

**RESOLUTION 19-21-G**

RE: DISTRIBUTION OF STATE TRANSIT ASSISTANCE (STA) POPULATION-BASED FUNDS FOR FISCAL YEAR (FY) 2019-20 THROUGH FY 2023-24

WHEREAS, on February 28, 2018, the Metropolitan Transportation Commission (MTC) adopted MTC Resolution No. 4321 delegating the programming of STA Population-Based funding to eligible public transit operators in Contra Costa County through a block grant fund; and

WHEREAS, on April 18, 2018, the Contra Costa Transportation Authority (hereinafter "Authority") approved Resolution 18-19-G establishing distribution percentages for FY 2018-19; and

WHEREAS, the eligible recipients considered and supported the distribution established in Resolution 18-19-G for the next five years; and

WHEREAS, once the distribution formula has been provided to MTC, each eligible recipient shall claim funds directly from MTC and comply with State and MTC policies regarding necessary reporting and performance criteria; and

WHEREAS, the fund estimate for FY 2019-20 for Contra Costa County is \$11,671,183.

NOW, THEREFORE, BE IT RESOLVED that the AUTHORITY does hereby approve the distribution of STA Population-Based funds for FY 2019-20 through FY 2023-24 in accordance with the percentages and fund estimates below:

OPERATOR	PERCENTAGE
County Connection	47.2%
Tri Delta Transit	30.1%
WestCat	7.6%
AC Transit	14.4%
BART	0.6%

**Due to rounding, total percentage may not add to 100.*

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May 15, 2019

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This RESOLUTION was entered into at a meeting of the Contra Costa Transportation Authority Board held May 15, 2019 in Walnut Creek, California by the following vote:

AYES:	Chair Taylor, Vice Chair Pierce, and Commissioners Abelson, Arnerich, Butt, Gerringer, Haskew, Hudson, Mitchoff, and Romick
NOES:	None
ABSENT:	Glover
ABSTAIN:	None



Robert Taylor, Chair



Tarienno Grover, Clerk of the Board

Attest:

Contra Costa Transportation Authority **STAFF REPORT**

Meeting Date: May 15, 2019

Subject	Approval of Resolution 19-21-G Authorizing the Proposed Distribution of State Transit Assistance (STA) Population-Based Funding to Contra Costa Public Transit Service Providers for Fiscal Year (FY) 2018-19
Summary of Issues	At its February 28, 2018 meeting, the Metropolitan Transportation Commission (MTC) adopted MTC Resolution 4321 delegating the programming of STA Population-Based funding to the nine Bay Area Congestion Management Agencies (CMAs). On April 18, 2018, the Authority approved Resolution 18-19-G authorizing distribution percentages for one year. The percentages were based on previous distributions by MTC for STA Population-Based funds and held true to the historic distribution of the funds. Total STA funding to Contra Costa operators under the FY 2019-20 fund estimate for this program is approximately \$11,671,183 or 22% of total County block grant funds. After discussion at the Bus Transit Coordinating Committee (BTCC) meeting on February 26, 2019, the operators recommended distributing the funds by the same percentages approved previously under Resolution 18-19-G for a five-year period beginning FY 2019-20.
Recommendations	Staff seeks approval of Resolution 19-21-G approving the fund distribution percentages by transit operator and direct staff to forward distribution percentages to MTC.
Financial Implications	STA funds flow between MTC and the transit operators. The Authority budget is not affected.
Options	Revise the recommended distribution percentages or term.
Attachments	A. Resolution 19-21-G
Changes from Committee	N/A

Background

Senate Bill (SB) 1 provides a significant infusion of funding for public transit, including formula based and competitive funding. The STA program will be boosted by approximately \$250 million per year from an increase in the diesel sales tax rate of 3.5 percent. These funds would augment the existing STA program (around \$294 million statewide). MTC estimates the Bay Area would receive approximately \$94 million per year from this augmentation of the STA program.

Another \$105 million per year derived from a new Transportation Improvement Fee (TIF) would also be distributed using the STA Revenue-Based and Population-Based formulas but would be targeted at capital improvements focused on modernizing transit vehicles and facilities, although operational costs are also eligible under this STA Capital program. The Bay Area would receive approximately \$39 million per year total from the STA Capital program.

STA Program

STA is the state's flexible transit funding program, which may be used for capital or operating purposes. STA provides an important source of operations funding for the Bay Area's transit operators and is a key funding source for regional priorities such as Clipper and the Lifeline Transportation Program (LTP).

The statewide STA program is split equally between a Revenue-Based program (Public Utilities Code Section 99314) and a Population-Based program (Public Utilities Code Section 99313). The Revenue-Based program distributes funds directly to transit operators based on each transit operator's share of statewide qualifying revenues used for transit operations, while the Population-Based program distributes funds to regional transportation planning agencies based on their share of California's population. In the Bay Area, MTC receives the STA Population-Based funds. The Bay Area currently receives 56% of Revenue-Based funds and 19% of Population-Based funds.

STA Population-Based Funds in the Bay Area

Of the new STA funding expected to flow to the Bay Area as a result of SB 1, approximately \$34 million per year (\$24 million through the existing STA program and \$10 million through the new STA Capital program) will flow through the Population-Based program, which is subject to MTC's discretion.

MTC Resolution No. 3837, Revised established MTC's policy for allocating funds from the Population-Based program. Resolution No. 3837 was originally adopted in January 2008 and designated four major programs as recipients of the Population-Based funding: Northern Counties/Small Operators Program (28.3% of funds), Regional Paratransit Program (15.6% of funds), LTP (29.2% of funds), and the MTC Regional Coordination Program (26.9% of funds). Coincidentally, Resolution No. 3837 called for reevaluating the STA Population-Based distribution in 2017.

The Northern Counties/Small Operators Program was created to help financially support small operators because they receive significantly less funding through the STA Revenue-Based program than the large operators yet provide many feeder and other services that support the large operators. This was a solution to help balance Bay Area shares of "regional" funding to all operators.

Resolution No. 3837, Revised established the funding framework for STA Population-Based revenue that is in place today. With the passage of SB 1, each of the program categories would receive an approximate 87% increase in funding over FY 2017-18 baseline revenue.

MTC staff, through a series of meetings with the transit operators and the Bay Area Partnership, recommended revising the policy for the following reasons:

- While the STA Population-Based policy last underwent a major update in 2008 with the adoption of MTC Resolution No. 3837, the types of projects funded have their roots in MTC policy dating back to 1991.
- The significant increase in funds that SB 1 will bring to the region's transit operators – through the increase in the STA Revenue-Based program and the creation of a new STA Capital Program – provides an opportunity to take a fresh look at this three-decade old funding policy.
- Consideration should be given to the funding of programs for which there is a significant need across all operators in the region such as Means-Based fare programs and implementation of Clipper 2.0.

On February 28, 2018, MTC approved MTC Resolution No. 4321 to replace Resolution No. 3837 with a new One Bay Area Grant (OBAG)-style county block grant for STA Population-Based funds. Under this option each county CMA would receive a specified share of STA Population-Based funds each year, which could be prioritized by the CMA for use by transit operators within their county or in coordination with other counties/the region. This would allow each county to determine how best to invest in paratransit, transit operating, and Lifeline program

needs. Each county's share in MTC's new Resolution was calculated based on the county's share of STA funds from the current Resolution No. 3837 formula, totaled across all categories (Northern Counties/Small Operators Program, Regional Paratransit Program, and the LTP). The regional program would continue to support existing regional programs like Clipper 2.0 and could provide seed funding for a regional Means-Based fare program. The local and regional shares allow significant funding increases for local programs while providing the roughly \$8 million expected to be needed for the regional contribution to the Means-Based program.

Similar to OBAG, the additional funding and flexibility would be accompanied by policy conditions and initiatives:

- **Reporting:** Each CMA must submit to MTC by May 1st of each year, a report including the following information about the previous, completed, fiscal year: 1) the county's programming distribution of STA Population-Based funds amongst STA eligible operators and; 2) the estimated amount of STA Population-Based funding that will be spent within or benefiting Communities of Concern.
- **Fund Swaps:** Each CMA is required to seek approval from MTC before requesting that a STA eligible operator recipient of STA Population-Based funds perform a fund swap involving STA Population-Based funds. The CMA must notify all STA eligible operators within their county of the request to swap funds before seeking approval from MTC. The swaps will be limited to transit-eligible activities unless there is concurrence from the transit operators.
- **Coordinated Claim/Submission Deadline:** Each CMA must play a coordinating role in the development of STA Population-Based claims from STA-eligible operators within their county. Each CMA must also submit to MTC by May 1st of each year a governing board-approved resolution listing the distribution policy for STA Population-Based funds amongst the STA-eligible operators for the subsequent fiscal year. Operators will continue to submit their own claims, if desired.
- **Performance Measures:** All small and medium sized operators shall meet Transit Sustainability Project (TSP) performance requirements similar to the large operators and achieve a 5% real reduction in cost per service hour, cost per passenger, or cost per passenger mile by FY 2022-23. For operators that have already achieved a 5% real reduction in one of the above performance measures by FY 2017-18, no further reduction is required. Operators may substitute TSP performance measures for a similar local voter approved or CMA adopted performance measure, subject to MTC

concurrence. Once the 5% reduction is achieved, transit operators are expected to keep future cost increases to no higher than the San Francisco Area Consumer Price Index as defined by the U.S. Bureau of Labor Statistics. Beginning in FY 2023-24, MTC may link existing and new operating and capital funds administered by MTC to progress towards achieving the performance target. Staff will work with the small operators and CMAs to evaluate whether an alternate performance framework or metrics are more appropriate for the small operators. Staff will return within one year to report on whether to retain the current framework or adjust the performance requirements. MTC understands the difficulty small operators will have meeting these requirements and has agreed to work with small operators and CMAs over the next year to develop reasonable measures and expectations.

- **Operator Consolidation Planning Efforts:** In the Northern Counties (Marin, Napa, Solano, and Sonoma) as an alternative to meeting TSP performance requirements, counties and transit operators may develop a plan to consolidate into a single county operator.
- **Mobility Management:** In the five other counties (Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara), each county must establish or enhance mobility management programs to help provide equitable and effective access to transportation.

In an effort to protect small operator shares as described earlier, the new policy required 60% of the STA funds in Contra Costa County go to the County's small operators (County Connection, Tri Delta Transit and WestCat).

On April 18, 2018, the Authority approved Resolution 18-19-G authorizing distribution percentages for one year. The percentages were based on previous distributions by MTC for STA Population-Based funds and held true to the historic distribution of the funds. On February 26, 2019, at the BTCC meeting, the operators discussed the program and were in agreement that continuing the percentage distribution approved on April 18, 2018 was an equitable solution moving forward and recommended distributing the funds by the same percentages approved under Resolution 18-19-G for a five-year period beginning FY 2019-20.

The total STA funding to Contra Costa operators under the FY 2019-20 fund estimate for this program is approximately \$11,671,183 or 22% of total County block grant funds.

Next Steps

The Authority is required, under the Block Grant program, to report the use of these funds to MTC beginning this summer.