SECTION 5

Financial Analysis

Regional Funding Opportunities

This section identifies funding mechanisms and types of debt available for the transportation improvements listed in Section 6 of this Plan. These mechanisms include new sources provided through local, state and federal legislation.

City/County/Highway District Funds

City/county revenue resources can be categorized as either restricted or unrestricted. Unrestricted revenue is available for transportation to the extent that transportation needs can compete with the many other local government needs. Restricted revenue is funding collected through specific enabling legislation limiting how much can be collected as well as how it can be spent.

General Funds

General funds include all local funds subject to appropriation by the governing body—property taxes, local option sales taxes, utility taxes, general state shared revenues, business license fees, etc. These funds may be used for transportation purposes.

Restricted Funds

The State of Idaho enables local jurisdictions and highway districts to impose various local revenue options:

a. A vehicle registration fee of up to $25.00 per vehicle. These funds must be used by the jurisdictions on operating, maintaining, or improvements to the road system.
b. Local property tax levy for highway districts. These funds are required to be used by the districts for operating, maintenance, or improvements to the road system.
c. Impact fees are generally imposed as a condition for development to ensure adequate capital facilities are built. The fees must follow an established procedure and criteria that guard against duplication of fees for the same impact. The fees are only for system improvements that are “reasonably” related to the development and they are set to reflect the proportionate share of the system improvements costs directly impacted by the development.

The primary funding sources open to local public agencies are property taxes and special levies. Table 5.1 depicts the available City, County and Highway District funding options and the most common types of projects. The table is meant to be an informative guide as to funding possibilities.

Table 5.1 City/County/Highway District Funding Options

Primary Project Type		Property Tax	Liability Insurance Tort	Special Levy Taxes	Sale of Property or Equipment	Interest Income	General Fund Transfer	Proceeds Bond Sales & LID's	Receipts from other Local Gov't	Receipts from Local Gov't Contracts	Local Impact Fees	Local Option Registration	All Other Local
Roadway	New Construction	⊗	X	⊗			X	X	X	X	X	X	X
	Major Rehabilitation	⊗	⊗	⊗			X	X	X	X	X	X	X
	Widening	⊗	⊗	⊗			X	X	X	X	X	X	X
	Resurfacing	⊗	⊗	⊗			X	⊗	X	X	X	X	X
	Intersection Improvements	⊗	⊗	X			X	X	X	X	X	X	X
Bridge	New Construction	X	X				X	⊗			X	X	X
	Replace	X	X				X	⊗			X	X	X
	Rehabilitation	X	X				X	⊗			X	X	X
Signal			⊗	X			X	X			X	X	X
Congestion			⊗	⊗			X	X			X	X	X
Railroad			X	⊗				⊗					
Path/Trail				⊗			X	X				X	
Curb, Gutter, Sidewalk				⊗			X	X	X	X	X	X	X
Landscaping		X		⊗			X	X		X	X		X
Public Transportation				⊗	X	⊗	X	X					X
Safety		X	X	⊗			X		X	X	X	X	X

Notes:

⊗ Typical funding source for this type of project. Most projects of this type are funded in this source.

X Other possible funding sources.

* ST, IM, NHS, STR-State, and STP-State funding is not directly available to Local Public Agencies. Local Public Agencies may partner with ITD on State routes for these funds. A typical example of partnering with ITD would be to include LPA work with an ITD project on a State route.

Special Property Taxes

Additional taxes can be authorized by voters, usually *to* finance projects through the purchase of general obligation or revenue bonds. If the proposed amount is above the statutory limitation for a jurisdictions' taxing rate, it must be approved by 66 percent of voters with 40 percent turnout. If it is below the legal limitation, a simple majority is sufficient (usually called a "lid lift"). The tax may be temporary or permanent.

Other Dedicated Governmental Funds for Transportation Purposes

Local Improvement Districts

Special taxing districts for transportation purposes can be created by cities and/or counties. This allows for the acquiring, constructing, improving, providing, and funding of any city street, highway district, or state highway improvement within the district. With voter approval, the District has authority to levy property tax and issue general obligation bonds.

Federal and State Financial Assistance

SAFETEA-LU

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), provides $286.4 billion in guaranteed funding for federal surface transportation programs over five years through FY 2009, including $52.6 billion for federal transit programs – a 46% increase over transit funding guaranteed in SAFETEA-LU's predecessor, TEA-21.

The Idaho Transportation Department (ITD) administers the allocation of SAFETEA-LU and State funds to each urban and rural area. This regional allocation is distributed on a competitive basis.

Community Development Block Grant (CDBG)

These federal funds are available to cities and counties for a variety of public facilities (including housing and economic development projects which benefit low to moderate income households).

Table 5.2 depicts the available funding categories for Federal-aid work and the most common types of projects. The primary sources open to the Local Public Agencies are STP, CM/AQ, Bridge and RHF. The table is meant to be an informative guide as to funding possibilities.

Table 5.2 Funding Categories for Federal-Aid Work

Primary Project Type		STP-Local Rural	STP-Local Urban	STP-Safety	STP-Enhancement	CM/AQ	Bridge	RHF-Local	*ST-State	*IM-Interstate Maintenance	*NHS-Nat'l Highway System	*STR(RHF)-State	*STP-State
Roadway	New Construction	⊗	⊗						X	X	X		X
	Major Rehabilitation	⊗	⊗						X	X	X		X
	Widening	⊗	⊗						X	X	X		X
	Resurfacing	⊗	⊗					⊗	X	X	X	X	X
	Intersection Improvements	⊗	⊗	X		X			X	X	X		X
Bridge	New Construction	X	X				⊗	⊗		X	X	X	X
	Replace	X	X				⊗	⊗		X	X	X	X
	Rehabilitation	X	X				⊗	⊗		X	X	X	X
Signal			⊗	X		X				X	X		X
Congestion			⊗			⊗				X	X	X	X
Railroad				⊗				⊗					
Path/Trail					⊗	X							
Curb, Gutter, Sidewalk			X		X				X	X	X		X
Landscaping		X	X		⊗					X	X		X
Public Transportation						⊗							X
Safety		X	X	⊗					X	X	X	X	X

Notes:

⊗ Typical funding source for this type of project. Most projects of this type are funded in this source.

X Other possible funding sources.

* ST, IM, NHS, STR-State, and STP-State funding is not directly available to Local Public Agencies. Local Public Agencies may partner with ITD on State routes for these funds. A typical example of partnering with ITD would be to include LPA work with an ITD project on a State route.

Private Sources

Tolls

Tolls are paid by user and limited to repayment of bonds to finance construction.

Parking Fees

Parking fees can be implemented for use of right-of-way (street parking) or special facility (parking garage).

Development Regulations

Various development regulations (especially subdivision ordinances) may require that certain facilities be constructed. These regulations typically require developers to finance the construction of facilities needed to mitigate the traffic impacts of development.

Special Assessments

Local Improvement Districts (LID) or Road Improvement Districts (RID) may be formed to finance street improvements through a special assessment for benefited property owners.

Industrial Revenue Bonds (IRBs)

IRBs are a special debt instrument under the IRS code allowing tax-free interest. Bonds are retired by revenue generated from the benefited property and can be used for street improvements. This power is limited by requirements in the IRS code.

Environmental Mitigation

Public facilities, including streets, traffic signals, or additional lanes may be required to mitigate adverse environmental impacts from development. As part of the development approval process, the municipality can require that the developer mitigate the impacts on the public facilities caused by the development. The two parties may agree to negotiate an agreement that determines the appropriate share of the funding, and establishes the developer's methods of payment for mitigation of direct impacts. A developer may agree to pay a monetary fee or to mitigate through donation of a right-of-way or completed facilities. Negotiated agreements are entered into voluntarily and are enforceable by the municipality.

Voluntary Contributions

Voluntary contributions can be made by the developer to facilitate their development. Contributions can be in the form of money, but often are in the form of donated right-of-way or even a completed facility. Contributions are subject to the same stipulations as a negotiated agreement; however, they are not enforceable by law.

Financial Capacity Analysis

Approach

When considering the ability to adequately finance the regional transportation system through 2030, KMPO considered the regions' financial performance over the past 18 years. Using an 18-year rolling average approach, the region is predicting the ability to sustain its historical percentage of funding from local, state and federal sources. This takes into account that while annual performance may vary by year and funding source, the overall funding levels should be fairly reliable. Funding analysis covered revenues and expenditures by category from 1996-2005, with forecasts to 2030 consistent with the planning horizon.

The KMPO staff developed the financial forecasts for local, state and federal revenue sources, which had sufficient historical data from which to develop a rolling average methodology. This included local property taxes, impact fees, special levies, State Highway Distribution Accounts, and Federal Surface Transportation Program funding. For Idaho Transportation Department funding, KMPO assumed a similar investment level for the planning horizon.

Cities

For the period 1995-2005, cities in the State of Idaho, as a group, reported up to $69 million per year in various revenue sources. Of the $69 million, 52.6% was derived from local funding sources, while 45.8% and 1.6% where derived from state and federal programs respectively. The local share of revenue has remained steady while there has been a shift in the past five years between state and federal funding, with local jurisdictions deriving a slightly higher percentage than the ten-year average. The most significant source of local funding for transportation has been derived from property taxes, general fund transfers, and Local Improvement Districts. Local impact fees still have had limited application with local jurisdictions in the State; however in Kootenai County most local mid-size and larger jurisdictions have adopted impact fee programs.

The change in state and federal funding is primarily a result of three factors; the Boise metropolitan area becoming a federally recognized Transportation Management Area (TMA) that receives a direct annual allocation of funding from the Federal Highway Administration, the additional Urbanized areas receiving FTA funding for public transportation, and local agencies and jurisdictions receiving direct Congressional earmarks. The overall amounts, however, have a very small impact on the forecast of future funding. Table 5.3 provides the percentage of local projected revenue by category from 2005 through the year 2030.

Table 5.3 Percentage of Local Revenue by Category Through 2030

Category	Percent
Local	52.73%
State	45.53%
Federal	1.44%

Within Kootenai County, cities are expected to maintain their proportionate share of funding in relationship to other cities within the State of Idaho. While they are expected to increase in population, employment, and geographically, it is anticipated that other areas around the State, such as Lewiston, Boise, and the Treasure Valley area will grow as well. As such, a rolling average of historical funding levels have been extrapolated to 2030 to derive a reasonable estimate of funding to support operations, maintenance and capital improvements through the plans' 23 year planning horizon.

Table 5.4 provides the anticipated revenue for cities as a group in the Kootenai County Metropolitan Area during the planning horizon.

Table 5.4 Anticipated Revenue for Cities as a Group 2005-2030

Year	Revenue	Year	Revenue
2005	$10,841,753	2018	$26,581,367
2006	$10,841,753	2019	$29,225,211
2007	$11,572,272	2020	$31,264,206
2008	$12,235,715	2021	$35,725,362
2009	$13,041,117	2022	$39,693,410
2010	$13,981,947	2023	$45,216,682
2011	$14,975,666	2024	$49,432,653
2012	$16,123,017	2025	$54,074,828
2013	$17,418,708	2026	$62,315,481
2014	$19,009,170	2027	$70,388,679
2015	$20,548,931	2028	$79,705,472
2016	$22,284,873	2029	$90,758,995
2017	$24,290,596	2030	$103,711,123
		25 Year Total:	$985,258,987

Highway Districts

For the period 1995-2005, highway districts reported up to $132 million per year in various revenue sources. Of the $132 million reported, 49% came from local funding sources, followed closely by State funding sources, which averaged 46% of their total revenues. Funds from federal revenue sources averaged 4.9% during the same period.

Within the local funding categories, local property taxes make up the dominant share of the funding (31%) to support roadway improvements and maintenance. Collection of local impact fees (5.9%) and the implementation of the State-authorized local option vehicle registration fee (2.6%) by some highway districts, make up the majority of the local revenue sources. Highway districts in Kootenai County have not exercised their local option vehicle registration fee.

In terms of State revenue sources to support highway district activities, the Highway Users Revenue account makes up nearly 41% of the 46% derived from all State sources. The Highway Users Revenue account is comprised of gas tax and vehicle registration fees collected in the State and distributed via the Highway Distribution account. The second highest revenue comes from sales tax sharing. Table 5.5 shows the historical (1996-2005) breakdown of revenues and expenditures as a percentage of the total budget by Category.

Table 5.5 Historical Breakdown of Revenues and Expenditures for Highway Distribution Account

Category	Percentage
Local	48.65%
State	46.47%
Federal	4.89%

Federal funding to highway districts is not anticipated to change measurably during the life of the Transportation Plan. Federal programmatic funding levels have seen a slight increase in the past five years. However, unless the Highway Trust fund is replenished through new revenue sources, it is expected the federal share will be a minimal part of the overall highway district budgets. Direct appropriations to specific projects, which are difficult to predict, will most likely provide the majority of Federal revenue during the planning horizon.

Within Kootenai County, highway districts as a group are expected to maintain their proportionate share of funding in relationship to other highway districts within the State of Idaho. While they are expected to see an increase in population and employment, it is anticipated that other areas around the State, such as Lewiston, Boise, and the Treasure Valley area will grow as well. As such, rolling averages of historical funding levels have been extrapolated to 2030 to derive a reasonable estimate of funding to support their operations, maintenance and capital improvements through the Plans' 25 year planning horizon. Table 5.6 provides the anticipated revenue for highway districts in the Kootenai County Metropolitan Area during the planning horizon.

Table 5.6 Anticipated Highway District Revenue 2005-2030

Year	Revenue	Year	Revenue
2005	$12,543,777	**2018**	$26,231,298
2006	$12,543,777	**2019**	$28,293,233
2007	$13,269,446	**2020**	$30,616,824
2008	$13,981,325	**2021**	$33,223,454
2009	$14,758,289	**2022**	$36,168,297
2010	$15,600,223	**2023**	$39,485,596
2011	$16,480,418	**2024**	$43,248,104
2012	$17,450,663	**2025**	$47,481,073
2013	$18,600,173	**2026**	$52,332,247
2014	$19,967,747	**2027**	$57,905,976
2015	$21,298,449	**2028**	$64,659,676
2016	$22,265,802	**2029**	$87,913,716
2017	$24,403,183	**2030**	$80,227,148
		25 Year Total:	**$841,263,546**

Public Transportation

Currently, public transportation in Kootenai County is supported through the use of Federal Transit Administration funding commonly referred to as Section 5307 and Section 5310 sources. These funding programs require a local contribution that varies based on how the funds are to be used; whether for capital, preventative maintenance, operations, etc. The local match is derived from a variety of sources such as local jurisdictions, or local agencies providing or utilizing public transportation services. Within Kootenai County, the largest local contributor of local match to the public transportation system is the Coeur d'Alene Tribe, which utilizes tribal fuel tax collection to support the service.

In a cooperative arrangement between the Kootenai Metropolitan Planning Organization, Kootenai County, and the Coeur d'Alene Tribe, KMPO provides the FTA Section 5307 funding for Kootenai County to contract the Coeur d'Alene Tribe to operate and maintain the Citylink public transportation service. Citylink operates in the urbanized area and southward to Desmet in Benewah County.

While this operation has been a financial and operational success, it is still limited in scope and relies heavily on cooperative agreements with the cities, County, and the Coeur d'Alene Tribe. The lack of a dedicated revenue stream or the opportunity to vote on creating one to support existing public transportation services necessitates the need to limit opportunities to expand the service during the 25 year planning horizon of the Plan. As such, the Plan anticipates limited expansion opportunities within the financial forecasts available, with no significant increases in public funding participation. Table 5.7 provides the anticipated financial resources available during the horizon of the plan for public transportation.

Table 5.7 Anticipated Financial Resources for Public Transportation 2007-2030

Year	Revenue	Year	Revenue
2007	$1,200,000	2019	$1,479,003
2008	$1,233,167	2020	$1,390,726
2009	$1,269,652	2021	$1,408,313
2010	$1,306,137	2022	$1,424,497
2011	$1,344,280	2023	$1,438,884
2012	$1,429,606	2024	$1,451,354
2013	$1,493,265	2025	$1,461,639
2014	$1,512,072	2026	$1,465,658
2015	$1,553,866	2027	$1,464,977
2016	$1,599,839	2028	$1,462,825
2017	$1,645,811	2029	$1,457,400
2018	$1,693,874	2030	$1,448,263
		25 Year Total:	**$34,635,109**

Idaho Transportation Department

The Idaho Transportation Department (ITD) utilizes a priority programming methodology for developing the list of projects that go into the Statewide Transportation Improvement Program (STIP). As such, it is difficult to assess what projects and subsequent funding will be available to meet the transportation needs in Kootenai County during the 25-year horizon of the plan. The ITD has at their discretion the ability to advance or delay projects contained in existing programs in order to meet financial constraints brought about by the impacts of inflation, project scope changes, or the lack of anticipated revenues. As a result of these and a multitude of other factors, KMPO has calculated the five-year average of transportation investments by ITD in Kootenai County and have extrapolated that investment through 2030. This approach takes into account federal appropriation to individual projects and the historical funding used for operation and maintenance of the system.

The use of GARVEE bonding and other innovative financing strategies may accelerate the investment in transportation projects within Kootenai County; however it is anticipated that the overall funding levels will remain in proportionate share with the rest of the State of Idaho.

The five-year investment in Kootenai County by ITD was approximately $141 million from 2001-2005. This equates to 28 million per year. For the purpose of the Plan, the annual amount was adjusted annually using an 18-year rolling average within the 24-year planning horizon. The result was an annual average increase of 3.83% or an anticipated investment by ITD within Kootenai County of $1.5 billion during the planning horizon.

One concern of ITD during the compiling of this Plan was that currently there are no significant projects planned within the financially constrained Metropolitan Transportation Plan (MTP) for U.S. 95 from Interstate 90 to Ohio-Match Road during the upcoming planning horizon. While there is a recognized need for improvements in the corridor, the design, concept and scope of projects, as well as their funding source have yet to be defined. KMPO, in agreement with the Idaho Transportation Department, have agreed to conduct a corridor analysis on how to best manage the facility and balance the need for access with the need to accommodate through traffic. Upon completion and adoption of recommended strategies and financial plans, KMPO will amend the 2030 MTP and incorporate them as part of the overall plan.

Financial Options Available

Presently there is only one viable financial option available to increase funding for the transportation investments referenced in Section 6 of this Plan that has not been initiated. That is the Local Option Vehicle registration fee. This local option allows for up to two times the State rate for the purpose of construction and maintenance of highways and bridges. For the purposes of this analysis, KMPO compiled the actual vehicle registrations in Kootenai County from1986-2006 and established forecasts to 2030 using a rolling average historical growth rate. The premise being that a rolling 20-year average will have moderate peaks and valleys in growth, while at the same time be more responsive that a trend line projection of historical data.

The analysis looked at a potential revenue stream that could be achieved through a $20.00, $50.00, and $75.00 increase in vehicle registration fees. The results indicate that in current year (2007) dollars, collectively jurisdictions could annually achieve ***$2,610,280, $6,525,700, $9,788,550*** respectively. Using forecasts in the growth of vehicle registrations, it is anticipated the revenue could significantly increase annually to ***$5,860,340, $14,650,849*** and ***$21,976,274*** respectively by 2030.

It is expected that successful implementation of this local financial option would be dependent on clearly defining a program of projects for which the funds would be expended, and an adequate public education program on the relationship between vehicular use and the need to support adequate transportation infrastructure investment.

Conclusion

The financial analysis developed for this plan indicates current financial resources to support transportation operations, maintenance, and capital infrastructure in Kootenai County are estimated for the period from 2007 to 2030 will have a combined revenue estimate of **$2,712,987,332** using existing funding levels and historical performance. This reflects an average increase of 3.2% in vehicles per year and an estimated 4.8% increase in other revenue sources. If local jurisdictions were to impose the local option vehicle registration fee at the $20.00 level, the additional revenue would add **$108,857,589,** making the combined estimate **$2,821,844,920.** For the purposes of this plan, KMPO assumes the local option vehicle registration will be enacted during the early years of the planning horizon.

Revenue in comparison to the estimated financial expenditures during the same time period, shows a near break even position during the planning horizon. Based on historical data derived from cities and highway districts, KMPO can expect to experience an overall average annual increase in expenditures of approximately 4.01% per year. However, while some cost categories can expect to see moderate increases, capital construction/reconstruction and administrative costs (salaries, medical insurance, utilities etc.) are expected to increase at nearly twice the average rate per year at 7.95% and 8.31%. Total forecast expenditures for transportation operations, maintenance, and capital improvements are estimated at **$923,436,577.** The Idaho Transportation Department expenditures in Kootenai County are expected to be balanced to historical revenue levels, since projects are managed through a statewide balancing program, and each ITD District does not have the authority to carry-over funds or run a deficit. ITD funding for the planning horizon is estimated to be **$1,532,612,984** or 54% of total revenues.

The numbers below show revenues versus expenditures for 2007 project costs.

Revenue Versus Expenditure Allocation		**Revenue**	**Expenditure**	**Difference**
Total Construction/Reconstruction	41.22%	$1,177,441	$1,162,636	98.74%
Total Routine Maintenance	28.02%	$800,275	$820,446	102.52%
Total Equipment	14.04%	$401,095	$401,095	100.00%
Total Administration Salaries & Expenses	9.34%	$266,795	$266,795	100.00%
Total Other	7.38%	$210,874	$210,874	100.00%
Total	**100.00%**	**$2,856,480**	**$2,861,846**	**100.19%**

Based on the financial analysis, the Metropolitan Transportation Plan is reasonably financially constrained to ensure the plans and projects identified have a realistic potential for being implemented during the planning horizon. To be proactive and limit the decline in transportation system performance, it is important that jurisdictions collectively work to construct projects that meet the priority transportation needs identified in this Metropolitan Transportation Plan. In fact, the key to the success of the MTP is to strategically invest in projects that meet those regional deficiencies prior to capacity-increasing projects that are inconsistent with the goals and policies of the comprehensive land use plans being developed by local jurisdictions and Kootenai County.