NATIONAL CAPITAL REGION TRANSPORTATION PLANNING BOARD

Item 11

Financially Constrained

Long-Range Transportation Plan

For the National Capital Region

CLRP 2014

FINANCIAL ANALYSIS

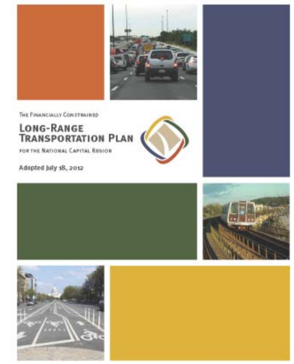
Presentation to the Transportation Planning Board

September 17, 2014

Structure of Presentation

- Federal Requirement
- Methodology
- WMATA Expenditures and Core Capacity Constraint
- Draft Revenues and Expenditures for 2015 – 2040
- Comparison of 2014 and 2010 Analyses
- Next Steps

Federal Requirement



A constrained financial analysis for the long-range transportation plan (CLRP) has been a requirement of the Federal planning regulations since 1991 (ISTEA), and continues under MAP-21.

Federal planning regulations require:

- A financial plan that demonstrates how the adopted CLRP can be implemented.
- The forecast revenues which are reasonably expected to be available must cover the estimated costs of adequately maintaining and operating and of expanding the highway and transit system in the region.
- All revenue and cost estimates are to be shown in year of expenditure (YOE) dollars.

The 2014 analysis uses the framework of the 2010 analysis. TPB staff worked with staff from DDOT, MDOT, VDOT, WMATA, and local agencies to prepare an analysis for the period 2015 to 2040.

Methodology

1. For the near-term years, agencies use revenue and expenditure budgets already prepared for the TIP and Capital Improvement Plans (CIPs). In most cases these cover the next five years to 2019.
2. For the years beyond (2020 through 2040), revenues are estimated from extrapolation of past trends as well as assumptions about future increases. Expenditures are developed from project costs in the CLRP as well as extrapolated costs for maintenance and operations.
3. Estimated inflation rates are applied to convert estimates of revenues and expenditures to year of expenditure (YOE) dollars.
   – A 2.5% inflation rate means that \$1.00 in 2014 = \$1.90 in 2040 (or \$1 in 2040 is equivalent to \$0.53 in 2014). This leads to projects in the later years (e.g., the 2030s) appearing to have much larger “price-tags”.

Key Revenue Assumptions

1. Federal Revenues, which go to States and WMATA
   – Assumption that Federal funding will remain constant in real terms. This is a departure from historical increases in funding.
2. DC Revenues
   – Most of DC revenues come from general tax revenues and Federal allocations. Some increases in general revenues are forecast.
3. Maryland Revenues
   – New tax revenues at state level, but reduced Federal share and no major changes in local funds.
4. Virginia Revenues
   – New tax revenues at the local and regional level (NVTA Funds); some reductions in state and Federal funds.
5. WMATA Revenues
   – Fare revenues cover about 55% of operating costs. Overall, WMATA is funded: 13% Federal, 46% State and local, and 41% fare revenue.
   – Assumption that PRIIA funding ($150M/year federal, matched by DC-MD-VA) set to expire in 2019 will be extended through 2040.

WMATA Expenditures and the Core Capacity Constraint

A State of Good Repair (SGR) for the WMATA transit system is critical to the region's transportation network.

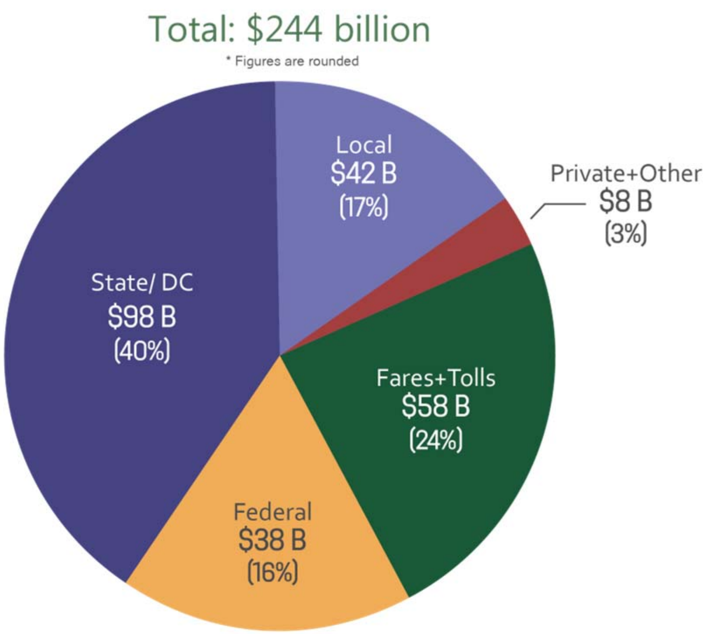
- In the development of the financial analysis, funding agencies identified funding to meet anticipated SGR needs for WMATA through 2040.
- Funding for core capacity expansion projects, as outlined in WMATA's Metro 2025 program, was not identified. These projects include 100% 8-car trains, the complementary power and support infrastructure, and core station capacity improvements.

To account for limits to Metrorail capacity, the travel demand model used for the air quality conformity determination analysis includes a transit capacity constraint (first employed in 2000).

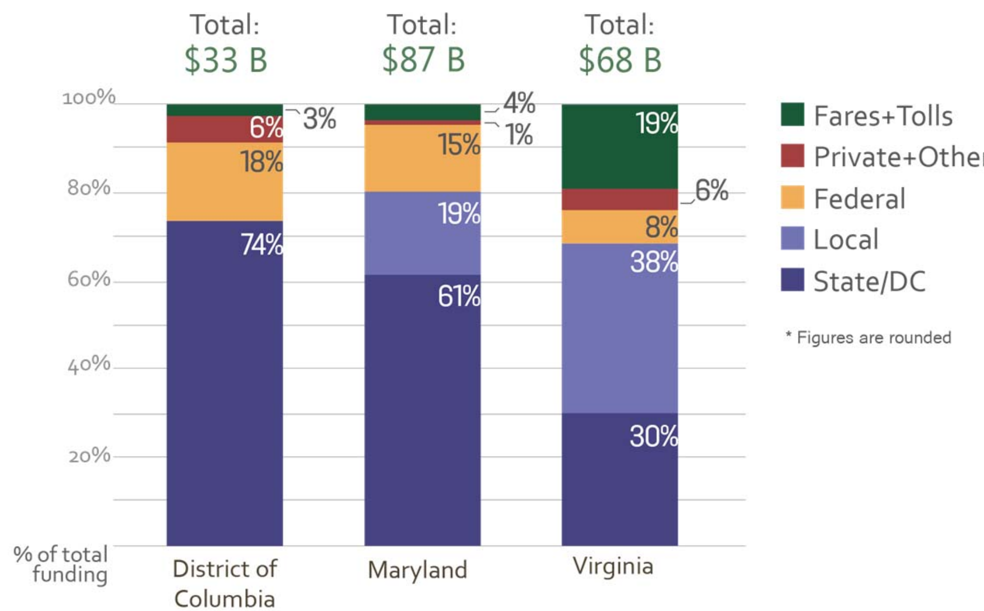
- The transit capacity constraint "caps" Metrorail ridership to and through the downtown core to 2020 levels in subsequent years.
- The transit capacity constraint assumed in 2010 will remain in effect for the 2014 analysis.

Draft CLRP Revenues (2015 – 2040)

CLRP Revenues (2015 – 2040)

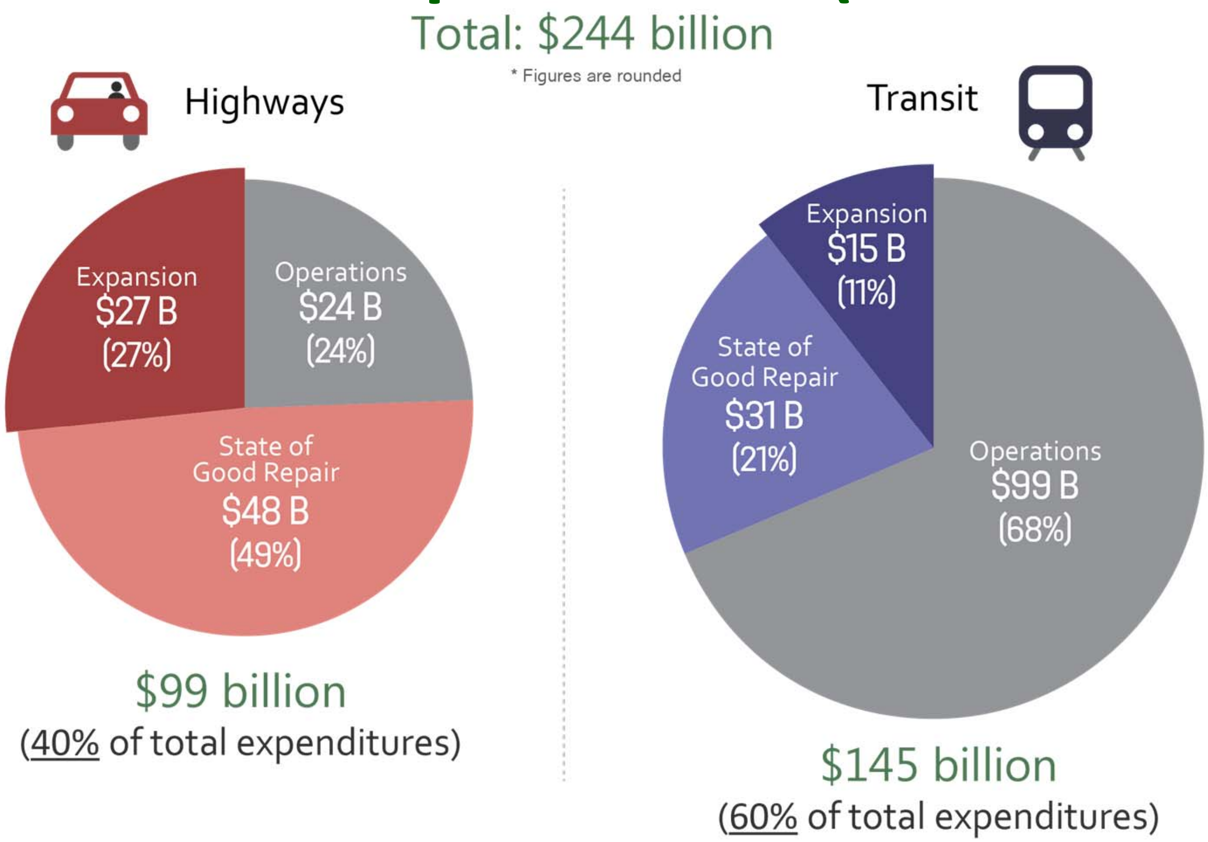


CLRP Revenues by State (2015 – 2040)
(Does not include WMATA federal or fare revenues)



- The majority of funding occurs at the state and local level, followed by federal funding and user fees (fares + tolls).
  - Increased revenues in DC, MD, and VA from the recent legislative actions are forecast to exceed reduced Federal contributions.
- The above figures are in year of expenditure dollars. In 2014 dollars, the total is approximately $171 Billion ($6.5 billion annually).

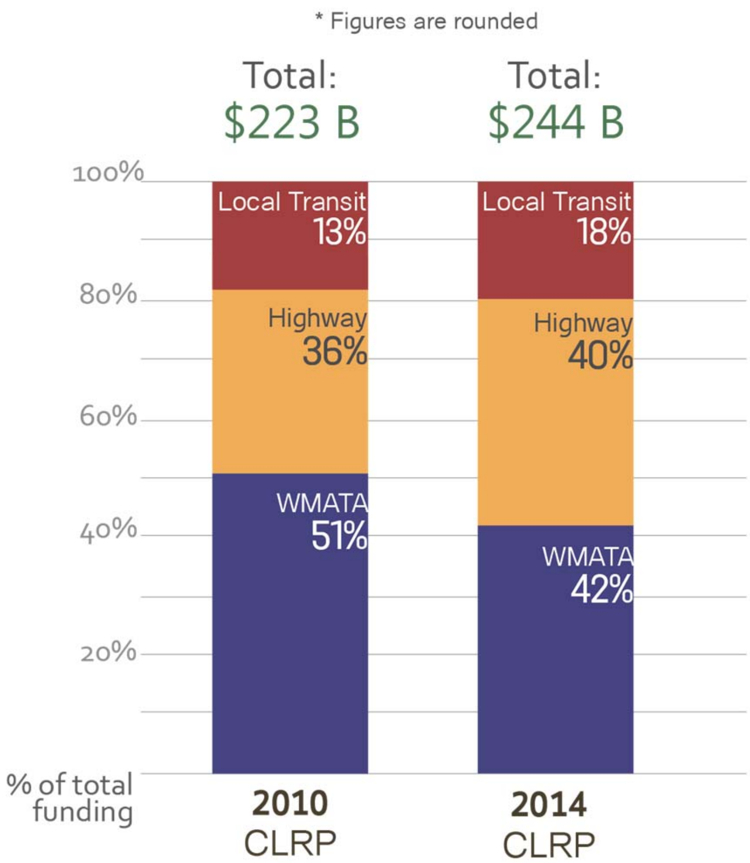
Draft CLRP Expenditures (2015 – 2040)



Expenditures for WMATA make up 70% of transit expenditures

- The majority of future transportation revenues are devoted to the operation and maintenance of the current transit and highway systems.
- Approximately 17% of funds would be for capacity expansion ($42 Billion), both highway and transit.
- Approximately 42% of funds would be for WMATA's operating and capital needs ($101.5 Billion). The capital funds are primarily for State of Good Repair.

Comparison of 2014 and 2010 Analyses



The 2014 analysis considers 26 years (2015-2040) versus the 30 years included in the 2010 analysis (2011-2040).

- Total revenues and expenditures are up (9%) despite the shorter timeframe and reduced inflation rate assumptions.
- Transit expenditures are up slightly overall (2%), with a shift towards local transit spending.
- Highway expenditures are up (21%), reflecting the increased costs of capital projects.

Next Steps for the 2014 CLRP

The Financial Analysis demonstrates that the forecast revenues are reasonably expected to be available to implement the 2014 CLRP.

- Demonstrates the region's commitment to maintaining a State of Good Repair for highways and public transportation systems.
- Provides for operations and maintenance of the existing transportation system.
- Provides for limited capacity expansion to address forecasted growth in the region's population and economy.

The TPB will be asked to approve the 2014 CLRP at the October 15 TPB meeting, which includes the Financial Analysis.

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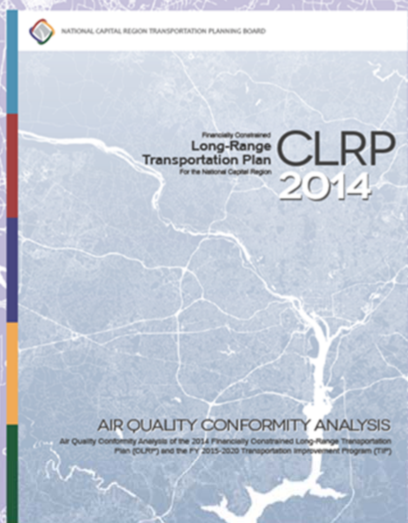

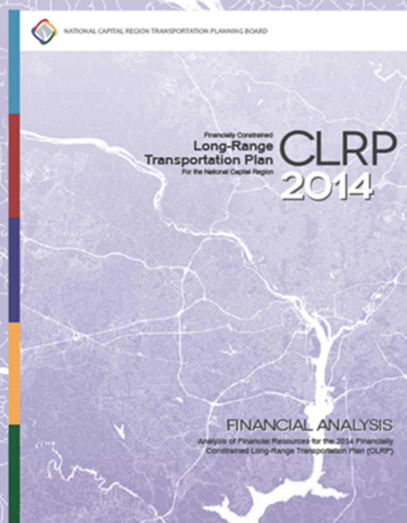

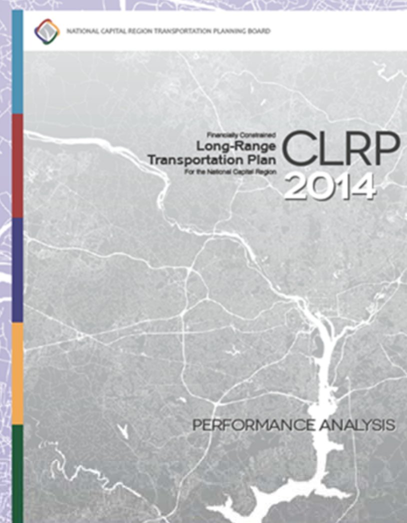

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