



7. Financial Resources

Identifying and effectively utilizing available transportation funds is a critical element in planning for and successfully implementing a transportation plan; even a financially unconstrained list of projects needs to be aware of potential funding sources. This can help when it comes to considering the balance of the overall program and when prioritizing projects for implementation.

Generally, funding is provided at the federal, state and local levels. From these, the primary source for relatively more costly roadway, transit, bicycle and pedestrian projects is federal funding authorization provided by the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). State funds are also an important component of transportation funding, primarily for capital projects (those requiring construction or equipment costs). The use of federal or state funds is coordinated through GDOT and may require a local match, which is typically 20% or more of the total cost. A project is moved into the GDOT Construction Work Program after potential funding sources are identified. Rural roads having a functional classification of a major collector or above, or urban roads designated as a collector or above, are potentially eligible for these funding sources. Projects along local roads and (rural) minor collectors are typically funded through local sources. Use of local funding provides local agencies with additional control and direction over the project, but requires expenditure of local resources. A summary of potential federal, state and local funding sources is provided in the remainder of this chapter.

Federal Funding Sources

Federal funding categories require that the project sponsor contribute a portion of the project's cost. Called a local "match," the required percent contribution varies by federal funding category, as noted in the descriptions that follow. The following funds are programmed by GDOT:

- *National Highway System (NHS)* – Provides funding for roads on the congressionally approved National Highway System. NHS funds can also be used, within NHS corridors, for activities such as transit, park-and-ride lots, and bicycle and pedestrian facilities. Up to 10 percent of a state's NHS apportionment may be dedicated to safety and traffic operations projects financed 100 percent federally. The remaining NHS funds require a minimum 20 percent match.
- *Interstate Maintenance (IM)* – Provides funding for maintenance activities, as well as High Occupancy Vehicle lanes and other non-Single Occupant vehicle improvements along federally designated interstate highways. Up to 10 percent of a state's IM apportionment may be dedicated to safety and traffic operations projects financed 100 percent federally. The remaining IM funds require a minimum 10 percent match.
- *Surface Transportation Program (STP)* – Provides funding for a wide variety of projects including highways, transit and other modes such as bicycle and pedestrian facilities. STP



funds can be used on any roadway classified above a local road or a rural minor collector. The STP funds require a minimum 20 percent match.

- *STP Enhancement* – A set-aside for transportation enhancement activities, such as providing facilities for bicyclists and pedestrians, landscaping and historic preservation. A minimum of 10 percent of each state’s overall STP allocation must be used for such projects. GDOT programs these funds on a statewide basis using a competitive submittal and evaluation process
- *Highway Safety Improvement Program (HSIP)* – A newly established core program (pulled from the STP core program) with flexibility provided to allow states and regions to target funds to their most critical safety needs. About 10 percent of the total amount available will be distributed to the railway-highway crossing program, with another set-aside annually for construction and operational improvements on high-risk rural roads.
- *Highway Bridge Replacement and Rehabilitation Program* – Provides funding for any public bridge replacement or rehabilitation. Included in this category are funds for both on and off Federal-aid system bridges.
- *High Priority Projects Program* – Provides designated funding for specific projects identified by Congress (commonly referred to as earmarks). The designated funding can only be used for the project as described in the law.
- *Congestion Mitigation and Air Quality (CMAQ) Improvement Program* – Provides funding for projects contributing to attainment of national ambient air quality standards in areas that do not meet the national standards (non-attainment areas) as well as former non-attainment areas that are now in compliance (maintenance areas). Types of projects eligible for CMAQ funds include transit improvements, shared-ride services, traffic flow improvements, TDM strategies, pedestrian and bicycle facilities and programs, and alternative fuel programs. Up to 10 percent of a state’s CMAQ apportionment may be dedicated to safety and traffic operations projects and financed 100 percent federally. The remaining CMAQ funds require a minimum 20 percent match.
- *Safe Routes to School* – Federal funds are available for pedestrian and bicycle projects within two miles of a school. These funds are distributed through GDOT and are available for grades kindergarten through eight. Schools must develop and implement a plan which includes a program for promoting bicycling and walking and any proposed infrastructure projects. Funding is available to a maximum of \$10,000 per school for development, \$500,000 for infrastructure such as sidewalks or crosswalks, and \$10,000 for non-infrastructure such as publicity. The funding is limited to \$16 million through 2009.
- *New Starts Program: FTA Section 5309* – Provides funding for new fixed guideway transit facilities which utilize and occupy a separate right-of-way, or rail line, for the exclusive use of mass transportation and other high occupancy vehicles, or uses a fixed centenary system and



a right-of-way usable by other forms of transportation. This includes, but is not limited to, rapid rail, light rail, commuter rail, automated guideway transit, people movers, and exclusive facilities for buses (such as bus rapid transit) and other high occupancy vehicles. Funds are awarded by FTA through a competitive process to eligible transit agencies. Funds are programmed by the recipient transit agency. According to a new federal regulation, the match required for transit New Starts funds will be 50 percent of the project cost.

- *Grants for Transportation for Elderly Persons and Persons with Disabilities: FTA Section 5310* – Discretionary funds to provide transit services for these population groups. Funds are awarded by FTA and programmed by the Georgia DHR. A 10 percent match is required for expenditures related to Clean Air Act Amendments (CAAA) and Americans with Disabilities Act (ADA) compliance, with a 20 percent match is required for all other expenditures in this funding category.
- *Rural and Small Urban Areas: FTA Section 5311* – Provides formula funding to states for the purpose of supporting public transportation in areas of less than 50,000 population. Funds may be used for capital, operating, and administrative assistance. The maximum Federal share for capital and project administration is 80 percent (except for projects to meet the requirement of the ADA, the CAAA, or bicycle access projects, which may be funded at 90 percent.) The maximum Federal share for operating assistance is 50 percent of the net operating costs. The local share is 50 percent.
- *The Rural Transit Assistance Program: FTA Section 5311(b)* – Provides a source of funding to assist in the design and implementation of training and technical assistance projects and other support services tailored to meet the needs of transit operators in non-urbanized areas. Funds may be used for capital, operating, and administrative purposes. There is no Federal requirement for a local match.
- *Clean Fuels Formula Grant Program: FTA Section 5308* – Provides funding for the purchase of alternative fuel transit vehicles, the conversion of existing vehicles to alternative fuels, and the development of facilities to service clean fuel vehicles. Funds are allocated by FTA on a formula basis and programmed by the recipient transit agency. A minimum of 20 percent match is required.
- *Job Access and Reverse Commute: FTA, Section 5316* – Purpose is to develop transportation services designed to transport welfare recipients and low-income individuals to and from jobs, and to develop transportation services for residents of urban centers and rural and suburban areas to suburban employment opportunities. Emphasis is placed on projects that use mass transportation services. Grants may finance capital projects and operating costs of equipment, facilities, and associated capital maintenance items related to providing access to jobs; promote use of transit by workers with nontraditional work schedules; promote use by appropriate agencies of transit vouchers for welfare recipients and eligible low-income



- individuals; and promote use of employer-provided transportation including the transit pass benefit program. Typically, a 50 percent local match is required.
- *New Freedom Program: FTA Section 5317* – SAFETEA-LU established a new program of formula-based transit grants, the Section 5317 New Freedom Program. This is part of a larger, government-wide "New Freedom Initiative" formally established in 2001. The New Freedom Initiative is a means to integrate persons with disabilities into the workforce, and into daily community life, through a variety of strategies carried out by the federal departments of Labor, Health and Human Services, Housing and Urban Development, Education, Justice, Veterans Affairs, and now Transportation. Typically, a 50 percent local match is required.
 - *Growing States and High Density States: FTA Section 5340* – SAFETEA-LU established a new program of formula based transit grants called Growing States and High Density States. These funds are distributed into a single apportionment with the 5307 funds. Separate formulas are used to apportion Section 5307 and Section 5340 funds to urbanized areas. Under the 5340 formula, half of the funds are made available under the Growing States factors and are apportioned based on state population forecasts for 15 years beyond the most recent Census. Amounts apportioned for each state are then allocated to urbanized and rural areas based on the state's urban/rural population ratio. The High Density States factors distribute the other half of the funds to urbanized areas with population densities greater than 370 people per square mile. The distribution or sub-allocation of Sections 5307 and 5340 funds within an urbanized area is typically a local responsibility.
 - *Recreational Trails Program* – Provides funds to develop and maintain recreational trails for motorized and non-motorized recreational trail users. Funds are programmed by the Georgia Department of Natural Resources (DNR).

State Funding Sources

The State of Georgia collects two types of taxes on motor fuels to help fund transportation infrastructure projects. Currently, it also has in place a bond program.

- *Fuel Excise Tax* – A fee or tax based on the volume (gallons) of fuel purchased. The amount of the excise tax on gasoline is 7.5 cents per gallon. Since this tax is based solely on the volume of gasoline sold, it is not indexed to inflation. Revenues increase only with an increase in roadway usage, and revenue increases from travel are offset due to improved engine technology and higher fuel efficiency of vehicles.
- *Prepaid State Tax* – A 4 percent sales tax on the average retail price of fuel, whereby 3 percent is dedicated to transportation and the remaining 1 percent goes to the State General Fund for other uses. Revenues from the motor fuel sales tax rise and fall with the price of gasoline.



- *Fast Forward Bond Program* – The Fast Forward program is a \$15.5 billion state transportation program announced by Governor Sonny Perdue in 2004. The core of the program is designed to relieve traffic congestion and consists of about \$4.5 billion of projects which will have construction dates accelerated through the sale of bonds. The remainder of the Fast Forward program is assigned to other GDOT projects. It is important to note that these bonds are not a new source of funding. The bonds act as new cash flow mechanisms allowing the state to borrow money to fund projects in the short-term. These funds will be paid back over the long term from the same funding sources traditionally used to pay for transportation infrastructure. Short-term congestion relief projects include ITS, Highway Emergency Response Operators (HERO) Expansion, ramp metering, signal timing and synchronization upgrades; long-term congestion relief includes HOV lanes and new transit corridors; and economic development improvements include interstate capacity improvements.
- *State Transportation Infrastructure Bank (STIB)* – Created by the Georgia legislature in 2008, the STIB is a revolving loan fund that cities, counties, transit operators, and Community Improvement Districts (CIDs) can use for transportation projects. Operated by the Georgia State Road and Tollway Authority (SRTA) and with initial funding of \$50 million, STIB money will be distributed to projects based on criteria that promote economic development and provide “gap financing” for project completion, as drafted by an oversight taskforce. Eligible projects will include roads, bridges, transit vehicles and facilities, bicycle and pedestrian facilities, rail, and airports.
- *Additional Transportation Revenue* – SAFETEA-LU also offers additional opportunities to establish public-private partnerships and tolling for expediting the implementation of transportation facilities.

Local Funding Sources

- *Special Local Option Sales Tax (SPLOST)* – A Special Local Option Sales Tax can be levied by any Georgia county for the purpose of raising money to build and maintain transportation and other public facility improvements. SPLOSTs must undergo and pass a voter referendum, and can add up to two percent to the existing county sales tax. SPLOSTs typically have five-year horizons, at which point they must be reauthorized by voters.
- *Tax Allocation District (TAD)* – A Tax Allocation District is a strategy for funding infrastructure projects in a limited area targeted for accelerated growth. A TAD finances infrastructure projects from the growth of property taxes based on new development and increased property values. Establishing a TAD and creating a plan for the district can spark redevelopment in the TAD area, which in turn serves to finance TAD bond funds. Funds can be spent on transportation and non-transportation projects in the TAD area. TADs are an appropriate tool for financing some types of transportation projects, especially in connection with the denser redevelopment of a particular area such as an activity center.



- *Community Improvement District (CID)* – A Community Improvement District is a strategy for funding infrastructure projects in a limited area at the discretion of existing commercial property owners. CIDs are essentially self-taxing areas, where property owners organize to raise funds to improve property values in the area. CIDs may organize to market an area, increase safety, and collect and use funds for all types of transportation projects. CIDs are an innovative source of funding for transportation projects with the scope of their activities limited by property owner interests and a defined geographic area.
- *Impact Fees* – Impact fees are one-time fees charged in association with a new development and are designed to cover part of the cost of providing public facilities to support the development. The impact fee amount charged to a particular development must be directly tied to the amount of new infrastructure the development will require. Impact fees are tied to a specific capital improvement program so that it is clear which projects the impact fees will finance. In short, impact fees are effective in tying financing for new transportation infrastructure to new development.

Future Potential Funding Sources

The potential for areas of the county to fall into the Savannah urbanized area at the next census may, at that time, open up additional funding sources that are eligible to urban areas. These include:

- *Surface Transportation Program (STP Urban)* – This federal program applies to projects in urban areas with a population greater than 50,000.
- *Urbanized Area Formula Program: FTA Section 5307* – Provides funding for capital investment, operating and planning assistance within the urbanized area. These funds may be sub-allocated to other transit service providers. Funds are programmed by the individual transit agencies. A match of 10 percent is required for expenditures related to CAAA and ADA compliance and a 20 percent match is required for all other expenditures in this funding category.