

**Metropolitan Transportation Commission
Programming and Allocations Committee**

March 12, 2025

Agenda Item 4a-24-1607

One Bay Area Grant (OBAG) Overview and Key Considerations

Subject:

Overview of the One Bay Area Grant (OBAG) program, including key considerations and development schedule for the next grant cycle (OBAG 4).

Background:

First adopted by the Commission in 2012, the OBAG program leverages federal discretionary funds to implement regional priorities, in particular the integrated transportation and land use goals in MTC's Regional Transportation Plan (RTP) and Sustainable Communities Strategy (SCS), collectively known as *Plan Bay Area*. The current cycle of the OBAG program (OBAG 3) establishes the policy and programming framework for investing federal Surface Transportation Block Grant Program (STP) and Congestion Mitigation and Air Quality Improvement Program (CMAQ) funds for federal fiscal years (FYs) 2023 through 2026. A summary of the OBAG 3 program is provided as **Attachment A**, for additional context.

Staff are initiating development of the next OBAG cycle (OBAG 4), anticipated to encompass STP/CMAQ programming for FY 2027 through 2030. Key considerations for the OBAG 4 program include reduced capacity estimates and implementation of the Transit Oriented Communities (TOC) Policy, as detailed below.

OBAG 4 Key Considerations

Program Capacity

For the purpose of planning the OBAG 4 program, staff are using an initial estimate of \$800 million in STP/CMAQ capacity for the four years encompassing FY 2027-30. This assumes continued apportionment at FY 2026 levels, the last year authorized by the Infrastructure Investments and Jobs Act (IIJA). This estimate represents a marginal increase in capacity from OBAG 3 levels (\$766 million). Staff will further refine this estimate prior to OBAG 4 program adoption, based on future surface transportation reauthorization and/or IIJA extensions.

However, even with an estimated increased in STP/CMAQ capacity, staff expect an overall reduction in available funding during the OBAG 4 period due to two main factors:

- MTC's commitment of approximately \$100 million in STP/CMAQ capacity for transit operations (MTC Resolution No. 4678, adopted December 2024) as part of the region's contribution to the transit fiscal cliff through the SB 125 framework, and
- The anticipated lack of continued complementary funding sources for MTC programs, which included approximately \$157 million in state Regional Early Action Planning (REAP) and federal Carbon Reduction Program (CRP) funds during the OBAG 3 period.

In December 2024, the Bay Area County Transportation Agency (BACTA) Executive Directors' group submitted a comment letter related to MTC's SB 125 STP/CMAQ commitments and impacts to OBAG 4 capacity and structure, included as **Attachment B** to this item for context. MTC staff will continue to engage with CTA staff and other partners to inform future Commission recommendations for the OBAG 4 program, as detailed in **Attachment C**.

TOC Policy Implementation

The Commission adopted the Transit-Oriented Communities (TOC) Policy in September 2022 (MTC Resolution No. 4530, Revised). This policy requires that jurisdictions with fixed-guideway transit stops and stations plan for specified land-use standards around these hubs, in order to be eligible for regional discretionary funds or fund endorsements. Importantly, the TOC Policy does not define how compliance will be measured for MTC funding decisions. However, the Commission has encouraged staff to incorporate some degree of flexibility into the approach, in recognition of the time and effort required for local jurisdictions to implement significant and complex policy changes across many TOC areas.

Staff are still in the early stages of developing criteria and requirements for TOC Policy compliance in the OBAG 4 program, which will be informed by ongoing outreach with jurisdictions and other project delivery partners and future Commission direction.

Staff are currently considering the following key features for OBAG 4 TOC Policy implementation, which staff have shared with stakeholder groups including the Partnership Board and County Transportation Agencies:

- Compliance tiers: jurisdictions with TOC areas would be classified into three compliance tiers that would govern eligibility for OBAG 4 funds:

- Compliant jurisdictions would be eligible for all OBAG 4 funding, including the TOC set-aside (see below),
- Substantially compliant jurisdictions would be eligible for most OBAG 4 funding, and
- Non-compliant jurisdictions would only be eligible for limited planning funds to improve TOC compliance.

Jurisdictions with no TOC areas would be eligible for most OBAG 4 funding, but not the TOC set-aside. All OBAG 4 funds would be subject to these eligibility tiers, regardless of project sponsor.

- Set-aside: as an additional incentive, a portion of OBAG 4 funds would be set aside exclusively for jurisdictions in the top (compliant) TOC tier.

To help jurisdictions assess and achieve compliance with the TOC Policy, MTC is providing various resources including planning grants and technical assistance. This month, staff are recommending programming a total of \$20.8 million for 60 local TOC planning and technical assistance projects in support of the four TOC Policy areas: land use density, housing policies, parking management, and station access and circulation. Staff and MTC consultants are also working with jurisdictions to compile information on baseline TOC compliance, which will inform the recommended thresholds for compliance tiers.

More information on the TOC Policy is available on MTC's website at <https://mtc.ca.gov/planning/land-use/transit-oriented-communities-toc-policy>.

Next Steps

Over the next two years, staff will coordinate and engage with MTC Committees, Commission, and partner agencies on OBAG 4 development topics, including TOC Policy implementation.

The preliminary OBAG 4 timeline (**Attachment C**) includes the following key milestones:

- Committee and Commission review of draft program priorities and policies in late 2025, following staff outreach and engagement throughout the year,
- Commission adoption of OBAG 4 policies and initiation of the County Program call for projects in early 2026, and
- Commission approval of the OBAG 4 County Program project list in early 2027.

Issues:

None identified.

Recommendations:

Information.

Attachments:

- Attachment A: OBAG 3 Summary
- Attachment B: BACTA Comment Letter SB 125 and OBAG 4
- Attachment C: Preliminary OBAG 4 Development Timeline
- Presentation: OBAG Overview and Key Considerations



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