



Major Project Advancement Policy

July Update: Principles, Approach, and Draft Endorsement Table

Programming and Allocations Committee
Item 5b, Attachment D
July 13, 2022

July 2022 Update

- Based on Commission direction at the May Workshop, staff has prepared a revised framework, including:
 - Funding Strategies
 - Risk Management and Policy Reinforcements
 - Proposed Project Levels for Sequencing
 - Draft Endorsement Table
- Staff is seeking Committee and public input on proposed approach
- Proposed adoption of Project Levels and Endorsement Table scheduled for September 2022

MAP Components

Funding Strategy

Full funding plans for
MAP projects

Identify and prioritize
discretionary funding requests

Policy Reinforcements

Benefit/cost

Equity

Land use

Connected mobility

Risk Management

Evaluate and monitor risks from
early project development
through construction including
risks related to network
coordination

Objective:

- Support implementation of Plan Bay Area 2050
- Deliver the Bay Area's major transportation projects
- Seek to achieve regional coordination on federal, state, and regional discretionary funding requests for regionally significant projects
- Develop MTC's role in risk management and ensure consistency with regional policies

Principles: Funding Strategies

- Establish aggressive but realistic funding targets for the advancement of projects in the region.
- Fulfill funding commitments for regionally significant projects that have been prioritized in past and current funding frameworks--subject to assessment of cost/schedule overruns and remaining project benefits
- Reserve programmatic funding for smaller, lower cost and high benefit projects that reduce greenhouse gas emissions and congestion, consistent with Plan Bay Area 2050.
- The MAP is an endorsement framework and cannot commit specific fund sources for specific projects.

Principles: Risk Management and Policy Reinforcements

- Use project readiness and deliverability, cost and schedule risk, connectivity, and operational sustainability as considerations for sequencing of projects
- Recognize and reflect major project cost and schedule risks and incorporate appropriate contingency costs.
- Do not duplicate existing risk management or oversight efforts but focus on risk early in the project development pipeline
- Projects in the MAP should align with Plan Bay Area 2050 guiding principles and other regional policies , including the TOC policy currently under development

Requirements for Inclusion in the MAP

To be included in the MAP, a project must be:

- seeking competitive federal, state, or other grant opportunities consistent with MTC's Federal BIL and state TIRCP strategies; **and**
- included in Plan Bay Area 2050.
 - Tier 1 projects above \$1 billion.
 - Tier 2 projects above \$1 billion (for project development phases and funding opportunities only)
 - Programmatic categories with specific projects below \$1 billion (approved or consistent with Plan Bay Area 2050 Tier 1) that exceed \$1 billion when combined

Completed projects, fully funded projects or projects not seeking competitive federal, state or other grants are not eligible for the MAP. Inclusion in the MAP is not necessary or appropriate for all projects.

MAP Funding Definitions

- **Committed:** Funding programmed or otherwise committed to a project by official action of the funding body. Committed funding is not enumerated in the MAP funding strategy; detail is available in individual project funding plans.
 - “Funding Gap” is the total project cost minus the committed funding
- **Identified:** known funding sources that have known or reasonably projected funding levels (for example, ongoing programs such as Federal CIG or grants with enacted legislation).
- **Anticipated:** aggregated pot of unspecified future funds reasonably expected to become available, as estimated in PBA2050. Could include new local, county, regional, state, or federal funding streams not yet established.

Three Level Sequencing Approach

- To sequence projects within the MAP, staff recommend sorting projects into three Levels based on readiness criteria (defined on following slide)
 - **Level 1** projects would be prioritized for discretionary funding first, with an emphasis on identified funding sources
 - **Level 2** projects could be endorsed for some near-term funding but would be prioritized after Level 1 projects for over-subscribed or highly competitive fund sources. Level 2 projects will be assigned a higher proportion of anticipated funding.
 - **Level 3** projects would generally not be prioritized for near-term funding except for early phases. Level 3 projects would primarily be assigned anticipated funding.
- Level 1 and 2 projects will also have expectations related to risk management and policy reinforcement, to be defined as work on the MAP progresses

MAP Level Definitions

- Level 1
 - Project with more than 50% committed funding and construction start by 2028*; **or**
 - Transit Megaproject with approved Federal Transit Administration (FTA) Capital Investment Grants (CIG) Full Funding Grant Agreement or FTA Letter of Intent issued for funding in the Expedited Project Delivery (EPD) pilot program
- Level 2 – Project with more than 30% committed funding and construction start by 2035**
- Level 3 – Project with less than 30% committed funding
- Optional Tier 2/Level 4/Future Projects Level: Tier 2 PBA 2050 project competing for Project Development funding only

**based on expectation that projects receiving BIL funds in the initial 5-year period would start construction by 2028*

*** DTX committed funding is less than the Level 2 requirement of 30%. However, given the project's longstanding priority in Resolutions 1876 and 3434, staff recommend assigning it to Level 2.*

MAP Funding Endorsements – Sequencing

- Where near-term program funding is constrained, endorsement and advocacy efforts will be focused on Level 1 projects to deliver ready to go infrastructure investments and provide early transit benefits
- Delivering Level 1 projects will provide funding capacity in the medium term for projects in Level 2 to advance to Level 1
- Endorsements for Level 2 projects, especially for future federal and state funding rounds and specific project development funding opportunities establish a pipeline of regional priorities beyond Level 1

MAP Funding Endorsements – Consistency with other MTC Funding Frameworks

- MAP Funding Endorsements for federal Bipartisan Infrastructure Law (BIL) funding will be consistent with the MTC's Regional Grants Prioritization Endorsement List, adopted by the Commission on March 23, 2022, or as amended
- MAP Funding Endorsements for State Transit and Intercity Rail Capital Program (TIRCP) funding will be consistent with MTC Resolution 4130, the region's TIRCP Framework
- MAP funding endorsements may require changes to either the MTC's Regional Grants Prioritization Endorsement List for BIL or MTC Resolution 4130, the region's TIRCP Framework

Contingency: Project and MAP Level

- Project contingencies are required or recommended for certain federal and state funding sources. MTC will screen projects for appropriate contingencies consistent with FHWA and FTA standard contingency levels at various project milestones
- Prior to completion of the contingency screen the MAP will include a contingency reserve for megaprojects, identifying a percentage of target funding in several transit and non-transit funding categories.

Note: Contingency levels are set at \$0.5 billion for Level 1, and 20% of Megaproject cost for Levels 2 and 3.

Process for Moving Projects Between Levels

- Projects are assigned MAP Levels based on the requirements specified.
- When changes to cost, funding, scope or schedule occur that may warrant a Level reassignment, MTC staff will review and may recommend an amendment to the MAP to reassign a project into a different Level.
- Future movement between Levels will be informed by the Risk Management Program and Policy Reinforcements, once these are adopted into the MAP.
- This process may include a project screening to ensure alignment with Plan Bay Area guiding principles and commitments to equity and to identify Governance/Contingency/Connected Mobility/Operating Funding Plan challenges for sponsor to address prior to inclusion.

MAP Funding Framework Statistics

Total Funding Envelope*:	\$	36.2
Funding Assigned:	\$	20.0
Funding Unassigned:	\$	16.2

* 10.6 billion of Funding Envelope consists of "Anticipated" funds

Level	Project Funding Gap	Funding Available to Assign	Remaining Need	Amount "Anticipated"
1	\$ 9.3	\$ 9.3	\$ -	\$ 0.8
2	\$ 10.6	\$ 10.6	\$ -	\$ 2.1
3				
Tier 2 (Project Development)	\$ 92.0	\$ 16.2	\$ 75.8	\$ 7.7
Total	\$ 112.0	\$ 36.2	\$ 75.8	\$ 10.6

MAP Funding Framework Statistics

- Do funding assignments by category reflect Bay Area transportation project priorities for Plan Bay Area 2050 implementation?

Levels 1 & 2 – Draft Funding Assignment by Project Category

Category	\$ Assigned (In Billions)	% Assigned
Megaprojects	\$ 11.0	55%
Mega Contingency	\$ 0.9	4%
Zero Emission	\$ 2.6	13%
Express Lanes	\$ 1.9	10%
Transit Modernization	\$ 1.0	5%
Grade Separations	\$ 0.9	4%
Other Roadway	\$ 0.7	4%
Bus Rapid Transit	\$ 0.7	3%
Goods Movement	\$ 0.3	2%
Total	\$ 20.0	100%

Timeline and Engagement Strategy

- **Today:** July PAC (to seek input from public and Committee direction)
- Ongoing engagement with transit operators and County Transportation Authorities
- Engagement with federal, state and local funding partners and sponsors. Additional engagement and outreach to be developed.
- **MAP funding framework** expected to be presented for approval in **September**
- Recommendations on **Policy and Risk components** to be presented in **late Fall 2022** and proposed for inclusion in MAP

Questions

- How should the MAP address contingency for projects and/or for MAP Levels?
- Should any Tier 2 projects be included in the MAP?
 - If not explicitly included, requests for Tier 2 project development could be considered on a project-by-project basis
- Approximately half of the funding identified in the MAP could be assigned to megaprojects. Is this too high?
- Should there be any limits on “fulfilling current commitments” as stated in the Funding Strategy Principles?
- In the absence of a regional funding strategy, sponsors have cost estimates and discretionary funding targets for their projects that may not be consistent with the proposed MAP Funding Strategy Principles. Staff seek commissioner feedback on proceeding with the MAP according to the principles vs. deferring to sponsor funding plans (where they differ).