

# Appendix B: Draft 2020 MTP/SCS Revenue Forecast

## **Plan Finances**

Transportation investments and programs included in the 2020 MTP/SCS are constrained to a reasonable estimate of future funding sources. The funding to support these investments 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 dollars and nominal or year of expenditure (YOE) values. The MTP/SCS uses current year dollars to illustrate the magnitude of investments in terms of project costs and revenues that are relevant to today. However, federal statute requires regional transportation plans to also provide costs and revenues in YOE dollars for transparency in the overall investments planned for in the MTP/SCS.

In total, SACOG forecasts \$34.9 billion in revenues (\$46.3 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 and Year of Expenditure (YOE) Dollars**

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The federal Fixing America's Surface Transportation Act (FAST Act) requires that all cost estimates be escalated to year of expenditure or nominal values to express a realistic estimate of future construction costs. The average rate of inflation used in the MTP/SCS is 2.5 percent based on the last 20 years of data on the California consumer price index reported by the California Department of Finance.

For revenue forecasting, 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.

For project cost estimates, 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. Projects listed in the Metropolitan Transportation Improvement Program are already provided in year of expenditure dollars, so no adjustments are made to these projects.

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

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The MTP/SCS must be financially constrained, meaning that the amount of funding planned and 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, state, and local sources of funding or SACOG Board-approved assumptions of future 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 2018-19 through FY 2039-40).

## Federal Funding

Federal funding assumptions are derived from the annual apportionments provided to SACOG by the federal government or from historic funding levels. The FAST Act, which was signed into law in 2015, 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 B.1.

### Federal Highway Administration Programs

- Regional Surface Transportation Program (RSTP)
- Congestion Mitigation and Air Quality Program (CMAQ)
- Highway Bridge Program
- 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 B.1. Federal Revenue Sources and Assumptions**

Federal Source	MTP/SCS
Congestion Mitigation and Air Quality (CMAQ)	<p><b>Base Year:</b> 2019</p> <p><b>Key Assumptions:</b> SACOG region will continue to receive CMAQ funds in a manner consistent with historic apportionments.</p> <p><b>Growth:</b> 2.5% annual growth.</p>
Regional Surface Transportation Program (RSTP)	<p><b>Base Year:</b> 2019</p> <p><b>Key Assumptions:</b> SACOG region will continue to receive RSTP funds in a manner consistent with historic apportionments.</p> <p><b>Growth:</b> 2.5% annual growth.</p>

Highway Bridge Program	<p><b>Base Year:</b> 2019</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>
FTA Funds: 5307, 5310, 5311, 5337, 5339	<p><b>Base Year:</b> 2019</p> <p><b>Key Assumptions:</b> SACOG region will continue to receive FTA funds in a manner consistent with historic apportionments.</p> <p><b>Growth:</b> 2.5% 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 major rail expansion projects at up to 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 B.2, are derived primarily from the 2018 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)
- State Highway Maintenance
- Proposition 1B- Public Transportation Modernization, Improvement, and Service Enhancement Account Program (PTMISEA)

**Table B.2. State Revenue Sources and Assumptions**

State Source	MTP/SCS
State Highway Operations and Protection Program (SHOPP)	<b>Base Year:</b> 2019

	<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% average annual growth</p>
Interregional Transportation Improvement Program (STIP- ITIP)	<p><b>Base Year:</b> 2019</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> 4% average annual growth</p>
Regional Transportation Improvement Program (STIP- RTIP)	<p><b>Base Year:</b> 2019</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> 4% average annual growth</p>
State Cap and Trade Program	<p><b>Base Year:</b> 2019</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 (99313, 99314, State of Good Repair)	<p><b>Base Year:</b> 2019</p> <p><b>Key Assumptions:</b> STA will continue to receive funding from sales taxes on diesel fuels consistent with current funding formulas.</p> <p><b>Growth:</b> 1% average annual growth</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% average annual growth</p>

## Local Funding

Local revenues are based on historic 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 New Measure A - (1/2-cent)
- Placer County Sales Tax – (1/2 -cent)
- Gas Tax Subventions
- Gas Tax Swap (Excise Tax Subventions)
- Other Local Funds
- Developer Contributions
- Transit Fares
- Roadway User Fees

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

The MTP/SCS includes two new local option countywide sales tax measures in Sacramento County and Placer County. In Sacramento County this would institute a new ½-cent sales tax or equivalent measure to support road investments, maintenance, and transit 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 the first four years of the MTP/SCS, the plan takes a conservative approach by not including any new revenue in the plan assumptions until 2025 and then continuing through the end of the planning horizon in 2036.

### *Note on Roadway User Fees in the MTP/SCS*

Advancements in technologies enabling greater use of electric and alternative fuel and highly efficient vehicles will continue to impact gas tax revenues. In California, the California Energy Commission estimates that statewide demand for gasoline will decrease by one to two percent annually over the next decade. At the same time, SACOG projections indicate that the total number of vehicle miles traveled (VMT) will increase by roughly 16 percent, despite a decrease in per capita VMT of nearly 8 percent by 2040. This additional demand on the roadways, paired with decreasing gas consumption, creates a significant challenge for a gas tax-based system and necessitates exploration of a replacement.

The MTP/SCS includes revenues from both tolling specific facilities and from a mileage-based fee that would replace existing state fuel taxes. This assumption is supported by both national and statewide efforts to explore mileage-based systems. In 2009, the National Surface Transportation Infrastructure Financing Commission identified direct user fees, such as tolling and mileage fees, as the most viable replacement for fuel taxes in the long term. Currently, at

least ten states, including California are exploring or testing mileage fees in some capacity. SACOG supports further research, development, and demonstration of mileage-based user fees specific to the Sacramento region to help build and maintain our regional transportation system. The 2020 MTP/SCS commits SACOG to developing partnerships with the state, universities, local/regional leaders, and others to test, pilot, and implement direct user fees, both tolling and mileage based. The revenue forecast for the plan conservatively estimates that revenues generated from user fees will not be available until the last 10 years of the plan. However, testing and implementation efforts will begin immediately.

**Table B.3. Local Revenue Sources and Assumptions**

	MTP/SCS
Local Transportation Fund (LTF)	<p><b>Base Year:</b> 2018</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% annual average growth</p>
Measure A	<p><b>Base Year:</b> 2018</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% annual average growth</p>
New Measure A	<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 the horizon year of the plan in 2040.</p> <p><b>Growth:</b> 3% 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 the horizon year of the plan in 2040.</p> <p><b>Growth:</b> 3% annual average growth</p>
Gas Tax Subventions (Sec. 2103-2107.5) and SB1 Road Maintenance and Rehabilitation Account (Sec. 2031)	<p><b>Base Year:</b> 2018</p> <p><b>Key Assumptions:</b> Subventions will continue to flow to cities and counties based on existing formulas.</p> <p><b>Growth:</b> 1% annual average growth</p>
Other Local Funds	<p><b>Base Year:</b> 2017</p> <p><b>Key Assumptions:</b> Based on 19-year historic 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 Contributions	<p><b>Base Year:</b> 2017</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> 2% annual average growth</p>
Transit Fare revenues	<p><b>Base Year:</b> 2017</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 to \$1.24 by 2040 (in 2019 dollars).</p>
Roadway User Fees	<p><b>Base Year:</b> N/A</p> <p><b>Key Assumptions:</b> Net revenue captured from roadway user fees including tolling and mileage-based fees that would replace the fuel tax. Revenues based on vehicle miles traveled on the region’s roadways. For estimating purposes, fees vary by location and time of day. The mileage-based user fee would replace the current gasoline tax and is estimated to range from 1 to 4 cents per mile.</p>



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

	FFY 2019- 2024	FFY 2025- 2030	FFY 2031- 2035	FFY 2036- 2040	Total
<b>Federal</b>					
<b>Federal Highway</b>					
Congestion Mitigation and Air Quality - (CMAQ)	\$181	\$216	\$206	\$233	\$835
Regional Surface Transportation Program - (RSTP)	\$195	\$227	\$217	\$245	\$885
<b>Federal Transit</b>					
-FTA 5307 - Urbanized Area Formula Program	\$206	\$233	\$223	\$252	\$914
-FTA 5309 - Capital Investment Grants	\$100	\$186	\$352	\$77	\$716
-FTA 5310 - Elderly and Disabled Specialized Transit Program	\$9	\$10	\$10	\$11	\$41
-FTA 5311 - Rural Transit Assistance Program	\$11	\$13	\$12	\$14	\$50
-FTA 5337 - State of Good Repair	\$74	\$81	\$78	\$88	\$320
-FTA 5339 - Bus and Bus Facilities	\$17	\$19	\$18	\$20	\$74
-Small Transit Intensive Cities	\$10	\$11	\$11	\$12	\$44
<b>Other Federal Programs</b>					
Highway Bridge Program	\$235	\$226	\$215	\$244	\$920
Highway Safety Improvement Program	\$63	\$70	\$67	\$76	\$276
Other Federal	\$128	\$148	\$141	\$160	\$577
<b>Federal Subtotal</b>	<b>\$1,229</b>	<b>\$1,441</b>	<b>\$1,550</b>	<b>\$1,432</b>	<b>\$5,652</b>
	FFY 2019- 2024	FFY 2025- 2030	FFY 2031- 2035	FFY 2036- 2040	Total
<b>State</b>					
<b>State Highway Operations and Protection Program - (SHOPP)</b>	\$2,037	\$2,127	\$1,872	\$1,968	\$8,005
<b>State Transportation Improvement Program - (STIP)</b>					
-Interregional - IIP	\$20	\$70	\$62	\$65	\$217
-Regional - RIP	\$133	\$209	\$186	\$196	\$724
<b>State Cap and Trade Program</b>	\$116	\$201	\$219	\$280	\$817
<b>State Transit Assistance (99313 &amp; 99314)</b>	\$133	\$139	\$123	\$129	\$524
<b>State Transit Assistance (State of Good Repair)</b>	\$21	\$22	\$19	\$20	\$83
<b>Active Transportation Program</b>	\$125	\$139	\$133	\$151	\$548
<b>State Discretionary</b>	\$91	\$100	\$93	\$103	\$388
<b>State Subtotal</b>	<b>\$2,677</b>	<b>\$3,008</b>	<b>\$2,708</b>	<b>\$2,912</b>	<b>\$11,305</b>

	FFY 2019- 2024	FFY 2025- 2030	FFY 2031- 2035	FFY 2036- 2040	Total
<b>Local</b>					
<b>Sales Tax</b>					
-Local Transportation Fund (LTF)	\$662	\$790	\$775	\$898	\$3,125
-Sacramento County Measure A - (1/2%)	\$798	\$953	\$934	\$1,083	\$3,767
-Sacramento County New Measure A - (1/2%)	\$0	\$879	\$934	\$1,083	\$2,896
-Placer County Sales Tax - (1/2%)	\$0	\$410	\$391	\$442	\$1,243
<b>Gas Tax Subventions (Sec. 2103-2107.5)</b>	\$623	\$764	\$682	\$717	\$2,787
<b>SB1 Road Maintenance and Rehabilitation Account (Sec. 2031)</b>	\$673	\$904	\$807	\$848	\$3,232
<b>Other Local Funds</b>	\$1,247	\$1,405	\$1,305	\$1,441	\$5,399
<b>Developer Contributions</b>	\$606	\$669	\$622	\$687	\$2,584
<b>Transit Fares</b>	\$340	\$457	\$536	\$752	\$2,086
<b>Roadway User Fees</b>	\$0	\$178	\$959	\$1,085	\$2,222
<b>Local Subtotal</b>	<b>\$4,950</b>	<b>\$7,410</b>	<b>\$7,945</b>	<b>\$9,036</b>	<b>\$29,340</b>
<b>Federal, State, and Local Total</b>	<b>\$8,855</b>	<b>\$11,859</b>	<b>\$12,203</b>	<b>\$13,380</b>	<b>\$46,297</b>

## Attachment B: Revenue Projections (in millions of 2019 Dollars)

	FFY 2019- 2024	FFY 2025- 2030	FFY 2031- 2035	FFY 2036- 2040	Total
<b>Federal</b>					
<b>Federal Highway</b>					
Congestion Mitigation and Air Quality - (CMAQ)	\$170	\$175	\$146	\$146	\$636
Regional Surface Transportation Program - (RSTP)	\$183	\$184	\$153	\$153	\$674
<b>Federal Transit</b>					
-FTA 5307 - Urbanized Area Formula Program	\$194	\$189	\$157	\$157	\$698
-FTA 5309 - Capital Investment Grants	\$95	\$145	\$249	\$51	\$541
-FTA 5310 - Elderly and Disabled Specialized Transit Program	\$9	\$8	\$7	\$7	\$31
-FTA 5311 - Rural Transit Assistance Program	\$11	\$10	\$9	\$9	\$38
-FTA 5337 - State of Good Repair	\$70	\$66	\$55	\$55	\$245
-FTA 5339 - Bus and Bus Facilities	\$16	\$15	\$13	\$13	\$56
-Small Transit Intensive Cities	\$9	\$9	\$8	\$8	\$33
<b>Other Federal Programs</b>					
Highway Bridge Program	\$222	\$183	\$152	\$152	\$710
Highway Safety Improvement Program	\$59	\$57	\$47	\$47	\$211
Other Federal	\$120	\$120	\$100	\$100	\$440
<b>Federal Subtotal</b>	<b>\$1,157</b>	<b>\$1,162</b>	<b>\$1,096</b>	<b>\$898</b>	<b>\$4,313</b>
	FFY 2019- 2024	FFY 2025- 2030	FFY 2031- 2035	FFY 2036- 2040	Total
<b>State</b>					
<b>State Highway Operations and Protection Program - (SHOPP)</b>	\$1,932	\$1,725	\$1,325	\$1,231	\$6,214
<b>State Transportation Improvement Program - (STIP)</b>					
-Interregional - IIP	\$18	\$56	\$44	\$41	\$159
-Regional - RIP	\$125	\$169	\$132	\$122	\$548
<b>State Cap and Trade Program</b>	\$108	\$163	\$155	\$175	\$601
<b>State Transit Assistance (99313 &amp; 99314)</b>	\$125	\$113	\$87	\$81	\$405
<b>State Transit Assistance (State of Good Repair)</b>	\$20	\$18	\$14	\$13	\$64
<b>Active Transportation Program</b>	\$118	\$113	\$94	\$94	\$419
<b>State Discretionary</b>	\$85	\$81	\$66	\$64	\$297
<b>State Subtotal</b>	<b>\$2,532</b>	<b>\$2,438</b>	<b>\$1,917</b>	<b>\$1,821</b>	<b>\$8,708</b>

<b>Local</b>	<b>FFY 2019- 2024</b>	<b>FFY 2025- 2030</b>	<b>FFY 2031- 2035</b>	<b>FFY 2036- 2040</b>	<b>Total</b>
<b>Sales Tax</b>					
-Local Transportation Fund (LTF)	\$621	\$640	\$548	\$561	\$2,370
-Sacramento County Measure A - (1/2%)	\$749	\$771	\$660	\$677	\$2,858
-Sacramento County New Measure A - (1/2%)	\$0	\$708	\$660	\$677	\$2,045
-Placer County Sales Tax - (1/2%)	\$0	\$332	\$277	\$277	\$885
<b>Gas Tax Subventions (Sec. 2103-2107.5)</b>	\$585	\$619	\$483	\$449	\$2,136
<b>SB1 Road Maintenance and Rehabilitation Account (Sec. 2031)</b>	\$629	\$732	\$571	\$531	\$2,463
<b>Other Local Funds</b>	\$1,172	\$1,138	\$923	\$901	\$4,135
<b>Developer Contributions</b>	\$570	\$542	\$440	\$429	\$1,982
<b>Transit Fares</b>	\$319	\$370	\$378	\$469	\$1,536
<b>Roadway User Fees</b>	\$0	\$136	\$678	\$678	\$1,492
<b>Local Subtotal</b>	<b>\$4,645</b>	<b>\$5,989</b>	<b>\$5,619</b>	<b>\$5,648</b>	<b>\$21,901</b>
<b>Federal, State, and Local Total</b>	<b>\$8,334</b>	<b>\$9,589</b>	<b>\$8,632</b>	<b>\$8,367</b>	<b>\$34,922</b>