

TO: MTC Planning Committee /
ABAG Administrative Committee

DATE: July 8, 2011

FR: Deputy Executive Director, Policy, MTC
Executive Director, ABAG

RE: OneBayArea Grant — Cycle 2 STP/CMAQ Funding

Staff recommends the initial release of the OneBayArea Grant proposal as outlined in this memorandum for public review and discussion.

Federal Transportation Funding and Program Policies (Attachment A)

Approximately every six years, U.S. Congress enacts a surface transportation act. The current act (SAFETEA) originally scheduled to expire on September 30, 2009 is still in effect through several legislative extensions. The funding provided to our area through this legislation includes Surface Transportation Program (STP) and Congestion Mitigation and Air Quality (CMAQ) funds.

In December 2009 the Commission adopted an overall framework directing how approximately \$1.4 billion in STP and CMAQ funds were to be allocated over the following six years (2010-2015). The first three years (Cycle 1) of this period were committed to projects and programs and the overall framework provided policy direction for the second three years (Cycle 2).

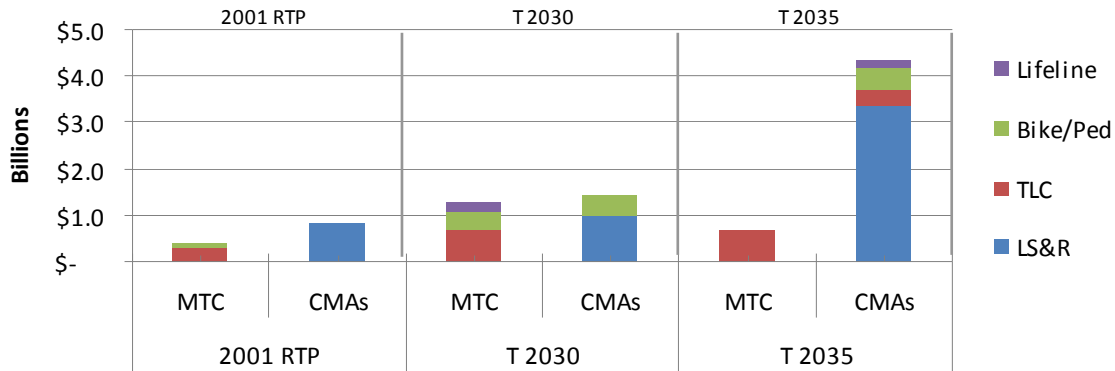
Staff proposes an alternative to the current Cycle 2 framework that better integrates the region's federal transportation program with land-use and housing policies by providing incentives for the production of housing with supportive transportation investments. Attachment A summarizes this framework and proposal for Cycle 2.

OneBayArea Grant Program

As shown in the chart below, over time the county congestion management agencies (CMAs) have been given increased responsibility for project selection for an increasing share of funding coming to the region.

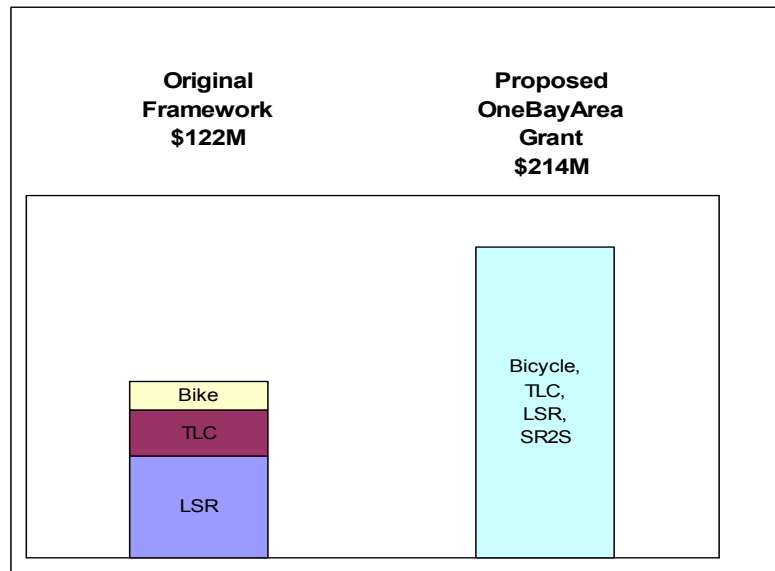
Program and Project Selection Evolves over Past Two Decades

Past Long Range Plan Discretionary Funding Assignments



For Cycle 2, staff proposes to continue this trend by shifting a larger portion of discretionary federal funding to local jurisdictions for taking on a larger share of the region’s housing production. Further, additional flexibility is proposed for CMAAs to address their respective transportation needs. Specifically, the proposal would:

- **Shift more Funding to Locally Managed OneBayArea Grant Program:** Dedicate \$214 million or roughly 40% of the Cycle 2 funding program to a new OneBayArea Grant. The funding for the OneBayArea Grant is the result of merging many of the programs in the Cycle 2 framework into a single flexible grant program and is roughly a 70% increase in the funding distributed to the counties as compared to the Cycle 2 framework adopted by the Commission. By comparison, the status quo approach for Cycle 2 would result in 22% going to County Congestion Management Agency (CMA) programs down from 30% in Cycle 1
- **Add Flexibility by Eliminating Program Categories:** The One Bay Grant proposal provides additional flexibility under Cycle 2 by eliminating required program categories and combining funding for TLC, Bicycle, Local Streets and Roads Rehabilitation, and Safe Routes to School. See figure illustrating this change on the following page. Project selection will be limited to a degree by the project eligibility limitations of CMAQ which will make up approximately half of the funds that each county will receive.



- Leverage Outside Funds to Grow Program and Meet More Objectives: Additional opportunities could be sought through other regional programs, other non-federal sources for affordable housing, and other local funds to augment program objectives. As a start, the Air District proposes \$6 million from its Regional Transportation for Clean Air (TFCA) Program. TFCA eligibility considerations will be guiding the use of these funds in the overall program.
- Continue Key Regional Programs: The remaining funding is targeted to continue regional programs such as Regional Operations, Freeway Performance Initiative, and Transit Capital Rehabilitation. Refer to Attachment A-2 for a description of these regional programs.
- Establish a Priority Conservation Area Planning Program: This new \$2 million program element will provide financial incentives for counties with populations under 500,000 for preservation of resource area and farmland, as defined in California Government Code Section 65080.01.

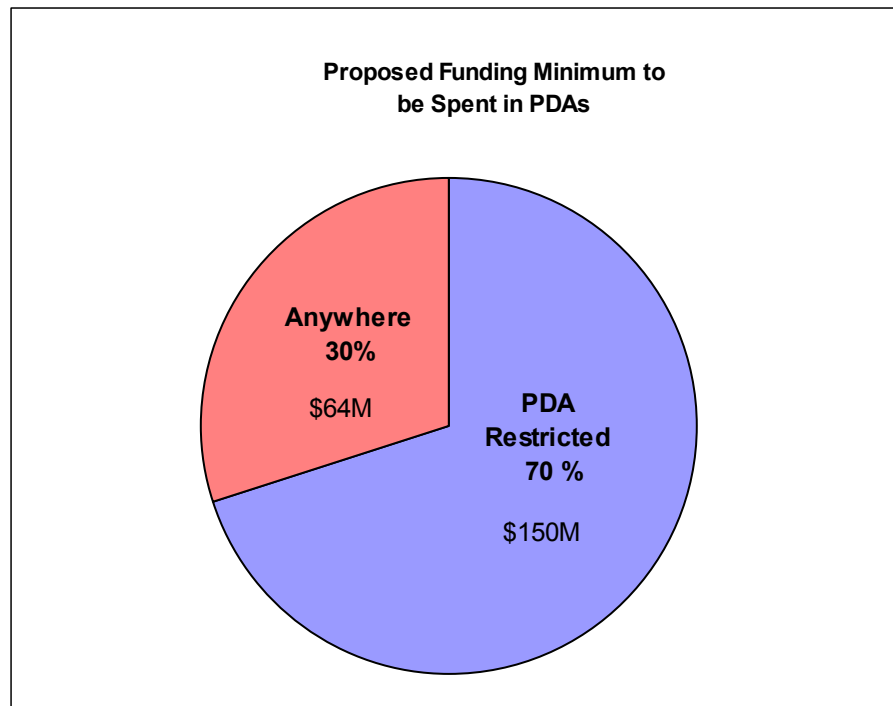
Distribution Formula for the OneBayArea Grant (Attachments B, C, D)

Staff proposes a distribution formula for OneBayArea Grant funding (Attachment B) that includes housing incentives to support the SCS and promote effective transportation investments that support focused development. In order to ease the transition to this new funding approach, staff is also recommending a 50% population share factor in the formula:

1. Formula to Counties: The proposed distribution formula to the counties includes three components: 50% population, 25% Regional Housing Needs Allocation (RHNA) for 2007-2014, and 25% actual housing production. This approach provides incentives for both future housing commitments and actual housing production. The fund distribution will be refined using the new RHNA to be adopted by ABAG next spring along with the SCS. The new RHNA being developed, which covers years 2015-2022, places a greater emphasis on city centered growth. As a result, refinements are likely to result in modest

revisions to the funding distribution consistent with these revised development patterns. The proposed OneBayArea Grant formula also uses actual housing data from 1999-2006, and has been capped such that each jurisdiction receives credit for housing up to its RHNA allocation. Subsequent funding cycles would rely on housing production from ABAG's next housing report to be published in 2013.

2. Priority Development Area (PDA) Minimum: Require that at least 70% of funding be spent on projects in Priority Development Areas (planned, potential and growth opportunity areas). Growth opportunity areas are tentatively considered as PDAs until ABAG completes final PDA designations next fall. See Attachment C for PDA program minimums for each county and Attachment D for a map and a list of the PDAs.



The OneBayArea Grant supports Priority Development Areas while providing flexibility to fund transportation needs in other areas.

Performance and Accountability

As noted at the outset, housing allocation according to RHNA and housing production will be the primary metric for distributing the OneBayArea Grant funding. In addition, staff recommends the following performance and accountability requirements.

1. Supportive Local Transportation and Land-Use Policies: Staff recommends that local agencies be required to have at least two of the following four policies adopted in order to be eligible for grant funds:
 - a) Parking/pricing policies (e.g. cash out, peak pricing, on-street/off street pricing differentials, eliminate parking minimums, unbundled parking) and adopted city and/or countywide employer trip reduction ordinances
 - b) Adopted Community Risk Reduction Plans (CRRP) per CEQA guidelines
 - c) Have affordable housing policies in place or policies that ensure that new development projects do not displace low income housing

- d) Adopted bicycle/pedestrian plan and complete streets policy in general plans pursuant to Complete Streets Act of 2008
2. Approved Housing Element: Also, a HCD-approved housing element consistent with RHNA/SB375 law is a proposed condition for any jurisdiction receiving Cycle 2 OneBayArea grants. This may be met as follows: 1) adoption of a housing element that meets the current RHNA before the new RHNA is adopted, or 2) the adoption of a housing element that meets the new RHNA after its approval early in 2012. Jurisdictions have 18 months after the adoption of the SCS to meet the new RHNA; therefore, compliance is expected and required by September 2014. Any jurisdiction failing to meet either one of these deadlines will not be allowed to receive grant funding. Lastly any jurisdiction without adopted housing elements addressing the new RHNA by September 2014 will be ineligible to receive any funding after Cycle 2 until they have adopted a housing element.

Implementation Issues

Below are issues to be addressed as we further develop the OneBayArea Grant concept:

1. Federal Authorization Uncertainty: We will need to closely monitor development of the new federal surface transportation authorization. New federal programs, their eligibility rules, and how money is distributed could potentially impact the implementation of the OneBayArea Grant Program as proposed.
2. Revenue Estimates: Staff assumes a steady but modest nominal revenue growth rate of 4% annually. Given the mood of Congress to downsize federal programs, these estimates are potentially overly optimistic if there are significant reductions in STP / CMAQ apportionments over the Cycle 2 time period. Staff recommends continuing to move forward with the conservative revenue assumptions and make adjustments later if needed.

Preliminary Timeline and Next Steps

Staff recommends the Committees release the OneBayArea Grant proposal for public review. Staff will seek feedback from stakeholder and technical working groups over the next several months. The preliminary timeline for development and approval of the OneBay Area Grant is shown on the next page.

July – Sept. 2011	<ul style="list-style-type: none"> ▪ The Joint MTC Planning Committee / ABAG Administrative Committee release of OneBay Area Grant proposal for public review ▪ <i>ABAG releases preliminary draft concepts for RHNA methodology</i> ▪ Working Group Discussions of Cycle 2/OneBay Area Grant approach
Fall 2011	<ul style="list-style-type: none"> ▪ Follow-up Committee Presentation of OneBayArea Grant and Cycle 2 approach ▪ <i>ABAG releases draft RHNA methodology</i>
December 2011	<ul style="list-style-type: none"> ▪ <i>Adoption of Cycle 2 approach based on draft RHNA methodology</i> ▪ <i>MTC/ABAG releases draft Preferred SCS</i> ▪ Commission adoption of Cycle 2 funding commitments for MTC Regional Programs
February 2012	<ul style="list-style-type: none"> ▪ <i>MTC/ABAG approves draft preferred SCS</i>
March 2012	<ul style="list-style-type: none"> ▪ Commission adoption of Cycle 2/OneBay Area Grant with Final RHNA
April 2012 – Feb. 2013	<ul style="list-style-type: none"> ▪ CMA Project Selection Process
April 2013	<ul style="list-style-type: none"> ▪ Final SCS adopted

Ann Flemer

Ezra Rapport

Attachments

Attachment A

OneBayArea Grant Proposal

New Act STP / CMAQ Cycle 2 Draft Funding Proposal June 22, 2011

(amounts in millions \$)

Funding Available: Cycle 1: \$466M (after \$54M Carryover) Cycle 2: \$548M Air District: \$6M	Existing Framework				Cycle 2 One Bay Area		Cycle 2 Total
	Cycle 1		Cycle 2 Status Quo		MTC	One Bay Area Grant*	
	MTC	CMA Block Grant	MTC	CMA Grant			
1 Regional Planning *	23		26		5	21	26
2 Regional Operations	84	0	74	0	74	0	74
3 Freeway Performance Initiative (FPI)	51	0	66	0	66	0	66
4 Transit Capital Rehabilitation *	0	0	125	0	125	0	125
5 Local Streets and Roads Rehabilitation*	6	94	7	70	3	74	77
6 Climate Initiatives *	80		40		25	15	40
7 Regional Bicycle Program *	0	20	0	20	0	20	20
8 Transportation for Livable Communities (TLC) *	51	28	64	32	15	85	102
9 Transportation Oriented Development (TOD) Fund	10	0	0	0	2		
10 Priority Conservation Area Planning Pilot							
11 MTC Res 3814 Transit Payback Commitment	6	0	25	0	25	0	25
Total	324	142	426	122	340	214	554
	70%	30%	78%	22%	61%	39%	

Grant Totals:	Cycle 1 Block Grant		Cycle 2 Status Quo		Cycle 2 One Bay Area	
		142	30%	122	22%	214

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* Air District funding of \$6 million adds capacity to support OneBay Area Grant.

1) Regional Planning:

\$21M (\$7M per year) for CMA Planning to be distributed to CMAs through OneBayArea Grant.

4) Transit Capital Rehabilitation:

100% Transit Rehab assigned as Regional Transit Rehabilitation, as Transit is network based and regional

5) Local Streets and Roads Rehabilitation

\$3M for a scaled back PTAP program

6) Climate Initiative:

\$5M for SFGO in Regional. Eastern Solano CMAQ to Solano TA part of OneBayArea Grant.

7) Regional Bicycle Program:

\$20M as CMAQ rather than TE as originally proposed in Framework

8) Transportation for Livable Communities (TLC)

TLC program eliminated - All TLC funds to OneBayArea grant

Attachment A-2: Regional Programs

Regional Planning to support planning activities in the region carried out by the Association of Bay Area Governments (ABAG), the San Francisco Bay Area Conservation and Development commission (BCDC), and MTC. CMAs would access their OneBayArea grant to fund planning activities.

Regional Operations: This program includes Clipper, 511, Incident Management and a scaled-back Pavement Technical Assistance Program (PTAP).

Freeway Performance Initiative This program emphasizes the delivery of ramp metering projects on the State Highway System throughout the Bay Area to gain the most efficiency out of the existing highway network.

Priority Conservation Area Planning: Staff is recommending a new pilot for the development priority conservation area (PCA) plans for counties with populations under 500,000 to ameliorate outward development expansion and maintain their rural character.

Transportation for the Livable Communities (TLC) and the Affordable Transportation Oriented Development (TOD) Housing Fund: The bulk of the TLC Program's funding will shift to the OneBayArea Grant. The remaining funds under MTC's management are proposed to continue station area planning and/or CEQA assistance to PDAs and support additional investments in affordable housing.

Climate Initiatives: The objective of the Climate Initiatives Program launched in Cycle 1 was to make short-term investments that reduce transportation-related emissions and vehicle miles traveled, and encourage the use of cleaner fuels. Through the innovative projects selected and evaluation process, the region is building its knowledge base for the most effective Bay Area strategies for the Sustainable Communities Strategy and next long-range plan. The proposed funding for the Cycle 2 Climate Initiative Program would allow some continuation of these efforts at the regional level and protect a prior commitment to the SFGGo project.

Transit Capital Rehabilitation: The Commission deferred transit rehabilitation needs from Cycle 1 to Cycle 2 in order to allow more immediate delivery of some of the other programs. The program objective, as in the past, is to assist transit operators to fund major fleet replacements, fixed guideway rehabilitation and other high-scoring capital needs that cannot be accommodated within the FTA Transit Capital Priorities program.

MTC Resolution 3814 Transit Payback Commitment: Consistent with the Cycle 2 framework, MTC is proposing to program \$25 million to Lifeline, small operators, and SamTrans right-of-way settlement to partially address a commitment originally envisioned to be met with state spillover funds.

**Attachment B
PROPOSAL**

**OneBayArea Grant Distribution Formula
Cycle 2 (FYs 2013, 2014, 2015)**

County	50%-25%-25% (Pop. RHNA - Housing Production Capped)	Status Quo Grant Program
Alameda	\$43.0	\$25.4
Contra Costa	\$31.9	\$16.6
Marin	\$6.4	\$5.0
Napa	\$4.2	\$2.9
San Francisco	\$25.0	\$11.8
San Mateo	\$17.4	\$11.1
Santa Clara	\$56.1	\$28.1
Solano	\$14.0	\$9.0
Sonoma	\$16.0	\$12.3
Bay Area Total	\$214.0	\$122.1

Difference From Status Quo Grant Program

County	50%-25%-25% (Pop. RHNA - Housing Production Capped)	Status Quo Grant Program
Alameda	\$17.7	-
Contra Costa	\$15.3	-
Marin	\$1.5	-
Napa	\$1.3	-
San Francisco	\$13.2	-
San Mateo	\$6.3	-
Santa Clara	\$28.0	-
Solano	\$5.0	-
Sonoma	\$3.7	-
Bay Area Total	\$91.9	-

% Change From Status Quo Grant Program

County	50%-25%-25% (Pop. RHNA - Housing Production Capped)	Status Quo Grant Program
Alameda	70%	-
Contra Costa	92%	-
Marin	29%	-
Napa	45%	-
San Francisco	112%	-
San Mateo	57%	-
Santa Clara	100%	-
Solano	55%	-
Sonoma	30%	-
Bay Area Total	75%	-

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Notes:

Status quo program based on framework for Cycle 2 adopted by the Commission and continuation of Cycle 1 county block grant policies.

RHNA is based on current 2007-20014 targets

Population data from Department of Finance, US Census 2010

Housing production 1999-2006 is capped at 1999-2006 RHNA thresholds

Attachment C

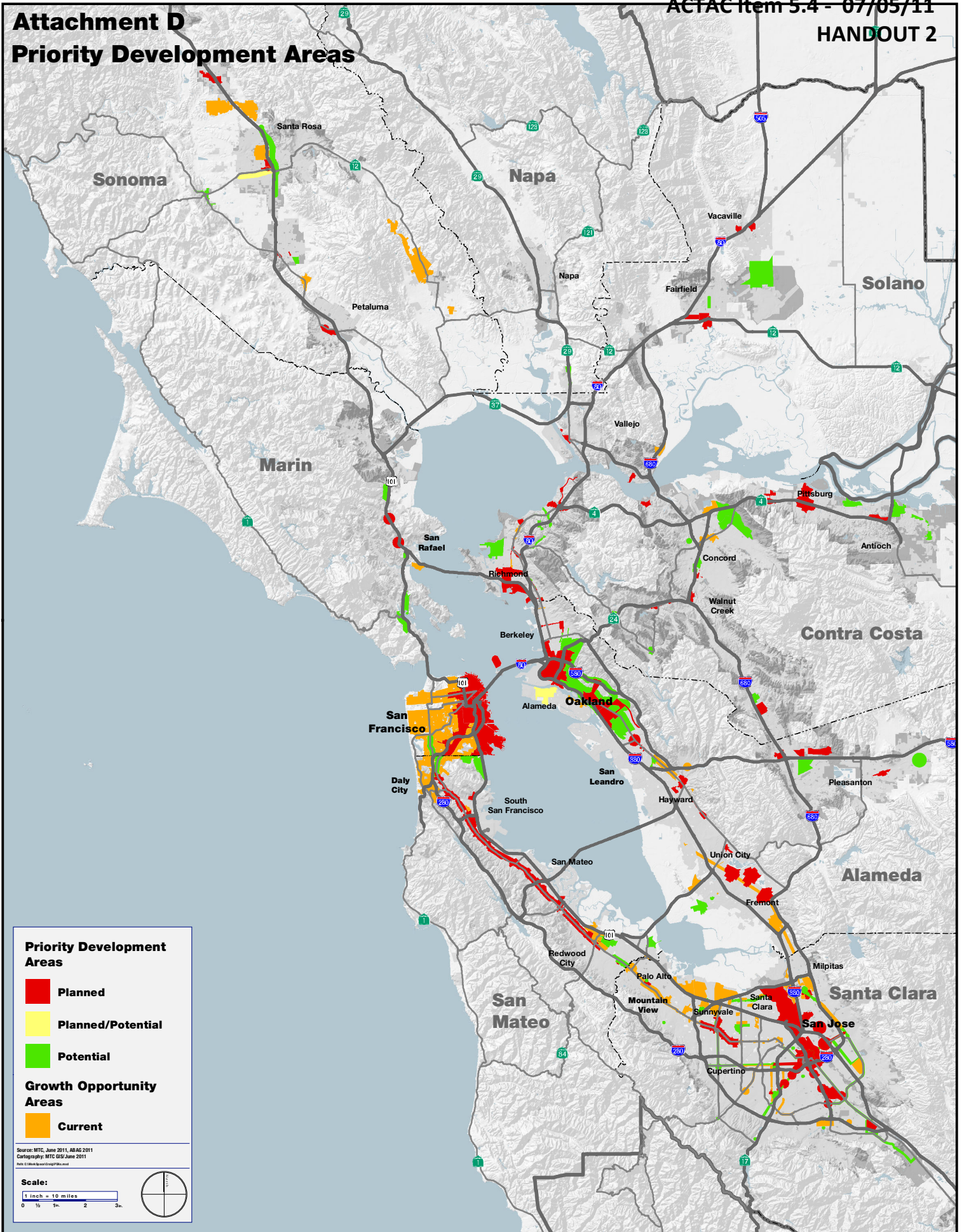
PROPOSAL

PDA Investments for the OneBayArea Grant

50%-25%-25% (Pop.- RHNA - Actual Housing Production Capped) Distribution

Apportionment Area	County Grant Amount	Allocation Areas	
		PDA 70% Minimum	Anywhere in County
Alameda	\$43.0	\$30.1	\$12.9
Contra Costa	\$31.9	\$22.4	\$9.6
Marin	\$6.4	\$4.5	\$1.9
Napa	\$4.2	\$2.9	\$1.3
San Francisco	\$25.0	\$17.5	\$7.5
San Mateo	\$17.4	\$12.2	\$5.2
Santa Clara	\$56.1	\$39.3	\$16.8
Solano	\$14.0	\$9.8	\$4.2
Sonoma	\$16.0	\$11.2	\$4.8
Regional Total	\$214.0	\$149.8	\$64.2

Attachment D Priority Development Areas



Priority Development Areas

- Planned**
- Planned/Potential**
- Potential**

Growth Opportunity Areas

- Current**

Sources: MTC, June 2011, ABAG 2011
Cartography: MTC GIS/June 2011
File: C:\Work\GIS\Map\Map.mxd

Scale:
1 inch = 10 miles
0 1/4 1/2 1 2 3 miles



Attachment D: Priority Development Areas

Alameda County

Jursidiction or Area Name	PDA Status
Alameda	
Naval Air Station	Planned/Potential
<i>Northern Waterfront</i>	<i>Growth Opportunity Area</i>
Albany	
<i>San Pablo Avenue & Solano Avenue</i>	<i>Growth Opportunity Area</i>
Berkeley	
Adeline Street	Potential
Downtown	Planned
San Pablo Avenue	Planned
South Shattuck	Planned
Telegraph Avenue	Potential
University Avenue	Planned
Dublin	
Downtown Specific Plan Area	Planned
Town Center	Planned
Transit Center	Planned
Emeryville	
Mixed-Use Core	Planned
Fremont	
Centerville	Planned
City Center	Planned
Irvington District	Planned
<i>Ardenwood Business Park</i>	<i>Growth Opportunity Area</i>
<i>Fremont Boulevard & Warm Springs Boulevard Corridor</i>	<i>Growth Opportunity Area</i>
<i>Fremont Boulevard Decoto Road Crossing</i>	<i>Growth Opportunity Area</i>
<i>South Fremont/Warm Springs</i>	<i>Growth Opportunity Area</i>
Hayward	
Downtown	Planned
South Hayward BART	Planned
South Hayward BART	Planned
The Cannery	Planned
<i>Carlos Bee Quarry</i>	<i>Growth Opportunity Area</i>
<i>Mission Corridor</i>	<i>Growth Opportunity Area</i>
Livermore	
Downtown	Planned
Vasco Road Station Planning Area	Potential
Newark	
Dumbarton Transit Oriented Development	Potential
Old Town Mixed Use Area	Potential
<i>Cedar Boulevard Transit</i>	<i>Growth Opportunity Area</i>
<i>Civic Center Re-Use Transit</i>	<i>Growth Opportunity Area</i>

Oakland

Coliseum BART Station Area	Planned
Downtown & Jack London Square	Planned
Eastmont Town Center	Planned
Fruitvale & Dimond Areas	Planned
MacArthur Transit Village	Planned
Transit Oriented Development Corridors	Potential
West Oakland	Planned

Pleasanton

Hacienda	Potential
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San Leandro

Bay Fair BART Transit Village	Potential
Downtown Transit Oriented Development	Planned
East 14th Street	Planned

Union City

Intermodal Station District	Planned
<i>Mission Boulevard</i>	<i>Growth Opportunity Area</i>
<i>Old Alvarado</i>	<i>Growth Opportunity Area</i>

Alameda County Unincorporated

<i>Castro Valley BART</i>	<i>Growth Opportunity Area</i>
<i>East 14th Street and Mission Boulevard Mixed Use Corridor</i>	<i>Growth Opportunity Area</i>

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