



METROPOLITAN
TRANSPORTATION
COMMISSION

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Memorandum

TO: Planning Committee

DATE: July 3, 2008

FR: Deputy Executive Director, Policy

W. I.

RE: Transportation 2035: Adoption of Financially Constrained Program and High-Occupancy Toll (HOT) Network Implementation Principles; MTC Resolution No. 3868

Staff has developed a recommended financially constrained investment program and companion funding strategy and is seeking Planning Committee referral to the Commission for approval. Staff also seeks approval of a set of objectives that MTC and CMA staffs have developed to guide the Regional HOT Network implementation.

Background

As we have discussed previously, the financially constrained investment projects is a key element of the T-2035 Plan that is funded with federal, state, regional and local revenues we expect to be available to the region over the next 25 years. Of the \$223 billion in revenue projected to be available to the region over the next 25 years, \$191 billion is committed by voter mandate, statute or Commission policy towards mostly maintaining and operating our existing transportation system. In January 2008, this committee provisionally approved "prior commitments criteria" for committed funding and committed projects; the criteria are summarized in Attachment A and staff is seeking Commission approval of the criteria as part of the overall financially constrained program.

The remaining \$32 billion is uncommitted discretionary revenues. Transportation priorities vying for this \$32 billion include: transit, local road, and State highway maintenance shortfalls; system operations strategies, including the Freeway Performance Initiative; programs aimed at focused growth, climate protection, and Lifeline service; and numerous capacity expansion projects throughout the region. The rest of this memorandum describes the process that led staff to the proposed investment strategy of the \$32 billion in remaining uncommitted discretionary revenues.

Commission Discussions

We have spent the better part of a year working with the Commission, partner agencies, advisory committees and the public developing policies and investment strategies that help define the recommended financially constrained investment program. Along the way, you have approved: plan goals, project/program funding policies, and a process to evaluate projects considered for inclusion in the plan.

More recently, your May 2008 Commission workshop and this committee's May/June 2008 meetings moved us a big step closer to selection of a T-2035 preferred financially constrained program. At the May 1, 2008 Planning Committee meeting, we presented some initial ideas on how we might choose to spend the \$32 billion in uncommitted funds in the investment categories of maintenance, system efficiency and expansion. Commissioners attending the May 27, 2008 Commission workshop selected three distinct investment packages focusing on different investment levels for maintenance, efficiency

and expansion investments (see Attachment B). Tradeoff discussions were taken up again at the June 2008 Planning Committee meeting, with a consensus pick for a general framework based on Option 2. However, staff was directed to bring transit and road maintenance investments in closer alignment and develop specific recommendations for the system efficiency programs, including: Lifeline, Bikes, Climate Change, Planning, TLC and the Freeway Performance Initiative. Staff was also directed to consider how expansion projects might be able to leverage other maintenance, bike and ADA improvements.

Partner/MTC Advisory Committee Discussions

Staff has met with MTC advisory committees and various partner agencies over the past few months to discuss the financially constrained program element. We have met several times with a joint advisor group consisting of members from MTC's Elderly and Disabled Advisory Committee, Minority Citizens Advisory Committee and the Advisory Council to discuss RTP policy and program issues. We last met with the group on June 26, 2008 to discuss investment tradeoffs and seek their comments on MTC staff's financially constrained investment program.

Key joint advisory messages and comments from our June 26 meeting include:

- Increase funding for the existing Lifeline Transportation Program beyond the proposed amount.
- Increase funding beyond the staff proposal for the proposed new Climate Action Program
- Include funding for a new Regional Pedestrian Safety Program
- Decrease funding for the existing Regional Bicycle Network (largely to accommodate a pedestrian program)
- Decrease funding for the proposed new Freeway Performance Initiative
- Support staff's proposed funding to increase the size of the Transportation for Livable Communities program
- MTC's performance evaluation for projects should be a key factor in considering which projects to include for funding under the expansion category
- MTC should fund a Safe Routes to Transit/Safe Routes to Schools proposal
- Re-evaluate the "committed" projects in light of AB 32, the landmark state law that requires steep reductions in greenhouse gas emissions
- Given the growing senior population, provide more funding for programs that expand mobility options for frail seniors

We have also held regular meetings to discuss tradeoff options with the CMA directors and the Partnership Board and its subcommittees. The Partnership Board expressed general support for the staff proposed financially constrained program at its June 27, 2008 meeting. Board comments included:

- The shortfalls and unfunded program/project needs provide a good advocacy platform for new revenues, with top priority given to maintaining the existing transportation system
- There is a need to define a transit "state of good repair" similar to how roads use a pavement condition index – transit vehicle replacement and fixed guideway investment is a good start
- A transit efficiency program needs to be defined as a complement to the "freeway performance initiative"
- Early distribution of road funds needed in order to keep pavement conditions from getting worse/more expensive to fix
- Need to define a transit "baseline system" to direct RTP funds

Staff Recommended Financially Constrained Investment Program

Based on the Commission's direction and comments received from partner agencies, MTC advisory committees, stakeholders and the general public, staff recommends the financially constrained program shown in Attachment C. A few points worth noting on the staff recommendation:

Maintenance

- Transit and road maintenance were brought in closer alignment compared to Option #2 as directed by the Planning Committee
- Staff does not recommend regional discretionary funding for state highway maintenance as directed by Commissioners

Efficiency

- Staff has recommended program funding levels that address the main policy areas supported by the Commission – land use/transportation connection, equity/access, climate change and the freeway performance initiative

Expansion

- The project performance measurement process previously approved by the Commission helped inform project selection from lists submitted by the CMAs.
- HOT revenue increased to \$6.1 billion.
- Staff is developing a set of HOT Network Implementation Principles that outline a policy structure for MTC, the CMAs, Caltrans and others to follow to deliver the network in an expedited time frame **(to be provided and discussed at the meeting)**.

Next Steps

Commission approval of the financially constrained investment program closes one phase of the RTP development process and begins several others. Over the next few months, leading to plan adoption in March 2009, staff will be working on a number of issues that will be brought back to the Planning Committee for review and discussion before and after RTP adoption. These include:

- Further Policy Discussions – As we have previously discussed with this committee, the financially constrained element is a first step toward achieving performance targets and implementing broader Vision Policy Strategies previously approved by the Commission. The strategies define a continuum of efforts and innovations categorized as short, medium and long-term strategies based on available resources, the state of various technologies and/or the time needed to realize the full impact of improvements (mainly in the land use arena) – a “change in motion” if you will. Staff intends to revisit these policy strategies with the Commission as we begin writing the plan.
- Further RTP Analyses – As required by state law, staff will be conducting a programmatic EIR to assess environmental impacts of the T-2035 Plan and reasonable range of alternatives to the Project (see next agenda item). In addition, staff will loop back and assess how the T-2035 Plan addresses the targets/performance objectives approved by the Commission and discussed at the October 2007 ABAG/MTC Fall Forum.
- New Funding Advocacy – There is insufficient known funding (e.g. STP/CMAQ, STIP) to fulfill the staff recommended program of projects. We expect that “anticipated/unspecified” revenues will likely become available over the RTP period to backfill some of the projected need. Working with the Commission and our partner agencies, we will need to develop policies on where this new funding should be spent; Attachment D is our first step in this process. The single largest share of the anticipated/unspecified revenue allocation is to maintenance, which would suggest that investment category would be given priority for any new legislative funding advocacy.

- RTP Funding Distribution Policies - The Commission has routinely adopted follow-on initiatives to implement policies and programs included in previous RTP. One example is its TOD Policy adopted for the Resolution 3434 Transit Expansion Program, that helped implement MTC's Land Use Platform from the 2005 RTP. Another is the Routine Accommodation/Complete Streets Policy that was an MTC Regional Bike Plan recommendation that was incorporated into the 2005 RTP. The 2009 RTP proposed financially constrained program recommendation includes new and expanded regional grant programs. Staff anticipates that the Commission will not only want to ensure that program investments are consistent with existing policies, but that new policies reflect emerging Commission priorities such as climate change and FOCUS. Staff intends to develop new fund distribution policies with the Commission over the next several months.
- HOT Network Implementation – The Commission's adoption of HOT Network Implementation Principles will be a very basic first step toward developing a regional HOT Network. Many issues still need to be resolved: development of HOT revenue distribution policies, development of corridor investment plans and agreement on how the system will be managed. MTC staff will continue its ongoing HOT Network implementation discussions with the CMAs over the coming months.

Staff Recommendations

Staff recommends approval of MTC Resolution No. 3868 and is bringing before the Committee and Commission the following recommendations:

1. Approval of the Transportation 2035 Financially Constrained Program.
2. Approval of HOT Network Implementation Principles that outline a policy structure for MTC, the CMAs, Caltrans and others to follow to deliver the network in an expedited time frame.

We look forward to another productive discussion at your meeting.

Therese McMillan

TM:DK

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Attachment A

Transportation 2035 Plan Prior Funding and Project Commitments

Committed Funds - \$191 billion in total
➤ Locally generated or locally subvented funds are committed.
➤ Transportation funds for operations and maintenance as programmed in the current Transportation Improvement Program are committed
➤ Fund expenditures specified by law, or defined by MTC policy are committed.
Committed Projects
➤ Projects or project elements fully funded in the current TIP are committed
➤ Resolution 3434 projects are committed (only fully funded projects will be included in the financially constrained element)
➤ Ongoing regional operations programs are committed: <ul style="list-style-type: none">• TransLink®• 511 traveler information• Regional Rideshare Program• Freeway Service Patrol/Call Boxes• Freeway Operations• Transit Connectivity (up to \$10 million)

Attachment B

Insert: Option 1, 2, & 3 Investment Packages

Attachment C

Insert: Staff Recommended Program of Projects

Attachment D

Insert: Color of Money

Attachment E

**Transportation 2035 Schedule
(June 2008 – March 2009)**

Month	Day	Committee	Action Requested
Investment Trade-Off Discussions			
June	5	Joint Advisors Workshop	<ul style="list-style-type: none"> Review public outreach messages & Commission workshop outcomes & direction
	13	Planning Committee	<ul style="list-style-type: none"> Discuss Investment Packages
	27	Partnership Board	<ul style="list-style-type: none"> Discuss Investment Packages
Draft Financially Constrained Investment Plan			
July	11	Planning Committee	<ul style="list-style-type: none"> Approval of Draft Investment Plan & Referral to Commission
	18	Joint Policy Committee	<ul style="list-style-type: none"> Informational
	23	Commission	<ul style="list-style-type: none"> Approval of Draft Investment Plan
Technical Analysis & Report Preparation			
August - November	--	MTC Staff	<ul style="list-style-type: none"> EIR Air Quality Conformity Analysis Equity Analysis Transportation 2035 Plan
December	12	Planning Committee	<ul style="list-style-type: none"> Release of Draft Transportation 2035 Plan and EIR for 45-day public review
January 2009	9	Planning Committee	<ul style="list-style-type: none"> Public Hearing on Draft Transportation 2035 Plan Release of Draft Conformity Analysis for 30-day public review
Final Report Preparation			
February 2009	--	MTC Staff	<ul style="list-style-type: none"> EIR Response to Comments and Final EIR Air Quality Conformity Response to Comments and Final Conformity Analysis Final Transportation 2035 Plan
March 2009	13	Planning Committee	<ul style="list-style-type: none"> Approval of Final Transportation 2035 Plan, EIR, and Conformity Analysis & Referral to Commission
	25	Commission	<ul style="list-style-type: none"> Approval of Final Transportation 2035 Plan, EIR, and Conformity Analysis