



2019 Regional Funding Round Policy Framework

Action

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Approved by: James Corless

Attachments: Yes

1. Issue:

A policy framework for the next regional funding round has been developed for board action.

2. Recommendation:

The Transportation Committee unanimously recommends that the board: (1) approve the 2019 Regional Funding Program policy framework; (2) establish a funding target of \$54.5 million with a 10% contingency; and (3) authorize the executive director to prepare and release a call for projects that includes an application and program guidelines.

3. Background/Analysis:

Over the last 15 years, SACOG has conducted competitive regional funding rounds to award transportation projects within the four-county region (Sacramento, Sutter, Yolo, and Yuba counties) that implement the Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS). Within that policy framework, the focus and selection process of each SACOG funding round evolves in response to board direction and input from stakeholders across the region.

In December 2018, the SACOG board unanimously approved the staff recommendation to award over \$138 million in funds to road, transit, bicycle, and pedestrian projects and programs across the four-county region. In a related policy action earlier in the year, the board withheld approximately one third of the funding until 2019. This decision was made because of the risks to the state sources of funding at that time (namely the Senate Bill 1 repeal risk) and the desire to align the funding decisions with the policy priorities developed for the MTP/SCS.. The one-time – ‘off-cycle’ – 2019 funding round is an opportunity to program the remaining funds from the 2018 cycle before another large funding round is held in 2020.

Regional funding round awards are made possible by flexible federal and state revenues managed by SACOG. These revenue sources include Congestion Mitigation and Air Quality (CMAQ), Regional Surface Transportation Program Block Grants (STPBG), the State Transportation Improvement Program (STIP), and SACOG managed funds.

4. Discussion/Analysis:

Over the last few months, staff solicited board and stakeholder feedback on possible policy approaches to the

2019 funding round. At the board committee meetings in March, staff highlighted key pros and cons to four potential options, and sought input on board policy priorities and expectations. There was no consensus on the funding round option to choose, but staff used board member feedback to develop a proposed policy framework that draws from three of the options discussed:

- additional funding for some projects that received partial awards through the 2018 funding round
- policy-focused funding for State of Good Repair system maintenance investments that offer multi-modal benefits
- funding to support planning and transportation project development needs

Formula funding was the one option discussed in March that received very limited board member support.

In terms of process, board members expressed support for a streamlined and accelerated 2019 regional funding round. Applications will be streamlined and should require less time, budget, and staffing resources than the 2018 funding round. Applicants and eligibilities have been limited in the proposed policy framework due to the limited amount of funding available, and to meet the board direction to expedite the process.

Broad support was expressed at each of the April board committee meetings for adopting the draft policy framework presented. At the Transportation Committee there was a board member suggestion to increase the weighting of the “Project Readiness & Delivery” selection criteria in the 2018 Partial Projects category, while another board member did not support that change. Staff offered to gather additional input and come back to the board with a recommendation for how to address this relatively minor policy issue. Based on the input received, staff recommends a very modest change in the project selection weighting that is reflected in track changes to the Attachment A policy framework.

The policy framework is proposed to be implemented with a funding target of \$54.5 million that may be 10 percent higher, depending on demand and the quality of projects recommended for funding awards. The funding target will support awards in each of the three program categories, and will fulfill related financial commitments in SACOG’s overall work program. These commitments include SACOG staff management of the funding round program and funding for the agency’s 2019-2020 transportation demand management (TDM)/innovative mobility program that offers innovation grants and the implementation of Civic Lab pilot projects. The TDM program is a critical component to a 2020 MTP/SCS plan that meets the region’s 19 percent per capita greenhouse gas reduction target.

With board action in April on a 2019 Funding Round policy framework, staff will be able to complete the related application and program guidelines and release a call for projects. Milestone targets:

- April 19-30: Pre-application communications (consultations, webinar)
- May 6: Application & program guidelines completed
- May 7: Call for projects
- June 10: Applications due
- June 11-30: Working group reviews applications and holds meetings
- July 1-22: Staff recommendations for funding awards & programming strategies
- July 25: Staff report is released with funding award recommendations
- August 1-3: Board committees meet

- August 15: Final board action on funding award recommendations

5. Fiscal Impact/Grant Information:

The policy framework has no fiscal impact to SACOG's operating budget other than already budgeted staff time in the agency's overall work program.

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

7 - Deliver Key High-Profile Transportation Projects

2019 Regional Funding Policy Framework

Sacramento, Sutter, Yolo, Yuba Counties

Through over 15 years of competitive policy-focused funding rounds, the SACOG Board of Directors has initiated each cycle through establishing a policy framework. Goals, priorities, and performance outcomes have largely been reaffirmed each round. The 2019 Funding Round continues the foundational elements of the 2018 funding round while incorporating board, project sponsor, and stakeholder feedback received in recent months. The durable goals and priorities that guided last year's funding round are still relevant for the 2019 funding round.

Goals and Priorities

1. Emphasize Cost-Effective Programming Decisions

Proposed selection criteria aim to fund projects that maximize performance outcomes while minimizing costs.

2. Leverage Regional Funds for Near-Term Project Development

A proposed category of new funding offers member agencies an opportunity to accelerate planning and project development efforts so they can later pursue construction funding from SACOG, or alternative federal or state grant programs.

3. Target Projects with Demonstrated Performance Benefits

The proposed selection criteria use the same performance outcomes adopted by the board in 2018. These outcomes also align with the guiding principles for the MTP/SCS.

4. Manage Assets and Maintain a State of Good Repair

A proposed category of new funding is available to support transit vehicle replacements and road rehabilitation projects with complete streets elements.

5. Target Active Transportation Investments

The proposed funding for State of Good Repair includes selection criteria to prioritize road rehabilitation projects that also offer benefits for active transportation.

6. Focus on Small or Medium-Sized Projects

The proposed funding caps for new projects helps address the challenge that a very limited amount of funding is available in 2019.

7. Support the Region's Greenhouse Gas (GHG) Reduction Target

This performance outcome is supported by reaffirming the selection criteria of the 2018 funding round and providing funding for a transportation demand management (TDM)/innovative mobility program that helps reduce GHG emissions.

Overview

- Three competitive program categories are proposed for the new funding round: **2018 Partial Projects, State of Good Repair, and Planning & Project Development.**
- **A funding target of \$54.5 million with a 10% increase possible ~~contingency~~ will support awards in each of the three competitive program categories, and also fulfill related financial commitments in SACOG's overall work program.** Commitments include SACOG staff management of the funding round program and \$3 million towards the region's transportation demand management (TDM)/innovative mobility program that offers innovation grants and the implementation of Civic Lab pilot projects. Details on proposed funding totals by type and category will be in the final staff recommendation for board consideration.
- **Applicants may only submit an application for one of the three program funding categories.**
- **Each program category has unique eligibility, screening and selection criteria.**
- **For a project to be considered for funding, the project sponsor must submit a short application by the program deadline.**
- **Project Selection:** SACOG will convene a working group comprised of internal and external agency staff. After individually reviewing and evaluating applications, the working group will meet to rank and prioritize submitted projects by following the selection criteria adopted by the SACOG Board. SACOG staff and management will then review working group recommendations across the three program categories to recommend a full project list to the board for funding.

2018 Partial Projects:

Eligibility & Screening

This funding category provides an opportunity to receive additional funds for a project that was partially funded during the 2018 funding round. Although there is no funding request maximum, applicant requests that support the board's "focus on small and medium sized projects" will be viewed more favorably.

- **SACOG member agencies in the four-county region with a partially funded project(s) in 2018 are eligible applicants in this category.** These agencies may choose to apply for more funding on their project(s) or forego that option and apply in one of the two other funding categories (Planning & Project Development, State of Good Repair).

- **Special districts and other partner agencies** (e.g., Caltrans, local transit agencies, JPAs) **in the four-county region are also eligible applicants in this category if they had a partially funded project(s) in 2018.** If they forego that option then they can see if a SACOG member agency will apply on their behalf in one of the two other funding categories (Planning & Project Development, State of Good Repair).

In addition to meeting the standard federal-aid project eligibility and match requirements from the 2018 program guidelines, sponsors of projects partially funded in the 2018 funding round must demonstrate that they are still meeting all other commitments in their original project application. Eligibility requires they are adhering to the project schedule, fulfilling local match commitments, managing identified risks, and implementing reduced scopes if offered in their 2018 application. Also, eligible projects must demonstrate they are meeting any additional award contingencies included in the final December 2018 SACOG board action.

Project Selection Criteria

Each eligible partial project application will be scored on a 50 point scale divided between three selection criteria: Project Benefit, Project Leverage, and Project Readiness. The application and guidelines will provide details on the scoring methodology for the following policy objectives:

Project Benefit (3025 points):

- High benefit, as evident from their 2018 Project Performance Assessment (PPA) quantitative results.
- High benefit, as evident from the 2018 project selection working group evaluation of the performance outcome evidence in the project application.

Project Leverage (10 points):

- A large local funding match is committed to the implementation of the project.
- Additional local funding will be secured by December 2020 to accelerate the implementation of the original project or to provide a logical expansion of scope.
- Supportive and related capital investments in the immediate project area are more likely to happen by 2022 if additional SACOG funding is awarded.
- Evidence that the construction phase of a project will be highly competitive for a federal or state competitive grant program by 2022 if additional project development funding is provided by SACOG.

Project Readiness & Delivery (1015 points):

- A logical phase of the project (e.g., preliminary engineering, construction, etc.) can be completed with the additional funding being sought from SACOG.

- A reasonable and feasible financial plan has been prepared for operating and maintaining the project for at least ten years.
- Low project delivery risks for the implementation of the project. Considerations include the project sponsor's track record delivering other projects funded by SACOG and whether or not the project sponsor has lost any federal or state funding in the last three years.

State of Good Repair Funding:

Eligibility & Screening

This funding category provides for project awards up to \$3 million for a road rehabilitation project with complete streets features, or for transit vehicle replacements. In addition to meeting the standard federal-aid project eligibility and match requirements from the 2018 program guidelines, applicants must also meet these requirements:

- **All SACOG member agencies in the four-county region are eligible applicants, but may only apply in one of the three funding categories.**
- **Special districts and other partner agencies (e.g., Caltrans, local transit agencies, JPAs) are not eligible applicants in this category, but a member agency is allowed to apply on their behalf.**
- **Eligible applicants can only submit one application, but may include both road rehabilitation improvements and transit vehicle replacement elements in their scope of work.**
- **The project must be ready to implement soon.** The construction phase, or transit vehicle procurement, needs to be programmed in the Metropolitan Transportation Improvement Program (MTIP) to occur no later than June 2023.
- **Applicants must provide a 11.47% match unless the State of Good Repair project is located in a disadvantaged community;** in that case, the match requirement is waived.

Project Selection Criteria

A total of 50 points is possible. The application and guidelines will provide details on the scoring methodology in support of the following policy objectives:

System Maintenance Need (30 points):

Roadway Rehabilitation Projects

- Significant rehabilitation need, as evident from the pavement condition index.
- Potential to improve conditions along a roadway with significant multi-modal travel volumes, as evident from the average daily trips and implementation strategy.

- Significant safety problems are improved, as evident from incident and accident data for vehicles, bicyclists, and pedestrians, and implementation strategy.

Transit Replacement Vehicles

- A high share of the agency's fleet needs to be replaced for the vehicle type being requested, as evident from Federal Transit Administration (FTA) useful life indicators and the agency's transit asset management plan.
- Significant safety and/or security problems can be improved, as evident from the condition of the vehicles being replaced and the agency's transit asset management plan.

Multi-modal Travel Potential (20 points):

- The potential of scope elements included in a road rehabilitation project to support increases in biking, walking, or transit use.
- The potential of a transit vehicle replacement to support biking, walking, or to reduce roadway deterioration impacts.
- The potential of scope elements in a roadway project to support safety and security across travel modes.

Planning & Project Development:

Eligibility & Screening

- **This funding category provides up to \$250,000 for transportation planning studies or technical work towards a specified project development phase** (e.g., environmental analysis, preliminary engineering, etc.) on a capital project that supports the implementation of the Metropolitan Transportation Plan & Sustainable Communities Strategy (MTP/SCS) priorities.
- **All SACOG member agencies in the four-county region are eligible applicants, but may only apply in one of the three funding categories. One Planning & Project Development application per agency can be submitted.**
- **Special districts and other partner agencies** (e.g., Caltrans, local transit agencies, JPAs) **are not eligible applicants in this category, but a member agency is allowed to apply on their behalf.**
- **Project sponsors with eligible work activities described in their application are guaranteed to receive some funding**, but the total award (up to \$250,000) will be determined by their score from the project selection criteria.
- **Project delivery requirements are the most flexible in this funding category.** Funding awards must be fully expended by 2025. Work activities do not need to be entirely federal aid eligible, but do

need to provide a 11.47% match unless the planning study or project development work is focused on a disadvantaged community; in that case, the match requirement is waived.

Project Selection Criteria

A total of 20 points is possible. The application and guidelines will provide details on the scoring methodology in support of these policy objectives:

- A planning project request will help identify and/or prioritize future transportation projects in the member jurisdiction that supports the implementation of MTP/SCS priorities. Special consideration will be given to projects focused on improving access (e.g., improved travel time or modes of travel) to destinations (e.g., employment, school, services, etc.), and mobility for disadvantaged communities.
- A project development funding request for a capital project that will help complete a phase of technical work that will lead to an MTP/SCS investment priority project being delivered, or shelf-ready, for later construction funding.
- Proposed work activities that are federal-aid eligible will be more competitive because there will be very limited non-federal funding available for the 2019 funding round.

2019 FUNDING ROUND OVERVIEW		
Goals	<p>The seven goals of the 2018 funding round, plus:</p> <ul style="list-style-type: none"> • Expedite 2019 funding per board direction • Simplify and streamline application process • Allow 2018 partially funded projects to compete for additional funding • Support rehab and state of good repair projects for jurisdictions without partially funded 2018 projects • Support project development to advance projects to be ready for larger 2020 funding round 	
Funding Available	<ul style="list-style-type: none"> • \$54.5 million target in available funding, with a 10% contingency • includes funding for 2019 regional TDM/innovative mobility program to implement MTP/SCS and help reach 19% GHG target 	
PROJECT FUNDING CATEGORIES		
<i>NOTE: Project sponsors may only apply in <u>one</u> of the following three funding categories</i>		
Funding Category	Project Types	Eligible Applicants
(1) 2018 Partially Funded Projects	Limited to partially funded projects from 2018.	All agencies that have a partially funded project from 2018 funding round.
(2) State of Good Repair	Limited to state of good repair projects (both road and transit) only. Maximum award \$3 million.	Only SACOG member agencies – cities and counties in 4 county RTPA.
(3) Planning & Project Development	Limited to planning and project development only. Maximum award \$250,000.	Only SACOG member agencies – cities and counties in 4 county RTPA.