Metropolitan Transportation Commission
Association of Bay Area Governments

Agenda Item 10a

Attachment B

Plan Bay Area 2050+ Final Blueprint:

Final Transportation Needs and Revenues Forecast

Final Transportation Needs Assessment

Introduction

Plan Bay Area 2050+ builds upon Plan Bay Area 2050's in-depth analysis of the investments needed to maintain the region's existing system of local streets, highways, bridges, transit capital assets, and backbone transit service, while making targeted updates to leverage new information and represent recent changes to the system. At its core, the Final Transportation Needs Assessment summarizes the costs to operate and maintain the existing system, satisfying state and federal requirements to plan for existing system maintenance first before identifying investments to enhance transportation options within the region.

The costs presented in the Final Transportation Needs Assessment represent the investment needed to maintain present-day conditions over the plan period spanning Fiscal Years 2024-25 through 2049-50. In line with statutory requirements, costs are provided in inflation-adjusted year-of-expenditure (YOE) dollars, using a 2.7% annual inflation rate for the period FY2024-25 through FY2034-35 and a 2.2% inflation rate between FY2035-36 and FY2049-50.

While previous plans have considered the cost to achieve a state of good repair for certain asset classes (e.g., local streets and roads and transit capital assets), anticipated funding levels and competing needs to improve the transportation network are such that this level of investment is not feasible without additional revenue availability beyond what is included in the Plan Bay Area 2050+ Final Transportation Revenue Forecast discussed in a subsequent section

of this document. As such, the Final Needs Assessment solely summarizes the costs to maintain existing condition levels and prevent deterioration.

Table 1 below shows the total transportation operations and preservation needs calculated for Plan Bay Area 2050+. Results by mode and methodologies used to estimate the needs are contained in subsequent pages of this attachment.

Table 1. Plan Bay Area 2050+ Final Transportation Needs (in billions of $YOE)

Mode	Bin 1 Need (FY25-FY35)	Bin 2 Need (FY36-FY50)	**Total Need**
Local Streets, Roads, and Bicycle/Pedestrian Infrastructure	$29	$43	$72
Local Bridges	$1	$2	$3
Regional Bridges	$9	$11	$20
State Highways	$19	$8	$28
Transit Operations	$59	$124	$183
Transit Capital[1]	$20	$46	$66
Transit Capital: Zero-Emission Fleet Incremental Cost	$3	$5	$8
Total	**$140**	**$240**	**$380**

Note: Sum of all values may not equal grand total due to rounding.

[1] Does not include incremental cost of transitioning to a zero-emission transit fleet.

Local Streets, Roads, and Bicycle/Pedestrian Infrastructure

To maintain existing conditions on the region's 43,500 lane miles of local streets, roads, on-system bicycle/pedestrian, and other non-pavement infrastructure (e.g., signs, signals, sidewalks, and storm drains), approximately $48 billion is needed over the plan period. In addition, an estimated $24 billion in operations funding will be needed to perform routine maintenance, pothole filling, street sweeping, and other requirements that keep local streets and roads serviceable, for a total need of $72 billion.

For comparison, on an annualized basis (as each iteration of Plan Bay Area has a different number of years included within the planning horizon), the Final Plan Bay Area 2050+ preservation needs for local streets and roads are approximately 36% higher than those estimated for Plan Bay Area 2050 (the current long-range plan). The increase in maintenance need is largely due to two factors. First, inflation and cost escalations have increased unit costs for materials and labor needed to maintain local street infrastructure. Additionally, the methodology to estimate non-pavement maintenance needs was updated between the completion of Plan Bay Area 2050 and the Final Needs Assessment for Plan Bay Area 2050+. Additional asset categories such as stormwater drains and accessibility infrastructure (e.g., curb ramps) have also been added to the Final Plan Bay Area 2050+ need.

To calculate the pavement maintenance need, MTC's pavement management software, StreetSaver® was used to determine how much funding would be needed for each jurisdiction to reach the condition level for Maintain Conditions. Average maintenance costs, a key input into the StreetSaver® model, were estimated by county, using information submitted by local jurisdictions to the 2023 California Local Street and Road Needs Assessment survey.

Non–pavement needs include the capital maintenance of assets that are required for a functioning street and road system. Primary examples of these assets include storm drains, sidewalks, curb & gutter, streetlights, signs, and signals. To estimate the non-pavement needs on the local street and road system, MTC adopted the prediction model used in the California Statewide Local Streets and Roads Needs Assessment, with parameters adjusted for the MTC region. The model is used to predict the replacement cost of the assets and did not account for annual expenses related to repairs and maintenance. To estimate the needs accurately, the total cost must be converted into an annualized cost, considering the estimated service lives of the assets. Only 10 agencies' needs were modeled using this new approach. For the 99 agencies that reported costs from the 2022 survey, the primary 8-assets replacement cost were used to calculate the needs.

Local Bridges

The nearly 2,000 locally-owned bridges in the San Francisco Bay Area are essential links that help connect the state's communities, provide mobility for travelers, support efficient movement of freight, and relieve traffic congestion. The 2023 California Local Streets and Roads Needs Assessment included the cost to maintain the locally owned bridges in the state over the next ten years, by county. The assessment used the Federal Highway Administration's National Bridge Investment Analysis System (NBIAS) system to develop the projections of capital maintenance need for the state's locally-owned bridges. Though NBIAS is populated with default costs, deterioration models and other parameters, these were calibrated to regional costs and conditions in order to provide as realistic a projection as possible of the cost to maintain locally-owned bridges.

Since the 2023 California Local Streets and Roads Needs Assessment only covered 10 years of maintenance needs, MTC staff extrapolated the needs to cover the 26-year Plan period.

Regional Bridges

The estimated operations, preservation, and replacement needs for the seven regional toll bridges were forecasted using information provided by the Bay Area Toll Authority (BATA). The BATA toll bridge maintenance, repair, and rehabilitation assessment incorporates cost information for major capital projects from the Caltrans 20-year capital rehabilitation plan and forecasted inspection and maintenance costs for lesser projects to estimate the capital costs per bridge through FY2041-2042. For FY2042-43 through FY2049-50, staff assumed an annual average of the previous 20 years, adjusted for inflation.

Operations needs for the regional bridges includes those estimated by Caltrans in addition to BATA expenses for the FasTrak Customer Service Center, ATCAS (toll-collection IT system) banking costs, and other indirect toll collection expenses. The operations costs budgeted for FY2022-23 were adjusted for inflation and extrapolated to FY2049-50.

State Highways

The needs assessment for the state highway system relies on information provided by the California Department of Transportation in its 2023 State Highway System Management Plan (SHSMP), and an analysis of the District 4 (Bay Area) pipelined projects and remaining needs for all SHOPP expense categories. Future adjustments to the state highway needs assessment may be made to account for specific Bay Area operational and maintenance needs over and above the assumed Bay Area population share of these needs as incorporated in the SHOPP forecast.

The SHSMP is produced every two years and integrates the maintenance, rehabilitation, and operation of the state highway system into a single management plan that incorporates state and federal asset management requirements. The SHSMP includes a 10-year needs assessment to achieve established performance targets for the following asset classes:

- Pavement
- Bridges and Tunnels
- Drainage
- Transportation Management Systems
- Supplementary assets including Complete Streets, drainage pump plants, highway lighting, office buildings, overhead signs, safety roadside rest areas, transportation related facilities, weigh-in-motion scales, and other facilities of various types

To estimate the 26-year state highway need for Plan Bay Area 2050+, MTC staff added pipelined projects in the District 4 Project Book, with the SHSMP reported cost associated with meeting stated performance targets for each of the above listed asset classes within District 4 by FY2033-34. For FYs 2035-2050, staff took the annualized need over the first 10-year period and reduced it by 75%, then escalated the annual need by 2.7% from FY2033-34 through FY2034-35 and 2.2% from FY2035-36 through FY2049-50. This shift to a lower needs level after year 10 assumes that the needs estimated in the first 10 years are to bring the state highway system to a state of good repair, after which ongoing maintenance costs would be significantly lower.

New to Plan Bay Area 2050+, the cost of operating and maintaining the toll collection systems that underpin existing and currently under-construction Express Lanes is also incorporated into the highway need. Consistent with the Plan Bay Area 2050+ strategy to implement Next Generation pricing on Bay Area freeways, the costs associated with the operation and maintenance of Express Lanes are removed in Bin 2. Under this strategy, Express Lanes are provisionally assumed to transition to carpool lanes, with future operating and maintenance costs expected to be covered by revenues from the Next Generation freeways pricing strategy.[1]

Transit Operations

Following the onset of the COVID-19 pandemic in early 2020, transit operators throughout the Bay Area and the nation at large have faced deep uncertainty regarding transit demand and the financial resources available to operate service. By the end of summer 2023, Bay Area transit operators collectively were providing around 95% of pre-pandemic service hours. Moving forward, Bay Area operators are working to respond to evolving demands and provide the right level of service in the right places at the right time.

The Plan Bay Area 2050+ transit operating need estimate accounts for the costs needed to operate and maintain the existing transit network, including supportive activities such as repairs, cleaning, and maintenance reflecting current service levels.

In light of the long-term uncertainties regarding transit demand and operating resources, Plan Bay Area 2050+ departs from the methodology used to forecast transit operating needs for prior plans. Previously, each of the 25 Bay Area transit agencies and the Transbay Joint Powers Authority completed a Transit Operating Needs Assessment survey administered by MTC, providing information on current and planned service levels; existing and projected operating

[1] As of October 2024, staff are gathering feedback on whether the plan's Final Blueprint pricing approach should lean into all-lane tolling or a regional mileage-based user fee, both of which were included in the Draft Blueprint. The final policy recommendation for roadway pricing approaches will align with forthcoming recommendations from the Next Generation Bay Area Freeways Study and ongoing plan engagement with regional partners and stakeholders. The final transportation revenue forecast estimates will be adjusted as appropriate prior to Final Blueprint adoption, tentatively scheduled for December 2024.

costs; and existing and projected local operating revenues over the plan period. This required each operator to develop unique assumptions, creating variability between operators' needs estimates.

To estimate long-term transit operating needs for Plan Bay Area 2050+, MTC established the cost of running transit service for FY2022-23 and escalated labor and non-labor costs over the plan period. Non-labor costs were increased in line with inflation estimates used throughout Plan Bay Area 2050+, increasing by 2.7% annually through FY2034-35 and 2.2% annually from FY2035-36 through FY2049-50. Labor costs were increased by 4.4% each year between FY2024-25 and FY2034-35, based on information provided by large transit operators about near-term labor cost forecasts. For FY2035-36 through FY2049-50, this labor cost increase was reduced to 3.7%, a decline that is comparable to that of the overall inflation rate. This cost estimate is based on defining baseline transit service as FY2022-23 service levels, with increases in transit service incorporated through the fiscally constrained Transportation Project List. The baseline transit network used for Plan Bay Area 2050+ travel modeling is based on 2023 service, aligning cost estimates with modeled service.

Baseline annual operating costs for FY2022-23 came from two sources. For all large operators that comprise the vast majority of the region's transit operating needs (AC Transit, BART, Caltrain, Golden Gate Transit, SamTrans, SFMTA, and VTA), MTC solicited estimates for near-term labor and non-labor expenditures. Costs for the remaining operators and the Transbay Joint Powers Authority were taken from the California State Controller's Office, where the latest data available were for FY2021-22. These costs were adjusted using the near-term escalation factors described above (4.4% for labor and 2.7% for non-labor costs). Over the Plan Bay Area 2050+ period, an estimated $183 billion will be needed to operate existing service levels.

Table 2. Final Transit Operating Needs (in billions of $YOE)

Operator	FY 2025-35	FY 2036-50	**Total Cost**
AC Transit	$7.5	$16.0	$23.4
ACE[2]	$0.2	$0.3	$0.5
BART	$13.5	$28.8	$42.3
Caltrain[3]	$2.8	$5.3	$8.1
CCCTA	$0.5	$1.1	$1.6
Dixon	$0.02	$0.04	$0.05
ECCTA	$0.3	$0.7	$1.0
Fairfield	$0.2	$0.4	$0.5
GGBHTD	$1.9	$4.0	$5.9
LAVTA	$0.3	$0.6	$1.0
Marin	$0.5	$1.0	$1.5
NVTA	$0.2	$0.3	$0.5
Petaluma	$0.03	$0.07	$0.1
Rio Vista	$0.01	$0.01	$0.02
SamTrans	$4.5	$8.8	$13.3
Santa Rosa	$0.2	$0.4	$0.5
SFMTA	$15.6	$33.5	$49.1
SMART	$0.4	$0.9	$1.3
SolTrans	$0.3	$0.5	$0.7
Sonoma County Transit	$0.2	$0.4	$0.7

[2] Representative of need to operate Bay Area portion of ACE service

[3] Caltrain baseline operating cost includes costs associated with electrification, such as electricity and maintenance of overhead contact system wiring.

Operator	FY 2025-35	FY 2036-50	**Total Cost**
TJPA	$0.4	$0.8	$1.3
Union City	$0.1	$0.2	$0.2
Vacaville	$0.05	$0.09	$0.1
VTA	$8.2	$17.1	$25.3
WCCTA	$0.2	$0.5	$0.7
WETA	$0.9	$1.7	$2.7
Grand Total	**$59.0**	**$123.6**	**$182.6**

Note: Sum of all values may not equal grand total due to rounding.

Transit Capital and Zero-Emission Transit Incremental Cost

Bay Area transit operators maintain a substantial portfolio of capital assets needed to deploy service throughout the region, including revenue vehicles (i.e., vehicles used to carry passengers), fixed guideway assets, and facilities. The Transit Capital Needs are estimated based on information submitted by operators to MTC via the Regional Transit Capital Inventory (RTCI), covering existing transit assets. Replacement costs are estimated using the TERM Lite model, which tracks the age and Federal Transit Administration (FTA)-recommended lifespans of the region's transit assets to estimate future capital replacement needs. An estimated $66 billion will be needed to maintain the region's transit assets within the current conditions, prior to accounting for the incremental cost to transition to zero-emission fleets, summarized in Table 3.

Revenue vehicles represent the single largest investment in transit state of good repair, requiring $27 billion over the Plan Bay Area 2050+ period to replace aging rail cars, ferries, light rail vehicles, and buses. The next most costly asset type is systems, representing projects such as modernization of aging train control systems. A significant need for maintenance of guideway (i.e., tracks upon which rail systems operate) is also identified, which will enable vehicles to move safely without speed restrictions. Finally, facilities maintenance activities will

also be significant, particularly in the latter half of the plan as funding is generally prioritized for investment in vehicles, systems, and guideway prior to facilities maintenance.

At present, the region's transit capital asset portfolio includes 4,304 revenue vehicles. In 2019, California passed the Innovative Clean Transit Rule (ICT), establishing a timeline for all transit operators throughout the state to gradually transition to zero-emission fleets comprised of battery electric and hydrogen fuel cell buses by 2040. Additionally, the Commercial Harbor Craft (CHC) regulation has required operators of ferries and other harbor craft to reduce their emissions. A 2022 amendment to this regulation spurred planning activities to support a transition to zero-emission ferry operations as well. Realization of these mandates has been complicated by a lack of dedicated funding to support the transition, persistently high costs for zero-emission vehicles and associated infrastructure, and the uncertainty regarding fleet size needs and transit funding sources that arose following the COVID-19 pandemic.

MTC is in the process of producing a Regional Zero-Emission Transit Transition Plan to quantify the costs of this transition and establish a regional framework to advance the shift to zero-emission vehicles. Draft information from this effort was used to calculate the incremental facilities and vehicle costs associated with complying with the zero-emission regulations. The Regional Zero-Emission Transit Transition Plan speaks to the one-time costs associated with the transition, though transit operators will be expected to replace aging zero-emission buses during the plan period. As such, the transition costs were augmented to include the cost of replacing any zero-emission buses that surpass their useful lifespans during the plan period. MTC estimates that the incremental cost of transition to zero-emission buses during the plan period will be $8 billion, increasing the revenue vehicle capital need by 12%.

Table 3. Final Transit Capital Needs (in billions of $YOE)

Asset Class	FY 2025-35	FY 2036-50	**Total Cost**
Vehicles	$7	$20	$27
Systems	$7	$12	$19
Guideway	$7	$7	$14

Facilities	< $1	$5	$5
Innovative Clean Transit Rule: Incremental Cost	$3	$5	$8
Grand Total	**$24**	**$50**	**$74**

Note: Sum of all values may not equal grand total due to rounding.

Final Transportation Revenue Forecast

Background

The Final Transportation Revenue Forecast for Plan Bay Area 2050+, summarized in Table 4 below, draws upon data from MTC, transit operators, local jurisdictions, county transportation agencies, and other stakeholders. The revenues in the plan are divided into eight categories: federal, state, regional, local, anticipated, new, strategy-generated, and secured and other local, with an additional ninth category for optional expansions to strategy-generated revenues. Each section of this memo details key issues impacting revenue from its relevant category. Total revenue in year-of-expenditure (YOE$) dollars for the 26-year Plan period of FY 2024-25 to FY 2049-50 is currently projected to be $516 billion.

For improved planning and transparency, revenues have been segmented into “bins”, based on the period of anticipated availability. The first two bins correspond to the years of the plan that the funds are expected to be available. The third bin is comprised of fund sources that are not received on an annual or formulaic basis (e.g., New Starts, Anticipated). These funds can be applied to expenditures throughout the time period of the plan.

Table 4. Plan Bay Area 2050+ Final Transportation Revenue Forecast (in billions of $YOE)

Revenue Category	Total Revenue (FY25-FY50)	Bin 1 Revenue (FY25-FY35)	Bin 2 Revenue (FY36-FY50)	Bin 3 Revenue (flexible)
Federal	$50	$13	$25	$12
State	$103	$36	$66	$1
Regional	$53	$21	$32	
Local	$199	$69	$130	
New Revenues	$93	$14	$57	$23
Secured	17		$17	
TOTAL	***$515***	***$153***	***$310***	***$52***

Note: Sum of all values may not equal grand total due to rounding.

Appendix 1 contains projections for each revenue source included in the plan. The below sections of the memo discuss some of the key issues underlying the Plan Bay Area 2050+ Final Transportation Revenue Forecast.

General Assumptions

The revenue forecast is based on the following time frame and inflation assumptions:

- Time Frame – the plan covers the time period from FY 2024-25 through FY 2049-50 (26 years). All revenue projections are prepared in escalated year of expenditure dollars (YOE$).
- Inflation Rate – the plan assumes a 2.7% inflation rate for Bin 1 (FY 2024-25 through FY 2034-35), and 2.2% for Bin 2 (FY 2035-36 through FY 2049-50). This is a departure from the 2.2% assumed for the entire Plan Bay Area 2050 period to reflect the recent inflationary environment.

Federal Funds

Federal fund sources included in the revenue forecast are assumed to increase at a 2% annual growth rate for the period from FY 2024-25 to FY 2029-30 and at a 3% annual growth rate for the remainder of the plan, consistent with Plan Bay Area 2050. These growth rates are applied to a base year of the actual federal funds received in the region in FY 2022-23.

- **Bipartisan Infrastructure Law (BIL)**

  The BIL passed in November 2021, approved $550 billion over FY 2021-22 through FY 2025-26 in new Federal investment in infrastructure, including in roads, bridges, mass transit, water infrastructure, resilience, and broadband. This includes substantial augmentations to existing federal programs through which the Bay Area receives substantial funding including FTA 5337 State of Good Repair and FTA 5309 Capital Investment Grant programs. This revenue forecast conservatively assumes that the elevated funding will not be sustained beyond FY26, after which funding levels will resume to levels without the BIL augmentation.

- **Capital Investment Grants**

  The Federal Transit Administration awards discretionary grants to fund transit capital investments. In the Plan Bay Area 2050+ time period, it is anticipated that the Bay Area will receive New Starts and Core Capacity grants totaling $11 billion to fund BART to Silicon Valley Phase II, the Caltrain extension to downtown San Francisco (The Portal), and Valley Link.

State Funds

The majority of state funds for transportation are based on various motor vehicle fuel taxes. Assumptions underlying the prices and level of consumption for motor vehicle fuel used in the financial projections strive to be consistent with the driving cost assumptions used by MTC's travel model. The California Air Resources Board (CARB) developed a tool for regions to estimate the per-mile cost of driving using energy demand and fuel price forecasts published by the California Energy Commission (CEC).

It is anticipated that revenues generated from motor vehicle fuel taxes will decline significantly over the plan, as the vehicle fleet converts to electric vehicles through policy interventions such as Executive Order N-79-20. In the near term, motor vehicle fuel taxes are expected to be stable and grow due to the implementation of Senate Bill 1, which increased the gas tax, diesel tax and vehicle registration fees. The draft revenue forecast assumes that the State will replace the gas tax with a revenue neutral mileage-based user fee charged to drivers. Accordingly, the draft revenue forecast uses fuel assumptions published by CARB to forecast motor fuel tax generated revenues through FY 2028-29, and then assumes a swap to a revenue neutral mileage-based user fee in FY 2029-30. Future growth in revenue is indexed to inflation.

- **State Transportation Improvement Program (STIP)**

  The STIP consists of two main parts, the Regional Transportation Improvement Program (RTIP) and the Interregional Transportation Improvement Program (ITIP). The RTIP is the 75% regional share of the capital improvement program that includes projects on and off the state highway system. The ITIP is the 25% interregional share that focuses on projects in the state that cross metropolitan boundaries or are generally more regional in scope. STIP revenue comes primarily from the supplemental excise tax on gasoline. Prior to the passage of Senate Bill 1, the amount of this supplemental excise tax was variable, and would be adjusted annually based on the price of gasoline. Senate Bill 1 "reset" the excise tax in 2019 to 17.3 cents, to be annually indexed to inflation beginning in 2020 (21.2 cents in FY 2023-24)

- **Senate Bill 1 Revenue Programs**

  In 2017, the California Legislature passed Senate Bill 1, referenced above, containing new fund sources and programs for transportation. Fund sources that inform the Senate Bill 1 program revenue forecast include fuel sales and excise taxes, a license fee-based transportation improvement fee, and an electric vehicle fee. The distribution of program funding is contained in statute. In areas where the state has discretion over the funding shares of competitive programs, staff has assumed San Francisco Bay Area shares based

on past and predicted performance. Table 5 below contains the assumed Bay Area shares of Senate Bill 1 competitive programs.

Table 5. Senate Bill 1 Competitive Programs – San Francisco Bay Area Shares (in billions of $YOE)

Senate Bill 1	Revenue	Bay Area % Share of Total
Active Transportation Program (State)	< $1	14%
Solutions for Congested Corridors	$2	30%
Transit and Intercity Rail	$6	30%
Trade Corridor Enhancement	$3	19%
TOTAL	**$11**	**N/A**

- **Cap-and-Trade**

  The draft revenue forecast currently includes projections for the various state Cap-and-Trade programs consistent with $3.3 billion in annual statewide generations, based on what Cap-and-Trade auctions are currently generating. Table 6 below provides details on the assumed San Francisco Bay Area shares for the various Cap-and-Trade programs. The share assumptions detailed in Table 6 are based upon either state statute (for the Low Carbon Transit Operations Program) or upon MTC's retrospective analysis of the results of state awards for the other programs. The revenue forecast also includes $2.2 billion in revenue from the 40% of Cap-and-Trade revenues which have not been programmed by the state Legislature. This forecast assumes that 1/3 of the 40% un-programmed Cap-and-Trade funds will benefit transportation projects and that, of those funds, the San Francisco Bay Area will receive its population share of 19%.

Table 6. Cap and Trade San Francisco Bay Area Shares (in billions of $YOE)

Cap-and-Trade Program	Revenue	Bay Area % Share of Total
Affordable Housing & Sustainable Communities Program (transportation projects)	$2	11%[1]
Cap and Trade High Speed Rail	$1	4%
Low Carbon Transit Operations Program Population-Based	< $1	19%
Low Carbon Transit Operations Program Revenue-Based	$1	54%
Transit and Intercity Rail Capital Program	$6	30%
40% Un-programmed Cap and Trade Funds	$2	6%
TOTAL	**$13**	**N/A**

[1] 30% of the 35% of total AHSC funds benefiting transportation projects

- **High-Speed Rail**

  In 2019, Governor Newsom announced that while work on the Central Valley segment of the High-Speed Rail project would continue, build-out of the rest of the system would be indefinitely postponed. San Francisco Bay Area High-Speed Rail revenue is still forecasted to be available for connectivity projects already underway or planned, plus a small amount of state funding for future connectivity projects.

Regional Revenues

The majority of regional revenues for the plan are attributed to bridge tolls and the AB 1107 sales tax in the three BART district counties. The Bay Area Toll Authority provides estimates of toll-paid vehicle growth on the seven regional bridges that are used to forecast revenue over the plan period. Toll increases are assumed to satisfy the projected maintenance, rehabilitation, and replacement needs of the regional toll bridges.

Local Revenues

The major local fund sources in the plan include transit fare revenues, street and road local revenue, and sales tax-based revenues.

- **Transit Fare Revenues**

  Fare revenues are projected to be significantly lower than levels assumed in Plan Bay Area 2050, as transit ridership remains well below pre-pandemic levels. Actual fare revenues in FY 2021-22, as reported by the State Controller's Office, were 36% of receipts in FY 2018-19. Operators assume substantial but diminishing year-over-year growth in the near term, and this revenue forecast assumes that diminishing growth rate will continue to FY 2038-39, after which annual growth will stabilize at the 3% assumed in Plan Bay Area 2050. Accordingly, fare revenues will not reach previously forecasted levels, and total approximately $34 billion dollars, or nearly $14 billion less than the $47 billion Plan Bay Area 2050 projected for the FY 2025-50 period.

  Estimates of fare revenue for the Final Plan Bay Area 2050+ transportation revenue forecast have been adjusted to account for forgone fares associated with the continuation of the Clipper START means-based fare discount program throughout the planning horizon.

- **Sales Taxes**

  The revenue forecast includes revenues generated by county transportation sales taxes, transit district sales taxes, and the Transportation Development Act's (TDA) Local Transportation Fund ¼ cent sales tax which is collected in each San Francisco Bay Area County. The forecast also includes revenues expected from the reauthorization of county and transit district sales taxes which are currently set to expire during the plan period. Forecasts for county transportation sales taxes and transit district sales taxes are developed directly by the sales tax administrating agencies. Estimates for county sales tax and transit district measures were submitted by each county sales tax agency. These estimates are used in the revenue forecast to maintain consistency with sales tax expenditure and strategic plans. To maintain consistency, TDA growth rates also assume

the same growth rates as those provided by the sales tax authorities in their respective counties. The sales tax forecast for Solano County is based on a ten-year historical analysis of actual TDA receipts. The AB1107 forecast is a weighted average of projected growth rates for Alameda, Contra Costa, and San Francisco counties.

- **Local Funding for Streets and Roads**

  Local streets and roads revenue includes funds made available from local sources (not including county transportation sales tax measures) such as local general funds and developer/impact fees. Local revenue estimates are based on information provided to MTC by local agencies in response to the 2022 California Statewide Local Streets and Roads Needs Assessment.

- **Other Local Funding Sources**

  The Final Transportation Revenue Forecast incorporates other local sources of revenue including Golden Gate Bridge tolls and toll revenue on existing county- or BAIFA-operated Express Lanes. The Final Transportation Revenue Forecast reflects the toll increases approved by the Golden Gate Bridge, Highway and Transportation District in spring 2024, and removes revenues from existing Express Lanes starting in 2035 to align with the proposed strategy to implement all-lane tolling and transition Express Lanes into carpool lanes.[4]

Anticipated Revenues

Anticipated revenue represents funding that is likely to become available from federal or state sources over the course of the plan period but is unspecified in terms of source or expenditure requirements. Reasonably anticipated revenues differ from new, specific revenue that would be generated under local or regional control such as sales tax reauthorizations or regional bridge toll increases. Examples of this revenue would be the additional funding to federal programs through the Bipartisan Infrastructure Law, and recent state augmentations to Active

[4] Ibid footnote 1

Transportation Program and Transit and Intercity Rail Capital Program. The revenue forecast includes $23 billion in anticipated revenues. This estimate is based upon an analysis of revenue sources that materialized over a twenty-year period from FY 2004-05 through FY 2023-24. It is also updated to include recent revenues that were not captured in the calculations for the Draft Blueprint.

New Revenues

This category includes revenues associated with a regional sales tax measure for transportation funding proposal currently under discussion in the Bay Area. In the context of Plan Bay Area 2050+, this optional revenue assumes a 0.5% sales tax in all nine Bay Area counties with revenue generation beginning in 2028; the actual proposed revenue mechanism may vary based upon ongoing regional policy discussions.

Strategy-Generated Revenues

This category includes revenues associated with new user fees generated from strategies and projects included in the Transportation Project List. This will include fees from a Next Generation freeways pricing strategy, increased parking fees, tolls from new express lanes, and any other fees/tolls estimated to be generated from projects.

- **Next Generation Freeways Pricing**

  This reflects a strategy currently assumed to institute a per-mile fee on all Bay Area freeway corridors no later than year 2035. The fee is envisioned to range between 10 cents and 30 cents per mile during peak periods, varying by vehicle occupancy, congestion levels, time-of-day, and direction of travel. The Plan Bay Area 2050+ transportation revenue forecast assumes $20 billion in revenue generated from this strategy, in line with the latest scope and projections from MTC's Next Generation Bay Area Freeways Study. As noted previously in the document, as of October 2024 staff are gathering feedback on whether the plan's Final Blueprint pricing approach should lean into all-lane tolling or a regional mileage-based user fee, both of which were included in the Draft Blueprint, to best achieve climate goals while avoiding undue affordability burdens. For the purpose of developing this revised transportation revenue forecast,

the regional VMT fee was removed and all-lane tolling was expanded from congested corridors to all corridors. The final policy recommendation for roadway pricing approaches will align with forthcoming recommendations from the Next Generation Bay Area Freeways Study and ongoing plan engagement with regional partners and stakeholders. The final transportation revenue forecast estimates will be adjusted as appropriate prior to Final Blueprint adoption, tentatively scheduled for December 2024. Final revenue forecast estimates are expected to remain generally consistent with the figures provided here.

- **Parking Pricing**

  This reflects a strategy to increase parking fees in the plan's Growth Geographies, which are areas prioritized for housing and job growth, no later than year 2030. Parking fees would range from 25 cents to 50 cents per hour, and the strategy is forecasted to generate $16 billion in new revenues. For the revised revenue forecast, parking pricing is assumed to be accelerated earlier in the plan's growth geographies, starting in 2030 rather than 2035, as was the case in the draft revenue forecast.

Secured Revenues

This category includes projects' secured funding contributions generated prior to the plan period (before FY 2024-25).

For more detailed estimates across all revenue sources, please see Appendix 1.