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Memorandum

TO: Partnership Technical Advisory Committee DATE: January 31, 2011

FR: Ashley Nguyen W. I.

RE: Preliminary Draft Committed Funds and Projects Policy for Regional Transportation Plan/Sustainable Communities Strategy

Purpose & Background
For the Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS), MTC staff is proposing to update the Policy on prior commitments approved by the MTC Planning Committee for the Transportation 2035 Plan.

The determination of which projects and funding sources are deemed "committed" affects the amount of transportation revenues that will be subject to discretionary action by the Commission.

The Policy to be developed for the RTP/SCS will:

1. Determine which projects proposed for inclusion in the RTP/SCS are not subject to discretionary action by the Commission because the project is fully funded and is too far along in the project development process to consider withdrawing support. While local funds for a project will remain with that project, a fully locally funded project that is not far along in the project development process may be subject to project performance assessment by the Commission.
2. Determine which fund sources are subject to discretionary action by the Commission for priority projects and programs.

Determining prior commitments for projects and fund sources is a necessary first step in the discussion of how to spend the revenues projected to be available to the region over the 25-year life of the RTP/SCS. This determination includes the following three steps: (1) prepare the 25-year revenue assumptions and forecasts, (2) determine what funds and what projects are committed and will be included in the RTP/SCS without further evaluation, and (3) determine the revenue balance that is subject to MTC discretion by subtracting those committed funds and committed projects from the projected revenues.

Preliminary Proposal
MTC staff has prepared a preliminary Draft Policy on prior commitments (see **Attachment A**) for discussion and input from the Bay Area Partnership, SCS Regional Advisory Working Group, MTC Policy Advisory Council, and stakeholders. The key issues addressed in the draft policy are outlined below.

Threshold Criteria for Determining Committed Funds or Projects

As summarized in Table 1, staff proposes a more limited set of criteria for what is considered committed and to define a smaller subset of funds and projects as committed than in past plans, thus "opening up" more funds for discretionary action.

Table 1: Comparison of Prior Commitment Criteria
Transportation 2035 Plan versus Proposed RTP/SCS

T2035 Criteria	Proposed Criteria for RTP/SCS
Committed Funding Sources	
Locally generated or locally subvened funds are committed.	No change
Transportation funds for operations and maintenance as programmed in the current Transportation Improvement Program, specified by law, or defined by MTC policy are committed.	See **Attachment A**, Table 3 for a list of committed and discretionary fund sources
Committed Projects	
Projects or project elements fully funded in the current TIP are committed, except Cycle 1 Regional Program funding commitments	Project is under construction by December 31, 2011
Resolution 3434	Project under construction with full capital and operating funding identified by December 31, 2011 would be considered committed
Ongoing regional operations programs are committed	Regional programs with existing executed contracts through the contract period only

1. Definition of "Committed" vs. "Discretionary" Funding. Are there any proposed changes to these designations since Transportation 2035?

As proposed in this draft policy, a "committed fund" is a fund source that is directed to a specific entity or purpose as mandated by statute or by the administering agency. For committed funds, MTC has no discretion on where these funds go or how they are spent. For discretionary funds, the Commission has either complete discretion on how and where funds are spent, or can develop policies/conditions on the expenditure of funds.

The preliminary proposed designations for committed and discretionary funding are included in **Attachment A, Table 3**. Staff is proposing to define more funding sources as "discretionary" funds compared to Transportation 2035. For example, while some funds have historically been committed to certain purposes, the Commission may exercise its authority to condition these funds on adherence to regional policies. In addition, as discussed in the Financial Forecast Assumption memo, there are new sources of discretionary funding that are proposed for the RTP/SCS.

Definition of "Committed Projects"

Staff proposes to require a project to be advanced in project development (e.g., beginning construction by December 31, 2011) in order to be designated as committed.

2. Projects Identified as Exempt By Senate Bill 375

SB 375 provides that projects programmed for funding on or before December 31, 2011, are not required to be subject to the provisions required in the SCS or Alternative Planning Strategy (APS) if they are:

- Contained in the 2007 or 2009 Federal Statewide Transportation Improvement Program, or
- Funded pursuant to the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2, or
- Were specifically listed in a ballot measure prior to December 31, 2008, approving a sales tax increase for transportation projects.

MTC staff proposes that a project that meets these criteria may still be subject to performance assessment for inclusion in the RTP/SCS and be subject to Commission discretion based on financial constraint, policy or other considerations. This view is consistent with the California Transportation Commission's guidance in the approved *2010 Regional Transportation Plan Guidelines*.

Schedule

Staff presents Preliminary Draft Committed Funds and Projects Policy to various committees for input.	PTAC: January 31, 2011 RAWG: February 1, 2011 Policy Advisory Council: February 9, 2011 Partnership Board: February 16, 2011
Draft Committed Funds and Projects Policy is reviewed by MTC Planning and ABAG Administrative Committees	March 11, 2011
Proposed Final Committed Policy is reviewed and approved by MTC Planning and ABAG Administrative Committees	April 8, 2011

Attachment A
Draft Committed Policy for the
Regional Transportation Plan/Sustainable Communities Strategy

1. Prior Commitment Criteria – Project

The following criteria are proposed to determine Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) prior commitments. Projects that do not meet these criteria will be subject to the project performance assessment.

- A transportation project/program that meets any one of the following criteria would be deemed "committed":
  1. Project that is under construction by December 31, 2011
  2. Resolution 3434 Program – Project, or project segment, that is under construction with full capital and operating funding identified by December 31, 2011 (see **Table 1**). This list is subject to change based on construction activity over the next year.
  3. Regional Programs – Regional programs with executed contracts (see **Table 2a and 2b**) through contract period only

Table 1: Resolution 3434 Program

Committed	Not Committed
BART/Oakland Airport Connector	AC Transit Berkeley/Oakland/San Leandro Bus Rapid Transit
Eastern Contra Costa BART (eBART)	AC Transit Enhanced Bus: Grand MacArthur Corridor
BART to Warm Springs	Caltrain Electrification
BART to Berryessa Station	Caltrain Express Phase 2
Transbay Transit Center Phase 1	Capitol Corridor Phase 2 Enhancements
Downtown to East Valley: Bus Rapid Transit Phases 1, 2	ACE Service Expansion
Capitol Corridor Expansion (parts)	Sonoma-Marin Rail
Expanded ferry service to South San Francisco	Dumbarton Rail
	Downtown to East Valley: Light Rail
	Expanded ferry service to Berkeley, Alameda/Oakland/Harbor Bay, Hercules, Richmond, and other improvements
	Transbay Transit Center Phase 2 – Caltrain DTX
	Muni Third Street Light-Rail: New Central Subway
	BART: Berryessa to San Jose/Santa Clara
	SFCTA and SFMTA: Van Ness Avenue Bus Rapid Transit
	Tri-Valley Transit Access Improvements to/from BART

Table 2a: Ongoing Regional Operations Program

Committed Project	Uncommitted Project
Clipper contract executed to FY 2018-19	Clipper FY 2019-20 and beyond
511 contract executed to FY 2018-19	511 FY 2019-20 and beyond
Freeway Service Patrol/Call Boxes funded with SAFE funds	FSP Funded with STP funding
Transit Connectivity (up to $10 million)	Any remaining program needs beyond $10 million commitment

Table 2b: Regional Programs

Committed Programs – 1st and 2nd Cycle of New Act Funding through FY 2015
Local Road Maintenance
Regional Bicycle Program
Lifeline Program
Climate Initiatives Program
Transit Rehabilitation (currently funded in TIP)
Transportation for Livable Communities (TLC)
CMA/Regional Agency Planning Funds
Freeway Performance Initiative (FPI)

2. Prior Commitment – Funding Sources

Funding for the RTP/SCS comes from a number of sources. Each funding source has specific purposes and restrictions. The federal, state, regional and local funds included in the draft RTP/SCS revenue forecasts as either committed or discretionary funds are defined below and listed in Table 3.

- Committed funding is directed to a specific entity or for a specific purpose as mandated by statute or by the administering agency.
- Discretionary funding is defined as:
  - Subject to MTC programming decisions.
  - Subject to compliance with Commission allocation conditions.

The following criteria are proposed to determine RTP/SCS prior commitments:

- A transportation fund that meets any <u>one</u> of the following criteria would be deemed "committed":
  1. Locally generated and locally subvened funds stipulated by statute
  2. Fund source that is directed to a specific entity or purpose as mandated by statute

Table 3: Committed versus Discretionary Funds

Committed Funds	Discretionary Funds
Federal	
FTA New Starts Program	FTA Section 5307, Urbanized Area Formula (Capital)
FHWA Bridge/Safety Program, Highway Bridge Rehabilitation (HBR)	FTA Section 5309 Fixed Guideway Program
FTA Bus & Bike Facilities Program	FHWA Surface Transportation Program (STP)
FTA Section 5310 Elderly & Disabled	FHWA Congestion Mitigation and Air Quality Improvement (CMAQ) Program
FTA Small Starts	FTA Section 5316 Job Access and Reverse Commute (JARC)
FTA Ferry Boat Discretionary	FTA Section 5317 New Freedom
American Recovery and Reinvestment Act (ARRA) High-Speed Rail Program	FTA Section 5311 Non-Urbanized Area Formula
State	
State Highway Operations and Protection Program (SHOPP)	State Transportation Improvement Program (STIP): Regional Transportation Improvement Program (RTIP) County Shares
Traffic Congestion Relief Program (TCRP)	STIP: Interregional Road/Intercity Rail (ITIP)
State Transit Assistance (STA) Revenue Based	STIP: Transportation Enhancements (TE)
Gas Tax Subvention	STA Population Based – PUC 99313
Proposition 1B	
Proposition 1A (High-Speed Rail)	
Regional	
AB 1107 ½ cent sales tax in three BART counties (75% BART Share)	AB 1107 ½ cent sales tax in three BART counties (only includes 25% share that MTC administers as discretionary)
BATA Base Toll Revenues and Seismic Retrofit Funds	AB 664
Regional Measure 2 (RM2)	2% Toll Revenues
Service Authority for Freeway and Expressways (SAFE)	5% State General Funds
	RM1 Rail Extension Reserve
	AB 1171
	Regional Express Lane Network Revenues
	Bridge Toll Increase
Local	
Existing locally adopted transportation sales tax	Transportation Development Act (TDA)
Local Funding for Streets and Roads	Regional funds identified as match to sales tax-funded local projects
Transit Fare Revenues	
San Francisco Municipal Transportation Agency (SFMTA) General Fund/Parking Revenue	
Golden Gate Bridge Toll	
BART Seismic Bond Revenues	
Property Tax/Parcel Taxes	
Vehicle Registration Fees per Senate Bill 83 (Hancock)	
Public Private Partnerships	
Anticipated Funds	
	Anticipated Funds

3. Projects Exempt from Senate Bill 375

SB 375 provides that projects programmed for funding on or before December 31, 2011, are not required to be subject to the provisions required in the SCS or Alternative Planning Strategy (APS) if they are:

- Contained in the 2007 or 2009 Federal Statewide Transportation Improvement Program, or
- Funded pursuant to the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2, or
- Were specifically listed in a ballot measure prior to December 31, 2008, approving a sales tax increase for transportation projects.

A project's status as exempt under these SB 375 provisions does not preclude MTC from evaluating it for inclusion in the RTP/SCS per the project performance assessment process and at Commission discretion based on financial constraint, policy or other considerations.