



Regional Funding Round: Regional Program Guideline Adoption

Consent

Prepared by: Chris Dougherty

Attachments: Yes

Approved by: James Corless

Referring Committee: Transportation

1. Issue:

Staff has completed the program guidelines for the Regional Funding Program. Additionally, staff has completed the draft final revenue forecast for the 2022-2023 Regional Funding Round Budget.

2. Recommendation:

The Transportation Committee unanimously recommend that the board: (1) adopt the program guidelines and release a call for projects; and (2) adopt the draft final 2022-2023 Regional Funding Round Budget.

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).

In 2020, staff worked with a broad range of stakeholders from across the region to design the policy framework of the 2021 Funding Round. In addition to many individual and group meetings across all four counties, SACOG held a series of workshops to seek input under the themes of investment priorities, project identification, and overall application process. This extensive effort resulted in the policy framework for the 2021 Funding Round that was adopted in September 2020. The board acted in October 2020, on the budget for the 2021 Funding Round and its individual programs.

The board's funding round policy framework set four primary programs to meet the objectives of the 2021 Funding Round: Regional Program, Community Design, Innovative Mobility, and the new Engage, Empower, and Implement Program. The Regional Program is split into two sub-programs: Maintenance and Modernization and Transformative programs. The Transformative program was created to directly address the concerns of partner jurisdictions on their ability to complete larger programs more efficiently. With the larger awards, projects are less likely to be split into several phases of construction.

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. The 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).

Due to the extensive engagement that went into the creation of the 2021 Funding Round and the overall success of the program, staff is carrying forward the same policy framework for the 2022-2023 Funding Round. Staff has recently completed the process of outreach with our partner jurisdiction with a series of one-on-one meetings. The feedback from agency staff has been supportive of carrying forward the framework from the 2021 Funding Round.

4. Discussion/Analysis:

In April of 2022 the board approved a draft budget forecast for the 2022-2023 Funding Round of \$130 million. Staff's recommendation was based on two years of estimated apportionment, shown in Attachment 1. Since that time, one change to this revenue projection is the addition of \$1.7 million in funding from the Sacramento Transportation Authority's Smart Growth Incentive Program (SGIP); this funding can be used to support the matching requirement for projects in Sacramento County that are applying to the Community Design program. With this addition, the draft final revenue forecast has been revised to \$131.7 million. It is important to note that as Caltrans provides final estimates for the funding programs, SACOG will continue to amend the funding round budget and will provide an update to the board prior to making recommendations for funding awards next spring.

Previous funding rounds have programmed up to three years of apportionment; with two years of apportionment, the upcoming funding round has less funding capacity than previous rounds. While SACOG's funding round is reduced, opportunities for competitive funding at the state and federal level have increased significantly. To react to this change in the funding landscape, SACOG has launched the Revolving Match Program which leverages SACOG's funding to help our partner jurisdictions better compete for these new competitive funding programs. As a result of the reduced capacity in the 2022-2023 Funding Round, the Transformative program (with awards over \$5 million) could have a significant impact on the overall funding capacity of the program. Because of this impact and that larger projects are more competitive for state or federal funding programs, staff sought input from the Transportation Committee about placing a cap on the Transformative program of 25 percent of the Regional Program budget.

Limiting the Transformative Program to 25 percent of the Regional Program will allow a limited number of projects to compete for the larger program. The current adopted preliminary funding estimate budgets approximately \$115 million for the Regional Program. This approach would limit the Transformative Program to not exceed approximately \$28 million. The Transportation Committee supported this approach at the September 1, meeting.

As noted above, the Regional Funding program is carrying forward the Policy Framework from the previous funding round that was adopted by the board in 2020. Attachment 2 is the 2022-2023 Regional Funding Round Policy Framework for reference. This outlines the details and goals of the various funding programs. This framework is consistent with the adopted 2021 Policy Framework, with some minor edits. The edits include some updates to the programs, new language on the equity goals of the programs, and reordering sections for readability. A redlined view of the edits is available in Attachment 3. This language has been folded into the program guidelines for the Maintenance and Modernization, Transformative, and Community Design programs. The program guidelines for these programs are in Attachments 4-6. Staff is requesting that

the board to adopt these guidelines so that staff can open the call for projects at the end of October.

5. Fiscal Impact/Grant Information:

The draft final Regional Funding Round budget forecast of \$131.7 million provides the funding for the Regional Funding Programs, which is comprised of State Transportation Improvement Program (STIP), Regional Surface Transportation Program (RSTP), Congestion Mitigation and Air Quality funds (CMAQ), and STA SGIP 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 the spring of 2023.

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.

Goal 2 : Connected Communities

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

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