**CTC Rural Counties Challenges We Are Facing**

Good Morning Commissioners, Chair Van Konynenburg, staff and others, this is Woodrow Deloria with the Rural Counties Task Force and El Dorado County Transportation Commission.

First and foremost, on behalf of the 26 rural counties we all wish the Commission and all the staff well and hope you are all healthy, safe, and finding peace and joy in every day during this pandemic.

CTC staff has been very helpful to all our rural partners throughout this crisis and for that we are very grateful.

Before I jump into the challenges rural counties are facing due to Covid 19 I wanted to share that we rural counties are faring well.

To date many of the rural counties have seen slow or low transmission or infection rates, for example in Butte County they have only seen 7 cases per 100,000 population and 23 per 100,000 in El Dorado County.

In fact many of our rural partners have felt fortunate to live within our rural regions with vast open spaces and low population densities and we are very sympathetic to our Urban partners living in heavily populated areas. We wish them all well and hope to have them recreating in our rural regions as soon as it is safe to do so.

That said, many of the Rural Counties are facing significant challenges.

Most rural agency staff wear many hats, and now masks and gloves, and operate with limited resources, add to this the pandemic and further reduced staffing and we are challenged with meeting and keeping up with program timelines and project delivery.

Broadband and internet access is limited in many of our most rural counties. In some cases, the percentage of coverage is in single digits or low teens. This obviously challenges the ability to work from home or remotely in those communities.

Of course the biggest concern we all have, aside from the health and wellness of our residents, is the decline in transportation funding related to sales tax and gas tax revenue which supports the majority of our rural county and city transportation needs.

* **On the Gas tax side**– The hit to gas tax revenue will substantially impact our local road maintenance capabilities and daily operations. This is a great concern for our rural agency Public Works and DOTs.
* F**or Sales Tax & TOT** – Many of our rural economies are largely supported by recreation and tourism and TOT is a big revenue generator, and flexible, for our small jurisdictions who rely on sales tax and TOT to fund their services with small reserves to withstand long-term impacts. A hit to these sources is going to have a long-lasting impact to their budget including staffing and service levels.
* **Transportation Development Act Fund** allocations are also a major concern.
  + Many rural transit operators rely on Local Transportation Fund and State Transit Assistance revenues to provide life line services.
  + The foreseeable decline in these revenues will mean substantial impacts to services as there are no other funds to supplement a loss.
  + Many rural transit agencies have suspended or made cuts to service or gone to a fare free service which will impact the farebox recovery ratios and ultimately future eligibility for TDA funding.

Another issue facing Rural Agencies is the **Maintenance of Effort** requirements for both local sales tax measures and the LS&R funding which in many cases will not be met as our communities continue to focus on other more pressing needs.

On **the Project Delivery side of things**, rural agencies are facing several challenges.

First of all there have been a number of conversations regarding the upcoming deadline for **implementation of SB 743**. While many rural agencies have begun the process to set thresholds and methodologies to comply with SB 743, many will not be able to meet the July, or even the September deadline, as meetings have been cancelled or postponed and staff have been furloughed, put on part time status or are on leave.

**Cash flow** is always a challenge for project delivery in rural counties, which rely on state and federal sources to complete large construction projects, many of which are done through a reimbursement process. This reimbursement process, at no fault of anyone agency, will likely be impacted simply due to the nature of the current workforce and ability to process documentation quickly.

One final challenge facing many rural agencies is reliable and timely access to forms, documents, and guidance in working with our local Caltrans district partners. This is due to several factors ranging from access to broadband, staff being redirected to higher priorities to changes in communications with staff now working remotely and/or part time. With a strong desire to keep projects moving to both maintain and stimulate the economy, rural counties are concerned that limited or delayed access to this information will challenge their ability to continue to deliver projects on time and within the guidelines of various funding programs.

Now, I never like to propose challenges or problems without also proposing opportunities or solutions to those challenges.

Therefore, I’ll conclude with a summary of what our rural partners are hoping for moving forward.

**Solutions**

First of all you have already done a great service to our rural partners in taking the policy actions that you have today, providing flexibility and understanding with the LS&R reporting and grant deadline extension.

These changes will ultimately help many rural agencies with their staffing and workload challenges we are facing today and will likely face for a long time to come.

We would ask that you hold onto this understanding and flexibility as we move forward and continue to work closely with our rural partners as it is likely that we have yet to understand or realize many of the project delivery and funding challenges our rural counties will be facing in the months to come.

Honestly, the flexibility and understanding you have shown today in those policy actions is likely exactly what we will all need to not only keep projects moving but get our economies back on track.

Regarding the decline in revenue, rural counties would ask that the CTC and Caltrans, as well as our urban neighbors, support and advocate alongside us as we seek out long lasting Federal stimulus funding and reauthorization of the Fast Act to ensure the rural transportation system is not left behind.

When considering how to help with the Maintenance of Effort challenges, many agencies would appreciate a temporary grace period or new timeframe from which to measure the MOE for small rural agencies, and this applies both to the LS&R program but also legislative requirements of local sales tax measures.

With project delivery and implementation of SB 743 it sounds like the governor’s office, Caltrans, OPR, and others are already looking at extending the deadline to September and the rural agencies are very supportive of this extension or something even longer as it is critical to keep land use and transportation projects moving forward during this economic and health crisis.

**Concerning Cash Flow:** Any assistance to expedite invoice processing or enhance that process would be greatly appreciated. I’d be happy to set up a virtual meeting with RCTF members, CTC, and Caltrans to identify issues and opportunities to make improvements.

**The amended SB 1 grant program schedules** are supported by the RCTF members and will help many of the small rural agencies get caught up on their respective workloads and still have an opportunity to secure these much-needed funds, so thank you for that consideration.

Finally, while all of the rural counties are very concerned about the loss of revenue and impacts to our communities, we are thankful to all of our urban neighbors who have followed the stay at home orders and not jeopardized the health and wellness of our rural communities.

And we invite all of you to as soon as possible join us throughout rural California as it is as beautiful and breathtaking as ever.

The air and water are cleaner and clearer, the wildflowers are bountiful, and wildlife undisturbed.

One of the positive things we are seeing in our rural regions is that even with the rather short decrease in traffic, tourism activity, and general commerce we are seeing real and significant improvements in the conditions of the natural environment which only proves all of our collective efforts to reduce VMT and GHG are and will continue to make a difference.

On behalf of the RCTF I wish you all well and would be happy to answer any questions.