



DATE: February 1, 2016

SUBJECT: 2016 State Transportation Improvement Program Update

RECOMMENDATION: Receive and update on the 2016 Regional Transportation Improvement Program (RTIP) for Alameda County.

Summary

The State Transportation Improvement Program (STIP) is a multi-year capital improvement program of transportation projects on and off the State Highway System, funded with revenues from the State Highway Account and other funding sources administered by the California Transportation Commission (CTC). The Price-Based Excise Tax serves as the primary revenue source for the STIP.

At the January 2016 meeting, the CTC amended the 2016 STIP Fund Estimate with a lower Price-Based Excise Tax Rate (Attachment A), resulting in a decreased statewide STIP capacity of approximately \$801 million over the Fund Estimate period. The Metropolitan Transportation Commission (MTC) Bay Region share of this reduction amounts to \$96 million (Attachment B). MTC is now requesting Bay Area Congestion Management Agencies (CMAs) to delete projects in their respective Regional Transportation Improvement Programs (RTIP) to achieve this target.

Background

The STIP is a multi-year capital improvement program of transportation projects on and off the State Highway System, funded with revenues from the State Highway Account and other funding sources. Senate Bill 45 (SB 45) was signed into law in 1996 and had significant impacts on the regional transportation planning and programming process. The statute delegated major funding decisions to a local level and allows the Alameda CTC to have a more active role in selecting and programming transportation projects. Senate Bill 45 changed the transportation funding structure by modifying the transportation programming cycle, program components, and expenditure priorities.

The STIP is composed of two sub-elements: 75% of the STIP funds going towards the Regional Transportation Improvement Program (RTIP) and 25% going to the Interregional Transportation Improvement Program (ITIP).

The Alameda CTC adopts and forwards a program of RTIP projects to the Metropolitan Transportation Commission MTC for each STIP cycle. As the Regional Transportation Planning Agency (RTPA) for the nine-county Bay Area, MTC is responsible for developing the regional priorities for the RTIP. MTC approves the region's RTIP and submits it to the CTC for inclusion in the STIP.

The overall process for the development of the STIP begins with the development of the STIP Fund Estimate by the CTC. The STIP Fund Estimate serves as the basis for determining the county shares for the STIP and the amounts available for programming each fiscal year (FY) during the five-year STIP period. Typically, any new STIP programming capacity is made available in the last two years of the five year STIP period. The 2016 STIP covers FYs 2016-2017 to 2020-21.

In May 2015, the CTC approved the assumptions for the 2016 STIP Fund Estimate. In August 2015, the 2016 STIP FE was adopted by the CTC which included a statewide STIP capacity of \$46 million for any new projects that would need to be included in the STIP. Revenue assumptions were based in part on the Department of Finance estimation that the Price-Based Excise Tax Rate on gasoline would increase incrementally over the fund estimate period.

On January 7, 2016, the 2016-17 Governor's Budget was released, reflecting a lower Price-Based Excise Tax Rate than the Department of Finance projected in 2015. Because the Price-Based Excise Tax is the primary revenue source for the STIP, CTC amended the 2016 STIP FE with a lower Price-Based Excise Tax Rate, resulting in a decreased statewide STIP capacity of approximately \$801 million over the fund estimate period. This means that in addition to no new projects for the upcoming STIP, programmed projects must be deleted or delayed.

The MTC Bay Region share of this reduction, based on CTC's STIP County share formula, amounts to \$96 million of which the Alameda County share is approximately \$19 million. MTC is now requesting Bay Area CMAs delete projects in their respective RTIPs to achieve this target. There are currently approximately \$240 million projects programmed in MTC Region's RTIP. The requested reduction calls for deletion of approximately 40% of the region wide programmed amount.

Alameda CTC along with other bay area CMAs have expressed concern regarding deletion of important projects within their respective counties and have requested MTC to treat this as a regional issue. For any projects deleted as a part of the 2016 STIP, staff has recommended MTC adopt a regional policy to prioritize those projects in the future STIP cycles.

In the upcoming weeks, MTC will be meeting CMAs individually analyzing the projects that may need to be deleted. Any updates to this issue will be presented to the Committees and Commission.

Fiscal Impact: There is no fiscal impact.

Attachments:

- A. CTC adopted Revised Fund Estimate Assumptions
- B. CTC Revised Fund Estimate Programming Targets
- C. Alameda County 2016 RTIP

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M e m o r a n d u m**TAB 18**

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: January 20-21, 2016

Reference No.: 4.17
Action Item

From: NORMA ORTEGA
Chief Financial Officer

Prepared by: Steven Keck, Chief
Division of Budgets

Subject: REVISED 2016 STATE TRANSPORTATION IMPROVEMENT PROGRAM FUND ESTIMATE ASSUMPTION FOR THE PRICE-BASED EXCISE TAX RATE

RECOMMENDATION:

The California Department of Transportation (Department) recommends that the California Transportation Commission (Commission) approve an updated Price-Based Excise Tax Rate assumption for the Amended 2016 State Transportation Improvement Program (STIP) Fund Estimate.

ISSUE:

Assumptions for the Amended 2016 STIP Fund Estimate provide the basis for forecasting available capacity for the 2016 STIP and the 2016 State Highway Operation and Protection Program. Revenue assumptions were based in part on the Department of Finance estimation that the Price-Based Excise Tax Rate on gasoline would increase incrementally over the fund estimate period. In May 2015, the Commission approved the assumptions for the 2016 STIP Fund Estimate. In August 2015, the 2016 STIP Fund Estimate was adopted by the Commission.

On January 7, 2016, the 2016-17 Governor's Budget was released, reflecting a lower projected 2016-17 Price-Based Excise Tax rate than was previously estimated by the Department of Finance. In response to the decreased rate, the Department worked with Commission staff to develop updated Price-Based Excise Tax Rate scenarios over the fund estimate period, including a Recommended Projection. These scenarios are detailed in the "Revised 2016 STIP Fund Estimate Assumption for the Price-Based Excise Tax Rate" attached.

Section 14525(d) of the Government Code states that the Commission may amend the Fund Estimate prior to March 1 of each even-numbered year. The Department has developed an Amended 2016 STIP Fund Estimate for adoption that incorporates the Recommended Projection. If the Commission chooses to approve an alternate Tax Rate scenario, the Department will provide an Amended Fund Estimate on the following day of the Commission meeting.

BACKGROUND:

On March 26, 2015, the Department presented the Draft Assumptions for the 2016 STIP Fund Estimate to Commissioners and Commission staff for their review. The Department worked with Commission staff to update and make any necessary changes to the assumptions and methodologies. The finalized assumptions were presented and approved by the Commission on May 28, 2015.

The 2016-17 Governor's Budget reflects a lower Price-Based Excise Tax Rate than the Department of Finance projected in 2015. Because the Price-Based Excise Tax is the primary revenue source for the STIP, lower rates have been incorporated into the updated Price-Based Excise Tax Rate scenarios, which will result in decreased STIP capacity over the fund estimate period.

Attachment



**REVISED 2016 STIP FUND
ESTIMATE ASSUMPTION FOR
THE PRICE-BASED EXCISE
TAX RATE**

PREPARED BY
THE DEPARTMENT OF TRANSPORTATION
DIVISION OF BUDGETS

UPDATE TO THE FINAL ASSUMPTIONS

The Department has worked with Commission staff to update the 2016 STIP Fund Estimate (FE) Assumptions in order to reflect a decrease in the Price-Based Excise Tax Rate over the fund estimate period. The original Adopted 2016 STIP FE, and updated Rate scenarios, are explained in detail below:

Adopted 2016 STIP Fund Estimate Rates: Assumed a price-based excise tax rate on gasoline for 2016-17 of 14.1 cents per gallon, increasing to 18 cents prior the end of the FE period. This scenario utilized the 2015-16 Governor’s Budget and February 2015 Department of Finance (DOF) projections, but assumed a higher Price-Based Excise Tax Rate on gasoline in the last two years of the FE period. This scenario incorporated annual growth rates on weight fee revenues and static gasoline and diesel fuel consumption. See the table titled “Adopted 2016 STIP Fund Estimate” on Page 3.

UPDATED SCENARIOS

Each of the following scenarios assume that all elements of the above approved assumption remain unchanged with the exception of price-based excise tax rates.

A - Recommended Projection: The Department has worked with Commission staff to develop a Rate scenario that mirrors the assumption that Price-Based Excise Tax Rates reach 18 cents prior to the end of the FE period, while reflecting lower rates in early years when compared to the original scenario. The linear approach to fiscal year Rate adjustments reflect the adopted assumption of an incremental increase in each year of the FE. Rates based on the Recommended Projection represent a middle-ground between other scenarios, and are projected to reduce STIP revenue by approximately \$801 million, and total revenue by approximately \$1 billion, when compared to the original scenario. See the table titled “A - Recommended Projection” on Page 3.

B - Adopted STIP Fund Estimate Indexed to 2016-17 Rate Projection: By adjusting the 2016-17 rate to reflect the updated DOF projection (rounded to the nearest cent) of 10 cents, rates for the remaining years of the FE period were reduced by 4.1 cents. This represents the most dramatic change in rates, and is projected to reduce STIP revenue by approximately \$1.3 billion, and total revenue by approximately \$1.6 billion, when compared to the original scenario. See the table titled “B - Adopted STIP Fund Estimate Indexed to Updated 2016-17 Rate Projection” on Page 3.

C - Department of Finance Projection (as of December 2015): In advance of the 2016 Board of Equalization meeting to set the 2016-17 price-based excise tax rate, the DOF released rate projections covering the FE period. This scenario represents the most conservative change in rates, and is projected to reduce STIP revenue by approximately \$198 million, and total revenue by approximately \$252 million, when compared to the original scenario. See the table titled “C - Department of Finance Rate Projection” on Page 3.

D - Projection Based on EIA Publication: The Energy Information Administration (EIA) produces the official energy statistics from the U.S. Government. The *Energy Outlook 2015* publication projects average national gasoline prices at the pump, including applicable taxes, through 2040. The Reference scenario includes a modest increase in crude oil prices, which

factors into a marginal increase in gasoline prices over the FE period. Average annual national prices were adjusted to California, based on a four-year historical comparison. Certain taxes were removed to reflect the methodology used to calculate the equivalent price-based excise tax rate for each fiscal year over the FE period. Rates based on the EIA *Energy Outlook 2015* are projected to reduce STIP revenue by approximately \$849 million, and total revenue by approximately \$1.1 billion, when compared to the original scenario. See the table titled “D - Projection Based on EIA Publication” below.

Adopted STIP Fund Estimate

<i>Price-Based Excise Tax Rate</i>	<i>\$0.141</i>	<i>\$0.159</i>	<i>\$0.169</i>	<i>\$0.180</i>	<i>\$0.180</i>	
Revenues (\$ in millions)	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Price-Based Excise Tax on Gas (Non-STIP)	\$1,181	\$1,250	\$1,306	\$1,337	\$1,358	\$6,432
Price-Based Excise Tax on Gas (STIP)	\$403	\$495	\$537	\$599	\$589	\$2,623

A - Recommended Projection

<i>Price-Based Excise Tax Rate</i>	<i>\$0.100*</i>	<i>\$0.120</i>	<i>\$0.140</i>	<i>\$0.160</i>	<i>\$0.180</i>	
Revenues (\$ in millions)	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Price-Based Excise Tax on Gas (Non-STIP)	\$1,111	\$1,184	\$1,257	\$1,303	\$1,358	\$6,214
Price-Based Excise Tax on Gas (STIP)	\$149	\$253	\$357	\$474	\$589	\$1,822

B - Adopted STIP Fund Estimate Indexed to Updated 2016-17 Rate Projection

<i>Price-Based Excise Tax Rate</i>	<i>\$0.100*</i>	<i>\$0.118</i>	<i>\$0.128</i>	<i>\$0.139</i>	<i>\$0.139</i>	
Revenues (\$ in millions)	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Price-Based Excise Tax on Gas (Non-STIP)	\$1,111	\$1,181	\$1,237	\$1,268	\$1,289	\$6,086
Price-Based Excise Tax on Gas (STIP)	\$149	\$241	\$283	\$345	\$335	\$1,352

C - Department of Finance Projection (as of December 2015)

<i>Price-Based Excise Tax Rate</i>	<i>\$0.100*</i>	<i>\$0.170</i>	<i>\$0.164</i>	<i>\$0.177</i>	<i>\$0.186</i>	
Revenues (\$ in millions)	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Price-Based Excise Tax on Gas (Non-STIP)	\$1,111	\$1,269	\$1,298	\$1,332	\$1,368	\$6,378
Price-Based Excise Tax on Gas (STIP)	\$149	\$563	\$506	\$581	\$626	\$2,425

D - Projection Based on EIA Publication

<i>Price-Based Excise Tax Rate</i>	<i>\$0.100*</i>	<i>\$0.147</i>	<i>\$0.147</i>	<i>\$0.148</i>	<i>\$0.150</i>	
Revenues (\$ in millions)	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Price-Based Excise Tax on Gas (Non-STIP)	\$1,111	\$1,230	\$1,269	\$1,283	\$1,307	\$6,201
Price-Based Excise Tax on Gas (STIP)	\$149	\$420	\$401	\$401	\$403	\$1,774

*Rate Based on Department of Finance Projection (rounded to nearest cent)

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REVISED 2016 STIP FUND ESTIMATE Calculation of Programming Targets

(\$1,000's)

County		
Alameda	3.46153%	-19,565
Alpine	0.10287%	-581
Amador	0.23362%	-1,320
Butte	0.69068%	-3,904
Calaveras	0.27831%	-1,573
Colusa	0.18487%	-1,045
Contra Costa	2.36889%	-13,389
Del Norte	0.17261%	-976
El Dorado LTC	0.48442%	-2,738
Fresno	2.60703%	-14,735
Glenn	0.19363%	-1,094
Humboldt	0.69597%	-3,934
Imperial	1.22915%	-6,947
Inyo	0.95664%	-5,407
Kern	3.51423%	-19,863
Kings	0.51569%	-2,915
Lake	0.30234%	-1,709
Lassen	0.44252%	-2,501
Los Angeles	20.93443%	-118,325
Madera	0.47975%	-2,712
Marin	0.64742%	-3,659
Mariposa	0.18094%	-1,023
Mendocino	0.64993%	-3,674
Merced	0.85589%	-4,838
Modoc	0.23612%	-1,335
Mono	0.71072%	-4,017
Monterey	1.23216%	-6,964
Napa	0.42624%	-2,409
Nevada	0.36644%	-2,071
Orange	6.45388%	-36,478
Placer TPA	0.87885%	-4,967
Plumas	0.26385%	-1,491
Riverside	5.70656%	-32,254
Sacramento	3.27901%	-18,533
San Benito	0.22693%	-1,283
San Bernardino	6.56094%	-37,083
San Diego	7.33455%	-41,456
San Francisco	1.75681%	-9,930
San Joaquin	1.77716%	-10,045
San Luis Obispo	1.30867%	-7,397
San Mateo	1.78783%	-10,105
Santa Barbara	1.47372%	-8,330
Santa Clara	4.11222%	-23,243
Santa Cruz	0.70825%	-4,003
Shasta	0.75799%	-4,284
Sierra	0.12532%	-708
Siskiyou	0.51970%	-2,937
Solano	1.07293%	-6,064
Sonoma	1.31912%	-7,456
Stanislaus	1.31465%	-7,431
Sutter	0.30298%	-1,712
Tahoe RPA	0.16089%	-909
Tehama	0.38534%	-2,178
Trinity	0.27317%	-1,544
Tulare	1.62384%	-9,178
Tuolumne	0.30193%	-1,707
Ventura	2.19267%	-12,393
Yolo	0.63327%	-3,579
Yuba	0.23192%	-1,311
Statewide Regional	100.00000%	(565,216)
Interregional		(188,405)
TOTAL		(753,621)

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2016 Regional Transportation Improvement Program (RTIP)

Alameda											
Agency	PPNO	Project	Total	Project Totals by Fiscal Year							
				Prior	16-17	17-18	18-19	19-20	20-21		
Alameda CTC	81J	East-West Connector in Fremont	12,000	-	-	-	12,000	-	-	-	
BART	2103C	Daly City BART Station Intermodal Improvements	200	-	200	-	-	-	-	-	
BART	2010C	BART Station Modernization Program (ALA) (14S-19)	3,726	-	-	-	3,726	-	-	-	
Caltrans	New	US-101 Marin-Sonoma Narrows Seg B2 Phase 2	2,000	-	2,000	-	-	-	-	-	
ACTC	2179	Planning, programming, and monitoring	2,201	-	886	750	565	-	-	-	
MTC	2100	Planning, programming, and monitoring	406	-	131	135	140	-	-	-	
BATA/Caltrans/MTC	9051A	Improved Bike/Ped Access to SFOBB East Span	3,063	-	-	3,063	-	-	-	-	
		Total	23,596	-	3,217	3,948	16,431	-	-	-	

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