



**FY 2013 *TransNet* AND TRANSPORTATION  
DEVELOPMENT ACT REVENUE REVISIONS AND  
FY 2014 TO FY 2018 TRANSIT REVENUE ESTIMATES**

File Number 1500300

**Introduction**

The transit operators within the SANDAG region receive federal, state, and local revenues to support both ongoing operations and capital projects. SANDAG is responsible for the apportionment of these various funds to the transit operators and to the local agencies for the nonmotorized program. Each year SANDAG provides an estimate for the upcoming fiscal year, as well as a projection for the next four fiscal years to allow the transit and local agencies to plan for capital projects and determine operating subsidies. This report summarizes proposed revisions to the FY 2013 (current year) revenue estimates for *TransNet* and Transportation Development Act (TDA) funding and the proposed transit revenue estimates for FY 2014 through FY 2018.

**Recommendation**

The Transportation Committee recommends that the Board of Directors: (1) approve the revision to the FY 2013 *TransNet* revenue estimate and Transportation Development Act (TDA) apportionment; (2) approve the FY 2014 allocation for *TransNet* and the apportionments for TDA, State Transit Assistance, and Federal Transit Administration (FTA); and (3) approve the transit revenue estimates for FY 2015 to FY 2018 for TDA, FTA, and *TransNet*.

**Discussion**

***Proposed Revision to FY 2013 TransNet and TDA Revenue Estimates***

SANDAG has received revenues for *TransNet* and the TDA for the first two quarters of FY 2013. The sales tax receipts are better than originally expected, providing the opportunity to adjust this current fiscal year's revenue estimates. Revenues received during the first two quarters of FY 2013 averaged 6.8 percent and 6.3 percent higher than for the same periods last year, for *TransNet* and TDA, respectively. This is a trend above the 4.5 percent increase originally estimated for FY 2013.

In light of these trends and following discussions with the transit operators and the County of San Diego, a revision is proposed to the FY 2013 *TransNet* and TDA sales tax estimates to reflect a 5.5 percent increase from actual FY 2012 receipts. The proposed 5.5 percent increase (over FY 2012 actual receipts) would translate to an expected increase of \$13 million for a total of \$250 million for *TransNet* and an expected increase of \$6 million for a total of \$121.1 million for TDA in FY 2013. The positive growth in sales tax receipts is consistent with the expectation of revenue increases as the economy begins to experience job growth, which has occurred nationwide and locally. The adjustment is based on the assumption that the modest rate of growth in jobs and the general

economy will continue for the second half of FY 2013 and into the foreseeable future. With the additional revenues available, the transit operators and SANDAG could request an amendment to the FY 2013 various TDA claims, subject to Board of Directors approval.

### **Summary of FY 2014 to FY 2018 Revenue Estimates**

The allocation of some of these funding sources is determined both by law and at the discretion of the Board of Directors. This report provides the forecast methodology, followed by the apportionment and allocation estimates for FY 2014 and future estimates for FY 2015 to FY 2018 for TDA, *TransNet*, and Federal Transit Administration (FTA) funding. Below summarizes each revenue source with additional details discussed later in this report.

1. *TDA*: The San Diego County Auditor and Controller office is required by state law to provide an estimated apportionment for the upcoming fiscal year before February 1 of each year. The apportionment is developed in consultation with SANDAG staff and with the transit operators and is based on actual sales tax receipts and receipt projections. The FY 2014 apportionment is based on an assumption of a 5 percent increase over the revised FY 2013 estimate, resulting in estimated FY 2014 TDA revenue of \$127,202,841. The FY 2014 apportionment and the FY 2015 to FY 2018 estimates are shown in Attachment 1. The proposed revision to the FY 2013 revenues along with the additional amount available to claim is shown in Attachment 1a. The projected amounts and how they were derived is detailed in the section below under Forecast Methodology.
2. *TransNet*: Estimates are developed by SANDAG based on actual sales tax receipts through the first two quarters of FY 2013. For FY 2014, approximately \$262.5 million is estimated to be available for the entire program (projecting a 5 percent increase over the revised FY 2013 estimate), of which nearly \$42 million is available for transit purposes. The proposed revision to FY 2013 and the estimate for FY 2014 revenues for the entire program are shown in Attachment 2. For the Transit System Improvements program, the FY 2014 through FY 2018 estimates are included in Attachment 3, and the proposed revised estimate for FY 2013 along with additional amount available is shown in Attachment 3a. Future year estimates and how they were derived is detailed in the section below under Forecast Methodology.
3. *FTA Formula Programs*: The two-year federal transportation reauthorization known as Moving Ahead for Progress in the 21st Century or MAP-21, made various changes to the FTA formula programs. While the Section 5307 Urbanized Area program remained largely intact, the Section 5309 Fixed Guideway Modernization program was significantly revamped, and a new formula program was introduced. The former Section 5309 Fixed Guideway program is now the Section 5337 State of Good Repair/High Intensity Program that attempts to address the aging fixed guideway infrastructure. The Section 5339 Bus/Bus Facility Program takes some of the criteria from the former Section 5309 Bus Discretionary program as a formula program. The actual guidelines for some of the new programs are still pending release by FTA.

Although MAP-21 covers the period October 1, 2012, to September 30, 2014, Congress appropriated funding only through March 27, 2013, under a Continuing Resolution. The funding published in the current Federal Register provides the apportionments for approximately one half of the fiscal year. The estimates provided in this report essentially double the amount shown in the Federal Register. Once the full year's apportionment is published, the total available for each program may change. The second year funding

provided under MAP-21 is a growth of 1.4 percent. Estimates for future years are shown as growing at one percent in order to remain conservative. Attachment 4 provides the FY 2014 apportionment and the FY 2015 to FY 2018 estimates for FTA funding.

4. *State Transit Assistance (STA)*: The State Controller's office is responsible for providing the annual STA estimates in January of each year. Based on the FY 2014 preliminary estimate, \$24,356,407 is available to the San Diego region. Pursuant to the state gas tax swap legislation passed in March 2010 – ABx8-6 (Committee on Budget, 2010), STA allocations are based on sales tax generated from consumption of diesel fuel. As diesel fuel consumption tends to fluctuate, FY 2015 to FY 2018 forecasts of STA funding are not provided as there is not sufficient historical information from which to base future projections.

### **Forecast Methodology**

Forecasting is a challenging venture made more difficult with the continued economic turmoil. History and previous experiences may not be good indicators of the course of events over the next few years. Even though the Great Recession officially ended more than three and a half years ago (June 2009), its impacts are lingering longer than most expected.

Economists have identified three trends as influencing the pace of the economic recovery: (1) a change in consumer consumption trends as households pay off accumulated debt, saving more personal disposable income, and reducing or halting the practice of spending built up equity in their assets; (2) a tight credit market with commercial banks slowly making new loans; and (3) some economic uncertainty facing major trading partners, such as the European Community. In addition to these, a fourth trend has emerged, stifling growth: annual domestic deficits and the level of sovereign accumulated debt.

To account for the emerging structural changes taking place in the economy, staff refined its forecasting methodology that produces the short-term quarterly sales tax revenue estimates. The current methodology focuses on expected job growth, the level of unemployment, and the condition of consumers' balance sheets to forecast sales tax revenue trends.

The short-term forecast methodology requires a different approach to calculating the confidence interval. Our forecast procedure provides a midpoint estimate with a range of accuracy of approximately plus or minus 5 percent or \$13 million per year at the 95 percent level of confidence for *TransNet*. For example, for FY 2013 the *TransNet* revenue estimate for the entire program is approximately \$250 million, making the range between \$237 million at the low end and \$263 million at the high end, with 95 percent confidence that the actual revenue amount will be within this range. We suggest continuing the established practice of using the midpoint of the confidence interval range for the future year projections. The high and low ranges are determined by beginning with the prior year midpoint, applying the estimated growth rate for the current year, and then adding and subtracting the confidence interval range (\$13 million for *TransNet* and \$6.5 million for TDA) from the midpoint. The \$6.5 million for the TDA confidence interval range is based on the fact that the TDA receipts are approximately half of *TransNet* receipts. The low- and high-end revenues are provided for planning purposes.

## **Expected Trends**

The positive growth in sales tax receipts is consistent with the expectation of SANDAG that revenue increases would occur as the economy begins to experience job growth, which has occurred nationwide and locally. Although the Great Recession that began in December 2007 officially ended in June 2009, the economic turnaround has been slow and sporadic. During 2011, for example, most economists expected the national economy to expand between 3.0 percent and 3.5 percent during calendar year 2011; whereas the national economy actually expanded by 1.8 percent for the year. A similar trend has emerged for 2012 with the preliminary estimate of Gross Domestic Product (GDP) growth showing the national economy expanded by 2.2 percent during 2012, including a decline of 0.1 percent recorded for the fourth quarter of 2012. To help counter the sluggish economic rebound, additional doses of monetary (operation twist) and fiscal policy (payroll tax reduction) were implemented in both 2011 and 2012. Although some of the monetary programs implemented by the Federal Reserve are expected to continue into 2013, the payroll tax reduction has ended, which means most employed people will see a tax increase of 2 percent.

Earlier this year Congress agreed to postpone decisions on sequestration and the debt ceiling; however, both are scheduled to be taken up during the first half of 2013. On the positive side, both the housing sector and automobile sales have increased over the past year, and the consensus view is that these positive trends will continue. However, the economy still faces challenges over the next couple of years. Some of the economic paralysis caused by public policy uncertainty and the European sovereign debt crisis will act as headwinds during 2013 and beyond, keeping economic growth below the long term trend of 3.6 percent. Most economists believe it will require additional time to repair the damage caused by the Great Recession; for example, the consensus expects 2013 to be similar to 2011 and 2012 with the nation's GDP, a measure of the total value of finished goods and services produced annually within the borders of the United States, increasing by 2 percent, making it difficult for people without a job to find one, even though the unemployment rate may continue to decline as more discouraged workers stop searching for employment and leave the labor force. The SANDAG forecast of sales tax revenue growth reflects this expected longer recovery period.

Despite the relative poor performance of the national economy, locally we have experienced two and a half years of sales tax revenue increases after three consecutive years of decline, measured on a year-over-year basis. During FY 2012, *TransNet* sales tax revenue during the first six months of FY 2013 is up 6.8 percent. This performance was better than expected and will likely continue over the remaining portion of the current fiscal year – supported by the fiscal and monetary stimulus policies recently implemented as well as improving employment conditions. This better than expected outlook for the remainder of this fiscal year provides the basis for SANDAG to adjust the FY 2013 revenue estimates upward to a growth rate of 5.5 percent from the original 4.5 percent forecast.

The table below shows actual and projected annual rates of change for *TransNet* revenues. By the end of FY 2013 staff expects that our *TransNet* revenue will be slightly above the past peak recorded during FY 2008, consistent with our expectations of returning to this level by FY 2014. Adjusting for the effects of inflation, that is, achieving the same level of purchasing power is expected to occur during 2015. This slow economic rebound reflects the consensus view that the national unemployment rate may not return to prerecession levels until the 2015 or later.

### **Growth in TransNet Sales Tax Receipts**

<b>Fiscal Year</b>	<b>% Change</b>	<b>Amount</b>
2010 (Actual)	-8.0%	\$204.2M
2011 (Actual)	8.4%	\$221.3M
2012 (Actual)	7.0%	\$236.9M
2013 (Proposed)	5.5%	\$250.0M*
2014 (Estimate)	5.0%	\$262.5M*
2015 (Estimate)	6.0%	\$278.3M*
2016 (Estimate)	5.2%	\$292.9M*
2017 (Estimate)	4.8%	\$307.7M*
2018 (Estimate)	4.8%	\$321.7M

\*Represents the midpoint of confidence interval range

### **TDA**

TDA is the major subsidy source that supports the region’s public transit operators and nonmotorized transportation projects. TDA comes from a quarter of a percent of state sales tax assessed in the region. SANDAG, as the Regional Transportation Planning Agency, is responsible to release the apportionment of TDA funds each year in conformance with state statute. The transit operators and other member agencies submit their annual TDA claims based on the annual apportionment and in compliance with SANDAG Board Policy No. 027: TDA Administration Policy.

Pursuant to state statute, the County of San Diego Auditor and Controller office has the responsibility for providing the TDA apportionment for the upcoming fiscal year. The County Auditor develops the apportionment in consultation with SANDAG staff and with the transit operators, based on actual sales tax receipts and projections. The apportionment for FY 2014 determines the amount of funds available to each agency to claim. SANDAG is required to notify prospective claimants of the apportionment by March 1, necessitating action by the Board of Directors this month.

The legislative priorities established by state law include certain categories for which TDA funds are taken “off the top.” These include the allocation to SANDAG for various planning, programming, and administrative-related expenses, funding of bicycle and pedestrian facilities, and support of community transit services. In addition, the County Auditor receives an allocation based on estimates of its costs to administer the TDA program. The remaining apportionment, along with prior year carryover funds, is available to be claimed by North County Transit District (NCTD), and Metropolitan Transit System (MTS). The balance of current year funds are allocated based upon the population of the service area served by the two transit agencies.

Pursuant to provisions of Senate Bill 1703 (Peace, 2002) and as agreed to by MTS, NCTD, and SANDAG, regional transit capital projects are implemented by SANDAG with funding transferred from both MTS and NCTD. The amount of transfer of local match for the federal formula funds for the capital projects to be implemented by SANDAG on behalf of MTS is based on the draft five-year transit Capital Improvement Program (CIP). The final list of projects and associated funding will be included with the transit CIP scheduled for Transportation Committee and Board of Directors action in March 2013. An additional apportionment to SANDAG covers those indirect administrative functions that are not directly funded by projects. The calculation for the cost of these administrative functions was memorialized in Addenda Nos. 3 and 4 to the Memorandum of Understanding between SANDAG, MTS, and NCTD.

Attachment 1 shows the TDA estimates from FY 2014 to FY 2018, Attachment 1a provides the revised FY 2013 estimate, comparing against last year's approved apportionment and the additional amount available to claim. As stated above, the FY 2014 apportionment is based on an assumption of a 5 percent increase over the revised FY 2013 estimate, resulting in estimated FY 2014 TDA revenue of \$127,202,841. The FY 2015 to FY 2018 TDA estimates is based on the forecast methodology described above. Staff is forecasting sales tax revenue growth consistent with *TransNet* percentages as shown in Table 1 above. The "low" estimates shown in Attachment 1 are based on the lower end of the 95 percent confidence interval, calculated by subtracting approximately \$6.5 million per year from the mid-point forecasted value.

### ***TransNet***

The *TransNet* Extension, the 40-year half-cent sales tax transportation funding measure approved by the voters in 2004, became effective in FY 2009. *TransNet* provides funding for major transportation projects in the region. After deducting costs associated with administrative expense, the operation of the Independent Taxpayer Oversight Committee (ITOC), and the bicycle/pedestrian program, the *TransNet* program is divided into Major Corridor Projects (42.4%), New Bus Rapid Transit/Rail Operations (8.1%), Local System Improvements (33%), and Transit System Improvements (16.5%). Attachment 2 shows the proposed revision to the FY 2013 estimate and the estimate for FY 2014 for the overall program and the various subprograms as described.

Within the transit share, services provided pursuant to Americans with Disabilities Act of 1990 (ADA) and subsidies for seniors have specific earmarks (2.5% and 3.25%, respectively). The remaining revenues can be used by the transit agencies for operating or miscellaneous capital purposes. Similar to TDA, the transit share between NCTD and MTS is allocated based upon the respective population of the two transit agencies' service areas.

Attachment 3 shows the estimates from FY 2014 to FY 2018 for the Transit System Improvements program portion of the *TransNet* program. These estimates are based on the forecast methodology described above. As stated above, the sales tax revenue estimate for FY 2013 (midpoint of the confidence interval range) is the base year for the forecast. Staff is forecasting sales tax revenue growth as shown in Table 1 above. The "low" estimates shown in the attachment are based on the lower end of the 95 percent confidence interval, calculated by subtracting approximately \$13 million per year from the midpoint forecasted value for the overall *TransNet* program. The effect on the Transit System Improvements program (a subset of the overall *TransNet* program) equates to approximately \$2.1 million each year.

### ***FTA Formula Programs (Sections 5307, 5337, and 5339)***

FTA 49 USC Section 5307 provides for transit capital and operating assistance in urbanized areas and for transportation-related planning. For areas with populations of 200,000 and more, such as San Diego County, the formula is based on a combination of bus/vanpool revenue vehicle miles, bus/vanpool passenger miles, fixed guideway revenue vehicle miles, and fixed guideway route miles, as well as population and population density. Eligible activities under this program include planning, engineering design, and an evaluation of transit projects and other technical transportation-related studies; capital investments in bus and bus-related activities; construction of maintenance and passenger facilities; capital investments in new and existing fixed guideway systems, including rolling stock, overhaul and rebuilding of vehicles, track, signals, communications, and computer hardware and software. The Job Access and Reserve Commute (JARC) program, which was a separate formula program under prior authorizations, has been eliminated under

MAP-21; however JARC projects are now eligible under Section 5307. Preventive maintenance and some ADA complementary paratransit service, while recorded as operating expenditures, are considered capital costs for purposes of eligibility.

FTA Section 5337 is a new formula-based State of Good Repair program that replaces and enhances former Section 5309 Fixed Guideway Modernization program. Section 5337 is dedicated to repairing and upgrading the nation's rail transit systems along with high-intensity motor bus systems that use high-occupancy vehicle lanes, including bus rapid transit (BRT). These funds reflect a commitment to ensuring that public transit operates safely, efficiently, reliably, and sustainably so that communities can offer balanced transportation choices that help to improve mobility, reduce congestion, and encourage economic development. Eligible activities include projects to replace and rehabilitate: rolling stock, track, line equipment and structures, signals and communications, power equipment and substations, passenger stations and terminals, maintenance facilities and equipment, operational support equipment (including computer hardware and software), and Transit Asset Management Plan development and implementation.

FTA Section 5339 is a new formula-based Bus and Bus Facilities program that provides capital funding to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities. This program replaces the Bus and Bus Facilities discretionary program.

As stated above, the Section 5307 program is based on number of factors, including data from the regional vanpool program. Over the years, the regional vanpool program has contributed substantially to the overall funding that comes to the region. In recognition of its contribution, the transit agencies have agreed to update the funding level to fully fund the regional vanpool program from the total apportionment. After deducting for the cost of the vanpool program, Section 5307 funds are would be allocated 70 percent for MTS and 30 percent for NCTD. The same 70/30 formula has been used to allocate the Sections 5337 and 5339 funding between MTS and NCTD. SANDAG does not directly receive funds from Section 5337 or Section 5339. These revenues are used to develop the FY 2014 transit CIP, which is scheduled for Transportation Committee and Board of Directions meetings in March 2013. The CIP identifies projects proposed for funding under the federal program, as well as outlines the division of capital projects to be implemented either by MTS, NCTD, or SANDAG.

Attachment 4 shows the federal funds estimated to be available from FY 2014 to FY 2018. As stated earlier, the FY 2014 estimate is based on the Federal Register. For FY 2015 to FY 2018, a one percent increase each year is proposed to remain conservative.

## **STA**

Current statute requires transit agencies to meet certain criteria related to operating efficiencies in order to use the STA funds for operations. ABx8-9 (Committee on Budget, 2010) suspended these qualifying criteria until FY 2012; subsequently, SB 565 (DeSaulnier, 2011) extended the suspension through FY 2015. The SANDAG area, as defined under the STA program, consists of the area outside of the MTS area of jurisdiction. NCTD is the only claimant of STA funds in the SANDAG area. For the San Diego region, \$24,356,407 is available of which \$5,771,888 is available for NCTD. The remainder is available to MTS.

GARY L. GALLEGOS  
Executive Director

- Attachments:
1. TDA - FY 2014 Apportionment and FY 2015 to FY 2018 Estimates
    - 1a. TDA - Revised FY 2013 Apportionment
    2. Overall *TransNet* Program Revenues - FY 2013 Revision and Estimate of FY 2014
    3. *TransNet* Revenue Forecast - Transit System Improvements Program - Estimates for FY 2014 through FY 2018
    - 3a. *TransNet* Revenue Forecast - Transit System Improvements Program - Revised FY 2013 Estimate
  4. FTA Formula Programs – Revenue Estimates FY 2014 to FY 2018

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Funds are budgeted in Work Element #1500300



**Transportation Development Act**  
**FY 2014 Apportionment and FY 2015 to FY 2018 Estimates**

	FY 2014	FY 2015 (\$000s)		FY 2016 (\$000s)		FY 2017 (\$000s)		FY 2018 (\$000s)	
		Estimate (mid-range)	Low	Estimate (mid-range)	Low	Estimate (mid-range)	Low	Estimate (mid-range)	Low
Total Apportionment <sup>1,2</sup>	<b>\$127,202,841</b>	<b>\$134,873</b>	<b>\$128,373</b>	<b>\$141,941</b>	<b>\$135,441</b>	<b>\$148,810</b>	<b>\$142,310</b>	<b>\$155,909</b>	<b>\$149,409</b>
Less County Auditor Expenses (PUC 99233.1)	(47,000)	(48)	(48)	(49)	(49)	(50)	(50)	(51)	(51)
Less SANDAG Administration (PUC 99233.1)*	(428,837)	(455)	(399)	(643)	(421)	(626)	(591)	(656)	(479)
Less 3% Planning Funds (PUC 99233.2)	(3,801,810)	(4,031)	(3,838)	(4,238)	(4,049)	(4,444)	(4,250)	(4,656)	(4,466)
Less 2% Bicycle/Pedestrian Funds (PUC 99233.3)	(2,458,504)	(2,607)	(2,482)	(2,740)	(2,618)	(2,874)	(2,748)	(3,011)	(2,888)
Less 5% Community Transit Service (PUC 99233.7)	(6,025,685)	(6,389)	(6,083)	(6,716)	(6,418)	(7,043)	(6,736)	(7,379)	(7,079)
<b>Subtotal</b>	<b>\$114,441,005</b>	<b>\$121,343</b>	<b>\$115,523</b>	<b>\$127,555</b>	<b>\$121,886</b>	<b>\$133,773</b>	<b>\$127,935</b>	<b>\$140,156</b>	<b>\$134,446</b>
Total Available for MTS	81,199,830	86,097	81,968	90,505	86,482	94,917	90,774	99,445	95,394
Less Regional Planning/Capital Projects <sup>3</sup>	(1,189,529)	(4,984)	(4,984)	(441)	(441)	(443)	(443)	(445)	(445)
Less Transferred Functions <sup>4</sup>	(2,373,835)	(2,517)	(2,396)	(2,646)	(2,528)	(2,775)	(2,654)	(2,907)	(2,789)
Total Community Transit Service	4,189,922	4,443	4,230	4,670	4,462	4,898	4,684	5,131	4,922
<b>Total Available to Claim</b>	<b>\$81,826,388</b>	<b>\$83,039</b>	<b>\$78,818</b>	<b>\$92,088</b>	<b>\$87,975</b>	<b>\$96,596</b>	<b>\$92,361</b>	<b>\$101,224</b>	<b>\$97,082</b>
Total Available for NCTD	33,241,175	35,246	33,556	37,050	35,404	38,857	37,161	40,710	39,052
Less Regional Planning/Capital Projects <sup>3</sup>	(2,739,100)	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Less Transferred Functions <sup>4</sup>	(556,790)	(590)	(562)	(621)	(593)	(651)	(622)	(682)	(654)
Total Community Transit Service	1,715,249	1,819	1,731	1,912	1,827	2,005	1,917	2,101	2,015
<b>Total Available to Claim</b>	<b>\$31,660,534</b>	<b>\$36,474</b>	<b>\$34,725</b>	<b>\$38,342</b>	<b>\$36,637</b>	<b>\$40,211</b>	<b>\$38,456</b>	<b>\$42,129</b>	<b>\$40,413</b>
Total Available for SANDAG:									
Regional Planning/Capital Projects	3,928,629	4,984	4,984	441	441	443	443	445	445
Transferred Functions	2,930,625	3,107	2,958	3,266	3,121	3,426	3,276	3,589	3,443
SANDAG Expenses	428,837	455	399	643	421	626	591	656	479
3% Planning Funds	3,801,810	4,031	3,838	4,238	4,049	4,444	4,250	4,656	4,466
Prior Year Carryover	3,468,517								
<b>Total Available to Claim</b>	<b>\$14,558,418</b>	<b>\$12,577</b>	<b>\$12,179</b>	<b>\$8,589</b>	<b>\$8,033</b>	<b>\$8,939</b>	<b>\$8,560</b>	<b>\$9,346</b>	<b>\$8,833</b>
Total Community Transit Service (CTSA)	<b>\$120,514</b>	\$128	\$122	\$134	\$128	\$141	\$135	\$148	\$142
Prior Year Carryover	\$0								
<b>Total Available to Claim</b>	<b>\$120,514</b>	<b>\$128</b>	<b>\$122</b>	<b>\$134</b>	<b>\$128</b>	<b>\$141</b>	<b>\$135</b>	<b>\$148</b>	<b>\$142</b>

<sup>1</sup>The County Auditor provided the apportionment for FY 2014. The projected estimates for FY 2015 to FY 2018 are based on the growth rate in retail sales as forecasted by SANDAG and excludes interest and prior year excess funds. The low range is based on the 95% confidence interval of -\$6.5M per year.

<sup>2</sup>Apportionment distribution is based on the population estimates published by the California Department of Finance (DOF) estimates as of January 2012 - approximately 71% (2,230,371) for MTS and 29% (913,058) for NCTD.

<sup>3</sup>Represents the local match for federally funded regional planning and transit capital development projects identified in the FY 2014 transit CIP. The FY 2015 to 2018 are estimates as provided by MTS and NCTD and will be included as part of the FY 2014 Capital Improvement Program scheduled for Transportation Committee/Board action at their March meetings. As a result, this amount is subject to change. For FY 2014 for MTS, of the \$1,189,529, \$177,729 is to match planning while the remaining \$1,011,800 is to match capital projects, for NCTD the entire amount is to match capital projects.

<sup>4</sup>Based on Addendums No. 3 and No. 4 to the Master Memorandum of Understanding between MTS, NCTD, and SANDAG. For NCTD, 26.09% of this share is transferred back to NCTD to be used for TDA-eligible purposes.

\*Note: The SANDAG Administration cost in FY 2016 rises disproportionately due to costs associated with the triennial performance audit. All other annual increases in SANDAG administrative share are consistent with growth in the TDA.

**Transportation Development Act**  
**Revised FY 2013 Apportionment**

	Revised FY 2013	Approved FY 2013	Additional Available to Claim
Total Apportionment	<b>\$121,145,563</b>	<b>\$117,143,185</b>	<b>\$4,002,378</b>
Less County Auditor Expenses (PUC 99233.1)	(46,000)	(46,000)	\$0
Less SANDAG Administration (PUC 99233.1)	(550,166)	(536,673)	(\$13,493)
Less 3% Planning Funds (PUC 99233.2)	(3,616,482)	(3,496,815)	(\$119,667)
Less 2% Bicycle/Pedestrian Funds (PUC 99233.3)	(2,338,658)	(2,261,274)	(\$77,384)
Less 5% Community Transit Service (PUC 99233.7)	(5,732,013)	(5,542,421)	(\$189,592)
<b>Subtotal</b>	<b>\$108,862,244</b>	<b>\$105,260,001</b>	<b>\$3,602,242</b>
Total Available for MTS	77,241,507	74,680,877	2,560,630
Less Regional Planning/Capital Projects	(618,168)	(618,168)	0
Less Transferred Functions	(2,258,117)	(2,183,260)	(74,857)
Total Community Transit Service	3,985,719	3,853,644	132,075
<b>Total Available to Claim</b>	<b>\$78,350,941</b>	<b>\$75,733,093</b>	<b>\$2,617,848</b>
Total Available for NCTD	31,620,737	30,579,124	1,041,613
Less Regional Planning/Capital Projects	0	0	0
Less Transferred Functions	(529,647)	(512,200)	(17,447)
Total Community Transit Service	1,631,654	1,577,928	53,726
<b>Total Available to Claim</b>	<b>\$32,722,744</b>	<b>\$31,644,852</b>	<b>\$1,077,891</b>
Total Available for SANDAG:			
Regional Planning/Capital Projects	618,168	618,168	0
Transferred Functions	2,787,764	2,695,460	92,304
SANDAG Expenses	550,166	536,673	13,493
3% Planning Funds	3,616,482	3,496,815	119,667
Prior Year Carryover	3,468,517	3,468,517	0
<b>Total Available to Claim</b>	<b>\$11,041,098</b>	<b>\$10,815,634</b>	<b>\$225,464</b>
Total Community Transit Service (CTSA)	<b>\$114,640</b>	<b>\$110,848</b>	\$3,792
Prior Year Carryover	<u>\$0</u>	<u>\$0</u>	\$0
<b>Total Available to Claim</b>	<b>\$114,640</b>	<b>\$110,848</b>	<b>\$3,792</b>

**Overall *TransNet* Program Revenues**  
**FY 2013 Revision and Estimate of FY 2014 (in \$000s)**

	FY 2013			FY 2014
	Approved	Proposed	\$ Change	Estimate
<u><i>TransNet</i> Program Revenues</u>				
Estimated Sales Tax Receipts	\$242,826	\$249,979	\$7,153	\$262,478
<u><i>TransNet</i> Program Allocations</u>				
Administrative Allocations <sup>1</sup>	\$2,428	\$2,500	\$72	\$2,625
Independent Taxpayer Oversight Committee <sup>3</sup>	\$0	\$0	\$0	\$361
Bike, Pedestrian & Neighborhood Safety <sup>2</sup>	\$4,857	\$5,000	\$143	\$5,250
Total off-the-top Programs	\$7,285	\$7,499	\$214	\$8,235
<u>Program Allocations (net of total revenues less off the top programs)</u>				
Major Corridors Program <sup>4</sup>	\$99,869	\$102,811	\$2,942	107,799
New BRT/Rail Operations <sup>5</sup>	\$19,079	\$19,641	\$562	20,594
Transit System Improvements <sup>6</sup>	\$38,864	\$40,009	\$1,145	41,950
Local System Improvement <sup>7</sup>	\$77,729	\$80,018	\$2,289	83,900
Total Program Allocations	\$235,541	\$242,480	\$6,939	\$254,243

## NOTES:

The *TransNet* Extension Ordinance established the rules for the allocation of all Commission revenues. Commission funds are allocated according to the following priorities:

<sup>1</sup>Up to 1% of the annual revenues shall be allocated for administrative expenses, which includes Commission/Board expenses, administrative reserve.

<sup>2</sup>Total of 2% shall be allocated for bicycle facilities.

<sup>3</sup>The ITOC allocation is based on the annual increase in CPI beginning with FY 2002, using \$250,000 as the starting base. At its February 8, 2012 meeting, ITOC agreed to forgo its FY 2013 allocation due to excess remaining balance.

<sup>4</sup>42.4% of the total revenues less off the top programs shall be allocated for Major Corridor projects which include transportation mitigation under the Environmental Mitigation program (EMP) and any finance charges incurred.

<sup>5</sup>8.1% of the total revenues less off the top programs shall be allocated to operate new rail or bus rapid transit (BRT) services.

<sup>6</sup>16.5% of the total revenues less off the top programs shall be allocated for purposes of public transit services including providing for senior and American with Disabilities Act (ADA)-related services.

<sup>7</sup>33% of total revenues less off the top programs shall be allocated for local street improvement services, which includes roadway projects, as well as local EMP and smart growth incentive programs.

**TransNet Revenue Forecast - Transit System Service Program**  
**Estimates for FY 2014 to FY 2018 (in \$000s)**

	FY 2014	FY 2015		FY 2016		FY 2017		FY 2018	
	Proposed (mid-range)	Estimate (mid-range)	Low	Estimate (mid-range)	Low	Estimate (mid-range)	Low	Estimate (mid-range)	Low
Total Available For Transit Purposes <sup>1</sup> :	\$41,950	\$44,482	\$42,401	\$46,814	\$44,734	\$49,084	\$47,003	\$51,428	\$49,347
Less 2.5% for ADA-related Services	(\$1,049)	(\$1,112)	(\$1,060)	(\$1,170)	(\$1,118)	(\$1,227)	(\$1,175)	(\$1,286)	(\$1,234)
Less 3.25% for Senior Services	(\$1,363)	(\$1,446)	(\$1,378)	(\$1,522)	(\$1,454)	(\$1,595)	(\$1,528)	(\$1,671)	(\$1,604)
<b>Subtotal</b>	<b>\$39,538</b>	<b>\$41,924</b>	<b>\$39,963</b>	<b>\$44,122</b>	<b>\$42,162</b>	<b>\$46,262</b>	<b>\$44,300</b>	<b>\$48,471</b>	<b>\$46,509</b>
<b>MTS Projects And Services:</b>									
Transit Service Improvements (Operations and Supporting Capital)	\$28,054	\$29,747	\$28,355	\$31,307	\$29,915	\$32,824	\$31,433	\$34,392	\$33,000
ADA Services	\$744	\$789	\$752	\$830	\$793	\$871	\$834	\$912	\$876
<b>NCTD Projects And Services:</b>									
Transit Service Improvements (Operations and Supporting Capital)	\$11,484	\$12,177	\$11,608	\$12,815	\$12,247	\$13,438	\$12,867	\$14,079	\$13,509
ADA Services	\$305	\$323	\$308	\$340	\$325	\$356	\$341	\$374	\$358
<b>Regional Discretionary Programs<sup>2</sup>:</b>									
Competitive Grant Program for Senior Transportation Services	\$1,363	\$1,446	\$1,378	\$1,522	\$1,454	\$1,595	\$1,528	\$1,671	\$1,604

<sup>1</sup>The Transit System Services Improvements share is 16.5% of net available revenues. After deducting for ADA and Senior Services, the balance is available for operations and miscellaneous capital projects by the transit agencies.

<sup>2</sup>The funds are allocated via a Call for Projects process by SANDAG.

Other Notes:

A. The estimated revenues are based on growth rate in taxable sales as forecasted by SANDAG and excludes interest and prior year excess funds. The low range is based on a 95% confidence interval of (-)\$13 million for the overall program and (-)\$2.1 million for the Transit System program

B. Distribution of revenue estimates are based on the 2004 Proposition A Extension: San Diego Transportation Improvement Program and Expenditure Plan.

**TransNet Revenue Forecast - Transit System Service Program**  
**Revised FY 2013 Estimate**

	FY 2013 Revised	FY 2013 Approved	Additional Available
Total Available For Transit Purposes:	\$40,009,172	\$38,864,274	\$1,144,898
Less 2.5% for ADA-related Services	(\$1,000,229)	(\$971,607)	(\$28,622)
Less 3.25% for Senior Services	(\$1,300,298)	(\$1,263,089)	(\$37,209)
<b>Subtotal</b>	<b>\$37,708,644</b>	<b>\$36,629,578</b>	<b>\$1,079,066</b>
<b>MTS Projects And Services:</b>			
Transit Service Improvements (Operations and Supporting Capital)	\$26,755,580	\$25,988,305	\$767,275
ADA Services	\$709,697	\$688,000	\$21,697
<b>NCTD Projects And Services:</b>			
Transit Service Improvements (Operations and Supporting Capital)	\$10,953,064	\$10,641,273	\$311,791
ADA Services	\$290,532	\$283,607	\$6,925
<b>Regional Discretionary Programs:</b>			
Competitive Grant Program for Senior Transportation Services	\$1,300,298	\$1,263,089	\$37,209

**Federal Transit Administration Formula Programs  
Revenue Estimates - FY 2014 to 2018**

	FY 2014 <sup>1</sup>			FY 2015 (\$000s)			FY 2016 (\$000s)			FY 2017 (\$000s)			FY 2018 (\$000s)		
	Apportionment	Regional Capital Projects <sup>3</sup>	Regional Planning	Apportionment	Regional Capital Projects <sup>3</sup>	Regional Planning	Apportionment	Regional Capital Projects <sup>3</sup>	Regional Planning	Apportionment	Regional Capital Projects <sup>3</sup>	Regional Planning	Apportionment	Regional Capital Projects <sup>3</sup>	Regional Planning
<b>Section 5307 Urbanized Area Formula Funds</b>															
MTS	\$38,874,802	(\$14,047,200)	(\$710,917)	\$39,080	(\$19,217)	(\$718)	\$39,150	(\$1,040)	(\$725)	\$39,293	(\$1,040)	(\$732)	\$39,511	(\$1,040)	(\$740)
NCTD	\$16,660,629	(\$10,956,300)	N/A	\$16,749	TBD	N/A	\$16,778	TBD	N/A	\$16,840	TBD	N/A	\$16,933	TBD	N/A
SANDAG (Vanpool Program) <sup>2</sup>	\$3,800,000	N/A	\$710,917	\$4,100	N/A	\$718	\$4,600	N/A	\$725	\$5,000	N/A	\$732	\$5,300	N/A	\$740
SANDAG (Capital Projects) <sup>3</sup>		\$25,003,500			\$19,217			\$1,040			\$1,040			\$1,040	
<b>Total</b>	<b>\$59,335,431</b>	<b>\$0</b>	<b>\$0</b>	<b>\$59,929</b>	<b>\$0</b>	<b>\$0</b>	<b>\$60,528</b>	<b>\$0</b>	<b>\$0</b>	<b>\$61,133</b>	<b>\$0</b>	<b>\$0</b>	<b>\$61,745</b>	<b>\$0</b>	<b>\$0</b>
<b>Section 5337 State of Good Repair/High Intensity</b>															
MTS	\$20,455,139	\$0	N/A	\$20,570	\$0	N/A	\$20,776	\$0	N/A	\$20,984	\$0	N/A	\$21,193	\$0	N/A
NCTD	\$8,639,740	\$0	N/A	\$8,816	\$0	N/A	\$8,904	\$0	N/A	\$8,993	\$0	N/A	\$9,083	\$0	N/A
<b>Total</b>	<b>\$29,094,879</b>	<b>\$0</b>	<b>N/A</b>	<b>\$29,386</b>	<b>\$0</b>	<b>N/A</b>	<b>\$29,680</b>	<b>\$0</b>	<b>N/A</b>	<b>\$29,976</b>	<b>\$0</b>	<b>N/A</b>	<b>\$30,276</b>	<b>\$0</b>	<b>N/A</b>
<b>Section 5339 Bus/Bus Facilities</b>															
MTS	\$3,409,452	\$0	N/A	\$3,444	\$0	N/A	\$3,478	\$0	N/A	\$3,513	\$0	N/A	\$3,548	\$0	N/A
NCTD	\$1,461,194	\$0	N/A	\$1,476	\$0	N/A	\$1,491	\$0	N/A	\$1,505	\$0	N/A	\$1,521	\$0	N/A
<b>Total</b>	<b>\$4,870,646</b>	<b>\$0</b>	<b>N/A</b>	<b>\$4,919</b>	<b>\$0</b>	<b>N/A</b>	<b>\$4,969</b>	<b>\$0</b>	<b>N/A</b>	<b>\$5,018</b>	<b>\$0</b>	<b>N/A</b>	<b>\$5,068</b>	<b>\$0</b>	<b>N/A</b>

<sup>1</sup>The federal government is currently operating under a continuing resolution (CR) until March 27, 2013. The FFY 2013 (FY 2014 CIP) is based on the Federal Register publication that provides the apportionment through the CR period multiplied by two for the full year's estimate. The second year funding provided under MAP-21 is a growth of 1.4%. Since specific program growth is unknown as well as the outlook for future re-authorization, future estimates are shown growing at 1.0% per year. These estimates are provided for planning purposes only.

<sup>2</sup>SANDAG and transit agencies have agreed to fully fund the rideshare portion of the regional Transportation Demand Management program in recognition of the vanpool program's contribution to the funding level apportioned to the region. The current year (FY 2014) funding will be revised as necessary based on actual expenditure at the end of the fiscal year. Any differences between the actual and the estimate will be reconciled with the following year's apportionment.

<sup>3</sup>Regional Capital Projects refer to projects and associated funding transferred to SANDAG to implement on behalf of MTS and NCTD based on the draft FY 2014 MTS/NCTD Capital budget. The specific projects and funding recommendation is scheduled to be presented to the Transportation Committee/Board of Directors as part of the FY 2014 Transit Capital Improvement Program at their respective meetings in March, and therefore is subject to change.

Note:

SANDAG share is based on the estimated costs to operate the regional vanpool program and its estimated increase in future years. The balance of 5307 funds are allocated 70% to MTS and 30% to NCTD. The same 70/30 split applies to the 5337 and 5339 funds (SANDAG does not share in these programs).