As presented to the Planning Committee

METROPOLITAN
TRANSPORTATION
COMMISSION

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Memorandum

TO: Planning Committee DATE: June 13, 2008

FR: Deputy Executive Director, Policy W. I.

RE: Transportation 2035: Financially Constrained Investment Tradeoffs

As you know, we've spent the last several months developing policies to help guide RTP investment strategies. A key part of the RTP investment strategy is the development of a financially constrained element. This financially constrained element, composed of federal, state, regional and local revenues, is what we think the region can reasonably deliver with revenues we expect to be available to the region over the next 25 years. Last month's Commission workshop moved us a large step closer to selection of a preferred investment option for the T-2035 financially constrained element.

Tradeoff Decisions

Of the $220 billion in revenue projected to be available to the region over the next 25 years, $190 billion is committed by voter mandate, statute or Commission policy towards maintaining and expanding our existing transportation system. This leaves $30 billion in uncommitted discretionary revenues. Transportation priorities vying for this $30 billion include: transit, local road, and State highway maintenance shortfalls; system operations strategies, including the Freeway Performance Initiative; programs aimed at focused growth, climate protection, and Lifeline service; and numerous capacity expansion projects throughout the region.

The purpose of the Commission workshop was to acquaint Commissioners with a host of options in the investment categories of maintenance, system efficiency and expansion. Staff presented four investment options in each category that emphasized a different objective that resulted in a particular funding level. Commissioners considered the merits of each investment option and discussed the consequences of how investing in any one option affected resources available to fund other options. The workshop outcome goal was to develop up to three alternative investment packages that would be subject to further partner, public and Commission discussion in June. The process will lead to a preferred investment plan, consistent with estimated financial constraints, for road and transit maintenance shortfalls, system efficiency programs and system expansion projects for Commission review and approval in July.

A lively workshop discussion of the issues and tradeoffs culminated with Commissioners developing three distinct investment packages focusing on different investment levels for maintenance, efficiency and expansion (see Attachment A). Digging a little deeper into these initial recommendations, staff made a few adjustments to some of the proposed funding levels in each of the three investment categories to more accurately portray historical uses of some of the funding that comprises the $30 billion in uncommitted discretionary funding. For example, we adjusted the maintenance funding to be more consistent with CTC policy that excludes local road maintenance eligibility for STIP funding; in addition, while we are having ongoing discussions with the CMAs on the use of net HOT revenues, it's likely that most of these funds would be used for corridor expansion projects to provide mobility options

such as express bus service; smaller amounts would be available for efficiency programs and little, if any, available for maintenance.

As a result of these adjustments, the expansion category stays the same among the three packages; STIP, Proposition 1B State Local Partnership Program (SLPP) and HOT revenues (pending discussions with CMAs) comprise the funding for this category. Therefore the main tradeoffs occur between the maintenance and efficiency categories as shown in the attached pie charts – as maintenance costs increase, less is available for efficiency programs/projects and visa versa. This is consistent with the broad tradeoff elements of the Commission workshop discussion. As well, within the maintenance category, we retained further tradeoffs among transit, local road and state highway rehabilitation investment levels, as recommended by Commissioners. As Commissioners requested at the workshop, staff has also taken a first crack at dividing up the efficiency category among the various programs (Lifeline, TLC, FPI, etc.) for each of the investment packages; efficiency program options are also highlighted in Attachment A.

Next Steps

What's missing in the tradeoff discussions thus far is: 1) development of strategies for slicing up the various fund sources that make up the uncommitted $30 billion (see Attachment B); and 2) identification of specific projects that would be funded in the expansion category, primarily with STIP and HOT revenues. For the first issue, staff will need to balance the assignment of available nearer-term funding and longer-term funding availability, including "anticipated/unspecified" and net HOT revenues. With regard to the second issue, staff will be reviewing results from our RTP project evaluation to ensure that the best performing projects are considered for inclusion in the final financially constrained investment package. Staff will be working closely over the next few weeks with the CMAs and other partner agencies to develop recommended funding strategies for the $30 billion and to develop an approach that considers project evaluation outcomes along with existing local commitments.

Our intent is to bring a recommended financially constrained investment program of projects and companion funding strategy for you to consider and refer to the Commission for approval next month. After that, we'll commence with the RTP environmental assessment and begin writing the plan; both of these documents are expected to be available for public review by December 2008, with Commission adoption in March 2009 (see Attachment C for remaining RTP schedule).

We look forward to another productive discussion at your meeting.

/Therese McMillan/

Therese McMillan

TM:DK

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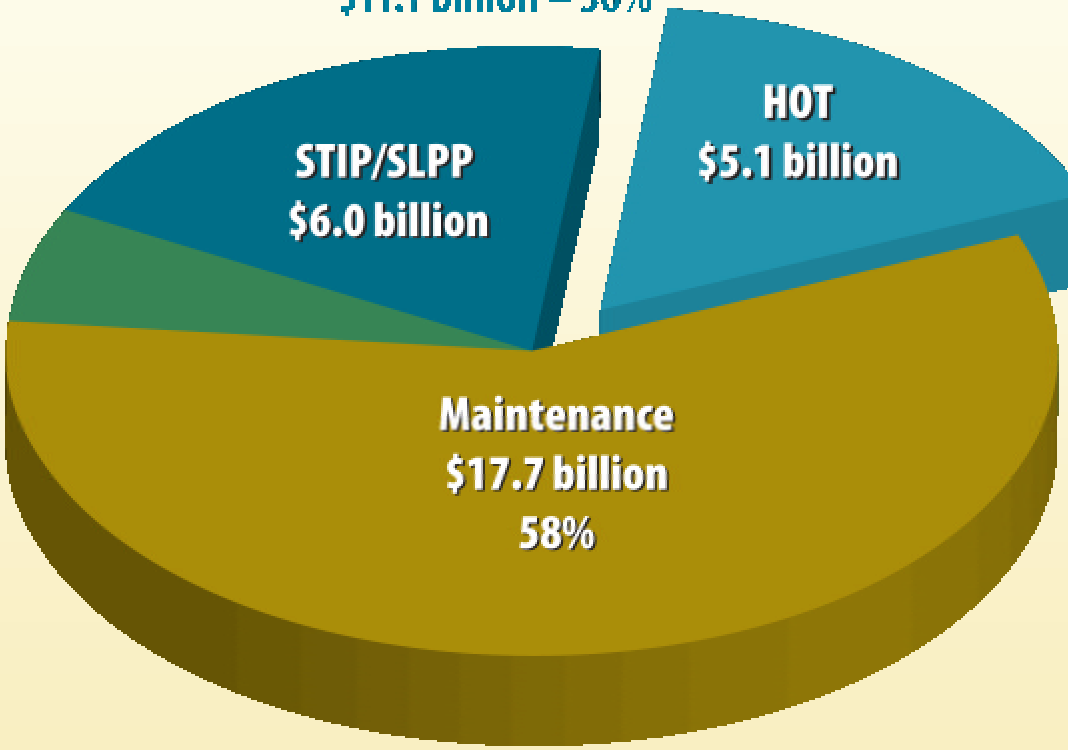
Investment Packages

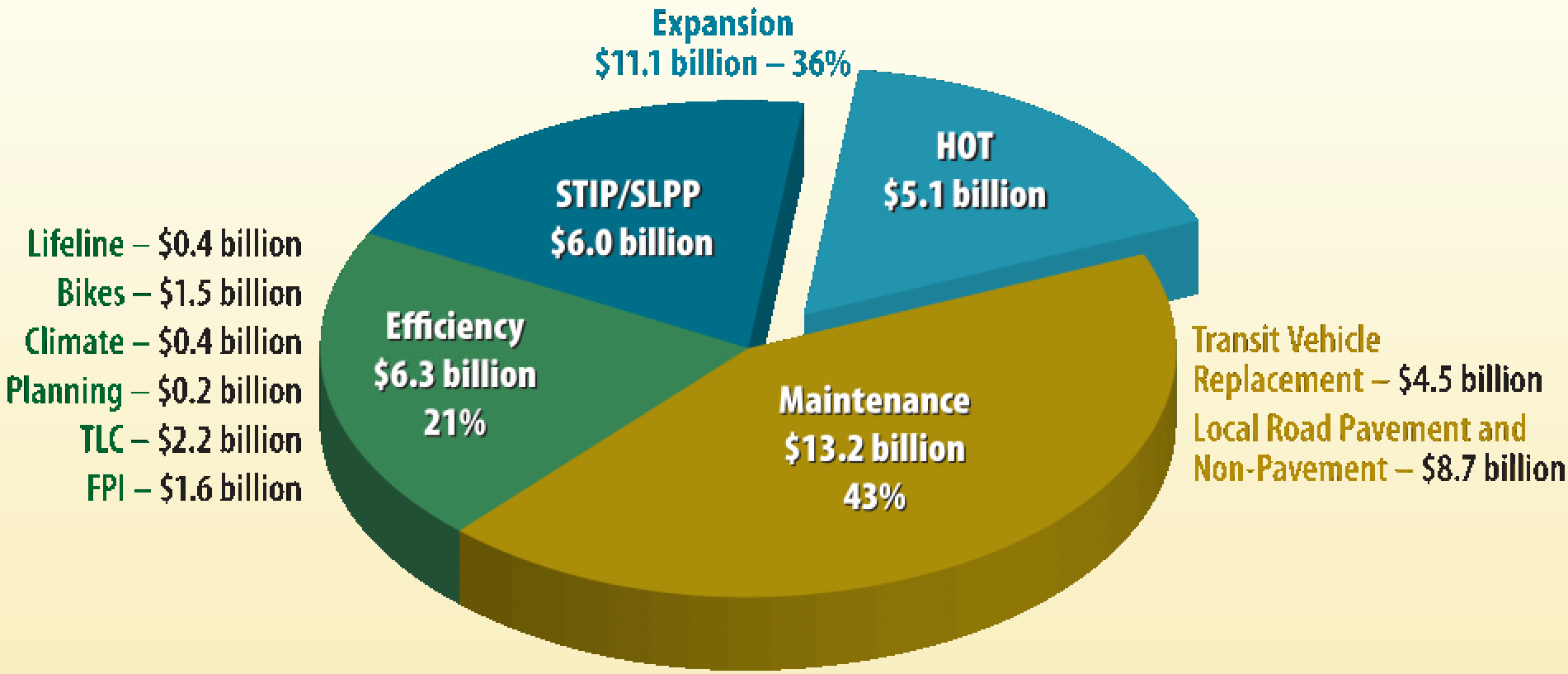
Attachment **A**

Option 1 = $30.6 billion total



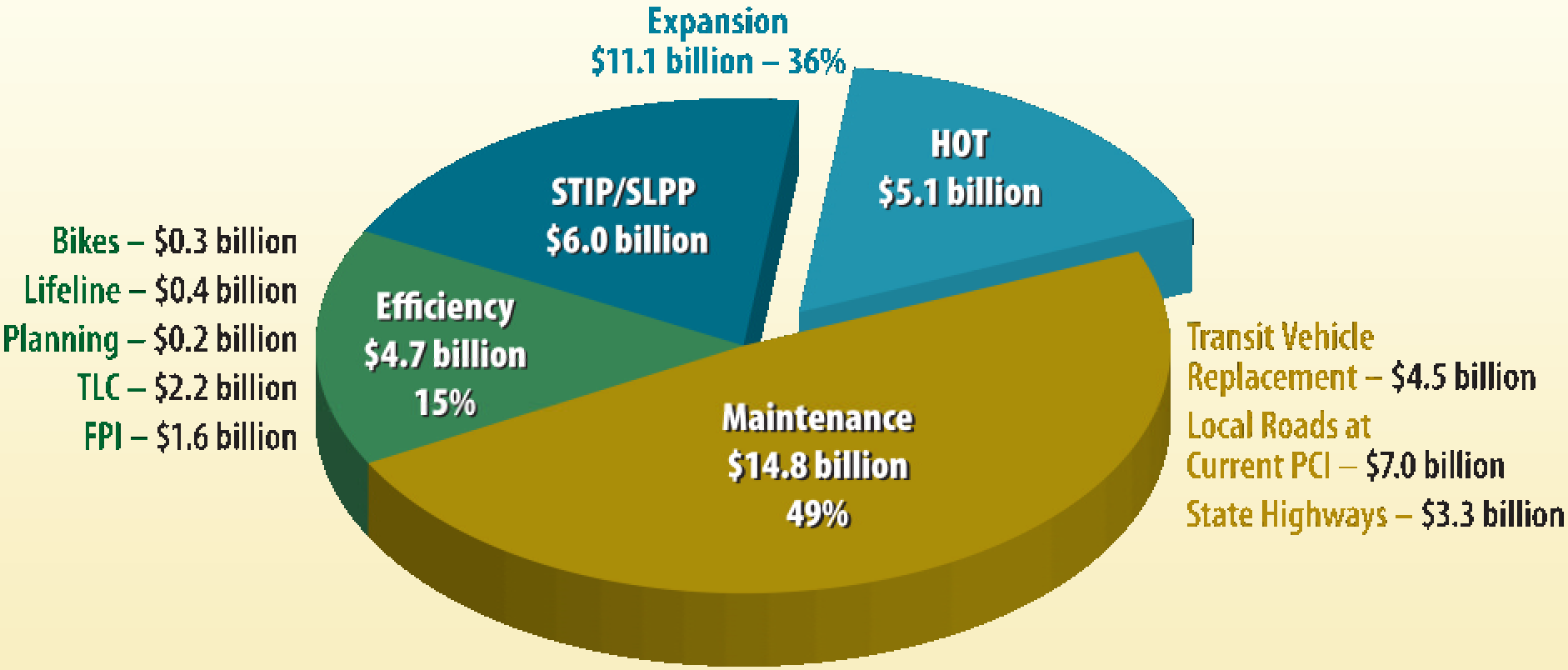
Investment Packages

Option 2 = $30.6 billion total



Investment Packages

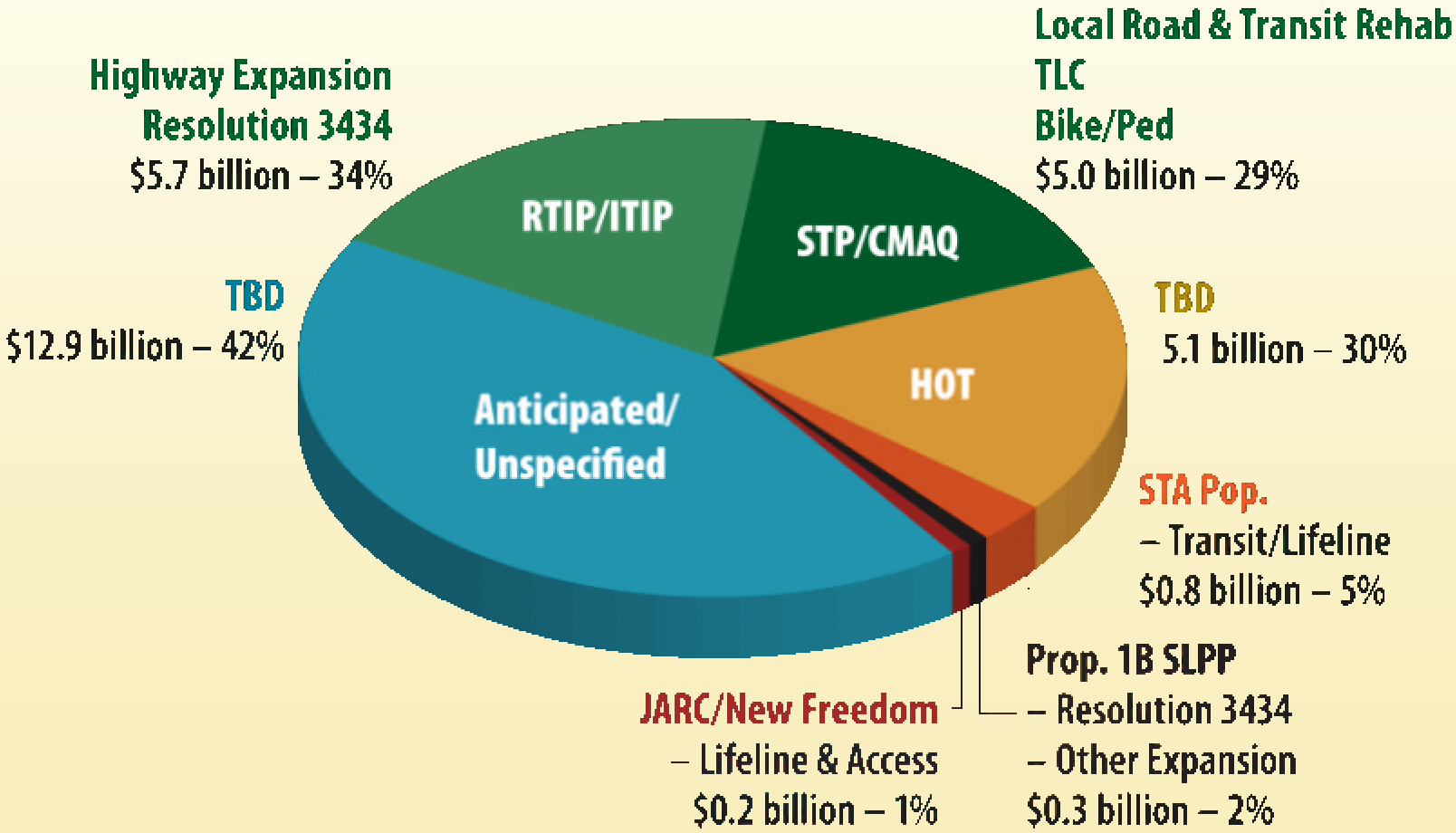
Option 3 = $30.6 billion total



TRANSPORTATION 2035 CHANGE IN MOTION

The Color of Money

Uncommitted Regional Discretionary Funds: $30 billion total



Attachment C

Transportation 2035 Schedule
(June 2008 – March 2009)

Month	Day	Committee	Action Requested
Investment Trade-Off Discussions			
June	5	Joint Advisors Workshop	• Review public outreach messages & Commission workshop outcomes & direction
	13	Planning Committee	• Discuss Investment Packages
	27	Partnership Board	• Discuss Investment Packages
Draft Financially Constrained Investment Plan			
July	11	Planning Committee	• **Approval** of Draft Investment Plan & Referral to Commission
	18	Joint Policy Committee	• Informational
	23	Commission	• **Approval** of Draft Investment Plan
Technical Analysis & Report Preparation			
August - November	--	MTC Staff	• EIR • Air Quality Conformity Analysis • Equity Analysis • Transportation 2035 Plan
December	12	Planning Committee	• Release of Draft Transportation 2035 Plan and EIR for 45-day public review
January 2009	9	Planning Committee	• Public Hearing on Draft Transportation 2035 Plan • Release of Draft Conformity Analysis for 30-day public review
Final Report Preparation			
February 2009	--	MTC Staff	• EIR Response to Comments and Final EIR • Air Quality Conformity Response to Comments and Final Conformity Analysis • Final Transportation 2035 Plan
March 2009	13	Planning Committee	• **Approval** of Final Transportation 2035 Plan, EIR, and Conformity Analysis & Referral to Commission
	25	Commission	• **Approval** of Final Transportation 2035 Plan, EIR, and Conformity Analysis