



CHAPTER 4 FUNDING THE PLAN

Funding the Plan

Tahoe's transportation system receives financial backing from federal and state governments, which provide planning and construction funds based on residential population formulas and competitive grant programs. Local agencies and jurisdictions contribute by funding capital projects, handling operations and maintenance, supporting transit, and engaging in public/private partnerships.

Policy Highlight

Policy 5.5: Collaborate with local, state, tribal, regional, federal, and private partners to develop additional revenue sources to fund Lake Tahoe transportation investments.

Federal law requires the planned transportation investments in the RTP be **financially constrained** (named in this Plan as "foreseeable") or based on a reasonably foreseeable forecast of future revenues. The forecasted revenues needed to fund the Plan's projects and programs over the next 25 years are included in the *foreseeable list* of constrained funding (Appendix B) to implement the plan's projects by 2050.

Following a successful Bi-State Consultation on Transportation led by the California Natural Resources Secretary and Nevada Department of Conservation and Natural Resources Director, the regional partnership committed to a shared funding framework to increase investment in transportation solutions.

The shared funding strategy, dubbed the **7-7-7 strategy**, is anchored by commitments from all sectors (local/private, state, and federal) to jointly increase funding levels available for transportation programs and projects. Over the last two years partners have answered the call and have increased the base level of transportation funding that is now included in the financial assumptions for this RTP. These funding levels establish a new level of commitment across all sectors to accelerate delivery of transportation improvements.

In addition to the constrained projects identified in the RTP, the Plan includes **illustrative** projects, i.e. unconstrained projects, that are additional transportation projects included in the Plan if additional resources beyond those identified in the financial plan were to become available.

The Illustrative project list captures identified projects that still meet regional transportation goals but have not yet been identified for funding. This does not preclude a project identified as illustrative from being selected for implementation in the RTP.

Building on the success of the 7-7-7 strategy, funding the full Connections 2050 illustrative project list will require steadily increasing commitments from local, private, state, and federal sectors that meet or exceed foreseeable funds, as well as continued pursuit of additional sustainable revenue. The most significant additional revenue need is for transit operations. To improve transit services beyond today's levels, local partners must fulfill their commitment to achieving a world-class transit system by actively pursuing sustainable funding for transit operations.

FUNDING OUTLOOK

The Lake Tahoe Transportation program is financed through a diverse array of federal, state, local, and private sources. As a popular resort destination with high visitation and seasonal travel, Lake Tahoe requires funding for transportation services that exceed the basic needs of residents and commuters. Despite some new funding opportunities, additional funding is still needed to fully realize the envisioned transportation system.

In 2015, the passage of the federal Fixing America's Surface Transportation Act led to increased federal and state funding for Lake Tahoe. This act acknowledged that the Lake Tahoe Region operates as an urbanized area with an effective population of 210,000. As a result, federal transportation funding for the region rose from \$3.4 million to approximately \$7 million per year. This funding boost enabled the region to sustain enhanced transit services, close gaps in the active transportation network, and improve corridors.

Local government and private investments for transportation have also increased dramatically around Tahoe as transportation continues to be an important priority. This is also in response to matching fund requirements of the multitude of new federal and state discretionary grants now available through the Infrastructure Investment and Jobs Act (IIJA) and the investment in new transit and shuttle services. Since the 2020 RTP update, local funding has grown the most of any sector.

The revenue forecasted in the plan is a reasonable estimate of what the region is likely to receive from anticipated funding sources during the life of the Plan, as detailed in Appendix C. The forecast reflects historically available funding levels, and a reasonable expectation of success with discretionary grants. The average rate of inflation used for the Plan's revenue forecast is two percent. This is based on data from the U.S. Bureau of Labor Statistics and is utilized by fellow metropolitan planning organizations in California and Nevada.

An estimated \$2.45 billion in revenue is anticipated to be available over the 25-year planning period. TRPA forecasts needed investments totaling over \$4.27 billion to fully implement the Plan, leaving \$1.82 billion in projects with unidentified funding and no timeline for implementation. The full project list and associated project costs are shown in Appendix B.

Project Implementation

Transportation projects are typically implemented by state departments of transportation, transportation districts, special districts, and other federal, state, and local agencies.

As the Metropolitan Planning Organization (MPO), TRPA is responsible for coordinating with project partners to monitor project timing and funding availability for efficient Plan implementation. The programming process is designed to be flexible and adaptable, ensuring all funds are utilized effectively. If a project is delayed or experiences changes in funding needs, adjustments can be made. This flexibility also allows other projects to advance through collaboration and coordination among implementation partners.

Project partners secure funding from various sources, including local programs, state and federal formulas or competitive grants, private sources, and non-profit partnerships. The majority of federal formula funds are allocated through the TRPA-administered Regional Grant Program, which selects

projects based on criteria related to regional transportation performance, such as improvements in safety, and reductions in vehicle miles traveled and air pollution.

Regionally significant projects are highly competitive for funds through the Regional Grant Program. A regionally significant project means a transportation project which serves regional transportation needs, such as access:

- To and from Tahoe and the mega-region,
- Major activity centers in the region,
- High demand recreation facilities,
- Transportation terminals that would normally be included in the modeling of a region's transportation network,
- And including at a minimum all major improvements on principal arterial highways.



Once project funding is identified and secured, funds are required to be programmed in the four-year Federal Transportation Improvement Program (FTIP) for tracking and ensuring consistency with the Plan. The first four years of the Plan are consistent with the four-year FTIP fund estimate. TRPA prepares and adopts a Transportation Improvement Program (TIP) bi-annually for both a California TIP (including all projects) and a Nevada TIP (including only projects in that state).

FUNDING THE VISION

This section details how the Plan is expected to be funded by various sectors, including federal, state, regional, local, and private sources. The Plan is financially constrained, ensuring that the programmed funding does not exceed the forecasted amount reasonably available over the next 25 years.

Policy Highlight:

Policy 5.1: Prioritize regional and local investments that fulfill TRPA objectives in transit, active transportation, transportation demand management, and other programs which support identified TRPA transportation performance outcomes.

The foreseeable (constrained) projects shown in Appendix B are expected to be financed through sources listed below. Appendix B also includes an illustrative (unconstrained) list of projects that do not have any anticipated funding identified at this time.

Overall, the anticipated revenue for the Plan consists of 30% from discretionary competitive grants and 70% from annual formula funding. This relies on the dedicated and proactive efforts of agency partners to actively seek grant funding, as well as the cultivation of public support and political leadership to establish and sustain local and regional transportation funding.

Forecasted Revenue Sources

The following is a brief description of each funding sector and its contribution toward implementing the Plan.

Federal

Over \$795 million in federal funds are expected to be available over the next 25 years.

Some of the larger federal funding sources include Surface Transportation Block Grant Program (STBG), Congestion Mitigation & Air Quality Program (CMAQ), Rebuilding American Infrastructure with Sustainability and Equity Grant Program (RAISE), the Federal Lands Access Program (FLAP), and Federal Transit Administration (FTA) grants.

Most federal funding sources come with restrictions, limiting their use to specific types of projects in designated locations. Federal transportation funding is managed through established programs and competitive grants, which require significant staff resources to submit grant applications and require committed non-federal matching funds. These challenges have placed the Tahoe Region at a disadvantage when competing for large federal grants.

State

Approximately \$557 million in funding is projected from California and Nevada sources over the next 25 years. Some of the state funding sources include:

California: Transportation Development Act (TDA), California State Highway Operation and Protection Program (SHOPP), State Transportation Improvement Program (STIP), and SB1 Programs.

Nevada: Nevada State funds, State Gas Tax, Environmental Improvement Program Bonds

Most state transportation revenues are derived from gasoline taxes. However, the effectiveness of these taxes has been diminished by inflation and reduced gasoline consumption due to better vehicle fuel efficiency and the rise of electric vehicles.

Although both states are exploring alternatives to gasoline taxes, the ongoing decline in revenue is likely to affect funding in both the near and long term.

Local

Local funding is estimated to provide over \$990 million in revenue to support transportation improvements and operation and maintenance over the next 25 years.

Local revenue sources vary by jurisdiction and are forecasted to include a variety of contributions in addition to general fund, such as Placer County Transient Occupancy Taxes (TOT), new Tourism Business Improvement District (TBID) taxes, developer fees, air quality and rental car mitigation fees, operation and maintenance funds, a parcel tax for dedicated maintenance of bicycle and pedestrian facilities (South Lake Tahoe and El Dorado County voter-approved), City of South Lake Tahoe and El Dorado County measure for funding road repair and rehabilitation, a five-cent increase to the gasoline tax (Douglas County), transit farebox revenues from some transit services, and TOT from Washoe County.

Parking fees are another growing source of funding for transportation projects matching funds and operations and maintenance activities.

Private Sector

Private sector funding accounts for over \$104 million in revenue and primarily focuses on transit investments over the course of the Plan. Private funds are currently supporting ski shuttles, some inter-regional and local transit, vanpools, and microtransit operations.

Public and private transit services continue to be integrated to provide transit for the region. Accounting for private funding reflects how privately operated transportation is providing more travel options at Tahoe, for example North Tahoe’s TART Connect micro transit services, South Tahoe’s Lake Link, private employers providing vanpools, and various private ski shuttles across the region.

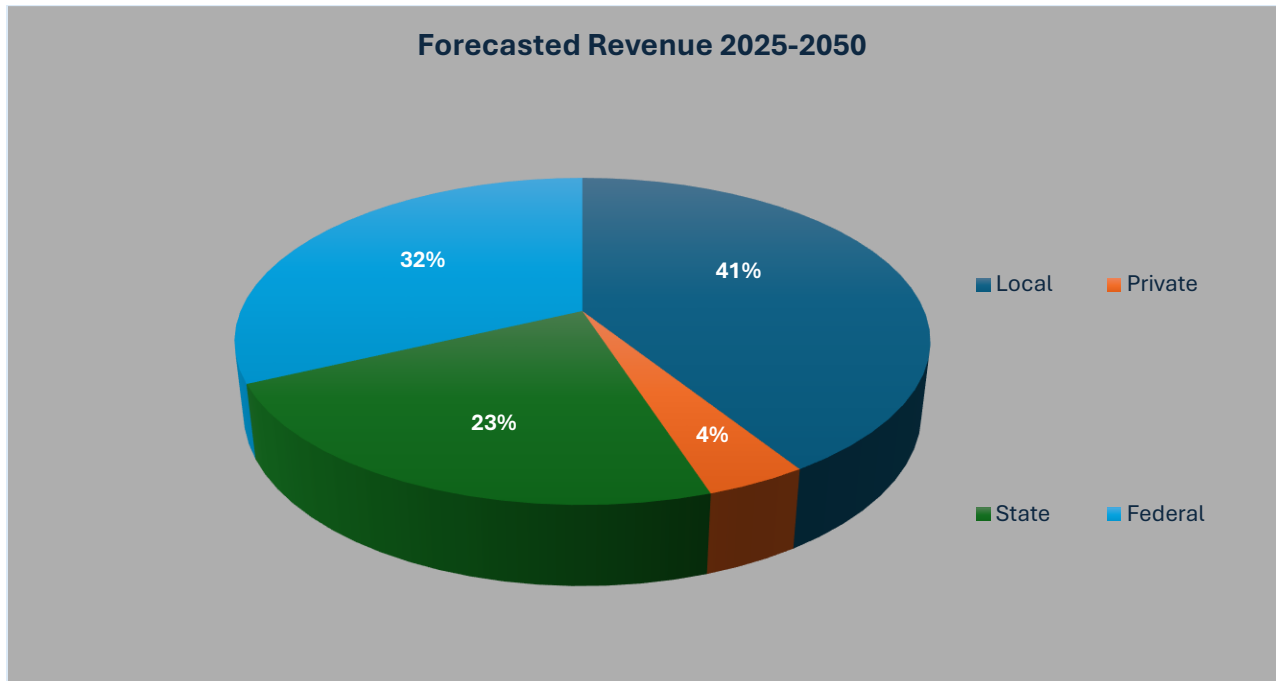


Figure 36: Forecasted Revenue 2025-2050

New Revenue Possibilities

Transforming Lake Tahoe’s transportation system to meet environmental needs and community demands will require dedication, collaboration, and tough political decisions. The focus remains on the shared funding strategy across all sectors to secure new funding for high-priority projects, services, and programs.

State, federal, and local transportation funding sources can vary dramatically from year to year based on the economy, budget decisions, and political priorities. A sector-based approach is underway that targets multiple sources needed to fill the gap that may vary based on the success of receiving discretionary grants.

It is worth noting, new local, state, and federal funding has materialized to meet and exceed targeted “Regional Funding” levels in the previous 2020 RTP. This regional commitment to the shared funding strategy for transportation is expected to continue alongside the investigation and development of emerging funding strategies. TRPA will continue to lead the regional partnership to investigate and

support new funding opportunities including road pricing strategies, road user taxes, local improvement districts, and other regional revenue pursuits.

Road Pricing Strategies

TRPA is currently an active partner on a roadway pricing grant with Caltrans and the Sacramento Area Council of Government, Southern California Association of Governments, San Diego Association of Governments and Metropolitan Transportation Commission. The grant is aimed at evaluating various road pricing strategies to reduce congestion, shift travel patterns, and offset environmental impacts due to automobile travel. TRPA is putting forth rural examples for consideration that differ from freeway lane pricing or other urban applications. Education of the public and law makers about roadway pricing concepts is imperative to advance any proposal in regions or statewide and is a large part of this grant work.

An example of roadway pricing in proximity to the Tahoe Basin is the recent establishment of the Capital Area Regional Tolling Authority (CARTA) for the I-80 Corridor in the Sacramento region. TRPA will continue to monitor and work with CARTA to ensure the Tahoe region is considered in any expanded tolling and expenditure of toll revenue to recognize thru-travel to Tahoe.

Road User Charge/Gas Tax Replacement

As gas tax revenues continue to rapidly decline at the state and federal level due to more fuel-efficient vehicles and significant growth of electric vehicle ownership, both state and federal consideration of revenue alternatives are underway. The State of California has conducted a pilot of alternative collection techniques to offset vehicle use based on miles traveled. This statewide allocation, intended to be a revenue neutral replacement of the gas tax, should not be confused with road pricing strategies mentioned above that would apply at a region-by-region scale.



The federal gas tax replacement strategies remain a significant political challenge, while federal gas tax revenues are dropping to unprecedented levels and require more and more general fund transfers to keep the Highway Trust Fund, the primary source of federal transportation funding, solvent.

Local Improvement Districts

Local governments and private sector partners have recognized the value of investing in transportation solutions to achieve environmental and economic goals at the community level. This collaboration has led to the creation of “improvement districts,” where local businesses voluntarily levy self-assessments and invest the funds in transportation solutions and other visitation mitigation measures such as litter removal or workforce housing.

At Tahoe, the most recent example of a local improvement district is in Placer County with the inception of the North Tahoe Community Alliance’s (NTCA) Tourism Business Improvement District (TBID). This TBID self-assesses local businesses and reinvests in programs and activities that directly benefit the businesses being assessed. NTCA also coordinates with Placer County to direct transient occupancy tax (TOT) dollars to maximize funding impact.



Funding profile – North Lake Tahoe Tourism Business

Improvement District: *Local funding from the private sector is critical to implementing the Regional Transportation Plan. The North Tahoe Community Alliance, in Placer County, has demonstrated success in securing local funding through their Tourism Business Improvement District (TBID). In 2021 local businesses in North Lake Tahoe, California agreed to self-assess and form a business improvement district. This district collects an estimated \$6.5 million per year from multiple sectors of the local economy. The North Tahoe business community's formation of the TBID has released*

transient occupancy tax (TOT) funds, previously allocated for regional marketing. The Placer County Board of Supervisors has pledged to use these TOT funds to support workforce housing and transportation projects, benefiting North Lake Tahoe residents, businesses, and visitors.

Addressing traffic congestion and enhancing local transportation services are major priorities of the NTCA. Funds generated through the TOT-TBID Dollars At Work program are being reinvested into initiatives designed to help solve traffic and transportation challenges. Transportation investments include the Kings Beach Western Approach Project, SR89 & SR267 Adaptive Corridor Management, Tahoe City Downtown Access Improvements, TART Connect Expanded Service Hours, Tahoe City Park and Ride Winter Operations, Workforce Vanpool, and Parking Management Program.

Inspired by the success of the NTCA's TOT/TBID, businesses in other jurisdictions around the region have expressed interest in forming their own TBIDs to fund transportation projects. This interest includes the South Shore Transportation Management Association (SSTMA) for the entire South Shore area and Travel North Tahoe Nevada for the Washoe County portion of the Tahoe Basin. Nevada does not currently allow for the formation of TBIDs in its state laws. In 2024, TRPA submitted a bill draft request to the Nevada Legislature to enable TBIDs to form in Nevada. This bill will be considered during the 2025 Legislative Session.

Regional Revenue

TRPA will continue to strengthen the regional effort to develop new transportation funding even though TRPA does not have the authority to collect revenue or tax. Many of the regional strategies that could produce new revenue are tools to manage VMT reduction and recreation access and involve many partners across local, state, and federal jurisdiction. The TTD's unique authority to raise revenue should continue to be explored to help bridge the cross jurisdictional limitations that may exist and create a more ubiquitous solution for the public (e.g. region-wide parking management programs like **Park Tahoe**).

TRPA will be active in both states' discussions on emerging revenue options to replace declining fuel tax revenue for transportation to continue to elevate the impact of recreation/tourism travel on rural areas when considering revenue distribution in any statewide funding mechanism.