



MEMORANDUM

To: CMAP Transportation Committee
From: CMAP staff
Date: September 22, 2017
Re: ON TO 2050 Financial Plan for Transportation Allocations

Previously developed [forecasts](#) for the ON TO 2050 Financial Plan for Transportation indicate that revenues from existing sources will not be sufficient to operate and maintain the transportation system over the planning period, let alone enhance or expand the system. Adding reasonably expected revenues to the forecast will make a total of \$516.7 billion available over the planning period (2019-50), of which 94 percent is necessary to maintain, operate, and administer the system in its current condition. This leaves 6 percent, or \$30.9 billion to allocate toward reaching a state of good repair, enhancing, or expanding the system.

The development of the financial plan included feedback generated over the past two years from CMAP committees as well as individual meetings and conversations with transportation implementing agencies and other stakeholders. Steps involved in this process included:

- Transportation System Funding Concepts paper development during 2015 and 2016
- Forums on pavement and bridge condition forecasting in 2015 and 2016
- Forum on cost efficiencies in project delivery in January 2016
- Presentation of revenue trends in September 2016
- Meetings with transportation implementing agencies to develop forecasting assumptions during fall 2016
- Presentation of revenue forecast and allocation category definitions in January 2017
- Presentation of expenditure forecasts in March 2017
- Presentation of reasonably expected revenue options in April and May 2017
- Briefings with transportation implementing agencies on forecasting revisions in July 2017

The next step in the development of the financial plan is to prioritize how to invest the \$30.9 billion by allocating planned expenditures into different categories. These categories, as [presented in January 2017](#), including achieving performance targets, other strategic enhancements, and regionally significant projects. Each is discussed in turn, followed by potential allocation scenarios.

Achieving performance targets

GO TO 2040 included aspirational targets for several transportation indicators, but these were not linked to accompanying funding in the financial plan. In contrast, ON TO 2050 could constrain investments to help achieve targets for various performance measures. While there may be interest in linking targets to funding allocations for many transportation-related performance measures, CMAP staff believes it is practical to do so in only a few instances.

Pavement, bridge, and transit asset condition measures were directly used in developing the capital maintenance forecast. With available data and methodologies, these indicators could also be linked to funding allocations. For example, increasing the percent of transit assets in a state of good repair to 75 percent in 2050 from 68 percent currently would cost approximately \$7.8 billion. For major roadways (those on the National Highway System), bringing pavements to a 90 percent acceptable condition in 2050 from 76 percent currently would cost approximately \$3.8 billion, mostly through resurfacing on the arterial NHS.

Other indicators cannot be directly linked to funding allocations in the financial plan, in part because they are outcomes of the selected RSPs and other factors, in part because of the many factors influencing transportation system outcomes, and in part because of timing. For example, new highway congestion and travel time reliability data that CMAP will be using for performance measures only became available in July 2017; linking these measures to capital expenditures may be reviewed for the first update to ON TO 2050. Safety performance is more a function of human and vehicle performance (subject to enforcement and regulation) than capital expenditures. Another indicator of traditional interest to CMAP is transit ridership, for which real growth is largely a function of factors beyond direct investment.

Other strategic enhancements

This category includes capital and operational enhancements or improvements not already constrained under other categories. Examples include bicycle, pedestrian, and ADA improvements; highway management and operations, including intelligent transportation systems; expansions that do not meet the RSP definition; and intersection improvements. The amount constrained in this category needs to be large enough to reasonably provide for smaller improvements to the system.

Regionally significant projects

This category will constrain specific projects as defined by [new criteria](#). These criteria are the following: (1) highway capacity projects on the National Highway System and transit capacity projects with separate right-of-way or priority over other traffic that are greater than \$100 million or (2) state of good repair projects on particular transit lines or roadways that are at least \$250 million (as opposed to system-wide programs of projects). This new threshold for projects to include in the plan followed extensive discussion with the Transportation Committee, MPO Policy Committee, and individual implementers in 2015 and 2016.

Similar to the approach taken in GO TO 2040, the portion of project costs attributable to capacity expansion will be accounted for in this category, while other project costs, such as maintenance and enhancements, will be accounted for in the other respective categories. Further, project-

specific revenue sources, such as tolling revenues or value capture, would reduce the amount of public costs to be constrained in the RSP category. For comparison, the allocation toward new capacity in major capital projects in the GO TO 2040 update was \$12.3 billion for 2015-40, but in ON TO 2050 other project types, including premium bus service and arterial improvements, must also be considered in the allocation for regionally significant projects.

Funding allocation scenarios

In comparison to GO TO 2040, proportionately less funds will be available for expansion and enhancement, which requires difficult tradeoffs in establishing funding allocations. The following options are presented for discussion purposes.

1. Very few new capacity RSPs beyond what is already under construction, some enhancements, some improvement in asset condition.
2. Few new capacity RSPs, some enhancements, marginal increase in asset condition.
3. Some new capacity RSPs, some enhancements, no improvement in asset condition.

CMAP staff recommends proceeding with the second allocation scenario. The ON TO 2050 maintenance forecast assumes that pavement, bridge, and transit asset condition will remain constant throughout the planning period. Given the constraints of the forecast, allocations toward improving asset condition may result in limited progress toward meeting performance targets, particularly for the transit system. Also, while ON TO 2050 will continue to prioritize the maintenance of the system, it is sensible to make enhancements and expansions to the system in tandem with needed reconstruction.

ACTION REQUESTED: Discussion

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