



DATE: March 18, 2025

TO: Transit Advisory Committee

FROM: Camille Sullivan,
Jared Hall, Transit Manager

SUBJECT: Discussion and Recommendation of a Resolution Authorizing the Filing of an Application with the Metropolitan Transportation Commission for Allocation of Transportation Development Act/ State Transit Assistance Funds for City of Petaluma Transit Services for FY 24/25

RECOMMENDATION

It is recommended that the TAC recommend that the City Council adopt the attached Resolution Authorizing the Filing of an Application with the Metropolitan Transportation Commission for Allocation of Transportation Development Act/State Transit Assistance Funds for City of Petaluma Transit Services for FY 24/25.

BACKGROUND

There are two major statewide sources of funding for the operation of local public transportation in California: the Transportation Development Act (TDA) and the State Transit Assistance (STA) Fund. TDA funds are generated by a statewide ¼-cent sales tax, and STA funds are generated through taxes on the sales of diesel fuel. Although the County Treasury holds the revenues, the Metropolitan Transportation Commission (MTC), as the Transportation Planning Agency for the region, has the responsibility for approving applications authorizing usage of the funds and ensuring that they are used for eligible expenditures. Upon approval of an application, MTC authorizes payment of a set amount to be paid in installments or as funds become available. The TDA and STA programs require the transit agency's governing bodies to adopt a resolution of support of the application as a condition of applying for these annual funds. The City of Petaluma submits an application for TDA/STA funds annually for the current fiscal year; City Council approved the most recent TDA/STA application in May 2024.

FY25 estimates for TDA and STA funds returned lower than the original estimates with County level TDA funds being down by approximately 5% county-wide.

TDA funds apportioned to the City have decreased by 5.4% from the prior year, from \$3,829,846 to \$3,625,545. This decrease from prior year apportionments is estimated to be the result of declining sales throughout the state. In addition, STA funds available to the City have increased by 5.3%, from \$1,216,860 in FY 23/24 to \$1,283,635 in FY 24/25.

Beyond these two largest sources of operating funds, Petaluma Transit also receives funding from the following sources: local Sonoma County sales tax Measure M/Go Sonoma and competitive grant programs at the regional and federal level. While Measure M funds decreased by 5.4% in FY 24/25 from \$405,671 to \$384,193 in FY 23/24, Measure M/Go Sonoma funding is currently projected to increase by 90% to \$733,753 in FY26 as part of the renewed Go Sonoma sales tax item that increases its allocation of transit funds from 13% to 21% of funds received. TDA/STA makes up most of the funding needed to operate transit service, providing nearly $\frac{3}{4}$ of operating funds for Petaluma Transit and Paratransit. MTC will provide a more detailed update on the transit revenue outlook at the next Fund Estimate revision this fall.

DISCUSSION

Petaluma's TDA apportionment for FY 24/25 is \$3,625,545, based on the initial estimations and MTC's guidance. Of that apportionment, \$1,044,664, or 28.8 percent, is diverted to Golden Gate Transit for intercity services. An additional \$313,096, or 8.6 percent, is diverted to Sonoma County for intercity services, such as Routes 44 and 48 to Rohnert Park, Sonoma State, and Santa Rosa, and intercity paratransit service. Payments to Golden Gate Transit and Sonoma County Transit are drawn from the total, leaving Petaluma with an estimated \$2,267,806 of the available TDA apportionment.

Petaluma Transit is requesting \$3,615,273 of total TDA funding (operating + capital) for FY25. \$3,176,307 in TDA funding will be put towards operations. This is more than the \$2,450,520 requested in FY 23/24 as Petaluma Transit. This increase is due to the launching of LumaGo, various staffing changes and additions, bus repairs, and an increase in the cost of supplies and services. In addition to running the existing Petaluma Transit, FY25 has seen service expansions in running additional school tripper service and starting a new microtransit/shuttle service, LumaGo. The remaining \$438,966 of TDA funding being requested is matching funds for capital projects including the purchase of five replacement paratransit vans, scheduling software, engine replacements, bus stop shelters, upgrades to the onboard security system, and miscellaneous small capital improvements.

In addition to the TDA apportionments, \$1,283,635 in FY 24/25 STA funds will be requested to be used towards operations. STA funding must be expended annually and cannot be "banked" or carried over to subsequent years.

It is recommended that Council approve the attached resolution to authorize staff to file an application with the MTC for allocation of the TDA/STA funds for FY 24/25.

PUBLIC OUTREACH

The TDA/STA claim is discussed annually by the Transit Advisory Committee (and subsequently Council) and reflects the identified needs of Petaluma Transit as identified in recent years for operating and capital improvements including discussions with the Transit Advisory Committees and associated agency goals.

COUNCIL GOAL ALIGNMENT

This action supports the following City Council Goals:

- Workplan item #1 – “Develop a fiscal sustainability plan with the community that balances City services with available revenues and integrates policies and identifies potential revenue sources that can ensure long-term financial health and effectiveness of the City.”
- Workplan item #7 – “Leverage local, regional, and state programs and resources to maximize city revenues.”

CLIMATE ACTION/SUSTAINABILITY EFFORTS

This proposed action provides vital operating and capital funds for Petaluma Transit. This funding is vital to the operation of the system and its ability to help to achieve City climate action goals in reducing Greenhouse gas (GHG) and Vehicle Miles Traveled (VMT) by providing public transit alternatives to single occupant vehicle trips.

ENVIRONMENTAL COMPLIANCE

The proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with CEQA Guidelines Sections 15061 and 15378, in that applying for a grant does not meet CEQA's definition of a “project,” because the action does not have the potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment, and because the action does not commit the City to a definite course of action (See City of Irvine v. County of Orange (2013) 221 Cal 4th 846, 865 County’s decision to apply for state funding for potential jail expansion was not project approval). Moreover, any use of the funds will require its own analysis for compliance with CEQA.

ALTERNATIVES

Failure to submit a TDA/STA application would result in the City not receiving this funding and not being able to increase its funding reserve to help safeguard against a future increase in costs or potential drop in funding levels potentially resulting in reduced transit service throughout Petaluma.

FINANCIAL IMPACTS

The targeted funding of \$4,898,908 is reflected in the FY 24/25 Budget (\$3,615,273 from TDA and \$1,283,635 from STA).

ATTACHMENTS

Attachment A. Resolution