FINANCIAL ELEMENT

FUNDING FOR HIGHWAYS, STREETS, ROADS, BICYCLE & PEDESTRIAN IMPROVEMENTS

Funding Issues

Short-range project funding is generally tied to the two-year STIP funding cycle, the yearly allocations of sales tax and gasoline taxes, annual distribution of Regional Surface Transportation Program Funds, and local agency general fund allocations based on political and project priorities. In addition, the cities of Point Arena, Fort Bragg, and Willits have recently approved a half-cent sales tax for transportation which will significantly increase their funding available for improvements to their transportation systems. In general, funding projections can be made with some sense of reliability three to five years into the future. It would be highly speculative to project future funding of long-range projects at this time. Funding for roadway maintenance and rehabilitation remains woefully inadequate. A variety of factors impact the stream of available funding for roadway, street and highway projects. None of these factors can be predicted with any certainty, or in some cases even approximated. The status of the economic activity, gasoline sales, federal and state program allocations and requirements, and vehicle characteristics can all change from year to year with unexpected rapidity.

The financing requirements of the short-range program are as reasonably balanced between expenditures and projected funding as can be expected, given the uncertainty of funding levels beyond the four to five year period. The definition of the long-range improvement program is vague, reflecting the uncertain nature of funding over the twenty-year life of the plan. This region has experience in seeing short-range projects slip through the mid-range, and into the long-range.

Funding Maintenance and Rehabilitation

It is critical to the local road system to find and develop a permanent, sufficient, funding source for road maintenance and rehabilitation. Currently, funding for this type of work comes from gas tax, local general funds, Prop 1B, and RSTP funds. Not only are these sources inadequate to make a dent in the tremendous backlog of rehabilitation, but they are insufficient to simply keep the roads at the same level they are at currently. As a result, the backlog will continue to grow at a rapid pace. The local agencies that have recently passed transportation sales tax measures will be much more capable of tackling the maintenance and rehabilitation backlog than those without the special tax.

Traffic Impact Fees

A Traffic Impact Fee Nexus Study was prepared for the Ukiah Valley area in 2008 as part of MCOG's work program. The study provided a schedule of maximum allowable fees that could be charged given the requirements of AB 1600. Traffic Impact Fees could be adopted by ordinance by a City or County and collected in correspondence with new development. Fees would be used to fund transportation improvements that would be necessitated through new development, as documented through the nexus study. A number of factors went into calculating potential fees, including forecasts of building potential, population, traffic, land use, and infrastructure needs. At this time, a fee program has not yet been adopted by the County or City of Ukiah. Detailed information and a schedule of fees can be found in the *Ukiah Valley Area Transportation Impact Fee Nexus Study, Final Report,* September 2008, prepared by Economic & Planning Systems.

A travel demand forecasting model was prepared in 2010 as a first step toward a potential traffic impact fee for the rest of the county. Further studies would be required before any type of fee could be implemented. The report, *MCOG Travel Demand Forecasting Model, Final Model Development Report*, October 2010, prepared by Fehr & Peers, can be found on the MCOG website.

State Transportation Improvement Program (STIP)

The STIP is the source of the majority of transportation funding for large scale projects within the Mendocino County region. At the State level, these funds are divided into two programs—the Regional Improvement Program (RIP) funded from 75% of new funding, and the Interregional Improvement Program (IIP), funded from 25% of new STIP funding. Regional Transportation Planning Agencies (RTPAs) are given the authority to decide how to program the county share of RIP funds, subject to STIP eligibility guidelines. To be eligible, projects must be nominated by the regional agency in their Regional Transportation Improvement Program (RTIP). Caltrans has the authority to program the Interregional Transportation Improvement Funds. Similar to the RTIP, Caltrans must nominate projects within the Interregional Transportation Improvement Program (ITIP). STIP funds are primarily intended for use on capital projects. Eligible projects include improving state highways, local roads, public transit (including buses), pedestrian and bicycle facilities, grade separations, intermodal facilities, and safety. STIP guidelines also allow funds to be used for local road rehabilitation, however, these types of projects are considered low priority by the California Transportation Commission and often do not receive funding allocations.

New STIP funds are generally available on a biennial basis. In August of odd years (typically), the California Transportation Commission adopts the Fund Estimate for the STIP cycle. Regional agencies then adopt their Regional Transportation Improvement Program (RTIP) based on the adopted Fund Estimate.

Caltrans has adopted high emphasis “focus routes” to guide where its share of IIP funds are programmed and partnerships have been created between regional agencies and Caltrans to fund mutual high priority State highway projects.

Only a few years ago, the STIP provided major funding for capital improvements to our transportation system. The 2002 STIP added approximately $18 million in new RIP funding for use in the Mendocino County region. Unfortunately, the funding crisis that we are still suffering from hit shortly thereafter. It became necessary to reschedule the programmed STIP projects, delaying many for several years. For the 2010 STIP, we did not receive any additional funding capacity and were once again required to postpone existing projects. Unfortunately, the end of the current funding shortage is nowhere in sight.

While RIP funds can be used for projects on local roads, as well as transit, bicycle, and pedestrian projects, in order to implement desired improvements to the State highway system, RIP funds must also be used for State highway improvement. In light of the current statewide fiscal crisis, it is unknown if the region will receive any new RIP funding over the next several years.

Of course, there are many variables which can affect revenues from any of these funding sources. When the economy is poor people are less likely to travel, and therefore buy less gas, reducing the amount of money going into the State Highway Account and the amount of sales tax collected. The amount of commercial trucking decreases as well with a weak economy. Gas taxes can also be affected by changes in fuel efficiency of vehicles (fuel efficiency decreases revenues generated). Because the sources of funding for the STIP are so dependent on our economy, and so prone to change, it is difficult to accurately predict what future STIP and SHOPP funding amounts will be.

Highway Bridge Program (HBP)

The Highway Bridge Program (HBP) is authorized by the federal transportation bill—Safe, Accountable, Flexible and Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU). The purpose of the Program is to replace or rehabilitate public highway bridges over waterways, other topographical barriers, other highways, or railroads when the State and the Federal Highway Administration determine that a bridge is significantly important and is unsafe because of structural deficiencies, physical deterioration, or functional obsolescence. Eligible work for this program includes replacement, rehabilitation, painting, scour countermeasure, bridge approach barrier and railing replacement, and seismic retrofit.

About $240 million of federal funds are made available to local agencies annually. The federal reimbursement rate is 80% (88.53% for bridge railing replacement) of the eligible participating project costs including preliminary engineering, right of way, and construction. Candidate projects are submitted to Caltrans for review on an annual basis. Successful projects are included in the HBP multiyear plan.

Highway Safety Improvement Program (HSIP)

The Highway Safety Improvement Program (HSIP) is a federal safety program that provides funds for safety improvements on all public roads and highways. These funds serve to eliminate or reduce the number and/or severity of traffic accidents at locations selected for improvement.

Local agencies compete statewide for HSIP funds by submitting candidate safety projects to Caltrans for review and analysis. Caltrans prioritizes these projects and releases an annual HSIP Program Plan that identifies the projects that are approved for funding. As this is a statewide competition, it must be recognized that this is in no way a guaranteed source of funding. For Fiscal Year 2010/11, a total of $50 million was available statewide for this program.

High Risk Rural Roads Program (HR3)

SAFETEA-LU introduced a new safety program called the High Risk Rural Roads (HR3) Program. Only those roads that are functionally classified as rural major collector, rural minor collector, or rural local road are eligible to compete for HR3 funds. According to program guidelines, the roadway location targeted for improvement must have a collision rate for fatalities and incapacitating injuries that exceeds the statewide average for those functional classes of roadways. Grants are awarded on a competitive basis through an annual application cycle.

Transportation Enhancement Activities

The Transportation Enhancement (TE, formerly TEA) Program is a Federal funding source that provides for projects that creatively and sensitively integrate surface transportation facilities into their surrounding communities. TE projects may protect the environment and provide a more aesthetic, pleasant and improved interface between the transportation system for the communities and people adjacent to transportation facilities. Projects must be over and above required mitigation and normal transportation projects, and the project must be directly related to the transportation system. The projects should have a quality-of-life benefit while providing the greatest benefit to the greatest number of people. Projects must fall within the following twelve categories:

1. Provision of facilities for pedestrians and bicycles.
2. Provision of safety and educational activities for pedestrians and bicyclists.
3. Acquisition of scenic easements and scenic or historic sites.
4. Scenic or historic highway programs (including the provision of tourist and welcome center facilities).
5. Landscaping and other scenic beautification.
6. Historic preservation.
7. Rehabilitation and operation of historic transportation buildings, structures or facilities (including historic railroad facilities and canals).
8. Preservation of abandoned railway corridors (including the conversion and use thereof for pedestrian or bicycle trails).
9. Control and removal of outdoor advertising.
10. Archaeological planning and research.
11. Mitigation of water pollution due to highway runoff or reduce vehicle-caused wildlife mortality while maintaining habitat connectivity.
12. Establishment of transportation museums.

The TE program is authorized by the federal government in 6-year cycles corresponding with the federal transportation bill. Once an independent program, TE has now been integrated into the STIP. The State includes estimates of TE funding for each region in the STIP Fund Estimate. The estimate for the Mendocino County region varies with each STIP cycle. In the 2010 STIP cycle, $960,000 was made available to the region. MCOG conducts a competitive application process to award funding from this program.

State Excise Gas Tax

In early 2010, the State legislature dramatically changed transportation financing revenues in California. Through a combination of bills, AB8X 6 and AB8X 9, they eliminated the sales tax on gasoline (the source of the previous Prop 42) and increased the excise tax by 17.3 cents per gallon, indexed to keep pace with what the sales tax on gasoline would generate in a given fiscal year. The change is intended to keep streets and roads funded at a level equivalent to that under the previous system. In FY 10/11, the excise tax increase is expected to generate $2.52 billion statewide and be distributed as follows:

- $603 million transportation bond debt service
- $629 million to STIP
- $629 to local streets and roads
- $650 million in addition Article XIX transportation revenues for future appropriations

Beginning in FY 2011/12, the sales tax on diesel fuel will also increase by 1.75% (to 6.75%), and the excise tax will decrease by 4.4 cents. 75% of the revenue from the sales tax will be directed to transit operators, which will provide approximately $350 million per year. Transit operators will also receive a one time appropriation of $400 million statewide for FY 09/10 and 10/11.

Although in theory this change to the revenue architecture will have no negative impact to the transportation funding for local streets and roads, it eliminated the constitutional protection previously provided by Prop 42 to about half of local street and road funding.

Regional Surface Transportation Program (RSTP)

These are funds which are apportioned by the State pursuant to Sections 182.6 d(1) and d(2) of the Streets and Highways Code. The State distributes Section 182.6 d(2) directly to counties. Section 182.6 d(1) funds are received by MCOG then distributed to local agencies by formula. A total of $100,000 is taken off the top annually by MCOG to be used for "partnership" projects, such as the recent funding of the Simpson Lane/SR 1 Roundabout project. These funds can be used for a number of different types of projects including construction, reconstruction, rehabilitation, resurfacing, restoration and operational improvements on roads classified above a local or rural minor collector in the Federal Aid Highway System. The amounts of these to be distributed for FY 2009/2010 can be found in Table 24.

Table 24
RSTP Funds Distribution
FY 2009/2010

Agency	RSTP d(1)	RSTP d(2)
Mendocino County	$82,486	$502,390
Ukiah	$111,009	
Fort Bragg	$74,118	
Willits	$69,566	
Point Arena	$45,979	
MCOG	$100,000	

Note: RSTP funds not actually received until following FY.

Proposition 1B Funds

Prop 1B is the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (SB 1266: Chapter 25, Statutes of 2006). Prop. 1B funding included $17.25 billion for transportation, of which $2 billion went into the STIP. Another $2 billion is designated for local streets and roads to fund improvements to local transportation facilities that will repair and rehabilitate local streets and roads, reduce local traffic congestion, improve traffic flow, or increase traffic safety. A total of 50% of funds goes to counties and 50% to cities, allocated on a formula basis with a $400,000 minimum to each city. The final disbursements of Prop 1B funding were made in the 2009 Budget Act.

General Fund

General funds may be used for transportation, but must compete with other governmental functions each year for funding. When used for transportation, general funds are most often used for road improvements and regular maintenance. General fund revenues are subject to shifting local priorities and have proven to be unreliable as a source of transportation funding.

Local Sales Tax for Transportation

Mendocino Council of Governments commissioned a voter opinion survey in Mendocino County in January, 2002. The results of this survey showed that one of the biggest overall concerns of citizens throughout the County is the condition of local streets and roads.

Since that time, the cities of Fort Bragg, Willits, and Point Arena have passed ½ cent sales tax measures for transportation. Revenue from all of the measures will primarily be used to improve and maintain the existing street system. These new revenues will provide a measurable impact to the backlog of street maintenance experienced by local agencies. The following table shows projected revenues to be generated from these sales tax measures:

Table 25
Voter Approved Local Sales Tax for Transportation

Agency	Approximate Annual Revenue	Use of Funds	Sunset
Willits	$400,000	Repair, replacement, construction, and reconstruction of the City's road system	None
Fort Bragg	$750,000	Repair, maintenance, and reconstruction of City streets	12/31/14
Point Arena	$30,000	Repair, replacement, construction and reconstruction of the City's road system	None

Unfortunately, it is unlikely that the remaining local agencies—the City of Ukiah and Mendocino County—will be able to pass similar measures. The condition of the transportation system in Ukiah is not enough of a concern to local residents to warrant an attempt to pass a special tax for that purpose. Additionally, the City already has a special tax for public safety in place. Although road conditions in the unincorporated county are more of a concern, according to State law, the County can only implement a special sales tax if it is *countywide*, including the incorporated cities. As three of the cities already have a tax, the probability of a countywide measure is highly unlikely. There is however a countywide general sales tax measure to be considered on the November 2010 ballot. The funds would not be specific for transportation, but rather intended to continue basic government services in lean financial times. If the measure is successful, it is even less likely that the county will be able to pass an additional measure specific to transportation.

Transportation Development Act

Local funding for the bicycle projects typically comes from Transportation Development Act (TDA) funding. The Mendocino Council of Governments (MCOG) awards 2% of TDA revenues for approved bicycle or pedestrian projects. Funds are typically awarded every two years. Although a comparatively small source, these funds may be used to provide a local match to leverage larger grants.

Bicycle Transportation Account

The State Bicycle Transportation Account (BTA) Program enables an agency to apply for funding through a bicycle transportation plan prepared pursuant to the California Bicycle Transportation Act. AB 1020, which was passed by the Legislature in 1997, raised the historical $360,000 funding amount to $1 million in 1998, with incremental increases to the amount of $5 million in 2004. In 2000, SB 1772 increased the annual BTA funding to $7.2 million for fiscal years 2001/2002 through 2005/2006. After FY 2005/2006, the amount was reduced to approximately $5 million annually.

Safe Routes to School

Caltrans awards grant funding through both a State and Federal Safe Routes to School Program. Grants are awarded through a competitive application process. These funds are used for construction of bicycle and pedestrian safety and traffic calming projects along routes to schools. The required local match for the State program is 10 percent, while the Federal program does not require a match.

Office of Traffic Safety

The Office of Traffic Safety (OTS) Grants provide funding to assist local agencies with bicycle and pedestrian safety and education programs. Such programs include bicycle rodeos and bicycle helmet distribution programs.

Other State Funding Sources

Community Based Transportation Planning (CBTP) Grants are provided to encourage livable community concepts that integrate land use and transportation planning. Environmental Justice Grants are also available to encourage planning and transportation enhancements related to low-income and minority communities to prevent or mitigate disproportionate, adverse environmental, economic, health and social impacts of transportation projects while improving mobility, quality of life and economic vitality in under-served communities.

TRANSIT FUNDING

Jobs Access & Reverse Commute (FTA Section 5316)

The Jobs Access and Reverse Commute (JARC) Program provides funds to assist local communities in developing flexible transportation services to connect welfare recipients and low-income employees to employment and support services. The 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.

Potential JARC applicants include local government agencies and nonprofit organizations. The program requires a 50% match for operating grants and 20% for planning or capital grants. For rural areas, a specific pot of funding is set aside, which totaled $1.4 million statewide in FY 08/09.

New Freedom Program (FTA Section 5317)

The New Freedom Program goals are to provide new public transportation services to overcome existing barriers facing Americans with disabilities seeking integration into the workforce and full participation into society while expanding the transportation mobility options available to persons with disabilities beyond requirements of the Americans with Disabilities Act.

The program requires a 50% match for operating grants and 20% for planning or capital grants. For rural areas, a specific pot of funding is set aside, which totaled $700,000 statewide in FY 08/09.

Federal Transit Administration (FTA) Section 5309

The Federal Transit Administration offers a Capital Investment Grant and Loan Program to provide transit capital assistance for bus and bus-related facilities. Funding under this program is often earmarked by Congress. MTA has been successful in acquiring Section 5309 funding in the past.

Federal Transit Administration (FTA) 5311 Formula and 5309 Discretionary Grants

During the Obama Administration, several discretionary grant programs for specified purposes have been announced and funds have been awarded. American Reinvestment and Recovery Act was the first. This formula-based, stimulus program brought $606,000 to MTA for vehicle replacement. Transportation Investments Generating Economic Recovery (TIGER) was a competitive program for all modes and has been offered twice with no grants for Mendocino. Transit Investments for Greenhouse Gas and Energy Reduction (TIGGER) is also competitive and has also been offered twice. MTA has an application in the second round, but awards are not expected to be announced until November 1. State of Good Repair, a competitive program to help maintain infrastructure in reasonable condition, was offered in the summer of 2010. MTA received a $5 million award for construction of a new maintenance facility.

Federal Transit Administration (FTA) Section 5310

The Federal Transit Administration provides assistance to non-profit corporations that provide transit services to the elderly and/or persons with disabilities when transportation services are unavailable, insufficient, or inappropriate. It is a capital assistance program that requires a 20% local match. Historically, it has been used for vehicle replacement and expansion projects, but other capital items, such as computerized dispatching systems, are also eligible. Public agencies that provide programs primarily for the elderly and disabled may also be eligible under Section 5310 if there are no service area conflicts with private, non-profit corporations. In California, Caltrans administers this annual competitive program.

Federal Transit Administration (FTA) Section 5311

The Federal Transit Administration makes funds available to non-urbanized areas such as rural counties, small towns/cities under Section 5311 of the FTA program. These funds are distributed on a formula basis. FTA Section 5311 funds used for operating have a 44.67% match requirement, whereas capital grants require a 11.47% local match.

Federal Transit Administration (FTA) Section 5311(f)

The FTA Section 5311(f) Intercity Bus Program has been designed to address the intercity travel needs of residents in non-urban areas of the state by funding services that provide direct intercity service, or improve access to the intercity bus and transportation networks in California. A minimum of 15% of each year's State apportionment of Section 5311 funds is set-aside for the Intercity Bus Program. The focus of the program is to fund capital and operating costs for new or expanded service, on a start-up basis. It is not intended to be a continuing source of operating revenue.

Federal Transit Administration (FTA) Section 5304

The Federal Transit Administration annually provides discretionary funding for transit planning Assistance which funds three Caltrans administered grant programs—Statewide Transit Planning, Transit Technical Planning Assistance, and Transit Professional Development. These programs require an 11.47% local match. Typical projects that have been funded include transit development plans, capital plans, and transit employee training programs.

State Sources

State Transit Assistance (STA)

The Transportation Development Act established the State Transit Assistance account. The State Controller appropriates these revenues to regional transportation planning agencies for transit uses. The allocation formula distributes funds 50% by population and 50% according to the operator's revenues from the prior fiscal year. These funds can be used for operations, subject to specific eligibility criteria, or capital projects. It is projected that MTA will receive $510,267 from 2009 through 2011.

Historically, STA funding was derived from the statewide sales tax on gasoline and diesel fuel. In 2009, the Legislature eliminated this source of transit revenue indefinitely. As a result of a lawsuit filed and won by the California Transit Association against the State of California et al, over $400 million was restored for FY 2009/10 and 2010/11, and a more stable program has been agreed upon to begin in FY 2011/12 through the passage of AB 8X 6 and 8X 9.

State Transportation Improvement Program (STIP)

Regional transportation planning agencies may program capital projects through the regional share of the STIP (see previous discussion). Since there are Article XIX limitations on the State Highway Account component of the STIP, a transit project must be funded with Public Transportation Account (PTA) dollars in the STIP.

Proposition 1B (2006)

Two specific portions of this $20 Billion bond-funded program are available to support capital programs of public transit agencies: The Public Transit Modernization Improvement & Service Enhancement Account (PTMISEA) is a formula-based program that will eventually generate more than $4.8 million for MTA. So far, over one-quarter of that sum has been allocated to MTA for the Maintenance Facility Solarization & Modernization project. The Transit System Safety Security & Disaster Response (TSSSDR) account will provide nearly $1 million in funding for those specified projects.

Local Funding Sources

Transportation Development Act (TDA)

The Transportation Development Act of 1971 established the Local Transportation Fund (LTF). One-quarter cent of the State sales tax generated in each county is returned to the regional transportation planning agency for deposit in the Local Transportation Fund. These funds are to be used for agency administration, optional bicycle and pedestrian projects, transit, transportation planning, and local streets and roads projects in accordance with priorities established by TDA. Local Transportation Funds generated through TDA have been the single largest funding source available for transit services provided through Mendocino Transit Authority.

Farebox Revenues

Transit systems funded with Transit Development Act funds are required to establish and maintain certain minimum level of local farebox returns. Urban systems are required to maintain a 20% farebox return; rural areas are required to maintain at least a 10% farebox return. Farebox revenues are Farebox revenues are the second highest source of operating funds for MTA and are required to be 14.7% of operating cost.

TRIBAL TRANSPORTATION FUNDING

Many of the funding sources described for use on streets, roads, highways and for bike and pedestrian projects would be available for use on tribal roads. Typically, a tribe would need to partner with a local agency such as a city or county to sponsor a project.

Tribal Specific Funds

BIA Indian Reservation Roads (IRR) Program

The purpose of the IRR Program is to provide safe and adequate transportation and public road access to and within Indian reservations, Indian lands, and communities for Native Americans, visitors, recreationalists, resource users and others while contributing to economic development, self-determination, and employment of Native Americans.

The IRR Program funds are authorized as part of the surface transportation authorization acts as part of the Federal Lands Highway Program (FLHP). The program is administered by the BIA Department of Transportation and the Federal Land Highway Office of the FHWA. A nationwide total of $450 million was authorized for the IRR Program in 2009.

From the annual program funding amounts, funding is deducted from the top to pay for operating expenses, administration, and the Tribal Technical Assistance Program (TTAP) centers for Tribal Governments. An additional 2% is set-aside for transportation planning by Tribal Governments.

The remaining funds (approximately 85%) are distributed to tribes for construction projects. Tribes may use up to 25% of their tribal share of IRR Program funds for maintenance activities.

Bridges on Indian Reservation Roads

This program is authorized under the HBRR Program and provides funding for rehabilitation or replacement of bridges or culverts on public roads meeting the definition of an IRR. Each BIA Regional Office works with Tribal, State, and local government to develop a priority list of bridge projects and identify sources for the 20% matching funds required by the program.

Tribal Technical Assistance Program

The Tribal Technical Assistance Program (TTAP) was created by the Federal Highway Administration (FHWA) in 1991 in order to help develop a sound transportation system through training, technical assistance, and technology transfer. It is funded by FHWA and Bureau of Indian Affairs. The mission of program is to support tribal workforce development and enhance tribal administrative capacity to manage and maintain transportation infrastructure, recreational travel and tourism, related tribal training and education needs. The TTAP centers assist tribal governments in developing intergovernmental coordination, transportation planning, and project selection. The Tribes in Mendocino County are served by the TTAP California-Nevada Center located in El Monte, California.

Other Potential Funds

Some additional funding sources that are available to cities and counties, but may be considered by tribes in partnership with a local agency are listed below.

Environmental Enhancements and Mitigation

The Environmental Enhancement and Mitigation (EEM) Program provides funding for environmental enhancement and mitigation projects which are directly or indirectly related to the environmental impact of modifying existing transportation facilities, or for the design, construction or expansion of new transportation facilities. Projects must be over and above the required mitigation for the related transportation project and must fall into one of the following three categories: Highway Landscaping and Urban Forestry, Resource Lands, and Roadside Recreation.

The Legislature is authorized to allocate ten million dollars annually for the program. Applications are accepted annually by the California State Resources Agency in Sacramento. No matching funds are required, however, projects that include the greatest proportion of other monetary sources of funding will be rated highest. Grants are generally limited to $250,000.

Caltrans Transportation Planning Grants

Caltrans administers six different transportation planning grant programs. With the exception of the Environmental Justice and Community Based Transportation Planning programs, Tribal governments may participate in these grant programs only as a subrecipient, with a county, city or MCOG acting as the main applicant. Grants applications are accepted annually by Caltrans and compete on a statewide level.

- Environmental Justice - Promotes context sensitive planning in diverse communities and provides means to help low-income, minority and Native American communities, including community based organizations (CBOs) become active stakeholders in transportation planning and project development.

- Community Based Transportation Planning - The CBTP grant program is primarily used to seed planning activities that encourage livable communities. CBTP grants assist local agencies to better integrate land use and transportation planning, to develop alternatives for addressing growth and to assess efficient infrastructure investments that meet community needs.

- Partnership Planning – Provides funding for RTPAs to perform transportation planning studies jointly with Caltrans that have a statewide or multi regional significance. Benefits of the program may include (1) improved public involvement efforts, *including government-to-government relations*, (2) enhanced ability to plan, collect data, and provide information on transportation systems, and (3) improve ability to plan and implement services, systems, and projects.

- Statewide Transit Planning/FTA Section 5313(b) - The Section 5313(b) program provides financial assistance for Statewide planning and other technical assistance activities, planning support for nonurbanized areas, research, development and demonstration projects, fellowships for training in the public transportation field, university research, and human resource development.

- Transit Technical Assistance/FTA Section 5313(b) – This program funds public and intermodal transportation planning studies in rural transit areas of California (transit service area of 50,000 or less). Annually, there is about $600,000 available with a grant cap of $80,000.

- Transit Professional Development/FTA Section 5313(b) – Funds training and development of transit planning professionals and students. There is $400,000 available annually with an individual grant cap of $50,000.

AVIATION FINANCING

Local counties, particularly rural counties, have no excess resources to use for airport enhancement or improvement beyond bare maintenance expenditures. The State has had minimal amounts to distribute to the rural counties for use in airport upgrades and capital improvement projects. The Federal Aviation Administration (FAA) has historically been focused on urban aviation needs and requirements, with only minimal funding available for the occasional grant to rural county aviation needs.

The source and stability of revenues for each of the airports varies greatly from airport to airport. Round Valley Airport, located in Covelo and owned/operated by the County of Mendocino produces almost no income from airfield operations, requiring the bulk of funding from the County General Fund. The Ukiah Municipal Airport on the other hand typically produces a net surplus of funds for the City of Ukiah which is used to provide the match for anticipated grant funding.

Each airport has struggles to maintain a viable operational base, expand the service capabilities of the airport, and meet the fiscal restraints of the local agencies operating the airports from general funds. For all of the airports only necessary high priority maintenance is included in each year's budget. Preventative maintenance projects are typically deferred in hopes of extra funding becoming available from State and Federal aviation funding sources. Any capital improvements are dependent on grants from the State and Federal government from sources outside of MCOG's control.

Funding Sources

Annual Grants

These are annual grants available from the Caltrans Division of Aeronautics in the amount of $10,000. These grants are available to all airports in Mendocino County and can be used for a variety of uses. These annual grants are the State's first aeronautics funding priority and have historically been safe from budgetary cutbacks.

AIP Matching Grants

These are State grants to eligible airports for a portion of the required match for the Federal Airport Improvement Program grants (see discussion below). This program provides a funding amount equal to 5% of the FAA funding amount (4.5% of total project cost). The remaining match must be provided by the local agency, however, the Annual Grant funding can be applied toward this match. In order for projects to be eligible for the AIP and the AIP Matching Grants, they must be included in the State Capital Improvement Program and the Federal Airport Capital Improvement Program.

Acquisition and Development Grants

Acquisition and Development (A&D) Grants are also available from the State to fund construction projects, land acquisition and planning projects such as Master Plans and airport layout plans. The minimum grant amount is $10,000 and the maximum is $500,000. The amount available statewide for these grants is the remaining funding available in the Aeronautics Account after funding State operations, Annual Grants and AIP Matching Grants.

Airport Improvement Program

The Airport Improvement Program (AIP) provides grant funding directly from the Federal Aviation Administration. To be eligible an airport must be included in the National Plan of Integrated Airport Systems (NPIAS) and be included in the State Capital Improvement Program and the Federal Airport Capital Improvement Program. Eligible projects include those improvements related to enhancing airport safety, capacity, security, and environmental concerns. AIP funds can be used on most airfield capital improvements or repairs except for terminals, hangars, and non-aviation development. Project development for eligible projects--such as planning and design--are eligible as is runway, taxiway, and apron pavement maintenance. Aviation demand at the airport must justify the projects. Operational costs and revenue-generating improvements are not eligible for AIP grants. The FAA participation rate in project costs for General Aviation Airports is 90%. Matching funds can come from the Caltrans AIP Matching Grant program or other sources.

Because the demand for AIP funds exceeds the availability, the FAA bases distribution of these funds on present national priorities and objectives. AIP funds are typically first apportioned into major entitlement categories such as primary, cargo, and general aviation. Remaining funds are distributed to a discretionary fund. Set-aside projects (airport noise and the Military Airport Program) receive first attention from this discretionary distribution. The remaining funds are true discretionary funds that are distributed based on a national prioritization formula.

HARBOR FUNDING

Noyo Harbor

Harbor Development is financed through local taxes, Federal and State Funds and revenues from berth rentals. Except when funds from special State and Federal Programs, such as, State

Disaster Funds and Army Corps of Engineers are available, revenues from operations provide approximately 90% of the funds needed to cover operating expenses. The remaining 10% is obtained from local property taxes. It is important to keep in mind that the budget does not allow for dredging, emergencies, or any possible large capital expenditures; these items come from reserve funds and special grants/funding.

Historically, the Corps of Engineers has financed and administered necessary dredging of the Noyo River Channel. The dredging of the Harbor is a significant expense, but is financed through the US Army Corps of Engineers.

Point Arena Harbor

The Arena Cove Pier budget is financed through a variety of sources. Fees are charged for commercial operations on site such as hoist rental fees, commercial/private launching and retrieval fees, and showers fees. Additionally, the City charges commercial operations for use of the fishing facilities.

Table 26
Point Arena Harbor
Revenues and Expenditures

Expenses/Revenues	**2008/09**	**2009/10**
Personnel Services	51,102	39,102
Supplies	3,447	3,681
Operating & Administration	15,976	15,502
Non-Operating Expenses	34,453	25,833
Total Expenses	104,978	84,118
Revenues		
Operating Revenue	71,892	75,336
Non Operating Revenue	26,379	26,784
Total Revenues	98,271	102,120