1255 East Street, Suite 202 • Redding, CA 96001 • (530)262-6190 • FAX (530)262-6189
E-Mail srta@srta.ca.gov • HOME PAGE www.srta.ca.gov

Daniel S. Little, Executive Director

September 18, 2020

Mr. Barry Tippin, City Manager
City of Redding
P.O. Box 496071
Redding, CA 96049-6071

Dear Barry,

Thank you for your collective comments and questions regarding the draft Joint Powers Agreement (JPA). For convenience, your individual comments are provided below along with SRTA's response.

Comments/Concerns/Questions

Relative to the listed benefits in the aforementioned staff report:

1. Can you identify which "State formula funds are only available to a COG"? A brief internet search and communication with the California Department of Housing and Community Development has not revealed any specific funding sources. Your staff report of December 2019 references AB 101 which contains the phrase "$125 million will be available to Councils of Governments and other regional entities…….." Would not SRTA qualify as a regional entity? Additionally, as you noted in the staff report, the state distributed funds to Counties where a COG was not present. Also stated is that the trend to fund only COG's is accelerating, please elaborate on the sources of this information?

We are referring to $125 million in Regional Early Action Planning (REAP) Grants. We spoke with the REAP program coordinator at HCD: Nur Kauser. The regional REAP funds are only available to COGs. SRTA is not eligible.

We had extensive communication with CalCOG as AB 101 was drafted because our region (as a non-COG) was about to be entirely shut out from receiving REAP funds. CalCOG was deeply involved in drafting AB 101 and it was only through last-minute changes that the county of Shasta could receive the funds instead of SRTA. Board Member Schreder, serving as vice president of CalCOG, can add her perspective on just how close we were to losing REAP funds in the region.

In the context of AB 101, "other regional entities" refers to special multi-COG entities created by AB 101. SRTA was not considered because we are not a COG.

The trend of special funding and earmarks for COGs has actually been happening for a couple of decades, but only recently has it become more overt and direct. Proposition 1B in 2006 marked the acceleration of political set-asides for regions by earmarking $1 billion to the San Joaquin Valley for State Route 99.

The REAP program marks the first-time formula funds were earmarked to COGs solely because of their designation as a COG, making SRTA ineligible. The REAP program also called out other off-the-top funds for consortiums of COGs for which neither SRTA nor Shasta County was eligible.

Because the REAP funding exclusion to non-COGs is a first, SRTA treated this as a “shot across the bow” which is why we recommend becoming a COG, barring any major downside we may uncover in these discussions. It is worth noting that the Madera region (MCTC) is the only other metropolitan (MPO) area in California that is not a COG. They too are now exploring forming a COG in light of what transpired with the REAP program.

As directors of our respective agencies, we all get paid to look at political indicators and use that knowledge to make sound financial planning decisions. It has been my experience that funding programs in California are shifting to more holistic solutions and greater inclusion of all interests, along with an emphasis in housing needs. Formation of the California Strategic Grown Counsel and their grant programs is a prime example. It stands to reason that COGs will continue to receive more funding focus. And while the pandemic has put transportation/housing issues on the back- burner, these state funding and policy priorities will linger after the pandemic, likely taking on a strengthened urgency as a result of the pandemics economic impacts.

2. Please provide specifics to this item; a review of all 2019-20 AQIP and Low Carbon Transportation Grant Solicitations did not reveal a COG-only solicitation. Most grants had opportunities for multiple organizations to apply including local air resources boards. Did the referenced grant solicitation provide for only COG’s or were local Air Resource Boards eligible as well?

The staff report is not referring to the programs mentioned above. It refers to the Sustainable Transportation Equity Project (STEP) grant program. At the time the SRTA staff report was written, the guidelines stated that eligible applicants are “cities, counties, councils of governments, air districts, transit agencies, school districts and joint powers authorities.” More recently, we questioned the guidance and the grantor determined that non-COGs could apply. Unfortunately, the eligibility language in the guidelines has not changed and seems to favor COGs or JPAs.

3. While this clearly was problematic in the transition from a County Agency to one that is independent, is it still problematic? If so, please provide the scenarios under which a COG would remedy the situation?

SRTA could continue as is; however, a formal agreement that shows we do in fact provide all these different roles to our region on behalf of the cities and county, under both state and federal laws, would make some processes much more streamlined in the future as opposed to trying to refer to all these different laws and trying to explain them. This issue will continue from time to time. For example, we may need to do additional public financing for emergency building repairs. It also came up recently in terms of a CalPERS audit of “reportable” pay as part of pension reform.

Organizationally, it is odd that SRTA exists as an independent regional public entity without any agreements from our member agencies recognize us as such. We may be the only one in California. An agreement should have been developed when SRTA went independent a few years ago but we were on a tight timetable for formation and an agreement was deferred. If a COG is not formed, an MOU adopted by all agencies would still be advisable.

4. Clearly, this is a benefit, as we often work well together currently, and it is unclear whether the existence of a COG would improve upon that. Are there any particular areas beyond the RHNA that you have identified would be of benefit?

At the SRTA workshop regarding forming a COG, board members put forth ideas where a COG could be of value but no new roles for SRTA are contemplated beyond RHNA. Obviously, all agencies in the region work well together on many fronts. SRTA embodies this as well. A COG simply provides a formal structure that may be utilized to make these working relationships stronger and more structured when and if needed.

5. This is also a clear benefit though the process through which the region would allocate the housing requirement is critically important. As this dialogue continues, it will be imperative that a fully vetted process is agreed upon and formalized.

Agreed. Because of prior actions taken by the SRTA board to extend the RHNA cycle, we have until 2028 to prepare and vet.

General:

1. Form of JPA document: a quick search indicates that the draft agreement was based loosely on Sacramento Area Council of Governments, is this correct? Are there other documents used as a template that would be beneficial in our review?

We looked at several JPAs from Imperial to Humboldt and relevant areas in between. We also spoke with other agencies regarding specific items such as board makeup. No one document was used as a template because of SRTA's unique circumstance of existing prior to the JPA. We would be glad to provide other JPAs. Most COGs have them on their website. You will find that they are all unique in function and structure, so it is not practical to utilize a single example.

2. It is stated that if the JPA were to dissolve, SRTA will remain through a reversion; is it that simple or will another process need to take place to reformulate the current situation?

In reviewing with legal counsel, we think exiting from the JPA would be as simple as entering into it if structured correctly. Because the JPA is voluntary and would merely add the COG role (paragraphs L and M in the draft agreement), dissolution of the JPA would not dissolve SRTA as an agency. This eliminates complications such as staffing or dividing assets. We continue to refine the JPA language to make existing roles and the new roles under the JPA more separated and distinct. Our goal is to make formation and dissolution as simple as possible. Any thoughts from your legal counsels are welcome.

3. Do other COG's develop performance metrics for its agency and if so, should we?
4. Is there a map of where COG's exist and where they don't? If so, can you provide information as to where to locate it?

Performance metrics are a good idea for any organization. Many regions have basic performance metrics regarding where funds are targeted and if they achieve desired outcomes. All, including

SRTA, are subject to more general performance measures built into our planning programs with guidance by the USDOT and the state.

As mentioned earlier, COGs cover nearly all of California's major urban areas. A handful even overlap. It would be difficult to convey on a single map. The attached map may be helpful. It shows transportation agencies and MPOs in California. We highlighted in blue those areas where the cities and counties elected to form COGs. Once formed, we are not aware of any that dissolved which speaks to their value.

Please go to the CalCOG website https://www.calcog.org which has a list of organizations that you can screen by function. You can then click on each agency to go to their website or view highlighted accomplishments.

> 5. A significant issue is AB 1912. Passed in 2018, AB 1912 requires member agencies of a JPA to assume the PERS liability of a JPA should it dissolve or terminate its contract with CalPERS. This requirement will likely require each member agency to also report the liability associated with the new COG in its audit reports. Have you considered this and if so, are there any mitigation measures that you have identified?

It's a good question, not just for new JPAs but existing ones in our region as well. We met with CalPERS who determined that AB 1912 would not apply to the JPA because SRTA's contract with CalPERS is with the underlying agency that exists today and not with the JPA. That agency would still exist if the COG component is dissolved. I would be happy to explain this in further detail when we meet. CalPERS has committed to getting this determination in writing based on our final draft JPA language.

> 6. Have you considered forming a COG through a JPA which creates the entity but does not have any staff and instead contracts with SRTA or other member agency to handle the functions of the COG? This would be similar to the Enterprise Anderson Groundwater Sustainability Agency and Redding Area Bus Authority. In this scenario, SRTA could participate as a member agency.

We have not but could consider it. The value of these arrangements is unclear and we are unaware of any existing COGs using this structure. If some of the value is related to avoiding the requirements of AB 1912, that has been addressed above as non-applicable. We are only aware of one region in California that tried to separate the MPO function from the COG function as suggested: ABAG and MTC (Bay Area). Their two missions had too much overlap and resulted in inefficiencies, eventually giving way to a costly merger into a single COG/MPO like everywhere else.

> 7. Paragraphs c and k of Section 2 of the proposed JPA are responsibilities already contained in paragraphs a and/or b. Is there a reason to list these separately?
> 8. Paragraphs d, e, f, g, i and j of Section 2 of the proposed JPA discuss additional powers/duties for which the COG would be utilized. These duties are general and not specific to transportation or housing. Are there other areas of responsibility anticipated?

Paragraphs A and B describe SRTA's current overarching statutory roles. Paragraphs C through K elaborate on what those functions entail since the typical decision-maker is not familiar with statutory roles of MPOs or RTPAs. As stated earlier, we plan to restructure the draft JPA to more clearly distinguish between current roles of SRTA and the two new roles provided through the JPA (paragraphs L and M). We will share a new draft shortly.

9. As discussions continue there will be other topics needing resolution, including Board member composition.

We look forward to further discussion. Could you arrange a follow-up meeting soon as suggested in your letter? We are scheduled to consider this in some fashion at the October 20th board meeting.

Sincerely,

Dan Little

Daniel S. Little, AICP, Executive Director

dsl/acl
Attachments: Map of COGs
Comment Letter Signed by Barry Tipton Dated July 20,2020

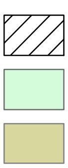
cc: Matthew P. Pontes, County Executive Officer, County of Shasta
Jeff Kiser, City Manager, City of Anderson
John Duckett, City Manager, City of Shasta Lake

CALIFORNIA

Metropolitan Planning Organizations (MPOs)
and
Regional Transportation Planning Agencies (RTPAs)

AMBAG*	Association of Monterey Bay Governments
BCAG	Butte County Association of Governments
CFOCG	Council of Fresno County Governments
KCAG	Kings County Association of Governments
KCOG	Kern Council of Governments
MCAG	Merced County Association of Governments
MCTC	Madera County Transportation Commission
MTC**	Metropolitan Transportation Commission
SACOG†	Sacramento Area Council of Governments
SANDAG	San Diego Association of Governments
SJCOG	San Joaquin Council of Governments
SLOCOG	San Luis Obispo Council of Governments
SBCAG	Santa Barbara County Association of Governments
SCRTPA	Shasta County Regional Transportation Planning Agency
SCAG††	Southern California Association of Governments
StanCOG	Stanislaus Council of Governments
TCAG	Tulare County Association of Governments
TMPO	Tahoe Metropolitan Planning Organization

*AMBAG includes SCCRTC, TAMC and SBtCOG. All retain RTPA status.
**MTC covers a nine county region.
†SACOG is the RTPA for Sacramento, Sutter, Yolo, and Yuba Counties It is the MPO for the federally designated ozone non-attainment area in Sacramento, Yolo, Yuba, Sutter, Placer, and El Dorado Counties. Placer and El Dorado Counties retain RTPA status up to the crest of the Sierra Nevada Mountains.
††SCAG covers a six county region, five of which are County Transportation Commissions:
LAMTC, OCTA, RCTC, SBCTC, and VCTC



RTPAs within MPOs

Non-MPO Rural RTPA Areas

Single County MPOs

California Department of Transportation
Division of Transportation Planning
October 2009

July 20, 2020

Dan Little, Executive Director
Shasta Regional Transportation Agency
1255 East Street, Suite 202
Redding, CA 96001

Re: Joint Comments to Proposal for new Joint Powers Agency

Dear Dan:

In response to your email of June 3, 2020, wherein you requested the City Managers of Redding, Anderson and Shasta Lake and the Chief Executive Officer of the County of Shasta review and comment upon a recommendation to execute a new Joint Powers Agreement to formally recognize the Shasta Regional Transportation Agency's (SRTA) existing roles and to recognize SRTA as a Council of Governments (COG). The intent of this letter is to seek clarification, identify concerns and provide additional considerations. In no way should this be interpreted as opposition to the proposal, however, the forming of a new Joint Powers Agency is a significant undertaking and all due consideration is advised.

As highlighted in your February 25, 2020 report to the SRTA Board, you state the benefits of a COG to be:

1. Certain State formula funds are only available to a COG. This trend is accelerating under the current Governor who served on a COG and values the role they play.
2. Certain State discretionary grants; such as an Air Resources Board grant announced last month for transit operations, planning, and vehicles, are only available to a COG. SRTA would have requested funds but is ineligible.
3. SRTA has no official documentation showing that it is a public agency. For example, to join CalPERS or finance the SRTA building, over 100 pages of complex State and Federal enabling laws and other evidence had to be presented and explained. Presentation of a JPA would simplify many processes such as participation in government programs, including public financing.
4. COG's are nimble and can take on any regional role the member agencies determine advantageous, efficient, or best, not left to the State. Although there are no immediate needs, the COG structure allows the region to swiftly act to any arising challenge or opportunity.
5. COG status requires the State Department of Housing and Urban Development to coordinate with SRTA in setting "Regional Housing Needs Allocations" (RHNA) for our three cities and the county. While more local empowerment in the setting of state housing quotas is a benefit, it does take staff resources.

The only disadvantage listed was upfront staff time and ongoing staff effort for the Regional Housing Needs Allocation (RHNA) process.

Comments/Concerns/Questions

Relative to the listed benefits in the aforementioned staff report:

1. Can you identify which "State formula funds are only available to a COG"? A brief internet search and communication with the California Department of Housing and Community Development has not revealed any specific funding sources. Your staff report of December 2019 references AB 101 which contains the phrase "$125 million will be available to Councils of Governments and other regional entities…….." Would not SRTA qualify as a regional entity? Additionally, as you noted in the staff report, the state distributed funds to Counties where a COG was not present. Also stated is that the trend to fund only COG's is accelerating, please elaborate on the sources of this information?
2. Please provide specifics to this item; a review of all 2019-20 AQIP and Low Carbon Transportation Grant Solicitations did not reveal a COG-only solicitation. Most grants had opportunities for multiple organizations to apply including local air resources boards. Did the referenced grant solicitation provide for only COG's or were local Air Resource Boards eligible as well?
3. While this clearly was problematic in the transition from a County Agency to one that is independent, is it still problematic? If so, please provide the scenarios under which a COG would remedy the situation?
4. Clearly, this is a benefit, as we often work well together currently, and it is unclear whether the existence of a COG would improve upon that. Are there any particular areas beyond the RHNA that you have identified would be of benefit?
5. This is also a clear benefit though the process through which the region would allocate the housing requirement is critically important. As this dialogue continues, it will be imperative that a fully vetted process is agreed upon and formalized.

General:

1. Form of JPA document: a quick search indicates that the draft agreement was based loosely on Sacramento Area Council of Governments, is this correct? Are there other documents used as a template that would be beneficial in our review?
2. It is stated that if the JPA were to dissolve, SRTA will remain through a reversion; is it that simple or will another process need to take place to reformulate the current situation?
3. Do other COG's develop performance metrics for its agency and if so, should we?
4. Is there a map of where COG's exist and where they don't? If so, can you provide information as to where to locate it?

5. A significant issue is AB 1912. Passed in 2018, AB 1912 requires member agencies of a JPA to assume the PERS liability of a JPA should it dissolve or terminate its contract with CalPERS. This requirement will likely require each member agency to also report the liability associated with the new COG in its audit reports. Have you considered this and if so, are there any mitigation measures that you have identified?
6. Have you considered forming a COG through a JPA which creates the entity but does not have any staff and instead contracts with SRTA or other member agency to handle the functions of the COG? This would be similar to the Enterprise Anderson Groundwater Sustainability Agency and Redding Area Bus Authority. In this scenario, SRTA could participate as a member agency.
7. Paragraphs c and k of Section 2 of the proposed JPA are responsibilities already contained in paragraphs a and/or b. Is there a reason to list these separately?
8. Paragraphs d, e, f, g, i and j of Section 2 of the proposed JPA discuss additional powers/duties for which the COG would be utilized. These duties are general and not specific to transportation or housing. Are there other areas of responsibility anticipated?
9. As discussions continue there will be other topics needing resolution, including Board member composition.

Thank you for the opportunity to provide comments to this proposal. While this list of questions and comments is not exhaustive, it provides ample information to allow us to continue the dialogue in a meaningful way. The four of us are available to meet either prior to your written response or after we receive it, whatever you determine is best. Please don't hesitate to contact any one of us should you have questions.

Sincerely,

Matthew P. Pontes	Barry Tippin	Jeff Kiser	John Duckett
County Executive Officer	City Manager	City Manager	City Manager
County of Shasta	City of Redding	City of Anderson	City of Shasta Lake