STAFF REPORT

MEETING DATE:	**June 25, 2019**
SUBJECT:	**Approve State of Good Repair (SGR) Program Policy**
AGENDA ITEM:	**11**
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 for allocating SGR Program funds.

DISCUSSION:

The SGR Program is a noncompetitive, formula-based program included under Senate Bill 1: The Road Repair and Accountability Act of 2017. The purpose of the SGR Program is to ensure transit systems maintain a state of good repair and to provide funding for eligible transit capital, maintenance, and rehabilitation projects. Examples include purchasing new transit vehicles, and the modernization, rehabilitation, and repair of transit facilities and vehicles. These investments will provide transit vehicle fleets that are more reliable and safe, and emit less greenhouse gases and other pollutants. The Shasta Regional Transportation Agency (SRTA) receives approximately $235,000 of SGR Program funds annually.

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 SRTA policy to guide staff 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 or decline to approve the SGR Program Policy.

OTHER AGENCY INVOLVEMENT:

//The Technical Advisory Committee (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.

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Daniel S. Little, AICP, Executive Director

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 with regard to agency and project eligibility, reporting requirements, and/or content changes or updates 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

Eligible Expenses

SGR funds are made available for capital projects that rehabilitate and modernize the existing local transit system. Projects eligible for funding include:

- 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.
- Temporary transit infrastructure (e.g. temporary bus bridge) that is needed as part of an effort to repair and improve local transportation infrastructure.

Examples include, but are not limited to, the following:

- Replacement or rehabilitation of rolling stock, passenger shelters and transfer facilities (including rail), security equipment and systems, and maintenance facilities and equipment; and/or
- New maintenance facilities or maintenance equipment if needed to maintain the existing transit service.

Ineligible 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 Funding Priorities

The Shasta Regional Transportation Agency's (SRTA) role in the SGR Program is to 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 regional planning documents (e.g. Regional Transportation Plan, Short Range Transit Plan, Long Range Transit Plan, Transit Asset Management Plan).

SRTA will prioritize funding projects that rehabilitate and modernize the existing regional transit systems, and that do not currently have other sources of funding allocated. All funds must be spent on publicly-owned assets. The board may select any eligible project. The following priorities will generally guide project selection:

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

Eligible Regional Entities (SCO-designated 99313 recipients, i.e. SRTA) are responsible for the following activities:

- Maintaining a separate bank account for SGR funds;

- Submitting an Authorized Agent Form identifying the agent who has the authority to act on behalf of SRTA, and Certifications and Assurances Form (requires Board approval);
- Receiving project submittals from Eligible Transit Operators, and ensuring that the proposed projects meet SGR Program criteria and regional priorities;
- Providing Caltrans with an annual Project List (including a cover letter and board resolution) approved by the SRTA Board of Directors, including all proposed funding sub-allocations. SRTA collects, compiles, and submits one Project List for the region. SRTA staff may submit a Project List, or modified Project List, prior to the grant deadline without board approval, as long as the Project List (or modified Project List) is ratified with a board resolution at the subsequent board meeting;
- Preparing annual project reports; and
- Complying with all relevant federal and state laws, regulations, and funding policies.

Eligible Transit Operators (SCO-designated 99314 recipients, i.e. RABA) are responsible for the following activities:

- Submitting an Authorized Agent Form and Certifications and Assurances Form described above to Caltrans;
- Providing SRTA with a proposed annual list of projects to be funded with the SGR 99314 apportionment and/or the regional apportionment PUC 99313. Project submittals must meet the criteria outlined in the SGR Program Guidelines, fit SRTA priorities, and must be submitted to SRTA by May 1st of each year in order to be reviewed and recommended for board of directors approval in advance of SGR Project List submittal deadlines;
- Submitting to SRTA annually all pertinent information on projects and expenditures each fiscal year; and
- Complying with all relevant federal and state laws, regulations, guidelines, and funding policies.

3.26.050 Project Management and Delivery

<u>Contracting</u>

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.

<u>Invoicing</u>

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.

3.26.060 Additional Procedures

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 submittal and acceptance by Caltrans. Caltrans shall respond within 30 days to SRTA, and once approved by Caltrans and the SRTA/grantee agreement has been amended, SRTA or transit operators may expend funds on the substitute project.

Fund Accrual/Transfer

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.

SRTA may choose to contribute the region's PUC 99313 funding apportionment to another qualifying Eligible Recipient in Shasta County or in a different region to carry out a project consistent with the SGR Program's goals and objectives. SRTA may also receive another region's PUC 99313 funding apportionment, in accordance with SGR Program Guidelines.

Eligible Transit Operators are able to contribute 99314 funds to the region for SRTA to allocate towards eligible projects.