



**CHAPTER 7 HIGHLIGHTS**

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## CHAPTER 7

# FUNDING AND IMPLEMENTATION

## FUNDING OVERVIEW

Inadequate and unreliable funding creates a challenge to meeting the CTP Goals. As discussed in **Chapter 2** (Our Community), Sonoma County is anticipated to experience significant growth in the next 25 years, putting additional stress on the transportation network.

Transportation funding in Sonoma County and throughout the US come primarily from federal, state, regional and local sources, however, investments made at the state and federal levels have declined, putting more emphasis on local sources. Analysis for the region made by the Metropolitan Transportation Commission (MTC) in October 2015, indicate reductions in all fund estimates over previous cycles, and MTC estimates that as federal and State funds are estimated to be reduced by 25 percent, local sources will be required to fill in the gaps.

## Financial Constraints

The SCTA uses MTC forecasts of the status of available revenues and likely new sources. The CTP lists transportation needs as they have been submitted by the cities and the County. Existing and projected revenues will not meet the identified needs. The SCTA has a long-standing history of supporting efforts at the local, State and federal levels to maximize efficiencies related to providing transportation improvements as well as efforts to increase funding for transportation. Projects that are not committed, but that have already identified sources of funding make up the financially constrained list of projects. This list does not specify small local projects and does not include speculative funding options.

In transportation, difficult funding challenges arise when decision-makers are faced with having to choose between maintenance and expansion. An added complexity is that project sponsors must try to match various fund sources and their requirements with the projects of greatest importance.

The system of funding transportation is complicated and cumbersome due in large part to ever evolving policies and priorities that seek to meet the demands of varying interests and concerns related to transportation improvements. This has sometimes led to restricting funds to specific kinds of projects (e.g., safety or bridge rehabilitation) or specific modes of travel. Some key points to keep in mind about existing transportation funds include:

- Funds are often dedicated to specific uses, e.g., gas tax funds cannot be used to pay for the operation of a new bus route.
- Some funds are automatically apportioned through formulas to various recipients, whereas some are discretionary with respect to the recipient or the types of projects they can be spent on.
- Most funding mechanisms do not automatically change due to inflation in prices and thus often do not keep up with the cost of doing business. For example, the prices of materials used in highway construction—steel, concrete, and asphalt—have risen dramatically without a corresponding increase in gas tax revenues. The cost fuel for buses is volatile, yet transit operators strive to provide consistent service with inconsistent revenues.
- Virtually all funding sources for transportation are “matching programs” in that they do not fully fund a project and require contributions from other sources. This process, known as leveraging, means that local funds can be substantially expanded when combined with state and federal funds. For example, a program with a 25 percent local match means that every dollar of local money can produce up to three dollars of other money that needs to be obtained. In order to be competitive it is often necessary to provide an even greater match. SCTA’s policy has been to try to maximize the leveraging of federal, State, and regional funds wherever possible. The downside to this overarching approach is that projects end up being funded by numerous sources and if one of those were to decline or become unavailable the whole project is put at risk.
- As the transportation system ages, it grows more costly to maintain. Deferred maintenance often leads to short term savings, but in the longer term increases in costs.

## Major Revenue Sources

Historically, most of the funds awarded by SCTA for transportation projects is generated from the users that pay fuel and sales as well as other taxes and fees. These tax dollars flow into federal, State and local funding pots. The federal funds are used primarily for capital projects such as new highway lanes, bus purchases, and local road rehabilitation. State funds go to capital projects, transit operations and cover maintenance and operations of the

state highway system. Local funds are used for capital, operations and maintenance for all transportation modes, as well as to match federal and state grants.

The SCTA has oversight over the distribution of discretionary State and federal funding for transportation in Sonoma County. Most of these funds come to the SCTA through MTC or directly from the State and federal governments. Measure M, a quarter cent sales tax collected in Sonoma County for transportation purposes, is administered directly by the SCTA. Measure M funds have been instrumental in enabling SCTA to leverage other fund sources, like the State Transportation Improvement Program (STIP) and a statewide transportation bond<sup>1</sup>, which have been essential to delivering the Highway 101 widening project. Because of declining revenues, the 2016 STIP had a negative balance, resulting in projects being removed from the list to be funded. As the State continues to face financial struggles, the SCTA must be nimble in its financial and project management to ensure maximum benefit is received from limited dollars and that the voter expectations when Measure M was approved, can be met.

### **Federal Transportation Funding**

On December 4, 2015, President Obama signed into law the Fixing America's Surface Transportation Act, or "FAST Act."<sup>2</sup> FAST is a five-year funding program, the first in over ten years with a time frame of over three years. Despite the passage of FAST, the long term strategy for funding transportation projects remains a critical point of discussion at the federal level. The federal gas tax has been used to fund transportation projects since the 1930s, however, since the last increase in 1993, it has not been indexed to inflation, resulting in a loss of buying power. Coupled with an increase in the number of hybrid and electric vehicles on the road and increasing fuel efficiency, gas tax revenues have not kept up with demand and are declining.

The federal government imposes several taxes on surface transportation modes. Most drivers are aware of the 18.4 cent per gallon gasoline tax every time they fill up at the pump. Additional sources of revenues come from truck weight fees and tires. There are three key issues with the federal gas tax:

1. As a tax on the gallons sold, the gas tax is not responsive to inflation. In addition gasoline prices have been declining in recent years resulting in reduction of revenue collected and fewer transportation projects implemented.
2. In the longer term, vehicles are expected to become more fuel efficient, with alternative fuels playing a larger role in the vehicle fleet. Although this is a positive for the environment, it will mean less funding for transportation in the future. Given that, other types of revenue generating mechanisms will have to be considered on a national level, e.g., a direct charge for vehicle miles traveled, rather than on gallons of fuel purchased.
3. California is a 'donor' state and historically has not gotten back all that it pays in gas taxes. The State receives approximately 90 percent of its contributions of collected taxes.<sup>3</sup>

Federal transportation funding grants are increasingly competitive. As an example, the Federal Department of Transportation received 627 eligible applications from 50 states and several U.S. territories, including tribal governments, requesting 20 times the \$500 million available for the program, or \$10.1 billion, for needed transportation projects.<sup>4,5</sup>

### **State Transportation Funding**

From the report "Transportation Funding in California 2014" by the Economic Analysis Branch, CA Department of Transportation.

1 California Transportation Commission, Proposition 1B — Corridor Mobility Improvement Account <<http://www.catc.ca.gov/programs/cmia.htm>>.

2 U.S. Department of Transportation, FAST Act <<https://www.transportation.gov/fastact/>>.

3 Caltrans, Economic Analysis Branch, Transportation Funding in California 2014 <<http://www.dot.ca.gov/hq/tpp/offices/eab/index.html>>.

4 The program referenced is the Transportation Investment Generating Economic Recovery (TIGER) competitive grant program.

5 U.S. Department of Transportation, *U.S. Transportation Secretary Foxx Announces \$500 Million in TIGER Grants Awarded to 39 Projects, 2015* <<https://www.transportation.gov/briefing-room/secretary-foxx-announces-500-million-in-39-tiger-grants>>, accessed June 17, 2016>.

*State Fuel Excise Tax:* As of July 1, 2014, California collects 36¢/gallon excise tax on gasoline and 11¢/gallon on diesel fuel—generating approximately \$3.0 billion a year. The total amount of State Fuel Excise Tax revenues are divided between the State Highway Account (SHA) and local entities according to a statutory formula.

The excise tax on gasoline is comprised of two taxes:

- The base state excise tax (Proposition 111, 1990) has remained at 18¢/gallon since 1994. Cities and counties receive approximately 36 percent and the state receives 64 percent of this revenue.
- The price-base excise tax for Fiscal Year (FY) 2015-16 is 17.3¢/gallon, from 18¢ the previous year. As of July 2016 the tax will be further adjusted downward to 9.8¢/gallon.

### **Regional Funding — One Bay Area Grant**

The One Bay Area Grant (OBAG) is a program developed by MTC to implement the strategies of the Plan Bay Area (2013). It uses existing fund sources, primarily federal funds STP and CMAQ that are distributed by MTC. In order to implement regional goals articulated in Plan Bay Area (2013 and 2017) OBAG distribution is based on formulas that include the amount of housing and affordable housing that each jurisdiction has built and is planning to build. Jurisdictions must also invest 50 percent of their funds in Priority Development Areas.

With Resolution 4035, MTC directly linked its primary transportation funding tool, the One Bay Area Grant (OBAG) Program with Plan Bay Area and the regional framework of place types. By connecting funding to policy MTC aims to reward jurisdictions that are planning for and producing housing, including both market rate and affordable units. This is a distinct change from past rounds of federal transportation funding which were largely distributed to cities and counties by formula based on population and/or road miles and mostly used for local streets and roads projects. Now, MTC is placing much less emphasis on transportation needs and geographic equity and is instead focusing funds on multimodal investments in areas that are willing to absorb population growth.

It remains unclear how successful this program will be in the long run. Housing production has long been left to the private market, which has declined significantly in the past 8 years. Affordable housing, and even moderately priced development has been largely non-existent, with increasing costs and, now with the lack of redevelopment agencies, fewer funding options. The Bay Area, including Sonoma County are in the midst of housing crisis, that requires new thinking about land use and the government's role in housing production. Transportation funding, now linked to housing is strained to meet the enormous needs of housing along with increasing transportation infrastructure needs as traditional fund sources are in decline. The concept of linking transportation funding to housing planning and production makes sense, however, the severity of the needs combined with the scarcity of resources creates a difficult situation in which to assess the program. There is also concern that the regional framework isn't as effective in Sonoma County as it may be in San Francisco.

### **Local Funding — Measure M**

The Traffic Relief Act for Sonoma County (Measure M) provides a ¼ cent sales tax to be used to maintain local streets, fix potholes, accelerate the widening of Highway 101, improve interchanges, restore and enhance transit, support development of passenger rail, and build safe bicycle and pedestrian routes. Passed in 2004, the expenditure plan funds specific projects until it expires in 2025.

Initially, it was projected that the Measure would produce a total of \$470 M, beginning with \$17.3 M in the first year and increasing at a growth rate of 3.21 percent. **Figure 7-1** shows the estimated revenue of the measure stacked up against the actuals. The impact on the sales tax measure of the downturn in the economy is evident.

**Figure 7-1 Projected vs Actual Measure M Sales Tax Revenue 2005–2015**



Actuals show that the total sales tax collected over the ten year period is approximately \$186.3 M or 8.6 percent lower than the \$203.9 M initially projected. If the growth rate over the final ten years of the measure is 3 percent per year, as conservatively estimated in the 2014 Strategic Plan, the net revenue will total approximately \$432 M or 8.15 percent less than the initial projection. However, if growth were to equal 5.65 percent per year, which is less than the 6.21 percent ten year average from 1994 to 2004, then Measure M would hit its initial target of \$470 M over the full 20-years of the measure.

As the Measure M projects are built and the sales tax reaches its expiration date of April 2025 the CTP will be used to help frame the discussion about transportation needs and priorities that could be addressed on a possible extension.

**Other Local Sources**

Voters in Sonoma and Marin Counties approved the SMART District’s Measure Q, a one-quarter percent sales tax to fund the design, construction, operation and maintenance of the commuter rail project in 2008.

In 2011, a measure to fund road maintenance, transit and safe routes to schools programs in the form of a vehicle licensing fee was not approved by voters. More recently, in 2015, the County proposed a sales tax to create a sustainable source of funding for road maintenance. This measure also failed at the ballot.

## Spotlight — Ten Years of Measure M

The Measure M Ten Year Summary Report was released in March 2016. SCTA has implemented the Measure M Expenditure Plan and the traveling public is seeing the multi-modal improvements envisioned in the Traffic Relief Act for Sonoma County. Funding to Local Street Rehabilitation (LSR) and Local Bus Transit (LBT) programs has allowed for contributions to overall maintenance of our local roadways, as well as ensured quality bus transit. Measure M funding for the LSR and LBT programs leveraged over \$3M in Proposition 1B, State and Local Partnership Program (SLPP) funding, which has further augmented roadway maintenance and bus service.

The Highway 101 Program has been a significant success for Measure M, leveraging approximately \$572M of other funding, matching other sources at a 5 to 1 ratio.

Highway 101 now has continuous carpool lanes between Windsor and the north end of Petaluma.

The Petaluma Boulevard South and Lakeville Interchanges are being built along with new bridges over the Petaluma River and Route 116.

Significant improvements have been made to the East Washington Interchange on-ramps.

The new Airport Boulevard Interchange is open.

Old Redwood Highway Interchange is complete.

A new interchange opened at Petaluma Boulevard South in 2016.

Highway 101 will be re-aligned and out of the flood plain at the county line.

SCTA is rigorously pursuing additional funding sources to extend the carpool lanes south, through Petaluma and to the Marin County line.

Measure M funding for the Local Streets Projects and Bike-Ped programs leveraged over \$120 Million in other funds.

Bicyclists and pedestrians are using new and improved facilities, drivers are experiencing less congested and better maintained roadways, Highway 101 has been widened through much of the county, transit riders have had bus service maintained, and in 2016, commuter rail service will be available between Sonoma and Marin Counties— all of this is due to the availability of Measure M funds and being a self-help county.

Measure M has delivered on its promise to leverage other fund sources and has made significant progress on delivering its expenditure plan.

## Importance of Planning

The SCTA recognizes the need to plan for projects and programs into the future and beyond known fund sources in order to meet new and existing goals, particularly those of emission reduction. CTP 2040 is a financially unconstrained document. Projects and programs are included in the plan that do not have an identified fund source, based on the needs determined through the CTP 2040 process. In the case of many projects proposed after 2025, the scope and costs of projects may have not yet been fully determined.

Up to date information on transportation funding can be found at the sources cited in this chapter including;

- U.S. Department of Transportation — <https://www.transportation.gov/fastact/>
- CA Department of Transportation “Transportation Funding in California 2014” — <http://www.dot.ca.gov/hq/tpp/offices/eab/index.html>
- MTC Fund and Invest — <http://mtc.ca.gov/our-work/fund-invest>.

## IMPLEMENTATION

The SCTA has set ambitious goals in this CTP. Project delivery, planning, technical analysis, advocacy, coordination and public outreach make up the core efforts.

The SCTA has led innovative projects, some large, like the development and institutionalization of the Regional Climate Protection Authority, which is now an award winning, cutting edge agency. Specific transportation efforts already underway, including Safe Routes to Schools, are important steps in implementation. SCTA has also piloted public facing projects like the Regional Rideshare 3 County Project, Car Share and Bike Share. Internally, SCTA is one of the only agencies of its size to have a functional countywide traffic model.

This CTP shows that it's possible to meet these goals, but only with a significant coordinated effort using resources that are beyond SCTA control. While the SCTA will continue to advocate for more investment and forward thinking policies at the regional, state and national level, an important next step is to refine our priorities for the limited resources under its control (including Measure M, other local funds and planning efforts to advance the solutions we need).

**Table 7-1 SCTA Overall Workplan**

	Description	Time Frame
<b>Implement Measure M</b>		
Measure M Strategic Plan	Update Strategic Plan — 5 year programming document	Every 2 years
Project Administration	Monitor projects, manage funds	ongoing
Reporting	Prepare Annual Report to the Public	Annually
<b>Project Delivery</b>		
Highway 101 funding	Work with funding partners and explore options to fund remaining improvements needed to Highway 101	ongoing
Highway 101 delivery	Continue to work with Caltrans to complete construction of HOV lanes on Highway 101	ongoing
Safe Routes to School	Safe Routes to School monitoring and coordination with DHS and Workgroup.	ongoing
One Bay Area Grant	Work with MTC staff on guidelines for next round. Monitor project delivery progress; Work with local project sponsors on next cycle.	4-5 year cycles
Lifeline	Work with transit operators and other project sponsors to implement and monitor program.	Ongoing
Transportation Development Act, Art. 3	Manage the program, monitor projects, produce quarterly progress updates, and work with MTC and local jurisdictions.	Annual cycle
Transportation Fund for Clean Air	Manage the program, monitor projects, and produce interim and final reporting, work with BAAQMD and other regional partners on update of program policies, audits, administration.	Annual cycle
FTA 5310: Formula Grants for the Enhanced Mobility of Seniors and Individuals with Disabilities	Coordinate with 5310 project sponsors regarding project status.	Ongoing
Innovative Transportation	Administer SHIFT Grant to study car share and bike share	2015–2017
<b>Transportation Planning</b>		
Comprehensive Transportation Plan (CTP)	Update Comprehensive Transportation Plan Vision, incorporating existing and future needs, provide performance analysis and strategy for meeting goals.	Every 4 years
SCTA Countywide Bicycle and Pedestrian Plan	Maintain update of local maps. Ongoing Countywide Bicycle and Pedestrian Advisory Committee. Collection and processing of bicycle and pedestrian activity data.	On-going

	<b>Description</b>	<b>Time Frame</b>
Travel Demand Modeling	Maintain updates to model. Continued development of model forecast reports and data products. Analysis of local projects. Coordinate modeling/forecasting with regional modeling activities.	On-going
Plan Bay Area	Work with regional agencies and CMAs on Plan Bay Area issues. Attend regional and local meetings and facilitate local meetings related to PCAs, housing allocations and transportation needs and performance. Support Plan Bay Area in Sonoma County. On-going implementation and discussion.	Every 4 years
Priority Development Area Planning	Work with local and regional governments to refine place type definitions and develop best outlook for Sonoma County housing and land use connection.	On-going
Project Study Reports / Project Initiation Documents	Work with Caltrans to manage and monitor development of PSR/PIDs. Work with local jurisdictions on specific PIDs.	Continually revise PSR priority list; FY Work plan, 3 YR work plan; work on statewide effort related to PIDs
<b>Coordinate and Communicate</b>		
Advisory Committees	Facilitate advisory committees	On-going
Transit Coordination	Ongoing Transit TAC meetings regarding coordination. Participate in Transit Sustainability Study and SMART Bus Integration Study.	On-going
Implement public outreach plan	Maintain public outreach through social media and other outlets.	On-going
Air quality and emission reduction strategies	Assess and help implement strategies and investigate new funding opportunities. Attend cap and trade meetings. Real time ride share, electric vehicle fleet expansion.	On-going
Climate Action 2020 coordination	Coordinate transportation goals with Climate Action 2020 to implement GHG reductions, from the transportation sector	On-going
MTC Meetings — Commission and Committees	Participate in meetings — MTC, JPC, Programming and Allocations, ABAG.	On-going
Bay Area Partnership	Work with regional and local transportation agencies.	On-going
Partnership Committees	Attended and participated in the PDWG, LSR, TFWG, RAWG, Active Transportation, Regional Mobility Management, and Regional Rideshare & Bicycle committees on a regular basis. Staff serving as Vice Chair for the Regional Model Working Group. Also participated in Complete Streets Working Group and Federal Efficiencies Working Group. Forwarded important information and updates to local jurisdictions.	On-going
Self Help Counties Coalition	Participate in regular discussions about statewide issues and legislation that impact sales tax measure counties.	On-going
Public information distribution	Work with community groups and elected officials on Plan Bay Area, climate change, and other topical issues. Coordinate with Sonoma County Bicycle Coalition to promote various programs. Keep SCTA website updated. Respond to public data requests.	On-going
<b>Advocate for Transportation</b>		
Transportation advocacy	Work to identify sustainable fund sources for transportation.	On-going
Legislative advocacy	Work with State legislature and federal representatives to promote SCTA Goals.	On-going

## REACHING PLAN GOALS

The SCTA has ambitious goals that reflect the needs and vision of Sonoma County residents. Given the anticipated increase in population and the forecasted trends, reaching the goals will require innovation, reliable funding sources and active participation of the public.

The CTP performance assessment has identified that the following approaches will help achieve plan goals and performance targets:

- Secure additional funding for road, highway, and transit in order to repair and maintain the existing road and transit systems.
- Secure additional transit funding to pay for transit expansion and to improve the average age of the transit fleet.
- Secure funds to build select transportation projects to reduce congestion, emissions, improve health and safety, and to improve the economy.
- Increase transit service.
- Continue current emphasis on Priority Development Area focused and city-centered growth.
- Implement trip reduction strategies.
- Fill vacant capacity on the transit system by making transit more convenient, less expensive, faster, and more attractive.
- Shift 4 percent of total daily trips from single occupant vehicles to pedestrian or bike travel.
- Implement system efficiency improvements.
- Improve the average vehicle fleet fuel economy.

Figure 7-2. CTP 2040 Vision Scenario Components

