



Memorandum

TO: TPB Technical Committee

FROM: Arlee Reno, Cambridge Systematics
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DATE: September 28, 2005

RE: Status of 2006 CLRP Financial Plan Update

I. Introduction

The financial analysis is underway in preparation of 2006 Constrained Long Range Plan (CLRP) update. The purpose of this memorandum is to summarize the progress to date and next steps.

II. Status of the Project

A kick-off meeting of the Financial Working Group was held on July 19, 2005. The goal of the meeting was to:

- establish the overall process and schedule,
- define the relationship between the financial analysis of the 2006 CLRP to the 2003 CLRP analysis,
- review revenue and cost data already available from the 2003 CLRP, and
- identify updated revenue and expenditure data.

The second meeting of the Financial Working Group was held on September 27, 2005 to review the status of the updated revenue data and agree on the next steps.

To date, the consultant team has met with staff from District Department of Transportation (DDOT), Maryland Department of Transportation (MDOT) and Virginia Department of Transportation (VDOT) as well as the local jurisdictions to discuss and develop the overall update process and to identify analysis issues needing agreement and resolution. The local jurisdiction staff is working cooperatively with their respective state DOT staff to reconcile assumptions and forecasts. Discussions were also held with Washington Metro Area Transit Agency (WMATA) staff.

The staff from each DOT reported on their efforts to identify and incorporate the implications of SAFETEA-LU and other potential new sources of revenues (e.g., the proposed Davis Bill for WMATA funding, possible new toll/HOT Lane facilities in MD and VA, and other revenue sources under consideration at DDOT). The consensus at the Working Group meeting was that

new funding for WMATA in the Davis Bill will be identified in the analysis, but that the Transportation Planning Board (TPB) will decide in March or April whether the additional \$3 billion would be “reasonably assumed to be available” for inclusion in the expected new revenues.

The Working Group also requested the DOTs and WMATA to review and update all of the 2005 CLRP and TIP project cost data that is in the current TPB database. Since project costs and other information in the CLRP and TIP are accessible to the public and interest groups, greater efforts by TPB and DOT staff will be necessary to make sure that information is fully documented and updated.

The Working Group also discussed the financial “big picture” to be presented in the solicitation document for the 2006 CLRP. It was agreed that the vast majority of future transportation revenues will be devoted to the maintenance and operations of the current transit and highway systems. The group also concluded that for this update no significant sources of new revenues would be anticipated. This means that if a new project is considered for inclusion in the CLRP, a project specific funding plan with identified revenue sources will be required.

Similar to the 2003 Update, the anticipated products of the financial analysis of the plan will include:

- Projections in constant 2005 dollars (uninflated dollars) of revenues and expenditures through 2030 for the total region, Suburban Maryland, Northern Virginia and the District of Columbia by mode and category;
- A discussion of issues faced by agencies in terms of the timing of revenues;
- A discussion of newly emerging issues such as the implications of future downward trends in fuel tax yields and other shifts in historical experience, expected imbalances in out years of the SAFETEA-LU; and
- Potential new sources of revenues such as tolls and HOT lanes.

Expected Process and Schedule for Revenue and Expenditure Data

Suburban Maryland

- MDOT staff will provide preliminary revenue and expenditure forecasts in mid to late October 2005. Starting with TEA-21 appropriations as the baseline (MDOT will NOT be using the SAFETEA-LU appropriations as the baseline at this stage of the analysis since they have decided to wait until December 2005 to forecast these appropriations).
- MDOT staff will estimate future federal highway revenues extrapolated with the help of past trends in revenue growth.
- Maryland local jurisdictions will develop their forecasts with the assistance of CS.

Northern Virginia

- VDOT staff is coordinating all Northern Virginia inputs and will have preliminary estimates by late October 2005.
- VDOT will include local VA governments’ estimates in its submission (Staff from VDOT and the jurisdictions are scheduled to meet within the next few days to coordinate this effort).

- VDOT future federal funding estimates will be based on the state's forecast of fuel sales in the future. In addition, they will examine which elements of SAFETEA-LU funding programs are firm or detailed enough for inclusion in the federal revenue forecasts. VDOT will examine Cambridge Systematics' latest work (for the Chamber of Commerce) on future federal funding based on SAFETEA-LU since its methodology appears to be similar to that used by VA.
- VDOT will use the latest FY06-11 state Six Year Improvement Program as the basis to estimate state future revenues. The analysis will ascertain that the revenue forecasts provided for the NoVA 2006 CLRP are consistent with the Statewide Plan document (VTrans2025).
- VDOT also recognizes that Northern Virginia will identify more revenues in the 2006 Update compared to the 2003 CLRP due to:
 - increased tolls on the Dulles Toll Road,
 - an extended period of toll collection (the 2003 CLRP assumed tolls would end in 2016),
 - the Capital beltway HOT lane project, and
 - forecasts provided by VRE that show higher revenues and expenditures than in 2003.

District of Columbia

- DDOT staff expects to have preliminary revenue estimates completed by mid-October.
- DDOT plans to use SAFETEA-LU allocation levels as the basis for future year federal revenue forecasts. Staff proposes to use obligation levels (around 90 or 92%) rather than the full allocations levels as the baseline.
- For the 2006 Update, the District is expected to show increased local revenues compared to 2003 CLRP because DDOT is shifting to a more of revenue oriented agency. Some of the new local revenues include:
 - parking,
 - vehicle registration,
 - other fees and private sector initiatives (including \$150 million from bus stop advertising for a Grand Streets program).

WMATA

- WMATA staff expects to have preliminary revenue and expenditure estimates by mid-October (with board approved numbers to come later).
- WMATA plans to use its Capital Program as the basis for forecasting Capital, Operations & Maintenance expenditures.
- WMATA will ensure that the revenue and cost estimates are consistent with Dulles Rail Plan (Phase 1) recently submitted to FTA for New Starts funding. Dulles Rail Phase 2 estimates will be added to these tables since the plan submitted to FTA did not include this phase.
- Also included will be the needs from the Capital Improvement Program that are not funded by the Metro Matters agreements and SAFETEA-LU allocations.
- WMATA staff noted that the capital, O&M estimates would reflect 8-car trains.
- WMATA estimates will identify subsidy revenues expected from the three states, individually, after accounting for Federal & Other funding.

III. Next Steps

- MDOT, VDOT, DDOT, and WMATA will finalize detailed preliminary revenue and operating and maintenance expenditure estimates in the needed formats and submit them to CS.
- CS will assist in finalizing Maryland local jurisdiction revenue and expenditures estimates.
- Local governments in Virginia are working through VDOT staff to provide estimates of revenues and expenditures.
- DDOT staff is working with internal agencies to finalize their preliminary estimates.
- WMATA staff is preparing preliminary numbers so that the state DOTs and local transit funding agencies can ensure the exact correspondence between WMATA and agency forecasts.
- CS will be reviewing and commenting on all interim data over the next four to six weeks.
- The CS consultant team will distribute the CS U.S. Chamber study forecasts of federal revenues as soon as the Chamber releases the report.

The next meeting of the Working Group is scheduled for November 1, 2005. The goal for this meeting is the complete development of preliminary revenue and expenditure numbers so they can be reviewed and discussed before the estimates are finalized. CS staff will summarize the information from the November 1, 2005 meeting and report the financial analysis at the November 4, 2005 Technical Committee meeting and the November 16, 2005 TPB meeting.