

**FY2020-2029**

Metropolitan Transportation Improvement Program

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**CHAPTER 3: Financial Plan**

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## 1. INTRODUCTION

Federal regulations require that each Metropolitan Planning Organization (MPO) adopt a Metropolitan Transportation Improvement Program (MTIP) that includes a financial plan that demonstrates how the MTIP can be implemented; indicates resources from public and private sources that are reasonably expected to be available to carry out the program; and identifies innovative financing techniques to finance projects, programs, and strategies (23 USC 134 j).

The NCDOT and the DCHC MPO prepared this financial plan for the first four years of the FY2020-2029 MTIP in coordination with the NCDOT's State Transportation Improvement Program (STIP) process. Revenue and cost information for projects were provided by the NCDOT STIP Unit.

NCDOT has demonstrated fiscal constraint on the FY2020-29 STIP adopted by the North Carolina Board of Transportation on August 3, 2017. The DCHC MPO MTIP, being a subset of the STIP and under the fiscally restrained Metropolitan Transportation Plan (MTP), by extension therefore demonstrates fiscal constraint.

## 2. REVENUE INFORMATION ON STATE AND FEDERAL FUNDING

### ***2.1 NCDOT PROGRAM BUDGETS Transportation Revenue Forecast: State Budget***

State transportation revenues are derived primarily from user fees in the form of Motor Fuel Tax (MFT), driver and vehicles fees collected by the NC Division of Motor Vehicles (DMV Fees), and a Highway Use Tax (HUT) on vehicle title transfers. Federal transportation revenues are derived from a federal MFT, vehicle fees (mostly on trucks), and transfers from the U.S. General Fund. North Carolina's transportation funding consists of roughly 75 percent state revenues and 25 percent federal revenues.

State revenue projections are obtained from a consensus forecast by the Office of State Budget and Management (OSBM), the Legislative Fiscal Research Division, and NCDOT. Budget estimates developed for the Governor's biennial budget serves as a base from which NCDOT staff develops the forecast for the remaining years. MFT revenues are forecasted based on crude oil prices and expected consumption, and derived from information from the US Department of Energy and IHS Global Insight, which is a private financial forecasting company. DMV fee revenue forecasts are based on historical transactional information, vehicle registration, licensed driver numbers, and Office of State Budget and Management

projected population growth in the age range 19–84 years old. HUT revenue is forecasted based on the number of vehicles purchased or traded in, vehicle price, and the statutory rate. The number of vehicles sold and the price depend on economic conditions. Regarding DMV/Title Fees, the two variables are statutory rates and the number of transactions, which are based on licensed drivers and vehicle registration. Generally, DMV fees correlate with projected changes in population. Title fees correlate closer to forecasted changes in car sales.

## **2.2 FEDERAL AUTHORIZATION AND FUNDING**

The Fixing America's Surface Transportation FAST Act was signed into law by President Obama on December 4, 2015. The FAST Act continues many of the policies and programs of the previous authorizing legislation, MAP-21.

While continuing many of MAP-21's programs and policies, the FAST Act did create several new initiatives, such as a new National Multimodal Freight Policy and a new discretionary grant program for Nationally Significant Freight and Highway Projects (FASTLANE). Federal transportation funding is distributed by Congress based on multi-year reauthorization bills and annual appropriations. The FAST Act authorizes \$43.1 billion for FY16, growing to \$47.1 billion in FY20; an additional \$1.1 billion is available subject to appropriation.

The primary source of both state and federal revenues for transportation are the MFT. The federal excise tax rate for motor fuel has remained at 18.4 cents per gallon (24.4 cents per gallon for diesel) since 1993 and is not indexed to inflation. In addition, while revenues from MFT have decreased in real terms over the last two decades, miles per gallon on vehicles have been increasing, meaning less revenue per mile driven. These two factors are a major challenge for transportation funding.

Under state law, the state MFT rate is flexible and indexed to a formula tied to change in state population, the annual energy index percentage, and the Consumer Price Index. The most recent rate, as of January 1, 2017, is 34.3 cents per gallon.

## **2.3 FEDERAL AID PROGRAM**

The Federal Aid Program consists of many funding categories. Funding in most of these individual categories is subject to overall federal budget constraints and Federal Obligation Limitation. The obligation limitation effectively limits the amount of federal funds that can be utilized in any one year.

North Carolina's availability of federal funds for the STIP in FFY 2020 and FFY 2021 is expected to be about \$1,198 million each year.

Virtually all Federal Aid projects require a local or state fund contribution. Most highway and transit programs require a 10-20 percent local or state share. The

amount of state matching funds needed for the Federal Aid Program is expected to be \$290 million, which will be funded by the State Highway Trust Fund. The amount of local matching funds needed for FY2018-2021 is expected to be approximately \$290 million. Local funding is discussed in more detail later in this chapter.

**2.4 PUBLIC TRANSPORTATION PROJECT FUNDING**

The public transportation projects in the STIP are funded from several different FTA funds and state funds. In addition, many of the FTA funds require a non-federal match to the project.

Annually, the NCDOT Public Transportation

Division conducts a call for projects to provide state funds to assist with part of the match requirements. The amount available for state match is limited to the amount provided in the approved state budget for that year. All of the FTA program funding amounts are published annually in the Federal Register and posted to the FTA website. NCDOT uses these apportionments to distribute the various funding sources overseen by the NCDOT.

Most of the funding for public transportation programs located in TMAs is managed directly by the MPOs. The MPOs develop projects to list in the STIP from the total apportioned amount received from FTA. NCDOT allocates federal funds to small urban areas (with

| <b>Table 1. Federal Aid Construction Program - FFY 2020</b><br>(\$ in Millions) |                      |                                      |                |
|---|----------------------|--------------------------------------|----------------|
| <b>Category</b>   | <b>Federal Funds</b> | <b>Required State Matching Funds</b> | <b>Total</b>   |
| National Highway Performance Program  | \$655                | \$164                                | \$819          |
| Rail Hwy Crossing   | 7                    | 2                                    | 9              |
| Statewide Planning  | 16                   | 4                                    | 20             |
| TAP   | 22                   | 6                                    | 28             |
| Research Development  | 5                    | 1                                    | 6              |
| Metropolitan Planning   | 6                    | 2                                    | 8              |
| Congestion Mitigation   | 55                   | 14                                   | 69             |
| Surface Transportation Program  | 328                  | 82                                   | 410            |
| Highway Safety Improvement 64 16 80   | 64                   | 16                                   | 80             |
| Freight   | 40                   | 10                                   | 50             |
| <b>Total Apportionment</b>  | <b>\$1,198</b>       | <b>\$300</b>                         | <b>\$1,498</b> |

population less than 200,000 people) and the rural areas. The small urban MPOs then develop projects for inclusion in the STIP within the constraints of the total allocated amount received from NCDOT and any prior year funding that is unspent. For the rural areas, the NCDOT applies directly to FTA for the funds. The NCDOT funds rural projects to match the total apportioned amount and any available prior year funding. These rural projects are listed in the STIP.

Planning Funds (5303) are allocated by NCDOT to urbanized areas by a formula based on transit service hours. The allocated amounts are then provided by NCDOT to the urbanized areas and are programmed in the MPO Unified Planning Work Programs to match the allocation amount.

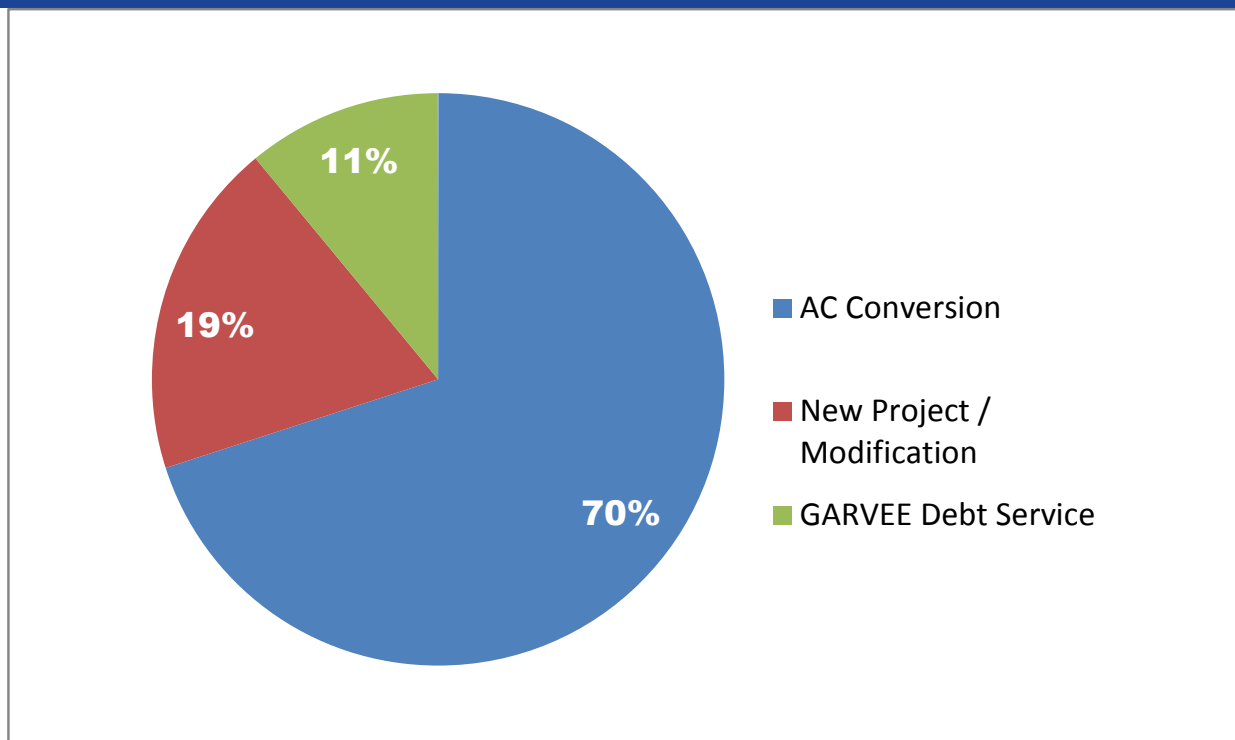
NCDOT applies to FTA for the 5303 funds for the urbanized areas. Section 5310 Funds are allocated for small urbanized and rural areas by NCDOT. A competitive call for projects is announced for specific projects and those projects must be included as an unmet need in the Locally Coordinated Plan for the area. Projects are selected and funded based on the total available budget for the funds. These projects are included in the STIP.

### 3. PROPOSED USE OF FFY 2020 & 2021 OBLIGATION AUTHORITY

The program is fiscally constrained to the amount of funds projected to be available each year in order to prevent the Department from over committing future revenues. "Advance Construction" (AC) allows states to begin a project even in the absence of sufficient Federal-aid obligation authority to cover the Federal share of project costs. It is codified in Title 23, Section 115. Advance construction eliminates the need to set aside full obligational authority before starting projects. As a result, a state can undertake

a greater number of concurrent projects than would otherwise be possible. In addition, advance construction helps facilitate construction of large projects, while maintaining obligational authority for smaller ones. At some future date when the state does have sufficient obligation authority, it may convert an advance-constructed project to a Federal-aid project by obligating the permissible share of its Federal-aid funds and receiving subsequent reimbursements. Advance construction allows a state to conserve obligation authority and maintain flexibility in its transportation funding program. NCDOT uses AC both to support its GARVEE Bond program and to assist in its cash management.

**Figure 1. Proposed Use of FFY 2020 & 2021 Obligation Authority**





### 3.1 GARVEE BONDS

In 2005, House Bill 254 authorized NCDOT to issue Grant Anticipation Revenue Vehicles (GARVEE bonds) to finance federal aid highway projects. All funds

derived from GARVEE bonds are backed by the receipt of future federal funds and no state funds may be committed to the debt service. Below is a summary of the GARVEE bond issuances and debt service requirements.

| <b>Table 2. GARVEE Bond Program</b><br>(\$ in Millions) |                                   |                      |
|---|-----------------------------------|----------------------|
| <b>State Fiscal Year</b>                                | <b>Proceeds Including Premium</b> | <b>Debt Services</b> |
| 2008  | \$299.80                          | \$5.06               |
| 2009  |                                   | 59.33                |
| 2010  | 263.14                            | 67.16                |
| 2011  |                                   | 81.99                |
| 2012  | 364.9                             | 59.84                |
| 2013  |                                   | 80.55                |
| 2014  |                                   | 86.32                |
| 2015  | 300.54                            | 86.32                |
| 2016  |                                   | 100.00               |
| 2017  | 253.15                            | 99.38                |
| 2018  |                                   | 95.93                |
| 2019  | 719.04                            | 95.91                |
| 2020  |                                   | 131.63               |
| 2021  |                                   | 131.64               |
| 2022  |                                   | 131.63               |
| 2023  |                                   | 131.64               |
| 2024  |                                   | 95.38                |
| 2025  |                                   | 95.38                |
| 2026  |                                   | 95.38                |
| 2027  |                                   | 95.38                |
| 2028  |                                   | 95.38                |
| 2029  |                                   | 95.38                |
| 2030  |                                   | 95.38                |
| 2031  |                                   | 57.09                |
| 2032  |                                   | 57.09                |
| 2033  |                                   | 57.09                |
| 2034  |                                   | 57.09                |

### 3.1.1 NC BUILD BONDS

In 2018, Senate Bill 758 authorized NCDOT to issue Build NC bonds to finance highway projects at the regional impact and divisional need project tiers. Subject to appropriation by the General Assembly, funds from the Highway Trust Fund shall be the source for repayment of debt service. Below is a summary of Build NC bond debt service requirements.

**Table 3. BUILD NC Bond Program**  
(\$ in Millions)

| State Fiscal Year | Proceeds Including Premium | Debt Service |
|-------------------|----------------------------|--------------|
| 2020              | \$357.34                   | \$28.20      |
| 2021              |                            | 28.20        |
| 2022              |                            | 28.20        |
| 2023              |                            | 28.20        |
| 2024              |                            | 28.20        |
| 2025              |                            | 28.20        |
| 2026              |                            | 28.20        |
| 2027              |                            | 28.20        |
| 2028              |                            | 28.20        |
| 2029              |                            | 28.20        |
| 2030              |                            | 28.20        |
| 2031              |                            | 28.20        |
| 2032              |                            | 28.20        |
| 2033              |                            | 28.20        |
| 2034              |                            | 28.20        |

### 3.2 STATE HIGHWAY TRUST FUND

Revenues for the Trust Fund are generated from 29 percent of the state motor fuels tax, the 3 percent use tax on

the transfer of motor vehicle titles, DMV titles and other fees, and interest income. \$49 million of Trust Fund revenues are transferred each year to the NCTA for project funding.

The STIP budget is based on a consensus forecast by the OSBM, Legislative Fiscal Research Division, and NCDOT. These estimates were used to develop the draft program and are the basis for air quality and fiscal constraint tests. The Trust Fund revenues are projected to be about \$1.577 billion for FY 2020 and \$17.5 billion during the 10-year period. Of this \$17.5 billion in revenue, \$490 million goes to NCTA, \$465.1 million is used for debt service on previous GO bonds and Administration, \$4 million is transferred to the Highway Fund for Visitor Centers, and \$450 million is transferred to State Ports. The remaining \$15.7 billion is available for STIP purposes. Federal aid of \$12.9 billion is also available. After preliminary engineering, a reserve for construction cost overruns, inflation, and bonus allocation and local participation deductions, \$23.7 billion is available for programming. (Note - funds available for programming and used in the development of the 2020-2029 STIP were prior to the actions of the 2019 General Assembly.)

### 3.3 ANTICIPATED INFLATION IMPACT

Inflation is not explicitly factored into the above revenue estimates. However, before programming projects in the STIP, available funds were reduced by an amount for inflation. The following inflation factors for future construction

**Table 4. Funds Available for Programming**  
(\$ in Millions)

| <b>HIGHWAY TRUST FUND REVENUES</b>                  | <b>2020</b>        | <b>2021</b>        | <b>2022</b>        | <b>2023</b>        |
|---|--------------------|--------------------|--------------------|--------------------|
| 25% of Gas Tax Revenues                             | \$ 610.00          | \$ 625.00          | \$ 641.00          | \$ 653.00          |
| DMV Fees & Investment Income                        | 153.00             | 165.00             | 167.00             | 171.00             |
| Use Tax   | 814.00             | 815.00             | 824.00             | 845.00             |
| <b>Total State Highway Trust Fund Revenues</b>      | <b>\$ 1,577.00</b> | <b>\$ 1,605.00</b> | <b>\$ 1,632.00</b> | <b>\$ 1,669.00</b> |
| Less Transfers for NCTA GAP Funding                 | (49.00)            | (49.00)            | (49.00)            | (49.00)            |
| Less GO Debt Service                                | (59.77)            | -                  | -                  | -                  |
| Less Transfer to Highway Fund                       | (0.40)             | (0.40)             | (0.40)             | (0.40)             |
| Less Program Administration                         | (36.62)            | (37.27)            | (37.90)            | (38.76)            |
| Less Transfer to State Ports                        | (45.00)            | (45.00)            | (45.00)            | (45.00)            |
| <b>Net State Trust Fund Revenues</b>                | <b>1,386.21</b>    | <b>1,473.33</b>    | <b>1,499.70</b>    | <b>1,535.84</b>    |
| <b>Federal Aid</b>                                  | <b>1,289.00</b>    | <b>1,289.00</b>    | <b>1,289.00</b>    | <b>1,289.00</b>    |
| Less SPR Funds                                      | (34.90)            | (34.90)            | (34.90)            | (34.90)            |
| Less CMAQ   | (30.00)            | (30.00)            | (30.00)            | (30.00)            |
| Less DMS (Formerly EEP)                             | (20.00)            | (20.00)            | (20.00)            | (20.00)            |
| Less Yadkin River GARVEE debt service               | (5.13)             | (5.13)             | -                  | -                  |
| <b>Net Federal Aid Revenues</b>                     | <b>1,198.97</b>    | <b>1,198.97</b>    | <b>1,204.10</b>    | <b>1,204.10</b>    |
| <b>Available Subtotal (Trust and Federal-aid)</b>   | <b>2,585.18</b>    | <b>2,672.30</b>    | <b>2,703.80</b>    | <b>2,739.95</b>    |
| Less PE   | (250.00)           | (250.00)           | (250.00)           | (250.00)           |
| <b>Subtotal</b>                                     | <b>2,335.18</b>    | <b>2,422.30</b>    | <b>2,453.80</b>    | <b>2,489.95</b>    |
| Less Construction Cost Overruns                     | (60.31)            | (62.92)            | (63.86)            | (64.95)            |
| Less Bonus Alloc. for Tolling & Local Participation | (38.15)            | (35.25)            | (33.20)            | (36.82)            |
| <b>Funds Available for Programming Subtotal</b>     | <b>2,236.72</b>    | <b>2,324.13</b>    | <b>2,356.74</b>    | <b>2,388.18</b>    |
| Less Inflation                                      | (11.18)            | (34.98)            | (59.39)            | (84.66)            |
| <b>Funds Available for Programming</b>              | <b>\$ 2,225.54</b> | <b>\$ 2,289.16</b> | <b>\$ 2,297.35</b> | <b>\$ 2,303.52</b> |

**Table 4. Funds Available for Programming - cont'd**  
(\$ in Millions)

| 2024        | 2025        | 2026        | 2027        | 2028        | 2029        | TOTAL<br>2020-2029 |
|-------------|-------------|-------------|-------------|-------------|-------------|--------------------|
| \$ 665.00   | \$ 675.00   | \$ 683.00   | \$ 693.00   | \$ 704.00   | \$ 690.00   | \$ 6,639.00        |
| 176.00      | 199.00      | 204.00      | 209.00      | 215.00      | 241.00      | \$ 1,900.00        |
| 871.00      | 894.00      | 917.00      | 941.00      | 967.00      | 1,028.00    | \$ 8,916.00        |
| \$ 1,712.00 | \$ 1,768.00 | \$ 1,804.00 | \$ 1,843.00 | \$ 1,886.00 | \$ 1,959.00 | \$ 17,455.00       |
| (49.00)     | (49.00)     | (49.00)     | (49.00)     | (49.00)     | (49.00)     | \$ (490.00)        |
| -           | -           | -           | -           | -           | -           | \$ (59.77)         |
| (0.40)      | (0.40)      | (0.40)      | (0.40)      | (0.40)      | (0.40)      | \$ (4.00)          |
| (39.76)     | (41.06)     | (41.89)     | (42.80)     | (43.80)     | (45.49)     | \$ (405.33)        |
| (45.00)     | (45.00)     | (45.00)     | (45.00)     | (45.00)     | (45.00)     | \$ (450.00)        |
| 1,577.84    | 1,632.54    | 1,667.71    | 1,705.80    | 1,747.80    | 1,819.11    | \$ 16,045.89       |
| 1,289.00    | 1,289.00    | 1,289.00    | 1,289.00    | 1,289.00    | 1,289.00    | \$ 12,890.00       |
| (34.90)     | (34.90)     | (34.90)     | (34.90)     | (34.90)     | (34.90)     | \$ (348.98)        |
| (30.00)     | (30.00)     | (30.00)     | (30.00)     | (30.00)     | (30.00)     | \$ (300.00)        |
| (20.00)     | (20.00)     | (20.00)     | (20.00)     | (20.00)     | (20.00)     | \$ (200.00)        |
| -           | -           | -           | -           | -           | -           | \$ (10.26)         |
| 1,204.10    | 1,204.10    | 1,204.10    | 1,204.10    | 1,204.10    | 1,204.10    | \$ 12,030.76       |
| 2,781.95    | 2,836.65    | 2,871.81    | 2,909.90    | 2,951.91    | 3,023.21    | \$ 28,076.65       |
| (250.00)    | (250.00)    | (250.00)    | (250.00)    | (250.00)    | (250.00)    | \$ (2,500.00)      |
| 2,531.95    | 2,586.65    | 2,621.81    | 2,659.90    | 2,701.91    | 2,773.21    | \$ 25,576.65       |
| (66.21)     | (67.85)     | (68.90)     | (70.05)     | (71.31)     | (73.45)     | \$ (669.80)        |
| (33.34)     | (0.20)      | (2.50)      | (20.00)     | (40.00)     | (40.00)     | \$ (279.46)        |
| 2,432.39    | 2,518.60    | 2,550.41    | 2,569.86    | 2,590.60    | 2,659.76    | \$ 24,627.39       |
| (111.40)    | (115.35)    | (116.81)    | (117.70)    | (118.65)    | (121.82)    | \$ (891.94)        |
| \$ 2,320.99 | \$ 2,403.24 | \$ 2,433.60 | \$ 2,452.16 | \$ 2,471.95 | \$ 2,537.95 | \$ 23,735.45       |

and right of way cost increases were used: 2020 - 1.005, 2021 - 1.0151, 2022 - 1.0252, 2023 - 1.0355, 2024 through 2029 - 1.0458. This allows project costs used in the Program to be shown in current (2020) dollars.

### **3.3.1 STATE HIGHWAY FUND**

Revenues for the Highway Fund are generated from the state motor fuels tax and DMV fees. The Highway Fund primarily supports projects that maintain the state's existing transportation system. This includes general maintenance, roadside environmental activities, resurfacing highways, replacing bridges, paving unpaved secondary roads, and state aid to municipalities. Funds are distributed across North Carolina based on need.

### **3.4 CASH MODEL**

NCDOT uses a cash model to manage its operation on a cash-flow basis; the Department uses statistical models that were developed specifically to support NCDOT programs. The models are used to forecast future cash demands and financial capacity. These projections serve as the basis for the dollar values found herein.

NCGS §143C:6-11 requires the cash target to be between 15 percent and 20 percent of the total appropriations from the Highway Fund and Highway Trust Fund for the current fiscal year. Any federal funds on hand shall not be considered as cash for this purpose. The target shall include an amount necessary to make

all municipal-aid funding requirements. Also, NCGS §143C:6-11 requires the minimum cash balance to be at least 7.5 percent of the total appropriations for the current fiscal year. If this minimum is not maintained, no further transportation project contract commitments may be entered into until the minimum is exceeded. Session Law 2014-100 Senate Bill 744 Section 34.23(c) established a cash balance maximum of one billion dollars. If the balance exceeds the maximum, the Department must report to the General Assembly and Fiscal Research the reasons for exceeding the maximum and the plans to reduce the balance.

### **3.5 THE NORTH CAROLINA TURNPIKE AUTHORITY (NCTA)**

NCTA is a public agency of the State of North Carolina located within NCDOT. NCTA's mission is to supplement the traditional non-toll transportation system serving the citizens of North Carolina by accelerating the delivery of roadway projects using alternative financing options and facilitating the development, delivery, and operation of an integrated system of toll roads. The Triangle Expressway, North Carolina's first modern toll facility is approximately 18.8 miles of new highway construction, extending the partially complete

The "Outer Loop" around the greater Raleigh area from I-40 in the north to the NC 55 Bypass in the south opened fully to traffic on January 2, 2013. The Monroe

Expressway, the second all electronic toll facility in North Carolina, opened to traffic on November 27, 2018. The Monroe Expressway is approximately 19.8 miles of new highway construction that serves as a bypass to U.S. 74 from I-485 in eastern Mecklenburg County to U.S. 74 between the towns of Wingate and Marshville in Union County. Since the STI law passed in June 2013, the identification of potential Turnpike projects has fallen under the strategic project prioritization process. Funding for Turnpike projects may be derived from a combination of state transportation revenues, federal aid dollars, and toll revenue bonds.

Total revenues for the Triangle Expressway were \$49.0 million and \$44.7 million for FY 2018 and FY 2017 respectively. FY 2018 total revenues increased by 9.6 percent

year-over-year (YOY) when compared to FY 2017. Operating expenses for the Triangle Expressway totaled \$18.0 million and \$16.3 million for FY 2018 and FY 2017 respectively. FY 2018 operating expenses increased by 10.5 percent YOY from the previous year due, in part, to the increased number of transactions.

## **4. REVENUE INFORMATION ON LOCAL FUNDING**

Local funding is being provided by different jurisdictions and agencies that are located within, or operate in the DCHC MPO area, including Orange, Durham, and Chatham Counties, the City of Durham, the towns of Chapel Hill, Carrboro, and Hillsborough, GoTriangle, and the Triangle J Council of Governments.

Local funding is provided as the non-federal matching funds for federal Congestion Mitigation Air Quality (CMAQ), Surface Transportation Block Grant - Direct Attributable (STBGDA), and Transportation Alternatives Program (TAP) funding. Each of these federal funding sources requires a 20 percent local match. The DCHC MPO's distribution of STBGDA funds to local jurisdictions and agencies is based on the STBGDA funding distribution policy that was approved by the DCHC MPO Board in 2014.

These funding sources are typically used within DCHC for public transportation, bicycle and pedestrian projects, and Transportation Demand Management (TDM), administered by the Triangle J Council of Governments. By DCHC policy, local governments are discouraged from allocating resources from these funding sources to highway projects.

Local funding is provided as the match for public transportation projects using CMAQ, STBGDA or TAP. Typically, for public transportation capital projects,

the local government provides a 10 percent local match, the state provides a 10 percent match, and federal funding is provided at 80 percent. These local funds are provided by the City of Durham, the Town of Chapel Hill, Orange County, and GoTriangle. Operating assistance for transit projects often includes up to 50 percent local funding match.

More information regarding how local jurisdictions and agencies will program their respective local funding match(es) for projects is available in each local government's adopted budget and Capital Improvement Program. For bicycle and pedestrian projects, the local match is 20 percent, except for Carrboro and Hillsborough, which have a lower match due to population size.

### **4.1 STBGDA AND TAP-DA FUNDING PROGRAMS**

STBGDA and TAP-DA funds are directly allocated to the DCHC MPO annually, based on the population of the urbanized area. As of FY 20, the DCHC MPO receives approximately \$6 million annually in STBGDA funds and just over \$400,000 annually in TAP-DA funds.

STBGDA can be used for many different planning, highway, transit, or bicycle/pedestrian projects. The DCHC MPO has a policy to not use STBGDA for highway projects, unless the STBGDA funds are applied to the project for project costs related to incidental bicycle and pedestrian improvements. In 2018, the DCHC MPO held a Call for Projects



for STBGDA funds for FY2019-2020. DCHC MPO STBGDA funding follows a distribution policy that was adopted by the MPO Board in 2014. The distribution policy is shown in Figure 3.

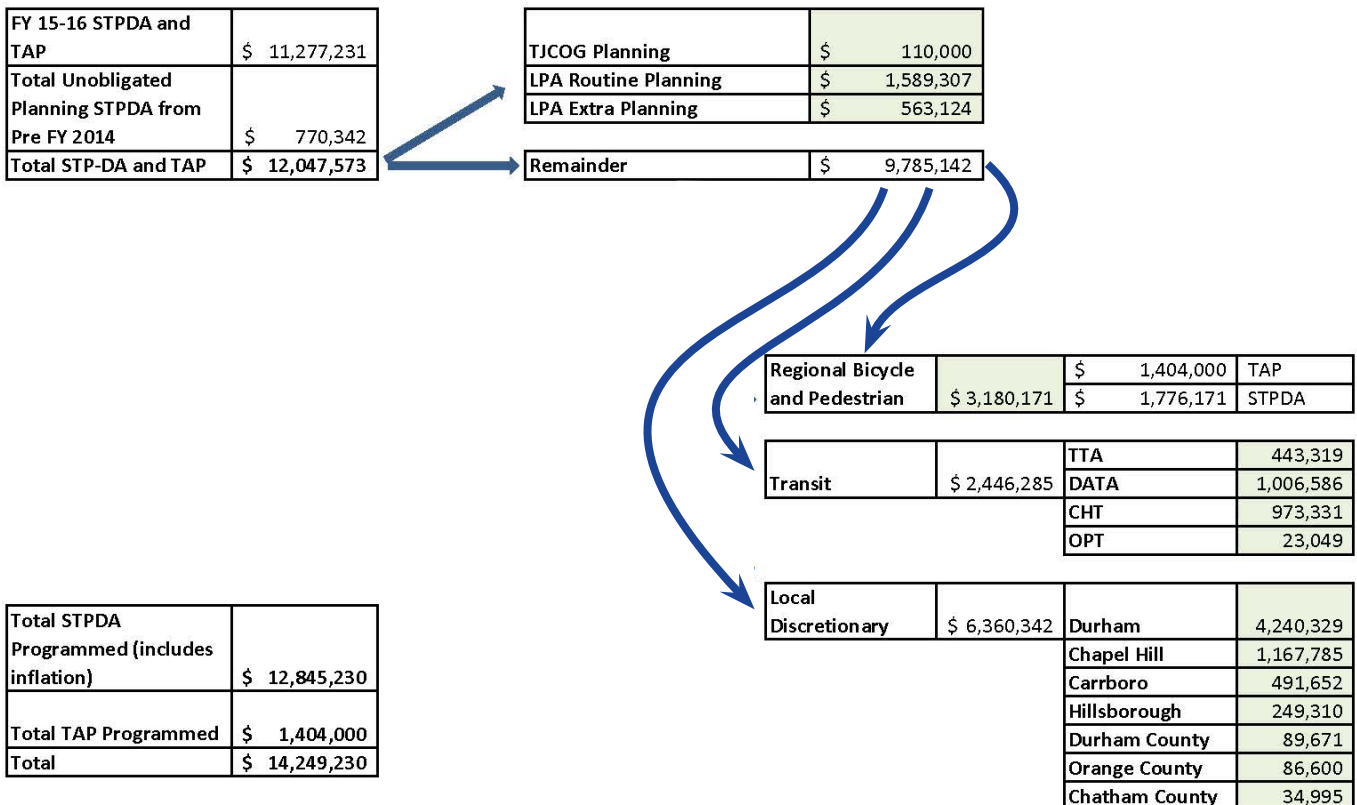
TAP-DA was created under MAP-21 and continues under the FAST Act. TMAs, such as DCHC MPO, receive a direct allocation of TAP-DA annually, based on the population of the urbanized area. Federal legislation requires that TAP-DA projects be selected through a competitive process. TAP can only be used for “transportation alternatives,” including bicycle and pedestrian facilities, trails, scenic areas, community improvement

activities, environmental mitigation, and safe routes to school programs. DCHC plans to hold a Call for Projects for TAP-DA funds in winter 2019.

### 4.2 PROJECT SCREENING & PRIORITIZATION PROCESS FOR TAP-DA FUNDING

The DCHC MPO policy related to programming TAP-DA funds requires MPO member jurisdictions and agencies to submit project funding requests to the MPO staff. Projects are evaluated based on the screening criteria and scoring methodology listed below. The

**Figure 2. Example of DCHC MPO STBGDA & TAP Distribution Policy**





MPO TC makes a recommendation to the MPO Board to review. The MPO Board reviews the recommendation to approve the projects. The following criteria and methodology satisfies the federal requirement that all TAP funding be selected through a competitive process.

#### **4.2.1 Screening Criteria**

- Projects must anticipate a minimum of \$1 million (federal) funding for construction. Design and right-of-way phases can request less than \$1 million (federal) if the construction phase is expected to exceed \$1 million (federal);
- Only the next imminent project phase should be requested (i.e. construction funding should only be requested once design and right-of-way is complete); and
- Projects must be part of the adopted Regional Routes as listed in the current MTP.

#### **4.2.2 Scoring Methodology**

- **40 Percent Project Readiness** - Priority will be given to projects that are ready to be constructed or are ready to move to the next phase of project development:
  - » 100 points - Construction funding requested - right-of-way and design complete.
  - » 50 points - Right-of-way funding requested - design complete.
  - » 25 points - Planning requested.

- **30 Percent Safety**

- » Variable score from 0-100 points based on the relative number of bike/ped crashes on the facility or parallel facility.

- **15 Percent Spans Multiple Jurisdictions**

- » 100 points - spans more than two local jurisdictions.
- » 50 points - spans more than one local jurisdiction.

- **15 Percent Density**

- » Variable score from 0-100 points based on the relative population and employment density of a 0.5 mile buffer of the corridor.

#### **4.3 CMAQ FUNDING PROGRAM**

Federal CMAQ funds are apportioned annually to each state according to the severity of its air quality problems. The CMAQ program is funded by the FHWA; therefore, CMAQ projects must follow federal laws and regulations. Because transportation and environmental program priorities fluctuate, a limited portion of CMAQ apportionment can be transferred (flexed) to other Federal Aid highway programs including:

- Surface Transportation Program (STP)
- National Highway System (NHS)
- Highway Bridge Program (HBP)

- Interstate Maintenance (IM)
- Recreational Trails Program (RTP)
- Highway Safety Improvement Program (HSIP)

The transfer of funds has specific monetary provisions and will differ each year. It is also a requirement that any transfer of such funds must still be obligated in nonattainment and maintenance areas.

The CMAQ program is based on a competitive process in which proposals

for candidate transportation projects are submitted to DCHC staff, which rates the proposals and then submits them to NCDOT for review. MPOs and RPOs responsible for transportation planning in air quality non-attainment and maintenance areas are encouraged to work cooperatively with their member jurisdictions to develop and submit project proposals.

## 5. HIGHWAY FUNDING FOR MPO-SPECIFIC PROJECTS

Following the adoption of the FY2020-2029 STIP by the NCDOT Board of Transportation, NCDOT provided each MPO with funding summary tables for projects located within their MPO area. The funding summary tables demonstrate

that the STIP is fiscally constrained. The MTIP is a subset of the STIP, so the MTIP is also fiscally constrained. The estimated costs account for inflation. Table 6 below presents a summary of funding for highway projects located within the DCHC MPO area for FY2020-2023.

**Table 5. Summary of Highway Project Funding**

(Estimated Cost are in Thousands of Dollars)

| FUNDING SOURCE | FUNDING DESCRIPTION                                   | FUNDING TYPE    | FY2020 | FY2021 | FY2022 | FY2023 |
|----------------|---|-----------------|--------|--------|--------|--------|
| BGANY          | Surface Transportation Block Grant Program (Any Area) | Federal         | 6,157  | 9,938  | -      |        |
| CMAQ           | Congestion Mitigation                                 | Federal         | 2,295  | 2,812  | -      |        |
| HSIP           | Highway Safety Improvement Program                    | Federal         | 210    | -      | -      |        |
| L              | Local   | Other           | 683    | 4,483  | -      |        |
| NHFP           | National Highway Freight Program                      | Federal         | -      | -      | -      | 2,303  |
| NHP            | National Highway Performance Program                  | Federal         | 2,078  | 14,509 | 21,271 | 58,975 |
| NHPB           | National Highway Performance Program (Bridge)         | Federal         | 110    | 253    | 2,264  | 2,588  |
| NHPIM          | National Highway Performance Program (Interstate)     | Federal         | 5,162  | 5,474  | 1,674  | 1,991  |
| S              | State   | State           | 31     | -      | -      | -      |
| S(M)           | State Match for STBGDA or GARVEE Projects             | State           | 3,103  | 3,696  | 1,253  | 1,265  |
| T              | Highway Trust Funds                                   | State           | 562    | 7,849  | 7,399  | 16,021 |
| TA             | Transportation Alternatives Program (Uncategorized)   | Federal         | 124    | -      | -      | -      |
|                |   | <b>SUBTOTAL</b> | 20,515 | 49,014 | 33,861 | 83,143 |

## 6. Non-Highway Funding for MPO-Specific Projects

Following the adoption of the FY2018-2027 STIP by the NCDOT Board of Transportation, NCDOT provided each MPO with funding summary tables for projects located within their MPO area. The funding summary tables demonstrate

that the STIP is fiscally constrained. The MTIP is a subset of the STIP, so the MTIP is also fiscally constrained. The estimated costs account for inflation. Table 6 below presents a summary of funding for non-highway projects located within the DCHC MPO area for FY2020-2023.

**Table 6. Summary of Non-Highway Project Funding**  
(Estimated Cost are in Thousands of Dollars)

| FUNDING SOURCE | FUNDING DESCRIPTION  | FUNDING TYPE    | FY2020        | FY2021        | FY2022        | FY2023         |
|----------------|--|-----------------|---------------|---------------|---------------|----------------|
| BGANY          | Surface Transportation Block Grant Program (Any Area)            | Federal         | -             | 3,460         | -             | -              |
| BGDA           | Surface Transportation Block Grant Program (Direct Attributable) | Federal         | -             | 615           | -             | -              |
| FED            | Unidentified Federal Funding                                     | Federal         | 160           | -             | -             | -              |
| FMPL           | Metropolitan Planning  | Federal         | 112           | 113           | 114           | 115            |
| FNF            | New Freedom Program  | Federal         | 63            | 63            | 64            | 65             |
| FNU            | Non Urbanized Area Formula Program (5311)                        | Federal         | 63            | 63            | 64            | 65             |
| FUZ            | Capital Program - Bus Earmark                                    | Federal         | 10,330        | 10,700        | 10,536        | 9,777          |
| L              | Local  | Other           | 3,498         | 5,468         | 3,277         | 1,997          |
| O              | Local, Non Federal or State Funds                                | Other           | 2,713         | 1,085         | -             | -              |
| S              | State  | State           | 622           | 479           | 634           | 389            |
| SMAP           | Operating Assistance and State                                   | State           | 6,407         | 6,471         | 6,535         | 6,601          |
| SRTS           | Safe Roads to School   | Federal         | -             | -             | 241           | -              |
| T              | Highway Trust Fund   | State           | 9,591         | 13,083        | 8,729         | 5,384          |
| TAANY          | Transportation Alternatives Program (Any Area)                   | Federal         | 2,495         | 9,295         | 5,276         | 472            |
| TADA           | Transportation Alternatives Program (Direct Attributable)        | Federal         | 401           | -             | -             | -              |
|                |  | <b>SUBTOTAL</b> | <b>36,455</b> | <b>50,895</b> | <b>35,470</b> | <b>24,864</b>  |
|                |  | <b>Total</b>    | <b>56,970</b> | <b>99,909</b> | <b>69,331</b> | <b>108,007</b> |

## 7. SUMMARY OF FY2020-2023 PROJECT COSTS BY FUNDING SOURCE

The three primary sources of funding used to fund projects and programs in the DCHC MPO's MTIP are federal, state, and other or local funding. Other or local funding is a combination of funding sources that includes the required local funding share and any other funding contributed from non-federal and non-state funding sources.

The federal and state funding sources are more fully discussed earlier in this chapter and are comprised of numerous different programs designed to fund different aspects, phases, or costs related to the development and maintenance of the

transportation system.

The total estimated amount of funding for all three funding sources in the DCHC MPO area for FY2020-2023 is just over \$334 million. This is a decrease of seven percent from the first four years of the previous TIP. While the decrease is moderate (there was a 27 percent decrease from FY2016-2019 to FY2018-2021), there is a substantial difference in the funding source allocation. While in this TIP 61 percent of funding is expected to come from federal sources, federal revenues only accounted for approximately 43 percent in the previous TIP. State contributions in the DCHC MPO area have decreased from 49 percent in the previous TIP to 32 percent in this cycle. Revenues from Other funding sources remain relatively unchanged.

**Figure 3. Summary of FY2020-2023 Project Costs by Funding Source**

