



SUMMARY: UTP/RTP PROCESS, ASSUMPTIONS & FINDINGS

PROCESS

Every four years the Utah Department of Transportation (“UDOT”), the metropolitan planning organizations (“MPOs”), and the Utah Transit Authority (“UTA”) update the statewide Unified Transportation Plan (“UTP”) as well as the individual Regional Transportation Plans (“RTP”). Lewis Young Robertson & Burningham, Inc. (“LYRB”) was contracted by the various parties to complete the Unified Transportation Plan Funding Model Update in 2015. This process was a cooperative effort among all parties to develop federal, state, and local revenue projections for current and future sources based upon agreed-upon assumptions. Expenditure estimates were generated for operations, preservation, and new capacity projects and separated into three phases (Phase 1: 2015-2024; Phase 2: 2025-2034; Phase 3: 2035-2040). These projects were then financial constrained based upon the revenue estimates including the use of debt. The results from this process provide a roadmap for future transportation and transit planning for the state.

ASSUMPTIONS

Expenditure assumptions are based upon uniform costing of projects by each MPO, UDOT, and UTA. Revenue projections are based upon assumptions agreed upon by the parties for each major revenue stream from federal, state and local revenues. The parties involved met on several occasions to review and finalize the following assumptions. The major discussion points focused on the growth assumptions from the previous update, information from state agencies including the consensus committee at state level, and other long-range forecasting methods developed by the group. The following table provides a summary of the major assumptions used to generate revenue projections along with the assumptions used in the 2011 update and the source and/or methodology used to generate the projections.

	GROWTH RATES	PREVIOUS UNIFIED PLAN (2011)	REVISED RATES	REVISED RATES SOURCE
% UDOT REVENUES	UDOT REVENUE ASSUMPTIONS			
20.47%	Federal Revenues	2.00%	1.50%	Congressional Budget Office Testimony, “The Highway Trust Fund and Paying for Highways”
27.30%	Motor Fuel	2.50%	2014: -1.4% 2015: 0.90% 2016 - 2018: 1.50% 2019 – 2040: 1.71%	Consensus Consensus Governor’s Office of Planning & Budget estimate Historic Consumption AAGR 1992 - 2012
8.19%	Special Fuel	5.00%	2014: -2.30% 2015: 1.10% 2016 - 2018: 1.50% 2019 – 2040: 4.32%	Consensus Consensus Governor’s Office of Planning & Budget estimate Historic Consumption AAGR 1992 – 2012
6.80%	Registration Fees & Permits	1.96%	4.04%	Historic weighted AAGR for Registrations & Permits from 1992 – 2012
	B&C Road Funds	Mixed (combo of Motor Fuel, Special Fuel, Registration Fees, etc.)	2.09%	Historic weighted AAGR for Motor Fuel, Special Fuel, and Registrations & Permits from 1992 – 2012
6.17%	Registration Increases (TIF)	1.96%	4.04%	See above “Registrations & Permits”
31.08%	Sales Tax (TIF)	5.00%	2014: 3.00%	Consensus



100.00%			2015: 4.66% 2016 – 2018: 4.00% 2019 – 2040: 5.00%	Consensus Governor’s Office of Planning & Budget estimate After reviewing various historic growth rates since 1978 – 2013, we recommend a conservative estimate of 5% that matches UTA’s rate
MPO REVENUE ASSUMPTIONS				
Highway Quarter Cent Sales Tax (County Revenues)*	Salt Lake County: 5.00% Davis County: 5.00% Weber County: 5.00% Utah County: 5.50% Cache County: none Washington County: 1.96%	Salt Lake County: 4.28% Davis County: 5.47% Weber County: 4.17% Utah County: 5.96% Cache County: 5.05% Washington County: 5.96%	WFRC: 4.42% MAG: 5.96% Cache: 5.05% Dixie: 5.96%	Historic AAGR from 1993 – 2013 for WFRC, MAG, and Cache. Historic AAGR from 1998 – 2013 for Dixie.
Registration Fees (County Revenues)			4.04%	See “Registrations & Permits” above
OTHER REVENUE ASSUMPTIONS				
UTA Sales Tax			2014: 4.20% 2015: 4.75% 2016: 4.88% 2017 – 2040: 5%	UTA TDP Analysis, 30 year historic average is 5.49% so UTA uses a conservative 5% in their projections past 2016. (UTA’s sales tax growth rate projections may differ slightly from UDOT’s in the short term due to the fact that UTA encompasses a different geographic location and calculates sales tax revenue based on a slightly different basket of goods.)
OTHER EXPENSE ASSUMPTIONS				
Roadway Preservation Needs			2018 – 2040: 4.5%	Provided by UDOT and represents construction cost inflation and the addition of lane miles to the system.

*Quarter cent sales tax growth rates will also be used for new transit revenue.

The parties also agreed upon the general assumptions behind the use of debt financing to pay for certain amounts of capital. The general impact of bonding is that upfront capital is funded upfront and then paid over time. The efficiency of this borrowing is based upon future projections of bonding rates and inflation rates. The assumptions for debt were heavily influenced by the State’s historic use of debt which has been limited to 15 years. This analysis assumed 15 year debt with a 3% rate for Phase I and a 4% rate for Phases 2 & 3. Inflation as outlined above was assumed to be 4.5%. If this scenario is accurate, it is cheaper to bond and lock in inflation at 3% or 4% by borrowing rather than pay the extra costs of inflation. However, the future is not that clear. The borrowing limit was constrained by the traditional historic bond amounts and statutory debt limit set by the State (which is below the Constitutional limit). With this in mind, each MPO received an allocation of debt based upon pro rata population. A summary of the bonding capacity is provided in the chart below.

Bonding Capacity	Phase I 2015-2024	Phase 2 2025-2034	Phase 3 2035-2040
Total Bonding Capacity Future Value	\$3,000,000,000	\$4,440,732,855	\$6,573,369,429
WFRC	\$1,719,458,158	\$2,432,200,102	\$3,444,127,325
MAG	\$580,499,829	\$916,636,999	\$1,433,008,393
Cache	\$124,368,331	\$189,079,797	\$283,001,634
Dixie	\$163,865,840	\$290,723,765	\$502,811,218
Rural	\$411,807,842	\$612,092,192	\$910,420,860



REVENUE GENERATION FINDINGS

Based upon the assumptions above, discussions with the parties, and several iterations with modeling, revenue streams were estimated for each phase. This included both revenues from currently authorized revenue streams as well as reasonable assumptions of new revenues to be implemented in future years. Revenue summaries provided herein will be on a net present value basis.

STATE LEVEL

The following table provides a summary of the total highway and transit revenues available by phase at the state level. This table represents all revenues available or generated at all levels of government in the state.

TOTAL HIGHWAY AND TRANSIT				
TOTAL (NPV)				
	2015-2024	2025-2034	2035-2040	2015-2040
Existing Revenues	22,376,002,987	24,419,035,817	14,674,444,382	61,469,483,186
New Revenues	2,573,056,359	5,380,783,301	4,434,013,000	12,387,852,660
Total	24,949,059,347	29,799,819,117	19,108,457,382	73,857,335,846

WFRC

The following table breaks down the revenues available for highways and transit within WFRC. This includes revenues generated or allocated at all levels and available for expenditure by UDOT, UTA, County and local governments within the geographic boundaries of WFRC.

TOTAL HIGHWAY AND TRANSIT				
TOTAL (NPV)				
	2015-2024	2025-2034	2035-2040	2015-2040
Existing Revenues	12,602,548,501	13,677,555,916	8,364,155,453	34,644,259,870
New Revenues	1,841,077,558	3,745,559,633	2,866,911,880	8,453,549,072
Total	14,443,626,059	17,423,115,549	11,231,067,333	43,097,808,942

MAG

The following table breaks down the revenues available for highways and transit within MAG. This includes revenues generated or allocated at all levels and available for expenditure by UDOT, UTA, County and local governments within the geographic boundaries of MAG.

TOTAL HIGHWAY AND TRANSIT				
TOTAL (NPV)				
	2015-2024	2025-2034	2035-2040	2015-2040
Existing Revenues	4,084,198,924	4,712,127,800	2,862,019,287	11,658,346,011
New Revenues	222,003,765	640,396,941	755,316,747	1,617,717,453
Total	4,306,202,689	5,352,524,741	3,617,336,034	13,276,063,464



CACHE

The following table breaks down the revenues available for highways and transit within MAG. This includes revenues generated or allocated at all levels and available for expenditure by UDOT, UTA, County and local governments within the geographic boundaries of Cache.

TOTAL HIGHWAY AND TRANSIT				
TOTAL (NPV)				
	2015-2024	2025-2034	2035-2040	2015-2040
Existing Revenues	647,967,756	788,112,557	465,856,391	1,901,936,704
New Revenues	43,264,417	100,897,226	74,674,365	218,836,007
Total	691,232,173	889,009,782	540,530,756	2,120,772,711

DIXIE

The following table breaks down the revenues available for highways and transit within the Dixie MPO. This includes revenues generated or allocated at all levels and available for expenditure by UDOT, UTA, County and local governments within the geographic boundaries of Dixie MPO.

TOTAL HIGHWAY AND TRANSIT				
TOTAL (NPV)				
	2015-2024	2025-2034	2035-2040	2015-2040
Existing Revenues	1,010,577,459	1,261,038,009	813,343,815	3,084,959,282
New Revenues	199,354,117	391,471,792	319,010,658	909,836,567
Total	1,209,931,576	1,652,509,801	1,132,354,473	3,994,795,850

RURAL

The following table breaks down the revenues available for highways and transit within the rural parts of Utah outside an MPO as planned by UDOT. This includes revenues generated or allocated at all levels and available for expenditure by UDOT, UTA, County and local governments within the geographic boundaries of outside of an MPO.

TOTAL HIGHWAY AND TRANSIT				
TOTAL (NPV)				
	2015-2024	2025-2034	2035-2040	2015-2040
Existing Revenues	4,030,710,347	3,980,201,535	2,169,069,436	10,179,981,319
New Revenues	267,356,502	502,457,708	418,099,350	1,187,913,560
Total	4,298,066,849	4,482,659,244	2,587,168,786	11,367,894,879