

**JOINT MEETING OF THE RTP AND TIP SUBCOMMITTEES
HOUSTON-GALVESTON AREA COUNCIL
3555 TIMMONS LANE, 2ND FLOOR CONFERENCE ROOM A
March 8, 2017
9:30 a.m.**

AGENDA

1. Introductions
2. Adoption of Agenda

INFORMATION

3. Summary of RTP Subcommittee Activity 2015-2016

Staff will review the progress made with the RTP Subcommittee to provide guidance in development of the RTP, including project evaluation, revenue estimation and expenditure allocation levels.

4. Regional Transportation Plan and Ten-Year Plan Update Schedule

Staff will discuss the schedule for development of the 2045 RTP and updated Ten-Year Plan.

5. Adjourn

Staff will announce plans for meeting dates throughout the year.

Summary of RTP Subcommittee Activity 2015-2016

The 2040 RTP was adopted by the Transportation Policy Council (TPC) in January 2015. Since that time, the RTP Subcommittee has reviewed long-range evaluation guidelines, updated the revenue estimate model, updated the expenditure strategies different recommended levels of funding, and considered different scenarios for the reasonable assumption of future revenue enhancements.

Long-Range Investment Evaluation Guidelines

Once it became clear additional revenue would be available, the RTP Subcommittee asked Staff to propose how any future additions to the RTP would relate the goals of the plan. Working with the Subcommittee, Staff developed a set of broad, qualitative, YES/NO questions that would indicate a proposal's relationship to the five goals of the 2040 RTP.

- *Safety*
Does this project improve safety?
- *Congestion*
Does this project support an alternative travel route?
Does this project contribute to reliable travel?
Is this project intended to address a current congestion issue?
- *Management and Operations*
Is this project planned for a facility with below-average repair conditions?
Does this project improve the management or operations of the facility?
- *Economic Competitiveness*
Does this project supply new or enhanced access for commercial or industrial uses?
Is this project located on a designated Freight Network or dedicated freight facility?
Does this project support an alternative mode of travel?
- *Natural Resources*
Will this project qualify be exempt from air quality conformity modeling?

Results of this evaluation would provide a relevant narrative with which the project could be further assessed through funding opportunities such as the TIP Call for Projects or discretionary grant awards.

Revenue Model Update

The adopted revenue estimate in the 2040 RTP was \$104 billion. Since that time, numerous changes occurred to the different sources of revenue and the RTP Subcommittee asked the model be updated. The sources were updated, local agencies represented were interviewed to determine accuracy, and off-model assumptions were adopted to account for entities not included in the estimation framework. The updated baseline revenue estimate is \$113 billion.

Future Revenue Enhancements

In addition to the updated baseline revenue estimate, the RTP Subcommittee asked Staff to conceptualize various reasonable scenarios in which an additional \$15-18 billion of revenue could be reasonably assumed. This goal-amount was based on the fact that the updated baseline estimate reflects increases of roughly 15% from new revenue sources that were not available or assumed in the original 2040 RTP financial plan.

Five different scenarios were detailed by Staff at two consecutive Subcommittee meetings. Over 15 different sources were analyzed and estimated at the local, state, and national levels.

+15-18 Billion in Additional RTP Revenue					
	Scenario A – All levels adjust	Scenario B – Federal update with State support	Scenario C – VMT User Fee	Scenario D – Local initiative with Federal support	Scenario E – State update with local support
<i>Federal Fuels Tax</i>	5 cent increase in 2022, 2032; tie to inflation	Adjust annually in 2022 1.2% per year to account for MPG	<i>No change</i>	6 cent increases in 2022, 2023; tie to inflation	<i>No change</i>
<i>State Fuels tax</i>	5 cent increase in 2022, 2032; tie to inflation	12 cent increase in 2022 and 2019 and index to inflation	<i>No change</i>	<i>No change</i>	6 cent increases in 2022, 2023; tie to inflation
<i>Federal VMT Fee</i>	2.5 cent/mile and tie to inflation in 2022	In 2022 begin accounting for annual changes in inflation	7.5 cent/mile and tie to inflation in 2022	<i>No change</i>	<i>No change</i>
<i>State VMT Fee</i>	<i>No change</i>	<i>No change</i>	9 cent/mile and tie to inflation in 2022	<i>No change</i>	<i>No change</i>
<i>State Vehicle Registration Fee</i>	\$20 increase in 2022 and 2032	<i>No change</i>	Adjust to inflation and \$10 increase in 2022 and 2032	Double registration fee and adjust to inflation in 2022	Double registration fee and adjust to inflation in 2022
<i>Local Road and Bridge User Fee</i>	\$10 increase in 2022	<i>No change</i>	<i>No change</i>	\$20 increase in 2022	\$10 increase in 2022
<i>Fare / Toll Adjustment</i>	3% annual increase	<i>No change</i>	<i>No change</i>	3% annual increase	<i>No change</i>

Several additional revenue sources were discussed with the Subcommittee but were not quantified or included in the scenarios:

- Development/impact fees or other value capture-related mechanisms related to future development or improvement of current land uses. These would be collected by a local government agency from the developer to offset infrastructure costs associated from the improvement.
- Granting local authority to adopt sales tax levels.
- Currently, certain portions of severance tax and motor vehicles sales and rental taxes are dedicated to Props 1 and 7. If in the future overwhelming voter support encouraged the Legislature to revisit those proportions, additional revenue could be estimated.
- A federal “version” of Prop 7 could reasonably be assumed as well if Congress would adopt the “Texas model” of funding transportation needs by dedicating portions of current or surplus tax revenues, thereby generating either a pre-determined amount or various amounts depending on the rate of the diversion.

Expenditure Allocation Levels

The 2040 RTP recommended levels of investment across all four Strategies: System Management and Operations, State of Good Repair, Expanding the Multimodal Network, and Coordinating Development. With the updated revenue estimate, the RTP Subcommittee felt it was prudent to maintain the current levels of investment while taking into account major regional priorities including updating the highway system, increasing transit options, and accommodating booming commercial and industrial activity.

Strategy	2040 RTP (\$88 B)	Amendment Framework (\$130 B)
System Mgmt & Operations	\$40	\$52
State of Good Repair	\$17.5	\$30.5
Widening	\$22.5	\$28.5
New capacity	\$8	\$18
Development Coordination	\$.200	\$.800

This concept maintains the overall direction of investment in the region while looking to the future impact of major trends noticed by members of the Subcommittee in their various agencies. Also, it

allows for investment to remain focused on the most effective strategies: System Management and Operations and State of Good Repair. In the 2040 RTP these two Strategies comprised 65% of total recommended investment; assuming the adjusted allocation levels, they would combine to equal 63% of total investment.

While the levels of allocation intend to define policy regarding transportation investment in the region, they are not meant to preempt or exclude any certain project-investment. As such, they address investment at the Strategy level. Investment levels are further broken down based on geography – either into Corridors or Programs.

Action Requested

Information only.

REGIONAL TRANSPORTATION PLAN AND TEN-YEAR PLAN UPDATE SCHEDULE

Background

H-GAC has initiated the planning process for the 2045 Regional Transportation Plan and has identified key milestones necessary to achieve final approval by the Transportation Policy Council by January 2019. This effort will include the next opportunity for project sponsors to seek funding support for projects in the 10-Year Plan timeframe. A general schedule is attached as **Figure 1**.

The planning process will include data collection, transportation analysis, extensive public involvement process, and engagement with the Technical Advisory Committee, TAC Subcommittees, and Transportation Policy Council.

Current Situation

As illustrated in the general schedule, TPC approval of framework decisions necessary to initiate the evaluation of candidate projects and program investments is targeted for September 2017. To support the achievement of this milestone staff has developed the following schedule for the work of the RTP and TIP Subcommittees:

Month	RTP Subcommittee	TIP Subcommittee
March	<u>3/8/17 Joint Meeting</u> <ul style="list-style-type: none"> • Review existing work of RTP Subcommittee • Discuss the schedule and process for Update 	
April	<u>4/7/17</u> <ul style="list-style-type: none"> • RTP Performance Measures 	<u>4/12/17</u> <ul style="list-style-type: none"> • TIP Performance Measures
May	<i>No Mtg Scheduled</i>	<u>5/10/17</u> <ul style="list-style-type: none"> • TIP Performance Measures • Investment Priorities
June	<u>6/7/17 Joint Meeting</u> <ul style="list-style-type: none"> • Investment Priorities 	
July	<i>No Mtg Scheduled</i>	<u>7/12/17</u> <ul style="list-style-type: none"> • Evaluation Criteria
August	<i>No Mtg Scheduled</i>	<u>8/9/17</u> <ul style="list-style-type: none"> • Evaluation Criteria

In addition, staff is working to prepare a series of workshops to engage TPC members throughout the 2045 RTP development cycle.

Staff is also seeking Subcommittee feedback on the past regional transportation planning process, to improve and create planning process for the 2045 RTP. Feedback is specifically requested on items such as public involvement, issues to be considered through the plan, and lessons learned from the past planning process.

Action Requested

For information only.

FIGURE 1 - GENERAL SCHEDULE

