Appendix V: Funding and Revenues

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Over the past 30 years, transportation funding has undergone significant transformation, from relying on federal and state funds (up to 70%) 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. California's passage of the Road Repair and Accountability Act of 2017—California Senate Bill 1 (Beall, 2017) (SB 1)—provides a significant influx of new state revenue through a gas tax increase and other transportation fees to preserve our existing transportation system, yet only a fraction of our needs are funded through state sources.

TransNet Program

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, and generated more than $3 billion for regional transportation improvements that 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 (2008–2050), *TransNet* will generate approximately $15 billion in year-of-expenditure dollars for regional transportation improvements as well as the repayment of debt financing costs incurred through prior *TransNet* program investments (shown in Appendix U). 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 2021 Regional Plan (2021 Regional Plan). 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 an 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, 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 piece of 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, ABx86 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, SB 1 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 multimodal improvements and transit operations, and competitive grant programs to provide new transportation improvements. The San Diego region is estimated to receive approximately $20 billion dollars from SB 1 revenues through 2050 for investments, with roughly 35% of the total allocated directly to cities and the county for local projects.

Federal Legislation

Intermodal Surface Transportation Efficiency Act; Transportation Efficiency Act for the 21st Century; Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users; American Recovery and Reinvestment Act; Moving Ahead for Progress in the 21st Century; and Fixing America’s Surface Transportation Act

The passage of the federal Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 provided a significant change in federal transportation policy by creating several 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, then to Transportation Alternatives Program 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 (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 and 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 more than $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, State Route 905 (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 2021 Regional Plan is consistent with other federal, state, and local documents including the 2020 Interregional Transportation Improvement Program and the 2020 Federal Transportation Improvement Program (FTIP). Funding strategies that implement Transportation Control Measures are included in the 2020 FTIP.

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.[1] A Peer Review Process (PRP) was held on May 5, 2020, to review, discuss, and gain consensus on revenue

[1] The details for each fund type are shown in the paragraphs below and can be found in the "Regional Plan Revenue - Draft" file developed for the Regional Plan (05-21-21).

assumptions, appropriate base year data sources, and estimated growth rates. The PRP included internal and external stakeholders and subject-matter experts.

Local Revenues

The TransNet Program

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

- **Total Revenues:** Approximately $15 billion, including bond proceeds
- **Base Year:** 2020
- **Base Year Data Source:** Actual sales tax receipts to FY 2020; future estimates come from the Quarterly *TransNet* Forecast from December 2020
- **Short-term Growth Rate:** Through 2022 based on professional judgment of SANDAG staff, which is informed by: (1) California Department of Tax and Fee Administration's (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 2022 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 Markit, Moody's, and Oxford Economic Forecasting); 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.

The Transportation Development Act

The Transportation Development Act (TDA) is a statewide one-quarter-percent sales tax for transportation purposes. In the San Diego region, 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, these variances continue to be monitored. 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 and accessible service for the disabled.

- **Total Revenues:** $7.6 billion
- **Base Year:** 2020
- **Base Year Data Source:** Actual sales tax receipts to FY 2020; future growth rates come from the Quarterly *TransNet* Forecast from December 2020

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, but no less than 2%. The 2020 base fee of $2,533 per housing unit, approved by the SANDAG Board at its February 2019 meeting, calculates to annual revenue of $29.057 million. Revenue growth rate stays at a minimum constant at 2% throughout the estimate. However, annual revenue does begin to decrease in the estimate in 2038 due to the slower growth rate in housing as determined in the Department of Finance population estimate. which is consistent with the SANDAG Housing Growth Forecast. 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:** $1.2 billion
- **Base Year:** 2020
- **Base Year Data Source:** California Department of Finance population and housing estimates
- **Growth Rate:** Historical Construction Cost Index, 2% per year (based on *TransNet* Ordinance)

City/County Local Gas Taxes

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. The 2020 base data is derived from gallons of gasoline consumed in San Diego County based on modeling runs for the 2021 Regional Plan. Historical data was collected from average price of gasoline over the past 20 years which yielded an average growth rate of 3.2%. Revenues are then based on the SANDAG vehicle miles traveled (VMT) and Fuel Forecast calculated as part of the transportation model runs for the 2021 Regional Plan, 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). Due to the increased use of electric vehicles, more fuel efficient vehicles and a steady decreased in gallons of gasoline, annual revenues for gas taxes is expected to decrease at an average rate of 2% annually with a plateau in 2035 and decreasing an average of .3% until 2050.

- **Total Revenues:** $2.3 billion
- **Base Year:** 2020
- **Base Year Data Source:** Actual received as reported in the State Controller's Report through FY 2020
- **Growth Rate:** Based on future fuel consumption, SANDAG VMT, and Fuel Forecasts (Series 14, ABM 14.2.0)

General Fund/Miscellaneous Local Road Funds

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. The 2020 base data is calculated from historical annual local street and road revenues collection for the 18 cities and County as reported from the State Controller's audited Report through 2017. A ten-year average increase is then calculated and assumed through 2020. A five-year average is then calculated to analyze more recent trends. The average ten-year average is 6.6% and the five-year average is 2.7%, therefore, a 3% growth rate was assumed for the remainder of the Regional Plan period to remain reasonable with current trends.

- **Total Revenue:** $11.3 billion
- **Base Year:** 2020
- **Base Year Data Source:** Actual received as reported in the State Controller's Report through FY 2017
- **Growth Rate:** 3%

Toll Road (State Route 125) Funding

This funding is derived from toll revenues and it is expected to be available for State Route 125 (SR 125) operations and related projects, as well as future revenue derived from debt financing backed by future toll revenues and expected to be available to cover costs to construct and operate toll roads. Amount included is net after debt service costs and based on the 2017 traffic and revenue estimate.

- **Total Revenue:** $2.1 billion
- **Base Year:** 2020
- **Base Year Data Source:** Toll estimates for SR 125

Value Capture/Joint Use Agreement

These revenues are based on assumptions for revenues generated from joint use facilities, including land development, freight services, and broadband deployment. The revenue estimates take into account large infrastructure improvements planned for the phase years, which will drive value capture opportunities.

- **Total Revenue:** $2.7 billion
- **Base Year:** 2020
- **Base Year Data Source:** Agreement with San Diego County Regional Airport Authority, estimated value of Central Mobility Hub Enhanced Infrastructure Financing District, existing transit joint development revenues (San Diego), existing overweight truck permit program revenues, existing fiber lease agreements

FasTrak® Revenues

- These revenues are based on planned expansion of the Managed Lanes network along the region's major corridors to 2050. The assumptions are based on the Managed Lanes Feasibility Tool, which analyzes a number of project characteristics, operating characteristics, and traffic characteristics to generate anticipated growth rates and revenue by year, by corridor. Estimated future revenue is based on planned opening of Managed Lanes—819 new miles of managed lanes through 2050.
- **Total Revenue:** $22.0 billion
- **Base Year:** 2020
- **Base Year Data Source:** Using existing data for revenues per mile

Passenger Fares

Through 2022, passenger fares are based on the estimates as provided by the two transit agencies: North County Transit District (NCTD) and Metropolitan Transit System (MTS). From 2023 forward, the passenger farebox recovery rate is maintained at 35% of estimated operating cost for all services provided by the transit agencies, incorporating phase 1 improvements (e.g., the Mid-Coast Light Rail Project) coming online.

- **Total Revenue:** $22.8 billion
- **Base Year:** 2020
- **Base Year Data Source:** To 2022, as estimated by the two transit agencies in 2019 as included in the annual transit agency budgets; future years (2023-2050) is calculated at 35% farebox recovery ratio based on planned existing and new services

Motorist Aid Services – Call Box Program

California 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 travelers experiencing vehicle problems while on the highway and, among other things, fields calls from the call boxes 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 a $1 annual fee on vehicle registrations collected by the California Department of Motor Vehicles. Estimates include DMV fee revenues with a growth rate of ½% from FY 2019 through FY 2050 as well as interest income.

- **Total Revenue:** $242 million
- **Base Year:** 2020
- **Base Year Data Source:** Call Box program five-year plan
- **Growth Rate:** 0.5%

State Revenues

State Transportation Improvement Program

The State Transportation Improvement Program (STIP) includes the county share of the Regional Improvement Program and funding from the Interregional Program. These revenues are consistent with the amounts available for new and existing programming through FY 2025 as included in the 2020 STIP Fund Estimate. The San Diego region anticipates receiving at least a minimum formula "County Share"(estimated at approximately 7.41% of available Regional Improvement Program or RIP shares) and a proportionate share of the STIP Interregional Improvement Program (IIP) funds (estimated at 50% of the 7.41% regional share rate) 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 IIP funding must be used on projects that are consistent with the Interregional Transportation Strategic Plan (ITSP). The STIP funds also are available for efforts to manage demands on the transportation system and for planning, programming, and monitoring activities.

- **Total Revenues:** $1.6 billion
- **Base Year:** 2020
- **Base Year Data Source:** 2020 STIP Fund Estimate
- **Growth Rate:** For STIP, from 2021 to 2025, revenues are based on the fund estimate from the 2020 STIP. The long-term growth rate assumes 2% per year with a 10% increase every 6 years beginning in 2030.

State Transit Assistance

State Transit Assistance (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. The 2020 base of $40.18 million annually for operations and capital costs, is based on actual funds that were received through November 2020. The annual revenues are increased at 3% per year through FY 2035 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 transit system to be maintained increases over time. The revenues needed for these purposes, as identified by State Controller's Office, are assumed to be available.

- **Total Revenue:** $2.4 billion
- **Base Year:** 2020
- **Base Year Data Source:** 2020 Apportionment Estimate from the State Controller's Office
- **Growth Rate:** 3%

State Highway Operations Protection Program and Maintenance and Operations Program

These revenues are assumed to be available to meet the 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 2020 base of $17.32 million annually for operations and administration costs, grows at 3% throughout the estimate. The $98.4 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 State Highway Operations Protection Program (SHOPP). The SHOPP is funded from state and federal sources, including SB 1.

- **Total Revenue:** $18.4 billion
- **Base Year:** 2020
- **Base Year Data Source:** The Caltrans District 11 estimate, which includes operations and maintenance of non-major capital and labor costs; major capital costs based on ten-year SHOPP
- **Growth Rate:** 3–5% as detailed above

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 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 subprograms (the Transit and Intercity Rail Capital Program and AHSC) are competitive in nature, whereas the Low

Carbon Transit Operations program is formula-based. The 2020 base of $55.82 million annually in cap-and-trade funding grows at approximately 5% per year throughout the estimate reflecting historical trends, and the estimated amounts included in the 2021 Regional Plan are based on an annualized average based on the region's prior success in capturing the discretionary funds.

- **Total Revenue:** $2.8 billion
- **Base Year:** 2020
- **Base Year Data Source:** 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 funded with a combination of new revenues from state and federal funds managed by the state. The assumed revenues are based on the state's historic and continuing commitment to fund border projects. From FY 2021 through FY 2025, the estimate grows at 2% per year. Beginning in FY 2026, the estimate grows at 3.5% per year, with 10% increases every six years beginning in FY 2030.

- **Total Revenue:** $1.5 billion
- **Base Year:** 2020
- **Base Year Data Source:** Based on state's commitment to fund border projects. The border region received 19% of the state share of TCEP in the 2020 cycle.
- **Growth Rate:** From 2021–2025 the growth rate is assumed at 2% per year. Beginning in 2026, the growth rate is 3.5% annually, with a 10% increase every six years beginning in 2030.

State Managed Federal Programs

State-administered programs for the region include the Highway Bridge Program, Hazard Elimination Program, and Highway Safety Improvement Program. The assumption is that additional Federal Highway Administration discretionary funds will be leveraged with the state's share of Highway Infrastructure Program funding for state managed programs. From FY 2021 through FY 2023, a growth rate of 2% per year is assumed. Beginning in FY 2024, the estimate grows at 5% per year, with 10% increases every six years beginning in FY 2030.

- **Total Revenue:** $2.8 billion
- **Base Year:** 2020
- **Base Year Data Source:** Historical receipts for the region

- **Growth Rate:** From 2021–2023 the growth rate is assumed at 2% per year. Beginning in 2024, the growth rate is 5% annually, with a 10% increase every six years beginning in 2030.

Motorist Aid Services – Freeway Service Patrol Program

SANDAG assists travelers experiencing vehicle problems while on the highway. The funding comes from the state's Freeway Service Patrol program, with an assumption of $2.5 million in traditional FSP funding and another $2.2 million in FSP funding from the program increase that was included in SB 1.

- **Total Revenue:** $148 million
- **Base Year:** 2020
- **Base Year Data Source:** Call Box program five-year plan

Road Maintenance and Rehabilitation Account

The Road Maintenance and Rehabilitation Account (RMRA) was established by SB 1. The account is funded by new diesel and gas excise taxes, a transportation improvement fee, and an electric vehicle fee. Although the RMRA also provides SHOPP funding, those funds are included in the SHOPP program revenue estimates above. The 2020 base of $180 million annually grows at approximately 2% throughout the estimate. This reflects historical trends. The estimated amounts included in the 2021 Regional Plan for most of the discretionary components are based on annualized averages based on the region's prior success in capturing discretionary funds in similar programs such as the Proposition 1B Corridor Mobility Improvement Account (CMIA) and Trade Corridors Improvement Fund (TCIF). The LPP competitive component is based on an assumption that the region will receive over time a similar share of statewide funding as is received through the STIP, which is approximately 7.4%; and the LPP formulaic estimate is based on the FY 2020 apportionment. Growth rates vary - some programs include funding in addition to RMRA.

- **Total Revenue:** $19.6 billion
- **Base Year:** 2020
- **Base Year Data Source:** rebuildingca.ca.gov
- **Growth Rate:** Varies by program, as shown in Table V.1

Table V.1: Road Maintenance and Rehabilitation Account

Road Maintenance and Rehabilitation Account			
Program	**Total Revenue (billions)**	**Short-Term Growth Rate**	**Long-Term Growth Rate**
Solutions for Congested Corridors	$11.04	N/A	10% increase every five years beginning in 2030
Trade Corridor Enhancement Program	$2.06	2%	5%
Active Transportation Program	$0.77	0%–2%	Regional program assumes 2% every year and 10% every five years starting in 2030. Statewide program assumes 2% per year and 10% every five years starting in FY 2024.
Local Partnership Program	$0.60	N/A	10% increase every five years beginning in 2030
State of Good Repair Program	$0.32	2%	Assumes 2% per year with a 5% increase every six years beginning in 2030.
Local Streets and Roads	$5.01	2%	Assumes 2% per year with a 10% increase every six years beginning in 2030.
State Rail Assistance Program	$0.16	N/A	0%

Federal Revenues

Federal Transit Administration Discretionary

The one discretionary program assumed in this plan 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 for future discretionary programs for major transit projects identified in the 2021 Regional 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 2021 Regional Plan also assume additional FTA discretionary funds are leveraged with the new regional funding measure and the future MTS Local Revenues for Transportation revenues starting in 2025.

- **Total Revenue:** $15.5 billion
- **Base Year:** 2020
- **Base Year Data Source:** Assumes one large New Starts eligible project and three Small Starts eligible project per decade, with federal share consistent with current FTA guidance

Federal Transit Administration Formula Programs

These funds are allocated annually from the federal budget, based on urbanized area population, population density, and transit revenue miles of service among other factors. The 2020 base of $432 million does not reflect the normal annual apportionment allocated to San Diego County due to the additional stimulus funding. Fiscal Year 2020 annual formula allocations were utilized to calculate future revenues for the Regional Plan. Annually Federal Transit Administration revenues are assumed to grow by 2% per year with a 10% increase every six years due to the passing of federal legislation. This reflects historical trends as transit funding increases significantly with the passing of new federal legislation which occurs approximately every six years. 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:** $6.1 billion
- **Base Year:** 2020
- **Base Year Data Source:** Actuals from the Federal Register through FY 2020
- **Growth Rate:** Assumes 2% growth per year with a 10% increase every six years beginning in 2030.

Congestion Mitigation and Air Quality Improvement/Regional Surface Transportation Programs

These revenue assumptions are based on estimates provided by Caltrans and included in the 2018 Regional Transportation Improvement Program (RTIP) through FY 2022. The STP funds are flexible, and they may be used for a wide range of capital projects. The CMAQ Improvement funds are for projects that help reduce congestion and improve air quality. Eligible projects include the construction of high-occupancy vehicle 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. The estimate includes Highway Infrastructure Program (HIP) funds from FY 2021 through FY 2023 averaging $2.35 million per year based on the FY 2020 HIP apportionment being programmed over a 3-year period. Beginning in FY 2026, the estimate grows at 5% per year, with 10% increases every six years beginning in FY 2030.

- **Total Revenue:** $5.7 billion
- **Base Year:** 2020
- **Base Year Data Source:** Estimates from Caltrans through 2022
- **Growth Rate:** Assumes 5% growth per year with a 10% increase every six years beginning in 2030.

Federal Highway Administration Discretionary

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 SR 905 and State Route 11. The estimated amounts included in the 2021 Regional Plan are based on an annualized average based on the region's prior success in capturing discretionary funds. The 2024 base of $7.6 million is derived from the average funding awarded and programmed between FY 2011 and FY 2019. The estimate reflects 10% increases every six years beginning in FY 2030

- **Total Revenue:** $389 million
- **Base Year:** 2020
- **Base Year Data Source:** transportation.gov/BUILDgrants/about
- **Growth Rate:** Assumes a 10% increase every six years beginning in 2030.

Other Financing (Grant Anticipation Notes)

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 2021 Regional Plan assumes that SANDAG will securitize the federal funding. The amount of $471.861 million in Grant Anticipation Notes 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:** $294 million
- **Base Year:** 2020
- **Base Year Data Source:** Mid-Coast Financial Model 9.30.2019

Federal Railroad Administration (FRA/Discretionary)

The federal stimulus program began a new funding source under the Federal Railroad Administration (FRA) that 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 Rail Corridor (the second-busiest in the nation), it is anticipated that the projects in the San Diego region will be very competitive for both the ongoing FRA formula program and funding under the high-speed rail. The 2024 base of $4.21 million is derived from the average FRA funding awarded and programmed between FY 2011 and FY 2023 in the 2018 RTIP. Beginning in FY 2025, the estimate grows at 2% per year, with 10% increases every six years beginning in FY 2030.

- **Total Revenue:** $191 million
- **Base Year:** 2024
- **Base Year Data Source:** Actual award from ARRA and PRIIA
- **Growth Rate:** Assumes 2% growth per year with a 10% increase every six years beginning in 2030.

Corridors and Borders Infrastructure/Other Freight Funds

Under the FAST Act, up to 5% of the state's "any area" 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% share of the set-aside. The 2020 base estimate of $16 million assumes amounts from the 2020 STIP Fund Estimate for FY 20-FY 25. Beginning in FY 2026, the estimate grows at 5% per year, with 10% increases every six years beginning in FY 2030.

- **Total Revenue:** $1.3 billion
- **Base Year:** 2020
- **Base Year Data Source:** Actual receipts under Corridors and Borders Infrastructure escalated by Consumer Price Index
- **Growth Rate:** Assumes 5% growth per year beginning in 2026 with a 10% increase every six years beginning in 2030.

Transportation Infrastructure Finance and Innovation Act Loan Proceeds

In June 2017, the region secured a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan of $537.484 million at 2.72% 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
- **Base Year Data Source:** Actual TIFIA loan agreement terms

New Revenues

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 2021 Regional Plan assumes one-half cent measure following the 2024 presidential election. To remain conservative, the new revenue source is proposed to start after the current RTIP period of 2024.

- **Total Revenue:** $16.3 billion
- **Base Year:** 2025
- **Base Year Data Source:** Consistent with estimated *TransNet* starting in 2025
- **Growth Rate:** Same as *TransNet* above

Future MTS Local Revenues

Existing law (California Assembly Bill 805 [Gonzalez Fletcher, 2017]) authorizes MTS and NCTD to individually impose a specified transaction 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 2024 presidential election ballot. The 2021 Regional Plan assumes one-half cent measure starting after the 2024 presidential election.

- **Total Revenue:** $11.5 billion
- **Base Year:** 2025
- **Base Year Data Source:** Consistent with MTS estimates for their service area, starting in 2025
- **Growth Rate:** Short term: 2.7–3% until 2027; beginning in 2028 through 2050 annual growth rate of 2.4%

Ridehailing Company Service Fees

Studies find that ridehailing company services contribute to VMT and congestion. Other regions have tried to address this by levying a fee, which is used to mitigate impacts and encourage pooling while generating revenue for transit and other shared-use modes. Ridehailing company service fees would be per-trip for services such as Uber and Lyft that could vary by mileage, occupancy, or other trip factors. As additional studies consider the details of local implementation, the 2021 Regional Plan assumes a fee of $1.25 for non-pooled trips and $0.65 for pooled trips ($2020). These revenues are assumed to start in 2026.

- **Total Revenue:** $3.7 billion
- **Base Year:** 2026
- **Base Year Data Source:** SANDAG travel demand model for average number of TNC trips
- **Growth Rate:** Fee grows annually at 2.77%

Future State Revenues for Transportation

These are revenues associated with a Road User Charge that would apply a mileage-based fee to replace the gas tax, which is insufficient to support the state's highway and roadway infrastructure. As electric and hydrogen-powered personal vehicles become more affordable and revenue from fuel taxes continues to decline, road usage charging is also a way to make up for the loss in those revenues. Road use charging recognizes that any type of vehicle, whether powered by gas, electricity, or hydrogen, causes congestion and places wear and tear on transportation infrastructure. California Senate Bill 1077 (DeSaulnier, 2014) (SB 1077), enacted in 2014, authorized a pilot project in 2017 to investigate, design and provide recommendations to CalSTA and Caltrans regarding how to implement a road user fee in California. California Senate Bill 1328 (Beall, 2018) extended the Road Charge Technical Advisory Committee operations until January 2023. The Committee is continuing to gather public comment. The 2026 base of $714 million is based on a user fee of $2.3 cents ($.023) per mile with an annual VMT of 28 million miles from gasoline fueled vehicles and 1.6 million miles of diesel fueled vehicles. The VMT used for this calculation is based off SANDAG's VMT and Fuel Forecast for the 2021 Regional Plan. The annual increase of 2.7% equates to a half cent increase on an annual basis. California is not alone in testing this kind of program in order to maintain or increase transportation funding. A variety of states are in various phases of piloting and deploying a transition to a Road User Charge, including Utah, Texas, Oregon, and a Kansas/Minnesota joint effort. The 2021 Regional Plan assumes the fee to start in 2026.

- **Total Revenue:** $27.7 billion
- **Base Year:** 2026
- **Base Year Data Source:** SB 1077; similar legislation in other states
- **Growth Rate:** First year of implementation is 2026 at two cents ($2020) per mile. This rate grows annually at 2.7% until 2050.

Regional Road User Charge

As technology to administer mileage-based user fees improves, California Metropolitan Planning Organizations are exploring regional road user charge as a tool to meet climate goals and manage congestion while generating flexible revenue for local projects. As California selects an approach for the technology, collection methods, and account management system that will be used for the state mileage-based user fee, SANDAG will work towards leveraging the statewide system for a regional road user charge to benefit San Diego. While additional studies will be required to develop the details of the fee structure and revenue distribution of the regional implementation, the 2021 Regional Plan assumes a fee of two cents per mile traveled. The 2021 Regional Plan assumes the fee to start in 2026, aligning with the implementation of the state mileage-based user fee.

- **Total Revenue:** $27.7 billion
- **Base Year:** 2026
- **Base Year Data Source:** SANDAG travel demand model for vehicle miles traveled
- **Growth Rate:** First year of implementation is 2026 at two cents ($2020) per mile. This rate grows annually at 2.7% until 2050.

State Housing Revenue for Transportation Infrastructure

Beginning in FY 2025 and through FY 2030, California Senate Bill 795 (Beall, 2020) (SB 795) allocates funding for the redevelopment, development, acquisition, rehabilitation, and preservation of workforce and affordable housing, certain transit-oriented development, and projects promoting strong neighborhoods. Currently we are estimating the need for $3.8 billion ($2020) for low-income housing construction assistance for the Regional Housing Needs Assessment.

- **Total Revenue:** $4.4 billion
- **Base Year:** 2025
- **Base Year Data Source:** Historical receipts for the region
- **Growth Rate:** 2% until 2030. No revenue is assumed beyond 2030.

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. Current federal revenues are assuming increases based on no change to the federal gas tax and historical increases but are still running short of the need. In light of the dire situation, there has been discussion at the federal level of 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. The 2026 base of $244 million is based on a combination of VMT and millions of gasoline and diesel consumed using the model runs for the 2021 Regional Plan. The additional fee charged remains constant per year through FY 2023 and is assumed to increase by 6 cents every 6 years. This increase to the fee every 6 years allows a continuous stream of revenues due to the decrease in consumption of gasoline over time. Without a proposal or other viable programs, the 2021 Regional Plan assumes an increase to the gas tax starting in 2026 in addition to our current federal revenue assumptions.

- **Total Revenue:** $7.8 billion
- **Base Year:** 2026
- **Base Year Data Source:** 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.

Table V.2: Revenue Sources: Availability Assumptions and Risk Assessment

Revenue Sources: Availability Assumptions and Risk Assessment				
Revenue Source	**New or Existing**	**Availability Assumption**	**Potential Risk**	**Risk Mitigation**
Future Local Sales Tax Measures (regional and transit-specific)	New	Voters approve new sales tax measures for development and construction of regional transportation network priorities	Boards 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
Ridehailing Company Service Fees	New	Region establishes program similar to other jurisdictions to address congestion and VMT	Boards may choose to delay the vote; voters may reject the proposition	Alternative funding sources or delay projects
Value Capture/ Joint Use Agreements	New	Agreements with the private sector to extract value from underutilized assets, including transit-oriented development, broadband, and freight services	Local business partners fail or the partnerships do not materialize	Alternative funding sources substituted; RTP amended if needed
Road User Charges (regional and state)	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

Summary

The 2021 Regional Plan revenues are show in Tables V.3 and V.4 that reflect the assumptions in both escalated (year-of-expenditure [YOE]) dollars and 2020 dollars respectively.

Table V.3: Major Revenue Sources (in Millions of YOE Dollars)

Major Revenue Sources (in Millions of YOE Dollars)	FY 2021–2025	FY 2026–2035	FY 2036–2050	Total
Local				
TransNet	$1,661	$4,221	$9,033	$14,915
TransNet (Bond Proceeds)	$56	$0	$0	$56
Transportation Development Act	$994	$2,345	$4,240	$7,579
Developer Impact Fees	$201	$551	$492	$1,244
City/County Local Gas Taxes	$473	$794	$1,051	$2,319
General Fund/Miscellaneous Local Road Funds	$1,258	$3,149	$6,866	$11,273
Toll Road (SR 125) Funding	$142	$387	$1,593	$2,123
Value Capture/Joint Use Agreement	$617	$413	$1,657	$2,688
FasTrak Net Revenues	$79	$5,883	$16,020	$21,982
Passenger Fares	$687	$6,225	$15,901	$22,813
Motorist Aid Services – Toll Box Program	$49	$81	$112	$242
Subtotal	**$6,217**	**$24,051**	**$56,966**	**$87,234**
State				
State Transportation Improvement Program	$94	$505	$1,011	$1,610
State Transit Assistance Program	$267	$605	$1,535	$2,407
State Highway Account for Operations/Maintenance	$1,554	$4,523	$12,340	$18,417
Cap-and-Trade	$322	$771	$1,695	$2,788
State FASTLANE	$129	$400	$1,005	$1,534
State Managed Federal Programs	$244	$623	$1,936	$2,803
Freeway Service Patrol	$25	$49	$74	$148
Road Maintenance and Rehabilitation Account	$1,001	$5,786	$12,835	$19,622
Subtotal	**$3,636**	**$13,262**	**$32,431**	**$49,329**

Major Revenue Sources (in Millions of YOE Dollars)

	FY 2021–2025	FY 2026–2035	FY 2036–2050	Total
Federal				
Federal Transit Administration Discretionary	$615	$4,490	$10,382	$15,488
Federal Transit Administration Formula Programs	$668	$1,628	$3,789	$6,086
CMAQ/Regional Surface Transportation Program (RSTP)	$442	$1,289	$4,009	$5,740
Federal Highway Administration Discretionary	$48	$120	$222	$389
Other Financing (Grant Anticipation Notes)	$260	$34	$0	$294
Federal Rail Administration	$9	$55	$126	$191
Corridors and Borders Infrastructure/Other Freight Funds	$88	$293	$910	$1,291
TIFIA Loan Proceeds	$537	$0	$0	$537
Subtotal	**$2,668**	**$7,909**	**$19,438**	**$30,016**
New				
Future Local Revenues for Transportation	$0	$5,492	$10,840	$16,331
Future MTS Local Revenues for Transportation	$0	$4,399	$7,093	$11,491
Ridehailing Company Service Fees	$0	$1,058	$2,596	$3,654
Future State Revenues for Transportation	$0	$10,212	$17,477	$27,689
Regional Road User Charge	$0	$10,212	$17,477	$27,689
Housing Revenue (SB 795 Grants or similar)	$699	$3,712	$0	$4,411
Future Federal Revenues for Transportation	$0	$2,605	$5,150	$7,755
Subtotal	**$699**	**$37,689**	**$60,634**	**$99,023**
Grand Total Revenue Sources	**$13,221**	**$82,912**	**$169,469**	**265,601**

- Totals may not add up due to rounding

Table V.4: Major Revenue Sources (in Millions of 2020 Dollars)

Major Revenue Sources (in Millions of 2020 Dollars)				
	FY 2021–2025	FY 2026–2035	FY 2036–2050	Total
Local				
TransNet	$1,534	$3,182	$4,838	$9,554
TransNet (Bond Proceeds)	$53	$0	$0	$53
Transportation Development Act	$780	$1,617	$2,459	$4,855
Developer Impact Fees	$185	$417	$277	$878
City/County Local Gas Taxes	$438	$606	$572	$1,616
General Fund/Miscellaneous Local Road Funds	$1,162	$2,375	$3,672	$7,209
Toll Road (SR125) Funding	$131	$292	$890	$1,314
Value Capture/Joint Use Agreement	$541	$302	$875	$1,717
FasTrak Net Revenues	$73	$4,151	$8,700	$12,924
Passenger Fares	$450	$3,887	$9,158	$13,495
Motorist Aid Services - Toll Box Program	$45	$62	$61	$168
Subtotal	**$5,393**	**$16,889**	**$31,502**	**$53,784**
State				
State Transportation Improvement Program	$145	$334	$540	$1,019
State Transit Assistance Program	$223	$456	$826	$1,506
State Highway Account for Operations/Maintenance	$1,489	$3,360	$6,539	$11,388
Cap and Trade	$298	$581	$906	$1,785
State FASTLANE	$135	$288	$535	$957
State Managed Federal Programs	$226	$467	$1,021	$1,715
Freeway Service Patrol	$23	$37	$40	$100
Road Maintenance and Rehabilitation Account (RMRA)	$1,060	$4,315	$6,809	$12,184
Subtotal	**$3,600**	**$9,839**	**$17,216**	**$30,655**
Federal				
Federal Transit Administration Discretionary	$566	$3,371	$5,547	$9,484

Federal Transit Administration Formula Programs	$618	$1,228	$2,018	$3,863
Congestion Mitigation and Air Quality Improvement (CMAQ)/Regional Surface Transportation Program (RSTP)	$408	$967	$2,115	$3,490
Federal Highway Administration Discretionary	$44	$91	$119	$254
Other Financing (Grant Anticipation Notes)	$254	$27	$0	$281
Federal Rail Administration	$8	$42	$67	$117
Corridors and Borders Infrastructure/Other Freight Funds	$81	$219	$480	$781
TIFIA Loan Proceeds	$525	$0	$0	$525
Subtotal	**$2,504**	**$5,944**	**$10,347**	**$18,795**
New				
Future Local Revenues for Transportation	$0	$4,182	$5,806	$9,988
Future MTS Local Revenues for Transportation	$0	$3,409	$3,805	$7,213
Ridehailing Company Service Fees	$0	$796	$1,383	$2,179
Future State Revenues for Transportation	$0	$7,688	$9,488	$17,176
Regional Road User Charge	$0	$7,688	$9,488	$17,176
Housing Revenue (SB 795 Grants or similar)	$613	$3,000	$0	$3,613
Future Federal Revenues for Transportation	$0	$1,991	$2,757	$4,747
Subtotal	**$613**	**$28,753**	**$32,727**	**$62,093**
Grand Total Revenue Sources	**$12,109**	**$61,425**	**$91,793**	**$165,327**

- Totals may not add up due to rounding