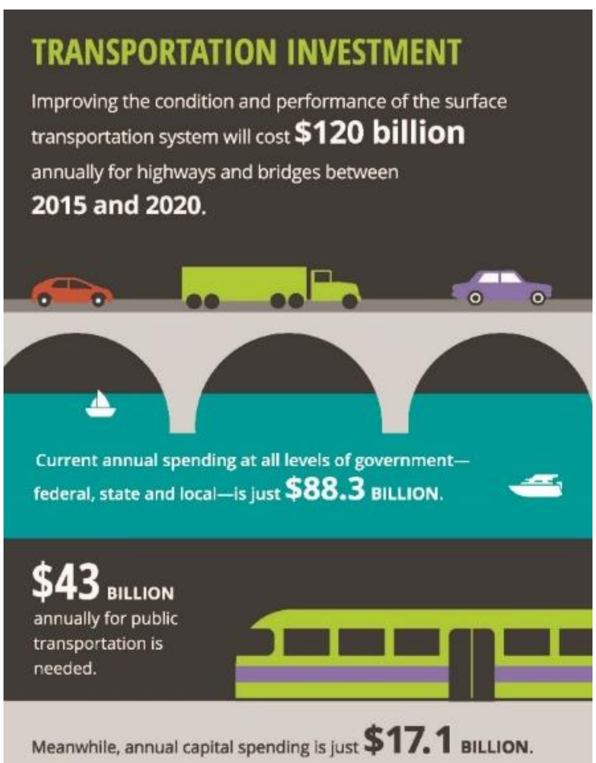
9. FINANCIAL ELEMENT

The Financial Element of an RTP is statutorily required, and it is meant to guide State and local decision-makers in determining which projects can be planned for funding within the planning period. The Financial Element is meant to define realistic financing constraints and opportunities.

Below, This Financial Element first gives an overview of current federal transportation funding, including the Fixing America's Surface Transportation Act of 2015, and the status of the Highway Trust Fund. The chapter continues to briefly describe State transportation funding—with the recent passage of the Road Repair and Accountability Act of 2017—and local funding initiatives.

Then, as required, the Financial Element describes a Finance Plan to describe how HCAOG and member entities will plan for and budget the projects proposed in the RTP's Action Elements, which list both financially constrained and unconstrained (i.e. funded and unfunded) projects. The Finance Plan identifies revenue sources, estimates projected revenues for the 20-year planning term, and compares the revenues to estimated costs. This shows, to the best of our knowledge, potential (and known) funding shortfalls.

All HCAOG projects funded in the State Transportation Improvement Program (STIP), i.e. both the Regional Transportation Improvement Program (RTIP) and the Interregional Transportation Improvement Program (ITIP), are identified in the 2017 RTP Update and included in the Federal Transportation Improvement Program (FTIP) pursuant to the STIP guidelines.



Source: Beyond Traffic 2045 (FHWA)

Under Transportation Funding Programs, below, this chapter identifies potential new funding sources that the region could pursue to obtain supplemental revenues that are needed to implement the region's transportation vision over the long term.

FEDERAL TRANSPORTATION FUNDING

The federal government's surface transportation programs are financed mostly through the Highway Trust Fund. The trust fund sets up two separate accounts, one for highways and one for mass transit. The trust fund derives its revenues mostly from federal excise taxes on gasoline and certain other motor fuels, plus interest earned on its accumulated balances. The taxes are levied on a cents-per-gallon basis and are not indexed to inflation. As a result, "since the mid-1990s, inflation has eroded the purchasing power of federal transportation funds by nearly 40 percent" (US DOT 2017). Along with inflation, other reasons for the decline in funding are: Congress has not increased federal fuel taxes per gallon since 1993; per capita vehicle miles traveled (VMT) has been decreasing since 2005 along with increasing fuel economy of passenger vehicle (on average by 12 percent), thereby reducing fuel use and thus fuel tax revenues (US DOT 2017).

While revenues have decreased, successive congresses (and Presidents) have authorized greater spending on highways and mass transit through federal transportation bills. The transportation bills of the last three decades, and their overall funding authorizations, were:

- 1991-1997 Intermodal Surface Transportation Efficiency Act (ISTEA), $147 billion.
- 1998 -2004 Transportation Equity Act for the 21st Century (TEA-21), $218 billion.
- 2005-2011 Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), $286.4 billion.
- 2009-2010 American Recovery and Reinvestment Act of 2009 (ARRA) included $46.7 billion for surface transportation spending. Passed in direct response to the Great Recession economic crisis.
- 2013-2014 Moving Ahead for Progress in the 21st Century (MAP-21), $109 billion. (CEAL 2012).
- 2016-2020 Fixing America's Surface Transportation Act (FAST Act), $305 billion.

Since 2001, outlays from the Trust Fund have generally exceeded revenues on an annual basis. Under current law, the trust fund cannot incur negative balances, nor is it permitted to borrow to cover unmet obligations presented to the fund (CBO 2016b). To make up for revenue shortfalls, Congress has, since 2008, transferred money from the Treasury's general fund to the Highway Trust Fund. Rather than raise fuel tax rates or reduce spending, Congress has avoided creating any new, ongoing revenue to deposit into the fund, opting instead to supplement federal transportation funding on an ad-hoc basis, primarily from the general fund.

THE FAST ACT OF 2015

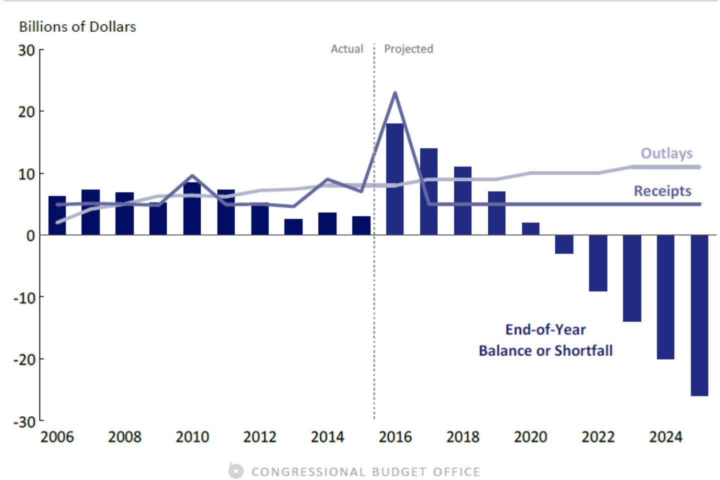
The Fixing America's Surface Transportation (FAST) Act, signed into law on December 4, 2015, transferred $71 billion, mostly from the general fund of the Treasury, to the Highway Trust Fund. Congress financed the transfer mostly by reducing both the surplus account of the Federal Reserve and the dividends paid to large member banks on their capital stock in the Federal Reserve. The FAST Act did not create any new revenue sources from transportation users (CBO 2016a).

SOLVENCY OF THE FEDERAL HIGHWAY TRUST FUND

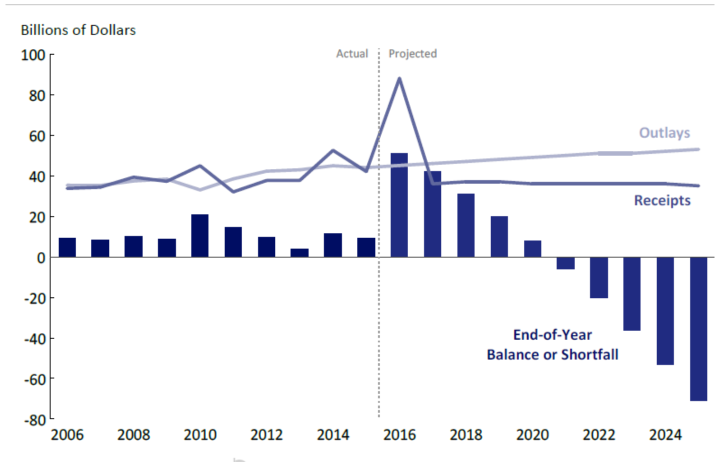
The FAST Act authorized surface transportation programs through 2020. However, by 2021, the Congressional Budget Office (CBO) projects, revenues credited to both the highway and transit accounts of the Highway Trust Fund will be insufficient to meet the fund's obligations (CBO 2016a). CBO projects the highway account will end 2017 with a balance of $42 billion. However, by 2027, the cumulative shortfall will grow to $99 billion. CBO also projects that the transit account will have a balance of $15 billion in 2017, but a cumulative shortfall totaling $39 billion by 2027 (CBO 2017). Furthermore, the CBO estimates revenues based on "the assumption that all of the expiring taxes credited to the fund will continue to be collected after fiscal year 2020," such as taxes on certain heavy vehicles and tires and all but 4.3 cents of the federal tax on motor fuels, all of which are scheduled to expire September 30, 2020 (ibid).

The graphs show the CBO's projected balances for the federal highway account and transit account.

Status of the Transit Account of the Highway Trust Fund



Status of the Highway Account of the Highway Trust Fund



Source: CBO 2016a

STATE OF CALIFORNIA TRANSPORTATION FUNDING

By most accounts, transportation funding in California has been deficient for decades, leading agencies at all levels to defer maintenance on infrastructure and fall behind on meeting transportation system demands. Funding derived from user fees and fuel excise taxes was chronically declining as a result of reduced fuel consumption, limited federal funding resulting from the federal excise tax, and funding being redirected to other State programs. For example, Caltrans estimated that the cost to sufficiently fund the State Highway Operations and Protection Program (SHOPP), for FY 2014-2015 through FY 2023-24, would be $8.2 billion per year, while available funding would reach only $2 billion (Caltrans 2013a). Finally, in 2013, the State adjusted the tax rate for inflation for the first time in over 15 years. Then, in 2017, the California legislature and Governor Jerry Brown approved a major funding agreement reflected in Senate Bill 1 (Beall), the Road Repair and Accountability Act. They also passed a constitutional amendment (ACA 12, Frazier) that protects the funds from being diverted or used for other purposes.

Road Repair and Accountability Act of 2017 (State Senate Bill 1)

California's Road Repair and Accountability Act is "the first significant, stable, and ongoing increase in state transportation funding in more than two decades" (CTC 2017). The Act provides for $5.2 billion annually, for ten years, to be deposited into the newly created Road Maintenance and Rehabilitation Account (RMRA). The Act reforms some program administration, as summarized in the following:

- Increases authority of the California Transportation Commission (CTC) to oversee the SHOPP (State Highway Operation and Protection Program);
- Requires local agencies to be transparent about what projects they fund with new revenues;
- Creates the Independent Office of Audits and Investigations at Caltrans;
- Creates an Advanced Mitigation Program for transportation projects;
- Requires Caltrans to update the *Highway Design Manual* to include "complete streets" design concept, by January 1, 2018.
- Requires Caltrans to double the dollar value of its contracts awarded to small businesses; and
- Requires Caltrans to implement efficiency measures with the goal to generate at least $100 million annually in savings (League of California Cities, 2017).

Table *Finance-1* Road Repair and Accountability Act (Senate Bill 1) Revenues

Revenue Source	Date Effective	Inflation Adjustments	Annual Revenues
• 12 cents increase to the gasoline excise tax and adjustments to the current base gas tax.	Nov. 1, 2017		$1.8 billion
• "Reset" the price-based excise tax on gasoline to its historical average of 17.3 cents	July 1, 2019	Annually beginning July 1, 2020	$1.1 billion
• Transportation improvement fee collected with vehicle registration fees, based on market value of the vehicle	Spring 2018		$1.6 billion
• 20 cents-per-gallon increase to the diesel excise tax	Nov. 1, 2017		$600 million
• 4% increase to the diesel sales tax	Nov. 1, 2017	n.a.	$300 million
• $100 vehicle registration fee on zero emission vehicles sold after January 1, 2020	July 1, 2020	January 1, 2021 then annually	$20 million
• One-time funds from repayments of loans made from the Transportation Congestion Relief Program	Over 3 years	n.a.	$706 million (one-time)

Source: League of California Cities, 2017

The revenues generated by SB1 will fund existing programs and newly created programs:

- **Active Transportation Program** (ATP) is augmented by $100 million annually, beginning in 2017.
- State-**Local Partnership Program** (SLPP) will receive $200 million annually, for ten years, for existing and aspiring "self-help" jurisdictions (i.e. counties that have voter-approved supplemental taxes for transportation or that have imposed fees, including uniform developer fees). The funds are to provide "for a wide variety of capital projects that are typically funded in local or regional voter-approved expenditure plans and that provide mobility, accessibility, system connectivity, safety, or air quality benefits" (Government Code Section 8879.66(2)]. ~~California Transportation Commission staff has recommended implementing this as a~~ Funds are divided into 50% for a competitive program (for construction projects only) and 50% for a formulaic program based on population.~~; the Commission will adopt guidelines in October 2017. {To be updated}~~
- **Local Transportation Planning Grants**, allocated by Caltrans, will have $25 million.
- **State Highway Operation & Protection Program** will receive approximately $1.9 billion for SHOPP and Caltrans maintaining the state highway system.
- **State Transportation Improvement Program (STIP)** funds are expected to be stabilized with $1.1 billion restored annually for capital projects and state highway system improvements.
- **(New) Local Streets & Roads** will have a continuous appropriation of $1.5 billion annually for maintenance and rehabilitation projects.
- **(New) Solutions for Congested Corridors Program** will have $250 million annually to reduce congestion in highly congested commute corridors. Projects may include improving state highways, local streets and roads, transit, bicycle and pedestrian facilities, and protecting local habitat or open space. Projects may be nominated by the State or regional or county transportation agencies.

- **(New) Trade Corridor Enhancement Account** will have $300 million annually to fund freight, trade corridor, and goods movement projects nominated by local agencies and the State.

In addition, SB1 funding will be allocated for

- Bridges and culverts – $400 million
- Public transportation – $750 million
- Transit and intercity rail – $27.5 million annually
- Freeway service patrol – $25 million
- CSU and UC – $7 million for transportation research and workforce training

Passage of SB1 notwithstanding, the 2018 STIP Fund Estimate indicates that there is negative program capacity for the Public Transportation Account (PTA). This means that many of the transit projects currently programmed in the STIP will have to be delivered either by using State Highway Account funds or federal funds, or projects will have to be unprogrammed (CTC 2017).

Status of Local Transportation Funding

Jurisdictions that have a local source of revenue for transportation projects will be able to better predict and budget funding for maintenance, operations, and new infrastructure. The local revenue can also serve as matching funds that are required for many grant funds. State and federal funds are not always as predictable; for example, HCAOG has nominated several-million-dollars worth of STIP projects to be programmed for the region, but the California Transportation Commission has delayed disbursements for several years due to the State's funding shortfalls.

Local Sales Tax Measures

Several jurisdictions in California have opted for sales tax initiatives to help their governments become more self-reliant. Cities and counties may add a local sales tax within their jurisdictions if voters approve it by a two-thirds supermajority. Counties that pass such measures are referred to as "Self-Help Counties;" there is much encouragement at the State level for counties to secure this local source of transportation funding. In Humboldt County, the following jurisdictions have recently passed sales tax initiatives:

Table *Finance*-2 Recent Sales Tax Initiatives in Humboldt County

Jurisdiction	Initiative	Tax Rate & Use	Annual Revenue
City of Arcata	Measure G approved in 2008 for 20 years.	¾ percent retail transactions and use tax. Although a general tax , the City is committed to using the new tax revenue for improving public works (streets) and public safety services.	$1.5 million
City of Eureka	Measure O approved in November 2010.	½ percent retail transactions and use tax for five years.	$3.2 million
	Measure Q sales tax extension approved in November 2014.	Continue a ½ percent general sales tax for five years beginning on July 1, 2016.	$4.1 million based on FY 2012-13 revenues

Table *Finance*-2 Recent Sales Tax Initiatives in Humboldt County *cont'd*

Jurisdiction	Initiative	Tax Rate & Use	Annual Revenue
City of Fortuna	Measure E general tax approved November 2016.	¾ percent sales tax for 8 years, for essential City services including repairing aging/ deteriorating streets	$1,200,000 annually
City of Rio Dell	Measure U approved in November 2014.	1 percent general sales tax in the city for five years.	$173,000 annually
City of Trinidad	Measure G approved in November 2016.	¾ percent transaction and use tax continued for four years starting on April 1, 2017.	$100,000
Humboldt County	Measure Z (Public Safety/Essential Services Measure) approved in November 2014.	½ percent general sales tax for five years beginning on April 1, 2015.	$12.1 million FY 2017; $11.87 million projected for FY 2018

Table continues on next page

Table *Finance*-2 Recent Sales Tax Initiatives in Humboldt County (cont'd)

Countywide Ballot Measure U

Two relatively recent ballot measures asked for dedicated transportation funds. Both measures required a two-thirds supermajority vote to pass, and both failed. In 2012, the City of Rio Dell asked voters to authorize the City Council to issue $2 million in general obligation bonds to finance the costs of constructing street improvements (Measure J). Although a majority (55.6%) of voters voted yes, the measure failed fore lack of a two-thirds supermajority. In 2016, the County of Humboldt placed Measure U on the ballot, asking voters to approve an additional ½ percent sales tax to supplement funding for maintenance, rehabilitation, and reconstruction of existing transportation, to be in effect for 20 years countywide. If it had passed the tax would have generated an estimated $10 million annually; however, only 48.8% of voters voted yes. HCAOG provided voter education for the County Measure U.

FINANCE PLAN

In developing its RTP, an RTPA is required to make a reasonable estimate of anticipated revenues, forecasted for the next 20 years. The following funding assumptions are made for estimating the costs and revenues for the short-term and long-term planning horizons. The following summarizes anticipated costs and revenues for the HCAOG region (projected for 20 years), and assumptions made to calculate these forecasts.

Financial Assumptions

- **Future Funds Constant:** It is generally assumed that federal, state, and regional funding programs and levels will remain constant at current funding levels over the 20-year horizon (i.e., flat except for inflation).
- **Inflation Rate:** The 20-year projected costs assume an annual inflation rate of 2%, based on the Consumer Price Index (U.S. Bureau of Labor Statistics 2017). The average inflation rate in the U.S. for the last five years, 2012-2016, is 1.3 percent. The approximate average for the last 20 years (1997-2016) is 2.2%. For the updated planning period (fiscal year 2017/18-2027/2028), we are assuming operations, maintenance, capital, and construction costs will increase, on average, two percent (2%) annually.

Complete Streets Financing (Highway, Roads, Pedestrian, Bicycle)

Assumptions:

- **HSIP:** This projection is based on the approved project list (dated November 21, 2016) for HSIP Cycle 8. Caltrans District 1 has $3,734,610 in federal funding for eight projects, six of which are in Humboldt (three for the City of Eureka, one for the City of Fortuna, two for County of Humboldt) and two in Lake County. Humboldt's six projects are funded for Humboldt for $2,441,210. As a gross estimate, HCAOG is estimating 50% of the District's Cycle 8 apportionment ($1,867,000) as an average annual amount for Humboldt's finance plan.
- **RTIP Funding Levels:** HCAOG based STIP funding forecasts on Humboldt County's share in the draft 2018 STIP Fund Estimate (Table 4, June 2017), which shows $7,983,000 for the two-year period. For consistency, we have assumed 3,992,000 annually (rounded up).
- **TAP/ATP Funding:** There is no sure way to predict how much ATP funding jurisdictions will apply for, much less how much will be awarded. HCAOG will assume that bi-annual funds will approximate the average that has been awarded countywide in the first three cycles of the ATP. Bi-annual funds are assumed to average $~~3.3~~3.8 million.
- **ITIP Funding:** HCAOG assumes a one-time ITIP share of $15 million for the Redwood Coast Corridor Project on State Route 101. These are the only ITIP funds assumed for the 20-year finance plan.
- **SHOPP Funding Levels:** HCAOG shall assume the same funding levels for the 20-year projection.
- **RSTBG Funding Levels:** For the past several years, the regional portion of STBG (formerly STP) funds was $1,147,300 annually. For the 20-year forecast, HCAOG assumes a conservative average of $1,151,000 annually, with 2% inflation.
- **LTF Non-Transit Monies:** Of HCAOG's share of the Local Transportation Fund (from TDA monies), approximately $80,000 per year is set-aside for pedestrian and bicycle projects (starting FY2013-14). After higher priority expenditures, approximately $355,000 has been available for spending on roads. HCAOG estimates the sum, $435,000, will be the average annual LTF non-transit monies. Thus, over 20 years, $10.5 million is estimated for LTF revenues reasonably available for "complete streets" projects.

- **Gas Tax Subventions:** The State of California returns a portion of the statewide gas tax revenues to each jurisdiction for the purpose of maintaining roadways. These revenues are deposited in the Highway Users Tax Account (HUTA) and, beginning in 2017, in the Road Maintenance and Rehabilitation Account (RMRA) in accordance with Senate Bill 1 (Beall, 2017). HUTA monies can be spent on research, planning, construction, improvements, maintenance, and operation of public streets and highways, including mass transit and environmental impact mitigation (per Streets and Highways Code §2101). The CTC refers to distribution of RMRA funds to cities and counties as the Local Streets and Roads (LSR) program; fiscal year 2018-19 is the first full year of funding.
- **Grant Funds:** HCAOG and individual member agencies and Tribes will apply for various grant programs to finance all types of transportation projects, from planning to construction and education. HCAOG has no solid basis for estimating the amount of grant funds the region will receive. Therefore, we do not hazard a guess, but do note that grant funds will surely supplement other transportation funds in the next five to 20 years.

Table *Finance-3*, below, shows the summary of reasonably anticipated revenues and costs for projects identified in the "Complete Streets Element" of this RTP. The revenue estimates are simple projections of current revenues over 20 years, increased by 2% annual inflation. The value in this exercise is less as a definitive calculation than as an indicator of a significant funding shortfall: estimated revenues for the next 20 years equal ~~32~~61% of the funding needed to meet currently known needs.

Table *Finance-3*. Financial Projections for HCAOG Regional Complete Streets Projects*

Revenue Program	Annual Projected Revenues (2017 dollars, in $000s)	20–Year Projected Revenues ($000s)	20–Year Projected Costs ($000s)	Difference in 20-year revenue to current costs
HSIP	1,867	45,400		
ITIP	750[1]	15,000[1]		
RTIP	3,992[2]	97,000		
TA/ATP	~~3,300~~1,900[2] ~~{TBD Oct.}~~	~~88,700~~38,000 ~~{TBD Oct.}~~		
RSTBG	1,151	28,000		
LTF (for roads, ped, bike)	355	8,600		
Gas Tax Subventions:				
HUTA	6,815	165,600		
RMRA (SB1)	5,566	135,200		
Funded Projects			$~~410,382~~175,500	
Unfunded Projects			$~~1,097,457~~395,500	
Maintenance Backlog			$~~302,860~~303,000	
TOTAL:	~~23,800~~**22,400**	~~583,500~~**532,800**	~~1,810,699~~**874,000**	**61**~~32~~**%**

*Costs and revenues have been projected assuming an annual rate of inflation of 2%. Total revenues do not predict all grant funds that may be awarded in the 20-year planning period.

[1] Annual average shown for consistency; one-time share of $15 million (in FY2020) is not calculated for inflation.

[2] Annual average of bi-annual disbursement.

Sources: ITIP, RTIP: CTC 2017; Gas Tax Subventions, LSR: Coleman Advisory Services.

Public Transportation Financing

Acquiring funds continues to be a significant constraint for providing more public transportation services in Humboldt County. Extended Sunday public transit services are not being planned for the ETS and A&MRTS programs because the City of Eureka and City of Arcata currently expend all of their resources on current service levels. Expanding DAR/DAL service is not currently feasible, due to the high public subsidy costs of services and the inability of the cities to absorb the cost of increased services. The A&MRTS's limited evening service is subsidized by Humboldt State University.

Revenues from transit operations include, as applicable: fares, advertising, State Local Transportation Fund (TDA), State Transit Assistance Fund (TDA), Federal-FTA, rents/leases, interest income, carryover, City General Fund (ETS only), HSU transit user revenues, tribal contributions, and other transit sources. Capital revenues include, as applicable: State Prop 1B (PTMISEA), State Transit Assistance Fund, State Local Transportation Fund, Federal-FTA 5310, 5311, 5311(f), and Federal Tribal Grants (BLRTS, KT-NeT).

Assumptions:

- **Revenues & Costs:** For operations and capital, revenues and costs are assumed to stay flat in constant dollars, but increase by a 2% annual inflation cost, based on the national average for the past 20 years, per the US Bureau of Labor Statistics (2017).
- **TDA Allocation:** TDA revenues will continue to be allocated per the current formula.
- **STA Fund (TDA funds):** In fiscal year2016-17, local transit operators received an average of approximately $596,000 HCAOG assumes that average for forecasting 20 years of STA revenues.
- **LTF Transit Monies (TDA funds):** In fiscal year 2015-16, the County and Cities spent $4,518,000 in LTF monies for transit operations. HCAOG assumes this amount for future annual funds.
- **FTA 5310:** FTA 5310 revenues are awarded by a competitive grant process. Generally, in Humboldt, at least one transit operator a year is awarded a grant to purchase a vehicle. Based on federal funds awarded in the last four years (FFY2012-2016), HCAOG assumes that Humboldt will receive an average of $300,000 annually (plus inflation) over 20 years.
- **FTA 5311:** HCAOG's program of projects for FTA 5311 funds totaled $744,000 in 2016. HCAOG forecasts future annual revenues to be $744,000.

Public Transit Financial Projections

The *Transit Development Plan* includes a short-term financial plan for each of Humboldt County's major local transit providers (i.e., HTA, ETS, A&MRTS, FTS, BLRTS, and K-T NeT). The financial plans include five-year operating budgets and capital plans. The update being prepared in 2017 covers fiscal years 2017 to 2022 (anticipated adoption in Oct/Nov 2017). Table *Finance-4* summarizes the TDP's five-year and 20-year financial projections for public transit. Table *Finance-5* projects federal and state funding revenues.

Table *Finance-4.* Transit System Financial Projections[1]

Transit System	Revenues FY 2015-16 ($1,000s)	Revenues, 20-Year Projection ($1,000s)	Annual Costs FY 2015-16 ($1,000s)	Costs, 20-Year Projection ($1,000s)
HTA	$5,613	$126,300	$7,017	$170,500
ETS	$1,756	$42,700	$1,743	$42,400
A&MRTS	$943	$22,900	$940	$22,800
K-T NeT	$155	$3,800	$155	$3,700
FTS	$432	$10,500	$130	$3,200
BLRTS	$77	$1,900	$14	$300
System Total (rounded)	**$8,976**	**$218,200**	**$9,999**	**$242,900**

[1] Simple 20-year projections with 2% annual inflation rate. Revenues and costs include operations and capital.
Source: "FY 2015-16 Fiscal and Compliance Reports," HCAOG 2017.

Table *Finance-5.* Projected 20-Year Transit Program Revenues

Program Source	Forecasted Annual ($1,000s)	Forecasted 20 Years* ($1,000s)
FTA 5310	$300	$7,300
FTA 5311	$744	$18,100
LTF (Transit funds)	$4,518	$109,800
STA Fund	$596	$14,500
SB1 (RRAA)	$800	$19,400
Total	**$6,958**	**$169,100**

*Assumes 2% annual inflation.

Goods Movement Financing

The financial plans and funding sources for the implementation of truck-related freight/goods movement and development of intermodal facilities are covered in large degree by the financial plans for the Complete Streets Element. Financing for the rail system is not presented as the system is currently not operating.

The Harbor District (HBHRCD) manages public financing for maritime good movement on Humboldt Bay. The Harbor District's principal sources of income include Humboldt County property taxes, tideland leases from dock operators and mariculture operations, rents and leases from commercial sources, and the Harbor Improvement Surcharge (levied on cargo and deep draft vessels using Humboldt Bay's maintained navigation channels). The District also utilizes grant funding from various sources.

The HBHRCD budget for FY 2013/14 includes $6.04 million in net revenue, $2.9 million in operating expenses, $3 million in non-operating expenses (capital expenses, debt payment). The year's total budget balance is $74,883.

Aviation Financing

There are few funding sources available to Humboldt County for financing the projects identified in the Aviation Element. It is difficult to assess anticipated revenue streams because funding priorities shift regularly. For example, the Senate in March 2016 (114th Congress 2nd Session) did not reauthorize appropriations for the Federal Aviation Administration for fiscal years 2016 through 2017 (S. 2658, Thune). U.S. Senate and House committees advanced different bills in June and July, 2017, for FAA reauthorization legislation. The current short-term authorization of federal aviation programs will expire September 30, 2017.

Airports not included in the NPIAS are ineligible for FAA Airport Improvement Program funds under existing legislation; however, they may be eligible for State grants, which require a minimum 10% local match. Caltrans' Division of Aeronautics provides aviation funding to public agencies for airport safety, maintenance, and capital improvements through California Aid to Airports Program (CAAP) grants and the Airport Loan Program (ALP). The Division's operations and grants are funded from the Aeronautics Account and not the State Highway Account. The Aeronautics Account is funded from excise tax revenues that are collected on General Aviation (GA) non-commercial jet fuel and aviation gasoline (Caltrans 2016a).

The County of Humboldt does not allocate any of its general funds to support the six airports owned by the County. Thus, the Aviation Division of Public Works relies on grant funds, airport-generated income, and retained earnings in order to be self-supporting. The Redwood Coast Airport collects some revenues from the passenger facility charge (PFC), which is a $4.50 fee added to each roundtrip airfare at the airport.

Airports such as Kneeland Airport are primarily supported by Aviation Division revenue and various federal and state funding programs. Kneeland Airport's limited revenue-generated income comes from non-aviation sources such as providing a favored backdrop for companies filming car commercials.

Assumptions:

- Both Murray Airport and the Shelter Cove Airport receive a $10,000 annual grant from the State of California Annual Grant program. It is anticipated that they will continue to receive this annual grant for the RTP's twenty-year planning horizon.

Table *Finance*-6 summarizes total revenues and costs for projects proposed in this RTP. The amounts are copied from the project tables in the respective elements.

Table *Finance-6.* 20-Year Projected Revenues and Costs for Proposed Projects

Proposed Projects	Year 1 Projected Revenues* (000s)	20-Year Projected Revenues* (000s)	20-Year Projected Costs (000s)
Complete Streets (Table *Streets*-4~~5~~)	$~~16,000~~ 17,000	$~~393,400~~ 395,000	~~762,704+tbd~~ $570,000
Public Transportation (Table *Finance*-4)	$~~8,976~~ 9,000	$218,~~2~~000	$~~242,900~~ 243,000+tbd
Aviation (Table *Aviation*-3)	n.a.	tbd	$36,~~369~~000
Goods Movement (Table *Goods*-3)	n.a.	tbd	$~~664,355~~ 670,000+tbd
Emergency Transportation (Table *Emergency*-1)	n.a.	n.a.	tbd
SUMS	**$~~24,976~~ 26,000**	**$ ~~611,600~~ 613,000+tbd**	**~~1,706,328~~ $1,519,000+tbd**

*Does not account for individual grants. Assumes 2% annual rate of inflation.

TRANSPORTATION FUNDING PROGRAMS

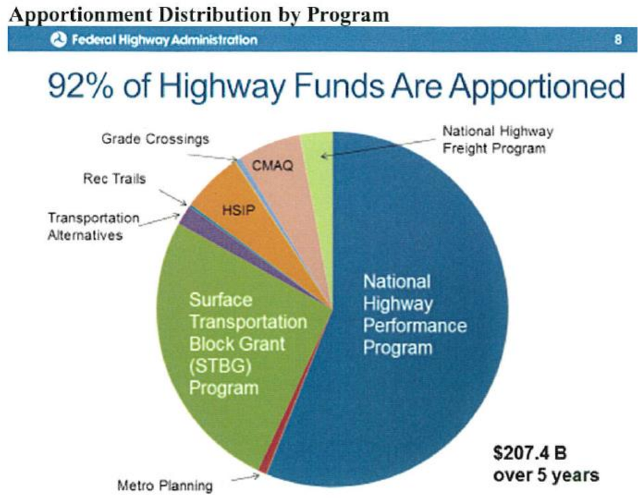
The following summarizes the principal sources anticipated to be available for HCAOG's RTP projects for the 20-year planning period. (Note: Potential funding sources for bicycle and pedestrian projects are also listed in these three HCAOG documents: *Humboldt County Regional Pedestrian Plan* (2008), *Humboldt County Regional Trails Master Plan* (2010), and *Humboldt Regional Bicycle Plan Update–2017 pending*.)

> Every $1 billion in highway and transit investments supports 13,000 jobs.
>
> – California Transportation Commission, 2017

FAST ACT FEDERAL TRANSPORTATION BILL

Congress and President Obama passed into law the Fixing America's Surface Transportation (FAST) Act in December 2015, enacting the first long-term transportation bill in 10 years. The FAST Act authorizes $305 billion over fiscal years 2016 through 2020. The funds are provided for surface transportation projects, and research, technology, and statistics programs (for highway, highway and motor vehicle safety, public transportation, motor carrier safety, hazardous materials safety, and rail). Additionally, the FAST Act authorizes the first dedicated source of federal dollars for freight projects.

FAST Act Nationwide Authorization	
FY 2016	$39.7 billion
FY 2017	$40.5 billion
FY 2018	$41.4 billion
FY 2019	$42.4 billion
FY 2020	$43.4 billion



As under previous transportation bills, the FAST Act authorizes a single amount for each year for all apportioned highway programs combined. That annual amount is apportioned among the States; each State's apportionment is then divided among six individual, federal-aid highway formula programs (including certain set-asides within the programs). The six programs and nationwide funding apportionments are outlined below.

Table *Finance-7.* FAST Act's Nationwide Apportionment Totals & Percentage Increase from 2015 Levels, by Program

FAST Act Program	Avg. Annual Funding (millions)	Change from FY2015
National Highway Performance Program (NHPP)	$23,280	+6.3%
Surface Transportation Block Grant Program (STBG)	$11,654	+15.6%
• Transportation Alternatives (TA) set-aside	[$760]	+3.3%
• Recreational Trails Program set-aside	[$84]	0.0%
• Surface Transportation Block Grant Program (net of TA and Rec Trails)	[$10,809]	+7.3%
Congestion Mitigation and Air Quality Improvement Program (CMAQ)	$2,405	+6.1%
Highway Safety Improvement Program (HSIP)	$2,317	+5.7%
Railway-Highway Crossing Program	$235	+6.8%
Metropolitan Planning	$343	+9.5%
National Highway Freight Program (NHFP) *new program*	$1,249	+100.0%

Source: U.S. DOT/FHWA 2016

The table below indexes the transportation funding programs potentially available to HCAOG and/or HCAOG member entities, transit operators, and tribes. Each program is described below.

Table *Finance-8.* Transportation Funding Programs Potentially Available to HCAOG

Program	Abbreviation	Eligible Modes/Purposes
Active Transportation Program	ATP	Active modes, to increase safety & mobility, and decrease greenhouse gas emissions. including for recreational trails and Safe Routes to School programs.
California Aid to Airports Program and the Airport Loan Program	CAAP, ALP	Aviation, publicly-owned, public-use airports
California Office of Traffic Safety Grants	OTS	Pedestrian & bicycle
California Streets and Highways Code §887.8(b) & §888.4	n/a	Non-motorized facilities
Caltrans' Division of Aeronautics Grants & Loans		
Caltrans Transportation Planning Grant Programs	n/a	Community-based, environmental justice, partnership, and transit planning
Emergency Relief for Federally-Owned Roads	ERFO	Tribal and Federal lands transportation facilities, public roads on Federal lands
Emergency Relief Program for Federal-aid Highways	ER	Highway, roads, tribal transportation
Federal Airport Improvement Program	FAIP	Aviation
Federal Lands Access Program	FLAP	Highway
Federal Transit Administration (FTA) Section 5304	5304	Multimodal transportation planning
FTA Section 5310	5310	Transit, para-transit and senior transit
FTA Section 5311	5311	Rural transit
FTA Section 5311(b)(2)(3) Rural Transit Assistance Program	RTAP	Transit support services, training, technical assistance, research
Highway Safety Improvement Program	HSIP	Streets (local), highway, roads, pedestrian & bicycle, Safe Routes to School, and safety infrastructure
Interregional Transportation Improvement Program	ITIP	State highways, intercity rail, and transportation enhancements
Local Streets & Roads Funding Program (created under SB1)	LSR	Maintenance and rehabilitation
Mello-Roos Community Facilities Act of 1982-Community Facilities District	Mello-Roos	Roads, pedestrian & bicycle
National Highway Freight Program	NHFP	Includes funding for federal aid highway system bridges not on the NHS. The FAST Act's National Multimodal Freight Policy includes a goal to improve movement of goods traveling between rural areas and population centers, and across rural areas between population centers
National Highway Performance Program	NHPP	Federal aid highway system bridges not on the NHS, and administrative and subsidy costs for Transportation Infrastructure Finance and Innovation Act (TIFIA) projects
Proposition 116: Clean Air & Transportation Improvement Act of 1990	Prop 116	Transit, pedestrian & bicycle

Table continues on next page.

Program	Abbreviation	Eligible Modes/Purposes
Recreational Trails Program Set-Aside from STGB Program	RTP	Trails and trail-related facilities
Regional Transportation Improvement Program	RTIP	Highway, roads, transit, pedestrian & bicycle
Rural Planning Assistance	RPA	State transportation planning
State Gas Taxes		Roads (including maintenance)
State Highway Operations and Protection Program	SHOPP	Highway, roads, pedestrian & bicycle
State Highway-Railroad Grade Separation Program	SHRGSP	Highway, road
State Planning and Research	SPR	Transportation planning mandated by federal and state law
State Transportation Improvement Program	STIP	Highway, roads, transit, pedestrian & bicycle
Surface Transportation Block Grant	STBG	Highway, roads, bridge, pedestrian & bicycle, transit, environmental mitigation, local streets
Trade Corridors Enhancement Account (created under SB1)	TCEA	Incorporates SB1 funding and federal freight funding into a single program. Federally designated Trade Corridors of National and Regional Significance, Primary Freight Network, and other corridors with high volumes of freight movement..
Transportation Alternatives Set-Aside from STBG Program	TA	Pedestrian & bicycle, recreational trails, transit, environmental mitigation, Safe Routes to School, landscaping
Transportation Development Act of 1971	TDA	Highway, roads, transit, pedestrian & bicycle
Transportation Infrastructure Finance and Innovation Act	TIFIA	Surface transportation infrastructure improvements.
Transportation Investment Generating Economic Recovery	TIGER	Grants to fund planning and capital projects across surface transportation modes
Tribal Transportation Program	TTP	Road, bridge, transit, transportation planning
U.S. Forest Service	n/a	Roads

Active Transportation Program (ATP) – *State*

The California Legislature created the ATP to encourage increased use of active modes of transportation, such as biking and walking. The ATP consolidates into a single program several transportation programs, including the federal Transportation Alternatives Program, state Bicycle Transportation Account, and federal and state Safe Routes to School programs.

California Office of Traffic Safety (OTS) Grants – *State*

The goal of the California Office of Traffic Safety (OTS) is to reduce deaths, injuries, and economic losses resulting from traffic related collisions. OTS funds traffic safety programs at both the statewide and community level. OTS grants fund bicycle and pedestrian safety and educational programs. Grants are not awarded for constructing bikeway facilities. Grants are based on a statewide competitive basis. (www.ots.ca.gov)

California Safe Routes To School (SR2S) – *State*

Established in 1999, the State-legislated Safe Routes to School (SR2S) program was extended indefinitely in 2007 (per AB 57). Targeted beneficiaries include children in grades K through 12. Eligible projects include infrastructure projects located in the vicinity of a school. For SRTS non-infrastructure projects, traffic education and enforcement activities must take place within approximately two miles of a primary or middle school (grades K-8). Other eligible non-infrastructure activities do not have a location restriction. SRTS infrastructure projects are eligible for TAP funds regardless of their ability to serve school populations. SRTS infrastructure projects are broadly eligible under other TAP eligibilities, which do not have any location restrictions. SRTS infrastructure projects also may be eligible in the HSIP or STP.

California Streets and Highways Code Section 887.8(b) and 888.4 – *State*

These two sections of the California Streets and Highways Code permit Caltrans to construct and maintain non-motorized facilities where such improvements will increase the capacity or safety of a State Highway. Section 888.4 requires an annual statewide budget of at least $360,000 for new non-motorized transportation facilities to be used in conjunction with the State Highway System.

California Aid to Airports Program (CAAP) and Airport Loan Program (ALP) – State

The *California Aviation System Plan* (CASP) identifies priority projects eligible for one of the Division of Aeronautics funding programs, focusing primarily on general aviation and reliever airports. (Commercial service airports seldom apply for project funding from the Division.) These funds are derived solely from General Aviation fuel excise taxes. The Division of Aeronautics, in consultation with RTPAs, prepares the CASP every five years. The current CASP Policy Element was updated in October 2016, and the CASP Capital Improvement Plan 2016-2025 was updated in August, 2015.

Caltrans' Division of Aeronautics provides aviation funding through CAAP grants and ALP loans. The CAAP has three grant programs:

- Annual Credit Grants to publicly-owned, public-use General Aviation airports. provide a $10,000 per year entitlement to reimburse eligible expenditures.
- Airport Improvement Program (AIP) to assist General Aviation (GA) and Reliever airports. The AIP Matching Grant program can fund up to 5% of the required 10% local match for a federal AIP project.
- Acquisition & Development (A&D) Grants to eligible airports for airport improvement projects or ALUCP Land Use Compatibility Plans. (A&D programmed projects constitute the Aeronautics Program.)

In addition, ALP loans are available for revenue-generating projects such as hangars and fueling facilities at eligible publicly-owned, public-use airports. Loans can also be used for airport development projects or for local matches for federal funds (Caltrans 2016).

Caltrans Transportation Planning Grant Programs – *State*

As updated by passage of Senate Bill 1 (Road Repair & Accountability Act of 2017), Caltrans envisions that these planning grants will "support regional sustainable communities strategies and ultimately achieve the State's greenhouse gas reductions targets of 40 and 80 percent below 1990 levels by 2030 and 2050, respectively" (www.dot.ca.gov/hq/tpp/grants.html). Grant programs change periodically, but the overarching objective of the transportation planning grants remains generally the same: to ensure that transportation planning statewide considers the major efforts of, among others, sustainability, preservation, mobility, safety, innovation, economy, health, and equity. The two planning grant funds are

- Transportation Planning Grants ($25 million annually). SB1 has allowed additional Sustainable Communities Grants for FY 2017-2018; and
- Climate Change Adaptation Planning Grants ($20 million over three years).

Caltrans' Division of Transportation Planning administers these grant programs through the Office of Regional and Interagency Planning (ORIP).

Emergency Relief Program for Federal-Aid Highways (ER) – *Federal*

The ER program provides funds for repairing federal-aid highways and roads on federal lands which have been seriously damaged by natural disasters or catastrophic failures from an external cause. These federal funds are meant to supplement resources from States, their political subdivisions, or other Federal agencies to help pay for unusually heavy expenses resulting from extraordinary conditions. The ER Program also funds the Emergency Relief for Federally Owned Roads (ERFO) Program, which offers 80 to 100 percent Federal share for costs to repair roads to pre-disaster conditions. A State can receive up to $100 million in ER funding for each qualifying natural disaster or catastrophic failure. The FAST ACT (effective 2016-2020) continued this program's permanent annual authorization of $100 million from the from the Highway Account of the Highway Trust Fund (HTF). Congress can appropriate additional funds on the basis of "such sums as necessary" (http://flh.fhwa.dot.gov/programs/erfo, accessed August 2017).

Federal Transit Administration (FTA) Transit Grant Programs – *Federal*

FTA Section 5304 Transit Planning Grant Program – This program is administered by Caltrans. This includes the Rural or Small Urban Transit Planning Studies Program for service areas with populations of 100,000 or less. The program offers technical planning grants to support transit and/or intermodal planning studies. In FY 2017-2018, approximately $2.8 million in FTA 5304 funding was available (in the MPO/RTPA pool) for Sustainable Communities grants of $50,000 to $500,000 ($1 million maximum for MPOs) (Caltrans 2016b)

FTA Section 5310 Elderly Individuals & Individuals with Disabilities – The Section 5310 program is a discretionary capital assistance program to serve the transportation needs of elderly persons and persons with disabilities. Section 5310 grants are awarded to public transit operators or to private non-profit organizations. Projects must be included in the RTPA's adopted "coordinated public transit–human services transportation plan" to be eligible for funds.

FTA Section 5311 Formula Grants for Rural Areas – Section 5311 targets low-density states and rural areas. Funds can cover capital and operating expenses for non-urbanized transit systems. A portion of Section 5311 funds is set aside each year for Native American tribes. Section 5311 fund revenues are shared among the Humboldt County transit operators. The operators collaborate on programming the grant fund, normally five years at a time. Typically, one vehicle per year is funded by the grant, with a matching amount from state or local sources.

FTA Section 5311(b)(2)(3) Rural Transit Assistance Program (RTAP) – The RTAP provides funds for support services for transit operators in non-urbanized areas. Support services can be for training, technical assistance, research, and related support services. Eligible recipients are States, local governments, and entities that provide rural transit services. The State RTAP is allocated to the states based on an administrative formula (www.fta.dot.gov/grants/13093_3554.html, accessed August 2017).

The RTAP is administered by California Association for Coordinated Transportation, Inc. (Cal ACT), based in Sacramento, through an agreement with Caltrans. Regional transportation planning agencies (RTPAs) assist Cal ACT in administering this program.

FTA Section 5311(f) Intercity Bus Program – 5311(f) grants provide funds for operating, capital, and/or planning intercity bus service in non-urbanized areas. The funding objectives are to connect non-urbanized intercity bus service with the larger regional or national system, and to assist with related planning, marketing, and capital facilities.

Federal Lands Access Program – *Federal*

The FAST Act continued this program (Pub. L. 114-94) established by MAP-21. . The goal of the Access Program is to improve transportation facilities that provide access to, are adjacent to, or are located within Federal lands (FLATF, Federal Land Access Transportation Facility). The Access Program supplements State and local resources for transportation planning, research, engineering, preventive maintenance, rehabilitation, and construction of FLATFs, and operation and maintenance of transit facilities (https://flh.fhwa.dot.gov/programs/flap/documents/FLAP%20Implem%20Guidance.pdf accessed August 2017).

Highway Safety Improvement Program (HSIP) – *Federal*

The HSIP is a core Federal-aid program whose purpose (performance goal) is to significantly reduce fatalities and serious injuries on all public roads, including non-State-owned public roads and roads on tribal lands. Eligibility of specific projects, strategies and activities generally are based on:

(i) consistency with a State's Strategic Highway Safety Plan (SHSP);
(ii) crash experience, crash potential, crash rate, or other data-supported means;
(iii) compliance with title 23 requirements; and
(iv) State's strategic or performance based safety goals to reduce fatalities and serious injuries on all public roads (www.dot.ca.gov/trafficops/hsip/, accessed August 2016).

Mello-Roos Community Facilities Act of 1982 – *State*

The act allows any county, city, special district, school district, or joint powers authority to establish a Mello-Roos Community Facilities District (CFD), which allows for financing public improvements and services when no other source of money is available. This is a flexible tool to help local governmental agencies finance needed community facilities and services by levying voter-approved special taxes.

Recreational Trails Program – *Federal*

The FAST Act reauthorized the Recreational Trails Program for Federal fiscal years 2016 through 2020 as a set-aside of funds from the Transportation Alternatives (TA) Set-Aside. . Unless the Governor opts out in advance, an amount equal to the State's FY 2009 Recreational Trails Program apportionment is to be set aside from the State's TAP funds for recreational trails projects.

Rural Planning Assistance– *State*

Rural Planning Assistance (RPA) funding is for state transportation planning activities. RPA funding is allocated to non-MPO (non-Metropolitan Planning Organization), rural RTPAs, such as HCAOG. RPA funds are allocated annually based on a population formula.

State Highway Operations & Protection Program (SHOPP) – *State*

The purpose of the SHOPP program is to maintain the integrity of the State Highway System. Projects are nominated within each Caltrans District office and are sent to Caltrans Headquarters for programming. Final projects are determined by CTC approval. There is no formula for allocating SHOPP revenues, which presents a degree of uncertainty. Humboldt County could receive a large share of revenues in one cycle, then much less in future cycles.

State Planning and Research Funds

Caltrans uses State Planning and Research funds for planning activities mandated by federal and state law. The funds are varied and can include the FHWA Partnership Planning for Sustainable Transportation funds, the partnership planning projects that the Caltrans District works collaborates with the regional agencies on, and the SP&R that Caltran's Division of Research, Innovation and System Information handles.

State Transportation Improvement Program (STIP) – *State*

The STIP is a five-year capital improvement program to assist the state and local entities to plan and implement transportation improvements. All STIP projects must be capital projects to improve transportation, including improvements to mobility, accessibility, reliability, sustainability and safety.

The STIP is split into two programs: the Regional Transportation Improvement Program (RTIP) and the Interregional Transportation Improvement Program (ITIP). The RTIP gets 75 percent of the STIP funds, and the ITIP gets 25 percent. Regional agencies, such as HCAOG, prepare RTIPs, and Caltrans prepares the ITIP to submit to the CTC. The CTC has authority to approve RTIPs and the ITIP, which combined constitute the STIP. The CTC adopts the STIP generally every two years.

The RTIP is itself subdivided into county shares by a formula of population (25%) and road mileage (75%). HCAOG sets aside two percent of the regional STIP allocation for transit projects. These transit capital projects are programmed through HCAOG's RTIP. Local transit agencies use these funds for transit amenities such as bus shelters, rather than operations or maintenance costs, due to the tenuous nature of the STIP funding stream.

Of ITIP funds, three-fifths (3/5, i.e., 15% of STIP) are reserved, by statute, for intercity rail projects and improvements outside urbanized areas on interregional road system routes selected by Caltrans. Two-fifths (2/5) of ITIP funds (i.e., 10% of STIP) are for projects that may include State highways, intercity passenger rail, mass transit guideway, grade separation, and non-capital costs for transportation system or demand management. Caltrans nominates all projects. Regional agencies can provide input and seek co-funding on specific ITIP projects for their region.

Surface Transportation Block Grant Program (STBG) – *Federal*

The FAST Act converted the long-standing Surface Transportation Program into the Surface Transportation Block Grant Program, acknowledging that this program has the most flexible eligibilities among all Federal-aid highway programs (FAST Act § 1109; 23 U.S.C. 133). States and localities may use STP funding for projects to preserve and improve the conditions and performance on any Federal-aid highway, bridge, and tunnel projects on any public road, pedestrian and bicycle infrastructure, transit capital projects, and public bus terminals and facilities. Eligible projects also include environmental restoration and pollution abatement

Funds are distributed among the states based on lane miles of Federal-aid highways, (including on the NHS), total vehicle-miles traveled on those Federal-aid highways, and estimated contributions to the Highway Account of the Highway Trust Fund. A portion of the STBG is set aside for TA Set-Aside and State Planning and Research. Federal STBG monies come to HCAOG as Regional STBG (RSTP) money.

Transportation Alternatives (TA) – *Federal*

The FAST Act replaced the Transportation Alternatives Program (TAP), created under MAP-21, with a set-aside of Surface Transportation Block Grant (STBG) program funding for transportation alternatives (TA). All projects and activities that were previously eligible under TAP are eligible for TA set aside funds, encompassing a variety of smaller-scale transportation projects such as pedestrian and bicycle facilities, recreational trails, safe routes to school projects, community improvements such as historic preservation and vegetation management, and environmental mitigation related to stormwater and habitat connectivity (FAST Act §1109; 23 U.S.C. 133(h)). Transportation Alternatives projects are not required to be located along Federal-aid highways. The TAP is a competitive program and is not included in the STIP. (www.fhwa.dot.gov/fastact/factsheets/transportationalternativesfs.pdf, accessed August 2017).

Transportation Development Act (TDA) of 1971 – *State*

The Transportation Development Act (TDA) of 1971 created two funds primarily for public transportation: the State Transit Assistance (STA) account and the Local Transportation Fund (LTF). However, as the statute allows, HCAOG has adopted the policy to set aside part of the LTF allocation "for pedestrian and bicycle allocations equivalent to 2%, or the LTF increase from baseline fiscal year 2012/13, whichever is less" (HCAOG TDA Rules, adopted September 2012). Furthermore, if a jurisdiction either does not have public transportation service or is meeting all "unmet needs that are reasonable to meet" (per California PUC §99401.5), then the RTPA may approve LTF funds for streets and roads projects. TDA funds are allocated to areas of each county based on population, taxable sales, and transit performance.

Transportation Infrastructure Finance and Innovation Act (TIFIA)

The federal TIFIA program is an "innovative finance" mechanism to leverage other credit assistance for big infrastructure projects. The federal and state government encourages public-private financing partnerships. TIFIA monies are low-interest loans, loan guarantees, or lines of credit to partially finance transportation surface transportation projects. The FAST Act authorizes $275 million to $300 million annually. Other "innovative finance" programs are the Railroad Rehabilitation and Improvement Financing Program (RRIF), and tax-exempt qualified private activity bonds (PABs). Loans are repaid by project revenues (e.g. tolls) and/or sponsor contributions (US DOT 2017).

The Transportation Investment Generating Economic Recovery (TIGER) Program – *Federal*

The TIGER Program, initiated as part of the American Recovery and Reinvestment Act of 2009 in response to the Great Recession, is a competitive grant program that funds surface transportation planning and capital projects. TIGER was originally funded for $1.5 billion, and has been renewed seven times. These federal funds leverage money from private sector partners, states, local governments, metropolitan planning organizations, and transit agencies. In total, the U.S. DOT has received more than 7,300 applications requesting more than $143 billion in TIGER grants (U.S. DOT 2017). The 2017 budget proposed by the Trump Administration proposes to cut this program.

Tribal Transportation Program (TTP) – *Federal*

The Tribal Transportation Program was established under MAP-21 and continued under the FAST Act. to "provide funding to Tribes to address their transportation needs and provide access to basic community services to enhance the quality of life in Indian country" (Office of Federal Lands Highway 2017). This program generally assumes and replaces the former Indian Reservation Roads (IRR) program, adding new set-asides for tribal bridge projects (in lieu of the existing Indian Reservation Road Bridge program) and tribal safety projects. Twenty percent of the funds made available are distributed based on the tribal shares percentages of the IRR Program as calculated in FY 2011. Of the remainder of the funds, 27% is distributed based on eligible road miles; 39% is distributed based on tribal population, and 34% is divided equally among the twelve BIA regions and then distributed among Tribes in each region based on their average FY 2005-FY 2011 formula distribution.

U.S. Forest Service – *Federal*

The U.S. Forest Service places a fee on all timber receipts from national forests. By law (Title 16 U.S.C. §500), "states are entitled to 25 percent of the receipts from national forest timber sales located within their boundaries; the "State or Territorial legislature may prescribe for the benefit of the public schools and public roads of the county or counties in which such national forest is situated" (U.S. Senate 2008). Humboldt County school districts and the County of Humboldt receive half of these receipts. These monies become part of the County Road Fund, to be used for operational improvements.

POTENTIAL NEW FUNDING SOURCES

HCAOG acknowledges the considerable challenges associated with financing transportation investments. HCAOG recognizes the importance of finding new and innovative ways to pay for improving the regional transportation system, including the expanding backlog of investment needs just to maintain existing facilities. The following local funding sources may potentially be considered in Humboldt County.

Local Sales Tax (Retail Transactions And Use Tax)

Local sales taxes provide a reliable and stable funding stream; in California, these taxes outstrip state and federal funding on an annual basis. Twenty California county transportation agencies have successfully proposed and passed sales tax initiatives, which have been instrumental in providing accessible, safe, innovative and cutting-edge transportation solutions in their regions. The voters in those counties approved, by super-majorities, increasing their own local sales tax rates, typically by ½ cent (0.5%), in order to fund transportation programs for transit, highways, freight, bicycles, and pedestrians. Combined, these counties pump $3 to $4 billion each year into California's transportation infrastructure, creating jobs, maintaining existing roadways, expanding mobility, and enhancing local facilities and the environment. A similar sales tax measure in the Humboldt region is estimated to generate an additional $8.9 to $9.3 million annually for local programs.

Local sales tax initiatives are successful when they are clear about revenues and expenditures, when they include meaningful and effective accountability measures, and when these details are outlined in an Expenditure Plan that voters approve. Successful campaigns have benefitted from direct access to local decision-makers and regular public participation.

The new Local Partnership Program (created under SB1 in 2017) designates road maintenance and rehabilitation funding expressly for self-help counties.

Vehicle Registration Fee (Senate Bill No. 1183, DeSaulnier)

Senate Bill 1183 authorizes "a city, county, or regional park district to impose and collect, as a special tax, a motor vehicle registration surcharge of not more than $5 for bicycle infrastructure purposes until January 1, 2025." These revenues could pay local improvements to paved and natural surface trails and bikeways, including existing and new trails and bikeways and other bicycle facilities, and for associated maintenance purposes (SB 1183, September 2014, Chapter 516, Section 9251 of the Vehicle Code). Voters must approve this fee with a two-thirds supermajority.

New Development/Traffic Mitigation Fees

Traffic mitigation fees are one-time charges on new development. The fees pay for providing public facilities to the new development, and to mitigate impacts created by the development. The fees must be clearly related to the costs incurred as a result of the development (AB 1600). Fees cannot be used to correct existing problems or pay for improvements needed for existing development.

Benefit Assessment Act of 1982

The Benefit Assessment Act of 1982 enabled developing county-wide assessments for drainage, flood control, and street lighting. A 1989 amendment to the Act added street maintenance assessments. To date, very few cities or counties in California have instituted this assessment for street maintenance, and none in Humboldt have.

Public-Private Partnerships

A public-private partnership (PPP or P3) represent a broad category of financing mechanisms that are being used to harness public sector participation. PPPs have been used with mixed success in several states nationwide. The State of California has enacted legislation to permit PPP approaches for transportation infrastructure development.

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