



# UNDERSTANDING THE FINANCING OF TRANSPORTATION PROJECTS

## Why is planning for transportation financing important?

The federal government requires a **Regional Transportation Plan (RTP)** to be financially constrained – meaning the total cost of the plan does not exceed available funding. Therefore, planners base their forecasts on anticipated revenues from various funding sources, including:

- State and federal motor fuel taxes
- Local sales taxes
- Funding from local governments
- Bonds
- Tolls and user fees

Federal funding comes from the **Highway Trust Fund**, which in turn is funded through the federal motor fuel tax. **SAFETEA-LU** is a federal law that establishes funding levels for programs through the Highway Trust Fund and is administered via **FHWA** and **FTA**. It also introduces alternative revenue sources, like infrastructure banks and bonding programs.

If adequate funding does not exist for all projects in the program, lower-priority projects are removed.

## Determining project costs?

To establish the cost of a future project, planners and engineers consider a series of factors that include capital costs (the cost to build infrastructure), the cost of operating and maintaining the facility over time, and the cost of inflation, which accounts for an increase over current -year dollars to represent the year the project will be built. The cost of any land needed for the project and the cost of raw materials for the project is included in these costs based on trends and future projections.

## Funding challenges

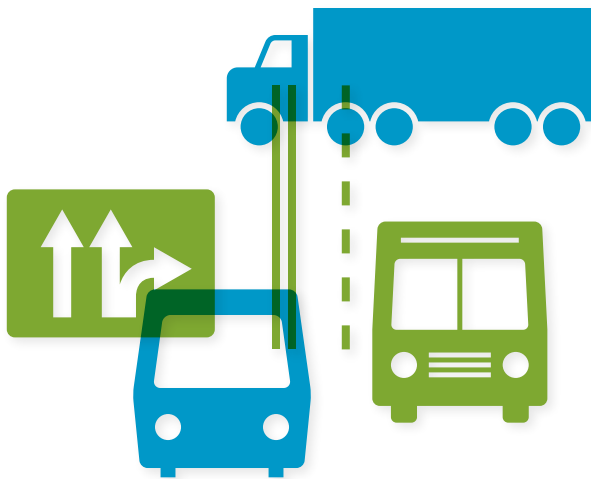
As current infrastructure continues to age, many states lack the necessary funding to maintain existing roads, bridges, and transit facilities. Maintaining existing infrastructure is a high priority that reduces funding for projects to expand the transportation system to address the needs of a growing region. Legislation permitting alternative sources of revenue, such as public-private partnerships and initiatives for new transportation sales taxes, as well as increases in motor fuel taxes are under consideration in many states to help address this funding gap.

## WHAT IS PLAN 2040?

**PLAN 2040** is metro Atlanta's long-range planning process for land development and transportation needs through the year 2040. It will guide growth by addressing not only land use and transportation issues, but economic, environmental, housing and human services challenges, as well.



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## What funding sources are available for PLAN 2040?

Projects in PLAN 2040 will be funded through sources at the federal, state, and local levels. Traditionally, projects receive a percentage of funds from federal sources matched by a percentage of funds at the state or local level. Matching levels are established in the federal transportation authorization. The federal government and the State of Georgia are exploring innovative funding through a variety of mechanisms, including infrastructure banks and public/private partnerships (P3s).

PLAN 2040 will allocate funds for a variety of project types, including roadway, transit, bridges, safety enhancements and bicycle and pedestrian improvements. Specific funding sources are identified based on project location and type, among other criteria.

## How can someone participate in developing Plan 2040?

Metro Atlanta residents can participate in ARC's Plan 2040 activities in several ways:

- Regularly visit the Plan 2040 Web site at [www.atlantaregional.com/plan2040](http://www.atlantaregional.com/plan2040) for the latest information about the planning process. Check the "Get Involved" section of the site for discussions, meetings and other ways to share thoughts and ideas.
- Email comments to ARC at [plan2040@atlantaregional.com](mailto:plan2040@atlantaregional.com)
- Share ideas at ARC's group page on LENS on Atlanta at [www.lensonatlanta.org](http://www.lensonatlanta.org)
- Call ARC with comments or questions:
  - 404. 463. 3272
  - TTY number is 404. 463. 3272

## Helpful links for more info

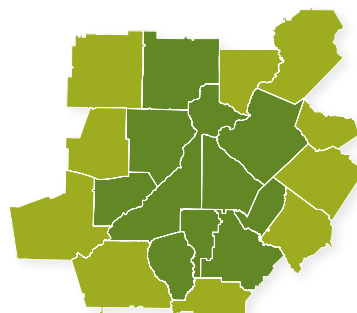
- [ARC Financial Planning](#)
- [FHWA SAFETEA — LU Website](#)
- [FHWA Innovative Finance](#)

This document can be found on ARC's Web site at [www.atlantaregional.com/plan2040](http://www.atlantaregional.com/plan2040). For assistance in viewing this document, contact [plan2040@atlantaregional.com](mailto:plan2040@atlantaregional.com) or 404.463.3272.



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## WHAT IS THE ATLANTA REGIONAL COMMISSION?

ARC is the regional planning and intergovernmental coordination agency for the **10-county** metropolitan area. For transportation planning, ARC's area of responsibility includes all or parts of **20 counties** and the City of Atlanta.