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*Therese W. McMillan*  
Deputy Executive Director, Policy

**Programming and Allocations Committee  
February 8, 2006  
Minutes**

The meeting was called to order at 10:25 a.m. Committee members in attendance were Commissioners Haggerty (Chair), Ammiano, Blanchard, Dodd, Kinsey, Sartipi, Tissier, and Young; also present were Commissioners Rubin, McLemore, Giacomini, Halsted, and Torliatt.

The committee voted unanimously to approve the minutes of January 11, 2005 as submitted, with the exception of new Commissioner Tissier who was attending her first Programming & Allocations Committee meeting and therefore abstained.

**Consent Calendar**

The committee voted unanimously to refer the following resolution to the full Commission for adoption.

- Revision of FY 2005-06 State Transit Assistance (STA) Regional Discretionary Program. MTC Resolution No. 3693, Revised.

**Regional Programming**

The committee voted unanimously to refer the following resolutions to the full Commission for adoption.

- Proposed FY 2006-07 Annual Fund Estimate. MTC Resolution No. 3727.

Li Zhang explained that MTC is required under state law to publish an annual fund estimate prior to March 1<sup>st</sup> of every year; it is to include an estimate of transportation revenues that MTC allocates and the distribution of those funds. Funds included in the fund estimate are Transportation Development Act (TDA), State Transit Assistance (STA), AB 1107, and transit-related bridge toll revenues.

She said that although the Bay Area's economy has been steadily improving since 2004, the Bay Area is experiencing a slower recovery process compared to the rest of the state.

Based on improvements in sales tax receipts, most County Auditors made positive adjustments to current year's TDA estimates and projected moderate to optimistic growth for FY 2006-07. However, given some irregularities in recent sales tax disbursements, MTC staff will monitor the current year's disbursements closely and may advise a few operators that they may want to wait until the July end-of-year cleanup process to claim their FY 006-07 funding. For STA revenues, the statewide funding is expected to increase by 17% over the FY 2005-06 funding level due to the high fuel prices.

She also reported that due to the improving economy and the County Auditors' conservative original estimates for the current year, no rescissions are expected at the end of FY 2005-06, unlike the last three years when MTC had to rescind more than \$35 million in allocations. However, staff is still proposing an end-of-year cleanup to the FY 2006-07 fund estimate in July 2006 to allow MTC to reconcile FY 2005-06 estimates with the actual revenues.

With respect to the litigation underway regarding MTC's distribution of transit funding, Steve Heminger noted that the AB 1107 sales tax funding, which is one of the matters at issue in the litigation, is by statute allocated 75% to BART, with the remaining 25% at MTC's discretion to allocate among three eligible agencies: San Francisco Muni, AC Transit and BART. Currently none of this 25% goes to BART; and Muni and AC Transit each receive half, despite the fact that Muni carries significantly more passengers. He also noted that MTC is currently in discussions with BART about their repayment of a \$60 million loan for the San Francisco Airport BART extension. The \$12 million balance in STA funds that BART has may or may not become part of the discussion about satisfying that debt.

Commissioner Tom Ammiano commented on the San Francisco Muni share of the AB 1107 sales tax funds, noting that he would speak with the Executive Director of the San Francisco Municipal Transportation Agency about the past agreement to split the funds 50-50 between AC Transit and Muni.

- Regional Measure 2 (RM2) Proposed Capital and Operating Allocations. MTC Resolution Nos. 3719, Revised and 3722, Revised.

Melanie Choy said the two proposed capital projects for February are for the Real-Time Transit Program: 1) WestCAT is requesting \$0.5 million to develop a communications system that translates information from their current automatic vehicle location (AVL) system to real-time signage, and to purchase 20 signs; and 2) Caltrain is requesting \$2.7 million to expand the system that is currently on the SamTrans buses to the Caltrain system; in addition, they will purchase kiosks and signage for nine major Caltrain stations.

Under the RM2 operating program, Vallejo is requesting an allocation of \$1.8 million to continue running their RM2 express service on the I-80 corridor, and an allocation of \$2.7 million to continue running expanded ferry service that was initiated last year under the RM2 program.

Ms. Choy said that next month, in addition to the proposed allocations for March, staff will present a report on the progress of the projects that have been given RM2 allocations.

Commissioner Steve Kinsey asked whether the money for real-time projects comes from a specifically identified portion of RM2 funds. Ms. Choy replied that last year the Commission approved a set of eight projects to receive the \$20 million in RM2 funds designated for the Real-Time Information Program.

Public Comment: *Jerry Grace, an Oakland resident*, asked why there was such a big difference in the amounts of RM2 funds being allocated to WestCAT, Caltrain, and Vallejo. Alix Bockelman explained that for the capital program, there was an application and screening process and the amounts awarded were based on how well the applicant competed for the funds. For the operating program, there is a specific amount identified in the legislation for each operator to run its service.

- Agreement to exchange Sonoma Measure funds with Congestion Mitigation and Air Quality Improvement (CMAQ) funds. MTC Resolution No. 3731.

As background, Ross McKeown said that in the 1990s Santa Clara County borrowed approximately \$15-18 million in Surface Transportation Program (STP) funds and paid it back with local measure funds, thus creating the STP exchange program. Through the years, the Commission has approved \$22 million in exchange funds to projects that either had difficulty going through the federal-aid process or had elements that were not federally eligible. Sonoma County is now experiencing a cost increase on the Highway 101 project in Santa Rosa. They have approached MTC to ask us to provide them with CMAQ funds and they would in turn reimburse MTC on an agreed-upon scheduled basis. The repayment would give MTC the opportunity to replenish the exchange program, while allowing Sonoma County to proceed with their project.

### **Federal Programming**

The committee voted unanimously to refer the following resolutions to the full Commission for adoption.

- FY 2005-06 and FY 2007-08 Transit Capital Priorities Process and Criteria and FY 2005-06 thru FY 2006-07 Federal Transportation Administration (FTA) Sections 5307 and 5309 Fixed Guideway programs. MTC Resolution Nos. 3688, Revised and 3714, Revised.

Glen Tepke said that the Transit Capital Priorities Process and Criteria are the guidelines for programming Federal Transit Administration (FTA) Section 5307 and 5309 fixed guideway funds. The proposed amendment to that policy is for the programming of \$210 million in surplus funds in fiscal years 2006-07 and 2007-08 and amends the programs in those same years to add the projects that are funded with the surplus. The program that was brought to the Commission in

July 2005 had funds available for programming totaling \$925 million; however, eligible project costs considered for programming totaled only \$732 million. This left \$193 million in surplus funds for future programming. Revised revenue estimates subsequently increased the size of the surplus to \$210 million. Since July, MTC has worked with members of the Bay Area Partnership to develop a consensus on how these surplus funds should be programmed. The following proposed policy changes were approved by the Partnership Board at its December 5, 2005 meeting:

- A \$1 million set-aside for developing improved transit capital inventory;
- \$11 million to Caltrain to increase the caps on two high-scoring capital projects;
- The balance of funds split with 80%, or \$162 million, distributed using the TCP 10% flexible set-aside formula and 20%, or \$39 million, directed to security projects and to fund capital needs related to changes in the California Air Resources Board's fleet rule.

He said that the flexible set-aside portion of the surplus funds allows operators to develop their own priorities for funding projects, as illustrated in a sheet handed out at the meeting that showed how the operators elected to spend this portion of the surplus. The projects funded by the FTA formula surplus will be added to the Transportation Improvement Program (TIP) through TIP amendment 05-19, which will be brought to the Commission in March. At that time, any changes resulting from differences between the actual 2005-06 appropriations and MTC's revenue estimates will also be incorporated in that TIP amendment.

Commissioner John McLemore commented that VTA was not listed as one of the operators receiving these surplus funds. Mr. Tepke explained that VTA draws funding from the San Jose Urbanized Area (UA), and there were no surplus funds in that area. When Commissioner McLemore raised the point that the San Jose UA has a significant shortfall, Mr. Heminger responded that being in the San Jose UA is usually of great benefit to VTA because it means they don't compete with other major operators like BART and Muni for funding. But in this case, it means they don't benefit from the surplus in the San Francisco-Oakland UA. Alix Bockelman added that part of the formula for generating federal funds is based on ridership and amount of service provided. A recession thus has a double-edged sword: service cuts result in fewer riders, so an operator then receives less money, which makes it harder to augment service. There was a steeper drop in the San Jose Urbanized Area funds as a result of the fact VTA that ridership decreased more than the rest of the country.

Commissioner Kinsey said that in the last two years the Golden Gate Bridge, Highway & District (GGBHTD) has cut local service that Marin County contracts for with them by 30% and increased the hourly service charge by 250%. They have just entered into a five-year agreement with the county to provide a credit of TDA and STA money to the local transit district as a percentage of what they are going to claim as the federal and state recipient. He asked whether there was some way to allocate to the Marin County Transit District some portion of the \$4.2 million from the enhancements category of the surplus FTA flexible set-aside funds distributed to GGBHTD. He asked staff to look into whether it could be conditioned into it so that it's the same formula.

### **California Transportation Commission (CTC) Report**

Alix Bockelman reported that the CTC met last week in Sacramento. One of the items of note for the region is that the Bay Area received two supplemental vote allocations for projects that had higher than estimated bids: the Sonoma 101-Route 12 to Steele Lane project and the Marin 101 HOV project. Sonoma was issued an additional \$19 million, and the Marin project received an additional \$11 million. Ms. Bockelman also noted that the CTC discussed the Governor's proposal to transfer Prop 42 to transportation this year, which may allow the CTC to resume allocations as early as April. That would be welcome news for Bay Area projects still awaiting construction allocations this year. Finally, the region submitted its Regional Transportation Improvement Program (RTIP) to the CTC on January 30<sup>th</sup>. The Department of Transportation released its companion document, the Interregional Transportation Improvement Program (ITIP). Almost all of the ITIP funding was distributed to existing projects, mostly to cover cost increases.

### **Public Comment**

*Jerry Grace* said he was not clear of the difference between CMAQ, a funding source devoted to projects aimed at improving air quality, and a similarly named committee in San Mateo County. Chair Haggerty suggested he meet with staff to go over some of the acronyms.

The meeting was adjourned at 11:02 a.m.