



Folsom City Council Staff Report

MEETING DATE:	5/13/2025
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 11373 - A Resolution Authorizing the City Manager to Execute a Memorandum of Understanding with the Sacramento Transportation Authority Regarding Coordination of State Transportation Improvement Program Funding Applications and Communication
FROM:	Public Works Department

RECOMMENDATION / CITY COUNCIL ACTION

The Public Works Department recommends that the City Council pass and adopt Resolution No. 11373 - A Resolution Authorizing the City Manager to Execute a Memorandum of Understanding with the Sacramento Transportation Authority Regarding Coordination of State Transportation Improvement Program Funding Applications and Communication.

BACKGROUND / ISSUE

Beginning with SB 45 (Kopp) in 1997, regional and county transportation agencies, specifically Regional Transportation Planning Agencies (RTPAs) were given authority for programming county shares of State Transportation Improvement Program (STIP) funding through a California Transportation Commission (CTC) led process. In this process, each RTPA is tasked with preparing a Regional Transportation Improvement Program (RTIP) consistent with CTC's STIP Guidelines to allocate these funds based on a statutorily defined formula incorporating population (75%) and highway lane miles (25%) as the basis for "county shares."

Sacramento Area Council of Governments (SACOG) serves as the RTPA for Sacramento, Sutter, Yolo, and Yuba counties. SACOG submits its RTIP every two years, programming the county shares of STIP funds for these counties using a pooled competitive approach.

In February 2024, SACOG revamped its STIP funding approach to include both a competitive regional program and individual intra-county competitive programs with a separate call for projects from the federal funding programs. Then in February 2025, SACOG approved a funding estimate for the 2025 Four-County STIP Program, with 90% of each county's share allocated to individual intra-county competitive funding programs, as well as a call for projects. See Table 1, below.

Table 1 County Fund Estimate

County	County Share	Regional (10%)	Intra-County (90%)
Sacramento	\$31,562,377	\$3,156,237	\$28,406,140
Yuba	\$ 2,801,345	\$ 280,135	\$ 2,521,210
Yolo	\$ 5,965,048	\$ 596,505	\$ 5,368,543
Sutter	\$ 2,255,930	\$ 225,593	\$ 2,030,337
Total	\$42,584,700	\$4,258,470	\$38,326,230

At the end of 2024, Yolo County began considering a collectively beneficial approach to the upcoming 2025 Four-County STIP Program with approximately \$5.4 million available for the county. The approach would be to partner through an MOU utilizing formulas to allocate STIP funding across eligible agencies to develop and submit a competitive package of projects to SACOG. This approach would improve the certainty of the funding amounts at the agency level and SACOG has expressed a willingness to support this approach by evaluating projects for competitiveness through a pre-application process. This approach also complements the upcoming competitive federal funding programs which will allow each agency to obtain additional federal funding.

In January 2025, STA sent information about Yolo County's approach to several local agencies, including Folsom, for consideration. After some positive feedback, STA held a Professional Advisory Group (PAG) meeting in coordination with SACOG and local agencies on February 20 to introduce the approach to a larger group of agencies along with a concept of how it could work for Sacramento County reflecting 22.5% for transit and rail projects and the remaining 77.5% for roads and active transportation projects using a geographic suballocation approach for the County and Cities using the Measure A formula of 75% population and 25% lane miles. The PAG, including staff from Folsom Public Works Department, was supportive of bringing this concept forward to the STA Governing Board.

In March, the STA Governing Board received a presentation on the SACOG four-county STIP funding program and approved the proposed strategy for a collectively beneficial MOU approach that enhances funding predictability while maintaining regional competitiveness.

POLICY / RULE

For this MOU to be effective it must be signed by all the MOU member agencies prior to submitting final STIP applications on June 6.

ANALYSIS

By entering the MOU, Folsom joins a collective strategic approach among Sacramento County jurisdictions to:

- Reduce competition: Minimize the number of competing applications for the same funds, which can dilute the effectiveness of individual city proposals.
- Improve funding predictability: Member agencies can better anticipate their share of funds each cycle, allowing Folsom to plan capital projects more effectively.
- Prioritize local needs: Ensures that projects aligned with Folsom's priorities have a structured pathway for potential funding.

If the City of Folsom does not enter the MOU, we would forfeit the benefits of strategic coordination with other Sacramento County agencies, making our funding applications more competitive. Folsom would face greater competition, less funding predictability, and a higher administrative burden by having to apply independently without the organizational support of the Sacramento Transportation Authority.

While the City would still retain the right to submit individual project applications, it risks lower competitiveness, reduced funding success, missed opportunities for regional collaboration, and potential strain on relationships with partner agencies. Overall, opting out would increase uncertainty and effort while diminishing Folsom's influence in regional funding decisions.

Approval of this item advances the Highway 50 Class I Trail Undercrossing & Trail Improvements Project, which received Council authorization under Resolution No. 11369 on April 22, 2025, to pursue STIP funding, by supporting the necessary steps to secure funding and initiate project implementation.

FINANCIAL IMPACT

Entering the MOU has no direct financial cost for the City of Folsom, as there are no participation fees or required contributions; the Sacramento Transportation Authority provides administrative coordination at no charge. The primary financial impact is the modest staff time needed to participate in working groups and consensus meetings, which is typical for grant application efforts and could streamline Folsom's workload.

In return, Folsom gains improved access to a predictable share of approximately \$28.4 million in STIP funding, greater funding success through coordinated project prioritization, and

protection from financial liabilities through mutual indemnity provisions. Overall, joining the MOU offers substantial financial advantages and risk mitigation with minimal new costs.

If the City of Folsom enters the MOU and is awarded STIP funding, it must be prepared to meet the local match requirements tied to the funding awards. While the MOU itself does not impose any financial obligation, STIP-funded projects typically require a local match, which often ranges from 11.47% to 20%, depending on the funding program rules and project specifics. This means Folsom would need to contribute local funds—such as Measure A revenues, SB-1 gas tax, transportation impact fees, or general fund allocations—to fully leverage any awarded state or federal dollars. Being part of the MOU increases the likelihood of securing STIP funding, but the City must ensure that matching funds are budgeted and available to support project delivery once grants are awarded or risk losing the awarded funding if matching obligations cannot be fulfilled.

ENVIRONMENTAL REVIEW

Entering this MOU does not require environmental review under the California Environmental Quality Act (CEQA) or the National Environmental Policy Act (NEPA). The MOU itself is purely an administrative and procedural agreement. It does not approve, commit to, or authorize any specific project or physical changes to the environment.

ATTACHMENTS

1. Resolution No. 11373 - A Resolution Authorizing the City Manager to Execute a Memorandum of Understanding with the Sacramento Transportation Authority Regarding Coordination of State Transportation Improvement Program Funding Applications and Communication
2. Memorandum of Understanding Regarding Coordination of STIP Funding Applications and Communication on the Federal Funding Program

Submitted,

Mark Rackovan, PUBLIC WORKS DIRECTOR