

**Metropolitan Transportation Commission
Programming and Allocations Committee**

November 10, 2021

Agenda Item 3a - 21-1181

One Bay Area Grant (OBAG 3) Considerations

Subject:

Staff will present the proposed framework for the One Bay Area Grant (OBAG 3) program, including proposed focus areas, funding levels, policy provisions, and partnership approaches.

Background:

The One Bay Area Grant (OBAG) program is the policy and programming framework for investing certain funding such as Surface Transportation Block Grant Program (STP), Congestion Mitigation and Air Quality Improvement (CMAQ), and other funds throughout the San Francisco Bay Area. The current OBAG program, OBAG 2, establishes the commitments for STP/CMAQ funding through September 30, 2022. Staff is proposing to adopt an initial program framework for OBAG 3 by January 2022, to allow sufficient time to fully develop individual program components and carryout a robust call for county and local projects process in 2022.

This month, staff will present the proposed framework for the OBAG 3 program for Commission consideration and discussion.

Comprehensive Funding Approach

The primary objective of prior OBAG cycles has been to support many of the interconnected strategies of Plan Bay Area and Plan Bay Area 2040. However, STP/CMAQ revenues delivered through the OBAG program account for only 1.3% of the transportation revenues forecast in Plan Bay Area 2050. As such, the OBAG 3 program framework should be considered within the context of a larger, comprehensive funding approach to deliver on important regional initiatives.

Funding Assumptions

Staff proposes a four-year program horizon for OBAG 3, which will guide STP/CMAQ investments from FY 2022-23 through FY 2025-26. A departure from the five-year programs in OBAG 1 and OBAG 2, the four-year program proposal for OBAG 3 aims to better align with the development cycle of Plan Bay Area.

Approximately \$750 million in federal STP/CMAQ revenues is anticipated over the four-year OBAG 3 program, or roughly \$188 million per year. These revenue estimates are based on 2% annual escalation over current year STP/CMAQ revenues. Actual revenue levels will depend upon the federal surface transportation authorization (either extensions of the current FAST Act, or the passage of a new authorization as currently under consideration in D.C.) as well as annual Congressional appropriations. Should actual revenues deviate from these estimates significantly following the adoption of the OBAG 3 program, staff will return to the Commission to revise the framework.

Proposed OBAG 3 Framework

MTC established the OBAG program in 2013 to strengthen the connection between transportation investments and regional goals for focused growth in Priority Development Areas (PDAs), affordable housing, and emissions reductions to implement the regional transportation plan. Staff recommends maintaining that focus while making strategic adjustments and changes to address the overarching considerations presented at the July Programming and Allocations Committee meeting: to better align with Plan Bay Area 2050 strategies, advance regional goals for equity and safety, and address federal programming requirements.

Program Categories and Focus Areas

The following program categories carry forward elements from previous OBAG cycles, reorganized for clarity and expanded to accommodate additional focus areas detailed above. More information on the proposed program categories for OBAG 3 is provided in **Attachment 1**.

- **Planning & Program Implementation:** Carry out coordinated regional and countywide planning and programming activities within MTC's performance-based planning and programming processes, consistent with federal requirements and regional policies. Additionally, commit staffing resources necessary to deliver OBAG 3 projects and programs.
- **Growth Framework Implementation:** Support and assistance for local efforts to create a range of housing options in Priority Development Areas (PDAs), select Transit-Rich

Areas (TRAs), and select High-Resource Areas (HRAs), and carryout other regional studies and pilots to advance the Plan Bay Area 2050 growth framework.

- **Climate, Conservation, and Resilience:** Reduce emissions and solo vehicle trips through accelerated electrification and clean vehicle programs and expanded transportation demand management programs. Additionally, protect high-priority natural and agricultural lands; modernize and expand access to parks, trails and recreation facilities; and increase transportation system resiliency to the impacts of climate change.
- **Complete Streets and Community Choice:** Improve and maintain local streets and roads to meet the needs of all users while improving safety, promoting walking, biking and other micro-mobility, and sustainable infrastructure. In addition, support community-led planning efforts and assist with the development and advancement of community-led transportation enhancements in Equity Priority Communities (EPCs).
- **Multimodal Systems Operations and Performance:** Support and coordinate efforts to achieve an integrated, efficient, reliable, and easy to navigate public transit network to increase ridership and improve mobility options consistent with the Transit Transformative Action Plan recommendations. Additionally, continue to optimize existing freeways, highways, and key arterials and communications infrastructure to maximize person throughput and multimodal system performance.

Partnership Approach

MTC proposes directing 50% of the program funds (\$375 million, or roughly \$188 million annual) to leverage existing partnerships with County Transportation Agencies (CTAs), local jurisdictions, and transit operators to deliver the OBAG 3 program. This increase in the share of funds directed to local projects, up from 45% in OBAG 2, is in recognition of the critical role our local partners will be expected to play in successfully implementing the growth framework through local planning, reaching the aggressive safety and mode shift targets in Plan Bay Area 2050, building the local priority projects that have been identified by community-led processes in Equity Priority Communities (EPCs), and accelerating affordable and transit-supportive growth and access improvements at key transit hubs. Additional information on the partnerships

embedded in the OBAG 3 framework at the county and local level are provided in **Attachment 1**.

Staff proposes to focus the remaining 50% of OBAG 3 funds for regional investments in select program areas. Regional programs are targeted to critical climate and focused growth goals of Plan Bay Area 2050, and to coordinate and deploy strategies that are best suited to regional implementation. Additional details and proposed funding levels to support regional programs are included in Table 1.

Table 1. OBAG 3 Regional Program Investments

Program Category	Regional Program Details	Funding (millions)
Planning & Program Implementation	<ul style="list-style-type: none">Regional planning & fund programming activitiesOBAG 3 project implementation	\$40
Growth Framework Implementation	<ul style="list-style-type: none">Planning and Technical Assistance Grant program and Regional Housing Technical Assistance programTransit Oriented Development (TOD) Policy update implementationRegional studies and pilots (ex. Priority Production Areas)	\$25
Climate, Conservation, and Resilience	<ul style="list-style-type: none">Significant investment in clean vehicles, charging infrastructure, and transportation demand management programs (ex. Mobility Hubs, Commuter Benefits Program)Priority Conservation Area (PCA) Grant program, reflecting updated PCA planning frameworkResilience/sea level rise studies and/or pilots	\$98
Complete Streets and Community Choice	<ul style="list-style-type: none">Regional Active Transportation Plan, updated Complete Streets Policy Regional Safety/Vision Zero Policy implementation; Quick-Build	\$54

Program Category	Regional Program Details	Funding (millions)
	Technical Assistance; Bay Trail planning and construction <ul style="list-style-type: none"> Local streets and roads asset management, including system expansion to support complete streets, safety, and green infrastructure efforts Regional guidelines and technical assistance for CBTPs and PB processes; develop and advance locally-identified projects in EPCs 	
Multimodal Systems Operations and Performance	<ul style="list-style-type: none"> Transit Action Plan near-term investments Near-term operational improvements, incident management, and regional fiber communications Includes Bay Area Forwards, other freeway and arterial operations improvements and vehicle occupancy detection pilots 	\$158
Total		\$375 (50%)

Note: Totals may not add due to rounding.

The proposed OBAG 3 regional program investments are part of a comprehensive funding approach, which is contingent on additional anticipated/potential future funding sources to deliver regional priorities. While the proposed 50% regional share of projected STP/CMAQ funds alone is insufficient to support key regional projects and initiatives, staff are considering the following sources to supplement regional OBAG programs:

- Blue Ribbon Funding: approximately \$85 million of one-time state and federal funding identified for implementation of near-term projects identified in the Bay Area Transit Transformation Action Plan. These funds would help address regional transit needs included in the Multimodal Systems Operations and Performance program category.
- Regional Early Action Planning Round 2 (REAP 2.0): approximately \$100 million in one-time funding from the State budget surplus, administered by the California

Department of Housing and Community Development (HDC). This flexible funding source is intended to advance regional Sustainable Communities Strategies, and staff expect that most OBAG 3 regional program categories will be eligible.

- Carbon Reduction: this potential new FHWA formula allocation may provide approximately \$60 million to the Bay Area for greenhouse gas reduction efforts as part of the anticipated federal infrastructure bill. If realized, these funds could be used to supplement regional Climate, Conservation, and Resilience projects and programs.

Policy Provisions

The proposed OBAG 3 policy maintains core elements from prior cycles, with updates to align with Plan Bay Area 2050 strategies, ensure compliance with current state and regional requirements, and address federal corrective actions.

- The **PDA investment targets** have been retained, with consideration for new growth geographies and a uniform definition for proximate access to PDAs.
- **Local compliance** with state and local housing policy remains a requirement, with updates to reflect recent changes to state housing law and MTC's Complete Streets Policy.
- In response to **federal corrective action**, staff are proposing clarifications to the county program project selection process, including clearer MTC oversight over the CTA-assisted call for projects and initial screening, nomination targets for each county that maintain incentives for housing production and planned growth, and a second tier of regional project evaluation by MTC.
- For potential **CMAQ-funded projects**, MTC will also complete an emissions benefit and cost effectiveness assessment prior to selection. Additional information on the key policy provisions proposed for OBAG 3 are provided in Attachment 2.

Issues:

Funding Regional Initiatives

Sufficient funding for regional initiatives is contingent upon the comprehensive funding approach detailed above, which relies on uncertain and one-time fund sources. However, staff

expect more details to be available on each of these sources in advance of the January 2022 Commission meeting, which will help inform the final framework proposal.

Federal Programming Requirements

The proposed framework includes clarifications and revisions to address federal corrective actions regarding the administration of FHWA funds, both from MTC's 2020 certification review and statewide Caltrans findings from the 2021 FSTIP. While staff believe that proposed policy changes fully address each corrective action, further effort is needed to define implementation strategies consistent with federal requirements.

Recommendations:

Information. No action required.

Attachments:

- Presentation – OBAG 3 Proposed Framework
- Attachment 1 – Proposed Program Areas and Partnership Approaches
- Attachment 2 – Proposed Program Provisions



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OBAG 3 Proposed Program Areas & Partnership Approaches

*Regional programs which include grant opportunities and/or pilot efforts for local implementation.

Program Area Regional Funding	Purpose	Proposed Regional Roles Regional program highlights	Proposed County & Local Roles County & local program highlights
1. Planning & Program Implementation \$40 million	<ul style="list-style-type: none">Planning and programming activities to carry out federal performance-based planning and programming and deliver OBAG 3 projects and programs.	<ul style="list-style-type: none">Regional planning and programming to implement <i>Plan Bay Area (PBA) 2050</i> and federal performance-based planning and programming requirements.OBAG 3 program and project implementation.	<ul style="list-style-type: none">Dedicated funding for CTA planning (in addition to the \$40 million for regional planning)CTA planning and programming to cooperatively implement <i>PBA 2050</i> and associated regional policies; develop countywide transportation plans; and develop other plans and projects as identified in CTA Planning Agreements.CTAs may augment base planning fund levels through the local project nomination process.
2. Growth Framework \$25million*	<ul style="list-style-type: none">Support and assist local efforts to create a range of housing options in Priority Development Areas (PDAs), select Transit-Rich Areas (TRAs), and select High-Resource Areas (HRAs).Carry out other regional studies and pilots to advance growth framework.	<ul style="list-style-type: none">Provide capacity-enhancing support for local jurisdictions through the Planning and Technical Assistance Grant program and Regional Housing Technical Assistance program.Implement the Transit Oriented Development (TOD) Policy update to ensure land use supports transit investments.Carryout regional studies and pilots (ex. redevelopment of malls and office parks; reuse of public and community-owned land; and Priority Production Area pilot program).	<ul style="list-style-type: none"><i>PDA investment targets</i> (50% for the North Bay counties and 70% for the remaining counties) to support PDAs implementation while also reflecting investment needs of new growth geographies.CTAs maintain active role in engaging with jurisdictions and transit operators on local growth, specific plans, PDA plans, to coordinate local and countywide transportation investments.Local jurisdictions maintain eligibility for funding by having a certified Housing Element, annual progress reporting, and demonstrating compliance with current state laws governing surplus lands, density bonus, and accessory dwelling units.

*Regional programs which include grant opportunities and/or pilot efforts for local implementation.

Program Area Regional Funding	Purpose	Proposed Regional Roles Regional program highlights	Proposed County & Local Roles County & local program highlights
3. Climate, Conservation, & Resilience Initiatives \$98 million*	<ul style="list-style-type: none">• Reduce emissions and solo vehicle trips through accelerated electrification and clean vehicle programs and expanded transportation demand management programs.• Protect high-priority natural and agricultural lands; modernize and expand access to parks, trails and recreation facilities• Increase transportation system resiliency to the impacts of climate change.	<ul style="list-style-type: none">• Expand investments in clean vehicle incentives and charging infrastructure, marketing and outreach efforts, and technical assistance to accelerate electrification.• Expand various regional transportation demand management programs such as Mobility Hubs, Targeted Transportation Alternatives, car sharing, bikeshare and e-bike incentives, carpool, Commuter Benefits Program, MTC SHIFT, and local parking and curb management policies.• Align existing Priority Conservation Area (PCA) grant program with the planned update to the PCA planning framework to fund critical conservation and open space projects.• Resilience/sea level rise program with focus on protecting transportation assets.	<ul style="list-style-type: none">• CTAs maintain active role in coordinating and/or funding countywide air quality and vehicle miles traveled (VMT) reduction programs and projects, implementing and funding trail projects, and managing local sea level and resilience programs.• Conservation, urban greening, park access improvements and resilience projects may require non-federal funds due to eligibility limitations.
4. Complete Streets & Community Choice \$54 million*	<ul style="list-style-type: none">• Improve and maintain local streets and roads to meet the needs of all users while improving safety, promoting walking, biking and other micro-mobility, and advancing sustainable infrastructure.• Support the development and advancement of community-led transportation enhancements in Equity Priority Communities.	<ul style="list-style-type: none">• Implement recommendations of the Regional Active Transportation Plan, including the updated complete streets policy, development of the Regional Active Transportation Network, continuation of the Quick-Build Technical Assistance program, and completion of key Bay Trail gaps.• Advance the Regional Safety/Vision Zero Policy, including the Regional Integrated Safety Data System and other regional safety initiatives and coordination efforts.• Broaden current regional programs that support local streets and roads asset management (StreetSaver, StreetSaver Plus and Pavement Technical Assistance Program), including upgrades to the local roadway asset inventory to support complete streets and safety strategies and through encouraging green infrastructure, where possible.• Develop regional guidelines and technical assistance for Community Based Transportation Plans (CBTPs), Participatory Budgeting (PB) processes, and implementation; develop and advance locally identified transportation projects from CBTPs and PBs.	<ul style="list-style-type: none">• Investment target (\$200 million regionwide) for active transportation projects, including Safe Routes to School (SRTS), in recognition of <i>PBA 2050</i> strategies for active transportation and safety.• CTAs maintain an active role in implementing regional complete streets, safety, asset management, and sustainability policies, including coordination and education efforts, development of High Injury Networks and/or Systemic Safety Reports, implementing SRTS programs, and sustainable streets and/or green infrastructure master planning.• CTAs maintain an active role in developing and coordinating CBTPs and/or PB processes, implementing projects identified, and monitoring program delivery.• Local jurisdictions maintain eligibility for funding by complying with MTC’s Complete Streets policy and Pavement Management Program requirements.

*Regional programs which include grant opportunities and/or pilot efforts for local implementation.

Program Area Regional Funding	Purpose	Proposed Regional Roles Regional program highlights	Proposed County & Local Roles County & local program highlights
5. Multimodal Systems Operations & Performance \$158 million*	<ul style="list-style-type: none">Support efforts to achieve an integrated, efficient, reliable, and easy to navigate public transit network to increase ridership and improve mobility options.Optimize existing freeways, highways, and key arterials and communications infrastructure to maximize person throughput and system performance.	<ul style="list-style-type: none">Implement near-term priorities identified through the Transit Transformation Action Plan, including the areas of mapping and wayfinding, transit priority, and technology and mobile standards.Planning, design, and implementation of near-term operational improvements, incident management, and deployment of regional fiber communications infrastructure.Includes Bay Area Forwards, other freeway and arterial operations improvements, and vehicle occupancy pilots.	<ul style="list-style-type: none">CTAs maintain active role in coordinating with local transit operators and jurisdictions; identify local and countywide transit priority projects; and may plan and implement first/last mile improvements and programs.CTAs maintain active role in partnering with MTC in design alternatives assessments and express lane implementation. CTAs may also lead and/or partner on other freeway/corridor performance and operations projects, and congestion pricing efforts.
\$375 million 50%	Regional Programs Total		

Note: Regional funding levels are proposed for discussion purposes. Final funding levels will be adopted as part of the OBAG 3 Program Framework, anticipated in January 2022.

OBAG 3 – Proposed Program Provisions

Program Element	Program Provision	OBAG 2 Comparison
PDA investment targets <i>County and Local Program</i>	<ul style="list-style-type: none"> • 70% of investments in Alameda, Contra Costa, San Francisco, San Mateo, Santa Clara Counties must be within or connected to Priority Development Areas (PDAs) or provide improved PDA access. • 50% of investments in Marin, Napa, Solano, Sonoma Counties must be within or connected to PDAs, or provide improved PDA access. 	No change
	<ul style="list-style-type: none"> • Consideration for new growth areas in achieving PDA investment targets – select Transit-Rich Areas (TRAs) and High-Resource Areas (HRAs). 	New
	<ul style="list-style-type: none"> • Development of a uniform definition for investments that can be given credit towards providing improved access to PDAs. 	New
Local Policy Adoption* <i>County and Local Program</i>	<p>To maintain funding eligibility, local jurisdictions must:</p> <ul style="list-style-type: none"> • Have their Housing Element certified* by California Housing and Community Development (HCD), submit annual Housing Element Annual Progress Reports to HCD throughout the funding cycle, adopt a resolution affirming compliance with the Surplus Land Act, and submit to HCD a local inventory of surplus land. • Demonstrate compliance with state laws governing density bonuses, accessory dwelling units, and the Housing Accountability Act. • Comply with MTC's Pavement Management Program (PMP) policies (including having a certified PMP updated at least once every three years), participate in statewide local streets and roads needs assessment survey, and participate in providing annual updated information to the Highway Performance Monitoring System (HPMS). • Comply with MTC's Complete Streets Policy and Complete Streets Checklist requirements, both of which are currently being updated as part of the Regional Active Transportation Plan update. 	Provision updated; compliance will require increased level of effort

Program Element	Program Provision	OBAG 2 Comparison
Project nomination and selection process** <i>County and Local Program</i>	<ul style="list-style-type: none"> • MTC will initiate a regionwide call for projects process. • County Transportation Agencies (CTAs) will develop initial project screening and prioritization processes, and MTC will review/accept each proposed approach. • CTAs will provide local outreach and an initial screening of projects within their counties to ensure projects are consistent with local and county plans and priorities. 	Clarification of roles
	<ul style="list-style-type: none"> • CTAs will be given nomination targets to guide the maximum amount of funding requests from local jurisdictions and transit operators that they can advance to MTC for project selection. • Nomination targets are based, in part, on recent housing outcomes and planned growth of local jurisdictions, as these factors are recognized as necessary to promote consistency between transportation investments and the planned growth and development patterns in <i>Plan Bay Area (PBA) 2050</i>. • Nomination targets do not imply pre-determined amounts or shares for any individual jurisdiction. However, the targets carryforward the incentive provided through OBAG 1 and 2 for local jurisdictions to make progress in producing housing and committing to plan for future growth by allowing CTAs of those local jurisdictions to nominate additional funding requests to MTC for further consideration in the project selection process. 	Clarification of the role of county targets
	<ul style="list-style-type: none"> • MTC will select a program of projects based on initial screening and prioritization provided by the CTAs, regional considerations to promote consistency between transportation improvements and the growth and development patterns reflected in <i>PBA 2050</i>, and to advance federal performance-based programming. 	Clarification of process
CMAQ funding** <i>All programs</i>	<ul style="list-style-type: none"> • MTC will complete an emissions benefits and cost effectiveness assessment on all projects prior to project selection for CMAQ funding. 	New

Program Element	Program Provision	OBAG 2 Comparison
Equity Opportunities <i>All programs</i>	<ul style="list-style-type: none"> • Equity lens will be woven throughout the OBAG 3 program. • Increased investment levels for Community Based Transportation Plans (CBTPs) and Participatory Budgeting (PB) processes and dedicated funding to develop and implement projects identified by residents in Equity Priority Communities (EPCs). • Call for county and local projects process will prioritize projects within EPCs or that otherwise directly benefit historically marginalized or disadvantaged populations. 	New/Expanded
Active Transportation & Safety <i>All programs</i>	<ul style="list-style-type: none"> • \$200 million regionwide investment target for bicycle/pedestrian improvements and programs, including Safe Routes to School (SRTS) programs. 	New
	Align program focus areas and investments with: <ul style="list-style-type: none"> • Regional Active Transportation Plan update, including implementation of the Regional Active Transportation Network. • Regional Safety/Vision Zero Policy, including emphasis on safety projects identified in local safety plans or on designated High Injury Networks. 	New/Expanded
Performance-Based Programming** <i>All programs</i>	Align investments and focus areas with: <ul style="list-style-type: none"> • Federal performance goal areas and measures, including roadway safety, asset management, and mode shift. • Performance outcomes of PBA 2050 strategies, including GHG reduction and affordability. 	New/Expanded
Planning and programming activities <i>All programs</i>	<ul style="list-style-type: none"> • ~ 5% of proposed program revenues for regional planning, programming and OBAG 3 project implementation. 	No change
	<ul style="list-style-type: none"> • ~ 5% of proposed program revenues for countywide planning and programming as outlined in CTA Planning Agreements. • Continue provision that each county's base planning funding will not exceed the amount of funding programmed to projects within that county (affects Napa County). • CTAs can augment base planning amounts through the local project nomination process. 	15% increase

- * Housing Element law has changed significantly in recent years, and as such, the OBAG requirements for a city or county to have a certified housing element and submit annual progress reports will be much more meaningful leading up to the OBAG 3 cycle. Compliance with Housing Element law includes the adoption of an HCD-certified Housing Element in compliance with new site inventory and Affirmatively Furthering Fair Housing (AFFH) requirements. Annual progress reports (APRs) must also meet enhanced reporting requirements for rezoning, no net loss, and projects at various stages of the entitlement process.
- ** Addresses a federal requirement in response to the corrective actions provided to MTC as part of its 2020 recertification report, or to advance performance-driven and outcome-based approach to planning and fund programming.