

## **ITEM 12 - Information**

July 16, 2003

### Report on the Financial Analysis for the 2003 Update to the Financially-Constrained Long Range Plan (CLRP)

#### **Staff**

**Recommendation:** Receive briefing on updated draft results of the financial analysis for the 2003 CLRP and on key issues that need to be addressed.

**Issues:** Funding estimated to be available for WMATA by state and local jurisdictions and agencies continues to be lower than requested by WMATA.

**Background:** At the April 16 and June 18 meetings, the TPB was briefed on the preliminary draft revenue and expenditure results of the financial analysis for the 2003 CLRP.

Under federal planning regulations a triennial update to the CLRP for the Washington region is required in 2003. A key element of this update is a financial analysis which reviews and updates projected transportation revenues and costs for operating, maintaining, and expanding the regional transportation system through 2030.



# Memorandum

**TO:** Transportation Planning Board

**FROM:** Arlee Reno, Kiran Bhatt

**DATE:** July 9, 2003

**RE:** Results of the Financial Analysis for the 2003 Constrained Long-Range Transportation Plan (CLRP)

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In preparation for the 2003 update of the CLRP, the technical part of the 2003 financial analysis is now completed. Significant policy issues remain to be resolved by the region.

This report summarizes the results to date of the technical analysis of the financial element of the constrained long range plan.

## I. Updated Results

Since the June briefing to the Board, the projected total revenues and expenditures have been updated. Current updated results are shown in attached draft Tables 1 and 2.

Tables 1 and 2 show a projected \$93.3 billion for the financially constrained long range plan of the region, for the period 2004 through 2030. Table 2 shows the projection of highway expenditures of \$36.9 billion, and transit expenditures of \$56.4 billion. Since the 2000 Update of the Constrained Long Range Plan, forecasted highway expenditures have declined on an annual basis and forecasted transit expenditures have increased. The percentage of expenditures allocated to transit in 2000 was 52 percent and in 2003 the percentage allocated to transit is 60 percent.

The tables are broken out by area: District of Columbia; Suburban Maryland; and Northern Virginia, with a few categories such as WMATA federal assistance and WMATA fares shown as regional.

## II. Unfunded Needs

There are unfunded needs for both highway and transit systems that are not included in any of the results shown, since the agencies have oriented this "constrained" financial

analysis to showing what can reasonably be expected to be funded in the period through 2030. Expenditures have generally been constrained to match available revenues, even though both highway and transit agencies have additional rehabilitation and expansion needs that cannot be funded with revenues currently expected to be available. In the case of WMATA explicit funding requests have been developed to reflect critical preservation, expansion, and system access and capacity requirements for maximizing system performance. The following section discusses these requests and relates them to available funding.

### III. Jurisdictional Funding Estimates and WMATA Funding Requests

The bottom of Table 2 shows the WMATA request for long term funding by category and jurisdiction. The long term funding estimated to be available by the jurisdictions is lower than the funding requested by WMATA:

	WMATA Request (Millions of 2003 Dollars)	Funding Available (Millions of 2003 Dollars)	Percent of WMATA Request Funded
Operating	\$32,797	\$30,934	94%
Preservation (IRP)	\$7,599	\$7,415	98%
System Expansion (SEP)	\$68	\$68	100%
System Access & Capacity (SAP)	\$2,800	\$2,063	74%
TOTAL	\$43,264	\$40,480	94%

With respect to operating subsidies, the total funding estimated to be available is 94 percent of the total requested by WMATA. In each annual budget process, the WMATA operating budget is agreed upon by WMATA and its funding agencies, with the operating subsidy and the available funding brought into balance. All jurisdictions have indicated that they will continue to fund WMATA’s operating subsidy as determined through this annual budget process.

With respect to preservation (IRP), the total funding estimated to be available is 98 percent of the total requested by WMATA over the 2004 - 2030 period. This is a significantly higher percentage than shown in the 2000 CLRP, where only 88 percent of WMATA’s IRP request was funded. As noted in the 2000 CLRP, however, WMATA has requested a substantial “ramp-up” in preservation funding beginning



in 2006. A critical issue still to be addressed is how these substantial increases in preservation funding can be made available to meet the cash flow requirements of this early ramp-up in preservation funding.

With respect to the remaining two funding categories, system expansion (SEP) and System Access and Capacity (SAP), 100 percent and 74 percent of WMATA's requested amounts are funded respectively. In the 2000 CLRP, no funding was provided for the system access and capacity category (previously labeled "accommodating ridership growth") which is aimed at providing the additional equipment and services needed to realize the maximum design capacity of the Metro system. This substantial increase in funding committed to system access and capacity for the new 2003 CLRP may provide the potential for some relaxation of the restraint on transit ridership in the current CLRP, under which transit ridership into and through the core area after 2005 is capped at 2005 levels.

#### **IV. Summary**

This is a financially constrained analysis, and does not indicate the jurisdictions' estimates for *needed* levels of expenditures on transportation programs. It must be recognized that this analysis presents aggregate expenditures and revenues over a 26-year period, from 2004 to 2030. Contained within these aggregate totals are critical short-term funding needs, such as the ramp-up requirements in WMATA's rehabilitation program, which call for substantially increased funding over the next six to ten years.

Many significant shortfalls in highway and transit revenues relative to needed expenditures have not been presented by the agencies due to the requirement that revenues match expenditures in the financial projections for the CLRP. The limited number of new highway and transit facilities and services included in the 2003 CLRP reflects the fact that the first priority for the use of available revenues has been assigned to maintaining, operating and maximizing the performance of the existing system. The inadequacy of the region's currently available funding to meet its growing transportation needs was documented in the TPB's Annual Report for The Year 2000: "Facing the Transportation Funding Crisis".



**Table 1 Revenues - Financially Constrained Long Range Plan (2004 - 2030)**

Millions of Constant 2003 Dollars

	District of Columbia	Suburban Maryland	Northern Virginia	Regional	TOTAL
Federal / State	\$10,151	\$26,981	\$15,593		\$52,725
Local Jurisdictions		\$4,255	\$6,258		\$10,513
Private / Tolls / Bonds	\$2,383	\$359	\$1,981		\$4,723
<i>Sub-Total</i>	\$12,534	\$31,595	\$23,832	\$0	\$67,961
Local Transit Fares		\$301	\$1,458		\$1,759
WMATA Fares / Others				\$14,985	\$14,985
<i>Sub-Total</i>	\$0	\$301	\$1,458	\$14,985	\$16,744
<i>WMATA Fed Preservation (IRP)</i>				\$5,486	\$5,486
<u>Special Federal</u>					
NY Avenue	(Incl. Above)				\$0
Largo Extension		\$141			\$141
Dulles Corridor			\$1,353		\$1,353
Other Transit					\$0
Woodrow Wilson Bridge		\$1,013	\$618	\$0	\$1,631
<i>Sub-Total Special Federal</i>	\$0	\$1,154	\$1,971	\$0	\$3,125
<b>GRAND TOTAL</b>	<b>\$12,534</b>	<b>\$33,050</b>	<b>\$27,262</b>	<b>\$20,471</b>	<b>\$93,317</b>

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**Table 2 Expenditures - Financially Constrained Long Range Plan (2004 - 2030)**

Millions of Constant 2003 Dollars

	District of Columbia	Suburban Maryland	Northern Virginia	Regional	TOTAL
<b>Highway</b>					
Operation / Preservation	\$4,323	\$10,600	\$7,259		\$22,182
Expansion	\$452	\$6,356	\$4,148		\$10,956
Other		\$97	\$1,116		\$1,213
Woodrow Wilson Bridge	(Incl. Above)	\$1,425	\$1,123		\$2,548
<b>Highway Sub-Total</b>	<b>\$4,775</b>	<b>\$18,478</b>	<b>\$13,646</b>	<b>\$0</b>	<b>\$36,899</b>
<b>Transit</b>					
Local / Commuter Rail		\$6,629			\$6,629
Operations & Preservation			\$3,918		\$3,918
Expansion			\$1,196		\$1,196
<i>Local / Commuter Rail Sub-Total</i>		\$6,629	\$5,114		\$11,743
<b>WMATA</b>					
Operating (1)	\$6,578	\$4,724	\$4,647	\$14,985	\$30,934
Preservation (IRP)	\$619	\$767	\$588	\$5,441	\$7,415
System Expansion (SEP)	\$4	\$4	\$15	\$45	\$68
System Access & Capacity (SAP)	\$558	\$973	\$532		\$2,063
<i>WMATA Sub-Total</i>	<i>\$7,759</i>	<i>\$6,468</i>	<i>\$5,782</i>	<i>\$20,471</i>	<i>\$40,480</i>
<b>New Starts</b>					
NY Avenue	(Incl. Above)				\$0
Largo Extension		\$167			\$167
Dulles Corridor			\$2,720		\$2,720
Other Projects & Studies					\$0
Other New Starts - Federal (2)					
MD/BiCounty Transitway		\$381			\$381
MD/Corridor City Transitway		\$871			\$871
MD/Other New Starts		\$56			\$56
<i>New Starts Sub-Total</i>	<i>\$0</i>	<i>\$1,475</i>	<i>\$2,720</i>	<i>\$0</i>	<i>\$4,195</i>
<b>Transit Sub-Total</b>	<b>\$7,759</b>	<b>\$14,572</b>	<b>\$13,616</b>	<b>\$20,471</b>	<b>\$56,418</b>
<b>GRAND TOTAL</b>	<b>\$12,534</b>	<b>\$33,050</b>	<b>\$27,262</b>	<b>\$20,471</b>	<b>\$93,317</b>
<b>WMATA Request</b>					
Operating	\$6,578	\$6,584	\$4,650	\$14,985	\$32,797
Preservation (IRP)	\$803	\$767	\$588	\$5,441	\$7,599
System Expansion (SEP)	\$4	\$4	\$15	\$45	\$68
System Access & Capacity (SAP)	\$1,062	\$973	\$765	-	\$2,800
<b>TOTAL</b>	<b>\$8,447</b>	<b>\$8,328</b>	<b>\$6,018</b>	<b>\$20,471</b>	<b>\$43,264</b>

(1) MD holding the MD WMATA operating subsidy to inflation

(2) Please see detailed breakdown for MD in Attachment-1

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## Attachment-1: Details of MD / Other New Starts (2004 - 2030)

Millions of Constant 2003 Dollars

### MD Other New Starts

<u>MD / BiCounty Transitway</u>	\$381	
Bethesda to Silver Spring		\$371
Silver Spring to New Carrollton - Study Only		\$10
<u>MD / Corridor City Transitway</u>	\$871	
Metropolitan Grove to COMSAT		\$356
Shady Grove to Metropolitan Grove		\$515
<u>MD / Other New Starts</u>	\$56	
Maglev (study only)		\$10
Southern Maryland Commuter Bus Initiative		\$36
Southern Maryland Mass Transportation Analysis (study		\$10
		\$1,308

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