



Memorandum

DATE: July 4, 2011
TO: Planning, Policy and Legislation Committee
FROM: Tess Lengyel, Deputy Director of Policy, Public Affairs and Legislation
SUBJECT: Discussion of MTC Potential Block Grant Policies and Implications for Alameda CTC

Recommendation

This item is for information only. No action is requested.

Summary

This item provides information on proposed policies under development at MTC regarding allocation of the Cycle 2 Federal Surface Transportation Program and Congestion Mitigation Air Quality (STP/CMAQ) funds for next three fiscal years (2012/2013, 2013/2014, 2014/2015). MTC has named this funding cycle the "OneBayArea" grant. MTC's proposed grant program includes funding objectives, funding distributions, policy outcomes and implementation issues, as further described below. The purpose of this memorandum is to provide an overview of MTC's grant program concepts, illustrate potential policy considerations for the Alameda CTC that could position the county well for these funds, and to share MTC's implementation timeline.

Discussion

The OneBayArea grant proposal is linked to the development of the Sustainable Communities Strategy (SCS) in the Bay Area. Guided by the requirements of SB 375, an unfunded mandate, to reduce greenhouse gas emissions and to house the region's population by all income sectors, the OneBayArea grant proposal aims to provide flexible funding to support implementation of the SCS, which will primarily be implemented through focused growth in Priority Development Areas (PDAs) and Growth Opportunity Areas (GOAs), protection of Priority Conservation Areas (PCAs) and linking transportation investments with these land uses. Significant regional work has been underway in developing the region's first SCS, which is scheduled to be adopted in April 2013 along with the Regional Transportation Plan (RTP) for a planning and funding horizon through 2040.

As planning continues on the SCS, MTC is also looking at how to financially support and reward jurisdictions that help in fulfilling the state's mandates as well as many of the additional targets established in the region for the SCS. Some of the federal funding sources available to support implementation of the SCS are STP/CMAQ funds. MTC will more fully define the OneBayArea grant proposal in the coming months, and has shared a preliminary draft with the Congestion Management Agencies. As this program becomes more fully defined, the Alameda CTC can address several policy level issues in the preliminary MTC grant proposal. The following summarizes the OneBayArea grant and Alameda CTC policy considerations.

OneBayArea Grant Proposal Overview

The OneBayArea grant proposal objectives are to expand the amount of funds that go into supporting PDA's and to create more flexibility by eliminating program funding silos, expanding opportunities for leveraging funds, and ultimately offering more discretion at the local level for program implementation. This is consistent with the MTC federal legislative advocacy efforts regarding reauthorization of the Federal surface transportation bill.

The OneBayArea grant program proposal to includes a number of funding categories and a majority of which would be implemented at the county level. The following summarizes potential funding distributions, policy outcomes and implementation issues.

Funding Distributions

Funding Formula: MTC has identified scenarios for funding formula allocations that link transportation funding to housing investments, including distributions to counties based on 50% population and 50% based upon some form of housing production numbers. At this juncture, MTC is considering a hybrid option looking at actual housing construction data over a quantifiable period (1999-2006) combined with Regional Housing Needs Allocation (RHNA) numbers is under consideration. This would provide funding based upon past performance as well as projected required housing numbers (RHNA numbers). The RHNA numbers will require housing production at all income levels and will therefore implicitly address low income housing needs. MTC is proposing a funding floor so no county would receive less funding that originally anticipated in Cycle 2 STP/CMAQ funds. MTC may be considering other options for funding formula as well.

Minimum PDA Requirement: At this point, MTC is proposing that 70% of the funds are allocated to PDAs (planned and potential) and GOAs.

Priority Conservation Areas: MTC's proposal includes \$2 million for a pilot program to develop PCA plans and potentially implement some recommendations.

Local Planning Funding: MTC proposes continuing planning funds to the counties to support station area and CEQA planning.

Policy Outcomes

MTC has included some desired policy outcomes of this increased funding and expanded flexibility proposal to help support the implementation of the SCS, including:

- 1) **Housing Production:** Incentivizing housing production through its funding formula allocations
- 2) **Eligibility:** Require local agency adoption of two or more of the items below to be eligible for the funds:
 - a) Establishment of parking/pricing policies and employer trip reduction strategies
 - b) Develop Community Risk Reduction Plans (CRRP) as defined by the Air District per CEQA guidelines
 - c) Create affordable housing policies to ensure that new development does not displace low income housing
 - d) Require adoption of local bicycle and pedestrian plans and complete streets policies pursuant to the Complete Streets Act of 2008.

Implementation Considerations

While MTC aims to increase county share funding amounts and flexibility for implementing the SCS, there is uncertainty regarding the authorization of the new surface transportation bill. MTC indicates that it will closely monitor the federal bill development to ensure that Cycle 2 STP/CMAQ policies are responsive to any new federal program, eligibility or funding distributions.

In addition, MTC is working with the Air District to potentially expand the OneBayArea grant program by pooling funds into the grant cycle for regional Air District Transportation Fund for Clean Air (TFCA) funds (potentially \$6 million). Discussions around this topic will include whether only the regional funds are applied to this funding pool, or if the county program manager funds are expected to be included.

Eligibility, performance and accountability will be important factors in distributing and monitoring the Cycle 2 STP/CMAQ funds. MTC is proposing that the same eligibility requirements are used as in Cycle 1, and that both housing and transportation performance measures be included in monitoring efforts.

Alameda CTC Policy Considerations

While MTC is in the process of developing program funding structures linked to implementation of the SCS, Alameda CTC is poised to address many of the policy level considerations in the proposed grant program.

Funding Allocation Formulas and PDA Readiness in Alameda County: Alameda County currently has 34 PDAs (both planned and potential), 14 GOAs, and 18 PCAs located throughout the county. This ranks Alameda County as having the highest number of PDAs in the Bay Area, and second highest of total PDAs and GOAs combined behind Santa Clara County, which has 14 PDAs (planned and potential) and 40 GOAs. In addition, Alameda County has the highest number of transit operators operating in a single county in the Bay Area, the highest number of BART stations, and a large number of operating and planned bicycle and pedestrian networks. These are components of a potentially highly integrated system that could support housing, transportation and job linkages. With 20% of the Bay Area's population in Alameda County and a large number of planned housing units and focused growth in the PDA areas, Alameda County is well suited to receive a significant amount of funds through the OneBayArea grant program. The planning funds that MTC proposes to continue for each of the counties may also be used in Alameda County for additional technical studies that can support PDA implementation.

Policy Considerations: Funding for on-going maintenance and operations has been echoed in public outreach efforts, by many Commission members and through previous Commission funding actions. If the OneBayArea Grant program does not have any prescribed funding percentage allocations by program type, Alameda CTC may consider establishing minimums for certain types of funding to ensure on-going support for many different types of transportation programs. For example, local streets and roads, Safe Routes to Schools and TOD would compete for the same funding pot without any specific set-aside percentages required by MTC.

Alameda CTC action: Staff has initiated a process to evaluate the recent housing construction and construction readiness of transit oriented developments in each of the PDA's, and to overlay the current and planned transit, roadway, and walking and biking investments in each of these areas. This work will help illustrate the level of readiness and funding each of the PDAs requires and can help facilitate the Commission in making priority decisions on funding allocations out of the OneBayArea grant program, particularly since the program may require that 70% of the funds are used to support the PDAs and GOAs in the county.

MTC Policy Outcomes

As described earlier, MTC has proposed desired policy outcomes as a condition of the increased funding and flexibility of the OneBayArea grant program and would require that more than two of them are met to be eligible for the funds. The Alameda CTC could address many of these policy outcomes through upcoming efforts as described below:

- 1) MTC Policy outcome: Establishment of parking/pricing policies and employer trip reduction strategies

Alameda CTC policy consideration: An outcome of the update of the current Countywide transportation plan could include recommendations for countywide guidelines for parking and pricing policies as well as other Transportation Demand Management (TDM) programs. Alameda CTC currently funds and administers a TDM program – the Guaranteed Ride Home program.

Alameda CTC action: Work with Alameda County jurisdictions to determine what parking or pricing and TDM programs are in place and what are in the planning stages.

- 2) MTC Policy outcome: Develop Community Risk Reduction Plans (CRRP) as defined by the Air District per CEQA guidelines.

Alameda CTC policy consideration: The Alameda CTC could fund the development of large area CRRPs to cover many of the PDAs and GOAs throughout the County. This could be funded through some of the Measure B Transit Center Development Funds and would need to be done in close coordination and collaboration with the Planning Directors.

Alameda CTC action: Work with Alameda County jurisdictions and the Air District to assess the opportunities and constraints for development of CRRPs.

- 3) MTC Policy outcome: Create affordable housing policies to ensure that new development does not displace low income housing

Alameda CTC policy consideration: The Alameda CTC would seek the guidance and direction from each of the cities and the county on this issue and would look to them to serve as the experts in this area. The Alameda CTC would not partake in policy-level issues on this topic, unless requested to provide resources to do so, since the cities and counties deal directly with these types of land use decisions.

- 4) MTC Policy outcome: Require adoption of local bicycle and pedestrian plans and complete streets policies pursuant to the Complete Streets Act of 2008.

Alameda CTC policy consideration: The Alameda CTC is beginning the process of developing new master funding agreements for Measure B pass-through funds and grants and the Vehicle Registration Fee (VRF) program. A potential new requirement in the funding agreements could be to demonstrate adoption, or the process and timeline for adoption, of the Complete Streets Act policies, and to report annually on funding complete streets projects and programs. In addition, the Alameda CTC has historically funded bicycle and pedestrian plans through the discretionary Measure B Bicycle and Pedestrian Program. Future grant funding cycles could also incorporate the VRF bicycle and pedestrian funds and prioritize funding for bicycle and pedestrian plans and plan updates.

Alameda CTC action: Work with Alameda County jurisdictions to identify how many have updated their General Plans to adopt Complete Streets policies, and identify how many jurisdictions have adopted bicycle and pedestrian plans.

MTC OneBayArea Preliminary Timeline

MTC has identified a preliminary grant program development timeline that includes MTC adoption of the program after the approval of the draft preferred SCS and at the same time as the final RHNA numbers in spring 2012.

Timeline	MTC Actions	Alameda CTC-Related planning efforts
July-September 2011	Conceptual discussion of OneBayArea Grants	First draft of the Countywide Transportation Plan (CWTP)
Fall 2011	Presentation of Cycle 2 Approach	First draft of Transportation Expenditure Plan (TEP)
December 2011	Adoption of Cycle 2 funding commitments for MTC regional programs	Second draft of the CWTP
February 2012	Adoption of draft preferred SCS	Full adoption of TEP and seek approvals from cities and the County
March 2012	Adoption of Cycle 2, OneBayArea grant, with final RHNA numbers	Finalization of CWTP, and TEP approvals
April 2012- Feb. 2013	Delegation to CMAs for project selection process	Approval of final plans, placement of TEP on ballot, approval of measure and implementation of county-level OneBayArea Program
April 2013 Committee	Adoption of final SCS	Plans implementation

Fiscal Impact

None at this time.

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