

MENDOCINO COUNCIL OF GOVERNMENTS

Executive Committee

APPROVED MINUTES

February 29, 2024

Primary Location

MCOG / Dow & Associates Offices
525 S. Main St., Suite G, Ukiah

Teleconference Locations

City Hall Conference Room, 416 N. Franklin St., Fort Bragg

General Public Teleconference by Zoom

PRESENT: Committee Members: Chair Dan Gjerde, Vice Chair John Haschak, Director Bernie Norvell
MCOG Staff: Nephele Barrett, Janet Orth, Alexis Pedrotti, Lisa Davey-Bates
MTA Staff: Jacob King and Mark Harvey

ABSENT: None

1. Call to Order / Roll Call. The meeting was called to order at 9:33 a.m. with all present, Chair Gjerde presiding. Committee members Dan and Bernie joined from Fort Bragg, while John joined in person at the primary location with staff. Bernie was delayed, arriving during budget discussion. MTA staff joined via Zoom.

2. Public Expression. None.

3. Review & Recommendation on Draft 2024/25 Regional Transportation Planning Agency (RTPA) Budget. Janet reviewed the first draft budget, starting with the Local Transportation Fund (LTF) sales tax revenues, noting that details of the other funding programs were discussed in her written staff report and attachments provided in the meeting packet. Total available revenues from all sources are estimated at over \$15 million. She cited uncertainties such as procurement of staffing contracts now in progress and a possible revised LTF estimate. While LTF revenues have fallen from the abnormal pandemic period, they are partially offset by State Transit Assistance from fuel taxes, which have risen. Two scenarios for LTF allocations had been prepared for consideration, with further options available if so desired. The summary sheets, Options 1 and 2, were viewed onscreen. A new funding source, SB 125, provides significant additional resources for transit, with over \$5 million, of an estimated total \$11 million, added to this budget for allocation in its first cycle.

- a. Local Transportation Fund (LTF) New Revenue Estimate and Reserves. Janet reported the County Auditor-Controller/Treasurer Tax-Collector's FY 2024/25 estimate of \$4,243,383, equal to the recently revised 2023/24 estimate. As reviewed with the Executive Committee on February 13, the same shortfall of \$658,530 (13.4% of budget) is projected for the current year 2023/24.

Staff offered two options for discussion of the LTF Reserve balance: Option 1 at the minimum five percent of the Auditor's estimate (\$212,000) by policy, and Option 2 at ten percent (\$424,000). Considering the revenue decline, staff did not suggest continuing at 15 percent this year. Both options would require an infusion of new LTF revenues to meet the Reserve target.

John asked about the 4.1% decrease in sales tax revenue projected by the consultant HdL in the Auditor's letter. Nephele explained that it did not necessarily apply to 2024/25, but was from the 2023/24 revised estimate, provided again for 2024/25 since it is due too early for much accuracy. The Auditor intends to give quarterly updates, as noted in staff's report, so adjustments could be made.

- b. Administration. Pending a decision on the procurement of staffing contracts currently in progress, staff offered approximate figures as placeholders, for later amendment of the budget. The total draft Administration budget proposal from three sources is down 1.5% (\$10,511). Other Direct Costs (i.e. not in the contract) of \$56,380 (down \$2,120 from \$58,500 in an effort to constrain costs), within the typical \$50K to \$60K. LTF costs for Administration would be 13% of the Auditor's estimate, a slight increase. As a percentage of total revenues from all sources, Administration is below five percent, within a consistent range. There were no objections to the initial proposed Administration budget.

- c. Two Percent Bicycle & Pedestrian Program. This amount is a calculated formula for an optional allocation up to two percent, according to Transportation Development Act (TDA) law. After Administration is subtracted, 2% of the new LTF fund estimate comes to \$73,770. MCOG issues a call for eligible projects every two years to the Technical Advisory Committee and awards are made by the Council. There was consensus to allocate the full two percent.
- d. Planning Overall Work Program (OWP). Alexis presented the funding proposal prepared by Planning staff. The LTF proposal is \$127,301, a slight decrease of \$14,178, to meet the three percent target. Total of three funding sources, including some but not all anticipated prior-year carryover, and before any new grants are added, comes to \$670,737. Amendments are typically made when actuals are known. The draft OWP is reviewed annually by the Technical Advisory Committee (TAC) for recommendation to the Council. After comments are received from Caltrans, the final OWP is formally adopted by the Council in June. There were no objections to the proposed OWP budget.
- e. Balance Available for Transportation. The balance of LTF available to MTA for claiming comes to \$3,452,044 under **Option 1**, down \$493,355 or 12.5% from the original 2023/24 allocation and down \$32,986 (0.9%) from the committee's recommended amendment. Under **Option 2** it is \$3,240,044, down \$705,355 (17.9%) from the original 2023/24 allocation and down \$244,986 (7.0%) from the amendment, although with a higher Reserve balance available. For comparison, the last pre-pandemic allocation was \$3,548,623 with a 5% reserve.

Janet briefly reviewed the State Transit Assistance (STA) revenues from fuel taxes. The preliminary State Controller's estimate makes available \$1,066,235 for MTA's claim, the second year it will have exceeded \$1 million. Added to the unallocated balance of \$131,543, this makes available \$1,197,778 for allocation, which may be claimed for operations or capital.

Including LTF, STA, Capital Reserve, and the new SB 125 funds, total revenues for transit are \$10,051,499 under Option 1 and \$9,839,499 under Option 2.

Questions and continued discussion included:

- Are STA revenues going up due to price of gasoline? Electric vehicles are reducing fuel consumption. Yes, though Senate Bill 1 changed the formula so that it's no longer a sales tax, but an excise tax indexed to mimic what the sales tax would have produced, meant to offset losses from vehicle efficiency. Revenue increases can't be expected to continue long term; eventually the State will implement another system such as a Road User Charge based on miles. A pilot program is ongoing, with four phases over several years to date. (John, Janet, Nephele)
- Deep dive into how the LTF Reserve fund activity is calculated and how it carries through past and future budgets over a three-year period based on actuals and estimates. Discussion of Options 1 and 2, results of each. (John, Janet, Nephele, Jacob)
- Does the Planning OWP include a grant for Mendocino County Department of Transportation to study sea-level rise and its impact on local roads? Yes, MCOG applied and has set aside a Project Reserve for the required local matching funds, and this \$400,000 project will be added to the OWP if awarded by Caltrans. (Dan, Alexis)
- Review of Capital Reserve Fund for transit purposes. Nearly all of the \$700K balance was claimed by MTA in 2023/24 to pool various funds for its electric bus and charging infrastructure program. Six chargers were purchased for the Ukiah and Fort Bragg facilities; MTA is working with PG&E to upgrade power capacity. Just \$10K of interest earnings remains. MTA can choose to add new LTF funding to the reserve as part of its claim to MCOG. (Janet, Jacob)
- What is MTA's response to the two LTF Reserve options, i.e. more funding available now versus a larger cushion for contingencies? MTA favors sustainability with the ten percent set-aside as the wiser choice. This amount is equivalent to two payroll cycles. The past year or so have contributed to MTA's experience with management of the funds, so they are well prepared. (Nephele, Jacob)
- Does MTA intend to claim STA for operations or capital? Only for operations, as MTA will primarily rely on the SB 125 funds for capital, and that allocation plan can be amended as needed. This is a rebuilding year for operations, as they work to restore and expand services. (Janet, Jacob)
- The ten percent Reserve seems like the sustainable choice. (John)
- Does the independent CPA auditor still recommend three months of operating costs in cash reserve? Yes, he recommends that MTA increase their own reserves substantially if possible. It is difficult to find enough discretionary funds to save; MTA is working on that. (Janet, Mark)

Dan asked what action was required today. Janet explained staff's timeline needing the committee's recommendation on the draft budget, particularly the LTF portion, so as to issue the Area Apportionment notice due March 1, which informs transit claimants of available funds (only MTA is eligible). The budget is considered a draft, expected to be further developed in the coming months. She thanked everyone for their participation.

Recommendation:

Upon motion by Haschak, seconded by Norvell, and carried on roll call vote (*3 Ayes; 0 Noes; 0 Absent*), the Executive Committee recommended approval of staff's Draft 2024/25 Regional Transportation Planning Agency (RTPA) Budget – "Option 2" with a Local Transportation Fund (LTF) Reserve of 10% (ten percent) of the County Auditor's revenue estimate, for further development during the annual budget process, including:

- LTF Reserve fund balance of \$424,000, double the minimum percentage allowed under policy, including new LTF funds of \$247,368
- \$554,900 LTF for Administration – *estimated pending staffing procurement process*
- \$73,770 LTF for 2% Bicycle & Pedestrian Program, allocating the full optional 2%
- \$127,301 of new LTF for the Planning program
- \$3,240,044 LTF for Transit
- Allocations from other sources for the Transportation Planning Overall Work Program (OWP) as recommended by staff and Technical Advisory Committee
- Allocations from the Surface Transportation Block Grant (STBG) Program according to policy and contracts.
- Allocations from SB 125 Transit Capital funding as previously approved in MCOG's Allocation Plan.

– *Summary of recommended budget is attached.*

4. Miscellaneous / Members' Concerns / Announcements. Bernie was asked about the road conditions on the way to this meeting, which were extremely wet from the rains. With more storms on the way, it was hoped a quorum could be gathered for Monday's board meeting.

5. Adjournment. The meeting was adjourned at 10:24 p.m.

Submitted by Janet Orth, Deputy Director & CFO

Mendocino Council of Governments

Regional Transportation Planning Agency & COG - Fiscal Year 2024/25 Budget

Administration, Bicycle & Pedestrian, Planning, Transit Allocations and Reserves - Executive Committee Recommendation - February 29, 2024

REVENUES	Trans. Devt. Act (TDA)			State			Federal		Local Agencies	TOTALS
	LTF	STA	CRF	PPM	RPA	Various	STBG	5311		
2024/25 LTF Official County Auditor's Estimate	4,243,383									4,243,383
2023/24 Auditor's Anticipated Shortfall	-658,530									-658,530
Total Local Transportation Fund (LTF) Estimate	3,584,853									3,584,853
2023/24 Auditor's Anticipat'd Unrestricted Balance - Reversed	658,530									658,530
Carryover - Planning Overall Work Program and RSTP Local Assistance	24,769						301,017			325,786
2024/25 State Transit Assistance - SCO's Preliminary Estimate		1,066,235								1,066,235
2024/25 State of Good Repair - SCO's Preliminary Estimate						148,134				148,134
STA and SGR - Fund Balance Available for Allocation		131,543								131,543
MCOG's Capital Reserve Fund - Balance Available for Transit			10,654							10,654
FTA Section 5311 Program - Annual Regional Apportionment								pending		0
2024/25 STIP Planning, Programming & Monitoring (PPM)				200,000						200,000
2024/25 Rural Planning Assistance					294,000					294,000
2023/24 Transportation Planning Program carryover				24,667	pending	0				24,667
2024/25 Surface Transportation Block Grant (STBG) Program							1,045,738			1,045,738
HCD Regional Early Action Planning (REAP) Housing Funds - est. carryover						pending				0
2024/25 State Active Transportation Program (ATP) - SR-162 Corridor Multi-Purpose Trail										1,513,415
SHOPP Complete Streets Program - SR-162 Corridor Multi-Purpose Trail										1,104,114
NEW: SB 125 Formula-Based Transit & Intercity Rail Capital Program (TIRCP) & Zero Emission Transit Capital Program (ZETCP)										5,353,525
LTF Reserve:										
Audited 2022/23 LTF Unrestricted Balance / Shortfall	-593,588									
Audited LTF Reserve Balance as of 6/30/2023	788,712									
2023/24 Reserve activity - transfer in 2021/22 LTF surplus	384,429									
Subtotal	579,553									
2023/24 Reserve activity - estimated additions & withdrawals	-402,921									
Subtotal - carryover to 2024/25	176,632									
Less LTF Reserve per Policy amended 8.14.2023 - balance at 10%	424,000									(Per policy, minimum Reserve is 5% of County Auditor's estimate of new revenue, to nearest 1,000.)
Amount Available for Allocation in FY 2024/25 / Backfill Reserve	-247,368									-247,368
TOTAL REVENUES	4,020,784	1,197,778	10,654	224,667	294,000	8,119,188	1,346,755	0	0	15,213,827
ALLOCATIONS										
2024/25 Administration - estimated pending RFP	554,900					27,659	106,172			688,731
2% Bicycle & Pedestrian - 2024/25 LTF Estimate less Admin. x .02	73,770									73,770
2024/25 Planning Overall Work Program (OWP) - new funds at 3% per TDA	127,301			200,000	294,000					
Carryover Funds - See OWP Summary	24,769			24,667	pending	0				Total OWP: 670,737
Total Administration, Bike & Ped., and Planning	780,740	0	0	224,667	294,000	27,659	106,172	0	0	1,433,238
Less Non-Transit Funding Sources - ATP, SHOPP and SB 125 Admin.						-2,728,165				
BALANCE AVAILABLE FOR TRANSIT	3,240,044	1,197,778	10,654	0	0	5,391,023	0	0	0	9,839,499
2024/25 Mendocino Transit Authority Claim - due April 1:										
MTA Operations										0
Unmet Transit Needs										0
Senior Centers Operations										0
Transit Planning										0
Capital Reserve Fund Contribution										0
Capital Program, MTA & Seniors Current Year										0
Capital Program, Long Term (Five Year Plan)										0
Total Transit Allocations	0	0	0	0	0	0	0	0	0	0
Other Allocations - RSTP for MCOG Partnership Fund							100,000			100,000
Other Allocations - RSTP for County & Cities Projects by Formula							855,738			855,738
Other Allocations - REAP for Admin., County & Cities Projects by Formula						pending				pending
Other Allocations - ATP Infrastructure Grants - SR162 Corridor Multi-Purpose Trail						1,513,415				1,513,415
Other Allocations - SHOPP Complete Streets for SR-162 Corridor Multi-Purpose Trail						1,104,114				1,104,114
TOTAL ALLOCATIONS	780,740	0	0	224,667	294,000	2,645,188	1,061,910	0	0	5,006,505
Balance Remaining for Later Allocation	3,240,044	1,197,778	10,654	0	0	5,474,000	284,845	0	0	10,207,321