



Chapter 8: Financial Resources

Moving Martin Forward includes plans for future capital investment in transportation infrastructure as well as ongoing operating and maintenance expenses. The financial resources is a key component of the overall LRTP, as it provides an overview of the financial resources that are projected to be available through 2040. The financial resources identified in this section were used to prioritize future roadway and transit investments in a ‘constrained’ scenario limited to existing and reasonably likely funding sources. This includes information on the Federal funding programs for highways and public transportation, Florida Department of Transportation (FDOT) funding programs and revenue estimates, and local option gas tax revenues and transportation impact fees. The information utilized are listed below and in Appendix D.

- 2040 Revenue Forecast and Supplement and Appendix
- Metropolitan Planning Organization Advisory Council (MPOAC) Federal Guidelines
- Local Government Financial Handbook

In general, transportation revenues have declined over the past several decades. The financial resources analysis conducted for the 2040 LRTP shows that trend is expected to continue. Fuel tax revenues have declined based on a dated federal funding mechanism. Although vehicle efficiency standards are desirable for the nation’s long term economic and environmental health, the increase in vehicle efficiency has also resulted in less fuel consumption and lower tax revenue based on the current fuel tax structure.



Methodology

According to Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) regulations (Statewide and Metropolitan Planning Rule – 72 Federal Register 7224) adopted in 2007, the LRTP financial plan must be developed through a year of expenditure (YOE) approach, rather than in a base year approach as was done in the past. The rationale for this requirement is that cost estimates for transportation improvement projects in LRTPs have traditionally understated the costs of the improvements by not taking the effects of inflation into account.





Converting the revenues and costs to YOE dollars presents a more accurate depiction of the financial resources associated with the LRTP.

FDOT’s guidelines for estimating and presenting future revenues, as described in the *2040 Revenue Forecast Handbook* and subsequent supplements, revisions, and workshops, are followed in this review. The adopted Martin MPO Transportation Improvement Programs (TIP) is the source for near-term revenue forecasts. Funding levels and sources for long-range periods covered in the LRTP are identified in the *Revenue Forecast Handbook*. Revenue estimates in the Plan cover the 2021 to 2025, 2026 to 2030, and 2031-2040 periods. Revenue growth rates for key local revenue sources, including fuel taxes, impact fees, and transit funding (General Fund matches) were developed in consultation with local government staff. Revenue streams distributed by the State via FDOT include the following programs

- Strategic Intermodal System funding (SIS)
- Other Arterials & Product Support (OA)
- Transportation Management Area (TMA), also called SU funds
- Technical and operating/ capital assistance for transit

Table 8-1 presents a summary of the Federal and State capacity funding projections for the 2040 Martin LRTP.

Table 8- 1. Federal and State Capacity Funding Projections (2021-2040)

Revenue Source ^(1, 2) (2021-2040)	Total (Millions of Dollars)
Non-SIS / Other Arterials (OA) Right-of-Way (ROW) and Construction	\$110.90
Transportation Management Area (TMA) Funding (SU) ⁽³⁾	\$35.56
Transportation Alternatives in TMA Areas (TALU) ⁽³⁾	\$3.50
Transit	\$66.10

⁽¹⁾ FDOT Strategic Intermodal System (SIS) funding is shown in the Appendix for informational purposes.

⁽²⁾ FDOT has reserved funds in the 2040 Revenue Forecast to carry out its responsibilities and achieve its objectives for the non-capacity programs on the State Highway System in each metropolitan area.

⁽³⁾ Assumes 35% of the total TMA funds allocated to the Martin/St. Lucie Urbanized Area.



Grant programs such as Transportation Regional Incentive Program (TRIP) are included in the Financial Resources Assessment, but are not included in the capacity revenue stream anticipated to be available for purposes of the Cost Feasible Plan in order to provide a conservative analysis.

In addition to Federal and State sources, there are several local level revenue sources for transportation improvements incorporated into the analysis including the 2nd local option fuel tax, transportation impact fees, and general fund matches for Transit. Most components of local option fuel taxes (other than the 2nd local option fuel tax) are typically used for roadway maintenance; therefore, these components of the fuel tax are not considered to be available for the capital revenue forecasts incorporated into the Cost Feasible Plan tables.

Table 8-2 presents a summary of the local level transportation revenue projections for the 2040 Martin LRTP.

Table 8- 2. Local Source Revenue Projections (2021-2040)

Revenue Source (2021-2040)	Total (Millions of Dollars)	Typical Uses
<u>Fuel Taxes</u>		
1 st Local Option Fuel Tax (6 cents)	\$88.26	Operations and Maintenance
2 nd Local Option Fuel Tax (5 cents)	\$66.19	Capital ⁽¹⁾
9 th Cent (1 cent)	\$17.79	Operations and Maintenance
Constitutional (2 cents)	\$39.42	Operations and Maintenance
County (1 cent)	\$17.79	Operations and Maintenance
<u>Impact Fees</u>	\$62.00	Capital ⁽¹⁾
<u>Transit</u>	\$13.50	Both Capital and Operations/Maintenance

⁽¹⁾ Only capital sources were used to estimate available local revenue for LRTP capacity projects.

The last two fuel taxes are imposed by the State and distributed to the Counties, while the remaining three are local option gas taxes that can be imposed by each county.



1st Local Option Fuel Tax (6 cents)

The 6-Cent Local Option Fuel Tax (LOFT) is a tax of 6.0 cents on every gallon of motor and diesel fuels sold within a county. Local option fuel taxes must be used for establishing, operating, and maintaining a transportation (including public transit) system. These funds may be used for both operating and maintenance expenditures.

2nd Local Option Fuel Tax (5 cents)

The Second LOFT is a tax of 5.0 cents per gallon of motor fuel sold in a county. The State Department of Revenue administers the tax and distributes the net tax proceeds to the counties. The proceeds may be used for transportation expenditures needed to meet the requirements of the capital improvements element of an adopted comprehensive plan, including public transportation. The proceeds may not be used for operations and maintenance.

9th cent (1 cent)

The Ninth-Cent Fuel Tax is a tax of 1.0 cent on every gallon of motor and diesel fuels sold within a county. Local option fuel taxes must be used for establishing, operating, and maintaining a transportation (including public transit) system. The proceeds are to be used for establishing, operating, and maintaining a transportation system, including both maintenance and operating expenditures. Counties are authorized to expend funds in conjunction with the state or federal government for joint transportation projects.

Constitutional Gas Tax

The Constitutional Gas Tax is currently set at 2.0 cents per gallon. Twenty percent of revenues from this tax are returned to the county in which it was collected, while the remaining eighty percent is pledged back to the State's roads and bridges bonds. If no such State bonds exist, then the remaining funds are remitted back to the county in which it was collected. By statute, the Constitutional Gas Tax must be used for the acquisition, construction and maintenance of roads.

County Gas Tax

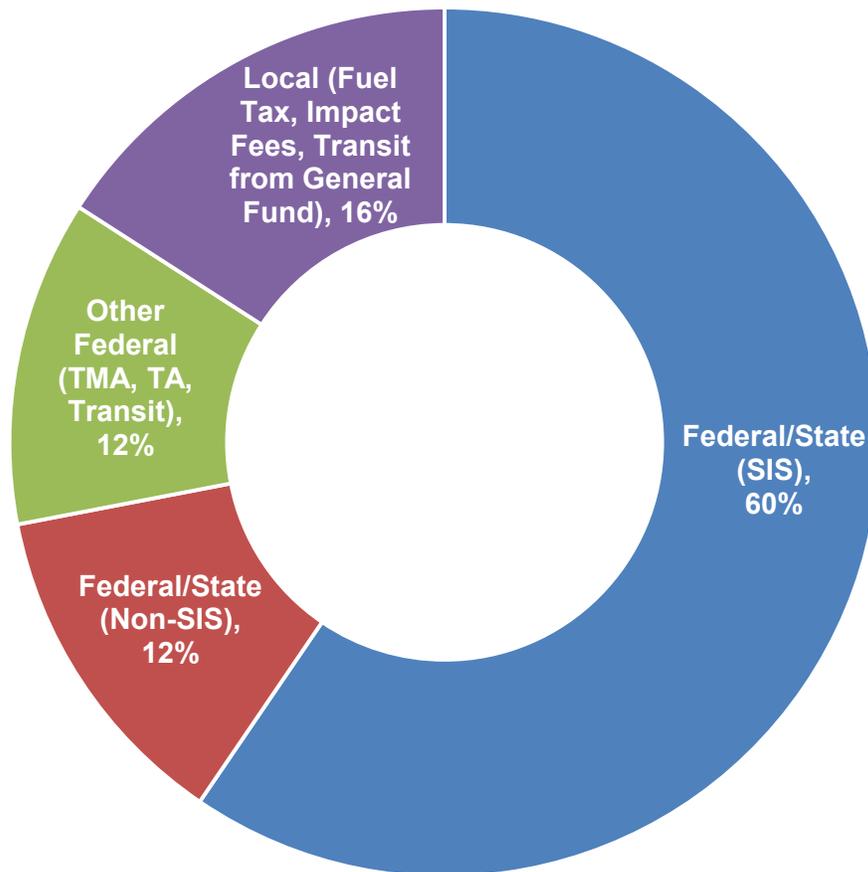
The County Gas Tax is a tax of 1.0 cent per gallon of motor fuel sold in a county. The State Department of Revenue administers the tax and distributes the net tax proceeds to the counties. This tax may be used solely for the acquisition of rights-of-way; the construction, reconstruction,



operation, maintenance, and repair of transportation facilities, roads, bridges, bicycle paths, and pedestrian pathways; or at the reduction on bonded indebtedness incurred for transportation purposes.

Base Revenue Forecast

Figure 8- 1. Base Revenue Forecast





Federal/State (SIS)

From the base revenue forecast, 60% of the transportation expenditure are anticipated to be Federal/State (SIS) funds. All of the funds are from Federal and State sources.

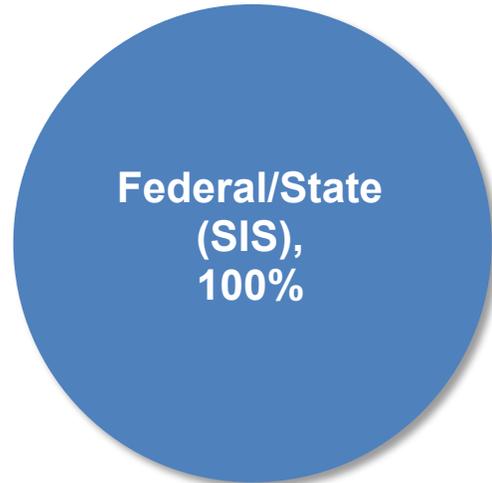


Figure 8- 2. Federal/State (SIS) Funds

Federal/State (Non-SIS)

From the base revenue forecast, 12% of the transportation expenditure are anticipated to be Federal/State (Non-SIS) funds. All of the funds are from Federal and State sources.



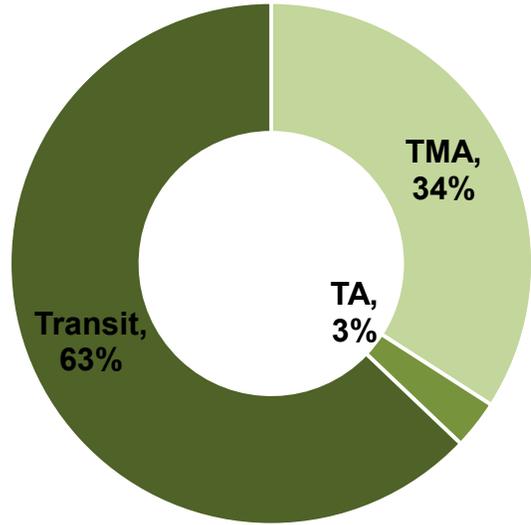
Figure 8- 3. Federal/State (Non-SIS) Funds



Other Federal (TMA, TA, Transit)

From the base revenue forecast, 12% of the transportation expenditure are anticipated to be Other Federal funds. The Other Federal funds consists of 34% of Transportation Management Area (TMA), 3% of Transportation Alternatives (TA), and 63% of Transit.

Figure 8- 4. Other Federal (TMA, TA, Transit) Funds



Local (Fuel Tax, Impact Fees, Transit from General Fund)

From the base revenue forecast, 16% of the transportation expenditure are anticipated to come from Local funds (Fuel Tax, Impact Fees, and Transit from General Funds). The Local funds consists of 47% of Fuel Tax, 10% of Transit, and 43% of Impact Fees. From the 47% of the Fuel Tax, 71% goes towards Roadway Operations and Maintenance and 29% for Roadway Capital.

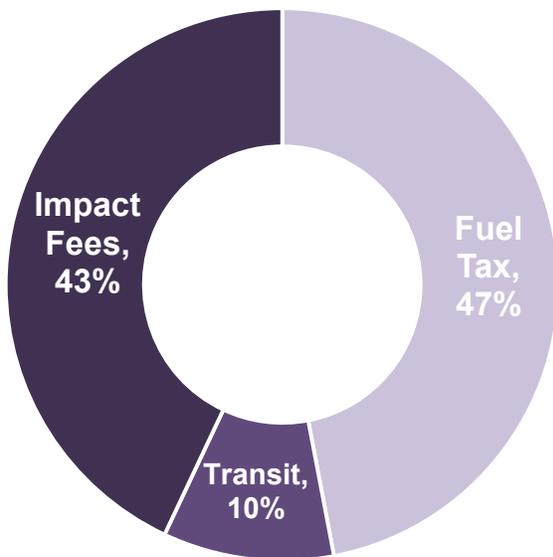


Figure 8- 5. Local (Fuel Tax, Impact Fees, Transit from General Funds) Funds

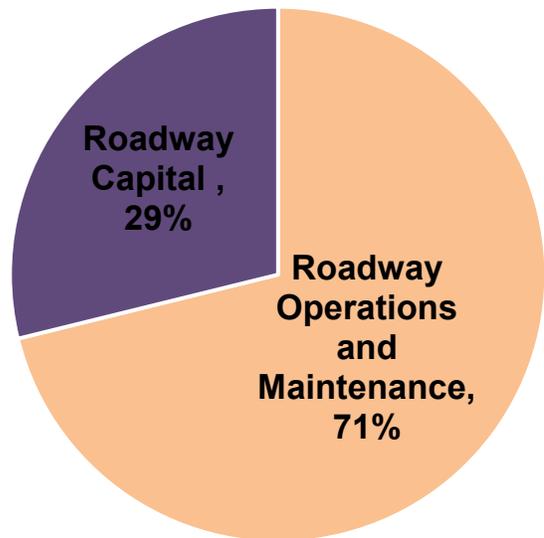


Figure 8- 6. Fuel Tax



Project Cost Estimates

Project costs estimates used in developing the Multimodal Cost Feasible Plan (CFP) are estimated in YOE dollars as outlined in the 2040 Revenue Forecast Handbook and subsequent supplements, revisions, and workshops. The YOE costs were estimated by applying inflation factors provided by FDOT. The inflation factors for a project cost in 2015 present day dollars are in Table 8-3. *Moving Martin Forward* uses the FY 2014/2015 as the base year and FY 2039/2040 as the horizon year.

Table 8- 3. Inflation Factors

Timeframe	Inflation Factors
2021-2025	1.27
2026-2030	1.50
2031-2040	1.91

Summary of Cost Estimates for Needs Plan Projects

Cost estimates were developed based on generic cost per mile models. Per mile costs were identified for base construction costs and then multiplied by the length of the project (in miles). Then, percentages increases were applied for 10% for maintenance of traffic (MOT), mobilization, and scope contingency/project unknown. Right-of-way costs were estimated based on a generic land value and the approximate right-of-way needed to accommodate the proposed future number of lanes. Then, the total construction cost was increased by factors to represent 15% of preliminary engineering (PE) and 15% construction, engineering, and inspection (CEI) for state roads and 10% of CEI for county roads. The cost estimates for the Roadway Needs Plan are listed for the present day value of 2015 as well as the LRTP implementation timeframes of 2021 to 2025, 2026 to 2030, and 2031 to 2040. Steps for the Non-Motorized Needs Plan cost were similar. The transit cost information was developed from the Transit Development Program. The cost estimates for the SIS Needs Plan were taken from the SIS CFP 2024-2040 and Modal Unfunded Needs Plan. Appendix D-4 summarizes the Roadway Project Cost, SIS Project Cost, Transit Project Cost, and Non-Motorized Project Cost.