



Land Use and Natural Resources Committee

Meeting Date: 5/3/2018

Agenda Item No.: 2018-May-6.

Subject: 2020 Metropolitan Transportation Plan/Sustainable Communities Strategy: Revenue and Financial Constraint Briefing (Est. time: 5 minutes)

Information:

Prepared by: Amy Lee

Approved by: Kacey Lizon

Attachments: Yes

1. Issue:

How should staff approach the revenue and financial constraint analysis for the 2020 Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS)?

2. Recommendation:

None, this is for information only. The intent of the staff report is to provide the Land Use and Natural Resources Committee with an overview of the revenue and financial constraint analysis that will be performed as part of the 2020 MTP/SCS. Staff is seeking discussion, input, or questions about the financial forecast for the plan, strategies for funding the region's transportation investments, or areas for deeper exploration and analysis.

3. Background/Analysis:

Federal law requires that the expenditures planned for the MTP/SCS be financially constrained to the revenues that the region can "reasonably expect" to be available over the 20-year time period covered by the plan. To that end, SACOG develops a set of revenue projections for each MTP/SCS that guide the transportation investments in the plan. These projections rely on the latest available data, forecasts, and policy direction from local, state, and federal sources. The financial projections consider trends in the economy, policy, and regulatory frameworks, fuel price and consumption, and other drivers of transportation investment.

Accurately forecasting future revenue is challenging, particularly at a time of disruptive technologies and uncertainty in local, state, and federal policy and economies. In the near term – four to six years – funding projections are fairly specific and frequently based on funding formulas that provide some level of certainty about the level of funding available. However, as with many of the assumptions in long range planning documents, the uncertainty about funding levels grows as the projections move farther into the future.

Revenues identified in the 2016 MTP/SCS totaled \$35 billion, with approximately two-

thirds coming from local sources and the remaining third coming from a combination of state and federal sources. Of the \$35 billion, staff estimates about \$2-\$2.5 billion, or 6 to 7 percent of the total budget, is available as flexible funds for the region to award through SACOG's Regional Funding Programs (see Attachment A).

4. Discussion/Analysis:

SACOG staff is starting the inventory and analysis of transportation revenue sources for the 2020 MTP/SCS. Generally, funding for transportation purposes comes from a handful of sources including state and federal fuel taxes, sales taxes, vehicle registration fees, trucking fees, and a number of local assessments, such as fees and assessments on new development. Staff will consider historic and current trends in fuel prices and consumption, fuel tax revenues generated by Senate Bill 1, sales on taxable goods, vehicle fleet characteristics, and local housing and employment growth to build a foundation for the MTP/SCS financial forecasts.

As outlined in the Policy Framework adopted by the Board in December 2017, and discussed in ongoing conversations with partners and the Board, there are a number of challenges and uncertainties facing the traditional sources of revenue on which transportation investments depend. Over the coming months, staff will work to build a financial forecast that examines how risks to retail sales and uncertainty regarding the future of fuel taxes may affect the portfolio of revenue sources available to support the transportation investments in the MTP/SCS. Additionally, we will examine strategies for finding new sources of revenue, such as pricing or local options for raising funds, to help meet the growing cost and demand to build and maintain the region's transportation infrastructure.

Board input and questions will inform the next steps of this project, which will include collecting, forecasting, and analyzing revenue data. Staff will present preliminary revenue forecasts and how those forecasts affect the timing and type of transportation investments that can be supported in the 2020 MTP/SCS in the late summer.

5. Fiscal Impact/Grant Information:

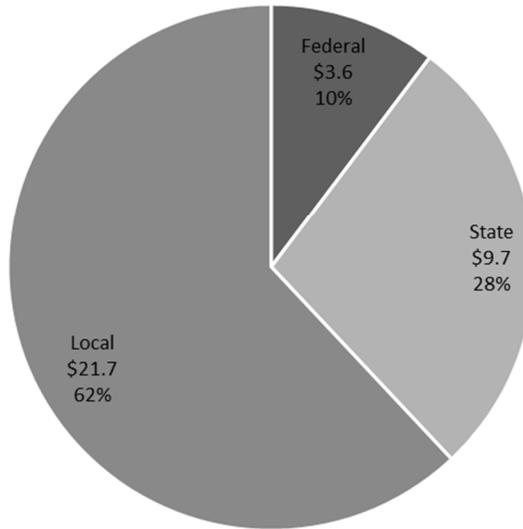
There is no fiscal impact to SACOG's operating budget.

ATTACHMENTS:

Description

Attachment A

Summary of Revenues in 2016 MTP/SCS
(billions, 2015 dollars)



Revenues SACOG Controls in 2016 MTP/SCS
(billions, 2010 dollars)

