Chapter 5

Financial Strategies: Paying Our Way

Chapter Contents

The financial analysis of the recommended transportation improvements in the 2050 Regional Transportation Plan (RTP or the Plan) focuses on four components: Systems Development (transit, managed lanes and highways, local streets and roads, grade separations, and goods movement projects), Land Use, Systems Management, and Demand Management. The capital, operating, maintenance, and rehabilitation costs of the region's transportation systems during the next 41 years are compared with forecasts of available revenues. Actions are recommended to obtain the revenues necessary to implement improvements included in the Plan. The level of improvements possible under the revenue constrained scenario is included as part of the financial analysis.

A revenue constrained forecast scenario has been developed for the 2050 RTP

Unconstrained Needs

Based on the analysis of travel demand in the region to 2050, needs have been identified for transportation improvements and associated operations, maintenance, and rehabilitation. These needs require funding above and beyond assumed revenues. While no specific discussion is included regarding revenues needed to meet these Unconstrained Needs, this document does include the level of investment needed to fully fund the desired list of projects through 2050.

A revenue constrained forecast scenario has been developed for the 2050 RTP. This scenario includes a general description of the key assumptions that SANDAG used to develop projections of each of the major revenue sources, as well as a summary of the analysis of total costs and revenues.

Revenue Constrained Scenario

State and federal planning regulations require the development of a Revenue Constrained plan. Such a plan is based on current and reasonably available sources and levels of federal, state, and local transportation revenue, projected out to the year 2050. This scenario includes federal and state formula funds, as well as federal and state discretionary funds for existing projects. Future revenue forecasts for new revenues are based on reasonable assumptions of existing programs, as well as new sources extrapolated from documented sources.

Revenue Assumptions

The assumptions made for each major revenue source included in the Plan’s financial analysis are provided below. All revenues have been escalated to the year that dollars are expended, and they are based on the escalation factor appropriate for that specific revenue source. Additional details for each fund source also are included in Technical Appendix 1.

Local Revenues

TransNet Half-Cent Local Sales Tax

These revenues are assumed to increase each year, above the $204 million received in FY 2010. This assumption is based on the growth in taxable retail sales as projected by the SANDAG Demographic and Economic Forecasting Model (DEFM). The amounts shown represent the funds estimated to be available through 2050. In November 2004, San Diego County voters approved an extension of the sales tax for transportation through the year 2048.

The 2050 RTP further assumes that sometime prior to 2048, San Diego voters will approve a second extension of the *TransNe*t sales tax program. This will allow revenues to continue to be collected beyond 2048. It is anticipated that about $25.2 billion in sales taxes will be generated for regional transportation improvements. An additional $6.3 billion in bond proceeds is estimated to be available to pay for major capital transportation projects.

One of the more innovative components of the sales tax extension ordinance is an initiative for early environmental mitigation, which is designed to reduce the future costs of major transportation projects. The Ordinance identifies specific amounts of money available to use toward mitigation activities required for major highway, transit, regional arterial, and local street and road improvements identified in the Plan. This initiative for early environmental mitigation is expected to expedite the implementation of transportation projects and reduce the costs associated with mitigation or permit delays. The intent is to establish a program to acquire and manage critical habitat areas, and to create a reliable approach for funding required mitigation for future transportation improvements. The result is reduced future costs and accelerated projects.

Although the *TransNet* Extension went into effect in April 2008, the SANDAG Board of Directors approved accelerating several key regional transportation projects beginning in 2005. Since that time, the Board of Directors has revised and expanded the scope of the Early Action Program (EAP). The EAP consists of several major projects that are expected to significantly relieve traffic congestion and expand transit services. The EAP strategy is to leverage as many federal and state dollars as are available, and then borrow against future *TransNet* revenues to complete these projects ahead of their initial schedules.

The Ordinance specifies subprograms within the program, including funding for major capital projects, bicycle and pedestrian projects, local street projects, and funding to provide transit service. Within the transit share, there is a set-aside to subsidize the senior and disabled patrons, as well as to comply with Americans with Disabilities Act (ADA) requirements.

Developer Impact Fees

The Regional Transportation Congestion Improvement Program (RTCIP), an element of the *TransNet* Extension 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. The RTCIP has been implemented in the San Diego region since July 1, 2008. The *TransNet* Extension Ordinance requires SANDAG to annually adjust the minimum RTCIP fee amount on July 1 of each year, based on an analysis of construction cost indices, such as the Engineering News Record and the Caltrans Construction Cost Index (CCI), but no less than two percent. The purpose of this annual adjustment is to ensure that the RTCIP retains its purchasing power to improve the regional arterial system. The SANDAG Board of Directors approved a two percent adjustment, raising the RTCIP fee from $2,071 to $2,123 beginning July 1, 2011.

Due to the recent decline in the CCI, the assumed escalation rates are two percent per year through 2015. This reflects the latest slowdown in the economy. From the year 2016 on, however, the escalation rate is estimated to be three percent per year. This reflects the historical growth trend in the CCI. The total amount collected is estimated at $1.4 billion, and is calculated based on the number of new housing units forecast to be developed between 2010 and 2050.

Transportation Development Act (TDA) Quarter-Cent Sales Tax

These are assumed to grow from the $99 million received in FY 2010, in the same manner as *TransNet* funds because TDA funds also are based on the growth of sales taxes. 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 bicycle and pedestrian projects, as well as for accessible service for the disabled. For planning purposes, it is assumed that 10 percent would be used to match capital projects, and the balance would be available for operations. Future year estimates are based on the growth in taxable retail sales as projected by DEFM, the SANDAG forecasting model. The total TDA revenues estimated to be available during the RTP period is $12.3 billion.

Local Street and Road Gas Taxes

These are assumed to be available at the current level of gas tax subventions to cities and the County of San Diego for local street and road purposes. (Actual receipts totaled $92.2 million in FY 2007.) These revenues are increased each year, based on the estimated growth rate in the number of gallons of fuel consumed in the region projected by Caltrans. These projections reflect future fuel efficiency, vehicle miles traveled (VMT), and the projected mix of the vehicle fleet (i.e., gas, diesel, electric, etc.) or an increase of between 1.7 percent and 2.4 percent annually. The total estimated revenue from the gas tax is $6.2 billion.

Local Street and Road General Fund and Other Revenues

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 ten-year average for local general fund contributions to local street improvements regionwide is $48.7 million annually. Other revenues, meanwhile, have averaged $237 million annually. These revenues are projected to increase 3 percent each year (historical average is about 4.3 percent), and they total $31.9 billion.

Future Local Revenues

A provision in the *TransNet* Ordinance specified 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." A component of the future ballot measure is to fund transit operations. Although still being evaluated, a ballot measure could occur as early as 2012. Using the existing *TransNet* program as the basis for estimating revenues, the assumption is that ¼ cent of the sales tax would fund transit projects. These revenues are assumed to begin in 2016. The rate of growth assumed is the same as with *TransNet* and TDA. Revenues estimated to be available total $11.9 billion.

Toll Road and Port of Entry Funding

This funding is derived from debt financing backed by future toll revenues, and it is expected to be available for major phases of toll road and port of entry (POE) construction projects for State Route 11 (SR 11), SR 125, SR 241, and for Interstate 5 (I-5) and I-15. Total toll revenue is estimated at $5.9 billion.

Public Private Partnerships/Transit Oriented Developments (TODs)

There are two components to this source of revenue. One is from transit stations, and the other is from funds used to pay for streetcars. TOD revenues are based on existing agreements that the transit agency has with developers, using the agreed-upon acreage per square feet ratio ($20/sq. ft. and an

8 percent return), and using CPI for escalation. The total TOD available is estimated at $381 million.

One of the new options for mobility planned in this RTP is to use streetcars to improve connectivity within certain neighborhoods. Cities across the country have implemented or are proposing streetcar projects, often as a redevelopment tool to improve livability within redevelopment areas. As a result, much of the funding for these streetcar projects comes from local agencies and public/private partnerships. Based on this experience in other cities, about 90 percent of the cost is assumed to be borne by these types of funding sources. The combined estimated revenue anticipated to be available from TOD and for three streetcar projects detailed in the Plan is about $1.2 billion.

FasTrak® Revenues

These revenues are based on actual revenues on the I-15 corridor, net of operating costs in FY 2010. These revenues are expected to be available for public transportation purposes.

The assumption includes a growth rate consistent with inflation, and the expectation that a new 20-mile managed lane segment along the region's major freeways will be completed each decade. These new managed lane segments are expected to provide an additional level of funding similar to what is raised along the existing I-15 corridor. These assumptions, plus an annual increase based on CPI, provide an estimated $582 million in revenues.

Passenger Fares

The passenger farebox recovery rate was maintained at 35 percent over the RTP period to reflect the continuation of existing farebox recovery levels in the future. Actual fare revenues are assumed by multiplying the farebox recovery rate by the FY 2010 to FY 2015 operating cost projections included in the FY 2011 budgets for the North County Transit District (NCTD) and the Metropolitan Transit System (MTS). Beyond this time period, an annual operating cost growth rate of 3.3 percent is assumed, which also is multiplied by the farebox recovery rate to derive the annual estimated passenger fares. This includes projected revenues for new rail, BRT, and Rapid Bus services included in the *TransNet* Ordinance. Total estimated fares are $14.9 billion.

Prior Year Funds in RTIP

These revenues represent already expended or obligated funds for projects that are scheduled for completion within the first ten years of the RTP, where the total cost of the project is shown on the expenditure side. Total prior year funds equals $707 million.

State Revenues

State Transportation Improvement Program Funds

These revenues are consistent with the amounts available for new and existing programming through FY 2015, as included in the 2010 State Transportation Improvement Program (STIP) Fund Estimate. Beyond the year 2015, STIP funds are assumed to increase 5 percent annually, based on historical and recent legislative changes. STIP funding has come primarily from Proposition 42 Transportation Investment Fund (TIF) transfers (the gasoline sales tax); Proposition 1B bond proceeds (the Transportation Facilities Account, or TFA); and the Public Transportation Account (PTA). This has recently changed, due to the passage of the "gas tax swap" legislation (ABx8 6, Chapter 11, Statutes of 2010; and ABx8 9, Chapter 12, Statutes of 2010). Effective July 1, 2010, the gas tax swap eliminated the tax on gasoline sales and increased the gasoline excise tax from 18 cents to 35.3 cents per gallon. While intended to be revenue neutral, the gas tax swap has significantly altered STIP funding sources by eliminating TIF funding, reducing PTA funding, and adding State Highway Account (SHA) funding. Despite this change, the assumptions used under this program remain, given that it is intended to be revenue-neutral.

The San Diego region anticipates receiving at least a minimum formula "County Share," and a proportionate share of the STIP Interregional Program funds over time as well. The total STIP funds assumed include revenue from both the Regional and Interregional STIP shares. The STIP funds are flexible, and they are available for capital projects to increase the capacity of highways, public transit, and local roads. The STIP funds also are available for efforts to manage demands on the transportation system (TDM), and for planning, programming, and monitoring activities. Beginning with the *TransNet* Plan of Finance approved by the SANDAG Board of Directors in July 2010, 90 percent of all new STIP revenues are assumed to be set aside for EAP projects, as stipulated by Board direction. These include highway, transit, and mixed-mode projects, and the remaining 10 percent for other regionally significant projects such as planning and program monitoring and TDM. Beyond the completion of the EAP, the 2050 RTP assumes sufficient funding from non-*TransNet* sources to match *TransNet* funds. Total STIP is estimated at approximately $7.8 billion.

Traffic Congestion Relief Program (TCRP)

These revenues are assumed to be available for specific projects as provided in state law. All remaining unallocated TCRP funds are assumed to be available in the next five years. About $76 million of the original $483 million identified for San Diego County remained to be allocated at the end of FY 2010.

Proposition 42 (Local Streets and Roads)

These revenues are assumed based on future fuel consumption, as estimated by Caltrans, which increases between 1.7 percent and 2.42 percent annually. No changes to fuel prices are assumed. Total revenue estimated is $2.7 billion.

State Transit Assistance (STA)

In March 2010, the governor signed into law ABx8 6 and ABx8 9, which restored the STA program (a prior budget action had suspended the program altogether) at $400 million for FY 2011 and $350 million for FY 2012. Because the STA is no longer tied to the sales tax on gasoline, a 3 percent escalation factor was used. Total revenue is estimated at $1.5 billion.

State Highway Operations and Preservation Program (SHOPP) and Maintenance and Operations Program

These revenues are assumed to be available to meet Caltrans' identified needs for state highway operations and maintenance. State law requires that these expenditures are 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 2010 base year estimates of $11 million annually for operations and administration costs, and $69 million annually for maintenance costs were increased at 3 and 5 percent per year, respectively. This reflects historical trends, and a gradual increase in these costs as the size and the age of the system to be maintained increases over time. The revenues needed for these purposes, as identified by Caltrans, are assumed to be available. For programs to reduce collisions on state highways, as well as other programs related to rehabilitating and operating highways, funds are assumed to be available, consistent with the Financially Constrained ten-year SHOPP plan through FY 2020. The approximate annual level of funding through the SHOPP is assumed to be $87 million at the end of the current four-year SHOPP period in FY 2014. A subsequent nominal growth rate of 5 percent is assumed beyond FY 2014. Estimated needs for SHOPP activities that exceed the estimated revenues are identified as part of the overall Unconstrained Needs. The SHOPP funds total an estimated $18.9 billion.

Proposition 1B Infrastructure Bonds/Other

These revenues are assumed to be available for specific projects in which funding was awarded but no allocations were made. For those projects, the revenues are based on the actual award (through FY 2015), as approved by the California Transportation Commission (CTC). Additional future revenues were assumed based on a review of past revenues awarded to the region that were not part of the normal formula. These new sources include the Traffic Congestion Relief Program, Propositions 108/116, Proposition 42, and Propositions 1A and 1B. To be conservative, revenues begin in FY 2019 and are assumed to be $250 million annually over a five-year period. They then escalate 5 percent every five years. The total assumed to be available is $9.6 billion.

Proposition 1A High-Speed Rail Bonds

These revenues are assumed to be available based on the November 2008 voter-approved infrastructure bond program. This program funds capital improvements to intercity rail lines, commuter rail lines, and urban rails systems that provide direct connectivity to the high speed train system and its facilities. Between both the formula program and the competitive program, the CTC approved about $100 million to the region. The funds are being used by NCTD to implement the Positive Train Control project. SANDAG is using the funds to implement eligible rail projects. Future year funding for this source of revenue is combined with the future assumptions for Prop. 1B funding, which is described above.

Other State-Managed Federal Programs and Freeway Service Patrol

These revenues are assumed as various federal transportation programs administered by the state in the San Diego region continue. They include the Safe Routes to School Program; the Highway Safety Program; the Highway Bridge Program, among other programs; and the annual state legislative appropriated Freeway Service Patrol Program. The total estimated revenue is $1.5 billion.

High-Speed Rail

In addition to the Proposition 1A funds discussed above, it is assumed that additional state funds will be available beginning in 2041 to complete the section within San Diego County of the state's High-Speed Rail line. The total assumed from this source is $16.6 billion.

Prior Year Funds in RTIP

These revenues represent already expended or obligated funds for projects that are scheduled for completion within the first ten years of the RTP where the total cost of the project is shown on the expenditure side. Total prior year funds equals $561 million.

Federal Revenues

FTA Discretionary (Section 5309)

There are two types of funds. The Full Funding Grant Agreement (FFGA) is a multi-year commitment from the Federal Transit Administration (FTA) to fund one project. The other is the annual, or sometimes one-time funding for specific projects. The revenues assumed include those from an FFGA for the Mid-Coast Trolley Extension project and from future earmarks for major transit projects identified in the Plan. This assumes that every decade beginning in 2020, 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 and SPRINTER projects, as well as the Mid-City Rapid. The total revenues estimated are $7.9 billion.

FTA Formula (Section 5307/5309/5310/5316/5317)

Sections 5307 and 5309 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. This funding is allocated on a competitive basis and administered at the state level. Section 5316 funds projects related to the development and maintenance of transportation services designed to transport welfare recipients and eligible low income individuals to and from jobs and activities related to their employment. The Section 5317 program aims to provide additional tools to overcome existing barriers facing Americans with disabilities who seek integration into the work force and full participation in society. This program seeks to reduce barriers to transportation services and expand the transportation mobility options available to people with disabilities beyond the requirements of the ADA of 1990.

Beginning with funds appropriated in FY 2010 and continuing through 2015, revenues reflect the funds assumed in the Regional Transportation Improvement Program (RTIP). Beyond 2015, the growth rate is estimated to be 5 percent. Beginning in 2020 and every six years thereafter, a 10 percent step increase is assumed due to future transportation bill reauthorizations. This is a conservative assumption, given that since the Intermodal Surface Transportation Efficiency Act (ISTEA) (1991), the average step increase has been about 25 percent with each reauthorization. Additionally, in 2024, a 10 percent increase is assumed, corresponding with the new Mid-Coast service data. Also assumed is an additional 15 percent in 2033, to include other service expansions per the SANDAG Mid-Range Transit Plan. The federal formula funding is partly derived from transit data such as vehicle miles and population. With the service expansions included in the Plan, it is assumed additional revenues would follow. No other service expansions are assumed. The total revenues estimated are $13.3 billion.

Surface Transportation Program/ Congestion Mitigation and Air Quality Improvement

These revenue assumptions are based on estimates provided by Caltrans and included in the 2010 RTIP through FY 2015. They also are based on an assumed annual growth rate of 5 percent after FY 2015. The Surface Transportation Program (STP) funds are flexible, and they may be used for a wide range of capital projects. The Congestion Mitigation and Air Quality (CMAQ) Improvement funds are for projects that help reduce congestion and improve air quality. Eligible projects include the construction of high occupancy vehicle (HOV) lanes, the purchase of transit vehicles, rail improvements, and Transportation Demand Management, among others. CMAQ also can be used for transit operations for the first three years of new transit service. For purposes of the RTP, it was assumed that 90 percent of these funds would be set aside for EAP projects, and the remaining 10 percent would be set aside for other regionally significant projects. Beyond the completion of the EAP, the 2050 RTP assumes sufficient funding from non-*TransNet* sources to match *TransNet* funds. The total revenues estimated are $7.2 billion.

Other Federal Highway Administration (FHWA)

These revenues are assumed based on actual earmarks or funds from the High Priority Program (HPP) to FY 2013. Beginning in FY 2014, the average HPP award is assumed to escalate 5 percent per year. The total revenue estimated is $1.8 billion.

Federal Railroad Administration Discretionary

The federal stimulus program added new responsibility to the Federal Railroad Administration (FRA) to administer funding for high-speed rail and intercity rail. Although the program is new, it is anticipated that the funding will continue, based on the priority placed on high-speed rail at the federal level. The San Diego region has received $64 million during the past two fiscal years. It is assumed that the region's annual share of these funds would increase by 2.5 percent annually. The total revenue estimated is $1.8 billion.

Corridors and Borders Infrastructure/ Other Freight and Goods Movement

The Corridors and Borders Infrastructure program is a revamped program under SAFETEA-LU, which allocates the funds based on a formula to those regions that qualify. The purpose of the program is to improve the safe movement of motor vehicles at or across the land border between the United States and Canada and the land border between the United States and Mexico. As the region directly connects with Mexico, the San Diego region qualifies for these funds. The Plan uses the actual allocation to FY 2010. It then uses an average annual allocation from SAFETEA-LU ($19 million), beginning in FY 2012 and escalating by 5 percent annually. The total revenue estimated is $2.4 billion.

Since the passage of ISTEA in 1991, the DOT has reported on intermodal connectors. Assuming DOT's continuing obligation, the Plan assumes that years of study will lead to a nationwide freight policy program that will help support the movement of goods. Beginning in 2017, the Plan assumes $10 million per year escalated by CPI which totals $710 million over life of the Plan.

The total revenue estimated under these categories is $3.1 billion.

Prior Year Funds in RTIP

These revenues represent already expended or obligated funds for projects that are scheduled for completion within the first ten years of the RTP where the total cost of the project is shown on the expenditure side. Total prior year funds are $736 million.

Air Quality and Transportation Control Measures

The U.S. Environmental Protection Agency (EPA) designated the San Diego air basin as non-attainment for the federal 1997 Eight-Hour Ozone standard, effective June 15, 2004. As such, federal regulations require the timely implementation of transportation control measures (TCMs) included in the approved State Implementation Plan (SIP). They include ridesharing, transit service improvements, traffic-flow improvements, and bicycle facilities and programs.

The 2050 RTP ensures the continuation of the TCMs as described in Chapters 6, 7, and 8. The short-term implementation document, the 2010 Regional Transportation Improvement Program (RTIP), includes substantial targeted funds for the implementation of the four Transportation Tactics adopted in the 1991 Regional Air Quality Strategy (RAQS)/1982 SIP for air quality improvement. These Transportation Tactics also are included as TCMs in the 1982 SIP and have been fully implemented.

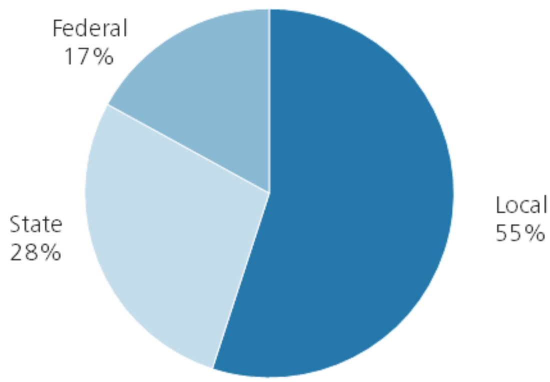
The 2010 RTIP provides for the expeditious implementation of the four Transportation Tactics included in the 1991 RAQS.

Revenue Constrained Scenario Analysis

The Revenue Constrained Scenario analysis provides a revenue estimate than can pay for future transportation improvements envisioned in the Plan. The federal gas tax is assumed to stay at today's levels (18.4 cents per gallon) through 2050. For the state, the passage of the "gas tax swap" (ABx8 6, and ABx8 9) eliminated the sales tax on gasoline sales. But it increased the gasoline excise tax from 18 cents to 35.3 cents which results in no net change to revenues. Total revenues estimated for the entire 2050 RTP are about $213.8 billion (in year of expenditure). A summary of the major funding sources described above is provided in Table 5.1 and Figure 5.1.

Local funds make up 55 percent of the total revenue, with state and federal funds providing 28 percent and 17 percent, respectively. It also should be pointed out that revenues are shown phased in by decade or period (Table 5.1). This means that the funding information is available between

Figure 5.1 – Major Revenue Sources/Revenue Constrained Scenario ($213.8 Billion in Year of Expenditures)



2010-2020, 2021-2030, 2031-2040, and 2041-2050. The corresponding expenditures also are shown by these same time periods, and they do not exceed the revenues available. This shows that the Revenue Constrained Scenario also is constrained by these analysis periods. Lastly, projects that are listed in the initial years of the RTP are the same ones that either are already programmed in the current five-year RTIP (the five-year period ends in FY 2014/15) or are anticipated to be included in future near-term updates of the RTIP.

Table 5.2 and Figure 5.2 summarize the $213.8 billion in expenditures under the Revenue Constrained Scenario. About 50 percent of the total expenditures are for transit purposes, 24 percent for highway purposes, 17 percent for local street and road improvements, and 4 percent for Systems and Demand Management and Active Transportation programs. The remaining 5 percent of expenditures are for debt service and non-highway goods movement projects. The specific projects and services included in the Revenue Constrained Scenario are described in Chapter 6 and Appendix A.

Unconstrained Needs Analysis

Although not developed to the same level of detail as the revenue constrained scenario, an Unconstrained Needs Analysis was prepared to provide a cost estimate for additional projects, programs, and services to meet projected travel demands and to fully fund related operating, maintenance, and rehabilitation needs regionwide. Such improvements would require additional funding above and beyond the reasonably available levels assumed in the 2050 RTP.

Table 5.1 – Major Revenue Sources/Revenue Constrained Scenario

Revenue Sources	Estimated Revenues (in millions of YOE dollars) (1)				
	FY 2010 - 2020	FY 2021 - 2030	FY 2031 - 2040	FY 2041 - 2050	FY 2010 - 2050
Local					
TransNet	$2,997	$4,593	$7,002	$10,656	$25,248
TransNet (Bond Proceeds)	$2,849	$2,178	$1,259	$ -	$6,286
Developer Impact Fees	$292	$342	$376	$427	$1,437
Transportation Development Act (TDA)	$1,457	$2,233	$3,405	$5,181	$12,276
City/County Local Gas Taxes	$1,190	$1,321	$1,649	$2,084	$6,244
General Fund/Miscellaneous Local Road Funds[2]	$5,194	$6,435	$8,648	$11,622	$31,899
Future Local Revenues	$793	$2,296	$3,501	$5,328	$11,918
Toll Road/POE Funding (SR 11, Otay Mesa East POE, SR 125, SR 241, I-5, I-15)	$1,197	$79	$0	$4,591	$5,867
Public Private Partnerships/TODs	$340	$264	$470	$144	$ 1,218
FasTrak® Net Revenues	$18	$87	$176	$301	$582
Passenger Fares	$1,398	$2,371	$4,530	$6,642	$14,941
Prior Year Funds in RTIP	$707	$0	$0	$0	$707
Subtotal	$18,432	$22,199	$31,016	$46,976	$118,623
State					
State Transportation Improvement Program (STIP)/Traffic Congestion Relief Program (TCRP)	$624	$1,380	$2,231	$3,611	$7,846
Proposition 42 (Local Street and Road)	$506	$573	$708	$873	$2,660
State Transit Assistance (STA) Program	$153	$324	$435	$584	$1,496
State Highway Account for Operations/ Maintenance	$2,168	$3,208	$5,176	$8,367	$18,919
Proposition 1B/1A/Other	$1,287	$2,614	$2,853	$2,894	$9,648
Other State Managed Federal Programs/FSP	$229	$244	$388	$618	$1,479
High-Speed Rail	$0	$0	$0	$16,644	$16,644
Prior Year Funds in RTIP	$561	$0	$0	$0	$561
Subtotal	$5,528	$8,343	$11,791	$33,591	$59,253
Federal					
Federal Transit Administration (FTA) Discretionary	$906	$1,108	$2,533	$3,382	$7,929
Federal Transit Administration Formula	$1,122	$1,882	$3,675	$6,661	$13,340
Congestion Mitigation and Air Quality (CMAQ)/ Regional Surface Transportation Program (RSTP)	$819	$1,216	$1,980	$3,225	$7,240
Other Federal Highway Administration (FHWA)	$259	$301	$490	$798	$1,848
Federal Railroad Administration (FRA) Discretionary	$312	$367	$470	$602	$1,751
Corridors and Borders Infrastructure/Other Freight Funds	$328	$560	$867	$1,351	$3,106
Prior Year Funds in RTIP	$736	$0	$0	$0	$736
Subtotal	$4,482	$5,434	$10,015	$16,019	$35,950
(1) Year of Expenditure					
Grand Total Revenue Sources	**$28,442**	**$35,976**	**$52,822**	**$96,586**	**$213,826**

Table 5.2 – Major Expenditures/Revenue Constrained Scenario

Project Categories	Estimated Expenditures (In Millions Of YOE Dollars) [1]				
	FY 2010 - 2020	FY 2021 - 2030	FY 2031 - 2040	FY 2041 - 2050	FY 2010 - 2050
Transit					
Major New Facilities	$4,512	$5,917	$9,583	$12,993	$33,005
Miscellaneous Capital/Rehabilitation/Replacement	$1,392	$2,511	$1,196	$4,923	$10,022
Transit Operations	$3,993	$6,775	$12,942	$18,977	$42,687
ADA and Specialized Transportation Services [2]	$399	$677	$1,294	$1,898	$4,268
High-Speed Rail	$0	$0	$0	$16,644	$16,664
Subtotal	$10,296	$15,880	$25,015	$55,435	$106,626
Highways					
Managed Lanes and Highway Projects	$6,912	$5,374	$5,502	$13,335	$31,123
HOV Connectors	$483	$9	$811	$89	$1,392
Freeway Connectors	$144	$503	$286	$63	$996
Operations	$137	$170	$251	$408	$966
Maintenance	$987	$1,494	$2,434	$3,964	$8,879
Rehabilitation	$1,012	$1,286	$1,732	$2,327	$6,357
Subtotal	$9,675	$8,836	$11,016	$20,186	$49,713
Local Streets and Roads					
Capital Expansion	$1,271	$1,586	$2,168	$2,883	$7,908
Rehabilitation	$1,413	$1,845	$2,454	$3,251	$8,963
Operations & Maintenance	$3,367	$3,995	$5,953	$7,247	$20,562
Subtotal	$6,051	$7,426	$10,575	$13,381	$37,433
Non-Highway Goods Movement/Debt Service					
Non-Highway Goods Movement	$256	$0	$0	$0	$256
Debt Service	$1,223	$2,613	$4,141	$3,880	$11,857
Subtotal	$1,479	$2,613	$4,141	$3,880	$12,113
Land Use/Systems Management/Demand Management					
Smart Growth Incentive Program	$59	$91	$267	$682	$1,099
Safe Routes to Transit	$128	$152	$286	$578	$1,144
Regional Rail Grade Separations	$0	$0	$129	$471	$600
Bicycle/Pedestrian Improvements	$457	$544	$717	$944	$2,662
Transportation Systems Management	$170	$233	$359	$538	$1,300
Transportation Demand Management	$127	$201	$318	$490	$1,136
Subtotal	$941	$1,221	$2,076	$3,703	$7,941
Grand Total Cost	**$28,442**	**$35,976**	**$52,823**	**$96,585**	**$213,826**

[1] Year of Expenditure

[2] ADA and Specialized Transportation Services costs represent 5 percent each of the total transit operations cost (10 percent total)

Figure 5.2 – Major Project Expenditures/ Revenue Constrained Scenario ($213.8 Billion in YOE)

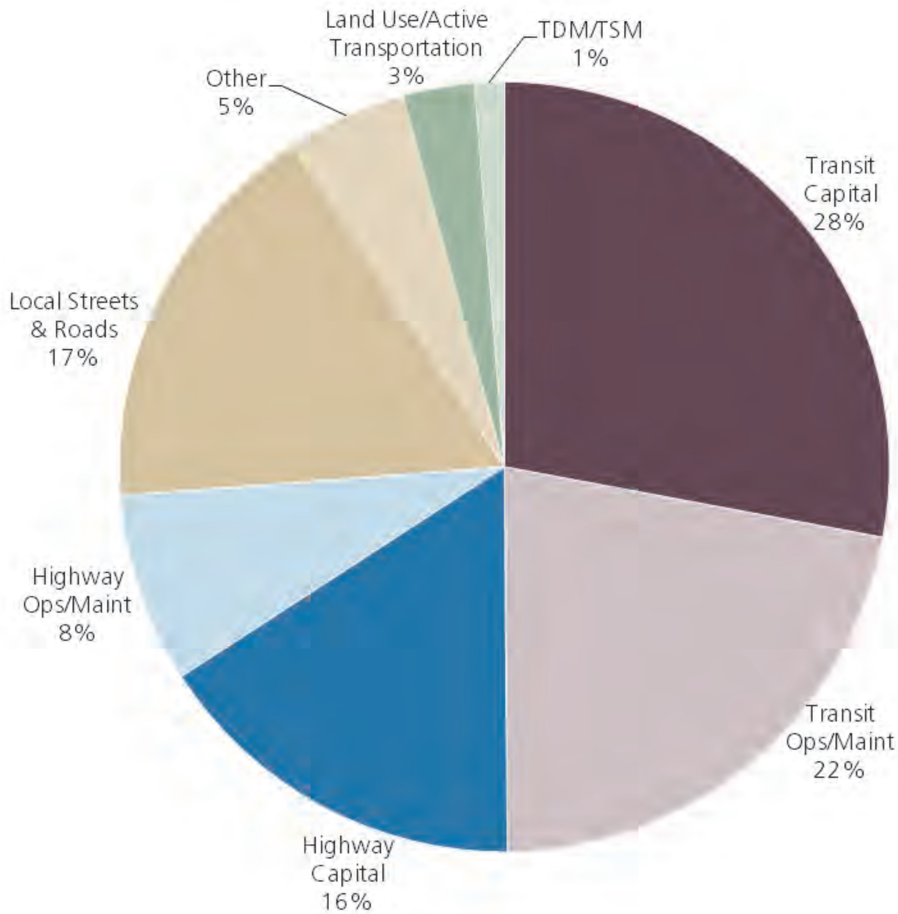


Table 5.3 summarizes the major expenditures included in the Unconstrained Needs Analysis, compared with the Revenue Constrained Scenario. The cost of Unconstrained Needs total $168 billion (in 2010 constant dollars). The Unconstrained Needs exceed the $120 billion (in 2010 constant dollars) in the 2050 RTP by about $48 billion. The $120 billion for the Revenue Constrained Plan, which is shown in 2010 constant dollars, translates into about $213.8 billion when escalated to the year that the dollars are expended. The total Unconstrained Need has not been escalated to year of expenditure dollars. These figures are provided in 2010 constant dollars for comparison purposes.

The additional transit improvements needed to fully implement the regional transit network would result in significantly higher investments in transit capital and operations. Additional Managed Lanes and other highway capital improvements would be needed to address remaining congested segments of the region's transportation system that cannot be accommodated with the $120 billion financial budget established for the 2050 RTP (in 2010 constant dollars).

Highway rehabilitation costs were increased based on estimates provided by Caltrans. The limited revenues under the other scenarios were not sufficient to fund the full level of estimated highway rehabilitation needs. Similarly, the local street and road costs were increased to match the estimates derived from the local agency needs survey.

Table 5.3 – Unconstrained Needs – Major Expenditures

Project Categories		Revenue Constrained	Unconstrained
		Estimated Cost ($ in Millions - 2010 dollars)	
Transit			
Major New Facilities		$20,371	$43,320
Miscellaneous Capital/Rehabilitation/Replacement		$6,824	$8,084
Transit Operations		$19,700	$26,560
ADA and Speicalized Transportation Services		$1,970	$3,275
High-Speed Rail		$7,000	$7,000
	Subtotal	$55,865	$88,239
Highways			
Managed Lanes and Highway Projects		$19,568	$22,744
HOV Connectors		$1,015	$2,864
Freeway Connectors		$710	$830
Operations		$485	$567
Maintenance		$4,801	$5,609
Rehabilitation		$4,985	$5,824
	Subtotal	$31,564	$38,438
Local Streets and Roads			
Capital Expansion		$3,902	$5,114
Rehabilitation		$4,490	$5,874
Operations & Maintenance		$10,947	$14,331
	Subtotal	$19,339	$25,319
Non-Highway Goods Movement		$260	$3,404
Debt Service		$7,652	$7,652
Land Use/Active Transportation/Management			
Smart Growth Incentive Program		$599	$599
Safe Routes to Transit		$700	$700
Regional Rail Grade Separations		$300	$300
Active Transportation		$1,789	$1,789
Transportation Systems Management		$829	$829
Transportation Demand Management		$703	$703
	Subtotal	$4,920	$4,920
Grand Total Cost		**$119,600**	**$167,972**
Surplus/(Deficit)			$(48,372)

The following actions support the Plan's Financial Strategies Chapter recommendations:

Financial Strategies	
Actions	**Responsible Parties**
General Legislative and Funding	
1. Maximize opportunities to leverage local transportation sales tax revenues to attract additional state and federal funds to the region for transportation and related infrastructure improvements.	SANDAG and local agencies
2. Support federal transportation legislation that provides for the following principles:	SANDAG
a. Removing the Federal Highway Trust Fund programs from the Federal Unified Budget process	
b. Establishing federal transportation program authorization and obligational authority levels based on actual and projected Trust Fund revenue levels, including interest received	
c. Maintaining or increasing the level of revenue flowing into the Trust Fund by increasing the federal gas tax rate and/or eliminating or reducing transfers of tax exemptions that shift transportation revenues to other purposes	
d. Increasing the minimum 90.5 percent "fair share" return of federal highway revenues to California	
e. Consolidating most federal highway categorical programs to provide greater flexibility and local discretion in highway fund usage	
f. Authorizing a minimum five-year highway and transit program to provide needed program stability and continuity of federal transportation policy	
g. Provide funding certainty by ensuring timely passage of annual appropriations and reauthorization to maintain and improve the transportation network	
h. Consolidate federal Department of Transportation program requirements among the different funding agencies. For example, a DBE program approved by FHWA should be accepted by FTA and FRA	
3. Support state transportation legislation that provides for the following principles:	SANDAG
a. Increasing state highway revenues as needed to maintain, rehabilitate, and operate the existing state highway system, to match all available federal highway funds, and to fully fund all new construction and right-of-way projects identified in the current State and Regional Transportation Improvement Programs (TIPs)	
b. Ensuring that any re-evaluation of the present formula "County Share" funding provisions and/or any other revenue distribution formula does not penalize counties that provide local sales tax or other local funding to state highway projects	
c. Establishing state/local matching programs or other programs to reward counties that have implemented local sales taxes or other major local funding sources for transportation improvements	

Financial Strategies (Continued)	
Actions	**Responsible Parties**
General Legislative and Funding (Continued)	
d. Sharing of both diesel fuel tax revenues and truck weight fees with local cities and counties and with Caltrans	
e. Allowing local jurisdictions, in cooperation with regional agencies, to jointly determine the allocation of additional local street and road revenues	
f. Increasing transit revenues to support transit operating and capital improvements, including new transit projects	
g. Establishing a user fee-based program to fund transportation infrastructure to accommodate increases in Goods Movement activities	
h. Provide funding certainty by ensuring the timely passage of annual state budgets and the timely selling of bonds to implement voter-approved laws to maintain and improve the transportation network	
4. Support state and federal legislation that provides additional gas tax funding, or equivalent funding from another revenue source, which is needed to implement those projects identified in the RTP.	SANDAG
5. Support state and federal legislation that provides the legal framework for expanded public/private partnerships for specific toll projects identified in the RTP.	SANDAG
6. Support state and federal legislation that provides the legal framework for public agencies to invest in and help develop public toll facilities for projects identified in the RTP.	SANDAG
7. Support state and federal legislation that provides the indexing of gas tax revenues to keep pace with inflation either by increasing the gas tax at regular intervals based on increases in the Construction Cost Index or by changing the tax from a per-gallon basis to a percentage basis so that revenues increase with the price of fuel.	SANDAG
8. Maintain current levels of local general fund and other local discretionary fund support to the local street and road program so that any new or increased revenues to the local street and road program will augment and not replace current revenues.	Local jurisdictions
9. Support state and federal legislation that provides for design-build transportation projects.	SANDAG
Transit	
10. Aggressively pursue the continuation and expansion of existing sources of transit funding and support modifications to those sources to ensure full utilization and maximum flexibility.	SANDAG and transit operators
11. Work with local, state, and federal officials to ensure that the region receives an equitable share of available discretionary transit funds.	SANDAG and transit operators
12. Adjust fare levels as needed to maintain and improve farebox recovery levels over time in order to maximize the level of transit service that can be provided.	SANDAG and transit operators
13. Pursue private sector involvement in the funding of transit facility development and operation through developer contributions, benefit assessment districts, joint development and value capture projects, and other efforts to contribute toward unfunded regional transit facilities.	SANDAG, MTS, NCTD, and local jurisdictions
14. Pursue public/private partnerships/TODs.	SANDAG, MTS, NCTD, and local jurisdictions