

# REIMAGINED MOVE2040



## APPENDIX 9:

# REGIONAL FINANCE



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## Contents

Financial Plan .....	2
Funding and Financing.....	2
Funding and Financing Projections .....	5
Funding Summary .....	8
Anticipated Costs.....	11
Operations and Maintenance for Current System.....	11
Debt Service.....	12
New Projects .....	13
Fiscal Constraint Analysis.....	17
Emerging Issues .....	18
Final Takeaways.....	18

## Figures

Figure 1: Average Annual Spending by Source (2013-17) (in millions).....	3
Figure 2: Transportation Funding over Time .....	8
Figure 3: Purchasing Power .....	9

## Tables

Table 1: Annual Average Spending by System Component (2013-2017) .....	4
Table 2: Funding & Financing Projections by Source (2020-40) .....	5
Table 3: Funding Assumptions and Forecasts .....	<b>Error! Bookmark not defined.</b>
Table 4: Average Annual Revenue Changes .....	9
Table 5: Total Transportation Debt Financing by Jurisdiction.....	10
Table 6: Debt Financing .....	11
Table 7: Anticipated Costs (2020 - 40).....	11
Table 8: Operations and Maintenance Costs .....	12
Table 9: Current Debt Service Amounts by Jurisdiction .....	13
Table 10: Debt Service .....	13
Table 11: New Projects by Type .....	14
Table 12: New Projects by Planned “Awarding Source” .....	15
Table 13: New Projects by Type and Planned “Awarding Source” .....	15
Table 14: New Projects by Timeband.....	16
Table 15: Fiscal Constraint Summary Table.....	17
Table 16: Balance of Investments over Time.....	19

## Financial Plan

WAMPO carries out the MTP Financial Plan to meet federal requirements and to support the overall transportation system investing decisions in the region. Federal requirements call for an MTP Financial Plan to demonstrate that the anticipated costs of the planned projects plus the anticipated costs to adequately maintain and operate the system do not exceed the anticipated revenues. In addition to complying with the federal requirements, WAMPO also strives to use the Financial Plan process to accomplish other outcomes, including:

- Compile overall trends and trajectories in public revenues, spending, debt, and other financial aspects of the regional transportation system
- Highlight the collaborative nature of what it takes to plan for and operate a regional system that is paid for by 13 local governments, the state of Kansas, the Kansas Turnpike Authority, and WAMPO.
- Present a clear and realistic picture of funding expectations in the region, including funding sources, costs, and proposed expenditures.
- Conduct a rigorous analysis of anticipated funding, revenues, and anticipated transportation needs.
- Include a transparent explanation of assumptions, risks, and priorities involved in financial decisions, developed collaboratively with partners at regional scale.

### Use of Year of Expenditure Dollars (YOE)

All dollar figures presented in this document are in “Year of Expenditure” (YOE) dollars, meaning that they represent the dollar value when it was spent (for spending that took place in the past) or is anticipated to be available to be spent or actually spent on a project (for spending in the future). For future revenues and costs, this approach makes assumptions, which are detailed below, regarding the rate of change in funding sources and inflationary effects on costs.

### Funding and Financing

In the WAMPO region, funding and financing for the regional transportation system is provided by local governments (e.g., cities and counties) that own and operate a portion of the regional network, the State of Kansas, the Kansas Turnpike Authority, and the federal government. Specific funding sources include sales taxes, property taxes, federal income taxes, Wichita Transit fares, KTA Turnpike tolls, fuel taxes, and vehicle registrations. In addition, the Kansas Turnpike Authority (KTA) funds and operates a portion of I-35 throughout the region, and private and/or non-profit funding is used to operate one of Wichita Transit’s routes and several of the paratransit services in the region.

These sources are used to pay for everything it takes to maintain, operate, modernize, and expand the system, things like routine maintenance of roadways and right of ways (e.g., filling potholes, pavement sealing, mill and overlays, mowing rights of way, snow removal, guardrail maintenance, traffic signal repair), labor costs for bus operations, bus maintenance, administrative overhead, capital construction including right of way acquisition, engineering, and utility relocation, debt service, and plans and studies.

## Funding Trends

Between 2013 and 2017, an average of \$170 million per year was spent on the regional transportation system. The 13 local governments (cities and counties) that own and operate a portion of the regional network spent the largest share – 45% of total spending (\$77 million per year). Kansas Department of Transportation (KDOT) programs contributed 40% of total spending (\$67 million per year), and direct federal funding made up the smallest share at 15% (26 million per year).

## Recent Funding by Source

Local governments provided 45% (or, \$77 million per year) of the total funding for the regional transportation system. Approximately half of that comes from a portion of the sales taxes assessed in Sedgwick County and several suburban communities, and the other half is a portion of local property taxes collected by the 13 local governments that own/operate a portion of the regional system. These local governments have passed ordinances to direct what proportion of the sales tax revenues goes to which local government services, for example constructing and maintaining roads and bridges. On average, local governments spend 15% of their total property tax revenues on transportation. Local government funding is primarily used for capital and maintenance on the local road system, matching federal funding for the regional transit system, and capital projects on the state highway system.

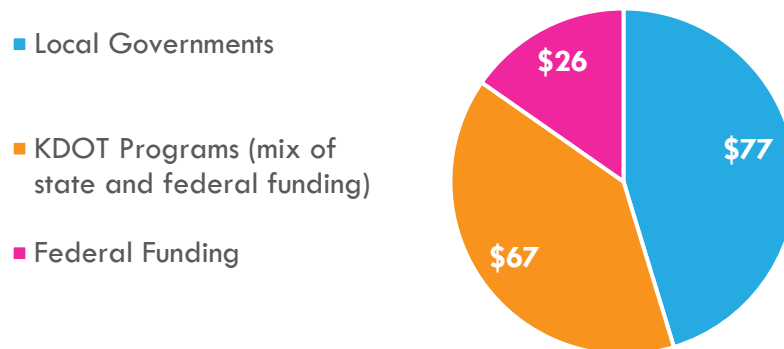


Figure 1: Average Annual Spending by Source (2013-17) (in millions)

The KDOT program provided 40% (or, \$67 million per year) to the regional transportation system; it is a mix of state and federal funds provided thru several KDOT programs including the previous State program, T-WORKS, the Special City – County Highway Program, and KDOT's on-going programs. T-WORKS was a 10-year discretionary program; it expired in 2020. (The new 10-year program is the Eisenhower Legacy Transportation Program; it was passed by the State Legislature and signed by the Governor in Spring 2020.) The Special City-County Highway Program is a formula program covered in State Statute to redistribute the state fuel tax to the State, cities, and counties. Local governments in the WAMPO region use it as a funding source for local road maintenance budgets. KDOT's ongoing programs pay for routine maintenance on the state highway system, the Regional Traffic Management Center, and a handful of discretionary safety improvement capital projects on the local road system. These programs are funded with a mix of state sales taxes, federal funding awarded by KDOT, and state gas taxes. The State program is generally used to pay for capital and operating on the state

highway system, maintenance on the State system, and occasionally contributes to a safety or other discretionary capital project on the local road system.

Federal funding composed 15% (or, \$26 million) of the spending on the regional system; the federal fuel tax and the federal general fund are the funding sources. This category includes WAMPO awarded funding, Wichita Transit's federal programs, and other miscellaneous federal programs.

## Recent Spending by System Component

System owners (e.g. local and state governments) fund capital construction projects and routine operations and maintenance. Spending breakout is listed in Table 1.

For the state highway system, local road system and bike/ped system, capital spending includes:

- Major construction for the purposes of expansion, repair, renovation, rehabilitation, or replacement.
- All costs associated with constructing the project, including right of way purchase, preliminary engineering, utility relocation, project administration, construction, construction engineering, and other related expenses.
- Debt service.

Capital construction project costs are likely in the hundreds of thousands of dollars, if not millions, for each highway and road project, and each project will usually to have a life cycle of at least 10 years.

Operations and maintenance (O & M) on the state highway system, local road system and bike/ped system includes labor, materials and equipment needed to deliver roadway and bridge maintenance programs. Basic maintenance activities include minor surface treatments, such as sealing, small concrete repairs and pothole patching, mowing right of way, snow removal, sign replacement, striping, guardrail repairs, and traffic signals repairs. These maintenance activities require employees, vehicles and other machinery, and facilities to house equipment and materials such as salt, asphalt and fuel.

For the transit system, capital spending includes bus and other vehicle spending. Operations and maintenance (O & M) spending on the transit system includes all expenditures necessary to operate the service, including labor, materials including fuel, tires and tubes, utilities, and contracted services.

System Component	Capital	Operations & Maintenance	Total
State Highway System	\$74 million	\$6 million	\$80 million
Local Roads System	\$41 million	\$29 million	\$70 million
Public Transit System	\$4 million	\$15 million	\$19 million
Bike/Ped Network	\$1 million	N/A	\$1 million
Total	\$120 million	\$50 million	\$170 million

Table 1: Annual Average Spending by System Component (2013-2017)

## Funding and Financing Projections

During the 2020-2040 timeframe, it is estimated that \$5.7 billion in funding and financing will be available to spend on transportation projects in the WAMPO region. Local governments are anticipated to continue the trend of providing the largest share of funding, with 45% (\$2.6 billion). In addition, local governments are also anticipated to issue \$700 million in debt financing for transportation projects. The total local government contribution is projected to be 58% of total funding, after accounting for funding and financing. KDOT funding (\$1.6 billion) and financing contributions (\$300 million) constitute a third of total funding and financing. Direct federal funding makes up the smallest share at 10%.

Funding Source	Total Funding (2020 – 2040)
Local Government	\$2.6 billion
KDOT Programs (mix of state and federal funding)	\$1.6 billion
Federal Government	\$561 million
Debt Financing (state and local governments)	\$1 billion
Total	\$5.7 billion

Table 2: Funding & Financing Projections by Source (2020-40)

## Future Funding and Financing Assumptions

Future funding and financing assumptions are based on the current local, state, and federal government policies and historical growth trends; these assumptions result in very marginal growth in funding revenues. Table 3 is a summary of the drivers and assumptions by funding program.

Funding Program	Policy Drivers	Revenue Growth Drivers	Revenue Growth Assumption	Annual Amount (Current)	2020 – 2040 Forecast
Sales Taxes	Local and state government policies	Consumption patterns, overall wealth in the region	1% - 2.5% per year	\$40 million	\$1.2 billion
Property Taxes	Local and state government policies	Overall wealth in the region	2.5% - 3% per year	\$40 million	\$1.4 billion
Eisenhower Legacy Transportation Program	State of Kansas, KDOT, and federal government policies	Motor vehicle fuel purchases, overall wealth, consumption patterns	1.5% per year	\$49 million	\$1 billion
Special City County Highway Fund	State statute	Motor vehicle fuel purchases in Kansas	0.5 % per year	\$25 million	\$550 million
Kansas Turnpike Authority	KTA policies	Toll revenues	Fixed amount (Long Term Needs Study)	\$2.5 million	\$28 million
Federal Direct to Region	Federal government policies	Motor vehicle fuel purchases, overall wealth	1% per year	\$19 million	\$439 million
Competitive Grant	Federal government policies	Motor vehicle fuel purchases, overall wealth	\$10 million (2020 – 2025)	\$0	\$10 million
Federal Funding Shared by KDOT	Federal government and KDOT policies	Motor vehicle fuel purchases, overall wealth	1% - 5% per year, depending on program	\$5 million	\$111 million

Table 3: Funding Assumptions and Forecasts

## Local Governments

Cities and counties in the WAMPO region that own and operate a portion of the regional transportation system contribute funding to the system thru sales tax revenues and property tax revenues.

### Sales Taxes

Approximately \$40 million per year is generated from local governments that own and operate a portion of the regional network. The countywide 1% sales tax adopted by Sedgwick County in the mid 1980s is shared with all incorporated cities in the County. Most cities have ordinances indicating a portion goes to roads and bridges, rest to property tax relief. This is the source the City of Wichita has used to pay for transforming US-54/400/Kellogg from an at-grade surface street to a limited access freeway facility. In addition, Goddard, Andover, and Haysville have additional sales tax (or portion) directed to transportation.

It's assumed that sales tax revenues will grow at the same percentage as growth in nominal taxable retail sales, which varies from 1% to 2.5 percent per year. (The growth projection for taxable retail sales was developed by Wichita State University Center for Economic Development and Business Research; the methodology used is attached.) It's also assumed that local governments will continue to follow their current policies to distribute sales tax revenues among the many government services, including transportation. This results in sales tax revenues for transportation growing from \$40 million per year in 2020 to \$73 million per year in 2040, and totaling to \$1.2 billion over the life of the plan. Factors affecting sales tax revenue growth includes state and local government policies, consumption patterns, and overall wealth in region.

### Property Taxes

Of the total personal property taxes levied and collected by local governments that own and operate a portion of the regional transportation network generate approximately 15% (\$40 million per year) are used on the regional transportation system.

It's assumed the property tax revenues will grow at the same percentage as growth in nominal value of assessed property, which varies from 2.5% to 3% per year. (The growth projection for assessed valuations was developed by Wichita State University Center for Economic Development and Business Research.) It's also assumed that local governments will continue to follow their current policies to distribute property tax revenues among the many government services, including transportation. This results in property tax revenues for transportation growing from \$50 million per year in 2020 to \$85 million per year in 2040, and totaling to \$1.4 billion over the life of the plan. Factors affecting property tax revenue growth includes state and local government policies and overall wealth in region.

## State of Kansas

The State of Kansas contributes to the regional transportation system thru two programs – the Eisenhower Legacy Transportation Program and the Special City County Highway Fund. The Eisenhower Legacy Transportation Program is managed and administered by the KDOT. For the purposes of this Financial Plan, the anticipated spending in this region by the Kansas Turnpike Authority is included within the State program.

### Eisenhower Legacy Transportation Program

The Eisenhower Legacy Transportation Program was approved earlier in 2020. This program is funded with federal funding that KDOT awards, state income tax revenues, state fuel tax revenues, and motor vehicle tax revenues.

After the program was approved, KDOT asked WAMPO to use an assumption of 1.5% per year annual growth (from annual average spending over last 10 year program) in the *REIMAGINED MOVE 2040* revenue projections. Funding through the Eisenhower Legacy Transportation Program is expected to remain consistent with spending in the region under T-WORKS and past transportation programs. State transportation funding has grown at a modest rate over the timeframes of existing programs which led to the institution of a 1.5% annual growth rate. The rate established by KDOT produces logical and reasonable revenue estimates for the 20-year planning horizon. Future revenues from the Eisenhower program in the WAMPO region start at approximately \$40 million per year and projected to grow to \$54 million per year in 2040, totaling \$1 billion over the life of the Plan.

#### Special City County Highway Program

The Special City County Highway Fund holds the revenues from the State fuel taxes and is shared with cities and counties as per formulas in State Statutes. The Special City County Highway fund contributes approximately \$25 million per year to the cities and counties in the WAMPO region, and most communities use it to pay for routine maintenance.

The revenue assumption for this program is 0.5% per year, which is the historical trend of actual 2013 – 2018 revenues. This assumption is conservative, and is based on two assumptions:

- the State Statute defining the current formula used to distribute the funding among cities and counties in Kansas will not be changed
- the amount of motor fuel purchases in Kansas will stay on trend.

This revenue assumption results in revenues growing to \$27 million per year, and totaling \$550 million over the planning horizon.

#### Kansas Turnpike Authority Funding

The KTA operates and maintains I-35 thru the WAMPO region. KTA's Long Term Needs Study (2016) calls for \$4 million per year (thru 2026) in spending in the WAMPO region for its Vertical Clearance Improvements program, which is used to raise overpasses over I-35 to allow taller trucks to travel I-35.

#### U.S. Department of Transportation

The federal government contributes to the regional transportation system in the WAMPO region thru several funding programs authorized thru the Fixing America's Surface Transportation (FAST) Act. These programs are funded with federal motor fuel tax revenues and transfers from the general fund.

#### Federal Direct to Region

Federal direct funding to Wichita Transit and WAMPO to award totals approximately \$19 million per year.

This assumption calls for funding to grow at a rate of 1% per year. This assumption represents a policy scenario between flatline revenues (0% growth per year from 2018 actual amounts) and historical trend (annual average of 8% per year over last 25 years). It is a conservative assumption, and is grounded in the likelihood that federal funding will be available at the future, but at much lower rates of growth than in the past. Revenues grow approximately \$19 million in 2020 to \$23 million in 2040, for a total of \$439 million over the planning horizon (2020-2040).



### Federal Competitive Grant

U.S. Department of Transportation regularly offers opportunities for cities, states, and other organizations to apply for competitive federal grants. This funding assumption assumes a \$10 million award sometime between 2020 and 2025; this assumption is made in the event a competitive grant is awarded to an entity in the WAMPO region.

### Federal Funding Shared by KDOT

KDOT currently shares a portion of its federal funding with counties and with large MPOs, including WAMPO, at approximately \$5 million a year. This assumption assumes the KDOT policy will not change and calls for funding to grow at its 25 year historical trend rate of between 1% and 4.5% per year, depending on program. Over the planning period (2020 – 2040), this totals \$111 million.

## Funding Summary

The net growth rate in total funding is anticipated to slow over the planning horizon, from 4% per year to 2% per year between 2020 and 2030. It's anticipated that funding will be provided by the 13 local governments that own and operate a portion of the regional transportation system, the State of Kansas thru the Kansas Department of Transportation and the Kansas Turnpike Authority, and the federal government thru the U.S. Department of Transportation. As shown in Table 4, the anticipated contribution by local governments is anticipated to be 1.2 times the amount provided by the State and Federal governments, combined.

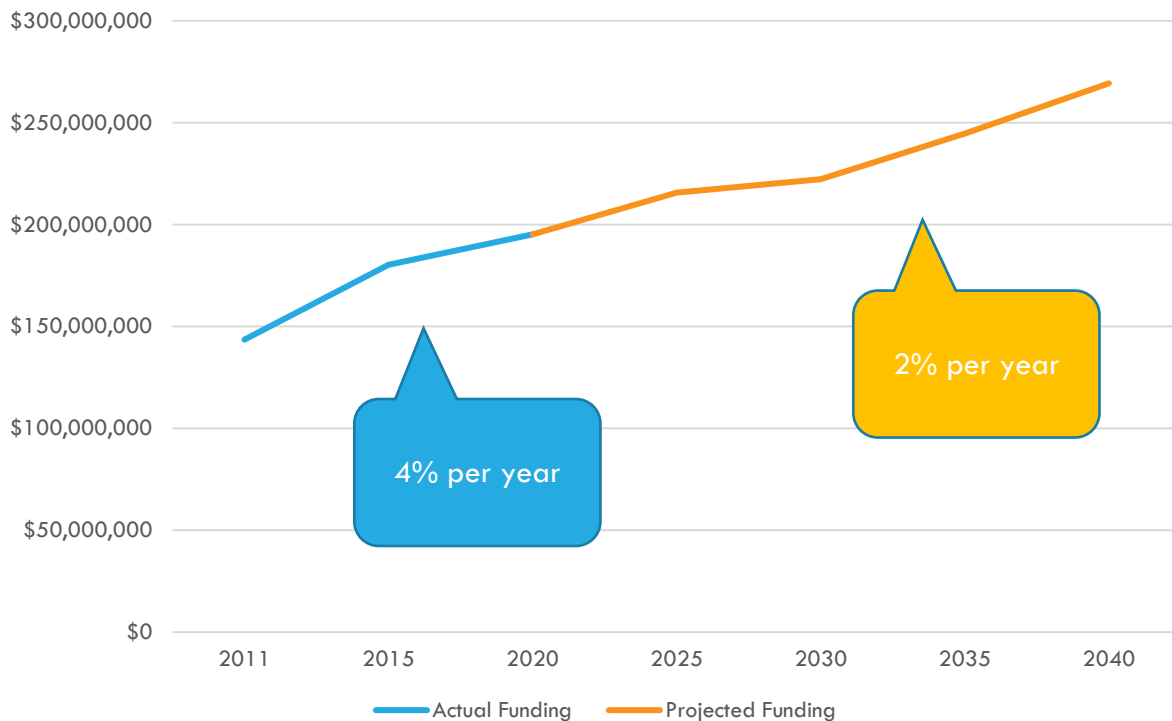


Figure 2: Transportation Funding over Time

	Current Funding (2013 – 2017)	Anticipated Future Funding (2020 – 2040)
<b>Local Governments</b>	<b>\$77 million</b>	<b>\$130 million</b>
<b>KDOT Programs*</b>	<b>\$67 million</b>	<b>\$74 million</b>
<b>Federal Funding</b>	<b>\$26 million</b>	<b>\$30 million</b>
<b>Total</b>	<b>\$170 million</b>	<b>\$230 million</b>

Table 4: Average Annual Revenue Changes

\* KDOT programs include both state funds and federal funds that KDOT receives

## Purchasing Power

What appears to be slow and steady revenue growth is actually falling when its purchasing power is evaluated. After accounting for projected inflation in the costs of transportation goods and services, the effective purchasing power is falling by 2.5% per year. That means a \$100 bill in 2017 could have purchased \$134 worth of transportation projects & services in 2011. By 2020 that same \$100 bill would only buy \$89 worth of projects and services. By 2030 it would only buy \$64 worth.

### Inflation Rate: 4.25% per year

WAMPO adopted this inflation rate in May 2019 because it is in line with the construction industry inflation trends, it is consistent with the inflation rate WAMPO used for the last MTP (4%), and it is consistent with the 4.5% rate that KDOT uses for its capital construction projects.

### Actual Funding (2011-2017): 4% per year

### Projected Funding (2020-2030): 2% per year

### Purchasing Power (2011-2030): -2.5% per year

The costs of transportation goods and services like labor and construction materials is outpacing the growth of revenues; or another way of saying this is that revenues are not keeping up with the inflated cost of transportation goods and services. The net effect is that the region is losing ground in terms of being able to pay for transportation goods and services; it is more important than ever to prioritize spending decisions.

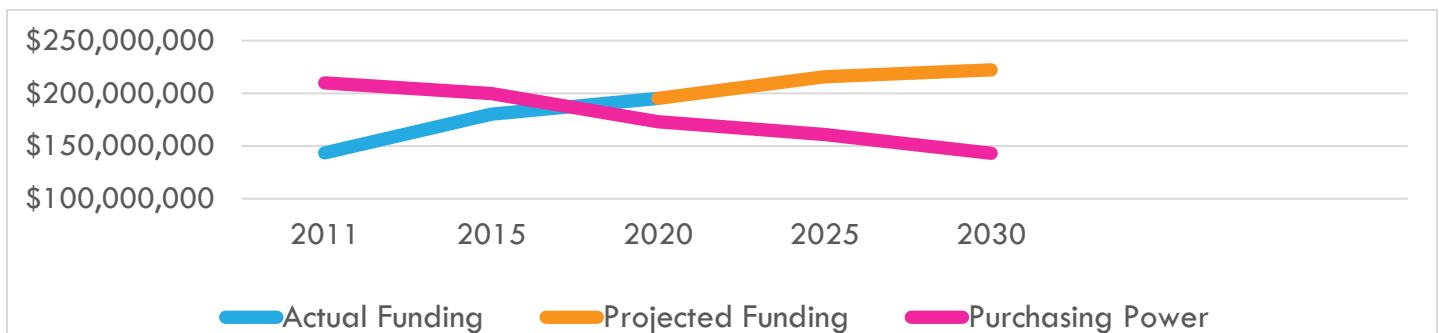


Figure 3: Purchasing Power

## Debt Financing

In addition to “cash funding” of projects, local governments and the State of Kansas also use debt financing, usually in the form of general government obligation bonds (or GO Bonds) and temporary notes, to finance capital transportation projects. GO Bonds are municipal bonds backed by the credit and taxing power of an issuing jurisdiction. The principal and interest on a GO bond are repaid from the issuing jurisdiction’s “general funds,” rather than from a specific project or geographic area. These bonds are used for projects that benefit the “public good, and not associated with projects with separate revenue streams, like water or wastewater utilities. Temporary notes are used for debt needed for less than three years.

In the WAMPO region,

- All of the jurisdictions that build projects on the regional transportation system issue debt.
- As per state statute, the statutory debt limit for cities is 30% of their assessed value of tangible taxable property, and 3% of same for counties
- Transportation’s share of total debt per local jurisdiction ranged from 1% to 30%, and averaged just under 10%. (2018 CAFRs)
- Bonds for KDOT projects constitute 50% of the State’s government bonds.
- As of most recent data available, the region holds a total of approximately \$245 million in debt principal

Jurisdiction	Total Debt Financing – Transportation Projects
Andover	\$1.2 million
Bel Aire	\$5.8 million
Derby	\$1.2 million
Goddard	\$428,000
Haysville	\$90,000
Maize	\$649,000
Park City	\$652,000
Sedgwick County	\$14 million
Valley Center	\$1.8 million
Wichita	\$115 million
KDOT	\$102 million
Total	\$243 million

Table 5: Total Transportation Debt Financing by Jurisdiction

Source: 2017 CAFRs, 2018 KFPA Debt Study

Current rates of new debt acquisition were projected over the planning horizon to develop debt projections. Every year, the region adds \$38 million of new debt financing. This translates to a total of \$1 billion in debt financing between 2020 and 2040.

2019	<b>\$243 million</b>
2019 - 2040	<b>\$1 billion</b>
Annual Average, 2020 - 2040	<b>\$38.7 million</b>

Table 6: Debt Financing

## Anticipated Costs

REIMAGINED MOVE 2040 includes three broad categories of costs:

- costs to adequately operate and maintain the federal aid transportation system in this region
- debt service on transportation – related debt
- new projects

Expenditure Type	Dollar Amount
Operations and Maintenance (O & M) Current System	\$977 million
Debt Service	\$1.2 billion
New Projects (Local Governments, KDOT, WAMPO)	\$3.3 billion
Total Expenditures	\$5.47 billion

Table 7: Anticipated Costs (2020 - 40)

## Operations and Maintenance for Current System

The REIMAGINED MOVE 2040 Financial Plan estimates that cities, counties, and the State will spend \$977 million on maintaining and operating the federal aid transportation system in the region over the course of this Plan's planning horizon – 20 years. The federal aid transportation system in this region includes all the interstates, state highways, most of the major roads, and Wichita Transit's operations.

The annual average actual expenditures spent on operations and maintenance between 2013 and 2017 per system component ( State highway system, Local road system portion of the Regional Network, and Public Transit System) is shown in Table 7.

System Component	Annual Average Cost (2013 – 2017)
State Highway System	\$6 million

System Component	Annual Average Cost (2013 – 2017)
Local Road System Portion of Regional Network	\$29 million
Public Transit System	\$15 million
Total	\$50 million

Table 8: Operations and Maintenance Costs

## State Highway System

The Kansas Department of Transportation (KDOT) maintains most of the interstates and state highways in the WAMPO region. The Kansas Turnpike Authority (KTA) maintains I-35 in the WAMPO region. KDOT and KTA provided actual expenditures for maintaining pavement, shoulders, and bridges on the interstates and state highways in 2013 to 2017. Expenditures for operating the Wichita Traffic Management Center were included, as were reimbursements made by KDOT to local governments in the area for maintaining the portion of the state highway system within their jurisdiction.

## Local Road System Portion of Regional Network

Cities and counties in the region maintain the balance of the federal aid transportation system in the WAMPO region. This includes all of the arterials, collectors, and the public transit system in the region. WAMPO staff requested local governments provide the actual expenditures they spent on maintaining the portion of the federal aid system they own and operate for the years 2013 to 2017. From this data, a five year average was calculated for each jurisdiction and used as the estimate of the 2020 amount.

## Projected Expenditures Assumption

The annual average expenditures from 2013 to 2017 was used as the flatline assumption for future O and M expenditures. This is a conservation assumption and based on the fact that O and M budgets are not changed from year to year.

## Debt Service

Similar to other types of credit, when general obligation bonds or temporary notes are issued, the recipient of the credit must repay the principal plus interest. The total repayment of the principal plus the interest is called, debt service. As of most recent data available (2019), the region holds a total of \$55 million of interest, which is equal to a gross interest rate of 1.8%.

Jurisdiction	Transportation Debt Service (2019)
Andover	\$1.4 million
Bel Aire	\$7.1 million
Derby	\$1.5 million

Jurisdiction	Transportation Debt Service (2019)
Goddard	\$0.5 million
Haysville	\$100,000
Maize	\$800,000
Park City	\$850,000
Sedgwick County	\$18.7 million
Valley Center	\$2.2 million
Wichita	\$119 million
KDOT	\$150 million
Total	\$302 million

Table 9: Current Debt Service Amounts by Jurisdiction

Rates of debt service were projected over the planning horizon to develop debt projections. Every year, the region adds \$38 million of new debt financing and pays off \$43 million in debt service. This translates to a total of \$1.2 billion in associated debt service over the same time period. At the end of 2040, the region will have paid \$182 million in interest.

2019	\$302 million
2019 - 2040	\$1.2 billion
Annual Average, 2020 - 2040	\$45.3 million

Table 10: Debt Service

## New Projects

The *REIMAGINED MOVE 2040* Plan Fiscally Constrained List of new Projects includes 160 projects and programs totaling \$3.3 billion. These represent in aggregate the total of planned investments in the transportation system over the next 20 years (2020 - 2040). The project breakdown is listed in the table below.

Project Type	# of Projects /Programs	Total Costs	% of Total Costs
Bike/Ped	19	\$39.4 million	1.2%
Bridge Modernization	1	\$6.4 million	0.2%
Bridge Rehabilitation	18	\$29.2 million	0.9%
Highway Expansion	5	\$1.3 billion	40.7%
Highway Modernization	17	\$1.0 billion	30.8%
Highway Rehabilitation	12	\$166 million	5.1%
Planning	6	\$4.6 million	0.1%

Project Type	# of Projects /Programs	Total Costs	% of Total Costs
Road Expansion	1	\$88 million	2.7%
Road Modernization	37	\$205 million	6.3%
Road Rehabilitation	22	\$126 million	3.9%
Safety	1	\$6 million	0.2%
Technology	9	\$65.7 million	2.0%
Transit	12	\$192 million	5.9%
Total	160	\$3.3 billion	100%

Table 11: New Projects by Type

The *REIMAGINED MOVE 2040* Plan also includes an Illustrative List of five projects; these projects are not included in this Fiscal Constraint analysis.

## Cost Estimate Assumptions

*REIMAGINED MOVE 2040* assumes an annual inflation rates of 4.5% for KDOT planned projects and 4.25% for all other projects to account for changes in the costs of raw materials, pre-construction services, construction, and all of the other overhead associated with designing and constructing or implementing a project.

An inflation rate of 4.5% was established by KDOT under the TWORKS program to account for possible contingencies and inflation for projects in the future years. This rate would accommodate unknown spikes in construction materials and costs similar to the substantial oil and steel price increases just prior to TWORKS. Although recent inflation has shown to be slower, the 4.5% inflation rate provides a safe estimating measure for ensuring sufficient funding for projects.

WAMPO adopted the 4.25 % inflation rate in May 2019 for its use in *REIMAGINED MOVE 2040* because it is in line with the construction industry inflation trends, it is consistent with the inflation rate WAMPO used for the last MTP (4%), and it is consistent with the 4.5% rate that KDOT uses for its capital construction projects. For projects which are planned for a specific year, project costs are given in year of expenditure dollars for that year. For projects planned within time bands, project costs are given in year of expenditure dollars for the middle year of the time band (rounded up for time bands composed of an even number of years).

## Projects by Planned “Awarding Source”

It takes a collaboration between all of the funding entities in the region to implement the planned projects. Below is the breakdown between projects planned for WAMPO funding and projects planned for payment by the state and local governments. Some of the projects are planned for sole implementation by KDOT and/or local governments, whereas others are planned for implementation by WAMPO.

Project Type	# of Projects/Programs	Total Costs	% of Total Costs
WAMPO Funding Menu	60	\$304.4 million	9%
State & Local Governments	100	\$3 billion	91%
Total	160	\$3.3 billion	100%

Table 12: New Projects by Planned “Awarding Source”

State and local governments are planned to fund the entirety of the highway, safety, and road expansion projects. WAMPO funding is planned for most of the regional technology and planning projects. WAMPO, state, and local governments share the cost of bike/ped, bridge rehabilitation, and road modernization and preservation.

Project Type	Total Costs	WAMPO Funding Menu*	State and Local Government
Bike/Ped	\$39.4 million	38.4%	61.6%
Bridge Modernization	\$6.4 million	100.0%	0.0%
Bridge Rehabilitation	\$29.2 million	6.1%	93.9%
Highway Expansion	\$1.3 billion	0.0%	100.0%
Highway Modernization	\$1.0 billion	0.0%	100.0%
Highway Rehabilitation	\$166 million	0.0%	100.0%
Planning	\$4.6 million	100.0%	0.0%
Road Expansion	\$88 million	0.0%	100.0%
Road Modernization	\$205 million	53.7%	46.3%
Road Rehabilitation	\$126 million	79.0%	21.0%
Safety	\$6 million	0.0%	100.0%
Technology	\$65.7 million	97.6%	2.4%
Transit	\$192 million	1.4%	98.6%
Total	\$3.3 billion	9%	91%

Table 13: New Projects by Type and Planned “Awarding Source”

\* Project sponsors (state and local governments) will pay the pre-construction costs and the local match portion of construction costs for projects selected from the WAMPO Funding Menu



## Projects by Timeband

All of the projects in the *REIMAGINED MOVE 2040* Plan Fiscally Constrained List are in one of five timebands.

The projects planned for the first timeband (2020 – 2024) are the most likely to be implemented. In fact, approximately half of the cost to implement the 2020 – 2024 projects has already been committed by local governments, KDOT, and/or WAMPO to specific projects. More detail on these projects can be found in the 2021 – 2024 Transportation Improvement Program.

Timeband	Total Costs	Percentage of Total
2020 – 2024	\$998 million	30%
2020 – 2030	\$33.7 million	1%
2025 – 2030	\$449 million	14%
2025 - 2040	\$547 million	17%
2031 - 2040	\$1.2 billion	38%
Total	\$3.3 billion	100%

Table 14: New Projects by Timeband

## Impact of Deferred Maintenance

While many of the projects in *REIMAGINED MOVE 2040* address deferred maintenance issues, it is likely there are hundreds of millions more in deferred maintenance costs. It has been estimated up to \$350 million in deferred maintenance costs are on the regional system. The Reimagined MOVE 4040 Financial Plan does not explicitly account for deferred maintenance costs because there is currently no data available on the total cost. Many local governments have implemented their own systems of identifying, monitoring, and addressing deferred maintenance needs; once these are in place, WAMPO will be able to compile and systematically assess the financial impacts of deferred maintenance on the region.

Deferred maintenance on the regional transportation system is caused by one of three ways:

- Less than Optimal Funding
- Deferred maintenance occurs when less money than is needed is spent to get the optimal life out of a transportation asset (road, transit vehicle, bike path).
- Asset Life
- Deferred maintenance occurs when assets are not replaced or updated when their life expectancy is reached.
- Usage Drivers
- Deferred maintenance also occurs when the original design of the transportation asset does not meet the current conditions. Here are some examples:

- Modern trucks are heavier. Older roads designed and built for lighter weight vehicles deteriorate faster.
- Taller semi- trucks travelling on the highway require higher overpasses.
- Suburban development taking place in rural areas require the surrounding arterial roads to be upgraded from rural to urban standards.

## Fiscal Constraint Analysis

The *REIMAGINED* MOVE 2040 plan is fiscally constrained. After accounting for:

- the total projected revenues reasonably expected to be available for spending on the regional transportation system between 2020 and 2040 (\$5.76 billion)
  - the amount estimated to be spent to adequately operate and maintain the system (\$977 million)
  - the estimated debt service (\$1.2 billion)
  - the estimated cost of MTP projects (\$3.2 billion),
- the remaining balance is \$300 million.

Anticipated Funding and Financing	
Federal Funding	\$560,723,141
State Funding*	\$1,583,560,460
Local Funding	\$2,601,678,251
Total Funding	\$4,745,961,853
Debt Financing	\$1,018,053,727
Total	\$5,764,015,580
Anticipated Costs	
Maintenance and Operations	\$977,528,980
Debt Service	\$1,206,609,394
MTP Projects	\$3,273,059,777
Total	\$5,557,198,151

Table 15: Fiscal Constraint Summary Table

(All dollars are in Year of Expenditure (YOE) dollars.)

\* State funding projections are mix of state and federal sources, and also include KTA funding.

Total Anticipated Funding and Financing

-

Total Anticipated Costs

=

Balance

\$5,764,015,580 - \$5,557,198,151 = \$306,817,429

## Emerging Issues

### Best use of tax dollars

It is becoming increasingly important that the totality of local and state tax dollars are used in consideration of the expected declines in purchasing power and the increased reliance on local funding.

### Financial impacts of residential and commercial land development

Evaluating capital investment and assessed valuation on a per-acre basis is an emerging best practice at assessing the financial impact of land development decisions at the local government level. Evaluating in this way is more effective because streets, public transit, and other transportation infrastructure costs are dependent on the amount of land they have to cover.

### Additional funding and financing tools

Local and state governments will increasingly need additional financing tools to complement the traditional general obligation bond financing to cost-effectively address the deferred maintenance needs

## Final Takeaways

### The Local Share is The Largest and Is Increasing

Cities and counties in the WAMPO region are currently contributing the largest share of dollars and are projected to contribute 1.5 times more when compared to future state and federal funding combined.

### Our Purchasing Power is Decreasing

The region's purchasing power for transportation goods and services is projected to decrease at 2.5% per year over the planning horizon.

### (un) Balanced Investment

Public input and performance measure data support increasing investment in local road system, transit, bicycle and pedestrian, and decreasing investment in new highway capacity. That shift is taking place in the near-term. In the long term, highway projects are disproportionately represented because the planning horizon for specific projects/programs for the local road system, transit system, or the bike/ped network does not usually extend past 10 years out.

Transportation System Component	Annual Average Spending (2013 – 2017)	2021 – 2024 TIP (Funding Committed)	Balance of MTP 2020 – 2024 Timeband	Balance of MTP Plan (2025 - 2040)
State Highway System	47%	39%	83.7%	81%
Local Roads System	41%	42%	2.3%	12%
Public Transit System	11%	13%	13.2%	3%
Bike/Ped Network	1%	3.5%*	0.57%	1%
Other	n/a	2.5%	0%	3%
Total	100%	100%	100%	100%

Table 16: Balance of Investments over Time

\* After accounting for the bike/ped components in the local road system projects, the bike/ped proportion doubles to 7%.

## Operations and Maintenance

Under current policies, total spending on operations and maintenance is projected to decrease while capital spending is projected to increase. Given the potential impact of deferred maintenance needs, these policies might need revised.

## Deferred Maintenance

Deferred Maintenance costs are not currently known or accounted for in most budgeting processes. Having a better understanding of the full cost of deferred maintenance will be key in building future spending policies and practices.