CHAPTER VII. FUNDING ANALYSIS

There are about 3405 miles of bridges and roads in unincorporated El Paso County, and of those, roughly 1226 centerline miles are privately owned, and about 2179 centerline miles are County owned and managed, which equates to more than 4335 lane miles. To put that in context, the distance, as the crow flies, between Canada and Mexico is 1,200 miles. The County's responsibility includes 266 bridges, about 109,000 linear feet of drainage ditch, over 382,000 feet of drainage pipe, over 24 miles of guardrail, almost 29,000 traffic control signs, 92 traffic signals and over 22,000 acres of right-of-way. Since 1980, almost 400 centerline miles of road have been added for the county to maintain and the number of paved lane miles has more than doubled.

FUNDING TRANSPORTATION

The roadway system in El Paso County represents a substantial public investment to accommodate motor vehicles, as well as non-motorized travel. Likewise, improvements shown on the 2040 MTCP Roadway Plan maps will require significant resources to implement. To present a plan that is realistic, an analysis of costs associated with roadway improvement and resources available to fund them is necessary.

In El Paso County, off-system (i.e., non-CDOT) County roads are typically funded through three sources – development exactions/ impact fees, local sales and property taxes, and Highway Users Tax Fund (HUTF), which comes from the state gas tax and registration fees. The County has adopted a Countywide Road Impact Fee Program that will fund a significant portion of the future off-system capacity needs in the County.

The local and neighborhood streets in the County, including non-regional collector streets, are often funded and constructed by the developer when a subdivision is developed. Many local roads are maintained by the County while others are private roads maintained by a local fee district or a homeowners association. The Road Impact Fee program helps the County to accurately plan for roads needed due to new development.

For the Department of Public Works (DPW), the largest sources of revenue for transportation are HUTF (the gas tax), specific ownership tax, and the property tax. In 2007, almost 61 percent of the budget was funded by the gas tax and the road and bridge mill levy. In 2013, the gas tax and the road and bridge mill levy provided almost 81 percent of our budget. In addition to these

funding sources, the Pikes Peak Rural Transportation Authority (PPRTA) collects a sales tax increment that funds multi-modal transportation projects across the County, including roads in the unincorporated parts of the County.

Development Impact Fees/Exactions

El Paso County's road impact fee program was adopted in 2012 to create an equitable method of establishing a fair-share contribution for development for transportation improvements needed to accommodate growth. A Road Impact Fee Study update is being prepared, in a parallel effort with this MTCP update, to set the impact fee rate per new trip created by new development.

New development is often required to construct projects on the adjacent major roadway system to provide access for that development. These requirements are referred to as development "exactions". In cases where the cost of these road improvements or exactions exceeds the development's fair share road impact fee, the County uses impact fee funds to reimburse developers for excess costs.

A significant portion of the roadway system improvement needs on County roads identified in this plan are funded through development impact fees and exactions.

Federal Transportation Funding

Gas taxes come to the county in two ways from both the state and federal levels. The federal gas tax is funded by an 18.4¢/gallon tax that has not changed since 1993. Federal gas tax funding is distributed through PPACG in the form of grants that generally require a 20 percent local match. These are competitive grants, not formula disbursements. While DPW has been successful in obtaining grants, most of the funding in the region goes to the City of Colorado Springs. The difficult parts of using federal funds are:

- DPW must fund 100 percent of the project upfront and then 80 percent is refunded later. This poses a cash flow issue for us as we do not have a federal projects budget.
- Due to regulations and requirements, federal projects are often more expensive than the same project funded with local dollars.
- It often takes longer to implement.

State Gas Tax

The HUTF consists of the state gas tax of 22¢/gallon and motor vehicle fees such as license and registration fees. About 75 percent of the HUTF funds come from the gas tax. The state gas tax is required by law to be spent on transportation. Over 65 percent of the HUTF funding goes to CDOT to construct and maintain state roads such as I-25, US 24, and State Highways 21, 94 and 115. The remaining funds are split among all other cities, towns and counties in the state.

The HUTF payments represent the return of gas and diesel taxes and other fees to the local communities (e.g., El Paso County) and residents that paid them, but only 20 percent of funds paid by residents is returned to the County. The County received an average of $9.9 million a year over the last ten years. DPW's personnel cost averages about $9.5 million a year. The state gas tax has not increased since 1991.

Pikes Peak Rural Transportation Authority (PPRTA)

In response to the need for additional road funding voters in El Paso County, Colorado Springs, Manitou Springs, and Green Mountain Falls approved the creation of PPRTA. The Town of Ramah joined in 2009. PPRTA is funded by a 1 percent sales and use tax that was approved to start January 1, 2005 and was renewed by voters in 2014 to fund transportation and transit improvements.

Fifty-five percent of funds collected pay for a voter approved list of capital projects with a 10-year sunset on these funds. Thirty-five percent go to transportation maintenance and 10 percent to expand the transit services. In 2012, the nearly 80 percent of voters reauthorized the collection of 55 percent of capital funds for an additional 10-year period from 2015 to 2024.

El Paso County has not seen a significant increase in transportation funding. This has the effect of reducing the number of road miles that can be repaved and limits maintenance on all roads. For example, we have been prioritizing higher use roads so that arterials and collectors stay in fair shape, consequently, pavement overlays on lower use roads such as neighborhood roads is almost nonexistent. If roads do not get regular maintenance the result over time means more than potholes, it results in road closures and turning paved roads back to gravel, safety concerns, and increasing costs to rehabilitate.

Property Taxes

El Paso County also received some property taxes for roads. The median home price in El Paso County is $236,000. The average home pays about $148.00 per year in property taxes to the County general fund and only $6.20 going to roads. El Paso County roads receive about $1.1 million a year in property taxes.

Figure 4 displays the major sources of funding to the County's Road and Bridge account. For a variety of factors, revenues have not kept up with inflation, which is denoted by the Consumer Price Index (CPI) on the figure. Please note that the increased revenue in 2008 and 2009 was due to a grant reimbursement from Federal Highway Administration (FHWA).

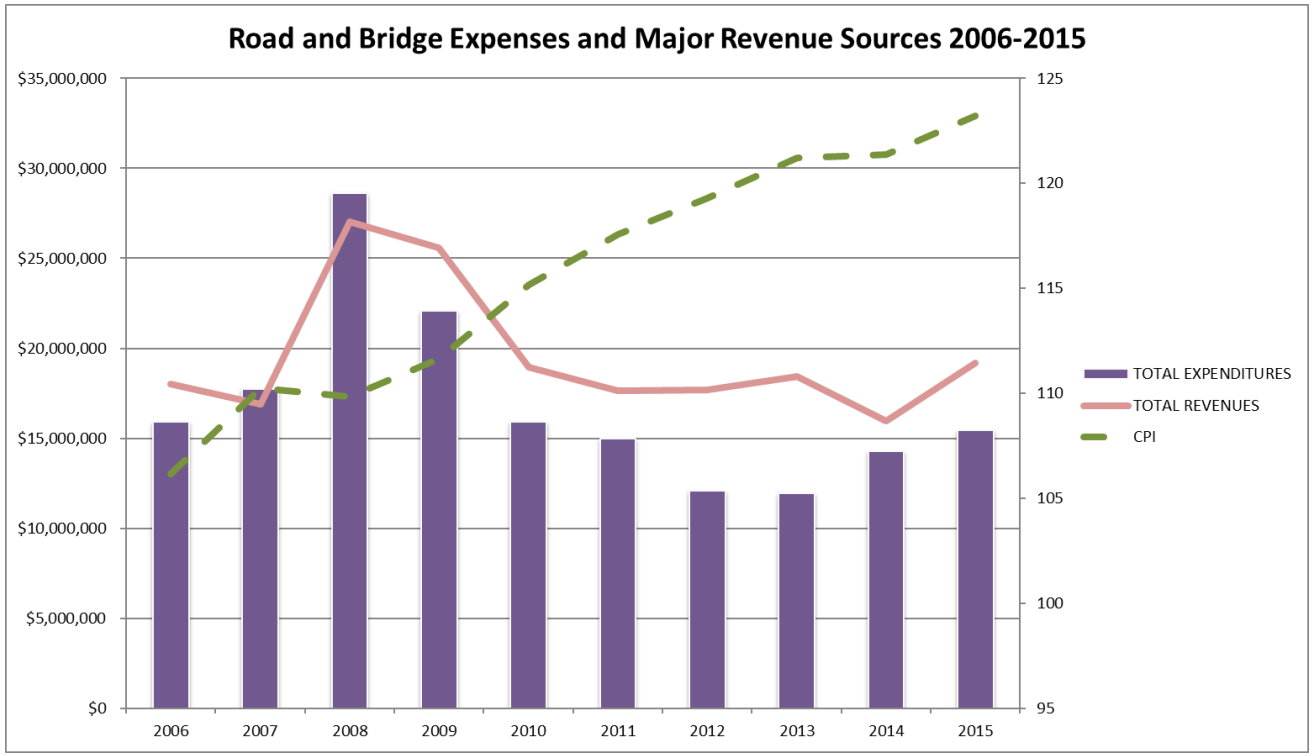
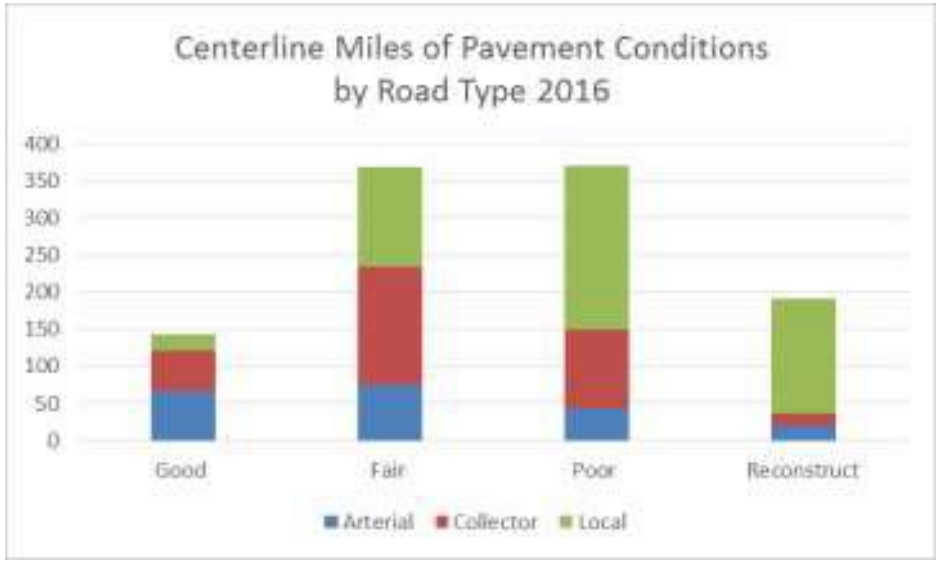


Figure 4: Road and Bridge Expenses and Major Revenue Sources 2006-2016

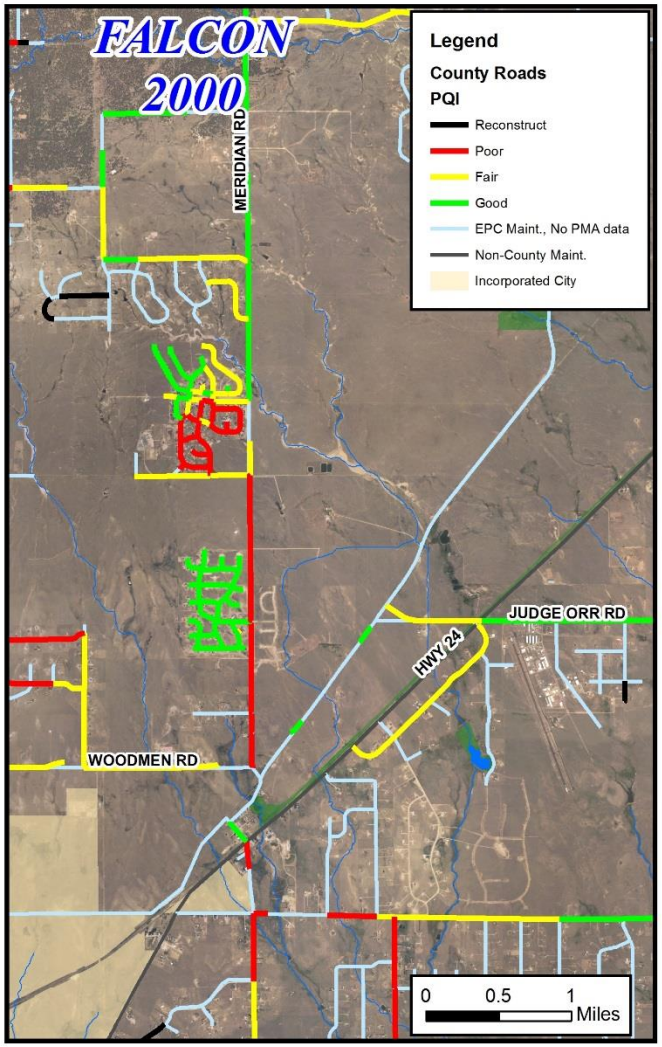
Pavement overlays should occur generally every 7-10 years. This would be approximately 70-100 miles of road per year, or about 10% of our roads per year. In the last ten years, we overlaid an average of 23 centerline miles or 2 percent off our paved roads a year. With current funding, about 50 percent of our roads will fail before they receive maintenance. The cost to overlay 85 miles of pavement would be about $16 million per year.

DPW has funding to maintain about 20 miles of road each year. This lack of ongoing maintenance coupled with more severe weather results in more catastrophic failures that cause potholes, bridges to be weight limited, roads to washout, road closures, flooding, increased need for debris removal in ditches, culverts and ponds.

The chart below shows that most of the roads that are failing are local roads. DPW works hard to keep the high volume roads in fair-good condition. There are about 25 centerline miles of arterial roads in need of reconstruction. These projects can be very expensive often costing millions of dollars per mile to fix.



A further demonstration of increased road miles and the problems associated with infrequent maintenance can be seen in the Falcon area. Many of the road miles were new within the last 16 years, but already are in poor condition.


FALCON
2000
Legend
County Roads
PQI
Reconstruct
Poor
Fair
Good
EPC Maint., No PMA data
Non-County Maint.
Incorporated City
MERIDIAN RD
JUDGE ORR RD
HWY 24
WOODMEN RD
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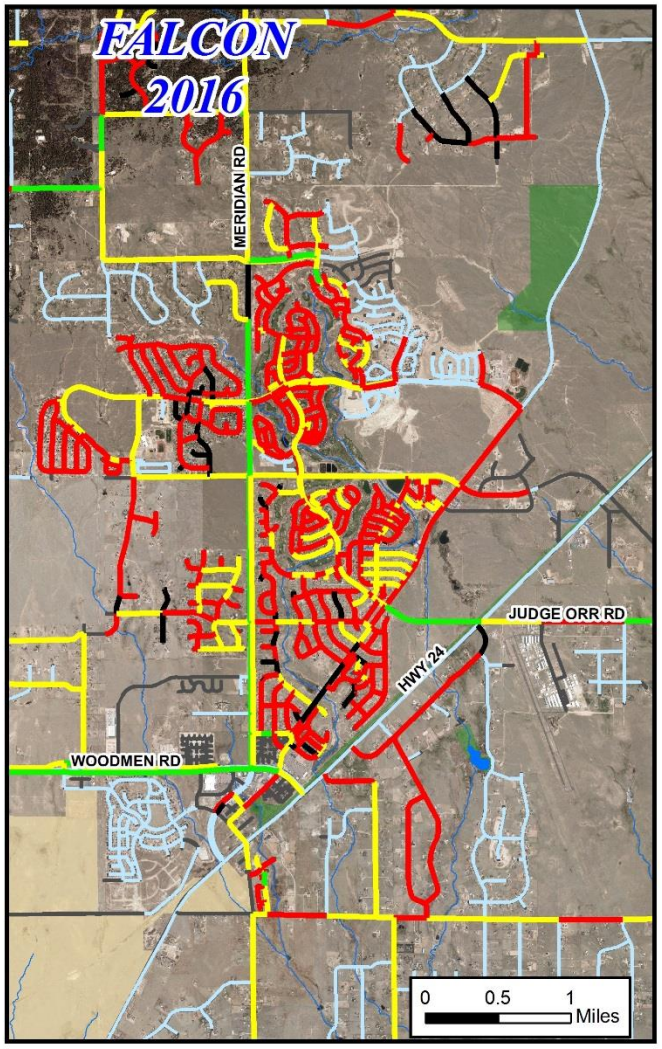
FALCON
2016
MERIDIAN RD
JUDGE ORR RD
HWY 24
WOODMEN RD
0
0.5
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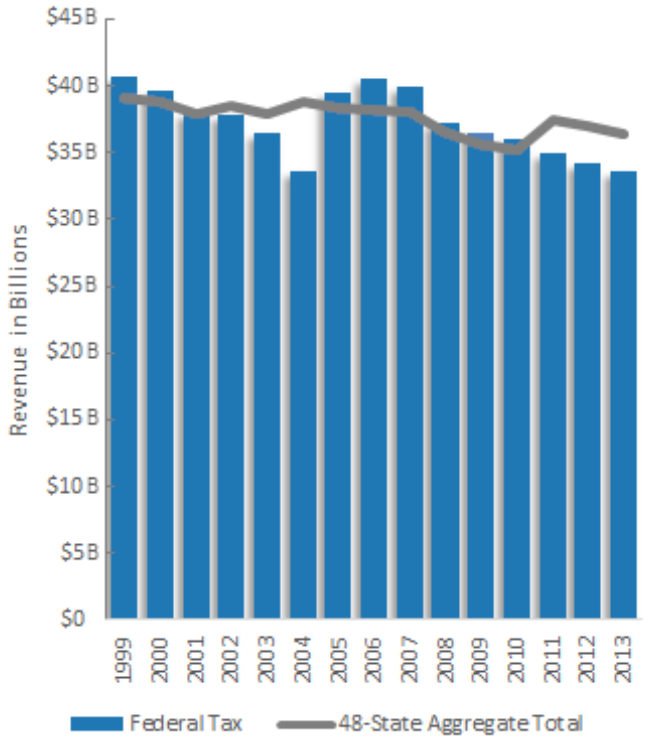
Miles

Transportation Costs and Revenues

Gas Taxes—As the primary funding sources for transportation, gas taxes have remained constant since the early 1990s at 40.4 cents per gallon on gasoline ($0.22/gallon state; $0.184/gallon federal). More significant is the lack of benchmarking to inflation or construction costs. The result is that gas tax revenues have stalled. "The federal government's 18.4-cent gasoline tax brought in a fifth less, in inflation-adjusted dollars, in 2013 than in its first year at that level. That revenue decline comes over a period when the Country's population grew by a fifth, adding more strain to the nation's transportation's networks." (http://www.governing.com/topics/transportation-infrastructure/gov-gas-tax-revenue-states-inflation.html Daniel C. Vock, May 18, 2015) (see Figure 5 and Figure 6).

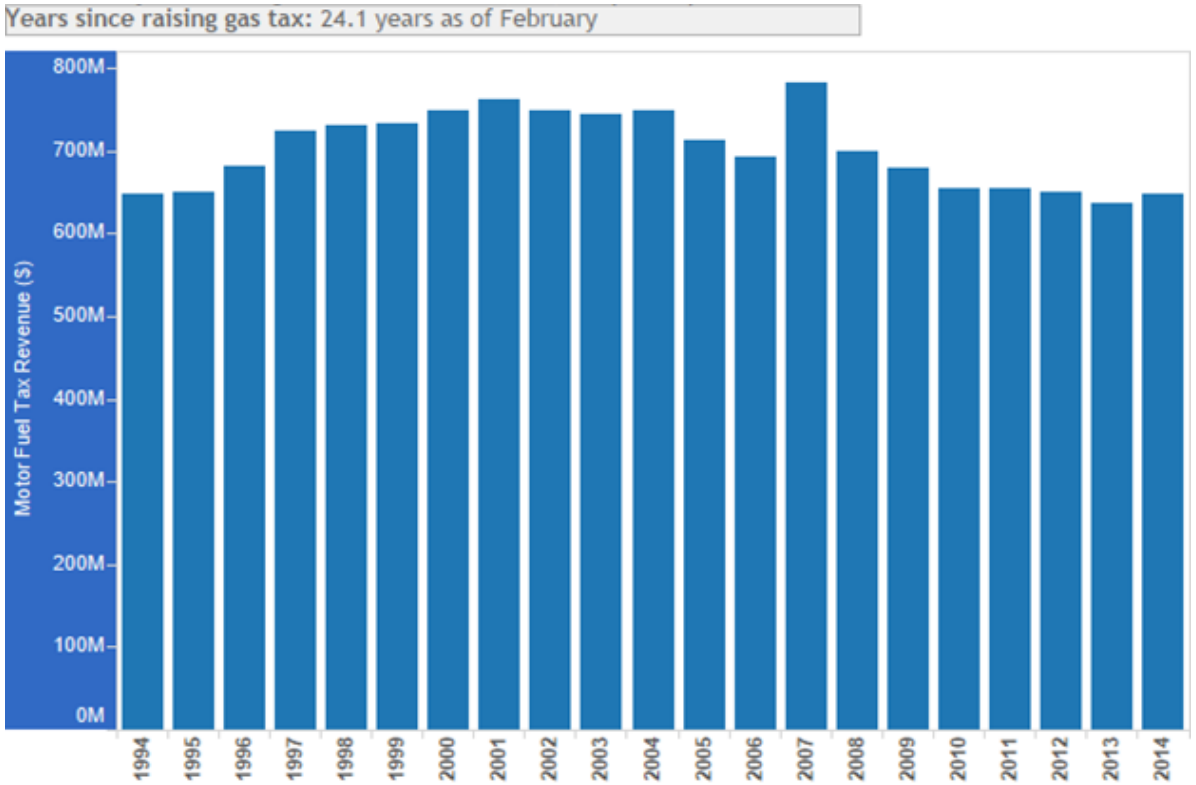
This chart compares federal and total state motor fuel tax revenues when adjusted for inflation.



NOTE: State figures exclude Pennsylvania and New York, which made changes in how tax data was reported. Amounts shown in 2013 dollars.

SOURCE: Governing calculations of IRS, Census Annual Survey of State Government Tax Collections data.

Figure 5: Federal vs. State Fuel Tax Revenue



Figures were adjusted for inflation and shown in 2014 dollars.

SOURCE: Governing calculations of U.S. Census Bureau Annual Survey of State Government Tax Collections data. Information on last gas tax raise compiled by the Institute on Taxation and Economic Policy.

Figure 6: Colorado State Gas Tax Revenue

Fuel Efficiency—The federal government recently raised the standard for passenger cars from 27.5 (1990 to 2010 standard) to 39.0 miles per gallon in 2016. While this may have a positive effect on emissions and reduce US dependency on foreign oil, it has the effect of also reducing motor fuel tax revenues by 30 to 40 percent per vehicle mile driven over time. In addition, alternative fuels and electric vehicles become a more significant part of the vehicle fleet across the country, funds for transportation will decrease.

Inflation and Construction Cost Increases—The purchasing power of a dollar decreases each year due to inflation (see Figure 7). Of more significance is the trend that construction and maintenance costs have increased faster than inflation in recent years. Thus, costs are outpacing revenues.

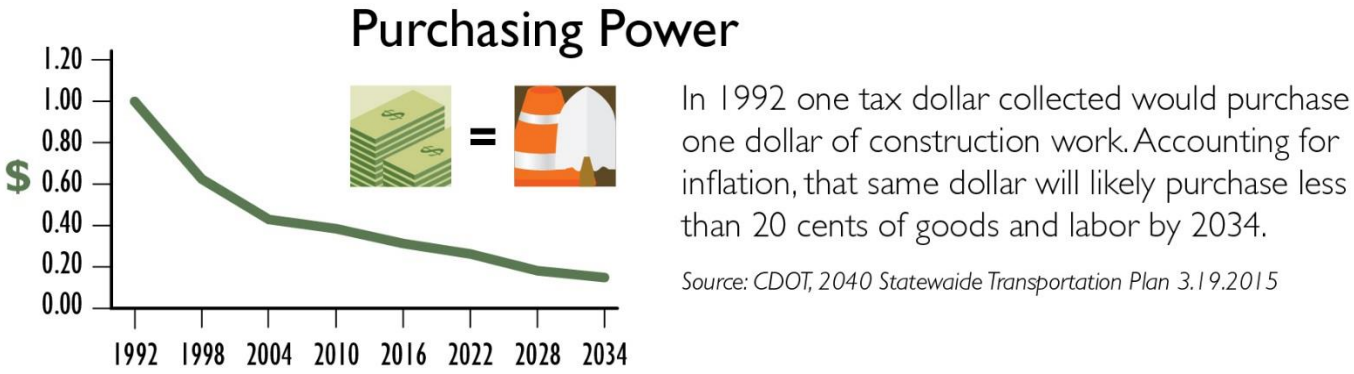


Figure 7: Purchasing Power

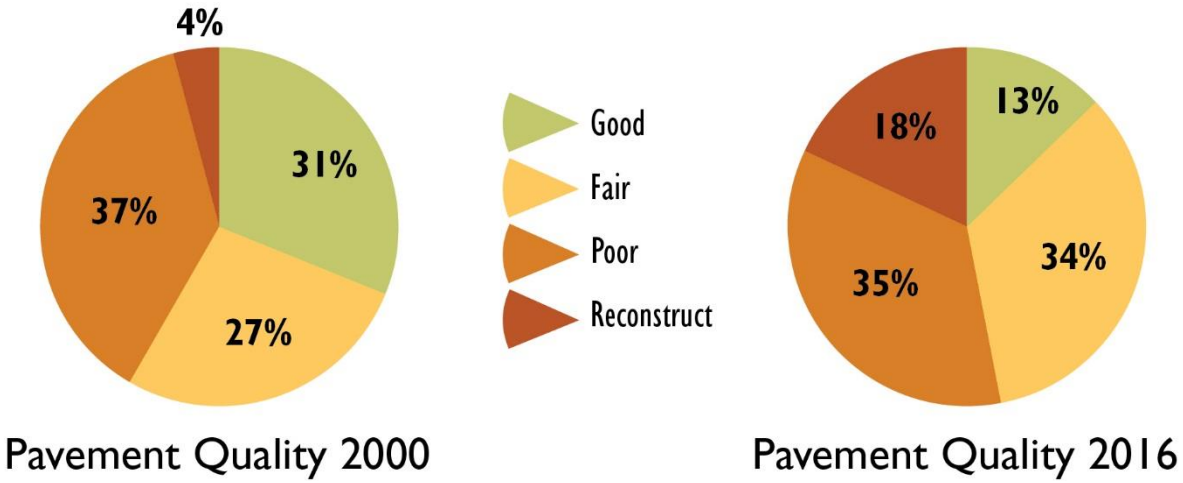
Natural Disasters—Since 2012, El Paso County has suffered through four presidentially declared natural disasters from fires to floods. These disasters not only destroyed and damaged private property, but also parks, government buildings and roads and bridges. So far, the four disasters cost over $76 million dollars and will continue to impact County funding since flooding impacts from fires typically continue for at least 10 years.

How Are We Doing?

DPW has maintained an average of 5.6 percent of our paved road miles over the last 10 years. This is well below the needed maintenance level of 10 percent per year. This means that our road conditions have worsened. In 2016, more than 52 percent of our roads are in poor condition. In 2007, 46 percent of the roads were in poor condition. Fleet parts costs increased from $720,000 to $1,584,000 a year in this last five years. Add on increased demands for multimodal transportation, aging infrastructure and increased regulations for stormwater, people with disabilities, and rules for spending federal money, the funding picture becomes more bleak.

Pavement overlays should occur generally every 7 to 10 years. This would be approximately 70 to 100 miles of road per year. With current funding, about 50 percent of our roads will fail before they receive an overlay. The cost to overlay 85 miles of pavement would be about $16 million per year. DPW has funding to maintain about 20 miles of road each year. This lack of ongoing maintenance coupled with more severe weather results in more catastrophic failures that cause potholes, bridges to be weight limited, roads to washout, road closures, flooding, increased need for debris removal in ditches, culverts and ponds, and even roof repair. Aging infrastructure and recent weather events has forced us to temporarily close roads due to dangerous failures including Black Forest, Slocum, Burgess, Jones, Hanover and Old Stage Roads. These road closures are not only inconvenient, they also cost more to repair.

On average, El Paso County spends less on roads than nearby counties. While this is a bargain for taxpayers in the short term, road rehabilitation and reconstruction costs more per mile than ongoing maintenance.



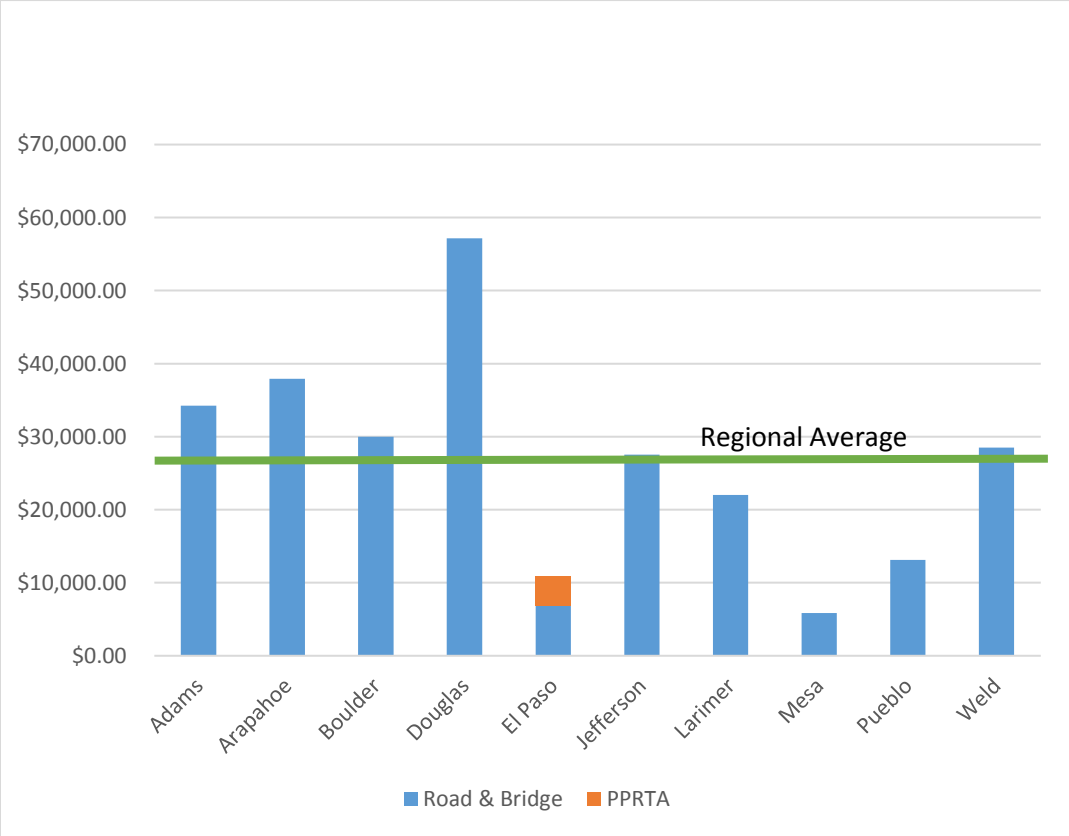


Figure 8: Road & Bridge Budget Per Centerline Mile and Regional Average 2015

In addition, the recession forced some developers to abandon new developments before infrastructure was complete. We have seen over a dozen subdivisions go into default leaving the County to finish over $2 million of infrastructure. These factors mean that we have less funding, less buying power, and more road miles to maintain.

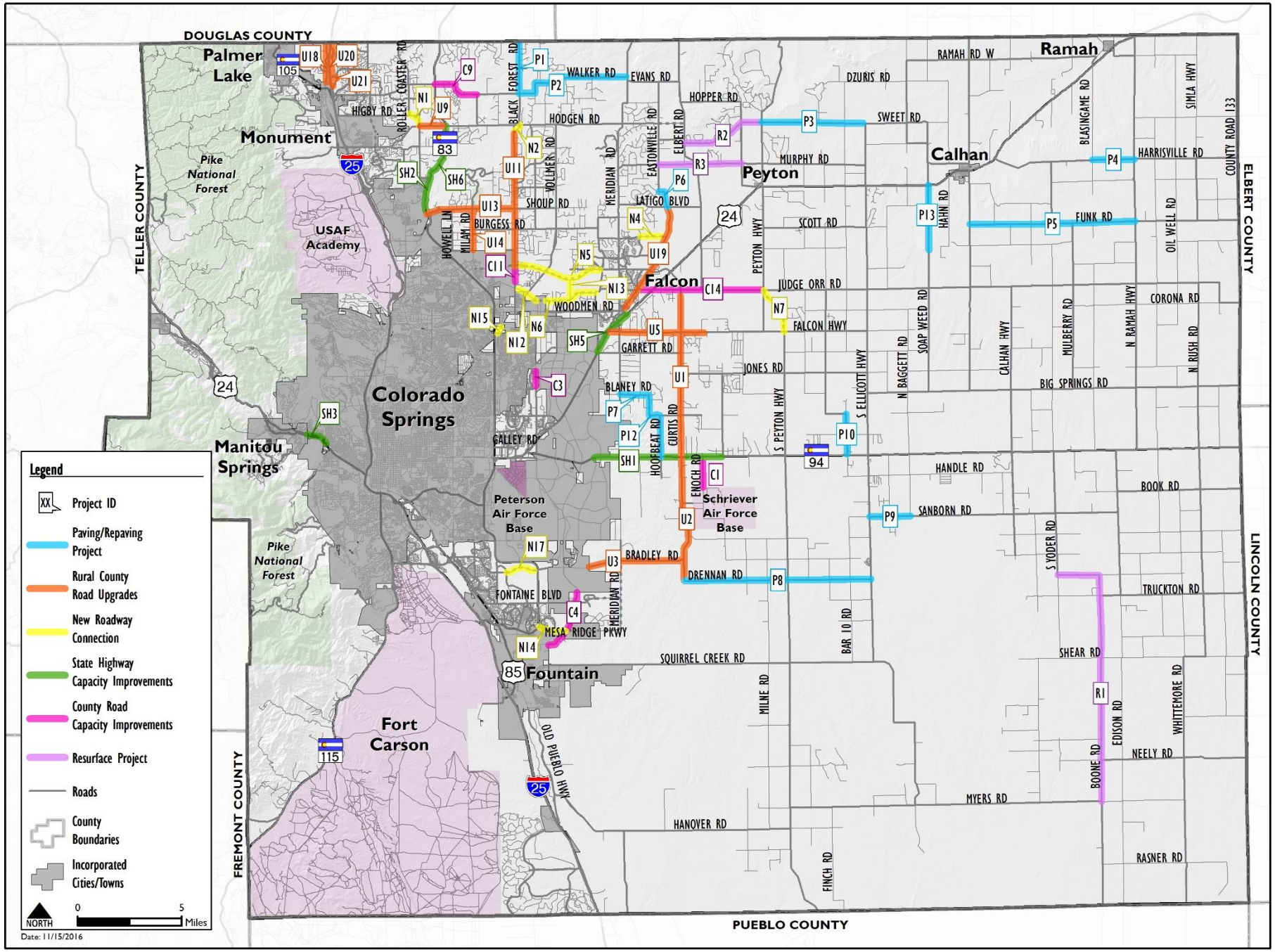
CHAPTER VIII. IMPLEMENTATION

ROADWAY IMPROVEMENT PHASING

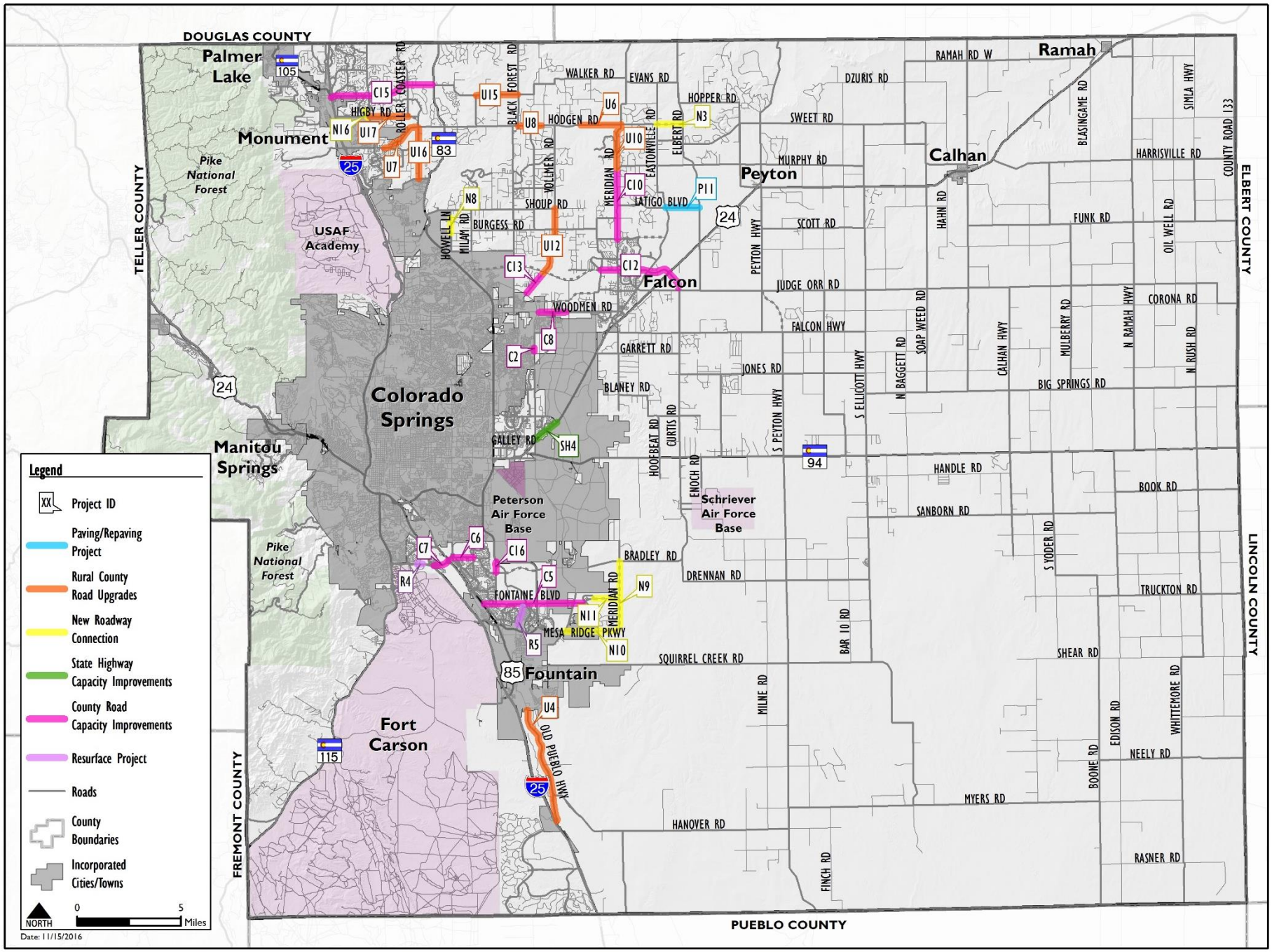
The need for different projects contained in the 2040 roadway improvement plan will be triggered by development leading to growth in traffic levels. Since the timing of development and resulting traffic demands cannot be predicted with certainty, the precise timing of the project needs cannot be predicted precisely. Additionally, the availability of funding dictates the timing of project implementation and future budgets and priorities will emerge over the next 25 years.

Despite these uncertainties, it can be valuable to provide a sense of the phasing of improvements within the time 2040 horizon. The 2040 projects have been divided into two phases—a short and mid-range phase to 2030 and a long-range phase between 2030 and 2040, based on the estimated timeframe when the need will be triggered.

Map 18 depicts the short and mid-range projects and Map 19 shows the remaining projects planned for the 2030-2040 period.



Map 18: Short and Mid-range Projects



Map 19: Long-range Projects

Implementation Policies and Strategies

The fundamental goal of the MTCP is to identify future transportation needs, opportunities, and the best use of limited resources for implementing this plan for the next 25 years. This MTCP is extremely important, as unincorporated El Paso County is largely made up of rural communities experiencing urbanization as part of the growing Colorado Springs metropolitan area. New urban growth places unforeseen demands on a rural transportation network and rural public finances.

That growth also requires a complement of policies and strategies for plan implementation. The growth in development, and its associated impacts on traffic, puts stress on local resources. Planning for this growth offers opportunities to mitigate traffic impacts through construction of new facilities and services that offer County residents travel options. These improvements also help guide the direction of growth as new opportunities are provided. New opportunities include not just roadway improvements, but also include mobility choices through implementation of a balanced transportation system that includes transit, bicycle, and pedestrian infrastructure.

Where new investments are financially constrained, it is critical to preserve the corridors and maintain the ability to develop them in the future. The following describes the policies and strategies that El Paso County will follow as the MTCP is implemented. These policies and strategies should be considered in light of current El Paso County planning and engineering practices, and several laws, regulations, statutes and requirements at the Metropolitan Planning Organization (MPO), state, and federal levels. It should be further noted that the Plan policies and strategies complement and are integrated with El Paso County's Policy Plan, Land Development Code, Engineering Criteria Manual and Drainage Criteria Manual.

Plan, develop and maintain a safe and efficient transportation system to meet the present and future mobility needs of people, goods, materials and services.

- Identify and preserve the functional integrity of the corridors necessary to meet the County's potential future surface transportation needs.
- Maintain transportation planning flexibility that will allow the accommodation of different potential future systems and technologies.
- Achieve compatibility between transportation facilities and adjacent land areas through comprehensive planning.

- Coordinate and integrate the planning, design and development of transportation modes including highways, public transit, bikeways, pedestrian facilities, equestrian trails, railroads, airports, ride-sharing, car-pooling and telecommunications networks with PPACG, Central Front Range Transportation Planning Region (CFR), and the County's municipalities and military installations.
- Coordinate the County's transportation system with the transportation systems of neighboring counties, municipalities and the state.
- Balance the need for regional mobility with demands for local access onto major transportation corridors.
- Maximize the efficiency of the existing transportation system through efficient traffic management and operations techniques including signalization and additional turning lanes, which help to regulate traffic flow and thereby increase capacity.
- Encourage employers to develop and implement methods such as flexible scheduling and car or van pooling to reduce peak hour congestion on major transportation corridors.
- Encourage the planning, development and use of a telecommunication network to reduce the number of work and shopping related automobile trips.
- Develop and implement a capital improvement program and a major maintenance program that is utilized to prioritize projects.
- Work with local metropolitan districts or develop Local Improvement or Public Improvement Districts to offer opportunities for development and the public to see that transportation responsibilities are fairly assigned.

Promote land use planning which maximizes transportation efficiency.

- Encourage the development of major activity centers with regional multimodal access.
- Require advance right-of-way preservation and dedication for transportation facilities as part of the land development process.

- Require advance right-of-way preservation and dedication, access management and transportation improvements to implement the proposed actions of environmentally cleared corridors in coordination with FHWA, CDOT and other publicly funded programs.
- Strictly limit direct access onto major transportation corridors to preserve their functional capacity.
- Plan, build and manage the capacity of the roadway system to accommodate maximum expected land use densities.
- Evaluate land use patterns, which place exceptionally large demands on the transportation systems and mitigate their impact.
- Encourage carefully-planned mixed-use developments which integrate vehicular and pedestrian transportation modes and which maximize the effective use of transportation infrastructure and parking areas.
- Along corridors with development pressures, develop and implement access management plans.
- Require new development to improve nearby roadways to acceptable design standards to match the functional classification.

Reduce the adverse environmental impacts of existing and future transportation systems through a combination of careful planning and mitigation techniques.

- Place a high priority on maintaining the environmental condition when planning or building roads.
- Place a high priority on those system improvements, which will substantially reduce risks to public safety including but not limited to signalization and traffic controls.
- Encourage the identification, designation and preservation and enhancement of scenic transportation routes and vistas.
- Provide for noise attenuation and visual screening along major transportation corridors by incorporating techniques including setbacks, buffers, berms and vegetation treatments.
- Plan and provide for mitigation of secondary impacts of traffic congestion including the protection of air and water quality and drainage system enhancements.

Implement the planned transportation system in a coordinated and cost-effective manner utilizing a fair, equitable and sufficient method of funding.

- Base funding for transportation improvements and maintenance as much as possible on a user-pay system while recognizing the unique needs of the transit-dependent along with the indirect costs and benefits of transportation projects.
- Utilize transportation strategies designed to improve the efficiency of existing roadways prior to investing in system expansions or additions.
- Adequately fund maintenance of existing and future transportation infrastructure to preserve the value of investments made.
- Encourage user-pay approaches to funding transportation system improvements and maintenance.
- Encourage processes by which development can contribute a reasonable and fair share toward necessary off-site transportation improvements by continuing the Road Impact Fee Program.
- Place a high priority on financing transportation improvements that significantly reduce health and safety risks.

Promote the planning and development of transportation modes offering alternatives to single-occupant automobiles.

- Encourage the development of convenient, reasonably economic public transit options to serve the mobility needs of all segments of the population to and from major regional destinations.
- Encourage the development and maintenance of pedestrian and bicycle networks by identifying and setting aside corridors early in the planning process and by fully integrating these functions into land development plans.
- Encourage the use of high occupancy vehicles (HOVs), buses, vans, carpools and rapid rail.
- Promote the conservation of energy resources through enhancement of all modes of transportation and telecommunications networks.
- Promote the development of park-n-Ride areas to facilitate the use of alternative modes of transportation and coordinate the development of an intermodal system.

- Emphasize the needs of the transit-dependent population in the planning and prioritization of alternative transportation systems.
- Encourage inter-regional cooperation for the planning and development of alternative modes of transportation.

Improve transportation safety.

- Adopt and implement a "towards zero deaths strategy."
- Coordinate with the CDOT RoadX project to prepare for technology innovations that improve road safety.
- Improve intersection safety and develop a prioritized list of improvements.
- Identify funding sources for needed maintenance and capital improvements and minimize the long-term cost to taxpayers.
- Actively work with school districts to cooperatively implement and fund existing transportation needs and to plan appropriate new school sites away from major arterial roads.
- Identify all transportation needs related to capital, operations, safety, and maintenance and identify new revenue sources to match the county needs.

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