

9 FINANCIAL PLAN

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This section presents a financial plan for implementing improvements to the transportation system. The purpose of the financial plan is to evaluate the resources available to build and maintain transportation facilities. It is based on an analysis of past funding, expected funding, and projected needs. Federal regulations mandate that a region's transportation plan be financially constrained. This means that the Texarkana MPO must demonstrate that it is "reasonable" to expect enough funding will be available for the improvements identified.

In addition to determining a "reasonable" estimate of funding, federal regulations require MPO's to account for the effects of inflation on project costs. To address this requirement, the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA), issued rules that require long-range transportation plans to demonstrate financial constraint by using Year-of-Expenditure (YOE) dollars and Total Project Cost (TPC). The rationale for these requirements is that by converting estimates to YOE dollars and accounting for all costs associated with a project through TPC, the historical understatement of the deficit between costs and revenues may be corrected and a more accurate financial picture of the long-range transportation plan could be provided.

When developing estimates for a long-range planning document such as this one, the inflation factors used will not reflect short term changes in price indices. Short term fluctuations in costs have historically leveled out over time. The more difficult question is whether or not recent increases in construction materials costs and the price of a barrel of oil are a short term situation or a paradigm shift in the construction industry. Only time will tell if the short term inflation rate around 25% in the construction sector will stabilize at its historic 3-4% or not.

REVENUE SOURCES

Federal Funding

Since 1956, the primary mechanism for a federally funded transportation program has been the Highway Trust Fund (HTF). For years the HTF maintained a surplus. The transportation industry called on Congress to spend down the surplus, thereby releasing more funding for transportation improvements. With the passage of the "Safe, Accountable, Flexible, and Efficient Transportation Equity Act – a Legacy for Users" (SAFETEA-LU) on August 10, 2005, Congress listened. SAFETEA-LU guaranteed \$ 286.4 billion in funding between 2004 and 2009. Even after multiple rescissions, the HTF, under the pressure of escalating materials costs and the destabilization of oil prices, is in financial crises. In September of 2008, Congress transferred \$ 8 billion into the HTF to keep it solvent. On June 24, 2009, the U.S.

Department of Transportation notified every state transportation agency that the HTF would experience a second cash shortfall unless action was taken by Congress. On August 7, 2009, the U.S. Treasury Department deposited an additional \$ 7 billion into the HTF. With no new federal transportation legislation, an additional \$ 8 to \$ 10 billion will be needed in 2010 to prevent the HTF from running out of money.

The Transportation and Infrastructure Committee of the U.S. House of Representatives released a proposed new federal highway bill that calls for a \$ 450 billion funding level, a 38 % increase over the \$ 286.4 billion in SAFETEA-LU. Two big questions remain: when will a new federal highway bill be passed and how will it be funded?

While the House Transportation and Infrastructure Committee has taken the first steps toward passage of a new federal transportation bill, neither the Senate nor the Executive branch have followed and SAFETEA-LU is set to expire on September 30, 2009. The Obama administration has announced a preference for an eighteen (18) month extension of SAFETEA-LU and the Senate has yet to start on draft legislation. This is basically a “Do Nothing” approach until 2011. This course of action will result in a \$ 90.4 billion shortfall between 2010 and 2015 according to the U.S. House Draft Surface Transportation Authorization Act of 2009 as depicted in **Graph 9.1**.

Methods to increase funding for transportation have been addressed extensively but amidst the current economic circumstances and a federal deficit in the range of multiple trillions of dollars, there is significant resistance to implementing any of the solutions. Because we primarily fund all transportation through motor fuels taxes, there are three (3) realities that must be faced. First, the motor fuels tax is a declining revenue source and will not support and increase in funding over the long-term. Second, a reduction in the number of miles driven and continuing improvements in fuel efficiency have the combined effect of reducing the tax revenue that funds transportation. Lastly, the federal motor fuels tax (\$ 0.184 per gallon for gasoline and \$ 0.244 per gallon for diesel) has not changed since 1993 and there is great opposition to increasing the tax rate per gallon or indexing it to inflation.

Federal Funding Programs for Streets and Highways

Interstate Maintenance (IM): This funding category provides for the maintenance of the Interstate Highway System to a specified design standard. Up to 20% of these funds may be transferred to the National Highway System (NHS) at the discretion of the State.

National Highway System (NHS): This category is intended to address the mobility needs on the NHS throughout the state. Projects funded under this category are selected by AHTD on a statewide priority.

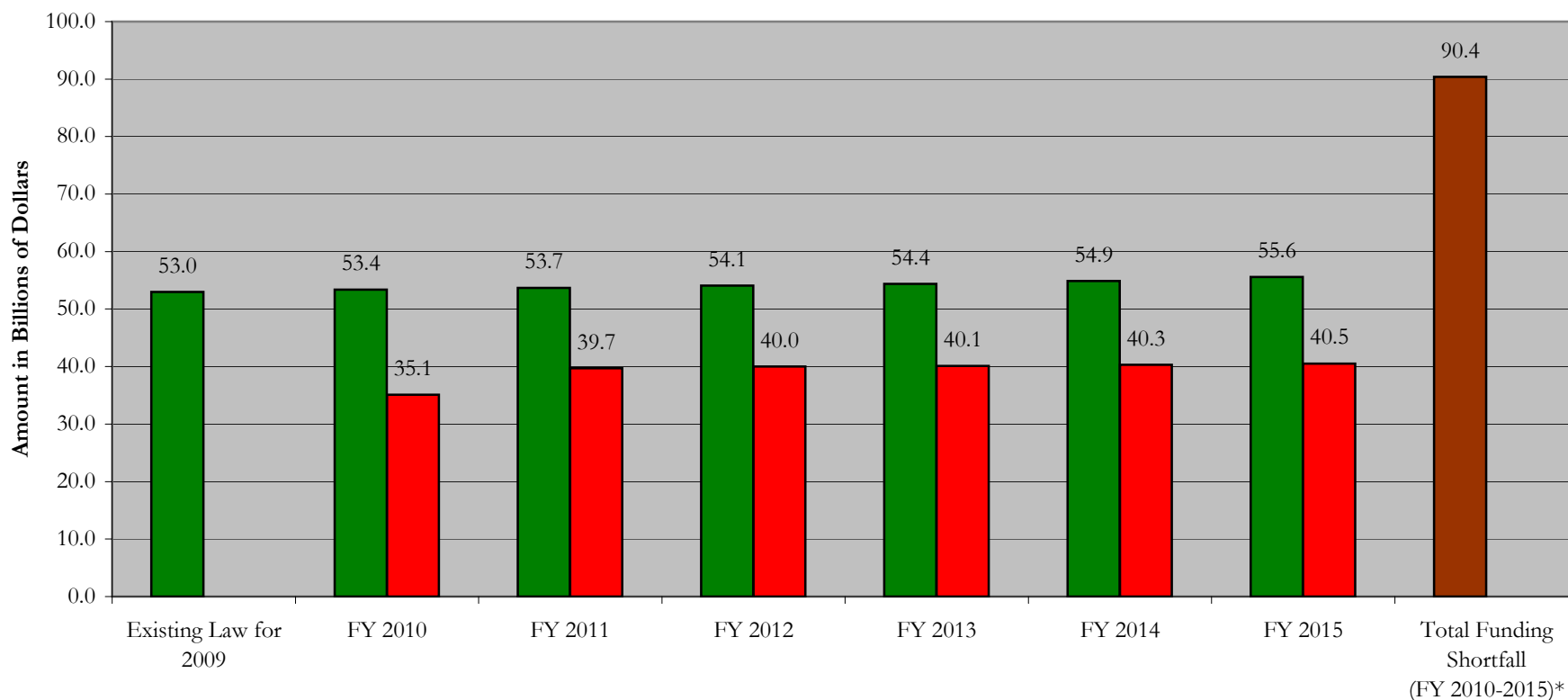
Surface Transportation Program (STP), Safety: This category of funds provides that 10% of all STP funds apportioned to the state be dedicated to safety improvement projects. Safety projects are prioritized on a statewide basis. These funds may be used to improve all functionally classified streets within the urbanized area (collectors through freeways).

"Do Nothing" Funding Scenario

Highways, Highway Safety, and Transit Funding with No Increase in Trust Fund Revenues

(FY 2010 - FY 2015)

July 23, 2009



Current Program Total: \$326.1 billion (FY 2010-FY 2015)

"Do Nothing" Scenario Total: \$235.7 billion (FY 2010-FY 2015)

■ Existing Law and Baseline ■ No increase in Revenue

* The Total Funding Shortfall represents the difference between the current program funding levels and the funding levels that can be supported with no revenue increase.

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Surface Transportation Program (STP), Transportation Enhancement: This funding category is used to address projects that are above and beyond what could normally be expected in the way of enhancements to the transportation system. All projects must be developed in accordance with applicable federal and state environmental requirements. Transportation Enhancement projects are prioritized on a statewide basis. All functionally classified streets within the urbanized area (collectors through freeways) can be improved using these funds.

Surface Transportation Program (STP), Urban Mobility / Rehabilitation: This category is intended to address mobility or rehabilitation needs in those urbanized areas with a population between 5,000 and 200,000. These funds can be spent on any roadway with a functional classification greater than a local road in urban areas or a rural minor collector. Projects require the approval and concurrence of the MPO.

Surface Transportation Program (STP), Rural Mobility / Rehabilitation: Funds from this category are used to address mobility or rehabilitation needs in rural areas. Projects programmed in this category must be in cities of less than 5,000 people or outside any city limits.

Bridge Replacement and Rehabilitation Program: This category is used to address the replacement or rehabilitation of bridges in the state.

Special Allocation: All special funding approved by Congress such as High Priority Projects, Public Lands, Stimulus Funds, etc.

The Texas Department of Transportation has grouped the various Federal programs under two (2) major programs: Statewide Preservation Program (SPP) and Statewide Mobility Program (SMP). Each of these programs includes multiple funding categories as described below.

Statewide Preservation Program (SPP):

- Category 1 - Preventive Maintenance and Rehabilitation: Funding for preventive maintenance and rehabilitation of the existing state highway system. These funds may be used on the Interstate Highway System travel lanes, frontage roads, structures, signs, pavement markings, striping, etc.
- Category 6 – Structure Replacement and Rehabilitation: Funding to replace or rehabilitate eligible bridges on and off the state highway system (functionally obsolete or structurally deficient).
- Category 8 – Safety: Funding related to projects on and off the state highway system. Projects are evaluated using three years of crash data and ranked according to the Safety Improvement Index.

The SPP also contains information on two (2) highway maintenance programs and waterway and railroad preservation projects. These programs and projects represent efforts to maintain the existing transportation system.

Statewide Mobility Program (SMP):

- Category 2 – Transportation Management Area (TMA) Corridor Projects: Funding is intended to address the mobility needs in all major metropolitan areas (greater than 200,000 in population) throughout the state.
- Category 3 – Urban Area Corridor Projects: funding is intended to address the mobility needs in all metropolitan areas (areas with populations between 50,000 and 200,000) throughout the state. Funds will be used to develop and improve entire corridors of independent utility, whenever possible. Projects in this category must have the concurrence and support of the MPO.
- Category 4 – Statewide Connectivity Corridor Projects: Funding is intended to address mobility and added capacity project needs on major state highway system corridors which provide statewide connectivity between urban areas and corridors. The highway connectivity network is composed of the Texas Trunk System; NHS; and connections from the Texas Trunk System or NHS to major ports on international borders or Texas water ports.
- Category 5 – Congestion Mitigation and Air Quality (CMAQ) Improvement: Funding is used for projects that address the attainment of a national ambient air quality standard in the non-attainment areas of the state.
- Category 7 – Metropolitan Mobility and Rehabilitation: Funding is to address transportation needs within the metropolitan area boundaries of MPOs having populations of 200,000 or greater.
- Category 9 – Transportation Enhancements: Funding is to address projects that are above and beyond what could normally be expected in the way of enhancements to the transportation system. Projects programmed in this category must fall under one of the following general activities as outlined in SAFETEA-LU:
 1. Provision of facilities for pedestrians and bicycles.
 2. Provision of safety and educational activities for pedestrians and bicyclists.
 3. Acquisition of scenic easements and scenic or historic sites (including historic battlefields).
 4. Scenic or historic highway programs (including the provision of tourist and welcome center facilities).
 5. Landscaping and other scenic beautification.
 6. Historic preservation.
 7. Rehabilitation and operation of historic transportation buildings, structures, or facilities (including historic railroad facilities and canals).

8. Preservation of abandoned railway corridors (including the conversion and use of the corridors for pedestrian or bicycle trails).
 9. Inventory, control, and removal of outdoor advertising.
 10. Archaeological planning and research.
 11. Environmental mitigation to address water pollution due to highway runoff; or reduce vehicle-caused wildlife mortality while maintaining habitat connectivity.
 12. Establishment of transportation museums.
- Category 10 – Supplemental Transportation Projects: Funding is to address projects that do not qualify for funding in other categories. Most of the programs are state funded; however, federal funds are involved in some programs as noted above. Projects in this category must have the concurrence of the MPO if located within their area of jurisdiction.
 - Category 11 – District Discretionary: This category is used to address projects selected at the district engineer's discretion. Most projects should be on the state highway system. However, some projects may be selected for construction off the state highway system on roadways with a functional classification greater than a local road or rural minor collector. Funds from this program should not be used for right-of-way acquisition. Projects in this category must have the concurrence and support of the MPO having jurisdiction in the particular area.
 - Category 12 – Strategic Priority: The Commission has determined that money from this category will be used on an "as needed" basis, for projects with specific importance to the state. These projects will generally promote economic opportunity, increase efficiency on military deployment routes or to retain military assets in response to the federal military base realignment and closure report, or maintain the ability to respond to both man-made and natural emergencies. In addition, the Commission is also committed to utilize the Category 12 funds to help communities utilize the new financing tools, like pass-through financing agreements, in order to help local communities address their transportation needs.

The SMP documentation also contains information regarding the Aviation Capital Improvement Program and the Public Transportation Program.

Federal Funding Programs for Transit

SAFETEA-LU provides the authorization for the Federal Transit Administration (FTA) programs. A description of each of the FTA programs from which funding is available in the Texarkana region is provided below.

5307: The Urbanized Area Formula Grant Program subsidizes the operating and/or capital cost of transit services. Eligible expenses include planning, engineering, most administration, preventive maintenance, fuel, parts and operating

costs. This program requires a matching ratio of 80% federal and 20% local except for vehicle-related equipment attributable to compliance with the Americans with Disabilities Act and the Clean Air Act, in which case the matching ration is 90% federal and 10% local. The federal share may not exceed 50% of the total project cost for operating assistance. These funds are allocated by a formula based on population and population density for urban areas with a population between 50,000 and 199,999.

5309: The Capital Investment Program is divided into three categories: Modernization of existing rail systems, New rail systems, and New and replacement buses and facilities. The Bus category is the only one from which the Texarkana urbanized area is eligible to receive funds. These funds are used to subsidize the purchase of buses, bus-related equipment and paratransit vehicles, and for the construction of bus-related facilities. Funding under this program is available for three (3) years once allocated and is subject to a match ratio of 80% federal and 20% local.

5310: The Elderly and Persons with Disabilities Program subsidizes transportation services to elderly and disabled persons. Eligible expenses may include, at the option of the recipient, the acquisition of transportation services by contract, lease, or other arrangement. While the assistance is intended primarily for private nonprofit organizations, public bodies that coordinate services for the elderly and persons with disabilities, or any public body that certifies to the state there are no nonprofit organizations in the area that are readily available to carry out the service, may receive these funds. The funds are allocated by a formula that considers the number of elderly and disabled individuals in each state. The program has an 80% federal and 20% local match requirement.

5316: The Job Access and Reverse Commute (JARC) Program provides funding for the provision of transportation services designed to increase access to jobs and employment-related activities. Job Access projects are those which transport welfare recipients and low-income individuals in urban, suburban, or rural areas to and from jobs and activities related to their employment. Reverse Commute projects provide transportation service for the general public from urban, suburban, and rural areas to suburban employment opportunities.

All projects funded under this program must be derived from an area-wide JARC Transportation Plan and a Regional Public Transportation Coordination Plan developed through a regional approach which supports the implementation of a variety of transportation services designed to connect welfare recipients to jobs and related activities. A key element of the program is making the most efficient use of existing public, nonprofit, and private transportation service providers. The JARC program has three (3) match ratios: Capital expenses require an 80% federal and 20% local match, Operating expenses require a 50% federal and 50% local match, and 100% federal for up to 10% of the program recipients' total Administration expenses.

5317: The New Freedom Program is designed for people with disabilities beyond the requirements of the Americans with Disabilities Act (ADA) of 1990.

Program goals include:

- Increase access to assistive and universally designed technologies;
- Expand educational opportunities;
- Promote homeownership;
- Integrate Americans with disabilities into the workforce;
- Expand transportation options; and
- Promote full access to community life.

All projects funded under this program must be derived from an area-wide Regional Public Transportation Coordination Plan developed through a regional approach which supports the implementation of any project. Funds are available on an 80% federal and 20% local match basis for capital projects and a 50% federal and 50% local match basis for operating assistance.

Special Federal Funding Programs

Special federal funding includes the American Recovery and Reinvestment Act (ARRA) of 2009 as well as congressional ear-mark funding for specific projects and other programs.

The Texarkana region received \$ 36 million in ARRA funds through Arkansas and \$ 2.3 million through Texas for highway projects and a combined \$ 1.08 million from Arkansas and Texas for the transit system.

State Funding

Arkansas

The State of Arkansas funding for highway projects is derived primarily from state motor fuel taxes and vehicle registration fees.

In 2009, the State of Arkansas passed Act 374 creating the Blue Ribbon Committee on Highway Finance. The Blue Ribbon Committee's charge is to define an adequate system for financing improvements to the state's highways, county roads, and city streets. The ultimate goal is to propose highway finance legislation that can be brought before the General Assembly in the 2011 legislative session.

Texas

There are two (2) traditional sources of revenue used for transportation in the State of Texas, the General Fund and the State Highway Fund. The state General Fund relies on revenues from the state sales tax, franchise tax, motor vehicle sales tax, alcohol and tobacco taxes, oil production tax, and natural gas tax, as well as other revenues. Revenue from the non-dedicated portion of the General Fund typically accounts for less than 1% of the state's financial contribution to transportation.

In the 2003 Texas legislative session toll and bond revenues were made available as funding sources for transportation. In the 2007 legislative session, the development of toll facilities and the use of toll revenues they would generate were challenged. Toll revenue as a source of funding for transportation projects is still a topic of disagreement. In the 2009 legislative session, legislation necessary for the continued development of toll projects was not passed but additional bond revenues were made available.

Local Funding

At the local level, the main source of funding for transportation projects and infrastructure remains general obligation bonds. The use of bonds will continue as long as debt is relatively inexpensive and the public continues to oppose city property tax rate increases. Challenges in funding the needs of the transportation system in the Texarkana MPO and its member agencies include:

- No major dedicated transportation funding source.
- Dependence on traditional funding sources for roadway maintenance programs.
- Competing interest for limited local dollars (i.e., crime, education and other social issues versus transportation).
- Inability to accurately project revenues and budget allocations for capital and maintenance programs.
- Lack of alternative transportation funding mechanisms to supplement and leverage federal and state funds.
- Reliance on increased property values to generate additional revenue as opposed to an increase in the property tax rate.

To reduce or minimize the amount of MPO member agencies' bond indebtedness, the following new sources of revenue should be considered:

1. Dedicated Revenue Source – Creation of a not-for-profit 503C, the Texarkana Freight Authority, that would operate an intermodal freight transfer/warehousing facility. Revenue generated by this authority could be dedicated to funding local and regional transportation projects or leveraging state and federal transportation funding for projects.

2. Dedicated Transportation Sales Tax – Legislative approval would be required to increase sales tax ceiling where applicable. Action would be required by local elected officials and voter approval on specific actions may be required. Revenues could be used as collected over time for capital and maintenance programs, or used to back revenue-based transportation bonds to complete capital and maintenance projects (including funding maintenance reserves) on an accelerated basis.
3. Dedicated Infrastructure Property Tax – Action would be required by local elected officials and voter approval on specific actions may be required. Revenue could be used for capital and maintenance programs, or used to back revenue-based infrastructure bonds for projects (including reserve funds).
4. Local Option Fuel Tax – Legislative approval would be required to implement a local option fuel tax. Action by county and local elected officials as well as voter approval would be required. Revenues could be used as collected over time for capital and maintenance programs, or used to back revenue-based transportation bonds to complete capital and maintenance projects (including funding maintenance reserves) on an accelerated basis.
5. Benefit Assessment Districts – Payment of impact fees through a Benefit Assessment or Special District for the purpose of financing roadway improvements connected to residential and/or commercial developments or in development areas connected to new educational, entertainment or manufacturing facilities.
6. Transportation Reinvestment Zones – Can be implemented where property values and ad valorem assessments may increase as the result of transportation improvements. The local government agrees to apply the tax proceeds of any increased assessment to support the financing for a specified period of time, thereafter claiming the tax revenues for itself or eliminating the tax altogether.
7. Maintenance Reserve Account – Create and fund a 10-year maintenance reserve account through ad valorem taxes.

REASONABLY ANTICIPATED REVENUE ESTIMATES

Public Transit Services

Texarkana Urban Transit District

According to information provided by Vera Matthews, the General Manager for the Texarkana Urban Transit District (TUTD), the T-Line collected \$ 602,842 in fare box revenue between 2006 and 2009. That averages out to \$ 150,710 per year. Estimated fare box revenues over the life of this plan total \$ 3.925 million (**Table 9.1**).

**TABLE 9.1:
T-LINE TRANSIT SYTEM ESTIMATED
REVENUES BY SOURCE**

YEARS	FARE BOX REVENUE	ARRA REVENUE	FTA 5307	LOCAL MATCH	TOTALS
2010 – 2013	\$ 580,000	\$ 1,080,567	\$ 3,164,425	\$ 2,421,000	\$ 7,245,992
2014 – 2019	\$ 900,000	-	\$ 5,652,000	\$ 2,985,000	\$ 9,537,000
2020 – 2035	\$ 2,445,000	-	\$ 22,220,000	\$ 12,213,000	\$ 36,878,000
TOTALS	\$ 3,925,000	\$ 1,080,567	\$ 31,036,425	\$ 17,619,000	\$ 53,660,992

In addition to the estimated fare box revenues, the T-Line can reasonably anticipate receiving \$ 31.04 million in federal funds through the 5307 Urbanized Area Formula Grant Program. Additional revenue may become available through the 5309 Capital Investment Program, the 5310 Elderly and Persons with Disabilities Program, the 5316 Job Access and Reverse Commute Program, and the 5317 New Freedom Program. However, revenue from these sources could not be reasonably anticipated at this time. The 5309, 5316, and 5317 funds may be available to human services agencies through an annual application process on a statewide basis in Arkansas and Texas. T-Line is considering applying for funding through the 5316 and/or 5317 programs. 5310 funds may also be available through Arkansas on an annual statewide application basis. In Texas, the 5310 program funds are allocated to TxDOT Districts for programming and sub-allocation to human service providers on an annual basis.

The total estimate of reasonably anticipated revenue for the T-Line system, including the American Recovery and Reinvestment Act funds, 5307 Urbanized Area Formula Grant Program funds and local matching funds, between 2010 and 2035 is \$ 53.7 million. An annual inflation factor of 3.5% was used to calculate the federal portion of the revenue estimate.

Ark-Tex Council of Governments (ATCOG)

ATCOG provides services to elderly persons and persons with disabilities through the Rural Transit District (TRAX) in the non-urbanized areas of the Texarkana MPO Study Area. TRAX is sub-allocated funding under the 5310 Elderly and Persons with Disabilities Program through the Atlanta District of TxDOT. Based on information provided by TxDOT, TRAX can reasonably anticipate revenues totaling over \$ 4.4 million for the life of this plan. This estimate is based on a 2010 fiscal year allocation and a 3.5% inflation factor over the twenty-six (26) year plan period. TRAX can anticipate available revenues of \$ 451,281 for 2010 to 2013, \$ 804,764 for 2014 to 2019, and \$ 3,167,225 for 2020 to 2035.

Arkansas State Highway and Transportation Department (AHTD)

AHTD provided revenue estimates for 2010 with a recommendation to use a 3.9% inflation factor through 2035 with the exception that the categories for Enhancement and STP Urban <200,000 should be held constant. Based on the information provided by AHTD, the Arkansas portion of the Texarkana region can reasonably anticipate \$ 265.38 million of revenue to be available for roadways and \$ 30.98 million for transit from 2010 to 2035. Additionally, there are two statewide programs from which funding may be available through a competitive grant process. These include the Recreational Trails Program and the Safe Routes to Schools program with a combined total of \$ 77.45 million. **Table 9.2** shows anticipated revenues for roadways in the Texarkana region as well as statewide revenues for Recreational Trails and Safe Routes to Schools.

**Table 9.2:
Anticipated Arkansas Revenues
in TUTS 2035 Plan**

Revenue Source	Anticipated Revenue
Roadways	
Bridge	15,292,171
STP Enhancements	3,672,500
Interstate Maintenance	98,890,257
National Highway System	56,744,876
Safety	9,939,911
STP Equity Bonus	30,338,540
STP Urban	4,731,250
State Maintenance	45,767,282
TOTAL	\$ 265,376,788
Recreational Trails Program*	
TOTAL	\$ 38,725,585
Safe Routes to Schools*	
TOTAL	\$ 38,725,585

* Statewide program allocated through annual grant application process

To address the Year-of-Expenditure (YOE) and Total Project Cost (TPC) requirements, AHTD has determined that a revenue inflation factor of 3.9% and a cost inflation factor of 7% (YOE and TPC combined) are reasonable for developing a fiscally constrained plan. These inflation values take into account financial circumstances and commitments particular to the state of Arkansas.

City of Texarkana, AR

Highway-User Revenue Turnback

Funds from this revenue source are allocated to each municipality based on a population apportionment from the most recent federal census. The revenue is generated by designated road user taxes, state motor fuel taxes, motor vehicle registration fees, title transfer fees, driver search fees, and interest income. The funds may be used for maintenance, construction, and reconstruction of city and county roads and bridges, and parking for specified county facilities. Cities may also use a specified amount for transit.

Three Mill Road Tax

The County Quorum Court may levy a county road tax on an annual basis that does not exceed three (3) mills. Revenue generated on property inside a city is evenly shared between the city and county. Revenue generated from property outside the city is for use by the county only.

Local Option Sales Tax

A county or city may initiate this tax subject to voter approval. The county or a city can levy this tax separately. These funds can be used for almost any type of development or streets.

Arkansas Community and Economic Development Program (ACEDP)

This funding source can be used for street, bridge, and drainage projects within cities and counties. The funds are available through the Arkansas Department of Economic Development on a competitive basis and eligibility requirements restrict their use for meeting street improvement needs citywide or countywide.

Revenue Bonds

Improvements on the local road system can be financed by cities and counties through these bonds. A dedicated revenue source is required to pay back the bonds and the sale of the bonds is subject to voter approval.

Project funding for the City of Texarkana, AR is based on Capital Improvement expenditures that are historically funded by Revenue Bonds. The same cost inflation factors used for AHTD projects were applied to local Arkansas projects.

Texas Department of Transportation (TxDOT)

Financial data provided to the Texarkana MPO by TxDOT indicates that \$ 168.37 million of federal and state transportation funds were obligated in the Texarkana Metropolitan Area between 2004 and 2009. However, the IH 30 Corridor project accounted for \$ 133.39 million (79%) of the total amount. It is not reasonable to anticipate that funding for a project of this scope will be available on average every six years. After excluding the IH 30 Corridor funding, the average obligation per year was determined to be \$ 5.83 million.

To account for the impact of inflation on the transportation planning process, TxDOT has adopted FHWA's recommended revenue inflation factor of 3% based on the Consumer Price Index and a cost inflation factor of 4% based on a thirty (30) year average Construction Cost Index. These inflation factors have been used to produce a fiscally constrained plan based on Year-of-Expenditure (YOE) dollars. To address the Total Project Cost (TPC) requirement, TxDOT has developed estimates that take into account right-of-way, preliminary engineering, construction engineering, bond financing, contingencies, and indirect costs, if they apply. A TPC factor of 28% was applied to the YOE cost estimates for roadways and bridges and a 6% TPC was applied to bicycle and pedestrian projects.

The following assumptions have been used in the development of a fiscally constrained plan:

- Revenue will be held flat for 2010 and 2011.
- District Discretionary funds (CAT 11) will not be available prior to 2015.
- Revenue increases at 3% each year from 2012 to 2035, except for CAT 11.
- CAT 11 funding remains flat from 2015 to 2035.
- One major project is anticipated over the life of the plan, therefore a single time infusion of \$ 50 million is included under CAT 3 in 2020.
- Includes \$ 1,713,000 of American Recovery and Reinvestment Act 2009 funds allocated to a project.
- Safety (CAT 8), Supplemental Transportation Projects (CAT 10), and District Discretionary (CAT 11) revenues were increased one time by 28% to offset the Total Project Cost factor because these costs items are not accounted for in the construction cost estimate.
- Transportation Enhancements (CAT 9) revenues were not increased to account for the 6% TPC factor because this is a statewide grant program and the TPC factors are included in the construction cost estimates.

This process results in an anticipated revenue estimate of \$ 252.39 million being available from 2010 to 2035 as shown in **Table 9.3**.

**Table 9.3
Anticipated Texas Revenues
in TUTS 2035 Plan**

Revenue Source	Anticipated Revenue
Roadways and Bridges	
Preventive Maintenance and Rehabilitation (CAT 1)	46,318,536
Urban Area Corridor Projects (CAT 3)	50,000,000
Statewide Connectivity Corridor Projects (CAT 4)	0
Structure Replacement and Rehabilitation (CAT 6)	6,519,429
Safety* (CAT 8)	85,427,684
Transportation Enhancements** (CAT 9)	2,065,348
Supplemental Transportation Projects* (CAT 10)	26,741,527
District Discretionary* (CAT 11)	33,600,000
Strategic Priority (CAT 12)	0
American Recovery and Reinvestment Act 2009	1,713,000
TOTAL	\$ 252,385,524
Safe Routes to Schools***	
TOTAL	\$ 351,000,000

* Includes 28% revenue increase to offset Total Project Cost factor of 28% because the Individual cost items are not accounted for in the construction cost estimate.

** Statewide program based on grant applications, estimate is based on receipts to the Texarkana region between 2006 and 2009.

*** Statewide program allocated through annual grant application process

City of Texarkana, TX

The city anticipates the continued use of General Obligation Bonds and Certificates of Obligation to fund projects. The same cost inflation factor used for TxDOT projects were applied to the City of Texarkana, TX projects. However, the City of Texarkana, TX determined that a Total Project Cost factor of 2.5% was more reasonable for their program.