THE ATLANTA REGION'S PLAN 2040 RTP

FINANCES

The plan must demonstrate that enough funding is available to cover the cost of building, operating and maintaining the entire system through the horizon year. Learn how this was determined.

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Overview of Financial Trends

Transportation investments in the Atlanta Region are constructed, operated and maintained using a wide combination of revenue streams. The status of each of these, as well as the amount assumed to be available through 2040, is explored in more detailed within this section of the plan. But before getting into the details, a few key recent developments related to transportation finance are worth highlighting.

A Major Win for Increasing State Transportation Funding

The Georgia state legislature passed the Transportation Funding Act of 2015 (TFA 2015) in spring 2015. TFA 2015 introduced several new taxes and user fees, including a new hotel tax and heavy-vehicle fee, in support of transportation investments statewide. It is estimated that the act, which was subsequently signed and enacted by Governor Nathan Deal, will provide an additional $750 million to $1 billion of funding annually for transportation in Georgia from statewide tax revenues.

Another beneficial provision in TFA 2015 is the allowance for county governments to enact local transportation special purpose local option sales taxes (T-SPLOSTs). Because these would be sales tax revenues, funds are eligible to be used for transit projects. While funds collected within a county must be spent within the same county, adjacent jurisdictions can coordinate to build cross-jurisdictional projects provided the funding streams remain distinct.

TFA 2015 requires that 30% of funds collected be used for projects consistent with the *Statewide Strategic Transportation Plan* (SSTP). The SSTP is a policy document, with only a few illustrative projects, so identifying specific projects which are consistent with the generalized goals and objectives of the SSTP should not a be a significant or restrictive challenge.

Regional Transit Funding on the Right Track

Significant strides have also been made in regional transit funding and governance since the approval of the previous RTP. In 2014, voters in Clayton County voted to approve their county being incorporated into the MARTA service area and paying the subsequent 1-percent sales tax.. The inclusion of Clayton County has resulted in nearly $50 million of additional sales tax revenue for the system annually, a figure which is expected to grow to around $60 million annually by FY 2024. This new revenue will not only be dedicated towards constructing premium fixed guideway transit connections to Clayton County, but it will also provide much welcomed funding support for the regional transit agency's overall operations.

Revenue generated from passenger fares has remained relatively stable since Clayton County joined the system, with robust ridership on buses in the county being largely offset by ridership fluctuations elsewhere within the service area.

MARTA has also benefited from the lifting of the state's "50/50" requirement, which required the agency to spend its sales tax revenues equally on operations and capital expenditures. It has also implemented new cost savings initiatives which promote operational stability operations and overall financial health.

The collective impact of these recent trends has produced a reserve fund exceeding $250 million, an increase of nearly $100 million from the balance just four years ago.

Motor Fuel Taxes on the Rise Again

Even before TFA 2015 was signed into law by the Governor, budgeted state motor fuel receipts had increased 28% ($186 million) between the 2011 and 2015 state budgets. This increase in transportation receipts, while insufficient to meet the overall demand for transportation project funding, permitted GDOT to continue to support funding for critical programs such as Local Maintenance & Improvement Grants (LMIG) while providing state match on large-scale transportation projects such as the Northwest Corridor.

Financial Challenges Still Remain

While several positive trends and actions have occurred since 2014, many financial challenges remain.

- Efforts during the 2015 Georgia legislative session to allow MARTA to raise its regionwide sales tax rate by an additional half cent to 1.5% via public referendum were not successful. The additional revenue was designed to strengthen reserves and support needed transit expansion projects in the Atlanta Region. However, a November 2016 referendum to increase the MARTA sales tax rate to 1.5% within just the City of Atlanta was successful.
- Federal funding to Georgia has essentially been flat for the past several years, as the nation grappled with declining revenues to the Highway Trust Fund and a balance hovering near zero. The FAST Act transportation bill reauthorization, which was passed in December 2015 as the recommendations of this plan were being finalized, will provide a modest increase to baseline funding levels and a stable revenue stream through 2020. However, the FAST Act did nothing to resolve the chronic HTF shortfalls, meaning funding uncertainties could rise again as the horizon year for the FAST Act passes. Without resolution, continued infusions of additional federal funds from other sources will be required to maintain consistent transportation spending levels.
- Local government budgets have not fully recovered from the severe decline in property tax digests during the Great Recession. This has most significantly impacted local governments in Fulton and DeKalb counties, which historically had been unable to supplement property taxes with a dedicated sales tax for general transportation projects due to their long-standing 1% sales tax commitment to MARTA and a cap on overall sales tax rates. State legislation removed those caps in 2015, leading to voters in the City of Atlanta approving a 0.4% transportation sales tax in November 2016. Residents in the remainder of Fulton County concurrently approved a 0.75% increase. A proposed November 2016 vote within DeKalb County was deferred in order to correct a minor error in the enabling state legislation first. That correction was made during the 2017 legislative session, paving the way for a successful SPLOST referendum later that year.

Ensuring the Plan is Fiscally Constrained

The Atlanta Region's Plan (Transportation) must be fiscally constrained per federal RTP guidelines. An RTP is considered financially constrained if projected project costs do not exceed projected revenues that are reasonably expected to be available during the time frame of the plan. Once the federal government completes the Conformity Determination process showing that the RTP meets all federal requirements, of which fiscal constraint is an obligatory component, projects can be funded and implemented as programmed in the plan.

Revenue Assumptions

The RTP's financial assumptions and forecasts are developed in consultation with ARC's Financial Planning Team. Composed of representatives of federal and state agencies, public transit operators, and other stakeholders, the Financial Planning Team reviews major assumptions regarding the levels of future revenues and cost estimation methodologies. The plan's financial forecasts reflect this partnership.

Detailed tables demonstrating how federal, state and local revenue forecasts were derived are provided in Appendices (E), (F) and (G), respectively.

Estimating Project Costs

Historically, ARC has relied on project sponsors for developing, submitting and updating project costs, either through a quarterly Administrative Modification or TIP Amendment. Local project sponsors typically develop detailed planning level cost estimates during the Comprehensive Transportation Plan process or other transportation study process. Although ARC has developed a cost estimating tool, project costs are often inaccurate because they were developed based on early planning assumptions. As a project moves through the development and design process, the scope of the project often changes. As part of an effort by ARC, GDOT, and our planning partners to identify barriers to project delivery, inaccurate preliminary cost estimates at the onset of project programming was identified as an impediment to the effective and timely delivery of transportation projects.

In response, the Project Delivery Task Force (PDTF) was created in 2014 to identify barriers to project implementation and recommend actions for improving coordination and process with implementation and reviewing agencies. Recommendations for improving project costs estimates included a more rigorous feasibility assessment during the funding application process. A more detailed risk assessment for projects will help ARC and sponsors understand the most likely fatal flaws and be able to establish more realistic scopes, schedules, and budgets. The PDTF is also developing a Screening Phase that will allow project sponsors to apply a risk assessment tool to project during the conceptual planning phase to determine if the project is feasible and to determine the scope, schedule, budget, and most practical funding source. Moving forward, it is the intention of the PDTF to incorporate the Screening Phase and risk assessment tool formally into the project development process. For more discussion on improving program delivery, see the Future section of this plan.

Year of Expenditure Project Costs

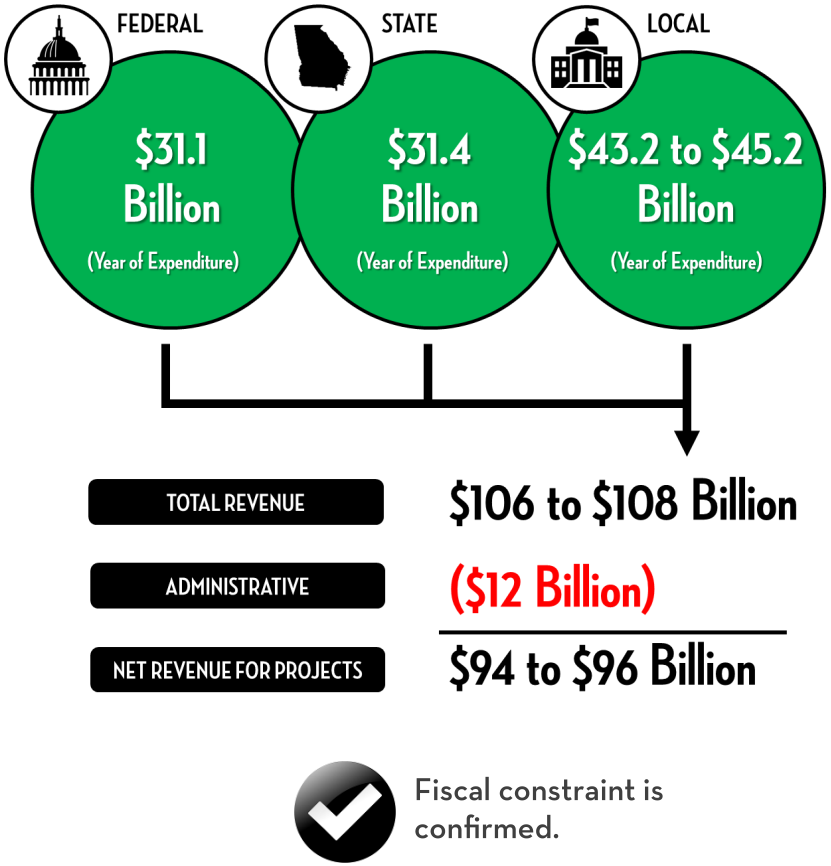
Since all revenue totals presented thus far are in YOE dollars, project costs must be inflated also in order to demonstrate that this plan is fiscally constrained. Costs presented in the complete projects listings in Appendices (A) and (B) are already inflated within the six-year TIP period of FY 2018 to FY 2023. But long-range phases are presented in current year dollars since a precise schedule for implementation has not yet been defined. A phase advanced in the 2031-2040 timeframe, for example, could occur anywhere within that period, resulting in a different cost based on whether the project is undertaken earlier or later in the decade. The one exception to this approach to presenting project costs are those projects comprising the Major Mobility Investment Program (MMIP). Figures for those projects are already inflated since they represent actual payments made on the debt issued to implement those projects. More information on the MMIP is provided later in this section of the plan.

Since a reasonable assumption is that the overall program of projects within a long range timeframe will be evenly spread out, all long range costs are aggregated and inflated to a mid-year point of the timeframe. For the 2024-2030 period, the mid-year is 2027, while for the 2031-2040 period, an average YOE assumed is 2035. Appendix (D) shows the results of these calculations.

Comparison of Project Costs and Revenues

The graphic below summarizes federal, state and local financial revenues which will be available through 2040 to fund the recommendations of this plan. The total amount collected is estimated at anywhere from $106 to $108 billion, of which approximately $12 billion will be required to fund the administrative functions of the various state and local transportation agencies responsible for designing, building, operating and maintaining the projects and programs recommended in this plan. This net revenue is greater than the $93.6 billion cost of the plan's proposed investments.

Estimated Total Transportation Revenues (2018-2040)



Federal Funding Forecasts

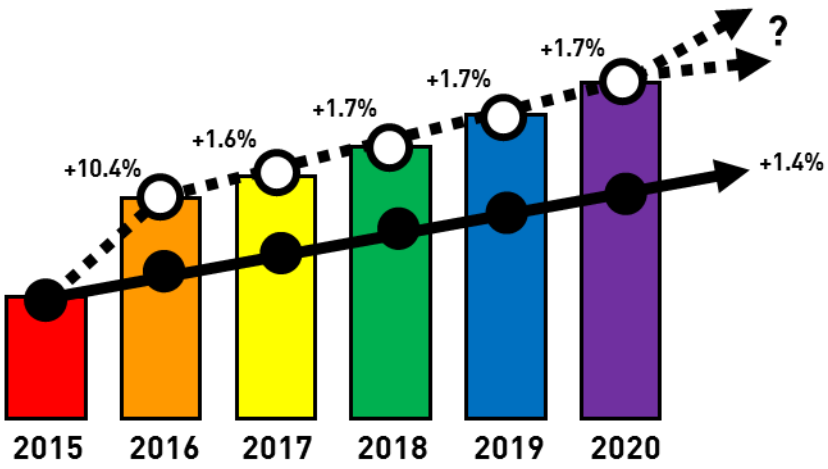
Federal resources comprise the second largest share of system expansion funds after local funding. Overall, funding on the federal level comes from federal taxes on fuel, heavy-duty trucks, and, to a growing extent, general funds. Taxes are charged for each gallon of fuel purchased (18.4 cents per gallon for gasoline and 24.4 cents per gallon for diesel). Tax revenues are paid into the Highway Trust Fund (HTF), which is separated into two accounts – a highway account and a mass transit account. The highway account receives about 84% of the proceeds from gasoline fuel taxes, with the remaining 16% is dedicated to the mass transit account.

Accounting for Inflation

Revenue forecasts and project costs are significantly impacted by inflation, which erodes the purchasing power of "flat line" revenue sources, while driving up future project costs. A dollar 20 or 25 years from now is likely to be able to buy much less than what it can today due to inflation. Because federal planning requirements stipulate that inflation be reflected for both costs and revenues, *The Atlanta Region's Plan (Transportation)* adjusts both revenue sources and costs from current year dollars to year-of-expenditure (YOE) dollars. When the cost of transportation projects closely tracks with the rate of inflation across the entire economy, reporting the plan in current year versus YOE dollars has little practical impact.

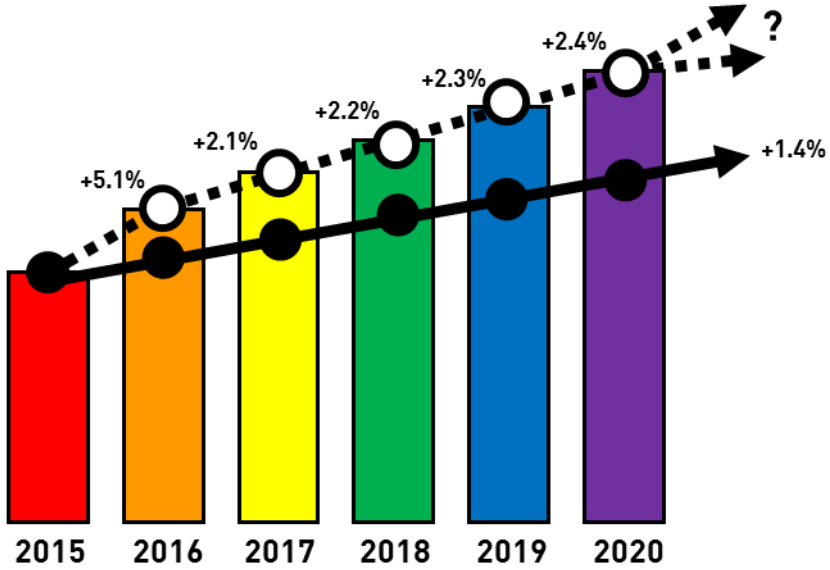
RTP inflation forecasts remain constant for the TIP (2018-2023) and long-range (2024-2040) periods. Based on consultation with the Financial Planning Team, a rate of 2.1% is applied to both the TIP period and over the 2040 horizon year of the plan. Global economic trends over the past decade, as well as federal monetary policy, indicate a strong likelihood that inflationary pressure will remain weak, but stable. The relatively low, but stable inflation rate will increase the likelihood that project costs for projects planned in the outer years of the plan will remain within a reasonable range assumed for plan balancing purposes.

How the FAST Act has changed federal transportation financial projections



FTA

Provides nearly $10 billion of additional funding for transit nationwide over the next five years compared to baseline 2015 projections.



FHWA

Increases funding for roadway projects by over $20 billion nationwide over the next five years compared to baseline 2015 projections.

Dedicates over $10 billion in funding nationwide to new two programs geared towards improving freight and goods movement.

But still does not resolve the long-term structural shortfalls of the Highway Trust Fund. If a solution isn't found by the time the FAST Act expires, the increased funding levels will not be sustainable, causing more uncertainty in the planning process.

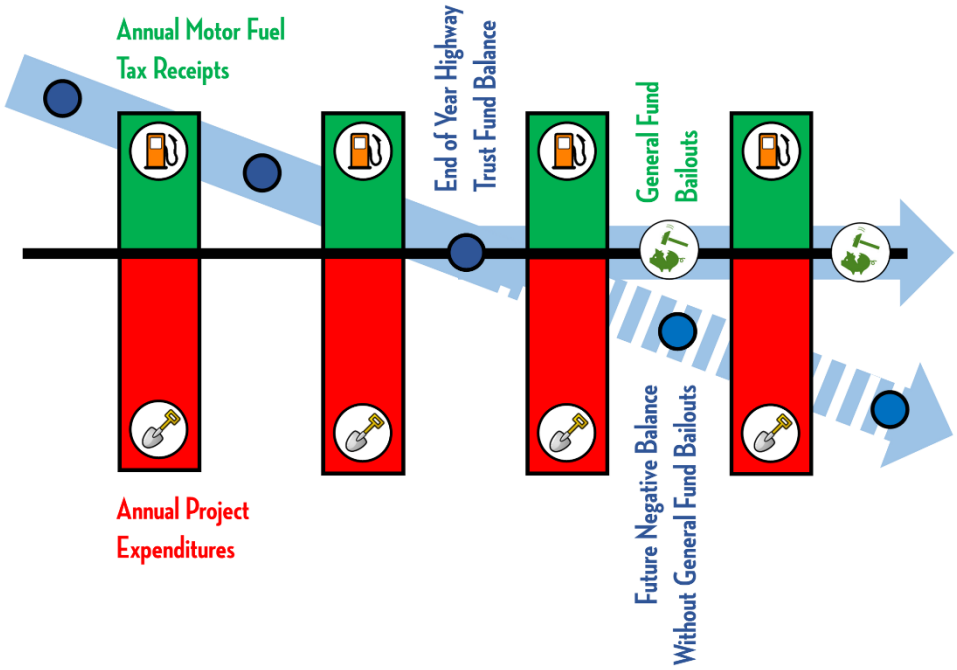
Status of the Highway Trust Fund

According to the Congressional Budget Office (CBO), the current trajectory of the Highway Trust Fund is unsustainable. For many years, the trust fund has not collected enough revenue to cover previous financial commitments, resulting in steadily accumulating annual shortfalls. Since 2008, the Congress has avoided bankruptcy of the trust fund by transferring over $60 billion from the general fund of the Treasury. According to the Congressional Budget Office (CBO), should current levels of spending continue, along with the current taxing regimen in place on motor fuels, the HTF will require an additional $175 billion to remain solvent over the next 10 years. Currently HTF spending outpaces revenues by approximately $14 billion annually and is expected to widen to $21 billion annually by 2025.

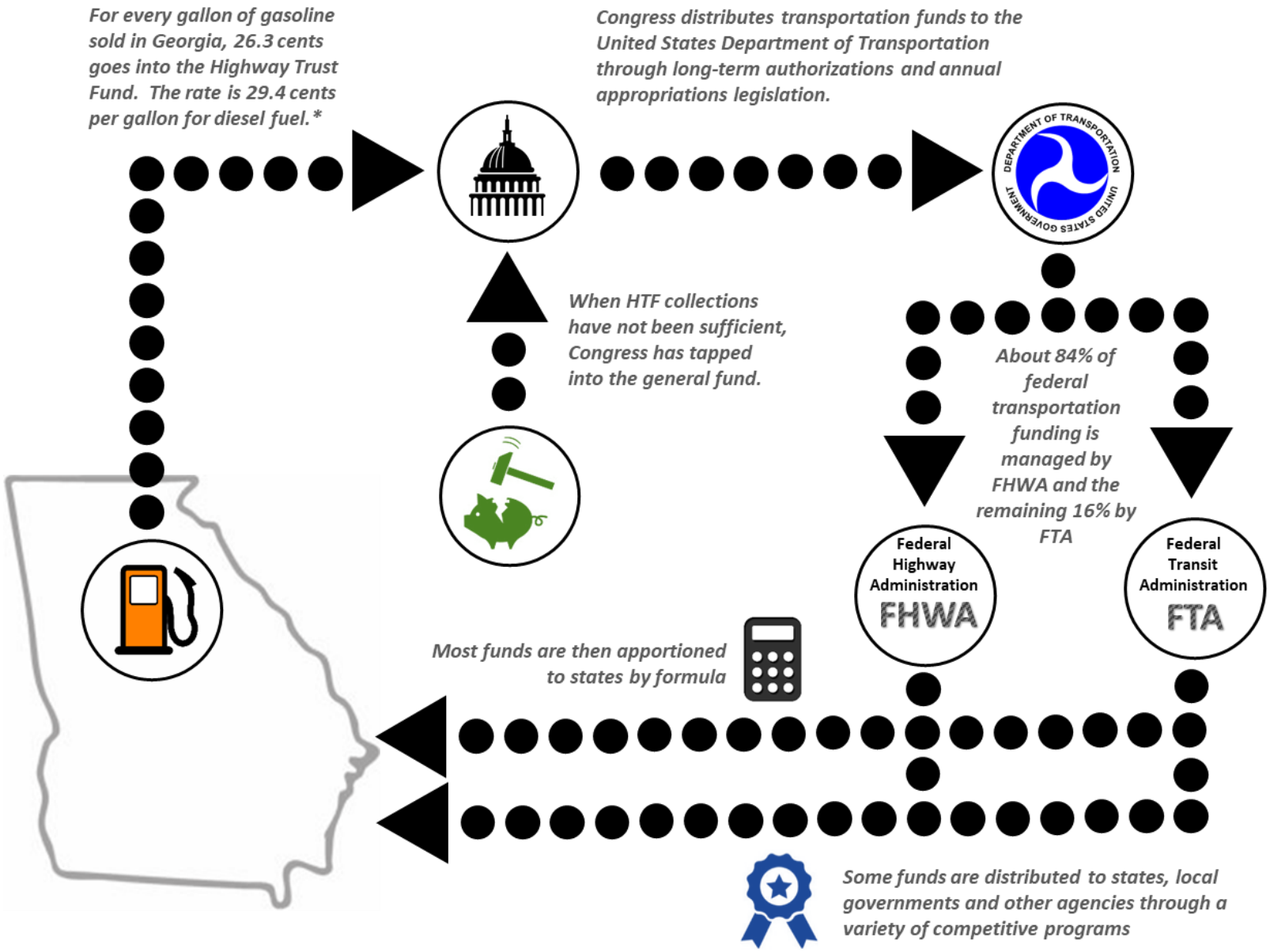
Recommendations of *The Atlanta Region's Plan (Transportation)* are based on the assumption that policy action will be taken to maintain the solvency of the HTF. The obligation limits for Georgia are used as the base to forecasting federal funds. Current federal funding levels are then forecast to increase in the future. Based on historical trends a 1.4% annual growth rate was applied to forecast federal funds beyond the timeframe of the FAST Act. This is actually lower than the average annual growth rate called for during the five years of the law.

Funds from the HTF are apportioned to states through the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA).

Highway Trust Fund in Crisis



The Flow of Federal Transportation Funds



FHWA Funding Assumptions and Estimates

To determine FHWA funding during the FY 2018-2023 period, the Atlanta Region's share of statewide federal funds was developed in consultation with GDOT as part of the development of the State Transportation Improvement Program (STIP). The Atlanta Region's share of statewide employment was agreed to by the Financial Planning Team in 2015 as a method to help determine a regional share of revenues. Accordingly, ARC's share of statewide FHWA funding is assumed to rise from about 58% currently to 62% by the year 2040.

The available federal highway funds are net principal and interest payments on outstanding and anticipated GARVEE and GRB bonds during the RTP timeframe. The Georgia State Financing and Investment Commission and the State Road and Tollway Authority provided information on bond debt payment. These debt payment obligations have been accounted for in the level of available funding.

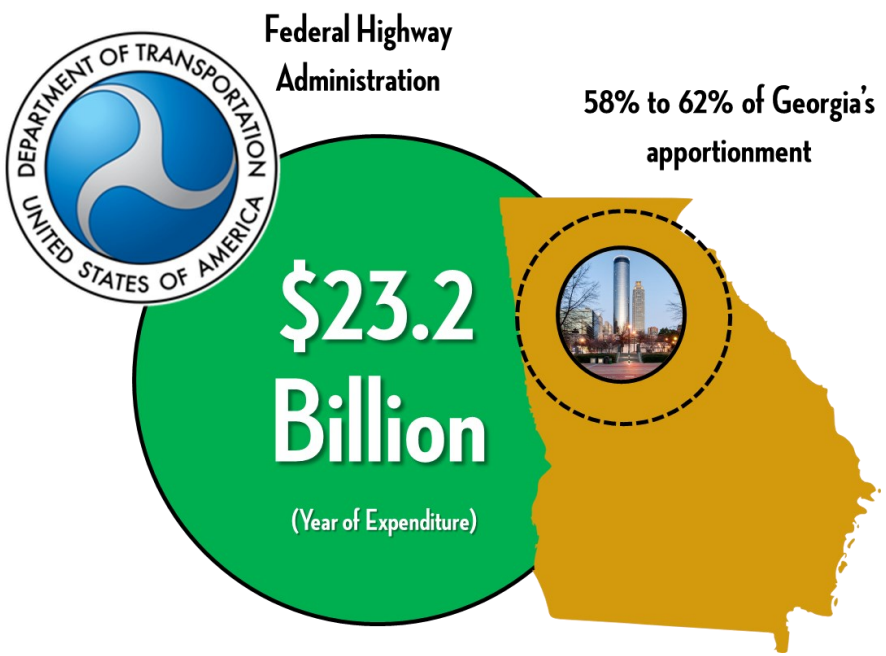
FHWA also has a variety of discretionary programs where funds are awarded to eligible sponsors via a competitive application process. The most prominent program in recent years has been the TIGER program. Awards under this program have been instrumental in implementing a portion of the Beltline and a first phase of the streetcar vision in the City of Atlanta. Since the program is extremely competitive and its future is in doubt based on draft versions of federal legislation, no assumptions are made in this plan regarding TIGER funds or any other FHWA discretionary program being available to finance projects.

In consultation with the Financial Planning Team, baseline estimates are forecast to increase for FHWA sources by 1.4% annually. This rate is less than base line inflation in the TIP (2%) and long-range periods (2.2%).

Based on these assumptions, ARC forecasts that approximately $17.3 billion (current year dollars) of FHWA funds will be available to the Region through the years 2018 to 2040. In year of expenditure dollars, this equates to $23.2 billion. Details on how these FHWA forecasts were calculated are contained in Appendix (E).

Note that these totals do not include possible future amounts the Region may receive from discretionary FHWA sources, such as the TIGER program or earmarks. No assumptions regarding the future of these sources or the ability of the Region to submit successful applications were made for purposes of fiscally constraining this plan.

Estimated FHWA Formula Funding (2018-2040)



FTA Funding Assumptions and Estimates

FTA funding comes from two primary sources in 1) formula funds and 2) discretionary programs. Formula funds are allocated directly to counties using a consensus formula which mimics the national apportionment process and is based on population and transit service operating data. Funds for counties within the MARTA service area are automatically directed to that agency, while funds for other counties may be used to support their local transit agency, redirected to GRTA to support regional Xpress services, accrued for use by a future operator, or returned to the regional pot for distribution. Based on concurrence from the Financial Planning Team in 2015, FTA formula funds are forecast to increase at a rate of 1.4% annually. Through 2040, this will yield $3.0 billion in current year dollars, or $3.5 billion in YOE dollars.

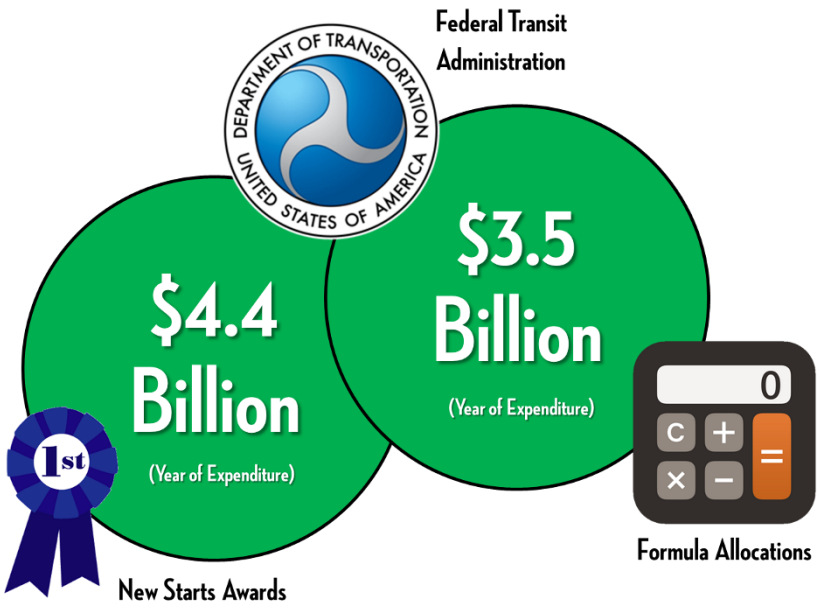
Federal planning regulations require ARC to maintain fiscal constraint when developing an RTP, meaning that the recommendations outlined within the 20+ year plan horizon should also identify reasonably available funding sources for their implementation. Due to the costs involved with major transit capacity expansion projects, project sponsors rely upon federal assistance to construct projects, especially from the Federal Transit Administration's Section 5309 "New Starts" program. New Starts funding is awarded through merit based, discretionary grants issued on an annual basis. All New Starts awardees must also match at least 20 percent of the federal grant amount, though the national average between non-federal New Starts award share is closer to 43 percent.

Through a recent analysis of previous New Starts grant awards and consultation with regional planning partners, ARC has determined approximately $3.1 billion (current year dollars) in New Starts funding could be considered reasonably available during The Atlanta Region's Plan planning horizon year of 2040. That amount equates to $4.4 billion in YOE dollars. Coupled with an assumed approximate $5.4 billion (YOE dollars) in locally sourced matching funds, approximately $9.8 billion in total funding (YOE dollars) is available to expand the Region's transit network. The figure was used to create the RTP's fiscally constrained transit element, which was developed through extensive collaboration with local governments and transit operators. Projects selected for the fiscally constrained transit element of the RTP represent those which have already begun the preliminary environmental and engineering studies necessary to compete for FTA New Starts program funding.

FTA also periodically awards funds to transit agencies through nationwide competitive processes. Since these announcements are generally small, a few million dollars or less, and sporadic in nature, no assumptions are made in this plan regarding their availability to finance projects.

Calculations of FTA funding forecasts are detailed in Appendix (E).

Estimated FTA Funding (2018-2040)



State Funding Forecasts

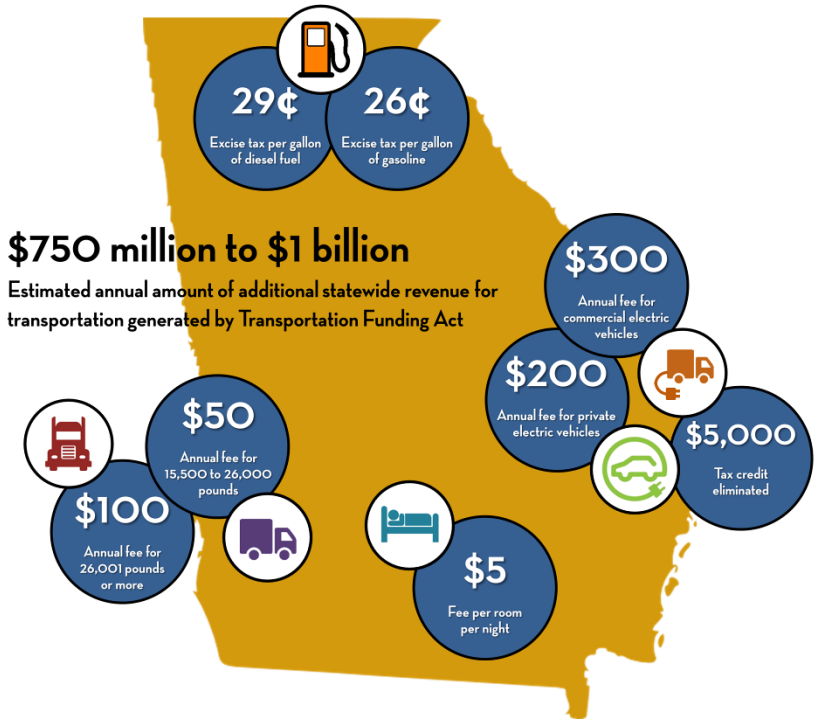
Passage of the Transportation Funding Act of 2015 (TFA 2015) by the Georgia Legislature had dramatic impacts on *The Atlanta Region's Plan (Transportation)*. The new structure is generating a substantial amount of additional statewide revenue and also permits counties to pursue supplemental funding opportunities as well.

Under TFA 2015, several notable changes have occurred and recent state collections have increased significantly. The new legislation:

- Imposes a 26¢ per-gallon state excise tax on gasoline and a 29¢ diesel rate to replace the previous 7.5¢ per gallon and 4% state sales tax. The state's excise tax rate will be indexed and adjusted yearly based on fuel efficiency of vehicles registered in the state and the Consumer Price Index (CPI).
- Imposes an annual truck/bus "highway user impact fee" that is collected when a vehicle's tag is renewed each year. An amount of $50 is assessed for vehicles from 15,500 lbs. to 26,000 lbs. and $100 for those vehicles greater than 26,001 lbs.
- Imposes a $5 per night fee on hotel and motel stays.
- Imposes an annual $200 user fee on privately owned electric vehicles and an annual $300 user fee for commercial vehicles.
- Eliminates the $5,000 state tax credit on the purchase of an electric vehicle.

The new state transportation revenue model will ultimately increase funds available statewide by $750 million to $1 billion each year, which effectively doubles the amount collected through the state gas tax prior to its passage. Based on the historical share of state transportation

Impact of Transportation Funding Act on State Revenues



funding spent within the Atlanta Region, the annual net increase to the Region is assumed to be in the range of $400 million to $600 million each year. This is nearly double current funding levels.

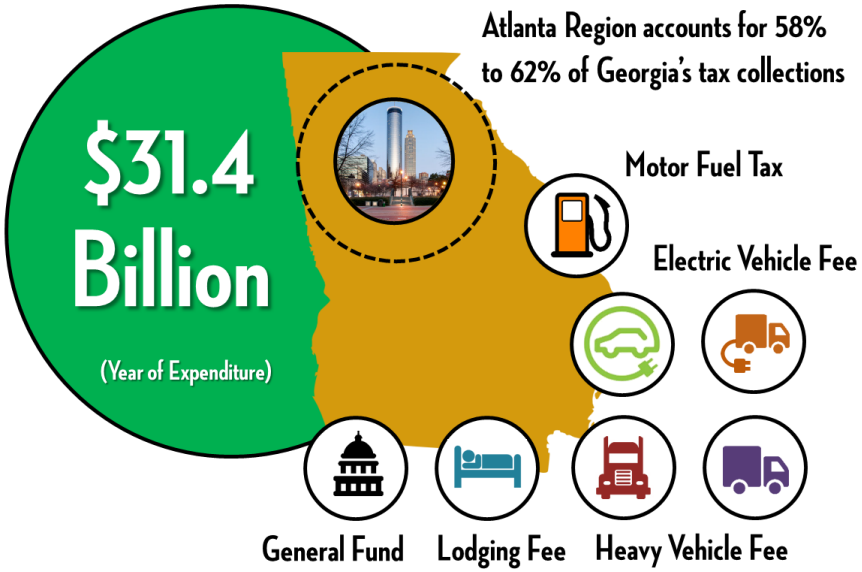
On January 12, 2016, Governor Nathan Deal and GDOT announced there would be an emphasis on maintenance and state of good repair over the next couple of years, with several major capacity projects to be accelerated within the next ten years.

For FY 2016, it was announced that GDOT's statewide budget will double to nearly $450 million for routine roadway maintenance needs, such as minor pavement repair work; trimming trees, sweeping debris, unclogging stormwater drains and mowing grass; repairing guardrails, fences, sound barriers and signs; and upgrading lane striping. A similar amount will be dedicated to road resurfacing projects, which represents a four-fold increase in that program compared to recent years. And by FY 2018, funding for bridge repair and replacement projects will triple, to an annual investment of over $300 million. In addition, certain capacity expansion projects which can be expedited using 100% state funds rather than following the federal environmental review process will be shifted from the federal program to state funding.

The estimation of the Atlanta Region's forecast share follows the same methodology used to estimate the Region's share of forecasted federal funds. The Region's forecast share of population and employment yields a regional statewide funding forecast of $24.8 billion in current year dollars or $31.4 billion in YOE dollars through 2040.

Details on how these state forecasts were calculated are contained in Appendix (F).

Estimated State Transportation Revenue Through 2040*



* *Excludes funding revenue from express lane tolls, which is assumed to be used entirely for debt service and operations/maintenance on the facility on which the tolls are collected. Preliminary estimates of gross revenues were developed and included in the Managed Lanes Implementation Plan (incorporated into the RTP by reference on page 102). Detailed toll revenue analysis will be conducted for these projects and used to develop detailed finance plans, if required, during the NEPA phase of these projects.*

Local Funding Forecasts

In the Atlanta Region, approximately 85% of roadways and 52% of bridges are owned and maintained by a city or county government. Nearly one-half of all miles driven occur on these facilities. Transportation funds generated by local sources, either for a match against federal and state awards, or to advance projects independently of those sources, are an important part of the financing picture.

Local government funding for transportation comes primarily from five sources: Special Purpose Local Option Sales Taxes (SPLOST), local government general fund expenditures, MARTA sales tax and transit farebox receipts. Details on how these forecasts were calculated for each funding source are contained in Appendix (G).

Special Purpose Local Option Sales Taxes (SPLOST)

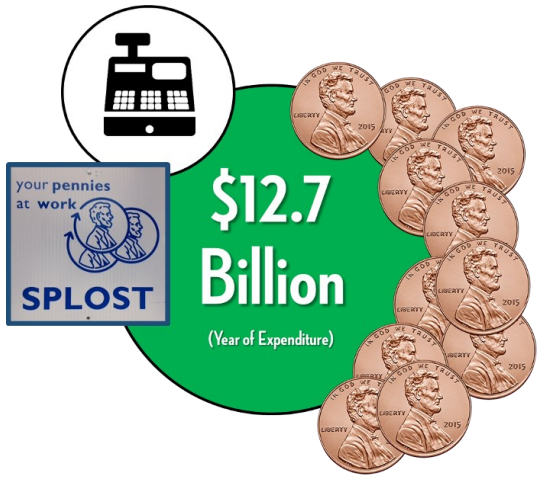
A SPLOST is a financing method for funding capital outlay projects in the State of Georgia. It is an optional 1% sales tax levied by a county for the purpose of building parks, schools, roads and other public facilities. The revenue generated cannot be used towards operating expenses or most other maintenance projects, with the exception of roads and bridges.

In the Atlanta region, local governments typically dedicate a portion of SPLOST revenues to fund transportation, with dedicated funds typically ranging from 30% to 100% of total SPLOST revenues. Many counties have a long-term history of approving and renewing SPLOST programs. However, SPLOST programs are subject to voter approval and run for a limited period, usually five years, and are therefore not a completely reliable source of transportation funding. For purposes of this plan, though, those counties with a well-established track record passing SPLOSTs were assumed to continue to have this revenue stream available through 2040.

Until passage of TFA 2015, Fulton and DeKalb counties did not have access to SPLOST funding options due to state sales tax ceiling caps. After passage of the bill, the cap was lifted to allow for the two counties, who had been levying a one percent sales tax in support of MARTA, to levy an additional one percent sales tax in support of general transportation infrastructure projects. Under TFA 2015, counties can still impose sales taxes on motor fuel, although the taxable value is capped at $3 per gallon.

T-SPLOSTs are a variation of traditional SPLOSTs in which 100% of the revenue collected must be dedicated to transportation. This is the mechanism now being utilized by the City of Atlanta and Fulton County to fund local projects. They were expressly permitted under TFA 2015 and can also be levied by any other jurisdictions which already have an existing SPLOST, although none have proposed ballot initiatives to impose a T-SPLOST as of May 2019.

Estimated Local SPLOST Transportation Revenue Through 2040



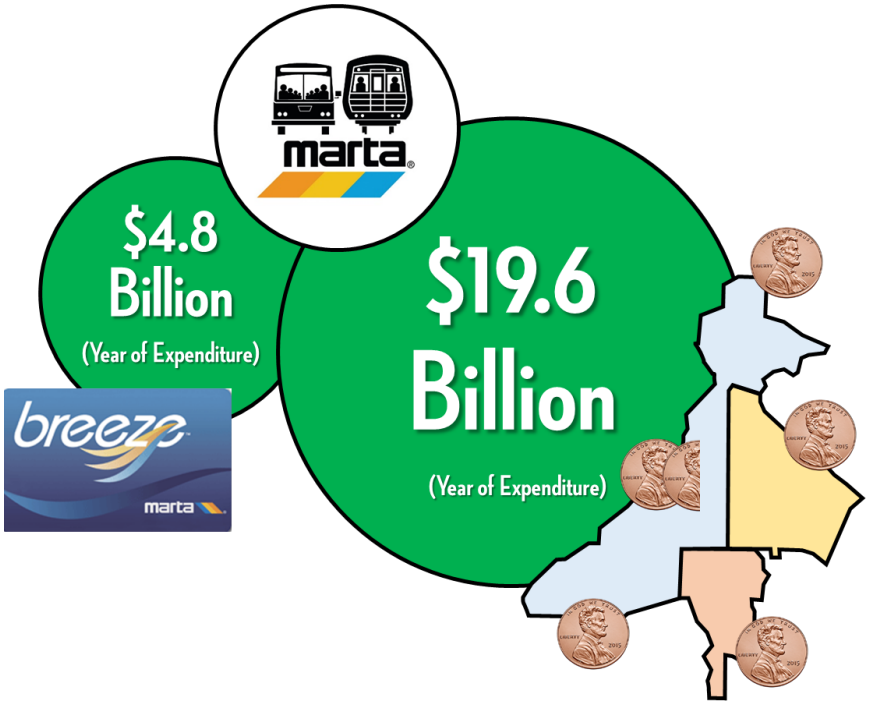
MARTA Sales Tax and Fare Revenues

In Georgia, as required by the Georgia Constitution, state motor fuel tax revenues cannot support transit or any transportation purpose other than roadways and bridges. Since there is not a dedicated state funding source for transit, the stability of state general funds allocated to transit as well as locally derived transit funds are crucial to the future of Georgia's transit systems. The U.S. Department of Transportation requires a commitment for operating support from state, regional, or local governments before allowing federal funds to be spent on the construction and implementation of transit projects. The majority of transit operating funds must come from state and local funding resources as federal transit operating funds are very limited.

MARTA is the only transit system in the Region supported by a multi-jurisdiction sales tax. Until 2017, a 1% tax was levied on purchases made within Fulton County, DeKalb County and Clayton County. In November 2016, residents of the City of Atlanta voted to increase the rate for transactions within the city to 1.5%. The change became effective in April 2017. The tax rate in the remainder of MARTA's service area remains at 1% as the date of this plan. Rising revenue levels in conjunction with proactive cost saving measures that were recently implemented by the transit agency points to adequate funding resources are available for MARTA over the life of the RTP to support MARTA sponsored projects in the plan.

One of the more noticeable drivers of the recent trend in rising revenues has been the economic recovery, which has led to a steady increase in the volume of retail sales in the Region. Further benefitting MARTA has been the lifting of the "50/50" requirement by the Georgia state legislature. The agency will be able to enjoy significantly more flexibility in allocating its funding as it is no longer required to allocate approximately 50% of funding to operating costs and the other 50% to capital costs. This greater flexibility will allow MARTA to be more proactive in addressing any funding concerns, as well as employ innovative cost saving measures.

MARTA Farebox and Sales Tax Revenue (2018-2040)



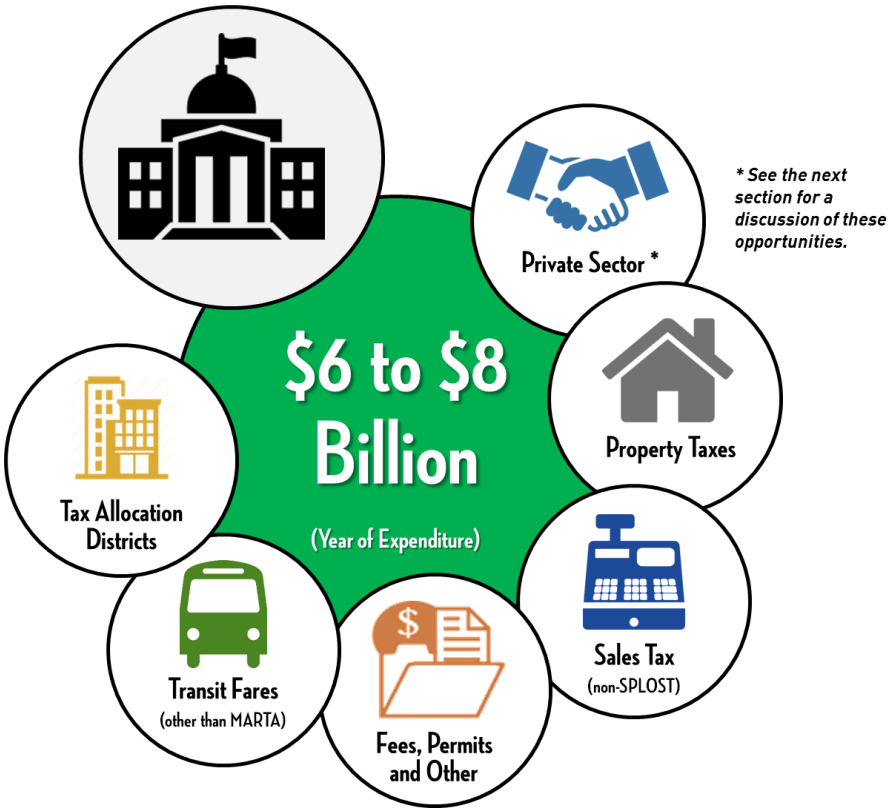
Other Local Sources

Other local general fund expenditures for transportation must go through an annual budgeting process and compete against other uses. This makes general funds also a volatile source of transportation funding. SPLOSTs (including those dedicated for use by MARTA) and local general fund revenue historically account for roughly 95% of all local transportation funding.

Recent trends in local transportation funding has seen the levels of available funding increase due to a recovering economy since 2013. Although the entire Region is experiencing signs of recovery, some communities in the Atlanta Region continue to rebound at a significantly slower pace than other areas, particularly in less-established communities located further away from activity centers. Nonetheless counties and cities across the Region have been able to increase funding to transportation-related line items in their respective budgets.

Several local jurisdictions in the Atlanta Region operate their own transit systems, including Cobb Community Transit, Cherokee Transit, Douglas County Rideshare, Henry County Transit, Paulding Transit, and Gwinnett County Transit. Local funding for these systems depends on local general fund support, along with some federal assistance. Due to the decline in property values during the Great Recession and the slow recovery since 2008, general fund property tax revenues for the Region's local governments have not kept pace with transit funding needs. For some systems, more financing options are available, including state support, fare box returns, and local Tax Allocation Districts.

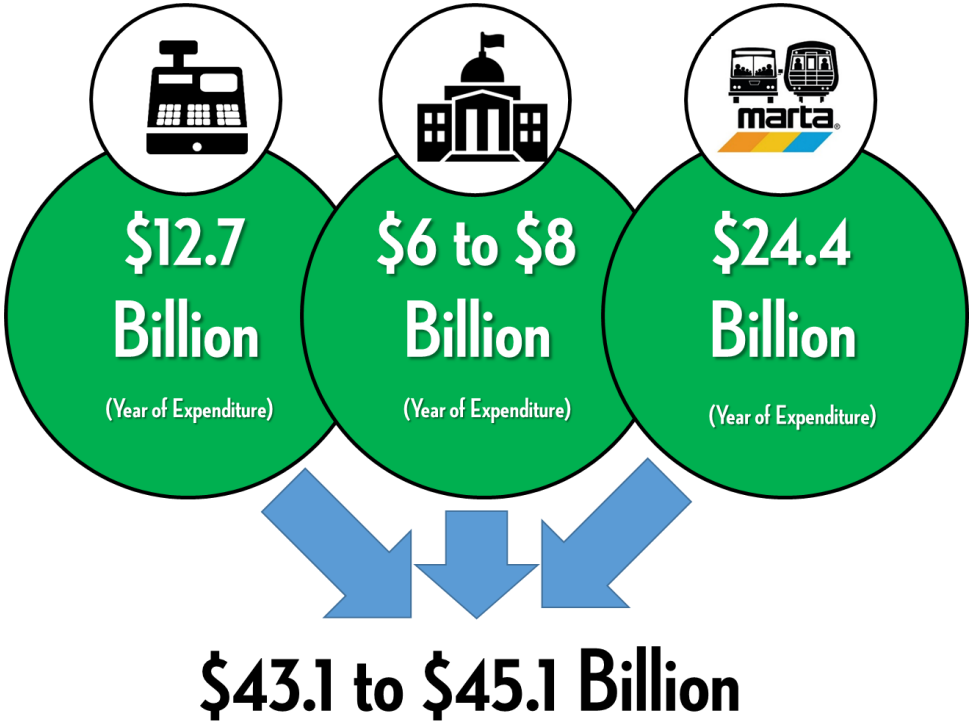
Estimated Other Local Transportation Revenues Through 2040



Summary of Local Revenue Forecasts

The Atlanta Region's Plan (Transportation) assumes that a total in the range of $43 billion to $45 billion will be available from existing local revenue sources to support investment in the transportation system. These funds may be used as match against federal and state funds, or they may be used to support 100% financed projects. In many cases, these locally financed projects do not impact the Region's air quality conformity analysis and, therefore, do not need to be represented in the RTP. Examples of these projects would include resurfacing of local streets, building sidewalks, installing traffic signals and addressing routine maintenance needs such as mowing, street lighting and litter collection.

Estimated Total Local Transportation Revenues Through 2040



Private Funding Opportunities

Transportation infrastructure investment has historically been thought of as exclusively a governmental function, using a combination of taxes and user fees collected from system users. In recent years, however, the private sector has become an increasingly important partner in delivering, maintaining and operating a wide array of transportation projects. Private sector participation in Georgia occurs primarily through GDOT's Public Private Partnership (P3) program or through Community Improvement Districts (CIDs).

Public Private Partnerships

The Georgia Department of Transportation is responsible for the development and implementation of a statewide program for project delivery through the Public Private Partnership (P3) Program. The P3 program may provide alternate delivery methods that could bring much-needed transportation projects to the State that would not be possible through traditional processes and existing funding.

P3 projects leverage limited transportation funds by partnering with the private sector using a variety of innovative delivery methods. Georgia now has a P3 framework that can attract new capital for projects while leveraging existing funding, capture private sector innovation, accelerate project delivery, encourage life cycle cost efficiencies, award based on best value not simply low price, shift risks from the State to the private sector where appropriate, and provide greater costs certainty. The end result will be increased mobility and greater choice in travel options for the citizens of the State and the traveling public.

GDOT is required to identify and submit to the State Transportation Board a list of projects on the Statewide Transportation Improvement Program, or otherwise identified, that should be considered for pursuit as Public Private Partnerships. That list is to be submitted to the State Transportation Board on July 31st of each odd numbered year. The goal is to identify those projects that afford the greatest gains in congestion mitigation or promotion of economic development for Georgia.

Once projects have been identified, they go through a rigorous screening process to determine their viability as a P3 project and identify how they compare to other projects under consideration. This allows for focused project development and effective use of the Department's limited resources.

The screening process includes analysis of the following factors:

- Project scope suitability
- Project maturity
- Financial feasibility
- Potential value added from private sector involvement
- Market interest
- Institutional/political support

Two of the Region's most significant projects currently under construction are being delivered through a P3 arrangement: 1) I-75 / I-575 Northwest Corridor managed lanes, and 2) I-285 at SR 400 interchange reconstruction. Future delivery of the rest of the plan's managed lane vision will rely on such partnerships as well. In addition, this model is increasingly being explored as a way to deliver major transit expansion projects, although no deals have been announced to date.

Community Improvement Districts

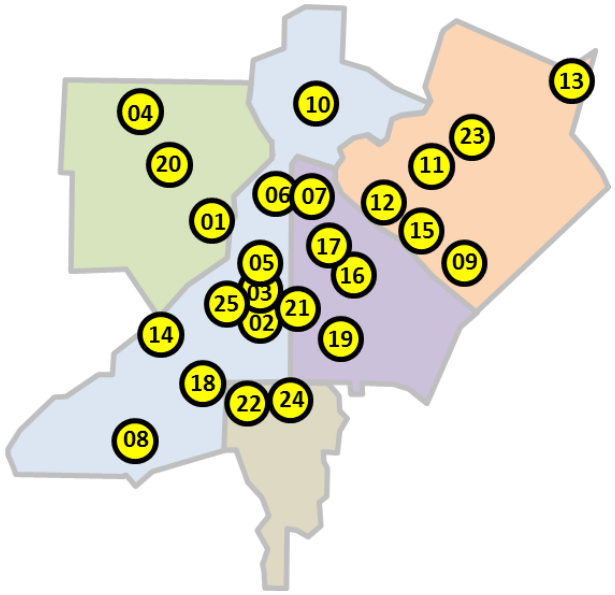
A CID is a self-taxing district that uses additional property tax dollars to improve its district such as accelerating transportation and infrastructure improvement projects. CIDs are comprised of private commercial properties zoned as Office/Industrial and Retail properties. Residential and multi-family properties are not taxable by a CID.

A CID is created through state enabling legislation and a vote by the majority of the corporate property owners in the defined district. It takes the agreement of a simple majority of the commercial property owners within the district to create a Community Improvement District. In addition, it is required that this simple majority of owners must represent at least 75% of the taxable value of the commercial property located within the proposed CID.

Commercial property owners agree to assess themselves additional ad-valorem real estate taxes in order to address critical issues such as traffic and safety. That money is collected by the Tax Commissioner of the local government and returned to the district by its respective county, and a board of directors then seeks to leverage that money and garner infrastructure improvements for the area. Some examples of how this money might be spent include environmental and engineering feasibility studies, funding new construction projects, upgrades to already funded projects, maintaining existing transportation features, and direct spending (traffic control officers).

CIDs require the recommitment of participating property owners each six years. As of May 2019, 25 CIDs are in operation within the five core counties of metro Atlanta. The majority of funding generated by these entities is leveraged to secure federal funding and is therefore counted as local match for fiscal constraint purposes in this plan.

Atlanta Region Community Improvement Districts



01 CUMBERLAND Community Improvement District
02 Central Atlanta Progress Atlanta Downtown Improvement District
03 MIDTOWN Alliance
04 Town Center Area Community Improvement District
05 BUCKHEAD Community Improvement District
06 07 Perimeter Community Improvement Districts
08 South Fulton CID
09 evermore Community Improvement District
10 NORTH FULTON Community Improvement District
11 GWINNETT PLACE Community Improvement District
12 GATEWAY85
13 BRASELTON LIFEPATH
14 THE BOULEVARD Improvement District
15 LILBURN Community Improvement District
16 STONE MOUNTAIN Community Improvement District
17 TUCKER-NORTHLAKE Community Improvement District
18 AIRPORT WEST CID
19 East METRO DeKalb
20 GATEWAY MARIETTA Community Improvement District
21 Little 5 Points CID
22 AIRPORTSOUTH Community Improvement District
23 SUGARLOAF Community Improvement District
24 GREATER CONLEY INDUSTRIAL Community Improvement District
25 UPPER WESTSIDE improvement district

Major Mobility Investment Program

In January 2016, Governor Deal unveiled the Major Mobility Investment Program (MMIP), a package of projects around the state to be advanced using additional funds made available under the federal FAST Act and the state level Transportation Funding Act of 2015. These eleven projects will be financed through direct payments or through public private partnerships, whereby a private sector partner provides a revenue stream to design and construct the facility in the short term, with repayment being made by the state through a series of regularly scheduled installment payments over a longer period of time. This arrangement is similar to how an individual may purchase a vehicle or home, which most would find difficult to do without the assistance of a loan stretching the cost over several years. Through such an arrangement, travelers in Georgia receive the benefit of the facility being complete much earlier than if the state had to wait until it had all the funding in hand before beginning construction.

This financing approach presents challenges for how to document the MMIP in *The Atlanta Region's Plan / Transportation.* If all eleven projects were implemented using cash on hand, the total cost would be approximately $11 billion. However, fiscal constraint requirements for a federally required regional transportation plan demands that the cost of debt service be incorporated into those calculations. To do this requires presenting the annual installment payments in year of expenditure dollars, which is different from how costs are shown in the project lists for all other "pay as you go" projects.

Another challenge is that only seven of the eleven projects are located entirely within the Atlanta Region, with two others being only partially within the region. Only about 11% of the footprint of the I-85 widening from SR 211 to US 129 is within the MPO area, while about 22% of the I-75 Commercial Vehicle Lanes are. This plan does not need to account for the share of costs outside of our region in its fiscal constraint analysis. For the two projects only partially within the region, costs shown in the project lists in the appendices reflect amounts which have been prorated accordingly. The lists do not include the two projects located on I-16 in the Savannah Region at all.

Finally, the financing period for several MMIP projects will stretch beyond the 2040 horizon year of this plan. While the project lists do indicate a lump sum balance remaining to be paid past 2040, those amounts are not considered in the fiscal constraint analysis.

Major Mobility Investment Program

3 Major Interchange Projects | 4 Major Express Lanes Projects | 3 Major Interstate Widening Projects | 1 Commercial Vehicle Lanes Project

Interchange Reconstruction:

1. **I-16/I-95 Interchange: $165M**
2. **I-285/I-20 West Interchange: $790M**
3. **I-285/I-20 East Interchange: $475M**

Express Lanes:

4. **Revive 285 Express Lanes: $4.2B**
   I-75 to I-85
5. **SR 400 Express Lanes: $1.8B**
   I-285 to McFarland Rd.
6. **I-285 East Wall Express Lanes: $580M** I-85 to I-20
7. **I-285 West Wall Express Lanes: $655M** I-20 to I-75

Highway Widening:

8. **I-85 North Widening: $135M**
   Hamilton Mill Rd. to SR 211
9. **I-16 Widening: $150M**
   I-95 to I-516
10. **I-85 North Widening: $305M**
    SR 211 to US 129

Commercial Vehicle Lanes:

11. **I-75 Commercial Vehicle Lanes: $1.8B**
    SR 155 to I-475