Agenda Item 5

METROPOLITAN
TRANSPORTATION
COMMISSION

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Memorandum

TO: Policy Advisory Council DATE: May 6, 2015

FR: Craig Goldblatt

RE: One Bay Area Grant Program Cycle 2 Proposal

Background

The inaugural One Bay Area Grant Program (OBAG 1) was approved by the Commission in May 2012 (MTC Resolution No, 4035) to better integrate the region's federal highway funding program with California's climate statutes and the Sustainable Communities Strategy (SCS). OBAG supports Plan Bay Area, the region's SCS, by directing investments into the region's priority development areas, rewarding housing production, and providing a larger and more flexible funding program to deliver transportation projects. The successful outcomes of this program are outlined in the "One Bay Area Grant Report Card" which was presented to the MTC Planning Committee in February 2014. (http://files.mtc.ca.gov/pdf/OBAG_Report_Card.pdf)

OBAG 1 projects are nearing completion and there are now two years remaining of the OBAG 1 cycle (FY 2012-13 through FY 2016-17); therefore, it is time to begin discussing the upcoming funding cycle (OBAG 2) with stakeholders and the MTC Commission. This will provide sufficient lead time for regional program managers and county Congestion Management Agencies (CMAs) to design programs and select projects to use funds in a timely manner within the five-year period of OBAG 2 (FY 2017-18 through FY 2021-22).

Recommendations

Considering the positive results achieved to date in OBAG 1 and to extend the time frame to implement and track the effectiveness of OBAG towards meeting its policy goals, staff is recommending only minor revisions for OBAG 2. Listed below are principles that are guiding the proposed program revisions:

1. **Maintain Realistic Revenue Assumptions**:
   OBAG 2 funding is based on anticipated future federal transportation program apportionments. To avoid a shortfall, a conservative flat-line revenue projection sets the size of the program with a total of five years to get closer to maintaining near OBAG 1 funding levels.

2. **Support Existing Programs and maintain Regional Commitments as First Priority Recognizing Revenue Constraints**:
   The OBAG Program as a whole is expected to face declining revenues from $825 million in OBAG 1 to $750 million in OBAG 2. Therefore, staff is recommending no new

programs and to strike a balance among the various transportation needs that were supported in OBAG 1. Generally, funding levels remain at status-quo.

- The regional pot of funding decreases by 9%. With the exception of planning activities and escalation, programs are either maintained or decreased from their OBAG 1 funding levels.
- While the OBAG 2 county program decreases by 8%, this is somewhat offset by the addition of Federal-Aid Secondary Program (FAS), where appropriate / applicable, to the CMA local decision-making process, which was not part of OBAG 1.

Additionally, Transportations Enhancements (TE) revenues included in the OBAG 1 revenues are no longer available to the CMAs for programming since this fund source was eliminated under MAP 21 and folded into the new State Active Transportation Program.

The proposed OBAG 2 funding levels for the regional and county programs are presented below. See Attachment 1 for more details on these programs and a comparison with the OBAG 1 fund cycle.

Proposed OBAG 2 Funding

Programs	OBAG 2 Proposed Funding (million $, rounded)
Regional Planning Activities	$10
Regional PDA Planning and Implementation	$20
Pavement Management Program	$9
Priority Conservation Area Program	$10
Climate Initiatives	$22
Regional Operations Programs	$160
Transit Priorities Program	$182
County CMA Program	$338
OBAG 2 Total	$750

3. **Support the Plan Bay Area's Sustainable Communities Strategy by Linking OBAG Funding to Regional Needs Housing Allocation (RHNA), Housing Production, Affordable Housing, and Smart Growth Goals**:
There are proposed to be few changes to policies in OBAG 2, which have worked well in OBAG 1. (See Attachment 2.)

- PDA Investment targets stay constant: 50% for the four North Bay counties and 70% for the remaining counties.
- PDA Investment Growth Strategies, now fully completed, should play a stronger role in guiding the County CMA project selection and be aligned with the countywide plan update cycle.

- The county OBAG 2 distribution formula is revised slightly to further weight past housing production against future RHNA housing commitments; and affordable housing shares within each of these categories will be increased by 10%. (Population 50%; Housing Production 30%; and Housing RHNA 20%, with housing affordability at 60%). Also the OBAG 2 county fund distribution formula now uses ABAG's most recently updated RHNA and housing production data. The resulting county shares are summarized in the table below.

County	OBAG 1 Actual Distribution	OBAG 2 Proposed Formula
Alameda	19.6%	20.8%
Contra Costa	14.1%	13.1%
Marin	3.3%	2.5%
Napa	2.3%	1.4%
San Francisco	12.0%	14.4%
San Mateo	8.3%	8.6%
Santa Clara	27.3%	28.7%
Solano	6.0%	4.6%
Sonoma	7.3%	5.9%

4. **Continue Flexibility and Local Transportation Investment Decision Making**: OBAG 2 continues to provide the discretion and the same share of the funding pot (40%) to the CMAs for local decision-making. Also, two regional programs, Safe Routes to Schools and the Federal-Aid Secondary programs, have been consolidated into the OBAG county program with funding targets to ensure that these programs continue to be funded at specified funding levels.

5. **Cultivate Linkages with Local Land-Use Planning**: As a condition to access funds, local jurisdictions need to continue to align their general plans' housing and complete streets policies as part of OBAG 2 as required by SB 375 and other state laws. Those jurisdictions that have not updated their circulation element after 2010 to meet the State's Complete Streets Act requirements will need to adopt a complete streets resolution per the MTC model used for OBAG 1, if they have already not done so. (See Attachment 2.)

6. **Continue Transparency and Outreach to the Public Throughout the Project Selection Process:** CMAs will continue to report on their outreach process as part of their solicitation and selection of projects for OBAG. Each CMA will develop a memorandum addressing outreach, coordination and Title VI.

More specific details of recommended revisions and funding levels in OBAG 2 can be found in the attachments.

Next Steps

MTC Staff will present the OBAG 2 framework along with recommended revisions to various MTC advisory and working group meetings in May and June. The OBAG 2 proposal will then be presented to the Programming and Allocations Committee in June for their information and comment. This will be followed by additional outreach over the summer and fall. The final proposal is anticipated to be presented to the Commission in November for adoption, which will subsequently kick off the CMAs' project solicitation. (See Attachment 3 for full schedule.)

MTC staff is looking forward to discussing the next cycle of OBAG with you and to consider your suggestions for improvements to this program.

Attachments

CG: CG

J:\COMMITTE\Policy Advisory Council\Meeting Packets\2015\05_May_2015\05a_OBAG2 Initial Proposal Adv Council Memo May.doc

May 13, 2015

Attachment 1 - Revised

OBAG 2 Program Considerations	OBAG 1	OBAG 2
Regional Programs – REDUCE by 9%		(millions)
1. Regional Planning Activities – MAINTAIN funding with 2% escalation • Continue regional planning activities for ABAG, BCDC and MTC at current levels, with 2% escalation from final year of OBAG 1	$8	$10
2. PDA Planning and Implementation - MAINTAIN at OBAG 1 funding level • Maintain Regional PDA Planning and Implementation at OBAG 1 levels • Possibly rebrand to TOD Planning	$20	$20
3. Pavement Management Program - MAINTAIN at OBAG 1 funding Level Administered by MTC • Maintain PMP implementation and PTAP at OBAG 1 funding level	$9	$9
4. Priority Conservation Area (PCA) - MAINTAIN at OBAG 1 funding Level • Maintain OBAG 1 Programs: $5M North Bay & $5M Regional Program • Reduce match requirement from 3:1 to 2:1. • MTC funding to be federal funds. Support State Coastal Conservancy to use Cap and Trade and other funds as potential fund source for federally ineligible projects.	$10	$10
5. Climate Initiatives Program - MAINTAIN at OBAG 1 funding level • Maintain climate initiatives program to implement the SCS	$22	$22
6. Regional Operations – REDUCE by 13% • Freeway Performance Initiatives, Incident Management, Transportation Management System, 511, Rideshare • Focus on partnerships for implementation, key corridor investments, and challenge grant to leverage funding	$184	$160
7. Transit Priorities Program – REDUCE by 10% • BART Car Phase 1 • Clipper Next Generation System • Transit Capital Priorities (TCP), Transit Performance Initiatives (TPI)	$201	$182
	$455	**$413**
Local Programs		
❖ **Local PDA Planning – CMAs to fund at their discretion** Eliminate Local PDA Planning as a separate program. • PDA planning eligible under County program.	$20	-
❖ **Safe Routes to School (SRTS) - MAINTAIN SRTS Program. Redirect to CMAs** Managed by CMAs. Provide Safe Routes To School grants to local jurisdictions. • Maintain Safe Routes to School – Add to county shares. • Use OBAG formula rather than school formula • $25M minimum not subject to PDA investment requirements. • Counties may opt out if they have their own county SRTS program	$23	-
❖ **County Federal-Aid Secondary (FAS) – REDIRECT program to CMAs** Managed by CMAs. Provide FAS funding to Counties. • Fully fund county FAS requirement ($2.5 M per year). Funding not included in OBAG 1 because FAS requirement had been previously satisfied. • Farm to market projects eligible. • $13M guaranteed minimum not subject to PDA investment requirements	-	-
	$43	**-**
County CMA Programs – REDUCE by 8%		
❖ **County CMA Program**		
• Local PDA Planning optional through CMA County OBAG Program	-	-
• SRTS included in County OBAG program (use OBAG formula)	-	$25
• FAS included in County OBAG program (use FAS formula)	-	$13
• County CMA 40% base OBAG program	$327	$300
	$327	**$338**
Program Total	**$825**	**$750**

May 13, 2015

Attachment 2

OBAG 2 County Program Considerations

❖ County Generation Formula

- Continue existing PDA investment targets of 50% for North Bay counties and 70% for all others.
- Adjust county generation formula. Maintain population weighting factor while increasing housing production weighting factor, with housing affordability (very low and low) increased in weighting within both the Housing Production and RHNA.

OBAG Distribution Factors

	Population	Housing Production	Housing RHNA	Housing Affordability
OBAG 1 (Current)	50%	25%	25%	50%
OBAG 2 (Proposed)	50%	30%	20%	60%

❖ Housing Element

- HCD Certified Housing element by May 31, 3015

❖ General Plan Complete Streets Act Update Requirements

- For OBAG 1, jurisdictions required to have either a complete streets policy resolution ***or*** a general plan that complied with the complete streets act of 2008 as January 31, 2013.
- For OBAG 2 jurisdictions are currently required to have the general plan circulation element comply with the Complete Streets Act of 2008 prior to January 31, 2016.

  For OBAG 2, modify the requirement for funding:

  - Resolution ***or*** Plan (somewhat similar to OBAG 1): Jurisdictions must have either a complete street policy resolution ***or*** a circulation element of the general plan updated after 2010 that complies with the Complete Streets Act. This modified approach focuses on the local complete streets resolution while acknowledging the jurisdictions that have moved forward with an updated circulation element in good faith of OBAG 2 requirements.

❖ PDA Investment and Growth Strategy

- Currently OBAG requires an annual update of the PDA investment and growth strategy. For OBAG 2, require an update every four years with an interim status report after two years. The update would be coordinated with the countywide plan updates to inform RTP development decisions. The interim report addresses needed revisions and provides an activity and progress status.

❖ Public Participation

- Continue using the CMA self-certification approach and alter documentation submittal requirements to require CMA memorandum encompassing three areas: outreach, coordination and Title VI.

May 13, 2015 **Attachment 3**

OBAG 2 Tentative Development Schedule

May 2015

- **Outreach**
  - Refine proposal with Bay Area Partnership and interested stakeholders
  - Policy Advisory Council / ABAG

June 2015

- **Present Approach to Programming and Allocation Committee (PAC)**
  - Outline principles and programs for OBAG 2
  - Approve complete streets requirement

July-October 2015

- **Outreach**
  - Finalize guidance with Bay Area Partnership and interested stakeholders
  - Policy Advisory Council

November 2015

- **Commission Approval of OBAG 2 Procedures**
  - November Programming & Allocations Committee (PAC)
  - Commission approval of OBAG 2 procedures & guidance

December 2015 - September 2016

- **CMA Call for Projects**
  - CMAs develop county programs and issue call for projects
  - CMA project selection process
  - County OBAG 2 projects due to MTC (September 2016)

December 2016

- **Commission Approval of OBAG 2 Projects**
  - Staff review of CMA project submittals
  - Commission approves regional programs & county projects

NOTE:
2017 TIP Update: December 2016

February 2017

- **Federal TIP**
  - TIP amendment approval

October 2017

- **First year of OBAG 2 (FY 2017-18)**
  - On-going planning and non-infrastructure projects have access to funding

NOTE:
Plan Bay Area Update: Summer 2017

October 2018

- **Second year of OBAG 2 (FY 2018-19)**
  - Capital projects have access to funding

END