

Plan BayArea

TO: MTC Planning Committee
 ABAG Administrative Committee

DATE: June 10, 2011

FR: Executive Director

RE: Plan Bay Area Draft Revenue Projections

Summary

MTC staff has prepared the preliminary revenue projections for Plan Bay Area. The core assumptions were presented and discussed with the Bay Area Partnership, the Partnership Technical Advisory Committee (PTAC), the Regional Advisory Working Group (RAWG) and MTC's Policy Advisory Council. The revenue projections were presented and discussed with PTAC.

The information below compares the preliminary revenue projections to Transportation 2035 (T2035) and summarizes 1) the projected \$244 billion financial envelope; 2) financial and forecasting assumptions; and 3) committed and discretionary funding levels, including a revision to the committed fund policy to align with the revenue projection sources.

The presentation of the draft revenue projections is for information only. However, staff recommends the Planning Committee refer MTC Resolution 4006, Revised to the Commission for approval. As explained below, this resolution makes minor revisions to the list of committed and discretionary fund sources.

Plan Bay Area Financial Envelope: \$244 Billion

The chart below compares the draft Plan Bay Area revenue projections with T2035 and Attachment A provides additional detail by fund source. Note that the growth estimates and model assumptions for Plan Bay Area are generally more conservative than T2035; however, there is more total revenue available in Plan Bay Area because of the longer time horizon.

Plan Bay Area Total Revenues

Constrained Revenues	Plan Bay Area (28-Year Total) (In \$ Billions)	T2035 (25-Year Total) (In \$ Billions)
Federal Funds	31.0	28.1
State Funds	45.0	44.6
Local	122.6	101.2
Regional Funds**	31.5	31.2
Anticipated Funds	14.0	12.8
Total Funds	244.0	218.0

**T2035 includes Express Lane Revenue in the Regional funds section

*Totals may not match due to rounding

Financial and Forecasting Assumptions

The Plan Bay Area financial forecast methodology has greater consistency to the planning and travel modeling assumptions in the area of fuel price and consumption and demographic forecasts than its predecessor, T2035. The 28-year timeframe for Plan Bay Area begins in FY 2013 and ends in FY 2040, three years longer than the T2035 timeframe. The assumed Plan Bay Area inflation rate is 2.2 percent, which reflects an average of the Bay Area's historical average and the Office of Management and Budget long-term rate. The T2035 inflation rate was three percent. Key assumptions within the funding categories are listed below.

Federal

A 3% annual growth rate is assumed for most federal fund sources, compared with the 4% growth rate assumed for federal funds in T2035. The more conservative approach acknowledges that actual federal funding is dependent on authorization levels, which is extremely uncertain at this time. Historically, federal funding has come from the Highway Trust Fund and fuel tax deposits.

State

The majority of state funds for transportation are based on various fuel taxes. Therefore, the projections are derived from a model based on a standard set of assumptions concerning fuel price and consumption, consistent with the MTC travel demand model. The consumption forecast assumes full implementation of Pavley Phase I emission requirements and adherence to the Low Carbon Fuel Standard. The result of these assumptions is that we expect state gasoline consumption to steadily decline until 2020, and then grow slowly at a constant long term rate.

Regional and Local

The majority of the regional revenue for Plan Bay Area is attributed to transit fare revenue, sales tax revenue, and bridge tolls. Assumptions and sources are noted below:

- **Transit Fare Revenue:** Transit fare revenues were forecast by the individual operators, and submitted to MTC via a survey form. The figure recorded in Plan Bay Area reflects an aggregate of all operators for each year of the forecast period.
- **Sales Tax Revenue:** Estimates for county sales tax measures were based on each county sales tax agency to ensure consistency with expenditure and strategic plans. Plan Bay Area assumes that any county sales tax measure that is set to expire during the 28-year period will be reauthorized.

The other sales taxes for transit – Transportation Development Act (TDA) and AB 1107 (1/2 cent sales tax in the BART counties) – are based on a multivariate regression model, derived by ABAG, which projects sales tax revenue growth rates based on several demographic and economic factors such as median income, regional employment, and population growth. The inputs for this model are consistent with the demographic estimates used in Plan Bay Area.

- **Bridge Tolls:** The toll revenue growth assumptions are based on the Bay Area Toll Authority (BATA) model, and average 0.3 percent growth per year for the combined regional bridges. Plan Bay Area also assumes one \$1 toll increase will occur during the 28-year period from which discretionary revenue may be generated (i.e., Regional Measure 3).

Reasonably Anticipated Revenue

“Reasonably Anticipated Revenue” represents funding that is likely to become available from federal or state sources over the course of the Plan period, but is unspecified in terms of source or expenditure requirements. In T2035, an estimated \$13 billion in “anticipated” revenue was added to the financially constrained revenues based on revenue sources that materialized over a fifteen year period from 1998 through 2012. The Plan Bay Area projection is based on a similar methodology commencing with 2002 data. Examples of past anticipated revenues sources include the state Proposition 1B Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 and the federal American Recovery and Reinvestment Act of 2009 economic stimulus funding.

Committed and Discretionary Funding Levels

Aligning the draft revenue projections with the approved committed funds policy suggest roughly \$68 billion in discretionary funding, compared with roughly \$32 billion in T2035. The majority of the increase in discretionary funding is attributed to the reclassification of federal transit formula funds and state transit funds from committed in T2035 to discretionary in Plan Bay Area.

Plan Bay Area Revenue (In \$ Billions)			
Revenue Category	Committed	Discretionary	Total
Federal	6.4	24.6	31.0
State	34.0	10.9	45.0
Local	109.9	12.7	122.6
Regional	25.5	6.0	31.5
Anticipated Funds	0	14.0	14.0
Total	175.8	68.2	244.0
% of Total	72%	28%	100%

*Totals may not match due to rounding

Based on partner input and further staff analysis, staff recommends the following revisions to the Committed Funds Policy approved by the Commission in April.

1. Add county sales tax reauthorizations as committed fund source.
2. Add a portion of AB 434 (Transportation Fund for Clean Air) Regional Funds (60% of total program) as discretionary and the remainder of the Regional Funds and all of the Local Funds (40% of total program) as committed fund sources.
3. Add Express Lane revenue for statutorily authorized corridors to the committed fund sources.
4. Add land sales and other developer revenues to committed fund sources.

Recommendation

Refer MTC Resolution 4006, Revised, to the Commission for approval.



 Steve Heminger

Date: April 27, 2011
W.I.: 1121
Referred by: Planning Committee
Revised: 06/22/11-C

ABSTRACT

Resolution No. 4006

This resolution approves the Committed Funds and Projects Policy for Plan Bay Area.

This resolution was revised on June 22, 2011 to update Table 3 to Attachment A, to align with categories of revenue in the Plan Bay Area revenue forecast.

Further information is contained in the Executive Director's memoranda dated April 8, 2011 and June 10, 2011.

Date: April 27, 2011
W.I.: 1121
Referred by: Planning Committee

RE: Plan Bay Area: Approval of Committed Funds and Projects Policy

METROPOLITAN TRANSPORTATION COMMISSION
RESOLUTION NO. 4006

WHEREAS, the Metropolitan Transportation Commission (MTC) is the regional transportation planning agency for the San Francisco Bay Area pursuant to Government Code Sections 66500 et seq.; and

WHEREAS, MTC develops a long-range Regional Transportation Plan (RTP), pursuant to Government Code §§ 66513 and 65080; and

WHEREAS, the last major update of the RTP was adopted in April 2009 (MTC Resolution No. 3893) and the Plan was modified through an administrative modification in May 2010; and

WHEREAS, MTC is updating its 2013 RTP, known as Plan Bay Area; and

WHEREAS, MTC has developed a Committed Funds and Projects Policy for Plan Bay Area; and

WHEREAS, Attachment A of this resolution, attached hereto and incorporated herein as though set forth at length, defines criteria to determine committed funding sources and transportation projects; and

RESOLVED, that MTC adopts the Committed Funds and Projects Policy.

METROPOLITAN TRANSPORTATION COMMISSION

Adrienne J. Tissier, Chair

The above resolution was entered into by the Metropolitan Transportation Commission at a regular meeting of the Commission held in Oakland, California, on April 27, 2011.

Date: April 27, 2011
W.I.: 1121
Referred by: Planning Committee

Attachment A
Resolution No. 4006
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Committed Funds and Projects Policy for Plan Bay Area

Purpose

The Committed Policy for Plan Bay Area will:

1. Determine which projects proposed for inclusion in the Plan are not subject to discretionary action by the Commission because the projects are fully funded and are too far along in the project development process to consider withdrawing support. Projects that are 100 percent funded through local funds are considered committed and not subject to a project-level performance assessment. All other projects that are not fully funded nor sufficiently advanced in the project development process will undergo a project performance assessment. The results of the performance assessment will be presented to the Commission for its review, and the Commission may consider these results, along with other policy factors, when deciding on transportation projects to be included in the financially constrained plan.
2. Determine which fund sources are subject to discretionary action by the Commission for priority projects and programs. The determination of which fund sources are deemed “committed” affects the amount of transportation revenues that will be subject to discretionary action by the Commission.

Policy Elements

1. Prior Commitment Criteria – Project

The following criteria are proposed to determine Regional Transportation Plan/Sustainable Communities Strategy (Plan Bay Area) prior commitments. Projects that do not meet these criteria will be subject to the project performance assessment.

A transportation project/program that meets any one of the following criteria would be deemed “committed”:

1. Project has a certified Environmental Impact Report (EIR) or Record of Decision for Environmental Impact Statement (EIS) by May 1, 2011. In addition, project has full funding plan.
2. Proposition 1B Corridor Mobility Improvement Account (CMIA) and Trade Corridor Improvement Fund (TCIF) projects with full funding and approved baseline agreements as of February 2011.
3. Resolution 3434 Program – Project has a certified Environmental Impact Report (EIR) and/or Record of Decision for Environmental Impact Statement (EIS) by May 1, 2011. In addition, project has a full funding.

4. Regional Programs – Regional programs with executed contracts through contract period only and 1st and 2nd Cycle Regional Programs with New Act Funding through 2015 (see **Table 2a and 2b**).

Table 2a: Ongoing Regional Operations Program

Committed Project	Uncommitted Project
Clipper contract executed to FY 2018-19	Clipper FY 2019-20 and beyond
511 contract executed to FY 2018-19	511 FY 2019-20 and beyond
Freeway Service Patrol/Call Boxes funded with SAFE funds	FSP Funded with STP funding
Transit Connectivity (up to \$10 million)	Any remaining program needs beyond \$10 million commitment

Table 2b: Regional Programs

Committed Programs – 1 st and 2 nd Cycle of New Act Funding through FY 2015
Local Road Maintenance
Regional Bicycle Program
Lifeline Program
Climate Initiatives Program
Transit Rehabilitation (currently funded in TIP)
Transportation for Livable Communities (TLC)
CMA/Regional Agency Planning Funds
Freeway Performance Initiative (FPI)

2. Prior Commitment – Funding Sources

Funding for the Plan comes from a number of sources. Each funding source has specific purposes and restrictions. The federal, state, regional and local funds included in the draft Plan revenue forecasts as either committed or discretionary funds are defined below and listed in Table 3.

- 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.

The following criteria are proposed to determine Plan prior commitments:

- A transportation fund that meets any one of the following criteria would be deemed “committed”:

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Referred by: PC

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1. Locally generated and locally subvended funds stipulated by statute
2. Fund source that is directed to a specific entity or purpose as mandated by statute or by the administering agency

Table 3: Committed versus Discretionary Funds

Committed Funds	Discretionary Funds
Federal	
FTA New Starts Program	FTA Section 5307, Urbanized Area Formula (Capital)
FHWA Bridge/Safety Program, Highway Bridge Rehabilitation (HBR)	FTA Section 5309 Fixed Guideway Program
FTA Bus & Bus Facilities Program	FHWA Surface Transportation Program (STP)
FTA Section 5310 Elderly & Disabled	FHWA Congestion Mitigation and Air Quality Improvement (CMAQ) Program
FTA Small Starts	FTA Section 5316 Job Access and Reverse Commute (JARC)
FHWA Ferry Boat Discretionary	FTA Section 5317 New Freedom
High-Speed Rail Program	FTA Section 5311 Non-Urbanized Area Formula
State	
State Highway Operations and Protection Program (SHOPP)	State Transportation Improvement Program (STIP): Regional Transportation Improvement Program (RTIP) County Shares
Traffic Congestion Relief Program (TCRP)	STIP: Interregional Road/Intercity Rail (ITIP)
State Transit Assistance (STA) Revenue Based	STIP: Transportation Enhancements (TE)
Gas Tax Subvention	STA Population Based
Proposition 1B	
Proposition 1A (High-Speed Rail)	
Regional	
AB 1107 ½ cent sales tax in three BART counties (75% BART Share)	AB 1107 ½ cent sales tax in three BART counties (only includes 25% share that MTC administers as discretionary)
BATA Base Toll Revenues and Seismic Retrofit Funds	AB 664
Regional Measure 2 (RM2)	2% Toll Revenues
Service Authority for Freeway and Expressways (SAFE)	5% State General Funds
	RM1 Rail Extension Reserve
	AB 1171
	Regional Express Lane Network Revenues
	Bridge Toll Increase
AB 434 (Transportation Fund for Clean Air) (Regional) – 80% of funding	AB 434 (Transportation Fund for Clean Air) (Regional) – 20% of funding
Local	
Existing locally adopted transportation sales tax	Transportation Development Act (TDA)
Local Funding for Streets and Roads	Regional funds identified as match to sales tax-funded local projects
Transit Fare Revenues	
San Francisco Municipal Transportation Agency (SFMTA)	

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Committed Funds	Discretionary Funds
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	
AB 434 (Transportation Fund for Clean Air) (Local)	
County Sales Tax Reauthorizations	
Express Lane Revenue – Statutorily Authorized	
Land Sales and Other Developer Revenues	
Anticipated Funds	
	Anticipated Funds

3. Projects Exempt from Senate Bill 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 Alternative Planning Strategy (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
- 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 preclude MTC from evaluating it for inclusion in the Plan per the project performance assessment process and at Commission discretion based on financial constraint, policy or other considerations.

Attachment A (Plan Bay Area Draft Revenue Projection by Funds Source)

In \$Billions

Revenue Source	T2035 Revenue	Plan Bay Area Revenue	Committed Revenue	Discretionary Revenue
FEDERAL				
FTA 5307 Urbanized Area Formula	9.3	10.2		10.2
FTA 5309 Fixed Guideway	5.4	6.1		6.1
FTA 5309 Bus	1.3	0.2	0.2	
FTA 5309 New Starts	1.5	1.8	1.8	
FTA 5309 Small Starts	0.1	0.2	0.2	
FTA 5310 Elderly & Disabled	0.2	0.1	0.1	
FTA 5311 Non-Urbanized Area Formula	0.1	0.1		0.1
FTA 5316 JARC	0.1	0.1		0.1
FTA 5317 New Freedom	0.1	0.1		0.1
STP	3.2	4.2		4.2
CMAQ	3.0	3.8		3.8
FHWA Ferry Boat Discretionary	0.0	0.1	0.1	
Bridge/Safety Program	2.4	2.7	2.7	
High Speed Rail	1.5	1.3	1.3	
Federal Total	28.1	31.0	6.4	24.6
STATE				
SHOPP	10.2	14.1	14.1	
RTIP	5.5	6.2		6.2
ITIP	1.9	1.5		1.5
STIP-TE	0.3	1.1		1.1
STA Population-Based	2.5	2.2		2.2
STA Revenue-Based	6.8	6.1	6.1	
Gas Tax Subvention for LSR	6.3	3.8	3.8	
AB 105 Revenue for LSR (Prop 42 Replacement)	5.6	8.5	8.5	
Prop 1B	3.4	0.2	0.2	
TCRP	0.4	0.1	0.1	
High Speed Rail	1.5	1.3	1.3	
State Total	44.6	45.0	34.0	10.9
REGIONAL				
AB 1107 ½ cent sales tax in three BART counties.	8.6	7.5	7.5	
AB 1107 (MTC Share)	2.9	2.5		2.5
BATA Base Toll Revenues	2.7	3.1	3.1	
Seismic Retrofit	3.1	3.4	3.4	
RM2	3.1	3.4	3.4	
Seismic Surcharge	3.1	3.4	3.4	
Seismic Surcharge + Carpool	N/A	3.9	3.9	
AB664	0.3	0.4		0.4
2% Toll Revenues	0.0	0.1		0.1
5% State General Fund	0.1	0.1		0.1
Rail Extension East Bay	0.2	0.1		0.1
Rail Extension West Bay	0.1	0.1		0.1
AB 1171	0.4	0.3	0.3	
New Bridge Tolls	N/A	2.7		2.7
TFCA/AB434 (Regional Funds)	0.5	0.4	0.3	0.1
Service Authority for Freeway and Expressways (SAFE)	0.2	0.2	0.2	
HOT Lane Revenues	6.1	**		**
Regional Total	31.2	31.5	25.5	6.0
LOCAL				
County Sales Tax Measures	31.0	26.9	26.9	
County Sales Tax Reauthorizations		8.5	8.5	
Local Streets and Roads	16.5	14.2	14.2	
Transit Fare Revenues	25.8	36.0	36.0	
Transportation Development Act (TDA)	12.2	12.7		12.7
San Francisco General Fund (SFMTA)	9.0	7.7	7.7	
San Francisco Parking Revenue (SFMTA)		6.3	6.3	
Golden Gate Bridge	2.2	3.0	3.0	
Property Tax	3.5	4.5	4.5	
TFCA/AB 434 (Local Funds)	0.3	0.3	0.3	
AC Transit Parcel Tax	0.6	0.8	0.8	
Existing County-wide Vehicle Registration Fee (\$10)		1.3	1.3	
Express Lane Revenue (Statutorily Authorized)		**	**	
Public Private Partnerships		**	**	
Land Sales and Other Developer Revenues		0.4	0.4	
Local Total	101.2	122.6	109.9	12.7
Anticipated/Unspecified				
Anticipated/Unspecified	12.9	14.0		14.0
GRAND TOTAL	217.9	244.0	175.8	68.2

*Parking and General Fund Revenue was combined in T2035

**To be determined