

Attachment C: Adoption of 2024 Senate Bill 1 (SB 1) Competitive Programs

Background:

Senate Bill 1 (SB 1) created new competitive programs and provides additional funding to existing competitive programs under the state's administration. Two programs require MTC action: the Solutions for Congested Corridors (SCC) Program, where MTC nominates projects; and the Trade Corridor Enhancement Program (TCEP), where MTC compiles project nominations. Project applications for the SB1 Cycle 4 Program are due to CTC by late November or early December 2024. This memorandum summarizes the staff recommendations for each program.

Staff worked with the Bay Area County Transportation Agencies (BACTAs), transit operators, Caltrans, and the applicable state agencies in recent months to develop these programs.

Prioritization Principles for Bay Area SB 1 Competitive Program Nominations:

In April 2024, the Commission adopted a set of prioritization principles to use in evaluating and prioritizing SB 1 Competitive Program Nominations. To maximize the region's grant performance and competitiveness, the principles are closely aligned with the state's project selection criteria and program goals, and with regional plans, policies, and priorities. For this cycle, MTC will elevate projects advancing the state's Climate Adaptation Plan for Transportation Investments (CAPTI) goals as a higher priority over other metrics.

The California Transportation Commission (CTC) directs nominating agencies to prioritize projects nominated for SCC funding. Staff evaluated and prioritized project nominations on the following prioritization principles adopted in April 2024:

- Alignment with CAPTI and CSIS (higher weight)
- Addresses mobility in key congested corridors
- Demonstrates Benefits to Equity Priority Communities (EPCs)
- Reduces Greenhouse Gas Emissions
- Deliverability by FY 26-27 and Leveraging/Full Funding
- Partnership (using Tiering of Caltrans's draft CSIS Score)

While MTC does not need to prioritize project nominations for TCEP, staff evaluated but did not prioritize project nominations based on the April 2024 principles:

- Alignment with CAPTI and CSIS
- Address mobility in key freight corridors
- Demonstrates Benefits to EPCs
- Address community impacts from freight corridors
- Deliverability by FY 26-27 and Leveraging/ Full Funding
- Partnership

Project evaluations and prioritization, if applicable, are listed in Attachment D.

Solutions for Congested Corridors Program (SCCP), MTC Resolution No. 4663:

SB 1 directs \$250 million per year to the Solutions for Congested Corridors (SCC) Program to fund projects designed to reduce congestion in highly traveled corridors. Cycle 4 of the SCC Program covers two years (FY 2025-26 and FY 2026-27), totaling \$480 million available statewide which reflects a \$20 million overprogramming from Cycle 3. The Bay Area's share of congestion is approximately one-quarter to one-third of the state total congestion, depending on the metric used. According to SB 1, only MTC, as the Regional Transportation Planning Agency (RTPA) for the nine-county Bay Area, and Caltrans may nominate projects within the Bay Area for SCC funds; however, the implementing/ sponsoring agency may be any public agency.

Staff received eight project nominations totaling \$481 million in SCC requests from the Call for Project Nominations. Of these, staff recommend the following:

- Recommended: Staff recommend nominating six projects, discussed on the following page.
- Not recommended: Pleasanton's I-680/Sunol Blvd. Interchange Modernization Project, which requested \$21 million for interchange and local roadway improvements. Pleasanton's project was the lowest project performer, and was not submitted for Caltrans's review, so it was not evaluated against the statewide Caltrans System Investment Strategy (CSIS) framework.
- Requires Additional Consideration: VTA's Peninsula Caltrain Grade Separations in Burlingame and Mountain View, which requested \$62 million. Staff understands the scope of the project is still evolving, with the number of grade separations unclear at this

time. Staff may recommend adding the project once MTC receives clarity on project scope and funding plan.

- Requires Additional Consideration: In late August, MTC staff received a request from VTA to consider including the BART Silicon Valley Phase 2 Extension project as an MTC nominated project. VTA is still considering the request amount, since the recent announcement of the future Federal Transit Administration (FTA) funding amount still left a funding gap. Staff may recommend adding the project once MTC receives clarity on the funding plan, and will request VTA provide a project update at an upcoming MTC meeting.

Staff recommends nominating six projects totaling \$398 million (representing 83% of funding available statewide) for MTC's SCC Cycle 4 Program. Staff evaluated the candidate projects using the prioritization principles discussed earlier, and separated the projects into two broad categories:

1. Multimodal Highway and Active Transportation Projects
2. Transit-Focused Projects

The tiering of projects recognizes the difficulty in comparing multimodal and transit projects against one another, and also recognizes that multimodal highway and active transportation projects have fewer funding opportunities available than transit projects. As discussed in this item, roughly \$900 million is available statewide in the Transit and Intercity Rail Capital Program (TIRCP) this cycle, versus \$480 million statewide for SCC. Staff's ranking of projects within each category is based on the adopted prioritization principles listed in Table 1 of Attachment D.

Trade Corridor Enhancement Program (TCEP), MTC Resolution No. 4664:

SB 1 provides roughly \$300 million per year to the Trade Corridor Enhancement Account (TCEA) to fund infrastructure improvements on corridors that have a high volume of freight movement. Additionally, Senate Bill 103 directs the CTC to allocate both TCEA funds and California's National Highway Freight Program formula funds through the TCEP. The current program will cover two years (FY 2025-26 through FY 2026-27), totaling about \$900 million

statewide. The funds are further split 40% to Caltrans, or \$321 million, and 60% to regions, of which a target of \$123 million is identified for the Bay Area and Central Valley. The CTC Guidelines state that MTC, as the Metropolitan Planning Organization (MPO) for the nine-county Bay Area, is responsible for compiling project nominations within the region and confirming consistency with MTC's adopted Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS).

Staff compiled five candidate projects totaling \$198 million for the TCEP. MTC staff worked in close coordination with Caltrans, and similar to the SCC Program, Caltrans's final list of nomination has not been released. The MTC proposed TCEP projects are listed in Table 2 of Attachment D.

Staff proposes a list of the trade projects that best align with the TCEP guidelines, focusing on projects in the primary freight network and those with near-term delivery. The recommended program advances the goals of the Regional Goods Movement Plan and the regional goods movement investment strategy.

Local Partnership Program (LPP):

Senate Bill 1 identifies \$200 million per year for the Local Partnership Program. The California Transportation Commission first takes \$20 million off the top each year for an incentive program (awarding immediate funds for a new or renewed tax, toll, or fee dedicated solely to transportation), and splits the remaining money 60% to a formulaic share based on population and revenue generated, and 40% to a competitive program. LPP allows local and regional transportation agencies that have passed sales tax measures, developer fees, or other imposed transportation fees to fund road maintenance and rehabilitation, sound walls, and other transportation improvement projects. MTC has no formal role in nominating projects, aside from projects using regional bridge tolls to qualify for LPP funds.