

RTC Discretionary Funding Program Descriptions

The Santa Cruz County Regional Transportation Commission (RTC) is responsible for selecting projects to receive certain state and federal funding sources. The following is a summary of fund sources the RTC plans to program in its 2025 Consolidated Grants/2026 *Regional Transportation Improvement Program (RTIP)*. Additional information about each funding source can be found in state and federal guidelines linked at the end of each section.

State Transportation Improvement Program (STIP)

Background: Since approval of Senate Bill 45 in 1997, regions have received 75% of STIP funds by formula for projects approved by the Regional Transportation Planning Agency (RTPA) – RTC in Santa Cruz County. Criteria for use of the funds and final approval and allocation of funds is set by the California Transportation Commission (CTC). The CTC is set to approve the [2026 STIP Guidelines](#) and final Fund Estimate on August 15, 2025.

Available Funds: Approximately **\$4.35 million** through Fiscal Year (FY) 2030/31; with 5% for the RTC’s state-mandated planning, programming, and monitoring (PPM) activities. The first three years of the 2026 STIP (FY26/27-28/29) are currently overcommitted and CTC has indicated that new funds may not be available until FY29/30 and FY30/31.

Eligible Applicants: Governmental entities implementing eligible activities, including RTC, Caltrans, cities, counties, METRO.

Eligible Uses:

- Projects that meet eligibility requirements for funds from the State Highway Account in accordance with Article XIX of the California Constitution.
- Capital projects (including project development costs). These projects generally may include, but are not limited to, improving State highways, local roads, public transit (including buses), intercity rail, pedestrian and bicycle facilities, grade separations, transportation system management, transportation demand management, soundwalls, intermodal facilities, and safety.
 - Rail rolling stock and buses may be funded only from the Federal revenues.
- Non-capital costs for transportation system management (TSM) or transportation demand management (TDM) may be included where the regional agency finds the project to be a cost-effective substitute for capital expenditure.
- RTC project planning, programming, and monitoring (5%): this includes preparation of the RTIP, RTP, coordination with Caltrans on highway projects, etc.
- Not eligible: Road and transit maintenance.

While the Regional Transportation Commission (RTC) is responsible for choosing projects to receive the region's shares of State Transportation Improvement Program (STIP) funds, the California Transportation Commission (CTC) ultimately decides which projects are included in the STIP and in which year. The CTC is placing greater emphasis on how well projects perform across various metrics, their contribution to climate readiness, and their effectiveness in mitigating greenhouse gas emissions. Furthermore, the CTC has stated that projects leading to an increase in vehicle miles traveled (VMT) must provide a clear justification and demonstrate that other projects will achieve corresponding VMT reductions.

Timing: The RTC's proposal for STIP funds is due to the California Transportation Commission (CTC) by December 15, 2025. CTC approval is scheduled for March 2026. Funds must be obligated by June 30, 2031, and are subject to strict use-or-lose schedule deadlines.

Source: [CTC STIP](#)

SB 1 Local Partnership Formula Funds (LPP-f)

Background: The RTC is responsible for selecting projects to receive a portion of the Local Partnership Program formulaic funds that are generated by Senate Bill 1 taxes and fees. The region's shares of LPP funds are relatively small in comparison to the STIP and STBG/RSTPX programs. Criteria for use of the funds and final approval and allocation of funds is set by the California Transportation Commission (CTC).

Available Funds: Approximately **\$1.1 million** through FY 2028-29. Requires at least 50% match.

Eligible Applicants: Recipients of Measure D or other voter-approved taxes, tolls, or fees which that are dedicated solely to transportation improvements.

Eligible Uses: Eligible projects for the Local Partnership Program will be consistent with subdivisions (a) and (b) of Government Code Section 8879.70, and Streets and Highways Code Section 2032(a). The CTC encourages projects that align with the state's climate and equity goals as well as those that identify and incorporate the installation of conduit or fiber, where appropriate and feasible, along strategic corridors.

Eligible projects include:

- A. Highways: Improvements to the state highway system including major rehabilitation, new construction, safety or operational improvement, soundwalls.
- B. Transit projects:
 - a. Improvements to transit facilities, including guideways, that expand transit services, increase transit ridership, improve transit safety, enhance access or convenience of the traveling public, or otherwise provide or facilitate a viable alternative to driving.

- b. The acquisition, retrofit, or rehabilitation of rolling stock, buses, paratransit transit equipment and vehicles for seniors and people with disabilities, maintenance facilities, transit stations, rail transit guideways, passenger shelters, fare collection equipment, and other transit equipment.
- C. Local Road Improvements:
 - Major roadway rehabilitation, resurfacing, or reconstruction that extends its useful life by at least 15 years;
 - New construction and facilities to increase capacity, improve mobility; and
 - Safety or operational improvements that are intended to reduce crashes and fatalities and/or improve traffic flow.
- D. Complete Streets: Improvements to bicycle or pedestrian safety or mobility.
- E. Mitigations: Improvements to mitigate the environmental impact of new transportation infrastructure on local air quality or water quality, commonly known as “urban runoff,” including management practices for capturing or treating urban runoff; landscaping, wetlands or habitat restoration or creation, replacement plantings, and drainage facilities.

Required Match: LPP-funded projects are required to provide a 1-to-1 match of private, local, federal, or certain state funds.

Source: [Local Partnership Formulaic Program](#)

Surface Transportation Block Grant Program (STBG)/ Regional Surface Transportation Program Exchange (RSTPX)

Background: The STBG program (sometimes referred to as RSTP and STP) is established through the federal transportation act, with criteria set by FHWA and Caltrans Local Assistance guidance, and RTC Rules and Regulations. As a smaller county in California, the state usually allows RTC to exchange the federal STBG funds for state exchange funds (RSTPX). Following a performance audit of several regional agencies, FHWA informed regions that they are not allowed to sub-allocate the funds by formula to certain agencies or modes and that a performance-based evaluation should be used to select projects to receive these and other funds.

Available Funds: Approximately **\$ 8 million** through FY 2027-28. In addition to these funds, the County of Santa Cruz receives \$224,813 of the region’s share of RSTPX funds directly each year, as set forth in state statute.

Eligible Applicants: Governmental entities implementing eligible activities, including RTC, Caltrans, cities, counties, UCSC, METRO, Cabrillo, and non-profits with a master agreement with Caltrans or with a public agency sponsor – such as Community Bridges, Ecology Action, Bike Santa Cruz County, Community Traffic Safety Coalition, etc.

Eligible Projects and Activities: Funds must be used for projects as defined in Article XIX--Motor Vehicle Revenues of the California State Constitution or in Sections 133(b) and 133(c) of Title 23--Highways of the United States Code (U.S.C.). Only direct project-related costs are eligible. Local agency overhead and other non-direct charges are ineligible. General maintenance is not eligible.

Eligible Projects (See 23 U.S.C. 133(b)): Subject to the location of projects requirements in paragraph a above, the following eligible activities are listed in 23 U.S.C. 133(b):

(1) Construction of-

(A) highways, bridges, tunnels, including designated routes of the Appalachian development highway system and local access roads under section 14501 of title 40;

(B) ferry boats and terminal facilities-

(i) that are eligible for funding under section 129(c); or

(ii) that are privately or majority-privately owned, but that the Secretary determines provide a substantial public transportation benefit or otherwise meet the foremost needs of the surface transportation system described in section 101(b)(3)(D);

(C) transit capital projects eligible for assistance under chapter 53 of title 49;

(D) infrastructure-based intelligent transportation systems capital improvements, including the installation of vehicle-to-infrastructure communication equipment;

(E) truck parking facilities eligible for funding under section 1401 of MAP-21 (23 U.S.C. 137 note);

(F) border infrastructure projects eligible for funding under section 1303 of SAFETEA-LU (23 U.S.C. 101 note); and

(G) wildlife crossing structures.

(2) Operational improvements and capital and operating costs for traffic monitoring, management, and control facilities and programs.

(3) Environmental measures eligible under sections 119(g), 148(a)(4)(B)(xvii), 328, and 329 and transportation control measures listed in section 108(f)(1)(A) (other than clause (xvi) of that section) of the Clean Air Act (42 U.S.C. 7408(f)(1)(A)).

(5) ¹ Highway and transit safety infrastructure improvements and programs, including projects eligible under section 130 and installation of safety barriers and nets on bridges.

(6) Fringe and corridor parking facilities and programs in accordance with section 137 and carpool projects in accordance with section 146.

- (7) Recreational trails projects eligible for funding under section 206 including the maintenance and restoration of existing recreational trails,² pedestrian and bicycle projects in accordance with section 217 (including modifications to comply with accessibility requirements under the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.)), and the safe routes to school program under section 208.
- (8) Planning, design, or construction of boulevards and other roadways largely in the right-of-way of former Interstate System routes or other divided highways.
- (9) Development and implementation of a State Asset Management Plan for the National Highway System and a performance-based management program for other public roads.
- (10) Protection (including painting, scour countermeasures, seismic retrofits, impact protection measures, security countermeasures, and protection against extreme events) for bridges (including approaches to bridges and other elevated structures) and tunnels on public roads, and inspection and evaluation of bridges and tunnels and other highway assets.
- (11) Surface transportation planning programs, highway and transit research and development and technology transfer programs, and workforce development, training, and education under chapter 5 of this title.
- (12) Surface transportation infrastructure modifications to facilitate direct intermodal interchange, transfer, and access into and out of a port terminal.
- (13) Projects and strategies designed to support congestion pricing, including electronic toll collection and travel demand management strategies and programs.
- (14) Projects and strategies designed to reduce the number of wildlife-vehicle collisions, including project-related planning, design, construction, monitoring, and preventative maintenance.
- (15) The installation of electric vehicle charging infrastructure and vehicle-to-grid infrastructure.
- (16) The installation and deployment of current and emerging intelligent transportation technologies, including the ability of vehicles to communicate with infrastructure, buildings, and other road users.
- (17) Planning and construction of projects that facilitate intermodal connections between emerging transportation technologies, such as magnetic levitation and hyperloop.
- (18) Protective features, including natural infrastructure, to enhance the resilience of a transportation facility otherwise eligible for assistance under this section.
- (19) Measures to protect a transportation facility otherwise eligible for assistance under this section from cybersecurity threats.

(20) At the request of a State, and upon Secretarial approval of credit assistance under chapter 6, subsidy and administrative costs necessary to provide an eligible entity Federal credit assistance under chapter 6 with respect to a project eligible for assistance under this section.

(21) The creation and operation by a State of an office to assist in the design, implementation, and oversight, including conducting value for money analyses or similar comparative analyses, of public-private partnerships eligible to receive funding under this title and chapter 53 of title 49, and the payment of a stipend to unsuccessful private bidders to offset their proposal development costs, if necessary to encourage robust competition in public-private partnership procurements.

(22) Any type of project eligible under this section as in effect on the day before the date of enactment of the FAST Act, including projects described under section 101(a)(29) as in effect on such day.

(23) Rural barge landing, dock, and waterfront infrastructure projects in accordance with subsection (j).

(24) Projects to enhance travel and tourism.

The following activities are made eligible by other sections of 23 U.S.C.:

(1) Public transportation projects: (i) as described in 23 U.S.C. 142(a)(1), (a)(2), (a)(3), and (c); and (ii) meeting the requirements contained in 23 U.S.C. 142.

(2) Initiatives to halt the evasion of payment of motor fuel taxes as provided for under 23 U.S.C. 143(b)(8), including expenditure limitations.

(3) Workforce development, training, and education activities under 23 U.S.C. 504(e).

Location of Projects (See 23 U.S.C. 133(c)): STBG projects may not be undertaken on a road functionally classified as a local road or a rural minor collector unless the road was on a Federal-aid highway system on January 1, 1991, except—

(1) for a bridge or tunnel project (other than the construction of a new bridge or tunnel at a new location);

(2) for a project described in paragraphs (5) through (15) and paragraph (23) of subsection (b);

(3) for a project described in section 101(a)(29), as in effect on the day before the date of enactment of the FAST Act;

(4) for a bridge project for the replacement of a low water crossing (as defined by the Secretary) with a bridge; and

(5) as approved by the Secretary.

Applicability of Planning Requirements (See 23 U.S.C. 133(d)(5)): Programming and expenditure of funds for projects shall be consistent with 23 U.S.C. 134 and 135, as amended by the BIL. Projects must be identified in the Statewide Transportation Improvement Program (STIP) and be consistent with the Long-Range Statewide Transportation Plan and the Metropolitan Transportation Plan(s) (See 23 U.S.C. 133(d)(5)). When obligating suballocated funding (discussed below), the State must coordinate with relevant metropolitan planning organizations (MPO) or rural planning organizations (See 23 U.S.C. 133(d)(3)). STBG projects for eligible planning purposes must be reflected in the statewide SPR work program or Metropolitan Unified Planning Work Program (See 23 CFR 420.111). Further, these projects must be in the STIP/TIP unless the State DOT or MPO agree that they may be excluded (See 23 CFR 420.119(e)).

Applicability of 23 U.S.C. 217(i) for Bicycle Projects: 23 U.S.C. 217(i) requires that bicycle facilities be principally for transportation, rather than recreation, purposes. However, 23 U.S.C. 133(b)(7) and 133(h) list “recreational trails projects” as eligible activities under STBG. Therefore, the requirement in 23 U.S.C. 217(i) does not apply to recreational trails projects (including for bicycle use) using STBG funds. Section 217(i) continues to apply to bicycle facilities other than trail-related projects, and Section 217(i) continues to apply to bicycle facilities using other Federal-aid highway program funds (e.g., NHPP, Highway Safety Improvement Program, and Congestion Mitigation and Air Quality Improvement Program). The transportation requirement under Section 217(i) is applicable only to bicycle projects; it does not apply to any other trail use or transportation mode.

Per [Caltrans Local Assistance Program Guidelines, Chapter 18](#), RSTPX funds are available for projects and to entities authorized under Article XIX of the California State Constitution and Section 182.6(d)(1) of the Streets and Highways Code.

Ineligible Costs: Only direct project related costs are eligible. Local agency overhead and other non-direct charges are ineligible for STBG and RSTPX. Ongoing maintenance and operations are also ineligible.

Required Match: 11.47% non-federal

Source: [STBG Guidelines](#)

Low-Carbon Transit Operations Program (LCTOP) – 99313

Background: LCTOP funds are part of California Climate Investments, a statewide program that puts billions of Cap-and-Trade/Invest dollars to work reducing greenhouse gas emissions, strengthening the economy, and improving public health and the environment, particularly in disadvantaged communities. The RTC, as the RTPA, receives a portion of these funds (99313 funds) to distribute to transit agencies for operations and capital projects that reduce greenhouse gas emissions. LCTOP Funds are distributed based on review of project benefits, schedules, and

program guidelines established by Caltrans. Any funds allocated to community transit services flow through the RTC.

Available Funds: Approximately \$650 thousand for Fiscal Year (FY) 2025-26.

Eligible Applicants: Public transit operators (e.g., Santa Cruz METRO) and community transit services, as set forth in Article 4.5 of the Transportation Development Act (e.g. Lift Line).

Eligible Uses:

- **Operating and capital assistance for transit agencies** to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities.
- Projects that meet at least one of the following criteria:
 - **Reduced Greenhouse Gas (GHG) Emissions:** Projects that directly reduce GHG emissions through improved transit service, increased ridership, or adoption of zero-emission technologies.
 - **Increased Transit Ridership:** Projects that attract new riders or increase the frequency of transit use.
 - **Improved Transit Service:** Projects that enhance the quality, reliability, or accessibility of transit services.
 - **Support for Disadvantaged Communities:** Projects that specifically benefit or provide access for residents in disadvantaged communities, as defined by CalEnviroScreen.
- Examples include:
 - Increased bus service frequency or expanded routes.
 - Purchase of zero-emission buses or other low-carbon vehicles.
 - Improvements to transit stops, stations, or intermodal facilities that encourage transit use.
 - Fares reduction programs or free transit for specific populations (e.g., youth, low-income).
 - First/last mile connections to transit.

Ineligible Costs:

- Road and highway projects that are not directly related to transit.
- General administrative overhead not directly attributable to an LCTOP-eligible project.

- Projects that do not demonstrate a clear path to greenhouse gas emission reductions or other program goals.

Required Match: No local match is explicitly required for LCTOP funds, but projects that leverage other funding sources may be viewed favorably.

For more information visit: <https://dot.ca.gov/programs/rail/low-carbon-transit-operations-program-lctop/>

State Transit Assistance (STA) 99313 funds

Background: The State Transit Assistance (STA) program provides formulaic allocations to transit agencies and Regional Transportation Planning Agencies (RTPAs) across California. These funds are derived from the Public Transportation Account, primarily funded by the statewide sales tax on diesel fuel. The 99313 funds are the discretionary portion allocated to RTPAs, which the RTC (as the RTPA for Santa Cruz County) distributes to eligible transit operators within its jurisdiction. SB1 increased STA funds statewide and the RTC agreed to make 15% of the RTC's FY25/26 share and 20% of the RTC's FY26/27 funds available through a competitive process.

Available Funds: Approximately \$900 thousand through Fiscal Year (FY) 2026-27.

Eligible Applicants: Public transit operators (e.g., Santa Cruz METRO) and community transit services meeting TDA Article 4.5 criteria (e.g., Lift Line).

Eligible Uses: STA funds can be used for planning, public transit, and community transit services.

- Public transit capital projects: This includes the acquisition of transit vehicles (buses, rail cars), construction or rehabilitation of transit facilities (maintenance yards, stations, bus stops), and other fixed guideway improvements.
- Public transit operational costs: This includes expenses related to running transit services such as driver salaries, fuel, maintenance, and administrative costs directly associated with operations.
- Transit planning activities.
- Projects that improve transit services or efficiency.

Ineligible Costs: Non-transit related projects and general agency overhead not directly attributable to transit operations or capital projects.

Required Match: No local match is required.

Source: [Transportation Development Act](#), Public Utilities Code Sections 99313