

Analysis of Financial Resources for the 2010 Financially Constrained Long Range Transportation Plan for the Washington Region

Scope of Work

Background

Beginning in September 1994 the National Capital Region Transportation Planning Board (TPB) adopted the first financially constrained Long-Range Transportation Plan (CLRP) for the Washington Region. The CLRP is financially feasible by containing only those programs and projects for which funding can reasonably be expected, once the costs of maintaining and operating the current system are considered.

The 1994 CLRP was based upon a 1993 financial analysis¹ conducted to inform the planning process. The 1993 analysis compared the annual costs of constructing, maintaining, and operating the transportation system through the plan period with annual revenues from existing and proposed funding sources dedicated to transportation uses for the same period.

For the 1997 CLRP another financial analysis² was conducted to incorporate changes to the CLRP, update the cost and revenue projections, and advise the TPB on steps required to maintain the CLRP's balance between costs and revenues. In 1998 the enactment of the Transportation Equity Act for the 21st Century (TEA-21) increased federal funding for highways and transportation. Thus, in early 1999, the 1997 financial analysis was updated³ to incorporate changes in federal and state revenue projections for use in updating the 1999 CLRP and to establish the baseline funding for the projects and actions for the 2000 update of the CLRP.

For the 2000 CLRP analysis, the state and local transportation agencies worked closely with a consultant to coordinate the assumptions and methodologies used to make the 25-year forecasts of revenue and expenditures. The extensive financial analysis and the project submissions were reviewed by the TPB Technical Committee and the TPB at work sessions and meetings during the spring of 2000⁴.

For the 2003 CLRP another financial analysis⁵ was conducted to incorporate changes to the CLRP, update the cost and revenue projections, and advise the TPB on steps required to maintain the CLRP's balance between costs and revenues. The 2003 CLRP was adopted by the TPB in December 2003.

For the 2006 CLRP another financial analysis was conducted to update the cost and revenue projections, and advise the TPB on steps required to maintain the CLRP's balance between costs and revenues. The 2006 CLRP was adopted by the TPB in October 2006.⁶

Preparation of the New Financial Analysis for the 2010 CLRP

Federal regulations previously required that the CLRP be updated at least once every three years, however, under the July 2007 Federal Rules and Regulations, the CLRP must be updated at least once every four years. In preparation for the next comprehensive update of the plan which will be adopted in July 2010, a new financial analysis will be performed in early 2009.

This new financial analysis will extend from 2007 to 2040—a 34-year time period. The development of the analysis will involve the following:

- C The consultant will review past trends and inflation rates for transportation, operations, maintenance, and capital costs in the region and work with the implementing agencies to document all inflation factors that are used for the cost and revenue estimates in the financial analysis.
- C The annual costs to operate and maintain the Washington region's existing transportation system (highway, HOV, transit—including bus, rail and commuter rail— bicycle and pedestrian) will be estimated by jurisdiction for the year 2007 and forecast in year of expenditure and constant dollars through the year 2040.
- C The annual revenue from federal, state, and local governments, private funding sources dedicated to transportation uses, and transit fares will be estimated for the current year and forecast in year of expenditure and constant dollars through the year 2040.
- C The capital and operating costs in year of expenditure and constant dollars to build, operate, and maintain existing and potential new transportation projects and strategies in the 2010 CLRP will be estimated.
- C The potential annual revenue from potential new funding mechanisms to be made available for the transportation priorities in the 2010 CLRP will be estimated for the current year and forecast in year of expenditure dollars and constant dollars and through the year 2040.

Consultant Support Required

Consultant support will be required for the following tasks:

Task 1: Document Inflation Factors Used in Analysis

The consultant will describe the major factors (e.g. petroleum-based products) that affect transportation, operations, maintenance, and capital costs inflation. The consultant will review past trends and inflation rates for transportation, operations, maintenance, and capital costs in the region and work with the implementing agencies to document all inflation factors that are used for the cost and revenue estimates in the analysis.

Task 2: Update Operation/Preservation Cost Estimates for the Existing Transportation System

Using published information and other sources, through consultation with public agencies, and considering life cycle costs, the consultant will prepare estimates of the operating and maintenance costs for the most recent year available (2007) for the region's existing highway and transit systems and for bicycle and pedestrian facilities. Both operating and maintenance costs will be estimated for each system by state, the District of Columbia, and by county or city. Past trends in these costs will be identified, and the future annual operating and maintenance costs forecast (in year of expenditure and constant dollars) over the period of 2007 through 2040. The consultant will compare the new results to the corresponding results obtained in the 2006 financial analysis. A technical memorandum documenting the results of this task will be delivered to COG.

Task 3: Update Revenue Estimates from Current Funding Sources

Using published information and other sources, through consultation with public agencies, and considering the state and federal data in the 2006 financial analysis, the consultant will prepare estimates of revenues from the federal, state, and local governments, including cities, counties and regional authorities; private contributions from developers, and transit fares and tolls dedicated to transportation uses in the region for the most recent year (2008). Revenue sources dedicated to particular elements of the system, such as highway or transit, will be identified. Past trends in these revenues will be identified, and the future annual revenues forecast (in year of expenditure and constant dollars) over the period of 2009 through 2040. The consultant will compare the new results to the corresponding results obtained in the 2006 financial analysis. A technical memorandum documenting the results of this task will be delivered to COG.

Task 4: Update Annual Cost Estimates for Expanding the Transportation System

The 2006 CLRP includes capital and operating cost estimates (and the completion years) for the expansion projects and facilities in the plan. These cost estimates were provided by the state DOTs, the DC Department of Public Works, the Washington Metropolitan Area Transit Authority (WMATA), and local jurisdiction agencies in the region. These agencies will be asked to provide the capital and operating cost estimates for the transportation projects and priorities proposed for the 2010 update of the CLRP. The consultant will review all available project cost data and recommend refinements where necessary. The consultant will consider "cash flow" requirements and then prepare annual estimates of the capital and operating costs of all new facilities (in year of expenditure and constant dollars) over the period of 2010 through 2040. The consultant will compare the new results to the corresponding results obtained in the 2006 financial analysis. A technical memorandum documenting the results of this task will be delivered to COG.

Task 5: Prepare Revenue Estimates for New Funding Mechanisms

Significant new revenues from enhanced funding mechanisms and new revenue sources will be needed to include new, additional transportation priorities in the 2010 CLRP. The consultant will review potential regional revenue sources and estimate future yields through 2040. The potential sources of revenues to be considered include the entire range of transportation user fees, including gasoline taxes, vehicle miles traveled (VMT) taxes, parking fees, conventional tolls, high occupancy/toll (HOT) lanes, and vehicle registration fees. Other potential sources of revenue to be considered include the range of non-user fees such as income and sales taxes, or other mechanisms. A technical memorandum documenting the results of this task will be delivered to COG.

Task 6: Prepare Final Report on Financial Plan for 2010 CLRP

The consultant will prepare a final report based upon the results of tasks 1 through 5. In accordance with July 2007 federal transportation planning regulations, the report will provide the financial information necessary for updating the 2010 CLRP.

Meetings

In support of this work, the consultant will be required to attend meetings of and make presentations and/or progress reports to a technical steering group, the TPB Technical Committee, and the TPB, as necessary during the course of the work.

Work Schedule

Assuming the work begins by November 1, 2008, the consultant is to complete tasks 1, 2, and 3 by March 1, 2009 and tasks 4 and 5 by April 1, 2009. The draft final report is due by May 1, 2009 and the final version by June 30, 2009.

Project Cost and Consultant Selection

The total funding available for this project is \$100,000. Key factors in the selection will be consultant experience in forecasting transportation revenue sources for metropolitan areas, estimating transportation capital and operating costs, and long range financial planning and analysis.

References to Previous Financial Analyses:

1. Price Waterhouse LLP, *Estimating Financial Resources for Transportation in the Washington Area: Surface Transportation Costs and Funding (1993-2010)*, prepared for the TPB November 1993.
2. Price Waterhouse LLP, *1997 Update Analysis of Financial Resources for the Constrained Long Range Plan*, prepared for the TPB November 1997.

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3. Cambridge Systematics, Inc., *1999 Update Analysis of Financial Resources for the Constrained Long Range Plan*, prepared for the TPB April 1999.
 4. Cambridge Systematics, Inc., *Analysis of Resources for the Financially Constrained Long Range Transportation Plan for the Washington Area*, prepared for the TPB, October 2000.
 5. Cambridge Systematics, Inc., *Financial Analysis for the 2003 Constrained Long Range Transportation Plan (CLRP) for the Washington Area*, prepared for the TPB, July 2003.
 6. Cambridge Systematics, Inc., *Analysis of Resources for the 2006 Financially Constrained Long-Range Transportation Plan for the Washington Region*, prepared for the TPB, September 2006.