

DESCRIPTION OF FUNDING SOURCES

TEA 21, the Transportation Equity Act for the 21st Century, is the current reauthorization for Federal surface transportation programs. TEA 21 covered a six-year period from FY 1998 to FY 2003 and the next reauthorization is anticipated in early 2004. TEA-21 preserved much of the basic programmatic structure of its predecessor, ISTEA, and included a core highway program that is primarily formula based, a core transit program that included both formula and discretionary elements, and flexible programs that allowed the states and Metropolitan Planning Organizations (MPOs) to allocate Federal dollars in a manner to best meet their local and regional transportation needs.

FLEXIBLE TEA-21 FUNDING SOURCES

STP or Surface Transportation Program – Projects eligible for funding under this program include roadway, highway, bridge and transit capital improvement projects. 50% of STP funding is allocated to various MPOs based on population, 30% is distributed at the state's discretion, 10% must be set aside for Transportation Enhancement Activities (TEA), and 10% must be applied to safety construction activities.

CMAQ or Congestion Mitigation and Air Quality Improvement Program – This Federal funding program is specifically for projects and programs that will contribute to the attainment of air quality standards established in the Federal Clean Air Act. Funds are available to non-attainment areas for ozone and carbon monoxide based on population and the degree of severity of pollution. Eligible projects are to be defined by the approved State Implementation Program (SIP), the State's air quality plan.

FEDERAL TRANSIT CAPITAL, PLANNING & OPERATING SOURCES

Federal capital and operating assistance for transit purposes is obtained mainly through the Federal Transit Administration (FTA). All Federal funds are subject to annual authorizations by Congress.

49 USC Section 5309 – This includes both discretionary and formula transit capital funds provided by the Federal government through FTA. New rail starts and extensions are funded through this program, which operates through earmarking at the congressional level. Other categories are Fixed Guideway Modernization (formula-based), and Bus and Bus Facilities (discretionary).

49 USC Section 5303 – These discretionary funds are used for federally required planning studies, which support and justify transit-related equipment and facilities. These funds are distributed to operators in the Bay Area Region by MTC. This Short Range Transit Plan is funded by this limited source.

49 USC Section 5307 – Funds provided through FTA through a complex formula. Currently, these funds are not available for operating assistance in Urbanized Area's (UZA) with a population over 200,000; however, they can be used for preventive maintenance purposes. Additionally in UZA's with populations greater than 200,000, one percent of the UZA formula funds are to be spent on transit enhancements, which include rehabilitation, connections to parks, signage, pedestrian and bicycle access and enhanced access for those persons with disabilities.

49 USC Section 5308 – This program created by TEA-21 utilizes a complex formula that takes into account fleet size, passenger miles and severity of air quality to distribute funds to public transit operators to utilize clean-fuel technologies for their bus fleets. These funds can be used to acquire clean-fuel buses, build clean-fuel electrical recharging facilities and renovate or retrofit existing facilities and buses with clean-fuel technology.

49 USC Section 5310 – These funds are granted to non-profit organizations to provide transportation services to elderly and disabled individuals who cannot or do not have access to public mass transit systems. VTA's paratransit broker is the principal recipient of Section 5310 funds locally.

Access-to-Jobs/Reverse Commute Program – This discretionary grant program was created by TEA-21 to fund projects designed to provide welfare recipients and low-income individuals access to jobs, and to fund reverse commute initiatives.

STATE CAPITAL AND OPERATING SOURCES

The State of California provides its own unique programs for funding transit operations and capital projects. In 1997, the California Legislature and Governor signed into law SB45, a complex bill that reformed the process for programming transportation dollars through the State Transportation Improvement Plan (STIP). Changes from the old STIP include shifting programming away from the CTC to regional transportation planning agencies (RPTAs) and shortening the STIP from a 7-year program to a 4-year program. Under SB45, the RPTAs have programming responsibility for 75% of available STIP funds, which can be used for a variety of transportation projects including, but not limited to, state highways, local streets and roads and transit capital improvements. The remaining 25% of STIP funds are distributed through the Interregional Transit Improvement Program (ITIP), which is used for statewide transportation projects. Programming is coordinated through the CTC.

Public Transportation Account (PTA) – These revenues are derived from the sales tax on gasoline and diesel fuel. Under the provisions of SB45, 50% of PTA revenues are distributed to the State Assistance Program (STA) with the other 50% used for funding planning activities of Caltrans, the CTC, intercity rail purposes and for the operations of the new California High-Speed Rail Authority. Part of the revenues are for uses formerly covered by the Transit Capital Improvement (TCI) Program, which include transit vehicle purchases (TCI has been eliminated as a separate program and folded into the PTA).

Flexible Congestion Relief (FCR) – The major State funding program for local or regional transportation projects that reduce congestion. These are State Proposition 111 motor vehicle fuel taxes, supplemented with Federal National Highway System funds, which are programmed every two years by the CTC. State highway projects, local roads, and rail guideway projects are all eligible for funding from this source. Each county must prepare a Congestion Management Program (CMP), which addresses congestion reduction. Projects submitted as candidates for FCR funds must be included in the Congestion Management Program.

SHOPP - State Highway Operations and Protection Plan – A program created by State legislation that includes State highway safety and rehabilitation projects, seismic retrofit projects, landscaping, some operational improvements, and bridge replacement. SHOPP is a four-year program of projects adopted separately from the STIP cycle. Both new (Proposition 111) and old State gas tax revenues and Federal funds are the basis for funding this program. The legislature and Governor have made seismic retrofit the State's highest priority, and in practice have also used other STIP funds for these projects.

STA or State Transit Assistance – Provides funding for mass transit, transit coordination projects and transportation planning. Half of the revenues budgeted for the PTA are appropriated to STA. STA apportionments to regional transportation planning agencies (MTC in the Bay Area Region) are determined by two formulas: 1) 50% of funds are distributed according to population and, 2) 50% are distributed on a basis proportional to operator revenues in the region for the prior year. The Bay Area Region usually receives about 38% of State STA funds.

Transportation Development Account (TDA) – Created in 1972, this account receives ¼¢ of the state sales tax program. The ¼¢ is apportioned to the county of origin according to the amount of sales tax generated by that county, and allocated by the Regional Transportation Planning Agency (MTC), to the county's eligible applicants. These funds represent about 30% of VTA operating revenues. Ninety percent of the funds go to VTA for transit operating purposes, and 5% under Article 4 go for community and paratransit services. Additionally, Article 3 funds (2% of the total) are allocated annually for bicycle/pedestrian projects, which are sponsored by a city or county and prioritized by VTA. The remaining TDA apportionment (3%) is retained by MTC for administration and planning purposes.

Transportation Fund for Clean Air Program (TFCA) AB 434 Program – Signed into law in 1991, this program increased vehicle registration fees in the Bay Area by \$4 to fund projects and programs that help reduce vehicle emissions. Eligible projects include ridesharing, clean-fuel vehicle programs, signal synchronization, regional transit information systems, congestion pricing and bicycle facilities. Sixty percent of TFCA funds are allocated by the BAAQMD on a competitive basis, while a program manager in each county administers the remaining 40%.

REGIONAL FUND PROGRAMMING RESPONSIBILITIES

MTC is the regional transportation planning agency for the nine-county San Francisco-Oakland-San Jose Bay Area. MTC approval, through the programming of funds, is necessary to receive most Federal and State funds. MTC, the Association of Bay Area Governments (ABAG) and the BAAQMD are jointly responsible for the Bay Area Air Quality Plan (BAAQP). MTC can only approve transportation projects, programs and plans that conform to this plan. MTC has now standardized the following major planning/funding plans for update on a two-year cycle:

Regional Transportation Plan (RTP) – A long-range (20-year) policy level plan for the region that is used to guide the Bay Area region’s multi-modal transportation development. The RTP is based upon projections of growth and travel demand, coupled with financial assumptions. The RTP must be fiscally constrained, which means that the total cost of the transportation capital improvement projects cannot exceed the amount of funds projected to be available to the region over the 20-year period.

Transportation Improvement Program (TIP) – The 3 to 7-year (depending on the funding source) federally required funding program that identifies the region’s committed program of projects. It is the primary spending plan for federal funding expected to flow to the Bay Area region from all federal sources for varying transportation projects. The TIP has separate Transit, Highway and Flexible Fund (STP/CMAQ) components. Specific projects must be included in this document to qualify for State and Federal funds. An air quality assessment is also done on included projects to ensure conformity of the TIP with the RTP and BAAQP.

Regional Transportation Improvement Plan (RTIP) - The 4-year plan that identifies projects for State Transportation Improvement Program (STIP) funds. Individual projects from each jurisdiction in Santa Clara County are evaluated and prioritized and submitted to MTC as candidate projects for inclusion in the San Francisco Bay Area’s RTIP. It is then submitted to the CTC for inclusion into the STIP for a statewide selection process.

LOCAL TRANSIT OPERATING AND CAPITAL SOURCES

Local transit revenues come primarily from two sources: transit fares and a ½¢ sales tax levied for transit purposes in Santa Clara County. In addition, two ballot measures approved by the voters of Santa Clara County in 1996 provide local funding for several capital projects in VTA's current improvement plan. Therefore, a brief description of these measures is also provided below.

Farebox Revenues - These are revenues (fares) collected from transit riders.

½¢ Local Sales Tax - In 1976, the Santa Clara County Transit District, VTA's predecessor, was authorized to levy a permanent ½¢ sales tax for discretionary transit purposes by a majority vote of the County's residents. The revenues have been used to support operations as well as for capital projects.

Santa Clara County 1996 Measure A and B – Part of VTA's transit service improvement plan resulted from two ballot measures approved by the voters of Santa Clara County in November 1996. Measure A, an advisory measure, identified a list of priority transportation projects to be undertaken if funding became available. Measure B called for a nine-year ½¢ general sales tax for general county purposes. The tax was identified as a potential funding source for Measure A projects. This program is referred to in the SRTP as the 1996 Measure B program and transit improvements funded by the measure are described in Chapters 3 and 4.

2000 Measure A – On November 7, 2000, more than 70% of the voters of Santa Clara County approved a ballot measure for several transit improvements funded by a 30-year ½¢ sales tax to take effect after the 1996 Measure B sales tax expires in 2006. This program is referred to in the SRTP as the 2000 Measure A program.