

South Jersey Transportation Planning Organization 2035 RTP Update

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July 2008



FINANCIAL OUTLOOK

INTRODUCTION

This memo describes current financial mechanisms and analyzes future spending requirements for the SJTPO. This memo demonstrates that the proposed transportation investment agenda contained in the plan is consistent with reasonably available sources of funds.

Federal transportation planning requirements assert that financial plans are a required element of regional transportation plans for Metropolitan Planning Organizations (MPO). However, MPO plans may include for illustrative purposes, additional projects that would be included beyond identified resources of the financial plan if those resources were to become available.

The transportation requirements of the region go far beyond those listed in the annual Transportation Improvement Program (TIP), which can only address the most pressing needs because of funding limitations. The SJTPO must strike a balance between funds used for maintenance and improvements to substandard infrastructure, and those used for new construction to meet growing travel demands.

TRANSPORTATION IMPROVEMENT PROGRAM

Current funding for transportation improvements in the SJTPO region is dedicated through FY 2012.¹

The actual budgeting of federal and state funds for projects within the MPO is a product of the development of three regional Transportation Improvement Programs (TIP), the State Transportation Improvement Program (STIP), and the Annual Capital Program. There may be significant variations in the amount of funds actually programmed within an MPO, as needs and specific project implementation schedules dictate. These programming decisions are made by cooperative participation of NJDOT, NJ Transit, local government representatives, and other agencies.

The Transportation Improvement Program (TIP) for the SJTPO lists state and federally funded state and local highway projects, public transit projects, and statewide transportation programs scheduled for implementation within the next three fiscal years (2009 through 2012). The TIP provides for \$628 million of transportation investments in southern New Jersey for this period. The TIP includes a detailed description and a funding schedule for each project and program.

The FY2009-2012 TIP is constrained to currently available funding.

The FY2009-2012 TIP was developed over a number of months by NJDOT, NJ TRANSIT and the SJTPO. To develop the TIP, projects are screened for their ability to be advanced for implementation and to verify their scope and cost. Projects that pass this initial screening are placed in the project pool for further evaluation and review. The SJTPO employs a project prioritization process that is used to evaluate the project pool.

The current project prioritization process, coupled with funding limitations, leaves many projects with little or no financial backing. This leads to future challenges as the region continues to develop and transportation needs increase. Insufficient funding means these needs will continue to grow, especially as the region's existing transportation system ages.

Continued federal and state funding is required to support the SJTPO's short-term investment program. Although adequate funding levels are in place to support this plan's short-term investments, on-going planning studies will identify additional short and long-term investments needed in the region. The actual

¹ Financial data based on the following:

http://www.sjtpo.org/FY09_TIP-Table-1.pdf accessed June 24, 2008

http://www.sjtpo.org/FY09_TIP-Table-4.pdf, accessed June 24, 2008

http://www.sjtpo.org/FY09_TIP-Table-7.pdf, accessed June 24, 2008

budgeting of funds with the funding categories will be a product of the planning process: needs analysis, prioritization, project selection, and the TIP negotiation process. Plan updates and the requirements of a fiscally constrained TIP will ensure that investments are economically feasible for this region.

The SJTPO is faced with the enormous task of maintaining the existing transportation infrastructure while addressing future needs by undertaking significant improvements to the infrastructure. The scale of existing maintenance needs has necessitated targeting most resources and efforts to making these necessary repairs. The need to maintain the existing highway system in a state of good repair is of paramount importance to the SJTPO region. In particular, there are many bridges throughout the region that appear on the bridge deficiency list, indicating that they are either structurally deficient or functionally obsolete. This backlog of bridge projects must be systematically addressed to bring all bridges into a state of good repair. Funds needed to maintain and preserve the system must be made available, as deferring maintenance leads to increased long term maintenance cost and shortened useful lifecycles. Funds in the SJTPO have also been used to make the existing system more efficient. In contrast, projects that expand our region's transportation system have only been implemented selectively due their great cost, the need to minimize environmental impacts and difficulty in selecting and acquiring right of way. The system enhancements identified in the plan echo this balanced approach to the region's needs.

New Jersey's Transportation Trust Fund has provided a stable source of funding for the state's transportation system. However, maintaining and enhancing the SJTPO's infrastructure requires a tremendous amount of additional investment. Even with this source of stable funding in place, the SJTPO still requires adequate levels of funding to improve or replace the existing transportation infrastructure.

Table 1 includes the overall NJDOT and NJTRANSIT expenditures.

The SJTPO region historically receives somewhere between 4% and 6% of available funds (excluding statewide programs). In recent years, however, this percentage has increased to somewhere between 8% and 11% of available funds (excluding statewide programs). This is due in part to the funding associated with a major project, the Route 52 Causeway replacement and Somers Point Circle project, which included 180 Million in funding for FY 09-12. For FY2009-2012, the SJTPO region is receiving 9.5% of the \$5.5 billion transportation program (excluding statewide programs), while NJTPA, the MPO for northern New Jersey is receiving 73.9% and DVRPC, the MPO for central New Jersey, is receiving 16.6%.

See Table 2 for details by year for each MPO, including the distribution of funds for short-term investments included in this plan. An additional \$2.5 billion is expected to be available for statewide programs over the four year period. This includes projects funded by independent agencies, like the South Jersey Transportation Authority (SJTA), through dedicated tolls and other revenue sources.

Table 3 includes a detailed breakdown by year and funding category for the SJTPO 2009-2012 TIP.

Table 1
Expenditures
NJDOT & NJ TRANSIT
(\$ millions)

Funding Category	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2009-18
<u>NJDOT</u>											
Federal	\$955.7	\$840.0	\$832.3	\$790.7	\$759.7	\$738.0	\$709.7	\$709.7	\$759.7	\$859.7	\$7,955.2
Other	\$54.0	\$84.5	\$104.5	\$57.6	\$33.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$333.5
Transportation Trust	\$975.0	\$1,000.0	\$1,000.0	\$1,055.8	\$1,087.4	\$1,174.7	\$1,209.9	\$1,246.2	\$1,223.9	\$1,137.6	\$11,110.5
<i>Subtotal NJDOT</i>	<i>\$1,984.7</i>	<i>\$1,924.5</i>	<i>\$1,936.7</i>	<i>\$1,904.0</i>	<i>\$1,880.1</i>	<i>\$1,912.7</i>	<i>\$1,919.6</i>	<i>\$1,955.9</i>	<i>\$1,983.6</i>	<i>\$1,997.4</i>	<i>\$19,399.3</i>
<u>NJTransit</u>											
Federal	\$600.8	\$583.4	\$603.1	\$643.6	\$665.2	\$735.7	\$759.4	\$784.2	\$759.3	\$685.1	\$6,819.8
JARC	\$4.0	\$4.0	\$4.2	\$4.2	\$4.2	\$4.2	\$4.2	\$4.2	\$4.2	\$4.2	\$41.6
Match Funds	\$9.6	\$10.0	\$10.5	\$10.8	\$11.1	\$11.5	\$11.9	\$12.2	\$12.2	\$12.2	\$111.9
Other	\$47.3	\$47.3	\$47.3	\$47.3	\$47.3	\$47.3	\$47.3	\$47.3	\$47.3	\$47.3	\$473.4
Transportation Trust	\$625.0	\$600.0	\$600.0	\$592.3	\$610.0	\$573.7	\$590.9	\$608.6	\$686.6	\$830.2	\$6,317.2
<i>Subtotal NJTransit</i>	<i>\$1,286.7</i>	<i>\$1,244.8</i>	<i>\$1,265.1</i>	<i>\$1,298.2</i>	<i>\$1,337.9</i>	<i>\$1,372.4</i>	<i>\$1,413.7</i>	<i>\$1,456.5</i>	<i>\$1,509.6</i>	<i>\$1,579.0</i>	<i>\$13,763.9</i>
<i>Total</i>	<i>\$3,271.4</i>	<i>\$3,169.3</i>	<i>\$3,201.8</i>	<i>\$3,202.2</i>	<i>\$3,218.0</i>	<i>\$3,285.1</i>	<i>\$3,333.3</i>	<i>\$3,412.5</i>	<i>\$3,493.2</i>	<i>\$3,576.3</i>	<i>\$33,163.2</i>

Table 2
Distribution of Funds by Metropolitan Planning Organization (MPO)
NJDOT
(\$ millions)

MPO	FY 2009	FY 2010	FY 2011	FY 2012	Total	Percent of Total	Percent of Total <small>*Excluding Statewide Programs</small>
DVRPC	\$206.5	\$202.6	\$210.3	\$248.1	\$867.6	11.2%	16.6%
NJTPA	\$1,038.0	\$965.9	\$986.3	\$878.9	\$3,869.2	49.9%	73.9%
SJTPO	\$113.0	\$134.3	\$108.3	\$143.7	\$499.3	6.4%	9.5%
<i>MPO Subtotal</i>	<i>\$1,357.5</i>	<i>\$1,302.8</i>	<i>\$1,305.0</i>	<i>\$1,270.7</i>	<i>\$5,236.0</i>		<i>100.0%</i>
Statewide	\$627.2	\$621.7	\$631.7	\$633.3	\$2,513.9	32.4%	100.0%
<i>Statewide Subtotal</i>	<i>\$627.2</i>	<i>\$621.7</i>	<i>\$631.7</i>	<i>\$633.3</i>	<i>\$2,513.9</i>		<i>100.0%</i>
Total	<i>\$1,984.7</i>	<i>\$1,924.5</i>	<i>\$1,936.7</i>	<i>\$1,904.0</i>	<i>\$7,749.9</i>	<i>100.0%</i>	<i>100.0%</i>

Table 3 FY 2009 to FY2012 TIP

South Jersey Transportation Planning Organization Distribution of Funds

***NJDOT and NJ TRANSIT (\$ millions)**

Funding Category	FY 2009	FY 2010	FY 2011	FY 2012	FY 2009-2012
<u>NJDOT</u>					
FHWA: Bridge	\$49.0	\$49.6	\$53.6	\$48.1	\$200.2
FHWA: CMAQ	\$1.9	\$1.9	\$1.9	\$1.9	\$7.6
FHWA: Equity Bonus	\$3.5	\$3.5	\$3.5	\$3.5	\$13.8
FHWA: High Priority	\$2.8	\$9.4	\$9.9	\$17.4	\$39.6
FHWA:I-Maintenance	\$7.8	\$0.0	\$0.0	\$0.0	\$7.8
FHWA: NHS	\$0.0	\$6.6	\$0.0	\$5.0	\$11.6
FHWA: Rail-Hwy Crossing	\$1.5	\$1.5	\$1.5	\$1.5	\$5.8
FHWA: Safety	\$1.4	\$2.0	\$1.4	\$1.4	\$6.2
FHWA: SPR/PL	\$0.9	\$0.9	\$0.9	\$0.9	\$3.7
FHWA: STP-SJTPO	\$10.2	\$8.6	\$10.2	\$10.2	\$39.1
FHWA: STP-Statewide	\$2.2	\$2.2	\$7.9	\$2.2	\$14.5
FTA: SPR/PL	\$0.5	\$0.5	\$0.5	\$0.5	\$1.8
Other Funds	\$7.0	\$0.0	\$0.0	\$14.6	\$21.6
Transportation Trust Fund	\$24.5	\$47.7	\$17.3	\$36.7	\$126.1
<i>NJDOT Subtotal</i>	\$113.0	\$134.3	\$108.3	\$143.7	\$499.3
<u>NJTransit</u>					
FTA: JARC	\$0.2	\$0.2	\$0.2	\$0.2	\$0.8
FTA: New Freedom	\$0.1	\$0.1	\$0.1	\$0.1	\$0.4
FTA: SEC5307	\$12.9	\$13.6	\$14.1	\$12.9	\$53.5
FTA: SEC5307-TE	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1
FTA: SEC5309	\$1.6	\$1.6	\$1.7	\$1.7	\$6.6
FTA: SEC5309D	\$0.8	\$0.0	\$0.0	\$0.0	\$0.8
FTA: SEC5310	\$0.2	\$0.2	\$0.2	\$0.3	\$1.0
FTA: SEC5311	\$0.3	\$0.3	\$0.3	\$0.3	\$1.1
Casino Revenue	\$1.6	\$1.6	\$1.6	\$1.6	\$6.3
Match Funds	\$0.4	\$0.5	\$0.5	\$0.5	\$1.9
Other Funds	\$0.6	\$0.6	\$0.6	\$0.6	\$2.3
Transportation Trust Fund	\$13.0	\$11.8	\$13.7	\$15.1	\$53.6
<i>NJTransit Subtotal</i>	\$31.6	\$30.4	\$33.1	\$33.3	\$128.4
<i>Total</i>	\$144.6	\$164.7	\$141.4	\$177.0	\$627.7

*Does not include expenditures from "Statewide" programs within the region.

TRANSPORTATION FUNDING SOURCES

The major federal funding sources for transportation in the SJTPO region are described in Table 4 as authorized through SAFTEA-LU.

Table 4 Federal Funding Sources for Transportation

Highway and Bridge Programs	Program Description
Bridge Program	Repairs and maintains key bridges
Congestion Mitigation and Air Quality Program (CMAQ)	Assists states and Metropolitan Planning Organizations to meet federal Clean Air Act requirements
High Priority Corridors	Funding for identified high priority corridors, which includes I-295 in the SJTPO region
National Highway System (NHS)	Maintains a comprehensive system of highways to serve national transportation and economic goals and policies
Interstate Maintenance Program	Provides funding to maintain the Interstate Highway System
Surface Transportation Program (STP)	Funds highway maintenance and improvement, safety programs, and transportation enhancements.
Transit Programs	Program Description
Section 5307	Provides capital, operating and planning assistance for transit.
Sections 5310 and 5311	Provides transit services for the elderly, persons with disabilities, and rural transportation
Section 5309	Provides funding for the establishment of new rail or busway projects (new systems), and the improvement and maintenance of existing rail and other fixed guideway systems and the upgrading of bus systems.

There are additional sources of funding as well, including discretionary and demonstration funds, which are awarded on a competitive basis to projects that meet Federal Highway Administration or the Federal Transit Administration criteria. Congressional earmarks are another source of funding.

State Highway and Transit Funding

Transportation projects in New Jersey are funded primarily through the New Jersey Transportation Trust Fund, which was created in 1984 to provide a stable source of funding for transportation improvement projects.

The proceeds, which come from the selling of bonds financed from appropriations to the legislature, are used to fund capital programs for NJDOT and NJ TRANSIT as well as provide aid for local roads. The initial Trust Fund legislation covered fiscal years 1985-1988 and was renewed in 1988 for another seven years and then renewed again to 2000 and again to 2004. The most recent Trust Fund reauthorization was in March 2006 and provides \$1.6 billion annually in fiscal years 2008-2011. Revenues for the Trust Fund come from motor fuels taxes, appropriations from the General Fund, heavy truck/diesel fees, and contributions from toll road authorities. For the purposes of this exercise, it was assumed that the Trust Fund will continue to provide stable funding for transportation in New Jersey through the plan horizon of

2035. However, the State had not yet identified long term funding sources required to meet the projected future needs of the Trust Fund.

Specific investments that will be pursued over the period of the plan cannot be fully identified. Current experience indicates that the majority of funding will be targeted toward investments that preserve, maintain and improve our region's existing transportation facilities. The majority of the region's future transportation system is already in place, and this system must be maintained and preserved so it can continue to serve both current and future needs. Deferring maintenance cannot continue, or the system will lose its ability to satisfy travel demand in a safe and efficient manner.

Given the needs for maintenance and preservation, the SJTPO will face tough choices allocating limited remaining funds to proposals for capacity expansion for the highway and transit system.

Investment Package - Future Year Build Scenario (RTP Action Plan).

Based on work done to support the New Jersey Long Range Plan effort, it is anticipated that overall financial, environmental, and resource issues will result in the ability to improve about 300 lane miles and improve about 200 interchanges/intersections overall in the state in the next 25 years. Translating these figures into the amounts expected to occur in the SJTPO region, resulted in approximately 72 lane miles of improved roadway and 34 interchanges/intersections improvements. The level of improvement will vary at a particular location, and these totals represent "typical" improvements, where the roadway may be widening to add a lane in each direction, and the intersections upgraded to provide additional capacity through geometric improvements like turning lane additions, widening, or in some cases overpasses.

For the purpose of conducting the air quality conformance testing, improvements were coded in to the travel demand model to test the impact of making the investments described above. Two corridors were chosen as priority corridors based on the results of the transportation system assessment process, as defined below. The amount of highway segment improvements coded into the model were split between the two corridors as follows:

- NJ Routes 55/47/347/657 42 Lane-miles and 16 interchanges/intersection
- U.S. Route 40/322 30 Lane-miles and 18 interchanges/intersections.

More detail on this process can be found in the Transportation System Assessment memorandum.

In order to determine if this investment package represent a financially viable and constrained investment, PB estimated the total cost of the investment package as follows:

Cost for adding a lane mile of highway corridor was estimated at 5 million per mile, costs for building an interchange at 27 million each, and cost for upgrading intersections were estimated at 4 million each. This estimating is in line with the costs associated with developing the estimates used in the NJDOT LRP financial assessment, which was the source for the deriving the amount of improvements that could be added to the future year assessment.

The estimated cost to fund the total of 72 lane miles of improved roadway is therefore \$360 million, to construct four interchanges about \$108 million, and to upgrade 30 intersection \$120 million. Total package cost is estimated as \$588 million.

Given the average funding for highway improvements over the FY 09-12 period is about 125 million per year, total funds available through 2035 is estimated at 3.375 billion dollars (27 years x 125M per year). The total cost of the future year investment scenario, or RTP Action Plan, of \$588M represent about 17 percent of that total. As it is highly likely that a significant portion of the funding for these improvements would be from major project which may be considered as "extraordinary" projects that would require funding beyond typical levels (as the completion of Route 55, for example), and/or could be funding by toll

authorities (as the GSP interchange improvements in the current TIP), this level of investment is reasonable given the overall funding anticipated.

Financial Assessment Summary

NJDOT conducts the transportation budgeting process in collaboration with the state's three MPO to develop each MPO's Transportation Improvement Programs (TIP), the State Transportation Improvement Program (STIP), and the Annual Capital Program. The TIP for the SJTPO lists projects, plans, and programs scheduled for implementation within the next four fiscal years. For over 20 years, New Jersey's Transportation Trust Fund has provided a stable source of funding; however, its long term outlook is unknown.

In the past, the SJTPO has received 4% to 6% of available funds (excluding statewide programs). Recently, this percentage has increased to 8% to 11% (due to extraordinary project impacts). For FY2008-2011, the SJTPO region is receiving 9.5% of the \$5.5 billion statewide transportation program (excluding statewide programs). Given the current TIP level of investment and the historic funding sources and levels, the RTP action plan is within the reasonable guidelines of being a financially constrained plan.

Despite this finding additional funding is important to achieve the region's goals and objectives, as costs to address maintenance needs and to accommodate anticipated regional growth impacts will be considerable.