



**METROPOLITAN
TRANSPORTATION
COMMISSION**

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Memorandum

TO: Planning and Operations Committee

DATE: February 13, 2004

FR: Deputy Executive Director

W.I.

RE: Transportation 2030 Phase 1 Commitments and Second Cycle STP/CMAQ/TE Programming

Background

In December 2003, the Commission approved Phase 1 commitments for Transportation 2030 (T-2030). These decisions were the result of months of collaboration and input from numerous stakeholders and partner agencies. Based on the adoption of Phase 1 commitments, staff expected to proceed with programming anticipated federal Surface Transportation Program (STP), Congestion Mitigation and Air Quality Improvement Program (CMAQ) and Transportation Enhancement Activities (TE) funds later this year.

Subsequently, the Partnership Board met on January 26th to discuss the T-2030 Phase 1 commitments in more detail. At this meeting, the congestion management agencies (CMA) presented a proposal on how to proceed with implementing Phase 1 T-2030 commitments under Second Cycle STP/CMAQ/TE programming in the context of the State of California's fiscal crisis (see Attachment 1).

Transportation 2030 Recommendations for Second Cycle Program

The first cycle of programming for the TEA-21 reauthorization period was approved by the Commission in June 2003. Even though Congress is still debating the final shape of the reauthorization bill, we believe it is prudent to do advance programming to take best advantage of these flexible federal funds when they are eventually released. The second cycle program would commit anticipated FY 2005-06 and 2006-07 STP/CMAQ/TE revenues. The T-2030 Phase 1 commitments fully utilize the anticipated appropriated revenues in the second cycle in the following program areas:

- Clean Air
- Regional Operations
- CMA Planning
- Transit Capital Shortfall
- Local Streets and Roads Shortfall
- Transportation for Livable Communities/ Housing Incentives Program (TLC/HIP)
- Regional Bicycle and Pedestrian Program

CMA Proposal

The CMA's programming principles would support full funding for the Clean Air Program, Regional Operations Program, CMA Planning, Transit Capital Shortfall, and Local Streets and Roads Shortfall programs in the second cycle. However, they recommend that the region consider deferring or suspending, in full or in part, the funding for the Regional Bicycle and Pedestrian Program and TLC/HIP program in the second cycle Program. The funds being deferred or suspended from the TLC/HIP and the regional bicycle and pedestrian program would be used on projects that have been previously committed to in the State Transportation Improvement Program (STIP) but face shortfalls

due to the lack of available funding at the state level (refer to Attachment 2 for details on the historical and anticipated funding targets for STP, CMAQ, and TE funds). Attachment 3 provides a general overview of the tradeoffs involved in suspending vs. deferring funds for these two programs.

Outstanding Issues

In addition to the CMA proposal on substituting STIP projects into the second cycle programming, the Commission's Phase 1 commitments for T-2030 included several follow-up tasks that must be resolved before programming can begin. Listed below are the critical issues that need to be resolved in preparation for a second cycle program policy adoption by the Commission in April.

Local Streets and Roads

The Partnership Board established a Local Streets and Roads Committee as a working group to the Partnership Technical Advisory Committee (P-TAC). This working group will discuss several options that allow each county the flexibility to use funding committed to Metropolitan Transportation System (MTS) roadway shortfalls for non-MTS roadway needs. Options under consideration include allowing jurisdictions to fund non-MTS roadways if they have a maintenance plan identifying priority streets to be repaired, verify that MTS roadways are in good condition, or contribute a significant local match to fund non-MTS roadways. The working group will meet on February 6 to discuss these options, and MTC staff will provide you with a status report at your meeting.

TLC/HIP

The adopted T-2030 Phase 1 commitments confirm the 2001 RTP commitment to a \$27 million annual TLC/HIP program beginning in FY 2003-04, of which two-thirds is a regional program and the remaining one-third is dedicated to the county programs. The CMA's have proposed to partially defer or suspend some of this commitment. The region must remain committed to programming a minimum of \$27 million in TLC projects in Second Cycle to fulfill our obligations under Transportation Control Measure C in the 2001 Federal Ozone Plan. Outstanding questions currently being considered are whether the region should suspend or defer programming, as well as how much funding should be programmed, and in what proportions (Regional TLC, Regional HIP, and County TLC/HIP) in the second cycle. MTC staff will work with the Partnership and the MTC Advisory Council to discuss these issues further.

Regional Bicycle and Pedestrian Program

Transportation 2030 created a Regional Bicycle and Pedestrian Program at \$8 million annually beginning in FY 2005-06. The CMA proposal would defer or suspend all or some of the funds in this program. We have established a Bicycle and Pedestrian Funding Task Force to address the policy development and funding issues, composed of partner agencies and bicycle/pedestrian advocates. The Task Force began meeting on February 4, and MTC staff will give you a status report at your meeting.

Next Steps

Various committee levels of discussions will be occurring over the next few months. We anticipate presenting the second cycle program policy to the Commission for adoption in April.

Therese McMillan

Attachment 1 – Proposed Principles

Attachment 2 – Second Cycle Program Funding Table

Attachment 3 – Second Cycle Program Deferral vs. Suspension Chart

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ATTACHMENT 1

Proposed Principles for Allocation of STP/CMAQ Funds A Crisis Management Proposal – “Sharing the Pain” Bay Area Congestion Management Agencies January 26, 2004

Preamble

The fiscal crisis currently facing the State of California has had disastrous consequences for the delivery of transportation projects and services. The state backlog of projects awaiting CTC approval but lacking funding reached \$600 million at the end of 2003, and is projected to increase to \$1.6 billion by June 2004. These amounts are part of a total of approximately \$2.5 billion in projects that were delayed or deferred by the California Transportation Commission in Spring 2003 due to a lack of projected funding.

At the same time, the promise of the TCRP Program for \$5 billion in new capital investment, and of Proposition 42 for an on-going investment of approximately \$1.25 billion annually in transportation – for local streets and roads, transit, and through the State Transportation Improvement Program (STIP) – is not being fulfilled, nor is it likely to be any time soon.

In this crisis mode, every transportation agency, including the MTC, needs to take a careful look at its priorities, particularly with respect to how new and uncommitted funding is used. Specifically, we suggest that the programming of federal surface transportation program (STP) and congestion mitigation/air quality program (CMAQ) funds that would flow to the region from an extension or renewal of TEA21 need to be considered in the context of the current fiscal crisis. This fiscal disaster is likely to last for at least the next two to three years, and will wreak havoc with planned improvements without positive action.

The key goals of this proposal are to stimulate the economy and to provide flexibility and balance in the upcoming programming cycles during this time of fiscal crisis.

Proposed Process and Principles for Allocation of STP/CMAQ Funds in the Next Few Years

Process. Prior to initiating a call for projects for any program funded by STP or CMAQ, MTC and its regional partners would assess the impacts of the State budget on transportation and adjust programming policies accordingly. No call for projects would be issued until the full impacts of the annual State budget are assessed and reported to the Commission and until programming policy has been adopted by the Commission, after input from the regional partners. Programming policy would be consistent with the principles outlined below.

Principles. These principles are proposed for allocation of STP/CMAQ funds within the region in the next two to three years. The following three categories would take priority over making new commitments, and the balance among these priorities would be agreed upon among the affected partners and MTC as part of developing programming policies:

- **Protection of the Existing System.** Preserving and protecting the existing system, within the policy levels established by MTC of Score 16 for transit and MTS systems investment for local streets and roads.
- **Transportation Control Measures.** TCMs contained in the Clean Air Plan.
- **Funds for Critical Committed Projects and Programs.** Funds for critical committed capital projects in the STIP and possibly the TCRP that will otherwise be delayed for several years and for ongoing programs with existing commitments to projects or under contract. Equity across the region, and balance among the projects chosen in this category would be necessary.

ATTACHMENT 2
Existing Programming Commitments*
 First Cycle STP/CMAQ/TE
 Commission adopted June 2003

(in \$ Millions)	FFY 2003-04	FFY 2004-05
Air Quality Management	\$ 12	\$ 28
Regional Operations Programs	\$ 24.5	\$ 39.5
Planning activities	\$ 4.5	\$ 4.5
OA Limitation carryover	\$ 95	\$ 48

Planned Programming to Meet T-2030 Commitments*
 Second Cycle STP/CMAQ/TE
 Scheduled Commission adoption October 2004

	FFY 2005-6	FFY 2006-07
Clean Air Program	\$6	\$3
Regional Operations Programs	\$33	\$27
Planning Activities	\$ 4	\$4
Local Road and Transit Shortfalls	\$ 56	\$56
TLC/HIP	\$ 27	\$45
Regional Bicycle and Pedestrian	\$8	\$8
TOTAL	\$134	\$143

Status of STIP Programming*
 MTC Region
 2002 STIP and upcoming 2004 STIP

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Programmed	209.2	170.8	196.7	99.0	190.9	0	0
Allocated	195.2	29.5	0	0	0	0	0
NEW 2004 STIP target	0	0	16.1	155.7	131.7	129.0	195.9

* Figures are represented in millions of dollars

Attachment 3

T-2030 Regional Program Investment Options

