



**Land Use and Natural Resources
Committee**

Meeting Date: 4/5/2018

Agenda Item No.: 2018-April-6.

Subject: Draft Regional Funding Round: Framework (Estimated time: 15 minutes)

Information: Estimated Time - 12 Minutes

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Approved by: Kacey Lizon

Attachments: Yes

1. Issue:

What is the draft framework for the 2018 Regional Funding Round?

2. Recommendation:

None, this item is for information and discussion.

3. Background/Analysis:

Every two to three years, SACOG conducts a programming round to allocate funds to transportation projects in the four-county region comprised of Sacramento, Sutter, Yolo, and Yuba counties. Jurisdictions in El Dorado and Placer counties apply to separate programs through the El Dorado County Transportation Commission and Placer County Transportation Planning Agency, respectively.

The SACOG flexible funding round allocates four-county regional funds to projects based on available apportionments of Congestion Mitigation and Air Quality (CMAQ), Regional Surface Transportation Program (RSTP), State Transportation Improvement Program (STIP), and SACOG managed funds. SACOG will conduct its next flexible funding round this calendar year.

4. Discussion/Analysis:

During the March committee cycle, staff introduced the key concepts and draft calendar for the upcoming agency funding round. During the April committee cycle, staff will provide a briefing on the individual programs that comprise the 2018 funding round, as well as the estimate of available funding.

Overview of Funding Programs

Traditional Competitive 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.

New Competitive Programs:

An overarching objective of the upcoming 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 prior months staff has briefed the Board on concepts for the new Green Region and the Next Generation TDM programs. Based on Board and stakeholder input received, staff has translated these concepts into draft policy frameworks for these new programs that are included in the 2018 regional funding round.

Staff reports included on the agenda for the April meeting of the Transportation Committee provide the frameworks for each of these individual programs that will together make up the 2018 funding round, beginning with the Regional Program below and concluding with an estimate of funding available. Staff will provide an update on the six-county Active Transportation Program next month.

Regional Program Policy Framework

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As discussed in the March funding round staff report, for the 2018 round staff proposes merging the prior Regional/Local and Bicycle & Pedestrian programs into a single core Regional Program, with a minimum target for active transportation investments. Staff believes this streamlining has notable performance benefits, preserves the agency's historical commitment to funding active transportation projects, and recognizes the holistic nature of evaluating transportation investments. Attachment A provides the draft framework for the merged Regional Program, which preserves the longstanding and successful programmatic elements built through multiple prior cycles, while incorporating more data and streamlining the application process, as discussed in the March staff report. Major elements of the draft Regional Program framework include:

- Emphasizing cost-effective funding decisions
- Targeting projects with demonstrated performance benefits
- Creating a funding target for active transportation investments
- Focusing on small or medium-sized capital projects and assessing performance relative to project size and geography (e.g., urban, suburban, rural)
- Strategically leveraging regional funds for near-term project development
- Supports the region's efforts to meet new greenhouse gas reduction targets

In May 2018, staff will return to the Committee with the final framework, reflecting input received this month through Board Committees, the Regional Planning Partnership, the Transit Coordinating Committee, and other outreach. At that time, staff will ask the Committee to recommend that the Board adopt the final Regional Program framework and

direct staff to release the program guidelines and call for projects, with applications due in July 2018.

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

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. Priority 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, set to the proportion of the 2015 Bicycle & Pedestrian program to the overall 2015 funding round.

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 priority is the limited number of projects that can be funded. For the federal and state

funds that are available, the program emphasis 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 outcome measures 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 each 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 total 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 FFY 202X, 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.