

# RTA Facts - DRAFT

## Roadway Element

In 2005, URS provided RTA project cost estimates for the RTA road projects. Original cost estimates are in 2006 constant dollars.

The RTA Technical Management Committee determined the need to cut the project soft costs by 2 percent across the board, as well as make cuts in project mobilization and contingency amounts. These cuts resulted in a \$193 million cut in overall project costs (11%) to meet the budget limitations based on revenue projections. (The Star reported a \$250 million cut due to their double counting costs on one project and making incorrect assumptions about another.)

University of Arizona Economist Marshall Vest provided the RTA sales tax revenues estimate of \$2.1 billion over 20 years.

All local jurisdictions endorsed the proposed RTA plan and associated total project budget of \$1,997,689,000 recognizing an additional \$409,422,000 in local or regional funds would be needed to pay for the total cost of the projects. These endorsements came before the RTA Board approved the plan for the May 2006 ballot.

The six most recent RTA roadway projects (competitively bid) have come in under the jurisdiction's estimated cost (17-55%) due to a decrease in construction costs. The average bid amount for RTA projects over the last 18 months has been 29.1% under estimate.

The RTA recognized that although construction costs have declined, "soft costs" have not. "Soft costs" include everything other than the cost of construction and right of way. In addition, as the RTA projects have been implemented and we have tracked the projects through an earned value exercise, we are finding that the jurisdictions are not using the RTA funding amounts to plan for their projects. As a result, the RTA decided to initiate a project review of all first-period projects and to temporarily suspend any work on second period projects. The second period starts in FY 2012.

Bonding for projects was part of the discussion during RTA plan development and was built into the plan to be exercised when warranted in order to carry the RTA through to any cash flow issues associated with historic economic cycles.

Partially due to the downturn in economic conditions and the impact on the availability of developer impact fees and the unfavorable bond market, the matching funds required by the jurisdictions are not readily available. This is an issue of concern that needs to be addressed, however the Star reported that 1997 Bond funds would not be available, in conflict with both the County's Bond Ordinance and written correspondence.

Eight of 11 first-period road projects are under construction, with the other three scheduled to begin construction in the next three to six months, and many more RTA projects are being delivered as part of the safety, transit and environmental and economic vitality elements of the RTA plan. Without voter-approval of the RTA plan, few if any of these projects would have gone forward with other sources.

## Transit Element

The RTA ballot included funding of \$533 million in regional transit improvements. This funding was approved by voters as part of the overall RTA plan.

The RTA statute gives the Regional Transportation Authority the authority to request voter approval of a transportation excise tax. The RTA exercised this power in bringing the request for the ½-cent excise tax to the ballot on May 16, 2006, in order to fund the RTA plan.

The RTA statute also gives the RTA the authority to pursue acquisition of public transit systems and to request an additional excise tax to fund regional transit.

**Under the statute (48-5304. Board duties), the board shall:**

**1. Determine the exclusive public transportation systems to be acquired and constructed, the means to finance the systems and whether to operate the systems or to let contracts for their operation. In the operation of the public transportation system the board may use public transportation facilities used by a municipality, subject to section 48-5308, subsection F.**

**12. Have sole authority to implement the elements of the regional transportation plan, including authority to contract for, absorb or acquire existing public transportation services as it deems necessary.**

The \$533 million will be used exclusively for the transit improvements as identified in the Transit Element section of the ballot.

As part of the transit transition, the RTA will initially use “maintenance” funds from several jurisdictions, including the City of Tucson, to fund Sun Tran and Sun Van. These are funds that the jurisdictions now contribute to public transit. At the same time, the RTA has identified it can receive matching grants by leveraging existing RTA funds for planned improvements to help offset regional transit costs and has identified other cost-efficiencies that would be obtained through a regional management approach. Overall, the RTA anticipates it can reduce overall operational costs by \$4 million to \$5 million.

Ultimately, the RTA would like to pursue other regional funding sources, such as a transit excise tax or other sources approved by both the state legislature and the region’s voters to fully fund transit and/or other transportation improvements. Upon approval of another source of funding, the other jurisdictions would be relieved of their “maintenance” obligations and could use those funds for other general fund purposes.