

SOUTHERN CALIFORNIA



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GOVERNMENTS**

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Transportation

Keith Millhouse, Ventura County

Transportation Commission

No. 6 MEETING OF THE

TRANSPORTATION FINANCE SUBCOMMITTEE

**Friday, March 1, 2013
10:00 a.m. – 12:00 p.m.**

**SCAG Los Angeles Office
818 West Seventh Street, 12th Floor
Los Angeles, CA 90017
Policy Committee Room - A
(213) 236-1800**

Videoconference Available

Orange County Office

600 S. Main Street, Suite 906
Orange, CA 92863

San Bernardino County Office

1170 W. 3rd Street, Suite 140
San Bernardino, CA 92410

Ventura County Office

950 County Square Drive, Suite 101
Ventura, CA 93003

Imperial County Office

1405 N. Imperial Ave., Suite 1
El Centro, CA 92243

Riverside County Office

3403 10th Street, Suite
Riverside, CA 92501

If members of the public wish to review the attachments or have any questions on any of the agenda items, please contact Ruby Moreno at (213) 236-1840 or via email moreno@scag.ca.gov

SCAG, in accordance with the Americans with Disabilities Act (ADA), will accommodate persons who require a modification of accommodation in order to participate in this meeting. If you require such assistance, please contact SCAG at (213) 236-1928 at least 72 hours in advance of the meeting to enable SCAG to make reasonable arrangements. To request documents related to this document in an alternative format, please contact (213) 236-1928.

The Regional Council is comprised of 84 elected officials representing 191 cities, six counties, six County Transportation Commissions and a Tribal Government representative within Southern California.

**Transportation Finance Subcommittee
Member List**

San Bernardino County: Hon. Gary Ovitt, **Chair**

Los Angeles County: Hon. Keith Hanks, **Vice Chair**
Hon. Bruce Barrows

Orange County: Hon. Brett Murdock

Ex-Officio Members

Lucy Dunn, President & CEO, Orange County Business Council

Denny Zane, Executive Director, Move LA

TRANSPORTATION FINANCE SUBCOMMITTEE

AGENDA

MARCH 1, 2013

The Transportation Finance Subcommittee may consider and act upon any of the items listed on the agenda regardless of whether they are listed as information or action items.

CALL TO ORDER & PLEDGE OF ALLEGIANCE

(Hon. Gary Ovitt, Chair)

PUBLIC COMMENT PERIOD – Members of the public desiring to speak on items on the agenda, or items not on the agenda, but within the purview of the Subcommittee, must fill out and present a speaker's card to the Assistant prior to speaking. Comments will be limited to three (3) minutes. The Chair may limit the total time for all comments to twenty (20) minutes.

REVIEW AND PRIORITIZE AGENDA ITEMS

	<u>Time</u>	<u>Page No.</u>
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CONSENT CALENDAR

Approval Items

- | | | |
|---|-------------------|----------|
| 1. <u>Minutes of January 28, 2013 Joint Meeting of the Goods Movement Subcommittee and the Transportation Finance Subcommittee</u> | Attachment | 1 |
| 2. <u>Minutes of February 7, 2013 Joint Meeting of the High-Speed Rail & Transit Subcommittee and the Transportation Finance Subcommittee</u> | Attachment | 4 |

ACTION ITEM

- | | | | |
|--|-------------------|-----------------|----------|
| 3. <u>Transportation Finance Subcommittee Draft Recommendations</u>
<i>(Annie Nam & Warren Whiteaker, SCAG Staff)</i> | Attachment | 60 mins. | 7 |
|--|-------------------|-----------------|----------|

CHAIRS' REPORTS

(Hon. Gary Ovitt, Chair)

STAFF REPORTS

(Annie Nam, SCAG Staff)

ANNOUNCEMENTS

ADJOURNMENT

Joint Meeting of the Goods Movement Subcommittee
and the Transportation Finance Subcommittee
of the
Southern California Association of Governments

January 28, 2013

Minutes

THE FOLLOWING MINUTES ARE A SUMMARY OF ACTIONS TAKEN BY THE JOINT MEETING OF THE GOODS MOVEMENT SUBCOMMITTEE AND THE TRANSPORTATION FINANCE SUBCOMMITTEE. A DIGITAL RECORDING OF THE ACTUAL MEETING IS AVAILABLE FOR LISTENING IN SCAG'S OFFICE.

A joint meeting of the Goods Movement Subcommittee and the Transportation Finance Subcommittee was held at SCAG's office in downtown Los Angeles. A quorum of the Goods Movement subcommittee was present. A quorum of the Transportation Finance subcommittee was present.

Goods Movement Subcommittee Members Present:

Hon. Barbara Messina (<i>Chair</i>)	Alhambra
Hon. Tim Spohn	City of Industry, SGVCOG
Hon. Carol Herrera	City of Diamond Bar
Hon. Jim Morton	City of Lynwood
Hon. Russell Betts (<i>Vice-Chair</i>)	Desert Hot Springs, CVAG
Hon. Jim Hyatt	Calimesa, District 3
Hon. Ryan McEachron	City of Victorville, SANBAG
Hon. Jack Terrazas	County of Imperial (via videoconference)
Hon. Bert Hack	Laguna Woods, OCCOG
Mr. Wally Baker (Ex-Officio)	Jobs 1st Alliance
Mr. Elhami Nasr (Ex-Officio)	Caltrans District 7
Ms. Lupe Valdez (Ex-Officio)	Union Pacific
Ms. Fran Inman (Ex-Officio)	Majestic Realty
Mr. Michael A. Morris (Ex-Officio)	FHWA

Goods Movement Subcommittee Members Not Present:

Hon. Paul Krekorian	City of Los Angeles
Hon. John Nielsen	City of Tustin
Mr. Paul Granillo (Ex-Officio)	Inland Empire Economic Partnership

Transportation Finance Subcommittee Members Present:

Hon. Gary Ovitt (<i>Chair</i>)	San Bernardino County
Hon. Keith Hanks (<i>Vice-Chair</i>)	Los Angeles County
Hon. Bruce Barrows	Los Angeles County
Hon. Brett Murdock	Orange County
Mr. Denny Zane (Ex-Officio)	Move LA
Ms. Lucy Dunn (Ex-Officio)	Orange County Business Council

CALL TO ORDER

Transportation Finance Chair Hon. Gary Ovitt called the meeting to order at 10:01 a.m. Hon. Brett Murdock, Transportation Finance Subcommittee Member, led the Subcommittees in the Pledge of Allegiance. Chair Ovitt provided an introduction to the meeting.

PUBLIC COMMENT PERIOD

No members of the public requested to make a comment.

CONSENT CALENDAR

Approval Items

1. Minutes of the December 10, 2012 Goods Movement Subcommittee Meeting

A MOTION was made (Betts) to approve the consent calendar. The MOTION was seconded (Hyatt) and UNANIMOUSLY APPROVED. Motion passed.

2. Minutes of the December 21, 2012 Transportation Finance Subcommittee Meeting

A MOTION was made (Murdock) to approve the consent calendar. The MOTION was seconded (Hanks) and UNANIMOUSLY APPROVED. Motion passed.

INFORMATION ITEMS

3. Background and Context for Funding & Financing Freight Transportation

Annie Nam, SCAG staff, presented an overview of strategies included in the 2012-2035 RTP/SCS to fund nearly \$60 billion of goods movement projects identified in the plan. When thinking about how to fund freight projects moving forward, Ms. Nam suggested that three principles should act as guidelines: 1) there should be a nexus between the benefits and costs where the user pays for the cost of their use; 2) costs and risks should be shared between the public and private sector; and 3) costs could be shared across different levels of government. Ms. Nam concluded by noting that a wider array of funding mechanisms is needed to fund regional goods movement needs, which will be further refined in the 2016 RTP/SCS.

4. New Dedicated Revenue Mechanisms for Freight Transportation Investments – NCFRP 29 Report

Dan Smith, Tioga Group, reported on the National Cooperative Freight Research Project 29 Report which examined options for generating dedicated revenue for freight infrastructure investment without modifications to the Federal Highway Trust Fund. Revenue mechanisms were evaluated in multiple categories including: carbon taxes, waybill or value-added taxes, public-private partnerships, investment tax credits, fuel tax surcharge, vehicle miles traveled and excise taxes, (sales taxes and registration fees). Of the strategies evaluated, Mr. Smith stated three types of funding mechanisms appeared to be the most viable as dedicated funding sources for freight, each with different pros and cons: fuel tax surcharge, vehicles miles traveled fees (VMT), and excise

taxes or registration fees. Enacting a VMT fee only for freight involves a long implementation period as well as high administrative, collection, compliance and enforcement costs. Additionally, privacy concerns and low public acceptance of these types of fees has been noted. Fuel taxes are a viable means to fund freight infrastructure as the current collection system is highly efficient compared to other options and distributes costs based on vehicle weight, emissions and greenhouse gases (GHG). Registration fees are also efficient and have a low implementation cost. The research found that registration fees could be updated, indexed and expanded to cover medium-duty trucks. Mr. Smith concluded by suggesting a long and short term approach is needed for funding freight. In the short term, it is more efficient to build on existing strategies where a collection mechanism is already in place. However, if other strategies are to be viable in a 10 to 20 year time frame, it is important to lay the groundwork for them now.

5. Overview of California's Cap-and-Trade Program & Auction Proceeds Process

Jack Kitowski, Chief, Freight Transport, California Air Resources Board, presented an overview of California's Cap-and-Trade process. Cap-and-Trade is a market mechanism designed to assist in meeting AB 32 goals of achieving 1990 levels of greenhouse gas (GHG) emission by 2020. It covers major sources of GHG emissions such as oil refineries, power plants, industrial facilities and transportation fuels. "Allowances" are sold through an auction process. There will be four auctions per year and the next one is scheduled for February 2013.

6. Discussion on making P3s, Tolling, and Innovative Financing Work for Transportation – Perspectives from the National Surface Transportation Infrastructure Financing Commission

Geoffrey Yarema, Nossaman LLP, discussed Public-Private Partnerships (P3s) and transportation financing mechanisms. Mr. Yarema noted current funding options are limited as the fuel tax revenue will decline along with lower fuel consumption due to improved vehicle efficiency. On the other hand, a VMT fee would be an efficient option if we prepare for it over the next ten years. Mr. Yarema reviewed several P3 project delivery models including design build, availability payment, and concession agreements. The success of P3s depends on the quality of the contract, but they have great potential to reduce costs and bring in additional investment. Mr. Yarema indicated that the P3 provisions of Senate Bill 4 (SBX2 4) are due to expire in 2017 and continuing enabling provisions are required.

CHAIR'S REPORT

No chair's report was given.

ADJOURNMENT

The meeting adjourned at 12:12 p.m. The next meeting of the Goods Movement Subcommittee will be February 11, 2013 at the SCAG Los Angeles office. The next meeting of the Transportation Finance Subcommittee will be a joint meeting with the High-Speed Rail & Transit Subcommittee to be held February 7, 2013, at the SCAG Los Angeles office.

Joint Meeting of the High-Speed Rail & Transit Subcommittee
and the Transportation Finance Subcommittee
of the
Southern California Association of Governments

February 7, 2013

Minutes

THE FOLLOWING MINUTES ARE A SUMMARY OF ACTIONS TAKEN BY THE JOINT MEETING OF THE HIGH-SPEED RAIL & TRANSIT SUBCOMMITTEE AND THE TRANSPORTATION FINANCE SUBCOMMITTEE. A DIGITAL RECORDING OF THE ACTUAL MEETING IS AVAILABLE FOR LISTENING IN SCAG'S OFFICE.

A joint meeting of the High-Speed Rail & Transit Subcommittee and the Transportation Finance Subcommittee was held at SCAG's office in downtown Los Angeles. The meeting was called to order by Transportation Finance Subcommittee Chair Hon. Gary Ovitt. A quorum was present.

High-Speed Rail & Transit Subcommittee Members Present:

Hon. Karen Spiegel (<i>Chair</i>)	WRCOG
Hon. Ron Roberts	District 5
Hon. Frank Quintero	District 42
Hon. Bruce Barrows	District 23
Hon. Jess Talamantes	SFVCOG
Hon. Leroy Mills	District 18
Ms. Nancy Pfeffer (Ex-Officio)	Gateway Cities Council of Governments

High-Speed Rail & Transit Subcommittee Members Not Present:

Hon. Mike Antonovich (<i>Vice Chair</i>)	Los Angeles County
Hon. Steve Hofbauer	District 43
Hon. Ron Roberts	District 5

Transportation Finance Subcommittee Members Present:

Hon. Bruce Barrows	Los Angeles County
Hon. Gary Ovitt (<i>Chair</i>)	San Bernardino County
Hon. Brett Murdock	Orange County
Mr. Denny Zane (Ex-Officio)	Move LA

Transportation Finance Subcommittee Members Not Present:

Hon. Keith Hanks (<i>Vice Chair</i>)	Los Angeles County
Ms. Lucy Dunn (Ex-Officio)	Orange County Business Council

CALL TO ORDER

Transportation Finance Subcommittee Chair Hon. Gary Ovitt called the meeting to order at 2:36 p.m. Hon. Leroy Mills, Orange County, led the subcommittees in the Pledge of Allegiance. Chair Ovitt stated the Joint Meeting will focus on strategies to increase resources available to fund and finance transportation programs and projects with an emphasis on public transportation.

PUBLIC COMMENT PERIOD

No members of the public requested to make a comment.

CONSENT CALENDAR

None.

INFORMATION ITEMS

1. Mileage-Fee Design Strategies to Reduce System Cost and Increase Public Acceptance

Paul Sorensen, RAND Corporation, introduced his presentation by highlighting that his key message points would address mileage fees, their motivations and issues they raise, and focus on emerging strategies that are addressing public acceptance concerns, and also how to help reduce the cost of the system. Mr. Sorensen's presentation included the following topics:

- Motivations for Mileage Fees
- Implementation Mechanisms
- Core Challenges for Mileage Fees
- Promising Design and Transition Strategies

Ms. Nam, SCAG staff, emphasized to the Subcommittees that with the adoption of an approved funding strategy as part of the 2012-2035 RTP/SCS, that incorporated a mileage-based fees system, the next step is to establish a path to move forward with that strategy. She left the Subcommittees to consider two questions: 1) are there mechanisms in place that SCAG can start to look towards potentially a demonstration initiative; and 2) how does SCAG mitigate some of the constraints associated with those strategies? The full presentation was included in the Agenda packet.

2. Public Understanding and Acceptance of Funding Options

Richard Bernard, FM3 Research, gave a presentation on the firm's research findings based on a telephone survey conducted in March and April of 2010, and a series of focus groups conducted in March and May of 2012, that included participants of residents in the five of the six SCAG counties. Mr. Bernard explained the research was focused on questions and information on different aspects of mileage-based user fees. Initially, the results were negative; the participants concerns focused on the disbelief that mileage-based user fees would significantly reduce traffic congestion and would create an increase of government control, decrease the incentive for purchasing fuel efficient/low emission vehicles, and would negatively impact the economy. The positive takeaways from these focus groups were that the residents support additional funding going to transportation improvements that include public transit, freeways, and local roads with mandatory local control of funds, and creating a reliable source of funding to address the wear and tear of our aging freeway system.

Mr. Bernard recommended testing the awareness of the problems the residents have in the SCAG counties. He also acknowledged an opportunity to frame a positive message addressing all of these concerns through an education program. Throughout the course of ten years the goal would be to

identify supporters, opponents, persuadable residents, and credible spokespeople to strengthen transportation funding awareness.

3. Public-Private Partnerships (P3s) and Transit

Marv Hounjet, Plenary Group, reported on the detailed structure of public-private partnerships (P3s) and its potential for transit. Mr. Hounjet specifically defined P3s, how P3s are structured, the role taken by sponsor and contractor, and what P3s do not include. Mr. Hounjet compared two projects, P3 versus traditional procurement, with similar components and noted the differences in risk transfer, alignments of interests, project management, sponsor financing, and project delivery impact. Questions were asked regarding specific clarifications of certain procurement methods and their applicability to transit projects, and Mr. Hounjet concluded by providing additional scenarios and asking the members to consider the life-cycle cost of an asset and increased penalties for non-performance. The full presentation was included in the Agenda packet.

4. High Desert Corridor P3 Rail Component

Kern Jacobson, InfraConsult, briefed the Subcommittees on the High Desert Multipurpose Corridor (HDMC), a project that connects Palmdale to Victorville, and on its viability as a P3. What started as a highway only project has grown to become a potential linkage to the Statewide High-Speed Rail (HSR) network. Mr. Jacobson continued his presentation outlining the following topics:

- Primary Project Components
- Rail Component Options
- Travel Market and Ridership

In conclusion of the presentation, Mr. Jacobsen noted that the success of the HDMC relies upon the assumption of the cost of track improvements for the Los Angeles to Palmdale corridor by the CaHSRA, adequate market appetite, availability of early public funding, and the accuracy of ridership and revenue forecasts. The full presentation, along with the financial analysis, is included in the Agenda packet.

5. Options for Funding Rail Initiatives

Denny Zane, Move LA and Transportation Finance Subcommittee Ex-Officio Member, outlined three funding options: 1) statewide bonds, 2) sales tax on transportation fuels, and 3) multi-county or regional measures. Due to the local election requirements of passing any statewide measure by a two-thirds vote, Mr. Zane encourages pursuing a course of action that would lower the voter approval threshold. While these options will face significant hurdles, Mr. Zane concluded his report on a positive note.

CHAIR'S REPORT

No chair's report was given.

ADJOURNMENT

The meeting adjourned at 4:38 p.m. The next meeting of the High-Speed Rail & Transit Subcommittee will be Friday, February 15, 2013. The next meeting of the Transportation Finance Subcommittee will be March 1, 2013.

Transportation Finance Subcommittee

Overview of Draft Recommendations

March 1, 2013



Subcommittee Charter

AGENDA ITEM NO. 1

REPORT

DATE: July 5, 2012

TO: Executive/Administration Committee (EAC), Regional Council (RC), Community, Economic, and Human Development (CEHD) Committee, Energy and Environment Committee (EEC), and Transportation Committee (TC)

FROM: Hon. Glen Becerra, SCAG President *Glen Becerra*

SUBJECT: New SCAG Subcommittees

RECOMMENDED ACTION BY THE EXECUTIVE/ADMINISTRATION COMMITTEE (EAC) AND JOINT POLICY COMMITTEES:
Discuss and forward recommendations to the Regional Council for approval.

RECOMMENDED ACTION BY THE REGIONAL COUNCIL:
Approve the SCAG Subcommittee Charters as recommended by the Executive/Administration Committee (EAC) and Joint Policy Committees.

BACKGROUND:
At the April 5, 2012 Regional Council meeting, the Regional Council unanimously approved a motion to form various subcommittees as part of the implementation strategy for the 2012-2035 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS). These subcommittees are:

1. Active Transportation
2. Goods Movement
3. High-Speed Rail and Transit
4. Public Health
5. Transportation Finance
6. Sustainability Subcommittee


The six (6) subcommittees will facilitate information exchange and policy development around their respective emphasis areas, identify regional priorities, and help facilitate the implementation of the 2012-2035 RTP/SCS. Purview of the Subcommittees will not be restricted as they may consider other related tasks.


The Policy Committee Chairs and Vice-Chairs met on June 27, 2012 to discuss the following common principles:

The Active Transportation, Goods Movement, High-Speed Rail and Transit, and Transportation Finance Subcommittees will report to the Transportation Committee (TC). The Public Health Subcommittee will report to the Energy and Environment Committee (EEC). The Sustainability Subcommittee will report to the Community, Economic and Human Development (CEHD) Committee.

- The Subcommittees will comply with the Brown Act.
- Participation by Teleconferencing and Videoconferencing will be allowed.

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 SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS

 SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
TRANSPORTATION FINANCE SUBCOMMITTEE

Transportation Finance Subcommittee Charter

Background

The Transportation Finance Subcommittee (Subcommittee) is being formed at the direction of the Regional Council. The SCAG region's transportation needs are rapidly expanding while resources to support these needs continue to diminish as fuel efficiency improves and gas tax rates remain unadjusted. At the same time, the cost of bringing our assets back into a state of good repair is projected to grow exponentially as the region continues to underinvest in system preservation and defer critical maintenance. Environmental constraints and lengthy project development processes also contribute to cost escalation and continue to impede the region's ability to deliver critical projects.

To effectively compete in the global economy, the region must strategically invest in transportation infrastructure while ensuring maximum return on investment. As such, the adopted 2012-2035 RTP/SCS incorporated some key financial strategies as follows:

- A mileage-based user fee system, with deployment by 2025 as a viable long-term strategy—assumes \$0.05 (in 2011 dollars) per mile to replace existing gas taxes.
- Short-term actions including modest increases of gas taxes—additional \$0.15 per gallon imposed by the state and federal government from 2017 through 2024.
- Targeted application of congestion pricing strategies including a regional express lane network (that would allow single occupancy vehicles to use High Occupancy Vehicle lanes for a fee) to facilitate inter-county travel.
- Establishment of a national freight program to fund key projects of regional and national significance.
- Supplementing these new sources, the use of innovative financing mechanisms to facilitate partnerships with the private sector.

Purpose

- As a follow up to the adoption of the 2012-2035 RTP/SCS, the Transportation Finance Subcommittee would provide the necessary leadership and policy forum for development of a coordinated Action Plan for moving towards implementation of key strategies identified in the 2012 RTP/SCS, including but not limited to identification of immediate steps for conducting research, development and demonstration (RD&D), as may be applicable.
- Additionally, the success of the strategies identified in the 2012-2035 RTP/SCS will depend upon SCAG's ability to facilitate a coordinated campaign with local, state, and federal policymakers as well as business leadership. The

Subcommittee Charter: Purpose

- **...development** of a coordinated Action Plan for moving towards implementation of key strategies identified in the **2012–2035 RTP/SCS**
- **...success** of the strategies identified in the **2012–2035 RTP/SCS** will depend upon **SCAG's** ability to facilitate a coordinated campaign with local, state, and federal policymakers as well as business leadership
- **...subcommittee** would provide SCAG staff the necessary guidance for development of the upcoming **2016–2040 RTP/SCS** as appropriate

Subcommittee Charter: Deliverables

- Action Plan for moving forward implementation of **key strategies identified in the 2012–2035 RTP/SCS**
- Identify economic benefits for expediting RTP/SCS project delivery
- Framework for the development of the financial plan for the upcoming 2016–2040 RTP/SCS
- Investigate potential mitigation measures to lessen impacts from revenue strategies included in the **2012–2035 RTP/SCS***

** Not included in Subcommittee Charter; added by Subcommittee at 1st Meeting*

2012–2016 RTP/SCS Financial Plan Review



03 FINANCIAL PLAN

67



Introduction

The financial plan identifies how much money is available to support the region's surface transportation investments, including transit, highways, local road improvement, system preservation, and demand management goals. It also addresses the need for investment in goods movement infrastructure, improving ground access in and around major goods movement facilities and enhancing major highways and railroads are critical to maintaining the health of Southern California's economy. The 2012–2016 RTP/SCS calls for traditional and non-traditional revenue sources for implementing a program of infrastructure improvements to keep freight and people moving.

The 2012–2016 RTP/SCS includes a number of reasonably available revenue sources to supplement existing transportation dollars. The SCAG region's financially constrained plan includes a core revenue forecast of existing local, state, and federal sources along with funding sources that are reasonably available over the time horizon of the RTP/SCS. The financial plan also includes action steps to obtain the revenues necessary for implementing the region's transportation vision.

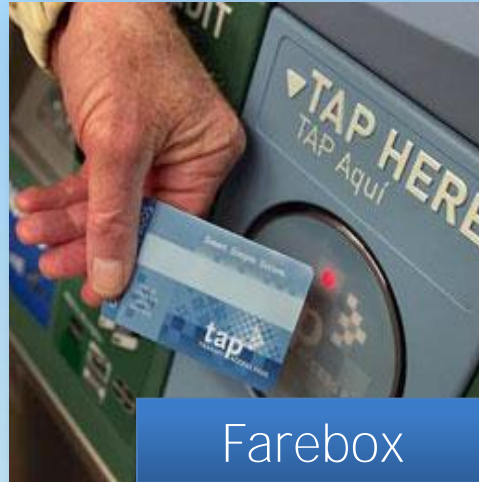
SCAG acknowledges the considerable challenges associated with financing transportation investments. The plan highlights the importance of finding new and innovative ways to pay for transportation, including our ever-expanding backlog of investment needs just to maintain the existing transportation system. Nationally, we are facing a very real, near-term monetary crisis with the Federal Highway Trust Fund, so fuel tax receipts continue to take a precipitous decline. Additionally, the viability of California's State Highway Account remains in question, as only a fraction of our needs are funded through state sources.

To backfill limited state and federal sources, our region continues to rely upon local initiatives (76 percent of core revenues) to meet transportation needs. With a total of seven sales tax measures throughout the region, including the passage of Measure R in Los Angeles County since the adoption of the 2008 RTP, we are increasingly becoming tax self-reliant. However, the national purpose served by Southern California's transportation system—particularly in the movement of goods—presents the need for stronger state and federal commitment. Our transportation system is the responsibility of all levels of government.

Financial Plan Review: Traditional Transportation Funding Mechanisms



Sales Tax



Farebox



Gas Tax



Tolls



Bonds



Impact Fees

Financial Plan Review: Guiding Principles for New Revenues

- User-based, reflecting true cost of transportation but ensuring an equitable distribution of costs and benefits
- Promote stabilization of national and state programs
- Promote strategies that strengthen federal commitment to goods movement
- Leverage locally available funding with innovative financing tools
 - Attract private capital and accelerate project delivery

Financial Plan Review

Innovative Financing and New Revenue Sources

Revenue Source	Description	Revenue (\$Billions)
Bond Proceeds from Local Sales Tax Measures	Issuance of debt against existing sales tax revenues: Los Angeles, Orange, Riverside, and San Bernardino counties.	\$25.6
State and Federal Gas Excise Tax Adjustment to Maintain Historical Purchasing Power	Additional \$0.15 per gallon gasoline tax imposed at the state and the federal levels starting in 2017 to 2024—to maintain purchasing power.	\$16.9
Mileage-Based User Fee (or equivalent fuel tax adjustment)	Mileage-based user fees would be implemented to replace gas tax—estimated at about \$0.05 (2011\$) per mile and indexed to maintain purchasing power starting 2025.	\$110.3 (est. increment only)
Highway Tolls (includes toll revenue bond proceeds)	Toll revenues generated from SR-710 Tunnel, I-710 South Freight Corridor, East-West Freight Corridor, segment of the High Desert Corridor, and Regional Express/HOT Lane Network.	\$22.3
Private Equity Participation	Private equity share as may be applicable for key initiatives: e.g., toll facilities; also, freight rail package assumes railroad share of costs for mainline capacity and intermodal facilities such as SCIG and ICTF modernization.	\$2.7

Financial Plan Review

Innovative Financing and New Revenue Sources

Revenue Source	Description	Revenue (\$Billions)
Freight Fee/National Freight Program	A national freight program is anticipated with the next federal reauthorization of the surface transportation act. The National Freight Program described in Senate proposed transportation reauthorization bill (MAP-21) would establish federal formula funding for infrastructure improvements supporting the national freight network. Early estimates indicate roughly \$2 billion per year nationally. Regional estimate assumes a conservative percentage of national totals.	\$4.2
E-Commerce Tax	E-commerce sales refer to the sale of goods and services where an order is placed, or price and terms of the sale are negotiated over the internet or other online system. Potentially, the revenue could be used for transportation purposes, given the relationship between e-commerce and the delivery of goods to California purchasers.	\$3.1
Interest Earnings	Interest earnings from toll bond proceeds.	\$0.2

Financial Plan Review

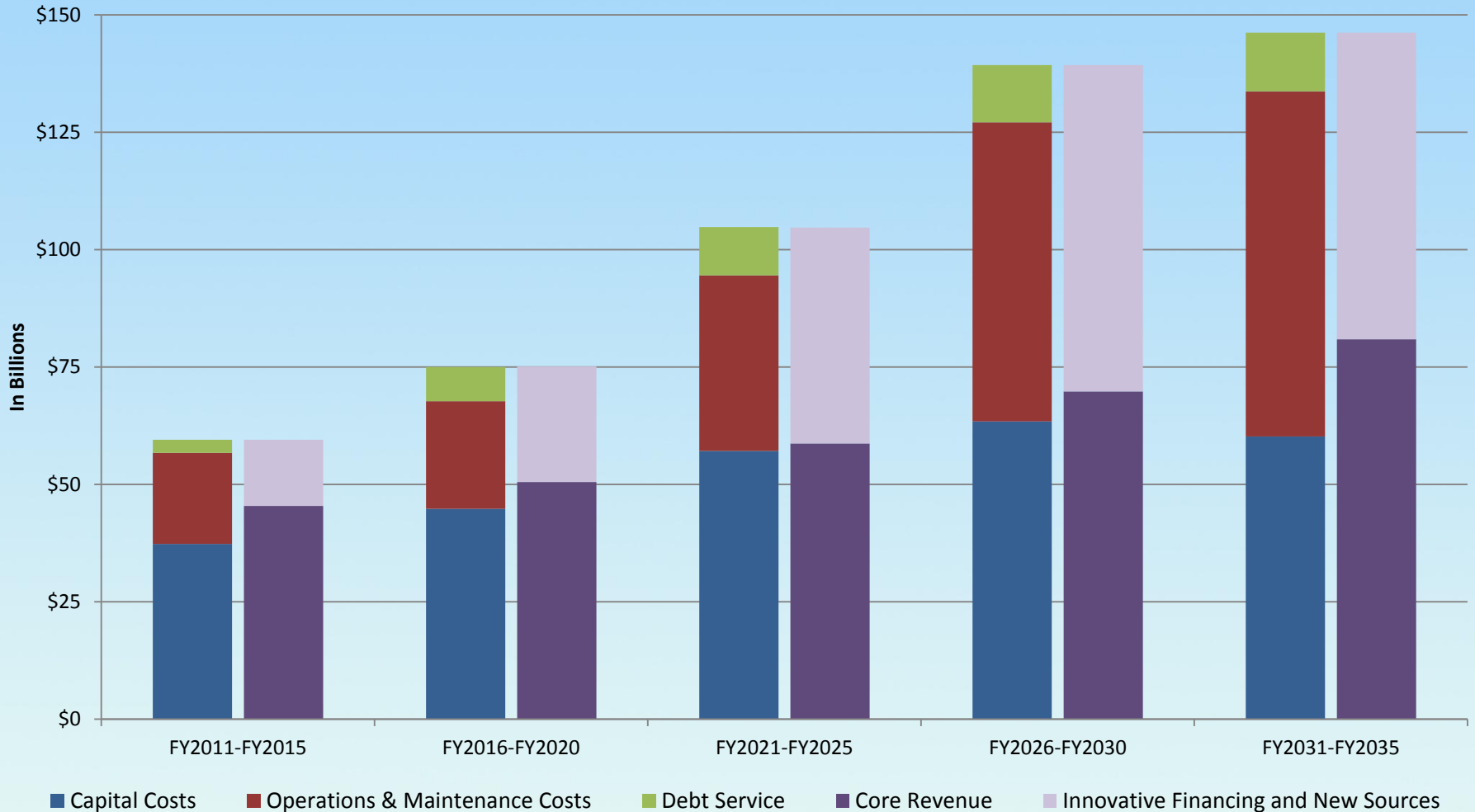
Innovative Financing and New Revenue Sources

Revenue Source	Description	Revenue (\$Billions)
State Bond Proceeds, Federal Grants & Other for California High Speed Rail Program	State general obligation bonds authorized under the Bond Act approved by California voters as Proposition 1A in 2008; federal grants authorized under American Recovery and Reinvestment Act and High-Speed Intercity Passenger Rail Program; potential use of qualified tax credit bonds; and private sources.	\$33.0
Value Capture Strategies	Assumes formation of special districts (Infrastructure Financing Districts) including use of tax increment financing for specific initiatives: e.g., East-West Freight Corridor.	\$1.2

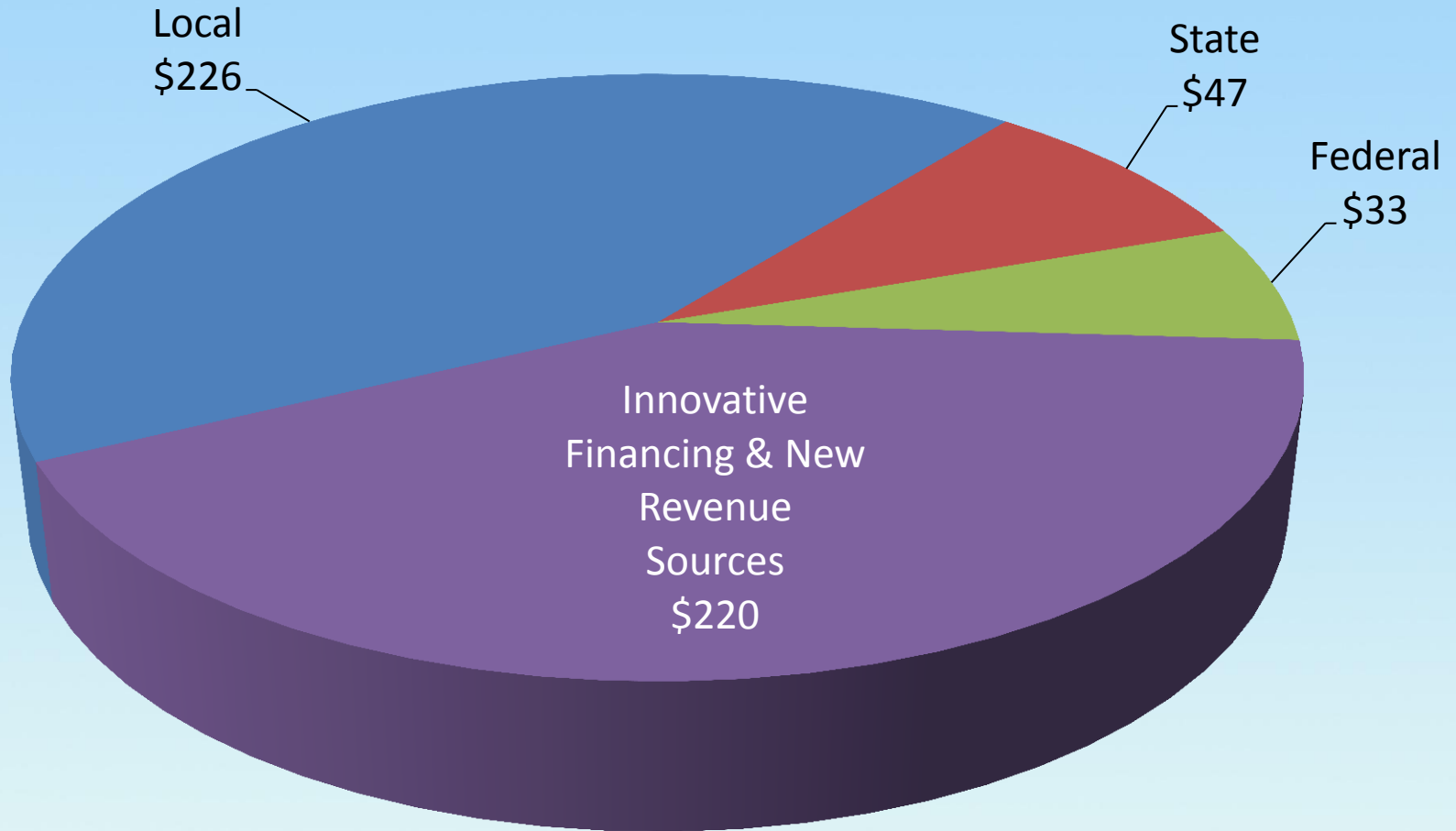
Financial Plan Review: Estimating Costs

- Expenditures fall into three main categories:
 - Capital costs, operations and maintenance, and debt service
- Each of the county transportation commissions (CTCs) provided detailed estimates for capital costs
- Operations and maintenance costs from CTCs, transit operators, Caltrans, and others
- Debt service payments for current and anticipated bond issuances consistent with CTCs' **established** policies

Financial Plan Review: Expenditures and Revenues



\$525 Billion in Funding Needs



In billions of nominal dollars

Supplemental Revenue Sources to Review Based on Subcommittee Discussion

- Sales tax on transportation fuels
- Vehicle-related surcharges
- Vehicle license/registration fee
 - County-level fee
- Risk transfer/efficiency gains from P3s

Review of Transportation Finance Subcommittee Meetings

Revised 10-10-2012

TRANSPORTATION FINANCE SUBCOMMITTEE

Deliverables:

1. Action Plan for moving forward implementation of key strategies identified in the 2012-2015 RTP/SCS
2. Identify economic benefits for expediting RTP/SCS projects delivery
3. Framework for the development of the financial plan for the upcoming 2014 RTP/SCS
4. Investigate potential mitigation measures to lessen impacts from revenue strategies included in the 2012-2015 RTP/SCS

Meeting #1: Overview of Financial Plan, Emerging Issues, and Work Plan

Objectives: Introduce critical components regarding ability to address fiscal constraints and establish values within work plan

- Overview of the financial plan and discussion of key emerging issues (taxes and revenue)
- Update on materials needs assessment and associated revenue options
- Review 2014 RTP/SCS development schedule
- Review 2014 RTP/SCS development schedule
- Work plan for subcommittee and steps to achieve deliverables

Meeting #2: Managing System Costs and Expediting Project Delivery

Objectives: Understand components of system costs and identify strategies to better manage costs

- Review of system cost components—travel, tolls, and economic regulations
- Incorporating full life cycle costs in planning, programming, and financing
- Strategies to better manage costs and expedite project delivery

Meeting #3: System Preservation Needs

Objectives: Understand the cost of system preservation and identify strategies to better manage costs

- Review of system preservation as a cost containment strategy
- Assessment of system preservation
- Funding options for system preservation

Meeting #6--Joint Meeting: Public-Private Partnerships, Innovative Financing, and Strategies for Goods Movement

Objectives: Understand options for leveraging private sector participation; other innovative financing options and strategies for goods movement

- MAP-21 provisions for TIFIA and opportunities for project delivery and system preservation
- Stable revenue sources for support TIFIA and financing options
- Goods movement funding and financing options

Meeting #5--Joint Meeting: Revenue Strategies--Joint Subcommittee Meeting

Objectives: Understand options and identify strategies to fund specific model initiatives (e.g., commuter rail, transit, tolling, tolls, and opportunities for funding transit initiatives)

- Transit, tolling, tolls, and opportunities for funding transit initiatives
- Funding high-speed rail
- Update on Express Toll/Choke Point and emerging regional congestion pricing strategies

Meeting #6: 2013-2015 RTP/SCS Implementation Action Plan and 2014 RTP/SCS Financial Plan Framework

Objectives: Review and recommend steps for implementation of 2012-2015 RTP/SCS and framework for development of 2014 RTP/SCS

- Review and recommend steps for 2012-2015 RTP/SCS implementation and identify emerging issues to address in development of 2014 RTP/SCS

Review of Subcommittee Meetings

- First Meeting:
 - Financial plan context and strategies **incorporated in 2012–2035 RTP/SCS** overview
 - Statewide Ten-Year Needs Assessment, including shortfall and revenue options
 - Measure J briefing
 - Subcommittee Work Plan approved

Review of Subcommittee Meetings

- Second Meeting:
 - Project capital costs, including components of material and labor costs
 - Economic analysis of benefits of expediting project delivery
 - **OCTA's** Breaking Down Barriers briefing
 - Lowering voter threshold requirement for local transportation measures discussion

Review of Subcommittee Meetings

- Third Meeting:
 - State Highway Operation and Protection Program overview and status update
 - California Statewide Needs Assessment of local streets and roads system preservation needs and funding options
 - Transit system preservation needs and efforts to achieve a state of good repair briefing

Review of Subcommittee Meetings

- Fourth Meeting (with Goods Movement Subcommittee):
 - Research findings for new dedicated revenue mechanism for freight investment
 - Cap-and-trade program and auction proceeds process overview
 - Public-private partnerships, tolling, innovative financing options, and new transportation revenue sources discussion

Review of Subcommittee Meetings

- Fifth Meeting (with High-Speed Rail & Transit Subcommittee):
 - Mileage-fee design strategies to reduce system costs and increase public acceptance
 - Public understanding and acceptance of transportation funding options
 - Public-private partnerships and transit
 - High Desert Corridor rail component update
 - Funding options for rail initiatives

Transportation Finance Subcommittee

Draft Recommendations

Transportation Finance Subcommittee

Staff Recommendations

Over the course of five subcommittee meetings convened to date from October 2012 to February 2013, the Transportation Finance Subcommittee engaged in dialogue with key experts and addressed critical emerging and long-term issues impacting transportation funding, including:

- Reviewed project cost considerations in the 2012–2035 RTP/SCS financial plan;
- Reviewed best practices for expediting project delivery and economic considerations;
- Discussed the potential for lowering the voter threshold requirement for local transportation measures;
- Highlighted the importance of maintaining our assets to achieve a state of good repair—as cost-efficiency measures;
- Reviewed potential new revenue mechanisms for freight transportation infrastructure;
- Considered options for public-private partnerships, tolling, and innovative financing;
- Discussed California’s Cap-and-Trade auction proceeds process; and
- Reviewed options for designing mileage-based user fees to reduce system costs and increase public acceptance.

The following staff recommendations reflect the dialogue of the subcommittee meetings along with input provided by ex-officio members and stakeholders. These staff recommendations are intended to further facilitate implementation of the adopted 2012–2035 RTP/SCS financial plan strategies and lay the groundwork for developing the 2016–2040 RTP/SCS financial plan. These recommendations are complementary to financial plan implementation steps documented in the 2012–2035 RTP/SCS and will serve as critical input into staff work programs designed to meet implementation milestones.

Draft Recommendations: Cost Containment

- Continue to investigate cost-efficiency measures for transportation investments
 - Continue to highlight analysis of system preservation and full life-cycle costs for major transportation initiatives in the 2012–2035 RTP/SCS
 - Track results of economic benefits analysis of expedited project delivery
 - Support and seek opportunities to promote expedited project delivery

Draft Recommendations: Cost Containment

- *Next Steps to 2016–2040 RTP/SCS Development*

Develop framework for a regional asset management system to better gauge system preservation and state of good repair needs as a part of the 2016–2040 RTP/SCS financial plan development process, consistent with **SCAG's** FY2013 Overall Work Program (OWP)

Draft Recommendations: Funding Options

- Continue to monitor and analyze emerging transportation funding options for multimodal investments
 - Seek opportunities to support and promote lower voter threshold initiatives for transportation measures
 - Collaborate with regional partners to pursue opportunities for cap-and-trade auction proceeds to support transportation investments, including freight technology advancement demonstration projects

Draft Recommendations: Funding Options

- Continue to monitor and analyze emerging transportation funding options for multimodal investments (continued)
 - Support and promote public-private partnership opportunities for viable transportation initiatives throughout the region
 - Track potential measures to augment and stabilize state and federal transportation revenues, including adjustments to fuel excise taxes and sales taxes on transportation fuels

Draft Recommendations: Funding Options

- *Next Steps to 2016–2040 RTP/SCS Development*

Develop comprehensive set of multimodal funding options for consideration as part of the 2016–2040 RTP/SCS financial plan development process

Draft Recommendations: Partnerships and Demonstration

- Promote and seek on-going partnerships with regional partners, business leaders, and other stakeholders to further **SCAG's** 2012–2035 RTP/SCS financial plan strategies
 - Continue to finalize Concept of Operations plan for a regional network of express lanes
 - Engage regional partners, including transportation agencies, in research, development, and demonstration efforts for a mileage-based user fee system

Draft Recommendations: Partnerships and Demonstration

- Promote and seek on-going partnerships with regional partners, business leaders, and other stakeholders to further **SCAG's** 2012–2035 RTP/SCS financial plan strategies (continued)
 - Support and promote a dedicated funding source for goods movement, including implementation of MAP-21 freight provisions

Draft Recommendations: Partnerships and Demonstration

- *Next Steps to 2016–2040 RTP/SCS Development*

Staff participation in partnerships and continue to pursue foundational efforts for new revenue strategies

Questions?



Transportation Finance Subcommittee

Staff Recommendations

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1. Continue to investigate cost-efficiency measures for transportation investments

- Continue to highlight analysis of system preservation and full life-cycle costs for major transportation initiatives in the 2012–2035 RTP/SCS
- Track results of economic benefits analysis of expedited project delivery
- Support and seek opportunities to promote expedited project delivery

Next Steps to 2016–2040 RTP/SCS Development: Develop framework for a regional asset management system to better gauge system preservation and state of good repair needs as a part of the 2016–2040 RTP/SCS financial plan development process, consistent with SCAG’s FY2013 Overall Work Program (OWP).

2. Continue to monitor and analyze emerging transportation funding options for multimodal investments

- Seek opportunities to support and promote lower voter threshold initiatives for transportation measures

- Collaborate with regional partners to pursue opportunities for cap-and-trade auction proceeds to support transportation investments, including freight technology advancement demonstration projects
- Support and promote public-private partnership opportunities for viable transportation initiatives throughout the region
- Track potential measures to augment and stabilize state and federal transportation revenues, including adjustments to fuel excise taxes and sales taxes on transportation fuels

Next Steps to 2016–2040 RTP/SCS Development: Develop comprehensive set of multimodal funding options for consideration as part of the 2016–2040 RTP/SCS financial plan development process.

3. Promote and seek on-going partnerships with regional partners, business leaders, and other stakeholders to further SCAG’s 2012–2035 RTP/SCS financial plan strategies

- Continue to finalize Concept of Operations plan for a regional network of express lanes
- Engage regional partners, including transportation agencies, in research, development, and demonstration efforts for a mileage-based user fee system
- Support and promote a dedicated funding source for goods movement, including implementation of MAP-21 freight provisions

Next Steps to 2016–2040 RTP/SCS Development: Staff participation in partnerships and continue to pursue foundational efforts for new revenue strategies.