

X. Financial Plan for Implementation of the Long Range Transportation Plan

The financial plan for the implementation of the *Long Range Transportation Plan* attempts to address, to the extent possible, the transit operating and capital acquisition needs, the bicycle and pedestrian facility needs, highway needs for preservation, operations and maintenance, expansion, and the transportation system planning needs identified to the planning horizon date of 2045 for the Chippewa-Eau Claire Metropolitan Planning Area. The following sections discuss the methodologies applied in the development of the financial component of the long range plan. Figure 41 displays the financial cost estimates calculated for the transportation system improvement needs identified through the 2045 planning horizon. Figure 42 depicts the anticipated revenue and funding sources expected to be available to support the implementation of the plan, also showing the difference between projected costs and projected revenues.

For the purposes of this analysis, costs have been projected to increase by 2.3% annually over the 30 year planning period, while revenues are represented with a 1% annual increase. It is important to recognize that construction costs vary widely depending upon pavement maintenance and replacement techniques used, as well as the cost of paving materials, simply put asphalt vs. concrete, and the combination of these used within the varied environments of the metropolitan planning area, from rural to urban settings. The cost of materials is also extremely volatile. Currently, in 2016, the cost of oil is very low and may remain low over the next few years or so, though this is unpredictable. This will greatly affect the cost of both paving materials and the cost of diesel fuel, a major component of transit system operating costs. Changes in technology can also play a strong role in cost fluctuations. Still, an annual increase of 2.3% is used in the long range of the plan, based on historical knowledge and based on the expectation that costs, such as oil, will cycle again to higher levels.

Similarly, revenues are very difficult to project out 30 years. Changes in federal and state funding priorities and legislation, the availability of dollars for transportation interests, and constraints at the local level, can occur with the drop of a gavel. Recent history has shown us, at best, a slower increase in funding for transportation projects. Without any obvious changes on the horizon, the 1% annual increase is used to portray a fairly conservative future for available funding. The requirement for long range transportation plan updates will provide another opportunity to consider the changes in both costs and revenues, and adjustments can be made to guide the system on the appropriate path to the future.

Transit System

Transit operating needs for the Eau Claire and Chippewa Falls public transit systems have been developed from current local funding projections and projected through the planning period. The combined annual operating cost of the two systems in 2014 is estimated to be \$6.0 million. This base figure was increased by 2.3% annually to provide an estimate for the future transit operating needs out to the year 2045. Based on current funding formulas, the availability of transit operating assistance funds is projected to remain at approximately 30% federal/27% state/43% local cost share, until such time as other funding formulas are established by federal and/or state public transit funding authorities. With the very recent reauthorization of the federal surface transportation law, Fixing America's Surface Transportation Act (FAST Act), there is some increase in transit funding. However, the effects of this increase on operations vs. capital, in larger urbanized areas (TMAs) vs. small urbanized areas vs. rural areas, and all other potential program variables, are yet unknown. In FAST Act, as in any subsequent federal transportation legislation, changes in the programs and formulas are possible, and can be further considered as they occur, and as we know how they will affect the local system.

Transit capital acquisition needs for the public transit and specialized transportation services were developed from current needs and from discussions with service providers to determine vehicle replacement cycles. Based on the vehicle replacement cycles and planned service adjustments, current vehicle replacement costs were increased by 2.3% annually to provide an estimate for future capital acquisition needs to the year 2045. Current funding formulas were also projected to be maintained at the 80% federal/20% local share for estimating the availability of transit capital acquisition funding, until changed by federal and/or state transit funding authorities. Other funding sources will be considered as they become available, such as any future economic stimulus funding or sustainability-related sources.

Forecasted needs vs. forecasted revenues for the operation of local transit systems, as shown in Figures 41 and 42, grow increasingly farther apart as time goes on. Within the first 5-year period, a shortfall of about \$1.4 million (5-years), grows to about \$17.7 million in the last five year period (2041-2045). Again, this is a logical result with the method of projecting costs increasing at a greater rate than revenues. There is some anticipation that local governments will need to assume, in some manner, a greater responsibility for the provision of transit services. While the ultimate situation may not turn out to be as dire as projected, there are some considerations that should be made in anticipation of some nearly inevitable short-fall. While there is always the option for the entities owning the transit systems to decrease costs, either through finding greater efficiencies in the system, or by making cuts to the system, this would be difficult to tolerate in systems that are already quite lean, especially at a time when transit is expected to face increasing demands for service due to changing travel needs and desires from the growing elderly population cohorts and less auto-centric millennials, along with a need to serve a growing service area. Raising fares, as a means of increasing revenues is not terribly productive, as it would take a very significant

increase to make up a large deficit. Since significant increases in fares have the unfortunate elastic effect of reducing ridership, not to mention pricing out those who need the service most, it is, at best, a small part of the solution. A more promising means of increasing revenues is the establishment of a new local funding stream dedicated, at least in part, to transit services. This could be done in the form of a Regional Transit Authority, or some other regionally cooperative dedicated fund such as an increase in the vehicle registration fee or dedicated portion of sales taxes paid in the purchase and/or rental of cars in the area.

Capital funding is even more difficult to project. While we know that federal transit capital funding has become much more difficult to come by, it is still a discretionary program. The large discrepancy between anticipated costs and projected revenues in the first five years of the plan is due, in large part, to the need for a new transit center in Eau Claire. While it is not at all 'a given' that the City will be able to secure federal transit capital funding for the transit center, it is certainly eligible, justifiable, and in the program. To deal with this uncertainty, the City of Eau Claire is planning for a mixed use building, including the transit center, in order to capitalize on a creative package of other federal and state sources, as well as local and private investment strategies. While it is not expected that a traditional capital funding grant of 80% federal dollars will fund such a facility, as in the past, an attempt will certainly be made to include federal transit capital dollars as a part of the creative funding package for this much needed facility.

Bicycle/Pedestrian Facilities

Determining the bicycle transportation needs in the long term can be viewed in a couple of manners. For the most part, bicycle and pedestrian facilities should be and are addressed as a part of a road project. With the recent repeal of "Complete Streets" legislation at the state level, the consistency of this practice in the future is questionable. Reinstatement of the law is possible, but for now inclusion of bicycle and/or pedestrian accommodations in a state funded road project requires action and funding on the part of the relevant municipality. The Chippewa-Eau Claire MPO communities have shown strong commitment to bicycle and pedestrian transportation, for the most part, and it is expected that this will continue. However, outside funding for these facilities has grown significantly more competitive. Previous bikeway facility needs were reviewed and updated by local communities, for the purposes of this financial capacity analysis, as shown in Figure 40. A new long range bicycle plan element is anticipated in the coming year or two and will more definitively outline bicycle facility needs in the MPA.

Figure 40
Chippewa-Eau Claire Metropolitan Planning Area
Recommended Bikeway Facilities and Cost Estimates
2015-2045

Bikeway System Mileage	Description	Recommended Facility Type	Estimated Improvement Cost/Mile	Total Cost (2016 \$)	Inflation Adjusted Cost (2.3% /yr)
52 miles	Low Volume Local Roads	Shared Roadway	\$0	\$0	\$0
46 miles	On-street Facilities	Bike Lane or Painted Edge Lines	\$89,470	\$4,115,620	\$5,834,605
53 miles	On-street Routes	Bike Route, Signed or Pavement Marking only	\$1,000/\$3,400*	\$116,600	\$165,301
32 miles	Off-road Pathways	Bike Path	\$261,000	\$8,352,000	\$11,840,408
183 miles				\$12,584,220	\$17,840,313

Source: City of Eau Claire-Community Development; City of Chippewa Falls-Community Development; WisDOT; and WCWRPC. Unit costs from *Bicyclist Infrastructure Improvements: A Resource for Researchers, Engineers, Planners, and the General Public, for FHWA, October 2013*.

Note: *based on 50% of mileage with signs, at \$125 per sign, 8 signs per mile, and 50% with pavement markings at \$160 every 250' (21.1 units/mile).

The estimates shown in Figure 40, updated from previous studies, identify bikeway system improvement needs that total approximately \$12.6 million. Street improvements requiring wide curb lanes or bike lanes account for \$4.1 million of the total improvement cost estimate and are expected to be incorporated into street improvement projects when they are scheduled. Similarly, pedestrian facilities, such as sidewalks and special crossing structures, are also expected to be incorporated into street improvement work when it is programmed. The remaining improvements to the bikeway system are directed at the expansion of the off-road urban path/trail system, which also accommodates pedestrian traffic. The average annual expenditure to address these off-road improvement needs would initially require nearly \$280,000 annually. However, to adjust for inflation over time, this base figure was increased by 2.3% annually to reflect increasing construction costs, totaling \$11.8 million over the 30 year period. The Transportation Alternatives Program (TAP), the current federal program, requirements for 80% federal/20% local project cost sharing were projected as the source of available funding, however, the urbanized area has only averaged about \$50,000 per year over the past 5 years, in successful project funding from TAP. As a discretionary program, grant awards are sporadic, especially in a small urbanized area. Therefore, the projections should in no way restrict the application or expectations for successful funding opportunities. The program is extremely competitive, with only approximately \$7 million available to small urban (under 200,000 persons) and rural areas statewide in the upcoming biennium, 2016-2017. While TAP does not provide a consistent funding

stream, it should still be considered as the best option for most of these projects within the urbanized area.

Street and Highway System

The street and highway system preservation needs were calculated for the entire road system within the planning area using locally-derived pavement treatment costs and life-cycle applications. This methodology is summarized in Appendix G. The result of these calculations identified average annual preservation needs of approximately \$73.4 million, in 2016 dollars, for road resurfacing, reconditioning, and reconstruction work (3R work). Based on current practices in the planning area, operations and maintenance of the system can be expected to cost \$1.1 million per year, in 2016 dollars, totaling the highway funding need to \$74.5 million. Funds currently available for preservation, operations and maintenance activities in the planning area from federal, state, and local transportation funding sources amounts to approximately \$60.4 million in 2016, or \$14.1 million short of identified needs. Available funding represents only about 80% of the identified street and highway preservation, operations and maintenance needs in the planning area. The base figure of \$74.5 million was increased by 2.3% annually to reflect the inflation rate for future costs. The inflation adjusted projection of system preservation, operation and maintenance needs are estimated to average \$105.6 million annually through the 2045 planning period. However, the inflation adjusted estimates of currently available transportation funding for system preservation, operations and maintenance indicates an average shortfall of approximately \$35.1 million annually through the 30-year planning period.

State and local transportation officials, out of financial necessity, are required to delay or re-prioritize higher cost, long term maintenance and improvement work for lower cost alternatives that address immediate needs but fall short of maintaining the expected longevity and level of service of the road system. This approach will continue to perpetuate increasing infrastructure deficiencies if current funding levels are not increased or new sources of transportation revenue found. The identified level of investment is not adequate to address the identified roadway preservation, operation and maintenance needs and will result in increasing roadway deterioration and mobility disruptions in the planning area in the future. In an effort to lessen this impact, the MPO will continue its policy that emphasizes system preservation over capacity expansion in its project prioritization process in the TIP.

Suggestions to meet needs

This shortfall can be expected to increase throughout the planning period if no actions are taken to increase transportation funding, and affects the whole transportation system needs. Total system needs of \$446.5 million in the first 5 year increment of 2016-2020, inflates (at 2.3% annually) to \$750.8 million in the final 5-year period of 2040-2045. With the anticipated slower growth of revenues (1.0% annually) the average annual shortfall over the 30-year period computes to \$38.6 million per year.

In addition to prioritizing system preservation projects over capacity expansion projects, the MPO encourages local and state officials to pursue additional revenue sources to

address the identified transportation funding shortfalls. Additional transportation revenue could be pursued from the following local sources to address the \$38.6 million average annual funding shortfall over the 30-year planning period.

- \$4.5 million – Use development agreements for private funding of new infrastructure.
- \$2.9 million – Dedicate a portion of the county sales tax for transportation use.
- \$1.0 million – Institute a \$10 vehicle registration fee (or wheel tax) in Eau Claire County; in effect in Chippewa County since 2014.
- \$6.2 million – Increase the transportation budget from general fund revenues.
- \$4.7 million – Use of utility/impact fees to fund transportation projects.
- Establish a Regional Transportation Authority with a separate taxing authority for dedicated transportation purposes (0.25% tax is estimated to raise \$7.5 million in Chippewa and Eau Claire counties.)
- \$0.7 million – Use of Transportation Enhancement program funds.
- \$5.4 million – Use of Tax Increment Financing districts, Community Development Block Grant program funds, and Transportation Economic Assistance program funds to implement transportation projects.
- \$4.0 million – Increase use of special assessments for local street improvements.
- \$8.6 million – Judicious use of bonding for transportation projects.

Also, since local municipalities rely on State revenue sharing and dedicated transportation funding programs to help support local transportation projects and services, the State should also strive to increase transportation revenues. Additional state transportation revenue can be pursued from the following state sources and/or actions:

- Reserve state transportation funds for only transportation purposes.
- Reinstate gas tax indexing.
- Dedicate a portion of the state sales tax from the sale of automobiles and automotive related parts to the transportation fund.
- Increase the vehicle registration and licensing fees.
- Adopt a value-based licensing fee.
- Evaluate the implementation of toll roads on high volume corridors.
- Evaluate changes to state transportation funding formulas for the distribution of state and federal transportation funds to local municipalities.
- Permit the establishment of Regional Transportation Authorities to assist with funding local transportation projects and services.
- Implement user fees based on miles driven.
- Use of bonding for transportation projects.

While the State's ability to increase transportation revenue from various sources is acknowledged, the dedicated use of those funds for transportation purposes must not be breached, creating a level of uncertainty for the future use of existing or new transportation revenue at the State level. In 2014, voters passed an amendment to the state constitution to ensure that state transportation funds are only used for transportation purposes. State and local municipalities have come to rely more heavily on bonding for transportation projects. The long term effect of increased borrowing to address needed transportation improvements carries with it an increased financial risk regarding the availability of transportation funding for future projects. The Wisconsin

Commission on Transportation Finance and Policy issued a report on the future of transportation finance in Wisconsin, which has yet to be systematically implemented; it deserves more serious consideration.

The **street and highway system expansion needs** were identified through the planning process to accommodate urban area growth and development, and to correct identified traffic congestion problems attributable to roadway capacity deficiencies. The system expansion needs are listed by project under two categories which reflect the anticipated time frame for implementation and the availability of funding. The COMMITTED projects are those that are currently programmed in the TIP and local CIPs through 2020. The cost of those projects is identified in Figure 41. The PLANNED projects are those that are expected to be implemented between 2020 and 2045. Projected costs have been identified for those longer range projects using planning level estimating. More accurate cost estimates will be developed as the projects progress through engineering and design. The anticipated funding sources for the identified expansion projects are cut by 50% for those that are expansions to existing facilities, to reflect the inclusion of their reconstruction, in their original form, under the "Preservation" line item.

Should the alternative revenue sources cited not become available, appropriate authority not be granted to access them, or costs vs. revenues become even more dire than anticipated, some very difficult decisions would need to be made concerning transportation priorities within the planning area. It is recognized by the MPO that, in the instance of a shortfall, expansion projects are the first to be cut or delayed. This philosophy is in recognition of the need to maintain what we have before building more. The downside of this action is that levels of service decline on the overall system when construction is not able to keep up with increasing traffic volumes, or as vehicles are forced onto parallel or alternative routes by deteriorating traffic flow conditions on the corridor in need of expansion.

If a situation should occur where even the elimination or delay of expansion projects leaves a funding deficit, consideration would need to be given to adjusting the maintenance schedule for existing facilities, or select facilities. For instance, stretching the life cycle costs of a multi-lane urban arterial from 20 years to 25 or 30 years (See Appendix G) is an option. It must be recognized that this approach does not typically save the money that may seem mathematically apparent. Pavement deterioration typically occurs at an increasing rate if ignored, or if chip sealing, crack-filling, resurfacing, and other maintenance activities are delayed, resulting in a shorter life span for the facility. As a long term approach, delays in appropriate maintenance activities will likely cost more in the end. Also, deteriorating roadways increase costs to vehicle owners, through reductions in fuel efficiency and increased wear and tear on vehicles driving on rough and potholed pavements. The case is similar when you consider the maintenance of transit bus fleets and facilities. When a bus is forced to stay in service beyond its useful life, maintenance costs climb to keep it on the road.

The decisions are difficult, but could be faced by many urbanized areas across the country, if revenue options are not soon addressed at all levels.

Figure 41
Chippewa-Eau Claire Metropolitan Planning Area
Transportation System Projected Costs, 2016-2045

	2016-2020	2021-2025	2026-2030	2031-2035	2036-2040	2041-2045
TRANSIT						
Operating & Maintenance	\$32,675,475	\$36,610,030	\$41,018,356	\$49,737,558	\$51,491,387	\$57,691,623
Capital	\$12,792,581	\$5,349,576	\$5,993,735	\$6,715,459	\$7,524,088	\$8,430,087
TOTAL TRANSIT	\$45,468,056	\$41,959,606	\$47,012,091	\$56,453,017	\$59,015,475	\$66,121,710
Comments	<ul style="list-style-type: none"> • Costs projected using a 2.3% annual inflation rate. • Capital costs from 2021-2045 include vehicle replacement, only. 					
BICYCLE/PEDESTRIAN						
Off-Road Pathway Construction	\$1,457,522	\$1,633,026	\$1,829,664	\$2,049,980	\$2,296,824	\$2,573,392
TOTAL BICYCLE/PEDESTRIAN	\$1,457,522	\$1,633,026	\$1,829,664	\$2,049,980	\$2,296,824	\$2,573,392
Comments	<ul style="list-style-type: none"> • Costs projected using a 2.3% annual inflation rate. • On-street bike/pedestrian improvement incorporated in street/highway construction/reconstruction projects 					
HIGHWAYS						
Preservation (3R)	\$380,501,654	\$426,319,029	\$477,653,414	\$535,169,131	\$599,610,492	\$671,811,435
Operating & Maintenance	5,814,904	6,515,095	7,299,598	8,178,565	9,163,371	10,266,760
TOTAL PRESERVATION/ OPERATIONS AND MAINTENANCE	\$386,316,559	\$432,834,124	\$484,953,012	\$543,347,696	\$608,773,863	\$682,078,196
Comments	<ul style="list-style-type: none"> • Costs projected using a 2.3% annual inflation rate. • Highway preservation, operations and maintenance costs are based on available funding, which addresses only 57% of identified needs. 					
EXPANSION PROJECTS - COMMITTED						
Melby Street Victor to 115th	\$1,585,000					
Short Street Chippewa R. Bridge to STH 37	1,000,000					
CTH AA House Rd. to USH 12	1,345,000					

Figure 41, cont.
Transportation System Projected Costs, 2016-2045

	2016-2020	2021-2025	2026-2030	2031-2035	2036-2040	2041-2045
Half Moon Lake Bridge on Grand Av	1,452,000					
UP Railroad Bridge on Eddy St.	1,521,000					
Paint Creek Bridge on 195th St	582,000					
Otter Creek Bridge on CTH AA	855,000					
Hobbs Rd & CTH I brdgs. over I-94	4,880,000					
Committed Expansion Total	\$13,220,000 (x .5)					
Total Expansion Cost Increase over 3-R	\$6,610,000	\$0	\$0	\$0	\$0	\$0
Comments	<ul style="list-style-type: none"> • Costs projected using a 2.3% annual inflation rate. • Costs of projects that are expansions to existing facilities are cut in half to reflect the inclusion of their reconstruction, in their current form, in the per mile formula under the "Preservation" line item. 					
EXPANSION - PLANNED						
CTH AA Gateway to House Rd.		\$2,200,000 (x .5)				
USH 12 Winchester Way to Elco Rd.			7,170,700 (x .5)			
Gateway Dr. extension Hamilton Av to USH 12		4,000,000				
TOTAL PLANNED	\$0	\$5,100,000	\$3,585,350	\$0	\$0	\$0
TOTAL HIGHWAY	\$392,926,559	\$437,934,124	\$488,538,362	\$543,347,696	\$608,773,863	\$682,078,196
Comments	<ul style="list-style-type: none"> • Planned project costs are planning level estimates and have not yet progressed to engineering and design for more precise cost estimates. • Costs of projects that are expansions to existing facilities are cut in half to reflect the inclusion of their reconstruction, in their current form, in the per mile formula under the "Preservation" line item. 					
TOTAL TRANSPORTATION SYSTEM COSTS	\$446,462,137	\$476,426,756	\$533,794,767	\$601,850,692	\$670,086,162	\$750,773,298

Figure 42
Chippewa-Eau Claire Metropolitan Planning Area
Transportation System Anticipated Revenue and Funding Sources, 2016-2045

	2016-2020	2021-2025	2026-2030	2031-2035	2036-2040	2041-2045	Comments
TRANSIT							Projected Funding Share
Operating	\$31,245,689	\$32,839,533	\$34,514,679	\$36,275,275	\$38,125,678	\$40,070,471	<u>2016</u>
Federal	9,998,620	10,508,651	11,044,697	11,608,088	12,200,217	12,822,551	32%
State	7,186,508	7,553,093	7,938,376	8,343,313	8,768,906	9,216,208	23%
Local	14,060,560	14,777,790	15,531,606	16,323,874	17,156,555	18,031,712	45%
Capital	\$1,144,778	\$1,203,173	\$1,264,547	\$1,329,051	\$1,396,846	\$1,468,100	Revenues projected with a 1% annual inflation rate
Federal	915,822	962,538	1,011,637	1,063,241	1,117,477	1,174,480	80%
Local	228,956	240,635	252,909	265,810	279,369	293,620	20%
Total Transit Revenues	\$32,390,466	\$34,042,706	\$35,779,226	\$37,604,326	\$39,522,525	\$41,538,570	
Projected Transit Funding vs. Projected Need	-\$13,077,590	-\$7,916,900	-\$11,232,865	-\$18,848,691	-\$19,492,950	-\$24,583,139	Dependent on federal, state, and local programming
BICYCLE/PEDESTRIAN							Projected Funding Share
Construction	\$236,017	\$248,056	\$260,709	\$274,008	\$287,985	\$302,675	<u>2016</u>
Federal	188,813	198,445	208,567	219,206	230,388	242,140	80%
Local	47,203	49,611	52,142	54,802	57,597	60,535	20%
Total Bike/Ped Revenues	\$236,017	\$248,056	\$260,709	\$274,008	\$287,985	\$302,675	Revenues projected with a 1% annual inflation rate
Projected Bike/Ped. Funding vs. Projected Need	-\$1,221,505	-\$1,384,970	-\$1,568,955	-\$1,775,972	-\$2,008,839	-\$2,270,717	Dependent on federal, and local programming
HIGHWAYS							
Total Preservation, Operations & Maintenance, & Expansion							
Federal & State	\$184,907,181	\$194,339,306	\$204,252,564	\$214,671,497	\$225,621,901	\$237,130,886	Revenues projected with a 1% annual inflation rate
Local	\$123,271,454	\$129,559,537	\$136,168,376	\$143,114,331	\$150,414,601	\$158,087,257	
Total Highway Revenues	\$308,178,636	\$323,898,843	\$340,420,940	\$357,785,829	\$376,036,502	\$395,218,143	
Projected Highway Funding vs. Projected Need	-\$84,747,923	-\$114,035,280	-\$148,117,422	-\$185,561,867	-\$232,737,361	-\$286,860,053	
Total Transportation System Revenues	\$340,805,119	\$358,189,605	\$376,460,875	\$395,664,163	\$415,847,012	\$437,059,389	
Total Projected System Revenues vs. Projected Need	-\$99,047,018	-\$123,337,151	-\$160,919,242	-\$206,186,529	-\$254,239,150	-\$313,713,909	