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**MTC PLANNING COMMITTEE/ABAG ADMINISTRATIVE
COMMITTEE
February 17, 2012
MINUTES**

ATTENDANCE

Vice-Chair Halsted called the MTC Planning Committee meeting to order at 9:35 a.m. Planning Committee members in attendance were: Commissioners Azumbrado, Giacopini, Green, Haggerty, Liccardo, Mackenzie, and Mullin. Other Commissioners present as ad hoc non-voting members of the Committee were Bates, Campos, Cortese, Dodd, and Wiener.

ABAG Administrative Committee members in attendance were: Avalos, Cortese, Green, Gingles, Jacobs Gibson, Haggerty, Liccardo, Luce, and Pierce.

CONSENT CALENDAR: a) Minutes of January 13, 2012

Commissioner Haggerty moved approval of the Consent Calendar, Commissioner Mackenzie seconded. Motion passed unanimously.

**Plan Bay Area: GUIDANCE FOR APPLYING PROJECT
PERFORMANCE ASSESSMENT TO THE INVESTMENT STRATEGY**

Mr. Dave Vautin and Ms. Lisa Klein presented the proposed guidance for applying the results of the project performance assessment to help inform the selection of projects for inclusion in the transportation investment element of the preferred Sustainable Communities Strategy.

Mr. Vautin provided a brief overview of the assessment process and noted that there are two types of assessment: the Targets Assessment, which determines a project's impact on targets adopted by MTC and ABAG, and the Benefit-Cost Assessment, which compares a project's benefits and costs. Larger projects (cost >\$50 million) were subject to individual assessment, and smaller projects were assessed by project type. The Benefit-Cost Assessment evaluated projects with cost >\$50 million or that had regional impacts. The benefits were based on MTC regional travel model output, and the costs were submitted by project sponsors.

Mr. Vautin summarized revisions to the project performance assessment since its release as a draft in November 2011. These include updated costs or corrected estimate of benefits; revised target scores based on better project definition or consistency with similar projects; a revised target for adequate housing to address support for total housing growth potential and for affordable housing; and, [Low-Income Expenditures on Housing and Transportation Target]: a revised target to reflect the number of low-income transit riders served.

Ms. Klein stated that staff aims to identify “high-performing” projects that both advance the adopted performance targets and are cost-effective. Working with the CMAs, staff will need to confirm full funding plans for each of the projects before they can be included in the financially constrained preferred transportation investment strategy. Ms. Klein proposed the following guidelines: 1) Projects that fall into the mid-performing range would not be subject to further performance assessment; their inclusion in the draft preferred transportation investment strategy will be based on county priorities, subject to financial feasibility; 2) “High-performing” projects should be included in the preferred investment strategy subject to analysis of financial feasibility; and 3) “Low-performing” projects should be included only if the sponsor or CMA can make a compelling case.

Ms. Klein also proposed that a CMA or project sponsor would make a compelling case in writing by February 29, 2012 why a low-performing project should be considered for inclusion in the financially constrained preferred transportation investment strategy if the project’s benefits were not adequately captured by the travel model, or if the project supports meeting other federal requirements.

Lastly, Ms. Klein summarized comments received on the proposed guidelines as provided in the staff memorandum.

Mr. Steve Heminger summarized the timeline and stated that staff will need to roll out the draft land use scenario in March, the draft transportation investments strategy will be presented in April, and a preferred strategy that includes both land use and transportation components will be ready for adoption by the ABAG Board and the MTC Commission in May 2012.

Committee comments:

- Commissioner Cortese asked what the expectation is for making a presentation for a compelling case. Mr. Heminger stated that the procedure staff would follow is to get something in writing from the project sponsor based upon the criteria that is adopted, and then staff would comment on it. He noted that irrespective of the merits of the projects, they have to be fully funded to get into the plan.
- Commissioner Liccardo stated that as staff looks at the benefit-cost ratios, it is likely to be an iterative process. If the numbers come back higher at a future date are they fixed for the next five years? Mr. Heminger stated that this project assessment process is intended to apply to the construction phase of these projects. He also stated that the benefit/cost numbers may change with additional planning work, but the funding sources against which the projects draw are fixed.

Public Comment:

- Mark Evanoff, Union City, stated that the project performance assessment does not reward transit projects that serve the new priority development areas. The principal measure of quantitative benefit is reduced travel time. He stated that all the other performance targets are not assigned a high quantitative value for achieving the targets; and, that this distorts the cost benefit analysis in setting priorities for projects. Mr. Evanoff suggested including Regional Measure 2 approved projects and projects that

have been approved by local counties for sales tax increases, and adhere to past MTC policies in MTC Resolution 3434 to focus housing in the transit corridors.

- Beth Walukas, Alameda County Transportation Commission, commented on the criteria. She recommended that the criteria be broadened to consider the existing policies and voter approved initiatives including MTC's adopted Resolution 3434, Regional Measure 2, and local sales tax initiatives. She also suggested that the criteria place a higher emphasis on how a project performs against the targets, not just its benefit-cost ratio, if it is consistent with an existing policy or is in a voter-approved measure. The criteria should consider more carefully the synergistic effects among projects.
- Evelyn Stivers, Non Profit Housing, expressed her concern about the target assessment and what is being used to analyze whether a specific project in a specific jurisdiction has enough support for affordable housing.
- Stuart Cohen, TransForm, believes that the benefit-cost ratio likely overstates the long-term congestion reduction benefits of major highway and suburban public transit projects. It underestimates the land use benefits of projects that serve walkable communities, especially those with plans for intensification, and he believes the more accurate way to potentially view it is through the benefit cost ratio that reduces the travel time savings benefits. He noted three projects that should be excluded from the investment strategy: 1) SR-239 Expressway, 2) BART to Livermore, and 3) Marin-Sonoma Narrows.
- Paul Cohen, Northern California Carpenters, stated that as staff is evaluating the projects, that access to jobs is an important issue. He also would like staff to look at the job-creating impact of those projects.

Mr. Heminger stated that staff is proposing to add Item D to Category 1 for making a compelling case, which states "enhances system performance based on complementary new investments".

Committee comments:

- Commissioner Green stated that adding Item D is an improvement but is not strong enough. Some acknowledgement of Regional Measure 2 needs to be in the evaluation, and local sales tax funded projects should count. Staff should keep Resolution 3434 in mind while considering what should be included. Leveraging local funding needs to be looked at. Weighing all the targets equally is not the right thing to do. Housing has not been fully captured. The criteria needs to be broadened considerably.
- Commissioner Haggerty stated that what is most telling to him is in the discretionary revenue. MTC is providing approximately \$9.8 billion. \$7.7 billion of that is local money, and yet when we look at Resolution 3434 projects and voter approved projects we're saying they don't matter. He stated that when a community is coming forward with those kinds of dollars there has to be some sort of consideration made for that. He asked for clarification on the consideration of projects falling within the mid-performing ranges subject to financial feasibility. Mr. Heminger stated that those projects would need to have 100% funding to get into the plan.
- Commissioner Mullin asked for clarification on new and existing projects that complement each other. Mr. Heminger stated that standalone projects were evaluated and did not consider the complementary nature of other investments; this issue would be a compelling case for a project sponsor to raise. Commissioner Mullin also stated he would like to see staff look at jobs and where large corporate campuses are being located.

- Councilmember Pierce asked how a project will fit into the planning project development phase of the plan and get listed so there is some credibility to secure private funding. Mr. Heminger stated that unfunded projects that are seeking an EIR can be included in the plan for that project phase to develop better cost and benefit information.
- Commissioner Mackenzie asked that since this will now come back to the committee in April, instead of March, will there be a different compelling deadline for sponsors? Mr. Heminger stated that the date will be changed to give sponsors more time.

Commissioner Green moved to add the following to staff's recommendation for making a compelling case: Regional Measure 2 or voter-approved funding from local agencies; included in Resolution 3434; proximity of affordable housing to transit hub; and, support for Senate Bill 375 mandate to reduce greenhouse gas emissions. Commissioner Haggerty seconded.

Commissioner Liccardo commented with regard to local approved sales tax measures, that staff consider criteria in terms of the percentage of the project that is funded by local sales tax as opposed to whatever is funded with regional money.

Commissioner Wiener stated that if this is arguably changing a significant policy adopted by the Commission regarding the definition of a committed project then it should be something that is formally considered by the full Commission. Commissioner Bates agreed, and stated that he views this as a fundamental switch from what the Commission decided last year, and should go to the full Commission.

Both the Planning Committee and ABAG Administrative Committee approved the motion of the Commissioner Green and Commissioner Haggerty, with Commissioner Liccardo opposing. The MTC Planning Committee agreed to forward this to the full Commission for discussion and approval.

Lastly, Commissioner Wiener asked staff to prepare in writing an explanation of how this would or would not impact the policy previously adopted by the Commission.

REVISED TRANSPORTATION REVENUES AND NEEDS SUMMARY

Ms. Alix Bockelman presented a PowerPoint presentation on the revised Transportation Revenues and Operations and Maintenance Needs Summary. She stated that the Joint Planning Committee reviewed draft financial revenue assumptions in Summer 2011 that generated a total 28-year revenue amount of \$244 billion. Based on additional evaluation of the assumptions and new information, staff is proposing a larger revenue envelope of approximately \$266 billion for adoption in May.

She noted that basic system operations and maintenance needs exceed even this expanded envelope by \$37 billion. The needs include the cost to operate and maintain the existing system at a level consistent with Plan Bay Area performance targets.

Public Comment:

- Parisa Fatehi-Weeks, Public Advocates, stated that in advance of April when the Commission will be asked to make hard decisions about what makes it in the preferred

scenario, staff should release more detailed information. In particular, staff should release the projections, the shortfalls, and the expected expenditures.

OTHER BUSINESS/PUBLIC COMMENT

Alia Phelps, ACCE Riders for Transit Justice, stated that they are trying to get creative in finding more funding for transit and looked into interest rates. She requested that MTC look into lowering the interest rate for toll bonds using bridge tolls, which could save money and be used for transit. Ms. Stina Montanez also spoke on this subject, and asked the committee to do what they can to reduce their costs.

There being no other business, the meeting adjourned at 11:07 a.m. The Committee's next meeting is scheduled for Friday, March 9, 2012 at 9:00 a.m. in the Lawrence D. Dahms Auditorium, Joseph P. Bort MetroCenter, Oakland, CA.