

Whatcom Mobility 2040

Paying for the Transportation System our Region needs

Introduction

Long-range transportation plans need to show how identified strategies and improvements can be implemented; indicating funding sources reasonably expected to be available and recommend additional financing strategies if needed (Title 23 USC 134). A plan developed this way is said to be fiscally constrained, limited to ensure that the cost of planned projects will not exceed projected revenues.

WCOG's financial analysis of regional transportation costs and revenues is based on historical trends of revenues and expenditures along with a review of previous long-range plans. The financial analyses take into account the unique circumstances of each program area – local roads and ferry, state highways, and public transit.

The forecast to 2040 is divided into two time periods to fiscally assess the region's transportation needs:

1. 2017 – 2027 is a more probable financial outcome alongside a list of projects that are more certain to be advanced by jurisdictions.
2. 2028 – 2040 aggregates outer-year revenues and planned expenditures due to increased chances of changes in costs, laws, economic conditions, and local priorities.

Financial Assumptions

Federal, state and local revenue estimates change over time and are revised regularly due to a variety of factors including adjustments for actual uses, changes in funding estimates, and other economic conditions. Despite fluctuations, the estimates in this plan depend on some reasonable assumptions to set a baseline and estimate future trends in transportation funding for the region. Assumptions include the following:

- Federal funding will continue to be available in similar amounts for regional roadway and transit infrastructure. U.S. transportation acts will continue through the planning horizon period, currently the Fixing America's Surface Transportation Act (FAST Act) authorizes federal funding.
- Because the Whatcom region's economic vitality and quality of life depend on a functioning transportation network, state agencies and local municipalities will continue to invest to maintain and preserve the transportation network. Therefore, it is assumed that state and local resources will support the transportation system of this region through 2040 with levels comparable to recent years.
- Funding will continue to be available for transit. Transit funds in the region are administered through the Whatcom Transportation Authority (WTA) in the form of federal grants, revenue bonds, pay-as-you-go funding, and interest earnings. WTA has

been able to refinance bonds, cut expenses and improve fare box revenue through increased ridership and will continue to work at innovative financing to maintain its level of service. It is therefore assumed that WTA will maintain similar levels of funding as in recent years.

- Bond proceeds and debt payments have a minimal influence on transportation investments in the region and will continue to. However these are difficult to forecast and are not reasonably expected to be available. Therefore have been excluded from long-range plan consideration.
- The Port of Bellingham manages the Bellingham International Airport and maritime freight activities in the region. Federal and state resources used to support these activities reside outside the Federal Highway Administration, Federal Transit Administration, and Washington State Department of Transportation requirement to be included in the regional transportation plan and therefore have been excluded. Planning documents for the Port of Bellingham can be found through this [link](#).

Historical and Current Funding

As mentioned previously, the Whatcom region utilizes several funding sources from all levels of government to finance regional transportation projects. Historical revenues and expenditures inform the 2040 financial forecast.

Federal Funding

The Whatcom region receives federal support through two primary sources:

- **U.S. Federal Highway Administration (FHWA)** provides funding for a number of regional projects through several programs including but not limited to the National Highway System, Interstate Maintenance, the Surface Transportation Block Grant program, and the Coordinated Border Infrastructure program.
- **U.S. Federal Transit Administration (FTA)** administers programs to fund regional transportation agencies, including but not limited to the Rural Transit Assistance Program, the Metropolitan and Statewide Planning program, and the Transit Cooperative Research program.

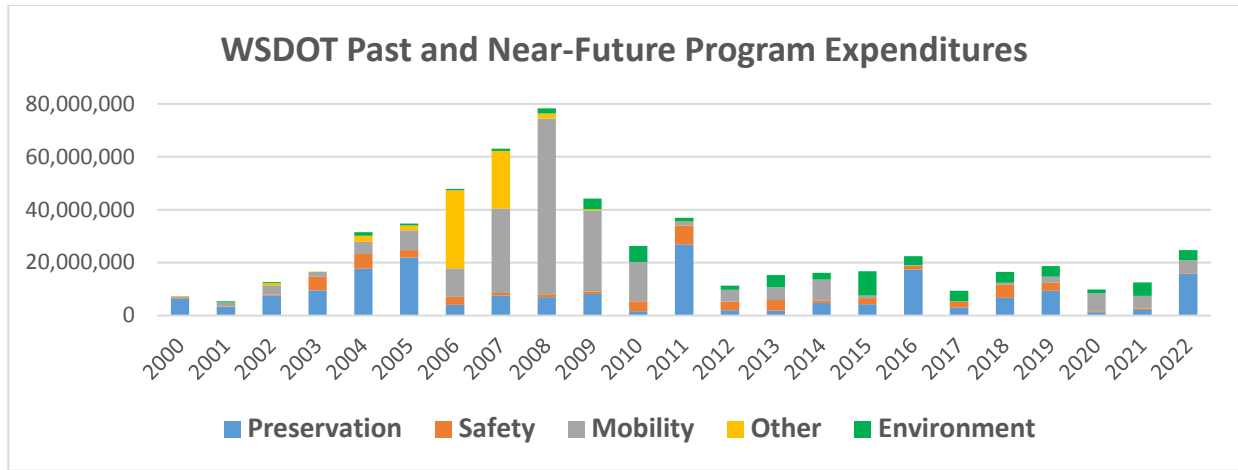
Federal Highway Administration's (FHWA) Surface Transportation Block Grant program funds are allocated to WCOG, allocations of Federal Transit Administration (FTA) 5307 grant funds are managed by WTA. Both federally managed programs receive apportionments based on the federal authorization at the time. **Figure** illustrates the federal transportation funding in the region since 1992.

**Federal Highway and Transit Allocations
to the Whatcom Region (in 000s)**

Federal Authorization	Federal Fiscal Year	Surface Transportation Program Allocations to WCOG		Federal Transit Administration Allocations to WTA	
		Nominal Dollars	Adjusted for Inflation	Nominal Dollars	Adjusted for Inflation
ISTEA	1992	\$465	\$812		
	1993	\$1,322	\$2,242	\$280	\$475
	1994	\$1,596	\$2,638	\$1,877	\$3,103
	1995	\$1,023	\$1,645	\$2,257	\$3,629
	1996	\$1,390	\$2,171	\$575	\$898
	1997	\$1,507	\$2,300	\$484	\$739
TEA-21	1998	\$1,226	\$1,843	\$1,842	\$2,769
	1999	\$1,745	\$2,567	\$633	\$931
	2000	\$1,817	\$2,586	\$528	\$751
	2001	\$1,982	\$2,743	\$2,493	\$3,450
	2002	\$2,097	\$2,857	\$1,297	\$1,767
	2003	\$1,714	\$2,282	\$575	\$766
SAFETEA-LU	2004	\$2,207	\$2,863	\$1,071	\$1,389
	2005	\$1,733	\$2,175	\$981	\$1,231
	2006	\$1,721	\$2,092	\$110	\$134
	2007	\$2,239	\$2,646	\$2,059	\$2,433
	2008	\$2,243	\$2,553	\$575	\$655
	2009	\$1,512	\$1,727	\$4,832	\$5,518
	2010	\$2,695	\$3,028	\$4,133	\$4,644
	2011	\$2,840	\$3,094	\$2,892	\$3,150
MAP-21	2012	\$2,701	\$2,882	\$925	\$987
	2013	\$2,912	\$3,063	\$5,293	\$5,567
	2014	\$2,825	\$2,924	\$1,872	\$1,938
	2015	\$2,719	\$2,812	\$218	\$225
FAST ACT	2016	\$2,963	\$3,021	\$4,608	\$4,699
	2017	\$2,963	\$2,963	\$3,692	\$3,692

State Highway Funding

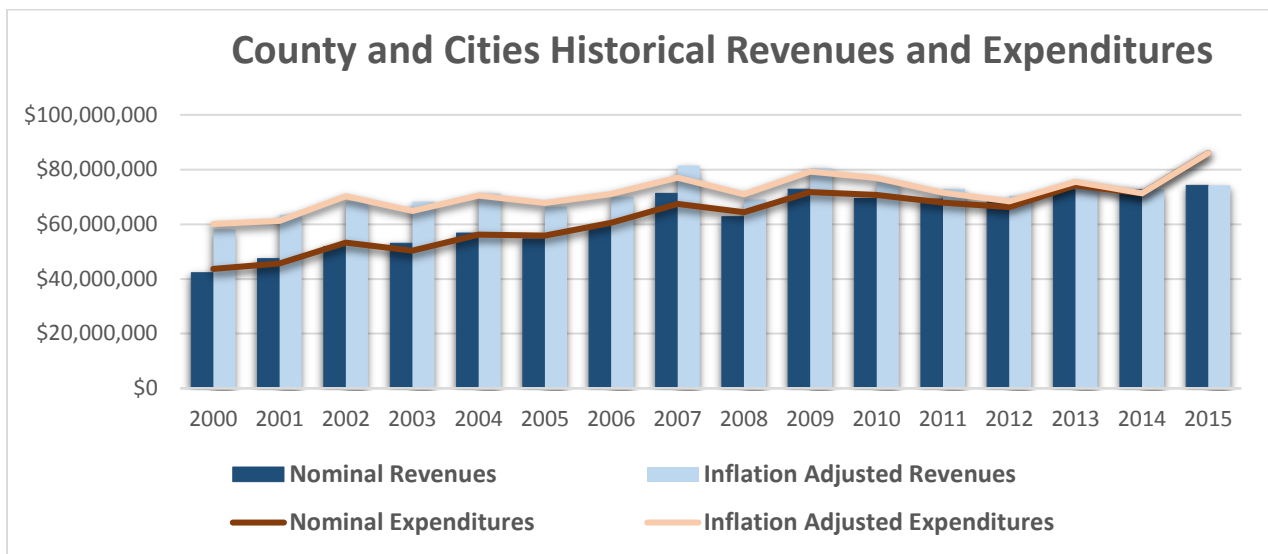
Washington State Department of Transportation (WSDOT) manages state facilities and operations. State highways make up 11 percent of all roadway miles in the Whatcom region and 45 percent of regionally significant roadway miles. State highways also support the highest vehicular activity in the region. WSDOT funds state highways with both federal and state revenues primarily generated from fuel tax. **Figure_** illustrates past to currently planned near-term WSDOT expenditures in their agency’s funding categories: preservation, safety, mobility improvements, environmental, and other projects. Note that WSDOT currently has investments identified in the regional and state capital improvement program for years 2017-2022.



A recent peak in state program funding occurred from 2006 – 2009 during the federal Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) authorization act and annual legislative appropriations that benefited our region. Since that time program funds making their way to our region have hovered in the \$10-20 million range annually with the continuance of funding through 2020 from the FAST-Act.

Local Funding

Local government in the Whatcom region are Whatcom County and seven cities – Bellingham, Blaine, Everson, Ferndale, Lynden, Nooksack, and Sumas. The county serves unincorporated areas (non-city) while the cities serve their respective incorporated communities. Since 2000, the trend in local revenues and expenditures have increased substantially. **Figure** displays the historical revenues and expenditures since 2000. The shows annual amounts in both nominal dollars and current year (2015) dollars which illustrates that our regions purchasing power has not increased despite population growth over the same period.



Figure_ depicts the five-year average of local jurisdiction funding sources and expenditures.



Revenues and Expenditures Forecast

In general, transportation funding sources are in decline. It is therefore important to consider how funding is pre-designated for specified project categories. For the purposes of this plan, four project types are identified: operations, maintenance, preservation, and improvements.

Operations

Operations refers to the personnel, facilities, and capital required to administer, plan, engineer, and police the transportation system.

Maintenance

Jurisdictions in the region continuously monitor conditions of the transportation system to maintain a functional state of operation. Maintenance work responds to specific events or seasonal impacts that deteriorate assets. Continuous scheduled maintenance avoids more significant future costs.

Preservation

Preservation encompasses the sustainment or improvement of transportation facilities but do not add capacity. Preservation activities such as repaving roads, protecting against rock falls, and rehabilitating bridges are identified through a local needs analysis and the Pavement Management System and Bridge Management System. These projects are typically more expensive than maintenance projects, however these projects can mitigate future reconstruction costs.

Improvements

In addition to maintaining and preserving existing system components, this plan includes a recommended set of capital and other improvement projects that improve safety, access, connectivity, mobility, transportation demand management and transportation alternatives that promote healthy communities. Improvement projects that add vehicle capacity are typically

very expensive and thus, completing even a small number of these projects reduces a region's ability to pay for standard preservation and maintenance on originally anticipated schedules. Conversely, improvement projects that expand mode sharing, e.g. adding bicycle lanes, tend to be less expensive.

WCOG Transportation Improvement Program

Anticipated resources for transportation projects listed in the regional Transportation Improvement Program (TIP) have been considered in the financial forecast. The TIP provides a six-year comprehensive list of transportation projects that utilizes federal funds or are considered a regional project. The total cost of projects programmed, funded and schedule to spend in the first four years of the WCOG 2017-2022 TIP do not exceed anticipated resources and are thus fiscally constrained.

Balance Sheet

The assumptions applied to the Whatcom region’s long-term financial forecast include growth estimates based on local, state and federal sources. There are a host of known and unknown variables that will affect both the revenues acquired and expenditures necessary to sustain the regional transportation system. The WCOG, with the assistance of local and state partners, developed a financial forecast to conservatively estimate future outcomes.

The listed regional transportation projects (insert reference) programmed through 2040 are fiscally constrained.

Estimated Revenues and Expenditures (in \$000)

Years	Program	Revenues	Expenditures	Difference
2017 - 2027	Cities and County	950,513	986,525	-36,012
	WSDOT	173,480	179,254	-5,774
	Transit	50,053	42,177	7,876
	Totals	1,174,046	1,207,956	-33,910
2028 - 2040	Cities and County	1,195,778	1,332,668	-136,890
	WSDOT	220,408	276,037	-55,629
	Transit	88,830	94,132	-5,303
	Totals	1,505,015	1,702,838	-197,822
2017 - 2040	Cities and County	2,146,291	2,319,193	-172,902
	WSDOT	393,888	455,291	-61,404
	Transit	138,883	136,309	2,574
	Totals	2,679,061	2,910,794	-231,733

The balance sheet, **Figure_**, indicates that future revenues will be insufficient to accommodate the rising costs of maintenance, operations, preservation and improvements for the local and state systems.

Fiscal Constraint

For a fiscally constrained plan, the 20-year cost of planned investments in the regional transportation system are compared with the available revenues forecasted. Projects are individually prioritized within the first 10-year period (2017-2027) and batched as an aggregate estimated cost for the outer years (2028-2040). Projects fall into three funding-status categories in the regional plan:

1. **Currently funded** projects are programmed to start in the regional Transportation Improvement Program 2017-2022. These projects are fiscally constrained.
2. **Planned** projects are expected to secure funding and start construction during the plan's time frame. These projects are fiscally constrained.
3. **Illustrative** projects support regional needs, however they currently fall outside fiscal constraints. Illustrative projects do have implementation potential if funding arises, thus the plan supports these projects if funding becomes available.

The Financial Gap

With the exception of transit, available revenues through 2040 are not expected to cover forecast expenditures. Over the same planning period, vehicle miles traveled (VMT) are forecasted to continue rising as the population in the region continues to grow. Improved vehicle fuel efficiencies are also reducing fuel tax revenues over time. This increases the importance of prioritizing transportation investments in order to best maintain a functional regional transportation system. There is no single funding source that will make-up the anticipated revenue shortfall. Rather, employing a combination of transportation strategies and program adjustments will serve to alleviate the gap.

Local Jurisdictions

Looking ahead to the 2040 planning horizon, Whatcom County and incorporated cities in the region have a current estimated shortfall of approximately **\$173 million**. The primary revenue sources for the locally-managed transportation system in the Whatcom region include:

- **Property taxes** collected by Whatcom County provide nearly 50 percent of revenues generated for transportation spending in unincorporated areas. To a lesser extent, cities also use property taxes to fund transportation.
- **City sales taxes and other local receipts** contribute over 50 percent of funding used for transportation spending in incorporated areas.
- **Federal funds** provide about 16 percent of annual regional revenues.
- **State funds** through the general fund appropriations, state fuel tax distribution, and other state-generated funds e.g. County Road Administrative Board (CRAB) and Transportation Improvement Board (TIB) contribute nearly 25 percent of revenues.



State System

Washington State's Department of Transportation's (WSDOT) state highway system will have an estimated shortfall of approximately **\$61 million** through the year 2040. Funding for the agency and programs is primarily generated through the motor vehicle fuel tax. WSDOT also employs other revenue tools and sources such as bond sales, federal funds, tolls and ferry fares.

Strategies to Close the Gap

Options to more fully implement all regionally identified system improvements or to bring the costs of planned investments within the bounds of fiscal constraint include generating more revenue, changing how systems operate (e.g. mode shift, technology, etc.), and investments prioritizing.

Prioritization of investments to maximize achievement of regional goals may include emphasis on maintenance and preservation over projects to expand roadway capacities. Other local investments to reduce future system costs include continued support for multi-modal transportation options including bike, pedestrian, and transit facilities.

Discussion of Long-term Financial Strategies

State and local entities function under their respective policies and decision-making structures that largely determine the funding mechanisms available to them. These entities may have to assess their revenue sources over time and likely make adjustments (requiring policy changes or voter approval) in order to realign planned transportation system investments with available funding.

The largest urbanized area in the Whatcom region, the City of Bellingham focuses on the continued development of a complete transportation network and operational strategies. Their goal is to reduce single occupancy vehicle usage from the current 68 percent down to 50 percent by 2036. By acknowledging peak-hour congestion as an urban reality, Bellingham emphasizes the promotion of pedestrian, bicycle, and transit activities that result in less need for costly improvements.

WSDOT's Practical Solutions initiative places a premium on low-cost investments, collaboration with regional and local jurisdictions, performance-based management and planning also supports a long-term strategy to sustain the state system. These initiatives and continuous assessments of revenue sources are needed to help close the gap, especially in the outer years 2028-2040.

Revenue Tools

Current Funding Tools

Transportation benefit districts (TBD) can be important revenue options used by county and city jurisdictions in the region. The City of Bellingham currently utilizes a TBD, along with a Street Fund and Transportation Impact fees that together can provide an estimated \$250 million through 2040.



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Border area fuel tax may be collected by jurisdictions within 10 miles of the Canadian border for the sole purpose of street maintenance and construction. Blaine, Nooksack, Point Roberts, and Sumas currently collect the 1 cent per gallon tax. Largely affected on Canadian-US cross-border travel activities, this revenue source has generated over \$300 thousand annually. With cross-border activity generally increasing over time – 18 percent for cars and 11 percent for trucks since 2010 – the border area fuel tax has the potential to generate additional revenues long-term.

Future Funding Tools

For the largest capital projects in the region that meet specific criteria, the most likely funding strategy will be to compete for special grants such as Transportation Investment Generating Economic Recovery (TIGER), Fostering Advancements in Shipping and Transportation for the Long-Term Achievement of National Efficiencies (FASTLANE), or other programs within the Fixing America's Surface Transportation Act (FAST Act) that will be available thru 2020.

The State of Washington is studying the feasibility of replacing fuel taxes with road user charges (RUC). Fuel tax revenues are expected to decline over time as vehicle fuel efficiencies continue to improve. Applying a RUC eliminates discriminating vehicle fuel efficiencies by applying fees based on the actual vehicle miles accumulated on the roads. The findings of the Washington State Transportation Commission concluded that RUC cost more than fuel taxes to collect in the near-term, but the performance of the RUC over time produces more sustainable revenues.

Other worth noting?

Congestion Pricing – is it really feasible here in Whatcom?

The Freight Mobility Strategic Investment Board (FMSIB) was established in 1998 to identify and prioritize freight-related projects to alleviate congestion and chokepoints. Funds are requested from the state legislature to complete these projects, and are often combined with local or other sources of funding partnerships.