

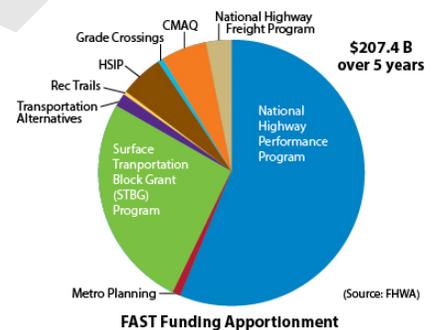
7. Overview of Funding Opportunities

Funding opportunities for infrastructure projects are generally categorized into grants and loans available from the federal, State, or local agency (county or city) level of government, from fees or assessments in a particular district or jurisdiction, and private funding organizations. Government funding is often competitive and recurring on a regular basis, while fees and assessments are continuous over a period of time, and private funding is usually narrowly-focused and highly selective based on the focus of the granting organization.

7.1 Federal Summary

Given the political divisions among the Legislative and Executive branches of government at the federal level, funding opportunities have changed significantly from just a few years ago. Congressionally-directed spending—commonly referred to as earmarks—was once used extensively to channel funding to priority projects in congressional districts, and funding was made available for a greater array of issues, such as historic preservation of structures. The current environment in Washington, D.C., however, is toward a consolidation of funding programs—particularly in the infrastructure arena—and tightening of discretionary spending programs. Below are several categories of federal funding and applicability to the project:

- Transportation.** Federal transportation policy and funding is provided in authorization legislation passed by Congress. Usually these authorizations are multi-year bills covering a wide array of funding programs. The current authorization bill—the Fixing America’s Surface Transportation Act, or FAST Act—was approved by Congress and signed by the President in December 2015. The FAST Act authorized \$305 billion over fiscal years 2016 through 2020 for highway, highway and motor vehicle safety, public transportation, motor carrier safety, hazardous materials safety, rail, and research, technology, and statistics programs. Many times, there is a delay in approving a new authorization bill and Congress approves a Continuing Resolution which keeps the existing law in place for a certain period of time.



A significant portion of federal transportation funding provided under the FAST ACT is distributed by the Department of Transportation and its various sub-agencies through the California Department of Transportation (Caltrans). Caltrans works with local agencies, including regional planning organizations, counties, cities, transit districts, and others to facilitate the distribution of funding to the local level. It is important to note that federal funding requires project proponents to comply not only with State environmental law but with the National Environmental Protection Act as well, often increasing project delivery timeframes and resources need to deliver that project.

- Housing and Community Development.** Congress makes funding available for various housing and community development purposes through appropriations bills. The Department of Housing and Urban Development (HUD) helps to create strong sustainable, inclusive communities, as well as assistance with quality affordable housing, but supporting home

ownership, access to affordable housing free from discrimination, and community development. The tools used by HUD to support these efforts—and largely distributed through states—include the Community Development Block Grant (CDBG) program and HOME Investment Partnerships Program.



A second federal agency charged with community development is the United States Department of Agriculture (USDA), through its Rural Development area, which provides assistance for rural communities, residents and businesses. The USDA provides critical infrastructure investments through its Rural Utilities Service, which includes water and wastewater, community facilities, broadband and telecommunications connectivity, and rural electrification.

- **Other Categories.** Congress and the Executive Branch also make funding available for other priorities and for targeted priorities within the categories already mentioned. As an example, several years ago, the American Recovery and Reinvestment Act was approved, which provided funding in a variety of areas to assist with the economic downturn.

7.2 State Summary

Given the strained finances at the State level over the last decade, very little funding is made available from the State's General Fund for infrastructure and other community development projects. The majority of funding the State administers comes in the form of pass-through funds from the federal government and bond funds from ballot measures approved by voters.

- **Transportation.** Caltrans works in coordination with the California Transportation Commission in allocating funds toward transportation projects in the State. In addition to the federal transportation funds distributed through Caltrans, there are various other sources of funding available disbursement and awarding for projects. These sources include the State fuel excise tax, motor vehicle fees, State sales tax, and Proposition 1B bond funds.



Particularly relevant to the Fresno Council of Governments is the Active Transportation Program (ATP), which was established following the consolidation of several funding activities at the federal level. In 2013, the Legislature passed and the Governor signed two pieces of legislation establishing the ATP—Senate Bill 99 and Assembly Bill 101. The ATP combines all or portions of several State programs, including Safe Routes to School, Recreational Trails, Bicycle Transportation Account (BTA), and Environmental Enhancement and Mitigation (EEM), and is focused on encouraging increased use of active modes of transportation, such as bicycling and walking.

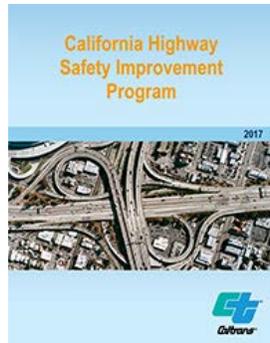


The ATP is administered by the CTC, with some of the funding being channeled through the State's Metropolitan Planning Organizations (MPOs). The next ATP call-for-projects, which will be the 5th Cycle of the program, is anticipated to be announced in spring 2020.

The State continues to have stand-alone Recreational Trails and EEM program. The Natural Resources Agency administers the EEM program, which awards up to \$7 million each year for projects that contribute to mitigation of the environmental effects of transportation facilities. The Department of Parks and Recreation (DPR) administers the Recreational Trails Program,

which awards approximately \$1.7 million annually to support the construction of new trails, trail expansions, trail renovations, and trail amenities. DPR anticipates issuing a request for proposals for the Recreational Trails Program in 2020.

For projects aimed at addressing safety issues, the State provides federal funding through the Highway Safety Improvement Program (HSIP). In previous years, there also was the High Risk Rural Roads (HR3) Program as a set-aside program, but that is now part of the HSIP Program. The purpose of this program is to achieve a significant reduction in traffic fatalities and serious injuries on all public roads, including non-State-owned public roads and roads on tribal land.



The State provides funding for planning activities related to transportation under the Transportation Planning Grant Program. This program contains separate priority areas, including Partnership Planning for Sustainable Communities, Transit Planning for Sustainable Communities, and Transit Planning for Rural Communities, Environmental Justice, and Community-Based Transportation Planning. These programs are designed for applicants who are trying to address various access, connectivity, and other planning issues in their community. Caltrans anticipates a call-for-projects for the Transportation Planning Grant Program in September 2019.

The Congestion Mitigation and Air Quality (CMAQ) Program funds transportation projects or programs that will contribute to attainment or maintenance of the standards for ozone and carbon monoxide, and can be used in particulate matter nonattainment and maintenance areas. All projects and programs eligible for CMAQ funds must come from a conforming transportation plan and be included in a regional agency's Transportation Improvement Plan. This program funds a wide variety of activities, including bicycle and pedestrian projects, transit projects, and outreach and ridesharing activities. The FAST Act reauthorized this program through 2020.

Additionally, in 2017, the State legislature enacted The Road Repair and Accountability Act (SB 1), which is projected to raise \$54 billion over 10 years to support transportation projects across the State. The legislation levies new sales and excise taxes on fuel and creates new vehicle fees that are indexed for inflation. Revenues from SB 1 will augment several existing transportation funding programs, such as ATP described above, and also creates additional programs, including the Local Partnership Program, the Trade Corridor Enhancement Program, and the Local Streets and Roads Program.

- Housing and Community Development.** The California Housing and Community Development Department (HCD) administers multiple programs that award loans and grants for the construction, acquisition, rehabilitation and preservation of affordable rental and ownership housing, homeless shelters and transitional housing, public facilities and infrastructure, and the development of jobs for lower income workers. The majority of funding available through HCD comes from the federal government through programs such as CDBG, while funding for State-only programs has traditionally come from ballot measures approved by voters.

The CDBG program funds a wide variety of areas geared toward the development of communities by providing decent housing and a suitable living environment, and through expanding economic opportunities. In the past, projects ranging from water infrastructure, community-centered facilities, and recreation programs have all been successful. This program requires working closely with other jurisdictions and stakeholders to identify and prioritize projects to secure the limited funding available each year.



- **Other Categories.**

Over the past few years, the State has been developing funding opportunities for a wider array of activities and projects. These newer or innovative opportunities reflect ways the State can use funding or other financial assets to make investments in projects, including community planning and improvements.

- **Sustainability and Strategic Planning.** The Strategic Growth Council (SGC) brings together agencies and departments within the Business, Consumer Services and Housing Agency, Transportation Agency, Resources Agency, Health and Human Services Agency, Department of Food and Agriculture, and Environmental Protection Agency, with the Governor's Office of Planning and Research to coordinate activities that support sustainable communities emphasizing strong economies, social equity and environmental stewardship. Over the past few years, the SGC has focused their funding on sustainable planning and urban greening efforts.
- **Cap and Trade.** Proceeds from the Cap-and-Trade Program support a wide range of programs and projects that reduce greenhouse gas emissions and deliver major economic, environmental and public health benefits, including meaningful benefits to the most disadvantaged communities, low-income communities, and low-income households. Cap-and-trade-funded programs are collectively known as California Climate Investments (CCI) and support a range of project types, including transportation, housing, and energy efficiency. CCI programs include the Affordable Housing and Sustainable Communities Program (AHSC), which is administered by the SGC and supports housing, transportation, and land preservation projects to support infill and compact development that reduce greenhouse gas emissions.
- **Recycled Materials.** The Department of Resources, Recycling and Recovery (CalRecycle) combines the State's recycling and waste management programs and continues a tradition of environmental stewardship. The vision of CalRecycle is to inspire and challenge Californians to achieve the highest waste reduction, recycling and reuse goals in the nation. CalRecycle offers a variety of different programs to further its goals, including programs that incentivize the use of recycled tires. One of the primary uses of this funding is often for road and parking lot paving.
- **Other Infrastructure.** The California Infrastructure and Economic Development Bank (I-Bank) finances public infrastructure and private development that promote a healthy climate for jobs, contribute to a strong economy, and improve the quality of life in California communities, and is now a part of the Governor's Office of Business and Economic Development. The I-Bank has extremely broad statutory powers to issue revenue bonds, make loans and provide credit enhancements for a variety of projects. Among the I-Banks offerings are loans at low interest rates and bonds linked to a revenue source for projects categories including streets and highways, drainage, water supply and flood control, parks and recreational facilities, public transit, sewage collection and treatment, among others.

7.3 Local Summary

At the local level, funding and assistance is either provided from a distribution of federal and State disbursements or through locally-approved taxes. The following local agencies will be intimately involved in the planning for this project.

- **Fresno Council of Governments.** The Fresno Council of Governments (Fresno COG) is made up of the County of Fresno and its fifteen incorporated cities. Fresno COG's primary functions are transportation planning and programming. The association also assists local jurisdictions in obtaining federal assistance, reviewing and coordinating applications for programs utilizing federal funding, and providing a clearinghouse for the coordination and review of all State-funded projects. For planning and funding distribution purposes, Fresno COG is the federally-designated Metropolitan Planning Organization for Fresno County and a state-designated Regional Transportation Planning Agency. In addition to coordinating federal transportation funds, Fresno COG administers the voter-approved Measure C local sales tax for transportation projects.



Measure C is a ½-cent transportation sales tax first approved in 1986, and again in 2006. In its first 20 years, Measure C delivered more than \$1 billion of improvements to state highways, county roadways and city streets, along with the construction of over 50 new lanes of Freeway throughout the County. The Measure is expected to raise an additional \$1.2 billion through 2027, which Fresno COG will continue to oversee and administer. In addition to being stand-alone funding for many local projects, Measure C funds are also often used as matching funds to leverage State and federal funds for larger projects. Funds from Measure C revenues can also be used in place of other local, State or federal funding, thus freeing up those funds for other purposes and projects.



- **County of Fresno.** Regardless of funding source, the County of Fresno will play a key role in securing, administering and carrying out projects in the project area as the County receives the local share of the State tax on gasoline. Given the nature of gasoline usage, these funds often fluctuate, so the County will usually program a set of projects over a number of years in an attempt to create a steady flow of funding for the timely completion of those projects. It is not unusual, however, for additional projects to be proposed for funding and either replace projects on the list, or take advantage of project timelines to utilize funding earlier than planned.

The County of Fresno also receives the CDBG funds from HUD discussed previously. This funding is made available each year for allocation to various local programs and communities.

8. Assessment and Fees Summary

The assessment of fees or special taxes is also very useful in not only constructing infrastructure improvements, but also in the long-term maintenance and upkeep of those improvements. Included below is a discussion of existing means of financing through such districts, as well as current proposed initiatives.

- **Assessment District.** An assessment or maintenance district is created to finance improvements when other sources of funding are limited. These districts are often formed in undeveloped or unincorporated areas and are used to build and maintain roads and water and sewer systems—sometimes for new homes or commercial space—but may also be used in older areas to finance new public improvements or other additions to the community. An assessment district is created by a sponsoring local government agency and begins with a petition signed by owners of the property who are in need of the proposed public improvements. The proposed district will include all properties that will directly benefit from the improvements to be constructed or maintained. A public hearing is held, at which time the property owners have the opportunity to protest the assessment district. Once approved, property owners have the opportunity to prepay the assessment prior to bond issuance. After this cash payment period is over, a Special Assessment Lien is recorded against each property with an unpaid assessment. Then, these parcels will pay for their total assessment through annual installments on the county property tax bill. The property owners will have the right to prepay the remaining balance of the assessment at any time, including applicable prepayment fees.

By law, the assessment cannot be directly based on the value of the property. Instead, the assessments are based on mathematical formulas that take into account how much each property will benefit from the installation of the improvements. Each parcel in the assessment district becomes responsible for a fixed percentage of the total district debt, and pays that portion of the principal and interest due on the bonds each year. Bond issues are normally structured so the amount of the annual installment remains relatively level. If bonds were issued by the assessment district, installments will be charged annually until the bonds are paid off in full. Normally, the term of the bonds is 15 to 20 years.

- **Enhanced Infrastructure Financing District.** Enhanced Infrastructure Financing Districts (EIFDs) were established by the State legislature in 2014 with the passage of SB 628, following the dissolution of Redevelopment Agencies (RDAs) in 2012. SB 628 updated an existing Infrastructure Finance District (IFD) law, approved in 1990, by expanding the types of projects that can be funded with EIFDs and lowering voter approval requirements. The 1990 version of IFDs was rarely used in part because it required 2/3 approval from voters to form an IFD.

EIFDs are a new governmental entity created by a city, county, special district (or a combination of the three) that funds the construction, improvement, or rehabilitation of a defined area. EIFDs are formed through a joint power authority (JPA) and consist of cooperating cities (or a single city), counties, and special districts. Unlike their IFD predecessors, a public vote is not required to form an EIFD, though a 55 percent vote is required to issue bonds. EIFDs can be used to finance a wide variety of projects, including infrastructure projects such as roads, bridges, and water facilities; affordable housing and mixed-used developments; transit-oriented development; light rail; and parks and open space.

A unique feature of EIFDs is that the defined areas of an EIFD do not have to be contiguous and no blight findings are required. This means that cities, counties, and special districts that are separated geographically but share a common infrastructure goal (such as a major arterial highway) can still form an EIFD together. EIFDs can also fund the on-going maintenance associated with the newly formed district.

8.1 Private Source Summary

There also exist a large number of private foundations and corporate entities that provide funding for an extremely broad spectrum of project and activities. Many of these funding opportunities have a narrow policy focus, and often target a specific geographic area. While research and follow up for



this type of funding is time-consuming and intensive, there are potential programs available for many specific categories of need.

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