

APPENDIX A – 25

Regional Policies: Project Funding

**Programming and Allocation Policies for the AB 664 Net
Bridge Toll Revenue, RM1 Regional Rail Extension Reserve,
Two Percent Bridge Toll Revenue, and Five Percent State
General Fund Revenue Transit Funding Programs**

MTC Resolution No. 4015



Date: June 22, 2011
W.I.: 1514
Referred By: PAC

ABSTRACT

Resolution No. 4015

This resolution establishes revised programming and allocation policies for the AB 664 Net Bridge Toll Revenue, RM1 Regional Rail Extension Reserve, Two Percent Bridge Toll Revenue, and Five Percent State General Fund Revenue transit funding programs. The revisions establish annual funding for ABAG for the San Francisco Bay Trail, make WETA the sole applicant for ferry services funding, and remove the condition splitting funds between the Northern and Southern bridge groups for the Two Percent Bridge Toll Revenue programs. This resolution supersedes Resolutions 2004, Revised, 3149, and 3288, Revised.

This resolution includes the following Attachment:

Attachment A – Bridge Toll Revenue and State General Fund Revenue Allocation Policy

Further discussions of the policies are contained in the Programming and Allocations Committee summary sheet dated June 8, 2011.

Date: June 22, 2011
W.I.: 1514
Referred By: PAC

RE: Revised Programming and Allocation Policies for the AB 664 Net Bridge Toll Revenues, RM1 Regional Rail Extension Reserve, Two Percent Bridge Toll Revenues, and Five Percent State General Fund Revenues transit funding programs

METROPOLITAN TRANSPORTATION COMMISSION
RESOLUTION NO. 4015

WHEREAS, the Metropolitan Transportation Commission (MTC) is the regional transportation planning agency for the San Francisco Bay Area pursuant to Government Code § 66500 *et seq.*; and

WHEREAS, since 1977, MTC has allocated net toll revenues, pursuant to Government Code §§ 30892 and 30893, for eligible transit capital improvements and ferry operations; and

WHEREAS, pursuant to Streets and Highways Code § 30913 (b), MTC has allocated two-thirds of the 2 percent of the 1988 Regional Measure 1 toll increase (“Two Percent Bridge Toll Revenues”) to projects which are designed to reduce vehicular traffic congestion on these bridges; and the remaining one-third of those toll revenues for the planning, construction, operation, and acquisition of rapid water transit systems; and,

WHEREAS, pursuant to Streets and Highways Code § 30884, certain toll revenues (“AB 664 Net Bridge Toll Revenues”) are available to fund transit capital improvements; and

WHEREAS, pursuant to Streets and Highway Code § 30919, MTC has allocated bridge toll revenue (“RM1 Regional Rail Extension Reserves”) for rail extension and improvement projects designed to reduce vehicular congestion on the San Francisco-Oakland Bay Bridge in the counties of Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara; and

WHEREAS, pursuant to Streets and Highways Code § 30894, MTC adopted MTC Resolution No. 2004, Revised, which sets forth MTC's overall Bridge Toll Revenue Allocation Policy; and

WHEREAS, with the completion of the Regional Ferry Plan Update, MTC adopted Resolution No. 3149, which established a Five Percent Bridge Toll Revenues programming and allocation policy; and

WHEREAS, the California Department of Transportation (DEPARTMENT) entered into a cooperative agreement with the Bay Area Toll Authority (BATA) and MTC on the

federalization of toll bridge projects under BATA's jurisdiction and on the transfer of state funds to replace the five percent Bridge Toll Program funds for ferry operations; and

WHEREAS, under terms of the agreement between the DEPARTMENT, BATA, and MTC, MTC agreed, among other things, to amend its Five Percent Bridge Toll Revenues policy, as set forth in MTC Resolution No. 3149, and to program and allocate state funds made ("Five Percent State General Fund Revenues") available by the DEPARTMENT for transit operating purposes; and

WHEREAS, pursuant to the agreement between the DEPARTMENT, BATA, and MTC, MTC adopted Resolution 3288 to establish interim programming and allocation policies for the Five Percent State General Fund Revenues and Two Percent Bridge Toll Revenues program; and

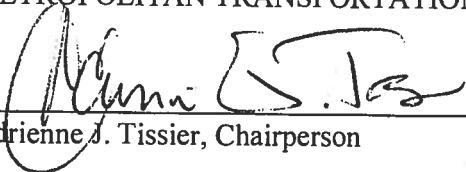
WHEREAS, MTC adopted Resolution 3948 and BATA adopted Resolution 93 and executed a Funding Agreement relieving BATA of responsibility for making AB 664 Net Bridge Toll Revenues Reserve Transfers, Two Percent Transit Reserves Transfers, and Rail Extension Reserves Transfers for 50 years; and

WHEREAS, the adoption of Resolution 3948 necessitates an update and revision to policies governing the various bridge toll revenue and Five Percent State General Fund Revenues; now, therefore, be it

RESOLVED, that MTC adopts the programming and allocation policies for the AB 664 Net Bridge Toll Revenues, RM1 Regional Rail Extension Reserve, Two Percent Bridge Toll Revenues, and Five Percent State General Fund Revenues transit funding programs as set forth in Attachment A, attached hereto and incorporated herein as though set forth at length; and be it further

RESOLVED, that this resolution supersedes MTC Resolution Nos. 2004, 3149, and 3288.

METROPOLITAN TRANSPORTATION COMMISSION



Adrienne J. Tissier, Chairperson

The above resolution was entered into by the Metropolitan Transportation Commission at a regular meeting of the Commission held in Oakland, California on June 22, 2011.

Date: June 22, 2011
W.I.: 1514
Referred By: PAC

Attachment A
Resolution No. 4015
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BRIDGE TOLL REVENUE AND STATE GENERAL FUND REVENUE ALLOCATION POLICY

Definitions

1. "MTC Transit Transfer" refers to the September 2010 payment made from BATA to MTC equal to the estimated present value of specified fund transfers for a 50 year period pursuant to BATA Resolution 93 and MTC Resolution 3948. The payment relieves BATA from making AB 664, Regional Measure 1, and MTC Two Percent Bridge Toll Revenues transfers to MTC for a 50 year period.
2. "AB 664 Net Bridge Toll Revenues" refers to revenues available pursuant to Streets and Highway Code (S& H Code) 30884 calculated as 16% of base toll revenue on the San Francisco-Oakland Bay Bridge, San Mateo, and Dumbarton Bridges to be used for transit capital purposes. Allocations are made from monies held by MTC pursuant to the MTC Transit Transfer.
3. "RM1 Rail Extension Reserve" is composed of not less than 90% of the revenues from the Class I toll increase on the Bay Bridge, as authorized by Regional Measure I and Streets and Highways Code § 30910 et seq. Pursuant to Streets and Highways Code § 30919, MTC must allocate these funds exclusively for rail transit capital extension and improvement projects designed to reduce vehicular traffic congestion on the Bay Bridge. Allocations are made from monies held by MTC pursuant to the MTC Transit Transfer.
4. "East Bay Rail Extension Reserve" consists of 70% of the MTC Rail Extension Reserve. These revenues are to be allocated to rail extension and improvement projects in Alameda and Contra Costa Counties. These projects include, but are not limited to, the BART extensions planned for the Concord-Antioch, Fremont-San Jose, and Bayfair-Livermore rail transit corridors. Allocations are made from monies held by MTC pursuant to the MTC Transit Transfer.
5. "West Bay Rail Extension Reserve" consists of 30% of the MTC Rail Extension Reserve. These revenues are to be allocated to rail extension and improvement projects in San Francisco, San Mateo, and Santa Clara Counties. No specific projects are mentioned in the legislation. Allocations are made from monies held by MTC pursuant to the MTC Transit Transfer.
6. "Two Percent Bridge Toll Revenues" refers to revenues available pursuant to S&H Code 30913(b) used for ferry capital and other capital improvements. Allocations are made from monies held by MTC pursuant to the MTC Transit Transfer.
7. "Five Percent State General Fund Revenues" is funded by the five percent (Five Percent) Bridge Toll Program State General Fund revenues delivered to MTC in amounts equal to projections of the Regional Measure 1 (RM 1) five percent (Five Percent) Bridge Toll Program, based on a cooperative agreement between MTC, BATA and Caltrans. These revenues are to be programmed and allocated for ferry transit operations and bicycle-related planning.

8. "Resolution No. 3434" refers to the region's adopted Regional Transit Expansion Program.

Objectives

1. Maintain MTC's flexibility in allocations by avoiding rigid apportionment formulas.
2. Maximize the use of AB 664 Net Bridge Toll Revenues for meeting the local match required for transit capital projects programmed in the Transportation Improvement Program (TIP).
3. Sustain commitments made regarding allocations of new revenues.
4. Secure the financial integrity of the Resolution No. 3434 Program.

AB 664 Net Bridge Toll Revenues

Pursuant to S&H Code 30884, AB 664 Net Bridge Toll Revenues are available for capital projects.

1. The first priority for AB 664 Net Bridge Toll Revenues is to match transit capital projects programmed for Federal Transit Administration formula funds (the Urbanized Area Formula Program and the Fixed Guideway Modernization Program, or successor programs) in the Transportation Improvement Program (TIP). Revenues in each year will be apportioned to each eligible operator in proportion to the operator's share of the FTA formula funds programmed for capital projects in the TIP in the same year.
2. The 70/30 ratio which MTC has employed to apportion AB 664 Net Bridge Toll Revenues between East and West Bay transit operators pursuant to MTC Resolution 2004 is maintained in FY2010-11 program. For FY2011-12 and future years, MTC will consider alternative policies for apportioning revenues among transit operators, including eliminating the division of revenues into East Bay and West Bay so the apportionment is entirely based on each operator's share of FTA formula funds programming for capital projects.
3. Similar to the flexibility allowed under the STP/CMAQ program, where second and third year projects may be advanced to the first year for implementation, an operator may request MTC to advance AB 664 Net Bridge Toll Revenues for programmed projects, as long as funds are available for allocation, (e.g. an operator who is programmed revenues in the third year of the TIP and wishes to exercise pre-award authority for these match funds may request MTC to release the funds.) MTC will determine funding availability and will consider whether there is a need for the advancement.

RM1 Regional Rail Extension Reserve

To the extent feasible and required, maintain MTC's commitment to Resolution No. 3434 projects from the Rail Extension Reserve.

Two Percent Bridge Toll Revenues

Pursuant to Streets and Highways Code Section 30913(b), two-thirds of the annual available funding shall be allocated to projects which are designed to reduce vehicular traffic congestion and improve bridge operations on any bridge, including, but not limited to, bicycle facilities and for the planning, construction, operation, and acquisition of rapid water transit systems. The remaining one-third is available solely for the planning, construction, operation, and acquisition of rapid water transit systems.

Two Percent Bridge Toll Revenues Priorities and Estimated Annual Programming Amounts

1. \$1 million to the Water Emergency Transit Authority (WETA) for ferry capital improvement projects.
2. \$450,000 to the Association of Bay Area Governments (ABAG) for program management and capital support for the San Francisco Bay Trail.

*Note that annual funding amounts are established and adjusted through the annual MTC fund estimate adoption

Five Percent State General Fund Revenues

The Five Percent State General Fund Revenues are delivered to MTC in amounts equal to projections of the RM1 Five Percent Bridge Toll Program. These revenues are to be programmed and allocated for ferry transit operations and bicycle-related planning.

Five Percent State General Fund Revenues Priorities and Estimated Annual Programming Amounts as of FY 2010-11

1. \$2.8 million to the Water Emergency Transit Authority (WETA) for ferry capital improvement projects and ferry operations.
2. \$250,000 to the Association of Bay Area Governments for planning for the San Francisco Bay Trail.

*Note that annual funding amounts are established and adjusted through the annual MTC fund estimate adoption

The amount of Five Percent State General Fund Revenues programmed to ABAG shall be adjusted by the rate of increase in Five Percent State General Fund Revenues or the rate of increase in the Consumer Price Index, whichever is less, every three years, with the first adjustment occurring with FY2011-12 based calculations. ABAG shall be the sole priority for the Five Percent State General Fund Revenues for bicycle planning.

Program the remainder of the Five Percent State General Fund Revenues to WETA to support ferry service operations. Ferry services will need to have demonstrated an average 40% farebox recovery ratio (the regional average for all publicly-operated services during the period from 2006 to 2010) for the operating agency in order to ensure continued funding for operations. An operator may meet this requirement based on their average farebox recovery for the most recent three-year period for which National Transit Database statistics are available or their annual farebox recovery for the most recent year for which data is available.

If an operator is unable to meet the performance measure, the funding that would have gone to the ferry operator could be directed by the Commission to a transit service/route that reduces vehicular congestion in one of the bridge group corridors, and has demonstrated the ability to meet the 40% farebox requirement. The service could be ferry or another transit mode, provided that the service/route can meet the performance measure. At least forty percent of the Five Percent funding must directed toward ferry operations or capital as required.

Screening Criteria for all Two Percent Bridge Toll Revenue and Five Percent State General Fund Revenues Projects

Project submittals for Five Percent State General Fund Revenues and the Two Percent Bridge Toll Revenues must be submitted to MTC for consideration and must meet all of the following screening criteria:

- project is ready for implementation, including having any necessary clearances or approvals, in the year indicated;
- project is well defined and justified in the project proposal;
- entity has the capacity to implement the project;
- entity has an adequate project financial plan, with reasonable cost estimates;
- project has been approved by the local entity's policy board; and
- project is identified in or is part of an adopted regional or local transportation plan.

In addition, entities requesting transit operating funds must:

- complete a Short Range Transit Plan (or similar planning document as specified by MTC) that identifies service plans and budgets for at least a 5-year period;
- be consistent with the adopted Regional Transportation Plan (RTP); and
- submit data on capital replacement needs to MTC, as requested.

MTC staff evaluates project proposals and develops an annual program of projects for Five Percent State General Fund Revenues and 2 % Bridge Toll Revenues. The program of projects is reviewed by the affected entities. MTC adopts the program of projects and allocates the Five Percent State General Fund Revenues and 2 % Bridge Toll Revenues according to the program.

Timely Use of Funds for AB 664 Net Bridge Toll Revenues, Two Percent Bridge Toll Revenues and Five Percent State General Fund Revenues

All projects programmed with AB 664 Net Bridge Toll Revenues, Two Percent Bridge Toll Revenues and Five Percent State General Fund Revenues are subject to the following timely use of funds (TUF) policy. Full disbursement of funds must be completed within three years plus the year in which funds are allocated for a project programmed Bridge Toll Revenues. For example, funds allocated in FY 2010-11 must be fully disbursed by June 30, 2014. Any unspent funds at the end of September 30, 2014 (which includes a 3-month grace period) will automatically revert to the appropriate Bridge Toll Revenue account.

Annual Funding Levels for AB 664 Net Bridge Toll Revenues, Two Percent Bridge Toll Revenues and Five Percent State General Fund Revenues

Annual funding levels for AB 664 Net Bridge Toll Revenues, Two Percent Bridge Toll Revenues and Five Percent State General Fund Revenues shall be established and adjusted through the annual MTC fund estimate adoption.