



**Board of Directors Regular Meeting**  
**Meeting Date:** 5/17/2018  
**Agenda Item No.:** 2018-May-14.

SACOG Board of Directors

**Subject:** Approve Regional Funding Round Policy Framework (Est. time: 0 minutes)

**Consent**

**Prepared by:** Garrett Ballard-Rosa

**Approved by:** James Corless

**Attachments:** Yes

**1. Issue:**

Should the SACOG board approve the policy framework for the 2018 Regional Funding Round, and authorize the release of the Regional Program's guidelines and call for projects?

**2. Recommendation:**

The Transportation Committee recommends that the SACOG board: (1) approve the 2018 Regional Funding Round policy framework; and (2) authorize release of the guidelines and call for projects for the Regional 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 means to support the implementation of the Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS).

**4. Discussion/Analysis:**

The 2018 Regional Funding Round has been progressively reviewed and discussed over several committee cycles. In March, staff presented the 2018 Regional Funding Round's calendar and major concepts. In April, staff returned to the committees with the round's draft framework and fund estimate. Staff provided the same information heard during the committee cycles to potential project sponsors through updates to the funding round list serve and website, a kick off webinar with written responses to participant questions, beta testing of the data tool, in person meetings with member agencies, and presentations at

the agency's standing committees (e.g., Regional Planning Partnership, ITS Partnership, etc.).

Building off this prior outreach, engagement, and feedback, staff requests the SACOG board approve the policy framework for the 2018 Regional Funding Round and authorize SACOG to release a call for projects for the Regional Program. Attachment A links the policy frameworks of each individual program into a summary table, including the additions requested by the board in the April cycle. Attachment B is the detailed framework for the Regional Program, the largest component of the round. Staff has incorporated the minor language revisions requested by the Transportation Committee in this final framework.

## **Overview of 2018 Funding Programs**

### **Core Programs**

The core programs within SACOG's four-county funding round have unique and long-standing purposes. The *Community Design Program* promotes the implementation of the regional Blueprint principles through the construction of improvements in the public right-of-way. The *Regional Program* – a merger of the former Regional/Local and Bicycle & Pedestrian funding programs – promotes projects that help implement the Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS), provide regional benefits, and maintain the regional transportation network. The merged *Regional Program* preserves the flexibility of funding a diverse array of cost-effective projects with demonstrated performance benefits, while mainstreaming funding opportunities for active transportation investments. Both the *Regional Program* and *Community Design* are competitive programs.

The core funding round has also traditionally included the *Air Quality Program*, a non-competitive program to fulfill commitments related to the Ozone State Implementation Plan (SIP).

### **Emerging Opportunities**

An overarching objective of the 2018 funding round has been to evolve the competitive grant programs to be even more performance-based, while also introducing complementary new programs that respond to emerging opportunities for regional action. In April 2018, the board endorsed the plans of two such emerging opportunities: a substantively revised *Next Generation Transportation Demand Management Program* and new *Green Region Program*. Action on the four-county funding round framework will establish both of these programs as part of the 2018 Regional Funding Round. Per board direction, staff will work to translate these plans into program guidelines, and come back at a future committee cycle to request board action authorizing a call for projects in these programs.

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

This item has no fiscal impact to the agency's operating budget, other than already budgeted staff and limited consultant time.

**ATTACHMENTS:**

Description

Attachment A

Attachment B

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

#1 - Advance Economic Prosperity

#4 - Connect Low-Income & Disadvantaged Populations to Jobs & Opportunity

#7 - Deliver Key High-Profile Transportation Projects

# 2018 SACOG Funding Round Programs

|                          | Regional Program  | Community Design   | Air Quality Transportation Control Measure  | Next Generation Transportation Demand Management  | Green Region   |
|--------------------------|---|--|---|---|--|
| Goals                    | MTP/SCS Implementation Fund cost effective transportation projects with demonstrated performance benefits | Placemaking Fund implementation of the Sacramento Region Blueprint through improvements in public right-of-way | Air Quality Improvement Fund Spare the Air Program that targets emission reductions from the transportation sector<br><i>Administered by SMAQMD</i> | Reduce single occupant vehicle trips Fund programs that encourage people to bike, walk, ride transit, carpool, vanpool and telework to reduce car trips and miles | Emissions reductions through increased electrification of vehicles Fund programs that move region towards a zero emission future, and better align regional partners for state resources |
| Existing or New Program? | Existing: merges regional/local and bike & ped  | Existing   | Existing  | Substantial revision and continuation of existing TDM Program   | New  |
| Competitive?             | Yes   | Yes  | No  | Blend   | Blend  |
| Board Action             | May 2018 Approve program  | April 2018 Approved program  | April 2018 Approved budget  | April 2018 Approved plan  | April 2018 Approved plan   |
| Timeline                 | May 18 Call for projects July 19 applications due   | April 23 Call for projects June 25 applications due  | Program funded through 2024   | Summer 2018 Release applications  | Timeline under development   |
| Fund Sources             | Project dependent: STIP, RSTP, CMAQ   |  | CMAQ  | CMAQ  | Project dependent  |
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## **2018 REGIONAL PROGRAM: SACRAMENTO, SUTTER, YOLO, YUBA COUNTIES**

The merged Regional Program is SACOG's largest competitive program. It combines into a single program the Regional/Local and Bicycle & Pedestrian funding programs of the 2015 cycle. The emphasis of the program is to fund cost-effective transportation projects that realize the performance benefits of the MTP/SCS. The program seeks to promote effective and efficient use of limited state and federal funding resources to both develop and maintain the regional transportation network and provide regional benefits. This is accomplished through the funding of capital and lump-sum category projects included in the 2016 MTP/SCS.

### **GOALS AND PRIORITIES**

Through prior funding cycles the Sacramento Area Council of Governments (SACOG) Board of Directors has approved the policy considerations that form the basis of the Regional Program. The 2018 Funding Round continues these foundational elements while incorporating Board, project sponsor, and stakeholder feedback focused on augmented and transparent data use and application streamlining. The goals of the 2018 Regional Program are to:

#### **1. EMPHASIZE COST-EFFECTIVE PROGRAMMING DECISIONS**

Longstanding Board direction places a programmatic emphasis on making the most cost-effective funding decisions, which is achieved by maximizing performance outcomes and minimizing project costs. Consideration will be given to projects for which the sponsor has already funded initial phases with its own resources (i.e., planning, environmental, design and/or right-of-way).

#### **2. LEVERAGE REGIONAL FUNDS FOR NEAR-TERM PROJECT DEVELOPMENT**

Funding from broader competitive programs often require "shelf-ready" capital projects that are deliverable, and thereby ready to utilize funding. In the Regional Program, a relatively small but strategically allocated portion of the total revenue may go to early project development efforts for projects included within the next 10 years of the 2016 MTP/SCS.

#### **3. TARGET PROJECTS WITH DEMONSTRATED PERFORMANCE BENEFITS**

SACOG's Regional Program uses seven performance outcomes as part of the evaluation criteria. The 2018 Funding Round operationalizes, by performance outcome, a wide array of regional data into a robust series of performance measures for individual transportation projects, providing a consistent, uniform, and transparent data series. Project sponsors are invited to complement this baseline series with additional data or analysis that would support the application.

#### **4. MANAGE ASSETS AND MAINTAIN A STATE OF GOOD REPAIR**

The 2018 Regional Program will continue to include regional support for fix-it-first projects that address:

- Managing transportation assets and maintaining a state of good repair.
- Complete streets/corridor elements that serve an existing or forecasted demand.
- Innovative cost-effective practices to extend the life of existing assets, such as the use of recycled asphalt or rolling stock rehabilitation.

#### **5. TARGET ACTIVE TRANSPORTATION INVESTMENTS**

Joining the prior Bicycle & Pedestrian and Regional/Local programs serves to mainstream active transportation investments in SACOG's largest funding program. To ensure the solidity of the merger, the 2018 Regional Program includes a minimum funding target for active transportation investments. The fund estimate will set this minimum target.

#### **6. FOCUS ON SMALL OR MEDIUM-SIZED PROJECTS**

SACOG's Regional Program is an important source of funding for capital and state of good repair projects. A challenge for this policy consideration is the limited number of projects that can be funded. For the federal and state funds that are available, program consideration

will be on small and medium-sized projects. Project performance outcomes will be assessed relative to the funding request amount.

## **7. SUPPORT THE REGION'S NEW GREENHOUSE GAS REDUCTION TARGET**

The California Air Resources Board recently established new greenhouse gas (GHG) emission reduction targets for the SACOG region. The region's target for a 19 percent reduction by 2035 is conditional on the implementation of new innovative pilot programs in the MTP/SCS that address specific conditions and challenges relating to GHG emission reductions. If funding and related policy commitments are not secured to support the programs, SACOG's target will be at 18 percent.

### **ELIGIBLE PROJECT TYPES**

Projects applying to the Regional Program must fall within the four-county (Sacramento, Sutter, Yolo, Yuba) region, and be listed in the 2016 MTP/SCS or fit within a lump-sum project category. Further, projects must be eligible for CMAQ, RSTP, or STIP funds.

### **PROJECT SELECTION PROCESS**

**Completed application:** For a project to be considered for funding, the project sponsor must submit a complete application by the program deadline. Among other elements, the program guidelines require the sponsor to use the project performance assessment (PPA) tool as part of the application.

**Performance review:** The Regional Program evaluates submitted applications across a series of related performance assessments. First, a group of engineers and other technical professionals reviews each project scope with a focus on cost-effectiveness, deliverability, and eligibility. This group consists of professionals drawn from outside of SACOG. Next, each project receives a quantitative evaluation of performance outcome indicators provided through the project performance assessment (PPA) tool.

SACOG convenes a working group comprised of both SACOG and outside agency staff. After individually reviewing and evaluating applications, the working group meets to rank and prioritize submitted projects according

to an iterative process that considers the engineering cost/feasibility analysis, PPA outcomes, narrative responses, and application as a whole.

SACOG staff and management will then review all working group recommendations across the various funding programs to recommend a full project list to the SACOG Board for funding.

### **SCREENING PROJECTS OUT**

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

1. The project must be currently listed in the MTP/SCS or fit within a lump-sum project category. Non-exempt projects must align with SACOG's air quality conformity and greenhouse gas objectives. Non-exempt refers to any project not listed by the EPA as an approved exemption from regional air quality analysis.
2. Projects must provide a minimum of 11.47% match in non-federal funds towards the project cost, as is required for all federal aid funding projects. In other words, for every \$100,000 of total project cost (grant and match combined), the program will pay up to \$88,530 for every \$11,470 of match provided by the project sponsor.
3. The project must be eligible for appropriate funding sources (i.e., CMAQ, RSTP, STIP).
4. The project must be scheduled to begin construction no later than April 2025, with preliminary engineering and environmental analysis scheduled within three years.
5. A request for construction funding must demonstrate that environmental, engineering, and right-of-way will be ready by the time funds are requested, and that the agency has the financial capacity for ongoing operations and maintenance.

## **EVALUATING PROJECT PERFORMANCE**

The application includes seven outcomes for determining whether a project will be recommended for funding:

1. Reduce regional vehicle miles travelled (VMT) per capita;
2. Reduce regional congested VMT per capita;
3. Increase multi-modal travel/ alternative travel/ choice of transportation options;
4. Provide long-term economic benefit within the region, recognizing the importance of sustaining both urban and rural economies;
5. Improve goods movement, including farm-to-market travel, in and through the region;
6. Significantly improve safety and security;
7. Demonstrate “state of good repair” benefits that maintain and improve the existing transportation system.

Of the seven performance outcomes, applicants choose the three that best fit their project. Projects are evaluated on the three outcomes selected.

These performance criteria support project evaluation across a breadth of size, scope, location, and context, where:

- Performance indicators are relative, so that project performance outcomes are assessed relative to project size.
- The project performance assessment compares projects to those of similar place types, following the direction of the MTP/SCS.

The review will also include the project’s cost effectiveness, deliverability, and context sensitivity. Project costs and schedule estimates for environmental, engineering, right-of-way (ROW), and start-up construction must be believable, based on standards for similar projects. The project sponsor must have a track record that demonstrates technical capacity and reliability for similar projects. Further, the applicant must demonstrate how the project is appropriate for the surrounding community’s current and expected land uses and transportation needs, and considers complete streets and the range of current and future users.