

## SBCAG STAFF REPORT

**SUBJECT:** Regional Surface Transportation Program (RSTP) Reserve

**MEETING DATE:** January 20, 2022 **AGENDA ITEM:** 6

**STAFF CONTACT:** Sarkes Khachek

**RECOMMENDATION:**

- A. Receive presentation on SBCAG Board Policy on RSTP Reserve for Santa Barbara Highway 101 Project.
- B. Approve recommendation from the TTAC on use of RSTP Reserve.

**BACKGROUND:**

SBCAG staff would like to discuss a proposal to clarify use of Regional Surface Transportation Program (RSTP) reserve funds through Fiscal Year 23/24 and to authorize use of Regional Surface Transportation Program (RSTP) Reserve funds through Fiscal Year 2026/27 at the January 20, 2022 TTAC meeting.

Currently, only RSTP Reserve funds through FY 23/24 are authorized for use at an estimated amount of \$42 million as of figures from 2019. SBCAG Staff has programmed these funds to address needs for the U.S. 101 and parallel projects and use of the RSTP funds has delayed the need for bond financing. This figure of \$42 million has increased as described below to reflect actual receipts.

The request to use RSTP funds through FY 26/27 is important as it relates to SBCAG's effort to submit our Senate Bill 1 (SB1) Cycle 3 applications in late 2022 to fully fund the remaining segments of the U.S. 101 corridor. The RSTP funds will not only help reduce our total SB1 request but they will also act as an eligible leveraging match for our SB1 applications.

At their January 6 meeting, TTAC supported clarification on the RSTP reserve funding available through FY 23/24 and to support use of RSTP funding through FY 26/27.

**DISCUSSION:**

In 2019, SBCAG staff, in coordination with TTAC, prepared the Measure A Strategic Plan memo that was ultimately adopted by the SBCAG Board in September 2019 ([Link to Memo](#)). Those actions were subsequently included in the 2020 Measure A Strategic Plan adopted by the Board in December 2020 - [Link to Strategic Plan](#).

Included in the memo were scenarios examining the cash flow needs and financing options and a focus on maintaining an adequate minimum cash balance in the Measure A program (\$5 million) to meet needs for local pass-through expenditures, regional programs and to provide the Measure A match for Senate Bill 1 (SB1) grants awarded by the State in May 2018 for the Highway 101 HOV project Segments 4A, 4B and 4C and parallel projects.

Ultimately, the Board adopted Scenario 2 ‘Clarified’ which provided the authority to use an estimated \$42 million in RSTP reserve funding through Fiscal Year 23/24 for the HOV Highway 101 Widening: Carpinteria to Santa Barbara phase four project and parallel projects. The \$42 million was based on estimates at the time and included in the Strategic Plan memo referenced above prepared by KNN.

RSTP revenue received through FY 23/24 is now estimated at \$51.7 million per the table below. There is the qualifier that \$2.045m was released to local jurisdictions as part of the HR133 Stimulus programming in Summer 2021 with the same amount in Federal HR 133 funding made available to Highway 101. Also, per the 2022 RTIP, \$1.25m in RSTP reserve was deducted for the Highway 166 project. This leaves \$48.4 million in RSTP Reserve for the Highway 101 corridor through 23/24.

<b>\$ Millions</b>	<b>FYs 10/11 to FY 20/21</b>	<b>FY 21/22</b>	<b>FY 22/23</b>	<b>FY 23/24</b>	<b>TOTAL</b>
Prior Estimate	33.7	3.0	3.0	3.0	42.7
New Estimate	39.7	4.0	4.0	4.0	51.7
<b>Minus \$2.045m and \$1.25m provides a RSTP balance of \$48.4m through FY 23/24</b>					

**SBCAG Staff Proposal:**

As such, staff proposes that the SBCAG Board policy be clarified as follows:

- A. Authorize the use of RSTP through FY 23/24 by using actual RSTP revenues received. The actual and updated amounts received through the period FY 23/24 are \$48.4m thus providing \$6.4 in new RSTP funding through FY 23/24.
- B. That RSTP reserve funds from FYs 24/25 to 26/27 be authorized for use by the amounts collected for each fiscal year.

SBCAG staff believes that the use of RSTP funds as recommended will minimize the impact to the Measure A cash flow. It benefits local jurisdictions pass through funds as well as non-US 101 HOV regional projects by reducing the impact that may have been realized.

SBCAG staff also proposes that the RSTP funds be considered as part of SBCAG’s SB1 Cycle 3 Competitive Program funding request. The estimated project request for Cycle 2 will be considerably high and if RSTP funds are utilized to fund expenditures for the U.S. 101 HOV project they can also be considered as a local funding source for grant applications. This will reduce the Cycle 3 request amount and will show an additional local funding source to deliver the project. SBCAG staff expects Cycle 3 to be extremely competitive for two reasons. First, there will be less funding than Cycle 1 (or similar to Cycle 2) due to a shorter programming period of two years for Cycle 3. Secondly, SBCAG staff expects more regions to have projects that are ready for delivery that were not ready for Cycles 1 and 2. The use of RSTP not only benefits the Measure A program and local programs by reducing the need for financing but it could also benefit the U.S. 101 HOV project for the reasons stated above.

SBCAG presented the options below with the TTAC on January 6 and TTAC supported staff’s recommendation to authorize use of RSTP through 26/27 and to clarify the amount of RSTP available through FY 23/24 as noted in Table 1.

**OPTIONS:**

- A. Authorize use of RSTP funding through FY 26/27 for corridor improvements similar to prior Board action – **Recommendation by TTAC and SBCAG staff.**

- B. Continue to keep RSTP reserve funding for FYs 24/25, 25/26 and 26/27 in a reserve until the U.S. 101 HOV Project is complete per SBCAG Board Policy.

**TTAC SUBCOMMITTEE:**

A subcommittee of TTAC meeting in November and December and recommended Option A for TTAC and the SBCAG Board.