

STAFF REPORT



MEETING DATE:	June 24, 2026
SUBJECT:	Approve Fiscal Year (FY) 2025/26 Regional Surface Transportation Program (RSTP) Project List
AGENDA ITEM:	7-12
STAFF CONTACT:	Jennifer Pollom, AICP, Senior Transportation Planner

SUMMARY:

Staff solicited project nominations from local agency partners for Fiscal Year (FY) 2025/26 Regional Surface Transportation Program (RSTP) exchange funds and earned interest and dividends. A total of \$3,082,244 is recommended for local projects and SRTA programming. The recommended projects are provided in the attachment.

STAFF RECOMMENDATIONS:

It is recommended that the board of directors:

1. Approve \$3,082,244 in FY 2025/26 RSTP exchange funds and earned interest and dividends for local agency projects and SRTA programming (attached); and
2. Authorize the executive director to execute RSTP exchange sub-recipient cooperative agreement amendments with each local agency partner to receive RSTP exchange funds.

DISCUSSION:

SRTA receives federal RSTP apportionments that may be used for a variety of highway, bridge, transit, and pedestrian and bicycle infrastructure projects. It is SRTA's longstanding practice to exchange all its federal RSTP funds for state exchange funds annually. Federal RSTP funds are allocated to the region through Caltrans, with whom SRTA enters into an agreement to exchange for State-Only funds, eliminating the need for National Environmental Policy Act (NEPA) review and other federal requirements, thereby reducing local agency partners' administrative burdens and potential project costs.

SRTA receives approximately \$1.8 – \$2.5 million annually, which SRTA distributes to the county of Shasta and the cities of Anderson, Redding, and Shasta Lake, based on population. The county of Shasta receives an additional \$672,168 in RSTP funds annually directly from the state. Starting with this year's allocation of funds, SRTA will now also distribute accrued interest and dividends earned from May 1 to April 30 each year, based on SRTA's updated RSTP policy, approved at the April 30, 2026, board of directors meeting.

Once the board of directors approves projects nominated for RSTP use, local jurisdictions enter into sub-recipient cooperative agreements with SRTA for the eligible use and reimbursement of the funds. After local agencies receive a Notice to Proceed (NTP) from SRTA, local agencies have three years to use the exchange funds and request reimbursement via invoice to SRTA. By policy, RSTP funds are held in a separate SRTA bank account until requests for eligible costs incurred on approved projects are received.

SRTA signed an agreement with Caltrans for a \$2,357,459 allocation of FY 2025/26 RSTP exchange funds. Additionally, accrued interest and dividends totaling \$724,785 are available for distribution. Interest and dividends are significantly high this year because prior interest earned since FY 2016/17 had not been distributed because SRTA's policy did not provide a mechanism to distribute them. Going forward, accrued interest and dividends are anticipated to be much lower. Per SRTA's RSTP policies, staff recommend the FY 2025/26 RSTP exchange funds, interest, and dividends be distributed as follows:

Jurisdiction	FY 2025/26 Formula RSTP ¹	Accrued Interest And Dividends	Total for Project Nominations
SRTA	\$15,000	\$19,631 ²	(N/A to projects) \$34,631
Anderson	\$169,008 ³	\$42,828	\$211,836
Redding	\$1,570,216	\$365,472	\$1,935,688
Shasta Lake	\$169,771	\$39,515	\$209,286
Shasta County	\$433,464 ⁴	\$257,399	\$690,803
Total	\$2,357,459	\$724,785	\$3,082,244

From May 6, 2026, through May 21, 2026, SRTA staff solicited project nominations for FY 2025/26 RSTP exchange funding. The attachment summarizes the submissions received from all four local agencies. All submitted projects are eligible for RSTP exchange funding and SRTA staff recommend approval.

ALTERNATIVES:

The board of directors may request changes to staff's recommendations regarding local agency projects and amounts. Alternatively, the board of directors may allocate funds for any eligible purpose, outside the formula allocation process, according to SRTA policy. Changes may require delaying this action to a future meeting.

OTHER AGENCY INVOLVEMENT:

Local agency partners nominated the RSTP exchange projects. The Technical Advisory Committee (TAC) met on June 10, 2026, to review and discuss the recommended projects and concur with the staff recommendation.

FISCAL AND POLICY COMMITTEE RECOMMENDATION:

///The Fiscal and Policy Committee met on June 15, 2026, to review and discuss the recommended projects and to vote on the matter.///

FISCAL IMPACT:

RSTP funds are provided back to the region via a portion of the federal excise tax (18.4 cents per gallon) on gasoline. The recommended action allocates SRTA's \$2,357,459 in formula FY 2025/26 RSTP exchange funds, bank account interest through February 2025 of \$523,629 (for this year only), and \$196,312 of investment dividends from March 2025 to April 2026 for local agency projects and SRTA activities as provided in the attachment.

Sean Tiedgen, AICP, Executive Director

Attachment: Shasta Nominations – FY 2025/26 Regional Surface Transportation Program (RSTP) Exchange Funds – Projects Recommended for Programming

¹ City/County funds distributed by population based on 1-1-2026 Dept. of Finance population estimates, released 5-1-2026. Annual allocation updated based on Caltrans FY 2025-26 exchange agreement apportionment, 3-27-2026.

² Ten percent of interest and dividends March 2025 to April 30, 2026, to SRTA for required programming activities.

³ Anderson target reduced by \$15,000 for 8th annual installment to SRTA for 12-year payback for loss of STIP funds due to Anderson undermatch to RASL project. SRTA amount reflects \$15,000 allocation towards STIP funds due to undermatch.

⁴ Does not include the amount (\$672,168) the county exchanges each year directly with the state.

Shasta Nominations

FY 2025/26 Regional Surface Transportation Program (RSTP) Exchange Funds

Projects Recommended for Programming

Agency	Project Name	Total for Project Nominations	Total Estimated Project Cost	Year of Expenditure
SRTA	Regional State Transportation Improvement Program (STIP) Funds	\$15,000 ¹	For future board consideration	Unknown
SRTA	Required programming activities	\$19,631 ²	\$334,008 ³	2026/27
Anderson	Citywide Grinder Dig-out Project	\$211,836 ⁴	\$500,000	2026/27
Redding	Replace AC Surfacing 2026	\$1,935,688	\$2,952,910	2026/27
Shasta Lake	2025/2026 Street Maintenance Project	\$209,286	\$472,000	2026/27
County	Pavement Rehabilitation	\$690,803 ⁵	1,330,000	2026/27
Total RSTP		\$3,082,244		

¹ SRTA amount reflects \$15,000 allocation towards STIP funds due to Anderson undermatch on RASL project.

² Ten percent of interest and dividends March 2025 to April 30, 2026, to SRTA for required programming activities.

³ FY 2026/27 OWP budget for Transportation Improvement Program activities (Work Element 702.01), approved April 30, 2026.

⁴ Anderson target reduced by \$15,000 for 8th annual installment to SRTA for 12-year I-5 Redding to Anderson Six-Lane (RASL) Project match commitment make up. SRTA amount reflects \$15,000 allocation to region to account for loss of \$180,000 STIP funds from the California Transportation Commission due to Anderson RASL undermatch.

⁵ Does not include the amount (\$672,168) the county exchanges each year directly with the state.