



GREAT FALLS AREA

Long Range Transportation Plan - 2018 Update

APPENDIX H: Transportation Funding



TRANSPORTATION FUNDING

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TRANSPORTATION FUNDING

1.0 BACKGROUND

Transportation improvements can be implemented using Federal, State, local and private funding sources. Historically, Federal and State funding programs have been used almost exclusively to construct and upgrade the major roads in the Great Falls area. Considering the current funding limits of these traditional programs, and the extensive list of recommended road projects, it is apparent that more funding will be required from local and private sources if all of the transportation network needs are to be met.

This memorandum discusses the financial plan for the 2018 LRTP, projected out to the year 2038. Federal legislation requires that the LRTP be “fiscally constrained”; in other words, the cost of implementing and maintaining transportation improvements should be within a funding amount that can reasonably be expected to be available during the life of the plan.

Federal regulations establish the requirements for the financial plan in Title 23, Section 450.322(f)(10), of the Code of Federal Regulations. To summarize, the regulations (effective December 2007) state that the financial plan should include the following:

- Estimates of costs and revenue sources needed to operate and maintain federal-aid highways and public transportation
- Estimates of funds that will be available to support the LRTP implementation and that are agreed upon by the MPO, public transportation operator(s), and the state
- Recommendations on any additional financing strategies to fund projects and programs included in the LRTP
- Revenue and cost estimates that use an inflation rate to reflect “year of expenditure dollars” and that have been developed cooperatively by the MPO, state, and public transportation operator

Funding to implement the LRTP recommendations comes from federal, state, and local sources. This financial element of the LRTP includes estimates of costs that would be required to implement the LRTP as well as estimates of existing and contemplated sources of funds available to pay for these improvements.

Much of the following information concerning the Federal and State funding programs was assembled with the assistance of the Statewide and Urban Planning Section of the Montana Department of Transportation (MDT). The intent was to identify traditional Federal, State and local sources of funds for transportation related projects and programs in the Great Falls area. A narrative description of each potential funding source is provided, 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 use of the funds.

2.0 OVERVIEW OF TRADITIONAL FUNDING SOURCES

MDT administers several programs that are funded from state and federal sources. Each year, in accordance with 60-2-127, Montana Code Annotated (MCA), the Montana Transportation Commission allocates a portion of available federal-aid highway funds for construction purposes and for projects located on the various systems in the state as described throughout this memorandum.

The following list includes Federal and State funding sources developed for the distribution of Federal and State transportation funding. This includes Federal funds the State receives under the Fixing America's Surface Transportation Act (FAST Act) which was signed into law on December 4, 2015. The FAST Act authorizes federal transportation funding for federal fiscal years 2016 through 2020. The list also includes local funding sources available through the city and county, as well as private sources. It should be understood that other funding sources are possible, but those listed below reflect the most probable sources at this time. A narrative description of each source is provided in the following sections of this memorandum.

3.0 FEDERAL FUNDING SOURCES

The following summary of major Federal transportation funding categories received by the State through Titles 23-49 U.S.C., including state developed implementation/sub-programs that may be potential sources for projects. In order to receive project funding under these programs, projects must be included in the State Transportation Improvement Program (STIP) and the MPO TIP, where relevant.

3.1. NATIONAL HIGHWAY PERFORMANCE PROGRAM (NHPP)

The National Highway Performance Program (NHPP) provides funding for the National Highway System (NHS), including the Interstate System and NHS roads and bridges. The purpose of the 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 NHS includes all Interstate routes, a large percentage of urban and rural principal arterials, the defense strategic highway network, and strategic highway connectors.

Allocations and Matching Requirements

NHPP funds are Federally-apportioned to Montana and allocated to Districts by the Montana Transportation Commission. Based on system performance, the funds are allocated to three programs; Interstate Maintenance, National Highway, and NHPP Bridge. The Montana Transportation Commission establishes priorities for the use of NHPP funds, and projects are let through a competitive bidding process.

Eligibility and Planning Considerations

Activities eligible for the National Highway System funding include construction, reconstruction, resurfacing, restoration, and rehabilitation of segments of the NHS roadway; construction, replacement, rehabilitation, preservation and protection of bridges on the National Highway System; projects or part of a program supporting national goals for improving infrastructure condition, safety, mobility, or freight movements on the National Highway System; and reconstruction, resurfacing, restoration, rehabilitation, or preservation of a bridge on a non-NHS Federal-aid highway so long as bridge condition provision requirements are satisfied. Operational improvements, projects to reduce risk of failure of critical infrastructure, as well as highway safety improvements are also eligible. Other miscellaneous activities that may qualify for NHS funding include bikeways and pedestrian walkways, environmental mitigation,

restoration and pollution control, infrastructure based intelligent transportation systems, traffic and traveler monitoring and control, and construction of intra or inter-city bus terminals serving the National Highway System.

The MDT Great Falls District is anticipated to receive an average annual NH apportionment of approximately \$20 million during the next five years. Current Great Falls District priorities already under development total an estimated construction cost of \$128 million. Eligible NH funding is currently committed through federal fiscal year (FFY) 2022 as documented in the 2018-2022 STIP. Unfunded Great Falls District projects total approximately \$28 million.

3.1.1. Interstate Maintenance

Interstate Maintenance funds are Federally-apportioned to Montana and allocated based on system performance by the Montana Transportation Commission. The Commission approves and awards projects for improvements on the Interstate Highway System which are let through a competitive bidding process. MDT districts are allocated IM funds by Montana's Transportation Commission based on system performance. The federal share for this program is 91.24% and the State is responsible for the remaining 8.76%. The State share is funded through the Highway State Special Revenue Account (HSSRA).

3.1.2. National Highway

The Federal share for non-Interstate NHS projects is 86.58% and the State is responsible for the remaining 13.42%. The State share is funded through the Highway State Special Revenue Account.

3.1.3. NHPP Bridge

Federal and state funds under this program are used to finance bridge inspection, improvement, and replacement projects on Interstate and non-Interstate National Highway System routes. NHPB program funding is established at the discretion of the state. However, Title 23 U.S.C. establishes minimum standards for NHS bridge conditions. If more than 10% of the total deck area of NHS bridges in a state is on structurally deficient bridges for three consecutive years, the state must direct NHPB funds equal to 50% of the state's FY 2009 Highway Bridge Program to improve bridges each year until the state's NHS bridge condition meets the minimum standard.

3.2. SURFACE TRANSPORTATION PROGRAM (STP)

Surface Transportation Block Grant Program (STBG) funds are federally apportioned to Montana and allocated by the Montana Transportation Commission to various programs including the Surface Transportation Program Primary Highways (STPP), Surface Transportation Program Secondary Highways (STPS), the Surface Transportation Program Urban Highways (STPU), and the Surface Transportation Program – Bridge Program (STPB), as well as set-asides for programs including Transportation Alternatives (TA) and Recreational Trails. The Federal share for these projects is 86.58% with the non-Federal share typically funded through HSSRA. The Montana Transportation Commission establishes priorities for the use of STBG funds and projects are let through a competitive bidding process.

3.2.1. Secondary Highway System (STPS)

The Federal and State funds available under this program are used to finance transportation projects on the state-designated Secondary Highway System. The Secondary Highway System includes any highway that is not classified as a local route or rural minor collector and that has been selected by the Montana Transportation Commission to be placed on the Secondary Highway System. Funding is distributed by

formula and is utilized to resurface, rehabilitate and reconstruct roadways and bridges on the Secondary System.

Allocations and Matching Requirements

Secondary funds are distributed statewide (MCA 60-3-206) to each of five financial districts, based on a formula, which takes into account the land area, population, road mileage and bridge square footage. Federal funds for secondary highways must be matched by non-Federal funds. Of the total received 86.58% is Federal and 13.42 % is non-Federal match. Normally, the match on these funds is from the Highway State Special Revenue Account.

Eligibility and Planning Considerations

Eligible activities for the use of Secondary funds fall under three major types of improvements: Reconstruction, Rehabilitation, and Pavement Preservation. Vehicle-to-infrastructure communication equipment is also eligible for funding. The Reconstruction and Rehabilitation categories are allocated a minimum of 65% of the program funds with the remaining 35% dedicated to Pavement Preservation. Priorities are identified in consultation with the appropriate local government authorizes and approved by the Montana Transportation Commission.

3.2.2. Urban Highway System (STPU)

The Federal and State funds available under this program are used to finance transportation projects on Montana's Urban Highways System, as per MCA 60-3-211. STPU allocations are based on a per capita distribution and are recalculated each decade following the US Census.

Allocations and Matching Requirements:

State law guides the allocation of urban funds to projects on the Urban Highway System in Montana's urban areas (population of 5,000 or greater) through a statutory formula based on each area's population compared to the total population in all urban areas. The federal share for this program is 86.58% and the State is responsible for the remaining 13.42%. The State share is funded through the HSSRA.

Montana's urban areas are as follows:

Anaconda	Columbia Falls	Helena	Miles City
Belgrade	Kalispell	Glendive	Missoula
Billings	Great Falls	Laurel	Sidney
Bozeman	Hamilton	Lewistown	Whitefish
Butte	Havre	Livingston	

Eligibility and Planning Considerations:

Urban funds are eligible for rehabilitation, resurfacing, new construction, reconstruction of existing facilities, operational improvements, vehicle-to-infrastructure communication equipment, bicycle facilities, pedestrian walkways, carpool projects and traffic operation projects on the 430 miles of the State-designated Urban Highway System. Priorities for the use of urban funds are established at the local level through local planning processes with final approval by the Transportation Commission.

3.2.3. Bridge Program (STP)

The Federal and state funds available under this program are used to finance bridge projects for on-system and off-system routes in Montana. Title 23 U.S.C. requires that a minimum amount (equal to 15 percent of Montana's 2009 Federal Bridge Program apportionment) be set aside for off-system bridge projects. The remainder of the Bridge Program funding is established at the discretion of the state. Bridge Program funds are primarily used for bridge rehabilitation or reconstruction activities on Primary,

Secondary, Urban or off-system routes. Projects are identified based on bridge condition and performance metrics.

3.2.4. Urban Pavement Preservation Program (UPP)

The Urban Pavement Preservation Program is a sub-allocation of the larger Surface Transportation Program that provides funding to urban areas with qualifying Pavement Management Systems (as determined jointly by MDT and FHWA). This sub-allocation is approved annually by the Transportation Commission and provides opportunities for pavement preservation work on urban routes (based on system needs identified by the local Pavement Management Systems).

3.2.5. Set-aside Program

The Set-aside Program, previously Transportation Alternatives (TA) Programs under MAP-21, requires MDT to obligate 50% of the funds within the state based on population, using a competitive process, while the other 50% may be obligated in any area of the state. The federal share for this program is 86.58% and the State is responsible for the remaining 13.42%. The State share is funded through the HSSRA if the project is on-system, the sponsor provides the match if the project is off-system.

Funds may be obligated for projects submitted by:

- Local governments,
- Transit agencies,
- Natural resource or public land agencies,
- School districts, schools, or local education authorities,
- Tribal governments, and
- Other local government entities with responsibility for recreational trails for eligible use of these funds.

Eligible categories include:

- On-road and off-road trail facilities for pedestrians and bicyclists, including ADA improvements;
- Historic preservation and rehabilitation of transportation facilities;
- Archeological activities relating to impact for a transportation project;
- Any environmental mitigation activity, including prevention and abatement to address highway related storm water runoff and to reduce vehicle/animal collisions including habitat connectivity;
- Turnouts, overlooks, and viewing areas;
- Conversion/use of abandoned railroad corridors for trails for non-motorized users;
- Inventory, control, and removal of outdoor advertising;
- Vegetation management in transportation right-of-way for safety, erosion control, and controlling invasive species;
- Construction, maintenance, and restoration of trail and development and rehabilitation of trailside and trailhead facilities;
- Development and dissemination of publications and operations of trail safety and trail environmental protection programs;
- Education funds for publications, monitoring, and patrol programs and for trail-related training;
- Planning, design, and construction of projects that will substantially improve the ability of students to walk and bicycle to school; and
- Non-infrastructure-related activities to encourage walking and bicycling to school, including public awareness campaigns, outreach to press and community leaders, traffic education and enforcement school vicinities, student sessions on bicycle and pedestrian safety, health, and environment, and funding for training.

The state is required to allocate TA funds through a competitive process which allows eligible applicants an opportunity to submit projects for funding. MDT's process emphasized safety, ADA, relationships to state and community planning efforts, existing community facilities, and project readiness.

3.3. NATIONAL HIGHWAY FREIGHT PROGRAM (NHFP)

The National Highway Freight Program was created by the FAST Act to invest in freight projects on the National Highway Freight Network. This program provides funding for construction, operational improvements, freight planning, and performance measures. This program is apportioned to States by formula. States must have a freight plan in place beginning FY 2018 in order to receive formula funding. Up to 10% of the apportioned funds may be used for intermodal projects. Generally, the Federal share for this program is 91.24% and the State is responsible for the remaining 8.76%. The State share is typically funded through the HSSRA for projects on state highways and local governments are responsible for providing the match for local projects.

3.4. HIGHWAY SAFETY IMPROVEMENT PROGRAM (HSIP)

HSIP funds are apportioned to Montana for allocation to safety improvement projects approved by the Commission and are consistent with the strategic highway safety improvement plan. Projects described in the State strategic highway safety plan must correct or improve a hazardous road location or feature, or address a highway safety problem. The Commission approves and awards the projects which are let through a competitive bidding process. Generally, the Federal share for the HSIP projects is 90% with the non-Federal share typically funded through the HSSR account.

3.5. CONGESTION MITIGATION AND AIR QUALITY IMPROVEMENT PROGRAM (CMAQ)

Federal funds available under this program are used to finance transportation projects and programs to help improve air quality and meet the requirements of the Clean Air Act. Montana's air pollution problems are attributed to carbon monoxide (CO) and particulate matter (PM10).

Allocations and Matching Requirements

CMAQ funds are Federally-apportioned to Montana and allocated to various eligible programs by formula and by the Commission. As a minimum apportionment state, a Federally-required distribution of CMAQ funds goes to projects in Missoula since it was Montana's only designated and classified air quality non-attainment area. The remaining, non-formula funds, referred to as "flexible CMAQ" is primarily directed to areas of the state with emerging air quality issues through various state programs. The Transportation Commission approves and awards both formula and non-formula projects on MDT right-of-way. Infrastructure and capital equipment projects are let through a competitive bidding process. Of the total funding received, 86.58% is Federal and 13.42% is provided by the state for projects on state highways and by local governments for local projects. The State share is funded through the HSSRA.

Eligibility and Planning Considerations

In general, eligible activities include transit improvements, ADA upgrades, traffic signal synchronization, bicycle/pedestrian projects, intersection improvements, travel demand management strategies, traffic flow improvements, air quality equipment purchases, vehicle-to-infrastructure communication equipment, 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). 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.

3.5.1. CMAQ (formula)

Mandatory CMAQ funds that come to Montana based on a Federal formula and are directed to Missoula, Montana's only classified, moderate CO non-attainment area. Projects are prioritized through the Missoula Metropolitan planning process.

3.5.2. Montana Air & Congestion Initiative (MACI)–Guaranteed Program (flexible)

This is state program funded with flexible CMAQ funds that the Commission allocates annually to Billings and Great Falls to address carbon monoxide issues in these designated, but “not classified”, CO non-attainment areas. The air quality in these cities is roughly equivalent to Missoula, however, since these cities are “not classified” they do not get direct funding through the Federal formula. Projects are prioritized through the respective Billings and Great Falls Metropolitan planning processes.

3.5.3. Montana Air & Congestion Initiative (MACI)–Discretionary Program (flexible)

The MACI – Discretionary Program provides funding for projects in areas designated non-attainment or recognized as being “high-risk” for becoming non-attainment. Since 1998, MDT has used MACI-Discretionary funds to get ahead of the curve for CO and PM10 problems in non-attainment and high-risk communities across Montana. District Administrators and local governments nominate projects cooperatively. Projects are prioritized and selected based on air quality benefits and other factors. The most beneficial projects to address these pollutants have been sweepers and flushers, intersection improvements, and signal synchronization projects.

3.6. FEDERAL LANDS ACCESS PROGRAM (FLAP)

The Federal Lands Access Program was created by MAP-21 to improve access to Federal lands and is continued in the FAST Act. FHWA's Western Federal Lands Division administers the program and MDT is an eligible applicant for the funds.

The program is directed towards Public Highways, Roads, Bridges, Trails, and Transit systems that are under State, county, town, township, tribal, municipal, or local government jurisdiction or maintenance and provide access to Federal lands. The Federal Lands Access Program funds improvements to transportation facilities that provide access to, are adjacent to, or are located within Federal lands. The program supplements State and local resources for public roads, transit systems, and other transportation facilities, with an emphasis on high-use recreation sites and economic generators. Program funds are subject to the overall Federal-aid obligation limitation. Funds are allocated among the states using a statutory formula based on road mileage, number of bridges, land area, and visitation.

Allocation and Matching Requirements

The federal share for this program is 86.58% and the State provides match for projects on state highways that address MDT identified infrastructure condition deficiencies. Local governments provide the match for off-system projects. The State share is funded through the HSSRA. Funding is authorized and allocated for each state under U.S.C. Title 23, Chapter 2, MAP-21, Division A, Title I, Subtitle A, Section 1119 distribution formula.

Eligibility and Planning Considerations

The following activities are eligible for consideration on Federal Lands Access Transportation Facilities:

- Preventive maintenance, rehabilitation, restoration, construction and reconstruction.
- Adjacent vehicular parking areas.

- Acquisition of necessary scenic easements and scenic or historic sites.
- Provisions for pedestrian and bicycles.
- Environmental mitigation in or adjacent to Federal land to improve public safety and reduce vehicle-wildlife mortality while maintaining habitat connectivity.
- Construction and reconstruction of roadside rest areas, including sanitary and water facilities.
- Operation and maintenance of transit facilities.

Proposed projects must be located on a public highway, road, bridge, trail or transit system that is located on, is adjacent to, or provides access to Federal lands for which title or maintenance responsibility is vested in a State, county, town, township, tribal, municipal, or local government.

3.7. CONGRESSIONALLY DIRECTED FUNDS

Congressionally directed funds may be received through either highway program authorization or annual appropriations processes. These funds are generally described as “demonstration” or “earmark” funds. Discretionary funds are typically awarded through a federal application process or Congressional direction. If a local sponsored project receives these types of funds, MDT will administer the funds in accordance with the Montana Transportation Commission Policy #5 – *“Policy Resolution Regarding Congressionally Directed Funding: Including Demonstration Projects, High Priority Projects, and Project Earmarks.”*

3.7.1. Nationally Significant Freight and Highway Projects

This program was also established by the FAST Act to create competitive grants or Tax Increment Financing Authority loans for projects >\$100 million. This is a discretionary freight-focused grant program that allows States, MPOs, local governments, tribal governments, special purpose districts and public authorities (including port authorities), and other parties to apply for funding to complete projects that improve safety and hold the greatest promise to eliminate freight bottlenecks and improve critical freight movements. Generally, the Federal share for this program is 91.24% and the State is responsible for the remaining 8.76%. The State provides match for projects on state highways that address MDT identified infrastructure condition deficiencies; local governments provide the match for off-system projects. The State share is typically funded through the HSSRA.

Activities eligible for funding include:

- Highway freight projects on the National Highway Freight Network,
- NHS highway/bridge projects,
- Projects in National Scenic Areas,
- Freight rail/intermodal/port projects, and
- Rail-highway grade crossings or grade separation projects.

3.8. TRANSIT CAPITAL AND OPERATING ASSISTANCE FUNDING

The MDT Transit Section provides federal and state funding to eligible recipients through Federal and state programs. Federal funding is provided through the Section 5310 and Section 5311 transit programs and state funding is provided through the TransADE program. MAP-21 incorporated the Job Access and Reverse Commute and New Freedoms Programs into the Section 5311 and 5310 programs, respectively. It also created a new bus and bus facilities discretionary formula program (Section 5339) for fixed route bus operators.

All funded projects must be derived from a locally developed, coordinated public transit-human services transportation plan (a “coordinated plan”). The coordinated plan must be developed through a process that includes representatives of public, private, and nonprofit transportation and human service providers and participation from the public.

3.8.1. Bus and Bus Facilities (Section 5339)

This program provides capital funding to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities. Federal funds pay 80% of capital costs. The remaining 20% must come from the local recipient. Funds are also eligible to be transferred by the state to supplement urban and rural formula grant programs (5307 and 5311, respectively).

3.8.2. Enhanced Mobility of Seniors and Individuals with Disabilities (Section 5310)

Section 5310 authorizes capital grants to eligible organizations to assist in providing transportation for the elderly and/or persons with disabilities. The Federal Transit Administration (FTA) funds 80% of all costs for equipment, with a 20% match provided by the local recipient. Eligible recipients for this program are private, nonprofit organizations; public bodies approved by the State to coordinate services for elderly persons and persons with disabilities; or public bodies which certify to the Governor that no nonprofit organization is readily available in a service area to provide this transportation service. Ten percent of the state's Section 5310 apportionment can be used to administer the program, to plan, and to provide technical assistance.

3.8.3. Urbanized Area Formula Grants (Section 5307)

This program enhances the access of people in urbanized areas by providing public transportation. Federal funds pay 80% of capital costs and 50% of deficit operating costs. The remaining 20% and 50%, respectively, must come from the local recipient. The designated recipient of Section 5307 funds is the Governor who in turn can designate the funds to a public body. In Montana, the Governor has designated Missoula, Great Falls, and Billings as the recipients of the Section 5307 funds.

4.0 STATE FUNDING SOURCES

The following is a summary of Montana's State funding sources which can be allocated to local governments and counties. State funds are dispersed automatically and on a needs basis.

4.1. RAIL/LOAN FUNDS

The Montana Rail Freight Loan Program (MRFL) is a revolving loan fund administered by the Montana Department of Transportation to encourage projects for construction, reconstruction, or rehabilitation of railroads and related facilities in the State and implements MCA 60-11-113 to MCA 60-11-115. Loans are targeted to rehabilitation and improvement of railroads and their attendant facilities, including sidings, yards, buildings, and intermodal facilities. Rehabilitation and improvement assistance projects require a 30% loan-to value match. Facility construction assistance projects require a 50% match.

Eligible applicants for loans under the program include railroads, cities, counties, companies, and regional rail authorities. Port authorities may also qualify, provided they have been included in the state transportation planning process. Projects must be integrally related to the railroad transportation system in the State and demonstrate that they will preserve and enhance cost-effective rail service to Montana communities and businesses.

4.2. TRANSADE

The TransADE grant program offers operating assistance to eligible organizations providing transportation to the elderly and persons with disabilities.

Allocation and Matching Requirements

This is a state funding program within Montana statute. State funds pay 54.11% of deficit operating costs, 80% of administrative costs, and 80% of maintenance costs. The remaining 45.89%, 20%, and 20%, respectively, must come from the local recipient. Applicants are also eligible to use this funding as match for the Federal transit grant programs.

Eligibility and Planning Considerations

Eligible recipients of this funding are counties, incorporated cities and towns, transportation districts, or non-profit organizations. Applications are due to the MDT Transit Section by the first working day of March each year. To receive this funding the applicant is required by state law (MCA 7-14-112) to develop a strong, coordinated system in their community and/or service area.

4.3. STATE FUNDS FOR TRANSIT SUBSIDIES

The 46th Montana Legislature amended Section 7-14-102 MCA providing funds to offset up to 50 percent of the expenditures of a municipality or urban transportation district for public transportation. The allocation to operators of transit systems is based on the ratio of its local support for public transportation to the total financial support for all general-purpose transportation systems in the State. Local support is defined as:

$$\text{Local Support} = \frac{\text{Expenditure for public transportation operations}}{\text{Mill value of City or urban transportation district}}$$

4.4. STATE FUEL TAX

The State of Montana assesses a tax on each gallon of gasoline and clear diesel fuel sold in the state and used for transportation purposes. According to State law, each incorporated city and town within the State receives an allocation of the total tax funds 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, and
- 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.)

State law also establishes that each county be allocated a percentage of the total tax funds based upon:

- 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.

Effective July 1, 2017, HB473, the Bridge and Road Safety and Accountability Act (BaRSAA) incrementally increases Montana's fuel tax rate for gasoline and for special fuel. House Bill 473 directs the fuel tax rate increase each biennium, until 2023, at the following increments in **Table 1**:

Table 1: Montana Fuel Tax Rate

Date	State Gas Rate	State Diesel Rate
July 1, 2017	0.315	0.2925
July 1, 2019	0.32	0.2945
July 1, 2021	0.325	0.2955
July 1, 2023	0.33	0.2975

A portion of the revenue generated by the increase will be allocated to local governments in addition to the existing fuel tax distributions provided for in MCA 15-70-101 and 7-14-102(2). BaRSAA funds are allocated in the same proportion and using the same ratios provided for in MCA 15-70-101(2)(b), (2)(c), and (3). Allocations are calculated based upon the statutory formula.

Local governments can use BaRSAA funds for the construction, reconstruction, maintenance, and repair of rural roads or city streets and alleys. The local government is responsible for maintenance. The purchase of capital equipment is not eligible for funding through this source. Funds may also be used to match federal funds used for the construction of roads and streets that are part of the National, Primary, Secondary or Urban Highway Systems; or road and streets which a local government is responsible to maintain.

Beginning March 1, 2018, local governments may request distribution of their allocation from MDT. Local governments must match each \$20 requested for distribution with at least \$1 of local government budgeted matching funds. Local governments can request distributions of allocated funds between March 1st and November 1st of the calendar year in which the funds were allocated. Reservation requests can be made between September 1st and November 1st.

For State Fiscal Year 2018, the City of Great Falls will receive \$968,587.88, and Cascade County will receive \$195,527.67 from MCA 15-70-101 and \$2,325.50 from MCA 7-14-102(2) for a total of \$197,853.17 in State fuel tax funds. The amount varies annually. For calendar year 2018, the City of Great Falls will be allocated \$360,411.42, and Cascade County will be allocated \$72,755.82, in BaRSAA. Priorities for the use of these funds are established by each jurisdiction.

5.0 LOCAL FUNDING SOURCES

Local governments generate revenue through a variety of funding mechanisms. Typically, several local programs related to transportation exist for budgeting purposes and to disperse revenues. These programs are tailored to fulfill specific transportation functions or provide particular services. The following text summarizes programs that are or could be used to finance transportation improvements by the city and county.

5.1. CITY OF GREAT FALLS

5.1.1. Special Revenue Funds

These funds are used to budget and distribute revenues that are legally restricted for a specific purpose. Several such funds that benefit the transportation system are discussed briefly in the following paragraphs.

5.1.2. SID Revolving Fund

This fund provides financing to satisfy bond payments for special improvement districts in need of additional funds. The city can establish street SID's with bond repayment to be made by the adjoining landowners receiving the benefit of the improvement. The city has provided labor and equipment for past projects through the General Fund, with an SID paying for materials.

5.1.3. Gas Tax Apportionment

Revenues are generated through State gasoline taxes apportioned from the State of Montana. The City's FY 2018 state gas tax apportionment will be approximately \$968,587. Transfers are made from this fund to the General Fund to reimburse expenditures for construction, reconstruction, repair and maintenance of streets.

5.1.4. Street Maintenance Assessment

Every parcel within the city limits is assessed for street maintenance, with a square footage cap based on the type of property (residential versus commercial). Revenues generated from the assessment fund maintenance activities on public roadways. Street maintenance includes, but is not limited to, the following: sprinkling; graveling; oiling; chip sealing; seal coating; overlaying; treating; general cleaning; sweeping; flushing; snow and ice removal; and leaf and debris removal.

5.1.5. Great Falls Parking Commission

Monthly lease rental payments and meter collections fund this program. Revenues are used to fund parking improvements in the downtown area.

5.1.6. Tax Increment Financing (TIF)

Great Falls currently has five (5) active Tax Increment Financing (TIF) districts: 1) Central Montana Agricultural and Technology Park District; 2) West Bank Urban Renewal District; 3) Great Falls International Airport District; 4) East Industrial Park District, and; 5) Great Falls Downtown Urban Renewal District. The funds generated from the TIF could be used to finance projects including street and parking improvements; tree planting; installation of new bike racks; trash containers and benches; and other streetscape beautification projects. TIF funds were used to construct Innovation Street in 2015, and could possibly be used in other districts in the future.

5.1.7. Community Development Block Grant Program (CDBG)

Authorized in 1974, the CDBG program replaced a number of individual or categorical Federal assistance programs to cities, the Model Cities Program and Urban Renewal among the major ones. The funds are provided to metropolitan areas and urban counties with populations of 50,000 and above on an entitlement basis, with individual allocations determined by a formula of poverty, population, overcrowded housing, growth lag, and age of housing stock factors.

In Great Falls and Cascade County, the city is a direct recipient of the funds from the U.S. Department of Housing and Urban Development, whereas the County receives funds through the Montana Department of Commerce on a competitive basis. The State administers the block grant program and allocates funds to projects in small urban areas and counties based on a state adopted selection and priority program.

In planning for and using CDBG funds, recipients must ensure that no less than 51 percent of the funds must be used for activities that benefit low- and moderate-income persons, over a period specified by the grantee, but not to exceed three years.

There are numerous eligible activities for use of the funds, including construction of public facilities, which would include transportation improvements. Great Falls has used CDBG funds for many years to finance sidewalk repairs and handicap ramp installations. In some years, these funds have also been used for street paving and other street improvements.

5.2. CASCADE COUNTY

Road Fund

The County Road Fund provides for the construction, maintenance, and repair of all county roads outside the corporate limits of cities and towns in Cascade County. Revenue for this fund comes from intergovernmental transfers (i.e., State gas tax apportionment and motor vehicle taxes), and a mill levy assessed against county residents living outside cities and towns. The county mill levy has a ceiling limit of 15 mills. Cascade County's FY 2018 state gas tax apportionment added approximately \$197,853 to the Road Fund.

County Road Fund monies are primarily used for maintenance with little allocated for new road construction. It should be noted that only a small percentage of the total miles on the county road system are located in the study area. Projects eligible for financing through this fund will be competing for available revenues on a county-wide basis.

Bridge Fund

The Bridge Fund provides financing for engineering services, capital outlays, and necessary maintenance for bridges on all off system and Secondary routes within the county. These monies are generated through intergovernmental fund transfers (i.e., vehicle licenses and fees), and a county wide mill levy. There is a taxable limit of four mills for this fund.

Motor Vehicle License Fee

The fees collected by counties from the licensing of motor vehicles are available for construction, maintenance, and repair of highways and streets within the transportation study area. The revenue collected is distributed among the jurisdictional areas of the county based on vehicle registration. In 1987, the State of Montana changes its method of licensing motor vehicles of $\frac{3}{4}$ ton or less. The flat fee tax on light vehicles was replaced by a 2 percent tax on the assessed value of the vehicle, using average trade-in or wholesale value. An ad valorem tax is still issued for all vehicles in excess of $\frac{3}{4}$ ton. A use tax of 1.5% is imposed on the list price of all newly licensed vehicles. The proceeds of this tax are credited to the State highway account of the State Special Revenue Fund. The funds from the 2 percent tax are distributed in the relative proportions required by the levies for State, County, School District and municipal purposes in the same manner personal property taxes are distributed. Additionally, counties have the option of imposing a 0.5 percent local vehicle tax that is distributed, with some restrictions, in the same manner as the base vehicle tax.

Urban Transportation Districts

Urban Transportation Districts are another method of providing local funds for transportation improvements. The creation of an urban transportation district is initiated by a petition of at least 20 percent of the registered voters within the proposed district. A formal public hearing must be held after which the creation of the district is put to a vote. The county commissioners determine whether a special election is necessary, or if a vote can take place at the next general election. Urban Transportation Districts are governed by an elected board, which is responsible for all operations of the district. The Great Falls Transit District was created under and operates under the guidelines for Urban Transportation Districts.

County Elderly Activities Tax

Counties are allowed to levy up to one mill to promote, establish, and maintain recreational, educational, and other activities of the elderly. Funds from this source could be used to match the FTA Section 5310 funds for providing transportation services to the elderly and disabled.

Special Revenue Funds

Special revenue funds may be used by the county to budget and distribute revenues legally restricted to a specific purpose. Several such funds that benefit the transportation system are discussed briefly in the following paragraphs.

Capital Improvements Fund

This fund is used to finance major capital improvements to county infrastructure. Revenues are generated by loans from other county funds, and must be repaid within ten years. Major road construction projects are eligible for this type of financing.

Rural Special Improvement District (RSID) Revolving Fund

This fund is used to administer and distribute monies for specified RSID projects. Revenue for this fund is generated primarily through a mill levy and through motor vehicle taxes and fees. A mill levy is assessed only when delinquent bond payments dictate such an action.

Special Bond Funds

A fund of this type may be established by the county on an as-needed basis for a particularly expensive project. The voters must approve authorization for a special bond fund. The county is not currently using this mechanism.

Specialized Transportation Fund

This type of fund may be established to supplement the cost of transit service to disabled or low-income county residents. The county is not currently using this mechanism.

5.3. PRIVATE FUNDING SOURCES

Private financing of roadway improvements, in the form of right of way donations and cash contributions, has been successful for many years. In recent years, the private sector has recognized that better access and improved facilities can be profitable due to increases in land values and commercial development possibilities. Several forms of private financing for transportation improvements used in other parts of the United States are described in this section.

Cost Sharing

The private sector pays some of the operating and capital costs for constructing transportation facilities required by development actions.

Transportation Corporations

These private entities are non-profit, tax exempt organizations under the control of state or local government. They are created to stimulate private financing of highway improvements.

Road Districts

These are areas created by a petition of affected landowners, which allow for the issuance of bonds for financing local transportation projects.

Private Donations

The private donation of money, property, or services to mitigate identified development impacts is the most common type of private transportation funding. Private donations are very effective in areas where financial conditions do not permit a local government to implement a transportation improvement itself.

Private Ownership

This method of financing is an arrangement where a private enterprise constructs and maintains a transportation facility, and the government agrees to pay for public use of the facility. Payment for public use of the facility is often accomplished through leasing agreements (wherein the facility is rented from the owner), or through access fees whereby the owner is paid a specified sum depending upon the level of public use.

Privatization

Privatization is either the temporary or long term transfer of a public property or publicly owned rights belonging to a transportation agency to a private business. This transfer is made in return for a payment that can be applied toward construction or maintenance of transportation facilities.

General Obligation (G.O.) Bonds

The sale of general obligation bonds could be used to finance a specific set of major highway improvements. A G.O. bond sale, subject to voter approval, would provide the financing initially required for major improvements to the transportation system. The advantage of this funding method is that when the bond is retired, the obligation of the taxpaying public is also retired. State statutes limiting the level of bonded indebtedness for cities and counties restrict the use of G.O. bonds. The present property tax situation in Montana, and recent adverse citizen responses to proposed tax increases by local government, would suggest that the public may not be receptive to the use of this funding alternative.

Tax Increment Financing (TIF)

Increment financing has been used in many municipalities to generate revenue for public improvements projects. As improvements are made within the district, and as property values increase, the incremental increases in property tax revenue are earmarked for this fund. The fund is then used for improvements within the district. Expenditures of revenue generated by this method are subject to certain spending restrictions and must be spent within the district. Tax increment districts could be established to accomplish transportation improvements in other areas of the community where property values may be expected to increase. A TIF is currently being utilized in downtown Bozeman. Additional TIF districts could be established in other areas of the city and county to accomplish a variety of transportation-related improvements.

Multi-Jurisdictional Service District

This funding option was authorized in 1985 by the State Legislature. This procedure requires the establishment of a special district, somewhat like an SID or RSID, which has the flexibility to extend across city and county boundaries. Through this mechanism, an urban transportation district could be established to fund a specific highway improvement that crosses municipal boundaries (e.g., corporate limits, urban limits, or county line). This type of fund is structured similar to an SID with bonds backed by local government issued to cover the cost of a proposed improvement. Revenue to pay for the bonds would be raised through assessments against property owners in the service district.

Local Improvement District

This funding option is only applicable to counties wishing to establish a local improvement district for road improvements. While similar to an RSID, this funding option has the benefit of allowing counties to initiate

a local improvement district through a more streamlined process than that associated with the development of an RSID.

5.4. FUTURE POTENTIAL FUNDING SOURCES

Local Sales Tax

If authorizing legislation were to be approved, local governments would be able to initiate local option taxes as a potential funding source for transportation improvements. One local option tax would be a local sales tax.

Wheel Tax

If initiated, a tax per wheel on vehicles licensed in counties could generate substantial revenue. The cost to each user of the transportation network would be proportional to the number and type of vehicles owned.

Local Option Motor Fuel Tax

A local option fuel tax is another means of raising revenue for the construction, reconstruction, maintenance, and repair of public streets and roads. This local tax may be imposed by the people of the county or by the adoption of a resolution by the county commissioners and referred to the people. An advantage to a local motor fuel tax, as with a wheel tax, is that it taxes only the users of the transportation system and the tax paid by each individual is directly proportional to their use of the facilities. The revenue from a motor fuel tax must be distributed proportionately among the county and its member municipalities based on vehicle registration.

Excise Taxes

Excise taxes are similar to sales taxes with the exception that items taxed are those considered to be indulgent. The demand for items on which there is an excise tax is generally large, therefore, there is potential to raise a substantial amount of local revenue. Products on which an excise tax could be imposed for additional local revenue include such items as tobacco, alcohol, and various forms of entertainment. A potential problem with excise taxes arises when the tax causes inter-area competition.

Development Impact Fees

Another method funds can be generated for transportation improvements is by assessing a fee to the developers of property based upon the impact the development is likely to have on the transportation network.

Value Capture Taxes

Value capture taxes are a means of raising revenue following the development of transportation improvements. Whereas development fees are assessed to make necessary transportation improvements, value capture taxes impose a fee to businesses which benefit due to their location along improved, highly traveled routes, which assumes improvements have been made. Value capture taxes may be a means to enter into other forms of funding future improvements. One method to consider would be cash flow management that makes wise use of existing revenue rather than continuing to introduce new sources.

6.0 SUMMARY OF CURRENT FINANCIAL STATUS

Current financial information was obtained from the MDT Statewide and Urban Planning Section to get a picture of the projected revenue available for funding transportation projects in the Great Falls area over the next 20 years. This information is summarized in **Table 2**.

Table 2: Projected Funding (Estimated) by Funding Source in YOE Dollars

Funding Source	FFY 2018 Beginning Balance	Expected Allocation					2018-2022 Expected Funding	Average Funding Received	2023-2038 Projected Funding	Total Funding (2018-2038)
FEDERAL										
NHPP	\$0	\$2,721,266	\$5,957,071	\$4,592,277	\$1,557,071	\$1,557,071	\$16,384,756	\$1,557,071	\$23,356,065	\$39,740,821
IM	\$0	\$621,450	\$500,000	\$3,535,206	\$500,000	\$500,000	\$5,656,656	\$500,000	\$7,500,000	\$13,156,656
NH	\$0	\$1,057,071	\$5,457,071	\$1,057,071	\$1,057,071	\$1,057,071	\$9,685,355	\$1,057,071	\$15,856,065	\$25,541,420
NHPB	\$0	\$1,042,745	\$0	\$0	\$0	\$0	\$1,042,745	\$0	\$0	\$1,042,745
STP	\$3,371,163	\$2,760,259	\$4,267,689	\$2,657,409	\$2,657,409	\$2,657,409	\$18,371,338	\$2,657,409	\$39,861,135	\$58,232,473
STPU	\$3,371,163	\$1,430,409	\$1,430,409	\$1,430,409	\$1,430,409	\$1,430,409	\$10,523,208	\$1,430,409	\$21,456,135	\$31,979,343
UPP	\$0	\$577,850	\$2,069,979	\$500,000	\$500,000	\$500,000	\$4,147,829	\$500,000	\$7,500,000	\$11,647,829
Set-aside (TA) - City	\$0	\$225,000	\$240,301	\$200,000	\$200,000	\$200,000	\$1,065,301	\$200,000	\$3,000,000	\$4,065,301
Set-aside (TA) - County	\$0	\$527,000	\$527,000	\$527,000	\$527,000	\$527,000	\$2,635,000	\$527,000	\$7,905,000	\$10,540,000
HSIP	\$0	\$200,000	\$284,000	\$2,202,310	\$200,000	\$200,000	\$3,086,310	\$200,000	\$3,000,000	\$6,086,310
CMAQ	\$6,473,653	\$2,197,317	\$2,772,117	\$2,317,417	\$2,039,717	\$2,039,717	\$17,839,938	\$2,039,717	\$30,595,755	\$48,435,693
CMAQ- Formula	\$6,473,653	\$1,539,717	\$1,539,717	\$1,539,717	\$1,539,717	\$1,539,717	\$14,172,238	\$1,539,717	\$23,095,755	\$37,267,993
MACI	\$0	\$657,600	\$1,232,400	\$777,700	\$500,000	\$500,000	\$3,667,700	\$500,000	\$7,500,000	\$11,167,700
Transit Capital Operating Assistance Funding	\$0	\$2,904,000	\$2,865,000	\$2,865,000	\$2,865,000	\$2,865,000	\$15,446,000	\$2,865,000	\$42,975,000	\$58,421,000
STATE AND LOCAL										
TransADE	\$0	\$39,600	\$39,600	\$39,600	\$39,600	\$39,600	\$198,000	\$39,600	\$594,000	\$792,000
Operations and Maintenance	\$0	\$2,179,000	\$2,179,000	\$2,179,000	\$2,179,000	\$2,179,000	\$10,895,000	\$2,179,000	\$32,685,000	\$43,580,000
State	\$0	\$1,652,000	\$1,652,000	\$1,652,000	\$1,652,000	\$1,652,000	\$8,260,000	\$1,652,000	\$24,780,000	\$33,040,000
County	\$0	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000	\$50,000	\$750,000	\$1,000,000
City	\$0	\$477,000	\$477,000	\$477,000	\$477,000	\$477,000	\$2,385,000	\$477,000	\$7,155,000	\$9,540,000
State Fuel Tax	\$0	\$1,166,441	\$1,166,441	\$1,166,441	\$1,166,441	\$1,166,441	\$5,832,205	\$1,166,441	\$17,496,615	\$23,328,820
City	\$0	\$968,588	\$968,588	\$968,588	\$968,588	\$968,588	\$4,842,940	\$968,588	\$14,528,820	\$19,371,760
County	\$0	\$197,853	\$197,853	\$197,853	\$197,853	\$197,853	\$989,265	\$197,853	\$2,967,795	\$3,957,060
HB473 Gas Tax Funds (BaRSSA)	\$0	\$433,167	\$433,167	\$433,167	\$433,167	\$433,167	\$2,165,835	\$433,167	\$6,497,505	\$8,663,340
City	\$0	\$360,411	\$360,411	\$360,411	\$360,411	\$360,411	\$1,802,055	\$360,411	\$5,406,165	\$7,208,220
County	\$0	\$72,756	\$72,756	\$72,756	\$72,756	\$72,756	\$363,780	\$72,756	\$1,091,340	\$1,455,120
TOTAL	\$9,844,816	\$14,601,050	\$19,964,085	\$18,452,621	\$13,137,405	\$13,137,405	\$90,219,382	\$13,137,405	\$197,061,075	\$287,280,457

Notes: Although FAST Act only provides for Federal funding through Federal FY 2020, projections through 2038 are based on continuance of current levels of funding unless otherwise noted. It is important to note that the projected funding estimates are based on the best information available at this time and that there is no guarantee that these funding sources will be available beyond FAST Act. Estimated Federal fund allocations do not include amounts of any required local matching funds. Federal revenues, local revenues and local and state matching funds are held constant and do not inflate over time due to uncertainty with federal transportation program reauthorization. Accordingly, future year allocation for years 2022-2028 are based on current average annual allocations, as seen in the Great Falls TIP 2018-2022, being projected out to the future. Reevaluation of revenue estimation may be necessary as part of a future LRTP update.

7.0 FISCAL CONSTRAINT

FAST Act requires that the cost of all projects in the LRTP must be estimated using inflated Year of Expenditure (YOE) dollars in order to provide a consistent and equivalent comparison of project costs to available revenue. Converting all costs to YOE dollars theoretically presents a more accurate picture of costs when compared to revenues, and identifies potential deficits associated with the LRTP. To provide for such a comparison, the total costs of committed projects, and the total costs of committed + recommended projects, were correlated to anticipated total revenue available through the year 2038. The portrayal of estimated costs against potential revenue throughout the life of the LRTP is a requirement of fiscal constraint. Initial project cost estimates were calculated in 2018 dollars and subsequently inflated to YOE dollars using a three percent annual inflation factor.

Due to funding requirements and jurisdictional boundaries, transportation financing is somewhat compartmentalized. Because of this, it is necessary to evaluate each project, and identify the most likely funding programs to finance each project.

For a “planning level” document such as this LRTP, it is not reasonable to assign priorities to the actual projects being recommended in the Plan. Project prioritization is a function of the transportation planning process, however, and the Transportation Advisory Committee acts in that capacity through advancing projects forward into the Transportation Improvement Program (TIP). The information from the 2018-2022 TIP is reflected in this memorandum.

7.1. FUNDING OF COMMITTED PROJECTS

The committed improvement projects, as found in the 2018-2022 TIP, have been subdivided according to a likely funding source and are presented in **Table 3**.

Table 3: Committed Projects

ID	Name	Description	Funding Source	YOE*	Estimated Cost**
C1	Fox Farm Road - East Fiesta to Dick Road (UPN 8193)	Reconstruct to rural arterial roadway standards	STPU	2018	\$3,546,459
C2	Bridge Preservation - Great Falls 2014 (UPN 8085)	Overlay bridge decks over the railroad on I-315 between Fox Farm and 10th Ave S	NHPB	2018	\$1,042,745
C3	14th St SW Signals – GF (UPN 9572)	Retime signals at three locations (16th Ave SW, 14th St SW & Ramp, and Market Place Dr)	MACI/CMDP	2018	\$32,000
C4	NW Bypass Signals - Great Falls (UPN 9573)	Retime signals at two locations (6th St NW and 9th St NW)	MACI/CMDP	2018	\$25,600
C5	Transit Operating Expense	General transit operating expenses	FTA 5311	2018	\$39,000
C6	Transit Capital purchase	Aquire vehicles and related equipment	CMAQ	2018	\$884,000
C7	Great Falls – North (UPN 7625)	Reconstruct and widen US-87 with passing and turn lanes	NH	2020	\$4,400,000
C8	Great Falls South – Urban (UPN 9511)	Pavement preservation- overlay (Lower River Rd, 55th Ave S and 13th St S)	UPP	2018	\$77,850
				2019	\$1,569,979
C9	3rd St NW - Great Falls (UPN 9053)	New signal upgrades with flashing yellow left turns and ADA ramps (3rd St SW / Smelter Ave)	MACI/CMDP	2018	\$100,000
				2019	\$709,400
C10	SF 169 Cascade Cnty SFTY Imprv	Countywide safety improvements to address road departure crashes at two locations Lower River Rd/13th St S	HSIP	2019	\$84,000
C11	Park Dr/4th Ave N Ped Xing- GTF Bike/Ped (UPN 9148)	Bicycle and pedestrian crossing	TA	2018	\$25,000
				2019	\$240,301
C12	2nd Ave N Signals – GF (UPN 9530)	Signal upgrades at four locations, (3rd St, 4th St, 5th St, and 6th St)	MACI/CMDP	2019	\$23,000

ID	Name	Description	Funding Source	YOE*	Estimated Cost**
C13	SF139 - 6th St / NW Bypass Sfty (UPN 8623)	Offset of left turn lanes and upgrade signals and ADA ramps	MACI/CMDP	2020	\$277,700
			HSIP		\$212,000
C14	SF169 I-15 HT Cable Rail (UPN 9376)	High tension median barrier rail b/w Vaughn and Central Ave W	HSIP	2020	\$1,790,310
C15	Ulm- Great Falls (UPN 9589)	Pavement Preservation on Ulm Frontage Road from Ulm to Gore Hill Interchange	IM	2018	\$44,800
				2020	\$1,655,522
C16	Fox Farm Road - West (I-315) (UPN 9590)	Pavement Preservation on I-315 from Fox Farm to I-15	IM	2018	\$76,650
				2020	\$1,379,684
C17	Stuckey Road (UPN 9532)	Pave gravel road, improve to rural standards within City Limits	CMAQ	2021	\$605,000
TOTAL COMMITTED PROJECTS					\$18,841,000

*Most projects are split into multiple phases of development (design, right-of-way, utilities, and construction). Phases occur over multiple years. The Year of Expenditure (YOE) reflects the year that funds are spent for any given phase of the project.

**These costs reflect the portion of the project which the Great Falls Area MPO is responsible for, as per the Great Falls 2018-2022 TIP.

7.2. FUNDING OF ANNUAL PROGRAMS

Annual allocations for various programs are identified in the Great Falls 2018-2022 TIP. These programs are included to account for typical annual expenditures that are typically less costly and more routine than stand-alone projects. An estimate of annual costs was also made for years beyond those identified in the TIP (2023-2038). Funding for these programs is not guaranteed and is determined on a case-by-case basis. Specific projects have yet to be identified for these programs. These programs are intended to identify funding needs for routine annual projects.

Table 4: Anticipated Annual Programs

ID	Name	Description	Funding Source	YOE	Estimated Cost
P1	Durable Pavement Markings Program	Install markings on Urban routes per City, County, and MDT	STPU	2018-2022	\$250,000
				2023-2038	\$750,000
P2	Urban System Maintenance Program (Local)	Perform chip seals, overlays and related maintenance activities on Urban Routes	STPU	2018-2022	\$928,090
				2023-2038	\$2,625,000
P3	Operations & Maintenance- Local	Operate and maintain federal-aid systems	O&M- state	2018-2022	\$8,260,000
				2023-2038	\$22,500,000
			O&M- Local	2018-2022	\$2,635,000
				2023-2038	\$7,500,000
P4	Traffic Mitigation	Complete projects that help mitigate traffic congestion	MACI-Discretionary	2018-2022	\$1,250,000
				2023-2038	\$3,750,000
P5	ADA Compliance	Complete projects that help make the transportation system compliant with the Americans with Disabilities Act	MACI-Discretionary	2018-2022	\$1,250,000
				2023-2038	\$3,750,000
P6	Transportation Alternatives Projects	Complete non-motorized transportation projects or other eligible Transportation Alternatives projects	TA	2018-2022	\$1,000,000
				2023-2038	\$3,000,000
P7	Transit Operating Expense	General transit operating expenses	FTA Sect 5307	2018-2022	\$14,325,000
				2023-2038	\$42,975,000
P8	Transit Capital purchase	Acquire vehicles and related equipment	TransADE	2018-2022	\$198,000
				2023-2038	\$594,000
P9	MDT-nominated HSIP Safety Projects	Safety improvement projects	HSIP	2018-2022	\$1,000,000
				2023-2038	\$2,250,000
P10	MDT-nominated Pavement Preservation Projects	Mill, overlay, seal & cover, chip seal, striping	NHPP	2018-2022	\$7,785,355
				2023-2038	\$22,500,000

ID	Name	Description	Funding Source	YOE	Estimated Cost
P11	City Pavement Preservation Activities	Mill, overlay, seal & cover, chip seal, striping	UPP	2018-2022	\$2,500,000
				2023-2038	\$7,500,000
ANNUAL PROGRAM TOTAL					\$161,075,445

7.3. FUNDING OF RECOMMENDED PROJECTS

The recommended improvements are listed in the *Facility Recommendations Memorandum*. The projects typically allow maximum flexibility by the local government in implementing the various improvements.

Assigning priority for the recommended projects is complicated by the fact that the State, city, and county all maintain jurisdiction over various portions of the street network where projects are proposed.

Therefore, each of these entities may have separate priorities for implementing projects under their respective jurisdictions. Recommended improvement projects are summarized and shown in **Table 4**.

Table 5: Recommended Projects

ID	Name	Description	Funding Source	YOE	Estimated Cost
R1	River Drive N – 15th St N to 25th St N	Reconstruct to three-lane arterial and improvements to 25th St N intersection	NHPP	Beyond 2022	\$7,500,000
			HSIP		\$3,000,000
			MACI		\$3,000,000
			STPU		\$1,000,000
R2	Fox Farm Intersection Improvements	Install dual eastbound left-turn lanes	MACI	Beyond 2022	\$100,000
R3	Signal Modifications/Upgrades/Roundabout Control	Upgrade all signal heads in the City	MACI	Beyond 2022	\$270,000
R4	Central Avenue W – 3rd St NW to 1st Ave N	Restriping and intersection modifications	NHPP	Beyond 2022	\$867,000
R5	26th Street S – 24th Ave S to 33rd Ave S	Flatten fill slopes on 26th St S and install 4-way stop control at intersection of 26th St S and 33rd Ave S	COUNTY	Beyond 2022	\$478,000
R6	Central Avenue / 9th Street Intersection	Modify intersection	MACI	Beyond 2022	\$17,000
R7	25th Street S – 10th Ave S to 11th Ave S	Modify to one-way in southbound direction	STPU	Beyond 2022	\$23,000
R8	25th Avenue NE – Old Havre Hwy to 15th St N	Several improvements to improve safety and operations	STPU	Beyond 2022	\$338,000
R10	Emerson Junction Feasibility Study	Secure local project sponsor to fund an operational analysis/feasibility study of the interchange	CITY	Beyond 2022	\$250,000
R11	Gore Hill Interchange with Southbound Auxiliary Lane	Install additional traffic control at interchange and construct southbound auxiliary lane	NHPP	Beyond 2022	\$4,750,000
			HSIP		\$2,250,000
			MACI		\$2,400,000
			NHPB		\$1,500,000
R12	Fox Farm Road – Alder Dr to Park Garden Rd	Restripe to four-lane facility	STPU	Beyond 2022	\$810,000
R13	Giant Springs Road – Hatchery to Rainbow Dam	Overlay with new asphalt and widen	UPP	Beyond 2022	\$3,377,000
R14	9th Street NW – NW Bypass to Central Ave W	Reconstruct to collector	STPU	Beyond 2022	\$5,177,000
TOTAL RECOMMENDED PROJECTS					\$37,107,000

Considerations for setting priorities for the recommended projects would include safety, cost of the project, availability of alternate funding, availability of right-of-way, ease of implementation, and community interest. Implementation of the projects, beginning with the projects that have the greatest need and available financing, will continue until all projects are completed.

Recommended projects within the MDT-nominated preservation and HSIP categories do not rise to regional significance and would be exempt from air quality conformity. Individual projects implemented in the TIP selection process will draw from these categories. Funding for these projects have not been allocated to specific projects so the estimates are based upon historical averages.

No aspect of addressing facility improvements will demand more creativity and flexibility than that of project financing. Local governments will be required to be aware of changes in funding sources and of new sources. Local governments should, at all times, be mindful of the following considerations regarding the financing:

- Numerous conventional methods of financing improvements are available to local government (bonds and Special Improvement Districts, for example). Such obvious methods should not be overlooked.
- Financing for special types of projects sometimes are available. Currently, funding is available for certain kinds of safety projects, and projects for bicycle facilities and walking trails.
- Local government should attempt to link private beneficiaries of SR improvements with private sources of financing. Further, in the event that private individuals come forward with funding, local government should be prepared to accept it.

7.4. FUNDING OF NON-MOTORIZED PROJECTS

There is one specific non-motorized project that is committed, the Park Dr & 4th Ave N pedestrian crossing. Because the LRTP presents a visionary network for the non-motorized transportation system, it is likely that improvements will coincide with roadway projects as they are developed. Accordingly, the network will be built over time. Non-motorized projects are not “recommended projects” in the conventional sense, however should be developed as time and funding allows. Non-motorized network recommendations in this LRTP should be consulted any time a road or intersection project is being programmed. Most, if not all, of the funding sources previously mentioned can be used to contribute to non-motorized improvements, either as part of an overall project or as a stand-alone project.

Historically, by examining the information contained in the TIP it can be seen that approximately \$7 Million has been expended on non-motorized projects between 2013 and 2019 – a period of 6 years. This amounts to an annual expenditure of roughly \$1.16 Million per year. This expenditure can be thought of as an annual program necessary and dedicated to non-motorized infrastructure.

7.5. FUNDING OF TRANSIT PROJECTS

As seen in the recommendations, there are no specific committed improvement projects for the transit system, there are only annual funding allocations that contribute to the acquisition of new vehicles and related equipment over the years. Historically, Great Falls Transit has attempted to replace four older busses on a 4-year cycle. It is envisioned that this would continue over the course of the LRTP planning horizon as funds are available.

7.6. FUNDING SUMMARY

A comparison of the estimated costs for the various transportation categories, and the potential revenue from sources most likely to be used to fund the various projects, confirms that the LRTP is fiscally constrained over the 20-year life of the Plan (see **Table 5**). The revenue available is more than the anticipated costs.

Table 6: Comparison of LRTP Estimated Costs and Available Revenue (Planning Year 2038)

Funding Source	2018-2022			2023-2038		
	Anticipated Funding*	Expenditures	Difference	Projected Funding**	Expenditures	Difference
FEDERAL						
National Highway Performance Program	\$16,384,756	\$16,384,756	\$0	\$38,835,795	\$37,117,000	\$1,718,795
Interstate Maintenance (IM) and National Highway (NH)	\$15,342,011	\$15,342,011	\$0	\$35,625,000	\$35,617,000	\$8,000
National Highway Performance Bridge (NHPB)	\$1,042,745	\$1,042,745	\$0	\$3,210,795	\$1,500,000	\$1,710,795
Surface Transportation Program	\$15,936,338	\$10,137,679	\$5,798,659	\$42,534,105	\$24,600,000	\$23,732,764
Surface Transportation Program Urban Highways (STPU)	\$10,523,208	\$4,724,549	\$5,798,659	\$21,456,135	\$10,723,000	\$16,531,794
Urban Pavement Preservation Program (UPP)	\$4,147,829	\$4,147,829	\$0	\$18,077,970	\$10,877,000	\$7,200,970
Set-aside Program - Transportation Alternatives (TA)***	\$1,265,301	\$1,265,301	\$0	\$3,000,000	\$3,000,000	\$0
Highway Safety Improvement Program (HSIP)	\$3,086,310	\$3,086,310	\$0	\$7,500,000	\$7,500,000	\$0
Congestion Mitigation and Air Quality Improvement Program (CMAQ)	\$17,030,538	\$4,347,300	\$12,683,238	\$41,403,870	\$13,287,000	\$29,991,993
Montana Air and Congestion Initiative (MACI) - Guaranteed Program	\$14,172,238	\$1,489,000	\$12,683,238	\$23,095,755	\$5,787,000	\$29,991,993
Montana Air and Congestion Initiative (MACI) - Discretionary Program****	\$2,858,300	\$2,858,300	\$0	\$18,308,115	\$7,500,000	\$0
Federal Transit Authority (FTA) Funds	\$14,364,000	\$14,364,000	\$0	\$42,975,000	\$42,975,000	\$0
STATE AND LOCAL						
TransADE	\$198,000	\$198,000	\$0	\$594,000	\$594,000	\$0
Operations and Maintenance	\$10,895,000	\$10,895,000	\$0	\$32,685,000	\$30,000,000	\$2,685,000
State	\$8,260,000	\$8,260,000	\$0	\$24,780,000	\$22,500,000	\$2,280,000
County	\$2,635,000	\$2,635,000	\$0	\$7,905,000	\$7,500,000	\$405,000
State Fuel Tax****	\$5,832,205	\$0	\$5,832,205	\$17,496,615	\$5,343,000	\$22,600,820
City	\$4,842,940	\$0	\$4,842,940	\$14,528,820	\$250,000	\$19,121,760
County	\$989,265	\$0	\$989,265	\$2,967,795	\$478,000	\$3,479,060
HB473 Gas Tax Funds (BaRSSA)****	\$2,165,835	\$0	\$2,165,835	\$6,497,505	\$0	\$8,663,340
City	\$1,802,055	\$0	\$1,802,055	\$5,406,165	\$0	\$7,208,220
County	\$363,780	\$0	\$363,780	\$1,091,340	\$0	\$1,455,120
TOTAL	\$85,892,982	\$59,413,045	\$26,479,937	\$219,713,775	\$156,801,000	\$89,392,712

*2018-2022 Expected Funding is per the Great Falls Transportation Improvement Program FY 2018-2022.

**2023-2038 Projected Funding is estimated based on past funding levels and is the best information available at this time. There is no guarantee that funding will be available in the future.

***TA funds are allocated through a competitive process. Funding is not guaranteed and is dependent on availability.

****Great Falls does not receive an annual allocation of MACI Discretionary funding. Funding is allocated based on need and is not guaranteed.

Illustrative projects do not have definite funding sources within the timeframe of the Plan. Therefore, these projects are not included in the summary for the purposes of fiscal constraint. As agencies review needs, identify new funding sources and plan projects, the long-range project list should be used as a guide for new projects.

By viewing the financial summary above and the projects recommendations, it is clear that it will be important to clearly identify the projects that are considered to have the highest priority through the already established Transportation Improvement Program (TIP) and Capital Improvement Program (CIP) processes. The mechanism for doing this is already in place through the Technical Advisory Committee (TAC) and the Policy Coordinating Committee (PCC).

This LRTP is fiscally responsible in that traditional funding programs, targeted to be utilized for the majority of the projects within the Great Falls area, are identified, available and likely to be funded at current or slightly smaller levels than in past years.

7.7. EVALUATION OF PROJECTS AND PROGRAMS

Actively pursuing the advance acquisition of rights-of-ways needed for future extensions of already existing roadways is essential to the community as development occurs to the outlying areas. The majority of the recommended improvements developed through this LRTP Update will be able to work within the already established right-of-way corridors. If the property necessary for a low priority improvement, however, does become available prior to the time local government has scheduled the improvement, consideration should be given to changing the project's priority and acquiring the right-of-way at today's lower costs.

The following are additional considerations relating to right-of-way acquisitions:

- Focus on key landowners and work to maintain favorable relations with them. In some instances, particularly in situations in which there is a perception that property will be difficult to obtain, local government should attempt to initiate a negotiation process with the landowner as soon as possible.
- Do not rule out entering into agreements with landowners that may produce a benefit in the long-term. For instance, the local government may be aware of property it will require for future improvement. At present, local government may not have funds available for acquisition, and the landowner may not wish to sell. Nonetheless, by entering into an agreement for first right of refusal, local government can be in a better position to acquire the property in the future, when it may be in a more favorable financial situation.
- Local government can exert considerable influence on the development (or lack thereof), of property which may potentially be required by the community for transportation improvement purposes. Zoning, subdivision, and condemnation powers should not be overlooked particularly in right-of-way matters.

Obviously, another major difficulty in completing most of the major improvement projects will be that of securing financing. Project funding from the traditional public sources will likely be unavailable for many recommended improvements. However, in analyzing each improvement, it may be determined that a private party would benefit significantly from the project. In such a case, private dollars should be used as a match to secure public funds, or to fund the entire project. Therefore, in considering the prioritization of improvements, it is essential for local government to remain flexible and take advantage of financing opportunities as they arise.

The following recommendations present general guidelines for performing financial planning and increasing funding availability for project development and implementation.

- A coherent financial plan is necessary. Both the City and the County should continue to develop five-year Capital Improvement Programs (CIP's) and the Transportation Improvement Program (TIP). The CIP's and the TIP are the principal documents that outline the projects to be completed in the immediate future. These plans must include an analysis of all available sources of financing and link major network improvements to identified sources of financing.
- Matching funds can be a tremendous benefit to the local government. A consideration of matching funds should play a significant role in financial planning. Projects that have matching dollars available should be given a high priority. The City, County and State governments should work to develop new sources of matching funds.
- Financial planning should emphasize that in special cases, private dollars might be available to undertake a project. In such a case, the source of funding must be identified as a direct beneficiary of the project. The local government should bear in mind that such funding could provide the match necessary to receive State or Federal funds.

- Projects should be managed for efficiency and reductions in design and other pre-construction costs should be actively pursued. Incidental project costs such as the State's ICAP takes needed federal funds away from construction and drains scarce local funds. Local governments should look for ways to eliminate this burden, and the State should actively pursue other, more appropriate methods for funding its operating costs that do not take from funding categories needed for local projects.

Finally, in undertaking major network improvements, the local government should be aware of opportunities for constructing projects in separate phases. Often, funding is simply not available to address an improvement in its entirety. In such cases, a great deal can be accomplished by tackling separate components of individual improvements over the long term, such division of effort should not include separating bicycle and pedestrian facilities from initial street construction.