



METROPOLITAN
TRANSPORTATION
COMMISSION

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Memorandum

TO: Partnership Technical Advisory Committee

DATE: September 15, 2008

FR: Anne Richman

W. I.

RE: Overview of Transit Capital Priorities Discussion

MTC staff is currently working with the Partnership's Transit Finance Working Group (TFWG) to develop an updated Transit Capital Priorities (TCP) policy for the region. The TCP policy governs the programming of Federal Transit Administration (FTA) Urbanized Area Formula funds (Section 5307) and Fixed Guideway Modernization (Section 5309 FG), which are programmed to transit operators primarily for capital replacement and rehabilitation projects. The current TCP policy (MTC Res. 3841) applies to FY 2008-09 FTA funds, which have already been programmed. The new policy under development is proposed to cover a 5-year program from FY 2009-10 through FY 2013-14.

Regional Capital Improvement Plan for Revenue Vehicles and Other High-Scoring Needs

The first element of the proposed TCP policy is to develop a strategic plan for the region's high-scoring needs, analogous to a regional Capital Improvement Program (CIP), with the objective of funding all of the region's revenue vehicle needs, and as much of other Score 16 needs as possible, with a combination of TCP funds, RTP transit capital shortfall funds, and project financing. The revenue vehicle focus is consistent with the T2035 policy direction. MTC staff presented preliminary CIP projections to the TFWG at their September 3 meeting, which suggested the following potential TCP policy elements:

- In order to meet the region's needs for replacement of revenue vehicles, the continuation of fixed guideway caps is needed in some form. In the current TCP policy, project caps limit the amount of funding for certain fixed guideway project categories. However, to more closely match the caps to each operator's actual needs, caps should be evaluated on a multi-year basis. This approach would require close coordination between and among the operators and MTC to assess ongoing needs and application of the caps.
- A need for project financing and/or operator or local contributions to cover the costs of major capital projects that cannot be covered with the region's dedicated capital and T2035 discretionary revenues.
- Redirecting all or a portion of the current flexible and/or ADA set-asides to help meet high-scoring needs.

Next steps in developing the regional CIP include refining the projected needs, including reconciling the Regional Transit Capital Inventory projections with operator projections for

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major procurement needs, development of operator-level revenue projections that take urbanized area constraints into account, and further development of financial management strategies. The regional CIP will also examine the impacts of an expanded zero emission bus fleet on the regional capital program.

Project Delivery

In order to more closely match funding to each operator's needs, and to increase the efficiency of the TCP program, MTC staff proposed to assess the status of project delivery during program development, based on both grant disbursements and awarded contracts against prior programming, review the results with the affected operators, and negotiate adjustments to future programming where appropriate. This would allow us to take into account extenuating circumstances, such as the need to bank programming for major projects, and delays in project delivery that are beyond the operator's control. It would also give us the flexibility to adjust caps from year to year to better meet operator needs.

Proposed TCP Policy and Program Development Schedule

Below is a proposed timeline for completing the new TCP policy and programming the FY 2009-10 through FY 2013-14 TCP funds.

TCP Policy / Programming Step	Start Date	Finish/Due Date
Policy development with TFWG, PTAC and PB	June 2008	February 2009
TCP Policy to PAC/Commission	March 2009	
Call for projects	February 2009	March 2009
Present FY10 program projections	April 2009	
Finalize FTA/AB 664 programs with TFWG, PTAC and PB	May 2009	July 2009
Present FTA/AB 664 programs to PAC/Commission and amend TIP	September 2009	