- **Section 1A. Distribution**

Eligibility Verification (new section title)

Taxing authorities with new voter-approved tax measures, tolls, or fees that are potentially eligible for the Local Partnership Formulaic Program, must notify the Commission six weeks prior to any future formulaic funding distribution adoption (see Section III).

To verify eligibility, a taxing authority must submit the following information to the Commission:

- Ballot information.
- A copy of the ordinance or resolution seeking voter approval of the tax, toll, or fee.
- Election results (Official Statement of Votes Cast).
- For tolls, fees, and taxes other than sales taxes, a copy of the relevant section of the taxing authority's most recent audited financial statements indicating the revenue generated by the tax, toll, or fee, including posting location on the internet and information about how the revenues are reported to the state.

A cover letter signed by the Executive Director of the taxing authority should affirm the taxes, tolls, or fees are dedicated solely to transportation.

The Commission will determine formulaic funding for each eligible taxing authority with a voter-approved tax, toll, or fee that was approved prior to the adoption of the formulaic funding distribution and will be collected during the fiscal year.

Propose new language (discuss during workshop).

Distribution Factors (new subsection title)

Where a city has a voter-approved local sales tax and is located within a county without a countywide sales tax, the Commission will adopt a formulaic funding distribution for the city based on the city's population and the city's sales tax revenue.

Where a city has a voter-approved local sales tax and is located within a county with a voter-approved local sales tax, the Commission will adopt a countywide formulaic funding amount based on the county's population and the county's sales tax revenue; and a formulaic funding amount for the city based on the city's sales tax revenue.

Where there are multiple eligible taxing authorities with a voter-approved local sales tax within a county with a countywide sales tax, the Commission will adopt a formulaic funding distribution for each taxing authority based on the relative tax rates of each voter-approved sales tax.

All taxing authorities eligible for formulaic funding will receive a minimum annual amount of $200,000. The Commission may adjust this minimum funding in future programming cycles.

Propose new language (discuss during workshop)

❖ **Section 1A. Distribution (cont.)**

Distribution Adjustments (new subsection title)

Taxing authorities that receive voter approval for new tax measures, tolls, or fees after adoption of the formulaic funding distribution, will be eligible to receive formulaic funding at the beginning of the fiscal year following the measure effective date. Adjustments will be made to the total funding amount available for all taxing authorities in the subsequent cycle of the Local Partnership Formulaic Program.

- For taxing authorities with new voter-approved sales taxes, the formulaic funding shall be distributed based on 75% of the county's population in which the taxing authority is located compared to the total population of the region's (Northern or Southern) counties with voter-approved sales taxes dedicated solely to transportation improvements.
- For taxing authorities with new voter-approved parcel or property taxes, voter-approved tolls, and other voter-approved taxes, excluding sales taxes, the formulaic funding shall be distributed based on the proportional share of the projected annual revenue of the voter-approved tax initiative in comparison to the total revenues generated by voter-approved parcel or property taxes, voter-approved tolls, and other voter-approved taxes in Northern California.

Incentive Funding (new section title)

Incentive for New and Renewed Tax Measures, Tolls, or Fees

To recognize new or renewed voter-approved self-help efforts and to incentivize jurisdictions to pursue future tax measures, tolls, or fees, one-time incentive funding will be provided to jurisdictions that seek and receive voter approval of new or renewed tax measures, tolls, or fees, if those tax measures, tolls, or fees have a minimum period of ten years, are dedicated solely to transportation, and for sales taxes are equal to or greater than one quarter cent.

The total amount of incentive funding will not exceed $20 million annually. The incentive funding amount is based upon the projected annual revenue of the voter-approved tax, toll, or fee initiative.

Incentive funding amounts will be a minimum of $200,000 and up to a maximum of $5,000,000 for each jurisdiction. The incentive funding amount will be $200,000 if the projected tax revenue is less than $200,000. For jurisdictions that generate tax revenues above $200,000, the incentive funding amount will not exceed $5,000,000.

Should the sum of the incentive funding amounts (based on the above) exceed $20 million in any year, each incentive funding amount will be reduced proportionally while still maintaining the $200,000 minimum funding amount. If this occurs, in the following year, the Commission may elect to provide funding equal to the reductions if incentive funding is available (that is, if the incentive funding in that following year do not exceed $20,000,000). Amounts for the incentive funding will be made available in June of each year.

Incentive funding will be set-aside each year from the Local Partnership Program.

❖ **Section 1A. Distribution (cont.)**

Unused Incentive Funding

Unused incentive funding will be redistributed based on the program funding distribution (60% via formulaic and 40% via competitive) in the next fiscal year.

Propose new language (discuss during workshop)

Discussion: We redistributed the unused incentive funding at the August 2021 Commission meeting, what are your thoughts on the process?

Unprogrammed Formulaic Funding (move subsection)

Unprogrammed Formulaic Funding

If the program of projects adopted by the Commission does not program the full amount of a taxing authority's formulaic funding, the balance will remain available for later program amendments supported by eligible project nominations until the end of the programming cycle. The taxing authority must submit project nominations by April 30 of the last fiscal year in the programming cycle. Funds that remain unprogrammed at the end of the programming cycle will be redistributed in the subsequent programming cycle.

For taxing authorities that receive incentive funding in Fiscal Year 2022-23, any unprogrammed incentive balance will remain available for programming in the subsequent programming cycle.

❖ **Section 8A. Programming**

The program of projects for each fiscal year will include, for each project, the amount to be funded from the Local Partnership Formulaic Program, and the estimated total cost of the project. Project costs in the Local Partnership Formulaic Program will include costs for each of the following components: (1) Project Approval and Environmental Documentation, (2) Plans, Specifications, and Estimates, (3) Right-of-Way, and (4) Construction. The cost of each project component will be listed in the program no earlier than in the fiscal year in which the particular project component can be implemented. For Caltrans implemented projects, the cost of right-of-way support and construction support will be separated out and programmed separately from the right-of-way capital and construction capital cost.

The Commission's program of projects will not include projects that exceed a taxing authority's formulaic funding distribution.

Propose new language (discuss during workshop)

Discussion: Proposal to include a project nomination deadline for subsequent program amendments.

❖ **Section 10A. Amendments**

The Commission will consider amendment requests to assist agencies in implementing their projects and maximize the overall benefits of the Local Partnership Program.

❖ Section 10A. Amendments (cont.)

Implementing agencies shall receive the approval of all the partners that nominated the project before submitting amendment requests to Caltrans. Amendment requests should be submitted in a timely manner and include documentation that supports the requested change and its impact on scope, cost, schedule and benefits.

Amendment requests include, but are not limited to, the following: programming a new project; deprogramming formulaic funding from a programmed project; deleting a programmed project; and, scope, cost, and schedule changes. The Commission will not consider deprogramming formulaic funding from an allocated component unless it is consistent with the policy outlined in Section 15A.

Caltrans shall coordinate all amendment requests and utilize the Project Programming Request form to help document the change. Implementing agencies must notify Caltrans in writing of proposed amendments. This written notification must include the following:

1.) An explanation of the proposed change;

2.) The reason for the proposed change; and

3.) The impact to the project benefits.

A revised Project Programming Request form must be included in the notification.

Caltrans will review the proposed amendments and present the proposed amendments with Caltrans' written analysis and recommendation to Commission staff for Commission's approval.

Where a project will not be ready for allocation in the current fiscal year, the implementing agency should request an extension of the allocation deadline rather than an amendment (as outlined in Section 13A).

Propose clarifying language (discuss during workshop)

❖ Section 15A. Project Cost Savings

Savings at contract award may be used to expand the scope of the project. The expanded scope must be reviewed and accepted by Commission staff prior to contract award. All other contract award savings will be returned proportionally, through a Commission action at project completion, to the taxing authority's formulaic funding balance.

Savings at project completion must be returned proportionally except when an agency has, subsequent to project programming, committed additional funds to the project to fund a cost increase. In such instances, savings at project completion may be returned to other fund types first, until the proportions match those at programming. Any additional savings must be returned proportionally, through a Commission action, to the taxing authority's formulaic funding balance.

Propose clarifying language (discuss during workshop)

Discussion: Proposal of a deadline for reprogramming project cost savings.