

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. Programs and shares are based on current statute.



Statewide Funding Update

➤ Cap and Trade Auction Results

- Quarterly Auctions
- \$4 Billion has been raised since FY 2012-13
- Roughly tracking with MTC's framework, >\$2 billion per year

Date	Total Proceeds
February 2016	\$ 517 M
November 2015	\$ 657 M
August 2015	\$ 645 M
Prior Years	\$ 2,225 M
Total	\$ 4,044 M

➤ Two current state proposals

- Governor's FY2016-17 budget would add \$800 million to current TIRCP funding cycle (FY2016-17 and FY2017-18)
- Assembly Bill 1591 (Frazier)
 - Double TIRCP share to 20% of Cap and Trade revenues
 - Appropriate 20% of Cap and Trade to a new major freight corridors program



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
 - Partnership and Stakeholder Input

- **Proposed April 2016 MTC Actions:**
 - *Transit Operating* – Establish long-term framework to distribute population-based formula funds starting in FY2016-17.
 - *Transit Capital* – Increase long-term revenue projections and expand project endorsement strategy.
 - *Affordable Housing/Sustainable Communities* – Increase long-term revenue projections and regional target and update regional principles incorporating changes to the state program.



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 April 2016

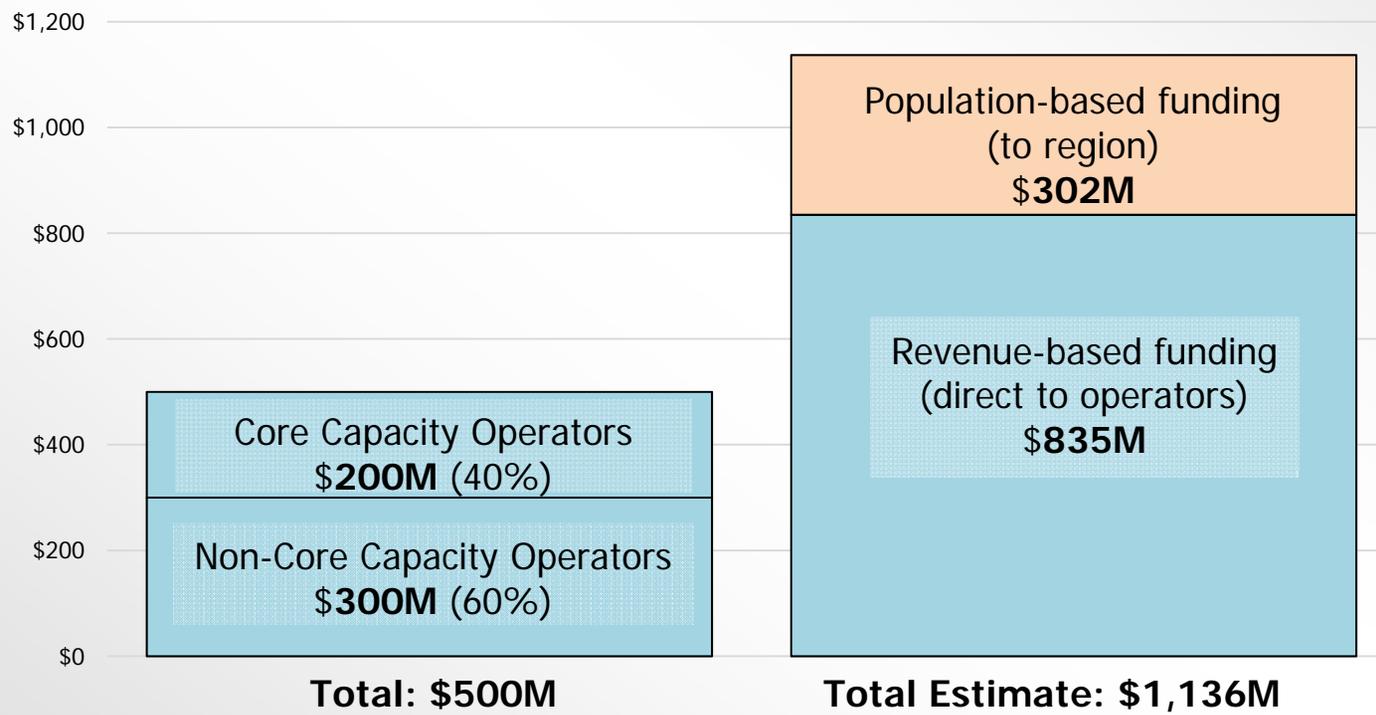
MTC Framework Category	MTC Framework Adopted Amount (28 years)	MTC Framework Proposed Amount (25 years)	Proposed Bay Area Share of Statewide Program
Core Capacity*	\$875	\$3,000	33% of TIRCP
Transit Operating	\$500	\$1,136	37% of LCTOP (54% of Rev and 19% of Pop-based)
OBAG	\$1,050	\$5,000	40% of AHSC
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	TBD	

*24-years due to FY2015-16 advanced programming

Transit Operating

Original MTC Framework (Dec. 2013)

Cap and Trade LCTOP Program



Based on Ridership
(overall, low income, minority)

Population-based funding: to region
Revenue-based funding: to operators,
based on STA formula



Transit Operating

- **Original MTC C&T Framework (2013)**
 - MTC's proposal approved prior to State program adoption
 - MTC's framework was based on \$500 million estimate, current estimate is \$1.1 billion
 - Limited core capacity operators (AC, BART, SFMTA) to 40% of operating program
- **Changing conditions.**
 - State adopted LCTOP distribution based on State Transit Assistance population/ revenue formulas
 - MTC's Core Capacity/ TIRCP framework proposed to expand:
 - \$750M for VTA (BART to San Jose)
 - \$100M for Caltrain (Electrification)
 - \$100M for Multiple Operators (High ridership Bus and Ferry)
- **Original proposal that limited core capacity operators to 40% has been outpaced by events**



Transit Operating

- MTC's has discretion on 27% of the LCTOP funding (population- based funds). Total estimated at \$302 million.

Distribution options for \$302 million:

- **1/3 Portion – Direct to Operators**
 - **Option 1:** \$89 million to existing framework
 - **Option 2:** \$102 million to North Counties/ Small Operators
- **1/3 Portion – Competitive funds to Operators**
 - Common to both Options
 - Approximately \$100 million to invest in key transit corridors (i.e. TPI), consistent with Transit Sustainability Project
- **1/3 Portion – Clipper**
 - Common to both Options
 - Approximately \$100 million to Clipper/ Fare Policy programs



MTC Staff recommendation is Option 2

Transit Operating

Population-Based Funds – Distribution Option 2

North Counties/ Small Operators
\$102 million

Key Corridor Transit Investments
\$100 million

Clipper and Fare Policy
\$100 million

Total: \$302 million (24 years)



Transit Operating

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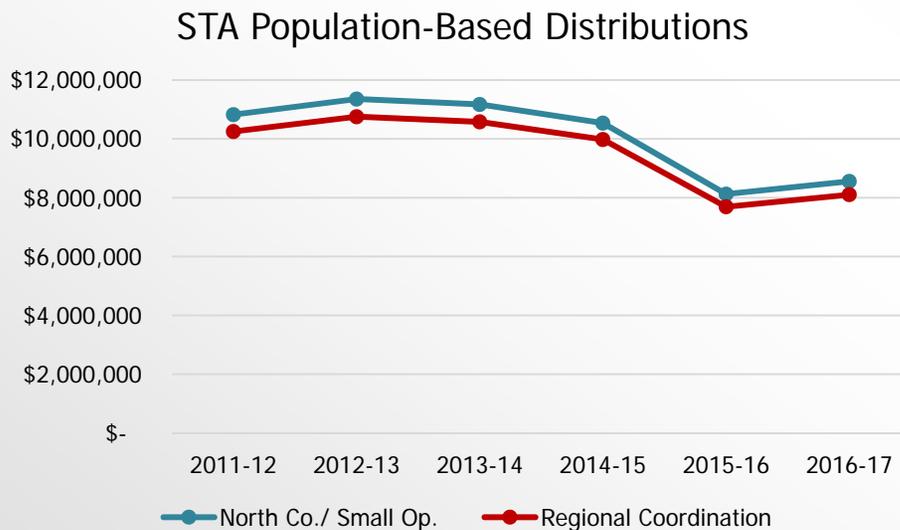
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\$100 million

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Transit Operating North Counties/Small Operators

- Leverage North Counties/Small Operators Revenue-based funds to provide opportunity for meaningful investments from LCTOP funds
- Backfill operating funding losses from STA



Bay Area STA Rev-based Distribution
 Big 7 Operators: 95%
 Small Operators: 5%
Limited funds available to connect passengers into larger systems and grow transit ridership

- FY 2015-16 LCTOP distribution is \$2.5 million, roughly equal to FY16 loss in STA population-based funds



Transit Operating

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Transit Operating

Key Transit Corridor Investments

- **Recommendation from Transit Sustainability Project:**
 - Improve reliability, speed, customer experience
 - Focus on high ridership corridors and transit hubs
 - \$82 million Commitment through OBAG 1
 - Only \$19 million in OBAG 2 (through FY22) to share between TPI/ TCP

Transit Performance Initiative Investment Program Rounds 1 & 2 (\$ millions)				
Agency	Project	Project Award	Agency Total	Percent to Agency
AC Transit	Line 51	10.5	15.5	28%
	South Alameda Corridors	5.0		
SFMTA	Mission Mobility	7.0	19.9	36%
	N-Judah	3.8		
	Potrero Ave	4.1		
	Colored Lanes	1.8		
	Muni Forward	3.2		
VTA	Light Rail TSP	1.6	10.3	19%
	Limited 323 TSP	0.7		
	Mountain View Double Track	8.0		
LAVTA	Dublin Blvd.	1.0	1.0	2%
Clipper	Phase 3 (Small Ops.)	8.0	8.0	15%
Total		54.7	54.7	100%



Transit Operating

Key Transit Corridor Investments

- **Projected annual amount for \$100M program: \$4.2M**
- **Leverage regional resources to invest in 1-2 key projects each year**
- **Distribution by formula will not result in meaningful investment around region**
 - Sample distribution, if formula is 50% total ridership, 25% low income ridership, 25% minority ridership:

Operator	Annual Amount (\$ millions)
SFMTA	1.8
BART	0.9
AC Transit	0.6
VTA	0.4
SamTrans	0.1
All others combined	0.4
Total	4.2



Transit Operating

Population-Based Funds – Distribution Option 2

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Transit Operating Clipper and Fare Policy

➤ Next Generation Clipper

- Declining STA population-based funds
- Anticipated revenues
 - Transit Capital Priorities - \$40M
 - FTA Funds
 - OBAG 2
 - LCTOP - Up to \$100M

➤ Cost of Clipper 1.0 capital: approx. \$165M



Transit and Intercity Rail Capital

- Fall 2015 framework proposal had revenue of \$2 billion
- Two new state proposals would add significant funding:
 - Governor's FY2016-17 budget: add \$800 million to current funding cycle (FY2016-17 and FY2017-18)
 - Assembly Bill 1591 (Frazier): doubles TIRCP share to 20% of Cap and Trade revenues

	Base Amount	Potential Amount
Current Funding Round	\$440 million	\$1.2 billion
24 Year Framework	\$2 billion	\$4 billion

- Based on Partnership input, proposed framework updates:
 - Increase 25-year revenue estimate to \$3 billion
 - Expand project endorsement strategy
 - Adopt small project endorsement policy for requests up to \$10 million conditioned on consistency with region's long range plan



Transit and Intercity Rail Capital

Agency	Project/Category <i>(all amounts \$ millions)</i>	Adopted MTC Framework Framework (2013)	October 2015 MTC Staff Proposal	Revised Staff Proposal March 2016
BART	Train Control	126	250	250
	Hayward Maintenance Center			50
	Fleet Expansion			200
	<i>BART Total</i>	126	250	500
SFMTA	Fleet Expansion	400	481	481
	Facilities	67	67	67
	Core Capacity Study Projects/ BRT			237
	<i>SFMTA Total</i>	467	548	785
AC Transit	Fleet Expansion	45	90	90
	Facilities	162	162	50
	Major Corridors			200
	<i>AC Transit Total</i>	207	252	340
VTA	BART to San Jose	75	750	750
Caltrain	Electrification*			100
	EMUs			125
	<i>Caltrain Total</i>			225
Multiple Operators	TBD Expansion Projects: High Rider-ship Bus, Rail and Ferry Corridors		200	400
Region Total		\$ 875	\$ 2,000	\$ 3,000

*Assumes an equal or greater contribution from Cap and Trade High Speed Rail category.

Affordable Housing and Sustainable Communities (AHSC)

- **Minor update to regional endorsement principles at April Programming & Allocations Committee**
 - To align with revised state guidelines
 - To increase regional endorsements to 60% of statewide amount available, based on success in prior rounds
- **MTC reviewing concept applications for Sustainable Communities Strategy consistency**
- **Significant interest in program from local transit operators , cities, developers**



Next Steps

- Additional Partnership input
- April Commission consideration of LCTOP, TIRCP, AHSC framework updates
- Regional TIRCP and AHSC endorsements in May and July respectively

