

**Metropolitan Transportation Commission  
Programming and Allocations Committee**

**July 9, 2025**

**Agenda Item 4a-25-08474**

---

**One Bay Area Grant (OBAG) Program Review and Considerations**

---

**Subject:**

Information on the One Bay Area Grant (OBAG) program, including highlights of the current OBAG 3 program and proposed guiding principles for the next grant cycle (OBAG 4).

**Background:**

First adopted by the Commission in 2012, the OBAG program leverages federal discretionary funds to implement regional priorities, in particular the integrated transportation and land use goals in MTC's long-range regional plan, *Plan Bay Area*. The current cycle of the OBAG program (OBAG 3) establishes the policy and programming framework for investing federal Surface Transportation Block Grant Program (STP) and Congestion Mitigation and Air Quality Improvement Program (CMAQ) funds for federal fiscal years (FYs) 2023 through 2026.

Staff are currently developing proposed policies for the next OBAG cycle (OBAG 4), expected to encompass STP/CMAQ programming for FY 2027 through 2030. In March 2025, staff provided this Committee with a summary of the OBAG 3 program and key considerations for OBAG 4, including reduced capacity estimates and implementation of the Transit Oriented Communities (TOC) Policy.

This month, staff are providing additional information to the Commission on OBAG 3 regional programs, proposed OBAG 4 principles, and further considerations, as detailed below.

***OBAG 3 Highlights***

In March 2025, staff provided the Commission with a summary of the OBAG 3 program, included again under this item as **Attachment A**. Based on feedback from Commissioners and other stakeholders, this month staff are also providing more highlights on the OBAG 3 regional programs in the presentation slide deck (attached). This information is intended to help contextualize continued discussions on OBAG 4 development.

***Draft OBAG 4 Principles***

Staff propose the following principles to inform further development and implementation of the OBAG 4 program. These draft principles reinforce longstanding elements of current and prior

OBAG cycles, reflecting the common goals of the program while emphasizing specific strengths of the regional and county components.

The **purpose** of the OBAG 4 program is to collaboratively implement *Plan Bay Area 2050+* priorities for transportation, housing, and the environment through complementary local and regional investments that improve connectivity, equity, and sustainability. The following **principles** are proposed to guide MTC's development and implementation of the OBAG 4 program, by component:

- For the county program:
  - Provide a flexible funding source to deliver local priority projects that support Bay Area objectives, with an emphasis on local road safety, complete streets, and state of good repair.
  - Incentivize local partner agencies to advance *Plan Bay Area* policies and goals through effective sponsor requirements.
- For the regional program:
  - Implement effective regional initiatives and services, with an emphasis on inclusive communities, sustainability, and an optimized experience for all travelers.
  - Advance local agency progress toward regional goals through coordinated planning and technical assistance.
  - Address multi-jurisdictional challenges and improve key corridors with regional leadership and strategic support.

### ***Further OBAG 4 Considerations***

#### **Program Capacity**

As introduced in March 2025, staff are using an initial estimate of \$800 million in STP/CMAQ capacity from FY 2027 through 2030 for the purposes of planning the OBAG 4 program. This assumes future annual apportionments will remain constant at FY 2026 levels, the last year authorized by the Infrastructure Investments and Jobs Act (IIJA). This estimate represents a marginal increase in capacity from OBAG 3 levels (\$766 million). Staff will further refine this estimate prior to OBAG 4 program adoption, based on future surface transportation reauthorization and/or IIJA extensions.

However, even with an estimated increase in STP/CMAQ capacity, staff expect an overall reduction in available discretionary funding during the OBAG 4 period due to two main factors:

- MTC's commitment of approximately \$100 million in STP/CMAQ capacity for transit operations (MTC Resolution No. 4678, adopted December 2024) as part of the region's contribution to the transit fiscal cliff through the SB 125 framework, and
- The anticipated lack of continued complementary funding sources for MTC programs, which included approximately \$157 million in state Regional Early Action Planning (REAP 2) and federal Carbon Reduction Program (CRP) funds during the OBAG 3 period.

Taken together, these developments mean that staff expect over \$200 million less in available discretionary funds for *Plan Bay Area* implementation during the OBAG 4 period (\$700 million estimated) compared to the OBAG 3 period (over \$920 million in STP/CMAQ and complementary REAP/CRP funds).

#### Transit Oriented Communities (TOC) Policy

The Commission adopted the Transit-Oriented Communities (TOC) Policy in September 2022 (MTC Resolution No. 4530, Revised). This policy requires that jurisdictions with fixed-guideway transit stops and stations plan for specified land-use standards around these hubs, in order to be eligible for regional discretionary funds or fund endorsements. The policy states that "OBAG 4 and subsequent funding cycles... will consider funding revisions that prioritize investments in transit station areas that are subject to and compliant with the TOC Policy."

However, the TOC Policy does not define how compliance will be measured for MTC funding decisions. In May 2025, staff presented draft TOC evaluation criteria to the Joint Planning Committee for input. Staff are currently refining options and gathering additional feedback on how this policy will be incorporated in the OBAG 4 program and plan to return to the Joint Planning Committee and full Commission this fall with a recommended approach.

#### ***OBAG 4 Opportunities and Trade-offs***

Reduced funding capacity and the implementation of the major new regional policy present challenges for MTC to continue to fulfill the purpose of the OBAG program with a more targeted and strategic regional investment policy framework. Staff recommend approaching OBAG 4 development as an opportunity to:

- Focus on an optimized set of highly effective programs, building on the successes and lessons learned from prior cycles; and
- Balance investments across multiple intersecting goal areas to maximize program benefits and provide holistic improvements for all Bay Area communities.

One important area for future consideration will be the relative capacity of the OBAG 4 county and regional programs, and the corresponding ability of each component to address the proposed principles listed above. For example, if there is not sufficient capacity to effectively advance climate, conservation, and/or transit goals through the regional program, as in previous cycles, staff may recommend additional policies to encourage these investment types in the county program.

With the proposed OBAG 4 principles as guidance, staff will return to the Commission in the fall with a draft framework for further feedback and discussion on the constraints, opportunities and trade-offs. Based on input from Commissioners and stakeholders, staff will develop a final OBAG 4 program proposal for adoption in early 2026. See **Attachment B** for the current OBAG 4 development timeline.

**Issues:**

None identified.

**Recommendations:**

Information.

**Attachments:**

- Attachment A: OBAG 3 Summary
- Attachment B: Preliminary OBAG 4 Development Timeline
- Presentation: OBAG Overview and Key Considerations



---

Andrew B. Fremier