

## 9. REVENUE SOURCES

This Chapter summarizes multimodal revenue sources and estimates that are applicable to the City of Coolidge and the Town of Florence, together with financial constraints and opportunities pertaining to needed roadway improvements. A number of funding mechanisms exist that could be used to fund multimodal improvements in the Study Area. Key federal, state, regional, and local sources are shown in Table 9-1.

Funding options include both traditional and innovative sources. Traditional sources are the Arizona Highways User Revenue Fund (HURF); the Local Transportation Assistance Fund (LTAF); Federal-Aid Funds (Surface Transportation, Bridge, Safety, and Transportation Enhancement Funds); and local general funds, such as general obligation bonds and revenue bonds. Alternative sources of funding include special assessment districts, developer dedications, and exactions such as impact fees.

### FEDERAL FUNDS

The Federal government funds a variety of transportation programs, most applicable to Coolidge and Florence would be the Surface Transportation Program (STP) funds. Arizona receives about \$152 million in STP funds per year. These funds can be used on state highways or for bridge rehabilitation, transportation enhancements, and safety projects. The municipalities would work through ADOT and YMPO to utilize STP funds. In addition, FHWA STP “Flex” funds can also be used for transit capital projects. The State also administers Federal Transit Administration (FTA) Section 5304, Statewide Transportation Planning Funds, Section 5310, Elderly & Persons with Disabilities Transportation Program Funds, and Section 5311, Rural Public Transportation Program Funds.

*Highway Trust Fund (HTF)* is composed of the Highway Account and the Mass Transit Account, and is the source of funding for most of the programs in SAFETEA-LU. Specific funding levels depend on how much revenue is generated for the Highway Trust Fund. Federal motor fuel taxes are the major source of income into the Highway Trust Fund. SAFETEA-LU allocates funding based on four major goals: improving safety, rebuilding America’s infrastructure, protecting our environment, and advancing research and technology.

Arizona has been allocated a total of \$1.88 billion between 2006 and 2008. The estimated funding levels for Arizona are summarized in Table 9-2 for Fiscal Years 2005 - 2006, 2006 – 2007, and 2007 - 2008. Major funding categories of federal funds in SAFETEA-LU include the following.

*Surface Transportation Program* federal funds are allocated to ADOT and may be programmed on any segment of the interstate system or state highway. Portions of this fund may also be used for bridge rehabilitation, transportation enhancements, and safety projects, such as hazard elimination and environmentally related activities. A new provision permits a portion (up to 15 percent) of funds reserved for rural areas to be spent on rural minor collectors. Apportioned funds are to be distributed based on the following factors:

**TABLE 9-1. MATRIX OF KEY MULTIMODAL FUNDING SOURCES**

<b>Fund Name</b>	<b>Description</b>	<b>Eligible Uses</b>	<b>Application Process</b>
<b>Federal</b>			
STP	Federal funds, administered by FHWA and ADOT	Variety of capital projects including highways, bridges, and enhancement projects	Programmed and distributed through CAAG and ADOT District
High Risk Rural Roads	Federal funds, administered by FHWA and ADOT	Correct safety problems on roadways classified as rural major collectors, rural minor collectors and rural local roads	Programmed through ADOT
Safe Routes to School Program	Federal funds, administered by FHWA and ADOT	sidewalk, traffic calming and speed reduction improvements, pedestrian and bicycle crossing improvements, traffic diversion improvements near schools	Programmed through ADOT
<b>State</b>			
HURF	State funds, derived from fuel tax and VLT, administered by ADOT	Nearly any capital project related to roadway improvements	Funds allocated to jurisdiction as proportion of population
LTAF	State funds derived from lottery sales	General transportation improvements	Funds allocated to jurisdiction as proportion of population
<b>County</b>			
Pinal County Transportation Excise Tax	½ cent sales tax dedicated to road improvements within Pinal County	1.Highway and street purposes for county, city or town roads, streets, and bridges. 2.Principal and interest on highway and street bonds. 3.Multi-modal transportation systems. 4.Regional transportation studies. 5.Cooperative transportation projects and studies between the federal government and its agencies, the State government and its agencies, and the incorporated cities and towns within the County.	Funds allocated to jurisdiction as proportion of population
Impact Fees*	Fee imposed by local jurisdiction on development on per unit basis	Used to fund a variety of infrastructure needs including transportation	Locally administered
Development Stipulations*	Requirements that developers dedicate appropriate ROW and build streets adjacent to project	Benefits are derived by offsetting cost of acquiring ROW and building infrastructure	Locally administered

\*If Enacted

**TABLE 9-2. ESTIMATED FEDERAL AID HIGHWAY APPORTIONMENTS AND ALLOCATION FOR ARIZONA (In Millions of Dollars)**

Description	Estimated Apportionments		
	FY 05-06	FY 06-07	FY 07-08
<b>Apportionments</b>			
Surface Transportation	178.7	167.1	171.9
National Highway System	142.3	147.4	152.0
Interstate Maintenance	\$130.2	\$134.9	\$139.1
Bridge Replacement and Rehabilitation	19.4	20.1	20.7
Congestion Mitigation & Air Quality	43.7	45.3	46.7
Recreational Trails	1.3	1.6	1.7
Highway Planning and Research	10.5	10.5	10.5
Metropolitan Planning	5.7	5.7	5.8
Border Infrastructure Program	7.1	8.1	9.3
Safe Routes to School	1.6	2.1	2.6
Equity Bonus	54.4	87.2	93.9
<b>Subtotal</b>	<b>\$594.9</b>	<b>\$630.0</b>	<b>\$654.2</b>
<b>Apportionment Distribution by Entity</b>			
MAG	111.3	117.8	122.3
PAG	20.8	22.1	22.9
ADOT	428.9	454.2	471.7
Optional Use by MAG, PAG, Other Locals	21.4	22.7	23.6
Other Locals	12.5	13.2	13.7
<b>Subtotal</b>	<b>\$594.9</b>	<b>\$630.0</b>	<b>\$654.2</b>
<b>Grand Total FY 06 - 08</b>			<b>\$1,879.1</b>

Source: ADOT, *State Transportation Improvement Plan, 2006 – 2008* Feb 2006

Portion of State Transportation Funds are flexed to FTA for Transit projects Statewide

- 25 percent based on total lane miles of Federal-aid highways
- 40 percent based on vehicle miles traveled on lanes on Federal-aid highways
- 35 percent based on estimated tax payments attributable to highway users in the States into the Highway Account of the Highway Trust Fund (often referred to as “contributions” to the Highway Account)

Each State is to receive a minimum of one-half percent of the funds apportioned for STP.

The total funding for the STP over the three fiscal years shown in Table 9-2 for Arizona is \$517.7 million. Arizona’s allocation is based on the state’s lane-miles of Federal-aid highways; total vehicle-miles traveled on those Federal-aid highways, and estimated contributions to the Highway Account of the HTF.

***The National Highway System (NHS)*** funds are for improvement to the National Highway System which consists of an interconnected system of principal arterial routes which serve major population centers, international border crossings, airports, public transportation facilities, and other intermodal transportation facilities as well as major travel destinations. The NHS funding level for Arizona over the three fiscal years as shown Table 9-2 is \$441.7 million. Arizona's share is based the state's lane-miles of principal arterials (excluding Interstate), vehicle-miles traveled on those arterials, diesel fuel used on the state's highways, and per capita principal arterial lane-miles.

***Interstate Maintenance (IM)*** funds are for reconstruction of bridges, interchanges, and over crossings along existing Interstate routes, acquisition of right-of-way, and preventative maintenance. These funds are not to be used for the construction of new travel lanes other than high occupancy vehicle lanes or auxiliary lanes. The IM funding level for Arizona over the three fiscal years shown in Table 9-2 is \$404.2 million. The allocation of these funds is based on the state's lane-miles of Interstate routes open to traffic, vehicle-miles traveled, and contributions to the Highway Account of the Highway Trust Fund attributable to commercial vehicles. A State may transfer up to 50 percent of its IM apportionment to its NHS, STP, CMAQ, Highway Bridge Replacement and Rehabilitation, or Recreational Trails apportionment.

***Bridge Replacement and Rehabilitation*** funds in the amount of \$60.2 million are authorized for Arizona. This allotment can be used for bridge replacement or rehabilitation for eligible bridges located on any public road. The State has the option to transfer up to 50 percent of its bridge funds to NHS or STP funds.

***Congestion Mitigation & Air Quality (CMAQ)*** funds in the amount of \$135.7 million are allotted to Arizona between Fiscal Years 2005 and 2008 for projects likely to contribute to attainment of national ambient air quality standards and congestion mitigation. These funds are programmed for both freeway management projects, demand management projects, as well as other related air quality projects including bicycles facilities. Currently, CMAQ funds are only spent in Maricopa County.

***Funds for the Recreation Trails Program*** is provided by the Federal Highway Administration in apportionments to the Recreational Trails Program, with an allocation of \$4.6 million over the next three years to Arizona. A state recreational trails advisory committee represents both motorized and non-motorized recreational trail users. The allocated funds are split into 30 percent for motorized use, 30 percent for non-motorized use, and 40 percent for diverse trails.

***The State Planning and Research Program*** provides planning of future highway and local transportation systems. Research, development, and technology transfer activities necessary in connection with the planning, design, construction, and maintenance of highways, public transportation, and intermodal transportation system. Funds total \$31.5 million dollars for this effort.

**Metropolitan Planning Funds** in Arizona are funded with \$17.2 million over the 3-year horizon. These funds are used to carry out the planning process required by Title 23, United States Code, including the development of metropolitan area transportation plans and transportation improvement programs.

**Border Infrastructure Program** distributes funds among four States: Arizona California, New Mexico, and Texas. The funds are used to support the construction and improvement to the motor carrier safety inspection facilities along the United States-Mexican border. The objective of the program is twofold: safety and the development of infrastructure to facilitate truck flow through critical commerce corridors in the four states. The money allocated for this program during the three year period is approximately \$24.5 million.

**Equity Bonus** ensures that the State will have a guaranteed return on its contributions to the Highway Account of the Highway Trust Fund. The specified percentages are 90.5 percent for 2005 and 2006, 91.5 percent for 2007, and 92 percent for 2008 and 2009. Arizona's State Transportation Improvement Plan estimates the amount of \$235.5 million for Fiscal Years 2006 - 2008 for the funding itself which includes an 80/20 match system. This SAFETEA-LU program replaces TEA-21's Minimum Guarantee program.

**The Hazard Elimination System (HES)** is a program that was previously identified as the Candidate Locations for Operations and Safety Evaluations (CLOSE) program. The primary objective of the HES program is for reducing the number and severity of traffic crashes and decreasing the potential for crashes on state highways.

Authorized funding for the HES program is under Section 924 of the Highway Safety Improvement Program of Title 23 of U.S.C. 105(f), 152, 315, and 402; Section 203 of the Highway Safety Act of 1973, as amended; 49 CFR 1.48(b). The program is funded for the amount of \$50.5 million for FYs 2003-2007 based on the ADOT Five-Year Transportation Facilities Construction Program.

Most types of public surface transportation facility improvement may be approved for funding, provided that the sole purpose of the improvement is to substantially improve safety or to eliminate traffic hazards. However, improvements primarily for capacity enhancements with safety as a by-product will not be approved.

**Federal Lands Highways (FLH)** funds can be used for Indian Reservation Roads, Park Roads and Parkways, Public Lands Highways, and Refuge Roads. FLH funds also can be used for transit facilities within public lands, national parks, and Indian reservations. The funds can also be used as the State/local match for most types of Federal-aid highway funded projects. Program authorizations through 2009 total \$4.5 billion for projects nationwide.

**Transportation Enhancement** funds are one type of federal funds, which are available directly for local projects. These funds are set aside in order to add community or environmental value to a completed or ongoing transportation project. Currently, Arizona receives about \$13.9 million per year for transportation enhancement projects that are divided between

ADOT and local government projects. The Arizona State Transportation Board retains fifty percent of the Transportation Enhancement funds for ADOT projects. The remaining enhancement funds are available for local projects recommended by the MPOs and rural Councils of Governments (COGs).

### **New SAFETEA-LU Programs**

In addition to continuing the programs outlined above, SAFETEA-LU created a number of new transportation programs. Three programs of particular interest to counties are summarized below by Robert Fogel, the Senior Legislative Director for the National Association of Counties (NACo):

*Highway Safety Improvement Program (HSIP)* replaces the safety set-aside that was formerly part of the Surface Transportation Program. Over the next four years, an average of \$1.265 billion will be distributed by formula to the states that can be used on a broad array of safety improvement projects to reduce the number and severity of highway-related crashes and to decrease the potential for projects on all highways. That means on any road owned by county or local government. This includes projects aimed at intersection safety improvement, pavement and shoulder widening, rumble strips, signage, and guardrails. Coolidge and Florence officials need to get involved in this program at an early stage and document the projects they want funded. Every state is required to develop a Strategic Highway Safety Plan (SHSP) that involves a comprehensive, collaborative, and data driven approach of highway safety. This plan is required to lay out projects and strategies for which the federal will be used to reduced or eliminate safety hazards. For counties, it is important to note that the SHSP must be developed in collaboration with key safety stakeholders in the State, which includes local officials, and the SHSP must be data driven. The presumption is that the federal safety funds must be invested in projects where the data (fatalities, crashes, police records, etc.) supports the need for investment.

As a part of the HSIP, there is a specific set aside for *High Risk Rural Roads*. While any of the \$1.2 billion annually can be spent on rural roads, \$90 million is specifically targeted for safety problems on roadways classified as rural major collectors, rural minor collectors, and rural local roads. The funds can be used for construction and operational improvements related to safety but must be used on roads that have a crash rate and for fatalities and incapacitating injuries that exceeds the statewide average for those functional classes of roads. A second set aside on the HSIP program is for Railway-Highway Grade Crossing. At \$220 annually, this program is increased by approximately \$65 million beyond TEA-21 levels. This program is basically unchanged and is aimed at funding projects on any public road that eliminates hazards at rail grade crossings, including the separation or protection, reconstruction, and relocation of grade crossings.

The *Safe Routes to School Program* is a totally new program focused on enabling and encouraging children to safely walk and bicycle to school. This is another program for which counties and all the roads they own are eligible. Agencies should work vigorously to get their projects at the top of the funding list. An average of \$122 million annually will be distributed by formula to each State to be used by state, counties and cities, and regional agencies, including non-profit organizations, to further this objective. Each state has to designate a coordinator for this new program, a person county officials should contact. Projects eligible include sidewalk improvements, traffic calming and speed reduction improvements, pedestrian and bicycle crossing improvements, traffic diversion improvements near schools, and a variety of projects to encourage the use of bicycles. Each State must use between 10 - 30 percent of the funds for non-infrastructure related activities, such as public awareness campaigns, traffic education and enforcement near schools, and student sessions on pedestrian and bicycle safety.

## ARIZONA STATE SHARED REVENUE

### Highway User Revenue Fund

One of the main sources of State transportation funds is the Highway User Revenue Fund. These funds are comprised of gasoline taxes, use fuel tax, motor carrier fees, vehicle license taxes, and other registration fees. The principal sources of revenue are presented in Table 9-3:

**TABLE 9-3. FY 2006 ADOT REVENUE SOURCES - STATE**  
(In Millions of Dollars)

Description	FY-06 Actual
Gasoline Tax	\$ 489.1
Use Fuel Tax	213.5
Motor Carrier Fee	40.5
Vehicle License Tax	373.9
Registration	158.7
Other	55.9
<b>Total</b>	<b>\$1,331.6</b>

Source: Arizona Department of Transportation, Financial Management Services, August 2006

- Gasoline Taxes. Arizona's motor vehicle fuel tax of 18 cents per gallon is the largest source of revenue for HURF.
- Use Fuel Taxes. Use fuel taxes are taxes on diesel fuel and range between 18 cents per gallon for passenger cars to 26 cents per gallon for commercial trucks and buses. These taxes provide the third largest source of revenue.

- Motor Carrier Fees. These fees, based on the weight of the vehicle, are the smallest source of funding for HURF.
- Vehicle License Taxes (VLT). Vehicle license taxes are linked to the value of the vehicle being taxed and are the second largest source of funds for HURF. These VLT funds are the only one of the four major HURF revenue sources that is tied to inflation and increase as vehicle prices increase. In recent years, the VLT tax rate has been reduced to be more in line with that of neighboring states.

Other fees include: motor vehicle registration fees, border crossing fees, and other miscellaneous fees.

The estimated revenue for HURF in 2006 is over \$1.2 billion dollars. HURF funds are allocated through ADOT and distributed as an entitlement to cities, towns, and counties based on population. Together, Coolidge and Florence received a total of \$2,618,895 in HURF funds in Fiscal 2006. As the population of the Study Area increases, the proportion of HURF funds for Coolidge and Florence are expected to increase as well. Table 9-4 lists the HURF receipts for the five most recent fiscal years.

**TABLE 9-4. ARIZONA HIGHWAY USER REVENUE FUND DISTRIBUTIONS TO PINAL COUNTY, THE CITY OF COOLIDGE, AND THE TOWN OF FLORENCE, FY 2002 - 2006**

Jurisdiction	Distributions				
	FY 2002	FY 2003	FY 2004	FY 2005	FY2006
Total Counties in State	\$194,432,532	\$200,465,084	\$214,601,120	\$226,464,000	\$240,538,000
Pinal County	\$9,606,611	\$10,252,245	\$11,515,102	\$12,745,719	\$14,096,013
City of Coolidge	\$578,550	\$612,433	\$687,962	\$750,311	\$810,357
Town of Florence	\$1,139,727	\$1,057,139	\$1,331,322	\$1,601,024	\$1,808,538

Source: Arizona Department of Transportation, Financial Management Services

The HURF is the primary source for state highway funding and HURF funds are limited to highway use by the Arizona Constitution. Monies from the HURF are intended for the improvement of the State’s highways and bridges. Once collected, the HURF revenues are distributed to ADOT, and in turn distributed as an entitlement share to cities, towns, and counties in proportion to population and to the Economic Strength Project Fund. HURF distributions may be used as debt service for revenue bond projects. Table 9-5 presents the HURF revenue forecast for FY 2006 - 2015. Table 9-6 presents the HURF distribution forecast for the same fiscal years.

**TABLE 9-5. HIGHWAY USER REVENUE FUND REVENUE FORECAST  
(In Millions of Dollars)**

<b>Fiscal Year</b>	<b>Gasoline</b>	<b>Use Fuel</b>	<b>Motor Carrier</b>	<b>VLT</b>	<b>Registration</b>	<b>Other</b>	<b>HURF Total</b>
2006	\$497.20	\$205.00	\$40.30	\$350.30	\$160.30	\$53.20	\$1,306.30
2007	528.8	211.0	39.7	378.9	162.3	54.4	1,375.10
2008	550.5	218.9	40.8	409.3	167.1	56.7	1,443.30
2009	572.3	226.7	42.0	441.5	171.8	59.0	1,513.30
2010	594.6	234.2	43.3	474.5	176.9	61.3	1,584.80
2011	616.4	241.9	45.0	510.9	182.7	63.7	1,660.60
2012	639.7	249.8	46.9	550.4	189.0	66.2	1,742.00
2013	663.9	258.3	48.9	592.5	195.4	68.9	1,827.90
2014	689.8	267.1	51.3	637.9	202.7	71.7	1,920.50
2015	717.8	276.8	53.6	688.7	210.2	74.6	2,021.70

Source: Arizona Department of Transportation, Financial Management Services, May 17, 2006

**TABLE 9-6. HIGHWAY USER REVENUE FUND DISTRIBUTION FORECAST  
(In Millions of Dollars)**

<b>Fiscal Year</b>	<b>Forecast Distribution</b>							
	<b>HURF</b>	<b>DPS/ESP</b>	<b>Net HURF</b>	<b>ADOT 50.5%</b>		<b>Cities/ Towns 27.5%</b>	<b>Cities Over 300k 3%</b>	<b>Counties 19%</b>
				<b>ADOT</b>	<b>DPS Parity</b>			
2006	\$1,306.30	\$64.80	\$1,241.50	\$624.30	\$2.70	\$341.40	\$37.20	\$235.90
2007	1,375.10	11	1,364.10	686.0	2.9	375.1	40.9	259.2
2008	1,443.30	11	1,432.30	720.2	3.1	393.9	43.0	272.1
2009	1,513.30	11	1,502.30	755.3	3.4	413.1	45.1	285.4
2010	1,584.80	11	1,573.80	791.2	3.6	432.8	47.2	299
2011	1,660.60	11	1,649.60	829.2	3.9	453.6	49.5	313.4
2012	1,742.00	11	1,731.00	870.0	4.2	476.0	51.9	328.9
2013	1,827.90	11	1,816.90	913.0	4.5	499.6	54.5	345.2
2014	1,920.50	11	1,909.50	959.4	4.9	525.1	57.3	362.8
2015	2,021.70	11	2,010.70	1,010.20	5.3	552.9	60.3	382

Source: Arizona Department of Transportation, Financial Management Services

**Local Transportation Assistance Fund (LTAF I and LTAF II)**

Other State funding programs include LTAF I, which is funded by Arizona Lottery receipts other than Powerball, and LTAF II, which is funded by Powerball receipts. These funds are also distributed based on population. Larger cities, those over 300,000, must use LTAF I revenue for public transit; smaller communities can use the funds for other transportation projects. LTAF II monies must be used for transit by nearly all jurisdictions and are discussed in a following section.

**Local Transportation Assistance Fund.** The LTAF is funded by the Arizona Lottery for use by cities and towns requesting the funds. The LTAF funds are allocated in proportion to the relative population of all Arizona cities and towns. Each requesting municipality is guaranteed a minimum of ten thousand dollars. Currently, \$23 million may be deposited in the LTAF from the State lottery fund each fiscal year. Cities and towns with a population of more than 300,000 persons must use LTAF funds for public transportation. In addition, up to 10 percent of funds may be used for the arts, or for disabled and handicapped assistance. LTAF II funds are discussed in the Public Transportation Funding section.

### **Arizona State Parks Heritage Fund**

The Arizona State Parks Heritage Fund provides funding assistance to local agencies for park development, outdoor recreation, and open space projects. The State Parks Board receives up to \$3.5 million each year from the Arizona Lottery. Grants are awarded on a 50/50 match basis. Matching funds can be in the form of cash, in-kind contributions, or donations. The State Parks Heritage Fund administers a number of grant programs; in recent years, Study Area jurisdictions have participated in three of the programs: the Historic Preservation Heritage Fund, the Local, Regional and State Parks Heritage Fund, and Trails Heritage Fund. Details of the distributions are listed in Table 9-7.

## **OTHER FUNDING SOURCES**

### **Economic Strength Projects Fund**

Local governments are eligible sponsors and co-sponsors of transportation projects financed by the Arizona Economic Strength Projects fund. This fund is sponsored by the Arizona Department of Commerce and funded by HURF. A local match must provide at least 10 percent of the project cost. The fund finances selected road projects that support economic development objectives.

### **Governor's Office of Highway Safety**

Federal funds are allocated to finance state and local government highway safety projects. These program funds, in the form of reimbursable contracts, are administered by the Governor's Office of Highway Safety. Funds are provided under the National Highway Safety Act and funded through grants from the FHWA and the National Highway Traffic Safety Administration (NHSTA). The safety priority areas are listed below:

**TABLE 9-7. STATE PARKS HERITAGE FUND GRANT AWARDS  
IN THE STUDY AREA**

<b>Participant</b>	<b>Project Title</b>	<b>Grant Cycle</b>	<b>Grant Award</b>	<b>Project Cost</b>
<b>Historic Preservation Heritage Fund Grants</b>				
City of Coolidge	Coolidge Women's Club Rehabilitation	2004	\$55,071	\$91,821
Coolidge Unified School District	Kennilworth School Rehabilitation	2004	\$96,517	\$193,034
Coolidge Unified School District	Kenilworth School Renovation	2002	\$91,091	\$182,181
Coolidge Unified School District #21	Kennilworth School Renovation	2003	\$98,162	\$198,162
Town of Florence	Church of the Assumption Rehabilitation	2000	\$59,884	\$134,484
Florence Main Street	Popular/Mandell's Depart Store	2004	\$100,000	\$201,250
Florence Preservation Foundation	Harvey/Niemeyer House Rehabilitation	2003	\$93,850	\$187,700
Florence Preservation Foundation	Clarke House Stabilization	2000	\$52,000	\$104,000
Florence Preservation Foundation	Silver King/Florence Hotel Stabilization	2000	\$30,223	\$470,632
Florence Unified School District #1	Florence H.S. Roof Stabilization	2000	\$192,929	\$322,929
<b>Local, Regional and State Parks Heritage Fund Grants</b>				
City of Coolidge	Coolidge Park Development	2004	\$132,705	\$265,410
Pinal County	1891 2nd Pinal County Courthouse Roof	2005	\$100,000	\$250,000
Pinal County	Liberty Park Improvements	2003	\$17,204	\$35,843
Pinal County	Liberty Park Improvements	2003	\$17,204	\$35,843
Pinal County	Courthouse Clock Tower Renovation	2002	\$99,988	\$199,988
<b>Trails Heritage Fund Grant</b>				
Pinal County	Lost Goldmine Trail Renovation	2002	\$12,740	\$25,844

Source: Arizona State Parks

**NHSTA Priority Program areas:**

- Police traffic services
- Impaired driving
- Traffic records
- Pedestrian/bicycle safety
- Emergency medical services
- Occupant protection
- Motorcycle safety

**FHWA Priority Program areas:**

- Corridor safety improvement programs
- Safety studies of specific safety problems
- Outreach programs
- Rural and local technical assistance programs
- Pedestrian and bicycle safety
- Safety management systems

## **Pedestrian/Bicyclist Funding**

Revenue sources for bicycle facilities primarily for transportation are available from the following sources:

- Federal funds are available to construct bicycle transportation facilities and pedestrian walkways on land adjacent to any highway on the NHS and also through the Surface Transportation Program (STP) of the NHS.
- Federal Lands Highway Funds are available to construct bicycle facilities and pedestrian walkways in connection with roads, highways, and parkways. These funds are at the discretion of the department administering the funds.

Other funds for bicycle and pedestrian facilities are:

- National Recreational Trails Fund, which provides funds for recreational programs for bicyclists and pedestrians.
- Scenic Byways Program can fund bicycle facilities along highways.
- Federal Transit Funds can be used to provide bicycle and pedestrian access to transit facilities including shelters and bicycle parking facilities.
- Additional funding is available through the new “Safe Routes to Schools” program explained in the previous section.

Another potential funding source for trails is the Heritage Fund. The Arizona State Parks Board Heritage Fund legislation stipulated the use of Arizona Lottery Fund revenues for trails. Eligible projects are trail land acquisition, design, engineering, development and renovation activities, and trail support facilities.

## **Community Development Block Grants**

Community Development Block Grant (CDBG) is funds provided by the Federal Office of Housing and Urban Development. The CDBG funds can be used in the construction of capital improvement projects such as sewer, streets, water and wastewater treatment plants, housing, and parks that benefit low to medium income groups. Projects that alleviate slums or address an urgent need such as circumstances caused by a natural disaster can also use CDBG funds. For a transportation improvement to be eligible for CDBG funding, the project must be located in a census tract or block group with at least 51 percent of the population in the low and moderate-income group.

## **Regional and Local Funds**

Several potential sources of additional funding exist at the local level. State law provides for the enacting of transportation excise taxes, which are subject to voter approval. Other local funds could be collected through sales tax increases.

### ***Pinal County Excise Tax***

Pinal County voters authorized the 2007 Pinal County transportation Excise Tax replacing a previous tax expiring on December 31, 2006. The revenues raised from the tax shall be used for the following transportation purposes:

1. Highway and street purposes including roadway construction, reconstruction, maintenance, repair and roadside construction of county, city or town roads, streets, and bridges.
2. Payment of principal and interest on highway and street bonds.
3. Multimodal transportation systems including single and multi-use trails, sidewalks and curbs, and pedestrian pathways.
4. Regional transportation studies.
5. Cooperative transportation projects and studies between the federal government and its agencies, the State government and its agencies, and the incorporated cities and towns within the County.

The anticipated revenue from the excise tax is approximately \$952 million over 20 years. The tax currently generates approximately \$10 million per year and is distributed according to a population based formula:

1. Distribution to incorporated cities and towns is calculated by multiplying the total revenue by the factor of incorporated population/total population
2. Distribution to unincorporated areas is calculated by multiplying the total revenue by the factor of unincorporated population/total population
3. Distribution to individual city or town: distribution to incorporated cities and towns multiplied by the factor of individual city/total incorporated population
4. Distribution to Supervisory district is calculated by multiplying the distribution to unincorporated areas by the factor of supervisory district population/total rural population

### **Private Contributions**

Developers may be required to help pay for the cost of transportation improvements necessitated by their developments. This requires a Traffic Impact Analysis to demonstrate that substantial additional traffic will be generated by the development. Several institutional mechanisms are available, including cost sharing agreements, impact fees and special assessments. In cases where right-of-way needed for a roadway is privately owned, right-of-way dedications can be made a condition of new development prior to the issuance of the necessary permits.

## POTENTIAL PUBLIC TRANSPORTATION FUNDING SOURCES

### Federal Funds

Significant federal sources of funding grants are overseen and managed by the Federal Transit Administration (FTA); these funds are administered in Arizona by the Public Transportation Division of ADOT (ADOT PTD). FTA funding levels are part of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), the successor to the Transportation Equity Act for the 21st Century (TEA-21). The federal transit laws are contained in Title 49 of the United States Code (USC), Chapter 53. The key transit grant provisions currently applicable to Coolidge and Florence are covered in the following sections of Chapter 53 of the USC:

- Section 5310: Formula Grants for Special Needs of Elderly Individuals and Individuals with Disabilities
- Section 5311: Formula Grants for Rural and Small Urban Public Transportation
- Section 5313: State Planning and Research Programs
- Section 5316: Job Access and Reverse Commute Program
- Section 5317: New Freedom Program

The ADOT PTD has recently adopted a policy providing that, on a case-by-case basis, a private sector non-profit agency may be the recipient of Section 5311 funds. Previously, public agencies were the only agencies considered for these grants. Hence, more management options exist for the operation of Section 5311 supported transit services.

### *Surface Transportation Program Flexible Funding*

Since 2000, the State Transportation Board has made available 6.5 million annually in STP “flexible funds” statewide for qualified transit capital projects such as vehicles and transit facilities. These funds, created within the federal TEA-21 program and continued under SAFETEA-LU, are regarded as “flexible” in that the monies may be used for either highway or transit purposes. Funding originates with the Federal Highway Administration and is administered by ADOT. The City of Coolidge and the Town of Florence would work through ADOT and CAAG to obtain STP “Flex” funds.

Additional sources of revenue available for transit services include the following:

- Welfare to Work Act
- Older American Act Title III funds, Department of Economic Security
- Division of Developmental Disability Funds
- Transportation funding through Medicaid administered through the Arizona Health Care Cost Containment System
- Head Start, Behavioral Health Funding
- Transit fares

A number of funding mechanisms exist that could be used to fund public transportation improvements within the Study Area. Key federal, state, regional, and local sources are shown in Table 9-8.

**TABLE 9-8. MATRIX OF KEY PUBLIC TRANSPORTATION FUNDING SOURCES**

<b>Fund Name</b>	<b>Description</b>	<b>Eligible Uses</b>	<b>Application Process</b>	<b>Sample Project</b>
<b>Federal</b>				
STP	Federal funds, administered by FHWA and ADOT	Variety of capital projects including transit and enhancement projects	Programmed and distributed through CAAG and ADOT	Highway-rail crossings,
FTA Section 5310 funds	Federal funds administered by ADOT	Local jurisdictions and private non-profit agencies	Programmed through ADOT Public Transportation Division	Van for Senior Center
FTA Section 5311 funds	Federal funds administered by ADOT	Local jurisdictions and private non-profit agencies	Programmed through ADOT Public Transportation Division	Operation and expansion of Cotton Express
FTA Section 5316 funds	Federal “Job Access and Reverse Commute” funds administered by ADOT			
FTA Section 5317 funds	Federal “New Freedom” funds administered by ADOT			
<b>State</b>				
LTAF	State funds derived from lottery sales	General transportation improvements	Funds allocated to jurisdiction as proportion of population	Transfer center or bus pull-outs
LTAF II	State funds derived from Powerball lottery sales	Used as local matching funds for FTA transit funds	Funds allocated to jurisdiction as proportion of population	Match 5311 funds for provision of transit service
<b>County</b>				
Impact Fees	Fee imposed by local jurisdiction on development on per unit basis	Used to fund a variety of infrastructure needs including transportation	Locally administered	County and Local Roads, HOV and diamond lanes
Development Stipulations*	Requirements that developers dedicate appropriate ROW and build streets adjacent to project	Benefits are derived by offsetting cost of acquiring ROW and building infrastructure	Locally administered	ROW dedication adjacent to new developments for pull-outs or guideways

Funding options include both traditional and innovative sources. Traditional sources are the Local Transportation Assistance Fund (LTAF and LTAF II), Federal FTA Program Funds, Surface Transportation Program (STP) funds, and Transportation Enhancement Funds, and local sources of funding such as general obligation bonds, revenue bonds, and sales tax increases. Alternative sources of funding include special assessment districts, developer dedications for support facilities such as bus pull-outs, shelters, and bus stop furniture, and exactions such as impact fees.

**Future Metropolitan Planning Organization Study** area communities are eligible for rural FTA funds until each exceeds 50,000 in population, or until a metropolitan planning organization (MPO) including either Coolidge or Florence, or both, are created. MPOs are typically formed when an incorporated city or town, or group of two or more cities or towns, exceed a combined population of 50,000 or more. With respect to FTA transit, planning, capital, and operating monies, three thresholds exist: the first is reached when a community exceeds 50,000 or becomes an MPO; the second is reached when a community or MPO exceeds 200,000; the third is reached when a community or MPO exceeds 1,000,000

**Local Transportation Assistance Fund II (LTAF II)**

The LTAF II, program, which derives funds from the State’s share of lottery “Power Ball” ticket receipts, has been one of the key sources for the local matching funds for these federal funds. Since the implementation of LTAF II, the legislature has provided that when these receipts reach a certain threshold amount in any fiscal year, the balance flows to the LTAF II program for apportioned distribution to councils of governments, county governments, and local governments. Estimated Fiscal year 2008 LTAF II distributions for Pinal County, Coolidge, and Florence are shown in Table 9-9. The projected 2008 distribution is lower than that received in the previous fiscal year—an example of the challenges in relying on this source of funding.

**TABLE 9-9. LTAF II DISTRIBUTION - COUNTIES AND CITIES/TOWNS  
(FY 2008 ESTIMATE)**

<b>Jurisdiction</b>	<b>County Level Distribution</b>	<b>Jurisdiction Level Distribution</b>
Pinal County	480,354.74	239,436.51
City of Coolidge		15,938.41
Town of Florence		34,111.39

Source: Arizona Department of Transportation, Public Transportation Division

## REVENUE ESTIMATES

The 2001 Governor's Transportation Vision 21 Task Force Report estimated that \$41 billion from existing sources of transportation related revenue in Arizona will be received between 2000 and 2020. Of this amount, \$33,783.8 billion is roadway related, \$4,106.1 is derived from transit related sources, and \$3,164.3 from aviation. The comparison of needs and revenues is shown in Table 9-10.

**TABLE 9-10. COMPARISON OF NEEDS AND REVENUES STATEWIDE**  
(In Millions of Constant 2000 Dollars)

Sources	Use	FY 2001- 2005	FY 2006- 2010	FY 2011- 2015	FY 2016- 2020	Total
Revenue From Existing Sources	Roadway	\$7,955.1	\$8,432.6	\$8,580.1	\$8,816.0	\$33,783.8
	Transit	\$1,133.3	\$1,050.9	\$986.8	\$935.1	\$4,106.1
	Aviation	\$846.7	\$795.5	\$771.0	\$751.1	\$3,164.3
	<b>Total Revenue</b>	<b>\$9,935.1</b>	<b>\$10,279.0</b>	<b>\$10,337.9</b>	<b>\$10,502.3</b>	<b>\$41,054.3</b>
Needs	Roadway	\$12,601.0	\$12,601.0	\$12,601.0	\$12,601.0	\$50,404.0
	Transit	\$1,705.0	\$1,705.0	\$1,705.0	\$1,705.0	\$6,820.0
	Aviation	\$1,027.8	\$1,027.8	\$1,027.8	\$1,027.8	\$4,111.0
	<b>Total Needs</b>	<b>\$15,333.8</b>	<b>\$15,333.8</b>	<b>\$15,333.8</b>	<b>\$15,333.8</b>	<b>\$61,335.0</b>
Additional Revenue Required to Meet Needs	Roadway	\$4,645.9	\$4,168.4	\$4,020.9	\$3,785.0	<b>\$16,620.2</b>
	Transit	\$571.7	\$654.1	\$718.2	\$769.9	<b>\$2,713.9</b>
	Aviation	\$181.0	\$232.3	\$256.8	\$276.6	<b>\$946.7</b>
<b>Total Additional Revenue Required</b>		<b>\$5,398.6</b>	<b>\$5,054.8</b>	<b>\$4,995.9</b>	<b>\$4,831.4</b>	<b>\$20,280.7</b>

Source: *Revenue Consultant Report to Governor's Transportation Vision 21 Task Force*, Wilbur Smith Associates, November 2001

### ADOT's Five-year Transportation Facilities Construction Program

Table 9-11 lists ADOT's *Five-year Transportation Facilities Construction Program* allocations for the five-year period covering Fiscal Years 2005 through 2009. For this period, ADOT has allocated a total of \$764 million for highway system preservation, \$2.7 billion for system improvements, and \$354 million for system management for a total of \$3.78 billion.

The five-year program also includes an allocation for District minor projects that is used by the ADOT Districts for minor improvement projects such pavement widening, shoulders, guardrail, drainage improvements, intersection improvements, and other minor improvements. The total five year allocation in the FY 2005 – 2009 Program for District minor projects is approximately \$104 million, approximately \$10 million per District.

**TABLE 9-11. ADOT FIVE-YEAR TRANSPORTATION FACILITIES  
CONSTRUCTION PROGRAM RESOURCE ALLOCATIONS  
(In Thousands of Dollars)**

	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>Total</b>
System Preservation	\$149,800	\$152,148	\$155,718	\$153,190	\$153,290	\$764,146
System Management	\$76,727	\$70,393	\$68,818	\$68,818	\$68,878	\$353,634
System Improvements	\$863,672	\$730,090	\$377,388	\$377,181	\$320,863	\$2,669,194
<b>Total Resource Allocations</b>	<b>\$1,090,199</b>	<b>\$952,631</b>	<b>\$601,924</b>	<b>\$599,189</b>	<b>\$543,031</b>	<b>\$3,786,974</b>

Source: Arizona Department of Transportation, *Five-year Transportation Facilities Construction Program*