



# Memorandum

**Date:** 09.23.15

**RE:** Citizens Advisory Committee  
September 30, 2015

**To:** Citizens Advisory Committee

**From:** Amber Crabbe – Assistant Deputy Director for Policy and Programming *Ac*

**Subject:** **INFORMATION** – Update on One Bay Area Grant Program Cycle 2 Proposal

## Summary

The Metropolitan Transportation Commission's (MTC's) One Bay Area Grant (OBAG) program directs federal Surface Transportation Program/Congestion Mitigation and Air Quality Improvement Program funding to projects and programs that support the transportation and land use goals of Plan Bay Area, the region's Regional Transportation Plan/Sustainable Communities Strategy. OBAG is comprised of regional programs administered by MTC and local formula-based programs administered by the Congestion Management Agencies (CMAs), e.g. the Transportation Authority for San Francisco. MTC adopted the OBAG Cycle 1 framework in May 2012. Since we are nearing the end of the 5-year program MTC recently released a draft proposal for how to distribute OBAG Cycle 2 funds for Fiscal Years 2017/18 – 2021/22 (see Attachment 1). The current proposal would maintain the structure of the OBAG Cycle 1 program, adjust program shares to reflect a lower revenue estimate, and make other revisions. We propose to continue our strong support for the overall OBAG program, and for the following Cycle 2-specific points, we propose to: 1) support additional incentives for producing (vs. planning for) housing, in particular affordable housing as proposed by MTC staff; 2) support efforts to use OBAG to address displacement issues in a meaningful way; and 3) ask MTC to take a more transparent and inclusive approach for its regional operations programs, in particular freeway-related programs. These objectives are consistent with our draft Plan Bay Area advocacy goals and objectives, which are the subject of a separate item on the September CAC agenda. We will continue to work with our partner agencies, other San Francisco stakeholders, Bay Area CMAs, and MTC staff to advance our OBAG advocacy as MTC works to refine its proposal through its intended adoption in November 2015. We are seeking input from the Citizens Advisory Committee.

## BACKGROUND

In May 2012, the Metropolitan Transportation Commission (MTC) adopted the One Bay Area Grant Program (OBAG) Cycle 1 framework (Fiscal Year (FY) 2012/13 to 2015/16) for programming federal Surface Transportation Program and Congestion Mitigation and Air Quality Improvement Program funds. This was the first effort to better integrate the region's transportation program with California's climate law and the Plan Bay Area, the region's Regional Transportation Plan/Sustainable Communities Strategy (SCS). OBAG Cycle 1 established funding commitments and policies for various regional and county programs to reward jurisdictions that accept housing allocations through the Regional Housing Need Allocation (RHNA) process and that have historically produced housing. It also promoted transportation investments in Priority Development Areas (PDAs) and increased programming flexibility for local agencies.

Through the OBAG Cycle 1 County Program the Transportation Authority programmed \$38.8 million (11.7% share of the regional County Program) for CMA Planning activities and seven competitively selected projects. We presented a status update on the OBAG Cycle 1 projects at the September 2 CAC meeting.

## **DISCUSSION**

The purpose of this memorandum is to provide an overview of MTC's latest OBAG Cycle 2 draft proposal, to outline our proposed advocacy as MTC works toward adoption of the Cycle 2 proposal in November 2015, and to seek input from the Citizens Advisory Committee (CAC). In July 2015, MTC brought its draft OBAG Cycle 2 framework (FYs 2017/18 to 2021/22) to its Programming and Allocations Committee as an information item. Page 7 of MTC's memo (Attachment 1) provides a table that compares Cycle 1 and 2 by each constituent program. MTC's proposal carries forward the major features of OBAG Cycle 1 and proposes minor refinements as highlighted in sections below.

The OBAG program as a whole faces a 3% decline in revenues (from \$827 million to \$796 million for the five year grant cycle) due to federal budgetary constraints. Consequently, MTC staff is not recommending any new programs and has proposed to either maintain or reduce funding levels for existing programs, with the exception of funding modest increases for regional planning activities (to account for escalation) and for the Priority Conservation Area (PCA) grant program. In general, MTC has made an effort to share the pain of the revenue cuts among local and regional categories and to provide additional flexibility to CMAs by consolidating locally managed programs into the County Program.

As the OBAG framework translates Plan Bay Area's long-range targets and priorities into specific funding recommendations, our OBAG advocacy (detailed below) reflects our proposed San Francisco's goals and objectives for Plan Bay Area 2040, which is the subject of a separate agenda item at the September 30 CAC meeting.

- 1. Adjust the OBAG County Program formula to reward counties that produced (versus just planned) a greater share of housing, especially affordable housing.** MTC staff is recommending changing the County Program formula to give more weight to past housing production and affordable housing share. The modified formula would increase San Francisco's share of the overall OBAG County Program from 11.7% to 12.7% and make San Francisco the only county seeing an increase in funding between cycles (from \$43.5 million to \$45.2 million) despite the reduction in total OBAG program-wide funding, reflecting San Francisco's excellent housing production record, including affordable housing, between 2007 and 2014. MTC staff is developing other potential formula options in response to commissioner direction, but they generally all move in a direction that benefits San Francisco.

This seems to be the most controversial of the changes MTC is proposing. North Bay CMAs disagree with the proposed formula as they feel penalized for having to bear the disproportionately negative impact of the recent recession on their housing production and argue that their county shares should remain at the same level as prior cycles. At the other end of the spectrum, advocates have expressed a desire to see even a stronger link between housing production and the distribution of County Program funds. MTC has attempted to address their concerns by adding pre-recession years (1999-2006) to the housing production period while giving a greater weight to the housing production in more recent years (2007-2014), as reflected in the currently proposed formula. We believe MTC's adjustment strikes an appropriate balance among each party's needs.

2. **Link OBAG funding to affordable housing and anti-displacement policies, as appropriate.** Displacement and housing affordability are the focus of planning and policy discussions across the region. Some MTC Commissioners and advocates have expressed a desire to link OBAG Cycle 2 County Program funds to anti-displacement policies and programs, similar to the OBAG Cycle 1's conditioning of funding on local jurisdictions' adoption of a Complete Streets policy. We have also heard suggestions of using Regional PDA Planning funds to support anti-displacement planning and policy work. We support using transportation funding to leverage the adoption of anti-displacement and affordable housing policies, but encourage that it be done thoughtfully given limited OBAG revenues (federal fund projections are on the decline) and because such a proposal will prove controversial across the region. For example, representatives of less urban areas have expressed concern that anti-displacement policies that are appropriate for a city like San Francisco are inappropriate for smaller jurisdictions and/or places still dealing with significant numbers of foreclosures. Representatives and advocates across the board have also expressed concern over MTC's proposed methodology.
3. **Develop a transparent and inclusive Regional Operations Program to address operations needs across the region, including San Francisco.** MTC has assigned almost 40% of regional programming capacity to the Regional Operations Program, which includes the Freeway Performance Initiative, Transportation Management System, and a few regionwide coordination efforts (e.g. Incident Management, 511 and Rideshare). However it is unclear how projects will be prioritized for funding within these subprograms. For Cycle 2, we ask MTC to make the project selection process more transparent and inclusive, and share a clear scope, schedule and objectives for the subprograms. In addition to increasing transparency, MTC should seek local input as early in the process as possible. Lastly, we encourage MTC to pursue a multi-modal approach to solving freeway capacity issues and consider funding an express bus network as part of this category.
4. **Prioritize the Transit Priorities Program for any additional federal revenues.** This program includes the Transit Capital Priorities and Transit Performance Initiatives programs – both of which provided significant support for San Francisco's transit operators in Cycle 1 - as well as Clipper and BART cars. Funding for the Transit Priorities Program is proposed to decrease from \$201 million to \$192 million in OBAG 2 due to the declining federal revenue forecasts. Given the importance of investing in transit state of good repair and core capacity improvements to support the goal of focusing growth in PDAs, we would like MTC to prioritize these programs for any additional revenue the region secures over the OBAG Cycle 2 period.

**Next Steps:** To give staff extra time to address the concerns of local jurisdictions and other stakeholders, MTC Commission approval is now anticipated in November 2015, a one month delay from the timeline shown on page 9 of Attachment 1. We will continue to work with our partner agencies, San Francisco stakeholders, other CMAs, and MTC staff to advance San Francisco's OBAG objectives, which we believe present a balanced approach to strengthen the impact of this important program. Our input is still quite relevant as we expect MTC staff and the Commission to refine the proposal before it is approved. Once MTC has approved the OBAG 2 proposal, we will release a call for projects for San Francisco's County Program share of funding, likely in early to mid-2016.

## **ALTERNATIVES**

None. This is an information item.

## **FINANCIAL IMPACTS**

None. This is an information item.

**RECOMMENDATION**

None. This is an information item.

Attachment:

1. OBAG Cycle 2 Proposal to MTC's Programming and Allocations Committee, July 8, 2015

## Metropolitan Transportation Commission Programming and Allocations Committee

July 8, 2015

Agenda Item 5a

### One Bay Area Grant Program Cycle 2 Proposal

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**Subject:** Proposal for Cycle 2 of the One Bay Area Grant Program (OBAG 2) outlining principles for changes, program funding levels, and policy revisions.

**Background:** The Commission adopted the inaugural OBAG Program in May 2012. OBAG provides funding to regional programs and to the county congestion management agencies (CMAs) for local decision making that advances the objectives of *Plan Bay Area*. OBAG supports *Plan Bay Area*, the region's Long Range Plan / Sustainable Communities Strategy (SCS), by directing investments to the region's priority development areas, rewarding housing production, and providing a larger and more flexible funding program to deliver transportation projects. Owing to the successful outcomes of this program, outlined in the "One Bay Area Grant Report Card" presented to the MTC Planning Committee in February 2014, staff proposes a continuation of the major features of the program for five years (FY 2017-18 through FY 2021-22). Notable recommended changes include the following:

- Compared to OBAG 1, OBAG 2 overall revenues drop 3% from \$827 million to \$796 million due to federal budgetary constraints. Consequently staff recommends no new programs, to strike a balance between the various transportation needs that were funded in OBAG 1. Reductions are borne equally by the regional and county programs, and the funding split between the regional and county programs remains the same as in OBAG 1.
- The OBAG 2 county distribution formula is proposed to be revised slightly to further weight past housing production against future RHNA housing commitments, with affordable housing shares within each of these categories increased by 10%. The proposed formula is: Population 50%; Housing Production 30%; and Housing RHNA 20%, with housing affordability at 60%. The formula under OBAG 1 was: 50%, 25%, 25% and 50% respectively. Further, OBAG 2 is based on housing data over a longer time frame, including data from two RHNA cycles (1999-2006, and 2007-2015), to smooth out the dramatic effects of the Great Recession on housing construction.
- The complete streets requirement for jurisdictions as a condition of funding is proposed to be revised. Those jurisdictions that have not updated their circulation element after 2010 to meet the State's Complete Streets Act requirements will need to adopt a complete streets resolution per the MTC model used for OBAG 1, if they have not already done so.

The attached memorandum and presentation contain additional information. Staff seeks the Committee's feedback on the proposed framework.

**Issues:** None

**Recommendation:** Information Item.

**Attachments:** Memorandum including attachments  
Stakeholder Letter regarding increased Priority Conservation Area funding  
Power Point Presentation



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## *Memorandum*

TO: Programming and Allocations Committee

DATE: July 8, 2015

FR: Executive Director

RE: One Bay Area Grant Program Cycle 2 Proposal

### **Background**

The inaugural One Bay Area Grant Program (OBAG 1) was approved by the Commission in May 2012 (MTC Resolution No. 4035) to better integrate the region's discretionary federal highway funding program with California's climate statutes and the Sustainable Communities Strategy (SCS). OBAG supports *Plan Bay Area*, the region's SCS by incorporating the following program features:

- Targeting project investments into the region's Priority Development Areas (PDA)
- Rewarding jurisdictions that accept housing allocations through the Regional Housing Need Allocation (RHNA) process and subsequently permit such housing
- Supporting open space preservation in Priority Conservation Areas (PCA)
- Providing a larger and more flexible funding pot to the county-level Congestion Management Agencies (CMAs) to deliver transportation projects in categories such as transportation for livable communities, bicycle and pedestrian improvements, local streets and roads preservation, and planning activities, while also providing specific funding opportunities for Safe Routes to School (SRTS).

The successful outcomes of this program are outlined in the "One Bay Area Grant Report Card", which was presented to the MTC Planning Committee in February 2014 ([http://files.mtc.ca.gov/pdf/OBAG\\_Report\\_Card.pdf](http://files.mtc.ca.gov/pdf/OBAG_Report_Card.pdf)).

OBAG 1 projects are nearing completion and there are now two years remaining of the OBAG 1 cycle (FY 2012-13 through FY 2016-17); therefore, it is time to discuss the upcoming funding cycle (OBAG 2) with stakeholders and MTC commissioners. This will provide sufficient lead time for regional program managers and county Congestion Management Agencies (CMAs) to design programs and select projects to use funds in a timely manner within the OBAG 2 five-year period (FY 2017-18 through FY 2021-22).

### **Recommendations**

Considering the positive results achieved to-date in OBAG 1, staff recommends only minor revisions for OBAG 2. Listed below are principles that are guiding the proposed program revisions:

**1. Maintain Realistic Revenue Assumptions:**

OBAG 2 funding is based on anticipated future federal transportation program apportionments. In recent years, the Surface Transportation Program/Congestion Mitigation and Air Quality Improvement programs (STP/CMAQ) have not grown, and changes in the federal and state programs (such as elimination of the Transportation Enhancement (TE) program) have resulted in decreases that were not anticipated when OBAG 1 was developed. For OBAG 2, a 2 percent annual escalation rate above current federal revenues is assumed, consistent with the recent mark-up of the Developing a Reliable and Innovative Vision for the Economy (DRIVE) Act by the Senate Environment and Public Works Committee. Even with the 2 percent escalation, revenues for OBAG 2 are 3% less than revenues for OBAG 1, due to the projections of OBAG 1 being higher than actual revenues, and the fact that OBAG 1 included Transportation Enhancement (TE) funds which are no longer available to be included in OBAG 2.

**2. Support Existing Programs and maintain Regional Commitments as Recognizing Revenue Constraints:**

The OBAG Program as a whole is expected to face declining revenues from \$827 million in OBAG 1 to \$796 million in OBAG 2. Therefore, staff recommends no new programs and to strike a balance among the various transportation needs that were supported in OBAG 1.

- The regional pot of funding decreases by 3%. With the exception of regional planning activities (to account for escalation) and the Priority Conservation Area (PCA) program, funding programs are either maintained or decreased from their OBAG 1 funding levels.
- The OBAG 2 county program decreases by 3% with largely the same planning and project type activities proposed to be eligible.

The proposed OBAG 2 funding levels for the regional and county programs are presented in Table 1 below. See Attachment 1 for more details on these programs and a comparison with the OBAG 1 fund cycle.

**Table 1. Proposed OBAG 2 Funding**

| OBAG 2 Programs                                 | OBAG 2<br>Proposed Funding<br>(million \$,<br>rounded) |
|---|--|
| <b>Regional Planning Activities</b>             | \$10   |
| <b>Pavement Management Program</b>              | \$9  |
| <b>Regional PDA Planning and Implementation</b> | \$20   |
| <b>Climate Initiatives</b>                      | \$22   |
| <b>Priority Conservation Area Program</b>       | \$16   |
| <b>Regional Operations Programs</b>             | \$173  |
| <b>Transit Priorities Program</b>               | \$192  |
| <b>County CMA Program</b>                       | \$354  |
| <b>OBAG 2 Total</b>                             | <b>\$796</b>   |

**3. Support the Plan Bay Area’s Sustainable Communities Strategy by Linking OBAG Funding to Regional Housing Needs Allocation (RHNA), Housing Production, Affordable Housing, and Smart Growth Goals:**

A few changes to policies are proposed for OBAG 2, which have worked well in OBAG 1. (See also Attachment 2)

- PDA Investment targets stay at OBAG 1 levels: 50% for the four North Bay counties and 70% for the remaining counties.

- PDA Investment Growth Strategies, now fully completed, should play a stronger role in guiding the County CMA project selection and be aligned with the countywide plan update cycle.

**Table 2. OBAG Distribution Factors**

|                   | Population | Housing Production | Housing RHNA | Housing Affordability |
|-------------------|------------|--------------------|--------------|-----------------------|
| OBAG 1 (Current)  | 50%        | 25%                | 25%          | 50%                   |
| OBAG 2 (Proposed) | 50%        | 30%                | 20%          | 60%                   |

- The county OBAG 2 distribution formula is revised to further weight past housing production against future RHNA housing commitments, and affordable housing shares within each of these categories will be increased by 10% (see Table 2 above). Also the OBAG 2 county fund distribution formula is proposed to be based on housing over a longer time frame, considering housing production between 1999 and 2006 (weighted 30%) and between 2007 and 2014 (weighted 70 percent) in order to mitigate the effect of the recent recession and major swings in housing permit approvals (see Table 4 on next page). Lastly, the recommended OBAG 2 fund distribution includes adjustments to ensure that a CMA’s base planning is no more than 50% of the county’s total. The resulting fund distributions to the county congestion management agencies are presented in Table 3 below.

**Table 3. Comparison of Funding Distributions of OBAG 1 and Proposed OBAG 2**

| County        | OBAG 1 Actual (\$millions) |               | OBAG 2 Base Formula (\$millions) |               | OBAG 2 Proposed with Adjustments* (\$millions) |               |
|---------------|----------------------------|---------------|----------------------------------|---------------|--|---------------|
| Alameda       | \$73.4                     | 19.7%         | \$64.5                           | 20.8%         | \$71.5   | 20.2%         |
| Contra Costa  | \$52.9                     | 14.3%         | \$42.8                           | 13.1%         | \$48.1   | 13.6%         |
| Marin         | \$12.3                     | 3.3%          | \$8.3                            | 2.5%          | \$10.0   | 2.8%          |
| Napa          | \$8.7                      | 2.3%          | \$4.7                            | 1.4%          | \$7.6  | 2.2%          |
| SF            | \$43.5                     | 11.7%         | \$43.3                           | 14.4%         | \$45.2   | 12.7%         |
| San Mateo     | \$31.2                     | 8.3%          | \$26.7                           | 8.6%          | \$30.0   | 8.5%          |
| Santa Clara   | \$101.4                    | 27.4%         | \$89.9                           | 28.7%         | \$98.4   | 27.8%         |
| Solano        | \$22.1                     | 5.9%          | \$15.5                           | 4.6%          | \$18.4   | 5.2%          |
| Sonoma        | \$26.9                     | 7.2%          | \$20.3                           | 5.9%          | \$25.2   | 7.1%          |
| <b>Totals</b> | <b>\$372.4</b>             | <b>100.0%</b> | <b>\$316.0</b>                   | <b>100.0%</b> | <b>\$354.2</b>                                 | <b>100.0%</b> |

\*Final Adjustments to program include

- Final CMA distribution adjusted so that a CMA’s base planning is no more than 50% of total.
- Safe Routes to Schools no longer a stand-alone regional program but now incorporated in the county share.
- Rural road allowance to all counties per statute with the exception of San Francisco which has no such roads.

Note that the changes to county shares in OBAG 2 compared to OBAG 1 are largely due to changes in housing production between the 1999-2006 period used in OBAG 1 and 2007-2014 added used in OBAG 2, as shown below. Population and RHNA factors only had slight changes.



**Table 4. Housing Production Trends**

| County        | Total Housing Production <sup>1</sup> |               |               |               |
|---------------|---------------------------------------|---------------|---------------|---------------|
|               | 1999-2006                             |               | 2007-2014     |               |
| Alameda       | 31,356                                | 17.2%         | 17,528        | 16.3%         |
| Contra Costa  | 32,319                                | 17.7%         | 15,031        | 14.0%         |
| Marin         | 4,951                                 | 2.7%          | 1,387         | 1.3%          |
| Napa          | 4,233                                 | 2.3%          | 1,330         | 1.2%          |
| San Francisco | 17,439                                | 9.6%          | 16,449        | 15.3%         |
| San Mateo     | 9,286                                 | 5.1%          | 6,541         | 6.1%          |
| Santa Clara   | 48,893                                | 26.8%         | 39,509        | 36.8%         |
| Solano        | 15,435                                | 8.5%          | 4,482         | 4.2%          |
| Sonoma        | 18,209                                | 10.0%         | 5,242         | 4.9%          |
| <b>Totals</b> | <b>18,2121</b>                        | <b>100.0%</b> | <b>17,499</b> | <b>100.0%</b> |

<sup>1</sup>OBAG 1 Total housing production numbers are based on the number of permits issued from 1999-2006, but the numbers have been capped to RHNA allocations.

OBAG 2 Total housing production numbers are based on the number of permits issued over a longer period from 1999-2006 (weighted 30%) and from 2007-2014 (weighted 70%) and have not been capped to RHNA allocations.

**4. Continue Flexibility and Local Transportation Investment Decision Making:**

OBAG 2 continues to provide the discretion and the same base share of the funding pot (40%) to the CMAs for local decision-making. Also, two regional programs, Safe Routes to Schools and the Federal-Aid Secondary (rural roads) programs, have been consolidated into the county program with funding targets to ensure that these programs continue to be funded at specified levels.

**5. Cultivate Linkages with Local Land-Use Planning:** As a condition to access funds, local jurisdictions need to continue to align their general plans' housing and complete streets policies as part of OBAG 2 and as separately required by state law. Those jurisdictions that have not updated their general plan circulation element after 2010 to meet the State's Complete Streets Act (2008) requirements will need to adopt a complete streets resolution per the MTC model used for OBAG 1, if they have not already done so. (See Attachment 2.)

**6. Continue Transparency and Outreach to the Public Through-out the Project Selection Process:** CMAs will continue to report on their outreach process as part of their solicitation and selection of projects for OBAG. Each CMA will develop a memorandum addressing outreach, coordination and Title VI civil rights compliance.

### **Outreach and OBAG 2 Development Schedule**

MTC staff to date has made presentations to the Policy Advisory Council, the Partnership Technical Advisory Committee and associated working groups. Comments are summarized in Appendix 1, and revisions have been made to the proposal before you as a result of stakeholder feedback. After MTC staff receives additional direction from the Programming and Allocation Committee on the OBAG 2 framework, staff will return to these groups to provide outreach and to work with stakeholders to discuss any remaining issues as well as finalize OBAG 2 programming policies and procedures for program implementation. The final OBAG 2 Program is anticipated to be presented to the Commission in October for adoption, which will subsequently kick off the CMAs' project solicitation process. (See Attachment 3 for full schedule.)

### **Other Noted Program Revisions**

**Regional Safe Routes to School (SRTS) Program:** In December 2014, the Committee approved adding a fifth-year (FY 2016-17) to OBAG 1 in order to address program shortfalls due to lower than expected apportionments. After closing those shortfalls, the balance was directed to continue time critical operations and planning programs at lower levels than prior years. A number of committee members expressed interest in restoring funding up to the SRTS annual funding level of \$5 million. Staff has identified cost savings from prior cycles of federal funding, and is seeking consensus from the Committee to increase FY2016-17 SRTS funding from \$2.7 million to \$5.0 million. Staff will bring back the programming action to the Commission this fall. For OBAG 2, recommended funding levels for the program are \$5 million per year (\$25 million total).

**Available OBAG 1 Funding from Bikeshare Program:** With the transition of the Bikeshare program to a public-private partnership model, \$6.4 million in OBAG 1 funds that were programmed to Bikeshare are now available for reprogramming. Staff proposes to augment the PCA program, providing an additional \$3.2 million each to the North Bay and Regional programs. The revised PCA program total of \$16 million is 60% higher than OBAG 1 funding levels – the only category proposed for such significant growth in OBAG 2.

Staff seeks feedback on this proposed use of the savings, and would return to the Commission in the fall for approval to program the funds. MTC staff is looking forward to discussing the next cycle of OBAG with the Committee.

  
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Steve Heminger

Attachments

SH: CG

| OBAG 2 Program Considerations  |              | OBAG 1       | OBAG 2     |
|--|--------------|--------------|------------|
| Regional Programs – REDUCE by 3%   |              |              | (millions) |
| <b>1. Regional Planning Activities</b>   |              |              |            |
| <ul style="list-style-type: none"> <li>Continue regional planning activities for ABAG, BCDC and MTC with 2.0% annual escalation from final year of OBAG 1</li> </ul>   | \$8          | \$10         |            |
| <b>2. Pavement Management Program</b>  |              |              |            |
| <ul style="list-style-type: none"> <li>Maintain PMP implementation and PTAP at OBAG 1 funding level</li> </ul>   | \$9          | \$9          |            |
| <b>3. PDA Planning and Implementation</b>  |              |              |            |
| <ul style="list-style-type: none"> <li>Maintain Regional PDA/TOD Planning and Implementation at OBAG 1 levels</li> </ul>   | \$20         | \$20         |            |
| <b>4. Climate Initiatives Program</b>  |              |              |            |
| Continue climate initiatives program to implement the SCS  | \$22         | \$22         |            |
| <b>5. Priority Conservation Area (PCA)</b>   |              |              |            |
| <ul style="list-style-type: none"> <li>Increase OBAG 1 Programs: \$8M North Bay &amp; \$8M Regional Program for the five southern counties and managed with the State Coastal Conservancy</li> <li>\$6.4M redirected from OBAG 1 regional bicycle sharing savings.</li> <li>Reduce match requirement from 3:1 to 2:1.</li> <li>MTC funding to be federal funds. Support State Coastal Conservancy to use Cap and Trade and other funds as potential fund source for federally ineligible projects.</li> </ul>  | \$10         | \$16         |            |
| <b>6. Regional Operations</b>  |              |              |            |
| <ul style="list-style-type: none"> <li>Freeway Performance Initiatives, Incident Management, Transportation Management System, 511, Rideshare</li> <li>Focus on partnerships for implementation, key corridor investments, and challenge grant to leverage funding</li> </ul>  | \$184        | \$173        |            |
| <b>7. Transit Priorities Program</b>   |              |              |            |
| <ul style="list-style-type: none"> <li>BART Car Phase 1</li> <li>Clipper Next Generation System</li> <li>Transit Capital Priorities (TCP), Transit Performance Initiatives (TPI)</li> </ul>  | \$201        | \$192        |            |
|  | \$454        | \$442        |            |
| <b>Local Programs</b>  |              |              |            |
| ❖ <b>Local PDA Planning</b>  |              |              |            |
| Eliminate Local PDA Planning as a separate program.  |              |              |            |
| <ul style="list-style-type: none"> <li>PDA planning eligible under County program.</li> </ul>  | \$20         | -            |            |
| ❖ <b>Safe Routes to School (SRTS)</b>  |              |              |            |
| Managed by CMAs. Provide Safe Routes To School grants to local jurisdictions.  |              |              |            |
| <ul style="list-style-type: none"> <li>Maintain Safe Routes to School – Add to county shares.</li> <li>Use FY 2013-14 K-12 school enrollment formula</li> <li>\$25M minimum not subject to PDA investment requirements.</li> <li>Counties may opt out if they have their own county SRTS program</li> </ul>  | \$25         | -            |            |
| ❖ <b>County Federal-Aid Secondary (FAS)</b>  |              |              |            |
| Managed by CMAs. Provide FAS funding to Counties.  |              |              |            |
| <ul style="list-style-type: none"> <li>Fully fund county FAS requirement (\$2.5 M per year). Funding not included in OBAG 1 because FAS requirement had been previously satisfied.</li> <li>\$13M guaranteed minimum not subject to PDA investment requirements</li> </ul>   | -            | -            |            |
|  | \$45         | -            |            |
| <b>County CMA Programs – REDUCE by 3%</b>  |              |              |            |
| ❖ <b>County CMA Program</b>  |              |              |            |
| <ul style="list-style-type: none"> <li>Local PDA Planning optional through CMA County OBAG Program</li> <li>SRTS included in County OBAG program (use K-12 school enrollment formula)</li> <li>FAS included in County OBAG program (use FAS formula)</li> <li>Adjustment to ensure county planning is no more than 50% of total amount</li> <li>CMA Planning Base with 2.0% annual escalation from final year of OBAG 1</li> <li>County CMA 40% base OBAG program (not including CMA Planning Base)</li> </ul> | -            | -            |            |
|  | -            | \$25         |            |
|  | -            | \$13         |            |
|  | -            | \$1          |            |
|  | \$36         | \$39         |            |
|  | \$291        | \$276        |            |
|  | \$327        | \$354        |            |
| <b>Program Total</b>   | <b>\$827</b> | <b>\$796</b> |            |

**OBAG 2 County Program Considerations**

❖ **County Generation Formula**

- Continue existing PDA investment targets of 50% for North Bay counties and 70% for all others.
- Adjust county generation formula. Maintain population weighting factor while increasing housing production weighting factor, with housing affordability (very low and low) increased in weighting within both the Housing Production and RHNA.
- Consider housing production over a longer time frame, between 1999 & 2006 (weighted 30%) and between 2007 and 2014 (weighted 70 percent).

**OBAG Distribution Factors**

|                   | Population | Housing Production | Housing RHNA | Housing Affordability |
|-------------------|------------|--------------------|--------------|-----------------------|
| OBAG 1 (Current)  | 50%        | 25%                | 25%          | 50%                   |
| OBAG 2 (Proposed) | 50%        | 30%                | 20%          | 60%                   |

❖ **Housing Element**

- HCD Certified Housing element by May 31, 2015

❖ **General Plan Complete Streets Act Update Requirements**

- For OBAG 1, jurisdictions required to have either a complete streets policy resolution **or** a general plan that complied with the complete streets act of 2008 as January 31, 2013.
- For OBAG 2 jurisdictions are currently required to have the general plan circulation element comply with the Complete Streets Act of 2008 prior to January 31, 2016.

For OBAG 2, modify the requirement for funding:

- Resolution **or** Plan (somewhat similar to OBAG 1): Jurisdictions must have either a complete street policy resolution **or** a circulation element of the general plan updated after 2010 that complies with the Complete Streets Act. This modified approach focuses on the local complete streets resolution while acknowledging the jurisdictions that have moved forward with an updated circulation element in good faith of OBAG 2 requirements.

❖ **PDA Investment and Growth Strategy**

- Currently OBAG requires an annual update of the PDA investment and growth strategy. For OBAG 2, require an update every four years with an interim status report after two years. The update would be coordinated with the countywide plan updates to inform RTP development decisions. The interim report addresses needed revisions and provides an activity and progress status.

❖ **Public Participation**

- Continue using the CMA self-certification approach and alter documentation submittal requirements to require CMA memorandum encompassing three areas: outreach, coordination and Title VI.

| <b>OBAG 2 Tentative Development Schedule</b>  |   |
|---|---|
| <b>May-June 2015</b>  |   |
| <ul style="list-style-type: none"> <li>• <b>Outreach</b> <ul style="list-style-type: none"> <li>• Refine proposal with Bay Area Partnership and interested stakeholders</li> <li>• Policy Advisory Council / ABAG</li> </ul> </li> </ul>  |   |
| <b>July 2015</b>  |   |
| <ul style="list-style-type: none"> <li>• <b>Present Approach to Programming and Allocation Committee (PAC)</b> <ul style="list-style-type: none"> <li>• Outline principles and programs for OBAG 2</li> <li>• Approve complete streets requirement</li> </ul> </li> </ul>                             |   |
| <b>July-September 2015</b>  |   |
| <ul style="list-style-type: none"> <li>• <b>Outreach</b> <ul style="list-style-type: none"> <li>• Finalize guidance with Bay Area Partnership and interested stakeholders</li> <li>• Policy Advisory Council</li> </ul> </li> </ul>   |   |
| <b>October 2015</b>   |   |
| <ul style="list-style-type: none"> <li>• <b>Commission Approval of OBAG 2 Procedures</b> <ul style="list-style-type: none"> <li>• October Programming &amp; Allocations Committee (PAC)</li> <li>• Commission approval of OBAG 2 procedures &amp; guidance</li> </ul> </li> </ul>                     |   |
| <b>December 2015 - September 2016</b>   |   |
| <ul style="list-style-type: none"> <li>• <b>CMA Call for Projects</b> <ul style="list-style-type: none"> <li>• CMAs develop county programs and issue call for projects</li> <li>• CMA project selection process</li> <li>• County OBAG 2 projects due to MTC (September 2016)</li> </ul> </li> </ul> |   |
| <b>December 2016</b>  |   |
| <ul style="list-style-type: none"> <li>• <b>Commission Approval of OBAG 2 Projects</b> <ul style="list-style-type: none"> <li>• Staff review of CMA project submittals</li> <li>• Commission approves regional programs &amp; county projects</li> </ul> </li> </ul>                                  | <p><b>NOTE:</b><br/>2017 TIP Update: December 2016</p>    |
| <b>February 2017</b>  |   |
| <ul style="list-style-type: none"> <li>• <b>Federal TIP</b> <ul style="list-style-type: none"> <li>• TIP amendment approval</li> </ul> </li> </ul>  |   |
| <b>October 2017</b>   |   |
| <ul style="list-style-type: none"> <li>• <b>First year of OBAG 2 (FY 2017-18)</b> <ul style="list-style-type: none"> <li>• On-going planning and non-infrastructure projects have access to funding</li> </ul> </li> </ul>  | <p><b>NOTE:</b><br/>Plan Bay Area Update: Summer 2017</p> |
| <b>October 2018</b>   |   |
| <ul style="list-style-type: none"> <li>• <b>Second year of OBAG 2 (FY 2018-19)</b> <ul style="list-style-type: none"> <li>• Capital projects have access to funding</li> </ul> </li> </ul>  |   |
| <b>END</b>  |   |