

CHAPTER 11

FINANCIAL ELEMENT

I. OVERVIEW

This Financial Element is intended to provide an overview of the revenues reasonably expected from specific federal, state, and local governmental funding programs to support the transportation investment identified during the 24-year planning period in the Regional Transportation Plan. The Plan assumes a total of \$724 million in projected revenues to be available through 2042. The projected revenues and expenditures in this chapter are based on historical patterns of funding from federal, state, and local revenue sources, and assumptions about future conditions.

II. ASSUMPTIONS

The assumptions used for each of the various federal, state, and local revenue projections are based upon the best available data provided for KCAG and Caltrans. These assumptions are based upon current information and do not reflect any attempt to predict future federal, state, or local actions or to resolve currently pending issues. Kings County is an urbanized area and is eligible for funding from additional programs not available to rural areas.

In developing the revenue projections for the RTP in the corresponding tables, the following assumptions were used:

A. FEDERAL FUNDS

The Fixing America's Surface Transportation (FAST) Act was signed into law on December 4, 2015, which is the first federal law in over a decade to provide long-term funding certainty for surface transportation system. The FAST Act made limited changes to the major programmatic restructuring provided under the 2012 reauthorization of its predecessor, the Moving Ahead for Progress in the 21st Century Act (MAP-21). A major focus on the movement of freight is reflected in a new core formula program, the National Highway Freight Program (NHFP), and a new competitive discretionary grant program, the National Significant Freight and Highway Projects Program (NSFHP).

The FAST Act authorizes a total of \$280 billion from the Highway Trust Fund over FY 2016 to FY 2020 for highway and transit programs. Under the FAST Act, 92% of the Federal-Aid Highway Program funding is apportioned by formula to the five core formula programs and Metropolitan Planning.

- The FAST Act is a fully funded five-year authorization of surface transportation programs.
- More funds are available for locally owned highways and bridges. The bill expands and grows the Surface Transportation Program (STP), which is now rebranded the Surface Transportation Block Grant Program (STBGP). Not only that it increases the funding for the program, but also enables the program to provide additional funds for a wide variety of projects, including bridge repair, replacement and rehabilitation projects.

- The bill also allows the National Highway Performance Program (NHPP) to support all on-system bridges, essentially making an additional \$116.4 billion available to locally owned infrastructure.
- For the urban and rural transit system, the bill not only continues the Bus and Bus Facilities formula grant program, but also establishes new competitive bus grant programs to assist capital improvement.

1. Core Highway Formula Programs

a. Surface Transportation Block Grant Program (STBG)

The STBG is one of the core federal-aid highway programs under FAST Act that replaces the former Surface Transportation Program under MAP-21. With the by far broadest program eligibility criteria, STBG provide flexible funding to any federal-aid highway, including the National Highway System (NHS), bridge projects on any public road, transit capital projects, and public bus terminals and facilities. The FAST Act authorizes an annual average of almost \$11.7 billion for STBG.

KCAG exchanges its annual apportionment of STBP funds for State Highway Account funds in accordance with the annual Exchange/Match Program. Revenues from the STBG program are projected based on a four-year average of estimated annual apportionment to Kings County. Estimates beyond the life of FAST Act are assumed to be equal to those currently available.

b. National Highway Performance Program (NHPP)

The NHPP has become the largest of the restructured federal-aid highway programs. The program supports improvement of the condition and performance of the National Highway System, combining the former Interstate Maintenance (IM) Program, the National Highway System (NHS) Program, and the Highway Bridge Program's (HBP) *on-system* component. NHPP includes projects to achieve national performance goals for improving infrastructure condition, safety, mobility, or freight movement. There are no revenue projections for this fund.

c. Congestion Mitigation and Air Quality (CMAQ)

The CMAQ program continues to be funded through the FAST Act to fund projects and programs that may reduce emissions of transportation-related pollutants to improve air quality. Under the FAST Act, CMAQ's average annual authorization is \$2.405 billion. The act expands eligibility to include port-related freight operations, or projects to reduce emissions from port-related road or non-road equipment within a nonattainment or maintenance area.

Revenues from the CMAQ program are projected on a four-year average of estimated annual apportionment to Kings County. Estimates beyond the life of FAST Act are assumed to be equal to those currently available.

d. Highway Safety Improvement Program (HSIP)

This is a formula grant from Federal to the state, but a competitive program managed by Caltrans for the regions and local agencies. The purpose of the Program is to support projects that improve the safety of road infrastructure by correcting hazardous road locations, such as dangerous intersections, or making road improvements. HSIP is funded at an annual average of \$2.556 billion under the FAST Act. The program eligibility is broadened to make vehicle-to-vehicle technology, median separations, and other infrastructure projects eligible.

Given the competitive nature of this program, revenues from this program are projected based on the three-year moving averages of historical amount received.

e. Highway Bridge Program (HBP)

The HBP is a safety program that provides federal-aid to local agencies to replace and rehabilitate deficient locally owned public highway bridges. Given the competitive nature of the program, there is no guarantee that funding will be received. Revenues are projected based on the three-year moving averages of the historical amount of funds received.

f. National Highway Freight Program (NHFP)

The NHFP is a new program under FAST Act that is to help states and MPOs remove impediments to the movement of goods. Large states would be required to spend their apportionment on the primary, rural, or urban freight system roads. Annual apportionments for NHFP will average about \$1,249 billion annually through FY 2020. No revenue projection for this fund.

2. Public Transportation (Transit) Programs

a. Federal Transit Administration - Section 5307

FTA Section 5307 is the Urbanized Area Formula Grants program providing operating and capital assistance for transit operators in state urbanized areas with population over 500,000. Funds are distributed with a formula based on population, population density, and transit revenue miles of services. Kings County is expected to continue to receive a similar amount of annual apportionments based on historical trends.

Funding is expected to be used for operating and capital assistance for the Kings County Area Public Transit Agency (KCAPTA).

b. Federal Transit Administration - Section 5310

FTA Section 5310 is the Mobility for Seniors and People with Disabilities program, which is a competitive program that provides funding to improve mobility for senior and individuals with disabilities by removing barriers to transportation services and expanding the transportation mobility options available. Applications must compete statewide for a limited amount of funds. Projected revenue from this program is based on the four-year historical programmed average of awarded funding.

c. Federal Transit Administration - Section 5311

FTA Section 5311 is the Rural Area Formula Grants program that provides operating and capital assistance for transit operators in rural and small urban areas with population less than 500,000. Funds are distributed annually based on formula that allows up to 80% federal share for capital projects and 50% for operating assistance. Kings County is expected to receive a similar amount of annual apportionments based on historical trends. Kings County's apportionments will continue to be used by the Kings County Area Public Transit Agency (KCAPTA) and the City of Corcoran for their transit systems.

d. Federal Transit Administration - Section 5339

FTA Section 5339 is the Buses and Bus Facilities program providing funds for eligible providers to replace, rehabilitate, and purchase buses and related equipment, as well as construct bus related facilities. Funding is provided through formula allocations and competitive grants. Under the FAST Act, Kings County receives an annual apportionment from this program. The projected revenue from this program is based on historical annual apportionments.

B. STATE FUNDS

1. Senate Bill 1 / Gas Tax

The Road Repair and Accountability Act, passed in 2017, generates additional funds through increasing gas tax and vehicle registration fees to fix California's transportation system. State-mandated transportation system and local roads equally share the SB 1 funds. The Act will more than double local streets and road funds through these taxes and fees, and increase transit funds through increased diesel taxes. Projected revenues are based on the State Department of Finance revenue projection for this category through FFY 2018-19.

It should be noted that an initiative qualified for the November 2018 statewide ballot (Proposition 6, California Voter Approval for Gas and Vehicle Taxes Initiative) to repeal the taxes and fees imposed by SB 1 and to require the Legislature to submit any measure enacting specified taxes or fees on gas or diesel fuel, or on the privilege to operate a vehicle on public highways, to the electorate for approval.

2. State Transportation Improvement Program (STIP)

The STIP consists of two components: the Regional Transportation Improvement Program (RTIP) and the Interregional Transportation Improvement Program (ITIP). The STIP funds are distributed 75% to RTIP and 25% to ITIP. Projected revenues are based on the historical regional share dollars available to Kings County.

3. State Highway Operation and Protection Program (SHOPP)

The SHOPP provides funds to state highway maintenance and operation projects. SHOPP projects may not increase roadway capacity. There is no formula for allocating SHOPP revenues that leads to a degree of uncertainty for revenue received from this program. Projected revenues are based on the historical receipt and available funding estimate through FFY 2020-21.

4. California Aid to Airports

This is the funding from California Aid to airports. Hanford Municipal Airport is eligible to receive this grant. It is expected that the annual \$10,000 grants will continue to be available from the State to the Hanford Municipal Airport.

5. Active Transportation Program (ATP)

The ATP is a competitive program that consolidates various federal and state transportation programs. The goal of ATP is to provide funding for projects that encourage usage of active modes of transportation. There are two selection components under the program: the statewide competitive selection process and the large MPO administered local competitive selection process. No funding is projected for this program, given that Kings County has not received funds from this program so far.

C. LOCAL FUNDS

1. Transportation Development Act (TDA)

The TDA provides two major funding sources for public transportation in California: the Local Transportation Fund (LTF) and the State Transit Assistance Program (STA). LTF is derived from a quarter cent of the retail sales tax collected statewide. Revenues to a county's LTF must be apportioned by population to areas within the county. Projected revenues are based on the historical amount and the available fund estimate through FFY 18-19 to the Kings region.

The STA funds are generated from statewide excise tax and sales tax on diesel fuel. Revenues are allocated by formula to each regional planning agency: 50% based on the share of population and the remaining 50% on the share of the regional transit operator revenue. The passage of SB 1 will increase available STA funding. Projected revenues are based the available fund estimate through FFY 18-19.

2. Transportation Impact Fees / Local General Fund

This category includes revenues from transportation impact fees and the portion of local general fund contributed to transportation system maintenance and operation. The Cities of Hanford and Lemoore are expected to continue receiving revenues as development occurs. Projected revenues are calculated based on city budgets and Capital Improvement Programs, all of which are provided by the local jurisdictions.

3. Transit Fares

Revenues from transit fares are collected by transit operators in the Kings County region. Projected revenues are based on historical amounts received.

4. Air District Grants

The San Joaquin Valley Air Pollution Control District has established competitive funding programs to provide financial assistance to local jurisdictions on a variety of transportation related projects. No projected revenues for these funds.

III. SUMMARY OF REVENUES AND EXPENDITURES**FIGURE 11-1****SUMMARY OF REVENUES
(In Millions of \$)**

PROGRAM	APPLICABLE USES	2018-2042
FEDERAL FUNDS		
Surface Transportation Block Grant Program (STBG)	Highways, Roads, Transit, Non-Motorized, TDM, TCM	\$51.52
Congestion Mitigation and Air Quality (CMAQ)	Roads, Transit, Non-Motorized, TDM, TCM	\$42.72
Highway Safety Improvement Program (HSIP)	Highways, Roads	\$2.27
Highway Bridge Program (HBP)	Bridges	\$2
National Highway Freight Program (NHFP)	Freight	\$0
FTA section 5307	Transit	\$61.51
FTA section 5310	Transit	\$4.79
FTA section 5311	Transit	\$8.76
FTA section 5339	Transit	\$4.17
Airport Improvement Program	Aviation	\$23.86
TOTAL FEDERAL FUNDS		\$201.6
STATE FUNDS		
Local Streets and Roads (Gas Tax)	Highways, Roads, Transit	\$246.67
State Transportation Improvement Program	Highways, Roads	\$60.37
California Aid to Airports Program	Aviation	\$0.24
Active Transportation Program	Non-Motorized	\$0
TOTAL STATE FUNDS		\$307.28
LOCAL FUNDS		
Local Transportation Fund	Roads, Transit, Non-Motorized	\$96.25
State Transit Assistance	Transit	\$21.83
Transportation Impact Fees/General Funds	Highways, Roads, Transit, Non-Motorized, Aviation, TDM, TCM	\$79.36
Passenger Fares	Transit	\$17.53
Air District Grants	Various, depending on the program	\$0
TOTAL LOCAL FUNDS		\$214.97
TOTAL ALL FUNDS		\$723.85

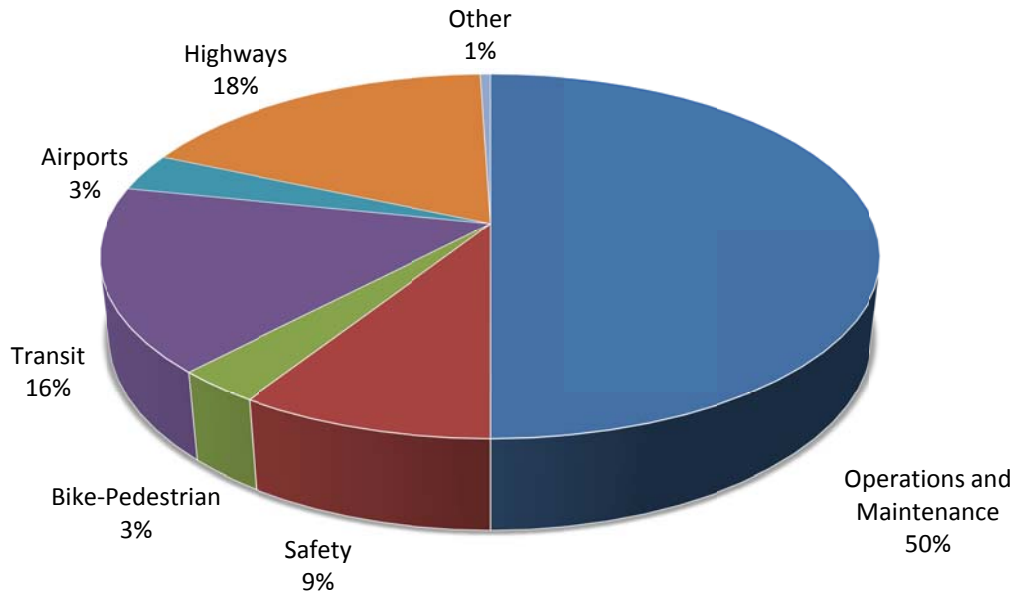
FIGURE 11-2

**SUMMARY OF EXPENDITURES
(In Millions of \$)**

MODE	AMOUNT	PERCENT OF TOTAL
Operations and Maintenance	\$361.93	50.0
Safety	\$64.64	8.9
Bike-Pedestrian	\$21.72	3.0
Transit	\$118.59	16.4
Airports	\$24.10	3.3
Rail	\$0	0.0
Highways	\$129.25	17.9
Other	\$3.62	0.5
	\$723.85	100.0%

FIGURE 11-3

TRANSPORTATION INVESTMENTS



Source: KCAG