



## Transportation Committee

Meeting Date: February 6, 2025

Agenda Item No. 4

### State Funding Program

#### Action

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**Attachments:** No

**Referring Committee:** Not Applicable

#### Issue:

Presentation of fund estimate, recommended program funding split, and additional program details for state (STIP) funding program.

#### Request:

Approve

#### Recommendation for Board:

That the board approve and adopt the STIP fund estimate and recommended funding split, and authorize staff to open the call for projects.

#### Recommendation for Committee:

That the Transportation Committee recommend that the board approve and adopt the STIP fund estimate and recommended funding split, and authorize staff to open the call for projects.

#### Background:

For the last several decades, SACOG has combined federal and state funding and led a competitive funding round every few years for agencies in Sacramento, Sutter, Yolo and Yuba counties. El Dorado and Placer counties led their own processes. In 2021, the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) issued a corrective action to Caltrans that essentially stated that the federal Metropolitan Planning Organization (MPO) – SACOG - in each region was required to select projects, award, and administer federal funding for all counties within their region.

In February 2023, the SACOG board approved a new framework for how federal funding would be awarded in the region in response to the corrective action. SACOG's response changed the regional funding round that utilized federal dollars from a four-county program to a six-county program for the federal Surface Transportation Block Grant (STBG) and Congestion Mitigation and Air Quality (CMAQ) funding.

As state funds are not subject to the corrective action changes, the state funding from the State Transportation Improvement Program (STIP) remains a four-county program. However, the change in the federal funding program requires a change in SACOG's STIP process, because in previous funding rounds

SACOG combined federal and state funding. As a result, a new structure was formed for administering the STIP funds in the four-county region that includes Sacramento, Sutter, Yolo, and Yuba counties.

After a nearly two-year process inclusive of working groups at the SACOG board and six-county agency staff levels, the SACOG Board of Directors unanimously adopted the Final Regional Funding Program Guidelines in October 2024, which included the new structure for the STIP funds. SACOG's previous practice to pool all "county shares" together will not continue in the same form, and instead will focus the bulk of funding on an intra-county program for each of the four counties. *This structure will return certainty to each county regarding the amount of state funding available for capital projects, an assurance that was not present during the prior funding round programs and is reflective of the collaboration between SACOG and the region's agencies during the funding round working group process.*

The program will also set aside a portion of the funding to support regionally significant projects, which could include projects on the board-adopted Grants Prioritization list that was adopted in October 2024. For both the competitive and set aside portions of the program, projects will be evaluated on the following criteria:

- Demonstrate "state of good repair" benefits that maintain and improve the existing transportation system
- Significantly improve safety and security
- Increase multi-modal travel/alternative travel/choice of transportation options
- Improve goods movement in and through the region
- Climate adaptation and resilience

#### **Discussion/Analysis:**

STIP funding is distributed to the Regional Transportation Planning Agencies (RTPAs), which SACOG serves as for Sacramento, Sutter, Yolo, and Yuba counties. STIP funds are calculated by the California Transportation Commission (CTC) for each county, based on a statutorily defined combination of population (75%) and highway lane miles (25%); these make up the "county shares" that are available for each county.

The CTC prepares a STIP five-year estimate of available funding, and SACOG will be awarding two years of funding based on that estimate. Based on previous funding rounds, the next STIP cycle at SACOG would be awarding funds to be programmed in FYs 2027-2028 and 2028-2029. The current estimate for total funding available to the SACOG 4-county region is \$44,826,000.

The funding included in this program cycle is from the 2024 STIP; the next STIP program at SACOG will award and program funding from the 2026 STIP estimates from the CTC. The amount of funding available in the 2024 STIP was historically high, and it is not anticipated that these levels will remain into the 2026 STIP. Early estimations have indicated that there will be a decline in 2026 more towards 2022 levels, a trend expected to continue for later cycles indicating even lower funding availability in future SACOG funding programs for STIP. *While not impacting this particular cycle, it's important to understand the uncertainty and unsettled nature of this funding source for future decision making.*

SACOG and other RTPAs use five percent of STIP funding for planning, programming, and monitoring (PPM), which is used to conduct funding programs, coordinate with local agency staff and state partners on specific projects in the TIP, pay for the software to manage the TIP, and support the implementation of STIP-funded projects like project delivery, timely use of funds, and compliance with state law and CTC guidelines. This is one of several funding sources that SACOG combines to meet state and federal requirements on behalf of the

region and individual agencies. These state funds cover about 60 percent of the costs of direct support to transportation projects. SACOG combines this state funding with federal programming funding to ensure that all project sponsors get support from SACOG to meet state and federal requirements associated with their projects.

Less the PPM, there is roughly \$42,584,700 available for the upcoming program, as shown in the table below. This represents two years of STIP funding.

COUNTY	SHARE %	TOTAL FUNDING \$
Sacramento	74%	\$31,562,377
Yuba	7%	\$2,801,345
Yolo	14%	\$5,965,048
Sutter	5%	\$2,255,930
<b>TOTAL FUNDING AVAILABLE</b>	<b>100%</b>	<b>\$42,584,700</b>

#### *Funding Program Splits*

As part of the adopted guidelines for the SACOG funding program, a portion of the \$42,584,700 could be set aside to support and advance a regionally significant project (or projects, depending on the amount). As a reminder, within the adopted guidelines, there is no requirement to make a split between the two program elements static. Any decision the board makes for the split in the 2025 state funding round will not be binding for future rounds, as this can be adjusted each cycle to meet the needs of the region.

SACOG staff presented potential scenarios to the Transportation Committee in December to obtain feedback and direction on how the split between the set aside and county programs could be developed. *Discussion at the Transportation Committee confirmed a desire to have a meaningful portion of funding for the set aside component, recognizing the importance of regional support for projects.* This sentiment was shared during the funding round working group meetings with the board, as well as with the staff working group.

As mentioned, the board is tasked with the decision on what percentage split is most reasonable, and should reflect the overall funding environment, agency needs, and regional priorities. It is important to recognize the newness of this process and a potential need to take incremental steps for the set aside fund. There is merit to different approaches, including starting with a small amount and working up as the process matures, as well as providing an initial amount that is able to make a meaningful contribution to a major regional infrastructure project.

The three tables below present a range of strategy for the split, from a 100 percent county share to a 20/80 percent split.

	<b>0 % SET ASIDE</b>	<b>100% COMPETITIVE</b>
<b>SET ASIDE</b>	\$0	--
<b>INTRACOUNTY</b>		
<b>SACRAMENTO</b>	--	\$31,562,377
<b>YUBA</b>	--	\$2,801,345
<b>YOLO</b>	--	\$5,965,048
<b>SUTTER</b>	--	\$2,255,930
<b>TOTAL FUNDING</b>	\$0	\$42,584,700

	<b>10 % SET ASIDE</b>	<b>90% COMPETITIVE</b>
<b>SET ASIDE</b>	\$4,258,470	--
<b>INTRACOUNTY</b>		
<b>SACRAMENTO</b>	--	\$28,406,140
<b>YUBA</b>	--	\$2,521,210
<b>YOLO</b>	--	\$5,368,543
<b>SUTTER</b>	--	\$2,030,337
<b>TOTAL FUNDING</b>	\$4,258,470	\$38,326,230

	<b>20 % SET ASIDE</b>	<b>80% COMPETITIVE</b>
<b>SET ASIDE</b>	\$8,516,940	--
<b>INTRACOUNTY</b>		
<b>SACRAMENTO</b>	--	\$25,249,902
<b>YUBA</b>	--	\$2,241,076
<b>YOLO</b>	--	\$4,772,038
<b>SUTTER</b>	--	\$1,804,744
<b>TOTAL FUNDING</b>	\$8,516,940	\$34,067,760

Previous funding rounds did not have an explicit STIP-only program, and fund programming decisions were made by SACOG during the award process based on eligibility and fund availability. Despite this, looking at prior STIP awards can be useful in understanding the magnitude or range of STIP-eligible projects to help with the split decision. For illustration purposes only, the average STIP award in the last three funding rounds was roughly \$4.28 million, with awards ranging from \$90,000 to \$15 million across the four counties. In the Revolving Match Program, administered for the first time in the last funding round, match awards ranged from under \$1 million to roughly \$4 million, depending on the project size, scope, and grant program.

#### *Program Evaluation*

The process for the county-level program is designed to encourage and support countywide collaboration to determine how project applications could be submitted for consideration. Counties may choose to work together to identify a package of projects that align with the goals of the STIP program and the region, or each

individual agency may choose to submit autonomously. Counties will submit projects for each of the two programs – set aside and county level – and only the set aside submittals will be scored against the other counties’ applications since that is awarded based on regional impact, significance, and funding need.

For each county, evaluation criteria that includes performance outcomes will be used to identify projects for STIP funding, a practice consistent with other SACOG funding programs (see Attachment B for the criteria). The STIP guidelines adopted by the CTC provide discussion on performance outcomes and cost-effectiveness as it relates to regional transportation planning. As the MPO, it is SACOG’s obligation to fund projects with STIP that are consistent with and supportive of the MTP, RTIP/MTIP/FTIP, and the state’s required Sustainable Communities Strategy (SCS). To adhere to this, our process is to apply a performance outcome-based evaluation of projects, including developing a scoring threshold to determine which projects are most supportive of and consistent with regional, state and federal goals and requirements.

To build on the collaboration aspect, SACOG intends to work with counties to discuss project submittals and work through the performance and cost-effectiveness assessments. For each county, a scoring threshold will be set to help identify the strongest project candidates for STIP funding. It is assumed that each county will work to submit a package of priority projects that meet the amount of funding available; however, if a county does not have projects that fit within their county shares, or they prefer to “bank” their shares for the next cycle, this would be permitted. While not limited to rural areas, this banking is common amongst rural RTPAs in the state.

For the set aside program, projects will be scored using the performance evaluation criteria. Given the limited nature of the funding available, the project (or projects) that score highest will be awarded provided they don’t exceed the set aside share.

In addition to SACOG, an evaluation panel will be formed that consists of reviewers from inside and outside the region; agencies from inside the region will not be submitting projects to the program. The process intends to provide subject matter expertise for various performance outcomes, as well as a robust project deliverability assessment. Project packages that have been reviewed by the evaluation panel will inform a recommendation to the board. As with other funding decisions, the board has the ultimate project selection authority and may modify or reject recommendations.

#### **Fiscal Impact/Grant Information:**

The draft State funding round budget forecast of \$42,584,700 provides the funding for the 4-County State Funding Program, which is comprised of State Transportation Improvement Program (STIP) funds. The final amount of funding in the funding round is subject to change. Staff will update the board as part of the project award action in June 2025.

#### **List of Attachments:**

Adopted STIP Funding Guidelines  
Project Evaluation Criteria