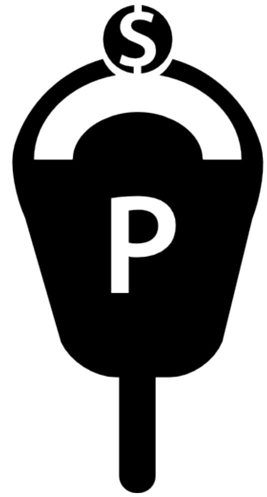
12. FINANCIAL ELEMENT



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). Additionally, zero emissions vehicles continue to increase as a percentage of total vehicle sales (which do not pay fuel tax).

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 Infrastructure Investment and Jobs Act (IIJA); $550 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 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

Generally speaking, revenues into the fund continue to be outpaced by expenditures. The FAST Act authorized surface transportation programs through 2020, and infused $52 billion into the fund account. IIJA, enacted in 2021, added an additional $90 billion dollars to the fund, which has further helped keep the fund at a positive balance. Without additional infusions of cash from the Treasury General Fund, or from infrastructure-related legislation, the funds expenditure will continue to exceed revenue.

The graphs below show the Congressional Budget Office's (CBO) projected balances for the federal highway account and transit account. At the current rate of revenue, funding in the Highway Trust Fund is expected to become negative as early as 2028, unless some other mechanism is formally or informally devised to increase revenues.

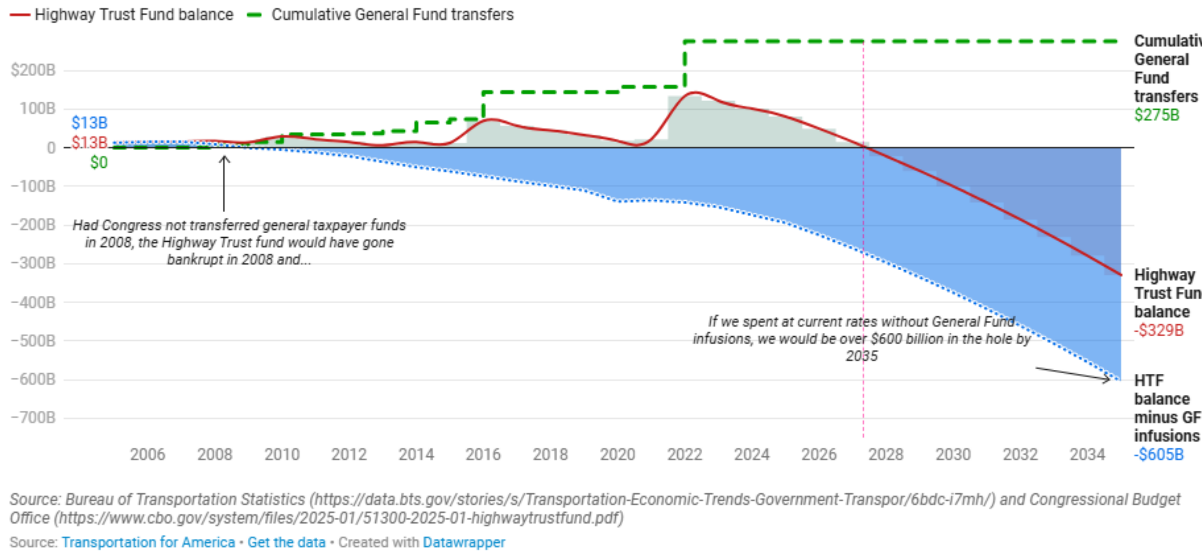


Figure *Finance-1* **Federal Highway Trust Fund Baseline Projections, March 2020** ~~(Congressional Budget Office)~~ **May 2025** (Transportation for America)

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, the increased sales of zero emissions vehicles, 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. Currently, the County of Humboldt, nor any of the local agencies, have a transportation special sales tax (only general taxes). Therefore no agencies within Humboldt County are 'self-help'.
- **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-$1.5 billion annually for capital projects and state highway system improvements. A portion of STIP funding is made available to regions. Regions decide on how to allocate their portion of the funds through the Regional Transportation Improvement Program (RTIP). All projects included in the RTIP must be consistent with the RTP.
- **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

In total, SB-1 continues to provide approximately $6 million dollar in annual funding to the various agencies within Humboldt County.

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 for Roads/Transportation
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.	$1.4 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	$150,000
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		With Measure O, no more Measure Z funds will be put to public works

Measure O (County Roads/Emergency Response)	1% sales tax beginning April 1, 2025.	$24 million dollars annually to Public Works and Transit Operators

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
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

Program	Abbreviation	Eligible Modes/Purposes
		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, 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.

Locally, sales tax measures within each jurisdiction continue to be a valuable and necessary means to fund basic transportation improvements, largely maintenance. Since VROOM 2022, the County of Humboldt was successfully able to pass Measure O, which is a 1% general sales tax. The City of Fortuna attempted in the 2024 general election to pass Measure P, which would have increased the City's current general sales tax measure from ¾% to 1.5%.

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).

Metered parking Programs

Metered parking programs can be used to generate revenue for local jurisdictions and are best suited when the revenue generated is invested back into the immediate area from where the parking fees are collected.

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 2.5%, based on the Consumer Price Index over the past five years. This is an increase above the conventional RTP inflation rate assumption of 2%, however, is viewed as a necessary change in assumption given that recent years have all seen inflation rates above the 2% target (2.9% - 8.0%).

The following summarizes the principal sources anticipated to be available for HCAOG's RTP projects for the 20-year planning period.[1] 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. Most recently, Cycle 11 brought $2,649,690 in into the County, and Cycle 12 brought $3,279,810. To provide an estimate we assume $2,000,000 annually.
- **Regional Transportation Improvement Program (RTIP) Funding:** The RTIP funding forecast is based on Humboldt County's share in the draft 2026 STIP Fund Estimate (August 2026), which indicates that Humboldt has total shares of $2,334,000 through FY 2030-2031 (less PPM funding). 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 $2,500,000 annually. We do not include the unprogrammed balance in future projections.

[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).

- **Interregional Transportation Improvement Program (ITIP) Funding:** ITIP funding was used in partnership with Caltrans to complete the Safety Corridor Improvement project. With that project complete, no ITIP funds are assumed to be used in the 20-year RTP projection period.
- **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 $40 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 for ATP.
- **Regional Surface Transportation Block Grant (RSTBG) / Regional Surface Transportation Program (RSTP) Funding:** Over the past three years, the average RSTP apportionment for Humboldt County has been approximately $1,650,000. For the short and long-term forecast, HCAOG assumes an average of $1,600,000 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 $100,000 for pedestrian and bicycle projects (starting FY 2013-14). After higher priority expenditures, approximately $215,000 has been available annually for spending on roads in recent years. This is a significant decline even from the LTF expenditures reported in the 2022 RTP, when approximately $450,000 was being spent on local streets and roads. The continued stagnation of fuel-tax related revenue sources, coupled with cost increases in transit, are causing local LTF dollars to have to be allocated for only higher-priority uses (i.e. transit).
- **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). 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 vehicles on the road will be zero emission. The state and federal government are exploring alternative taxation mechanisms 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 through 20.
- **State Highway Operations and Protection Program (SHOPP) Funding:** In the current 10-year SHOPP book (2023/24- 2032/33) Caltrans in investing on over 80 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 funding for local jurisdictions' projects are included in the Complete Streets Project Table (Table *Streets*-4) and Caltrans District 1 SHOPP projects are in Appendix E; 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.

- **Locally Generated Tax Revenue:** As shown in Table Finance-2, there are a number of local general tax measures that provide consistent (but not fully predictable) funding for local roads and transportation-related projects. It is assumed that the sum-total of these tax measures across the counties various jurisdictions generates $31 million annually.
- **New and Augmented Federal and State Funding Sources:** Unfortunately, with the current state and federal budget climate, in the near term no new or augmented state or federal funding programs are anticipated over the next RTP planning cycle.

Table *Finance-4* shows the projected revenues available for short- and long-term complete streets projects as listed in the RTP, and ongoing roadway maintenance. The revenues have been adjusted for inflation except where noted.

Table Finance-4 **Projected Revenue**

Revenue Program	***Short Term Revenue (1-5 years) ($1,000)***	***Long Term Revenue (6-20 years) ($1,000)***
HSIP	$10,775	$41,591
RTIP	$13,469	$51,988
ATP	$-	$-
RSTBG	$8,620	$33,272
LTF	$1,697	$6,550
HUTA	$21,551	$83,182
RMRA	$29,633	$114,375
Local Taxes	$167,020	$644,661
Total Revenue	**$252,766**	**$975,623**

[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 in the RTP, in addition to the routine roadway maintenance needs as identified in the most recent regionwide pavement management plans. Including both the complete streets projects and the maintenance projects demonstrates the massive gap in available funding and projected costs.

Table *Finance-5* **Financial Projections for HCAOG Regional Complete Streets Projects and Existing Maintenance**

	Short Term Revenue (1-5 years) ($1,000)	**Long Term Revenue (6-20 years) ($1,000)**
Cost of Complete Streets Projects	$242,452	$466,497
Existing Roadway Maintenance Projects	$420,506	$1,623,066
Revenue	$252,776	$975,623
Difference	**$(410,182)**	**$(1,113,940)**

	Short-term Projects (Years 1-5) ($000)	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 2.5% annual inflation. The value in this exercise is less as a definitive calculation than as an indicator of a significant funding shortfall when the cost of existing roadway maintenance is also considered.

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, 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).

In recent years there have also been one-time infusions of funding for capital and operating costs, specifically funding from the Transit and Intercity Rail Capital Program (TIRCP) through Senate Bill 125. This one-time legislation provided local transportation planning agencies with formula funding to keep public transportation systems operating through the coronavirus pandemic years. Humboldt County was the direct recipient of over $15 million in funding.

Assumptions:

- **Revenues & Costs:** For operations and capital, revenues and costs are assumed to stay flat in constant dollars, but increase by a 2.5% 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 21/22-FY 25/26), local transit operators received a total of $1,500,000 in TDA funds annually. HCAOG assumes that average for forecasting 20 years of STA revenues.
- **LTF Transit Monies (TDA funds):** In fiscal year 25-26, the County and Cities spent approximately $4,800,000 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 $1,000,000 in 2024. Over the five-year period from FY 16/17 to FY 20/21, the average funding allocation was $1,030,000. HCAOG forecasts future annual revenues to be $1,000,000.
- **Humboldt County Tax Measure O:** In 2024 Humboldt County residents voted to approved general tax Measure O, which was a 1% general sales tax to be used for county roads, emergency response, and public transportation. At the beginning of the Measure, the County Board of Supervisors voted to allocate 16% of the total tax measure revenue to transit, which in year 1 equated to approximately $3.6 million in additional transit revenue. Although general tax measures can be changed or modified by a decision of the county board, HCAOG will assume $3.6 million dollars in annual revenue for transit from Measure O.

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 2023 to 2028. In recent years, Blue Lake and Arcata Transit have ceased to operate, with Arcata transferring service responsibility to HTA. The financial plans for the two remaining transit agencies (HTA and Fortuna Transit) are shown below and 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 2022-23** ($000s)	**Revenues, 20-Year Projection** ($000s)	**Annual Costs FY 2022-23** ($000s)	**Costs, 20-Year Projection** ($000s)
HTA	$11,600	$303,800	$10,000	$261,850
FTS	$405	$10,604	$405	$10,604
System Total (rounded)	**$12,005**	**$220,104**	**$10,459**	**$272,500**

[1]Simple 20-year projections with 2.5% annual inflation rate. Revenues and costs include operations and capital.

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

Program Source	Forecasted Annual ($000s)	Forecasted 20 Years* ($000s)
FTA 5310	$300	$7,854
FTA 5311	$1,000	$26,200
LTF (Transit funds)	$4,800	$125,700
STA Fund	$1,500	$39,275
Measure O	$3,600	$95,260
Total	**$11,200**	**$294,300**

*Assumes 2.5% annual inflation.

It should be noted that although the tables above indicated that there is a budget surplus in transit operations, this is simply a result of including the Measure O revenue when considering the annual operating expenses from the 2023 Transit Development Plan. In general, the transit system is operated such that services or capital expenditures will more or less equal revenues in any given year, so the additional investment received from Measure O is expected to translate instantly into costs. Because the Measure O money is awarded from the county, HTA (as the current sole operator receiving Measure O funds) develops a work plan annually noting the expenses to be covered using the funding.

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 2025/26 includes $5.7 million in net revenue, less anticipated grants at the time of the budget. After operating expenses, capital expenses and debt payment, the year's total budget balance is $0.7 million.

In 2024, the Harbor District announced the receipt of a grant from the Federal DOT INFRA program in the amount of $426,719,810. This grant was tied to the development of the proposed Heavy Lift Marine Terminal Project, which would have supported the further development of offshore wind resources. As part of the grant several other key grant program benefits were funded, including:

- $51,000,000 for environmental restoration;
- $1,100,000 for a paved multipurpose trail adjacent to the site;
- $2,300,00 for an eco-shoreline transition from the bay to the upland site;

- $10,000,000 for a large on-site solar array to provide renewable energy to the project operations;
- $1,200,000 for public recreation access (fishing pier, kayak launch, or other);
- $3,000,000 for a dredge material dewatering area; and
- $6,000,000 for a Community Benefit Program intended to benefit local Tribes, fisherman, and nearby residents.

Unfortunately, in late August of 2025, the grant was pulled by the federal DOT, and the harbor district is currently pursuing other alternatives to keep the project moving forward.

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

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.

PROPOSED POLICY: FINANCE-1

Agency	Project Description	Funding Source	ST or LT*
HCAOG, TAC	**Grant Leveraging with Discretionary Funds:** HCAOG recognizes the importance of grant funding to deliver the transportation goals of the RTP. HCAOG will seek to set aside funds in future discretionary funding cycles (i.e. the STIP) to be used for leveraging grant funds for each agency's priority project, as designated by the agency in the most recent version of the RTP. HCAOG staff will create a process recommended by the TAC and approved by the HCAOG Board to enact said policy.	STIP	ST/LT

*Short-term (ST) is one to 10 years, long-term (LT) is 10+ to 20 years

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