

**Metropolitan Transportation Commission and the Association of Bay Area Governments
Joint MTC ABAG Legislation Committee**

September 10, 2021

Agenda Item 4a

Infrastructure Bill Update

Subject: Status update regarding the *Infrastructure Investment and Jobs Act*.

Overview: On August 10, the Senate passed on a bipartisan basis the *Infrastructure Investment and Jobs Act*, or IIJA ([H.R. 3684](#)), a roughly \$1 trillion transportation, water, broadband and electric grid infrastructure bill that's intended to deliver on a portion of President Biden's "Build Back Better" jobs, climate and equity agenda. The "summary" section of this memo includes highlights of the bill with additional details included in the attachments.

Intersection with Reconciliation Bill and Next Steps

Senate Democrats and Speaker Pelosi's intention is to supplement this bipartisan infrastructure bill with a wide-ranging climate and social programs stimulus bill that Democrats could pass via a simple majority (reconciliation bill). The goal is that *in combination*, the bills would deliver on President Biden's "build back better" campaign promise such that aspects of his agenda that *weren't* addressed in the bipartisan infrastructure bill would be included in the reconciliation bill, including housing, electric vehicle incentives, building upgrades, health care, childcare, and education (note: this is not an exhaustive list).

House Democrats in late August advanced this dual track approach by adopting a rule that tees up a vote on the bipartisan infrastructure bill on September 27 and approving the Senate's \$3.5 trillion budget blueprint, which sets a *spending ceiling* for the reconciliation bill and divvies up that spending among the respective policy committees. Policy committees—which are charged with drafting legislation to determine how the allocations will be spent—are expected to be working furiously to meet a September 27 deadline to deliver on Speaker Pelosi's goal of advancing the two bills as a package. With so many moving pieces, it's hard to predict the path forward, but this ambitious timeline *could set the stage* for final bill passage before the start of federal fiscal year 2022 (October 1). Staff will provide a status update at your September committee meeting.

Summary: The IIIJA would invest nearly \$1 trillion in transportation, water, broadband, and power infrastructure as well as resilience investments. Of this amount, approximately \$550 billion would be *new* spending (the nearly \$1 trillion dollar amount reflects the cost to also maintain existing spending levels (i.e., baseline) for certain infrastructure, including surface transportation and water). Total spending amounts by infrastructure category are detailed in the chart below.

Infrastructure Investment and Jobs Act Spending Categories
(\$ in Billions)

Infrastructure Category	Funding Amount
Surface Transportation	\$639
<i>FAST Act Reauthorization</i>	<i>\$477</i>
<i>IIJ Act Stimulus (supplemental spending)</i>	<i>\$157</i>
<i>Electric & Low Emission School Buses</i>	<i>\$5</i>
Airports	\$25
Ports and Waterways	\$17
Water Infrastructure	\$91
Broadband	\$65
Power Infrastructure	\$65
Resilience, Western Water Storage and Environmental Remediation	\$71
Transportation Total	\$681
Other Infrastructure Total	\$292
Total	\$973

Source: MTC analysis of H.R 3684, Eno Transportation Weekly and White House Fact Sheet

Transportation - \$681 billion

Transportation infrastructure is by far the largest component of the infrastructure bill. Regarding surface transportation, the bill combines a roughly \$475 billion five-year surface transportation reauthorization—a 56 percent increase above Congress’s last five-year transportation bill, the Fixing America’s Surface Transportation (FAST) Act—with approximately \$157 billion in supplemental one-time stimulus funding to be distributed to more than two dozen grant programs over five years. We estimate that the bill would provide about \$4.5 billion in “guaranteed” funding for the Bay Area via the highway and transit formula funds that MTC distributes. We also expect Bay Area projects to receive a share of the state’s \$4.5 billion in bridge repair funds and dedicated resources for zero emission vehicle charging and resilience projects. The bill would also provide funding for airports, ports and waterways, as shown in the chart on Page 1.

The most unprecedented element of the deal is in the scale of new discretionary grants that would be administered by the U.S. Department of Transportation (USDOT); the bill would authorize approximately \$150 billion in competitive grant funding that could help fund Bay Area surface transportation priorities. (Note: this figure excludes funds dedicated to

geographies outside of the Bay Area, such as the Northeast Corridor). See page 3 of Attachment A for additional details on the discretionary grants.

Water Infrastructure

Water infrastructure would be funded at approximately \$91 billion and—similar to surface transportation—includes a reauthorization of drinking and wastewater funding (\$36 billion) and provides supplemental one-time stimulus funding to targeted programs. Nearly \$53 billion would be distributed through the existing drinking water and clean water state revolving loan funds (\$26.4 billion each) which provide grants to states for loans supporting water infrastructure and water quality improvement projects. An additional \$15 billion would be available for lead pipe replacement (to be administered through drinking water state revolving loan funds) and \$10 billion to address emerging pollutants. The remaining funding would be distributed through various other programs.

Broadband/High-Speed Internet

The IIJA provides \$65 billion to help build out broadband infrastructure, assist states with developing and implementing digital equity plans, and to subsidize the cost of Internet service for low-income households. Of the funding, \$42.5 billion would be reserved for a U.S. Department of Commerce broadband buildout grant program for states. Each state would receive a minimum of \$100 million; remaining grant funding would be determined via a formula based on each state's proportionate number of underserved and high-cost locations. Another significant component of the broadband proposal is a \$30/month voucher low-income families may use for Internet service (\$14.2 billion cost). This subsidy builds on the existing Emergency Broadband Benefit established during the pandemic, removing any sunset date for the benefit and expanding eligibility to more low-income households. An estimated 10.6 million Californians would be eligible for the benefit, according to a [White House fact sheet](#).

Power Infrastructure and Clean Energy

The IIJA includes \$65 billion to upgrade power infrastructure and increase energy efficiency, creates a new Grid Deployment Authority, and invests in clean energy research and technology. Investments of interest include: \$5 billion in grants to states, grid operators, and other entities to harden the electric grid against extreme weather events, \$5 billion for demonstration projects aimed at hardening and enhancing grid resilience, \$3 billion for the [Smart Grid Investment Matching Grant Program](#) with expanded eligibilities to include improvements that increase flexibility in responding to natural disasters and fluctuating demand, \$8 billion to establish at least four

regional clean hydrogen hubs, \$550 million for the Energy [Efficiency and Conservation Block Grant Program](#) to support state and local governments in investing in energy efficiency and conservation projects and \$225 million for a Department of Energy competitive grant program for states or regional partnerships to update their building energy codes.

Resilience, Western Water Storage, Environmental Remediation

The bill would provide about \$71 billion for resilience, western water storage and remediation, including funding for wildfire resilience, flood mitigation, and ecosystem restoration. With regard to wildfires, the bill includes \$3.3 billion for wildfire risk reduction efforts, including controlled burns, community wildfire defense grants, and funds to boost federal firefighter salaries. The bill would additionally provide \$2 billion for federal ecological restoration projects to support fuel reduction. Other investments of interest:

- \$3.5 billion to supplement the [Weatherization Assistance Program](#) that reduces energy costs for low-income households¹
- \$1 billion is provided for the Federal Emergency Management Administration (FEMA)'s Building Resilient Infrastructure and Communities (BRIC) grants
- \$1 billion for a new grant program for states and local governments to develop and implement cybersecurity plans
- \$24 million for San Francisco Bay restoration (funds will go to EPA) and \$132 million for the National Estuary Program, of which **an estimated \$4.5 million would come directly to the San Francisco Estuary Partnership** over five years (\$900,000/year). This would more than double the Partnership's current annual federal funding of approximately \$700,000.
- \$17 billion for Army Corps of Engineers flood mitigation and waterways management planning and projects, including \$11.6 billion for construction (intended to support both unfunded projects in the Army Corps pipeline and new construction).²
- More than \$8 billion for water storage, recycling, and ecosystem restoration intended to help make California and other western states more resilient to drought

¹ Weatherization funding could also be categorized under "power infrastructure and clean energy" funding.

² Based on external infrastructure bill analyses, staff attributed Army Corps funding to the "resilience" category, though a portion of the \$17 billion most likely accounts for a significant amount of the "ports and waterways" funding listed in the chart on Page 1.

- \$1.2 billion over five years for brownfield remediation
- \$3.5 billion for superfund remediation

Attachments: Attachment A: Summary of Surface Transportation Provisions of the IIJA



Therese W. McMillan

**Summary of Surface Transportation Provisions
of the Infrastructure Investment and Jobs Act**
August 25, 2021

This writeup provides highlights of the transportation aspects of the Senate-passed Infrastructure Investment and Jobs (IIJA) Act, with a focus on Bay Area impacts.

Investment and Jobs Act vs. FAST Act Comparison Chart

	FAST Act (FY 2016-2020)	IIJ Act (FY 2022-2026) (Senate passed)	% Increase
Surface Transportation Authorization ⁱ	\$ 305 billion	\$ 477 billion	56%
One-time General Fund advance appropriation) ⁱⁱ	-	\$ 157 billion	N/A
Total	\$ 305 billion	\$ 634 billion	108%

Bay Area Highway and Transit Formula Funding Increase

The IIJA would substantially boost the Bay Area transit formula resources that MTC distributes, and the Bay Area would receive a lesser but not insignificant boost in flexible highway funds. Initial estimates are below and are subject to change.

Bay Area Transit

The IIJA would provide the Bay Area \$3.4 billion in transit formula funds over five years vs. the \$2.3 billion in Federal Transit Administration (FTA) formula funds over the FAST Act period. This increase would be a result of both a big boost in the federal transit formula funding from the Highway Trust Fund (HTF)—a big win for the long-term as it would be very unusual for HTF-funded federal transit (and highway) program funding levels to fall below this new baseline after five years at this funding level—and because of additional one-time supplemental stimulus funding to the Section 5337 State of Good Repair program, which we advocated for along with our large transit system partners across the country.

Bay Area Transit Formula Fund Estimate

	FAST Act (FY 2016-2020)¹	IIJ Act (FY 2022-2026)²	5-Year Funding Increase
State of Good Repair	\$1.1 billion	\$1.7 billion	\$0.7 billion
Urbanized Area	\$1.1 billion	\$1.5 billion	\$0.4 billion
Other	\$0.1 billion	\$0.2 billion	\$0.1 billion
Total	\$2.3 billion	\$3.4 billion	\$1.1 billion

Note: Sums may not total due to rounding.

1. Amounts include FAST Act authorized funding plus Federal Transit Administration (FTA) supplemental appropriations from FY 2018, FY 2019 and FY 2020.

2. Amounts reflect IIJ transportation authorization and supplemental advance appropriations.

Bay Area Flexible Highway, Climate and Bike/Ped Formula Funding

The IIJA would increase five-year funding totals for flexible highway program funding in the Bay Area from \$0.8 billion to \$1.1 billion. Note that much of this increase is due to the new, highly flexible Carbon Reduction formula program, which the Senate funded at the expense of increasing the Congestion Mitigation and Air Quality Improvement (CMAQ) Program. Like CMAQ, the Carbon Reduction Program has broad eligibilities including public transit, high occupancy vehicle projects and congestion pricing. See chart below:

Bay Area Highway Formula Fund Estimate

	FAST Act (FY 2016-2020)*	IIJ Act (FY 2022-2026)	5-Year Funding Increase
Surface Transportation Program	\$473 million	\$603 million	\$130 million
CMAQ	\$367 million	\$368 million	\$1 million
Transportation Alternatives Program ¹	\$38 million	\$70 million	\$32 million
Carbon Reduction Program (<i>new</i>)	-	\$71 million	\$71 million
Total	\$878 million	\$1.1 billion	\$234 million

1. Amount reflects only those program funds suballocated to the Bay Area for the regional ATP program; does not include the Bay Area's share of the states "any area" funds

Encouragingly, metropolitan planning resources that come directly to MTC would increase as well, with the Metropolitan Planning program increasing by about 30 percent overall compared to FAST Act levels (FAST Act FY 2016-2020 vs. proposed FY 2022-2026 funding).

California Funding for Bridges, Resilience and Electric Vehicle Charging Infrastructure

The State of California would receive a **much larger** increase in formula funds (proportionately and dollar amount) compared to the suballocated formula programs, including five-year totals of approximately \$4.2 billion from a flexible new bridge repair formula program (\$27.5 billion nationwide) and approximately \$380 million for electric vehicle charging infrastructure. Additionally, California would receive over the five year timeframe roughly \$2.6 billion in funding that could be used for resilience-focused investments, \$630 million from a new resilience-focused formula program for states and up to \$1.9 billion of the state's anticipated \$12.8 billion in National Highway Performance Program (NHPP) highway funding (highway and bridge resilience would be newly eligible for up to 15 percent of NHPP funding). We expect there will be legislation at the state level to implement these new programs, providing an opportunity to advocate for an approach that maximizes funding for the Bay Area.

Additionally, California's Trade Corridors Enhancements Program and "any area" Active Transportation Program would both be expected grow in accordance with the funding increases proposed for the federal freight formula program and federal Transportation Alternatives Program since state law directs these federal funds to these programs.

Opportunity for Bay Area Projects to Compete for \$150 billion in Discretionary Grants

Bay Area projects (large and small) could also receive substantial direct federal investment via funding for existing and new discretionary grant programs. In addition to huge dollar amounts, the focus of the grant programs reflects many of the Plan Bay Area 2050 priorities and in general the selection criteria are Bay Area/large metro-friendly (ex: points for national and regional economic benefits). Grant programs of interest are listed below.

Of note, the IIJA authorizes approximately \$190 billion in discretionary grants, however a portion of those funds are reserved for geographies outside the Bay Area (notably the Northeast Corridor), thus the Bay Area would be eligible to compete for approximately \$150 billion in discretionary grant funds. Of this, \$95 billion is “guaranteed” funding—i.e., grants are either funded from the Highway Trust Fund (HTF) or one-time supplemental general fund stimulus (upfront stimulus)—while the \$55 billion in non-stimulus general fund authorizations (GF) are much less certain as they are subject to annual appropriations.

Transit, Bridge, Climate, Rail, Safety, and Priority Project Discretionary Grant Programs

(Note: National five-year totals. Fund sources listed to provide indication as to level of certainty that the funding will be made available.)

Highway and Bridge

- Bridge Investment Program - \$15.8 billion for a new bridge program
 - \$9.2 billion in upfront stimulus funding, plus \$3.3 billion guaranteed from the reauthorization (HTF) and \$3.3 billion in general funds subject to annual appropriations
 - Program would provide multi-year grants for major bridge improvements, like full funding grant agreements for bridges. BATA bridges and Golden Gate Bridge could apply. Smaller projects could be funded too.
- Charging and Fueling Infrastructure Grants (alternative fuel vehicles) - \$2.5 billion (HTF)

Transit and Intercity Passenger Rail

- Capital Investment Grants - \$23 billion
 - \$8 billion in one-time upfront stimulus funding plus \$15 billion subject to appropriation (vs. \$12 billion in the FAST Act).
 - Program funds transit modernization and expansion projects
- Federal-State Partnership for Intercity Passenger Rail – \$43.5 billion
 - \$36 billion in upfront funding, of which at least \$12 billion may be spent outside the Northeast Corridor; \$7.5 billion in additional funds subject to annual appropriations, of which not less than \$3.4 billion must be spent outside the Northeast Corridor)
 - Expanded eligibilities to allow program to fund new and expanded intercity rail (e.g. California High Speed Rail), in addition to the program’s historic focus on Amtrak and other intercity rail service’s state of good repair
- Amtrak - \$30 billion (roughly 40 percent is reserved for the Northeast corridor)
 - \$19.2 billion in upfront stimulus and an additional \$11 billion subject to annual appropriations

- Consolidated Rail Infrastructure and Safety Improvements (CRISI) - \$10 billion
 - \$5 billion in upfront stimulus funding and \$5 billion subject to annual appropriations
 - Program funds rail safety, efficiency and reliability improvements. Examples of eligible projects include capital projects to reduce congestion and facilitate ridership growth and highway-rail grade crossing improvements.
- Railroad Crossing Elimination Program - \$5.5 billion
 - New program funded at \$3 billion in upfront stimulus funding and \$2.5 billion subject to annual appropriations
 - Supplements the longstanding Rail-Highway Grade Crossing program funding that is distributed to states via formula, funded through the HTF at \$1.2 billion (FAST Act funded the program at \$1.1 billion).
- Low- and Zero-Emission Bus Program (transit) – \$5.6 billion
 - \$375 million guaranteed from the reauthorization (HTF) and \$5.25 billion in upfront stimulus
- ADA Accessibility Improvements for Legacy Rail Systems - \$1.75 billion (upfront stimulus) (*new program*)
- Competitive Grants for Rail Vehicle Replacement - \$1.5 billion (HTF)
- Electric or Low-Emission Ferry Program - \$500 million
 - \$250 million in upfront stimulus funding, plus \$250 million subject to annual appropriations

Multimodal Mobility, Economy, Safety, and Climate Programs

- National Infrastructure Project Assistance - \$15 billion
 - \$5 billion in upfront stimulus funding and \$10 billion subject to annual appropriations
 - Program would provide multiyear grant agreements for large projects
 - Multimodal eligibility, including for integrated intercity and commuter rail projects, as advocated by MTC and national partners
- Local and Regional Project Assistance - \$15 billion
 - \$7.5 billion in upfront stimulus funding plus \$7.5 billion subject to annual appropriations
 - Authorizes RAISE (BUILD/TIGER)
- INFRA (multimodal freight program) - \$8 billion
 - \$4.8 billion from the HTF and \$3.2 billion in upfront stimulus appropriations
- Safe Streets and Roads for All - \$6 billion
 - \$5 billion in one-time upfront stimulus funding, \$1 billion subject to annual appropriations
 - Grants for local jurisdictions and metropolitan planning organizations to develop and implement Vision Zero safety plans
- Rural Surface Transportation Grant Program - \$2 billion (HTF)
 - Grants for highway and bridge improvement, freight and safety projects in urbanized areas less than 200,000 in population. Travel demand management projects are also eligible.
 - States, regional transportation planning organizations, local governments, and multijurisdictional groups may apply.

- PROTECT resilience grants - \$1.4 billion (HTF)
 - States, locals, metropolitan planning organizations, and other transportation authorities may apply.
- Reconnecting Communities - \$1 billion
 - \$500 million from the HTF, \$500 million in upfront stimulus
 - Grants may fund planning and construction to remove or retrofit highways and restore community connectivity
- SMART (Strengthening Mobility and Revolutionizing Transportation Grant Program) - \$1 billion
 - \$500 million in upfront stimulus; \$500 million subject to annual appropriations
 - Eligible projects include automated and connected vehicle infrastructure deployment, transit signal prioritization, and other technology-related transportation system improvements
- Congestion Relief Program - \$250 million (HTF)
 - New flexible major metro congestion reduction program. Eligibilities are broad and allow for congestion pricing on existing Interstate highways

Note: CRISI and Railroad Crossing Elimination Programs could also fall in the “safety program” category.

ⁱ Transportation authorization bill funding reflects both Highway Trust Fund (HTF) amounts—which are essentially “guaranteed”—in addition to those funding amounts authorized but subject to the uncertainty of the annual appropriations process. The FAST Act’s \$305 billion price tag reflected \$282 in HTF proceeds and only \$23 billion in general funds while the IIJA would provide \$383 billion in HTF funding, with \$94 billion subject to annual appropriations.

ⁱⁱ Chart does not yet reflect the FY 2018 through FY 2020 Highway Improvement Program and Transit Infrastructure Grants, which supplemented highway and transit funding.