

**Metropolitan Transportation Commission
Programming and Allocations Committee**

October 12, 2022

Agenda Item 3a - 22-1283

**MTC Resolution Nos. 4537 and 4130, Revised. Major Projects Advancement Policy
and Transit and Intercity Rail Capital Program Framework**

Subject:

- i. Adoption of the Major Project Advancement Policy (MAP); and
- ii. Revision to MTC's Cap and Trade Framework updating the regional Transit and Intercity Rail Capital Program (TIRCP) Framework

Background:

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 also preserve funding opportunities for smaller, high performing projects and for projects that fall within programmatic categories, the advancement of which are Plan Bay Area 2050 priorities.

Following discussion of the MAP Framework at recent PAC meetings and the Commission Workshop, staff have updated the draft funding endorsement matrix and prepared a proposed MAP resolution focusing on the project list and funding recommendations. This item also includes a revision to the region's TIRCP framework that reflects the funding recommendations in the MAP.

Timing

The following schedule is proposed for initial adoption and future updates to the MAP.

1. October 2022: Initial adoption of funding endorsements and update to MTC TIRCP Framework in advance of TIRCP Fall 2022 Augmentation Call for Projects

2. Beginning Fall 2022: Ongoing refinement of projects within specific programmatic categories including Express Lanes, Grade Separations, and Zero Emission, in line with parallel planning and prioritization processes underway in those areas. In November, staff plans to bring forward an information item to the Bay Area Infrastructure and Finance Committee (BAIFA) that will lay out initial steps for advancement of Express Lanes Network implementation.
3. Fall 2022 to Spring 2023: TIRCP Augmentation 1 competitive call for projects is expected to be released November 15th, with applications due in winter and award announcements expected early 2023. Staff may recommend updates to the MAP as the program guidelines are finalized.
4. Winter 2022-23: Adoption of Policy Reinforcements and Risk Management Principles – potentially as part of a stage gate process; Endorsement Table refresh following first round of Bipartisan Infrastructure Law (BIL) and TIRCP Augmentation grant awards
5. Annual Updates: Refine and update Endorsement Table as federal and state funding rounds award grants, as new funding rounds become available, and to maintain alignment with long range plan projects and priorities

Adjustments to this schedule may be required to balance funding plans based on federal or state awards or changes to the funding landscape.

Funding Priorities

The MAP is proposed to focus on three major funding priorities.:

1. Deliver Megaprojects including:
 - *Level 1 (Projects In, Nearing Construction):* Caltrain Electrification, BART Core Capacity, BART to Silicon Valley Phase 2
 - *Level 2 (Projects Emerging from Project Development and Ready for Construction):* Caltrain Downtown Extension, Valley Link Rail Project Initial Operating Segment (IOS)

2. Deliver high performing, low-cost smaller projects to improve local and regional transit networks and multi-modal facilities
3. Transition the transit fleet to Zero Emission consistent with state policies and mandates

Although Megaprojects are largest in size and funding need, the subsequent two priorities listed above are of high importance to the region and our local partners. The proposed MAP funding framework has been developed to balance all three of these priorities.

Major Project Advancement Policy Adoption

As has been presented at previous Committee meetings, the MAP will consist of three components: the funding strategy, policy reinforcements, and risk management. To keep up with state and federal funding opportunities, staff have focused on completing the funding strategy first, with the other two components to follow shortly after. To facilitate adoption of the funding framework and completion of the policy and risk management components, staff have prepared MTC Resolution No. 4537, the Major Project Advancement Policy, including the funding endorsement matrix and associated background information and placeholders for additional components. The proposed resolution and attachments containing details of the project list and funding framework are attached to this item.

MAP Levels

At the July PAC meeting, staff presented an approach for sequencing and endorsing projects and draft level assignments for megaprojects proposed to be included in the MAP. All projects in Levels 1 through 3 are contained in Tier 1 (FYs 2021 – 2035) of Plan Bay Area 2050. Staff have continued to develop the MAP incorporating these Level assignments as presented in July:

- Level 1 – Projects In, or Nearing Construction:
 - Projects with more than 50% committed funding and construction start by 2028 (based on the expectation that projects receiving BIL funds in the initial 5-year period would start construction by 2028); or

- Transit Megaprojects 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
- Level 2 – Projects Emerging from Project Development and Ready for Construction
 - Projects with more than 30% committed funding and construction start by 2035
- 4. Level 3 – Pipeline Projects in Development
 - Projects with less than 30% committed funding
- 5. Optional Tier 2/Level 4/Future Projects Level: Tier 2 PBA 2050 projects competing for Project Development funding only

Additional thresholds or requirements may be added as the risk management and policy consistency components are adopted into the MAP.

Projects assigned to any level within the MAP must be included in or consistent with Plan Bay Area 2050 or future adopted Plan Bay Area iterations. The primary evaluation of projects for regional priority is through the Plan Bay Area process, which is effectively the first step for being included in the MAP. The Plan Bay Area project performance evaluation included assessments of benefit-cost, equity, and alignment with Plan Bay Area 2050 Guiding Principles. The MAP is an implementation tool intended to help deliver projects identified as regional priorities through Plan Bay Area 2050. These projects are expected to advance through the MAP levels as funding, readiness, risk, and policy thresholds are met throughout the life of the project. In this way, the MAP levels will assist in sequencing projects for capital funding. Initial MAP level placement is not a determination of regional significance or commitment to the project.

MAP Funding Endorsement Matrix

At the July PAC meeting, staff presented a draft funding endorsement matrix including discretionary funding endorsements for level 1 projects. Based on commissioner and stakeholder feedback, staff have made the following updates to the matrix:

- Revise funding targets for major capital funding programs based on updated information and projections
- Level 2 Funding Areas: Because of remaining uncertainty around availability and timing of funding programs, and significant remaining need for Level 1 projects, staff recommends only specifying endorsement amounts in Level 2 for TIRCP funding to correspond with the framework update described below. Staff does not recommend specifying other funding sources and amounts for Level 2 projects at this time. However, to facilitate discussions about Level 2 funding, staff have indicated in the Funding Endorsement Table, what sources funds for Level 2 projects are likely to come from. Level 2 projects are expected to be assigned a higher proportion of anticipated funding compared to Level 1 projects.
- Level 3: Staff do not recommend endorsing funding sources for Level 3 projects. Projects currently in Level 3 would be assigned funding when they meet the Level 2 requirements and are approved to move into Level 2.

TIRCP Framework Update

Staff also recommend updating MTC's TIRCP Framework (part of the Regional Cap and Trade Framework, MTC Resolution No. 4130, Revised), to include the funding recommendations in the MAP endorsement matrix. The TIRCP funding forecast used for the MAP funding matrix and TIRCP Framework is aspirational and assumes Cap and Trade legislation does not sunset in 2030.

The TIRCP funding targets in the MAP and recommended TIRCP framework update includes:

- TIRCP Baseline (\$2.5 billion): ongoing 2-year TIRCP funding cycles through 2040
- TIRCP Augment 1 (\$1.3 billion): Identified in the FY 2022-23 State budget and expected to be competitively distributed starting in fall 2022. The Augment 1 funding target assumes the Bay Area will receive 80% of funding available to non-Southern California regions.
- TIRCP Augment 2 (\$800 million): Identified in the FY 2022-23 State budget for which funding is not yet guaranteed, expected to be distributed over the next few years and requires further state approval. The Augment 2 funding target assumes the Bay Area will receive its population share (~20%) of the \$4 billion anticipated to be made available over the two-year period of Fiscal Year 2024 and 2025.

The TIRCP Augmentation 1 competitive call for projects is expected to be released November 15th, with applications due in winter and award announcements expected early 2023. Staff may recommend updates to the MAP as the program guidelines are finalized.

The framework includes a provision to endorse any project for up to \$25 million if the project is consistent with Plan Bay Area 2050. Project sponsors have requested an exception policy to this provision that would allow for a larger TIRCP endorsement. Beginning with the TIRCP Augmentation 1 funding round, staff recommends an exception process to allow for the consideration of endorsements for Grade Separation projects listed in the adopted MTC Bay Area regional priority Projects List - Bipartisan Infrastructure Law Endorsement Lists and multi-operator coordinated Zero-Emission Transition projects that exceed the \$25 million cap. Staff does not recommend any other immediate changes to the policy but will evaluate the exception process request and consider an exception policy that goes beyond Grade Separation and Zero Emission projects for future TIRCP funding rounds. To strike a balance between the named projects and other projects, the exception policy could allow for consideration of an endorsement of other projects that are likely to score significantly higher than competing projects in greenhouse gas reduction or other TIRCP evaluation areas.

Preview of Future Additions: Policy, Risk, and Stage-Gate Process

The policy reinforcement and risk management components are still under development but may include evaluation of progress on Plan Bay Area 2050 commitment letters, additional criteria for projects requesting to move between levels, a risk assessment and management program for some or all MAP projects, and terms and conditions for discretionary funding endorsements to ensure consistency with policy and risk management. Staff expect to recommend amendments to the MAP to incorporate these components in winter 2022-23.

Along with the risk management component, staff intend to develop a modified “stage-gate” process for recommending advancing projects up through the levels or down a level. The following process is proposed, to be refined in the next update of the MAP.

- 1) Projects are initially assigned MAP Levels based on the level definitions above.
- 2) When changes to cost, funding, scope or schedule occur that may warrant a level reassignment, the project sponsor or MTC may initiate a request to review the project’s level assignment.
- 3) MTC staff will review the project with respect to the funding, policy, and risk thresholds and may recommend an amendment to the MAP to reassign a project into a different level.
 - a) Moving up from Level 3 to Level 2 or Level 2 to Level 1 will be subject to Gate A or Gate B evaluation, respectively
 - i) Gate A: Projects seeking to move from Level 3 to Level 2 will be subject to a Gate A evaluation, including a Plan Bay Area guiding principles screening, evaluation of the schedule and funding plan (both capital and operating) for reasonableness, evaluation of project risk and risk management, and examination of other project details such as public, funding partner and stakeholder engagement. MTC may work with project sponsors to refine

project scopes, funding plans, and other details before being approved to pass through Gate A.

- ii) Gate B: Projects seeking to move from Level 2 to Level 1 will be subject to a Gate B evaluation, focused on confirming the project has followed through on previous funding, policy, and risk commitments and expectations. The Gate B evaluation will assess project fundamentals as outlined in Gate A and may rely on other agencies' oversight processes or coordinated oversight processes to determine when a project should move into Level 1.

Future movement between levels will be informed by the Risk Management Program and Policy Reinforcements, once these are adopted into the MAP.

Issues:

- As reflected in the MAP funding targets, current federal and state opportunities present a once in a generation investment environment that will assist in achieving full funding plans in our region, the state and throughout the country. However, as the MAP Endorsement Table also demonstrates, there still is not funding reasonably expected to be available to move all the region's MAP projects forward and thus there is a need to prioritize and sequence projects using the MAP leveling approach. The MAP's proposed approach to sequence the funding and delivery of major projects will only be as effective as the region is unified in its advocacy to this end.
- To maximize their chances of filling project funding gaps some project sponsors are seeking grant awards from multiple fund sources, which if successfully acquired, may sum in their totality to more than the amount of the funding gap for a given project. This strategy is difficult to set forth in the MAP and the approach staff has taken is to assign funding endorsements to projects for fund sources where there is a reasonable expectation of an award only up to the amount needed to cover the project funding gap. In cases where projects receive grant awards from different sources or in greater amounts than what is reflected in the MAP,

staff will refresh the MAP endorsement strategy at the next available opportunity to reflect those awards and adjust the remaining endorsements. Project sponsors should not expect that staff will maintain federal, state, or regional funding endorsements that would ultimately supplant planned project funding from local sources.

- The successful delivery of transit capital expansion projects will result in new transit operating expense. As part of the FTA Capital Improvement Grants program process and anticipated MAP Risk Management requirements, project sponsors are required to demonstrate sustainable operating funding plans to pay for the new operational costs. This has become more difficult in the current environment for public transit where many operators in the region face upcoming fiscal cliffs that could have severe effects on the ability to operate their systems at current levels of service.
- As MTC continues to develop the MAP and looks towards the next Regional Plan adoption, the intersection of new capital expenses, transit operating fund sustainability, and ridership forecasts will need to be examined further and reflected in future investment decisions.

Recommendations:

Refer MTC Resolution Nos. 4537 and 4130, Revised, to the Commission for approval

Attachments:

- Attachment A: Presentation
- MTC Resolution No. 4537
- MTC Resolution No. 4130, Revised



Therese W. McMillan

Date: October 26, 2022
W.I.: 1512
Referred by: PAC

ABSTRACT

Resolution No. 4537

This resolution adopts MTC's Major Project Advancement Policy (MAP). The MAP consists of a set of principles and definitions guiding project selection and assignment of funds, a project list consistent with Plan Bay Area 2050, a funding endorsement matrix assigning discretionary funding to major projects, and terms and conditions to which these endorsements will be subject.

This resolution includes the following attachments:

Attachment A – MAP Principles

Attachment B – MAP Definitions

Attachment C – MAP List of Projects and Programs

Attachment D – MAP Funding Endorsement Matrix

Attachment E – MAP Terms and Conditions

Further discussion of this action is contained in the MTC Executive Director's Memorandum dated October 12, 2022.

Date: October 26, 2022
W.I.: 1512
Referred by: PAC

RE: Major Project Advancement Policy

METROPOLITAN TRANSPORTATION COMMISSION
RESOLUTION NO. 4537

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, MTC has articulated goals and objectives for the region's transportation system through its current Regional Transportation Plan (RTP)/Sustainable Communities Strategy (SCS) entitled Plan Bay Area 2050, which was adopted in October 2021; and

WHEREAS, Plan Bay Area 2050 includes a list of transportation projects and programs to be advanced over the life of the Plan that will maintain and expand the region's transportation system consistent with the goals of Plan Bay Area 2050; and

WHEREAS, local, regional, state and federal discretionary funds will continue to be required to finance the transportation programs and projects identified in Plan Bay Area 2050, including those funds which are reasonably expected to be available under current conditions, and new funds which need to be secured in the future through advocacy with state and federal legislatures and the electorate; and

WHEREAS, MTC recognizes that coordinated regional priorities for transportation investment will best position the Bay Area to compete for limited discretionary funding sources now and in the future; and

WHEREAS, the Major Project Advancement Policy was developed through a process of regional coordination to identify funding priorities, policy reinforcements, and a risk management approach for delivery of the transportation capital projects identified in Plan Bay Area 2050 by; now, therefore, be it

RESOLVED, that MTC establishes principles to guide identification of projects and assignment of funding sources through the Major Project Advancement Policy (Attachment A), attached hereto and incorporated herein as though set forth at length; and, be it further

RESOLVED, that MTC establishes eligibility, funding types, and levels for prioritizing projects through Major Project Advancement Policy Definitions (Attachment B), attached hereto and incorporated herein as though set forth at length; and, be it further

RESOLVED, that MTC adopts the Major Project Advancement Policy List of Projects and Programs (Attachment C), consistent with the transportation project list adopted in Plan Bay Area 2050, attached hereto and incorporated herein as though set forth at length; and, be it further

RESOLVED, that MTC adopts the Major Project Advancement Policy Funding Endorsement Matrix (Attachment D), assigning funding as defined in Attachment B to projects identified in Attachment C, attached hereto and incorporated herein as though set forth at length; and, be it further

RESOLVED, that the discretionary funding assignments included in the funding matrix are subject to the terms and conditions outlined in Attachment E, including specific conditions for funding sources, policy reinforcements, and risk management, attached hereto and incorporated herein as though set forth at length.

METROPOLITAN TRANSPORTATION COMMISSION

Alfredo Pedroza, Chair

The above resolution was entered into by the Metropolitan Transportation Commission at a regular meeting of the Commission held in Oakland, California, on October 26, 2022.

Major Project Advancement Policy (MAP) Principles

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 ambitious 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 – Definitions

The Major Project Advancement Policy, or MAP, seeks to support the implementation of Plan Bay Area 2050, deliver the Bay Area’s major transportation projects, achieve regional coordination on federal, state, and regional discretionary funding requests for regionally significant projects, develop MTC’s role in risk management, and ensure consistency with regional policies. The MAP includes three components: a funding strategy, policy reinforcements, and risk management. The following are concepts and terms used throughout the MAP that establish the base eligibility and structure of the policy.

A. Map Eligibility

To be included in the MAP, a project must be:

- Seeking competitive federal, state, or other grant opportunities consistent with MTC’s Federal BIL and state TIRCP strategies; **and**
- Included in Plan Bay Area 2050:
 - Tier 1 projects above \$1 billion.
 - Tier 2 projects above \$1 billion (for project development phases and funding opportunities only)
 - Programmatic categories with specific projects below \$1 billion (approved or consistent with Plan Bay Area 2050 Tier 1) that exceed \$1 billion when combined

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.

B. Funding Definitions

Committed: Funding programmed or otherwise committed to a project by official action of the funding body. Committed funding is not enumerated in the MAP funding strategy; detail is available in individual project funding plans.

- “Funding Gap” is the total project cost minus the committed funding

Identified: known funding sources that have known or reasonably projected funding levels (for example, ongoing programs such as Federal CIG or grants with enacted legislation).

Anticipated: aggregated pot of unspecified future funds reasonably expected to become available, as estimated in PBA2050. Could include new local, county, regional, state, or federal funding streams not yet established.

Contingencies

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

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.

C. MAP Levels

The MAP establishes a sequence of projects for funding prioritization by sorting the projects into Levels based on readiness criteria.

Level 1 projects will be prioritized for discretionary funding first, with an emphasis on identified funding sources.

Level 2 projects will generally only be endorsed for smaller amounts of near-term funding. They may be endorsed for additional near-term funding only after Level 1 projects for over-subscribed or highly competitive fund sources. Level 2 projects will be assigned a higher proportion of anticipated funding.

Level 3 projects would generally not be prioritized for near-term funding except for early phases. Level 3 projects would primarily be assigned anticipated funding.

Where near-term program funding is constrained, endorsement and advocacy efforts will be focused on Level 1 projects to deliver ready to go infrastructure investments and provide early transit benefits.

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

Level 1 and 2 projects will also have expectations related to risk management and policy reinforcement, to be defined as work on the MAP progresses

Level Criteria

The following criteria define how projects are assigned to each MAP level. The resulting level assignments for project submitted through the MAP call for projects are detailed in Attachment B. All projects in Levels 1 through 3 are contained in Tier 1 (FYs 2021 – 2035) of Plan Bay Area 2050.

- Level 1 – Projects In, or Nearing Construction:
 - Projects with more than 50% committed funding and construction start by 2028*; **or**
 - Transit Megaprojects 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
- Level 2 – Projects Emerging from Project Development and Ready for Construction
 - Projects with more than 30% committed funding and construction start by 2035
- Level 3 – Pipeline Projects in Development
 - Projects with less than 30% committed funding

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

Alternative Level definitions may be established for programmatic categories if the projects or funding sources do not align well with the above criteria. For example, smaller projects may rely on a larger proportion of state or federal discretionary funding and would not be able to achieve the required levels of committed funding before seeking such funds. Additionally, exceptions may be made for megaprojects on a case-by-case basis.

The initial level definitions for the MAP are based on funding and timeline readiness criteria. Projects were evaluated with respect to these definitions, based on Plan Bay

Area 2050 information and information submitted by project sponsors. In the future, new projects may be evaluated on additional risk management and policy reinforcement criteria as those components are developed and adopted into the MAP.

Moving Between MAP Levels

When changes to cost, funding, scope or schedule occur that may warrant a level reassignment, the project sponsor or MTC may initiate a request to review the project's level assignment. A detailed process for initiating, reviewing, and adopting changes to a project's level will be adopted into the MAP at the next update.

Major Project Advancement Policy - List of Projects

This attachment lists and defines the categories of projects in the Major Project Advancement Policy (MAP), lists individual projects based on submittals by project sponsors, and establishes the Level assignments for some projects. Within each category and level, projects are listed in alphabetical order by sponsor and project title (no additional priority ranking within each level). Not all projects need to be in the MAP to be eligible for funding.

Megaprojects		
Project Title	Sponsor	Total Cost (\$millions)
Level 1		
BART Core Capacity Program	BART	\$4,400
Peninsula Corridor Electrification Project	Caltrain	\$2,443
Bart to Silicon Valley Phase II	VTA	\$9,000
Level 1 Megaprojects Contingency	N/A	\$500
Level 2		
Caltrain Downtown Extension	TJPA	\$5,000
Valley Link Rail Project - Initial Operating Segment (Dublin/Pleasanton BART to Mountain House)	Valley Link	\$1,864
Level 2 Megaprojects Contingency	N/A	\$375
Level 3		
BART Station Modernization & Transit-Oriented Development Program	BART	\$1,161
Muni Metro Modernization - Subway Renewal Program	SFMTA	\$1,200
SFMTA Building Progress	SFMTA	\$2,300
Level 3 Megaprojects Contingency	N/A	\$1,900
Megaprojects Total		\$30,143

ZEB Transition		
Project Title	Sponsor	Total Cost (\$millions)
Level 1		
Level 1 ZEB Projects - TBD	Varous	\$1,300
Level 2		
Level 2 ZEB Projects - TBD	Various	\$1,300
Level 3		
SFMTA Zero Emission Fleet and Facility Transition	SFMTA	\$1,080
Level 3 ZEB Projects - TBD	Various	\$1,300
ZEB Transition Total		\$4,980

BRT Program		
Project Title	Sponsor	Total Cost (\$millions)
Level 1		
Level 1 BRT Projects - TBD	Various	\$400
Level 2		
Level 2 BRT Projects - TBD	Various	\$300
Level 3		
San Pablo Ave Project	AC Transit	\$505
Level 3 BRT Projects - TBD	Various	\$300
BRT Program Totals		\$1,505

Transit Service Improvements and Modernization		
Project Title	Sponsor	Total Cost (\$millions)
Level 1		
Muni Metro Modernization - Train Control Upgrade Project	SFMTA	\$558
Eastridge to BART Regional Connector	VTA	\$530
Other Level 1 Transit Improvements	Various	\$250
Level 2		
Irvington BART Station	City of Fremont	\$282
Muni Forward/Five Minute Network	SFMTA	\$650
Other Level 2 Transit Improvements	Various	\$170
Level 3		
AC Transit Division Redevelopment Project	AC Transit	\$360
E 14th St/Mission St/Fremont Blvd Transit Corridor Project	AC Transit	\$840
Local Bus Service Frequency Boost AC Transit Systemwide	AC Transit	\$263
Multimodal Transportation Enhancements AC Transit and WETA Alameda Point	AC Transit	\$521
San Pablo Avenue Multimodal Corridor Improvements	Alameda CTC	\$144
Fleet of the Future Maintenance Facility	BART	\$415
Battery-Equipped Electric Multiple Units (BEMU)	Caltrain	\$206
Capitol Corridor South Bay Connect	Capitol Corridor	\$354
East Bay Dumbarton Corridor Program Combined Form	Multiple	\$598
Kirkland Yard BEB Conversion and Renovation	SFMTA	\$124
Muni Metro Modernization - Muni Core Capacity	SFMTA	\$700
South East San Francisco Transportation Improvements	SFMTA	\$635
ReX Blue Line	TBD	\$380
ReX Green Line	TBD	\$642
ReX Red Line	TBD	\$384
WETA Frequency Boost	WETA	\$341
Other Level 3 Transit Improvements	Various	\$650
Transit Service Improvements and Modernization		\$9,997

Grade Separations Program		
Project Title	Sponsor	Total Cost (\$millions)
Level 1		
Broadway Grade Separation Project	City of Burlingame	\$316
Other Level 1 Grade Separations	Various	TBD
Level 2		
South Linden Avenue - Scott Street Grade Separation Project	City of San Bruno	\$305
Caltrain Grade Separation at Mary Avenue	VTA	\$253
Rengstorff Avenue Caltrain Grade Separation	VTA	\$251
Other Level 2 Grade Separations	Various	TBD
Level 3		
Ravenswood, Oak Grove, Glenwood Caltrain Grade Separation Project	City of Menlo Park	\$335
Redwood City Grade Separations and Transit Center	City of Redwood City	\$938
Downtown San Mateo Grade Separations	City of San Mateo	\$1,000
Caltrain Grade Separation at Sunnyvale Avenue	VTA	\$251
Churchill Avenue Grade Separation	VTA	\$219
Lawrence Expressway Grade Corridor Improvements	VTA	\$455
Meadow Drive & Charleston Road Grade Separation	VTA	\$516
Monterey Corridor Grade Separations	VTA	\$403
Other Level 3 Grade Separations	Various	TBD
Grade Separations Program Total		\$5,241

Express Lanes Program		
Project Title	Sponsor	Total Cost (\$millions)
Level 1		
Level 1 Express Lanes Projects - TBD	Various	\$1,000
Level 2		
Level 2 Express Lanes Projects - TBD	Various	\$1,000
Level 3		
Level 3 Express Lanes Projects - TBD	MTC	\$1,300
Express Lanes Total		\$3,300

Other Roadway/Goods Movement/Bicycle and Pedestrian

Projects listed below have not been assigned MAP Levels and are listed alphabetically. MTC will continue working with project sponsors to develop Level definitions appropriate for these projects and that consider existing adopted regional funding priorities for certain federal and state funding categories.

Project Title	Sponsor	Total Cost (\$millions)
Bay Area Forward Program	MTC	\$774
Bay Skyway: Critical Link in Complete Streets Network	BATA	\$521
East Bay Greenway	Alameda CTC	\$266
I-280/Winchester Interchange Improvements	VTA	\$250
I-580/US-101/SMART Marin Resilience Project	TBD	\$890
I-80 Westbound Truck Scales	STA	\$250
I-80/I-680/SR12 Interchange Improvements	STA	\$498
Northbound US 101 to Eastbound I-580 Direct Connector	TAM	\$208
Oakland Army Base Infrastructure Improvements	City of Oakland/Port of Oakland	\$301
SF Managed Lanes US-101 and I-280	SFCTA	\$207
SR 37 Sears Point to Mare Island Improvement Project/Interim Project	MTC	\$420
SR 37 FLOOD REDUCTION PROJECT - FR. US-101 to ATHERTON AVENUE	TAM	\$318
SR 85 Transit Lane Project	VTA	\$220
US 101 Mabury-Berryessa-Oakland Rd Corridor Project	VTA	\$250
US 101 Managed Lanes North of I-380 Project	SMCTA	\$350
US 101/SR 25 Interchange Improvements	VTA	\$460
US 101/SR 84 Interchange Improvement	City of Redwood City	\$301
US 101/SR 92 Interchange Direct Connector Project	SMCTA	\$169
US-101/Zanker Rd/Skyport Dr/Fourth St Interchange Improvements	VTA	\$261
Yerba Buena Island (YBI) I-80 Interchange Improvements Project	SFCTA	\$272
Roadway Projects Total		\$7,185

Tier 2 Megaprojects - Early Phases Only

Project Title	Sponsor	Total Cost (\$millions)
AC Transit Division Modernization Project	AC Transit	\$1,830
AC Transit Rapid Bus Network	AC Transit	\$1,766
BART Caldecott Tunnel Seismic Retrofit	BART	\$1,200
BART Electrical Mechanical Rehab Program (BART SGR)	BART	\$6,000
Caltrain Enhanced Growth Project	Caltrain	\$2,840
Group Rapid Transit Service Expansion Redwood City-Newark ("Dumbarton Rail Corridor Project")	SamTrans	\$3,249
Light Rail Service Expansion VTA Stevens Creek Blvd	VTA	\$2,830
Link21 (formerly New SF-Oakland Transbay Rail Crossing)	BART	\$28,800
San Jose Diridon Station	VTA	\$5,000
SR 37 Ultimate Sea Level Rise Adaptation Project	MTC	\$8,370
VTA Light Rail Modernization and Grade Separation (1st St Corridor North San Jose)	VTA	\$2,200
VTA Light Rail Modernization and Grade Separation (Diridon to Japantown Tunnel)	VTA	\$1,500
Tier 2 Megaprojects Subtotal		\$65,585

Major Project Advancement Policy
Proposed Funding Endorsement Table
October, 2022

In \$Billions

Project/Program Title	Sponsor	Cost	Funding Gap	CIG	Other Federal	TIRCP Base	TIRCP Augment 1	TIRCP Augment 2	SB1	Other State	Other Local/Regional	Anticipated	Total Endorsement
Revenue Envelope:				\$ 5.8	\$ 8.8	\$ 2.5	\$ 1.30	\$ 0.8	\$ 2.3	\$ 2.1	\$ 3.8	\$ 10.6	\$ 38.1
Level 1 -- Projects In, or Nearing Construction													
Peninsula Corridor Electrification Project	Caltrain	\$ 2.4	\$ 0.4	\$ 0.05	\$ 0.06	\$ -	\$ 0.30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.4
BART Core Capacity Program	BART	\$ 4.4	\$ 0.7	\$ 0.06	\$ -	\$ -	\$ 0.25	\$ 0.35	\$ -	\$ -	\$ -	\$ -	\$ 0.7
BART to Silicon Valley Phase II	VTA	\$ 9.0	\$ 4.9	\$ 2.1	\$ -	\$ -	\$ 0.45	\$ 0.30	\$ -	\$ -	\$ 2.1	\$ -	\$ 4.9
Level 1 Megaprojects Contingency	N/A	\$ 0.5	\$ 0.4	\$ -	\$ 0.05	\$ -	\$ -	\$ 0.10	\$ -	\$ -	\$ -	\$ 0.3	\$ 0.4
Level 1 ZEB Projects		\$ 1.3	\$ 1.3	\$ -	\$ 1.11	\$ 0.10	\$ 0.10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1.3
Level 1 BRT Projects		\$ 0.4	\$ 0.4	\$ 0.3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.3
Transit Service Improvements and Modernization		\$ 1.3	\$ 0.8	\$ -	\$ 0.31	\$ 0.35	\$ -	\$ -	\$ 0.1	\$ -	\$ -	\$ -	\$ 0.8
Grade Separations		\$ 0.3	\$ 0.1	\$ -	\$ 0.05	\$ -	\$ 0.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.1
Express Lanes Projects		\$ 1.0	\$ 1.0	\$ -	\$ 0.10	\$ -	\$ -	\$ -	\$ 0.3	\$ -	\$ -	\$ 0.6	\$ 1.0
Other Roadway/ATP Projects Under \$250 M		\$ 0.3	\$ 0.3	\$ -	\$ 0.10	\$ -	\$ -	\$ -	\$ 0.1	\$ 0.1	\$ -	\$ -	\$ 0.3
Level 1 Subtotal		\$ 20.9	\$ 10.1	\$ 2.4	\$ 1.7	\$ 0.5	\$ 1.2	\$ 0.8	\$ 0.4	\$ -	\$ 2.1	\$ 0.8	\$ 9.8
Level 2 -- Projects Ready for Construction													
Revenue Envelope:				\$ 3.4	\$ 7.1	\$ 2.0	\$ 0.1	\$ 0.1	\$ 1.9	\$ 2.1	\$ 1.7	\$ 9.8	\$ 28.3
Caltrain Downtown Extension (DTX)*	TJPA	\$ 6.5	\$ 4.2			\$ 0.50	\$ 0.06						\$ -
Valley Link Rail Project - Initial Operating Segment	Valley Link	\$ 1.9	\$ 1.2			\$ 0.30	\$ 0.04						\$ -
Level 2 Megaprojects Contingency	N/A	\$ 0.4	\$ 0.4										\$ -
Level 2 ZEB Projects		\$ 1.3	\$ 1.3			\$ 0.10		\$ 0.05					\$ -
Level 2 BRT Projects		\$ 0.3	\$ 0.3										\$ -
Transit Service Improvements and Modernization		\$ 1.0	\$ 0.7			\$ 0.30							\$ -
Grade Separations		\$ 0.8	\$ 0.7										\$ -
Express Lanes Projects		\$ 1.0	\$ 1.0										\$ -
Goods Movement		\$ 0.6	\$ 0.3										\$ -
Roadway-Other		\$ 0.7	\$ 0.7										\$ -
Level 2 Subtotal		\$ 14.4	\$ 10.7	\$ -	\$ -	\$ 1.2	\$ 0.1	\$ 0.1	\$ -	\$ -	\$ -	\$ -	\$ -

= Likely future endorsement areas

*The DTX project cost increase is attributable to inclusion of construction cost for the trainbox under the Salesforce Center that was completed in 2018.

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

	Cost	
	(\$ billions)	Funding Gap
Level 3 -- Pipeline Projects in Development		
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
Level 3 Subtotal	\$ 28.5	\$ 27.4
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)	\$ 6.0	\$ 5.3
Group Rapid Transit Service Expansion Redwood City-Newark ("Dumbarton Rail Corridor 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
Tier 2 Subtotal	\$ 65.6	\$ 64.5
Grand Total	\$ 94.0	\$ 92.0

MAP Terms and Conditions

E-1: Funding

a. Financial Forecasts and Specific Conditions by Funding Source

Federal and state-managed funding sources are subject to the guidelines and requirements of the funding agency. MTC's role is detailed in the table below.

Funding Source	Basis for Financial Forecast	MTC Role and Conditions
Federal		
CIG-New Starts/Core Capacity/Expedited Project Delivery	Assumes 10% bay area share plus additional funds from assumed FY23 appropriation and non-Bay Area contribution for megaregion projects	<p>FTA discretionary grant program</p> <p>MTC has identified priorities through the adopted BIL Strategy. Future priorities will be identified through future MAP updates.</p> <p>MTC will endorse applications based on the adopted BIL framework and MAP.</p>
CIG -Small Starts	10% Bay Area share of Small Starts program	<p>FTA discretionary grant program</p> <p>MTC may identify priority Small Starts projects through future MAP updates.</p> <p>MTC will consider endorsing applications for MAP Level 1 and Level 2 projects.</p>
Intercity Passenger Rail	Assumes 50% of program will be directed to High-Speed Rail expenditures. Bay Area share of remaining 50% is approximately 13% and is sized to estimates of endorsed project competitiveness	<p>FRA Discretionary Grant Program</p> <p>MTC has identified priorities through the adopted BIL Strategy. Future priorities will be identified through future MAP updates.</p>

Funding Source	Basis for Financial Forecast	MTC Role and Conditions
		MTC will endorse applications based on the adopted BIL framework and MAP.
Consolidated Rail Infrastructure and Safety Improvements (CRISI)	Approximately 6% of total program due to Bay Area positive train control needs	<p>FRA Discretionary Grant Program</p> <p>MTC's adopted BIL framework prioritizes grade separations and high-performing goods movement projects for these funds, and identifies specific priority grade separation projects.</p> <p>Additional prioritization of grade separation projects will be handled by future updates of the MAP or other regional processes.</p>
Railroad Crossing Elimination Program	Assumes 50% of program will be directed to freight only expenditures. Bay Area share of remaining 50% is based on proportion of Amtrak ridership.	<p>FRA Discretionary Grant Program</p> <p>MTC's adopted BIL framework prioritizes grade separations and high-performing goods movement projects for these funds, and identifies specific priority grade separation projects.</p> <p>Additional prioritization of grade separation projects will be handled by future updates of the MAP or other regional processes.</p>
MEGA (National Infrastructure Project Assistance) – Large and Small	Forecast assumes Bay Area will be competitive for two high-cost projects of approximately \$100M each	<p>USDOT Discretionary Grant Program</p> <p>MTC has identified priorities through the adopted BIL Strategy. Future priorities will be identified through future MAP updates.</p> <p>MTC will endorse applications based on the adopted BIL framework and MAP.</p>
Bridge Investment Program		FHWA Discretionary Grant Program

Funding Source	Basis for Financial Forecast	MTC Role and Conditions
		<p>MTC has identified priorities through the adopted BIL Strategy. Future priorities will be identified through future MAP updates.</p> <p>MTC will endorse applications based on the adopted BIL framework and MAP.</p>
INFRA	Forecast assumes Bay Area will be competitive for three high-cost projects of approximately \$100M each	<p>USDOT Discretionary Grant Program</p> <p>MTC has identified priorities through the adopted BIL Strategy. Future priorities will be identified through future MAP updates.</p> <p>MTC will endorse applications based on the adopted BIL framework and MAP.</p>
Rural Surface Transportation Program	Bay Area share of TIGER grants from 2009-2015 (2.51%).	<p>USDOT Discretionary Grant Program</p> <p>MTC has identified priorities through the adopted BIL Strategy. Future priorities will be identified through future MAP updates.</p> <p>MTC will endorse applications based on the adopted BIL framework and MAP.</p>
Protect (Surface Transportation Resilience)	Bay Area share estimated at 10% due to region's competitiveness in local match availability and planning emphasis	<p>FHWA Discretionary Grant Program</p> <p>MTC has identified priorities through the adopted BIL Strategy. Future priorities will be identified through future MAP updates.</p> <p>MTC will endorse applications based on the adopted BIL framework and MAP.</p>
Low- and Zero-Emission Bus Program	Midpoint of Bay Area share of 5307 and 5337 (~5%)	FTA Discretionary Grant Program

Funding Source	Basis for Financial Forecast	MTC Role and Conditions
		Future priorities and endorsements to be determined by the regional zero-emission transition strategy (in progress as of Sept 2022)
Bus and Bus Facilities Discretionary	Midpoint of Bay Area share of 5307 and 5337 (~5%)	FTA Discretionary Grant Program Future priorities and endorsements to be determined by the regional zero-emission transition strategy (in progress as of Sept 2022)
Transit Capital Priorities	Assumes 1/3 of total FTA formula funds available for MAP expenditures, including an increase in FY21 funding levels due to BIL	Federal formula funds and other regional revenues programmed by MTC MTC programs TCP revenues for transit capital maintenance and rehabilitation. TCP is programmed by MTC in coordination with the Transit Finance Working Group, and each programming cycle may include multiple years of funding.
State		
TIRCP	Augmentation 1: \$1 billion for previous TIRCP grantees plus \$200 million for other projects including \$100 million from the Project Development Reserve. Assumes Bay Area share is 80% of the \$1.5 billion total funding for non-Southern California regions, plus 30% of the statewide set-aside for Grade Separations. Augmentation 2: Assumes Bay Area population share of ~20% of \$4B over a two-year period. TIRCP Baseline: 30% Bay Area share of \$2.9B/year Cap and Trade auction proceeds plus	CalSTA discretionary grant program MTC identifies regional priorities for TIRCP through the TIRCP Framework (found within the regional Cap and Trade framework, MTC Resolution No 4130, Revised) MTC endorses projects based on the adopted TIRCP framework.. Endorsement amounts will be specific to Augmentation and baseline funding rounds.

Funding Source	Basis for Financial Forecast	MTC Role and Conditions
	SB1 revenue. Assumes no sunset to Cap and Trade proceeds.	
SB1 SCCP	30% Bay Area share of forecast consistent with Plan Bay Area 2050	<p>CTC discretionary grant program</p> <p>MTC and Caltrans are responsible for nominating Bay Area projects for the program. MTC staff works in partnership with the Bay Area County Transportation Agencies (BACTAs), transit operators, Caltrans, and the applicable state agencies to develop nomination prioritization principles and project nominations (MTC Resolution No. 4533).</p>
SB1 TCEP	20% Bay Area share of forecast consistent with Plan Bay Area 2050	<p>CTC discretionary grant program</p> <p>MTC is responsible for compiling Bay Area project nominations (MTC Resolution No. 4534) and confirming consistency with MTC's adopted Regional Transportation Plan/Sustainable Communities Strategy.</p>
State Bridge Formula	20% Bay Area share of forecast consistent with Plan Bay Area 2050	Distributed via a statewide process.
Active Transportation Program	Forecast is consistent with Plan Bay Area 2050. Includes both state and regional sub-programs. Assumes %15 Bay Area share of state sub-program	<p>State funded discretionary grant program; some funds distributed to MTC via regional formula.</p> <p>MTC administers the region's share of the State's Active Transportation Program (ATP) by establishing guidelines (MTC Resolution No. 4487) and a competitive selection process every two years.</p>
Regional/Local		

Funding Source	Basis for Financial Forecast	MTC Role and Conditions
Regional Measure 3	Assumes availability of RM3 funds for allocation during the MAP time period.	Regional voter-approved measure. MTC does not anticipate approving any allocations of RM3 funds until and unless the ongoing legal challenge has reached a final, non-appealable resolution in favor of RM3. The investment plan including amounts for each project are identified in statute. Some programmatic categories will be programmed by MTC and/or listed project sponsors through a regional process.

b. Operating Funding

Projects in the MAP assigned regional discretionary funds or endorsed for state or federal discretionary funds will be responsible for fully funding operations of the project. Assignment of capital funds by MTC in the MAP does not represent a commitment to fund operating costs for any project.

In addition to funding the capital projects in the MAP, transit operators with expansion projects in the MAP are expected to sustain levels of core services to Equity Priority Communities. Should the transit operator's financial stability deteriorate, or the expansion project in question experience significant cost increases, these financial capacity determinations will be considered a reevaluation of the project's MAP Level and funding assignments.

c. Cost Increases

Commitment of regional discretionary funds are capped at the amounts shown in Attachment D in year of expenditure dollars, unless they are increased via a Commission-approved update to the MAP. In general, project sponsors are responsible for funding any cost increases (including financing costs) above the estimates shown in in Attachment D

Date: October 26, 2022

Referred by: PAC

Attachment E

Resolution No. 4537

Page 7 of 9

from other sources. If a cost increase results in a funding shortfall, the project may be reevaluated against the Level criteria and funding, risk management, and policy reinforcement conditions before MTC will consider assigning additional regional discretionary funds.

Date: October 26, 2022

Referred by: PAC

Attachment E

Resolution No. 4537

Page 8 of 9

E-2 Policy Reinforcements

To Be Developed and Amended into the MAP by MTC Commission Action

Date: October 26, 2022

Referred by: PAC

Attachment E

Resolution No. 4537

Page 9 of 9

E-3 Risk Management

To Be Developed and Amended into the MAP by MTC Commission Action

Date: December 18, 2013
W.I.: 1515
Referred by: PAC
Revised: 04/27/16-C 11/20/19-C
02/23/22-C 10/26/22-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.

This resolution was revised on November 20, 2019 to update the Transit and Intercity Rail Capital Program sections of the Cap and Trade Funding Framework.

This resolution was revised on February 23, 2022 to update the Transit and Intercity Rail Capital Program sections of the Cap and Trade Funding Framework.

This resolution was revised on October 26, 2022 to update the Transit and Intercity Rail Capital Program sections of 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, April 13, 2016, November 13, 2019, February 9, 2022, and October 12, 2022, 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
Referred by: PAC
Revised: 04/27/16-C 11/20/19-C
02/23/22-C 10/26/22-C

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

To support implementation of Plan Bay Area 2050, MTC developed the Major Project Advancement Policy (MAP), aimed at delivering the next round of major transportation projects. Through the MAP, MTC has prioritized and sequenced regionally-significant projects for federal, state, and regional discretionary funding, including endorsing projects for projected regional shares of the Transit and Intercity Rail Capital Program (TIRCP) base and augmentation funds. The MAP is expected to be updated frequently to reflect actual awards, changes to discretionary funding availability and eligibility, and changes to or advancement of projects.

The TIRCP framework is revised to reflect the funding forecast and endorsements in the MAP. Through October 2022, \$1.9 billion of the original \$3 billion TIRCP framework, developed in 2013 based on the previous Plan Bay Area, has been awarded. The remaining \$1.1 billion unfunded commitment is proposed to be carried over into the revised TIRCP framework, which will reset the funding window to start in 2022 and extend through the life of Plan Bay Area 2050. The original framework showing this remainder is included in Attachment A-1 after the revised framework.

The revised TIRCP Framework will::

- Invest a total of \$4.6 billion in projected TIRCP funds, over the life of Plan Bay Area 2050. This includes
 - \$2.5 billion in base TIRCP funds expected to be distributed through regular competitive rounds, estimated based on the expected Bay Area share of Cap and Trade and SB1 revenues and assuming Cap and Trade revenues are renewed and do not sunset
 - \$1.3 billion in Augmentation 1 funds identified in the state FY 2022-23 budget and expected to be distributed in winter 2022-23
 - \$0.8 billion in Augmentation 2 funds identified in the state FY 2022-23 budget but for which funding is not yet guaranteed, expected to be distributed in the following years
- Maintain the commitments previously adopted by MTC through the TIRCP framework, including implementation of the Transit Core Capacity Challenge Grant Program:
 - Accelerate fleet replacement and other state of good repair projects from Plan Bay Area, including “greening” the fleet and other strategic capital enhancements
 - Focus 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
 - Achieve 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
 - Requires that participating operators meet the Transit Sustainability Project’s performance objectives outlined in MTC Resolution No. 4060
- Add additional TIRCP funding for existing TIRCP framework projects with additional funding need, as adopted in the MAP
- Add new regional priority projects identified in the MAP, including:
 - Caltrain Downtown Rail Extension
 - Valley Link
- Support Grade Separation and Zero-Emission Transition projects as a major regional need and priority: MTC will consider endorsing Grade Separation projects seeking Augment 1 TIRCP funding based on the Grade Separation Projects listed in the adopted MTC Bay Area regional priority Projects List - Bipartisan Infrastructure Law

Endorsement Lists and multi-operator coordinated Zero-Emission Transition projects. MTC endorsements for projects in these categories may exceed the \$25M cap described below.

- Support other small transit expansion projects not named in the MAP: MTC will consider endorsing requests up to \$25 million for projects not explicitly in the framework, conditioned on consistency with the region's long range plan and the MAP.
- 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.

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

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

Process Steps	Work Plan and Timeframe								
Review Studies and Efforts Completed To-Date	<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"> <thead> <tr> <th data-bbox="625 310 953 375"><i>Transit Operating and Efficiency/ LCTOP</i></th> <th data-bbox="989 310 1184 375"><i>OneBayArea Grants/ AHSC</i></th> <th data-bbox="1329 310 1461 375"><i>Climate Initiatives</i></th> <th data-bbox="1667 310 1808 375"><i>Goods Movement</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="625 383 953 524"> 1) Transit Sustainability Project 2) Short Range Transit Plans or similar plans </td> <td data-bbox="989 383 1283 448"> 1) Plan Bay Area 2) Cycle 1 Evaluation </td> <td data-bbox="1329 383 1608 597"> 1) Plan Bay Area 2) Innovative Grants Evaluation 3) Air District Plans and programs 4) CARB programs </td> <td data-bbox="1667 383 1976 597"> 1) Plan Bay Area 2) Regional Goods Movement Plan and update 3) California Freight Mobility Plan </td> </tr> </tbody> </table>	<i>Transit Operating and Efficiency/ LCTOP</i>	<i>OneBayArea Grants/ AHSC</i>	<i>Climate Initiatives</i>	<i>Goods Movement</i>	1) Transit Sustainability Project 2) Short Range Transit Plans or similar plans	1) Plan Bay Area 2) Cycle 1 Evaluation	1) Plan Bay Area 2) Innovative Grants Evaluation 3) Air District Plans and programs 4) CARB programs	1) Plan Bay Area 2) Regional Goods Movement Plan and update 3) California Freight Mobility Plan
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Develop the Guidelines	<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) 								
Release the Draft Guidelines for Stakeholder Review	<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>								
Conduct Project Selection	<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 								

Attachment A-1

Transit and Intercity Rail Capital (TIRCP) Framework (all values in \$ millions)

Revised TIRCP Framework

Agency	Project/Category	Base TIRCP	Augment 1	Augment 2	Total
BART	Transbay Corridor Core Capacity and Facilities		250	350	600
SFMTA	<i>Fleet Expansion and ZEB Transition</i>	368			368
	<i>Facilities</i>	67			67
	<i>Core Capacity Study Projects/ BRT</i>	79.3			79
	SFMTA Total	514			514
AC Transit	<i>Fleet Expansion and ZEB Transition</i>	76			76
	<i>Facilities</i>	50			50
	<i>Major Corridors</i>	200			200
	AC Transit Total	326			326
VTA	BART to Silicon Valley Phase II		450	300	750
Caltrain	Peninsula Corridor Electrification Project		300		300
TJPA	Downtown Rail Extension*	500	60		560
TVSJVRRRA	Valley Link*	300	40		340
Multiple Operators	Grade Separations**; Zero-Emission Transition Projects**; TBD Transit Modernization and Expansion Projects***; Regional Contingency	860	200	150	1,210
Region Total		2500	1300	800	4,600

*The Downtown Rail Extension and Valley Link projects are Level 2 projects in the Major Projects Advancement Policy. MTC supports TIRCP awards in the amounts listed over the lifetime of these projects, but advocates for \$50 million for each project to be awarded immediately for project development.

**MTC will consider endorsing Grade Separation projects seeking Augment 1 TIRCP funding based on the Grade Separation projects listed in the adopted MTC Bay Area regional priority Projects List - Bipartisan Infrastructure Law Endorsement Lists and multi-operator coordinated Zero-Emission Transition projects.

***MTC will consider endorsing requests up to \$25 million for other projects that are not explicitly in the framework if they are consistent with the region's long range plan.

Original TIRCP Framework - Superseded October 2022

Agency	Project/Category	TIRCP Framework Amount	Total Awarded Rounds 1 - 5	Balance October 2022
BART	Train Control	250	174	
	Hayward Maintenance Center	50		
	Fleet Expansion	200	252	
	<i>BART Total</i>	500	426	74
SFMTA	Fleet Expansion and ZEB Transition	481	113	
	Facilities	67		
	Core Capacity Study Projects/ BRT	237	157.7	
	<i>SFMTA Total</i>	785	271	514
AC Transit	Fleet Expansion and ZEB Transition	90	14	
	Facilities	50		
	Major Corridors	200		
	<i>AC Transit Total</i>	340	14	326
VTA	BART to Silicon Valley Phase II	750	750	0
Caltrain	Electrification	100	20	
	EMUs	125	165	
	<i>Caltrain Total</i>	225	185	40
Multiple Operators	TBD Expansion Projects on High Ridership Bus, Rail and Ferry Corridors and ZEB Transition Projects	400	206	194
Region Total		\$3,000	\$1,852	\$1,148