

Chapter 12 – Financial Capacity and Fiscal Constraint

The fiscal portion of the Plan addresses the existing and potential funding resources currently available and projected to be available for implementation of the Long Range Transportation Plan. Financing techniques and available funding resources are described and discussed. Projected funding available for implementing the LRTP is critical for creating a fiscally constrained project list. Reviewing the financial capacity of the region ensures that the Plan can be implemented over the next 24 years.

Revenue

MoDOT

Funding for the Missouri Department of Transportation consists of both federal and state revenue as well as proceeds received from the sale of bonds. MoDOT combines Federal Transit Administration and Federal Highway Administration funding estimates with state transportation revenue projections to project funding for transportation improvements and includes them in the Statewide Transportation Improvement Program. Ozarks Transportation Organization uses these projections in determining financial constraint.

The largest source of transportation revenue for MoDOT is from the federal government that includes the 18.4-cents per gallon tax on gasoline and 24.4-cents per gallon tax on diesel fuel. Other sources include various taxes on tires, truck and trailer sales, and heavy vehicle use. These highway user fees are deposited in the federal Highway Trust Fund and distributed to the states based on formulas prescribed by federal law through transportation funding acts. This revenue source also includes multimodal and highway safety grants. Approximately 37 percent of MoDOT's transportation revenue comes from the federal government.

The next largest source of MoDOT's transportation revenue is from the state fuel tax. Fuel taxes represent the state share of revenue received from the state's 17-cent per gallon tax on gasoline and diesel fuels which must be spent on highways and bridges. This revenue source also includes a 9-cent per gallon tax on aviation fuel which must be spent on airport projects. These tax revenues provide approximately 30 percent of transportation revenues. The state motor fuel tax is not indexed to keep pace with inflation, and no rate increase has occurred since 1996.

MoDOT receives a portion of the state sales and use taxes paid upon the purchase or lease of motor vehicles. This revenue source also includes the sales tax paid on aviation fuel which is dedicated to airport projects. These tax revenues provide approximately 13 percent of transportation revenues. Motor vehicle sales tax is the one state revenue that has recently provided additional resources to transportation. In November

2004, voters passed Constitutional Amendment 3, which set in motion a four-year phase in, redirecting motor vehicle sales taxes previously deposited in the state's general revenue fund to a newly created State Road Bond Fund. In state fiscal year 2009, the process of redirecting motor vehicle sales taxes to transportation was fully phased in, and the rate of growth in this revenue source slows dramatically. Future projected growth in this category is less than the rate of increase in construction and maintenance costs, therefore not keeping pace with inflation.

Vehicle and driver licensing fees include the state share of revenue received from licensing motor vehicles and drivers. This revenue source also includes fees for railroad regulation which are dedicated to multimodal programs. These fees provide approximately 13 percent of transportation revenues. Similar to motor fuel tax, the motor vehicle and driver licensing fees are not indexed to keep pace with inflation, and there have been no annual registration fee increases since 1984.

The interest earned on invested funds and other miscellaneous collections provides approximately 6 percent of transportation revenues. During the Amendment 3 bonding program, cash balances in state transportation funds have been higher than historic levels. The cash balance in state transportation funds at the beginning of fiscal year 2010 is expected to be approximately \$473 million. Bond proceeds are received in large increments and are paid out over time as project costs are incurred. When the Amendment 3 projects are completed, the balance of state transportation funds will be substantially less, and interest income will also decline. Other miscellaneous collections include construction cost reimbursements from local governments and other states, proceeds from the sale of surplus property and fees associated with the Missouri logo-signing program.

The state General Revenue Fund provides approximately 1 percent of transportation revenue. It is appropriated by the Missouri General Assembly for multimodal programs.

While not a true revenue, bonding is a method of financing used by the Missouri Highways and Transportation Commission (MHTC) to receive the best value for every dollar spent. Statutory authority was established in May 2000 for the MHTC to begin selling bonds, now called senior lien bonds. The senior lien bonds were limited to a total issuance of not more than \$2.25 billion. The lien was closed after \$907 million was issued from 2000 to 2003. The MHTC will issue no additional bonds under this lien.

In November 2004, Constitutional Amendment 3 was approved by the voters of Missouri. Amendment 3 redirects motor vehicle sales taxes to transportation. In accordance with this constitutional change, MoDOT began selling bonds and dedicated the funds to the Smoother, Safer, Sooner program. The Amendment 3 revenues are used for principal and interest payments on Amendment 3 debt. MoDOT has completed all Amendment 3 bond sales.

In fiscal year 2009, MoDOT sold \$142 million of bonds for a portion of the new Interstate 64, a design-build project in the St. Louis region. For the first time, MoDOT secured bonds primarily with federal funds, rather than state funds. These bonds are called Grant Anticipation Revenue Vehicle (GARVEE) bonds. In fiscal year 2010, MoDOT sold \$100 million additional GARVEE bonds for the new Mississippi River Bridge project and \$685 million for the Safe and Sound Bridge Improvement Program. The GARVEE principal and interest is scheduled to be repaid through state fiscal year 2033. MoDOT has completed all planned GARVEE bond sales.

Along with federal and state revenue, existing cash balances are used each year to remain fiscally constrained. The existing cash balances are made up of federal revenue and state revenue that have been deposited into MoDOT funds such as the State Road Fund, State Highways and Transportation Department Fund, and the State Road Bond Fund. Cash balances in state transportation funds have been higher than historic levels due to MoDOT's bonding program. These funds are considered available for funding highway and bridge construction projects.

Local

Most of the transportation revenue for local agencies is received through sales tax. Many communities have a sales tax dedicated to transportation. Most of the communities within the OTO boundary are experiencing a decline or no increase in sales tax revenue. While local jurisdictions in the OTO region will be able to continue to have locally funded transportation projects, there will not be the same level of revenue available as in past years when sales tax revenue was increasing.

Transportation Sales Tax

- The Cities of Nixa, Republic, and Springfield all have voter approved transportation sales taxes. Nixa has a ½-cent tax, Republic has two ¼-cent taxes, and Springfield has a 1/8-cent tax. Other jurisdictions do not have a transportation sales tax in place, but could elect to enact one.

Development Agreements

- A city or county may enter into agreements with developers to fund capital improvements with tax revenues generated by the new development. Typically the developer builds the improvement and is reimbursed by utilizing up to 50 percent of the sales tax generated by the business activity. Projects are usually funded up to a set amount plus interest and paid back over three to five years.

Missouri Transportation Finance Corporation

- The Missouri Transportation Finance Corporation (MTFC) is financed by federal highway funds and transit funds, as well as state and local matching funds. The Corporation may loan money to finance projects or provide collateral to gain favorable financing elsewhere. A local corporation is usually established to participate in the funding. The funds available under the MTFC are available throughout the State of Missouri and are applied for competitively. The funds are paid back to the Corporation following the construction of projects.

These funds will rollover and subsequent projects will not have the federal requirements associated with the project. Currently, most of the funds available under the Corporation are programmed for projects.

Neighborhood Improvement District (or Community Improvement Districts)

- State law authorizes cities and counties to establish Neighborhood Improvement Districts (NIDs) and Community Improvement Districts (CIDs) for the purpose of improving public infrastructure. Once established, the jurisdiction may issue temporary notes and long-term general obligation (GO) bonds (up to 20 years) to pay for improvements. Bonds are repaid through a special assessment on the properties within the district. NIDs and CIDs require the support of a majority of the property owners within the district and City Council or County Commission approval.

County Funding Sources

- Counties use property tax and sales tax revenue to fund capital improvements such as street widening improvements.

Strategy to Implement Plan Goals

- ***OTO jurisdictions, who do not already have one, should explore the creation of a transportation sales tax to provide additional opportunities for matching federal funds and cost sharing on MoDOT projects.***
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Development Participation

A primary transportation objective is to ensure that major thoroughfare improvements are implemented in a timely manner and that the costs of these improvements are shared equitably between the public and private sectors. The OTO has determined the appropriate responsibility for funding projects based on the street classification, and whether or not the project is a new facility.

Local and Collector Streets

- For new streets, the proposed development is responsible for all costs.
- For improvement to existing streets, the jurisdiction ordinarily pays all costs unless a development on the abutting property is solely responsible for creating the needed improvement. In the latter case, the developer should be required to make the needed improvements.

Primary and Secondary Arterials

- For new streets, the developer of the abutting land should be required to pay for the cost of upgrading a street to collector standards, and the jurisdiction finances the additional pavement needed for an arterial street.
- For existing streets, the jurisdiction primarily pays for the improvements unless a development on the abutting property is primarily responsible for creating the needed improvement. In this case, the developer should be required to pay for upgrading the street to collector standards and the jurisdiction finances the additional pavement needed for an arterial street.

Expressways

- The jurisdiction, in conjunction with MoDOT normally bears the cost of constructing and upgrading expressways. A developer does not participate in the financing of expressways because the city, county, or state ordinarily acquires the access rights to abutting properties when it acquires the right-of-way.

Many new roadway improvements in the area are financed through shared expenditures from the private sector and from public means.

Strategy to Implement Plan Goals

- ***Cities, counties, and MoDOT should continue to work together on inter-governmental methods of financing transportation improvements and should continue to work with the private sector to ensure that the costs of new roadway improvements are equitably shared between all benefiting parties.***
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Programmed Projects, 2012-2015 TIP

The OTO has already programmed projects through Fiscal Year 2015. These can be seen in Appendix J.

Funding Projections

The funding projections begin with the conclusion of the TIP in 2015 and carry through the end of the Plan timeframe of 2035. The OTO, as a singular organization, plans, programs, and authorizes improvement, expansion, or maintenance revenues, and receives an annual sub-allocation of Surface Transportation Program funds for capital planning or engineering improvements.

Federal and State Revenue Estimated Projections

Table 34 - OTO Funding Projections, 2015-2035

Source: Ozarks Transportation Organization, Missouri Department of Transportation

Funding Source	2015	2016	2017	2018	2019	2020	2021
Safety	\$3,300,000	\$4,210,000	\$950,750	\$965,228	\$979,927	\$994,850	\$1,010,000
Flexible	\$15,150,000	\$19,050,000	\$2,682,809	\$2,723,664	\$2,765,141	\$2,807,250	\$2,850,000
Major Projects	\$10,510,000	\$16,620,000	\$3,878,307	\$3,937,367	\$3,997,327	\$4,058,200	\$4,120,000
STP-Urban	\$31,580,450	\$4,345,215	\$4,432,120	\$4,520,762	\$4,611,177	\$4,703,401	\$4,797,469
Fed Discretionary	\$500,000	\$510,000	\$520,200	\$530,604	\$541,216	\$552,040	\$563,081
Cost Share	<u>\$19,298,609</u>	\$2,550,000	\$2,601,000	\$2,653,020	\$2,706,080	\$2,760,202	\$2,815,406
Small Urban	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	<u>\$80,339,059</u>	<u>\$47,285,215</u>	<u>\$15,065,186</u>	<u>\$15,330,645</u>	<u>\$15,600,868</u>	<u>\$15,875,943</u>	<u>\$16,155,956</u>

Funding Source	2022	2023	2024	2025	2026	2027	2028
Safety	\$1,040,000	\$1,070,000	\$1,100,000	\$1,140,000	\$1,170,000	\$1,210,000	\$1,240,000
Flexible	\$4,850,000	\$6,680,000	\$7,450,000	\$7,230,000	\$6,960,000	\$8,760,000	\$8,760,000
Major Projects	\$1,850,000	\$3,680,000	\$4,450,000	\$4,230,000	\$3,960,000	\$5,760,000	\$5,760,000
STP-Urban	\$4,893,418	\$4,991,287	\$5,091,112	\$5,192,935	\$5,296,793	\$5,402,729	\$5,510,784
Fed Discretionary	\$574,343	\$585,830	\$597,546	\$609,497	\$621,687	\$634,121	\$646,803
Cost Share	\$2,871,714	\$2,929,148	\$2,987,731	\$3,047,486	\$3,108,436	\$3,170,604	\$3,234,017
Small Urban	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	<u>\$16,079,475</u>	<u>\$19,936,265</u>	<u>\$21,676,389</u>	<u>\$21,449,918</u>	<u>\$21,116,916</u>	<u>\$24,937,454</u>	<u>\$25,151,604</u>

Funding Source	2029	2030	2031	2032	2033	2034	2035
Safety	\$1,280,000	\$1,320,000	\$1,360,000	\$1,400,000	\$1,440,000	\$1,480,000	\$1,530,000
Flexible	\$8,510,000	\$7,640,000	\$7,340,000	\$7,060,000	\$6,790,000	\$6,490,000	\$6,170,000
Major Projects	\$5,510,000	\$4,640,000	\$4,340,000	\$4,060,000	\$3,790,000	\$3,490,000	\$3,170,000
STP-Urban	\$5,620,999	\$5,733,419	\$5,848,088	\$5,965,049	\$6,084,350	\$6,206,037	\$6,330,158
Fed Discretionary	\$659,739	\$672,934	\$686,393	\$700,121	\$714,123	\$728,406	\$742,974
Cost Share	\$3,298,697	\$3,364,671	\$3,431,964	\$3,500,604	\$3,570,616	\$3,642,028	\$3,714,868
Small Urban	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	<u>\$24,879,435</u>	<u>\$23,371,024</u>	<u>\$23,006,445</u>	<u>\$22,685,774</u>	<u>\$22,389,089</u>	<u>\$22,036,471</u>	<u>\$21,658,000</u>

Funding Source	TOTAL (2015-2035)
Safety	<u>\$30,190,755</u>
Flexible	<u>\$148,718,864</u>
Major Projects	<u>\$105,811,201</u>
STP-Urban	<u>\$137,157,752</u>
Fed Discretionary	<u>\$12,891,658</u>
Cost Share	<u>\$81,256,901</u>
Small Urban	<u>\$0</u>
TOTAL	<u>\$516,027,131</u>

Local Revenue

The growth rate applied to the local sales and property taxes varies between 1 percent and 1.5 percent.

Table 35 - OTO Local Revenue, 2015-2035

Source: Ozarks Transportation Organization and Member Jurisdictions

Local Sales Tax/ Property Tax	Amount Generated Annually	Amount Generated 2015-2035	Amount Allocated to LRTP Projects
City of Springfield 1/8 cent	\$4,287,240	\$104,714,236	\$51,309,975
City of Nixa 1/2 cent	\$937,500	\$22,898,087	\$11,449,044
City of Republic 1/2 and 1/4 cent	\$1,243,500	\$27,229,620	\$10,891,848
Greene County Sales Tax	\$3,670,952	\$96,772,553	\$0
Christian County Property Tax	\$176,667	\$4,657,234	\$2,328,617
TOTAL	\$10,315,859	\$256,271,730	\$75,979,484

Each jurisdiction receives a distribution from motor fuel taxes as well as vehicle sales and use taxes. The projections shown here do not assume any inflation or revenue increases.

Table 36 - OTO Local Revenue, 2015-2035

Source: Ozarks Transportation Organization and Member Jurisdictions

Jurisdiction	2010 Distribution	2015-2035 Total Distribution	Amount Allocated to LRTP Projects
Battlefield	\$89,433	\$1,788,660	\$894,330
Christian County	\$1,276,411	\$25,528,220	\$2,000,000
Greene County	\$3,254,899	\$65,097,980	\$46,900,000
Nixa	\$454,625	\$9,092,500	\$4,546,250
Ozark	\$362,418	\$7,248,360	\$1,500,000
Republic	\$328,632	\$6,572,640	\$0
Springfield	\$5,683,942	\$113,678,840	\$0
Strafford	\$69,184	\$1,383,680	\$691,840
Willard	\$122,162	\$2,443,240	\$1,221,620
TOTAL	\$11,641,706	\$232,834,120	\$57,754,040

Greene County allocates a portion of its Road and Bridge fund to local jurisdictions within the County.

Table 37 - Greene County Allocation to Local Jurisdictions, Forecasted through 2035
 Source: Greene County

Jurisdiction	Amount Generated Annually	Amount Generated 2015-2035	Amount Allocated to LRTP Projects
City of Republic	\$95,000	\$950,000	\$356,617
City of Battlefield			
City of Strafford			
City of Willard			
TOTAL	\$95,000	\$950,000	\$356,617

Total Revenue from All Sources

Table 38 - Total Revenue from All Sources
 Source: Ozarks Transportation Organization and Member Jurisdictions, Missouri Department of Transportation

State and Federal	<u>\$516,027,131</u>
Local Sales	<u>\$75,979,484</u>
Motor Fuel and Vehicle	\$57,754,040
Greene County Road and Bridge	\$356,617
TOTAL REVENUE	<u>\$650,117,272</u>

This total available revenue will be used to constrain the list of project needs.

Transit Revenue

The funding projections for Fixed Route Operating Assistance to the region assume no growth in funding from the Federal Transit Administration or MoDOT. The Local funding assumes a 5 percent per year increase.

Table 39 - Transit Revenue, 2015-2035

Source: City Utilities Transit

Funding Source	2015-2025	2026-2035	Total
FTA 5307 – Fixed Route Operating Assistance	\$9,619,115	\$8,744,650	\$18,363,765
MoDOT	\$396,000	\$360,000	\$756,000
Local	\$106,001,655	\$160,511,791	\$266,513,447
TOTAL	\$116,016,770	\$169,616,441	\$285,633,212