DRAFT 2028 RTP Revenue Forecast and Cost Targets Key Assumptions[1]

Plan Horizon Year: 2050

Cost banded years:

Near-term: FFY 2029-FFY 2040: Oct 1, 2028 – Sept 30, 2040
Long-term: FFY 2041-FFY 2050: Oct 1, 2040 – Sept 30, 2050

Federal Fiscal Year (FFY): Oct 1 to Sept 30 of following year

Because the RTP is a Federal plan Metro uses Federal Fiscal Years (FFY) for the Revenue Forecast and Cost Targets, while most agency budgets use Fiscal Year (FY) July 1 to June 30. For simplicity, Metro will use forecasts from local and state agencies that are provided in state/local fiscal years and combine those revenues with federal revenues in the like federal fiscal year (i.e. Local/State fiscal year 2029 = Federal fiscal year 2029) to calculate total available revenues.

Baseline year for revenue forecast: 2029

Revenues are forecasted from FFY 2029 to FFY 2050. However, actual revenues for current revenue sources may be used to provide a 'starting point' for revenue forecasts. These 'actual' revenues may be included in the revenue forecast worksheet for years before FFY 2029.

Committed revenues are separate:

Some projects included in the 2028 RTP will have funding committed to them from revenue sources in years prior to FFY 2029. Project or project phases in the RTP that have dedicated local, regional, state or federal funding must be included in the financially constrained system until the projects are deemed substantially complete. The total project cost for these projects needs to be included in the plan, including pre-FFY 2029 revenues committed, to accurately reflect a financially constrained project list.

Funding committed to projects before FFY 2029 is separate from Forecasted Revenues and are not available for other projects in the RTP.

Growth rate for revenues: 2.2 to 4%

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[1] Assumptions in this document are consistent with ODOT Financial Assumptions for the Development of Metropolitan Transportation Plans SFY 2020/2021 – 2049-2050 (July 2022) and FHWA Financial Planning and Fiscal Constraint For Transportation Plans and Programs Questions & Answers (April 2009).

Growth rates for revenues vary but typically fall within the range of 2%-4% annual growth rate. Growth rates, methodology and assumptions must be documented for the RTP (in the 2028 RTP Local Revenue Definitions worksheet).

Year-of-Expenditure (YOE) inflation factor for project costs: 3.3% (unless documentation supports other factors)

Federal rules require project costs to be provided in year-of-expenditure (YOE) dollars to account for inflation. ODOT adopted 3.3% as the average annual inflation rate for planning/programming level costs of transportation projects and operations, maintenance and preservation OM&P).[2] This rate may be updated based on new information from ODOT.

Metro assumes projects are implemented evenly over the planning period and shares the inflationary costs equally among projects in each of the two time periods (see banded years above) for project analysis. If agencies choose a different cost methodology more appropriate to the project or program year of expenditure costs they should provide an explanation of the cost method. The use of cost bands does not avoid the requirement to show fiscal constraint. Revenues necessary to meet the outer (upper) band of the cost band in the financial plan must be reasonably expected to be available.

- For projects identified for implementation in the 2029-2040 period: The estimated cost of the project is inflated by 3.3% annually from year project cost estimate was developed to 2034, the mid-year of this period.
- For projects identified for implementation in the 2041-2050 period: The estimated cost of the project is inflated by 3.3% annually from year project cost estimate was developed to 2045, the mid-year of this period.

Major projects will provide detailed project-level financial plans:

For highway projects estimated to cost over $500 million and transit projects estimated to cost $400 million (or include over $150 million in Capital Investment Grants) cost estimates for YOE should be developed in accordance with FHWA's major project requirements.[3]

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[2] Informal guidance from FHWA and FTA suggests an annual inflation rate of 4% for planning and programming-level project costs.

[3] Questions 6 and 12, FHWA Financial Planning and Fiscal Constraint For Transportation Plans and Programs Questions & Answers (April 2009): Detailed project-level financial plans must be prepared and updated annually for individual highway projects with an estimated total cost of $100 million or more and FTA major capital investment (New Starts) projects. Financial plans for projects with an estimated total cost of $500 million or more must be approved by FHWA. These project-specific financial plans contain specific cash flow information. While the financial plans used in metropolitan transportation planning and statewide

State and local agencies contribute to the cost of High Capacity Transit projects:

Cities, counties and ODOT should work with TriMet and SMART, in coordination with Metro, to identify state and local share contributions to apply to high capacity transit (HCT) capital projects submitted to the 2028 RTP. TriMet and SMART HCT capital projects must include a 50 percent match contribution to leverage available federal Capital Improvement Grant revenues.

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transportation planning are different from those developed for "big ticket" highway and transit projects, their underlying assumptions (e.g. local economic conditions; future inflation rates; revenue sources, growth rates, and yields based upon population and employment projections) should be consistent.