



Approve Contract Authorization for SB 125 Long-Term Financial Plan and Recovery Strategy and Annual Financial Analysis

Consent

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**Attachments:** Yes

**Referring Committee:** Transportation

**Issue:**

SACOG staff have selected a contractor through a competitive procurement process to complete the required SB 125 Long-Term Financial Plan and Recovery Strategy as well as Annual Financial Analysis of the four-county Regional Transportation Planning Area (RTPA) transit operators (Sacramento Regional Transit District (SacRT), South County Transit Link (SCT Link), Unitrans, Yolo Transportation District (YoloTD), and Yuba-Sutter Transit).

**Request:**

Approve

**Recommendation for Board:**

The Transportation Committee recommended that the board approve the selection of the contractor for the SB 125 required Long-Term Financial Plan and Recovery Strategy and Annual Financial Analysis for \$700,000, and delegate authority to the Executive Director to negotiate and execute a contract with the selected contractor.

**Recommendation for Committee:**

That the Transportation Committee recommend that the SACOG board approve the selection of the contractor for the SB 125 required Long-Term Financial Plan and Recovery Strategy and Annual Financial Analysis for \$700,000, and delegate authority to the Executive Director to negotiate and execute a contract with the selected contractor.

**Background:**

In July 2023, California passed Senate Bill 125 (SB 125), which created a new one-time source of transit funding to address operating and capital needs that have been growing in recent years for the state's transit operators/agencies. Through SB 125, approximately \$5.1 billion in funding statewide was included in the State's FY 2023-2024 Budget, which will be distributed through two programs: The Transit and Intercity Rail Capital Program (TIRCP) and the new Zero Emission Transit Capital Program (ZETCP).

The TIRCP program will distribute \$4 billion over three fiscal years for capital and transit operations, and the

ZETCP program will distribute \$1.1 billion over four fiscal years for vehicle purchase and charging infrastructure. These programs are being administered by the California State Transportation Agency (CalSTA). The funding comes directly to the state's Regional Transportation Planning Agencies (RTPAs) with SACOG expected to receive a total of \$238,207,703 across the two programs - \$200.9 million in TIRCP and \$37.3 million in ZETCP. Funding is to be made available to public agencies that are eligible to receive TIRCP capital funding that operate or plan for existing or planned rail service (including intercity, commuter, and urban rail) and bus service (including commuter bus, vanpool, and microtransit). The most recent guidelines for these programs were released on January 10, 2025.

### **TIRCP Funding**

SB 125 authorizes RTPAs, like SACOG, to utilize funding for capital projects that both increase ridership and reduce greenhouse gas emissions. This includes high priority capital projects such as existing projects seeking to maintain or obtain federal or local funding commitments, project development for major projects that are seeking to enter or have already entered project development with federal partners, or new TIRCP-eligible projects. Additionally, funds can be used to offset or mitigate operating expenses that prevent service cuts and increase ridership for operators.

### **ZETCP Funding**

The bill also authorizes RTPAs to utilize ZETCP funding for zero-emission infrastructure, including transit equipment, transit facility and network improvement projects, zero emission vehicles to replace aging fleets, and associated fueling or charging infrastructure or facility modifications. Funding from this program can also be used to fund transit operating expenditures that would prevent service reduction or elimination to maintain or increase ridership, as well as for planning efforts to implement ridership recovery and retention strategies.

### **Discussion/Analysis:**

SACOG as the RTPA for the counties of Sacramento, Yolo, Sutter and Yuba must complete an annual financial analysis and a Long-Term Financial Plan and Recovery Strategy in accordance with January 10, 2025, California Budget Act of 2023 Senate Bill 125 (SB 125) Formula-Based Transit and Intercity Rail Capital Program (TIRCP) & Zero Emission Transit Capital Program (ZETCP) as amended by the Budget Act of 2024 Final Guidelines - <https://calsta.ca.gov/subject-areas/sb125-transit-program>. The Long-Term Financial Plan and Recovery Strategy that addresses the approach to sustain the region's transit operations must be completed by June 30, 2026, to maintain the eligibility of SACOG RTPA operators for future TIRCP funding in the 2026-2027 fiscal year and beyond.

A Request for Proposals (RFP) for Consulting Services for a Long-Term Financial Plan and Recovery Strategy and Annual Financial Analysis was released on November 15, 2024. SACOG received five proposals from qualified consulting firms. HDR Engineering, Inc., was selected as the best value for the completion of the SB 125 required Long-Term Financial Plan and Recovery Strategy and Annual Financial Analysis based on HDR's understanding and approach to the project and qualifications and experience in working with transit operators to improve their services while working to maintain fiscal sustainability. The project proposal scope of work is provided as Attachment A.

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

Included in the Overall Work Program (OWP)/Budget

This action would: (1) authorize the selection of the contractor for the SB 125 required Long-Term Financial

Plan and Recovery Strategy and Financial Analysis for \$700,000; and (2) delegate authority to the Executive Director to negotiate and execute a contract with the selected contractor. The cost of the contract will be paid by SB 125 funds allocated to SACOG for administration of the SB 125 funding program in the RTPA.

**List of Attachments:**

Attachment A - HDR Project Proposal SOW - SB 125 Long-Term Financial Plan and Recovery Strategy and Financial Analysis.pdf