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## **3 – Financial Plan**

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The purpose of the financial plan is to identify funding options that would be likely sources of money to advance recommendations made by this study.

The Capitol Region Transportation Plan- A guide for transportation investments through the year 2035, adopted by CROCOG Policy Board on April 25, 2007, outlines a comprehensive program for improving the transportation system to meet travel needs through the year 2035. The estimated capital cost of implementing the Plan is about \$1,659,000,000. The transit program represents about 65%; the highway program represents about 33% and the bicycle/pedestrian facilities about 2% of the total cost. The plan estimates that the unfunded highway needs exceed over \$715,000,000 not including the proposals here in.

The financial plan was prepared in conjunction with the Technical Working Group. Refer to Table 3-1: Funding and Implementation Plan.

### **3.1 Funding of Typical Transportation Programs**

There are seldom enough funds available to meet all the transportation needs. CROCOG, being a regional planning agency, sets priorities for the region to guide the decision making process about choices and compromises.

Any project typically develops through a number of distinct phases from conception to completion. Once a project is determined to be beneficial for the community it is included on the Transportation Improvement Program (TIP). This inclusion guarantees that sufficient funds are available to undertake detailed environmental evaluations and engineering design. After completion of environmental evaluations and engineering design right-of-way is purchased and utilities are relocated. The final phase is the construction of the project. However, not all the projects in the TIP reach the final stage and sometimes the projects that do progress further, ultimately may cost more than originally expected or may get delayed due to complications with permits or property acquisition, etc. Therefore, the TIP program is amended periodically to reflect updated status of various projects.

Since there is such a big disparity between funds available and funds required for various transportation programs there is stiff competition for available funds. Sometimes projects are only partially funded or sometimes they do not receive any funding at all. These projects may still progress, if funding is made available through new/innovative sources of revenue. Since the benefits of majority of big projects are of regional nature, sometimes the local municipalities/counties, who are the beneficiaries of this project, may pool their resources in order to fund a project. Elected officials can also augment funding of projects through earmarks, federal/state appropriations.



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## **3.2 Existing Revenue Sources**

Depending on the nature of the transportation facility, CROCOG funds projects by the combination of federal, state, county or municipality tax dollars.

As per CROCOG's Capital Region Transportation Plan, the estimated revenues for the next 20 years will total about \$1,685,000,000. These funds are to be used for system improvements and enhancements only.

## **3.3 Available Grant Programs**

### **3.3.1 Federal Programs**

In August 2005, the U.S. Congress passed a new transportation funding bill known as the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETY-LU). The majority of funds, 75% go to highways; 18.5% go to transit; and approximately 6% go to primary safety projects.

The Federal Enhancement Program was reauthorized with \$42 million in grants over five years available nationwide to public agencies and nonprofit organizations. The purpose of the transportation program is to fund projects that allow communities to strengthen the local economy, improve the quality of life, enhance travel experience for people traveling by all modes and, protect the environment.

### **3.3.2 State Programs**

The Motor Vehicle Fuel Tax and Motor Vehicle Excise Tax are the two major state revenues sources for highway maintenance and arterial construction funds.

## **3.4 Potential Revenue Sources**

### **3.4.1 State and Federal Funding Programs**

Primarily, revenue sources for further environmental documentation, engineering design and construction of the various components of the preferred improvements will come from state and federal transportation sources. Significant proposals such as the new Redstone Road Extension with frontage road ramp connections, the new westbound I-84 off ramp to Route 30, the operational lanes added to both directions of I-84 between exits 62, 63, and 64 and various major transit proposals will require a major, multi year commitment of state and federal funds. Other smaller proposals such as minor intersection improvements, bicycle and pedestrian improvements may be progressed with a combination of local municipal monies and private investment by land developers.



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Potential State and Federal funding sources would include but not be limited to the following:

- Surface Transportation Program
- State Enhancement Funds
- National Highway System Funds
- Interstate Maintenance Funds
- FHWA Non-Discretionary Congestion Mitigation and Air Quality Program (CMAQ)
- FHWA Non-Discretionary Regional Surface Transportation Program (RSTP)
- FTA Small Starts
- FTA Formula Program: 5307 (Urbanized Area Formula)
- FTA Formula Program: 5310 (Elderly and Persons with Disabilities Program)

Other federal programs include programs such as Regional Transportation Enhancements, Highway Bridge Replacement and Rehabilitation, Homeland Security Grants, Bus Preferential Signal Systems, Highway Earmarks, Hazard Elimination Safety, and Railroad Highway Grade Crossing Protection.

### **3.4.2 Innovative Financing**

The following section describes some of the funding sources that can be tapped in order to secure funds for implementing improvements in the study area.

#### **3.4.2.1 Tax Increment Financing (TIF)**

TIF has been used for redevelopment and community improvement projects in the United States for many years. With very stiff competition from other municipalities for the scarce federal and state funds, increasing number of municipalities are using TIF mechanism to finance new projects. TIF facilitates use of future gains in taxes to finance the current improvements that would create those gains. TIF creates funding for public projects that may otherwise be unaffordable to localities.

#### **3.4.2.2 Transportation Impact Fees**

Continued development warrants improvements to the transportation infrastructure. Transportation impact fees are onetime charges assessed by local governments to the additional traffic generated by the new development. These fees are determined by calculating anticipated infrastructure improvements based on the projected traffic.



### 3.4.2.3 Public Private Partnerships

As per FHWA, public-private partnerships (PPP) refer to contractual agreements formed between a public agency and private sector entity that allow for greater private sector participation in the delivery of transportation projects. Traditionally, private sector participation has been limited to separate planning, design or construction contracts on a fee for service basis – based on the public agency’s specifications. Expanding the private sector role allows the public agencies to tap private sector technical, management and financial resources in new ways to achieve certain public agency objectives such as greater cost and schedule certainty, supplementing in-house staff, innovative technology applications, specialized expertise or access to private capital.

The private partner can expand its business opportunities in return for assuming the new or expanded responsibilities and risks. The Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) provides an alternative to grants as a way of doing business, allowing private partners to share with the government the risk and rewards of infrastructure investment, thereby providing transportation, creating jobs and contributing to economic growth.

The Denver International Airport, Denver, Colorado; 21<sup>st</sup> Century Waterfront Plan in Chattanooga; Tennessee, and SR 125 South Toll Road in San Diego, California are some of the examples where mutually beneficial partnerships between public and private entities made these projects possible.

### 3.4.2.4 Special Tax Districts

Special tax districts can issue bonds for funding various civic improvement projects in the district. These bonds are paid to borrowers by a tax levied on the district property. Since the tax district is obligated to pay the debt even if project costs and tax collection rates may vary over time, the amount of tax can change over time to accommodate higher or lower project costs and/or tax collection rates.

The Georgetown Special Tax District in the Town of Redding is one such example of such special tax districts in the state of Connecticut.



**TABLE 3-1: FUNDING AND IMPLEMENTATION PLAN**

High Priority Recommended Improvements	Potential Funding Sources
Redstone Road Extension Combined with Reconfigured Westbound Frontage Road Ramp to I-291	Federal/State
I-84 EB, Exit 63 Off Ramp and Intersection of Rte. 30 Reconstruction (currently funded and in design phase)	Federal/State
Construct Multi-modal Transportation Center, Reloc. HOV Ramps to Trans. Center in Support of Future BRT to Hartford	Federal/State
<b>Priority Recommended Improvements</b>	
<b>TSM/TDM Improvements</b>	
Implement Access Management Controls on Rte. 30 between I-84 WB ramps and Deming Street	State/Local
Re-align Deming Street with Oakland Street	State/Local
Install Corridor Way-finding Signage	State/Local
Coordinate Traffic Signal Timing on Arterial and Collector Streets	State/Local
Provide Corridor Location ID Signage to Assist in Pinpointing Location of the Incidence	State
Install Incident Management Systems to Better Utilize the Existing Infrastructure	Federal/State
<b>TRANSIT Improvements</b>	
Improve Bus Stop Signage and Shelters	State
Provide Circulator Shuttle Bus Service	State/Local/Private
Implement Intelligent Transportation Systems to Promote Transit Ridership	Federal/State
Provide Bus Rapid Transit to Manchester and Vernon	Federal/State
<b>BIKE/PED Improvements</b>	
Complete Sidewalks on All Local Streets as Identified	State/Local/Private
Provide Exclusive Bike Lanes on Roads as Identified	State/Local/Private
Provide Crosswalks and Pedestrian Signals at Identified Intersections	State/Local/Private
Provide Bike Station within Multi-modal Transportation Center	Federal/State
Provide Weather Protected Bike Shelters at Various Locations as Identified	Local/Private
<b>ROADWAY Improvements</b>	
Construct Single Point Urban Interchange (SPUI) at Intersection of Buckland St., Pleasant Valley Rd. and Buckland Hills Dr.	Federal/State
Provide Auxiliary Lanes Along I-84 EB & WB Between Interchanges 62, 63 and 64	Federal/State
Realignment of Pleasant Valley Road with I-84 Ramps and Entrance to Transit Center	Federal/State
Provide Connection from Pleasant Valley Road to Evergreen Walk	Local/Private