

9.0 FUNDING, IMPLEMENTING CORRIDOR IMPROVEMENTS, AND FINAL SUMMARY

Potential funding sources for improvements to the US 93 corridor through Whitefish and other considerations relevant to the implementation of recommendations are discussed in this Part. The primary funding sources for corridor improvements will be federal and state funds. However, other local government funding sources are described because such funds could accomplish portions of the proposed projects or be used to implement off-system projects that would indirectly benefit the US 93 corridor.

Part 9.0 also discusses fiscal constraint requirements associated with planning for corridor improvements, regionally significant projects, and highlights NEPA/MEPA compliance activities needed to advance corridor improvement projects.

9.1 Potential Federal and State Funding Sources

The primary Federal and State funding sources for constructing highway improvements within the corridor are identified and briefly described on the following pages. This discussion is focused on programs developed for the distribution of Federal and State transportation funding administered by the FHWA and MDT. A description of each potential funding source and its applicability to corridor roadways is provided in the following sections.

9.1.1 National Highway System (NHS) Funds

The improvement options could be eligible to receive NHS funding if designated as part of US 93. NHS funds are federally-apportioned to Montana and allocated based on system performance by the Montana Transportation Commission. Currently, the federal share for NHS projects is 86.58% and the State is responsible for the remaining 13.42% of project costs. The Highway State Special Revenue Account provides the source of the State's share of NHS project costs.

Activities eligible for this funding include construction, reconstruction, resurfacing, restoration, and rehabilitation of segments of the NHS. Other miscellaneous activities that may qualify for NHS funding include research, planning, carpool projects, bikeways, and pedestrian walkways.

9.1.2 Urban Highway System (STPU) Funds

The Federal and State funds available under this program are used to finance transportation projects on the state-designated Urban Highway System. The Urban Highway System is described under 60-2-125(6), Montana Codes Annotated (MCA), as those highways and streets are in and near incorporated cities with populations of over

5,000 and within urban boundaries established by the MDT, have been functionally classified as either urban arterials or collectors, and have been selected by the Montana Transportation Commission, in cooperation with local government authorities, to be placed on the Urban Highway System.

State law (60-3-211, MCA) guides the allocation of funds to projects on the Urban Highway System in the fifteen urban areas (3 Urbanized Areas, and 12 Small Urban Areas) through a statutory formula based on each area's population compared to the total population in all urban areas. As with NHS funds, Urban funding is 86.58% Federal with a 13.42% non-federal match typically provided from the Special State Revenue Account.

Urban funds are used primarily for major street construction, reconstruction, and traffic operation projects on the State-designated Urban Highway System, but can be used for any project that is eligible for the Surface Transportation Program (STP) under Title 23 of the U.S. Code. Priorities for the use of Urban funds are established at the local level through local planning processes with final approval by the Transportation Commission.

Within urban boundary for Whitefish, Baker Avenue between 2nd Street and 7th Street, Baker Avenue north of 2nd Street, Wisconsin Avenue, East Lakeshore Drive, and a portion of Big Mountain Road are on the Urban Highway System.

9.1.3 Community Transportation Enhancement Program (CTEP)

Federal law requires that at least 10% of STP funds must be spent on transportation enhancement projects. The Montana Transportation Commission created the Community Transportation Enhancement Program (CTEP) in cooperation with the Montana Association of Counties (MACO) and the Montana League of Cities and Towns to comply with this Federal requirement.

CTEP is a unique program that distributes funding to local and tribal governments based on a population formula and provides project selection authority to local and tribal governments. The Transportation Commission provides final approval to CTEP projects within the State's right-of-way. The Federal share for CTEP projects is 86.58% and the Local and tribal governments are responsible for the remaining 13.42%.

CTEP projects must fit into one or more of 12 enhancement categories. Within the US 93 urban corridor, program funds could potentially be used to pay for pedestrian and bicycle facilities, streetscape enhancements, landscaping, and other scenic beautification improvements.

The City of Whitefish has a current balance of approximately \$266,300 and the estimated 2010 allocation is about \$29,500 (Federal). The balance represents funds not obligated towards a selected project.

9.1.4 On-System Bridge Replacement and Rehabilitation Program

The On-System Bridge Program receives 65% percent of the Federal Highway Bridge Replacement and Rehabilitation Program (HBRRP) funds. Projects eligible for funding under the On-System Bridge Program include all highway bridges on the State system. The bridges are eligible for rehabilitation or replacement. In addition, painting and seismic retrofitting are also eligible under this program. MDT’s Bridge Bureau assigns a priority for replacement or rehabilitation of structurally deficient and functionally obsolete structures based upon sufficiency ratings assigned to each bridge. A structurally deficient bridge is eligible for rehabilitating or replacement; a functionally obsolete bridge is eligible only for rehabilitation; and a bridge rated as sufficient is not eligible for funding under this program.

The bridge over the Whitefish River on Baker Avenue – identified as structure M15120000+00101 according to MDT’s Bridge Management System – was built in 1977 and is not considered to be deficient based on its sufficiency rating. However, the existing structure has a roadway width of only 29 feet and poses a limitation for future widening at this location on Baker Avenue. The bridge falls within the portion of Baker Avenue included on the Urban Highway System but MDT’s Bridge Management System does not presently list this structure as an Urban System bridge.

9.1.5 Montana Air & Congestion Initiative (MACI) - Discretionary Program

The MACI - Discretionary Program provides funding for projects in areas designated non-attainment or recognized as being “high-risk” for becoming non-attainment. Since 1998, MDT has used MACI-Discretionary funds to address CO and PM-10 problems in non-attainment and high-risk communities across Montana. District Administrators and local governments nominate projects cooperatively. Projects are prioritized and selected based on air quality benefits and other factors. The most beneficial projects to address these pollutants have been sweepers and flushers, intersection improvements and signal synchronization projects.

While there is potential for the use of MACI funds to implement some corridor improvements, such funding may not be viable for improvements like those recommended for 2nd Street since work would focus on intersection improvements. MACI project selection is typically focused on those most beneficial to address the pollutants in the area and intersection improvements usually have the benefit of lowering overall CO emissions. Because Whitefish is not a high-risk area for CO, it is unlikely MACI funds would be identified as a potential funding source for intersection improvements projects.

9.1.6 TIGER Discretionary Grant

The Transportation Investment Generating Economic Recovery (TIGER) grant program,



funded through the American Recovery and Reinvestment Act of 2009 (ARRA), targets national and regional transportation projects that foster job creation, show strong economic benefits, and promote communities that are safer, cleaner and more livable. No direct local matching funds are required for the grants.

The City of Whitefish submitted an application and was awarded a \$3.5 million grant for improving 2nd Street between Spokane and Baker Avenues. The grant is intended for full reconstruction of the roadway, upgrades to sewer and water lines, installation of a new coordinated signal system, the addition of left turn lanes, streetscape enhancements, and modifications to parking along 2nd Street. The project supports the City's efforts to revitalize existing infrastructure and encourage long-term economic growth in downtown Whitefish.

9.2 Potential Local Funding Sources

9.2.1 State Fuel Tax Apportionment to the City of Whitefish

Under 15-70-101, MCA, Montana currently assesses a tax of \$0.27 per gallon on gasoline and diesel fuel used for transportation purposes. Each incorporated city and town receives a portion of the total tax funds allocated to cities and towns based on:

1. The ratio of the population within each city and town to the total population in all cities and towns in the State;
2. The ratio of the street mileage within each city and town to the total street mileage in all incorporated cities and towns in the State. The street mileage is exclusive of the Federal-Aid Interstate and Primary System.

All fuel tax funds allocated to the city governments must be used for the construction, reconstruction, maintenance, and repair of rural roads or city streets and alleys. The funds may be used for the share that the city or county might otherwise expend for proportionate matching of Federal funds allocated for the construction of roads or streets on the Primary, Secondary, or Urban Systems. Priorities for these funds are established by the cities and counties receiving them.

Revenues are generated through State gasoline taxes apportioned by the State of Montana and allocations to local governments vary each year. Within incorporated areas, the allocation amount depends upon population and the miles of streets and alleys in the City. For State Fiscal Year 2010, the allocation of state fuel tax funds to the City of Whitefish was about \$156,000.

9.2.2 City of Whitefish General Fund

This fund provides revenue for most major city functions like the administration of local government, and the departments of public services, including police, fire, and parks.

Revenues for the fund are generated through the general fund mill levy on real and personal property and motor vehicles; licenses and permits; state and federal intergovernmental revenues; intergovernmental fund transfers; and charges for services.

Minor transportation-related services are supported by this fund through the City of Whitefish Police Department. The Police Department is responsible for enforcing traffic laws on the street system.

9.2.3 Resort Tax Funds

The City of Whitefish is one of seven incorporated areas within Montana that collects “resort” taxes. Resort communities are incorporated towns with populations less than 5,500 that meet specific resort qualifications defined by the State. The fundamental idea behind resort taxes is to allow places that get a lot of tourism to pay for the wear-and-tear on local infrastructure.

In Whitefish, the resort tax amounts to a 2% percent tax on businesses such as restaurants, hotels and tourist-oriented retail stores. Resort tax revenue is also used as a major source of infrastructure funding in resort communities. The City of Whitefish earmarks 65% of annual resort tax revenue for street improvement projects, 25% goes to tax relief and the last 10% is divided between contributing businesses and local parks. During the fiscal year 2007, the City of Whitefish collected \$1.6 million from resort tax revenue.

It should be noted that the most recent information from the U.S. Bureau of the Census, estimates the population of the City of Whitefish to be nearly 8,300 residents. This population substantially exceeds the upper population threshold for resort communities of 5,500 established by State law.

9.2.4 Transportation Impact Fees

Impact fees are increasingly being considered as a potential method for financing transportation infrastructure needs. Presently, the only a handful of communities in the state utilize impact fees programs. However, other local governments in Montana including the City of Whitefish are in the process of considering and implementing impact fee programs. Developer exactions and fees allow growth to pay for itself. The developers of new properties may be required to provide at least a portion of the added transportation system capacity necessitated by their development, or to make some cash contribution to the agency responsible for implementing the needed system improvements.

Establishment of an equitable fee structure would be required to assess developers based upon the level of impact to the transportation system expected from each project. Such a fee structure could be based upon the number of additional vehicle trips generated, or upon a fundamental measure such as square footage of floor space. Once

the mechanism is in place, all new development would be reviewed by the local government and fees assessed accordingly.

The City of Whitefish has adopted impact fees to help fund trails, the park maintenance facility, the emergency services building, city hall, water and sewer facilities, and storm water facilities. In the future, the City may expand the use of impact fees to help fund projects identified in its Transportation Plan.

9.2.5 Tax Increment Financing (TIF)

Tax Increment Financing (TIF) Increment financing has been used in many municipalities in Montana to generate revenue for public improvements projects. As improvements are made within the district, and as property values increase, the incremental increases in property tax revenue are earmarked for this fund. The fund is then used for improvements within the district. Expenditures of revenue generated by this method are subject to certain spending restrictions and must be spent within the district.

According to information from the City's Growth Policy, Whitefish established an urban renewal plan and tax increment district in 1987. Since that time, the TIF district has generated over \$12 million, and another \$9.9 million has been raised through urban renewal bonds in 2000, 2001, and 2004. Numerous infrastructure projects have been financed by the increment directly and through urban renewal bonds including numerous street projects including reconstruction of Baker Avenue. TIF monies have also been used to help improvements and new construction of recreational facilities in the community. It is possible that TIF funds could be used to implement some of the identified enhancements to the US 93 corridor.

Once all bond obligations are paid, the tax increment district in Whitefish is expected to sunset in 2020.

9.3 Regionally Significant Projects and Fiscal Constraint

The FHWA's planning guidance indicates before the agency can issue an environmental approval for a **regionally significant project**, the proposed project or project phase (e.g., preliminary engineering, final design, right-of-way, utility relocation, or construction) must come from an approved, **financially constrained** Statewide Transportation Improvement Program (STIP).

Regionally significant projects typically include projects on a facility which serves regional transportation needs and typically includes principal arterial highways like US 93. Regionally significant projects in areas outside of Metropolitan Planning Organization (MPO) boundaries (like Whitefish) include all projects on principal arterial highways that add capacity or significantly change the facility's operational characteristics.

FHWA's July 17, 2008 guidance (found in **Appendix C**) notes the most common types of highway improvements (pavement preservation, rehabilitation, reconstruction on or parallel to the existing alignment without adding lanes, safety improvements, and intersection modifications) are not regionally significant projects. FHWA will need to review the scope of any proposed changes to US 93 and determine if the proposed improvements meet the regionally significant definition.

Fiscal constraint has been a key component of federal transportation legislation since 1991. Fiscal constraint provisions are intended to focus on available financial resources and help States prioritize decisions so those projects for which funding is reasonable expected can be advanced. The term **financially constrained** means that projects can be implemented with current or proposed revenue sources without affecting the operation and maintenance of the transportation system as a whole.

Montana routinely develops a STIP showing priority transportation projects to be undertaken during the period covered by the plan (at least 3 years). MDT's District Offices and the Project Analysis Bureau have critical roles in managing the planning process and programming funds for individual projects included on the STIP. MDT must ensure future improvements to the US 93 corridor are duly considered in the STIP and adequate and viable revenue sources are available to implement a reconstruction project or individual phases of such a project.

9.4 Future NEPA/MEPA Compliance

Advancing either configuration to project development would require consulting with the FHWA to discuss the need for and scope of a re-evaluation of the Final EIS as it relates to the Whitefish Urban project area. FHWA Technical Advisory T 6640.8A addresses re-evaluations and suggests such actions include both consultation with FHWA and a written re-evaluation to determine the validity of the Final EIS and ROD for the Whitefish Urban project area.

The FHWA Montana Division Office would consider the information provided in the re-evaluation and make a decision regarding the need for a Supplemental EIS. If the re-evaluation demonstrates there are significant changes in impact status or document compliance, then some type of supplemental environmental documentation may be required. In this situation, MDT will coordinate with FHWA to determine the work effort and public involvement required to allow the project to progress.

FHWA's regulations (23 CFR 771.130) indicate a Supplemental EIS is needed when the agency determines that:

- Changes to the proposed action would result in significant environmental impacts that were not evaluated in the EIS; or
- New information or circumstances relevant to environmental concerns and bearings on the proposed action or its impacts would result in significant



environmental impacts not evaluated in the EIS.

A Supplemental EIS will not be necessary where:

- The changes to the proposed action, new information, or new circumstances result in a lessening of adverse environmental impacts evaluated in the EIS without causing other environmental impacts that are significant and were not evaluated in the EIS; or
- The FHWA decides to approve an alternative fully evaluated in an approved final EIS but not identified as the preferred alternative.

If it is determined a Supplemental EIS is not necessary, the ROD as it relates to the Whitefish Urban project would need to be revised. FHWA's regulations addressing changes to the preferred alternative identified in the Final EIS and ROD, listed in 23 CFR 771.127(b), are shown below:

“If the Administration subsequently wishes to approve an alternative which was not identified as the preferred alternative but was fully evaluated in the final EIS, or proposes to make substantial changes to the mitigation measures or findings discussed in the ROD, a revised ROD shall be subject to review by those Administration offices which reviewed the final EIS under §771.125(c). To the extent practicable the approved revised ROD shall be provided to all persons, organizations, and agencies that received a copy of the final EIS pursuant to §771.125(g).”

This corridor study and its supporting documents will provide considerable information that can be directly considered in a re-evaluation of the Final EIS or for a Supplemental EIS if FHWA determines such a document is necessary. It is worth noting that MDT recently re-evaluated the Final EIS as it related to the Whitefish-West project. Based on the re-evaluation, it was determined a Supplemental EIS was not needed and the Whitefish West project has advanced to the design stage.

9.5 Summary of Public Comment on the Draft Corridor Study

Final public meetings for the Whitefish Urban Corridor Study of US 93 were held on April 26, 2010 at the Whitefish City Council Chambers. The purpose of the meetings was to present and discuss the major findings and recommendations from the Public Draft Corridor Study with staff from the City of Whitefish, the Citizens Advisory Committee (CAC), and the public. Presentations about the project were made at each meeting and opportunities to comment on and discuss all aspects of the study were provided at the meetings.

MDT and its consultant met with City of Whitefish staff and CAC members prior to the public information meeting. Corridor needs and goals were presented, followed by a discussion about the wide range of corridor options considered in the study. The

evaluation process and results were then presented with more a more detailed discussion on the two options which were advanced in the study. Planning level cost estimates were shared along with the anticipated next steps in the corridor study process. Discussions at the City and CAC meeting were focused on the following questions:

- Would the culverts conveying the Whitefish River beneath Spokane Avenue be replaced with a bridge? If so, appropriate bicycle and pedestrian accommodations should be considered at the crossing.
- Is there enough room to accommodate three lanes of traffic, bike lanes, and sidewalks on Spokane and Baker Avenues?
- What impacts will result if Spokane and Baker Avenues are reconstructed as three-lane facilities?
- Will there be bicycle and pedestrian accommodations on a 7th Street bridge if it's built?

The final public information meeting for the Whitefish Urban Corridor Study of US 93 occurred between 6:30 and 8:30 p.m. Twenty-three (23) people signed the attendance sheets at the meeting; however, others joined the meeting while it was underway and did not sign the attendance sheets for the meeting. The meeting was attended by the Mayor of Whitefish, several members of the Whitefish City Council, the City Manager, and staff from the City's Public Works and Planning Departments.

The meeting included a presentation of corridor study findings and recommendations similar to that provided earlier to City staff and CAC members. The majority of the meeting was devoted to receiving comments and answering questions posed by the audience. Comments and questions heard from the public during the meeting related to these major topics:

- Potential impacts of reconstructing Spokane and Baker Avenues, particularly the loss of on-street parking;
- Potential needs for new right-of-way along the corridor;
- Safety and increased traffic concerns at City parks along Baker Avenue;
- Recommendations for improvements to 2nd Street and its signalized intersections;
- Truck accommodations in the corridor under each design configuration;
- Benefits of a bypass around Whitefish and its potential costs;
- The long-term obligation to accommodate trucks on two roadways in the City if either design option for the corridor is advanced;
- The need to communicate future decisions about corridor improvements; and
- Providing follow-ups to public comments on the Corridor Study.

Additional information about the April 26, 2010 meetings can be found in the summaries prepared for the meetings. These summaries are on file with MDT's Statewide and Urban Planning Section.



APPENDIX A includes a matrix with written comments received on the Draft Corridor Study and responses to the comments. Many of the written comments received were similar to comments offered during the April 26 meetings for the project.

9.6 Next Steps

9.6.1 Determine Options to Forward into Project Development

The decision makers from MDT and FWA will need to determine which improvement options, if any, are to be forwarded into project development.

9.6.2 Determine Long-range Funding Sources for Corridor Improvements

MDT, FHWA and the City of Whitefish will need to develop a long-range funding plan for corridor improvements that fully consider the federal, state and local requirements tied to the use of these funding sources. Committing federal funding to corridor improvements will require that projects be nominated and programmed by MDT through its STIP process. This programming covers a variety of project phases.

As noted earlier in this Part, Baker Avenue north of 7th Street is a state-designated Urban Route and eligible to receive Surface Transportation Program - Urban (STPU) funds. However, Baker Avenue south of 7th Street and 13th Street between Spokane and Baker Avenues are not on the state-designated Urban Highway System and are, therefore, not eligible for STPU funds. These roadways could be added to the Urban Highway System at the request of the local government. However, such additions require MDT's review and support for the proposed change and the Montana Transportation Commission must ultimately approve the request. It should be noted any addition to the urban system would generally require removal of mileage from the existing urban system.

MDT and the City of Whitefish would need to develop cost sharing agreements to specify which entity would be responsible for funding the amenities included with corridor improvements.

9.6.3 Complete the Environmental Review Process

MDT must complete an environmental review process to document NEPA/MEPA compliance before federal and state funding can be programmed for the corridor improvements and design activities can actually begin. As noted above, re-evaluation of the Final EIS as it relates to the Whitefish Urban project area must be completed to determine whether a Supplemental EIS is necessary. Based on the findings of the re-evaluation, FHWA and MDT would need to make a decision about the appropriate environmental review process and ultimately revise the Record of Decision for the Whitefish Urban project area based on the outcome of the process.

The work of this study, together with the Whitefish Transportation Plan, should provide much of the information and analyses needed for the environmental review process. However, existing cultural resource surveys, wetlands delineations, or noise evaluations would need to be updated or supplemented as part of the environmental review process.

9.6.4 Begin Design Activities for Corridor Improvements Projects

As soon as possible after completing the environmental review process and necessary programming decisions have been made, it is recommended that design activities be initiated on corridor improvements projects based on their identified priorities. These activities would include the surveys needed for design and the development of specific scopes of work for corridor projects and the development of traffic studies to provide current traffic counts, intersection turning movement counts, projected traffic volumes, and level of service and capacity information for the relevant intersections and corridor road segment.

Coordination would need to occur to ensure designs incorporate any necessary or planned infrastructure work by the City and to identify amenities that would be part of the improvement projects. Design activities would also identify and facilitate necessary right-of-way acquisitions within each project area.