

2020 Funding Round Policy Framework – Draft Summary

(A) Investment Priority

(B) Application Process

(C) Project Selection Process

This is a companion document to the slideshow summarizing initial staff ideas for the 2020 funding round policy framework. Ideas are offered in three categories that cover the topics of interest identified through engagement, so far, with the board and external stakeholders. Questions and comments are encouraged as work continues to provide a staff recommendation in August to the SACOG board on the policy framework.

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(A) Investment Priorities:

Regional Policy Commitments:

- **Meet federal and state performance objectives and policy goals.** Funding awards in 2018 and 2019 supported the region’s achievement of federal and state performance targets, including safety and greenhouse gas emission reductions. These are critical requirements that the region must show progress on to remain competitive for state and federal funding.
- **Position region for competitive state and federal funding.** SACOG’s technical assistance and performance-based planning reputation supported successful state grant applications that were awarded more than \$120 million in transportation funding awards since 2018.
- **Maintain excellence in regional project delivery record.** As a top state leader, the SACOG region has secured over \$20 million in additional federal funds obligation authority for project sponsors since 2018 through emphasizing programming readiness and active delivery coordination with project sponsors.
- **Implement policies from 2020 MTP/SCS.** The plan’s emphasis on fix-it-first system maintenance needs and expanding multi-modal travel options were reflected in the regional funding awards for the 2018 and 2019 cycles. Accelerating infill, access to economic opportunity, and benefit to disadvantaged communities are among the policy priorities for 2020.
- **Integrate equity considerations more fully into regional investment priorities.** Details on this to be guided through early efforts of the recently launched board working group on race, equity, and inclusion.

Separate the Regional Program into Two Categories:

- **‘Transformative’** for strategic system expansion & management projects that have significant regional benefit. Typically, these projects are larger, more expensive (>\$5m), and take more time to implement.
 - **Allow a limited number of high performing non-expansion projects to get funded over multiple years.** Typically, these projects are of a larger scale so likely to have a more regional impact (e.g., ITS along a long corridor, or a complete streets project that crossed multiple jurisdictions or is located in a disadvantaged community).

- **Allow for a broad range of project award levels.** Prior funding rounds emphasized small/medium sized awards (typically \$5m or less), but this new category would not have that limitation. As a result, some larger project awards may be recommended if performance benefits are high and regional benefit is significant.
- **‘Maintenance & Modernization’** for projects that improve the management and condition of existing transportation assets. Typically, these projects are smaller, less expensive, and can be implemented quickly.
 - **Exclusively non-expansion projects that are exempt from a regional air quality conformity determination.** These are critical investments for local agencies across the region.
 - **A maintenance, operations, and system management (e.g., ITS) investment focus is a cost-effectiveness means to support the MTP/SCS ‘fix-it-first’ priority.** A large share of the eligible projects will be in Centers & Corridors & Established Communities.
 - **Create a pipeline of air quality--exempt projects we can implement relatively quickly to boost the economy now.** May also be a prioritized list to draw from if a federal infrastructure stimulus provides funding later.

Support more Place-Based Planning & Pre-Construction Project Development Activities

- **Accelerate Infill and provide cleaner transportation options**
 - Linking the Green Means Go and Community Design programs may help attract state economic recovery funds as well as private investments that can leverage SACOG funds.
 - All SACOG jurisdictions now formally support Green Means Go and this fall we will be asking each jurisdiction to identify Green Zones that could be supported through Community Design funds.
 - Coordination of these programs would also allow for additional leverage with the region’s forthcoming housing planning funds and support some of the early work from the SACOG board’s Commercial Corridor Task Force and support investments in disadvantaged communities.
- **Incentivize more agencies to plan and deliver projects for the future**
 - Increase the non-competitive funding awards from \$100k to up to \$500k for eligible planning studies and project development efforts.
 - Allow for larger project development awards that reduces the need to phase or segment the delivery of a project for construction.
- **Increase focus of investments and engagement on issues of race, equity, and inclusion**
 - Fund planning pilot projects in disadvantaged communities.
 - Introduce new questions/requirements/scoring for projects in disadvantaged communities to understand how the community was involved in the decision-making process at every step. This will also help ensure the project benefits the residents.

Enhance Leverage of Federal & State Funds

- **Local Match Revolving Loan Fund.** Being able to commit some funds towards local match needs on competitive federal and state grants would offer benefits to many project sponsors. The challenge is making the most of limited available funding. Possible criteria:
 - No more than 15% of the guaranteed funding total can be saved as a local match for a grant application.

- Limit the local match to specific federal and state grant programs and have a time limit as well.
- **Project Gap Funding Gaps.** The recent economic volatility is creating budget gaps for numerous projects with prior SACOG funding. In order to support early economic activity to stimulate the economy, this would provide strategic and limited funding to cover some of these budget gaps. Possible criteria:
 - Must be spent on projects scheduled for construction within a year.
 - Project must have had a prior regional funding award and sponsor must provide a strong case as to the funding gap being unanticipated (i.e., solid work on the engineers estimate and other project development documentation).
 - No more than 15% of the funding total can be spent on covering unanticipated cost increases (i.e. bids came in higher than engineer’s estimate that set the project budget).

(B) Application Process:

Advance Consultations with Project Sponsors

- Before applications are submitted, SACOG staff and external working group member(s) work with project sponsors to review sponsor transportation investment needs for a 2 to 5 year period. Consultation focuses on sponsor priorities in context of program goals and objectives.
- Advance consultations with project sponsors can help identify reasonable context-sensitive modernization features (e.g., safety, multi-modal) for project sponsor applications while also offering sponsors input on the performance benefit and competitiveness of potential project applications.
- Additional targeted consultations to engage potential new project sponsors, including disadvantaged communities underrepresented in previous funding rounds.

Project Sponsor Priority Rankings

- **Formalize process where project sponsors rank priority of their applications.** Special project selection consideration provided for sponsor rankings of Maintenance & Modernization applications.

Application Streamlining

- **Program Simplifications**
 - Use the core features of the 2019 funding round for the Maintenance & Modernization program category.
 - Roll-up the Green Region program into the overall Regional Program.
 - Continue Community Design as the place-based program and incorporate strategies from Green Means Go without launching an all-new funding program.
- **Shorter Applications**
 - Maintenance & Modernization Program Category with a very short (2-3 page) application
 - Transformative Program Category requires a full application, but shorter than 2018 cycle applications.
 - Community Design application is also shorter than 2018 cycle applications, while still including Green Means Go elements.

- **Fewer resources required of Project Sponsors**
 - Projects that applied in prior round can provide simple updates, not full application, to be considered for funding in 2020.
 - Reduce from 3 to 2 the number of performance outcomes the sponsor responds to in the application for a new project. Also, SACOG staff runs the project performance assessment (PPA) for projects, eliminating the need for additional data collection by project sponsors.
 - Do not have sponsors fill out SACOG-specific exhibits – instead, just use the state’s uniform project programming request (PPR) for funding and do not require CMAQ calculations to be provided (i.e., similar to 2019 cycle).

(C) Project Selection Process:

Broaden Involvement Opportunities for Project Evaluation

- **Project sponsors offered additional opportunities to serve on working groups.** Implementation requires managing against conflicts of interests from project sponsors also applying for funding awards.
- **Further integrate the engineers review group into the overall project evaluation effort.** For example, ask the engineers to assess both deliverability and cost effectiveness of projects.
- **Offer interview stage to applicants.** Opportunity to review project performance outcomes and project risk assessment review before staff recommendation is made.
- **Align Project Sponsor Priorities for “Maintenance & Modernization” Investments with MTP/SCS Policy Commitments.** This is reflected through emphasizing fix-it-first system maintenance improvements that also support multi-modal travel options.
- **To be determined:** how best to evaluate projects for benefits to disadvantaged communities?

Increased Opportunities for “Transformative” Project Investments

- Uphold prior performance review for projects already funded, if local priority, MTP/SCS status, and policy/performance commitments remains unchanged.
- Board could award a very limited number of multi-cycle (beyond 2 years) funding commitments on non-expansion projects that have strong performance outcomes and provide high regional benefit. These awards would save time and money from reducing the frequency of segmentations or multiple phases of investment along a single corridor and play a role in accelerating infill.
- Similar to projects recommended for a multi-cycle commitment, projects receiving a large Transformative Program award within a single cycle must fully exemplify high performance and support for board-adopted MTP/SCS policy priorities. As a condition for a large award, this program could potentially require a project sponsor to forgo applying in a subsequent funding round cycle.

Rigorous Deliverability Review & Risk Assessment for Transformative Project Awards

- This is necessary because delivery failure with larger awards has outsized impact on maintaining the region’s strong delivery record.
- Risk assessment to be completed by multi-disciplinary working group members with early feedback to project sponsors on issues identified.