CHAPTER 8
FINANCIAL ELEMENT

This chapter assesses the financial issues associated with implementing the transportation projects and programs that implement the goals, objectives, and policies contained in the 2035 RTP. This assessment includes an examination of current and potential funding sources; identifies transportation improvements that would be implemented under two alternative financial "availability" scenarios; and provides a summary of estimated revenues considered to be reasonably available to fund the implementation of the RTP.

It is important to emphasize that the RTP must be a financially constrained document, meaning that the amount of funding programmed must not exceed the amount of funding estimated to be reasonably available. This chapter demonstrates that requirement.

8.1 Assumptions

Preparing forecasts of anticipated transportation revenues is difficult at best, due to the ever changing transportation picture in California. A key task in the preparation of a long range transportation funding strategy is an assessment of revenue potentially available from existing federal and state programs and local sources. Existing funding program descriptions are provided in Appendix P. Several potential funding mechanisms are also introduced in Appendix P for informational purposes; they are not presented in this chapter as recommendations for the RTP.

EXISTING FUNDING OVERVIEW

Estimated transportation revenues used in this chapter are based on forecasts prepared by SACOG for the MTP update and for the 2011/2014 MTIP. In preparing the revenue forecasts, SACOG calculated the share of federal and state revenues that come to the Sacramento region, including the proportionate share of funds to Placer County, using historical precedence and federal and state mandated formulas.

Federal funding data is derived from the annual apportionments provided to SACOG by the federal funding agencies or from historic funding levels.

State funding largely comes from allocations from the Highway Trust Fund, the State Highway Account, the Public Transportation Account, and the new excise tax on gasoline. State funding data is derived primarily from the 2010 STIP fund estimate. SACOG also made adjustments to state funding levels to compensate for the recent passage of the State Transportation Finance package (ABx8 6, ABx8 9 and SB70), commonly described as the "gas tax swap."

SACOG has also revisited local revenue assumptions used in the 2035 MTP by reviewing historical trends for local revenues committed to transportation purposes. FHWA and FTA have expressed concern to SACOG that local revenues programmed in the MTIP do not fully reflect recent changes in local economies. FHWA and FTA instructed SACOG to review the reasonableness of local revenues and demonstrate that they meet the requirements of fiscal constraint. In response, SACOG prepared a ten year local revenue history for all cities and counties in the Sacramento region. For the 2035 RTP, the histories for Placer County and its cities were tabulated and serve as a baseline for projecting local revenues. The local revenue data is derived from local budget information sent annually to the California State Controller.

KEY REVENUE ASSUMPTIONS

This section summarizes key revenue assumptions used in developing the revenue projections for the 2035 RTP. The revenue assumptions are based on those developed by SACOG for the MTP update and for the 2011/2014 MTIP.

Federal Funds

- **Federal Reauthorization:** Federal transportation funds are one of the largest sources of transportation funds that flow to Placer County. The current transportation bill known as the SAFETEA-LU expired on September 30, 2009 and has been extended via continuing resolutions. The revenue projections assumes reauthorization of federal transportation legislation by 2013 and that key existing funding programs and funding levels will remain largely unchanged from SAFETEA-LU. Funding is generated almost entirely by a federal motor fuel tax and distributed over twenty different programs for highway, transit, and safety programs that control application by facility type, permitted use, and geographic location.
- **Congestion Mitigation and Air Quality (CMAQ):** Placer County will continue to receive CMAQ funds in a manner consistent with historical apportionments. CMAQ funds are programmed up to the apportionment level.
- **Regional Surface Transportation Program (RSTP):** Placer County will continue to receive RSTP funds in a manner consistent with historical apportionments. RSTP funds are programmed up to the apportionment level. After completion of the 2010 census, it is assumed that Lincoln will become eligible for urban RSTP funds, rather than rural exchange funds.
- **Federal Highway Bridge Program (HBP):** The HBP program is administered by Caltrans and is used for repair, replacement, maintenance and upgrade of state and local bridges. Caltrans does not necessarily program HBP funds in the year proposed by a local agency. Rather, Caltrans programs the funds in the year available. The revenue projections assume that Placer County will continue to receive its share of funding for eligible bridge projects.
- **FHWA Discretionary Programs:** Funding for these programs vary—some are formula driven and others are nationally competitive. The projections assume that Placer County will continue to obtain modest "earmarks" through the annual Congressional appropriations process.

- **Federal Transit Administration (FTA):** Placer County will continue to receive FTA urban and rural formula funds in a manner consistent with historical apportionments. After completion of the 2010 census, it is assumed that Lincoln will become eligible for urban formula funds. FTA funds are used primarily for capital and preventive maintenance.

- **Safe Routes to School (Federal):** This is a competitive grant program administered by Caltrans that provides funding to remove barriers that currently prevent children from walking or bicycling to school. The revenue projections do not at this time include forecasts for this fund source.

- **Federal Airport Improvement Program (AIP):** The revenue projections assume future capital projects for Auburn Municipal and Lincoln Regional airports will continue to be eligible for AIP funds through the Federal Aviation Administration (FAA). Projects must be included in the State Capital Improvement Program (see Chapter 6.4 for aviation CIP list) to receive AIP funds, including State matching funds. The amount set-aside for State matching grants is determined by the CTC when it adopts the biennial Aeronautics Program. Generally, because of limited funding for airport improvements, Caltrans recommends highest priority be given to system-wide safety and capacity enhancing projects before recommending funding for regional and then local projects.

- **High Speed / Intercity Passenger Rail (HSIPR) Program:** CCJPA has applied for $57.2 million in FY 2010 HSIPR funds to improve track infrastructure between Roseville and the Donner Summit, which will allow CCJPA to increase train service to Placer County. The revenue projections do not at this time include forecasts for this fund source.

- **Innovative Management of Federal Funds:** There are several federal fund management strategies that are designed to provide states with greater flexibility in managing Federal-aid highway funds. The principal objective of these fund management strategies is to ease restrictions on the timing of obligations and reimbursements and to create a broader range of options for meeting federal participating cost match requirements. There are four strategies for managing federal funds: Advance Construction, Tapered Match. Flexible Match and Toll Credits. A discussion of use of toll credits can be also found under State funding below. Further discussion of the other strategies can be found in Appendix P. As applicable to the specific project, PCTPA will make use of these “cash flow” tools.

<u>State Funds</u>

- **Toll Credit in Lieu of Non-Federal Share Match:** FHWA recently approved $5.7 billion in toll credits to California from $7.1 billion in toll revenue expenditures the state made between 1992 and 2006. As a result, Caltrans has developed a two-year (FY 2011 to FY2012) demonstration program and implementation policies on the use of toll credits. Caltrans policy limits toll credits use to local projects funded with RSTP, CMAQ and off-federal aid system bridge projects funded by HBP. Caltrans policy requires each region to identify and present projects needing toll credits before October 1 each year. Toll credits do not generate any new federal funding. Use of toll credits is limited to meet the non-federal match requirement of federal participating cost, and can be used on any phase that has not received authorization (E-76) by FHWA. It use will help those projects that would otherwise be delayed for lack of matching funds. Use of toll credits should not result in the redirection of non-federal funds away from transportation. As applicable to the specific project, PCTPA will make use of this “cash flow” tool.

- **Gas Tax Swap (New Gasoline Excise Tax Subvention):** Beginning in FY 2011, 44 percent of the revenues generated by the new 17.3 cent excise tax on gasoline will flow to the State Transportation Improvement Program (STIP) and 12 percent to the State Highway Operation and Protection Program (SHOPP) after transfers for transportation bond debt service payments. Aviation fuel is excluded from the motor fuel excise tax increase. The State Board of Equalization will adjust the excise tax annually to raise an equivalent amount of revenue to compensate for the loss of the gasoline sales tax.
- **State Highway Operations and Protection Program (SHOPP):** SHOPP is based on transfers from the State Highway Account, Federal Trust Fund, and the new excise tax on gasoline. The projections assume Caltrans projects that might reasonably attract future SHOPP funding.
- **Interregional Transportation Improvement Program (ITIP**): The ITIP is assumed to continue to receive 25 percent of the total State Transportation Improvement Program (STIP) allocations from the Highway Trust Fund, State Highway Account, Public Transportation Account, and the new excise tax on gasoline. The projections assume RTP projects that might reasonably attract future ITIP funding.
- **Regional Transportation Improvement Program (RTIP):** The RTIP is assumed to continue to receive 75 percent of the total STIP allocations from the Highway Trust Fund, State Highway Account, Public Transportation Account, and the new excise tax on gasoline. The projections assume the first five years reflect the amounts programmed in the 2010 STIP. PCTPA is not expecting to be able to program any new projects using RTIP funds until FY 2023/24. PCTPA has a current balance of approximately $53 million due to advances of Placer County STIP shares in 2002 for the Lincoln Bypass Phase 1 project.
- **Transportation Enhancement Activities Program (TEA):** This federal funding source is now programmed through the STIP. TEA funds have been folded in with RTIP funds. The projections assume the first five years reflect the amounts programmed in the 2010 STIP. To more quickly repay STIP funding advances for the Lincoln Bypass Phase 1 project, PCTPA is not assuming any future programming of any TEA projects.
- **State Transit Assistance (STA):** STA will receive $400 million for the remainder of FY 2010 and FY 2011. The STA will receive an infusion of Non-Article XIX revenues in FY 2012 and FY 2013. In FY 2011 and thereafter, 75 percent of the 1.75 percent increase in diesel sales tax revenues will be transferred from the PTA to STA.
- **Intercity Rail:** Intercity Rail capital revenues are included in the ITIP assumptions. Intercity Rail operations is based on historical share of state resources allocated to the CCJPA, and is assumed to be provided by the state to fully fund the Capitol Corridor’s

Business Plan. The Business Plan assumes additional passenger rail service to Placer County.

- **State Highway Maintenance:** State Highway Maintenance will continue to receive transfers from the State Highway Account at an escalating rate indexed to inflation.
- **Highway-Railroad Grade Separation Program:** Current statutes require that $15 million be included in each annual state budget for grade separation projects under this program. The revenue projections do not currently include forecasts for this fund source, although Rocklin's Midas Avenue Grade Separation project may become potentially eligible in the future. The project is identified on the California Public Utilities Commission (CPUC) grade separation priority list.
- **Environmental Enhancement and Mitigation Program (EEM):** The annual program level available statewide is $10 million via competitive grants. Assuming it continues, $250 million is expected statewide by 2035. The revenue projections do not at this time include forecasts for this fund source.
- **Bicycle Transportation Account Program (BTA):** This is a competitive grant program that provides state funds for city and county projects that improve safety and convenience for bicycle commuters. The BTA requires jurisdictions to have an up-to-date Bicycle Master Plan. All Placer jurisdictions are eligible for funding from this source. The revenue projections do not at this time include forecasts for this fund source.
- **Recreational Trails Program:** This program is administered by the California State Department of Parks and Recreation to provide funds annually for recreational trails and trail-related transportation projects. The revenue projections do not at this time include forecasts for this fund source.
- **Safe Routes to Schools (State):** This is a competitive grant program administered by Caltrans that provides funding to remove barriers that currently prevent children from walking or bicycling to school. The revenue projections do not at this time include forecasts for this fund source.
- **Freeway Service Patrol (FSP):** The Freeway Service Patrol program is administered by the California Highway Patrol (CHP). The State FSP allocation for the Placer County FSP program is assumed at $200,000. There is a 25 percent match required to receive State funding. The majority of funding is allocated to FSP service as well as a budgeted allocation for CHP staff funding and administrative costs.
- **Traffic Congestion Relief Program (TCRP):** The TCRP was a one-time direction of surplus state funds to transportation purposes, which was suspended with the State's budget crisis back in 2003. Projects under this program are still pending. No projects are identified in Placer County. The revenue projections do not at this time include for forecasts for this fund source.
- **California High Speed Train Act (Proposition 1A):** Proposition 1A sets aside $190 million for the State's three intercity rail corridors, including the Capitol Corridor, to fund improvements that will enhance connections with the high speed train system. One-third or $47.5 is the maximum available for the Capitol Corridor. The revenue projections do not at this time include for forecasts for this fund source.

- **Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA):** PTMISEA appropriates Proposition 1B bond funds to eligible public transportation projects for capital purposes over a ten-year period through FY 2017/18. Funding for this program is allocated on a similar basis as the STA funding program.
- **Transit System Safety, Security and Disaster Response Account (TSSSDRA):** TSSSDRA appropriates Proposition 1B bond funds to eligible public transportation projects for capital projects that increase protection against security and safety threats over a ten-year period through FY2017/18. Funding for this program is allocated on a similar basis as the STA funding program.
- **California Aid to Airports Program (CAAP):** State funding constitutes a small portion of annual operational funding for the Auburn Municipal and Lincoln Regional airports. Placer County does not participate financially in operating the Blue Canyon Airport. All funds for Blue Canyon Airport are derived from the State and are used for operating and maintenance projects. The revenue projections do not at this time include forecasts for this fund source.

<u>Regional Funds</u>

- **Regional Transportation and Air Quality Mitigation Fee:** All Placer jurisdictions have developer impact fees to pay for the transportation impacts attributable to new growth, but funding regional facilities remain a challenge. Four Placer jurisdictions – Lincoln, Roseville, Rocklin, and Placer County – formed the South Placer Regional Transportation Authority (SPRTA) and established a Regional Transportation and Air Quality Mitigation Fee. The Regional Transportation and Air Quality Mitigation Fee will generate $191 million by 2022 for specified key projects, including Sierra College Boulevard improvements, I-80/Douglas Boulevard Interchange improvements, and the Lincoln Bypass, Placer Parkway, and rail and transit programs.
- **Highway 65 Interchange Joint Powers Authority (JPA) Fee Program:** The Highway 65 JPA Fee Program was created to fund interchange improvements along SR65 in the area of Rocklin, Roseville, and unincorporated Placer County. The program is managed by the City of Roseville. The revenue projections do not at this time include forecasts for this fund source.
- **Placer County / City of Roseville Joint Fee Program:** The Placer County / City of Roseville Joint Fee Program was implemented in 2004 to fund future traffic improvements along Baseline Road, Fiddyment Road, and Walerga Road. The development fees collected are used to fund only those capital improvements that require agency cooperation and joint funding. The revenue projections do not at this time include forecasts for this fund source.

Local Funds

- **Local Transportation Fund (LTF):** The revenue projections assume the ¼ percent general sales tax for transportation will remain in place at the existing rate. Under the Transportation Development Act (TDA), public transit has the first priority for these funds, but any amount available after all unmet transit needs that are reasonable to meet are provided may be spent on street and road purposes. For the long term, the revenue assumption considers the overall magnitude of population growth that will occur.
- **Local Transportation Fund – Bicycle and Pedestrian:** The TDA allows up to two percent of TDA funds to be set aside for bicycle and pedestrian projects.
- **Local Transportation Fund – Community Transit:** The TDA allows up to five percent of TDA funds to be set aside for community transit services provided by the Western Placer Consolidated Transportation Services Agency.
- **Gas Tax Subventions:** The State of California imposes an excise tax of 18 cents per gallon on motor fuel. These funds are then distributed by formula directly to cities and counties for street and road maintenance. Direct subventions to local jurisdictions are assumed to continue to flow to cities and counties based on existing formulas. In FY 2011 and thereafter, there will be a slight reduction in subventions due to the reduction in the diesel excise tax from 18 cents per gallon to 13.6 cents. This revenue will fluctuate with the revenue generated by the 1.75 percent increase in diesel sales tax for public transit as the State Board of Equalization makes adjustments to maintain overall revenue neutrality.
- **Gas Tax Swap (New Gasoline Excise Tax Subvention):** Beginning in FY 2011, the excise tax on gasoline will increase by 17.3 cents for a total excise tax of 35.3 cents per gallon. 44 percent of the revenues generated by the new excise tax on gasoline will flow to local jurisdictions for streets and roads to restore lost Proposition 42 funds, after transfers for transportation bond debt service payments. The State Board of Equalization will adjust the excise tax annually to raise an equivalent amount of revenue to compensate for the loss of the gasoline sales tax.
- **Local Streets and Roads:** This category contains all revenues from local sources dedicated to local streets and roads, including General Fund revenue. Assumptions are based on a ten-year historical average of budget information provided by local jurisdictions to the California State Controller. Funding is held flat through FY 2014. This category of funds increases the level of funding shown in the 2027 RTP due to capture of funds not previously included.
- **Caltrans Discretionary Funds:** The projections assume five percent of the statewide total goes to the SACOG region and a proportionate amount goes to Placer County based on its share of the regional population.
- **Transit Fares:** Funds generated by passenger fares on transit services are used to help fund system operating costs. Under the requirements of the TDA, fares must generate at least 10 percent of the operating revenue for rural and small urban transit systems in Placer County and 15 percent for Roseville Transit. Assumptions for transit fare

revenues are based on the historical average fare box recovery per operator, projected vehicle service hours, and operating costs per vehicle service hours for all Placer transit operators. Vehicle service hours are held flat through FY 2014.

- **Local Traffic Impact Fees:** Under state law, jurisdictions may impose fees at varying levels on development to mitigate traffic impacts to the roadway system generated by the new development. The fees collected through these programs, in addition to other funding sources, make it possible for jurisdictions to construct roads and other transportation facilities and improvements needed to accommodate the new development. Each jurisdiction in Placer County has in place a traffic impact fee program. The revenue projections do not at this time include for forecasts for this fund source.
- **Local Transportation Sales Tax:** Counties may impose a sales tax dedicated to transportation purposes with the approval of 2/3 of the county's voters. Placer County does not currently have a transportation sales tax, and the revenue projections do not at this time include forecasts for this potential fund source.
- **User Fees:** Some transportation providers and facilities may impose fees for the use of those facilities. User fees may include toll roads, parking fees, aircraft landing fees, airplane hangar / tenant rental fees, among others. The revenue projections do not at this time include forecasts for this fund source category.

Based on these assumptions, the following section assesses funding available for programmed and planned improvements for the planning period extending through 2035. SACOG's revenue forecast identifies a variety of available and committed funds and discretionary funds controlled by federal, state, regional, and local agencies. Two alternative financial availability scenarios are also provided to illustrate different approaches for developing a long-range transportation funding strategy for Placer County.

8.2 Estimated Revenues

Overall, economic conditions play a large role in determining the level of future revenues available for transportation. Based on current law, policy, and practice, and on estimates of future economic activity underlying the generation of tax revenue, forecasts of reasonably available revenue for the planning period are shown in Table 8-1.

Federal, State and local revenues are assumed to have an aggregate average growth rate of 4.05 percent for the 2010 – 2035 planning period. Average nominal growth rates by revenue source are identified in Appendix P. These growth rates were developed by SACOG for the 2011 MTP update and for the 2011/2014 MTIP and were used to escalate the revenues shown in the Placer County financial forecast.

Table 8.1

Placer County Financial Forecast

(Nominal Dollars in $ Millions)

Fund Category	Applicable Uses		RTP Planning Period Short 2010-2015	Mid 2016-2024	Long 2025-2035	Total
Federal Funds						
Federal Highway & Other		**Subtotal**	$59.6	$128.0	$268.1	$455.7
-Congestion Mitigation and Air Quality - (CMAQ)	Roads, Transit, Non-Motorized, TDM, TCM		$25.1	$55.3	$121.7	$202.1
-Regional Surface Transportation Program - (RSTP)	Roads, Transit, Non-Motorized, TDM, TCM		$17.1	$37.5	$82.5	$137.1
-FHWA Discretionary Programs	Highways		$17.4	$35.2	$63.9	$116.5
Federal Transit		**Subtotal**	$12.5	$27.7	$60.9	$101.1
-FTA 5307 - Urbanized Area Formula Program	Transit		$7.8	$16.6	$36.5	$60.9
-FTA 5311 (b) - Rural Transit Assistance Program	Transit		$2.4	$4.8	$10.6	$17.8
-FTA 5309 (c) - Bus Allocations	Transit		$2.7	$6.3	$13.8	$22.8
-FTA Discretionary Programs (5310, 5316 & 5317)	Transit		$0.0	$0.0	$0.0	$0.0
		Federal Subtotal	**$72.1**	**$155.7**	**$329.0**	**$556.8**
State Funds						
State Highway Operations and Protection Program - (SHOPP)	Highways		$192.1	$350.8	$599.8	$1,142.7
State Transportation Improvement Program - (STIP)		**Subtotal**	$51.1	$108.3	$268.2	$427.6
-Interregional - ITIP	Highways, Roads, Transit		$11.1	$23.5	$58.2	$92.8
-Regional - RTIP	Highways, Roads, Transit		$40.0	$84.8	$210.0	$334.8
State Transit Assistance - (STA)	Transit		$8.5	$19.6	$37.0	$65.1
State Highway Maintenance	Highways		$100.5	$176.8	$288.1	$565.4
State Freeway Service Patrol (FSP) Funds	Highways		$1.2	$1.8	$2.2	$5.2
PTMISEA	Transit		$7.2	$3.0	$0.0	$10.2
TSSSDRA	Transit		$1.2	$0.4	$0.0	$1.6
		State Subtotal	**$361.8**	**$660.7**	**$1,195.3**	**$2,217.8**
Local Funds						
Sales Tax			$92.9	$202.7	$405.2	$700.8
-Local Transportation Fund (LTF)	Roads, Transit, Non-Motorized, TDM, TCM		$92.9	$202.7	$405.2	$700.8
Gas Tax Subventions	Highways, Roads, Transit		$65.7	$114.4	$170.2	$350.3
Gas Tax Swap (Excise Tax Subventions)	Highways, Roads, Transit		$35.6	$76.2	$200.4	$312.2
Local Streets and Roads (3)	Roads, Transit, Non-Motorized, TDM, TCM		$395.6	$721.2	$1,224.2	$2,341.0
SPRTA Regional Transportation Fee Program (4)	Highways, Roads, Transit		$48.2	$142.8	$0.0	$191.0
Caltrans Discretionary Grants	Highways		$26.2	$46.8	$77.0	$150.0
Placer County APCD Clean Air Grant (5)	TDM, TCM		$0.2	$0.3	$0.3	$0.8
Transit Operator Fares	Transit		$10.2	$22.7	$54.4	$87.3
		Local Subtotal	**$674.6**	**$1,327.1**	**$2,131.7**	**$4,133.4**
Federal, State & Local Funds Total			**$1,108.5**	**$2,143.5**	**$3,656.0**	**$6,908.0**

Notes:

1. Revenue sources are considered draft and subject to change with new information. SACOG is currently compiling more detailed population data that may affect Placer County population shares throughout the RTP planning period. SACOG is also continuing to compile historical revenues data which could affect the share of some funds.
2. Nominal growth includes real growth (growth before adding inflation) plus inflation. Typically nominal growth rates are larger than real growth rates.
3. This category of funds increases the level of funding shown in the 2027 RTP due to capture of revenues not previously included.
4. 2010-2015 SPRTA includes cumulative $36 million revenue accrued prior to FY 2010.
5. Placer County APCD Clean Air Grant Funds per PCTPA Final Overall Work Program and Budget FY 2010/2011.

Sources:

1. Working Draft 2011 MTP Update - Placer County Financial Forecast, SACOG, May 2010.
2. Estimated State Transit Assistance Revenue 2009/2011, California Transit Association, June 2010.
3. FSP Budget History FY 07-08 through FY 10-11, PCTPA, August 2010.
4. SPRTA Fee Revenue by Jurisdiction, SPRTA, September 2010; & SPRTA Regional Transportation and Air Quality Mitigation Fee Program - Summary of Potential Allocations and Cash Flow, SPRTA, August 2010.
5. PCTPA Final Overall Work Program and Budget FY 2010/2011, PCTPA, May 2010.

8.3 Estimated Expenditures

Year of Expenditure Dollars

The Financial Element uses an inflation rate of 4.0 percent compounded annually to forecast highway and transit improvement costs in Year of Expenditure (YOE) dollars. The inflation rate is based on an average of the Construction Cost Index (CCI) over an eight year period. It should be noted that the inflation rate has varied considerably over the past decade. Appendix P summarizes the CCI from 2002 to 2010. The effect of inflation over the planning period is considered significant, particularly in the latter years where it erodes the value of money.

Estimated Programmed & Planned Expenditures

Table 8.2 summarizes the Action Element's projects into either programmed (or funded) and planned (or unfunded) categories by RTP planning period. Three planning periods are used in this analysis: short-range (pre-2015), a medium-range (2016 – 2024), and long-range (2025 – 2035). Appendix F provides the detailed programmed major projects list; Appendix G provides the planned major projects list.

Table 8.2

Summary of Estimated Total Expenditures

(Nominal Dollars)

Planning Period	Programmed / Funded Improvements	Planned / Unfunded Improvements	Total Expenditures By Planning Period
2010 - 2015	$1,264,888,537	$1,870,581,333	$3,135,469,870
2016 - 2024	$482,185,805	$3,062,798,250	$3,544,984,055
2025 - 2035	$1,830,928,730	$5,553,928,534	$7,384,857,264
Total	**$3,578,003,072**	**$10,487,308,117**	**$14,065,311,189**

Sources: 2035 RTP Updated Programmed & Planned Master Project Lists, PCTPA, August 2010.

There is approximately $14.1 billion in programmed and planned capital improvements included in the 2035 RTP. Approximately, $3.6 billion of the programmed improvements are funded or have budgetary commitments. Approximately, $10.5 billion represents planned (or unfunded) capital improvements. Many of the planned improvements shown in Table 8.2 are identified as "developer funded" or rely upon developer funding as the local match. This means that implementation of these planned improvements is ultimately predicated upon the timing of the new development.

Programmed or Funded Improvements

Programmed funds mean that the funds are budgeted or committed for projects and are included in the SACOG MTIP (as amended), the STIP, and the SHOPP. Appendix Q provides PCTPA's assurance that funding sources identified are committed to by the appropriate funding agencies to carry out the projects programmed in the 2011/2014 MTIP. Funded projects can also include projects beyond the four year programming period of the MTIP, which are included in the region's financially constrained 2035 MTP. The programmed (or funded) list includes those projects that given the revenue assumptions contained in this Financial Element, PCTPA can reasonably expect to fund between now and 2035.

Planned or Unfunded Improvements

Planned (or unfunded) projects refer to projects for which a specific funding source has not yet been identified. The planned (or unfunded) list includes projects in PCTPA's 2027 RTP and SACOG's 2035 MTP, including the MTP's "vision" list, and reflect countywide aspirations of the type of regional transportation system jurisdictions and agencies want constructed and operated. Many of the planned projects are still in the conceptual phase; although the list also includes many projects that could be implemented if additional funding were to become available.

Financial Availability Scenario 1

Table 8.3 compares programmed (funded) and planned (unfunded) improvement expenditures to forecasted revenues.

Table 8.3

Scenario 1: Comparison of Total Revenues to Expenditures

(Nominal Dollars)

Planning Period	Total Expenditures	Programmed / Funded Improvements	Total Forecasted Revenues	Total Revenues to Total Expenditures Surplus / Deficit	Total Revenues to Programmed Expenditures Surplus / Deficit
2010 - 2015	3,135,469,870	1,264,888,537	1,108,500,000	($2,026,969,870)	($156,388,537)
2016 - 2024	3,544,984,055	482,185,805	2,143,500,000	($1,401,484,055)	$1,661,314,195
2025 - 2035	7,384,857,264	1,830,928,730	3,656,000,000	($3,728,857,264)	$1,825,071,270
Total	**14,065,311,189**	**3,578,003,072**	**6,945,400,000**	**($7,119,911,189)**	**$3,367,396,928**

As can be seen from Table 8.3, comparing total forecasted revenues to total programmed and planned expenditures results in a substantial deficit of approximately $7.1 billion accumulated over the entire planning period.

Table 8.3 also compares programmed (funded) projects only to forecasted revenues. There is a funding deficit of approximately $156.7 million shown in the short-term for programmed improvements if all projects go forward; although this deficit is considerably less when compared to total programmed and planned expenditures. After 2016, the revenue picture brightens considerably showing a surplus of revenues when compared to programmed projects only. This means that some of the programmed improvements may need to be deferred (or reprogrammed) to beyond 2016 when additional revenues are forecasted to be available.

Basically, Table 8.3 shows that the reasonably available forecasted revenue is sufficient over the entire planning period to fund all currently programmed improvements. There is insufficient revenue, however, to fund the majority of planned improvements. Nearly two-thirds of the planned improvements will remain unfunded through 2035. This does not imply that these planned transportation projects will never be built, or that they are less important than the projects currently programmed; rather, it means that these projects at this time are not as high performing as the projects currently programmed.

Some portion of the post-2016 revenue surplus could be used to fund about a third of the planned improvements. The selection of which planned improvements move forward will be determined based on need, delivery, and adherence to the goals, objectives and policies identified in the RTP.

<u>Financial Availability Scenario 2</u>

There is a considerable caveat to the financial assessment described in Scenario 1. The revenue projections in Table 8.1 show approximately $2.3 billion available in local streets and roads revenue; revenue that was not previously captured in the 2027 RTP financial analysis. Many of the local fund sources that comprise this category could be used for other municipal purposes; for example, general fund revenues. Notwithstanding prior historical commitments of these funds for transportation purposes, general fund revenues could be reprogrammed to other important municipal functions through local jurisdiction policy decisions. Given the volatile nature of State budgetary issues and its significant impact on municipal and county budgets over the previous decade, it may be questionable whether this source of funds can continue to be reasonably available over the long term as the SACOG projections currently suggest.

Therefore, Table 8.4 presents a second financial assessment scenario that assumes that local and street revenues will not be available for transportation purposes over the planning period as used over the last decade.

Table 8.4

Scenario 2: Comparison of Total Revenues Minus Local Streets & Roads to Expenditures

(Nominal Dollars)

Planning Period	Total Expenditures	Programmed / Funded Improvements	Total Forecasted Revenues Minus Local Streets & Roads Revenues	Total Revenues to Total Expenditures Surplus / Deficit	Total Revenues to Programmed Expenditures Surplus / Deficit
2010 - 2015	3,135,469,870	1,264,888,537	712,900,000	($2,422,569,870)	($551,988,537)
2016 - 2024	3,544,984,055	482,185,805	1,422,300,000	($2,122,684,055)	$940,114,195
2025 - 2035	7,384,857,264	1,830,928,730	2,431,800,000	($4,953,057,264)	$600,871,270
Total	**14,065,311,189**	**3,578,003,072**	**4,604,400,000**	**($9,460,911,189)**	**$1,026,396,928**

Table 8.4 shows significant funding shortfalls when comparing programmed and planned improvement expenditures to forecasted revenues, minus local streets and roads funding. Likewise, when comparing revenues to programmed improvements only, a significant funding shortfall is projected for the short-term, with the revenue picture improving after 2016 despite the assumption that local streets and roads revenues are not reasonably available in this scenario. While a revenue surplus is shown after 2016, when compared to programmed improvements, the surplus will be insufficient to fund the majority of planned improvements.

Financial Availability Scenarios - Conclusion

Under either Scenario 1 or 2, a lack of funding to implement the majority of planned improvements will translate to reduced mobility for people and freight on the entire transportation system, with significant increases in traffic congestion particularly on local streets and roads, worsening air quality, reduced productivity and, ultimately, a lower quality of life for Placer residents. To keep pace with future transportation infrastructure needs, new funding mechanisms and innovative fund management strategies will need to be considered in order to implement planned improvements. Several new funding mechanisms and innovative fund management strategies are introduced in Appendix P for informational purposes. They are not, however, presented as recommendations for the 2035 RTP.

Aviation Expenditures & Airport Revenues

Table 8.5 compares aviation expenditures funding to forecasted airport revenues. This table shows funding shortfalls over the aviation planning period. This means that some of the improvements will need to be deferred or alternatively, new funding sources will need to be developed, or the airports will need to increase its share of local match to make up for the shortfall in aviation revenues.

Airport improvements must be included in the State Capital Improvement Program (see Chapter 6.4 for aviation CIP list) to receive Federal Airport Improvement Program (AIP) funds, including State matching funds. All of the aviation improvements identified this plan are shown either on the State's or local airport CIP list. The revenue projections assume future capital improvements for Auburn Municipal and Lincoln Regional airports will continue to be eligible for AIP funds through the Federal Aviation Administration (FAA).

Table 8.5

Aviation Expenditures to Revenues

Nominal Dollars

Planning Period	Total Expenditures	Forecasted Revenues			Total Revenues to Total Expenditures Surplus / Deficit
		Federal	State	Local	
2010 - 2015	$48,849,551	$39,539,165	$580,969	$4,397,542	($4,331,875)
2016 - 2024	$23,125,787	$15,833,650	$155,563	$977,788	($6,158,786)
2025 - 2035	$0	$0	$0	$0	$0
Total	**$71,975,338**	**$55,372,815**	**$736,532**	**$5,375,330**	**($10,490,661)**

Sources:

1. Auburn Municipal Airport Aviation Capital Improvement Program (AICP) 2010 - 2019, January 15, 2009; Auburn Municipal Airport Capital Improvement Plan 2010 - 2015, revised January 2010.
2. Lincoln Regional Airport Capital Improvement Program 2010 - 2025, December 16, 2009.
3. Capital Improvement Program, California Aviation System Plan 2010 - 2019, Caltrans, November 2009.

8.4 Conclusions

Based on the preceding revenue / expenditure analysis, the Placer County region will not have sufficient funding in place to implement all programmed and planned transportation projects during the horizon of the 2035 RTP. Shortfalls are especially severe if all planned improvements were assumed to move forward. Shortfalls also occur in the short-term for programmed improvements only; however, the forecast paints a more optimistic revenue future post-2016 to implement programmed improvements. The revenue forecast assumptions are dependent upon continued use of local funds dedicated to transportation purposes. As the analysis notes, this may be an overly optimistic assumption given the State of California's budgetary history and its impact upon local government finances.

In the short-term, it is likely that some programmed transportation investments will be deferred to post-2016. It also likely that the majority of planned improvements will need to be scaled back in scope or eliminated due to reduced revenues. Alternatively, to keep pace with future transportation infrastructure needs, new funding mechanisms and innovative fund management strategies will need to be considered in order to implement the planned improvements.

8.5 Financial Element Action Plan

Several actions are identified below to further support the objectives and policies contained within the Policy Element.

Short and Long Range

1. Promote funding of transportation projects identified in the RTP's Action Element consistent with the provisions included in the Plan's Policy Element. *(PCTPA, jurisdictions, transit operators, Caltrans)*

2. Maximize the use of federal and state transportation funding sources. *(PCTPA, jurisdictions, transit operators, Caltrans)*

3. Make the most efficient use of federal, state, regional and local transportation revenues and allocations in the programming and delivering projects. *(PCTPA, jurisdictions, Caltrans, SACOG)*

4. Encourage multi-agency packaging of projects for federal and State funding programs, where a regional strategy may improve chances of funding success. *(PCTPA, jurisdictions, Caltrans, SACOG)*

5. Assist local jurisdictions to identify and obtain federal and state grant funding. *(PCTPA)*

6. Develop and update the Regional Transportation Improvement Program, the Metropolitan Improvement Program, and the Project Delivery Plan. *(PCTPA, jurisdictions, Caltrans, SACOG)*