APPENDIX F

FISCAL CONSTRAINT AND FUNDING ASSUMPTIONS
Fiscal Constraint

Summary

“Fiscal constraint” is a planning tool ACCESS2040 and the High Priority Investment Program (HPP) utilizes to balance transportation investments with reasonably expected revenues. The Regional Transportation Commission regularly updates Access2040 and related documents to ensure the latest assumptions regarding available funding are included. ACCESS2040 limits the estimated cost of all potential investments to an estimate of total future funding available to implement those investments.

The RTC developed a financial model to estimate both expenditures and revenues through the year 2040 in order to calculate fiscal constraint for Access2040 and the High Priority Investment Program. Based on the latest planning assumptions, these documents estimate – in “nominal” dollars – approximately $13.4 billion worth of recommended or identified investments (or “expenditures”) in Southern Nevada by 2040, which is less than the approximately $13.6 billion worth of total revenues available for the recommended improvements. Year-of-expenditure-value dollars are included in this Appendix in order to conform to more official expectations and certain regulatory requirements.

The following two tables show the overall fiscal constraint conclusions for the ACCESS2040 Plan and the 4-year High Priority Investment Program (HPP). Both tables demonstrate the necessary fiscal constraint for the programs to move forward.

An overall surplus of about $200 million is shown for ACCESS2040. This surplus is primarily the result of two current planning and engineering project management practices that result in some future revenues not being allocated to specific expenditures or projects that can be accurately identified in the early stages of implementing a long range plan. Because any use of these funds will eventually first be approved through an RTC or NDOT planning, programming, or project management process, the estimated
surplus of $200 million does not indicate excessive unallocated resources. Examples of how the surplus will likely be expended are below:

- $125 million – Fuel Revenue Indexing (FRI) and Motor Vehicle Fuel Tax (MVFT) funds forecast to be collected in first four years of the RTP (FY2017-FY2020) that will be used for completing projects that were initially programmed in the RTC’s Capital Improvement Program (CIP) prior to 2017, and are already encumbered – or committed – to complete those projects. These projects were not programmed a second time for the RTP/HPP development, but the funds will be expended for these previously-approved projects.
- $30 million – Fuel Revenue Indexing (FRI) and Motor Vehicle Fuel Tax (MVFT) funds from FY2026-FY2040 that are unprogrammed to provide a buffer for unanticipated project costs on projects that have been programmed; and
- ~$40 million – Nevada DOT controlled funds for FY2031-FY2040 that are unprogrammed to provide a buffer for unanticipated project costs on projects that have been programmed.

**Revenue**

Revenues estimated for ACCESS2040 and the High Priority Investment Program, a total of approximately $13.6 billion, includes different levels of funding sources: federal, state, and local. The estimate is based on growth in the main drivers of revenue sources, such as population, GDP, interest rates, consumption of gasoline, and taxable retail sales.

These projections are then applied to financial reports from project-sponsoring agencies such as local governments, the RTC’s transit program, and the State of Nevada. Utilizing these agencies’ financial information allows for the integration of current revenue estimates, and helps the overall revenue estimate conform to a more realistic scenario.

Federally, the main source of funding is the Highway Trust Fund—supported mostly by the federal gas tax, currently set at 18.4 cents per gallon of gasoline sold. The model includes the latest Congressional and U.S. Department of Transportation actions regarding the Highway Trust Fund, and assumes, in general, that the federal government will transfer whatever money is necessary in the future to avoid defaulting on both current obligations and future levels of needed funding. At the State level, the main source of funding is the State Highway Trust Fund (supported mainly by a tax on gasoline at 18.455 cents per gallon sold).

Locally, revenues are provided from the local-option Motor Vehicle Fuel Tax (MVFT), an indexing program for that tax, called Fuel Revenue Indexing (FRI), and portion of local sales tax collections.
Local revenue estimates also show the future capacity of the RTC or any local agency to invest in regional transportation by providing a local match, or share thereof, in sponsorship of federally-funded investments presented in ACCESS2040 or the High Priority Investment Program. The estimate includes all current sources of revenue from these sources, as well as assumptions that current revenue-sharing agreements among planning partners will continue through the life of ACCESS2040 and the HPP.

This revenue estimate does not include the November 8, 2016 voter-approved extension of Fuel Revenue Indexing; revenue and investments from that measure will be incorporated into a revision of ACCESS2040 expected in 2017.

The local and federal motor fuels tax source is disproportionately affected by the average miles-per-gallon rating of the single occupant private vehicles in Nevada – a value that has been rapidly increasing. The average fuel efficiency of the Nevada personal vehicle fleet is forecast to increase from its current level of about 21 MPG to about 29 in 2040. Extensive calculation is included in the revenue estimate model to account for this significant and widespread change and its effects on future available transportation investment funds.

**Expenditures**

In addition to estimating revenues, ACCESS2040 and the High Priority Investment Program (HPP) estimate project expenditures, or the total costs associated with implementing the recommendations in the plan. This estimate of about $13.4 billion over the next 25 years includes assumptions for the cost of maintenance and operations of current and future facilities. The expenditure estimate is calculated as a sum of total costs associated with implementing the investments described in ACCESS2040 and the HPP. These include basic project characteristics, the duration of construction time, and relevant contingency costs.

The expenditure estimate is depicted according to how each investment addresses the four Primary Strategies in the Access2040 Regional Transportation Plan, so that particular investments are linked with the goals for Southern Nevada. The largest single share of strategy-related investments (30% or $3.2 billion) is targeted at managing congestion, followed by maintaining current infrastructure (18% or $1.9 billion), enhancing modal connectivity (14% or $1.5 billion), and increasing safety (14% or $1.4 billion). 24 percent of future spending ($2.5 billion) is not yet categorized to a primary Access2040 strategy, but is mostly targeted at transit-related capital investments. An additional $2.9 billion over the next 25 years will be used for debt service – paying off bonds that financed previous transportation construction projects.