



## Transportation Committee

Meeting Date: February 1, 2024

[[!Agenda Item No. {{item.number}}!]]

### Regional Funding Framework

#### Action

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**Attachments:** No

**Approved by:** Kristina Svensk

**Referring Committee:** Not Applicable

#### Issue:

The Funding Round Working Group is recommending a funding framework for the next Regional Funding Round.

#### Recommendation:

That the Transportation Committee recommend that the board approve the Regional Funding Framework from the Funding Round Working Group.

#### Background/Analysis:

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. The corrective action was 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, which is expected in 2025. In March 2023, staff kicked off the funding round working groups.

#### Discussion/Analysis:

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 have 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. Additionally, both the federal and state structures align programs to two of the key SACOG Strategic Plan goals of #2 and #4: fostering the next generation of mobility solutions, and building and maintaining a resilient transportation system, respectively.

### **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 two programs that aligned with their funding source: a Next Generation Solutions/Clean Air program using CMAQ funds, and a State of Good Repair program 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.

### **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.

Under this structure, the county shares will be divided into two categories:

1. The majority of the county shares will be available for an intra-county competition, where local agencies would apply for the shares of funding;
2. The remainder of the county shares would be pooled together to allow for regional support on a project that has been deemed a priority for funding and garners regional support.

The 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.

Should the board approve this proposed framework, staff and the working groups will move forward to begin the more detailed work of program creation within the framework. It is anticipated that the working groups will conclude their work in August 2024 and at that time the program guidelines will be brought to the board for adoption.

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

There is no fiscal impact with this item. Staff time is accounted for within the Overall Work Program (OWP) and adopted budget.