



Memo

Date: Thursday, May 12, 2022
To: Joint Policy Advisory Committee on Transportation and Interested Parties
From: Grace Cho, Senior Transportation Planner
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Subject: 2024-2027 Metropolitan Transportation Improvement Program (MTIP) Revenue Forecast – Updated

Purpose

To provide JPACT an overview of the updated 2024-2027 MTIP revenue forecast.

Metropolitan Transportation Improvement Program (MTIP) Introduction and Background

As part of Metro’s responsibilities as the metropolitan planning organization (MPO) for the Portland region, the agency is responsible for the development and administration of the Metropolitan Transportation Improvement Program (MTIP). The MTIP is the four-year, near-term capital improvement plan-strategy for the metropolitan region and schedule of regionally significant transportation expenditures in the upcoming four federal fiscal years.¹

The development of the MTIP is cooperatively developed by the MPO, state department of transportation, and transit agencies. Therefore, as part of the MTIP development process, key MTIP partners in the Portland region – ODOT, TriMet, SMART, and Metro – work closely together to demonstrate how the region is working together to achieve the common goal of implementing the Regional Transportation Plan (RTP) and complying with applicable federal regulations to remain eligible for funding.

MTIP Revenue Forecast – Purpose

At the start of developing the 2024-2027 MTIP, a revenue forecast is created to establish the financial outlook for the upcoming four federal fiscal years. The snapshot of the near-term financial outlook provides a look across revenue estimates of federal and relevant state-local funds being administered by Metro, ODOT, TriMet and SMART. The revenue forecast is a snapshot estimate based on information known to that date related to federal and various state and local revenue streams. The revenue outlook serves multiple purposes. These include:

- 1) Provide context in the anticipated investment in the region’s transportation system over the next four federal fiscal years;
- 2) Frame a discussion of the priorities and tradeoffs in the allocation of funds by different fund administrators, including MPOs and State DOTs;
- 3) Help demonstrate fiscal constraint over the course of the next four fiscal year;
- 4) Help to monitor project delivery and implementing the MTIP.

Update – 2024-2027 MTIP Revenue Forecast

In late 2020 through spring 2021, Metro staff convened ODOT, TriMet, and SMART staff to develop the revenue forecast for the 2024-2027 MTIP. The revenue forecast was presented to TPAC at the June 4, 2021 meeting. At the TPAC meeting, members provided feedback specifically on potential revenue estimates for the Regional Flexible Funds under three different revenue growth scenarios

¹ The MTIP includes some maintenance-related investments, such as federal transportation monies restricted for the use pavement maintenance activities on the interstate system and transit bus replacement.

(e.g. conservative, moderate, and robust). Additionally, feedback around the revenue assumptions for ODOT and transit agencies administered funding were presented. With the feedback provided and based on the current information at the time, the four partner agencies developed a revenue estimate, as of June 2021, of approximately \$1.9 billion dollars.

Since June 2021, the transportation revenue landscape changed enough to revisit and update the 2024-2027 MTIP revenue forecast. With the Bipartisan Infrastructure Law (BIL) – also known as the Infrastructure Investment and Jobs Act (IIJA) – passed into law in November 2021, the transportation system expects to see a “once in a generation” investment in infrastructure. The significant increased investment and having annual estimates through federal fiscal year 2026 warranted revising the 2024-2027 MTIP revenue forecast prior to the programming of projects and fiscally constraining the four-year investment program. As a result, the Metro staff reconvened partners to revise the revenue forecast for the 2024-2027 MTIP. This was done in parallel with the transit agencies annual budget process discussions as well as the four month Oregon Transportation Commission process to deliberate and determine which funding categories within the 2021-2024 and 2024-2027 STIP to invest new revenues. The update process began in January 2022 and completed in May 2022.

2024-2027 MTIP Revenue Forecast - Summary

Attachments 1 and 2 provide an updated overview of the revenue forecast and the process to determine the estimate of transportation revenues anticipated for the region in federal fiscal years 2024 through 2027. The revenue estimates are summarized in total and by each agency with administrative responsibilities of distributing those revenues to transportation projects and programs: Metro, ODOT, SMART, and TriMet. Attachment 1 provides a simplified summary of the revenue forecast for federal fiscal years 2024 through 2027 and outlines a handful of key assumptions and factors that drive the revenue forecast. Attachment 2 is the 2024-2027 MTIP revenue forecast report, which provides further detail. In total, the estimated total revenue of known available federal and relevant state funds to date is approximately \$2.48 billion for federal fiscal years 2024-2027.²

Table 1. Summary of Portland Metropolitan Region Federal and State Revenue Forecast, FFY 2024 – 2027, in millions

2024	2025	2026	2027	TOTAL
\$488.5	\$681.77	\$688.96	\$621.45	\$2,480.68

The 2024-2027 MTIP forecast remains an estimate of revenues to be available based on several assumptions pertaining to revenue availability. The forecast information helps to gauge the amount of revenue available, establishes an approximate budget, and facilitates an informed discussion around transportation investment priorities and tradeoffs. Revenue estimates for the Portland metropolitan region will be further coordinated with partners throughout the development of the 2024-2027 MTIP. As transportation priorities get selected and programmed the MTIP will reference the early revenue forecast as the starting point for determining reasonably available revenues and demonstration of fiscal constraint - the balancing of project costs with anticipated revenue.

² Revenue forecasts are provided for federal fiscal years 2024 through 2027 for Metro, SMART, and TriMet. ODOT did not provide a revenue forecast for federal fiscal year 2024 because revenues were allocated in the 2021-2024 MTIP cycle. ODOT’s forecast represents new estimated revenues for three federal fiscal years.