

# Resource Envelopes and Strategies for IT3 Investments

State of Georgia

Discussion Document

November 19, 2008

# OVERVIEW OF TODAY'S DISCUSSION

- **Review IT3 investment scenario costs and current resources used for transportation**

- Discuss options for additional transportation resources

- Determine next steps

## IT3 STRATEGY: KEY FINDINGS



- Over the last several decades, Georgia's population and economy have grown rapidly, and its transportation investments have played a key role in that success
- However, over the last 10-20 years, Georgia has undermanaged and underinvested in its assets. The lack of improvement to these assets has contributed to performance gaps on the transportation system and put Georgia's future quality of life and economic growth at risk. Scenarios were developed to find the best solutions
- The economic benefits of changing "business as usual" in transportation are compelling: a disciplined, outcome-focused strategy in 3 categories (people mobility in Metro Atlanta, freight and logistics, and people mobility / safety in rest of state) could generate an additional 320,000 jobs over the next 20 years and up to ~\$515 billion in economic benefits to Georgia over the next 30 years
  - In Metro Atlanta, by combining demand management, infrastructure investments, and coordinating those investments with development patterns, Georgia could generate an additional 230,000 jobs over 20 years and \$335-345 billion in economic benefits over 30 years
  - In medium-sized cities and rural areas, by combining demand management, infrastructure investments, and coordinating those investments with development patterns, Georgia could generate an additional ~90,000 jobs over 20 years and ~\$156 billion in economic benefits over 30 years
  - By capturing the freight opportunity, Georgia could generate ~\$61 billion in economic benefits over 30 years
- The investment costs to achieve these outcomes range from \$150-257 billion (in year of expenditure terms) over 20 years. 1/3 to 2/3 of these costs are already covered by existing revenues and the remainder can be addressed through a variety of sources over 20-40 years

# SUMMARY OF SCENARIOS MODELED AND THEIR RESPECTIVE COSTS FROM LAST WEEK'S DISCUSSION

Cost  
2008 \$

## Metro Atlanta people mobility



- Demand management
- Investing in infrastructure
  - Rapid and reliable “connecting” infrastructure
  - Double-down in most congested corridors
- Coordinate with development patterns

**PRELIMINARY**

**\$26-\$43  
Billion**

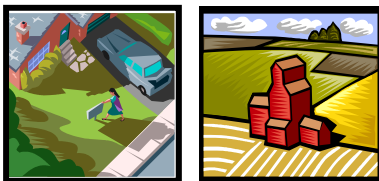
## Freight



- Address today's problems (e.g., interchanges and first- and last-mile connectivity at the Port)
- Get ahead of the curve
  - Limited access highways for most significant freight routes
  - Limited access highways for all key freight routes
  - Create new freight rail lines

**\$18-\$38  
Billion**

## People mobility in medium-sized cities and rural areas

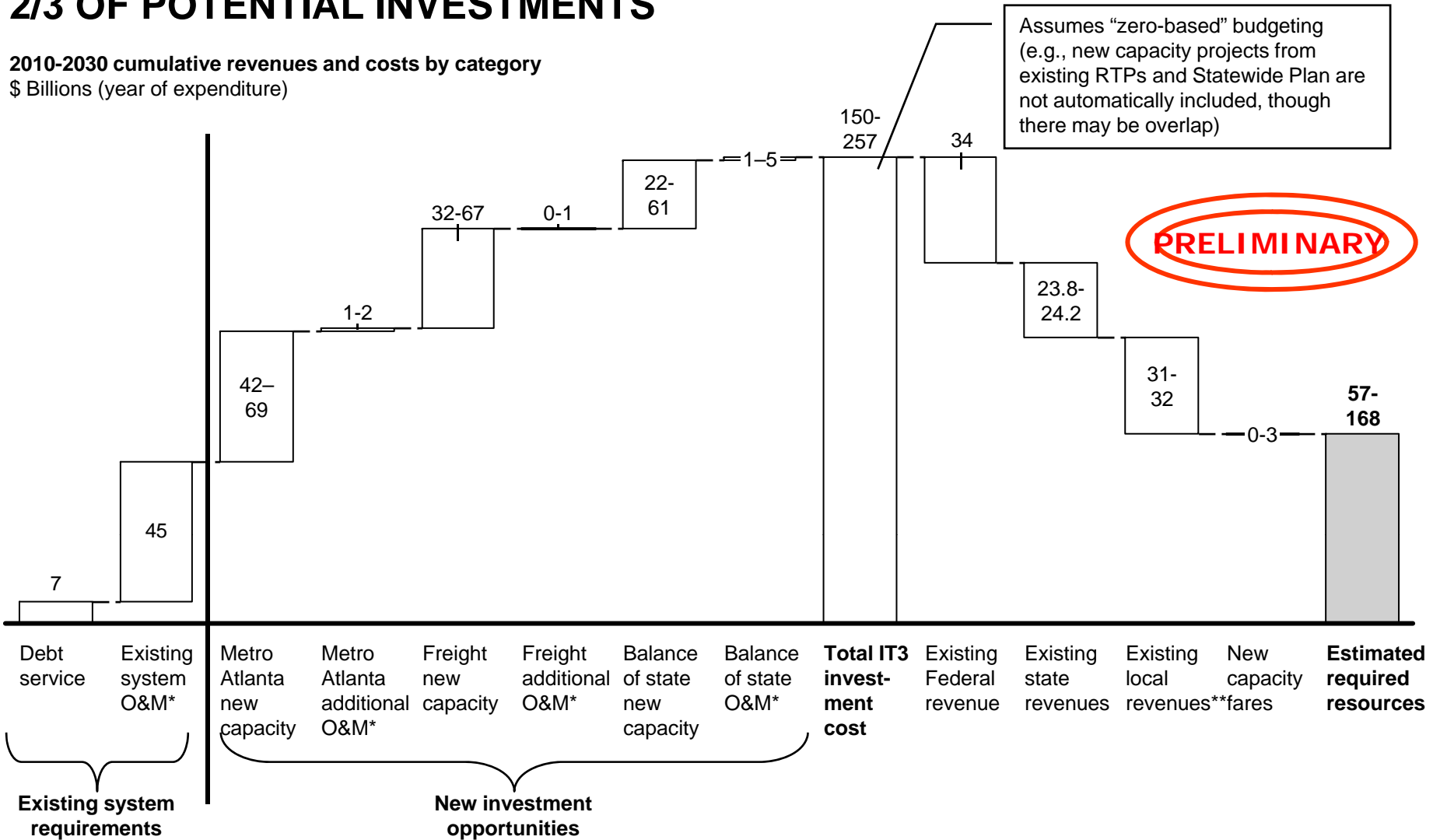


- Complete current RTPs in medium-sized cities
- Complete GRIP corridors
- Build high speed inter-city rail network

**\$15-\$39  
Billion**

# IF WE PRIORITIZE OUR CURRENT RESOURCES, GA CAN COVER UP TO 2/3 OF POTENTIAL INVESTMENTS

2010-2030 cumulative revenues and costs by category  
\$ Billions (year of expenditure)



\* Operations and maintenance

\*\* Local revenues include: MARTA sales tax, MARTA and GRTA transit fares, other urban and rural transit fares, local SPLOSTs, other local revenues, and a portion of local General Fund appropriations spent on highways, streets, and drainage

Source: Georgia SAFETEA-LU, FHWA, FTA, GDOT, GDOT Budget Office, SRTA, GSF&IC, MARTA, GRTA, Metro Atlanta Chamber of Commerce, GMA, ACCG, GA Department of Revenue, Department of Community Affairs, EIA 2008 Projections, CBO Reports, Global Insight, US Bureau of Economic Analysis, expert interviews

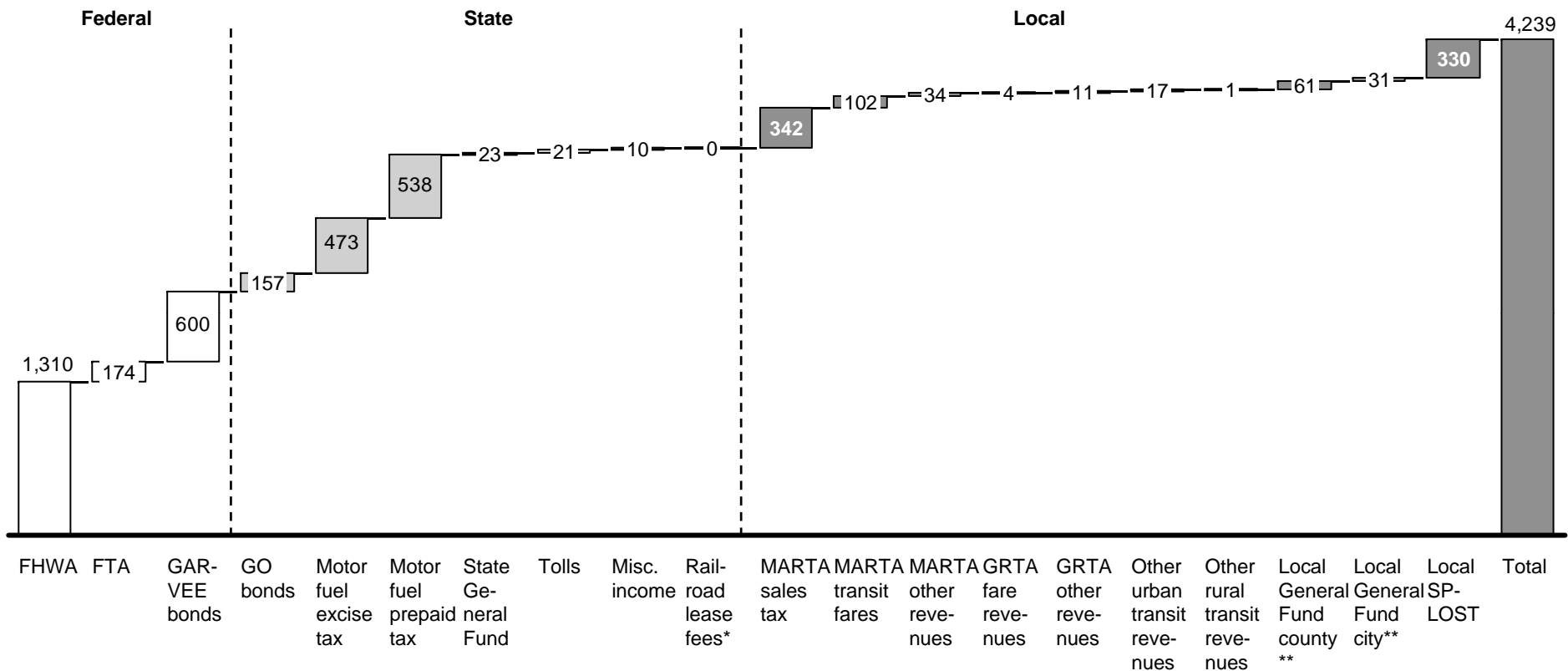
# GA's TRANSPORTATION RESOURCES TOTALED ~\$4 BILLION IN 2008

**PRELIMINARY**

Federal  
 State  
 Local

Current sources of revenue applied to transportation in GA: 2008

\$ Millions



\* Railroad lease fees are worth \$159,000; excludes Western & Atlantic Railroad Network fees

\*\* Portion of local General Fund appropriations spent on highways, streets, and drainage

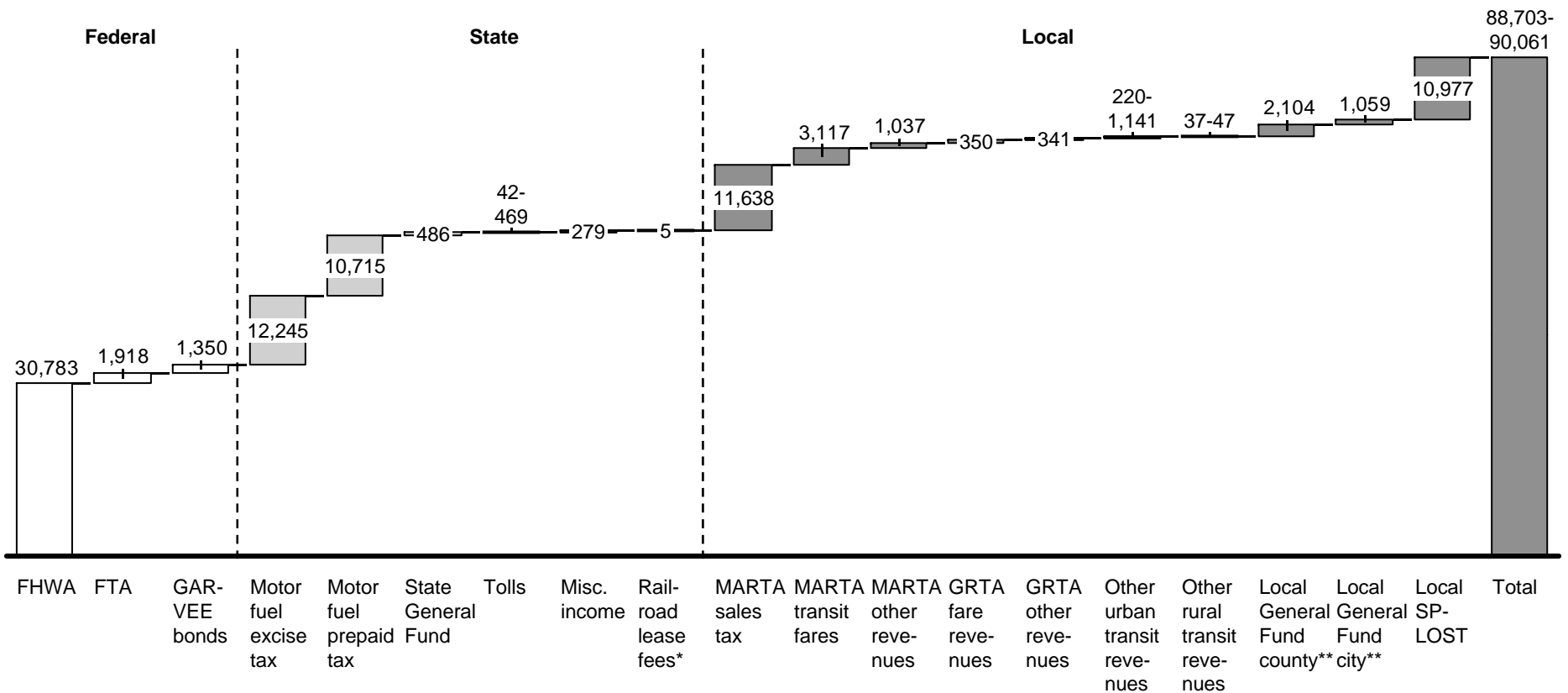
Source: Georgia SAFETEA-LU, FHWA, FTA, GDOT, GDOT Budget Office, SRTA, GSF&IC, MARTA, GRTA, Metro Atlanta Chamber of Commerce, Department of Revenue, ACCG, GMA, Department of Community Affairs, EIA 2008 projections, CBO Reports, Global Insight, US Bureau of Economic Analysis, expert interviews

# GA IS FORECASTED TO COLLECT ~\$90 BILLION FROM SOURCES CURRENTLY APPLIED TO TRANSPORTATION FROM 2010-2030

PRELIMINARY

Federal  
 State  
 Local

20-year forecast of resources currently applied to transportation: 2010-2030  
\$ Millions (year of expenditure)



\* Excludes Western & Atlantic Rail Network fees

\*\* Portion of local General Fund appropriations spent on highways, streets, and drainage

Source: Georgia SAFETEA-LU, FHWA, FTA, GDOT, GDOT Budget Office, SRTA, GSF&IC, MARTA, GRTA, Metro Atlanta Chamber of Commerce, Department of Revenue, ACCG, GMA, Department of Community Affairs, EIA 2008 projections, CBO Reports, Global Insight, US Bureau of Economic Analysis, expert interviews

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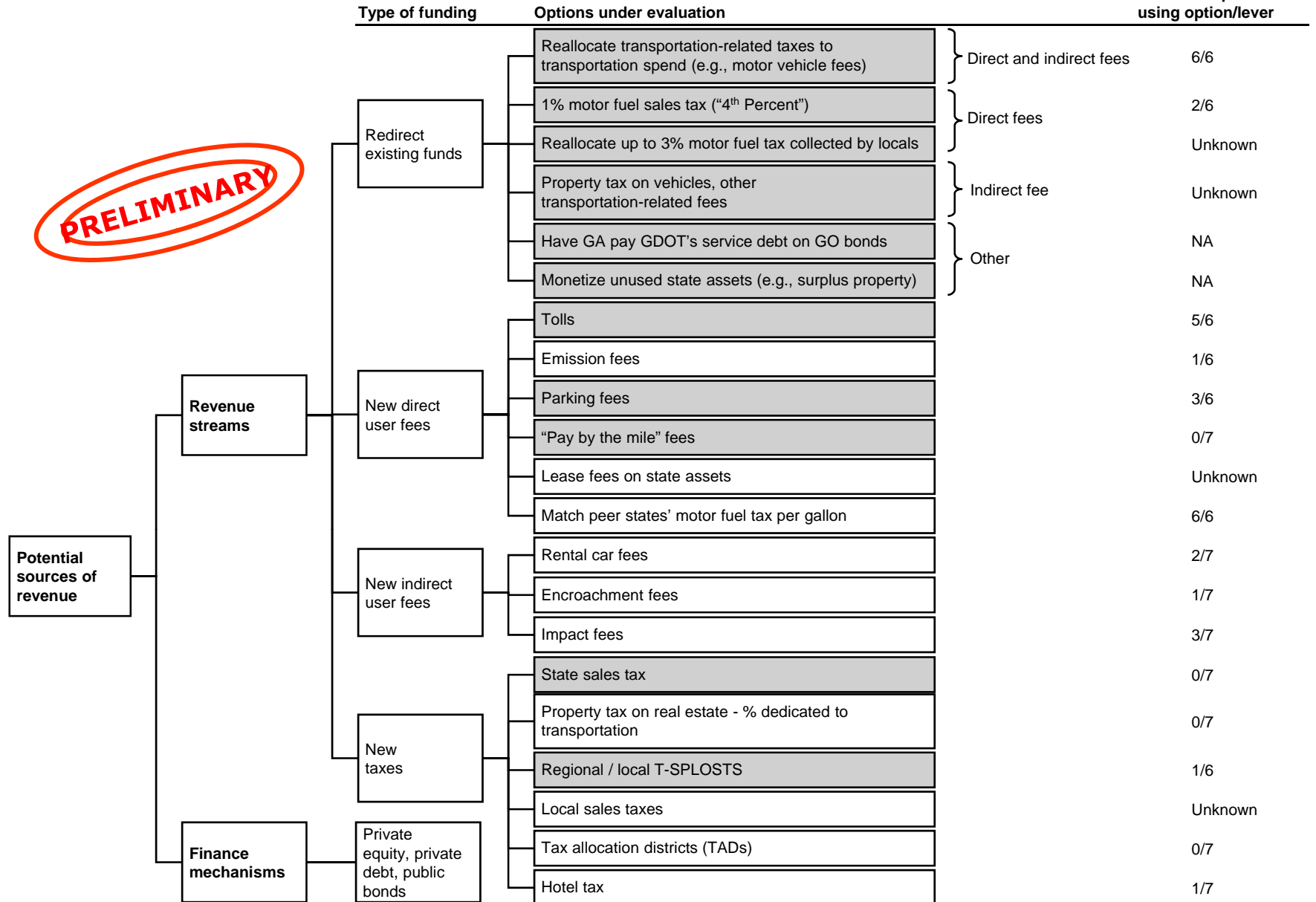
- **Discuss options for additional transportation resources**

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# OPTIONS FOR ADDITIONAL TRANSPORTATION RESOURCES

☐ Today's discussion

Number of peer states\* using option/lever



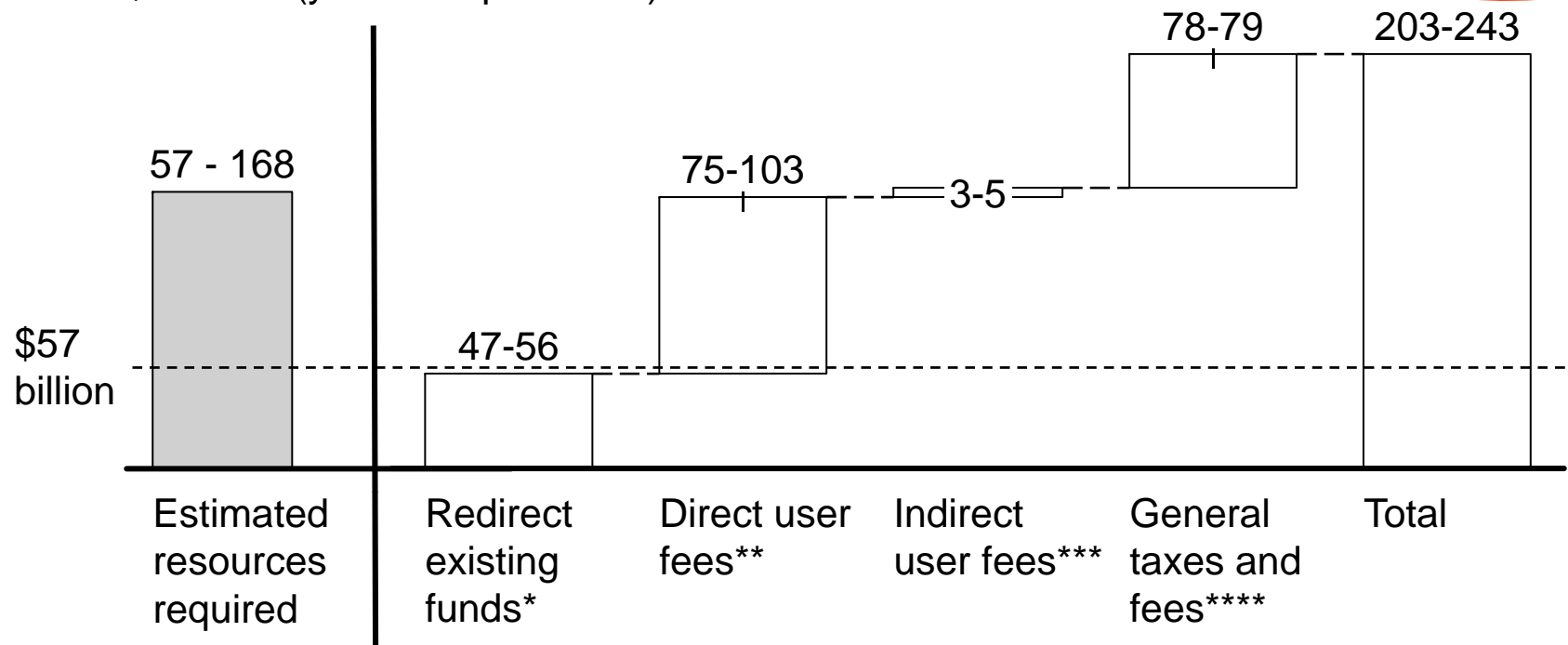
\* Peer states considered: Colorado, Florida, Illinois, North Carolina, Texas, Virginia, and Washington DC

Source: US DOT, FHWA, FTA, GDOT interviews, other state DOT interviews, GRTA research, Department of Revenue, Department of Driver's Services, Department of Community Affairs, ACCG, GMA, GSFIC, National Community Survey, Smith Travel Research's Monthly Lodging Review, Auto Rental News, FCC, ARC, Atlanta Development Authority, Metro Atlanta Chamber of Commerce, EIA 2008 forecasts, US Census Bureau, US Bureau of Economic Analysis, Kimley-Horn, expert interviews

# GA COULD RAISE ~\$203-\$243B THROUGH A MIX OF DIRECT AND INDIRECT USER FEES, NEW TAXES, AND REDIRECTING EXISTING REVENUE

Potential sources of revenue: 2010-2030  
 \$ Billions (year of expenditure)

**PRELIMINARY**



\* Redirect existing funds: reallocate transportation-related taxes to transportation spend (motor vehicle fees, utility fees, driver's license fees, tags/decals, titles, parking facilities), have State General Fund pay GDOT's debt service on GO bonds, monetize unused ROW assets, 1% state motor fuel sales tax, 1-3% local motor fuel tax, and ad-valorem/property taxes on vehicles

\*\* Direct user fees: tolls, emissions fees, parking fees, "pay by the mile" fees, lease fees on state assets, and increased motor fuel excise tax

\*\*\* Indirect user fees: rental car fees, encroachment fees, and impact fees

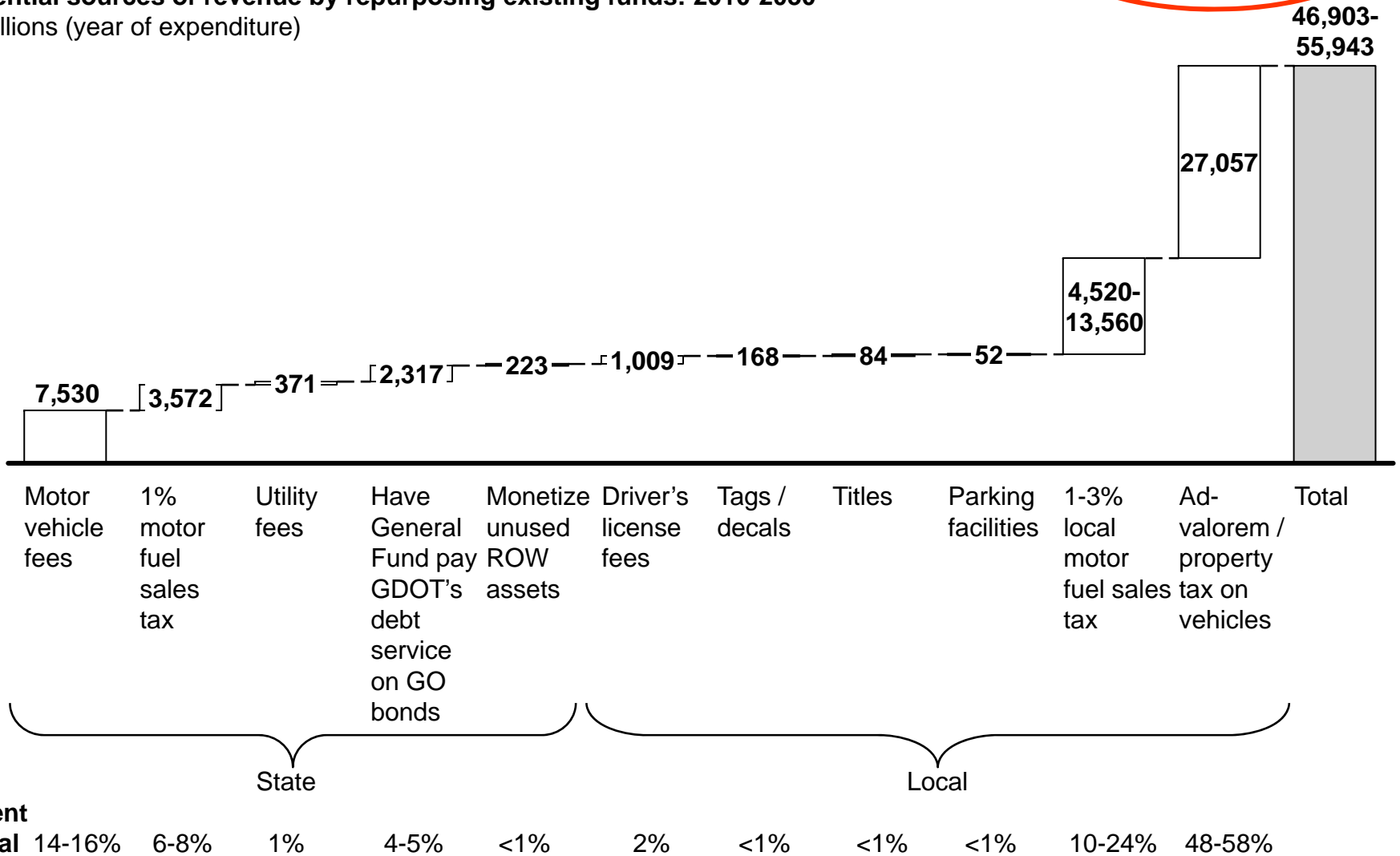
\*\*\*\* General taxes and fees: hotel taxes, state sales tax, property tax on real estate (% dedicated to transportation), regional/local T-SPLOSTs, local sales taxes, and tax allocation districts (TADs)

Source: US DOT, FHWA, FTA, GDOT interviews, other state DOT interviews, GRTA research, Department of Revenue, Department of Driver's Services, Department of Community Affairs, ACCG, GMA, GSFIC, National Community Survey, Smith Travel Research's Monthly Lodging Review, Auto Rental News, FCC, ARC, Atlanta Development Authority, Metro Atlanta Chamber of Commerce, EIA 2008 forecasts, US Census Bureau, US Bureau of Economic Analysis, Kimley-Horn, expert interviews

# REDIRECTING EXISTING FUNDS CAN POTENTIALLY RAISE ~\$47-56B

**PRELIMINARY**

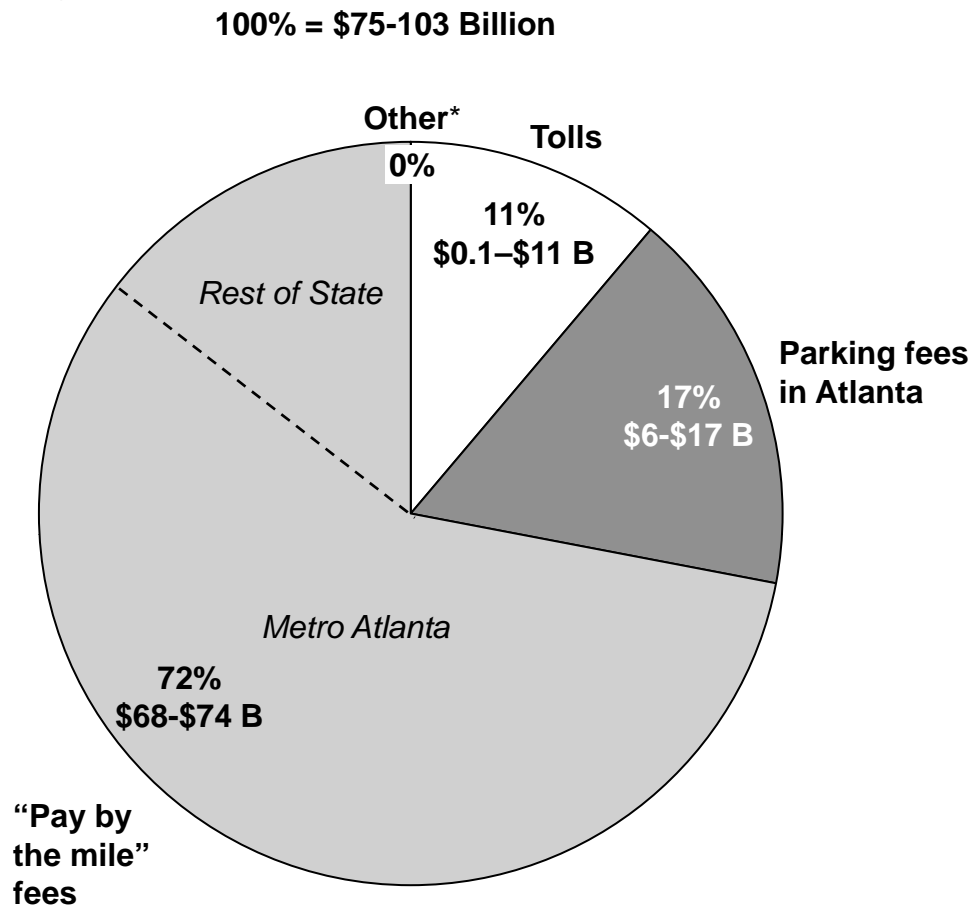
Potential sources of revenue by repurposing existing funds: 2010-2030  
 \$ Millions (year of expenditure)



Source: GDOT, FHWA, Department of Revenue, Department of Drivers Services, ACCG, Department of Community Affairs, GSFIC, EIA 2008 forecasts, US Census Bureau, expert interviews

# MAJORITY OF USER FEES IS COMPOSED OF “PAY BY THE MILE” FEES, TOLLS, AND PARKING FEES

Potential sources of revenue through direct user fees: 2010 – 2030  
Percentage



## “Pay by the mile” fees:

- Assumes 1¢/mile driven in GA from 2010-2015 and that 1¢/mile grows by inflation
- Congestion pricing assumed to begin in 2016-2030 (only in Metro Atlanta), where miles driven during rush hours are 10¢/mile instead of 1¢/mile. Also assumes per mile fee grows by inflation

## Parking fees in Metro Atlanta:

- For the low-end of range, assumed \$50 flat fee per parking space annually (similar to Australia)
- For the high-end of range, assumed ad-valorem fees of 10% on parking in commercial spaces during the week (weekends are free)

## Tolls

- For the low-end of range, assumed only SOV vehicles are charged during rush hours (HOV3s are free) in Atlanta HOT lanes
- For the high-end of range, assumes all vehicles are charged tolls during rush hours in Atlanta HOT lanes

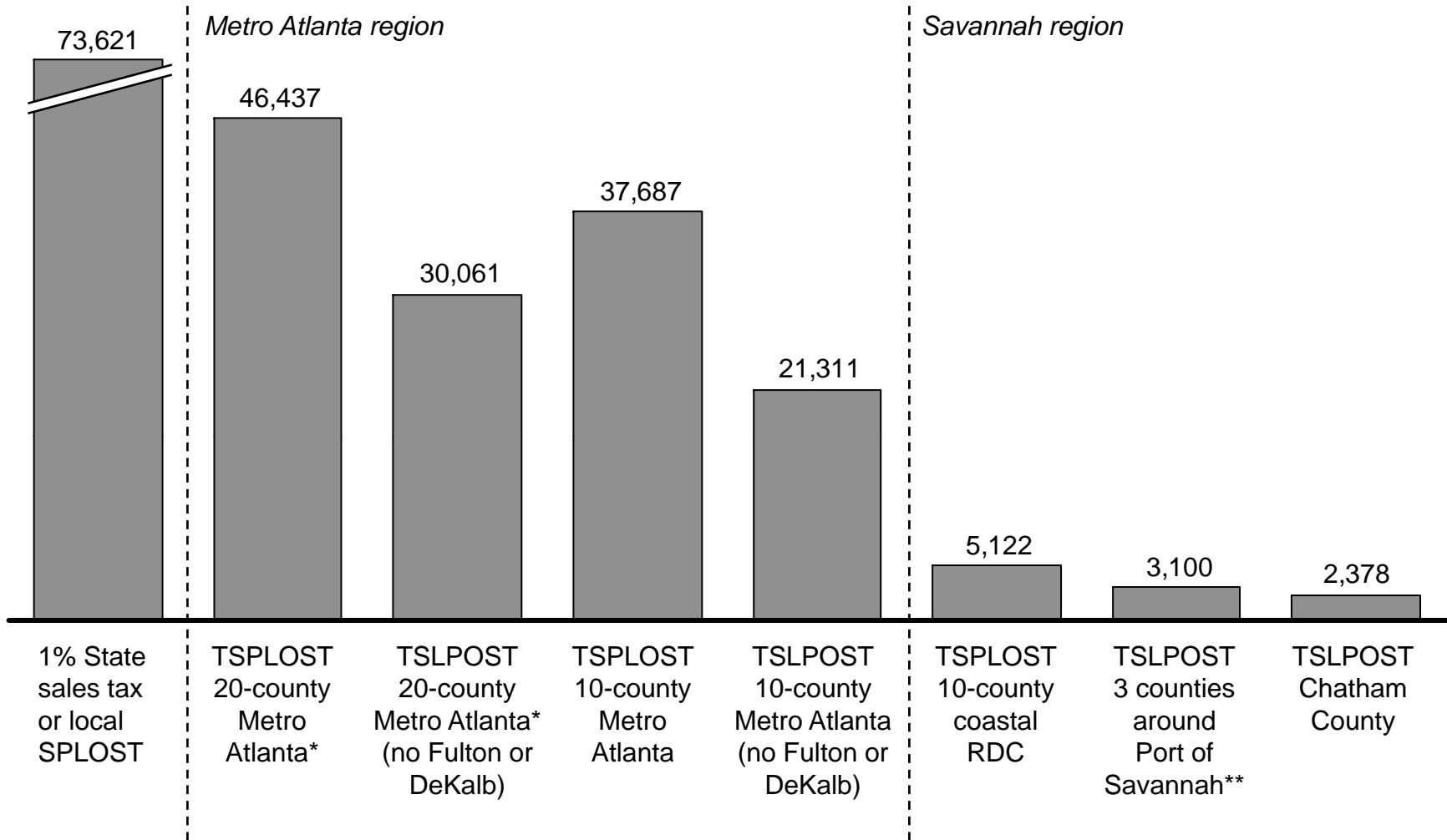
\* Includes lease fees on state assets (\$6 million), emission fees (\$109-219 million), and increasing state motor fuel excise tax by 0.6¢/gallon to match peer states' motor fuel tax/gallon average (\$980 million)

Source: GDOT, FHWA, Department of Revenue, Department of Community Affairs, National Community Survey, US Census Bureau, Kimley-Horn, EIA 2008 forecasts, expert interviews

# 1% STATE SALES TAXES IS ESTIMATED TO GENERATE ~\$74B IN ADDITIONAL REVENUE; LOCAL AND REGIONAL TAXES VARY

State, regional, and local sales tax 20-year revenue estimates: 2010 - 2030

\$ Billions (year of expenditure)



\* Current Metro Atlanta non-attainment area

\*\* 3 counties include Bryan, Chatham and Effingham

## OVERVIEW OF TODAY'S DISCUSSION

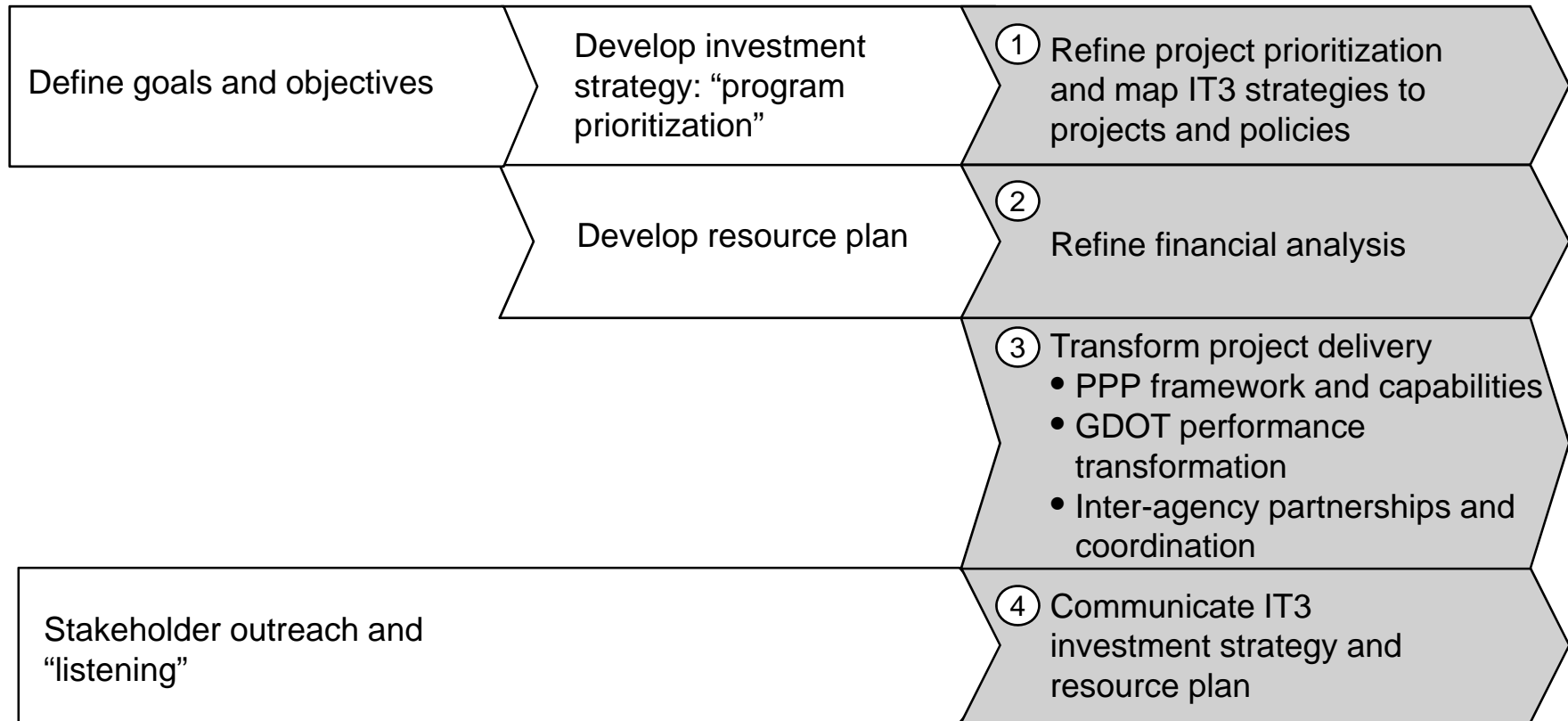
- Review IT3 investment scenario costs and current resources used for transportation
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# IT3 NEXT STEPS

**PRELIMINARY**

Phase 2 work

**Phase 1A** (July - Sept 2008)      **Phase 1B** (Sept - Nov 2008)      **Phase 2** (Nov 2008 - Nov 2009)



## PHASE 2 EXAMPLE DEEP DIVE: REFINE PROJECT PRIORITIZATION AND DEVELOP DETAILED TRANSPORTATION PLANS

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### Refine project prioritization

- Refine current prioritization tool to better align project scoring with IT3 goals, objectives, and strategies
  - Expand the tool to create a multi-modal scoring system and to better account for benefits and costs across time
  - Ensure prioritization gives appropriate weight to freight and people mobility projects
- Determine how project scoring or ranking will translate into allocation of investment dollars at a granular level (statewide and within regions) and when/how exceptions will be entertained
- In addition to a “bottom-up” prioritization tool, develop “top-down” criteria for identifying projects that will significantly advance IT3 strategies over the next 5, 10, and 20 years
  - Identify existing projects that have regional or statewide significance
  - Identify “gaps” in existing plans where new projects need to be developed
  - Launch corridor analysis in IT3 priority corridors

**PRELIMINARY**

### Prepare detailed transportation plans and policies

- Work with MPO partners to prepare regional RTPs and TIPs consistent with IT3 strategies
- Transmit findings to the Commission for New Georgia Freight/Logistics Task Force to use for its implementation activities
  - Establish freight corridors/hubs and develop statewide freight/logistics plan
  - Develop a data-driven freight rail strategy based on the F/L Task Force’s inventory of Georgia’s rail assets
- Develop IT3 consistent polices (e.g., access management and tolling)

# APPENDIX

# CONTACTS/INTERVIEWS FOR FINANCE WORK

Federal	State
<ul style="list-style-type: none"> <li>• Highway Trust Fund – FHWA / FTA</li> <li>• Office of Highway Statistics</li> </ul>	<ul style="list-style-type: none"> <li>• <b>GDOT</b> <ul style="list-style-type: none"> <li>– Budget Office</li> <li>– Rail Program Office</li> <li>– Utilities Division</li> <li>– ROW Division</li> </ul> </li> <li>• <b>SRTA</b> <ul style="list-style-type: none"> <li>– Financial Operations</li> <li>– Treasury</li> </ul> </li> <li>• <b>GSF&amp;IC</b> <ul style="list-style-type: none"> <li>– Bond Financing</li> </ul> </li> <li>• <b>Department of Revenue</b> <ul style="list-style-type: none"> <li>– Administrative Division</li> <li>– Property Tax Division</li> <li>– Media Relations Division</li> </ul> </li> <li>• <b>Office of the Governor</b></li> </ul>
Local	Other
<ul style="list-style-type: none"> <li>• <b>MARTA</b> <ul style="list-style-type: none"> <li>– Treasury Services</li> <li>– Financial Planning and Analysis</li> </ul> </li> <li>• <b>GRTA</b> <ul style="list-style-type: none"> <li>– Administration</li> <li>– Planning Staff</li> </ul> </li> <li>• <b>ACCG</b> <ul style="list-style-type: none"> <li>– Econ. Development and Transportation</li> <li>– Research and Policy Development</li> </ul> </li> <li>• <b>GMA</b></li> <li>• <b>Department of Community Affairs</b></li> <li>• <b>Department of Driver’s Services</b></li> <li>• <b>Metro Atlanta Chamber of Commerce</b></li> <li>• <b>Atlanta Development Authority</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Kimley-Horn</b></li> <li>• <b>Virginia DOT</b></li> </ul>