

Metropolitan Transportation Commission Programming and Allocations Committee

December 13, 2017

Agenda Item 2c

MTC Resolution No. 4015, Revised

Subject: Revisions to the programming and allocations policies for the AB 664 Net Bridge Toll Revenue, RM1 Rail Extension Reserve, Two Percent Bridge Toll Revenue, and Five Percent State General Fund Revenue transit funding programs to update policies concerning AB 664 Net Bridge Toll Revenues, Bay Trail Funds in the Two Percent and Five Percent programs.

Background: MTC Resolution No. 4015, Revised, which was adopted by the Commission in June 2011, established the programming policies for AB 664 Net Bridge Toll Revenue, RM1 Regional Rail Extension Reserve, Two Percent Bridge Toll Revenue, and Five Percent State General Fund Revenue transit funding programs. This action proposes to revise this resolution to update policies pertaining to AB 664 Net Bridge Toll Revenues, and Bay Trail Funds in the Two Percent and Five Percent programs.

The resolution includes a Timely Use of Funds Policy that requires that all funds governed by this resolution be spent by the end of the third year after the year of allocation (i.e., funds allocated in FY2016-17 must be expended by the end of FY2019-20). Under this policy, at the end of the third year, undisbursed funds would lapse and revert to the applicable account. However, over the years, numerous operators had requested – and MTC granted – reallocations of lapsed AB 664 funds to be spent on projects in subsequent years. This resulted in frequent revisions to the programming and allocation resolutions to make these reallocations and has had the unintended practical effect of nullifying the Timely Use of Funds Policy.

In the period from FY 2007 to FY 2013, 22% of all AB 664 Bridge Toll programming lapsed and was reallocated. The annual amounts ranged from about \$0.2 million in the lowest year to nearly \$8.6 million in the highest. While most operators do not allow their programmed funds to lapse, some do every year.

This action proposes to change this policy for AB 664 Net Bridge Toll Revenue funds to add one year to the Timely Use of Funds policy (i.e., funds allocated in FY2016-17 would then be required to be expended by the end of FY2020-21). Additionally, under this revised policy, reallocation of lapsed funds would no longer be permitted except under special extenuating circumstances that are beyond the control of the operator. MTC staff would review any requests for reallocation and operators would be required to provide compelling justification for their request. Reallocations resulting from an operator's failure to re-budget funds among eligible projects in order to adequately spend down the funds will generally not be considered. As before, any funds unspent at the end of the four-year period would revert to the AB 664 Net Bridge Toll Revenues account for future programming to all eligible operators.

This policy change would extend by one year the period of availability for 33 AB 664 allocations from FY2014-15 to FY2016-17. Further, the BATA Project Savings funds (MTC Resolution No. 4169, Revised) are also governed by the AB 664 programming and allocations policies. As a result, this policy change would also extend the period of availability for three BATA Project Savings allocations from FY2015-16 and FY2016-17. The affected allocations are listed in Attachment A.

Additionally, the revisions proposed by this action include the following:

- Clarifying that projects included in the Core Capacity Challenge Grant Program (MTC Resolution No. 4123, Revised, and any successor programs) have their Bridge Toll programming specified in that resolution and do not receive an annual AB 664 programming share through this resolution; and
- Clarifying that projects that have defined MTC-approved funding plans (e.g., Caltrain Electrification/Vehicles) that do not include AB 664 funds but do include FTA formula funds are excluded from the annual programming share of AB 664, which is based on each operator's share of FTA funds in the Transit Capital Priorities program in that year.

Staff also proposes technical corrections to the Two Percent Bridge Toll Revenue and Five Percent State General Fund Revenues policies related to allocations for planning, program management, and capital support of the Bay Trail. These corrections are to reflect the consolidation of MTC and ABAG staffs.

Issues: None.

Recommendation: Refer MTC Resolution No. 4015, Revised to the Commission for approval.

Attachments: Attachment A – List of outstanding AB 664 Allocations
MTC Resolution No. 4015, Revised

Outstanding FY2014-15 through FY2016-17 AB 664 Allocations

Allocation #	Allocation Year	Operator	Amount	Program Resolution Number	Current Exp. Year	Proposed Exp. Year
15-4165-01/5850	FY15	MTC	67,304	4163	FY18	FY19
15-4165-02/5850	FY15	AC Transit	5,219,167	4163	FY18	FY19
15-4165-03/5850	FY15	SFMTA	237,424	4163	FY18	FY19
15-4165-04/5850	FY15	CCCTA	512,363	4163	FY18	FY19
15-4165-05/5850	FY15	ECCTA	178,139	4163	FY18	FY19
15-4165-06/5850	FY15	LAVTA	519,943	4163	FY18	FY19
15-4165-07/5850	FY15	SamTrans	700,000	4163	FY18	FY19
15-4165-08/5850	FY15	SolTrans	16,203	4163	FY18	FY19
15-4165-09/5850	FY15	Union City	24,624	4163	FY18	FY19
15-4165-10/5850	FY15	WestCat	91,082	4163	FY18	FY19
15-4165-11/5850	FY15	WETA	257,646	4163	FY18	FY19
15-4165-12/5850	FY15	BART	1,333,001	4163	FY18	FY19
15-4165-13/5850	FY15	SFMTA	601,223	4163	FY18	FY19
15-4165-13/5850	FY15	AC Transit	389,114	4163	FY18	FY19
16-4214-01/5850	FY16	ECCTA	74,922	4213	FY19	FY20
16-4214-02/5850	FY16	LAVTA	535,578	4213	FY19	FY20
16-4214-03/5850	FY16	SolTrans	130,133	4213	FY19	FY20
16-4214-04/5850	FY16	Union City Transit	15,203	4213	FY19	FY20
16-4214-05/5850	FY16	WestCAT	16,644	4213	FY19	FY20
16-4214-06/5850	FY16	WETA	827,520	4213	FY19	FY20
16-4214-07/5850	FY16	SamTrans	700,000	4213	FY19	FY20
16-4214-08/5850	FY16	SFMTA	21,922,657	4213	FY19	FY20
17-4263-01/5850	FY17	AC Transit	1,584,460	4262	FY20	FY21
17-4263-02/5850	FY17	BART	3,717,116	4262	FY20	FY21
17-4263-03/5850	FY17	SFMTA	5,578,864	4262	FY20	FY21
17-4263-04/5850	FY17	WETA	1,880,042	4262	FY20	FY21
17-4263-05/5850	FY17	AC Transit	1,177,611	4262	FY20	FY21
17-4263-06/5850	FY17	Caltrain	594,437	4262	FY20	FY21
17-4263-07/5850	FY17	ECCTA	434,051	4262	FY20	FY21
17-4263-08/5850	FY17	SamTrans	105,563	4262	FY20	FY21
17-4263-09/5850	FY17	SolTrans	762,771	4262	FY20	FY21
17-4263-10/5850	FY17	Union City	209,710	4262	FY20	FY21
17-4263-11/5850	FY17	WestCat	193,469	4262	FY20	FY21

**Outstanding FY2015-16 through FY2016-17 BATA Project Savings
Allocations**

Allocation #	Allocation Year	Operator	Amount	Program Resolution Number	Current Exp. Year	Proposed Exp. Year
16-4169-01	FY16	AC Transit	24,922,916	4169	FY19	FY20
17-4169-01	FY17	AC Transit	5,248,522	4169	FY20	FY21
17-4169-02	FY17	SFMTA	4,649,495	4169	FY20	FY21

Date: June 22, 2011
W.I.: 1514
Referred By: PAC
Revised: 12/20/17-C

ABSTRACT

Resolution No. 4015, Revised

This resolution establishes revised programming and allocation policies for the AB 664 Net Bridge Toll Revenue, RM1 Regional Rail Extension Reserve, Two Percent Bridge Toll Revenue, and Five Percent State General Fund Revenue transit funding programs. The revisions establish annual funding for ABAG for the San Francisco Bay Trail, make WETA the sole applicant for ferry services funding, and remove the condition splitting funds between the Northern and Southern bridge groups for the Two Percent Bridge Toll Revenue programs. This resolution supersedes Resolutions 2004, Revised, 3149, and 3288, Revised.

This resolution includes the following Attachment:

Attachment A – Bridge Toll Revenue and State General Fund Revenue Allocation Policy

Attachment A to this resolution was revised on December 20, 2017 to update policies concerning AB 664 Net Bridge Toll Revenues and Bay Trail funds in the Two Percent and Five Percent programs.

Further discussions of the policies are contained in the Programming and Allocations Committee summary sheet dated June 8, 2011 and December 13, 2017.

Date: June 22, 2011
W.I.: 1514
Referred By: PAC

RE: Revised Programming and Allocation Policies for the AB 664 Net Bridge Toll Revenues, RM1 Regional Rail Extension Reserve, Two Percent Bridge Toll Revenues, and Five Percent State General Fund Revenues transit funding programs

METROPOLITAN TRANSPORTATION COMMISSION
RESOLUTION NO. 4015

WHEREAS, the Metropolitan Transportation Commission (MTC) is the regional transportation planning agency for the San Francisco Bay Area pursuant to Government Code § 66500 et seq.; and

WHEREAS, since 1977, MTC has allocated net toll revenues, pursuant to Government Code §§ 30892 and 30893, for eligible transit capital improvements and ferry operations; and

WHEREAS, pursuant to Streets and Highways Code § 30913 (b), MTC has allocated two-thirds of the 2 percent of the 1988 Regional Measure 1 toll increase (“Two Percent Bridge Toll Revenues”) to projects which are designed to reduce vehicular traffic congestion on these bridges; and the remaining one-third of those toll revenues for the planning, construction, operation, and acquisition of rapid water transit systems; and,

WHEREAS, pursuant to Streets and Highways Code § 30884, certain toll revenues (“AB 664 Net Bridge Toll Revenues”) are available to fund transit capital improvements; and

WHEREAS, pursuant to Streets and Highway Code § 30919, MTC has allocated bridge toll revenue (“RM1 Regional Rail Extension Reserves”) for rail extension and improvement projects designed to reduce vehicular congestion on the San Francisco-Oakland Bay Bridge in the counties of Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara; and

WHEREAS, pursuant to Streets and Highways Code § 30894, MTC adopted MTC Resolution No. 2004, Revised, which sets forth MTC's overall Bridge Toll Revenue Allocation Policy; and

WHEREAS, with the completion of the Regional Ferry Plan Update, MTC adopted Resolution No. 3149, which established a Five Percent Bridge Toll Revenues programming and allocation policy; and

WHEREAS, the California Department of Transportation (DEPARTMENT) entered into a cooperative agreement with the Bay Area Toll Authority (BATA) and MTC on the

federalization of toll bridge projects under BATA's jurisdiction and on the transfer of state funds to replace the five percent Bridge Toll Program funds for ferry operations; and

WHEREAS, under terms of the agreement between the DEPARTMENT, BATA, and MTC, MTC agreed, among other things, to amend its Five Percent Bridge Toll Revenues policy, as set forth in MTC Resolution No. 3149, and to program and allocate state funds made ("Five Percent State General Fund Revenues") available by the DEPARTMENT for transit operating purposes; and

WHEREAS, pursuant to the agreement between the DEPARTMENT, BATA, and MTC, MTC adopted Resolution 3288 to establish interim programming and allocation policies for the Five Percent State General Fund Revenues and Two Percent Bridge Toll Revenues program; and

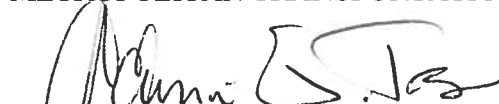
WHEREAS, MTC adopted Resolution 3948 and BATA adopted Resolution 93 and executed a Funding Agreement relieving BATA of responsibility for making AB 664 Net Bridge Toll Revenues Reserve Transfers, Two Percent Transit Reserves Transfers, and Rail Extension Reserves Transfers for 50 years; and

WHEREAS, the adoption of Resolution 3948 necessitates an update and revision to policies governing the various bridge toll revenue and Five Percent State General Fund Revenues; now, therefore, be it

RESOLVED, that MTC adopts the programming and allocation policies for the AB 664 Net Bridge Toll Revenues, RM1 Regional Rail Extension Reserve, Two Percent Bridge Toll Revenues, and Five Percent State General Fund Revenues transit funding programs as set forth in Attachment A, attached hereto and incorporated herein as though set forth at length; and be it further

RESOLVED, that this resolution supersedes MTC Resolution Nos. 2004, 3149, and 3288.

METROPOLITAN TRANSPORTATION COMMISSION



Adrienne J. Tissier, Chairperson

The above resolution was entered into by the Metropolitan Transportation Commission at a regular meeting of the Commission held in Oakland, California on June 22, 2011.

Date: June 22, 2011
W.I.: 1514
Referred By: PAC
Revised: 12/20/17-C

Attachment A
Resolution No. 4015
Page 1 of 5

BRIDGE TOLL REVENUE AND STATE GENERAL FUND REVENUE ALLOCATION POLICY

Definitions

1. "MTC Transit Transfer" refers to the September 2010 payment made from BATA to MTC equal to the estimated present value of specified fund transfers for a 50 year period pursuant to BATA Resolution 93 and MTC Resolution 3948. The payment relieves BATA from making AB 664, Regional Measure 1, and MTC Two Percent Bridge Toll Revenues transfers to MTC for a 50 year period.
2. "AB 664 Net Bridge Toll Revenues" refers to revenues available pursuant to Streets and Highway Code (S& H Code) 30884 calculated as 16% of base toll revenue on the San Francisco-Oakland Bay Bridge, San Mateo, and Dumbarton Bridges to be used for transit capital purposes. Allocations are made from monies held by MTC pursuant to the MTC Transit Transfer.
3. "RM1 Rail Extension Reserve" is composed of not less than 90% of the revenues from the Class I toll increase on the Bay Bridge, as authorized by Regional Measure I and Streets and Highways Code § 30910 et seq. Pursuant to Streets and Highways Code § 30919, MTC must allocate these funds exclusively for rail transit capital extension and improvement projects designed to reduce vehicular traffic congestion on the Bay Bridge. Allocations are made from monies held by MTC pursuant to the MTC Transit Transfer.
4. "East Bay Rail Extension Reserve" consists of 70% of the MTC Rail Extension Reserve. These revenues are to be allocated to rail extension and improvement projects in Alameda and Contra Costa Counties. These projects include, but are not limited to, the BART extensions planned for the Concord-Antioch, Fremont-San Jose, and Bayfair-Livermore rail transit corridors. Allocations are made from monies held by MTC pursuant to the MTC Transit Transfer.
5. "West Bay Rail Extension Reserve" consists of 30% of the MTC Rail Extension Reserve. These revenues are to be allocated to rail extension and improvement projects in San Francisco, San Mateo, and Santa Clara Counties. No specific projects are mentioned in the legislation. Allocations are made from monies held by MTC pursuant to the MTC Transit Transfer.
6. "Two Percent Bridge Toll Revenues" refers to revenues available pursuant to S&H Code 30913(b) used for ferry capital and other capital improvements. Allocations are made from monies held by MTC pursuant to the MTC Transit Transfer.
7. "Five Percent State General Fund Revenues" is funded by the five percent (Five Percent) Bridge Toll Program State General Fund revenues delivered to MTC in amounts equal to projections of the Regional Measure 1 (RM 1) five percent (Five Percent) Bridge Toll Program, based on a cooperative agreement between MTC, BATA and Caltrans. These revenues are to be programmed and allocated for ferry transit operations and bicycle-related planning.

8. "Resolution No. 3434" refers to the region's adopted Regional Transit Expansion Program.

Objectives

1. Maintain MTC's flexibility in allocations by avoiding rigid apportionment formulas.
2. Maximize the use of AB 664 Net Bridge Toll Revenues for meeting the local match required for transit capital projects programmed in the Transportation Improvement Program (TIP).
3. Sustain commitments made regarding allocations of new revenues.
4. Secure the financial integrity of the Resolution No. 3434 Program.

AB 664 Net Bridge Toll Revenues

Pursuant to S&H Code 30884, AB 664 Net Bridge Toll Revenues are available for capital projects.

1. The first priority for AB 664 Net Bridge Toll Revenues is to match transit capital projects programmed for Federal Transit Administration (FTA) formula funds (the Urbanized Area Formula program, Bus & Bus Facilities Formula program, State of Good Repair Formula program, or successor programs) in the Transportation Improvement Program (TIP). Revenues in each year will be apportioned to each eligible operator in proportion to the operator's share of the FTA formula funds programmed for capital projects in the TIP in the same year.

Resolution No. 4123 establishes the Core Capacity Challenge Grant Program, and sets a fixed amount of AB 664 Net Bridge Toll Revenue funding for AC Transit, BART, and SFMTA for fleet rehabilitation, replacement, and expansion through FY2029-30. AB 664 Net Bridge Toll Revenue programming for those operators will be guided by Resolution No. 4123 and not Resolution No. 4015. This would apply to any successor programs or resolutions.

Capital projects funded with FTA formula funds, but which have defined MTC-approved funding plans (i.e., fund sources and timing specified) that do not include AB 664 Net Bridge Toll Revenue funding would be excluded from the operator's programming share of AB 664 Net Bridge Toll Revenues. This includes Caltrain's Peninsula Corridor Electrification Program and any other future projects with defined MTC-approved funding plans that do not include AB 664 Net Bridge Toll Revenues.

2. MTC will continue its practice of apportioning AB 664 Net Bridge Toll Revenues to eligible operators such that 70% of the funding is apportioned to East Bay transit operators and 30% is apportioned to West Bay transit operators.
3. Similar to the flexibility allowed under the STP/CMAQ program, where second and third year projects may be advanced to the first year for implementation, an operator may request MTC to advance AB 664 Net Bridge Toll Revenues for programmed projects, as long as funds are available for allocation, (e.g. an operator who is programmed revenues in the

third year of the TIP and wishes to exercise pre-award authority for these match funds may request MTC to release the funds.) MTC will determine funding availability and will consider whether there is a need for the advancement.

RM1 Regional Rail Extension Reserve

To the extent feasible and required, maintain MTC's commitment to Resolution No. 3434 projects from the Rail Extension Reserve.

Two Percent Bridge Toll Revenues

Pursuant to Streets and Highways Code Section 30913(b), two-thirds of the annual available funding shall be allocated to projects which are designed to reduce vehicular traffic congestion and improve bridge operations on any bridge, including, but not limited to, bicycle facilities and for the planning, construction, operation, and acquisition of rapid water transit systems. The remaining one-third is available solely for the planning, construction, operation, and acquisition of rapid water transit systems.

Two Percent Bridge Toll Revenues Priorities and Estimated Annual Programming Amounts

1. \$1 million to the Water Emergency Transit Authority (WETA) for ferry capital improvement projects.
2. \$450,000 to ~~ABAG~~ MTC for program management and capital support for the San Francisco Bay Trail.

*Note that annual funding amounts are established and adjusted through the annual MTC fund estimate adoption

Five Percent State General Fund Revenues

The Five Percent State General Fund Revenues are delivered to MTC in amounts equal to projections of the RM1 Five Percent Bridge Toll Program. These revenues are to be programmed and allocated for ferry transit operations and bicycle-related planning.

Five Percent State General Fund Revenues Priorities and Estimated Annual Programming Amounts as of FY 2010-11

1. \$2.8 million to the Water Emergency Transit Authority (WETA) for ferry capital improvement projects and ferry operations.
2. \$250,000 to ~~ABAG~~ MTC for planning for the San Francisco Bay Trail.

*Note that annual funding amounts are established and adjusted through the annual MTC fund estimate adoption

The amount of Five Percent State General Fund Revenues programmed to ~~ABAG~~ for the Bay Trail shall be adjusted by the rate of increase in Five Percent State General Fund Revenues or the rate of increase in the Consumer Price Index, whichever is less, every three years, with the first adjustment occurring with FY2011-12 based calculations. ~~ABAG~~ The Bay Trail shall be the sole priority for the Five Percent State General Fund Revenues for bicycle planning.

Program the remainder of the Five Percent State General Fund Revenues to WETA to support ferry service operations. Ferry services will need to have demonstrated an average 40% farebox

recovery ratio (the regional average for all publicly-operated services during the period from 2006 to 2010) for the operating agency in order to ensure continued funding for operations. An operator may meet this requirement based on their average farebox recovery for the most recent three-year period for which National Transit Database statistics are available or their annual farebox recovery for the most recent year for which data is available.

If an operator is unable to meet the performance measure, the funding that would have gone to the ferry operator could be directed by the Commission to a transit service/route that reduces vehicular congestion in one of the bridge group corridors, and has demonstrated the ability to meet the 40% farebox requirement. The service could be ferry or another transit mode, provided that the service/route can meet the performance measure. At least forty percent of the Five Percent funding must directed toward ferry operations or capital as required.

Screening Criteria for all Two Percent Bridge Toll Revenue and Five Percent State General Fund Revenues Projects

Project submittals for Five Percent State General Fund Revenues and the Two Percent Bridge Toll Revenues must be submitted to MTC for consideration and must meet all of the following screening criteria:

- project is ready for implementation, including having any necessary clearances or approvals, in the year indicated;
- project is well defined and justified in the project proposal;
- entity has the capacity to implement the project;
- entity has an adequate project financial plan, with reasonable cost estimates;
- project has been approved by the local entity's policy board; and
- project is identified in or is part of an adopted regional or local transportation plan.

In addition, entities requesting transit operating funds must:

- complete a Short Range Transit Plan (or similar planning document as specified by MTC) that identifies service plans and budgets for at least a 5-year period;
- be consistent with the adopted Regional Transportation Plan (RTP); and
- submit data on capital replacement needs to MTC, as requested.

MTC staff evaluates project proposals and develops an annual program of projects for Five Percent State General Fund Revenues and 2 % Bridge Toll Revenues. The program of projects is reviewed by the affected entities. MTC adopts the program of projects and allocates the Five Percent State General Fund Revenues and 2 % Bridge Toll Revenues according to the program.

Timely Use of Funds for Two Percent Bridge Toll Revenues and Five Percent State General Fund Revenues

All projects programmed with Two Percent Bridge Toll Revenues and Five Percent State General Fund Revenues are subject to the following timely use of funds (TUF) policy. Full disbursement of funds must be completed within three years plus the year in which funds are allocated for a project programmed Bridge Toll Revenues. (For example, funds allocated in FY 2010-11 must be fully disbursed by June 30, 2014. Any unspent funds at the end of September 30, 2014 (which includes a 3-month grace period) will automatically revert to the appropriate Bridge Toll Revenue account.)

Timely Use of Funds for AB 664 Net Bridge Toll Revenues

All projects programmed with AB 664 Net Bridge Toll Revenues are subject to the following TUF policy. Full disbursement of funds must be completed within four years plus the year in which funds are allocated for a project programmed Bridge Toll Revenues. (For example, funds allocated in FY2016-17 must be fully disbursed by June 30, 2021. Any unspent funds at the end of September 30, 2021 (which includes a 3-month grace period) will automatically revert to the AB 664 Net Bridge Toll Revenues account.)

Re-allocation of unspent (or lapsed) funds to the same operator and projects is not guaranteed, and is governed by the following principles:

- Reallocations are not routine. The operator must provide a compelling justification for any proposed reallocations. All requests, including emergency or urgent requests, will be considered on a case-by-case basis as exceptions and must be beyond the control of the operator.
- Reallocations are subject to MTC review and staff may seek input from the Partnership Transit Finance Working Group when considering reallocation requests.
- Reallocations due to an operator's failure to rebudget funds between eligible projects to adequately spend down the funds will generally not be considered.

Funds unspent at the end of the four-year period will revert to the AB 664 Net Bridge Toll Revenues account and will be made available for programming in future years.

Annual Funding Levels for Two Percent Bridge Toll Revenues and Five Percent State General Fund Revenues

Annual funding levels for Two Percent Bridge Toll Revenues and Five Percent State General Fund Revenues shall be established and adjusted through the annual MTC fund estimate adoption.