

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

Overview

Staff provides 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 2026 sales tax revenue through September is 4.12% higher than FY 2025 total collections, with TransNet revenue totaling \$113.1 million for the fiscal year so far.
- Senior lien maximum annual debt service coverage, using sales tax receipts of \$431.4 million for the 12 months ending September 30, 2025, is 4.05 times. Meaning, for every \$1 of senior lien debt service, SANDAG received \$4.05 of sales tax revenue providing ample coverage, supporting SANDAG senior lien triple-A ratings.
- FY 2026 started with uncertainty and volatility at the forefront of discussions around how economic conditions are unfolding in response to policy, tariffs, and geopolitical relations – and most recently, the federal government shutdown (which started October 1, 2025). In addition to elevating economic uncertainty, the government shutdown has disrupted data availability. As a result, the data paints an incomplete picture of where the economy stood at the end of Q1 FY 2026.

Fiscal Impact:

Senior lien debt service coverage remains strong at 4.05 times, providing ample coverage and supporting triple-A ratings.

Schedule/Scope Impact:

Economic conditions influencing sales tax revenue in the remainder of FY 2026 are uncertain. SANDAG's economists continue to monitor how inflation, interest rates, and the labor market evolve and can impact TransNet revenue.

Dawn Vettese, Chief Financial Officer

- Attachments:
1. Financial Market Review
 2. Local Economic Update and Sales Tax Revenues 3a – e. Investment and Debt Portfolio
 4. TransNet Extension Quarterly Report