STAFF REPORT
Board Meeting of September 20, 2023

AGENDA ITEM: 4-I

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SUBJECT:

SB 125 Transit Program

Enclosure: Yes

Action: Information and Discussion Only

SUMMARY:

SB 125 is providing $5.1 billion to fund transformative capital improvements that modernize California's intercity transit, commuter, ferry, and rail systems through a formula-based Transit and Intercity Rail Capital Program (TIRCP) and a new Zero Emission Transit Capital Program (ZETCP).

In addition, SB 125 establishes a Transit Transformation Task Force led by the California State Transportation Agency (CalSTA) to develop policy recommendations to grow transit ridership, improve the transit experience, and address long-term operational needs. CalSTA will publish a report of recommendations by October 2025. The report will include details of current services provided, recommendations to improve mobility and increase ridership, and Transportation Development Act reform.

A) TIRCP – provides $4 billion over the next two fiscal years to fund high priority transit capital projects. All capital projects must both increase ridership and reduce greenhouse gas emissions, which are the same requirements for traditional TIRCP projects. The types of eligible projects include rail capital projects, integrated ticketing and scheduling systems, bus rapid transit, vanpool, micro transit services, and large-scale deployment of zero emission vehicles and the technologies to support them. Funding for the TIRCP is from the State's General Fund.
B) ZETCP – provides $1.1 billion over the next four fiscal years. Authorized uses for the money include zero-emission vehicles and refueling infrastructure. It can also be used for transit operation expenditures that prevent service reduction or elimination in order to maintain or increase transit ridership. Funding for the ZETCP is derived from

the Greenhouse Gas Reduction Fund (GGRF) and the Public Transportation Account (PTA).

Goals

The main objectives of the funding are to:

1. provide one-time multiyear bridge funding for transit operators to address operational costs until long-term transit sustainability solutions are identified.
2. assist transit operators in preventing service cuts and increasing ridership.
3. prioritize the availability of transit for riders who are transit dependent.
4. prioritize transit agencies representing a significant percentage of the region's ridership.

These funds are also intended to provide a direct benefit to disadvantaged communities or priority populations, which include low-income communities and low-income households. As a whole, these funding programs are expected to increase transit ridership, reduce vehicle miles traveled, congestion and greenhouse gas, and help deliver a healthier and safer transportation system in the Madera County region and throughout the State.

Funding Distribution

The first year of funding for TIRCP and the ZETCP is already available for distribution once the required materials are submitted. TIRCP funding will be allocated in both FY 2023-2024 and FY 2024-22025 to Regional Transportation Planning Agencies (RTPAs) such as the Madera County Transportation Commission (MCTC), according to a population-based formula after each recipient first receives $300,000 of base funding.

The ZETCP funding will be allocated to RTPAs using a population-based formula and an additional formula based on transit operator revenues within the jurisdiction of the RTPAs. It is similar to the approach used to calculate the State Transit Assistance (STA) distribution.

The funding will be directly transferred to an RTPA after the allocation package has been approved. The funding will only be distributed to RTPA's since they are the only eligible recipients. Once the RTPA has received the funds there is no deadline for the expenditure of the funds. Because MCTC is the designated RTPA for the Madera County region, MCTC will be the recipient of the funds.

Funding for the Madera County Region

MCTC has the potential to receive $18,811,248 over the next four fiscal years. Five percent (5%) of the total ZETCP funding or $5 million, whichever is lower, may be programmed by MCTC for administration and for planning expenses related to the long-term financial plan that the RTPA's are tasked with developing for their jurisdictions. Staff estimates this amount to be approximately $114,135 over the four-year period.

Draft Eligible Projects

The final list of eligible projects will be included in the Final 2023 SB 125 Guidelines that are planned to be released by September 30, 2023.

The current Draft Guidelines include the following eligible project types:

TIRCP Projects

In order to be eligible for TIRCP capital project funding under this program, a capital project must demonstrate that it will achieve a reduction in greenhouse gas emissions using the CARB quantification methodology. It must also demonstrate an increase in ridership.

As codified in Section 75221(a) of the PRC, projects eligible for funding under the program include, but are not limited to, the following:

1. Rail capital projects, including intercity rail, commuter rail, light rail, and other fixed guideway projects. Additionally, the acquisition of rail cars and locomotives, and the facilities to support them, that expand, enhance, and/or improve existing rail systems and connectivity to existing and future transit systems, including the high-speed rail system.
2. Intercity, commuter, and urban rail projects that increase service levels, improve reliability, or decrease travel times, infrastructure access payments to host railroads in lieu of capital investments, efforts to improve existing rail service effectiveness with a focus on improved operating agreements, schedules, and minor capital investments that are expected to generate increased ridership, as well as larger scale projects designed to achieve significantly larger benefits.
3. Rail, bus, and ferry integration implementation, including:
    a. integrated ticketing and scheduling systems and related software/hardware capital investments (including, but not limited to, integration with bus or ferry operators and the use of contactless payment and General Transit Feed Specification (GTFS) implementation through Cal-ITP)
    b. projects enabling or enhancing shared-use corridors (both multi-operator passenger only corridors as well as passenger-freight corridors)
    c. related planning efforts focused on, but not limited to, delivery of integrated service not requiring major capital investment
    d. other multimodal and service integration initiatives
4. Bus rapid transit and other bus and ferry transit investments (including autonomous fixed guideway, vanpool, and micro transit services operated as public transit and first-/last-mile solutions), and to increase ridership and reduce greenhouse gas emissions. This includes large scale deployment of zero emission vehicles and the technologies to support them, and capital investments as a component implementing transit effectiveness studies that will contribute to restructured and enhanced service.

5. Grade separations and grade crossing improvements on passenger rail corridors or related to transit projects are eligible, as they are under the discretionary TIRCP. In addition to providing safety benefits, these projects often provide certain roadway based (and sometimes rail related) greenhouse gas emission reductions and a small increase in ridership (tied to reductions in train delays and cancellations tied to incidents at the crossing, and sometimes speed increases that occur after crossings are improved or eliminated). In some cases, ridership increases from such projects are more significant if they are necessary to increase train frequency.
6. Projects related to mitigating the impacts on freight rail services that are caused by growth in passenger rail may also be eligible for TIRCP funding even if they are not directly on the passenger rail corridor.
7. Projects that link housing with key destinations and that improve accessibility to economic opportunities are also eligible for TIRCP funding.
8. Demonstration projects that are smaller-scale efforts with great potential to be expanded are eligible for funding.
9. Projects may include new approaches to attracting increased ridership such as smart phone mobile ticketing, contactless payment, or other software and hardware solutions to reduce ticketing transaction costs, or a test of a concept related to integrated ticketing, as well as intercity rail/transit effectiveness or operational planning as a component of the capital investments in improved, expanded and/or restructured service designed to cost-effectively increase ridership. Research, development, and testing of emerging technologies are eligible components.
10. Many TIRCP applicants have met the requirements for reducing greenhouse gas emissions and increasing ridership through combining related capital investments that may individually address only one or the other benefit. Many TIRCP applicants have also augmented their chosen capital projects with key network integration planning studies that consider how to enhance the benefits of their projects (in connecting to other transit and rail systems) or planning efforts that consider a later phase of capital investment and the benefits it will bring to the current proposed project when constructed at a later date.

Agencies may apply to TIRCP Cycle 7 or later for projects that use SB 125 resources for new projects, either to complete project funding or to expand project scope; SB 125 funding will be counted as matching funds in future TIRCP discretionary grant applications. Additional guidance will be provided in the TIRCP Cycle 7 guidelines.

Additionally, RTPAs may suballocate funds to agencies in their jurisdiction so agencies may use this funding to support projects that have previously received a TIRCP award and require an additional infusion of resources to deliver the original scope. RTPAs may assume that any funding from these SB 125 resources will help obtain or maintain funds from Federal, State, and local sources already committed to the projects, and document this benefit for their own projects, and require such documentation of benefits from project sponsors for other projects, in their Allocation Package submissions. Agencies shall state which project is seeking

additional funds, identifying Cycle 1 through 6 projects, and whether the funding is needed for the full project scope or for a subcomponent.

RTPAs may suballocate funds to agencies in their jurisdiction so agencies may also use this funding for project development activities, similar to the "Major Projects Project Development Reserve" that was established in the Cycle 6 guidelines, including use of additional funding for projects that received funding for such projects in the Cycle 6 awards. While projects and programs of projects do not need to be ready for construction, agencies should identify how their project or program of projects will be eligible to apply for TIRCP construction funding in the future. As in Cycle 6, such projects must either be pursuing Capital Investment Grant funding through the Federal Transit Administration (FTA) or be part of the pursuit of Federal Railroad Administration funding through the Corridor Identification Program. Agencies may apply to TIRCP Cycle 7 or later for projects that use SB 125 resources for project development; SB 125 funding will be counted as matching funds in future TIRCP discretionary grant applications.

RTPAs that are themselves the capital project sponsor may also utilize funds for their own projects.

RTPAs are also authorized to use TIRCP funds, subject to compliance with requirements described in Section 6 of the guidelines, to fund transit operating expenses within its jurisdiction that prevent service cuts and increase ridership. RTPAs that are themselves the operator of transit services may also utilize funds for their own operations. Service planning necessary to experiment with, demonstrate or implement significant service modifications may be funded as an operating expenditure at either the RTPA or transit operator level.

ZETCP Projects

Pursuant to SB 125, zero-emission transit equipment, transit facility and network improvement projects such as those that support replacing aging vehicle fleets with Zero-Emission Vehicles (ZEVs), and associated fueling or charging infrastructure or facility modifications, are eligible projects for the Zero-Emission Transit Capital Program (ZETCP). ZEVs include heavy- and light-rail vehicles, buses, and other ZEVs used for transit service.

GGRF funds used on these projects (53.7% of the first year and 100% of years 2-4) will require submission of CARB quantification tools similar to those required for the TIRCP and LCTOP programs, as expending GGRF funds requires benefits reporting. They also require compliance with the CARB Funding Guidelines applicable to all GGRF funding, including semi-annual benefits reporting and identification of benefits to priority populations.

ZETCP funding may also be used for transit operations expenditures that prevent service reduction or elimination in order to maintain or increase transit ridership, in accordance with the provisions described in Section 6 of the guidelines. Planning efforts necessary to implement one or more of the Innovative Clean Transit Plan efforts within the region may be programmed as an operating expense out of the PTA portion of funds disbursed to each RTPA

but must be requested in an Allocation Package submission covering the FY 23-24 funding year.

As stated previously, a maximum of 5% of total multi-year ZETCP funding, or $5 million, whichever is lower, may be programmed by the RTPA for RTPA administration of SB 125 funding across both the TIRCP and ZETCP, and for planning expenses related to developing the long-term financial plan. As the RTPAs are tasked with developing the regional long-term financial plan for their jurisdictions, there is no requirement to program and suballocate funds to transit operators for this purpose, although they may do so at their discretion. The RTPAs can procure professional services or use their own staff to gather the reports, data, and relevant information needed to develop the regional long-term financial plan required by SB 125. This request must be made in the Allocation Package submissions covering FY 23-24 funding from the ZETCP as an operating project associated with the RTPA, as all funding will be drawn from the Public Transportation Account resources only available in that year. Small RTPAs are encouraged to combine planning efforts if feasible.

Funding

An estimate of the amount of funding that MCTC is eligible to receive is shown in the following table:

A	B	C	D	E	F
RTPA	YEAR 1 TIRCP	YEAR 2 TIRCP	YEAR 1 ZETCP (53.66% GGRF, 46.34% PTA)	YEARS 2-4 ZETCP (PER YEAR, 100% GGRF)	GRAND TOTAL (B+C+D+(E*3))
MCTC	$8,254,231	$8,274,315	$850,825	$477,292	$18,811,248

Schedule

- September 1, 2023 – Release SB 125 Formal Draft Guidelines
- September 14, 2023 – Closing date for comments on Draft Guidelines
- September 30, 2023 – CalSTA Publishes 2023 SB 125 Guidelines Final Guidelines
- October 16 – December 8, 2023 - focused virtual meetings with CalSTA to discuss program requirements (technical assistance)
- December 31, 2023 – Initial Allocation Package submittal is due to CalSTA by MCTC
- December 31, 2023 – Regionally Compiled Transit Operator Data Due
- April 30, 2024 – Requested funding will be allocated no later than this date

MCTC is encouraged to describe the full four-year plan for the use of the funds if it is known what the projects will be, but it is not required to fully apply for all available funding at the time of Initial Allocation Package submission by December 31, 2023. Unrequested funds may be requested in a future Updated Allocation Package. Also, if after the Initial Allocation

Package has been approved, but projects have changed or need to be reprioritized, an updated allocation package can be submitted for approval.

MCTC plans to conduct in-depth planning discussions with the local jurisdictions and the transit agencies in October 2023 to review the requirements of these funding programs and identify projects that are eligible for inclusion in the allocation package submittal.

FISCAL IMPACT:

No fiscal impact to the approved 2023-24 Overall Work Program and Budget currently. Administrative funds may be included in a future amendment.