TDA Guidelines and Procedures for Claimants

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Overview:

Transportation Development Act:

The Local Transportation Fund (LTF): Created under the Transportation Development Act (TDA) to provide funding for public transportation. Funds for the LTF program are derived from ¼- cent of the retail sales tax collected statewide by the California Department of Tax and Fee Administration (CDTFA), as statutorily created and authorized successor to the former California State Board of Equalization. The money is returned to each county based upon the sales tax collected in that county.

**El Dorado County Transportation Commission and Placer County Transportation Planning Agency administer LTF in their respective counties*.

LTF Apportionment and Distribution: Each County auditor-controller from Sacramento, Sutter, Yolo, and Yuba submit to SACOG an estimate of the ending LTF balance for the current fiscal year as well as projected sales tax revenue to the TDA fund within their county for the following fiscal year. The counties may also revise revenue estimates during the fiscal year.

SACOG staff uses these revenue estimates to calculate proposed funding allocations to each city, county, and transit agency.

SACOG, as a Regional Transportation Planning Agency, is responsible for the allocation and administration of LTF and TDA statutes require that SACOG adopts annual Local Transportation Fund Findings of Apportionment before funds can be distributed to local agencies. Once adopted, funds are distributed to public agencies for transit services, pedestrian and bicycle facilities, and streets and roads funding. These funds are audited annually as required by TDA law.

State Transit Assistance Fund (STA): The State Transit Assistance (STA) Program is provided by the State from the statewide sales tax on motor vehicle fuels (gasoline) and use diesel fuel. The state allocates 50 percent of STA funds based on the region's share of population and 50 percent based on transit operator revenues for the prior fiscal year as a share of statewide transit operator revenues. STA funds are subject to variations in price and usage of diesel fuel statewide. Transit operators are encouraged to use these funds for one-time capital expenditures since there is variation in level of funding and ability for operators to use these funds for operating purposes.

STA Allocations and Distribution: The State Controller Office (SCO) publishes estimates at the beginning of the calendar year, February, and in August, the SCO revises the estimates.

SACOG staff calculates funds available to each agency and presents them to the Board for final approval and adoption before the revenues can be available for distribution.

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 infrastructure repair and service improvements. 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.

SGR Allocation and Distribution: Like State Transit Assistance (STA) program, 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***

only. SGR is restricted to capital assistance and modernizing existing local transit system. *(see the Guidelines for SGR).*

For more details check out Caltrans website

Unmet Transit Needs:

The transportation planning agency shall ensure the establishment and implementation of a citizen participation process appropriate for each county, or counties if operating under a joint powers agreement, utilizing the social services transportation advisory council as a mechanism to solicit the input of transit dependent and transit disadvantaged persons, including the elderly, disabled, and persons of limited means.

Unmet Needs Overview:

What sections apply to the unmet transit needs funding process?
Sections 99238, 99238.5, 99401.5, and 99401.6 of the Public Utilities Code.

All counties eligible for funding under Article 8 must establish a Social Services Transportation Advisory Council (SSTAC) under Section 99238. Furthermore, all counties eligible for funding under Article 8 are required to establish and implement a process of citizen participation, utilizing the SSTAC to hear the transit needs of transit dependent or disadvantaged persons. Section 99238.5 (a) requires that this process provides for at least one public hearing annually. There are no exceptions or exemptions to this process in the TDA law.

Unmet Transit Needs Findings for the Sacramento Regional Transit District, Sacramento, Sutter, Yolo, and Yuba Counties, and the Cities Therein. The State TDA statute establishes a Local Transportation Fund (LTF) for each county. LTF revenues are derived from a 1/4 cent of the state retail sales tax and are returned to each county according to the amount of tax collected. LTF funds are apportioned to jurisdictions within each county on a population basis. In Sacramento County, the LTF apportioned to jurisdictions located within the SRTD may only be used for transit service. However, jurisdictions located outside of the SRTD may use their LTF apportionments for streets and roads projects, provided they have no transit requests that meet SACOG adopted definitions of "unmet transit needs" that are "reasonable to meet."

For a claimant to fund a local roadway project with Local Transportation Funds there must be no unmet transit needs or no unmet transit needs that are reasonable to meet. Alternatively, if there are unmet transit needs that are reasonable to meet, the transit need must be fulfilled first before LTF can be used for a roadway project. Additionally, claimants must maintain the existing level of service from prior years before LTF can be spent for roadway projects. The unmet transit needs process does not apply to the State Transit Assistance Fund.

Unmet Transit Needs Process: Under TDA statute, it is the responsibility of the board annually to make one of the following findings for each of the four counties, the cities therein, and the SRTD:

1. There are not unmet transit needs;
2. There are not unmet transit needs that are reasonable to meet; or
3. There are unmet transit needs, including transit needs that are reasonable to meet.
4. These findings must be made prior to SACOG approving claims for TDA Local Transportation Funds.

As part of the process, transit service requests are identified during public hearings, input submitted electronically, via phone and text, by mail, and through the transportation planning process. These requests are evaluated as to whether they meet SACOG adopted unmet transit needs definitions.

The Social Service Transportation Advisory Council (SSTAC) for each county participates in the analysis with staff and concurs with staff recommendations. Comments on operational issues, rather than on transit service areas and

routes, are shared with the respective transit or other appropriate agencies. Advisory Councils are made up of representatives of elderly, disabled, low-income transit users, Social Services providers and transit operators. The public transit operators and jurisdictions and their respective recommended findings are listed, summarized, and attached to resolutions for board approval.

SACOG holds a final public hearing for the following fiscal Year (FY) at the January board meeting. The final public hearing is held prior to bringing recommended findings to the board for their review and approval in February, to allow time to analyze any new comments.

Definition of Unmet Transit Needs:

Unmet transit needs are defined as; existing transit services or service variants, including services where transfers may be necessary to complete a trip, that are not adequately meeting the identified transportation needs of residents who are likely to use public transportation in the SACOG four-county Regional Transportation Planning Area (Sacramento, Sutter, Yolo and Yuba counties and the cities within). This includes but is not limited to: trips for education and training (excluding exclusive school bus transportation), employment, healthcare services, personal business, recreation, and social services.

To be considered REASONABLE TO MEET, a request MUST FIRST meet the definition of an UNMET TRANSIT NEED AND THEN ALSO MEET THE REQUIREMENTS FOR REASONABLE TO MEET BY having/being:

1. **Community Acceptance** - There needs to be demonstrated interest of citizens in the new or additional transit service (i.e., multiple comments, petitions etc.).
2. **Equitable** - The proposed new or additional service will benefit the public, specifically residents who use or would use public transportation regularly.
3. **Potential Ridership** - The proposed transit service will not reduce the transit agency's ability to maintain current transit service and will meet the needs of citizens.
4. **Cost Effectiveness** - The proposed new or additional transit service will not affect the ability of the overall system to meet the state mandated farebox recovery ratio requirement after the two-year exemption period for new services. *The requirement to meet the mandated farebox recovery ratio is currently suspended by California State Assembly Bill 149. This suspension goes through January 1, 2024.*
5. **Funding** - The proposed new or additional transit service will not cause the claimant to incur expenses in excess of the maximum allocation of Transportation Developments Act Local Transportation Funds the only type of funding affected by the Unmet Transit Needs process.
6. **Feasibility** - The proposed new or additional transit service can be implemented safely and in accordance with local, state, and federal laws and regulations.

Comments can be mailed, faxed or emailed at transitneeds@sacog.org, via the SACOG website at WWW.SACOG.ORG or by calling or texting on 916-426-3799**.**

Roles and Responsibilities:

Claimants' responsibility (includes Counties, Cities, and Transit Operators):

- Review current and prior year's Findings of apportionment or allocations on the SACOG website:
- Cities and Counties coordinate with the transit operator offering services in your area to determine a budget for transit services first before other uses such as streets and roads.
- Review Unmet Transit Needs resolution to ensure that transit needs are met prior to planning and budgeting for other uses such as street and road projects.
- Review fiscal audits to ensure that any findings have been resolved and recommendations have been addressed.
- Review fund balance for any prior year (s) unclaimed funds. Observe the principle of First In First Out by requesting old unclaimed funds first. They are readily available.
- Prepare a claim using the claims available on the SACOG websites. Consult with SACOG transit team for help during the process.
  - ✓ A current budget plan for projects to be funded with TDA funds approved by the governing board must be submitted along with the claim.
  - ✓ A signed resolution from the governing board must be submitted.
  - ✓ Project and expenditure plan for the funds being requested (this may include prior year unclaimed fund).
  - ✓ Status of previously approved project and funds expended.
  - ✓ Statement of Conformance.
  - ✓ TDA Claim Certification (TDA Form-5).
  - ✓ Bike and Pedestrian claims: Certification indicating that claim is consistent with the Capital Improvement plans.

Transit Operators: In addition to the above requirements please provide the following:

- A current 10-year capital and operations plan
- CHP Certification in compliance with Section 1801.1 of the Vehicle code (completed within past 13 months)
- Provide CPI calculations for the STA funds. (*The CPI have been temporarily stopped by the legislature until fiscal year 2023-2024-AB149) (This may be extended to 2025 based on CA proposed budget).*
- Compliance with PUC Section 99155 & 99155.5

Claim Schedule: A claim can be filed any time before the close of the fiscal year.

- Claims for transit projects should be submitted as soon as possible after July 1.
- Submit claims at least 45 days (about 1 and a half months) ahead of monthly scheduled SACOG Board meetings to allow staff sufficient time to accurately review claims and resolve any claim issues that may arise. Board calendar can be found here.

Claims will be reviewed by staff and a recommendation regarding funding will be presented to the SACOG Board of Directors.

****SACOG cannot allocate funds for streets and roads in an eligible jurisdiction until 20 days after the Department of Transportation acknowledges receipt of the finding that there are no unmet transit needs reasonable to meet in that jurisdiction.***

Amending/revising a claim: A claim should be amended when (1) there is a change of budget for a project(s) in the first claim, (2) when the purpose of funds in the first claim changes (for example from operations to capital), (3) when an annual financial audit report finding requires adjusting the claim.

A claim may be amended at the end of each quarter. A request for an amendment should include:

- a cover letter and a Board resolution detailing modifications to the existing program with revised budget figures, project descriptions, and reason for the amendment.

Note: SACOG will not approve a claim if an annual fiscal audit has not been completed or has been deemed delinquent.

CCR § 6733 – Delinquent Reports
The regional entity shall take no action on a claim at any time that the claimant is delinquent in submitting to the regional entity either the annual report of its operation required pursuant to Public Utilities Code Section 99243 or the annual certified fiscal audit report required pursuant to Public Utilities Code Section 99245.

SACOG's responsibility:

- Receive and file claim emailed to TDA Staff or submitted here.
- E-mail claimant to let them know the claim has been received and its status.
- Review claim using the TDA checklist found in the claim packet to check for compliance with TDA codes and SACOG Guidelines.
- Review prior year unclaimed funds that can be claimed before newer LTF and/or STA funds.
- Review the current TDA fiscal audit to check for fund balances, any audit findings, recommendations, and management letter. Ensure any findings and fund balances recommendations have been satisfactorily addressed.
- Review the TDA performance audit for transit operator claims.
- Work with the TDA claimants to correct any findings and address recommendations in the audits.
- Notify claimant of any discrepancies with the claim and work with the claimant to resolve the problems.
- Double check the PUC Codes in the TDA-2 against the TDA Guideline Book to determine compliance.
- Prepare resolution and staff report for SACOG Board of Directors.
- Notify Clerk of the Board about claims that will be brought before the SACOG Board.
- Once the claim is approved by the Board of Directors, prepare the allocation letter to allow for payment of LTF to the claimant (if a transit operator, ensure that Ten-Year Capital and Operations Plan is complete).
- Send the allocation letter to the respective county-auditor Controller and a copy to the claimant.
- Track legislative changes to TDA and notify claimants of new changes and impact to the claims and claim process.

Payment:

LTF: The Country Auditor Controller is the custodian of LTF funds and therefore responsible for distribution of the funds.

- ❖ SACOG's board approves a claim by a resolution.
- ❖ SACOG staff prepares instruction(s) letter notifying and authorizing the County to pay out the funds per the resolution.

- ❖ The County prepares and disburses payments as funds become available from the state. Usually, the county auditors will receive funds from the State Controller's Office (SCO) and make payments quarterly.

STA: SACOG is the custodian of STA funds and therefore responsible for distributing the funds.

- ❖ SACOG's board approves a claim by a resolution.
- ❖ SACOG staff prepares and disburses payments as funds become available from the state. Usually, SACOG will receive funds from the State Controller's Office (SCO) and make payments quarterly.

TDA Reporting:

Annual Financial Audits:

1. SACOG engages an auditing firm to audit SACOG's TDA administrative functions as well as all claimants who receive TDA funds. All final audit reports are submitted to the State Controller's Office (SCO).
2. State controller's report: SACOG and each operator will submit a State Controller's report of expenditures and revenues as outlined by the SCO.
3. SACOG works with claimants to resolve any audit findings and address any recommendations.

Triennial Performance Audits:

1. Every three years, SACOG engages an auditing firm to conduct performance audits as stipulated by the TDA laws.
2. SACOG submits the final reports to Caltrans.
3. SACOG, in coordination with the operators, create an action plan for any findings and recommendations highlighted in the reports.