

Financial Summary Information

Introduction

Federal requirements for the Transportation Improvement Program (TIP) include the need to demonstrate fiscal constraint in the TIP. Goldsboro MPO, in coordination with the North Carolina Department of Transportation (NCDOT), the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA) have demonstrated fiscal constraint in Fiscal Years 2012-2015 of our FY12-18 Metropolitan Transportation Improvement Program (MTIP).

Funding and programming levels for FY 12-15 were obtained through the NCDOT TIP Management Unit and applied to demonstrate fiscal constraint.

Highway and Transit Projects

Funding levels for highway and transit projects include all anticipated programmed obligations and anticipated revenues. These funding levels were derived from the MTIP and local Transit and Capital Improvement Budgets, and are adjusted for inflation (see Attachment 1). These funds are categorized based on funding source. See Table 2 for an explanation of funding sources.

Operations and Maintenance

Funding levels for FHWA Operations and Maintenance were derived by estimating that approximately 40% of the Highway Obligations will be for Operations and Maintenance. (See Table 1 for details)

Funding levels for FTA Operations and Maintenance were determined through comparison of adopted and projected budgets of local transit operators. It is estimated that approximately 84% of Transit Obligations will be for Operations and Maintenance.

Summary Table

The following table (Table 1) is a summary of the FY 12-15 portion of the MTIP that shows funding and expenditure breakdowns for all anticipated Federal, State, and Local projects included in the MTIP.

State Funds

North Carolina currently distributes Federal Transportation Funds based on The Equity Formula. The Equity Formula divides the State into seven distribution regions with each region composed of two adjacent highway divisions. The allocation of funding is then based on the following factors:

- 25%-on the number of lane miles to complete the Intrastate System projects in a distribution region compared to the estimated miles to complete the total Intrastate System;
- 50%-on the estimated population of the distribution region compared to the total estimated population of the State; and
- 25%-on the fraction of one-seventh, or, in other words, an equal share to each region.

Attachment 1: Inflation Factor Calculations for the Transportation Improvement Program

The projected rates of inflation used for future year highway construction and right of way costs are based on 10 year trends in the North Carolina Construction Cost Index. Land values are so sensitive to location and market forces, and since it is rare that we purchase comparable unit quantities of ROW we assume that over time the overall inflation in the cost of real estate will reflect overall market increases in the construction industry. So the same future year inflation rate is used for programmed ROW and Utility costs as is used for Construction.

For the current draft 10-Year Work Plan the 10-year index figures are for 2001 – 106.3, and for 2010 – 174.9. The inflation factor guide factor is thus:

$$\frac{174.9 - 106.3}{174.9} = 39.22 \text{ or } 3.9\% \text{ per year}$$

The rate of growth in inflation rose sharply with a peak in 2008. There was a significant drop in 2009 due to the economic recession but has continued to rise gradually since then. The inflation rate coincided with the price increases in crude oil, which have a direct effect on the construction cost indexes. The US Energy Information Administration (EIA) reports that oil prices have declined sharply from the mid-2008 peak, but have generally risen throughout the latter half of 2008 and continue to rise gradually as the world economy rebounds. Crude oil prices increased 3.7% during the 2000 and 2009 time period and a 3.3% increase is predicted for the period of 2011 – 2020. It is anticipated that the economy will recover and we don't want to overreact to current recession prices, so it is therefore recommended that a 4% annual factor be used. The resulting recommended annual inflation factors for the 2013-2023 Draft Transportation Work Plan are below. These factors will also be used for the 2013-2020 STIP.

Fiscal Year	Compounded Inflation Factors Applied to Beginning of Construction or ROW Phase
2013	2.0%
2014	6.08%
2015	10.32%
2016	14.74%
2017	19.33%
2018	19.33%*
2019	19.33%*
2018	19.33%*
2019	19.33%*
2020	19.33%*

*The inflation factor is being held at a constant rate after the 5th year. The construction cost index information and other economic factors will be re-evaluated when the next 5-year draft work program is drafted in 2014.

Table 2: Key to Funding Sources

FHWA	
NHS	National Highway System
STP	Surface Transportation Program
NFA	Bridge Replacement Off Federal Aid System
HES	High Hazard Safety
FTA	
FED	Federal
FNU	Non Urbanized Area Formula Program (5311)
FUZ	Urbanized Area Formula Program (5307)
STATE	
S	State
T	Highway Trust Fund
SMAP	Operating Assistance and State Maintenance