STAFF REPORT

MEETING DATE:	**10/22/13**
SUBJECT:	**Adopt New Regional Surface Transportation Program (RSTP) Policy and 2013/14 RSTP Budget**
AGENDA ITEM:	**7**
STAFF CONTACT:	**Dan Little, Executive Director**

SUMMARY:

At the last board of director's meeting, staff presented information regarding Regional Surface Transportation Program (RSTP) funds. Staff was directed to sub-allocate all RSTP funds – totaling about $2.5 million annually – to the three cities and the county based on population. SRTA's current RSTP policies are erroneously based on urban area population rather than total population. A revised RSTP policy and 2013/14 RSTP budget is attached.

STAFF RECOMMENDATION:

It is recommended that the board of directors:

1. Adopt the attached RSTP allocation policy; and
2. Approve the fiscal year 2013/14 RSTP budget.

DISCUSSION:

RSTP funds are the largest source of capital funds consistently available to SRTA. The Shasta region currently receives over $2.5 million in RSTP funds annually – SRTA receives a direct allocation of over $1.8 million and has authorized the state to provide an additional $672,168 directly to the county of Shasta, consistent with state legislation. RSTP funds originate from the federal excise tax on gasoline; however, for smaller regions like SRTA, the state allows exchange of the federal dollars for state cash. This offers greater flexibility and fewer administrative burdens. RSTP funds can support a broad range of transportation projects. In the Shasta region, they are used to augment city and county road budgets.

Existing SRTA policies regarding distribution of RSTP funds have not been revisited in over twenty years. At that time, the board of directors' resolution clearly states that the intent of the policy was to sub-allocate RSTP funds to the cities and county in the same manner the funds are allocated by the state to the Shasta region. (Shasta Lake's allocation was taken out of the county's portion when it incorporated in 1993.)

In staff's effort to overhaul this and all other SRTA policies, it was discovered that the current policy does not meet the stated intent. This appeared to be due to a misunderstanding twenty years ago in how RSTP funds are distributed from the state to regions. It was thought that funds came to the region based on the urbanized area population (i.e. the three cities and surrounding developed areas), when in fact they are based on the region's total population. The urbanized area population is about 119,000 as opposed to 179,000 in the entire region.

Staff recommends a new RSTP policy and FY 2013/14 budget as attached. The new policy will match the board of directors' original intent regarding how funds should be distributed. The Financing section below shows the difference between the new policy and the existing policy.

ALTERNATIVES:
The following alternatives are provided for consideration by the board of directors:

1. Do not change the RSTP policy. This is not recommended since the current policy does not match the board of directors' stated intent. Maintaining the policy means SRTA would continue to over-allocate funds to the city of Redding and under-allocate funds to the cities of Anderson and Shasta Lake;
2. Provide make-up payments to the cities of Anderson and Shasta Lake. This is not recommended because the policies were approved in consultation with the local agencies. The current policy did not violate any state or federal rules and it would be difficult to go back twenty years to determine appropriate adjustments; or
3. Continue this item to December and request additional information.

OTHER AGENCY INVOLVEMENT:
The Technical Advisory Committee (TAC) has reviewed and concurs with the staff recommendation.

FINANCING:
Adoption of the new RSTP policy and budget would have no fiscal effect on the region as a whole. From the fiscal year 2013/14 budget forward, it will increase or decrease annual RSTP amounts to the jurisdictions as follows:

Agency	Per New Policy	Per Existing Policy	Difference
Anderson	$ 145,497	$ 73,722	$ 71,775
Redding	$ 1,287,158	$ 1,433,257	$ (146,099)
Shasta Lake	$ 143,815	$ 65,484	$ 78,331
Shasta County*	$ 288,962	$ 292,969	$ (4,007)
Total	$ 1,865,432	$ 1,865,432	$ -

*County receives additional $672,168 directly from state pursuant to minimum guarantees in state legislation.

Daniel S. Little, AICP, Executive Director

Attachments: Policy 1220: Administration of Regional Surface Transportation Program (RSTP) Federal Exchange and State Match Request
FY 2013/14 RSTP Budget

Financial and Accounting Policies & Procedures

Section 1220. Administration of Regional Surface Transportation Program (RSTP)

1220. Administration of Regional Surface Transportation Program (RSTP)

1220.1. Background

The RSTP program allow the exchange of federal funds for nonfederal State Highway Accounts funds. Funding is allocated on an annual basis from the Department of Transportation (DOT). The amount of funding allowable is calculated by the DOT.

1220.2 SRTA agrees to allocate all state funds within the RSTP agreement to projects defined under Title 23 – Section 133 of the Federal Aid for Highways, and in accordance with the State of California Constitution. Section 133(b) eligible projects may include:

1) Construction, reconstruction, rehabilitation, resurfacing, restoration, preservation, or operational improvements for highways.

2) Replacement (including replacement with fill material), rehabilitation, preservation, protection (including painting, scour countermeasures, seismic retrofits, impact protection measures, security countermeasures, and protection against extreme events) and application of calcium magnesium acetate, sodium acetate/formate, or other environmentally acceptable, minimally corrosive anti-icing and de-icing compositions for bridges (and approaches to bridges and other elevated structures) and tunnels on public roads of all functional classifications, including any such construction or reconstruction necessary to accommodate other transportation modes.

3) Construction of a new bridge or tunnel at a new location on a Federal-aid highway.

4) Inspection and evaluation of bridges and tunnels and training of bridge and tunnel inspectors, and inspection and evaluation of other highway assets (including signs, retaining walls, and drainage structures).

5) Capital costs for transit projects eligible for assistance under Chapter 53 of Title 49, including vehicles and facilities, whether publicly or privately owned, that are used to provide intercity passenger service by bus.

6) Carpool projects, fringe and corridor parking facilities and programs, including electric vehicle and natural gas vehicle infrastructure in accordance with Section 137, bicycle transportation and pedestrian walkways in accordance with Section217, and the modifications of public sidewalks to comply with the Americans with Disabilities Act of 1990 (42U.S.C. 12101et seq.).

7) Highway and transit safety infrastructure improvements and programs, installation of safety barriers and nets on bridges, hazard eliminations, projects to mitigate hazards caused by wildlife, and railway-highway grade crossings.

8) Highway and transit research and development and technology transfer programs.

9) Capital and operating costs for traffic monitoring, management, and control facilities and programs, including advanced truck stop electrification systems.

10) Surface transportation planning programs.

11) Transportation alternatives.

12) Transportation control measures listed in section 108(f) (1) (A) (other than clause (xvi)) of the Clean Air Act (42 U.S.C. 7408) (f) (1) (A).

13) Development and establishment of management systems

14) Environmental mitigation efforts relating to projects funded under this title in the same manner and to the same extent as such activities are eligible under section 119(g).

15) Projects relating to intersections that—

A) Have disproportionately high accident rates;

B) Have high levels of congestion, as evidenced by—

i) Interrupted traffic flow at the intersection; and

ii) a level of service rating that is not better than "F" during peak travel hours, calculated in accordance with the Highway Capacity Manual issued by the Transportation Research Board; and

C) Are located on a Federal-aid highway.

16) Infrastructure-based intelligent transportation systems capital improvements.

17) Environmental restoration and pollution abatement in accordance with section 328.

18) Control of noxious weeds and aquatic noxious weeds and establishment of native species in accordance with section 329.

19) Projects and strategies designed to support congestion pricing, including electric toll collection and travel demand management strategies and programs.

20) Recreational trails projects eligible for funding under section 206.

21) Construction of ferry boats and ferry terminal facilities eligible for funding under section 129(c).

22) Border infrastructure projects.

23) Truck parking facilities eligible for funding under section 1401 of the Moving Ahead for Progress in the 21st Century Act (MAP–21).

24) Development and implementation of a state asset management plan for the National Highway System in accordance with section 119, including data collection, maintenance, and integration and the costs associated with obtaining, updating, and licensing software and

equipment required for risk based asset management and performance based management, and for similar activities related to the development and implementation of a performance based management program for other public roads.

25) A project that, if located within the boundaries of a port terminal, includes only such surface transportation infrastructure modifications as are necessary to facilitate direct intermodal interchange, transfer, and access into and out of the port.

26) Construction and operational improvements for any minor collector if—

A) The minor collector, and the project to be carried out with respect to the minor collector, are in the same corridor as, and in proximity to, a Federal-aid highway designated as part of the National Highway System;

B) The construction or improvements will enhance the level of service on the Federal-aid highway described in subparagraph (A) and improve regional traffic flow; and

C) The construction or improvements are more cost-effective, as determined by a benefit-cost analysis, than an improvement to the Federal-aid highway described in subparagraph (A).

1220.3 Exchange funds will be subject to financial and compliance audits by state of California auditors.

1220.4 Jurisdictions will certify to SRTA the following:

1) Compliance with Davis-Bacon Act: The Davis-Bacon Act requires that all laborers and mechanics employed by consultants or sub-consultants to work on construction contracts in excess of $2,000 financed by federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (40 USC 276 to 276a-7).

2) The jurisdictions are required to submit an annual document stating that RSTP exchange funds have been used for eligible projects as defined in Section 133(b), and that the jurisdictions are in compliance with the Davis-Bacon Act. Jurisdictions must submit documentation prior to distribution of current year exchange funds.

3) Compliance with OMB Circular A-87, *Cost Principles for State and Local Governments*

4) Compliance with CFR, Part 18, *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.*

5) Agree that Contract Cost Principles and Procedures, Part 48 CFR, Federal Acquisition Regulations System, Chapter1, Part 31 shall be used to determine the allowability of individual project costs items.

6) A special fund for the purpose of depositing exchange funds has been established within a jurisdiction's special gas tax street improvement fund or county road fund.

1220.5 Calendar

PROCEDURES

December	Notification from Caltrans for Federal Fiscal Year allocation
January-February	SRTA provides to Caltrans Federal Apportionment Exchange Buyout Program Annual Report
May	SRTA completes RSTP agreement
June	Caltrans returns fully executed agreement
June-July	SRTA invoices Caltrans for exchange funds
July	SRTA verification of expenditure of funding for eligible projects
July-August	Upon receipt of funds, SRTA disburses funds to jurisdictions

1220.6 Background on Distributions

Resolution 5-93 states that funds are to be divided among the jurisdictions in the same manner as they are allocated to SRTA. These funds shall be shared among the jurisdictions based on the ratio of the jurisdiction's latest population estimate to that of the total county's population.

Each of the jurisdictions has the capability of selecting and prioritizing projects using those funds allocated to them. SRTA delegates to each of the eligible entities project selection authority for projects to be funded under this program.

1220.7 Distributions

The annual exchange funds are allocated to SRTA on an annual basis from Caltrans. The amount of funding allowable is calculated by Caltrans.

SRTA shall annually determine the allocation based on the following:

1) Population estimates shall derive from the CA Department of Finance E-1 Tables.

2) The total amount allocated to each jurisdiction shall include both the annual RSTP funds and the State mandated annual set-aside for the county of Shasta.

3) The total shall first be allocated by population to each jurisdiction. The state mandated annual set aside for the county of Shasta shall be subtracted from the county of Shasta's allocation to determine the amount the county of Shasta will receive of annual RSTP funds.

1220.8. SRTA expenditures of exchange funds will be subject to financial and compliance audits by state of California auditors.

1) Jurisdictions are required to submit an annual document stating that RSTP exchange funds have been used for eligible projects as defined in Section 133(b). Jurisdictions must submit documentation no later than July 31 of each year in order to receive distribution of current year exchange funds.

2) In the event of an adverse audit finding, a jurisdiction must return the state cash to SRTA for allocation to other eligible projects. If an adverse finding is not corrected, a hold will be placed on future exchange and match payments to the jurisdiction until such time as the adverse findings are corrected to the satisfaction of SRTA.

3) Any federal monies received from SRTA must be audited under Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Shasta Regional Transportation Agency
Regional Surface Transportation Program (RSTP)
July 2013 through June 2014

Revenue	
42650 · Exchange Funds	1,865,432.00
Total Revenue	1,865,432.00
Expenditures	
69000 · Payments to Cities and Counties	
69100 · City of Redding	
69130 · Exchange Funds	1,287,158.00
Total 69100 · City of Redding	1,287,158.00
69200 · City of Anderson	
69230 · Exchange Funds	145,497.00
Total 69200 · City of Anderson	145,497.00
69300 · City of Shasta Lake	
69330 · Exchange Funds	143,815.00
Total 69300 · City of Shasta Lake	143,815.00
69400 · County of Shasta	
69430 · Exchange Funds	288,962.00
Total 69400 · County of Shasta	288,962.00
Total 69000 · Payments to Cities and Counties	1,865,432.00
Total Expenditures	1,865,432.00
Revenue Over Expenditures	**0.00**

Shasta County directly receives $672,168 in RSTP funds annually in addition to amounts shown.