

MENDOCINO COUNCIL OF GOVERNMENTS

2024/25 Budget

Explanatory Notes on Funding Sources

4/29/2024

LTF - Local Transportation Fund

- Generated from quarter-cent sales tax on all sales countywide. Fund estimate provided by County Auditor-Controller/Treasurer Tax-Collector. Allocated by Regional Transportation Planning Agencies (RTPAs).
- Governed by the Transportation Development Act (TDA).
- Transportation planning and public transit systems are supported by these revenues according to TDA.

LTF Reserve Fund

- Allowed under TDA, Section 6655, adopted by MCOG on June 7, 1999, revised in 2001 and 2023.
- Fund balance adjusted annually at minimum five percent of County Auditor-Controller's LTF estimate.
- Any audited surplus or shortfall allocated through annual budget process.
- To be used *“for transit services provided by Mendocino Transit Authority (MTA) that have been funded by MCOG through the annual transit claim process, when 1) actual LTF revenues fall short of LTF budget allocations, or 2) extreme or unusual circumstances warrant an additional allocation.”*
- The fund was depleted to cover the FY 2008/09 revenue shortfall and policy waived in 2010/11 and 2011/12. The policy was partially waived for the three following fiscal years. A claim was made to cover the FY 2015/16 shortfall of \$68,364.
- Since 2015/16, MCOG has fully restored the LTF Reserve policy, releasing audited surplus for allocation from a low of \$100,000 to a high of 754,417 resulting from the 2020/21 pandemic, allocated in 2022/23. The audited surplus for 2021/22 was \$384,429, followed by budget shortfalls that have depleted the fund.
- With no maximum by policy, the reserve has been set at 10% and 15% for 2021/22 through 2023/24.

STA - State Transit Assistance

- Generated from sales taxes on diesel and gasoline, until the Transportation Tax Swap of March 2010, when it was replaced by an increased excise tax on gasoline and increased sales tax on diesel. This expired with SB 1, the Road Repair & Accountability Act of 2017. The gas tax is now indexed to inflation.
- Governed by the Transportation Development Act (TDA).
- Eligibility is open only to transit operators - MTA in Mendocino County.
- May be used for either Operations, subject to an eligibility formula based on certain cost efficiency standards, or for Capital. MTA typically has used STA for Capital purposes, until the operations requirement was waived for FY 2009/10–2015/16 during the Recession; again waived for the pandemic by AB 90, still in effect.
- Senate Bill 508, effective July 1, 2016, provides more flexibility, so that *“rather than making an operator ineligible to receive State Transit Assistance program funds for operating purposes for an entire year for failing to meet the efficiency standards, would instead reduce the operator's operating allocation by a specified percentage, based on the percentage amount that the operator failed to meet the efficiency standards, as specified.”* – from SB 508, Chapter 716, preamble
- State Controller provides fund estimate—“Preliminary” in January, “Revised” after State Budget adopted.
- Regional allocation policy: Respond to fluctuating revenues by releasing approved allocations to MTA when received in MCOG's fund account. At times there is an unallocated balance. Other times the fund is fully claimed and has only a small balance of interest earnings.
- STA has fluctuated widely, subject to political influences, while generally rising over time. 20 years ago, annual revenues were about \$150,000; at \$325,000 in 2016/17; since then stabilized and growing under SB 1. During the pandemic, fuel tax revenues dropped 20%, later more than recovered. Preliminary estimate for 2024/25 is \$1,066,235.

Capital Reserve Fund

- Created and controlled by MCOG as allowed by Transportation Development Act (TDA), Section 6648.
- Contributions from LTF and/or STA.
- Open to Mendocino Transit Authority and Senior Centers for projects in MTA's Five-Year Capital Program.

Surface Transportation Block Grant (STBG) Program

- Under ISTEA legislation originally, later TEA21, SAFETEA-LU, MAP-21, FAST Act, and currently from Infrastructure Investment & Jobs Act (IIJA). Formerly Regional Surface Transportation Program (RSTP).
- Regional discretionary transportation uses are to comply with U.S. Code, Title 23, California Constitution Article 19, and California Streets and Highways Code Section 182.6(d)(1).
- As allowed, MCOG exchanges for state funds by Caltrans agreements, eliminating federal requirements.
- MCOG allocated the early fund cycles by regional competition; all of those projects were closed out.
- Subsequent MCOG policy allocated new RSTP d(1) apportionments **by formula** to County and Cities. About three-quarters of annual revenue is allocated to the local member agencies.
- In FY 2003/04, MCOG staff introduced new administrative procedures in order to comply with new clauses in Caltrans' fund transfer agreement. In 2021, MCOG amended claim requirements to better align with its master Subrecipient Cooperative Agreement with the member agencies (started in 2017/18), which flow down terms and conditions of the various public funds received and administered by MCOG. Rather than by advances, all claims are now paid on a reimbursement basis.
- For the FY 2005/06 funding cycle and going forward, MCOG approved recommendations of staff and the Technical Advisory Committee to revise MCOG's allocation formula such that a portion would be reserved for MCOG's use on regional projects, aka "**Partnership Funding Program**" (see allocating resolution). To date the Council has allocated over \$1 million of Partnership funds to nine projects, the largest being the Covelo State Route 162 Corridor Multi-Purpose Trail.
- Starting FY 2011/12, MCOG approved \$90,000 annually from RSTP for a **Regional Project Manager**.
- In FY 2015/16 and 2016/17, funds not expended for the project manager position were approved for direct costs that are consistent with the intended scope of Local Assistance; \$20,000 has been allocated.
- Total unexpended Local Assistance funds have accumulated due to temporary vacancies in the position and funding limits of the staffing contract, with a balance as of June 30, 2023 of \$301,017.
- In California, 2021 federal coronavirus relief funds were apportioned partly by STBG formula, partly through the State Transportation Improvement Program (STIP), as well as for transit programs. - *see Page 3*

PPM - Planning, Programming & Monitoring / SB 45

- Apportioned by State to Regional Transportation Planning Agencies for work associated with State Transportation Improvement Program (STIP) projects.
- Up to 5% of Regional Improvement Program (RIP) funds in the STIP may be used for eligible activities.
- MCOG has programmed funds for planning work elements and Project Study Reports (PSRs).

RPA - Rural Planning Assistance

- Traditionally, either State or Federal funds have been provided in some form of subvention.
- This program is funded by the State for required Overall Work Program mandated planning functions.
- Competitive RPA grants include MCOG's 2013 Zero Emission Vehicle (ZEV) Regional Readiness Plan and 2024 Local Road Safety/Action Plan Updates for Mendocino County & Cities.

Caltrans Sustainable Transportation Planning Grant Program

- This program replaced the Consolidated Planning Grant Program, which included Community Based Transportation Planning, Environmental Justice, and Transit Planning grants.
- Funded by Federal Transit Administration (FTA, Section 5304) and State Highway Account.
- MCOG was awarded seven annual Community Based Transportation Planning grants and one Environmental Justice grant as a sponsor, administered through the Planning Overall Work Program, including projects for Gualala, Laytonville, Point Arena, Westport, Ukiah Rails-With-Trails, Covelo/Round Valley, and Anderson Valley/SR-128 Trail.
- City of Willits completed the grant-funded Willits Main Street Corridor Enhancement Plan.
- MCOG completed its Pedestrian Facility Needs Engineered Feasibility Study in 2019. The SB 743 Vehicle Miles Travelled Regional Baseline Study and Mendocino County Fire Vulnerability Assessment & Emergency Preparedness Plan were completed in 2020. In 2021/22 MCOG was awarded a grant for a Feasibility Study: Mobility Solutions for Rural Communities of Inland Mendocino County, completed in 2023.

Active Transportation Program (ATP)

- Competitive State grant program combining state and federal funds for bicycle and pedestrian projects.

- Cycles 1 and 2 funded MCOG's Covelo SR 162 Corridor Multi-Purpose Trail, in progress.
- In 2018, MCOG completed Safe Routes to School Non-Infrastructure ATP grant projects in Covelo and countywide. In 2022 MCOG was awarded funds for Gualala Downtown Streetscape Enhancement project.

Local Agency Match

- Local matching funds are required for some state and federal grants.
- Mendocino Transit Authority has contributed the required local match for their projects.
- Gualala, Laytonville, and Westport have provided in-kind local match contributions.
- MCOG typically provides required cash match from local planning funds in Overall Work Program.
- FY 2020/21 included \$308,900 from the five member local agencies for Local Road Safety Plans, from state grants and ten percent matching funds, to pool resources for consultant services through the OWP.

Coronavirus Aid, Relief, and Economic Security (CARES) Act

- [Signed into law in March 2020](#), funds are available to transit operators through FTA's 5311 programs.
- MCOG included CARES in its adopted FY 2020/21 budget at \$1,206,413, including Phase 1 and 2 balance of funds available at the time, to offset a potential shortfall of local funds for transit. As these funds do not flow through MCOG's cash accounts, balances are listed as Information in the budget.
- *"Funding is provided at a 100-percent federal share, with no local match required, and is available to support capital, operating, and other expenses generally eligible under those programs to prevent, prepare for, and respond to COVID-19."* [\[from FTA website\]](#)

Coronavirus Response & Relief Supplemental Appropriations Act of 2021 (CRRSAA)

- [This bill became law in December 2020](#), including funds for various transportation programs.
- California has chosen to suballocate its apportionment of infrastructure funding through STBG and STIP. MCOG received \$423,875 and \$1,198,132 respectively; these flowed down to member local agencies by a formula adopted by the Council on May 3, 2021.
- For transit: *"Similar to the CARES Act, the supplemental funding will be provided at 100-percent federal share, with no local match required. Funding will support expenses eligible under the relevant program, although the Act directs recipients to prioritize payroll and operational needs."* [\[from FTA website\]](#)
- MCOG's 2021/22 budget included \$1,459,704 of new CRRSAA funds for MTA (no expiration), in a new Information section of the budget tables, along with CARES Act funds carried over.
- Funds were also available through the FTA Section 5310 Elderly and Disabled Specialized Transit Program for applicants that were successful during the last grant cycle. \$103,532 has been awarded to three specialized transit providers in Mendocino County.

Federal Transit Administration (FTA) Section 5311 and 5311f

- MCOG's budget includes these programs, as funds for MTA are approved by MCOG resolution, although cash does not flow through MCOG's accounts.
- Annual 5311 regional apportionments are typically used by MTA for operations, at \$700,000 to \$800,000.
- MTA has been successful in winning competitive 5311f Intercity Bus Program grants, typically about \$300,000, for Route 65 operations and/or vehicles, with a required funding match.
- CARES and CRRSAA funds for transit flow through FTA's programs, subject to MCOG's approval and claimed directly through Caltrans. From CARES Phase 1, MTA was allocated \$557,349, fully claimed to date. In August 2020, MCOG approved 5311 CARES Phase 2 funds for MTA at \$1,068,573.

Regional Early Action Planning (REAP) for Housing

- Created by AB 101, state funding is provided for regional planning related to housing production and implementation of the Regional Housing Needs Allocation (RHNA).
- In 2020, MCOG amended its Joint Powers Agreement to include housing matters as a specific power.
- MCOG's 2020/21 budget was amended to add a grant of \$383,245, suballocated to member local agencies at 90 percent, by an adopted distribution formula. The grant is to be expended by November 2024.
- A new master agreement with the Department of Housing & Community Development has been executed to receive the grant funds.
- Eligible activities include providing technical assistance, performing infrastructure planning, and conducting feasibility studies.

SB 125 Formula-Based Transit & Intercity Rail Capital Program (TIRCP) and Zero Emission Transit Capital Program (ZETCP)

- The TIRCP competitive program was created in 2014 and modified in 2015, to provide grants from the Greenhouse Gas Reduction Fund (GGRF) to fund transformative capital improvements that will modernize California's intercity, commuter, and urban rail systems, and bus and ferry transit systems, to significantly reduce emissions of greenhouse gases, vehicle miles traveled, and congestion.
- SB 125 (Chapter 54, Statutes of 2023) and Assembly Bill 102 (Chapter 38, Statutes of 2023) amended the Budget Act of 2023 to appropriate \$4 billion of General Fund to the TIRCP over the next two fiscal years as well as \$910 million of GGRF funding and \$190 million of Public Transportation Account funding over the next four fiscal years to establish the Zero-Emission Transit Capital Program (ZETCP).
- SB 125 guides the distribution of TIRCP funds on a population-based formula to regional transportation planning agencies, which will have the flexibility to use the money to fund transit operations or capital improvements, and AB 102 is to be allocated to regional transportation planning agencies on a population-based formula and another formula based on revenues to fund zero-emission transit equipment and operations.
- MCOG will receive an estimated total of \$11,063,615 in a separate cash account over the four-year period, including \$110,636 for Administration of the program, and shall be responsible for reporting of data and expenditures and other requirements.
- In December 2023, MCOG adopted and submitted to the California State Transportation Agency (CalSTA) its first Allocation Plan in consultation with Mendocino Transit Authority, for a total of \$5,353,525, added to the FY 2024/25 Draft Budget.
- More information: [SB 125 Transit Program | CalSTA](#)