

REVISED BUSINESS ITEM**STAFF REPORT**

DATE: MARCH 7, 2024
TO: EL DORADO COUNTY TRANSPORTATION COMMISSION
FROM: WOODROW DELORIA, EXECUTIVE DIRECTOR
SUBJECT: ESTABLISH TRANSPORTATION DEVELOPMENT ACT LOCAL TRANSPORTATION FUND DISTRIBUTION POLICY

REQUESTED ACTION

By motion, approve the El Dorado County Transportation Commission (EDCTC) distribution policy for the Transportation Development Act (TDA) Local Transportation Fund (LTF) for EDCTC and the El Dorado County Transit Authority (EDCTA) as outlined in Draft Resolution 23/24.13.

BACKGROUND

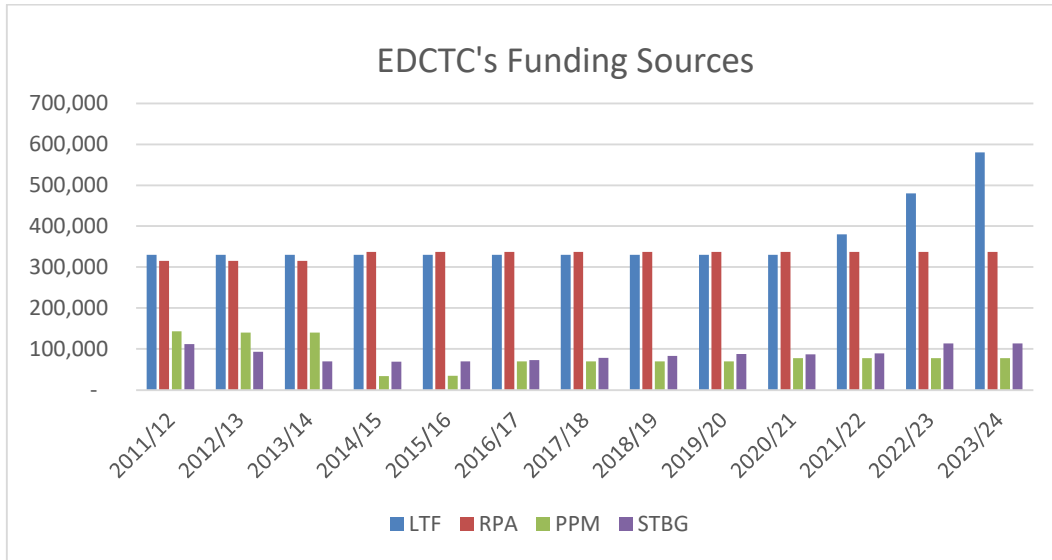
The Transportation Development Act of 1971 establishes two funding sources available to local transportation agencies and regional transportation planning agencies (RTPAs), the Local Transportation Fund (LTF) generated from a one-quarter cent sales tax, and the State Transit Assistance (STA) funding generated from the sales tax on diesel fuel. STA funding only supports public transit and cannot be used to support administration or other related transportation projects. Similarly, LTF supports public transit and can only be used for non-transit transportation needs when funding availability exceeds the transit needs identified by each jurisdiction through an unmet transit needs process. However, LTF can be, and has been, used to support administration of the RTPAs across the state, who plan, program, and administer transportation funding for their respective jurisdictions, as EDCTC does for the West Slope of El Dorado County. The total LTF apportionment to the West Slope of El Dorado County has increased significantly over recent years, going from an annual average of \$4.6 million from 2012/13 to 2020/21, to an annual average of \$7.1 million from 2021/22 through 2023/24.

Historically, EDCTC and EDCTA have relied on informal agreements between each agency's executive director outlining how to administer and distribute the LTF to EDCTC and EDCTA. Per the Memorandum of Understanding (MOU) with SACOG, EDCTC allocates two percent of the total LTF allocation annually, less EDCTC's administrative, planning, programming, and bicycle and pedestrian TDA allocations. Currently, EDCTC is renegotiating the MOU with SACOG and will present a revised LTF allocation commitment to SACOG with a new MOU pending approval of the EDCTC and SACOG elected boards.

DISCUSSION

EDCTC relies on limited funding to maintain and implement the Overall Work Program each year. The primary funding that EDCTC receives includes LTF, Rural Planning Assistance (RPA), Surface Transportation Block Grant (STBG) Exchange, and Planning, Programming, and Monitoring (PPM). Many of the funding sources available to EDCTC are tied to the gas excise tax, which has declined significantly in recent years. Additionally, many of the funding sources that EDCTC relies upon to maintain planning, programming, and administrative functions have not been tied to escalation factors such as inflation or the cost of doing business.

Since 2011/12 EDCTC's funding sources have remained the same or decreased with the exception of LTF but operational costs and the grant match funding needs have increased. The graph on the following page shows EDCTC's funding sources.



These funding sources are used for operational costs and grant match funding for EDCTC’s Caltrans Sustainable Transportation Planning grants. The grants are for planning studies to benefit transportation throughout the County. Since 2011/12, EDCTC has been successful in obtaining \$3.3 million in grant funding which requires match funding, typically 11.47% to 20%.

The total allocation of LTF funding has increased by 41% since 2011/12. Fortunately, EDCTA has been able to put this significant increase in LTF to good use maintaining transit service across the West Slope. The amount of LTF that EDCTA has received over this entire period has continued to grow and is now approximately \$6 million annually.

As one element of a broader strategy to address the increase in operational costs and grant match funding needs, EDCTC staff collaborated closely with staff from EDCTA to revisit the distribution of LTF. EDCTC and EDCTA agreed upon a set amount of \$630,000 in LTF to be allocated to EDCTC for Fiscal Year 2024/25. Future allocations of LTF to EDCTC would be adjusted based upon the Western Consumer Price Index as mutually agreed upon by EDCTC and EDCTA. Tying the LTF allocation to inflation, combined with proposed adjustments to the STBG, would support the operational costs for EDCTC.

Additionally, EDCTC staff is proposing a one-time allocation in the amount of \$240,000 establishing an operations contingency, to be adjusted annually to maintain a balance which equals 20% of EDCTC annual operating costs. This will provide EDCTC with contingency in the event of unforeseen or unexpected fluctuations in costs, revenue, or other circumstances. This is also fully supported by El Dorado Transit.

EDCTC and EDCTA will review this policy every ten years or as needed to ensure the funding is serving the highest and best use. Should the total LTF funding allocation available drop below a three-year average in any given fiscal year, EDCTC and EDCTA would present the allocation to both elected boards and adjust the amount of LTF allocated to EDCTC consistent with the decline in available funding to ensure EDCTA can maintain transit services for that fiscal year.

EDCTA staff fully support the implementation of the proposed adoption of the LTF distribution allocation policy as included in Resolution 23/24.11. EDCTC staff offers its sincere appreciation to all parties involved in the development of this formula. This item was discussed at the EDCTC Technical Advisory Committee (TAC) meeting on February 26, 2024, and the TAC recommends the implementation of this policy.

EDCTC has administered the TDA funding programs in accordance with the TDA statute since its inception, retaining a portion of the LTF to support administrative and planning functions of the agency. However, until now, no formal policy or agreement has been proposed regarding the distribution of the LTF to memorialize how these funds are managed on an annual and ongoing basis. This policy, as contained in Resolution 23/24.11, is proposed to provide transparency and formality in the distribution of LTF to ensure all parties who receive LTF, currently EDCTC and EDCTA, can plan and develop annual budgets with relative consistency, backed by a publicly vetted and approved resolution of the elected body who administers LTF resources, in this case EDCTC. The Final adoption of Resolution 23/24.13 will be considered by the EDCTC at the April 2024 meeting.

Approved for Agenda:



Woodrow Deloria, Executive Director

Attachment A: Draft Resolution 23/24.13