

# CONNECT SOCIAL

The 2024–2050 Regional Transportation Plan/Sustainable Communities Strategy  
of the Southern California Association of Governments

# Transportation Finance

TECHNICAL REPORT

DRAFT | NOVEMBER 2, 2023



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## 1. INTRODUCTION

The financial plan summarizes federal, state, and local sources of revenues used to pay for transportation, system preservation and improvements over the next 25 years. SCAG highlights the importance of finding new and innovative ways to pay for transportation, including an ever-expanding backlog of projects to preserve our existing transportation system. Nationally, we continue to face an insolvency crisis with the Federal Highway Trust Fund (HTF), which is funded by excise taxes on fuel. The federal gas tax remains unchanged since 1993, and fuel tax receipts have declined precipitously as fuel efficiency has increased. In 2021, on a broad bipartisan basis, the U.S. Congress passed the Infrastructure Investment and Jobs Act (IIJA), which provides a substantial influx of new federal funding through new and existing programs. However, the IIJA expires in Fiscal Year (FY) 2025-26 and has been touted as a “once in a generation” investment in our nation’s transportation system. California’s passage of the Road Repair and Accountability Act of 2017 (Senate Bill [SB] 1) provides a significant influx of new state revenue through a gas tax increase and other transportation fees, yet only a fraction of our needs is funded through state sources.

Our region has faced multiple changes in recent years, that present challenges for funding and financing the transportation system, but also opportunities that could help us transition to a future with more stable and sustainable sources of transportation funding. The COVID-19 pandemic has had a significant impact on travel patterns and economic activity, and it remains to be seen to what degree our recovery will lead to a “new normal” in the region. Recent increases in inflation and concerns about a recession may impact people’s spending and travel habits in the short term, and the need for resiliency could greatly increase the magnitude of investments needed to maintain and preserve the transportation system. For the financial plan, we strive to forecast long-term financial consistency while closely monitoring the impact of recent changes.

Our region continues to rely heavily on local sources of tax revenue. Eight county-level local option sales tax measures in the region are the key reason that local sources generate 61 percent of core revenues for transportation improvements. Our region’s success in providing local sources of transportation funding also increases our ability to secure federal and state funding that requires local contribution.

It is vital that we find new ways to make transportation funding more sustainable in the long-term. Efforts are underway to explore how we can transition from our current system based on fuel taxes towards a more direct system of user fees. User fees are linked directly to how people travel and can support our infrastructure needs and promote a balanced transportation system by encouraging residents and visitors to consider the effects that their travel choices have on the larger transportation ecosystem. These innovative funding mechanisms can be structured and implemented to serve as a critical tool for advancing environmental, economic, and equity-related goals, including reducing traffic congestion and vehicle miles traveled (VMT), while encouraging increased uptake of active transportation modes and boosting transit ridership.

In our region, numerous policy and technical studies have been conducted on the subject, and more work is planned to examine and demonstrate the viability of user fee systems, including toll networks, mileage-based user fees to replace fuel taxes, and congestion pricing zones that levy fees based on time-of-day and congestion levels. Our region has successfully implemented toll systems in the past in partnership with the California Department of Transportation (Caltrans), with a network of privately financed toll roads in Orange County and express lanes along Interstate 10 (I-10) (Los Angeles and San Bernardino Counties), I-110 (Los Angeles County) and State Route (SR) 91 (Orange and Riverside Counties), and the I-15 Express

Lanes that opened in Riverside County in April 2021. Additionally, the findings from feasibility studies and the completion of the California Road Charge Pilot Program will help decision-makers identify the next steps in this transition to user fees.

However, more work is planned to examine and demonstrate the viability of user-fee systems, including toll networks, mileage-based user fees to replace fuel taxes, and congestion pricing zones that levy fees based on time-of-day and congestion levels. Connect SoCal includes these user-fee-based funding strategies to support system management, preservation and resilience, and to contribute to the region's greenhouse gas reduction goals. SCAG further considers the potential equity concerns that accompany user fee policies and assumes mitigation measures such as the establishment of a mobility equity fund. This can provide resources that can increase access for priority equity communities, particularly transportation equity zones (TEZs). In 2022, SCAG conducted the Mobility Innovations and Pricing (MIP) project, which focused on the potential equity implications of road pricing and other innovative transportation policies in the SCAG region. Developed in the context of SCAG's MIP project, identifying TEZs are a way to analyze the impacts of mobility innovations for communities experiencing transportation-related burdens. The MIP study showed that a pricing strategy, done the right way, can be a tool to help underserved communities. In particular, the MIP project focused on equity mitigation strategies intended to adjust the parameters of a pricing program to prioritize those that may be most adversely impacted. In addition to subsidies and payment accessibility considerations, credits were explored—transportation credits to specific communities that can be applied to any mode of transportation. Credits can be deployed to incentivize sustainable trips and can be targeted geographically or demographically, together with investment in robust mobility options. SCAG continues to conduct research on supporting policies that focus on designing an equitable transportation system, including setting the framework for Universal Basic Mobility for the SCAG region.

In accordance with federal fiscal constraint requirements (23 U.S.C. § 134(i)(2)(E)), the Transportation Finance Technical Report for the 2024 Regional Transportation Plan and Sustainable Communities Strategies (RTP/SCS), also referred to as Connect SoCal 2024, identifies how much money the Southern California Association of Governments (SCAG) expects will be reasonably available to support our region's surface transportation investments over the Connect SoCal 2024 planning horizon. The financial plan includes both a "traditional" core revenue forecast comprising existing local, state and federal sources, and a separate forecast of more innovative, but reasonably available, sources of revenue to implement a program of improvements to keep freight and people moving. The financial plan further documents progress made since past Plans and describes steps we can take to obtain the revenues needed to implement the region's long-term transportation vision. The SCAG region has secured the necessary resources to support transportation investments detailed in past RTPs, and our current financial plan will continue to meet the necessary milestones to implement Connect SoCal 2024. The following sections describe the financial assumptions and methodologies used for forecasting revenues and expenditures for transportation investments.

## 2. FINANCIAL ASSUMPTIONS

SCAG assesses trends and other factors to inform the key assumptions in SCAG's financial model. This work helps to provide clarity to what revenues will be available to support the region's surface transportation investments. In order to ensure that Connect SoCal meets the federal fiscal constraint requirement, there must be sufficient revenue available to support expenditures.

The region's revenue forecast timeframe for Connect SoCal 2024 spans FY2024-25 through FY2049-50. Consistent with federal guidelines, the financial plan considers inflation, and reports statistics in nominal (i.e., year-of-expenditure) dollars. The underlying data are based in part on financial planning documents developed by the region's county transportation commissions (CTCs) and transit operators. The financial model also uses information from Caltrans and the California Transportation Commission (CATC), as well as other local, state, and federal agencies, as applicable. The regional forecasts incorporate county forecasts, where available. This ensures consistency between the SCAG forecast and the planning documents of the CTCs. When there are temporal gaps in the financial projections in the outer years between the county forecasts and the Connect SoCal time horizon, growth assumptions are extrapolated from historical trends based on published data.

The basic process for developing the revenue forecast involves the following steps:

- Incorporate financial planning documents developed by CTCs and transit operators in the region, where available;
- Ensure consistency with local, state, and federal planning documents;
- Utilize published data sources to evaluate historical trends; and
- Conduct sensitivity testing of assumptions to augment local forecasts, as needed.

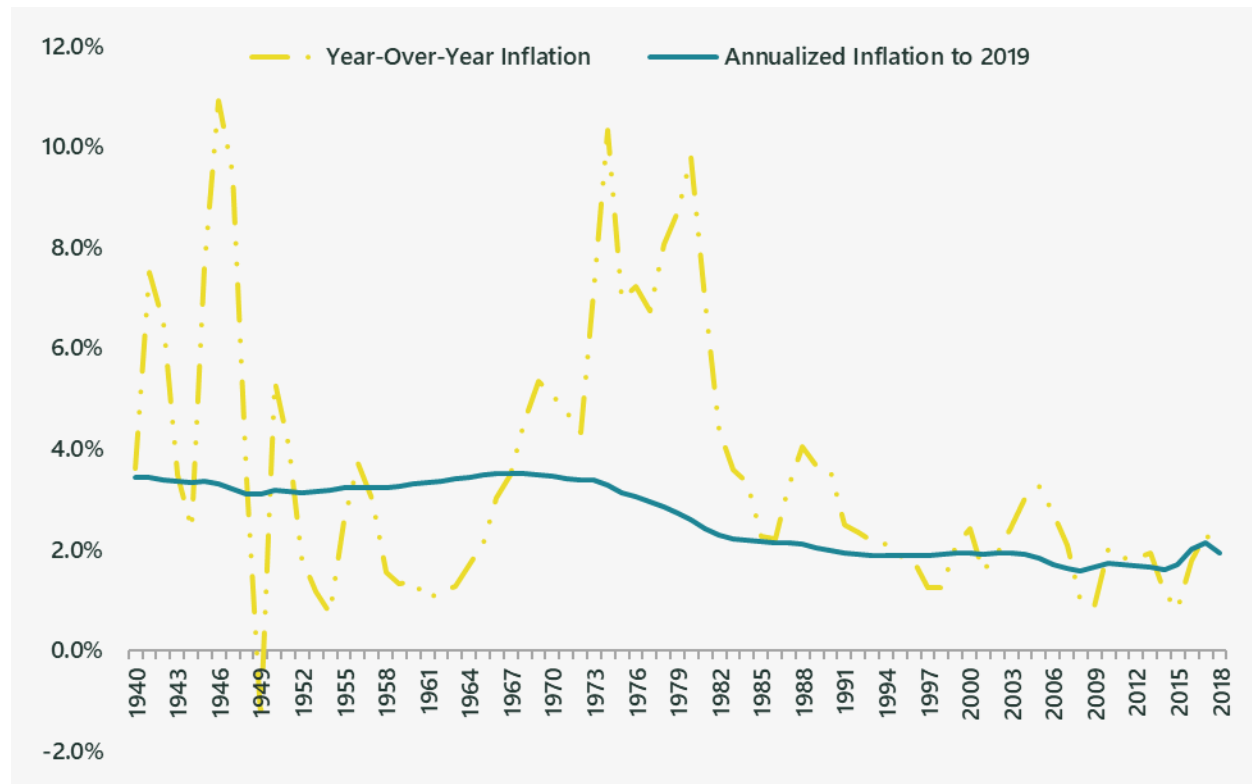
Overall economic conditions play a large role in determining the level of revenues available for transportation investments through FY2049-50, because of the significant share of total forecasted revenues that flow from multiple tax revenue streams. SCAG's financial model reflects historical growth trends and reasonable future expectations for key revenue sources. Despite recent state fuel tax increases, the inability of existing fuel excise taxes to keep pace with increasing transportation costs and the impacts of increasing fuel efficiency on traditional, fuel-tax-based revenue sources are key considerations in the financial plan.

The following sections describe selected economic assumptions and challenges in developing the revenue forecasts.

## 2.1 INFLATION

Inflation can have profound financial impacts over the long-term time horizon of our Plan by increasing costs to operate and maintain the transportation system. SCAG's financial model accounts for historical inflation trends as measured by the U.S. Office of Management and Budget (OMB) through the Gross Domestic Product (GDP) Price Deflator metric and the Bureau of Labor Statistics Consumer Price Index. **FIGURE 1** shows the trends in inflation by the GDP Price Deflator. Although inflation rates (annualized to 2019) have varied considerably over time, they have generally trended between two and four percent. Accordingly, a 2.3 percent inflation rate is used to adjust constant dollar (revenue) forecasts into nominal (or year-of-expenditure) dollars.

Figure 1. Historical Inflation Trends (Annual Inflation)



Source: Office of Management and Budget, Budget of the U.S. Government, President’s Budget for 2021-2027

## 2.2 RETAIL SALES GROWTH

Changes in personal consumption patterns and the overall population are main contributors to the growth in retail sales and are subject to volatility. Suppressed consumer spending during the initial pandemic period resulted in significant declines in retail sales, which later strongly rebounded. Recessions and economic slowdowns also reduce personal consumption. Over the 30-year period from FY1988-89 to FY2018-19, statewide retail sales grew by 1.5 percent annually in real terms (when the effects of inflation are eliminated). The financial plan assumes retail sales growth ranging from 1.0 percent to 3.3 percent in real terms.

## 2.3 FUEL CONSUMPTION

Excise taxes on gasoline and diesel fuels are the basis of most federal and state transportation funding sources. Since these taxes are based on cents-per-gallon purchased, they depend on fuel consumption. Though changes in regional vehicle miles traveled will continue to play a role during the Plan period, increases in conventional fuel efficiency and the adoption of alternative fuel and powered vehicles will reduce overall fuel consumption. The financial plan assumes that increases in vehicle fuel efficiency and the shift to zero-emission vehicles due to implementation of the California Air Resources Board’s (CARB) Advanced Clean Cars II regulations—which bans the sale of new, gasoline-powered vehicles beginning in

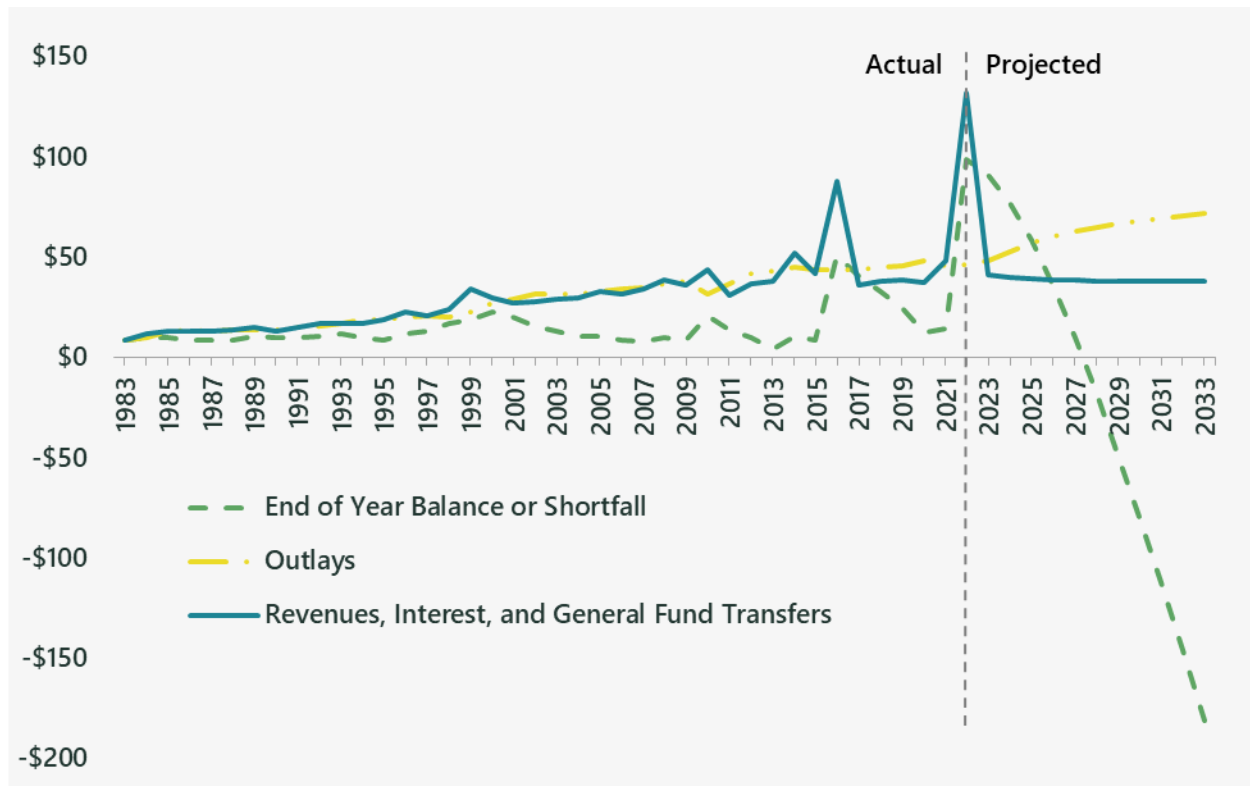
2035—will reduce fuel consumption by 3.6 percent per year during the Plan period. Additionally, the Air Board’s Advanced Clean Fleets regulation will reduce transportation revenue dependent on the consumption of diesel fuel. Some estimates suggest that large-scale fleet conversion to zero-emission vehicles could result in up to a 75 percent loss of fuel tax revenues for the region. SB 1 increased state fuel tax rates and will index these taxes to inflation in future years using the California Consumer Price Index (CPI). SB 1 includes an additional yearly registration fee for alternative fuel vehicles, but this fee does not entirely account for the increases in conventional fuel efficiency and the adoption of alternative fuel and powered vehicles.

## 2.4 STATUS OF THE FEDERAL HIGHWAY TRUST FUND

The Federal Highway Trust Fund provides federal highway and transit funding from a nationally imposed 18.3 cent-per-gallon gasoline excise tax. Since 2008, the Trust Fund has failed to meet its obligations and has required the United States Congress to make transfers from the General Fund to keep it solvent. The negative balances shown in **FIGURE 2** illustrate the projected inability of the Trust Fund to pay its obligations.

At the time of the 2024 RTP/SCS, three decades have passed without substantive Congressional agreement on a long-term solution for providing adequate funding for the federal Highway Trust Fund. IIJA, passed in 2021, relies on a one-time transfer of general fund revenues to extend the near-term solvency of the Trust Fund through 2027. It does not address the present, long-term structural deficiency that exists in funding the Trust Fund. Although the financial plan assumes that Congress will reach agreement on reauthorizing federal spending for transportation programs over the Plan horizon, the core revenues available from the Trust Fund are expected to decline due to increasing fuel efficiency and other factors.

Figure 2. Status of the Federal Highway Trust Fund (in Billions)



Source: Congressional Budget Office and Federal Highway Administration

## 2.5 STATUS OF THE STATE HIGHWAY ACCOUNT

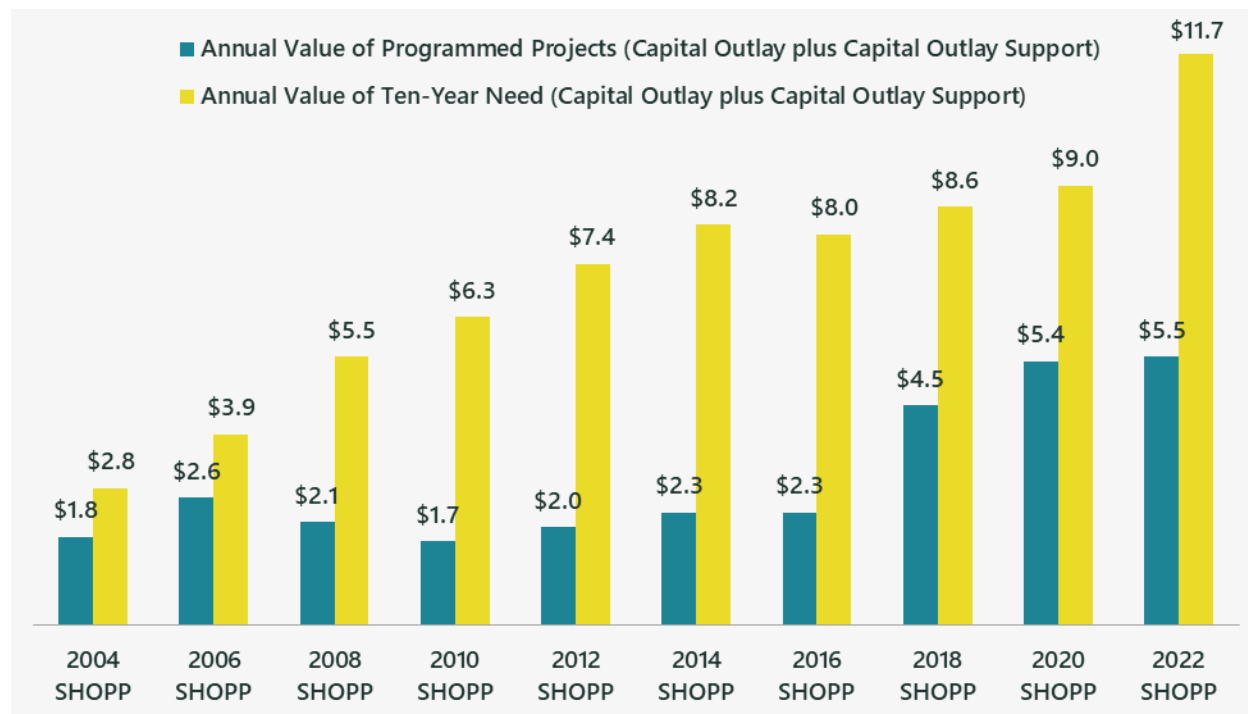
SB 1 increased the state gas excise tax by 12 cents per gallon to 47.3 cents per gallon (as of July 1, 2019), and further indexed the gas tax to inflation going forward. As of July 1, 2023, the state gasoline excise tax is set at 58 cents per gallon. Prior to passage of SB 1, the state gas excise tax rate of 18 cents per gallon remained unadjusted for more than 20 years. Gas tax revenues remain the primary source of funding for the State Highway Operation and Protection Program (SHOPP), which funds projects to maintain the state highway system. As shown in **FIGURE 3**, previous levels of funding have been considerably less than actual needs. Statewide, the 2021 State Highway System Management Plan identifies \$116.8 billion in 10-year statewide needs, while available statewide funding is only \$55.3 billion. While SB 1 provides a key down payment, continued underinvestment in the maintenance needs of the state highway system will only increase the cost of bringing our highway assets back to a state of good repair.

Additionally, the Caltrans 2021 State Highway System Management Plan includes “new objectives” for sea level rise and storm surge adaptation, an increase of \$23.9 billion in additional statewide SHOPP funding needs over the next ten years. Resiliency needs are projected to increase the gap between estimated available funding and operations and maintenance (O&M) needs, challenging progress the region has made in addressing outstanding system preservation needs throughout the state and region. New funding sources such as the federal Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT) funding program, and state funding programs under California Senate



Bill 198 (SB 198), may help address a portion of this gap, but greater funding will be needed to incorporate resiliency planning into system preservation. For additional discussion of transportation system preservation and resiliency planning more generally see the Mobility Technical Report.

Figure 3. Status of the State Highway Operation and Protection Program (SHOPP) (in Billions)



Source: California Department of Transportation

## 2.6 LOCAL SALES TAX MEASURES

Most local sales tax measures impose a 0.5 percent sales tax for a limited term. Imperial County Measure D imposes a 0.5 percent sales tax through 2050. Orange County Measure M imposes a 0.5 percent sales tax through 2041. Riverside County Measure A imposes a 0.5 percent sales tax through 2039. San Bernardino County Measure I imposes a 0.5 percent sales tax through 2040. Although Measure R expires in 2039, Los Angeles County effectively imposes a permanent 2.0 percent sales tax (a combination of four 0.5 percent sales taxes—Proposition A, Proposition C, Measure R, and Measure M), as Measure M increases from 0.5 to 1.0 percent upon the expiration of Measure R. Ventura County is the only county in the SCAG region without a local sales tax measure for transportation. Sales tax revenue included in the plan are based on retail sales forecasts, and historical retail sales growth rates in these counties range between 1.0 to 3.3 percent in real terms.

### 3. CORE AND REASONABLY AVAILABLE REVENUES

The financial plan for Connect SoCal 2024 includes two types of revenue forecasts. Both are included in the financially constrained plan:

- Core revenues
- New reasonably available revenues

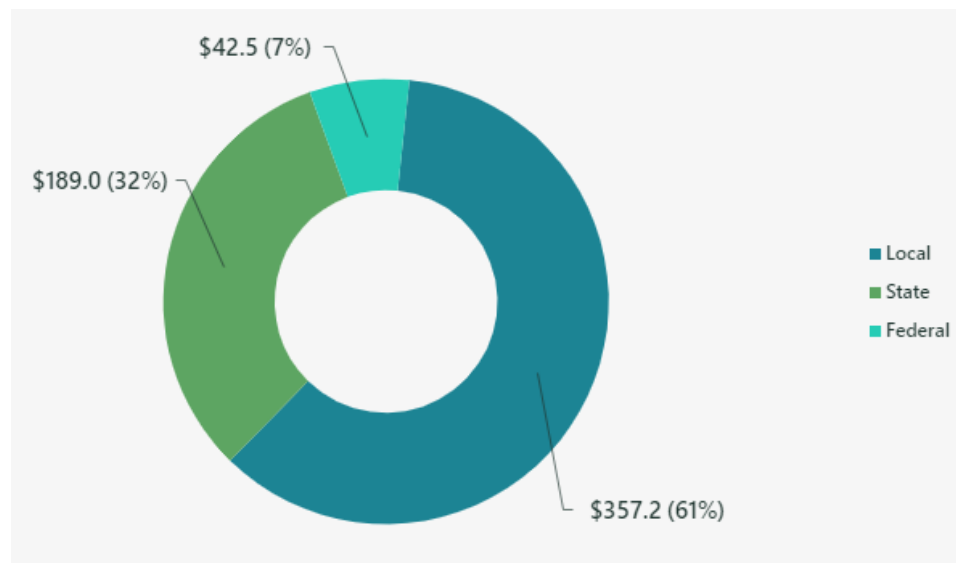
The core revenues identified are existing transportation funding sources projected to FY2049-50. The core revenue forecast does not include assumptions about any future increases in state or federal gas excise tax rates (other than those described above related to SB 1) or adoptions of regional gasoline taxes, mileage-based user fees and/or new tax measures. These core revenues provide a benchmark from which additional funding can be identified.

Federal guidelines permit the inclusion of new revenues that are reasonably likely to materialize within the Connect SoCal 2024 timeframe. Further, the financial plan includes strategies for ensuring the availability of these sources. These sources include: adjustments to existing federal gas tax rates to compensate for loss of purchasing power; the eventual replacement of existing state and federal gas excise taxes with a more direct mileage-based user fee; federal credit assistance and bond proceeds; private investment participation; a localized road charge option; and value capture strategies.

#### 3.1 CORE REVENUES

As shown in **FIGURE 4**, the majority of core revenues in the SCAG region come from local sources (61 percent). The share of state sources (32 percent) is relatively unchanged since the last RTP/SCS. **TABLE 1** shows the core revenues in five-year increments by county.

Figure 4. Core Revenues (in Nominal Dollars) \$587.9 Billion Total



Source: SCAG Financial Model 2023

Note: Numbers may not sum to total due to rounding

Table 1. Core Revenue Forecast (in Nominal Dollars, Billions)

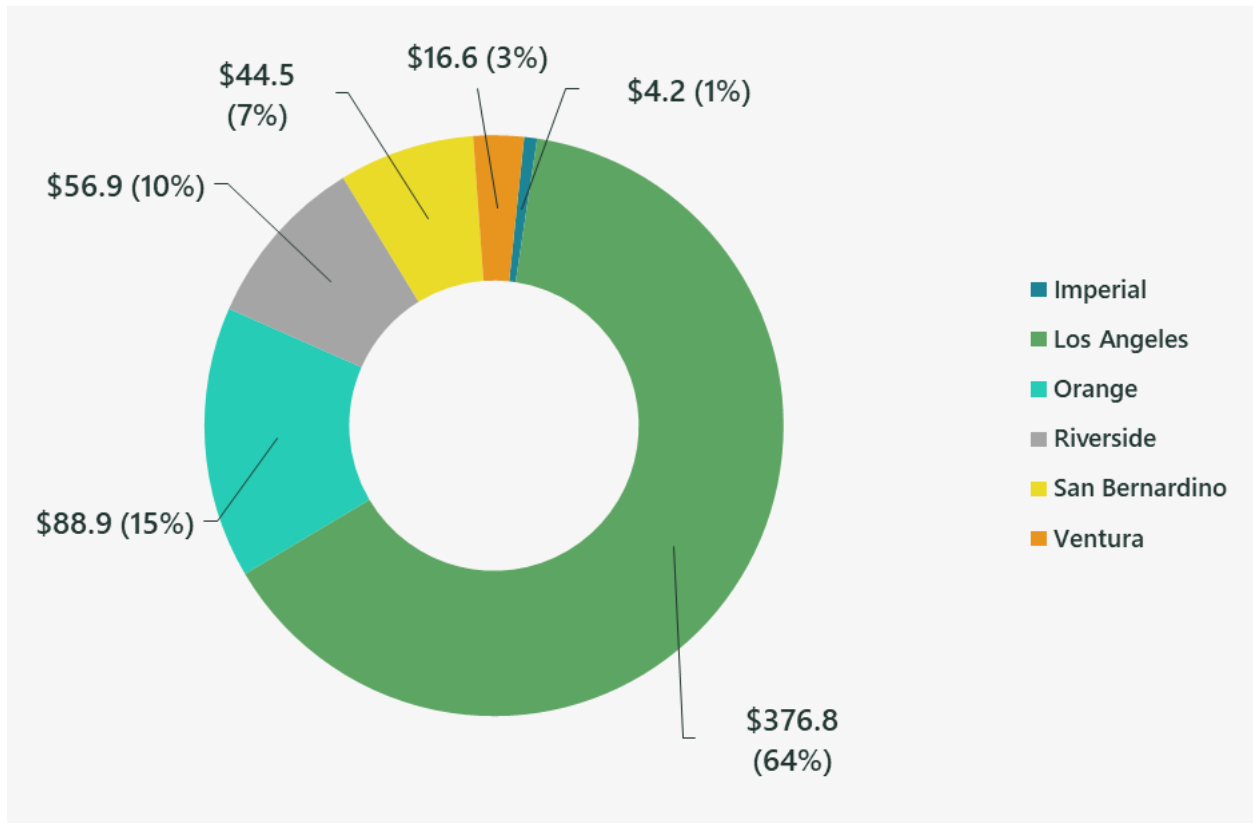
County	FY2025- FY2029	FY2030- FY2034	FY2035- FY2039	FY2040- FY2044	FY2045- FY2050	Total
Imperial	\$0.6	\$0.6	\$0.7	\$0.9	\$1.4	\$4.2
Los Angeles	\$55.6	\$60.4	\$69.2	\$80.0	\$111.6	\$376.8
Orange	\$13.2	\$14.8	\$17.6	\$18.3	\$25.1	\$88.9
Riverside	\$8.9	\$9.7	\$11.5	\$10.8	\$16.0	\$56.9
San Bernardino	\$6.9	\$7.4	\$8.7	\$8.8	\$12.6	\$44.5
Ventura	\$2.4	\$2.5	\$2.9	\$3.5	\$5.2	\$16.6
<b>Total</b>	<b>\$87.6</b>	<b>\$95.4</b>	<b>\$110.7</b>	<b>\$122.3</b>	<b>\$172.0</b>	<b>\$587.9</b>

Source: SCAG Financial Model 2023

Note: Numbers may not sum to total due to rounding

**FIGURE 5** shows the breakdown of revenues by county. With four local sales tax measures, Los Angeles County accounts for 64 percent of the funding available in the SCAG region.

Figure 5. Core Revenues by County (in Nominal Dollars) \$587.9 Billion Total

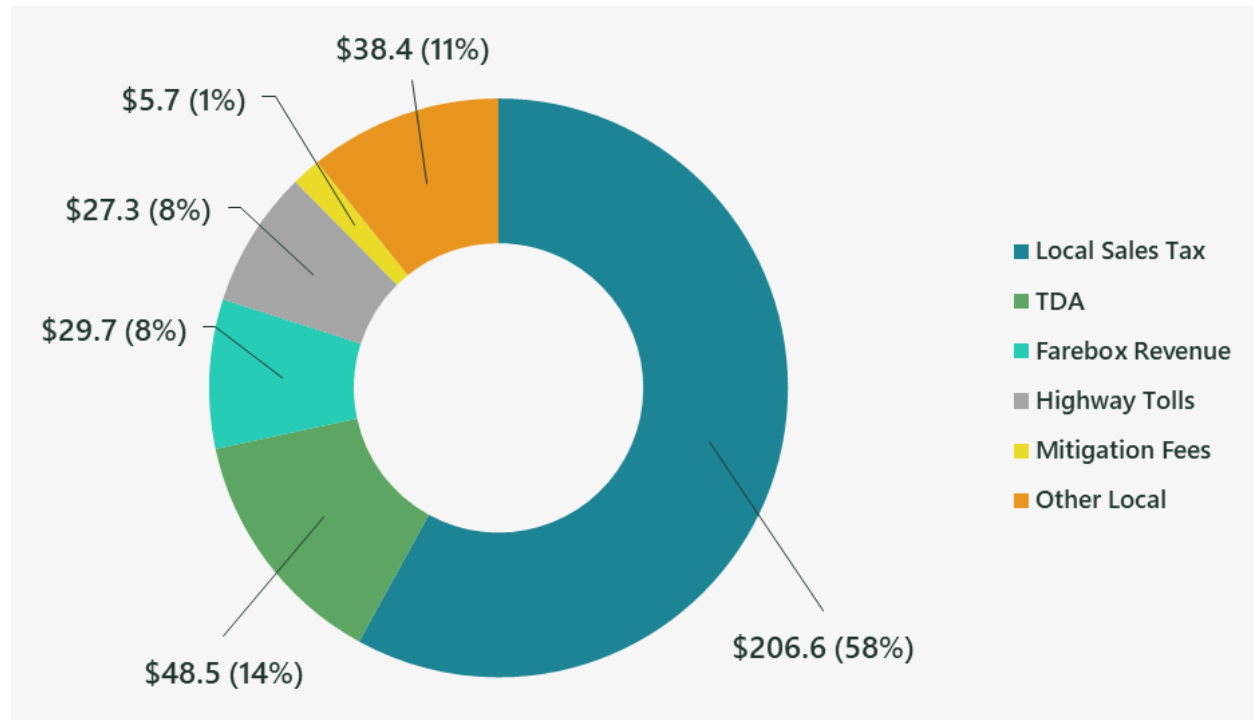


Source: SCAG Financial Model 2023

Notes: Numbers may not sum to total due to rounding

Local sales taxes provide the largest single source of local funding, as shown in **FIGURE 6**. These taxes account for more than half (58 percent) of local sources.

Figure 6. Core Revenues, Local Sources (in Nominal Dollars) \$356.3 Billion Total

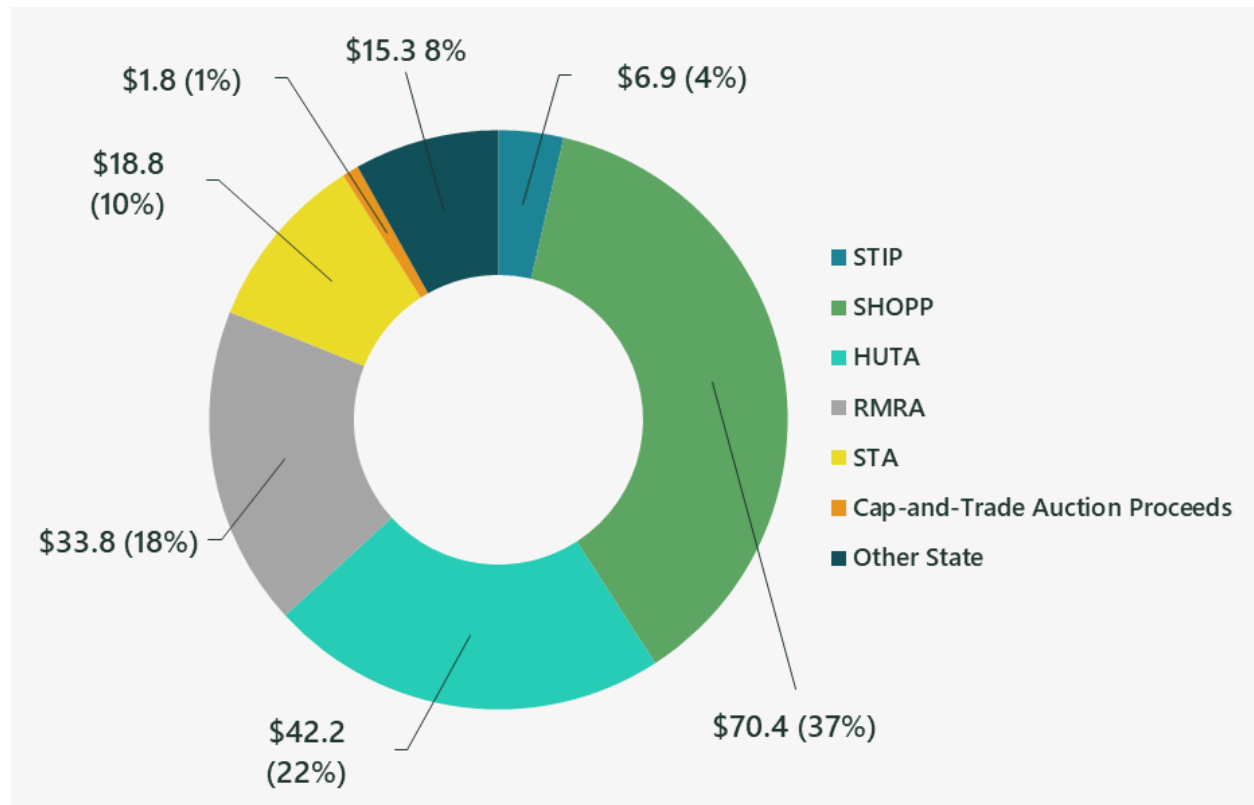


Source: SCAG Financial Model 2023

Notes: Numbers may not sum to total due to rounding

As shown in **FIGURE 7**, SHOPP is the single largest source of state funding (37 percent), followed by the two other sources most influenced by SB 1: Highway User Tax Account (HUTA) (22 percent) and the Road Maintenance and Rehabilitation Account (RMRA) (18 percent). Together these three sources account for more than three quarters of the state funding available.

Figure 7. Core Revenues, State Sources (in Nominal Dollars) \$189 Billion Total

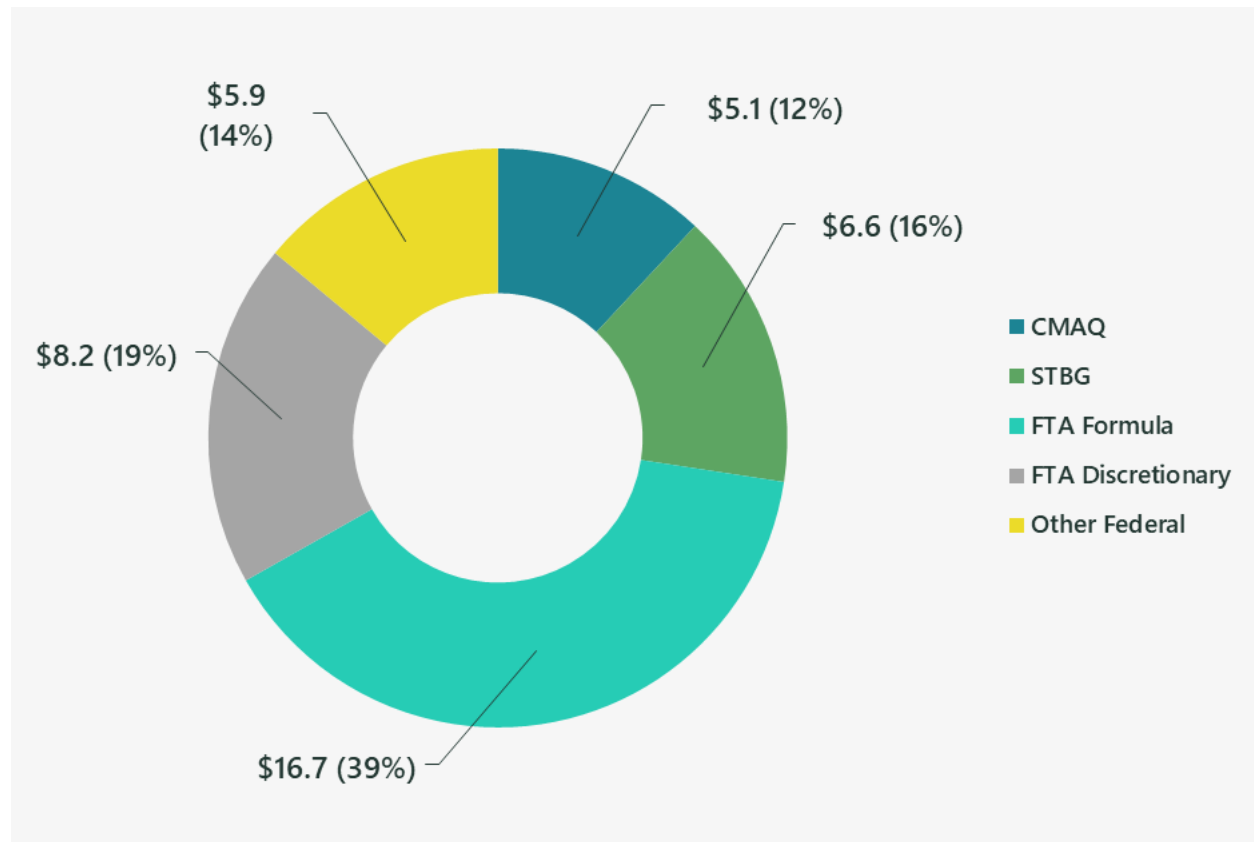


Source: SCAG Financial Model 2023

Notes: Numbers may not sum to total due to rounding

Federal sources are anticipated to represent a relatively small portion of overall transportation funds (\$41 billion, or 7 percent of core revenues). **FIGURE 8** shows the breakdown of federal revenue sources. The Federal Highway Trust Fund is expected to remain solvent but will decline due to increases in fuel efficiency and increased adoption of alternative fuel vehicles. Federal Transit Administration (FTA) Formula and Discretionary funds account for 61 percent of federal funding in the SCAG region. The financial plan also assumes that funding from the Congestion Mitigation and Air Quality (CMAQ) Improvement Program will decline over the life of the Plan due to the region achieving attainment for a number of pollutants and reducing the severity level of other pollutants.

Figure 8. Core Revenues, Federal Sources (in Nominal Dollars) \$42.5 Billion Total



Source: SCAG Financial Model 2023

Notes: Numbers may not sum to total due to rounding

### 3.2 NEW REASONABLY AVAILABLE REVENUES

There are several new funding sources that are reasonably expected to be available during the time horizon of Connect SoCal 2024. The following guiding principles were used for identifying reasonably available revenues:

- Establish a user fee-based system that better reflects the true cost of transportation, provides firewall protection for new and existing transportation funds, and ensures an equitable distribution of costs and benefits.
- Pursue funding tools that promote access to opportunity and support economic development through innovative mobility programs.
- Promote national and state programs that include return-to-source guarantees while maintaining flexibility to reward regions that continue to commit substantial local resources.
- Leverage locally available funding with innovative financing tools (e.g., tax credits and expansion of the Transportation Infrastructure Finance and Innovation Act [TIFIA]) to attract private capital and accelerate project delivery.
- Promote local funding strategies that maximize the value of public assets while improving mobility, sustainability, and resilience.

**TABLE 2** identifies categories of new and innovative funding sources that are reasonably available and are included in the financially constrained plan. These sources were identified based on their potential for revenue generation, historical precedence and the likelihood of their implementation within the timeframe of Connect SoCal 2024. For each funding source, SCAG has examined the policy and legal context of implementation and has prepared an estimate of the potential revenues generated. The implementation of road-user charges, in particular, will require further collaboration with the United States Department of Transportation, the California State Transportation Agency, the California Transportation Commission, Caltrans, business, and other key parties on the California Road Charge Pilot Program to address key implementation factors, including technology and associated privacy issues, cost of implementation and administrative methods for fee collection/revenue allocation, and potential equity concerns. Equity concerns can be addressed through enhanced transportation alternatives for transit dependent populations, and discounts for impacted low-income populations. Connect SoCal assumes the establishment of a Mobility Equity Fund to cover the cost of rebates, credits, or discounts for general mobility expenses, including user fees/tolls, parking charges, transit fares and new mobility options.

Table 2. New Reasonably Available Revenue Sources (in Nominal Dollars, Billions)

Revenue Source	Description	Amount	Actions to Ensure Availability	Responsible Party(ies)
Federal Gas Excise Tax Adjustment to Maintain Historical Purchasing Power	Additional \$0.185 per gallon gasoline tax imposed at the federal level starting in 2029 to 2034—to maintain purchasing power.	\$7.6	Requires action of Congress. Strategy is consistent with recommendations from two national commissions to move immediately with augmenting fuel tax resources through conventional Highway Trust Fund mechanisms.	Congress
Mileage-Based User Fee (Replacement)	Mileage-based user fees would be implemented to replace gas taxes—estimated at about \$0.025 (in 2019 dollars) per mile starting in 2035 and indexed to maintain purchasing power. (Note: Total at right is estimated for increment only.)	\$48.0	Requires state enabling legislation and action of Congress. In 2017, California successfully conducted a legislatively-mandated pilot program to study the feasibility of a road charge as a replacement to the gas tax and is currently pursuing next-step studies. The FAST Act establishes the Surface Transportation System Funding Alternatives program, which provides grants to states to demonstrate alternative user-based revenue mechanisms that could maintain the long-term solvency of the Trust Fund. The IJA directed the establishment of a national per-mile road usage fee pilot program while continuing to support state-level pilots.	State Legislature, Congress



Revenue Source	Description	Amount	Actions to Ensure Availability	Responsible Party(ies)
Federal Credit Assistance; Other Bond Proceeds	TIFIA/RRIF credit assistance and other bond financing, pledging new local funding (e.g., mileage-based road charge program funding) to help finance specific initiatives including SCORE.	\$2.2	Issuance of debt and TIFIA/RRIF credit agreement terms subject to County Transportation Commissions' respective board policies, and potentially the Southern California Regional Rail Authority (SCRRA).	County Transportation Commissions and USDOT Build America Bureau; other potential parties include SCRRA.
Private Equity Participation	Virgin Trains USA, formerly XpressWest, to construct and operate high speed rail service from Victorville to Las Vegas along the I-15 corridor. Revenue estimate would cover construction costs for the San Bernardino County portion only. This category of funding also assumes private funding for various freight related initiatives.	\$9.3	Contingent upon financing efforts by Virgin Train USA and necessary approvals. For freight investments, contingent upon private entities in the region, including freight railroads.	Virgin Train USA; private partners; freight railroads as may be applicable.
Local Road Charge Program	Local road charge program assumes a \$0.020 (in 2019 dollars) per mile charge throughout the region that can be implemented on a county basis. This can be adjusted by time-of-day and location with congestion pricing and/or parking pricing at major activity centers. For analysis, also assumed congestion pricing (peak period charges) in parts of Los Angeles County, increases in parking pricing at major job centers and additional toll revenue from planned express lane segments.	\$92.2	Requires state enabling legislation for at least two components--mileage-based user fees and congestion pricing. Parking pricing would be subject to local policies.	MPO, CTCs, Caltrans, and FHWA as may be applicable; local jurisdictions.
Value Capture Strategies	Assumed the use of EIFDs and tax increment financing (TIF) to support investment in transit supportive housing infrastructure needs.	\$3.0	Pursue necessary approvals for district formation and TIF.	Local jurisdictions

### 3.3 ASSUMPTIONS BY REVENUE SOURCE

**TABLE 3.1, TABLE 3.2,** and **TABLE 3.3** describe the specific revenue assumptions used for the financially constrained Connect SoCal 2024. A more detailed discussion of revenue sources is included in **APPENDIX 1**.

Table 3.1. Core and New Reasonably Available Revenue Projections: Local Core Revenue Sources (in Nominal Dollars, Billions)

Revenue Source	Revenue Projection Assumptions	Revenue Estimate
<b>LOCAL CORE REVENUE SOURCES</b>		
Local Option Sales Tax Measures	<p>Description: Locally imposed 0.5 percent sales tax in four counties (Imperial, Orange, Riverside, and San Bernardino). Permanent 2 percent (combination of two permanent 0.5 percent sales taxes, Measure R through 2039, and Measure M, which will increase to from 0.5 percent to 1 percent upon the expiration of Measure R) in Los Angeles County. Measure D in Imperial County expires in 2050; Measure M in Orange County expires in 2041; Measure A in Riverside County expires in 2039; and Measure D in San Bernardino County expires in 2040.</p> <p>Assumptions: Sales taxes grow consistent with county transportation commission forecasts and historical trends.</p>	\$206.6
Transportation Development Act (TDA)—Local Transportation Fund	<p>Description: The Local Transportation Fund (LTF) is derived from a ¼ cent sales tax on retail sales statewide. Funds are returned to the county of generation and used mostly for transit operations and transit capital expenses.</p> <p>Assumptions: Same sales tax growth rate as used for local option sales tax measures.</p>	\$48.5
Transit Farebox Revenue	<p>Description: Transit fares collected by transit operators in the SCAG region.</p> <p>Assumptions: Farebox revenues increase consistent with historic trends, planned system expansions, and operator forecasts.</p>	\$29.7
Highway Tolls (in core revenue forecast)	<p>Description: Revenues generated from toll roads operated by the Transportation Corridor Agencies (TCA), from the SR-91 Express Lanes operated by the Orange County Transportation Authority (OCTA) and Riverside County Transportation Commission (RCTC), and from the Metro Express Lanes along I-10 and I-110 in Los Angeles County.</p> <p>Assumptions: Toll revenues grow consistent with County Transportation Commissions’ forecasts and historical trends.</p>	\$27.3

Revenue Source	Revenue Projection Assumptions	Revenue Estimate
<b>LOCAL CORE REVENUE SOURCES</b>		
Mitigation Fees	<p>Description: Revenues generated from development impact fees. The revenue forecast includes fees from the Transportation Corridor Agency (TCA) development impact fee program, San Bernardino County’s development impact fee program and Riverside County’s Transportation Uniform Mitigation Fee (TUMF) for both the Coachella Valley and Western Riverside County.</p> <p>Assumptions: The financial forecast is consistent with revenue forecasts from the San Bernardino County Transportation Commission (SBCTA).</p>	\$5.7
Other Local Sources	<p>Description: Includes local revenue sources such as general funds, transit advertising and auxiliary revenues, lease revenues and interest and investment earnings from reserve funds. For Los Angeles County, interest income from Propositions A and C and Measure R are included under this source. Income from financing is also included, while principal and interest payments are included as part of debt service.</p> <p>Assumptions: Revenues are based on financial data from transit operators and local County Transportation Commissions.</p>	\$38.4
<b>LOCAL SUBTOTAL</b>		<b>\$356.3</b>

Source: SCAG Financial Model 2023

Note: Numbers may not sum due to rounding

Table 3.2. Core and New Reasonably Available Revenue Projections: State Core Revenue Sources (in Nominal Dollars, Billions)

Revenue Source	Revenue Projection Assumptions	Revenue Estimate
<b>STATE CORE REVENUE SOURCES</b>		
State Transportation Improvement Program (STIP)	<p>Description: The STIP is a five-year capital improvement program that provides funding from the State Highway Account (SHA) for projects that increase the capacity of the transportation system. The SHA is funded through a combination of state gas excise tax, the Federal Highway Trust Fund, and truck weight fees. The STIP may include projects on state highways, local roads, intercity rail, or public transit systems. The Regional Transportation Planning Agencies (RTPAs) propose 75 percent of STIP funding for regional transportation projects in Regional Transportation Improvement Programs (RTIPs). Caltrans proposes 25 percent of STIP funding for interregional transportation projects in the Interregional Transportation Improvement Program (ITIP).</p> <p>Assumptions: Funds are based upon the 2022 STIP Fund Estimate. Forecasted fuel consumption declines in real terms by 3.6 percent annually, due to increasing fuel efficiency and the increased adoption of alternative fuel vehicles. However, this decline is partially offset for State Core Revenue sources by Road Improvement Fee (RIF) revenues, resulting in an effective annual decline of 0.07 percent that is used to forecast state revenue programs funded by state fuel tax revenues.</p>	\$6.9
State Highway Operation and Protection Plan (SHOPP)	<p>Description: Funds state highway maintenance and operations projects.</p> <p>Assumptions: Short-term revenues are based on overlapping 2020 and 2022 SHOPP programs. Long-term forecasts are consistent with STIP forecasts and assume decline in fuel consumption. As with the HUTA and STA, a portion of SHOPP revenues are indexed due to passage of SB 1, which offsets the effect of the increase in fuel efficiency.</p>	\$70.4
Highway Users Tax Account (HUTA)	<p>Description: Gas tax revenue apportionments distributed via the HUTA to counties and cities in the region.</p> <p>Assumptions: The forecast is based on current funding levels reported by the State Controller. Future funding declines with fuel consumption using assumptions consistent with other state sources.</p>	\$42.2
Road Maintenance and Rehabilitation Account (RMRA)	<p>Description: The RMRA was established by SB 1 and is funded by new diesel and gas excise taxes, a transportation improvement fee, and electric vehicle fee. Although the RMRA also provides SHOPP funding, for purposes of the 2020 RTP/SCS financial plan, it only reflects the portion directed to counties and cities.</p> <p>Assumptions: SB 1 indexes the sources for RMRA, offsetting the decline due to increasing fuel efficiency.</p>	\$33.8

Revenue Source	Revenue Projection Assumptions	Revenue Estimate
<b>STATE CORE REVENUE SOURCES</b>		
State Transit Assistance Fund (STA)	<p>Description: The STA is funded by diesel sales taxes and the transportation improvement fee established under SB 1. SB 1 also created a State of Good Repair Program associated with the STA, which for purposes of this financial plan are included in the STA figures.</p> <p>Assumptions: The forecast is based on current funding levels reported by the State Controller. Future funding declines with fuel consumption, using assumptions consistent with other state sources, but is offset by SB 1 indexing using assumptions consistent with other sources.</p>	\$18.8
Cap-and-Trade Auction Proceeds	<p>Description: The Global Warming Solutions Act of 2006 (AB 32) established the goal of reducing greenhouse gas (GHG) emissions statewide to 1990 levels by 2020. In order to help achieve this goal, the California Air Resources Board (CARB) adopted a regulation to establish a cap-and-trade program that places a “cap” on the aggregate GHG emissions from entities responsible for roughly 85 percent of the state’s GHG emissions. As part of the cap-and-trade program, CARB conducts quarterly auctions where it sells emission allowances. Revenues from the sale of these allowances fund projects that support the goals of AB 32, including transit and rail investments. Funds associated with non-transportation and High-Speed Rail are not included in this amount.</p> <p>Assumptions: The forecast is based on current funding levels reported by the State Controller for the Low Carbon Transit Operations Program and award lists as reported by Caltrans. Given the uncertainty about future allowance prices, annual growth is assumed to be flat and is assumed to end after 2030.</p>	\$1.8
Other State Sources	<p>Description: Other state sources include remaining SB 1 competitive program awards; the Active Transportation Program (ATP); and other miscellaneous state grant apportionments for the SCAG region.</p> <p>Assumptions: Short-term revenues are based on actual apportionments. Future Active Transportation Program funding increases over the Plan period as the fuel consumption decline is offset by anticipated fuel price increases.</p>	\$15.3
<b>STATE SUBTOTAL</b>		<b>\$189.0</b>

Source: SCAG Financial Model 2023

Note: Numbers may not sum due to rounding

Table 3.3. Core and New Reasonably Available Revenue Projections: Federal Core Revenue Sources (in Nominal Dollars, Billions)

Revenue Source	Revenue Projection Assumptions	Revenue Estimate
<b>FEDERAL CORE REVENUE SOURCES</b>		
FHWA Non-Discretionary Congestion Mitigation and Air Quality (CMAQ) Program	Description: Program to reduce traffic congestion and improve air quality in non-attainment areas. Assumptions: Short-term revenues are based upon the Caltrans apportionment estimates. Long-term revenues assume that fuel consumption declines by 3.6 percent (in real terms) annually. CMAQ funding is assumed to be reduced by 25 percent in 2032, an additional 25 percent in 2037, and an additional 25 percent in 2042 due to improved air quality.	\$5.1
FHWA Non-Discretionary Surface Transportation Block Grant (STBG)	Description: Projects eligible for STBG funds include rehabilitation and new construction on any highways included in the National Highway System (NHS) and Interstate Highways (including bridges). Also, transit capital projects, as well as intracity and intercity bus terminals and facilities, are eligible. Assumptions: Short-term revenues are based upon the Caltrans apportionment estimates. Future funding declines with fuel consumption using assumptions consistent with other federal sources.	\$6.6
FTA Formula Programs 5307 Urbanized Area Formula, 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Formula, 5311 Rural Formula, 5337 State of Good Repair Formula, 5339 Bus and Bus Facilities Formula, and 5340 Growing States and High-Density States Formula	Description: This includes several FTA programs distributed by formula. 5307 is distributed to state urbanized areas with a formula based upon population, population density, number of low-income individuals, transit revenue and passenger miles of service. Program funds capital projects, planning, job access, reverse commute projects and operations costs under certain circumstances. 5310 funds are allocated by formula to states for projects providing enhanced mobility to seniors and persons with disabilities. 5311 provides capital, planning and operating assistance to states to support public transportation in rural areas with populations less than 50,000. 5337 is distributed based on revenue and route miles and provides funds for repairing and upgrading rail transit systems, high-intensity bus systems that use High-Occupancy Vehicle (HOV) lanes—including bus rapid transit (BRT). 5339 provides capital funding to replace, rehabilitate and purchase buses and related equipment and construct bus-related facilities. 5340 was established by SAFETEA-LU to apportion additional funds to the Urbanized Area Formula and Rural Area Formula programs—recipients of funds are existing Urbanized Area (Section 5307) and Rural Area (Section 5311) formula fund recipients. Assumptions: Formula funds are assumed to decline in proportion with the Federal Highway Trust Fund. Future funding declines with fuel consumption using assumptions consistent with other federal sources.	\$16.7

Revenue Source	Revenue Projection Assumptions	Revenue Estimate
<b>FEDERAL CORE REVENUE SOURCES</b>		
FTA Non-Formula Program 5309 Fixed Guideway Capital Investment Grants ("New Starts")	Description: Provides grants for new fixed-guideways or extensions to fixed guideways (projects that operate on a separate right-of-way exclusively for public transportation, or that include a rail or a catenary system), bus rapid transit projects operating in mixed traffic that represent a substantial investment in the corridor, and projects that improve capacity on an existing fixed-guideway system. Assumptions: Operators are assumed to receive FTA discretionary funds in rough proportion to what they have received historically. Future funding declines with fuel consumption using assumptions consistent with other federal sources.	\$8.2
Other Federal Sources	Description: Includes other federal programs, such as the BUILD and INFRA competitive grant programs, Highway Safety Improvement Program, Federal Safe Routes to School, Highway Bridge Program, and earmarks -- as well as other new federal transportation programs created under the Infrastructure Investment and Jobs Act (IIJA). Assumptions: Short-term revenues are based on actual apportionments. Future funding declines with fuel consumption using assumptions consistent with other federal sources.	\$5.9
<b>FEDERAL SUBTOTAL</b>		<b>\$42.5</b>

Source: SCAG Financial Model 2023

Note: Numbers may not sum due to rounding

Table 3.4. Core and New Reasonably Available Revenue Projections: New Reasonably Available Revenue Sources (in Nominal Dollars, Billions)

Revenue Source	Revenue Projection Assumptions	Revenue Estimate
<b>NEW REASONABLY AVAILABLE REVENUE SOURCES</b>		
Federal Gas Excise Tax Adjustment	Description: Additional 18.5-cents-per-gallon gasoline tax imposed by the federal government starting in 2029 through 2034. Assumptions: Forecast consistent with historical tax rate adjustments for federal gas taxes.	\$7.6

Revenue Source	Revenue Projection Assumptions	Revenue Estimate
Mileage-Based User Fee (Replacement)	<p>Description: Mileage-based user fees would be implemented to replace existing gas taxes (state and federal) by 2035.</p> <p>Assumptions: It is assumed that a national mileage-based user fee system would be established during the latter years of the RTP/SCS. An estimated \$0.025 per mile (in 2019 dollars) is assumed starting in 2035 to replace existing gas tax revenues.</p>	\$48 (est. increment only)
Federal Credit Assistance; Other Bond Proceeds	<p>Description: Credit assistance/debt financing is assumed to facilitate the construction of regional initiatives, pledging new regional/local funding via local road charge program.</p> <p>Assumptions: It is assumed that some credit assistance in the form of TIFIA/RRIF will be needed to facilitate implementation of key regional initiatives. Assumed aggregate level debt service using an interest rate of 2.3 percent over 35 years.</p>	\$2.2
Private Equity Participation	<p>Description: Virgin Trains USA, formerly XpressWest, to construct and operate high speed rail service from Victorville to Las Vegas along the I-15 corridor.</p> <p>Assumptions: Revenue estimate reflects only the San Bernardino County segment costs.</p>	\$9.3
Local Road Charge Program	<p>Description: Local Road charge program assumes a per-mile charge across the region that can be implemented on a county basis. This can be adjusted by time-of-day and location with congestion pricing and/or parking pricing at major activity centers. For analysis, also assumed congestion pricing in parts of Los Angeles County, increases in parking pricing at major job centers and additional toll revenue from planned express lane segments.</p> <p>Assumptions: Assumes a charge of \$0.020 per mile (in 2019 dollars) starting in 2035; peak period congestion charges in parts of Los Angeles County; some increases in parking costs at major job centers assumed starting in 2029 and additional toll revenue from planned express lane segments beginning in 2025.</p>	\$92.2
Value Capture Strategies	<p>Description: Formation of EIFDs and use of tax increment financing for transit supportive housing related infrastructure.</p> <p>Assumptions: Based on recent EIFD/tax increment financing studies to fund improved infrastructure in Transit Priority Areas.</p>	\$3.0
<b>NEW REASONABLY AVAILABLE REVENUE SOURCE SUBTOTAL</b>		<b>\$162.2</b>



### 3.4 REVENUE SOURCE AVAILABILITY AND RISK ASSESSMENT

**TABLE 4** describes the assumptions made about the continued availability of the sources of funding. We provide a risk assessment of these assumptions and describe proposed risk mitigation measures SCAG would take if these revenue streams decreased.

Table 4. Availability Assumptions and Risk Assessment

Revenue Source	New or Existing	Availability Assumption	Potential Risk	Risk Mitigation
Federal Non-Discretionary Funds (apportioned) (FTA/FHWA)	Existing	Continued federal funding at current apportionment levels but declines with increasing fuel efficiency.	Lack of federal authorization bill upon immediate expiration of current legislation.	Funds continue incremental basis, at historic levels (continuing resolution).
Federal Funds Discretionary (FTA/FHWA)	Existing	Reasonably available based on historical allocations to the region or state.	Lack of authorization or award.	Alternative funding sources substituted; RTP/SCS amended if needed.
Local Option Sales Taxes	Existing	All local sales tax measures will continue through the majority of the 2020 Connect SoCal timeframe. Los Angeles County effectively levies a permanent 2.0 percent tax. Riverside County’s Measure A expires in 2039. Measure I in San Bernardino County expires in 2040, followed by Orange County’s Measure M in 2041. Measure D in Imperial County expires in 2050.	Sales tax generation substantially less than anticipated.	Alternative funding sources substituted; RTP amended if needed.
State Funds (STIP; SHOPP; HUTA; RMRA; STA; Cap-and-Trade Auction Proceeds)	Existing	Continued state funding at current apportionment levels but declines with increasing fuel efficiency for applicable source categories. Sources per SB 1 are assumed to be indexed. Cap-and-Trade Auction Proceeds revenue source assumed to end after 2030.	Transfer of state transportation funds to General Fund for non-transportation purposes and/or potential changes to Cap-and-Trade Auction Proceeds impacting transportation sources.	Alternative funding sources substituted; RTP amended if needed.

Revenue Source	New or Existing	Availability Assumption	Potential Risk	Risk Mitigation
Federal Gas Excise Tax Adjustment	New	Reasonably available based on historical precedence—estimate in line with historical revenues.	Fails to garner congressional action.	Alternative funding sources substituted; RTP amended if needed.
Mileage-Based User Fee (Replacement)	New	Reasonably available based upon recommendations from two national commissions (National Surface Transportation Policy and Revenue Study Commission and National Surface Transportation Infrastructure Financing Commission) created by Congress. In 2017, California conducted a pilot program to study the feasibility of a road charge as a replacement to the gas tax.	Fails to garner congressional and state legislative actions.	Alternative funding sources substituted; RTP amendment if needed.
Federal Credit Assistance; Other Bond Proceeds	New	Reasonable to assume some levels of credit assistance/debt financing to facilitate transportation investments, pledging new regional/local funding via road charge program.	Regional/local sources not realized; credit assistance not approved.	Alternative funding sources substituted; RTP amended if needed.
Private Equity Participation	New	Assumes Virgin Trains USA, formerly XpressWest, will finance, construct and operate high speed rail service from Victorville to Las Vegas along the I-15 corridor.	Fails to assemble financing and necessary authorization for tax exempt private activity bonds.	RTP amended if needed.
Local Road Charge Program	New	With recent initiatives by major metro regions evaluating mileage-based user fees and congestion pricing mechanisms, including anticipated near-term implementation in New York City, a local strategy is reasonable to assume. Further, studies have been conducted by SCAG in recent years and LA Metro studies are underway.	Fails to garner state enabling legislation and/or local support.	Alternative funding sources substituted; RTP amendment if needed.

Revenue Source	New or Existing	Availability Assumption	Potential Risk	Risk Mitigation
Value Capture Strategies	New	Reasonably available based on recent establishment of Enhanced Infrastructure Financing Districts (EIFDs), Community Revitalization and Investment Authorities (CRIAs), Neighborhood Infill Finance and Transit Improvements Districts (NIFTIs/NIFTI-2s), and Affordable Housing Authorities (AHAs)--providing new tools for local jurisdictions and public agencies to collaborate on achieving the State’s sustainability and housing goals by streamlining review of projects and combining funding streams, including tax increment financing (TIF). These TIF districts can only draw tax increment from agencies that voluntarily participate in the administration of the district, and school and community college districts are specifically precluded from involvement. TIF districts can pull from a number of funding sources, including property taxes.	Fails to garner the necessary approvals.	Alternative funding sources substituted; RTP amended if needed.

## 4. EXPENDITURE CATEGORIES AND METHODOLOGY

Transportation expenditures in the SCAG region are summarized into three main categories:

- Capital costs for transit, passenger rail, state highways and local streets and roads (including regionally significant arterials)
- Operating and maintenance costs for transit, passenger rail, state highways and local streets and roads (including regionally significant arterials)
- Debt service payments (for current and anticipated bond issuances)

In preparing Connect SoCal, each of the CTC submit detailed capital costs for proposed highway and transit projects. Expenditure estimates also include capital costs for regionally significant arterials, active transportation, goods movement, transit, passenger rail, transportation system management, intelligent transportation systems and transportation demand management investments. **FIGURE 11** shows an example of the standardized template that the CTC used to submit cost information for capital projects.

Figure 9. Example of Capital Project Inputs

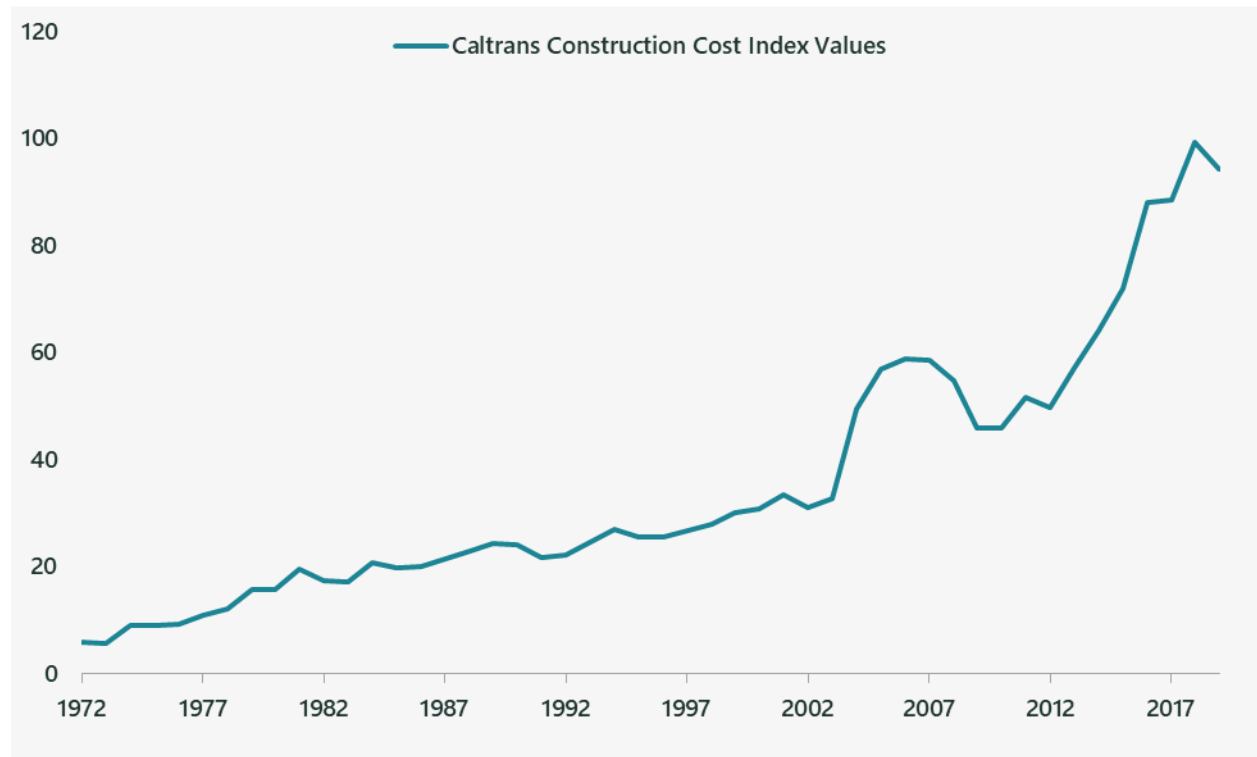
Project Costs by Category							
Engineering (\$1,000's)		Right-of-Way (\$1,000's)		Construction (\$1,000's)		Total Cost (\$1,000's)	
\$2,000.0		\$4,000.0		\$49,000.0		\$55,000.0	
Project Expenditures by Funding Source							
Federal Funding (\$1,000's)	Federal Funding Source	State Funding (\$1,000's)	State Funding Source	Local Funding (\$1,000's)	Local Funding Source	Private Funding (\$1,000's)	Total Funding (\$1,000's)
\$45,000.0	CMAQ	\$7,000.0	STIP	\$3,000.0	Agency	\$0.0	\$55,000.0

Source: SCAG Financial Model 2023

### 4.1 CAPITAL PROJECT COSTS

The rise in construction costs can further erode the purchasing power of transportation revenues. **FIGURE 12** shows changes in California highway construction costs since the early 1970s, which is well above general inflation. The financial plan uses a 4.6 percent annual escalation factor to estimate future and nominal (or year-of-expenditure) costs. Given the differential between long-term inflation (2.3 percent annually) and capital cost escalation, the purchasing power of transportation revenue sources is expected to decrease by over 70 percent by the end of the Plan period.

Figure 10. Caltrans Construction Cost Index Values, 1972-2019 (2020 = 100)



Source: California Department of Transportation

**TABLE 5** describes the multimodal capital investments included in Connect SoCal.

Table 5. Capital Investments and Other Programs (Nominal Dollars, Billions)

Component		Description	Cost
<b>Transit</b>			<b>\$105.0</b>
Bus and Bus Rapid Transit (BRT)	New and expanded bus service in Imperial, Los Angeles, Orange, Riverside, San Bernardino and Ventura Counties. New BRT routes, extensions, and/or service enhancements in Los Angeles, Orange, Riverside, and San Bernardino Counties.		\$56.1
Light Rail Transit (LRT) and Heavy Rail	New LRT routes, extensions and/or service enhancements in Los Angeles, Orange, and San Bernardino Counties. Heavy Rail extension and service enhancements in Los Angeles County.		\$48.9
<b>Passenger and High-Speed Rail</b>			<b>\$45.0</b>
Commuter Rail	Metrolink systemwide enhancements to improve service.		\$23.5
High-Speed Rail (HSR)	Improvements to the Los Angeles to San Diego (LOSSAN) Rail Corridor with an ultimate goal of providing San Diego-Los Angeles express service in under two hours.  Phase I of the California High-Speed Rail (HSR) project that would provide high-speed service from Los Angeles and Anaheim to the San Francisco Bay Area and the Central Valley.		\$21.5
<b>Active Transportation</b>			<b>\$29.2</b>
Various Active Transportation Strategies	Increase bikeways and bring a significant number of sidewalks into compliance with the Americans with Disabilities Act (ADA), safety improvement and various other strategies.		\$29.2
<b>Transportation Demand Management (TDM)</b>			<b>\$16.9</b>
Various TDM Strategies	Strategies to incentivize drivers to reduce solo driving: <ul style="list-style-type: none"> <li>- Increase carpooling and vanpooling,</li> <li>- Increase the use of transit, bicycling and walking,</li> <li>- Redistribute vehicle trips from peak periods to non-peak periods by shifting work times/days/locations,</li> <li>- Encourage greater use of telecommuting, and</li> <li>- Other "first mile/last mile" strategies to allow travelers to easily connect to and from transit service at their origin and destination. These strategies include the development of mobility hubs around major transit stations, the integration of bicycling and transit through folding-bikes-on-buses programs, triple bike racks on buses, and dedicated racks on light and heavy rail vehicles.</li> </ul>		\$16.9
<b>Transportation Systems Management (TSM) (includes Intelligent Transportation Systems (ITS))</b>			<b>\$11.9</b>

Various TSM Strategies	Deploy active traffic management strategies, enhanced incident management, advanced ramp metering, traffic signal synchronization, advanced traveler information, improved data collection, universal transit fare cards (Smart Cards), and Transit Automatic Vehicle Location (AVL) to increase traffic flow and reduce congestion.	\$11.9
<b>Highways</b>		<b>\$23.2</b>
Mixed-Flow and Interchange Improvements	Interchange improvements to and closures of critical gaps in the highway network to provide access to all parts of the region.	\$11.9
High-Occupancy Vehicle (HOV)/ Express Lanes	Closure of gaps in the high-occupancy vehicle (HOV) lane network and the addition of freeway-to-freeway direct HOV connectors to complete Southern California's HOV network. A connected network of express lanes.	\$11.4
<b>Arterials</b>		<b>\$25.2</b>
Various Arterial Improvements	Spot widenings, signal prioritization, driveway consolidations and relocations, grade separations at high-volume intersections, new bicycle lanes, and other design features such as lighting, landscaping, and modified roadway, parking, and sidewalk widths.	\$25.2
<b>Goods Movement (includes Grade Separations)</b>		<b>\$65.4</b>
Various Goods Movement Strategies	Port access improvements, freight rail enhancements, grade separations, truck mobility improvements, intermodal facilities, and emission-reduction strategies.	\$65.4
<b>Aviation and Airport Ground Access</b>		<b>Included in modal investments</b>
Various Airport Ground Access Improvements	Rail extensions and improvements to provide easier access to airports, and new express bus service from remote terminals to airports.	<b>Included in modal investments</b>

## 4.2 TRANSIT AND PASSENGER RAIL OPERATING AND MAINTENANCE (O&M) COSTS

The transit and passenger rail forecast includes O&M expenditures to maintain the existing system, as well as forecasted rehabilitation and replacement needs. Future transit O&M costs depend on a variety of factors, such as future revenue-miles of service, labor contracts and the age of rolling stock. For Connect SoCal 2024, transit O&M costs are estimated based upon historical increases. The regional average annual increase in historically reported transit operating costs between 1991 and 2019 is 3.4 percent.

Forecasted O&M expenditures reflect recent trends in travel behavior and state policy goals. Service levels for many transit operators dropped during the COVID-19 pandemic and are still recovering. Service level planning is complicated by the significant drop in transit ridership during the pandemic and the slow recovery, particularly as increased levels of telework persist in the region. While transit service level planning is intertwined with ridership, the dependency of forecasts on ridership is part of a larger policy discussion on the role of transit as a backbone service and a tool to increase equity throughout the region by expanding mobility options.

Transit agencies benefited from large-scale federal operating support during the pandemic from a series of one-time federal stimulus funding bills that partially compensated for increased costs and decreased farebox revenues. The recent surface transportation funding bill (the Infrastructure Investment and Jobs Act, or IIJA) increased transit funding over previous legislation, but this increase is likely short-term and does not rise to the level of support in the stimulus bills.

Our forecast for transit O&M also includes estimated expenditures for rehabilitation and replacement of rolling stock. Adopted in December 2018 by the California Air Resources Board (CARB), the Innovative Clean Transit Rule mandates the purchase of zero-emission buses (ZEBs) by transit agencies. Beginning in 2029, 100 percent of new purchases by transit agencies must be ZEBs, with a goal for full transition by 2040. Based on current costs for ZEB, this will increase rehabilitation and replacement costs compared to historical growth and varies across agencies depending on the current vehicle fleet mix and age.

### 4.3 MULTIMODAL SYSTEM PRESERVATION AND MAINTENANCE

SCAG is also federally required to coordinate with regional transit agencies and CTCs to set performance measures/targets for Transit Asset Management (TAM) that focus on the maintenance of our regional transit system in a state of good repair. For Connect SoCal 2024, the targets reflected a desire to maintain 2022 conditions through the Connect SoCal horizon period of 2050. SCAG worked with the CTCs and region's transit operators to review and refine the methodology, conduct data collection and analysis, and identify reasonable assumptions for future years based on the Connect SoCal 2024 planning horizon, including engaging in a regional discussion about state of good repair and needed additional funding. Maintaining and managing continues to be a key regional challenge. Over the course of several years, the State has unfortunately faced chronic underinvestment in system preservation, which has led to accelerated rates of deterioration and damage of our local streets and roads assets. Without adequate funding, these critical components of our infrastructure are already teetering on the brink of risk. If the current funding trends persist, the situation will only worsen, posing a grave threat to public safety for all users, including pedestrians, transit users, and motorists.

The constant wear and tear from heavy vehicles such as trucks and buses can lead to significant damage to regional roadways. The damage can range from minor issues such as potholes and cracks to more serious structural failures that can compromise the safety of the road for all users. The weight of heavy vehicles causes damage to the road in several ways. Over time, cracks form in the surface of the road that can eventually lead to structural failure. Additionally, heavy vehicles can cause rutting which occurs when the weight of the vehicle compresses the pavement and causes it to deform. Our hot and dry climate can further exacerbate the damage caused by heavy vehicles as high temperatures can cause the asphalt to soften, making it more susceptible to deformation and cracking. Additionally, the lack of rainfall can cause the road surface to become brittle, making it more prone to cracking and other forms of damage. The constant wear and tear can lead to a range of issues that compromise the safety and reliability of the roads. Finally, as technology advances closer to achieving fully autonomous vehicles on our roadways, the necessity for well-maintained pavement conditions and consistently clear road markings becomes even more crucial.

In our region, we adopt the "Fix-it-First" approach when it comes to preserving our pavements and bridges. This approach prioritizes the care and maintenance of our existing infrastructure, ensuring that our foundational and essential components receive the necessary investments for preservation. By emphasizing preservation and maintenance, we not only minimize disruptions to our community but also achieve the most cost-effective solution compared to rebuilding or reconstruction. In fact, the cost of



reconstructing roadways could be a staggering 14 times higher than the expenses incurred for preventative maintenance. As conditions get worse, the cost of repair becomes exponentially more costly. Investing in preservation enables us to extend the lifespan of our assets in a cost-effective manner. While strides are being made in maintaining and improving infrastructure conditions, it is crucial to recognize that the investment requirements were substantial even prior to the implementation of SB 1. Additionally, the emergence of new needs and concerns, such as active transportation, accessibility, and those exacerbated by the effects of climate change, has intensified the financial demands for maintaining our system. Forecasted core revenue funding levels are insufficient to adequately maintain our infrastructure in a state of good repair let alone address the backlog of deferred maintenance or make significant improvements. In addition, as noted in the Connect SoCal 2020 and 2024, SB 1 does not fully address the revenue loss that will likely result over the course of Connect SoCal 2024 due to the transition of the regional vehicle fleet to more efficient, clean and non-fossil fuel-based vehicles and the corresponding erosion of the tax base supported by fuel purchases. Therefore, Connect SoCal 2024 continues to emphasize the importance of system preservation and system management, and advocates for additional funding sources.

Our forecast for O&M of regionally significant streets and roads includes necessary expenditures to preserve road conditions, a broad category that not only includes road pavement conditions but traffic signals, streetlights, sidewalks, ramps as required by the American Disabilities Act (ADA), curb & gutter management, and additional active transportation investments. The forecast is based on historical expenditures and the most recently available statewide local streets and roads needs assessment.

**TABLE 6** summarizes the total system preservation and maintenance needs assumed in Connect SoCal to maintain existing transit, passenger rail, regionally significant local streets and roads, and the state highway system asset conditions.

Table 6. Multimodal System Preservation and Maintenance Needs (in Nominal Dollars, Billions)

System	Needs Included in Estimate	Total Cost
Transit	O&M Existing Service; O&M Service Expansion; O&M Major New Service; Preservation	\$244.5
Passenger Rail	O&M Existing Service; O&M Service Expansion; O&M Major New Service; Preservation	\$42.6
Regionally Significant Local Streets and Roads*	Pavement; Essential Components; Bridges; Goods Movement Corridors; Active Transportation Safety Improvements	\$87.7
State Highways	Bridges, Pavement, Roadside; Mobility, Collision Reduction; Mandates, Facilities; Emergency Response	\$75.4
<b>Total</b>		<b>\$450.1</b>

Source: SCAG Financial Model 2023

Note: Numbers may not sum to total due to rounding

\* Includes \$8.8 billion for active transportation.

## 4.4 DEBT SERVICE

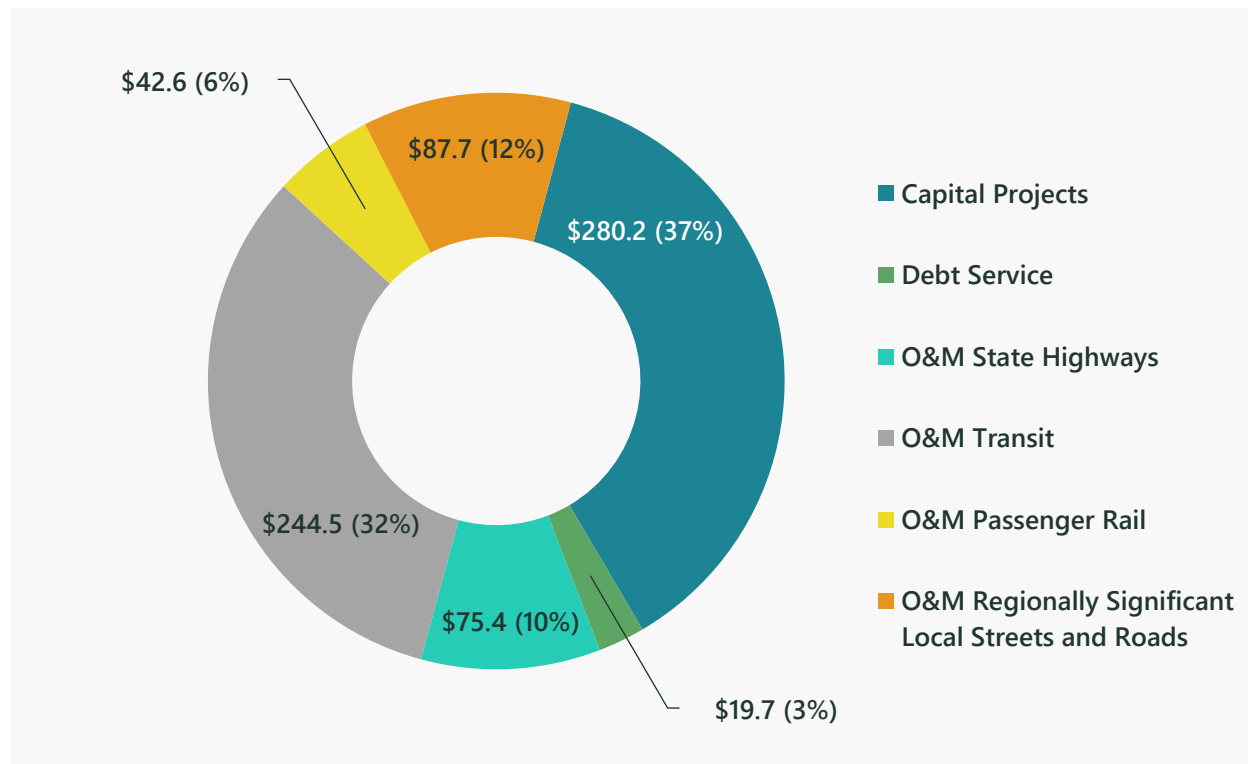
Local agencies in the SCAG region continue to rely on debt financing to ensure that revenues are available to meet the cash flow requirements of future expenditures. CTCs prepare debt service forecasts for rating agencies and report current debt service in their comprehensive annual financial reports (CAFRs). The Connect SoCal financial plan includes all outstanding commitments and interest payments on future bonds and commercial paper consistent with the CTCs’ forecasts.

## 5. SUMMARY OF REVENUE SOURCES AND EXPENDITURES

The following section details the region’s reasonably available revenue sources—both “traditional” core sources and new sources—and the expenditures necessary to keep people and goods moving in the region. Balancing these two components—revenues and expenditures—is a necessary step in meeting Connect SoCal’s fiscal constraint requirements.

As shown in **FIGURE 11**, capital projects total \$280.2 billion in nominal dollars. O&M costs total \$450.1 billion, while debt service obligations total \$19.7 billion. Transit-related costs compose the largest share of O&M costs for the region, totaling \$244.5 billion. This expenditure summary meets a total regional budget of \$750.1 billion over the Connect SoCal time horizon, as shown in **FIGURE 12**.

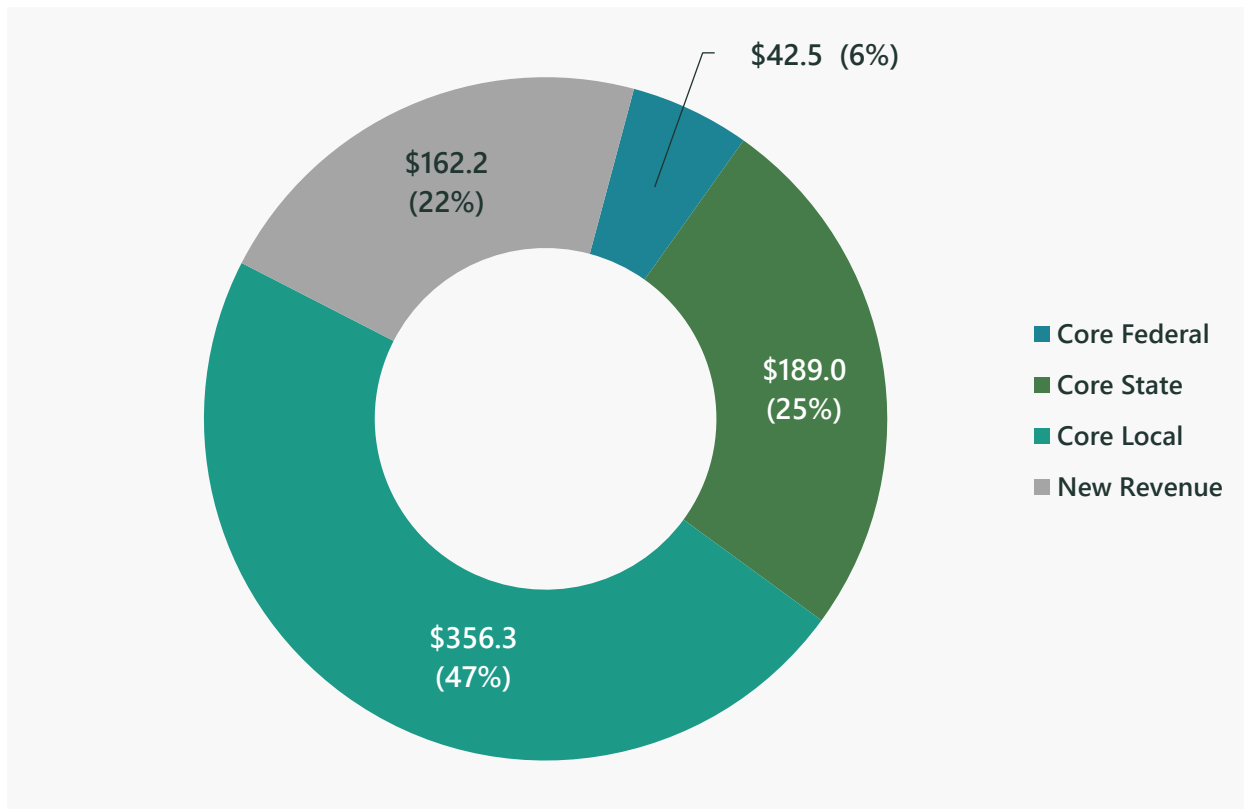
Figure 11. FY2025–FY2050 RTP/SCS Expenditures (in Nominal Dollars, Billions) \$750.1 Billion Total



Source: SCAG Financial Model 2023

Note: Numbers may not sum to total due to rounding

Figure 12. FY2025–FY2050 RTP/SCS Revenues (in Nominal Dollars, Billions) \$750.1 Billion Total



Source: SCAG Financial Model 2023

Note: Numbers may not sum to total due to rounding

**TABLE 7** provides details of the SCAG region’s financial plan revenue forecast by source in five-year increments from FY2024-25 through FY2049-50. This is followed by **TABLE 8**, which provides details of the region’s expenditures by category in five-year increments.

Table 7. FY2025–FY2050 RTP/SCS Revenues (in Nominal Dollars, Billions)

Revenue Source	FY2025- FY2029	FY2030- FY2034	FY2035- FY2039	FY2040- FY2044	FY2045- FY2050	Total
<b>Local Sources</b>	<b>\$51.4</b>	<b>\$60.2</b>	<b>\$70.0</b>	<b>\$74.0</b>	<b>\$100.6</b>	<b>\$356.3</b>
Sales Tax	\$38.0	\$44.4	\$51.5	\$52.2	\$69.1	\$255.2
– Local Option Sales Tax Measures	\$31.7	\$37.0	\$42.5	\$41.6	\$53.8	\$206.6
– Transportation Development Act (TDA)—Local Transportation Fund	\$6.2	\$7.5	\$8.9	\$10.6	\$15.3	\$48.5
Transit Farebox Revenue	\$3.8	\$4.6	\$5.4	\$6.5	\$9.4	\$29.7
Highway Tolls (in core revenue forecast)	\$3.1	\$3.9	\$4.9	\$6.1	\$9.4	\$27.3
Mitigation Fees	\$0.8	\$0.9	\$1.1	\$1.2	\$1.7	\$5.7
Other Local Sources	\$5.7	\$6.4	\$7.2	\$8.1	\$11.0	\$38.4
<b>State Sources</b>	<b>\$23.9</b>	<b>\$26.8</b>	<b>\$33.1</b>	<b>\$41.5</b>	<b>\$63.8</b>	<b>\$189.0</b>
State Transportation Improvement Program (STIP)	\$0.7	\$1.0	\$1.2	\$1.5	\$2.4	\$6.9
– Regional Transportation Improvement Program (RTIP)	\$0.7	\$0.8	\$1.0	\$1.3	\$2.0	\$5.7
– Interregional Transportation Improvement Program (ITIP)	\$0.1	\$0.2	\$0.2	\$0.3	\$0.4	\$1.1
State Highway Operation and Protection Plan (SHOPP)	\$7.8	\$9.9	\$12.5	\$15.8	\$24.4	\$70.4
Highway Users Tax Account (HUTA)	\$4.7	\$5.9	\$7.5	\$9.4	\$14.6	\$42.2
Road Maintenance and Rehabilitation Account (RMRA)	\$3.7	\$4.7	\$6.0	\$7.6	\$11.7	\$33.8
State Transit Assistance Fund (STA)	\$2.1	\$2.7	\$3.3	\$4.2	\$6.4	\$18.8
Cap-and-Trade Auction Proceeds	\$1.4	\$0.3	\$0.0	\$0.0	\$0.0	\$1.8
Other State Sources	\$3.3	\$2.3	\$2.6	\$3.0	\$4.2	\$15.3
<b>Federal Sources</b>	<b>\$12.2</b>	<b>\$8.4</b>	<b>\$7.5</b>	<b>\$6.8</b>	<b>\$7.5</b>	<b>\$42.5</b>
Federal Transit	\$5.6	\$5.1	\$4.8	\$4.5	\$5.0	\$24.9
– Federal Transit Formula	\$3.9	\$3.4	\$3.2	\$3.0	\$3.3	\$16.7
– Federal Transit Non-Formula	\$1.7	\$1.7	\$1.6	\$1.5	\$1.7	\$8.2
Federal Highway & Other	\$6.6	\$3.3	\$2.8	\$2.4	\$2.6	\$17.6
– Congestion Mitigation and Air Quality (CMAQ)	\$1.6	\$1.3	\$0.9	\$0.6	\$0.6	\$5.1
– Surface Transportation Block Grant (STBG)	\$1.5	\$1.3	\$1.3	\$1.2	\$1.3	\$6.6
– Other Federal Sources	\$3.5	\$0.6	\$0.6	\$0.6	\$0.6	\$5.9

Revenue Source	FY2025- FY2029	FY2030- FY2034	FY2035- FY2039	FY2040- FY2044	FY2045- FY2050	Total
New Revenue Sources & Innovative Financing Strategies	\$8.9	\$12.0	\$31.8	\$37.2	\$52.9	\$162.2
Federal Gas Excise Tax Adjustment	\$1.1	\$6.4	\$0.0	\$0.0	\$0.0	\$7.6
Mileage-Based User Fee (Replacement)	\$0.0	\$0.0	\$10.6	\$15.1	\$22.3	\$48.0
Federal Credit Assistance; Other Bond Proceeds	\$0.4	\$0.4	\$0.4	\$0.4	\$0.5	\$2.2
Private Equity Participation	\$5.8	\$1.5	\$1.3	\$0.0	\$0.7	\$9.3
Local Road Charge Program	\$1.0	\$3.1	\$24.1	\$27.1	\$36.9	\$92.2
Value Capture Strategies	\$0.6	\$0.6	\$0.6	\$0.6	\$0.7	\$3.0
Revenue Total	\$96.4	\$107.4	\$142.4	\$159.5	\$224.9	\$750.1

*Note: Numbers may not sum due to rounding*

Table 8. FY2025–F2050 RTP/SCS Expenditures (in Nominal Dollars, Billions)

RTP Costs	FY2025- FY2029	FY2030- FY2034	FY2035- FY2039	FY2040- FY2044	FY2045- FY2050	Total
Capital Projects and Other Programs	\$46.7	\$47.2	\$52.9	\$57.3	\$76.2	\$280.2
Arterials	\$7.1	\$5.4	\$5.7	\$3.2	\$3.8	\$25.2
Goods Movement (including Grade Separations)	\$8.2	\$6.7	\$9.7	\$18.0	\$22.9	\$65.4
High-Occupancy Vehicle/Express Lanes	\$3.1	\$2.5	\$3.7	\$1.0	\$1.1	\$11.4
Mixed-Flow and Interchange Improvements	\$3.0	\$2.9	\$1.1	\$2.5	\$2.4	\$11.9
Transportation System Management (including ITS)	\$1.1	\$1.3	\$2.0	\$2.7	\$4.9	\$11.9
Transit	\$9.4	\$13.9	\$8.2	\$7.0	\$14.0	\$52.5
Passenger Rail	\$10.6	\$10.3	\$8.9	\$7.4	\$7.8	\$45.0
Active Transportation	\$0.8	\$1.4	\$7.3	\$8.9	\$10.8	\$29.2
Transportation Demand Management	\$1.5	\$1.5	\$3.8	\$4.4	\$5.7	\$16.9
Other**	\$1.9	\$1.3	\$2.5	\$2.3	\$2.8	\$10.9
Operations and Maintenance	\$44.8	\$55.6	\$90.4	\$105.1	\$154.1	\$450.1
State Highways	\$7.8	\$9.9	\$14.0	\$17.3	\$26.3	\$75.4
Transit	\$26.3	\$32.5	\$48.0	\$55.8	\$81.8	\$244.5
Passenger Rail	\$3.2	\$3.9	\$7.4	\$10.2	\$17.9	\$42.6
Regionally Significant Local Streets and Roads*	\$7.5	\$9.3	\$21.0	\$21.7	\$28.2	\$87.7
Debt Service	\$4.9	\$4.6	\$4.3	\$3.0	\$2.7	\$19.7
<b>Cost Total</b>	<b>\$96.4</b>	<b>\$107.4</b>	<b>\$147.7</b>	<b>\$165.5</b>	<b>\$233.1</b>	<b>\$750.1</b>

Source: SCAG Financial Model 2023

Note: Numbers may not sum due to rounding

\*Includes \$8.8 billion for active transportation in addition to capital project investment of \$29.2 billion for a total of \$38 billion for active transportation improvements.

\*\*Includes Mobility Equity Fund, Regional Advance Mitigation, and Others

## APPENDICES

1. Details About Revenue Sources
2. SCAG Financial Model
3. Implementation Plan for Reasonably Available Revenue Sources
4. Financial Plan Assessment Checklist

**APPENDIX 1:  
DETAILS ABOUT REVENUE SOURCES**



## APPENDIX 1: DETAILS ABOUT REVENUE SOURCES

This appendix lists detailed information about our sources and methodology used to forecast revenue sources in the financial plan. For each source, we give a brief description of the source and describe our forecast methodology. For each source, we list the base year, which is the year of historical data to which we applied the growth rate. To address data inconsistency and availability issues due to the COVID-19 pandemic and other economic fluctuations, we took a source-by-source approach to determine which base year best represented future trends, and in some cases, used an average across a span of recent years to arrive at a base year value. We also list the real growth rate for each source over the financial plan years, the forecasted revenues in nominal dollars, and the data sources relied upon.

### LOCAL CORE REVENUE SOURCES

#### LOCAL OPTION SALES TAX MEASURES

**DESCRIPTION:** Revenues are derived from locally imposed 0.5 percent sales taxes for select counties. Five counties in the SCAG region currently have sales tax measures dedicated to local transportation expenditures.

Most local sales tax measures impose a 0.5 percent sales tax for a limited term. Imperial County Measure D imposes a 0.5 percent sales tax through March 31, 2050. Orange County Measure M imposes a 0.5 percent sales tax through March 31, 2041. Riverside County Measure A imposes a 0.5 percent sales tax through June 30, 2039. San Bernardino County Measure I imposes a 0.5 percent sales tax through March 31, 2040. Los Angeles County effectively imposes a permanent 2.0 percent sales tax (a combination of four 0.5 percent sales taxes—Proposition A, Proposition C, Measure R, and Measure M) as Measure M increases from 0.5 to 1 percent with the expiration of Measure R in 2039. Ventura County is currently the only county in the SCAG region without a local option sales tax measure. Ventura County is currently the only county in the SCAG region without a local option sales tax measure.

**BASE YEAR:** FY2021-22

**DATA SOURCES:** Sales tax forecast data provided and/or published by the local transportation commissions; historical data on revenues reported by State Board of Equalization (SBOE) in FY1985-86–FY2013-14 Annual Reports, Table 21C; and allocations by the California State Controller (Controller) as reported in Payments to Special Districts from the Transactions (Sales) and Use Taxes for FY2014-15–FY2021-22.

**REAL GROWTH RATE:**

- Imperial County: 2.8 percent
- Los Angeles County: 0.3 percent
- Orange County: 0.9 percent
- Riverside County: 2.2 percent
- San Bernardino County: -0.3 percent

**REVENUE TOTAL:** \$206.6 billion (nominal dollars)

## TRANSPORTATION DEVELOPMENT ACT (LOCAL TRANSPORTATION FUND)

**DESCRIPTION:** The Transportation Development Act (TDA) provides two major sources of funding for public transportation: (1) the Local Transportation Fund (LTF) and (2) the State Transit Assistance (STA) fund. LTF funds are derived from a 0.25 percent sales tax on retail sales statewide. Funds are returned to the county of tax generation. This category includes Article 3, 4, 4.5 and 8 of the TDA. In the SCAG region, TDA funds are used mostly for transit operations and transit capital expenses. Article 3 funds support bicycle and pedestrian facilities. Where CTCs have provided a county-specific forecast of anticipated revenues derived from their local option sales tax measures, the same annualized growth rates are used to project the trend in LTF funding for the county; otherwise, future LTF revenues are extrapolated from historical trends in taxable sales.

**BASE YEAR:** FY2021-22

**DATA SOURCES:** Sales tax forecast data provided by the local transportation commissions; SBOE, FY1972-73–FY2013-14 Annual Reports, Table 21B; SBOE, FY2014-15–FY2017-18 Payments to County Transportation Funds from the 1/4% Local Sales and Use Tax; California Department of Tax and Fee Administration (CDTFA), FY2018-19–FY2021-22 Payments to County Transportation Funds from the 1/4% Local Sales and Use Tax.

**REAL GROWTH RATE:**

- Imperial County: 2.8 percent
- Los Angeles County: 1.0 percent
- Orange County: 1.1 percent
- Riverside County: 1.8 percent
- San Bernardino County: 1.1 percent
- Ventura County: 1.3 percent

**REVENUE TOTAL:** \$48.5 billion (nominal dollars).

## TRANSIT FAREBOX REVENUE

**DESCRIPTION:** Transit fares collected by transit operators in the SCAG region.

**BASE YEAR:** FY2018-19

**DATA SOURCES:** Historical fare revenue data were collected from: Controller, Transit Operators and Non-Transit Claimants Annual Report, FY1978-79–FY2016-17, Table 1; Controller, Transit Operators Raw Data for FY2017-18–FY2020-21; USDOT, FTA, TS2.1 - Service Data and Operating Expenses Time Series by Mode. Revenues in the forecast account for fixed-route services (e.g., bus, urban rail, and light rail), smart shuttles, paratransit and dial-a-ride services. Revenues were forecasted separately for major regional operators in addition to other operators in the region.

**REAL GROWTH RATE:** Historically, between 1994 through 2019, the region as a whole experienced a real annual growth rate in fare revenues of about 1.2 percent. The following rates were used in the forecast: Los Angeles County—3.2 percent; Metrolink and Other Transit Operators in the region—1.2 percent. These rates result in fare revenue growth below historical averages for many operators.

**REVENUE TOTAL:** \$29.7 billion (nominal dollars)

## HIGHWAY TOLLS

**DESCRIPTION:** This category includes revenues generated from toll roads operated by the Transportation Corridor Agencies (TCA) and express lanes operated by LA Metro, Orange County Transportation Authority (OCTA), and Riverside County Transportation Commission (RCTC). TCA consists of two separate government entities—the San Joaquin Hills Transportation Corridor Agencies (SJHTCA), which oversees the San Joaquin Hills (State Route 73) Toll Road, and the Foothill/Eastern Transportation Corridor Agencies (F/ETCA), which oversees the Foothill (State Route 241) and Eastern (State Route 241, State Route 261, and State Route 133) Toll Roads. LA Metro operates express lanes along I-10 and I-110. OCTA operates the 91 Express Lanes within Orange County and RCTC operates the 91 and I-15 Express Lanes within Riverside County.

**BASE YEAR:** FY2021-22

**DATA SOURCES:** Highway toll revenue forecast data provided by the local transportation commissions. Historical highway toll revenue data were collected from: TCA Website for annual Transaction Tables from FY1996-97–FY2021-22; OCTA, 91 Express Lanes Fund, Financial Statements, FY2001-02–FY2021-22; LA Metro, Comprehensive Annual Financial Reports, FY2012-13–FY2020-21; Adopted Budget, FY2021-22; and RCTC Financial Statements, FY2016-17–FY2021-22.

**REAL GROWTH RATE:** Various

**REVENUE TOTAL:** \$27.3 billion (nominal dollars)

## MITIGATION FEES

**DESCRIPTION:** This category includes revenues generated from development impact fees. These fees are based on the general principle that future development within a specified area or jurisdiction will benefit from the construction of transportation improvements. Fees are assessed on new residential and non-residential (e.g., commercial and industrial) development. Within the region, a number of programs fund regionally significant transportation investments: TCA’s development impact fee program; Riverside County’s Transportation Uniform Mitigation Fee (TUMF) for both the Coachella Valley and Western Riverside County; and San Bernardino County’s Development Impact Fee (DIF) program.

**BASE YEAR:** Average of FY2010-11–FY2019-20

**DATA SOURCES:** Historical mitigation fee revenues collected from: Controller, Transportation Planning Agencies Annual Report, FY1987-88–FY2016-17, Table 1; and Controller, By The Numbers Data Portal, Transportation Planning Agencies Raw Data, FY2017-18–FY2019-20. Revenue forecast is also based on projections submitted by local CTCs.

**REAL GROWTH RATE:** 0.0% (i.e., assumed constant) for all but San Bernardino County, whose forecast uses a 1% real growth rate.

**REVENUE TOTAL:** \$5.7 billion (nominal dollars)

## OTHER LOCAL FUNDS

**DESCRIPTION:** Includes local revenue sources such as general funds, transit advertising and auxiliary revenues, lease revenues and interest and investment earnings from reserve funds. For Los Angeles County, interest income from Propositions A and C and Measure R are included under this source. Income from financing is also included, while principal and interest payments are included as part of debt service.

**BASE YEAR:** FY2018-19

**DATA SOURCE:** Controller, Transportation Planning Agencies Raw Data for FY2017-18–FY2020-21, and Transportation Planning Agencies Annual Report for FY1987-88–FY2016-17; California State Controller, Streets and Roads Annual Report, FY2010-11–FY2016-17, Tables 3 and 9 - Detailed Statement of Monies Made Available for Street Purposes; and California State Controller, By the Numbers, City Street Raw Data FY2017-18–FY2020-21. Revenues are also based on financial data from transit operators and local CTCs.

**REAL GROWTH RATE:** 0.0% (i.e., assumed constant)

**REVENUE TOTAL:** \$38.4 billion (nominal dollars)

## STATE CORE REVENUE SOURCES

The passage of California’s SB 1 created a significant source of ongoing state transportation funding. SB 1 increased the gas excise tax from 18 cents per gallon to 47.3 cents per gallon (as of July 1, 2019), and further indexed the gas tax to inflation going forward. As of FY2022-23, the state gasoline excise tax is set at 53.9 cents per gallon. Prior to passage of SB 1, the effective state gas excise tax rate of 18 cents per gallon remained unadjusted for more than 20 years. SB 1 additionally instituted per vehicle fees pegged to vehicle value to raise revenue for various transportation system improvements. It also enacted an annual Road Improvement Fee (RIF) on zero emission vehicles (ZEVs) to compensate for reduced state fuel tax revenues. Most of these fees are indexed to the California inflation rate to counter the historical erosion of purchasing power of transportation revenues. As discussed above, the financial model forecasts fuel consumption declines in real terms by 3.6 percent annually, due to increasing fuel efficiency and the increased adoption of alternative fuel vehicles. However, the financial model assumes that this decline is partially offset for state core revenue sources by RIF revenues, resulting in an effective annual decline of 0.07 percent that is used to forecast state revenue programs funded by state fuel tax revenues.

## STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP)

**DESCRIPTION:** The State Highway Account (SHA) is funded through a combination of state fuel excise taxes, the Federal Highway Trust Fund (HTF), and other miscellaneous revenues (e.g., interest and sale of property). Due to changes to state fuel excise taxes implemented under SB 1, the SHA will receive additional funds relative to historical trends, some of which could flow to the STIP. The STIP is a five-year capital improvement program that provides funding from the SHA for capital projects that increase the capacity of the transportation system. The STIP may include projects on state highways, local roads, intercity rail or public transit systems. The STIP is renewed every two years and consists of separate projects. The Regional Transportation Planning Agencies propose 75 percent of STIP funding for regional

transportation projects in Regional Transportation Improvement Programs (RTIPs). Caltrans proposes 25 percent of STIP funding for interregional transportation projects in the Interregional Transportation Improvement Program (ITIP). Connect SoCal projects are consistent with both the RTIP and ITIP.

STIP funds shown in the revenue forecast are consistent with the 2022 STIP fund estimate and projects for the five years covering FY2021-22–FY2026-27, plus an estimate of revenues that could flow to the region in FY2027-28. Starting in FY2028-29, the prior year amount is grown by forecasted changes in fuel consumption, as well as excise tax inflation adjustments called for in SB 1. Consistent with other state revenue sources funded by state fuel taxes, Connect SoCal adopts a conservative assumption on fuel revenue decline as described at the beginning of this section.

**BASE YEAR:** Average of FY2017-18–FY2026-27

**DATA SOURCES:** California Transportation Commission, 2010 through 2022 Reports of STIP Balances County and Interregional Shares; California Transportation Commission, 2022 Adopted STIP; California Environmental Protection Agency, California Air Resources Board, 2021 EMFAC Motor Vehicle Emissions Inventory; California Department of Finance, Fiscal Year average values of Consumer Price Index for All Urban Consumers from FY1955-56 (includes forecast values through FY2024-25).

**REAL GROWTH RATE:** Various

**REVENUE TOTAL:** \$6.9 billion (nominal dollars)

## STATE HIGHWAYS OPERATION AND PROTECTION PLAN (SHOPP)

**DESCRIPTION:** The SHOPP is a four-year program that provides funding from the State Highway Account and the Road Maintenance and Rehabilitation Account to be used for projects that reduce collisions and hazards to motorists, preserve and rehabilitate bridges and roadways, enhance and protect roadsides, and improve the operation of the State Highway System. It does not include projects that increase the capacity of the transportation system. SHOPP revenues are taken “off the top” before allocations are made for the STIP.

Short-term SHOPP revenues for FY2022-23 and FY2023-24 are based on the 2022 SHOPP program provided by Caltrans. Starting in FY2024-25, SHOPP revenues are estimated by adjusting annual revenues using both changes in fuel consumption and inflation each year. Consistent with other state revenue sources funded by state fuel taxes, Connect SoCal adopts a conservative assumption on fuel revenue decline as described at the beginning of this section.

**BASE YEAR:** Average of FY2017-18–FY2023-24

**DATA SOURCES:** Caltrans, 2010 through 2022 SHOPP programs; California Environmental Protection Agency, California Air Resources Board, 2021 EMFAC Motor Vehicle Emissions Inventory; and California Department of Finance, Fiscal Year average values of Consumer Price Index for All Urban Consumers from FY1955-56 (includes forecast values through FY2024-25).

**REAL GROWTH RATE:** 2.4 percent annually

**REVENUE TOTAL:** \$70.4 billion (nominal dollars)

### **HIGHWAY USERS TAX ACCOUNT (HUTA)**

**DESCRIPTION:** Gas tax revenue apportionments distributed via the HUTA to counties and cities in the region. HUTA revenue comprises two sources: Gas Excise Tax Subvention and State Gasoline Sales Tax Swap. Growth in HUTA revenues is based on expected changes in gasoline consumption as forecasted by SCAG together with adjustments to gas excise tax rates called for under SB 1. Consistent with other state revenue sources funded by state fuel taxes, Connect SoCal adopts a conservative assumption on fuel revenue decline as described at the beginning of this section.

**BASE YEAR:** Average of FY2017-18–FY2020-21

**DATA SOURCES:** California State Controller, Streets and Roads Annual Report, FY1999-00–FY2009-10, Tables 3 and 9 - Detailed Statement of Monies Made Available for Street Purposes; California State Controller, Monthly Highway Users Tax, FY2010-11–FY2017-18, HUT 2104, HUT 2105, HUT 2106, HUT 2107, HUT 2107.5; California State Controller, County Road Raw Data for FY2017-18–FY2020-21, HUT 2104, HUT 2105, HUT 2106; California State Controller, City Street Raw Data for FY2017-18–FY2020-21, HUT 2105, HUT 2106, HUT 2107, HUT 2107.5; California State Controller, Monthly Highway Users Tax, FY2010-11–FY2017-18, HUT 2103; California State Controller, County Road Raw Data for FY2017-18–FY2020-21, HUT 2103; California State Controller, City Street Raw Data for FY2017-18–FY2020-21, HUT 2103.

**REAL GROWTH RATE:** 2.4 percent

**REVENUE TOTAL:** \$42.2 billion (nominal dollars)

### **ROAD MAINTENANCE AND REHABILITATION ACCOUNT (RMRA)**

**DESCRIPTION:** Gas tax revenue apportionments distributed to counties and cities in the region. The RMRA was established by SB 1 and is funded by new diesel and gas excise taxes, a transportation improvement fee, and EV fee. Although the RMRA also provides funding for SHOPP as noted above, for purposes of the Connect SoCal 2024 financial plan, this item only reflects the portion of RMRA that is directed to counties and cities.

RMRA revenue distribution to each city and county in the SCAG region is based on data from Controller allocations for the six months the funding was in effect during FY2017-18 and the full-year allocations for FY2018-19–FY2021-22. A portion of the growth in RMRA revenue is based on expected changes in vehicle fuel consumption. SB 1 indexes to inflation both the fuel tax sources and the fee sources for RMRA, more than offsetting the decline due to fuel efficiency. Consistent with other state revenue sources funded by state fuel taxes, Connect SoCal adopts a conservative assumption on fuel revenue decline as described at the beginning of this section.

**BASE YEAR:** Average of FY2018-19–FY2021-22

**DATA SOURCES:** California State Controller, Monthly Road Maintenance and Rehabilitation Account - Cities SB 1, FY2017-18–FY2021-22; California State Controller, Monthly Road Maintenance and

Rehabilitation Account - Counties SB 1, FY2017-18–FY2021-22; California Environmental Protection Agency, California Air Resources Board, 2021 EMFAC Motor Vehicle Emissions Inventory; U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices, California, Annual.

**REAL GROWTH RATE:** 2.4 percent annually

**REVENUE TOTAL:** \$33.8 billion (nominal dollars)

## STATE TRANSIT ASSISTANCE FUND (STA)

**DESCRIPTION:** The STA distributes funding to transit operators based on a formula. The funds can be used for either operational support or to fund capital projects based on local priorities.

The STA is funded by diesel sales taxes and the Transportation Improvement Fee (TIF) established under SB 1. SB 1 also created a State of Good Repair Program associated with the STA, which for purposes of this financial plan are included in the STA figures. Funding figures are reported by the Controller for FY2010-11–FY2022-23. Future funding is estimated for the financial plan using the growth in diesel consumption (as estimated from the 2021 version of the EMFAC model) and forecasted growth in diesel prices (as estimated by SCAG’s Modeling division). The financial plan assumes that diesel consumption will increase by 0.8 percent annually, and that diesel prices will grow by 1.4% annually, in real terms.

**BASE YEAR:** Average of FY2017-18–FY2022-23

**DATA SOURCES:** Controller, Transportation Planning Agencies Annual Report, FY1987-88–FY1996-97, Table 1; Controller, State Transit Assistance Fund Allocation FY1997-98–FY2007-08; Controller, Quarterly State Transit Assistance, FY2008-09–FY2021-22; Controller, State Transit Assistance Fund Allocation Estimate for FY2022-23; Controller, State Transit Assistance Fund Program Allocation Estimate for FY2017-18 and FY2021-22; California Environmental Protection Agency, California Air Resources Board, 2021 EMFAC Motor Vehicle Emissions Inventory; and U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices, California, Annual.

**REAL GROWTH RATE:** 2.2 percent annually

**REVENUE TOTAL:** \$18.8 billion (nominal dollars)

## CAP-AND-TRADE AUCTION PROCEEDS

**DESCRIPTION:** The Global Warming Solutions Act of 2006 (AB 32) established the goal of reducing greenhouse gas (GHG) emissions statewide to 1990 levels by 2020. In order to help achieve this goal, the California Air Resources Board (CARB) adopted a regulation to establish a Cap-and-Trade program that places a “cap” on the aggregate greenhouse gas emissions from entities responsible for roughly 85 percent of the state’s greenhouse gas emissions. As part of the Cap-and-Trade program, ARB conducts quarterly auctions where it sells emission allowances. Revenues from the sale of these allowances fund projects that support the goals of AB 32, including transit and rail investments. Cap-and-Trade Auction proceeds associated with non-transportation elements and the state High-Speed Rail program are not included here.



The forecast is based on Low Carbon Transit Operations Program allocations as reported by the Controller for FY2014-15–FY2022-23, and Transit and Intercity Rail Capital Program award lists as reported by the California Department of Transportation (Caltrans) for FY2014-15–FY2027-28. Given the uncertainty about future allowance prices, annual growth is assumed to be flat beginning in FY2028-29 and is assumed to end after FY2029-30.

**BASE YEAR:** Average of FY2014-15–FY2027-28

**DATA SOURCES:** California State Controller's Office, Low Carbon Transit Operations Program Allocation for FY2014-15–FY2022-23; and California State Transportation Agency (CALSTA), Transit and Intercity Rail Capital Program Cycle 1-6 Award Lists.

**REAL GROWTH RATE:** 0.0% (i.e., assumed constant), until forecast ends after FY2029-30

**REVENUE TOTAL:** \$1.8 billion (nominal dollars)

## OTHER STATE SOURCES

**DESCRIPTION:** Other state sources include remaining SB 1 competitive program awards and formula apportionments; the Active Transportation Program (ATP); and other miscellaneous state grant apportionments for the SCAG region (i.e., Solutions for Congested Corridors Program, Trade Corridor Enhancement Program, Local Partnership Competitive Program, Local Partnership Formulaic Program). The financial plan includes allocations included in the 2023 Federal Transportation Improvement Program (2023 FTIP). All ATP and SB 1 competitive program award allocations included in the 2023 FTIP are included in the financial plan, and future allocations are assumed to be consistent.

**BASE YEAR:** Various

**DATA SOURCES:** SCAG, 2023 FTIP; California Transportation Commission, Adopted Solutions for Congested Corridors Programs; California Transportation Commission, Adopted Trade Corridor Enhancement Programs; California Transportation Commission, Adopted Local Partnership Competitive Programs; California Transportation Commission, Adopted Local Partnership Formulaic Programs.

**REAL GROWTH RATE:** Various

**REVENUE TOTAL:** \$15.3 billion (nominal dollars)

## FEDERAL CORE REVENUE SOURCES

Over the 25-year period from 1994 to 2019, Highway Trust Fund (HTF) income grew by 0.2 percent annually (0.3 percent in the Highway Account) in real terms, while HTF expenditures grew by 1.8 percent annually (1.7 percent in the Highway Account) in real terms. The Infrastructure Investment and Jobs Act (IIJA), passed in 2021, relies on a one-time transfer of general fund revenues to extend the near-term solvency of the HTF through 2027. It does not address the present, long-term structural deficiency that exists in funding the Trust Fund.



The financial plan assumes that Congress will reach agreement on maintaining solvency of the HTF over the Connect SoCal planning period. However, federal core revenues sources available from the HTF and funded by fuel taxes are expected to decline due to increasing fuel efficiency and increased alternative fuel vehicle adoption. Unlike state core revenue sources which are offset by RIF revenues, there is no supplemental federal revenue source to offset the impact to fuel tax revenues. Therefore, the financial plan uses a conservative assumption that federal core sources funded by fuel taxes declines by 3.6 percent annually (real terms) in concert with fuel consumption declines.

## CONGESTION MITIGATION AND AIR QUALITY (CMAQ)

**DESCRIPTION:** The CMAQ program is a federal funding program to reduce traffic congestion and improve air quality in federally designated air quality non-attainment areas.

Short-term revenues through FY2022-23 are based upon apportionment estimates provided by Caltrans for each county. For FY2023-24–FY2025-26, CMAQ revenues are projected based upon the anticipated increases in this funding source resulting from the federal IIJA legislation. Consistent with other federal revenue sources, federal core revenues available from the HTF are expected to decline due to increasing fuel efficiency and adoption of alternative fuel vehicles.

Reflecting improvements in air quality, Connect SoCal 2024 assumes that the SCAG region will reach attainment in stages for a number of pollutants and that the severity level for other pollutants will lessen over the planning period. To reflect these conditions, CMAQ funding is assumed to be reduced by 25 percent in 2032, an additional 25 percent in 2037, and an additional 25 percent in 2042 due to improved air quality.

**BASE YEAR:** FY2018-19

**DATA SOURCES:** Caltrans, CMAQ Apportionments for FY2010-11–FY2022-23; Federal Highway Administration (FHWA), Federal Highway Statistics (March 2022), Table FE-210: Status of the Federal Highway Trust Fund 1957–2021; California Environmental Protection Agency, California Air Resources Board, 2021 EMFAC Motor Vehicle Emissions Inventory; FHWA, Estimated FY2021-22–FY2025-26 State-By-State Apportionments Under the IIJA, February 2022.

**REAL GROWTH RATE:** Various (SCAG regional average is -6.6%, accounting for step-down due to attainment assumptions)

**REVENUE TOTAL:** \$5.1 billion (nominal dollars)

## SURFACE TRANSPORTATION BLOCK GRANT (STBG)

**Description:** Projects eligible for STBG funds include projects to preserve and improve the conditions and performance on any Federal-aid highway, bridge and tunnel projects on any public road, pedestrian and bicycle infrastructure, and transit capital projects, including intercity bus terminals.

Short-term revenues through FY2022-23 are based upon apportionment estimates provided for each county by Caltrans. For FY2023-24–FY2025-26, STBG revenues are projected based upon the anticipated increases in this funding source resulting from the federal IIJA legislation. Consistent with other federal

revenue sources, federal core revenues available from the HTF are expected to decline due to increasing fuel efficiency and adoption of alternative fuel vehicles.

**BASE YEAR:** FY2018-19

**DATA SOURCES:** Caltrans, STBG Apportionments for FY2010-11–FY2022-23; FHWA, Federal Highway Statistics (March 2022), Table FE-210: Status of the Federal Highway Trust Fund 1957–2021; California Environmental Protection Agency, California Air Resources Board, 2021 EMFAC Motor Vehicle Emissions Inventory; FHWA, Estimated FY2021-22–FY2025-26 State-By-State Apportionments Under the IJA, February 2022.

**REAL GROWTH RATE:** Various (SCAG regional average is -3.7%)

**REVENUE TOTAL:** \$6.6 billion (nominal dollars)

### **FTA FORMULA—SECTIONS 5307, 5310, 5311, 5337, 5339 AND 5340**

**DESCRIPTION:** This includes a number of FTA programs distributed by formula. FTA Section 5307 is distributed to state urbanized areas with a formula based upon population, population density, number of low-income individuals, and transit revenue and passenger miles of service. Section 5307 funds capital projects, planning, job access and reverse commute projects, and operations costs under certain circumstances. FTA Section 5310 funds are allocated by formula to states for projects providing enhanced mobility to seniors and persons with disabilities. FTA Section 5311 provides capital, planning, and operating assistance to states to support public transportation in rural areas with populations less than 50,000. FTA Section 5337 is distributed based on revenue and route miles and provides funds for repairing and upgrading rail transit systems, high-intensity bus systems that use High-Occupancy Vehicle (HOV) lanes, including bus rapid transit (BRT). FTA Section 5339 provides capital funding to replace, rehabilitate, and purchase buses and related equipment and to construct bus-related facilities. 5340 was established by SAFETEA-LU to apportion additional funds to the Urbanized Area Formula and Rural Area Formula programs; Recipients of funds are existing Urbanized Area (Section 5307) and Rural Area (Section 5311) formula fund recipients.

Short-term revenues through FY2021-22 are based upon apportionments provided for each county by FTA. For FY2022-23–FY2025-26, county-level estimates of FTA formula revenues are projected based upon the anticipated increases in this funding source resulting from the federal IJA legislation (based on the FTA's estimates of future year nationwide apportionments).

Starting in FY2026-27 (i.e., the first year after IJA the five-year IJA implementation period), the financial plan conservatively assumes that FTA formula revenues will decline in proportion with the Mass Transit Account of the HTF. Over the 25-year period from 1994 to 2019, Highway Trust Fund (HTF) income grew by 0.2 percent annually (negative 0.3 percent in the Mass Transit Account) in real terms, while HTF expenditures grew by 1.8 percent annually (2.5 percent in the Mass Transit Account) in real terms. Consistent with other federal revenue sources, federal core revenues available from the HTF are expected to decline due to increasing fuel efficiency and adoption of alternative fuel vehicles.

**BASE YEAR:** FY2018-19

**DATA SOURCES:** FTA, FY2010-11–FY2021-22 Apportionments and Allocations; FHWA, Federal Highway Statistics (March 2022), Table FE-210: Status of the Federal Highway Trust Fund 1957–2021; California Environmental Protection Agency, California Air Resources Board, 2021 EMFAC Motor Vehicle Emissions Inventory; FTA, Bipartisan Infrastructure Law Fact Sheet: Urbanized Area Formula Program Grants Program, December 2021; FTA, Bipartisan Infrastructure Law Fact Sheet: State of Good Repair and Rail Vehicle Replacement Program, December 2021; U.S. Department of Transportation (USDOT), FTA, Bipartisan Infrastructure Law Fact Sheet: Buses and Bus Facilities Program, December 2021; USDOT, FTA, Bipartisan Infrastructure Law Fact Sheet: Enhanced Mobility of Seniors and Individuals with Disabilities, January 2022.

**REAL GROWTH RATE:** Various (SCAG regional average is -4.2% annually)

**REVENUE TOTAL:** \$16.7 billion (nominal dollars)

## **FTA DISCRETIONARY—SECTION 5309 FIXED GUIDEWAY CAPITAL INVESTMENT GRANTS**

**DESCRIPTION:** FTA Section 5309 provides funding for new fixed guideways or extensions to fixed guideways (projects that operate on a separate right-of-way exclusively for public transportation, or that include a rail or a catenary system), bus rapid transit projects operating in mixed traffic that represent a substantial investment in the corridor, and projects that improve capacity on an existing fixed guideway system.

The 2024 RTP/SCS uses the assumption that, on average, operators will continue to receive discretionary funding in rough proportion to what they have received historically, with a near-term increase due to IJJA funding. Actual apportionments are used through FY2021-22. For FY2022-23–FY2025-26, estimates of FTA Discretionary fund revenues are projected based upon the anticipated increases in this funding source resulting from the federal IJJA legislation. Consistent with other federal revenue sources, federal core revenues available from the HTF are expected to decline due to increasing fuel efficiency and adoption of alternative fuel vehicles.

**BASE YEAR:** Average of FY2013-14–FY2018-19

**DATA SOURCE:** FTA, FY2010-11–FY2021-22 Apportionments and Allocations; Federal Highway Statistics (March 2022), Table FE-210: Status of the Federal Highway Trust Fund 1957–2021; California Environmental Protection Agency, California Air Resources Board, 2021 EMFAC Motor Vehicle Emissions Inventory; USDOT, FTA, Bipartisan Infrastructure Law Fact Sheet: Capital Investment Grants Program, January 2022.

**REAL GROWTH RATE:** Various (SCAG regional average is -2.5% annually)

**REVENUE TOTAL:** \$8.2 billion (nominal dollars)

## **OTHER FEDERAL FUNDS**

**DESCRIPTION:** Includes other federal programs, such as Federal Highway Safety Improvement Program, Federal Safe Routes to School, Highway Bridge Program, and earmarks, as well as new federal

transportation funding programs that were created by IIJA (e.g., PROTECT Program, Carbon Reduction Program).

The financial plan uses programmed amounts in 2023 FTIP for certain discretionary sources and earmarks, and awarded amounts for certain discretionary sources (e.g., RAISE/BUILD/TIGER, INFRA Grants). These amounts sourced from SCAG's 2023 FTIP continue only through FY2027-28. Federal Highway Safety Improvement Program, Federal Safe Routes to School, and Highway Bridge Program revenues are estimated in the short-term using program allocations provided by Caltrans. Longer-term estimates for Federal Highway Safety Improvement Program and Highway Bridge Program are based upon the average of allocations from FY2012-13–FY2020-21. Federal Safe Routes to School are based upon the average allocations from FY2010-11–FY2023-24. For other federal sources that are affected or created by IIJA, but are not detailed above, the financial model projects annual county-level funding totals across each five IIJA implementation period years using five-year funding estimates and historical trends. Consistent with other federal revenue sources, federal core revenues available from the HTF are expected to decline due to increasing fuel efficiency and adoption of alternative fuel vehicles.

**BASE YEAR:** Various

**DATA SOURCES:** Caltrans, Division of Local Assistance, FY2010-11–FY2020-21 for Federal Highway Safety Improvement Program and Highway Bridge Program; Caltrans, Division of Local Assistance, FY2010-11–FY2023-24 for Federal Safe Routes to School; SCAG, 2023 FTIP; California Department of Transportation, 2021 Federal Statewide Transportation Improvement Program, March 8, 2021; USDOT, 2009-2021 RAISE/BUILD/TIGER Awards; USDOT, FY2017-18–FY2020-21 INFRA Awards; FHWA, Estimated FY2021-22–FY2025-26 State-By-State Apportionments Under the IIJA, February 2022; FHWA, Estimated FY2021-22–FY2025-26 Nationwide Apportionments for PROTECT Discretionary Grant Program, February 2023; FHWA, Safe Streets and Roads for All (SS4A) Estimated Nationwide Program Apportionments, FY22-26, May 2022; FHWA, National Culvert Removal, Replacement, and Restoration Grants Fact Sheet, July 2022; FHWA, Congestion Relief Program Fact Sheet, February 2023; FHWA, 5-Year National Electric Vehicle Infrastructure Estimated Funding by State, FY22-26, September 2022; US Department of Transportation (USDOT), The Mega Grant Program, February 2023; US Department of Transportation (USDOT), FY2021-22 Mega Grant Awards, January 2023; US Department of Transportation (USDOT), Strengthening Mobility and Revolutionizing Transportation (SMART) Grants Program, February 2023; FHWA, Charging and Fueling Infrastructure Discretionary Grant Program Fact Sheet, February 2023; FHWA, FY22-26 Funding for the Bridge Formula Program Under the IIJA, Date Not Specified; FHWA, Revised Apportionment of the Bridge Formula Program, FFY22, April 8, 2022; FHWA, Bridge Investment Program Fact Sheet, August 2022; FHWA, Bridge Investment Program Web Page, FY22 Grant Recipients, January 2023; California Environmental Protection Agency, California Air Resources Board, 2021 EMFAC Motor Vehicle Emissions Inventory.

**REAL GROWTH RATE:** Various (SCAG regional average is -10% annually)

**REVENUE TOTAL:** \$5.9 billion (nominal dollars)

## NEW REASONABLY AVAILABLE REVENUE SOURCES

### FEDERAL GAS EXCISE TAX ADJUSTMENT TO MAINTAIN HISTORICAL PURCHASING POWER

**DESCRIPTION:** Historical extrapolation of gas tax revenues equivalent to additional 18.4 cents-per-gallon gasoline tax imposed by the federal government starting in 2029 and in place until the transition to a federal replacement mileage-based user fee in 2035. Forecast based on historical trends in adjustments.

**BASE YEAR:** FY2028-29.

**DATA SOURCE:** Not applicable.

**REAL GROWTH RATE:** 0.0 percent annually.

**REVENUE TOTAL:** \$7.6 billion (nominal dollars).

### MILEAGE-BASED USER FEE (REPLACEMENT)

**DESCRIPTION:** Mileage-based user fees would be implemented to replace existing federal and state gas taxes. Analysis assumed an estimated 2.5 cents (2019 dollars) per mile starting in 2035 and indexed at a rate of 2.3 percent.

Advancements in technologies enabling greater use of electric or alternative fuel vehicles will continue to impact gas tax revenues. The financial plan assumes that increases in vehicle fuel efficiency and the shift to zero-emission vehicles due to implementation of the California Air Resources Board's (CARB) Advanced Clean Cars II regulations—which bans the sale of new, gasoline-powered vehicles beginning in 2035—will reduce fuel consumption by 3.6 percent per year during the Plan period. Additionally, the Air Board's Advanced Clean Fleets regulation will reduce transportation revenue dependent on the consumption of diesel fuel. Some estimates suggest that large-scale fleet conversion to zero-emission vehicles could result in up to a 75 percent loss of fuel tax revenues for the region. Given the growing concern about climate protection and fuel price volatility, however, such changes are likely, which would lead to a more rapid deterioration in the long-term viability of the current fuel tax.

In 2014, the California Legislature passed Senate Bill (SB) 1077 (DeSaulnier) directing California to conduct a pilot program to study the feasibility of a road charge as a replacement to the gas tax. The Pilot began in 2016, and over 5000 participants drove over 37 million miles during the nine-month program. The initial pilot explored multiple mileage reporting methods and found that 86 percent of participants were satisfied by their chosen method, and 85 percent were satisfied with the pilot overall. The next pilot will focus on reducing administrative costs through pay-at-the-pump technologies.

For the SCAG region, analysis assumes that mileage-based fees would replace existing state and federal gas taxes. As such, the incremental increase in revenue resulting from the transition to a more direct mileage-based charge system would generate \$48.0 billion, from FY2034-35 to FY2049-50.

**BASE YEAR:** FY2034-35.

**DATA SOURCE:** SCAG travel demand forecast for Connect SoCal.

**REAL GROWTH RATE:** 0.7 percent annually.

**REVENUE TOTAL:** \$48.0 billion (nominal dollars)—estimated incremental revenue only.

## **FEDERAL CREDIT ASSISTANCE; OTHER BOND PROCEEDS**

**DESCRIPTION:** The financial plan for Connect SoCal assumes the issuance of tax-exempt revenue bonds, secured by new regional revenue sources via a local road charge program. Federal credit assistance in the form of loan proceeds from the Transportation Infrastructure Innovation and Finance Act (TIFIA) and/ or the Railroad Rehabilitation and Improvement Financing (RRIF) programs also are anticipated to facilitate enhancement of SCRRA's commuter rail program.

**BASE YEAR:** FY2024-25.

**DATA SOURCE:** Not applicable.

**REAL GROWTH RATE:** Not applicable.

**REVENUE TOTAL:** \$2.2 billion (nominal dollars).

## **PRIVATE INVESTMENT**

**DESCRIPTION:** The financial plan for the Connect SoCal 2024 assumes that XpressWest will secure the necessary financing, including approval for the issuance of tax-exempt private activity bonds, to facilitate the construction of high-speed rail service from Victor Valley to Las Vegas along the I-15 corridor. Revenue estimates reflect coverage for construction costs for the San Bernardino County portion only.

Similarly, it is assumed that the California High-Speed Rail Phase 1 will generate sufficient revenues to create an opportunity for private investment to support system expansion in the SCAG region. Additionally, the financial plan for Connect SoCal assumes that the two Class I freight railroads—Burlington Northern Santa Fe (BNSF) Railway and the Union Pacific Railroad (UP)—will fund their respective capacity and operational initiatives. It is assumed, for example, that the UP will invest an estimated \$500 million in a modernization project that will increase container throughput at the Intermodal Container Transfer Facility (ICTF). Additionally, it is assumed that the BNSF will invest approximately \$500 million to construct the Southern California International Gateway (SCIG), a new near-dock facility adjacent to the San Pedro Bay Ports with direct access to the Alameda Corridor. Analysis also includes a freight rail investment package including main line rail improvements (rail-to-rail grade separations, double or triple tracking, new signal systems, universal crossovers, new sidings, etc.). The railroads are assumed to fund their respective shares of capital improvement costs.

**BASE YEAR:** Not applicable.

**DATA SOURCE:** Draft business plans as available.

**REAL GROWTH RATE:** Not applicable.

**REVENUE TOTAL:** \$9.3 billion (nominal dollars).

## LOCAL ROAD CHARGE PROGRAM

**DESCRIPTION:** As technology to administer mileage-based user fees improves, we assume the implementation of a regional road charge on a county basis. This road charge would provide a choice among multiple pricing options tailored to local needs, similar to the diverse expenditures in current local sales tax initiatives. This would allow the ability for local agencies to better manage their transportation systems, especially as VMT increases with the introduction of connected and autonomous vehicles. For the SCAG region, analysis assumes a regional road charge of 2.0 cents (2019 dollars) per mile beginning in 2035.

Complementary measures including congestion pricing and parking pricing can be integrated into a local road charge program as may be applicable for regional job centers. Job centers are places in the region with generally higher existing employment density than the areas around them. Based on SCAG research, 21 job centers covering roughly 0.5 percent of the region's land area but about 22 percent of the region's employment are identified to take advantage of existing density and infrastructure. These centers were evaluated for parking pricing, assessing base rates and adjusting to grow starting in FY2028-29. Analysis also assumes congestion pricing (peak period charges) in parts of Los Angeles County—starting in FY2028-29.

The design of any local road charge program would need to carefully consider policies to mitigate some of the increased financial burden on low-income groups. Equity impacts differ significantly across different pricing programs, and any mitigation would be tailored to reduce equity impacts specific to the program. One way to address equity concerns include enhanced transportation alternatives for transit dependent populations. Further, discounts could be applied through reduced pricing, establishment of a rebate, or credit program. Connect SoCal assumes the establishment of a Mobility Equity Fund to cover the cost of rebates, credits, or discounts for general mobility expenses including user fees/tolls, parking charges, transit fares, and new mobility options.

**BASE YEAR:** Various

**DATA SOURCE:** SCAG travel demand forecast for Connect SoCal.

**REAL GROWTH RATE:** Various

**REVENUE TOTAL:** \$92.2 billion (nominal dollars).

## VALUE CAPTURE STRATEGIES

**DESCRIPTION:** Revenue estimates reflect opportunities for value capture financing including tax increment financing. Cities and counties have had the authority since 1990 to create infrastructure financing districts (IFDs) to fund local infrastructure. IFDs divert incremental property tax revenues for 30 years to fund, among other things, highways and transit projects. Revenue generation can vary significantly by area due to associated economic development potential.

Senate Bill 628 (SB 628) was signed by the Governor on September 29, 2014, and authorizes the legislative body of a city or county to establish an enhanced infrastructure financing district (EIFD), adopt an infrastructure financing plan, and issue bonds to finance public capital projects and other specific projects of communitywide significance. Unlike IFDs, a two-thirds vote is not required to form an EIFD. The legislative body is required to hold a public hearing before passing a resolution that adopts the infrastructure financing plan, and in turn, a resolution of formation creating the EIFD. Bonds may be issued upon approval of 55 percent of the qualified electors of the EIFD. Tax increment financing would fund infrastructure projects such as highways, interchanges, transit facilities, sewage treatment and water reclamation plants, brownfield restoration and other environmental mitigation, low- and moderate-income housing, and transit priority projects, in accordance with the infrastructure financing plan and the agreement of affected taxing entities.

To date, SCAG has conducted twenty pilot tax increment financing studies to evaluate the usefulness of these tools in support of local economic development and transit supportive infrastructure (including housing). As of 2020, there are seven EIFDs in the SCAG region in the communities of La Verne, Placentia, Palmdale, Los Angeles County Unincorporated West Carson, Carson, Rancho Cucamonga, and Covina.  
**BASE YEAR:** Various.

**DATA SOURCE:** SCAG tax increment financing studies.

**REAL GROWTH RATE:** Not Applicable.

**REVENUE TOTAL:** \$3.0 billion (nominal dollars).



## APPENDIX 2: SCAG FINANCIAL MODEL

## APPENDIX 2: SCAG FINANCIAL MODEL

The SCAG financial model consists of multiple Excel workbooks. One workbook helps SCAG estimate revenues available for transportation investments over the timeframe of Connect SoCal (FY2024-25–FY2049-50). Another workbook allows SCAG to compare the revenues to expenditures.

The revenue workbook begins with a compilation of historical data from published sources. SCAG relies on published data because it can be collected and verified easily. The financial model focuses on using revenue data at collection and disbursement levels and includes data tables from a variety of local, state, and federal sources. All tables and their sources are listed in **TABLE 9**.

The financial model uses these tables to estimate long-term historical trends. SCAG tries to use as much publicly available data as possible, but definitions and data availability can vary over time.

Table 9. Published Historical Data

Table	Source(s)
1: State Sales and Use Tax Statistics by County, FY1933-34–FY2021-22	SBOE, FY1933-34–FY2011-12 Annual Reports, Table 20 (or equivalent tables in earlier reports); CDTFA, Taxable Sales in California, FY2012-13–FY2021-22.
2: Revenues Distributed to Counties from County Transportation Tax (i.e., TDA Funding), FY1972-73–FY2021-22	SBOE, FY1972-73–FY2013-14 Annual Reports, Table 21B; SBOE, FY2014-15–FY2017-18 Payments to County Transportation Funds from the 1/4% Local Sales and Use Tax; CDTFA, FY2018-19–FY2021-22 Payments to County Transportation Funds from the 1/4% Local Sales and Use Tax.
3: Revenues Distributed to Special Districts from Transaction and Use Tax, FY1981-82–FY2021-22	SBOE, FY1972-73–FY2013-14 Annual Reports, Table 21C; SBOE, FY2014-15–FY2017-18 Payments to Special Districts from the Transactions (Sales) and Use Taxes; CDTFA, FY2007-08–FY2020-21 Payments to Special Districts from the Transactions (Sales) and Use Taxes; CDTFA, FY2021-22 Monthly Payments to Special Districts from the Transactions (Sales) and Use Tax.
4: Total Gas Tax Apportionments to Counties and Constituent Cities, FY1999-00 – FY2020-21	Controller, Streets and Roads Annual Report, FY1999-00–FY2009-10, Tables 3 and 9 - Detailed Statement of Monies Made Available for Street Purposes; Controller, Monthly Highway Users Tax, FY2010-11–FY2017-18, HUT 2104, HUT 2105, HUT 2106, HUT 2107, HUT 2107.5; Controller, County Road Raw Data for FY2017-18–FY2020-21, HUT 2104, HUT 2105, HUT 2106; Controller, City Street Raw Data for FY2017-18–FY2020-21, HUT 2105, HUT 2106, HUT 2107, HUT 2107.5.
5: Highway Users Tax 2103 (i.e., formerly Gas Tax Swap), FY2010-11–FY2020-21	Controller, Monthly Highway Users Tax, FY2010-11–FY2017-18, HUT 2103; Controller, County Road Raw Data for FY2017-18–FY2020-21, HUT 2103; Controller, City Street Raw Data for FY2017-18–FY2020-21, HUT 2103.
6A–6B: Road Maintenance and Rehabilitation Account, FY2021-22	Controller, Monthly Road Maintenance and Rehabilitation Account - Cities SB 1, FY2017-18–FY2021-22; Controller, Monthly Road Maintenance and Rehabilitation Account - Counties SB 1, FY2017-18–FY2021-22.
7: Taxable Distributions of Diesel Fuel and Gasoline, FY1923-24–FY2021-22	SBOE, FY2016-17 Annual Report, Tables 24 and 25a; CDTFA, Fuel Taxes Statistics & Reports, Updated: August 2022.
8: 2021 EMFAC SCAG Region Fuel Consumption, 2019–2050	CARB, 2021 EMFAC Motor Vehicle Emission Inventory.
10: California Gasoline and Diesel Retail Prices, 1995 – 2021	EIA, Weekly Retail Gasoline and Diesel Prices, California, Annual.
11B: Transportation Fuel Price, 2005–2040	SCAG Modelers.
12C–12D: Programmed 2010 STIP, FY2010-11–FY2014-15	CTC, 2011 Report of STIP Balances County and Interregional Shares, August 4, 2011.
12E–12F: Programmed 2012 STIP, FY2012-13–FY2016-17	CTC, 2013 Report of STIP Balances County and Interregional Shares, July 26, 2013.
12G–12H: Programmed 2014 STIP, FY2014-15–FY2018-19	CTC, 2014 Report of STIP Balances County and Interregional Shares, August 1, 2014.

Table	Source(s)
12I-12J: Programmed 2016 STIP, FY2016-17-FY2020-21	CTC, 2017 Report of STIP Balances County and Interregional Shares, August 4, 2017.
12K-12L: Programmed 2018 STIP, FY2018-19-FY2022-23	CTC, 2018 Report of STIP Balances County and Interregional Shares, August 1, 2018.
12M-12N: Programmed 2020 STIP, FY2020-21-FY2024-25	CTC, 2020 STIP Resolution, March 25, 2020.
12Q-12RP: Programmed 2022 STIP, FY2022-23-FY2026-27	CTC, 2022 Report of STIP Balances: County and Interregional Shares, August 1, 2022.
13F: 2018 SHOPP Program, FY2018-19-FY2021-22	Caltrans, 2018 SHOPP, Approved March 22, 2018.
13G: 2020 SHOPP Program, FY2020-21-FY2023-24	Caltrans, 2020 SHOPP, Published May 13, 2020.
13H: 2022 SHOPP Program, FY2022-23-FY2025-26	Caltrans, 2022 SHOPP, Published March 17, 2022.
14: Other State (Prop 1A, Prop 1B, AB 2766, SB 132, etc.), FY2008-09-FY2027-28	1) SCAG, 2008 Regional Transportation Improvement Program (RTIP), Amendment #08-53. 2) SCAG, 2011 Federal Transportation Improvement Program (FTIP), Amendment #11-34. 3) SCAG, 2013 FTIP, Amendment #13-19. 4) SCAG, 2015 FTIP, Amendment #15-07. 5) SCAG, 2017 FTIP, Amendment #17-00. 6) SCAG, 2019 FTIP, Amendment #19-00. 7) SCAG, 2021 FTIP, Amendment #21-22. 8) SCAG, 2023 FTIP, Amendment #23-00.
15: Low Carbon Transit Operations Program, FY2014-15-FY2021-22	Controller, Low Carbon Transit Operations Program Allocations, FY2014-15-FY2022-23.
16: Transit and Intercity Rail Capital Program, FY2014-15-FY2027-28	CalSTA, Transit and Intercity Rail Capital Program, Cycle 1-6 Award Lists.
17: Solutions for Congested Corridors Program, FY2018-19-FY2022-23	California Transportation Commission (CTC), Adoption of the 2018 and 2020 Solutions for Congested Corridors Programs.
18: Trade Corridor Enhancement Program, FY2017-18-FY2022-23	CTC, Adoption of the 2018 and 2020 Trade Corridors Enhancement Programs.
19A: Local Partnership Competitive Program, FY2018-19-FY2022-23	CTC, Adoption of the 2018 and 2020 Local Partnership Competitive Programs.
19B: Local Partnership Formulaic Program, FY2017-18-FY2024-25	CTC, 2018, 2019, 2020 and 2022 Local Partnership Formulaic Program Share Distributions.

Table	Source(s)
20: Active Transportation Program, FY2014-15–FY2027-28	1) SCAG, 2015 FTIP, Amendment #15-19. 2) SCAG, 2017 FTIP, Amendment #17-00. 3) SCAG, 2019 FTIP, Amendment #19-00. 4) SCAG, 2021 FTIP, Amendment #21-22. 5) SCAG, 2023 FTIP, Amendment # 23-00.
21: Transit Passenger Fares, FY1978-79–FY2020-21	Controller, Transit Operators and Non-Transit Claimants Annual Report, FY1978-79–FY2016-17, Table 1. Controller, Transit Operators Raw Data for Fiscal Years 2017-18–FY2020-21. USDOT, FTA, TS2.1 - Service Data and Operating Expenses Time Series by Mode.
22: SCRRRA (Metrolink) Budgeted Passenger Fares, FY2012-13–FY2021-22	Southern California Regional Rail Authority, FY2012-13–FY2021-22 Annual Budgets.
24: Special Demonstration Project, FY1987-88–FY2016-17	Controller, Transit Operators and Non-Transit Claimants Annual Report, FY1978-79–FY2016-17, Table 1.
25: Other Financial Assistance, FY1987-88–FY2016-17	Controller, Transit Operators and Non-Transit Claimants Annual Report, FY1978-79–FY2016-17, Table 1.
27: Federal Section 5307 (Urbanized Area) & Section 5340 (Growing & High-Density States) Funding Allocations, FY2005-06–FY2021-22	FTA, FTA Fiscal Year Apportionments and Allocations, FY2005-06–FY2021-22. Note: SCAG Budget & Grants Staff provided split details (i.e., from UZA to county-level).
28: Federal Section 5310 (Enhanced Mobility of Seniors and Individuals with Disabilities) Funding Allocations, FY2012-13–FY2021-22	FTA, FTA Fiscal Year Apportionments and Allocations, FY2012-13–FY2021-22. Note: SCAG Budget & Grants Staff provided split details (i.e., from UZA to county-level).
29: Federal Section 5337 (State of Good Repair Formula) Funding Allocations, FY2012-13–FY2021-22	FTA, FTA Fiscal Year Apportionments and Allocations, FY2012-13–FY2021-22. Note: SCAG Budget & Grants Staff provided split details (i.e., from UZA to county-level).
30: Federal Section 5339 (Bus and Bus Facilities Formula) Funding Allocations, FY2012-13–FY2021-22	FTA, FTA Fiscal Year Apportionments and Allocations, FY2012-13–FY2021-22. Note: SCAG Budget & Grants Staff provided split details (i.e., from UZA to county-level).
31: Federal Section 5309 (Capital Investment Grants) Funding Allocations, FY2005-06–FY2021-22	FTA, FTA Fiscal Year Apportionments and Allocations, FY2012-13–FY2021-22.

Table	Source(s)
32: Other Federal Transit (ARRA, TIGER, TIGGER, etc.), FY2008-09–FY2027-28	1) SCAG, 2008 RTIP, Amendment #08-53. 2) SCAG, 2011 FTIP, Amendment #11-34. 3) SCAG, 2013 FTIP, Amendment #13-19. 4) SCAG, 2015 FTIP, Amendment #15-07. 5) SCAG, 2017 FTIP, Amendment #17-00. 6) SCAG, 2019 FTIP, Amendment #19-00. 7) SCAG, 2021 FTIP, Amendment #21-22. 8) SCAG, 2023 FTIP, Amendment #23-00.
33: Other Federal Highway, FY2008-09–FY2027-28	1) SCAG, 2008 RTIP, Amendment #08-53. 2) SCAG, 2011 FTIP, Amendment #11-34. 3) SCAG, 2013 FTIP, Amendment #13-19. 4) SCAG, 2015 FTIP, Amendment #15-07. 5) SCAG, 2017 FTIP, Amendment #17-00. 6) SCAG, 2019 FTIP, Amendment #19-00. 7) SCAG, 2021 FTIP, Amendment #21-22. 8) SCAG, 2023 FTIP, Amendment #23-00.
34: Highway Toll Revenues, FY1996-97–FY2021-22	1) TCA Website for annual Transaction Tables from FY1996-97–FY2021-22. 2) OCTA, 91 Express Lanes Fund, Financial Statements, FY2001-02-FY2021-22. 3) LA Metro, Comprehensive Annual Financial Reports, FY2012-13–FY2020-21; Adopted Budget, FY2021-22. 4) RCTC Financial Statements, FY2016-17–FY2021-22.
35: Developer Fees, FY1987-88–FY2019-20	Controller, Transportation Planning Agencies Annual Report, FY1987-88–FY2016-17, Table 1. Controller, By The Numbers Data Portal, Transportation Planning Agencies Raw Data, FY2017-18–FY2019-20.
36: Interest Earned by Transportation Planning Agencies, FY1987-88–FY2016-17	Controller, Transportation Planning Agencies Annual Report, FY1987-88–FY2016-17, Table 1.
37: General Fund Monies Used for Street Purposes, FY2010-11–FY2020-21	Controller, Streets and Roads Annual Report, FY2010-11–FY2016-17, Tables 3 and 9. Controller, By The Numbers Data Portal, City Streets Raw Data, FY2017-18–FY2020-21.
38A: State Transit Assistance Funds, FY1987-88–FY2022-23	1) Controller, Transportation Planning Agencies Annual Report, FY1987-88–FY1996-97, Table 1. 2) Controller, State Transit Assistance Fund Allocation FY1997-98–FY2007-08. 3) Controller, Quarterly State Transit Assistance, FY2008-09–FY2021-22. 4) Controller, State Transit Assistance Fund Allocation Estimate for FY2022-23.

Table	Source(s)
38B: State of Good Repair Program, FY2017-18–FY2022-23	Controller, State Transit Assistance Fund Program Allocation Estimate for FY2017-18 and FY2021-22. Controller, State Transit Assistance Fund Allocation Estimate for FY2022-23.
39: Federal CMAQ Apportionments, FY1997-98–FY2022-23	Caltrans, CMAQ Apportionments, multiple years.
40: Federal STBG Apportionments, FY1997-98–FY2022-23	Caltrans, STBG Apportionments, multiple years.
41: Federal Highway Safety Improvement Program, FY2012-13–FY2027-28	Caltrans, Project Lists for 2011 FTIPs, 2013 FTIPs, 2015 FTIPs, 2017 FTIPs and 2019 FTIPs. SCAG, 2019 FTIP, Amendment #19-30. SCAG, 2023 FTIP, Amendment #23-00.
42: Federal Safe Route to School Program, FY2010-11–FY2023-24	Caltrans, Project Lists for 2011 FTIPs, 2013 FTIPs, 2015 FTIPs, 2017 FTIPs and 2019 FTIPs. Caltrans, 2021 Federal Statewide Transportation Improvement Program, March 8, 2021.
43: Highway Bridge Program Federal Funds, FY2006-07–FY2025-26	Caltrans, Division of Local Assistance, Highway Bridge Program, multiple years.
44: Status of the Federal Highway Trust Fund, 1957–2021	FHWA, Federal Highway Statistics 2016, Table FE-210, Status of the Federal Highway Trust Fund 1957–2015; Status of the Federal Highway Trust Fund - FY2016-17. FHWA, Status of the Federal Highway Trust Fund - FY2007-08–FY2000-21.
45: GDP (Chained) Price Index, FY1939-40–FY2026-27	The White House, Office of Management and Budget, President's Budget for FY2022-23, Table 10.1 - Gross Domestic Product and Deflators Used in the Historical Tables: 1940–2027.
46: California County Population Estimates, 2000–2021	1) California Department of Finance (DOF), E-2. California County Population Estimates and Components of Change by Year—July 1, 2000–2010, February 2012. 2) DOF, E-2. California County Population Estimates and Components of Change by Year - July 1, 2010–2021, July 2021.
47: California County Population Projections, 2010–2050	SCAG, Connect SoCal 2024 Preliminary Regional and County Growth Forecast, February 2022. DOF, P-2A: Total Population Projections, 2010–2060, California and Counties (2019 Baseline), December 2022.
48A-48B: Consumer Price Index: California Statewide & LA Region	1) DOF, Fiscal Year average values of Consumer Price Index for All Urban Consumers from FY1950-51–FY2024-25. Filename: CPI-All-Item-FY. Updated: May 2022. 2) Bureau of Labor Statistics, Calendar Year annual Consumer Price Index for All Urban Consumers from 1940–2022. All items. Not seasonally adjusted. LA-Long Beach-Anaheim (BLS Series ID: CUURS49ASA0); Updated: Feb 2023.

Table	Source(s)
49A-49B: FY2019-20 CARES Act - Federal Section 5307 (UZA), 5340 (UZA), & 5337 (State of Good Repair Formula) Funding Allocations	FTA, FTA FY2019-20 CARES Act Supplemental Public Transportation Apportionments and Allocations, Table 6: Section 5307, Section 5340 and Section 5337 Apportionments. Note: SCAG staff provided split details from UZA to county-level for 5307 and 5340 apportionments.
50A-50C: FY2020-21 American Rescue Plan - Federal Section 5307 (UZA), 5310 (UZA), & 5309 (Capital Investment Grants) Funding Allocations	1) FTA, FTA FY2020-21 American Rescue Plan Act, Urbanized Area Apportionments (Section 5307). 2) FTA, FTA FY2020-21 American Rescue Plan Act, Enhanced Mobility of Seniors and Individuals with Disabilities Apportionments (Section 5310). 3) FTA, FTA FY2020-21 American Rescue Plan Act, Capital Investments Allocations (Section 5309), Table 7.
51A-51B: FY2020-21 CRRSAA Section 5307 (UZA), 5337 (State of Good Repair), and 5310 (UZA) Funding Allocations	1) FTA, FTA FY2020-21, CRRSAA Urbanized Area Apportionments (Section 5307 - including funds apportioned under Section 5337), January 11, 2021. Note: SCAG staff provided UZA to county-level split details. 2) FTA, FTA FY2020-21 CRRSAA Apportionments for Enhanced Mobility for Seniors and Individuals with Disabilities (Section 5310), January 11, 2021. Note: SCAG staff provided UZA to county-level split details.
52: Carbon Pollution Reduction Program - Federal Section 11403 (Created by IJJA)	1) FHWA, Estimated FY2021-22 – FY2025-26 State-By-State Apportionments Under the IJJA, February 2022. 2) Caltrans, Estimated FY2021-22 Carbon Reduction Program Local Apportionments, 2022. Notes: This table reports actual population-based apportionments for FY2021-22, and estimates these totals for subsequent FY2022-23–FY2025-26 using the FY2021-22 statewide % of national total, regionwide % of state total, and county %s of regionwide total.
56A-56C: IJJA CMAQ, STBG, & HSIP Statewide Future Year Apportionments (FHWA Estimates)	FHWA, Estimated FY2021-22–FY2025-26 State-By-State Apportionments Under the IJJA, February 2022.
56D: IJJA 5307 & 5340 Nationwide Future Year Apportionments (USDOT/FTA Estimates)	USDOT, FTA, Bipartisan Infrastructure Law Fact Sheet: Urbanized Area Formula Program Grants, December 2021.
57: Federal RAISE/BUILD/TIGER Grants (Historic)	USDOT, RAISE/BUILD/TIGER Grant Awards, multiple years. Notes: Adjusted totals by county set a funding "floor" such that each county is assumed to receive a share of the total regional funding based on its historic share of grant awards. The historic data contained in this table is used to generate assumptions used to estimate future year awards of discretionary grant programs created or affected by IJJA.



Table	Source(s)
<p>58: Bridge Investment Program (Created by IIJA)</p>	<p>1) FHWA, Bridge Investment Program Fact Sheet, August 2022.                      2) FHWA, Bridge Investment Program Web Page, FY2021-22 Grant Recipients, January 2023.                      Notes: Applies FY2021-22 actuals and estimated annual nationwide program apportionments included in FHWA’s FY2022-23–FY2025-26 annual nationwide program apportionments (Note: National apportionment totals only include funding not "Subject to future appropriation"); also assumes same state % of national total, regional % of state total, and county %s of regional total as inferred from historic BUILD/TIGER/RAISE competitive grant awards (adjusted to set an award "floor" for each county based on its historic share of grant awards).</p>
<p>59: National Infrastructure Project Assistance (Created by IIJA)</p>	<p>1) USDOT, The Mega Grant Program, February 2023.                      2) USDOT, FY2021-22 Mega Grant Awards, January 2023.                      Notes: Applies FY2021-22 actuals and annual estimated nationwide program apportionments for FY2022-23–FY2025-26, per USDOT; also assumes same state % of national total, regional % of state total, and county %s of regional total as inferred from historic BUILD/TIGER/RAISE competitive grant awards (adjusted to set an award "floor" for each county based on its historic share of grant awards).</p>
<p>60: Safe Streets &amp; Roads for All Grant Program (Created by IIJA)</p>	<p>FHWA, Safe Streets and Roads for All (SS4A) Estimated Nationwide Program Apportionments, FY2021-22–FY2025-26, May 2022.                      Notes: Applies annual nationwide program apportionments included in FHWA's estimated nationwide program apportionments (Note: Only includes the "Advanced Appropriation" amounts and not amounts "Subject to future appropriation"); also assumes same state % of national total, regional % of state total, and county %s of regional total as inferred from historic BUILD/TIGER/RAISE competitive grant awards (adjusted to set an award "floor" for each county based on its historic share of grant awards).</p>
<p>61: PROTECT Program - Competitive Component (Created by IIJA)</p>	<p>FHWA, Estimated FY2021-22–FY2025-26 Nationwide Apportionments for PROTECT Discretionary Grant Program, February 2023.                      Notes: Applies annual nationwide program apportionments included in FHWA's estimated FY2021-22–FY2025-26 national program apportionments; also assumes same state % of national total, regional % of state total, and county %s of regional total as inferred from historic BUILD/TIGER/RAISE competitive grant awards (adjusted to set an award "floor" for each county based on its historic share of grant awards).</p>

Table	Source(s)
<p>62: National Culvert Removal, Replacement &amp; Restoration Grant Program (Created by IIJA)</p>	<p>FHWA, National Culvert Removal, Replacement, and Restoration Grants Fact Sheet, July 2022.                      Notes: Applies annual nationwide program apportionments included in FHWA's estimated nationwide program apportionments (NOTE: Only includes the "Advanced Appropriation" amounts and not amounts "Subject to future appropriation"); also assumes same state % of national total, regional % of state total, and county %s of regional total as inferred from historic BUILD/TIGER/RAISE competitive grant awards (adjusted to set an award "floor" for each county based on its historic share of grant awards).</p>
<p>63: Strengthening Mobility &amp; Revolutionizing Transportation (SMART) Grant Program (Created by IIJA)</p>	<p>USDOT, Strengthening Mobility and Revolutionizing Transportation (SMART) Grants Program, February 2023.                      Notes: Applies annual nationwide program apportionments, as per USDOT's SMART Grants Program landing page (NOTE: As of March 2023, FY2021-22 SMART Grant funds are not yet awarded); also assumes same state % of national total, regional % of state total, and county %s of regional total as inferred from historic BUILD/TIGER/RAISE competitive grant awards (adjusted to set an award "floor" for each county based on its historic share of grant awards).</p>
<p>64: Grants for Charging &amp; Fueling Infrastructure (Created by IIJA)</p>	<p>FHWA, Charging and Fueling Infrastructure Discretionary Grant Program Fact Sheet, February 2023.                      Notes: Applies annual nationwide program apportionments included in FHWA's FY2021-22–FY2025-26 program apportionments; also assumes same state % of national total, regional % of state total, and county %s of regional total as inferred from historic BUILD/TIGER/RAISE competitive grant awards (adjusted to set an award "floor" for each county based on its historic share of grant awards).</p>
<p>65: Community Project Funding/Congressionally Directed Spending (Created by IIJA)</p>	<p>Caltrans, List of CDFCDS Projects–FY2021-22 (undated).                      Notes: Assumes that aggregate project totals within each county are appropriated in FY2021-22.</p>
<p>66: Bridge Replacement, Rehabilitation, Preservation, Protection &amp; Construction Program (Created by IIJA)</p>	<p>FHWA, FY2021-22–FY2025-26 Funding for the Bridge Formula Program Under the IIJA, Date Not Specified.                      FHWA, Revised Apportionment of the Bridge Formula Program, FY2021-22, April 8, 2022.                      Notes: Applies actual FY2021-22 apportionments per FHWA, with the balance of the total statewide apportionment divided between the remaining four FFYs divided evenly; also assumes same regional % of state total, and county %s of regional total as inferred from actual FY2021-22 Carbon Pollution Reduction formula apportionments.</p>

Table	Source(s)
67: PROTECT Program - Formula Component (Created by IIJA)	FHWA, Estimated FY2021-22–FY2025-26 State-By-State Apportionments Under the IIJA, February 2022. Notes: Applies FHWA-estimated annual statewide program apportionments across each of the five FYs, applies annual nationwide program apportionments included in FHWA's annual nationwide program apportionments, and assumes same regional % of state total, and county %s of regional total as inferred from actual FY22 Carbon Pollution Reduction formula apportionments.
68: National Electric Vehicle Formula Program (Created by IIJA)	FHWA, 5-Year National Electric Vehicle Infrastructure Estimated Funding by State, FY2021-22–FY2025-26, September 2022. Notes: Applies actual FY2021-22 statewide program apportionment total, per FHWA, and estimated FY2022-23–FY2025-26 statewide program apportionment totals, also per FHWA, and assumes same regional % of state total, and county %s of regional total as inferred from actual FY2021-22 Carbon Pollution Reduction formula apportionments.
70: Federal INFRA Grants (Historic)	USDOT, INFRA Grant Awards, multiple years. Notes: Adjusted totals by county to set a funding "floor" based on its historic share of grant awards.
71: IIJA Period - Federal RAISE/BUILD/TIGER Grants	1) American Association of State Highway and Transportation Officials (AASHTO), Comprehensive Analysis of the Bipartisan Infrastructure Bill, September 15, 2021. 2) USDOT, FY2021-22 RAISE Grants Fact Sheets, September 2022. Notes: Uses FY2021-22 actuals, per USDOT, and estimated annual nationwide apportionments for FY2022-23–FY2025-26, per AASHTO; also assumes same state % of national total, regional % of state total, and county %s of regional total as inferred from historic BUILD/TIGER/RAISE competitive grant awards (adjusted to set an award "floor" for each county based on its historic share of grant awards).
72: IIJA Period - Federal INFRA Grants	1) AASHTO, Comprehensive Analysis of the Bipartisan Infrastructure Bill, September 15, 2021. 2) USDOT, FY2021-22 INFRA Awards, September 2022. Notes: Uses FY2021-22 actuals, per USDOT, and estimated annual nationwide apportionments for FY2022-23–FY2025-26, per AASHTO; also assumes same state % of national total, regional % of state total, and county %s of regional total as inferred from historic INFRA competitive grant awards (adjusted to set an award "floor" for each county based on its historic share of grant awards).

Table	Source(s)
73: Congestion Relief Program (Created by IIJA)	FHWA, Congestion Relief Program Fact Sheet, February 2023. Notes: Applies annual nationwide program apportionments included in FHWA's estimated nationwide FY2021-22–FY2025-26 program apportionments; also assumes same state % of national total, regional % of state total, and county %s of regional total as inferred from historic BUILD/TIGER/RAISE competitive grant awards (adjusted to set an award "floor" for each county based on its historic share of grant awards).
74: Federal Railway-Highway Crossings Formula Program (Section 11108)	FHWA, Estimated FY2021-22–FY2025-26 State-By-State Apportionments Under the IIJA, February 2022. Notes: Applies annual statewide and nationwide program apportionments included in FHWA's estimated FY2021-22–FY2025-26 program apportionments; also assumes same regional % of state total, and county %s of regional total as inferred from historic BUILD/TIGER/RAISE competitive grant awards (adjusted to set an award "floor" for each county based on its historic share of grant awards).

Table	Source(s)
<p>76A-76D: IJJA Period - Federal 5307 &amp; 5340, 5337, 5339, and 5310 Formula Apportionments</p>	<p>1) USDOT, FTA, Bipartisan Infrastructure Law Fact Sheet: Urbanized Area Formula Program Grants Program, December 2021.</p> <p>2) USDOT, FTA, Table 3: FY2021-22 Section 5307 and 5340 Urbanized Area Formula Appropriations, April 6, 2022.</p> <p>Notes: Assumes that county-level apportionments grow at the same rate as USDOT/FTA estimates that national 5307 &amp; 5340 apportionments will grow over the IJJA implementation period (see: "National YoY Growth %" column) from the actual FY2021-22 apportionments.</p> <p>3) USDOT, FTA, Bipartisan Infrastructure Law Fact Sheet: State of Good Repair and Rail Vehicle Replacement Program, December 2021.</p> <p>4) USDOT, FTA, Table 11: FY2021-22 Section 5337 State of Good Repair Apportionments, April 6, 2022.</p> <p>Notes: Assumes that county-level apportionments grow at the same rate as FTA estimates that national 5337 apportionments will grow over the IJJA implementation period (see: "National YoY Growth %" column), from the actual FY2021-22 apportionments.</p> <p>5) USDOT, FTA, Bipartisan Infrastructure Law Fact Sheet: Buses and Bus Facilities Program, December 2021.</p> <p>6) USDOT, FTA, Table 11: FY2021-22 Section 5339 Buses and Bus Facilities Apportionments, April 19, 2022.</p> <p>Notes: Assumes that county-level apportionments grow at the same rate as FTA estimates that national 5339 apportionments will grow over the IJJA implementation period (see: "National YoY Growth %" column), from the actual FY2021-22 apportionments.</p> <p>7) USDOT, FTA, Bipartisan Infrastructure Law Fact Sheet: Enhanced Mobility of Seniors and Individuals with Disabilities, January 2022.</p> <p>8) USDOT, FTA, Table 8: FY2021-22 Section 5310 Enhanced Mobility of Seniors and People with Disabilities Apportionments, April 6, 2022.</p> <p>Notes: Assumes that county-level apportionments grow at the same rate as FTA estimates that national 5310 apportionments will grow over the IJJA implementation period (see: "National YoY Growth %" column), from the actual FY2021-22 apportionments.</p>

Table	Source(s)
<p>77: IJJA Period - Federal 5309 ("Capital Investment Grants") Apportionments</p>	<p>1) USDOT, FTA, Bipartisan Infrastructure Law Fact Sheet: Capital Investment Grants Program, January 2022.                      2) USDOT, FTA, Table 7: FY2021-22 Section 5309 Fixed Guideway Capital Investment Grants Allocations (Full Year), March 2023.                      Notes: Assumes that county-level apportionments grow at the same rate as FTA estimates that national 5309 apportionments will grow over the IJJA implementation period (see: "National YoY Growth %" column); uses actual FY2021-22 apportionments; assumes that California's statewide share of the national total is equal to its historic share of nationwide 5309 grants, and similarly, that the SCAG region's share of the statewide total is equal to its historic share of statewide 5309 grants, and that each SCAG county's share is equal to their historic share of regionwide 5309 grants.</p>

Source: SCAG Financial Model 2023

The SCAG financial model collects information from the CTCs' forecasts and other publicly available sources as may be available. The SCAG financial model takes the CTCs' most recent financial forecasts available and places them into standardized revenue categories. The SCAG financial model includes the following revenue categories:

## LOCAL SOURCES

1. Local Option Sales Tax Measures
2. Transportation Development Act (TDA)—Local Transportation Fund
3. Farebox Revenue
4. Highway Tolls (in core revenue forecast)
5. Mitigation Fees
6. Other Local Sources

## STATE SOURCES

1. State Transportation Improvement Program (STIP)
  - Regional Improvement Program (RIP)
  - Interregional Improvement Program (IIP)
2. State Highway Operation and Protection Program (SHOPP)
3. Highway Users Tax Account (HUTA)
4. Road Maintenance and Rehabilitation Account (RMRA)
5. State Transit Assistance Fund
6. Cap-and-Trade Auction Proceeds
7. Other State Sources

## FEDERAL SOURCES

1. Congestion Mitigation Air Quality (CMAQ) Program
2. Surface Transportation Block Grant Program (STBGP)
3. FTA Formula (5307, 5310, 5311, 5337, 5339, 5340)
4. FTA Discretionary (5309 "New Start")
5. Other Federal Sources

In addition to grouping the revenue sources by standard category, the SCAG financial model also ensures that costs are estimated in the same "dollars" and inflation rates are consistently applied. The SCAG financial model is capable of estimating revenues in any set of constant dollars or nominal dollars (year-of-expenditure). The default is 2019 constant dollars, although Connect SoCal reports revenue estimates in nominal dollars, consistent with federal guidelines.

The SCAG financial model uses several economic assumptions to forecast future revenues. The most important assumptions are:

- Growth in retail sales for each county
- Changes in fuel consumption
- Changes in inflation used for indexing of SB 1 fuel taxes and fees
- Increases in farebox revenues for major operators and transit agencies in general
- Changes in toll revenues
- Status of the HTF
- Changes in CMAQ funding due to air quality attainment
- Annual inflation for converting revenues to nominal dollars

The assumptions are based on published historical data. Values are adjusted to ensure consistency with the CTCs' forecasts and across the region.



## **APPENDIX 3: IMPLEMENTATION PLAN FOR REASONABLY AVAILABLE REVENUE SOURCES**

## APPENDIX 3: IMPLEMENTATION PLAN FOR REASONABLY AVAILABLE REVENUE SOURCES

The following adopted set of key guiding principles form the basis for Connect SoCal financial strategies:

- Establish a user-based system that better reflects the true cost of transportation, provides firewall protection for new and existing transportation funds, and ensures an equitable distribution of costs and benefits.
- Pursue funding tools that promote access to opportunity and support economic development through innovative mobility programs.
- Promote national and state programs that include return-to-source guarantees while maintaining flexibility to reward regions that continue to commit substantial local resources.
- Leverage locally available funding with innovative financing tools (e.g., tax credits and expansion of TIFIA) to attract private capital and to accelerate project delivery.
- Promote local funding strategies that maximize the value of public assets while improving mobility, sustainability, and resilience.

Further, recognizing that many of the financial strategies identified require additional planning and legislative steps toward implementation, the following section highlights some requisite actions and key milestones for implementing new funding sources identified as a part of the financially constrained Connect SoCal.

### FEDERAL GASOLINE EXCISE TAX ADJUSTMENT

A critical component of the Connect SoCal 2024 financial plan includes an adjustment to the federal gasoline excise tax to maintain historical purchasing power. The adjustment is equivalent to an additional 10 cents-per-gallon excise tax beginning in 2025. Historical tax rate adjustments provide the basis for this assumption. The current federal gasoline excise tax was last adjusted from 9 to 18.4 cents-per-gallon over a five-year period as well (see **TABLE 10**). Historical extrapolation provides the basis for adjustments within the time horizon of the Connect SoCal 2024.

Table 10. Federal Gasoline Excise Tax

Effective Date	Tax Rate (cents-per-gallon)
June 21, 1932	1.0
June 17, 1933	1.5
January 1, 1934	1.0
July 1, 1940	1.5
November 1, 1951	2.0
July 1, 1956	3.0
October 1, 1959	4.0
April 1, 1983	9.0
January 1, 1987	9.1
September 1, 1990	9.0
December 1, 1990	14.1
October 1, 1993	18.4
January 1, 1996	18.3
October 1, 1997	18.4

*Source: Federal Highway Administration*

Given the state of transportation funding today, it is critical to consider increases in fuel taxes to ensure the integrity of the system. Some key requisite actions over the next few years to realize this revenue strategy in the 2025 to 2029 timeframe are as follows:

- The Connect SoCal fuel tax and/or transportation funding stabilization recommendations are already key components of SCAG's legislative program. Accordingly, continue to communicate recommendations and coordinate as appropriate with the Congressional Delegation.
- Advance legislative proposals that would address stabilizing the HTF.

## **MILEAGE-BASED USER FEE (REPLACEMENT)**

The Connect SoCal financial plan strategies assume the transition from the current transportation funding model based on fuel taxes to a new mileage-based user fee system. Mileage-based user fees would be implemented to replace existing fuel taxes and applicable to all roads and types of vehicles. SCAG's analysis assumes an estimated 2.5 cents (in 2019 dollars) per mile starting in 2035 and indexed at a rate of 2.3 percent through the plan horizon year of FY2049-50. In recognizing the importance of establishing critical pathways to implementation, SCAG identifies the following requisite actions related to demonstrations and eventual full deployment of a mileage-based user fee system—to replace the current fuel tax mechanisms at both the state and federal levels.

- Continue to collaborate with the California State Transportation Agency, the California Transportation Commission, business, and other key parties on the California Road Charge Pilot Program to address key implementation factors such as:
  - Technology and associated privacy issues
  - Cost of implementation and administrative methods for fee collection/revenue allocation
  - Equity concerns and exemptions/credits, as applicable
  - Rate structures and associated impacts including evaluation of flat rates, differential pricing by type of vehicle including size and weight, time-of-day, and potentially emissions, including greenhouse gas emissions
  - Economic assessment
- Apply lessons-learned from pilot program and other demonstration and evaluation efforts of mileage-based fees to inform the State Legislature and Congress about the unique characteristics of Southern California and help tailor state and federal programs to meet the needs of the SCAG region.
- Evaluate the impacts of the mileage-based user fee system on existing local transportation funding mechanisms, including toll facilities and sales tax measures—and consider how best to integrate the various transportation funding mechanisms.
- Consider how best to develop mileage-based user fee systems to address system preservation needs.
- Work with state, federal, and local partners to include provisions in upcoming reauthorization(s) to develop a national roadmap for transitioning to a mileage-based user fee system.
- Work with other MPOs and transportation stakeholders in California to develop a statewide initiative to stabilize and secure transportation funding.

## PRIVATE INVESTMENT

Numerous legislative initiatives over the past several years, have allowed the region to more proactively consider private investment strategies as a part of Connect SoCal. Additional work related to approval for the issuance of tax-exempt private activity bonds are currently underway. As of the publication of Connect SoCal, the California Debt Limit Allocation Committee approved \$600 million in private activity tax exempt bonds for Virgin Trains USA, formerly XpressWest. As specific projects progress, further work would entail continued refinement of project specific business plans and coordination with the California Infrastructure and Economic Development Bank as may be applicable. Private investment interest is assumed for the California High-Speed Rail Phase 1 expansion in the SCAG region as well. Additionally, SCAG finalized its integrated freight and passenger rail study to better identify strategic opportunities that would help leverage public funding with private investment. Other financing studies specific to freight facilities are in progress.

## FEDERAL CREDIT ASSISTANCE; OTHER BOND PROCEEDS

The US DOT's Build America Bureau Credit Programs offers credit assistance in the form of secured (direct) loans, loan guarantees, and standby lines of credit, offering more flexible repayment terms and interest rates compared to other lenders. In addition, the potential for master credit agreements offer predictability and efficiency for planning purposes for projects with an identified source of revenue. For TIFIA or RRIF, a direct loan is a debt obligation involving the US DOT as the lender and the actual terms and conditions would need to be negotiated between the US DOT and the borrower. For Connect SoCal, it is assumed that SCRRA would jointly work with partner CTCs to apply for federal credit assistance and issue debt secured by new regional revenue sources (e.g., local road charge program).

## LOCAL ROAD CHARGE PROGRAM

The Connect SoCal financial plan strategies assume a multi-county Local Road Charge Program would be enacted across the SCAG region. Analysis assumes a charge of 2.0 cents (in 2019 dollars) per mile starting in 2035, indexed at a rate of 2.3 percent through FY2049-50. Complementary measures including congestion pricing and parking pricing can be integrated with the growth of regional job centers. Implementation guidelines mirror those described above in regard to federal and state mileage-based user fees oriented to local implementation and present steps to incorporate complementary pricing strategies. Implementation of a regional road charge strategy may require supermajority voter approval.

- Continue to collaborate with the California State Transportation Agency, the California Transportation Commission, business, and other key parties on the California Road Charge Pilot Program to address key implementation factors such as:
  - Technology and associated privacy issues
  - Cost of implementation and administrative methods for fee collection/revenue allocation
  - Equity concerns and exemptions/credits, as applicable.
  - Rate structures and associated impacts including evaluation of flat rates, differential pricing by type of vehicle including size and weight, time-of-day, and potentially emissions, including greenhouse gas emissions.
  - Economic assessment
- Collaborate with regional and local stakeholders to explore the feasibility of various pricing mechanisms to meet local congestion management and system preservation needs. Institutional considerations also will need to be addressed.

- Evaluate the impacts of the mileage-based user fee system on existing local transportation funding mechanisms, including toll facilities and sales tax measures—and consider how best to integrate the various transportation funding mechanisms.
- Consider how best to develop mileage-based user fee systems to address system preservation needs.
- Apply lessons-learned from road charge pilot program and other demonstrations and evaluation efforts of pricing programs to help tailor programs to meet the needs of the SCAG region.
- Provide technical assistance to apply lessons-learned and best practices from cities that currently implement pricing programs to assess how best to customize to the needs of the SCAG region.
- Promote return-to-source guarantees while maintaining flexibility to reward jurisdictions that continue to commit substantial local resources.

## VALUE CAPTURE STRATEGIES

Often utilized by redevelopment agencies for community improvement projects, tax increment financing can be a critical financing tool to support transportation investment strategies as well. Tax increment establishes a base-year tax level for a project area. Taxes generated above this base-year amount through increases in property values are targeted for improvements/ services within the project area. Outside of redevelopment areas, local jurisdictions can establish infrastructure financing districts to use property tax increment financing to pay for public works (Government Code §53395, et seq). With the passage of SB 628, enhanced infrastructure financing districts (EIFDs) have a less cumbersome formation process and SCAG and its local jurisdiction partners would need to adhere to the following requisite procedures:

- Continue to support pilot tax increment financing studies to evaluate the usefulness of these tools in support of local economic development and transit supportive infrastructure (including housing)
- Establish a Public Financing Authority
- Adopt a resolution of intention to establish districts
- Continue to develop Infrastructure financing plan (IFP)
- Hold public hearing before adoption of IFP and formation of the EIFD
- Formation of district elections

**APPENDIX 4:  
FINANCIAL PLAN ASSESSMENT CHECKLIST**

## APPENDIX 4: FINANCIAL PLAN ASSESSMENT CHECKLIST

SCAG used the following checklist to ensure that revenues and expenditures in the financial plan were reasonable:

- Does the RTP contain a financial plan that summarizes current and future revenue sources?
- Is the financial plan and supporting information presented and explained in a format that can be clearly understood?
- Is the financial plan made available to the public as part of the public involvement process?
- Has the financial information in the financial plan been coordinated with all the affected agencies (MPOs, state DOT, transit operators, local jurisdictions)?
- Are the assumptions and data sources for each revenue source (federal, state, local, other) clearly documented in the financial plan?
- Are the projects included in the financial plan financially constrained?
- Are the RTP projects consistent with STIP estimates?
- Does the financial plan include a forecast of costs and revenues for transportation system operation and maintenance?
- Are the approaches for forecasting future revenues documented and defined?
- Are all revenue figures over consistent timeframes and fiscal years?
- Are consistent dollar values used and defined?
- Are the assumptions used for inflation of costs to future nominal dollars clearly documented and applied consistently?
- Does the RTP clearly indicate which revenue sources currently exist and which are new?
- Are the assumptions about the availability of current revenue sources clearly identified by revenue source?
- Are new revenue sources clearly identified?
- For new revenue sources, are the strategies to achieve these clearly documented? Are the responsible parties for these strategies identified?
- If new revenue sources are not implemented, are the strategies or risk mitigation approaches for how to meet funding shortfalls identified?
- If innovative financing tools and techniques are used as revenue sources, are these clearly identified and documented in the RTP?
- Are the current and future federal funds included in the financial plan based on known or reasonably expected authorization levels?
- Are anticipated discretionary funds consistent with recent levels of discretionary funds actually allocated to the pertinent agencies/jurisdictions?
- If the RTP includes "illustrative" or "vision elements," are the revenue sources for these clearly separate from the fiscally constrained portion of the plan?







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