CHAPTER 5
FINANCIAL ELEMENT

The Financial Element identifies the current and anticipated revenue sources and financing techniques available to fund the planned transportation investments described in the Action Element. The intent of the Financial Element is to define realistic transportation financial constraints and opportunities with current available data.

This plan element provides a thorough assessment of project costs and revenue assumptions for each mode of transportation. The Regional Transportation Plan / Sustainable Community Strategy (RTP/SCS) must be financially constrained in accordance with air quality conformity requirements. As such, this chapter must ensure that projects, which are needed to enhance mobility and accessibility throughout the County, are also financed within the timeframe of the Plan (year 2046) and reduce air emissions consistent with reduction targets. This chapter also includes a description of unmet transportation needs, maintenance and operation needs, and the potential for new financing strategies/sources of funding to address revenue shortfalls, if applicable.

The focus of this financial analysis is to forecast the County's transportation system capital, operating, maintenance, and rehabilitation needs and costs relative to reasonably available forecasted revenue and optimize transportation investments in Madera County. This effort reveals the magnitude of transportation network needs and the projected funding gap that must be bridged or backfilled to address identified needs. The overall economic outlook will be a significant determinant in funding availability over the planning horizon. Key components addressed in this section are:

- Summary of costs to operate and maintain the current transportation system.
- Projections of costs and revenue to implement projects in Chapter 4 – Action Element.
- Existing and potential transportation funding sources.
- Consideration of the unconstrained list of candidate projects if funding becomes available.
- Potential funding shortfalls.
- Consistency between the improvement projects listed in Chapter 4, the Interregional Transportation Improvement Program (ITIP), and the Regional Transportation Improvement Program (RTIP).
- Addresses the specific financial strategies required to ensure Transportation Control Measures (TCM) from the State Implementation Plan (SIP) can be implemented.

Projections of potential federal, State, and local funding are reflected, along with projected costs of proposed transportation projects through 2046. Extensive public participation outreach efforts undertaken during development of this RTP/SCS provide a firm basis for reflecting projects consistent with the desires of the community. As a result, this section was developed collaboratively with Madera County jurisdictions ensuring that the selection of transportation projects by the region is reflective of public input.

Maintenance and rehabilitation of Madera County's multi-modal transportation system will be an ongoing effort throughout the planning horizon of this Plan. While the significant emphasis is placed on sustainable communities' strategies; maintaining, rehabilitating, and operating the County's existing transportation modes will be vital to ensure ongoing connectivity and a balanced and diverse transportation network.

Financially Constrained Plan

Per federal law (23 CFR part 450.324), the RTP/SCS is required to be "financially constrained," reflecting those projects that can be realistically funded based on projected revenue and funding opportunities. Projects identified as needed but for which funds have not been identified are also included as unconstrained projects and would receive priority should funding become available. Challenges posed by this Plan become evident as the cost of identified transportation needs exceeds projected funding.

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 improvements needs 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 increased use of electric vehicles (EVs) will inevitably lead to a growing loss in gas tax revenue. 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 sections discuss some financing mechanisms that offer potential relief for the transportation revenue shortfall.

Senate Bill 1 – The Road Repair and Accountability Act of 2017

Senate Bill (SB) 1 was signed by Governor Brown on April 28, 2017. SB 1 increases several taxes and fees to raise over $5 billion annually (Statewide) in new transportation revenues. SB 1 prioritizes funding towards maintenance and rehabilitation and safety improvements on State highways, local streets and roads, and bridges and to improve the State's trade corridors, transit, and active transportation facilities.

Approximately $7 million per year in revenue is earmarked for local street and highway maintenance, rehabilitation, and other eligible uses, including complete streets projects, traffic signals, and drainage improvements.

Infrastructure Investment and Jobs Act

On November 15, 2021, President Biden signed the Infrastructure Investment and Jobs Act (IIJA) (Public Law 117-58, also known as the "Bipartisan Infrastructure Law") into law. The Bipartisan Infrastructure Law (BIL) is the largest long-term investment in our infrastructure and economy in our Nation's history. It provides $550 billion over fiscal years 2022 through 2026 in new Federal investment in infrastructure, including in roads, bridges, and mass transit, water infrastructure, resilience, and broadband.

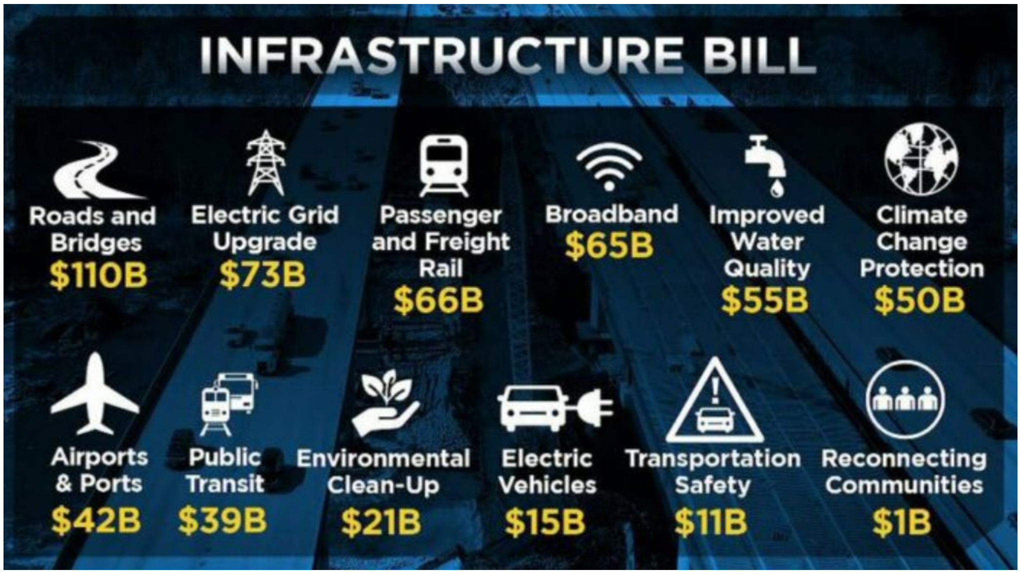
The Bipartisan Infrastructure Law provides the basis for Federal Highway Administration programs and activities through September 30, 2026. It makes a once-in-a-generation investment of $350 billion in highway programs. This includes the largest dedicated bridge investment since the construction of the Interstate Highway System. New programs under the BIL focus on key infrastructure priorities, including rehabilitating bridges in critical need of repair, reducing carbon emissions, increasing system resilience, removing barriers to connecting communities, and improving mobility and access to economic opportunity.

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

Figure 5-1 details the allocations more in depth.

Figure 5-1 National IIJA Funding by Purpose



Most of the new programs under the IIJA are discretionary competitive programs. New discretionary programs of note include:

- Bridge Investment Program: Projects that improve bridge condition as well as bridge safety, efficiency, and reliability to move 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 multi-modal, 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 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's resilience Safe Streets and Roads for All Grant Program: To develop and apply 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, the IIJA's new funding programs are still under agency policy development and implementation.

Projected Revenues

A projection of reasonably available revenue is required to determine how many proposed projects can be fully funded through 2046. This Element of the RTP/SCS reflects traditional or historical growth trends in transportation funds available from a variety of federal, State, and local sources. Consistently reliable sources of funding, such as the excise gas tax, however, may become less stable as fuel sales decline and transportation costs rise. The continuation of Measure T, local sales tax measure, and the collection of projected County-wide impact assessment fees are assumed. The loss of these large revenue sources would significantly impact the ability of the County to deliver projects.

It is acceptable practice to identify funding sources that are reasonably expected to be available during the planning period. Measure T is the second transportation sales tax measure passed in Madera County, which provides ½ percent sales tax proceeds for transportation projects and programs. It is therefore expected that Measure T will be renewed by, or prior to, the year 2027, which is when the Measure sunsets. Recent efforts have been made to look at placing a Renewal Investment Plan on the November 2022 ballot. Financial assumptions are always based on uncertainty and the federal and State funding sources used to develop the financial constrained revenue projections are also based on the assumption that Congress and the State of California will continue to appropriate funds. When funding sources or programs are eliminated, or when Congress passes new transportation reauthorization legislation, the RTP/SCS is updated to reflect those changes.

Several key revenue assumptions were made to develop the finance program described in this chapter and are described below.

Revenue Assumptions

The RTP's estimated revenues assume an inflation rate for each source and are reported in expenditure year dollars. MCTC also relied on the following assumptions for revenue and cost projections:

- Availability of historical revenue through 2046 for all transportation modes and systems.
- Bipartisan Infrastructure law (BIL) reauthorization with historical program revenue allocations.
- Extension of Madera County's Local ½ Percent Sales Tax (Measure T) beyond the year 2027 to 2046.
- Availability of projected County-wide impact fees.
- Projected state and federal highway revenues reflect the average amounts programmed in the State Transportation Improvement Program (STIP), which is a combination of the Regional Transportation Improvement Program (RTIP) and the Interregional Transportation Improvement Program (ITIP). These projected revenues are consistent with the CTC-adopted, five-year STIP fund estimate.

Table 5-1 shows the cumulative available transportation revenue in constant dollars for all modes by funding source. $2.64 billion is projected for the planning period (year 2022 through 2046). $2.229 billion or 84.43

percent of projected revenue through the year 2046 will be expended on streets and highways which includes $1.197 billion or 45.32 percent for maintenance projects and $1.032 billion or 39.11 percent for capacity increasing projects; $250.76 million or 9.5 percent allocated to public transit; and $160 million or 6.07 percent to be expended on active transportation or non-motorized systems.

Table 5-1 Projected Revenues

	Projected Revenue 2022-2046	Bicycle & Pedestrian	Streets & Roads Capacity	Streets & Roads Maint & Operations	Transit
Federal					
CMAQ	$ 54,263,325	$ 8,139,499		$ 40,697,494	$ 5,426,333
Carbon Reduction	$ 4,470,741	$ 4,470,741			
Section 5307	$ 70,825,635				$ 70,825,635
Section 5311	$ 14,120,462				$ 14,120,462
Section 5339	$ 4,943,056				$ 4,943,056
Subtotal	$ 148,623,219	$ 12,610,240	$ -	$ 40,697,494	$ 95,315,486
State					
STIP - Regional	$ 43,200,090		$ 43,200,090		
ITIP	$ 113,500,000		$ 113,500,000		
RSTP Exchange	$ 57,130,882		$ 15,311,076	$ 41,819,806	
LCTOP	$ 2,371,948				$ 2,371,948
SHOPP	$ 289,153,067			$ 289,153,067	
LPP Formula	$ 7,344,000			$ 7,344,000	
LPP Competitive	$ 31,000,000	$ 6,200,000	$ 24,800,000		
STA	$ 41,112,604				$ 41,112,604
SGR	$ 6,384,565				$ 6,384,565
LTF	$ 187,295,725	$ 3,745,915	$ 14,983,658	$ 88,028,991	$ 80,537,162
Subtotal	$ 778,492,881	$ 9,945,915	$ 211,794,824	$ 426,345,863	$ 130,406,279
Local					
Impact Fees	$ 793,243,868	$ 79,324,387	$ 594,932,901	$ 118,986,580	
Measure T	$ 80,824,593	$ 808,246	$ 47,888,571	$ 30,511,284	$ 1,616,492
Measure T Extension	$ 468,490,521	$ 21,082,073	$ 178,026,398	$ 245,957,524	$ 23,424,526
Other	$ 4,615,194			$ 4,615,194	
RMRA	$ 236,357,918	$ 23,635,792		$ 212,722,126	
HUTA	$ 129,860,566	$ 12,986,057		$ 116,874,509	
Subtotal	$ 1,713,392,660	$ 137,836,555	$ 820,847,870	$ 729,667,217	$ 25,041,018
Total	**$ 2,640,508,760**	**$ 160,392,709**	**$ 1,032,642,695**	**$ 1,196,710,574**	**$ 250,762,782**
Percent of Total		**6.07%**	**39.11%**	**45.32%**	**9.50%**

Local funds, including developer fees and fair share contributions, will be the greatest source of transportation funding for Madera County at $793 million or 30% of total. These funds are collected to address impacts to the countywide transportation system and specific project-related impacts caused by new development.

State funds will be the second greatest at $778 million or 29%, while federal funds are projected at $148 million or 5.6% of total revenues.

Projected Expenditures

Key assumptions used in projecting expenditures include the following:

- The current level of street and highway operating, maintenance, and rehabilitation costs will continue through 2046.
- Transit expansion is initiated when a threshold or increment of 5,000 households is reached in a core.
- Growth area. Transit operating and capital improvements reflect on-going costs, including vehicle replacements and additional vehicles with transit enhancements.
- Bipartisan Infrastructure Law (BIL) reauthorization with historical program revenue allocations and availability of State revenues will continue through year 2046.
- Madera County's Local ½ percent sales tax for transportation - Measure T, will continue beyond year 2027 to 2046.
- MCTC support to provide funding through the year 2046 to further "complete street" and "active transportation" concepts for aesthetic streetscapes, pedestrian walkability, and bicycle projects, etc.
- Major street and highway improvements that include facilities for active transportation systems as appropriate and feasible.

Table 5-2 provides an expenditure summary by mode. *Appendix B Project Listing* contains project lists for each category of project and/or mode:

- Table B-1 shows the delivery schedule applied to develop the constrained capacity increasing street and highway improvement projects.
- Table B-2 shows the Operations and Safety projects.
- Table B-3 shows a list of maintenance projects.
- Table B-4 lists the bicycle and pedestrian projects.
- Table B-5 shows the public transit projects.
- Table B-6 lists the commuter rail projects.
- Table B-7 lists the aviation projects.
- Table B-8 shows a list of Intelligent Transportation Systems (ITS) projects.

Table 5-2 Expenditure by Mode

	Total	Percent of Total
Bicycle & Pedestrian	$ 160,392,709	6.07%
Streets & Roads Capacity	$ 1,032,342,695	39.11%
Streets & Roads Maint & Operations	$ 1,196,710,574	45.32%
Transit	$ 250,762,782	9.50%
	$ 2,640,508,760	

Revenue Sources

Projected Federal Revenue Sources

Congestion Mitigation and Air Quality (CMAQ) - program intended to fund transportation projects or programs that will contribute to attainment or maintenance of the National Ambient Air Quality Standards (NAAQS) for ozone, and particulate matter (both PM10 and PM2.5).

Carbon Reduction Program – program established to fund projects designed to reduce transportation emissions, defined as carbon dioxide emissions from on-road highway sources. FHWA apportions funding as a lump sum for each State then divides that total among apportioned programs.

Section 5307 – program that makes federal resources available to urbanized areas with a population of 50,000 or more for transit capital and operating assistance in urbanized areas and for transportation-related planning. Funding is based on a formula that uses population and population density.

Section 5311 – program providing capital, planning, and operating assistance to support public transportation in rural areas, defined as areas with fewer than 50,000 residents. Funding is based on a formula that uses land area, population, and transit services.

Section 5339 – program that makes federal resources available to States and designated recipients to replace, rehabilitate, and purchase buses and related equipment and to construct bus-related facilities including technological changes or innovations to modify low or no emission vehicles or facilities. Funding is provided through formula allocations and competitive grants.

Projected State Revenue Sources

State Transportation Improvement Program (STIP) - A multi-year capital improvement program of transportation projects on and off the State Highway System, funded primarily from state and federal gas taxes. STIP programming occurs every two years. The programming cycle begins with the release of a proposed fund estimate, followed by California Transportation Commission (CTC) adoption of the fund estimate.

Interregional Transportation Strategic Plan (ITIP) – a program to improve interregional mobility for people and goods across the State on highway and passenger rail corridors of strategic importance. The program is funded through the State Transportation Improvement Program (STIP) that obtains funding primarily through the per-gallon State tax on gasoline.

Regional Surface Transportation Program (RSTP) Exchange – permits a Regional Transportation Planning Agency (RTPA) not designated as, nor represented by, a Metropolitan Planning Organization (MPO) with an urbanized area of greater than 200,000 population, to exchange its annual apportionment of RSTP funds on a dollar-for-dollar basis for nonfederal State Highway Account funds, permits an eligible county represented by an RTPA, that itself elects not to exchange, to exchange its entire annual sub-apportionment for nonfederal State Highway Account funds, and permits an eligible county, located within an MPO boundary, to exchange its entire apportionment of funds if it receives less than one percent of the total statewide apportionment or that portion, if any, received in excess of 3.5 percent of the total statewide apportionment.

Low Carbon Transit Operations Program (LCTOP) – program created to provide capital and operating assistance to transit agencies with the goal of reducing Greenhouse Gas (GHG) emissions and improving mobility. Senate Bill 862 continuously appropriates five percent of annual auction proceeds in the Greenhouse Gas Reduction Funds for LCTOP.

State Highway Operation and Protection Program (SHOPP) – a four year "fix-it-first" program that funds the repair and preservation, emergency repairs, safety improvements, and some highway operational improvements on the State Highway System (SHS) and associated transportation infrastructure. The SHOPP is fiscally constrained by the STIP.

Local Partnership Program (LPP) Formula – program continuously appropriated annually from the RMRA to local and regional transportation agencies that have sought and received voter approval of taxes or that have imposed fees, which taxes or fees are dedicated solely for transportation improvements.

Eligible for jurisdictions with voter approved taxes, tolls, or fees, which are dedicated solely to transportation improvements, funding share is adopted for each eligible taxing authority by establishing northern and southern California shares and by attributing the proportional share of revenues for voter approved taxes, tolls, and fees and distributing in proportion based on the county's population and revenue.

Local Partnership Program (LPP) Competitive - program continuously appropriated annually from the RMRA to local and regional transportation agencies that have sought and received voter approval of taxes or that have imposed fees, which taxes or fees are dedicated solely for transportation improvements.

Eligible for jurisdictions with voter approved taxes, tolls, or fees, which are dedicated solely to transportation improvements or that have imposed fees, including uniform developer fees, which are dedicated solely to transportation improvements.

State Transit Assistance (STA) – funds generated by sales tax on gas fuel and diesel fuel. The amount available varies from year to year based on the price of fuel. STA is split between population-based funds, based on share of the population, and revenue-based funds, based on revenues.

State of Good Repair (SGR) – a program to provide additional revenues for transit infrastructure repair and service improvements. This program is appropriated $105 million annual for eligible transit maintenance, rehabilitation, and capital projects. To be eligible for funding, agencies must comply with various reporting requirements.

Local Transportation Fund (LTF) – derived from a ¼ cent of the general sales tax collected statewide. The California Department of Tax and Fee Administration, based on sales tax collected in each county, returns the general sales tax revenues to each county's LTF. Each county then apportions the LTF funds within the county based on population.

Projected Local Revenue Sources

Impact Fees - Local assessments on new development projects which, because of their construction, are expected to generate additional traffic. Criteria and location of impact areas are set by the local jurisdictions. Most jurisdictions employ some type of traffic or transportation impact fee. Fees may be assessed area-wide, only in target sections of the jurisdiction, on a project-by-project basis as dictated by project impacts, or a combination of these.

Measure T – 20-year half-cent transportation sales tax measure projected to raise over $213 million through 2027. Two percent of proceeds are allocated to the Transit Enhancement Program, providing supplemental support to public transit systems in the County. The measure is scheduled to sunset in 2027. Efforts to renew the sales tax measure are underway.

Measure T Extension – a proposed measure to extend the half-cent transportation sales tax until ended by voters.

Road Maintenance and Rehabilitation Account (RMRA) – account for deposits for Road Maintenance and Rehabilitation Program (RMRP) to be apportioned by formula to eligible cities and counties pursuant to Streets and Highways Code for basic road maintenance, rehabilitation, and critical safety projects on the local streets and roads system.

Highway Users Tax Account (HUTA) – account for the research, planning, construction, improvement, maintenance, and operation of public streets and highways, the research and planning for exclusive public mass transit guideways, and the payment of principal and interest on voter-approved bonds.

Unconstrained Projects

Table 5-3 provides a list of street and road projects that cannot be funded within the 24-year timeframe of the RTP/SCS. Other additional unconstrained projects for all modes can be found in *Appendix B Project Listing*, Table B-9. MCTC, Caltrans, and the local agencies should work cooperatively to identify appropriate funding sources to consider programming the projects.

Table 5-3 Unconstrained Projects

Agency	Route	Location	Description	Estimated Cost
State	State Route 99	State Route 152 to Merced County Line	4 Lanes to 6 Lanes	$200,000,000
Madera County/City of Madera	Avenue 17 Connector to SR 145 & SR 99	SR 145 Connector to Avenue 17 and State Route 99	New 2 Lane Road	$45,000,000
Caltrans/Madera County	State Route 41	Avenue 15	Interchange at Ave 15	$45,000,000
Caltrans/Madera County	State Route 41	Avenue 15 to SR 145	3 Lanes to 4 Lanes	$45,000,000
City of Madera	Cleveland Avenue	Road 26 to State Route 99	4 Lanes to 6 Lanes/Interchange Improvements	$100,000,000
City of Madera	Storey Rd	SR 145 to City Limit	2 Lanes to 4 Lanes	$3,000,000
City of Madera	Ellis Street	Interchange at State Route 99	New Interchange	$75,000,000
			TOTAL:	**$513,000,000**

Impact of Measure T Extension

The largest mode expenditures occur in the streets and highways category, with the majority for maintenance, operations, and safety projects. If Measure T is not renewed by the year 2027, a potential shortfall of $468 million will occur. The shortfall is comprised of future Measure T funds designated for transportation projects. Although other funds earmarked to match Measure T funds would help fund other non-Measure T projects, the impact will be negligible compared to the magnitude of funding offered by Measure T.

This potential shortfall signifies the challenges that lie ahead in ensuring renewal of Measure T through the year 2046 to meet the projected growth and increased demands on Madera County's multi-modal transportation systems. The potential revenue shortfall also points to the need for efficient and timely project implementation to maximize forecasted revenue and to be well positioned to receive potential future federal and State funds. Clearly, the goal of achieving a fully implemented RTP/SCS that will vastly improve the quality of life in Madera County, will be a significant challenge without the infusion of increased revenues from existing and other new funding sources.