

**Metropolitan Transportation Commission
Programming and Allocations Committee**

January 10, 2018

Agenda Item 5b

Senate Bill 1 and State Transit Assistance (STA) Population Based Funds

Subject: A proposed new policy framework for State Transit Assistance (STA) Population-Based funds, which have been augmented with new funding through SB 1.

Background: **State Transit Assistance:** STA is the state's flexible transit funding program which may be used for capital or operating purposes. STA provides an important source of operations funding for the Bay Area's transit operators and is a key funding source for regional priorities such as Clipper® and 511.

Senate Bill (SB) 1 provided a significant infusion of funding for public transit through several programs. Among these, the STA program will be boosted by an increase in the diesel sales tax rate of 3.5 percent. These funds would augment the existing STA program. MTC estimates the Bay Area would receive approximately \$94 million per year from this augmentation of the STA program.

Revenue derived from a new Transportation Improvement Fee (TIF) is used to establish a new State of Good Repair (SGR) Program which will be distributed using the STA formulas but is targeted at capital improvements focused on modernizing transit vehicles and facilities. The Bay Area will receive approximately \$39 million per year from the SGR Program.

STA Population-Based Funds in the Bay Area: Of the new STA funding expected to flow to the Bay Area as a result of SB 1, approximately \$34 million per year (\$24 million through existing STA program and \$10 million through the new SGR Program program) will flow through the Population-Based program which is subject to MTC's discretion. The STA Revenue-Based funds, which flows directly to the transit operators, will grow by an estimated \$66 million per year (starting in FY2019) as well.

MTC Resolution No. 3837, Revised established MTC's policy for allocating funds from the Population-Based program. Resolution 3837 was originally adopted in January 2008 and designated four major programs as recipients of the Population-Based funding. Coincidentally, Resolution 3837 called for reevaluating the STA Population-Based distribution in 2017.

Proposed Framework: The proposed framework detailed in Attachment 1 would replace MTC Resolution 3837 with a new transit-focused, OBAG-style STA County Block Grant for STA Population-Based funds. This item is being presented as an informational item this month; staff intends to seek Committee/ Commission approval in February, to coincide with adoption of the FY2018-19 fund Estimate.

Staff will return to the Commission to re-evaluate the proposed policy should there be a major change in the availability of SB 1 funds in the future.

Recommendation: Informational item.

Attachments: Attachment 1 - SB 1 and STA Pop.-Based Funds Memo from Executive Director
Attachment 2 - MTC Resolution 4321 (Draft Resolution for possible consideration in February 2018)
Presentation Slides



**METROPOLITAN
TRANSPORTATION
COMMISSION**

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Memorandum

TO: Programming and Allocations Committee

DATE: January 3, 2018

FR: Executive Director

RE: SB 1 and State Transit Assistance (STA) Population-Based Funds

State Transit Assistance (STA)

STA is the state's flexible transit funding program which may be used for capital or operating purposes. STA provides an important source of operations funding for the Bay Area's transit operators and is a key funding source for regional priorities such as Clipper®.

The statewide STA program is split equally between a Revenue-Based program (Public Utilities Code 99314) and a Population-Based program (Public Utilities Code 99313). The Revenue-Based program distributes funds directly to transit operators based on each transit operator's share of statewide qualifying revenues used for transit operations, while the Population-Based program distributes funds to regional transportation planning agencies (such as MTC) based on their share of California's population.

SB 1's Impact

Senate Bill (SB) 1 provided a significant infusion of funding for public transit through several programs. Among these, the State Transit Assistance (STA) program will be boosted by approximately \$250 million per year from the increase in the diesel sales tax rate of 3.5 percent. These funds would augment the existing STA program (around \$294 million statewide, pre-SB 1). MTC estimates the Bay Area would receive approximately \$94 million per year from this augmentation of the STA program.

Another \$105 million per year derived from a new Transportation Improvement Fee (TIF) is used to establish a new State of Good Repair (SGR) Program which will be distributed using the STA Revenue-Based and Population-Based formulas but is targeted at capital improvements focused on modernizing transit vehicles and facilities. The Bay Area will receive approximately \$39 million per year from the SGR Program.

STA Population-Based Funds in the Bay Area

Of the new STA funding expected to flow to the Bay Area as a result of SB 1, approximately \$34 million per year (\$24 million through existing STA program and \$10 million through the new SGR Program program) will flow through the Population-Based program which is subject to MTC's discretion. The STA Revenue-Based funds, which flows directly to the transit operators, will grow by an estimated \$66 million per year (starting in FY2019) as well.

MTC Resolution No. 3837, Revised established MTC's policy for allocating funds from the Population-Based program. Resolution 3837 was originally adopted in January 2008 and designated

four major programs as recipients of the Population-Based funding: a Northern Counties/Small Operators Program (28.3% of funds), a Regional Paratransit Program (15.6% of funds), the Lifeline Transportation Program (29.2% of funds), and the MTC Regional Coordination Program (26.9% of funds). Coincidentally, Resolution 3837 called for reevaluating the STA Population-Based distribution in 2017.

Proposed Framework

The below table illustrates a proposal for a new distribution framework for STA Population-Based funds.

Table 1. STA Population-Based Distributed Through a County Block Grant Program

| | | | | Est. FY 2018-19 STA Population Based | Est. FY 2017-18 STA Population Based (pre-SB 1) | Increase | Percent Increase |
|-----------------------------|-----|----------------------|-----|--|---|---------------------|---------------------|
| Local Program | 70% | <i>Alameda</i> | 18% | \$6,546,447 | \$3,651,329 | \$2,895,118 | 79% |
| | | <i>Contra Costa</i> | 22% | \$8,262,187 | \$4,608,294 | \$3,653,892 | |
| | | <i>Napa</i> | 4% | \$1,300,377 | \$725,295 | \$575,082 | |
| | | <i>Marin</i> | 6% | \$2,129,276 | \$1,187,619 | \$941,657 | |
| | | <i>San Francisco</i> | 8% | \$3,109,937 | \$1,734,590 | \$1,375,347 | |
| | | <i>San Mateo</i> | 5% | \$1,866,459 | \$1,041,031 | \$825,428 | |
| | | <i>Santa Clara</i> | 14% | \$5,193,795 | \$2,896,877 | \$2,296,918 | |
| | | <i>Solano</i> | 11% | \$3,913,788 | \$2,182,944 | \$1,730,844 | |
| | | <i>Sonoma</i> | 13% | \$4,777,734 | \$2,664,816 | \$2,112,918 | |
| | | Subtotal | | | | \$37,100,000 | |
| Regional Program | 30% | Subtotal | | \$15,900,000 | \$7,598,638 | \$8,301,362 | 109% |
| FY 2018-19 TOTAL | | | | \$53,000,000 | \$28,291,433 | \$24,708,567 | 87% |

Staff proposes a new framework which would replace MTC Resolution 3837 with a new transit-focused, OBAG-style STA County Block Grant for STA Population-Based funds. Funds would be distributed into a Local Program (70%) and a Regional Program (30%). Within the Local Program, each county CMA would receive a specified share (see Table 1) of STA Population-Based funds each year which could be prioritized by the CMA for use by transit operators within their county or in coordination with other counties/the region. This would allow each county to determine how best to invest in paratransit, transit operating, and lifeline needs and it is MTC's expectation that the funds will continue to support similar needs overall as are funded in the current policy. Each county's share in Table 1 was calculated based on the county's share of STA funds from the current Resolution 3837 formula, totaled across all categories (Northern Counties/Small Operators Program, Regional Paratransit Program, and the Lifeline Transportation Program).

The Regional Program would continue to support existing regional programs like Clipper ® 2.0 and could provide seed funding for a regional means-based fare program (see agenda item 5a on today's agenda). The local and regional shares allow significant funding increases for local programs while providing roughly \$8 million annually for the regional contribution to the Means-Based program. Similar to OBAG, the additional funding and flexibility would be accompanied by policy conditions:

County Block Grant Program Conditions:

1. Each CMA must submit to MTC by May 1st of each year a report including the following: 1) the county’s programming distribution of STA Population-Based funds amongst STA-eligible operators and; 2) the anticipated amount of STA population-Based funding that will be spent within or benefitting Communities of Concern.

With this information from the CMAs MTC staff will prepare an annual STA Population-Based “Snapshot” report to ensure transparency for the new SB 1 funds.

2. To respond to comments and concerns raised and ensure that small bus operators in Alameda and Contra Costa counties continue to receive adequate funding from a County Block Grant Program, this proposal would include a minimum amount of funding to be allocated on an annual basis amongst eligible small operators in each county. Based on the share of small operator funding out of the total STA Population-Based funds allocated to Alameda and Contra Costa counties under the current framework, Table 2 below contains the percentage shares which would be required to flow to each county’s eligible small operators.

Table 2: Alameda and Contra Costa County Small Operator Minimum

| County | Minimum % of Block Grant to be Allocated Annually Amongst Eligible Small Operators | Eligible Small Operators |
|---------------------|---|---------------------------------|
| Alameda County | 24% | LAVTA and Union City Transit |
| Contra Costa County | 60% | CCCTA, ECCTA, WestCAT |

3. CMAs in all counties would be required to seek approval from MTC before requesting that a STA-eligible operator recipient of STA Population-Based funds perform a fund swap involving STA Population-Based funds. The swaps will be limited to transit-eligible activities unless there is concurrence from the transit operators. In addition, the CMA must notify all STA-eligible operators within their county of the request to swap funds before seeking approval from MTC.
4. Direct CMAs and transit operators to coordinate STA Population-Based fund distribution in their county.
 - The CMAs would be expected to play a role in coordinating STA Population-Based claims from operators. CMAs, in cooperation with transit operators, could also consider whether to extend their coordination role in the claims process beyond STA Population-Based funds to include TDA Local Transportation Fund and STA Revenue-Based funds but this would not be required. MTC would still determine the amounts available for TDA and STA Revenue-Based funds through the annual Fund Estimate process.
 - A fully coordinated claim, already in use in Sonoma and Solano Counties, allows for all transit operators in a county to jointly plan their annual operations budgets and coordinate investments of TDA Local Transportation Fund ¼ cent sales tax revenues and STA Revenue and Population-Based funds.

5. All small and medium sized operators to meet Transit Sustainability Project (TSP) performance requirements similar to the large operators (cost efficiency/effectiveness)
 - The TSP was intended to identify strategies to enable transit operators to remain financially viable so that they can continue to provide service to the public. The performance measures requiring a 5% real reduction in cost per service hour, cost per passenger, or cost per passenger mile currently only apply to the region’s larger transit operators.
 - This proposal would extend the requirement to small and medium-sized operators to further incentivize financial sustainability. For operators already meeting a TSP performance measure as shown in Table 3, the requirement would be to keep future operating cost increases at a level not higher than inflation; no further reduction in costs would be required for these operators. For operators that have not already achieved a TSP performance measure they, would have until FY 2022-2023 to do so. Operators would be able to decide which base year to use in calculating their TSP performance measures, similar to the discretion given to large operators.
 - Similar to the TSP requirement for large operators (MTC Resolution No. 4060), starting in FY2023-24, “MTC will link existing and new operating and capital funds administered by MTC to progress towards achieving the performance target.”
 - If a CMA already has locally voter or board approved transit operator financial performance requirements in place, these measures may be substituted for TSP performance requirements, subject to concurrence from MTC.
 - Given that most small operators have a lower cost per hour and different cost pressures than the large operators, staff will work with the small operators and CMAs to evaluate whether an alternate performance framework or metrics are more appropriate for the small operators. It is worth mentioning, however, that the majority of small operators have already met one of the TSP metrics (as discussed further below). Staff will return within one year to report on whether to retain the current framework or adjust the performance requirements.

Table 3 below provides preliminary information on which small and medium sized operators are already achieving at least one of the TSP performance measures as of FY 2016. If this policy is adopted, MTC would work with operators to confirm the data, select baseline years, and establish a process for monitoring into the future.

Table 3: Small Operator TSP Performance Measures Comparison, Data for Fixed-Route Service Only. (In Constant FY 2012 \$)

| Operator | Achieved Cost Reduction of ≥ 5% from FY 2012 to FY 2016 | Operator | Achieved Cost Reduction of ≥ 5% from FY 2012 to FY 2016 |
|--------------------|---|-----------------------|---|
| County Connection | Yes -11% Cost per Passenger | SolTrans | Yes -11% Cost per Passenger |
| FAST | Yes -15% Cost per Passenger | Sonoma County Transit | No -3% Cost per Service Hour |
| LAVTA | No -4% Cost per Service Hour | Tri Delta Transit | Yes -18% Cost per Passenger |
| Marin Transit | Yes -6% Cost per Service Hour | Union City Transit | No +20% Cost per Service Hour |
| Napa Vine | Yes -49% Cost per Passenger | Vacaville City Coach | Yes -8% Cost per Passenger |
| Petaluma Transit | Yes -12% Cost per Service Hour | WETA | Yes -31% Cost per Passenger |
| Rio Vista | No +13% Cost per Service Hour | WestCAT | No +1% Cost per Service Hour |
| Santa Rosa CityBus | No +13% Cost per Service Hour | | |

Source: FY 2011-12 Through 2015-16 Transit Statistical Summary (Note: data is preliminary)

6. In the Northern Counties (Marin, Napa, Solano, and Sonoma) as an alternative to meeting TSP performance requirements shown above, develop a plan to consolidate into a single county operator (e.g. Napa).
 - Sonoma and Solano Counties have already expressed interest in pursuing consolidation and this initiative would support those efforts and encourage other counties to investigate consolidation.

7. In the five other counties (Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara) in addition to meeting the TSP performance requirements shown on page 3, establish or enhance mobility management programs.
 - Each CMA/county, working with the transit operators, should establish or enhance mobility management programs within their county to help provide equitable and effective access to transportation.

SGR Program

As noted on page 1 of this memo, the Bay Area can expect to receive approximately \$39 million per year from a new SGR Program, \$10.2 million of which will be Population-Based funds. The following priorities are proposed to inform how to invest these SGR Program Population-Based funds.

State of Good Repair Program Priority 1: Clipper® 2.0

State of Good Repair priority 1 would allow MTC to invest in the development and deployment of the Bay Area's next generation transit fare payment system, Clipper® 2.0. Clipper® is funded jointly by MTC and transit operators, however there are significant unfunded anticipated capital and operating costs associated with Clipper® 2.0 which will need to be funded to ensure a successful deployment. If Regional Measure 3 is approved by the voters, all these funds may not be needed to support the development and deployment of Clipper® 2.0.

State of Good Repair Program Priority 2: Green Transit Capital Priorities

If not needed for Clipper® 2.0, the Population-Based funds from the new STA State of Good Repair program could fund the acquisition of zero emission buses (ZEB) by the Bay Area's transit operators.

The STA State of Good Repair funds would be used to pay for the cost increment of ZEBs over diesel or hybrid vehicles or for charging or hydrogen infrastructure to support ZEBs. Staff is working with the Air District in an effort to leverage this investment with their funding to be able to accelerate the conversion of the transit fleet toward zero emission. With a 1:1 leverage, the region could replace roughly 65 buses with ZEBs annually based on current ZEB costs.

Date: February 28, 2018
W.I.: 1511
Referred By: PAC

ABSTRACT

Resolution No. 4321

This resolution establishes a policy for the programming and allocation of State Transit Assistance (STA) funds and State of Good Repair Program funds, made available under the provisions of Public Utilities Code Sections 99312.1, 99313, and 99314.

This resolution supersedes Resolution No. 3837.

Further discussion of this action is contained in the MTC Programming and Allocations Committee Summary Sheet dated February 14, 2018.

Date: February 28, 2018
W.I.: 1511
Referred By: PAC

Re: Adoption of MTC's State Transit Assistance (STA) and State of Good Repair Program Programming and Allocation Policy.

METROPOLITAN TRANSPORTATION COMMISSION

RESOLUTION NO. 4321

WHEREAS, State Transit Assistance (STA) funds are to be used to enhance public transportation service, including community transit service, and to meet high priority regional transportation needs; and

WHEREAS, Senate Bill (SB) 1 (Chapter 5, Statutes of 2017), known as the Road Repair and Accountability Act of 2017, establishes the State of Good Repair Program (SGR Program); and

WHEREAS, both STA and SGR Program funds are distributed by the State Controller's Office pursuant to Public Utilities Code § 99313 and 99314, a Population-Based and Revenue-Based program, respectively; and

WHEREAS, the Metropolitan Transportation Commission (MTC), as the Regional Transportation Planning Agency for the San Francisco Bay Area, is responsible for the allocation of STA and SGR Program funds available to eligible claimants in this region; and

WHEREAS, MTC adopted an STA Allocation Policy in Resolution No. 3837 in 2008; and

WHEREAS, SB 1 significantly increased the amount of funding to the STA program and established the SGR Program; and

WHEREAS, in order to align the allocation of STA and SGR Program funding with the Bay Area's most pressing transportation needs and to ensure transit service is accessible to transit dependent passengers and communities of concern; now, therefore, be it

RESOLVED, that MTC adopts its State Transit Assistance and State of Good Repair Program Programming and Allocation Policy described in Attachment A, attached hereto and incorporated by reference, for guidance to eligible claimants in the preparation of their applications for STA and SGR Program funds and to staff for reviewing such applications; and be it further

RESOLVED, that the prior policy governing allocation of State Transit Assistance Funds contained in Resolution No. 3837 is superseded by this resolution.

METROPOLITAN TRANSPORTATION COMMISSION

Jake Mackenzie, Chair

The above resolution was entered into by the Metropolitan Transportation Commission at a regular meeting of the Commission held in San Francisco, California, on February 28, 2018.

DRAFT

**STATE TRANSIT ASSISTANCE AND STATE OF GOOD REPAIR PROGRAM
PROGRAMMING AND ALLOCATION POLICY
Exhibit 1**

This policy affects all allocations by the Metropolitan Transportation Commission (MTC) of STA and SGR Program funds, made available under the provisions of Public Utilities Code Sections 99312.1, 99313 and 99314 and relevant subsections.

I. STA Population-Based Funds (PUC Code 99313) Including Interest Earnings

1. STA Population-Based County Block Grant

70% of the STA Population-Based funds and interest is reserved for programming to STA-eligible operators by Congestion Management Agencies (CMAs) in each of the nine Bay Area counties as part of a STA Population-Based County Block Grant (County Block Grant). The County Block Grant will allow each county to determine how best to invest in transit operating needs, with a focus on providing lifeline transit services. The funds reserved for the County Block Grant shall be distributed amongst the nine counties according to the percentages shown in Table 1. Each county's share in Table 1 was calculated based on the county's share of STA funds from the Resolution 3837 formula, totaled across all categories (Northern Counties/Small Operators Program, Regional Paratransit Program, and the Lifeline Transportation Program).

Table 1. Distribution of STA Population-Based County Block Grant, by County

| | |
|---------------|-----|
| Alameda | 18% |
| Contra Costa | 22% |
| Napa | 4% |
| Marin | 6% |
| San Francisco | 8% |
| San Mateo | 5% |
| Santa Clara | 14% |
| Solano | 11% |
| Sonoma | 13% |

Within Alameda and Contra Costa Counties a minimum amount of County Block Grant funds shall be programmed amongst the transit operators detailed in Table 2.

Table 2. Alameda and Contra Costa County Small Operator Minimum

| County | Minimum % of Block Grant to be Allocated Annually Amongst Eligible Small Operators | Eligible Small Operators |
|---------------------|--|------------------------------|
| Alameda County | 24% | LAVTA and Union City Transit |
| Contra Costa County | 60% | CCCTA, ECCTA, WestCAT |

The following program conditions apply to the County Block Grant:

- Reporting:** Each CMA must submit to MTC by May 1st of each year a report including the following: 1) the county’s programming distribution of STA Population-Based funds amongst STA-eligible operators and; 2) the anticipated amount of STA Population-Based funding that will be spent within or benefiting Communities of Concern.
- Fund Swaps:** Each CMA is required to seek approval from MTC before requesting that a STA-eligible operator recipient of STA Population-Based funds perform a fund swap involving STA Population-Based funds. The CMA must notify all STA-eligible operators within their county of the request to swap funds before seeking approval from MTC.
- Coordinated Claim:** Each CMA must play a coordinating role in the development of STA Population-Based claims from STA-eligible operators within their county. Operators can continue to submit their own claims, if desired.
- Performance Measures:** All small and medium sized operators will strive to meet Transit Sustainability Project (TSP) performance requirements similar to the large operators and achieve a 5% real reduction in cost per service hour, cost per passenger, or cost per passenger mile by Fiscal Year 2022-23. Operators may substitute TSP performance measures for a similar local voter approved or CMA adopted performance measure, subject to MTC concurrence. Once the 5% reduction is achieved transit operators are expected to keep future cost increases to no higher than the San Francisco Area Consumer Price Index as defined by the U.S. Bureau of Labor Statistics. Beginning in Fiscal Year 2023-24 MTC may link existing and new operating and capital funds administered by MTC to progress towards achieving the performance target. Staff will work with the small operators and CMAs to evaluate whether an alternate performance framework or metrics are more appropriate for the small operators. Staff will return within one year to report on whether to retain the current framework or adjust the performance requirements.
- Operator Consolidation Planning Efforts:** In the Northern Counties (Marin, Napa, Solano, and Sonoma) as an alternative to meeting TSP performance requirements, counties and transit operators may develop a plan to consolidate into a single county operator.

- **Mobility Management:** In the five other counties (Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara) each county must establish or enhance mobility management programs to help provide equitable and effective access to transportation.

2. *MTC Regional Coordination Program*

30% of the STA Population-Based funds and interest is reserved for projects and programs that improve regional coordination, including but not limited to:

- Clipper®
- 511
- Transit connectivity

MTC will develop an annual MTC Regional Coordination program. All final programming will be reviewed and approved by the MTC Programming and Allocations Committee (PAC).

3. *Transit Emergency Service Contingency Fund*

The Transit Emergency Service Contingency Fund shall be used to provide assistance for an emergency response to a qualifying incident or event, under specific circumstances as described in MTC Resolution No. 4171.

The fund shall not exceed a total balance of \$1 million of STA Population-Based funds and interest. In any individual fiscal year no more than \$333,333 of STA Populated-Based funds and interest shall be apportioned to the fund. Beginning in Fiscal Year (FY) 2015-16 \$333,333 in STA Population-Based funds, taken “off the top” from estimated STA Population-Based revenues for the fiscal year, will be apportioned to the fund. Apportionments will continue in subsequent fiscal years until the fund reaches a total of \$1 million. In future years should the balance of the fund fall below \$1 million funds shall be apportioned in the next fiscal year to restore the full balance of the fund, subject to the annual apportionment limit.

II. **STA Revenue-Based Funds (PUC Code 99314)**

Funds apportioned to the region based on revenues generated by the transit operators will be allocated to each STA-eligible operator for the support of fixed route and paratransit operations, for inter-operator coordination, including the cost of interoperator transfers, joint fare subsidies, integrated fares etc., and for capital projects consistent with the adopted long-range plan.

III. SGR Program Population-Based Funds (PUC Code 99312.1, distributed via PUC 99313)

MTC will develop an annual investment program for SGR Program Population-Based Funds through the annual Fund Estimate. All final programming will be reviewed and approved by the MTC Programming and Allocations Committee (PAC) and will be consistent with the below priorities. All proposed programming actions will be submitted to Caltrans for approval, consistent with SGR Program Guidelines.

1. *Priority 1: Clipper® 2.0*

Invest in the development and deployment of the Bay Area's next generation transit fare payment system, Clipper® 2.0.

2. *Priority 2: Green Transit Capital Priorities*

If not needed for Clipper® 2.0, program SGR Program Population-Based funds to the acquisition of zero emission buses (ZEB) by the Bay Area's transit operators. SGR Program funds are intended to pay for the cost increment of ZEBs over diesel or hybrid vehicles or for charging or hydrogen infrastructure to support ZEBs. MTC staff will work to secure a 1:1 match commitment from the Bay Area Air Quality Management District to expand and accelerate the deployment of ZEBs in the region.

IV. SGR Program Revenue-Based Funds (PUC Code 99312.1, distributed via PUC 99314)

Funds apportioned to the region based on revenues generated by the transit operators will be allocated to each respective STA-eligible operator for state of good repair projects, preventative maintenance, and other projects approved by Caltrans as eligible for SGR Program expenditure.

**State Transit Assistance (STA)
Rules and Regulations
for the MTC Region
Exhibit 2**

These Rules and Regulations cover the eligibility requirements and the rules for a full or partial allocation of these funds.

Eligibility Requirements

To be eligible for any STA funds in the MTC region, an operator must comply with all SB 602 fare and schedule coordination requirements for the fiscal year. The evaluation of operator's compliance with the SB 602 program is made annually.

An operator's requested STA allocation may also be partially or fully reduced if the operator did not make satisfactory progress in meeting its Productivity Improvement Program (PIP) and/or the Regional Coordination projects for which each operator is a participant.

SB 602 Requirements/California Government Code Section 66516

Fare coordination revenue-sharing agreements, as specified in the annual Regional Coordination Program, must be fully executed by all participating operators and provisions of the agreement(s) must be in compliance with MTC rules and regulations.

MTC Res. 3866 (Transit Coordination Implementation Plan) documents coordination requirements for Bay Area transit operators to improve the transit customer experience when transferring between transit operators and in support of regional transit projects such as Clipper. If a transit operator fails to comply with the requirements of Res. 3866 or its successor, MTC may withhold, restrict or reprogram funds or allocations.

PIP Projects

PIP projects are a requirement of STA funding. Failure by operators to make a reasonable effort to implement their PIP projects may affect the allocation of these funds. Projects will be evaluated based on actual progress as compared to scheduled. STA funds may be reduced proportionate to the failure of the operator to implement the PIP project/s. Progress in meeting the milestones identified for a project may be used as the basis for assessing reasonable effort.

The amount withheld will be reviewed with the affected operator. Partial funds withheld may be held by MTC up to two years to allow an operator to comply with its PIP as required by statute.

After two years, funds withheld under this section may also be re-allocated to any eligible operator for purposes of improving coordination, according to the unfunded coordination projects in the Regional Coordination Plan (MTC Res. 3866 or its successor). MTC may also allocate these funds to any operator whose increase in total operating cost per revenue vehicle hour is less than the increase in the CPI.

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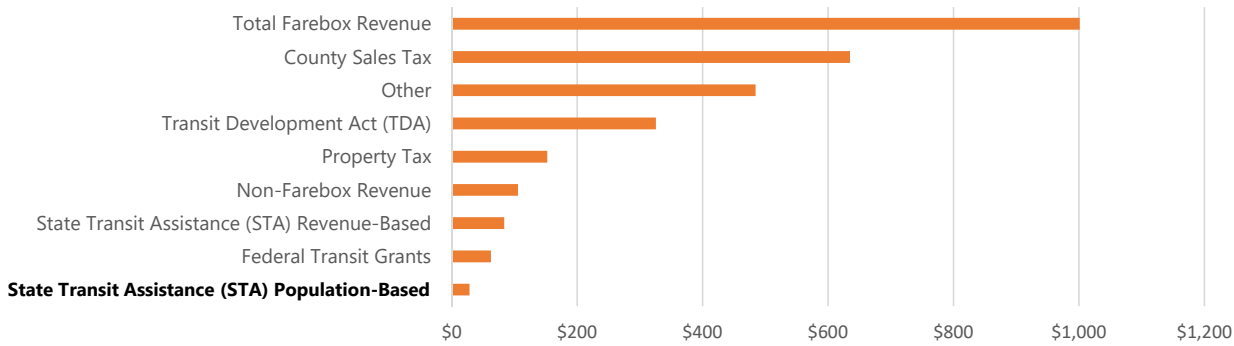


State Transit Assistance Population-Based Program

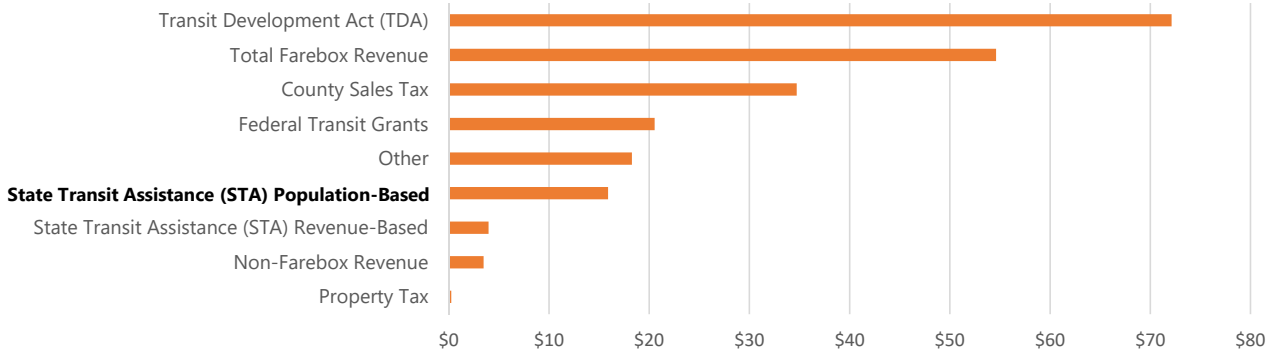
Programming and
Allocations Committee
January 10, 2018
Item 5b

Transit Operating Revenue by Source

All Operators



Small/Medium Operators



FY 2015-16 data, in Millions of \$



State Transit Assistance (STA)



Funded by the sales tax on diesel fuel
SB 1 doubles sales tax rate



Eligible for use by only transit operators, CTSAs, and MTC



\$162 million to the Bay Area in FY 2017-18;
\$200 million by FY 2018-19



\$147 million in Revenue-Based funding
directly to transit operators by FY 2018-19



\$53 million in Population-Based funding
programmed by MTC by FY 2018-19



State of Good Repair Program



New program established by SB 1, uses STA formulas, funded by annual Transportation Improvement Fee (registration fee)



Eligible for use only by transit operators, CTSAs, and MTC. Unlike regular STA, this program is restricted to state of good repair projects and requires pre-approval by Caltrans



\$39 million to the Bay Area in FY 2017-18 and onwards



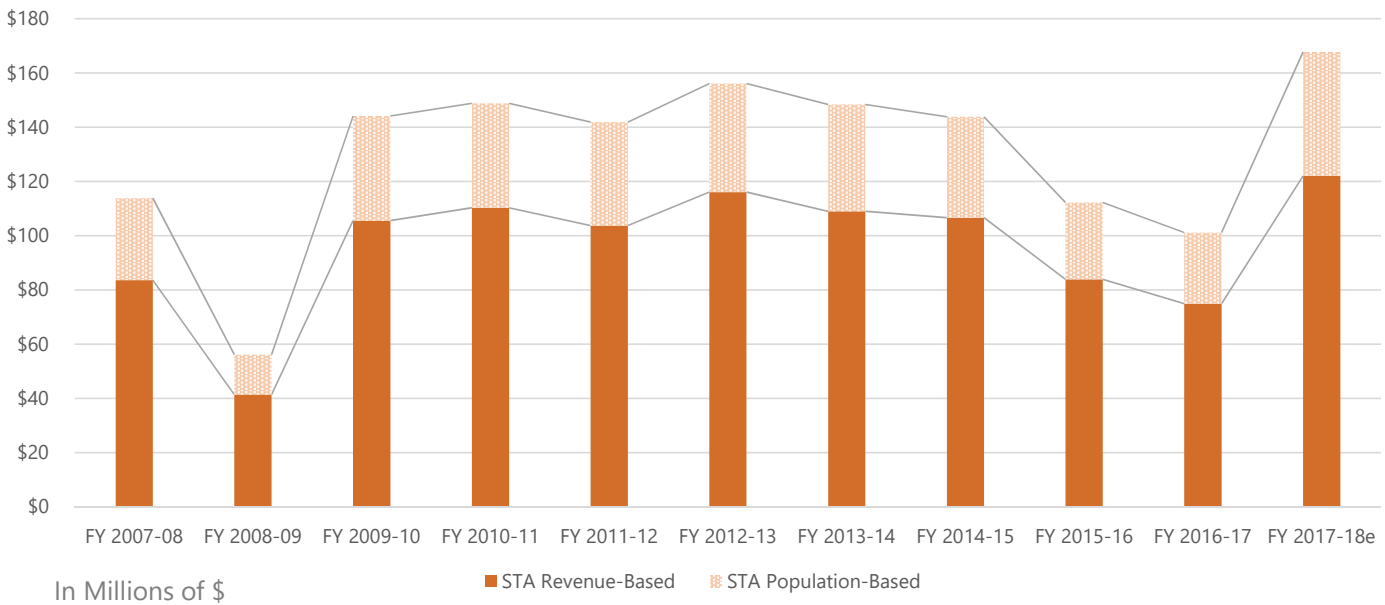
\$29 million in Revenue-Based funding directly to transit operators



\$10 million in Population-Based funding programmed by MTC



STA Revenue: A Variable Funding Source



STA Revenue has varied from a high of \$156 million to a low of \$56 million over the last decade.



STA Population-Based Policy in Bay Area

2007: Commission adopts Resolution 3837, establishes current STA Population-Based Policy, calls for review in 10 years.

- Northern Counties/Small Operators Program (28%)
- Lifeline Transportation Program (29%)
- Regional Paratransit Program (16%)
- Regional Coordination Program (e.g. Clipper and 511) (29%)

FY 2006-07 Bay Area receives \$220 million in STA funding

2008-2016: Bay Area STA funding fluctuates between \$101 million to \$156 million depending on the price of diesel fuel.

2017: Legislature approves SB 1, doubles diesel sales tax. 10 year review of Resolution 3837 initiated by MTC staff.

New State of Good Repair Program program established

Fall 2017: Outreach to stakeholders on proposed update to the STA Population-Based framework



Proposed STA Framework

Replace Resolution 3837 with a transit-focused, OBAG-style STA County Block Grant receiving 70% of Population-Based funds

Funds can only go to eligible transit operators.

County shares based on the total amount received by a county across all three current program categories.

| | | County Share | Est. FY 2018-19 STA Population Based Millions \$ |
|-----------------------------|--------------------------------------|---------------|--|
| County/Local Program 70% | Alameda | 18% | \$6.5 |
| | Contra Costa | 22% | \$8.2 |
| | Napa | 4% | \$1.3 |
| | Marin | 6% | \$2.1 |
| | San Francisco | 8% | \$3.1 |
| | San Mateo | 5% | \$1.8 |
| | Santa Clara | 14% | \$5.2 |
| | Solano | 11% | \$3.9 |
| | Sonoma | 13% | \$4.8 |
| | County/Local Program Subtotal | | \$37.1 |
| | Regional Program Subtotal | \$15.9 | |

30% of Population-Based funds to a Regional Program to support Clipper, 511, and a potential Means-Based transit fare



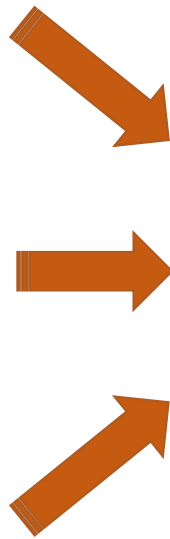
Proposed STA Framework, cont.

Existing Framework

| Northern Counties/Small Operators | 28% |
|-----------------------------------|-----|
| Marin | 11% |
| Napa | 6% |
| Solano | 17% |
| Sonoma | 20% |
| CCCTA | 20% |
| ECCTA | 12% |
| LAVTA | 8% |
| Union City | 3% |
| WCCTA | 3% |

| Regional Paratransit | 16% |
|----------------------|-----|
| Alameda | 20% |
| Contra Costa | 14% |
| Marin | 3% |
| Napa | 2% |
| San Francisco | 16% |
| San Mateo | 8% |
| Santa Clara | 22% |
| Solano | 6% |
| Sonoma | 9% |

| Lifeline Transportation Program | 29% |
|---------------------------------|-----|
| Alameda | 23% |
| Contra Costa | 14% |
| Marin | 3% |
| Napa | 2% |
| San Francisco | 13% |
| San Mateo | 8% |
| Santa Clara | 23% |
| Solano | 6% |
| Sonoma | 8% |



Proposed Framework

| County Program - Transit Block Grant | 70% |
|--------------------------------------|-----|
| Alameda | 18% |
| Contra Costa | 22% |
| Marin | 3% |
| Napa | 6% |
| San Francisco | 8% |
| San Mateo | 5% |
| Santa Clara | 14% |
| Solano | 11% |
| Sonoma | 13% |

Each county's share in the Proposed Framework is equal to the sum of its shares under the three local/county programs in the Existing Framework (Res. 3837).



Proposed Policy Conditions



TSP Performance Requirements for all Small and Medium Sized Operators or Develop Plan to Consolidate Transit Operators (North Bay Counties only)

Extend TSP Performance Requirements (cost efficiency and effectiveness) to all small and medium sized operators, or in the North Bay move to consolidate bus operators within the county. Allow one year to refine metrics based on additional data and operator input. In five years, link funding to performance. Many operators meet standards already.



Minimum Amounts for East Bay Small Bus Operators

Based on the share of small operator funding out of the total STA Population-Based funds allocated to Alameda and Contra Costa counties under the current framework



Seek MTC Approval and Operator Consensus for Fund Swaps

CMAAs must seek approval from MTC before requesting that an STA-eligible operator perform a fund swap involving STA Population-Based funds



Proposed Policy Conditions, cont.



Coordinated STA Population-Based Claims

CMAAs facilitate coordinated STA Population-Based claims by transit operators within their respective counties



Establish/Enhance a Mobility Management Program (Alameda, Contra Costa, SF, San Mateo, Santa Clara)

CMAAs work with operators to establish/enhance a Mobility Management program within their county



STA County Block Grant Annual Snapshot

Require CMAAs to annually report to MTC how STA County Block Grant funds are programmed and benefiting transit riders



State of Good Repair (SGR) Program Proposed Framework

State of Good Repair Program
\$10.2 million annually



CLIPPER

SGR Program Priority 1: Clipper ® 2.0

Invest in the development and deployment of the next generation fare payment system, Clipper ® 2.0.

Funds may not be needed should RM 3 pass.



SGR Program Priority 2: Green Transit Capital Priorities

If not needed for Clipper ® 2.0, fund the acquisition of zero emission buses or infrastructure.

- Partner with Air District for 1:1 leverage and \$20 million total annually
- Could support conversion of 65 buses annually



Next Steps

January 2018: Information Item at Programming and Allocations Committee

Additional stakeholder outreach

February 2018: Programming and Allocations Committee and MTC Commission consider STA Population-Based framework and State of Good Repair Program framework for approval

Spring 2018: First allocation of State of Good Repair Program funds available for use

July 2018: Start of Fiscal Year 2018-19, full SB 1 funding levels expected to be available for STA Population-Based program

