

SCSPC STAFF REPORT

SUBJECT: Distribution of Low Carbon Transit Operations Program and State of Good Repair Transit Funding

MEETING DATE: May 12, 2021 **AGENDA ITEM:** 6

STAFF CONTACT: Sarkes Khachek

RECOMMENDATION:

Recommend approval of new distribution formula of regional transit funding from the Low Carbon Transit Operations Program and State of Good Repair Program.

DISCUSSION:

Since the creation of the State Low Carbon Transit Operations Program (LCTOP) and State of Good Repair (SOGR) Program, SBCAG staff has worked with local transit operators to develop a needs-based approach to fund eligible regional and local transit programs and projects.

Recently, SBCAG staff, in coordination with transit operator partners, has developed a proposal to distribute state transit funding made available to the SBCAG region through LCTOP and SOGR. The proposal is meant to address concerns by transit providers about the equitable distribution of funding for regional and local projects and between North County and the South Coast. The proposal creates regional and local pots for distribution of funds is included as **Attachment A**.

BACKGROUND:

Low Carbon Transit Operations Program (LCTOP)

In 2014, Senate Bill 862 (SB862) created LCTOP to provide operating and capital assistance for regional transportation planning agencies and transit operators to reduce greenhouse gas emissions and improve mobility, with a priority to serve any state designated disadvantaged communities. The Santa Barbara region typically receives approximately \$800,000 in population-based (99313) funding each year. Transit operators also receive farebox based funding directly from the State. Since the establishment of the program in 2014, 99313 funds have been allocated to regional and local projects on a needs-based approach on a one year or two-year cycle.

State of Good Repair Program (SOGR)

In 2017, Senate Bill 1 (SB1) created the State of Good Repair (SOGR) Program, which provides the Santa Barbara region \$668,000 annually in population-based funding for transit infrastructure improvements. Regional transportation planning agencies and transit operators are eligible for this funding which may be used for transit maintenance, rehabilitation, and capital projects. Similar to LCTOP, transit operators also receive a direct allocation based on farebox. Since the establishment of the program in 2017, SBCAG has announced a call for projects every four years in order to accumulate enough population-based (99313) funding to deliver meaningful projects. There is approximately \$2.6M in total population funding under each SOGR call for projects.

For both programs, SBCAG has conducted a needs-based call for projects in coordination with transit operator representatives. The call for projects has helped fund regional and local projects but the call for projects has been conducted a county wide basis with equity as a concern with



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each cycle. As such, SBCAG staff recently engaged transit operator partners to determine a process that would help address the issue of equity between regional and local projects and North County and South Coast needs.

SBCAG and Transit Operator Proposal for Distribution of Population Based Funds

After discussions the past few months on various scenarios, SBCAG staff and transit partners have reached consensus on a distribution proposal. The purpose of the proposal is to provide a process that allows for reduced administration and equitable distribution of funding for eligible agencies and projects to meet both regional and local needs.

The proposal is included in **Attachment A** and includes recommendations for distribution of LCTOP and SOGR utilizing percentages for individual Regional and Local Transit programs with a percentage share for regional programs and separate percentage shares for North County Local Programs and South Coast Local Programs.

The proposal does not apply to other transit programs like the Federal Transit Administration (FTA) programs or Transportation Development Act (TDA) programs. However, SBCAG staff will convene transit operator partners if new similar programs are created in the future.

Local Programs:

For North County and South Coast Local Programs, SBCAG staff proposes a nomination process for formula distribution rather than a competitive application process.

Regional Programs:

SBCAG will work with transit partners on identifying any needs, however SBCAG staff will provide the final recommendation on projects approved by the SBCAG Board. Eligible regional programs include the Clean Air Express, Coastal Express, Passenger Rail, and transit services that provide trips from Santa Barbara County to San Luis Obispo County.

Timeline:

Currently SGR funds are programmed through Fiscal Year 24/25 with LCTOP funds programmed through 21/22. SBCAG staff proposes that the LCTOP distribution be implemented in FY 22/23 for a two-year program. Subsequently, SBCAG staff proposes that multiyear programs be developed collectively for both programs starting in FY 25/26.

ATTACHMENT:

- A. Proposal for Distribution of State LCTOP and SB1 SGR Funding for Regional and Local Transit Improvements

ATTACHMENT A

Proposed Framework for Distribution of State Low Carbon Transit Operations Program (LCTOP) and Senate Bill 1 (SB1) State of Good Repair (SOGR) Funding for Regional and Local Transit Improvements

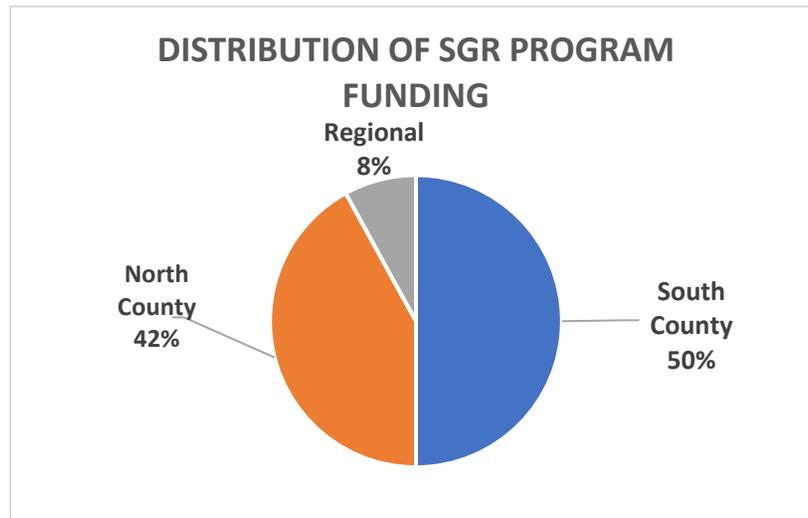
- **Background:** The proposal described below was developed in coordination with transit operator representatives to identify a process that allows for reduced administration and equitable distribution of funding for eligible agencies and projects to meet regional and local transit needs.
- **Population Based Funding:** The proposal only applies to the population-based funding for the LCTOP and SOGR programs and will not apply to farebox based funding provided by the State directly to eligible operators. With that, SBCAG will convene transit partners if new similar federal or state programs are created.
- **Amounts:** Annually, approximately \$800,000 is available for LCTOP and \$680,000 for SOGR per figures from the State.
- **FTA and TDA Not Included:** The proposal does not apply to other State and Federal Transit Programs (i.e. Federal Transit Administration (FTA) and Transportation Development Act (TDA) Programs).
- **Categories:** The proposal provides recommendations for distribution of LCTOP and SOGR utilizing percentages for Regional and Local Transit Programs and Projects with a percentage share for regional programs and percentage shares for North County Local Programs and South Coast Local Programs.
- **Nomination Process:** For North County and South Coast Local Programs, SBCAG staff proposes a nomination process for formula distribution rather than a competitive application process.
- **Eligible Projects:** Per the respective state LCTOP and SOGR program guidelines, projects must meet program eligibility and nominations must follow any program requirements.
- **Local Program Process:** SBCAG's role for local projects will be to solicit nominations from eligible transit operators and present those nominations to the SBCAG Board for approval. SBCAG will rely upon our transit operators to consult with one another on an equitable distribution of funds in the North and South Programs.
- **Regional Program Process:** SBCAG will work with transit partners on identifying any needs, however SBCAG staff will provide the final recommendation on projects approved by the SBCAG Board. Eligible regional programs include the Clean Air Express, Coastal Express, Passenger Rail, and transit services that provide trips from Santa Barbara County to San Luis Obispo County.
- **Timeline:** Currently SOGR funds are programmed through Fiscal Year 24/25 with LCTOP funds programmed through 21/22. SBCAG staff proposes that the LCTOP distribution be implemented in FY 22/23 for a two-year program. Subsequently, SBCAG staff proposes that multiyear programs be developed collectively for both programs starting in FY 25/26.

State of Good Repair Program

The following is the proposed distribution for the State of Good Repair Program.

The proposal is to provide 50% to South Coast Transit Programs, 42% to North County Transit Programs and the remaining 8% to Regional Transit and Rail Programs.

As noted on page 1, projects must be eligible per the State of Good Repair Program guidelines and sponsors will be responsible for any reporting requirements.



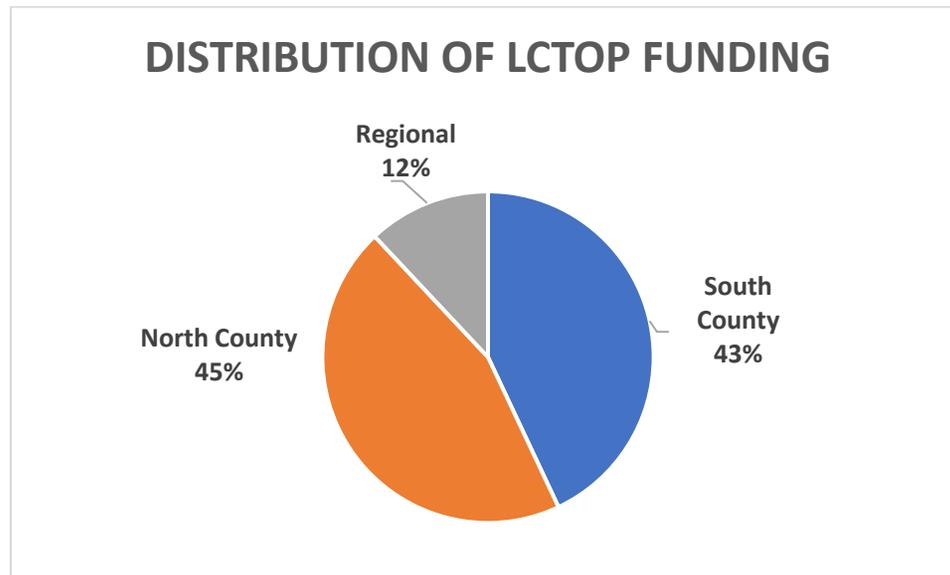
State of Good Repair Program Distribution - \$668k annual estimate		
Proposed Distribution		Available Funding
South County	50%	\$334,000
North County	42%	\$280,560
Regional	8%	\$53,440
Total:	100%	\$668,000

Low Carbon Transit Operations Program

The following is the proposed distribution for the Low Carbon Transit Operations Program.

The proposal is to provide 43% to South Coast Transit Programs, 45% to North County Transit Programs and the remaining 12% to Regional Transit and Rail Programs.

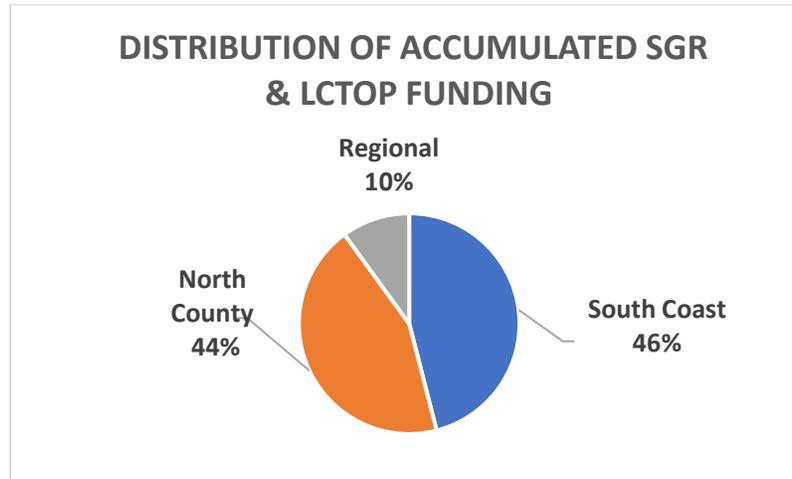
As noted on page 1, projects must be eligible per the Low Carbon Transit Operations Program guidelines and sponsors will be responsible for any reporting requirements.



Low Carbon Transit Operations Program Distribution - \$800k annual estimate		
Proposed Distribution		Available Funding
South County	43%	\$344,000
North County	45%	\$360,000
Regional	12%	\$96,000
Total:	100%	\$800,000

Cumulative Distribution for Both Programs

The following is the cumulative distribution of funding for both programs with 46% to South Coast Programs, 44% to North County Programs and the remaining 10% for Regional Transit and Rail Programs.



Accumulated SGR & LCTOP		
Proposed Distribution		Available Funding
South County	46%	\$678,000
North County	44%	\$640,560
Regional	10%	\$149,440
Total:	100%	\$1,468,000

Flow Chart Depicting Overall Framework of Distribution of Funds

