Financing Public Transit in San Diego

How SANDAG Can Transition Funds from Highways to Transit

(Cleveland National Forest Foundation
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Executive Summary

The San Diego region is plagued by traffic congestion and a serious deficit of public transit alternatives. Lack of funds is often cited as the impediment to increasing public transit investment. This report intends to demonstrate, by using SANDAG’s data, that it is indeed possible to finance large investments in transit. The main obstruction to financing transit is not related to a restricted budget, but instead is an issue of SANDAG’s planning process. This report analyzes the flexibility of SANDAG’s funds, and determines that the overwhelming majority of local, state, and federal funds can be transitioned from highway projects to transit projects. The financial breakdown by mode and by phase in the 2011 and 2015 Regional Transportation Plans are analyzed and compared in order to determine SANDAG’s long-term investments in different modes of transportation. The main planning issue that is identified in this report is the prioritization process, which does not allow highway and transit projects to be fairly compared for long-term sustainability. Based on case studies of other cities, this report offers solutions and recommendations as to how to incorporate early action plans, and a top-down multi-modal planning process. This will ensure that public transit can be prioritized and financed competitively against further highway expansion. SANDAG’s own data supports this report’s argument that increasing funding for transit is feasible, as long as the planning process is remedied.
I. INTRODUCTION

Increased investment in public transit infrastructure has become a proven necessity in heavily populated urban areas, such as San Diego. Transit is necessary not only in order to improve the environmental health of surrounding communities, but to also meet the State of California’s mandated standards for reducing our effects on climate change by 2050, and to empower urban residents with the accessibility to reliable transportation.

In developing more transit within San Diego’s urban core, SANDAG has proclaimed that one of the biggest obstacles in doing so relies upon the overall flexibility of the funding resources they have available to them. An examination of the funding sources that SANDAG has been utilizing for past transportation projects reveals that much of these sources can actually be redirected towards transit projects. Aside from previously utilized resources, case studies of similar metropolitan areas such as Portland, and San Francisco provide additional proof that a wide array of funding options are available to MPOs that are willing to invest in transit.

With so many resources available, effectively executed transit plans in other metropolitan areas throughout the country reveal that the true impediment to investment in transit is an issue of planning, not funding. By utilizing the various resources that can be made available for transit development, an early action plan ensures that an efficient and quality transit system can be created within San Diego’s urban core. This would require SANDAG to consider a transit-first planning alternative that does not rely as heavily on freeway and highway expansion in the outskirts of San Diego county, such that the transit projects, which San Diego is in dire need of, compete with unnecessary freeway projects for funding.

II. THE ABILITY OF SANDAG TO TRANSITION FUNDING FROM HIGHWAYS TO TRANSIT

In the past, SANDAG has relied heavily upon federal and state funds to finance transportation projects throughout San Diego County. Up to seventy percent of transportation funding was provided at the federal and state level nearly thirty years ago. However, understanding how SANDAG receives the sum total of funds being used for transportation projects in the present day now requires a much broader scope. SANDAG has since transitioned to an increased reliance upon local funds, such as Transnet, the local half-cent sales tax dedicated solely to transportation improvements. Transnet funding for transportation improvements in the region is divided into equal thirds between highway, transit, and local streets.1 Demonstrating the extent of this transition, in the 2050 RTP, SANDAG claims that the

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estimated total revenues of all types of funding received should be about $214 billion. Of this funding, $14.2 billion is projected to be coming directly from Transnet.

To finance the projects listed under the previous 2011 Regional Transportation Plan, SANDAG utilized a wide array of funding sources. It is necessary to understand the intended use of each funding source in accordance to the Regional Transportation Plan. Analyzing the type of funds that SANDAG receives and how this funding is planned to be spent reveals the overall flexibility that SANDAG has in applying such funds to alternative transportation projects. The flexibility that SANDAG does in fact have over the allocation of their funding sources reveals that money could be redirected towards transportation projects that promote active transit and increased mobility in San Diego’s urban core.

**GRAPHS OF FUNDING: Transportation Financial Background from the San Diego Forward 2015 RTP**

**Local Revenue**

The vast majority of local revenue is funded through Transnet, passenger fares, the General Fund, and the Transportation Development Act. All of those are flexible funds, meaning they are able to fund a variety of transportation projects, from transit to streets to highways. A breakdown of the $98 billion in local revenue reveals that only 10% of these funds are strictly designated for highways, and the rest is available to finance any mode of transportation depending on agency discretion. Therefore, there are very few impediments to local funds

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being used to fund transit projects, especially as Transnet can be reformulated with a ⅔ vote from the SANDAG board.

**State Revenue**

Flexible state funds still outweigh inflexible funds at 55% of the total. While the inflexible funds come from State Managed Federal Programs and State Highway Operations Protection Programs, the flexible funds are collected from State Transportation Improvement Programs and Transportation Bonds. There is great promise to increase transit financing through state funding.

**Federal Revenue**

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Federal Funds are the most flexible, with most of this 99% coming from Federal Transit Administration and Congestion Mitigation and Air Quality Improvement/Regional Surface Transportation Programs. In fact, the mere 1% of the inflexible funds originates solely from the Federal Highway Administration. This proves that federal funds have the greatest potential and flexibility to fund transit projects in the San Diego region.


RTP (2011) Transit Funding by mode by phase – In YOE \(^8\) millions of dollars \(^9\)

Analysis:

A comparison of the amount of funds allocated towards active transportation, transit, and highway projects in SANDAG’s 2050 Regional Transportation Plan from 2011 raises questions about their planning process. Active transportation such as bike and walk, had not been explicitly accounted for within the 2050 RTP’s Projects, Costs, and Phasing or the breakdown of funds being allocated towards various projects within any given year under the constrained revenue plan. Therefore in 2011, active transportation wasn’t truly a priority when compared to transit and highway projects. To make up for SANDAG’s lack of information on active transportation expenses, this report uses phasing for pedestrian and bicycle projects in place. Furthermore, when comparing how much funds will be dedicated to transit projects versus highway projects, the graph reveals that transit projects do not receive as much funding as highway projects until Phase 2050. If San Diego is aiming to meet the climate change mandates

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8 YOE: Year of expenditure. The dollar amount accounts for estimated inflation during the year of expenditure.

by 2050 and current demographic changes, this is much too late for transit projects to receive this kind of funding.

RTP (2015) Transit Funding by mode by phase – In YOE millions of dollars

Analysis:

While transit appears to constitute a large portion of the total funds, this is still not the amount of necessary investment in transit infrastructure that is needed. Based on SANDAG’s data, they fail to properly reduce greenhouse gas emissions through all phases. This chart explains why greenhouse gases are not set to continuously decrease: because it is unsustainable to continue to invest in highways even if there are significant investments in transit. In the 2050 phase, highway funds rebound to make up the majority of transportation investments. Compared to SANDAG’s 2011 RTP, not only is active transit considered in the 2015 San Diego Forward RTP, it also receives slightly more funding than in the previous RTP. It even appears as though less transit projects are planned for the later phases, while there are more planned during the earlier phases, which is another improvement made between the two RTPs. Regardless of these improvements, a much larger portion of funding is still allocated for highways than necessary.

Examples of SANDAG’s Funding Flexibility in Past Projects

When completing transportation projects that have been outlined in the 2007 RTP, SANDAG relies upon a combination of funding sources in order to supplement TransNet revenues. Examples of some of these recent projects include the expansion of HOV/managed lanes on the 805, 94, and 15 freeways. In some cases, the sources used to fund these projects

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were flexible, such that they could have been redirected towards public transit projects, which are proven to be more effective in reducing VMT than the expansion of freeways.

Of the various types of TransNet funding, TransNet-MC is utilized in the expansion of freeways. As a part of Proposition A, which extended the half-cent “Local Transportation Sales Tax” in San Diego County, TransNet-MC is designated specifically for “Major Corridors”. As mentioned in the explanation of the TransNet Ordinance, TransNet funds are flexible if SANDAG approves a new project proposal, or if state, federal, and local funding is exchanged between projects.

On the state level, Proposition B, the “Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006”, contains several funds applicable to the freeway expansion projects executed by SANDAG. Prop 1B-SLPP is the “State-Local Partnership Program Account”, and in order for a municipal planning organization to receive funding under this program, it must match state funding “dollar for dollar” with local revenue by means of a “voter-approved tax”.11 Another fund developed by Proposition B is Prop 1B-CMIA, the “Corridor Mobility Improvement Account.” According to The Department of Transportation, the same provisions apply to Prop 1B-CMIA as Prop 1B-SLPP, only Prop 1B-CMIA is intended to fund projects that “promote congestion relief, enhanced mobility, improved safety, and stronger connectivity”.12 Neither of these funds is immediately flexible to the extent that the transportation agency receiving funding may only be reimbursed for a project that has been approved by the state commission. However, an amendment can be made to a project at any time during its completion. In this case, an amendment to a project could be proposed which may include an increase in transit.

Another state fund being used is the TCRP, the “Traffic Congestion Relief Act of 2000.” Funds are disbursed in a similar manner to that of Proposition B such that SANDAG is reimbursed in accordance to how much local funding was applied to the project. These funds may also only be received for projects that have been approved, however changes allowing for the flexibility of the funds can be made. The State Commission needs 90 days to approve any proposal to replace an approved project in the case that it meets at least one out of four of the Traffic Congestion Relief Act’s conditions, with the exception that it doesn’t include intercity rail improvements.13 Therefore, funds can be redirected to a more transit-friendly project as long as the alternative project proposal receives approval from the State Commission.

The State of California also offers funding through the State Transportation Improvement Program. According to the California Transportation Commission, this program is intended to finance “highway improvements, intercity rail, and regional highway and transit

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improvements”.\textsuperscript{14} In developing a new Regional Transportation Improvement Plan, SANDAG provides the State with an estimate of funds needed to carry out the projects outlined in their plan. Funding is then provided through the Transportation Investment Fund.\textsuperscript{15} The various funds for the Regional Improvement Program includes the STIP-RIP, STIP-RIP NHS, and STIP-RIP NHS GARVEE, which have been applied to these freeway expansion projects. In addition the STIP funds being utilized under the Interregional Improvement Plan include STIP-IIP, STIP-IIP NHS, and STIP-IIP NHS GARVEE. Similar to the other state funds, STIP funds are also flexible so long as a submitted proposal for an amended project receives approval from the State Commission.

Caltrans receives funding from the State of California through the State Highway and Protection Program. These funds are inflexible and can only be used to aid state highway projects.\textsuperscript{16}

Following the Federal Intermodal Surface Transportation Efficiency Act of 1991, SAFETEA-LU was implemented in 2005 to offer increased flexibility of federal funding for transportation improvement projects.\textsuperscript{17} With the SAFETEA-LU is the DEMO-115 fund, a part of the “High Priority Demonstration Program”, as well as the HPP “High Priority Program” fund.

The federal CMAQ “Congestion Mitigation and Air Quality” program provides funding for projects that aim to improve the air quality of a region and relieve congestion.\textsuperscript{18} SANDAG is eligible to receive funding because the San Diego region does not meet the National Ambient Air Quality Standards. CMAQ funding is intended to provide a source of flexible federal funding for projects that would enable San Diego to meet the standards of the Clean Air Act. These projects include “metropolitan transit planning, statewide transit planning, congestion mitigation and air quality improvements, bicycle transit and pedestrian walkways.”\textsuperscript{19} These funds offer SANDAG extensive flexibility in that they may be applied to any project that meets the Surface Transportation Program guidelines.

The Surface Transportation Program referred to in CMAQ is a part of the federal RSTP “Regional Surface Transportation Program”.\textsuperscript{20} Although this program is currently being used by
SANDAG to fund highway improvements, capital transit costs are also eligible to be reimbursed through RSTP.

For both the I-805 North and I-805 South, HOV lanes are going to be created in the median of the highway from; Palomar Street to Route 94, Grove Street to 16th Street in National City, 20th Street to Plaza Boulevard in National City, and from Hilltop Street to Landis Street in National City. The total estimated cost of this project is $133,109,000.

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<td>Prop 1B - CMIA</td>
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Overall, 100% of the funds used to finance the expansion of the I-805 could potentially have been redirected towards a transit-based project. Although Transnet requires a vote by SANDAG to allocate more funding towards transit projects, CMAQ, Prop 1B, and RSTP all offer SANDAG flexibility in proposing amendments, that if transit-based, would surely be approved by the State Commission.

Caltrans also intends to expand the 94 freeway to allow for 2 HOV lanes to be added to the median. In total, this project is estimated to cost $32,600,000.

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At the minimum, the $20,000,000 allocated to the expansion of the 94 Freeway could potentially be used to fund a project that would make public transit more competitive with automobile usage than the addition of HOV lanes. All that is required is that a proposal for an amendment to the project be approved.

Finally, the I-15 is being expanding to allow for the creation of 4 managed lanes for the I-15 North and I-15 South within a fixed median. The project is broken into sections between the north, middle, and south, however it is estimated to cost about $1,051 million. The north

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segment of the project extends from Valley Parkway to half a mile north of the Route 78. Although the middle segment boundaries are not listed on Projecttrak.sandag.org, the south segment continues from Pomerado Road to Carroll Canyon Road.23

Aside from Transnet funds, where flexibility will prove to be more complicated, the only funding that is completely restricted from financing transit projects is the Highway Protection Program. Therefore, the overall flexibility of the funds used to finance the I-15 project depends


upon SANDAG and their desire to amend current projects in favor of ones more transit-based to receive approval from the State Commission.

III. ANALYSIS OF TRANSNET FUNDING

A ballot vote in 2008 approved the 40-year extension of the half-cent sales tax providing revenue for Transnet, the local transportation improvement project ordinance.\(^{25}\) In the 2007 RTP, SANDAG projected that the extension of the sales tax will provide over $14 billion in transportation revenue. The revenue is then distributed in equal thirds between transit, highway, and local road projects.\(^ {26}\) The fact that the money is distributed according to this formula results in the overarching issue with project prioritization, such that transit projects do not compete with highway projects for more funding. Although one-third of all funding has already been earmarked for transit, SANDAG does have the ability to allocate more funding toward transit with a 2/3rd vote.\(^ {27}\)

With the 40-year extension of the TransNet Ordinance, it was projected that $5,150 million in TransNet revenue would be acquired through the tax in order to match $4,795 million in federal, state, and other local revenues for highway and transit capital improvements. These highway and transit capital improvement costs also include funds to be spent on habitat mitigation. Additionally, $2,240 million is planned to be spent on transit projects and system improvements, $4,480 is designated for local street improvements and maintenance, and finally an estimated $280 million is for the Bicycle, Pedestrian, and Neighborhood Safety Program. Up to 1% of of TransNet revenues may be used to fund administrative costs, with another $250,000 spent on ITOC per year.\(^ {28}\) The ITOC is the Independent Taxpayer Oversight Committee which oversees that TransNet funds are being spent in the manner than they were originally intended to be spent.\(^ {29}\)

Aside from having the ability to adjust the formula in which funding is designated for transit, SANDAG is also able to transfer or exchange TransNet revenues to different types of projects under two circumstances. TransNet funds may be transferred, loaned, or exchanged between two projects. In this case, the only requirement is that the projects both align with the guidelines of the original funds being received. Depending upon the funding sources being used to match TransNet in certain instances, this may require approval from the State Commission.\(^ {30}\)


On the other hand, TransNet funding may also be transferred to another project if it is determined that it will maximize the cost effectiveness of the project. So if the expense will eventually produce more revenue than the original allocation, the funds may be transferred.

**Capital Investment of Highway and Transit Projects by TransNet in San Diego Forward**

![Graph showing the distribution of TransNet funding between transit and highways.]

Although the data from the graph above has been collected from Table A.1 of the San Diego Forward Regional Transportation Plan, which lists the Capital Improvement Projects under the Constrained Revenue Plan, the graph compares the funds that have been pre-allocated for the listed transit and highway projects. According to the constrained revenue plan, $9,125 billion is planned to be spent on the transit projects listed in the RTP. This is very little compared to the $27,702 billion that is intended to be spent on highway projects which include; managed lanes and toll roads, highway operational improvement costs, managed lane connectors, freeway connectors, and overall highway projects. This graph raises the question of how TransNet funds are genuinely distributed into equal thirds among transit, highway, and local road projects and whether the projects that SANDAG considers transit projects are truly transit projects at all. So even though this is exclusively for Capital Improvement spending, it is apparent that not enough funding is being dedicated to transit projects in the most recent RTP. Information from the 2014 Regional Transportation Plan supports this as the I-5, I-805, and I-94 expansion projects have all been categorized as “multi-modal”.

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IV. PROBLEM: PRIORITIZATION PROCESS OF PROJECTS

SANDAG’s questionable approach to the planning and prioritization of transportation projects has burdened our region with unsustainable urban sprawl and a lack of public transit. These limitations of SANDAG’s planning procedures are found in their piece-meal planning methods and their separate evaluation of highway projects and transit projects.

Freeway expansion is often justified with the premise of increased vehicle miles traveled (VMT), and therefore must be met with additional highway investment. As shown in Figure 1, SANDAG actually does recognize that the VMT growth rate will slow in the future, yet contradicts this forecasted trend with the continuation of plans to increase roadway capacity at high costs. This is a classic example of “assumption drag”, which is “the tendency to maintain assumptions based on past trends, even after they have lost their validity.” SANDAG’s antiquated highway expansion planning does not align with future VMT trends, and is a major flaw in their transportation prioritization process.

Figure 1: SANDAG VMT Forecasts in 2007, 2011 and 2015 Regional Transportation Plans

![Graph showing VMT forecasts from 2007 to 2050.](Image)

Another flaw is that SANDAG’s bottom-up approach to planning is project-based, and therefore does not permit the establishment of a complete transit network infrastructure.

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Transit cannot be competitive when it is only evaluated on a project-by-project basis, and can only be effective and efficient when it is analyzed as an entire functioning system. Therefore individual transit projects are destined to fail, especially when in competition against the extensive highway and road network.

Because SANDAG ranks projects separated by different mode, transit and highways projects can never be evaluated alongside one another. The strongest transportation projects must be analyzed against all modes, not just within their category. A segregated transportation mode assessment prevents the increase of transit mode share. Especially because there is a relationship between increasing transit mode share and reducing vehicle mode share. SANDAG’s project ranking continues to promote “congestion relief” as factor to increasing mobility, when in reality congestion relief is synonymous with increasing highway capacity. Also, by categorizing HOV and Managed Lanes as transit, SANDAG continues to perpetuate the unsustainable auto-centric culture of the region. The Independent Transit Planning Review agrees, and “the panel felt that the current RTP’s focus on managed lanes promotes auto-oriented development and makes transit less competitive in serving new markets.”

Meanwhile, SANDAG fails to properly recognize the importance of decreasing greenhouse gas emissions measured by VMT reduction. In order to reduce greenhouse gas emission VMT must also be reduced, and both of these factors must be taken into consideration in the project evaluation process. SANDAG must redesign how they evaluate and prioritize projects, so that different transportation modes can be accurately compared.

As with the separated planning process, Transnet funds are also divided amongst each modal category. State and federal matching funds are also separated in SANDAG’s Revenue Constrained Plans, which means that funds are pre-allocated into categories. This process ensures that funds are divided first and then the plans are devised, which leaves little room for reallocation of funds for different modes. This makes diversifying mode share impossible, because any future funds are already destined for a specific transportation mode. For example, highway projects do not compete with transit projects for more funding, and this process does not allow funding to be reallocated to any additional transit projects.

Based on these limitations, it is clear that SANDAG’s project prioritization process is constrained, not their budget. Ultimately this is an issue of planning--not funding, and in order to make transit more competitive SANDAG must change their process of planning and funding allocation.

V. CASE STUDIES

• San Francisco’s Metropolitan Transportation Commission

Project Prioritization

San Francisco’s Metropolitan Planning Organization, MTC, performs a cross-modal prioritization process by utilizing outcome-based performance measures. The project types that undergo cross-modal prioritization include: freight, highway, transit, ferry, bicycle, and pedestrian. Scores are assigned to each project based on its influence in 10 target areas derived from the three “E’s” of sustainability: Economy, Environment, and Equity. Neither of these categories has more weight than another. Some examples of these performance targets include: reduction in VMT, increase mode-share, greenhouse gas emissions, equitable access, public health, and adequate housing. Projects are also evaluated based on a benefit-cost assessment in the long-range transportation plan, and compares forecasted scenario outcomes to regional targets.

The majority of funds allocated to these projects are from local sources, such as transportation sales taxes, toll bridge revenue, and regional gas taxes. However state funds such as STIP/ITIP and federal fund such as STP, HSIP, and CMAQ also are prioritized across modes. Flexible federal funding is designated for projects once the region establishes their transportation priorities. San Francisco’s MPO, the Metropolitan Transportation Commission, first prioritizes transportation projects based on their long-range plan, and then make decisions on flexible federal funding.

• Portland, Oregon

Transitioning Funds from Highway to Transit

Portland is proud of its long history of transitioning funds from highway projects toward transit projects. In 1976 Southeast Portland residents refused to allow a proposed eight-lane freeway that would have cut through neighborhoods, officials took note and instead decided to designate this money towards transit. Not long after the city removed a downtown freeway and constructed the Waterfront Park. This trend accelerated and by 1986, the MAX Light Rail was opened using funds that were originally earmarked for freeway projects.

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Flexible Funding

Flexible funding in Portland plays a significant role in paying the debt service on bonds issued, in order to fund some of the local share of a few New Starts projects. Officials said that this freedom to utilize flexible funding for capital investments has been critical in meeting the transit priorities of Portland. Portland Metro combines programs into a large flexible fund in order to best adhere to their regional development policies. Federal transportation plans such as CMAQ, STP, and TAP are combined into a comprehensive TIP process of Regional Flexible Funding. These flexible funds are distributed based on achieving goals of the region, such as increasing active transportation. There is an application process that identifies projects by these goal areas, and once deemed eligible, Portland Metro determines the most suitable source of federal funds. The state of Oregon, transit agencies, and sub-regional committees all contribute input in the project prioritization process. By determining regional goal objectives and then selecting projects, this is an example of top down planning.

Project Prioritization

The Oregon DOT amended the outdated mode-segregated Statewide Transportation Improvement (STIP), and now instead divides STIP funds into two general categories. The first include the maintenance of existing statewide infrastructure, and the second category of funds are reserved for projects that will enhance the transportation system. These enhancement projects are submitted mainly by MPO’s and then are evaluated by the Oregon Transportation Commission, based on ten benefit categories. Oregon’s standardized application permits a mode-neutral evaluation in order to compare projects that are competing with one another.

One method utilized by Portland’s MPO is a set-aside fund for projects that are related to build out a transit system. Portland’s Metro established a long-term set-aside of STP and CMAQ funds ($144.8 million between 2012-2025) in order to fund regional transit projects during the light rail construction. This practice can be adopted by MPOs in order to designate regional transportation priorities, and to address funding needs of private capital. By initiating this multi-year funding commitment, the region used this in the commercial bonds market to ensure additional funding. This is an example of early action planning and funding, and also involves mode evaluation. Portland has adopted a systematic early action plan for transit, by identifying the most important transportation priorities.

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TriMet Funds

TriMet is the Portland region’s provider of bus, light rail, and commuter rail transit services. The operational services provided by TriMet is funded by a variety of sources, most notably payroll taxes (54.46%), passenger revenue (22.49%), federal grants (14.28%), and the rest is a combination of other sources, interest, and state and local grants. The payroll tax is the most significant source of revenue, and is collected by businesses that are located within the TriMet service area.44

Unlike San Diego’s TransNet, TriMet funds are reserved solely for transit purposes, and removes the issue of funding competition between transportation modes.

VI. EXAMPLES OF ALTERNATIVE FUNDING SOURCES

• The Federal New Starts Program - Portland, Oregon

The New Starts program is a financial resource of the Federal Transit Administration under the Department of Transportation. These funds are designated for the purpose of supporting transit capital investments, which are locally-planned, put into action, and managed. New Starts programs invest in heavy rail, light rail, commuter rail, and bus rapid transit systems. In order to qualify for New Starts, projects must comply with a number of criteria, such as improved mobility, environmental benefits, economic development, and more.45

The Tri-County Metropolitan Transportation District of Oregon (TriMet), is extending the Yellow Line light rail to be double-tracked. The purpose is to link downtown Portland to urban growth neighborhoods across the river and this will increase the access to transit to employment and activity hubs. The entire cost of the project under the Full Funding Grant Agreement is $1,490.35 million, and the Section 5309 New Starts funding share is $745.18 million (Federal Transit Administration). Currently this light rail extension construction is underway and nearly complete.46

• State Transportation Improvement Program - San Francisco, California


The Transportation Improvement Program (TIP) is federally required to be updated every two years, and is a complete list of all surface transportation projects. The TIP is financially constrained by year, and must devise a financial plan that confirms the proposed projects can be enacted.47

The San Francisco Muni New Central Subway is an expansion of a Light Rail line project on Third St. Out of the total funding of $1,578,000, the current 4-year TIP funding covers $771,179. This transit extension project is sponsored by the San Francisco Municipal Transportation Agency.48

• **Prop K Local Sales Tax - San Francisco, California**

This half-cent local sales tax was approved by 75% of San Francisco voters in 2003, and funds transit, bike, and pedestrian projects, and street and traffic safety. Voters also approved a new 30-year Expenditure Plan, that determines the projects that will be funded by the Prop K sales tax. Each year Prop K generates around $77 million, of which 65% finances transit, and the remaining is spent on paratransit, streets, traffic safety, and system management. Prop K assists in funding the Regional Transportation Plan, Sustainable Communities Strategy, and other initiatives. The Early Action Program also utilizes the Prop K sales tax, as well as federal, state, and other funds for projects. The 5-year Prioritization Program incorporates a transparent prioritization methodology to determine which projects that should receive Prop K funds.49

### VII. SOLUTIONS & RECOMMENDATIONS

• **Flexible Funds**

A report from the United States Government Accountability Office concluded that flexible federal funding provides support to state and local transportation priorities. States and metropolitan planning organizations (MPO) are permitted to fund transit projects using flexible funds such as the Surface Transportation Program (STP) and the Congestion Mitigation and Air Quality Improvement Program (CMAQ). States have the ability to transfer flexible funding between highway and transit projects, and California transferred almost 40 percent of its apportioned flexible funding for transit projects from 1992 to 2006. The GAO reveals that state and local officials report that even when highway dollars are transferred to transit projects, this has very little impact on highway spending.50

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The Innovative MPO by Transportation for America, also recommends that MPOs take advantage of the flexibility to transfer funds from their Federal Highway Administration (FHWA) accounts to transit investments. These transferred transit dollars can even be utilized for the purpose of bicycle and pedestrian projects that would provide access to transit.51

As verified in the case studies of San Francisco and Portland, it is very practical and effective to utilize federal funds for transit. Section I of the this report also confirmed that the majority of local and state funds are flexible and can be transitioned to funding transit. In fact, the flexibility of the funds is not constrained, it is actually the planning process that is constrained.

• Reorganize the Process: Top-Down Planning

While the case studies in Portland and San Francisco demonstrate the importance of flexible funding, the role of planning and project prioritization cannot be understated in establishing an efficient transit system. The Independent Transit Planning Review recommended to SANDAG that,

“The regional transit planning approach should be a top-down effort, starting with creating a good system plan and then bringing the process to the corridor level. Ensuring that a strong, critical network is in place to achieve the desired modal share is the most important factor to be considered.”52

The ITPR confirms that SANDAG must transition from individual project planning, to establishing a complete network based on regional goals.

• Early Action Planning

SANDAG must invest more heavily in early action projects for transit, in order to advance progress in completing an efficient transit network and reducing greenhouse gas emissions. Their most recent 2015 RTP is still extremely highway-focused and auto-centric, which is a major impediment to adequately funding transit projects. Although they have implemented a Regional Bike Early Action Program, this is ineffective without also being supplemented by a complete transit network. This is because transit, bike, and walk must be established as a package in order to function correctly as a network. SANDAG has many more Early Action Programs for highways than it does Early Action Program for transit,53 and this

disparity in project prioritization continues to perpetuate San Diego’s highway dependency. SANDAG could reach the region’s transportation goals by implementing more early action planning for transit, bike, and walk, in place of further early action plans for highways. By following the example set in Portland, SANDAG could set aside STP and CMAQ funds for the sole purpose of transit. By setting aside local, state, or federal funds for transit, this will ensure that these projects are prioritized and completed.

- Project Prioritization Based on Multimodal Evaluation

   Early Action Plans are a result of project prioritization, so first a region must determine which modes and projects are of greatest importance to their transportation goals. San Francisco developed a cross-modal prioritization process based on 10 target areas of sustainability. This allows transit projects to be compared directly against highway projects, which will be evaluated based on sustainability performance measures and benefit-cost assessments. State and Federal Funds are distributed based on this cross-modal evaluation. Portland also promotes a mode-neutral prioritization, to allow for equal competition between highway and transit projects. The fact that SANDAG’s prioritization process is mode-segregated is a major flaw in their project assessment, and must be modified in order to create a more sustainable transportation network.

VIII. CONCLUSION

   The need to increase transit investment and decrease highway expansion is an issue that influences air pollution, water pollution, habitat destruction, social justice, and quality of life. Yet today, smart city building is not just a regional issue, but also a global concern of alarming proportions. The reality of greenhouse gases and climate change should be cause enough to drive politicians to action. Lack of funding is often blamed by local government as the impediment to funding transit. Yet as this report explains, there is no shortage of funds. Instead, it is SANDAG’s planning and funding process that is biased toward highways and against transit. Based on the case studies, it is clear that when an MPO is truly dedicated to sustainable city planning, funding is no limitation. It is the planning and prioritization of these funds that need to be reorganized to better meet the needs of the San Diego region.
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