



METROPOLITAN
TRANSPORTATION
COMMISSION

Joseph P. Bort MetroCenter
101 Eighth Street
Oakland, CA 94607-4700
TEL 510.817.5700
TDD/TTY 510.817.5769
FAX 510.817.5848
E-MAIL info@mtc.ca.gov
WEB www.mtc.ca.gov

Memorandum

TO: Partnership Technical Advisory Committee

DATE: June 15, 2009

FR: Craig Goldblatt

W. I.

RE: New Federal Transportation Act—Framework and Schedule for Cycle Programming
(STP/CMAQ)

Background

The region has programmed all of its expected SAFETEA apportionment and we are in the final fiscal year of the act. As the region faces the close of SAFETEA ending on September 30, 2009, an expeditious approach is called for to provide an overall architecture to guide upcoming programming decisions for the new surface transportation act funding (New Act). While the exact fund program categories in the new authorization are not yet known, there is a likelihood that the future funding programs will overlap to a great extent with projects that are currently eligible for funding under Title 23. Furthermore, we expect that the next one or two years of funding most likely will be authorized through an extension of the current act and its programs.

The starting point for making New Act funding decisions should be guided by Transportation 2035, which was adopted by the Commission last month, with an eye toward strategic delivery of these investments. The plan provides a critical backdrop for setting priorities for New Act funding. In particular, Transportation 2035 stressed investments for federal STP/CMAQ funding in the following areas:

- Ongoing commitments to system maintenance and preservation;
- Climate Initiatives;
- System operations on the State Highways;
- Bicycle/pedestrian programs;
- Transportation for Livable Communities (TLC); and
- Continuation of Regional Operations programs such as 511 and TransLink®.

Further, funding decisions should be strategic, responding to and seizing on opportunities to deliver system-wide improvements as well as to address critical projects that might be postponed due to unforeseen budget crises. For example, in the past, the region directed STP and ARRA funds to jumpstart construction projects when state funds were not immediately available.

Recent Programming Activities

Under the American Recovery and Reinvestment Act of 2009 (ARRA) roughly \$660 million of funding was made available to fund critical transportation needs in the Bay Area, which could be implemented quickly with the objective of jumpstarting the economy. The following ARRA investment actions are a necessary piece for informing policy decisions on funding going forward.

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1. **System Preservation:** State and Regional ARRA funds have in large part been set aside to address System Preservation needs for transit and streets and roads as identified in Transportation 2035. \$145 million has been programmed to streets and roads rehabilitation projects and \$286 million has been programmed to transit rehabilitation projects.
2. **Safety and Freeway Performance Initiative projects:** ARRA included \$32 million for cost-effective and timely system operations improvements.
3. **Transit Expansion:** \$70 million kick starts the Oakland Airport Connector, a key regional transit connection.
4. **Advance Proposition 1B to Construction:** \$105 million funds are being directed to close funding gaps in the Proposition 1B program to allow ready-to-go stalled projects to move forward. With this funding MTC is further leveraging state funds to deliver the SR-24 Caldecott Tunnel Fourth Bore.
5. **SMART Highways:** \$14 million delivers two SMART highway projects: the Alameda I-580 EB Express Lane element and the Santa Clara SR-I 880/SR 237 Express connector.
6. **Transportation Enhancements:** The region programmed \$9.6 million of ARRA funding within the transportation enhancements (TE) program on existing bicycle and pedestrian projects. After considering a regional investment for US 101 in Belmont, \$7.5 million will be available in State TE funding for future projects.

A closely timed action was a proposal by MTC to enter into a private placement bond purchase to keep \$200 million in Proposition 1B highway projects in construction.

Funding Estimate

As noted above, without a New Federal Transportation authorization or even a proposed bill, MTC can only make preliminary estimates of revenues. Therefore, as in the past, we will have to reconcile revenue levels following enactment of a New Act, and also address any changes in eligibility of revenue categories. That being said, STP/CMAQ revenue is estimated at roughly \$1 billion over the New Act, assuming a 4% growth rate.

However, the regions overall capacity to address priority investment categories in the first few years of our T2035 plan extend beyond just the New Act's STP/CMAQ programming estimate. Given the recent ARRA funding actions discussed below, the region will also have \$105 million in RTIP/CMIA bond funding capacity as well as \$7.5 million in Transportation Enhancements for programming consideration. Attachment A summarizes both the ARRA programming as well as the estimated funding to be discussed as part of the New Act programming. All told, roughly \$1.1 billion will be part of the New Act programming framework discussion. MTC staff would recommend that we consider the funding in three tranches: 1) ARRA Backfill (\$105 million); 2) First Cycle (first three-years of the New Act, or FY 2009-10 to FY2011-12); and 3) Second Cycle (last three-years, or FY2012-13 to FY2014-15).

Proposed Programming Principles

MTC staff has developed some general principles for discussion that would guide the New Act programming development, and is seeking feedback from our partners and advisors.

- **Maintain critical on-going programs:** The starting point is the continuation of fundamental programs which have critical funding needs in Cycle 1. These include planning activities, regional operation programs, Pavement Technical Assistance Program (PTAP), and statutorily required Federal – Aid Secondary (FAS) investments. Additionally, any required payback to the State of borrowed Obligation Authority should be considered a first priority.
- **Seize opportunity to deliver system-wide improvements:** Another focused funding priority is the Freeway Performance Initiative, a ready-to-go, cost-effective, high performing program. This program addresses traffic congestion on State highways throughout the Bay Area.

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- **Fund core Transportation 2035 categories:** Establish a framework for funding key Transportation 2035 programs such as System Preservation (Streets and Road and Transit), Climate Initiatives, Transportation for Livable communities, and Bike and Pedestrian Projects. Consider that additional startup time is needed to establish the newly revised TLC Program and Climate Initiative programs. Establish an appropriate level and sequence of the funding by considering both ARRA and STP/CMAQ capacity.
- **Direct some ARRA backfill capacity to strategic investments and regional commitments:** In addition to the nearly 80% of funding invested in system preservation, the ARRA funding also included some key strategic investment recommendations. Some capacity from the ARRA backfill should also focus on complementary areas to those from ARRA such as freight/goods movement, transit efficiency, system management, and regional commitments.

Schedule

Please refer to Attachment B for a summary of the schedule for the development of Cycle 1 funding for the New Act. The proposal will be developed in concert with the Bay Area Partnership during the months of June and July. August presents a recess for most committees. In September, staff expects to take a final proposal to the Programming and Allocations Committee with a recommendation for MTC adoption.

We welcome your feedback and expect to bring a more detailed proposal for discussion to the next Partnership Board meeting.

**Fund Estimate and ARRA Programming
May 29, 2009**

(amounts in \$ millions)

STP & CMAQ Total	ARRA Programming	ARRA* Backfill	STP/CMAQ Cycle 1	STP/CMAQ Cycle 2	STP/CMAQ New Act Total	Grand Total
	08/09	08/09	09/10 - 10/11 - 11/12	12/13 - 13/14 - 14/15	09/10-14/15	09/10-14/15
Estimated Apportionment Revenues	662	113	485	546	1,031	1,806
Annual Programs						
1 Required SAFETEA OA Carryover			70		70	70
2 On-Going Regional Planning			22	24	46	46
3 On-Going Regional Operations			84	74	158	158
4 On-Going Regional Streets and Roads - PTAP & FAS			22	6	28	28
SubTotal			198	104	302	302

T 2035 Core Programs						
5 Focus 1 Freeway Performance Initiative (FPI)	19					19
6 Focus 2 Climate Initiatives / Regional Bike/Ped	10	8				17
7 Focus 2 Transportation for Livable Communities (TLC)						0
8 Focus 3 Transit Capital Rehabilitation	286					286
9 Focus 3 Regional Streets and Roads Rehabilitation	145					145
ARRA Strategic Investments						
10 Safety Projects (Vasco Road and North Bay counties)	13					13
11 SMART Highways (580 and 237/880)	14					14
12 Transit Expansion (Oakland Airport Connector)	70					70
13 Advance Prop 1B Construction (Caldecott Tunnel)	105					105
Total Programming To-Date	662	8				669

* \$113 M in ARRA Backfill is included within the \$662 M ARRA Programming Amount (\$105 M for Caldecott Tunnel and \$8M for TE)

Available for Programming Discussions	0	105	287	442	729	834
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Attachment B

New Act STP/CMAQ Cycle Programming Outreach Schedule

Date	Committee	Action
May		
18	PTAC	Draft Proposal
June		
3	TFWG	Draft Proposal
4	EDAC	
9	MCAC	
10	Advisory Council	
12	LSR	
15	PDWG	
15	PTAC	
23	Partnership Board	
July		
1	TFWG	Draft Proposal Revised as needed. Draft Final developed after PTAC to be taken to PAC/Commission in September.
2	EDAC	
8	PAC	
8	Advisory Council	
10	LSR	
14	MCAC	
20	PDWG	
20	PTAC	
September		
9	PAC	Adoption of Cycle 1 and New Act Framework / TIP Amendment
22	Commission Approval	