



Transportation Committee

Meeting Date: June 6, 2024

Agenda Item No. 3

Regional Funding Program Framework

Action

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Attachments: Yes

Referring Committee: Not Applicable

Issue:

Staff has prepared a framework for the funding programs in the next Regional Funding Round.

Request:

Approve

Recommendation for Board:

That the board approve the Regional Funding Program Framework.

Recommendation for Committee:

That the Transportation Committee recommend that the board approve the Regional Funding Program Framework.

Background:

In February 2023, the SACOG board approved the response to a corrective action issued by Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) to Caltrans regarding the suballocation and administration of two federal funding sources used by SACOG for regional funding rounds: Surface Transportation Block Grant (STBG) and Congestion Mitigation and Air Quality (CMAQ) funds. SACOG's response approved changing the regional funding round from a four-county program to a six-county program for the federal STBG and CMAQ funding.

It is important to note that the state funding from the State Transportation Improvement Program (STIP) will remain a four-county program. 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 state for each county, based on a combination of population and lane miles; these make up the "county shares" that are available for each county.

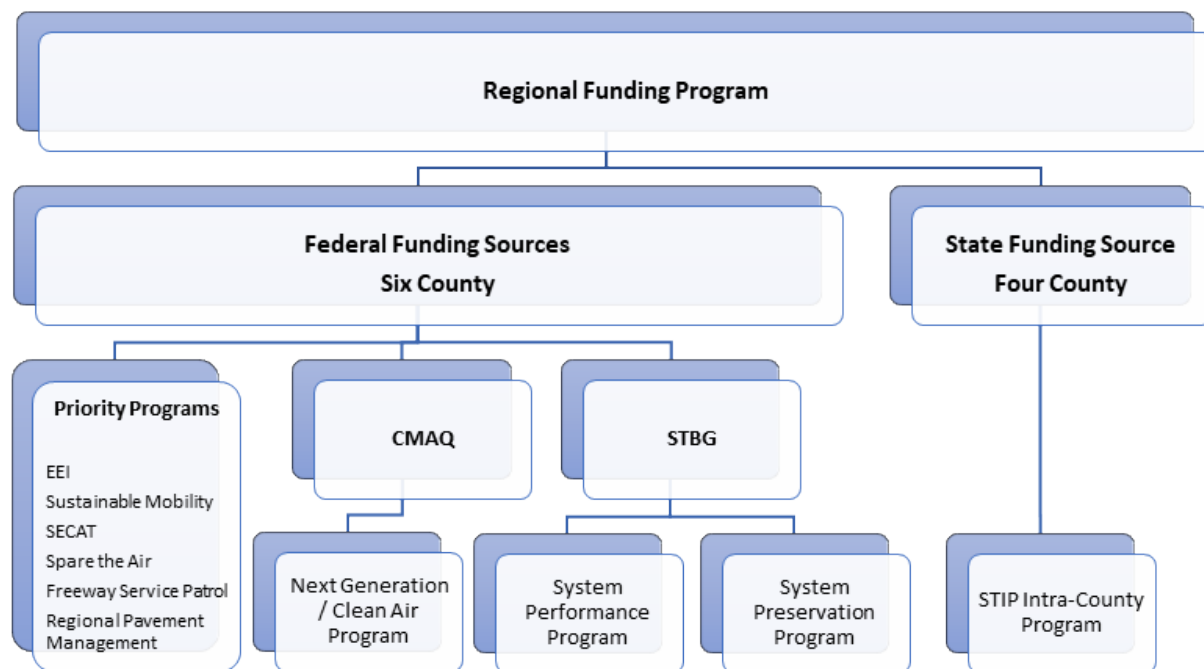
Because of this change, the board directed staff to convene a board working group comprised of six SACOG board members, one from each county, and a staff working group comprised of representatives from local agencies from the across the region. The two working groups were charged with developing the next regional funding round, the timing of which is yet to be determined. In March 2023, staff kicked off the funding round

working groups.

The changes to how SACOG administers funding programs gave staff and the working groups an opportunity to rethink SACOG's structure for funding programs. Historically, SACOG combines the state and federal funding into one large pot to fund the various funding programs. That process is no longer possible now that the federal funding sources must be delivered through a six-county competitive process and the state funds will remain a four-county program. Staff and the two working groups developed a high-level framework for the regional funding program to both address these changes and better meet the needs of our partner agencies for the next regional funding round. The generalized high-level framework, namely the overall focus of the federal and state programs, was memorialized through board action in February 2024.

Discussion/Analysis:

Since the February board action, staff has been working with the working groups to create the specific programs within the adopted framework that aims to balance the requirements and eligibility of SACOG's funding sources, SACOG's regulatory requirements, and the needs of SACOG's member jurisdictions. Following the feedback from both the staff and board Funding Round Working Groups, staff is recommending the following programs to meet the funding needs of the SACOG region.



During the staff and board working group meetings, there was a consistent theme related to maintenance needs and the lack of available funding. Our local partners continue to identify road maintenance projects, or state of good repair projects, as their top priority; these types of projects represent a significant need across the SACOG region. The current Blueprint program estimates the region is falling short by as much as \$500 million a year in road maintenance costs leading to further deterioration of already at-risk pavement conditions. It is estimated that roughly \$10.8 billion is needed to maintain the regional roadway network between 2020-2050.

Past funding rounds have included funding for road maintenance projects, but those projects were asked to add elements to also solve other issues to increase their competitiveness. More specifically, these additional elements reflected the performance outcomes that SACOG has used to evaluate projects in past funding

rounds, and generally included: Increase Multimodal Options, Provide Long-Term Economic Benefits, Improve Goods Movement, Reduce vehicle miles traveled (VMT)/Greenhouse gas (GHG) per Capita, Improve Safety and Security, and Reduce Congestion.

Feedback from the staff working group was that these additional elements can increase the costs of road maintenance projects thus reducing their preventative maintenance capacity. To address this, SACOG developed two potential scenarios that address the stated maintenance needs staff has heard from the staff and board working groups.

- **Scenario #1**

- Federal STBG funding would allow for maintenance, but would require additional issues be addressed to be eligible. This would maintain the tenets of the prior funding round's Maintenance and Modernization program.
- State STIP funding would be flexible and focused strictly on maintenance/state of good repair.

- **Scenario #2**

- Federal STBG funding would take advantage of the highly flexible nature of the funding source, and would allow for simple maintenance/state of good repair projects, without the need for addressing additional issues.
- State STIP would allow for maintenance projects, but must be strongly aligned with the state's Climate Action Plan for Transportation Infrastructure (CAPTI) policies.

Staff's recommendation is to support Scenario 2, which recognizes the growing maintenance needs of the region by creating a consistent six-county preventative maintenance program. Scenario 1 would limit the most flexible state of good repair aspects to a four-county program, as Placer County Transportation Planning Agency (PCTPA) and El Dorado County Transportation Commission (EDCTC) receive STIP funding directly as the designated Regional Transportation Planning Agencies for those two counties (whereas SACOG is designated for Sacramento, Sutter, Yolo and Yuba counties). Additionally, funding received through STIP is significantly less compared to that available through the federal STBG program, thereby further limiting the ability to address preventative maintenance needs.

This concept was presented and discussed with local agency staff in a series of county wide agency meetings that included director level staff from most of our member jurisdictions (to date, the only meeting that has not occurred has been with Sacramento County agencies, however they have been briefed through other channels on the concept; that meeting is scheduled for June 7). This concept was also presented to the board Funding Round Working Group at the May 8, 2024, meeting; the group supported Scenario 2 as the preferred option.

SACOG staff took the feedback from both working groups to build out a complete Funding Round Program. As discussed below, state of good repair projects will be eligible in the two programs funded by RSTP, as well as through state STIP funding. Additionally, SACOG is proposing a new priority program that would set aside a portion of STBG funding to create a Regional Pavement Management Program to prioritize future funding needs. Implementing this program will help SACOG and our partners work together to quantify the maintenance backlog, allow for consistent data and analysis across the region, and create a plan to address it collaboratively.

Overall, the proposed strategy takes advantage of the funding source with the widest project eligibility (STBG)

and would allow SACOG to balance our local needs for preventative road maintenance projects with the regional goal of advancing and increasing modal options, safety, economic development, and climate. It is important to note that SACOG equity goals will be applied to every funding program, including this proposal, under the Regional Funding Program.

Proposed Funding Round Framework: Six-County Federal Funding Program

As noted above, STBG and CMAQ funding are now required to be administered through a six-county competitive process. Each program has specific eligibility requirements. CMAQ funding is required to be spent on projects with air quality benefits while STBG has a wide range of eligibility. The framework envisions three programs that aligned with their funding source: a **Next Generation/Clean Air** program using CMAQ funds, and the **System Performance** and **System Preservation** programs using STBG funds that provides more flexibility for fix it first projects. This six-county framework better aligns the programs to their funding source and provides more clarity on the goals for each of the programs. Below is a description of the proposed program framework. More detailed information is included the Regional Funding Program Framework in Attachment A.

Next Generation/Clean Air Program

The Next Generation/Clean Air Program is funded with federal Congestion Mitigation and Air Quality Improvement (CMAQ) funds, which must be spent on transportation projects or programs that contribute to attainment or maintenance of the national ambient air quality. This program would implement SACOG initiatives such as Next Gen Transit, Regional Transit Network Study, and Regional Trails Network, as well as funding active transportation projects, zero-emission vehicle (ZEV) implementation, streetscape corridors, and other projects that have air quality or multi-modal benefits. With the transition to the funding programs reflecting the funding source, projects that would have historically been funded in the Community Design Program are now naturally eligible in the Next Generation/Clean Air Program, removing the need for a stand-alone Community Design Program.

System Performance Program

The System Performance program would seek to fund projects that increase the performance of the regional transportation network. The flexible nature of the STBG funding allows this program to have wide eligibility to fund projects like roadway operational improvements that address broader issues, managed capacity, existing interchange improvements, road safety projects, ZEV implementation, high frequency/capacity transit, new transit infrastructure, infrastructure-based intelligent transportation systems (ITS), regional trails, mobility hubs, project planning, and matching funds for priority projects.

System Preservation Program

The System Preservation Program will address the need for road preventative maintenance to reduce the local agency backlog of road maintenance needs, and focus on reinvestment of funding on major roadways that heavily contribute to the movement of people and goods in the region or will be located in areas identified by the jurisdictions as equity priority areas. This program differs from recent iterations of the funding round in that it does not require that, though allows, applicants include additional project elements if seeking maintenance funds.

Proposed Funding Round Framework: Four-County STIP Program

SACOG's current practice with STIP funds is to pool the "county shares" together and utilize these funds in combination with federal sources for the regional funding round. The original intent of this was to ensure that regionally significant projects that were STIP-eligible could be funded in a meaningful capacity, with shares

drawn from across the four counties. As the state and federal funding programs will now no longer be coupled together, staff and the working group developed a STIP program focused on an intra-county competitive program for each of the four counties, led by SACOG, that would address several of the needs of the local agencies with consistent county-wide funding while supporting regionally prioritized projects.

The four-county STIP funding program will be aligned with the state's Climate Action Plan for Transportation Infrastructure (CAPTI), focusing state dollars on fix-it-first projects while moving forward policies and goals related to climate and equity.

Proposed Funding Round Framework: Priority Programs

Priority programs are sub-programs that are designed to achieve one specific regional priority. These focused programs traditionally have smaller budgets and generally provide funding to projects that are not centered on capital investments as explicitly as the major programs discussed above. SACOG is proposing to carry forward prior programs that have either been administered in years past, and/or that have already been dedicated funding by the SACOG board. These include **Engage, Empower, and Implement (EEI)**, **Sustainable Mobility** (formerly Mode Shift), **Sacramento Emergency Clean Air Transportation Program (SECAT)**, and **Spare the Air**. In addition, SACOG is proposing two new programs for this category – the **Regional Pavement Management Program** and the **Freeway Service Patrol Program**. The Regional Pavement Management program, discussed earlier in the staff report, is similar to strategies adopted by other Metropolitan Planning Organizations (MPOs) in the state, including MTC in the Bay Area and StanCOG in Stanislaus County, and would help to set priorities for how to spend maintenance funding in future funding rounds. The Freeway Service Patrol Program is not new per se, as SACOG currently provides funding for a portion of this program already; instead, the new strategy would combine efforts across the six-county region, including programs supported by PCTPA, EDCTC and Sacramento Transportation Authority (STA), ensuring funding for a more seamless service.

Staff and the working groups are continuing with the more detailed work of program of evaluation criteria. It is anticipated that the working groups will conclude their work in August 2024; the program guidelines will be brought to committee and the board for adoption in fall, and will include evaluation criteria (including equity) and other process elements.

Fiscal Impact/Grant Information:

There is no fiscal impact. Staff time is accounted for within the Overall Work Program (OWP) and adopted budget. Funding for these programs is based on available funding apportioned to SACOG through state and federal funding, as well as prior funding commitments. Awards for transportation projects generally occur outside of the budget and Overall Work Program and are reflected in the Metropolitan Transportation Improvement Program.

List of Attachments:

Attachment A: Regional Funding Program Framework