

**Metropolitan Transportation Commission
Programming and Allocations Committee**

November 13, 2024

Agenda Item 2d-24-1331

**MTC Resolution No. 4444, Revised
Transit Capital Priorities Policy Revisions**

Subject:

Update of Transit Capital Priorities (TCP) Process and Criteria

Background:

This item proposes several updates to the TCP Process and Criteria, including changes to the bus/van pricelist relative to high-cost inflation in the bus market, the zero-emission bus infrastructure set-aside policy, fixed guideway cap (FG cap) operators, and the preventive maintenance policy.

Policy Changes

The TCP Process and Criteria (the Policy) governs the TCP program of projects to fund basic capital requirements and maintain reasonable fairness to all operators, both through incorporation of federal requirements and MTC-specific rules. Several aspects of the policy are updated via this item: the bus-van pricelists for use in FYs 2024-25 and 2025-26,

Bus/Van Pricelist: This item proposes the incorporation of an updated FY 2024-25 bus/van pricelist and the addition of an FY 2025-26 list; the FY 2024-25 list incorporates an increase of 20% over the existing FY 2024-25 list. This increase is proposed to address vehicle pricing that has far outpaced the TCP Process and Criteria's established bus/van pricelists. Under the TCP Process and Criteria, requests for funding for buses and vans cannot exceed the prices in the Regional Bus-Van Pricelist. Pricing for all types of buses have seen high inflation, especially on zero-emission buses, making both the region's ability to maintain transit state of good repair and to transition to an all zero-emission fleet more challenging. Over the past two years, MTC staff has worked with a subcommittee of the Transit Finance Working Group to undertake a survey of prices paid by operators in the Bay Area and to come to an accurate reflection of current bus pricing. An interim policy was adopted in March 2024, along with Staff recommendation that a new pricelist be developed and adopted for the FYs 2024-25 and 2025-26 TCP. Today's item

proposes that new 20% escalated pricelist be incorporated into the TCP Process and Criteria (MTC Resolution No. 4444).

The proposed FYs 2024-25 and 2025-26 pricelists include both the addition of a new vehicle type and an increase to the pricing of another vehicle type of over 20%. The inclusion of a battery-electric cut-away/van reflects the movement toward zero-emission vehicles as operators work to comply with the CARB Innovative Clean Transit (ICT) rule, for paratransit and non-service vehicles as well as buses. The 4 or 5-year cut-away/van is added to the pricelist at \$0.2 million.

ZEB Infrastructure Set-Aside: The \$20 million-annual ZEB Infrastructure Set-Aside was added to the Policy in September 2022, as the CARB ICT rule created an extraordinary new funding demand to deliver transit service, with the need for new infrastructure in addition to typical vehicle replacement needs. Meanwhile, facilities and infrastructure projects are generally hard to fund with the TCP in competitive UZAs. The set-aside applies to bus operators within the San Francisco-Oakland, Concord, and Antioch UZAs, and exempts projects from the TCP scoring process, instead outlining a separate policy.

MTC Staff propose the amendment of the TCP policy to allow for some funding of ZEB infrastructure in these competitive, but not oversubscribed UZAs, such as maintaining the set-aside only for UZAs without score-16 oversubscription in a given year, due to the impossibility of meeting score-16 needs and programming set-aside within the oversubscribed San Francisco-Oakland UZA. Additionally, staff propose updating the eligibility to include the Livermore-Pleasanton-Dublin UZA.

FG Cap Operators: As of fiscal year 2024-25, Sonoma Marin Area Rail Transit (SMART) will begin generating 5337 fixed guideway state of good repair funds. The 5337 program within the TCP is the traditional source of funds for the FG cap of approximately \$144 million annually. Each operator's portion of the cap is based on its share of the updated fixed guideway need projections. Today's action proposes adding \$1.9 million to the cap to reflect that operator's proportional share of the regional need. The item also adds language which clarifies that in UZAs where available Section 5337 funding remains after meeting Score 16 requests and fixed

guideway cap amounts, additional fixed guideway programming will be recommended for eligible operators.

Preventive Maintenance: Today's item proposes the removal of "emergency duration special protocols" put into place by the Commission during the pandemic (in January 2021), replacing the existing language with simplified policy noting that at Commission direction, operating assistance and/or preventive maintenance funding may be permitted where otherwise lower-scoring by the policy; this policy update is in concert with Resolution No. 4619 (see today's item 3a-24-0773 for further detail).

Next Steps

Following continued discussion with transit operators, an FY 2024-25 and FY 2025-26 program will be brought to the Commission for consideration.

Following Commission approval of the TCP program, staff will include projects and funding in upcoming administrative modifications and amendments to the regional Transportation Improvement Program (TIP) as applicable.

Issues:

None.

Recommendation:

Staff recommends referral of MTC Resolution 4444, Revised, to the Commission for approval.

Attachment:

- MTC Resolution No. 4444, Revised (TCP Process and Criteria)



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