



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 7a

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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.

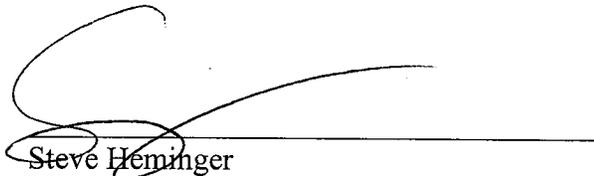
High Speed Rail

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

Attachment I

**\$1.5 BILLION TIGER DISCRETIONARY GRANTS PROGRAM
OUTLINE OF SOLICITATION AND SELECTION CRITERIA**

Interim Notice of Funding Availability: On Monday, May 18, 2009, the Department of Transportation published a notice of funding availability and solicitation of applications from applicants seeking funds under this program.

Public Comments: The solicitation announces the availability of funding for TIGER Discretionary Grants, project selection criteria, application requirements and the deadline for submitting applications, which is September 15, 2009. Because this is a new program, however, the solicitation also provides two weeks for comments on the proposed selection criteria and guidance for awarding TIGER Discretionary Grants. The Department will take all comments into consideration and may publish a supplemental notice revising some elements of the solicitation. Any such amendment will be published by June 17, 2009.

Eligible Applicants: Funds under this program will be awarded to State and local governments, including U.S. territories, tribal governments, transit agencies, port authorities, other political subdivisions of State or local governments, and multi-State or multi-jurisdictional applicants.

Eligible Projects: Projects that are eligible for TIGER Discretionary Grants include, but are not limited to, capital investments in: (1) highway or bridge projects; (2) public transportation projects; (3) passenger and freight rail transportation projects; and (4) port infrastructure investments, including projects that connect ports to other modes of transportation and improve the efficiency of freight movement.

Selection Criteria: TIGER Discretionary Grants will be awarded based on the following selection criteria, which incorporate the criteria specified in the Recovery Act:

- (a) Long-Term Outcomes: The Department will give priority to projects that have a significant impact on desirable long-term outcomes for the Nation, a metropolitan area, or a region. The following types of long-term outcomes will be given priority:
 - (i) State of Good Repair: Improving the condition of existing transportation facilities and systems, with particular emphasis on projects that minimize life-cycle costs.
 - (ii) Economic Competitiveness: Contributing to the economic competitiveness of the United States over the medium- to long-term.
 - (iii) Livability: Improving the quality of living and working environments and the experience for people in communities across the United States.
 - (iv) Sustainability: Improving energy efficiency, reducing dependence on oil, reducing greenhouse gas emissions and benefitting the environment.
 - (v) Safety: Improving the safety of U.S. transportation facilities and systems.
- (b) Job Creation & Economic Stimulus: Consistent with the purposes of the Recovery Act, the Department will give priority to projects that are expected to quickly create and preserve jobs and stimulate rapid increases in economic activity, particularly jobs and activity that benefit economically distressed areas.
- (c) Innovation: The Department will give priority to projects that use innovative strategies to pursue the long-term outcomes outlined above.

- (d) Partnership: The Department will give priority to projects that demonstrate strong collaboration among a broad range of participants and/or integration of transportation with other public service efforts.

The solicitation provides additional guidance on the selection criteria. The Department will give more weight to the Long-Term Outcomes and Jobs Creation & Economic Stimulus criteria than to the Innovation and Partnership criteria. Projects that are unable to demonstrate a likelihood of significant long-term benefits in any of the five long-term outcomes will not proceed in the evaluation process. For the Jobs Creation & Economic Stimulus criterion, a project that is not ready to proceed quickly is less likely to be successful.

Program-Specific Criteria: The Department will use certain program-specific criteria to help differentiate between similar projects (for example, New Starts projects, or bridge replacements). To the extent two or more similar projects have similar ratings based on the selection criteria the program-specific criteria will be used to assign priority among these projects.

Distribution of Funds: The Recovery Act prohibits the award of more than 20 percent of the funds made available under this program to projects in any one State. The Recovery Act also requires that the Department take measures to ensure an equitable geographic distribution of funds and an appropriate balance in addressing the needs of urban and rural communities.

Waiver of Minimum Grant Size Requirement: The Recovery Act specifies that TIGER Discretionary Grants may be no less than \$20 million and no greater than \$300 million. However, the Department has discretion under the Recovery Act to waive the \$20 million minimum grant size requirement for significant projects in smaller cities, regions or States. Applicants for TIGER Discretionary Grants of less than \$20 million are encouraged to apply.

TIFIA: 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 if it would further the purposes of the TIGER Discretionary Grants program. Given the average subsidy cost of the existing TIFIA portfolio, \$200 million in TIGER TIFIA Payments could support approximately \$2 billion in Federal credit assistance. Applicants seeking TIGER TIFIA Payments should apply in accordance with all of the criteria and guidance specified for TIGER Discretionary Grant applicants and will be evaluated concurrently with all other applications.

Grant Administration: The Department expects that each TIGER Discretionary Grant will be administered by the modal administration in the Department with the most experience and/or expertise in the relevant project area. Applicable Federal laws, rules and regulations will apply to projects that receive TIGER Discretionary Grants, including all of the reporting and other requirements included in the Recovery Act.

Attachment II

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

GRANTS FOR TRANSPORTATION INVESTMENT GENERATING ECONOMIC RECOVERY "TIGER DISCRETIONARY GRANTS"

APPLICATION TIMELINE

Date	Action
May 18, 2009	US DOT Releases TIGER Guidelines
May 29, 2009	Caltrans Coordination Teleconference
June 5, 2009	Agencies provide comments on draft application template
June 12, 2009	Final Template sent to project sponsors
June 17, 2009	US DOT Releases Revised TIGER Guidelines (if necessary)
June/July 2009	Regional Coordination of Applications, Policy Board Buy-in
Late June	TIGER check-in teleconference
Late July	Last TIGER teleconference prior to submittal of application
July 27, 2009	MPO's and RTPA's Submit draft TIGER Application to Department
July 27 to August 24, 2009	<p data-bbox="483 953 1349 1024">Department evaluation and review of application, consultation with applicants, MPO and RTPAs.</p> <ul data-bbox="532 1066 1386 1398" style="list-style-type: none"> <li data-bbox="532 1066 1386 1138">• Application review is quality and quantity of information provided in response to DOT criteria. <li data-bbox="532 1138 1386 1247">• Review is conducted by an internal team composed of Caltrans Headquarters, District, and California Transportation Commission staff. <li data-bbox="532 1247 1386 1323">• Applicants may be requested to provide additional or updated information in response to internal team review. <li data-bbox="532 1323 1386 1398">• Application recommendations are determined by the completeness in responding to relevant DOT selection criteria.
August 24	Department submits draft recommendations to Governor's Office through the Secretary of Business, Transportation and Housing Agency.
August 24 to September 11	Review and approval of draft recommendations by Secretary and Office of the Governor.
September 15, 2009	Department submits approved applications to US DOT with Governor's support letter.
September 30, 2011	Last Day to Obligate ARRA TIGER Funds.
February 17, 2012	Expected Completion Date for ARRA TIGER funded projects.