

Chapter 4: Financial Analysis

Existing Funding

Funding for transportation, and specifically transit, comes from a variety of sources in Colorado. Analyzing existing and future funding sources for transportation can help guide scenarios and the future of transit in Northern Colorado. Estimated annual allocations are based on data provided by the FTA and future projections were done by NFRMPO staff based on data from NTD and CDOT. Urbanized area maps to show the Fort Collins and Greeley urbanized areas are available in **Chapter 2**. Important to note, the NFRMPO, CDOT, and USDOT agencies use varying fiscal years and do not necessarily malign. Fiscal years in this chapter are related to the funding source and are not standardized.

Financial Trends

Transportation funding has been a major topic in recent years at the local, state, and national levels. Funding sources are explained in further detail in this Chapter, but some major trends to note as part of the planning process include:

- The Fixing America's Surface Transportation (FAST) Act increased funding for bus maintenance and replacement due to the USDOT's focus on asset management.
- State efforts have led to guaranteed transportation funding, including a multimodal pool. Multimodal funds can be used for bicycle, pedestrian, and transit uses. Further Statewide efforts have led to a sales tax initiative being on the November 2018 ballot, which could provide additional multimodal funding.

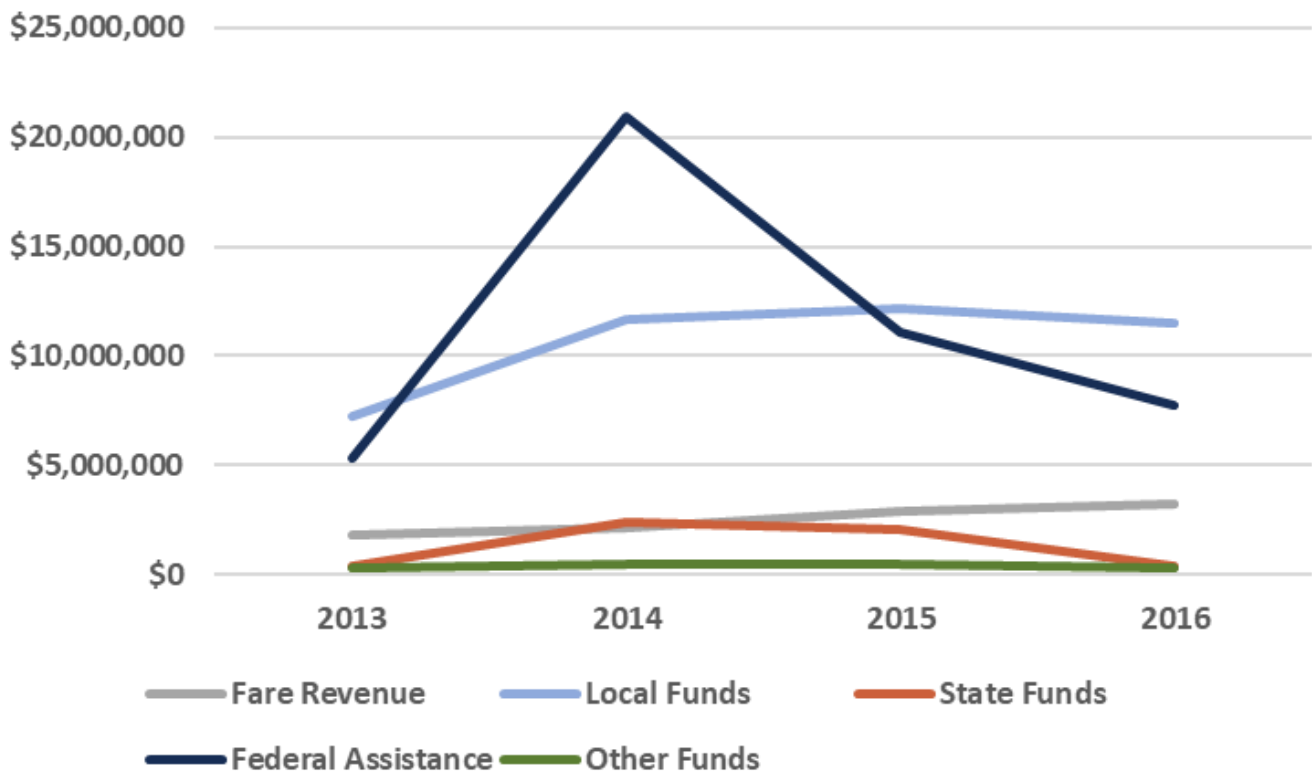
- Communities in the NFRMPO region have come together on issues like North I-25 and on the Larimer County Senior Transportation project to successfully apply for national and state grants. Partnerships can increase the funding avenues for the region.

Between 2013 and 2016, operating expenses across the three local transit agencies rose 68.6 percent based on data collected from NTD reports. Revenues rose 54.9 percent over that same period. The additional expenses and revenues are related to service expansions, increased contracts with local universities and companies, and other investments. Additionally, information from **Chapter 3** is useful in understanding how the three local transit agencies funded their programs between 2013 and 2016.

Figure 4-1 shows the trends for how COLT, GET, and Transfort have funded operations, with funding grouped into NTD reporting categories. The peak in 2014 for Federal Assistance is most likely related to the capital funding used to build the MAX BRT in Fort Collins. **Figure 4-2** shows how operating expenses have grown based on NTD reporting categories. Operating expenses for GET were estimated based on regional averages and overall

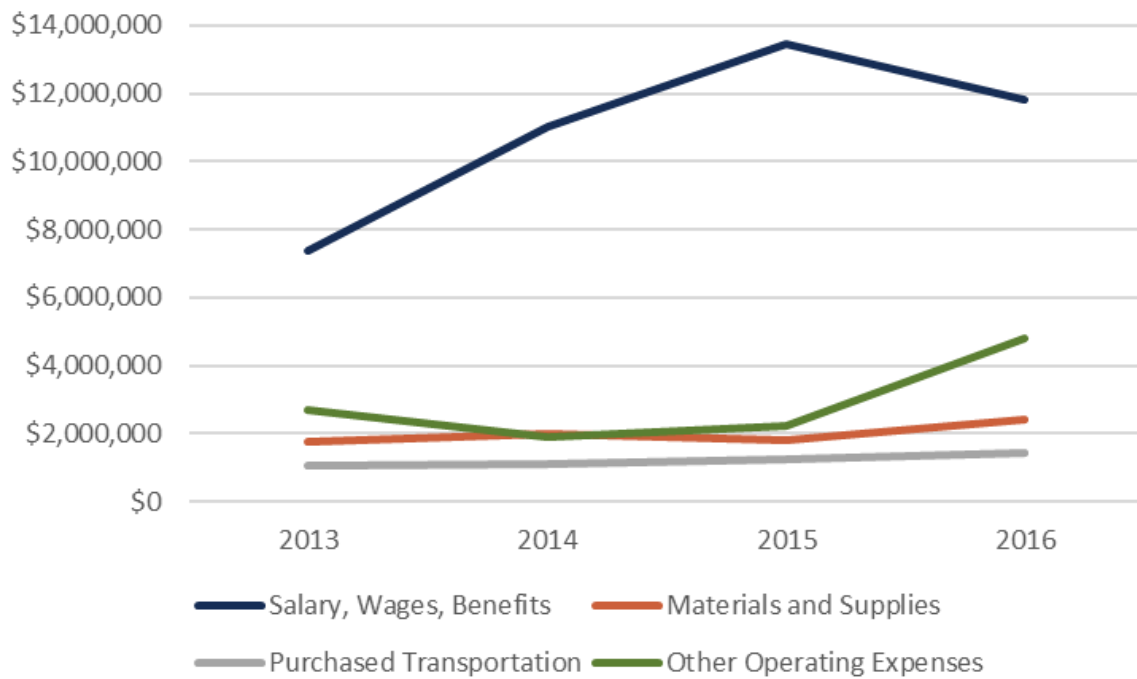
expenses. Salaries have been the largest operating expense, though other operating expenses have increased in 2015 and 2016. Capital expenses were calculated based on data reported to NTD as well. Big projects like MAX may skew capital funding trends, especially when compared to the consistent need to purchase vehicles and maintain the existing systems.

Figure 4-1. Operating Revenue Sources



Source: NTD, 2018

Figure 4-2. Operating Expenses



Source: NTD, 2018

Federal Funding

The FAST Act increased the funding for transit nationwide and updated the funding pools. New funding opportunities include Bus and Bus Facilities Discretionary Grants (§5339(b)), the Expedited Project Delivery for Capital Improvement Grants (CIG) Pilot Program, and the Pilot Program for Innovative Coordinated Access & Mobility. The FAST Act repealed Bicycle Facilities (§5319) and a previous Pilot Program for Expedited Project Delivery.

FTA funding for the NFRMPO region and Colorado is distributed primarily through four programs: §5307, §5310, §5311, and §5339, discussed in greater detail in the following subsections.

As the DR for the Fort Collins-Loveland-Berthoud TMA, Fort Collins receives an allocated amount of §5307, §5310, and §5339 annually. Colorado is the DR for areas with populations under 200,000; as a result, Greeley receives its funding through the State, but with an allocated amount. The allocated amount for each funding type is listed in **Table 4-1** and **Table 4-2**.

FTA §5307 (Urbanized Area Formula Funding Program)

§5307 provides funding for urbanized areas and to governors for transit capital and operating assistance in urbanized areas and for transportation-related planning. Funding can be used for planning, engineering, design and evaluation of transit projects and other technical transportation-related studies; capital investments in bus and bus-related activities such as replacement, overhaul and rebuilding of buses, crime prevention and security equipment and construction of maintenance and passenger facilities; and capital investments in new and existing fixed guideway systems including rolling stock, overhaul and rebuilding of vehicles, track, signals, communications, and computer hardware and software.¹

FTA §5310 (Enhanced Mobility of Seniors & Individuals with Disabilities Program)

§5310 provides formula funding to improve mobility for seniors and individuals with disabilities by removing barriers to transportation service and expanding transportation mobility options. Eligible projects include

buses and vans; wheelchair lifts, ramps, and securement devices; transit-related information technology systems, including scheduling/routing/one-call systems; mobility management programs; and acquisition of transportation services under a contract, lease, or other arrangement.²

FTA §5311 (Formula Grants for Rural Areas Program)

§5311 provides capital, planning, and operating assistance to states to support public transportation in rural areas with populations of less than 50,000 as well as the Rural Transit Assistance Program (RTAP). Eligible activities include planning, capital, operating, job access and reverse commute projects, and the acquisition of public transportation services.³

FTA §5339 (Bus & Bus Facilities Infrastructure Investment Program)

§5339 provides funding to replace, rehabilitate and purchase buses and related equipment; to construct bus-related facilities including technological changes or

innovations to modify low or no emission vehicles or facilities; to replace, rehabilitate and purchase buses, vans, and related equipment, and to construct bus-related facilities, including technological changes or innovations to modify low or no emission vehicles or facilities.⁴

FTA 5339(b) (Bus and Bus Facilities Discretionary Program)

§5339(b) provides funding to improve the condition of the nation’s public transportation bus fleets, in accordance with the requirement for FTA to consider the age and condition of buses, bus fleets, related equipment, and bus-related facilities.⁵

FTA 5339(c) (Low or No Emission Vehicle Program)

The Low or No Emission Competitive program provides funding to state and local governmental authorities for the purchase or lease of zero-emission and low-emission transit buses as well as acquisition, construction, and leasing of required supporting facilities.

Table 4-1. FTA Formula Funding for NFRMPO Region

Program	Estimated Annual Allocation (FY2018)
FTA §5307 for Fort Collins Urbanized Area	\$4,501,848
FTA §5307 for Greeley Urbanized Area	\$2,205,897
FTA §5310 for Fort Collins Urbanized Area	\$207,229
FTA §5339 for Fort Collins Urbanized Area	\$532,054
Total	\$7,447,028

Source: FTA, 2018

Table 4-2. FTA Formula Funding Controlled by CDOT

Program	Estimated Annual Allocation (FY2018)
FTA §5310*	\$1,689,991
FTA §5311**	\$11,954,931
FTA §5339***	\$5,033,480
Total	\$18,678,402

*Colorado receives \$1,073,690 on behalf of urbanized areas between 50,000 and 199,999 in population and \$616,301 on behalf of nonurbanized areas less than 50,000 in population.

**Colorado’s apportionment for FTA 5311 includes 5340 apportionments as well.

***Colorado receives \$1,533,480 on behalf of urbanized areas between 50,000 and 199,999 in population and \$3,500,000 as a statewide allocation.

Source: FTA, 2018

State Funding

State funding for transportation fluctuates each year. Local municipalities may use HUTF funds for multimodal investments. To counter this lack of transit funding, two main sources of funding have been created to provide sustainable funding for transportation, including transit: Funding Advancement for Surface Transportation and Economic Recovery (FASTER) Act and Senate Bill (SB) 18-001 (SB1). FASTER passed in 2009 and provides funding toward roadway safety, bridge repair, and transit projects. FASTER placed two annual surcharges on motor vehicle registrations, supplemental surcharges on oversize and overweight motor vehicles, daily fees on rented vehicles, and incremental fees for late motor

vehicle registration. Off the top, CDOT uses \$3M for Bustang operations and the rest is available to transit agencies across the State as competitive grants. Senate Bill (SB) 18-001 (SB1) was passed in 2018 and provides for a range of funding options depending on whether a transportation funding initiative passes the ballot in November 2018. According to the summary provided by the Colorado Legislature⁶, a specified amount will be transferred from the general fund to the state highway fund, the highway users tax fund, and a new multimodal transportation options fund during state fiscal years 2018-2019 and 2019-2020 for the purpose of funding transportation projects. See **Tables 4-3** and **4-4**.

Table 4-3. Statewide FASTER Transit Funding

Pool	Amount
FASTER Statewide Projects Pool	\$10,000,000
FASTER Local Transit Grants Pool	\$5,000,000
Total	\$15,000,000

Source: CDOT, 2018

Table 4-4. Statewide SB1 Transit-Eligible Funding

Funding Type	Amount
Local Funding	\$96,750,000
Multimodal Funding	\$96,750,000
Total	\$193,500,000

Source: CDOT, 2018

NFRMPO Funding

The NFRMPO holds a Call for Projects every two to four years for the funding sources listed in **Figure 4-3**. The Call provides the NFRMPO's 15-member communities and CDOT an opportunity to improve the transportation system and air quality. Funding from these programs may be used on transit projects to varying degrees.

Surface Transportation Block Grant (STBG) funding, previously known as the Surface Transportation Program-Metro (STP-Metro) program, is considered the most flexible transportation funding source. STBG funding can be used to preserve and improve the conditions and performance on any Federal-aid highway, bridge and tunnel projects on any public road, pedestrian and bicycle infrastructure, and transit capital projects, including intercity bus terminals.

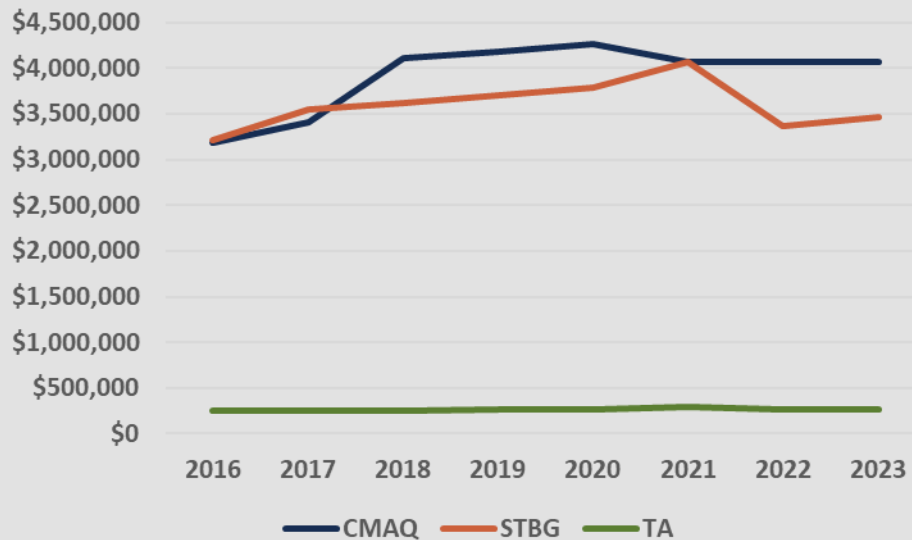
Congestion Mitigation and Air Quality (CMAQ) funding focuses mainly on projects which reduce congestion and/or improve air quality. Funds may be used for a transportation project or program that is likely to contribute to the attainment or maintenance of a national ambient air quality standard, with a high level of effectiveness in reducing air pollution. New transit route operations, for example, can be funded using CMAQ for three years (or two years at full cost, and a sliding scale between years three and five). In the NFRMPO's case, projects should contribute to reductions in ozone, carbon monoxide, and associated criteria pollutants.

Transportation Alternatives (TA) funds smaller-scale transportation projects such as pedestrian and bicycle facilities, recreational trails, safe routes to school projects, community improvements such as historic

preservation and vegetation management, and environmental mitigation related to stormwater and habitat connectivity. While these funds cannot be used to operate transit directly, TA funds can be used to enhance sidewalk and bicycle connections and to

enhance drainage and other vegetation around transit stops. **Figure 4-3** shows CDOT estimates for funding allocations under the FAST Act (2016-2020) and for the NFRMPO’s Call for Projects to be held in fall 2018. Funding estimates beyond 2020 depend on new federal

Figure 4-3. NFRMPO-Allocated Funding Programs



Source: CDOT, 2018

Local Funding

Local communities have set aside local sales tax and other funds to improve and operate transit in the region. Items highlighted in this section are in addition to any funding provided through community general funds.

Keep Fort Collins Great (KFCG)

Passed in 2010, the KFCG sales tax provides funding for Transit operations and capital projects. The sales tax is 0.85 percent and sunsets in 2020. **Table 4-5** shows the 2018 allocated amounts for each funding source. Only transportation-related funding is shown separately with other uses grouped together into “other priorities”.

Table 4-5. KFCG Funding

Topic	Amount
Street Maintenance (including ADA)	\$10,631,611
Other Transportation	\$5,201,270
Other Priorities	\$15,485,265
Total	\$31,318,146

Source: Fort Collins, 2018

Capital Community Improvement Program (CCIP)

BOB 2.0 provides funding for capital projects within Fort Collins, such as the ADA Bus Stops Upgrade Program and new bus purchases. The sales tax is 0.25 percent and sunsets in 2025. **Table 4-6** shows the 2018 BOB funding for the Community Capital Improvement Program.

Table 4-6. CCIP Funding

Topic	Amount
Community Capital Improvement Program	\$5,600,000
Total	\$5,600,000

Source: Fort Collins, 2018

Student Fees

Students at CSU and UNC pay student fees, which are then used to subsidize transit. These pay for routes like the Around the Horn and the Boomerang on campus, as well as providing students with access to the transit network for no additional fees. **See Table 4-7.**

Table 4-7. Student Fees

Topic	Amount
CSU (including ASCSU)	\$1,994,500
UNC	\$140,000
Total	\$2,134,500

Source: CSU and GET, 2018

Potential Funding Sources

Currently, only Fort Collins and Greeley have sales tax going toward transportation. Fort Collins allocates funding from its general fund for transit. In the future, there is the potential for other communities to pass sales tax initiatives. Additionally, the Denver Metro Mayors' Caucus is leading an effort to pass a statewide sales tax initiative. If the Statewide sales tax passes, 15 percent of the proceeds would go to a multimodal fund, similar to SB1 funding.

Non-USDOT Funding

In addition to funding from the US Department of Transportation (USDOT), funding for transit-related activities can come from multiple other federal agencies. The schematic shown in **Figure 4-5** is used by DRCOG in its *2017 Coordinated Transit Plan* to show federal funding sources, distributors, and recipients. These funds can be used to varying degrees as local match for FTA funding, but also may be (and are currently) used for funding for vulnerable populations like older adults and individuals with disabilities. In the NFRMPO region, for example, the Larimer County Office on Aging distributes grant funding to support BATS, Heart&SOUL Paratransit, RAFT, and SAINT.

Projections

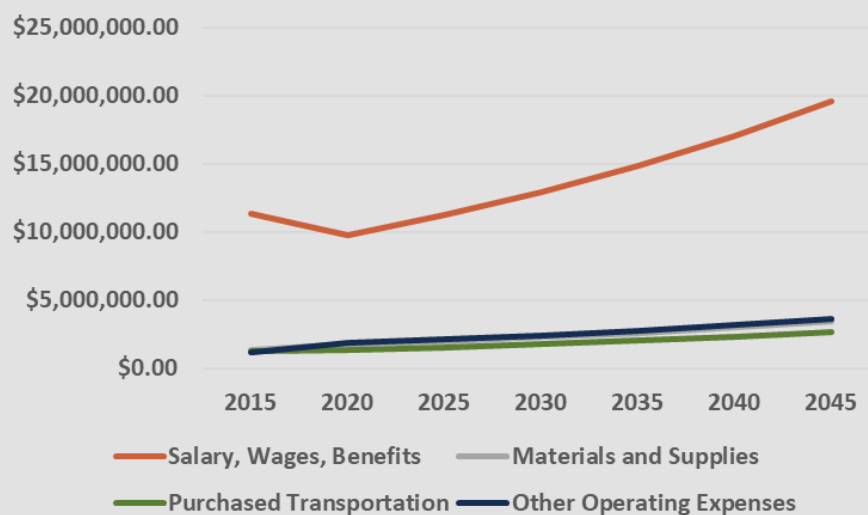
To see how much revenue the NFRMPO region can anticipate by the *RTE's* horizon year of 2045, NFRMPO staff calculated expected transit revenues in the outyear of the Plan. It is important to note the NFRMPO staff did not estimate how technology will change the transit landscape. Technology will be explained in further detail in the *2045 RTP*.

Operating Expenses

It is difficult to estimate future transit system operations costs with unknowns such as changes in technology, ridership trends, and funding. Based on trends identified from National Transit Data (NTD) reports between 2013 and 2016, expenses will grow to nearly \$30M per annum by 2045 in year of expenditure (YOE) dollars as

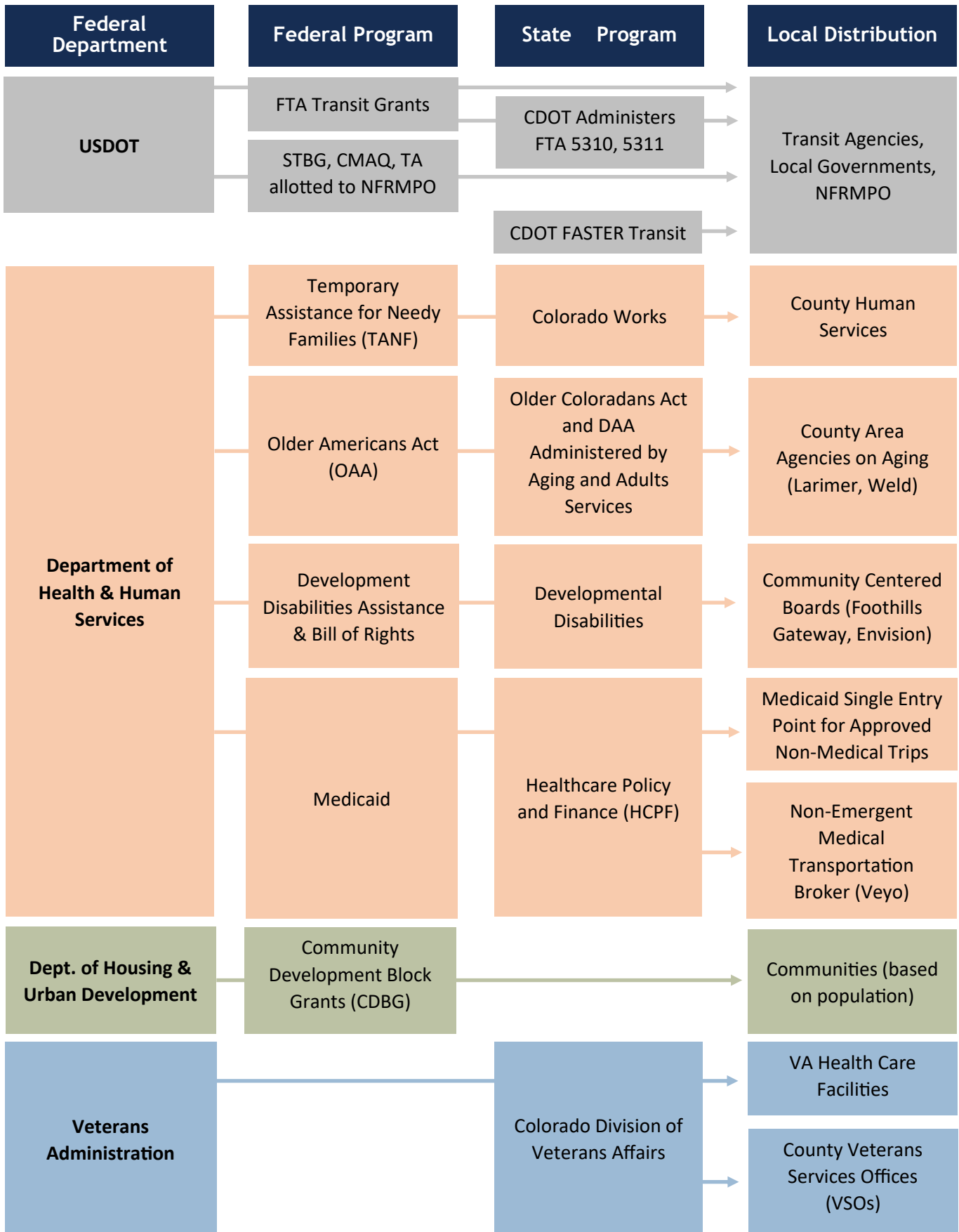
shown in **Figure 4-4**. This estimate is solely to maintain the existing system and for operations only; these costs do not include future capital needs or any potential projects included in **Chapter 5**. Capital needs will be identified through each transit agencies' Transit Asset Management (TAM) plans.

Figure 4-4. Projected Operating Expenses (2015-2045)



Source: NTD, NFRMPO, 2018

Figure 4-5. Schematic of federal Funding Sources, Distributers, & Recipients



Source: DRCOG, 2017

Federal Funding Projections

Using allocations for Federal Fiscal Years (FFY) 2013 through 2018, **Table 4-8** shows expected regional and statewide funding levels for federal transit programs in YOE dollars. Regional funding includes funds provided to the Fort Collins TMA and the Greeley Urbanized Areas, while statewide funding accounts for funds provided directly to the State of Colorado. Funding is estimated based on current trends. If current trends continue through 2045, the region can expect a funding increase of 373.4 percent, while the State could see an increase of 266 percent based on current trends. Currently, the NFRMPO region receives approximately 20 percent of statewide allocations of federal funding because of Greeley-Evans Transit.

Funding projections for the three grant programs allocated by the NFRMPO will also grow as shown in **Figure 4-9**. As stated previously, funding for CMAQ, STP, and TA is difficult to project beyond 2020 due to the expiration of the FAST Act; however, CDOT has estimated funding for FY2021 through FY2023 and these are used for projection purposes. Combined, the region can expect to see an increase of 64.8 percent in allocable funds across all three programs. Transit currently receives about 45 percent of CMAQ funding (as of the 2016 NFRMPO Call for Projects), and no STBG or TA funding.

Table 4-8. Federal Transit Funding Comparisons

	FFY2018	FFY2045	Percent Change
Regional	\$7,447,028	\$18,707,541	151.2%
Statewide	\$18,678,402	\$36,347,343	94.6%

Source: NFRMPO Staff

Table 4-9. Federal Transportation Funding Comparisons

	FFY2018	FFY2045	Percent Change
CMAQ	\$4,107,267	\$8,567,122	108.6%
STBG	\$3,626,185	\$4,273,948	17.9%
TA	\$258,188	\$329,092	27.5%

Source: NFRMPO Staff

State Funding Projections

Projections for state funding are more difficult due to the major ballot initiatives currently underway and depend on the 2018 ballot results. FASTER funds do not have a sunset date and therefore should remain constant in the near future. Because there is no assurance of the sales tax ballot passing in November, NFRMPO staff estimated funding based on 2019 SB1 funding, which is 15 percent of the \$495M General Fund transfer statewide. This number is expected to decrease after 2019, but data in **Table 4-10** is based on Year 1 estimates. Based on population and service provided, the NFRMPO region could reasonably expect about 10 percent of multimodal funding from SB1 and about five percent of FASTER funds. See **Table 4-10** on the next page.

Local Funding Projections

Local funding opportunities may be buoyed by the passage of the sales tax initiative, which will provide transportation funding to counties and cities across the State. Depending on the project, local communities may decide to fund transit projects using this funding source in addition to the multimodal pool of funding. For the purposes of projections, NFRMPO staff assumed transit could reasonably expect \$500,000 from each eligible transportation related category of KFCG and BOB and a similar amount from the universities.

Table 4-10. Statewide Funding Projections

	FFY2018	FFY2045	Percent Change
SB1	\$0	\$74,250,000	N/A
FASTER	\$15,000,000	\$15,000,000	0%

Source: NFRMPO Staff

Total Funding Projections

Table 4-11 shows the total expected funding based on the federal, state, and local funding projections throughout this Chapter. The NFRMPO can expect to see approximately \$39.1M in federal funding, including transit (§5307, §5310, §5311, and §5339) and overall transportation programs (CMAQ, STBG, and TA); \$8.1M in State funding, including FASTER and SB1 funding; and approximately \$1.5M from local sales tax programs. This leads to an overall expectation of \$48.8M in available capital and operating funds in 2045 for the NFRMPO region.

Table 4-11. Total Funding Projections

Funding Level	Amount (2045)
Federal*	\$39,147,172
State	\$8,175,000
Local	\$3,634,500
Total	\$50,956,672

*(including 5307, 5310, 5311, 5339 and CMAQ, STBG, and TA)

Source: NFRMPO Staff

The Highlights

- FTA funding for the NFRMPO region and Colorado is distributed primarily through four programs: §5307, §5310, §5311, and §5339
- State funding for transit is primarily sourced from the Funding Advancement for Surface Transportation and Economic Recovery (FASTER) Act and Senate Bill (SB) 18-001 (SB1)
- The NFRMPO can provide transit funding from all available funding programs during the Call for Projects process
- Transit is also funded through local and non-USDOT initiatives
- Annual operating expenses in 2045 are expected to near \$30M
- Total funds available in 2045 are expected to exceed \$48M

References

1. FTA §5307 - <https://www.transit.dot.gov/funding/grants/urbanized-area-formula-grants-5307>
2. FTA §5310 - <https://www.transit.dot.gov/funding/grants/enhanced-mobility-seniors-individuals-disabilities-section-5310>
3. FTA §5311 - <https://www.transit.dot.gov/rural-formula-grants-5311>
4. FTA §5339: <https://www.transit.dot.gov/bus-program>
5. FTA §5339(b): <https://www.transit.dot.gov/funding/applying/notices-funding/5339b-bus-and-bus-facilities-discretionary-program-bus-program-2016>
6. Colorado Legislature description: <https://leg.colorado.gov/bills/sb18-001>