

Proposed Project Delivery Strategy

Overview

Each year, SANDAG receives a certain amount of funding from the state and federal government, which is known as formula funding. The specific amount varies based on transportation revenues each year and is based on estimates that are provided to SANDAG on a periodic basis.

In addition, the TransNet local sales tax measure provides a dedicated funding framework to support major regional transportation improvements across San Diego County. Thirty-eight percent of net annual TransNet revenues are allocated to the Major Corridors Program to deliver 48 designated capital improvement projects.

Furthermore, there are several competitive grant opportunities that SANDAG is eligible for at the state and federal level each year. Since FY 2021, SANDAG has been successful in securing \$1.2 billion in competitive grant funds.

Based on Board and public feedback, staff has developed a strategy to determine how best to leverage these different funding sources in order to advance delivery of projects and programs throughout the San Diego region over the next five years.

Key Considerations

At its meeting on October 24, 2025, the Board provided direction that the following criteria should be considered when determining which projects to focus on going forward (in no particular order):

- Safety
- Past commitments
- Subregional spread
- TransNet Major Corridors
- Mobility needs (now and in the future)
- Segmenting for construction
- Efficient transit
- Flexibility and stability
- Maintenance and operations considerations

The SANDAG Capital Program includes projects currently in the environmental, design, and/or construction phase. In order to advance the Board's priorities, the proposed strategy focuses on a few key approaches:

- Practical Phasing: breaking projects into manageable phases to allow for work to begin/improvements to be seen sooner
- Holding Formula Funds: by not committing formula funds too early, SANDAG can maintain flexibility by seeking alternative funding sources first
- Contingency: ensuring a healthy reserve fund will protect against unanticipated needs and/or cost increases that are inherent in project delivery

Action: Discussion

The Board of Directors is asked to provide feedback on a proposed strategy to advance delivery of projects and programs throughout the San Diego region.

Fiscal Impact:

N/A.

Schedule/Scope Impact:

N/A.

- **Innovative Funding Strategies:** partnering with the private sector and/or philanthropic and non-profit organizations could provide new funding sources and/or implementation opportunities for projects and programs

With these approaches in mind, the strategy focuses on which funding sources would be the most strategic to advance specific projects based on their scope, phase, and timing.

Next Steps

The proposed strategy is intended to serve as a living document, helping to inform staff actions and subsequent Board discussions. The first opportunity to begin to implement this strategy will be through the 2026 State Transportation Improvement Program (STIP) submission, which is discussed further in Item 5.2.

Clint Peace, Senior Director of Capital Delivery

Susan Huntington, Director of Financial Planning, Budgets and Grants

Attachment: 1. FY 2026 Budget Transportation Projects