

A purple rectangular banner with a white glow effect. The word "MOVE" is in green, and "2040" is in orange. Below the banner, the text "MAKING STRATEGIC INVESTMENTS IN OUR REGIONAL TRANSPORTATION SYSTEM" is written in white, all-caps, sans-serif font. A faint, stylized graphic of a road or path with a sunburst effect is visible in the background behind the banner.

MOVE 2040

MAKING STRATEGIC INVESTMENTS IN OUR REGIONAL TRANSPORTATION SYSTEM

Financial Plan

Supplemental to Appendix 4

Financial Plan, [pg. 284](#)

Introduction

The purpose of the financial plan is to demonstrate how the region will pay for projects listed in the MOVE 2040 long range transportation plan, while adequately operating and maintaining the regional transportation system in the WAMPO region from 2015 to 2040. The plan does this by comparing the projected revenue for maintenance, operation, and improvements with the estimated costs of the transportation system over the life of the plan. The plan also includes information on historical funding sources and spending as well as information on emerging issues that will likely affect the region's ability to pay for the transportation system in the future.

This document is intended to supplement the MOVE 2040 Financial Plan with additional information to increase the robustness of the initial analysis and documentation. The supplement includes:

- Additional information regarding the projected funding availability, assumptions used to generate future funding projections, estimated MOVE 2040 project costs, estimated costs for operating and maintaining the system, and assumptions used to estimate project and operations and maintenance (O& M) costs.
- Additional analysis and explanation for how the O & M costs and revenues for the road network and the public transit system were calculated and how those costs and revenues are being forecast over the life of the Plan.
- A more explicit fiscal constraint analysis, which explicitly compares the total funding projected from all sources (federal, state, local, private/non-profit) in the Plan to the total planned expenditures (including operations and maintenance). The intent for this comparison is to explicitly demonstrate that MOVE 2040 is financially constrained.

In addition, this document corrects mistakes in the original Financial Plan that were discovered while compiling this supplemental information document.

- It was discovered that the costs for some of the projects were double-counted in the analyses in the original Financial Plan. As a result the estimated cost of the projects in the Plan was higher than it should have been. Reported project costs in this document reflect removal of the duplicated projects.
- It was also discovered that the average expenditure amount used as the base 2015 number for the inter-states and state highways operations and maintenance costs had been incorrectly calculated. KDOT provided three years of data, and a five-year average had been calculated instead of a three-year average. The total O & M cost estimate reported in this document is higher than what was originally published due to this error.

Use of Year of Expenditure Dollars (YOE)

All dollar figures presented in this document are in "Year of Expenditure" (YOE) dollars, meaning that they represent the dollar value when it was spent (for spending that took place in the past) or is anticipated to be available to be spent or actually spent on a project (for spending in the future). For future revenues and costs, this approach makes assumptions, which are detailed below, regarding the rate of change in funding sources and inflationary effects on costs.

Projected Funding Availability

During the 2015-2040 timeframe, it is estimated that over \$6 billion will be available to spend on transportation projects in the WAMPO region. Of this, \$1.055 billion will be available to be spent during the first time band (\$263 million per year from 2015–2018), \$1.567 billion during the second time band (\$224 million/year from 2019–2025), and \$3.454 billion during the third time band (\$230 million/year from 2026–2040).

Time Band	Dollar Amount
2015 – 2018	\$1,055,548,871
2019 – 2025	\$1,567,104,832
2026 – 2040	\$3,454,002,080
Total	\$6,076,655,783

Assumptions Used to Project Funding Availability

The assumptions used to project the amount of funding that will be available were broken out by source of the funding – federal, state, and local government sources and private/non-profit sources.

- **Federal:** will remain flat in nominal dollars (based on 2015 funding levels) over the course of the MOVE 2040 planning horizon (2015-2040).
- **State:** will remain flat in nominal dollars over the course of the MOVE 2040 planning horizon (2015-2040.). The average per-year spending over the 10 year span of T-WORKS was used as a base for this long-term funding assumption, rather than the spending in the remaining years of the plan because T-WORKS spending in this region is somewhat back-loaded.
- **Local:**
 - General funds and personal property tax revenues will remain flat in nominal dollars (based on the average annual amount spent between 2009 and 2013) over the course of the MOVE 2040 planning horizon (2015-2040).
 - Revenue from the 1-cent transportation sales taxes in Sedgwick County will rise at 1% per year based on the actual 2009 – 2013 growth rates.
 - Sales tax and developer impact fees in the cities of Andover and Haysville will rise at 2.5% to 3% per year based on the actual 2009 – 2013 growth rates.
- **Private/Non Profit:** will remain flat in nominal dollars (based on 2015 funding levels) over the course of the MOVE 2040 planning horizon (2015-2040).

Projected Costs

MOVE 2040 includes two broad categories of costs: costs to adequately operate and maintain the federal aid transportation system in this region and costs associated with the projects in the MOVE 2040 plan. For this Plan period, these costs total \$5.6 billion. The following highlights estimated expenditures on the regional system:

	2015 - 2018	2019 - 2025	2026- 2040	2015 - 2040
System Operations & Maintenance	\$93,956,808	\$204,440,759	\$682,039,349	\$980,436,916
Projects in the MOVE 2040 Plan	\$1,107,241,299	\$938,988,570	\$2,590,442,776	\$4,636,672,645
Total	\$1,201,198,107	\$1,143,429,329	\$3,272,482,125	\$5,617,109,561

System Operations and Maintenance Costs

The MOVE 2040 Financial Plan estimates that cities, counties, and the State will spend \$980 million on maintaining and operating the federal aid transportation system in the region over the course of this Plan's planning horizon – 25 years. The federal aid transportation system in this region includes all the interstates, state highways, most of the major roads, and Wichita Transit's operations.

This amount (\$980 million) was calculated by making an estimate of the amount of money each jurisdiction spent to operate the regional transportation system located within their jurisdiction in 2015 (based on historical expenditures) and applying a 4% annual inflation rate to the base 2015 amount, and then totaling all of the inflated 2015-2040 amounts for all of the jurisdictions.

Since different jurisdictions/agencies maintain different parts of the system and use different accounting methods to track spending on maintenance, different approaches were used to calculate the 2015 estimate.

State Maintained System

The Kansas Department of Transportation (KDOT) maintains all of the interstates and state highways in the WAMPO region. During the MOVE 2040 development process, KDOT provided actual expenditures for maintaining pavement, shoulders, and bridges on the interstates and state highways in 2011, 2012, and 2013. Since expenditure amounts were not available for 2009 or 2010, WAMPO calculated a three year average (instead of a five-year average that was used for all of the other jurisdictions) to use as the base for 2015.

Local Government Maintained System

Cities and counties in the region maintain the balance of the federal aid transportation system in the WAMPO region. This includes all of the arterials, collectors, and the public transit system in the region. WAMPO staff requested local governments provide the actual expenditures they spent on maintaining the portion of the federal aid system owned and operated for the years 2009 - 2013. From this data, a five year average was calculated for each jurisdiction and used as the estimate of the 2015 amount.

System Level Operations and Maintenance Projected Expenditures

System	2015 - 2018	2019 - 2025	2026- 2040	2015 - 2040
State Maintained System	\$11,355,562	\$24,708,584	\$82,430,854	\$118,495,000
Local Government Maintained System	\$82,601,246	\$179,732,175	\$599,608,495	\$861,941,916
Total O & M Costs	\$93,956,808	\$204,440,759	\$682,039,349	\$980,436,916

Costs for Projects in Move 2040 Plan

The MOVE 2040 Plan includes 226 projects totaling \$4.6 billion. These represent in aggregate the total of planned investments in the transportation system over the next 25 years (2015 – 2040). The project breakdown is listed in the table below. It includes both WAMPO funded and non-WAMPO funded projects.

Project Type	Estimated Costs	% of Total
Highway	\$2,459,544,071	53.0%
Highway Interchange	\$567,732,560	12.2%
Non-highway road	\$998,872,475	21.5%
Intersection	\$27,054,216	0.6%
Bridge (highways and non-highway roads)	\$161,328,436	3.5%
Transit	\$324,054,180	7.0%
Bike/Ped	\$50,703,716	1.1%
Safety	\$8,332,359	0.2%
Technology	\$26,042,581	0.6%
Planning & Outreach	\$13,008,072	0.3%
Total	\$4,636,672,666	100%

Assumptions Used to Project Costs

MOVE 2040 assumes an annual inflation rate of 4% for all projects to account for changes in the costs of raw materials, pre-construction services, construction, and all of the other overhead associated with designing and constructing or implementing a project. For projects which are planned for a specific year, project costs are given in year of expenditure dollars for that year. For projects planned within time bands, project costs are given in year of expenditure dollars for the middle year of the time band (rounded up for time bands composed of an even number of years).

WAMPO Funded Project Costs

A total of 88 projects are planned to be funded with federal funds distributed through WAMPO. Estimated costs for these project total \$440 million (in year of expenditure dollars). Of this \$94 million in projects are part of the current TIP (2015 – 2018), \$121 million are in the 2019-2025 time band, and \$225 million are in the 2026-2040 time band. This spending includes \$333 million for road and intersection projects, \$22 million for bridges, \$28.6 million for bicycle/pedestrian projects, \$35 million for transit, \$13 million for planning and air quality conformity, and \$10.1 million for ITS.

Non-WAMPO Funded Project Costs

An additional 138 projects are planned to be funded with federal, state, and local funds that are not distributed through WAMPO. These non-WAMPO funded projects in the Wichita region represent a total spending of \$4.2 billion in year of expenditure dollars. This includes \$3 billion in highway and interchange projects, \$692 million in major streets and intersection projects, \$139 million in bridge (both highway and major streets) projects, \$22 million for bicycle and pedestrian projects, \$288 million for transit, \$8 million for safety projects, and \$15 million for ITS.

Fiscal Constraint Analysis

The MOVE 2040 plan is fiscally constrained. After accounting for the total projected revenues reasonably expected to be available for spending on the regional transportation system between 2015 and 2040 (\$6 billion) and the amount estimated to be spent to adequately maintain the system (\$980 million), the amount available for the MOVE 2040 projects equals \$5.1 billion, which is approximately \$460 million greater than the total estimated cost of projects in MOVE 2040.

All dollars are in Year of Expenditure (YOE) dollars

Revenue Projection

Federal	\$592,648,099	
State*	\$1,964,188,000	
Local	\$2,583,819,684	
Private/NPO	\$936,000,000	
Total Projected Revenue		\$6,076,655,783

Estimated O&M Expenses

State Maintained System	\$118,495,000	
Locally Maintained System	\$861,941,916	
Total Estimated Expenses		\$980,436,916

Fiscal Constraint Summary

Total Projected Revenue Less Total Estimated Expenditures	\$5,096,218,867
Total Estimate Project Cost (MOVE 2040)	\$4,636,672,645

*State revenue projects include a mix of state and federal sources

Fiscal Constraint by Time Band

Analyzing the fiscal constraint by project time band shows the temporal relationship between the projected funding and the projected costs. It's clear that the overall plan is fiscally constrained. This analysis also shows that after accounting for the costs to maintain and operate the system, that the region is expected to have more than enough revenues to cover the projected costs of the projects in the MOVE 2040 Plan in the latter two time bands (2019 – 2025 and 2026 – 2040). Upon initial inspection, however, it appears that the region does not have enough revenues to cover the projected costs of the projects in the MOVE 2040 Plan in the first time band (2015-2018).

This apparent discrepancy is likely due to the use of debt financing. The MOVE 2040 Financial Plan does not explicitly deal with the use of debt to finance transportation projects. However, the State government and many local governments use general obligation bonds (or GO Bonds) to finance transportation projects. Essentially, GO Bonds work like most credit arrangements; money is provided in the near term by the loaning organization, and the borrowing organization pays it back with some agreed upon amount of interest at an agreed upon time in the future. The state and local governments have set thresholds for the amount of debt financing they will take on and cover this topic in depth in their annual budgets and Capital Improvement Plans. For example, the City of Wichita Capital Improvement Plan (2015-2024) includes \$292 million in GO Bonds as a revenue source for that time period (2015-2024), and then compare the amount of debt service to the approved benchmark to prove it will not exceed the approved benchmark.

The \$145 million in project costs that exceed the projected revenues in the first time band (2015-2018) are likely incurred through debt financing and will be paid back in the 2019-2040 period. During this period, there is more than enough revenues projected to cover the initial carryover of \$145 million.

All dollars are in Year of Expenditure (YOE) dollars

Revenue Projection	2015 - 2018	
Federal	\$110,754,247	
State*	\$434,000,000	
Local	\$366,794,624	
Private/NPO	\$144,000,000	
Total Projected Revenue		\$1,055,548,871
Estimated O&M Expenses		
State Maintained System	\$11,355,562	
Local Government Maintained System	\$82,601,246	
Total Estimated O&M Expenses		\$93,956,808
Fiscal Constraint Summary		
Total Projected Revenue Less Total Estimated O&M Expenses		\$961,592,063
Total Estimate Project Cost (MOVE 2040)		\$1,107,241,299
Projected Balance		(\$145,649,236)

*State revenue projects include a mix of state and federal sources

Revenue Projection		2019 - 2025	
Federal		\$153,329,862	
State*		\$486,878,000	
Local		\$674,896,970	
Private/NPO		\$252,000,000	
Total Projected Revenue			\$1,567,104,832

Estimated O&M Expenses			
State Maintained System		\$24,708,584	
Local Government Maintained System		\$179,732,175	
Total Estimated O&M Expenses			\$204,440,759

Fiscal Constraint Summary			
Total Projected Revenue Less Total Estimated O&M Expenses			\$1,362,664,073
Total Estimate Project Cost (MOVE 2040)			\$938,988,570
Projected Balance			\$423,675,503

*State revenue projects include a mix of state and federal sources

Revenue Projection		2026 - 2040	
Federal		\$328,563,990	
State*		\$1,043,310,000	
Local		\$1,542,128,090	
Private/ NPO		\$540,000,000	
Total Projected Revenue			\$3,454,002,080

Estimated O&M Expenses			
State Maintained System		\$82,430,854	
Local Government Maintained System		\$599,608,495	
Total Estimated O&M Expenses			\$682,039,349

Fiscal Constraint Summary			
Total Projected Revenue Less Total Estimated O&M Expenses			\$2,771,962,731
Total Estimate Project Cost (MOVE 2040)			\$2,590,442,776
Projected Balance			\$181,519,955

*State revenue projects include a mix of state and federal sources

Revenue Projection		2015 - 2040
Federal		\$592,648,099
State*		\$1,964,188,000
Local		\$2,583,819,684
Private/		\$936,000,000
Total Projected Revenue		\$6,076,655,783
Estimated O&M Expenses		
State Maintained System		\$118,495,000
Local Government Maintained System		\$861,941,916
Total Estimated O&M Expenses		\$980,436,916
Fiscal Constraint Summary		
Total Projected Revenue Less Total Estimated O&M Expenses		\$5,096,218,867
Total Estimate Project Cost (MOVE 2040)		\$4,636,672,645
Projected Balance		\$459,546,222

*State revenue projects include a mix of state and federal sources

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