

**Metropolitan Transportation Commission
Programming and Allocations Committee**

April 8, 2009

Item Number 4a

Resolution No. 3288, Revised

Subject: Proposed revision to the policy for programming Five Percent State General Fund Revenues and Two Percent Bridge Toll Revenues to reflect the assumption of responsibility for Alameda and Vallejo ferry services by the Water Emergency Transportation Authority, and to clarify regional priorities for bicycle planning projects funded by the Five Percent State General Fund Revenues.

Background: MTC Resolution No. 3288, Revised, establishes the regional policy for programming Five Percent State General Fund Revenues for ferry operations and bicycle planning and operations, and the Two Percent Bridge Toll Revenues for ferry capital projects. The Five Percent program totals about \$3 million annually, and the Two Percent program totals about \$1 million. Under the current policy, support for ABAG's Bay Trail project from the Five Percent program was level-funded at \$140,000 for several years before being increased to \$170,000 in FY 2007-08 and \$175,000 in FY 2008-09. The remainder of the Five Percent Funds, and all of the Two Percent funds, have been programmed to Alameda and Vallejo for ferry operations and capital projects, respectively, despite broader eligibility for bicycle planning.

Issues: Transition of Ferry Operations to WETA. Per SB 976 and SB 1093, the Water Emergency Transportation Authority is slated to assume responsibility for the Alameda and Vallejo ferry services, after which MTC is required to program all of the Five Percent and Two Percent revenues for ferry operations and capital to WETA. WETA is currently working with the two operators to develop and adopt a transition plan by July 1, 2009. This action proposes to revise the programming policy to specify that starting in FY 2009-10 WETA shall become the sole eligible applicant for Five Percent and Two Percent ferry funds after the date specified in the adopted transition plan. However, WETA may authorize Alameda and Vallejo to apply for the funds on its behalf until such time actual operations are transferred to WETA, if specified in the transition plan. Applications from Alameda or Vallejo must receive a letter of concurrence from WETA.

Funding for Other Bicycle Planning/Operations. Under the current policy, any public agency is eligible to apply for Five Percent funding for bicycle planning and operations projects, but proposals from agencies other than ABAG have not been funded in recent years due to the priority placed on ferry operations for the remainder of the funds. This action would revise the policy to establish the ABAG Bay Trail project as the sole regional priority for the bicycle portion of the Five Percent program; funds would not be made available for other agencies. There are several reasons for this proposal:

- The need to reserve most of the funding for ferry operations in response to State Transit Assistance (STA) elimination, declining sales taxes and higher fuel prices.
- The Bay Trail is a regional planning project for bicycle and pedestrian travel that should continue to be funded from regional sources.
- Five Percent funds are appropriate for bicycle planning projects but not operations; the available amounts are too small to support a significant competitive program for bicycle operations. In addition, operations require ongoing funding and are difficult to sustain from a small funding source.

Funding Level for ABAG Bay Trail. ABAG has requested inflation increases in their applications for Five Percent Funds, but the revenues are nearly static, so increased funding for ABAG results in reduced funding for ferry operations. This action would revise the policy starting in FY 2009-10 to specify a funding level for ABAG of \$175,000 annually with an adjustment every three years equal to the increase in Five Percent fund revenues or CPI, whichever is less. Based on Transportation 2035 discussions, ABAG is slated to receive an additional \$500,000 in STP 3% planning funds starting in FY 2009-10, which will be for broader planning purposes but should help offset the need for larger increases in Five Percent funding.

Recommendation: Approve MTC Resolution No. 3288, Revised.

Attachments: MTC Resolution No. 3288, Revised

Date: July 26, 2000
W.I.: 51.4.10
Referred by: PAC
Revised: 04/24/02-C
04/22/09-C

ABSTRACT

Resolution No. 3288, Revised

This resolution establishes interim programming and allocation policies for the Five Percent State General Fund Revenues and Two Percent Bridge Toll Revenues program.

This resolution was revised on April 24, 2002 to establish a performance measure that ferry services must meet in order to continue to receive operating funds from regional bridge tolls and subject ferry operators to similar reporting requirements as other regional transit providers.

This resolution was revised on April 22, 2009 to reflect the assumption of responsibility for Alameda and Vallejo ferry services by the Water Emergency Transportation Authority, and to clarify regional priorities for bicycle planning projects funded by the Five Percent State General Fund Revenues.

Further discussion of these policies is contained in the Executive Director's Memoranda dated June 14, 2000 and April 10, 2002, and the Programming and Allocations Committee summary sheet dated April 8, 2009.

Date: July 26, 2000
W.I.: 51.4.10
Referred by: PAC
Revised: 04/24/02-C
04/22/09-C

Attachment A
Resolution No. 3288, Revised
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Policies for Programming and Allocating Five Percent (5%) State General Fund Revenues and Two-Percent (2%) Bridge Toll Revenues

Fund Purposes

State General Fund revenues delivered to MTC in amounts equal to projections of the Regional Measure 1 (RM 1) five percent (5%) Bridge Toll Program shall be separated into northern and southern bridge groups in the same proportion as northern bridge group (Richmond-San Rafael, Carquinez, Benicia-Martinez Bridge and Antioch bridges) and southern bridge group (S.F.-Oakland Bay, Hayward-San Mateo and Dumbarton bridges) 5% Bridge Toll funds are generated. These revenues are to be programmed and allocated for ferry transit operations and bicycle-related planning in the vicinity of each of the bridge groups.

Two-Percent (2%) of the revenues derived from the RM 1 toll increase are to be programmed and allocated solely for the capital costs associated with the design, construction, and acquisition of rapid water transit systems in the vicinity of the bridges in the southern bridge group and northern bridge group. The remaining 3% of the revenues derived from the RM 1 toll increase shall be retained by BATA for bridge capital projects.

Eligible Applicants

WETA shall become the sole eligible applicant for ferry funds from the Five Percent State General Fund Revenues and the Two Percent Bridge Toll Revenues after the date specified in the adopted transition plan. WETA may authorize Alameda and Vallejo to apply for the funds on its behalf until such time actual operations are transferred to WETA, if specified in the transition plan. Applications from Alameda and/or Vallejo must receive a letter of concurrence from WETA. This is consistent with the direction in SB 1093, signed into law in 2008, which requires that funds historically made available to the City of Vallejo or the City of Alameda continue to be allocated to those cities until the date specified in the Transition Plan.

The Association of Bay Area Governments (ABAG) shall be the sole priority for the Five Percent State General Fund Revenues for bicycle planning.

Project Screening

Individual projects which meet the program eligibility described above will be evaluated based on the following project screening criteria.

Project submittals must meet all of the following screening criteria:

- project is ready for implementation, including having any necessary clearances or approvals, in the year indicated;
- project is well defined and justified in the project proposal;
- applicant has the capacity to implement the project;
- applicant has an adequate project financial plan, with reasonable cost estimates;
- project has been approved by the local entity's policy board; and
- project is identified in or is part of an adopted regional or local transportation plan.

In addition, entities requesting transit operating funds must:

- complete a Short Range Transit Plan (or similar planning document as specified by MTC) that identifies service plans and budgets for at least a 5-year period;
- adhere to the maintenance of effort requirements and any other performance measures identified for transit operators following from the adoption of the 2009 Regional Transportation Plan (RTP); and
- submit data on capital replacement needs to MTC, as requested.

Programming Policies

Five Percent (5%) State General Fund Revenues

- Program 5% State General Fund Revenues from the northern and southern bridge groups to ABAG for administration of the San Francisco Bay Trail project at the same funding level as in previous years (\$175,000 per year). The amount of 5% State General Fund Revenues programmed to ABAG shall be adjusted by the rate of increase in 5% State General Fund Revenues or the rate of increase in the Consumer Price Index, whichever is less, every three years, with the first adjustment occurring with FY 2011-12 based calculations.
- Program the remainder of the 5% State General Fund Revenues from the northern and southern bridge groups to support the continued operations of the Alameda/Oakland, Harbor Bay and Vallejo ferry services. Ferry services will need to have demonstrated an average 40% farebox recovery ratio (the regional average for all publicly-operated services during for the period from 1996 to 2000) for the operating agency in order to ensure continued funding for operations. An operator may meet this requirement based on their average farebox recovery for the most recent three-year period for which National Transit Database statistics

are available or their annual farebox recovery for the most recent year for which data is available.

If an operator is unable to meet the performance measure, the funding that would have gone to the ferry operator could be directed by the Commission to a transit service/route that reduces vehicular congestion in one of the bridge group corridors, and has demonstrated the ability to meet the 40% farebox requirement. The service could be ferry or another transit mode, provided that the service/route can meet the performance measure. At least forty percent of the Five Percent funding must be directed toward ferry operations or capital as required by statute.

Two-Percent (2 %) Bridge Toll Revenues

- Program the 2 % Bridge Toll Revenues from the northern and southern bridge groups, upon application by project sponsors, to ferry capital improvement projects. Priority shall be given to projects or capital needs contained in the WETA transition plan, and to projects that maintain existing ferry services.

Fund Programming Process

- MTC annually estimates the amount of 5% State General Fund Revenues and 2% Bridge Toll Revenues available in the southern and northern bridge groups.
- MTC annually solicits eligible project proposals.
- Applicants submit proposals to MTC for consideration.
- MTC staff evaluates project proposals and develops an annual program of projects for 5% State General Fund Revenues and 2 % Bridge Toll Revenues.
- The program of projects is reviewed by the affected entities.
- MTC adopts the program of projects and allocates the 5% State General Fund Revenues and 2 % Bridge Toll Revenues according to the program.