



1

Table of Contents: Introduction & Background

1. Refresher on budget workshop series
2. Recap of Workshop #1
3. Estimating YoloTD's future deficit
4. Goals and structure of this workshop

2

Table of Contents: Six Options for Increasing Revenue

1. Increase share of federal funding
2. Continue state transit recovery (SB 125) funding
3. VMT mitigation
4. Toll revenue from Yolo 80 managed lanes
5. Increase share of LTF Revenue
6. Voter-approved transportation sales tax measure

Introduction & Background

Refresher on Budget Workshop Series

This workshop series was an outcome of FY 24-25 budget process

Goals

- Broader understanding of YoloTD funding sources and budgeting process
- Explore options to address future deficits
- Promote learning > Set direction

Three Workshops

- Overview of Major Funding Sources (Federal/State) - May 2025
- Options for Increasing Revenues – Feb 2026
- Budgeting Process – how costs are allocated to funding sources – Mar 2026



5

5

RECAP

Workshop 1: Major Funding Sources

INTRO TO TRANSIT FUNDING

An overview and status update on state and federal funding sources that sustain transit service in Yolo County

Amy Changchien
Deputy Regional Administrator
FTA

Chad Edison
Chief Deputy Secretary for Rail and Transit
CalSTA

Erik Johnson
Deputy Executive Director of Operations
SACOG

Kari Watkins
Associate Professor
UC Davis

May 27, 2025 6:00 PM

In-Person and Virtual

YoloTD logo



6

6

Transit is crucial to achieving the region's goals



68%

of housing and employment growth projected in communities with existing transit service



2X

today's weekday transit service is required to meet GHG reduction targets



5-10%

of households do not have a car, disproportionately low-income households and people of color



7

7

Long-term, transportation revenues for roads and transit are projected to decline

Pew

More EVs, Less Gas Tax Revenue Create State Transportation Budget Issues

State fiscal debates to watch in 2025

ARTICLE
January 14, 2025

CAL MATTERS

About Us Newsletters Donate

California gas tax revenue will drop by \$6 billion, threatening roads



BY ALEJANDRO LAZO
DECEMBER 13, 2023 UPDATED DECEMBER 15, 2023

Republish



8

8

Similar slowdown anticipated for TDA revenues

FUND

Local Transportation Fund (LTF)



0.25% sales tax on goods

State Transit Assistance Fund (STA)



7.625% sales tax on diesel fuel

OUTLOOK



Mixed bag: Consumer spending is decreasing, slower growth overall ¹



Declining: \$300 million less revenue by 2034²

Source: (1) "Updated Big Three Revenue Outlook", Legislative Analyst's Office; (2) "Assessing California's Climate Policies: Implications for State Transportation Funding and Programs", Legislative Analyst's Office.



9

9

Transit Transformation Task Force

The Transit Transformation Task Force was a statewide panel created by **Senate Bill 125 (SB 125)** in 2023 to develop strategies for revitalizing and modernizing public transit across California.

The Task Force was established in response to **declining ridership** and **financial instability** at many transit agencies—problems worsened by the COVID-19 pandemic.

Mission: identify both short- and long-term reforms to make transit more efficient, equitable, and financially sustainable.

The **California State Transportation Agency (CalSTA)** convened the 25-member Task Force, which included representatives from transit agencies, local governments, labor unions, environmental organizations, business groups, academics and rider advocates.

10

Estimating YoloTD's Future Deficit

11



11

YoloTD structural deficit

Five-Year Outlook adopted in June 2025 relies on **one-time recovery funds** and **accumulated savings** to maintain current service levels through FY 29-30. (see next slide)

- Does not account for increased costs of **new transit operations contract**
- Assumes **fleet replacement** and **zero-emission transition** are funded separately through discretionary grants.
- Assumes expenses and revenues grow at same rate.



12

TABLE 3. FIVE-YEAR OUTLOOK IN CONSTANT 2025 DOLLARS

	FY 24-25		Five-Year Outlook				
	Final Budget	YE Projection	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Expenditures							
FY24-25 Operating Expenditure Budget	\$21,225,529	\$17,363,861	\$21,401,008	\$21,401,008	\$21,401,008	\$21,401,008	\$21,401,008
FY25-26 Non-recurring operating expenses			\$150,000				
FY28-29 New Service VMT Mitigation Plan 2023 Estimates						\$4,200,000	\$4,200,000
Adjustment to 25% deposit to General Reserve	\$379,382		\$82,000	(\$37,748)			
Scenario Expenditure Budgets in 2025 Dollars:	\$21,604,911	\$17,363,861	\$21,633,008	\$21,363,260	\$21,401,008	\$25,601,008	\$25,601,008
Revenues							
State Transit Assistance	\$2,845,000	\$2,845,747	\$2,253,143	\$2,253,143	\$2,253,143	\$2,253,143	\$2,253,143
Local Transportation Fund (FY 24-25 Level)	\$5,654,000	\$4,353,513	\$7,425,906	\$7,425,906	\$7,425,906	\$7,425,906	\$7,425,906
Cache Creek Mitigation Funds	\$1,315,000	\$1,315,000	\$1,600,224	\$1,600,224	\$1,600,224	\$1,600,224	\$1,600,224
STA-SGR State of Good Repair Funds ¹	\$325,000	\$79,818	\$167,060	\$167,060	\$167,060	\$167,060	\$167,060
Fare Revenue ²	\$1,370,000	\$1,343,000	\$1,343,000	\$1,343,000	\$1,343,000	\$1,343,000	\$1,343,000
Other: Fuel Sales/Advertising/Fuel Credits/Interest Etc. ³	\$1,005,000	\$975,000	\$470,000	\$470,000	\$470,000	\$470,000	\$470,000
UC Davis Causeway Connection Support	\$293,000	\$286,000	\$325,859	\$325,859	\$325,859	\$325,859	\$325,859
FTA 5311 Formula Funds:							
Rural Yolo County	\$204,000	\$204,214	\$120,000	\$200,000	\$200,000	\$200,000	\$200,000
FTA 5307 Formula Funds:							
UZA Woodland ⁴	\$2,468,000	\$128,000	\$2,868,527	\$3,110,316	\$3,110,316	\$3,110,316	\$3,110,316
UZA Davis ⁵	\$150,000	\$150,000	\$300,000	\$150,000	\$150,000	\$150,000	\$150,000
UZA Sacramento ⁶	\$126,000		\$1,766,289	\$2,650,000	\$2,650,000	\$2,650,000	\$2,650,000
FTA competitive grants (42 Expansion, Causeway Connect) ⁷	\$720,000	\$487,489	\$160,000				
CRSAA-COVID Grant (Sacramento UZA)		\$1,020,111					
ARPA 100% reimburs. funds (Sacramento)		\$2,125,428					
CARES Act 100% reimburs. funds (Woodland & Davis UZA)		\$60,000					
SB125 formula-based capital program ⁸	\$3,072,000	\$2,763,292	\$60,000				
SB125 formula-based capital program ⁹	\$1,690,000		\$2,691,000	\$1,705,500	\$1,705,500	\$1,705,500	\$1,705,500
New Service: Yolo 80 VMT Mitigation Plan 2023 Estimates ⁹						\$4,200,000	\$4,200,000
Unrestricted Funds			\$82,000	(\$37,748)			
Total Base Revenues	\$21,237,000	\$18,076,612	\$21,633,008	\$21,363,260	\$21,401,008	\$25,601,008	\$25,601,008
Base Funding Excess (Deficit)	(\$367,911)	\$712,751	\$0	\$0	\$0	\$0	\$0
Potential Funding Solutions							
Increased use of Formula funds ¹⁰	\$367,911						
Obtain new competitive grants							
SB125 formula-based capital program							
Increased use of LTF/other potential funding strategies							
Increased use of unrestricted funds							
Excess funding added to unrestricted funds balance		(\$712,751)					
Subtotal Potential Strategies to Close Excess (Deficit)	\$367,911	(\$712,751)	\$0	\$0	\$0	\$0	\$0
Remaining, Base Funding Excess (Deficit)	\$0						



YoloTD structural deficit

For purposes of this discussion, we estimate an annual structural deficit of **\$5-\$8 million** per year due to some combination of the following:

- Increased costs of **new transit operations contract** (bids are due Feb 10)
- **Urgent fleet replacement needs** not fully funded by grants
- **Federal transit funds** may decline in next transportation bill





What happens if structural deficit is not addressed?

- **Reductions in transit service**, using the Short Range Transit Plan's 80% and 90% scenarios as guideposts
- **Delayed transition to zero-emission fleet** – a move which could jeopardize state funding
- **Layoffs** of frontline workers and administrative staff



15

15

Goals for today's workshop



Explore options for increasing revenue



Identify areas where additional research/exploration is desired



Return for future Board action on which options to pursue



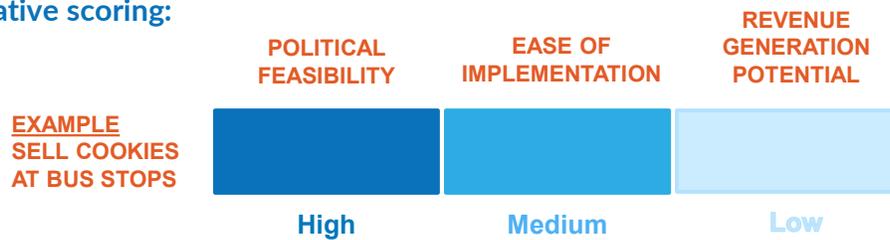
16

16

Looking at each option

- How the funding mechanism works
- Current funding levels for YoloTD
- What is the range of additional funding YoloTD could receive? Would it contribute meaningfully to closing the deficit?
- What is the process for getting additional funding?
- Potential next steps

Qualitative scoring:



17

17

Not on the table today

Funding mechanisms YoloTD does not have authority to implement

- Parcel taxes or other local taxes or fee programs
- Road user charges (eg "pay as you drive" fees or mileage-based fees)

One-time grants (federal/state/regional)

- More appropriate for fleet replacement and other capital needs
- Could potentially be used to bridge short-term funding gaps

New/expanded partnerships with major employers

- Cache Creek Shuttle, Causeway Connection
- Assume these continue to be self-supported



18

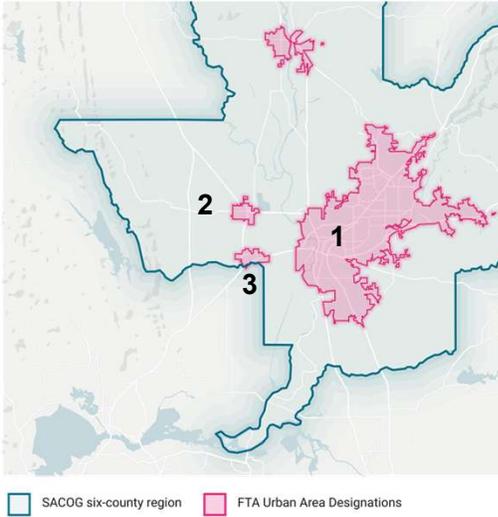
18

Six Options

Option 1

**INCREASE SHARE OF
FEDERAL FUNDING**

Most federal transit funding for YoloTD flows through three urban areas



Urban area	Population	FTA 5307 funding in FY25 (\$M)	YoloTD Share
1 Sacramento (formula)	1,946,618	\$37.6	\$1.2
1 Sacramento (grants)	---	\$4.2	varies
2 Woodland	61,133	\$2.5	\$2.5
3 Davis	77,034	\$6.2	\$0.15
Total		\$50	\$3.85

Source: Federal Transit Administration - Created with Datawrapper

21

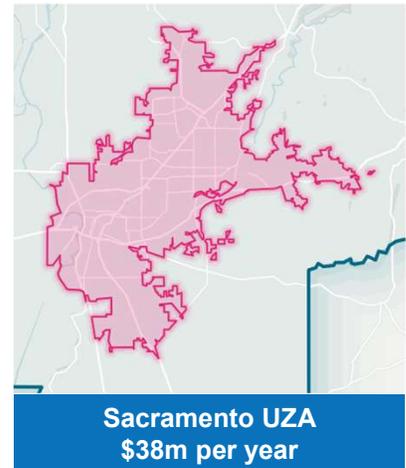
Federal Funding: Sacramento UZA

Federal transit funds for the Sacramento Urbanized Area are shared among YoloTD, SacRT, and other small transit operators in Placer and El Dorado Counties.

Funding supports YoloBus **West Sacramento local routes** as well as **Intercity Route 42A/B**

Funding levels dictated by **2015 MOU**:

- 88% by formula
- 12% by competitive grant program



22

Federal Funding: Sacramento UZA

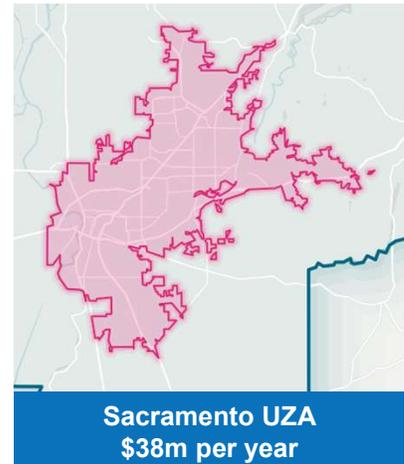
Status of MOU Negotiations

- SacRT is proposing to eliminate competitive grant program, allocate all funds by formula. This would result in more predictability but less funding for YoloTD.
- Proposed changes to formula methodology would further decrease YoloTD's formula share.

Likely Impact on YoloTD Budget

In **best case scenario**, there is no change to YoloTD funding levels (\$1-1.2 million formula + \$0.5-1m in grants per year)

In **worst case scenario**, YoloTD funding levels decline (\$0.8-1m formula + no grants)



23

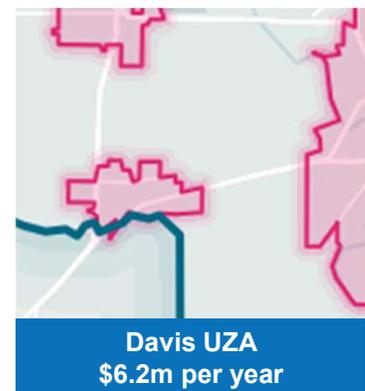
Federal Funding: Davis UZA

Federal transit funds for the Davis Urbanized Area are shared by Unitrans and YoloBus.

Funding supports YoloBus **Davis Express Routes 43, 43R, 44 and 230** as well as **Intercity Route 42A/B**.

Funding levels for Davis UZA allocated by historical practice:

- Typically \$150k to YoloTD (\$300k in FY 2026)
- Remainder to Unitrans (currently ~\$6m)



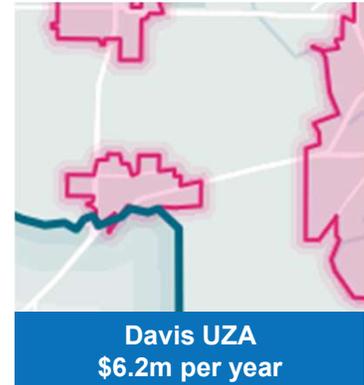
24

Federal Funding: Davis UZA

Student fees cover 71% of Unitrans operating costs. Unitrans uses federal funding to cover remaining operating costs, and for fleet maintenance and repair. (*Historically, Unitrans has not received TDA funds*).

However, the Yolobus fleet is significantly older and in greater need of replacement. FTA uses average lifetime miles to track fleet condition. By this measure, Yolobus's fleet replacement needs are more than double that of Unitrans.

- Yolobus fleet: 477,000 avg lifetime miles
- Unitrans fleet: 212,000 avg lifetime miles



Source: National Transit Database 2024



25

Federal Funding: Big Picture

Transit funding levels are established by Congress every ~5 years via broad-based transportation funding bill (aka "Highway Bill").

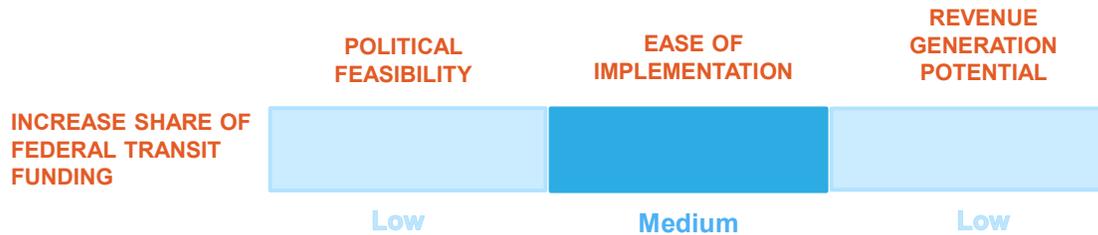
The current transportation authorization bill passed in 2021 and expires **September 2026**.

There is no draft bill yet, but **transit funding is predicted to remain steady or decline**.



26

Increase Share of Federal Funding: Qualitative Scoring and Potential Next Steps



Potential Next Steps:

- Continue negotiations on Sacramento UZA MOU to preserve current earned share and competitive grant program
- Negotiate with Unitrans/City of Davis to establish Davis UZA MOU
- Support advocacy for transit funding in federal Highway Bill



27

Option 2

CONTINUE STATE TRANSIT RECOVERY (SB 125) FUNDING



28

What is SB 125?

Passed in 2023, provides **\$5.1 billion** in one-time, flexible emergency funding to transit agencies in California. It was intended to **stave off transit cuts** brought about by declining ridership and revenues post-COVID. These funds administered by SACOG for the four-county region that includes Yolo, Sacramento, Yuba and Sutter.

The bill also created a statewide **Transit Transformation Task Force** to develop policies to help transit recover long-term. SACOG is also required to create a **Long-Term Financial Plan & Recovery Strategy** for transit in the SACOG region. That work is underway.

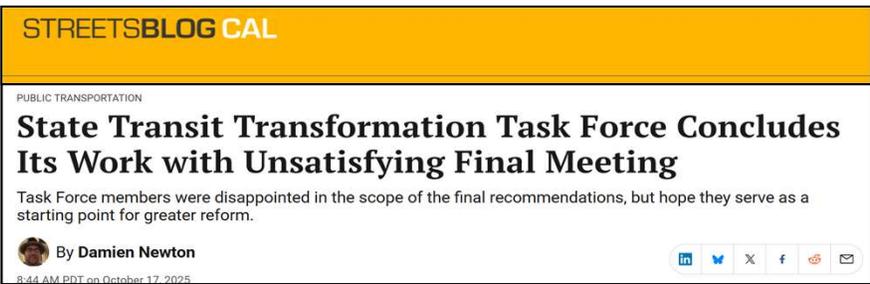
Current SB 125 Funding Awards to YoloTD

SACOG has administered two cycles of SB 125 funding to date. The third (**and final!**) cycle is currently underway.

YoloTD has received the following allocations:

- Cycle 1: \$3 million
- Cycle 2: \$3.3 million
- Cycle 3: **TBD**

YoloTD staff hope Cycle 3 funds can absorb impact of new transit operations contract for the next 3-5 years



Task force does not identify clear path forward to address fiscal cliff.

Task Force Final Report (Dec 2025) includes the following recommendations on funding:

- **Implement new state funding mechanisms** to stabilize transit agencies in the near term, increase and enhance transit service in the mid-term, and deliver transit service that aligns with the goals of the report over the long-term.
- Consider additional flexibility for transit agencies, regions or voters to **place measures on the ballot**.
- Allow **maximum flexibility** to transit agencies when expending State transportation funds, and MPOs to flex federal highway dollars for transit.



State Transit Recovery (SB 125) Funding: Qualitative Scoring and Potential Next Steps



Potential Next Steps:

- Advocate for maximum share of Cycle 3 funding from SACOG
- Support advocacy for renewed state transit funding



Option 3

VMT MITIGATION



33

What is VMT Mitigation?

VMT mitigation is now a required component of CEQA analysis for any project that will generate new car trips.

- Capacity-expanding road or highway projects
- Auto-dependent housing, office and retail developments

Strategies that increase transit ridership, such as **increasing transit frequency or access to key destinations**, have been demonstrated to reduce VMT.

This change in CEQA came after the passage of legislation (SB 743). VMT mitigation programs are evolving rapidly. Yolo 80 was **among the first highway projects** statewide to comply with the new requirements.



34

VMT Mitigation for Yolo 80 Project

YoloTD is slated to receive ~\$5.5 million annually starting in FY 2028 from Yolo 80 construction capital funds.

These investments may continue beyond initial mitigation period, pending availability of toll revenue.

These funds are slated for **expansion** of transit service including the 42A/B and Causeway Connection, not **continuation** of current service.

A major expansion of **Yolo Commute**, the commuter incentive program administered by YoloTD, is also programmed for VMT mitigation funding from the Yolo 80 project.



35

Aside from Yolo 80, are there other opportunities to receive VMT mitigation funding?

Yes!

I-5 tolling project in Sacramento County could be another source of VMT mitigation funding, particularly for **Intercity Route 42A/B**

Housing and commercial developments are another option. YoloTD has discussed VMT mitigation opportunities with multiple project applicants navigating the approvals process.

Fully funding new or expanded transit service is not financially feasible for most developments of the size and scale we see in Yolo County. However, partial funding of new/expanded transit service could be an option.



36

VMT Mitigation Banking

In response to SB 743, agencies across California are working to establish VMT mitigation “banks”

What is a VMT mitigation bank?

SB 743 implementation guidelines allow regional agencies to create VMT mitigation banks. These banks sell VMT “credits” to project proponents, and then use the pooled credits to implement VMT mitigation measures.

Agencies participating in a mitigation bank must identify high-priority projects that can be reasonably implemented using pooled funds or credits, and demonstrably achieve quantifiable VMT reductions.

Similar approach has been used for affordable housing, habitat, and open space projects.



37

How would YoloTD engage in VMT Mitigation Banking?

1. Work with SACOG and other counties to develop a regional VMT mitigation bank.
2. Explore participation in California statewide mitigation bank for significant transportation impacts (*Pursuant to AB 130, 2025*).
3. Work with YoloTD member jurisdictions to create a Yolo-specific VMT Mitigation banking program focused on projects and programs that serve Yolo County.



38

VMT Mitigation Funding: Qualitative Scoring and Potential Next Steps



Potential Next Steps:

- Research best practices and emerging models in VMT mitigation banking
- Engage with regional and statewide VMT mitigation banks under development



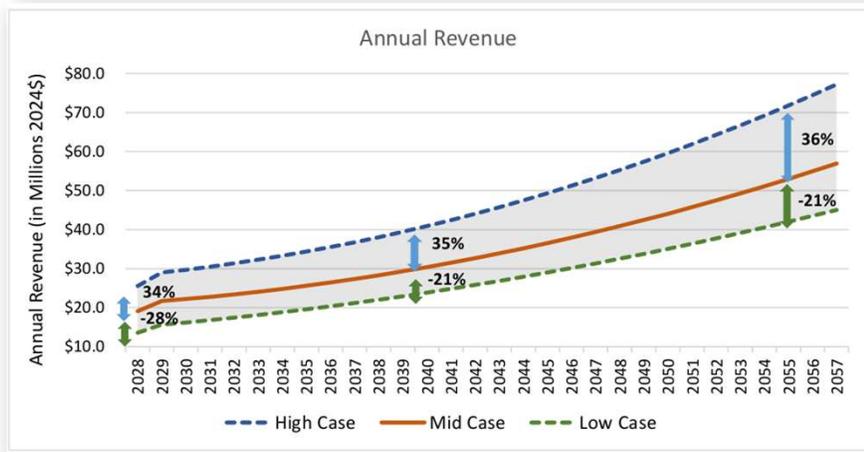
Option 4

TOLL REVENUE FROM YOLO 80 MANAGED LANES



Overview of Toll Revenue

The Yolo 80 managed lanes project is expected to generate \$14-26 million per year in **gross revenue** when lanes opens in 2028. Revenue is projected to grow over time.



41

'Net Excess' Toll Revenue

After all operating expenses (including VMT mitigation), **net excess toll revenue** will be available for other transportation needs.

What projections do we have about net excess toll revenue?

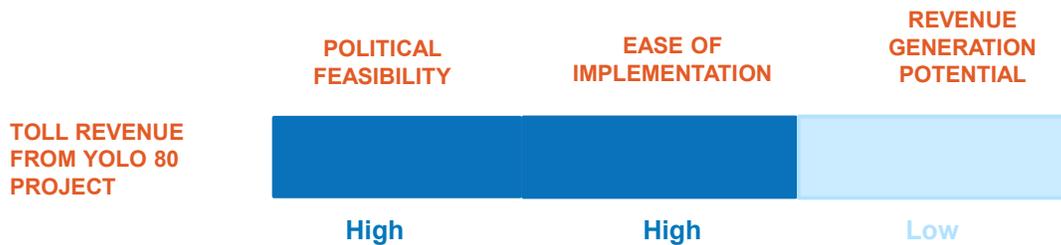
CARTA has not yet published projections of net excess toll revenue. Major cost drivers are still being developed. In addition to regular operating costs, CARTA will have **repayment of startup loans** for the first 5-10 years of lane operations.

Net excess toll revenue **unlikely before 2035**, and amount is not yet known. There will be other, competing priorities for that revenue. Available funding could be significant in the mid- to long-term, but not soon enough to address near-term deficits.



42

Toll Revenue from Yolo 80: Qualitative Scoring and Potential Next Steps



Potential Next Steps:

- Continue engagement with CARTA to shape funding waterfall, CARTA loan agreements, and other budgetary factors.



43

Option 5

INCREASE SHARE OF LTF FUNDING



44

Overview of Local Transportation Fund

The Local Transportation Fund, or LTF, is California’s largest transit funding program.

Designated Uses: LTF provides for public transit planning and operations as well as coordination between transit providers.

Source of Funds: LTF is derived from a 1/4 cent of the general sales tax.

Administration: All revenues are returned to the originating county. Yolo County’s funds are administered by SACOG.

Small County Loophole: The 1971 law includes a provision allowing counties with populations under 500,000 to use their LTF for local streets and roads, *if* all transit needs are met, a determination made through public hearings administered by SACOG. This loophole enables non-transit spending but requires proving no unmet transit needs exist.

TDA Alphabet Soup

The terms LTF and TDA are often used interchangeably. TDA stands for Transportation Development Act, the 1971 law which established the Local Transportation Fund.

However, TDA also includes other, smaller pots of funding (STA + SGR), but those don’t have the same flexibility as LTF and are for transit only.



LTF Allocations for FY 2025-26

(in \$ millions)

Jurisdiction	Total LTF Available (\$M)	Amount Used by YoloTD	Amount Retained by Jurisdiction	Percent Retained by Jurisdiction
Davis	4.61	2.24	2.38	51%
Woodland	4.30	2.12	2.12	49%
West Sacramento	3.85	2.62	1.23	32%
Winters	0.54	0.15	0.39	72%
Yolo County	2.41	0.23	2.19	91%
All Jurisdictions	13.9	7.43	8.30	60%





Competing Priorities

Road rehabilitation is critically underfunded in Yolo County. A 2018 YoloTD study estimated the need at **\$40 million** per year.

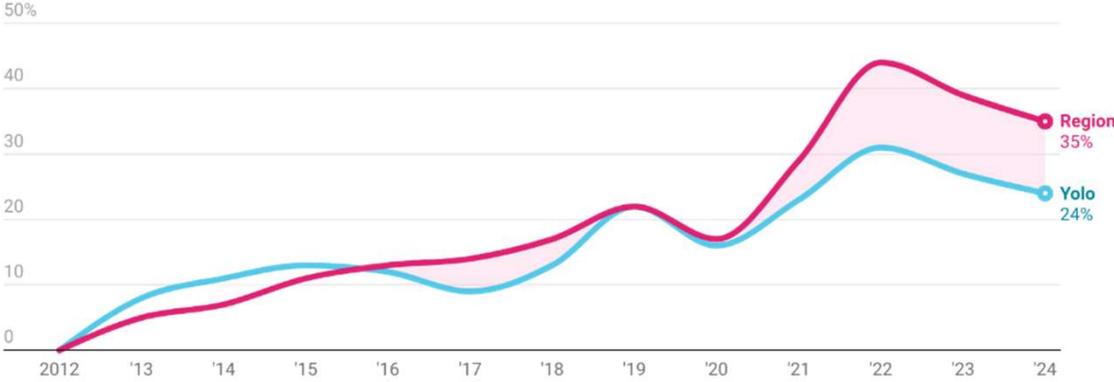
Most jurisdictions in Yolo County rely upon LTF for their annual road rehabilitation budgets.

LTF also funds **ridesharing** (West Sacramento On-Demand), and **complete streets** projects in Yolo jurisdictions.



LTF revenue in Yolo County has grown, but at a slower rate than the SACOG region overall

Change in LTF revenues in the four-county region and Yolo County since 2012



Data note: Revenues were inflation-adjusted to 2024 dollars
 Source: SACOG, State of California • Created with Datawrapper



Who decides how to allocate LTF?

It's complicated.

The **YoloTD Board of Directors** and the **City of Davis** (as the operator of Unitrans) have discretion over how much LTF to claim for transit.

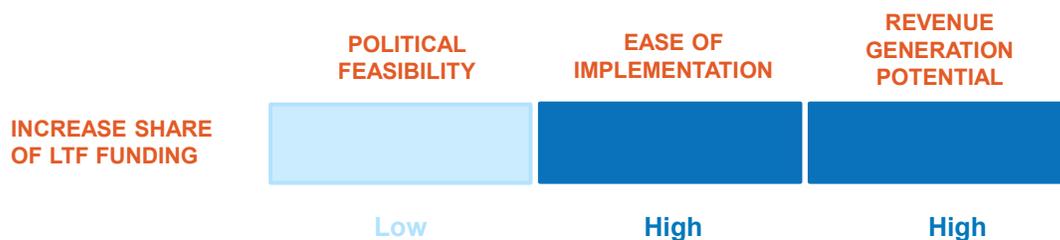
If YoloTD and City of Davis don't claim all available LTF for transit, **SACOG** may make a determination that there are no unmet transit needs, and cities can apply to claim the excess funds for other priorities.

Reducing transit service to preserve funding for road rehabilitation may not be consistent with SACOG's LTF guidelines and/or the TDA statute.



49

Increase Share of LTF Funding: Qualitative Scoring and Potential Next Steps



Potential Next Steps:

- Talk to jurisdictions about the impact of reducing available LTF, whether other sources of funding are available to minimize impacts
- Coordinate with SACOG about implications of service reductions for Unmet Transit Needs process



50

Option 6

TRANSPORTATION SALES TAX MEASURE



51



- Counties with a transportation sales tax
- Counties without a transportation sales tax

Countywide transportation sales taxes are widespread in California

25 "self-help" counties in California generate local transportation revenue via sales tax measures.

Sales tax revenue is less restrictive than state or federal funds, allowing for flexibility and innovation.

Sales tax revenue provides essential local match for competitive state/federal grants that are otherwise out of reach.



52

52

Impact of Sales Taxes on Winning Discretionary Grants

Most state and federal grant programs include local match criteria. Local sales taxes provide the primary source of local match in California.

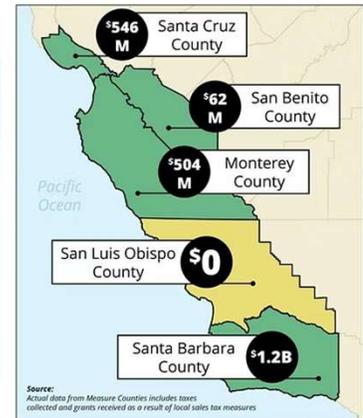
Evidence from across California suggests that every \$1 of transportation sales tax collected results in \$1-2 additional dollars in grants won.

Central Coast Example: Sales Tax Collected and Grants Won (2016-2025)

Region	Collected	Grants Won
Santa Cruz	\$196M	\$350M
Monterey	\$277M	\$227M
Santa Barbara	\$458M	\$759M
SLO	\$0	\$0
Lost out on	\$270M	\$430M

Total Transportation Tax Funding Impacts by County (2016-2025)

Based on actual sales tax revenue and competitive grants won



Transportation Sales Tax 101

There are two types of local sales taxes, general and special. Any sales tax administered by YoloTD is a **special tax** by default.

In most cases, the county's Transportation Authority approves an ordinance placing a tax measure on the ballot for a subsequent special election that year.

Once placed on the ballot, a local sales tax increase **must be passed by voters** to take effect. Special taxes must receive a 2/3 majority of votes to pass if introduced through a board-approved ordinance.*

Revenue is allocated based on an expenditure plan included in the associated ordinance.

Local transportation sales taxes usually include a **Citizens Oversight Commission** to ensure transparent and appropriate use of funds.

**Note: If placed on the ballot via citizen's initiative, 50% majority is required. More on this later.*



How are funds typically allocated?

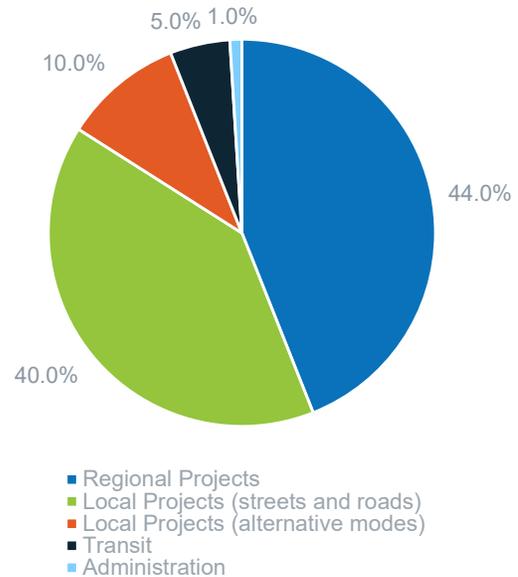
The major categories included in existing local transportation sales tax measures in California:

- Local streets and roads
- Large capital projects
- Transit operations

Active transportation can also be included as its own category or integrated into local streets and capital projects.

Transportation Authorities have flexibility to **design their expenditure plans** based on a combination of local priorities, funding needs, and political feasibility.

Expenditure plan for Merced County's Measure V



55

55

YOLO COUNTY SALES TAX CONSIDERATIONS

56



56

What could a measure fund in Yolo County?

Local streets and roads

Most existing transportation sales taxes return a portion of revenue to each jurisdiction for local streets and roads based on the share of revenue generated, population, road mileage, or some combination of the three.

Capital projects

There is significant flexibility in how capital project funds could be allocated. A Countywide Transportation Improvement Plan could form a foundation by collecting and prioritizing local projects. Other allocation methods could include jurisdictions self-identifying priority projects based on their own plans, or competitive project selection based on established evaluation criteria.

Transit

A portion of generated revenue could go directly to transit operations and/or capital expenses for YoloTD, or it could go to member jurisdictions for local streets and roads while current TDA funding used for that purpose is returned to the district.



57

57

How much revenue would be generated annually?

Jurisdiction	Existing Tax Rate	Taxable Transactions 2024	Estimated Tax Revenue 2024	Add'l Annual Revenue from Quarter Cent Increase	Add'l Annual Revenue from Half Cent Increase	Percent of Total Revenue
Yolo County Unincorporated	7.25%	\$627,284,353	\$45,478,116	\$1,568,211	\$3,136,422	9%
Davis	9.25%	\$1,005,685,375	\$93,025,897	\$2,514,213	\$5,028,427	19%
Woodland	8.00%	\$1,647,199,540	\$131,775,963	\$4,117,999	\$8,235,998	26%
West Sacramento	9.25%	\$2,376,360,934	\$219,813,386	\$5,940,902	\$11,881,805	44%
Winters	8.25%	\$105,850,134	\$8,732,636	\$264,625	\$529,251	2%
Total		\$5,762,380,336	\$498,825,998	\$14,405,951	\$28,811,902	100%



58

58

Could Sales Tax Revenue Replace TDA for Local Streets and Roads?

	TDA Funds Retained in FY 24-25	Add'l. Annual Revenue from Quarter Cent Increase (2024)	Remaining Revenue (Quarter Cent)	Add'l. Annual Revenue from Half Cent Increase (2024)	Remaining Revenue (Half Cent)
All Jurisdictions	\$8,259,219	\$14,405,951	\$6,146,732	\$28,811,902	\$20,552,683

Yes!

A **half cent tax** would generate enough revenue in each jurisdiction to entirely replace TDA funds for local streets and roads, while also leaving an additional **\$20.5 million annually** for additional investments such as capital projects, active transportation, increased transit or increased funding for local streets and roads.

A **quarter cent tax** would generate enough revenue to entirely replace TDA in some, but not all, Yolo County jurisdictions.



How much total revenue would be generated?

Year	Quarter Cent	Half Cent
Total with previous 20-year average growth rate	\$437,982,900	\$875,965,800
Total with 50% of previous 20-year average growth rate	\$353,861,166	\$707,722,331
Total with 150% of previous 20-year average growth rate	\$545,922,238	\$1,091,844,476
Average yearly revenue with previous 20-year average growth rate	\$21,899,145	\$43,798,290

Everything in 2024 dollars



How would we decide which projects to fund?

Many counties prepare a **Countywide Transportation Improvement Plan (CTIP)** to guide expenditures.

A CTIP is a countywide plan that identifies priority transportation improvements across all modes. The CTIP often serves as the foundation for deciding which projects to include in an expenditure plan – particularly major capital projects. It would also be beneficial to YoloTD and the county at large as a planning document in its own right.

A 2018 CTIP developed by YoloTD staff provides a compilation of needs and projects but lacks evaluation criteria and project prioritization. This plan identified a countywide sales tax as the most promising funding solution, but no further action was taken at the time.

Staff is currently exploring **funding opportunities to develop an updated CTIP in FY 26-27**.

POLITICAL CONSIDERATIONS

Does YoloTD have the authority to do this?

Yes!

YoloTD's enabling legislation gives the district the direct authority to place a local transportation sales tax measure on the ballot through a **board-approved ordinance**.

A tax ordinance can be adopted if a majority of the board of directors and a majority of the governing bodies of YoloTD's member jurisdictions pass it. Once an ordinance is adopted, the measure can be placed on the ballot and must pass with a **2/3 majority**.

Allowable uses include "the construction and improvement of state highways, the construction, maintenance, improvement, and operation of local streets, roads, and highways, and the construction, improvement, and operation of public transit systems."

Tax measures may only be imposed for a **maximum of 20 years**, after which voters may reapprove the tax.

The tax rate can be between 0.25% and 1% in increments of 0.25%, and an expenditure plan must be included in the ordinance.



63

63

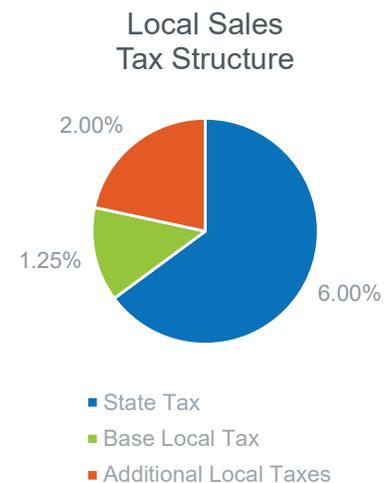
Haven't Davis and West Sacramento already reached their sales tax caps?

Yes, but there are workarounds.

Of California's 7.25% base state sales tax rate, 6% goes to the state and 1.25% goes to local cities and counties. Cities, counties, and special districts like YoloTD can impose additional taxes on top of this base rate up to a maximum of 2% for a combined local rate of 9.25%. Since Davis and West Sacramento already have city taxes of 2%, neither the county nor YoloTD can impose any additional tax without exceeding the limit.

Legislation could give YoloTD an exemption to the local sales tax cap. Several agencies have successfully passed legislation recently, giving themselves the ability to impose a new tax over the limit.

- SB 333 (25-26 leg session) exempted the San Luis Obispo Council of Governments
- AB 761 (25-26) exempted the Monterey-Salinas Transit District
- SB 862 (23-24) exempted the Santa Cruz Metropolitan Transit District



64

64

What if some Yolo jurisdictions aren't a good fit?

We can design a measure to include only a subset of Yolo jurisdictions.

Language can be included in cap-exemption legislation that gives YoloTD the ability to impose a tax on **only specific jurisdictions** within the county.

A **"coalition of the willing"** could be created by only including jurisdictions that want to participate in the new tax.

AB 1223, passed in the 25-26 legislative session, gave the Sacramento Transportation Authority this power after several recent attempts to pass a local transportation sales tax in Sacramento County fell short. Future attempts can now exclude unincorporated areas of the county and specific cities.

AB 1413, passed in the 19-20 legislative session, gave the Placer, Solano, and San Diego Transportation Authorities this same ability.



65

65

Can we get 2/3 of voters to vote for it?

Maybe. But we could also consider other options.

A board-approved ordinance is not the only option for placing a transportation sales tax measure on the ballot.

A **citizens' initiative** can place a measure on the ballot if it garners enough signatures in the county (approximately 6,900).

Sales tax measures placed on the ballot through the initiative process require a **50% + 1 majority** to pass, unlike the 2/3 threshold of a traditional measure approved by the board.

In recent years, there have been attempts to subject citizens' initiatives to the same 2/3 vote requirement as ordinance-based measures. So far, these have been unsuccessful.



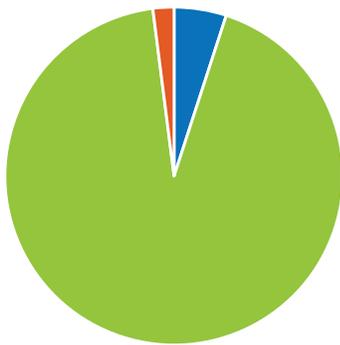
66

66

CASE STUDIES



NAPA COUNTY Measure U (2024): Expenditure Plan



- \$56 million capital set-aside
- Local streets and roads
- Administration

The expenditure plan for Measure U is simple, with only two main funding categories. The plan includes a \$56 million set-aside for capital projects, 2% of funds for administration, and all other revenue going to local streets and roads.

Local streets and roads funding is allocated based on the proportion of sales tax generated in each jurisdiction for the cities, with the county receiving funds based 50% on sales tax revenue generation and 50% based on the proportion of lane miles in the unincorporated area of the county.

The \$56 million capital set-aside is to be used on a list of 4 primary highway projects listed in the expenditure plan. The projects included in this list are high scoring capital projects from the county's Countywide Transportation Improvement Plan (CTIP).

100% of TDA funds in Napa go to transit, with Measure U providing significant funding for local streets and roads.



NAPA COUNTY

Measure U (2024): Political Considerations

Measure U was placed on the 2024 ballot through an ordinance by the Napa Valley Transportation Authority.

The tax was imposed at a rate of 0.5%, and **did not require a legislative exception** since no city in Napa had reached the 9.25% cap.

Measure U passed with 73% of the vote, well above the 66.7% majority needed.

The measure was a tax **renewal of an existing transportation tax** passed in 2012. Renewals are typically easier to pass than new taxes.

The measure garnered political support from a wide range of sources including the Napa Chamber of Commerce and several local newspapers. Informational materials emphasized **road repair and improvement** as well as traffic relief.



MADERA COUNTY

Measure T (2024): Political Considerations

Measure T was placed on the 2024 ballot through **citizens' initiative** after a 2022 ordinance measure failed to achieve the 2/3 majority needed, only receiving 52% of the vote.

Measure T was a renewal of an existing 2006 tax approved by voters.

Measure T used an identical expenditure plan to the failed 2022 measure, which had been developed by a steering committee assembled by the Madera County Transportation Authority (MCTA). Development of the expenditure plan involved **extensive public outreach** and engagement with local stakeholders.

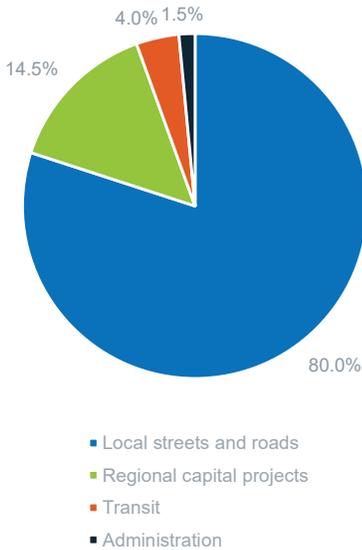
The measure gained political endorsements and support from prominent local officials including all county supervisors, a majority of Madera's city council, the Sheriff, and the San Joaquin Valley Taxpayers Association.

Measure T received the **same vote share** as the failed 2022 measure at 52%, but passed since it was proposed through the initiative process.





MADERA COUNTY Measure T (2024): Expenditure Plan



Measure T’s expenditure plan includes three primary funding categories, with 1.5% of funding going to administration:

- Local streets and roads (80% with a 10% set-aside specifically for disadvantaged communities)
- Regional capital projects (14.5%)
- Transit (4%)

Local streets and roads funding is distributed based on population share in each jurisdiction.

Regional projects are selected discretionarily by the MCTA board. Projects must be in MCTC’s Regional Transportation Plan to be considered.



SAN MATEO COUNTY Measure W (2018): Political Considerations



Measure W was placed on the ballot in 2018 through an ordinance from the San Mateo County Transportation Authority (SMCTA).

The state legislature passed AB 1613 in 2017 to allow SMCTA to exceed the 2% cap with this 0.5% tax since the city of San Mateo was already at the limit.

The measure **passed with 66.9% of the vote**, meeting the 2/3 majority requirement of ordinance-based special tax measures.

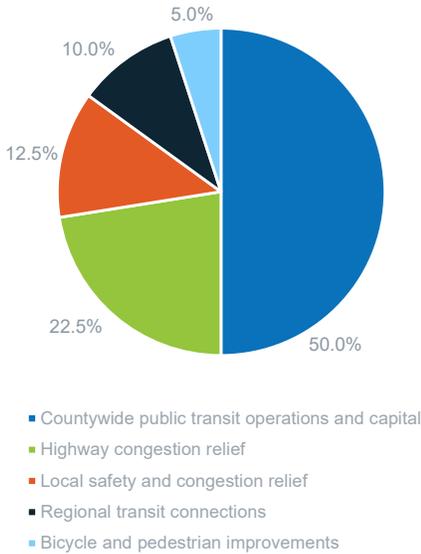
The County and SamTrans spent poured significant resources into the “Get Us Moving” campaign that sent mailers to residents asking for public comment for the development of an expenditure plan.

- **Residents returned over 14,000 mailers** with comments on how the sales tax revenue should be used.
- Priorities collected from the outreach campaign were used to inform funding allocation in the expenditure plan with the goal of increasing public support for the measure.





SAN MATEO COUNTY Measure W (2018): Expenditure Plan



50% of revenue generated goes to the San Mateo County Transit District (SamTrans) for countywide public transit operations and capital expenses.

50% of the revenue generated goes to SMCTA for various projects.

- Countywide highway congestion relief (22.5%)
- Local safety and congestion relief (12.5%)
- Regional transit connections (10%)
- Bicycle and pedestrian improvements (5%)

For countywide highway congestion relief, regional transit connections, and bicycle and pedestrian improvements, **projects are selected on a discretionary basis** based on evaluation criteria created in a separate planning document published after the passage of Measure W.

For local safety and congestion relief, most funding is **allocated by jurisdiction based on a formula** of 50% population and 50% road miles. A small portion goes to a discretionary fund for grade separation projects.



Transportation Sales Tax Measure: Qualitative Scoring and Potential Next Steps

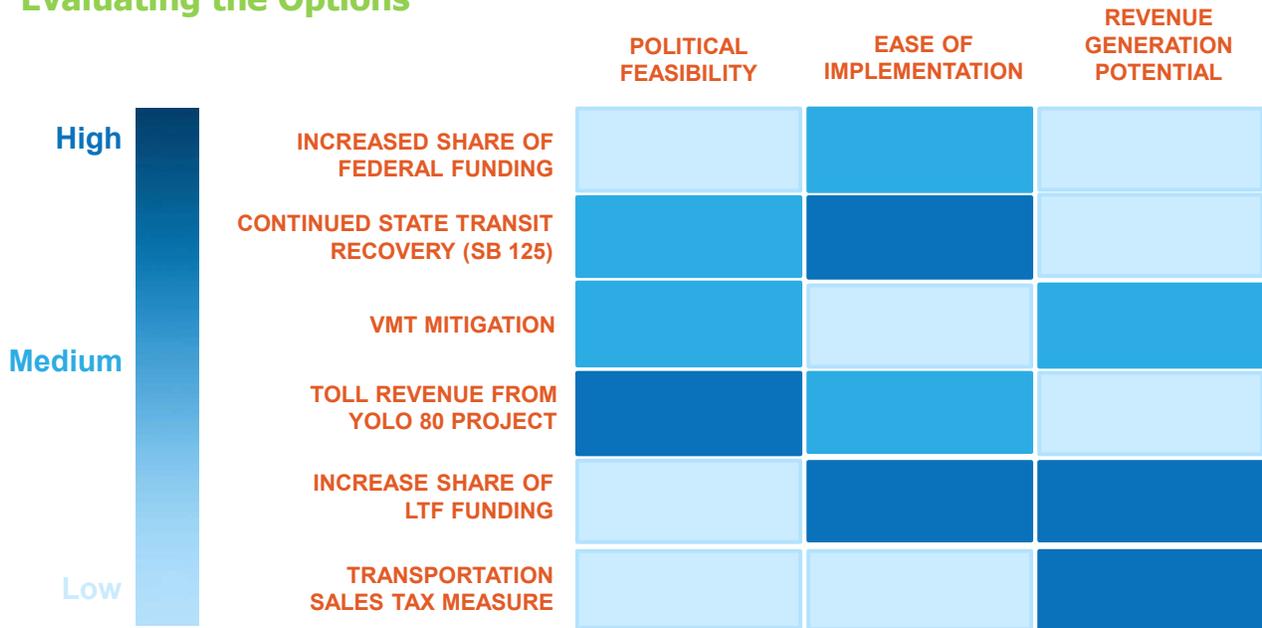


Potential Next Steps:

- Interviews with peer agencies, experts, public opinion researchers to assess viability
- Explore collaborations with other Yolo County agencies & stakeholders
- Update 2018 Countywide Transportation Improvement Plan (CTIP)



Evaluating the Options



Discussion and Next Steps



What clarifying questions do you have about these six options?



Are there other options you'd like us to explore?



Where would additional research/staff work be useful?



What are our next steps to continue this discussion?