

Date: December 20, 2024  
W.E.: 1512  
Referred by: PAC

Attachment A  
Resolution No. 4678

## **STP/CMAQ Transit Operations Program**

### Project Selection and Programming Policies

This resolution establishes the policy framework and commitments for investing certain federal Surface Transportation Block Grant Program (STP) and Congestion Mitigation and Air Quality Improvement Program (CMAQ) as a component of MTC's Senate Bill 125 Transit Operations Funding Framework (MTC Resolution No. 4619, Revised). Attachment A outlines the STP/CMAQ Transit Operations Program project selection and programming policies. Attachment B details the projects, funding amounts, and project sponsors, as they are approved by the Commission.

#### **Capacity**

Programming capacity for the STP/CMAQ Transit Operations Program is approximately \$101 million for federal fiscal year (FY) 2024-25 and FY 2025-26. This amount is consistent with MTC's Senate Bill 125 Transit Operations Funding Framework (MTC Resolution No. 4619, Revised).. The One Bay Area Grant (OBAG 3) program (MTC Resolution No. 4505, Revised) establishes the project selection and programming policies for estimated STP/CMAQ apportionment for a contemporaneous period, from FY 2022-23 through FY 2025-26. Thus, programming capacity for the STP/CMAQ Transit Operations Program is based on subsequent anticipated and unprogrammed federal transportation program apportionments from FY 2026-27. Commitment of this apportionment through the STP/CMAQ Transit Operations Program reduces capacity for future STP/CMAQ program cycles.

STP/CMAQ programming capacity is based upon apportionment rather than obligation authority. As the amount of obligation authority available to the region is less than the region's annual apportionments, there is typically a carryover balance of apportionment each year. MTC staff will monitor apportionment and obligation authority balances throughout the STP/CMAQ Transit Operations Program period to support the accelerated delivery of programmed projects. Still, it is likely that the implementation of currently programmed OBAG 3 projects may be delayed to accommodate the new transit projects identified in the Transit Operations Program.

#### **Program Approach**

As part of the SB 125 Transit Operation Funding Framework, STP/CMAQ Transit Operations Program funds shall be programmed in accordance with the distribution principles and regional accountability measures established in MTC Resolution No. 4619, Revised.

## Project List

Attachment B of Resolution 4678 contains the list of projects to be programmed under the STP/CMAQ Transit Operations program. This project list is subject to MTC project selection actions. MTC will update Attachment B as projects are selected or revised by the Commission.

## Programming Policies

### *General Policies*

The following programming policies apply to all projects funded with STP/CMAQ Transit Operations Program funds:

- 1. RTP Consistency:** Projects must be consistent with the adopted Regional Transportation Plan (RTP), currently *Plan Bay Area 2050*. As part of the project selection and TIP programming processes, project sponsors must identify each project's relationship with meeting the goals and objectives of the RTP, including the specific RTP ID number or reference. RTP consistency will be verified by MTC staff for all projects as part of the project selection and TIP programming processes.
- 2. Federal Fund Eligibility:** Projects must be eligible for STP or CMAQ funds:
  - STP is a flexible source of federal funding, with a wide range of projects that may be considered eligible. Detailed eligibility information can be found in 23 U.S.C. § 133 and at: <https://www.fhwa.dot.gov/specialfunding/stp/>.
  - CMAQ is a more targeted federal funding source for transportation projects that generate emissions reductions that benefit a nonattainment or maintenance for ozone, carbon monoxide, or particulate matter. Detailed eligibility information can be found in 23 U.S.C. § 149 and at: <https://www.fhwa.dot.gov/pgc/index.cfm?ddisc=114&dsub=1234>.
- 3. Air Quality Conformity:** In the Bay Area, it is the responsibility of MTC to make a regional air quality conformity determination for the TIP in accordance with federal Clean Air Act requirements and Environmental Protection Agency (EPA) conformity regulations. MTC evaluates the impact of the TIP on regional air quality during the update of the TIP. Non-exempt projects that are not incorporated in the current finding for the TIP will not be considered for funding in the STP/CMAQ program until the development of a subsequent air quality finding for the TIP. Additionally, the EPA has designated the Bay Area as a non-attainment area for fine particulate matter (PM<sub>2.5</sub>). Therefore, based on consultation with the MTC Air Quality Conformity Task Force, projects deemed Projects of Air Quality Concern (POAQC) for PM<sub>2.5</sub> must complete hot-spot analyses as required by the Transportation Conformity Rule. Generally, POAQC are those projects that result in significant increases in, or concentrations of, emissions from diesel vehicles.
- 4. Public Involvement.** MTC is committed to a public involvement process that is proactive and provides opportunities for continuing involvement, comprehensive information, timely public notice, and public access to key decisions. MTC provides many methods to fulfill this commitment, as outlined in the *MTC Public Participation Plan*.

STP/CMAQ investments must be consistent with federal Title VI requirements. Title VI prohibits discrimination on the basis of race, color, income, and national origin in programs and activities

receiving federal financial assistance. Public outreach to and involvement of individuals in low income and minority communities covered under Title VI of the Civil Rights Act and the Executive Order pertaining to Environmental Justice is critical to both local and regional decisions.

The current *MTC Public Participation Plan* is available online at: <https://mtc.ca.gov/about-mtc/public-participation/public-participation-plan>.

5. **Project Selection Processes:** MTC will select projects for the STP/CMAQ Transit Operations Program that support transit agencies in addressing near-term transit operations needs, consistent with the funding distribution principles established in MTC Resolution No. 4619, Revised. In addition, MTC project selection will consider consistency with *Plan Bay Area 2050*, regional targets for federal performance goals, and project delivery policies and constraints.
6. **TIP Programming:** Projects approved for STP/CMAQ funding must be amended into the federal Transportation Improvement Program (TIP). The federally-required TIP is a comprehensive listing of transportation projects that receive federal funds, are subject to a federally required action, or are regionally significant for air quality conformity or modeling purposes. STP/CMAQ Transit Operations Program project funding must first be approved by the Commission through revision to the Attachment B before it can be amended into the TIP.

Once a project has been selected for funding and is programmed in Attachment B, project sponsors must submit the project information into MTC's Fund Management System (FMS) in order for the project to be amended into the TIP. Proper submittal of project information into FMS is required for inclusion into the TIP in a timely manner. Additional information on FMS is available here: <https://mtc.ca.gov/funding/fund-management-system-fms>.

7. **Resolution of Local Support:** A Resolution of Local Support is required for any STP/CMAQ funded projects programmed to a local sponsor or transit agency. The resolution must be approved by the project sponsor's governing board or council and submitted in FMS. A template for the Resolution of Local Support can be downloaded from the MTC website using the following link: <https://mtc.ca.gov/funding/federal-funding/federal-highway-administration-grants/one-bay-area-grant-obag-3>.
8. **Local Match:** Although local match requirements are subject to change, the current local match requirement for STP/CMAQ funded projects in California is 11.47% of the total project cost, with FHWA providing up to 88.53% of the total project cost through reimbursements. For capital projects, sponsors that fully fund the project development or Preliminary Engineering (PE) phase with non-federal funds may use toll credits in lieu of a match for the construction phase. For these projects, sponsors must still meet all federal requirements for the PE phase. Per the Regional Toll Credit Policy (MTC Resolution No. 4008), MTC may use toll credits to waive the local match requirements for certain programs and projects of regional significance, such as ongoing regional programs and planning efforts.
9. **Environmental Clearance:** Project sponsors are responsible for compliance with the requirements of the California Environmental Quality Act (Public Resources Code § 21000 et seq.), the State Environmental Impact Report Guidelines (14 California Code of Regulations

Section § 15000 et seq.), and the National Environmental Policy Act (42 U.S.C. § 4321 et seq.) standards and procedures for all projects with federal funds.

**10. Regional Fund Management:** STP/CMAQ Transit Operations Program funding is available in federal fiscal years (FY) 2024-25 through FY 2025-26. Funds may be programmed in either of these years, conditioned upon the availability of federal apportionment and obligation authority (OA), and subject to TIP financial constraint requirements. Specific programming timelines will be determined through the development of the Annual Obligation Plan, which is developed by MTC staff in collaboration with the Bay Area Partnership technical working groups and project sponsors.

STP/CMAQ Transit Operations Program projects are selected for funding based on program and fund source eligibility, project merit to achieve program objectives, and deliverability within established deadlines. Funds will be assigned to specific projects as part of the project selection process. Following the initial project selection and fund assignment process, MTC may re-assign fund sources between FHWA fund programs to reflect available apportionment or obligation authority, or to otherwise effectively manage regional STP and CMAQ funds.

All project savings are returned to MTC for future programming and are not retained by the project sponsor.

**11. Project Delivery Policy:** Once programmed in the TIP, the funds must be obligated by FHWA or transferred to the Federal Transit Administration (FTA) within the federal fiscal year the funds are programmed in the TIP. Additionally, all STP/CMAQ Transit Operations Program funds must be obligated no later than January 31, 2027.

Project sponsors are responsible for securing necessary matching funds and for cost increases or additional funding needed to complete the project.

Obligation deadlines, project substitutions and redirection of project savings will continue to be governed by the MTC Regional Project Funding Delivery Policy (MTC Resolution No. 3606 and any subsequent revisions). All funds are subject to obligation, award, invoicing, reimbursement and project close-out requirements. The failure to meet these deadlines may result in the de-programming and redirection of funds to other projects.

To further facilitate project delivery and ensure all federal funds in the region are meeting federal and state regulations and deadlines, every recipient of STP/CMAQ funding is required to identify and maintain a staff position that serves as the single point of contact (SPOC) for the implementation of all FHWA-administered funds within that agency. The person in this position must have sufficient knowledge and expertise in the federal-aid delivery process to coordinate issues and questions that may arise from project inception to project close-out. The agency is required to identify the contact information for this position at the time of programming of funds in the TIP, and to notify MTC immediately when the position contact has changed. This person will be expected to work closely with FHWA, Caltrans, MTC, and the respective CTA on all issues related to federal funding for all FHWA-funded projects implemented by the recipient.

Project sponsors that continue to miss delivery milestones and funding deadlines for any federal funds are required to prepare and update a delivery status report on all projects with

FHWA-administered funds they manage, and participate, if requested, in a consultation meeting with the CTA, MTC, and Caltrans prior to MTC approving future programming or including any funding revisions for the agency in the TIP. The purpose of the status report and consultation is to ensure the local public agency has the resources and technical capacity to deliver FHWA federal-aid projects, is fully aware of the required delivery deadlines, and has developed a delivery timeline that takes into consideration the requirements and lead-time of the federal-aid process within available resources.