Funding and Programming

TTP220
G.C. Sciara
4/27/16
Project development and delivery
Project Idea and Local Review

- **Idea**
  - Transportation need is identified
  - Could be from you, a private business, community group, or public agency

- **Local Review**
  - Idea refined and scope developed
  - Adopted by formal sponsor such as a city council, county supervisors, or transit agency

- **Public Involvement**
  - Follow local boards and take notice of plans and improvements developed by city, county, or transit agencies.
Long-Range Transportation Plan (RTP)

- Sets forth long-range vision, investments and policies, over 20-30 year period
  - Updated every 4 years

- All projects requesting federal funds or requiring a federal action must be included in the RTP

- State legislation now requires that RTPs incorporate a Sustainable Community Strategy
  - To meet GHG emission reductions through integrated transportation, housing, and land-use planning

- Extensive Public Involvement process
Project Selection Process

- Funding levels established
  - Based on budgets, forecasts, or similar revenue documents, a short-term program fund estimate is developed

- Project selection criteria developed
  - Agency responsible establishes prioritization process to select projects (typically guided by RTP)

- Investment decisions approved
  - Agency responsible for program determine program of projects. Sometimes formula or voter-approved.

- Projects included in the Transportation Improvement Program, or TIP
Construction & Delivery

- Environmental review
  - Project sponsor conducts environmental review (CEQA or NEPA)

- Project development activities
  - Final approval required by the sponsor (or appropriate federal agency) to begin project design and right-of-way acquisition

- Funding fully committed
  - Funding approved through grant approval once the project meets all requirements for each phase: environmental; preliminary engineering; design; right-of-way or construction
Planning

- Long-range plan
- Transportation Improvement Program (TIP)
  - Prioritizing
  - Financing

Project Development

- Problem identification
- Initial project concept
- Project development
- Design
- Right-of-Way
- Construction
Project Development

1. Development of Project Concept
   - planning at the city, county, transit operator, and regional levels
   - county congestion management programs
   - countywide transportation plans
   - transit operator short-range transit plans
   - state highway planning process (Caltrans)

2. Idea → Concrete Tasks
   Project scope, schedule, and budget are complete?

3. Seek Funding
   Propose project to MPO for funding
Programming

• the commitment of transportation funds, over several years, to particular projects (i.e. selecting projects for funding, given budget and other constraints)

• leads from planning to implementation

• involves prioritization (but not synonymous)

• balancing competing / conflicting interests

• inherent tensions: rationality, transparency, equity, discretion
Planning

Long-range plan

Transportation Improvement Program (TIP)
- Prioritizing
- Financing

Fiscal Constraint

Air Quality Conformity
Transportation Improvement Program
aka the “TIP”:
Federal Requirements

• Cooperative development & public input
• Environmental review & A.Q. conformity
• Fiscal constraint (reasonable assumptions)
• Link to long range plan (LRP)
• Planning factors
Programming in California (Caltrans view)
TIPs, MTIPs, RTIPs, STIPs, FSTIPs

TIPs do the following...

1. **Match funds to projects**
   - Sacramento MPO (SACOG): see p. 21

2. **Detail projects, costs, funding sources**...

3. **Distribute investments spatially**
   - Penn DOT: [http://www.dot7.state.pa.us/tip_visualization/](http://www.dot7.state.pa.us/tip_visualization/)
How do money/resources fit into this?
Key Terms

**Revenues** – funds collected from taxpayers, or transportation users (e.g. gas tax, tolls)

**Funding** – current or approved funds available to agencies or programs for expenditure

**Financing** – borrowing or advancement of future funds to pay for current expenditures

**Expenditures** – funds budgeted and spent by agencies for projects or activities
Key Terms

**Authorization** – Legislative action that defines taxation, programs, policies, and administrative processes.

**Appropriation** – Legislative budget action that turns revenues into funding.

**Obligation** – To make federal funds available to pay reimbursement for project work programmed in the Federal transportation improvement program (TIP)

**Who does it:** Caltrans, delegated by FHWA
Key Terms

**Apportionment** – Legislative or administrative action that divides and distributes funding, typically by formula.

*Who does it:* CTC, Caltrans, MPOs, RTPAs

**Allocation** -- To designate regional, state or federal funds to a project to pay reimbursement for project work

*Who does it:* CTC, Caltrans, MPOs, RTPAs
Key Terms

**Programming** – administrative action that assigns and commits funding to specific projects or activities by specific years

**Approval** – administrative action that allows work to proceed

**Earmark** – legislative direction that assigns funding to specific projects or activities
Paying for Transportation
Funding Transportation

All Levels of Government Fund Highways and Transit
Average annual own-source spending by level of government, 2008-12

- Federal: 25% ($54 billion)
- State: 40% ($84 billion)
- Local: 35% ($75 billion)

Source: Pew's analysis of U.S. Census Bureau's Annual Survey of State and Local Government Finances, 2008-12; U.S. Office of Management and Budget, Public Budget Database.

© 2015 The Pew Charitable Trusts
Federal Funding
Federal Role: Waning

Transportation Related Revenue

Source: U.S. Department of Transportation
Research and Innovative Technology Administration, Bureau of Transportation Statistics
Figure 1.
Spending for Highways and Transit, by Level of Government, 1956 to 2014

Billions of 2014 Dollars

Source: Congressional Budget Office based on information from the Office of Management and Budget, the Census Bureau, the American Public Transportation Association, and the Bureau of Economic Analysis.

Note: The spending shown here includes outlays from the Highway Trust Fund (shown in Figure 2) and also other outlays. Specifically, this figure also includes about $28 billion from the American Recovery and Reinvestment Act of 2009 (ARRA) for highways and spending from amounts periodically appropriated to assist state and local governments in rebuilding highways after natural disasters. Similarly,
Figure 2.
Receipts, Outlays, and Balance or Shortfall for the Highway Trust Fund Under CBO’s March 2015 Baseline

Billions of Dollars

Source: Congressional Budget Office.

Note: Under current law, the Highway Trust Fund cannot incur negative balances, nor is it permitted to borrow to cover unmet obligations presented to the fund. Under the Deficit Control Act of 1985, however, CBO’s baseline for highway spending must incorporate the assumption that obligations incurred by the Highway Trust Fund will be paid in full.
## Highway Trust Fund (HTF): Revenue Sources

### Taxes on Motor Fuels

<table>
<thead>
<tr>
<th>Fuels</th>
<th>Cents per Gallon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gasoline</td>
<td>18.4</td>
</tr>
<tr>
<td>Gasohol</td>
<td>18.4</td>
</tr>
<tr>
<td>Diesel and Kerosene Fuel</td>
<td>24.4</td>
</tr>
<tr>
<td>Special Fuels</td>
<td>18.3</td>
</tr>
<tr>
<td>Liquefied Petroleum Gas</td>
<td>13.6</td>
</tr>
<tr>
<td>Liquefied Natural Gas</td>
<td>11.9</td>
</tr>
<tr>
<td>Other Special Fuels</td>
<td>18.4</td>
</tr>
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</table>

### Other User Fees

<table>
<thead>
<tr>
<th>Category</th>
<th>Rate Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tires</td>
<td>Tax is imposed on tires sold by Manufacturers, Producers, or importers at the rate of $.0945 ($0.04725 in the case of a bias ply or super single tire) for each 10 lbs of the maximum rated load capacity over 3,500 lbs.</td>
</tr>
<tr>
<td>Truck and Trailer Sales</td>
<td>12% of retailer’s sales price for tractors and trucks over 33,000 lbs gross vehicle weight (GVW) and trailers over 26,000 lbs GVW. The tax applies to parts and accessories sold in connection with vehicle sales.</td>
</tr>
<tr>
<td>Heavy Use Vehicles</td>
<td>Trucks 55,000–75,000 lbs. GVW, $100 plus $22 for each 1,000 lbs (or fraction thereof) in excess of 55,000 lbs. Trucks over 75,000 GVW, $550.</td>
</tr>
</tbody>
</table>
Federal Funding Process

Two-Step Process:

1. **Congressional Authorization** => FAST Act
   - Title 23 - Highways
   - Title 49, Chapter 53 – Public Transit

2. **Congressional Appropriation** => Federal Budget
   - Appropriation of revenues to programs each year
   - Obligational Authority (OA) to expend funding
Federal Revenue Process

• Current statutes (FAST Act) authorize collection of taxes and program expenditures

• IRS collects taxes and deposits revenues into trust funds
Federal Expenditure Process

• Congress appropriates trust funds for expenditure via annual Federal Budget
  • 1% for U.S. Dept. of Transportation administration
  • 0.8% set-asides for small discretionary grant programs
  • 6% for major FTA and FHWA discretionary grants
  • 0.5% for major TIFIA loan programs
  • 91.7% for major formula programs (74.6% FHWA, 16.9% FTA)
Following the money to projects
Federal Funds/State Programming

• Federal Highway Programs (except earmarks or discretionary grant programs) provide funds but not projects

• State programs – SHOPP, STIP, ATP, Local Assistance – include projects funded by state and federal funds

• Projects using federal funds then must be *programmed* into the Federal TIP... and hence must first be in the LRP.
### Federal Highway Funding (by program), 2016

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Highway Performance (NHPP)</td>
<td>$1,925 m</td>
</tr>
<tr>
<td>Surface Transportation Block Grant (STP)</td>
<td>969 m</td>
</tr>
<tr>
<td>Transportation Alternatives (TAP)</td>
<td>75 m</td>
</tr>
<tr>
<td>Highway Safety Improvement Program (HSIP)</td>
<td>195 m</td>
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<tr>
<td>Congestion Mitigation Air Quality (CMAQ)</td>
<td>462 m</td>
</tr>
<tr>
<td>Railway-Highway Crossings Program</td>
<td>16 m</td>
</tr>
<tr>
<td>Metropolitan Planning (MP)</td>
<td>50 m</td>
</tr>
<tr>
<td>National Freight Program</td>
<td>106 m</td>
</tr>
<tr>
<td><strong>Total Apportionments to California</strong></td>
<td><strong>$3,723 m</strong></td>
</tr>
</tbody>
</table>

* Before take-downs, including $73M for State Planning and Research (SP&R)*
Federal Transit Formula Funding, FY 2016 *(Dollars in millions)*

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>5307 Urbanized Area Formula</td>
<td>$787 m</td>
</tr>
<tr>
<td>5337 State of Good Repair</td>
<td>388 m</td>
</tr>
<tr>
<td>5339 Bus &amp; Bus Facilities</td>
<td>62 m</td>
</tr>
<tr>
<td>5311 Rural Transit</td>
<td>29 m</td>
</tr>
<tr>
<td>5310 Mobility, Senior/disabled</td>
<td>29 m</td>
</tr>
<tr>
<td>MPO, State Planning</td>
<td>19 m</td>
</tr>
<tr>
<td>State Safety Oversight</td>
<td>3 m</td>
</tr>
<tr>
<td><strong>Total Apportionments to California</strong></td>
<td><strong>$1,317 m</strong></td>
</tr>
</tbody>
</table>
Federal Transit Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Funding Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>5307 Urban Formula</td>
<td>100% to MPOs</td>
</tr>
<tr>
<td>5337 State of Good Repair</td>
<td>100% to MPOs</td>
</tr>
<tr>
<td>5339 Bus &amp; Bus Facilities</td>
<td>100% to MPOs</td>
</tr>
<tr>
<td>5310 Mobility, Senior/Disabled</td>
<td>Split b/t MPOs and State</td>
</tr>
<tr>
<td>5311 Rural Formula</td>
<td>100% to Local Assistance</td>
</tr>
<tr>
<td>5303 MPO Planning</td>
<td>100% to State for MPOs</td>
</tr>
<tr>
<td>5304 Statewide Planning</td>
<td>100% to State</td>
</tr>
</tbody>
</table>
Federal Funds/ Federal Programs

• Federal Transit Programs contain both funds and projects

• FTA apportions federal transit funds to states, MPOs, and transit operators for programming, but then administers transit programs itself via grant applications

• Transit projects using federal funds must also be programmed into the Federal TIP...and hence also first appear in the LRP.
State Transport Funding

http://www.youtube.com/watch?v=jUki2tR8IJM&feature=youtu.be
State Transportation Funding

• Stagnant & diminishing federal funding → increasing strain on states (and locals) to generate revenue (devolution)

• States use mostly motor fuel taxes
  • Per gallon excise (on average, 20¢ per gallon)
  • Sales taxes
  • State constitutional / statutory restrictions on use
State Gasoline Taxes – U.S. average

<table>
<thead>
<tr>
<th>Region</th>
<th>State Excise</th>
<th>Other State</th>
<th>Total State</th>
<th>Total State and Federal</th>
</tr>
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<tbody>
<tr>
<td>Northeast</td>
<td>23.1</td>
<td>7.7</td>
<td>30.8</td>
<td>49.2</td>
</tr>
<tr>
<td>Mid Atlantic</td>
<td>12.6</td>
<td>19.3</td>
<td>31.8</td>
<td>50.2</td>
</tr>
<tr>
<td>South Atlantic</td>
<td>14.1</td>
<td>15.2</td>
<td>29.3</td>
<td>47.7</td>
</tr>
<tr>
<td>Midwest</td>
<td>22.2</td>
<td>7.9</td>
<td>30.0</td>
<td>48.4</td>
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<tr>
<td>South</td>
<td>19.3</td>
<td>0.8</td>
<td>20.1</td>
<td>38.5</td>
</tr>
<tr>
<td>Mountain</td>
<td>22.9</td>
<td>0.2</td>
<td>23.0</td>
<td>41.4</td>
</tr>
<tr>
<td>West</td>
<td>32.3</td>
<td>9.7</td>
<td>42.0</td>
<td>60.4</td>
</tr>
<tr>
<td><strong>US</strong></td>
<td><strong>20.8</strong></td>
<td><strong>9.7</strong></td>
<td><strong>30.5</strong></td>
<td><strong>48.9</strong></td>
</tr>
</tbody>
</table>
Challenges: Losing to Inflation
Value of per-gallon state gas tax over time
Gas Tax Revenues Not Keeping Pace With Increases in VMT
Responses to Declining Revenue

• Borrowing on the rise
  • State bond issues (general revenue, gas tax, GARVEE)
  • California Propositions
  • Link to specific investments? Accountability vs. Flexibility

• Increasing attention to tolling & PPPs (public private partnerships)

• Some restructuring & increasing state taxes
California Transportation Funding
Simplified Overview

Source: 2011 Caltrans “Transportation Funding in California”
Transportation Taxes & Fees & Allocation

See summary table / handout
State Transportation Taxes & Fees

Rates (Effective July 1, 2015)

• Excise tax on gasoline (30¢ per gallon: 18¢ + 12¢)
• Excise tax on diesel fuel (13¢ per gallon)*
• Sales tax on diesel fuels (9.25% of total price)
• Truck weight fees
  • 15 classifications
• Motor vehicle license & registration fees

*Source: American Petroleum Institute
Paying for Transportation in CA: An Evolving Story

• State Bonds (borrow)
  • 1909 State Highway Act - $18 million to connect county seats
  • 1915 State Highway Act - $15 million more + expanded routes
  • 1919 State Highway Act - $40 million more + expanded routes

Issues: Debt service nearly bankrupts state
Paying for Transportation in CA: An Evolving Story

• Gas Tax (highway user taxes)
  • 1923 – 2-¢ / gallon (1¢ for the state; 1¢ for the counties)
  • 1927 - 3-¢ / gallon

**Issues:** Whether / how to share the revenue?

• State vs. local (county) governments
• North vs. south split (1927 Breed Act)
  • 53.5 % of state expenditures – 45 northern counties
  • 46.5 %. of state expenditures – 13 southern counties
• Protect gas tax from diversion; highway uses only (Article XIX, 1938)
Paying for Transportation in CA: An Evolving Story

• Post-war Period – 1945 to 1960
  • Gas tax increases 1947, 1953, 1963
  • Urban expenditures 63% state; 27% counties; **10% cities** (1947)
  • North-south adjustments 1947 Collier Burns Act (45% north; 55% south)
  • Freeway & expressway system 1959

**Issues:** Whether / how to share the revenue?
Paying for Transportation in CA: An Evolving Story

• An Urbanizing California – 1960 to 1975
  • End of “Cow County Legislature” 1962, Baker v. Carr
  • North-South adjusted again 1970, 60% SoCal; 40% North
  • California Env’tl Quality Act (CEQA) 1970
  • State sales tax (0.25%) for local transit 1971, Transp. Development Act
  • Gas tax spending allowed for rail transit 1974, Proposition 5, Article XIX

Issues: Whether / how to share the revenue?
How to safeguard the natural environment?
Paying for Transportation in CA: An Evolving Story

• Ballot Box Policy Setting (1975 to 1996)
  • Proposition 13 1978
  • Self-Help Counties Movement 1984 & 1988-90
  • Gas tax Increase and Bonds 1990 Blueprint for 21st C.
  • Proposition 218 1996
Paying for Transportation in CA: An Evolving Story

• Devolving Power from State to Regions (1990-2000)
  • Federal legislation ISTEA 1991
  • SB 45 1997
Paying for Transportation in CA:
An Evolving Story

• General Fund Revenues for Transportation
  • Proposition 108, 116, + 192 Bonds – 1990-96
  • Traffic Congestion Relief Program – 2000
  • Proposition 42 – Sales Tax on Fuels – 2002
  • Proposition 1B Bonds – 2006
  • Proposition 22 (2010)
  • Cap & Trade (2014)
Paying for Transportation in CA: An Evolving Story

The Post Gas Tax Frontier:
Road User Charges (RUCs)

- Charges based on distance travelled, not fuel purchased
- Raise revenue from all vehicles regardless of fuel type
- Oregon is national leader in RUC pilots
Paying for Transportation in CA: 
An Evolving Story

Road User Charges (RUCs) in CA

• SB 1077 (2014) requires CA RUC pilot by Jan. 2017
  • CTC forms RUC Technical Advisory Committee (RUC TAC)
  • RUC TAC evaluates gas tax alternatives
  • RUC TAC advises on RUC demonstration, implementation, & evaluation
• Planned pilot launch in Summer 2016
• Volunteer: http://www.californiaroadchargepilot.com/
• RUC pilot & evaluation to be completed by June 30, 2017
Local Transport Funding
Local Sales Taxes

• Transportation Development Act (TDA), 1971
Legislature dedicated ¼ percent of sales tax to support local transit services.

  • Usable for county roads in rural areas if all reasonable transit needs are met.

• Local Sales Tax Measures

  • Enacted by voters in 21 counties, they require 2/3 voter approval.

  • Most measures specify projects or programs to receive funds.
Local Sources of Revenue

• “Self-Help” Counties are becoming increasingly popular, as local sales tax for local road maintenance and transit is proving politically viable

• Development Impact Fees – after the famous 1978 passage of Proposition 13 which limited property taxation, developers now bear a large portion of the cost of local roads upon building new projects
Local Transportation Funding

Costs Shift to local governments

- Costs shifted to local governments
- Not based on user fees

- Local sales taxes used for transportation infrastructure.
- Not equitable?

- Local tax increases → short-term solutions to immediate problems are national trend
In a Wealthy Enclave, No Money for Roads

BY JIM CARLTON

ORINDA—A few months ago, a resident of this bucolic East Bay city, walked into City Manager Janet Keeter's office and dropped a ruptured Porsche tire on a chair. "This is what happened to my tire when I hit a pothole," Ms. Keeter recalled him saying.

Complaints of car damage from Orinda's 93 miles of winding roads are mounting. Although the hillside city of 18,000 is among the most affluent in the Bay Area, its roads rank among the worst. To return the roads to acceptable condition would cost between $50 million and $75 million, officials say—money the
Case Study: Orinda

- Population: 17,643
- Median. Household Income: $117,637
- Residents’ Employment:
  - Mgmt., professional 66%
  - Sales, office workers 22%
- Commuting:
  - Driving, mostly alone 74%
  - Transit, mostly BART 15%
- Total city budget: $10 million
- Total Transport budget: $750K
- Options:
  - Bonds (borrow)
  - Raise property tax (Prop. 13 issues)
  - Sales tax (equity issues?)
  - Return to gravel
Self-Help Counties in California

California’s Economy Fueled by Local Sales Tax Measures

THROUGHOUT California, 19 county transportation agencies have formed the Self-Help Counties Coalition (SHCC). Californians depend on these agencies for accessible, safe, innovative and cutting-edge transportation solutions. Each county delivers voter-approved (by super-majority) transportation sales tax measures that fund transit, highway, freight, bicycle, pedestrian and other mobility programs. Together, these counties pump $3 to $4 billion each year into California’s transportation infrastructure, creating jobs, expanding mobility and enhancing local communities and the environment.

• Self-Help Counties create and maintain jobs for transportation infrastructure, operations and maintenance.
• The SHCC provides a reliable and stable funding stream that far outstrips state and federal funding on an annual basis.
• The SHCC has extensive accountability measures and local elected official oversight on all taxpayer’s dollars.
• The public has direct access to local decision-makers, and public meetings are held each month throughout the state with public opportunities to participate in every self-help county.
• Expenditure plans explicitly detail how funds will be spent, allowing the public to fully understand where their local transportation dollars go.

81% of California’s population is in Self-Help Counties

- Alameda: 1,629,875
- Contra Costa: 1,064,916
- San Diego: 3,140,569
- Fresno: 942,794
- Imperial: 177,057
- Los Angeles: 9,688,000
- Madera: 162,915
- Marin: 226,031
- Orange: 3,022,746
- Sacramento: 1,429,600
- Santa Clara: 1,569,376
- San Francisco: 812,956
- San Joaquin: 695,014
- San Mateo: 767,809
- Santa Barbara: 405,575
- Santa Cruz: 486,116
- Stanislaus: 449,253

TOTAL 31 Million
Local Option Taxes: Significant Sums

<table>
<thead>
<tr>
<th>County</th>
<th>Program Name</th>
<th>Year of Vote</th>
<th>Tax Fund Raised as of 12/31/2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Alameda</td>
<td>Measure B</td>
<td>1998</td>
<td>$1,400,000,000</td>
</tr>
<tr>
<td></td>
<td>Measure B</td>
<td>2000</td>
<td></td>
</tr>
<tr>
<td>2 Contra Costa</td>
<td>Measure C</td>
<td>1988</td>
<td>$990,734,000</td>
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<tr>
<td></td>
<td>Measure J</td>
<td>2004</td>
<td></td>
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<tr>
<td>3 Los Angeles</td>
<td>Proposition A</td>
<td>1980</td>
<td>$17,100,000,000</td>
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<td></td>
<td>Proposition C</td>
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<td></td>
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<tr>
<td>4 Orange</td>
<td>Measure M</td>
<td>1990</td>
<td>$2,800,000,000</td>
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<td>Measure M</td>
<td>2006</td>
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<tr>
<td>5 Riverside</td>
<td>Measure A</td>
<td>1989</td>
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<td></td>
<td>Measure A</td>
<td>2002</td>
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<td>6 Sacramento</td>
<td>Measure A</td>
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<td>Measure A</td>
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<tr>
<td>7 San Bernardino</td>
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<td></td>
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<td>8 San Diego TransNet</td>
<td>1987</td>
<td>$2,766,911,996</td>
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<td></td>
<td>TransNet</td>
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<tr>
<td>10 Sonoma</td>
<td>Measure M</td>
<td>2004</td>
<td>$28,989,004</td>
</tr>
</tbody>
</table>

(Source: Hamm & Schmidt, 2008)
SELF-HELP COUNTIES EXPENDITURES

- State Highways: 35%
- Streets/Roads: 32%
- Rail: 6%
- Paratransits: 6%
- Other: 2%

- Bus: 20%
“It’s our money, and we’re free to spend it any way we please... If you have money you spend it, and win.”

— Rose Kennedy
Permanent Local Sales Tax Measures

- **Los Angeles**: Total Props. A+C = $1 B/Yr.
  - Prop. A ½% (1980) 100% transit
  - Prop. C ½% (1990) 75% transit/25% HOV

- **San Francisco + Alameda + Contra Costa**: ½% (1964) 75% (BART) & 25% (MTC) = $238m
  - Santa Clara: ½% (1976) 100% transit = $133m
  - San Mateo: ½% (1976) 100% transit = $54m
  - Santa Cruz: ½% (1979) 100% transit = $12m
Local Sales Tax Measures

See local transportation sales tax handout.
Local Sales Tax Measures

Measures focused on capital:

<table>
<thead>
<tr>
<th>County</th>
<th>Rate</th>
<th>Year Passed</th>
<th>Year Expires</th>
<th>Capital</th>
<th>Transit Ops.</th>
<th>Road Maint.</th>
<th>Est. Annual Revenue ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Bernardino Measure I</td>
<td>0.50%</td>
<td>1989</td>
<td>2040</td>
<td>81%</td>
<td>----</td>
<td>19%</td>
<td>$88</td>
</tr>
<tr>
<td>Santa Clara Measure A</td>
<td>0.50%</td>
<td>1984</td>
<td>2036</td>
<td>75%</td>
<td>21%</td>
<td>4%</td>
<td>$133</td>
</tr>
<tr>
<td>Riverside Measure A</td>
<td>0.50%</td>
<td>1989</td>
<td>2039</td>
<td>60%</td>
<td>----</td>
<td>40%</td>
<td>$74</td>
</tr>
<tr>
<td>Los Angeles Measure R</td>
<td>0.50%</td>
<td>2009</td>
<td>2038</td>
<td>60%</td>
<td>25%</td>
<td>15%</td>
<td>$535</td>
</tr>
<tr>
<td>Sonoma Measures M &amp; Q</td>
<td>0.50%</td>
<td>2004</td>
<td>2028</td>
<td>50%</td>
<td>28%</td>
<td>20%</td>
<td>$27</td>
</tr>
<tr>
<td>Tulare Measure R</td>
<td>0.50%</td>
<td>2006</td>
<td>2037</td>
<td>50%</td>
<td>15%</td>
<td>35%</td>
<td>$17</td>
</tr>
</tbody>
</table>
## Local Sales Tax Measures

Revenue generating capacity varies widely

<table>
<thead>
<tr>
<th>County</th>
<th>Rate</th>
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<td>25%</td>
<td>15%</td>
<td>$535</td>
</tr>
<tr>
<td>San Diego Measure A</td>
<td>0.50%</td>
<td>1987</td>
<td>2048</td>
<td>40%</td>
<td>30%</td>
<td>20%</td>
<td>$158</td>
</tr>
<tr>
<td>Orange Measure M</td>
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<td>1990</td>
<td>2041</td>
<td>43%</td>
<td>25%</td>
<td>32%</td>
<td>$143</td>
</tr>
<tr>
<td>Santa Clara Measure A</td>
<td>0.50%</td>
<td>1984</td>
<td>2036</td>
<td>75%</td>
<td>21%</td>
<td>4%</td>
<td>$133</td>
</tr>
<tr>
<td>Alameda Measure A</td>
<td>0.50%</td>
<td>1986</td>
<td>2022</td>
<td>40%</td>
<td>32%</td>
<td>22%</td>
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</tr>
<tr>
<td>Alameda Measure BB</td>
<td>0.50%</td>
<td>2014</td>
<td>2045</td>
<td>40%</td>
<td>32%</td>
<td>22%</td>
<td>$107</td>
</tr>
<tr>
<td>San Joaquin Measure K</td>
<td>0.50%</td>
<td>1990</td>
<td>2041</td>
<td>35%</td>
<td>30%</td>
<td>35%</td>
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<tr>
<td>Santa Barbara Measure A</td>
<td>0.50%</td>
<td>1989</td>
<td>2038</td>
<td>20%</td>
<td>12%</td>
<td>65%</td>
<td>$24</td>
</tr>
<tr>
<td>Tulare Measure R</td>
<td>0.50%</td>
<td>2006</td>
<td>2037</td>
<td>50%</td>
<td>15%</td>
<td>35%</td>
<td>$17</td>
</tr>
<tr>
<td>Napa Measure T</td>
<td>0.50%</td>
<td>2012</td>
<td>2043</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
<td>$11</td>
</tr>
<tr>
<td>Imperial Measure D</td>
<td>0.50%</td>
<td>1989</td>
<td>2048</td>
<td>5%</td>
<td>2%</td>
<td>93%</td>
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<tr>
<td>Madera Measure T</td>
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<td>1990</td>
<td>2027</td>
<td>26%</td>
<td>2%</td>
<td>72%</td>
<td>$6</td>
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</tbody>
</table>
## Local Sales Tax Measures

### Early adopters and newcomers:

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<thead>
<tr>
<th>County</th>
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<td>Fresno Measure C</td>
<td>0.50%</td>
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<td>2027</td>
<td>$43</td>
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<td>$158</td>
</tr>
<tr>
<td>San Mateo Measure A</td>
<td>0.50%</td>
<td>1988</td>
<td>2034</td>
<td>$54</td>
</tr>
<tr>
<td>Contra Costa Measure J</td>
<td>0.50%</td>
<td>1988</td>
<td>2034</td>
<td>$47</td>
</tr>
<tr>
<td>San Bernardino Measure I</td>
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</tbody>
</table>
Q. Would local gov’ts pay for SRs & interstates?

A. Yes!

**Santa Clara County - Measure A Program (1984)**
- widening of 26 miles of Highway 101
- extending Highway 85 for 18 miles
- upgrading Route 237 to full freeway status (including four new interchanges)

**Los Angeles**

<table>
<thead>
<tr>
<th>Year of Vote</th>
<th>Program Name</th>
<th>Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980 &amp; 1990</td>
<td>Propositions A &amp; C</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 Expansion Commuter Rail System (Metrolink)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 Expansion Bus Program</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 Widening of Existing Right-of-Ways</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4 Addition of HOV Lanes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5 Signal Efficiency and Street Improvements</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6 Interstate 405 Carpool Lane (Sepulveda Pass)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7 Interstate 5 (Orange County)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>8 Interstate 405 (West L.A.)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>9 Interstate 10 (East)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>10 Interstate 5 (Northern)</td>
<td></td>
</tr>
</tbody>
</table>

- Faster project delivery – don’t wait for Caltrans
- More control
Q. Do feds choose projects federal $ supports?
A. Mostly not. States & partners choose.

Long Range Plans: 20 year horizon
By: State DOTs – statewide
    Metropolitan Planning Organizations (MPOs)
Goals, objectives
Project specific
Fiscally constrained

Near-term TIPs: next 3 to 5 years
By: Metropolitan Planning Organizations (MPOs)
    State DOTs (STIP) – includes Metropolitan Planning Organizations’ (TIPs)
Project specific
Fiscally constrained – no more wish lists
Air quality conformity (Clean Air Act Amendments 1990)
    non-attainment = no federal $
Development-Based Fees

• Infrastructure Assessments
  • City or County collects fees at time of building permit

• CEQA Mitigation
  • City or County requires mitigation actions or fees when EIR is approved

• Mello-Roos Assessments
  • Landowners’ self-assessments for infrastructure before development, passed on to homebuyers
General Funds/Property Taxes

• Some cities still use general funds for transportation improvements

• A few agencies (e.g. AC Transit and BART in the Bay Area) have direct property taxing authority

• Voters can approve 1911 Act assessments on property to pay for adjacent public improvements such as sidewalks or lighting
Transit Fares

- Transit fares cover on average 20-25% of urban transit service operating costs
  - BART at 64% is highest in state
  - Santa Clara VTA at 13% is lowest in state
- Some suburban commuter operators cover as much as 30% of cost from fares
- Most paratransit and rural operators cover only 5-10% of cost from fares
Examples
Case Study:
Highway 1 Mar Vista Bicycle/Pedestrian Bridge

- Cost and Schedule

<table>
<thead>
<tr>
<th>Schedule</th>
<th>Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY13/14</td>
<td>$500,000</td>
</tr>
<tr>
<td>FY14/15</td>
<td>$650,000</td>
</tr>
<tr>
<td>FY14/15</td>
<td>$1,200,000</td>
</tr>
<tr>
<td>FY15/16</td>
<td>$5,181,000</td>
</tr>
<tr>
<td>Total</td>
<td>$7,531,000</td>
</tr>
</tbody>
</table>

- Funding Plan

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>State: STIP</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Federal: Regional STP</td>
<td>$6,531,000</td>
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Case Study: Downtown Sacramento Riverfront Streetcar

• Project Description
  • Construct a 4.2 mile streetcar line between West Sacramento and the Midtown District in Sacramento
  • 16 stations and an operation and maintenance facility as well as the purchase of six streetcars

- Serve major destinations, facilitate TOD infill along the route, and improve transit service and local circulation between the two cities
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- Serve major destinations, facilitate TOD infill along the route, and improve transit service and local circulation between the two cities
From Program to Project

1. **Authorize funding / program**
   
   Federal or state law

2. **Provide annual funding**

   Federal, state, & local agency budgets

3. **Programming**

   Agencies assign program funds to specific projects

4. **Project delivery**

   Complete studies, design, engineering, and construction
Gas Tax Swap: The Telenovella of California Transport Finance
Gas Tax Swap Explained

https://www.boe.ca.gov/taxprograms/excise_gas_tax.htm
3. State Gas Tax History

State Gas Tax & Article XIX

• California established the gas (excise) tax in 1921
  • 2¢ per gallon; 1¢ state, 1¢ for counties

• **1938:** Constitutional amendment advanced by oil industry to restrict the gas tax to roadways and enforcement of vehicle regulations

• **1974:** Constitution amended again (as Article XIX), to allow gas tax to be spent on environmental mitigation, non-motorized infrastructure, guideways (rail) and related fixed facilities.

• Rolling stock (buses/trains/vessels) and transit operating costs are **ineligible.**
4. Gasoline *Sales* Tax History

- Saving Public Transit: 1971-78
  - Transportation Development Act (TDA) of 1971 directs ¼ percent of state sales tax to local gov’t to support transit
  - Sales tax applied to motor fuels to replace revenue shifted to TDA
  - Gas price jumps yield general fund sales tax windfalls in 1974 & 1978
4. Gasoline Sales Tax History

• Spillover Years: 1978-2003
  • TDA included a new provision of law – the “Spillover” – to prevent this windfall from going to the General Fund

- If revenue from sales tax on gas > revenue from the ¼-percent sales tax on all goods excluding gas, the difference – the Spillover – would go to transit.

Gasoline Sales Tax
TDA & Spillover
4. Gasoline Sales Tax History

Traffic Congestion Relief Program (TCRP) & Proposition 42

• In 2000 “dot com” boom, Legislature transferred $1.5 billion from the General Fund, plus ongoing transfer of sales tax on gasoline from 2000-2006
  • 141 earmarks totaling $5 billion, plus $400 million for local roads
• General Fund deficits led Legislature to borrow over $1 billion from TCRP
• Proposition 42 (2002) enacted by over 70% of voters permanently dedicated gasoline sales tax to transportation.
4. Gasoline Sales Tax History

• Struggle over Spillover: 2003-10
  • Legislature and then voters (Props. 42 & 1A) dedicate sales tax on gas to transportation
  • Spillover balloons to >$1.5B, Legislature takes it to cover general fund shortfalls
  • California Transit Association sues to restore Spillover to transportation
Despite Prop. 42, spillover stays on books and is repeatedly raided.

- Legislature diverts $3.7 billion in Spillover funding over 9 years
- In 2007, California Transit Association sues to stop diversion of Spillover & PTA funds
- In 2009, high gas prices & Great Recession drive Spillover to $1.4 billion
4. Gasoline Sales Tax History

• End of Sales Tax Era: 2009-10

  • In 2009, in case brought by the California Transit Association Court rules that all Spillover revenue must be used for transit purposes. Success...?

  • Not so fast! Legislature in 2010 enacts Gas Tax Swap, repealing entire state share of sales tax on gasoline and replacing it with an excise tax that goes mainly to highway purposes, and raising the diesel sales tax to provide additional transit operating funds.
5. The Gas Tax Swap

Proposition 22 (2010)

• To prevent diversion of local street and road funding and transit funding, local government and transit interests sponsor Proposition 22 on November 2010 ballot.
  • Constitutional amendment supported by 61% of voters
  • Prohibits the state from diverting transportation funds, local government funds or redevelopment funds.
  • Ensures that gas tax and diesel sales tax are dedicated to transportation.
  • State cannot use fuel tax revenues for debt service on transportation bonds.
5. The Gas Tax Swap

Before the Swap

• State excise tax on gasoline 18-cents per gallon
• State sales tax on gasoline 7.5% of sales price
5. The Gas Tax Swap

The Swap

Enacted Mar. 2010; reenacted AB 105 (2011)

- revenue-neutral by design (majority vote):
  - Eliminated (partially) state sales tax on gasoline (-$2.9B)
  - Increased gasoline excise tax by 17.3¢ per gallon (+$2.9B) and diesel fuel sales tax from 6.25% to 8% (+$130m) for public transit and reduced diesel fuel excise tax from 18¢ to 13.4¢ per gallon (-$130m)
  - Board of Equalization adjusts gas excise tax rate annually on July 1 to remain revenue-neutral with former sales tax
5. The Gas Tax Swap

<table>
<thead>
<tr>
<th>Reduced</th>
<th>Added</th>
<th>Net Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eliminated sales tax on gasoline (-$2.9B)</td>
<td>Imposed an additional gasoline excise tax of 17.3¢ per gallon (+$2.9B)</td>
<td>No change in overall funding level, but funds better protected from state diversion</td>
</tr>
<tr>
<td>Lowered diesel fuel excise tax from 18¢ to 13.4¢ per gallon.</td>
<td>Raised diesel fuel sales tax by about 2%</td>
<td>(+$130m) for public transit.</td>
</tr>
</tbody>
</table>
State Fuel Excise Taxes

Source: 2011 Caltrans “Transportation Funding in California”
Gas Tax Swap Explained

https://www.boe.ca.gov/taxprograms/excise_gas_tax.htm