Agenda Item 7a

METROPOLITAN
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COMMISSION

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Memorandum

TO: Legislation Committee

DATE: June 5, 2009

FR: Executive Director

RE: American Recovery and Reinvestment Act – Advocacy Priorities

Background

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) into law, which enacted a $787 billion economic recovery package that included $48 billion for the U.S. Department of Transportation (USDOT). Since then, the Commission has adopted Resolutions 3885 and 3896, a $660 million expenditure plan for the region's formula-based share of the ARRA. At the March Legislation Committee meeting we recommended that the Commission focus on a short subset of priorities within the dozen or so discretionary programs authorized by ARRA. These focus areas are:

- The $1.5 billion USDOT Secretary's Discretionary Grant Program;
- The $8 billion High Speed Rail/Intercity Rail Grant Program; and
- The $750 million New Starts augmentation.

While this memo primarily discusses the $1.5 billion USDOT Secretary's Discretionary Grant Program, a brief update of the $8 billion High Speed Rail/Intercity Rail Grant Program and the $750 million New Starts augmentation is also discussed.

Recommendation

Adopt the six principles discussed below as policy guidance for MTC's participation in a statewide effort to secure the most amounts of federal ARRA monies to the Bay Area region.

$1.5 billion U.S. DOT Secretary's Discretionary Grant Program

Given the exotic name TIGER (Transportation Investment Generating Economic Recovery), this program has generated a very large amount of excitement for the relatively small amount of money to be distributed nationally — about $5 per capita. California's statutory maximum is $300 million. For the Bay Area, we might optimistically hope to receive about $125 million. For comparison, the Bay Area received $5.7 billion from the $20 billion Proposition 1B bond program passed by the voters in 2006 — or nearly 30 percent of total funds.

USDOT recently provided guidance to potential project sponsors that included a September 15, 2009 deadline for submitting applications. While the guidelines allow almost any kind of eligible applicants (state and local governments, transit and port authorities, etc), and the project eligibility list covers a broad range of project types and modes, it is also clear in the guidelines that USDOT is looking to award projects that can demonstrate long-term outcomes and relevance at the regional or national level.

The exact language for the Selection Criteria is attached (see Attachment I).

TIFIA
The TIGER program also seeks to provide additional federal funding to another existing program, the Transportation Infrastructure Finance and Innovation Act (TIFIA). Established in 1998, TIFIA is a federal credit program for eligible transportation projects of national or regional significance under which USDOT may provide direct credit or other assistance. Up to $200 million of the $1.5 billion available for TIGER discretionary grants may be used to pay the subsidy and administrative costs of the TIFIA program and it is our understanding that commitments to TIFIA would be scored against a state's maximum share.

Process in California
Caltrans has determined it will seek to sponsor a statewide priority list that would be backed by Governor Schwarzenegger. Attachment II outlines the timeline and the role MTC is expected to play in this process. Importantly, but left unsaid in this material, is that a final state list is likely to swell to a number well above $1 billion dollars worth of projects, far in excess of the $300 million state limit — creating a process that will leave USDOT with a significant role in choosing a final list of projects for California. While our preference would be that the state prioritizes a shorter list, we continue to recommend that we work within a framework established by Caltrans.

Proposed Process in the Bay Area and Recommended Principles
While Caltrans' effort to be inclusive is laudatory, we believe it risks raising false expectations from project sponsors which no doubt have very substantial needs. In order to effectively manage this process, we recommend that the Commission adopt the following six principles as guidance for the TIGER program to focus the Bay Area's list of projects to be included in a final Caltrans list.

1. Prioritize a list of projects valued at no more than $125 million and focus on a list of specific realistic projects that we can achieve — not a wish list of projects that cannot hope to be funded given this very small program.

2. Include $50 million for Doyle Drive. As the southern approach to the Golden Gate Bridge, this seismically deficient structure is the weak link in the entire U.S. 101 North Bay highway corridor. It has a $1 billion funding plan nearing completion, and is a top priority for both the Governor and the Speaker of the House.

3. Seek to include a goods movement project of significance. While the Port of Oakland has been hurt financially in the economic downturn, leaving it with limited options to bring funding to bear for needed projects, federal guidelines are clearly focused on goods movement as a national priority. If possible, we will try to include a major goods movement project for the Bay Area.

4. Seek to include a transit project of regional significance. The recently completed Transportation 2035 Plan prioritizes transit as the future for Bay Area travel options.

5. Support projects seeking TIFIA commitments. At this point the most likely candidate is the BART-Oakland Airport Connector. A second project in the Bay Area that is seeking TIFIA funding is a proposal by the San Francisco Transbay Terminal project, but at this point, its TIFIA application is being considered outside the TIGER program.

6. If after the priorities in points 1-5 above are met, and additional funding capacity is available, consider a second highway or roadway project of regional significance that will compete well given the TIGER guidelines.

Next Steps
Caltrans proposes to have a final list adopted by the Governor's office in early September, in time for final submittal to USDOT on September 15, 2009. As noted in detail in Attachment II, this process has a number of milestones over the summer where Caltrans will be in consultation with MTC and other agencies.

Caltrans has already held a number of meetings to date, and MTC will work closely with the Department as this process unfolds. Given that MTC does meet in August, we plan to present a formal list of projects to be considered for adoption by the Commission at your July meeting. We will keep you informed at any critical juncture as well.

High Speed Rail
MTC has participated in a number of working groups to position the Bay Area to gain funding from the $8 billion High Speed Rail/Intercity Rail Grant Program created by the ARRA. Our efforts have largely focused on working with our partners on the peninsula and at California High Speed rail on the first steps necessary to upgrade the peninsula for future high speed rail, where investments will pay double benefits by fast-tracking service on the San Francisco Bay Area's Caltrain/Baby Bullet commuter rail line. A program outlining a Bay Area strategy is under development and is near completion. We are still working on a number of details on this effort and hope to present it for your review at next week's meeting.

New Starts
Lastly, the Federal Transit Administration (FTA) has already determined allocations for the $750 million New Starts augmentation as shown in the table below. FTA decided to focus the funding exclusively on projects with existing financial commitments from the federal government, which effectively excluded our region's two New Starts candidates: BART to Silicon Valley and Muni's Central Subway.

ARRA Capital Investment Program Allocations – New Starts		
State	**Project Location and Description**	**Allocation**
AZ	Phoenix-Central Phoenix/East Valley Light Rail	$36,000,000
CA	Los Angeles – Metro Gold Line Eastside Extension	66,740,000
CO	Denver-West Corridor Light Rail Transit	40,000,000
NY	New York-Long Island Rail Road East Side Access	195,410,000
NY	New York – Second Avenue Subway Phase I	78,870,000
OR	Portland-South Corridor I-205/Portland Mall LRT	32,000,000
OR	Springfield-Pioneer Parkway EmX BRT	2,940,000
TX	Dallas-Northwest/Southwest Light Rail Transit	78,390,000
UT	Salt Lake City-Mid Jordan Light Rail Transit	90,890,000
VA	Northern Virginia-Dulles Corridor Metrorail	77,260,000
WA	Seattle-University Link Light Rail Transit	44,000,000
	TOTAL ALLOCATION:	$742,500,000

Steve Heminger