

Date: December 18, 2013  
W.I.: 1515  
Referred by: PAC

ABSTRACT

Resolution No. 4130

This resolution establishes the Cap and Trade Funding Framework and Process Development Guidelines.

This resolution includes the following attachments:

A –Cap and Trade Funding Framework

B – Guideline Development Process

Further discussion of these actions is contained in the Programming and Allocations Summary Sheets dated November 13, 2013 and December 11, 2013, and the Commission handouts of December 18, 2013.

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RE: Cap and Trade Funding Framework and Process Development Guidelines

METROPOLITAN TRANSPORTATION COMMISSION  
RESOLUTION NO. 4130

WHEREAS, the Metropolitan Transportation Commission (MTC) is the regional transportation planning agency for the San Francisco Bay Area pursuant to Government Code Section 66500 et seq.; and

WHEREAS, Plan Bay Area (“Plan”), the region’s integrated long-range transportation and land use plan adopted by MTC, provides the planning foundation for transportation improvements and regional growth throughout the San Francisco Bay Area through 2040; and

WHEREAS, the Plan includes a \$3.1 billion reserve from future Cap and Trade funding; and

WHEREAS, the Plan identifies the expected uses of Cap and Trade funding as including but not limited to transit operating and capital rehabilitation/replacement, local streets and roads rehabilitation, goods movement, and transit-oriented affordable housing, consistent with the Plan's focused land use strategy; and

WHEREAS, the Plan states that Cap and Trade revenues will be allocated to specific programs through a transparent and inclusive regional public process; and

WHEREAS, the Plan calls for the process to ensure that at least 25 percent of the Cap and Trade revenues will be spent to benefit disadvantaged communities in the Bay Area; and

WHEREAS, the Plan directs a significant portion of the revenue generated from Cap and Trade funding be dedicated to unmet transit needs as a robust and efficient public transit network is critical for the Plan's compact land use strategy focused around existing and planned transit nodes; now therefore be it

RESOLVED, that the Cap and Trade Funding Framework is a comprehensive strategy for reducing greenhouse gas emissions as outlined in Attachment A, attached hereto and incorporated herein as though set forth at length; and, be it further

RESOLVED, that Attachment B sets forth the Project Selection Process Development Guidelines for all funding categories with the exception of the Transit Core Capacity Challenge Grant Program; and be it further

RESOLVED, that the Transit Core Capacity Challenge Grant Program is detailed in Resolution No. 4123; and be it further

RESOLVED, that the funding framework established in Attachment A is subject to state statute and regulations governing the availability and use of the Cap and Trade Funding.

METROPOLITAN TRANSPORTATION COMMISSION

  
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Amy Rein-Worth, Chair

The above resolution was entered into by the Metropolitan Transportation Commission at a regular meeting of the Commission held in Oakland, California, on December 18, 2013

## **Attachment A**

### **Bay Area Cap and Trade Funding Framework**

#### **Cap and Trade Reserve Investment Principles**

1. Cap and Trade Funds must have a strong nexus to Greenhouse Gas (GHG) reduction
2. Distribution of the estimated \$3.1 billion in available funds will serve to strategically advance the implementation of Plan Bay Area and related regional policies
3. Investment Categories and related Policy Initiatives will be structured to provide co-benefits and opportunities to leverage investments across categories and from multiple sources (public and private).
4. All Investment Categories should include funding that benefits disadvantaged communities. The communities are defined as MTC's Communities of Concern, or as refined during the guideline development process.

#### **Cap and Trade Reserve Funding Categories**

##### **1. Transit Core Capacity Challenge Grants Program**

Plan Bay Area identifies a remaining need of \$17 billion over nearly three decades to achieve an optimal state of repair for the region's public transit network. The plan's in-fill and transit-oriented growth strategy relies on a well-maintained transit system to meet greenhouse gas emissions reduction targets and other plan performance objectives.

##### **Proposal:**

- Invest \$875 million over the life of Plan Bay Area
- The proposed Transit Core Capacity Challenge Grant Program:
  - a) accelerates fleet replacement and other state of good repair projects from Plan Bay Area, including "greening" the fleet and other strategic capital enhancements
  - b) focuses on BART, SFMTA, and AC Transit – transit operators that carry 80% of region's passengers, account for approximately 75% of the plan's estimated transit capital shortfall, and serve PDAs that are expected to accommodate the lion's share of the region's housing and employment growth
  - c) achieves roughly \$7 billion in total state of good repair investment by leveraging other regional discretionary funds and requiring a minimum 30% local match from the three operators
  - d) requires that participating operators meet the Transit Sustainability Project's performance objectives outlined in MTC Resolution No. 4060

## 2. Transit Operating and Efficiency Program

Plan Bay Area fully funds existing transit service levels at nearly \$115 billion over the three decade period, with an assumption that the largest transit operators achieve near-term performance improvements. However, the plan also identifies the importance of a more robust and expanded public transit network, anchored by expanded local service, as a key ingredient for success of Plan Bay Area’s growth strategy. In particular, the plan falls short of the funding necessary to meet the performance target of growth in the non-auto mode share to 26 percent of all trips.

### Proposal:

- Invest \$500 million over the life of Plan Bay Area
- Distribute the funding based on a formula that provides 40% of the funding to core capacity transit operators (AC Transit, BART, and SFMTA) and 60% to the remaining transit operators. The formula for distribution within the two operator categories is as follows: 50% based on ridership; 25% based on low-income ridership; and 25% based on minority ridership. The \$500 million distribution based on 2011 National Transit Database ridership and 2006 Godbe Transit Passenger Demographic Survey is as follows:

<b>Core Capacity Operator</b>	<b>40%</b>
<i>AC Transit</i>	\$35
<i>BART</i>	\$54
<i>SFMTA</i>	\$111
<b>Subtotal</b>	<b>\$200</b>
<b>Other Operator</b>	<b>60%</b>
<i>Caltrain</i>	\$35
<i>Golden Gate (w Marin Transit)</i>	\$22
<i>SamTrans</i>	\$44
<i>VTA</i>	\$140
<b>Subtotal</b>	<b>\$241</b>
<i>ACE</i>	\$1.8
<i>CCCTA</i>	\$10.3
<i>ECCTA</i>	\$8.1
<i>Fairfield + Suisun</i>	\$2.9
<i>LAVTA</i>	\$5.4
<i>NCTPA</i>	\$2.5
<i>Santa Rosa</i>	\$9.7
<i>SolTrans</i>	\$4.8
<i>Sonoma County</i>	\$4.3
<i>Union City</i>	\$1.5
<i>Vacaville</i>	\$1.3
<i>WCCTA</i>	\$3.8
<i>WETA</i>	\$2.7
<b>Subtotal</b>	<b>\$59</b>
<b>Total</b>	<b>\$500</b>

### 3. One Bay Area Grants

Plan Bay Area invests over \$14 billion in transportation improvements concentrated near high quality transit and higher density housing – through the One Bay Area grant program – focusing on complete streets, bicycle and pedestrian facilities, and streetscape improvements. The Plan identifies a remaining need of \$20 billion over the next three decades to achieve a PCI score of 75, the Plan’s adopted performance target for pavement; of this, roughly 45% is for non-pavement infrastructure, critical for complete streets that would serve alternative modes and transit-oriented development that is a key part of Plan Bay Area’s growth strategy. Further, the provision of housing for low and moderate income households in areas that provide access to jobs was identified in Plan Bay Area as critical to sustaining the region’s economic growth and attaining the Plan’s GHG and Housing Targets.

Proposal:

- Invest \$1,050 million to augment the One Bay Area Grant Program

### 4. Climate Initiatives

The Climate Initiatives Program is a multi-agency program focused on investments in technology advancements and incentives for travel options that help the Bay Area meet the GHG emission reduction targets related to SB375.

Proposal:

- Invest \$275 million for the Climate Initiatives Program over the life of Plan Bay Area, including \$75 million funding to support the county Safe Routes to School programs

### 5. Goods Movement

Goods movement investments fall into two categories: (1) projects focused on improving the efficiency of the movement of goods within and through the region, and (2) mitigation projects that reduce the associated environmental impacts on local communities. MTC is currently working with Caltrans and selected Congestion Management Agencies to update the regional goods movement program and to inform the California Freight Mobility Plan.

Proposal:

- Invest \$450 million for goods movement projects over the life of Plan Bay Area

Funding Category	Amount (\$ millions)
1. Transit Core Capacity Challenge Grants Program	875
2. Transit Operating and Efficiency Program	500
3. One Bay Area Grants	1,050
4. Climate Initiatives	275
<i>Safe Routes to School</i>	75
5. Goods Movement	450
TOTAL	\$3,150

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Attachment B  
Resolution No. 4130  
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## **Attachment B**

### **Cap and Trade Guideline Development Process**

Following adoption of the Cap and Trade Funding Framework, staff will convene stakeholders to develop the project selection process and criteria for individual categories, summarized below:

- Transit Operating and Efficiency Program
- One Bay Area Grants
- Climate Initiatives
- Goods Movement

The Transit Core Capacity Challenge Grant Program would follow the process and project selection included in MTC Resolution No. 4123.

**Stakeholder Involvement:** Staff will convene the Regional Advisory Working Group (RAWG) as the discussion forum for the development of the project selection process and criteria. Members of the Partnership Board and Policy Advisory Council (or their working groups) will be invited to participate in the RAWG, but will also receive updates on the progress of the RAWG Cap and Trade guideline development discussions. In addition, certain subject matter experts or stakeholders may be added to the standing working groups to provide information for specific categories of funding.

**Development of Program Guidelines:** The development of the project selection process and criteria is proposed to take place over a 6-12 month period and generally follow the process below:

- Review studies/efforts completed to-date
- Conduct an initial evaluation to establish focus area within the Funding Category
- Develop the draft guidelines
- Release the draft guidelines for stakeholder review
- Commission approval of Program Guidelines and adjustment to Framework, if necessary

More detail on each step in the proposed process is provided in the table on the next page. Staff proposes to initiate discussions between summer 2014 and early 2015, depending on the enactment of state legislation and completion of studies that may inform guidelines.

Process Steps	Work Plan and Timeframe																				
Review Studies and Efforts Completed To-Date	<p>Staff will summarize and review with stakeholders recent efforts completed for each of the Cap and Trade categories. Possible studies by category include:</p> <table border="0"> <thead> <tr> <th data-bbox="621 310 953 380"><i>Transit Operating and Efficiency</i></th> <th data-bbox="984 310 1163 380"><i>OneBayArea Grants</i></th> <th data-bbox="1325 310 1461 380"><i>Climate Initiatives</i></th> <th data-bbox="1665 310 1808 380"><i>Goods Movement</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="621 380 953 449">1) Transit Sustainability Project</td> <td data-bbox="984 380 1163 449">1) Plan Bay Area</td> <td data-bbox="1325 380 1461 449">1) Plan Bay Area</td> <td data-bbox="1665 380 1808 449">1) Plan Bay Area</td> </tr> <tr> <td data-bbox="621 449 953 519">2) Short Range Transit Plans or similar plans</td> <td data-bbox="984 449 1163 519">2) Cycle 1 Evaluation</td> <td data-bbox="1325 449 1461 519">2) Innovative Grants Evaluation</td> <td data-bbox="1665 449 1808 519">2) Regional Goods Movement Plan and update</td> </tr> <tr> <td></td> <td></td> <td data-bbox="1325 519 1461 589">3) Air District Plans and programs</td> <td data-bbox="1665 519 1808 589">3) California Freight Mobility Plan</td> </tr> <tr> <td></td> <td></td> <td data-bbox="1325 589 1461 659">4) CARB programs</td> <td></td> </tr> </tbody> </table>	<i>Transit Operating and Efficiency</i>	<i>OneBayArea Grants</i>	<i>Climate Initiatives</i>	<i>Goods Movement</i>	1) Transit Sustainability Project	1) Plan Bay Area	1) Plan Bay Area	1) Plan Bay Area	2) Short Range Transit Plans or similar plans	2) Cycle 1 Evaluation	2) Innovative Grants Evaluation	2) Regional Goods Movement Plan and update			3) Air District Plans and programs	3) California Freight Mobility Plan			4) CARB programs	
<i>Transit Operating and Efficiency</i>	<i>OneBayArea Grants</i>	<i>Climate Initiatives</i>	<i>Goods Movement</i>																		
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		3) Air District Plans and programs	3) California Freight Mobility Plan																		
		4) CARB programs																			
Conduct an Initial Evaluation to Establish Focus Area within the Funding Category	<p>Evaluate Project and Program Categories, based on the review of efforts to-date, broadly for the following:</p> <ol style="list-style-type: none"> <li>1) GHG emission reduction;</li> <li>2) How well the projects or programs serve disadvantaged communities;</li> <li>3) Other performance factors; and</li> <li>4) Consistency with approved Cap and Trade statute, when available</li> </ol> <p>This evaluation will inform the program focus areas and the criteria for competitive project selections.</p>																				
Develop the Guidelines	<p>This step should follow enactment of the legislation governing Cap and Trade funding to ensure consistency. The guidelines should consider the information gathered in the process steps above and include the following:</p> <ol style="list-style-type: none"> <li>1) Eligible project types</li> <li>2) Individual project review and scoring</li> <li>3) Funding amount and timing</li> <li>4) Consistency with other initiatives</li> <li>5) Potential leverage opportunities/local match requirements</li> <li>6) Other requirements specified for funding eligibility (state requirements)</li> </ol>																				
Release the Draft Guidelines for Stakeholder Review	<p>Stakeholders would have an opportunity to review the draft guidelines and provide additional comments. Staff would review comments and finalize the guidelines accordingly.</p>																				
Commission Approval of Program Guidelines	<p>The Commission would consider adoption of the guidelines for specific program categories in early to late 2015. As necessary, the Commission would also consider any adjustments to the Cap and Trade Funding Framework to address stakeholder discussions or final legislative direction. The timing of these approvals will depend on the enactment of legislation governing Cap and Trade and the length of the guideline development process.</p>																				