

Initial Overview of the Draft Financial Analysis for the 2014 CLRP

TPB Technical Committee
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Eric Randall, DTP





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Background

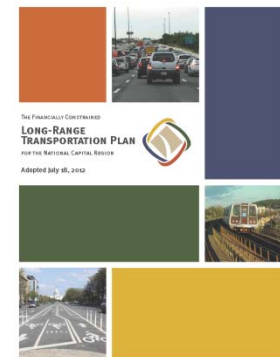
A constrained financial analysis for the long-range transportation plan (CLRP) has been a requirement of the Federal planning regulations since 1991 (ISTEA).

- TPB staff using consultant assistance have prepared a financial analysis since 1993.

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.

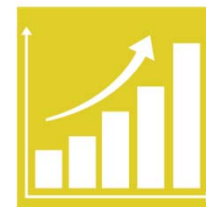
Federal Requirement



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.

Methodology



1. For the near-term years, agencies use revenue and expenditure budgets already prepared for TIPs 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% inflation rate means that \$1.00 in 2014 = \$1.67 in 2040 (or \$1 in 2040 is equivalent to \$0.60 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. 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 change is anticipated.
3. Maryland Revenues
 - New tax revenues at state level, but fewer Federal funds and no major changes in local funds.
4. Virginia Revenues
 - New tax revenues at the local level; some reductions in state and Federal funds.
5. WMATA Revenues
 - From farebox, cover about 45% of operating costs (28% of all costs).
 - 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.

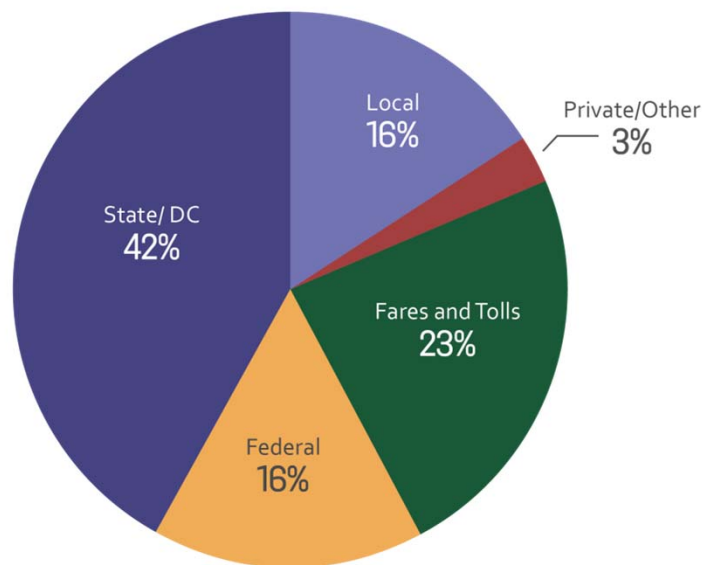
To account for limits to Metrorail capacity, the travel demand model used for the air quality conformity determination analysis includes a transit capacity constraint (first employed in 2000).

- 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.

Preliminary Draft CLRP Revenues and Expenditures (2015 – 2040)

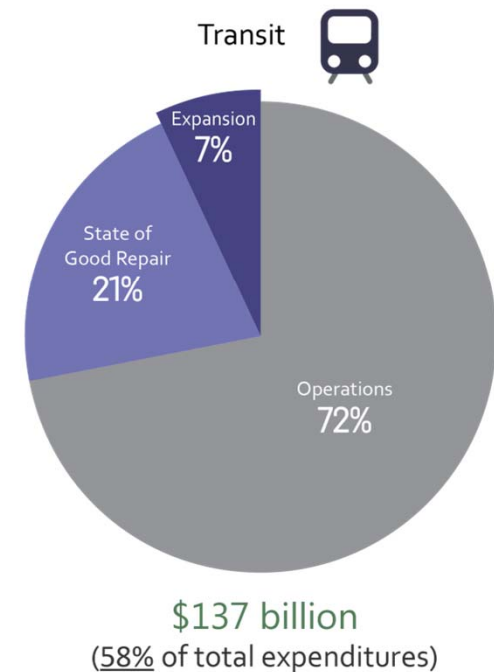
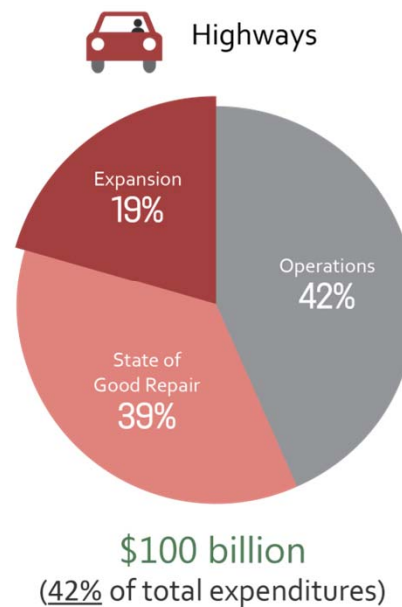
CLRP Revenues, 2015-2040

Total: \$237 billion



CLRP Expenditures, 2015-2040

Total: \$237 billion



- The majority of future transportation revenues are devoted to the operation and maintenance of the current transit and highway systems.
- Approximately 12% of funds would be for capacity expansion (\$29 Billion)

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 (6%) despite the shorter timeframe and reduced inflation rate assumptions.
 - Flatter Federal revenues are offset by increased funding by DC, MD, and VA.
- Transit expenditures are down slightly (-3%), due to the shorter timeframe, completion of Dulles Rail Phase One, and long-term assumptions about reduced growth in costs.
- Highway expenditures are up (22%), reflecting the increased costs of SGR and already planned capacity expansion.

Next Steps for the 2014 CLRP

The Draft Financial Analysis report will be relapsed for public comment and presented to TPB in September, along with the Draft CLRP, TIP, and Conformity Assessment. TPB approval is scheduled for the October 15 TPB meeting.

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

- Shows 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.

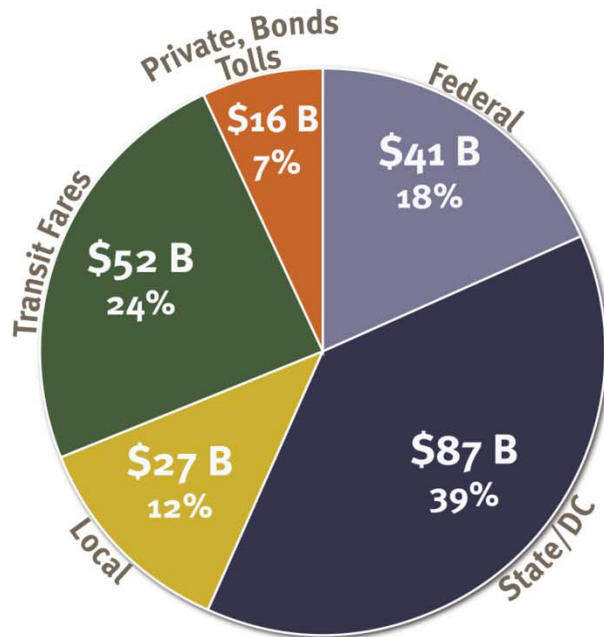
Questions?



CLRP Revenues and Expenditures (2011 – 2040)

Revenues by Funding Source, 2011-2040

\$222.9 Billion



CLRP Expenditures, 2011-2040

\$222.9 Billion

