

Appendix F: Funding

Federal Funding

FTA Section 5307 Urbanized Area Formula Funding Program

The Urbanized Area Formula Funding program (49 U.S.C. 5307) makes Federal resources available to urbanized areas and to Governors for transit capital and operating assistance and for transportation related planning in urbanized areas. An urbanized area is a Census-designated area with a population of 50,000 or more as determined by the U.S. Department of Commerce, Bureau of the Census.

These funds constitute the largest program for federal investment in public transportation. Eligible activities include planning, engineering, design, and evaluation of transit projects and other technical transportation-related studies; capital investments in bus and bus-related activities such as replacement of buses, overhaul of buses, rebuilding of buses, crime prevention and security equipment and construction of maintenance and passenger facilities; and capital investments in new and existing fixed guideway systems including rolling stock, overhaul and rebuilding of vehicles, track, signals, communications, and computer hardware and software. All preventive maintenance and some ADA complementary paratransit service costs are considered capital costs. For urbanized areas with populations less than 200,000, operating assistance is an eligible expense.

Funding is apportioned by using legislative formulas. For areas with a population of 50,000 to 199,999, apportionments are based on population, low-income population, and population density. In areas with a population of 200,000 or greater, the formula is based on a combination of bus vehicle revenue miles, bus passenger miles, fixed guideway vehicle revenue miles, fixed guideway directional route miles, fixed guideway passenger miles, and operating expenses, as well as population, low-income population, and population density.

Two other special provisions under Section 5307 may be employed to direct these capital funds toward operations: the Capital Cost of Contracting and the ADA Services provisions. Capital Cost of Contracting allows the transit agencies to use the Section 5307 funds to pay a portion of costs of operating contracts based on the amount of capital being provided by the contractor. The proportions vary based on the type of contract and whether the contractor provides vehicles. The transit agencies may pay up to 80% of the ADA operating contracts with Section 5307 funds instead of using those funds for ongoing capital needs. Additionally, Section 5307 funds may be used to pay up to 90% of vehicle-related equipment attributable to compliance with the ADA and Clean Air Act. Funds apportioned by the FTA under Section 5307 remain available to the recipient for four fiscal years – the year of the apportionment plus three additional years.

SANDAG is the designated recipient of Section 5307 funds and allocates these funds to the transit agencies after a portion is set aside for SANDAG planning purposes. SANDAG policy has been to allocate 70% of the remaining funds to MTS and 30% to NCTD. The San Diego region was apportioned \$96.8M in FY 2024.

FTA Section 2311 Non-Urbanized Area Formula Funds

Whereas Section 5307 funds urbanized areas over 50,000 people, Section 5311 provides capital, planning, and operating assistance for public transportation in non-urbanized (or rural) areas. Funds are allocated according to a statutory formula based on each state's population in rural and urbanized areas. These funds may be used for operations requiring a dollar-for-dollar match. They may be used for capital at an 80/20 federal to non-federal ratio.

The Section 5311 apportionment to California was \$42.6 million in FY 2024. In California, Caltrans allocates the Section 5311 funds to counties on a rural population basis. Of San Diego County's portion, NCTD receives 59% of the funding and MTS receives 41%.

As a set-aside within the non-urbanized formula funding program, Section 5311(c)—Tribal Transit Formula Grants—provides funding to federally recognized Native American tribes to provide public transportation services on and around Native American reservations or tribal land in rural areas. Funding is allocated by both statutory formula and through a competitive discretionary program.

FTA Section 5310 Enhanced Mobility for Seniors and Individuals with Disabilities Formula Funds

The Enhanced Mobility for Seniors and Individuals with Disabilities Formula Program makes federal resources available to assist in meeting the transportation needs of older adults and individuals with disabilities when the current options are insufficient, not available, or not appropriate to meeting those needs. Eligible activities include, but are not limited to: capital procurement or vehicle purchases to provide transportation to seniors; mobility-management programs; travel training; volunteer driver programs; and providing on-demand service. Funds are apportioned either to states (for all areas with a population under 200,000) or large urbanized areas (over 200,000 in population) and are based on each geographical area's share of the target populations. Eligible projects also must be included in the Coordinated Plan to be eligible for funding.

In 2014, SANDAG was authorized by the governor of the State of California to be the designated recipient of the Section 5310 funds for the San Diego region. As the designated recipient, SANDAG receives an annual apportionment of funds based on the formula and must distribute the funds to eligible recipients. Eligible recipients include private nonprofit organizations, state or local government authorities, and operators of public transportation.

Current legislation requires recipients to allocate funding to "traditional" and "non-traditional" projects. At least 55% of the program funds must be spent on capital projects that would have been eligible under the former Section 5310 program, which is defined as "public transportation projects planned, designed, and carried out to meet the special needs of seniors and individuals with disabilities when public transportation is insufficient, inappropriate, or unavailable." These projects are more commonly referred to as traditional projects. The remaining 45% may be allocated for "public transportation projects that exceed the requirements of the ADA; public transportation projects that improve access to fixed-route service and decrease reliance by individuals with disabilities on complementary paratransit; or alternatives to public transportation that assist seniors and individuals with disabilities." These projects are considered "non-traditional." A local match is required for each project: 50% local match for operating expenses and 20% local match for capital and mobility management expenses. The San Diego region's FY 2024 apportionment was \$3.5 million. These funds are administered as part of SANDAG's STGP.

Congestion Mitigation and Air Quality Program

Administered by the FTA, the Congestion Mitigation and Air Quality Improvement (CMAQ) program provides a flexible funding source for transportation projects that help meet the requirements of the Clean Air Act. These funds can be used for a range of activities, including transportation systems management, transportation demand management, transit capital projects, and certain transit-operating expenses.

In FY 2024, California was apportioned \$526.1 million, of which a portion is distributed to SANDAG and other metropolitan planning organizations (MPOs). Historically, the region has used this funding for transportation demand management programs and projects that support alternative modes of transportation, including Express Lanes and intercity rail double-tracking. More recently, SANDAG has used a portion of CMAQ funding for the Youth Opportunity Pass program, reimbursing MTS and NCTD for foregone fare revenue from youth riders.

Surface Transportation Block Grant Program

The Regional Surface Transportation Block Grant (STBG) Program promotes flexibility in state and local transportation decisions and provides flexible funding to best address state and local transportation needs. STBG is a formula program estimated and apportioned by Caltrans for the San Diego region. By SANDAG Board practice, 90% of these funds are allocated to supplement and match the TransNet Major Corridors program funds to complete regionally significant projects in the San Diego region. These programs are continued under the IJA with minor changes.

The IJA requires the Secretary of Transportation to set aside 10% of STBG funds for Transportation Alternatives, with state shares determined by statutory formula. Eligible uses of the set-aside funds include all projects and activities that were previously eligible under the Transportation Alternatives Program under the Moving Ahead for Progress in the 21st Century Act. This encompasses a variety of smaller-scale transportation projects such as pedestrian and bicycle facilities, recreational trails, safe routes to school projects, community improvements such as historic preservation and vegetation management, and environmental mitigation related to stormwater and habitat connectivity.

In FY 2024, California was apportioned \$1.25 billion in STBG funds and \$128.7 million in Transportation Alternatives Set-Aside funding, of which a portion is distributed to SANDAG and other MPOs.

FTA Section 5337 State of Good Repair Grants

This program provides capital assistance for maintenance, replacement, and rehabilitation projects of existing high-intensity fixed guideway and high-intensity motorbus systems to maintain a state of good repair. Additionally, State of Good Repair (SGR) grants are eligible for developing and implementing Transit Asset Management plans.

In FY 2024, the region received approximately \$66.7 million in high-intensity fixed guideway SGR funds and \$9.5 million in high-intensity motorbus SGR funds. In the San Diego region, these funds are used to contribute to the rail capital needs of the region and preventative maintenance.

FTA Section 5339(a) Grants for Buses and Bus Facilities Formula Program

This program provides funding to states and transit agencies through a statutory formula to replace, rehabilitate, and purchase buses and related equipment and to construct bus-related facilities. In addition to the formula allocation, this program includes two discretionary components new under the Fixing America's Surface Transportation Act: the Bus and Bus Facilities Discretionary Program and the Low or No Emissions Bus Discretionary Program.

The Bus and Bus Facilities Program awarded \$1.5 billion nationally in FY 2024. From the formula portion of the program, the San Diego region was apportioned \$6.0 million.

FTA Section 5309 Capital Investment Grants

As the FTA's primary grant program for funding major transit capital investments including heavy rail, commuter rail, light rail, street cars, and bus rapid transit, this discretionary grant program is unlike most others in government. Instead of an annual call for applications and selection of awardees, the law requires that projects seeking Capital Investment Grant (CIG) funding complete a series of steps over several years to be eligible for funding.

SANDAG secured a Full Funding Grant Agreement for the Mid-Coast Corridor Transit Project in mid-2016 in the amount of \$1 billion, approximately 50% of the total project's cost of \$2.1 billion.

The CIG Program is authorized up to \$4.6 billion per year, subject to Congressional appropriations. The maximum CIG share varies by project type, with New Starts: 60%, Small Starts: 80%, and Core Capacity: 80%. Total federal funds for any project type may not exceed 80%.

On December 17, 2024, FTA published in the [Federal Register](#) its [2024 Policy Guidance](#) (FR 2024-29616) for the CIG program, effective January 16, 2025. This new guidance establishes new measures and breakpoints that FTA will use to evaluate and rate candidate New Starts, Small Starts, and Core Capacity projects as an input to the agency's decision to execute a CIG funding agreement.

One-Time Funding

Three federal acts authorized additional funding during the early days of the COVID-19 pandemic. The acts mostly provided additional funding beyond what was provided in the Infrastructure Investment and Jobs Act through existing programs listed above.

Through the Coronavirus Aid, Relief, and Economic Security Act of 2020, FTA allocated \$25 billion to recipients of urbanized area and rural area formula funds, with \$22.7 billion to large and small urban areas and \$2.2 billion to rural areas. Funding was provided at a 100% federal share, with no local match required, and was available to support capital, operating, and other expenses generally eligible under those programs to prevent, prepare for, and respond to COVID-19.

The Coronavirus Response and Relief Supplemental Appropriations Act of 2021, included \$14 billion of supplemental appropriations to support the transit industry during the COVID-19 public health emergency. Funding was distributed as \$13.26 billion for urbanized areas (Section 5307 formula grants), \$678.2 million for rural areas and tribes (Section 5311 formula grants), and \$50 million for Enhanced Mobility of Seniors and Individuals with Disabilities (Section 5310 formula grants).

The American Rescue Plan Act of 2021 included \$30.5 billion in [federal funding](#) to support the nation's public transportation systems in responding to the COVID-19 pandemic. Relief funds were distributed at 100% federal share: \$26.6 billion allocated by statutory formulas to urbanized and rural areas and tribal governments, \$2.2 billion to FTA grant recipients in communities demonstrating additional pandemic-associated needs, \$1.675 billion for projects in the CIG Program, \$50 million under the Enhanced Mobility of Seniors and Individuals with Disabilities formula program (Section 5310), \$25 million for competitive planning grants, and \$5 million for competitive tribal grants.

State Funding

State funding sources generally include motor fuel taxes, special fuel taxes, vehicle registration fees, and driver's license fees. State funding for transit projects is available through the State Transportation Improvement Program (STIP) and the state's Proposition 1B Transportation Bond, approved by voters in 2006. In addition to the STIP, State Transit Assistance is funded with 50% of the Public Transit Account revenues. Vehicle registration fee money is available as a potential funding source through California Assembly Bill 2766 (Sher, 1990) (AB 2766). AB 2766 allows an Air Pollution Control District (APCD) to collect up to \$4 as a motor vehicle registration fee surcharge, which allows the San Diego APCD to fund its mobile source emission-reduction programs and leverage additional incentives for further motor vehicle emission reductions. Most recently, California Senate Bill 1 (SB 1) (Beall, 2017) was passed to provide funds for public transportation, roadway, freeway, and bridge repair in communities across California.

Cap and Invest (Formerly Cap and Trade)

The Cap-and-Invest Program is a key element of California's strategy to reduce greenhouse gas emissions. The State's portion of the Cap-and-Invest auction proceeds are deposited in the Greenhouse Gas Reduction Fund (GGRF) to be used for California Climate Investments. The GGRF funds transit primarily through three programs: the Transit and Intercity Rail Capital Program (TIRCP), the Low Carbon Transit Operations Program (LCTOP), and the Affordable Housing and Sustainable Communities (AHSC) Program.

TIRCP was created by California Senate Bill 862 (SB 862) (Chapter 36, Statutes of 2014) and modified by California Senate Bill 9 (Chapter 710, Statutes of 2015), to provide grants from the GGRF to fund capital improvements that will modernize California's intercity rail, commuter rail, and urban rail systems, and bus and ferry transit systems to reduce emissions of greenhouse gases, vehicle miles traveled, and congestion. Cycle 7 in 2024, the most recent cycle, awarded \$1.3 billion to projects across the state.

The LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emission and improve mobility, with a priority on serving disadvantaged communities. Approved projects in LCTOP will support new or expanded bus or rail services, expand intermodal transit facilities, and may include equipment acquisition, fueling, maintenance and other costs to operate those services or facilities, with each project reducing greenhouse gas emissions. For agencies whose service area includes disadvantaged communities, at least 50% of the total moneys received shall be expended on projects that will benefit disadvantaged communities. SB 862 continuously appropriates five percent of the annual auction proceeds in the Greenhouse Gas Reduction Fund (Fund) for LCTOP, beginning in 2015-16. LCTOP provided more than \$1 billion over the first 10 years of the program.

AHSC is administered by the Strategic Growth Council and implemented by the California Department of Housing and Community Development. AHSC is part of California Climate Investments, a statewide program that puts billions of Cap-and-Invest dollars to work reducing GHG emissions, strengthening the economy, and improving public health and the environment— particularly in disadvantaged communities. The Cap-and-Invest program also creates a financial incentive for industries to invest in clean technologies and develop innovative ways to reduce pollution. California Climate Investments projects include affordable housing, renewable energy, public transportation, zero-emission vehicles, environmental restoration, more sustainable agriculture, recycling, and much more. At least 35% of these investments are located within and benefiting residents of disadvantaged communities, low-income communities, and low-income households across California. Round 8, the most recent funding cycle, awarded nearly \$800 million to projects across the state.

State Transportation Improvement Program

The STIP is a five-year program of eligible transportation projects for the State of California per STIP guidelines and under the purview of the California Transportation Commission (CTC). The STIP is updated every two years by each of the RTPAs in the state. RTPAs are responsible for submitting the programming request for their county share on a biennial basis to fund eligible projects with available revenue over the next five fiscal years. STIP funds are divided into two broad programs and are allocated by county based on a formula. The regional component comprises 75% of all STIP funds, and the interregional component comprises the remaining 25%. The San Diego region was programmed about \$254 million in the 2024 STIP.

State Transit Assistance

The State Transit Assistance (STA) program provides funding for allocation to local transit agencies to fund a portion of the capital and operating costs associated with local mass transportation programs. STA funding is derived from the statewide sales tax on diesel fuel. The State Controller's Office allocates the tax revenue by formula to planning agencies and other selected agencies. The formula allocates 50% of STA funds according to population and the remaining 50% according to transit operator revenues from the prior fiscal year. The State Controller's Office provides estimates of funding allocation for the upcoming fiscal year in February of each year. For FY 2025-2026, the statewide estimate is \$795 million.

Senate Bill 1 Road Repair and Accountability Act of 2017

The California legislature passed SB 1 on April 6, 2017, and it was signed into law by the governor of California on April 28, 2017. SB 1 provides funds for roadway, freeway, and bridge repair in communities across California. The goal is to address a backlog of needed repairs and upgrades to the infrastructure throughout the state with clean, sustainable transportation options for the future, including bike and pedestrian projects, public transportation, and rail systems. SB 1 will also provide an influx of funding to the State's TIRCP. The 2024 Solutions for Congested Corridors Program awarded about \$480 million over two years. The Local Partnership Program awarded the San Diego region about \$18 million in the formula program and \$10 million in the competitive program in the FY 2024 program covering two years. SB 1 also provides funding for other programs not focused on transit or specialized transportation.

Active Transportation Program

The Active Transportation Program (ATP) was created by California Senate Bill 99 (Chapter 359, Statutes of 2013) and California Assembly Bill 101 (Chapter 354, Statutes of 2013) to encourage increased use of active modes of transportation, such as biking and walking. SB 1 (Chapter 2031, Statutes of 2017) added an additional \$100 million per year in funding from the Road Maintenance and Rehabilitation Account. The ATP is administered jointly by the California Transportation Commission and Caltrans.

State and federal law segregate the ATP into multiple overlapping components. ATP funds are distributed through three separate competitive programs: a Small Urban/Rural Competition, a Statewide Competition, and a Regional Competition. As an MPO, SANDAG is the administrator for the San Diego regional competition. Projects not selected for programming in the statewide competition must be considered in the Regional Competition.

Local, regional, and state agencies are eligible to apply for both the statewide and regional competitive programs. Examples of eligible agencies include, but are not limited to, cities, counties, MPOs, and Regional Transportation Planning Agencies. Other eligible applicants include Caltrans, transit agencies, natural resources or public land agencies, public schools or school districts, tribal governments, and private nonprofit tax-exempt organizations.

The CTC announced the four-year 2023 ATP call for projects on March 16, 2022. Applications were received for 434 projects, requesting approximately \$3.1 billion in ATP funds. The CTC adopted the list of projects recommended for funding for the statewide and small urban and rural components at its meeting on December 7, 2022. Twenty-five projects were submitted from the San Diego region, and four of those projects, one each from the cities of Imperial Beach and National City and two from SANDAG, were recommended by CTC staff to be considered for funding. The remaining 21 projects that were not recommended for the statewide component remain eligible for the regional ATP.

The Regional call for projects was released on July 6, 2022, and 14 additional projects were submitted for consideration. After the projects recommended for statewide ATP funding were removed from the applicant pool, the Regional ATP had a total of 35 project applications from 12 applicants, requesting a total of approximately \$149 million in ATP funding. After evaluations, 15 projects were awarded about \$62 million.

Local Funding

Local funds include revenue from TransNet, the half-cent regional sales tax for transportation; TDA funds; transit fare revenues; and other miscellaneous local funds such as advertising revenue, concessions, and real estate development.

TransNet

Since 1988, TransNet, the half-cent sales tax dedicated to local transportation projects, has been instrumental in expanding the transportation system, reducing traffic congestion, and advancing critical transit projects. In November 2004, 67% of the county's voters approved a 40-year extension of the TransNet Ordinance (to 2048).

The TransNet Ordinance prescribes funding for specific programs through the 40 years. 16.5% of the annual TransNet revenues are dedicated to transit system improvements, the majority of which is allocated by population to the two transit operators. Per the Ordinance, the transit operators must limit the increase of their total operating costs from one fiscal year to the next to no more than the increase in the Consumer Price Index for San Diego County over the same period. If this requirement is not achieved, the operators may not receive any additional funding. However, the operators may also request the exclusion of certain cost increases that were due to external events beyond their control (such as fuel costs). Of the 16.5% of revenues dedicated to transit, 94.25% can be used for either capital or operating needs, 2.5% is designated toward ADA paratransit services, and the remaining 3.25% is reserved for distribution through the SMG Program.

The SMG program is a competitive grant program administered by SANDAG. The SMG program seeks to improve mobility for older adults throughout the county by funding innovative and cost-effective specialized transportation services for older adults. Eligible projects may include senior shuttles, volunteer driver programs, travel training, and the brokerage of transportation services. The SMG is administered through SANDAG's STGP.

In addition to the 16.5% of TransNet funds reserved for transit capital and operating, 38% of annual TransNet revenues are reserved for major transportation corridor improvements, including freeway, highway, and transit projects. Of this amount, approximately 28% is for Rapid and rail capital improvements. Some of these projects are already complete, including the NCTD SPRINTER; MTS SuperLoop *Rapid*; *Rapid* 215, 225, 235, and 237; the Trolley Renewal project; and the Mid-Coast Trolley extension project.

Finally, an additional 8.1% of all TransNet revenues is set aside for operating the services built through the transit portion of the TransNet major corridor improvement program.

Transportation Development Act

The TDA of 1971 provides funding to be allocated to public transit and non-transit-related purposes that comply with regional transportation plans. The TDA provides two funding sources – STA, which was described previously, and the Local Transportation Fund (LTF). LTF is derived from a quarter cent of the general sales tax collected statewide. The State Board of Equalization returns the general sales tax revenues to each county's LTF based on sales tax collected in each county.

TDA comprises the largest source of funding for the San Diego region's transit operators and for non-motorized transportation projects. TDA funds may be used for a wide variety of transportation programs, including operations, planning, and program activities; pedestrian and bicycle facilities; community transit services; public transportation; and bus and rail projects. If certain conditions are met, counties with populations under 500,000 also may use the LTF for local streets and roads, construction, and maintenance.

As an RTPA, SANDAG is responsible for releasing the apportionment of TDA funds each year in conformance with state statute. Similar to TransNet, the TDA also requires transit operators to limit the increase of their total operating costs from one fiscal year to the next to no more than the increase in the Consumer Price Index for San Diego County over the same period. If this requirement is not achieved, the operators may not receive any additional funding. However, the operators may also request the exclusion of certain cost increases that were due to external events beyond their control (such as fuel costs or start-up costs for new transit services). The transit operators and other member agencies submit their annual TDA claims based on the annual apportionment and in compliance with SANDAG [Board Policy No. 027](#).

Legislative priorities established by state law earmark a portion of TDA funds for administrative-related expenses rendered by SANDAG; County Auditor expenses; planning (less than 3%); bicycle and pedestrian facilities (less than 2%); and community transit services (less than 5%). The remaining apportionment, along with prior year carryover funds, is available to be claimed by the two transit operators based on the population estimates published by the California Department of Finance estimates.

As mentioned above, 5% of the annual TDA apportionment (TDA Section 4.5) funds Community Transit Services. This includes services for people who cannot otherwise use conventional transit services (such as people with disabilities). Eligible applicants for this funding are cities, counties, public transit operators, and the CTSA. According to SANDAG [Board Policy No. 027](#), 2% of the total available under TDA Section 4.5 is set aside to support the CTSA for the San Diego region, which is FACT. The remaining funds in this section are divided between MTS and NCTD service areas based on a formula to support their respective ADA paratransit services. Table F.1 shows the TDA apportionments and estimates through 2030.

Table F-1: Funding Sources for Community Transit Service (CTS) by Agency and Year (FY 2025 to FY 2030)

	FY 2025 Apportionment	FY 2026 Apportionment	FY 2027 Estimate	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate
Total Apportionment ^{1,2}	\$201,781,552.00	\$194,505,554.00	\$196,276.00	\$200,358.00	\$205,908.00	\$211,982.00
Less County Auditor Expenses (PUC 99233.1)	\$(50,000.00)	\$(50,000.00)	\$(51.00)	\$(52.00)	\$(53.00)	\$(54.00)
Less SANDAG Administration (PUC 99233.1) ³	\$(552,939.00)	\$(743,001.00)	\$(540.00)	\$(551.00)	\$(566.00)	\$(793.00)
Less 3% Planning Funds (PUC 99233.2)	\$(6,035,358.00)	\$(5,811,377.00)	\$(5,871.00)	\$(5,993.00)	\$(6,159.00)	\$(6,334.00)
Less 2% Bicycle/Pedestrian Funds (PUC 99233.3)	\$(3,902,865.00)	\$(3,758,024.00)	\$(3,796.00)	\$(3,875.00)	\$(3,983.00)	\$(4,096.00)
Less 5% Community Transit Service (PUC 99233.7)	\$(9,562,019.00)	\$(9,207,158.00)	\$(9,301.00)	\$(9,494.00)	\$(9,757.00)	\$(10,035.00)
Subtotal	\$181,678,370.00	\$174,935,995.00	\$176,717.00	\$180,393.00	\$185,390.00	\$190,670.00
Total Available for MTS	\$128,929,509.00	\$124,354,944.00	\$125,621.00	\$128,234.00	\$131,786.00	\$135,540.00
Less Regional Planning/Capital Projects ⁴	\$(284,392.00)	\$(296,580.00)	\$(297.00)	\$(297.00)	\$(297.00)	\$(297.00)
Less Transferred Functions ⁵	\$(2,596,349.00)	\$(2,504,227.00)	\$(2,530.00)	\$(2,582.00)	\$(2,654.00)	\$(2,729.00)
Total Community Transit Service	\$6,650,048.00	\$6,414,097.00	\$6,479.00	\$6,614.00	\$6,797.00	\$6,991.00
Total Available to Claim	\$132,698,817.00	\$127,968,233.00	129,274.00	\$131,969.00	135,633.00	\$139,505.00
Total Available for NCTD	\$52,748,861.00	\$50,581,052.00	\$51,096.00	\$52,159.00	\$53,604.00	\$55,130.00
Less Regional Planning/Capital Projects ⁴						
Less Transferred Functions ⁵	\$(883,543.00)	\$(847,233.00)	\$(856.00)	\$(874.00)	\$(898.00)	\$(923.00)
Total Community Transit Service	\$2,720,731.00	\$2,608,917.00	\$2,635.00	\$2,690.00	\$2,765.00	\$2,844.00
Total Available to Claim	\$54,586,049.00	\$52,342,736.00	\$52,876.00	\$53,975.00	\$55,471.00	\$57,051.00
Total Available for SANDAG						
Regional Planning/Capital Projects	\$284,392.00	\$296,580.00	\$297.00	\$297.00	\$297.00	\$297.00
Transferred Functions	\$3,479,892.00	\$3,351,460.00	\$3,386.00	\$3,456.00	\$3,552.00	\$3,652.00
SANDAG Expenses ³	\$552,939.00	\$743,001.00	\$540.00	\$551.00	\$566.00	\$793.00
3% Planning Funds	\$6,035,358.00	\$5,811,377.00	\$5,871.00	\$5,993.00	\$6,159.00	\$6,334.00
Prior Year Carryover	\$-	\$-	\$-	\$-	\$-	\$-
Total Available to Claim	\$10,352,581.00	\$10,202,418.00	\$10,093.00	\$10,297.00	\$10,573.00	\$11,076.00
Total Community Transit Service (CTSA)	\$191,240.00	\$184,143.00	\$186.00	\$190.00	\$195.00	\$201.00
Prior Year Carryover	\$-	\$-	\$-	\$-	\$-	\$-
Total Available to Claim	\$191,240.00	\$184,143.00	\$186.00	\$190.00	\$195.00	\$201.00

Source: SANDAG, 2025

Estimated amounts are in \$000s. Totals may not add up due to rounding

1 The County Auditor provided the apportionment for FY 2025. The projected estimates for FY 2026 to FY 2030 are based on the growth rate in retail sales as forecasted by SANDAG and excludes interest and prior year excess funds.

2 Apportionment distribution is based on the population estimates published by the California Department of Finance (DOF) estimates as of January 2023 - approximately 71% for MTS and 29% for NCTD.

3 The SANDAG Administration cost rises in FY 2026 and FY 2028 disproportionately due to costs associated with the triennial performance audit. All other annual increases in SANDAG administrative share are consistent with the estimated growth in the TDA.

4 Represents the local match for federally funded regional planning and transit capital development projects identified in the FY 2026 transit CIP as provided by MTS and NCTD. The projects funded will be included as part of the FY 2026 Capital Improvement Program presented to the Transportation Committee/Board at their March/April meetings.

5 Based on Addendums No. 3 and No. 4 to the Master Memorandum of Understanding between MTS, NCTD, and SANDAG. For NCTD, 26.09% of this share is transferred back to NCTD to be used for TDA-eligible purposes.

Fares

The collection of fares on transit provides an additional revenue source for the transit operators. SANDAG is responsible for the setting of transit fares in the San Diego region through SANDAG [Board Policy No. 029](#). Since 2007, SANDAG has periodically increased fares upon request of the transit agencies, with the most recent fare changes being implemented in 2021. SANDAG is collaborating with MTS and NCTD on a new fare study in FY 2026 that will use these results and ridership elasticity modeling to propose an updated fare structure.

Tolls

Existing and future Express Lane programs on regional freeways allow revenues from the roadway to be used to support transit services. Currently, excess capacity on the I-15 Express Lanes is made available to single-occupancy vehicles for a fee administered by the FasTrak® program. After paying for administration of the FasTrak program, remaining revenue is used in the I-15 corridor exclusively for the improvement of transit service, including, but not limited to, support for transit operations; transportation corridor improvements; and, high-occupancy vehicle facilities, and cannot be used for any other purpose. The annual amount made available for transit varies based on the tolls generated by the Express Lanes and administrative costs. The SANDAG Board has committed to providing \$500,000 per year for I-15 transit services and evaluates revenue performance to determine if there is sufficient net revenue to pass through an additional \$500,000.

SANDAG also owns and operates the South Bay Expressway (SBX), which is a ten-mile stretch of SR 125 that runs from Otay Mesa Road near SR 905 to SR 54. In 2012, SANDAG lowered SBX tolls by up to 40% to improve mobility within the region. The tolls were lowered enough to achieve this goal, while still generating enough revenue for operations, maintenance, debt (from purchasing the toll road from its previous owner), and future improvements.

The Regional Plan assumes a network of managed lanes which could charge variable tolls based on congestion levels and other operating metrics, providing a faster trip to solo drivers if they choose to pay a fee while providing free or discounted access to emergency vehicles, transit vehicles, carpoolers, and others. Some of the revenue from these managed lanes would be reinvested in multimodal projects and programs designed to expand and improve the non-vehicle transportation network, including additional transit services.

Caltrans Mitigation Funds

In special cases where highway construction creates additional congestion or VMT impacts, some special funding has been available to transit operators to pay for additional transit services. Mitigation funding may be available for future highway projects.

Other Potential Revenue Sources

The Regional Plan assumes the future availability of several new revenue sources and to help pay for the plan's projects and programs. Some of the sources require state or federal legislation to pass before going into effect; others require voter approval. SANDAG is committing to seeking new local funding in addition to pursuing state and federal funding opportunities as it implements the plan. The following sections describe potential sources of funding included in the Regional Plan that could be used for transit and specialized transportation.

Future Local Revenues

The Regional Plan assumes ballot measures and/or other secure funding commitments for transportation and habitat conservation investments, potentially similar to those enacted by TransNet and the TransNet Extension. In addition, existing law through California Assembly Bill 805 (Gonzalez Fletcher, 2017) authorizes MTS and NCTD to individually impose a specified transaction and use tax within their respective portions of the County of San Diego with revenues to be used for public transit purposes. Either of the transit agencies could therefore raise new revenues for their service areas. MTS is currently exploring a sales tax measure for an upcoming election.

Another potential local source is ridehailing company services fees. Studies find that these services contribute to VMT and congestion. Other regions have tried to address this by levying a fee, which is used to mitigate impacts and encourage pooling while generating revenue for transit and other shared-use modes. Ridehailing company service fees would be per-trip for services such as Uber and Lyft that could vary by mileage, occupancy, or other trip factors.

The Draft 2025 Regional Plan assumes several other future local revenue sources, including last-mile delivery fees, parking fees, expansions of advertising, naming rights, and sponsorships of transit facilities and vehicles, additional fees paid to the Air Pollution Control District, and land value capture and joint use agreements.

Future State Revenues

While the passage of SB 1 created a significant source of on-going state transportation funding, the revenue generated continues to be based on excise tax on gasoline and diesel fuels. Consumption of fuel will decrease as fuel efficiency and the adoption of alternative fuel vehicles increases. California is leading the nation in efforts to reduce greenhouse gas emissions and develop renewable energy—further moving away from gasoline and diesel consumption. The state will likely need to act to replace or supplement the current gas tax to maintain the state highway system. Considering that SB 1 was structured to provide funding for multimodal transportation, it is possible that future state action could provide funding for transit and specialized transportation.

Future Federal Revenues

The federal gas tax that supports transportation has not increased since 1993, has not been indexed, and over time the funding has been unable to keep up with transportation needs around the nation. Every year since 2008, Congress has “fixed” the program by transferring money from the general fund to the Highway Trust Fund. There has been discussion at the federal level of options to address the funding gap while meeting the transportation infrastructure need, including increase to the gas tax.

Specialized Transportation Grant Program

Purpose of the Program Management Plan

SANDAG is authorized by the governor of the State of California to be the designated recipient of the Section 5310 funds for the San Diego region. As the designated recipient of these federal funds, SANDAG is required to comply with regulations outlined in federal surface transportation bills as well as other federal guidance, such as the FTA Circular [C] 9070.1H.

The FTA Circular requires direct recipients to not only oversee the implementation of projects developed and prioritized in the Coordinated Plan, but also to maintain a Program Management Plan (PMP) and hold a competitive selection process for the distribution of the funds to subrecipients. The PMP is designed to ensure that all applicable SANDAG policies and federal, state, and local statutes and regulations are fulfilled through the following functions:

- Providing program guidance to local project applicants and subrecipients of funds
- Providing public information on SANDAG administration of the program
- Serving as the basis for the FTA to perform management reviews of SANDAG administration of the program

The PMP can be downloaded at [SANDAG.org/stgp](https://www.sandag.org/stgp).

Competitive Process

SANDAG, as the designated recipient, assumes the responsibility for the administration of Section 5310 programs for the census-defined San Diego urbanized areas. The specific tasks required by the FTA for this designation are:

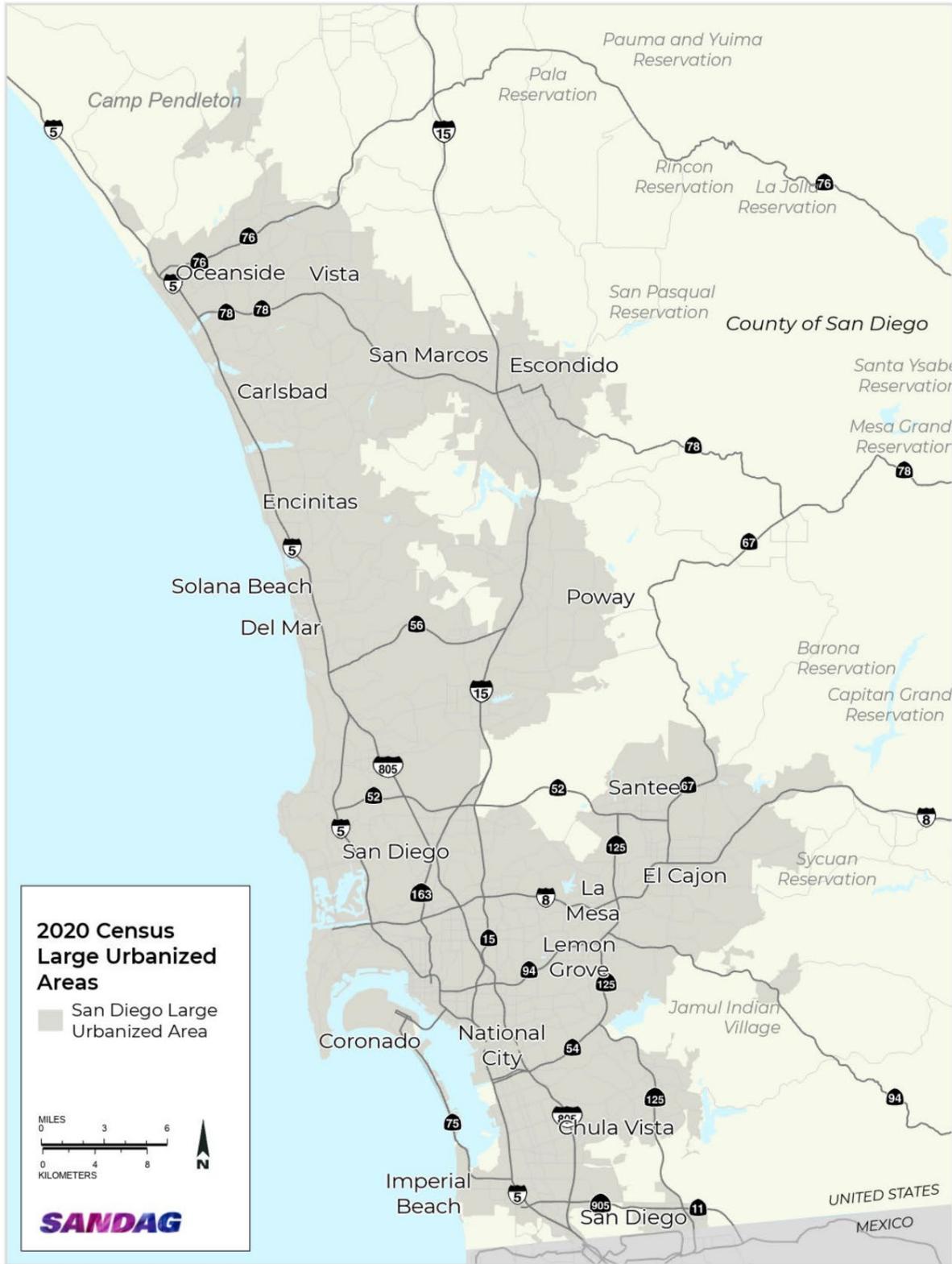
- Conducting an area-wide competitive selection process
- Certifying fair and equitable distribution of funds resulting from the competitive process
- Certifying that each project selected for funding was derived from the Coordinated Plan
- Certifying that the Coordinated Plan was developed through a process that included representatives of public, private, and nonprofit transportation and human service providers, as well as participation by the public

SANDAG is responsible for reporting information on subrecipient awards to the Federal Funding Accountability and Transparency Act Subaward Reporting System. SANDAG must report the information of each subaward by the end of the month following the month SANDAG executes a grant agreement with the subrecipient.

As the transportation authority collecting TransNet revenues, SANDAG is responsible for administering all elements of the TransNet program, including the SMG program. This includes developing program requirements and selection criteria, determining applicant eligibility, notifying eligible applicants of the availability of funds, and selecting projects for funding.

SANDAG typically releases a call for projects every two years. However, preparing the call for projects and evaluating applications adds significant time and effort for staff administration, and the project funding priorities are only updated every four years when the Coordinated Plan is updated. While the two-year cycle encourages competition, it may be appropriate to consider changing the frequency of calls for projects to every four years, depending on funding availability.

Figure F.1 shows the San Diego Large Urbanized Area for which SANDAG oversees the competitive Section 5310 process. The remainder of San Diego County is covered by the Caltrans statewide program.



Funding Priorities

Strategies and recommendations of the Coordinated Plan are noted in Chapter 5. Several of these are designated as priority projects for funding through the STGP. STGP applicants are expected to implement these projects in future applications. STGP priority projects are the following:

- Offer in-person and online travel trainings
- Provide specialized transportation, prioritizing cost-effective and non-redundant services
- Provide paratransit-equivalent service across the MTS/NCTD service area boundary without requiring rider transfers, coordinating with the CTSA as needed
- Use additional STGP funding, if available, to expand door-to-door and door-through-door service availability

Access for All Grant Program

The SANDAG [Access for All Grant Program](#) (AFA) was created to implement the passage of California Senate Bill 1376 in 2018, which directed the CPUC to develop the program and create regulations around accessibility for persons with disabilities, including a financial incentive for Transportation Network Companies, including rideshare and ridehailing services to increase accessibility. Funding is administered by the California Public Utilities Commission (CPUC).

The CPUC selected SANDAG as the Local Access Fund Administrator for the San Diego region, which oversees a competitive solicitation process that allocates funds to eligible projects and monitors the performance of grantees. Locally, AFA funds projects and programs that expand on-demand wheelchair-accessible vehicle services for people with disabilities in the San Diego region. The program is funded by a ten-cent access fee collected from each [Transportation Network Company \(TNC\)](#) trip in the county, where those fees are then collected and redistributed for use.

On an annual basis, SANDAG awards funding through a competitive call for projects. AFA awarded full funding for the first cycle to FACT for its RideFACTNOW program. RideFACTNOW was awarded to \$2,530,004 to provide on-demand WAV service in San Diego County from June 2023 to June 2024. The service resulted in 10,779 completed WAV trips, 2,543 completed on-demand WAV trips, 80% of WAV trips completed, five dedicated on-demand WAVs, 39.4-minute maximum response time, and 11 rider complaints.

RideFACTNOW was also awarded in the AFA Cycle 2 call for projects, which will provide over \$2.3 million in funding. The service is expected to begin in the fall of 2025.

Unlike STGP, the AFA call for projects does not specifically reference the Coordinated Plan. However, there is substantial overlap between the goals of each. Maintaining AFA and aligning funding criteria, to the extent practicable, with the identified strategies and strategies and recommendations of the Coordinated will help meet the transportation needs of the San Diego region's people with disabilities, in particular.

Flexible Fleets Pilot Grant Program

The SANDAG [Flexible Fleets Pilot Grant Program](#) (FFGP) is a new, one-time program to plan, deploy, and monitor Flexible Fleet pilots aimed at expanding shared mobility travel choices, enhancing transit connections, filling transit gaps, improving air quality, and advancing the goals of the Regional Plan. Funding comes from Federal Highway Administration's STBG program. \$4.5 million, with a maximum award of \$1 million is available to federal, state, and local governments, tribal governments, transit districts, and military institutions. Eligible services include operations and infrastructure for carshare, micromobility, microtransit, neighborhood electric vehicles, and rideshare.

The FFGP seeks to fund projects that can serve as models around the region and continue to be funded following the expiration of the grant. Projects funded by this program must support the following objectives:

- Serve as model examples for Flexible Fleets in a variety of locations throughout the region
 - Provide more mobility options and greater accessibility
 - Demonstrate financial sustainability through other funding sources besides the FFGP for a period of at least one year after the grant expires

The call for projects is anticipated to be released in fall 2025, and both the release of the call for projects and future funding decisions are subject to approval by the SANDAG Board. Like the AFA, the program does not mention the Coordinated Plan. However, Flexible Fleet projects funded through the program will provide new mobility options for transportation-disadvantaged populations in the region.