



# TRANSPORTATION DEVELOPMENT ACT GUIDELINES

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# TRANSPORTATION DEVELOPMENT ACT: AN OVERVIEW

## **INTRODUCTION**

The Transportation Development Act of 1971 (TDA)\*, also known as Senate Bill 325, is administered by the California Department of Transportation (Caltrans) through the county's designated Regional Transportation Planning Agency (RTPA). The El Dorado County Transportation Commission (EDCTC) is the RTPA for the West Slope of El Dorado County. The TDA provides three sources for funding of public transportation in California. The county **Local Transportation Fund (LTF)** was established in 1972 and the **State Transit Assistance (STA)** fund was implemented in 1980. The **State of Good Repair (SGR)** was implemented in 2017 by Senate Bill 1, the Road Repair and Accountability Act of 2017. The intent of the legislation is to provide a stable source of funding to meet the area's transit needs.

## **1.1 LOCAL TRANSPORTATION FUND**

### ***Origin of LTF***

The LTF was created for the transportation purposes specified in the TDA. Revenues to the LTF are derived from ¼ cent of the general sales tax collected statewide. The ¼ cent is returned by the California Department of Tax and Fee Administration to each county in accordance with the amount of sales tax collected in that county.

### ***Distribution of LTF***

In El Dorado County, the initial LTF apportionment is split between the Tahoe Regional Planning Agency and EDCTC, proportional to the population in each jurisdiction. An allocation is made to the County Auditor for fund accounting services. At the discretion of the Commission, up to 2% of the LTF is allocated for bicycle and pedestrian facilities. Eligible claimants for the bicycle and pedestrian allocation are the City of Placerville and El Dorado County.

Based on TDA statute, LTF funds are apportioned in the following order:

1. Auditor-TDA Administration
2. EDCTC-TDA Administration
3. EDCTC-Planning & Programming (up to 3%)
4. Bicycle and Pedestrian Facilities
5. SACOG Contribution per the 2024 MOU
6. El Dorado County Transit Authority Operations
7. County and City distributed by population (if Article 8 Funds Remaining)

Funding from the LTF can be described as a three-step process: (1) apportionment, (2) allocation, and (3) payment. Apportionment is the required division of available funds by population to jurisdictions within the County. Once funds are apportioned to a given jurisdiction, they are available only for allocation to claimants for that jurisdiction. Allocation is the discretionary action of the Commission designating funds for a specific claimant for a specific purpose. It is the responsibility of EDCTC to ensure that the claims and claimants are in conformance with the requirements of the TDA. Payments from the LTF are made by the County Auditor, in accordance with the written allocation instructions issued by EDCTC in compliance with the TDA.

\* For the specifics of the TDA, reference should be made to Transportation Development Act Statutes and California Code of Regulations. Section numbers refer to the Public Utilities Code (Division 10, Part 11, Chapter 4, Articles 1-8) and the California Code of Regulations (Title 21, Chapter 3, Articles 1-7) which are found in the above document.

### ***LTF Apportionment***

By February 1 of each year, the County Auditor provides a preliminary estimate of the LTF for the upcoming fiscal year. This estimate is based on actual funds received in previous years and current economic conditions.

Based on this fund estimate, EDCTC estimates the allocations to jurisdictions based on current population figures provided by the California Department of Finance. This estimate of each jurisdiction's apportionment is forwarded to the administration staff of each jurisdiction.

The Finding of Apportionment for the upcoming fiscal year is adopted by the Commission prior to the beginning of that fiscal year. The Finding of Apportionment is amended again in March or April of the apportionment year to account for the El Dorado County Transit Authority's (EDCTA) unearned balance from the previous fiscal year based on the annual fiscal audit, which is completed in December.

## **2.1 STATE TRANSIT ASSISTANCE**

### ***Background***

The State Transit Assistance (STA) program was created under Chapter 161 of the Statutes of 1979 (SB 620). This program provides a second source of TDA funding for public transportation services, including community transit services.

Unlike LTF, STA funds may not be allocated for fund administration, streets and roads, or bicycle and pedestrian facilities.

### ***Origin of STA Funds***

STA funds are derived from the statewide sales tax on diesel fuel. The state legislature approves the amount of these funds allocated to the STA program as part of the annual state budget process.

### ***Distribution of STA Funds***

These funds are allocated by formula to regional transportation planning agencies by the State Controller's Office. The formula allocates 50% of the funds on the basis of the proportion of state population residing in that region, and the remaining 50% is allocated according to the prior-year proportion of regional transit operator revenues compared with statewide transit operator revenues.

### ***STA Allocation***

On January 31, the State Controller's Office posts the allocation estimates on their website based on the recommended STA funding levels and the distribution formula described above. The state legislature annually approves the allocation of funds to the STA program as part of the budgetary process. The legislature has the discretion to eliminate, redistribute, or reduce the funding levels recommended by the State Controller. The Finding of Apportionment is approved by the Commission prior to the start of the next fiscal year and is amended again in October, after the close of the fiscal year, to account for the actual STA balance received in the previous year.

### ***STA for Transit Operations***

Legislation passed in 1990 requires that all transit operators using STA funds for operating purposes must annually meet one of the following efficiency standards: (1) in the past year, total operating cost per revenue vehicle hour has not increased more than the rate of increase in the Consumer Price Index (CPI); or, (2) total operating cost per revenue vehicle hour has not increased more than the rate of increase in the CPI over the past three years. In addition, all STA claimants must meet the farebox recovery ratio requirement.

## **3.1 STATE OF GOOD REPAIR**

### ***Background***

Senate Bill (SB) 1, the Road Repair and Accountability Act of 2017, was signed into law on April 28, 2017. SB 1 includes a program that will provide additional revenues for transit infrastructure repair and service improvements. This investment in public transit will be referred to as the State of Good Repair (SGR) program. This program provides funding for eligible transit maintenance, rehabilitation, and capital projects.

SB 1 emphasizes the importance of accountability and transparency in the delivery of California's transportation programs. Therefore, in order to be eligible for SGR funding, potential agencies must comply with various reporting requirements. The SGR Guidelines describes the general policies and procedures in carrying out the reporting requirements and other statutory objectives of the Road Repair and Accountability Act of 2017.

### ***Program Roles and Responsibilities***

#### **El Dorado County Transportation Commission (EDCTC)**

- Provide Caltrans a resolution adopted by the Commission that includes the annual list of projects proposed to be funded with SGR apportionment made available to the region per PUC 99313. This list should include all proposed sub-allocations.
- Receive and allocate SGR funds to projects in their region based on their local needs (PUC 99313).
- Receive and sub-allocate SGR funds to the transit operators under their jurisdiction based on the amounts published by the State Controller's Office (PUC 99314).
- Ensure funds are expended on SGR eligible activities as defined by the program guidelines.
- Comply with all applicable federal and state laws, regulations, and funding policies.

#### **El Dorado County Transit Authority**

- Provide EDCTC the proposed annual list of projects to be funded with SGR apportionment made available to the operator per PUC 99314 and/or on a regional basis per PUC 99313.
- Ensure funds are expended on SGR eligible activities.
- Submit to Caltrans all pertinent information on projects and expenditures each fiscal year.
- Comply with all relevant federal and State laws, regulations, guidelines, and funding policies.

As the County Transportation Commission, EDCTC is the eligible recipient responsible for sub-allocations to EDCTA. EDCTA will submit the annual project list to Caltrans prior to September 1 and provide project status and expenditure reporting through CalSMART by January 31 each year.

After receiving the list of eligible recipients with approved projects from Caltrans, the State Controller's Office will apply the allocation formula pursuant to PUC sections 99313 and 99314, including only those eligible recipients. The SCO will issue payments to the eligible recipient's County Treasurer's Office on a quarterly basis. Each regional agency is expected to sub-allocate the funding pursuant to PUC 99314 to the applicable transit operator according to the amounts provided by the Controller.

Upon the receipt of funds, eligible recipients should deposit their SGR funds into a bank account dedicated only to SGR funds for transparency of fund receipt. Agencies will be required to report the amount of accrued interest on allocated SGR funds. Any interest earned can only be used on approved SGR projects.

## **4.1 UNMET TRANSIT NEEDS PROCESS**

### ***Background***

The Unmet Transit Needs process must be completed on an annual basis before EDCTC, as the administrator of the TDA funds, can approve a claim for the funding of streets and roads projects under Article 8 of the Public Utilities Code. The past several years, EDCTA has claimed all available Article 4 funds, leaving no Article 8 funds available. A Citizen's Participation Public Hearing for Transit has been held each year in lieu of the Unmet Transit Needs process because El Dorado Transit has claimed all of the available funding each year.

The Unmet Transit Needs process requires EDCTC to perform specific tasks, which include:

1. EDCTC must establish and consult with the Social Services Transportation Advisory Council.
2. EDCTC must perform an annual assessment of transportation needs within El Dorado County, including an assessment of the size and location of potentially transit dependent groups, analysis

of the adequacy of existing transportation systems in providing service for those groups, and analysis of the potential for transit service to provide service that would meet the demand of those groups.

3. EDCTC must adopt a definition of "unmet transit need" and "reasonable to meet."
4. EDCTC must hold an annual Unmet Transit Needs hearing to solicit comments on unmet transit needs that may exist.
5. EDCTC must consider all the available information obtained in the above actions, and adopt an Unmet Transit Needs finding. This finding shall be one of the following:
  - There are no unmet transit needs
  - There are no unmet transit needs that are reasonable to meet.
  - There are unmet transit needs, including needs that are reasonable to meet.

### ***Significance of Unmet Transit Needs Process***

Unless the Unmet Transit Needs process is completed, EDCTC cannot approve an LTF claim by any jurisdiction for streets and roads funding. Further, if the Commission adopts a finding that there are unmet transit needs including those which are reasonable to meet, then the unmet need must be funded. The funding to meet the unmet transit need must be reflected in the claimant's transit budget in order for any claim for streets and roads funding to be approved.

### ***Unmet Transit Need***

An unmet transit need is an expressed or identified need, which is not currently being met through the existing system of public transportation services. Unmet transit needs are also those needs required to comply with the requirements of the Americans with Disabilities Act.

### ***Reasonable To Meet***

Unmet transit needs may be found to be "reasonable to meet" if all of the following conditions prevail:

1. Service, which if implemented or funded, would result in the responsible service meeting the farebox recovery requirement specified in California Code of Regulations Sections 6633.2 and 6633.5, and Public Utilities Code 99268.2, 99268.3, 99268.4, and 99268.5.
2. Notwithstanding Criterion 1) above, an exemption to the required farebox recovery requirement is available to the claimant for extension of public transportation services, as defined by California Code of Regulations Section 6633.8, and Public Utilities Code 99268.8.
3. Service, which if implemented or funded, would not cause the responsible operator to incur expenditures in excess of the maximum amount of LTF, ST A Funds, Federal Transit Administration funds, fare revenues and local support, as defined by Sections 6611.2 and 6611.3 of the California Code of Regulations.
4. Community support exists for the public subsidy of transit services designed to address the unmet transit need, including but not limited to, support from community groups, community leaders, and community meetings reflecting a commitment to public transit.
5. The need should be in conformance with the goals included in the Regional Transportation Plan.
6. The need is consistent with the intent of the goals of the adopted Short and Long Range Transit Plan for the applicable jurisdiction.

## **5.1 SOCIAL SERVICES TRANSPORTATION ADVISORY COUNCIL**

### ***Function of SSTAC***

The primary purpose of the Social Services Transportation Advisory Council (SSTAC) is to participate in the Unmet Transit Needs process and advise the Commission on Unmet Transit Needs findings. The Commission is required to consult with and consider the recommendation of the SSTAC before making an annual Unmet Transit Needs finding. The SSTAC may also be asked to advise the Commission on other major transit issues, especially regarding paratransit services.

### ***Membership of SSTAC***

EDCTC established the SSTAC in accordance with Section 99238 of the Public Utilities Code.

As required by law, the SSTAC membership must include:

- One representative of potential transit users who is age 60 years or older;
- One representative of potential transit users who is disabled;
- Two representatives of local social service providers for seniors, including one representative of a social service transportation provider, if one exists;
- Two representatives of local social service providers for individuals with disabilities, including one representative of a social service transportation provider, if one exists;
- One representative of a local social service provider for people of limited means;
- Two representatives from the local consolidated transportation service agency, including one representative from the operator, if one exists; and
- Any additional members at the discretion of the transportation planning agency.

## **6.1 CLAIM INSTRUCTIONS**

### **LOCAL TRANSPORTATION FUND CLAIMS**

#### ***Allowable Uses of LTF Funds***

The Public Utilities Code specifically outlines a hierarchy of purposes for which LTF funds may be used. For jurisdictions, the hierarchy is as follows:

1. Article 4 - Public Transportation [PUC Section 99260(a)-(c)] Expenditures allowable under this section as being for "all purposes necessary and convenient to the development and operation of the system." Specifically, such expenditures may include:
  - The support of public transportation systems [PUC Section 99260(a)]
  - Aid to public transportation research and demonstration projects [PUC Section 99260(b)]
  - Contributions for the construction of grade separation projects specified in PUC Section 99138.3 [PUC Section 99260(c)]

Payment for these purposes may take the form of direct expenditures or payment of principal and interest on bonds or other outstanding indebtedness incurred for these purposes.

The El Dorado County Transit Authority is an eligible claimant of funds provided through Article 4, Section 99260(a).

2. Article 8 - Other Claims for Funds [PUC Section 99400(a)-(e)] Eligible claimants are the City of Placerville, the County of El Dorado and the El Dorado County Transit Authority.

Expenditures under this section are for transportation purposes other than those allowable under Article 4 or 4.5. Examples of allowable expenditures include:

- Local streets and roads projects [PUC Section 99400(a)]
- Bicycle and pedestrian projects [PUC Section 99400(a)]
- Passenger rail service operations and capital improvements [PUC Section 99400(b)]
- Payment to any entity under contract with a city or county for public transportation services [PUC Section 99400(c)]
- Administrative and planning costs [PUC Section 99400(d)]
- Capital expenditures [PUC Section 99400(e)]

#### ***Funding Priorities***

Funding of transit services is the primary purpose of the LTF. As stated in PUC Section 99233, funding for Article 4.5 purposes takes precedent over funding for Article 4 purposes, and Articles 4 and 4.5 purposes take precedent over funding for Article 8 purposes.

**Eligible LTF Claimants**

The eligible claimants are currently:

- El Dorado County Transit Authority
  - Article 4 and Article 8
- City of Placerville
  - Article 3 and Article 8
- El Dorado County
  - Article 3 and Article 8

**STATE TRANSIT ASSISTANCE CLAIMS****Eligible Uses of STA Funds**

State Transit Assistance funds must be used for transit. The California Code of Regulations (CCR), which includes the rules and requirements of this program, outlines the types of transit expenditures applicable to the jurisdictions of El Dorado County that are allowable. These include:

1. Transit Operations [CCR Section 6730(a)] EDCTA is the only eligible claimant for funding under this section.
2. Transit Capital [CCR Section 6730(b)] EDCTA capital replacement programs are currently eligible for funding under this section.

Other allowable purposes, such as rail subsidies, are not applicable to current programs.

**Funding Priorities**

There are no prescribed priorities for STA funds. Transit operations and capital replacement are equally eligible for funding.

**Eligible Claimants of STA Funds**

Per the Joint Powers Agreement between the County of El Dorado and the City of Placerville, EDCTA is the only transit operator for the west slope of El Dorado County. Currently El Dorado County Transit Authority is the only eligible claimant of STA funds.

**7.1 REGULATIONS FOR SUBMITTAL OF LTF AND STA CLAIMS****Claim Procedure**

In order to receive the annual allocation of LTF and STA funds, jurisdictions must submit a claim. The key parts of the claim are the amount of funding requested and the purpose for which the funds will be used. EDCTC requires this information in order to ensure that jurisdictions are in compliance with the requirements of the TDA.

Commission meetings are typically held on the first Thursday of every month. In order to make the agenda deadline, claims should be submitted three weeks prior to the Commission meeting. Monthly meeting dates are subject to change.

Appendix A includes the forms which must be completed and submitted to obtain TDA LTF, STA, and SGR funds. A claim for SGR funds is submitted once the actual SGR amount is received for the prior fiscal year.

A claim package includes the following completed forms:

- TDA Claim for LTF and STA Funds
  - STA Qualifying Criteria Worksheet
  - STA Efficiency Standard 1 and 2 Calculation (*Excel file*)
  - Annual Project and Expenditure Plan
  - CHP Inspection Reports (within the last 13 months)
  - Current and next fiscal year budgets

- Final Capital Improvement Plan Budget showing STA projects
- Resolution from the claimant's governing board approving the claim and submittal to EDCTC
- If claiming Article 8c funds, a copy of signed contract with the entity providing contracted transit service
- TDA Claim for State of Good Repair Program Funds
  - Resolution from the claimant's governing board approving the claim and submittal to EDCTC

### ***Amendment of Claims***

A claimant may submit a claim for LTF or STA funds at any time during the year. Typically, the initial claim is approved by the Commission at its May meeting, ahead of the new fiscal year. Later in the fiscal year a second claim is submitted and approved to account for unearned revenues. If a claimant needs to amend a previously submitted claim, they must resubmit the same materials required for the original claim along with a clear explanation of the specific amendments being requested.

### ***Payment of Claims***

TDA claims submitted to EDCTC are reviewed by EDCTC staff to ensure that all required information is complete and accurate. Once verified, the claim is placed on the next available Commission agenda for consideration and approval.

Upon formal approval by the Commission, EDCTC staff prepares allocation instructions and submits them to the County Auditor's Office. These instructions direct the County Auditor to issue payment to the appropriate claimant for the approved purposes.

- Local Transportation Fund (LTF): Payments are made by the County Auditor to claimants as the sales tax revenues are received from the California Department of Tax and Fee Administration.
- State Transit Assistance (STA): Payments are made quarterly to EDCTA as funds are received from the State Controller's Office.

### ***Carryover of LTF***

The annual fiscal audit for EDCTA includes a calculation of unearned revenue from the prior year. This unearned amount is added to the current year's apportionment, and EDCTA submits a revised claim to reflect the unearned revenue that will be used in the current fiscal year. Since these funds were already paid in the prior fiscal year, the unearned revenue will be identified in the allocation instructions and will not be paid again to EDCTA.

### ***Separate Accounting for Operating and Capital Revenue***

TDA funds received should be tracked separately by the purpose for which they are claimed. Any payments made to the jurisdiction for transit operations must be kept separate from payments made for transit capital. Similarly, money received for streets and roads projects or bicycle and pedestrian projects should be tracked separately. The primary reason relates to the deferred revenue calculation. This procedure can be ensured by properly completing the Annual Project and Financial Plan with each LTF and STA claim. This will show the fiscal auditors the source and amount programmed to each project for which TDA funds are allocated.

### ***LTF Claims for Transit Capital Projects***

When an LTF claim is submitted for capital reserves or capital expenses, EDCTC will specify that these funds be reserved in the LTF for future payment to the claimant for the specific capital project for which the funds were claimed. When the claimant is ready to spend any amount of reserved capital funds within the current fiscal year, payment will be made to the claimant when EDCTC receives written request (letter or email) from the claimant for use of the funds subsequent to Commission approval.

***Unallocated Apportionments***

EDCTC may allocate less than the total amount apportioned to a jurisdiction. A jurisdiction may end up with an unallocated apportionment under the following scenarios:

- The claimant has not met the required farebox recovery ratio for two consecutive years.
- The claimant did not spend its total LTF or STA fund payments from the previous year and has accumulated a local fund balance.
- The jurisdictions did not file a claim, or the claim did not meet all requirements.
- The jurisdiction did not claim its entire apportionment.
- EDCTC must hold the unallocated apportionment in the LTF for future allocation to that jurisdiction. It cannot be reapportioned to another jurisdiction.

