Guidelines and Procedures for administering the State of Good Repair (SGR) Fund.

DEFINITION:

State of Good Repair Fund (SGR): On April 28,2017, Senate Bill 1 (SB1) (Chapter 5, Statutes of 2017), the Road and Repair and Accountability Act of 2017, was signed. SB 1 established a new state of Good Repair (SGR) Program to provide additional revenues for transit operators for transit infrastructure repair and modernizing existing local transit systems. The SGR program, which is administered by the California department of Transportation (Caltrans) is derived from a portion of vehicle registration fee. Approximately $105 million annually is distributed to transit operators in California for eligible maintenance, rehabilitation of both existing vehicles and transit facilities, and capital projects such purchase of new transit vehicles. These investments will lead to cleaner transit vehicle fleets, increase reliability and safety, and reduced greenhouse gas emissions and other pollutants.

ALLOCATION AND DISTRIBUTION:

The state allocates 50 percent of SGR funds based upon the region's share of population, and 50 percent based upon transit operator revenues for the prior fiscal year as a share of statewide transit operator revenues. ***SGR funds are restricted to transit operators for capital assistance and modernizing existing local transit system.***

A copy of the complete SGR guidelines and additional resources can be found on the Caltrans website

ELIGIBLE TRANSIT OPERATORS:

Funds are available for transit operators in SACOG's four county region of Sacramento, Sutter, Yolo, and Yuba. They include:

Sacramento Regional Transit District (SacRT): operates bus and light rail systems. It operates in the cities of Sacramento, Citrus Heights, Elk Grove, Folsom, and Rancho Cordova. Explore SacRT's website for more information.

Yuba-Sutter Transit Authority (YSTA): serves the counties of Yuba and Sutter and the cities therein. It also runs a commuter bus service into downtown Sacramento. For additional information about Yuba-Sutter services and upcoming projects click here.

Yolo Transportation District (YoloTD): Yolo TD formerly YCTD (Yolo County Transportation District), operates local, intercity, commute, and express services throughout Yolo County and adjacent areas including Davis, West Sacramento, Woodland, Winters, downtown Sacramento, Sacramento International Airport, Esparto, Capay, Brooks, Madison, Dunnigan, Knights Landing, Zamora, and Vacaville. YCTD replaced the Yolo County Transit Authority (formed in 1989) in 1997 through an act of the California State legislature. For additional information click here.

Sacramento County: The County provides transportation services under the South Sacramento County Transit program and the East County Transit Service. Transportation services in South Sacramento County, including Galt, Isleton and Delta areas are unified under the name South County Transit Link (SCT/Link) and are provided under a contract with Storer Transit Systems (STS), and includes an express route that was added between Galt and downtown Sacramento. The East County Transit Service provides

transportation service between Rancho Murieta and downtown Sacramento and is operated under a contract with Amador Transit (AT). For additional information click here.

Unitrans-UC Davis: Unitrans is the principal fixed-route public transit operator serving the City of Davis and the University of California, Davis (UCD). The service began under the name University Transport System in 1968. At this time, the Associated Students, University of California, Davis (ASUCD) purchased two vintage London double-decker buses to operate on two routes. Unitrans opened its services to the public in 1972 with partial funding provided by the City of Davis. Since then, ASUCD and the City of Davis have continued partnering to provide public transit service. Unitrans now serves the entire city with 51 buses on 18 routes and carried over 4 million passengers a year—over 23,000 on a typical day prior to the COVID-19 pandemic. For details about the services follow this link.

ELIGIBLE PROJECTS:

- Transit capital projects or services to maintain or repair a transits' existing transit vehicle fleet, transit facilities; includes rehabilitation and/or modernization of existing fleet and facilities.
- Design, acquisition and construction of new vehicles or facilities that improve existing transit services.
- Transit services that complement local efforts for repair and improvement of local transportation infrastructure.

Examples include, but are not limited to:

- Replacement or rehabilitation of:
  - Rolling stock
  - Passenger stations and terminals
  - Security equipment
  - Maintenance facilities and equipment
  - Ferry vessels
  - Rail
- Transit Preventative Maintenance: after the operator has ensured a "fix-it-first" transit capital projects that help reduce Greenhouse gases and help achieve state's environmental goals.
  - Preventive maintenance is only to maintain existing infrastructure and vehicles in a state of good repair; essentially repair and rehabilitation.
  - Public and Staff safety
- New transit facilities or equipment needed to maintain existing transit service(s).
- Short-term needs to expand capacity within a replacement project, e.g. replacing a bus with a larger bus or replacing a maintenance facility with a larger one.

*Caltrans may approve other appropriate replacement and rehabilitation projects not listed above.

INELIGIBLE PROJECTS:

- Normal maintenance such as oil changes or other regularly scheduled maintenance covered under transit agency's normal operating costs.
- Projects to solely expand capacity or service.

- Stand-alone projects such as pre-planning, Planning and environmental. They can be part of a project and costs are capped at 20% of the project for the fiscal year. These phases are usually included as part of a contract for the project.
- Direct labor costs related to transit agency administration and project or program management such as monitoring the project.
- Transit operations.

Project list submittal requirements:

All proposed projects must be submitted to Caltrans by September 1 of each year. To meet this deadline all proposed projects must be submitted to SACOG no later than July 10th. SACOG board approves projects in August. All required forms can be found here.

1. Content and format of project list:
    - Project title
    - Proposed project description (scope of work)
    - Proposed project schedule (start to completion)
    - Project location
    - Estimated cost by fiscal year
    - Estimated useful life of the improvement.
2. Governing boards resolution
3. Other documents: One-time requirement. If the executive authority changes, then a new set of documents is required.
    a. Authorized Agent form
    b. Certificate and Assurances: signed, dated and board approved.

REPORTING REQUIREMENT:

Each agency is required to submit a report on the activities and progress made towards implementing the state of Good Repair funded project(s) to Caltrans.

Agencies will provide the status and expenditures reporting through CalSMART.

Revised projects:

Projects may change based on local needs and priorities. If an agency has a budget change or project savings, or determines a different project is now a priority that was not included in the approved project list, these are the steps to follow:

- Present the changes to the agency's governing board for approval.
- Submit to SACOG the proposed new project list as approved by the agency's board.
- Submit to SACOG a signed and dated transit agency board resolution.
- SACOG board approves the changes, and a signed and dated resolution will be sent to the transit agency and the agency can submit changes to Caltrans.
- SACOG will notify Caltrans of changes and submit an updated list of changes along with related documentation.
- Caltrans shall respond within 30 days to both SACOG and the transit agency.

*Any identified savings after completion/cancellation of a project should be applied to an existing project or new project which is eligible under the State of Good repair funding. All documentation must be submitted for any changes.

Fund expenditures, accruals, and extensions in case of delays:

Once a project has been approved, the funds can be accumulated for up to four years. In case a project faces a delay beyond the four years, Caltrans may grant an extension. To grant the extension, the agency must provide a signed letter from the designated authority addressing the special circumstances requiring an extension. The extension request should accompany the following information:

- An explanation of the situation and/or cause of the delay,
- Steps the agency plans to take in resolving the source of the delay, and
- An estimation of additional time needed.

ANNUAL FINANCIAL AUDIT:

SGR funds are required to be audited as part of the annual TDA financial audits.

Spot audits: All SGR recipients and sub-recipients of SGR funds are subject to audits. Caltrans, the Department of General Services, the Department of Finance, the Bureau of State Audits, the California State Legislature, and their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of the State of Good Repair program's recipients and sub-recipients.

PROGRAM SCHEDULE:

Annual State of Good Repair Timeline	
The State Controller's Office (SCO) releases estimated amounts for each potential recipient agency for the upcoming Fiscal Year	No later than January 31st
SACOG board adopts estimate allocations	March Board meeting
SACOG publishes allocations on the SACOG website	Soon after board approves no later than April and September for revised allocations.
Transit Operators submit to SACOG proposed project lists packets	No later than July 10th
SACOG board approves proposed project(s) list	August board meeting
SAOCOG submits approved proposed project(s) list to Caltrans	By September 1
Transit agencies submit respective approved project(s) list in CalSMART	By September 1
Caltrans submits list of agencies with approved projects to SCO	October 1
SCO publishes revised estimates for the current year	August 1
SACOG board approves revised estimates	September board meeting
Recipient agencies report project status, progress, and expenditures through CalSMART	January 31st

Annual Financial audits and/or Annual Financial Report (ACFR) due from SACOG to Caltrans. All claimants submit certified fiscal and compliance audit (unless granted 90-day extension by Caltrans) to TPA and the State Controller	December 30th
Quarterly Payment schedule. Payments from the State are made to SACOG and SACOG disburses funds depending on approved claims and invoices submitted by transit agency	1st Quarter-November 2nd Quarter-February 3rd Quarter-May 4th Quarter-August

Fund Liquidation Schedule:

FY of SGR Funding	Begin Expending SGR Funding	Fully Expend SGR funding by
2017-18	July 1, 2021	June 30,2025
2018-19	July 1, 2022	June 30, 2026
2019-20	July 1, 2023	June 30, 2027
2020-21	July 1, 2024	June 30, 2028
2021-22	July 1, 2025	June 30, 2029
2022-23	July 1, 2026	June 30, 2030
2023-24	July 1, 2027	June 30, 2031

ROLES AND RESPONSIBILITIES:

SACOG:

1. Receive and allocate State of Good Repair funds to projects based on local transit/transportation need.
2. Receive and sub-allocate transit operator funds (published by State Controller's Office.
3. Collect and compile all project lists from transit operators in the four-county region.
4. Ensure the projects meet program eligibility requirements.
5. Confirm the projects are appropriate for the overall transit plan designed for the region (MTP/SCS/Blueprint) or transit operators' short-range plans.
6. Obtain Board resolutions and all documentation from transit agencies indicating approval by their governing boards.
7. Submit board approved project list to Caltrans with all required documentation Report State of Good Repair funds revenues and expenditures in the annual TDA Audited Financial report and Annual Comprehensive Financial Report (ACFR).
8. Comply with all relevant federal and State laws, regulations, and funding policies.

Eligible Transit Operators:

1. Provide proposed project list to SACOG.
2. Ensure project list meets eligibility for the program and short-range plans or region's transit plan (MTP/SCS/Blueprint).
3. Provide project submittal documentation indicating approval by the governing board.
4. Submit project list details to Caltrans through CalSMART.

5. Report project status, progress, and expenditures annually to Caltrans through CalSMART.
6. Submit revenues and expenditures report for annual Financial TDA audits to auditors and SACOG.
7. File a claim to be approved by SACOG's board of directors.
8. reimbursement: provide Paid invoice and supporting documents (the actual expenses).
9. Comply with all relevant federal and State laws, regulations, guidelines, and funding policies.

Caltrans:

1. Report to SCO the list of eligible recipients for funding.
2. Report project status, progress, and expenditures as submitted by transit operators.
3. Perform audit of project expenditures and outcomes.
4. Develop, maintain, and revise program guidelines as necessary.

CLAIM AND REIMBURSEMENT PROCESS:

Claim:

- Transit operators submit and file claim.
- SACOG notifies claimant of receipt of the claim and its status.
- SACOG reviews claim using the TDA checklist found in the claim packet to check for compliance with TDA codes and SACOG Guidelines. *Claim forms can be found on SACOG website by clicking this link here.
    - SACOG staff reviews the TDA performance audit for transit operator claims.
    - Work with the TDA claimants to correct any findings in the audits.
    - Notify claimant of any discrepancy with the claim and work to resolve the problem.
    - Recheck the PUC Codes to ensure compliance with TDA-SGR guidelines.
    - Verify that the claim request matches the approved project for the fiscal year.
    - Ensure any changes to budgets or projects are accurately reflected in the finance system and all supporting documents are uploaded.
    - SACOG staff reviews the current TDA fiscal audit to check for fund balances and if management letter corrections are needed.
    - Prepare resolution and staff report for SACOG Board of Directors. Once the claim is approved, staff send a copy of the signed resolution to the claimant.

Reimbursement:

- Agency prepares and submits reimbursement packet: The packet should include the following:
    - Invoice to SACOG.
    - Paid invoices to vendor.
    - Supporting documents of the expenses paid to vendor or contractor.
- SACOG staff review the reimbursement packet. The review will include:
    - That the amount does not exceed the approved allocation.
    - The project was approved by both SACOG and the agency's governing board.
    - The current submitted claim for completeness.
    - Any recent amendments to projects and project budgets.
- SACOG Staff prepare payment as funds are received from the State.
    - The SCO releases funds quarterly as shown on the **Program Schedule.**
    - The funds are deposited in SACOG's SGR fund account with Sacramento County.
    - SACOG reimburses SGR funds using the same process as STA fund reimbursement.