12. FINANCIAL ELEMENT

The Financial Element of an RTP is statutorily required, and is required to estimate funds available for the 20-year planning horizon. The Financial Element is meant to define realistic financing constraints and opportunities, and provide an overview of current federal, state, and local transportation funding sources. The Inventory of Transportation Funding Programs, identifies potential funding sources that may be available.

The Financial Element also includes a Finance Plan that identifies current and anticipated revenue resources available to fund the planned transportation investments that are contained in the Complete Streets Element. The Complete Streets Project Table (Table Streets- 4) lists projects with a funding source has been secured; these are considered financially constrained projects. The table also identifies projects with no funding source identified; these are considered financially unconstrained projects that would be ideal to complete if funding were available. Revenues are compared to estimated costs. This shows, to the best of our knowledge, potential (and known) funding shortfalls.

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 tax on gasoline, diesel, 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; and per capita vehicle miles traveled (VMT) have 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 gas tax 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..
- ☐ 2016-2020 Fixing America's Surface Transportation Act (FAST Act), $305 billion.
- ☐ 2021-2026 Investing in a New Vision for the Environment and Surface Transportation in America Act (INVEST Act), $547 billion (pending congressional and executive approval)

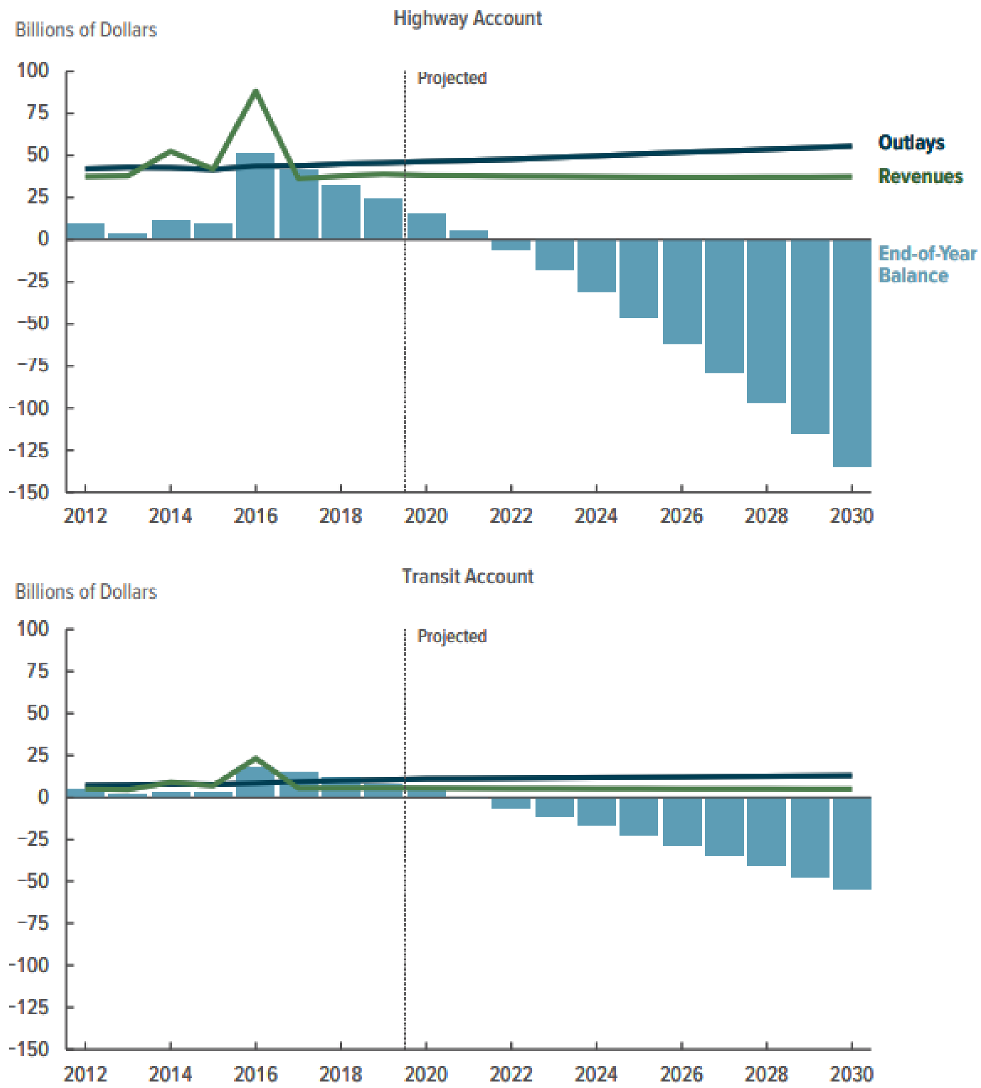
Since 2001, outlays from the Trust Fund have generally exceeded revenues on an annual basis. Under current law, the trust fund cannot incur negative balances, nor is it permitted to borrow to cover unmet obligations presented to the fund (CBO 2016). To make up for revenue shortfalls, Congress has, since 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.

SOLVENCY OF THE FEDERAL HIGHWAY TRUST FUND

The FAST Act authorized surface transportation programs through 2020. Congress enacted a one-year extension of the FAST Act through September 30, 2021, as part of the Continuing Appropriations Act, 2021 and Other Extensions Act (P.L. 116-159). The average of $12.2 billion per year authorized for the federal public transportation program in the FAST Act represented about a 14% increase (unadjusted for inflation) from the previous authorization, the Moving Ahead for Progress in the 21st Century Act. However, over the five-year period that begins in FY 2022, the gap between revenues and outlays in the mass transit fund is expected to total $25.6 billion, an average of $5.1 billion annually. (CBO 2021).

The graphs below show the Congressional Budget Office's (CBO) projected balances for the federal highway account and transit account.

Annual Revenues, Outlays, and Balance of the Highway Trust Fund in CBO's March 2020 Baseline Projections



Outlays from the Highway Trust Fund have long exceeded the revenues credited to it from taxes, but intragovernmental transfers have ensured that the fund's two accounts maintained a positive balance. In CBO's projections, the balance of the transit account is exhausted in 2021, and the highway account is in deficit the following year.

Source: CBO 2020

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 and transit 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.

ROAD REPAIR AND ACCOUNTABILITY ACT OF 2017 (STATE SENATE BILL 1)

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. A constitutional amendment (ACA 12, Frazier) protects the funds from being diverted or used for other purposes.

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:

- Increased 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;
- Required Caltrans to update the *Highway Design Manual* to include "complete streets" design concept;
- 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).

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

- **Active Transportation Program** (ATP) is augmented by $100 million annually.
- **State-Local Partnership Program** (SLPP): Receives $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)]. Funds are divided into 50% for a competitive program (for construction projects only) and 50% for a formulaic program based on population. In 2016, Humboldt County failed to pass Measure U, a sales tax measure that would have provided up to $10 million annually in revenues for transportation infrastructure. Because it did not pass, Humboldt is not considered a "self-help" county.
- **Local Transportation Planning Grants:** $25 million for regional multimodal transportation and land use planning projects which support regional sustainable community strategies and greenhouse gas reduction targets. The Sustainable Transportation Planning Grant Program is allocated by Caltrans.
- **State Highway Operation & Protection Program:** Receives approximately $1.9 billion for SHOPP and Caltrans maintaining the state highway system.

- **State Transportation Improvement Program (STIP):** Stabilizes funds and restores $1.5 billion annually for capital projects and state highway system improvements.
- **Local Streets & Roads** will have a continuous appropriation of $1.5 billion annually for maintenance, rehabilitation and critical safety projects.
- **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.
- **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

Table *Finance -1* describes local level SB 1 projected revenue starting in FY 2021-22

Table *Finance -1*: **SB1 Funding Estimates for Humboldt County**

Fiscal Year	Projected Revenue
2021-22	$5,050,000
2022-23	$5,200,000
2023-24	$5,340,000
2024-25	$5,510,000
2025-26	$5,680,000
2026-27	$5,860,000

Source: California State Association of Counties (CSAC 2017)

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.

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. Table *Finance*-2 lists Humboldt jurisdictions that have been successful in passing sales tax initiatives.

Table *Finance*-2 **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 funding public works and public safety services.	$1.5 million
	Measure A approved November 2020	$37 property tax to fund trails, including Annie & Mary trail	$175,000
City of Eureka	Measure O approved in November 2010.	½ percent retail transactions and use tax for five years.	
	Measure Q sales tax extension approved in November 2014.	Continue a ½ percent general sales tax for five years beginning on July 1, 2016.	
	Measure H (passed 66%) approved November 2020	Continue sales tax, raising rate to 1.25 percent, no sunset date	$9.6 million
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	
	Measure G passed in November 2020	Continue ¾ percent sales tax for an additional 8 years	$1.4 million
City of Trinidad	Measure E	Continue ¾ percent sales tax for four years starting April 1, 2021	$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.	
	Renewed in 2018 with no sunset		$10.76 million FY 2020; $1.22 million to Public Works

INVENTORY OF TRANSPORTATION FUNDING PROGRAMS

The table below indexes the transportation funding programs potentially available to HCAOG, local jurisdictions, Caltrans, transit operators, and/or tribes.

Table *Finance-3*. **Federal and State Transportation Funding Programs**

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	n/a	Aviation

Program	Abbreviation	Eligible Modes/Purposes
Caltrans Transportation Planning Grant Programs (i.e. Sustainable Communities Competitive and Technical Grants)	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
Rebuilding American Infrastructure with Sustainability and Equity	RAISE	National infrastructure competitive grants to fund projects that have a significant local or regional impact
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,

Program	Abbreviation	Eligible Modes/Purposes
		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.
Transit and Intercity Rail Capital Program	TIRCP	Capital improvement for intercity travel
Tribal Transportation Program	TTP	Road, bridge, transit, transportation planning
U.S. Forest Service	USFS	Roads

ADDITIONAL POTENTIAL 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 maintenance on existing facilities. The following local funding sources may potentially be considered in Humboldt County.

LOCAL SALES TAX (RETAIL TRANSACTIONS 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. Although the County's attempt to pass Measure U failed, it may be worth exploring again considering the revenue that could be generated (up to $10 million annually) for local projects and the added benefit of being considered a self help county under SB1.

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 for mitigating impacts created by the development. Setting up a traffic mitigation fee requires a formal process and findings under the Mitigation Fee Act. 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. Although setting up mitigation fees can be controversial, they can also be beneficial for developers. In the absence of a traffic mitigation fee, each developer must pay to complete their own technical studies and must negotiate mitigation during the discretionary permit process. A mitigation fee creates certainty on how much any particular development will need to contribute and developers can factor that known amount into their financial assumptions for the project.

PUBLIC-PRIVATE PARTNERSHIPS

A public-private partnership (PPP or P3) represents a broad category of financing mechanisms that are being used to harness private sector investments. 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. Both Caltrans and the Federal Highway Administration are encouraging these types of partnerships. Early involvement of the private sector can bring creativity, efficiency, and capital to address complex transportation problems facing State and local governments (FHWA 2021).

FINANCE PLAN

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:** For the purposes of providing future projections, 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). This is done to make it possible to create a projection, however nearly all funding sources experience volatility year to year, making it extremely difficult to accurately predict revenues over a 20-year planning horizon.
- **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 2021). The average inflation rate in the U.S. for the last five years, 2016-2020, was 1.9 percent. The approximate average for the last 20 years (2001-2021) was 2.0%. Inflation has fluctuated dramatically due to the Coronavirus pandemic, increasing to 4.2% from April 2020 to April 2021. The pandemic has presented an anomaly and conditions are unpredictable. To counter this we assume costs will increase, on average, two percent (2%) annually, consistent with the 20 year average.

The following summarizes the principal sources anticipated to be available for HCAOG's RTP projects for the 20-year planning period[1].

[1] 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* (2018).

It is important to note that there are different funding sources for different project types and funds are not interchangeable.

COMPLETE STREETS FINANCING (HIGHWAY, ROADS, PEDESTRIAN, BICYCLE)

Assumptions:

- **Highway Safety Improvement Program (HSIP) Funding:** In the last four HSIP Cycles the amount of federal funding devoted to projects in Humboldt County has varied. The low occurred in Cycle 7 (2015) with just $227,000allocated to Humboldt projects. The high was in Cycle 10 (2021) when $4,186,250 was allocated to Humboldt projects. Cycle 8 (2016) and Cycle 9 (2018) brought in $2,441,210 and $1,327,260, respectively. This funding source is unpredictable. It is difficult to know what Cycle 11 and future cycles will make available to the Humboldt region. To provide an estimate we assume $2,000,000 annually.
- **Regional Transportation Improvement Program (RTIP) Funding:** The STIP funding forecasts is based on Humboldt County's share in the draft 2022 STIP Fund Estimate (June 2022), which indicates that Humboldt has an unprogrammed balance of $482,000 and total shares of $4,478,000 through FY 2026-2027 . STIP cycles can vary significantly and in some STIP cycles no funding is available. For consistency and for the sake of being able to make a projection we assume $895,600 annually. We do not include the unprogrammed balance in future projections.
- **Interregional Transportation Improvement Program (ITIP) Funding:** The US 101-Eureka/ Arcata Corridor Improvement Project has been primarily funded as a partnership between HCAOG (STIP funds) and Caltrans ITIP funding. ITIP funds are $45,057,000 for this project. These are the only ITIP funds we assume for the RTP's 20-year finance plan, we included them in the short-term projections, without adjusting for inflation.
- **Active Transportation Program ~~(~~(ATP) Funding:** There is no sure way to predict how much ATP funding jurisdictions will apply for, much less how much they will be awarded. Traditionally, local jurisdictions have had good success with this program, with more than $31 million awarded for projects since the program's inception in 2013. However, at this point the program is severely oversubscribed and it is getting more difficult to compete successfully for funding. Based on how competitive the funds are, and the uncertainty of which jurisdictions would apply and be awarded, HCAOG does not make assumptions of funding beyond the project that was awarded in Cycle 5, which was the City of Arcata's Annie and Mary Trail Connectivity Project (awarded $4,220,000).
- **Regional Surface Transportation Block Grant (RSTBG) / Regional Surface Transportation Program (RSTP) Funding:** From 2016 to present the annual average RSTBG distribution was approximately $1,300,000. For the short and long-term forecast, HCAOG assumes an average of $1,300,000 annually, with 2% inflation.
- **Local Transportation Fund (LTF) Non-Transit Monies:** Of HCAOG's share of the Local Transportation Fund (from Transit Development Act monies),HCAOG has set aside an average of approximately $95,500 for pedestrian and bicycle projects (starting FY 2013-14). After higher priority expenditures, approximately $372,000 has been available annually for spending on roads. HCAOG estimates that the sum of these two averages, $467,500, will be the average annual LTF non-transit monies.
- **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. The state deposits these revenues 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). to the state distributes RMRA funds to cities and counties through the Local Streets and Roads (LSR) program. Gas Tax revenues are expected to decline in future years as more and more vehicles on the road will be electric. The state and federal government are exploring alternative taxation schemes to make up for the lost revenue. HCAOG will assume HUTA funding at $5,000,000 for the first 5 years of short-term projects and after that $4,000,000 annually from years six through 20. RMRA revenues are taken from the state's provided projections for the next 5 years and extrapolated out for years six through20.

- **State Highway Operations and Protection Program (SHOPP) Funding:** In the current 10-year SHOPP book (2019/20- 2028/29) over a billion dollars are to be spent on 61 projects in Humboldt County. This amount, which is higher than usual, is partly due to the infusion of SB1 funds to the SHOPP program. There is an ambitious plan to complete major upgrades on the State Highway system by 2027. After 2027 SHOPP funding may decline. SHOPP funded projects will only occur on the State Highway system. SHOPP projects are included in the Complete Streets Project Table(Table Streets-4); however they are not included in the revenue or project costs table in this section.
- **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-4* shows the projected revenues available for short- and long-term complete streets projects. The revenues have been adjusted for inflation except where noted.

Table Finance-4 **Projected Revenue**

Revenue Program	Short Term Revenue (Years 1-5) ($000)	Long Term Revenue (Total For Years 6-20) ($000)
HSIP	10,400	38,186
ITIP[1]	45,000	0
RTIP	4,660	17,089
ATP[1]	4,220	0
RSTBG	6,756	24,821
LTF (roads, 2% bike and ped)	2,430	8,917
Gas Tax Subventions:		
HUTA	26,020	76,373
RMRA (SB1)[2]	26,780	110,098
Local Sources[3]	69,725	216,919
Total Revenue	**122,525**	**403,390**

[1] These amounts have not been adjusted for inflation because they are distinct one-time awards.
[2] The short-term projection is using annual projections provided by the California Transportation Commission. Long-term projections were created by following the same growth rate CTC provided for the short-term and extrapolating that out for years six through 20.
[3] Local sources projections are from Table Finance-2.

Table *Finance-5* shows the short- and long-term (funded and unfunded) projects and demonstrates the massive gap in available funding and projected costs.

Table *Finance-5* **Financial Projects for HCAOG Regional Complete Streets Projects**

	Short Term Projects (Years 1-5)	Long Term Projects (Years 6-20)
	($000)	
Cost	249,099	434,763
Revenue	121,505	316,925
Difference	**-127,594**	**-117,838**

The revenue and cost estimates are simple projections 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 64% of the funding needed to meet currently known needs. In the short term, the shortfall is more extreme with estimated revenues equaling only 48% of projected costs.

In addition to the underfunded project costs, there are extensive maintenance backlogs throughout the region. Based on the collective Pavement Management Plan Reports prepared in 2017 (most recent available) there is over $516 million in deferred maintenance that is needed to bring the entirety of the road system up to an acceptable condition.

PUBLIC TRANSPORTATION FINANCING

Acquiring funds continues to be a significant constraint for providing more public transportation services in Humboldt County.

Revenues from transit operations include, as applicable: fares, advertising, State Local Transportation Fund (TDA), State Transit Assistance Fund (STA), Federal Transit Administration Funds, rents/leases, interest income, carryover, City General Fund (Eureka Transit Service only), Humboldt State University transit user revenues, tribal contributions, advertising revenue, 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 (Blue Lake Rancheria Transit Service and Yurok Tribe).

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 (2021).
- **TDA Allocation:** TDA revenues will continue to be allocated per the current formula.
- **STA Fund (TDA funds):** Based on an average of the previous five years (FY 16/17-FY 20/21), local transit operators received a total of $1,200,000 in TDA funds annually. 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 past, 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 $815,000 in 2021. Over the five-year period from FY 16/17 to FY 20/21, the average funding allocation was $1,030,000. HCAOG conservatively forecasts future annual revenues to be $815,000.

Public Transit Financial Projections

The Humboldt County 2017-2022*Transit Development Plan* includes a short-term financial plan for each of Humboldt County's major local transit providers (i.e., Humboldt Transit Authority (HTA), Eureka Transit Service (ETS), Arcata and Mad River Transit Service (A&MRTS), Fortuna Transit Service (FTS), and Blue Lake Ranchera Transit Service (BLRTS), ~~,~~and covers fiscal years 2017 to 2022. The financial plans include five-year operating budgets and capital plans. Table *Finance-6* summarizes 20-year financial projections for public transit. Table *Finance-7* projects federal and state funding revenues.

Table *Finance-6.* **Transit System Financial Projections**[1]

Transit System	Revenues FY 2019-20 ($000s)	Revenues, 20-Year Projection ($000s)	Annual Costs FY 2019-20 ($000s)	Costs, 20-Year Projection ($000s)
HTA	$6,945	$168,750	$9,415	$228,760
A&MRTS	$1,031	$25,050	$802	$19,500
FTS	$306	$7,435	$177	$3,200
BLRTS	$69	$1,675	$65	$1,580
System Total (rounded)	**$8,351**	**$202,910**	**$10,459**	**$253,040**

[1] Simple 20-year projections with 2% annual inflation rate. Revenues and costs include operations and capital.
Source: "FY 2019-20 Fiscal and Compliance Reports," HCAOG 2021

Table *Finance-7.* **Projected 20-Year Transit Program Revenues**

Program Source	Forecasted Annual ($000s)	Forecasted 20 Years* ($000s)
FTA 5310	$300	$7,300
FTA 5311	$815	$19,800
LTF (Transit funds)	$4,518	$109,800
STA Fund	$1,200	$29,150
SB1 (RRAA)	$800	$19,400
Total	**$6,958**	**$169,100**

*Assumes 2% annual inflation.

GOODS MOVEMENT FINANCING

The financial plans and funding sources for surface transportation projects related to 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 and is not projected to operate within the 20 year planning horizon of this RTP.

Maritime

The Humboldt Bay Harbor Recreation and Conservation District (Harbor District) 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 Harbor District also utilizes grant funding from various sources.

The Harbor District budget for FY 2021/22 includes $5.58 million in net revenue. After operating expenses, capital expenses and debt payment, the year's total budget balance is $1.28 million. The Harbor District submitted a $56 million grant application under the Port Infrastructure Development program to develop a $145 million new heavy lift terminal at Redwood Marine Terminal 1. The grant was matched with an $11 million budget appropriation from the State of California. The purpose of the new terminal project is to prepare for anticipated offshore wind development.

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.

Airports not included in the National Plan of Integrated Airport Systems (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 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, 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 20-year planning horizon.

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