

**Metropolitan Transportation Commission  
Programming and Allocations Committee**

**July 13, 2022**

**Agenda Item 5b - 22-1057**

**Major Project Advancement Policy (MAP) – Principles, Approach, and Preliminary  
Endorsement Table**

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**Subject:**

Based on Commission direction at the May workshop, staff will present a revised framework including principles for funding strategies, risk management, and policy reinforcements; an approach to project sequencing; and a preliminary draft endorsement table.

**Background:**

Following the recent adoption of Plan Bay Area 2050, there is a need and an opportunity for regional coordination to meet the funding and project delivery challenges of the current and future set of major transportation projects in the region. The Commission and the Blue Ribbon Transit Recovery Task Force (BRTRTF) have noted the importance of regional leadership and coordination to support development and delivery of large and regionally-significant transportation projects across all modes. To further this regional coordination, MTC is developing the Major Project Advancement Policy (MAP).

The MAP will be a regional policy to support implementation of Plan Bay Area 2050, aimed at delivering the next round of major transportation projects, building off the Bay Area's previous Regional Transit Expansion Program, MTC Resolution No. 3434. For large, regionally significant projects in Plan Bay Area 2050, the MAP will seek to achieve regional coordination on federal, state, and regional discretionary funding requests and develop MTC's role in risk management and ensuring consistency with regional policies.

**The MAP will consist of three components:**

- **Funding Strategy:** Develop full funding plans for projects in the MAP. Identify appropriate discretionary funding sources and prioritize or sequence funding requests. Endorsements and sequencing strategies may be developed for fund sources such as Federal Transit Agency Capital Investments Grant program (New Starts, Small Starts and Core Capacity) and programs of the federal Bipartisan Infrastructure Law, state sources such as the Transit and Intercity Rail Capital Program, Senate Bill 1 programs, general

state budget augmentations and other state sources. Other non-local fund sources may also be considered for endorsement and sequencing strategies.

- **Policy Reinforcements:** Monitor project progress and consistency with policy commitments in Plan Bay Area 2050 and other regional policies. The policy areas covered may include benefit/cost ratios, equity, land use, and connected mobility.
- **Risk Management:** Develop a regional risk management approach to evaluate and monitor risks throughout project lifecycles, from early project development and network coordination through construction.

### **MAP Principles**

In response to Commissioner and stakeholder feedback and to guide further development of the MAP, staff have developed funding, policy, and risk management principles. These principles set the groundwork for sequencing projects, assigning funding, and developing policy reinforcements and a risk management approach. The proposed principles are listed in Attachment A to this item.

### **Funding Framework Approach and Project Levels**

Following from the recommended principles, staff have also developed an approach for sequencing and endorsing projects for funds in the funding framework. This is proposed to include assigning projects to one of three Levels based on readiness criteria and then assigning identified funding sources prioritizing higher level projects first.

Most projects will be included under programmatic or umbrella projects, such as Zero-Emission Bus Fleet and Facilities, Bus Rapid Transit Projects, and Grade Separations, which will have aggregated listings within each level. The inclusion of programmatic categories in the MAP helps ensure funding is directed to important investments areas. Over time, the MAP will be accompanied by more detailed funding plans for the sub-projects within the programmatic categories.

The approach detailing the proposed level definitions, process for moving between levels, funding endorsement considerations, and other details is included as Attachment B to this item.

### **Draft Endorsement Table**

A table showing draft funding endorsements for Level 1 and Level 2 projects is included as Attachment C to this item. This draft framework shows the results of the proposed framework approach, and will be presented by staff for discussion and feedback to support further refinement of the approach and the final MAP.

Level 1 projects are MTC's highest priority for immediate and near-term funding opportunities, such as current state and federal funding rounds. Where anticipated program funding is significantly constrained in the near term, focusing endorsement and advocacy efforts on Level 1 projects first will deliver ready-to-go infrastructure investments and provide benefits to transit riders in the near future.

Additionally, delivering Level 1 projects will provide funding capacity in the medium term for projects in Level 2 to advance to Level 1. In the meantime, focused endorsements for Level 2 projects, especially for future federal and state funding rounds and project development specific funding opportunities establish a pipeline of regional priorities beyond Level 1.

A complex funding environment, with multiple federal and state agency funders, annual or biannual funding rounds, modal or timely use of funds requirements, and other eligibility restrictions require a flexible MAP endorsement policy. As funds are awarded and projects advance, staff will assess if updates to the endorsement table are warranted and develop proposals as needed, for Commission consideration. An example of this is multiple funding calls over the next six months resulting from transportation funding in the recently adopted FY2022-23 state budget. Should the region prove successful in securing multiple grants for the most immediate Level 1 funding needs, then advocacy efforts and endorsements will pivot to the Level 2 priorities.

### **Stakeholder Engagement**

The MTC Programming and Allocations Committee received staff updates and provided direction in April, May, and June 2022 on MAP development. Additionally, the MAP was discussed at the May MTC Policy Advisory Council and the June Partnership Board Meetings. Further information on the MAP, including updated information from sponsors and the project

evaluation was presented on Day 2 of the Commission Workshop. Staff is seeking further Commission and public input on the MAP in the coming months and anticipate bringing forward MAP recommendations to the Programming and Allocations Committee and to the full Commission for approval in September.

**Issues:**

Based on the ambitious but realistic estimates of funding for MAP projects, there are not enough identified funds for all Level 1 and 2 projects; therefore, the current approach assigns more certain (and less “anticipated”) funds to Level 1 projects. This proposed approach seeks to sequence projects through prioritization of funding requests and will only be as effective as the region is unified in its advocacy to this end.

**Recommendations:**

Information

**Attachments:**

- Attachment A: MAP Principles
- Attachment B: MAP Approach
- Attachment C: Draft Funding Matrix
- Presentation



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## **Major Project Advancement Policy (MAP) Principles**

### **DRAFT, July 2022**

The MAP is intended to support implementation of Plan Bay Area 2050 and is aimed at delivering the Bay Area's major transportation projects. For large, regionally significant projects in Plan Bay Area 2050, the MAP will seek to achieve regional coordination on federal, state, and regional discretionary funding requests and develop MTC's role in risk management and ensuring consistency with regional policies.

### **Funding Strategy**

1. The MAP should establish aggressive but realistic funding targets for current and future federal, state, and other funding sources to advance projects in the region. These targets should be revised as funding conditions change.
2. The MAP should reflect the importance of fulfilling funding commitments for regionally significant projects that have been prioritized in past and current funding frameworks prior to making new large-scale funding commitments – subject to Commission assessment of cost/schedule overruns and remaining project benefits.
3. The MAP is an endorsement framework and cannot commit specific fund sources for specific projects. Given that most of the fund sources in the MAP are competitive, the MAP will need to be adjusted as projects succeed or fail in securing funds as needed and proposed, or as state and federal programming objectives and guidelines change.

### **Risk Management**

4. Projects in the MAP should be sequenced in a manner that considers project readiness and deliverability, cost and schedule risk, connectivity, and operational sustainability. Projects can advance in the sequencing by demonstrating they meet specific criteria associated with these considerations.
5. The MAP should recognize and reflect major project cost and schedule risks and incorporate appropriate requirements for the inclusion of project contingency costs.
6. The MAP risk management program should not duplicate existing federal, state, or local oversight efforts, but instead focus on risk earlier in the project development pipeline related to customer focused system connectivity and cost and schedule control.

### **Policy Reinforcements**

7. Projects in the MAP should align with Plan Bay Area 2050 guiding principles and other regional policies to receive funding endorsements.
8. The MAP should reflect the importance that smaller, lower-cost, and high benefit modernization projects have in advancing the goals and objectives of Plan Bay Area 2050, and reserve funding for these types of projects. Modeling and performance assessments conducted during the development of Plan Bay Area 2050, reveal the importance of these smaller projects in reducing greenhouse gas emissions and congestion. The provision of major and mega project funding endorsements should not result in a dearth of funding for these important smaller projects.

## **Major Project Advancement Policy (MAP) Approach**

### **DRAFT, June 2022**

The MAP is intended to support implementation of Plan Bay Area 2050 and is aimed at delivering the Bay Area's major transportation projects. For large, regionally significant projects in Plan Bay Area 2050, the MAP will seek to achieve regional coordination on federal, state, and regional discretionary funding requests and develop MTC's role in risk management and ensuring consistency with regional policies.

### **Requirements for Inclusion in the MAP**

1. Inclusion in Plan Bay Area 2050.
  - a. Tier 1 projects above \$1 billion.
  - b. Tier 2 projects above \$1 billion (for project development phases and funding opportunities only)
  - c. Programmatic categories with specific projects below \$1 billion (approved or consistent with Plan Bay Area 2050 Tier 1) that when combined are over \$1 billion.
2. Projects seeking competitive federal, state, or other grant opportunities consistent with MTC's Federal BIL and state TIRCP strategies.
3. Completed projects, fully funded projects or projects not seeking competitive federal, state or other grants are not eligible for the MAP. Inclusion in the MAP is not necessary or appropriate for all projects.

### **Definition of MAP Levels**

1. Level 1:
    - a. Project with more than 50% committed funding and construction start by 2028\*; or
    - b. Transit Megaproject with approved Federal Transit Administration (FTA) Capital Investment Grants (CIG) Full Funding Grant Agreement or FTA Letter of Intent issued for funding in the Expedited Project Delivery (EPD) pilot program
  2. Level 2 – Project with more than 30% committed funding and construction start by 2035\*\*
  3. Level 3 – Project with less than 30% committed funding
- Optional Tier 2/Level 4/Future Projects Level: Tier 2 PBA 2050 project competing for Project Development funding only
  - Non-transit projects with anticipated construction start dates by 2024-25 (the last year of the upcoming SB1 competitive cycle) may be upgraded one level to reflect ability to compete in SB1.
  - Programmatic Categories – specific projects within a programmatic category may be listed in a MAP Level consistent with the MAP Level definitions above.

*\*based on expectation that projects receiving BIL funds in the initial 5-year period would start construction by 2028*

*\*\* DTX committed funding is less than the Level 2 requirement of 30%. However, given the project's longstanding priority in Resolutions 1876 and 3434, staff recommend assigning it to Level 2.*

### **Contingencies: Project Level and MAP Level**

1. Project contingencies are required for certain federal and state funding sources. MTC will screen projects for appropriate contingencies consistent with FHWA and FTA recommended contingency levels at project milestones during project development and construction.
2. Prior to completion of the contingency screen referenced in #1 above, the MAP will include a contingency reserve for megaprojects, identifying a percentage of target funding in several transit and non-transit funding categories.

*Contingency levels in the draft framework are set at \$500 million for Level 1 and 20% of megaproject cost for Levels 2 and 3*

### **Process for Moving Projects between MAP Levels**

1. Projects are assigned MAP Levels based on the requirements above.
2. When changes to cost, funding, scope or schedule occur that may warrant a level reassignment, MTC staff will review and may recommend an amendment to the MAP to reassign a project into a different level.
3. Future movement between levels will be informed by the Risk Management Program and Policy Reinforcements, once these are adopted into the MAP.
4. This process may include a project screening to ensure alignment with Plan Bay Area guiding principles and commitments to equity and to identify Governance/Contingency/Connected Mobility/Operating Funding Plan challenges for sponsor to address prior to inclusion.

### **MAP Funding Endorsements – Prioritization and Sequencing**

1. Level 1 projects are MTC's highest priority for immediate and near-term funding opportunities, such as current state and federal funding rounds. Where anticipated program funding is significantly constrained in the near term, focusing endorsement and advocacy efforts on Level 1 projects first will deliver ready to go infrastructure investments and provide benefits to transit riders in the near future.
2. Delivering Level 1 projects will provide funding capacity in the medium term for projects in Level 2 to advance to Level 1. In the meantime, focused endorsements for Level 2 projects, especially for future federal and state funding rounds and project development specific funding opportunities establish a pipeline of regional priorities beyond Level 1.
3. A complex funding environment, with multiple federal and state agency funders, annual or biannual funding rounds, modal or timely use of funds requirements, and other eligibility restrictions require a flexible MAP endorsement policy. As funds are awarded and projects advance, staff will assess if updates

to the endorsement table are warranted and develop proposals as needed, for Commission consideration.

**MAP Funding Endorsements – Consistency with other MTC Funding Frameworks**

1. MAP Funding Endorsements for federal Bipartisan Infrastructure Law (BIL) funding will be consistent with the MTC's Regional Grants Prioritization Endorsement List, adopted by the Commission on March 23, 2022, or as amended.
2. MAP Funding Endorsements for State Transit and Intercity Rail Capital Program (TIRCP) funding will be consistent with MTC Resolution 4130, the region's TIRCP Framework.
3. MAP funding endorsements may require changes to either the MTC's Regional Grants Prioritization Endorsement List for BIL or MTC Resolution 4130, the region's TIRCP Framework.





**Level 3 and Tier 2 MAP Projects  
Funding Assignment -- TBD**

Level 3 and Tier 2 MAP Projects Funding Assignment -- TBD		
Level 3	Cost (\$ billions)	Funding Gap
SFMTA Building Progress	\$ 2.3	\$ 2.1
BART Station Modernization & Transit-Oriented Development Program	\$ 1.2	\$ 1.1
Muni Metro Modernization - Subway Renewal Program	\$ 1.2	\$ 1.2
Level 3 Megaprojects Contingency	\$ 1.9	\$ 1.9
Level 3 ZEB Projects	\$ 2.4	\$ 2.4
Level 3 BRT Projects	\$ 0.8	\$ 0.8
Transit Service Improvements and Modernization	\$ 7.6	\$ 7.5
Grade Separations	\$ 4.1	\$ 4.1
Express Lanes Projects	\$ 1.3	\$ 1.3
Goods Movement	\$ 1.7	\$ 1.2
Bike/Ped	\$ 0.8	\$ 0.7
Roadway -- Other	\$ 3.1	\$ 3.0
<b>Level 3 Subtotal</b>	<b>\$ 28.5</b>	<b>\$ 27.4</b>
Tier 2 -- Early Project Development		
VTA Light Rail Modernization and Grade Separation (Diridon to Japantown Tunnel)	1.5	1.5
VTA Light Rail Modernization and Grade Separation (1st St Corridor North San Jose)	2.2	2.2
AC Transit Rapid Bus Network	1.8	1.8
Link21 (formerly New SF-Oakland Transbay Rail Crossing)	28.8	28.6
BART Electrical Mechanical Rehab Program (BART SGR Project")	6.0	5.3
Caltrain Enhanced Growth Project	3.2	3.2
Caltrain Enhanced Growth Project	2.8	2.8
AC Transit Division Modernization Project	1.8	1.8
BART Caldecott Tunnel Seismic Retrofit	1.2	1.2
San Jose Diridon Station	5.0	4.9
Light Rail   Service Expansion   VTA   Stevens Creek Blvd	2.8	2.8
SR 37 Ultimate Sea Level Rise Adaptation Project	8.4	8.4
<b>Tier 2 Subtotal</b>	<b>\$ 65.6</b>	<b>\$ 64.5</b>
<b>Grand Total</b>	<b>\$ 94.0</b>	<b>\$ 92.0</b>