Appendix O

Transportation Financial Background

Appendix Contents

Transportation Financial Background

Background

Over the past 30 years, transportation funding has undergone significant transformation from relying on federal and state funds (up to 70 percent), to increased dependence on local funds (such as a transportation sales tax). In general, federal and state formula funding programs were not increasing as fast (in absolute terms) as the inflationary increases in construction, operating, and maintenance costs and the increases in demand for new facilities and services. Given this trend over the ensuing decades, the region, as reflected in subsequent Regional Transportation Plans, has utilized various and differing local financing tools to implement regionally significant capital projects and support transit operations. However, other ongoing maintenance and operating needs have been neglected due to insufficient funds.

TransNet Program

In order to achieve a stable revenue source for transportation, a ballot measure was approved by the voters in November 1987 (Proposition A). The sales tax was effective from April 1, 1988, to March 31, 2008, generating over $3 billion for regional transportation improvements which was used to leverage federal and state funds to implement major transportation projects in the region.

In November 2004 the voters of San Diego County approved the extension of the same sales tax for transportation through 2048. It is anticipated that over the life of the measure (2008-2048) *TransNet* will generate between $16 and $19 billion in year of expenditure dollars for regional transportation improvements. Although the sales tax extends to 2048, an additional two years were added to the revenue forecast to be consistent with the 2050 outlook for San Diego Forward: The 2019 Federal Regional Transportation Plan (2019 Federal RTP). It is assumed that an extension will take place prior to 2048. One of the more innovative components of the *TransNet* extension ordinance is the initiative for early environmental mitigation to reduce future cost of major transportation projects. To that end, SANDAG has worked with regional and state resource agencies to reach a historic agreement for a streamlined permit process. SANDAG, serving as the San Diego County Regional Transportation Commission, administers the transportation sales tax program, which is commonly referred to as the *TransNet* Program.

State Legislation

Following the passage of the initial *TransNet* Program, a major state transportation legislative package (known as the Transportation Blueprint) was developed and approved by the voters in 1990 (Propositions 108, 111, and 116). These measures resulted in a nine-cent per gallon increase in the gas tax spread over a four-year period, and $3 billion in bond funds for rail projects statewide. In 2000, another $5.3 billion was added by the state Traffic Congestion Relief Program (TCRP), and in 2002, the voters of California passed a measure (Proposition 42) dedicating the sales tax on fuels for transportation purposes. In 2006 the voters of California approved a major infrastructure bond program – the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) including $19.9 billion for transportation improvements throughout the state. Voters also approved the Safe, Reliable High-Speed Passenger Trail Bond Act (Proposition 1A) in 2008. San Diego received approximately $1.4 billion through the life of the bond from both Acts. Another important legislation related to transportation funding was part of the FY 2010 state budget wherein the State Transit Assistance (STA) was suspended for three years. Then in March 2010, ABx8-6 and ABx8-9 passed, which restored the STA program to provide a steady and consistent source of revenue for transit operators. While intended to be revenue neutral, the "gas tax swap" significantly altered funding under the State Transportation Improvement Program (STIP) sources by eliminating or reducing certain funding for transit programs.

More recently, Senate Bill 1, the Road Repair and Accountability Act of 2017 (SB 1) (Beall, 2017), was signed into law on April 28, 2017. This legislative package invests $54 billion statewide over the following decade to fix roads, freeways and bridges and puts more dollars toward transit and safety. SB 1 is primarily targeted toward fix-it first infrastructure. Additionally, SB 1 provides an increase in local streets and roads funding for each city and county, funding for multi-modal improvements and transit operations, and competitive grant programs to provide new transportation improvements. The San Diego region is estimated to receive between $13 and $16 billion dollars from SB 1 revenues through 2050 for investments, with roughly 35 percent of the total allocated directly to cities and the county for local projects.

ISTEA/TEA-21/SAFETEA-LU/ARRA/MAP-21/FAST

The passage of the federal Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 provided a significant change in federal transportation policy by creating a number of new funding programs and providing additional flexibility in the use of federal funds. Of the changes brought about by ISTEA, the most significant to the region was the nearly $200 million in new funding provided through the Surface Transportation Program (STP), the Congestion Mitigation and Air Quality (CMAQ) Improvement Program, and the Transportation Enhancement Activities (TEA – which has since evolved to Transportation Enhancement [TE] then to Transportation Alternatives Program [TAP] in subsequent reauthorizations) Program over a six-year period (FY 1992 to FY 1997). While modified with each successive transportation reauthorization, the core transportation funding program structure established in ISTEA has been carried over through subsequent federal authorizations (1998 Transportation Efficiency Act for the 21st Century [TEA-21], 2005 Safe, Accountable, Flexible and Efficient Transportation Equity Act: a Legacy for Users [SAFETEA-LU], and Moving Ahead for Progress in the 21st Century [MAP-21]). MAP-21 included a new source for transportation funding for commuter rail. Under the Federal Railroad Administration Passenger Rail Investment and Improvement Act, the region received $50 million. The Fixing America's Surface Transportation Act or "FAST Act," signed into law in December 2015, continued to build on the program structure and reforms of MAP-21. It included a continued focus on accelerating project delivery, added a new National Highway Freight Program, and FASTLANE grants intended to benefit nationally significant freight and highway projects. Between SAFETEA-LU and MAP-21, the country, state, and region went through the Great Recession. In order to stimulate the economy, which included funding major infrastructure projects nationwide, the President signed the American Recovery and Reinvestment Act (ARRA) from which the region received over $380 million to implement both highway and transit projects.

The SANDAG Board of Directors is responsible for the allocation of the funds made available through these federal funding programs. Federal funds have provided discretionary funds for major projects in the region such as Mission Valley East and SPRINTER light rail projects, SR 905 connecting to the Otay Mesa Port of Entry, Mid-City *Rapid*, and revenues for the Mid-Coast Light Rail project. The outlook for the federal transportation programs remains uncertain given the current federal budget deficit, declining and unsustainable balances in the Federal Highway Trust Fund, and other competing demands.

Consistency with Other Federal, State, and Local Documents

The 2019 Federal RTP is consistent with other federal, state, and local documents including the 2018 Interregional Transportation Improvement Program (ITIP) and the 2018 Federal Transportation Improvement Program (FTIP). Funding strategies that implement Transportation Control Measures (TCM) are included in the 2018 FTIP.

Revenue Constrained Financial Assumptions

All revenues shown below have been escalated to the year the expenditures occur and based on escalation factors appropriate for the specific revenue source.

Local Revenues

***TransNet* Program** is a voter-approved half-cent sales tax for transportation purposes in the San Diego region.

- Total Revenues: approximately $17.8 billion including bond proceeds
- Base Year: 2019
- Data Source: Actual sales tax receipts to FY 2019
- *Short-term Growth Rate*: Through 2020 based on professional judgement of SANDAG staff, which is informed by: (1) California Department of Tax and Fee Administration's (CDTFA, formerly known as the California Board of Equalization), sales tax revenue allocation formula; (2) year-to-date sales tax collections; (3) a forecast provided by SANDAG sales tax revenue consultant MuniServices; and (4) current and forecast general economic conditions.
- *Long-term Growth Rate*: Longer-term estimates beyond FY 2020 are based on three variables: (1) the population forecast from the California Department of Finance; (2) a consensus (simple average) of three independent national forecasts of real rates of growth in per-capita retail sales (nationally recognized forecasts by IHS Global Insight, Moody's, and California Economic Forecast/Caltrans); and (3) the average projected inflation rates from the same independent sources.

Bond Proceeds are based on analysis of program capacity over the life of *TransNet* (2048) and assume ample coverage ratios through the life of the repayment period.

Transportation Development Act (TDA) is a statewide one-quarter percent sales tax for transportation purposes. In San Diego, the TDA program is used exclusively for transit, non-motorized, and regional planning purposes. Historically, TDA funds have been assumed to grow at the same rate as *TransNet* funds because TDA funds also are based on the growth of sales taxes. However, the tax base for *TransNet* and TDA are slightly different; whereas *TransNet* is a sales and use tax, TDA is more traditional sales tax. Over time small differences in their growth rates have been observed. As such we will continue to monitor these variances to determine if a different growth rate should be applied. TDA funds may be used for transit operating or capital purposes, but they are not eligible for use on non-transit-related highway or local street and road improvements. The state statute that governs this program also includes specific funding for bike and pedestrian projects, as well as for accessible service for the disabled.

- Total Revenues: $9.5 billion
- Base Year: 2019
- Data Source: same as *TransNet*

Developer Impact Fees: The Regional Transportation Congestion Improvement Program (RTCIP), an element of the *TransNet* Ordinance, requires the 18 cities and the County of San Diego to collect an exaction from the private sector for each new housing unit constructed in their jurisdiction. *TransNet* requires SANDAG to adjust the minimum RTCIP fee amount on July 1 of each year, based on an analysis of construction cost indices, such as the Engineering News Record, and the Caltrans Construction Cost Index (CCI), but no less than 2 percent. The purpose of this annual adjustment is to ensure that the RTCIP retains its purchasing power to improve the regional arterial system. All local jurisdictions are required to comply.

- Total Revenue: $850 million
- Base Year: 2019
- Data Source: California Department of Finance population and housing estimates
- Growth Rate: Historical Construction Cost Index, no less than 2 percent per year (based on *TransNet* Ordinance)

City/County Local Gas Taxes are subventions local agencies receive directly from the state gas tax used for transportation related purposes. These are assumed to be available at the current level of gas tax subventions under the Highway Users Tax Account to cities and the County of San Diego for local streets and road purposes. These revenues are based on the SANDAG vehicle miles traveled (VMT) and Fuel Forecast, as well as the state excise tax and fuel tax swap legislation (ABx8 6, Chapter 11, Statutes of 2010; and ABx8 9, Chapter 12, Statutes of 2010).

- Total Revenues: $2.4 billion
- Base Year: 2019
- Data Source: Actual received as reported in the State Controller's Report through FY 2016
- Growth Rate: Based on future fuel consumption, SANDAG VMT and Fuel Forecasts (Series 13, ABM 13.3.2)

General Fund/Miscellaneous Local Road Funds are general fund revenues dedicated for transportation purposes. These revenues are based on information provided in the State Controller's annual reports for local street and road expenditures and revenues. The average amount of general fund contributions and other revenues (including fines and forfeitures, interest earnings, and other miscellaneous revenue sources) used for local street and road expenditures in recent years is assumed to continue.

- Total Revenue: $11.2 billion
- Base Year: 2019
- Data Source: Actual received as reported in the State Controller's Report through FY 2017
- Growth Rate: 3 percent

Future Local Revenues: A provision in the *TransNet* Ordinance specifies that "SANDAG agrees to act on additional regional funding measures (a ballot measure and/or other secure funding commitments) to meet the long-term requirements for implementing habitat conservation plans in the San Diego region, within the time frame necessary to allow a ballot measure to be considered by the voters no later than four years after passage of the *TransNet* Extension." The 2019 Federal RTP assumes one-half cent measure following the 2024 presidential election. In order to remain conservative, the new revenue source is proposed to start after the current RTIP period of 2024.

- Total Revenue: $18.0 billion
- Base Year: 2025
- Data Source: Consistent with estimated *TransNet* starting in 2025

Future MTS Local Revenues: Existing law (Assembly Bill 805) authorizes MTS and NCTD to individually impose a specified transactions and use tax within their respective portions of the County of San Diego with revenues to be used for public transit purposes. MTS is currently exploring placing a measure on the 2020 presidential election ballot. The 2019 Federal RTP assumes one-quarter cent measure starting after the 2020 presidential election.

- Total Revenue: $9.4 billion
- Base Year: 2021
- Data Source: Consistent with MTS estimates for their service area, starting in 2021

Toll Road and Port of Entry Funding – I-5, SR 11, I-15, and SR 125: This funding is derived from debt financing backed by future toll revenues and it is expected to be available for major phases of toll road and port of entry (POE) construction projects for State Route 11 (SR 11), SR 125, and for Interstate 5 (I-5) and I-15.

- Total Revenue: $9.1 billion
- Base Year: 2019
- Data Source: SR 11 financial plan, toll estimates for SR 125, I-5 and I-15
- Growth Rate: Not applicable

Public Private Partnerships/Transit Oriented Development (TOD): These revenues are based on assumptions for revenues related to transit-oriented development on publicly owned properties, and additional private investment opportunities in transportation and joint-use facilities. The revenue estimates take into account large infrastructure improvements planned for the phase years which will drive private development opportunities. Private revenue is not assumed to start until FY 2028.

- Total Revenue: $3.7 billion
- Base Year: 2018
- Data Source: Transit agencies that already have agreements for TODs, using other regions' agreements as a guide to develop own partnership to provide transit circulator, streetcar, and airport shuttle service
- Growth Rate: Not applicable

FasTrak® Revenues: These revenues are based on actual total revenues on the I-15 corridor. The assumption includes a growth rate consistent with inflation, and the planned expansion of new Express Lane segments along the region's major corridors to 2050.

- Total Revenue: $928 million
- Base Year: 2019
- Data Source: Using existing data for revenues per mile and anticipated toll pricing system and forecasting based on planned opening of Managed Lanes – new 24 miles of managed lanes through 2050.
- Growth Rate: Consumer Price Index

Passenger Fares: Through 2022, passenger fares are based on the estimates as provided by the two transit agencies: the North County Transit District, and Metropolitan Transit System. From 2023 forward, the passenger farebox recovery rate is maintained at 35 percent of estimated operating cost for all services provided by the transit agencies.

- Total Revenue: $11.9 billion
- Base Year: 2019
- Data Source: To 2022, as estimated by the two transit agencies; 2023 forward 35 percent farebox recovery ratio based on planned existing and new services.
- Growth Rate: Not applicable

Motorist Aid Services – Call Box Program: Assembly Bill 1572 (Fletcher, 2012) dissolved the San Diego Service Authority for Freeway Emergencies and transferred its responsibilities to SANDAG effective January 1, 2013. SANDAG provides assistance to help travelers experiencing vehicle problems while on the highway and, among other things, fielding calls from the call box located at various intervals along the freeway. Motorists also can call "511" for assistance. SANDAG operates the call box system coordinating with the Freeway Service Patrol. The funding comes from $1 annual fee on vehicle registrations collected by the California Department of Motor Vehicles.

- Total Revenue: $201 million
- Base Year: 2019
- Data Source: Call Box program five-year plan
- Growth Rate: 0.5%

SB 1 Local Streets and Roads: SB 1 dedicates approximately $1.5 billion per year in new formula revenues apportioned by the State Controller to cities and counties for basic road maintenance, rehabilitation, and critical safety projects on the local streets and roads system.

- Total Revenue: $5.1 billion
- Base Year: 2019
- Data Source: California Department of Finance
- Growth Rate: 2%, with a 10% increase every 6 years beginning in 2030.

State Revenues

Active Transportation Program (ATP): In September 2013, Governor Brown signed legislation creating the ATP. The ATP includes funding from the federal Transportation Alternatives Program (which replaced the Transportation Enhancement Program), state bicycle program, and Safe Routes to School program. The ATP is awarded on a competitive basis and divided into two portions, statewide share (which is administered by the California Transportation Commission) and regional share (which is administered by SANDAG).

- Total Revenues: $803 million
- Base Year: 2019
- Data Source: California Transportation Commission
- Growth Rate: Regional program assumes 3% per year. Statewide program assumes 5% per year with a 10% increase every 6 years beginning in 2030.

State Transportation Improvement Program (STIP)/Traffic Congestion Relief Program (TCRP): Includes the county share of the Regional Improvement Program, Interregional Program and the Traffic Congestion Relief Program. These revenues are consistent with the amounts available for new and existing programming through FY 2023, as included in the 2018 State Transportation Improvement Program (STIP) Fund Estimate. The San Diego region anticipates receiving at least a minimum formula "County Share" and a proportionate share of the STIP Interregional Program funds over time as well. The total STIP funds assumed include revenue from both the Regional and Interregional STIP shares. The STIP funds are flexible and they are available for capital projects to increase the capacity of highways, public transit, and local roads. The STIP funds also are available for efforts to manage demands on the transportation system (TDM), and for planning, programming, and monitoring activities.

- Total Revenues: $2.3 billion
- Base Year: 2019
- Source Data: 2018 STIP Fund Estimate

- Growth Rate: For STIP, from 2019 to 2023, revenues are based on the fund estimate from the 2018 STIP. The long-term growth rate assumes 2% per year with a 10% increase every 6 years beginning in 2030. No growth factors were assumed for TCRP revenue assumptions since those revenues are based on the list of programmed projects as approved by the California Transportation Commission (CTC).

State Transit Assistance (STA): STA funds support transit agencies and can be used for both operating and capital projects. The program provides a share of revenues from diesel sales taxes, and the State Controller distributes these funds based on a statutory allocation formula.

- Total Revenue: $1.8 billion
- Base Year: 2019
- Source Data: 2018 Apportionment Estimate from the State Controller's Office
- Growth Rate: 1 percent per year to 2021, then 3 percent per year thereafter

State Highway Operations Protection Program (SHOPP) and Maintenance and Operations Program: These revenues are assumed to be available to meet Caltrans' identified needs for state highway operations and maintenance. State law requires that these expenditures be given priority over new construction, and they are funded "off the top" of the State Highway Account before any funding for new construction projects is allocated. The 2019 base of $13.46 million annually for operations and administration costs, grows at 3% throughout the estimate. The $96.85 million annually for maintenance costs were increased at 3% per year through FY 2023 and by 5% from 2024 forward. This reflects historical trends, and a gradual increase in these costs as the size and the age of the system to be maintained increases over time. The revenues needed for these purposes, as identified by Caltrans, are assumed to be available. For programs to reduce collisions on state highways, as well as other programs related to rehabilitating and operating highways, funds are assumed to be available, consistent with the financially constrained ten-year SHOPP. The SHOPP is funded from state and federal sources including SB 1.

- Total Revenue: $16.5 billion
- Base Year: 2019
- Source Data: Caltrans District 11 estimate which includes operations and maintenance of non-major capital and labor costs; major capital costs based on 10-year SHOPP
- Growth Rate: 3%

Future State Revenues for Transportation

Fees associated with Road User Charge that would apply a mileage-based user fee to replace or supplement the gas tax which is insufficient to support the state's highway and roadway infrastructure. Senate Bill 1077 (SB 1077), enacted in 2014, authorized a pilot project in 2017 to investigate, design and provide recommendations to CalSTA and Caltrans how to implement a road-user fee in California. SB 1328 (Beall, 2018) extended the Road Charge Technical Advisory Committee operations until January 2023. The Committee is continuing to gather public comment. California is not alone in testing this kind of program in order to maintain or increase transportation funding. The 2019 Federal RTP assumes the fee to start in 2026.

- Total Revenue: $14.4 billion
- Base Year: 2026
- Source Data: SB 1077 (DeSaulnier, 2014); similar legislation in other states.
- Growth Rate: First year of implementation is 2026 at 0.5 cents/mile. This rate is increased to 0.6 cents/mile in 2030, 0.8 cents/mile in 2036, 1 cent/mile in 2042 and 1.2 cents/mile in 2048.

Cap-and-Trade

The annual state budget includes revenue generated from the state's portion of the proceeds from the Cap and Trade Auction Revenues, in order to facilitate greenhouse gas emission reductions. The intercity rail is a competitive program while the transit program is on a formula basis. The Affordable Housing and Sustainable Communities (AHSC) program supports projects that implement land-use, housing, transportation, and agricultural land preservation practices. Two of three sub programs (TIRCP, AHSC) are competitive in nature, whereas the Low Carbon Transit Operations (LCTOP) program is formula based. The estimated amounts included in the Regional Transportation Plan are based on an annualized average based on the region's prior success in capturing the discretionary funds.

- Total Revenue: $4.1 billion
- Base Year: 2019
- Source Data: 2018 State Budget
- Growth Rate: approximately 5% per year; (range is from 4.59% to 5.8%)

State FASTLANE : These funds reflect a 20% regional target share of the state's 40% federal funds for the Trade Corridor Enhancement Program (TCEP) funded with a combination of new revenues from SB 1 and from state and federal funds managed by the state.

- Total Revenue: $1.6 billion
- Base Year: 2019
- Source Data:
- Growth Rate: From 2020 -2023 the growth rate is assumed at 2% per year. Beginning in 2024, the growth rate is 3.5% annually, with a 10% increase every 6 years beginning in 2030.

State Managed Federal Programs: State administered programs for the region such as Highway Bridge Program, Hazard Elimination Program, Highway Safety Improvement Program. Assumes additional FHWA discretionary funds are leveraged with the new regional funding measure revenues starting in 2025.

- Total Revenue: $4.8 billion
- Base Year: 2019
- Source Data: Historical receipts for the region
- Growth Rate: From 2020 -2023 the growth rate is assumed at 2% per year. Beginning in 2024, the growth rate is 3.5% annually, with a 10% increase every 6 years beginning in 2030.

High Speed Rail: Within the 2018 California State Rail Plan, it is assumed the state will invest in high speed rail to fund the San Diego portion once the alignment reaches the region. The planning level estimates for the construction cost for the San Diego County alignment is roughly $6 billion in 2019$. These costs have been escalated out to the final decade of the Regional Transportation Plan.

- Total Revenue: $16.1 billion
- Base Year: 2041
- Source Data: High Speed Rail Authority
- Growth Rate: Not applicable

Motorist Aid Services – Freeway Service Patrol (FSP) Program: SANDAG provides assistance to help travelers experiencing vehicle problems while on the highway. The funding comes the state's Freeway Service Patrol program.

- Total Revenue: $158 million
- Base Year: 2019
- Source Data: Call Box program five-year plan
- Growth Rate: The growth rate for SB 1 funding is assumed to be 2% per year beginning in 2020.

SB 1 Congestion: The Road Repair and Accountability Act of 2017, known as Senate Bill 1 or SB 1, directs $250 million annually to the Solutions for Congested Corridors (SCC) program. SCC funds are awarded on a competitive basis. The estimated amounts included in the Regional Plan are based on an annualized average based on the region's prior success in capturing discretionary funds.

- Total Revenue: $1.9 billion
- Base Year: 2019
- Source Data: rebuildingca.ca.gov/congested-corridor.html
- Growth Rate: From 2020 -2023 the growth rate is assumed at 2% per year. Beginning in 2024, the growth rate is 5% annually.

SB 1 Freight: The Road Repair and Accountability Act of 2017, known as Senate Bill 1 or SB 1, directs $300 million annually to the Trade Corridor Enhancement Program. Funds are divided into a 40 percent state share and a 60 percent regional target and are awarded on a competitive basis. The state 40 percent share is reflected as state FASTLANE revenues above. The estimated amounts included in the Regional Transportation Plan are based on an annualized average based on the region's prior success in capturing discretionary funds.

- Total Revenue: $2.2 billion
- Base Year: 2019
- Source Data: rebuildingca.ca.gov/trade-corridor.html
- Growth Rate: From 2020 -2023 the growth rate is assumed at 2% per year. Beginning in 2024, the growth rate is 5% annually.

SB 1 Active: In order to significantly augment the funding available for the state Active Transportation Program (ATP) created in 2013, SB 1 directs $100 million annually from the Road Maintenance and Rehabilitation Account to the ATP. The ATP is awarded on a competitive basis and divided into two portions, statewide share (which is administered by the California Transportation Commission) and regional share (which is administered by SANDAG).

- Total Revenue: $601 million
- Base Year: 2019
- Source Data: rebuildingca.ca.gov/active-transportation.html
- Growth Rate: From 2020 -2023 the regional program is assumed to grow 3% every other year and the statewide competitive program is not expected to grow. Then beginning in 2024, the regional program assumes 3% per year while the statewide program assumes 5% per year growth.

SB 1 Local Partnership: The Road Repair and Accountability Act of 2017, known as Senate Bill 1 or SB 1, directs $200 million annually to the Local Partnership Program. Funds are divided 50% to a formulaic program and 50% to a competitive program. The estimated amounts included in the Regional Transportation Plan are based on an annualized average based on the region's prior success in capturing discretionary funds.

- Total Revenue: $1.0 billion
- Base Year: 2019
- Source Data: rebuildingca.ca.gov/local-funding.html
- Growth Rate: From 2020 -2023 the growth rate is assumed at 2% per year. Beginning in 2024, the growth rate is 5% annually.

SB 1 State of Good Repair (SOGR): SB 1 includes additional revenues for transit infrastructure repair and service improvements. The State of Good Repair program provides approximately $105 million annually to the State Transit Assistance (STA) program for eligible transit maintenance, rehabilitation, and capital projects. The estimated amounts included in the Regional Transportation Plan assume that the funds will follow the methodology of the STA funds and are available to eligible transit operators.

- Total Revenue: $339 million
- Base Year: 2019
- Source Data: rebuildingca.ca.gov/transit.html
- Growth Rate From 2020 -2023 the growth rate is assumed at 2% per year. Beginning in 2024, the growth rate is 2% annually, with a 5% increase every 6 years beginning in 2030.

SB 1 TIRCP: In addition to the cap-and-trade TIRCP noted above, SB 1 provides an additional $300 million annually in competitive grants to fund transformative projects that modernize transit systems, increase ridership, reduce greenhouse gas emissions, and improve safety. The estimated amounts included in the Regional Transportation Plan are based on an annualized average based on the region's prior success in capturing discretionary funds.

- Total Revenue: $3 billion
- Base Year: 2019
- Source Data: rebuildingca.ca.gov/transit.html
- Growth Rate: The growth rate is 5% annually.

SB 1 State Rail Assistance Program: SB 1 created the State Rail Assistance (SRA) program by directing a portion of new revenue specifically to intercity rail and commuter rail for both capital and operations. SB 1 directs a 0.5% portion of new diesel sales tax revenue for allocation: half to the five commuter rail providers and half to intercity rail corridors. Half of revenue is allocated in equal shares to commuter operators through FY 2020 and via guidelines thereafter. Half of revenue is allocated to intercity rail corridors such that each of three corridors receives at least 25% of the intercity rail share. The estimated amounts included in the Regional Transportation Plan are based on California Department of Finance May 2017 budget estimates.

- Total Revenue: $390.9 million
- Base Year: 2019
- Source Data: rebuildingca.ca.gov/transit.html
- Growth Rate: The growth rate is 5% annually.

Federal Revenues

Federal Transit Administration (FTA) Discretionary: The annual or one-time funding for specific projects appropriated by a legislator (earmark) has been eliminated and is not assumed to return in this Regional Transportation Plan. The one remaining discretionary but competitive program is the Full Funding Grant Agreement (FFGA) for both large and small transit projects in which the Federal Transit Administration (FTA) provides funding on a multi-year commitment. The revenues assumed include those from an FFGA for the Mid-Coast Trolley Extension project, and from future discretionary programs for major transit projects identified in the Regional Transportation Plan. This assumes that every decade (beginning in 2030) the San Diego region would secure one large New Starts FFGA similar in size to the Mid-Coast project, and three Small Starts projects. This is based on the historical track record for the region, which has been successful in securing FFGAs for previous projects such as the Mission Valley East Trolley, the SPRINTER, Mid-City Rapid and the Mid-Coast Trolley project. The revenues in the Regional Transportation Plan also assume additional FTA discretionary funds are leveraged with the new regional funding measure revenues starting in 2025 and the future MTS Local Revenues for Transportation beginning in 2021.

- Total Revenue: $12.6 billion
- Base Year: 2019
- Source Data: Assume one large New Starts eligible project and three Small Starts eligible project per decade, with federal share consistent with current FTA guidance
- Growth Rate: Not applicable

FTA Formula Programs: Allocated annually from the federal budget, based on urbanized area population, population density, and transit revenue miles of service among other factors. Sections 5307, 5337, and 5339 formula funds are mainly used for capital projects and to purchase transit vehicles. Section 5310 funds are specifically designated to assist nonprofit groups in meeting the transportation needs of the elderly and individuals with disabilities when transportation service is unavailable, insufficient, or inappropriate to meet their needs.

- Total Revenue: $6.2 billion
- Base Year: 2019
- Source Data: Actuals from the Federal Register through FY 2017
- Growth Rate: Assumes 2% growth per year with a 10% increases every 6 years beginning in 2030.

Congestion Mitigation and Air Quality (CMAQ) Improvement/Regional Surface Transportation Programs (RSTP): These revenue assumptions are based on estimates provided by Caltrans and included in the 2018 RTIP through FY 2022 The Surface Transportation Program (STP) funds are flexible and they may be used for a wide range of capital projects. The Congestion Mitigation and Air Quality (CMAQ) Improvement funds are for projects that help reduce congestion and improve air quality. Eligible projects include the construction of high occupancy vehicle (HOV) lanes, the purchase of transit vehicles, rail improvements, and Transportation Demand Management, among others. CMAQ also can be used for transit operations for the first three years of new service.

- Total Revenue: $5.9 billion
- Base Year: 2019
- Source Data: Estimates from Caltrans through 2022
- Growth Rate: Assumes 5% growth per year with a 10% increases every 6 years beginning in 2030

Federal Highway Administration Discretionary (BUILD): These federal programs provide funding on a competitive basis for projects of regional and national significance. The estimate is based on the historical track record for the region, which has been successful in securing funds for previous projects such as State Route (SR) 905 and SR 11. The estimated amounts included in the Regional Plan are based on an annualized average based on the region's prior success in capturing discretionary funds.

- Total Revenue: $418 million
- Base Year: 2019
- Source Data: transportation.gov/BUILDgrants/about
- Growth Rate: Assumes 5% growth per year with a 10% increases every 6 years beginning in 2030

Other Financing (Grant Anticipation Notes or GAN): Based on discussions with the FTA regarding Mid-Coast Light Rail FFGA, SANDAG can assume only $100 million per year in appropriations. Given that the annual project expenditure is anticipated to be much greater, the Regional Transportation Plan assumes that SANDAG will securitize the federal funding. The amount of $310.419 million in GAN proceeds is based on the estimated amount needed to fund the project while waiting for the reimbursement from the FTA. This is a one-time borrowing for this particular project.

- Total Revenue: $310 million
- Base Year: 2020
- Source Data: 2017 *TransNet* Plan of Finance
- Growth Rate: Not Applicable

Future Federal Revenues for Transportation

The federal gas tax that supports transportation has not increased since 1993, has not been indexed, and over time the funding has been unable to keep up with transportation needs around the nation. Every year since 2008, Congress has 'fixed' the program by transferring money from the general fund to the Highway Trust Fund. In light of the dire situation, there has been discussion at the federal level on options to address the funding gap while meeting the transportation infrastructure need including increase to the gas tax. A number of experts have proposed increasing the tax to maintain the current infrastructure. Without a proposal or other viable programs, this Regional Transportation Plan assumes an increase to the gas tax starting in 2024**.**

- Total Revenue: $8.3 billion
- Base Year: 2024
- Source Data: Public discussion by members of Congress and the president to introduce legislation to increase the gas tax, a carbon tax, or tax on other fuels based on life cycle for carbon emissions in order to fund a modern and strong transportation system.
- Growth Rate: Fuel tax is assumed to be adjusted as follows: 15 cent increase over current levels in 2024, additional 6 cent increases in 2030, 2036, 2042, and 2048.

Federal Railroad Administration (FRA/Discretionary): The federal stimulus program began a new funding source under FRA which has awarded funding under the American Recovery and Reinvestment Act as well as under the Passenger Rail Investment and Improvement Act (PRIIA). Due to the newness of the program, the estimate is based on actual award; however, as part of the Los Angeles-San Diego-San Luis Obispo (LOSSAN) Rail Corridor (second busiest in the nation), it is anticipated that the projects in the San Diego region will be very competitive for both the on-going FRA formula program as well as funding under the high speed rail. FRA issued a Notice of Funding Opportunity for a new program in 2019 for which SANDAG has applied.

- Total Revenue: $226 million
- Base Year: 2024
- Source Data: Actual award from ARRA and PRIIA
- Growth Rate: Assumes 2% growth per year with a 10% increases every 6 years beginning in 2030

Corridors and Borders Infrastructure (CBI)/Other Freight Funds: Under the FAST Act, up to 5 percent of the state's "any area" Surface Transportation Program (STP) funds may be set aside for border projects. San Diego, as a major border region, anticipates continuing to be highly competitive for these funds and is assuming an 80 percent share of the set aside.

- Total Revenue: $1.3 billion
- Base Year: 2024
- Source Data: Actual receipts under CBI escalated by CPI
- Growth Rate: Assumes 5% growth per year with a 10% increase every 6 years beginning in 2030

TIFIA Loan Proceeds: In June 2017 the region secured a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan of $537.484 million at 2.72 percent interest from the United States Department of Transportation for the Mid-Coast Corridor Transit Project. The amount of proceeds is based on the amount needed to repay the cost of short-term notes needed to finance the local share for construction of the project. This is a one-time borrowing for this particular project.

- Total Revenue: $537 million
- Base Year: 2021
- Source Data: Actual TIFIA loan agreement terms
- Growth Rate: Not Applicable

Revenue Sources: Availability Assumptions and Risk Assessment

The revenues included in the Regional Transportation Plan assume both new revenue sources and/or continuation of the existing sources beyond the established timeframe. A group of internal and external stakeholders met in early 2018 to review and consider the reasonableness of the assumptions for each of the revenues that are assumed to be available during the time period covered by the Regional Transportation Plan (FY 2019-FY 2050). The underlying assumptions for each revenue source were discussed and documented. Some of the risks associated with these assumptions are outlined in Table O.1.

Table O.1

Revenue Sources: Availability Assumptions and Risk Assessment

Revenue Source	New or Existing	Availability Assumption	Potential Risk	Risk Mitigation
Future Local Revenues	New	Voters approve new sales tax for support in part transit operations	Board may choose to delay the vote; voters may reject the proposition	Ensure sponsor for the outreach and polling efforts have good data and history of success
Public Private Partnerships/Transit Oriented Development	New	Partnerships with businesses for mixed-used, transit friendly development and local circulators for streetcar	Local business partners fail or the partnerships do not materialize	Alternative funding sources substituted; RTP amended if needed
Road User Charge	New	The state pilot program is a success and can be implemented	Pilot program data does not reflect sufficient revenues	Alternative funding sources or delay projects
Transportation Sales Tax	Existing/Future	Current sales tax expires in 2048, assume continuation to 2050 given successful passage of the first two sales tax ballot	The ballot measure fails	Funds continue based on past experience
Federal Funds Discretionary	Existing/Future	Reasonably available based on recent past and current allocations for the region	Lack of authorization or award	Alternative funding sources or delay projects
Corridors and Borders Infrastructure/Other Freight Funds	Existing/Future	Continue federal funding at historic levels for CBI/ additional funding for freight projects	Lack of federal authorization bill or no continuation of this program; lack of nationwide freight program	Funds continue on incremental basis, at historic levels for CBI
High-Speed Rail	Existing/Future/ New	Assumption of federal, state and private funds to complete the San Diego section of the High-Speed Train	Funds do not materialize, or only a portion of funds needed are available	Delay or delete projects