
FINANCIAL PLAN

INTRODUCTION

This chapter presents all of the financial assumptions used to create the financially constrained project list for the RVMPO's transportation system, as required by federal law. Financially constraining projects is particularly important for the RVMPO region because of federal and state air quality conformity requirements, described in the Air Quality Conformity Determination published by the RVMPO for this plan.

Forecasts of state and federal revenue sources are developed cooperatively by a statewide working group consisting of ODOT staff and representatives from all Oregon MPOs and public transportation agencies. These forecasts have most recently been updated in 2018 to reflect federal requirements and are the basis of the financial forecasts used in the update of the 2021-2045 RTP.

9.1 FEDERAL REGULATIONS FOR FINANCIAL CONSTRAINT

Federal legislation sets forth guidelines that seek to ensure that the needs identified in the RTP are balanced with resources expected to be available over the planning period. Fiscal constraint for the long range transportation plan (known as the regional transportation plan) was first required by the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991. For the first time since their inception, MPO's were now required to develop a "reasonable estimate of future transportation funds covering the years identified in the [RTP]." In 2005, with the passage of the Safe Accountable Flexible Efficient Transportation Act – A Legacy for Users (SAFETEA-LU), an additional requirement was placed on MPOs. MPOs were now required to estimate the cost of a project in the year it is anticipated to move forward. This is known as estimating "year of expenditure" (YOE) costs for all projects in future years. This plan reflects these requirements and are identified within this chapter.

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 made available to carry out the plan, and recommends any additional financing strategies for needed projects and programs.

Furthermore: 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 purpose of developing the long-range transportation plan, the metropolitan planning organization and State shall cooperatively develop estimates of funds that will be available to support plan implementation.

Federal and state revenue projections were provided by ODOT in a document titled *Long Range Financial Assumptions for the Development of Metropolitan Transportation Plans* in September 2018. Most of the revenue projections of federal and state funds used in the RTP

are based on the projections provided in this document.

METHODS USED TO COMPLETE FINANCIAL PLAN

To complete this chapter, the following steps were followed:

- **Reviewed existing data.** Primary documents reviewed included ODOT's September 2018 *Long-Range Revenue Forecast*
- **Conferred with staff from relevant State and local jurisdictions.** Discussions with staff from RVMPO member jurisdictions and ODOT Region 3 to gain insight into local transportation revenues and expenditures.

9.2 TYPES OF FUNDING AVAILABLE FOR TRANSPORTATION

INTRODUCTION

This section provides details on the funding required to implement the capital projects in the RTP. Funding has been estimated over the 25-year duration of the plan and is linked to street system and transit projects to establish the RVMPO's financially constrained Tier 1 project list.

FINANCIAL CONSTRAINT

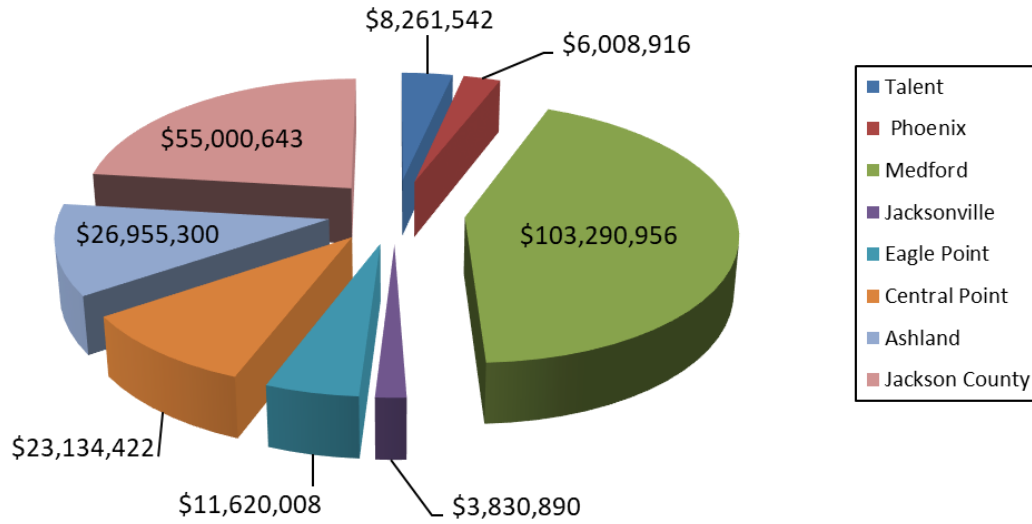
Tier 1 projects are in the plan based on their ability to fulfill RTP goals and to be implemented and funded within the 2045 planning horizon. Funds shown in this part establish financial constraint. They were developed in consultation with ODOT, Oregon MPOs, and the RVMPO jurisdictions, consistent with federal and state requirements for determining financial constraint. Please note that it is assumed that the Oregon Department of Transportation estimates that they will have sufficient funding to cover the costs of projects that they have submitted for this RTP update.

Information for this part also was drawn from Federal, State and local revenue sources that are used to fund regional transportation system projects and programs which are described below. Funding used primarily for the road network is described below. Details about transit funding sources and sums follow.

The primary source of funding available to the local jurisdictions is the State of Oregon's Gas Tax Revenue as distributed to the local jurisdictions by ODOT. Figure 9.1 below provides the estimated total amount of Gas Tax revenue that each of the jurisdictions may anticipate receiving over the next 25 years.

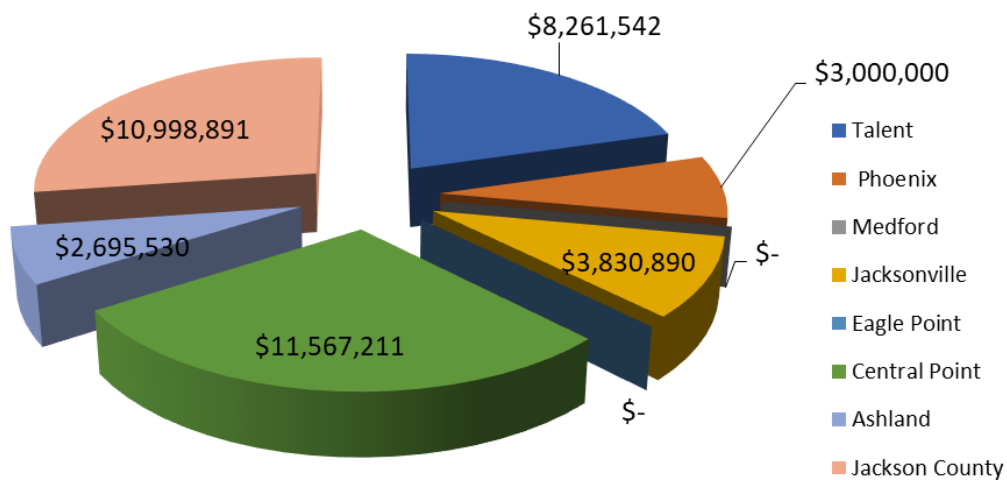
Figure 9.1 - Estimated State Gas Tax Revenues Available 2020 - 2045

Total Gas Tax Revenue = \$238,102,677



It should be noted that state gas tax revenue is by far the most flexible of funds received by the local jurisdictions and therefore many of the local governments use a significant amount of state gas tax revenues for transportation related expenses other than building new or expanding/improving existing roadways. Figure 9.2 is based on the actual amount of gas tax the local jurisdictions intend to use for projects in the RTP update.

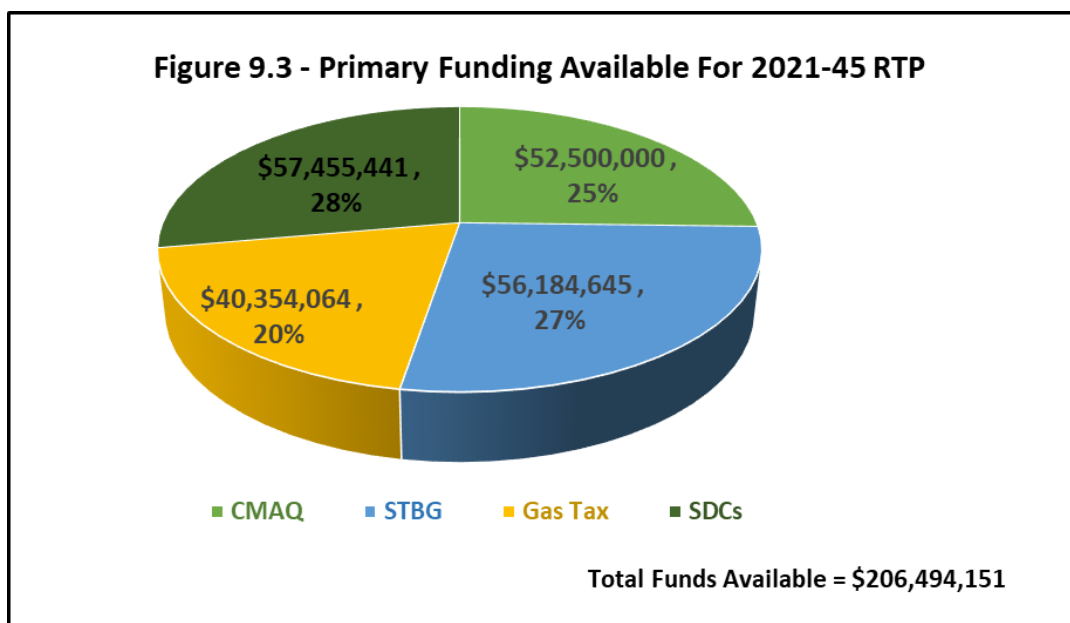
Figure 9.2 - Gas Tax Revenues for use in the 2020 - 2045 RTP



Total Gas Tax Revenue Used for 2021-45 RTP = \$40,354,064

Other funding sources – primarily locally generated – include System Development Charges (SDCs) and Street Utility Fees (STFs). Additionally, for small cities there are additional state funds made available on a grant application basis known as Special City Allotments.

Figure 9.3 shows the primary sources of funding that are reasonably expected to be available to support the RVMPO regional street system for the 2021-2045 RTP. State funds make up the largest share of revenues (40%), well ahead of local and federal revenues. Typically, State and local funds are used by jurisdictions for administration, operations, and maintenance of the local street system. Federal funds are a main source for new projects.



STREET SYSTEM REVENUE SOURCES

State Highway Fund (SHF) is composed of several major funding sources: Motor Vehicle Registration and Title Fees, Driver License Fees, Motor Vehicle Fuel Taxes, and Weight-Mile Tax. The SHF funds are apportioned to three jurisdiction levels in the following amounts: State (59%), Counties (25%), and Cities (16%).

Statewide Transportation Improvement Program (STIP) is Oregon’s four-year transportation capital improvement program. This program defines which projects will be funded by what amount of money throughout the planned four-year program period. Projects at all jurisdiction levels are included in the program; Federal, state, county, and city.

Surface Transportation Block Grant (STBG) this is the major federal transportation program to provide “flexible” funds for transportation projects at the state and local levels. Funds are “flexible” in that they can be spent on a variety of transportation related projects, e.g., mass transit, bike-pedestrian.

Congestion Mitigation and Air Quality (CMAQ) ISTEA created the CMAQ program to deal with transportation related air pollution. States with areas that are designated as non-attainment for ozone or carbon monoxide (CO) must use their CMAQ funds in those non-attainment areas. A state may use its CMAQ funds in any of its particulate matter (PM₁₀) maintenance areas if certain requirements are met. The projects and programs must either be included in the air quality State Implementation Plan (SIP) or be good candidates to contribute to attainment of The National Ambient Air Quality Standards (NAAQS). If a state does not have any non-attainment areas, the allocated funds may be used for STBG or CMAQ projects. CMAQ requires a 10.27 percent local match unless certain requirements are met.

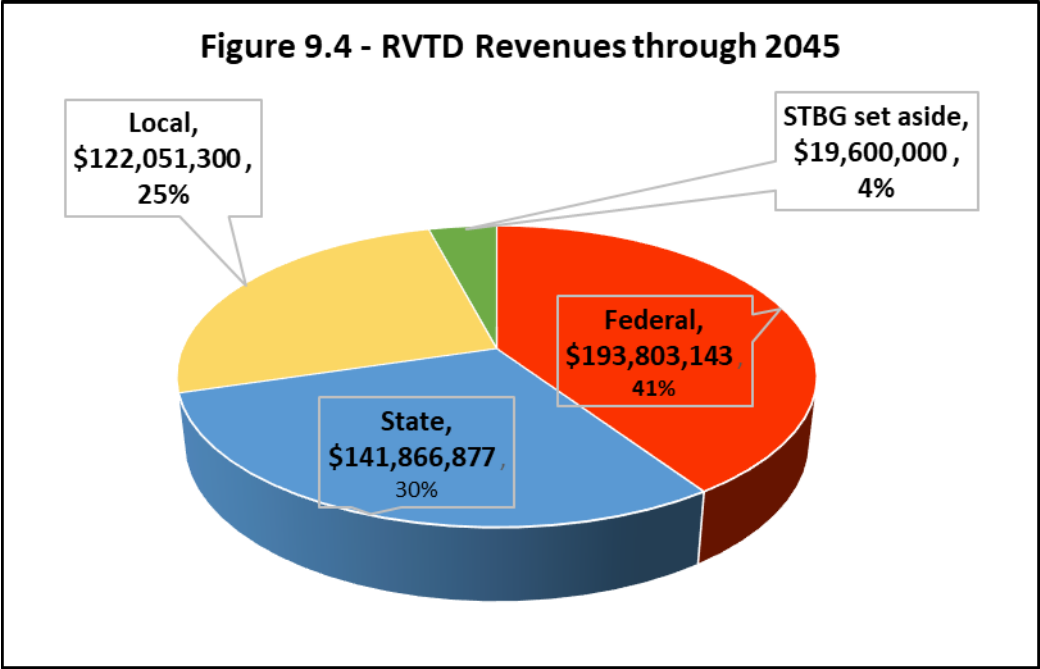
Special City Allotment (SCA) ODOT sets aside \$1 million per year to distribute to cities with populations less than 5,000. Projects to improve safety or increase capacity on local roads are reviewed annually and ranked on a statewide basis by a committee of regional representatives. Projects are eligible for a maximum of \$50,000 each. Although begun as a set-aside for the smaller local governments this program has become more of a grant application format which local governments can count on only once every few years.

System Development Charges (SDC) are fees collected when new development occurs. These fees are then used to partially fund capital improvements, such as new streets within the city.

TRANSIT SYSTEM REVENUE SOURCES

Transit services in the RVMPO are provided by the Rogue Valley Transportation District (RVTD), which relies on federal, state, and local funding sources. Revenues from these sources are described below. Further information on the assumptions used to estimate revenues are located in Appendix A.

Figure 9.4 shows the sources of funding that are reasonably expected to be available to support the RVTD transit system for the 2021-2045 RTP. Federal funds make up the largest share (41%) of transit revenues, followed by State funds (30%), and Local Funds at 25%. Additionally, the RVTD is allocated \$700,00 per year by the RVMPO which comes to 4% of their revenue stream.



FEDERAL TRANSIT REVENUE SOURCES

The Federal Transit Administration (FTA) carries out the federal mandate to improve public transportation systems. It is the principal source of federal assistance to help urban areas (and, to some extent, non-urban areas) plan, develop, and improve comprehensive mass transportation systems. The FTA provides federal funding to RVTD. The FTA’s programs of financial assistance to RVTD are described below. Federal grant funds are allocated to transit districts and other eligible providers by ODOT through the State Transportation Improvement Plan (STIP) process.

Urbanized Area Formula Grants (5307)

The largest of FTA’s grant programs, this program provides grants to urbanized areas to support public transportation. Funding is distributed by formula based on the level of transit service provision, population, and other factors.

Bus and Bus Facilities Program (5309) (Ladders of Opportunity Initiative)

The [Ladders of Opportunity Initiative](#) makes funds available to public transportation providers to finance capital projects to replace, rehabilitate, and purchase buses and related equipment and to construct bus-related facilities, including programs of bus and bus-related projects for assistance to sub-recipients that are public agencies, private companies engaged in public transportation, or private non-profit organizations. Projects may include costs incidental to the acquisition of buses or to the construction of facilities, such as the costs of related workforce development and training activities, and project development.

Enhanced Mobility of Seniors and Individuals with Disabilities (5310)

This program provides formula funding to increase the mobility of seniors and persons with disabilities. Funds are apportioned based on each State’s share of the targeted populations and are now apportioned to both States (for all areas under 200,000) and large urbanized areas (over 200,000). The former New Freedom program (5317) is folded into this program.

The New Freedom program provided grants for services for individuals with disabilities that went above and beyond the requirements of the Americans with Disabilities Act (ADA). Activities eligible under New Freedom are now eligible under the Enhanced Mobility of Seniors and Individuals with Disabilities program.

Projects selected for funding must be included in a locally developed, coordinated public transit-human services transportation plan; and the competitive selection process, which was required under the former New Freedom program, is now optional. At least 55 percent of program funds must be spent on the types of capital projects eligible under the former section 5310 -- public transportation projects planned, designed, and carried out to meet the special needs of seniors and individuals with disabilities when public transportation is insufficient, inappropriate, or unavailable.

The remaining 45 percent may be used for: public transportation projects that exceed the requirements of the ADA; public transportation projects that improve access to fixed-route service and decrease reliance by individuals with disabilities on complementary paratransit; or, alternatives to public transportation that assist seniors and individuals with disabilities. Using these funds for operating expenses requires a 50 percent local match while using these funds for capital expenses (including acquisition of public transportation services) requires a 20 percent local match.

State of Good Repair Grants (5337)

The FAST Act carries on this program which was created under the previous federal legislation. This is a grant program to maintain public transportation systems in a state of good repair. This program replaces the fixed guideway modernization program (Section 5309). Funding is limited to fixed guideway systems (including rail, bus rapid transit, and passenger ferries) and high intensity bus (high intensity bus refers to buses operating in high occupancy vehicle (HOV) lanes.) Projects are limited to replacement and rehabilitation, or capital projects required to maintain public transportation systems in a state of good repair. Projects must be included in a transit asset management plan (see next section) to receive funding. The new formula comprises: (1) the former fixed guideway modernization formula; (2) a new service-based formula; and (3) a new formula for buses on HOV lanes.

Bus and Bus Facilities Program (5339)

A new formula grant program is established under Section 5339, replacing the previous Section 5309 discretionary Bus and Bus Facilities program from previous transportation bills. This capital program provides funding to replace, rehabilitate, and purchase buses and related equipment, and to construct bus-related facilities. This program requires a 20 percent local match.

RVMPO STBG Funding In April of 2002, the RVMPO agreed to allocate a portion of its STBG funds to RVTD on an annual basis. This agreement was revisited in 2018 and the allocation was fixed at \$700,000 per annum. STBG funds are to be used for funding transit capital or maintenance and cannot be directly used to fund transit operations. However, the effect of this increased funding will be to free up funding for transit operations. The RTP assumes this funding for RVTD will continue through 2045.

STATE TRANSIT REVENUE SOURCES

State Special Transportation Fund (STF) ODOT's Public Transit section administers a discretionary grant program derived from state cigarette-tax revenues that provides supplementary support for transit-related projects serving the elderly and disabled. JCT uses their allocation for local match of other federal funds. A competitive process has been established for awarding STF funds, which are programmed on an annual basis.

Statewide Transportation Improvement Fund (STIF) – In 2017 the Oregon Legislature passed HB2017 which created a new funding source for transit. This fund source was divided into two components – one component of the fund is distributed by an agreed upon formula. The other segment of STIF funds (5% of the funds) are discretionary and are treated like a grant program. RVTD assumes that they will be moderately successful in acquiring these funds.

LOCAL TRANSIT REVENUE SOURCES

Farebox Revenues and Bus Pass Revenues Farebox revenues, the fares paid by users of transit systems, and bus-pass revenues both are fees paid directly by users of the transit system. Such fees cover about eleven percent of RVTD's operating costs.

Other Other funding includes local property taxes, a local special levy and local fund reserves.

9.3 REVENUE PROJECTIONS

INTRODUCTION

Projecting revenues over long time periods – in this case, 25 years – necessarily involves making several assumptions that may or may not prove valid. For example, changing social, economic and political conditions cannot be predicted, yet these factors play important roles in determining future funding levels for regional transportation system and local street improvement projects. In general, revenue projections for federal and state revenue sources described here rely on information provided by RVMPO member jurisdictions and ODOT.

RESPONDING TO RISK

Developing revenue forecasts over the long range requires assumptions about a broad range of unknowns, from fuel costs, consumption and sales, to levels of political support – federal, state and local – for transportation. A reasonable assumption, or set of assumptions, one year can change drastically with an election, or a shift in the economy. Circumstances underpinning some assumptions can change rapidly, such as enactment of a new transport act, while others, such as the recent downward tick in gasoline consumption, develop over months and years. Given the resulting level of uncertainty associated with assumptions in this plan, it is important to remember that the plan is reviewed and updated every four years. The frequent re-evaluation of the financial assumptions helps to ensure their usefulness.

The revenue estimates include assumptions that while responsible and solidly based on history may not come to pass. Long-range projections and listed projects should be considered with caution. To address a revenue shortfall, additional funds would have to be found, or some planned projects would have to be delayed.

Transportation System Plans (TSPs) are critical to the development of RTP project lists. Through the TSP process, needs on the local level are identified and addressed. Projects developed in TSPs flow into the RTP.

RVMPO RTP FUNDING FORECASTS, ASSUMPTIONS

Tables on the following two pages summarize the RTP funding forecasts through 2045.

Table 9.1 below shows the projected 25-year capital funding scenario for regional transportation system and local street projects. Transportation revenue estimates for RVMPO cities are shown by funding source.

Local revenue estimates are provided by the jurisdictions themselves and, as such, are not completely transferable in format from one jurisdiction to the other. Some local governments felt comfortable assuming a stream of revenue from grants (including STBG and CMAQ funds from the MPO) based on their previous history. Others preferred to cite only those funds that are historically collected or received.

Table 9.1 – Anticipated Revenue Streams through 2045

	State Gas Tax	SDCs	Other Local Sources	Anticipated Grants*	Totals
Ashland	\$ 2,695,530	\$ 3,100,000	\$ -	\$ 8,500,000	\$ 5,795,530
Central Point	\$ 11,567,211	\$ 4,000,000	\$ -	\$ -	\$ 15,567,211
Eagle Point	\$ 10,460,000	\$ 5,187,200	\$ 5,925,000	\$ 3,750,000	\$ 25,322,200
Jacksonville	\$ 3,830,890	\$ -	\$ -	\$ -	\$ 3,830,890
Jackson County	\$ 30,933,995	\$ 10,000,000	\$ -	\$ 22,000,000	\$ 62,933,995
Medford**	\$ 107,190,343				\$ 107,190,343
Phoenix	\$ 3,000,000	\$ 168,241	\$ 1,130,500	\$ -	\$ 4,298,741
Talent	\$ 8,261,542	\$ 4,000,000	\$ -	\$ -	\$ 12,261,542
STBG					\$ 56,184,645
CMAQ					\$ 52,500,000
COVID Relief					\$ 2,500,000
Total					\$348,385,097
<i>*Anticipated Grants include STBG and CMAQ funds through the MPO as well as state and other federal grant programs</i>					
<i>** The city of Medford provided their revenues in a somewhat different format</i>					

Table 9.2 below is a summary of RVTD’s revenue stream and Figure 9.5 on the next page is the City of Medford’s anticipated revenue stream.

Table 9.2 – RVTD Revenue Streams through 2045

Federal	\$ 193,803,143	\$ 94,469,286	S5307
		\$ 71,982,680	5311
		\$ 18,000,000	5309 & Capital
		\$ 9,351,177	5310
State	\$ 141,866,877	\$ 27,443,378	STF
		\$ 107,723,499	STIF
		\$ 6,700,000	STIF/Disc.
Local	\$ 122,051,300	\$ 50,068,620	Farebox
		\$ 71,982,680	Property Tax
STBG set aside	\$ 19,600,000	\$ 19,600,000	STBG Set aside

Figure 9.5 – City of Medford’s Anticipated Revenue

CITY OF MEDFORD | TRANSPORTATION SYSTEM PLAN 2018-2038

passed legislation to increase state transportation revenues are summarized in Table 2 for three time periods. These time periods include:

- First five years of the TSP (fiscal year 2018 through 2022)
- Second five years of the TSP (fiscal year 2023 through 2027)
- Last ten years of the TSP (fiscal year 2028 through 2038)

Table 2 City of Medford 20-Year Transportation Revenue Estimates

Budget Item	2018-2022	2023-2027	2028-2038
Revenue Estimates			
<i>Existing Revenue Sources:</i>			
State Gas Tax	\$ 23,500,000	\$ 23,500,000	\$ 47,000,000
Street System Development Charges (SDC)	\$ 8,750,000	\$ 8,750,000	\$ 17,500,000
Street Utility Fees	\$ 37,000,000	\$ 37,000,000	\$ 74,000,000
Miscellaneous (CBDG, grants, MURA, etc.)	\$ 3,500,000	\$ 3,500,000	\$ 7,000,000
<i>Total Estimated Revenue from Existing Sources</i>	<i>\$ 76,750,000</i>	<i>\$ 76,750,000</i>	<i>\$ 153,500,000</i>
<i>Anticipated Revenue Sources:</i>			
State Transportation Revenue Increase from HB 2017	\$ 6,484,160	\$ 9,887,520	\$ 20,209,600
Total Estimated Revenues	\$ 83,234,160	\$ 86,637,520	\$ 173,709,600
Fixed Expenditures			
Operating Expenses (staff, indirect, non-road capital)	\$ 49,000,000	\$ 49,000,000	\$ 98,000,000
Maintenance (includes 3% annual increase)	\$ 13,272,840	\$ 15,386,859	\$ 38,516,238
Loan Repayment (Foothill)	\$ 5,000,000	\$ 5,000,000	\$ 4,500,000
SDC Credits	\$ 2,250,000	\$ 2,250,000	\$ 4,500,000
Contingency	\$ 2,965,000		
Total Fixed Expenditures	\$ 72,487,840	\$ 71,636,859	\$ 141,016,238
Balance Available for Capital Street Projects	\$ 10,746,320	\$ 15,000,661	\$ 32,693,362
Fund Balance Carried Forward	\$ 30,000,000		
Total Revenue Available for Capital Projects	\$ 40,746,320	\$ 15,000,661	\$ 32,693,362
20-year Total Revenue Available for Capital Projects	\$ 88,440,343		

Please Note: In addition to the \$88,440,343 in anticipated revenue the city has also recently received \$15,500,000 in BUILD grant funding along with a county donation of \$3,250,000.

Table 9.3 on the next page shows estimated costs for implementation of the RTP projects through 2045.

The analysis shows there is adequate revenue for all regionally significant transportation projects planned by the jurisdictions. Planned projects for which funding cannot be identified are in the Tier 2 category.

Table 9.3 - Project Costs by Jurisdiction

Jurisdiction	Time Frame	Estimated Project Costs
Ashland	Short	\$ 1,616,648
	Medium	\$ -
	Long	\$ 11,701,586
Central Point	Short	\$ 5,499,000
	Medium	\$ 1,124,121
	Long	\$ 5,038,488
Eagle Point	Short	\$ 1,263,423
	Medium	\$ 3,250,000
	Long	\$ 10,925,000
Jacksonville	Short	\$ -
	Medium	\$ -
	Long	\$ -
Jackson Co.	Short	\$ 19,828,000
	Medium	\$ 18,000,000
	Long	\$ 39,500,000
Medford	Short	\$ 59,435,000
	Medium	\$ 21,564,000
	Long	\$ 21,040,000
Phoenix	Short	\$ -
	Medium	\$ 2,999,500
	Long	\$ 770,000
Talent	Short	\$ 1,400,000
	Medium	\$ 5,040,000
	Long	\$ 8,730,000
TOTAL PROJECT COSTS		\$ 238,724,766