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COMMISSION

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Memorandum

TO: Transit Finance Working Group

DATE: April 6, 2011

FR: Glen Tepke and Christina Verdin

RE: Proposed Bridge Toll Policy Changes

MTC staff is proposing changes to streamline the programming and allocation process for three bridge toll transit funding programs: AB 664, 2% Toll Revenue, and the 5% State General Fund Revenues. Staff is seeking input from the TFWG and intends to present the proposal for Programming and Allocations Committee consideration on May 11th, 2011.

On April 28, 2010, the Bay Area Toll Authority (BATA) approved the transfer of \$507 million to MTC as full payment for BATA's obligation to fund the AB 664, 2% Toll Revenue, and RM1 Rail Reserve transit capital programs for the next 50 years. The proposed policy changes reflect the transfer and recent changes related to ferry service operations.

AB 664

AB664 funds are programmed annually to eligible transit operators that provide service in the vicinity of the Bay, San Mateo and Dumbarton bridges to serve as local match for capital projects funded with Federal Transit Administration formula funds (Section 5307 and 5309), as guided by the Transit Capital Priorities (MTC Res. 3908) process and MTC Resolution No. 2004. AB 664 funds are currently available for any eligible FTA-funded project, with each operator's allocation based on its share of the TCP program in that year. The funding is divided into East and West Bay accounts based on transbay commute trips data.

Proposed changes to AB 664 Policy:

- Maintain the AB 664 funding at the FY 2010-11 level (approximately \$11 million) until sufficient interest income is collected to consider adjustment.
- Eliminate the separation into East Bay and West Bay accounts so the funding amount for each eligible operator is based solely on the operator's share of the TCP program.
- Add a requirement for a Resolution of Local Support for AB 664 funding requests to be consistent with the other bridge toll funding programs.

2% Toll Revenues

One-third of the 2% Toll revenues is dedicated to ferry capital projects and programmed via an annual call for projects for water transit systems in the vicinity of the bridges in the northern bridge group (Richmond-San Rafael, Carquinez, Benicia-Martinez and Antioch bridges) and southern bridge group (S.F.-Oakland Bay, Hayward-San Mateo and Dumbarton bridges). The remaining two-thirds is available for transportation projects to reduce vehicular traffic congestion and improve bridge operations on any bridge, including, but not limited to, bicycle facilities and for the planning, construction, operation, and acquisition of rapid water transit systems. This revenue was previously directed to BATA capital projects for bridge improvements.

By June 30, 2011, the Water Emergency Transportation Authority (WETA) is scheduled to take over operations of the Vallejo and Oakland/Alameda ferry services. WETA would then be the sole eligible recipient of the one-third portion of the 2% Toll Revenue funds.

Proposed changes to 2% Toll Revenues Policy:

- Maintain the 2% Toll Revenues funding at the FY 2010-11 level (approximately \$1.7 million) until sufficient interest income is collected to consider adjustment.
- Establish annual program management and capital support to ABAG for the San Francisco Bay Trail in the amount of \$700,000. These functions are currently funded through an annual allocation of roughly \$250,000 in 5% Unrestricted State Fund revenues and Proposition 84 State Park bond funding administered by the State Coastal Conservancy Commission. The state funding has been expended and the additional \$700,000 in 2% Toll Revenues will provide a stable annual funding source for program and capital support to complete the remaining 190 miles of planned Bay Trail projects.
- Program funds to WETA for use on Bay Area ferry corridors under its jurisdiction.
- Remove the condition splitting funding between Northern and Southern bridge groups for ferry projects due to the consolidation of ferry services.

5% Unrestricted State Fund Reserve

State General Fund revenues are delivered to MTC in amounts equal to projections of the RM 1 five percent (5%) Bridge Toll Program and are separated into northern and southern bridge groups in the same proportion as the northern bridge group and southern bridge group 5% Bridge Toll funds are generated. The funds are programmed and allocated annually for ferry transit operations and bicycle-related planning in the vicinity of each of the bridge groups. The only eligible recipients for this program are WETA and ABAG.

In April 2009, MTC revised the Bridge Toll policy to make the ABAG Bay Trail Project the single priority for bicycle planning projects funded by 5% State General Fund Revenues. The Bay Trail is currently allocated \$250,000 in base funding plus an adjustment based on the lesser of the percent change for 5% State General Fund revenues or the rate of increase of the consumer price index.

Proposed changes to 5% Unrestricted State Fund Reserve Policy:

- Remove the condition splitting funding between Northern and Southern bridge groups for ferry projects due to the consolidation of ferry services.
- Program funds to WETA for use on Bay Area ferry corridors under its jurisdiction.

Below is a summary of the staff proposal.

Staff Proposal - Summary of Estimated Funding Levels

Bridge Toll Category	Sponsor	Annual Funding
AB 664*	Eligible Transit Operators	\$ 10,789,000
2% Toll Revenues*	WETA	\$ 1,000,000
2% Toll Revenues	ABAG - Bay Trail	\$ 700,000
5% Unrestricted State Funds**	WETA	\$ 2,835,000
5% Unrestricted State Funds**	ABAG - Bay Trail	\$ 250,000
Total		\$ 15,574,000

*Annual funding amount based on April 2010 BATA transfer to MTC. Annual funding currently set at FY 2010-11 levels.

**FY 2010-11 funding estimate based on state budget transfer – subject to transfer.

Staff welcomes TFWG comments on this proposal and proposes consolidating and updating the policies previously set forth in MTC Resolutions 2004 and 3288 and presenting an updated resolution at the May 11th MTC Programming and Allocations Committee meeting. If you have questions regarding changes to the AB 664 funding program, please contact Glen Tepke at gtepke@mtc.ca.gov. If you have questions regarding the 2% Toll Revenues or 5% Unrestricted State Funds Capital funding programs, please contact Christina Verdin at cverdin@mtc.ca.gov.