

Cap & Trade Framework



PTAC

October 19, 2015

Statewide Cap and Trade Programs: FY2015-16 and Beyond

Statewide Revenue Framework		FY2015-16 and Beyond Annual Funding (\$ millions)	State Agency
Total Generations	%	\$2,500	
Transit & Intercity Rail Capital Program	10%	\$250	CalSTA
Low Carbon Transit Operations Program	5%	\$125	Caltrans, CARB
Affordable Housing and Sustainable Communities Program	20%	\$500	SGC/HCD
Uncommitted Funding	40%	\$1,000	Unknown
High Speed Rail	25%	\$625	HSRA

- Assumes \$2.5 billion in statewide annual funding for FY2015-16 and beyond; actual revenues will be determined based on auctions



Revising the Region's Cap and Trade Framework

- **Staff proposes revising the framework based on:**
 - Higher revenue projections
 - Lessons learned from Round 1 awards
 - Additional program guidance

- **Proposed Schedule:**
 - October 14th Programming and Allocations Committee direction
 - October/November - Input from partner agencies, Policy Advisory Council, interested stakeholders
 - Staff recommendation for consideration in December



Regional Framework

- Plan Bay Area included \$3.1 billion in Cap & Trade Revenues over 25 year period
- Framework adopted in December 2013
- Proposed update to framework in December 2015

MTC Framework Category	MTC Framework Adopted Amount (28 years)	MTC Framework Proposed Amount (25 years)	Proposed Bay Area Share of Statewide Program
Core Capacity*	\$875	\$2,000	33% of TIRCP
Transit Operating	\$500	\$1,136	37% of LCTOP (54% of Rev and 19% of Pop-based)
OBAG	\$1,050	\$3,750	30% of AHSC
Climate Initiatives	\$275	TBD	TBD of 40% Uncommitted
Goods Movement	\$450	TBD	TBD of 40% Uncommitted
High Speed Rail	-	TBD	TBD of High Speed Rail
Total	\$3,150	\$6,886	

*24-years due to FY2015-16 advanced programming

Transit and Intercity Rail Capital

- Revenue estimates increased for this discretionary program
- Continue to support investments in the region's Core Capacity Challenge Grant Program – a \$7.5 billion regional commitment to fund key transit capital modernization and rehab needs
 - Increase funding for most core capacity projects
 - Assign an additional \$675 million to the BART to San Jose Phase 2 project
 - Hold \$200 million in reserve for future assignment

TIRCP Projects (in \$million, 24 years)	Adopted (MTC Res. 4030)	Proposed
BART: Train Control	\$126	\$ 250
SFMTA: Fleet Enhance & Expand	\$400	\$ 481
SFMTA: Facilities	\$ 67	\$ 67
AC Transit: Fleet Expansion	\$ 45	\$ 90
AC Transit: Facilities	\$162	\$ 162
VTA: BART to San Jose	\$ 75	\$ 750
Subtotal listed projects	\$875	\$1,800
Potential other projects*		\$ 200
Projected Revenue		\$2,000

*Could be added over time, depending on actual revenues or project needs/ timing.

Transit and Intercity Rail Capital

- **Funding increases align with TIRCP program goals of reducing greenhouse gases and modernizing state's transit system:**
 - **BART to San Jose:** Completes major link in regional rail network, providing strong GHG-reducing transit option
 - **BART Train Control:** Modernizes system, enhancing BART capacity, reliability, and safety
 - **Fleet Expansions:** Provides new vehicles allowing for service expansions for **SF Muni** and **AC Transit**



Low Carbon Transit Operating Program

- **Current MTC approved framework is \$500 million**
- **Formula program for state:**

Estimated LCTOP Revenue-based funds:	\$ 835 million
Estimated LCTOP Population-based funds:	\$ 302 million
Total Estimated LCTOP Funding:	\$1,136 million

- **Proposal:**
 - \$835 million revenue-based distributions to operators (formula)
 - \$302 million population-based fund distribution

Low Carbon Transit Operating Program

\$302 million population-based fund distribution options:

- **Option 1: Maintain existing framework**
 - \$89 million to existing framework
 - \$100 million to TPI-like MTC discretionary program
 - \$113 million to seamless transit/regional coordination programs

- **Option 2: Reinforce transit operating funds**
 - \$102 million to North Counties/ Small Operators
 - \$100 million to TPI-like MTC discretionary program
 - \$100 million to seamless transit/regional coordination programs

- Invest approx. **1/3** of funding to transit operators via formula, and

- Invest approx. **2/3** of funding in customer focused transit improvements



Affordable Housing and Sustainable Communities Program

- Tied to One Bay Area Grant Program in current MTC framework
- Bay Area could receive estimated \$3.7 billion from AHSC over 25 years, statewide discretionary program
- Draft revised guidelines currently out for comment, some significant program changes
- Proposal:
 - Continue to advocate for Bay Area projects and provide assistance to potential Bay Area applicants
 - Focus on affordable housing and Transit-Oriented Development-related transportation projects
 - Formalize MTC principles used for FY14-15 program



Climate Initiatives and Goods Movement

- **Current MTC framework includes these categories as placeholders, however, no corresponding state programs were enacted.**
- **40% of state Cap and Trade funding remains “uncommitted”**
- **Proposal:**
 - Remove reference and funding for Climate Initiatives and Goods movement, replace with TBD
 - Continue to advocate for funding for specific projects or programs as opportunities arise
 - Potential guides will be Climate Pilot Program, Goods Movement Plan, and Freight Emission Reduction Plan



High Speed Rail

- **25% of state Cap and Trade funding for High Speed Rail**
- **High Speed Rail Authority is part of the 9-party agreement to fund the Caltrain Electrification Program through High Speed Rail bonds (Prop 1A)**
- **Proposal:**
 - Continue coordination with High Speed Rail Authority on Bay Area segment and interoperability with existing services
 - Continue to advocate for funding for specific projects or programs as opportunities arise

Next Steps

Proposed Schedule:

- October 14th Programming and Allocations Committee direction
- October/November — Input from partner agencies, Policy Advisory Council, interested stakeholders
- Staff recommendation for consideration in December