



# **Transportation 2035: Investment Policies & Strategies Discussion**

Metropolitan Transportation Commission  
Partnership Board  
November 30, 2007

# Part One: Target Analysis

# Planning for a Better Future

## GOALS

**Economy**

**Environment**

**Equity**

## TARGETS

**REDUCE  
CONGESTION**

**REDUCE  
EMISSIONS  
& VMT**

**IMPROVE  
AFFORDABILITY**

## STRATEGIES

**Infrastructure**

**Pricing &  
Focused  
Growth**

# Infrastructure

## Freeway Operations

Capital cost: \$600 million

- Complete ramp metering and traffic operations system
- Limited carpool lane gap closures
- Complete traffic signal coordination



# Infrastructure

## High-Occupancy/Toll (HOT) Lanes and Bus Enhancements

Capital cost: \$10 billion

- Complete HOV/HOT network
- Expand express and local bus
  - Park & ride lots
  - Transit hubs
  - Direct ramps
  - Priority treatments to increase speed and reliability



# Infrastructure

## Regional Rail and Ferry

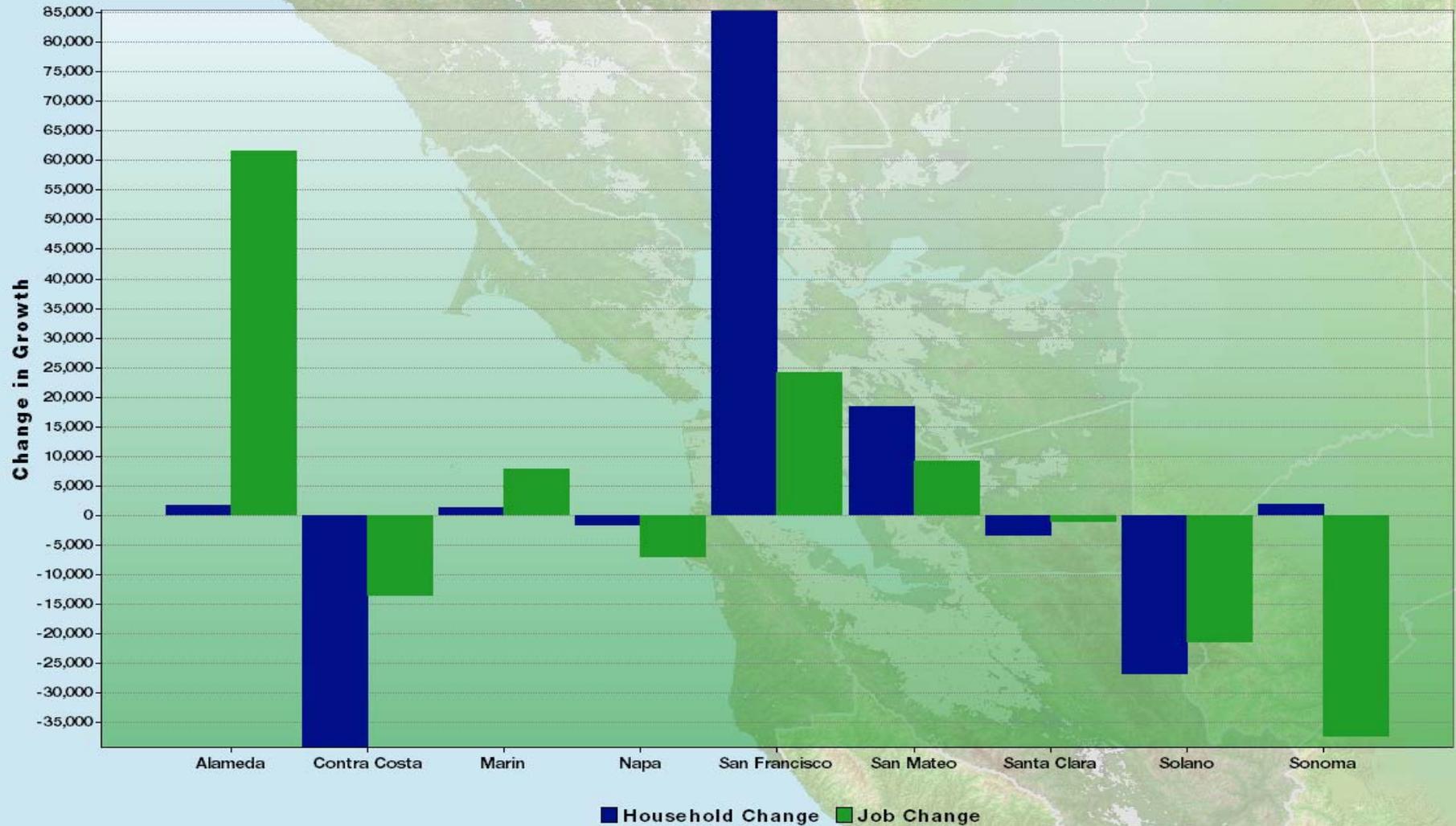
Capital cost: \$60 billion

- **Regional Rail**
  - Improvements and extensions
  - Build on California High-Speed Rail
- **Ferry**
  - New and enhanced routes



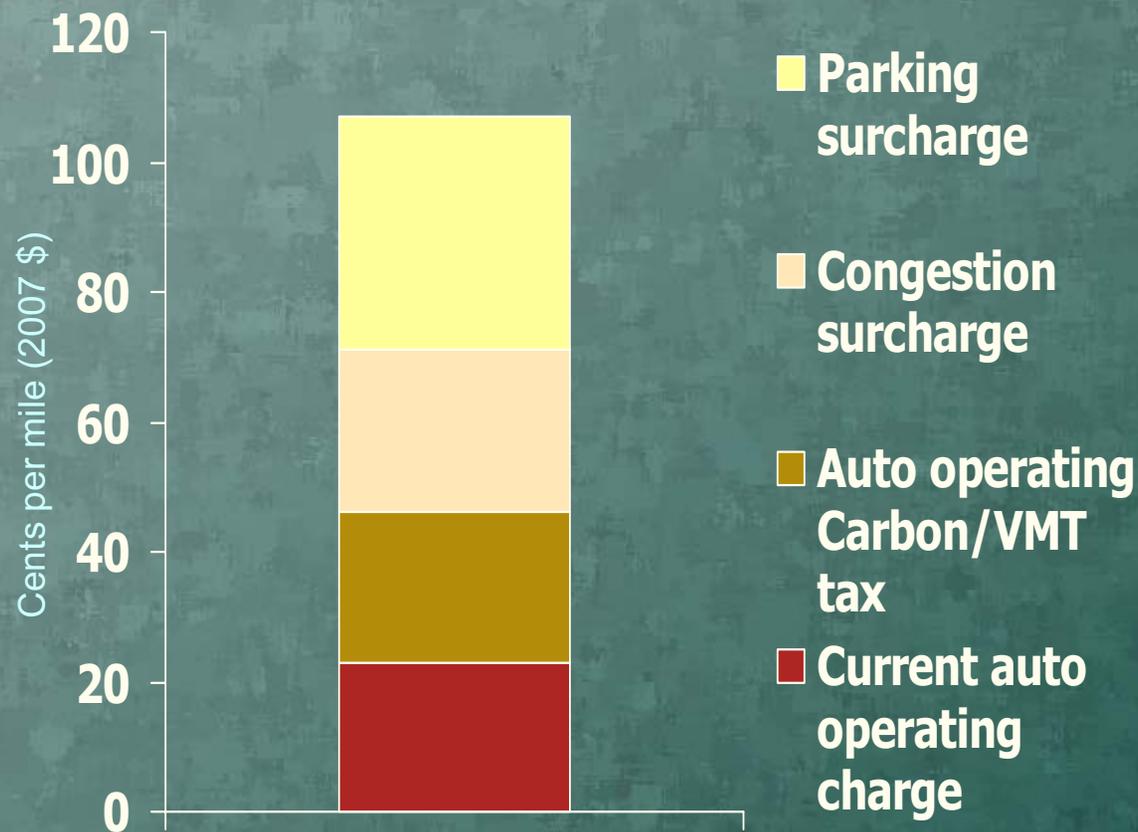
# Focused Growth

## Changes in Household and Job Growth from Projections 2007



# Transport Pricing

## Cost Increase for Typical Commute

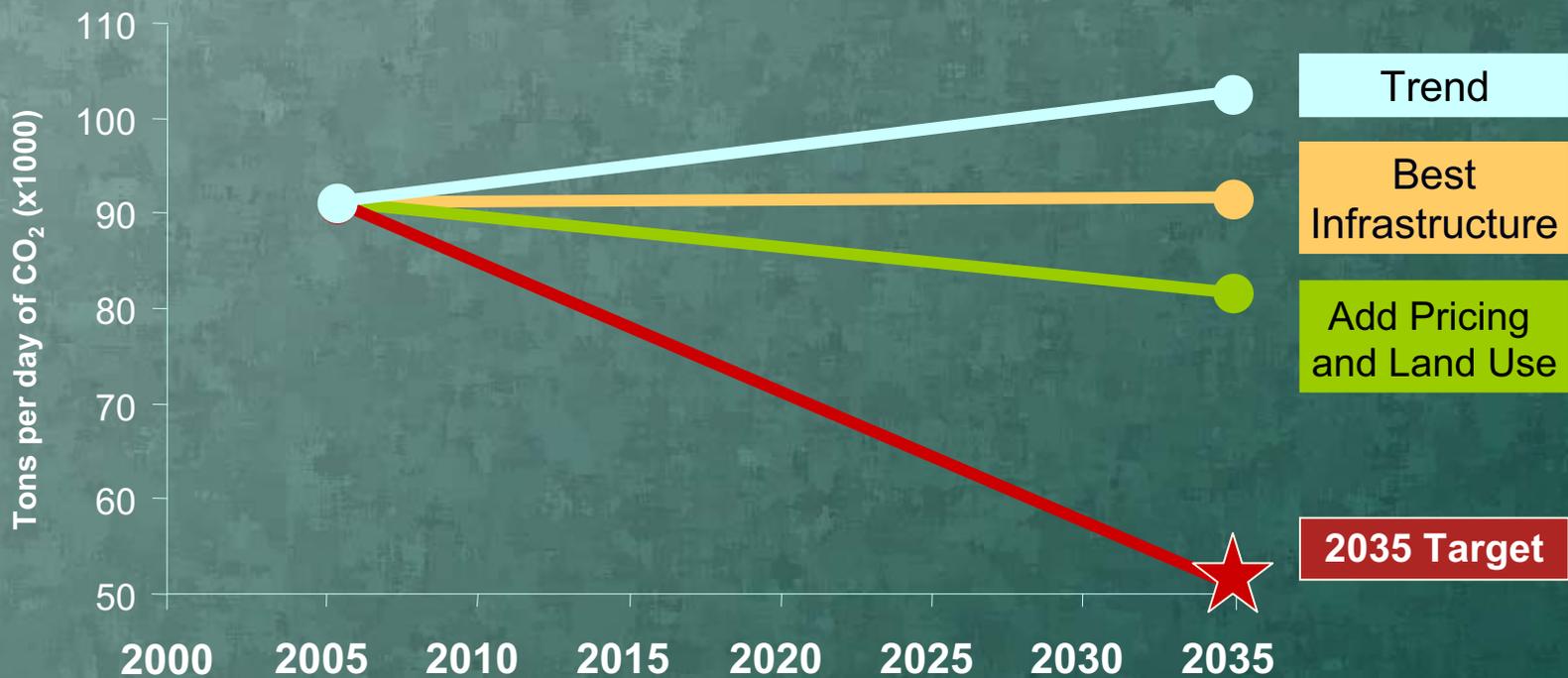


Note: Represents cost for typical commute trip.  
Does not reflect discounts for low-income travelers.

- Pricing package increases auto operating costs five-fold, with focus on peak congested times

# Assessing the Difference

**Environment:** Reduce CO<sub>2</sub> to 52,000 tons per day

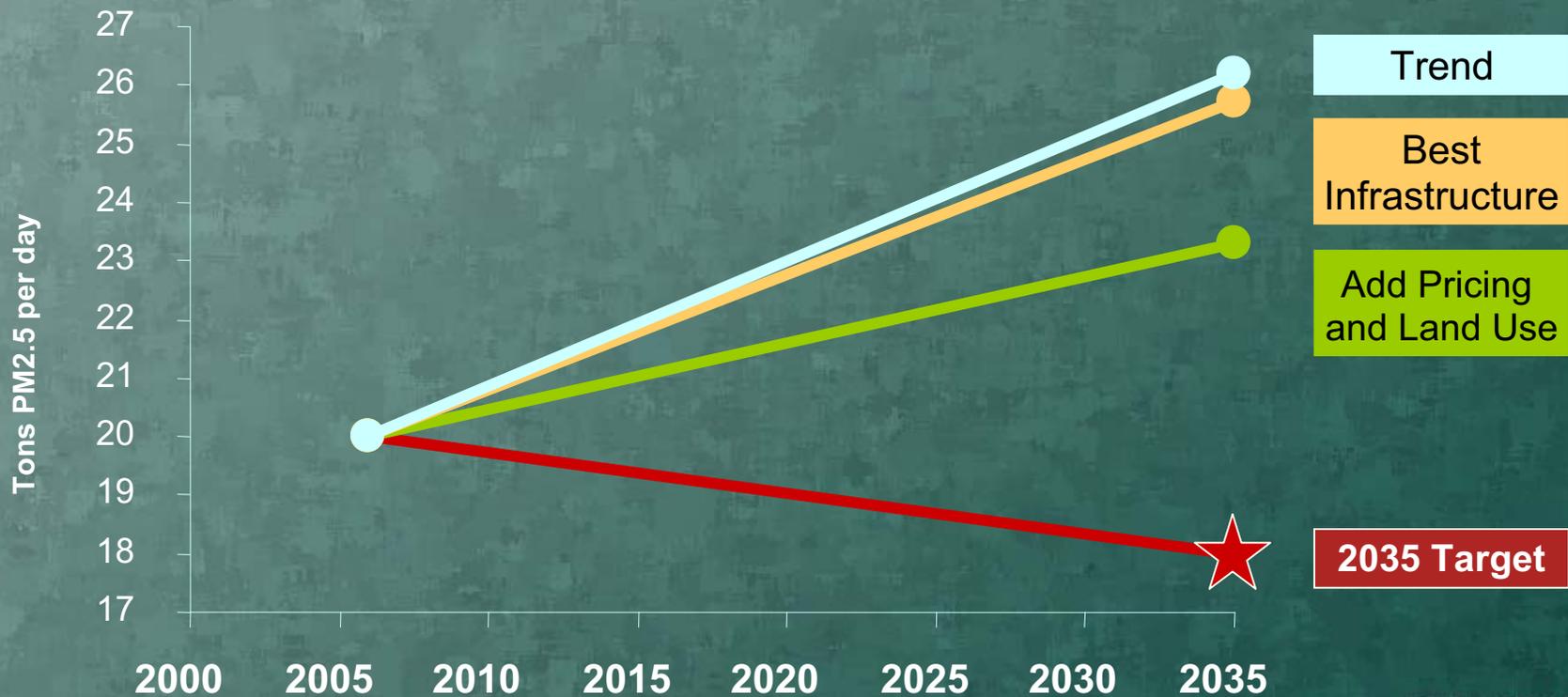


Note: Trend assumes current state laws and regulations, including fuel efficiency standards called for under state law passed in 2002, though currently in litigation (AB 1493, Pavley, 2002)

# Assessing the Difference

## Environment:

Reduce fine particulate emissions (PM2.5) to 18 tons per day

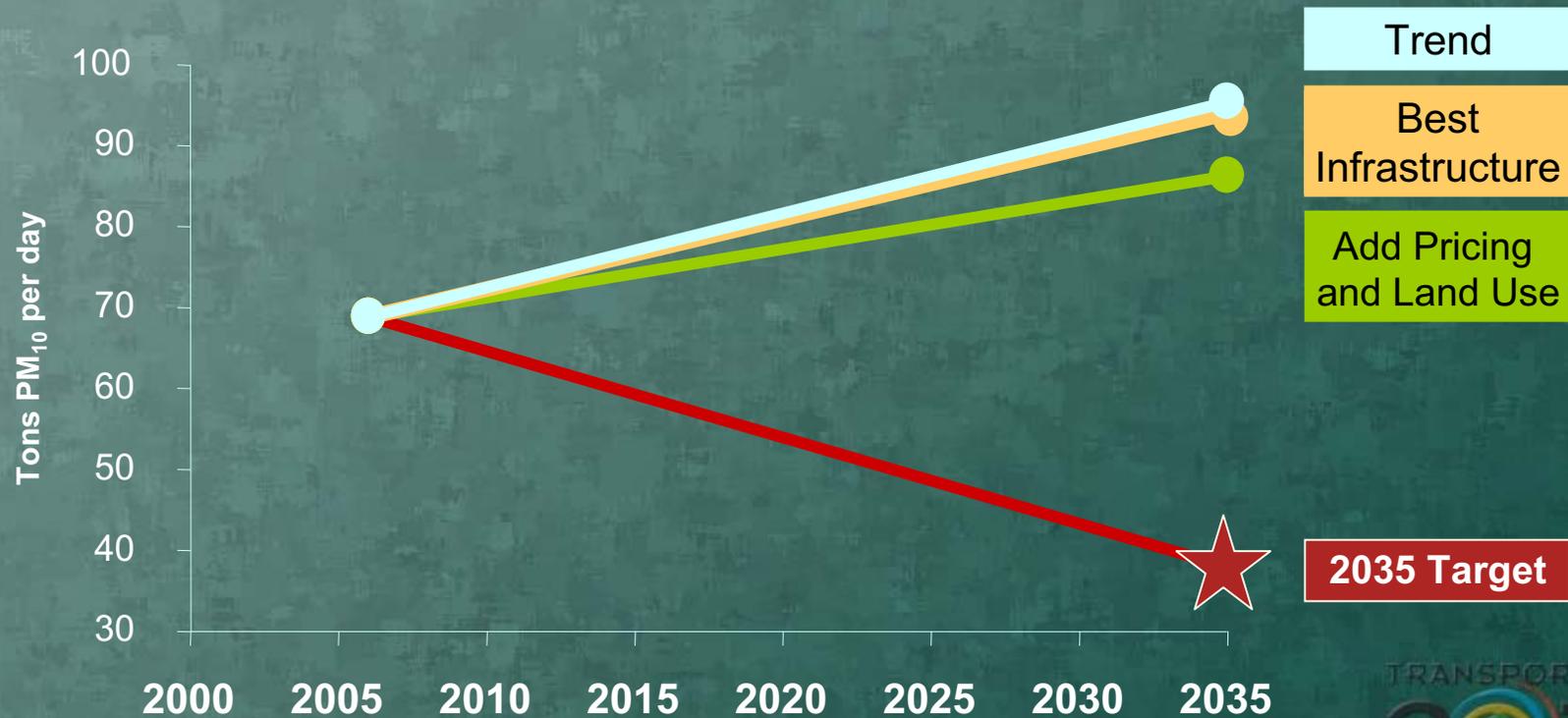


Note: Trend assumes current state laws and regulations that would reduce emissions from heavy-duty diesel engines (trucks)

# Assessing the Difference

## Environment:

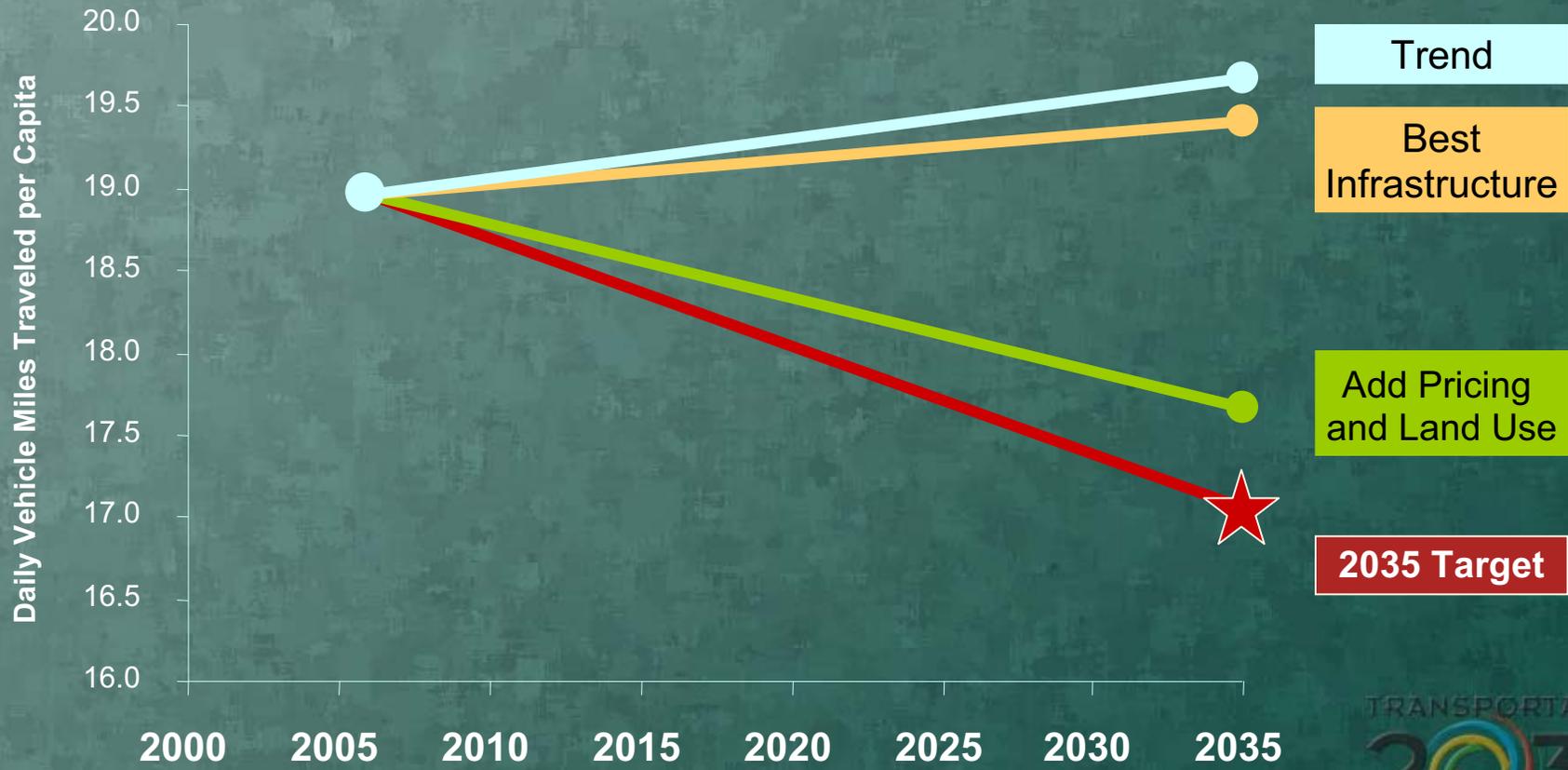
Reduce coarse particulate emissions ( $PM_{10}$ ) to 38 tons per day



# Assessing the Difference

## Environment:

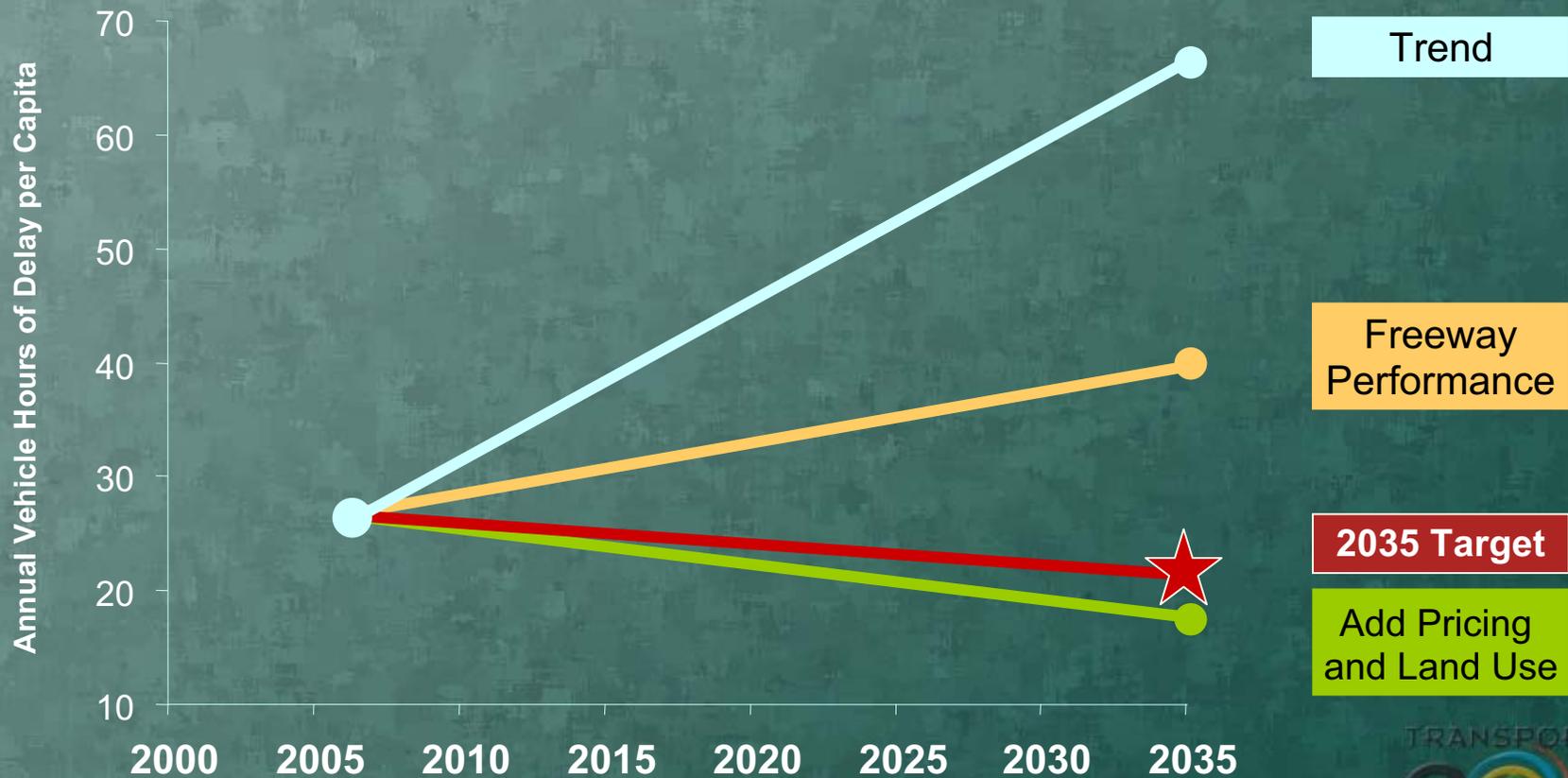
Reduce daily VMT to 17.1 miles per person



# Assessing the Difference

## Economy:

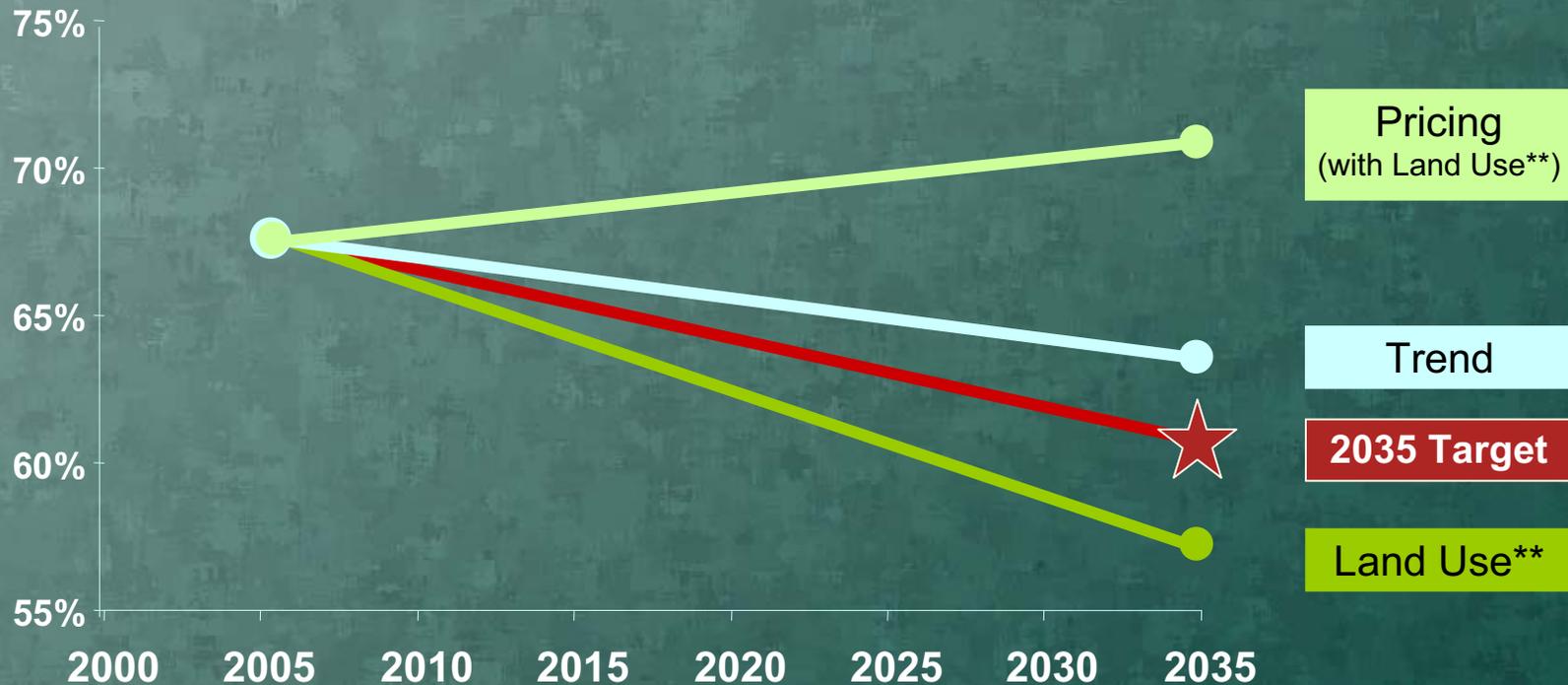
Reduce congestion delay per person to 21.3 hours a year



# Assessing the Difference

## Equity:

Reduce share of earnings low- and lower middle-income households spend on housing and transportation to 61%\*



\* Includes households with annual income less than \$70,000

\*\* Alternative land use assumes several billion annually in direct housing subsidies to low- and lower middle-income households

# What Did We Learn?

## SUMMARY:

- 1. Performance-based analysis frames more informed policy discussion**
- 2. Infrastructure alone does not achieve our targets, however, Freeway Operations is effective for congestion relief**
- 3. Pricing has much bigger effect – first step is with HOT network and SF Doyle Drive/cordon pricing**
- 4. Focused growth helps us reach targets in longer-term – first step is with FOCUS Priority Development Areas (PDAs)**

# Part Two: Public Opinion Poll Results

# Research Objectives



- Explore attitudes related to transportation, land use and global warming
- Identify residents' willingness to pay to reduce or limit greenhouse gas emissions
- Assess residents' opinions as they relate to current and future transportation investments, and local/regional governance



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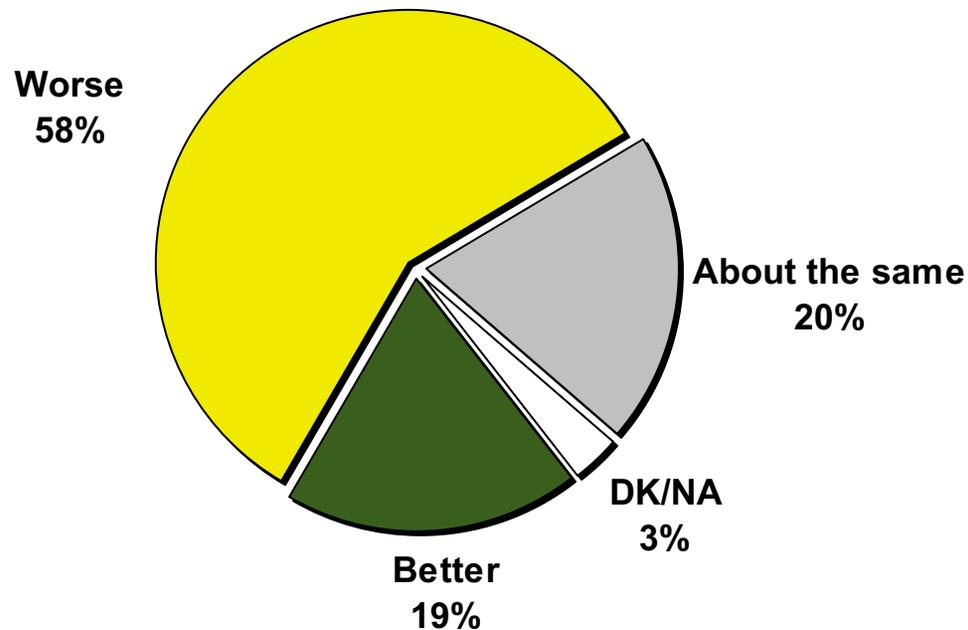


- Data Collection Methodology: Telephone Survey
  - Random Digit Dial (RDD)
  - Survey length: 15 minutes
- Sample Size: n=1,800
  - Adult Residents in 9 County Bay Area (5.31 million)
  - Margin of error +/- 2.3%
  - Offered in English, Spanish and Cantonese
- Field Dates: September 27 to October 22, 2007

# Perception of the Environment



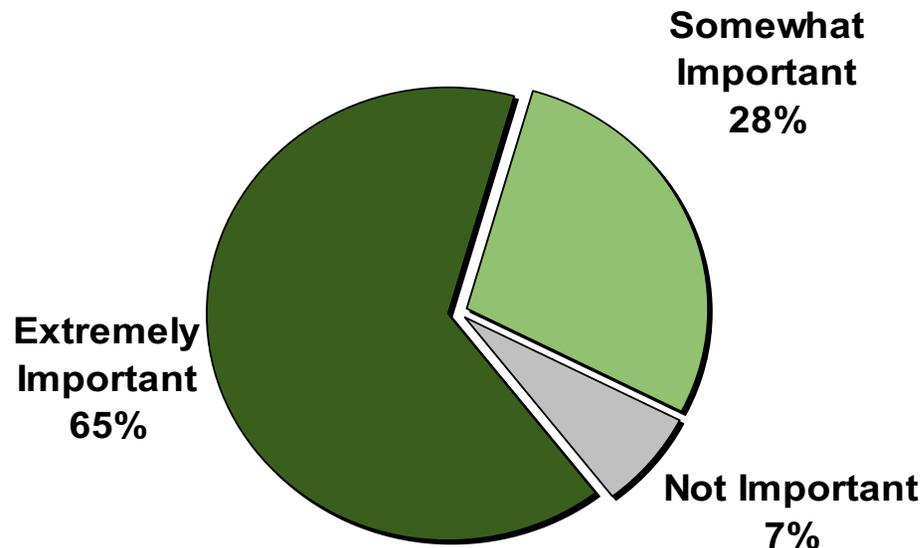
58% of Bay Area residents believe the condition of the environment will be worse 20 years from today.



# Importance of Global Warming



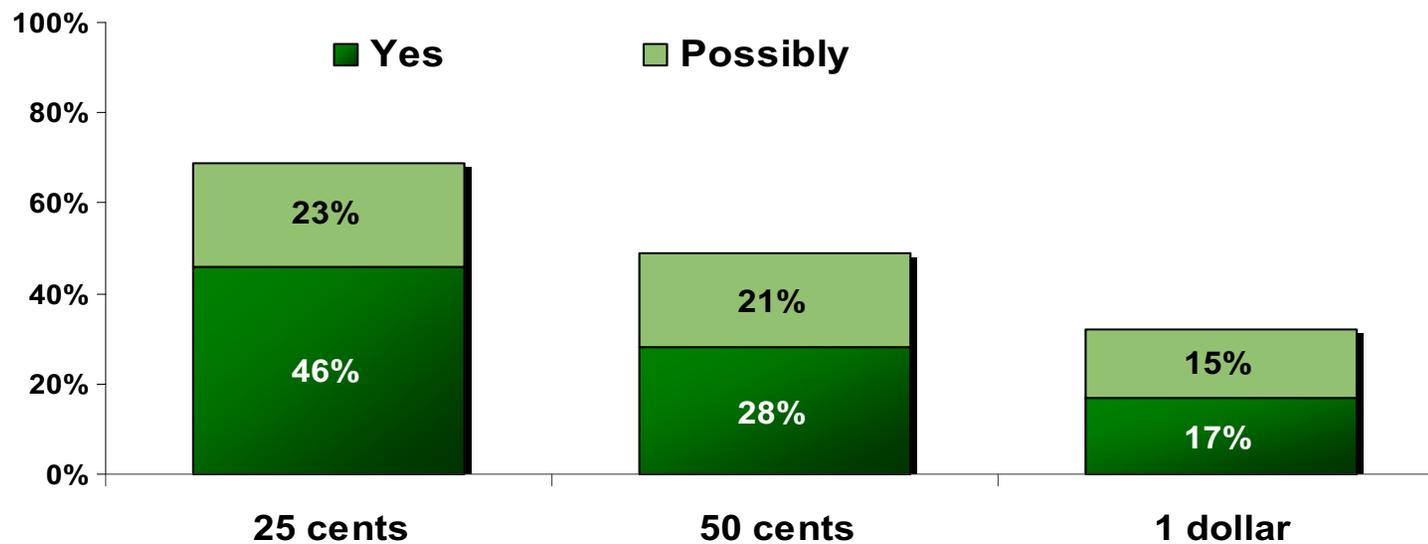
65% of Bay Area residents believe Global Warming is extremely important and should be one of the region's highest planning priorities.



# Willingness to Pay to Reduce GhG



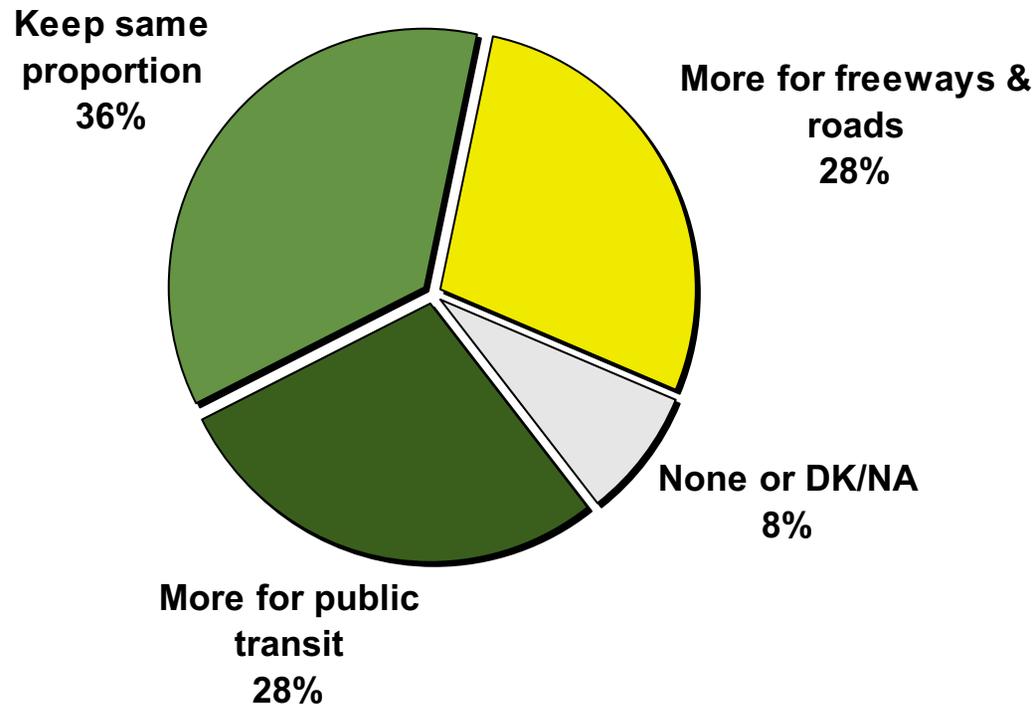
69% of Bay Area residents would consider (yes + possibly) paying 25 cents more for a gallon of gasoline if it was used to limit or reduce global warming.



# Budget Allocation



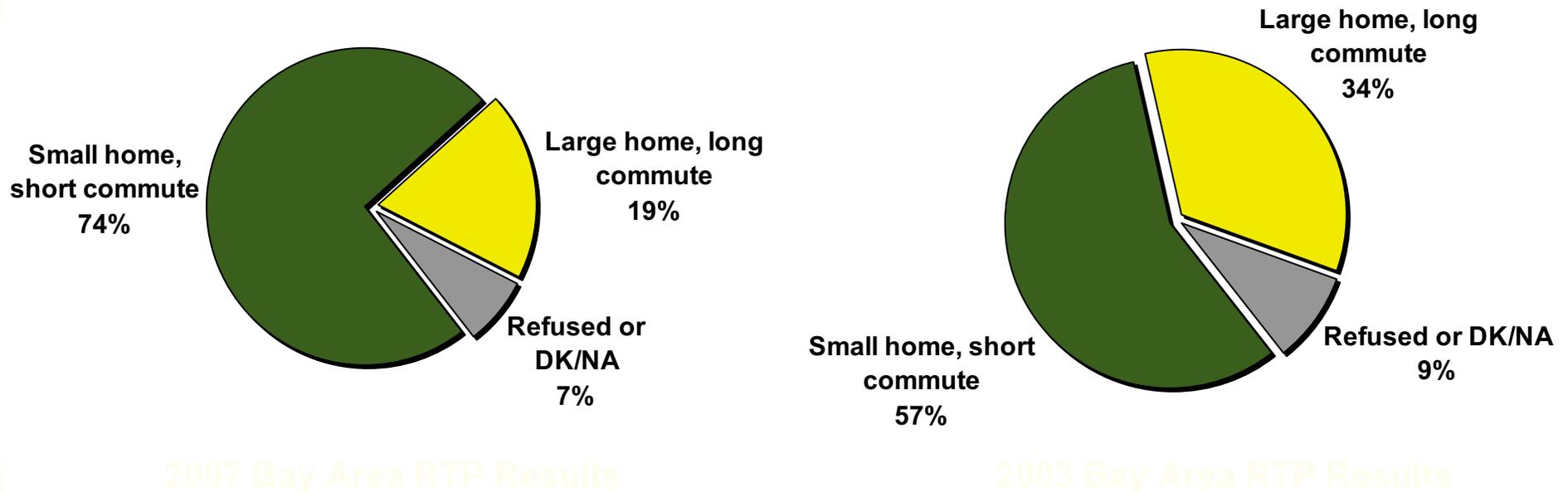
36% of residents preferred **keeping the same** proportion of resources allocated to public transit (2/3) and freeways and roads (1/3)



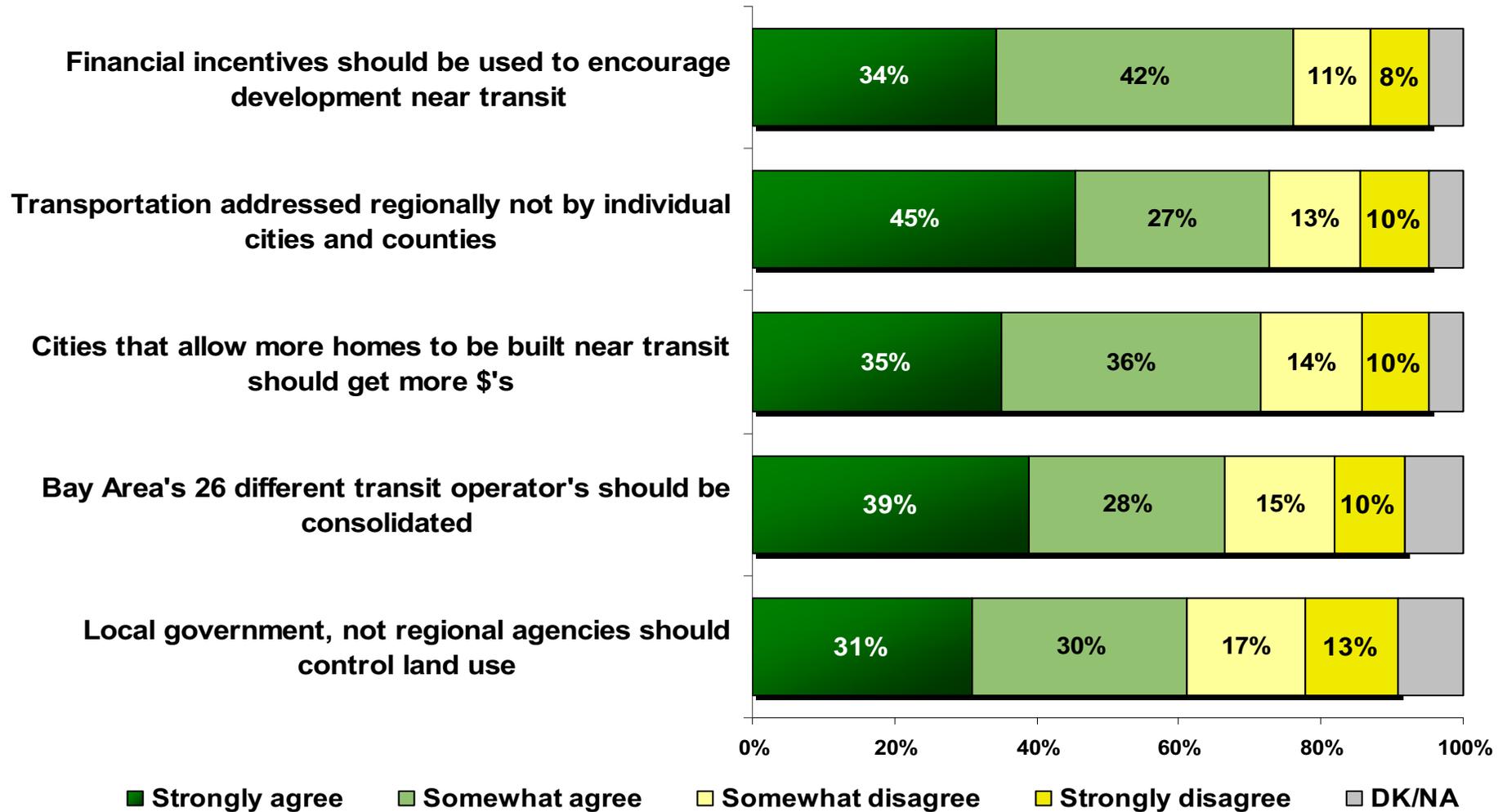
# Housing/Commute Trade-off



Over the last four years Bay Area residents increased their preference for smaller home with a short commute over a larger home with a long commute by 17%



# Regional Policy Priorities



# Part Three: Policy Questions

# Policy Questions

- 1. Should we adopt performance targets?**
- 2. How do we get the price right?**
- 3. How do we encourage focused growth?**
- 4. How do we implement the Freeway Performance Initiative?**

# **1. Should We Adopt Performance Targets?**

- **CO<sub>2</sub> and PM are the only two statutorily required targets (national PM2.5 designation pending)**
- **However, performance-based planning is a good idea, and targets help to focus our efforts on outcomes**
- **If we do adopt targets, should we set less ambitious numerical goals?**
- **Should we add targets to cover other goals?**

# Should We Add Targets to Cover Other Transportation 2035 Goals?

## Goals

**RELIABILITY**

**CLEAN AIR**

**CLIMATE PROTECTION**

**ACCESS**

**LIVABLE COMMUNITIES**

## Targets

**REDUCE CONGESTION**  
(20% from today)

**REDUCE VMT**  
(10% per capita from today)

**REDUCE EMISSIONS**  
(PM: 10-24% from today)  
(CO2: 40% below 1990)

**IMPROVE AFFORDABILITY**  
(10% reduction in transportation and housing costs)

Should other goals have targets?

**MAINTENANCE & SAFETY**

**SECURITY**

**FREIGHT**

# Policy Questions

- **Should we adopt performance targets?**  
**Commission consensus: Yes – targets can help inform investment decisions**
- **If we do adopt targets, should we set less ambitious numerical goals?**  
**Commission consensus: No, but monitor regularly and change if necessary**
- **Should we add targets to cover other goals?**  
**Commission consensus: Yes, and in particular, maintenance target is critical**

## 2. How Do We Get the Price Right?

- **HOT Network introduces pricing to freeway system; revenue raised pays for expanding the carpool lane system and regional express bus system**
- **Pilot pricing projects planned in Alameda, Santa Clara and San Francisco Counties**



# HOT Network Cost and Revenues [1]

billions, in escalated dollars

	Low Estimate	High Estimate
Gross revenue	\$11.7	\$16.7
Operations and maintenance cost	-\$2.6	-\$2.6
Debt service [2]	-\$8.9	-\$8.9
Net revenue	\$0.2	\$5.3

[1] For years 2015 through 2033

[2] Based on borrowing \$6.2 billion over 30-years. Debt service repayment continues through 2045 for a 30-year total of \$20.3 billion (escalated dollars)

# Freed-Up STIP Revenue By County [1]

millions, in escalated dollars

	In Transportation 2030	Post-Transportation 2030
Alameda	\$0	\$1,557
Contra Costa	\$0	\$414
Marin	\$146	\$0
San Mateo	\$0	\$185
Santa Clara	\$11	\$790
Solano	\$0	\$440
Sonoma	\$75	\$0
Regional ITIP	\$483	\$0
<b>TOTAL</b>	<b>\$715</b>	<b>\$3,485</b>

[1] For all projects not in the 2007 TIP

# Regional HOT Network

## Donor vs. Donee Counties



## Policy Question

### Are We Ready to Get the Price Right?

Should the Commission broker a consensus on a regional HOT network in the next few months so we can:

- a) Free up STIP revenue
- b) Include HOT network revenue

in the Transportation 2035 Plan?

**Commission Consensus: Yes – agreement on regional system as prerequisite to adding revenue and revenue is to provide regional transit options**



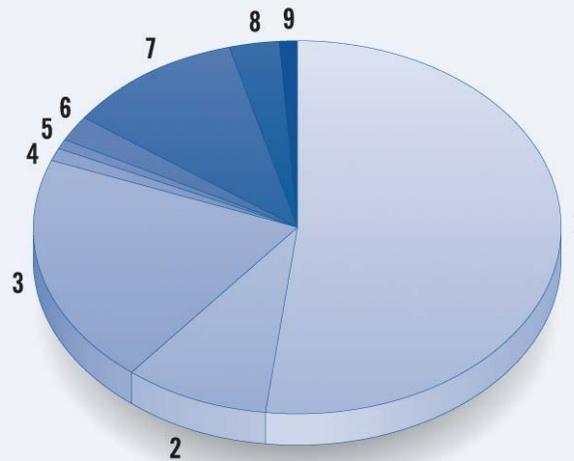
# 3. How Do We Encourage Focused Growth?

## Start with Solid Foundation

- \$118 billion spending plan is primarily focused on maintaining and operating the existing transportation system that serves the urban core

### Transportation 2030 Plan Expenditures

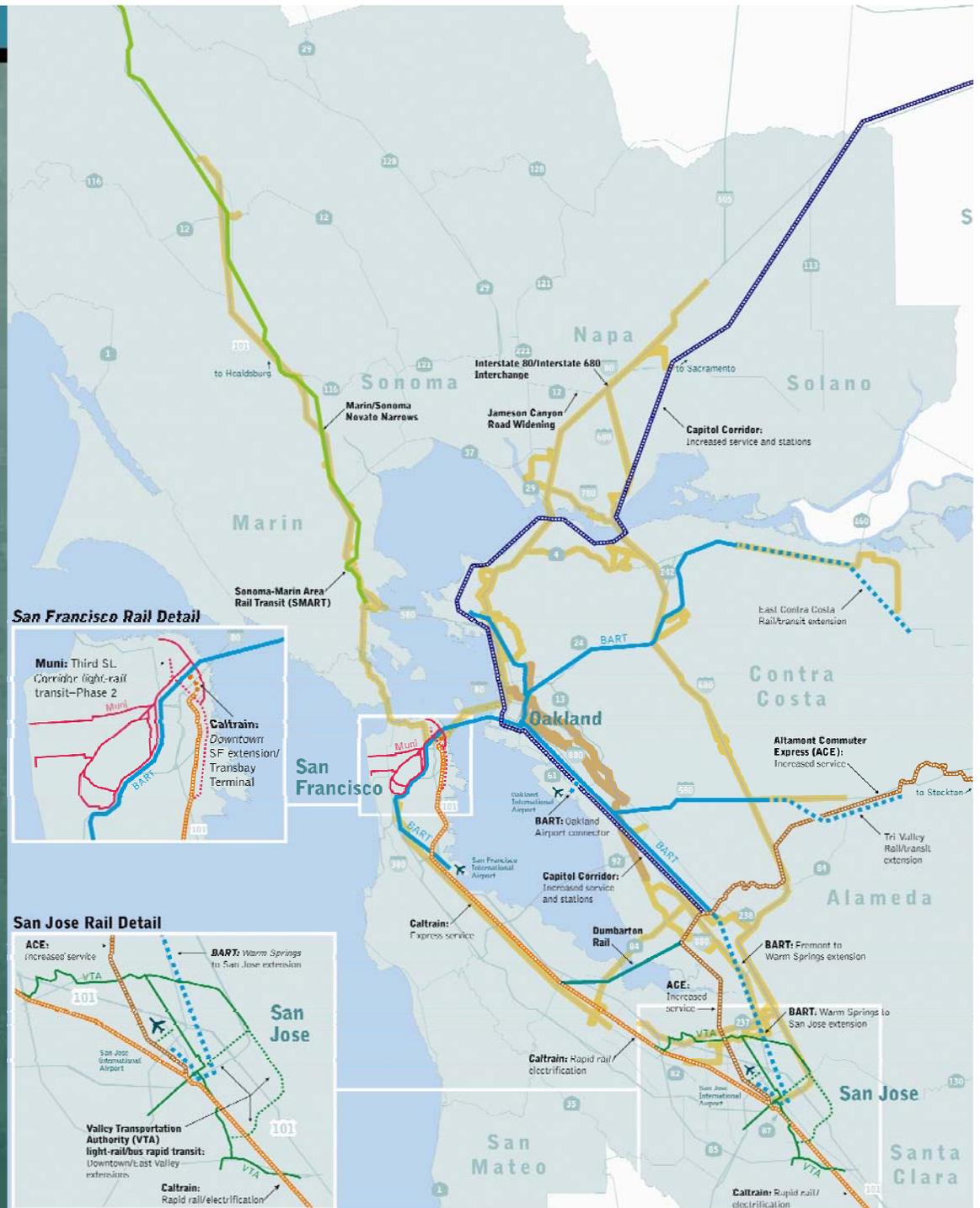
Financially Constrained Element



	Billions of Dollars	Percent of Total
<b>Adequate Maintenance</b>		
1 Transit	\$61	51%
2 Highway	\$10	9%
3 Local Roads	\$23	20%
<b>System Efficiency</b>		
4 Transit	\$2	1%
5 Highway	\$1	1%
6 Local Roads	\$2	2%
<b>Strategic Expansion</b>		
7 Transit	\$13	11%
8 Highway	\$5	4%
9 Local Roads	\$1	1%
<b>Total</b>	<b>\$118</b>	<b>100%</b>

- Resolution 3434 transit expansion conditioned to TOD, which supports infill and higher non-auto use

- 95% of Transportation 2030 resources are dedicated to operations & maintenance and transit expansion



# Adopted Priority Development Areas



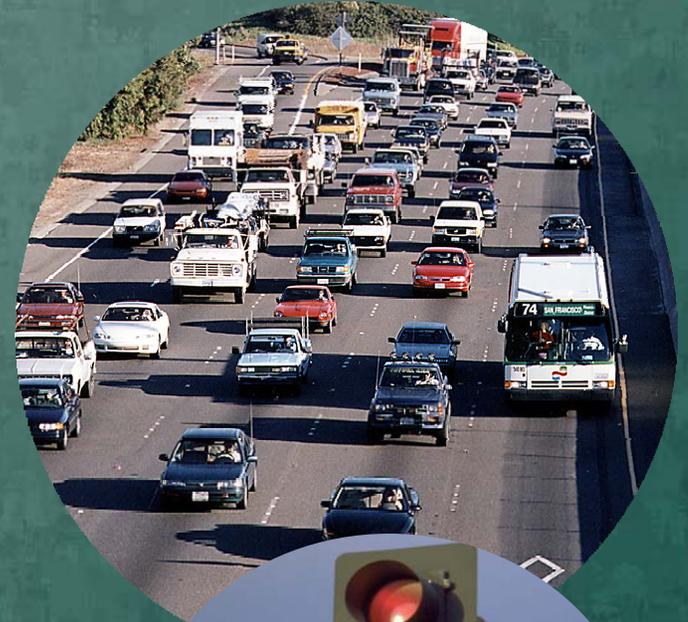
# Policy Questions

- **How do we encourage focused growth?**  
**Commission consensus: Funding incentives and CEQA reform (parking requirements)**
- **What sources of funds should we use:**
  - LSR? **Commission consensus: Leave LSR formula alone**
  - TLC? **Support TLC carve-out for PDAs**
  - New Revenues? **Pursue new revenues**
- **How should we structure the program (formula or competition?)**  
**Commission consensus: More discussion needed**

# 4. How Do We Implement FPI?

Capital cost: \$600 million

- Complete ramp metering and traffic operations system
- Limited carpool lane gap closures
- Complete traffic signal coordination

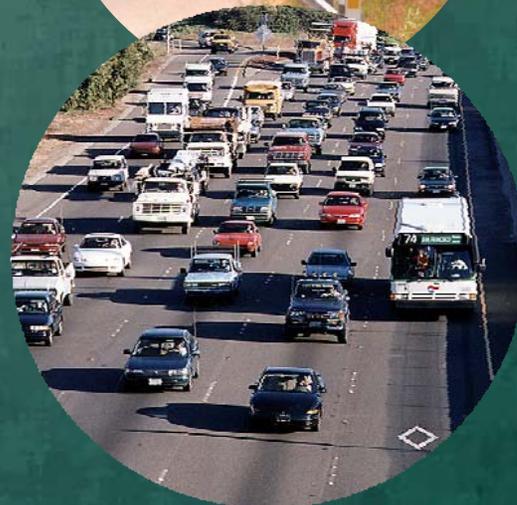


## 4. How Do We Implement FPI?

Should we direct “off the top” funding to FPI?

Should all local projects be required to include FPI elements?

**Commission consensus:  
Yes - “No brainer”; inclusion of ITS components supports existing Commission policy**

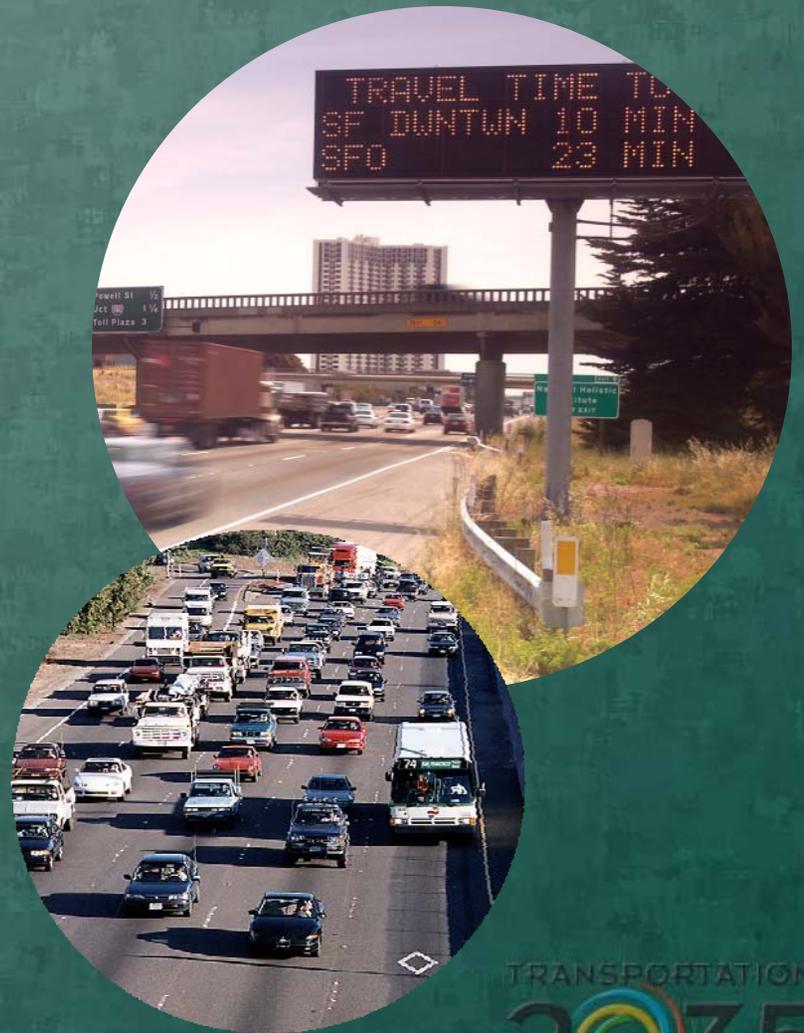


## 4. How Do We Implement FPI?

**Should we condition discretionary funding on ramp metering agreements?**

**Should we develop a similar initiative for transit?**

**Commission consensus: Support expressed; consider corridor needs**



# **Part Four: Prior Commitments & Revenues**

# Revisiting Prior Commitments – Committed Funds

## T2030 Prior Commitments

- **Committed Funds Criteria:**
  1. Local transportation sales taxes are committed
  2. Transportation funds for O&M programmed in 2003 TIP, specified by law, or defined by MTC policy are committed

## T2035 Prior Commitments

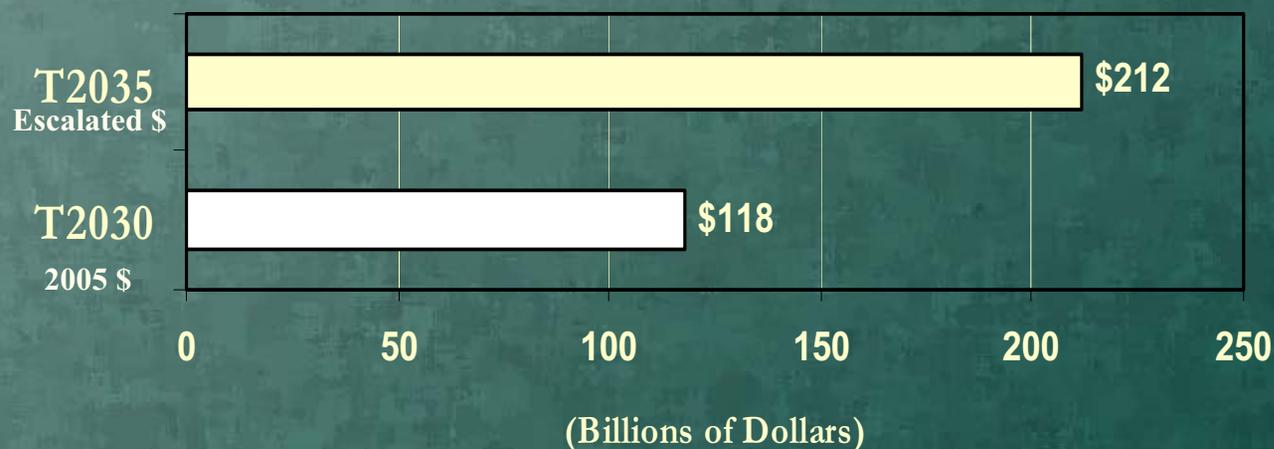
- **Proposed Committed Funds Criteria:**
  1. Locally generated or locally subvented funds are committed
  2. Transportation funds for O&M programmed in current TIP, specified by law, or defined by MTC policy are committed

# Revenue Projection Background

## Changes in Assumptions Since Transportation 2030:

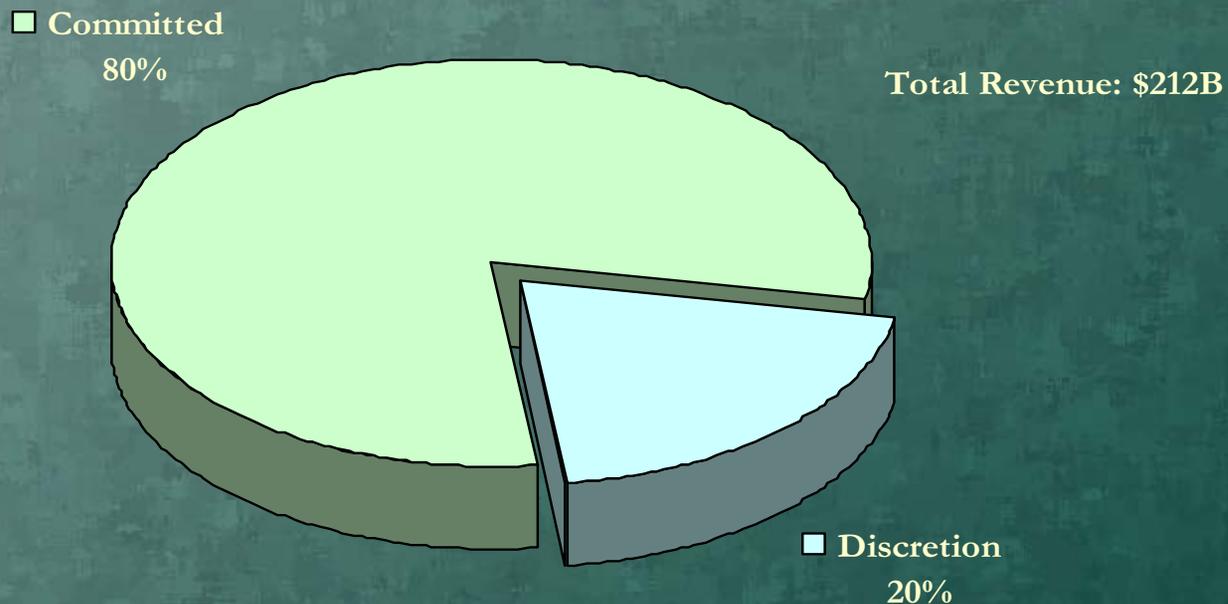
- Transitioning from current year dollars to escalated dollars (i.e., year of expenditure dollars) as required by SAFETEA
- Moving from conservative to moderate assumptions for certain funding sources

### 25-Year Revenue



# Committed vs. Discretionary Categorization

## Transportation 2035: Summary of Committed vs. Discretionary Funding

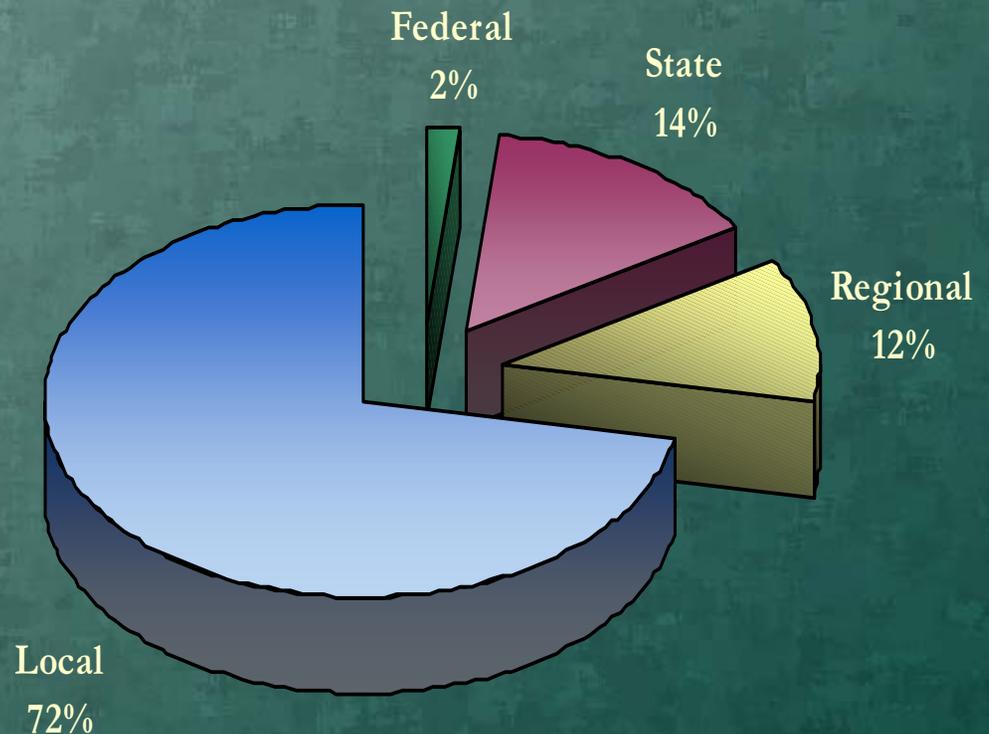


# Breakdown of Committed Funds

## Committed Revenue Sources:

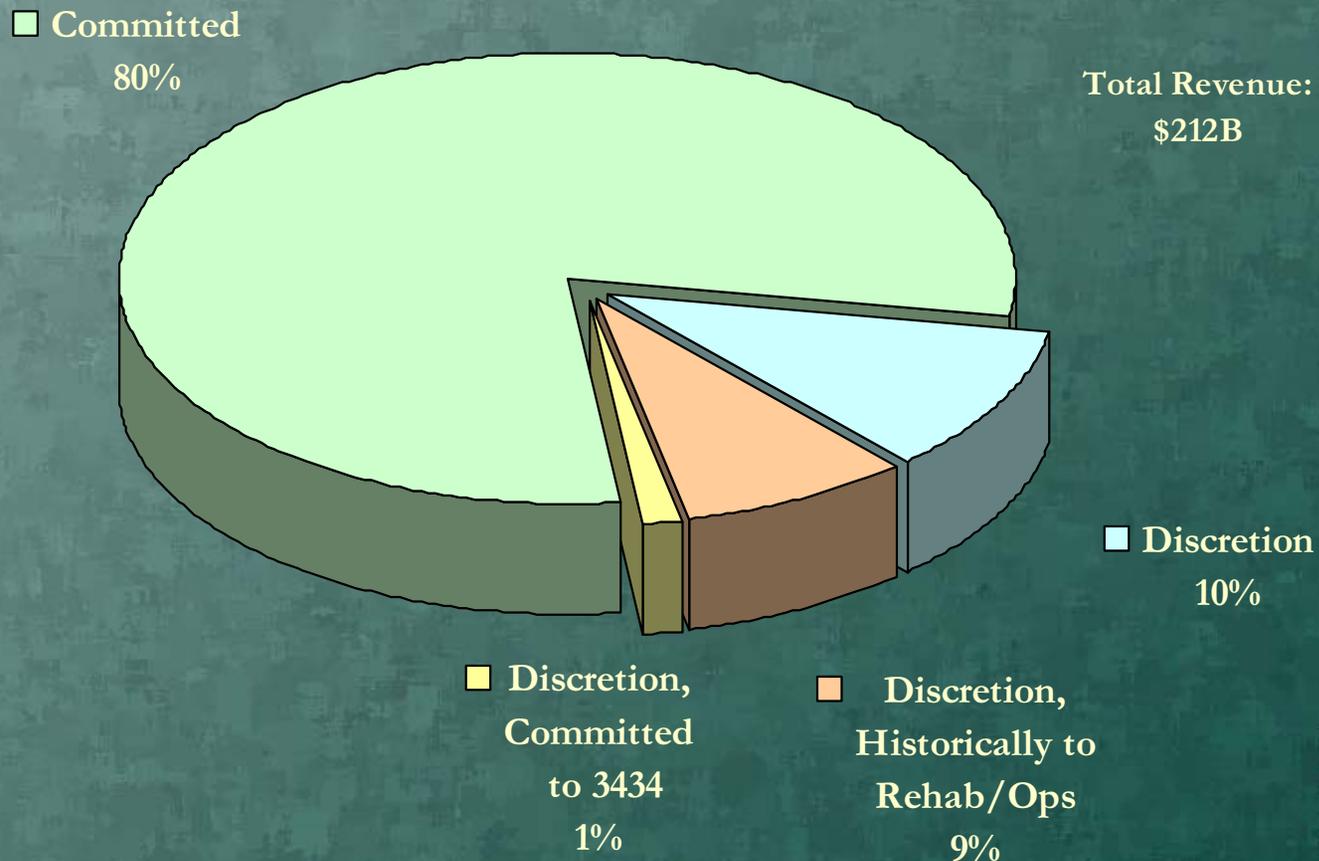
- **Federal – 2%**
  - HBRR (Bridge Funds)
  - Bus Discretionary Programs
- **State – 14%**
  - SHOPP
  - Gas Tax Subvention
  - State Transit Assistance – Revenue Based
  - Proposition 1B - partial
- **Regional – 12%**
  - AB1107 – 75% share
  - Bridge Tolls / RM2
- **Local – 72%**
  - Local / County Taxes
  - Transit Fares
  - Local Streets & Roads
  - TDA

Committed Revenue By Type



# Committed vs. Discretionary Categorization (continued)

Transportation 2035:  
Summary of Committed vs. Discretionary Funding



# Committed vs. Discretionary Categorization

## Policy Questions:

- Should we continue the past practice of committing revenues to transit operating and rehabilitation?

**Commission consensus: Yes**

- Should we continue past revenue commitments to Resolution 3434 projects?

**Commission consensus: Yes**

# Defining Financially Constrained

- Past long-range plans only considered statutorily authorized revenues
- **Policy Questions:**
  1. Should we consider HOT revenues?
  2. Should we assume rollovers of existing sales taxes?
  3. Should we assume new sales taxes and bridge tolls?

## Commission consensus:

1. Yes, if we reach agreement on regional system
2. Yes
3. Not in financially constrained – consider as potential new revenues

# Revisiting Prior Commitments – Committed Projects

## T2030 Prior Commitments

- **Committed Projects Criteria:**
  1. Projects with completed environmental document by May 2004 with committed construction funds or 66% non-discretionary funds are committed
  2. Regional programs with existing executed contracts are committed

## T2035 Prior Commitments

- **Proposed Committed Projects Criteria:**
  1. Projects or project elements funded in first 4 programming years of the current TIP are committed
  2. Ongoing regional operations program are committed

# Examples of Committed Regional Programs

## “Old Criteria”

- **Regional Programs with existing executed contracts**
  - TransLink® (2016)
  - 511 traveler information (2010)
  - Regional Rideshare Program (2010)
  - FSP/Call Boxes (2010)

## “New Criteria”

- **Ongoing Regional Operations Program (committed thru 2035)**
  - TransLink®
  - 511 traveler information
  - Regional Rideshare Program
  - FSP/Call Boxes
  - Freeway Operations
  - Transit Connectivity (up to \$10M)

# Comparison of Committed Project Criteria

Example: Total Cost: \$100 Million

TIP Funding: \$ 85 Million

	<b>Environ. Document</b>	<b>Full TIP Construct. Funding</b>	<b>% Local Funds</b>	<b>Committed?</b>
<b>Old Criteria</b>	<b>Yes</b>	<b>No</b>	<b>85%</b>	<b>Yes</b>
<b>New Criteria</b>	<b>Yes</b>	<b>No</b>	<b>85%</b>	<b>No</b>

# Committed vs. Discretionary Categorization

## Policy Question:

- Do you agree with staff's proposal that we be generally more restrictive in defining committed projects as proposed?

**Commission consensus: Need to see affect on projects**

# Transportation 2035 -- Phase Two Planning Process

Revised:1025/07

