CHAPTER 6 *Financial Element*

The Financial Element discusses the investment decisions and revenue assumptions contained in the (RTP/SCS).

It identifies anticipated revenue sources as well as the financing techniques available for the region's planned transportation investments, ongoing operations, and maintenance.

This element addresses both available revenue sources as well as federal, state, regional, and local revenues the region may expect over the next 23 years.

Among other considerations, the Financial Element:

1. Estimates the costs and projects the revenues available for transportation system improvements recommended in the RTP's Action Element. In doing so, it contains financial assumptions and projections that set parameters for the Regional Transportation Improvement Program (RTIP).
2. Describes how revenue projection models were analyzed leading to a preferred project scenario. It serves as an inventory of existing and potential new transportation funding sources for transportation system improvements.
3. Identifies potential funding shortfalls along with recommendations for potential revenue sources that the region could pursue to implement the transportation vision over the long term.
4. Includes a "financially constrained" program as required by Federal legislation. Financial forecasts are used to plan investments using revenues that are reasonably expected to be available. Also included is a list of projects ("financially unconstrained") that are both necessary and desirable should funding become reasonably available.
5. Includes a general discussion of how projects are programmed into the RTP's financially constrained and unconstrained list.
6. Lastly, it discusses how the region will implement the RTP/SCS plan investments through subsequent programming actions.

Consistency with RTP Goals, Policies, and Objectives and Advancing of the Transportation Performance Measurement

The 2026 RTP financial plan was created to be consistent with the policies, goals, and objectives described in Chapter 4 (Implementing the Plan). This section provides details the means through which financial programs help implement RTP policy objectives. Standardized scoring and evaluation criteria operates as the primary tool Fresno COG uses to prioritize projects that align with the RTP's policy goals and objectives. These criteria are applied to projects submitted through the RTP call for projects and to projects competing for funding through the various funding programs Fresno COG administers, including the Congestion Mitigation and Air Quality Improvement Program (CMAQ), Surface Transportation Block Grant Program (STBG), and Active Transportation Program (ATP). Each criterion provides scoring points to the projects submitted for RTP and funding program consideration. For the RTP, each criterion assigns points based on how well a project supports RTP goals and objectives. Projects receiving the highest scores are prioritized for inclusion in the RTP's financially constrained project list.

A nexus is achieved between the RTP and the FTIP in multiple ways. First, points are removed for the projects submitted to COG-administered funding programs if those projects were not submitted to the RTP. Second, each funding program has its own set of evaluation criteria that also align with the goals and objectives of the RTP.

As an example, the RTP's first stated policy goal strives for improving mobility and accessibility for all. Through the RTP project evaluation process described in 6.4 of this chapter, equitable distribution of transportation benefits is addressed by providing additional scoring points to projects that are allocated within or benefiting disadvantaged communities.

Fresno COG has adopted definitions for Equity Priority Communities & Disadvantaged Communities, representing the top 33% and 60% most disadvantaged area in the Fresno region, respectively. Equity Priority Communities are identified using regional demographic indicators such as race and ethnicity, income, linguistic isolation, and housing cost burden. Additional equity-related criteria include consideration of projects that serve communities with high health burdens, as identified by the Fresno County Department of Public Health's Health Priority Index (HPI), as well as projects that support existing or planned affordable housing. Maps and additional documentation related to disadvantaged communities are provided in Chapter 7 Equity Analysis and through Fresno COG's GIS resources.

For the RTP's sustainability goal, several scoring criteria are used to prioritize projects that support emission reductions, multimodal accessibility improvement, compact development, climate adaptation, and critical environmental resources protection.

The RTP's project prioritization process – as well as the project selection process of the other funding programs such as STPG, ATP and CMAQ – have been developed/modified to advance the federally mandated Transportation Performance Measurement (Safety, State of Good Repair & Travel Reliability). Details about Fresno COG's TPM program are available in Appendix C-7.


In the RTP, the safety, efficiency, and climate-resiliency goals are prioritized using multiple competitive scoring criteria. For safety, scoring points available in the RTP evaluation criteria and the STBG scoring criteria that prioritize projects for improving and/or addressing safety and security issues. Efficiency is covered by criteria that encourages congestion relief (travel reliability), vehicle miles traveled (VMT) reductions, cost effectiveness, climate resiliency, and roadway maintenance in a state of good repair.

A complete listing of scoring criteria used to address the goals and policies set forth in this Regional Transportation Plan is available in Appendix B-6.

RTP/SCS Revenue Projections

As required by federal transportation law (23CFR450.322), the RTP shall be financially constrained. A financially constrained project list identifies a program for which funding has been identified or is reasonably expected to be available within the RTP's planning horizon. A financially unconstrained project list reflects projects that are both necessary and desirable should funds become reasonably available. Federal statute states that a financial plan must demonstrate how the projects can be built while the existing transportation system is being maintained. To meet this requirement, the RTP compares revenue projections for its 23-year planning horizon against all projects needed to support the region's member-provided surface transportation investments.

The Financial Element's assumptions include revenue estimates for specific governmental funding programs, local contributions and tax initiatives. The assumptions provide a level of financial detail adequate for local and state decision-makers to exercise options. Member agencies submit planned projects that are expected to be completed within the RTP's 23-year planning horizon. This process then allows Fresno COG to compare estimated project costs against projected revenues to ensure that the adopted program of projects will not exceed reasonably foreseeable future revenues.

Revenue Assumptions

The RTP's estimated revenues assume an inflation rate of two percent and are reported in expenditure year dollars. Appendix B-4 describes the available revenues for each funding source throughout the planning period. The totals reflect an estimated annual average amount from each of the various funding sources for the years 2026 through 2049.

Fresno COG relied on the following assumptions to develop revenue and cost projections:

- Local Transportation Fund revenues are assumed to be constant throughout the RTP's life.
- The Surface Transportation Block Grant Program (STBG) and Congestion Mitigation and Air Quality Improvement (CMAQ) Program will continue or be replaced by similar programs throughout the RTP's life.
- Federal and State Transit funds are assumed to remain at their present levels throughout the plan's life.

- Projected State and Federal highway revenues reflect the average amounts programmed in the State Transportation Improvement Program (STIP) and are consistent with the CTC-adopted, five-year STIP fund estimate.
- Measure C, Fresno County's local ½-cent sales tax for transportation improvements, will be renewed and/ or augmented before it expires in 2027. Voters have extended the measure once already, in 2006.
- Respective transit operators have provided specific revenue projections for their services.
- Fresno COG's member agencies have provided local streets and roads revenue projections.
- Successful acquisition of a 'Better Utilizing Investments to Leverage Development Transportation Discretionary' (BUILD) Grant is assumed in the first half of the RTP planning period.
- Advanced construction is assumed wherever appropriate to advance funding for planned projects into the first half of the RTP planning period

Existing Major Revenue Sources

For a listing of all existing major revenue sources, please see Appendix B-3.

Project Evaluation Criteria

Fresno COG uses a project evaluation criteria framework to score and prioritize projects submitted during the RTP call for projects (discussed below) in the event that the total cost of project submittals exceeded projected available funding.

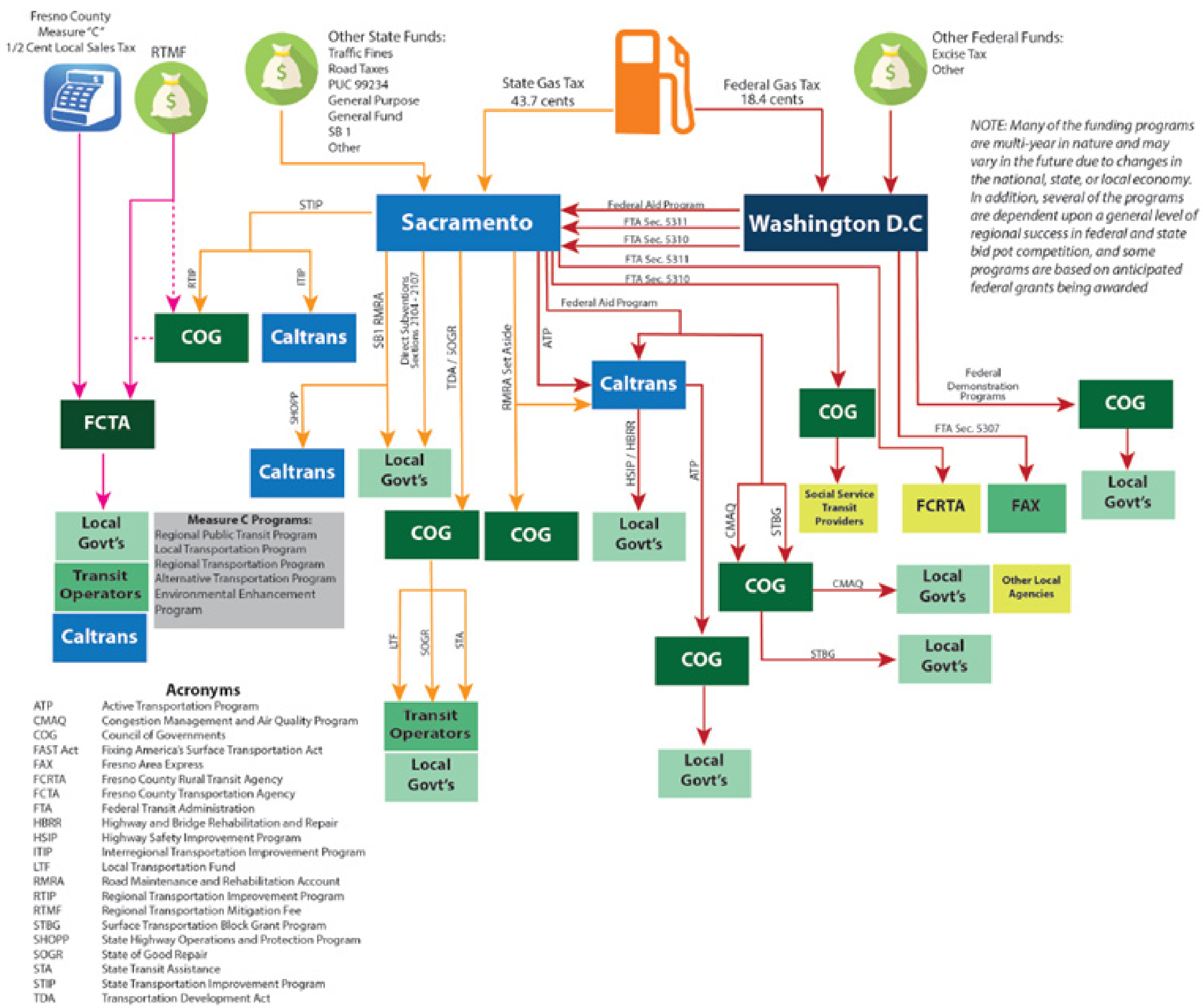
For the 2026 RTP, the project evaluation criteria was substantially updated to improve transparency, consistency, and alignment with regional goals. An RTP Programming Technical Working Group was gathered to guide these updates. The Technical Working Group consisted of various representatives from COG member agencies and stakeholders with expertise in bicycle and pedestrian planning, air quality, public health, and transportation equity. The Programming Working Group met on three separate occasions to develop and refine the evaluation framework. The final criteria were approved by the Fresno COG Policy Board on Sept. 26, 2024.

Substantive revisions were made to the 2026 RTP project evaluation criteria, including criteria adjustments, points awarded per question, how criteria apply to the various project modes, and general verbiage updates throughout the document. Key improvements to the criteria include:

1. Mode-Specific Evaluation Framework:

Unlike the previous RTP, where all projects were evaluated using a single set of criteria, the updated methodology evaluates projects based on their primary project category. This change reduces scoring bias for multimodal projects and ensures that each project is assessed according to its primary function and expected outcomes.

Figure 6-1: Transportation Funding Flow Chart



2. Defined Project Categories:

Projects are now categorized into six groups: (1) Bike and Pedestrian, (2) Road Maintenance, (3) Road Capacity Increasing, (4) Road Operations, (5) Transit, and (6) Miscellaneous. This structure improves consistency in evaluation and better reflects the distinct goals and performance measures associated with each project type.

3. Tailored Criteria and Weighting by Project

Each of the five primary project categories (excluding Miscellaneous) uses criteria specifically designed for that category, with customized weighting across evaluation topics. This ensures that scoring reflects the relative importance of different outcomes depending on project type.

4. Improved Treatment of Multimodal Benefits:

Multimodal projects are evaluated based on their primary category but can receive additional credit through specific criteria related to multimodal connectivity. This approach maintains flexibility while avoiding disproportionate scoring advantages.

5. Addition of a Miscellaneous Category:

Fresno COG introduced a new category to capture projects that do not fit traditional infrastructure classifications, such as planning studies, Travel Demand Management programs, electric vehicle charging infrastructure, and other innovative initiatives. These projects are evaluated separately by Fresno COG staff based on their contributions to regional economic development, congestion mitigation, emissions reduction, and support for disadvantaged communities.

6. Enhanced Quantitative and GIS-Based Evaluation:

To improve consistency and reduce the burden on project sponsors, quantitative criteria are now scored by Fresno COG staff using GIS data provided by project sponsors. This ensures a more standardized and data-driven evaluation process.

Table 6-1: Criteria Weights by Project Categories and Evaluation Topic Groups

Topic weights	Bike & Ped	Maintenance	Capacity increasing	Operation	Transit
Mobility & Access	25%	20%	45%	30%	35%
Equity	20%	15%	15%	15%	20%
Safety	15%	10%	10%	20%	10%
Resiliency	20%	35%	10%	20%	20%
Deliverability	20%	20%	20%	15%	15%
Total	100%	100%	100%	100%	100%

Project Scenarios

Fresno COG continued efforts from the 2022 RTP to focus on alternative project lists that reflect the priorities of the five scenarios generated through the 2026 SCS process (discussed in Chapter 5).

As with the 2022 RTP, staff developed one revenue projection for the 2026 RTP (see Appendix B-5). However, distinct funding caps by project category were established for each scenario to reflect differing policy and investment priorities. These funding caps guide how flexible funding sources are allocated across project types within each scenario.

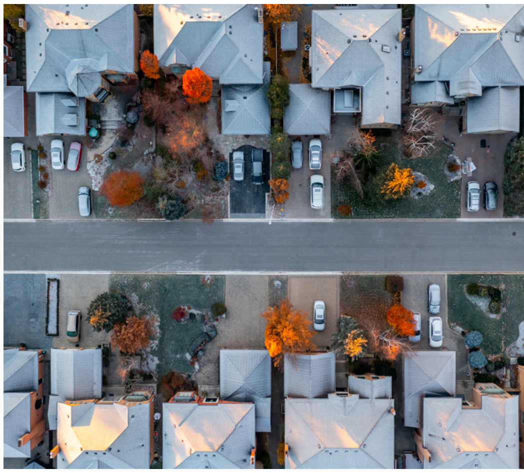
The primary differences among scenarios are driven by how flexible funding sources are distributed. Five major funding sources were adjusted to reflect scenario priorities:

- Surface Transportation Block Grant Program (STBG)
- Congestion Mitigation and Air Quality Program (CMAQ)
- Highway Safety Improvement Program (HSIP)
- Various local funding sources
- Future Measure C extension projected funding

The Five SCS Scenarios

SCS Scenario A - Fast Lanes Forward

This scenario focuses on making it easier for people to travel around Fresno County by expanding roads and reducing traffic jams. It includes building wider roads and adding new ones so people can get to work, school, or shopping faster. Unlike other scenarios, it emphasizes building new roads over improving existing infrastructure or investing in public transit. It also provides a variety of housing options, with a good mix of homes in both busy city areas and quieter suburban neighborhoods.



SCS Scenario B - Fix First, Grow Smart

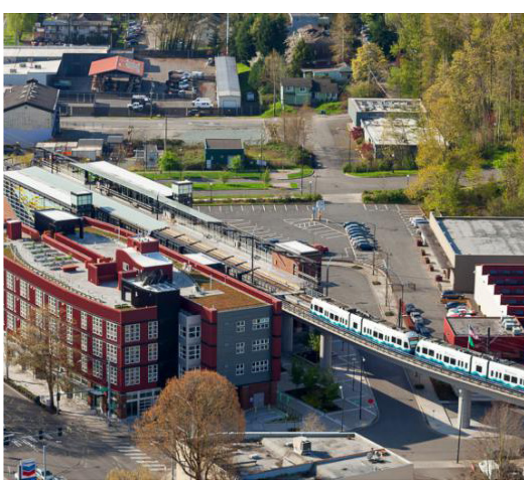
This scenario focuses on keeping Fresno County's roads in good shape, making driving safer and easier. It emphasizes fixing and improving existing streets so people can easily get to nearby places like shops, schools, and parks. Unlike Scenario A, which builds new roads, or Scenarios C, D, and E, which focus on public transit, this scenario prioritizes road maintenance and operation, and smart use of space. It reduces building in far-out areas compared to Scenario A and supports keeping neighborhoods compact, encouraging some redevelopment to existing areas to create a strong sense of community.

SCS Scenario C - Balanced Growth, Better Transit

This scenario balances fixing roads and improving public transit to help people get around Fresno County. It maintains existing streets, adds some new ones, and makes buses more reliable, unlike Scenario A's road expansion-heavy focus or Scenario B's maintenance and operation priority. New homes, shops, and offices are built in established areas, mixed together to create vibrant, walkable communities where everything is close by. It provides a balance between road maintenance and transit, as compared to the heavy transit plans in Scenarios D and E.

SCS Scenario D - Urban Light Rail

This scenario centers on expanding public transit with a new light-rail line in the Fresno-Clovis urbanized area connecting key places like shopping areas, the high-speed rail station, and the airport. It prioritizes easy access to transit for all, safer roads, and smart land use, unlike Scenario A's road expansion or Scenario B's maintenance focus. Growth targets areas near transit stops close to apartments, shops, and offices, encouraging compact, walkable neighborhoods. Compared to Scenario E, this scenario focuses more on urban travel rather than regional travel.



SCS Scenario E - Regional Rail, Connected Communities

This scenario emphasizes a regional commuter rail system to connect Fresno County's smaller cities and towns. It is built on Scenario D's urban rail but focuses on longer-distance travel across the region. Unlike Scenario A's road building, Scenario B's road maintenance, or Scenario C's balanced approach, it prioritizes public transit to link the entire county. It encourages high-density growth near rail stations with apartments, shops, and offices, to create walkable communities that are well connected across the region.

For each SCS scenario, Fresno COG established funding caps by project category based on the regional revenue projection and the intended transportation investment strategy. While project evaluation criteria and scoring remain consistent across all scenarios, these funding caps result in different combinations of projects being included in each scenario. A comparison of each project scenario by transportation funding priorities is shown in Figure 6-2: Scenario Funding Priorities and Funding Cap.

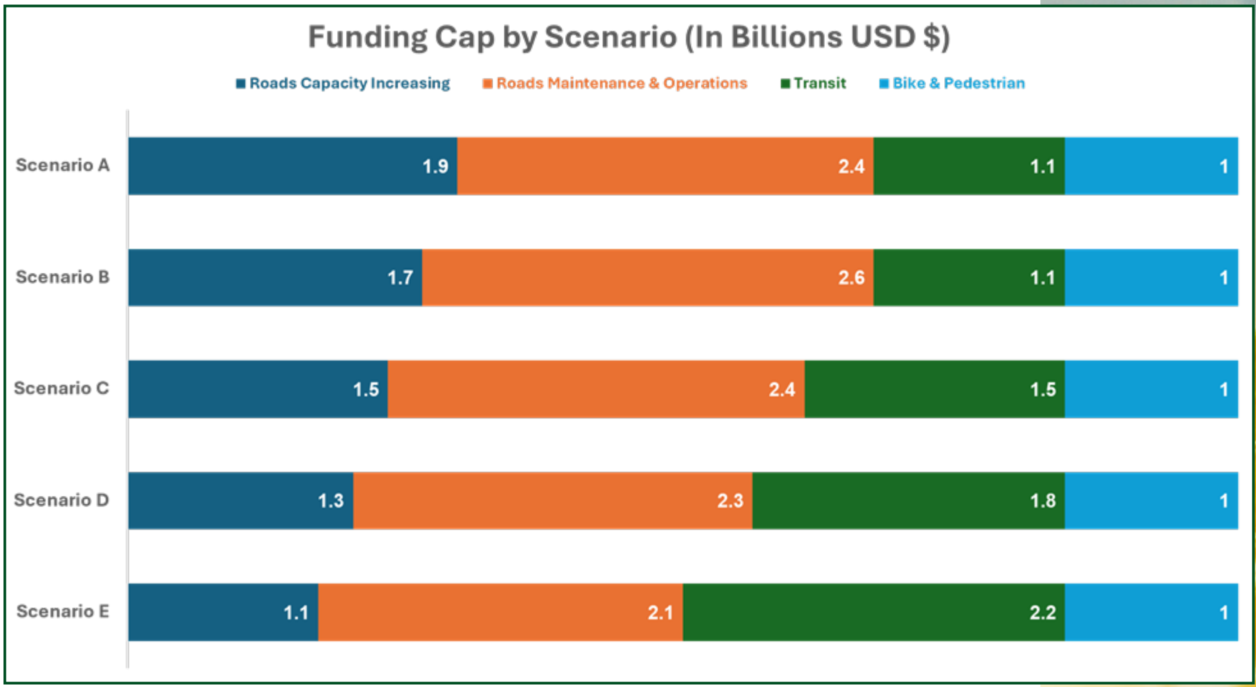


Figure 6-2: Scenario Funding Priorities and Funding Cap

RTP Call for Projects

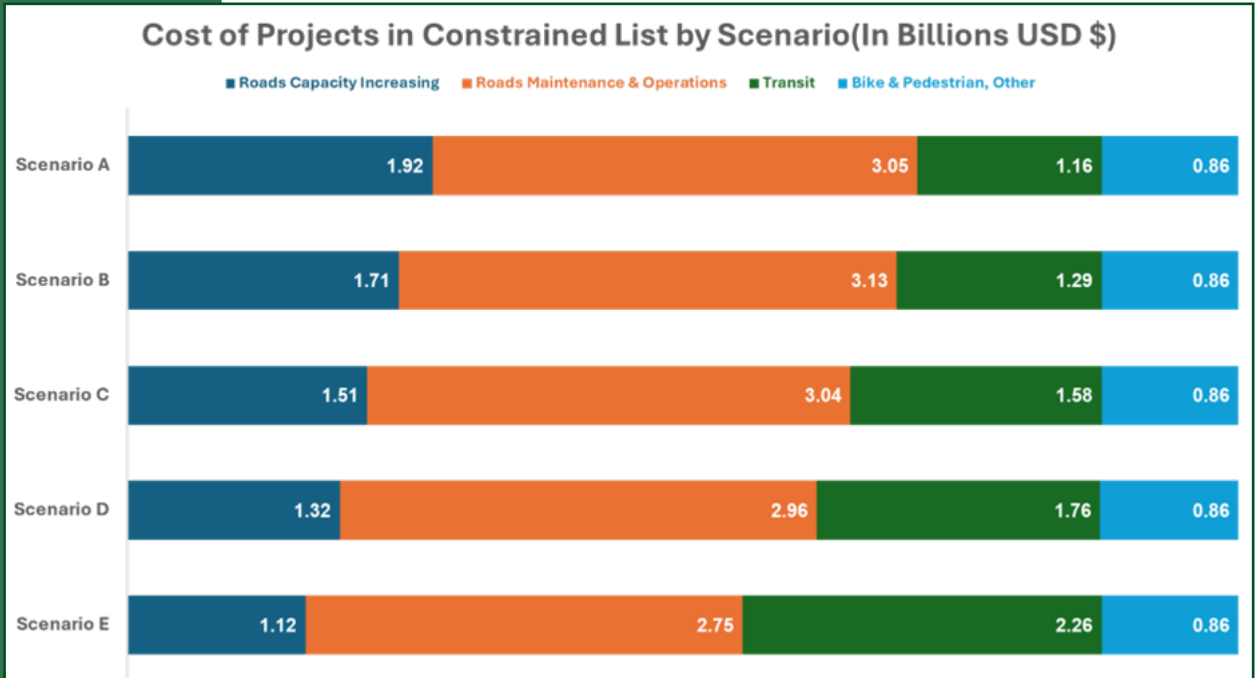
Fresno COG initiated the 2026 RTP's call for projects in Oct. 1, 2024, where the 16-member local jurisdictions, three transit agencies within Fresno region, and Caltrans District 6, were invited to submit projects that are expected to be completed in the RTP's 23-year lifespan, including: streets and roads, bike and pedestrian facilities, transit improvements, and miscellaneous projects, such as zero-emission vehicle (ZEV) plans and infrastructure.

Fresno COG received 2,827 project submittals. Fresno COG compiled all of the projects and compared total costs with its five project scenarios. None of the five scenarios will be fully funded based on revenue projections.

Following the initial evaluation, staff determined that available funding was sufficient to fully fund all bicycle, pedestrian and miscellaneous projects across scenarios. In addition, certain capacity-increasing projects that were originally only partially funded under the initial funding caps were fully funded using available surplus. The remaining surplus funding was then reallocated to the Road Maintenance & Operations and Transit categories. This reallocation was based on the proportional share of total project costs submitted within these two categories, ensuring a balanced and data-driven distribution of remaining funds.

The resulting revised funding caps by scenario, which also represent the total cost of projects included in the financially constrained lists, are presented in Figure 6-3.

Figure 6-3: Cost of Projects in Financial Constrained List by Scenario



On March 26, 2026 the Fresno COG Policy Board chose Scenario C as the preferred scenario for the 2026 RTP. See Appendix B-1, B-2 for the Preferred Scenarios constrained and unconstrained project lists.

The 2026 RTP financially constrained listing reflects an overall total of $6,984,484,000. Table 6-2 below reflects the project distribution per mode, categorized by percentage of total dollar amount and percentage of total projects.

Table 6-2: Revenues Programmed by Transportation Mode

	Total Dollars		Number of Projects	
Project Type	**Dollar Amount***	**Percentage**	**Numbers**	**Percentage**
Bicycle & Pedestrian	$802,251,000	11%	737	30%
Streets & Roads Capacity Increasing	$1,510,062,000	22%	220	9%
Streets & Roads Maintenance & Operations	$3,038,033,000	43%	1444	58%
Transit	$1,581,333,000	23%	75	3%
Miscellaneous	$52,805,000	1%	13	1%
TOTAL	**$6,984,484,000**	**100%**	**2489**	**100%**

Estimated to the $1,000's

Analysis of the Chosen Project Scenario

Scenario C consists of projects that sufficiently meet the region's policy goals and objectives in the following ways:

- Scenario C projects provide for an integrated and efficient highways, streets and roads network by focusing on projects that foster safety, maintenance, and operational improvements, as well as relieve current and future congestion.

- Scenario C projects preserve and promote existing transportation facilities through its focus on rehabilitating the existing roadway system and maintaining it in good repair.
- These projects work towards the goal of a safe, convenient, and continuous route system for bicyclists and pedestrians that interfaces with a multimodal transportation system.

Table 6-3 illustrates revenue investment by transportation mode from the 2018 RTP/SCS through the 2026 RTP/SCS update. Due to differences in accounting methodology, the 2022 RTP/SCS allocates multimodal project costs across categories, resulting in a higher reported share for bicycle & pedestrian and a lower share for capacity-increasing projects compared to other years; therefore, values for 2022 are not directly comparable. The 2026 RTP/SCS continues to emphasize investment in system preservation and multimodal improvements, with the largest share of funding directed toward maintenance and operations, followed by transit and active transportation. Overall, the trend reflects a shift away from capacity-expanding projects toward maintaining existing infrastructure and supporting alternative modes of travel.

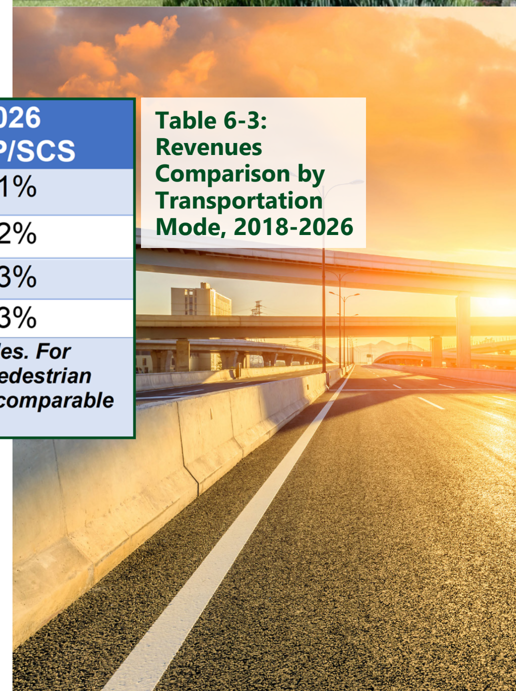


Table 6-3: Revenues Comparison by Transportation Mode, 2018-2026

	2018 RTP/SCS	2022 RTP/SCS*	2026 RTP/SCS
Bicycle & Pedestrian	8%	17%	11%
Capacity Increasing	34%	27%	22%
Maintenance & Operation	40%	39%	43%
Transit	18%	17%	23%

In the 2022 RTP/SCS, costs for multimodal projects were disaggregated and allocated across modes. For example, bicycle and pedestrian components of roadway projects were counted under Bicycle & Pedestrian rather than under capacity or maintenance categories. As a result, values for 2022 are not directly comparable with other years.

Maintenance & Rehabilitation

Like other areas in California, Fresno County and its incorporated cities suffer considerable unmet maintenance needs with regards to the rural, metropolitan and regional transportation networks. As population and travel demand continues to grow, maintaining existing infrastructure in a state of good repair remains a critical priority for the region.

The region's road network – with approximately 7,077 miles of roads – supports mobility for people and goods across the 6,000 square-mile county. The system plays a vital role in the county's multibillion dollar agricultural economy. As the No. 1 agricultural county in the United States ($9 billion+ annually), a considerable portion of the region's economy is dependent on efficient goods movement from farm to market. In addition, the road system serves the entire business community and offers mobility to the county's far-reaching corners.

A pavement management analysis Fresno COG commissioned in 2025 estimates that the regional road system across 16-member jurisdictions has a maintenance shortfall of approximately $2.6 billion under current funding levels. This gap reflects the ongoing need for preventive maintenance, rehabilitation, and system preservation to sustain infrastructure performance over time.

Consistent with Federal and State Transportation Performance Management (TPM) requirements, the 2026 RTP prioritizes maintenance and rehabilitation

through both the project evaluation process and scenario-based funding allocations. Maintenance projects are evaluated as a distinct project category, with criteria emphasizing system preservation, resiliency, and long-term asset condition. In addition, funding is allocated across scenarios to support maintenance and operations, ensuring that system preservation remains a core component of the region's investment strategy.

Other Potential Revenue and Funding Opportunities

Despite increased local, state, and federal funding sources throughout the last decade, regional and local agencies continue to experience a revenue shortfall for system expansion. This shortfall is expected to continue for three reasons: (1) the revenues to support the transportation network's maintenance and improvement are not increasing fast enough to keep pace with inflation, (2) the demands for more maintenance and improvements have expanded beyond the normal inflation rate, and (3) the projected increase use of electric vehicles (EVs) will inevitably lead to a growing loss in gas tax revenue. In 2013, the Congressional Budget Office reported that: "the current trajectory of the Highway Trust Fund is unsustainable. Starting the fiscal year 2015, the trust fund will have insufficient amounts to meet all its obligations, resulting in steadily accumulating shortfalls." Originally, transportation funding was established with a strong connection between revenue and expenses. Unfortunately, because of increased auto fuel efficiency, fuel taxes that have not historically been indexed for inflation and a new reliance on sales taxes, the previously strong connection to revenue sources and use has deteriorated. The following section discusses a variety of financing mechanisms that offer potential relief for the transportation revenue shortfall.

"Additional" Local Dedicated Sales Tax

The reauthorized Measure C 20-year tax is projected to generate approximately $1.4 billion through 2027. Sales tax revenues are always susceptible to revenue fluctuations that coincide with the region's economic health over the tax's life span. It is reasonable to assume that taxpayers will vote to extend the ½ cent sales tax after 2027, extending through the RTP's planning horizon.

Benefit Assessment District Fees

An assessment district is an area of land specifically benefiting from public improvement. A property tax assessment is levied against each parcel that benefits from the improvement, in proportion to the benefit. Bonds are then sold to finance improvements, which landowners repay over time. Traditionally this approach has been used to finance urban public improvement projects (i.e., sewer, water, curbs, gutters, etc.) on a community or neighborhood level. Using this approach on a "regional" basis has proven problematic because of the multiple legislative bodies (i.e., City Councils, Boards of Supervisors, etc.) necessary to achieve political consensus. In addition, there could be great difficulty in establishing a regionwide zone of benefit.

Cap-and-Invest Funds

AB 32 requires California to return to 1990 greenhouse gas emission levels by 2020. All AB 32 programs contribute to GHG reductions and will deliver an overall 15% reduction compared to the 'business-as-usual' scenario in 2020.

The cap-and-invest program is a key element in California's climate plan. It sets a statewide limit on sources responsible for 85% of California's GHG emissions and establishes a price signal needed to drive long-term investment in cleaner fuels and more energy efficiency. The program is designed to provide covered entities the flexibility to seek out and implement the lowest-cost options to reduce emissions.

In 2025, AB 1207 and SB 840 extended the cap-and-invest program through 2045 and included new provisions such as a $1 billion annual allocation to California's high-speed rail program and continued support for clean air and water programs, wildfire prevention, clean energy projects, and climate-focused innovation projects.

Congestion Pricing Strategies

Congestion-pricing (also known as peak-hour pricing) involves charging higher fees or fares to transportation system users during peak hours. Routinely, service demands exhibit a peaking characteristic related to the time of day or seasonal time of the year. For instance, the twice-daily work commute trip places significant demand peaks on the region's transportation network. This impact can be recovered from peak period users—rather than the system users as a whole — by charging fee during peak periods. There are few, if any, facilities in this region that operate consistently at levels of service that would warrant congestion pricing.

"Local" Motor Vehicle Fuel Tax

SB 215 allows counties to hold general elections for a local sales tax on motor vehicle fuel (gasoline, diesel) to finance the regional transportation network. The uses, execution, advantages, and disadvantages are like that of a sales tax. One advantage is that it is user oriented. Because fuel consumption is related to road use, heavier users bear a higher burden of the cost.

Instituting a local gas tax is a relatively equitable local financing option. Motor fuel taxes are easily administered and are tied to fuel prices that tend to rise with inflation.

Some issues relating to this type of program include:

- The ballot initiative requires approval from a majority of the city governments with a majority of the county's population
- Both a majority of city governments representing a majority of the population and the county supervisors must agree on a distribution formula before the measure can be placed on the ballot
- A two-thirds majority vote is required for approval
- Statutes do not limit the tax increase that may be considered

Motor Vehicle Taxes and Fees

An array of fees and taxes on motor vehicles could be increased and implemented statewide, regionally or locally to generate transportation funds. Examples include: vehicle registration surcharges (similar to the Air District's AB 2766 fees currently collected); increased surcharges on driver's license fees; mileage taxes; parts and repair excise taxes; heavy-vehicle taxes; fees for "vanity plates," tire

taxes, and personal property taxes on motor vehicles. One of this approach's drawbacks, however, is the need for enabling legislation (statewide, regionally, or locally).

The Public and Private Parking Fees

This mechanism increases public and private parking charges and institutes parking fees where parking is now free. Most cities in California, including Fresno, have become more aggressive in pricing downtown parking -- both at meters and in lots. In some cities, extending parking lot hours and substantially greater enforcement have increased parking fee revenues. Often these funds are treated as a general fund source rather than tied to specific transportation expenditures. If public parking fees were to be initiated, several issues would need to be addressed. For example, the fees would probably have to be implemented on a countywide or regionwide basis to address equity and consistency issues among the local jurisdictions. In addition to representing a potential revenue source, parking pricing has also been shown to be one of the most significant factors in reducing drive-alone trips and is used as a common transportation demand management strategy.

Recreational Trails Program

The Recreational Trails Program (RTP) provides funds annually for recreational trails and trails-related projects. The RTP is administered at the Federal level by the Federal Highway Administration (FHWA). It is administered at the State level by the California Department of Parks and Recreation (DPR). Non-motorized projects are administered by the Department's Office of Grants and Local Services, and motorized projects are administered by the Department's Off-Highway Motor Vehicle Recreation Division. Eligible applicants include cities and counties, districts, state agencies, federal agencies, and non-profit organizations with management responsibilities of public lands.

Regional Transient Occupancy Tax (Hotel/Motel)

The transient occupancy tax is a tax on visitor accommodations. These visitor-based taxes can be imposed on hotel/motel establishments in two different ways. One method is to tax each lodging establishment annually on a per-unit basis. Another method is a tax charged directly to the patron for each night of lodging. An advantage is that the tax does not directly affect residents. Its major disadvantages are its susceptibility to fluctuations in the tourist economy and the need to have the fees implemented on countywide or regionwide basis to address issues of equity and consistency among the local jurisdictions.

Regional Transportation Facilities Impact Fee

A regional transportation facilities impact-fee would distribute the costs of regional transportation facilities among all new development within the region, using the size of a proposed development or estimates of a project's trip generating capacity as a criterion. This type of development impact fee would be required to meet AB 1600 nexus findings to be implemented.

The reauthorization of Measure C required that all local agencies adopt a regional transportation impact fee by January 1, 2009, or risk losing their local street maintenance and rehabilitation funding authorized by the Measure. Fresno COG's

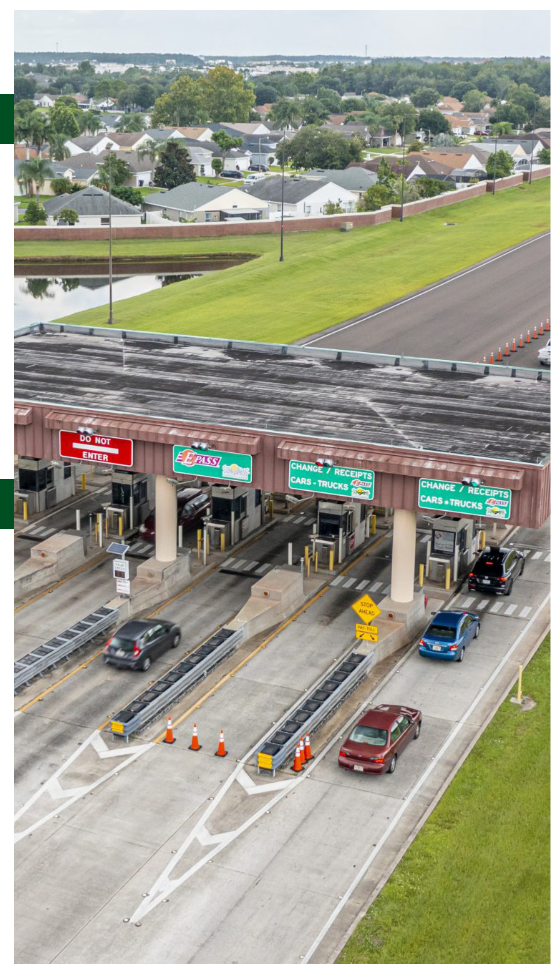
Policy Board adopted a regional transportation mitigation fee (RTMF) on Oct. 29, 2009, which became effective Jan. 1, 2010.

A similar mechanism is for developers to make dedications in lieu of paying development fees, such as land dedications, construction of public utility infrastructure, local roads or whatever type of public improvement is needed. The dedications must be linked to the impacts of the development on the regional transportation network to meet AB 1600 requirements. Development assessments with land use incentives can be used to encourage more transit-oriented and pedestrian-oriented development, which would reduce the demand, and subsequent need for extensive highway and road construction.

Toll Facilities

Tolls help finance roadway infrastructure construction, operation, and maintenance. This is a familiar source of funding for bridges, tunnels, and turnpikes, primarily along the East Coast; however, more and more toll facilities are being built in California. Tolling provides a means of generating up-front debt funding to construct transportation facilities without disturbing existing governmental agency budgets and programs or requiring new or additional taxes. Nevertheless, financing costs in terms of interest on debt over a bond's lifetime can be substantial. After a toll facility is completed, tolls usually provide income to operate and maintain the facility, as well as amortize the outstanding debt.

With new and emerging electronic toll-collection technologies, toll roads may be more feasible than before. Federal highway officials are reconsidering toll road merits to supplement urban transportation facilities. Problems that may face this region are the limited number of high- volume facilities that would justify toll collection, and the direct and indirect costs involved in collecting tolls.



Vehicle Miles Traveled Fee

As a remedy to the gas tax funding losses associated with increased EV usage, a vehicle miles traveled (VMT) fee is a vehicle-use fee based on the number of miles driven, which has the potential to generate substantial revenues, implement increased-mobility policy goals and is strongly related to transportation demand and congestion. VMT fees would appear to be a stable and growing source of revenue given Californians' propensity to use their automobiles. VMT fees would also maintain an ability to capture revenues from a growing fleet of alternative fuel vehicles within the state.

Emissions Fee

Conceptually, an emissions fee could work in a manner similar to the VMT fee program, except that user charges would be based on emission levels rather than miles traveled. The measure would be recorded at the time the vehicle is smog checked, and the driver would pay a fee based on a sliding scale. Revenue formulas would have to be adjusted due California's vehicle fleet becoming "cleaner" as older polluting vehicles are retired and replaced with vehicles that have improved emission technology.

A VMT fee program could be linked to the vehicle smog certification program. Although the Department of Motor Vehicles does not collect mileage data, the state is moving toward improved databases, while auto manufacturers are making vehicles with sealed, “tamper resistant” odometers. Proposals to implement VMT fees could also be adjusted for low-income and rural drivers.

FTA Section 5312

The National Research and Technology Program (49 U.S.C. 5312) seeks to improve public transportation by funding research, development, demonstration, and deployment projects. Eligible recipients are determined for each competition, and may include universities, public transportation systems, state DOTs, non-profit and for- profit entities, amongst others. Eligible activities include research, development, demonstration and deployment projects, and evaluation of technology of national significance to public transportation.

FTA Section 5313

The Transit Cooperative Research Program (49 U.S.C. 5313; TCRP) is an applied, contract research program that develops near-term, practical solutions to problems facing transit agencies. The transit industry-driven program promotes the public transportation industry’s operating efficacy by conducting practical, near-term research designed to solve operational problems, adopt useful technologies from related industries and introduce innovation that provides better customer service. The industry-driven program serves as one of the principal means by which the transit industry can develop innovative short-term solutions to meet demands placed on it.

Transportation Infrastructure Finance and Innovation Act (TIFIA)

The TIFIA program provides credit assistance for qualified projects of regional and national significance. Many large-scale, surface transportation projects – highway, transit, railroad, intermodal freight, and port access – are eligible. Eligible applicants include state and local governments, transit agencies, railroad companies, special authorities, special districts, and private entities. The TIFIA credit program is designed to fill market gaps and leverage substantial private co-investment by providing supplemental and subordinate capital. Each dollar of Federal funds can provide up to $10 in TIFIA credit assistance and support up to $30 in transportation infrastructure investment. A 10% set-aside for rural projects is included in TIFIA, as well as an increase in the share of eligible project costs that TIFIA may support; and a rolling application process.

Public-Private Partnerships

A public-private partnership (PPP or P3) represents a broad category of financing mechanisms used to harness public sector participation. PPPs have been used with mixed success in several states nationwide. California has enacted legislation to permit PPP approaches for transportation infrastructure development (Caltrans, 2013c).

Infrastructure Investment and Jobs Act 2021

The Infrastructure Investment and Jobs ACT (IIJA) is the existing Federal surface transportation bill signed into law on Nov. 15, 2021 and expiring in September 2026. The plan invests over $550 billion in new funding into transportation, broadband, and utility infrastructure for fiscal years 2021 through 2026.

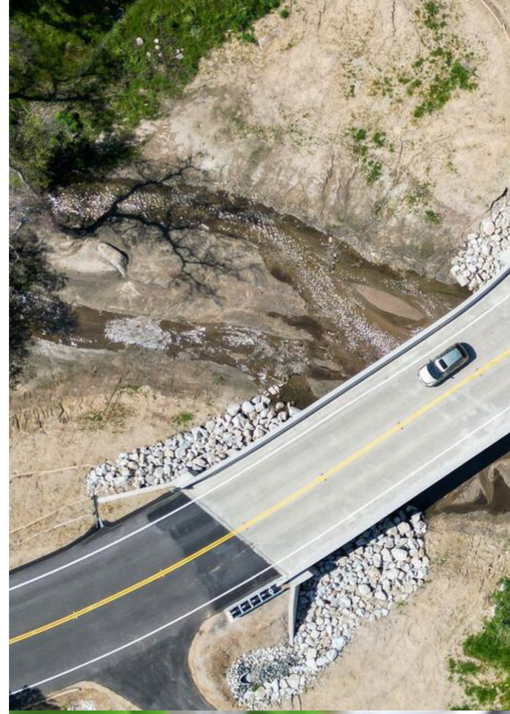
Of the $550 billion, $283 billion is designated for transportation projects as follows:

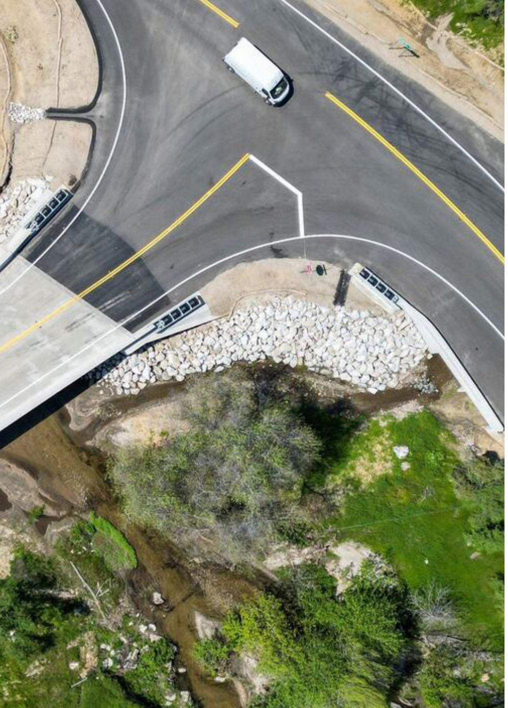
- Roads, bridges, and other major projects: $153 billion
- Freight and passenger rail: $66 billion
- Public transit and airports: $64 billion

The vast majority of the new programs in the legislation are both discretionary and competitive. Discretionary programs of note include:

- **Bridge Investment Program:** Projects that improve the condition of bridges as well as the safety, efficiency, and reliability of the movement of people and freight over bridges.
- **Congestion Relief Program:** Projects in large, urbanized areas to advance innovative, integrated and multimodal solutions to congestion relief.
- **Electric Vehicle Charging:** Grant program for Alternative Fuel Corridors.
- **Healthy Streets Grant Program:** To deploy cool and/or porous pavements and expand tree cover to mitigate urban heat islands, improve air quality and reduce weather-related infrastructure risks.
- **National Infrastructure Project Assistance (NIPA) Grant Program:** Supports multimodal, multi-jurisdictional projects of national or regional significance.
- **Passenger and Freight Rail Programs:**
    - ⇨ *State of Good Repair Grants* – To replace rail rolling stock past its useful life
    - ⇨ *Railroad Crossing Elimination Program* – Projects that make improvements to highway and pathway rail crossings
- **Reconnecting Communities Pilot Program:** Planning funds to study transportation facilities that create barriers to mobility, access, or economic development, and for construction funds to carry out a project to remove, retrofit or mitigate an eligible facility and, if appropriate, to replace it with a new facility.
- **Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation (PROTECT) Grant Program:** To improve transportation infrastructure resiliency.
- **Safe Streets and Roads for All Grant Program:** To develop and implement safety plans to prevent death and injury on roads and streets.
- **Strengthening Mobility and Revolutionizing Transportation (SMART) Grants:** Projects that incorporate innovative transportation technologies to improve transportation efficiency and safety.

As of the release of this document, a new surface transportation bill – the BUILD America 250 Act – to replace IIJA is under Congressional consideration.





From Planning to Programming

Local, State, and Federal transportation fund programming is a complicated process that ensures local agencies receive funds for projects that have either been allocated or awarded to them. What follows is an example of how a project moves from inception to completion within the Fresno COG programming system. A transportation funding flow chart is also included in Figure 6-1.

- A city/the county submits Main Ave Reconstruction from A Street to D Street [Main Ave Recon Full] during an RTP call for projects
- The total project cost (for all projects submitted) is compared against the revenue projections and it is determined that somewhere within the life span of the RTP there will be funding to complete Main Ave Recon Full
- Project is given a metropolitan planning organization (MPO) number and placed on the financially constrained project list within the 2026 RTP
- During the 2027 Federal Transportation Improvement Program (FTIP) update, Fresno COG holds a Surface Transportation Block Grant Program (STBG) call for projects

* STBG is just one of the many fund sources listed in the RTP and is listed here as an example only

- A city/the county submits Main Ave Reconstruction from A Street to B Street [Main Ave Recon P.1] to be considered for $100,000 in eligible funding
- The length of Main Ave Recon P.1 is a partial scope of the RTP project that represents the full scope (Maine Ave Recon Full), thereby affirming its inclusion on the 2026 RTP, so it is scored by the STBG scoring committee and ultimately awarded $100,000
- Main Ave Recon P.1 is programmed in the 2023 FTIP with $100,000 and the project listing in the RTP is updated to Main Ave Reconstruction from C Street to D Street [Main Ave P.2], now that the first segment has been fully funded
- When the city/county is ready to begin work on Main Ave Recon P.1 they submit a Request for Authorization (RFA) to Caltrans Local Assistance
- Caltrans Local Assistance and Caltrans Headquarters approve the request, and the funds are allocated to the city/county for use
- Once the funds are expended, the city/county must continue to submit invoices to Caltrans to receive federal highway reimbursement and in order to maintain active status, until the last dollar is spent and the project is closed out.