

SOUTHERN CALIFORNIA



**ASSOCIATION of
GOVERNMENTS**

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Keith Millhouse, Ventura County

Transportation Commission

No. 1 MEETING OF THE

TRANSPORTATION FINANCE SUBCOMMITTEE

Friday, October 12, 2012

10:00 a.m. – 12:00 p.m.

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

Videoconference Available

Orange County Office

**600 S. Main Street, Suite 906
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Riverside County Office

**3403 10th Street, Suite 805
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**/Member (SB)

Los Angeles County: Hon. Keith Hanks, **Vice Chair**/Member (LA)
Hon. Bruce Barrows 1st Alternate (LA)

Riverside County: Hon. Mary Craton, Member (Riv)
Hon. Darcy Kuenzi, 2nd Alternate (Riv)

Orange County: Hon. Brett Murdock, Member (OC)

Ex-Officio Members

Lucy Dunn, President & CEO, Orange County Business Council

Denny Zane, Executive Director, Move LA

TRANSPORTATION FINANCE SUBCOMMITTEE

AGENDA

OCTOBER 12, 2012

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

ACTION ITEMS

Time **Page No.**

- | | | | |
|--|------------|----------|---|
| 1. <u>Subcommittee Work Plan and Deliverables</u>
<i>(Warren Whiteaker, SCAG Staff)</i> | Attachment | 15 mins. | 1 |
|--|------------|----------|---|

Recommended Action: Approve Subcommittee Work Plan

INFORMATION ITEMS

- | | | | |
|---|------------|----------|----|
| 2. <u>Overview and discussion of 2012-2035 RTP/SCS Financial Plan</u>
<i>(Annie Nam, SCAG Staff)</i> | Attachment | 30 mins. | 11 |
| 3. <u>Statewide Needs Assessment Update and Revenue Options</u>
<i>(Susan Bransen, California Transportation Commission Staff)</i> | Attachment | 20 mins. | 33 |
| 4. <u>Measure J Overview</u>
<i>(Cosette Stark, Los Angeles County Metropolitan Transportation Authority Staff)</i> | Attachment | 20 mins. | 46 |
| 5. <u>2016 RTP/SCS Development Schedule</u>
<i>(Warren Whiteaker, SCAG Staff)</i> | Attachment | 5 mins. | 58 |

CHAIR'S REPORT

(Hon. Gary Ovitt, Chair)

TRANSPORTATION FINANCE SUBCOMMITTEE

AGENDA

OCTOBER 12, 2012

STAFF REPORT

(Annie Nam, SCAG Staff)

FUTURE AGENDA ITEMS

Any Subcommittee member or staff desiring to place items on a future agenda may make such a request.

ANNOUNCEMENTS

ADJOURNMENT

The next regular meeting of the Transportation Finance Subcommittee meeting will be determined at the October 12th meeting. It will be held at the SCAG Los Angeles Office.



Revised 10-10-2012



TRANSPORTATION FINANCE SUBCOMMITTEE

Deliverables:

1. Action Plan for moving forward implementation of key strategies identified in the 2012–2035 RTP/SCS
2. Identify economic benefits for expediting RTP/SCS projects delivery
3. Framework for the development of the financial plan for the upcoming 2016 RTP/SCS
4. Investigate potential mitigation measures to lessen impacts from revenue strategies included in the 2012–2035 RTP/SCS

Meeting #1

Overview of Financial Plan, Emerging Issues, and Work Plan

Objective: Introduce critical components impacting ability to achieve fiscal constraint and establish subcommittee work plan

- ◆ Overview of the financial plan and discussion of key emerging issues (costs and revenues)
- ◆ Update on statewide needs assessment and associated revenue options
- ◆ Measure J Overview
- ◆ Review 2016 RTP/SCS development schedule
- ◆ Work plan for subcommittee and steps to achieve deliverables

Action: Approve Transportation Finance Subcommittee Work Plan

Presenters: California Transportation Commission staff, Metro staff, SCAG

Meeting #2

Managing System Costs and Expediting Project Delivery

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

- ◆ Review of system cost components—trends, risks, and economic implications
 - Incorporating full life-cycle costs in planning, programming, and financing
- ◆ Strategies to better manage costs and expedite project delivery

Potential Presenters: Dr. Wallace Walrod (SCAG economic consultants), Caltrans economic division, ENR, OCTA, SANBAG, SCAG

Meeting #3

System Preservation Needs

Objective: Understand the cost of system preservation and identify adequate, reliable revenue sources to achieve a state of good repair

- ◆ Investment in system preservation as a cost containment strategy
 - Assessment of highways, local streets and roads, transit, and other modal system preservation needs
- ◆ Funding options for system preservation

Potential Presenters: Caltrans SHOPP, AASHTO, City of Ontario, Pat DeChellis (Deputy Director LACDPW), OCTA, Metrolink, SCAG

Meeting #4—Joint Meeting

Public-Private-Partnerships, Innovative Financing, and Strategies for Goods Movement

Objective: Understand options for leveraging private sector participation; other innovative financing options; and strategies for good movement

- ◆ MAP-21 provisions for TIFIA and implications for regional initiatives
- ◆ Viable revenue sources to support PPP opportunities for project delivery and system preservation
 - Goods movement funding and financing options

Potential Presenters: Nossaman, FHWA Office of Innovative Finance, financial institutions, county transportation commissions, SCAG, California Finance Authority, Tioga Group (NCFRP Report 15), POLA/POLB

Meeting #5—Joint Meeting

Revenue Strategies—Joint Subcommittee Meeting

Objective: Understand options and identify strategies to fund specific modal initiatives (e.g., commuter rail, transit, active transportation, transportation demand management)

- ◆ Trends, emerging tools, and opportunities for funding modal initiatives
- ◆ Funding high-speed rail
- ◆ Update on Express Travel Choices Study and emerging regional congestion pricing strategies

Potential Presenters: APTA, FTA, Denny Zane, HSRT, Metrolink, county transportation commissions, financial institutions, cities, City of Portland, New York City DOT, SCAG

Meeting #6

2012-2035 RTP/SCS Implementa- tion Action Plan and 2016 RTP/SCS Financial Plan Framework

Objective: Review and recommend steps for implementation of 2012-2035 RTP/SCS and framework for development of 2016 RTP/SCS

- ◆ Review and recommend steps for 2012-2035 RTP/SCS implementation and identify emerging issue to address in development of 2016 RTP/SCS

Action: Recommend steps for moving forward key strategies from 2012-2035 RTP/SCS and framework for development of 2016 RTP/SCS

Potential Presenters: County transportation commissions, Metrolink, Caltrans, FHWA/FTA, SCAG

Transportation Finance Subcommittee

Work Plan and Deliverables

October 12, 2012



Overview of Financial Plan, Emerging Issues, and Work Plan

- Objective: *Introduce critical components impacting ability to achieve fiscal constraint and establish subcommittee work plan*
 - Work plan and deliverables
 - Financial plan overview and discussion
 - Statewide needs assessment and revenue options
 - Measure J overview
 - 2016 RTP/SCS development schedule

Managing System Costs and Expediting Project Delivery

- Objective: *Understand components of system costs and identify strategies to better manage costs*
 - System cost components—trends, risks, and economic implications
 - Incorporating full life-cycle costs
 - Strategies to better manage costs and expedite project delivery

System Preservation Needs

- Objective: *Understand the cost of system preservation and identify adequate, reliable revenue sources to achieve a state of good repair*
 - Investment in system preservation as a cost containment strategy
 - Assessment of system preservation needs
 - Funding options for system preservation

Public-Private-Partnerships, Innovative Financing, and Strategies for Goods Movement

- Objective: *Understand options for leveraging private sector participation; other innovative financing options; and strategies for good movement*
 - MAP-21, TIFIA, and implications for regional initiatives
 - Revenue sources to support PPP opportunities for project delivery and system preservation
 - Goods movement funding and financing options

Revenue Strategies

Joint Subcommittee Meeting

- Objective: *Understand options and identify strategies to fund specific modal initiatives (e.g., commuter rail, transit, active transportation, transportation demand management)*
 - Trends, emerging tools, and opportunities for funding modal initiatives
 - Funding high-speed rail
 - Express Travel Choices Study and congestion pricing strategies

2012 RTP/SCS Implementation Action Plan and 2016 RTP/SCS Financial Plan Framework

- Objective: *Review and recommend steps for implementation of 2012-2035 RTP/SCS and framework for development of 2016 RTP/SCS*
 - Review and recommend steps for 2012-2035 RTP/SCS implementation and identify emerging issue to address in development of 2016 RTP/SCS

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 RTP/SCS
- Investigate potential mitigation measures to lessen impacts from revenue strategies included **in the 2012–2035 RTP/SCS**

Questions?



Transportation Finance Subcommittee

2012-2035 RTP/SCS Financial Plan Highlights

October 12, 2012



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RTP Elements

- Policies, strategies, and projects for the future
- Systems-level planning approach for roadways, transit, active transportation, and intermodal connections
- Projected demand for transportation service for 20+ years
- Regional land use, development, housing, and employment goals and plans
- Cost estimates and reasonability available revenues for operation, maintenance, and capital investments
- Strategies to preserve existing roads and facilities and make efficient use of existing transportation system
- **Conform to state's air quality plan (SIP) & SB 375**

Financial Plan Concepts

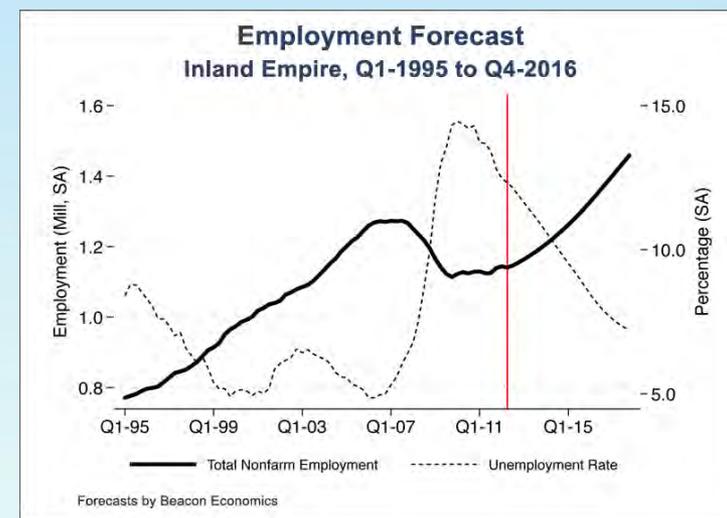
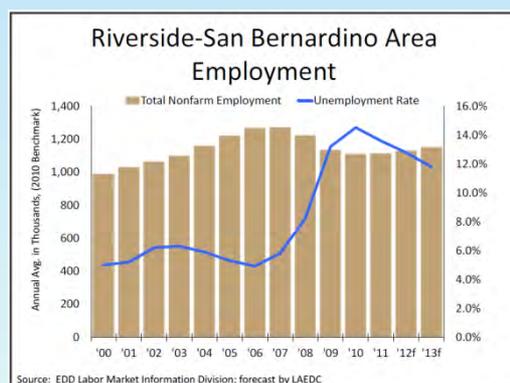
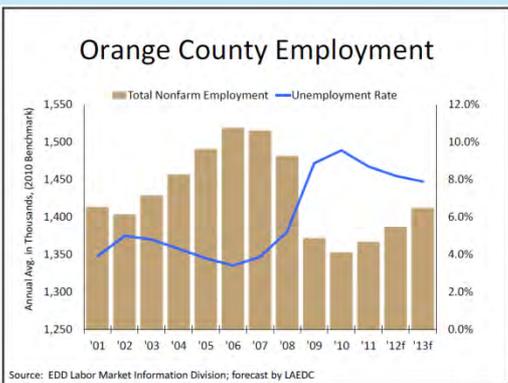
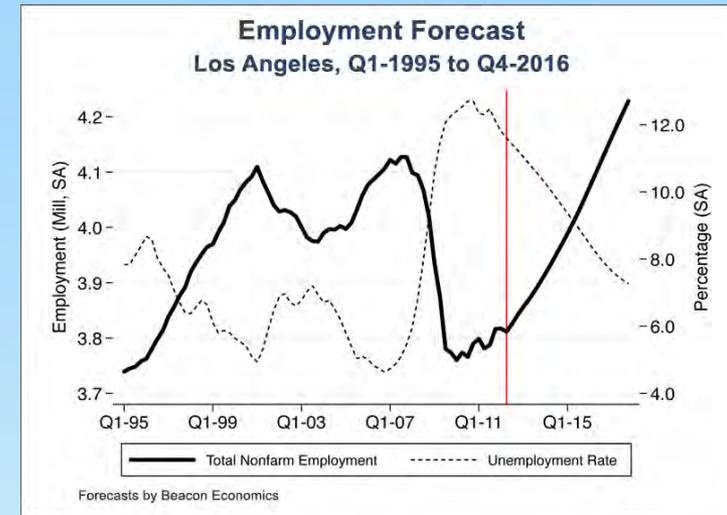
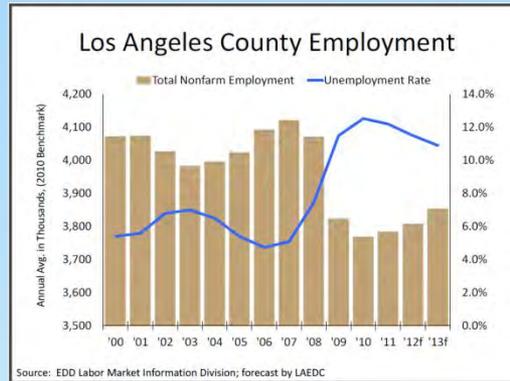
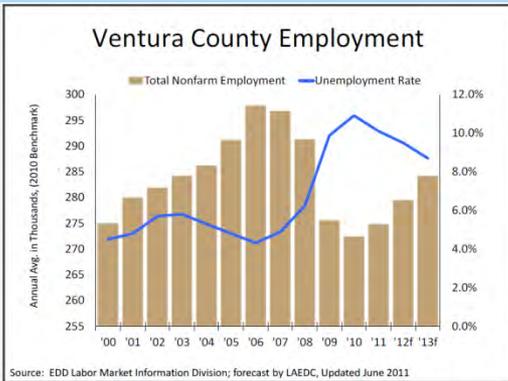
- Fiscal constraint
- Reasonably available revenues
 - Existing sources
 - New sources / innovative financing
- Year-of-expenditure (YOE) / nominal dollars
- Assumptions
 - Builds on county transportation commissions, state forecasts, federal apportionments, and others

Issues Impacting Financial Plan

- Great Recession and timing of recovery
- Sales tax forecasts
- Inflation outlook
- Changes in construction costs
- Federal funding
- Erosion of gas tax

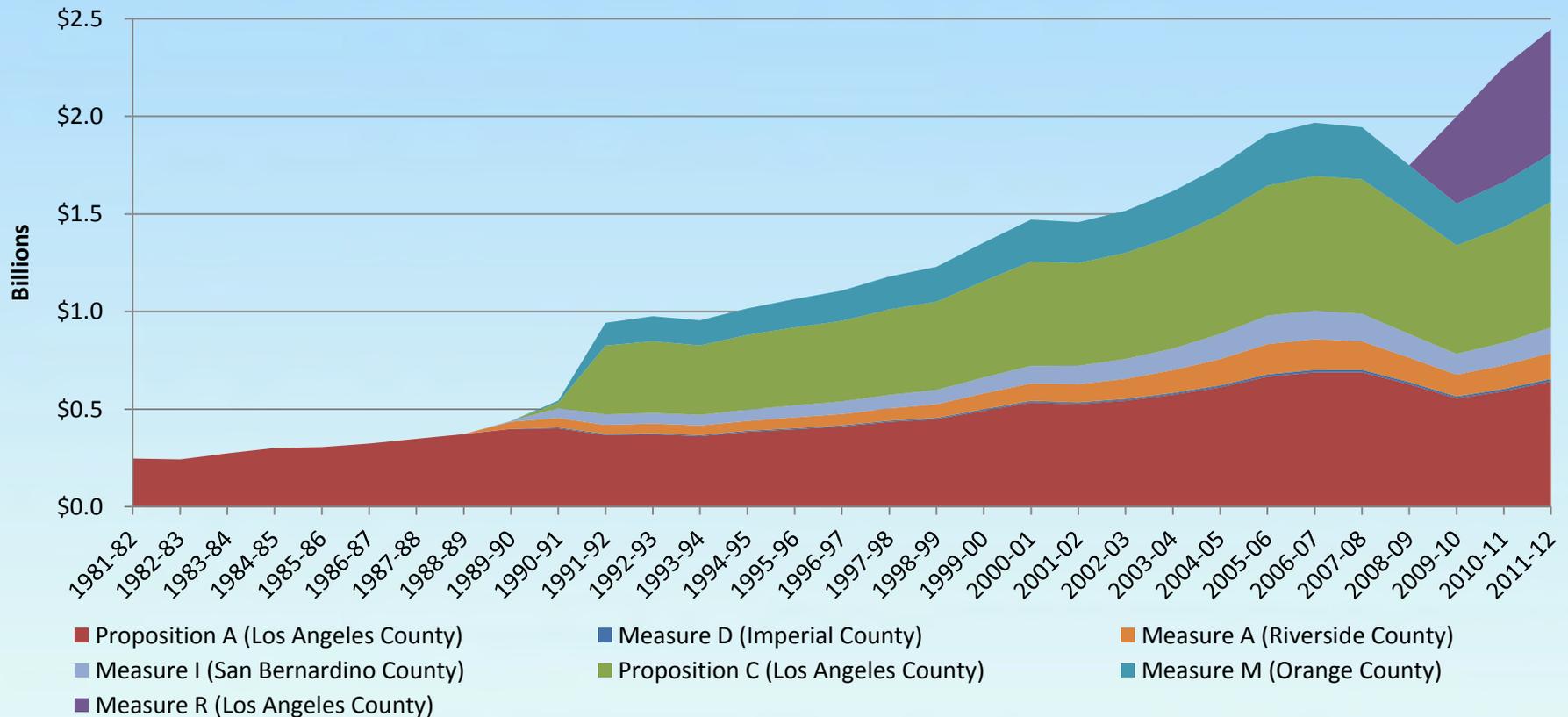
Effects of Great Recession Still Linger in Regional Outlook

Recent employment forecasts



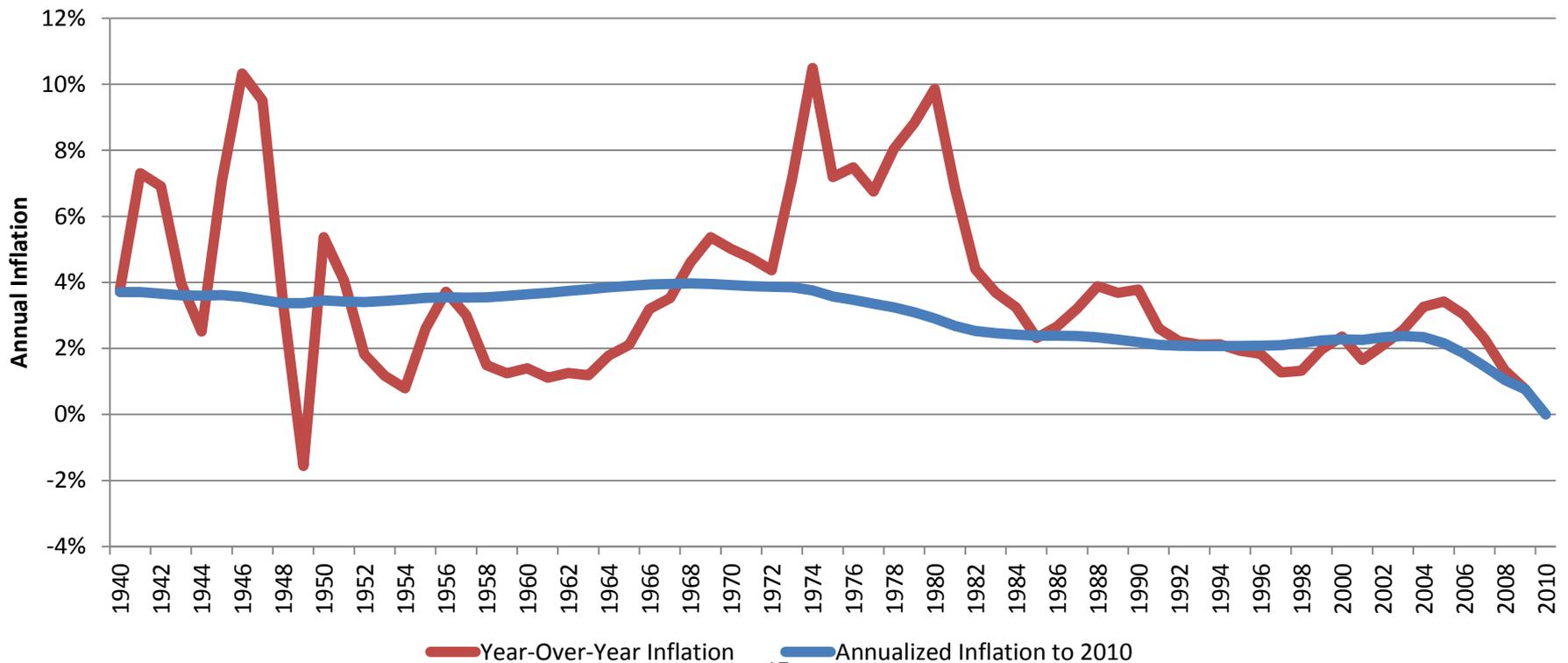
Local Option Sales Tax Measures

- Sales tax revenues are also on road to recovery
- Measure R approved during Great Recession



Inflation

- 2.9% inflation rate used to adjust constant dollars into nominal (or year of expenditure dollars)



Construction Costs

- 3.2% annual inflation factor used to estimate future, nominal costs

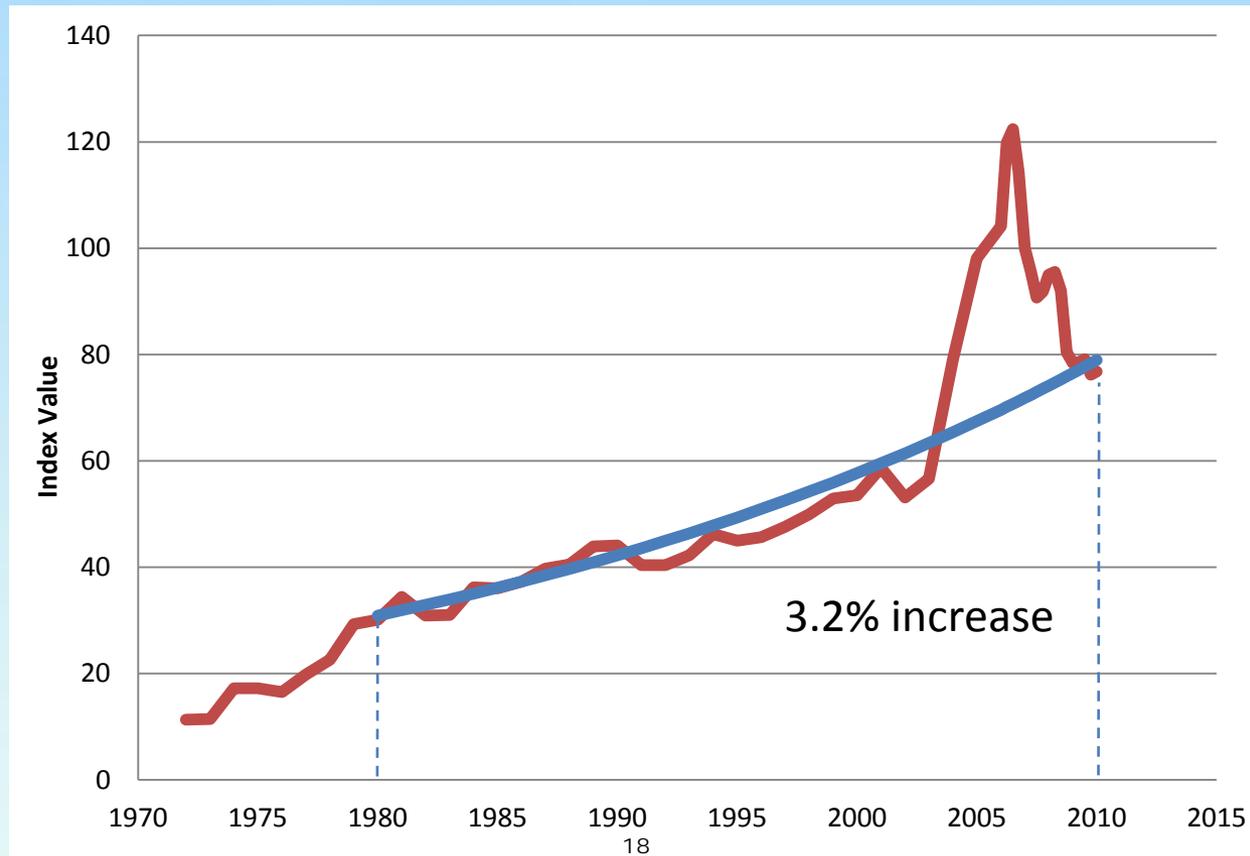
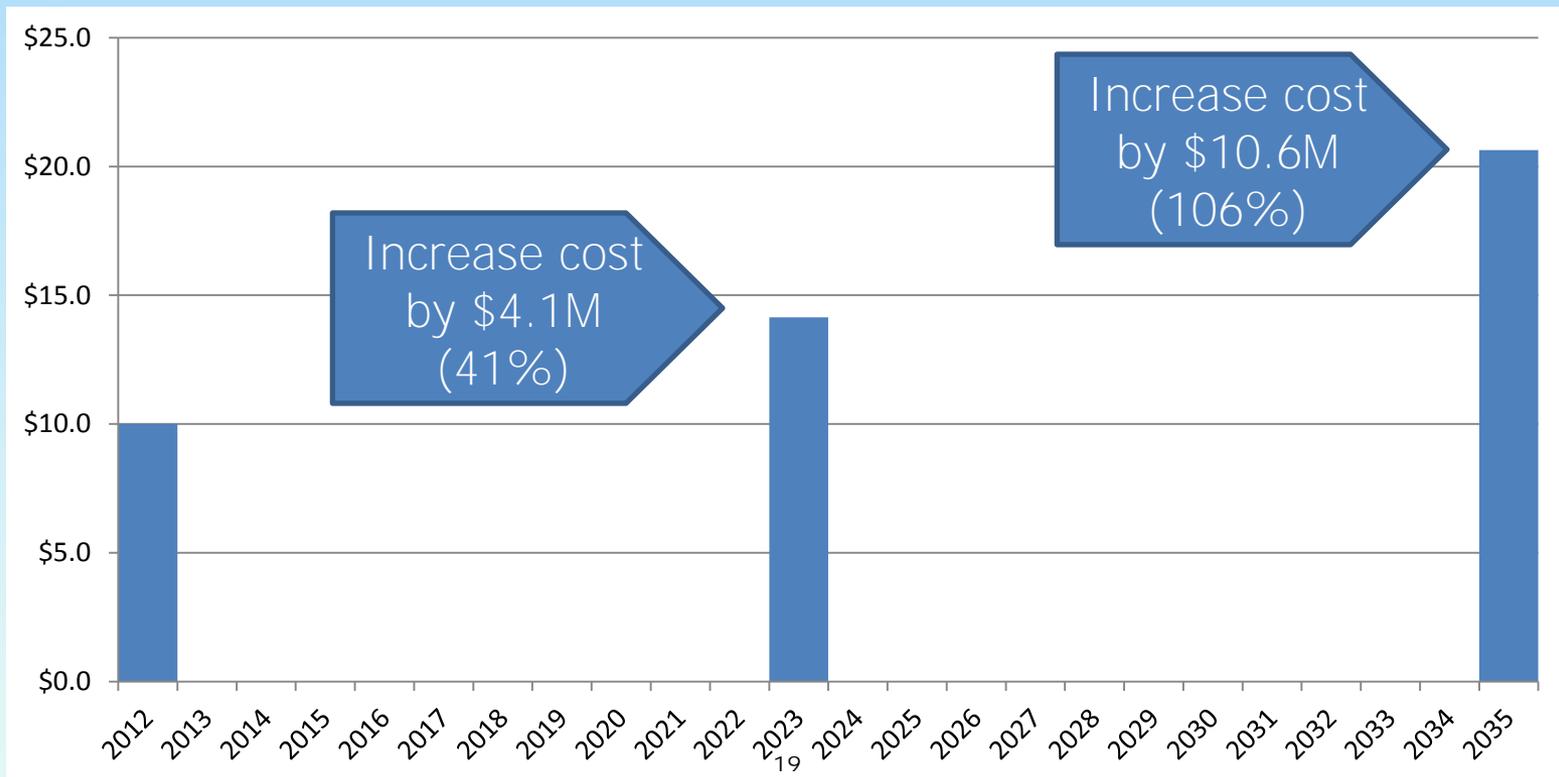


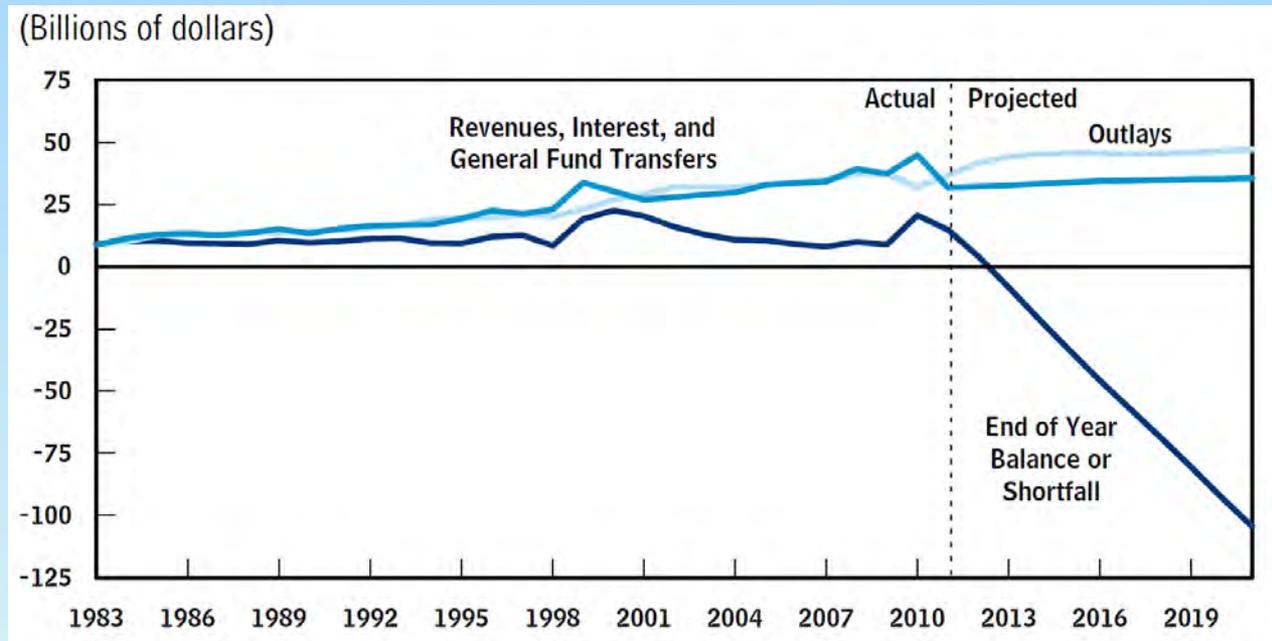
Illustration of Construction Cost Escalation

- Using 3.2% annual inflation factor, what are impacts to a \$10.0 million project of delaying from 2012 to 2023? from 2012 to 2035?



Federal Funding

- Status of the Federal Highway Trust Fund



- Analysis by CBO indicates that with \$18.8 billion transfer from General Fund as part of MAP-21, HTF will remain solvent through 2015

Erosion of Gas Tax

Federal Excise Fuel Tax Same Since 1993 (\$18.3 per gallon)

Assuming you drive 12,000 miles a year...

- 1993 Ford Taurus

- 21 mpg



- Paid \$105 in federal gas tax (1993\$)

Equivalent to \$148
in 2010\$

- 2010 Toyota Prius

- 50 mpg



- Paid \$44 in federal gas tax (2010\$)

70% loss in
purchasing power

Financial Plan – Forecasting Revenues

- Incorporate financial plans developed by county transportation commissions and transit operators
- Ensure consistency with both local and state planning documents
- Utilize published data sources to evaluate historical trends and augment local forecasts as needed
- Recommend new funding sources and innovative financing strategies

Current Transportation Funding Mechanisms



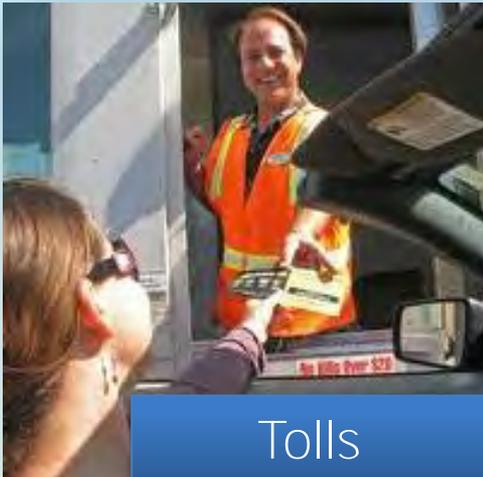
Sales Tax



Farebox



Gas Tax



Tolls



Bonds



Impact Fees

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

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

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

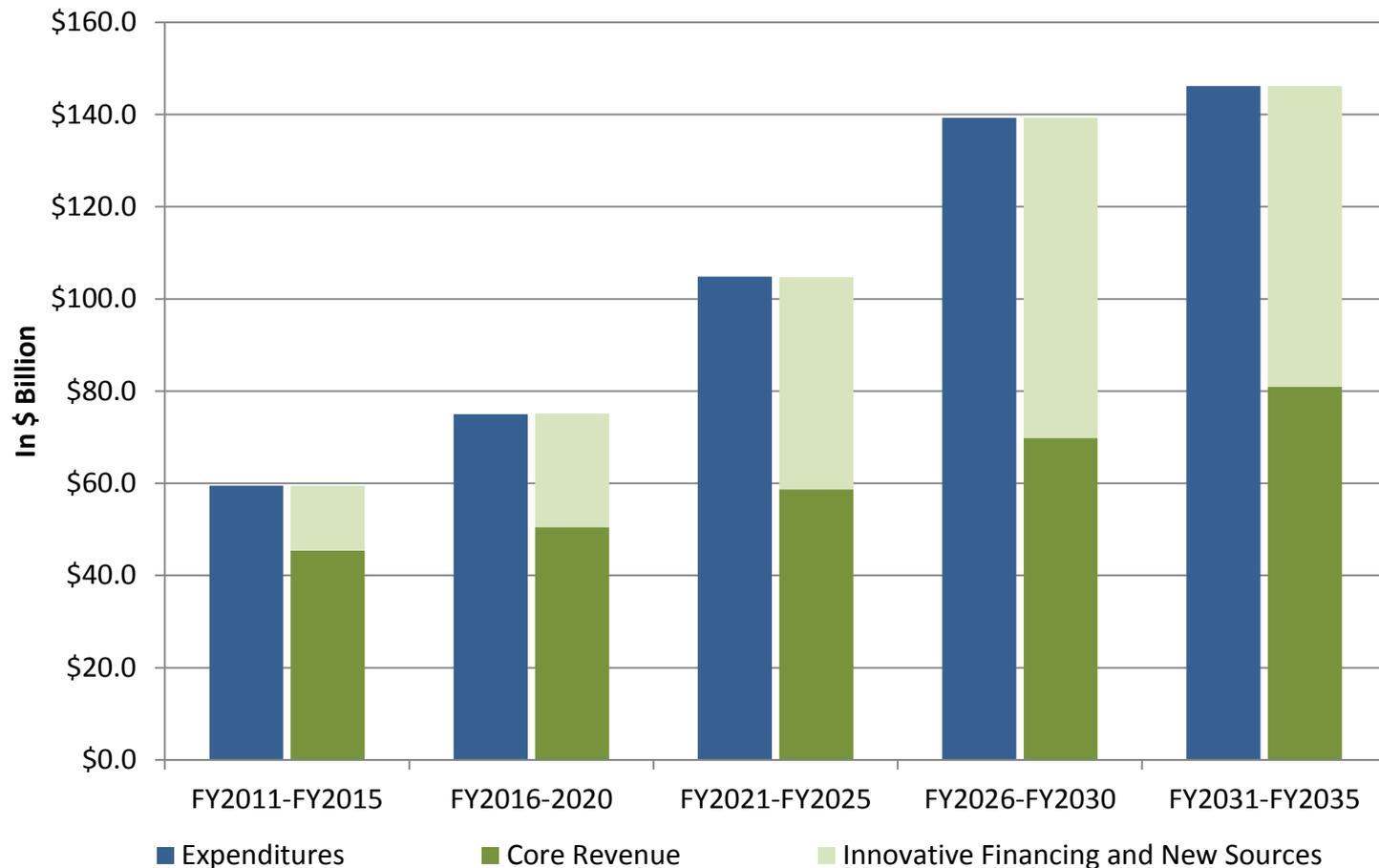
Innovative Financing and New Revenue Sources

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

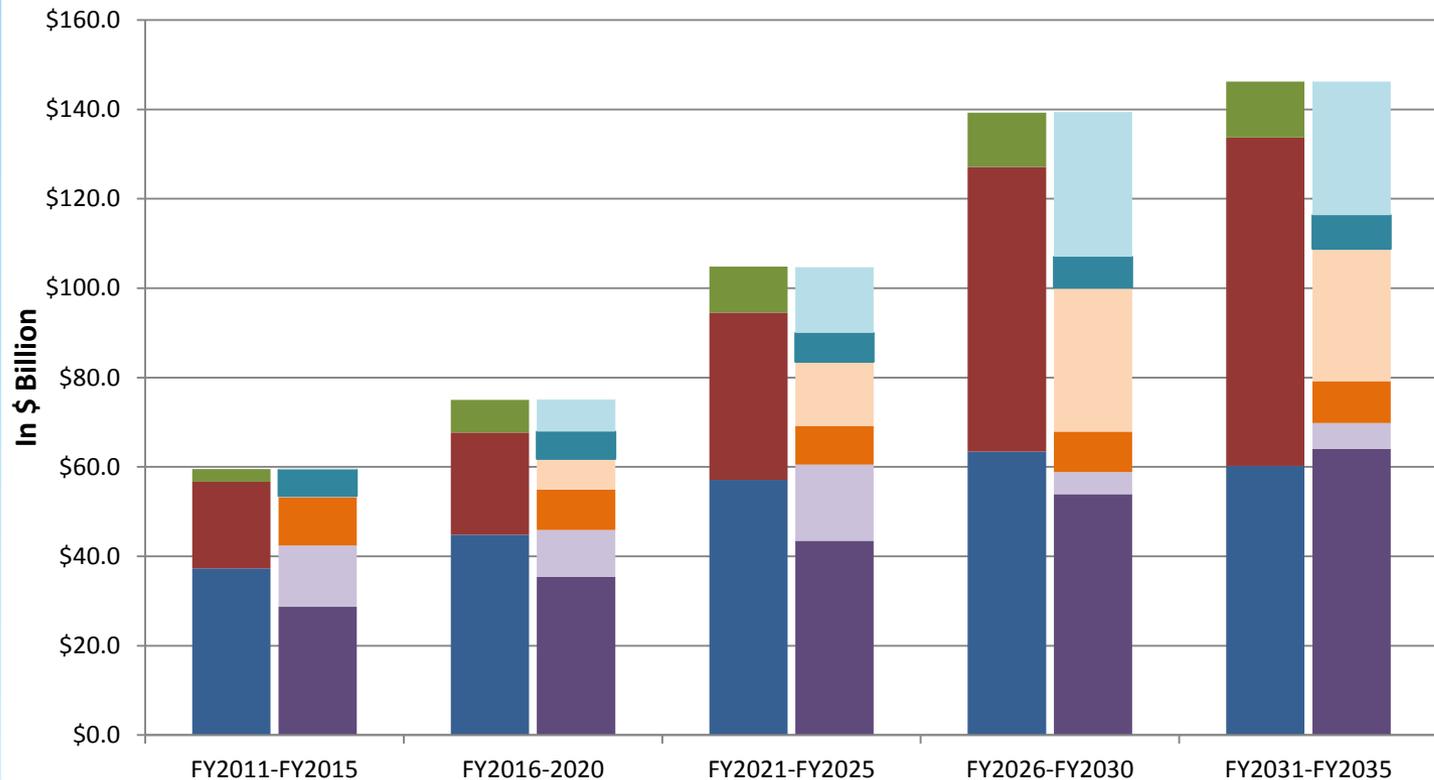
Financial Plan – Estimating Costs

- 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 – Expenditures and Revenues



Financial Plan – Expenditures and Revenues



■ Capital Costs

■ Operations & Maintenance Costs

■ Debt Service

< Expenditures

■ Core Local

■ Additional Local

■ Core State

< Revenues

■ Additional State

■ Core Federal

■ Additional Federal

Financial Plan Take-Aways

- Identification of innovative financing and new revenue sources in RTP/SCS just the beginning
 - Action Plan needed for moving forward implementation
- Need to better manage / lower system costs
 - Strategies to expedite project delivery
- Increase commitment to system preservation
- Increase options for private sector participation
- Identify potential mitigation measures to lessen impacts from revenue strategies

Questions?



Southern California Association of Governments

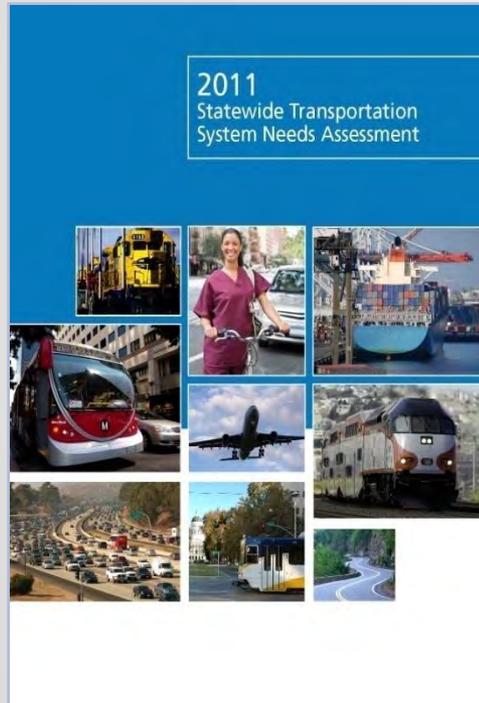
Transportation Finance Subcommittee Meeting

October 12, 2012

Susan Bransen
Deputy Director
California Transportation Commission



2011 Statewide Transportation Needs Assessment



“To develop a coordinated list of transportation projects and programs and related funding requirements that will allow local, state and regional transportation agencies to present a consistent message when communicating California’s transportation system preservation, expansion, management, maintenance and operations needs.”



Needs Assessment

Investment Needs for California's Transportation System

- System Preservation
- System Management
- System Expansion



Needs Assessment Findings

Preservation (rehabilitation and maintenance) = \$341 billion

System Expansion = \$183 billion

System Management = \$ 14 billion

\$538 billion

- Revenue from all sources \$242 billion

Funding Short Fall \$296 billion

Note: Does not include High Speed Rail



Next Steps - Filling the \$296 Billion Funding Gap

Formation of Workgroup to Identify

- Performance Objectives
- Accountability & Accomplishments
- Efficiency Measures
- Revenue Principles
- Revenue Options
- Economic Analysis
- Policy Recommendations



Performance Objectives

- ▶ Performance Objectives/Outcomes
- ▶ Achievements



Efficiency Measures

- ▶ **Project Delivery Efficiencies**
- ▶ **Operational Efficiencies**
- ▶ **Cost of Doing Business**
- ▶ **Consolidation of Functions/Delegations**
- ▶ **Regulatory Reforms**



Revenue Principles

- ❖ Equitable, Sustainable & Reliable Revenue Distribution
- ❖ System Preservation
- ❖ Capacity Enhancing & Goods Movement
- ❖ Regulatory Requirements
- ❖ Dedicated and Guaranteed Revenue Streams
- ❖ Regional Discretion and Programming Flexibility



Revenue Sources

- ❖ Taxes
- ❖ User Fees
- ❖ Innovative Financing



Economic Analysis

- ▶ Economic Benefits of Highlighted Efficiencies and Revenues
- ▶ Economic Impact of Doing Nothing
- ▶ Analysis to address State and Local Economies



Estimated Report Timeline

- ▶ **October 23, 2012** **Statewide Transportation System Needs Assessment Workshop**
Objective: Discussion of Draft Report Findings and Recommendations
- ▶ **November/December 2012** **Statewide Transportation System Needs Assessment Workshop**
Objective: Finalization of Draft Report Findings and Recommendations
- ▶ **January 8, 2013** **California Transportation Commission Meeting**
Objective: Presentation of Revenue Policy Report to the Commission for Comment
- ▶ **March 5, 2013** **California Transportation Commission Meeting**
Objective: Presentation of Revenue Policy Report to the Commission for Acceptance



Additional Information

2011 Statewide Transportation System Assessment Report
and
Current Policy Recommendation Effort

<http://www.catc.ca.gov/reports/index.htm>



Questions



Measure J

Extending Half-Cent Sales Tax to Accelerate
Traffic Relief and Job Creation



Metro®

Overview



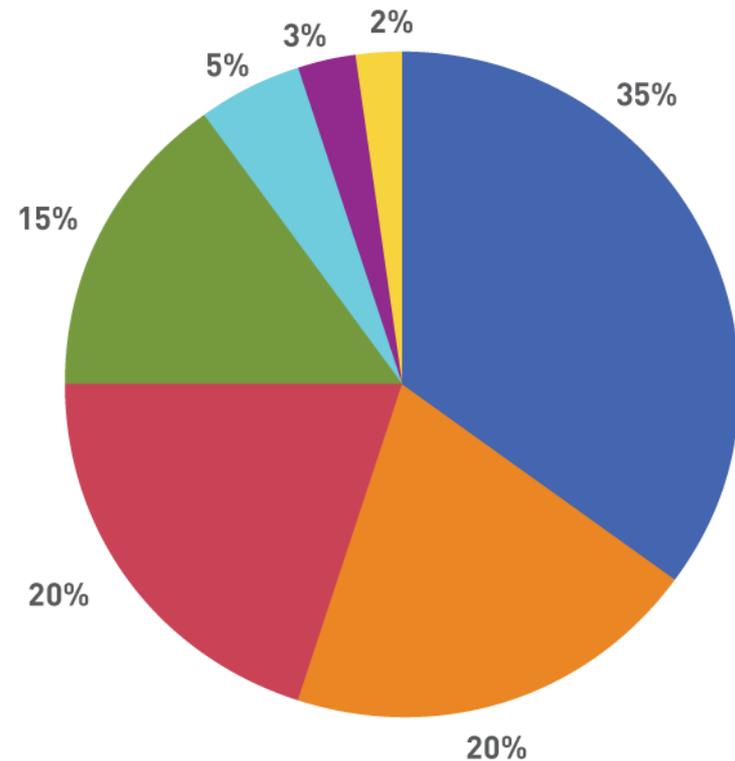
- > Extends sales tax approved in 2008 for 30 years without increase
- > Additional funds to sell bonds for accelerating:
 - 7 Transit Capital Projects
 - Up to 8 Highway Capital Projects
- > Continues funding categories & oversight from existing sales tax
- > Eases restrictions on shifting project funding between transit and highway projects:
 - funds must remain within same subregion
 - requires 2/3 Board vote
- > LAEDC studies estimate will accelerate 250,000 jobs
(direct, indirect & induced)

Spending After 1.5% Administration Costs



Expenditure Plan

-  Rail and Rapid Transit Expansion
-  Highway Improvements
-  Bus Operations
-  Local Return Improvements
-  Rail Operations
-  Metrolink Capital
-  Metro Rail Capital



Transit and Highway Projects to be Accelerated by Measure J



Project Names



Rail and Rapid Transit Expansion

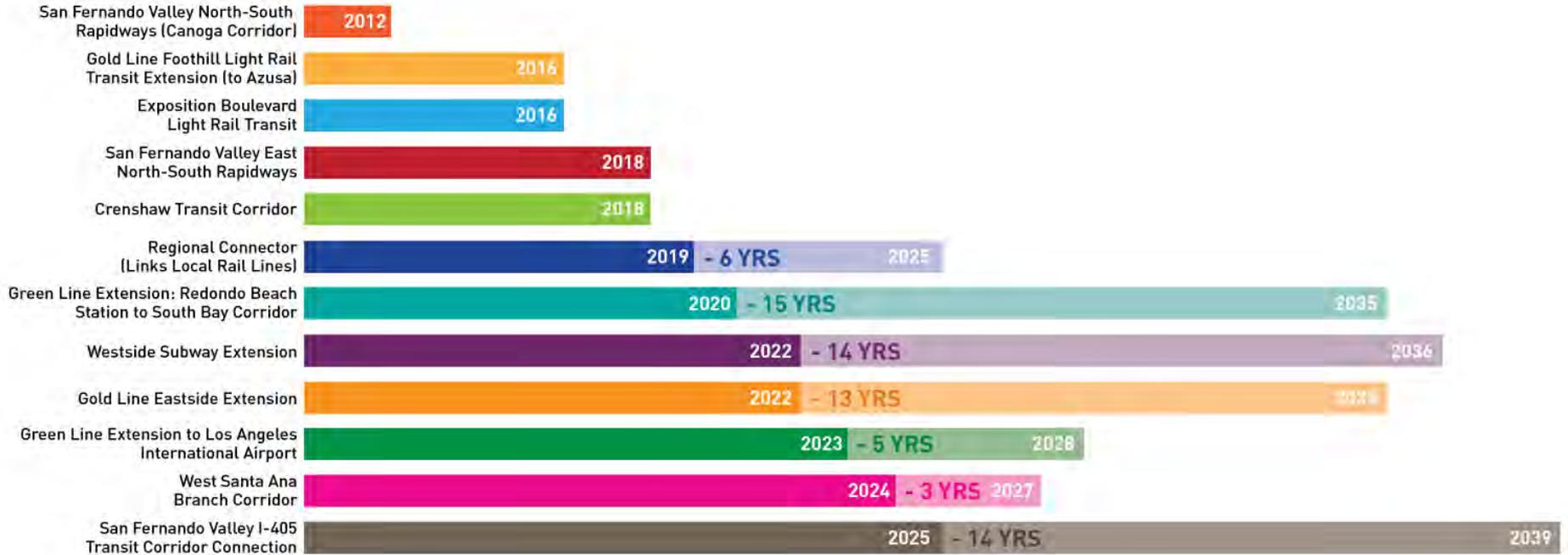
- R1** Exposition Boulevard Light Rail Transit
- R2** Crenshaw Transit Corridor
- R3** Regional Connector: Links Local Rail Lines
- R4** Westside Subway Extension (to be opened in segments)
- R5** Gold Line Eastside Extension* (one of two routes TBD)
- R6*** Gold Line Foothill Light Rail Transit Extension
- R7** Green Line Extension: Redondo Beach Station to South Bay Corridor
- R8** Green Line Extension to Los Angeles International Airport*
- R9** San Fernando Valley North-South Rapidways: Canoga Corridor (Metro Orange Line Extension Completed 2012)
- R10** San Fernando Valley East North-South Rapidways*
- R11** West Santa Ana Branch Corridor*
- R12** San Fernando Valley I-405 Transit Corridor Connection*
- R13** Metrolink Capital Improvement Projects (Los Angeles County)

Highway Improvements

- H1** I-5 Capacity Enhancement: SR-134 to SR-170
- H2** I-5 Capacity Enhancement: I-605 to Orange County Line
- H3** I-5/Carmenita Rd Interchange Improvement
- H4** I-5/SR-14 Capacity Enhancement
- H5** I-405, I-110, I-105 and SR-91 Ramp and Interchange Improvements: South Bay*
- H6** I-5 North Capacity Enhancements: SR-14 to Kern County Line (Truck Lanes) (Phase 1)
- H6** I-5 North Capacity Enhancements: SR-14 to Kern County Line (Phase 2)*
- H7** I-710 South and/or Early Action Projects*
- H8** SR-138 Capacity Enhancements*
- H9** High Desert Corridor (environmental)*
- H10** I-605 Corridor "Hot Spot" Interchanges*
- H11** Highway Operational Improvements in Arroyo Verdugo Subregion*
- H12** Highway Operational Improvements in Las Virgenes/Malibu Subregion*
- H13** SR-710 North Gap Closure*
- H14** Burlington Northern Santa Fe Grade Separations in Gateway Cities*
- H15** Alameda Corridor East Grade Separations Phase II*
- County-wide Soundwall Construction

* Specific routing and funding to be determined through the environmental process and Metro's Long Range Transportation Plan

Transit Project Acceleration



KEY ACCELERATED COMPLETION DATE APPROXIMATED # OF YRS ACCELERATED APPROXIMATED ORIGINAL COMPLETION DATE

Highway Project Acceleration



Accelerated

I-405, I-110, I-105 and SR-91 Ramp and Interchange Improvements: South Bay

I-5 North Capacity Enhancements:
SR-14 to Kern County Line (Phase 2)

I-710 South and/or Early Action Projects

I-605 Corridor “Hot Spot” Interchanges

Highway Operational Improvements in
Arroyo Verdugo Subregion

County-wide Soundwall Construction

Highway Operational Improvements in
Las Virgenes/Malibu Subregion

Burlington Northern Santa Fe Grade Separations
in Gateway Cities

Maintain Original Schedule

I-5 Capacity Enhancement: SR-134 to SR-170

I-5 Capacity Enhancement: I-605 to Orange County Line

I-5/Carmenita Rd Interchange Improvement

I-5/SR-14 Capacity Enhancement

I-5 North Capacity Enhancements:
SR-14 to Kern County Line (Truck Lanes) (Phase 1)

SR-138 Capacity Enhancements

High Desert Corridor (environmental)

SR-710 North Gap Closure

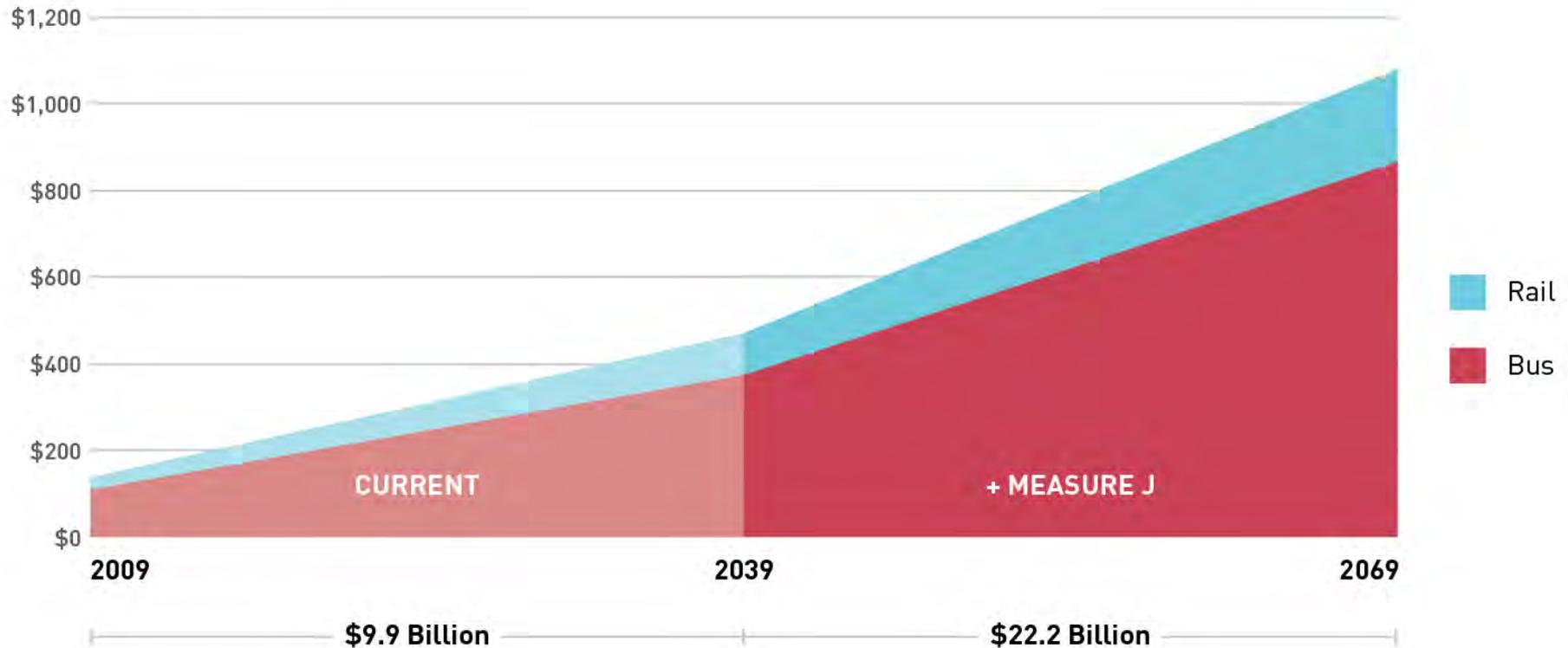
Alameda Corridor East Grade Separations Phase II

Bus and Rail Operations



60-Year Outlook

\$ in Millions



Local Return Project Examples



- > Pothole repair
- > Signal Synchronization
- > Local roadway and bridge safety improvements
- > Bikeway and pedestrian enhancements
- > Local transit services
- > Carpool and rideshare programs
- > Discounted transit fares for residents

Measure J Ballot Language



Accelerating Traffic Relief, Job Creation.

To advance Los Angeles County's traffic relief, economic/job growth by accelerating light rail/subway construction and airport connections, within five years, not twenty; funding countywide freeway, bridge, safety and traffic flow improvements; fixing potholes; keeping senior, student, disabled fares low; Shall Los Angeles County's voter-approved one-half cent traffic relief sales tax continue without increase for another 30 years or until voters decide to end it, with independent audits and keeping funds local?

Questions?



SCAG's DRAFT Preliminary Schedule for Development of the 2016-2040 RTP/SCS as of August 2012

On April 4, 2012, the Regional Council of the Southern California Association of Governments (SCAG) adopted the 2012-2035 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS): Towards a Sustainable Future. The RTP/SCS was the culmination of a multi-year effort involving stakeholders from across the SCAG Region. SCAG plans to build upon the success of its recent efforts and continue the vision for sustainable growth in the next planning cycle. This schedule provides a preliminary summary of development and phasing for the 2016-2040 RTP/SCS. Both the technical framework and timeline for collaboration with regional stakeholders are presented in detail. It is important to note that as development of the 2016-2040 RTP/SCS solidifies, changes may be made to account for input from our governing bodies and our partner agencies.

2012 Basic Approach/Framework and Program Set up	2013 Establishing Technical Bases and Data Collection	2014 Focus on Major Policy Directions	2015 Establishing the Plan and Engaging the Public	2016 Finalizing the 2016-2040 RTP/SCS
<div style="text-align: center;">  <p>SEPTEMBER 2012-MARCH 2013 New SCAG Subcommittees to begin policy development around their respective emphasis areas and identify regional priorities</p>  </div> <div style="border: 1px solid #f08080; padding: 5px; margin-top: 10px;"> <p>JULY-SEPTEMBER 2012</p> <ul style="list-style-type: none"> Determine the basics: What will be the base year/horizon year? How will this match up with available data from national and state-wide resources? Development of Draft Framework and Approach/Methodology: How will we get there? Data/GIS, Model/Tool Development: What will be the tools used to quantify outcomes? Identify uncertainties: What factors are outside our control? (e.g. ARB GHG Target revisions, planning for jurisdictions that require 4 year housing element cycle?) </div> <div style="border: 1px solid #f08080; padding: 5px; margin-top: 10px;"> <p>OCTOBER-DECEMBER 2012 Roll out the framework and methodology for development of the 2016-2040 RTP/SCS</p> </div> <div style="margin-top: 20px;"> <p>JANUARY-MARCH 2013 Work with local jurisdictions to collect necessary data for use in the 2016-2040 RTP/SCS (general plan, existing land use, zoning, housing unit demolitions, etc.)</p> <p>FEBRUARY-MAY 2013 Findings from the Subcommittees will be presented at SCAG's Regional Council, Policy Committees, and General Assembly</p> <p>APRIL-JUNE 2013 Communicate with jurisdictions and stakeholders about the implementation of SCAG's work plan for the 2016-2040 RTP/SCS</p> <p>DECEMBER 2013 Complete preliminary calibrations to SCAG's technical models</p> </div> <div style="margin-top: 20px;"> <p>JANUARY-SEPTEMBER 2014 Obtain input from cities and counties for SCAG's Growth Forecast and develop list of local scenario planning options, through one-on-one meetings and subregional workshops, as applicable</p> <p>JANUARY 2014 Subregions sign letter of intent to accept SCS delegation and submit this document to SCAG</p> <p>APRIL-MAY 2014 SCAG submits its regional GHG reduction methodology and GHG Reduction Targets to ARB (pending further discussion)</p> <p>MAY 2014 SCAG's General Assembly & Regional Council</p> <p>SEPTEMBER 2014 Deadlines for input from local jurisdictions on SCAG's Growth Forecast, and for County Transportation Commissions (CTCs) to provide preliminary input on all planned projects to SCAG for the RTP/SCS</p> <p>OCTOBER-DECEMBER 2014 Seek policy input/direction from Policy Committees and Regional Council on: the Scope of the Program Environmental Impact Report and RTP/SCS Strategies</p> <p>DECEMBER 2014 Growth Forecast, Land Use Patterns, and Preliminary Financial Assumptions for the RTP/SCS to be completed</p> </div> <div style="margin-top: 20px;"> <p>JANUARY-MARCH 2015 Development of alternatives for achieving SCAG's regional GHG reduction targets, as set by ARB, and conformity emission budgets set in applicable State Implementation Plans</p> <p>MARCH 2015 Delegated Subregions complete their Sustainable Communities Strategies and submit their plans to SCAG</p> <p>MARCH 2015 Final input on planned projects from the CTCs for the Draft 2016-2040 RTP/SCS</p> <p>APRIL-JUNE 2015 Conduct county-specific Draft 2016-2040 RTP/SCS Planning Workshops to fulfill SB 375 outreach requirements (16 workshops minimum, including extensive outreach for public participation)</p> <p>MAY 2015 SCAG's General Assembly & Regional Council</p> <p>SEPTEMBER 2015 Joint Policy Committees recommend Regional Council to release the Draft PEIR and Draft 2016-2040 RTP/SCS for public review and comment</p> <p>OCTOBER 2015 RC approves the release of the Draft PEIR and Draft 2016-2040 RTP/SCS for public review and comment</p> <p>OCTOBER 2015 Conduct extensive outreach to cities, counties, stakeholders, and the public on the Draft 2016-2040 RTP/SCS and PEIR to fulfill State & Federal requirements. Start of public input on the Draft RTP/SCS document</p> </div> <div style="margin-top: 20px; text-align: center;">  <p>OCTOBER 2015-MARCH 2016 Conduct workshops with Elected Officials and other appropriate outreach to fulfill State & Federal outreach requirements</p>  </div>				<div style="border: 1px solid #f08080; padding: 5px; margin-top: 10px;"> <p>FEBRUARY 2016 Conclude and finalize Economic & Job Creation Analysis Component of the 2016-2040 RTP/SCS</p> </div> <div style="border: 1px solid #f08080; padding: 5px; margin-top: 10px;"> <p>MARCH 2016 Joint Policy Committees recommend approval to Regional Council of proposed Final PEIR, conformity determination, and 2016-2040 RTP/SCS</p> </div> <div style="border: 1px solid #f08080; padding: 5px; margin-top: 10px;"> <p>MAY 2016 Regional Council certifies Final PEIR and approves conformity determination and 2016-2040 RTP/SCS</p> </div>

- Public Outreach and Input from Local Jurisdictions
- SCS Development for Delegated Subregions
- Staff Actions in Relation to Policy/Plan Development
- Regional Council Policy Committees/Subcommittees Milestones

THE WALL STREET JOURNAL.

WSJ.com

September 17, 2012

The Gas Tax Is Running Low. But What Should Replace It?

Almost everyone agrees that there has to be a better way. The question is how to get there.

By MICHAEL TOTTY

The gasoline tax is running on fumes.

For decades, the excise tax on gasoline and diesel fuel has been the main source of funds for building and maintaining the nation's roadways. It has paid for most of the four million road miles currently in service.

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But now there is agreement across the political spectrum that the gas tax is broken and needs to be replaced, or at least overhauled. The problem is twofold: First, the tax has failed to keep up with the rising cost of highway construction and repair. And second, improved fuel economy and the rise of hybrid and electric vehicles means that more driving won't be matched by higher gasoline sales, and that how much people pay for the roads won't necessarily reflect how much they use them.

"The gas tax served our country extremely well as long as the amount that people drive continued to go up and people continued to get lousy gas mileage," says Pete K. Rahn, leader of the national transportation practice at HNTB Corp., a Kansas City, Mo., architectural, engineering and construction firm. Now, he says, "we do not have a sustainable way of paying for our transportation system."

Transportation experts have been warning for at least a decade about the looming crisis in the motor-fuels tax. The federal tax, at 18.4 cents for gasoline and 24.4 cents for diesel, hasn't changed since 1993. As a result, the tax buys about half the concrete, steel and other materials it did 20 years ago.

Some states have managed to increase the tax, but many have had to increase their reliance on other sources—registration fees, sales taxes and general-revenue funds—to meet their transportation needs.

Looking ahead, the Congressional Budget Office predicts gas-tax revenue will fall by a cumulative \$57 billion over the next 11 years thanks to a scheduled increase in federal fuel-economy standards. That's a 13% cumulative reduction in projections for the trust fund over that period.

It's true that Congress could just raise the gas tax. But the tax is already unpopular, and lawmakers have resisted repeated efforts to increase it. In fact, amid high gasoline prices, many politicians have called for cutting the tax to give drivers some relief at the pump.

So a more comprehensive fix is needed. And this is where it gets more complicated.

Though almost all the politicians and transportation experts who have looked at it agree that the tax needs to be fixed, they don't agree on what that fix should be. They've floated all sorts of possible alternatives, including raising vehicle registration fees, using technology to track drivers' actual mileage and taxing oil rather than gasoline.

Here is a closer look at some of the options.

Tax the Miles

The idea that gets the broadest support is to take the user-fee piece of the gas tax to its logical conclusion: tax motorists on the miles they drive. Many economists argue that such a tax—known as a vehicle-miles-traveled tax or mileage-based user fee—is the fairest, most sustainable replacement for the gasoline tax. The problem is how to track the miles.

States could simply check a vehicle's odometer when drivers come in for annual registration renewals or pollution tests and give the driver a tax bill based on miles driven in the past year. But some skeptics say this is an invitation to odometer tampering. Drivers also would be hit with a large tax bill once a year instead of paying out the tax every time they fill their tanks. And for state taxes, there is no way to tell where the miles were driven: a daily commute or a cross-country road trip.

So some states are looking to technology. With in-car Global Positioning Systems or GPS-enabled smartphones, the government could keep track of how many miles people travel in their cars, the roads they drive on and the time of day they make the trips.

Mileage-based fees can also be adjusted to discourage motorists from driving on the most congested roads or at the busiest times of day. Mileage-based fees "let us kill two birds with one stone," says Randal O'Toole, a senior fellow at the Cato Institute, a libertarian think tank. "Short of privatization, it really is the free-market solution."

Minnesota is wrapping up a test of a mileage-based tax-collection plan that uses a custom-built smartphone app to keep track of participants' driving miles. At the end of each day, the app automatically reports how many

Road to Crisis
The gas tax built much of America's modern transportation infrastructure but has left Washington and the states strapped to maintain roads, bridges and highways and to build new ones.



1919 Oregon becomes the first state to adopt an excise tax on motor fuels. By 1932 all states and the District of Columbia have gasoline taxes.

1932 The federal government imposes a tax on gasoline to help prevent a budget shortfall.

1956 Washington establishes the Highway Trust Fund, financed by a three-cent-a-gallon motor-fuels tax, to construct the interstate highway system.

1982 The Surface Transportation Act increases the gas tax to nine cents from five cents a gallon and dedicates one cent of the increase to public-transit projects.

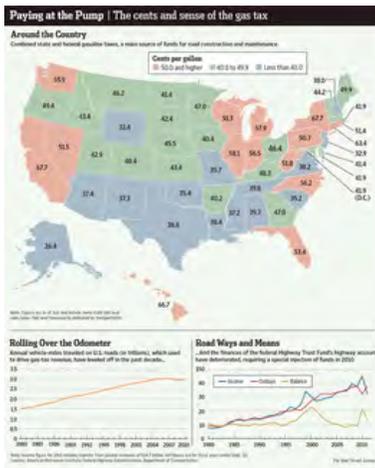
1990-93 In 1990 Congress increases the gas tax to 14.1 cents and dedicates 2.5 cents of the increase to deficit reduction. In 1993, a further 4.3-cent increase goes to reduce the deficit.

1997 With the federal budget heading into surplus, the share of the gas tax previously set aside for deficit reduction is redirected to the Highway Trust Fund for transportation projects.

2011 Lawmakers transfer \$14.7 billion from general revenue to make up for a shortfall in the Highway Trust Fund. The fund has run a deficit for much of the previous decade because inflation has pushed up spending while increased fuel economy has held down revenue.

Source: Congressional Research Service

Getty Images



John Kuczala

billion of revenue a year, based on gas prices of \$4 a gallon.

Even so, a sales tax would be a volatile source of transportation funds given the wide swings in the price of gasoline. And it doesn't address the long-term threat to revenue posed by increasing fuel efficiency.

Another solution is to index the tax rate to some measure of inflation, such as the Consumer Price Index or an index of highway construction costs. The rate could be automatically adjusted quarterly or annually as prices rose.

"If the goal is to make sure that this funding source is growing at roughly the same pace as our funding needs, tying the gas tax to some measure of inflation would be the way to do it," says Matthew Gardner, executive director of the Institute on Taxation and Economic Policy, a liberal think tank.

Florida currently indexes a portion of its gasoline tax to the Consumer Price Index; in 2011 the indexed portion accounted for 19.5 cents of the state fuel tax of 23.5 cents a gallon. While the CPI is more familiar to voters, tying the rate to construction costs would better keep up with inflation in building materials, which in the past decade or so has increased faster than general inflation.

Tax Oil, Not Gasoline

Another way to fill the gap in transportation revenue and needs is to broaden the tax base, replacing the current federal tax on gasoline and diesel fuel with a levy on every barrel of oil consumed in the U.S.

The proposal, studied by the RAND Corp. in 2011, estimated that at mid-2010 oil prices of \$72 a barrel, a 17% oil tax would generate about \$83 billion a year, the projected appropriation for highways and transit over the next six years. To raise the same amount, the federal gasoline tax would have to increase to 46 cents a gallon and the tax on diesel fuel would have to rise to 52 cents a gallon.

The RAND study also proposed making the rate flexible so that it produces a steady revenue stream amid volatile oil prices. The rate would increase if oil prices decline because of, say, a soft economy and reduced driving, and it would fall as oil prices increase so that consumers aren't hit with high prices and high oil taxes.

Tax Cars

Washington could also fill part of the gap in gas-tax revenue by taking a page from the states and assessing a charge on vehicle registrations. The 2009 transportation-finance study estimated a federal fee of \$2.75 for cars and light trucks and \$5.50 a year for heavy trucks could raise \$1 billion a year.

Some states already rely heavily on these assessments. In Oklahoma, for instance, registration fees for new, noncommercial vehicles are \$91 a year; in 2011, the state raised \$629.7 million from registration fees, topping its \$447.5 million in motor-fuel taxes.

While such a tax could raise significant sums at a fairly low additional rate, it's sure to be unpopular and wouldn't give drivers any incentive to reduce driving or avoid congestion. Nor would transportation officials have a reason to invest funds to meet the most pressing needs. And a federal registration fee would limit states' ability to tap this source of funds.

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miles were driven in-state, how many were in the U.S. and how many were in the Twin Cities. The approximately 500 people who participated in the test receive a monthly assessment of the tax they owe, like a utility bill.

Using technology to track mileage has one big drawback: privacy. Though states say they can set up the system so that personal travel information isn't collected or stored, most people don't like the idea of the government tracking where and when they drive.

Another problem is the cost of collection. The gas tax, whatever its drawbacks, is cheap to administer—taxes are collected at the refinery and passed on to consumers at the pump. Tracking miles and assessing taxes on individual drivers is more expensive. One solution would be to have third parties collect the tax. A wireless provider could add the tax as part of a data plan, for instance.

Tax the Roads

Many support a more limited form of mileage-based user fees: toll roads. Relying more on tolls is already helping states make up for lost gas tax revenues; over the past decade, about a third of all new limited-access road miles have been paid for with tolls.

Toll roads have one big advantage: They tend to be more popular than the alternatives. According to an HNTB poll, 61% of Americans would prefer tolls to an increased federal gas tax or a mileage-based user fee as a way to pay for new transportation projects.

Still, without a full-scale shift to a broad mileage-based user fee, tolls will have a hard time replacing the gasoline tax. States can't convert existing interstate highway lanes to toll roads—unless they qualify for the small number of slots for a special federal pilot program. Virginia, one of the qualified states, has applied for federal approval to use tolls on a section of I-95 to pay for improvements on the busy highway.

Index the Tax to Inflation

Even supporters of mileage-based user fees concede they are a long-term fix. In the near term, some favor changing the gas tax so that it at least keeps up with the rising cost of construction without requiring lawmakers to cast a series of politically unpopular votes to raise the tax rate.

A simple approach would be to replace the per-gallon tax with a percentage-based sales tax. Several states, including Indiana and Georgia, already supplement their motor-fuels tax with a sales tax. A 2009 study of transportation-funding alternatives estimated that a federal sales tax of 1% on gasoline could raise about \$7.2

The Readers Weigh In: The Gas Tax

What should we do about the gasoline tax and paying for construction and maintenance of roads?

Here's a sampling of reader comments from a WSJ.com poll. You can weigh in at WSJ.com/Reports.

We have lots of toll roads in cities in Texas. My toll tag bill is already half my gas bill. I'm OK with it because those who can afford to pay tolls drive on the toll roads, those who don't, don't. The roads are well-maintained.

-- Glen Austin

As a practicing civil engineer, I can say with some confidence that our infrastructure has been neglected for far too long, and It's time we start paying for the stuff we use. I think the tax needs to be raised to at least \$1/gallon, perhaps more.

-- GPK

Government should set an equal excise and tariff on the manufacture or importation of automobile tires. The frequency with which a vehicle owner replaces his tire will accurately gauge his road use. For a four-wheel vehicle that gets 32 miles-per-gallon, that's about \$230 in tax total, or just under \$60 per tire. Such a tax would also capture the road use of electric and hybrid vehicles which currently escape some or all of the cost of using roads due to their higher fuel economy.

-- J.D.

Many studies have shown the vast majority of wear and tear on roads is caused by heavy trucks. We need a federal axle/mile tax on trucks that roughly compensates for the damage.

-- Paul Esch

Road pricing via GPS. Price depending on amount of miles driven, and on roads used. Start with all major freeways and highways. At the same time, all toll stations could be eliminated, reducing costs for building and maintaining them, waiting time at them, increased fuel consumption due to them, and manpower to operate them.

-- Chris Boehm-Bezing

A version of this article appeared September 17, 2012, on page R1 in the U.S. edition of The Wall Street Journal, with the headline: [The Gas Tax Is Running Low. But What Should Replace It?](#)

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