



Major Project Advancement Policy (MAP) Funding Framework

Programming and Allocations Committee
Item 5a
June 8, 2022

MAP Components

Funding Strategy

Full funding plans for
MAP projects

Identify and prioritize
discretionary funding requests

Policy Reinforcements

Benefit/cost

Equity

Land use

Connected mobility

Risk Management

Evaluate and monitor risks from
early project development
through construction including
risks related to network
coordination

MAP Funding Envelope *(Updated June, 2022)*

- Based on PBA 2050 Financial Forecast
- Adjusted for recent BIL and State Budget surplus funding assumptions. Subject to change with State Budget adoption
- Includes \$10.6B in “Anticipated/Unspecified” funding as proxy for future new funding streams/programs

Project Type/Mode	FY 2022 - FY 2035 Funding Forecast
Total	\$30.5B <i>(~\$20B net of Anticipated funding)</i>
Transit	\$12B
Multi-Modal	\$13B
Roads/Bridges	\$5B
Bike/Ped	\$0.5B

Tier 1 MAP Project Submittals

- Eligible Tier 1 Projects are in the first time period or “bin” of PBA2050 and have a total cost of \$250M or more
- MAP funding need is significantly larger than forecasted funding envelope especially when accounting for “Anticipated” funding

	Anticipated Based on PBA2050 Project Listing	Eligible MAP Project Submittals
# of Projects	33	65
Total Project Cost	\$33B	\$50B
Funding Gap	~\$12B	\$36B

Tier 2 MAP Project Submittals

- Eligible Tier 2 projects are in the second time period or “bin” of PBA2050 and have a total cost of \$1B or more
- Tier 2 projects are not expected to enter the construction phase until after 2035 and are therefore not the focus of the MAP
- Tier 2 projects may be listed in the MAP for early project phases only

	Anticipated Based on PBA2050 Project Listing	Eligible MAP Project Submittals
# of Projects	12	18
Total Project Cost	\$59B	\$68B

Evaluation Approach

- Development of proposed evaluation criteria underway
 - Funding commitment levels and magnitude of funding gap – percentage of capital cost secured, remaining need, and screening of proposed operating funding plan
 - Schedule
 - Plan Bay Area 2050 benefit-cost ratios and equity scores – assessed in three distinct futures to identify investments that are resilient to uncertain future conditions
 - Alignment with Plan Bay Area 2050 Guiding Principles – affordable, connected, diverse, healthy and vibrant.
 - Project dependencies impacting network connectivity
 - Potential other criteria tailored to programmatic categories

Draft Evaluation Criteria

- Evaluation will inform sequencing of projects for over-subscribed funding programs in the MAP
- Criteria weighting and scoring methodology still under development
- Scoring is subject to change with project progression / changes

Funding Commitment	Funding Gap Magnitude	Schedule	PBA2050 Benefit-Cost Ratio	PBA2050 Equity Score	PBA2050 Guiding Principles Assessment	Project Dependencies/ Connectivity
More than 75% Committed	Less than \$250M	Construction start date within 5 years	Greater than 1 in at least 2 of 3 futures	Advances equity in at least 2 of 3 futures	0 Guiding Principles flags	0 Dependency/ Connectivity Conflicts
Between 50% and 75% Committed	Between \$250M and \$1B	Construction start date 5-10 years away	Between 0.5-1 in at least 2 of 3 futures	Even equity effects in at least 2 of 3 futures	1 Guiding Principles flag	1 -2 Dependency/ Connectivity Conflicts
Under 50% Committed	Over \$1B	Construction start date over 10 years away	Less than 0.5 in at least 2 of 3 futures	Challenges equity in at least 2 of 3 futures	2 or more Guiding Principles flags	Greater than 2 Dependencies

Draft Framework – Endorsement Table

- Proposed adoption in September 2022 to inform near-term federal and state grant opportunities
- Focus on PBA 2050 Tier 1
 - Named projects greater than \$1 Billion
 - Programmatic Categories to Support Investments and Initiatives less than \$1B
 - Grade Separations
 - Rapid Bus Initiatives
 - Zero Emission Bus Transition
 - Regional Express Lane Network
 - Transportation Modernization
- Identification of PBA 2050 Tier 2 – Project Development Activities
 - Projects or programs greater than \$1B
 - Potential updates based on project development schedules

Draft Framework – Sample Endorsement Table

(in Billions \$)				REGIONAL DISCRETIONARY TARGETS		
PROJECT or Category	Project Cost	Committed Funding	Uncommitted Funding	Federal	State	Other
Tier 1 - Megaprojects						
Caltrain Electrification	2.4	2.0	0.4			
BART Core Capacity	3.8	3.3	0.6			
BART to Silicon Valley - Phase 2	7.3	4.3	3.1			
Caltrain Downtown Extension	5.0	0.8	4.2			
Valley Link - Bay Area Segment	1.9	0.7	1.2			
Tier 1 – Programmatic Categories						
Grade Separation Program	5.0	0.5	4.5			
Rapid Bus Program	2.5	0.2	2.3			
Zero Emission Bus Transition Program	5.0	0.0	5.0			
Regional Express Lanes Network	3.3	0.3	3.0			
Other Transportation Modernization	6.5	1.0	5.5			
Other Programs - TBD	TBD	TBD	TBD			
TOTAL TIER 1	50	14	36	19	7	11
TIER 2 - PROJECT PHASES - UNDER DEVELOPMENT	TBD	TBD	TBD			

Under Development

- Regional discretionary target columns will be expanded to include specific funding categories and may contain estimated amounts or ranges.

Funding Targets – Under Development

- Establish Ambitious but Realistic Targets
 - TIRCP/State Funding second stage
 - Federal BIL Funding
 - Regional and/or Local Transportation Revenue initiatives
- Establish Priority and Sequencing Strategies for Oversubscribed Funding Sources
- Continue Advocacy and Revise as Appropriate

Risk Management – New Thinking

- MTC past practice has included project oversight and policies aimed at prudent investment of regional funds and meeting regional goals
 - e.g. Resolution 3434 and Regional Measure 2 policies and procedures
- Focused efforts have taken a more involved role, usually prompted by a funding or other delivery challenge
 - e.g. SMART IOS Review; Transit Center and DTX Cost Reviews; and Transit Center Cracked Beam Peer Review
- As part of the MAP, staff is proposing to develop a regional risk management approach to evaluate and monitor risks throughout project lifecycles, from early project development and network coordination through construction
- Staff is exploring whether the approach should follow past practice or consider a deeper role and looks forward to Commissioner input

Risk Management – Example Concept

Definitions:

- **Stage Gates** are key points or milestones in the development of a project
- A **stage gate process** identifies key actions that need to be taken at important milestones
- A regional risk management overlay could include implementation of a “**stage gate process**” that identifies key actions that need to be taken at major milestones in order to minimize and mitigate risk
- The stage gates could determine readiness to proceed with funding. Stage gate examples related to risk include:
 - Has the project undergone a **peer review** of cost and design alternatives?
 - Does the project have a reasonable and sustainable **operating plan**?
 - Is there a **stable project governance structure** with required agreements in place?

Policy Reinforcements – Under Development

- Intent of the Policy component of the MAP is to monitor project progress and consistency with policy commitments in Plan Bay Area 2050 and other regional policies such as:
 - Land use /TOC
 - Blue Ribbon Action Plan implementation
 - Participation in equity programs
 - Other
- Project endorsement/funding could be conditioned on alignment with regional policies

Workshop Summary – Key Takeaway

- May 25-26 Commission workshop on Major Projects included discussion of proposed MAP approaches
- **Key Takeaway:** MTC should expand risk management role for major transportation projects
 - Focused early in the delivery pipeline
 - Do not duplicate current oversight by FTA, project sponsors, and others
 - Facilitate independent cost reviews
 - Establish appropriate contingencies at the project or portfolio level
 - Establish schedules that reflect project complexities

Workshop Summary – Additional Questions

1. How can the MAP incorporate the risk of upward cost pressure on projects given the stage the project is in— i.e., design, environmental, construction, etc.—and how might that risk impact project sequencing and/or the level of contingency funding projects are required to assume?
2. Should the Risk Management component of the MAP include the development of a stage-gate process that requires project sponsors to demonstrate specific project readiness requirements at key milestones prior to receiving MTC funding endorsement in the MAP for the next project phase?
3. Should the MAP be updated at regular intervals, or as needed, based on specific “triggers” or milestones? If updated at regular intervals, how often?

Timeline and Engagement Strategy

- **Today:** Programming and Allocations Committee update (to seek input from public and Commissioner direction)
- Ongoing engagement with transit operators and County Transportation Authorities
- Engagement with federal, state and local funding partners and sponsors. Additional engagement and outreach to be developed.
- **MAP funding framework** expected to be presented for information in **July** and approval in **September**
- Recommendations on **Policy and Risk components** to be presented in **late Fall 2022** and proposed for inclusion in MAP