TransNet Extension
Flow of Funds FY 2008 to FY 2048

38% Major Corridor Capital Projects
### TransNet Major Corridors: FY 2019-2048 ($YOE, Billions)

<table>
<thead>
<tr>
<th>Source</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>TransNet Major Corridors (38% of Net Revenues in Ordinance)</td>
<td>6.0</td>
</tr>
<tr>
<td>Debt Service for Previous and Ongoing Projects</td>
<td>3.7</td>
</tr>
<tr>
<td>Available for Future Major Corridor Projects</td>
<td>2.3</td>
</tr>
</tbody>
</table>

($2.3B in YOEs equates to about $1.4B in constant 2019$. Over 80% of TransNet MC funds are available after 2030)

### TransNet Major Corridors: Summary

- **Cost to Complete Remaining Projects:** $24.4B
- **Available Funds:**
  - TransNet: $2.3B
  - Formula Funds: $6.3B
- **Funding Gap:** $15.8B (potentially offset by competitive funds)
- **Match Needed:** 1:9.6 (For every $1 TransNet, $9.6 in other funds needed to complete all remaining projects)
### 2018-2019 Plan of Finance Summary for TransNet

**Major Corridors Remaining Projects**

<table>
<thead>
<tr>
<th>Costs</th>
<th>Amount (Year of Expenditure $Billions) (Mid-Point of Range)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital costs ($21.7B to $27.1B) (Excludes debt service and costs already covered by programmed revenues)</td>
<td>$24.4</td>
</tr>
<tr>
<td>TOTAL COSTS ($21.7B to $27.1B)</td>
<td>$24.4</td>
</tr>
</tbody>
</table>

**More Certain Revenues**

1. TransNet funds (2019-2048) ($2.1B to $2.4B) (Excludes set-aside for debt service) $2.3
2. Anticipated formula funds from existing state and federal sources(RSTP, CMAQ, STIP, etc.) ($5.7B to $6.9B) $6.3
3. Sub-Total TransNet and Anticipated Formula Funds ($7.8B to $9.3B) $8.6

**Less Certain Revenues**

4. Additional potential competitive funds from existing sources (SB1, BUILD, etc.) ($5.4B to $6.5B) $6.0

**Funding Gap + Potential Competitive Funds** $15.8

**Leveraging Ratio (TransNet vs. Other Funds Ratio)** 1:9.6

#### Unprogrammed Revenues: FY 2019-2023 ($YOE, Millions)

<table>
<thead>
<tr>
<th>Source</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>TransNet*</td>
<td>0.9</td>
<td>2.7</td>
<td>6.7</td>
<td>10.8</td>
<td>25.7</td>
<td>46.8</td>
</tr>
<tr>
<td>Federal Formula (RSTP/CMAQ)</td>
<td>2.7</td>
<td>46.0</td>
<td>46.2</td>
<td>46.2</td>
<td>65.1</td>
<td>203.2</td>
</tr>
<tr>
<td>State Formula (STIP/LPP)</td>
<td>9.0</td>
<td>9.7</td>
<td>9.7</td>
<td>9.7</td>
<td>32.1</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3.6</td>
<td>57.7</td>
<td>62.6</td>
<td>66.7</td>
<td>100.5</td>
<td>291.1</td>
</tr>
</tbody>
</table>

*Over 80% of TransNet MC funds are available after FY 2030*
### Expended and Budgeted Expenditures since 2008 ($millions)

<table>
<thead>
<tr>
<th>Mode</th>
<th>Total</th>
<th>%</th>
<th>TransNet</th>
<th>%</th>
<th>Other State/Fed/Local</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highway/HOV/ML</td>
<td>3,295</td>
<td>42%</td>
<td>844</td>
<td>35%</td>
<td>2,451</td>
<td>45%</td>
</tr>
<tr>
<td>Transit</td>
<td>4,618</td>
<td>58%</td>
<td>1,593</td>
<td>65%</td>
<td>3,025</td>
<td>55%</td>
</tr>
<tr>
<td>Total</td>
<td>7,913</td>
<td>100%</td>
<td>2,437</td>
<td>100%</td>
<td>5,476</td>
<td>100%</td>
</tr>
</tbody>
</table>

Examples of Projects with Expenditures:
- Highway Projects: SR 52 Extension, SR 76 Widening
- HOV/Managed Lane Projects: I-15 Express Lanes, I-5 HOV Lanes, I-805 HOV Lanes
- Transit Projects: Superloop, I-15 BRT's, South Bay BRT, Trolley Renewal, Mid-Coast

### TransNet Program Update

Questions?
A Busy Time for Our Region

• Developing a bold new vision for 2021 Regional Plan
• Preparing 2020 Federal RTP to maintain conformity
• State legislation (AB 1730)
• Implementing 2015 Regional Plan through the 2018 Regional Transportation Improvement Program
• Starting the process to prepare 2020 Regional Transportation Improvement Program
SANDAG Has An Exciting Opportunity

- Accelerate delivery of prioritized projects
- Apply the 5 Big Moves Complete Corridors strategy
- Get $1.4 billion in projects shovel-ready to compete for construction funds
- Position projects throughout the region to apply for competitive funding sooner
- Use $130 million in TransNet funds to invest nearly $460 million in TransNet projects

Relationship: Regional Transportation Plan, Regional Transportation Improvement Program, Capital Budget
HOW A PROJECT MOVES FROM VISION TO REALITY

Project Inception to Construction

Planning
- Consider corridor characteristics
- Recommend multimodal strategies
- Develop funding strategies

Environmental
- Scope projects
- Analyze potential environmental impacts
- Select Preferred Alternative

Design
- Complete final engineering
- Acquire right of way

Construction
- Select contractors
- Construct projects

Sample Timeline and Costs

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Timeline</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 3 years</td>
<td>1 - 4 years</td>
<td>2 - 3 years</td>
</tr>
<tr>
<td></td>
<td>30 – 40%</td>
<td>60 – 70%</td>
</tr>
</tbody>
</table>

CORRIDOR STRATEGIC PLANNING PROCESS

IDENTIFY
Corridor characteristics

ANALYZE
Gaps, opportunities, and reasons for poor performance

SELECT
Solution strategies and apply 5 Big Moves

DEVELOP
Implementation blueprint
HOW A PROJECT MOVES FROM VISION TO REALITY

Project Inception to Construction

Planning
- Consider corridor characteristics
- Recommend multimodal strategies
- Develop funding strategies

Environmental
- Scope projects
- Analyze potential environmental impacts
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Design
- Complete fiscal engineering
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Sample Timeline and Costs

<table>
<thead>
<tr>
<th>1 - 3 years</th>
<th>1 - 4 years</th>
<th>2 - 3 years</th>
<th>2 - 3 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 – 40%</td>
<td></td>
<td>60 – 70%</td>
<td></td>
</tr>
</tbody>
</table>

Project Phasing

- Limited funds means we can’t do everything at once
- Prioritize options to advance projects to compete for new funds
- Phase options over time
Proposed Capital Program Budget Amendment

• Draft proposal to fund the next set of regionally significant projects
• \$298.6M in state/federal formula and TransNet funds, through FY2023, that are “not yet programmed” on any projects
• \$593.4M through FY 2025

Now is the Time

• April 2018: Transportation Committee recommended waiting for the outcome of Prop 6 (elimination of SB 1 gas tax) on 2018 ballot
• November 2018: Prop 6 failed, SB 1 gas tax prevailed
• February 2019:
  – Board informed that cost increases identified through 2019 Regional Plan development indicated TransNet projects would not all be completed ($10 billion shortfall)
  – Board voted to develop a bold new vision
• April 2019: 5 Big Moves introduced
• July 2019: Board directed using the 5 Big Moves and Complete Corridor model to prioritize corridor investments in the 2021 Regional Plan
How is the proposed budget amendment organized?

- Revenues
- Timing
- Projects

Anticipated *TransNet*, State, and Federal Revenues

<table>
<thead>
<tr>
<th>FY 2020 – 2025 ($millions)</th>
<th>Attachment 2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
</tr>
<tr>
<td>TransNet Major Corridors¹</td>
<td>130.2</td>
</tr>
<tr>
<td>Federal Formula (RSTP/CMAQ)</td>
<td>358.2</td>
</tr>
<tr>
<td>Federal CBI</td>
<td>5.0</td>
</tr>
<tr>
<td>State formula (STIP/LPP)</td>
<td>70.0</td>
</tr>
<tr>
<td>State STIP Advance²</td>
<td>18.0</td>
</tr>
<tr>
<td>FY 2020 State Budget Earmark³</td>
<td>6.0</td>
</tr>
<tr>
<td>Local (Santee)⁴</td>
<td>6.0</td>
</tr>
<tr>
<td>Total Annual Revenues</td>
<td>593.4</td>
</tr>
<tr>
<td>Cumulative Revenues</td>
<td>67.6</td>
</tr>
</tbody>
</table>
## Corridor Funding Options

### Potential 12 Complete Corridor Funding Options: FY 2020 to FY 2025 ($millions)

<table>
<thead>
<tr>
<th>Project</th>
<th>New Funding Needed</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2024*</th>
<th>FY2025*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Central Mobility Station/S-5/Coronado Connection &amp; Downtown Connection</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>A. Corridor System Management Plan, including:</td>
<td>10.0</td>
<td>3.0</td>
<td>3.0</td>
<td>4.0</td>
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<td></td>
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<tr>
<td>Transportation in</td>
<td></td>
<td></td>
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<tr>
<td>Coronado: Advanced Planning</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Central Mobility Station - Environmental Studies, Preliminary Engineering</td>
<td>40.0</td>
<td></td>
<td>3.0</td>
<td>7.0</td>
<td>15.0</td>
<td>15.0</td>
<td></td>
</tr>
<tr>
<td>C. PCC/Corridor Mobility Branchway</td>
<td>17.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Complete Corridor: North COB Corridor/F-5 North</td>
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</tr>
<tr>
<td>A. PCH Conversion to Excess Lanes - Design and Construction</td>
<td>60.0</td>
<td>13.7</td>
<td>5.0</td>
<td>15.4</td>
<td>12.8</td>
<td></td>
<td>12.9</td>
</tr>
<tr>
<td>B. Stabilization of the Del Mar Bluffs (Phase 1): Environmental and Design (Q3, FY19), additional work (Q2, FY20)</td>
<td>6.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. San Diego Regional Rail Safety and Reliability Corridor - Advanced Planning</td>
<td>3.0</td>
<td>3.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>D. Two additional train sets to provide more frequent commuter rail service, including 30-minute peak period service, along the COASTER Corridor - Procurement</td>
<td>56.8</td>
<td>3.0</td>
<td>4.4</td>
<td>29.4</td>
<td></td>
<td>22.0</td>
<td></td>
</tr>
<tr>
<td>3 Complete Corridor: Blue Line Express/S-5 South &amp; Palomar St Rail Xing</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>A. Corridor System Management Plan, Advanced Planning</td>
<td>3.0</td>
<td>3.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Palomar St Rail Grade Separation in Design</td>
<td>5.0</td>
<td></td>
<td>2.0</td>
<td>2.0</td>
<td>1.0</td>
<td></td>
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</tr>
<tr>
<td>C. Forty-five additional UPVFs to support additional, low-floor, more frequent rail service - Procurement</td>
<td>72.0</td>
<td>6.0</td>
<td>16.0</td>
<td>30.0</td>
<td>26.0</td>
<td>5.0</td>
<td></td>
</tr>
<tr>
<td>D. SR TIF/Palm Avenue Operational Improvements - Design and</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>2.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Complete Corridors: Transportation Funding Options

(FY 2020 - FY 2025)

**Complete Corridor Phase Implementation**

- Planning
- Environmental
- Design
- Construction
- Mobility Hub

**Not Mapped**

- 13A
- 13D
- 13C

---

Independent Taxpayer Oversight Committee Item 13 | September 11, 2019
Sample Projects
(Detail)

The 2015 Regional Plan enters a conformity grace period on December 2, 2019

• During the 12-month conformity grace period, SANDAG is limited in its ability to add new projects to the Regional Transportation Improvement Program
  – Only certain projects/actions allowed during grace period

• If SANDAG does not approve a Regional Transportation Improvement Program amendment by October 2019, the agency will have to wait until May 2020 to program these funds when the 2020 Federal Regional Transportation Plan is adopted
What’s Next?

- September 6: Budget Amendment information item
- September 27: Budget Amendment Approval by Board
- September 27: Draft RTIP Amendment released for public review
- October 18: Draft RTIP Amendment public review period ends
- October 25: RTIP Amendment approval by Board
- October 25: RTIP Amendment submitted to State and Federal agencies for review and approval
- Late November: RTIP Amendment approval by Federal agencies
- December 2: 12-month RTP conformity grace period begins, RTIP Amendments with new projects no longer approved by federal agencies

Moving the Region Forward

- Strategic proposal to amend FY 20 Budget
  - Focuses limited funding on environmental and design work
  - Increases project competitiveness
  - Kick starts work now vs. waiting until May 2020

- Addresses long-standing needs
  - Applies Complete Corridor strategy

- Advances project delivery

- Consistent with TransNet measure

- Reduces the risk of losing funds
Market Overview

Signs of economic slowdown

Dow Industrials

- 25,333
  - Aug 2018
  - 1.7% 
- 21,792
  - Dec 2018
- 25,777
  - Aug 2019

Equity markets dropped from all-time highs as trade tensions and recession concerns rose.

Real GDP growth

- 3.2%
  - Q2 2018
- 0.9%
  - Q2 2019

US GDP growth has slowed in recent quarters

Federal Funds Rate

- 2.42%
  - Apr 2019
- 1.9%
  - Aug 2018
- 2.13%
  - Aug 2019

The Fed cut rates for the first time since 2008 amid slowing global growth and low inflation.

Inflation

- 2.9%
  - July 2018
- 1.8%
  - July 2019

Annual inflation decreased below the 2% Federal Reserve target rate.

San Diego Economic Overview

Continued modest economic improvement, housing price appreciation pauses

Unemployment

- 0.1%
  - July 2018
- 3.2%
  - CA
- 3.3%
  - US

The region hovering near “full employment,” with unemployment lower than CA and US.

Real wages

- $28.7
  - July 2018
- $29
  - July 2019

Average hourly earnings are up.

Housing Prices

- $580K
  - July 2018
- $580K
  - July 2019

27% of San Diego households can afford the median-priced home.

TransNet Revenues

- $284.3 million
  - FY19
- $305.3 million
  - FY18

TransNet revenues growth exceeded expectations in FY19.

Source: The Wall Street Journal, Dow Jones Industrial Average (DJIA)
Source: Bureau of Economic Analysis (BEA), year-over-year growth rate
Source: Federal Reserve System, Federal Open Market Committee’s (FOMC) Effective Federal Funds Rate
Source: US BLS
Source: CoreLogic, California Home Sale Activity by City
Source: SANDAG TransNet Revenues
Source: US BLS, Employment Situation (US), State Employment and Unemployment (CA), Metropolitan Area Employment and Unemployment (SD), Retrieved from FRED
Source: US BLS
Source: SANDAG TransNet Revenues
Source: SANDAG TransNet Revenues