

MEMORANDUM OF UNDERSTANDING REGARDING COORDINATION OF STIP FUNDING
APPLICATIONS AND COMMUNICATION ON THE FEDERAL FUNDING PROGRAM
(SACRAMENTO COUNTY)
STA-25-005-STIP

This Memorandum of Understanding (MOU) is made as of June 1, 2025 by and between the **Sacramento Transportation Authority**, a local transportation authority formed pursuant to the provisions of Public Utilities Code 180000 et seq., hereinafter called "Authority", and the Member Agencies specifically identified in Section 3(g) below.

RECITALS

WHEREAS, every two years the California Transportation Commission (CTC) goes through a process of updating its five-year State Transportation Improvement Program (STIP) for future allocations of Federal and State transportation funds adding two new years to prior programming commitments; and

WHEREAS, STIP funds are calculated by the CTC for each county, based on a statutorily defined combination of population (75 percent) and highway lane miles (25 percent) which make up "county shares" that are available for each county; and

WHEREAS, the Sacramento Area Council Of Governments (SACOG), as the Regional Transportation Planning Agency (RTPA) for the Counties of Sacramento, Sutter, Yolo, and Yuba, must adopt and submit its Regional Transportation Improvement Program (RTIP), which sets out each county's share of STIP funds to the CTC; and

WHEREAS, in January 2008, the SACOG Board approved pooling all four counties' shares of STIP funding for the 2008 STIP cycle and future cycles using a pooled competitive approach to select and award project funding through a combined Four-County federal and state funding approach called the Regional Funding Round; and

WHEREAS, in February 2023, the SACOG Board approved a response to a corrective action issued by the Federal Highway Administration (FHWA) modifying the way projects are selected for federal funding by creating a Six-County Federal Funding Program with individual county funding targets and countywide priorities; and

WHEREAS, in February 2024, the SACOG Board approved a new funding framework for the Six-County Federal Funding Program to align with the corrective actions issued by FHWA as well as a new approach to pooling STIP funding where county shares of STIP dollars would be split between a regional pool program and separate intra-county competitive funding program with the majority of the county shares allocated through the separate intra-county competitive funding program; and

WHEREAS, in October 2024, the SACOG Board approved the new funding guidelines building on the new funding framework approved in February 2024 for a Six-County Federal Funding Program and Four-County STIP Funding Program which emphasized interagency consultation with the Authority; and

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WHEREAS, in February 2025, the SACOG Board approved a call for projects and STIP funding estimate for each county, and determined that ninety percent (90%) of each county share would be decided through an intra-county competitive funding program at approximately \$28.4 million for the 2025 Four-County STIP Funding Program; and

WHEREAS, there is a desire among local transportation agencies within Sacramento County to strategically coordinate a collectively beneficial approach to the 2025 SACOG Four-County STIP Funding Program to reduce the number of applications submitted, improve coordination, and increase funding predictability for priority projects and local needs by allowing jurisdictions to collectively structure their funding priorities within their respective 90% county share allocation.

NOW, THEREFORE THE AUTHORITY AND MEMBER AGENCIES AGREE AS FOLLOWS:

1. Recitals. The above Recitals are incorporated herein as through set forth as part of this MOU.
2. Purpose. The purpose of this MOU is to strategically coordinate a collectively beneficial partnership approach to the 2025 SACOG Four-County STIP Funding Program. Through the partnership, Member Agencies increase predictability in how much funding will be available each funding cycle which will improve capital projects funding.
3. Definitions. Unless the context otherwise requires, as used in this MOU, the following terms shall have the following meanings:
 - a. "Authorized Representative(s)" means the position/individual delegated authority by each Member Agency and the Authority to sign and implement this MOU.
 - b. "Carryover" means any unprogrammed category allocation or Geographic Suballocation.
 - c. "CMAQ" means the Congestion Mitigation and Air Quality, a federal funding source for SACOG's Six-County Federal Funding Program.
 - d. "Four-County STIP Funding Program" means the four county intra-county competitive funding program administered by SACOG with STIP funding for Sacramento, Sutter, Yolo, and Yuba counties to fund STIP eligible capital projects or transportation demand management projects where SACOG finds the project to be a cost-effective substitute for a capital project.
 - e. "Four-County STIP Regional Set-Aside Funding Program" means the four county funding program administered by SACOG with STIP funding pooled for regional projects in Sacramento, Sutter, Yolo, and Yuba counties.
 - f. "Geographic Suballocation" means the theoretical fair share amount of formula STIP funding for projects within the cities or the unincorporated county limits based 75% on relative population and 25% on total lane mileage and a minimum amount of \$100,000.

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- g. "Member Agencies" means the Parties to this MOU, other than the Authority, including the County of Sacramento, Cities of Citrus Heights, Elk Grove, Folsom, Galt, Rancho Cordova, Isleton, and Sacramento, the Capital SouthEast Connector JPA, Sacramento Metropolitan Air Quality Management District, Paratransit Inc., Sacramento Regional Transit District, and San Joaquin Regional Rail Commission. Member Agencies must have a Federal and/or State Master Agreement in place. An individual member agency may be referred to herein as a "Member Agency."
 - h. "Non Member Agencies" means agencies that were eligible for the Four-County STIP Funding Program in 2025 but have expressed an interest in only applying for the Four-County STIP Regional Set-Aside Funding Program, including the California Department of Transportation and Capital Corridor Joint Powers Authority.
 - i. "SACOG" means the Sacramento Area Council Of Governments.
 - j. "Six-County Federal Funding Program" means the six-county funding program administered by SACOG with CMAQ and STBG Federal funding for El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba counties.
 - k. "STBG" means the Surface Transportation Block Grant, a federal funding source for SACOG's Six-County Federal Funding Program.
 - l. "STIP" means the State Transportation Improvement Program, the funding source for the Four-County STIP Funding Program and Four-County STIP Regional Set-Aside Funding Program.
 - m. "TDM" means Transportation Demand Management.
 - n. As used in this MOU, "Sacramento County" refers to the geographic area only, whereas, "the County of Sacramento" refers to the governmental entity that is a subdivision of the State of California.
4. General Provisions.

It is agreed among the Authority and Member Agencies that:

- a. Member Agencies' execution of this MOU is voluntary. The term of this MOU shall be nine (9) years unless earlier terminated pursuant to Section 16 below.
- b. A mandatory review of this MOU by the Authority and Member Agencies is required after two cycles of awards from the Four-County STIP Funding Program.
- c. This MOU may be amended by a two-thirds (2/3) affirmative vote of the Authorized Representatives and reflected in a signed written amendment.

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- d. This is a consensus-based agreement. Any and all decisions must be unanimous among the Member Agencies. The Authority staff will act as a coordinator and facilitator to assist the Member Agencies in reaching a collective agreed-upon proposal to submit to SACOG. In the event the Member Agencies cannot reach a consensus decision, the parties will retain their discretion to make independent proposals for their own projects to SACOG.

5. Four-County STIP Funding Program Partnership.

- a. Member Agencies agree the allocation from Sacramento County's share of the Four-County STIP Funding Program for the rail and transit category shall be 22.5% and each Member Agency's application, should they choose to submit, shall be at least \$100,000.
- b. For the rail, transit, and TDM category allocation, the Authority and Member Agencies with rail and transit projects will form a rail and transit working group. The working group will meet and confer regarding how to use the category allocation for rail and transit projects while considering geographic balance, project competitiveness, and the ability to meet SACOG and State guidelines for funding eligibility.
- c. Member Agencies agree the allocation from Sacramento County's share of the Four-County STIP Funding Program for the roads and active transportation category shall be 77.5% and each Member Agency's application, should they choose to submit, shall be at least \$100,000.
- d. For the roads and active transportation category allocation, the Authority and Member Agencies with roads and active transportation projects will form a road and active transportation working group. The working group shall utilize the Geographic Suballocations to maintain geographic balance. Geographic Suballocations shall be spent within or for the benefit of the suballocation. The working group will meet and confer regarding how to use the Geographic Suballocations for road and active transportation projects while considering Member Agencies' needs and priorities, project competitiveness, and the ability to meet SACOG and State guidelines for funding eligibility.
- e. The Authority, Member Agencies, Working Groups and Authorized Representatives shall employ their best efforts to engage and consult in good faith in an effort to reach a consensus proposal for funding. Each Authorized Representative of a Member Agency shall have one vote. In the event that the Member Agencies, Working Groups, or Authorized Representatives are unable to reach agreement, the Member Agencies may make their own independent funding proposals for their own projects to SACOG.
- f. Member Agencies acknowledge that Non Member Agencies may apply for future cycles of the Four-County STIP Funding Program.
- g. Member Agencies acknowledge that SACOG updates funding estimates and program guidelines each cycle and may make changes over time such as changing the regional set-aside, changing scoring criteria or adding minimum scoring thresholds.

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- h. Unprogrammed allocations for each category and Geographic Suballocations shall carryover to subsequent cycles and shall be considered as a Carryover. Unprogrammed allocations may occur for many reasons including but not limited to banking multiple cycles of Geographic Suballocations or a project not meeting the minimum scoring threshold.
- i. No guarantees are assumed regarding future State actions of unprogrammed funds.

6. Authority Obligations for the Four-County STIP Funding Program.

- a. The Authority shall assign staff to coordinate communication, provide organizational structure, and moderate decision making on a collective approach for the Four-County STIP Funding Program among Member Agencies, working groups, and SACOG staff.
- b. Immediately following the SACOG Board's approval of the amount for each county in the Four-County STIP Funding Program, the Authority shall notify the Member Agencies of the total amount available for each allocation category and Geographical Suballocation after considering Carryover.
- c. The Authority shall be responsible for coordinating with Non Member Agencies, informing the Working Groups on their potential applications, and providing options to ensure a collectively beneficial approach.
- d. The Authority shall track the following for each intra-county competitive funding program:
 - i. Amount available for each allocation category
 - ii. Amount available for each Geographic Suballocation
 - iii. Grant applications submitted
 - iv. Funding Awards
 - v. Carryovers
 - vi. Funding consolidations
 - vii. Other administrative tasks as needed.
- e. The Authority staff shall be responsible for keeping its Governing Board informed.

7. Member Agencies' Obligations for the Four-County STIP Funding Program.

- a. Each Member Agency acknowledges that allocations for each category and Geographic Suballocation as determined in Section 5 and 6 are not automatically programmed by SACOG.
- b. Each Member Agency acknowledges allocations for each category and Geographic Suballocation will vary from one cycle to another, and this MOU makes no guarantees regarding future funding availability.
- c. Each Member Agency retains discretion to determine which projects to propose to the working groups within the amount available for each allocation and Geographic Suballocation consistent with the guidelines set forth in Section 5 and 6.

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- d. Each Member Agency commits to conducting pre-application consultations with SACOG staff to determine if proposed projects would achieve the minimum scoring threshold to be competitive and meet SACOG and State Guidelines for funding eligibility.
 - e. Each Member Agency commits to submitting applications to SACOG consistent with the partnership and obligations set forth in Section 5, 6, & 7
 - f. Each Member Agency shall notify the Authority of the following in a reasonably timely manner:
 - i. Grant applications submitted
 - ii. Funding Awards
 - iii. Funding consolidations
 - g. Each Member Agency shall be responsible for keeping its respective governing body informed.
8. Four-County STIP Regional Set-Aside Funding Program.
- a. The Authority and Member Agencies acknowledge that the SACOG Board will identify the total funding amount available for regional projects within Sacramento, Sutter, Yolo, and Yuba counties for each cycle of the Four-County STIP Regional Set-Aside Funding Program.
 - b. The Authority shall assign staff to coordinate communication, provide organizational structure, and moderate discussions on regional projects among Member Agencies, SACOG, and other eligible agencies wanting to partner.
9. Six-County Federal Funding Program Coordination.
- a. The Authority and Member Agencies acknowledge that SACOG will identify individual county funding targets for the Six-County Federal Funding Program funded by CMAQ and STBG.
 - b. The Authority shall assign staff to coordinate communication on countywide topics for the Six-County Federal Funding Program among Member Agencies and SACOG staff.
10. Reserved.
11. Reserved.
12. Integration and Modification. This MOU sets forth the parties' entire understanding regarding the matters set forth above and is intended to be their final, complete, and exclusive expression of those matters. It supersedes all prior or contemporaneous agreements,

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representations, and negotiations—written, oral, express, or implied—and may only be modified per section 4.c. of this MOU.

13. Indemnity and Hold Harmless. Each Member Agency shall defend, indemnify and hold harmless Authority, its Governing Board of Directors, officers, agents, employees and volunteers from and against all demands, claims, actions, liabilities, losses, damages, and costs, including reasonable attorneys' fees, arising out of or resulting from the performance of the MOU, caused in whole or in part by the negligent or intentional acts or omissions of the Member Agency's officers, directors, agents, employees, contractors, subcontractors or volunteers.

Authority shall defend, indemnify, and hold harmless each Member Agency, its governing board, officers, directors, agents, employees, subcontractors and volunteers from and against all demands, claims, actions, liabilities, losses, damages and costs, including reasonable attorneys' fees, arising out of or resulting from the performance of the MOU, caused in whole or in part by the negligent or intentional acts or omissions of Authority's Governing Board of Directors, officers, directors, agents, employees, contractors, subcontractors, or volunteers.

It is the intention of Authority and each Member Agency that the provisions of this paragraph be interpreted to impose on each party responsibility to the other for the acts and omissions of their respective Governing Board, officers, directors, agents, employees, contractors, subcontractors, and volunteers. It is also the intention of Authority and each Member Agency that, where comparative fault is determined to have been contributory, principles of comparative fault will be followed and each party shall bear the proportionate cost of any damage attributable to the fault of that party, its Governing Board, officers, directors, agents, employees, contractors, subcontractors, and volunteers, according to law.

Notwithstanding anything in the MOU to the contrary, the obligations of this paragraph will survive the termination of this MOU.

14. Counterparts To MOU. This MOU may be executed simultaneously or in any number of counterparts, each of which shall be deemed an original, equally admissible in evidence, but all of which together shall constitute one and the same MOU, notwithstanding that the signatures of each party or their respective representatives do not appear on the same page of this agreement. Facsimiles, pdfs, and photocopies of signature pages of the MOU have the same binding effect as originals.
15. Severability. If any provision or any part of any provision of this MOU is, for any reason, held to be invalid, unenforceable, or contrary to any public policy, law, statute, regulation or ordinance, the remainder of this MOU shall not be affected thereby and shall remain valid and fully enforceable.

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16. Termination.

- a. Notwithstanding section 4.c. of this MOU (requiring a minimum 2/3 affirmative vote to amend this MOU), this MOU may be terminated upon the affirmative vote of a majority of all the Authorized Representatives. A termination vote may be initiated by any Authorized Representative through a written request to all other Authorized Representatives, specifying the reason for termination. Upon receipt of such a request, the Authority shall convene a meeting with all Authorized Representatives within 60 days of the written request to terminate to conduct a formal vote. Each Authorized Representative shall have one vote, and the MOU shall be deemed terminated if the required threshold is met. Termination shall take effect 30 days after the vote, unless otherwise agreed by the Authorized Representatives.

- b. Upon termination, the Parties shall cooperate in good faith to wind down any ongoing activities and fulfill Carryover obligations agreed upon in prior funding cycles. The rights and obligations of any Party accrued prior to termination shall survive as necessary to ensure proper closure of joint commitments.

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The Authority and Member Agencies promise and agree to abide by the terms of this MOU as set forth above.

SACRAMENTO TRANSPORTATION AUTHORITY

By: _____ Date: _____
Kevin M. Bewsey, Executive Director

Reviewed and Approved as to Form

By: _____ Date: _____
William Burke, Legal Counsel

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AGENCY NAME

CITY OF FOLSOM, A Municipal Corporation:

Date

Bryan Whitemyer, City Manager

ATTEST:

FUNDING AVAILABLE:

Christa Freemantle, City Clerk Date

Stacey Tamagni, Finance Director Date

ORIGINAL APPROVED AS TO CONTENT:

ORIGINAL APPROVED AS TO FORM:

Mark Rackovan, Public Works Director Date

Steven Wang, City Attorney Date