

## Chapter 6: Capital Investment Framework

Federal regulations require that the investments recommended by the *Destination Tomorrow* regional transportation plan be financially realistic. There must be a reasonable relationship between the plan and the level of funding that can realistically be anticipated over the life of the plan. The first part of this chapter outlines the Capital Investment Framework of *Destination Tomorrow*. The second part of the chapter addresses the anticipated funding shortfall and various options for closing this gap.

### Capital Investment Framework

The framework is a summary of the Plan's long-term financial priorities, major capital needs and an estimate of future available funding. It does not include municipal and state operational costs or subsidies used to maintain the existing highway system and public transportation services. The PACTS Policy Committee, MaineDOT and all other organizations included in the region's transportation system will use it as a guide in the following ways:

1. PACTS' members, including MaineDOT in particular, will use it in advising the Legislature and Congress of the region's short-term and long-term transportation funding needs and priorities.
2. The 2003 TIP Process Committee will use it as context in revising the PACTS priority setting process.
3. The PACTS Policy Committee and MaineDOT will use it during the development of the 2006-2007 Biennial Transportation Improvement Program (BTIP), as well as subsequent BTIP's.

Several key assumptions and factors are embedded in the framework:

1. A continuation of the 1990's level of federal funding. (Based on 2003 funding challenges, this may be an optimistic assumption.)
2. MaineDOT will continue to provide \$7 million in funding as the "PACTS Allocation". The \$7 million is composed of federal Surface Transportation Funds and state and local matches. Based on the expansion of the PACTS area, an increase in this amount is scheduled for the 2006-2007 biennium.
3. MaineDOT will continue to finance additional highway and bridge projects in the PACTS area in addition to the \$7 million per biennium allocated to PACTS. This assumption is based on the 14-year period between 1990 and 2003 (omitting the Casco Bay Bridge) when direct MaineDOT spending in the PACTS region was more than twice the total PACTS Allocation.

4. The federal government requires that transportation plans be financially realistic. There must be a reasonable relationship between the plan and the level of funding that can realistically be anticipated over the life of the plan. This requirement ensures that plans accurately reflect regional priorities and needs, and do not merely become wish lists.
5. PACTS' members established maintaining and improving the existing system as the  
This priority will necessarily constrain making other investments in the transportation system.
6. Implementation of *Destination Tomorrow's* recommendations and strategies must efficiently use limited resources and be attentive to environmental, social and land use impacts.

The Capital Investment Framework is divided into three tables. Table 6-1 summarizes the Plan's 22-year framework, identifying anticipated revenues and investment priorities. The actions listed in Table 6-1 are organized according to three Plan "principles": *maintaining* the existing transportation system, enhancing the system for the purposes of *community* and economic development/redevelopment, and adding new *capacity* to the regional system.

Tables 6-2 and 6-3 provide more details and itemize the priorities over the 2004-to-2009 and 2010-to-2025 time periods, respectively. Tables 6-2 and 6-3 also include "Next Steps" columns to give the reader a sense of who, when, and how each action item will move toward implementation.

## **Sources of Funds**

Funding for capital investments comes primarily from three sources: federal, state and local governments. The federal government – through the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA) – normally supplies 80 percent of the funding. For highway projects in the PACTS area, the State contributes five percent, largely through the gasoline sales tax and title fee revenues. Local governments contribute the final 15 percent.

Capital investments for the Maine Turnpike are financed exclusively through toll revenues. The Maine Turnpike Authority does not receive any federal, state or local government funds.

### Federal Sources of Funding

- Interstate maintenance – allocated by the MaineDOT with PACTS concurrence.
- National Highway System (NHS) – allocated by the MaineDOT with PACTS concurrence.

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- Surface Transportation Program (STP) – allocated by the MaineDOT with PACTS concurrence. PACTS also receives approximately \$7 million every two years to allocate in accordance with its priorities and MaineDOT concurrence.
- STP Safety funds – allocated by the MaineDOT with PACTS concurrence.
- STP Enhancement funds – allocated by the MaineDOT with PACTS concurrence.
- Bridge programs – allocated by the MaineDOT with PACTS concurrence.
- Congressional earmarks – designated by Maine’s Congressional delegation and requiring approval by the U. S. Congress.
- Urbanized Area Formula Program transit funds – allocated to the Transit Providers Working Group by the FTA.
- Transit Capital Program grants – allocated by the FTA with PACTS concurrence.
- Congestion Mitigation Air Quality (CMAQ) funds – allocated by the MaineDOT with PACTS concurrence.
- Recreational trail funds – allocated by the MaineDOT with PACTS concurrence.

### State Sources of Funding

- The Highway Fund – primarily motor fuel taxes, motor vehicle registrations and fees.
- The General Fund.
- Obligated bond issues.

### Local Sources of Funding

- Bond issues.
- Capital Improvement Program.
- Special financing options such as Tax Increment Financing (TIF).
- Private development.
- Miscellaneous other sources.

### Toll Funding

- Maine Turnpike Authority

### Private Sources

- Traffic impact fees.
- Transportation improvements made by and paid for by developer to mitigate the transportation impacts of their developments.



**Table 6-1  
Capital Investments Framework for 2004 to 2025**

No commitments have been made for any of these proposals.  
Amounts are in millions of dollars.

See Tables 6-2 and 6-3 for details.

Principles	Action	First 6 Years	Next 16 Years	Total 22 Years
Maintain	Maintain highways and bridges	\$25	\$68	\$93
Maintain	Maintain public transportation	\$35	\$80	\$115
Maintain	Address critical intersections	\$9	\$24	\$33
Maintain	Improve access management	\$2	\$4	\$6
Maintain	Turnpike regional toll system	\$30	\$0	\$30
Maintain	I-295 Forest Avenue interchange	\$17	\$0	\$17
Maintain	Electronics (ITS) strategies	\$3	\$6	\$9
Community	Arterial investment/enhancement	\$7	\$19	\$26
Community	Bicycle and pedestrian systems	\$3	\$5	\$8
Capacity	Passenger rail to Brunswick	\$3	\$6	\$9
Capacity	Phases I and II of Gorham bypass	\$30	\$0	\$30
Capacity	Route 25 corridor	\$0	\$5	\$5
Capacity	More bus service to Gorham	\$1	\$3	\$4
Capacity	I-295 Tukey's Bridge area	\$0	\$30	\$30
Capacity	I-295 Exits 3 and 4	\$0	\$9	\$9
Capacity	New I-295 lanes between Exit 3 and 4	\$7	\$0	\$7
Capacity	New I-295 northbound lane from Exit 6 to 7	\$2	\$0	\$2
Capacity	Falmouth Spur/I-95/I-295 interchange	\$0	\$20	\$20
Capacity	Widen Turnpike Exits 6A to 9	\$0	\$44	\$44
Capacity	Route 22 corridor	\$0	\$50	\$50
Capacity	Connectivity between arterials	\$0	\$20	\$20
Capacity	Bus service to North Windham	\$1	\$3	\$4
Capacity	Bus rapid transit (BRT)	\$1	\$3	\$4
Capacity	Freight system investments	\$5	\$10	\$15
	Needs Subtotals:	\$181	\$409	\$590
	<i>Less Amounts Available:</i>	\$97	\$175	\$272
	<b>Shortfalls:</b>	<b>\$84</b>	<b>\$234</b>	<b>\$318</b>



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**Table 6-2  
Capital Investments Framework for the 2004 to 2009 Six-Year Period**

No funding commitments have been made for these proposals and categories of proposals.  
Amounts are in millions of 2002 dollars.

<u>Principles</u>	<u>ID</u>	<u>Action</u>	<u>Funding Sources *</u>					<u>Subtotals</u>	<u>Next Steps</u>	
			<u>PACTS</u>	<u>FTA</u>	<u>MDOT</u>	<u>MTA</u>	<u>Local</u>			<u>Earmark</u>
Maintain	1	Maintain existing highway system	\$10		\$12				\$22	PACTS and MDOT fund in BTIP's.
Maintain	2	Maintain existing bridges			\$3				\$3	MDOT fund in BTIP's.
Maintain	3	Maintain existing public transportation systems		\$4	\$4			\$27	\$35	Transit agency budget decisions.
Maintain	4	Address critical intersections	\$3		\$3		\$3		\$9	PACTS and MDOT fund in BTIP's.
Maintain	5	Improve access management in major corridors	\$1		\$1				\$2	Municipal and/or PACTS studies.
Maintain	6	Implement Turnpike regional toll system				\$30			\$30	MTA 2003 proposal to Legislature.
Maintain	7	Reconfigure I-295 Forest Avenue interchange						\$17	\$17	MDOT complete the design.
Maintain	8	Implement ITS strategies (transit and others)			\$1			\$2	\$3	To be determined.
Community	9	Arterial investment and enhancement	\$5		\$2				\$7	Municipal and/or PACTS studies.
Community	10	Enhance bicycle and pedestrian systems	\$1		\$2				\$3	PACTS and MDOT fund in BTIP's.
Capacity	11	Make freight system investments			\$5				\$5	MDOT fund in BTIP's.
Capacity	12	More bus service to Gorham						\$1	\$1	To be determined.
Capacity	13	Establish bus service to North Windham	\$1						\$1	To be determined.
Capacity	14	Establish bus rapid transit service						\$1	\$1	To be determined.
Capacity	15	Provide passenger rail service to Brunswick			\$3				\$3	MDOT finish plan.
Capacity	16	Add I-295 northbound and southbound lanes (Exits 3 to 4)			\$7				\$7	MDOT fund for prelim engineering.
Capacity	17	Add I-295 northbound lane between Forest and Franklin			\$2				\$2	MDOT and Portland complete plan.
Capacity	18	Build Phases I and II of Gorham Village bypass						\$30	\$30	MDOT fund in BTIP's
		Subtotals:	\$21	\$4	\$45	\$30	\$3	\$78	\$181	
		Amounts Available:	\$21	\$4	\$42	\$30	#na	#na	\$97	

\* Funding Sources

1. PACTS funding means funds from the PACTS Allocation of STP funds from MDOT. (The expansion of the PACTS area will increase this amount.)
  2. The FTA column here refers to the Section 5307 formula funds available from the Federal Transit Administration. (This will also increase.)
  3. MDOT funding means all other FHWA- and FTA-funded projects except for Earmark projects.
  4. MTA stands for the Maine Turnpike Authority.
  5. The Local column here refers to developer funds and 100% municipally funded projects. The \$3 million amount is a placeholder.
  6. Earmark funding means FHWA and FTA earmarks from Congress.
- #na implies that no commitment of funds has been made to date.



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**Table 6-3**

**Capital Investments Framework for the 2010 to 2025 Sixteen-Year Period**

No funding commitments have been made for these proposals and categories of proposals. Amounts are in millions of 2002 dollars.

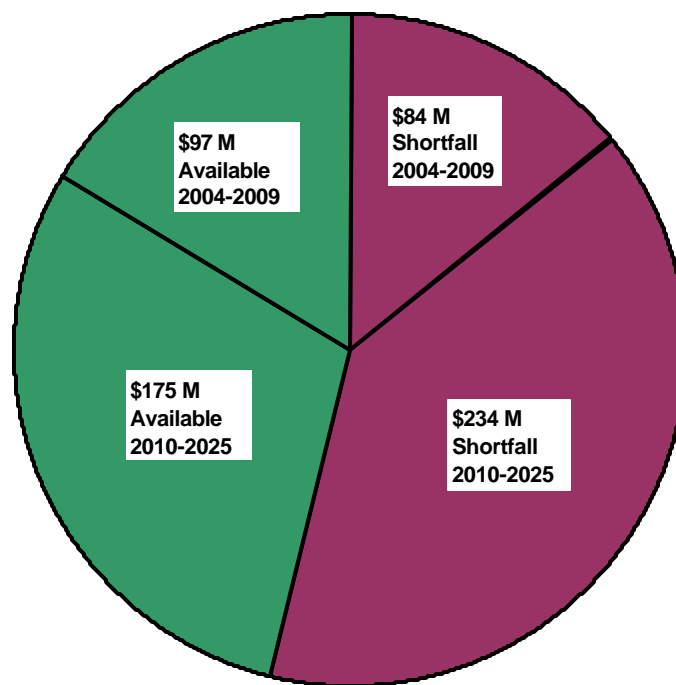
<u>Principles</u>	<u>ID</u>	<u>Action</u>	<u>PACTS</u>	<u>FTA</u>	<u>MDOT</u>	<u>MTA</u>	<u>Local</u>	<u>Earmark</u>	<u>Subtotals</u>	<u>Next Steps</u>
Maintain	19	Maintain existing highway system	\$25		\$35				\$60	PACTS and MDOT monitor.
Maintain	20	Maintain existing bridges			\$8				\$8	MDOT monitor.
Maintain	21	Maintain existing public transportation systems		\$10	\$10			\$60	\$80	Secure funds for fleet replacement.
Maintain	22	Address critical intersections	\$8		\$8		\$8		\$24	Monitor changing traffic patterns.
Maintain	23	Improve access management in major corridors			\$4				\$4	PACTS and MDOT study.
Maintain	24	Implement ITS strategies (transit and others)			\$3			\$3	\$3	To be determined.
Community	25	Arterial investment/redevelopment	\$8		\$11				\$19	PACTS and MDOT study.
Community	26	Enhance bicycle and pedestrian systems	\$2		\$3				\$5	PACTS and MDOT study.
Capacity	27	Address Route 25 corridor safety and congestion needs with solutions such as bus rapid transit						\$5	\$5	PACTS and MDOT study.
Capacity	28	Address I-295 corridor safety and congestion needs with solutions such as widen Tukey's Bridge and add passenger rail service in the I-295 corridor.			\$30			\$6	\$36	PACTS and MDOT study.
Capacity	29	Address Route 22 corridor safety and congestion need with solutions such as build Route 22/114 bypass, build toll highway from Turnpike to Gorham, extend Turnpike Exit 7 westward and widen Running Hill Road, widen Cummings Road and Spring Street, create new fixed route bus (or BRT) service, and widen Route 22 from Hutchins Drive to Route 114.	\$10			\$40			\$50	PACTS, MTA and MDOT study.
Capacity	30	Address connectivity needs between arterial roadways such as an extension of Larrabee Road to Spring Street or New Portland Road, build the Gorham industrial park road, and build a Highland Avenue connector road.	\$10		\$10				\$20	PACTS and MDOT study.
Capacity	31	More bus service to North Windham		\$3					\$3	Studies by transit agencies/GPCOG.
Capacity	32	Make freight system investments					\$10		\$10	MDOT fund in BTIP's
Capacity	33	More bus service to Gorham						\$3	\$3	To be determined.
Capacity	34	Provide bus rapid transit on key arterials		\$3					\$3	Studies by transit agencies/GPCOG.
Capacity	35	Add and delete ramps at Exit 3 of I-295			\$4				\$4	PACTS and MDOT study.
Capacity	36	Add northbound ramp to Main Street at Exits 4 of I-295			\$5				\$5	PACTS and MDOT study.
Capacity	37	Reconfigure Falmouth Spur/I-95/I-295 interchange				\$20			\$20	MDOT and MTA study.
Capacity	38	Widen Turnpike between Exits 6A and 9				\$44			\$44	MTA and MDOT assess needs.
Subtotals:			\$63	\$16	\$131	\$104	\$18	\$77	\$409	
Amounts Available:			\$57	\$10	\$108	na#	na#	na#	\$175	

\* Funding Sources: See notes in Table 6-2. #na implies that no commitment of funds has been made to date.

## Anticipated Funding Shortfall

The identified needs of the transportation system total \$590 million over the 22-year time horizon of *Destination Tomorrow*. The total anticipated revenues during this time period are forecast to be \$272 million which results in a funding gap of \$318 million. The gap is estimated to be \$84 million in the Plan’s first six years (2004-2009) and \$234 million in the subsequent 16 years (2010-2025). The total amount of available funding is anticipated to be less than half the total amount needed to fully realize the Vision of Destination Tomorrow. (See Figure 6-1.)

**Figure 6-1 Funding Shortfall**



The capital investment framework contains three Maine Turnpike related projects between 2010 and 2025 that have a total cost estimate of \$104 million (see Table 6-3). The Maine Turnpike Authority would be a principal funding partner in these projects should they be constructed. The Turnpike Authority does not plan to make these improvements at this time.

A second important mechanism for addressing the *Destination Tomorrow* shortfall is earmarks of Federal Transit and Highway Administration funds by Congress. The earmarks columns in Tables 6-2 and 6-3 add up to \$155 million – a major component of the Plan. In recent years, Congress has financed a significantly greater part of the nation’s federal transportation program with earmarks than in the past, and it appears that Congress will continue to do so in the future.



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Maine's Congressional Delegation, the Maine Department of Transportation and others have been working hard to secure earmarks in this new paradigm.

The Plan details \$303 million in identified needs to maintain the existing components of the transportation system. *This level of investment needed just to maintain the existing system exceeds the total anticipated revenues, and highlights the tough choices that decision-makers will face in the years ahead.*

Several factors have contributed to the magnitude of the funding gap and include:

- transportation funds persistently falling short of needs;
- maintenance needs that have been deferred due to funding shortfalls;
- budgetary constraints at all levels of government;
- investments needed to meet the increased demand for travel resulting from peoples' choices about where to live and where to work; and
- investments needed to accommodate future growth.

When *Destination Tomorrow* is updated in 2004 to reflect the 2002 PACTS expansion, the size of the funding gap is expected to increase. With the reauthorization of TEA-21 expected later in 2003, future levels of funding will be better known.

In the first six years of the Plan (2004 to 2009) the total funds available are expected to be \$97 million while the total needs are estimated at \$181 million. *The \$84 million total shortfall represents a major challenge during the next six years.* A further challenge will be to balance the limited available resources between maintaining the system and making investments to prepare for more people living in the region, for more jobs and for more traffic. To meet these challenges, all available planning and management tools at every level of government will need to be used.

During the subsequent 16-year period (2010 to 2025) the anticipated revenues total \$175 million dollars, while the identified needs total \$409 million for *an anticipated shortfall of \$234 million.*

### **Additional Funding for Implementation of the Plan**

In recent years, MaineDOT, the Maine Turnpike Authority, and the region's municipalities and public transit organizations have each succeeded in stretching transportation dollars further. New highway building techniques, new traffic-signal technologies, new bus communication systems, streamlined organizations and other actions have made the systems more cost-effective. The projected funding gap will require continuation of this success, and will also require a concerted effort by local and state officials in seeking additional funding from the Maine



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Legislature, the MaineDOT and our Congressional Delegation. *Securing the funds needed to meet the region's identified needs may be the biggest challenge facing local, regional and state decision-makers in the years ahead.*

PACTS Committee members – in particular the MaineDOT – will meet during the coming year with members of the Legislature and the Maine Congressional Delegation to seek additional necessary funding to implement *Destination Tomorrow*. With nearly 20 percent of Maine's population now living in the recently expanded PACTS region, PACTS members should have a stronger voice in Augusta and in Washington when seeking the funds necessary to fully implement *Destination Tomorrow*.

In addition, several other actions can be taken and other potential funding sources can be used to close the funding gap. These actions and funding sources may include:

- Additional general obligation bonds issued by the State and/or municipalities.
- Earmarks provided through the Congressional Delegation.
- Increases in the use of and level of assessment of tax increment financing.
- Broadening the list of transportation projects eligible for funding through the Highway Fund; and increasing the motor fuel tax, which would require amending the State of Maine Constitution.
- Increasing the local match requirements for new capacity projects to make the PACTS STP Allocation stretch farther.
- Driveway or access permit fees
- Increased use of traffic impact fees and developer exactions.
- Local option sales taxes with a portion of the proceeds dedicated to transportation.
- Transportation utility fees assessed to landowners based on the transportation impacts determined by the vehicle trip generation rate.