

APPENDIX A – 57

Regional Policies: Project Funding and Specific Funding Programs

**Cap and Trade Funding Framework and Process
Development Guidelines**

MTC Resolution No. 4130



Date: December 18, 2013
W.I.: 1515
Referred by: PAC
Revised: 04/27/16-C

ABSTRACT

Resolution No. 4130, Revised

This resolution establishes the Cap and Trade Funding Framework and Process Development Guidelines.

This resolution includes the following attachments:

A – Cap and Trade Funding Framework

B – Guideline Development Process

This resolution was revised on April 27, 2016 to update the Cap and Trade Funding Framework.

Further discussion of these actions is contained in the Programming and Allocations Summary Sheets dated November 13, 2013, December 11, 2013, and April 13, 2016, and the Commission handouts of December 18, 2013.

Date: December 18, 2013
W.I.: 1515
Referred by: PAC

RE: Cap and Trade Funding Framework and Process Development Guidelines

METROPOLITAN TRANSPORTATION COMMISSION
RESOLUTION NO. 4130

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

WHEREAS, Plan Bay Area (“Plan”), the region’s integrated long-range transportation and land use plan adopted by MTC, provides the planning foundation for transportation improvements and regional growth throughout the San Francisco Bay Area through 2040; and

WHEREAS, the Plan includes a \$3.1 billion reserve from future Cap and Trade funding; and

WHEREAS, the Plan identifies the expected uses of Cap and Trade funding as including but not limited to transit operating and capital rehabilitation/replacement, local streets and roads rehabilitation, goods movement, and transit-oriented affordable housing, consistent with the Plan's focused land use strategy; and

WHEREAS, the Plan states that Cap and Trade revenues will be allocated to specific programs through a transparent and inclusive regional public process; and

WHEREAS, the Plan calls for the process to ensure that at least 25 percent of the Cap and Trade revenues will be spent to benefit disadvantaged communities in the Bay Area; and

WHEREAS, the Plan directs a significant portion of the revenue generated from Cap and Trade funding be dedicated to unmet transit needs as a robust and efficient public transit network is critical for the Plan's compact land use strategy focused around existing and planned transit nodes; now therefore be it

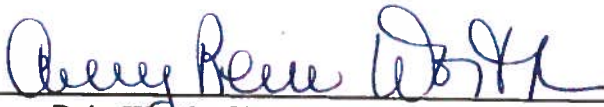
RESOLVED, that the Cap and Trade Funding Framework is a comprehensive strategy for reducing greenhouse gas emissions as outlined in Attachment A, attached hereto and incorporated herein as though set forth at length; and, be it further

RESOLVED, that Attachment B sets forth the Project Selection Process Development Guidelines for all funding categories with the exception of the Transit Core Capacity Challenge Grant Program; and be it further

RESOLVED, that the Transit Core Capacity Challenge Grant Program is detailed in Resolution No. 4123; and be it further

RESOLVED, that the funding framework established in Attachment A is subject to state statute and regulations governing the availability and use of the Cap and Trade Funding.

METROPOLITAN TRANSPORTATION COMMISSION



Amy Rein-Worth, Chair

The above resolution was entered into by the
Metropolitan Transportation Commission
at a regular meeting of the Commission held
in Oakland, California, on December 18, 2013

Date: December 18, 2013
 W.I.: 1515
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Attachment A
 Resolution No. 4130
 Page 1 of 4

Attachment A

Bay Area Cap and Trade Funding Framework

Cap and Trade Reserve Investment Principles

1. Cap and Trade Funds must have a strong nexus to Greenhouse Gas (GHG) reduction
2. Distribution of the available funds will serve to strategically advance the implementation of Plan Bay Area and related regional policies
3. Investment Categories and related Policy Initiatives will be structured to provide co-benefits and opportunities to leverage investments across categories and from multiple sources (public and private).
4. All Investment Categories should include funding that benefits disadvantaged communities in accordance with program guidelines from the applicable state agencies.

Cap and Trade Reserve Funding Categories

The following chart summarizes the framework including amounts from each category, with additional details following.

Funding Category	Amount (\$ millions)
1. Transit Core Capacity Challenge Grants Program/ TIRCP	3,000
2. Transit Operating and Efficiency Program/ LCTOP	1,136
3. One Bay Area Grants/ AHSC	5,000
4. High Speed Rail	TBD
5. Climate Initiatives	TBD
6. Goods Movement	TBD
TOTAL	TBD

1. Transit and Intercity Rail Capital Program/ Transit Core Capacity Challenge Grants Program

Plan Bay Area identifies a remaining need of \$17 billion over nearly three decades to achieve an optimal state of repair for the region's public transit network. The plan's in-fill and transit-oriented growth strategy relies on a well-maintained transit system to meet greenhouse gas emissions reduction targets and other plan performance objectives.

Proposal:

- Invest \$3.0 billion over the life of Plan Bay Area through the Transit and Intercity Rail Capital Program (TIRCP)
- The TIRCP, and including the Transit Core Capacity Challenge Grant Program:
 - accelerates fleet replacement and other state of good repair projects from Plan Bay Area, including “greening” the fleet and other strategic capital enhancements
 - focuses on BART, SFMTA, AC Transit, VTA, and Caltrain – transit operators that carry 91% of region’s passengers, account for approximately 88% of the plan’s estimated transit capital shortfall, and serve PDAs that are expected to accommodate the lion’s share of the region’s housing and employment growth
 - achieves roughly \$7 billion in total state of good repair investment by leveraging other regional discretionary funds and requiring a minimum approximate 30% local match from the three operators
 - Identifies funding for key transit expansion projects, and allows smaller operators and projects to seek funding from the discretionary TIRCP as needs arise
 - requires that participating operators meet the Transit Sustainability Project’s performance objectives outlined in MTC Resolution No. 4060
- See Attachment A-1 for full TIRCP framework.

2. Low Carbon Transit Operations Program

Plan Bay Area fully funds existing transit service levels at nearly \$115 billion over the three decade period, with an assumption that the largest transit operators achieve near-term performance improvements. However, the plan also identifies the importance of a more robust and expanded public transit network, anchored by expanded local service, as a key ingredient for success of Plan Bay Area’s growth strategy. In particular, the plan falls short of the funding necessary to meet the performance target of growth in the non-auto mode share to 26 percent of all trips.

Proposal:

- Invest \$302 million in Low Carbon Transit Operations Program (LCTOP) population-based funds over the life of Plan Bay Area as follows:
 - \$102 million to North Counties / Small Operators, distributed in same manner as State Transit Assistance population-based Northern Counties/Small Operators category as defined in MTC Resolution No. 3837
 - \$100 million to Clipper and fare policy investments
 - \$100 million to investments in key transit corridors, similar to the Transit Performance Initiative program, with AC Transit, SFMTA, and VTA receiving at minimum the following percentages based on ridership (50%) and service area population (50%):
 - AC Transit: 16%

- SFMTA: 28%
- VTA: 17%
- These percentages would be achieved over a five year period, provided that the three operators have eligible, ready to go projects during a five year cycle.
- The remaining 39% would be available to any operator with suitable projects, including AC Transit, SFMTA, and VTA.
- All projects would be selected through a regional process.
- Full LCTOP framework is shown in Attachment A-2.

3. One Bay Area Grants/ Affordable Housing and Sustainable Communities Program

Plan Bay Area invests over \$14 billion in transportation improvements concentrated near high quality transit and higher density housing – through the One Bay Area grant program – focusing on complete streets, bicycle and pedestrian facilities, and streetscape improvements. The Plan identifies a remaining need of \$20 billion over the next three decades to achieve a PCI score of 75, the Plan’s adopted performance target for pavement; of this, roughly 45% is for non-pavement infrastructure, critical for complete streets that would serve alternative modes and transit-oriented development that is a key part of Plan Bay Area’s growth strategy. Further, the provision of housing for low and moderate income households in areas that provide access to jobs was identified in Plan Bay Area as critical to sustaining the region’s economic growth and attaining the Plan’s GHG and Housing Targets.

Proposal:

- Target award of 40% of statewide Affordable Housing and Sustainable Communities program funding for projects in the Bay Area, equaling \$5 billion over the life of Plan Bay Area.

4. High Speed Rail

Plan Bay Area includes several projects related to the California High Speed Rail project, including the electrification of Caltrain, and extension into downtown San Francisco. Twenty-five percent of Cap and Trade revenues are continuously appropriated to the California High Speed Rail Authority for planning and capital costs of the high speed rail project.

Proposal:

- Advocate for High Speed Rail investment in Bay Area elements of the system, including the Caltrain corridor and Transbay Transit Center / Caltrain Downtown Extension.

5. Climate Initiatives

The Climate Initiatives Program is a multi-agency program focused on investments in technology advancements and incentives for travel options that help the Bay Area meet the GHG emission reduction targets related to SB375.

Proposal:

- Advocate for Cap and Trade funding program out of the 40% of uncommitted revenues from which Climate Initiatives projects could be funded.

6. Goods Movement

Goods movement investments fall into two categories: (1) projects focused on improving the efficiency of the movement of goods within and through the region, and (2) mitigation projects that reduce the associated environmental impacts on local communities. MTC recently adopted a regional goods movement plan that should form the basis for advocacy and project development.

Proposal:

- Advocate for Cap and Trade funding program out of the 40% of uncommitted revenues from which goods movement projects could be funded.

Attachment A-1
Transit and Intercity Rail Capital (TIRCP) Framework

Agency	Project/Category	TIRCP Framework Amount (\$millions)
BART	Train Control	250
	Hayward Maintenance Center	50
	Fleet Expansion	200
	BART Total	500
SFMTA	Fleet Expansion	481
	Facilities	67
	Core Capacity Study Projects/ BRT	237
	SFMTA Total	785
AC Transit	Fleet Expansion	90
	Facilities	50
	Major Corridors	200
	AC Transit Total	340
VTA	BART to San Jose	750
Caltrain	Electrification*	100
	EMUs	125
	Caltrain Total	225
Multiple Operators	TBD Expansion Projects: High Ridership Bus, Rail and Ferry Corridors	400
Region Total		\$3,000

*Assumes an equal or greater contribution from Cap and Trade High Speed Rail category, and an FTA Core Capacity commitment of \$447 million.

Attachment A-2

Cap and Trade Framework

Low Carbon Transit Operations Program Distribution - 24 year estimate

Estimates revenues based on State Controller's Office Letter dated 10/30/2015

Attachment A-2

Resolution No. 4130

Page 1 of 1

	Revenue-Based Funding Estimate*	Population-based Funding Estimate	Total Funding (Revenue-based and Pop.-based)
(\$ millions)			
Operator / Entity / Program	835	302	1,136
ACCMA - Corresponding to ACE	1.8	-	1.8
Caltrain	44.4	-	44.4
CCCTA	5.0	20.4	25.4
ECCTA	2.3	12.3	14.6
LAVTA	2.1	8.4	10.6
NCPTA	0.4	5.8	6.2
SamTrans	32.4	-	32.4
City of Union City	0.4	3.0	3.3
VTA	99.1	-	99.1
VTA - Corresponding to ACE	2.0	-	2.0
WCCTA	2.6	2.7	5.3
WETA	10.3	-	10.3
<i>Marin County</i>			-
GGBHTD	37.9	-	37.9
Marin Transit	-	-	-
Marin County Operators (TBD)	-	10.8	10.8
<i>Solano County</i>			-
City of Dixon	0.0	-	0.0
City of Fairfield	0.9	-	0.9
City of Rio Vista	0.0	-	0.0
City of Vacaville**	-	-	-
Solano County Transit	2.3	-	2.3
Solano County Operators (TBD)	-	17.5	17.5
<i>Sonoma County</i>			-
City of Healdsburg	0.0	-	0.0
City of Petaluma	0.2	-	0.2
City of Santa Rosa	1.1	-	1.1
Sonoma County Transit	1.3	-	1.3
Sonoma County Operators (TBD)	-	20.6	20.6
SUBTOTAL	247	102	348
AC Transit	70.8	-	70.8
BART	197.2	-	197.2
SFMTA	320.2	-	320.2
SUBTOTAL	588	-	588
Clipper and Fare Policy	-	100	100
Invest in key transit corridors (i.e. TPI)***	-	100	100

* LCTOP Revenue-based funds are distributed per STA current revenue factors for LCTOP Population-based funds

** Vacaville does not receive STA Revenue-based funds

*** The following operators will receive at minimum the following share of this program over each five-year period subject to provisions in Attachment A:

AC Transit: 16%; SFMTA: 28%; VTA: 17%

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Attachment B
Resolution No. 4130
Page 1 of 2

Attachment B

Cap and Trade Guideline Development Process

Following adoption of the Cap and Trade Funding Framework, and in conjunction with the timing for the applicable state program, staff will convene stakeholders to develop the project selection process and criteria for individual categories, summarized below:

- TIRCP/ Core Capacity Challenge Grant program*
- Transit Operating and Efficiency Program/ LCTOP
- One Bay Area Grants/ AHSC
- High Speed Rail
- Climate Initiatives (if available)
- Goods Movement (if available)

The Transit Core Capacity Challenge Grant Program would also follow the process and project selection included in MTC Resolution No. 4123.

Stakeholder Involvement: Staff will provide information and develop processes with the Regional Advisory Working Group (RAWG), the Partnership Board and working groups, and the Policy Advisory Council (or their working groups), as appropriate. In addition, certain subject matter experts or stakeholders may be added to the standing working groups to provide information for specific categories of funding.

Development of Program Guidelines: Where MTC has discretion within the state programs, the development of project selection process and criteria is proposed to occur in conjunction with state program timelines, and will generally:

- Review studies/efforts completed to-date
- Develop draft guidelines
- Release the draft guidelines for stakeholder review
- Conduct project selection process
- Seek Commission approval for projects/program

Work Plan and Timeframe																					
<p>Process Steps Review Studies and Efforts Completed To-Date</p>	<p>Staff will consider and review with stakeholders recent efforts completed for each of the Cap and Trade categories. Possible studies by category include:</p> <table border="0"> <tr> <td>Transit Operating and Efficiency/ LCTOP</td> <td>OneBayArea Grants/ AHSC</td> <td>Climate Initiatives</td> <td>Goods Movement</td> </tr> <tr> <td>1) Transit Sustainability Project</td> <td>1) Plan Bay Area</td> <td>1) Plan Bay Area</td> <td>1) Plan Bay Area</td> </tr> <tr> <td>2) Short Range Transit Plans or similar plans</td> <td>2) Cycle 1 Evaluation</td> <td>2) Innovative Grants Evaluation</td> <td>2) Regional Goods Movement Plan and update</td> </tr> <tr> <td></td> <td></td> <td>3) Air District Plans and programs</td> <td>3) California Freight Mobility Plan</td> </tr> <tr> <td></td> <td></td> <td>4) CARB programs</td> <td></td> </tr> </table>	Transit Operating and Efficiency/ LCTOP	OneBayArea Grants/ AHSC	Climate Initiatives	Goods Movement	1) Transit Sustainability Project	1) Plan Bay Area	1) Plan Bay Area	1) Plan Bay Area	2) Short Range Transit Plans or similar plans	2) Cycle 1 Evaluation	2) Innovative Grants Evaluation	2) Regional Goods Movement Plan and update			3) Air District Plans and programs	3) California Freight Mobility Plan			4) CARB programs	
Transit Operating and Efficiency/ LCTOP	OneBayArea Grants/ AHSC	Climate Initiatives	Goods Movement																		
1) Transit Sustainability Project	1) Plan Bay Area	1) Plan Bay Area	1) Plan Bay Area																		
2) Short Range Transit Plans or similar plans	2) Cycle 1 Evaluation	2) Innovative Grants Evaluation	2) Regional Goods Movement Plan and update																		
		3) Air District Plans and programs	3) California Freight Mobility Plan																		
		4) CARB programs																			
<p>Develop the Guidelines</p>	<p>The guidelines should consider the information gathered in the process steps above as well as state program guidelines and include the following:</p> <ol style="list-style-type: none"> 1) Eligible project types 2) Individual project review and scoring 3) Funding amount and timing 4) Consistency with other initiatives 5) Potential leverage opportunities/local match requirements 6) Other requirements specified for funding eligibility (state requirements) 																				
<p>Release the Draft Guidelines for Stakeholder Review</p>	<p>Stakeholders would have an opportunity to review the draft guidelines and provide additional comments. Staff would review comments and finalize the guidelines accordingly.</p>																				
<p>Conduct Project Selection</p>	<ul style="list-style-type: none"> • Conduct call for projects/information solicitation in accordance with MTC guidelines or state program guidelines • Seek Commission approval of projects/programs, or of an endorsement strategy • Submit information as required to applicable state agency 																				