Metropolitan Transportation Commission
Programming and Allocations Committee

June 11, 2014 **Item Number 4b**

MTC Resolution No. 4140

Subject: Transit Capital Priorities Policy for FY2014-15 and FY2015-16 FTA Formula Funds, and Cycle 2 STP/CMAQ Transit Capital Rehabilitation Funds.

Background: The Transit Capital Priorities (TCP) Process and Criteria is the Commission's policy governing the programming of approximately $390 million annually in Federal Transit Administration (FTA) formula funds and $150 million in Cycle 2 STP/CMAQ funds for transit capital replacement, rehabilitation, preventive maintenance and operating projects, and Transit Performance Initiative projects.

This item proposes to establish a TCP policy for programming FTA formula funds for FY2014-15 and FY2015-16.

Attached is the proposed TCP policy resolution, Resolution No. 4140 for FY2014-15 and FY2015-16. The proposed policy for the most part extends to FY2014-15 and FY2015-16 the policies adopted for programming the FY2012-13 and FY2013-14 funds. Attachment 1 summarizes eight policy areas that are being revised with this update.

Updated TCP Development Schedule:

ACTION	MONTH
Policy Updates with TFWG	January through June
Policy to Commission for Approval	June
Issue Call for Projects	June
Programming Requests Due	August
Draft Program/ Discussion of Issues with Operators	September – November
Final Program and TIP Amendment to Commission for Approval	December
Federal Approval of TIP Amendment	February – March 2015

Issues: Related to the changes being proposed, three issues are noted below:

1. **Federal Reauthorization Bill:** Congress has not yet enacted a surface transportation reauthorization bill to take the place of MAP-21, which expires on September 30, 2014, so the amount of funding available for the FY2014-15 and FY2015-16 TCP program is currently unknown. Both Plan Bay Area and the Core Capacity Challenge Grant (CCCG) program assumed an average of 3% annual increase in TCP funds. However, preliminary indications are that the Senate version of the reauthorization bill will include inflation increases of less than 2% per year over FY2013-14 funding levels for FTA's formula programs, while the FY2014-15 appropriations bill recently adopted by the House Appropriations Committee maintains FY2013-14 funding

amounts with no increases. A failure by Congress to boost funding for transit would exacerbate the challenge of bringing the region's transit system into a state of good repair.

The proposed update to the TCP policy is based on the assumption that the next authorization will maintain the FTA program structure and requirements established by MAP-21 and preceding authorizations. If the reauthorization makes changes to FTA provisions that affect the regional policy, staff will return to the Commission with proposed amendments to the policy.

2. **Core Capacity Challenge Grant Program:** The FY2014-15 and the FY2015-16 TCP program will be the first phase of implementing the Core Capacity Challenge Grant program. MTC staff will be working closely with the project sponsors to determine the projects' schedules and the cash flow needs in order to determine the amount of funds that will need to be programmed to the Core Capacity projects in FY2014-15 and FY2015-16 and the size and timing of any required financing.

3. **Undisbursed Grants:** The current TCP policy includes an element that requires operators to provide additional justification for funding requests for projects that have unexpended grant funding from prior years. MTC staff intends to focus on implementing the requirement when developing the FY2014-15-FY2015-16 program, as FTA's TEAM grant management system shows approximately $850 million in undisbursed TCP grants for operators throughout the region. While two large operators account for over half of the total ($336 million for Muni, and $282 million for BART) most operators have substantial balances of unexpended grants. As MTC develops the program, staff will be looking for substantial justification for unexpended grant amounts and may propose to redirect funding from projects with unexpended prior grants to other projects in order to reduce the amount of undisbursed grants and improve the efficiency of new programming.

Recommendation: Refer MTC Resolution No. 4140 to the Commission for approval.

Attachments: Attachment 1
MTC Resolution No. 4140

Attachment 1 – Proposed Policy Updates

1. **Core Capacity Challenge Grant Program**

   The Transit Core Capacity Challenge Grant program (MTC Resolution No. 4123), adopted by the Commission in December 2013, makes a policy commitment of approximately $7.5 billion in federal, state, regional and local funds over the FY2014-15 to FY2029-30 period to high-priority transit capital projects that will improve the capacity and state of good repair of transit services in the urban core of the region. The total includes $3.3 billion of FTA and STP funds that will be programmed through the TCP program.

   The next steps in developing this program will be to work with BART, SFMTA and AC Transit on the cash flow needs and timing of their projects and their local revenues, and to work with the Transit Finance Working Group (TFWG) on developing the FY2014-15 and FY2015-16 cycle of the TCP program. Various sections of the TCP policy were updated to reflect that TCP programming for all projects identified in the CCCGP will be consistent with the funding amounts, local match requirements and other terms and conditions specified in MTC Resolution No. 4123, and to add references to the financing that will likely be required to implement the CCCGP.

2. **Bus-Van Pricelist**

   This item proposes an updated regional bus-van pricelist to be used for programming FTA Section 5307 and 5339 funds for bus and van procurements in FY2014-15 and FY2015-16. The purpose of the pricelist is to treat operators equitably while providing sufficient funding for vehicle replacements. The current pricelist, which is incorporated into the Transit Capital Priorities Process and Criteria, extends through FY2013-14. The pricelist was last updated in 2009 and has only been escalated for inflation since. The proposed pricelist is based on a survey of operators regarding costs of recent vehicle procurements, and is shown under Tables 4 and 5 (for FY2014-15 and FY2015-16 respectively) in the proposed MTC Resolution No. 4140. Overall the prices increased somewhat, with the most popular vehicle types increasing more, and some other vehicle types actually decreasing in price.

3. **ADA Set Aside Formula**

   Under the regional TCP policy, an amount equal to 10% of each participating urbanized area's FTA Section 5307 apportionment is set aside to assist operators in defraying ADA paratransit operating expenses as allowed by FTA. The current formula for distributing the ADA set-aside among operators was developed over ten years ago and has not been updated since, so most new operators are not included in the current formula. In addition, the existing formula was based primarily on revenue generations (the portion of the apportionments in each Urbanized Area that are generated by each operator's services); a new formula based on factors such as paratransit costs and ridership would be more appropriate for distributing funds for paratransit costs.

   Based on TFWG's feedback, the ADA formula is proposed to be revised with a new formula based on the following factors: a) Annual Demand Response Operating Expenses (40%), b) Annual Demand Response Ridership (40%), and c) Annual Overall Ridership (20%). Table 7 in the draft MTC Resolution No. 4140 shows the proposed percentages by operator.

4. **Fixed Guideway Caps**

This item proposes an update to the fixed guideway project caps. The caps limit the amount of funding for fixed guideway replacement and rehabilitation, such as track, guideway, and train control, to ensure that the region has sufficient TCP funds for replacing vehicles, which, per the Commission's direction, is the highest priority for the TCP program. The total amount available for fixed guideway caps is based on projected FTA revenues compared to vehicle replacements and other Score 16 needs over the next ten years. The cap for each fixed guideway operator is based on the operator's share of projected fixed guideway needs in Plan Bay Area. The updated fixed guideway projections are shown under Table 3 of the draft MTC Resolution No. 4140. The "Project Funding Caps" section of the TCP policy was also updated to clarify that programming for replacement/rehabilitation of both the wayside fare collection as well as the on board fare collection equipment for fixed guideway vehicles must be within the operator's cap amount.

5. **Other Project Caps**

The policy currently caps funding for equipment replacement projects other than revenue vehicles and fixed guideway infrastructure (which have separate project caps) at $5M per project. MTC staff is proposing revised language to clarify how the cap applies to replacement of Clipper® fare collection equipment, which, unlike other equipment replacement projects, is centralized under MTC. Replacement of Clipper® fare collection equipment that is centralized under MTC would be treated as a separate project for each operator whose Clipper® equipment is being replaced, including MTC for the replacement of back-end equipment and systems, for the purposes of applying this project funding cap.

6. **Vehicle Replacement Policy**

Currently age is the only factor for determining when a vehicle is eligible for replacement funding. Under MTC's Transit Capital Priorities policy, to be eligible for replacement, vehicles need to meet certain age requirements (depending on type of asset being replaced) in the year of programming, e.g., 12 years for a standard heavy-duty bus. The proposed TCP policy incorporates the FTA policy regarding vehicle replacement which establishes a minimum of "12 years or 500,000 miles in service before retirement whichever comes first" to acknowledge that higher mileage may warrant earlier replacement.

7. **1% Security Policy**

Section 5307 of the Federal Transit Act requires 1% of 5307 apportionments to be spent on public transit security needs. FTA's updated 5307 circular (FTA Circular 9030.1E - January 16, 2014) allows designated recipients to comply with this requirement at an urbanized area level rather than at an individual grant level as required by the previous circular. Under the proposed policy, the TCP Program of Projects will include programming for security projects of at least 1% of the apportionment in each UA. The security programming may not apply to all eligible operators in a UA, depending on need for security projects.

8. **<u>Transit Sustainability Project Recommendations</u>**

   Staff will continue to assess opportunities for joint procurements and coordinated operations. "Compensation for cost-effective bus purchases", which allows operators that achieve savings by requesting less than the full pricelist amount for vehicle replacements to be eligible for financial compensation, was added to the TCP policy to serve as an incentive for joint procurements.

Date: June 25, 2014
W.I.: 1512
Referred By: PAC

<u>ABSTRACT</u>

Resolution No. 4140

This resolution approves the process and establishes the criteria for programming the FY2014-15 and FY2015-16 FTA Section 5307 Urbanized Area, Section 5337 State of Good Repair, Section 5339 Bus and Bus Facilities, and Cycle 2 STP/CMAQ Transit Capital Rehabilitation Program funds in the San Francisco Bay Area.

This resolution includes the following attachment:

Attachment A - San Francisco Bay Area Transit Capital Priorities Criteria for FY2014-15 and FY2015-16 FTA Formula Funds and Cycle 2 STP/CMAQ Transit Capital Rehabilitation Funds

Further discussion of the Transit Capital Priorities Policy is contained in the MTC Programming and Allocations Committee Summary Sheet dated June 11, 2014.

Date: June 25, 2014
W.I.: 1512
Referred By: PAC

RE: San Francisco Bay Area Transit Capital Priorities Process and Criteria

METROPOLITAN TRANSPORTATION COMMISSION
RESOLUTION NO. 4140

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

WHEREAS, MTC is the designated Metropolitan Planning Organization (MPO) for the nine-county Bay Area and is required to prepare and endorse a Transportation Improvement Program (TIP) which includes a list of priorities for transit capital projects; and

WHEREAS, MTC has worked cooperatively with the cities, counties and transit operators in the region to establish a process and a set of criteria for the selection of transit capital projects to be included in the TIP; and

WHEREAS, the process and criteria to be used in the selection and ranking of projects are set forth in Attachment A, which is incorporated herein as though set forth at length; now, therefore, be it

RESOLVED, that MTC approves the Transit Capital Priorities Process and Criteria as set forth in Attachment A; and, be it further

RESOLVED, that MTC will use the process and criteria to program Federal Transit Administration (FTA) Sections 5307, 5337 and 5339 funds or any successor programs for FY2014-15 and FY2015-16 and Cycle 2 STP/CMAQ Transit Capital Rehabilitation Program funds for FY2012-13 through FY2015-16 to finance transit projects in the San Francisco Bay Area region; and, be it further

RESOLVED, that the Executive Director of MTC is authorized and directed to forward a copy of this resolution to the Federal Transit Administration (FTA), and such agencies as may be appropriate.

METROPOLITAN TRANSPORTATION COMMISSION

_____
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 June 25, 2014.

Date: June 25, 2014
W.I.: 1512
Referred By: PAC

San Francisco Bay Area Transit Capital Priorities Criteria for FY2014-15 and FY2015-16
FTA Formula Funds and Cycle 2 STP/CMAQ Transit Capital Rehabilitation Funds

For development of the FY2014-15 and FY2015-16
Transit Capital Priorities and Transit Performance Initiative Project Lists

Metropolitan Transportation Commission
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FY2014-15 and FY2015-16 Transit Capital Priorities Process & Criteria

I. BACKGROUND

The Transit Capital Priorities (TCP) Criteria applies to the programming of:

* Federal Transit Administration (FTA) Urbanized Area Formula (Section 5307), State of Good Repair (Section 5337) and Bus and Bus Facilities (Section 5339) funds or any successor programs;
* Federal Highway Administration Surface Transportation Program funds dedicated to transit capital rehabilitation in the Commission's Second Cycle Programming Policy (MTC Resolution No. 4035, Revised);
* Proceeds of any financing required to advance future FTA or STP revenues to fund annual TCP or Core Capacity Challenge Grant programs of projects.

The FY2014-15 and FY2015-16 TCP Criteria are the rules, in part, for establishing a program of projects for eligible transit operators in the San Francisco Bay Area Region's large urbanized areas (UA) of San Francisco/Oakland (SF/O), San Jose (SJ), Concord, Santa Rosa (SR), and Antioch; and the small urbanized areas of Vallejo, Fairfield, Vacaville, Napa, Livermore, Gilroy-Morgan Hill (GM), and Petaluma.
Congress has not yet adopted authorizing legislation for the FY2014-15 and FY2015-16 programs. MTC anticipates that the FY2014-15 and FY2015-16 programs will be authorized by Federal authorizing legislation that succeeds the Moving Ahead for Progress in the 21st Century (MAP-21) legislation enacted by Congress and signed into law in July 2012. This policy assumes no FTA program or policy changes; revisions to the policy will be proposed after the re-authorization is adopted if needed.

As of the date of the adoption of the TCP Criteria, FTA has not yet issued final guidance for the implementation of the new funding programs under MAP-21. MTC and the Partnership will revisit and recommend updates to the policy if required to conform to future FTA rules and guidance.

In December 2013, MTC adopted Resolution No. 4123 or the Transit Core Capacity Challenge Grant Program (CCCGP) which establishes a policy commitment of approximately $7.4 billion in federal, state, regional and local funds to high-priority transit capital projects that will improve the capacity and state of good repair of transit services in the urban core of the region. The CCCGP will determine the TCP program amounts for certain projects and sponsors. A more detailed description of the CCCGP is provided on Page 35 of Attachment A to this resolution.

II. GOALS AND OBJECTIVES

The goal of the TCP Criteria is to fund transit projects that are most essential to the region and consistent with Plan Bay Area, the region's current 28-year plan. TCP also

implements elements of the Transit Sustainability Project recommendation (MTC Resolution No. 4060). Among the region's objectives for the TCP are to:

Fund basic capital requirements: All eligible projects are to be considered in TCP score order, with emphasis given to the most essential projects that replace and sustain the existing transit system capital plant. MTC will base the list of eligible replacement and expansion projects on information provided by the transit operators in response to a call for projects, or on information provided through the CCCGP. Operator-proposed projects should be based on Short Range Transit Plan (SRTP) service objectives or other board-approved capital plans. Also, after FTA publishes and adopts the final Transit Asset Management (TAM) rule required by MAP-21, requests for replacement/rehabilitation of assets should be consistent with TAM plans. All projects not identified as candidates for the TCP process are assumed to be funded by other fund sources and are so identified in operators' SRTPs or capital plans.

Maintain reasonable fairness to all operators: Tests of reasonable fairness are to be based on the total funding available to each operator over a period of time, the level and type of service provided, timely obligation of prior year grants, and other relevant factors. (A proportional share distributed to each operator is specifically not an objective.)

Complement other MTC funding programs for transit: MTC has the lead responsibility in programming regional Surface Transportation Program (STP) and Congestion Mitigation-Air Quality (CMAQ) funds, and State Transportation Improvement Program (STIP) funds. Transit capital projects are also eligible for funding under these federal and state programs. Development of the TCP will complement the programming of STP, CMAQ, and STIP funds to maximize the financial resources available in order to fund the most essential projects for the San Francisco Bay Area's transit properties.

III. FTA FORMULA FUNDS

A. TCP Application Process

The Transit Finance Working Group (TFWG) serves as the forum for discussing TCP and other transit programming issues. Each transit operator in the MTC region is responsible for appointing a representative to staff the Transit Finance Working Group (TFWG). The TFWG serves in an advisory capacity to the MTC Partnership Technical Advisory Committee (PTAC). All major programming-related decisions are to be reviewed with PTAC. In general, the MTC Programming and Allocations Committee and the full Commission take action on the TCP and any other transit-related funding programs after the TFWG and PTAC has reviewed them.

Capital Program Submittal
For the purposes of programming, project sponsors will submit requests for funding in accordance with detailed instructions in MTC's call for projects. The level of detail must be sufficient to allow for MTC to screen and score the project.

Board Approval
MTC requires that operators seek board approval prior to programming projects in the TIP. The board resolution for FY2014-15 and FY2015-16 programming should be submitted by December 10, 2014, the planned date when the Programming and Allocations Committee will consider the proposed program. If a board resolution cannot be provided by this date due to board meeting schedule constraints, applicants should indicate in a cover memo with their application when the board resolution will be adopted. Appendix 1 is a sample resolution of board support.

Opinion of Counsel
Project sponsors have the option of including specified terms and conditions within the Resolution of Local Support as included in Appendix 1. If a project sponsor elects not to include the specified language within the Resolution of Local Support, then the sponsor shall provide MTC with a current Opinion of Counsel stating that the agency is an eligible sponsor of projects for the FTA Section 5307, , 5337 and/or 5339 programs; that the agency is authorized to perform the project for which funds are requested; that there is no legal impediment to the agency applying for the funds; and that there is no pending or anticipated litigation which might adversely affect the project or the ability of the agency to carry out the project. A sample format is provided on Appendix 2.

Screening projects
MTC staff will evaluate all projects for conformance with the Screening Criteria (Section III) below. Certain requirements must be met for a project to reach the scoring stage of the Transit Capital Priorities process. Operators will be informed by MTC staff if a project has failed to meet the screening criteria, and will be given an opportunity to submit additional information for clarification.

Scoring projects
MTC staff will only score those projects, which have passed the screening process. Based on the score assignment provided in Table 6, MTC staff will inform operators of the score given to each project. Operators may be asked to provide additional information for clarification.

Programming Projects/Assigning projects to fund source
Projects passing screening and scoring criteria will be considered for programming in the TCP in the year proposed, however, projects will only be programmed in the Transportation Improvement Program (TIP) if the following conditions are met: 1) funding is available in the year proposed, and 2) funds can be obligated by the operator in the year proposed. Project funds sources will be assigned by MTC staff and will be based on project eligibility and the results of Multi-County Agreement model.

FTA Public Involvement Process and Transportation Improvement Program (TIP)
FTA Public Involvement Process: To receive a FTA grant, a grant applicant must meet certain public participation requirements in development of the FTA programs. As provided for in FTA Circular 9030.1E (revised January 16, 2014), FTA considers a grantee to have met the public participation requirements associated with the annual development of the Program of Projects when the grantee follows the public involvement process outlined in the FHWA/FTA planning regulations for the TIP. In lieu of a separate public involvement process, MTC will follow the public involvement process for the TIP.

Annual Programming in the TIP: MTC, in cooperation with the state and eligible transit operators, is required to develop a TIP for the MTC Region. The TIP is a listing of federally funded transportation projects, projects requiring a federal action, and projects deemed regionally significant. The TIP is a four-year programming document. TCP programming in each year of the TIP will be financially constrained to the estimated apportionment level. Programming adjustments in the TIP will be done in consultation with eligible transit operators in the MTC region.

Changes to Transit Capital Priorities Program
Amendments may be allowed only in certain circumstances. The following general principles govern the changes:

- Amendments are not routine. Any proposed changes will be carefully studied.
- Amendments are subject to MTC and TFWG review.
- Amendments which adversely impact another operator's project will not be included without the prior agreement of other operators to the change.
- Amendments will be acceptable only when proposed changes are within the prescribed financial constraints of the TIP.

- Emergency or urgent projects will be considered on a case-by-case basis as exceptions.

Operators proposing the change must provide relevant information to substantiate the urgency of the proposed amendment. Projects that impede delivery of other projects will be considered only if an agreement can be reached between the affected operators for deferring or eliminating the affected projects from consideration.

Funding Shortfalls
If final apportionments for the FTA formula programs come in lower than MTC has previously estimated, MTC staff will first redistribute programming to other urbanized areas with surplus apportionments in which the projects are eligible, and, second, negotiate with operators to constrain projects costs or defer projects to a future year. If sufficient resolution is not possible, MTC will consider additional information, including project readiness, prior funding (if the project is a phased multi-year project), whether the project had been previously deferred, and the amount of federal funds that each of the concerned operators received in recent years, in making reductions to programming.

Project Review
Each operator is expected to complete their own Federal grant application using FTA's Transportation Electronic Award and Management (TEAM) system. MTC staff will review grant applications and will submit concurrence letters to FTA on behalf of project sponsors as needed.

Program Period
The TCP Criteria will be used to develop a program of projects for FY2014-15 and FY2015-16 FTA Formula Funds. The number of years covered by each TCP policy update is generally aligned with the years covered by the current federal authorization, and the region typically adopts multi-year programs to help operators with multi-year capital budgeting, and to help the region take a longer-term view of capital replacement needs. If Congress enacts multi-year authorization (more than two years), then MTC would assess whether to extend the policy and program to support multi-year capital planning. If Congress enacts a short-term (one-year) extension of MAP-21, MTC would prepare a two-year program with the second year being provisional.

TCP Development Schedule
To the extent possible, the region will adhere to the schedule proposed in the table below in developing the FY2014-15 – FY2015-16 TCP program. If a change in the schedule is required, MTC will notify participants of the TCP program development process in a timely fashion.

TCP Policy / Programming	Start Date	Finish/Due Date
TFWG TCP Policy Discussions	January, 2014	May, 2014
Call for projects	June, 2014	August/Sept, 2014
TCP Policy to PAC/Commission	June, 2014	
TCP to TFWG	November, 2014	
TCP to PAC/Commission	December, 2014	
TCP TIP amendment to PAC/Commission	December, 2014	

B. Project Eligibility

Federal Requirements and Eligibility

Federal and State Legislation
Projects selected will conform to the requirements of the successor to MAP-21, Clean Air Act Amendments of 1990 (CAAA), the California Clean Air Act (CCAA), and the Americans with Disabilities Act (ADA). Project sponsors shall agree to comply with federal law, including all applicable requirements of the successor to MAP-21, CAAA, ADA, Section 504 of the Rehabilitation Act, and Title VI of the Civil Rights Act of 1964, in implementing their Projects.

Intelligent Transportation Systems (ITS) Architecture Policy
Project sponsors will be required to meet the Federal Transit Administration's National ITS Architecture Policy as established by FTA Federal Register Notice Number 66 FR 1455 published January 8, 2001 and as incorporated by the regional architecture policy which can be accessed at: http://www.mtc.ca.gov/planning/ITS/index.htm.

1% Security Policy
Project sponsors are also required to meet the FTA 1% security set-aside provisions as established in the FY2004-05 Certifications and Assurances, FTA Federal Register Notice Number 69 FR 62521 published on October 26, 2004, and as it may be refined by FTA in future notifications. An updated circular (FTA Circular 9030.1E - January 16, 2014) allows designated recipients to comply with this requirement at an urbanized area level rather than at an individual grant level. The POP will include programming for security projects of at least 1% of the apportionment in each UA. The security programming may not apply to all eligible operators in a UA, depending on need for security projects.

Program Eligibility

Program eligibility is based on the statutory eligibility for the FTA Section 5307, 5337 and 5339 programs. Following are the program eligibility for each of the three funding programs authorized by MAP-21. MTC will develop the program under the assumption that there will be no change to the FTA rules and guidance under the new authorizing legislation. If revisions to eligibility for these programs are adopted as part of reauthorizing legislation of FTA circulars or other guidance issued for the new funding programs, the region will consider conforming amendments to the TCP policy.

FTA Section 5307 Urbanized Area Federally Defined Program Eligibility (Statutory Reference: 49USC5307): Capital projects; planning; job access and reverse commute projects; and operating costs of equipment and facilities for use in public transportation in urbanized areas with a population of fewer than 200,000, and, in certain circumstances, in urbanized areas with a population greater than 200,000. Eligible capital projects include—

(A) acquiring, constructing, supervising, or inspecting equipment or a facility for use in public transportation, expenses incidental to the acquisition or construction (including designing, engineering, location surveying, mapping, and acquiring rights-of-way), payments for the capital portions of rail trackage rights agreements, transit-related intelligent transportation systems, relocation assistance, acquiring replacement housing sites, and acquiring, constructing, relocating, and rehabilitating replacement housing;
(B) rehabilitating a bus;
(C) remanufacturing a bus;
(D) overhauling rail rolling stock;
(E) preventive maintenance;
(F) leasing equipment or a facility for use in public transportation
(G) a joint development improvement that meet specified requirements
(H) the introduction of new technology, through innovative and improved products, into public transportation;
(I) the provision of nonfixed route paratransit transportation services in accordance with section 223 of the Americans with Disabilities Act of 1990 (42 U.S.C. 12143), under specified circumstances;
(J) establishing a debt service reserve to ensure the timely payment of principal and interest on bonds issued by a grant recipient to finance an eligible project
(K) mobility management; and
(L) associated capital maintenance.

FTA Section 5337 State of Good Repair Federally Defined Program Eligibility (Statutory Reference: 49USC5337): Capital projects to maintain fixed guideway and high intensity motorbus public transportation systems in a state of good repair, including projects to replace and rehabilitate—

(A) rolling stock;
(B) track;
(C) line equipment and structures;
(D) signals and communications;

(E) power equipment and substations;
(F) passenger stations and terminals;
(G) security equipment and systems;
(H) maintenance facilities and equipment;
(I) operational support equipment, including computer hardware and software; and
(J) development and implementation of a transit asset management plan.

The term 'fixed guideway' means a public transportation facility:
(A) using and occupying a separate right-of-way for the exclusive use of public transportation;
(B) using rail;
(C) using a fixed catenary system;
(D) for a passenger ferry system; or
(E) for a bus rapid transit system.

The term 'high intensity motorbus' means public transportation that is provided on a facility with access for other high-occupancy vehicles.

FTA Section 5339 Bus and Bus Facilities Federally Defined Program Eligibility (Statutory Reference: 49USC5339): Capital projects—
(1) to replace, rehabilitate, and purchase buses and related equipment; and
(2) to construct bus-related facilities.

<u>Regional Requirements and Eligibility</u>

Urbanized Area Eligibility
Transit operators are required to submit annual reports to the National Transit Database. Service factors reported in large urbanized areas partially determine the amounts of FTA Section 5307, 5337 and 5339 funds generated in the region. MTC staff will work with members of the Partnership to coordinate reporting of service factors in order to maximize the amount of funds generated in the region and to determine urbanized area eligibility. An operator is eligible to claim FTA funds only in designated urbanized areas as outlined in Table 1 below. Eligibility is based on geographical operations, NTD reporting, and agreements with operators.

Table 1. Urbanized Area Eligibility

Urbanized Area	Eligible Transit Operators
San Francisco-Oakland	AC Transit, ACE, BART, Caltrain, GGBHTD, Marin County Transit District, SFMTA, SamTrans, Union City Transit, , Water Emergency Transportation Authority, WestCAT
San Jose	ACE, Caltrain, VTA
Concord	ACE, BART, CCCTA, LAVTA
Antioch	BART, ECCTA
Santa Rosa	GGBHTD, Santa Rosa City Bus, Sonoma County Transit
Vallejo	Napa Vine on behalf of American Canyon, Solano County Transit
Fairfield	Fairfield-Suisun Transit
Vacaville	Vacaville Transit
Napa	Napa VINE
Livermore	ACE, LAVTA
Gilroy-Morgan Hill	Caltrain, VTA
Petaluma	GGBHTD, Petaluma Transit, Sonoma County Transit

(i) Altamont Commuter Express (ACE) is eligible to claim funds in four of the San Francisco Bay Area's urbanized areas according to Federal Transit Administration statute. ACE has entered into an agreement with other operators eligible to claim funds in the San Jose UA, which prevents ACE from claiming funds in that UA. Likewise, ACE has also determined that they will be reporting their Livermore area revenue miles in the Stockton UA and have elected not to seek funding from the Livermore UA. The project element that the Regional Priority Model would apportion to these two urbanized areas will be deducted from the total amount of their capital request. ACE operates on track privately owned by Union Pacific. Requests for track rehabilitation, maintenance, and or upgrades for funding in the San Francisco-Oakland and Concord UAs will be assessed for eligibility upon review of the ACE and Union Pacific agreement.

(ii) Santa Rosa City Bus and Sonoma County will apportion Santa Rosa urbanized area funding in accordance with an updated agreement that took effect in FY14 (58% Santa Rosa City Bus and 42% Sonoma County).

(iii) Golden Gate Bridge and Highway Transportation District (GGBHTD) is eligible to claim funds in the Santa Rosa Urbanized Areas. However, as a result of an agreement between the operators and discussion with the TFWG, GGBHTD will not claim funds from the Santa Rosa UA at this time. However, should it become advantageous to the region for GGBHTD to report revenue miles in the Santa Rosa UA and thereby claim funds in that UA, agreements between the operators will be re-evaluated. Golden Gate is an eligible claimant for funds in the Petaluma UA, and in years where extensive capital need in other urbanized areas in the region is high; Golden Gate's projects could be funded in the Petaluma UA.

(iv) Funding agreements between operators in the San Jose and Gilroy-Morgan Hill UAs are subject to the conditions outlined in the Caltrain Joint Powers Board Agreement.

Eligibility for New Operators
New operators will be required to meet the following criteria before becoming eligible for TCP funding:

- The operator provides public transit services in the San Francisco Bay Area that are compatible with the region's Regional Transportation Plan.

- The operator is an FTA grantee.

- The operator has filed NTD reports for at least two years prior to the first year of programming, e.g., has filed an NTD report for 2011 services and intends to file a report for 2012 to be eligible for FY13 TCP funding.

- The operator has executed a Cooperative Planning Agreement with MTC.

- The operator has submitted a current SRTP or other board-approved capital plan to MTC.

Screening Criteria
A project must conform to the following threshold requirements before the project can be scored and ranked in the TCP project list. Screening criteria envelops three basic areas. The following subheadings are used to group the screening criteria.

- Consistency Requirements;

- Financial Requirements;

- Project Specific Requirements;

Consistency Requirements: The proposed project must be consistent with the currently adopted Regional Transportation Plan (RTP). Smaller projects must be consistent with the policy direction of the RTP, as the RTP does not go into a sufficient level of detail to specifically list them.

The proposed project must be consistent with the requirements of MTC's Transit Coordination Implementation Plan as set forth in MTC Resolution 3866.

Projects near or crossing county boundaries must be consistent/complementary with the facility (or proposed facility) in the adjacent county.

Projects must be included in an operator's Short Range Transit Plan or other board-approved capital plan, or in an adopted local or regional plan (such as Congestion Management Programs, Countywide transportation plans pursuant to AB3705, the Seaport and Airport Plans, the State Implementation Plan, the Ozone Attainment Plan, the Regional Transportation Plan, and local General Plans). Also, after FTA publishes and adopts the final Transit Asset Management (TAM) rule, requests for replacement/rehabilitation of assets should be consistent with TAM plans required by the rule.

Financial Requirements: The proposed project has reasonable cost estimates, is supported by an adequate financial plan with all sources of funding identified and a logical cash flow, and has sensible phasing. Transit operators must demonstrate financial capacity, to be documented in the adopted TIP, as required by the FTA. All facilities that require an ongoing operating budget to be useful must demonstrate that such financial capacity exists.

Project Specific Requirements: All projects must be well defined. There must be clear project limits, intended scope of work, and project concept. Planning projects to further define longer range federally eligible projects are acceptable. Examples of projects include:

- Replacement/rehab of one revenue vehicle sub-fleet or ferry vessel; a sub-fleet is defined as the same bus size, manufacturer, and year; or any portion of a train set that reaches the end of its useful life at a common time.

- Train control or traction power replacement/rehab needs for a given year.

- Fixed guideway replacement/rehab needs for a given year (e.g., track replacement and related fixed guideway costs, ferry fixed guideway connectors).

All projects must be well justified, and have a clear need directly addressed by the project. All assets that would be replaced or rehabilitated must be included in the Regional Transit Capital Inventory (RTCI), a database of all transit capital assets in the region. Vehicle replacement projects, in particular, must identify the specific vehicles being replaced as listed in the RTCI.

A proposed project includes an implementation plan that adequately provides for any necessary clearances and approvals. The proposed project must be advanced to a state of readiness for implementation in the year indicated. For this requirement, a project is considered to be ready if grants for the project can be obligated within one year of the award date; or in the case of larger construction projects, obligated according to an accepted implementation schedule.

Asset Useful Life
To be eligible for replacement or rehabilitation, assets must meet the following age requirements in the year of programming:

Table 2. Useful Life of Assets

Heavy-Duty Buses, other than Over-the-Road-Coaches*	12 years (or 500,000 miles in service)
Over-the-Road-Coaches*	14 years (or 500,000 miles in service)
Medium-Duty Buses*	10 years (or 500,000 miles in service)
* (or an additional 5 years for buses rehabilitated with TCP funding)	
Van[1]	4, 5, or 7 years, depending on type
Light Rail Vehicle (LRV)	25 years
Trolley	15 years
Heavy Railcar[2]	25 years
Locomotive	25 years
(or an additional 20 years for railcars rehabilitated with TCP funding)	
Heavy/Steel Hull Ferries	30 years
(or an additional 20 years for railcars rehabilitated with TCP funding)	
Light Weight/Aluminum Hull Ferries[3]	25 years
Used Vehicles[4]	Varies by type
Tools and Equipment	10 years
Service Vehicle	7 years
Non-Revenue Vehicle	7 years
Track	Varies by track type
Trolley Overhead/3rd Rail	Varies by type of OVHD/3rd rail
Facility	Varies by facility and component replaced

Notes:
(1) A paratransit van is a specialized van used in paratransit service only such as service for the elderly and handicapped. Three general categories of vans are acceptable in Transit Capital Priorities: Minivans, Standard Conversion Vans, and Small Medium-Duty Coaches. The age requirements for each type are 4, 5, and 7 years respectively.
(2) Includes Caltrain and ACE commuter rail and BART urban rail cars.
(3) Light weight ferries will not generally last beyond a 25-year useful life. Propulsion and major component elements of lightweight ferries can be replaced in TCP without extending the useful life beyond its anticipated useful life of 25 years.
(4) Used vehicles are eligible to receive a proportionate level of funding based on the type of vehicle and number of years of additional service. (See "used vehicle replacement" Section IV, Definition of Project Categories).

Early Replacement Programming Requests
Requests to program vehicle replacement funds one or two years prior to the first eligible year in order to advance procurements or to replace vehicles with higher than normal maintenance costs will be considered if the proposal has minimal impacts on other operators and can be accommodated within the region's fiscal constraints.

Exceptions for replacement of assets prior to the end of their useful life may be considered only if an operator has secured FTA approval for early retirement, which must occur before the annual apportionment has been released.

Compensation for Deferred Replacement (Bus Replacement Beyond Minimum Useful Life)

Operators that voluntarily replace buses or vans beyond the minimum federally eligible useful life specified in Table 2 will be eligible for either of two financial compensations:

Option 1. Operators receive all of the savings, but need to apply the savings to capital replacement and rehab projects (Score 10-16).

Option 2. Operators receive half of the savings to the region created by later replacement of vehicles, which may be programmed to lower scoring eligible projects.

Savings to the region are calculated based on the pricelist cost and minimum useful life of the vehicle type. For example, if replacement of a bus with a 12-year useful life and a $600,000 replacement cost (federal share) is deferred for two years, the savings to the region would be 2/12 x $600,000 = $100,000. Under Option 1, the operator would receive $100,000 for eligible Score 10-16 capital projects. Under Option 2, the operator would receive $50,000, which could be programmed for any eligible project. The region would retain the other $50,000 in savings to be programmed to other needs in accordance with the TCP policy. Operators may choose between Option 1 and Option 2.

For operators that are proposing to take advantage of the bus replacement compensation, the vehicles being replaced must be older than the age requirements listed above. It is the operator's responsibility to ensure that vehicle replacement requests beyond the minimum useful life maintain a state of good repair for the assets. Requests to activate this policy option should be noted when transmitting project applications to MTC.

Project Funding Caps

In order to prevent committing a significant portion of the programming to an operator in any one year, the following annual funding ceilings for projects are established:

Revenue vehicle replacement projects cannot exceed $20 million for buses or $30 million for rail car or ferry vessel replacement and rehabilitation projects, in the aggregate for both Section 5307 and Section 5339 programs. If the cost of the vehicle procurement exceeds the annual cap, the difference will be programmed in subsequent years subject to availability of funds.

Fixed guideway replacement and rehabilitation projects in the aggregate cannot exceed the amounts specified for each fixed guideway operator in Table 3. The total amount of the caps is maintained at $120 million (3% escalation) based on the updated CIP projections. Each operator's cap is based on its share of the updated fixed guideway need projections included in the adopted Plan Bay Area RTP, with a floor applied so that no operator's cap is reduced by more than 5% from their prior cap. The current cap for WETA includes the previous cap for Vallejo Transit to reflect the transition of Vallejo's ferry service to WETA.

When developing the proposed TCP programs for FY2014-15 and FY2015-16, the fixed guideway caps may be increased or decreased proportionally, depending on the aggregate demand for Score 16 projects compared to projected revenues. Operators have the option of submitting contingent fixed guideway programming requests equal to 20% of the operator's cap, in addition to requests for programming the cap amount. The contingent requests will be programmed if the program's fiscal balance allows the region to increase the caps.

Table 3. Fixed Guideway Caps

FG Operator	Project Category	Fixed Guideway Cap
ACE[1]	All Eligible FG Categories	$1,387,000
BART	All Eligible FG Categories	49,070,028
Caltrain	All Eligible FG Categories	12,606,500
GGBHTD	All Eligible FG Categories	5,377,000
SFMTA	All Eligible FG Categories	35,816,972
VTA	All Eligible FG Categories	8,977,500
WETA	All Eligible FG Categories	6,992,000

The cap amount may be programmed to any projects that are eligible for FTA Section 5337 funding and that fall into one of the following categories:

- Track/Guideway Replacement/Rehabilitation
- Traction Power Systems Replacement/Rehabilitation
- Train Control/Signaling Replacement/Rehabilitation
- Dredging
- Ferry Fixed Guideway Connectors Replacement/Rehabilitation
- Ferry Major Component Replacement/Rehabilitation
- Ferry Propulsion Replacement/Rehabilitation
- Cable Car Infrastructure Replacement/Rehabilitation
- Wayside or Onboard Fare Collection Equipment Replacement/Rehabilitation for Fixed Guideway vehicles

Programming for all projects that fall within these categories must be within the operator's cap amount with the exception of fixed guideway infrastructure projects includedin the CCCGP program of projects. Such projects may be funded with a combination of fixed guideway cap funds and additional TCP funds above the operator's fixed guideway cap.

Operators may request a one-year waiver to use fixed guideway cap funds for other capital needs that are not included in one of the eligible project categories listed above if the operator can demonstrate that the other capital needs can be addressed by the one-year waiver, or that the use of fixed guideway cap funds is part of a multi-year plan to address the other capital needs. The operator must also demonstrate that the waiver will have minimal impact on the operator's ability to meet its fixed guideway capital needs.

Other replacement projects cannot exceed $5 million. This cap applies to non-vehicle and non-fixed guideway Score 16 projects, including communications systems, bus fare collection equipment (fixed guideway wayside fare collection equipment is covered under the fixed guideway caps), and bus emission reduction devices; and lower scoring replacement projects. Vehicle rehabilitation projects that are treated as Score 16 because the life of the asset is being extended (see Asset Useful Life above) are also subject to this cap. Replacement of Clipper® fare collection equipment that is centralized under MTC will be treated as a separate project for each operator whose Clipper® equipment is being replaced, including MTC for the replacement of back-end equipment and systems, for the purposes of applying this project funding cap. If project costs exceed the cap, the difference will not automatically be programmed in subsequent years; the region will assess its ability to program additional funding year-by-year based on projected revenues and demand for other Score 16 needs.

Expansion or enhancement projects cannot exceed $3.75 million.

As part of the region's 10-year Capital Improvement Program, project caps may be increased or decreased on an annual basis in order to better match programming to available revenues, subject to negotiation and agreement among operators and MTC.

Exceptions to these annual funding ceilings will be considered by MTC and the TFWG on a case-by-case basis after evaluating programming requested through the call for projects, and the region's estimated fiscal resources. For large rehabilitation programs, MTC may conduct negotiations with the appropriate sponsor to discuss financing options and programming commitments.

Bus-Van Pricelist

Requests for funding for buses and vans cannot exceed the prices in the Regional Bus-Van Pricelist for each year of the TCP program as shown in Table 4 and Table 5. If an operator elects to replace vehicles with vehicles of a different fuel type, the price listed for the new fuel type vehicle applies, e.g., if an operator is replacing diesel buses with diesel-electric hybrid buses, the operator may request funds up to the amount listed for hybrid buses.

Note that the bus prices do not include allowances for radios and fareboxes; they will be considered a separate project under the TCP policy. The price of electronic fareboxes varies approximately between $10,000 and $14,000 whereas the price of radios varies between $1,000 to $5,000. Requests for funding radios and fareboxes should be within the price range mentioned above. Requests above these ranges will require additional

justification. Fareboxes for/on fixed guideway vehicles will be funded out of the operators' fixed guideway cap amounts (see Table 3). Operators are expected to include Clipper® wiring and brackets in all new buses, so the buses are Clipper®-ready without requiring additional expenses.

Compensation for Cost Effective Bus Purchases
Under this element of the TCP policy. operators that request less than the full pricelist amount for vehicle replacements would be eligible for either of two financial compensations:
Option 1*. Operators receive all of the savings, but need to apply the savings to capital replacement and rehab projects (Score 10-16).
Option 2*. Operators receive half of the savings to the region created by cost effective vehicle purchases, which may be programmed to lower scoring (below score 10) eligible projects, including preventive maintenance.

The intent of this policy element is to ensure that the region's limited funds can cover more of the region's capital needs while targeting funding to the vehicles most in need of replacement.
*If the amount of federal apportionments received does not allow us to fully program all Score 16 projects, MTC reserves the right to reduce the percentage of savings that would go back to the operator.

Table 4: Regional Bus-Van Pricelist, FY2014-15

Vehicle Type	Total	Federal	Local	Federal %	Local %
Minivan Under 22'	$50,000	$41,000	$9,000	82%	18%
Cut-Away/Van, 4 or 5-Year, Gas	$86,000	$70,520	$15,480	82%	18%
Cut-Away/Van, 4 or 5-Year, Diesel	$107,000	$87,740	$19,260	82%	18%
Cut-Away/Van, 4 or 5-Year, CNG	$120,000	$98,400	$21,600	82%	18%
Cut-Away/Van, 7-Year, Gas	$120,000	$98,400	$21,600	82%	18%
Cut-Away/Van, 7-Year, Diesel	$148,000	$121,360	$26,640	82%	18%
Cut-Away/Van, 7-Year, CNG	$167,000	$136,940	$30,060	82%	18%
Transit Bus 30' Diesel	$464,000	$380,480	$83,520	82%	18%
Transit Bus 30' CNG	$515,000	$422,300	$92,700	82%	18%
Transit Bus 30' Hybrid	$714,000	$585,480	$128,520	82%	18%
Transit Bus 35' Diesel	$479,000	$392,780	$86,220	82%	18%
Transit Bus 35' CNG	$529,000	$433,780	$95,220	82%	18%
Transit Bus 35' Hybrid	$715,000	$586,300	$128,700	82%	18%
Transit Bus 40' Diesel	$521,000	$427,220	$93,780	82%	18%
Transit Bus 40' CNG	$603,000	$494,460	$108,540	82%	18%
Transit Bus 40' Hybrid	$758,000	$621,560	$136,440	82%	18%
Over the Road 45' Diesel	$607,000	$497,740	$109,260	82%	18%
Articulated 60' Diesel	$848,000	$695,360	$152,640	82%	18%
Articulated 60' Hybrid	$1,038,000	$851,160	$186,840	82%	18%

Notes:
Prices escalated 1.6% annually, rounded to the nearest $1,000.
For buses with dual-side doors, add $50,000 to Total ($40,000 Federal, $10,000 Local).
For vehicle procurements more than 20 in number, 5% of the cost of the buses can be added to the pricelist amounts to account for soft costs.

Table 5: Regional Bus-Van Pricelist, FY2015-16

Vehicle Type	Total	Federal	Local	Federal %	Local %
Minivan Under 22'	$51,000	$41,820	$9,180	82%	18%
Cut-Away/Van, 4 or 5-Year, Gas	$88,000	$72,160	$15,480	82%	18%
Cut-Away/Van, 4 or 5-Year, Diesel	$108,000	$88,560	$19,440	82%	18%
Cut-Away/Van, 4 or 5-Year, CNG	$122,000	$100,040	$21,960	82%	18%
Cut-Away/Van, 7-Year, Gas	$122,000	$100,040	$21,960	82%	18%
Cut-Away/Van, 7-Year, Diesel	$150,000	$123,000	$27,000	82%	18%
Cut-Away/Van, 7-Year, CNG	$170,000	$139,400	$30,600	82%	18%
Transit Bus 30' Diesel	$472,000	$387,040	$84,960	82%	18%
Transit Bus 30' CNG	$523,000	$428,860	$94,140	82%	18%
Transit Bus 30' Hybrid	$726,000	$595,320	$130,680	82%	18%
Transit Bus 35' Diesel	$487,000	$399,340	$87,660	82%	18%
Transit Bus 35' CNG	$537,000	$440,340	$96,660	82%	18%
Transit Bus 35' Hybrid	$726,000	$595,320	$130,680	82%	18%
Transit Bus 40' Diesel	$530,000	$434,600	$95,400	82%	18%
Transit Bus 40' CNG	$613,000	$502,660	$110,340	82%	18%
Transit Bus 40' Hybrid	$771,000	$632,220	$138,780	82%	18%
Over the Road 45' Diesel	$617,000	$497,740	$109,260	82%	18%
Articulated 60' Diesel	$861,000	$695,360	$152,640	82%	18%
Articulated 60' Hybrid	$1,055,000	$865,100	$189,900	82%	18%

Notes:
Prices escalated 1.6% annually, rounded to the nearest $1,000.
For buses with dual-side doors, add $50,000 to Total ($40,000 Federal, $10,000 Local).
For vehicle procurements more than 20 in number, 5% of the cost of the buses can be added to the pricelist amounts to account for soft costs.

Project Definition and Scoring

Project Scoring

All projects submitted to MTC for TCP programming consideration that have passed the screening process will be assigned scores by project category as indicated in Table 6.

Table 6. Project Scores

Project Category/Description	Project Score
Revenue Vehicle Replacement	**16**
Vehicle Replacement - replacement of a revenue vehicle at the end of its useful life (see Asset Useful Life above). Vehicles previously purchased with revenue sources other than federal funds are eligible for FTA formula funding as long as vehicles meet the replacement age. Vehicles are to be replaced with vehicles of similar size (up to 5' size differential) and seating capacity, e.g., a 40-foot coach replaced with a 40-foot coach and not an articulated vehicle. If an operator is electing to purchase smaller or larger buses (above or below a 5' size differential), or do a sub-fleet reconfiguration, the replacement sub-fleet will have a comparable number of seats as the vehicles being replaced. Paratransit vehicles can be replaced with the next larger vehicle providing the existing vehicle is operated for the useful life period of the vehicle that it is being upgraded to. Any other significant upgrade in size will be considered as vehicle expansion and not vehicle replacement. For urgent replacements not the result of deferred maintenance and replacement of assets 20% older than the usual replacement cycle (e.g., 12 or 16 years for buses depending on type of bus), a project may receive an additional point.	
Revenue Vehicle Rehabilitation	**16**
Vehicle Rehabilitation - major maintenance, designed to extend the useful life of a revenue vehicle (+5 years for buses, +20 years for railcars, +20 years for heavy hull ferries). Rehabilitation of historic railcars, which have, by definition, extended useful lives, is included in this category.	
Core Capacity Challenge Grant Program Projects	**16**
Projects proposed for TCP funding in the CCCGP (MTC Resolution No. 4123) that are not otherwise Score 16.	
Debt Service	**16**
Debt service, including principal and interest payments, for any financing required to advance future FTA or STP revenues to fund annual TCP/CCCGP programs of projects	
Used Vehicle Replacement	**16**

Used Vehicle Replacement - replacement of a vehicle purchased used (applicable to buses, ferries, and rail cars) is eligible for federal, state, and local funding that MTC administers. Funds in this category include FTA Section 5307, STP, CMAQ, STIP, and Net Toll Revenues. However, funding for replacement of the used vehicle will be limited to a proportionate share of the total project cost, equal to the number of years the used vehicle is operated beyond its standard useful life divided by its standard useful life (e.g., if a transit property retained and operated a used transit bus for 5 years, it is eligible to receive 5/12th of the allowable programming for the project).	
Fixed Guideway Replacement / Rehabilitation	**16**
Rehabilitation/Replacement Fixed Guideway - projects replacing or rehabilitating fixed guideway equipment at the end of its useful life, including rail, guideway, bridges, traction power systems, wayside train control systems, overhead wires, cable car infrastructure, and computer/communications systems with a primary purpose of communicating with or controlling fixed guideway equipment. Projects in this category are subject to fixed guideway project caps.	
Ferry Propulsion Systems	**16**
Ferry Propulsion Replacement—projects defined as the mid-life replacement and rehabilitation of ferry propulsion systems in order that vessels are able to reach their 25-year useful life. Projects in this category are subject to fixed guideway project caps.	
Ferry Major Component	**16**
Ferry Major Components—projects associated with propulsion system, inspection, and navigational equipment required to reach the full economic life of a ferry vessel. Projects in this category are subject to fixed guideway project caps.	
Ferry Fixed Guideway Connectors	**16**
Ferry Fixed Guideway Connectors—floats, gangways, and ramps associated with the safe moorage and boarding of passengers to/from ferry vessels. Projects in this category are subject to fixed guideway project caps.	
Revenue Vehicle Communication Equipment	**16**
Communication Equipment – Includes on-board radios, radio base stations, and computer/communications systems with a primary purpose of communicating with and/or location/navigation of revenue vehicles, such as GPS/AVL systems.	
Non-Clipper® Fare Collection/Fareboxes	**16**

Revenue vehicle and wayside fare equipment are eligible for replacement as score 16. The maximum programming allowance for revenue vehicle fare equipment purchased separately from revenue vehicles is outlined in Section III, Project Funding Caps, providing the fare equipment is not replaced prior to the 12-year replacement cycle for buses. Fare equipment must be compatible with the Clipper® fare collection system.	
Clipper®	**16**
Clipper® - replacement of Clipper® fare collection equipment related to revenue vehicles and faregates.	
Bus Diesel Emission Reduction Devices	**16**
Bus diesel emission reduction devices or device components required to meet or exceed California Air Resources Board requirements, including first-time retrofits, upgrades, replacements and spares. Devices or components must be installed on buses that will remain in service until at least 2017 in order to be treated as Score 16. Only spares up to 10% of the operator's current device inventory will be treated as Score 16. Bus diesel emission device projects treated as Score 16 require a 50% local match. Devices or components installed on buses scheduled to be replaced prior to 2017, and spares in excess of 10% of the operator's inventory, will be treated as Preventive Maintenance (Score 9). See Section V. Programming Policies, Bus Diesel Emission Reduction Device Funding Program.	
Safety	**15**
Safety/Security - projects addressing potential threats to life and/or property. The project may be maintenance of existing equipment or new safety capital investments. Includes computer/communications systems with a primary purpose of communicating with/controlling safety systems, including ventilation fans, fire suppression, fire alarm, intruder detection, CCTV cameras, and emergency "blue light" phones. Adequate justification that the proposed project will address safety and/or security issues must be provided. The TFWG will be provided an opportunity to review proposed projects before a project is programmed funds in a final program. Projects that contribute to a 1% security requirement will be considered Score 16.	
ADA/Non Vehicle Access Improvement	**14**
ADA - capital projects needed for ADA *compliance*. Does not cover routine replacement of ADA-related capital items. Project sponsor must provide detailed justification that the project is proposed to comply with ADA. Subject to TFWG review.	
Fixed/Heavy Equipment, Maintenance/Operating Facilities	**13**

Fixed/Heavy equipment and Operations/Maintenance facility - replacement/rehabilitation of major maintenance equipment, generally with a unit value over $10,000; replacement/rehabilitation of facilities on a schedule based upon the useful life of the components.	
Station/Intermodal Stations/Parking Rehabilitation	**12**
Stations/Intermodal Centers/Patron Parking Replacement/Rehab - replacement/rehabilitation of passenger facilities. Includes computer/communications systems with a primary purpose of communicating with/controlling escalators or elevators, and public address or platform display systems at stations or platforms.	
Service Vehicles	**11**
Service Vehicles - replacement/rehabilitation of non-revenue and service vehicles based on useful life schedules.	
Tools and Equipment	**10**
Tools and Equipment - maintenance tools and equipment, generally with a unit value below $10,000.	
Adminstrative Computer Systems and Office Equipment	**9**
Office Equipment - computers, copiers, fax machines, etc. Includes administrative - MIS, financial, HR, scheduling, transit asset management, and maintenance management systems.	
Preventive Maintenance	**9**
Preventive Maintenance - ongoing maintenance expenses (including labor and capital costs) of revenue and non-revenue vehicles that do not extend the life of the vehicle. This includes mid-life change-out of tires, tubes, engines and transmissions that do not extend the life of the vehicle beyond the twelve years life cycle. Preventive Maintenance may be treated as Score 16 under certain circumstances; see Section V. Programming Policies, Preventive Maintenance Funding.	
Operational Improvements/Enhancements	**8**
Operational Improvement/Enhancements - any project proposed to improve and/or enhance the efficiency of a transit facility.	
Operations	**8**
Operations—costs associated with transit operations such as the ongoing maintenance of transit vehicles including the cost of salaries. See Section V, Limited Use of FTA Funds for Operating Purposes.	
Expansion	8
Expansion - any project needed to support expanded service levels.	

C. Programming Policies

Project Apportionment Model for Eligible Urbanized Areas

There are four elements that need to be considered to determine operators' urbanized area apportionment: multi-county agreements, high scoring capital needs, the 10% ADA set-aside amounts, the Lifeline set-aside amounts, and the Unanticipated Costs Reserve. The Regional Priority Model, as explained in paragraph (a), establishes funding priority for apportioning high scoring capital projects to eligible urbanized areas. Funding may be limited by multi-county agreements as explained in Paragraph (b) below. Eligible programming revenues are net of the the 10% ADA set-aside discussed in paragraph (c) below, and the Vehicle Procurement Reserve, if any, described at the end of this section.

a) *Regional Priority Programming Model*: The 2000 census changes to the region's urbanized areas made numerous operators eligible to claim funds in more than one urbanized area. This has necessitated a procedure for apportioning projects to eligible urbanized areas. The *Regional Priority Model*, as described below, was fashioned to prioritize funds for the replacement of the region's transit capital plant, while minimizing the impact of the 2000 census boundary changes. The 2010 census did not result in any major changes to the region's urbanized areas.

The model assumes a regional programming perspective and constrains regional capital demand to the amount of funds available to the region, prior to apportioning projects to urbanized areas. It then apportions projects to urbanized areas in the following order:

i. Funds are apportioned first for operators that are the exclusive claimant in a single UA (e.g., LAVTA, Fairfield, etc.)

ii. Fund projects for operators that are restricted to receiving funds in one urbanized area (e.g., SFMTA, AC, WestCAT, CCCTA, etc.)

iii. Fund balance of operator projects among multiple urbanized areas, as eligibility allows, with the objective of fully funding as many high scoring projects as possible.

iv. Reduce capital projects proportionately in urbanized areas where need exceeds funds available.

v. Fund lower scoring projects (additional programming flexibility) to operators in urbanized areas where apportionments exceed project need.

b) *Multi-County Agreements*: For some operators, urbanized area (UA) apportionments are guided by multi-county agreements. Aside from the acknowledged agreements, funds are apportioned based on the regional priority model.

There are three specific agreements that are being honored under the negotiated multi-county agreement model: the Caltrain Joint Powers Board Agreement, the

Altamont Commuter Express (ACE) Cooperative Services Agreement and the Sonoma County-Santa Rosa City Bus Agreement.

Consideration for future agreements will include representation from each interested county, interested transit property, or an appointed designee, and be approved by all operators in the affected UA and MTC.

c) *10% ADA Paratransit Service Set-Aside*: MAP-21 caps the share of each urbanized area's Section 5307 apportionment that can be programmed for ADA paratransit service operating costs at 10%. An amount equal to 10% of each participating urbanized area's FTA Section 5307 apportionment will be set-aside to assist operators in defraying ADA paratransit operating expenses. The purpose of this set-aside is to ensure that in any one year, a transit operator can use these funds to provide ADA service levels necessary to maintain compliance with the federal law, without impacting existing levels of fixed route service. ADA set-aside programmed to small UA operators will not impact eligible programming amounts in large UAs.

The prior ADA formula was updated with a new formula based on the following factors: a) Annual Demand Response (DR) Operating Expenses (40%), b) Annual Demand Response (DR) Ridership (40%), and c) Annual Overall Ridership (20%) (Data Source: NTD, Year: 2012). Table 7 shows the percentages by operator and urbanized area for this programming period.

Table 7: ADA Set-aside Amounts by Urbanized Area and Operator

New Formula – ADA Set-Aside Percentages by Urbanized Area and Operator

Operator	San Francisco -Oakland	San Jose	Concord	Antioch	Vallejo	Livermore	Gilroy-MH	Petaluma
AC Transit	30.5%							
ACE	0.02%		0.3%					
BART	14.6%		34.4%	14.2%				
Caltrain	0.4%	3.1%						
CCCTA			56.4%					
Fairfield-Suisun Transit	Not Applicable							
GGBHTD[4]	2.4%							
LAVTA			8.9%			100.0%		
Marin County Transit[4]	3.6%							
Napa VINE					11.3%			
Petaluma Transit								74.2%
SamTrans	14.4%							
SFMTA	31.1%							
SolTrans					88.7%			
Sonoma City Transit	Not Applicable							25.9%
SR City Bus	Not Applicable							
Tri-Delta				85.8%				
Union City	1.0%							
Vacaville	Not Applicable							
VTA		96.9%					100.0%	
WestCat	1.9%							
WETA	0.04%							
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Notes:
1) Urbanized Areas not shown are not participating in 10% ADA set-aside policy.

2) Formula based on three factors weighted as shown: a) Operator's Annual Demand Response Expenses (40%); b) Operators Demand Response Ridership (40%); and c) Operator's Annual Overall Ridership (20%)
3) To calculate funding amounts, multiply 10% of related urbanized area revenue estimate against percentages shown for operators in that urbanized area.
4) GGBHTD share split with Marin County Transit per agreement between the two operators. 40/60 split.

5) If operator was eligible for funds in multiple UA's, we used GIS spatial analysis to calculate percentage of operator's share (based on no. of stops) in each UA.

An operator may use its share of the FTA Section 5307 set-aside for capital purposes or preventive maintenance if the operator can certify that:

- Their ADA paratransit operating costs are fully funded in its proposed annual budget;

- For jointly funded paratransit services, operators' FTA Section 5307 ADA set-aside shares have been jointly considered in making decisions on ADA service levels and revenues.

If MTC is satisfied with the operator's certification, the operator may re-program its set-aside for any unfunded transit capital projects or preventive maintenance. To ensure that the Section 5307 10% set-aside funding is duly considered for annual ADA paratransit needs, there will be no multi-year programming of the 10% ADA set-aside to capital-only purposes.

d) *Lifeline Set-Aside*: MAP-21 eliminated the Job Access and Reverse Commute (JARC) program (Section 5316) and combined JARC functions and funding with the Urbanized Area Formula (Section 5307) and the Non-urbanized Area Formula (Section 5311) programs. JARC projects were made eligible for 5307 funding, and 3.07% of 5307 appropriations will be apportioned by the JARC low-income formula. However, there are no minimum or maximum amounts that can be programmed for JARC projects.

The region has historically used JARC funds apportioned to large urbanized areas to support the Lifeline program. In recognition of the changes to the JARC program and the continued need for funding for the Lifeline program:

- The first priority for 5307 funds apportioned by the JARC formula is the Lifeline program;

- In the FY2015 and FY2016 Section 5307 program, funds equivalent to the JARC formula apportionments currently projected to total approximately $2.8 million annually, will be set aside for the Lifeline program;

- Section 5307 funds programmed for JARC projects shall be subject to the Lifeline Program guidelines in effect for that year of programming, rather than to the TCP Policies, provided such projects are consistent with federal laws and regulations related to Section 5307.

e) *Unanticipated Costs Reserve*: Unanticipated costs, such as capital improvements required to comply with new regulations, can be difficult to accommodate in the TCP program after the preliminary program has been developed and adopted. To improve the region's ability to provide funding to meet such unanticipated costs, a reserve of approximately $2 million of TCP funds will be set aside before developing the

preliminary programs for FY2014-15 and FY2015-16. The reserve will be set aside from all urbanized areas proportional to each urbanized area's projected apportionments in each program. Any proposals to program from the reserve will be reviewed with the Transit Finance Working Group. Any Unanticipated Cost Reserve funds that are not programmed will roll over and be available for programming in the following year.

Limited Use of FTA Funds for Operating Purposes

FTA permits the use of FTA Section 5307 small urbanized funds to be used for operating purposes. For operators eligible to claim in both large and small urbanized areas, the amount of funds used for operating will be deducted from the amount of capital claimed in the large UA.

MAP-21 provided new eligibility for small and medium-sized bus operators in large urbanized areas to use Section 5307 funds for operating assistance. For operators with up to 75 buses, 75% of the urbanized area's apportionment attributable to the operator (as measured by vehicle revenue hours) may be programmed for operating assistance. For operators with up to 76 to 100 buses, 50% of the urbanized area's apportionment attributable to the operator (as measured by vehicle revenue hours) may be programmed for operating assistance. Eligible operators may request operating assistance up to the maximum eligible amount, but operating assistance will be programmed only after higher scoring projects in the urbanized area are funded. Operating assistance requests will be treated at Score 8 in the programming process (see Table 6 Project Scores above).

Specified Urbanized Area Flexibility

In urbanized areas with only one transit operator (Fairfield, Vacaville, Napa) greater flexibility for funding lower scoring projects will be allowed, providing that other operators in the region are not impacted. These operators will also be allowed to use funds for operating, without reduction of funding for capital projects, providing that capital is adequately maintained and replaced on a reasonable schedule as outlined in each operator's SRTP or other board-approved capital plan, and in accordance with goals outlined in the RTP for maintaining the region's capital plant (maintenance of effort).

Associated Transit Improvements

MAP-21 requires that 1% of the FTA section 5307 apportionments in large urbanized areas be programmed for Associated Transit Improvements (formerly referred to as transit enhancements). Eligible projects include:

(A) historic preservation, rehabilitation, and operation of historic public transportation buildings, structures, and facilities (including historic bus and railroad facilities) intended for use in public transportation service;
(B) bus shelters;
(C) landscaping and streetscaping, including benches, trash receptacles, and street lights;
(D) pedestrian access and walkways;
(E) bicycle access, including bicycle storage facilities and installing equipment for transporting bicycles on public transportation vehicles;
(F) signage; or

(G)enhanced access for persons with disabilities to public transportation.

Due to the overwhelming needs to sustain the current transit capital plant, funded score 16 projects which can be identified as eligible Associated Transit Improvement project candidates would count against the 1% requirement, including, but not limited to, rehabilitation of cable cars and historic cars, and bike racks to be procured as part of a bus purchase. Any remaining balance will be put into a reserve for funding eligible projects in subsequent years.

Preventive Maintenance Funding

Preventive maintenance will be considered a Score 9 funding priority in Transit Capital Priorities, unless the conditions for one of the following four policy elements are met, in which case preventive maintenance will be treated as Score 16. For an individual operator to make use of preventive maintenance funding, other operators in the region must be able to move forward with planned capital replacement. It is the intent of this policy that funding for preventive maintenance will not increase the region's transit capital shortfall.

a) *Funding Exchange*: Operators who wish to exchange a capital project for preventive maintenance funding in order to use their local or state funds to ease federal constraints or strictly as a financing mechanism may do so providing that the replacement asset funded with local funds is comparable to the asset being replaced and is maintained in service by the purchasing operator for its full useful life as outlined in Section V. The Funding Exchange element can be applied to lower scoring capital projects as well as preventive maintenance. Operators using the Funding Exchange element must certify in writing that the assets will be replaced with non-federal funds.

b) *Capital Exchange*: In this option, an operator could elect to remove an eligible capital project from TCP funding consideration for the useful life of the asset in exchange for preventive maintenance funding. The funding is limited to the amount of capital funding an operator would have received under the current TCP policy in a normal economic climate. If an operator elects to replace the asset - removed from regional competition for funding under these provisions – earlier than the timeline established for its useful life, the replacement will be considered an expansion project. Operators using the Capital Exchange element will be limited to two years preventive maintenance funding within a 12-year period.

c) *Negotiated Agreement within an Urbanized Area*: In the third option, an operator may negotiate with the other operators in the affected urbanized areas to receive an amount of preventive maintenance funding, providing that a firewall is established between the affected urbanized area(s) and all other urbanized areas. This will ensure that other operators' high-scoring capital replacement projects are not jeopardized.

d) *Budgetary Shortfalls*: Requests for preventive maintenance to meet budgetary shortfalls will be considered on a case-by-case basis if a fiscal need can be demonstrated by the requesting operator based on the guidelines outlined below.

MTC must declare that a fiscal need exists to fund preventive maintenance where such action would displace higher scoring capital projects ready to move forward in a given fiscal year. A fiscal need can be declared if the following conditions exist:

- An operator must demonstrate that all reasonable cost control and revenue generation strategies have been implemented and that a residual shortfall remains.
- An operator can demonstrate that the shortfall, if not addressed, would result in a significant service reduction.

The Commission will consider the severity of the shortfall and the scope and impact of the service cuts in determining whether fiscal need exists. Operators establishing a fiscal need must also adhere to the following four requirements in order to be eligible to receive funding for preventive maintenance:

i. Operators must successfully show a board approved bridging strategy that will sustain financial recovery beyond the year for which preventive maintenance is requested.

ii. The bridging strategy should not rely on future preventive maintenance funding to achieve a balanced budget. In other words, should a service adjustment be required to balance the budget over the long run, preventive maintenance should not be invoked as a stopgap to inevitable service reductions.

iii. Funds programmed to preventive maintenance should not be considered as a mechanism to sustain or replenish operating reserves.

iv. Operators requesting FTA formula funds will be limited to two years preventive maintenance funding within a 12-year period.

The requesting operator will enter into an MOU with MTC or other formal agreement or action, such as Board approvals, and if applicable, with other transit properties affected by the preventive maintenance agreement. The agreement or actions will embody the four eligibility requirements outlined above as well as any other relevant terms and conditions of the agreement.

Bus Diesel Emission Reduction Device Funding Program

MTC provided approximately $14 million in CMAQ funds in FY2003-04 and FY2004-05 to assist with the procurement of approximately 1,600 bus emission reduction devices to help operators meet California Air Resources Board (CARB) requirements. The devices or their components may need to be replaced periodically. New upgraded devices also provide greater NOx reduction benefits than the original devices.

In response to the need to install or replace bus diesel emission reduction devices to comply with CARB requirements, the Transit Capital Priorities policy includes a bus emission reduction device funding program. The elements of this policy attempt to strike a balance between facilitating operators' ability to remain in compliance with CARB

requirements and to exceed those requirements by achieving greater NOx reductions on the one hand, and making the most effective use of the region's limited capital funds on the other. The elements of bus emission reduction device replacement program are:

* Requests to replace bus emission reduction devices or device components in order to maintain compliance with or exceed CARB requirements, including first-time retrofits, upgrades, replacements and spares, will be treated as Score 16 projects, subject to the following requirements.
* In order to be treated as Score 16, devices or components must be installed on buses that are scheduled to remain in service until at least 2019 for funds programmed in FY2014-15, and until at least 2020 for funds programmed in FY2015-16. Devices or components to be installed on buses that are scheduled to be replaced prior to the specified years will be treated as Preventive Maintenance (Score 9).
* Requests to procure spare devices or components up to 10% of the operators current device inventory will be treated as Score 16. Spare devices or components in excess of 10% of the inventory will be treated as Preventive Maintenance (Score 9)
* Projects treated as Score 16 under the bus emission reduction device funding program require a 50% local match, rather than the standard 20%. The intent of this element is to encourage cost-effective use of the region's limited capital funding, and to align with the original policy for procuring the devices, which had the regional contribution to NOx reduction and the local contribution for PM reduction.
* Participation in the program is entirely voluntary. It is the responsibility of each operator to determine the best approach to achieving and maintaining compliance with CARB requirements.

Vehicle Procurement Reserves

The TCP program for FY2010-11 and FY2011-12 included a vehicle procurement reserve which set-aside $150 million of revenues to help meet the future peak expenditures for major vehicle procurement projects, including BART's and Caltrain's railcar replacements, and SFMTA's trolley car replacement, and closely related projects (such as the Caltrain electrification program). Most of the costs for the major procurements will be incurred in the FY2015 to FY2018 period, causing total Score 16 needs in those years to far exceed projected revenues, while revenues during the FY2011 to FY2012 period were expected to exceed capped Score 16 needs. The TCP program for FY 2012-13 and FY 2013-14 included a second vehicle procurement reserve which set aside $24.3 million for Caltrain's Railcar Replacement project.

The proposed TCP program for FY 2014-15 and FY 2015-16 may include a third vehicle procurement reserve, depending on projected FTA revenues, updated schedules and programming needs for the major vehicle procurement projects, and the demand for funding for other high-scoring capital projects.

Conditioning Programming on Expenditure of Prior Grants
The intent of this policy element is to direct the region's limited funds to the projects most in need of additional resources. If an operator requests TCP funds for a project which received funding in prior years, and the prior-year grants have significant unexpended balances (as determined by reviewing FTA TEAM disbursement reports) at the time the program is being developed, MTC staff will request that the operator provide a justification for the additional programming, and will review the justification for reasonableness before recommending additional funding for the project. The justification for additional programming could include any of the following elements:

* A funding plan for the project that demonstrates the need for funding over multiple years;
* Demonstration that the unexpended funds are under contract or otherwise encumbered;
* A schedule for drawing down the unexpended balance as the project is completed;
* Demonstration that the unexpended balance of the grant is for a project other than the project for which additional funding is being requested.

Joint Procurements
In recognition of the policy direction of the Transit Sustainability Project Resolution No. 4060, before TCP funds are programmed for revenue vehicles, non-revenue vehicles, communications and vehicle location systems, fare collection equipment, bus emission reduction devices, computer systems, including management information systems and maintenance/asset management systems, or other equipment, operators must evaluate and pursue, as appropriate, opportunities for joint procurements and integrated operations with other operators. The "Compensation for Cost Effective Bus Purchases" that was introduced into the TCP Policy with this update, will provide operators an extra incentive to pursue joint procurement opportunities. MTC will coordinate discussions if requested.

Transit Asset Management
MAP-21 requires FTA funding recipients to develop transit asset management (TAM) plans that includecapital asset inventories,condition assessments, and investment prioritizations. Additionally recipients need to report on the condition of their system and performance targets. FTA is scheduled to issue a final rule implementing TAM requirements by 2015. The region is likely positioned to meet the new TAM requirements due to development of the Regional Transit Capital Inventory (RTCI) and the use of FTA's TERM model to assess asset conditions and project capital needs. In order to effectively comply with the new TAM requirements and improve the region's TAM practices, MTC will:

* Propose revisions to this policy as needed to meet the requirements of FTA's final TAM rule; and

* Evaluate proposed TAM system projects being submitted under the TCP and work with operators to consider consistency with regional TAM system plans.

Transit Core Capacity Challenge Grant Program: Resolution No. 4123
The Transit Core Capacity Challenge Grant program (CCCGP) makes a policy commitment of approximately $7.4 billion in federal, state, regional and local funds over the FY2014-15 to FY2029-30 period to high-priority transit capital projects that will improve the capacity and state of good repair of transit services in the urban core of the region.

The $7.4 billion Core Capacity Challenge Grant program:

* Focuses on the San Francisco Municipal Transportation Agency (SFMTA),BART, and AC Transit – the three transit operators that carry 80% of the region's passengers as well as more than three-quarters of the minority and low-income passengers.
* Leverages regional discretionary funds and local contributions, including proposed Cap and Trade revenue.
* Accelerates and solidifies funding for fleet replacement projects, and identifies new funding for key enhancement projects.
* Requires that the participating operators meet the performance objectives of the Transit Sustainability Project.

TCP programming for all projects identified in the CCCGP will be consistent with the funding amounts, local match requirements and other terms and conditions specified in MTC Resolution No. 4123.

All projects proposed for TCP funding in the CCCGP that are not otherwise Score 16 will be treated as Score 16. In order to meet cash flow needs of the CCCGP and other TCP projects in years in which project funding needs exceed the region's annual FTA apportionments, financing may be required to advance future FTA/STP revenues. Debt service, including principal and interest payments, for any such financing will be treated as Score 16.

CCCGP fixed guideway infrastructure projects included in the CCCGP program of projects may be funded with a combination of fixed guideway cap funds and additional TCP funds above the operator's fixed guideway cap.
The next steps in developing this program will be to work with BART, SFMTA, and AC Transit on the cash flow needs and timing of their projects and their local revenues, and to work with the Transit Finance Working Group on developing the FY2015 and FY2016 rounds of the Transit Capital Priorities program.

IV. CYCLE 2 STP/CMAQ TRANSIT CAPITAL REHABILITATION PROGRAM

The Commission's Cycle 2 Program Project Selection Criteria and Programming Policy For FY2012-13, FY2013-14, FY2014-15 and FY 2015-16, MTC Resolution No. 4035, Revised, includes $150 million in STP/CMAQ funding for a Transit Capital Rehabilitation Program. These funds will be programmed to Transit Performance Initiative projects and to transit capital rehabilitation projects. Specific projects are included in Attachment B to MTC Resolution No. 4035, Revised.

Transit Performance Initiative

This program includes investment and performance incentive elements. The investment element implements transit supportive investments in major transit corridors that can be carried out within two years. The focus is on making cost-effective operational improvements on significant trunk lines which carry the largest number of passengers in the Bay Area including transit signal prioritization, passenger circulation improvements at major hubs, and boarding/stop improvements. For FY2012-13 through FY2015-16, $13 million annually is available for this program.

The incentive program provides financial rewards to transit agencies that improve ridership and/or productivity. For FvY2012-13, $15 million is distributed based on each operator's share of ridership based on final audited FY2010-11 ridership figures. For FY2013-14 through FY2015-16, $15 million is available annually based on the formula distribution described below. The program will be evaluated annually following each cycle.

Large and Small Operator Accounts: Of the annual $15 million available, 85% and 15% shall be assigned to the large and small operator accounts, respectively. The large operators include: AC Transit; BART, Caltrain, Golden Gate Transit, SFMTA, SamTrans, and Santa Clara VTA.

Large Operator Distribution Formula: Funds shall be distributed to large operators as follows:

- 20% based on Passenger Increase (absolute)
- 10% based on Passenger Per Hour Increase (absolute)
- 70% based on Annual Passengers

Small Operator Distribution Formula: Funds shall be distributed to small operators as follows:

- 25% based on Passenger Increase (absolute)
- 25% based on Passenger Per Hour Increase (absolute)
- 50% based on Annual Passengers

Data Source: Using the most recent National Transit Database data for all modes excluding Paratransit, the distribution formula shall be calculated annually using a three-year rolling average commencing with FY2009-10, 2010-11 and 2011-12 for the FY2013-14 distribution. For the FY2013-14 distribution, data for Marin County Transit District shall be included with Golden Gate Transit in the Large Operator Account. The funding, however, assigned to Golden Gate Transit based on the NTD data, will be further distributed to the two operators – Golden Gate Transit and Marin County Transit District – based on a mutually agreed split based on the relevant performance and ridership data.

Transit Capital Rehabilitation

Any Cycle 2 STP/CMAQ Transit Capital Rehabilitation Program funds not programmed for Transit Performance Initiative projects will be programmed for transit capital rehabilitation projects to supplement the Transit Capital Priorities program. Transit capital rehabilitation projects will be programmed using the same policies and procedures as used for the FTA formula funds, as specified in Section III. FTA Formula Funds.

APPENDIX 1 – BOARD RESOLUTION

Sample Resolution of Board Support
FTA Section 5307, 5337, and 5339, and Surface Transportation Program Project Application

Resolution No. _____

AUTHORIZING THE FILING OF AN APPLICATION FOR FTA FORMULA PROGRAM AND SURFACE TRANSPORTATION PROGRAMS FUNDING FOR (project name) AND COMMITTING THE NECESSARY LOCAL MATCH FOR THE PROJECT(S) AND STATING THE ASSURANCE OF (name of jurisdiction) TO COMPLETE THE PROJECT

WHEREAS, Moving Ahead for Progress in the 21st Century (MAP-21, Public Law Public Law 112-141) continues and establishes new Federal Transit Administration formula programs (23 U.S.C. §53) and continues the Surface Transportation Program (23 U.S.C. § 133); and

WHEREAS, pursuant to MAP-21, and the regulations promulgated there under, eligible project sponsors wishing to receive Federal Transit Administration (FTA) Section 5307 Urbanized Area, Section 5337 State of Good Repair, or Section 5339 Bus and Bus Facilities (collectively, FTA Formula Program) grants or Surface Transportation Program (STP) grants for a project shall submit an application first with the appropriate metropolitan transportation planning organization (MPO), for review and inclusion in the MPO's Transportation Improvement Program (TIP); and

WHEREAS, the successor legislation to MAP-21 is anticipated to continue authorization of the FTA and STP funding programs; and

WHEREAS, the Metropolitan Transportation Commission is the MPO for the San Francisco Bay region; and

WHEREAS, (applicant) is an eligible project sponsor for FTA Formula Program or STP funds; and

WHEREAS, (applicant) wishes to submit a grant application to MTC for funds from the FY2014-15 or FY2015-16 FTA Formula Program or STP funds, for the following project(s):
(project description) .

WHEREAS, MTC requires, as part of the application, a resolution stating the following:

1) the commitment of necessary local matching funds of at least 20% for FTA Formula Program funds, and 11.47% for STP funds; and

2) that the sponsor understands that the FTA Formula Program and STP funding is fixed at the programmed amount, and therefore any cost increase cannot be expected to be funded from FTA Formula Program or STP funds; and
3) the assurance of the sponsor to complete the project as described in the application, and if approved, as programmed in MTC's TIP; and
4) that the sponsor understands that FTA Formula Program funds must be obligated within three years of programming and STP funds must be obligated by January 31 of the year that the project is programmed for in the TIP, or the project may be removed from the program.

NOW, THEREFORE, BE IT RESOLVED by (governing board name) that (applicant) is authorized to execute and file an application for funding under the FTA Formula Program and/or Surface Transportation Program in the amount of ($request) for (project description); and

BE IT FURTHER RESOLVED that (governing board) by adopting this resolution does hereby state that:

1) (applicant) will provide ($ match amount) in local matching funds; and

2) (applicant) understands that the FTA Formula Program and STP funding for the project is fixed at ($ actual amount), and that any cost increases must be funded by the (applicant) from local matching funds, and that (applicant) does not expect any cost increases to be funded with FTA Formula Program and Surface Transportation Program funds; and

3) (project name) will be built as described in this resolution and, if approved, for the amount shown in the Metropolitan Transportation Commission (MTC) Transportation Improvement Program (TIP) with obligation occurring within the timeframe established below; and

4) The program funds are expected to be obligated by January 31 of the year the project is programmed for in the TIP; and

5) (applicant) will comply with FTA requirements and all other applicable Federal, State and Local laws and regulations with respect to the proposed project; and

BE IT FURTHER RESOLVED*, that (agency name) is an eligible sponsor of projects in the program for FTA Formula Program and STP funds; and

BE IT FURTHER RESOLVED*, that (agency name) is authorized to submit an application for FTA Formula Program and STP funds for (project name); and

BE IT FURTHER RESOLVED*, that there is no legal impediment to (agency name) making applications for FTA Formula Program and STP funds; and

BE IT FURTHER RESOLVED*, that there is no pending or threatened litigation which might in any way adversely affect the proposed project, or the ability of (agency name) to deliver such project; and

BE IT FURTHER RESOLVED, that (agency name) agrees to comply with the requirements of MTC's Transit Coordination Implementation Plan as set forth in MTC Resolution 3866; and

BE IT FURTHER RESOLVED that a copy of this resolution will be transmitted to the MTC prior to MTC programming the FTA Formula Program or Surface Transportation Program funded projects in the Transportation Improvement Program (TIP); and

BE IT FURTHER RESOLVED that the MTC is requested to support the application for the project described in the resolution and to program the project, if approved, in MTC's TIP**.**

*** Not required if opinion of counsel is provided instead.**

APPENDIX 2 – OPINION OF COUNSEL

Sample Opinion of Legal Counsel
FTA Section 5307, 5337, 5339 and STP Project Application

(Date)

To: Metropolitan Transportation Commission
Fr: (Applicant)
Re: Eligibility for FTA Section 5307 Program, FTA 5337 State of Good Repair Program, FTA 5339 Bus and Bus Facilities Program, and Surface Transportation Program (STP)

This communication will serve as the requisite opinion of counsel in connection with the application of (Applicant) _ for funding from the FTA Section 5307, 5337 or 5339 programs, or STP, made available pursuant to the Moving Ahead for Progress in the 21st Century federal transportation authorization (MAP-21, Public Law Public Law 112-141) or successor legislation.

1. (Applicant) is an eligible sponsor of projects for the FTA Section 5307, 5337 or 5339 programs, or the STP program.
2. (Applicant) is authorized to submit an application for FTA Section 5307, 5337 or 5339 funding, or STP funding for (project).
3. I have reviewed the pertinent state laws and I am of the opinion that there is no legal impediment to (Applicant) making applications FTA Section 5307, 5337 or 5339 program funds, or STP funds. Furthermore, as a result of my examinations, I find that there is no pending or threatened litigation which might in any way adversely affect the proposed projects, or the ability of (Applicant) to carry out such projects.

Sincerely,

_____
Legal Counsel

_____
Print name

Optional Language to add to the Resolution for Local Support

Project sponsors have the option of consolidating the 'Opinion of Legal Counsel' within the Resolution of Local Support, by incorporating the following statements into the Resolution of Local Support:

Resolved, that (agency name) is an eligible sponsor of projects in the FTA Formula Program and STP Programs; and be it further

Resolved, that (agency name) is authorized to submit an application for FTA Formula Program and STP funds for (project name); and be it further

Resolved, that there is no legal impediment to (agency name) making applications for FTA Formula Program and STP funds; and be it further

Resolved, that there is no pending or threatened litigation which might in any way adversely affect the proposed project, or the ability of (agency name) to deliver such project; and be it further

If the above language is not provided within the Resolution of Local Support, an Opinion of Legal Counsel is required as provided (Appendix 2).