Appendix V:
Funding and Revenues

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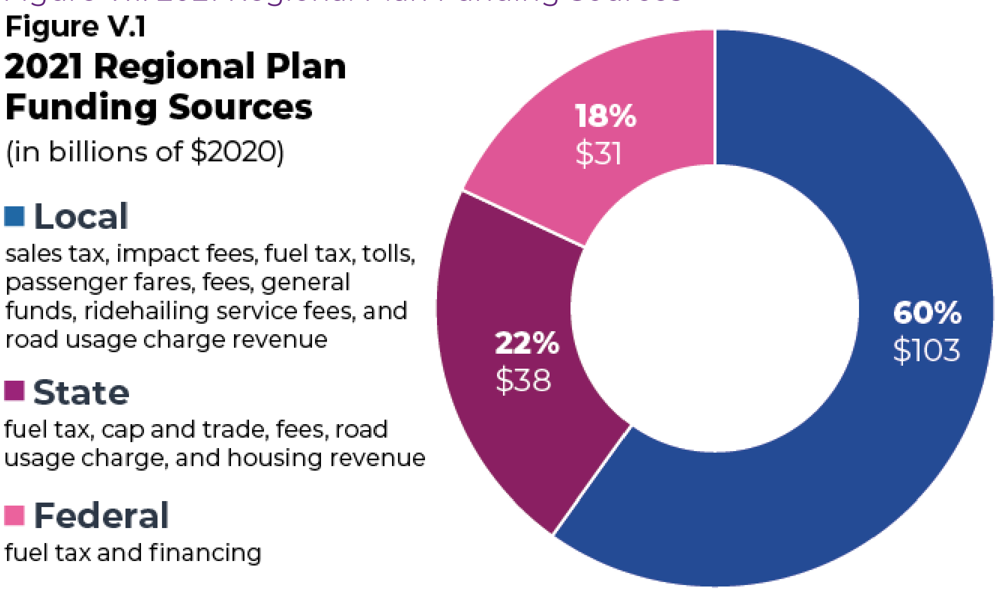
Appendix V:
Funding and Revenues

The purpose of this appendix is to explain the anticipated revenues to fund San Diego Forward: The 2021 Regional Plan (2021 Regional Plan) projects, programs, and services. The revenue sources are broken down by local, state, federal, and others.

The region continues to rely heavily on local sources of revenue. Roughly 60% of the plan is funded with local revenue streams which can be structured and implemented to be a critical tool used to advance regional environmental, economic, and equity goals. Local revenue streams also provide opportunity and flexibility to compete for federal and state competitive funding that requires a local contribution or match.

Figure V.1: 2021 Regional Plan Funding Sources



Despite state fuel tax increases established by California Senate Bill 1 (Beall, 2017) (SB 1), the Road Repair and Accountability Act of 2017, state and federal fuel taxes are not able to keep pace with increasing transportation costs and the impacts of increasing fuel efficiency on traditional revenue sources. A detailed explanation of the new sources of revenue assumed in the 2021 Regional Plan is provided beginning on page V-18 of this appendix.

The total revenue identified from potential revenue sources in this appendix exceeds the total cost estimates presented in Appendix U: Cost Estimation Methodology. The revenue sources reflect best estimates of what may reasonably be collected from various sources. Some of the sources require state or federal legislation to pass before going into effect; others require voter approval. SANDAG is committing to seeking new local funding in addition to pursuing state and federal funding opportunities as part of the suite of implementation activities identified in Appendix B: Implementation Actions of the 2021 Regional Plan. Where new funding sources are assumed, the starting dates of those sources are shown as the "base year." For existing revenue sources that are assumed to continue, those "base year" assumptions are 2020.

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.

Anticipated Revenues

All revenues shown below in the fund source descriptions are displayed in constant, 2020 dollars ($2020). In addition, revenues have also been escalated to nominal dollars based on escalation factors appropriate for the specific revenue source. Tables V.4 and V.5 provided at the end of this appendix reflect the assumptions in both escalated (year-of-expenditure [YOE]) dollars and $2020, respectively.[1]

A Peer Review Process (PRP) for the draft 2021 Regional Plan was held on May 5, 2020, to review and resolve, discuss, and gain consensus on revenue assumptions, appropriate base year data sources, and estimated growth rates. The PRP included internal and external stakeholders and subject-matter experts. A second PRP was held on August 2, 2021, to conduct a similar review for the final 2021 Regional Plan.

Each revenue stream has its own unique funding guidelines and purpose. Table V.1 provides details on how our different transportation needs are funded.

[1] The details for each fund type are shown in the paragraphs below and can be found in the "Regional Plan Revenue – FINAL" file developed for the 2021 Regional Plan.

Table V.1: Transportation Fund Sources

Transportation Fund Sources

Fund Source	Eligible Uses: Transit Capital	Transit Ops	Hwy Cap	Hwy Ops	Local S&R	ATP/ Programs	Debt Service
TransNet		X	X		X	X	X
TransNet (Bond Proceeds)	X		X			X	
Transportation Development Act	X	X				X	
Developer Impact Fees					X		
City/County Local Gas Taxes					X	X	
General Fund/ Miscellaneous Local Road Funds	X		X		X	X	
Toll Road Funding (SR 125)			X	X			
Value Capture/ Joint Use Agreement	X		X				
FasTrak® Revenues	X	X	X	X			
Passenger Fares		X					
Motorist Aid Services – Toll Box Program						X	
State Transportation Improvement Program	X		X			X	
State Transit Assistance Program	X	X					
State Highway Operation and Protection Program, and Maintenance and Operations Program			X	X			
Cap-and-Trade	X	X				X	
State FASTLANE	X		X		X		
State Managed Federal Programs					X	X	
Motorist Aid Services – Freeway Service Patrol						X	
Road Maintenance and Rehabilitation Account	X	X	X		X	X	
Federal Transit Administration Discretionary	X						X

Transportation Fund Sources

Fund Source	Eligible Uses						
	Transit Capital	Transit Ops	Hwy Cap	Hwy Ops	Local S&R	ATP/ Programs	Debt Service
Federal Transit Administration Formula Programs	X	X				X	
Congestion Mitigation and Air Quality Improvement/ Regional Surface Transportation Programs	X		X			X	
Federal Highway Administration Discretionary			X				
Other Financing (Grant Anticipation Notes)	X						
Federal Rail Administration	X		X			X	
Corridors and Borders Infrastructure/ Other Freight Funds	X		X				
Transportation Infrastructure Finance and Innovation Act Loan Proceeds	X						
Future Local Revenues for Transportation	X		X		X	X	X
Future Metropolitan Transit System Local Revenues for Transportation	X	X					
Ridehailing Company Service Fees	X						
Future State Revenues for Transportation	X		X				
Regional Road Usage Charge	X					X	
State Housing Revenue for Transportation Infrastructure						X	
Future Federal Revenues for Transportation	X		X				

Local Revenues

The TransNet Program

The *TransNet* Program is a voter-approved half-cent sales tax for transportation purposes in the San Diego region. It was approved by voters in 2004 and will generate $11.1 billion in $2020 for regional transportation improvements for the remaining years of the measure (2021–2050).

- **Total Revenues:** Approximately $11.1 billion ($2020), including bond proceeds (2021–2050)
- **Base Year:** 2020
- **Base Year Data Source:** Actual sales tax receipts to FY 2020; future estimates come from the Quarterly *TransNet* Forecast from July 2021
- **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 to be used 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 are also based on the growth of sales taxes. However, the tax base for *TransNet* and TDA is slightly different; whereas *TransNet* is a sales and use tax, TDA is a 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 individuals with disabilities.

- **Total Revenues:** $4.7 billion ($2020)
- **Base Year:** 2020
- **Base Year Data Source:** Actual sales tax receipts to FY 2020
- **Growth Rate:** Future growth rates come from the Quarterly *TransNet* Forecast from July 2021

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 2022 base fee of $2,635 per housing unit, approved by the SANDAG Board of Directors at its February 2019 meeting, calculates to an annual revenue of $32.060 million. Revenue growth rate stays at a minimum constant at 2% throughout the estimate and is dependent on housing growth. 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 Series 14 Regional Growth Forecast for housing. 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:** $575 million ($2020)
- **Base Year:** 2020
- **Base Year Data Source:** California Department of Finance population estimates (January 2020) and SANDAG Series 14 Regional Growth Forecast for housing
- **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 the 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 decrease in gallons of gasoline sold, annual revenues for gas taxes are expected to decrease at an average rate of 2% annually with a plateau in 2035 and decreasing an average of 0.3% until 2050.

- **Total Revenues:** $1.5 billion ($2020)
- **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), (−2% annually until 2035; −0.3% until 2050)

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 4.4% and the five-year average is 9%. A 3% growth rate was assumed for the remainder of the 2021 Regional Plan period to remain fiscally conservative as growth has been uneven due to the pandemic.

- **Total Revenue:** $7.4 billion ($2020)
- **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 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. Estimates were taken from a traffic and revenue study completed by the consulting firm Stantec that supported the refinancing of SANDAG's outstanding SR 125 loans and issuance of the toll revenue first senior lien bonds, 2017 Series A. Amount included is net after debt service costs and based on the 2017 traffic and revenue estimate.

- **Total Revenue:** $1.3 billion ($2020)
- **Base Year:** 2020
- **Base Year Data Source:** Toll estimates for SR 125

Value Capture/Joint Use Agreement

These revenue estimates represent the combined amount expected to be available from partnership opportunities. There are two components of the land value capture revenue estimates. The first source of revenues comes from joint development opportunities at transit stations. These revenue estimates were calculated on the assumption that one out of three new transit stations built through the 2021 Regional Plan would include right-of-way prime for joint development. Ground lease estimates were based on the average of three recent projects in the region. The second source of land value capture revenue estimates comes from an assumption around the creation of an Enhanced Infrastructure Financing District (EIFD) around the Central Mobility Hub. An EIFD works by diverting future increases in property tax revenues that will result from the project due to the increasing property values. Bonding against those future increased property tax revenues can be used to pay for infrastructure improvements. The EIFD revenue estimates used existing property values around the potential Central Mobility Hub site and included assumptions around property turnover rates (which would result in properties being reassessed) and the impact Central Mobility Hub would have on property tax revenue from the increased density (on site) and increased property values for land surrounding the project. Additional revenues were also assumed to be generated from partnership opportunities with commercial freight and broadband partners. The excess weight ancillary revenues assumed that revenues could be generated from commercial trucks that purchase permits for vehicles carrying excess weight at the Otay Mesa East Port of Entry. These estimates were based on existing excess weight fee programs in the United States as well as projected commercial truck traffic at the Otay Mesa East Port of Entry. These revenues would support the provision of ancillary services such as truck refrigeration. The broadband revenues assumed new opportunities to expand fiber infrastructure to support the buildout of the digital infrastructure network needed to support Complete Corridor technology improvements. Estimates were based on the proposed fiber optic mileage for Complete Corridors and an estimated cost per mile for fiber employing a P3 delivery model. The cost per mile assumption was based on other similar fiber infrastructure projects in the nation.

- **Total Revenue:** $1.4 billion ($2020)
- **Base Year:** 2020
- **Base Year Data Source:** Agreement with San Diego County Regional Airport Authority, estimated value of Central Mobility Hub EIFD, existing transit joint development revenues (San Diego), existing overweight truck permit program revenues, and existing fiber lease agreements

FasTrak® Revenues

FasTrak® revenues are based on the 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, an interactive dashboard model developed by SANDAG's consultant, HNTB, that can be used to forecast Managed Lane performance and revenues. It has been used by agencies around the country to inform implementation of Managed Lane projects, phasing, and the development of associated operational policies. The tool's methodology uses revealed preference data from existing operating Managed Lanes across the country that were specifically selected to be representative based on conditions found to be similar to facilities in the San Diego region. Toll rates are not specifically included in the model, since most of these facilities are dynamically priced and it is found that revenues from existing facilities are generally most closely related to congestion levels, which are the biggest driver in consumer behavior for Managed Lanes. The model analyzes existing traffic and proposed lane configuration for the San Diego facilities that are included in the Managed Lane network to assign traffic volumes. It assumes a baseline volume must be reached before drivers will be willing to pay for the Managed Lanes. Usage of the Managed Lanes is predicted based on the overall level of demand above the baseline volume, available capacity in the Managed Lane, and remaining capacity in the general-purpose lanes. It includes assumptions around high occupancy vehicle and clean air vehicle policies and discounts, traffic levels, growth rates, cost assumptions, and lane capacity. Estimated future revenue is based on the planned opening of Managed Lanes—819 new miles of Managed Lanes through 2050.

- **Total Revenue:** $19.2 billion ($2020)
- **Base Year:** 2020
- **Base Year Data Source:** Current traffic volumes and projected traffic growth rates

Passenger Fares

Through 2022, passenger fares are based on the estimates 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 based on model output ridership by route combined with average passenger fares by type. Passenger fares do not include fare subsidies which are included as costs in Appendix U: Cost Estimation Methodology.

- **Total Revenue:** $12.8 billion ($2020)
- **Base Year:** 2020
- **Base Year Data Source:** To 2025, as estimated by the two transit agencies in June 2021 as included in the annual transit agency budgets (June 18, 2021, SANDAG Transportation Committee Agenda Item #5),[2] future years (2026–2050) is calculated at a 35% farebox recovery ratio based on planned existing and new services

[2] An additional 25% in passenger fare revenues were added in the 2022 assumptions to reflect the opening of Mid-Coast Trolley service in late 2021. Furthermore, an additional 25% was added for each year in 2023, 2024, and 2025 to reflect the initiation of select *Rapid* Light services and other operational improvements and program enhancements.

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 freeways and rural highways. 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 (DMV). Estimates include DMV fee revenues with a growth rate of 0.5% from FY 2019 through FY 2050 as well as interest income.

- **Total Revenue:** $160 million ($2020)
- **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 (RIP) 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 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. The STIP funds also are available for efforts to manage demands on the transportation system and for planning, programming, and monitoring activities.

- **Total Revenues:** $926 million ($2020)
- **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 six years beginning in 2030.

State Transit Assistance Program

State Transit Assistance Program 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 2036 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:** $1.4 billion ($2020)
- **Base Year:** 2020
- **Base Year Data Source:** 2020 Apportionment Estimate from the State Controller's Office
- **Growth Rate:** 3%

State Highway Operation and 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 Operation and Protection Program (SHOPP). The SHOPP is funded from state and federal sources, including SB 1.

- **Total Revenue:** $11.6 billion ($2020)
- **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:** $1.6 billion ($2020)
- **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 (TCEP), 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:** $870 million ($2020)
- **Base Year:** 2020
- **Base Year Data Source:** Based on the 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:** $1.6 billion ($2020)
- **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 (FSP) 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:** $96 million ($2020)
- **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 and Trade Corridors Improvement Fund. The Local Partnership Program (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:** $11.6 billion ($2020)
- **Base Year:** 2020
- **Base Year Data Source:** rebuildingca.ca.gov
- **Growth Rate:** Varies by program, as shown in Table V.2

Table V.2: Road Maintenance and Rehabilitation Account

Road Maintenance and Rehabilitation Account			
Program	**Total Revenue ($2020 billions)**	**Short-Term Growth Rate**	**Long-Term Growth Rate**
Solutions for Congested Corridors	$6.51	N/A	10% increase every five years beginning in 2030
Trade Corridor Enhancement Program	$1.16	2%	5%
Active Transportation Program	$0.44	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	$0.36	N/A	10% increase every five years beginning in 2030
State of Good Repair Program	$0.19	2%	Assumes 2% per year with a 5% increase every six years beginning in 2030
Local Streets and Roads	$2.86	2%	Assumes 2% per year with a 10% increase every six years beginning in 2030
State Rail Assistance Program	$0.10	N/A	0%

Federal Revenues

Federal Transit Administration Discretionary

The Federal Transit Administration (FTA) discretionary program assumed in the 2021 Regional Plan is the Full Funding Grant Agreement (FFGA) for both large and small transit projects which provide 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 Trolley 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.

- **Total Revenue:** $18.1 billion ($2020)
- **Base Year:** 2020
- **Base Year Data Source:** Assumes one large New Starts eligible project and three Small Starts eligible projects 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 used to calculate future revenues for the 2021 Regional Plan. Annually FTA 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:** $3.7 billion ($2020)
- **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 Program/Regional Surface Transportation Program

These revenue assumptions are based on estimates provided by Caltrans and included in the 2018 Regional Transportation Improvement Program (RTIP) through FY 2022. The Regional Surface Transportation Program (RSTP) funds are flexible, and they may be used for a wide range of capital projects. The Congestion Mitigation and Air Quality (CMAQ) Improvement Program 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:** $3.3 billion ($2020)
- **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 SR 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:** $259 million ($2020)
- **Base Year:** 2020
- **Base Year Data Source:** transportation.gov/RAISEgrants/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 assumes 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 $472 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. Full receipt of the FFGA funds from FTA is expected in 2026. This is a one-time borrowing for this particular project.

- **Total Revenue:** $267 million ($2020)
- **Base Year:** 2020
- **Base Year Data Source:** Mid-Coast Financial Model 9.30.2019

Federal Railroad Administration (FRA/Discretionary)

Federal stimulus programs began a new funding source under the Federal Railroad Administration (FRA) that has awarded funding under the 2009 American Recovery and Reinvestment Act (ARRA) as well as under the 2008 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:** $107 million ($2020)
- **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 Fixing America's Surface Transportation Act, up to 5% of the state's "any area" RSTP 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 2020–FY 2025. Beginning in FY 2026, the estimate grows at 5% per year, with 10% increases every six years beginning in FY 2030.

- **Total Revenue:** $710 million ($2020)
- **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 million at 2.72% interest from the U.S. Department of Transportation for the Mid-Coast Trolley. 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:** $525 million ($2020)
- **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 a one-half cent measure following the 2022 election and another one-half cent measure following the 2028 presidential election. SANDAG is committed to seeking this revenue source through the implementation of Action Item #5 included in Appendix B: Implementation Actions which is to secure additional local funding for 2021 Regional Plan investments through a ballot initiative.

- **Total Revenue:** $21.6 billion ($2020)
- **Base Year:** 2023
- **Base Year Data Source:** Consistent with estimated *TransNet* starting in 2023
- **Growth Rate:** Same as *TransNet* above

Future Metropolitan Transit System 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 an upcoming election ballot. The 2021 Regional Plan assumes one-half cent measure starting after the 2024 presidential election. SANDAG is committed to seeking this revenue source through the implementation of Action Item #5 included in Appendix B: Implementation Actions which is to pursue funding opportunities that align with the goals of the 2021 Regional Plan.

- **Total Revenue:** $6.1 billion ($2020)
- **Base Year:** 2025

- **Base Year Data Source:** Consistent with MTS estimates for their service area, starting in 2025
- **Growth Rate:** 2026 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:** $1.3 billion ($2020)
- **Base Year:** 2026
- **Base Year Data Source:** SANDAG travel demand model for average number of ridehailing trips
- **Growth Rate:** Fee grows annually at 2.77%

Future State Revenues for Transportation

While the passage of SB 1 created a significant source of on-going state transportation funding, the revenue generated continues to be based on excise tax on gasoline and diesel fuels. Consumption of fuel will decrease as fuel efficiency and the adoption of alternative fuel vehicles increases. California is leading the nation in efforts to reduce greenhouse gas emissions and develop renewable energy—further moving away from gasoline and diesel consumption. The state will likely need to act to replace or supplement the current gas tax to maintain the state highway system. Whether through an increase to the gas tax or a move to a user-based fee, the plan assumes action by the state by 2030.

The October 2018 Mineta Institute Report: The Future of California Transportation Revenue projected future gas and diesel tax revenues and statewide VMT. The original figures from the Mineta data tables were adjusted to $2020 and then used to determine the “gap” between the 2020 rate per VMT and the estimated future rate per VMT.

The state has been concerned for quite some time about the purchasing power of existing fuel taxes and has been investigating things like road usage charges as a means of filling the future funding gap.

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) authorized a pilot project in 2017 to investigate, design, and provide recommendations to the California State Transportation Agency and Caltrans regarding how to implement a road usage 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.

A state road usage charge or other state transportation funding increase is assumed at a level that covers the funding gap created as fuel taxes depreciate over time due to greater fuel efficiency. 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 usage charge, including Utah, Texas, Oregon, and a Kansas/Minnesota joint effort. The 2021 Regional Plan assumes additional revenues will start in 2030 to fund the gap.

- **Total Revenue:** $5 billion ($2020)
- **Base Year:** 2030
- **Base Year Data Source:** SB 1077; similar legislation in other states
- **Growth Rate:** First year of implementation is 2030

Regional Road Usage Charge

As technology to administer mileage-based usage fees improves, California metropolitan planning organizations are exploring regional road usage charges 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 usage fee, SANDAG will work toward leveraging the statewide system for a regional road usage 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 3.3 cents ($2020) per mile traveled beginning in 2030. The 2021 Regional Plan assumes the fee to start in 2030, aligning with the implementation of the state mileage-based usage fee. The combined road usage charge between the state and the regional road usage charge remains constant at four cents ($2020) per mile through 2050. By 2050 the regional per mile fee is reduced to 2.8 cents ($2020) per mile. SANDAG is committed to seeking this revenue source through the implementation of Action Item #4 included in Appendix B: Implementation Actions which is to pursue legislation or another mechanism to administer a regional road usage charge.

- **Total Revenue:** $14.2 billion ($2020)
- **Base Year:** 2030
- **Base Year Data Source:** SANDAG travel demand model for VMT
- **Growth Rate:** First year of implementation is 2030 at 3.3 cents ($2020) per mile

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:** $3.6 billion ($2020)
- **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 six years. This increase to the fee every six 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:** $4.2 billion ($2020)
- **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 a 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 2026; additional 6 cent increases in 2030, 2036, 2042, and 2048

Table V.3: 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 system 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; Regional Plan amended if needed
Road Usage 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 measures	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 shown in Tables V.4 and V.5 and reflect the assumptions in both escalated (YOE) dollars and $2020 respectively.

Table V.4: 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)	$53	$0	$0	$53
Transportation Development Act	$815	$2,070	$4,430	$7,314
Developer Impact Fees	$166	$379	$236	$781
City/County Local Gas Taxes	$452	$749	$1,003	$2,204
General Fund/Miscellaneous Local Road Funds	$1,291	$3,232	$7,046	$11,569
Toll Road (SR 125) Funding	$136	$369	$1,517	$2,022
Value Capture/ Joint Use Agreement	$514	$365	$1,381	$2,261
FasTrak® Net Revenues	$75	$4,923	$29,209	$34,207
Passenger Fares	$519	$4,979	$16,232	$21,731
Motorist Aid Services – Toll Box Program	$46	$77	$107	$230
Subtotal	**$5,729**	**$21,364**	**$70,194**	**$97,287**
State				
State Transportation Improvement Program	$142	$403	$919	$1,464
State Transit Assistance Program	$220	$550	$1,418	$2,188
State Highway Account for Operations/Maintenance	$1,676	$4,537	$12,534	$18,747
Cap-and-Trade	$293	$700	$1,541	$2,535
State FASTLANE	$133	$348	$914	$1,394
State Managed Federal Programs	$232	$594	$1,843	$2,669
Freeway Service Patrol	$24	$47	$71	$141
Road Maintenance and Rehabilitation Account	$3,143	$6,060	$7,922	$17,126
Subtotal	**$5,862**	**$13,240**	**$27,163**	**$46,264**

Major Revenue Sources (in Millions of YOE Dollars)				
	FY 2021–2025	FY 2026–2035	FY 2036–2050	Total
Federal				
Federal Transit Administration Discretionary	$1,958	$13,777	$11,608	$27,344
Federal Transit Administration Formula Programs	$636	$1,551	$3,609	$5,796
Congestion Mitigation and Air Quality Improvement/Regional Surface Transportation Programs	$421	$1,228	$3,818	$5,466
Federal Highway Administration Discretionary	$55	$119	$221	$394
Other Financing (Grant Anticipation Notes)	$248	$32	$0	$280
Federal Rail Administration	$9	$50	$115	$174
Corridors and Borders Infrastructure/ Other Freight Funds	$80	$266	$828	$1,174
TIFIA Loan Proceeds	$537	$0	$0	$537
Subtotal	**$3,944**	**$17,023**	**$20,198**	**$41,165**
New				
Future Local Revenues for Transportation	$3,697	$13,090	$11,056	$27,844
Future MTS Local Revenues for Transportation	$279	$3,185	$6,448	$9,912
Ridehailing Company Service Fees	$0	$636	$1,465	$2,101
Future State Revenues for Transportation	$0	$1,511	$7,367	$8,878
Regional Road Usage Charge	$0	$6,003	$18,444	$24,447
Housing Revenue (SB 795 Grants or similar)	$699	$3,712	$0	$4,411
Future Federal Revenues for Transportation	$0	$2,149	$4,870	$7,019
Subtotal	**$4,675**	**$30,287**	**$49,649**	**$84,611**
Grand Total Revenue Sources	**$20,210**	**$81,914**	**$167,203**	**$269,327**

Totals may not add up due to rounding.

Table V.5: 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	$1,589	$3,492	$5,962	$11,043
TransNet (Bond Proceeds)	$50	$0	$0	$50
Transportation Development Act	$752	$1,560	$2,373	$4,685
Developer Impact Fees	$154	$287	$135	$575
City/County Local Gas Taxes	$419	$571	$545	$1,535
General Fund/Miscellaneous Local Road Funds	$1,193	$2,437	$3,769	$7,398
Toll Road (SR125) Funding	$125	$278	$847	$1,250
Value Capture/ Joint Use Agreement	$451	$268	$729	$1,448
FasTrak® Net Revenues	$69	$3,502	$15,658	$19,229
Passenger Fares	$474	$3,697	$8,631	$12,803
Motorist Aid Services – Toll Box Program	$43	$59	$58	$160
Subtotal	**$5,319**	**$16,152**	**$38,706**	**$60,177**
State				
State Transportation Improvement Program	$132	$304	$491	$926
State Transit Assistance Program	$203	$415	$751	$1,369
State Highway Account for Operations/Maintenance	$1,552	$3,408	$6,642	$11,602
Cap and Trade	$271	$528	$824	$1,622
State FASTLANE	$123	$262	$486	$870
State Managed Federal Programs	$215	$445	$973	$1,633
Freeway Service Patrol	$22	$36	$38	$96
Road Maintenance and Rehabilitation Account	$2,854	$4,544	$4,212	$11,611
Subtotal	**$5,372**	**$9,941**	**$14,417**	**$29,730**
Federal				
Federal Transit Administration Discretionary	$1,775	$10,197	$6,114	$18,086
Federal Transit Administration Formula Programs	$588	$1,169	$1,922	$3,679

Congestion Mitigation and Air Quality Improvement/Regional Surface Transportation Programs	$389	$921	$2,015	$3,324
Federal Highway Administration Discretionary	$50	$90	$119	$259
Other Financing (Grant Anticipation Notes)	$242	$26	$0	$267
Federal Rail Administration	$8	$38	$61	$107
Corridors and Borders Infrastructure/Other Freight Funds	$74	$200	$437	$710
TIFIA Loan Proceeds	$525	$0	$0	$525
Subtotal	**$3,651**	**$12,639**	**$10,667**	**$26,957**
New				
Future Local Revenues for Transportation	$3,472	$10,753	$7,329	$21,554
Future MTS Local Revenues for Transportation	$244	$2,405	$3,459	$6,108
Ridehailing Company Service Fees	$0	$479	$780	$1,259
Future State Revenues for Transportation	$0	$1,079	$3,898	$4,977
Regional Road Usage Charge	$0	$4,307	$9,923	$14,229
Housing Revenue (SB 795 Grants or similar)	$613	$3,000	$0	$3,613
Future Federal Revenues for Transportation	$0	$1,652	$2,574	$4,216
Subtotal	**$4,329**	**$23,664**	**$27,963**	**$55,956**
Grand Total Revenue Sources	**$18,670**	**$62,397**	**$91,753**	**$172,820**

Totals may not add up due to rounding.