Miami-Dade County 2035 LRTP
Financial Gap Analysis

Miami-Dade Long Range Transportation Plan
Steering Committee Meeting #6
Friday, July 25, 2008
Presentation Goals

1. Document the financial gap facing Miami-Dade County’s 2030 Plan.

2. Identify additional uncertainties and constraints that will impact the 2035 Plan.

3. Begin discussing alternative financial resources that could “fill the gap” and allow for the completion of more key projects.
Agenda

• Brief overview of current environment
• Summary of previous 2030 Plan
• Financial gap #1 – project cost increases
• Financial gap #2 – revenue reductions
• Additional concerns
• Potential solutions to address gap
• Wrap-up and discussion
Long-Range Financial Planning in This Environment Is Very Challenging

• It’s hard to plan for 2035 when we don’t know what 2010 will look like!
  – Seeing major changes in transit ridership, VMT, gas tax revenues, and other key indicators.
  – Potential for substantial changes in federal funding following reauthorization.
  – Disappointing projections from FDOT as revenues from gas tax, documents stamps, and tolls stagnate or decline
  – Local economy continues to suffer from housing decline – LOGT, property tax, and transit surtax all hurt

• But we do know the past five years have been very difficult, and the 2035 Plan will reflect this.
The 2030 Plan Incorporated the PTP and Had a Strong Transit Focus

- First LRTP following passage of the People’s Transportation Plan (PTP) half-cent surtax.
- Major transit and highway improvements included:
  - Metrorail Orange Line (MIC-EH, North, and East-West)
  - Four other rapid transit corridors
  - HOT lanes on I-95 and SR 836
- Cost Feasible Plan projected $19.3 billion in revenues between 2010 and 2030.
- Expenses were allocated approximately 2:1 for transit:highway ($13.2 billion to $6.1 billion).
## Summary of 2030 Plan Revenues by Agency

*(millions of 2003 dollars)*

<table>
<thead>
<tr>
<th>Agency/Project</th>
<th>2010-2015</th>
<th>2016-2020</th>
<th>2021-2030</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CAPITAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Florida Interstate Highway System (FIHS)</td>
<td></td>
<td></td>
<td></td>
<td>$1,174</td>
</tr>
<tr>
<td>Other Arterial Construction / ROW / Intermodal</td>
<td>$693</td>
<td>$548</td>
<td>$1,045</td>
<td>$2,286</td>
</tr>
<tr>
<td>State Turnpike Enterprise</td>
<td></td>
<td></td>
<td></td>
<td>$968</td>
</tr>
<tr>
<td>Miami-Dade Expressway Authority (MDX)</td>
<td></td>
<td></td>
<td></td>
<td>$424</td>
</tr>
<tr>
<td>Miami-Dade Transit (MDT)</td>
<td>$1,666</td>
<td>$1,199</td>
<td>$2,695</td>
<td>$5,560</td>
</tr>
<tr>
<td>Department of Public Works (DPW)</td>
<td>$189</td>
<td>$142</td>
<td>$247</td>
<td>$578</td>
</tr>
<tr>
<td><strong>TOTAL CAPITAL</strong></td>
<td></td>
<td></td>
<td></td>
<td>$10,990</td>
</tr>
<tr>
<td><strong>OPERATING</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miami-Dade Transit (MDT)</td>
<td>$1,931</td>
<td>$1,827</td>
<td>$3,945</td>
<td>$7,703</td>
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<tr>
<td>Department of Public Works (DPW)</td>
<td>$180</td>
<td>$140</td>
<td>$253</td>
<td>$573</td>
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<tr>
<td><strong>TOTAL OPERATING</strong></td>
<td></td>
<td></td>
<td></td>
<td>$8,276</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td>$19,266</td>
</tr>
</tbody>
</table>
Important Change for 2035 Plan: Year-of-Expenditure (YOE) Forecasts

- 2030 Plan figures are in 2003 ("base year") dollars.
- Federal planning regulations adopted in 2007 and corresponding MPOAC guidelines now require forecasts in year-of-expenditure (YOE) dollars.
- FDOT revenue forecasts are now YOE.
- FDOT provides inflation forecasts which can be used to estimate YOE project costs.
Cost Escalation: Projects Have Become Significantly More Expensive

- Major increases in costs for construction commodities (earthwork, asphalt, steel, and concrete) since 2003 – all categories are up 40-80%.
- Labor costs up due to firms’ difficulty in attracting and retaining workers.
- Additional increases on top of labor and commodities costs due to tight construction market and reduced bidding on major projects.
- Miami-Dade has seen overall construction cost increases of 45%*, compared to a CPI increase of only 15% over the same period.

* Based on R.S. Means construction cost index from 2003 to 2008
## Cost Escalation for Representative Projects

### Highway projects (District 6):

<table>
<thead>
<tr>
<th>PROJECT NAME</th>
<th>FROM</th>
<th>TO</th>
<th>DESCRIPTION</th>
<th>AREA</th>
<th>Cost 2003</th>
<th>Cost 2008 (EST.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I-75 / MIAMI GARDENS DR INTERCHANGE</td>
<td></td>
<td></td>
<td>INTERCHANGE IMPROVEMENTS NW</td>
<td>NORTHWEST</td>
<td>$ 19.5</td>
<td>$ 28.3</td>
</tr>
<tr>
<td>I-195</td>
<td>NW 10TH AVE</td>
<td>BISCAYNE BAY</td>
<td>INTERCHANGE IMP. AUXILIARY LANES AT RAMPS NORTH</td>
<td>NORTH</td>
<td>$ 48.5</td>
<td>$ 70.3</td>
</tr>
<tr>
<td>SW 152 ST</td>
<td>HEFT</td>
<td>US 1</td>
<td>4 TO 6 LANES SOUTH</td>
<td>SOUTH</td>
<td>$ 8.0</td>
<td>$ 11.6</td>
</tr>
<tr>
<td>NW 47 AVE</td>
<td>MIAMI GARDENS DR</td>
<td>M-D / BROWARD COUNTY LINE</td>
<td>2 TO 4 LANES NORTH</td>
<td>NORTH</td>
<td>$ 8.6</td>
<td>$ 12.4</td>
</tr>
<tr>
<td>NW 87 AVE</td>
<td>NW 58 ST</td>
<td>OKEECHOBEE RD</td>
<td>WIDEN TO 6 LANES NORTHWEST</td>
<td>NORTHWEST</td>
<td>$ 7.5</td>
<td>$ 10.9</td>
</tr>
<tr>
<td>MIAMI GARDENS DRIVE</td>
<td>I-75</td>
<td>NW 57 AVE</td>
<td>4 TO 6 LANES NORTHWEST</td>
<td>NORTHWEST</td>
<td>$ 10.5</td>
<td>$ 15.2</td>
</tr>
</tbody>
</table>

**TOTAL** $102.5 $148.6

### Transit projects (MDT):

<table>
<thead>
<tr>
<th>PROJECT NAME</th>
<th>FROM</th>
<th>TO</th>
<th>DESCRIPTION</th>
<th>AREA</th>
<th>Cost 2003</th>
<th>Cost 2008 (EST.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EARLINGTON HEIGHTS CONNECTION</td>
<td>EARLINGTON HEIGHTS STATION</td>
<td>MIC</td>
<td>PREMIUM TRANSIT (HEAVY RAIL) CENTRAL, NORTH</td>
<td>CENTRAL, NORTH</td>
<td>$ 221.4</td>
<td>$ 480.0</td>
</tr>
<tr>
<td>NORTH CORRIDOR</td>
<td>MLK STATION</td>
<td>MIAMI-DADE / BROWARD LINE</td>
<td>PREMIUM TRANSIT (HEAVY RAIL) NORTH</td>
<td>NORTH</td>
<td>$ 730.4</td>
<td>$ 1,140.0</td>
</tr>
</tbody>
</table>

**TOTAL** $951.8 $1,620.0
Total Cost Escalation for 2010 to 2030

• Capital costs:
  – Assuming an average 45% cost escalation, $11 billion worth of capital projects in 2003 is now $16 billion in 2008.

• O&M costs:
  – Significant real growth (above CPI) in unit costs, particularly wages and fuel.
  – Estimate of 5-6% annual cost growth is reasonable, or 30% from 2003 to 2008.
  – $8.3 billion in O&M costs in 2003 is now $10.8 billion in 2008.
Total Cost Escalation for 2010 to 2030

• Total capital and O&M expenses:
  – Estimate is now $26.8 billion.
  – If cost growth from 2001-03 had continued (<3%/year), would be only $22.2 billion.

• The gap due to cost escalation is already $4.6 billion (in 2008 dollars).

• When we calculate in YOE terms, the cost gap is over $7 billion.
Revenue Reduction: Federal, State, and Local Funding Are All Down

- Federal Trust Fund balance will be negative by 2009 (accelerated by reduced gasoline purchases).
- State is currently forecasting significant reductions in state funding for categories where FDOT does not take the lead in planning.
- Miami-Dade County is facing many revenue challenges:
  - Reduced PTP surtax projections.
  - Reduced LOGT projections.
  - Difficulty raising transit fares.
  - Difficulty maintaining 3.5% maintenance-of-effort for MDT from County general funds – property tax revenues down, competing needs up!
State Funding Is Down Significantly Compared to 2030 Plan Projections

- Funding for arterial construction/ROW, transit capacity, and TMA projects are facing significant reductions.
- Based on FDOT May ’08 Handbook, projected revenues in those categories for 2016-2030 are down over 25%, or almost $800 million in YOE terms.
- Still awaiting latest projections on SIS highways and overall FIHS Construction/ROW – expecting more reductions.
Transit Fare Revenue Growth in 2030 Plan Will Be Difficult to Achieve

- 2030 Plan took transit fare revenue from Dec. 2003 PTP Pro Forma, which assumed frequent fare increases (well above CPI) and very strong ridership growth.
- Experience in the County suggests less frequent/aggressive fare increases and moderate ridership growth.
- Depending on fare policy, impact over full Plan period could be billions of dollars (YOE).
Economic Downtown Is Hurting Projected PTP Surtax Collections

• Current PTP growth rates assumed by MDT:

<table>
<thead>
<tr>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.0%</td>
<td>0.0%</td>
<td>1.5%</td>
<td>2.0%</td>
<td>5.0%</td>
<td>5.5%</td>
</tr>
</tbody>
</table>

• Long-term annual growth rate still assumed to be roughly 5.5%, but this may also need to be re-examined.

• Even if higher level is regained, near-term years are “lost” and can’t be regained. Net revenue loss between 2010 and 2030 is over $1 billion.
Total Gap Due to Higher Costs and Lower Revenues Is At Least $10 Billion

Financial Gap (2010-2030)

Note: Reduction in FDOT funds in 2010-2015 still uncertain and not shown.
The 2035 Plan Faces Additional Challenges and Uncertainties

- Federal reauthorization in 2009.
- New Starts funding for Orange Line Metrorail is very tenuous – MDT must demonstrate to FTA that it has the financial capacity to support its existing system.
- MDT bus network also facing cutbacks now, but will need to grow in the future.
- Increased highway tolling is attractive (for both revenue and congestion management), but will drivers and voters accept it?
- How different will population and employment projections be (both total amounts and location)?
What Additional Financial Resources Could the County Consider?

• Taxes and fees:
  – Additional transit surtax (up to half-cent) or LOGT
  – Increases to other taxes/fees (registration, title, auto rental, etc.)
  – Location-specific taxes (e.g., improvement districts) along premium transit lines – could be tied to density bonuses or zoning changes.

• Tolls:
  – Increase tolls on existing facilities.
  – Institute tolls on currently free facilities.
  – In both cases, use revenues to support other highway and transit projects as well as for congestion management.
  – MDX planned “close out” of system by 2030

• Concession of facilities:
  – Related to tolling, but go further and concession facilities to private sector in order to receive major funding increase upfront.
  – Could be applied to existing facilities or to new facilities
What Additional Financial Resources Could the County Consider?

- Private sector participation – joint development in/around transit stations (air rights, parking facilities, retail/concessions, etc.).
- Procurement strategies for capacity projects:
  - For highways with revenue potential, see above regarding standard concession.
  - For other highway projects and transit projects which do not have positive revenue potential, use of design-build/DBOM/DBOF/etc. will not provide necessary funding, but could accelerate project delivery. Could use an availability payment or shadow pricing mechanism if desired.
Conclusion

• Next steps
• Discussion