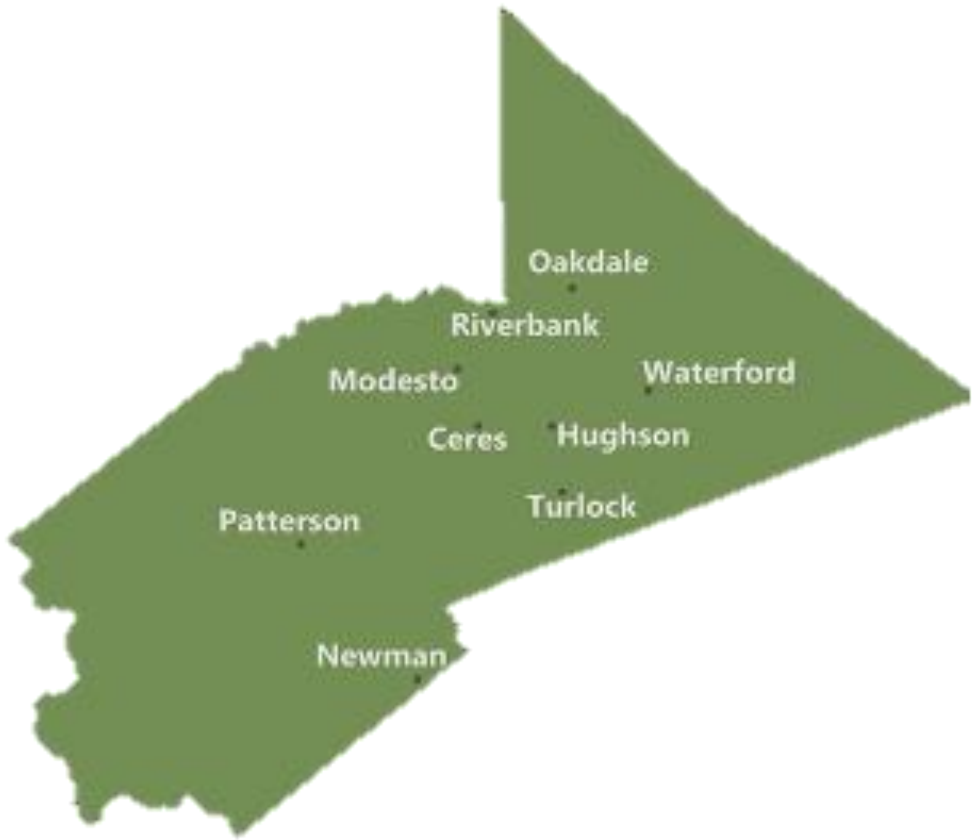
StanCOG
Stanislaus Council of Governments



TRANSIT COST SHARING PROCEDURES
NOVEMBER 2021

APPROVED VIA RESOLUTION 21-14 NOVEMBER 17, 2021

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1. Background of the Transit Cost Sharing Effort

In 1972, the Transportation Development Act (TDA) was passed by the California Legislature. The TDA created a Local Transportation Fund (LTF) in each county for the use of public transit and other specified transportation purposes. Revenues for LTF are derived from the 1/4 cent of the retail sales tax collected statewide. The 1/4 cent is returned by the State Board of Equalization to each county according to the amount of tax collected in that county.

In 1980, the State Transit Assistance (STA) fund was created, adding a second funding source to the TDA. Unlike the LTF, STA funds may only be used for transportation planning and mass transportation purposes. The STA funds are appropriated by the legislature to the State Controller's Office (SCO). The SCO then allocates the tax revenue, by formula, to planning agencies and other selected agencies. Statue requires that 50% of STA funds be allocated according to plannign agencies based on population and 50% be allocated to transit operators based on fare revenues from the prior fiscal year.

Since their creation, TDA funds (LTF and STA) have been a stable and vital funding source for public transit and other transportation purposes in Stanislaus County and throughout the State. In recent years, transit service providers in Stanislaus County have been increasingly challenged by issues of coordination, operational, and funding responsibility for new transit services which have been demanded by local residents. These service demands have arisen both from ongoing input received by the transit providers themselves, and more formally through the Stanislaus Council of Governments (StanCOG) annual unmet transit needs process. By law, LTF may only be spent on roads and streets if the StanCOG Policy Board determines that there are no unmet transit needs that are reasonable to meet.

The above concerns led to extensive discussions by the Transit Cost Sharing Committee. That Committee developed the initial concept, which was fine-tuned and discussed throughout the StanCOG process. In 1995, the transit cost sharing concept was approved by the StanCOG Policy Board. Next, it was endorsed by resolution from each local city council and the Stanislaus County Board of Supervisors. Finally, in 1997 it was authorized by a change to the TDA, through Senate Bill (SB) 344 (Monteith).

In essence, transit cost sharing is intended to make the best use of their LTF by allowing these funds to be pooled together and transit costs paid off the top.Transit cost sharing will facilitate coordination and provision of needed transit services, while ensuring that transit systems within Stanislaus County are operated effectively and efficiently. Cost containment criteria for transit expenditures have been established to make the best use of available funds.

In addition, the approval of Measure L and additional revenues made available through SB 132 minimized the need for streets and roads projects to be funded with transit any LTF thus, increasing the amount of future LTF needed in the region for transit. The StanCOG Policy Board took action in January 2019 to amend the transit cost sharing procedures and hold all excess LTF in reserves for future transit cost sharing. As such, no Article 8 - Other claims will be approved by StanCOG.

Following the passage of SB 344 in 1997, SB 903 in 2018, Measure L, and Assembly Bill (AB) 149 in 2021, the Transit Cost Sharing Committee reconvened to develop specific implementation procedures, which are summarized in this report, including subsequent amendments.

Senate Bill 344 (1997)

In 1997, SB 344 authorized the implementation of Transit Cost Sharing within Stanislaus County. It was added to the TDA to facilitate the coordination and provisions of needed transit services, while ensuring that transit systems within Stanislaus County are operated effectively and efficiently. This process is implemented by a Transit Cost Sharing Committee, which consists of a representative appointed from each local government in Stanislaus County. It meets annually to review TDA claims, review operator compliance with established criteria, determine the status of any "probationary" service, and prepare a recommendation to StanCOG committees and the StanCOG Board.

The text of SB 344 as enacted is contained below.

INTRODUCED BY Senator Monteith (principal coauthor: Assembly Member House)

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An act to amend Section 99233 of, and to add Section 99233.11 to, the Public Utilities Code, relating to transportation.

SECTION 1. Section 99233 of the Public Utilities Code is amended to read:

99233. Except as provided in Section 99233.11, the fund shall be allocated by the designated transportation planning agency for the purposes specified in Sections 99233.1 to 99233.9, inclusive, in the sequence provided in those sections.

SECTION 2. Section 99233.11 is added to the Public Utilities Code, to read:

99233.11. Funds made available to the County of Stanislaus and the cities in that county shall be allocated in the following order:

(a) To the Stanislaus Area Association of Governments, the County of Stanislaus, and the cities in that county, an amount deemed necessary for the administration of this chapter.

(b) To the Stanislaus Area Association of Governments1, an amount approved by that association, but not more than 3 percent of annual revenues, to conduct the transportation planning and programming process, unless a greater amount is approved by the Director.

(c) To pedestrian and bicycle facilities, not more than 2 percent of the funds remaining, in accordance with Section 99233.3.

(d) To the Stanislaus Area Association of Governments1, an amount deemed necessary for intracity, intercity, and interregional transit services and rail passenger services, when a claim is filed under Section 99234.9, Article 4 (commencing with Section 99260), or Article 8 (commencing with Section 99400), consistent with the cost sharing criteria approved by the association. Apportionments and allocations from those funds

made by the association to the county and the cities in the county also shall be in accordance with the cost sharing criteria approved by the association.

Senate Bill 903 (2018)

In the 2010 census, the population of Stanislaus County exceeded the 500,000-population threshold contained in TDA law, thereby requiring Operators of general public transit services in urbanized areas within the county to increase their (farebox recovery requirements) FRRs by 5 percentage points (from 15% to 20%). Stanislaus Regional Transit was required to raise its FRR from 10% to 15% since its general public service operates in both urbanized and rural areas. As a result, despite attempts to optimize service and fare revenue, the four transit Operators in the County - Ceres Area Transit (CAT), Modesto Area Express (MAX), Stanislaus Regional Transit (StaRT), and Turlock Transit - struggled to meet their FRR. For some, this resulted in a lack of access to their full allocations of TDA funds needed to maintain existing service.

As a result, StanCOG sponsored legislation, SB 903, codified as Section 99270.8 of the Public Utilities Code (PUC), effective July 16, 2018, in order to provide transit operators with relief and maintain existing transit service. SB 903 authorizes StanCOG, as the RTPA and administrator of TDA funds, when determining if specified transit operators have met the requirements for LTF claims for transit funds for the 2018–19 and the 2019–20 fiscal years (FY), to reduce the applicable ratio of fare revenues to operating cost for specified transit operators by up to 5 percentage points from the ratio that was effective during FY 2015–16. If StanCOG acts pursuant to this authorization, the statute requires StanCOG to submit a report to the transportation policy committee of each house of the Legislature and to Caltrans before January 1, 2020. This report which is required to analyze the options for organizing and supporting transit service in Stanislaus County, was submitted to the legislature in December 2019.

The statute becomes inoperative on July 1, 2020 and is repealed as of January 1, 2021. The text of SB 903 as enacted on July 16, 2018 is contained below.

Section 99270.8 is added to the Public Utilities Code, to read:

99270.8.
(a) This section shall only apply to an individual operator that both has its primary service area in the Stanislaus Council of Governments' jurisdiction and files claims with the Stanislaus Council of Governments pursuant to Section99260.

(b) (1) Notwithstanding any other provision of this article, in determining if an individual operator complies with Section 99268.1, 99268.2, 99268.3, 99268.4, 99268.5, or 99268.9, the Stanislaus Council of Governments may reduce the applicable ratio of fare revenues to operating cost for an individual operator by up to five percentage points from the ratio that was effective during the 2015–16 fiscal year.

(2) The Stanislaus Council of Governments may use the calculation method described in this section for calculations beginning with the 2018–19 fiscal year.

(c) (1) If the Stanislaus Council of Governments reduces an individual operator's ratio pursuant to this section, the Stanislaus Council of Governments, before January 1, 2020, shall submit a report to the transportation policy committee of each house of the Legislature and to the department analyzing the options for organizing and supporting transit service in the county.

(2) The report shall include, but not be limited to, all of the following:

(A) A description of the transit routes operating within the county.

(B) The service levels on those transit routes, including any planned expansions or consolidations.

(C) The ridership numbers for those transit routes.

(D)The annual budget numbers for the transit services provided by each individual operator in the county, including its ratio of fare revenues to operating cost and any salary increases since the enactment of this section.

(3) A report to be submitted pursuant to this subdivision shall be submitted in compliance with Section 9795 of the Government Code.

(d) This section shall become inoperative on July 1, 2020, and, as of January 1, 2021, is repealed.

In order to ensure that the transit needs of individuals in the County of Stanislaus continue to be met and to preserve the transit system in that county, it is necessary for this act to take effect immediately

Measure L

Measure L is a 25-year, ½ cent sales tax, that was approved by Stanislaus County voters by an overwhelming 71.95% in November of 2016. Measure L provides funding for local transportation improvements including, but not limited to fixing potholes and maintaining streets; improving emergency response; providing safe routes to schools; providing senior, veterans and disabled shuttle services; and improving safety and reducing traffic congestion on Highway 99 and major streets.

The passage of Measure L now designates Stanislaus County as a Self-Help County. Stanislaus County joins twenty-three other counties in California that have already approved similar ballot measures making them Self-Help Counties. With these voter-approved local transportation funds, Self-Help Counties are able to maintain and improve their transportation systems. They are also more successful in competing for funding and leveraging a larger share of state and federal dollars. Self-Help funds generated must stay local and can only be spent on transportation.

The Stanislaus Council of Governments is pleased to announce all jurisdictions are compliant in regard to Measure L reporting requirements. These requirements include Master Fund Agreements, Maintenance of Effort, and Measure L Project Lists. For more information on Measure L please visit the Stanislaus County Measure L home page below,

https://stanislausmeasurel.com/.

Assembly Bill 149 (2021)

On July 16, Governor Newsom signed AB 149 (Committee on Budget). The bill extends statutory relief in meeting FRR for receiving STA, Low Carbon Transit Operations Program (LCTOP), and State of Good Repair (SGR) funds, through Fiscal Year (FY) 2022-23.

The bill suspends financial penalties associated with TDA performance requirements for this duration. The bill adds a list of new exemptions from the FRR calculation including on-demand service and micro transit service beyond fixed-route service, costs for security services and public safety contracts, ticketing services, pensions, planning for improvements in transit operations, integration with other operators and agencies, transitioning to zero-emission operations, and for compliance with state and federal mandates.

The bill also authorizes federal funds to be counted as local funds for the purposes of calculating TDA FRR and STA efficiency criteria and authorizes discount and fare free transit passes to be counted at their full retail value for the purposes of calculating TDA FRR; and, AB 149 suspends, until July 1, 2026, TDA farebox recovery requirements and STA efficiency criteria for transit agencies that can demonstrate that they maintained their existing commitments of local funds for transit operations at an amount not less than the expenditures from local funds for transit operations during fiscal year 2018-19.

The text of SB 149 as enacted on July 16, 2021 is accessible via the following link,

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB149.

2. Role of the Transit Cost Sharing Committee

StanCOG's Transit Cost Sharing was added to the TDA law in 1997 to facilitate coordination and provision of needed transit services, while ensuring that transit systems within Stanislaus County are operated effectively and efficiently. This process is implemented by a Transit Cost Sharing Committee, which consists of a representative appointed from each local government in Stanislaus County. The Committee meets annually to review TDA claims, review operator compliance with established criteria, determine the status of any probationary service, prepare a recommendation to StanCOG committees and the StanCOG Policy Board, and to update the Transit Cost Sharing Procedures as needed.

The Transit Cost Sharing Committee consists of a representative appointed from each local government in Stanislaus County. The Committee will meet annually to help implement the Transit Cost Sharing process.

Annually, the Transit Cost Sharing Committee will:

1. Review proposed transit expenditures (TDA claim) submited for the upcoming fiscal year;
2. Review transit services to ensure compliance with the criteria for transit services in the Transit Cost Sharing Definitions and Criteria;
3. Determine the status of any probationary services; and
4. Prepare a recommendation to the StanCOG Management and Finance Committee (MFC), Executive Committee, the StanCOG Citizens Advisory Committee, the StanCOG Social Services Transportation Advisory Council, and the StanCOG Policy Board of the total LTF needed for transit in the upcoming fiscal year.

Scope of Review for Transportation Development Act Claims

There are two primary criteria that the Transit Cost Sharing Committee will examine in reviewing TDA claim submittals:

1. The level of transit funding requested by each jurisdiction and the Consolidated Transportation Services Agency (CTSA).
2. The comprehensive set of performance data submitted by each of the transit agencies.

To assist in their review of TDA claims, StanCOG staff will provide to the Transit Cost Sharing Committee the following information:

1. Draft TDA transit claims from each transit claimant, filed pursuant to Article 4 and draft CTSA claim filed pursuant to Article 4.5 of the TDA; and
2. Summary sheets that include items excerpted from the draft TDA claims and the Transit Cost Sharing Definitions and Criteria, as follows:
    a. The population proportionate share of LTF funds, for each jurisdiction;
    b. The type of transit service to be funded (existing service, extension of service, or new service);
    c. The transit services' expenditures for the prior year, current year, and proposed year;
    d. The transit services' performance FRR for the prior year, current year, and proposed year;
    e. Unlinked passenger trips per vehicle revenue hour, for the prior year, current year, and proposed year;

f. Operating expenses per vehicle revenue hour, for the prior year, current year, and proposed year;

g. Operating revenue per vehicle revenue hour, for the prior year, current year, and proposed year;

h. Operating costs per unlinked passenger trip, for the prior year, current year, and proposed year;

i. Unlinked passenger trip per capita, for the prior year, current year, and proposed year; and

j. Vehicle revenue hour per capita, for the prior year, current year, and proposed year.

TRANSIT PERFORMANCE STANDARDS

Transit Operators	Required Farebox Recovery Ratio*
Stanislaus Regional Transit Authority	
Fixed Route (Urbanized Area Fixed Route)	15 %
Demand Response (Paratransit Dial-A-Ride)	15 %
Turlock Transit	
Fixed Route (Urbanized Area Fixed Route)	20 %
Demand Response (paratransit Dial-A-Ride)	10 %

* As part of AB 149, StanCOG will not impose any financial penalties to transit operators in the Stanislaus County for non-compliance of the required FRR.

CONSOLIDATED TRANSPORTATION SERVICES AGENCY (CTSA)

Performance standards determined by the StanCOG Policy Board, pursuant to the implementation of the Consolidated Transportation Services Agencies (CTSA) via Resolution #10-07, July 21, 2010

3. ELIGIBILITY

In addition to StanCOG, the cities, County, and designated CTSA, are eligible recipients of TDA funds through the approval of a TDA Claim.

Table 1 lists the agencies that are eligible to use LTF funds in Stanislaus County.

Table 1: LTF Eligibility

Eligible Agencies per TDA	Eligible Agencies in Stanislaus County
Cities/Towns	Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock, and Waterford
RTPA	StanCOG
County	Stanislaus County
Transit Operators	Stanislaus Regional Transit Authority (StanRTA), and Turlock Transit
CTSA	MOVE Stanislaus

Before an agency can receive any TDA funds, they must complete and submit a TDA Claim and meet the eligibility requirements set forth in the TDA.

The TDA statute is divided into articles. Each article is comprised of sections of the PUC. As a result, claims are often referenced by the article of the statute under which they are filed. Table 2 on the following page provides an overview of the articles and how they relate to funding purposes.

Table 2: LTF Articles

Article	TDA Administration	Bicycle/ Pedestrian	General Public Transit	Elderly & Disabled Transportation	Streets & Roads
Article 3 Admin 99233.1	County Auditor & StanCOG				
Article 3 Planning 99233.2	StanCOG up to 3%				
Article 3 Bicycle & Pedestrian99 233.3 & 99923.4		Cities, county up to 2%			
Article 4 General Public, Elderly & Disabled Transit			Operators: cities and transit district	Operators: cities and transit district	
Article 4.5 Community Transit Services 99233.7				CTSA	
Article 8 Transit, Streets & Roads 99400(a), 99402, & 99407			Non-operators: county	Non-operators: county	StanCOG reserves

Priority Funding Order

The TDA statute establishes a priority order by which LTF funds are to be distributed, shown in Table 3. TDA administration has the highest priority to the LTF, with the County Auditor allocated a small amount for fund administration, and StanCOG receiving what it needs to administer the TDA program. StanCOG also receives an allocation of a limited percentage of funding (3%) for regional transportation planning. All the purposes for which a jurisdiction can use its LTF under Article 4 receive equal priority.

Table 3: Funding Priorities Per TDA

Allowed Allocation Priorities	Amount Allowed per TDA
1. TDA Administration	As necessary, StanCOG Administration of TDA plus amount for performance audits
2. Regional Transportation Planning	3% of the remaining LTF
3. Pedestrian & Bicycle Facilities	2% of the remaining LTF
4. Regional transportation planning & programming, bicycle and pedestrian projects,	As established by transit cost sharing
5. Community Transit Services	Countywide, up to 5% of remaining LTF
6. Public Transportation	Remaining LTF for public transit services
7. Other including streets and roads and multimodal transportation facilities	StanCOG will hold all remaining LTF in reserves for future transit projects

Eligibility by Article

The following tables provide a summary of the eligibility by claimant and projects.

Table 4: Article 3

Eligible Claimants	Eligible Projects/Uses
• Ceres, • Hughson, • Modesto, • Newman, • Oakdale, • Patterson, • Riverbank, • Turlock, and • Waterford	• StanCOG apportions 2% of LTF to counties and cities for facilities provided for the exclusive use of pedestrians and bicycles. StanCOG does not provide guidelines on the types of projects that might be eligible.Some examples, however, include: – New path or lane construction – Sidewalk construction – Trail maintenance – Bicycle plans – Bicycle and pedestrian safety education programs – Bike parking

Eligible Claimants	Eligible Projects/Uses
	– Trail signage

Table 5: Article 4 —Transit

Eligible Claimants	Eligible Projects/Uses	Eligible Projects/Uses
• Only transit operators can claim funds under Article 4. • Currently this includes: – Turlock Transit – StanRTA – Altamont Corridor Express (ACE)	• "All purposes necessary and convenient to the development and operation of a publictransportation system, including: – Planning and contributions tothe transportation planning process, – Acquisition of real property, – Construction of facilities and buildings, – Purchase and replacement of vehicles, and – System operation, maintenance, andrepair (PUC 99262) Payments for the above-listed items canbe direct expenses or payment of principal and interest on equipment, other indebtedness, or bonds.	• An operator must meet the applicable performance standards set forth in transit cost sharing procedures

Table 6: Article 4.5 — Community Transit Services

Eligible Claimants	Eligible Projects/Uses
• CTSA's – MOVE Stanislaus	"Community transit services, including suchservices for those, such as the disabled, who cannot use conventional transitservices" (PUC 99275)

Table 7: Article 8(C)-(E) — Transit

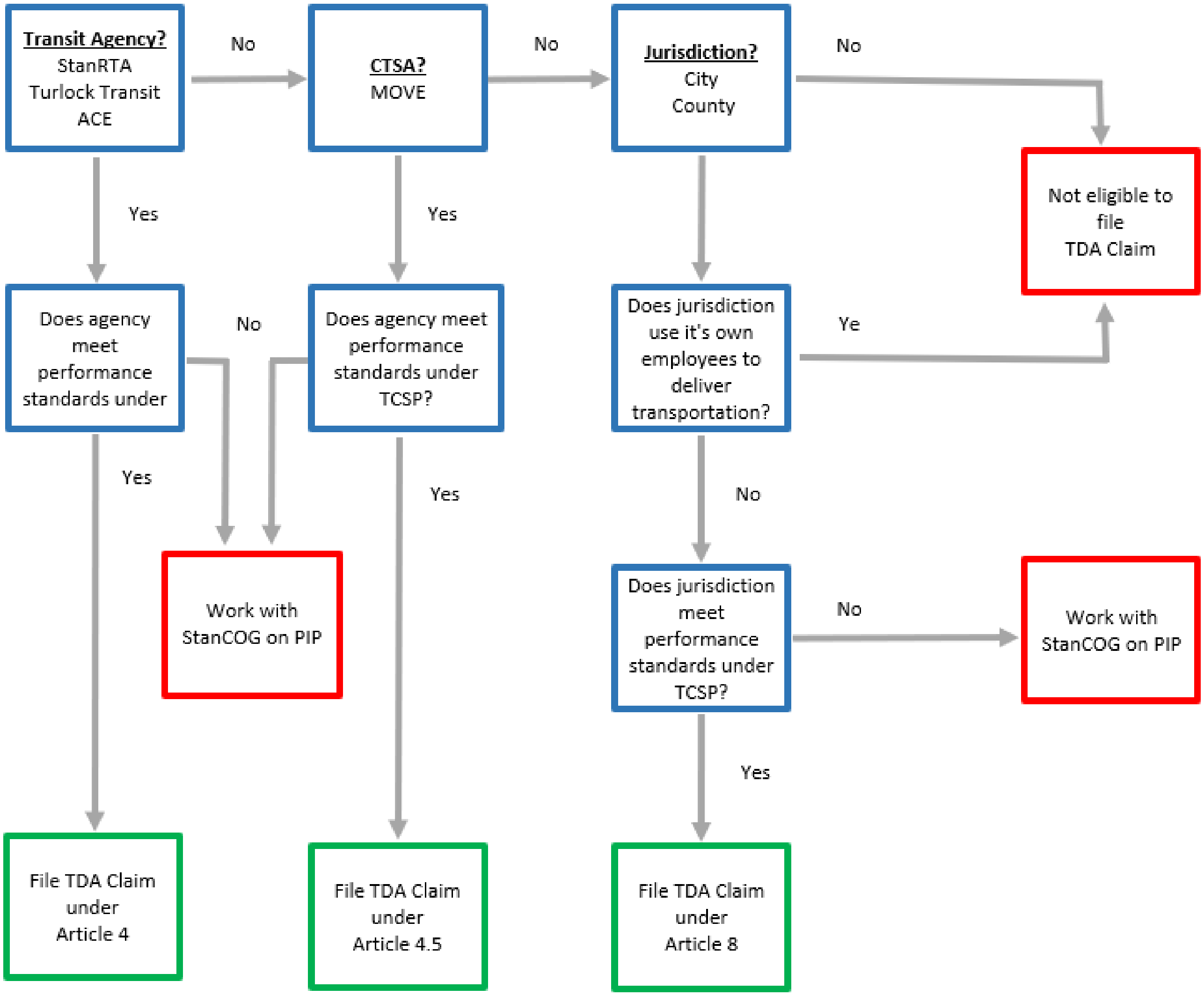
Eligible Claimants	Eligible Projects/Uses	Eligible Projects/Uses
• Jurisdictions that are not operators can claim under Article 8.	• Money claimed for transit under Article 8 can only be used for payment to a contractor to provide public transportation or special needs public transportation (PUC 99400(c)). Therefore, a city/town or county that uses its own employees to provide the transportation service cannot file under Article 8. • Article 8 funds may also be used for payments for administrative and planning cost for contract transportation services (PUC 99400d). • Article 8 funds may also be used for payments for capital expenditures to acquire vehicles and related equipment, bus shelters, bus benches, and communication equipment for the transportation services (PUC 99400e).	• An operator must meet the applicable performance standards set forth in transit cost sharing procedures

Table 8: Article 8(A) — Streets and Roads

Eligible Claimants	Eligible Projects/Uses
StanCOG will hold all remaining LTF in reserves for future transit projects.	

Some transit claimants may be eligible to file for transit funding under either Article 4 or 8. Figure 1, on the following page, provides assistance in determining which article is more appropriate.

Figure 1: DecisionTree- Article 4 Or Article 8[1]



[1] A Productivity Improvement Program (PIP) outlined in the TDA claims worksheet allows StanCOG to monitor a transit operator's or transit claimant's progress toward meeting recommended improvements that are designed to lower transit operating costs. StanCOG is required to identify, analyze, and recommend potential improvements on an annual basis for transit claimants (PUC 99244). The recommendations should include, but are not limited to, the productivity recommendations made through StanCOG's Unmet Transit Needs Analysis and, in the operator's, most recent TDA triennial performance audit.

4. The TDA Process Under Transit Cost Sharing

Transit Cost Sharing under TDA consists of three steps: Apportionment, Allocation, and Payment.

Step 1: LTF and STA Apportionment

Based on the County Auditor's annual estimate of funds anticipated for the coming year, funds are apportioned to each of the jurisdictions. Once the funds are apportioned, the money can only be allocated to that jurisdiction

After StanCOG receives the fund estimates from the County Auditor, StanCOG informs each jurisdiction of this amount. The apportionment is the amount after subtracting for "off the top" allocations for County Auditor expense to administer the fund and for StanCOG's TDA administration, non-motorized funds, regional projects, planning, and audits. StanCOG presents this information to the StanCOG standing Committees and Policy Board at their February Meeting.

Funds are apportioned as follows.

1. Total LTF estimate (furnished by County Auditor-Controller on or before February 1st of each year, pursuant to Title 21 CCR Section 6620) and total initial STA (furnished by State Controller on or before February 1st of each year) to be received in the upcoming fiscal year. The following identifies the LTF Estimate Protocol, as adopted by the Policy Board on November 16, 2011:

    a. As a monthly informational item, StanCOG staff provides the actual value of current LTF receipts for the fiscal year to the Management and Finance Committee (MFC).

    b. By January 1st of each year, StanCOG staff prepares a set of assumptions based on actual LTF receipts and establishes a draft apportionment estimate of LTF for approval by the Executive Committee at the January meeting.

    c. Based on approval from the Executive Committee, StanCOG staff transmits the assumptions and the draft apportionment estimate of LTF to the Auditor Controller's office by January 15th. This transmittal will serve as input for the Auditor-Controller to furnish an estimate of LTF to be available for apportionment and allocation during the ensuing fiscal year.

    d. StanCOG staff receives the Auditor-Controller's LTF estimate for the ensuing fiscal year by February 1st.

    e. StanCOG staff and the Executive Committee review the apportioned LTF value received from Auditor-Controller and transmits this figure to the StanCOG Policy Board for the February meeting.

f. Any additional requests for revised LTF estimates by the Auditor- Controller shall be at the direction of the Policy Board; and/or as a recommendation of the Executive Committee and then approved by the StanCOG Policy Board.

2. Funds are identified and deducted for StanCOG and the County Auditor- Controller for TDA Administration, not to exceed 1% of total LTF estimate provided by the County Auditor-Controller (99233.11 (a)). An exception to the 1% will be granted to StanCOG every 3rd fiscal year to conduct triennial performance audits, as required by TDA regulations (99246).

3. Funds are identified and deducted by StanCOG for general transportation planning purposes (not more than 3% of remaining LTF funds). The total will be deducted up front following StanCOG Policy Board approval of this initial apportionment (99233.11 (b)).

4. Not more than 2% of remaining LTF funds are identified and deducted for pedestrian and bicycle facilities (historically, the full 2% has been identified and distributed by population to each jurisdiction). These funds will continue to be apportioned by population to each local government (99233.11 (c)). Of this 2%, 5% thereof may be expended to supplement moneys from other sources to fund bicycle and pedestrian safety education programs but shall not be used to fully fund the salary of any one person (99233.3).

5. From the remaining funds (99233.11 (d)), funds shall then be conditionally deducted for the CTSA, up to 5% (99233.7), Multi-Modal Transit Centers, and regional projects. Ultimately, these amounts shall require approval by the Executive Committee and the StanCOG Policy Board.

6. Determine TDA funds (LTF and STA) remaining (add parts 2, 3, 4, and 5 subtract from 1). This remaining amount, applied to the most recently adopted Transit Percentage Ceiling Caps (refer to Appendix 5), will set the amount of TDA funds that each transit agency may claim. At this point, the amount is identified only as one lump sum, undivided into local government shares. These remaining funds will all eventually be used by our local governments for transit off the top. This total, which will be approved as part of the initial apportionment process, provides the input for Step 2 of the transit cost sharing process.

7. Transit Percentage Ceiling Caps are subject to review by the Management and Finance at least every third fiscal year, starting from FY 2013-14.

8. Breakdown STA by jurisdiction. Under transit cost sharing, all STA is credited to the Stanislaus Regional Transit Authority (SRTA) (see Section 7 for explanation). The only exception is the small amount of STA received under PUC 99314; by state law, these amounts must be returned to each transit operator in proportion to fare revenues generated.

Step 2: Allocation

Once the jurisdictions have been made aware of their apportionment, they can begin to complete their TDA Claim. Their TDA claims will present their anticipated budget and expenses for capital and operating projects for the upcoming fiscal year. The total amount claimed by a jurisdiction cannot be more than the amount apportioned to that jurisdiction. The State, through the TDA statute, has certain requirements that each jurisdiction must meet to be able to claim the money for different purposes.

A draft of the TDA claims is submitted by each jurisdiction and the CTSA to the Transit Cost Sharing Committee. StanCOG will review the claims for accuracy and adherence to TDA statutes and regulations and work with the involved local government staff to clarify any problem areas. The Committee reviews each claim and then will make a recommendation to the StanCOG Policy Board. The key output is the determination of how much LTF is needed for transit, and for which system. SB 344 refers to this step as an "allocation" of funds to StanCOG (Section 2(d) of 99233.11) for transit purposes.

TDA claims for each agency shall adhere to the most recently adopted Transit Percentage Ceiling Caps, established in Appendix 5.

In the event that remaining TDA funds are available due to every agency not claiming up to their Transit Percentage Ceiling Cap, the Policy Board may consider a transit claim, or unmet transit need, from an agency to exceed their percentage ceiling cap only if it can be determined that an unmet transit need would exist without remaining TDA funding being directed to that agency. In no circumstance shall remaining TDA funds available in Step 2 be distributed for other transit and rail purposes in Step 3 if there is determined to be an unmet transit need. To determine if an unmet transit need exists for an agency claiming TDA funds above their percentage ceiling cap, the Policy Board shall consider the criteria established in Section 4 (Transit Cost Sharing Definitions and Criteria) of the Transit Cost Sharing Procedures.

The final TDA transit claim figures which emerge from this process will be presented to the StanCOG Policy Board with the recommendation from the Executive Committee.

Step 3: Payment

Based on the amounts claimed by each jurisdiction, StanCOG provides instructions to the County Auditor to remit payment to each jurisdiction. Disbursement instructions from StanCOG to the County Auditor are provided monthly as indicated in the resolution approved by the StanCOG Policy Board and based on actual receipts. The approved resolution is also provided to the County Auditor annually. StanCOG must provide at least one, written allocation instruction annually prior to the start of the fiscal year for each operator and transit service claimant pursuant to CCR 6630, although the instructions could be delayed if agreed to by the claimant (CCR 6659).

StanCOG disburses LTF funds each month when revenue comes in from the Board Of Equalization (BOE). If LTF revenues are less than what was apportioned to a jurisdiction, then StanCOG disburses revenues based on what was actually received from the BOE up to the apportionment approved by resolution. If more revenues are received in a given fiscal year, StanCOG is required to go back to the Policy Board with a new resolution to apportion the year-end balance.

Once the amount of LTF needed for transit is known, the remaining funds will be held in reserve for other transit projects as determined by the Policy Board. Per Resolution 18-20 no Article 8 claims shall be approved.

5. Transit Cost Sharing Timeline

Step 1

February	StanCOG Policy Board adopts the total LTF and STA TDA apportionments, including TDA Administration, Planning, and 2% non-motorized funds, for the upcoming fiscal year.
February	StanCOG staff transmits TDA claim forms to the jurisdictions.

Step 2

* March	UTN Assessment analysis and findings are reviewed by the Social Services Transportation Advisory Council (SSTAC), the Citizens Advisory Committee (CAC), Technical Advisory Committee, (TAC), and the Management and Finance Committee (MFC)
March	TDA claims for bike/pedestrian and transit portions are due back to StanCOG.
On or Before April 30th	Transit Cost-Sharing Committee meets to review the proposed transit expenditures for the upcoming fiscal year, as shown on the draft transit claims and to determine the status of any probationary services.
June	Transit claims presented to the SSTAC, CAC, MFC, and the Executive Committee for a recommendation to the Policy Board.
June	Transit claims are presented to the StanCOG Policy Board for consideration..

Step 3

July - Remainder of the Year	Claims for other transit, regional projects, and rail project funds are completed, filed, and presented to the StanCOG Policy Board with the recommendation from MFC

**Note: The UTN Assessment public outreach and data collection process begins in Winter of the previous year*

6. Transit Cost Sharing Definitions and Criteria

DEFINITIONS

New Service Startup

Transit services considered "new" shall be services started after July 1, 1994, by agencies that operated no transit service at any time during the three-year period prior to July 1, 1994.

Extension of Services

Transit services considered as "extensions" shall be services started after July 1, 1994, by agencies that operated established transit service during the three-year period prior to July 1, 1994.

An extension shall meet the following criteria:

a. Service established on a fixed route, including route deviation service, if over 50% of the route mileage, excluding mileage along freeway or express bus routes where passengers are neither received nor discharged, is on streets or other rights-of-way that did not have such service provided and funded under the Act at any time during the three-year period before the service was established.

b. Service established on a new portion of an older fixed route if the new portion is on streets or other rights-of-way that did not have such service provided and funded under the Act at any time during the three-year period before the service was established.

c. Demand-responsive service established to, from, or within an area that did not have such service provided and funded under the Act at any time during the three-year period before the service was established.

d. Extension of services shall include additional hours or days beyond the normal operating hours or days. "Normal" is defined as the usual advertised hours and days of service.

e. An extension of service that does not increase the total vehicle service hours within the hours that service is currently being provided for the system by more than 5% or result in an increase of expenditures by more than $125,000 shall be excluded from review under the criteria established in this section.

f. Proposed changes in the type of service to be operated (i.e., conversion of a fixed-route system into a Dial-a-Ride system) shall be evaluated on the same basis as an extension of the service.

Existing Service

Transit services considered “existing” shall be services started prior to June 30, 1994, by agencies that operated established transit service during the three-year period prior to June 30, 1994.

Capital Costs

Capital costs shall be defined as the expenses of purchasing vehicles, equipment, and facilities (including construction costs), as stated in TDA Section 6634(e), "Expenditures for the purchase of buses or vans include the expenditures for equipment, parts, and accessories for vehicles and for capitalized administrative and planning costs directly related to the purchase of vehicles."

System

A system is defined as a specific Dial-a-Ride or fixed route(s) serving a specific area.

Consumer Price Index

As applied to an operator, is the regional Consumer Price Index for that operator’s region, as published by the United States Bureau of Labor Statistics. If a regional index is not published, the index for the State of California applies.

Micro transit

IT-enabled multi passenger transportation services that serve passengers using dynamically generated routes and may expect passengers to make their way to and from common pick-up or drop-off points. Micro transit vehicles include, but are not limited to, large sport utility vehicles, vans, and shuttle buses.

Operating cost

The total operating cost as reported by the operator under the uniform system of accounts and records, pursuant to Section 99243 and subdivision (a) of Section 99247.

Revenue vehicle hours

The total number of hours that each transit vehicle is in revenue service, including layover time.

Criteria for Cost Control for New and Extended Service

For new service startup and extensions of service, analysis must show that the new services will meet the following criteria. Analysis will be completed by operators for each new service and extension of service. Annual analysis will be completed by operators for each existing route in the operators' transit system(s).

1. Transit services (other than those in urbanized areas) shall achieve at least the fare revenue and passenger productivity standards established in the most recently adopted Regional Transportation Plan, or as established by statute.

2. (a) An extension of service shall not cause the system of which it is a part to fail to meet the system wide performance standards.

(a) Considered separately, except in the case of an extension of service determined to be a necessary lifeline service for the transit dependent population.

3. The new or extended service shall not require the expenditure of more than the implementing agency's fair share of TDA funds under the transit funding agreement in place at the time of implementation. (Fair share is defined as the agency's Transit Percentage Ceiling Cap as adopted by the Policy Board) Unless otherwise determined by the Policy Board, no jurisdiction shall receive more total TDA funding for transit than its Transit Percentage Ceiling Cap, as established in Appendix 5.

4. The cost calculations and performance ratios for new or extended services shall also include potential Americans with Disabilities Act (ADA) implications within that service area.

5. Each proposed increase in service that is not the result of an unmet transit need found by the StanCOG Policy Board shall be reviewed by the Transit Cost Sharing Committee (comprised of one representative from each jurisdiction) to ensure that the increased services will comply with the criteria for extensions of service.

Annual Review of New or Existing Services

Each year the Transit Cost Sharing Committee will review new and existing services and provide advice on productivity improvements.

Before determining the allocation to an operator for the next fiscal year, the Transit Cost Sharing Committee shall review and evaluate the efforts made by the operator to implement the recommended improvements.

If the Transit Cost Sharing Committee determines that the operator has not made a reasonable effort to implement the recommended improvements, the Transit Cost Sharing Committee shall not approve the allocation to the operator for the support of its public transportation system for the next fiscal year that exceeds the allocation to the operator for those purposes for the current fiscal year.

Existing services must continue to meet fare revenue and passenger productivity standards as established by statute.

1. In the event that TDA funding falls short of countywide transit expenditures, probationary services shall be the first services considered for funding cuts.

2. Rail expenditures shall be considered based on criteria established for those expenditures.

3. Every effort shall be made to obtain federal funds for capital-intensive expenditures. Such expenditures shall include, but not be limited to park and ride lots, terminal facilities, bus waiting shelters, exclusive lanes for buses, and the acquisition of vehicles and rolling stock for replacement purposes.

Unless otherwise recommended by the Executive Committee, no agency shall receive more than its Transit Percentage Ceiling Cap of TDA funds for transit services, which shall be that agency's spending cap as adopted by the Policy Board. The expenditures counting towards that agency's spending cap shall be those expenditures required to provide transit services to its residents. It shall not include the cost to provide transit services to the residents of other agencies.

Capital Expenses to Maintain or Expand Transit Services

No agency shall receive more than its Transit Percentage Ceiling Cap of TDA funds for transit capital purchases, which shall be that agency's spending cap as adopted by the Policy Board unless otherwise recommended by the Executive Committee.

For transit capital requests, analysis must show that the purchase of capital will meet the following criteria:

1. The agency requesting TDA funds above their percentage ceiling cap for transit capital shall demonstrate how any efforts were made to obtain available federal funds for transit capital expenditures.

2. The agency requesting transit capital shall demonstrate how that acquisition is necessary pursuant to all federal and state guidance.

3. The Executive Committee shall consider how the transit capital request complies with the cost control standards for new or extended transit services.

4. Transit capital that is necessary to maintain existing services at their current level shall be considered a priority versus transit capital requested to expand transit services.

Timeline

The original timeline has been superseded by that contained in Section 5 of this report.

Authority

It is understood that the ultimate policy authority for the transit cost sharing effort is vested in the StanCOG Policy Board

HANDLING CARRYOVER FUNDS

As used in this section, "carryover" is defined as the Transportation Development Act funds which were claimed by a jurisdiction during a prior fiscal year, but not spent.

1. Any transit carryover shall be reported on page 2 of the TDA transit claim forms. Lines D and L (LTF - Carryover) have been changed to read "LTF - Carryover from the last completed fiscal year". Note that since TDA claims will be filed prior to the start of the fiscal year, carryover will normally be reported on a two- year-lag basis. For example, claims for FY 1998-99 will include carryover accumulated through the end of FY 1996-97.

2. Any TDA transit carryover funds resulting from transit allocations made prior to the implementation of transit cost sharing (i.e., transit allocations made through FY 97-98), will be credited to, and may be reclaimed by, the jurisdiction experiencing the carryover.

3. As the converse of case 2 above, any TDA transit carryover funds resulting from transit allocations made under the transit cost sharing process (i.e., transit allocations made for FY 98-99 and later), may only be reclaimed for transit purposes. Conceptually, these funds belong to everyone since they were originally allocated off the top for transit purposes. In practice, these funds will normally stay with the reporting jurisdiction, but will serve to reduce the level of off-the-top new funds which that jurisdiction will need to claim for transit in the year of reporting.

4. In the event that grant funds are less than anticipated, those funds may be reported as a negative carryover and will be addressed during the subsequent TDA apportionment process.

5. Any TDA carryover funds should also routinely be acknowledged. This is a statutory requirement if this carryover is to be used for other than the originally allocated purpose as listed in the TDA claim form. These funds always belong to the reporting jurisdiction. In essence, they are not affected by transit cost sharing.

7. TREATMENT OF SUPPLEMENTAL APPORTIONMENTS

Supplemental LTF apportionments occur when more funds are available than originally anticipated for the fiscal year. Typically, supplemental LTF apportionments are processed in August or September. These increase the level of funds previously apportioned for the fiscal year just ending, by the amount of surplus funds which were actually collected for that year.

Supplemental LTF apportionments shall be addressed in a manner similar to the initial apportionment estimates. Specifically, StanCOG will deduct for transportation planning and programming purposes, the same percent that was deducted for the initial LTF apportionment. Then deduct 2% of the remaining funds for non-motorized purposes.

For treatment of supplemental STA apportionments, see Section 8 of this report.

8. What Happens if More or Less Money is Needed for Transit?

Under transit cost sharing, transit claims must be prepared and submitted prior to the start of the fiscal year (see Section 11 of this report). One concern is that information used to prepare the claims will be only an estimate. What happens if the budget estimate transit numbers are too high or too low?

Scenario 1: A Transit System Needs More LTF than Approved in Step 2

Any additional transit funds which may be needed or desired must be approved by the StanCOG Policy Board.

Scenario 2: A Transit System Needs Less LTF than Approved in Step 2

Under this scenario, the excess funds may NOT be utilized by that jurisdiction for other purposes. This is only fair since they came off the top at everyone's expense. Instead, any leftover LTF transit funds must be revealed at the annual spring transit cost sharing process. These would then be deducted from the new funds which would need to be apportioned, allocated, and paid to that system.

9. Other Funding Sources Dedicated to Transit

State Transit Assistance (STA) Funds: The state allocates STA to the regional planning agencies based on population and operator fare revenues. The population portion is allocated under PUC 99313 and is the larger portion of STA funds received by StanCOG. To facilitate transit cost sharing, the StanRTA will claim the PUC 99313 funds. StanRTA will not benefit financially, as it will reduce their need for off-the-top LTF.

The operator revenue portion of STA funds are allocated based on operator revenues from the prior fiscal year. By law, the PUC 99314 funds must be allocated to the individual operators.

By August 1st of each year, the State Controller is scheduled to release a revised STA estimate, if needed. Should a revised estimate be received, those funds will be allocated in the subsequent TDA apportionment process the following spring.

FTA Section 5307 Funds: Section 5307 funds are made available for capital projects and operating assistance for transit systems in census-designated urbanized areas. In Stanislaus County, the Turlock and Modesto-Ceres urbanized areas are eligible. As eligible recipients, Turlock and StanRTA will claim Section 5307 funds. The recipients will not benefit financially, as they will reduce their need for off-the-top LTF.

FTA Section 5311 Funds: Section 5311 funds are made available for capital projects and operating assistance for transit systems in non-urbanized areas. Those funds are committed through an annual Program of Projects approved by StanCOG. To facilitate the cost sharing process, StanRTA will claim and program all Section 5311 funds for transit operating purposes. StanRTA will not benefit financially, as it will reduce their need for off-the-top Local Transportation Funds.

Measure L- Transit Service Funds: Funds will be used for operations, maintenance and infrastructure improvements for public transit. They may also be used to supplement local, state and federal funds for cost of transit service. These funds will be allocated to public transit providers to support or enhance public transit service throughout the region. This may include increasing frequency of service, identifying new routes and/or investment in ride sharing services.

State Transit Assistance-State of Good Repair Funds (PUC 99314): Pursuant to State Transit Assistance-State of Good Repair (SGR) Funding Guidelines, all funds allocated per PUC 99314 shall be sub-allocated to public transit operators, who have submitted the required project list, based on the amounts published annually by the State Controller's Office.

10. INTEGRATION/TREATMENT OF OTHER FUNDING

In addition to the dedicated funds described in the previous section, there are a number of transit funding opportunities from state, federal, and other sources. To maximize the amount of the LTF remaining for other purposes, every effort should be made to obtain funds from these and any other funding sources which may become available, particularly for capital purposes. Some possible candidate programs include:

Federal Transit Administration Section 5310
Congestion Mitigation and Air Quality Program (CMAQ)
Reduce Motor Vehicle Emissions
Low Carbon Transit Operations Program (LCTOP)
State Transit Assistance-State of Good Repair (STA-SGR)
Measure L

See Appendix 3 for further information on funding sources outlined in Sections 10 and 11.

11. APPENDICES

Appendix 5: Transit Percentage Ceiling Caps

The following Transit Percentage Ceiling Caps, as adopted by the Policy Board, shall be utilized to determine the total amount of Transportation Development Act funds available to each of the two (2) transit agencies for Step 2 of the Transit Cost Sharing Procedures.

- The Stanislaus Regional Transit Authority (StanRTA) shall receive up to 87% of the TDA funds available.

- City of Turlock transit (Turlock Transit) shall receive up to 13% of the TDA funds available.

Ceiling Caps are based on Population in Stanislaus County as determined by the California Department of Finance City/County Population and Housing Estimates published 1/1/2021.