

# Appendix B-1

## Financial Plan

### 2016 Metropolitan Transportation Plan & Sustainable Communities Strategy

#### Plan Finances

The funding to support the transportation investments in the MTP/SCS comes from a number of federal, state, and local sources, each with specific purposes and restrictions. The dollar amounts are presented in both current year (2015) dollars and nominal or “year of expenditure” values. The MTP/SCS provides current year dollars to illustrate the magnitude of investments in terms of the 2015 fiscal year. However, federal statute requires regional transportation plans to provide costs and revenues in “year of expenditure” dollars. Accordingly, the discussions below provide dollar values first in current year terms, followed in parentheses by “year of expenditure” (YOE) values.

In total, SACOG forecasts \$35.0 billion in revenues (\$46.7 billion YOE) over the planning period. On average, this comes out to approximately \$1.6 billion (\$2.1 billion YOE) per year over 22 years.

#### Conversion between Current Year (2015) and Year of Expenditure (YOE) Dollars

The federal Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21) requires that all cost estimates be escalated to year of expenditure or nominal values to reflect both the decrease in purchasing power of today’s dollar and the increase in costs for maintaining and building the transportation system over time. The average rate of inflation used in the MTP/SCS is 2.7 percent. The first five years of the plan uses an inflation rate consistent with the California Legislative Analyst’s Office assumptions used in the 2014-15 Budget: California’s Fiscal Outlook. Following fiscal year 2020, the MTP/SCS assumes a slight increase in the inflation rate annually until reaching the historical average of 3.2 percent and then maintains this average through the rest of the planning period. Table 1.1 below illustrates the inflation rate assumptions for each year of the MTP/SCS.

**Table B1.1. MTP/SCS Inflation Rate Assumptions**

	2015	2016-2019	2020	2021-2026	2027-2036
<b>Inflation rate</b>	1.7%	1.9%	2.0%	Previous year + 0.2%	3.2%

2015 through 2020 based on California Legislative Analyst’s Office assumptions in *The 2014-15 Budget: California’s Fiscal Outlook*

On the revenue side, the nominal rate of growth for each funding source is determined by extrapolating recent trends, either on a straight line basis or in some cases using a trend curve. This methodology yields revenues in YOE dollars, which are then de-escalated using the inflation rates described above to yield current year dollars.

On the expenditure side, project sponsors provide SACOG with project costs in current year dollars, which are then uniformly escalated to YOE dollars using the inflation rate described above through the assumed completion timeframe for the project.

## **Summary of Revenue Sources and Assumptions**

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The MTP/SCS must be financially constrained, meaning that the amount of funding programmed must not exceed the amount of funding estimated to be reasonably available within the planning period. To meet this requirement, the revenue assumptions in the plan are based on existing federal and state sources of funding and existing or SACOG Board-approved sources of local funding for transportation purposes. Each funding source is extrapolated at historic rates of growth or by reasonable assumptions about future trends to determine the total amount of that source that will be available for implementation of the MTP/SCS. Attachments A and B describe the available revenues for each funding source over five and six year increments throughout the planning period. In developing the MTP/SCS, SACOG has taken into consideration both transportation funding revenues and the costs of building, operating, and maintaining the regional transportation system over 22 years (Federal FFY 2014-15 through FY 2035-36).

### **Federal Funding**

Federal funding assumptions are derived from the annual apportionments provided to SACOG by the federal government or from historical funding levels. MAP-21, which was signed into law in 2012, sets the program structure and distribution formulas for federal transportation funds. SACOG projects funding from both the Federal Highway Administration and Federal Transit Administration Programs listed below, with revenue assumptions outlined in Table B1.2.

#### **Federal Highway Administration Programs**

- Regional Surface Transportation Program (RSTP)
- Congestion Mitigation and Air Quality Program (CMAQ)
- Other federal discretionary programs

#### **Federal Transit Administration Programs**

- Section 5307 Urbanized Area Formula Program
- Section 5309 Fixed-Guideway Capital Investment Grants
- Section 5310 Enhanced Mobility of Seniors & Individuals with Disabilities
- FTA 5311 Formula Grants for Rural Area
- FTA 5337 State of Good Repair Grants
- FTA 5339 Bus and Bus Facilities

**Table B1.2. Federal Revenue Sources and Assumptions**

Federal Source	MTP/SCS
Congestion Mitigation and Air Quality (CMAQ)	<p><b>Base Year:</b> 2015</p> <p><b>Key Assumptions:</b> SACOG region will continue to receive CMAQ funds in a manner consistent with historical apportionments.</p> <p><b>Growth:</b> 5% annual growth.</p>
Regional Surface Transportation Program (RSTP)	<p><b>Base Year:</b> 2015</p> <p><b>Key Assumptions:</b> SACOG region will continue to receive RSTP funds in a manner consistent with historical apportionments.</p> <p><b>Growth:</b> 5% annual growth.</p>
FTA Funds: 5307, 5310, 5311, 5337, 5339	<p><b>Base Year:</b> 2015</p> <p><b>Key Assumptions:</b> SACOG region will continue to receive FTA funds in a manner consistent with historical apportionments.</p> <p><b>Growth:</b> 4% annual growth.</p>
FTA 5309 Fixed-Guideway Capital Investment Grants	<p><b>Base Year:</b> N/A</p> <p><b>Key Assumptions:</b> Presume continuation of FTA grants for rail expansion projects at 50% of new rail capital project costs.</p>

**State Funding**

Senate Bill 45 (SB 45) establishes the program structure and distribution formulas for most state transportation funds. The MTP/SCS assumes state funding will continue in a manner consistent with SB 45. Additionally, every two years, the California Transportation Commission (CTC) approves a STIP Fund Estimate that details the distribution of funding for state transportation programs that pass through the State Highway Account over a six-year period. The MTP/SCS’s assumptions for state revenues, shown in Table B1.3, are derived primarily from the 2014 State Transportation Improvement Program Fund Estimate (STIP-FE).

The state funding programs assumed in the MTP/SCS include:

- State Highway Operations and Protection Program - (SHOPP)
- State Transportation Improvement Program - (STIP) including;
  - Interregional - ITIP
  - Regional - RTIP
- State Cap and Trade Program
- State Transit Assistance - (STA)

- Intercity Rail
- State Highway Maintenance
- Proposition 1B- Public Transportation Modernization, Improvement, and Service Enhancement Account Program (PTMISEA)

**Table B1.3. State Revenue Sources and Assumptions**

State Source	MTP/SCS
State Highway Operations and Protection Program (SHOPP)	<p><b>Base Year:</b> 2014</p> <p><b>Key Assumptions:</b> Based on transfers from the State Highway Account (SHA), Federal Trust Fund, and the new excise tax on gasoline.</p> <p>Includes adjustments resulting from ABX8 6 and ABX8 9 (Gas Tax Swap) including 12% of the revenues generated by the new excise tax on gasoline following transfers for bond debt service.</p> <p><b>Growth:</b> 1.3% average annual growth</p>
Interregional Transportation Improvement Program (STIP- ITIP)	<p><b>Base Year:</b> 2014</p> <p><b>Key Assumptions:</b> ITIP will continue to receive 25% of the total STIP allocations from the Federal Highway Trust Fund, State Highway Account, Public Transportation Account</p> <p><b>Growth:</b> 5.6% average annual growth</p>
Regional Transportation Improvement Program (STIP- RTIP)	<p><b>Base Year:</b> 2014</p> <p><b>Key Assumptions:</b> RTIP will continue to receive 75% of the total STIP allocations from the Federal Highway Trust Fund, State Highway Account, Public Transportation Account and the new excise tax on gasoline.</p> <p><b>Growth:</b> 5.6% average annual growth</p>
State Cap and Trade Program	<p><b>Base Year:</b> 2015</p> <p><b>Key Assumptions:</b> Cap and Trade revenues are made up of the 35% of auction proceeds that are allocated to Affordable Housing &amp; Sustainable Communities, Intercity Rail, and Low Carbon Transit Programs. The region's capture of these revenues assumes SACOG member agencies receive revenues roughly equivalent the region's share of statewide population</p> <p><b>Growth:</b> 5% average annual growth</p>
State Transit Assistance	<p><b>Base Year:</b> 2014</p> <p><b>Key Assumptions:</b> STA will continue to receive funding from sales</p>

	<p>taxes on diesel fuels consistent with current funding formulas.</p> <p><b>Growth:</b> 5% average annual growth</p>
Intercity Rail (Operations)	<p><b>Base Year:</b> 2013</p> <p><b>Key Assumptions:</b> ITIP portion of Intercity Rail capital revenues included in the ITIP assumptions above. Intercity Rail Operations based on historical share of state resources to CCJPA and San Joaquin.</p> <p><b>Growth:</b> 4.9% average annual growth</p>
State Highway Maintenance	<p><b>Base Year:</b> 2014</p> <p><b>Key Assumptions:</b> State Highway Maintenance will continue to receive transfers from the State Highway Account at an escalating rate indexed to inflation.</p> <p><b>Growth:</b> 2.8 % average annual growth.</p>
Highway Bridge Program	<p><b>Base Year:</b> 2015</p> <p><b>Key Assumptions:</b> The region will continue to receive highway bridge program reimbursements for eligible activities that rehabilitate and replace structurally deficient bridges.</p>
State Discretionary	<p><b>Base Year:</b> N/A</p> <p><b>Key Assumptions:</b> Assumes the region will capture roughly 5% of statewide competitive discretionary program funding.</p> <p><b>Growth:</b> 2.5% average annual growth</p>

## Local Funding

Local revenues are based on historical funding from local sources for each city, county, transportation commission, and transit operator in the region. Local funding sources provide the majority of the funds that support the MTP/SCS and include:

- Local Transportation Fund (LTF)
- Sacramento County Measure A - (1/2-cent)
- Sacramento County Measure B - (1/2-cent)
- Placer County Sales Tax – (1/2 cent)
- Gas Tax Subventions
- Gas Tax Swap (Excise Tax Subventions)
- Local Streets and Roads

- Developer In-Kind
- Transit Fares

*Note on Local-Option County Sales Tax in the MTP/SCS*

All of the local revenues assumed in the MTP/SCS are based on the continuation of existing funding mechanisms with the exception of two new local option countywide sales tax measures in Sacramento County and Placer County. Measure B would institute a new ½-cent sales tax equivalent to support road maintenance and transit operations within the county of Sacramento. Placer County is also pursuing a new ½ cent sales tax measure to support transportation investments in that county. While one or both of these local option measures may go forward in 2016 or 2018, the draft MTP/SCS takes a conservative approach by not including any new revenue in the plan assumptions until 2020 and then continuing through the end of the planning horizon in 2036.

**Table B1.4. Local Revenue Sources and Assumptions**

	MTP/SCS
Local Transportation Fund (LTF)	<p><b>Base Year:</b> 2014</p> <p><b>Key Assumptions:</b> ¼-percent general sales tax for transportation will remain in place at existing rate.</p> <p><b>Growth:</b> 3.5% annual average growth</p>
Measure A	<p><b>Base Year:</b> 2014</p> <p><b>Key Assumptions:</b> ½-cent general sales tax in Sacramento County will remain in place at existing rate.</p> <p><b>Growth:</b> 3.5% annual average growth</p>
Measure B	<p><b>Base Year:</b> N/A</p> <p><b>Key Assumptions:</b> Equivalent of 1/2-percent general sales tax will begin in 2020 and last through 2036.</p> <p><b>Growth:</b> 3.5% annual average growth</p>
Placer ½ cent sales tax	<p><b>Base Year:</b> N/A</p> <p><b>Key Assumptions:</b> Equivalent of 1/2-percent general sales tax will begin in 2020 and last through 2036.</p> <p><b>Growth:</b> 3% annual average growth</p>
Gas Tax Subventions	<p><b>Base Year:</b> 2014</p>

	<p><b>Key Assumptions:</b> Subventions will continue to flow to cities and counties based on existing formulas.</p> <p><b>Growth:</b> Revenues remain flat</p>
Price-based Gasoline Excise Tax Subventions	<p><b>Base Year:</b> 2014</p> <p><b>Key Assumptions:</b> 44% of the revenues generated by the new excise tax on gasoline (after reductions for debt service payments) will flow to local streets and roads. The state will adjust the excise tax annually to compensate for the loss of the gasoline sales tax.</p> <p><b>Growth:</b> 6% average annual growth</p>
Local Streets and Roads	<p><b>Base Year:</b> 2012</p> <p><b>Key Assumptions:</b> Based on 10-year historical average of budget information provided by local jurisdictions to the California State Controller. Contains all revenues from local sources dedicated to local streets and roads.</p> <p><b>Nominal Growth Rate:</b> 2% average annual growth</p>
Developer In-Kind	<p><b>Base Year:</b> 2012</p> <p><b>Key Assumptions:</b> Developer investments in new roadways keep pace with housing growth over the life of the plan.</p> <p><b>Growth:</b> 5% annual average growth</p>
Transit Fare revenues	<p><b>Base Year:</b> 2012</p> <p><b>Key Assumptions:</b> Based on SACOG ridership projections and average fare per rider. Assumes future fare increases keep pace with inflation. Average fare per rider increases as more choice riders that pay closer to full fares increases from \$1.08 in 2012 to \$1.24 in 2036 (in 2015 dollars). The regional farebox recovery rate increases from 25% in 2012 to 38% in 2036 based on the increases in average fare per rider and a shift in transit mode share from 1.2% in 2012 to 2.9% in 2036.</p>

## Attachment A: Revenue Projections (in millions of nominal dollars)

	FFY 2015- 2020	FFY 2021- 2025	FFY 2026- 2030	FFY 2031- 2036	Total
<b>Federal</b>					
<b>Federal Highway &amp; Other</b>	<b>\$509</b>	<b>\$528</b>	<b>\$674</b>	<b>\$1,059</b>	<b>\$2,771</b>
-Congestion Mitigation and Air Quality - (CMAQ)	\$177	\$184	\$235	\$369	\$964
-Regional Surface Transportation Program - (RSTP)	\$165	\$166	\$212	\$333	\$876
-Federal Discretionary Programs	\$167	\$178	\$228	\$358	\$931
<b>Federal Transit</b>	<b>\$361</b>	<b>\$272</b>	<b>\$517</b>	<b>\$922</b>	<b>\$2,072</b>
-FTA 5307 - Urbanized Area Formula Program	\$163	\$163	\$199	\$296	\$821
-FTA 5309 - Fixed-Guideway Capital Investment Grants	\$89	\$0	\$186	\$430	\$705
-FTA 5310 - Enhanced Mobility of Seniors & Individuals with Disabilities	\$20	\$20	\$24	\$36	\$101
-FTA 5311 - Formula Grants for Rural Area	\$10	\$10	\$12	\$18	\$49
-FTA 5337 - State of Good Repair Grants	\$62	\$62	\$76	\$113	\$312
-FTA 5339 - Bus and Bus Facilities	\$17	\$16	\$20	\$30	\$83
<b>Federal Subtotal</b>	<b>\$870</b>	<b>\$800</b>	<b>\$1,191</b>	<b>\$1,981</b>	<b>\$4,843</b>
<b>State</b>					
<b>State Highway Operations and Protection Program - (SHOPP)</b>	<b>\$922</b>	<b>\$791</b>	<b>\$870</b>	<b>\$1,154</b>	<b>\$3,737</b>
<b>State Transportation Improvement Program - (STIP)</b>	<b>\$305</b>	<b>\$377</b>	<b>\$521</b>	<b>\$827</b>	<b>\$2,030</b>
-Interregional - IIP	\$73	\$91	\$125	\$199	\$489
-Regional - RIP	\$231	\$287	\$396	\$628	\$1,542
<b>State Cap and Trade Program</b>	<b>\$239</b>	<b>\$332</b>	<b>\$332</b>	<b>\$399</b>	<b>\$1,303</b>
<b>State Transit Assistance - (STA)</b>	<b>\$107</b>	<b>\$110</b>	<b>\$143</b>	<b>\$244</b>	<b>\$605</b>
<b>Intercity Rail</b>	<b>\$196</b>	<b>\$213</b>	<b>\$270</b>	<b>\$422</b>	<b>\$1,101</b>
<b>State Highway Maintenance</b>	<b>\$489</b>	<b>\$460</b>	<b>\$535</b>	<b>\$763</b>	<b>\$2,247</b>
<b>PTMISEA</b>	<b>\$40</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$40</b>
<b>Highway Bridge Program</b>	<b>\$148</b>	<b>\$166</b>	<b>\$193</b>	<b>\$275</b>	<b>\$782</b>
<b>State Discretionary</b>	<b>\$196</b>	<b>\$192</b>	<b>\$223</b>	<b>\$314</b>	<b>\$925</b>
<b>State Subtotal</b>	<b>\$2,643</b>	<b>\$2,641</b>	<b>\$3,087</b>	<b>\$4,399</b>	<b>\$12,770</b>



<b>Local</b>	<b>FFY 2015- 2020</b>	<b>FFY 2021- 2025</b>	<b>FFY 2026- 2030</b>	<b>FFY 2031- 2036</b>	<b>Total</b>
<b>Sales Tax</b>	<b>\$1,291</b>	<b>\$2,333</b>	<b>\$2,757</b>	<b>\$3,994</b>	<b>\$10,375</b>
-Local Transportation Fund (LTF)	\$459	\$461	\$548	\$797	\$2,265
-Sacramento County Measure A - (1/2%)	\$675	\$674	\$801	\$1,165	\$3,315
-Sacramento County Measure B - (1/2%)	\$61	\$674	\$801	\$1,165	\$2,701
-Placer County Sales Tax - (1/2%)	\$97	\$523	\$607	\$867	\$2,094
<b>Gas Tax Subventions</b>	<b>\$387</b>	<b>\$313</b>	<b>\$315</b>	<b>\$376</b>	<b>\$1,391</b>
<b>Gas Tax Swap (Excise Tax Subventions)</b>	<b>\$214</b>	<b>\$278</b>	<b>\$409</b>	<b>\$681</b>	<b>\$1,583</b>
<b>Local Streets and Roads</b>	<b>\$1,820</b>	<b>\$1,691</b>	<b>\$1,867</b>	<b>\$2,499</b>	<b>\$7,878</b>
<b>Developer In-Kind</b>	<b>\$841</b>	<b>\$926</b>	<b>\$1,193</b>	<b>\$1,894</b>	<b>\$4,853</b>
<b>Transit Fares</b>	<b>\$335</b>	<b>\$450</b>	<b>\$779</b>	<b>\$1,460</b>	<b>\$3,024</b>
<b>Local Subtotal</b>	<b>\$4,890</b>	<b>\$5,990</b>	<b>\$7,320</b>	<b>\$10,903</b>	<b>\$29,104</b>
<b>Federal, State, and Local Total</b>	<b>\$8,402</b>	<b>\$9,431</b>	<b>\$11,598</b>	<b>\$17,170</b>	<b>\$46,602</b>

## Attachment B: Revenue Projections (in millions of 2010 dollars)

<b>Federal</b>	<b>FFY 2015- 2020</b>	<b>FFY 2021- 2025</b>	<b>FFY 2026- 2030</b>	<b>FFY 2031- 2036</b>	<b>Total</b>
<b>Federal Highway &amp; Other</b>	<b>\$485</b>	<b>\$446</b>	<b>\$490</b>	<b>\$646</b>	<b>\$2,067</b>
-Congestion Mitigation and Air Quality - (CMAQ)	\$169	\$155	\$170	\$225	\$719
-Regional Surface Transportation Program - (RSTP)	\$157	\$140	\$154	\$203	\$654
-Federal Discretionary Programs	\$159	\$151	\$165	\$218	\$694
<b>Federal Transit</b>	<b>\$344</b>	<b>\$229</b>	<b>\$371</b>	<b>\$563</b>	<b>\$1,508</b>
-FTA 5307 - Urbanized Area Formula Program	\$156	\$138	\$144	\$181	\$619
-FTA 5309 - Fixed-Guideway Capital Investment Grants	\$85	\$0	\$131	\$263	\$479
-FTA 5310 - Enhanced Mobility of Seniors & Individuals with Disabilities	\$19	\$17	\$18	\$22	\$76
-FTA 5311 - Formula Grants for Rural Area	\$9	\$8	\$9	\$11	\$37
-FTA 5337 - State of Good Repair Grants	\$59	\$52	\$55	\$69	\$235
-FTA 5339 - Bus and Bus Facilities	\$16	\$14	\$15	\$18	\$62
<b>Federal Subtotal</b>	<b>\$830</b>	<b>\$675</b>	<b>\$861</b>	<b>\$1,210</b>	<b>\$3,575</b>
<b>State</b>	<b>FFY 2015- 2020</b>	<b>FFY 2021- 2025</b>	<b>FFY 2026- 2030</b>	<b>FFY 2031- 2036</b>	<b>Total</b>
<b>State Highway Operations and Protection Program - (SHOPP)</b>	<b>\$880</b>	<b>\$668</b>	<b>\$633</b>	<b>\$706</b>	<b>\$2,888</b>
<b>State Transportation Improvement Program - (STIP)</b>	<b>\$290</b>	<b>\$318</b>	<b>\$378</b>	<b>\$505</b>	<b>\$1,491</b>
-Interregional - IIP	\$70	\$77	\$91	\$121	\$359
-Regional - RIP	\$220	\$241	\$287	\$383	\$1,132
<b>State Cap and Trade Program</b>	<b>\$239</b>	<b>\$281</b>	<b>\$242</b>	<b>\$244</b>	<b>\$1,007</b>
<b>State Transit Assistance - (STA)</b>	<b>\$102</b>	<b>\$93</b>	<b>\$104</b>	<b>\$149</b>	<b>\$447</b>
<b>Intercity Rail</b>	<b>\$187</b>	<b>\$179</b>	<b>\$196</b>	<b>\$257</b>	<b>\$820</b>
<b>State Highway Maintenance</b>	<b>\$466</b>	<b>\$389</b>	<b>\$389</b>	<b>\$466</b>	<b>\$1,710</b>
<b>PTMISEA</b>	<b>\$39</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$39</b>
<b>Highway Bridge Program</b>	<b>\$141</b>	<b>\$140</b>	<b>\$140</b>	<b>\$168</b>	<b>\$589</b>
<b>State Discretionary</b>	<b>\$187</b>	<b>\$162</b>	<b>\$162</b>	<b>\$192</b>	<b>\$703</b>

<b>State Subtotal</b>	<b>\$2,532</b>	<b>\$2,230</b>	<b>\$2,244</b>	<b>\$2,688</b>	<b>\$9,694</b>
<b>Local</b>	<b>FFY 2015- 2020</b>	<b>FFY 2021- 2025</b>	<b>FFY 2026- 2030</b>	<b>FFY 2031- 2036</b>	<b>Total</b>
<b>Sales Tax</b>	<b>\$1,223</b>	<b>\$1,970</b>	<b>\$2,004</b>	<b>\$2,439</b>	<b>\$7,636</b>
-Local Transportation Fund (LTF)	\$437	\$390	\$398	\$487	\$1,712
-Sacramento County Measure A - (1/2%)	\$643	\$569	\$582	\$711	\$2,506
-Sacramento County Measure B - (1/2%)	\$55	\$569	\$582	\$711	\$1,918
-Placer County Sales Tax - (1/2%)	\$88	\$442	\$442	\$530	\$1,501
<b>Gas Tax Subventions</b>	<b>\$370</b>	<b>\$265</b>	<b>\$230</b>	<b>\$230</b>	<b>\$1,094</b>
<b>Gas Tax Swap (Excise Tax Subventions)</b>	<b>\$204</b>	<b>\$234</b>	<b>\$297</b>	<b>\$416</b>	<b>\$1,150</b>
<b>Local Streets and Roads</b>	<b>\$1,735</b>	<b>\$1,429</b>	<b>\$1,358</b>	<b>\$1,529</b>	<b>\$6,052</b>
<b>Developer In-Kind</b>	<b>\$801</b>	<b>\$781</b>	<b>\$866</b>	<b>\$1,155</b>	<b>\$3,602</b>
<b>Transit Fares</b>	<b>\$319</b>	<b>\$379</b>	<b>\$563</b>	<b>\$890</b>	<b>\$2,150</b>
<b>Local Subtotal</b>	<b>\$4,652</b>	<b>\$5,056</b>	<b>\$5,318</b>	<b>\$6,658</b>	<b>\$21,685</b>
<b>Federal, State, and Local Total</b>	<b>\$8,014</b>	<b>\$7,961</b>	<b>\$8,423</b>	<b>\$10,556</b>	<b>\$34,955</b>