

OneBayArea

Regional Transportation Plan/Sustainable Communities Strategy



Partnership Board

February 16, 2011

Draft Financial Assumptions for Revenue Projections

Purpose

- Determine the financial envelope for the investments included in the RTP/SCS
- Maintain the integrity of financial constraint while realistically anticipating new funding so that programs and improvements can be delivered in a timely manner

General Assumptions

- Time Frame: FY 2013 through FY 2040 (28 years)
- Inflation Rate:
 - For RTP/SCS, staff proposes 2.2 percent rate—which is the average of the Bay Area’s historical average and the OMB’s long-term rate
 - For T2035, 3 percent inflation rate was used

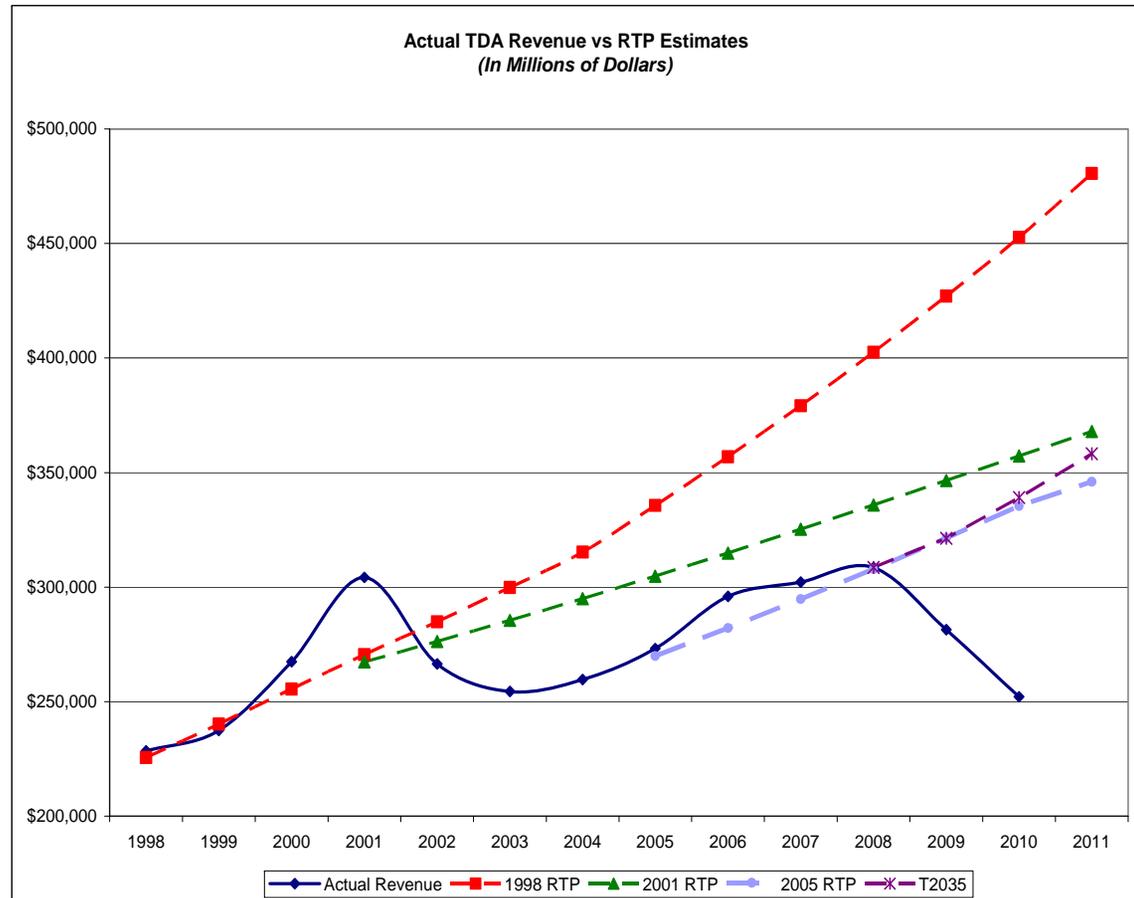
Key Revenue Sources

Revenue Source	T2035 Baseline	% Share of Total RTP Revenue
Sales Tax (1/2 cent, TDA, AB1107)	\$54.7	25%
Local Streets and Road Revenue	\$28.4	13%
Transit Fare Revenues	\$25.8	12%
Other Local Taxes	\$13.2	6%
Bay Area Toll Authority Toll Revenues	\$12.9	6%
Anticipated Revenue	\$12.9	6%
SHOPP	\$10.2	5%
FTA Formula Funds (5307 and 5309)	\$14.7	7%
State Transit Assistance	\$6.6	3%
Federal Surface Trans. Program/CMAQ	\$6.2	3%
HOT/Express Lanes	\$6.1	3%
Regional Transp. Improvement Program	\$5.5	3%
All Other Revenues*	\$20.7	9%
Total	\$218.0	100%

*Includes Transit Operator specific revenue sources and minor State/Federal/Local Sources

Sales Tax-Based Revenue

- Use county sales tax agency's growth rates to project TDA and local sales tax measures.
- For Napa and Solano counties, use ABAG's sales tax estimate to forecast TDA revenue.
- Staff will compare the ABAG and county sales tax agencies' forecasts as a reasonableness check.



Sales Tax-Based Revenue

- Estimated Totals:
 - TDA = \$11.2 Billion
 - AB1107 = \$9.2 Billion
 - Authorized Sales Tax Measures* = \$24.5 Billion

County	Average Annual Growth Rate
Alameda	2.0%
Contra Costa	1.1%
Marin	3.0%
Napa**	2.8%
San Francisco	3.6%
San Mateo	2.9%
Santa Clara	2.1%
Solano**	2.8%
Sonoma	4.0%
SMART*	3.4%

*SMART growth rate are placeholders and subject to change.

**Napa and Solano growth rates are weighted average of growth rates in other counties; will be updated based on ABAG's forecast.

State Funding

- **Gas Tax Subvention:**
 - Forecast Excise tax subvention revenue in a manner that is consistent with the gas tax swap.
 - Fuel price and consumption rates will be consistent with the RTP/SCS scenario modeling activities.
- **STIP:**
 - Assume revenue for new projects will come from the augmented excise gas tax revenue and any remaining resources from the PTA.
 - Assume the current revenue split for RTIP and ITIP will continue.
- **STA:**

Assume the gas tax swap will remain in place with 50% of PTA revenue going to STA.
- **High Speed Rail:**

Assume that the Bay Area will receive a share of the \$40 billion revenue in proportion to the track mileage in the region (18.3%).

Federal Funding

- Without a new multi-year authorization, growth rate for federal funds uncertain.
- Staff believes that the T2035 annual growth rate of 4% is too optimistic.
- Propose a 3% growth rate for federal funds.
- Time period is 28 years for RTP/SCS, as compared to 25 years for T2035

	T2035	RTP/SCS Estimates
FTA 5307/5309	\$14.7 billion	\$16.3 billion
STP/CMAQ	\$6.2 billion	\$7.9 billion
Growth Rate	4%	3%

“Reasonably Anticipated Funds”

- Funding that is likely to become available from federal or state sources over the course of the plan period based on past experience
- Propose to base this estimate on the average annual amount of revenue that materialized over a 15-year period, that were not otherwise accounted for in the estimates.

	T2035	RTP/SCS Estimates
Reasonably Anticipated Funds	\$12.9 billion	\$14.0 billion

Proposed Changes to Approach from T2035

- Increase consistency between financial assumptions and planning/modeling assumptions in the areas of fuel pricing and fuel consumption
- Add the following to list constrained revenues
 - \$ 1 Bridge toll increase (\$2.3 billion)
 - Sales tax rollover (\$5 billion)
 - Public Private Partnership Funds (\$0.5 billion)

Summary Constrained Revenues

- Preliminary; does not yet include all revenue sources

Revenue Category	Draft RTP/SCS	T2035
Sales Tax (Measures, TDA, AB1107)	44.9	54.8
Enacted Vehicle Reg Fees	1.4	0
Bridge Toll	18.5	13.0
Extended Sales Tax/Bridge Tolls	7.3	0
Gas Tax Subvention	14.8	12.0
RTIP / ITIP	7.6	7.4
SHOPP	14.2	10.2
STA	6.3	6.6
High Speed Rail	7.3	3.0
Federal Formula Funds (5307/5309 & STP/CMAQ)	24.2	20.9
Reasonably Anticipated Revenue	14.0	13.0
Total	160.5	140.9
*All Figures in (\$ billions)		

Potential Revenues

- Not included in financially constrained revenues
- Consider for advocacy and planning purposes
 - 10-Cent Regional Gas Tax -- \$9 Billion/\$300 million annually
 - Parking Revenue -- generated through local parking policies -- \$TBD
 - \$10 Vehicle Registration Fee for Contra Costa, Napa, Sonoma and Solano Counties -- \$619 million

Key Comments Heard & Response

Key Comments Heard	MTC Response
<p>Financial Forecast Assumptions</p> <ul style="list-style-type: none"> ▪ Assumptions are too optimistic given decrease in transportation funding ▪ Why include high-speed rail (HSR) revenues in forecast? ▪ Explain Public-Private Partnership revenue assumption (P3) 	<ul style="list-style-type: none"> ▪ Assumptions and base years are more conservative, in most cases, than T2035. However, the time horizon is longer. ▪ Assuming HSR revenues in forecast is reasonable given California has received federal HSR funds and some Prop. 1A is directed to Bay Area by formula ▪ A modest assumption of P3 revenues account for likelihood of private participation in transportation financing. Staff welcomes suggestions about how to strengthen the forecast methodology.

Schedule

Input on Draft Financial Assumptions	PTAC: Jan. 31, 2011 RAWG: Feb. 1, 2011 Policy Advisory Council: Feb. 9, 2011 Partnership Board: February 16, 2011
Update Revenue Projections to incorporate legislative or economic changes	Finalized with the Adoption of 2013 RTP/SCS

Draft Committed Funds and Projects Policy

Purpose

- Determines which projects proposed for inclusion in the RTP/SCS are not subject to discretionary action by the Commission because the project is fully funded and is too far along in project development to consider withdrawing support
- Determines which fund sources are subject to discretionary action by the Commission

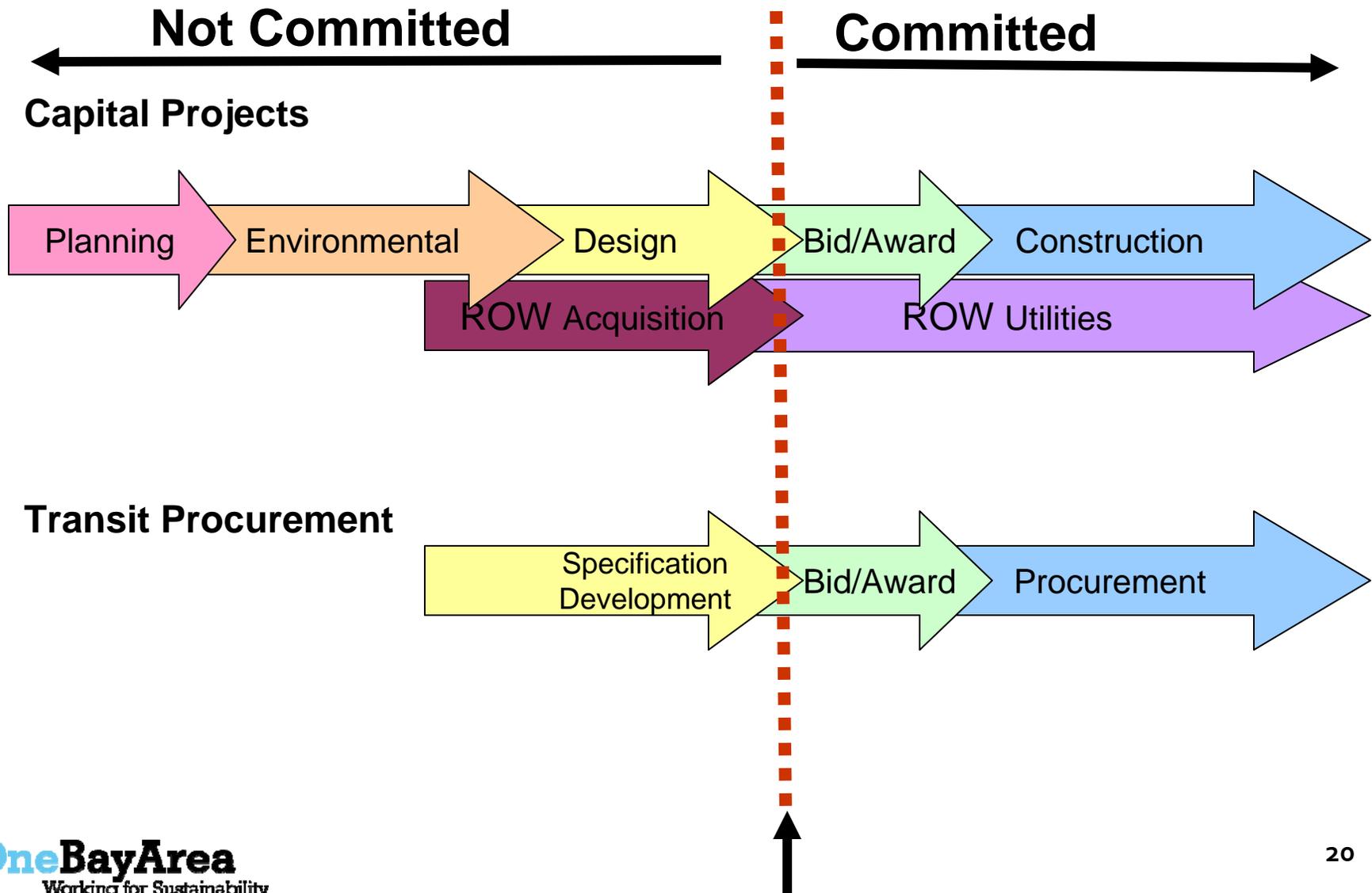
Determining Prior Commitments

1. Prepare the 25-year revenue assumptions and forecasts
2. Determine what funds and what projects are committed and will be included in the RTP/SCS without further evaluation
3. Determine the revenue balance that is subject to MTC discretion by subtracting those committed funds and committed projects from the projected revenues

Threshold Criteria for Determining Committed Projects and Funds

T2035 Criteria	Proposed Criteria for RTP/SCS
Committed Projects <i>Committed projects are not subject to a project performance assessment.</i>	
<i>Projects or project elements fully funded in the current TIP are committed, except Cycle 1 Regional Program funding commitments</i>	<ul style="list-style-type: none"> ▪ Project is under construction, as indicated by utility relocation or subsequent construction activities, or vehicle award by May 1, 2011* ▪ Proposition 1B Corridor Mobility Improvement Account (CMIA) and Trade Corridor projects with full funding and approved baseline agreements as of February 2011*
<i>Resolution 3434</i>	Project is under construction, as indicated by utility relocation or subsequent construction activities, or vehicle award by May 1, 2011*
<i>Ongoing regional programs are committed</i>	<ul style="list-style-type: none"> ▪ 1st and 2nd cycle regional programs New Act funding through 2015 ▪ Regional programs with existing executed contracts are committed through contract period only
Committed Funds	
<i>Locally generated or locally subvented funds are committed.</i>	No change
<i>Transportation funds for operations and maintenance as programmed in the current Transportation Improvement Program, specified by law, or defined by MTC policy are committed.</i>	See Attachment A , Table 3 for a list of committed and discretionary fund sources

Project Development Flow Chart



Committed Projects by Development Phase (Using T2035 Projects)

Capacity Increasing, Greater than \$50 million

	Transportation 2035 Number of Projects	Proposed RTP/SCS Number of Projects
Planning	13	
Environmental	21	
Design	17	
Right-of-Way	5	May include utility relocation
Construction	14	14
Total Count	70	~ 14

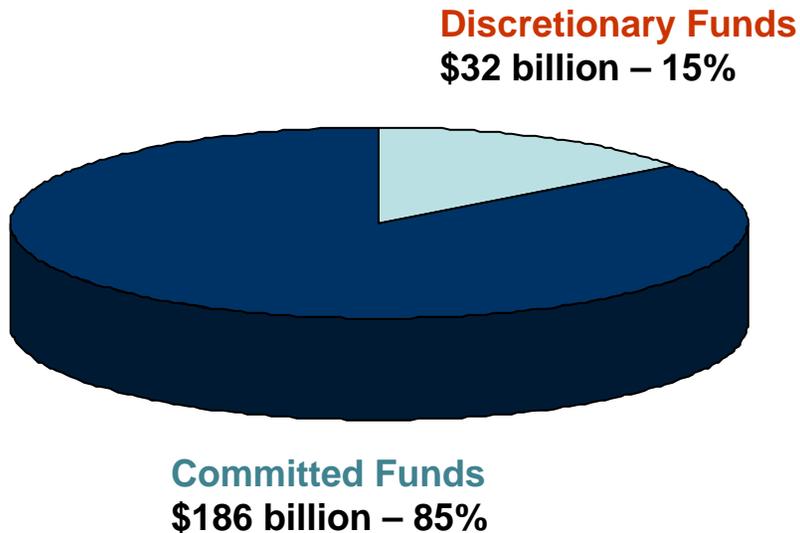
Note: Additional T2035 projects may have progressed to construction

Committed vs Discretionary Funds

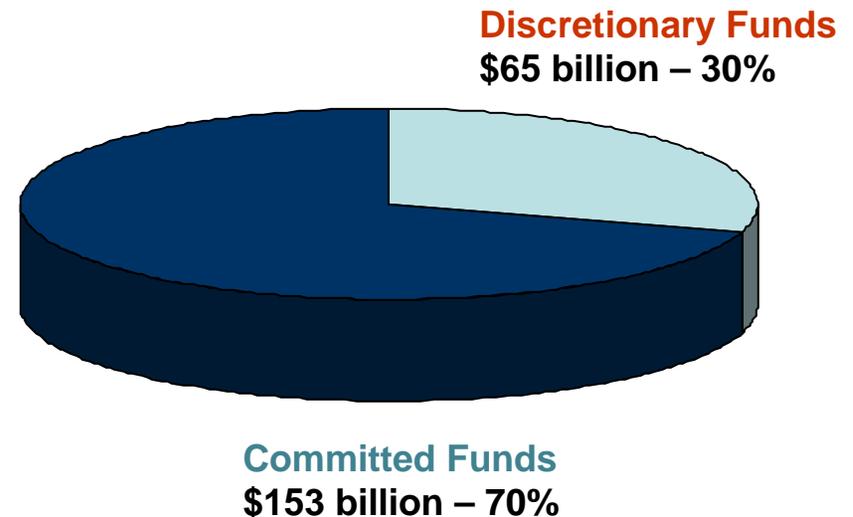
- Committed funding is directed to a specific entity or for a specific purpose as mandated by statute or by the administering agency
- Discretionary funding is defined as:
 - Subject to MTC programming decisions
 - Subject to compliance with Commission allocation conditions

Committed v. Discretionary Funds (Using T2035 Revenues)

Transportation 2035 Committed Policy



RTP/SCS Proposed Committed Policy



Total Revenues: \$218 billion

Committed Funds

Federal

- FTA New Starts Program
- FHWA Bridge/Safety Program, Highway Bridge Rehabilitation (HBR)
- FTA Bus & Bus Facilities Program
- FTA Section 5310 Elderly & Disabled
- FTA Small Starts
- FHWA Ferry Boat Discretionary
- American Recovery and Reinvestment Act (ARRA) High-Speed Rail Program

State

- State Highway Operations and Protection Program (SHOPP)
- Traffic Congestion Relief Program (TCRP)
- State Transit Assistance (STA) Revenue Based
- Gas Tax Subvention
- Proposition 1B
- Proposition 1A (High-Speed Rail)

Regional

- AB 1107 ½ cent sales tax in three BART counties (75% BART Share)
- BATA Base Toll Revenues and Seismic Retrofit Funds
- Regional Measure 2 (RM2)
- Service Authority for Freeway and Expressways (SAFE)

Local

- Existing locally adopted transportation sales tax
- Local Funding for Streets and Roads
- Transit Fare Revenues
- San Francisco Municipal Transportation Agency (SFMTA) General Fund/Parking Revenue
- Golden Gate Bridge Toll
- BART Seismic Bond Revenues
- Property Tax/Parcel Taxes Vehicle Registration Fees per Senate Bill 83 (Hancock)
- Public Private Partnerships

Discretionary Funds

Federal

- Section 5307 Urbanized Area Formula (Capital)*
- Section 5309 Fixed Guideway Program*
- Section 5311 Non-Urbanized Area
- Section 5316 Jobs Access and Reverse Commute (JARC)
- Section 5317 New Freedom
- Surface Transportation Program (STP)
- Congestion Mitigation and Air Quality Improvement (CMAQ) Program

State

- Regional Transportation Improvement Program (RTIP) County Shares
- Interregional Road/Intercity Rail (ITIP)
- Transportation Enhancements (TE)
- STA Population Based – PUC 99313*

Regional

- AB 1107 ½ cent sales tax in three BART counties*
- AB 664
- 2% Toll Revenues
- 5% State General Funds
- RM 1 Rail Extension Reserve*
- AB 1171*
- Regional Express Lane Network Revenues
- Bridge Toll Increase

Local

- Transportation Development Act (TDA)*
- Sales Tax Rollovers

Anticipated Funds

*Funds previously considered committed in T2035

Projects Exempt from SB 375

- SB 375 provides that projects programmed for funding on or before December 31, 2011, are not required to be subject to the provisions required in the SCS or APS if they are:
 - Contained in the 2007 or 2009 Federal Statewide Transportation Improvement Program, or
 - Funded pursuant to the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2, or
 - Were specifically listed in a ballot measure prior to December 31, 2008, approving a sales tax increase for transportation projects.
- A project's status as exempt under these SB 375 provisions does not change an MPO's RTP project selection authority

Schedule

MTC presents Draft Committed Policy to solicit input.	P-TAC: Jan. 31, 2011 RAWG: Feb. 1, 2011 Policy Advisory Council: Feb. 9, 2011 Partnership Board: February 16, 2011
Draft Committed Policy is reviewed by MTC Planning Committee	March 11, 2011
Proposed Final Committed Policy is reviewed and approved by MTC Planning Committee and Commission	April 8, 2011 (MTC Planning Committee) April 27, 2011 (Commission)

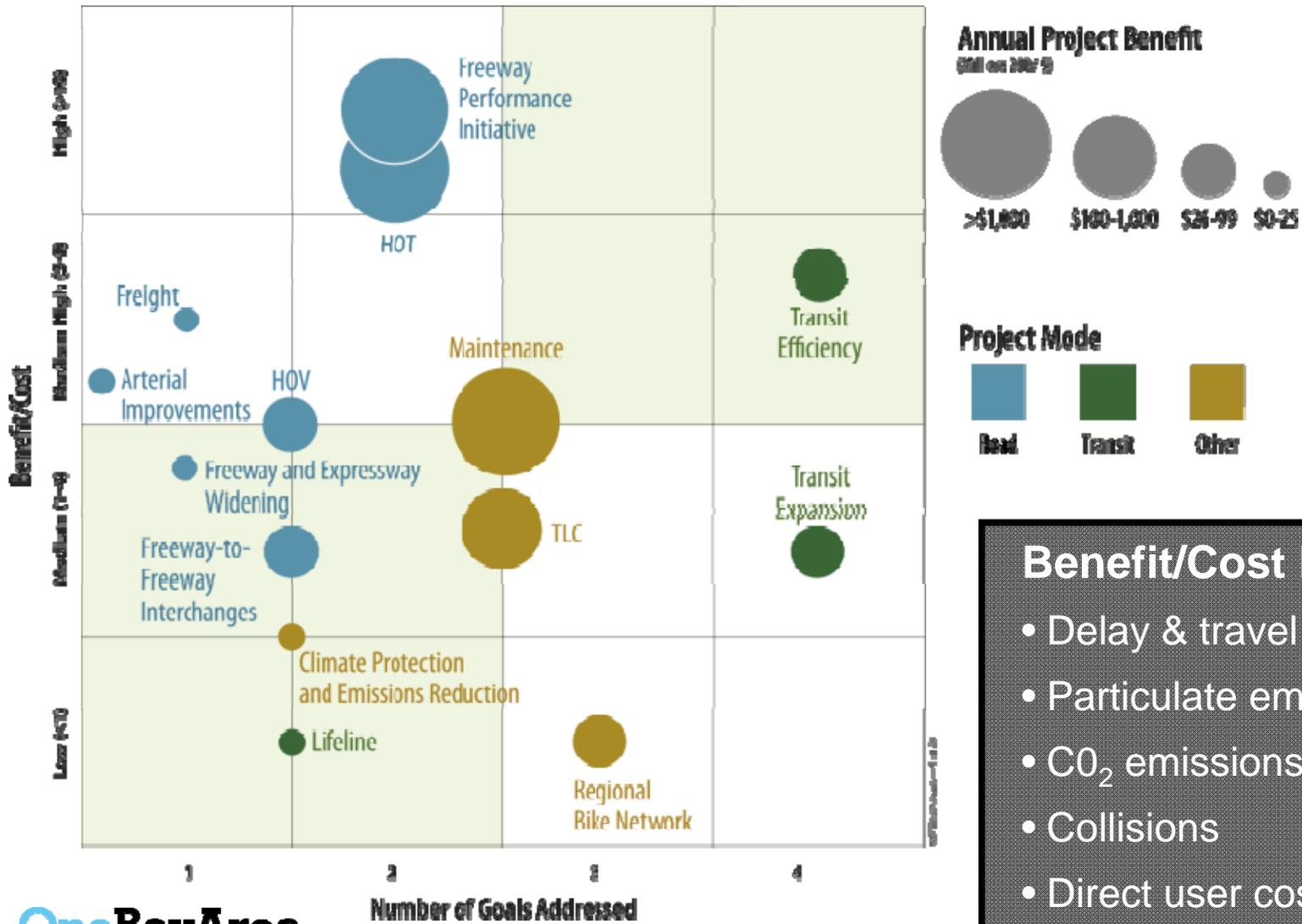
Transportation Project Performance Assessment

Purpose of Project Performance Assessment

Project performance assessment allows us to...

- **identify projects and programs** that advance SCS/RTP goals, support the SCS land use strategy, and are cost-effective
- **compare projects and programs and identify outliers** that perform very well or very poorly in relation to other potential investments
- **inform the Commission's discussion of trade-offs** between investment strategies for the financially constrained Draft SCS/RTP

Approach in *Transportation 2035*



- Benefit/Cost Measure**
- Delay & travel time
 - Particulate emissions
 - CO₂ emissions
 - Collisions
 - Direct user costs

Proposed Approach for SCS/RTP: Part 1 – Goals Assessment

- Based on project types
- Assess the degree to which project types meet the SCS/RTP goals and targets
- Engage a panel of stakeholders to assist with this review

Changes from *Transportation 2035*:

- More emphasis on support for focused growth, statutory goals to reduce CO₂ and accommodate future housing demand (SB 375)
- Use quantitative information for larger projects where available

Proposed Approach for SCS/RTP: Part 2 – Benefit/Cost Assessment

- Use the regional travel model to estimate project impacts
- Off-model analysis for regional programs
- Reflect goals/targets in B/C calculation

Included in B/C ratio:

- CO₂
- PM₁₀ and PM_{2.5}
- health costs associated with changes in active transportation levels
- injuries & fatalities
- direct user costs (vehicle operating/ownership)
- travel time
- cost savings for on-time maintenance

Changes from *Transportation 2035*:

- Perform analysis over 25-year period, rather than for horizon year
- One quantitative measure to provide clear guidance to decision-makers
- Review travel time valuation methodologies

Projects Subject to Analysis

- All non-committed projects would be subject to the Goals Assessment
- A subset of uncommitted projects would be subject to the Benefit-Cost Assessment:
 - **Expansion/operations projects with costs greater than \$50 million (in 2011 dollars) and/or area-wide impacts**
e.g. new/enhanced transit service, transit priority measures, express lanes, freeway/state highway widenings, major arterial connectors/reliever routes, freeway to freeway interchanges
 - **Regional programs**
e.g. TLC, Bike Network, Lifeline, Local Roads Maintenance and Transit Capital shortfalls, Climate Program, and portions of 511, Clipper, and Freeway Performance Initiative

Key Comments Heard & Response

Key Comments Heard	MTC Response
<p>Project Performance Assessment Methodology</p> <ul style="list-style-type: none"> ▪ Model has technical limitations. Consider cost-effectiveness rather than benefit cost (B/C). Allow for qualitative assessment in addition to model results. ▪ How will land-use connections be assessed? Will assessment recognize projects that support Priority Development Areas? ▪ Value of travel time is important. Glad that assessment considers this factor. ▪ Should the detailed SCS scenarios not meet greenhouse gas targets, will MTC consider other projects/strategies that were not originally included in project assessment? 	<ul style="list-style-type: none"> ▪ Staff will reassess B/C methodology. A qualitative assessment will be completed for projects and programs, as done in T2035. ▪ Land use interaction with transportation investment are assessed as part of the detail SCS scenario evaluation. ▪ Agree. ▪ The SCS scenarios will consider a number of strategies. If the SCS does not meet the GHG targets, an Alternative Planning Strategy (APS) must be prepared to demonstrate how the targets can be met.

Sources: Partnership TAC, SCS Regional Advisory Working Group, MTC Policy Advisory Council

Solicitation for Technical Group

- We will seek input on the Methodology at PTAC, RAWG, and MTC Policy Advisory Council
- For more in-depth discussion, we are forming a small group for **fast-paced, technical discussion**
- We propose a group of 15 total members (meetings will be public)
 - 6 representatives of transportation agencies from PTAC (at least 2 transit and 3 CMAs)
 - 3 representatives of local government
 - 3 members of MTC's Policy Advisory Council
 - 3 representatives of non-governmental advocacy groups represented on ABAG's Regional Policy Committee
- Volunteers nominated themselves earlier this month (18 total)

Schedule – Methodology

Defines methodology	P-TAC: Jan. 31, 2011; Mar. 21, 2011 RAWG: Feb. 1, 2011; Mar. 1, 2011 Policy Advisory Council: Feb. 9, 2011 Partnership Board: February 16, 2011 Technical group: mid-February - end of March
Proposed methodology reviewed by MTC Planning Committee	April 8, 2011

Schedule - Analysis

- **February 2011** – Issue Call for Projects
- **April 30, 2011** – Submittal deadline for transportation projects
- **May to July 2011** – Conduct performance assessment
- **July 2011** – Define Detailed Scenarios
- **October to December 2011** – Detailed Scenario Results and trade-offs discussions to define draft SCS/RTP

Spring 2011 Engagement Activities

Engagement Activities

Outreach Activity	Timeline
Web/Visualization, e-news	Mid-March through July
Presentation Tool Kit	Mid-March
Briefings for Local Elected Officials (by county)	Mid-to-late March
Planning Directors' Forums (by county)	Mid-March through Mid-April
Telephone Poll	April
Countywide Workshops	April through mid-May
Community-based Partnerships	April through mid-May