



SACOG 2022-2023 Regional Funding Round Budget and Revolving Match Program Guidelines

Action

Prepared by: Chris Dougherty

Attachments: Yes

Approved by: James Corless

Referring Committee: Transportation

1. Issue:

Staff has completed the latest revenue forecast for the 2022-2023 Regional Funding Round and is providing a draft budget for adoption. Additionally, staff has completed the draft guidelines for the Revolving Local Match Program for review and adoption.

2. Recommendation:

The Transportation Committee unanimously recommend that the board: (1) adopt the draft 2022-2023 Regional Funding Round Budget forecast; and (2) adopt the guidelines for the Revolving Local Match Program.

3. Background/Analysis:

Over the last 15 years, SACOG has conducted regional funding rounds every two or three years. The focus and selection process evolves over each round in response to board direction and input from stakeholders across the region. Projects are selected to receive flexible funds for road, transit, bicycle, and pedestrian projects within the four-county region (Sacramento, Sutter, Yolo, and Yuba counties). The funding round is one of SACOG's most impactful implementation actions of the Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS).

The flexible funds recommended for programming are primarily derived from state and federal transportation revenue sources. Based on the latest revenue forecasts, and an analysis of needs to maintain good regional project delivery, staff recommends programming approximately \$130 million through the 2022-2023 Regional Funding Round. This recommendation is based on the estimated apportionment for FY 2025 and FY 2026. This funding estimate has been estimated prior to the finalization of the federal Infrastructure Investment and Jobs Act/Bipartisan Infrastructure Law (IIJA/BIL) funding. It is expected that staff will return to the board in summer or fall 2022 to update this estimate to reflect any potential changes that may occur.

2022-2023 Funding Round Budget – Revenue Sources:

\$90.3 million in federal revenues from two sources:

- Regional Surface Transportation Program (RSTP)
- Congestion Mitigation Air Quality (CMAQ)

\$40 million in State Transportation Improvement Program (STIP)

4. Discussion/Analysis:

2022-2023 Funding Estimate

Attachment 1 provides recommended funding levels by program and offers a comparison between 2022-2023 to the last funding round in 2021. The following sections offer background on each of the funding target line items.

Regional Program

Staff recommends that a range of approximately 65 to 75 percent of the traditional competitive program funding total be directed to the Regional Program. This proportion is equivalent to the percentage share from previous funding rounds. The Transformative category is for system expansion projects and for any capital project or project development requests \$5 million or greater. The second category, Maintenance & Modernization, is for non-expansion capital projects and project development requests less than \$5 million.

Community Design

Staff is recommending that 10 percent of the traditional competitive program funding be directed to the Community Design program. The mainstay Community Design program supports placemaking that improves or enhances the livability of a community and is consistent with the seven Blueprint Project Principles (transportation choices, housing diversity, compact development, mixed land uses, use of existing assets, natural resource protection, and quality design). The 2020 framework added elements to Community Design that align with the Green Means Go initiative and leverage state funding to accelerate projects in Green Zones.

Revolving Match Program

Staff is recommending a range of approximately 15 to 25 percent of the funding program will be made available from the 2022-2023 Funding Round budget. This program will commit a strategic amount of regional funding towards local match needs on competitive federal and state grants. This will enable our regional partners to leverage regional funding, leading to more competitive grant applications to fund projects that implement the MTP/SCS. This will be an important resource for our partner agencies with upcoming federal and state competitive grant programs, particularly as the federal sources associated with funding increases through the IJA/BIL are focused on competitive grants rather than formula funding. This program is discussed in greater detail below as staff is seeking the approval of the Revolving Local Match Program guidelines as a part of this item.

Innovative Mobility and Engage, Empower, & Implement

These two programs were programed a total of \$9 million in the last funding round. The programs are expected to be launched later this year. Staff is recommending no additional funding through the current estimate but to pass through the previous funding for these programs.

Revolving Match Program Guidelines

Staff is seeking the approval of the Revolving Local Match Program guidelines, which are included in Attachment 2. The Regional Program policy framework adopted by the SACOG Board in September 2020, provides the foundation for the Revolving Local Match Program. The program is intended to help project sponsors with additional funding to help pursue major federal or state grants and to support the delivery of their maintenance and capital projects. By adding a strategic amount of funding to a project to increase competitiveness, the program aims to better leverage the SACOG funding round to position projects that align with SACOG initiatives for these larger programs. A proposed budget of roughly \$20-\$30 million will be made available from the 2022/23 Funding Round budget to support this program. A sponsor can request up to a

maximum of \$4 million per project. If a selected project does not receive funding from the identified state or federal funding program in that cycle, funds will not be programmed to the project and will be returned to the program for future rounds. Two rounds of the Revolving Local Match Program will be held each year, to provide opportunities as various federal and state programs are released. Applications for the program are intended to be streamlined and no longer than two pages in length.

To be eligible for this program, a sponsor must do the following:

- Be within the four-county region and be listed in the current MTP/SCS
- Be federal-aid eligible for CMAQ, RSTP, or State STIP funding
- Identify a specific funding program and meet the eligibility requirements of the program
- Be prioritized by the sponsor in an approved plan
- Projects designed to construct new general purpose unmanaged road or highway capacity will not be eligible for this program.

Projects that are eligible will be prioritized on the following outcomes:

- How does the project reduce Vehicle Miles Traveled and/or Greenhouse Gas emissions?
- How does the project support multiple travel modes including walking, biking, and transit?
- How does the project support regional economic prosperity?
- How does the project support equity?
- How does the project support goods movement?
- How does the project improve safety?
- Does the project support state of good repair?

If this program is adopted, staff plans on releasing a call for projects at the end of April 2022, with applications due on July 1, 2022. Staff anticipates bringing forward a list of recommended projects in August 2022.

5. Fiscal Impact/Grant Information:

The recommended \$130 million budget provides an estimated \$1.9 million (1.5 percent of total budget) for SACOG planning, funds management, and ongoing technical assistance activities.

6. This staff report aligns with the following SACOG Work Plan Objectives:

Goal 1 : Advance Economic Prosperity

Objective 1: Invest in and protect the transportation infrastructure needed to implement the region's economic prosperity plan.

Objective 2: Establish the Sacramento region as a testbed and scale-up location for innovative mobility solutions.

Objective 3: Improve people's ability to get to jobs, schools, and other economic opportunities.

Goal 2 : Connected Communities

Objective 1: Develop more sustainable sources of future transportation funding while winning new competitive state and federal transportation grants.

Objective 2: Support innovative mobility options that develop equitable, accessible transportation options for all residents.

Objective 3: Prioritize cost-effective transportation investments that enhance mobility while improving safety, air quality, and the condition of transportation infrastructure and assets.

Goal 3 : Vibrant Places

Objective 1: Develop tools and funding to help revitalize older commercial and retail corridors throughout the region.

Objective 3: Encourage development patterns that promote walkable neighborhoods.