



05

# Financing - Investment Plan



Kiernan Avenue Interchange, Modesto, CA

## 5 FINANCING – INVESTMENT PLAN

The 2018 StanCOG RTP/SCS financial forecasts provide revenue projections for StanCOG member agencies through 2042. Forecasts were developed through meetings and coordination efforts with StanCOG's member agencies and Caltrans. The 2018 StanCOG RTP/SCS financial revenue forecast estimates approximately \$7.3 billion in available funding through fiscal year 2042.

**The 2018 StanCOG RTP/SCS financial revenue forecast estimates approximately \$7.318 billion in available funding through fiscal year 2042.**

These revenue projections satisfy federal requirements to achieve a financially constrained RTP whereby total project costs are accounted for through available and expected funding across the life of the Plan. The projects in the Plan are consistent with the State Transportation Improvement Program (STIP), Interregional Transportation Improvement Program (ITIP), and Federal Transportation Improvement Program (FTIP).

### Recent Changes

In 2015, the Fixing America's Surface Transportation (FAST) Act was passed to provide long-term funding options for surface transportation infrastructure planning and investment. The FAST Act replaced MAP-21 as the operative federal funding bill for transportation improvements.

In 2016, the California State Assembly passed Senate Bill 132, which contains almost \$1 billion in district-specific road and rail projects in Stanislaus, Merced and Riverside counties.

In 2016, Measure L was passed to provide additional funds to address a variety of transportation needs. Measure L provides a local source of funding by instituting a 25-year half-cent sales tax. Measure L Funds were provided for the following categories: Local Streets and Roads, Traffic Management, Bike and Pedestrian Improvements, Regional Projects, Rail Services, and Transit Programs. It is estimated that \$960 million will be generated for local transportation investments during the measure's 25-year lifespan.

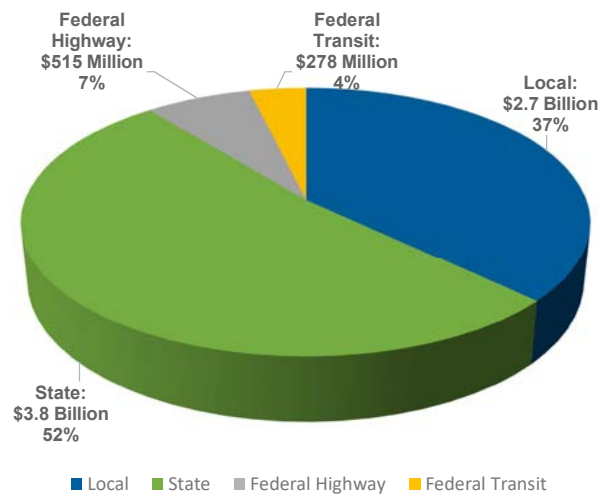
On April 28, 2017, Governor Brown signed Senate Bill 1 (SB1) (Beall, Chapter 5, Statutes of 2017), known as the Road Repair and Accountability Act (RMRA) of 2017.



### Funding Sources

Funding for the 2018 RTP/SCS include federal (highway and transit), state, and local sources through 2042, as shown in **Figure 5.1**.

**Figure 5.1 – 2018 RTP/SCS Funding Sources**



Sources of available funding include the following:

### State Transportation Improvement Program (STIP)

The STIP is a multi-year capital improvement program of transportation projects on and off the State Highway System, funded primarily from state and federal gas taxes. STIP programming occurs every two years. The programming cycle begins with the release of a proposed fund estimate, followed by California Transportation Commission (CTC) adoption of the fund estimate. The fund estimate serves to identify the amount of new funds available for the programming of transportation projects. Once the fund estimate is adopted, Caltrans and the regional planning agencies prepare transportation improvement plans for submittal. Caltrans prepares the Interregional Transportation Improvement Program (ITIP) using Interregional Improvement Program (IIP) funds, and regional agencies prepare Regional Transportation Improvement Programs (RTIPs) using Regional Improvement Program (RIP) funds. The STIP is then adopted by the CTC.

## State Highway Operation and Protection Program (SHOPP)

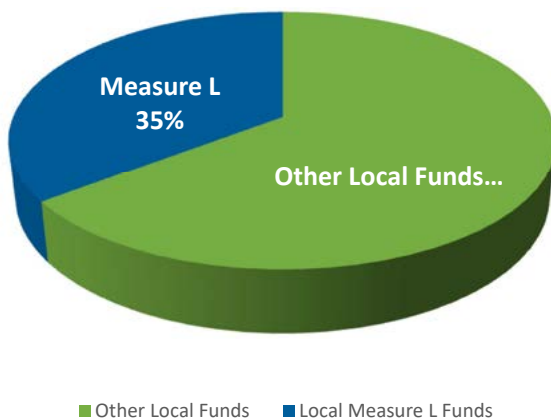
SHOPP includes State Highway safety and rehabilitation projects, seismic retrofit projects, land projects, building projects, landscaping, operational improvements, bridge replacement, and the Minor Program. The Minor Program is a one-year program reserved for relatively low-cost capital projects that are SHOPP eligible.

Caltrans is the owner-operator of the State Highway System and is responsible for its maintenance. Unlike STIP projects, SHOPP projects may not increase roadway capacity. SHOPP uses a four-year program of projects, adopted separately from the STIP cycle.

## Measure L

Measure L (Local Roads First), a half-cent sales tax referendum, was passed in November 2016 by the voters of Stanislaus County to increase funding for needed transportation improvements in the county. Measure L qualified Stanislaus County as a self-help county, allowing the region to leverage these funds to receive additional funding from various other State and Federal sources. The measure will generate approximately \$38 million per year for an estimated total of \$960 million over the course of the measure's 25-year lifespan, and represents 35 percent of all local funding for the Stanislaus region, as shown in **Figure 5.2**.

**Figure 5.2 - Measure L Proportion of Local Funds**



Of the Measure L revenue, 65 percent was apportioned directly to local agencies on a formula basis for the following purposes: 50 percent Local Streets and Roads (\$480,150,000); 10 percent Traffic Management (\$96,030,050); and 5 percent Bike and Pedestrian (\$48,015,000) improvements. The other 35 percent of Measure L was applied to regional needs, including 28 percent for 16 priority capital improvements (\$268,884,000) and 7 percent for regional transit providers (\$67,221,000).



As the Local Transportation Authority (LTA) for the Stanislaus region, StanCOG apportions local Measure L funds to its member agencies on a formula basis. StanCOG also coordinates with its member agencies to implement the regional program of projects as defined in StanCOG's Measure L Expenditure Plan.

## SB 1

The California State Assembly passed Senate Bill 1 in 2017, creating the Road Maintenance and Rehabilitation Program to address deferred maintenance on the State highway system and the local street and road system. SB 1 funding provides both formula funding programs and competitive funding programs, including State Rail Assistance, Additional State Transit Assistance, Transit and Intercity Rail Capital Program, Trade Corridor Enhancement Program, Solutions for Congested Corridors, Sustainable Communities Planning Grant, and Adaptation Planning Grant.



SB1 created the Road Maintenance and Rehabilitation Account (RMRA) into which most of the revenue from the fuel tax increase in SB1 will flow. Programs funded by this account included the Local Partnership Program, the Active Transportation Program, the State Highway Operations and Protection Program, the State Transportation Improvement Program, and Local Streets and Roads apportionments.

SB1 will generate \$5.4 billion annually to fix roads, freeways, and bridges in communities across California and puts additional funding toward transit and safety.

The programs created under SB1 include:

1. Solution for Congested Corridors Program (SCCP)
2. Trade Corridor Enhancement Program (TCEP)
3. Local Streets and Roads Program (LSRP)
4. Local Partnership Program (LPP)

It also provided additional funding to the following existing programs:

1. Active Transportation Program (ATP) Augmentation
2. State Highway Operation and Protection Program (SHOPP) Augmentation
3. State Transportation Improvement Program (STIP)
4. Transit and Rail Programs

And provides funding for Planning Grants:

1. Climate Change Adaptation Planning Grants
2. Sustainable Communities Grants

## SB 132

The California State Assembly passed Senate Bill 132, which contains almost \$1 billion in district-

specific road and rail projects in Stanislaus, Merced, and Riverside counties. The measure includes \$400 million in transportation funds for the extension of the Altamont Corridor Express to Modesto, Ceres, and Merced; a commuter rail line between the Bay Area and Central Valley; and \$100 million for a parkway project at the UC Merced campus.

## Active Transportation Program

The Active Transportation Program (ATP) was created in 2013 to encourage increased use of active modes of transportation, such as biking and walking. The ATP consolidates several federal and state transportation programs, including the Transportation Alternatives Program (TAP), Bicycle Transportation Account (BTA), and State Safe Routes to School (SR2S) into a single program with a focus of making California a national leader in active transportation.

The ATP is a statewide competitive grant funding program and includes a regional call for projects administered by MPOs, including StanCOG. For the ATP Cycle 3 (2017), the total amount available in the program is about \$240 million. For the ATP Cycle 4, the total amount available in the program is about \$440 million, through year 2023.

## Congestion Mitigation Air Quality Funds

As an air quality non-attainment area for PM-2.5 and 8-Hour Ozone, Stanislaus County receives federal Congestion Mitigation Air Quality (CMAQ) funds.

These funds are to be used for projects that contribute to improving air quality in the region. StanCOG oversees the distribution of these funds. Examples of eligible CMAQ projects include the following:

- Public transit improvements
- High occupancy vehicles (HOV) lanes
- Intelligent Transportation Infrastructure (ITI)
- Traffic management, traveler information systems, and electric toll collection systems
- Employer-based transportation management plans and incentives
- Traffic flow improvement programs such as signal coordination
- Fringe parking facilities serving multiple occupancy vehicles
- Shared ride services
- Bicycle and pedestrian facilities
- Flexible work-hour programs
- Outreach activities establishing Transportation Management Associations
- Fare/fee subsidy programs

## Cap-and-Trade Funds (Greenhouse Gas Reduction Fund)

AB 32 requires California to return to 1990 levels of greenhouse gas emissions by 2020. The Cap-and-Trade program is a key element in California's climate plan. It sets a statewide limit on sources responsible for California's greenhouse gas emissions and establishes a price signal needed to drive long-term investment in cleaner fuels and more efficient use of energy.

Cap-and-Trade revenues are made up of the portion of auction proceeds that are allocated to Affordable Housing and Sustainable Communities, Intercity Rail, and Low Carbon Transit Operations Programs. At least 25 percent of Cap-and-Trade expenditures must benefit disadvantaged communities, and at least 10 percent must be located in disadvantaged communities.

## Funding Source Summary

Funding sources applied in the 2018 RTP/SCS include the following, that were developed in coordination with StanCOG and partner agencies:

### Local Funds

- Development Impact Fees
- State Gas Tax
- Transit Fares
- Local Transportation Fund (LTF)
- Measure L Funds

### State Funds

- State Highway Operations and Protection Program (SHOPP)
- State Transportation Improvement Program (STIP)
- State Transit Assistance (STA)
- Highway Maintenance (HM)
- Aviation Funding
- Systemic Safety Analysis Reporting Program (SSARP)
- Active Transportation Program (ATP)
- SB 1
- SB 132

### Federal Funds

- Federal Transit Funding Programs
- Congestion Mitigation and Air Quality Improvement Program (CMAQ)
- Surface Transportation Block Grant Program (STBGP)
- Highway Safety Improvement Program (HSIP)
- Highway Bridge Program (HBP)
- Railway-Highway Crossings

## Financial Forecast

The 2018 StanCOG RTP/SCS financial revenue forecast estimates approximately \$7.3 billion in available funding through fiscal year 2042. The first four years of the fund estimate is consistent with the 4-year STIP fund estimate. Revenue per funding category is presented in **Appendix I** and is shown in **Table 5.1**. The RTP provides projections for local, state, and federal funds, and distinguishes between formula and competitive funding sources. Formula funds are systematic and were projected based on previous funding cycles specific to each member agency. Competitive funding, such as grant programs, are less certain and were based on past performance by StanCOG's member agencies, program applicability, and an assumed capture rate based on Stanislaus County's proportion of state maintained centerline miles of roadway. The 2018 StanCOG RTP/SCS financial revenue forecasts identify several new funding sources, including Measure L, SB 1, and SB 132. As the result of the passage of Measure L, Stanislaus became a Self-Help County, which will increase its ability to leverage additional federal and State discretionary funding.

Forecast estimates are specified for local, state, and federal funding sources. Due to the addition of SB 1, state funding sources account for approximately 54 percent of total forecasts for the 2018 StanCOG RTP/SCS. As shown, \$794 million (or 11 percent) of funding comes from federal sources, \$2.712 billion (or 36 percent) comes from local sources, and \$3.929 billion (or 53 percent) comes from state sources.

**Table 5.1 - 2018 RTP/SCS Revenue Forecasts through Year 2042**

REVENUE SOURCES		TOTAL
LOCAL	Local funding (Gas Tax, Prop 42, Development Impact Fees, General Fund)	\$900,915,498
	Transit Fares	\$148,741,074
	Local Transportation Funds (LTF)	\$687,720,894
	Local Transportation Funds (LTF Non Motorized)	\$14,630,374
	<b>LOCAL TOTAL (w/ TAX)</b>	<b>\$1,752,007,840</b>
STATE	State Highway Operations and Protection Program (SHOPP)	\$986,086,479
	State Transportation Improvement Program (STIP)	
	STIP: RIP	\$130,905,000
	STIP: IIP	\$0
	Public Transportation Account (PTA)	\$0
	State Transit Assistance (STA)	\$85,072,055
	Highway Maintenance (HM)	\$208,500,000
	State and/or Federal Aviation Funds	
	Federal Aviation Funds	\$42,540,927
	State Aviation Funds	\$957,226
	SB 132	
	SB 132: ACE Extension	\$164,092,820
	SSARP	\$19,985,875
	ATP (Competitive)	
	Statewide Call	\$71,499,657
	MPO Call	\$22,903,861
	SB1	
	SB1 ATP Augmentation Funding (for Statewide Call)	\$35,000,894
	SB1 ATP Augmentation Funding (for MPO Call)	\$21,109,914
	SHOPP (SB1 funding)	\$1,385,452,044
	Local Streets and Roads	\$308,389,490
	SB1 STIP Augmentation	\$0
	State Rail Assistance <sup>1</sup>	\$31,044,727
	Additional State Transit Assistance (via SB1)	
	Projected allocation via new 3.5% increase to diesel fuel sales tax	\$21,294,667
	Projected allocation via new transportation improvement fee (TIF)	\$10,489,349
	Transit and Intercity Rail Capital Project	\$48,000,000
	Trade Corridor Enhancement Program	\$16,200,000
	Solutions for Congested Corridors	\$182,296,322
	Sustainable Communities Planning Grant	\$19,726,394
Adaptation Planning Grant	\$400,000	
<b>STATE TOTAL without SSARP, ATP, and SB1</b>	<b>\$1,618,154,507</b>	
<b>STATE TOTAL with SSARP, ATP, and SB1</b>	<b>\$3,811,947,701</b>	
FEDERAL	Federal Transit Formula (5307, 5311, 5339 Combined)	
	5307, 5311, 5339 Total	\$267,071,444
	Federal Transit Formula 5310	\$11,301,023
	<b>Federal Transit Total</b>	<b>\$278,372,466</b>
	Congestion Mitigation and Air Quality (CMAQ)	\$243,271,665
	Surface Transportation Block Grant Program (STBGP)	\$162,371,370
	Highway Safety Improvement Program (HSIP)	\$64,039,580
	Highway Bridge Program (HBP)	\$39,184,772
	Rail/Highway Grade Crossing Protection (USC Section 130)	\$6,830,965
	High Priority Projects and Demo	\$0
	<b>Federal Highway Total</b>	<b>\$515,698,351</b>
<b>FEDERAL (Highway and Transit) TOTAL</b>	<b>\$794,070,818</b>	
MEASURE L	Measure L	
	Local Streets and Roads (50%)	\$480,150,000
	Traffic Management (10%)	\$96,030,050
	Bike and Ped Improvements (5%)	\$48,015,000
	Regional Projects (28%)	\$268,884,000
	Transit Providers (7%)	\$67,221,000
<b>Total Measure L</b>	<b>\$960,300,050</b>	
<b>Total with SB1, ATP, SSARP, and Measure L (w/ Tax)</b>		<b>7,318,326,409</b>
<b>Total without SB1, ATP, SSARP, and Measure L (w/ Tax)</b>		<b>4,164,233,165</b>

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