

Metropolitan Transportation Commission

January 28, 2026

Agenda Item 14a - 26-0112

MTC Resolution No. 4740. One Bay Area Grant (OBAG 4) Funding Framework

Subject:

Adoption of the One Bay Area Grant (OBAG 4) framework, including the funding distribution between regional and county components and Transit-Oriented Communities (TOC) Policy incentive program set-aside.

Background:

First adopted by the Commission in 2012, the One Bay Area Grant (OBAG) program is MTC's policy and programming framework for investing federal Surface Transportation Block Grant Program (STP) and Congestion Mitigation and Air Quality Improvement program (CMAQ) funds. The inaugural OBAG 1 program was designed to support implementation of the first *Plan Bay Area*, and subsequent OBAG cycles have maintained this focus. As proposed, the upcoming OBAG 4 program will encompass STP/CMAQ programming for a four-year period covering federal fiscal year (FY) 2026-27 through FY 2029-30.

Key considerations for the OBAG 4 cycle include:

- **Senate Bill (SB) 125 Transit Operations Commitment:** In 2024, the Commission committed approximately \$100 million in OBAG 4 STP/CMAQ capacity for transit operations as part of the region's contribution to the transit fiscal cliff through the SB 125 framework (MTC Resolution No. 4678). The Commission will need to decide how to distribute the remaining OBAG 4 capacity between the county and regional program components.
- **Transit-Oriented Communities (TOC) Policy Implementation:** In 2022, the Commission adopted the TOC Policy (MTC Resolution No. 4530), establishing standards for density, affordable housing policies, parking management, and multimodal access in the half-mile areas surrounding rail, ferry, and bus rapid transit stops and stations. The Commission will need to determine how to incentivize progress toward these standards starting with the OBAG 4 program, per the TOC Policy.

Over the past year, staff have collaborated with the Commission, County Transportation Agencies (CTAs), and other stakeholders to develop draft policies for the upcoming OBAG 4 program, including alternatives for addressing the SB 125 and TOC Policy considerations above.

Specifically, robust discussions related to this topic were had at the October 2025 Commission Workshop and November 2025 Commission meetings.

While much progress has been made on a consensus proposal, key questions remain. Last month, the Chair convened an ad hoc group of Commissioners to further refine OBAG 4 and TOC options for consideration and final action by the full Commission.

Proposed Two-Step Approval Process

At the direction of the Chair and ad hoc group, staff propose a two-step process for Commission action on OBAG 4 and the associated SB 125 and TOC Policy considerations:

- **Funding actions:** this month, staff recommend adoption of the OBAG 4 funding framework, including the SB 125 commitment and TOC set-aside amounts.
- **Policy actions:** next month, staff plan to recommend Commission approval of detailed OBAG 4 guidelines and the TOC evaluation framework.

Commissioners have expressed diverse perspectives and preferences on these topics, and the revised recommendations and proposed approval process from the ad hoc group are intended to advance discrete decisions in a timely manner. Commission approval of key funding decisions this month will allow the OBAG 4 county call for projects to proceed in the near term and provide certainty to jurisdictions and other stakeholders about the OBAG 4 TOC incentive program. This approach will also provide Commissioners and partners with additional time to provide input on proposed OBAG 4 policies outside of TOC implementation.

Proposed OBAG 4 Framework

Staff estimate \$820 million in capacity for the OBAG 4 program and recommend that the Commission distribute these funds evenly between the county and regional components. Of the \$410 million initial regional capacity, staff recommend that the Commission maintain *at least* \$310 million for core investments, programs, and services crucial to *Plan Bay Area* implementation (a substantial reduction from the approximately \$550 million in regional investment during the OBAG 3 period, see **Attachment 1**). Retaining sufficient capacity for OBAG 4 regional programs is essential to continue the targeted local grant programs and other strategic investments that have complemented the county program and expanded the overall impact of OBAG funding in previous OBAG cycles (as illustrated in **Attachments 2 and 3**).

With the recommended \$310 million minimum for regional program core investments, \$100 million in initial OBAG 4 regional capacity remains available for new commitments and proposals, including the SB 125 contribution to transit operations and TOC Policy incentive program set-aside. Based on recent Commission input, staff have prepared the following proposal for distributing these limited funds (summarized in **Table 1**):

- **SB 125 off the top:** deduct the \$100 million SB 125 transit operations pre-commitment 50/50 off the top of the overall OBAG 4 program capacity, leaving \$720 million in remaining capacity split evenly between the county and regional components (\$360 million each).
- **Regional TOC incentive program:** set aside \$50 million in regional funds for TOC implementation, including:
 - \$45 million for a TOC set-aside incentive program for top performers to encourage and reward progress, and
 - \$5 million North Bay augmentation, in support of the unique transportation needs of rural communities with limited transit service, targeted for approximately equal distribution between Marin, Napa, Solano, and Sonoma Counties.

The proposed TOC incentive program would encourage and reward jurisdictions for TOC Policy progress using OBAG 4 regional funds only. As proposed, the OBAG 4 county program would not include any requirements or incentives based on TOC progress.

Table 1: Proposed OBAG 4 Framework

Program Element	Amount
Initial county capacity	\$410M
SB 125 transit gap	(\$50M)
Remaining county capacity	\$360M
Initial regional capacity	\$410M
SB 125 transit gap	(\$50M)
TOC set-aside	(\$45M)
North Bay augmentation	(\$5M)
Remaining regional capacity	\$310M

Next Steps

At the direction of the Chair and ad hoc group, staff plan to return to the Commission next month with additional policy recommendations, including:

- **OBAG 4 guidelines and structure:** detailed OBAG 4 policies, procedures, and structure outside of the SB 125 transit split and TOC incentive decisions, as summarized in **Attachments 4, 5, and 6** (draft structure and policies subject to change pending stakeholder input and Commission direction).
- **TOC implementation:** updates to the TOC Policy and administrative guidance and adoption of the evaluation framework, including decisions on outstanding questions related to the TOC incentive program such as submission deadlines, credit for work-in-progress, housing protection policies, and recent state laws.

Issues:

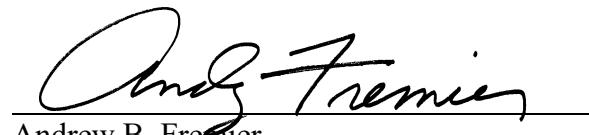
Initial OBAG 4 programming capacity is based on conservative estimates for federal transportation program apportionments from the regional STP and CMAQ programs. Actual apportionments will be subject to federal reauthorization and/or extension(s) of the surface transportation program. If actual apportionment differs significantly from current estimates, staff will return to the Commission to recommend modifications to the OBAG 4 program.

Recommendations:

Adopt MTC Resolution No. 4740, which supersedes MTC Resolution No. 4678.

Attachments:

- MTC Resolution No. 4740: OBAG 4 Program
 - Attachment A: OBAG 4 Project Selection and Programming Policies
 - Attachment B-1: OBAG 4 Regional Program Project List
 - Attachment B-2: OBAG 4 County Program Project List
 - Attachment B-3: OBAG 4 Transit Operations Project List
- Attachment 1: OBAG 3 Overview
- Attachment 2: OBAG 3 Local Investments by County
- Attachment 3: OBAG Regional Strategic Investments
- Attachment 4: Draft OBAG 4 Policy Summary
- Attachment 5: Draft OBAG 4 Regional Programs
- Attachment 6: Draft OBAG 4 County Program
- Presentation: OBAG 4 Program Adoption



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