

STAFF REPORT



MEETING DATE:	February 25, 2020
SUBJECT:	Approve, in Concept, Future Public Transit Funding Support of Boomtown Center Grant Project
AGENDA ITEM:	14
STAFF CONTACT:	Daniel S. Little, Executive Director

STAFF RECOMMENDATION:

It is recommended that the Board of Directors approve, in concept, future funding of on-demand transit to operate one van in the city of Shasta Lake for a minimum two-year period beginning in approximately 2026.

DISCUSSION:

The city of Shasta Lake applied for an Affordable Housing Sustainable Communities (AHSC) grant for approximately \$30 million for a mixed-use development near City Hall, known as the Boomtown Center Project. The project includes 49 affordable housing units, retail space, active transportation, and related amenities.

SRTA staff has provided technical assistance and agreed to seek board approval for a total of \$400,000 in future public transit funds to operate an on-demand transit van within the city for two years beginning in 2026. SRTA participation in the AHSC grant is highly recommended for several reasons:

1. The \$400,000 investment would leverage \$600,000 in AHSC funds to operate the van in the first two years of service and over \$90,000 for purchase of the vehicle.
2. The service will allow further testing of on-demand transit in a smaller city setting (on-demand service currently operates on Sundays in Redding).
3. Commitment to operate the service will boost the grant score which could make the difference to leverage \$30 million in this highly competitive grant program.
4. The Boomtown Center Project represents a total \$40 million public investment, along with private investment, that would be instrumental to furthering SRTA goals for quality transportation-oriented investments within Strategic Growth Areas identified in SRTA's Sustainable Communities Strategy.
5. SRTA has successfully supported similar efforts in Redding. This is the first major endeavor for the AHSC funds in another jurisdiction and should enjoy the board's full support.

The attached letter was provided for AHSC grant application purposes and outlines the nature of the funding commitment at a staff level pending board of directors approval.

ALTERNATIVES:

The board could deny funding in support of the city and AHSC grant or request additional information.

OTHER AGENCY INVOLVEMENT:

Staff has coordinated with and provided technical support to the city of Shasta Lake. The transit service would be coordinated with RABA service to ensure it is complementary to the fixed-route service. TAC received a verbal presentation of this item and recommends approval.

FISCAL IMPACT:

The \$400,000 pledge of transit resources would only go into effect if the grant is successful and, if so, the funds would not be called upon until 2026 and 2027. The city of Shasta Lake, along with Shasta County and Anderson, is currently apportioned more transit funds than they have transit needs. In the current year, over \$100,000 in SRTA transit reserves were set aside that cannot be used for any other purpose. The reserve is projected to grow annually to fund this project without impacting city and county apportionments. If these reserve reserves are not available, then SRTA apportionments from the Low Carbon Transit Operations Program (over \$300,000 annually) would be a viable fallback option.



Daniel S. Little, AICP, Executive Director

Attachments:

Boomtown AHSC Grant Support Letter



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Daniel S. Little, Executive Director

January 27, 2020

John Duckett, City Manager
City of Shasta Lake
4477 Main Street
Shasta Lake, CA 96019

Dear Mr. Duckett:

As you know, SRTA has been developing a proposal with the city of Shasta Lake and K2 Development to purchase a hybrid transit van and operate an on-demand ShastaConnect shared-ride service for a minimum of four years. This is associated with the Boomtown Center AHSC project. The first two years, including purchase of a van, would be grant-funded with an estimated annual operating cost of \$300,000. The third and fourth years are estimated at \$200,000 annually if the Boomtown Center AHSC grant is successful. The first two years are higher due to start-up costs and launch-marketing. The service would likely start in 2024.

It will be my strong recommendation to the SRTA Board of Directors to fully fund the required final two years of service. Given available transit-only funding sources and the boards' policy to support major regional grant efforts, I have every reason to believe this project would enjoy in the boards' full support. SRTA has the following funding options:

State Transit Assistance (STA): Shasta Lake receives more STA funds annually than it currently uses. The excess funds stay with SRTA in the form of an STA reserve. Last year, approximately \$100,000 accumulated and this trend should continue because of the SB 1 gas taxes. STA is the most flexible fund source and would be the best fit for the Boomtown Center project if approved. SRTA could start earmarking STA reserves now to adequately fund operations in 2026 and 2027.

Low Carbon Transit Operation Program (LCTOP): SRTA Receives about \$300,000 in LCTOP funds annually. There are no planned uses for funds beyond the current fiscal year. If the AHSC grant is awarded, the LCTOP funds would be a good fit for the project and consistent with LCTOP guidelines.

As you know, the SRTA board has routinely pledged formula funds to successfully leverage AHSC grants in the city of Redding and I am certain the board would support similar efforts in other areas of the region. At their February 25th board meeting, this item can be approved in concept. At the April 21st meeting, we can begin to set aside funds with adoption of our public transit budget.

A handwritten signature in blue ink that reads "Dan Little".

Daniel S. Little, AICP, Executive Director
Shasta Regional Transportation Agency (MPO)