

Financial Plan

Communities in Motion 2050 (CIM 2050) plans a future transportation system based on forecasted growth and present and future transportation needs. However, it is not simply a “wish list” of transportation projects. CIM 2050 is grounded in a solid financial plan, which lays the foundation for what projects can, *and cannot*, realistically be implemented by 2050.

The financial analysis for CIM 2050 estimates funds available for the operation, preservation, and expansion of the transportation system within the COMPASS region through 2050.

In October 2021, the COMPASS Board of Directors adopted a [funding policy](#)¹ for CIM 2050 to guide how federal funds are programmed (budgeted) through this plan and the regional [transportation improvement program \(TIP\)](#)²:

- Use anticipated available funding in Ada and Canyon Counties to strategically address [regional priorities](#)³ as identified in the regional long-range transportation plan.
- Focus federal formula funds in Ada County (Surface Transportation Block Grant–Transportation Management Area [STBG-TMA]) to maintain the existing transportation network and fill gaps in the alternative transportation system. Use new available funding to strategically address regional priorities.
- Use federal formula funds in Canyon County (STBG-Urban) to address regional priorities as identified in the regional long-range transportation plan.

COMPASS will implement the funding policy using [performance-based planning](#)⁴ and programming.

WHY PREPARE A FINANCIAL ANALYSIS?

Federal rules require plans produced by metropolitan planning organizations such as COMPASS include only projects that have a reasonable expectation of being funded. This is due in part to the fact that plans must demonstrate that the future transportation system (the existing transportation system plus all projects funded in the plan) will conform to [federal air quality regulations](#).⁵ Projects that do not have funding identified to pay for them cannot be included in the analysis.

However, of equal or even greater importance, local and state officials and residents need to understand the fiscal outlook for the transportation system over the next 20+ years so they can plan, govern, and participate effectively.

TRANSPORTATION AGENCIES INCLUDED IN THE ANALYSIS

The financial analysis took into consideration the plans and operations of the 15 public agencies in Ada and Canyon Counties that provide transportation services and infrastructure (each are described in more detail below):

- Ada County Highway District/Commuteride
- Canyon Highway District No. 4
- City of Caldwell
- City of Greenleaf
- City of Melba
- City of Middleton
- City of Nampa
- City of Notus
- City of Parma
- City of Wilder
- Golden Gate Highway District No. 3
- Idaho Transportation Department
- Nampa Highway District No. 1
- Notus-Parma Highway District No. 2
- Valley Regional Transit

Treasure Valley Transit and Boise State University also provide limited public transportation services but are not included in this financial analysis.

Ada County Highway District (ACHD). Ada County is unique in Idaho and the nation in that it has a single, county-wide highway district with an independently elected commission. ACHD maintains roadways and sidewalks and makes improvements throughout the county except for public roads under Idaho Transportation Department (ITD) jurisdiction. No cities have roadway jurisdiction in Ada County.

ACHD Commuteride. ACHD Commuteride is a program of the Ada County Highway District. ACHD Commuteride's mission is to promote smart commute options through education, ride-share services, and effective partnerships. ACHD Commuteride is best known for its vanpools, with routes that extend from the City of Ontario (Oregon) on the west to Mountain Home on the east, and from Emmett on the north to Melba on the south. While most vanpools bring commuters into Boise-area employment centers, there are also reverse routes such as a route from the City of Boise to the Mountain Home Air Force Base near the City of Mountain Home. In fiscal year (FY) 2021, Commuteride provided almost 104,000 one-way passenger trips in approximately 73 vanpool routes. In FY2019 (pre-pandemic), Commuteride reported almost 175,000 one-way passenger trips in approximately 80 vanpool routes.

Canyon County agencies. Unlike Ada County, the cities in Canyon County have jurisdiction over their roadways. The Cities of Nampa, Caldwell, Middleton, Parma, and Wilder have their own road departments; the remaining smaller cities contract with highway districts to maintain roads within the city limits. The four highway districts that serve the smaller cities and unincorporated areas in Canyon County are Nampa Highway District No. 1, Notus-Parma Highway District No. 2, Golden Gate Highway District No. 3, and Canyon Highway District No. 4 (Figure 1).

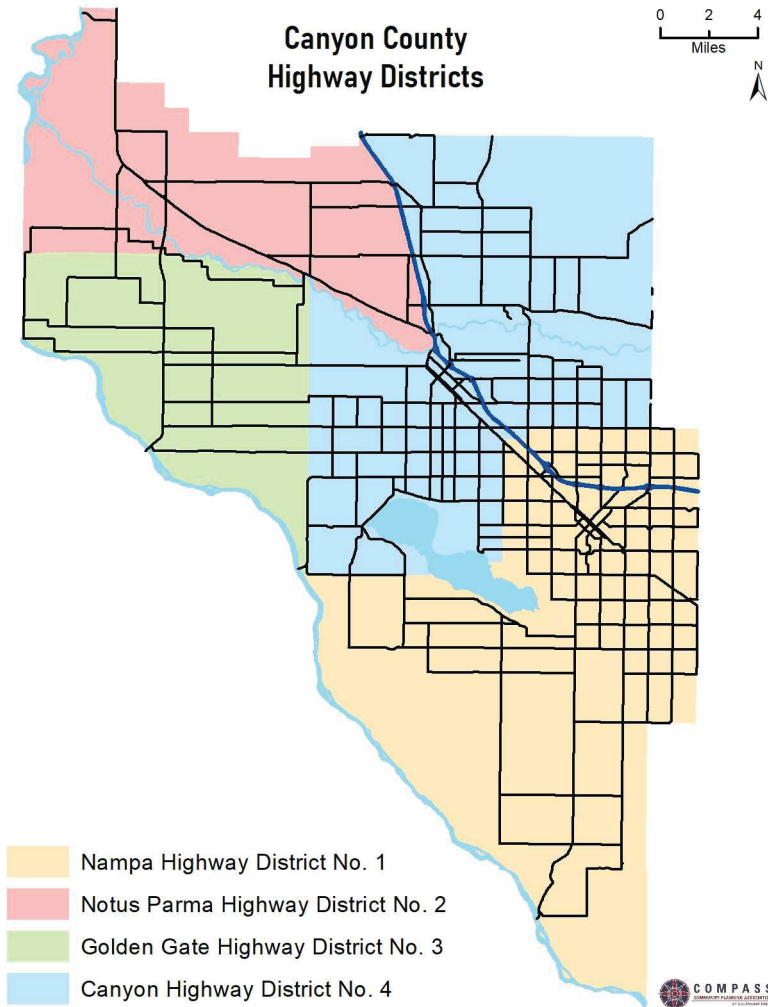


Figure 1. Canyon County highway districts

Idaho Transportation Department. ITD has jurisdiction over state and federal roadways throughout the state and has programs addressing rail and air transportation. ITD District 3 comprises 10 counties in southwest Idaho, including Ada and Canyon Counties. These 10 counties contain 46.0% of the state’s population; Ada and Canyon Counties alone contain 39.5% of the state’s population.⁶

Valley Regional Transit (VRT). VRT was established by vote in 1998 as the Regional Public Transportation Authority for Ada and Canyon Counties. It plans, manages, and coordinates public transportation,⁷ including fixed-route bus services within and between Ada and Canyon Counties. VRT currently has five transit centers and approximately 800 physical bus stops in the two counties. It also provides paratransit services—door-to-door service for people who have special needs and live within three-quarters of a mile of a fixed route. In addition, VRT offers on-demand transit in the Cities of Caldwell and Nampa and multiple specialized transportation services that connect low-income, minority, and senior residents to medical services,

employment opportunities, and recreation. In FY2021, VRT reported almost 1 million one-way passenger trips on all types of public transportation services (excluding ACHD Commuteride, which is described above). In FY2019 (pre-pandemic), VRT reported almost 1.5 million one-way passenger trips.

OVERVIEW OF AGENCY BUDGET CATEGORIES

In any given year, transportation agency revenues may exceed expenditures, or vice versa, but over the long term, revenues and expenditures must balance.

Agency budgets include three primary cost categories:

- Operations: administration, utilities, fuel, labor, insurance, etc.
- Preservation and rehabilitation (maintenance of the existing system): sweeping roadways, patching potholes, applying chip seals and overlays, repairing and replacing buses and other equipment, and replacing bridge decks
- Expansion: building or expanding roads, bridges, or pathways; adding new services and equipment, such as buses

Debt service is also included in some agencies' budgets when bonding, such as Grant Anticipation Revenue Vehicle (GARVEE) bonds, is used to fund transportation projects.

Transportation agencies budget for debt service and operating costs first, then preservation and rehabilitation costs. By estimating future revenues, then subtracting estimated future debt service, operations, maintenance, and preservation costs, agencies can determine if there are funds left for new capacity, such as adding lanes or buses.

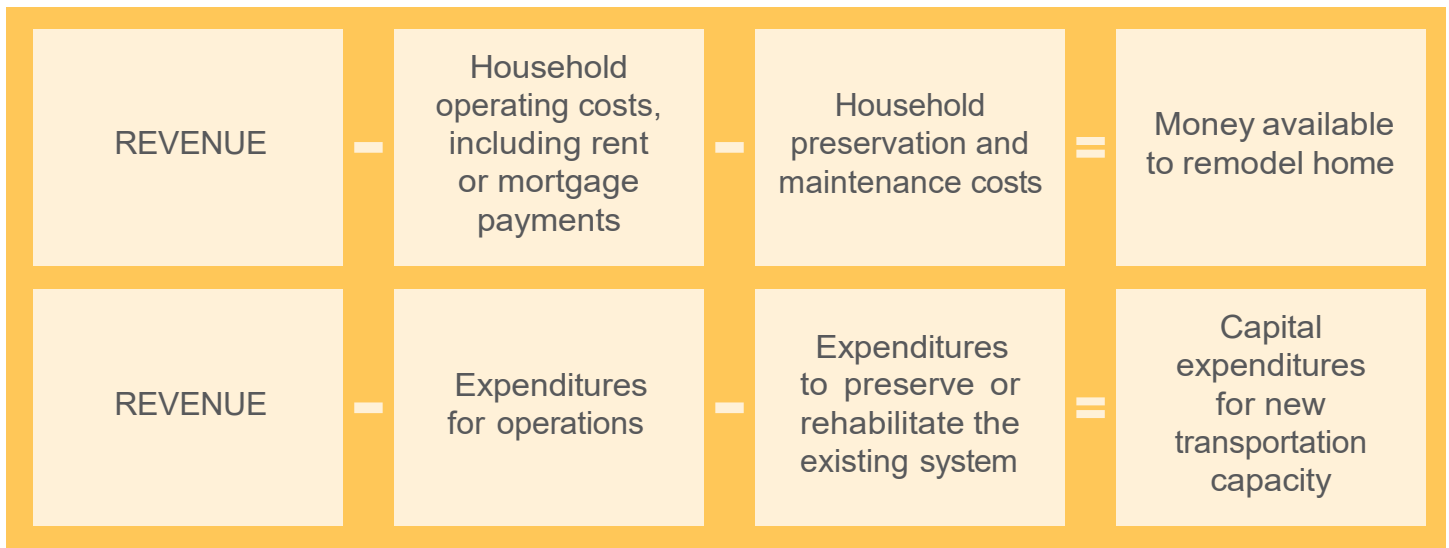


Figure 2. The budgeting process used by transportation agencies is similar to that of a homeowner.

This process is similar to budgeting for a home (Figure 2). If a homeowner knows her income (revenue), the cost to operate and maintain the home (mortgage, utilities, routine upkeep), and the cost to preserve/rehabilitate the home (larger repairs such as replacing a broken furnace), she can figure out if she has enough money left for something new, such as a kitchen remodel or an additional room.

REVENUE ASSUMPTIONS

Funds for transportation infrastructure and services come mainly from federal, state, and local taxes (Figure 3). Funding sources are described below, along with the assumptions used to project future revenues for each source.

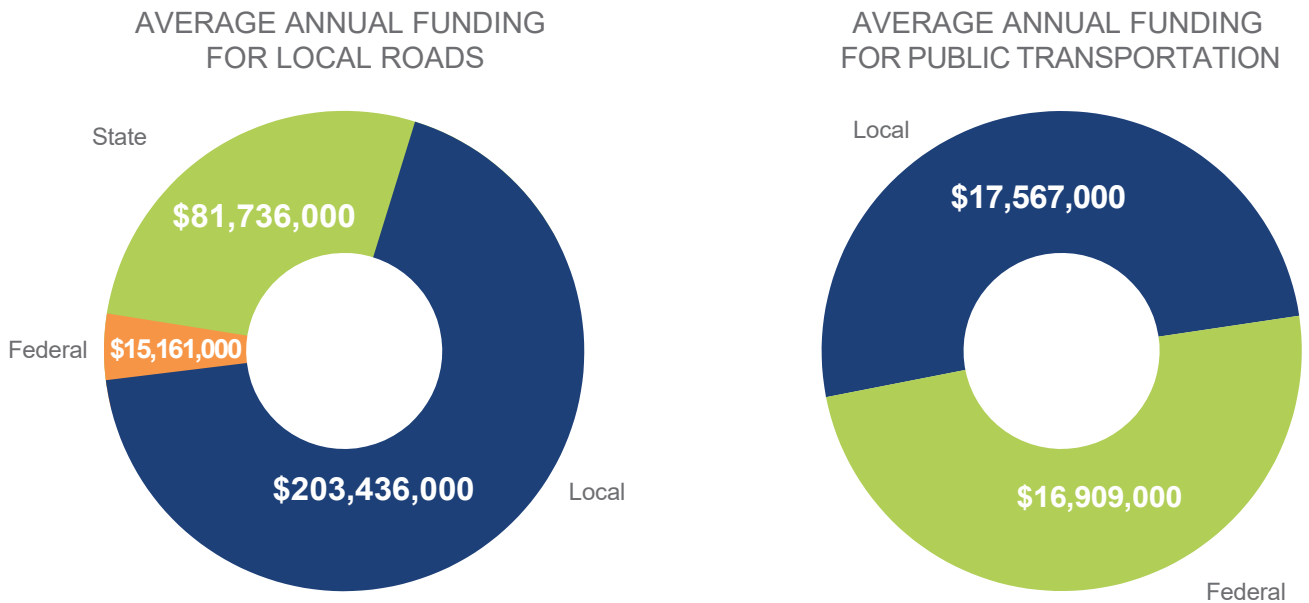


Figure 3. Transportation funding sources, Ada and Canyon Counties (approximate values based on a 28-year projected average)

Federal Funding Sources for Roadways and Transit

The Highway Trust Fund is the primary source of federal funds for local roads and many transit projects across the country. It is funded by the federal fuel tax, which has been fixed since 1993 at 18.4 cents per gallon of gasoline and 24.4 cents per gallon of diesel.

In November 2021, the Infrastructure Investment and Jobs Act (IIJA),⁸ also known as the Bipartisan Infrastructure Law, was signed into law, authorizing federal funding for transportation for a five-year period (FY2022–2026). The IIJA provides over \$550 billion nationwide in *new* federal infrastructure investments, including roads, bridges, and mass transit; water infrastructure; and broadband.

Several federal funding programs address transportation. Most of these require some level of local cost share, or “match,” which typically comes from state or local funding, described below.

The National Highway Performance Program is the largest federal funding program, with approximately \$209 million apportioned to Idaho in 2022; most of this is used on Idaho’s state and national highway system. The Surface Transportation Block Grant Program, with a little over \$101 million in 2022 for Idaho, provides flexible funding that may be used by state and local jurisdictions to preserve and improve the conditions and performance of any road, pedestrian, bicycle, or transit capital project on any federal-aid-eligible facility.^{9, 10} The Boise Urbanized Area¹¹ received approximately \$11 million for local projects specifically within the Boise area. Jurisdictions outside the Boise Urbanized Area compete for funds with similarly sized jurisdictions across the state.

For non-motorized modes, such as pathways and other [active transportation](#)¹² needs, the IJJA expanded the Transportation Alternatives Set-Aside Program. Over \$9 million was apportioned to Idaho in 2022, with almost \$1 million specifically for projects in the Boise Urbanized Area. In addition, the Carbon Reduction Program is a new program for projects that will reduce the carbon footprint. The State of Idaho was apportioned over \$9 million in FY2022 for this program, as well, with more than \$1.3 million specifically for projects in the Boise Urbanized Area.

Also in FY2022, the State of Idaho was also allocated nearly \$22 million for safety improvements, \$2 million for railway/highway crossings, \$10 million for freight improvements, and \$11 million for projects to prepare for natural disasters and develop resilient infrastructure across the state.

The IJJA authorized \$35 million to the State of Idaho in FY2022 in public transportation formula funding programs, an increase of 25% over FY2021 appropriations. Most federal public transportation funding is based on a formula that is tied closely to transit ridership.

For FY2022–2026, the financial analysis used the federal funding amounts in the FY2022–2028 [TIP](#),¹³ which reflect funds already programmed (budgeted) for projects. However, based on the US Congress’ reluctance to increase the federal fuel tax, a very modest increase in total fuel usage over time, and fluctuating historic federal revenues for local jurisdictions, the COMPASS financial analysis for FY2027–2050 is based on a five-year average of historic federal revenues from 2016-2022.

The IJJA includes many opportunities for transportation funding through nationally competitive grant programs as well, including, but not limited to the following (dollar amounts reflect expected funding available nationally in FY2022 and annually thereafter through FY2026):

- Bridge Investment Program, for bridge replacements (\$2.36 billion)
- Rebuilding American Infrastructure with Sustainability and Equity, for projects that assist communities in developing and constructing projects with significant local or regional impact (\$2.3 billion)

- Multimodal Project Discretionary Grants
 - National Infrastructure Project Assistance, specific for very large projects (\$1 billion)
 - Infrastructure for Rebuilding America Grants, specific for nationally significant multimodal freight and highway projects (\$1.6 billion)
 - Rural Surface Transportation Grants, specific to projects in rural areas (\$300 million)
- Low or No Emission Grants, for expanding or replacing buses with low or no emission vehicles (\$1.1 billion)
- Safe Streets and Roads for All, for safety improvements (\$1 billion)
- Railroad Crossing Elimination Program, for projects that create grade separations, such as overpasses and underpasses, or close at-grade rail crossings, relocate rail, or improve warning devices at rail/highway crossings (\$573 million)
- Reconnecting Communities Pilot Program, which assists communities previously cut off by transportation facilities to reconnect to economic opportunities (\$195 million)

State Funding Sources for Roadways

Most state funding for roadways comes from Idaho's Highway Distribution Account, with additional new funding through sales tax and other means. Bonding also provides much needed funds for transportation projects in the valley; however, bonds do not provide "additional" funding, per se, as they must be paid back.

As of 2019, state fuel taxes made up the largest portion (65.5%) of Idaho's Highway Distribution Account, which allocates money to ITD and local jurisdictions.¹⁴ Vehicle registration fees on cars and trucks, as well as driver licensing and miscellaneous fees, supply the remaining percentage.

In 2017, the Idaho Legislature passed Senate Bill 1206, known as the "GARVEE bill," which allowed a portion of the highest-priority unfunded project in the 2014 [Communities in Motion 2040](#)¹⁵ plan (widening I-84 in Canyon County) to be funded. The bill also included a new funding source for transportation expansion and congestion mitigation ("TECM" funds) and adjusted Surplus Eliminator funds (surplus funds from the state's general fund, dedicated to transportation).¹⁶

The TECM program uses sales tax transfers to address and mitigate transportation congestion. In FY2021, House Bill 362 increased the transfer of sales tax from 1% to 4.5%, or a minimum of \$80 million, beginning in state fiscal year 2022. These funds made construction of the [State Highway 16 extension possible](#).¹⁷ In addition, the bill includes a provision for funds in excess of \$80 million to be distributed to local agencies through the Local Highway Distribution Account.

Senate Bill 1201, passed during the 2019 Legislative Session, removes the Idaho State Police funding from the Highway Distribution Account formula over a period of five years beginning with FY2022. This action will result in an additional \$1.9 million per year for transportation projects over those five years, for a total of approximately \$11 million when the transition is complete in state fiscal year 2026.

The COMPASS financial analysis assumes highway user revenues will increase by approximately 0.9% per year based on high-level planning estimates provided by ITD's econometric models. The analysis assumes other state revenues will increase linearly based on a 10-year (2011–2020) trend of historic revenues.

Vehicle Registration Fees

ACHD and ITD both collect vehicle registration fees. ACHD's fees are for Ada County only and were passed by county voters in 2008. They are collected in addition to the statewide registration fees collected by ITD. The fees are a fixed rate based on the age of the vehicle, so revenue will only grow if the Idaho Legislature increases the rate, the number of licensed vehicles increases, and/or voters approve a local increase in the registration fee. The latest statewide increase in registration fees (passed by the Idaho Legislature) came into effect in 2015. Electric vehicles pay a higher registration fee than other vehicles to help offset the lack of contribution to the fuel tax.

Local Funding Sources for Roadways

Property Taxes

Property taxes are the single largest source of local funding for roads and are assessed directly by the cities in Canyon County and the highway districts in both counties. In Canyon County, the highway districts also return a portion of the property tax revenue to the cities within their boundaries (Caldwell, Greenleaf, Melba, Middleton, Nampa, Notus, Parma, and Wilder). Each jurisdiction's property tax revenues are projected forward linearly based on a 10-year (2011–2020) trend of historic revenues.

Impact Fees

ACHD, the City of Nampa, and the City of Middleton collect impact fees on new development; the fees are designed to partially recover the costs associated with the increase in traffic on major streets in the general area of the development. Impact fee levels can increase with inflation, but revenues depend on a relatively volatile local construction market.

Under Idaho law, impact fees can recover only the "proportionate" costs associated with improving capacity. The fees cannot be used for existing problems, repairs, safety enhancements, transit, or improvements such as sidewalks that do not expand the road system. To determine the impact fee revenues that may be available through 2050 for ACHD and City of Nampa, the financial analysis applied a linear 10-year (2011–2020) projection of historic impact fees. With the recent adoption of transportation impact fees for the City of Middleton, historic fee data were not available. These fees were projected forward by multiplying the current fee-schedule rate for a single-family dwelling unit by the net new households estimated for each year in COMPASS's demographic forecasts.

In [ACHD's 2020 Capital Improvements Plan](#) (2020–2040), of \$1.169 billion in total costs for roadway improvements, \$642 million, or 55%, are eligible for funding with impact fees.¹⁸

In the City of Nampa's [Impact Fee Study and Capital Improvement Plan](#) (2021–2030), of \$223 million total costs for streets and intersections, equipment, facilities, and growth-related research, \$93 million, or 42%, are eligible for funding with impact fees.¹⁹

The City of Caldwell and Canyon Highway District are currently considering implementing impact fees, which, if enacted, will impact future financial projections.

Vehicle Registration Fees

ACHD collects vehicle registration fees. These fees are for Ada County only and were passed by county voters in 2008. They are collected in addition to the statewide registration fees collected by ITD. (See “State Funding Resources for Roadways” above for more detail.)

Other Local Revenue Sources

Other local revenue sources include items such as interest earnings and bond proceeds. The City of Nampa has historically supplemented its transportation budget by periodically issuing General Obligation bonds and intends to continue this practice. But, like a loan, bonds must be repaid with revenue from existing or new sources.

Local Funding Sources for Transit Services

Local transit funding comes from rider fares, service contributions from local institutions such as Boise State University, employer pass sales, contributions from local governments and other entities, and advertising revenues. Before the pandemic, fares covered almost 7% of local transit operations costs. However, with ridership struggling to reach pre-pandemic levels, revenues from fares are lower. VRT is reviewing opportunities to increase fare and other directly generated revenues by improving the productivity of services and identifying other revenue streams. Additionally, VRT plans to review fare revenues to determine if the fare structure should change. Contributions from local jurisdictions are expected to increase over time. In 2019, the City of Boise made a commitment to provide 5% of its general fund towards the transit system within the City of Boise.

Idaho does not have a dedicated funding source for public transportation. The lack of a consistent source of local funding for transit services strongly inhibits development of the plans and vision for high occupancy transit services in the Treasure Valley.

OPERATIONS, MAINTENANCE, AND PRESERVATION ASSUMPTIONS

The financial analysis assumes that operations and preservation/reconstruction expenditures for roads and transit will trend at their historic levels; therefore, a historic linear 10-year (2011–2020) trend to project annual expenditures for operations, maintenance, and preservation to 2050 was used. This method provides a reasonable estimate of future expenditures but is reliant on assumptions about current road conditions and that historic spending patterns will be sufficient to keep roads adequately maintained. Current roadway conditions vary across the region, and some agencies need to address deferred maintenance needs.

VRT is in the process of transitioning to an [all-electric fleet](#)²⁰ (Figure 4) for fixed-route services, which will impact costs. Electric buses cost up to 69% more than the compressed natural gas buses VRT has been using; however, they are anticipated to cost less to operate and maintain. As VRT's conversion to electric is in the infancy stage, historic data on the overall financial impact are not yet available. VRT has been successful in obtaining competitive grant funding to help offset the cost of purchasing electric buses and related infrastructure.

Based on the size and age of the current vehicle fleets, and current annual expenditures for bus replacements, VRT and Commuteride could fall behind in bus and van replacements, which is another form of deferred maintenance.



Figure 4. VRT is converting its bus fleet to electric buses. Photo: Valley Regional Transit.

If roadway and transit agencies are not able to address deferred maintenance, it is reasonable to expect that preservation/reconstruction expenditures in future years will trend higher than historic levels, even after adjusting for inflation, as costs to reconstruct or replace deteriorated infrastructure are greater than costs to preserve well-maintained infrastructure.

FUNDED CAPITAL PROJECTS

CIM 2050 includes nearly \$3.5 billion in funded transportation capital improvements between 2022 and 2050. Roadway capital projects are projects that add capacity (e.g., widen the roadway with additional through lanes) on roads functionally classified as a principal arterial or higher. These projects are listed as [short-term funded projects](#) (2022–2026)²¹ and [long-term funded](#) projects (2027–2050).²²

NON-CAPITAL FEDERALLY FUNDED PROJECTS

Non-capital federally funded investments in the transportation system are divided into nine categories of projects in the [FY2022-2028 TIP](#).²³ The percentages shown correspond to the cost of all projects budgeted in the program. These categories account for approximately 30% of the total funds; the remaining funds are budgeted for capital projects (above).

ROADWAY MAINTENANCE

Thirty-six roadway maintenance projects are funded in the TIP throughout Ada and Canyon Counties. These projects cover a range of maintenance elements, such as seal coating and resurfacing of existing roadways, at a total cost of **\$173.4 million**, or about 13.5% of the budgeted projects.

PUBLIC TRANSPORTATION

Thirty-four public transportation projects are funded over the next five years throughout Ada and Canyon Counties. These projects cover bus service operations, maintenance of existing facilities, and bus replacements, with a combined cost of **\$99 million**, or about 8% of the budgeted projects.

BRIDGE REHABILITATION AND REPLACEMENT

Four bridge rehabilitation or replacement projects are funded over the next five years throughout Ada and Canyon Counties. Bridge project costs range from about \$1 million to \$18 million depending on the length of bridge and type of structure. These bridge projects have a total cost of \$68.5 million and consume about 5% of the budget.²⁴

STUDIES/PLANNING/SPECIAL PROJECTS

Five studies, planning efforts, or special projects are funded in the TIP. These projects range from supporting planning efforts for various municipalities to conducting an environmental reevaluation on a major corridor. These types of projects have a combined cost of **\$23 million**, or just under 2% of the FY2022–2028 budget.

The IJA includes a new requirement that COMPASS must use 2.5% of its planning funds toward planning activities related to complete streets or multi-modal travel. The COMPASS Board of Directors adopted the COMPASS [Complete Network Policy](#)²⁵ on December 20, 2021. Staff is incorporating that policy in project selection and reporting criteria. The IJA also includes a high emphasis on reducing fatalities and serious injuries due to design-related crashes. COMPASS will be developing a Safety Action Plan to determine priorities and strategies to greatly decrease serious crashes.

SAFETY

Twenty safety projects are funded in the TIP. These projects cover a range of elements such as sidewalk improvements and road and railroad intersection improvements at a total cost of **almost \$9.5 million**. While these 20 projects specifically categorized as “safety” consume less than 1% of the budget, nearly all construction projects (part of the 70% of funding budgeted for capital projects) include safety components.

INTELLIGENT TRANSPORTATION SYSTEMS (ITS)

ITS is the application of sensing, analysis, control, and communication technologies to improve transportation safety, mobility, and efficiency. One ITS project is funded in the TIP at a cost of **\$2.3 million**, less than 1% of the budget.

Transportation Demand Management (TDM)

TDM is a general term for strategies that result in more efficient use of transportation resources. Two TDM projects—both improvements to the ACHD Commuteride program—are funded over the next five years and account for a total of **\$2.6 million**, or less than 1% of the budget.

Paved Pathways

Nine paved pathway projects are funded in the TIP to help improve connectivity for active transportation modes. These projects cost **over \$12 million**, just under 1% of the budget.

Bicycle/Pedestrian Enhancements

Two bicycle/pedestrian enhancement projects are funded in the TIP—a sidewalk ramp to meet design requirements under the Americans with Disabilities Act and a safe roadway pedestrian crossing. These projects cost **\$373,000**, or less than 1% of the budget.

Local Investments

Combined, local transportation agencies in Ada and Canyon Counties are projected to spend an average of \$322 million each year on the local road system between 2022 and 2050. This includes maintenance and operational costs (equipment, administration, etc.), but does not include deferred maintenance or transit improvements to offset the effects of the area’s projected growth through 2050. It is estimated that local agencies in Ada and Canyon Counties will defer approximately \$29 million of their needed maintenance annually.

AVAILABLE STATE FUNDING FOR NEW ROADWAY CAPACITY

ITD estimates approximately \$1.7 billion in inflated costs will be available for capacity and safety improvements on the state system within Ada and Canyon Counties through 2050. This is based on obtaining statewide competitive funding as well as \$80 million per year (statewide) in TECM funds discussed earlier.

AVAILABLE LOCAL FUNDING FOR NEW ROADWAY CAPACITY

Based on the assumptions discussed above, the financial analysis estimates that funding available for local roadway expansion (adding capacity to the system) in Ada and Canyon Counties between 2022–2050 will be about \$1.5 billion in inflated costs.

The main source of this local funding is impact fees (Figure 5). Impact fees can only be used for the additional proportionate capacity required from new development and may not be used for maintenance or repair of the existing system.

LOCAL FUNDING AVAILABLE FOR NEW ROADWAY CAPACITY

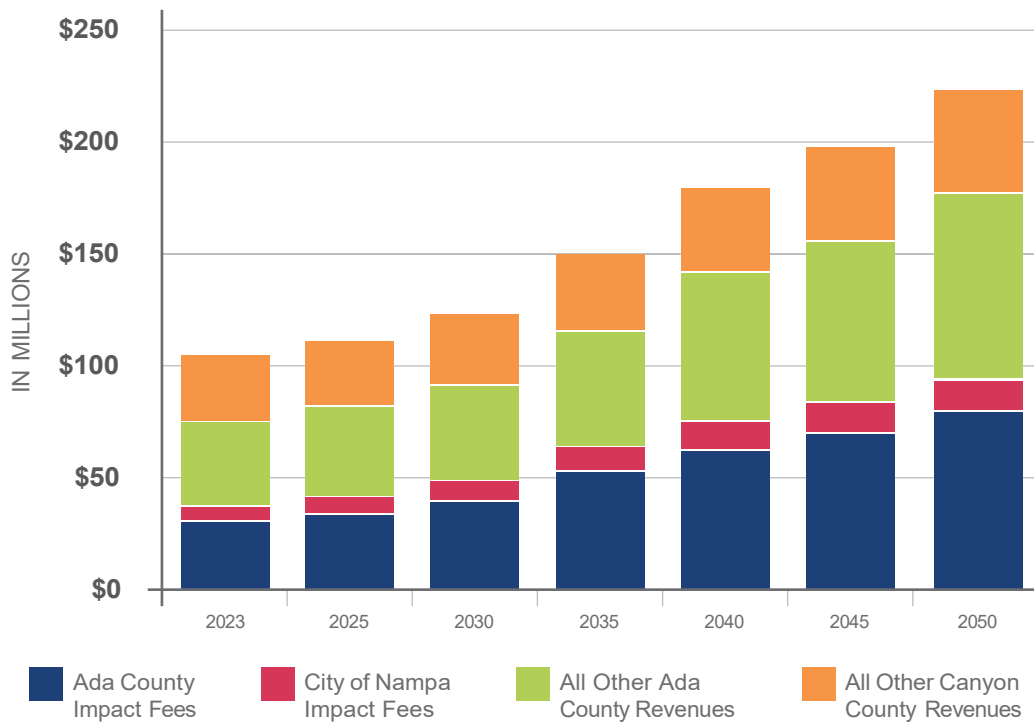


Figure 5. Estimated annual revenue available for roadway system expansion projects

The financial analysis indicates that the costs to cover all transportation needs on local roadways exceed available funding (Figure 6). Funds for expanding the roadway system are insufficient for all agencies except ACHD and the Cities of Nampa and Middleton, which collect impact fees. If additional agencies adopt impact fees or other revenue mechanisms, roadway jurisdictions will be better able to address capacity needs.

COMPARISON OF ALL TRANSPORTATION NEEDS AND REVENUES ON LOCAL ROADWAYS

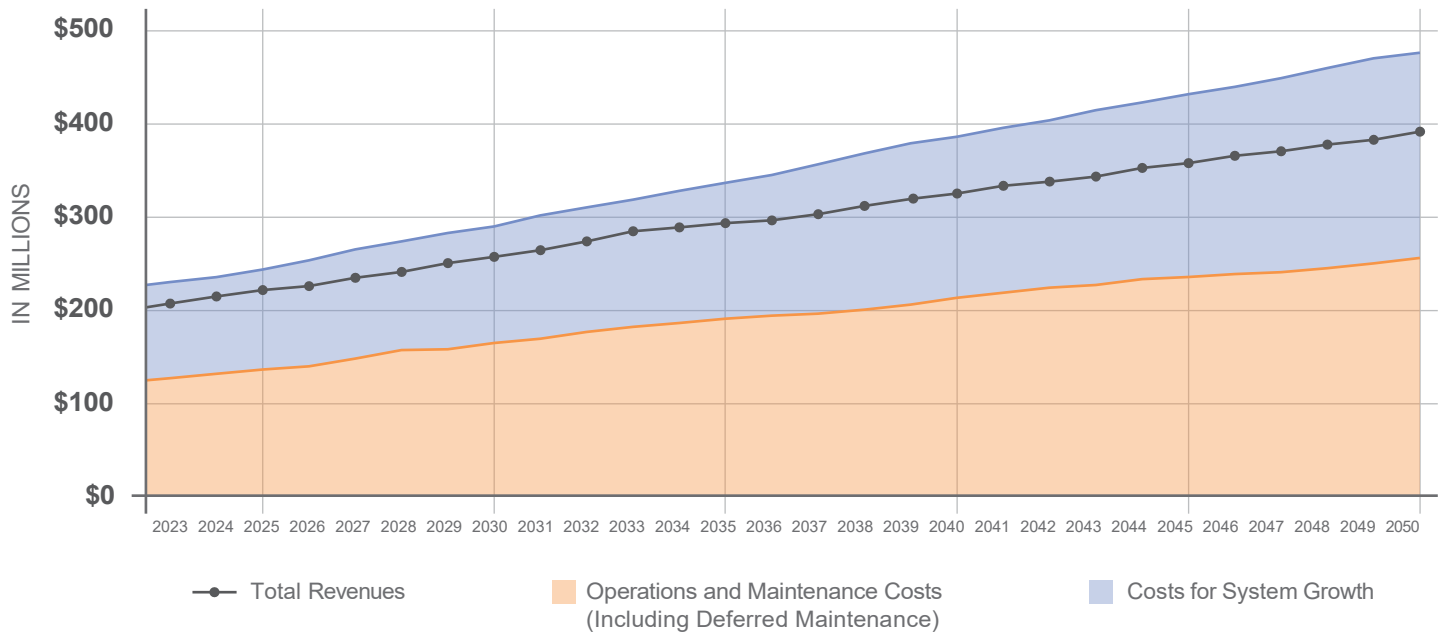


Figure 6. Future revenues, expenditures, and remaining funds available for system growth on local roadways, Ada and Canyon Counties combined, assuming 4% inflation for expenditures

AVAILABLE FUNDING FOR TRANSIT EXPANSION

VRT is the regional public transportation authority for Ada and Canyon Counties and oversees the ValleyRide bus system. ACHD’s Commuteride vanpool program operates in both counties, but routes must connect to or travel through Ada County. VRT is exploring options to expand vanpool service in Canyon County.

Current contributions from local municipalities to VRT, coupled with projected federal revenues, are insufficient to maintain existing service levels. Approximately 42% of the service needed to meet future demand can be funded with current and forecasted revenue sources.

[ValleyConnect 2.0](#),²⁶ adopted in 2018, is a plan that lays out how the region’s transit system should grow to meet growth forecasted in [Communities in Motion 2040 2.0](#)²⁷ (the previous long-range transportation plan) and levels of transit service consistent with other mid-sized metropolitan areas. ValleyConnect 2.0 seeks to increase directly generated revenues by improving the productivity of the existing network, increasing fare sales and advertising revenues, and working with local jurisdictions to identify new revenues to quadruple fixed-route transit services and expand specialized services to fill gaps in the transit network. Additionally, VRT plans to aggressively pursue competitive grant opportunities to help expand transit service in Ada and Canyon Counties. VRT’s [Transportation Development Plan](#)²⁸ is the five-year workplan to realize service levels laid out in ValleyConnect 2.0.

While efforts to increase funding for public transportation are ongoing, by 2050 public transportation will still face a significant shortfall. The COMPASS financial analysis assumes municipalities will maintain their current levels of contributions to VRT over time, adjusted for inflation. Regardless, costs are assumed to increase more rapidly than revenue (Figure 7). By 2050, the system will face an estimated \$328 million deferred maintenance need, in addition to \$982 million in unfunded public transportation costs.

COMPARISON OF PUBLIC TRANSPORTATION NEEDS AND AVAILABLE REVENUE

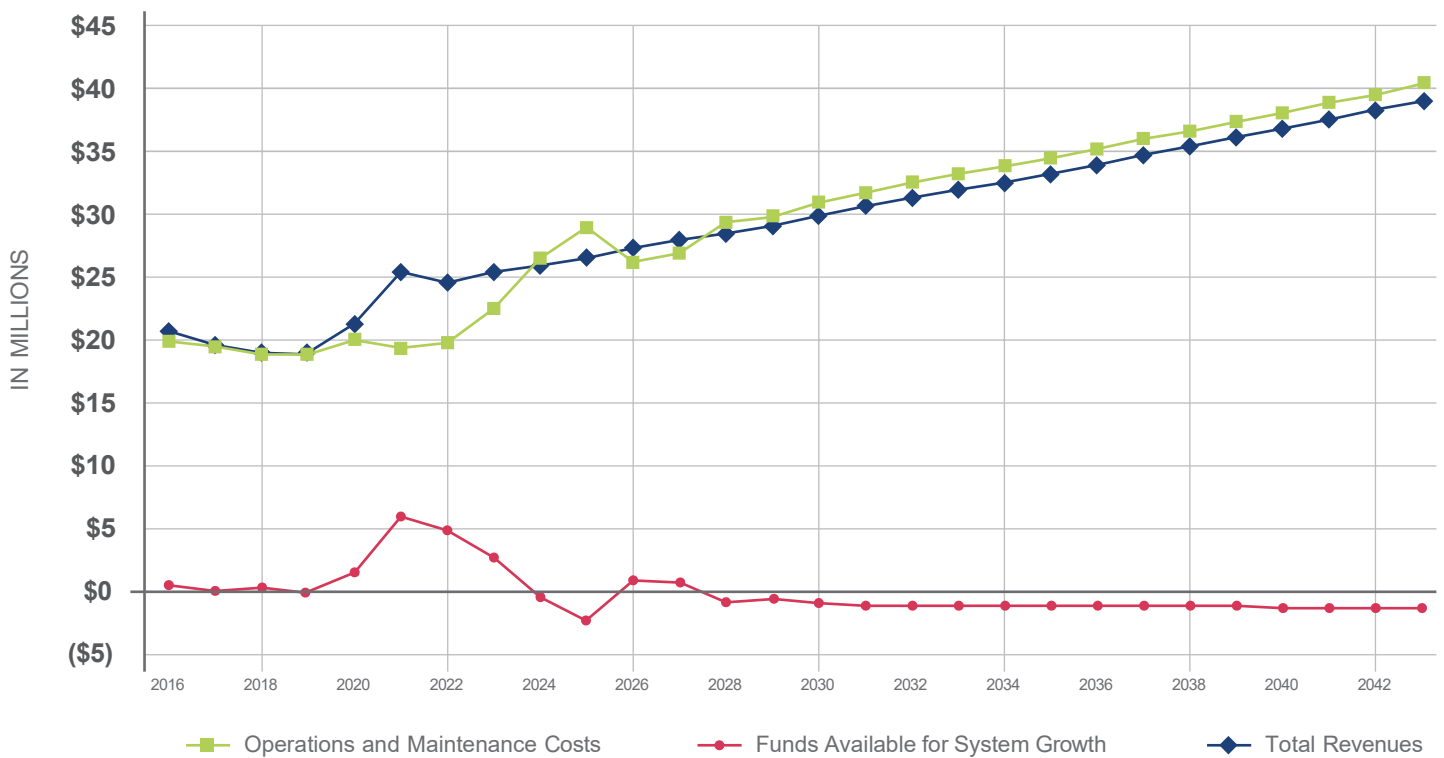


Figure 7. Annual transit revenues, operations, and maintenance expenditures, and remaining funds available for increasing service levels

No funds will remain for increasing the level of transit service. Even with the federal funding boost under IIJA, there will not be sufficient funding to meet the long-term need. Without additional revenue from existing or new sources, the potential consequence of this gap could be reductions in transit service to match available funding. Learn more about these potential consequences in [Public Transportation](#).²⁹

The financial situation for the ACHD Commuteride vanpool program is stable, as 100% of its operational costs (fuel, maintenance, and vanpool administration) are covered by rider fares, which are adjusted annually to cover those costs. However, federal funding is needed to cover 80% of vehicle replacement costs (20% is covered with local funds). From 2017 through 2021, Commuteride costs amounted to roughly \$900,000

per year (excluding capital and depreciation costs), with an average of 77 vans in operation. Capital needs average \$513,000 per year. Based on current assumptions, Commuteride can sustain its existing level of service, but will continue to be reliant on federal funds to replace vans as they reach the end of their useful life, on average every eight years or 100,000 miles.

FUTURE COSTS AND FUNDING OUTLOOK

The previous discussion and analyses include inflation and point to the inadequacy of projected available revenues to meet the future transportation system needs. These regional future needs have been analyzed and prioritized³⁰ to guide COMPASS in funding projects, should additional revenues become available.

Of all the revenue sources, only property tax revenues, impact fees, and transit fares are likely to keep pace with inflation. Increasing other revenue streams such as fuel taxes and registration fees requires congressional, legislative, local government, or voter approval.

There are \$16.5 billion in transportation needs to the year 2050, but only \$11.1 billion in funding, leaving an overall funding shortfall of approximately \$5.4 billion, or \$193 million per year (rounded) (Table 1). This shortfall takes into account the cost of all funded projects and the estimated costs of the unfunded needs, including deferred maintenance. Some unfunded needs do not include cost estimates; therefore, the total shortfall is inherently conservative and will grow as additional cost estimates become available.

Table 1. Summary of projected transportation needs, revenues, and shortfall to year 2050 (in year of expenditure, except unfunded, which is reported in current-year dollars)

	Total Needed	Total Revenue	Shortfall
Short-term Funded Costs[@]	\$1,581,223,000	\$1,830,000,000	
Short-term Funded - Listed in CIM 2050	\$1,324,274,000	\$1,340,000,000	
Remaining TIP Projects (NOT in CIM 2050)	\$256,949,000	\$490,000,000	
Long-term Funded Costs	\$2,163,658,000	\$2,160,000,000	
Long-term Funded - Regional Public Transportation [#]	\$166,686,000	\$170,000,000	
Long-term Funded - Regional Pathways	\$5,565,000	\$4,000,000	
Long-term Funded - State System	\$541,617,000	\$540,000,000	
Long-term Funded - Local (Regionally Significant)	\$1,015,341,000	\$1,010,000,000	
ACHD CIP Segment Costs Unlisted in CIM 2050 [^]	\$434,449,000	\$400,000,000	

Table 1. Continued

	Total Needed	Total Revenue	Shortfall
Unfunded Costs	\$3,989,401,000	\$4,200,000,000	
Unfunded Public Transportation (Capital)	\$128,825,000	\$130,000,000	
Unfunded Public Transportation (Operations)	\$52,529,000	\$50,000,000	
Unfunded Regional Rail (Capital)**	\$700,000,000	\$700,000,000	
Unfunded Regional Rail (Operations)**	\$100,000,000	\$100,000,000	
Unfunded Pathways	\$364,689,000	\$360,000,000	
Unfunded State System (Projects and Studies)	\$1,034,870,000	\$1,030,000,000	
Unfunded Local System (Projects and Studies)	\$525,413,000	\$530,000,000	
Unfunded ACHD CIP Costs Unlisted in CIM 2050**	\$0	\$0	
Other Unfunded Needs Not Exclusively Listed in CIM 2050	\$305,910,000	\$310,000,000	
Unfunded Unlisted Capital Costs	\$905,990,000	\$1,120,000,000	
Other Costs	\$8,568,919,000	\$8,330,000,000	
Public Transportation Maintenance and Operations Expenses	\$823,595,000	\$820,000,000	
Local Maintenance and Operations Expenses	\$4,593,490,000	\$4,590,000,000	
Funded Unlisted Capital Costs	\$1,917,831,000	\$1,690,000,000	
Deferred Maintenance State Roads*	\$91,603,000	\$90,000,000	
Deferred Maintenance Local Roads	\$813,960,000	\$810,000,000	
Deferred Maintenance Public Transportation	\$328,440,000	\$330,000,000	
Other Unlisted Capital Costs	\$2,823,821,000	\$2,810,000,000	
All Local Capital Expenses Less Local Short-term and Long-term Costs Above	\$2,823,821,000	\$2,810,000,000	

Table 1. Continued

	Total Needed	Total Revenue	Shortfall
Revenues			
Projected Public Transportation Revenue ^{##}		\$970,000,000	
Projected State Revenue ^{***}		\$1,710,000,000	
Projected Local Revenue		\$8,410,000,000	
Total	\$16,520,000,000	\$11,090,000,000	
Long-term Total Shortfall			(\$5,430,000,000)

@Based on the FY2023-2029 TIP³¹

*Assumes annual maintenance costs keep 80% of state roads in good or fair condition

**Assumes generalized high-level cost estimate for locally-favored regional rail. Budgeted Planning and Environmental Linkages study will determine next steps.

***Equal to ITD short/long term

^ACHD's CIP (capital improvements plan) includes many projects that are not considered regionally significant and thus not explicitly listed in CIM project list³²

^^All unfunded CIP projects considered funded by 2050 with current CIP horizon year at 2040. Costs may be added when ACHD updates its CIP

#Long-term funded public transportation costs based on inflated expansion costs in the [Transportation Development Plan](#)³³

##VRT local assistance revenue portion of projected revenue reflects a percentage of each partner agency's property taxes based on historical percentages received

Short-term and long-term funded costs listed in CIM 2050 are based on year of expenditure; short-term covers projects up to 2026 and based on FY2023-2029 TIP

POTENTIAL SOURCES OF NEW OR ADDITIONAL REVENUE

With a transportation funding shortfall of \$193 million per year, COMPASS continually strives to increase transportation funding with new or enhanced revenue sources. This includes educating the public on transportation funding issues, working with Congress and the Idaho Legislature³⁴ in support of transportation funding legislation, and applying for competitive grant funds. Several potential sources of additional funding have been explored, from enhancing existing fees and taxes to adding new revenue sources (Table 2).

Local option sales tax is one of the primary funding sources used elsewhere in the nation. It is currently not available for use in the Treasure Valley. COMPASS has been working with the Legislature to enable local option sales tax since 2007. Legislation has been introduced from time to time but never passed.

Table 2. Examples of possible sources to raise \$193 million per year in Ada and Canyon Counties \$247 per person, per year, based on 782,430 persons in 2022.

Existing taxes and fees that could be enhanced to raise \$193 million per year					
Tax/fee source	Tax Type	Added Rate	Current Rate	Total Rate	Current Legal Uses
Unit fuel tax	Fixed cents per gallon	\$0.40	\$0.32	\$0.72	Roadway construction and maintenance
Vehicle registration fee	Dollars per vehicle	\$335	\$45 to \$69 plus up to an additional \$70 depending on age of vehicle and county of registration	Up to \$474	Roadway construction and maintenance
Sales tax on goods	Percentage of price	1.90%	6.0%	7.90%	Any transportation or for other in jurisdiction

Other potential funding sources			
	Type	Probable Benefit	Current Legal Uses
Impact fees	Variable fee paid when a building permit is issued.	High revenue expectation	Capital needs tied to effects of growth. Cannot be used for maintenance and operations, existing problems, or non-capacity improvements such as landscaping or drainage.
Tolls	Variable charge. Often applied to limited-access facilities such as expressways, tunnels, and bridges.	High revenue expectation	Typically limited to construction and maintenance of the specific facility (e.g., toll road) and any feeder highways.
Vehicle miles of travel fees	Road usage charge for number of miles driven.	High revenue expectation	Legal uses are unclear. To be a fee, the charge must be tied to a specific benefit conferred upon the user.
Rental car tax	An add-on to the base fee.	Low revenue expectation	Fee base is tied to use of transportation system.



SUMMARY

Ada and Canyon Counties have a total unmet transportation funding need of \$5.4 billion, or \$193 million per year, to 2050. While revenues are likely to increase through 2050, costs are expected to increase at a faster rate. This means that only agencies with funding dedicated to expansion—specifically, impact fees—will have long-term capacity to expand. To allow for new transportation capacity and services, there is a need to increase existing revenue streams and/or develop new funding sources.

ENDNOTES

- 1 CIM 2050 funding policy, <https://cim2050.compassidaho.org/wp-content/uploads/2022/07/CIM2050FundingPolicyGoals.pdf>
- 2 Transportation improvement program (TIP), COMPASS, <https://compassidaho.org/transportation-improvement-program/>
- 3 CIM 2050 priority projects, <https://cim2050.compassidaho.org/wp-content/uploads/2022/07/PriorityProjectListsCIM2050.pdf>
- 4 Prioritization, CIM 2050, <https://cim2050.compassidaho.org/Prioritization.pdf>
- 5 “General Information for Transportation and Conformity,” US Environmental Protection Agency, www.epa.gov/state-and-local-transportation/general-information-transportation-and-conformity
- 6 US Census Bureau, Idaho State Profile, www.census.gov/library/stories/state-by-state/idaho-population-change-between-census-decade.html
- 7 Public Transportation, CIM 2050, <https://cim2050.compassidaho.org/PublicTransportation.pdf>
- 8 Bipartisan Infrastructure Law, www.fhwa.dot.gov/bipartisan-infrastructure-law
- 9 US Federal Highway Administration notice reflecting Surface Transportation Block Grant Program funding, www.fhwa.dot.gov/legisregs/directives/notices/n4510868/
- 10 Bipartisan Infrastructure Law fact sheets detailing federal funding eligibility, US Federal Highway Administration, www.fhwa.dot.gov/bipartisan-infrastructure-law/fact_sheets.cfm
- 11 The Boise Urbanized Area includes the Cities of Boise, Eagle, Garden City, and Meridian, as well as parts of unincorporated Ada County.
- 12 Active Transportation, CIM 2050, <https://cim2050.compassidaho.org/ActiveTransportation.pdf>
- 13 See note 2.
- 14 ITD 2019 revenue and fund sources, https://itd.idaho.gov/wp-content/uploads/2016/12/quick_facts-itd.pdf
- 15 Communities in Motion 2040, www.compassidaho.org/documents/prodserv/CIM2040/CIM2040_PrinterFriendly.pdf
- 16 Idaho Senate Bill 1206, 2017 <https://legislature.idaho.gov/wp-content/uploads/sessioninfo/2017/legislation/S1206.pdf>
- 17 Short-term budgeted projects, <https://cim2050.compassidaho.org/wp-content/uploads/CIM2050ShortTermFunded.pdf>
- 18 2020 Ada County Highway District Capital Improvements Plan, www.achdidaho.org/Documents/Engineering/ImpactFees/Ordinance246A/ExhibitC_CIP.pdf

- 19 Impact Fee Study and Capital Improvement Plans, City of Nampa, www.cityofnampa.us/DocumentCenter/View/14294/Nampa-Development-Impact-Fee-Reports-Combined_02082022
- 20 Our buses are now going electric!, VRT, www.valleyregionaltransit.org/electric
- 21 CIM 2050 short-term funded projects, <https://cim2050.compassidaho.org/wp-content/uploads/CIM2050ShortTermFunded.pdf>
- 22 CIM 2050 long-term funded projects, <https://cim2050.compassidaho.org/wp-content/uploads/CIM2050LongTermFunded.pdf>
- 23 FY2022-2028 Regional Transportation Improvement Program (TIP), www.compassidaho.org/documents/prodserv/trans/FY22/FY22_28TIPdoc.pdf
- 24 Projects that add travel lanes on bridges or overpasses are included as capital projects.
- 25 Complete Network Policy, www.compassidaho.org/documents/people/policies/CompleteNetworkPolicy_Final_Dec2021_2022-01.pdf
- 26 ValleyConnect 2.0, VRT, www.valleyregionaltransit.org/planning/valley-connect-2-0
- 27 [Communities in Motion 2040 2.0](https://compassidaho.org/CIM2040-2.0), <https://compassidaho.org/CIM2040-2.0>
- 28 Transportation Development Plan, https://www.valleyregionaltransit.org/wp-content/uploads/2022/10/TDP_2023_Adopted.pdf
- 29 See note 7.
- 30 See note 4.
- 31 See note 2.
- 32 See note 18.
- 33 Transportation Development Plan, https://www.valleyregionaltransit.org/wp-content/uploads/2022/10/TDP_2023_Adopted.pdf
- 34 “Legislative Services,” COMPASS, <https://compassidaho.org/legislative-positions/>