plan

CHAPTER FOUR

Finance Plan

CHAPTER 4

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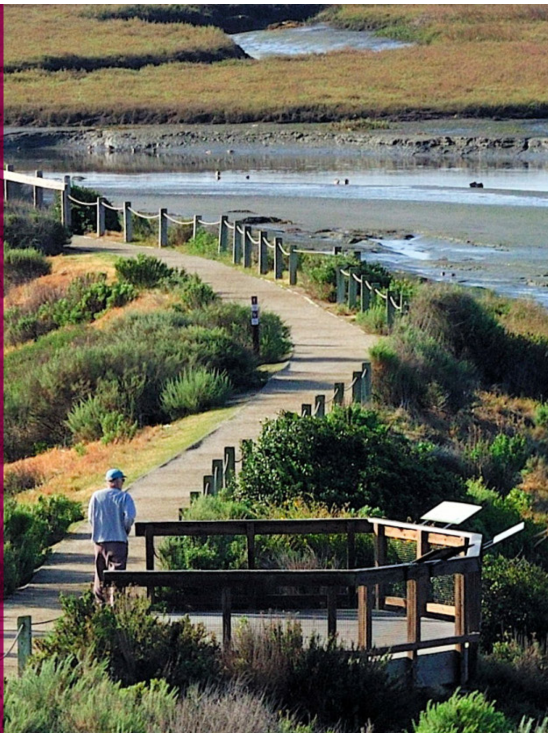
FINANCIAL PLAN
Overview

The Financial Plan identifies potential funding sources that can support the region's transportation investments, including new projects and programs and maintaining our existing transportation system. Federal law requires SANDAG to develop a Regional Plan built on reasonable assumptions of the revenue that will be available during the life of the plan. Over the next 25 years, the Regional Plan anticipates that federal, state, and local funds totaling approximately $130 billion will be available to fund projects, programs, and services. Not all of the money will be available immediately, and a majority of the funding is tied to certain types of projects (such as transit infrastructure or highway operations and maintenance). SANDAG does not have the authority to move those funds to different types of projects. The plan has to be consistent with requirements set by Congress and/or the state legislature.



FUNDING
Sources

The 2025 Regional Plan will be funded by a combination of federal, state, and local revenue. Federal funds amount to 22% (Figure 4.1), state funds make up 20%, and local funds account for 58% of the total project revenue. The revenue sources described in Appendix I reflect the best estimates of what may reasonably be collected from various sources. Some of the sources require state and federal legislation to pass before going into effect. Others require voter approval. Because funding will not be available all at once, projects will be constructed as money becomes available, as shown in Figure 4.2. For more details, **Appendix I** outlines a summary and assumptions for each revenue category source.

Figure 4.1 2025 Regional Plan Funding Sources (2024$)

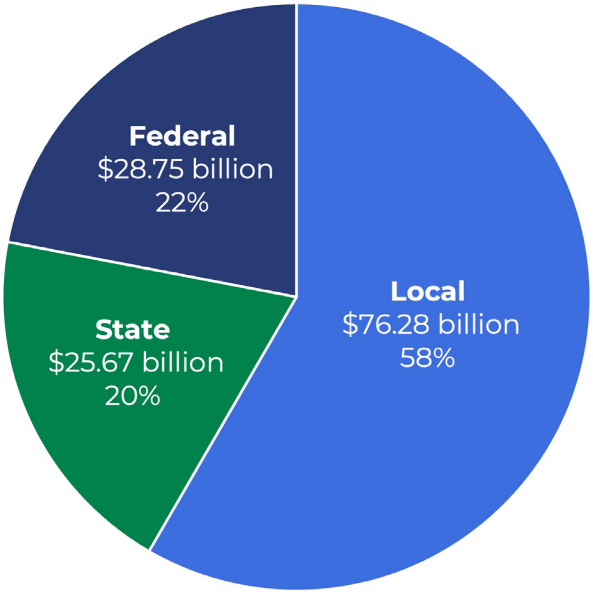
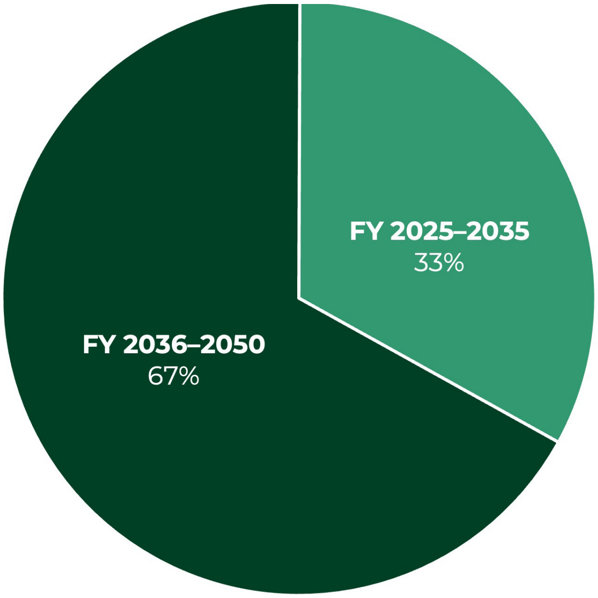


Figure 4.2 2025 Regional Plan Phased Revenues



Summary of Funding Sources

Below is a summary of each federal, state, and local funding revenue source and the assumptions this plan makes for each source. All revenues have been escalated to the year those dollars are expended, and they are based on the escalation factor appropriate for that specific revenue source. Additional details for each funding source are included in **Appendix I**.

Federal

Federal sources of revenue that support regional planning efforts include a variety of funding programs administered by the Federal Transit Administration (FTA)—such as discretionary grants for transit capital projects and service improvements. Additionally, allocations from the Federal Highway Administration (FHWA) provide critical funding for surface transportation infrastructure through programs like the Surface Transportation Block Grant (STBG) and Congestion Mitigation and Air Quality (CMAQ). Other federal funding may also come from competitive grant programs such as Infrastructure for Rebuilding America (INFRA) and Rebuilding American Infrastructure with Sustainability and Equity (RAISE).

State

State funding sources are essential to advancing SANDAG's regional planning and transportation initiatives. These include revenues from the Road Maintenance and Rehabilitation Account (RMRA), established by Senate Bill 1 (SB 1), which provides dedicated funding for the maintenance and improvement of local and regional transportation infrastructure. The State Highway Operation and Protection Program (SHOPP) also contributes significant resources to preserve and enhance the safety and performance of the state highway system. In addition to these, SANDAG leverages funding from programs such as the Active Transportation Program (ATP), Transit and Intercity Rail Capital Program (TIRCP), and Solutions for Congested Corridors Program (SCCP), which support projects aimed at increasing mobility, reducing greenhouse gas emissions, and improving transportation network connectivity throughout the region.

Local

Local funding sources are a critical component of SANDAG's financial strategy for regional planning and transportation improvements. Historically, SANDAG has been successful in leveraging local funding to attract state and federal funding to help fund projects. Through FY 2025, SANDAG has been able to leverage funding with a 3.1 to 1 ratio, which means that every $1 of TransNet brings in over $3 of state/federal funding. A primary source is TransNet, the region's voter-approved half-cent sales tax dedicated to transportation projects, which supports a wide range of capital, transit, and active transportation investments. General local funds, including contributions from member agencies and other local sources, provide flexibility to support planning activities, project development, and match requirements for state and federal grants.

Assumptions

New Revenue Sources

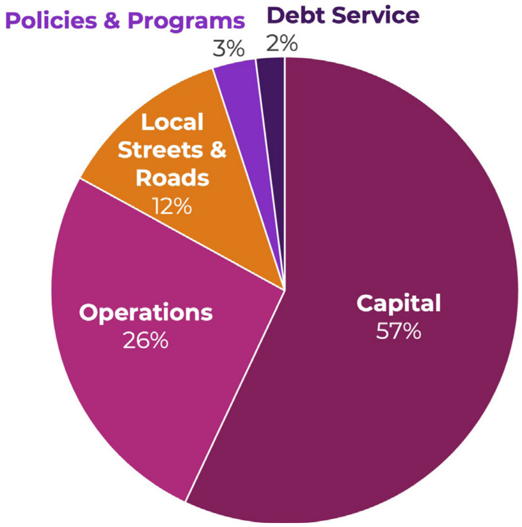
It is harder to predict how much money we'll get from new funding sources than from existing ones. The Regional Plan takes into account assumptions for new funding sources at the local, state, and federal levels. These new sources could include new taxes, fees, or advertising and naming rights agreements. The actual timing and amount of these funds may vary. However, given how funding sources have been approved historically, it is reasonable to assume that new funding sources will continue to be established. We assume that none of the new sources will begin prior to 2028, and they would be required to complete all of the projects in the Regional Plan. Most of this new funding will be locally based, with the remaining funding coming through the state. We do not anticipate any new federal funding for the plan. **Appendix I** contains details on the various types of reasonably anticipated new revenues we can expect to receive, along with their respective risk assessments.

Transportation Investments

The 2025 Regional Plan allocates investments across several essential categories, which collectively provide an overview of the financial commitments outlined in the plan. These categories include capital investments, operational expenditures, investments in local streets and roads, program funding, and debt service, as illustrated in Table 4.1.

Table 4.1 2025 Regional Plan Transportation Investments
Note: Totals may not add up due to rounding

Expenditure Category	Cost (millions of 2024$)	Cost (% of Total)
Capital	$71,919	57%
Operations	$32,540	26%
Local Streets and Roads	$14,830	12%
Policies and Programs	$3,611	3%
Debt Service	$2,596	2%
TOTAL	**$125,496**	**100%**



More than half of our planned expenditures are related to capital projects, while another quarter is allocated to operating and maintaining the transportation network. Capital expenditures primarily consist of Complete Corridors (including TransNet Major Corridor projects), transit, and active transportation projects. Operation and maintenance costs support highways, transit, and microtransit/Flexible Fleets. In addition, $14.8 billion will be allocated for local streets and roads projects. Programs and policies are budgeted at $3.6 billion, with debt service costs amounting to $2.6 billion. Expenditures are shown in Table 4.2 with more detail about project types in **Appendix A**.

Table 4.2 2025 Regional Plan Planned Expenditures

Note: Totals may not add up due to rounding

Expenditure Category	FY 2025-2035	FY 2036-2050	Cost (millions of 2024$)
Complete Corridors	$11,271	$13,517	$24,787
Active Transportation	$1,079	$4,272	$5,351
Transit	$23,675	$50,209	$73,883
Flexible Fleets	$55	$146	$201
Transportation System Management	$109	$128	$237
Supporting Policies and Programs	$1,418	$2,193	$3,611
Local Projects	$6,543	$8,287	$14,830
Debt Service	$1,380	$1,216	$2,596
TOTAL	**$45,529**	**$79,967**	**$125,496**

Cost Escalation

Over the next 25 years, we plan to deliver many projects, programs, and policies. We allocate project expenses across several years to align with standard development timelines, while program and policy costs are distributed to correspond with expected investment levels over time. We have provided all costs in both current dollar values (2024$) and in year-of-expenditure (YOE) dollars. Cost estimates in YOE dollars incorporate escalation rates to reflect the anticipated cost to construct, operate, and maintain all of the elements of the plan over time. By comparing estimated costs and revenues in YOE dollars, we can effectively determine a suitable strategy for phasing our investments, which is essential for meeting both state and federal requirements for a financially constrained plan. Additional information can be found in **Appendix H**.

Unplanned Funding Shifts

Planning for investments funded with anticipated revenue can be challenging. Table I.4: Revenue Sources: Availability Assumptions and Risk Assessment, in **Appendix I**, highlights potential risk and risk mitigation for each revenue source and how we might be able to address them in the future. Although future revenue is based on trends for existing revenue sources, there may be significant changes that cannot be predicted. These include political shifts, economic downturns, and the approval of new funding sources. The Regional Plan is updated every four years to take into account these changes and to make the necessary adjustments to the timing and availability of revenue for projects.

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