



Chapter 5: Financing Our Transportation Investments

This chapter describes the nuts and bolts of the financial forecasts for the San Benito region.

CHAPTER 5: FINANCING OUR TRANSPORTATION INVESTMENTS

This chapter describes the financial strategy needed to operate, maintain, and expand the multi-modal list of transportation projects identified in the next chapter. In identifying which projects will advance the region’s goals through the year 2045, the Council of Governments (COG) must consider how much funding is projected to be available to the San Benito region over the next 25-years, through the year 2045. *Funding forecasts show that project costs exceed the projected revenues – affecting the number of identified and delivered projects.*



As discussed in earlier chapters, the lack of adequate funding levels is the biggest challenge facing the San Benito region in its delivery of transportation projects and programs. As the region grows, the strain on available resources will continue to be a challenge. Given the funding circumstances, it is critical to set clear priorities for limited funds and pursue new revenues to address the backlog of transportation needs.

The fund projections included as Appendix B were developed in collaboration with regional partners in the Monterey Bay Region who subscribed to the same methodology in preparation of their Regional Transportation Plans. The Council of Governments developed the financial projections based on these guiding assumptions:

- Projections of revenues that rely on historical patterns of funding from federal, state, regional, and local sources, as well as conservative assumptions about future growth conditions (i.e., escalation rate).
- Funding identified in currently adopted plans and programs
- Guidance from local, state, and federal agencies
- Direction from policymakers regarding consideration of new, alternative revenues

PROJECTED FUNDING THROUGH 2045

Transportation projects in the San Benito region are funded through a variety of federal, state, regional, and local funding sources. Based on projected revenue sources, approximately \$1.5 billion is reasonably anticipated to be available to finance \$1.8 billion in transportation project costs between the years 2020 and 2045.

Federal and state sources for funding transportation infrastructure are critical. However, in San Benito County they are insufficient to cover the growing needs of the region. As illustrated in Figure 5-1, state and federal sources account for a combined total of 46 percent or \$710 million in funding through the year 2045. Regional funds consist of those provided by the Monterey Bay Air Resources District.

Local revenue sources account for 53 percent or \$813 million of the anticipated revenues come from local sources, primarily from the transportation mitigation impact fee program and Measure G – a local one cent sales tax for transportation.

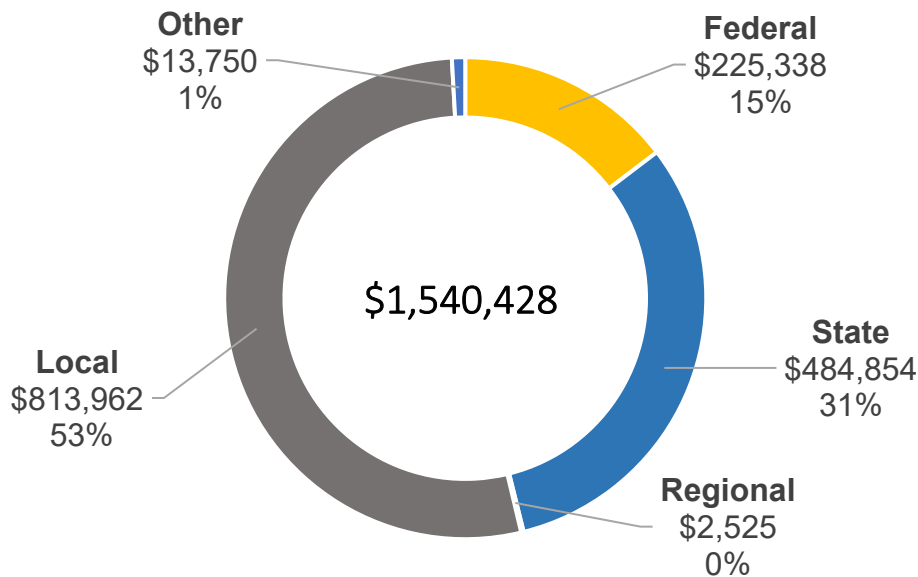


Figure 5-1: 25-Year Revenue Projections, Non-Escalated (000's)

Source: Council of San Benito County Governments

Like so many funding sources, transportation funding is often dedicated for specific uses. Some funding categories may be considered broad, generic groupings, while others have restrictions defined by federal and state law. For example, Active Transportation Program monies cannot be redirected to bridge projects.

DEDICATED VERSUS DISCRETIONARY FUNDS

The projected revenues, \$1.5 billion, are categorized as either “dedicated” to specific uses, or are considered “discretionary/flexible” and available for a variety of transportation uses.

As shown in Figure 5-2, 49 percent is “dedicated” for use for specific types of projects. For example, some funding sources are exclusively designated for capital projects on the state highways, while other flexible sources may be applied to projects that support both active transportation and roadway improvements.

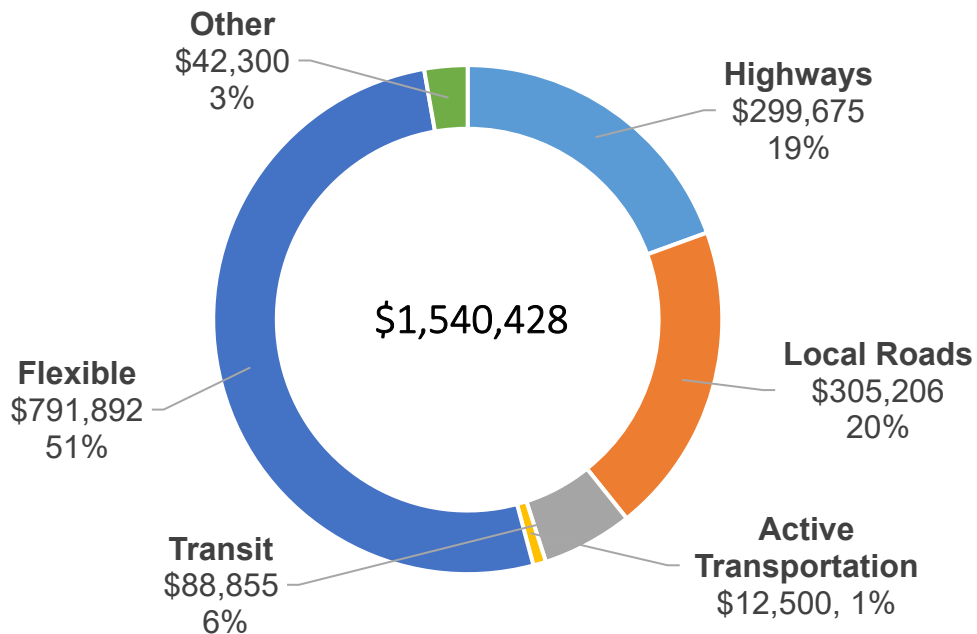


Figure 5-2: 25-Year Revenue Projections by Mode, Non-Escalated (000's)

Source: Council of San Benito County Governments

Discretionary monies are relatively “flexible” funds typically available for a variety of projects, this makes up 51% of the local, regional, state, and federal funding or \$791 million. Discretionary monies must still meet the parameters of the specific funding source in which they derive from.

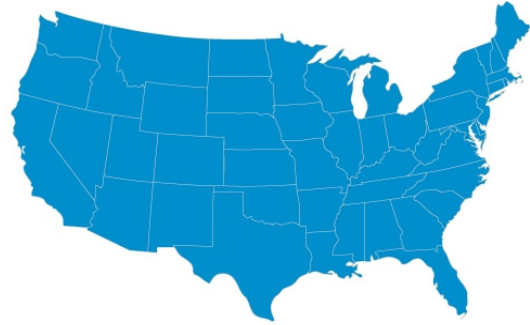
The following section outlines the major federal, state, local, regional, and “other” revenue assumptions for the San Benito region through the year 2045.

TRANSPORTATION FUNDING

Federal Funding Sources

Through the year 2045, 15 percent or \$225 million of the transportation funds for the San Benito region are expected to come from federal funding sources.

Federal monies for transportation are delivered through the federal transportation funding bill. On December 4, 2015, President Obama signed into law Public Law 114-94, the Fixing America’s Surface Transportation Act (FAST Act). The FAST Act funds surface transportation programs—including, but not limited to, Federal-aid highways—at over \$305 billion for fiscal years (FY) 2016 through 2020. It was the first long-term surface transportation authorization enacted in a decade that provides long-term funding certainty for surface transportation.



The Moving Ahead for Progress in the 21st Century Act (MAP-21), enacted in 2012, included provisions to make the Federal surface transportation more streamlined, performance-based, and multimodal, and to address challenges facing the U.S. transportation system, including improving safety, maintaining infrastructure condition, reducing traffic congestion, improving efficiency of the system and freight movement, protecting the environment, and reducing delays in project delivery.

MAP-21 is now expired. It has been replaced by the Fixing America's Surface Transportation Act (FAST). *The FAST Act builds on the changes made by MAP-21. Setting the course for transportation investment in highways. The FAST Act is a five-year surface transportation law that provides long-term funding certainty for federal fiscal years 2016-2020.*



The Fixing American’s Surface Transportation (FAST) Act is a five-year surface transportation law that provides long-term funding certainty for federal fiscal years 2016-2020.

The FAST Act is funded through the Highway Trust Fund (HTF), which is funded by the federal motor fuels tax. The tax has not been increased since 1993. Since 2008, Congress has transferred funds from non-transportation resources to the HTF in order to meet the needs of transportation outlays. While the FAST Act provides five years of funding certainty, the fund will be insolvent at the end of the five-year period.

In 2021, the Senate passed a \$1 trillion infrastructure package called the Investing in a New Vision for the Environment and Surface Transportation (INVEST) in America Act (H.R. 3684). The INVEST in America Act must also be passed by the House. The outlook and timeline for House consideration, as well as whether the House will amend the Senate package, remain unclear.



SUMMARY OF THE “INVESTING IN A NEW VISION FOR THE ENVIRONMENT AND SURFACE TRANSPORTATION IN AMERICA” ACT

Provides \$494 billion over five years to make transformative infrastructure investments in surface and rail transportation. Provides \$411 billion over five years out of the Highway Trust Fund (HTF) for highway, transit, safety, and research programs, a 46 percent increase over current investment levels.

Provides \$319 billion for the Federal-aid highway program under the Federal Highway Administration, \$105 billion for transit programs under the Federal Transit Administration, \$5.3 billion for highway safety programs under the National Highway Traffic Safety Administration, \$4.6 billion for motor carrier safety programs under the Federal Motor Carrier Safety Administration, and \$60 billion for rail programs.

Division A – COVID-19 Response and Recovery

This financial plan assumes that limited federal funds will continue to remain available. Since the previous RTP, core State and local revenues increased as a result of new revenue programs (i.e., SB 1) established to address the decline of funding due to increasing fuel efficiency vehicles. A significant apportionment of funding comes through fuel taxes and fees.¹

Figure 5-3 illustrates the federal revenue sources that are projected for the San Benito region over the next 25-years.

Index No.	Federal Program	Description	Projected Revenue
4.01	Fixed Guideway Capital Investment Grants (5309)	n/a	\$0
4.02	Enhanced Mobility of Seniors and Individuals with Disabilities (5310)	The 5310 program awards grants to private non-profit organizations to serve the transportation needs of the elderly and persons with disabilities. ²	\$2,713
4.03	Transit Planning Grants (5304) Competitive	The Transit Planning grant program is funded by the Federal Transit Administration, which has authorized Caltrans to distribute these grant funds. Funds can be used for transit planning for sustainable communities and for rural communities. ³	\$2,500
4.04	Metropolitan Planning (5303)	n/a	\$0

¹ Federal Highway Administration

² U.S. Department of Transportation, Federal Transit Administration

³ California Department of Transportation

4.05	Rural Area Formula Program (5311)	This rural transit program provides funding for the purpose of supporting public transportation in rural areas, with a population of less than 50,000. ⁴	\$8,750
4.06	Urbanized Area Formula Program (5307)	n/a	\$0
4.07	Small Transit Intensive Cities (5307c)	n/a	\$0
4.08	State of Good Repair	n/a	\$0
4.09	Bus and Bus Facilities Formula Program (5339)	n/a	\$0
4.10	Bus and Bus Facilities Formula Program (5339b)	n/a	\$0
4.11	CARES 5311		\$1,025
5.01	Better Utilizing Investments to Leverage Development (BUILD)	Transportation Discretionary Grant program that funds investments in transportation infrastructure, including transit	\$25,000
5.02	Highway Bridge Program (HBP)	The Highway Bridge Program provides funding to improve the condition of highway bridges through replacement, rehabilitation, and systematic preventive maintenance. ⁵	\$148,025
5.03	Highway Safety Improvement Program (HSIP)	The goal of the program is to achieve a significant reduction in traffic fatalities and serious injuries on all public roads, including non-State-owned public roads and roads on tribal lands. ⁶	\$9,750
5.04	Surface Transportation Block Grant (STBG), previously known as Regional Surface Transportation Program (RSTP)	Previously operated under the name Regional Surface Transportation Program. This program funds construction, reconstruction, rehabilitation, resurfacing, restoration, and operational improvements on federal and state highways, local roads, and bridges.	\$21,875

⁴ U.S. Department of Transportation, Federal Transit Administration

⁵ U.S. Department of Transportation, Federal Highway Administration

⁶ U.S. Department of Transportation, Federal Highway Administration

5.05	FEMA/CALEMA/ER -Emergency Road Repair Funding	FEMA’s provides grant funding to eligible applicants for repair and replacement of non-Federal aid roads and bridges following a declared major disaster or emergency.	\$5,700
6.01	Federal Aviation Administration (FAA) Airport Improvement Program	Airport Improvement provides grants to public agencies for planning and development of public-use airports that are included in the National Plan of Integrated Airport Systems. ⁷	\$3,750
6.02	Federal Railroad Administration (FRA)	This program provides grant funds to develop safety improvements and encourage the expansion of passenger and freight rail infrastructure and services.	\$10,000
Total			\$239,088

Figure 5-3: Federal Funding Sources for the San Benito Region, Current Year Dollars (000’s)

Source: Council of San Benito County Governments

⁷ U.S. Department of Transportation, Federal Aviation Administration

State Funding Sources

Through the year 2045, 31% or \$484 million, of the transportation funds for the San Benito region come from state funding sources.

California’s transportation system connects California’s nearly 40 million residents to jobs, housing, services, recreation, and facilitates trade to and from the world’s 5th largest economy. In California, transportation does far more than connect people and goods to their destinations; it plays a central role in our economic opportunities, cost of living, environmental quality, health, and quality of life. The State transportation system also plays a vital role in increasing resilience to climate change, while helping bring down carbon emissions that lead to future climate impacts.⁸



“California’s safe, resilient, and universally accessible transportation system supports vibrant communities, advances racial and economic justice, and improves public and environmental health.”

At the State level, transportation is a coordinated effort amongst the California State Legislature, California State Transportation Agency (CalSTA), California Transportation Commission (CTC), and Caltrans.

California State Legislature

The Legislature signifies its transportation initiatives and spending priorities by establishing policies and financial resources through State statutes such as the Revenue and Taxation Code, the Streets and Highways Code, and the Government Code. The Governor and Legislature appropriate funds for the transportation network through the annual budget. For more information visit: <http://leginfo.legislature.ca.gov>.

California State Transportation Agency

CalSTA’s mission is to “develop and coordinate the policies and programs of the State’s transportation entities to achieve the State’s mobility, safety and air quality objectives from its transportation system.” CalSTA oversees the Board of Pilot Commissioners, California Highway Patrol, CTC, Caltrans, Department of Motor Vehicles, New Motor Vehicle Board, High-Speed Rail Authority, and the Office of Traffic Safety. For more information visit: www.calsta.ca.gov.

⁸ California Transportation Plan 2050

California Transportation Commission

CTC consists of 11 appointed voting members and two non-voting ex-officio members. The Governor appoints nine members, and the Senate Rules Committee and the Speaker of the Assembly each appoint one member. CTC's responsibilities include 1) programing and allocating State and federal funds for the construction of various modes such as highway, passenger rail and transit improvements throughout California, 2) advising and assisting the Secretary of Transportation and the California State Legislature regarding policies, plans, and programs pertaining to transportation, and 3) aiding in the development of State and federal legislation and adopting policies to implement enacted laws. For more information visit: www.catc.ca.gov.

Caltrans

Caltrans plans, designs, constructs, and maintains the State highway System to account for motor vehicles, transit, and active transportation modes. This effort involves nominating interregional capital improvement projects to the CTC for construction. Caltrans also collaborates and partners with public and private entities such as the federal, State, regional, tribal governments, and Amtrak to advance the transportation network. For more information visit: www.dot.ca.gov.

Below is a simplified overview of 2020-2021 Transportation Funding in California, Figure 5-4.



Note: SB 1 established new revenue mechanisms and rate increases (see narrative on pages 10 and 11 and Chart 3). This portion of the diagram only signifies newly created fees based on the passage of SB 1 (2017). Revenues from these fees are allocated to state entities and programs.

* State base excise tax also pays for Refunds and Transfers Account as well as Aeronautics Account.

Figure 5-4: Introduction to Transportation Funding
Source: Caltrans Transportation Funding 2020

Figure 5-5 illustrates the state revenue sources that are projected for the San Benito region through the year 2045.

Index No.	State Program	Description	Projected Revenue
3.01	Airports Improvement Program State Match	n/a	\$0
3.02	California Aid to Airports Program	The purpose of the program is to assist in establishing and improving a statewide system of safe and environmentally compatible airports whose primary benefit is for general aviation. ⁹	\$250
3.03	Freeway Service Patrol	n/a	\$0
3.06	Service Authority for Freeways and Expressways	SAFE is funding used to respond to freeway incidents public safety, and air quality, and to increase the reliability of the freeway system and better manage traffic flow.	\$1,300
3.07	State Highway Operations and Protection Program (SHOPP)	Road Maintenance and Rehabilitation Account funds for maintenance of the State Highway System and supporting infrastructure. Projects usually fall into the categories: collision reduction, major damage restoration, bridge preservation, roadway preservation, roadside preservation, mobility enhancement, and preservation of other highway transportation facilities related to the state highway system.	\$213,250
3.08	Road Maintenance and Rehabilitation Account (RMRA) - State Highway Operations and Protection Program (SHOPP)	The Road Maintenance and Rehabilitation Account was established to address deferred maintenance of the state highway system and local St and road system. RMRA funds are deposited into various fund programs including the SHOPP.	\$85,125
3.09	State Transit Assistance (STA)	Funds derived from the statewide sales tax on diesel fuel, are for the development and support of public transportation needs that exist in California and are allocated to areas of each county based on population, taxable sales, and transit performance.	\$10,868
3.10	SB1 Competitive Programs:		\$40,000
	1. Trade Corridor Enhancement Program (TCEP)	1. TCEP: The Trade Corridor Enhancement Program provides funding for projects which more efficiently enhance the movement of goods along quarters that have height freight volumes.	
	2. Solutions for Congested	2. SCCP: The purpose of the Solutions for Congested Corridors Program is to provide funding to achieve a balanced set of	

⁹ California Department of Transportation

	Corridors Program (SCCP)	transportation, environmental, and community access improvements to reduce congestion throughout the state.	
3.	Local Partnership Program (LLP)	3. LPP Competitive: The Local Partnership Program provides local and regional transportation agencies that have passed sales tax measures, developer fees, or other imposed transportation fees with a continuous appropriation of 200 million annually to fund road maintenance and rehabilitation, soundwalls, and other transportation improvement projects.	
3.11	State Transit Assistance (STA) / State of Good Repair (SOGR)	Funds are to be made available for eligible transit maintenance, rehabilitation, and capital projects.	\$2,350
3.12	State Transportation Improvement Program (STIP)-Interregional Share	Funds are available to Caltrans for state highway improvements, intercity rail, and regional highway and transit improvements. Funds are divided into two categories: interregional and regional.	\$81,554
3.13	State Transportation Improvement Program (STIP)- Regional Share	Funds are available to Regional Planning Agencies for capital improvement program for state highway improvements, intercity rail, and regional highway and transit improvements. Funds are divided into two categories: interregional and regional.	\$15,732
3.14	Active Transportation Program (ATP)	The program allows cities, counties, transit agencies and other public agencies to compete for grants that make walking or biking easier, safer, and more convenient.	\$12,500
3.15	Low Carbon Transit Operations Program (LCTOP)	Created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emission and improve mobility, with a priority on serving disadvantaged communities.	\$1,900
3.16	SB1 Local Partnership Program (SB1 LPP) Formula	Funds are distributed based on a proportional share or revenues from voter approved taxes, tools, and fees and distributing in proportion based on the county's population and revenue.	\$5,000
3.18	Affordable Housing & Sustainable Communities	n/a	\$0
3.19	Transit and Intercity Rail Capital Program (TIRCP)	Transformative capital improvements that will modernize California's intercity, commuter, and urban rail system, and bus and ferry transit system to significantly reduce emissions of greenhouse gases, vehicle miles traveled, and congestion.	\$15,000

3.20	California Public Utilities Commission (CPUC) Transportation Network Companies (TNCs) Access For All Program	the program provides funding to improve accessibility for persons with disabilities, including military users who meaning wheelchair access vehicle. Utilities.	\$25
			Total \$484,854

Figure 5-5: State Funding Sources for the San Benito Region, Current Year Dollars (000's)

Source: Council of San Benito County Governments

LOCAL FUNDING SOURCES

Over the next 25-years, 53% or \$813 million, of the transportation funds for the San Benito region come from local funding sources.

Local fund sources augment state and federal funds, allowing for additional transportation investments in the region. This funding is used on local streets and roads for maintenance and system preservation. Additional funds are generated by the voter approved Measure G and Traffic Impact Mitigation Fee program, which funds both local roads with bicycle facilities and state highway capacity projects. These mitigation fees pay for the costs attributable to the increased demand for public facilities reasonably related to development projects.



In 2018, San Benito County voters approved Measure G – a 30-year once-cent sales tax that would generate \$485 million to fund local transportation improvements. Fifty percent of the revenues will be set aside for the Highway 25 Conversion Project between Hollister and Santa Clara County. The other fifty percent of the revenue is being used by our two cities and the County to fix potholes and make road repairs and safety improvements in the community. A smaller portion will fund mobility-for-all programs.

More specifically, the Investment Plan includes a project list that divides San Benito County transportation projects into three tiers: Tier I for Highway 25; Tier II for Local Street and Road Maintenance and Rehabilitation; and Tier III for bicycle, pedestrian, and transit improvements for seniors, youth, and persons with disabilities, Figure 5-6.

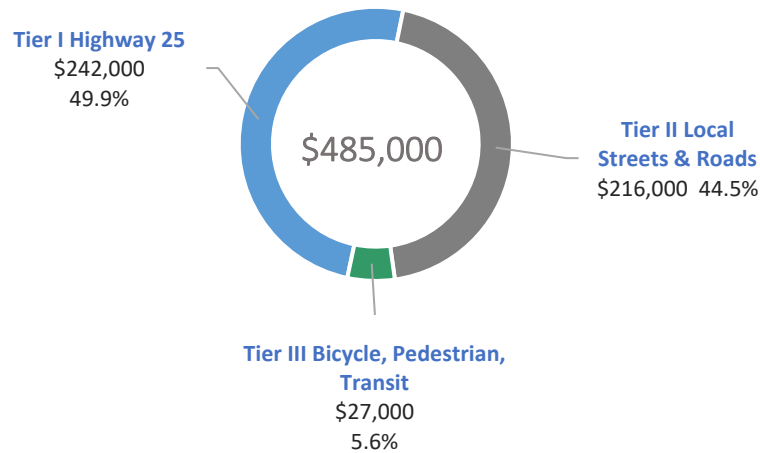


Figure 5-6, 30-Year Measure G Funding Summary (000's)
 Source: Council of San Benito County Governments

Figure 5-7 illustrates the local revenue sources that are projected for the San Benito region over the next 25-years.

Index No.	Local Program	Description	Projected Revenue (Dollars in 000s)
1.04	Gas Tax (Highway User Tax)	Cities and counties receive Highway User Tax revenue (\$0.13 per gallon for diesel fuel and \$0.18 per gallon for gasoline) based on population.	\$75,450
1.05	Road Maintenance and Rehabilitation Account (RMRA) Local Gas Tax		\$66,281
1.07	Airport Revenue	Hollister Municipal Airport funding generated locally through a variety of methods including user fees and lease agreements.	\$27,775
1.09	Regional Developer Impact Fees	Regional developer impact fees assessed on new development to pay for new transportation infrastructure needs, such as Highway 25, local roads, and bicycle facilities.	\$231,638
1.10	Public Transit Fares	The Local Transportation Authority collects fares from passengers using the transit system.	\$3,750
1.13	Local Transportation Fund (LTF)/Transportation Development Act (TDA)	Law provides funding to be allocated to transit and non-transit related purposes that comply with regional transportation plans.	\$40,000
1.14	Vanpool Lease	The Council of Governments collects fees in exchange for the lease of vans to commuter groups.	\$525
1.15	Measure G – Local Transportation Sales Tax of 2018	A 30-year one-cent sales tax, anticipated to generate \$485 to help pay for Highway 25, local roads, public transit, bicycle, and pedestrian projects. *Figure reflects Measure G funding through the year 2045	\$368,543*
Total			\$813,962

Figure 5-7: Local Funding Sources for the San Benito Region, Current Year Dollars (000's)

Source: Council of San Benito County Governments

REGIONAL FUNDING SOURCES

Over the next 25-years, 0% or \$2.5 million of the transportation funds for the San Benito region are expected to come from regional funding sources.

Figure 5-8 illustrates the regional revenue sources that are projected over the next 25-years.

Regional Program	Description	Projected Revenue
2.01 Assembly Bill 2766	The Monterey Bay Unified Air Pollution Control District allocates the vehicle registration surcharge fee to fund a grant program. The program funds planning, monitoring, enforcement, capital, and technical studies. ¹⁰	\$2,525
Total		\$2,420

Figure 5-8 Regional Funding Sources for the San Benito Region, Current Year Dollars (000's)

Source: Council of San Benito Governments

¹⁰ Monterey Bay Unified Air Pollution Control District

FUNDING UNCERTAINTIES

The Regional Transportation Plan assumes \$1.5 billion in projected revenues to be available within the 2045 planning period to support the transportation investments discussed in the next chapter.

These projections are intended to be used as a general tool to assist the Council of Governments, local jurisdictions, and other project sponsors in determining the projects that are reasonable to prioritize in the short and long term of the Plan. The Council of Governments recognizes that funding projections may vary from year-to-year and may be impacted by the economy, state and federal laws and budgets, fuel consumption, and related gas tax revenues.

Financial projections were developed in coordination with partner agencies in the Monterey Bay region and are also used in the Association of Monterey Bay Area Governments' federally mandated Metropolitan Transportation Plan (MTP). Projections are consistent with those figures shown in the California Transportation Commission's (CTC) State Transportation Improvement Program (STIP) Fund Estimate, Federal Transportation Improvement Program (FTIP) and other relevant programming documents.

NON-TRADITIONAL REVENUE SOURCES

The Council of Governments may consider non-traditional revenue streams to augment funding for transportation projects and programs. Opportunities to combine and phase construction of these projects using non-traditional funding sources is another option to meet the current and future needs of the traveling public.

FUNDING AVAILABILITY VS. TRANSPORTATION COST

Although new funding sources have been identified in the Regional Transportation Plan, they are not sufficient to meet the transportation need in the San Benito region. Funding assumptions for revenue projections through the 2045 planning period continue to reflect a conservative fiscal growth.

As noted earlier, the San Benito region is projected to receive \$1.5 billion in funding through the year 2045. Although forecasted revenues may seem substantial, they account for less than what would be needed to fund the \$1.8 billion in transportation project costs that are identified in the next chapter.