



DATE: March 28, 2019

TO: Transportation Authority of Marin Board of Commissioners

FROM: Dianne Steinhauser, Executive Director
David Chan, Programming and Legislation Manager

SUBJECT: Authorize Programming Distribution of State Transit Assistance (STA) Population-Based Funds for FY 19/20 and Thereafter (Action), Agenda Item No. 6c

RECOMMENDATION

Recommend that the TAM Board authorize staff to communicate to MTC on the percentage shares, as shown below, that each transit agency in Marin will receive in STA Population-based funds under the County Block Grant Program starting in FY 19/20. Marin Transit will annually communicate the percentage shares to MTC after reaching agreement with GGBHTD and SMART starting in FY 20/21. This arrangement will remain in effect until the TAM Board authorizes further changes.

BACKGROUND

State Transit Assistance (STA) funds are generated by the sales tax on diesel fuel, and the amount available for transit agencies varies from year to year based on the fluctuations of diesel prices. The STA Program entails two funding sources:

- **Revenue-based funds:** The State allocates funds to transit operators based on their revenue as defined in state statute. Congestion Management Agencies (CMAs) have no role in the STA Revenue-based funds. Operators have full discretion over the use of STA-Revenue Based apportioned to them. Funds may be used by transit operators for both capital projects and transit operations, making these one of the most flexible funds transit operators receive.

STA Revenue-Based Funds (estimated)		
Operator	FY 17/18	FY 18/19
GGBHTD	\$2,695,195	\$3,653,968
Marin Transit	\$943,233	\$1,296,086
SMART	\$706,994	\$971,472

(Source: Governor’s FY 18/19 Budget)

- **Population-based funds:** MTC receives STA Population-based funds based on the Bay Area’s share of the state’s population. The use of these funds is governed by the new MTC Resolution 4321 (see below) that establishes an STA County Block Grant Program whereby the nine Bay Area CMAs determine how to invest the funds in public transit services/projects.

MTC controls the Population-based funds, and after retaining 30% for regional needs, the remaining 70% is set aside for the CMAs.

DISCUSSION

MTC Resolution 4321

MTC adopted Resolution 4321 on February 28, 2018 to set aside 30% of the STA Population-based funds for a Regional Program, managed by MTC, and 70% for programming to STA-eligible operators by CMAs. Resolution 4321 affects STA Population-based funds starting in FY 18/19.

The funding (30%) for the Regional Program will include the Clipper Program, 511, transit connectivity, and regional means-based fare program. The remaining 70% of the funds will be reserved for programming to STA-eligible operators by CMAs as part of a STA Population-Based County Block Grant (County Block Grant). The County Block Grant will allow each county to determine how best to invest in transit operating needs, including providing lifeline needs.

MTC estimated that Marin's STA Population-based funds for FY 18/19 will be approximately \$2.5 million due to the infusion of increased funding from SB 1 and higher sale of diesel fuel.

According to Resolution 4321, CMA's must submit to MTC the county's programming distribution of STA Population-based funds amongst STA-eligible operators. The STA-eligible operators include Golden Gate Transit, Marin Transit, and SMART.

Lifeline Transportation Program (LTP)

MTC established the LTP to fund projects that result in improved mobility for low income residents of the Bay Area. The LTP has been in existence for about 13 years, encompassing five cycles of Call of Projects. The current Fifth Cycle is in process and the TAM Board will be authorizing projects for funding in June 2018.

MTC has funded the LTP with various funds from Federal Surface Transportation Program (STP) funds, Federal Congestion Mitigation and Air Quality (CMAQ) funds, Federal Job Access and Reverse Commute (JARC) funds, Federal Transit Administration (FTA) Section 5307 funds, State Proposition 1B funds, and STA funds.

With STP and CMAQ funds fully dedicated to the One Bay Area Grant (OBAG) Program and JARC and Proposition 1B funds expiring, the last cycle of LTP (Cycle 5) was funded only with STA funds and a smaller portion with Federal Section 5307 funds.

In all five cycles of the LTP, MTC determined the specific funding sources and amounts for each CMA. A cycle of LTP may be two to three years of funding and one year of funding for Marin equates to approximately \$300,000 to \$350,000 depending on the funds available to MTC. The CMAs executed the LTP based on policy and funding directed by MTC.

Resolution 4321 has changed the LTP as previously constructed. Instead of MTC setting aside funding from various sources for the LTP for each CMA, Resolution 4321 dictates that CMAs may set aside STA funds from the County Block Grant Program for the LTP before determining the county's programming distribution of STA funds amongst STA-eligible operators. Since there is no requirement to set aside STA funds for the LTP, CMAs may choose not to fund their LTP, effectively ending the LTP for their counties.

Prior TAM Board Action

On June 28, 2018, the TAM Board approved the suspension of setting aside STA Population-based funds for the LTP under the new County Block Grant Program in its first year – FY 18/19. All STA Population-based funds under the County Block Grant Program were distributed to the three transit agencies.

The three agencies determined the percentage shares in accordance to service hours performed by each agency for bus, ferry, and train service. The percentage shares use prior year’s data based on 50% hours of service and 50% passengers served in Marin County. The governing body for each agency passed a resolution in support of the percentage share.

After the TAM Board approval, staff instructed MTC to distribute the available STA Population-based funds to the three transit agencies in accordance to the percentage shares for FY 18/19 only. Staff informed MTC that the STA Population-based funds for FY 19/20 and thereafter will be considered after the November 2018 Election. The three transit operators concurred with the plan.

Proposal for FY 19/20 and Thereafter

With the passage of Measure AA and failed repeal of SB1 in November 2018, TAM is able to follow up with MTC on how to distribute the STA Population-based funds for FY 19/20 and thereafter. Staff proposed to the three transit operators to continue programming these funds based on the formula established for FY 18/19. This formula will be calculated annually using each operator’s prior year Marin County transit hours of service (50%) and passengers (50%) and balances factors of coverage and usage. Under this proposal, the suspension of setting aside STA Proposition-based funds for the LTP would remain in effect.

The transit operators responded in favor of staff’s proposal. Under this proposal, Marin Transit will annually coordinate with the other transit operators on establishing the percentage shares based on the abovementioned formula. Once the transit operators are in agreement as to the percentage shares, Marin Transit will annually communicate the percentage shares to MTC for fund distribution starting in FY 20/21.

A caveat to this proposal is that the transit operators have to consider funding remaining projects and programs from the CBTPs, particularly those that are aligned with the transit operators’ missions. Transit operators already review the CBTPs and other County planning documents when updating their Short-Range Transit Plans and when developing service plan changes. Staff will periodically keep the transit operators informed of remaining projects and ask them to consider funding them. In addition, staff will work with cities and the County to fund some of the projects and programs with internal sources and possibly funds under TAM’s discretion.

The three transit operators have reached an agreement on the percentage shares for FY 19/20, which are shown below:

GGBHTD	57.51%
Marin Transit	38.54%
SMART	<u>3.95%</u>
	100.00%

Upon approval from the TAM Board, staff will inform MTC on the percentage shares for the three transit operators for FY 19/20. Starting in FY 20/21, Marin Transit will annually communicate the percentage shares, based on the abovementioned formula, to MTC after reaching agreement with GGBHTD and SMART.

FISCAL IMPACTS

There are no fiscal impacts with establishing the programming distribution of STA Population-Based funds. STA funds are distributed directly to transit agencies only. TAM's budget will not be affected by this action.

NEXT STEPS

After the TAM Board approves the programming distribution, staff will communicate the result to MTC. MTC will facilitate the distribution of STA Population-based funds with the State to recipients based on the percentage shares provided by Marin Transit, in coordination with Golden Gate Transit and SMART, for FY 19/20. Starting in FY 20/21, Marin Transit will annually communicate the percentage shares, based on the abovementioned formula, to MTC after reaching agreement with GGBHTD and SMART.