

Chapter 5 - FINANCIAL PLAN

Federal requirements mandate that the *LRTP 2040* include a financial plan that demonstrates how the recommendations can be implemented based on system-level estimates of costs and reasonably expected revenues. Further, both costs and revenues must be expressed in year of expenditure (YOE) dollars to accurately account for the anticipated revenues available to the region and the impact of inflation on the costs of materials and labor to implement projects through 2040. These fiscal constraint requirements are critical to ensuring that the *LRTP 2040* is credible and provides realistic expectations of what can be accomplished; not simply a wish list that has little to no chance of being advanced.

The federal funding mechanisms in place are not meeting current system needs. The *2017-2020 Transportation Improvement Program* (GTC's capital program) was only able to fund about 60 percent of the transportation projects that were submitted. As transportation projects continue to go unfunded a backlog of rehabilitation and maintenance work builds up. What once was a simple repaving job, if unfunded over many years, eventually leads to more costly complete reconstruction. Current funding in the Region helps the transportation system limp along but will never offer the opportunities for transformative projects that will shape the Region's future and provide additional mobility options that the Region's residents are seeking. Additionally, fixing our roads and bridges puts people to work, provides better quality of service for users of the system, and contributes to our economy. It is imperative going forward that all levels of government—federal, state, and local work towards fully funding transportation needs given the importance of the transportation system to the social and economic vitality of the Region.

The primary driver of cost increases for transportation infrastructure and services will be global demand for materials and supplies. Data used to estimate future inflation in transportation costs was obtained from NYSDOT. NYSDOT purchases highway contract cost index special tabulations from IHS Global Insight.

These tabulations are one of several inputs into the escalation factors used by NYSDOT in preparing cost estimates for future projects. The IHS Global Insight tabulations include three weighted indices of future materials and labor: baseline, trendline, and business cycle.

Given the uncertainty over such a long time period and the unique advantages and disadvantages of using various historical trends and future projections, the annual increase in costs through 2040 is estimated to be the average of all three indices – 2.36 percent. Exhibit 30 presents the rate of change for the various indices (displayed as broken lines) as well as the average (displayed as the solid line) that is being used to escalate current costs to YOE dollars

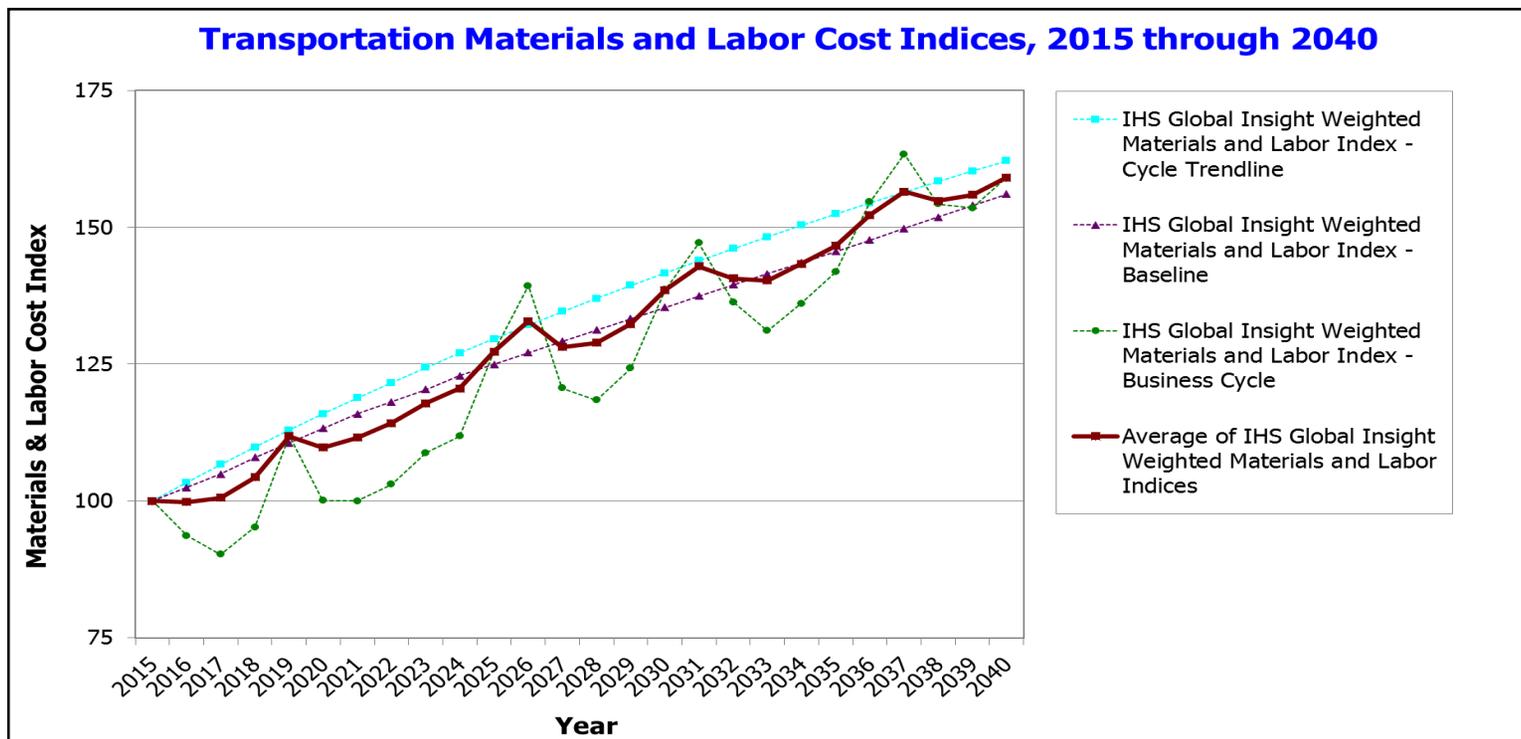
There is just as much, if not more, uncertainty regarding the availability of future revenues for transportation projects and programs in the Region through 2040.

To account for the uncertainty in the composition of federal transportation funding programs (including the potential consolidation of existing programs), reasonably expected future revenues were combined to create the following categories:

- Highway and Bridge – includes the FHWA National Highway Performance Program (NHPP), Surface Transportation Program (STP), and Highway Safety Improvement Program (HSIP)
- General Public Transportation – includes the Federal Transit Administration (FTA) Urbanized Area (Section 5307, 5339) and Other than Urbanized Area (Section 5311) programs
- Human Service Public Transportation – includes the FTA Elderly Persons and Persons with Disabilities (Section 5310)
- Flexible – includes the Transportation Alternatives and the Recreational Trails Program set-asides



Exhibit 30



Programs that are not apportioned by legislated formula are discretionary and typically allocated by Congress. These non-recurring revenues include earmarks and are not included in the estimates of reasonably expected revenues given the uncertainty of their availability over the period covered by the *LRTP 2040*.

The projections of reasonably expected federal revenues in YOE dollars through 2040 are presented in Exhibit 31.

The GTC TIP area includes the counties of Genesee, Livingston, Monroe, Ontario, Orleans, Wayne, and Wyoming. Federal funds programmed in Seneca and Yates counties are determined by NYSDOT and are not included in this analysis as it is not anticipated that GTC will be involved in these deliberations. Nearly all of the federal-aid-eligible transportation system in the

GTC TIP area is owned, operated, and maintained by state, regional, county, and city departments and authorities that are members of GTC. As an example, 95 percent of the 1,484 bridges in the GTC TIP area are under the jurisdiction of GTC member agencies. Each of these agencies makes substantial investments in the regional transportation system with non-federal revenues complementing the federal highway or transit funding available to the Region.

The New York State Thruway Authority (NYSTA) does not receive any federal funding for the approximately 75-mile portion of Interstate 90 that crosses the GTC TIP area. Because this portion of the NYS Thruway is tolled, federal legislation requires an agreement with the U.S. Department of Transportation for NHPP funds to be programmed for projects on it.

Exhibit 31

Projected Reasonably Expected Federal Aid Transportation Program in the GTC TIP Area, 2016 to 2040 (in millions of YOE dollars)

Combined Federal Aid Category	2016-2020	2021-2025	2026-2030	2031-2035	2036-2040	Total
Highway & Bridge	\$ 321.69	\$ 331.34	\$ 341.28	\$ 351.52	\$ 362.06	\$ 1,707.89
Public Transportation	\$ 69.98	\$ 74.89	\$ 77.13	\$ 79.45	\$ 81.83	\$ 383.27
Specialized Public Transportation	\$ 5.77	\$ 5.94	\$ 6.12	\$ 6.31	\$ 6.50	\$ 30.64
Flexible	\$ 9.27	\$ 9.55	\$ 9.83	\$ 10.13	\$ 10.43	\$ 49.20
Total Reasonably Expected Federal Aid	\$ 406.71	\$ 421.72	\$ 434.37	\$ 447.40	\$ 460.82	\$ 2,171.01
Required Non-Federal Match ¹	\$ 101.68	\$ 105.43	\$ 108.59	\$ 111.85	\$ 115.21	\$ 542.75
Total Matched Federal Aid Program	\$ 508.38	\$ 527.15	\$ 542.96	\$ 559.25	\$ 576.03	\$ 2,713.76



¹ Assumes 20 percent non-federal match on entire program.

The most significant non-federal transportation funding sources include:

- New York State Dedicated Highway and Bridge Trust Fund – This is the primary source of non-federal funding that is invested in the region’s federal-aid highway and bridge network.
- NYSTA Capital Program – Includes capital investments for the New York State Thruway
- State Transportation Operating Assistance (STOA) – This is the primary state funding source for public transportation operations.

As presented in Exhibit 32, approximately \$4.4 billion in revenues are projected to be available for federal-aid-eligible projects in the GTC TIP area through 2040. Again, non-capital maintenance and operating activities on the federal-aid system have and are expected to continue to be accomplished with other state and local funding sources.



Exhibit 32

Projected Reasonably Expected Revenues for Federal-Aid-Eligible Projects and Programs by Source in the GTC TIP Area through 2040¹

(in millions of YOE dollars)

Federal Transportation Aid Program	\$ 2,171.01
State Dedicated Highway and Bridge Program	\$ 707.18
State Transportation Operating Assistance	\$ 1,042.07
NYS Thruway Capital Program	\$ 474.21
Total Reasonably Expected Revenues	\$ 4,394.47

¹Does not include revenues for non-capital maintenance and operating activities on the federal-aid system.

GENESEE TRANSPORTATION COUNCIL



Long Range Transportation Plan for the Genesee-Finger Lakes Region 2040