



Financial Projections and Analysis

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Federal transportation planning regulations require the long-range transportation plan include a financial plan that shows consistency of the proposed transportation investments with available and projected funds on a year of expenditure basis, also known as fiscal constraint. This financial planning constrains the project list to reasonably available revenue and provides assurance that the federally supported transportation system is being adequately operated and maintained.

Specifically, the plan must outline the revenue amount expected from each funding program or source over the 25-year life of the plan and align projects and estimated project costs with expected program funds to demonstrate that projects can be implemented over the period of the plan using committed, available, or reasonably available revenue sources. This program of projects will then be implemented if the project development process requirements are satisfied and the financial resources assumed in the transportation plan are in place.

Transportation needs may exceed the projected funds. In this case, additional projects can be shown as an illustrative list of additional transportation needs, to document the demand for additional funds.

Financial Guidance on Revenue Projections

Statewide transportation planning and metropolitan transportation planning regulations require that revenue for the Transportation Improvement Program and Long-Range Transportation Plan account for revenue growth and inflation. PennDOT provides financial guidance to assist its planning partners in preparing transportation revenue projections. The guidance prescribes inflation factors for projecting transportation revenue growth over the life span of the long-range transportation. This guidance was used to prepare the 2015-2040 revenue projections.

Revenue was projected to the year 2040 using baseline funding provided in the Johnstown Area Transportation Study's 2015-18 Transportation Improvement Program and estimated inflation rate factors consistent with the financial guidance, as well as historic revenue trends and financial assumptions developed by evaluating prior year's federal, state and local expenditures.

Highway and Bridge Revenue Projections

Highway revenue projections were developed based on the most recent federal and state legislation. At the time of preparation, MAP-21 was the most recent federal authorizing legislation, and Congress had not taken action on a new bill beyond Federal Fiscal Year 2014. Therefore, MAP-21 authorization was the best basis for developing options for future year funding. *Fixing America's Surface Transportation (FAST) Act*, a transportation bill that authorizes federal highway, safety, transit, and rail programs over five years from federal fiscal years (FY) 2016 through 2020, was authorized in December 2015 and will dictate project eligibility for federal funds through 2020. At the state level, Act 89 of 2013 is providing substantial increases in state transportation funding, though a portion is allocated to the state police for traffic control assistance.

The highway capital revenue baseline was developed using Pennsylvania's 2015 Transportation Financial Guidance as a base for the years 2015 – 2018. Revenues were projected to 2040. The following summarizes the revenue estimation process:

1. 2015 Financial Guidance includes a baseline of federal highway funds through MAP-21 and estimates future years' funds based on a 3 percent annual increase. State funds are based on the most recent estimates with the phased increase of Act 89 funding over a five-year period.
2. Revenue figures for the years 2019–2040 were adjusted for inflation based on the Year of Expenditure Guidance and historic amounts according to the following rates:
 - Federal highway/bridge funds – 1% annual growth
 - State highway/bridge funds – no annual growth

3. Discretionary funding can include special federal funds or state discretionary funds. State discretionary dollars represent 20 percent of highway funding, which is reserved for distribution by the Secretary of Transportation to offset the impact of high-cost projects that are beyond a region's allocation. For this plan, no discretionary funding was assumed.

Transit Revenue Projections

The transit revenue baseline was developed using Pennsylvania's 2015 Transportation Financial Guidance as a base for the years 2015–2018. Federal transit funds coming to the County are generally Section 5307, urbanized apportionments, which come through PennDOT. The program was developed for the Transportation Improvement Program years, 2015–2018. Based on historic funding amounts, a one percent annual increase was used to project future transit funding for years 2019 through 2040.

Local Revenue Projections

Local and private project funding shares are difficult to project. Typically, local transportation projects using federal and state funding are required to provide a portion on the project costs which can range from 5 percent to 20 percent. Local funds were estimated based on current 2015-18 Transportation Improvement Program amounts. A one percent annual increase was used to project future local funding for years 2019 through 2040.

The resulting revenue summary (Table 7-1) represents the total projected revenue in thousands of dollars by period and serves as the financial constraint for highway/ bridge, transit and local project funding the Twelve-Year Program periods plus the long-range or "out years" of the long-range transportation plan.

Table 7-1 Johnstown Area Transportation Study Revenue Projection to 2040 (in thousands)

Fund Type	Short Range (2015-2018)	Mid Range (2019 -2026)	Long Range (2027-2040)	Totals
Estimated Federal Funds	\$48,344	\$101,142	\$228,086	\$377,572
Estimated State Funds	\$39,411	\$91,008	\$182,016	\$312,435
Estimated Transit Funds	\$34,000	\$71,132	\$160,435	\$265,567
Estimated Local Funds	\$1,077	\$2,231	\$5,032	\$8,340
Estimated Total Funds	\$122,832	\$265,513	\$575,568	\$964,000

Table 7-2 provides a breakdown of the revenue projections for the short-, mid- and long-range transportation plan periods though 2040.

Table 7-2 Base Funding Allocation Projection for Highway, Bridge and Transit Programs through 2040

	FEDERAL				STATE		LOCAL	TRANSIT		TOTAL		
	NHPP	STP	OFF SYSTEM BRIDGES	HSIP	CMAQ	TAP	State Highway	State Bridge	H/B		Federal	State
FFY2015	\$7,480	\$1,568	\$677	\$1,026	\$1,108	\$227	\$4,528	\$2,951	\$907	\$1,514	\$6,986	\$28,972
2016	\$7,480	\$1,568	\$677	\$1,026	\$1,108	\$227	\$6,122	\$3,058	\$125	\$1,514	\$6,986	\$29,891
2017	\$7,480	\$1,568	\$677	\$1,026	\$1,108	\$227	\$8,168	\$3,208	\$22	\$1,514	\$6,986	\$31,984
2018	\$7,480	\$1,568	\$677	\$1,026	\$1,108	\$227	\$8,168	\$3,208	\$23	\$1,514	\$6,986	\$31,985
Subtotal	\$ 29,920	\$ 6,272	\$ 2,708	\$ 4,104	\$ 4,432	\$ 908	\$ 26,986	\$ 12,425	\$ 1,077	\$ 6,056	\$ 27,944	\$ 122,832
2019	\$7,555	\$1,584	\$684	\$1,036	\$1,119	\$229	\$8,168	\$3,208	\$269	\$1,529	\$7,056	\$32,437
2020	\$7,630	\$1,600	\$691	\$1,047	\$1,130	\$232	\$8,168	\$3,208	\$272	\$1,544	\$7,126	\$32,648
2021	\$7,707	\$1,616	\$698	\$1,057	\$1,142	\$234	\$8,168	\$3,208	\$275	\$1,560	\$7,198	\$32,860
2022	\$7,784	\$1,632	\$704	\$1,068	\$1,153	\$236	\$8,168	\$3,208	\$277	\$1,575	\$7,270	\$33,075
2023	\$7,862	\$1,648	\$712	\$1,078	\$1,165	\$239	\$8,168	\$3,208	\$280	\$1,591	\$7,342	\$33,292
2024	\$7,940	\$1,664	\$719	\$1,089	\$1,176	\$241	\$8,168	\$3,208	\$283	\$1,607	\$7,416	\$33,511
2025	\$8,020	\$1,681	\$726	\$1,100	\$1,188	\$243	\$8,168	\$3,208	\$286	\$1,623	\$7,490	\$33,733
2026	\$8,100	\$1,698	\$733	\$1,111	\$1,200	\$246	\$8,168	\$3,208	\$289	\$1,639	\$7,565	\$33,956
Subtotal	\$ 62,597	\$ 13,122	\$ 5,665	\$ 8,586	\$ 9,272	\$ 1,900	\$ 65,344	\$ 25,664	\$ 2,231	\$ 12,670	\$ 58,463	\$ 265,513
2027	\$8,181	\$1,715	\$740	\$1,122	\$1,212	\$248	\$8,168	\$3,208	\$292	\$1,656	\$7,640	\$34,182
2028	\$8,263	\$1,732	\$748	\$1,133	\$1,224	\$251	\$8,168	\$3,208	\$294	\$1,672	\$7,717	\$34,410
2029	\$8,345	\$1,749	\$755	\$1,145	\$1,236	\$253	\$8,168	\$3,208	\$297	\$1,689	\$7,794	\$34,641
2030	\$8,429	\$1,767	\$763	\$1,156	\$1,249	\$256	\$8,168	\$3,208	\$300	\$1,706	\$7,872	\$34,873
2031	\$8,513	\$1,785	\$770	\$1,168	\$1,261	\$258	\$8,168	\$3,208	\$303	\$1,723	\$7,951	\$35,108
2032	\$8,598	\$1,802	\$778	\$1,179	\$1,274	\$261	\$8,168	\$3,208	\$306	\$1,740	\$8,030	\$35,346
2033	\$8,684	\$1,820	\$786	\$1,191	\$1,286	\$264	\$8,168	\$3,208	\$309	\$1,758	\$8,111	\$35,585
2034	\$8,771	\$1,839	\$794	\$1,203	\$1,299	\$266	\$8,168	\$3,208	\$313	\$1,775	\$8,192	\$35,827
2035	\$8,859	\$1,857	\$802	\$1,215	\$1,312	\$269	\$8,168	\$3,208	\$316	\$1,793	\$8,274	\$36,072
2036	\$8,947	\$1,876	\$810	\$1,227	\$1,325	\$272	\$8,168	\$3,208	\$319	\$1,811	\$8,356	\$36,319
2037	\$9,037	\$1,894	\$818	\$1,240	\$1,339	\$274	\$8,168	\$3,208	\$322	\$1,829	\$8,440	\$36,568
2038	\$9,127	\$1,913	\$826	\$1,252	\$1,352	\$277	\$8,168	\$3,208	\$325	\$1,847	\$8,524	\$36,820
2039	\$9,218	\$1,932	\$834	\$1,264	\$1,365	\$280	\$8,168	\$3,208	\$329	\$1,866	\$8,609	\$37,075
2038	\$9,310	\$1,952	\$843	\$1,277	\$1,379	\$283	\$8,168	\$3,208	\$332	\$1,884	\$8,696	\$37,332
2039	\$9,404	\$1,971	\$851	\$1,290	\$1,393	\$285	\$8,168	\$3,208	\$335	\$1,903	\$8,783	\$37,591
2040	9,498	\$1,991	\$860	\$1,303	\$1,379	\$283	\$8,168	\$3,208	\$338	\$1,922	\$8,870	\$37,820
Subtotal	\$ 141,183	\$ 29,595	\$ 12,778	\$ 19,365	\$ 20,885	\$ 4,279	\$ 130,688	\$ 51,328	\$ 5,032	\$ 28,576	\$ 131,858	\$ 575,568
TOTAL	\$ 233,699	\$ 48,989	\$ 21,152	\$ 32,056	\$ 34,590	\$ 7,087	\$ 223,018	\$ 89,417	\$ 8,340	\$ 47,302	\$ 218,265	\$ 963,914

Revenue Projection Assumptions

Short-term Federal & State Highway/Bridge funds based on 2015-18 Financial Guidance over 4 years

Mid & Long-term Federal funds projection based on 1% annual increase over 21 years

Mid & Long-term State Highway/Bridge funds based on 0% annual increase over 21 years

Short-term Federal & State Transit funds based on Financial Guidance over 4 years

Mid & Long-term Transit funds based on 1% annual increase over 21 years

Mid & Long-term State Highway/Bridge funds based on 0% annual increase over 21 years

Estimated Project Costs

Federal transportation planning regulations also require that projects in both the Transportation Improvement Program and Long-Range Transportation Plan be assigned to the year or years in which the project expenditure is expected to occur. State guidance also addresses Year of Expenditure (YOE) calculations for estimating project costs over the life span of the long-range transportation. Project cost estimates were projected using a 3% annual inflation rate, as indicated in PennDOT's financial guidance, and calculated for the short, mid-range and long-range periods of the LRTP to account for increases in the cost of projects over the 25-year period.

Fiscal Constraint

The 2015-2040 Long-Range Transportation Plan is fiscally constrained. The estimated cost of the transportation investments proposed to meet the 2040 long-range transportation plan goals and objectives are within the projected revenue for the next 25 years. Based project cost estimates, the total cost for transportation improvements within the 25-year planning horizon is approximately \$316 million. The total projected revenue over the same time period is approximately \$940 million. This results in a projected revenue reserve of approximately \$624 million available for conceptual projects to be developed into one or more specific projects; additional projects that are not listed in the plan but that fulfill the plan's goals and objectives; higher actual project costs; and flexibility in project scheduling in the event that new priority projects emerge.

More specifically, the Highway and Bridge category is fiscally constrained for all interim plan periods projected in the long range plan period. The Transit category is also fiscally constrained within all plan periods.

Projected transportation funds exceed the estimated cost of known projects, leaving a significant balance for additional projects and flexibility in scheduling.

Other Financial Considerations

The financial analysis relies on current recommended economic factors to estimate future available revenue and project cost estimates. The calculations do not consider any potential unforeseen economic event(s) that may present both a positive or negative impact to the current projection of available revenue, as well as estimates of project needs and associated costs. Accurately predicting the financial integrity of our transportation network over next 25 years is challenging. Some financial subjectivity with regard to the project cost estimates and the projected revenue may be introduced in the long range plan period. Future need costs are made based on limited engineering detail and include estimated rates of inflation. Also, estimated revenues are based on future federal and state funding sources and assumed inflation rates. These rates depend on future legislative actions, which are difficult to predict. The long-range transportation is not intended to be a stand-alone funding program. The plan serves as the basis for determining project priorities among many competing transportation needs and improves the decision-making process for the development of the biannual Transportation Improvement Program.

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