Transportation Decisionmaking: Information Tools for Tribal Governments

Financial Planning

U.S. Department of Transportation

Federal Highway Administration

June 2013

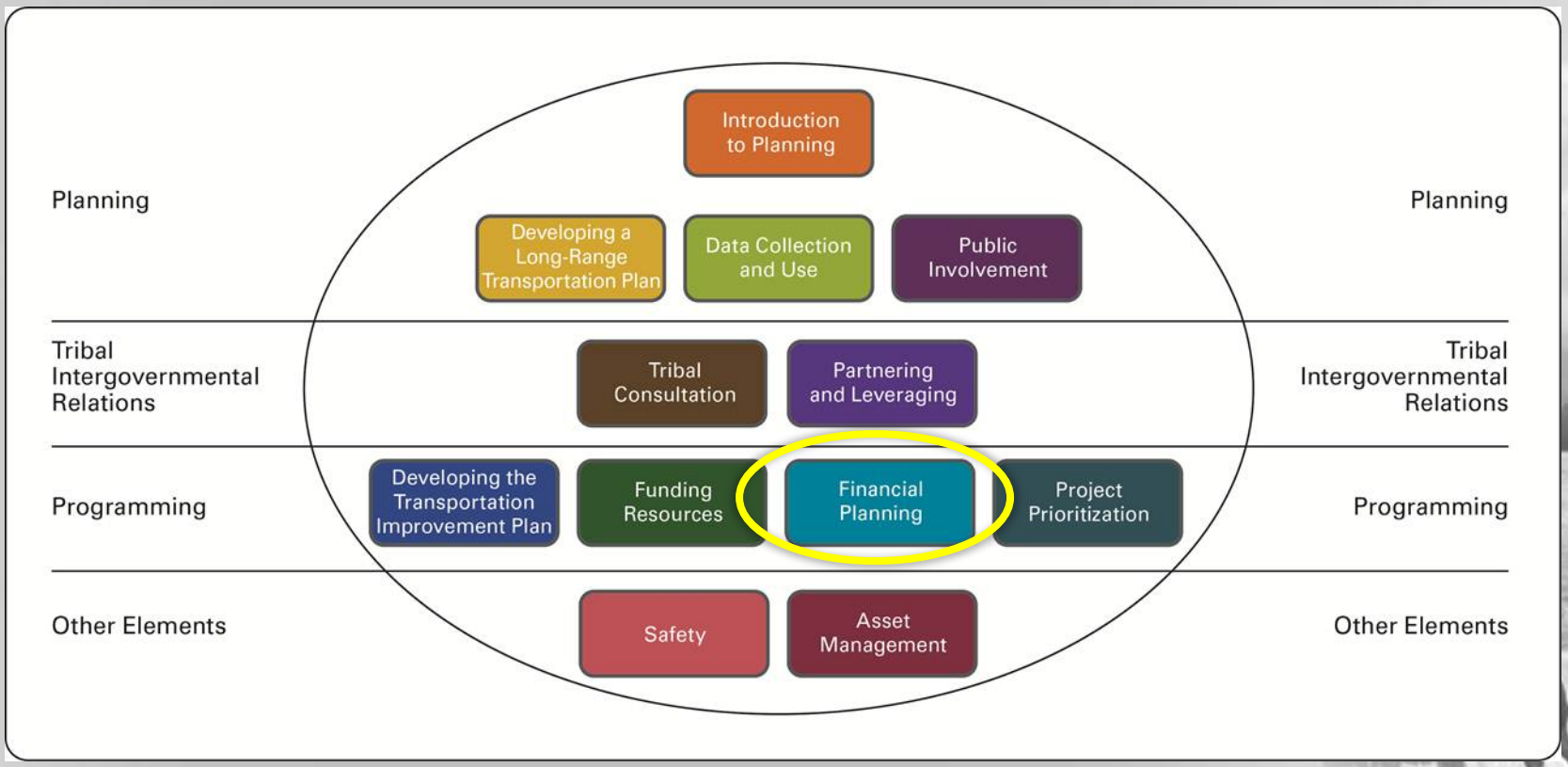
Presentation Overview

- Who is the audience for this training?
- What is financial planning?
- Steps in financial planning.
- Summary and additional resources.

The Module Training Series

- Designed to assist tribal professionals with transportation planning for capital, operating, and maintenance needs on tribal lands.
- Six modules developed from 2004 to 2008. Five additional modules developed in 2012.
- Available from: http://www.tribalplanning.fhwa.dot.gov/training_series.aspx

Training Modules for Tribal Transportation Decisionmaking



Who is the Intended Audience for this Training?

- This module is intended for use by tribal transportation planners, tribal council members, and tribal finance officers.

I. INTRODUCTION

What is Financial Planning?

- A way to estimate how much money the tribe has to pay for needed transportation improvements
- Consists of these three steps:
  - Identifying funding streams
  - Estimating how much money will be available
  - Matching available funding to projects

Funding Availability

- Federal funding
  - Federal transportation programs
  - Federal transportation funding specifically for tribal governments
  - Federal Lands Highway Division funding
  - Funding from
  - Other Federal sources (HUD, Interior, EPA)
- State and MPO partnerships
- Local government partnerships
- Innovative financing

Funding Availability: Federal Sources

- Federal transportation funding
- Federal transportation funding specifically for tribal governments
  - Tribal Transportation Program (formerly the Indian Reservation Roads program)
  - Tribal Transit Program

Funding Availability: Federal Sources

- FHWA Federal Lands Highway (FLH) funding
- Other Federal transportation funding
  - Partner with another government agency
  - Apply for a grant

Funding Availability: Local Sources

There are a variety of ways to raise revenue to fund transportation projects:

- Collect rent from businesses using tribal facilities.
- Solicit contributions from private sector developers.
- Charge taxes and fees.

Taxes: a percentage of retail sales; per-gallon tax on gasoline sales

Fees: vehicle registration; parking permits; license fees

Funding Availability: Innovative Sources

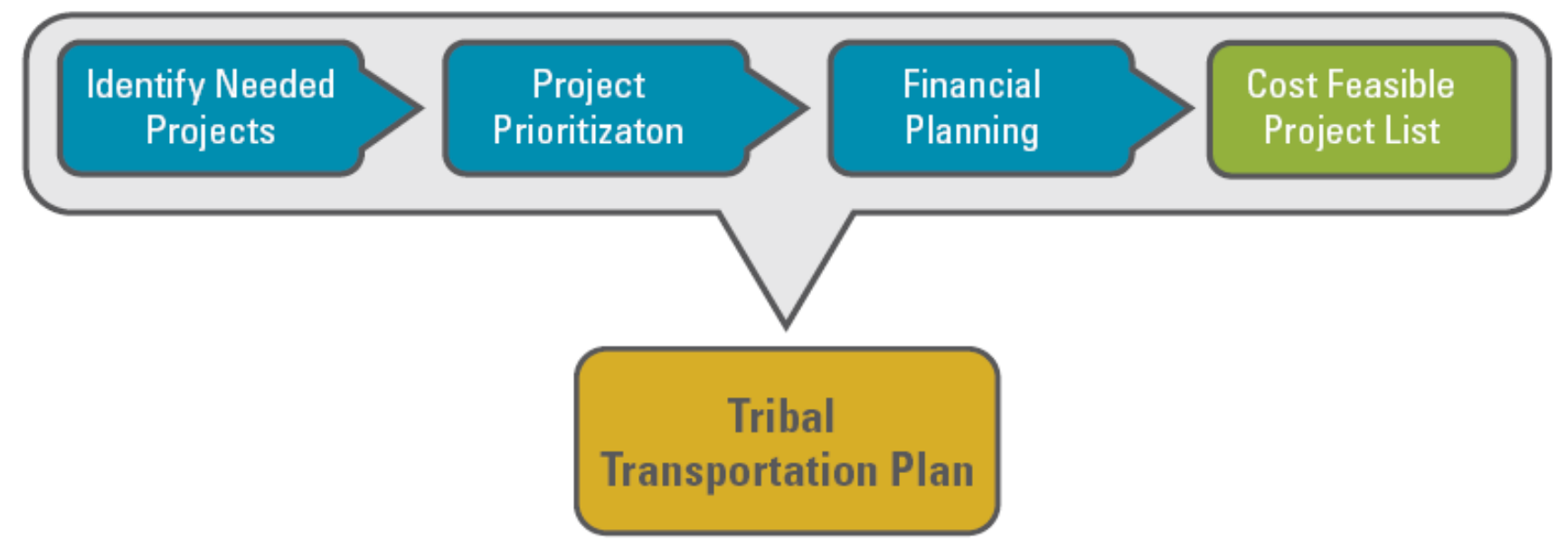
- Grant Anticipation Revenue Vehicles (GARVEE)
- Private Activity Bonds (PABs)
- Transportation Infrastructure Finance and Innovation Act (TIFIA) loans

Innovative Program Delivery

TIFIA
Transportation Infrastructure Finance

II. WHAT IS FINANCIAL PLANNING, AND HOW DOES IT WORK?

When to Perform Financial Planning



Steps in Financial Planning

Three steps to financial planning:

1. Identify funding streams.
   a) Learn about programs
   b) Fill in financial eligibility
   c) Obtain financial information

2. Estimate the value from those streams over time.
3. Match projects to eligible funding streams.

Step 1: Identify Funding Streams - Learn About Programs

- Reference old documents to see if there is information past funding streams.
  - Previous tribal LRTPs
  - Previous TTIPs
  - Public transportation agency transit development plans
  - State DOT TIP
  - Neighboring local government plans

- Check with the tribe's revenue department or treasury.
- Inquire with the MPO, RPO, and State DOT.
- Understand the BIA-DOT process.

Step 1: Identify Funding Streams - Learn About Programs

- Learn about programs offered by FHWA, FLH, and FTA.
- Make decisions about applying for grants.
  - Have a discussion about the feasibility of applying for discretionary grants.
- Investigate innovative financing streams.

Step 1: Find Financial Information

Funding Stream	Decisionmaker	Contact for Revenue Estimates
Tribal Transportation Program	Tribal Government	Federal Lands Highways Division; BIA-DOT
Federal Lands Access Program	Program Decision Committee	Federal Lands Highways Division
FHWA Formula Programs	State DOT	FHWA State Division
FHWA Grant Programs	FHWA Headquarters	FHWA State Division
Tribal Transit Program	Tribal Government	FTA Region
Other FTA Programs	State DOT/Transit Agency	FTA Region
State or Regional Funding	State DOT	State DOT, MPO, RTPO
Tribal General Funds	Tribal Government	Tribal Revenue Officer
Fees	Tribal Government	Tribal Revenue Officer

Step 1A: Identify Funding Streams

- Utilize the Funding Inventory Worksheet.
- Fill out the “Funding Stream” and “Program Officer” columns.

Funding Stream	Program Officer	Eligible Project Types	Year 1 Revenue	20-year Total
Tribal Transportation Program	FHWA Federal Lands; BIA-DOT			
Tribal Transit Program	Federal Transit Administration			
Surface Transportation Program	State DOT			

Step 1B: Fill in Funding Eligibility

List the eligible project types for each funding stream.

Funding Stream	Program Officer	Eligible Project Types	Year 1 Revenue	20-year Total
Tribal Transportation Program	FHWA Federal Lands; BIA-DOT	Roadways, Bridge, Maintenance, Safety		
Tribal Transit Program	FTA	Transit, Paratransit		
Surface Transportation Program	State DOT	Roads, Safety, Transit, Maintenance, Bike/ped		

Step 1C: Obtain Financial Information

Determine how much money each stream will produce.

Funding Stream	Program Officer	Eligible Project Types	Year 1 Revenue	20-year Total
Tribal Transportation Program	FHWA Federal Lands; BIA-DOT	Roadways, Bridge, Maintenance, Safety	$920,000	
Tribal Transit Program	FTA	Transit, Paratransit	$150,000	
Surface Transportation Program	State DOT	Roads, Safety, Transit, Maintenance, Bike/ped	$15,000,000	

Step 2: Estimate Future Revenue

- Estimate future receipts of transportation funding:
  - **Consistency of funding:** Make educated guesses about whether levels of funding will increase, decrease, or remain the same.
  - **Projection over time:** Project the amount of funding available through each funding stream.

Step 2: Estimate Future Revenue

Four types of funding:

1. One-time grants
2. Partner funds
3. Annual funds
4. Annual funds with an end date

Funding Inventory Worksheet

Fill out the entire worksheet using collected information.

Funding Stream	Program Officer	Eligible Project Types	Year 1 Revenue	20-year Total
Tribal Transportation Program	FHWA Federal Lands; BIA-DOT	Roadways, Bridge, Maintenance, Safety	$920,000	$20,416,000
Tribal Transit Program	FTA	Transit, Paratransit	$150,000	$900,000
Surface Transportation Program	State DOT	Roads, Safety, Transit, Maintenance, Bike/ped	$15,000,000	$38,000,000

Step 3: Match Funding to Projects

To make decisions about matching, follow the sequence of steps below:

- Apply any partner funds reserved for the project.
- Apply any one-time grants reserved for the project.
- Apply any one-time grants that are eligible uses under that program.
- Apply eligible funding streams in a strategic fashion.
- Repeat the process for the next highest priority project.

Step 3: Match Funding to Projects

Project Matching Worksheet

A	B	C	D	E	F	G
Priority	Name	Type	Cost	Eligible/Committed Funding Streams	Funding Allocation from this Stream	Remaining Funds in Stream
1	New 4-Lane Highway	Road	$45m			

From Project Priority List

From Funding Inventory Worksheet

Step 3: Match Funding to Projects

Once a decision is made on how to fund the project, enter the amount in column F.

A	B	C	D	E	F	G
Priority	Name	Type	Cost	Eligible/Committed Funding Streams	Funding Allocation from this Stream	Remaining Funds in Stream
1	New 4-Lane Highway	Road	$45m	Tribal Transportation Program	$7m	$13.416m
				Tribal Transit Program	--	$900k
				Surface Transportation Program	$38m	$0
				Tribal General Fund	$0	$4.412m

Step 4: Write the Financial Plan

The long range plan should include tables and narrative discussion on:

- Funding sources and expected amounts over the life of the plan
- List of projects
- Unfunded project list
- What will be done with leftover funding

Step 4: Write the Financial Plan

Unfunded Projects List

- Places projects in line to receive unexpected funds; can be shared with partners at local governments, State DOT, and MPO; should be filed with the BIA.

Remaining Funds

- Will be used to fund cost overruns or emergency projects.

III. SUMMARY

Financial Planning Checklist

✓	Action
	Understand Transportation Funding Options
	1. Identify Funding Streams
	a. Check old documents
	b. Understand the BIA-DOT process
	c. Check with Tribal Revenue Officers
	d. Coordinate with State DOT and MPO for available funds from those sources
	e. Investigate other programs with FHWA
	f. Make decisions about applying for grants
	g. Investigate Innovative Financing
	2. Estimate Future Revenues
	a. Create a Table Showing 20-year Funding Estimates from Each Program
	i. For one-time grants, place reasonably expected funding into the table
	ii. For annual programs, multiply the upcoming year by twenty

Checklist Part II

✓	Action
	3. Match Funding to Projects
	a. Complete the Project Matching Worksheet
	i. Apply dedicated funds to the appropriate project
	ii. Compare eligibility and commit funds to projects in order of priority
	b. Place unfunded projects on a “wish list” or “unfunded needs list” and communicate about this list with the State DOT and MPO
	4. Write the Financial Plan
	a. List the funding sources and their expected revenues over the life of the plan, then discuss how you will receive the funding and what types of projects each funding program is eligible to support
	b. List the funded projects and which funding streams are supporting each project
	c. List the unfunded projects and discuss why the projects were not funded.
	d. Discuss where leftover, unused funds will go.

IV. RESOURCES

For Further Reading

- A Briefing Book for Transportation Officials, Decision-Makers, and Staff. Published by the FHWA/FTA Transportation Planning Capacity Building Program
  http://www.planning.dot.gov/documents/BriefingBook/BBook.htm
- FHWA Guidance on Cost Estimation for Major Projects
  http://www.fhwa.dot.gov/ipd/project_delivery/tools_programs/cost_estimating/guidance.htm
- Federal Highway Administration Program Listing
  http://www.fhwa.dot.gov/whatwedo/topics/
- Federal Lands Highway Tribal Transportation Program
  http://flh.fhwa.dot.gov/programs/ttp/

For Further Reading

- Federal Transit Administration Tribal Transportation Program FAQs www.fta.dot.gov/documents/FAQ_Tribal_Transit_Program.doc
- Leveraging the Partnership: HUD, DOT, and EPA Programs for Sustainable Communities http://www.sustainablecommunities.gov/pdf/leveragingPartnership.pdf
- National Cooperative Highway Research Program (NCHRP) Report #574 Guidance for Cost Estimation and Management for Highway Projects During Planning, Programming, and Preconstruction http://onlinepubs.trb.org/onlinepubs/nchrp/nchrp_rpt_574.pdf
- Tribal Financial Management Certificate Program (Arizona State University) http://aipi.clas.asu.edu/tfmc