Transportation Development Act

State Transit Assistance Fund

CLAIM MANUAL

FY 2026-27

SBCAG

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This TDA State Transit Assistance Fund Claim Manual is available on the SBCAG Publications page, https://www.sbcag.org/about-us/work-with-us/policies-budget/.

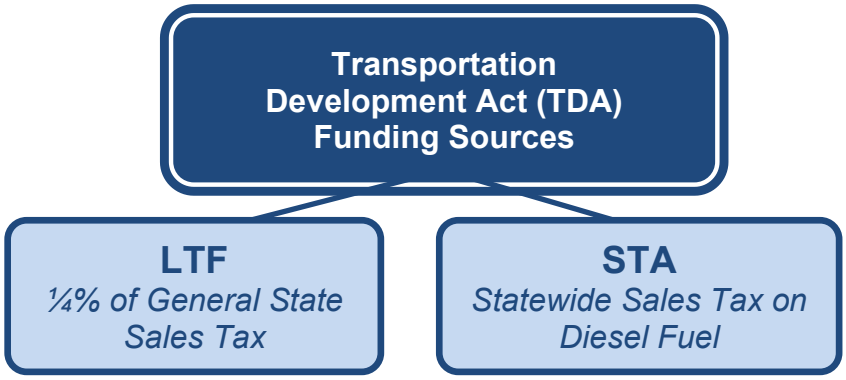
OVERVIEW OF THE TRANSPORTATION DEVELOPMENT ACT

The California Transportation Development Act[1] (TDA) is a funding source for the development and support of public transportation needs throughout the state. The California Department of Transportation (Caltrans) is responsible for the oversight of the TDA program statewide. State-designated Regional Transportation Planning Agencies (RTPAs) are responsible for implementing the TDA. This involves administering the distribution of funds to local TDA recipients (claimants) and monitoring the subsequent use of those funds to ensure conformity with all state and local requirements. Funds are allocated to areas of each county based on population, taxable sales, and transit performance. The TDA provides funding for use by local jurisdictions and agencies for a variety of transportation purposes, with public transportation as the first priority. Other eligible purposes are regional transportation planning & programming, bicycle and pedestrian projects, and local street and road projects when certain conditions are met. The main purpose and priority of TDA is to provide funding for public transportation.

The Transportation Development Act was signed into law on November 4, 1971, and became effective July 1, 1972. Several bills have amended the TDA over time. The full text of the Transportation Development Act as amended is available in a Caltrans publication titled *Transportation Development Act—Statutes and California Code of Regulations* located on SBCAG's website with other TDA resources, as well as on the Caltrans website at https://dot.ca.gov/programs/rail/transportation-development-act.

The TDA provides two major sources of funding, the Local Transportation Fund (LTF) and the State Transit Assistance[2] (STA) Fund.

TDA FUNDING SOURCES



[1] The TDA is also known as *SB 325* and the *Mills-Alquist-Deddeh Act*.
[2] The STA Fund is also sometimes referred to as *SB 620*.

Local Transportation Fund (LTF)

See SBCAG's Transportation Development Act Local Transportation Fund Claim Manual for information about LTF.

State Transit Assistance Fund (STA)

The STA fund provides a second source of TDA funding.[3] STA funds are generated from the statewide sales tax on diesel fuel.

The legislature appropriates the STA funds to the State Controller, who then allocates them by formula to each Regional Transportation Planning Agency (SBCAG in Santa Barbara County). The formula allocates approximately 70% of the funds on the basis of Santa Barbara County's population compared to the total state population. The formula allocates the remaining 30% on the basis of the amount of passenger fares and local support revenues collected by transit operators in Santa Barbara County compared to the amount collected by transit operators statewide.

A jurisdiction obtains money from the STA fund in much the same way as it does from the LTF; through apportionment, claim, allocation, and payment. Unlike the LTF, STA funds can only be used for transit purposes. SBCAG distributes all STA funds to the cities, county, transit agencies, and CTSAs; no money is taken "off the top" of STA.

[3] Senate Bill 7, approved on Feb 20, 2009, suspended the State Transit Assistance program as an eligible recipient of Public Transportation Account funds for 2009–10 to 2012–13 fiscal years. However in March 2010, the Governor signed the "gas tax swap" legislation which eliminated the sales tax on gasoline, increased the excise tax on gasoline and increased the sales tax on diesel fuel.

Who is Responsible for What and When Does it Happen?

LTF/STA Claim Timeline

First Quarter	Activity	Reference
January	SBCAG holds a public hearing to receive input on the existence of unmet transit needs.	
Prior to February 1	County Auditor-Controller furnishes SBCAG with an estimate of funds to be generated in the LTF within the county in the upcoming year.	CCR 6620
Prior to March 1	SBCAG prepares and adopts the findings of apportionment.	CCR 6644
Second Quarter	**Activity**	**Reference**
April 1	Claimants file annual LTF claims with SBCAG.	CCR 6630, PUC 99261
April/May	SBCAG makes findings concerning the existence of unmet transit needs that can be reasonably met.	
June	SBCAG Board approves LTF allocations and SBCAG provides written allocation instructions to the County Auditor for payment of funds.	CCR 6659
Third Quarter	**Activity**	**Reference**
July	County Auditor reports to SBCAG actual LTF revenues received during the prior fiscal year. SBCAG advises prospective claimants if unallocated (year-end balance) funds are available.	
Fourth Quarter	**Activity**	**Reference**
October 1	Article 8(a) (i.e., non-transit) claimants submit Streets and Roads Report to State Controller. All transit claimants submit annual Financial Transactions Report to State Controller and SBCAG.	CCR 6660, 6665; PUC 99243
*September/ October	SBCAG advises claimants of STA apportionments	
*September/ October	Claimants file revised claims with SBCAG for STA	
*October/November	SBCAG Board approves STA allocations	
December 31	Annual fiscal audits from LTF recipients and SBCAG are due to the State Controller.	CCR 6664

*refers to STA

STATE TRANSIT ASSISTANCE (STA) FUND

Funding Process

- State Controller notifies SBCAG of STA estimate
- After all four quarters of funding have been received, SBCAG apportions funds to local claimants
- Local claimants submit STA claims (which are revised LTF claims)
- SBCAG allocates funds to local claimants
- Jurisdictions submit claims and documentation for payment
- SBCAG reviews requests for consistency with claims and disburses payment to operators

State Controller's Allocation of STA Funds

The amount of STA funds received by SBCAG each year varies, depending on the following three factors:

1. The amount of STA funds received from taxes on diesel fuel for the year.

The amount of revenue available for STA is dependent on revenues generated by the sales tax on diesel fuel.

2. The relative size of the population within SBCAG's jurisdiction (i.e., the County population) to the population of other RTPA jurisdictions within the state.

Approximately 70% of the STA funds (PUC 99313) are allocated by the State Controller to the transportation planning agencies (SBCAG) based on the relative size of their populations. Santa Barbara County's relative share of the total state population changes every year. Population is determined using the Department of Finance annual population estimates for January of the year in which funds are allocated.

3. The relative amount of farebox revenues and local support revenues collected by each of the transit operators in SBCAG's jurisdiction compared to the amount collected by operators statewide.

The remaining 30% of available STA funds (PUC 99314) is allocated by the State Controller to the transportation planning agencies based on the relative amount of qualifying revenues as reported in the Annual Report of Financial Transactions of Transit Operators and Non-Transit Claimants under the Transportation

Development Act. The amount of revenues collected by the transit operators statewide varies each year, so each jurisdiction's proportional share changes from year to year.

SBCAG Apportionment

As explained above, there are two types of STA funds available: population formula funds and revenue formula funds.

SBGAG apportions the population-based allocation (PUC 99313) of funds it receives to each eligible jurisdiction within Santa Barbara County based on the relative share of that jurisdiction's population. SBCAG has adopted policies apportioning funds to four planning areas (See resolution No. 82-12):

- South Coast: Easy Lift, SBMTD
- Lompoc Valley: Lompoc
- Santa Maria Valley: SMOOTH, Santa Maria, Guadalupe
- Santa Ynez & Cuyama Valleys: Buellton, Solvang, Cuyama Valley

SBCAG apportions the revenue-based allocation (PUC 99314) of funds it receives to the following jurisdictions:

- City of Guadalupe
- City of Lompoc
- City of Santa Maria
- City of Solvang
- County of Santa Barbara
- Santa Barbara Metropolitan Transit District
- Santa Barbara County Association of Governments – Clean Air Express

SBCAG appropriates the revenue-based allocation funds to the eligible jurisdictions based on the relative share of the jurisdiction's farebox revenues and local support.

Claim Submittal

When submitting an STA claim, the claimant must submit expenses against their apportionment. Because funds are allocated a year in arrears, claims for operating expenses should be submitted against the funding year, not the claim year. Capital allocations do not have a timeline for expenditure as the intent of the statute is to allow accumulation of funds for significant capital purchases. Just like with LTF, each jurisdiction files a claim with SBCAG for its STA funds. STA claims are a little more straight-forward because the purposes for which STA can be used are narrower than LTF. As a result, there are fewer sections of the code to understand in order to file an STA claim.

SBCAG Allocation

This is the step where the SBCAG board approves the amount of funding to be distributed to each local agency and eligible uses of funds based on the claims submitted.

Payment Procedures

STA funds differ from LTF revenues in that STA funds do not automatically get disbursed. Claimants must submit their requests for funds on letterhead with supporting documentation detailing expenses already incurred, for the year in which the disbursement is being requested.

The following chart shows the process in an annual timeline for apportionment, allocation, and payment, and identifies the agency responsible for each step.

State of Good Repair Funds

SB1 provides a new and separate pot of funding under STA, in addition to a general increase in STA funds. This new set-aside program is titled the State of Good Repair program (SOGR) and provides funding to regional transportation planning agencies and transit operators for eligible maintenance, rehabilitation and capital projects. The funds will be allocated under the STA program formula to eligible agencies, with half of the funding allocated according to population formula to Regoinal Transportatoin Planning Agencies and half to transit operators according to transit operator revenue. Funds allocated to SBCAG will be awarded using a competitive process based on local needs. Agencies awarded funds are required to submit a project list to the State Department of Transportation annually. Caltrans must then approve projects on the submitted list.

Funds can be used for the following:

- Transit capital projects to maintain or repair existing transit facilities
- Design, acquisition and construction of new vehicles or facilities
- Transit services that complement local efforts for repair and improvement of local transportation infrastructure

How Can STA Be Spent?

In Santa Barbara County, a claimant can spend its STA for the purposes listed below *when it meets the eligibility requirements*:

STA Fund Uses in Santa Barbara County

- Transit operations

- Contract payments for public transit services
- Administrative and planning cost of contracted public transportation
- Capital requirements of public transportation system
- Rail service operations and capital improvements
- Construction and maintenance of intermodal transportation facilities

STA funds can be used for transit purposes only, including the uses listed above. Unlike LTF, STA does not have an outlined funding priority.

Eligibility Requirements to Use STA for Operating Expenses

STA sets some further requirements for operators that want to use STA funds to cover operating costs. These requirements do not apply to STA capital claims. Note that these requirements are only applicable to operators (i.e. Article 4 claimants).

- Operators must be allowed to employ part-time drivers or contract with common carriers operating under a franchise or license (PUC 99314.5(c)).
- Operators must meet either of the following two efficiency standards (PUC 99314.6):
  - *Efficiency Standard 1*: An operator's total operating cost per vehicle revenue hour for the most recent fiscal year must not exceed the prior year's operating cost per revenue vehicle hour, by a percentage greater than the percentage change in the Consumer Price Index (CPI) for the same period.
  - *Efficiency Standard 2*: An operator's total operating cost per vehicle revenue hour for the most recent fiscal year must not exceed the average total operating cost per vehicle revenue hour for the three prior years, increased by the average percentage change in the CPI for the same period.

SBCAG is allowed to adjust the calculation for operating costs and revenue vehicle hours to account for the following factors:

- Exclusion of cost increases beyond the change in the CPI for fuel, alternative fuel programs, insurance or state or federal mandates, and/or
- Exclusion of start-up costs for new services for a period of not more than two years.

If an operator fails to meet either efficiency standard, SBCAG will withhold and retain the operator's STA funding for reallocation to that operator for two years following the year of ineligibility.

Documentation when Submitting Claim

When submitting an STA fund claim, the claimant must submit the following to SBCAG:

- Revised Document A (TDA Claim Form)
- New Document B ,Resolution, only required if LTF amendments are not authorized in original LTF resolution
- Revised Document D, Parts A and B (Capital and operating budgets for the coming fiscal year for each project)
- New Document I (Only applies to STA Claim)
- STA Checklist

Documents A and D and a sample resolution (Document B) can be found in *SBCAG TDA Claim Forms* on the SBCAG website at https://www.sbcag.org/about-us/work-with-us/policies-budget/. The STA Checklist is on the last page of this Claim Manual.

Reporting Requirements

As also required for LTF, claimants must submit their annual fiscal audits and annual State Controller's Reports to SBCAG. Verification of submittal is included in Document H with the LTF claims.

Required STA Forms Checklist

REQUIRED FORMS CHECKLIST	
CLAIMANT:	
Document Name[4]	
Revised Document A: Claim Form	
New Document B: Resolution (Only if amendments not included in original LTF Resolution)	
Revised Document D: Fiscal Reporting	
Part A Proposed Operating Budget	
Part B Proposed Capital Budget	
New Document I : STA Claim Category (ies)	

I hereby certify that I have completed all forms necessary to comply with the requirements of the Transportation Development Act.		Submitted by:	
		Name:	
Signature:		Title:	
		E-mail	
Date:		Phone:	

[4] Documents A, B, D and I are available in *SBCAG TDA Claim Forms* on the SBCAG Publications page, http://www.sbcag.org/documents.html