

Draft
BayArea
Plan

March 2013

Strategy for a
Sustainable
Region



Association of
Bay Area
Governments



Metropolitan
Transportation
Commission

State Highway Needs and
Revenue Assessment

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STATE HIGHWAY NEEDS AND REVENUE ASSESSMENT

The Bay Area's state highway system is comprised of nearly 6,000 lane miles of freeways, highways, and main arterials. The state highway system is owned, operated, and maintained by the California Department of Transportation (Caltrans). In addition to the pavement and signage of the state highway system, Caltrans is responsible for other improvements to the state highway system, including bridges, safety (such as collision reduction), emergency response, and facilities such as highway rest stops.

As the owner-operator of the state highway system, Caltrans is required under state law to prepare two documents that assess and fund the needs of the state highways throughout the State.

Every odd year, Caltrans produces the 10-Year State Highway Operations and Protection Program (SHOPP) Plan, which identifies the ten-year need and forecasted revenues to operate and maintain the state highway system. The numbers used in Plan Bay Area are based on the 2011 10-Year SHOPP Plan, adopted in April 2011.

Every even year, Caltrans produces the State Highway Operations and Protection Program (SHOPP), which is a four year document that identifies revenues and projects to be funded by those revenues. In recent years, the needs from the 10-Year SHOPP Plan have greatly exceeded the identified revenues. The last SHOPP was adopted in 2012, with the next SHOPP expected in Spring 2014.

STATE HIGHWAY PROJECTIONS

The Metropolitan Transportation Commission (MTC) worked closely with Caltrans to separate Bay Area state highway needs and revenues from statewide figures identified in the 2011 10-Year SHOPP Plan and the 2012 SHOPP (the latest documents at the time of Plan Bay Area preparation). The methodology for the state highway needs and revenue projects is described below.

Needs

For Plan Bay Area, MTC staff requested from Caltrans a breakdown of needs in the Bay Area (Caltrans District 4) for each category listed in the last four 10-Year SHOPP Plans (2005, 2007, 2009, and 2011). These numbers were then averaged by year to give the annual estimate of need for the base year of FY 2011-12. From there, MTC staff used an annual escalation rate of 2% to estimate the total needs of the state highway system for the 28 year period of Plan Bay Area through FY 2039-40. Using this methodology, MTC staff estimates that the needs are \$22.4 billion during the Plan Bay Area period.

Revenues

The SHOPP is generally funded through the State Highway Account (SHA), which receives the bulk of its funding from federal and state gas tax sources. Since 2012, the SHOPP also

receives funding from the increase in the gasoline excise tax, which replaced the sales tax on gasoline. The statewide estimates are based on the 2010 State Transportation Improvement Program (STIP) Fund Estimate (FE), which is adopted every two years by the California Transportation Commission (CTC) and is the basis for estimating state highway funding for a five year period.

Using the statewide numbers identified in the 2010 STIP FE and the estimated increase in the gasoline excise tax, MTC calculated the Bay Area share of SHOPP revenue by using the region's historical share of total SHOPP funds. Based on this calculation, MTC staff estimates that the region will receive over \$14 billion in revenue from the SHOPP. This number represents approximately 65% of the estimated needs, leaving a remaining need of about \$8 billion.

Assessment Results

As discussed earlier, the state highway system needs \$22.4 billion over the 28-year Plan Bay Area period to maintain a state of good repair. However, only \$14 billion in committed revenue is available to meet that need over the same period. To maintain the region's state highway system, an additional \$8 billion in revenue is necessary to meet Plan Bay Area performance targets. MTC will continue to work with Caltrans and the State to identify and commit additional and new funding sources to adequately maintain the state highway system.

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