

## **VI. FINANCIAL REVIEW**

### **STATE AND FEDERAL FUNDING SOURCES**

This section on **STATE AND FEDERAL FUNDING SOURCES** was

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#### **Background**

The intent of this report is to identify the traditional Federal and State sources of funds available for funding transportation related projects and programs in the Belgrade area. The sources shown are primarily Federal programs with the exception of the State gas tax funds.

The report presents a narrative description of the potential funding sources, including the source of revenue, required match, purpose for which funds are intended, means by which the funds are distributed, and the agency or jurisdiction responsible for establishing priorities for the use of the funds.

#### **Funding Categories**

Following is a list of major Federal and State transportation funding categories including Federal funds the State receives under the Transportation Equity Act for the 21st Century (TEA-21). A narrative description of each source follows.

1. STPU - Surface Transportation Program - Urban
2. CTEP – Community Transportation Enhancement Program
3. STPP - Surface Transportation Program - Primary
4. STPS – Surface Transportation Program – Secondary
5. IM - Interstate Maintenance
6. STPHS - Surface Transportation Program - Hazard Elimination
7. NHS - National Highway System

8. CMAQ – Congestion Mitigation & Air Quality Improvement Program
  - A) CMAQ
  - B) Montana Air & Congestion Initiative (MACI) – Discretionary Program
  - C) Montana Air & Congestion Initiative (MACI) – Guaranteed Program
9. STPRP – Rail/Highway Crossing Protective Devices Program
10. STPRR – Rail/Highway Crossing Elimination of Hazard Program
11. HBRRP – Highway Bridge Replacement and Rehabilitation Program
  - A) On-System Bridge Replacement and Rehabilitation Program
  - B) Off-System Bridge Replacement and Rehabilitation Program
12. SFC – State Funded Construction
13. State Fuel Tax - City and County
14. Transit Funding

It should be understood that other funding sources are possible, but those listed above reflect the most probable sources at this time.

1. STPU - Surface Transportation Program - Urban

MDT distributes STPU funds to 15 (beginning FFY 2002) urban areas in accordance with a statutory formula based on each area's population compared to the total population in all urban areas. Of the total received, 86.58% is federal and 13.42% is state match from the State Special Revenue Account. STPU funds are used primarily for major street construction, reconstruction and traffic operation projects on the State-designated Urban Highway System. Priorities for the use of STPU funds are established at the local level through local planning processes with final approval by the Transportation Commission.

The local officials (city mayor and chairman of the county commission) are responsible for jointly submitting Belgrade urban funded priorities in writing to the MDT Rail-Transit, and Planning Division. The estimated annual allocation for Belgrade projects is \$100,000 (Total dollars, Federal plus State match) through FFY 2003 when the current

transportation bill (TEA-21) expires. We assume this allocation will remain constant through the life of this plan. The Belgrade Urban Highway System routes will be established through a cooperative city, county and state effort prior to FFY 2002.

## 2. CTEP - Community Transportation Enhancement Program

Federal funds available under this Montana program are used to finance transportation projects that enhance the present surface transportation system in accordance with the Federal requirement that 10% of the STP funds each state receives must be spent on projects in the following categories:

- Pedestrian and Bicycle facilities
- Acquisition of scenic easements and historic or scenic sites
- Scenic or historic highway programs
- Landscaping and other scenic beautification
- Rehabilitation and operation of historic transportation buildings, structures or facilities (including railroads)
- Historic preservation
- Archaeological planning and research
- Mitigation of water pollution due to highway runoff
- Preservation of abandoned railway corridors (including the conversion and use for pedestrian or bicycle trails)
- Control and removal of outdoor advertising
- Safety education activities for pedestrians and bicyclists
- Establishment of transportation museums
- Projects that reduce vehicle-caused wildlife mortality

The Federal share for CTEP projects/activities is 86.58% with a required local match of 13.42%. Eligible local and tribal governments select the projects. Under CTEP, Gallatin County was allocated \$162,418 (Total dollars, Federal plus Local Match) and the City of Belgrade was allocated \$21,369 (Total dollars, Federal plus Local Match) in FFY 2001. The amount varies yearly, but the current level provides a reasonable base for projection throughout the planning period. The Belgrade Area currently has a

balance of \$89,626 total dollars (City of Belgrade) and \$356,019 total dollars (Gallatin County) for this program. The balances represent funds not obligated towards a selected project.

### 3. STPP - Surface Transportation Program - Primary

The Federal and State funds available under this program are used to finance transportation projects on the state-designated Primary Highway System. Of the total received, 86.58% is Federal and 13.42% is State funds from the State Special Revenue account.

Primary funds are distributed statewide (MCA 60-3-205) to each of five financial districts. Prior to the beginning of each biennium the Montana Transportation Commission designates a level of sufficiency that it considers adequate and another considered critical. MDT then computes the ratio between the Primary System mileage rated below adequate sufficiency within each financial district and the total Primary System mileage rated below the adequate level statewide. Another ratio is computed of the Primary System mileage rated at-or-below critical in each district to total Primary System mileage rated at-or-below critical statewide. MDT distributes three-fourths of the total Primary System funds among the five financial districts based on the adequate sufficiency ratio and one-fourth based on the "at or below" critical sufficiency ratio. No financial district can receive more than one-third of the total Primary System funds. In the event that a district would receive more than one-third of the available primary system funds based on the adequate and critical ratios, the funds in excess of one-third are redistributed among the remaining districts. The Transportation Commission (MCA 60-2-110) establishes priorities for the use of Primary funds.

Eligible activities include construction, reconstruction, rehabilitation, resurfacing, restoration and operational improvements. There are no Primary System routes in the Belgrade study area.

#### 4. STPS - Surface Transportation Program – Secondary

Federal and State funds available under this program are used to finance transportation projects on the state designated Secondary Highway System. Of the total, 86.58% is Federal and 13.42% is State funds that come from the State Special Revenue Account.

The Transportation Commission (MCA 60-2-110 (1), (3)) distributes Secondary funds each fiscal year to the five financial districts. Distribution is based on the following:

- 1) 30% in the ratio of land area in each district to the total land area in the state.
- 2) 35% in the ratio of the rural population in each district to the total rural population in the state.
- 3) 30% in the ratio of rural road mileage in each district to the total rural road mileage in the state.
- 4) 5% in the ratio of the rural bridge square footage in each district to the total rural bridge square footage in the state.

MDT and county commissions determine Secondary priorities cooperatively for each district.

Eligible activities for the use of Secondary funds fall under three major types of improvements: Reconstruction, Rehabilitation, and Pavement Preservation. The Reconstruction and Rehabilitation categories are allocated 65% of the program funds with the remaining 35% dedicated to Pavement Preservation. Secondary Highway System routes in the Belgrade study area eligible for the use of these funds are S-205, S-347, S-290, and S-291.

#### 5. IM - Interstate Maintenance

The Interstate Maintenance (IM) program provides funding for projects on the Interstate System involving resurfacing, restoring, and rehabilitation of the existing roadway.

The Federal share for IM projects is 91.24% and the State is responsible for 8.76%. The State's percentage is funded through the Special Revenue Account.

Activities eligible under the Interstate Maintenance program include resurfacing, restoring, and rehabilitation of the roadway. In addition, reconstruction or rehabilitation of bridges, existing interchanges, and over crossings also qualify. Construction of new travel lanes other than high occupancy vehicle (HOV) lanes or new interchanges are not eligible for IM funding. Preventive maintenance activities are eligible when a state can demonstrate, through its pavement management system, that such activities are a cost-effective means of extending interstate pavement life.

The Montana Transportation Commission approves the fund apportionment to the statewide Interstate Maintenance program. The IM funds are distributed throughout the financial districts based solely on need. However, consideration is given to balancing needs against existing and future construction manpower when distributing the funds.

The only highway eligible for use of these funds in the Belgrade area is Interstate 90.

#### 6. STPHS - Surface Transportation Program - Hazard Elimination

The purpose of the Federal Hazard Elimination program is to identify hazardous locations throughout the states highway system, assign benefit/cost ratio priorities for the correction of these hazards, and implement a schedule of projects for their improvements. Hazard elimination projects are funded with 90% federal funds and 10% state funds.

Projects eligible for funding under the hazard elimination program include any safety improvement project on any public road; any public surface transportation facility or any publicly owned bicycle or pedestrian pathway or trail; or any traffic calming measure. MDT's Safety Bureau selects the projects by identifying high hazard sites through the analysis of law enforcement accident reports. Sites with a cluster of accidents over time are field reviewed and an appropriate type of corrective action is determined. The cost of the proposed hazard elimination project is compared to the potential benefit of the

action. Once the benefit/cost ratio is calculated for all high hazard sites statewide, the projects are prioritized from highest to lowest and the projects are funded in this order until the yearly funds are exhausted.

## 7. NHS - National Highway System

The purpose of the National Highway System (NHS) is to provide an interconnected system of principal arterial routes which will serve major population centers, international border crossings, intermodal transportation facilities and other major travel destinations; meet national defense requirements; and serve interstate and interregional travel.

The National Highway System includes all interstate routes, a large percentage of urban and rural principal arterials, the defense strategic highway network, and strategic highway connectors. The Federal share for any eligible NHS project is 86.58% and the State is responsible for the remaining share of 13.42%. The State share is funded through the State Special Revenue Account.

Activities eligible for the National Highway System funding include construction, reconstruction, resurfacing, restoration, and rehabilitation of segments of the NHS. Operational improvements as well as highway safety improvements are also eligible. Other miscellaneous activities that may qualify for NHS funding include research, planning, carpool projects, bikeways, and pedestrian walkways.

The Montana Transportation Commission approves the fund apportionment to the National Highway System projects. The NHS funds are distributed throughout the financial districts based solely on need. However, consideration is given to balancing needs against existing and future construction manpower when distributing the funds.

The eligible National Highway System routes in the Belgrade area are I-90 and P-85/MT 85 – Four Corners to Belgrade.

## 8. CMAQ – Congestion Mitigation & Air Quality Improvement Program

Federal funds available under this program are used to finance transportation projects and programs to help meet the requirements of the Clean Air Act. Eligible activities include transit improvements, traffic signal synchronization, bike/ped projects, intersection improvements, travel demand management strategies, traffic flow improvements, and public fleet conversions to cleaner fuels. At the project level, the use of CMAQ funds is not constrained to a particular system (i.e. Primary, Urban, and NHS). Of the total received, 86.58% is federal and 13.42% is non-Federal match. A requirement for the use of these funds is the estimation of the reduction in pollutants resulting from implementing the program/project. These estimates are reported yearly to FHWA.

TEA-21 provided for significantly more flexibility in the use of CMAQ funds. Prior to TEA-21, almost all CMAQ funds had to be used in Missoula. Although Missoula continues to receive the CMAQ funds that come to Montana by virtue of the Federal formula, MDT has directed approximately 90% of Montana's CMAQ apportionment to several new State programs.

### A) CMAQ

"Pure" CMAQ funds that come to Montana based on the Federal formula and are directed to Missoula, Montana's only moderate CO nonattainment area. Projects are prioritized through the MPO process.

### B) Montana Air & Congestion Initiative (MACI) – Discretionary Program

Projects using MACI – Discretionary funds are selected through a proposal process administered by the Transportation Planning Division of MDT. MDT and local governments determine project nominations cooperatively for each district.

Projects must be on the state highway system and are prioritized and selected amongst all eligible areas based on air quality benefits. Eligible areas include designated PM-10 and CO non-attainment areas as well as areas determined to be high risk for PM-10 or CO by the Department of Environmental Quality (DEQ) or the Environmental Protection



Agency (EPA). Belgrade is a high risk area and on-system routes within Belgrade are eligible for this funding source.

C) Montana Air & Congestion Initiative (MACI) – Guaranteed Program

MACI-Guaranteed funds are distributed to Billings and Great Falls at a level equivalent to what Missoula receives each year in CMAQ funds. Projects are prioritized through the MPO planning process.

9. STPRP - Rail/Highway Crossing Protective Devices Program

The purpose of the federal Rail/Highway Crossing – Protective Devices program is to identify high hazard rail crossing sites and install new rail crossing signals.

MDT's Rail - Highway Safety manager is responsible for surveying, identifying and prioritizing those railroad crossings that require new protective devices or upgrading of existing devices. The funds are distributed on a statewide basis determined by a priority list ranked by a hazard index. The Federal/State ratio is 90% federal and 10% state.

10. STPRR - Rail/Highway Crossing Elimination of Hazard Program

The purpose of the Federal rail/highway crossing – elimination of hazard program is to identify high hazard rail crossing sites and construct new rail/highway grade crossings. The program also uses funds to rehabilitate existing grade separations.

Eligible expenditures include the separation or protection at grade crossings, reconstruction of existing crossings and relocation of highways to eliminate crossings. Projects for this program are selected by identifying those sites where only a grade separation will eliminate an identified hazard or where an existing grade separation exists but needs rehabilitation or replacement. Since funding for this program is limited, STPRR funds are often used in combination with other Federal funding sources to fund costly grade separation projects.

Grade separation projects are funded with 90% Federal funds and 10% State funds.

## 11. HBRRP - Highway Bridge Replacement and Rehabilitation Program

This program provides funding for the rehabilitation and replacement of deficient bridges. The funding, eligibility requirements and project selection for this program is divided into two categories, depending upon whether the bridge is located "on-system" or "off-system".

### A) On-System Bridge Replacement and Rehabilitation Program

The On-System Bridge program receives funding through the federal Highway Bridge Replacement and Rehabilitation Program. The On-System Bridge program receives 65 percent of the HBRRP funds. The remaining 35 percent are allocated to the Off-System Bridge program. In general, On-System Bridge projects are funded with 80 percent federal funds and 20 percent state funds. Projects eligible for funding under the On-System Bridge program include all highway bridges on the state system. The bridges are eligible for rehabilitation or replacement. In addition, painting and seismic retrofitting are also eligible under this program.

A structurally deficient bridge is eligible for rehabilitating or replacement; a functionally obsolete bridge is eligible only for rehabilitation; and a bridge rated as sufficient is not eligible for funding under this program. MDT's Bridge Bureau assigns a priority for replacement or rehabilitation of structurally deficient and functionally obsolete structures based upon sufficiency ratings assigned to each bridge.

### B) Off-System Bridge Replacement and Rehabilitation Program

The Off-System Bridge program receives funding through the Federal Highway Bridge Replacement and Rehabilitation Program. As stated above, the On-System Bridge program receives 65 percent of the HBRRP funds. The remaining 35 percent are allocated to the Off-System Bridge program. Off-System Bridge projects are funded with 80 percent federal funds and 20 percent state funds.

Projects eligible for funding under the Off-System Bridge program include all bridges not "on-system", at least 20 feet long in length, and have a sufficiency rating of less than 80.

Procedures for selecting bridges for inclusion into this program are based on a ranking system that weighs various elements of a structures condition and considers county priorities. MDT Bridge Bureau personnel conduct a field inventory of off-system bridges on a two-year cycle. The field inventory provides information used to calculate the Sufficiency Rating (SR).

#### 12. SFC – State Funded Construction

The Pavement Preservation Program funds state construction projects and is funded totally with State funds. Projects not eligible for Federal funding participation are funded with these dollars. The program funds projects on the Primary and Secondary Highway Systems to preserve the condition and extend the service life of the pavement. The type of work consists entirely of overlays and/or seal and covers. Eligibility requirements are that the highway be maintained by the State. The Transportation Commission establishes the priorities for the program. This program is totally state funded, requiring no match. MDT staff selects the projects based on pavement preservation needs.

#### 13. State Fuel Tax - City and County

Montana assesses a tax of \$.27 per gallon on gasoline and diesel fuel used for transportation purposes. Each incorporated city and town within the State receives a portion of the total tax funds allocated to cities and towns by State law based upon:

- 1) The ratio of the population within each city and town to the total population in all cities and towns in the State;
- 2) The ratio of the street mileage within each city and town to the total street mileage in all incorporated cities and towns in the State. The street mileage is exclusive of the Federal-Aid Interstate and Primary Systems.

Each County receives a percentage of the total tax funds allocated to counties by State law based on:

- 1) The ratio of the rural population of each county to the total rural population in the State, excluding the population of all incorporated cities or towns within the county and State;
- 2) The ratio of the rural road mileage in each county to the total rural road mileage in the State, less the certified mileage of all cities or towns within the county and State; and
- 3) The ratio of the land area in each county to the total land area of the state.

For State Fiscal Year 2001 the City of Belgrade will receive \$98,424 and Gallatin County will receive \$235,900 in state fuel tax funds. The amount varies yearly, but the current level provides a reasonable base for projection throughout the planning period.

All fuel tax funds allocated to the city and county governments must be used for the construction, reconstruction, maintenance, and repair of rural roads or city streets and alleys. The funds may also be used for the share that the city or county might otherwise expend for proportionate matching of federal funds allocated for the construction of roads or streets that are part of the Primary, Secondary or Urban Systems.

Priorities for the use of these funds are established by each jurisdiction receiving them.

#### 14. Transit Funding

Several Federal Transit Administration funding programs provide funding for Montana transit providers. With the exception of the Section 5303 and Section 5307 Urbanized Area (Missoula, Great Falls, Billings) programs, the FTA programs are administered by MDT. The two primary programs are the Section 5310 and Section 5311 programs.

##### A) Section 5310 Service for the Elderly and Persons With Disabilities

These funds are available through an application process to non-profit groups and public bodies for capital assistance. The funding requires a 20% local match.

#### B) Section 5311 Rural General Public Transit Service

Section 5311 funds are available through an application process for capital and operating assistance to eligible providers of transit services to the general public outside of urbanized areas. Local match requirements are 50% for operating and 20% for capital. Federal law also requires each State to direct 15% of its annual Section 5311 funds to intercity bus-related projects.

## LOCAL FUNDING SOURCES

In addition to the many Federal and State funding sources identified by MDT and described above, there are a number of local funds that can be used on transportation improvements.

### 15. General Obligation Bond Funding

If approved by the city's registered electors as required by State statute at 7-7-4221 MCA, General Obligation bonds can be sold, with the proceeds being expended on transportation system improvements. The law limits the total bonding capacity of municipalities like the City of Belgrade. Since these funds are the most general, i.e. can be spent on the widest range of projects and needs of the community, use of the city's bonding capacity for transportation improvements should be carefully weighed against those other, diverse community needs that may arise from time to time.

### 16. City of Belgrade Street Maintenance District Funding

In accordance with MCA 7-12-4401, et seq., Belgrade has created a citywide Street Maintenance District to fund maintenance of road improvements through an annual assessment against properties within the district. As defined in the referenced statutes, the term "maintenance" includes but is not limited to operation, maintenance and repair of traffic signal systems, repair of traffic signs, and placement and maintenance of pavement markings.

### 17. Special Improvement Districts

An improvement district made up of properties specially benefited by an improvement can be created and bonds sold to fund design and construction of the improvement project(s). These funds are often used to leverage State and Federal funds to make improvements that not only benefit the district properties, but the community at-large.

18. County Road Impact Fees

Gallatin County currently collects impact fees on a per lot basis as a requirement of subdivision approval. These fees can be used for capacity-expanding projects on the County road network. In lieu of collection of fees, where appropriate, an eligible project that benefits a given subdivision can be constructed with the costs of construction being credited against fees owed.

19. City Street Impact Fees

The City of Belgrade does not currently impose street impact fees. If pending litigation surrounding street impact fees being imposed by another local city is finally decided in favor of the municipality, Belgrade may consider collection of this type of fee to fund capacity expanding projects.

20. Urban Transportation District

Montana Codes Annotated 7-14-201, et seq. authorize the establishment of urban transportation districts to " . . . supply transportation services and facilities to district residents and other persons." If a district was formed by vote of the affected property owners, it would be governed by a transportation board which could recommend a levy up to twelve (12) mills for district expenses, exclusive of bond repayment. The maximum amount of bonded indebtedness outstanding at any time shall not exceed 28% of the taxable value of the properties within the district.

# BELGRADE AREA TRANSPORTATION PLAN

## PROPOSED TRANSPORTATION IMPROVEMENTS

### COST ESTIMATES

<u>PROJECT NAME</u>		<u>ESTIMATED COST</u>	<u>FUNDING SOURCES</u>					
Map Key	PROPOSED MAJOR PROJECTS:		URBAN	SECONDARY	CTEP	CMAQ	OTHER STATE & FEDERAL	LOCAL
1	Thorpe Road Interchange	\$6,000,000	☆				☆	
2	Eastside By-pass	\$1,025,000					☆	☆
3	Interstate Underpass @ Madison	\$3,041,000				☆	☆	☆
4	Airport Interchange	\$12,218,000	☆				☆	☆
5	Jackrabbit: Madison to Main	\$804,000	☆					☆
6	Main: Jackrabbit to Airport Access	\$2,474,000	☆					
7	Main: Jackrabbit - West	\$646,000		☆				
8	Northern Pacific: Broadway to Davis	\$930,000						☆
9	Signalize Amsterdam & River Rock	\$181,000		☆				☆
10	Signalize Broadway & Main	\$243,000	☆			☆		
11	Jackrabbit Underpass @ Triple Crown	\$156,000	☆		☆			☆
12	Amsterdam: Off-ramp - West	\$1,116,000	☆					
13	Off-ramp Overpass + Sliplane	\$1,786,000					☆	
14	Park Avenue: Bridger to Eastside Bypass	\$228,000						
15	Madison-Broadway: Jackrabbit to Main	\$697,000	☆					☆
16	Ped/Bike Path: Belgrade to Bozeman	\$763,000			☆		☆	☆
17	Signalize Amsterdam & Thorpe	\$249,000	☆					
18	Jackrabbit: Main to Cruiser	\$1,196,000	☆					☆
	Subtotal:	\$27,753,000						
PROPOSED TSM's:								
a	Arizona: Northern Pacific to Main	\$90,000						☆
b	Madison/Broadway/Colorado Intersection	\$220,000	☆				☆	☆
c	Cruiser: Spooner to Dry Creek	\$47,000						☆
d	Oregon / Main Intersection	\$67,000	☆					☆
	Subtotal:	\$424,000						

TABLE VI.1



## IMPLEMENTATION STRATEGIES

By inspection, it is clear that the estimated costs of all of the proposed projects far exceed identifiable revenue. While this is certainly not unusual for a planning document of this kind, it does illustrate the need to be thoughtful and deliberate in implementing any of the proposed improvements.

The initial step towards utilizing Federal and State funds on these projects is easy to identify, but may be difficult to accomplish. Project priorities must be established, i.e. which project should be built with Urban funds first. This prioritization process should be done after the community has had an opportunity to consider this transportation plan. Once the highest priority project is selected and approved by MDT and FHWA, the project can be programmed for design and construction by MDT.

Because the Belgrade Area Transportation Plan study area encompasses properties in Gallatin County outside the limits of the City of Belgrade, there appears to be a need to provide for a coordinated, cooperative review of transportation issues in this area by the various governmental agencies. Through the formation of a Transportation Coordinating Committee (TCC), major stakeholders could be given the proper forum and opportunity to discuss the pros and cons of each of the projects. Suggested representative stakeholders include the City of Belgrade, Gallatin County, Gallatin Airport Authority, Montana Department of Transportation, Belgrade Schools, the Belgrade Chamber of Commerce, and the general public.

If a TCC is formed, the initial prioritization of projects identified in this plan could be undertaken by the committee. When the TCC formally agrees to the number one priority for transportation improvements in the Belgrade area, the process of programming the project with MDT is greatly simplified.

It is further recommended that combining various sources of funding and looking for opportunities to leverage available funds be constantly evaluated in order to bring the improvements on-line in a shorter time frame than is possible relying solely on Urban funds.

During land development reviews and approvals, the governing bodies should consult this plan to coordinate various subdivision requirements and exactions. For example, subdivision of property adjacent to a planned, future collector street is an appropriate time to have sufficient right-of-way for the collector dedicated to the public. Other requirements, such as road improvements (off-site and on-site), can be coordinated with what will be needed in the future to serve the transportation needs of the Belgrade area.

Lastly, City of Belgrade and/or Gallatin County maintenance and operations budgets can be set annually to allow for work on all projects over time. It is reasonable to assume that most of these funds will be expended on the lower cost Transportation System Management projects identified herein.