Measure M Workshop
February 26, 2007

Workshop Purpose

Input to the 2020 Transportation Committee:

1. **Revenue Forecasts and Financing Considerations**
2. **Factors Used to Set Priorities for Renewed Measure M**
3. **Early Action Priorities for Projects and Programs in Renewed Measure M**

Updated Revenue Estimates

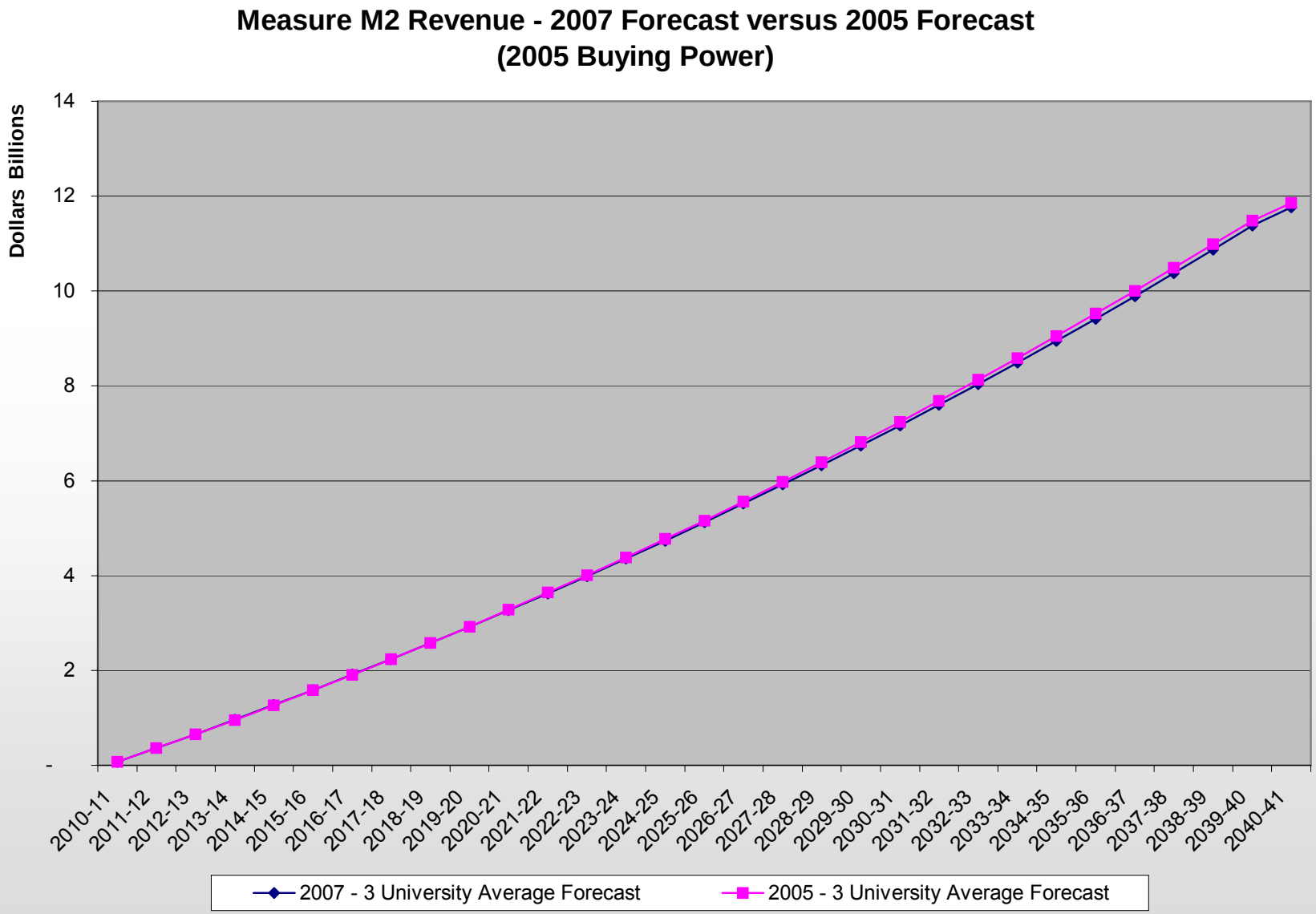
Updated Revenue Estimates: Methodology

- **M1 - 95% of Chapman University 20-Year Taxable Sales Forecast**
- **October 24, 2005 Board approved M2 Policy Guidance**
- **3 University Average Forecast**
  - **Chapman University**
  - **California State University, Fullerton**
  - **University of California, Los Angeles**
- **Deduct annual inflation rate from nominal growth rate to determine "real growth"**
- **2005 buying power – $11.862 billion**

Updated Measure M2 Revenue Estimates

- **2005 – 3 University Average Forecast**
  - **2005 buying power - $11.862 billion**
- **2007 – 3 University Average Forecast**
  - **2007 buying power - $12.791 billion**
  - **2005 buying power - $11.764 billion**
- **Net change to 2005 buying power**
  - **Reduction of $97.7 million (0.82%)**

Updated Measure M2 Revenue Estimates



Applying the New Methodology to M1

2005 versus 2007 for the Remaining Measure M1 Period

		Average Nominal 2007		Average Nominal 2005	
Fiscal Year		Gross Measure M Sales Tax *Escalated Dollars*	Growth Rate	Gross Measure M Sales Tax *Escalated Dollars*	Growth Rate
2003-04		237,957,371	6.60%	237,957,371	6.60%
2004-05		251,229,425	5.58%	252,390,094	6.07%
2005-06		271,438,409	8.04%	265,554,124	5.21%
2006-07		283,118,227	4.30%	277,970,692	4.68%
2007-08		296,125,191	4.59%	293,659,433	5.64%
2008-09		311,616,103	5.23%	310,365,790	5.69%
2009-10		327,283,267	5.03%	327,411,147	5.49%
2010-11	*	258,058,152	5.13%	258,930,064	5.44%
TOTAL		4,318,653,176	4.86%	4,306,065,746	5.46%

*** Fiscal Year 2010-11 includes only nine months since Measure M1 ends March 30, 2011**

Other Funding Sources

State and Federal Funds

Five Year Transportation Funding Summary
FY 2007-08 thru FY 2011/12
($ in millions)

Funding Source	Amount
STIP (Highway)	$ 72
STIP (Transit)	$ 152
CMAQ (HOV & Transit)	$ 219
STP (Streets & Roads)	$ 174
1B STIP (Highway)	($112 - $159)
1B STIP (Transit)	($ 79 - $ 32)
2008 STIP (Highway)	$ 45
2008 STIP (Transit)	$ 15
STP (Street & Roads)	$ 30
Subtotal	$ 281
Total	$ 898

Other Funding Sources – 91 Express Lanes

- **AB 1010 restricts use of toll revenues to:**
  - **Capital and operating expenses**
  - **Debt service**
  - **Transportation related to SR-91, between I-15 and SR-55, excluding other toll roads**
- **Net funds generated annually are used to repay subordinated debt**
  - **Approximately $46 million in principal subordinated debt owed**
  - **Full repayment of subordinated debt expected in FY 2011**
- **91 Express Lanes are forecasted to generate $672 million (or $262 million in 2007 dollars) after the repayment of subordinated debt**

Financing Considerations

Financing Considerations

- **Collections begin April 1, 2011**
- **Expenditures prior to April 2011 will require a redirection of existing Measure M funds, internal borrowing, or Renewed Measure M debt financing**
- **“Pay as you go” financing is the preferred method of financing transportation improvements**
- **Project delivery schedules will drive financing amounts and timing**
- **Financing options include commercial paper, short-term fixed-rate notes and interest rate locks**
- **Peer agencies have utilized various techniques to advance their programs**

Updated Project Status

Available Measure M1 Revenues

Available Measure M1 Revenues

- **December 2006 Quarterly Report**
  - **Revenue forecasts based on 95% of Chapman**
  - **All available revenue is in the freeway mode**
    - **$161.8 million**

- **2007 – 3 University Average Forecast**
  - **$19.4 million greater than 95% of Chapman for balance of Measure M1**
  - **Revised available balance in freeway mode**
    - **$170.1 million**

Project Readiness Overview

Project Evaluation Factors

Evaluation Factors

Background:

- **13 projects, 12 programs**
- **30-year Improvement Plan**
- **Working on initial five years**

~ ***Q: How should OCTA prioritize improvements?***

Considerations

- **Project readiness**
- **Duration of project development cycle**
- **Availability of external funding**
- **Congestion relief potential**
- **Connectivity or sequencing**
- **Countywide support**
- **Local community acceptance**

Considerations

- **Environmental programs**
  - **Water quality**
  - **Comprehensive mitigation**
- **Modal balance versus front loading**
- **Geographic balance**

Discussion

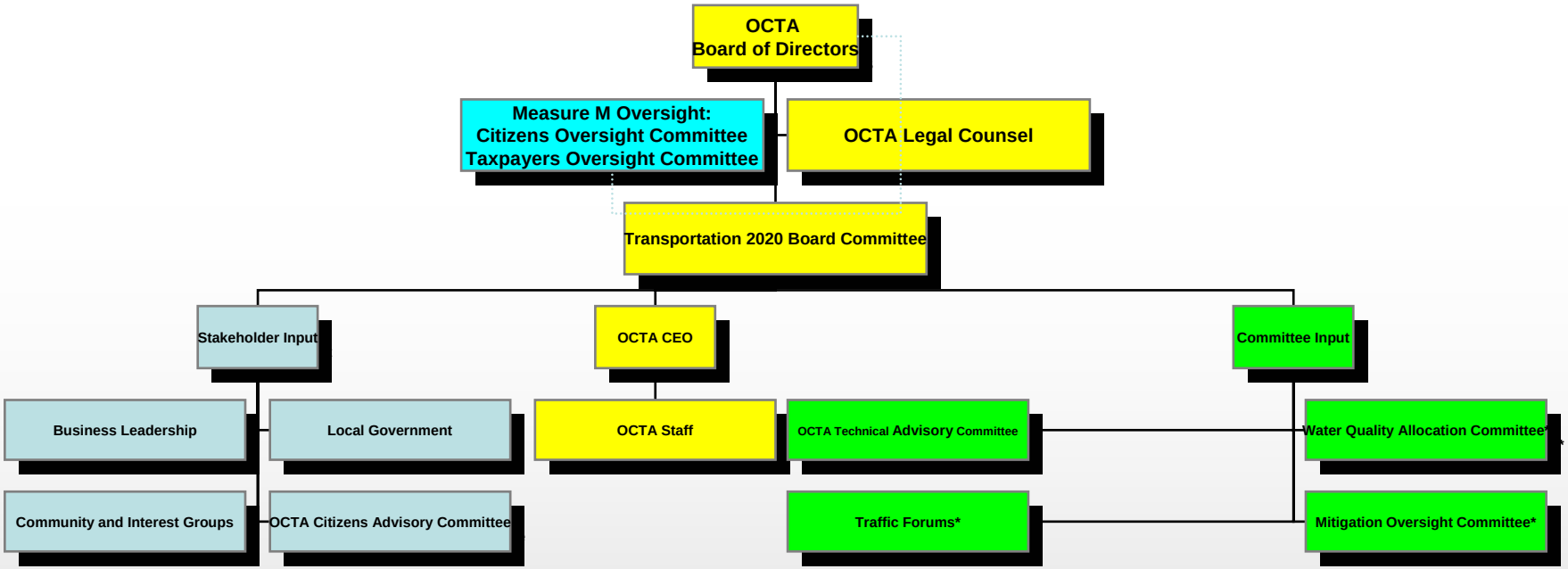
- **Are these the right considerations?**
- **Are there other factors to consider?**
- **Are some more important than others?**

First Take On Priorities

Setting M Priorities: *Board Actions*

Board Workshop	**Feb. 26**
• **Updated Revenue Forecasts**	**Mar. 26**
• **M1 Uncommitted $ Recommendations** • **5-Year Early Action Plan Recommendations** • **Budget and Staffing Recommendations**	**May 28**
• **Financing Plan Recommendations** • **Project Development Recommendations**	**June 25**
• **M2 Program Development Recommendations**	**July 23**

Setting M Priorities: *Decision Process*



* Input as prescribed by Ordinance #3

** Created after initial priority of programs is determined