

Transportation Plan Financing

The 2035 Transportation Plan Update is “financially reasonable” as required by federal law). All costs and revenues are expressed in real dollars (in the year of construction, using a 4% annual inflation factor annually) over the 24-year period. Project costs are described in the following charts, which include design level engineering estimates where available. Actual project costs were used in the estimates if available from the LPA or INDOT

Preliminary engineering expense and right-of-way expense were estimated by using a 15% expense added to the estimated construction cost. The estimates were derived from three sources: first from local experience in acquiring land, second on the estimates from the current TIP, and third from costs provided for State projects from the INDOT Long Range Planning Section.

Construction costs can vary significantly for the same facility type constructed in different locations throughout the region. Cost estimates for the construction phase were either derived from actual construction engineering estimates obtained from the local engineers, INDOT Districts and Long Range Planning Section, or the current TIP. Based on information provided by local engineers, the most recent letting information indicates a cost estimate of \$1,100,000 per lane per mile which we will use for MACOG’s local projects listed in the plan. An estimated 4% annual inflation rate was used.

Project Revenue Sources

The Federal Highway Administration (FHWA) allocates SAFETEA-LU funds to a functionally classified system of federal, state and local roadways throughout the United States. These roadways are divided into the following categories:

- National Highway System (NHS)
- Interstate Maintenance
- Bridge
- Surface Transportation Program
- Rail/Highway Safety Improvement Program

INDOT is responsible for all state and federal highway projects. These roads are classified by

agreement between the State, MPOs and LPAs based on FHWA guidelines for functional classification. All roads classified as higher than rural collector may receive Federal STP funds. The selection of projects to be developed using STP funds in the South Bend and Elkhart/Goshen TMA under the requirements of SAFETA-LU are to be made by the MPO in consultation with the State. NHS, Bridge and Interstate Maintenance programs are to be selected by the State in cooperation with the MPO.

SAFETEA-LU funds include several formula-based calculations, defined by Congress, that are distributed to urban areas by funding agreements between the MPOs and INDOT. Less than a 5% increase in federal revenues was used in determining dollars over a 24 year period. In rural areas, funding is available on a competitive basis in a statewide program.

The following accounts serve as the local source of revenue for highway project implementation:

- Local Road and Street Account
- Motor Vehicle Highway Account
- Bonding Capabilities
- Cumulative Bridge Funds
- Capital Improvement Cumulative Funds
- Economic Development Income Tax
- Tax Incremental Financing
- Wheel Tax

Revenue estimates for the purpose of the 2035 TP were derived from the 2005 Summary of Highway Revenues, Distributions and Expenses for Indiana Cities and Towns. This source includes information derived from the 2005 State Board of Accounts (Form 225) Annual Operating Budgets. Additionally, LPA’s were asked to review and concur with the estimates. LSRA funding was reduced by nearly 12.5% over the previous 2009 amendment.

Local Road and Street Account (LRSA) funds provide an important source of revenue for both city and county highway departments. The funds are dedicated for engineering, construction or reconstruction of roads, streets or bridges, as well as for the payment of bonds and interest to finance a project of this type.

Motor Vehicle Highway Account (MVHA) funds are a source of revenue from the General Fund of the State of Indiana which, by statute, is credited with the collection of the first six cents of the motor fuel and fuel use taxes, plus the statutory fees for motor vehicle registration and operation. These highway-use taxes are collected by the State. A portion of the MVHA distributed back to the cities and counties for administration, budgeting and expenditure by local officials.

This is the principal source of revenue of the overall operation of the County Highway Departments. Its use in the Cities and Counties include the purchase of materials, labor, and/or equipment required in the maintenance and construction of roads and bridges.

Bonding Capabilities include two major categories of debt financing, revenue bonds and general obligation bonds.

Revenue bonds in Indiana are used for proprietary functions such as sewage treatment and refuse disposal equipment by all levels and types of local governments. Governments are not limited in the amount of revenue bond debt they may incur. Revenue bonds hold no pertinent place in a discussion of finances for our purposes, and will no longer be referred to in this report.

General obligation bonds are used for debt financing of non-proprietary functional expenditures such as roads and schools. The amount of general obligation debt, which local governments and special districts may incur, is limited to two percent (2%) of net locally assessed property value. (This limit is set and may be altered by the Indiana State Legislature.)

Cumulative Bridge Funds are a supplementary source of revenue for the construction and repair of county highway bridges and grade separations. Indiana statutes authorize the County Commissioners of the individual county units to establish a countywide tax levy on all taxable personal and real property for the purpose of accumulating funds for the construction and repair of county highway bridges. The yearly income from this source depends on the amount of the tax levy, the

assessed valuation for the county, and return on investments. Receipts from this fund must be used exclusively for construction of bridges on the county road system.

Capital Improvement Cumulative Funds can be established by any city or town to provide monies for any or all of ten purposes. These purposes include the acquisition of land or right-of-way to be used for streets, roads etc..., and the use of these funds in the retirement of general obligation bonds.

The Capital Improvement Cumulative Fund of 1965 receives the allotment of the state-collected cigarette tax. The money from this fund may be used for road construction or improvement. Traditionally, limited amounts of this money have been used in transportation areas. The Capital Improvement Cumulative Funds of 1967 provides monies for Capital Improvements, including acquisition of land or right-of-way to be used for streets, roads, alleys, sidewalks, or thoroughfares, and the maintenance of the same.

The Economic Development Income Tax has been collected by Elkhart County for several years. About \$8 million annually is set aside for highway construction projects in Elkhart County. St. Joseph County has not enacted this tax, but the City of South Bend recently attempted to get both the County and the City of Mishawaka to pass the required legislation. This could be an important future source of funds.

Tax Incremental Financing, or TIF, finances specific projects and can be used by the local public agencies for construction in a specific area, and the taxes collected from that area are used to finance projects only in that area. The City of Mishawaka and the City of South Bend have both developed TIF areas, and have used these funds to support highway projects. These funds are project specific and are not programmed in advance. Thus, although the possible use of these funds exists, they have not been included in the financial estimates.

The Wheel Tax, known in Indiana as the Local Option Highway User Tax (LOHUT) was implemented by both Elkhart and St. Joseph Counties in 2003. This tax is a flat tax on all

motor vehicles registered in the county. The revenue from this tax can only be used in maintaining the current road network in each county through reconstruction and rehabilitation projects.

Major Moves funding was made available to the Toll Road Counties including both St. Joseph and Elkhart Counties. Each County received \$40,000,000 distributed to the counties, cities and towns based on population. These funds may be spent on highway projects or invested and spent on highway projects. For the purposes of this plan, the funds are indicated as providing annual interest until other decisions are made.

Financial Feasibility

Tables located in the following pages include a compilation of project costs by jurisdiction. The recap sheets provide revenue and expenditure estimates for the Plan projects and preservation and maintenance expenses and can be found under the headings of Preservation and Maintenance and the 2011-2035 Federal, State, and Local Revenue.

The following assumptions were developed for the revenue and expenditure portion of the 2035 Transportation Plan:

- Project costs were estimated from the 2009 TIP cost updates
- A 4% annual estimated inflation rate is applied to each project to the estimated construction letting date.
- The cost for preliminary engineering and right of way acquisition is estimated at 15% of the future dollar cost. The percentage is derived from INDOT's past experience.
- Preservation and Maintenance costs include a 4% annual inflation increase.
- Revenues for the purpose of this study are assumed to increase .5% - 1% based on an analysis completed by LTAP for the previous 10 years of MVHA and LR&S.

Federal Aid Funding

A major source of funding for added travel lanes, intersection improvements, safety projects and other highway improvements in

the urbanized areas currently provides nearly 8.5 million dollars a year. The federal aid program has consistently improved in the project funding levels annually; SAFETEA-LU the most recent bill spends the entirety of the Highway Trust Fund. This will make it necessary during the next bill to find additional funding for highway revenues.

Federal Aid funding selection occurs in the Transportation Improvement Program, a four to five year program of highway and transit projects. The funds may be used to fund various surface transportation projects within the two urban area boundaries (UBA).

In Indiana funds are distributed to the urbanized areas based on the Local Federal Aid Sharing Agreement, which details the manner in which federal aid is shared between the state and the local entities.

2035 Transportation Plan Highway Project Financial Recap By Year					
Year	Elkhart	Goshen	Elkhart County		Total
0	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ -	\$ 11,718,863	\$ 31,570,451	\$ -	\$ 43,289,314
2020	\$ 115,541,513	\$ 13,107,150	\$ 103,808,790	\$ -	\$ 232,457,453
2025	\$ 41,534,717	\$ -	\$ 24,672,542	\$ -	\$ 66,207,258
2030	\$ 44,370,301	\$ -	\$ -	\$ -	\$ 44,370,301
2035	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 201,446,530	\$ 24,826,013	\$ 160,051,782	\$ -	\$ 386,324,326
Year	INDOT LaPorte	INDOT Fort Wayne	Total		
0	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 649,716,215	\$ 58,608,354	\$ -	\$ -	\$ 708,324,569
2020	\$ -	\$ 47,105,322	\$ -	\$ -	\$ 47,105,322
2025	\$ -	\$ -	\$ -	\$ -	\$ -
2030	\$ -	\$ -	\$ -	\$ -	\$ -
2035	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 649,716,215	\$ 105,713,677	\$ -	\$ -	\$ 755,429,892
Year	South Bend	Mishawaka	St. Joseph County	Total	
0	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 10,754,338	\$ 24,291,312	\$ 37,321,863	\$ -	\$ 72,367,513
2020	\$ 44,847,758	\$ 20,715,484	\$ 47,198,833	\$ -	\$ 112,762,075
2025	\$ 27,640,968	\$ 21,751,490	\$ 76,889,069	\$ -	\$ 126,281,527
2030	\$ 7,427,281	\$ -	\$ 172,542,427	\$ -	\$ 179,969,708
2035	\$ -	\$ -	\$ 170,614,638	\$ -	\$ 170,614,638
	\$ 90,670,344	\$ 66,758,286	\$ 504,566,830	\$ -	\$ 661,995,460
Total All Projects - 2035					\$ 1,803,749,677

2035 Transportation Plan Update

Maintenance

PAVEMENT/RESURFACING/REHABILITATION

JURISDICTION	ANNUAL EXPENSE	THRU 2035
RESURFACING/REHAB/RECONSTRUCTION		
	Estimated Cost	
Mishawaka	\$2,000,000	\$48,000,000
South Bend	\$2,000,000	\$48,000,000
St. Joseph County	\$4,000,000	\$96,000,000
Bridges	\$2,800,000	\$67,200,000
TOTAL EXPENSE	\$10,800,000	\$259,200,000
RESURFACING/REHAB/RECONSTRUCTION		
	Estimated Cost	
Elkhart	\$1,800,000	\$43,200,000
Goshen	\$1,500,000	\$36,000,000
Elkhart County	\$3,900,000	\$93,600,000
Bridges	\$2,754,352	\$66,104,448
TOTAL EXPENSE	\$9,954,352	\$238,904,448

Source 2002/2003 Form 225/16 or County Engineer

Note the estimates included in the 2035 Plan are only used to indicate that the TP projects are financially reasonable and are not to be misconstrued as final revenues.

2035 TRANSPORTATION PLAN UPDATE

2011-2035 ESTIMATED FEDERAL STATE AND LOCAL REVENUES

Summary of Estimated Highway Revenues, Distributions and Expenses for Indiana Counties, Cities and Towns

Preservation - Maintenance - Expansion Revenues

REVENUES													ESTIMATED 24YR REVENUE PROJECTION												
AREA	LRSA	EDIT/COIT	CBF	MBF	Major Moves	Interest MM	Wheel Tax	TOTAL MVHA	AVAIL MVHA	BIF/TRF/OTHR Bond/TIF	STP/MG FED FUNDS	TAX/FEES INTEREST													
ELKHART COUNTY													\$0												
GOSHEN	\$263,372	\$858,732			\$4,681,168		\$536,927	\$699,938	\$270,182	\$80,000		\$200,000	\$53,021,112												
ELKHART	\$491,642	\$509,356			\$8,264,334		\$780,743	\$1,253,699	\$820,000	\$2,750,000		\$611,000	\$151,370,118												
COUNTY	\$1,283,663	\$4,300,000	\$854,352	\$1,900,000	\$24,947,710	\$1,746,340	\$2,550,000	\$3,668,816	\$2,349,021	\$	\$ 3,893,116		\$251,584,416												
SHARED TMA													\$99,040,871												
													\$555,016,517												
REVENUES													ESTIMATED 24YR REVENUE PROJECTION												
ST. JOSEPH COUNTY																									
AREA	LRSA/ACCEL	EDIT	CBF	MBF	Major Moves	Interest MM	Wheel Tax	TOTAL MVHA	AVAIL MVHA	BIF/TRF/OTHR Bond/TIF	STP/MG FED FUNDS	TAX/FEES INTEREST													
MISHAWAKA	\$429,846	\$411,872			\$5,538,667		\$870,979	\$1,304,756	\$65,238	\$8,000,000		\$300,000	\$241,870,435												
SOUTH BEND	\$1,060,861	\$759,999			\$12,833,151	\$1,026,652	\$1,953,079	\$3,020,778			\$4,800,000		\$132,847,335												
ST. JOSEPH COUNTY	\$1,377,000	\$400,000	\$1,498,750	\$2,100,000	\$20,639,350	\$1,442,122	\$2,733,396	\$4,844,186	\$1,699,899	\$1,200,000		\$750,000	\$337,467,358												
SHARED TMA											\$ 8,094,773		\$205,931,025												
													\$918,116,153												
Annual Increase																									
		2%																							
<p>1) Increases are based on 10 year averages: Source Local Road & Street Revenue Report from State Auditor (1996-2005) were reduced by 12.5% over 2009 funds and review ed by LPAs</p> <p>2) Flat lined growth in available dollars over 24 years</p> <p>3.) Federal Dollars overall 6% STP CMAQ HSIP</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">Federal STP/CMAQ/HSIP</td> <td style="width: 10%;">\$</td> <td style="width: 10%;">5,377,602</td> <td style="width: 10%;">\$ 2,200,000</td> <td style="width: 10%;">\$ 517,171</td> <td style="width: 10%;">\$ 8,094,773</td> </tr> <tr> <td></td> <td>\$</td> <td>3,109,008</td> <td>\$ 513,218</td> <td>\$ 270,890</td> <td>\$ 3,893,116</td> </tr> </table> <p>Operations Expense are funded under MVHA. These revenues are not included in the funds available for expansion and preservation projects.</p>														Federal STP/CMAQ/HSIP	\$	5,377,602	\$ 2,200,000	\$ 517,171	\$ 8,094,773		\$	3,109,008	\$ 513,218	\$ 270,890	\$ 3,893,116
Federal STP/CMAQ/HSIP	\$	5,377,602	\$ 2,200,000	\$ 517,171	\$ 8,094,773																				
	\$	3,109,008	\$ 513,218	\$ 270,890	\$ 3,893,116																				

2035 Transportation Plan Update Costs vs Funds Recap

Jurisdiction	Expansion	Preservation	Est. Cost	Est. Funds
Mishawaka	\$ 66,758,286	\$ 48,000,000	\$ 114,758,286	\$ 241,870,435
South Bend	\$ 90,670,344	\$ 48,000,000	\$ 138,670,344	\$ 132,847,335
St. Joseph County	\$ 504,566,830	\$ 96,000,000	\$ 600,566,830	\$ 337,467,358
Bridges		\$ 67,200,000	\$ 67,200,000	
		Federal Aid Est		\$ 205,931,025
TOTAL EXPENSE			\$ 921,195,460	\$ 918,116,153
Jurisdiction	Expansion	Preservation	Est. Cost	Est. Funds
Elkhart	\$ 128,448,000	\$ 43,200,000	\$ 171,648,000	\$ 151,370,118
Goshen	\$ 26,722,861	\$ 36,000,000	\$ 62,722,861	\$ 53,021,112
Elkhart County	\$ 162,653,066	\$ 93,600,000	\$ 256,253,066	\$ 251,584,416
Bridges		\$ 66,104,448	\$ 66,104,448	
		Federal Aid Est	\$ -	\$ 99,040,871
TOTAL ESTIMATED EXPENSE			\$ 556,728,375	\$ 555,016,517
Note: Many County projects are joint projects with the Cities.				