

September 10, 2025

Overview of Developments in the Financial Markets, Quarterly Finance Report as of June 30, 2025

Overview

Staff provide quarterly briefings on the latest developments in the financial markets, economy, sales tax revenues, and the strategies being explored and implemented to minimize possible impacts to the TransNet Program; and a quarterly report on investments as required per [Board Policy No. 003](#).

Action: Information

This report provides an update on the latest developments in the financial markets, economy, sales tax revenues, and strategies being explored and implemented to minimize possible impacts to the TransNet Program.

Key Considerations

- FY 2025 sales tax revenue is 0.06% higher than FY 2024 total collections, with TransNet revenue totaling \$426.9 million for the fiscal year.
- Senior lien maximum annual debt service coverage, using sales tax receipts of \$426.9 million for the 12 months ending June 30, 2025, is 4.08 times. Meaning, for every \$1 of senior lien debt service, SANDAG received \$4.08 of sales tax revenue providing ample coverage, supporting SANDAG senior lien triple-A ratings.
- While inflation stabilized under 3.0% nationally through Q4, regional inflation remained unchanged at 3.8%. Prices are beginning to move upward as we move into the new fiscal year. Rate cuts from the Fed are expected but lack confidence to offset wider economic drags. The economic outlook remains uncertain as both wage growth and the labor market weaken amid a rise in inflation.

Fiscal Impact:

Senior lien debt service coverage remains strong at 4.08 times, providing ample coverage and supporting triple-A ratings.

Schedule/Scope Impact:

While the San Diego regional economy remained relatively stable in Q3, Q4 data reveals a potentially weakened economy. Consumer spending is increasingly cautious owing to an uncertain economic outlook.

Dawn Vettese, Chief Financial Officer

- Attachments: 1. Financial Market Review
2. Local Economic Update and Sales Tax Revenues
3. Investment and Debt Portfolio