Agenda Item 5

METROPOLITAN
TRANSPORTATION
COMMISSION

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Memorandum

TO: Bay Area Partnership DATE: December 1, 2009

FR: Alix Bockelman

RE: New Federal Transportation Act – Update on Proposal for Cycle 1 Programming and Cycle 2 Framework

This memorandum provides an update on the development of the New Federal Transportation Act (New Act) Cycle 1 programming and Cycle 2 framework proposal. Staff will be taking the final proposal to the Programming and Allocations Committee and the Commission in December. The overall recommended programming proposal, included as Attachment A, has not changed since November. In summary, the proposed framework of the New Act follows the categories below:

- **Required payback of Obligation Authority ($54 million)**
- **Maintain on-going programs ($206 million)**
- **Seize opportunity to deliver system-wide improvements ($222 million)**
- **Fund other core Transportation 2035 categories ($848 million)**
- **Fund strategic investments and regional commitments ($71 million)**

Two areas that have been refined since November and are discussed in more detail below are the Climate Initiatives Program and the Congestion Management Agency Block Grant program administration.

Development of the Staff Recommended Proposal

Starting in June 2009, staff presented an overall framework to direct roughly $1.1 billion of estimated funds through FY 2014-15. In September, staff presented an initial proposal to the Programming and Allocations Committee that reflected changes based on stakeholder input and increased the proposal to $1.4 billion. Additional comments, program developments and proposal revisions were presented at the October and November Committee meetings. Over a six month period, staff has consulted the Partnership working groups, commission advisory committees and heard comments from a variety of transportation stakeholders, resulting in three rounds of revisions to the proposal.

The table on the following page compares the original proposal presented to the Partnership Board last June and the current proposal for both Cycle 1 and the ARRA Backfill funding commitments in the near-term (FY2010 through FY 2012); and the overall total new six-year commitment, including anticipated revenues.

Staff Proposal Comparisons: June 2009 and Final Versions

	Cycle 1 and ARRA Backfill			Total New Commitment		
Programs	**Initial Partnership Board**	**Final Draft Proposal**	**Change**	**Initial Partnership Board**	**Final Draft Proposal**	**Change**
SAFETEA OA Carryover	68	54	(14)	68	54	(14)
Regional Planning	23	23	-	48	48	-
Regional Operations	84	84	(0)	158	158	-
Freeway Performance Initiative (FPI)	136	105	(31)	222	222	-
Climate Initiatives	52	80	28	88	162	74
Regional Bicycle Program	21	27	6	42	67	25
Transportation for Livable Communities (TLC)	71	85	14	169	223	54
Transit Capital Rehabilitation			-	115	164	49
Regional Streets and Roads Rehabilitation	72	100	28	163	232	69
Corridor Mobility (SCL I/C Imps)	32	32	-	32	32	-
MTC Res 3814 Transit Payback Commitment	31		(31)	31	31	-
Trade Corridor (Richmond Rail Connector)	8	8	-	8	8	-
Total	**598**	**598**	**(0)**	**1,144**	**1,401**	**257**

Given the funding constraints and many competing demands, the proposal attempts to strike a balance among the various key Transportation 2035 programs and strategic investment areas. While the proposal does not achieve fully the stakeholder requested funding levels, it does reflect some significant revisions to that end in nearly all of the funding categories.

It is also worth noting that there are synergies across program categories. In many cases, investments funded within one program lead to improvements that benefit other modes and program categories. For example the Transportation for Livable Communities (TLC) program funds improvements that benefit bicycle projects (Regional Bicycle Program) and Safe Routes to Transit projects (Climate Initiatives). Projects funded in the Local Streets and Roads Rehabilitation Shortfall Program often result in travel condition improvements for pedestrians, buses, and bicyclists. Further, several programs not bearing the "climate change" label – such as TLC and Freeway Performance Initiative (FPI) – fall in the same general range for cost-effective CO_2 reduction as programs that are included in the new Climate Initiative Program.

Climate Initiatives Working Group

The Climate Initiative Working Group held its last meeting on November 20th to finalize the Climate Initiatives Program concept. The working group included Commissioners Haggerty and Kinsey, MTC staff, and staff representatives from the Air District, Solano Transportation Authority (representing CMAs), County Connection (representing the transit operators), Transform, and the Joint Policy Committee.

The overall objective of the Climate Initiatives Program is to make short-term investments that reduce transportation-related emissions and vehicle miles traveled, and encourage the use of cleaner fuels. Another prime objective is building a knowledge base through evaluation that informs the most effective Bay Area strategies for the Sustainable Communities Strategy and next long-range plan.

The working group is recommending an $80 million Cycle 1 program with four primary elements: 1) Public Education / Outreach; 2) Safe Routes to Schools; 3) Innovative Grants; and 4) Climate Action Program Evaluation. Within the total program amount, $3 million is also proposed to fund CMAQ eligible projects in Eastern Solano County per an agreement that covers the Sacramento Air Basin. The table below presents the program components and grant amounts, followed by program descriptions:

Cycle 1 Climate Intiatives Program Components and Funding (million $s)		
Program Components	**Cycle 1 Program**	**%**
	80	100%
Eastern Solano CMAQ	3	
Public Education / Outreach	10	13%
Safe Routes to Schools	17	23%
Innovative Grants	36	
SFgo*	10	60%
Climate Action Program Evaluation	4	5%
Total	80	100%

*Assumes SFgo partly funded in first cycle ($10M) and partly in second cycle ($10M)

***Public Education / Outreach ($10 million)*:** The objective of this program is to develop a regional campaign to reduce greenhouse gas emissions, influence the public to make transportation choices to reduce these emissions, and evaluate the effectiveness of strategies used. The following specific tasks are included:

- Launch a branded, Bay Area climate campaign in 2011;
- Develop tools to encourage smart driving or other emission reduction strategies; and
- Support school and youth programs to train the next generation.

This program will be further developed by MTC staff in cooperation with the Bay Area Air Quality Management District.

***Safe Routes to Schools ($17 million)*:** This element would further implement Safe Routes to Schools (SR2S) programs region-wide with the overall goal of significantly reducing emissions related to school-related travel. It would also increase the ability of Bay Area jurisdictions to compete for state and federal SR2S infrastructure grants. Within the SR2S program, $15 million would be distributed among the nine Bay Area counties based on K-12 school enrollment. An additional $2 million would be available on a competitive basis to one or more counties to expand implementation of creative school-related emission reduction strategies and to determine their effectiveness and potential replication throughout the Bay Area. Attachment B details the county distribution.

***Innovative Grant Program ($46 million - $36 million competitive and $10 million for SFGo)*:** The purpose of Innovative Grant Program is to fund a smaller number of higher-cost/higher-impact/innovative projects on a broader geographic scale (i.e., citywide or countywide). The Innovative Grant Program would achieve two basic objectives*:*

- Test the effectiveness of three strategies that have high potential for reducing emissions, but have not been sufficiently tested for replication on a larger scale throughout the Bay Area. Included in this category are: 1) Parking management/innovative pricing policies; 2) Acceleration of efforts to shift to cleaner, low GHG vehicles; and 3) Transportation demand management strategies.

- Generate more Bay Area innovation and engage local communities by funding up to five major transportation-related projects that expand or combine strategies to measurably reduce emissions and showcase results at specific locations to increase understanding about whether these strategies result in cost-effective emission reduction and, if

successful, how the results could be replicated elsewhere. Included in this category are: 1) Initiatives defined in locally-adopted Climate Action Plans or plan equivalent; or 2) Expansion of other innovative ideas that have yet to be fully evaluated as to their cost-effectiveness

This program would be regionally competitive, giving higher priority to projects that are located in priority development areas (PDAs) and projects that offer contributions from other sources to leverage the CMAQ investment and build partnerships. The process for soliciting projects would include regional workshops, an abbreviated request for interest, and a more involved request for project proposals from projects deemed most promising from the request for interest review.

The staff proposal continues to include $20 million for the SFgo project as a component of the Climate Initiatives Program but recommends that the funding be split over the two cycles ($10 million in Cycle 1 and $10 million in Cycle 2) to provide more funding for the competitive innovative grant program. Should additional "anticipated" revenues become available, staff proposes to accelerate the remaining $10 million for SFGo. This transit priority measure project will decrease traffic congestion and improve transit operations by synchronizing intersections, and furnishing and installing traffic cameras and variable message signs for traffic monitoring and information dissemination.

Climate Action Program Evaluation: The evaluation element is intended to serve a twofold purpose: 1) provide additional data for ongoing evaluation efforts that estimate project/program greenhouse gas emission impacts, including co-benefits for other criteria pollutants; and 2) assess the overall effectiveness of projects and programs funded by the Climate Action Program, including public education/outreach, SR2S, and innovative grants.

While the Safe Routes to Transit (SR2T) program is not currently being recommended as a stand-alone program element, staff recommends that a focused assessment and marketing program be conducted for the RM2-funded SR2T program during Cycle 1. Staff intends to work closely with the East Bay Bicycle Coalition and Transform to design a SR2T evaluation and marketing program that evaluates selected in-progress and approved future projects and promotes the benefits and availability of selected existing projects and projects currently under development.

Block Grant Program Administration

Critical to the proposed programming framework is the administration and project selection for the program areas. The staff proposal identifies a lead agency for administration in each program area. In general, MTC is proposing to be the lead for program areas of regional scope or with a network impact and is proposing that the Congestion Management Agencies be the lead for programs with a local/community focus.

Transportation 2035 Core Programs	Manager	Block Grant
Freeway Performance Initiative (FPI) and the Regional Signal Timing Program.	MTC, Caltrans and CMAs	
Climate Initiatives (Public Outreach/ Innovative Grants/ Evaluation)	MTC and Bay Area Air Quality Management District	
Climate Initiatives – Safe Route to Transit	County – TBD	
Regional Bicycle Program	CMAs	Yes
TLC – Regional	MTC	
TLC – County	CMAs	Yes
Regional Streets and Roads Rehabilitation	CMAs	Yes
Transit Capital Rehabilitation	MTC	

For three core programs managed by the CMAs, MTC will be making funding available to the CMAs by means of a "PDA block grant" to allow more flexibility and more strategic project selection. The PDA block grant will encompass the Regional Bicycle Program, County TLC Program, and the Local Streets and Roads Shortfall (LSR) Program, functioning as follows:

- ***Planning Activities*:** Up to 4% of the block grant can be used by a CMA for planning purposes.
- ***Flexibility Provision*:** Up to 20% of each program's funds may be flexed from one Block Grant program to fund another in order to recognize practical project delivery considerations and unique county priorities. CMAs can request flexibility beyond the 20% through their Strategic Plan for consideration by the Commission.
- ***PDA Block Grant Strategic Plan*:** By April 1, 2010, CMAs are asked to submit a Strategic Plan to MTC outlining their approach for programming their block grants. This Plan would include:
    - Amount of funds for CMA planning purposes and rationale behind any flexing of program amounts within the Block Grant Programs (beyond the 20% noted above). Examples might include flexibility to deliver on a complete streets approach or deliver investments that better support PDAs. This would be submitted to the Commission for approval.
    - Approach used to select LSR Shortfall Program amounts if it differs from the LSR regional distribution formula as discussed below.
    - Safe Routes to Schools Program recommended county approach, including lead agency for project selection and federal funding recipient, and any request for additional funding to expand implementation of creative school-related emission reduction strategies.
    - Complete Streets approach.
    - Priority Development Area priorities.
- ***Call for Projects and Delivery Timeline*:** CMAs are requested to issue one unified call for projects addressing all of their respective Block Grant programs in early 2010. The final project list is due to MTC by July 30, 2010. Funds are to be programmed over a two-year period with 50 percent programmed in FY 2010-11 and 50 percent in FY 2011-12. Projects would need to be obligated no later than April 30th in the year of programming.

- ***Fund Distribution:*** Attachment C summarizes the proposed distribution for the block grant programs by county based on the formula factors below.
    - County TLC program: based on county population share.
    - Local Streets and Roads Rehabilitation Shortfall Program: based on four factors, each weighted 25%, including population, lane mileage, arterial and collector shortfall, and preventive maintenance performance. The population and lane mileage factors result in the support of PDAs. To ensure this PDA emphasis, CMAs shall use the same allocation formula for streets and roads distribution within the counties. Acknowledging the competing objective above through grant minimums, CMAs may propose to defer some jurisdiction programming to Cycle 2 or use local funds.
    - Regional Bicycle Program: $19.5 million is distributed to each county based on a hybrid formula consisting of 50% population, 25% bikeway network capital cost, and 25% unbuilt bikeway network miles. The proposal also includes a partial payback to counties that did not receive their population share under the regionally competitive Regional Bicycle and Pedestrian Program during SAFETEA with the remaining half of the payback proposed in Cycle 2. The $7.5 million in Transportation Enhancement portion of this program is subject to 2010 State Transportation Improvement Program rules.

Next Steps

The revised funding proposal will be presented to PTAC next week. The overall New Act funding framework and Cycle 1 programming proposal will be presented to the Programming and Allocations Committee on December 9th and to the full Commission for approval on December 16th.

Attachments

Attachment A

New Transportation Authorization Act-- STP/CMAQ with ARRA Backfill Outlay

(amounts in millions $)

Program and Project Investments Described in attached summary			Committed ARRA Programming	New Commitments					Total New Commitment
				ARRA[1] Backfill	STP/CMAQ Cycle 1	STP/CMAQ/TE Cycle 2	ARRA Backfill & STP/ CMAQ/TE Total	Anticipated Revenue[2]	
			08/09	08/09	09/10 - 10/11 -11/12	12/13 - 13/14 - 14/15	09/10-14/15		
Estimated Apportionment Revenues			662	113	485	568	1,166	235	1,401
Annual Programs									
1	Required	SAFETEA OA Carryover			54		54		54
2	On-Going	Regional Planning			23	25	48		48
3	On-Going	Regional Operations			84	74	158		158
Total					161	99	260		260
T 2035 Core Programs									
4	Focus 1	Freeway Performance Initiative (FPI)	19	74	31	86	191	31	222
5	Focus 2	Climate Initiatives[3]			80	34	114	48	162
6	Focus 2	Regional Bicycle Program	10	8	19	20	47	19	67
7	Focus 2	Transportation for Livable Communities (TLC)			85	96	181	42	223
8	Focus 3	Transit Capital Rehabilitation	286			125	125	39	164
9	Focus 3	Regional Streets and Roads Rehabilitation[4]	145		100	77	177	55	232
Total			461	82	316	438	835	235	1,070
Strategic Investments									
10	Safety Projects (Vasco Road and North Bay counties)		13						
11	Express Lane Network (580 and 237/880)		14						
12	Transit Expansion (Oakland Airport Connector)		70						
13	Advance Prop 1B Construction (Caldecott Tunnel)		105						
14	Corridor Mobility (SCL I/C Imps)			32			32		32
15	MTC Res 3814 Transit Payback Commitment					31	31		31
16	Trade Corridor (Richmond Rail Connector)				8		8		8
Total			201	32	8	31	71		71
Grand Total			662	114	485	568	1,166	235	1,401

[1] $112.5 M in ARRA Backfill is included within the $661.9 M ARRA Programming Amount ($105 M for Caldecott Tunnel and $7.5M for TE). Some transit operators elected to fund non-maintenance projects (i.e. preventative maintenance, operations) in the system preservation category.

[2] Anticipated revenues are based on a 10% annual authorization increase as compared to the assumed 4% in the base proposal over six years. Portion available for Cycle 1 programming is $60 million from apportionments over the first three years.

[3] Includes $20M for SFgo

[4] Includes PTAP and FAS of $28M

Attachment B

Safe Routes to Schools
Program Detail

Estimated Cost of Program	Total School Enrollment (K-12)[1]	Percentage	Total Annual Funding	Total Funding
Innovative Approaches		TBD	666,667	2,000,000
Supplemental School Roll-out			5,000,000	15,000,000
Alameda	239,163	21%	1,073,184	3,219,553
Contra Costa	183,230	16%	822,199	2,466,597
Marin	35,260	3%	158,220	474,661
Napa	23,406	2%	105,029	315,086
San Francisco	80,177	7%	359,774	1,079,323
San Mateo	106,160	10%	476,367	1,429,100
Santa Clara	300,064	27%	1,346,462	4,039,387
Solano	69,972	6%	313,982	941,946
Sonoma	76,836	7%	344,782	1,034,347
Total	1,114,268	100%	5,000,000	15,000,000
Total Cost			**5,666,667**	**17,000,000**

Note:
1) These figures are from the California Department of Education's website for FY 2008-09 and include both public and private schools

Attachment C

New Act Cycle 1 STP/CMAQ
CMA Block Grant Program

Initial Draft Amounts Available (thousands $)

	Block Grant Program			CMA Planning (max. 4%)
Counties	**LS&R Rehab.**	**County TLC**	**Regional Bicycle**	**Taken off the top of all programs**
Alameda	$16,051	$5,962	$3,836	TBD
Contra Costa	$10,793	$4,152	$2,367	TBD
Marin	$2,453	$1,010	$1,649	TBD
Napa	$1,906	$540	$605	TBD
San Francisco	$7,863	$3,115	$1,368	TBD
San Mateo	$6,838	$2,878	$1,739	TBD
Santa Clara	$17,354	$7,121	$4,638	TBD
Solano	$6,436	$1,664	$1,349	TBD
Sonoma	$9,306	$1,891	$1,949	TBD
Totals	**$79,000**	**$28,333**	**$19,500**	TBD

Notes

LSR Rehab based on formula used for ARRA pending updated factors

LSR Rehab Does not include PTAP/PMP/FAS

TLC amount reflects one third of total TLC program - to be admininstered by County CMAs

RBP distribution based on draft proposal (50% population/25% cost/25% miles with reconciliation) pending decision on formula to be used.