

This chapter identifies the current and anticipated revenue resources and financing techniques available to fund the planned transportation investments that are described in the Action Element. The intent is to define realistic financing constraints and opportunities for Modoc County transportation programs. The following provides a summary of the federal, state, and local funding sources and programs potentially available to the Modoc County region for roadway improvements. The next section examines historical and future regional transportation revenues and compares anticipated revenues with proposed roadway projects. The last section provides a brief summary and conclusions. From a practical perspective, finances and funding availability ultimately determine which projects are constructed.

All regional projects must be consistent with this RTP. While projects funded with regional revenues are selected by the MCTC (subject to CTC approval), many other funding sources are highly competitive and outside the Commission's authority. Many such funds are awarded through statewide competition with exacting criteria, often quantitatively defined by factors such as affected population, traffic volume, or number of accidents. Thus, it may not be reasonable or prudent to expect funding from certain programs to be awarded to the Modoc County region. To facilitate understanding from the region's perspective of cited funding sources and their likelihood, the following symbols are used: recurring or regular (R) funding sources, discretionary funding sources or those controlled by federal or state agencies (D), and those not applicable (N/A). Because the region cannot accurately project, or even anticipate funding from competitive programs or those controlled by another agency or organization, only recurring or regular regional funds (R) are projected for comparison between the costs of proposed projects and anticipated revenues.

ROADWAY IMPROVEMENT FUNDING

Federal Sources

On August 10, 2005, President Bush signed the "Safe, Accountable, Flexible, and Efficient Transportation Equity Act – A Legacy for Users" (SAFETEA-LU), providing \$286.4 billion in guaranteed funding for federal surface transportation programs over six years through FY 2009, including \$52.6 billion for federal transit programs. Building on the "Transportation Equity Act for the 21st Century" (TEA-21) enacted in 1998 and the 2003 SAFETEA-LU includes several programs that might provide funding for Modoc County, though it should be emphasized that these funds are discretionary and are not guaranteed for use in the Modoc County region. A summary of important federal programs is provided below:

- ♦ **Surface Transportation Program (STP)** – This program provides funding for improvements on federally aided highways, bridges, transit capital, bicycle, and pedestrian projects. Authorization of SAFETEA-LU expanded STP eligibility to include advanced truck stop electrification systems, high accident/congestion intersections, and environmental restoration and pollution abatement, control of noxious weeds and establishment of native

species. Funds are distributed among the states based on lane-miles of federal aid highways, total vehicle-miles traveled on those highways, and estimated contributions to the State Highway Account (SHA). These federal funds pass through the state, and may or may not be allocated in any one year to projects in Modoc County (D).

- ♦ **Regional Surface Transportation Program (RSTP)** – Rural counties (urbanized areas less than 20,000) can exchange federal STP dollars for State Highway Account (SHA) funds (a process known as “RSTP Exchange”). This is advantageous to RTPAs as federal funds have stringent requirements, which includes a 20 percent local match, while state funds do not require any local match. The state also provides additional state funds to the County, as a match to the exchanged federal dollars. Modoc County takes advantage of this opportunity and receives approximately \$296,000 in RSTP exchange funds each year. The RSTP Agreement between Modoc County and the state requires funds be used for projects in the FSTIP and other purposes that are in accordance with Article XIX of the California State Constitution. The RSTP agreement also requires the County to use the state matching funds to match federally funded transportation projects prior to expending those funds on other purposes. RTPAs may allocate remaining funds for construction, rehabilitation, resurfacing, restoration, and operational improvements on federal aid highways and bridges (all functional classifications). Additionally bikeway, pedestrian, transit, safety, ridesharing, parking, traffic management, transportation control, and environmental enhancement projects are eligible for these funds.
- ♦ **Transportation Enhancement Activities (TE)** – TE funds represent 10 percent of the statewide STP funds, but are separate from the local STP funds discussed above. TE projects must be related to surface transportation, but are intended to be enhancements that go beyond the normal transportation project functions. Projects eligible for TE funding include acquisition of scenic easements, scenic or historic highway programs, landscaping, rehabilitation of historic transportation buildings, preservation of existing and abandoned railway corridors, pedestrian/bikeway improvements, and the acquisition of abandoned right-of-way for conversion to pedestrian/bicycle trails. Under TEA-21, safety education activities for pedestrians and bicyclists were also added to the list of eligible projects. While the MCTC is responsible for ranking TE projects Countywide, the California Transportation Commission makes final funding decisions. Further, because the population in Modoc County is less than 50,000, the MCTC has the option of exchanging TE funds for state highway funds that may be used for any transportation purpose, except transit and federal TE projects. As of August 2003, TE funds are programmed through the State Transportation Improvement Program (STIP) (R).
- ♦ **Highway Bridge Program (HBP)** – The HBP program provides funding for highway bridges in need of repair according to federal safety standards. The federal government provides 88.5 percent of the funds, while the remaining 11.5 percent must come from state and local sources. Under the enactment of SAFETEA-LU, the Bridge program has been broadened in scope to include systematic preventative maintenance, and has been freed from the requirement that bridges must be considered “significantly important” (R).

- ♦ **Federal Lands Highway (FLH)** – The FLH program provides funding for roadway improvements and transit facilities within public lands, national parks, and Native American reservations. In addition, FLH funds can be used as the state/local match for most types of federal aid highway funded projects. A new provision of this program under TEA-21 was the ability to fund improvements to federally owned public roads providing access to or within a National Wildlife Refuge System. SAFETEA-LU added maintenance of forest highways, signage identifying public hunting and fishing access, and facilitating the passage of aquatic species beneath roads in the National Forest System to the list of eligible uses of Public Lands Highways funds. (R)
- ♦ **Indian Reservation Roads (IRR)** – Indian Reservation Roads are public roads that provide access to and within Indian reservations, Indian trust land, restricted Indian land, and Alaska native villages. A portion of FLH funds are dedicated to improvement projects on IRR’s (R).
- ♦ **Highway Safety Improvement Program (HSIP)** – As part of the SAFETEA-LU, this program authorizes a new core federal aid funding program beginning in FY 2006 to achieve a significant reduction in traffic fatalities and serious injuries on all public roads. This program effectively replaces the Hazard Elimination Safety Program (HES). Once railway-highway crossing and infrastructure safety needs are satisfied, states with a Strategic Highway Safety Plan (SHSP) can use HSIP funds for additional safety programs such as education, enforcement, and emergency medical services. States with no SHSP are only eligible to use HSIP money for railway-highway crossing and hazard elimination projects, as was the case prior to enactment of SAFETEA-LU (D).
- ♦ **Railway Highway Crossings** – This program, otherwise known as Section 130, is funded through a \$220 million “set-aside” from HSIP. The intent of this program is to reduce the number of fatalities and injuries at public highway-rail grade crossings through the elimination of hazards and/or the installation/upgrade of protective devices at crossings.
- ♦ **High Risk Rural Roads Program (HR3)** – This program is funded through a “set-aside” after HSIP funds have been apportioned to the states. The purpose of this program is to reduce the frequency and severity of collisions on rural roads by correcting or improving hazardous roadway locations or features. A “high-risk rural road” is defined as any roadway functionally classified as a rural major collector, minor collector or local road on which the accident rate for fatalities and incapacitating injuries exceeds the statewide average for those functional classes of roadways; or that will likely have increases in traffic volume that are likely to create an accident rate for fatalities and incapacitating injuries that exceeds the statewide average for those functional classes of roadway. California’s annual share of these funds will be approximately \$8.25 million and should remain at or near this level throughout the duration of SAFETEA-LU.
- ♦ **Emergency Relief Program (ER)** – Emergency Relief funds are provided to assist local agencies with repairs to federal aid highways that have been heavily damaged in natural disasters. Such federal funds are generally coordinated with similar State funding through the California Office of Emergency Services (D).

In addition, federal SAFETEA-LU funds are available for the National Scenic Byways Program, the Recreational Trails Program, for Bicycle Transportation (SRTS) and Pedestrian Walkways, the State and Community Highway Safety Grants program, and for transit operations and capital assistance.

State Sources

In the past, California's transportation program was stable and funded almost exclusively from user fees (gasoline tax and weight fees) protected by the California Constitution. Today, the program is dependent primarily on motor fuel sales tax, which is not protected under the Constitution. Since 2001, proceeds from these taxes to the tune of \$7.5 billion have been diverted from the transportation program in an effort to address the General Fund deficit. Because transportation program funds have been loaned to the General Fund in the past, the State Transportation Improvement Program (STIP) and State Highway Operation and Protection Program (SHOPP) have been the hardest hit. With the passing of the state budget in July of 2005, the funding situation improved. A total of \$1.3 billion dollars was directed from sales tax on gasoline to transportation projects. Additionally, Proposition 1A was passed in the November 7, 2006, election. This legislation solidifies the stipulations of Proposition 42 by prohibiting state sales tax on motor vehicle fuels from being used for any purpose other than transportation improvements, authorizes loans of these funds only in the case of severe state fiscal hardship, requires loans of revenues from state sales tax on motor vehicle fuels to be fully repaid within three years, and restricts loans to no more than twice in any 10-year period.

The most recent changes to state transportation funding resulted from the adoption of the FY 2007-2008 budget. Approximately \$1.3 billion was diverted from the Public Transportation Account (PTA, a STIP public transportation funding mechanism generated from fuel sales tax) to the General Fund and the State Transit Assistance program (discussed below). Additionally, gas tax "spillover" revenue to the PTA has been reduced. According to the Department of Finance estimates, the effect of ongoing spillover diversion will reduce available STIP funding by approximately \$300 million annually. Lastly, Senate Bill 717 changed the proportion of Proposition 42 transfers that flow to the PTA (and ultimately STIP projects) and the STA program. This legislation will positively affect the STA program but will further reduce the funding capacity of the STIP program.

STIP consists of two broad transportation improvement programs: (1) the regional program consisting of 75 percent of new STIP funding, and (2) the interregional program consisting of 25 percent of new STIP funding. Brief summaries of these programs are provided below, along with other state funding sources:

- ♦ **Regional Transportation Improvement Program (RTIP)** – The RTIP receives 75 percent of the STIP funding. The 75 percent portion is subdivided by formula into county shares. Caltrans, the County of Modoc, and the City of Alturas can program funds, which are apportioned to the region and allocated by the MCTC. These funds may be used to finance some projects that are "off" the state highway system. This "regional share" must be relied upon to fund capacity, increasing projects on roadways with functional classifications of 01, 02, 06, and 07. Critical to rural California counties, regional STIP funding also may be used

for local roadway rehabilitation projects on roadways with the appropriate functional classifications (R).

- ♦ **Interregional Transportation Improvement Program (ITIP)** – The ITIP receives the remaining 25 percent of the STIP funding. This program is controlled and programmed by Caltrans, although regional agencies provide input on the specific ITIP projects for their region. One of the goals of the program is to encourage regional agencies and the state to establish partnerships to conduct certain projects. For the rural California counties, a challenge to the use of ITIP funding is the very limited availability of “local match” for ITIP-funded programs. (However, RTIP funds can be used as match for the ITIP program.) Caltrans directly receives 15 percent of the STIP for state highway projects on the interregional system; potential projects must compete statewide for the remaining funds (10 percent of the STIP). Much of the state highway system is not eligible for interregional funding, and must rely on the regional share to fund capacity improvement projects. There are no Modoc County projects in the 2008 ITIP (D).
- ♦ **Traffic Congestion Relief Fund/Proposition 42/AB 687 Tribal Casino Bonds** – The Traffic Congestion Relief Act of 2000 (AB 2928) was to provide \$6.8 billion derived from the state’s sales tax on gasoline to fund transportation projects over a six-year period. The majority of the funds were to go to the Traffic Congestion Relief Program (TCRP a project list chosen by the legislature), and a portion to local road projects. Since the Act’s inception, however, funds have been borrowed back for the General Fund, and subsequent sales tax transfers have been postponed or suspended. In 2002, the electorate (with a 69 percent affirmative vote) passed Proposition 42, which is a legislative constitutional amendment that permanently dedicated the revenues (an estimated \$1.3 billion annually) from sales tax on gasoline to transportation infrastructure needs. However, the protections of Proposition 42 were quickly set aside the first year (FY 2003-2004) they came into effect, and thereafter these revenues have remained in the General Fund.

The passage of AB 687 (tribal casino bonds to repay loans) in 2004 dedicated \$1.5 billion in FY 2004-2005 to the repayment of transportation program loans to the General Fund. Essentially, AB 687 was a replacement to the suspended Proposition 42 transfer. However, due to a lawsuit filed in September 2004, no funds have been allocated as the bonds cannot be sold. Therefore, in recent years TCRP has been funded through the Governor’s budget. In FY 2007-2008, it is anticipated that the TCRP program will be allotted \$683 million dollars with lesser amounts for following years until TCRP projects are complete. Modoc County Road will receive approximately \$546,000 from TCRP/Proposition 42 funds in FY 2007-2008 (D).

- ♦ **State Highway Operations and Protection Program (SHOPP)** – The purpose of the SHOPP is to maintain the integrity of the state highway system. Funding for this program is provided through gas tax revenues via the state Highway Account. Projects are nominated within each Caltrans district office. Proposed projects are sent to Caltrans Headquarters for programming on a competitive basis statewide. Final project determinations are subject to the CTC review. Individual districts are not guaranteed a minimum level of funding. SHOPP projects are based on statewide priorities within each program category (i.e., safety,

rehabilitation, and operations) and within each Caltrans district. SHOPP funds cannot be used for capacity-enhancing projects (R).

- ♦ **Minor Programs** – The Minor A Program is a Caltrans District discretionary funding program based on annual statewide allocations by District. This program allows some level of discretion to Caltrans District offices in funding projects up to \$750,000. Minor B Program funds are used for projects up to \$111,000. The advantage of the program is its streamlined funding process and the local District discretion for decision-making. Funding is locally competitive within each District and limited to the extent of its Minor A allocation (D).
- ♦ **Proposition 1B** – The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B on November 7, 2006, authorized nearly \$20 billion dollars in general obligation bond proceeds to be available for a series of transportation programs. Modoc County and the City of Alturas will receive approximately \$2 million from the Local Streets and Roads programs. MTA would like to apply the \$79,000 in Proposition 1B Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) funds towards the purchase of a new four-wheel drive high clearance transit vehicle appropriate for the intercity routes. Additionally, \$7,940 in California Transit Security Grant Program State Transit Assistance Agencies (CTSGP-STAA) funds is available in Modoc County.
- ♦ **Environment Enhancement and Mitigation (EEM) Program** – Similar to TE at the Federal level, the EEM offers funding to remedy environmental impacts of new or improved transportation facilities. Mitigation can include highway landscapes and urban forestry, or development of roadside recreational facilities such as roadside rest stops, trails, scenic overlooks, trailheads, parks, and snow parks. The State Resources Agency manages this grant program, and the MCTC makes project-funding decisions. In the past, the EEM program allocated up to \$4 million to the Northern California counties. It is anticipated that no EEM funds will be available in the state FY 2005-2006 budget (D).
- ♦ **Bicycle Transportation Account (BTA) Program** – This state program provides funding for projects that improve safety and convenience of bicycle commuters. To be eligible for funding, local jurisdictions must have an adopted “Bicycle Transportation Plan” prepared according to 1999 guidelines and approved by Caltrans. Projects must conform to the requirements of Caltrans’ *Highway Design Manual*, Chapter 1000. Only commuter bikeway projects are eligible (D).
- ♦ **AB 1475 - Safe Routes To School (SR2S)** – This program allocates funds for projects that improve school commuter routes. Fundable projects include the construction of bicycle and pedestrian safety and traffic calming projects such as sidewalk improvements, traffic calming and speed reduction, pedestrian/bicycle crossing improvements, on-street bicycle facilities, traffic control devices, and traffic diversion improvements. This program was originally scheduled to sunset in 2006. However, SB 1087 and AB57 have extended the program to January 1, 2013 (D).

- ♦ **Rural Planning Assistance (RPA)** – Formerly called State Subvention funding, this program provides funds to rural RTPAs – on a reimbursement basis – specifically for purposes of transportation planning. Activities and products developed using these funds are governed by an annual Overall Work Plan, prepared by the region and approved by Caltrans. In recent years, local planning activities increased several fold as regional STIP and TE shares provided increased funding opportunities for local projects (R).

Local Sources

The following are sources of transportation funding not currently employed in Modoc County for transportation projects, but are available to local governments through various means:

- ♦ **Traffic Mitigation Fees** – Traffic mitigation fees are one-time charges on new developments to pay for required public facilities, and to mitigate impacts created by or reasonably related to development. There are a number of approaches to charging developers; however, in all cases, these fees must be clearly related to the costs incurred as a result of the development with a rational connection between fee and development type. Furthermore, fees cannot be used to correct existing problems or pay for improvements needed for existing development. A county may only levy such fees in the unincorporated area over which it has jurisdiction, while a city must levy fees within the city limits. Any fee program must have the cooperation of all jurisdictions affected. Traffic mitigation fees would be difficult to implement in Modoc County due to (1) the dispersion of development over a wide area, which makes it difficult to allocate specific improvements to a range of developments, and (2) the desire to avoid discouraging development through the imposition of additional fees. In any case, the extreme low level of new development in Modoc County would generate minimal fee revenues (N/A).
- ♦ **Development Mitigation Measures/Agreements** – Development mitigation measures are imposed whenever development requires approval by a local entity. Generally, mitigation measures are imposed as conditions on tentative maps. These conditions reflect on- and off-site project mitigation that must be completed in order to be able to develop. Development agreements are also used to gain cooperation of developers in constructing off-site infrastructure improvements, or dedicating rights-of-way needed as a result of the proposed development. As with impact fees, developer mitigations are not generally available to fund ongoing transportation maintenance and operations costs. Further, this funding source is improbable and insignificant in Modoc County (N/A).
- ♦ **Optional Local Sales Tax** – A county-created taxing authority may levy up to a one-cent additional sales tax with the funds allocated for improvements to the regional transportation system, as authorized under the Local Transportation Authority Act, Division 19, Public Utilities Code Section 18000. Any new tax or tax increase requires a two-thirds majority vote of the affected electorate. This funding mechanism is not considered feasible for Modoc County due to the close proximity of shopping in “sales tax-free” Oregon.

In addition to the major capital projects recommended in this transportation study, Modoc County has ongoing operations and maintenance (O&M) needs. To some extent, funding sources for O&M and capital projects overlap. Therefore, it is important to understand the annual O&M funding sources. Each of three sources is briefly described below:

- ♦ **State Gas Taxes** – The state returns a portion of the statewide gas tax revenues to each jurisdiction for maintaining local roadways. These funds are restricted for use to the City or County Road Fund. They are accrued on a monthly basis. The formula for determining the amount of allocation to each local jurisdiction is complex, and is based upon the number of registered vehicles, assessed property valuation, and population according to the decennial census. Because of population decline, Modoc County may receive less revenue from these fund sources. Nevertheless, the City of Alturas typically receives around \$57,000 in gas tax revenues per year, and the County of Modoc receives around \$1.5 million (R).
- ♦ **Motor Vehicle In-Lieu Fees** – These local revenues are motor vehicle registration funds returned to the county from the state. These funds are General Fund revenues and are not restricted for roadway use. Although the County of Modoc does not receive Motor Vehicle In-Lieu Fees, the City of Alturas expects to receive roughly \$122,000 per year (R).
- ♦ **Benefit Assessment Act of 1982** – This Act allowed for the development of countywide assessments for drainage, flood control, and street lighting. A 1989 amendment to the Act added street maintenance assessments. To date, very few cities or counties have instituted such assessments for roadway maintenance (N/A).

The Modoc County Code lists County Service Area (CSA) and Private Road Division (PRD) fees are legal funding mechanisms for local road maintenance. A CSA is a type of special district that may provide and finance expanded services in areas that desire or need a higher level of service and are willing to pay for it. CSAs are the most common type of district in the state due to their versatility and can provide a wide range of extended municipal services within a county, including transportation and transit. CSAs may encompass all of the County's unincorporated area or selected portions only. Cities within the County may consent to be included within the CSA by vote of the city council. In all instances, it must be shown that the proposed level of extended service is not otherwise provided on a countywide basis and that those paying the service charge will benefit from the extended service. An Engineer's Report is required for the proposed CSA that outlines the geographic boundary, the types of services that will be provided, development absorption rate, and fees associated with each parcel in the area. CSAs and PRD are useful funding tools, which can be implemented with new developments to ensure that maintenance on newly built roads can be funded in perpetuity.

TRANSIT IMPROVEMENT FUNDING

Relevant Transit Funding Sources

The crux of any issue regarding the provision of public service is the matter of funding. Provision of a sustainable, permanent funding source has proven to be the single greatest determinant in the success or failure of transit service. A wide range of potential transit funding

sources is available, particularly within California. The following discussion provides an overview of these programs.

As presented above, in order to facilitate understanding from the region's perspective of cited transit funding sources and their likelihood, the following symbols are used: recurring or regular (R), discretionary or controlled by federal or state agencies (D), and not applicable (N/A).

Federal Funding Sources

The following are discussions of federal transit funding programs available to rural areas:

- ♦ **FTA Section 5310 Capital for Elderly and Disabled Transportation** – Until recently, recipients of Section 5310 funding were restricted to non-profit organizations. Since ISTEA, local government jurisdictions are eligible for Section 5310 funding when the lead agency is in a coordinated transportation arrangement. Apportioned funds available within California totaled \$12.4 million in FY 2007-2008. Obtaining these funds is difficult for Modoc County agencies, because allocation occurs through a statewide competitive process (D).
- ♦ **FTA Section 5311 Public Transportation for Rural Areas** – Section 5311 remains the core program for rural public transportation under SAFETEA-LU. This program for rural areas requires 20 percent local match for capital and a 50 percent match for operating expenditures. These funds are segmented at the state level into “apportioned” and “discretionary” programs. The bulk of funds (80 percent) are allocated based on the ratio of population in non-urbanized areas, while the remaining 20 percent of the funding is allocated to states based on the land area not in urbanized areas. The recent enactment of SAFETEA-LU added Indian tribes as eligible recipients of FTA 5311 funds. A substantial increase in funding allocations is identified over the next five years. Nationwide, Section 5311 will grow from \$250.9 million in FY 2005 steadily upward to approximately \$465 million in FY 2009 (an 85 percent increase). Funds apportioned to California will rise even faster, from \$10.1 million in FY 2005 to \$19.8 million in FY 2006 and \$23.1 million in FY 2009 (a full 115 percent increase overall). A portion of funding is set aside each year for Indian tribes – \$8 million in FY 2006 rising to \$15 million by FY 2009 (R).
- ♦ **FTA 5311(f) Intercity Bus Program** – This program funds intercity bus projects with emphasis on connectivity. Federal legislation mandated that states set aside a minimum percentage of funds for an intercity program to meet its needs. In California, remaining Section 5311 program funds (15 percent) are used to address intercity travel needs of residents in rural areas. There are three objectives for this program: (1) support connections between rural areas and larger regional or national system, (2) support services to meet rural residents' intercity travel needs, and (3) support intercity bus infrastructure through planning, marketing assistance and capital investment. Most capital and operating assistance projects are eligible providing they meet one or more program objectives. However, funding is awarded on a statewide competitive basis for a maximum of two years before reapplication (D).

- ♦ **Job Access and Reverse Commute Program (JARC)** – The Job Access and Reverse Commute (JARC) Section 3037 grant program assists states and localities in developing new or expanded transportation services that connect welfare recipients and other low-income persons to jobs and other employment related services. Job Access projects are targeted at developing new or expanded transportation services such as shuttles, vanpools, new bus routes, connector services to mass transit, and guaranteed ride home programs for welfare recipients and low-income persons. Reverse Commute projects provide transportation services to suburban employment centers from urban, rural and other suburban locations for all populations. Criteria for evaluating grant applications for JARC grants include:
 - Coordinated human services/transportation planning process involving state or local agencies that administer the Temporary Aid to Needy Families (TANF) and Welfare-to-Work (WtW) programs, the community to be served, and other area stakeholders.
 - Unmet needs for additional services and extent to which the service will meet need.
 - Project financing, including sustainability of funding and financial commitments from human service providers and existing transportation providers.
 - Other factors that may be taken into account include the use of innovative approaches, schedule for project implementation, and geographic distribution.

The JARC grant program is intended to establish a coordinated regional approach to job access challenges. All projects funded under this program must be the result of a collaborative planning process that includes states and metropolitan planning organizations, transportation providers, agencies administering TANF and Welfare to Work funds, human services agencies, public housing, childcare organizations, employers, states and affected communities, and other stakeholders. The program is expected to leverage other funds that are eligible to be expended for transportation in order to encourage a coordinated approach to transportation services. A 50 percent non-DOT match is required; however, other (non-DOT) federal funds may be used as part of the match. FTA gives high priority to applications that address the transportation needs of areas that are un-served or under-served by public transportation. Under SAFETEA-LU, the JARC program will be administered as a formula program beginning in FY 2006. Funds available throughout California will expand from \$10.0 million in FY 2005 to \$23.6 million in FY 2009 (D).

FTA Section 5317 – New Freedom Program – This new program under SAFETEA-LU provides formula funding for expanded public transportation services beyond those required by Americans with Disabilities Act (ADA) for persons with disabilities. The idea behind the program is to help communities provide transportation services beyond those required by ADA, and to help people with disabilities more fully participate in the workforce and in community life. It is apportioned to the individual states based upon the disabled population, and only 20 percent is available to non-urbanized areas. Modoc County intends to pursue funds from the New Freedom Program (D).

State Funding Sources

A mainstay of funding for transit programs in California is provided by the Transportation Development Act (TDA). The TDA provides two major sources of funding for public transportation: the Local Transportation Fund (LTF) launched in 1972, and the State Transit Assistance (STA) fund established in 1980.

- ♦ **Local Transportation Fund** – The major portion of TDA funds are provided through the LTF. These funds are generated by a one-fourth cent statewide sales tax and returned to the county of origin. Consequently, LTF funds are based on local population and spending. FY 2004 LTF allocated to Modoc County was nearly \$218,000. LTF revenues may be allocated by the MCTC for the following prioritized purposes (R):
 - To MCTC for TDA administration in the required, reasonable amount.
 - 2 percent of the remaining amount may be provided for pedestrian/bicyclist facilities.
 - Up to 5 percent of remainder may be allocated for coordinated community transit services.
 - Provided there are no reasonable-to-meet unmet transit needs, remaining funds may be allocated for local streets and roads to jurisdictions based on their population. TDA funds in Modoc County have not been used for non-transit purposes over the last few years.
- ♦ **State Transit Assistance** - In addition to LTF funding, the TDA includes the STA funding mechanism. The STA funds are for transportation planning and mass transportation purposes, as specified by the legislature. Under current law, the STA program is allocated one-half of the revenues deposited into Public Transportation Account (PTA). Historically, the PTA received revenues from two sources: (1) diesel sales tax, and (2) a portion of the state sales tax on gasoline, including “spillover” revenue and revenue from the sales tax on 9 cents per gallon of gasoline (referred to as the Proposition 111 gasoline sales tax revenue). Since 2005-06, PTA has also received a portion of Proposition 42 gasoline sales tax revenue. Beginning in FY 2008-2009, half of “spillover” funds will go to the General Fund and two-thirds of the remaining balance will go to STA. However, SB 717 changed the allocation of Proposition 42 revenues going to local transit agencies receiving funding through STA, increasing the local transit agency share from 50 percent to 75 percent, resulting in an increase to local transit agencies of \$74.3 million in 2008-09. Statewide, STA funds have varied dramatically over recent years. Modoc County was allocated \$15,700 in STA funds in FY 2004-2005, \$82,504 in FY 2006-2007, and will be allocated approximately \$40,000 in FY 2007-2008 (R).

TRIBAL FUNDING

Transportation funding budgets are approved by Congress for rancherias/reservations. In the past, the FHWA allocated funds to the Bureau of Indian Affairs (BIA), which proportioned them to Agency Offices. The recent SAFETEA-LU legislation allows tribes to receive funding directly

if financial stability is demonstrated. Modoc County rancherias/reservations are under the jurisdiction of the Northern California Agency, located in Redding, California. All tribes in California are allotted roughly \$5 million for IRR projects. There are 18 tribes competing for roughly \$1.6 million in funds under the Northern California Agency. Funding for IRR roads is based upon rancheria/reservation road mileage, vehicle miles traveled and the cost to construct. In FY 2005-2006 Modoc County tribes received \$37,000 in IRR funds for both road construction and planning. The amount of IRR funds allocated for a given year is based on the projects proposed at that time and availability of funding. Therefore, it is difficult to predict future IRR revenues for Modoc County tribes. Additionally, obtaining sufficient funds on a per-project basis can be difficult because of the road mileage allocation formula. As shown in Table 2-3, many IRR roads in Modoc County are less than one mile in length. Therefore, BIA often recommends that tribes prioritize projects and pool funding resources.

In FY 1999-2000, Congress approved \$18.3 million in funding for tribal transportation planning purposes. For the next three years, roughly \$35,000 was available to all tribal applicants each year. Fort Bidwell Indian Community Council participated for all three years and Pit River Tribe-XL Ranch Reservation and Cedarville Rancheria participated for two years. After 2003, virtually no funding has been available for tribal transportation planning.

AVIATION

The Federal Airport Improvement Program (AIP) provides 90 percent federal funding, with a 10 percent local and state match, for general aviation projects. Available for most capital expenditures at public airports, this funding program must be approved annually by Congress. AIP funds are derived from user charges such as aviation fuel tax, civil aircraft tax, and air passenger fare surcharges.

The State of California Aid to Airports Program (CAAP) makes grant funds available for airport development and operations. Three types of state financial aid to publicly owned airports are available through the CAAP.

- ♦ *Annual grants* for up to \$10,000 per airport per year. These funds can be used to match Federal programs, but not state programs.
- ♦ *Acquisition Development Grants* provide funds for up to 90 percent of the cost of qualified airport developments on a matching basis, to the extent that state funds are available.
- ♦ *Loans* of 100 percent are available for projects with self-amortizing improvements. Such loans will be a continuing source for local funds required to match the 90 percent federal project funds.

State law requires that the local government provide necessary state or local matching funds from non-federal sources for any CAAP funds. These local match funds can be provided by the Airport Enterprise Fund. Grants are allocated based on a complex project rating methodology used by the state, with a similar methodology used for the federal AIP. The highest rated projects are those that relate to safety and state mandates. Grants to privately-owned/publicly-used

airports are also awarded by the State through its CIP. California Pines Services District intends to apply for state grants to help fund a runway/taxiway overlay projects and a lighting project at the California Pines airport.

PROJECTED REVENUES

Projecting revenues and expenditures over a twenty-year period is difficult since funding levels can fluctuate dramatically, be eliminated by legislation, policy changes, or economic conditions. In addition, many projects are eligible for discretionary funds, which are nearly impossible to forecast, due to the competitive nature of the programs.

Recurring regional transportation revenues were estimated in four-year increments over the next twenty years based on historical revenues and current year allocations. Because the region cannot accurately project-funding levels from competitive programs or those controlled by another agency, only recurring or regular regional funds are projected. Results are presented in Tables 5-1 through 5-3 with explanations of revenue projection methodology included as footnotes. The projected revenues in Tables 5-1 through 5-3 are consistent with the Policy Element of this RTP.

Several challenges to transportation funding exist and may have a negative impact on the funding outlook in Modoc County:

- ♦ The transfer of state gasoline sales tax revenues to the Transportation Investment Fund (TIF) and state highways is not guaranteed despite state legislation. Although Proposition 1A will help secure this source of funding, gas sales tax revenues may be diverted to the general fund twice in any ten-year period under certain circumstances. This would have a significant impact on STIP funded transportation projects throughout the state, including Modoc County.
- ♦ Federal highway funding is also at risk. SAFETEA-LU is set to expire in 2009 and U.S. Treasury projections estimate that the Federal Highway Trust Fund (FHTF) may not be able to support funding at specified SAFETEA-LU levels in 2009. Furthermore, the recent bridge collapse in Minnesota may prompt the flow of any available funds to major bridge rehabilitation projects.
- ♦ Rising construction costs are posing a major problem for all California counties. Caltrans' California Highway Construction Cost Index has shown a significant rise of 24 percent per year in construction material costs over the last three years due to demand for steel and cement and a rise in oil prices. Although prices in Modoc County tend to be a bit lower than much of the state, Modoc County has been and will continue to be affected by inflation.

Transportation revenue sources available to MCTC were divided into three categories. Table 5-1 presents MCTC revenue sources available for roadway, bridge and planning projects while Table 5-2 presents revenue sources available for transit operating and capital projects over the next twenty years. Approximately \$50.2 million will be available to MCTC for regional roadway and bridge projects and an additional \$ 6.8 million will be available for transportation planning

Table 5-1: MCTC Projected Regional Revenues

All figures in inflation adjusted dollars (1,000)

Program / Fiscal Year Period	Projected Revenues						Total
	07/08-10/11	11/12-14/15	15/16-18/19	19/20-22/23	23/24-26/27		
<u>Roadways and Bridges</u>							
STIP - Projects	\$ 9,617	\$ 7,070	\$ 8,188	\$ 10,028	\$ 12,282	\$	47,185
STIP - TE	\$ -	\$ 547	\$ 679	\$ 832	\$ 1,019	\$	3,078
Total Roadways and Bridges	\$ 9,617	\$ 7,617	\$ 8,867	\$ 10,860	\$ 13,302	\$	50,264
<u>Planning</u>							
STIP - PPM	\$ 452	\$ 580	\$ 708	\$ 855	\$ 1,032	\$	3,627
RPA	\$ 592	\$ 615	\$ 640	\$ 666	\$ 693	\$	3,206
Total Planning	\$ 1,044	\$ 1,195	\$ 1,348	\$ 1,521	\$ 1,725	\$	6,833

STIP revenues though FY 2015 based on 2008 RTIP and 2008 STIP Fund Estimate (Caltrans). Later years are increased by 5.2% annually to reflect 2008 STIP Fund Estimate projected growth in gas and diesel sales tax. STIP funding was not projected for transit capital projects as this source is more unstable and difficult to predict. TE Revenues: Based on 2008 RTIP and later years increase by same annual growth rate as STIP non-TE funds. RPA revenues based on historical allocations and increased by 1% annually.

Source: MCTC, 2008.

Table 5-2: MCTC Projected Revenues - Transit/ Public Transportation

All figures in inflation adjusted dollars (1,000)

Program / Fiscal Year Period	Projected					Total
	07/08-10/11	11/12-14/15	15/16-18/19	19/20-22/23	23/24-26/27	
Operating Funding						
TDA						
STA	\$ 71	\$ -	\$ -	\$ -	\$ -	71
LTF	\$ 598	\$ 658	\$ 712	\$ 770	\$ 834	3,572
FTA						
5311	\$ 145	\$ 140	\$ 140	\$ 140	\$ 140	705
5311(f)	\$ 665	\$ 700	\$ 700	\$ 700	\$ 700	3,465
JARC/ New Freedom	\$ 60	\$ -	\$ -	\$ -	\$ -	60
Total Operating Funding	\$ 1,479	\$ 1,498	\$ 1,552	\$ 1,610	\$ 1,674	7,873
Capital Funding						
FTA						
5311	\$ 80	\$ 80	\$ 80	\$ 80	\$ 80	400
5311(f)	\$ 24	\$ -	\$ -	\$ -	\$ -	24
5310	\$ 96	\$ 98	\$ 100	\$ 102	\$ 104	500
JARC/ New Freedom	\$ 88	\$ -	\$ -	\$ -	\$ -	88
Prop 1B						
PTMISEA	\$ 79	\$ -	\$ -	\$ -	\$ -	79
CTSGP-STAA	\$ 8	\$ -	\$ -	\$ -	\$ -	8
Total Capital Funding	\$ 212	\$ 125	\$ 125	\$ 125	\$ 125	1,099

LTF Revenues: An annual growth rate of 2% was applied to the average of historical allocations.

STA Revenues: This is an unstable funding source; therefore no revenue was projected beyond FY 08-09.

FTA: Operating revenue based on MCTC estimates. Flat growth is assumed over the planning period. Capital revenue based on historical allocations.

Source: MCTC, 2008.

TABLE 5-3 : Projected Recurring Revenues - Aviation and Local Funding Sources

All figures in \$1,000 and adjusted annually for inflation

Program / Fiscal Year Period	07/08-10/11	11/12-14/15	15/16-18/19	19/20-22/23	23/24-26/27	Total
Aviation						
FAA AIP	\$ 5,252	\$ 11,165	\$ 5,926	\$ 1,363	\$ -	\$ 23,706
State CAAP	\$ 200	\$ 200	\$ 204	\$ 208	\$ 212	\$ 1,024
Recurring Aviation Revenues	\$ 5,452	\$ 11,365	\$ 6,130	\$ 1,571	\$ 212	\$ 24,730
City of Alturas						
Motor Vehicle In-Lieu (VLF)	\$ 504	\$ 546	\$ 591	\$ 640	\$ 693	\$ 2,974
Gas Taxes	\$ 235	\$ 255	\$ 276	\$ 299	\$ 323	\$ 1,388
Main Street	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 150
St Hwy Sweeping	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 100
Snow Removal	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 25
Recurring City Revenues	\$ 795	\$ 856	\$ 922	\$ 993	\$ 1,071	\$ 4,637
County of Modoc						
Gas Taxes	\$ 6,125	\$ 6,630	\$ 7,177	\$ 7,768	\$ 8,409	\$ 36,109
RSTP (Exchanged for State)	\$ 1,244	\$ 1,347	\$ 1,458	\$ 1,578	\$ 1,708	\$ 7,336
State Match	\$ 420	\$ 455	\$ 493	\$ 533	\$ 577	\$ 2,478
Prop 42/ Traffic Congestion Relief	\$ 2,250	\$ 2,436	\$ 2,637	\$ 2,854	\$ 3,089	\$ 13,266
Recurring County Revenues	\$ 10,040	\$ 10,868	\$ 11,764	\$ 12,734	\$ 13,783	\$ 59,190
All Recurring Revenues	\$ 16,287	\$ 23,089	\$ 18,816	\$ 15,298	\$ 15,066	\$ 88,557

Notes: Generally early years based on actual figures, or known allocations. Future years based on last known stable year figures extended.

Aviation revenues based on projects lists. Assumed \$10K annual grant per year for CAAP funds.

City of Alturas: VLF, Gas Tax revenues based on 2% annual growth to account for population increase; other revenue per City of Alturas staff projections.

County Revenues: Gas taxes and Prop 42 based on 2% annual growth to account for population increase, RSTP adjusted for 2% annual inflation.

Sources: MCTC, City of Alturas, and County of Modoc Road Department, 2007.

activities. As the RTPA for Modoc County, MCTC allocates transit funding for Sage Stage. As shown in Table 5-2, \$7.8 million in transit operating revenue will be available over the planning period. Capital funding sources for transit projects are discretionary and difficult to predict, but historical allocations have shown that at least \$1 million will be available over the RTP planning period. Non-motorized facility revenues were not projected as these funding programs are very competitive and MCTC has received limited revenue for these types of projects in the past.

Table 5-3 presents projected transportation revenues, which are not allocated by MCTC. Aviation funding is anticipated to amount to \$ 24.7 million over the next twenty years. Table 5-3 also demonstrates that the City of Alturas anticipates a total of \$ 4.6 million over the twenty-year planning period; whereas the County of Modoc estimates that roughly \$59.1 million will be allocated to their jurisdiction during the study period.

ROADWAY REVENUE TO EXPENDITURE COMPARISON

A comparison of regional roadway transportation revenues to expenditures is presented in Table 5-4. It should be noted that revenue to expenditure comparisons were not made for SHOPP projects, as there are no SHOPP projects listed in Modoc County. Revenue to expenditure comparisons were not made for transit, aviation or bicycle/ pedestrian projects as capital funding sources for these facilities are often competitive grants and therefore difficult to predict. The regional roadway/bridge transportation improvement projects listed as constrained in the tables in Chapter 4 will cost around \$41 million over the twenty-year period. As projected STIP revenues over the next twenty years are roughly \$53.8 million, these STIP projects are, indeed, fiscally constrained. Particularly, the first four-year period of the RTP is fiscally constrained and consistent with the 2008 STIP fund estimate. If unconstrained transportation improvement needs are considered, there is a deficit of approximately \$59.6 million in STIP regional funds over the twenty-year planning period.

As can be seen in Table 5-4, the City of Alturas has developed a financial constrained local road improvement program over the entire RTP planning period; however there are significantly more local road improvement needs than funding available, as can be seen in the \$35.9 million unconstrained local road improvement projects.

There is a funding deficit of \$561,000 for non-STIP eligible county roadway projects during the first four years of the planning period. As Modoc County will receive approximately \$1.6 million from the Proposition 1B local streets and roads program, there will be sufficient funding available for County roadway projects in the short-term. Over the long term, there is a deficit of approximately \$12.8 million in local funding.

These estimates indicate a \$107.9 million funding shortfall over the next twenty years if unconstrained projects are taken into account, for major regional, City, and County roadway/bridge projects. Furthermore, the forecast of revenues or expenditures do not take into account the actual needs for the entire transportation network. All expenditure estimates were based on anticipated revenue and relative, realistic project planning.

TABLE 5-4: Proposed Roadway/Bridge Projects Cost to Revenues Comparison

All figures in inflation adjusted dollars (1,000)

	Program / Fiscal Year Period						Total 20 Years	
	07/08-10/11	11/12-14/15	15/16-18/19	19/20-22/23	23/24-26/27	Constrained Projects	Financially Unconstrained Projects	Total Constrained and Unconstrained Projects
Regional Revenue STIP Shares								
STIP PPM	\$ 452	\$ 580	\$ 708	\$ 855	\$ 1,032	\$ 3,627	--	--
STIP Projects	\$ 9,617	\$ 7,070	\$ 8,188	\$ 10,028	\$ 12,282	\$ 47,185	--	--
TE Projects	\$ -	\$ 547	\$ 679	\$ 832	\$ 1,019	\$ 3,078	--	--
Available Regional Revenues	\$ 10,069	\$ 8,197	\$ 9,575	\$ 11,715	\$ 14,334	\$ 53,890	--	--
Proposed Major Regional STIP Projects Costs								
City Streets ⁽¹⁾	\$ 2,291	\$ 11,917	\$ 3,236	\$ 617	\$ -	\$ 18,059	\$ 340	\$ 18,399
County Roads ⁽²⁾	\$ 6,906	\$ 9,324	\$ 2,807	\$ -	\$ -	\$ 19,037	\$ 43,773	\$ 62,810
State Highways ⁽³⁾	\$ -	\$ 4,550	\$ -	\$ -	\$ -	\$ 4,550	\$ 27,796	\$ 32,346
All Major Regional Projects Costs	\$ 9,197	\$ 25,791	\$ 6,042	\$ 617	\$ -	\$ 41,646	\$ 71,908	\$ 113,555
Balance	\$ 872	\$ (17,593)	\$ 3,533	\$ 11,099	\$ 14,334	\$ 12,244	--	\$ (59,664)
City of Alturas Public Works								
Recurring Revenues	\$ 795	\$ 856	\$ 922	\$ 993	\$ 1,071	\$ 4,637	--	--
Staff, Equipment & Legacy Costs	\$ (715)	\$ (770)	\$ (830)	\$ (894)	\$ (964)	\$ (4,173)	--	--
Available for City Projects	\$ 79	\$ 86	\$ 92	\$ 99	\$ 107	\$ 464	--	--
Local Roadway Projects ⁽⁴⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,941	\$ 35,941
Balance	\$ 79	\$ 86	\$ 92	\$ 99	\$ 107	\$ 464	--	\$ (35,477)
County of Modoc Road Department								
Recurring Revenues	\$ 10,040	\$ 10,868	\$ 11,764	\$ 12,734	\$ 13,783	\$ 59,190	--	--
Staff & Equipment	\$ (10,360)	\$ (10,360)	\$ (10,360)	\$ (10,360)	\$ (10,360)	\$ (51,800)	--	--
Available for County Projects	\$ (320)	\$ 508	\$ 1,404	\$ 2,374	\$ 3,423	\$ 7,390	--	--
Local Roadway Projects ⁽⁵⁾	\$ 242	\$ 10,874	\$ 4,959	\$ 3,881	\$ 242	\$ 20,197	--	--
Balance	\$ (561)	\$ (10,366)	\$ (3,555)	\$ (1,507)	\$ 3,182	\$ (12,807)	--	\$ (12,807)
NET REVENUE	\$ 391	\$ (27,874)	\$ 70	\$ 9,691	\$ 17,623	\$ (100)	--	\$ (107,949)

Notes: 1. Proposed City Street STIP projects (Table 4-10).

2. Proposed County STIP projects (Table 4-7, Table 4-8, Table 4-12).

3. Proposed State Highway projects designated to be financed with STIP regional shares (Table 4-5)

4. City-Local Roadway Projects listed in Table 4-10, excluding STIP-eligible projects. All Constrained projects are STIP-eligible.

5. County-Local Roadway Projects are remaining projects listed in Table 4-7 and Table 4-12, which do not include STIP-eligible projects. Ongoing maintenance projects are not included. All county-unconstrained projects are STIP-eligible.

Sources: MCTC, City of Alturas Public Works and County of Modoc Road Department.

FUNDING STRATEGIES

The following are potential funding strategies that could be implemented to address the funding shortfall addressed earlier in this section.

MCTC Overall STIP Funding Strategy – CTC has indicated that neither state highways nor local roads should be ignored when preparing an RTIP. There should be a balance of the two categories that represent transportation needs, corresponds to RTP goals and policies, and will improve baseline performance measures. This RTP update was intended to make the project selection process more user friendly by providing local decision-makers with user-friendly tables and realistic performance measures. As discussed in Chapter 4, RTP improvement projects are classified as “Project List” or “Inventory.” “Project List” projects have already been determined to be high priority projects for the region and are feasible to implement. As these projects are completed, the “Inventory” list should be reviewed to determine each project’s affect on baseline performance measures listed in Table 4-4. Inventory projects that are determined to have the greatest positive impact on the overall regional transportation system should be promoted to the “Project List.”

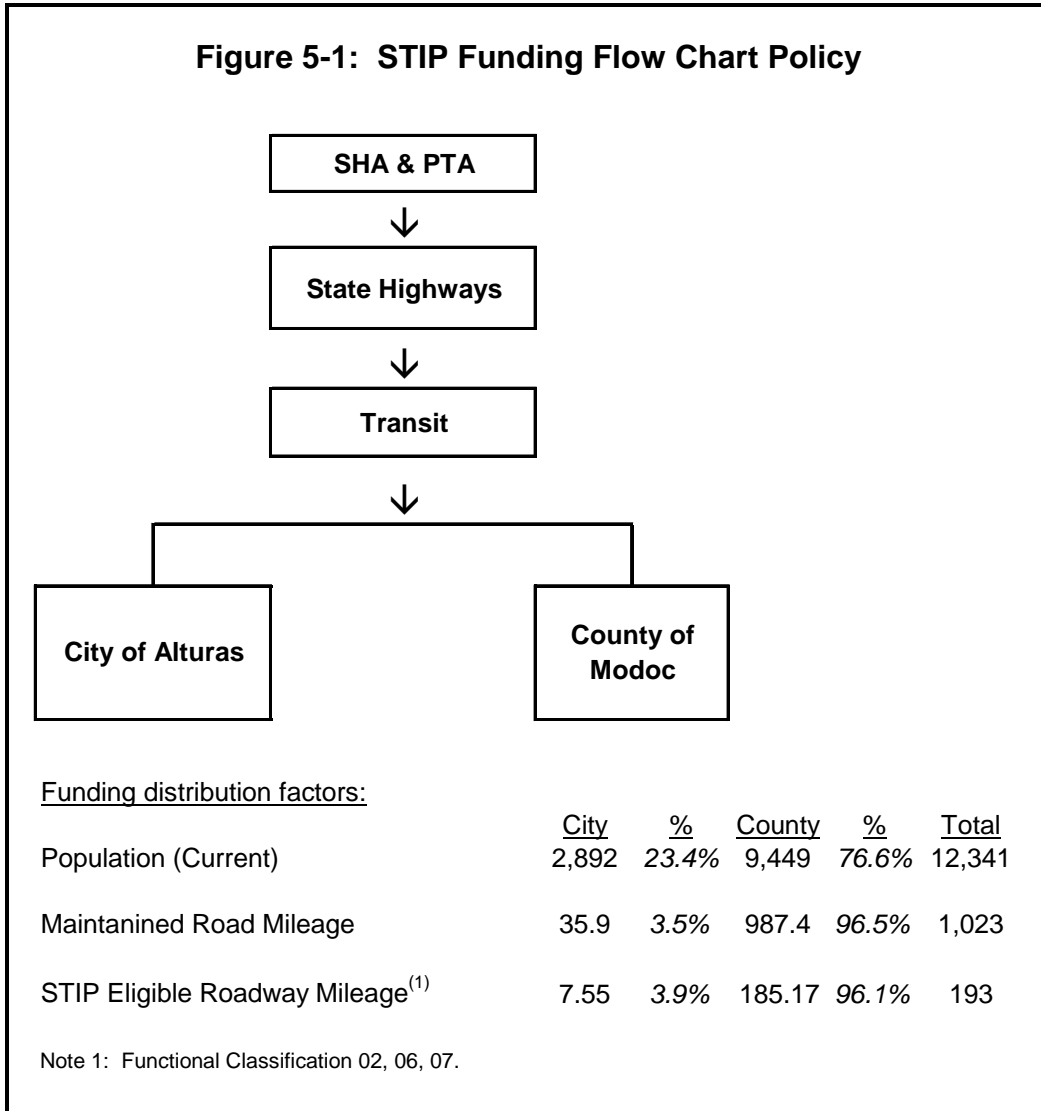
Local Roadway Funding Strategy - STIP dollars flow from the State Highway Account (SHA) and the Public Transportation Account (PTA) to MCTC to finance state highway, local road and transit projects. The proportion allotted to each county RTPA is based on county population and state highway mileage. STIP dollars fund three major transportation projects: state highway projects, transit projects and local roadway projects with a functional classification of 02, 06 or 07. In the past, approximately two-thirds of local roadway STIP funding was directed towards the County of Modoc and one-third was directed towards the City of Alturas. In an effort to maximize STIP funding and streamline the process, developing a more formal policy may be warranted. Figure 5-1 provides several funding distribution factors, which could be used as a basis for distributing STIP funding.

Population is one method of distributing funds. According to the US Census 2000, the unincorporated portion of the County makes up 76.6 percent of total Modoc County population while the City of Alturas accounts for 23.4 percent. As STIP funding is primarily used to finance local roads, perhaps it is more appropriate to allocate funds by the proportion of maintained road mileage. In this case, the County would receive 96.5 percent and the City would receive 3.5 percent. These proportions are very similar if only STIP eligible roadway mileage (not including roads classified as a local road) is considered. According to County and City staff, a lack of staff, equipment, and other resources can be a major inhibitor to completing County-maintained or City-maintained roadway projects. Therefore, it would be more efficient for the City, County, and MCTC to concentrate on one particular project together and then move on to the next.

Coordination efforts are already in effect, as the City and County have shared equipment resources to complete projects in the past.

The performance measure criteria addressed in Table 4-4 of this RTP should be used to determine which local road projects to focus on first. Funding should be allocated to projects on a needs based system. Additionally, how quickly a project can be ready for construction is

Figure 5-1: STIP Funding Flow Chart Policy



another important factor. Projects that do not increase current baseline performance significantly and will require extensive environmental review or right-of-way acquisition should be placed lower on the project priority list.

Finally, Modoc County should become familiar with and implement CSA and PRD funding mechanisms for maintenance funding.

Transit Funding Strategies

As stated throughout this document, public transit and mobility management are very important to the Modoc County region. Efforts are underway to construct a Mobility Management Center, implement technology tools and draft a coordinated human services transportation plan. In addition to the traditional federal and state funding sources available to transit projects (listed in

the beginning of this Chapter), MCTC can seek financial assistance in the form of vehicle purchase or mobility management training through a variety of health and human service assistance programs when a coordinated transportation relationship is established. Examples of such human service programs include Headstart, State Developmental Disabilities Programs, and Medi-Cal.

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