STAFF REPORT

MEETING DATE:	**June 25, 2019**
SUBJECT:	**Approve State of Good Repair (SGR) Program Policy**
AGENDA ITEM:	**12**
STAFF CONTACT:	**Julie McFall, Associate Transportation Planner**

STAFF RECOMMENDATION:

It is recommended that the board of directors approve the attached State of Good Repair (SGR) Program policy to establish guidelines in selecting and prioritizing projects for funding.

DISCUSSION:

The SGR Program is a noncompetitive, formula-based program included under Senate Bill 1: The Road Repair and Accountability Act of 2017. The Shasta Regional Transportation Agency (SRTA) receives approximately $235,000 of SGR Program funds annually. The goal of the SGR Program is to provide funding for capital assistance in rehabilitating, modernizing, and maintaining California's existing local transit systems in a state of good repair. These investments will result in transit vehicle fleets that are more reliable and safe, and emit less greenhouse gases and other pollutants.

SRTA's regional role in this program is to support projects that best achieve program goals and implement the Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS). There is currently no formal policy to guide SRTA in selecting projects for implementation with SGR Program funds. The attached SGR Program Policy will guide the development of SGR projects in a way that is consistent with the SGR Program Guidelines, SRTA priorities, transit plans, and the RTP/SCS.

ALTERNATIVES:

The SRTA Board of Directors could modify the policy, continue this item to request additional information, or decline to approve the SGR Program Policy.

OTHER AGENCY INVOLVEMENT:

The Technical Advisory Committee (TAC) reviewed the proposed policy. The City of Redding, Redding Area Bus Authority, and City of Shasta Lake would prefer to see preventative maintenance-related work moved higher on the priority list (Section 3.26.030). The remainder of TAC concurs with the staff recommendation.

FISCAL IMPACT:

Approval of the policy has no direct fiscal impact. The policy will guide how future SGR Program funds are allocated.

Sean Tiedgen, AICP, Senior Transportation Planner

Attachment: State of Good Repair Program Policy

Chapter 3.26 State of Good Repair Program Policy

3.26.010 Program Overview

The State of Good Repair (SGR) Program is a noncompetitive, formula-based program included under Senate Bill 1: The Road Repair and Accountability Act of 2017 (Beall and Frazier). Funds are deposited into the State Transit Assistance (STA) account and then distributed to regional transportation agencies using the STA Program formula, with half of the SGR funds being allocated according to population (Public Utilities Code (PUC) 99313) and half of the SGR funds allocated according to transit operator revenues (PUC 99314).

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Additional details are available in the most current SGR Guidelines published by the Caltrans Division of Rail and Mass Transit, located at http://www.dot.ca.gov/drmt/spstasgr.html.

3.26.020 Project Eligibility

SGR funds are made available for capital projects that maintain the public transit system in a state of good repair. Project eligibility is defined per PUC Section 99212.1 (c), and is summarized below:

Eligible Projects and Expenses

- Transit capital projects or services to maintain or repair a transit operator's existing transit vehicle fleet or transit facilities, including the rehabilitation or modernization of the existing vehicles or facilities;
- The design, acquisition, and construction of new vehicles or facilities that improve existing transit services;
- Transit-related preventative maintenance, such as engine replacement and general preventative maintenance work; and
- Temporary transit infrastructure (e.g. temporary bus bridge) that is needed as part of an effort to repair and improve local transportation infrastructure.

All SGR funds must be spent on publicly-owned assets.

Ineligible Project and Expenses

The SGR Program is a transit capital program. Projects that solely expand capacity or service are not eligible projects. Transit operations, transit agency administration, and program management are also not allowable. Also, pre-construction phases such as planning and environmental are ineligible on their own but are eligible when included as part of a capital project as long as project development costs do not exceed 20% of the total estimated project cost. See SGR Guidelines for more detail.

3.26.030 Regional Funding Priorities

The Shasta Regional Transportation Agency (SRTA) will support the development and implementation of projects that best achieve the SGR Program goals, meet the transit needs of the region, and make progress towards the transit-related objectives and targets included in SRTA's Regional Transportation Plan (RTP) and other regional planning documents (e.g. Transportation Improvement Program (TIP), short range transit plan, transit asset management plan, etc.).

SRTA will prioritize funding to projects that rehabilitate and modernize the existing regional transit systems, and that do not currently have other sources of funding allocated. The following priorities, in order of priority, will generally guide project selection:

1. Replacement, rehabilitation or modernization of:
    - Rolling stock, including replacement of diesel or gas vehicles with hybrid or zero-emission vehicles and replacement of fuel systems with renewable fuel systems;
    - Passenger shelters or transfer facilities;
    - Maintenance facilities and equipment, including facility improvements that reduce emissions or rely more on renewable fuel sources; and
    - Security equipment and systems.
2. New, or improved, transit facilities or equipment that improve existing transit services;
3. Transit-related preventative maintenance; and
4. Rail station and facility improvements.

3.26.040 SRTA and Partner Roles

The SGR Guidelines identify the roles and responsibilities of state and regional agencies. The following is a summary of those roles:

The **State Controller's Office (SCO)** is responsible for SGR accounting, publishing allocation amounts, and allocating funds to approved agencies.

Caltrans is responsible for administering the SGR Program, including reporting and maintaining program guidelines, and notifying agencies of estimated funding amounts prior to January 31st of each year.

SRTA, as an Eligible Regional Entity (SCO-designated 99313 recipient), is responsible for maintaining SGR funds on behalf of the region, compiling project submittals from Eligible Transit Operators, and submitting the annual Project List and annual reporting on behalf of the region.

Eligible Transit Operators (SCO-designated 99314 recipients, i.e. RABA) are responsible for complying with all relevant SGR Guidelines, including providing SRTA with a proposed annual list of projects. The Eligible Transit Operator's proposed project list must be submitted to SRTA by May 1st of each year in order to be reviewed and recommended for SRTA Board of Directors approval in advance of SGR Project List submittal deadlines.

3.26.050 Project Management and Delivery

Project List Modification

If regional transit priorities change, a modified Project List and supporting documentation may be submitted to Caltrans for approval. Project List modifications require SRTA Board of Director's approval prior to acceptance by Caltrans.

Fund Accrual

If SRTA is not prepared to initiate a project in the current fiscal year or seeks to combine multiple years of funds for a project, a Project List that includes a project scheduled to begin at a later date must be submitted to accrue funding. Funding may accrue for up to four years. Any fund accrual requires SRTA Board of Director's approval.

Contracting

Once projects have been approved by the SRTA Board of Directors, they will be referenced in and attached to a local agency's sub-recipient cooperative agreement with SRTA or amended into an existing agreement.

If the grantee does not have a sub-recipient agreement with SRTA or cannot enter into a sub-recipient agreement, the grantee will be required to enter into a technical services agreement with SRTA. If the grantee cannot enter into a sub-recipient agreement and/or technical services agreement with SRTA, SRTA may be unable to award SGR funds to the grantee.

No work can begin on a project until a sub-recipient cooperative agreement or technical services agreement is fully executed or amended.

Invoicing

Invoices will be paid on a reimbursement basis for work completed, dependent on receiving SGR allocations from the SCO. Local agencies will provide sufficient documentation to support any invoice. Project updates must be provided quarterly to SRTA in writing.

Local agencies will inform SRTA of project completion in writing within 30 days of completion.