

Revenue Projections



Financial Management Services

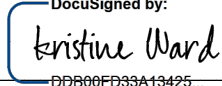
Douglas A. Ducey, Governor
John S. Halikowski, Director
Kristine Ward, Assistant Director

LETTER OF CERTIFICATION

The Financial Management Services Office of the Arizona Department of Transportation (ADOT) has developed the following information describing the estimated funds available for construction of the Regional Transportation Plan Freeway Program (RTPFP) from Fiscal Year 2006 through Fiscal Year 2026. The time period covered in this certification is as of December 31, 2021.

The results contained herein primarily represent the September 2021 official forecast of Maricopa County transportation excise tax revenues plus the MAG share of ADOT's State Highway Fund and other available monies for the period described above and are so certified.

This information is intended primarily for internal planning purposes and requires reliance upon a variety of data and information sources. The revenue forecasts rely upon assumptions regarding future economic conditions and on forecasts of certain independent economic variables. These assumptions may or may not prove to be accurate. If the assumptions do not prove accurate, differences between forecast and actual results may occur.

DocuSigned by:

DD800FD33A13425...

Kristine Ward
Assistant Director for Finance and Accounting

4/22/2022

Date

FINANCIAL ASSUMPTIONS

Following are the assumptions made in estimating revenues available for the Regional Transportation Plan Freeway Program (RTPFP).

Bond Proceeds and Debt Service: The issuance of bonds secured by RARF, HURF and federal aid revenues are assumed. Interest on the bond issues is assumed to be 5.0 percent maximum. Bond maturities are assumed to be between 3 and 26 years. RARF debt service will be fully paid by the completion of the Proposition 400 RARF half cent sales tax on December 31, 2025. HURF debt service extends beyond FY 2026 and is paid with MAG's portion of State Highway Fund 15.2 percent monies.

Regional Area Road Fund (RARF) Transportation Excise Tax: The September 2021 official revenue forecast for the Proposition 400 RARF half cent sales tax was developed from the August 2021 Risk Analysis Process panel session and reflects the economic conditions at that time. It may or may not prove accurate over the longer term and actual revenues will differ from forecast revenues.

State Highway Fund 15.2 Percent Funds: The MAG area receives funding from the State Highway Fund's share of the Highway User Revenue Fund (HURF) distribution. HURF consists of fuel taxes, vehicle license taxes, registration fees and other sources. ADOT sets aside 12.6 percent of the State Highway Fund share of the HURF distribution by state law, plus another 2.6 percent by State Transportation Board policy, for controlled access highways and freeways in the MAG and PAG (Pima Association of Governments) areas of which 75 percent is allocated to the MAG area and 25 percent is allocated to the PAG area. This distribution is often referred to as the ADOT 15.2 percent funds.

ADOT 37 Percent Funds: A portion of MAG's allocation of ADOT's State Highway Fund and federal highway funds that are applied to major highway projects.

Federal Aid: Federal aid includes urban Surface Transportation Program Block Grant (STPBG) funding, Congestion Mitigation and Air Quality funds (CMAQ) and other federal highway funds that are either statutorily or discretionarily sub-allocated to the MAG area. The actuals include \$12.6 million of MAG sub-allocated STP funds that were dedicated to the RTPFP in FY 2016 in the form of debt service for Grant Anticipation Notes (GAN). As part of the MAG 2003 Regional Transportation Plan, 19.1 percent of MAG's CMAQ funds were dedicated to the MAG Regional Transportation Plan Freeway Program. This plan has since been amended and 19.1 percent of MAG's CMAQ funds are no longer dedicated to the Regional Transportation Plan Freeway Program.

Statewide Transportation Acceleration Needs (STAN): A one-time appropriation from the legislature used to accelerate statewide transportation projects. Per statute, 60 percent of STAN funds were distributed to projects in the Maricopa County region.

American Recovery and Reinvestment Act (ARRA): A \$787 billion economic stimulus package was signed into law by President Obama on February 17, 2009. The ADOT highway portion was \$349.7 million of which \$112.3 million was spent on the RTPFP.

Interest Income: Assumes 0.35 percent in FY 2022, 0.80 percent in FY 2023, 1.25 percent in FY 2024 and 1.75 percent in FY 2025 and thereafter, with 99 percent invested. Interest income is dependent on prior month's average cash balance.

Third Party Billing: Represents local, developer and other funds for programmed projects.

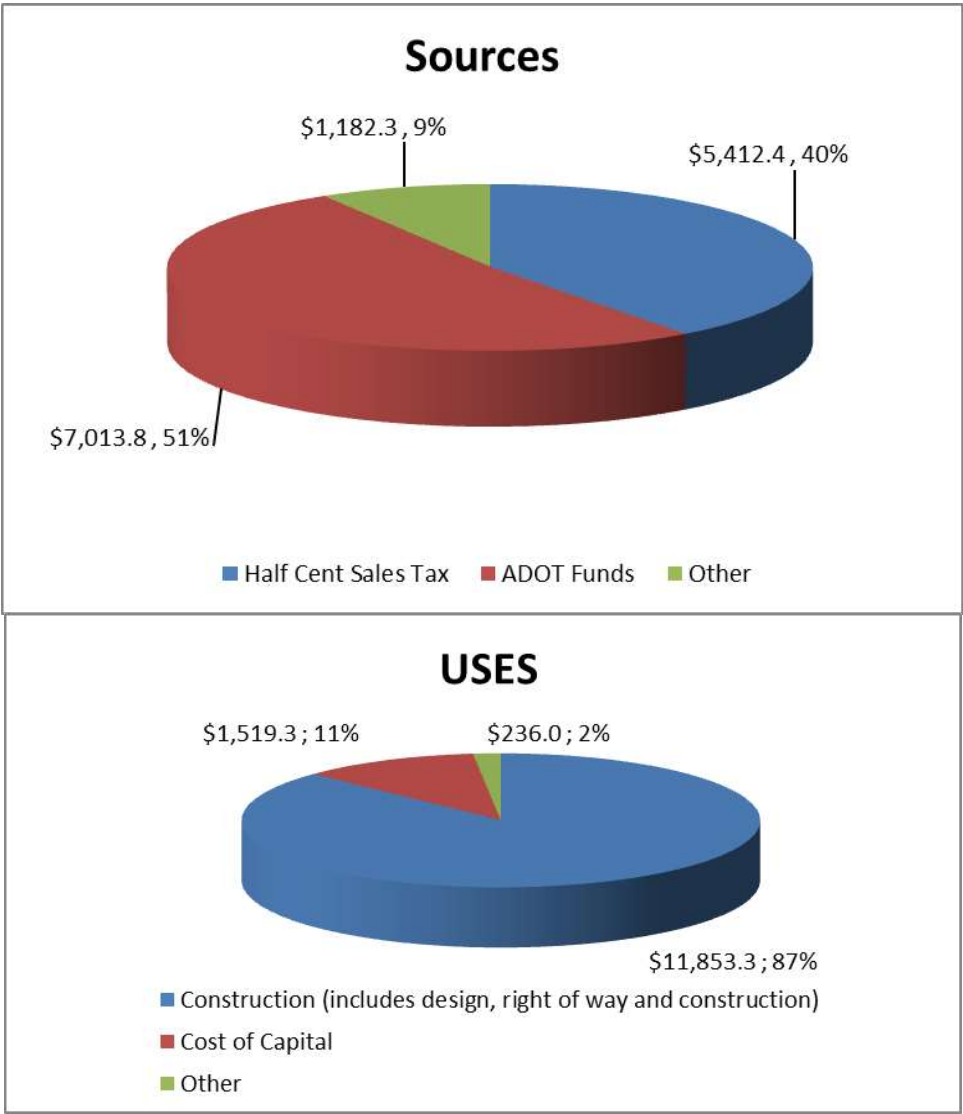
Other Income: Includes building rent, sales of excess property and other miscellaneous income.

Revenue Sources and Uses

The following pie charts depict the sources and uses of Regional Transportation Plan Freeway Program revenues. The sources consist of the transportation excise tax (half cent sales tax), ADOT Funds and various other revenues. The transportation excise tax makes up 40 percent of the total revenues, ADOT Funds provide 51 percent of revenues and the remaining 9 percent consists of various other funding sources, primarily MAG’s share of federal aid.

Of the available funding, 87 percent is used for design, right of way and construction. The remainder, 11 percent is used for cost of capital and 2 percent consists of the MAG/Regional Public Transit Authority (RPTA) transfers.

Certified Financial Plan
Fiscal Years 2006 – 2026
(Dollars in Millions)
Total Sources/Uses: \$13,608.5



Net Revenues

The following table reflects a breakdown of the individual revenues and costs for the Regional Transportation Plan Freeway Program for the most recent and current Certifications, as well as the changes since the most recent Certification.

FUNDING CHANGES

(millions)

REVENUES	Jul-21	Jan-22	CHANGE
Beginning Cash Balance /1	\$153.2	\$153.2	\$0.0
1/2 Cent Sales Tax /2	\$5,153.6	\$5,412.4	\$258.7
Highway User Revenues /2	\$1,606.8	\$1,667.5	\$60.6
Federal Aid /3	\$613.9	\$593.2	(\$20.7)
MAG Major Projects /4	\$4,528.8	\$5,220.2	\$691.5
3rd Party /5	\$125.7	\$93.3	(\$32.4)
STAN /6	\$126.2	\$126.2	\$0.0
Interest Income /7	\$180.4	\$202.8	\$22.5
Other Income /8	\$133.5	\$139.8	\$6.3
Subtotal: Revenues	\$12,622.1	\$13,608.5	\$986.4

EXPENDITURES	Jul-21	Jan-22	CHANGE
Cost of Capital /9	(\$1,519.3)	(\$1,519.3)	\$0.0
Discount Factor /10	\$0.0	\$0.0	\$0.0
MAG/Valley Metro Transfer	(\$201.8)	(\$201.8)	\$0.0
Other Costs /11	(\$34.0)	(\$34.2)	(\$0.1)
Subtotal: Costs	(\$1,755.1)	(\$1,755.2)	(\$0.1)
Net Funds Available	\$10,867.0	\$11,853.3	\$986.3

Notes

Figures may not add due to rounding.

/1 Beginning cash balance on July 1, 2006 and actuals through December 31, 2021.

/2 Projected RARF and HURF revenues for FY 2023 to FY 2026 are from the September 2021 RAP Panel Official Forecast. FY 2022 projected revenues for RARF and HURF are from the interim ADOT revenue forecast. The RARF forecast has been adjusted to reflect the deduction from collections of a fee paid to the Arizona Department of Revenue pursuant to A.R.S § 42-5041 to recover a portion of administrative, program and other operating costs incurred in collection the transportation excise tax.

/3 Includes MAG STP, CMAQ funds and ARRA; reflects revised MAG CMAQ and STP estimates for FY 2022 to FY 2026.

/4 Includes ADOT 37% Funds programmed for freeways and highways in the MAG region, which funds the MAG Major Projects, while the remaining subprogram amounts are included in the statewide program.

/5 Third Party revenue includes local, developer and other funds for programmed projects. Third Party revenue is net of Loan Repayment expenditures.

/6 Includes \$10 million from the STAN Restoration account for interest payments on the Mesa HPAN (construction phase) and \$9.9 million from the STAN MAG 60% account for the Maryland TI project in FY 2014.

/7 Interest income is on a cash basis and assumes 0.35% for FY 2022, 0.80% for FY 2023, 1.25% for FY 2024 and 1.75% for FY 2025 and FY 2026. Interest income is dependent on actual and projected fund balances.

/8 Includes rental receipts, sale of excess property and miscellaneous income.

/9 Cost of Capital includes RARF bonds, HURF bonds, HELP and GAN loans, RARF, HURF and GAN debt service,

HELP Loan Repayment and Bond Redemption Account Interest.

/10 The discount factor, which was previously used to deflate the revenues to align to the cost estimates, was removed from the revenue figures beginning with the July 2020 certification. Instead, cost estimates are in year of expenditure dollars.

/11 Includes personal services, rental cars, travel and fuel and bond issuance costs assumed at 0.5%.