



**METROPOLITAN  
TRANSPORTATION  
COMMISSION**

Joseph P. Bort MetroCenter  
101 Eighth Street  
Oakland, CA 94607-4700  
TEL 510.817.5700  
TDD/TTY 510.817.5769  
FAX 510.817.5848  
E-MAIL [info@mtc.ca.gov](mailto:info@mtc.ca.gov)  
WEB [www.mtc.ca.gov](http://www.mtc.ca.gov)

**Agenda Item 2**

***Memorandum***

TO: Bay Area Partnership Board

DATE: January 25, 2016

Partnership Technical Advisory Committee

FR: Anne Richman, Director, Programming and Allocations

RE: Region's Cap and Trade Framework

MTC staff seeks additional input from the Partnership Board on proposed revisions to the region's Cap and Trade Framework. The proposed revisions will be presented again to the Programming and Allocations Committee (PAC) on February 10, 2016, mostly but not entirely as an information item.

Due to the accelerated Caltrans deadlines for Cap and Trade Transit Operating Program (LCTOP) FY2015-16 applications, after consultation with transit operators, staff is recommending a February 2016 Commission adoption of an interim FY2015-16 LCTOP distribution.

The remaining elements of the Cap and Trade framework would be for information only in February; after further stakeholder discussion, staff intends to recommend approval of a revised Cap & Trade framework to the Commission in April 2016. A presentation summarizing the Cap and Trade programs and proposed framework revisions is attached.

We welcome your input.

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# Cap & Trade Framework



January 2016  
Partnership Board

# Statewide Cap and Trade Programs: FY2015-16 and Beyond

Statewide Revenue Framework		FY2015-16 and Beyond Annual Funding (\$ millions)	State Agency
Total Generations	%	\$2,500	
Transit & Intercity Rail Capital Program	10%	\$250	CalSTA
Low Carbon Transit Operations Program	5%	\$125	Caltrans, CARB
Affordable Housing and Sustainable Communities Program	20%	\$500	SGC/HCD
Uncommitted Funding	40%	\$1,000	Unknown
High Speed Rail	25%	\$625	HSRA

- Assumes \$2.5 billion in statewide annual funding for FY2015-16 and beyond; actual revenues will be determined based on auctions. Programs and shares are based on current statute.



# Revising the Region's Cap and Trade Framework

## ➤ **Staff proposes revising the framework based on:**

- Higher revenue projections
- Lessons learned from Round 1 awards
- Additional program guidance

## ➤ **Proposed Schedule:**

- Approve interim Low Carbon Transit Operations Program distribution at February PAC and Commission meetings
- February/March - Input from partner agencies and interested stakeholders; monitor funding developments
- April – PAC consideration of staff recommended LCTOP, TIRCP, AHSC framework updates, and project endorsements for TIRCP and AHSC funding applications



# Regional Framework

- Plan Bay Area included \$3.1 billion in Cap & Trade Revenues over 25 year period
- Framework adopted in December 2013
- Proposed update to framework in April 2016

MTC Framework Category	MTC Framework Adopted Amount (28 years)	MTC Framework Proposed Amount (25 years)	Proposed Bay Area Share of Statewide Program
Core Capacity*	\$875	TBD	33% of TIRCP
Transit Operating	\$500	\$1,136	37% of LCTOP (54% of Rev and 19% of Pop-based)
OBAG	\$1,050	\$3,750	30% of AHSC
Climate Initiatives	\$275	TBD	TBD of 40% Uncommitted
Goods Movement	\$450	TBD	TBD of 40% Uncommitted
High Speed Rail	-	TBD	TBD of High Speed Rail
<b>Total</b>	<b>\$3,150</b>	<b>TBD</b>	

\*24-years due to FY2015-16 advanced programming

# Low Carbon Transit Operating Program

- Current MTC approved framework is \$500 million
- Updated revenue estimate based on adopted state program:

Estimated LCTOP Revenue-based funds:	\$ 835 million
Estimated LCTOP Population-based funds:	\$ 302 million
Total Estimated LCTOP Funding:	\$1,136 million

- MTC Proposal:
  - \$835 million revenue-based distributions to operators (formula)
  - \$302 million population-based fund distribution



# Low Carbon Transit Operating Program

## \$302 million population-based fund distribution options:

### ➤ Option 1: Maintain existing framework

- \$89 million to existing framework
- \$100 million to Invest in key transit corridors (i.e. TPI)
- \$113 million to seamless transit/regional coordination programs

### ➤ Option 2: Reinforce transit operating funds

- \$102 million to North Counties/ Small Operators
- \$100 million to Invest in key transit corridors (i.e. TPI)
- \$100 million to seamless transit/regional coordination programs

### ➤ Invest approx. **1/3** of funding to transit operators via formula, and approx. **2/3** of funding in customer focused transit improvements.

- Projects should be consistent with Transit Sustainability Project and local coordination efforts

➤ *Staff recommends Option 2 after FY2015-16*



# Low Carbon Transit Operating Program

## 2015-16 Distribution of Population-Based Funds:

- Interim distribution needed to avoid losing region's 2015-16 funds (\$7.3 million)
- Proposal: combine elements of the two long-term distribution options
  - Maximizes distribution to each operator from the two long-term options (\$3.7 million)
    - VTA and SamTrans receive amounts from Option 1
    - North Counties/ Small Operators receive amounts from Option 2
  - Balance goes to Clipper (\$3.6 million)
- Due to February 1<sup>st</sup> Caltrans deadline, provisional applications submitted based on proposed interim distribution
- Board approvals including MTC requested in February





# LCTOP Proposed Interim Fund Distribution (FY2015-16)

Operator / Entity / Program	Revenue-based Funding	Proposed Population-based Funding	Total Funding (Revenue-based and Pop.-based)
Operator / Entity / Program	\$ 20,890,977	\$ 7,275,276	\$ 28,166,253
ACTC - Corresponding to ACE	\$ 52,342	\$ -	\$ 52,342
Caltrain	\$ 1,089,039	\$ -	\$ 1,089,039
CCCTA	\$ 123,087	\$ 492,491	\$ 615,578
ECCTA	\$ 57,005	\$ 297,455	\$ 354,460
LAVTA	\$ 49,753	\$ 203,612	\$ 253,365
NCPTA	\$ 12,433	\$ 140,397	\$ 152,830
SamTrans	\$ 669,751	\$ 279,772	\$ 949,523
City of Union City	\$ 8,417	\$ 71,301	\$ 79,718
VTA	\$ 2,576,819	\$ 985,763	\$ 3,562,582
VTA - Corresponding to ACE	\$ 56,032	\$ -	\$ 56,032
WCCTA	\$ 64,506	\$ 65,666	\$ 130,172
WETA	\$ 264,976	\$ -	\$ 264,976
<b>Marin County</b>			
GGBHTD	\$ 964,017	\$ -	\$ 964,017
Marin Transit	\$ 179,550	\$ -	\$ 179,550
Marin County Operators (TBD)	\$ -	\$ 259,722	\$ 259,722
<b>Solano County</b>			
City of Dixon	\$ 955	\$ -	\$ 955
City of Fairfield	\$ 24,054	\$ -	\$ 24,054
City of Rio Vista	\$ 220	\$ -	\$ 220
City of Vacaville	\$ -	\$ -	\$ -
Solano County Transit	\$ 56,158	\$ -	\$ 56,158
Solano County Operators (TBD)	\$ -	\$ 422,905	\$ 422,905
<b>Sonoma County</b>			
City of Healdsburg	\$ 101	\$ -	\$ 101
City of Petaluma	\$ 2,792	\$ -	\$ 2,792
City of Santa Rosa	\$ 27,337	\$ -	\$ 27,337
Sonoma County Transit	\$ 29,599	\$ -	\$ 29,599
Sonoma County Operators (TBD)	\$ -	\$ 496,902	\$ 496,902
<b>SUBTOTAL</b>	\$ 6,308,943	\$ 3,715,986	\$ 10,024,929
AC Transit	\$ 1,948,597	\$ -	\$ 1,948,597
BART	\$ 4,476,845	\$ -	\$ 4,476,845
SFMTA	\$ 8,156,592	\$ -	\$ 8,156,592
<b>SUBTOTAL</b>	\$ 14,582,034	\$ -	\$ 14,582,034
MTC Regional Coordination Program -- Clipper	\$ -	\$ 3,559,290	\$ 3,559,290



# Transit and Intercity Rail Capital

- MTC framework amount is poised for increase, but program funding level is under discussion:
  - Fall 2015 framework proposal had revenue of \$2 billion based on growing Cap and Trade revenues
  - Two new state proposals would add significant funding:
    - Governor's FY2016-17 budget would add \$800 million to current funding cycle (FY2016-17 and FY2017-18)
    - Assembly Bill 1591 (Frazier) would double TIRCP share to 20% of Cap and Trade revenues
- Near and long term funding uncertainty
  - Spring 2016 round of funding could range from \$440 million to \$1.2 billion
  - 24-year revenues to region could increase to ~\$4 billion

# Transit and Intercity Rail Capital

<b>TIRCP Projects</b> (in \$million, 24 years)	<b>Adopted</b> (MTC Res. 4030)	<b>Proposed</b> Oct. 2015
<b>BART:</b> Train Control	\$126	\$250
<b>SFMTA:</b> Fleet Enhance & Expand	\$400	\$481
<b>SFMTA:</b> Facilities	\$ 67	\$ 67
<b>AC Transit:</b> Fleet Expansion	\$ 45	\$ 90
<b>AC Transit:</b> Facilities	\$162	\$162
<b>VTA:</b> BART to San Jose	\$ 75	\$750
Subtotal	\$875	\$1,800
Potential other projects		\$ 200
<b>Projected Revenue*</b>		<b>\$2,000</b>
* Could increase to \$4 billion		

# Transit and Intercity Rail Capital

- Considerations for discussion
  - Should region revise framework, assuming a higher target based on a draft state budget and/or pending legislation?
  - Should region endorse all projects requesting \$5 million or less, to provide opportunities for smaller, near-term projects to compete?
  - How can we prepare for the upcoming 5-year TIRCP program adoption starting with FY2018-19?

# Affordable Housing and Sustainable Communities Program

- Tied to One Bay Area Grant Program in current MTC framework
- Bay Area could receive estimated \$3.7 billion from AHSC over 25 years, statewide discretionary program
- Current cycle Call for projects scheduled for release in January or February
- MTC Proposal:
  - Continue to advocate for Bay Area projects and provide assistance to potential Bay Area applicants
  - Focus on affordable housing and Transit-Oriented Development-related transportation projects
  - Update MTC principles used for FY14-15 program to reflect program changes and additional funding



# Climate Initiatives and Goods Movement

- Current MTC framework includes these categories as placeholders, however, no corresponding state programs were enacted.
- 40% of state Cap and Trade funding remains “uncommitted”
- Proposal:
  - Continue to advocate for funding for specific projects or programs as opportunities arise
    - Potential guides will be Climate Pilot Program, Goods Movement Plan, and Freight Emission Reduction Plan
    - Frazier bill (AB 1591) would appropriate 20% of Cap and Trade to new program for major freight corridors



# High Speed Rail

- **25% of state Cap and Trade funding for High Speed Rail**
- **High Speed Rail Authority is part of the 9-party agreement to fund the Caltrain Electrification Program through High Speed Rail bonds (Prop 1A)**
- **Proposal:**
  - Continue coordination with High Speed Rail Authority on Bay Area segment and interoperability with existing services
  - Continue to advocate for funding for specific projects or programs as opportunities arise

# Next Steps

## Proposed Schedule:

- Approve interim Low Carbon Transit Operations Program distribution in February
- February/March - Input from partner agencies and interested stakeholders; monitor funding developments
- April Commission consideration of LCTOP, TIRCP, AHSC framework updates, and endorsements for current TIRCP and AHSC funding rounds