the current highway and bridge infrastructure and improving safety. Highway-related expenditures comprise nearly 70 percent of the total planned expenditures. Additionally, the majority of ITS/TSM (Intelligent Transportation Systems/Transportation Systems Management) funds are utilized to increase performance of the highway system. Nearly one-fifth will be spent on transit to maintain current transit infrastructure and expand transit service to achieve the river crossing mode shift goal to transit of 10 percent by 2025 and 20 percent by 2035.

Capital project costs are estimated by using one of two methods. Some project costs are derived from engineers' estimates, environmental documents or initial project scoping reports. This applies primarily to projects in the MTP and TIP through 2017. Unit costs for various project elements derived through cooperative agreement with major agencies have been used to estimate capital project costs for those projects that have no other documented cost estimates. An annual growth rate of two percent (2%) has been applied to project costs beyond the TIP based on agencies' estimated time frame for project implementation.

Table 4-5: Capital Project Expenditures by Type of Project

Capital Project Type	Amount
Bicycle/Pedestrian Projects	$257,161,354
Capacity Projects on Roadways	$3,018,738,209
Highway & Bridge Preservation	$987,183,864
ITS/TSM Projects	$194,534,713
Miscellaneous studies, enhancements, etc.	$271,608,555
Safety Projects	$64,389,139
TDM (Travel Demand Management)	$35,340,413
Transit Projects	$1,077,503,135
Total	**$5,906,459,382**

Figure 4-2: Percent Expenditure by Type of Project



E. MTP Projects Summary

Refer to Appendix F for a complete list of all proposed projects. Listed below are some significant and noteworthy projects.

Major Roadway Projects

- Unser Blvd Corridor Improvements: this project will complete Unser Blvd as a four lane north-south arterial.
- I-25 & Paseo del Norte Interchange Reconstruction: this Project will begin phasing of the project for detailed design and construction.
- I-25 Widening between Broadway and Rio Bravo: this project will widen the freeway from 4 to 6 lanes.
- I-25 & US 550 Interchange Reconstruction: this project includes a reconfiguration of the interchange.
- Sunport Boulevard Extension: this project is currently under design and will extend Sunport Boulevard to Broadway.
- Central Ave Improvements: this project will address vehicular traffic, pedestrians and transit along various segments.
- NM 528 Widening: this project will widen the highway between Southern and Northern Blvds. from 4 to 6 lanes.
- Bridge Blvd Reconstruction: this project will address vehicular traffic, pedestrians and transit between Old Coors and the river.
- Paseo del Volcan (PdV) Construction: this project, in the later time frame, will connect to Double Eagle II Rd followed by construction of the westerly alignment to a new interchange at I-40.

- Paseo del Norte Extension: this project, also in the later time frame, will extend Paseo del Norte to the western alignment of Paseo del Volcan when that roadway is built.

Major Transit Projects

Several transit projects focus on achieving the goal to increase transit mode share on river crossings to 10 percent by 2025 and 20 percent by 2035. Other transit projects will maintain and expand existing service levels.

- NW Bus Rapid Transit (BRT) Implementation: this project will begin construction, bus purchase and implementation of a BRT line from NW Albuquerque/southern Rio Rancho to the Journal Center area. A BRT study is currently underway to determine the route, costs and phasing of the project. This project will be phased in over the entire time period of this plan.
- Fixed Route Expansion: projects will provide expansion by ABQ Ride and Rio Metro of existing service and new routes as needs develop. This includes improvements to the Rapid Ride system and implementation of new BRT service.
- Park and Ride Development: projects will provide park and ride facilities as the metropolitan area expands in order to meet growing demand. Two areas identified for short-term development are a park and ride at Eagle Ranch Rd & Coors Blvd and one in the NW Albuquerque/southern Rio Rancho area along the proposed NW BRT route.
- Commuter Rail: projects will consider improvements and refinements to service by the NM Rail Runner Express such as increased service and headways along with improvements to the infrastructure such as new sidings, double-tracking as necessary and major rehabilitation of locomotives and railcars in the later years.

Major Bicycle/Pedestrian Projects

- Paseo del Norte Corridor Trail: this project will provide a continuous bike/pedestrian trail along Paseo del Norte. The project will be constructed in phases.
- Trail Resurfacing and Reconstruction: several projects will resurface and/or reconstruct several existing trails in need of improvements.

Major ITS Projects

- ITS Transportation Management Center (TMC): this is the most significant ITS project planned for the metro area. This project will establish a regional center to enable traffic engineers to maximize highway capacity, manage and divert traffic, change signal timing and signal coordination, manage incidents, etc. as needed based on actual traffic conditions as they occur.

Future Directions for Project Selection

It has been the intention of this 2035 MTP to make a stronger connection between the goals and objectives of the region and the process by which projects are developed for the region. One of the core functions of any MPO is to provide a forum for discussion of regional transportation challenges so that together the region can find solutions to those challenges. Historically, projects proposed by local member agencies were based on municipal priorities that were not always consistent with regional needs. MRMPO has established a more transparent process that incorporates the Congestion Management Process and the Project Prioritization Process (PPP) to help guide the member agencies in developing projects that fit into the regional priorities from the beginning. Projects should be framed in terms of their impact on the adopted goals of the region: to improve *quality of life*, increase *mobility of people and goods* and *support economic activity and growth*. As an example, projects that are submitted for the TIP go through the Project Prioritization Process and receive points if they are located on a particularly congested corridor or include an identified congestion management strategy.

In the future MRMPO staff would like to expand this model and conduct regional analyses that would better display the most urgent regional needs and help guide the local member agencies prior to submitting projects. Essentially this process would involve deriving projects from regional analyses rather than analyzing the impact of a series of project proposals by individual member agencies.

This endeavor can be conceptualized through a series of maps MRMPO could produce with agency input. The first map could consist of an integration of corridors (congestion management corridors, freight corridors, safety improvement corridors and ITS corridors) that would be assessed by staff and prioritized into three tiers of importance: high, medium and low. The second map could combine the Pedestrian Composite Index, bicycle facility needs and transit service expansion needs to indicate the locations with most urgent requirements for improvement and increased use of alternate modes of transportation. A third map could indicate locations that contain high concentrations of identified minority, lower income and other populations (such as disabled and elderly) and locations that have coordinated human services transportation needs. A final map could integrate high ridership transit stops, activity centers, safety improvement areas and activity densities to help identify the best areas for transit-oriented development. This type of endeavor would provide the region with a guide for developing projects that will have the greatest impact on the regional transportation system. Like the Project Prioritization Process, these maps would be tools rather than the ultimate determinant of the distribution of federal transportation dollars. These tools could serve as a guide to shape the discussion around common goals and bring attention to developing projects that will most effectively address the needs of the region. Finally, MRMPO would like to provide a regional list of planning, management and data collection activities that will be beneficial to the region.

F. Future Revenue Sources

New Starts/Small Starts Discretionary Grant Program

New Starts and Small Starts have helped make possible dozens of new or extended transit fixed guideway systems across the country – heavy rail, light rail, commuter rail, bus rapid transit, and ferries. New Starts projects are typically greater than $250 million in total project cost, requesting greater than $75 million in New Starts funding. The Small Starts program supports fixed guideway projects smaller than the New Starts cost thresholds. Participation in the New Starts and Small Starts programs requires completion of a legislatively-directed process for planning and project development.

Transit Investments for Greenhouse Gas and Energy Reduction (TIGGER) Program

TIGGER grants are awarded to public transit agencies for the implementation of new strategies for reducing greenhouse gas emissions or reducing energy usage from their operations. These strategies can be implemented through operational or technological enhancements or innovations.

Sustainable Communities

This is a new program that is being developed through a collaborative partnership between the U.S. Department of Housing and Urban Development, the Federal Highways Administration, and the Environmental Protection Agency. HUD’s 2010 appropriations include $150 million for a Sustainable Communities Initiative to improve regional planning efforts that integrate housing and transportation decisions and increase the capacity to improve land use and zoning.

Tax-increment Financing or “value capture”

This is a mechanism which finances improvements via bonds sold by a special taxing district, based on the cost of infrastructure being paid for by properties that are deemed to benefit from the infrastructure. By benefiting properties via transportation improvements, the idea behind tax increment financing is that the improvement bonds are repaid with dedicated revenues from the incremental increase in property taxes as a result of such improvements (and increase in property value due to the improvements). New Mexico does allow for tax increment financing.

FREIGHT Act of 2010

Introduced in July 2010 by Senators Frank R. Lautenberg (D-NJ),Patty Murray (D-WA), and Maria Cantwell (D-WA), this legislation would establish a freight transportation policy for the nation’s transportation system, similar to efforts now underway to establish a National Rail Plan. The legislation directs the US Department of Transportation to develop and implement a strategic plan to improve the nation’s freight transportation system and provide investment in freight transportation projects. Goals of the Act include "reducing congestion and delays, increasing the timely delivery of goods and services, reducing freight-related transportation fatalities, and making freight transportation more efficient and better for the environment24". If enacted, it is anticipated that a new freight funding category would be established which could provide some funding for major freight corridor projects.

Federal Loans and Credit Programs

There are several federal loan and credit programs available. The Transportation Infrastructure Finance and Innovation Act (TIFIA) program provides federal credit assistance financing for surface transportation projects in the form of direct loans, loan guarantees, and standby lines of credit. Projects must be of national and regional significance (in other words, included on the Metropolitan Transportation system map). TIFIA financing is generally at more favorable interest rates than can be found in private capital markets, and highway, transit, railroad, intermodal freight, and port access projects are eligible for assistance. Each dollar of federal funds can provide up to $10 in TIFIA credit transportation infrastructure investment.

For improvements on the freight rail system (which may in turn benefit the state's and region's passenger rail system), the Railroad Rehabilitation & Improvement Financing (RRIF) Program provides direct federal loans and loan guarantees to finance development of railroad infrastructure. Under this program the Federal Railroad Administrator is authorized to provide direct loans and loan guarantees up to $35 billion, up to $7 billion of which is reserved for projects benefiting freight railroads other than Class I carriers (regional and short-line railroads would be eligible). Funding can be applied to track and equipment, intermodal facilities, bridges, buildings and shops, and rail yards. A number of other innovative federal financing programs are available but may require state authorization and approval.

House Memorial 35 (HM 35)

HM 35 is an initiative to increase funding for state transportation infrastructure needs. Recommendations from the HM35 process included short and long term funding options, public awareness, forging partnerships, and finding new transportation revenues for projects. The findings of the study, known as HM 35, generally found that revenues from transportation sources are being redirected away from transportation investment. The study estimates that if all transportation sector revenues were available to the transportation system, an additional $169 million would be available statewide. This initiative, however, is so far without success. New Mexico does allow for local option sales taxes to be initiated, via referendum, which could be used to finance transportation improvements.

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