



## Government Relations & Public Affairs Committee

August 27, 2009

### Fall Programming Process

**Issue:** SACOG staff is preparing for the biennial programming round scheduled to take place this fall. Several activities are underway to help ensure a successful and transparent programming process.

**Recommendation:** None; this is information only. This item is going to the Transportation Committee for action.

**Discussion:** Every two years, SACOG conducts a programming round in which projects are selected for funding using regional Congestion Mitigation and Air Quality (CMAQ) funds, Regional Surface Transportation Program (RSTP) funds, and State Transportation Improvement Program (STIP) funds. These funds are programmed through the Air Quality, Bicycle & Pedestrian, Community Design, Transportation Demand Management (TDM) and Regional/Local funding programs. Of these five programs, the first four have clearly articulated and Board-adopted guidelines. The Regional/Local program, while having a process and guidelines, has not had as clearly documented or as transparent a process to our outside partners as the other programs. Staff began a project to review our programming process last fall—at least in part to address concerns raised at our annual federal review. As part of this effort, staff has held peer review sessions with the Fresno Council of Governments (COG), San Joaquin COG, the San Diego Association of Governments, and will be holding one with the Bay Area Metropolitan Transportation Commission. These sessions have focused on sharing information on programming processes, criteria, and equity considerations.

Work is also underway with individual program managers to update the processes and guidelines for the air quality, bike/pedestrian, community design, and transportation demand management (TDM) funding programs. Staff is also proposing a new process and guidelines for the largest funding program—the “regional/local” funding program. Using the policies of the MTP and criteria used in other funding programs and by our peer programming agencies, staff has been developing draft performance considerations for the regional/local funding program. A programming process “brainstorming” session was held at the July 23<sup>rd</sup> Regional Planning Partnership meeting and a fall programming workshop was held on August 26<sup>th</sup>.

Input from committee members at the August 6<sup>th</sup> Transportation Committee focused on the policy considerations, and those policies and the discussion are shown in Attachment A. In addition, staff developed draft screening and selection considerations for the Regional/Local Funding Program, which are included here as Attachment B.

It is anticipated that the fall programming process will proceed in a similar manner to those used for the other SACOG funding programs, as well as the American Recovery and Reinvestment Act (ARRA) funding round. Stakeholder input is being sought at all stages of the process. There are still a number of uncertainties related to the amount of funding expected to come out of the 2010 State Transportation Improvement Program (STIP) funding process managed by the California Transportation Commission (CTC). A preliminary draft fund estimate was released on August 12<sup>th</sup> but will not be adopted until October. The CTC typically releases a new fund estimate every two years in July (of odd-numbered years); however, the Fund Estimate was delayed due to the late state budget. This will also delay the due date for the submittal of SACOG's projects to the CTC from December 15 to February 15, meaning that Board adoption of our fall program will now be scheduled for the January 2010 meeting. Until the final Fund Estimate is adopted, staff cannot accurately gauge the exact amount of funding that will be available for this fall programming round. There is also a very real possibility that both existing projects and newly programmed projects may be delayed to later years (2013-2015) depending on the actual level of funding available. The following is staff's revised estimate of a range of funding that could be available based on the latest information:

Air Quality Program	\$7.2 million - \$8.4 million
TDM	\$2.4 million - \$2.4 million
Community Design	\$12 million - \$20.2 million
Bike/Ped	\$8.6 million - \$14 million
Regional/Local	\$59.8 million - \$70 million
<b>Total Range</b>	<b>\$90 million - \$115 million</b>

These numbers will be adjusted when the CTC's Fund Estimate is adopted. Staff will continue to update our stakeholders, the Government Relations & Public Affairs Committee, and Board as the process advances and will be seeking input at all stages of the process.

Approved by:

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Attachments

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## OVERALL POLICY CONSIDERATIONS

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Five policy considerations have been identified for September committee discussion that can build on the input received in August from the Transportation Committee and advisory group members. Staff seeks input on the relative importance of each of these in order to guide subsequent work:

### **A) Honor Prior Funding Commitments**

*In what timeframe do we honor funding commitments already made?*

In addition to funding commitments made to other agencies, the SACOG Board adopted transportation control measures (TCMs) through the adoption of the new Statewide Improvement Plan (SIP) air quality plan. TCMs must be completed by the dates specified in the SIP in order to meet air quality attainment milestones, but there may be some flexibility as to how the funds are spread over the years leading up to the TCM completion date.

*There was limited discussion on this policy consideration at the August Transportation Committee meeting. Staff is developing scenarios to determine the degree of flexibility possible for meeting prior funding commitments (e.g., TCMs).*

### **B) Emphasize Cost-Effective Programming Decisions**

*How do we ensure that our programming decisions are as cost-effective as possible?*

The current constrained funding environment calls for placing an even greater emphasis on making the most cost-effective programming decisions. Projects will be expected to perform more with fewer funding resources, so the focus could be on more immediate needs (e.g., projects within the next 10 years of the MTP). Projects would also be expected to leverage other sources of funds, given the ever-shrinking share of state/federal funds. The appropriate types of funding would be matched to the best projects for those fund types.

*Based on support through discussions with both advisory groups and the August Transportation Committee, staff recommends this policy issue be an important selection criteria for the fall programming round.*

### **C) Fix it First, or Maintain Facilities in a State of Good Repair**

*Should SACOG give any priority to funding rehabilitation work as part of this programming round?*

The current poor economic situation, as reflected in local and state transportation budgets, is significantly straining the ability of member agencies to operate and maintain existing facilities and services. The funding from this fall programming could be considered to help support local agencies while also advancing longer-term policy objectives from the MTP. An example of this could be funding some road rehabilitation projects as long as they also include elements that support complete streets and corridor features appropriate to an urban, small community, or rural context.

*Input from advisory groups and committee members at the August Transportation Committee has led staff to propose that road rehabilitation projects be allowed as part of the Regional/Local funding program. Staff's recommendation is that up to one-half of one year's RSTP*

*apportionment (approximately \$10 million) be made available for road rehabilitation projects that also include features supporting complete streets or corridors. Diverting a portion of RSTP funding support for road rehabilitation instead of capital projects would extend a Board policy that was due to expire before the fall programming round.*

#### **D) Focus on Mid-Sized Capital Projects**

*What size/types of projects should be funded through this program?*

The Regional/Local funding program has been an important source of capital funding, especially before state transportation bond funds became a key funding source. In past funding cycles, capital projects providing regional benefits have been awarded funds through the Regional/Local program. A challenge for this policy priority is the limited number of projects that could be funded if the fall programming revenue is severely constrained.

*This policy consideration was added to reflect the discussion at the August Transportation Committee meeting. Board members noted that many large capital projects may need to wait because of the current economic climate, but there may be an opportunity to fund mid-sized capital projects that don't require as much in local matching funds.*

#### **E) Support Project Development Phases for Future Funding Opportunities**

*To what extent do we support funding project development over project construction?*

The recent one-time funding from the American Recovery and Reinvestment Act (ARRA) and the Proposition 1B funding programs demonstrate the need to have “shelf ready” capital projects that are delivered and thereby ready to utilize funding from competitive programs likely to appear in the near future (e.g., reauthorization of the federal transportation bill, a possible second ARRA bill, future proposition 1B rounds, etc.). The policy consideration concept is for a relatively small and strategically allocated portion of the total revenue going to project development efforts (e.g., advance planning, environmental, and design/engineering).

*There was limited discussion on this policy consideration at the August Transportation Committee meeting, but Directors Cabaldon and Cohn expressed concern if funding project development efforts significantly reduced the ability to fund capital projects. Comments from advisory group meetings have been limited to date but supportive of the concept to support more project development efforts.*

## **Draft Regional/Local Funding Program Project Evaluation**

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SACOG intends to move to both a more transparent programming process, as well as a process that utilizes performance-based evaluation factors (a direction that both the state and the federal agencies are already moving in). Outcomes based programming may improve SACOG's competitiveness in the upcoming State Transportation Improvement Program (STIP) funding cycle as well as reauthorization of the federal transportation act in the near future.

### **Draft Screening Considerations**

All of the following conditions must be met for a project to proceed in the programming process. Failure to meet each screening consideration will eliminate the project from further consideration.

1. The project must be listed in the MTP or clearly fit into a lump sum project category.
2. The project must be scheduled to begin construction no later than FFY 2016 with preliminary engineering and environmental analysis scheduled within three years.
3. The project costs and schedule estimate for environmental, engineering, ROW and start up construction must be believable, based on standards for similar projects.
4. The project sponsor must have a track record that demonstrates technical capacity and reliability for similar projects.
5. A request for construction funding must demonstrate that environmental, engineering and right-of-way will be ready by the time funds are requested.
6. The project must be consistent with complete streets requirements (if applicable). Davis, West Sacramento, and Sacramento County Measure A all have standards for accessibility. The state is looking to have similar standards in place by 2011.

### **Draft Project Performance and Selection Considerations**

Considerations for evaluating and selecting projects for funding would be consistent with each of the MTP policies. For example, projects would be expected to work towards certain performance outcomes (which are all part of our Board-adopted MTP), such as:

- A reduction in vehicle miles traveled (VMT) per household/per capita
- A reduction in congested VMT per household/per capita
- An increase in multi-modal/alternative travel/choice of transportation options
- Provide a long-term economic benefit within the region
- Improve freight / goods movement in and through the region
- Significantly improve safety and security