TOWN OF FAIRFAX
STAFF REPORT
October 5, 2016

TO: Mayor and Town Council

FROM: Garrett Toy, Town Manager GT

SUBJECT: Update on ABAG Plan Bay Area 2040 Draft Preferred Scenario

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RECOMMENDATION

Receive update on ABAG Plan Bay Area 2040 Draft Preferred Scenario and comment as appropriate.

DISCUSSION

At the September meeting of the Marin County Council of Mayors and Councilmembers (MCCMC), a request was made for Marin communities to review and comment on the Metropolitan Transportation Commission and Association of Bay Area Governments (MTC/ABAG) Plan Bay Area (PBA) 2040 Draft Preferred Scenario. The Draft Preferred Scenario builds upon the current Plan Bay Area adopted in 2013 and represents a projected pattern of household and employment growth in the Bay Area through 2040.

Attached is the report on ABAG from MCCMC, the report from ABAG on the Draft Preferred Scenario, and the MTC/ABAG report on the draft transportation investment strategy (selected pages). The PBA indicates that Fairfax would add a total of 150 households and 150 jobs over a 30-year period (2010-2040). That equates to an average increase of 5 households and 5 jobs per year. Staff does not believe this forecast warrants a comment. However, the request from MCCMC is for the Council to review regional impacts and the draft transportation investment strategy.

FISCAL IMPACT

None

ATTACHMENTS

1. MCCMC report
2. ABAG Draft Preferred Scenario
3. MTC/ABAG draft transportation investment strategy

AGENDA ITEM # 14

Report on ABAG to MCCMC

September 28, 2016

PLAN BAY AREA 2040:

The Plan Bay Area (PBA) 2040 DRAFT Preferred Scenario and Draft Transportation Investment Strategy are now ready for review and ABAG and MTC are seeking input from local jurisdictions and the public by October 14, 2016. I highly encourage all city/town schedule these items (including the draft household and jobs projections) on their Council agenda before the deadline. The Final Preferred Scenario is slated for adoption in November 2016 by ABAG and MTC. Following is a summary of both the Draft Sustainable Communities Strategy (SCS) and Draft Regional Transportation Plan (RTP).

Draft Land Use Scenario: The *Draft Preferred Scenario* builds upon the current PBA adopted in 2013 and represents a projected pattern of household and employment growth in the Bay Area through 2040. One of the major changes in this draft scenario includes a regional growth forecast for an additional 1.3 million jobs and 2.4 million people and therefore the need for approximately 820,000 housing units between 2010 and 2040. This represents an increase of 15 percent in the projected employment growth and a 25 percent increase in projected household growth, relative to the last PBA. Another major change is the use of UrbanSim output for the land use scenario. The Draft PBA proposes a distribution of the 2040 employment and household forecasts for each city/town and county developed using the UrbanSim model that incorporates zoning tools, the most recent PDA assessment, and household, business, and developer choice models. ABAG/MTC will be meeting with local planners to hear feedback on where and how the *Draft Preferred Scenario* allocates the region's growth. This dialogue will be informed by model output, as well as local economics, pipeline projects, proposed policies, local plans and current zoning. Even though, this update of Plan Bay Area does not include an updated Regional Housing Needs Allocation (RHNA), these projections will feed into the next RHNA methodology that will be approved in 2020 prior to the final allocation in the PBA update in 2021.

The Draft Land Use Scenario focuses development in Priority Development Areas (PDAs) that are identified by local jurisdictions and approved by ABAG; and, in Transportation Priority Areas (TPAs) that are close to public transit. The proposed scenario reduces the household growth in PDAs from 80% to 75%; and, the job growth from 70% to 50%.

Some of the assumptions included in the land use strategies as part of this Draft Preferred Scenario include the following:

a) Current urban growth boundaries are kept in place.
b) Inclusionary zoning to all cities with PDAs, meaning that these jurisdictions are assumed to allow below-market-rate or subsidized multi-family housing developments.
c) All for-profit housing developments are assumed to make at least 10 percent of the units available to low-income residents, in perpetuity (via deed restrictions).
d) In some cases, PDAs were assigned higher densities in the future than are currently allowed.
e) The cost of building in PDAs and/or Transit Priority Areas (TPAs) is assumed to be reduced by the easing of residential parking minimums and streamlining environmental clearance.
f) Subsidies are assumed to stimulate housing and commercial developments within PDAs.

Draft Transportation Investments: The Draft Transportation Strategy culminates from MTC staff's evaluation of major transportation projects, financial needs to operate and maintain the existing system, an evaluation of land use and transportation scenarios, as well as coordination with county congestion management agencies (CMAs), transit agencies and local jurisdictions. MTC staff presented the draft strategy at the Partnership Technical Advisory Committee and Partnership Board meetings in July and released draft project lists to CMAs and transit agencies in August. Staff seeks comments on the current proposal, draft project lists and funding assumptions, and funding categories.

The draft investment strategy for PBA 2040 recognizes the total transportation need totals $426 billion and largely continues the overall priorities from the previous plan - an emphasis on "fix it first," supporting focused growth, and

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protecting our climate. It includes: 1) Funding existing transit operations is the largest single investment for the region over the next 24 years. Through a combination of local, federal, state and regional resources, the region estimates future funding investments of $122 billion (roughly $5 billion per year) on transit operations, a 25% increase over Plan Bay Area 2013. Unfortunately, due to the high cost of providing transit service in our region that 25% increase in cost only buys a 7 .5% increase in vehicle hours of service. 2) Transit capital maintenance and local streets and roads maintenance are the two next largest investments, and the draft strategy invests $31 billion on improving the condition of vehicles and other fixed-guideway infrastructure as well as $24 billion on replacing and maintaining the pavement condition of the region's local streets and roads.

Summary: I highly encourage elected officials to pay particular attention to the proposed household and job growth projections for the region (e.g. proposed revised distribution in PDAs, TPAs and elsewhere) **and** your local jurisdiction; the PBA assumptions; and, proposed transportation investments.

ABAG EXECUTIVE DIRECTOR: As you may have heard, Ezra Rapport will be retiring effective September 30, 2016. As the ABAG Executive Director since 2010, Ezra was responsible for many accomplishments including developing a solid regional planning framework for the Bay Area's future growth in housing, jobs, and population; overseeing the enterprise units working on energy efficiency, clean water supply, disaster resilience, risk management, local finance, trail management, open space, economic development, climate adaptation, infrastructure expansion, and many other important subjects. Brad Paul, ABAG Deputy Executive Director will be assuming the management responsibilities of ABAG's Executive Director.

ABAG MTC MERGER IMPLEMENTATION ACTION PLAN: Since the adoption of Option 7 by both ABAG and MTC, the executive teams have met to 1) go over the roles and responsibilities outlined in the Implementation Action Plan (IAP) and 2) discuss the coordination of the due diligence. During the due diligence process ABAG and MTC staff have worked together to identify business processes, current financial numbers, and the legal structure of ABAG and all our entities – this will lay the foundation for ABAG's contract for services with MTC. The contract for services will be the governing document on how ABAG and MTC successfully work together to ensure ABAG's mission is met with its members, grantors, partners, and ABAG entities. The contract must be agreed to before the staff consolidation can occur. Additionally, ABAG's Employee Relations Group has met twice with MTC's management and Committee for Staff Representation (CSR) to provide input into the analysis needed to structure the staff consolidation process.

A joint ABAG Administrative and MTC Planning Committee meeting is scheduled for October 28, 2016 to discuss results of the 'due diligence' review and the staff consolidation activities.

BAY AREA ECONOMIC DEVELOPMENT DISTRICT (EDD): ABAG Executive Board approved formation of a subcommittee to develop a Draft *Comprehensive Economic Development Strategy* (CEDS) which could lead us to establishing a regional EDD, as defined by the US Economic Development Administration, provided that five of the nine counties approve a regional EDD via their Board of Supervisors. The potential benefits include: a) jurisdictions and public/private organizations could compete for grants or other financial assistance from a variety of public (US Department of Labor, US Department of Agriculture, US Economic Development Administration, etc..) and private sources. b) Infrastructure funding for cities including increasing broadband capacity. c) Pre-disaster technical and funding assistance to implement resilience actions.

JOINT POWERS AGREEMENT BETWEEN ABAG AND SAN FRANCISCO BAY RESTORATION AUTHORITY: On September 15, 2016, the ABAG Executive Board authorized the ABAG Executive Director to negotiate and enter into a JPA and the Coastal Conservancy to provide staffing to the SF Bay Restoration Authority. As you know, on June 7, voters approved Measure AA placed on the ballot by the San Francisco Bay Restoration Authority to levy a $12 per year special tax on taxable parcels in the nine county Bay Area. The Authority will use this regional revenue –estimated to be $25 million per year -- to leverage Federal and State efforts to restore wetlands in San Francisco Bay with significant co-benefits for the region. The Governing Board of the Authority is comprised of local elected officials of cities, counties and park and open space districts that abut the San Francisco Bay.

<u>BAY DAY:</u> ABAG has requested that all cities and counties in the Bay Area pass proclamations recognizing October 1, 2016 and the first Saturday of October in future years as "Bay Day," in recognition of this valuable resource that defines our region. On Bay Day, dozens of cultural attractions, community organizations, small businesses, non-profits and parks all around the Bay Area will host special, Bay-themed programs so residents can explore, enjoy, & learn more about our Bay. For information & get the draft resolution visit: **http://abag.ca.gov/bayday/index.html**

<u>ABAG REGIONAL PLANNING COMMITTEE (RPC):</u> The RPC has formed 3 subcommittees to examine issues of importance to the region: Infrastructure, Economic Development, and Housing.

1. <u>The Infrastructure Subcommittee</u> will focus on water and resilience activities.
2. <u>The Economic Development Subcommittee</u> will focus on the development of the Draft *Comprehensive Economic Development Strategy* (CEDS) described above.
3. <u>The Housing Subcommittee</u> will develop a draft Regional Housing Plan of Action to identify solutions that could be instrumental in making progress toward substantial and lasting housing solutions including: a) formation of a regional housing trust fund; b) facilitating affordability through housing renovation; and c) facilitating best practices through research, education, convening, technical assistance and resource development. I am serving on this effort.

<u>UPCOMING MEETINGS:</u>

- **September 28, 2016 –** 9:30 am MTC meeting
- **October 5, 2016 –** 1:00 pm ABAG Regional Planning Committee
- **October 20, 2016 –** 7:00 pm ABAG Executive Board
- **October 26, 2016 –** 9:30 am MTC meeting
- **October 28, 2016 –** Joint ABAG Administrative and MTC Planning Committee meeting on ABAG/MTC Merger

Please direct questions to Pat Eklund, Mayor, City of Novato (phone: 415-883-9116; email: <u>peklund@novato.org</u> or <u>pateklund@comcast.net</u>)

DATE: August 30, 2016

RE: Plan Bay Area 2040 DRAFT Preferred Scenario

Dear Colleagues,

The *Plan Bay Area 2040 Draft Preferred Scenario* is now ready for review and MTC and ABAG are seeking the input of local jurisdictions to inform the development of the Final Preferred Scenario slated for adoption in November 2016. As outlined in the attached Introduction, the *Draft Preferred Scenario* builds upon the current Plan Bay Area adopted in 2013 and represents a projected pattern of household and employment growth in the Bay Area through 2040. Combined with the corresponding transportation investment scenario and incorporating additional refinements based, in part, upon local jurisdictional feedback it will form the core of Plan Bay Area 2040 slated for final adoption in Summer, 2017.

For many local communities, the distribution of 2040 employment and household forecasts may be viewed as the most important output of this effort. This draft information is included in Attachment A to the introduction, organized by local jurisdiction and split into PDA and jurisdiction totals. We understand that some adjustments may be necessary as we continue to refine the *Draft Preferred Scenario's* assumptions. Regional Agency Staff are currently working with county-level Planning Director organizations and Congestion Management Agencies to schedule staff-level presentations of the *Plan Bay Area 2040 Draft Preferred Scenario* in each county. Information on the date/time and location of these meetings is available here: http://planbayarea.org/misc/county-planning-directors-meetings.html.

Regional agency staff will also be available during the month of September to meet with local planners from individual jurisdictions at the Bay Area Metro Center in San Francisco, via teleconference, or onsite with local jurisdictions to hear feedback as to where and how the *Draft Preferred Scenario* allocates the region's growth. This dialogue will be informed by model output, as well as local economics, pipeline projects, proposed policies, local plans and current zoning. Requests for jurisdictional meetings should be directed to Megan Espiritu, mespiritu@mtc.ca.gov. Any written comments on the *Draft Preferred Scenario* should be submitted no later than October 14, 2016. In response to this upcoming cycle of feedback, MTC and ABAG will make adjustments as appropriate during the month of September and October, with the goal of the MTC Commission and ABAG Executive Board adopting the Final Preferred Scenario on November 17, 2016.

Please do not hesitate to contact Ken Kirkey kkirkey@mtc.ca.gov or Miriam Chion miriamc@abag.ca.gov with any questions or comments. We greatly appreciate your involvement and input in the development of Plan Bay Area 2040.

Best Regards,

Ezra Rapport

ATTACHMENT 2

Steve Heminger
MTC, Executive Director

Ezra Rapport
ABAG, Executive Director

Introduction to the Draft Preferred Scenario for Plan Bay Area 2040

Welcome to *Plan Bay Area 2040's Draft Preferred Scenario.* This vision for the nine-county San Francisco Bay Area builds on the groundbreaking *Plan Bay Area,* adopted by the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) in 2013 after extensive analysis and outreach. Plan Bay Area 2040 continues to be guided by Senate Bill 375, requiring California's metropolitan areas to adopt an integrated long range regional transportation plan (RTP) and sustainable communities strategy (SCS) — a roadmap to reduce per-capita greenhouse gas emissions and house the region's population at all income levels.

Plan Bay Area 2040's *Draft Preferred Scenario* largely reflects the foundation established by its predecessor. The Plan creates a blueprint for providing sufficient housing for current residents and newcomers alike, at all income levels. It focuses development toward Priority Development Areas (PDAs) — neighborhoods that are close to public transit and identified by local jurisdictions as being appropriate for smart, compact development. Lastly, it confines growth to established communities, and protects the Bay Area's legacy of vast and varied open spaces.

What is the Draft Preferred Scenario?

The Draft Preferred Scenario represents a projected regional pattern of household and employment growth in 2040. Together with the corresponding transportation investment strategy, it forms the core of Plan Bay Area 2040. The Preferred Scenario and transportation investment strategy are evaluated against a set of regionally-adopted performance targets to measure how well the Plan addresses regional goals including climate protection, transportation system effectiveness, economic vitality, and equitable access. Only two targets are mandatory for the region to achieve under Senate Bill 375 – Climate Protection and Adequate Housing. The remaining 11 targets are voluntary, but provide a useful reference point for policymakers and the public to consider.

For many local jurisdictions, the distribution of 2040 employment and household forecasts may be viewed as the most important output of this effort. This draft information is included in Attachment A, organized by local jurisdiction, and split into PDA totals. These numbers stem from distributing ABAG's economic and demographic forecasts through use of an advanced regional land use model. The land use model, UrbanSim, went through an iterative set of adjustments in response to expert reviews, public input, and dialogue with local officials. ABAG regional planners developed a set of targets informed by local dialogue against which the model output could be evaluated.

Simply put, the most fundamental challenge faced by MTC and ABAG when developing these forecasts is to create a Plan that supports local plans while accommodating the region's total forecasted growth and meeting the state mandated sustainability goals. Thus, the Draft Preferred Scenario must assess potential opportunities for new housing and jobs while reflecting local aspirations and numerous local, regional, and state public policy decisions that affect growth and protect our natural areas.

The Draft Preferred Scenario does not mandate any changes to local zoning rules, general plans or processes for reviewing projects, nor is it an enforceable direct or indirect cap on development locations or targets in the region. As is the case across California, the Bay Area's cities, towns and counties maintain control of all decisions to adopt plans and permit or deny development projects. Plan Bay Area 2040 also does not establish new state-mandated Regional Housing Needs Allocation (RHNA) numbers for each jurisdiction. RHNA operates on an eight-year cycle, with the next iteration not due until the 2021 RTP/SCS. Because RHNA numbers are not at stake this cycle, this update to the region's long-range plan has been characterized as **limited and focused**.

What's new and different?

The Bay Area economy has exploded over the past four years, attracting thousands of new people and jobs. Regional growth forecasts have been revised upward as a result. ABAG forecasts an additional 1.3 million jobs and 2.4 million people and therefore the need for approximately 820,000 housing units between 2010 and 2040. This represents an increase of 15 percent in the projected employment growth and a 25 percent increase in projected household growth, relative to the last Plan.

The economic surge has been both a blessing and a challenge, offering employment opportunities unseen since the Bay Area's dot-com boom, while also clogging freeways and public transit, and triggering an unprecedented housing squeeze, particularly for lower and moderate income workers, many of whom have been displaced or are at risk for displacement. Moving forward, some cities will welcome new residents and housing with open arms, seeing the opportunity to revitalize depressed areas, or to make better use of prime land around transit nodes. For other communities, accommodating future growth may be an acute challenge, practically and/or politically. The Draft Preferred Scenario recognizes the diversity of the region's communities, and that there is no "one size fits all" in terms of the type of future development desired by our residents.

To address the challenges of planning for an increasingly complex region, MTC and ABAG have continued to evolve technical methods for creating regional scenarios. UrbanSim incorporates current zoning for 2 million individual land parcels across the Bay Area, as well as available information about current regional and local economic and real estate market trends. UrbanSim is an ambitious project which compiles a large amount of data at a very detailed geographic resolution. The detailed level of UrbanSim output is used for the analysis of performance measures.

UrbanSim builds upon the methodology used by the Agencies in the prior Plan. The prior methodology combined a land use allocation process based on observed historic growth patterns with jurisdictional expectations described in local plans. This time, UrbanSim also incorporates zoning tools, the most recent PDA assessment, and household, business, and developer choice models. The agencies ran the model hundreds of times, testing the effects that different regional strategies could have on affecting the distribution of housing and employment growth. The output was measured against a set of growth targets put together by ABAG regional planners working with planners from local jurisdictions. Overall, the growth allocation results of the UrbanSim model align fairly closely with these growth targets at a summary level as well as for most localities, though, there are substantial differences for some individual localities. The extent of the differences between local plans and the UrbanSim output is a discussion for the agencies, regional stakeholders, and individual jurisdictions.

The *Draft Preferred Scenario* accommodates 100 percent of the needed housing units, and offers a rationale that these units can be built given future market conditions and existing or expected policies to support focused growth at the local, regional or state level.

How did we get here?

In May 2016, MTC and ABAG released three alternative land use and transportation scenarios illustrating the effects that different housing, land use, and transportation strategies would have on the adopted goals and performance targets. The three scenarios represented a progression of plausible regional futures, from more intense housing and employment growth in the urban core — called the "Big Cities Scenario"; to more evenly apportioned development among PDAs in medium-sized cities with access to rail services — labeled the "Connected Neighborhoods Scenario"; to a more dispersed development pattern, with more relative growth occurring outside of PDAs — known as the "Main Streets Scenario."

The release of the scenarios initiated a public process in May and June 2016 to garner input from the public, stakeholders, community groups, and local officials, via public open houses in each county, an online comment forum as well as an online interactive quiz (the "Build a Better Bay Area" website). By July, MTC and ABAG had received comments from more than 1,100 residents. During this time period, the agencies received direct feedback from the local jurisdictions on the scenarios.

Additionally, the results of a 2015 PDA Assessment have also directly informed our confidence in the Draft Preferred Scenario. This assessment examined 65 of the nearly 200 locally identified PDAs. The analysis evaluated the likelihood of housing actually being built in each PDA, by examining local planning and permitting processes; community support for development; market forces, including the attractiveness of the area to investors, developers and builders; the capacity of water and sewer systems and other infrastructure; and the availability of financing. The PDA Assessment was a reality check. It found that under existing conditions — meaning with current zoning laws, policies and market conditions — only about 70 percent of housing allocated to PDAs in *Plan Bay Area 2013* would get built with these results being boosted to nearly 90 percent with a range of fairly aggressive policy and investment strategies. The results of the *Draft Preferred Scenario* align with the results of the PDA Assessment, providing added confidence in the regional forecast's consideration of both market conditions and local policy.

Strategies included in the Preferred Scenario

Beyond built-in assumptions on local planning and market conditions, the Draft Preferred Scenario also works to incorporate a number of regional land use strategies, which can affect land use patterns by changing a community's capacity for new development or incentivizing a particular type or location of growth. This combination of strategies is necessary to create a *Draft Preferred Scenario* that can achieve or move toward the region's adopted targets.

The land use strategies incorporated in the Draft Preferred Scenario include the following:

- Current urban growth boundaries are kept in place.
- Inclusionary zoning was applied to all cities with PDAs, meaning that these jurisdictions are assumed to allow below-market-rate or subsidized multi-family housing developments.

- All for-profit housing developments are assumed to make at least 10 percent of the units available to low-income residents, in perpetuity (via deed restrictions).
- In some cases, PDAs were assigned higher densities in the future than are currently allowed.
- The cost of building in PDAs and/or Transit Priority Areas (TPAs) is assumed to be reduced by the easing of residential parking minimums and streamlining environmental clearance.
- Subsidies are assumed to stimulate housing and commercial developments within PDAs.

These measures are not prescriptive— again, there are many potential public policy options that could help the region attain its adopted targets. Rather, these strategies should be considered as illustrations of what it would take to keep the Bay Area an economically vibrant, diverse and sustainable region in the year 2040.

Moving Forward

Although the levels of new housing and jobs may appear daunting, the challenge becomes much more achievable when viewed through the long-range lens of a 25-year plan. For instance, a medium-sized city of 50,000 residents slated to absorb 1,000 more new housing units by 2040 than previously anticipated would in actuality need to only add 40 units a year to meet the target. That yearly figure could be reached by adding two 10-unit apartment buildings (or one 20-unit building) per year, and creating another 20 accessory dwelling units associated with single-family homes each year. In other words, in nearly all cases, jurisdictions should be able to absorb their housing allotments while fully retaining the character of their communities.

It is important to keep in mind that the process of refining the Bay Area's ideal development pattern is nearly continuous to stay synced with the four-year mandated update cycles— we will revisit all the assumptions in the adopted Preferred Scenario as we launch the next update to Plan Bay Area. We learn more with each cycle, and are able to take those lessons and apply them to the forecasting and modeling as well as our public outreach methods for the next cycle.

Such assurances aside, regional planners and policymakers understand that some adjustments may be necessary as we continue to refine the *Draft Preferred Scenario's* assumptions. To this end, a careful balancing act regarding future growth patterns is as much an art as a science, and we look forward to working with local planners and policymakers, stakeholders and members of the public in the coming weeks to advance our mutual understanding of the development climate and capacity in various jurisdictions, and to refine and improve this *Draft Preferred Scenario*.

Attachment A: Distribution of 2040 Household and Employment Forecasts

County	Jurisdiction	Summary Level	Households 2010	Household Forecast 2040	Employment 2010	Employment Forecast 2040
Contra Costa	Antioch	**Total**	**32,400**	**41,900**	**20,200**	**25,400**
		PDA	1,400	5,200	2,050	2,300
	Brentwood	**Total**	**16,800**	**29,700**	**11,600**	**12,150**
	Clayton	Total	3,950	4,050	2,000	2,100
	Concord	**Total**	**45,000**	**66,000**	**54,200**	**95,200**
		PDA	4,000	22,200	10,200	41,400
	Danville	**Total**	**15,300**	**16,550**	**11,800**	**12,450**
		PDA	1,350	2,000	6,300	6,600
	El Cerrito	**Total**	**10,300**	**11,950**	**5,300**	**5,750**
		PDA	750	2,000	3,800	4,550
	Hercules	**Total**	**8,300**	**10,600**	**4,850**	**6,050**
		PDA	900	2,650	1,150	1,500
	Lafayette	**Total**	**9,200**	**10,750**	**9,050**	**9,650**
		PDA	1,700	2,700	6,650	7,250
	Martinez	**Total**	**14,250**	**15,450**	**20,800**	**26,200**
		PDA	700	850	6,800	9,650
	Moraga	**Total**	**5,600**	**5,750**	**4,500**	**5,800**
		PDA	30	40	1,400	1,650
	Oakley	**Total**	**10,600**	**16,700**	**3,350**	**6,050**
		PDA	800	6,400	1,550	4,050
	Orinda	**Total**	**6,500**	**7,050**	**4,850**	**5,150**
		PDA	250	550	2,650	2,800
	Pinole	**Total**	**6,550**	**7,300**	**6,850**	**9,000**
		PDA	350	950	5,250	6,950
	Pittsburg	**Total**	**19,400**	**27,400**	**11,800**	**16,400**
		PDA	5,150	8,900	4,600	6,100
	Pleasant Hill	**Total**	**13,500**	**14,000**	**16,300**	**19,600**
		PDA	850	950	5,750	7,100
	Richmond	**Total**	**36,700**	**56,500**	**30,800**	**63,500**
		PDA	8,600	22,300	13,400	37,000
	San Pablo	**Total**	**8,950**	**9,600**	**7,400**	**10,000**
		PDA	2,000	2,350	4,850	6,700
	San Ramon	**Total**	**24,400**	**31,100**	**47,900**	**46,100**
		PDA	200	5,800	25,650	22,400
	Walnut Creek	**Total**	**30,400**	**38,200**	**51,050**	**54,550**
		PDA	4,950	9,550	27,400	29,500
	Contra Costa County	**Total**	**57,800**	**70,700**	**0**	**0**
	Unincorporated	PDA	4,400	16,100	0	0
	County Total	**Total**	**375,900**	**491,200**	**360,200**	**472,700**
		PDA	38,300	111,500	138,200	209,400

County	Jurisdiction	Summary Level	Households 2010	Household Forecast 2040	Employment 2010	Employment Forecast 2040
Marin	Belvedere	**Total**	**900**	**1,000**	**300**	**300**
	Corte Madera	**Total**	**3,900**	**4,350**	**6,650**	**7,450**
	Fairfax	**Total**	**3,400**	**3,550**	**1,550**	**1,700**
	Larkspur	**Total**	**5,850**	**6,300**	**7,450**	**8,800**
	Mill Valley	**Total**	**5,900**	**8,150**	**6,000**	**6,600**
	Novato	**Total**	**20,150**	**21,350**	**26,400**	**29,500**
	Ross	**Total**	**800**	**900**	**350**	**400**
	San Anselmo	**Total**	**5,200**	**5,450**	**3,300**	**3,650**
	San Rafael	**Total**	**22,550**	**25,950**	**43,300**	**49,100**
		PDA	1,650	2,750	9,000	10,100
	Sausalito	**Total**	**4,150**	**4,500**	**5,200**	**5,800**
	Tiburon	**Total**	**3,600**	**3,850**	**2,850**	**2,900**
	Marin County Unincorporated	**Total**	**27,450**	**30,600**	**17,500**	**21,350**
		PDA	1,500	2,050	650	750
	County Total	**Total**	**103,900**	**115,900**	**120,800**	**137,600**
		PDA	3,150	4,800	9,650	10,850
Napa	American Canyon	**Total**	**5,400**	**7,000**	**5,450**	**8,150**
		PDA	400	1,500	1,350	1,700
	Calistoga	**Total**	**2,050**	**2,400**	**2,200**	**2,650**
	Napa	**Total**	**28,100**	**30,250**	**34,000**	**36,500**
		PDA	350	1,200	5,300	6,300
	St. Helena	**Total**	**2,400**	**3,000**	**5,700**	**5,650**
	Yountville	**Total**	**1,100**	**1,200**	**2,750**	**2,750**
	Napa County Unincorporated	**Total**	**10,200**	**11,850**	**20,550**	**23,250**
	County Total	**Total**	**49,200**	**55,700**	**70,700**	**79,000**
		PDA	800	2,700	6,600	8,050
San Francisco	San Francisco	**Total**	**347,100**	**475,500**	**576,900**	**887,800**
		PDA	184,000	302,300	473,800	765,000

County	Jurisdiction	Summary Level	Households 2010	Household Forecast 2040	Employment 2010	Employment Forecast 2040
San Mateo	Atherton	**Total**	**2,350**	**2,500**	**2,150**	**2,300**
	Belmont	**Total**	**8,800**	**9,600**	**7,900**	**10,000**
		PDA	2,500	2,850	3,500	4,450
	Brisbane	**Total**	**1,800**	**6,300**	**5,200**	**17,600**
		PDA	0	4,400	0	10,900
	Burlingame	**Total**	**12,250**	**13,800**	**28,000**	**38,300**
		PDA	6,950	8,300	11,500	15,700
	Colma	**Total**	**850**	**1,250**	**3,950**	**4,900**
		PDA	700	1,050	1,450	1,950
	Daly City	**Total**	**30,700**	**37,000**	**18,400**	**23,150**
		PDA	8,500	13,500	4,650	5,800
	East Palo Alto	**Total**	**6,950**	**9,950**	**5,100**	**7,000**
		PDA	800	2,200	950	1,750
	Foster City	**Total**	**11,900**	**14,250**	**15,800**	**21,800**
	Half Moon Bay	**Total**	**4,200**	**4,700**	**4,900**	**5,200**
	Hillsborough	**Total**	**3,750**	**3,950**	**2,100**	**2,300**
	Menlo Park	**Total**	**12,300**	**17,800**	**34,600**	**45,000**
		PDA	200	1,050	6,200	7,950
	Millbrae	**Total**	**7,950**	**11,000**	**5,900**	**12,900**
		PDA	600	3,350	2,800	9,100
	Pacifica	**Total**	**13,900**	**14,300**	**5,950**	**7,300**
	Portola Valley	**Total**	**1,700**	**1,750**	**2,700**	**3,000**
	Redwood City	**Total**	**27,800**	**36,000**	**59,200**	**85,000**
		PDA	600	6,700	20,700	27,600
	San Bruno	**Total**	**14,600**	**18,300**	**12,900**	**15,350**
		PDA	3,700	6,750	9,300	11,300
	San Carlos	**Total**	**13,200**	**13,700**	**16,300**	**21,700**
		PDA	50	100	1,200	1,650
	San Mateo	**Total**	**37,900**	**49,200**	**51,000**	**67,600**
		PDA	11,200	19,200	25,300	34,000
	South San Francisco	**Total**	**20,450**	**23,450**	**38,800**	**55,400**
		PDA	5,300	7,650	8,250	11,350
	Woodside	**Total**	**2,050**	**2,500**	**1,950**	**2,150**
	San Mateo County	**Total**	**21,400**	**24,500**	**20,600**	**27,500**
	Unincorporated	PDA	2,400	2,950	3,200	4,100
	County Total	**Total**	**256,900**	**315,800**	**343,300**	**475,300**
		PDA	43,500	80,100	99,000	147,600

County	Jurisdiction	Summary Level	Households 2010	Household Forecast 2040	Employment 2010	Employment Forecast 2040
Santa Clara	Campbell	**Total**	**16,550**	**18,950**	**25,200**	**31,800**
		PDA	600	1,650	5,250	6,950
	Cupertino	**Total**	**20,900**	**24,450**	**26,800**	**53,100**
		PDA	2,250	4,900	9,800	13,950
	Gilroy	**Total**	**14,000**	**19,600**	**17,850**	**20,800**
		PDA	1,400	3,350	4,500	5,300
	Los Altos	**Total**	**10,500**	**12,000**	**14,050**	**16,750**
		PDA	0	200	2,200	2,650
	Los Altos Hills	**Total**	**2,850**	**3,050**	**1,550**	**1,750**
	Los Gatos	**Total**	**11,900**	**12,400**	**19,000**	**21,250**
	Milpitas	**Total**	**19,000**	**30,800**	**42,000**	**56,400**
		PDA	800	8,800	5,700	9,900
	Monte Sereno	**Total**	**1,250**	**1,350**	**550**	**550**
	Morgan Hill	**Total**	**12,550**	**15,500**	**19,250**	**20,700**
		PDA	250	900	1,550	1,400
	Mountain View	**Total**	**31,800**	**58,500**	**48,500**	**69,600**
		PDA	5,800	29,300	25,200	39,000
	Palo Alto	**Total**	**26,550**	**29,150**	**102,000**	**123,200**
		PDA	500	950	3,850	4,800
	San Jose	**Total**	**297,700**	**440,600**	**387,700**	**502,600**
		PDA	67,200	201,700	229,200	299,400
	Santa Clara	**Total**	**42,100**	**54,900**	**102,900**	**189,100**
		PDA	300	6,200	10,200	13,100
	Saratoga	**Total**	**10,650**	**11,000**	**8,750**	**9,500**
	Sunnyvale	**Total**	**52,600**	**80,700**	**65,800**	**116,000**
		PDA	6,200	32,000	21,900	29,000
	Santa Clara County Unincorporated	**Total**	**26,100**	**33,600**	**29,500**	**36,500**
	County Total	**Total**	**597,100**	**846,600**	**911,500**	**1,269,700**
		PDA	85,300	289,800	319,200	425,500

County	Jurisdiction	Summary Level	Households 2010	Household Forecast 2040	Employment 2010	Employment Forecast 2040
Solano	Benicia	**Total**	**10,700**	**11,800**	**12,900**	**18,600**
		PDA	600	900	2,050	2,050
	Dixon	**Total**	**5,850**	**6,950**	**4,850**	**6,100**
		PDA	450	550	300	350
	Fairfield	**Total**	**34,200**	**38,700**	**43,100**	**51,600**
		PDA	2,300	5,000	6,450	7,100
	Rio Vista	**Total**	**3,700**	**10,400**	**2,350**	**2,450**
	Suisun City	**Total**	**9,000**	**9,650**	**2,500**	**3,000**
		PDA	1,100	1,550	1,100	1,300
	Vacaville	**Total**	**31,000**	**33,050**	**29,300**	**35,000**
		PDA	850	2,250	4,900	4,950
	Vallejo	**Total**	**40,950**	**45,050**	**30,900**	**35,300**
		PDA	400	1,150	2,600	3,050
	Solano County Unincorporated	**Total**	**6,900**	**14,700**	**4,250**	**4,400**
	County Total	**Total**	**142,300**	**170,300**	**130,200**	**156,500**
		PDA	5,700	11,400	17,350	18,800
Sonoma	Cloverdale	**Total**	**3,250**	**5,250**	**1,750**	**1,600**
		PDA	800	2,850	550	500
	Cotati	**Total**	**3,050**	**3,550**	**2,700**	**3,000**
		PDA	350	700	700	700
	Healdsburg	**Total**	**4,400**	**4,700**	**8,400**	**9,900**
	Petaluma	**Total**	**21,800**	**27,100**	**30,000**	**35,700**
		PDA	500	4,450	3,500	4,050
	Rohnert Park	**Total**	**15,000**	**21,100**	**12,050**	**13,350**
		PDA	1,300	5,300	4,250	4,900
	Santa Rosa	**Total**	**63,800**	**78,800**	**76,400**	**91,700**
		PDA	16,800	30,300	41,100	48,600
	Sebastopol	**Total**	**3,300**	**5,000**	**5,000**	**5,050**
		PDA	2,050	3,750	4,650	4,650
	Sonoma	**Total**	**4,900**	**6,250**	**7,150**	**8,050**
	Windsor	**Total**	**9,050**	**10,550**	**7,600**	**9,200**
		PDA	1,100	2,300	900	1,200
	Sonoma County Unincorporated	**Total**	**58,300**	**68,600**	**51,700**	**63,900**
	County Total	**Total**	**186,800**	**231,000**	**202,700**	**241,400**
		PDA	23,000	49,700	55,800	64,600

Regional Total	**Total**	**2,607,000**	**3,427,000**	**3,422,000**	**4,698,000**
	PDA	559,000	1,172,000	1,433,000	2,094,000

TO: Joint MTC Planning Committee with the ABAG Administrative Committee

DATE: September 2, 2016

FR: MTC Deputy Executive Director, Policy

RE: Plan Bay Area 2040 Draft Transportation Investment Strategy

Overview

The Draft Investment Strategy comprises a 24-year fiscally constrained set of transportation projects and programs that support the region's land use and transportation goals. The following memo describes staff's process for forecasting revenues and expenditure needs, and summarizes the breakout of investments by different categories. Together with the Preferred Land Use Scenario, the Investment Strategy provides the overall foundation for Plan Bay Area 2040 (PBA 2040) — a set of regional transportation priorities that can be delivered within the planning horizon given estimates of future financial resources.

This draft strategy culminates from staff's evaluation of major transportation projects, financial needs to operate and maintain the existing system, an evaluation of land use and transportation scenarios, as well as coordination with county congestion management agencies (CMAs), transit agencies and local jurisdictions. MTC staff presented the draft strategy at the Partnership Technical Advisory Committee and Partnership Board meetings in July and released draft project lists to CMAs and transit agencies in August. Staff seeks comments on the current proposal, draft project lists and funding assumptions, and funding categories. Several comment letters received to-date are included as Attachment A. Staff anticipates further refining the proposal and projects in advance of the November 2016 meeting.

The following attachments are included for reference:

A. Correspondence Received on Investment Strategy
B. Draft Revenue Forecast by Source
C. Project Performance Assessment Draft High-Performers and Low-Performers
D. Draft Transportation Project List
E. Letter from 6 Wins for Social Equity Network

Investment Strategy at a Glance

- The draft investment strategy for PBA 2040 largely continues the overall priorities from the previous plan – an emphasis on "fix it first," supporting focused growth, and protecting our climate.
- Funding existing transit operations is the largest single investment for the region over the next 24 years. Through a combination of local, federal, state and regional resources, the region estimates future funding investments of $122 billion (roughly $5 billion per year) on transit operations, a 25% increase over Plan Bay Area 2013. Unfortunately, due to the high cost of providing transit service in our region, that 25% increase in cost only buys a 7.5% increase in vehicle hours of service.
- Transit capital maintenance and local streets and roads maintenance are the two next largest investments, and the draft strategy invests $31 billion on improving the condition of vehicles and other fixed-guideway infrastructure as well as $24 billion on replacing and maintaining the pavement condition of the region's local streets and roads.

ATTACHMENT 3

Investment Strategy Process
Development of the draft investment strategy required several important activities – an estimation of funding needs, a forecast of transportation revenues, the prioritization of major projects, and a comparison of trade-offs between funding maintenance, modernization, and expansion projects.

Needs Assessment
The initial process was guided by the expertise of congestion management agencies, transit operators and public works departments submitting an estimate of their operating, maintenance, and project needs for the next 24 years, as well as a request for future regional funding for those needs. In the fall of 2016, MTC took stock of the following needs:

- $122 billion to operate the existing transit system
- $47 billion to improve the existing transit infrastructure (vehicles, tracks, etc) to ideal conditions
- $36 billion to improve the region's local streets and roads pavement to ideal conditions
- $35 billion to improve the region's highways and bridges to ideal conditions
- $187 billion to fund projects and programs beyond operating and maintaining the existing system
- Total need = $426 billion

Compared to the previous plan, the amount of funding required to achieve a state of good repair, in which all pavement is maintained at optimal levels and all transit assets are replaced at the end of their useful life, is higher on an annualized basis. The funding need increased from $8.1 billion/year in Plan Bay Area 2013 (PBA 2013) to $9.3 billion/year in PBA 2040, as shown in Table 1. These increases reflect escalating costs to operate the transit system (25% higher) and to replace transit assets (18% higher). Comparatively, the funding need for local streets and roads has decreased by 5% and the need for state highways has remained steady. Attachment A details the streets and road and transit needs.

Table 1. Annualized Funding Need Change Between PBA 2013 and PBA 2040

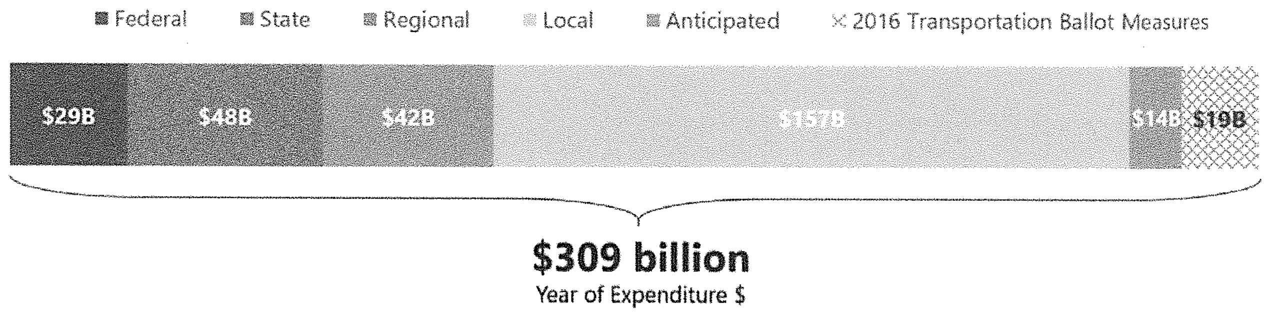
Mode	Annual Need in billions of YOE $		% Change
	PBA 2013	PBA 2040	
Local Streets and Roads[1]	$1.6	$1.5	-5%
State Highways[1]	$0.8	$0.8	0%
Transit Capital[1]	$1.7	$2.0	+18%
Transit Operating[2]	$4.1	$5.1	+25%
Total	**$8.1**	**$9.3**	**+15%**

Notes:
1. Amount required to reach ideal conditions for local streets and roads, state highways and transit capital
2. Amount required to sustain existing transit operations through 2040

Revenue Forecast
To prepare the revenue forecast, MTC worked with partner agencies and used financial models to estimate how much revenue will be available for transportation purposes over the next 24 years. Figure 1 illustrates Plan Bay Area 2040's revenue forecast by source. The total forecast is $309 billion, estimated in year of expenditure (YOE) dollars. Like other metropolitan regions, the Bay Area receives a vast array of federal, state, regional, and local sources for transportation. What differentiates the Bay Area from other regions is the preponderance of local and regional sources as a relative share of the total—approximately two-thirds of forecasted revenues are from regional and local sources, such as transit fares, dedicated sales tax programs, and bridge tolls. Making up the remainder of the pie are state and federal revenues (mainly derived from fuel taxes) and "anticipated" revenues (unspecified revenues from various sources that can reasonably be expected to become available within the plan horizon). The complete financial assumptions and amounts for the financially constrained Plan Bay Area 2040 are provided in Attachment B.

This draft investment strategy currently assumes revenues from five transportation ballot measures at stake in the upcoming November 2016 election. These include sales tax increases for Contra Costa, San Francisco and Santa Clara counties as well as San Francisco Bay Area Rapid Transit District's (BART) bond measure and Alameda-Contra Costa Transit District's (AC Transit) parcel tax. Together, these measures add $19 billion to the revenue forecast, with almost half of that revenue going toward maintaining transit assets and pavement condition.

Figure 1. Total Plan Revenues by Source.



PBA 2040's revenue envelope is larger than the preceding regional transportation plan. Key differences between this plan's revenues and the previous plan, Plan Bay Area, are as follows:

- Local revenues have increased by 16% (or $25 billion) since PBA 2013. Almost all of this increase is due to the anticipated passage of three county sales taxes and two transit taxes in November 2016.
- The amount of federal revenue is roughly the same, with significant differences in funding areas. Since the last plan, the Federal Transit Administration (FTA) has allowed transit agencies to compete for funding for capital replacements that enhance service through a new addition to the New Starts/Small Starts program called "Core Capacity." The U.S. Department of Transportation has also re-packaged the existing highway program and included a larger focus on goods movement, via a new formula program and a discretionary program known as FASTLANE.
- The state's Cap and Trade program is included, and reflects the implementation of MTC's Cap and Trade framework (MTC Resolution No. 4130, Revised), which was adopted in 2013 and revised in 2016. In the last plan, Cap and Trade revenues were included in a reserve but not assigned to projects.

Committed Revenues and Expenditures

Only a modest share of the $309 billion to spend on transportation purposes for the next 24 years is flexible. The vast majority of funding is either committed to specific purposes or projects by nature of the revenue source or by voter-approved county sales tax measures and past regional bridge toll increases. Further still, projects could also have prior funding commitments due to the on-going timeline of the project. Funding for these committed projects and programs is included in the plan in order to provide a complete picture of the regional investments and so that these critical efforts can continue to advance, often with additional, future regional funding.

Table 2 summarizes the committed investment levels for PBA 2040 by mode and function[1]. At $216 billion, the committed revenue and associated functions comprise 70% of the total plan. Slightly more than half of the committed revenues are related to operating and maintaining the existing transit system, with 26% of the commitments dedicated to road and bridge maintenance.

Table 2. PBA 2040 Committed Investments by Function (in billions of YOE $)

Function	Investment	Share of Committed
Transit: Operate and Maintain	$115	53%
Road and Bridge: Operate and Maintain	$56	26%
Transit: Modernize	$11	5%
Road and Bridge: Modernize	$16	7%
Transit: Expansion	$12	6%
Road and Bridge: Expansion	$6	3%
Total	**$216**	**100%**

Discretionary Revenues and Prioritization

The remaining revenues, with the exception of the November 2016 transportation measures, are considered "discretionary," meaning they can be applied to transportation purposes within the constraints of the funding source. To realistically determine if the list of transportation projects is within the transportation budget, MTC staff generally assigned project purposes to revenue source. For example, federal transit funding for capital projects, like New/Small Starts, can only be used for transit projects. Furthermore, this fund source cannot be used to pay for existing transit operations. Table 3 presents revenues for future discretionary fund sources.

Table 3. Discretionary Revenue Sources for PBA 2040 (in billions of YOE $)

Type	Fund Source	Amount
Federal	FTA Programs for Transit Capital[1]	$14.0
	Surface Transportation Block Grant Program / Congestion Mitigation & Air Quality	$4.7
	New/Small Starts/Core Capacity	$5.0
	Federal Freight Programs	$2.3
	FTA Bus and Bus Facilities Discretionary Program	$0.4
State	Cap and Trade	$4.9
	State Transit Assistance Proportional Pop-Based	$1.8
	High Speed Rail	$0.9
	STIP: Interregional Road/Intercity Rail	$0.6
	Active Transportation Program	$0.6
Regional	Regional Gas Tax	$3.9
	New Bridge Tolls	$5.1
	AB 1107 – Regional Share	$2.6
	Existing Tolls	$0.6
Other/Local	Anticipated/Unspecified	$14.0
	Transportation Development Act	$12.6
Total		***$74***

1. Includes FTA Sections 5307, 5337, 5339, 5311, and Ferry Grant Program

[1] In the context of Plan Bay Area 2040, all locally generated revenue sources are considered "committed" even if they might be future revenue sources. This includes future state transportation improvement funding and future extensions of county sales taxes. Additionally, some FTA fund sources that are committed to specific purposes but can be influenced by MTC policy are considered future discretionary funding and are not a committed fund source. For a full description of MTC's assumptions on committed and discretionary funding, see MTC Resolution No. 4182. Note: county shares of RTIP and TFCA funding are included in the "local/committed" funding category.

After accounting for the region's commitments and funding needs to operate, maintain, and expand the transportation system, the additional discretionary funding needed to operate and maintain the system combined with the funding that CMAs and transit agencies requested to fund projects totaled $199 billion, almost three times the available discretionary amount ($74 billion). To determine which projects to fund with the discretionary revenue, staff relied in part on the results of the project performance assessment, in which major projects were evaluated for their cost-effectiveness and support of regional targets, and county CMAs' prioritization of projects.

After generalizing the findings of the project performance assessment and reviewing the county submissions, staff developed the following investment principles for the draft investment strategy:

- Fund transit capital and maintenance of all infrastructure
- Fund high-performing, major transit projects
- Fund highway mobility initiatives
- Fund transit efficiency and expansions in priority development areas (PDA)
- Complete funding plans for county priorities

The list of the highest performing projects from the project performance assessment is included in Attachment C.

Draft Investment Strategy

The draft investment strategy for PBA 2040 combines county and regional priorities, as well as funding assumptions for each project. Attachment D summarizes the proposed transportation project list. Funding can either be local/committed, from an upcoming ballot measure, or from future, regional discretionary or anticipated revenue [2]. As shown in Table 4, just over 90% of the investments are related to operating, maintaining, and modernizing the existing transportation system. Operating and maintaining is the largest investment, including replacing transit assets, pavement for local streets and state highways, and operating the transit system. Modernization is the next highest investment category, which includes projects that improve the existing system without significantly increasing the geographical extent of the infrastructure. Electrifying Caltrain and replacing BART's train control are two major investments within this category. Finally, projects that extend fixed-guideway or add lanes to roadways are included in the expand category. Major projects like extending Caltrain to downtown San Francisco and BART into Silicon Valley are in this category.

Table 4. PBA 2040 Draft Investment Strategy (in billions of YOE $)

Strategy		Investment by Fund Source			
		Local/ Committed	November Measure	Regional Discretionary	Total Plan Investment
1	Operate and Maintain	$171	$7	$48	$226
2	Modernize	$27	$9	$19	$55
3	Expand	$18	$3	$7	$28
Total		**$216**	**$19**	**$74**	**$309**

[2] Local/committed fund sources are any locally generated transportation funding source, like county sales tax, vehicle registration fees, and impact fees. This category also includes future extensions of county sales tax measure and anticipated state regional transportation improvement program (RTIP) funds per county.
November measures include upcoming sales tax measures for Contra Costa, San Francisco and Santa Clara counties, BART's bond measure, and AC Transit's parcel tax measure. After a measure passes, it will be considered local/committed for the final Plan Bay Area 2040 adoption.
Regional discretionary fund sources include future STP/CMAQ, Cap and Trade, New/Small Starts, future bridge tolls, a regional gas tax, and anticipated/unspecified funding

As an update to PBA 2013, the draft strategy for PBA 2040 builds upon the priorities of the previous plan and highlights new areas where the previous plan may have fallen short. In order to successfully implement and deliver the three investment strategies, the Plan calls special attention to a number of areas where critical investments are planned over the 24-year Plan period. These include emphasizing core capacity transit, goods movement projects, increasing the performance of the region's roadway networks, continuing to facilitate focused housing and job growth, and laying a groundwork to improve mobility for the region's most underserved communities by funding transit operations.

Transit Capitol Investments: Similar to the previous plan, the draft plan invests in funding transit asset replacement, transit projects that alleviate capacity problems in the core of the region, and funding transit efficiency and expansions in the region's priority development areas. The region commits 49% of the future discretionary revenue and 22% of the total plan revenue to this investment strategy. The draft plan also dedicates more than $30 billion to replacing and improving transit asset conditions. This includes a commitment to replacing 100% of the vehicle and fixed guideway need and reducing the percent of transit assets past their useful life from 30% in 2015 to 16% in 2040.

Additionally, the plan will replace transit infrastructure through "modernization" projects that replace existing assets with infrastructure that supports either more service or more reliable service. Two examples of this type of project are the Caltrain Electrification and BART Transbay Core Capacity projects. These projects replace vehicles and control systems with infrastructure that increases capacity and enables more frequent and reliable operations. As the draft preferred scenario increases job growth in San Francisco, the draft plan also invests in transit projects that increase capacity to downtown San Francisco. These include extending Caltrain and the future California High-Speed Rail to the Transbay Terminal in downtown San Francisco, bus rapid transit along Geary Boulevard, ferry service increases from Vallejo, Oakland, and Alameda to downtown San Francisco, and service increases of AC Transit, particularly in the Transbay routes.

Rounding out the transit vision are strategic investments in transit efficiency and expansions throughout the region. Several of these types of projects in the South Bay yielded significant benefits when considering the planned focused housing growth in PDAs along light rail corridors in Santa Clara County as part of the project performance assessment. These projects include bus rapid transit along El Camino Real, expanding light rail in the Capitol Expressway and Vasona Corridors, and expanding BART to Silicon Valley Phase 2.

Roadway Performance: The Bay Area consistently ranks as one of the most congested metropolitan areas in the nation and recent data suggest that the amount of time spent in congested conditions is now at the highest level on record. With today's mature system of roadways and increased demands on available financial resources, it is no longer possible – if it ever was – to build our way out of congestion. Instead, the draft plan invests in ways to operate our existing highways more efficiently. There is plenty of room for improvement in this area.

The draft strategy includes a discretionary funding commitment of $4 billion over the next 24 years to support projects and programs that will boost system efficiency. These include the Columbus Day Initiative that aims to use low-cost technology upgrades to dramatically improve the speed and reliability of roadways and transit service and spot-capacity increases at interchanges to alleviate bottlenecks. In addition, efforts like San Francisco's cordon pricing program and the Regional Express Lane Network will leverage revenues generated from pricing to improve the efficiency of the existing system while expanding travel mode choice.

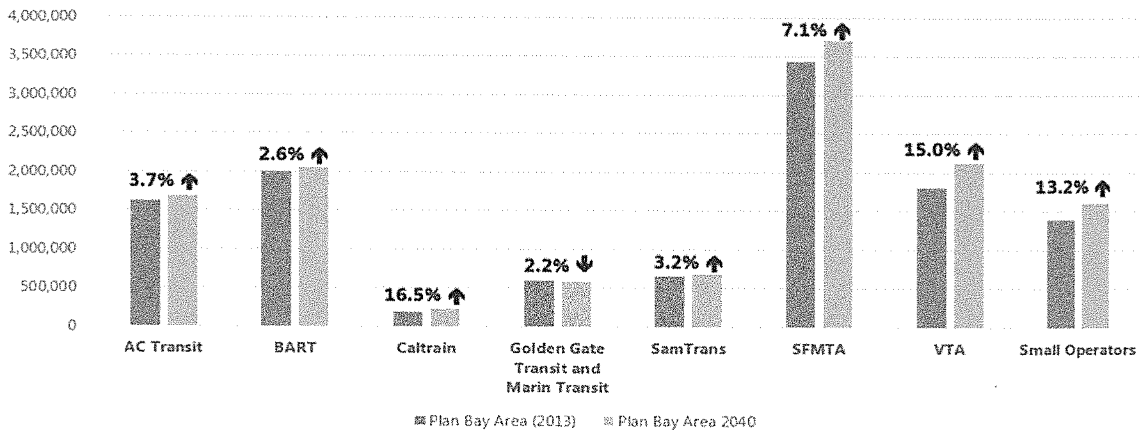
Support Focused Growth: As in the previous plan, this draft investment strategy makes a significant commitment to maintaining the pavement conditions of local streets and roads and to increasing the convenience and safety of walking and bicycling. The previous plan brought these two purposes together under the One Bay Area Grant (OBAG) program. This draft strategy continues to provide flexibility to congestion management agencies to fund any eligible OBAG program, including transportation infrastructure that supports infill development such as funding for bicycle and pedestrian improvements, local street repair, and planning activities, while also providing specific funding opportunities for Safe Routes to Schools projects and Priority Conservation Areas.

Accompanying the environmental and health objectives of this investment strategy is the Climate Initiatives Program, which was also first introduced in the previous plan and will be carried forward by this draft investment strategy. As the Bay Area's second RTP/SCS under SB 375, one of the plan's required targets is a per capita greenhouse gas (GHG) emissions reduction target of 7 percent by 2020 and 15 percent by 2035. Like the original Plan Bay Area, this new draft strategy for 2040 exceeds both GHG targets.

Goods Movement: The movement of freight is a crucial piece of our regional transportation puzzle and for the first time, the draft investment strategy includes dedicated state and federal funding for freight. This investment strategy dedicates $5 billion to goods movement projects, as well as to programs that minimize the negative consequences of this activity. For example, the draft strategy includes a program that will implement the recommendations of the Freight Emission Reduction Action Plan, a follow-on effort from the Regional Goods Movement Plan that evaluated strategies that advance emission and near-zero emission freight movement in the Bay Area.

Equity Roadmap: The draft Plan includes an almost $70 billion "Equity Roadmap" that makes major investments toward bus operations ($62 billion), increases in bus service and other improvements ($5 billion), county access initiatives ($1 billion), and lifeline, mobility management, and means-based fare programs ($1 billion). The draft investment strategy funds existing bus operations (including significant increases in bus service) annually through 2040 and at a higher rate than in the previous plan. Several of the region's operators have increased service since the previous plan was adopted, including AC Transit, VTA, and many of the small operators, as shown in Figure 2. Golden Gate and Marin Transit's trends differ as their service cuts trailed the other operators and such that their base service goals were higher in Plan Bay Area. Additionally, in terms of share of transportation investment benefits, we calculate that 42% of the investment strategy benefits the low-income population, which comprises a 24% share of the region's population.

Figure 2. Change in Revenue Vehicle Hours Funded in PBA 2013 vs. PBA 2040



During the Call for Projects process, staff received a request from the Six Wins for Social Equity Network (Attachment E) to include an "Underserved Community Benefits Program" totaling over $2 billion. While staff is not recommending the creation of this new program, the draft investment strategy reaffirms the importance of addressing the mobility and accessibility needs of seniors, persons with disabilities, and residents in low-income communities throughout the region through the Equity Roadmap.

Low-Income and Minority Assessment of the Draft Investment Strategy

As noted above, staff has evaluated the draft investment strategy using a population use-based methodology to estimate the percent of investments that would likely be used by low-income and minority populations. The methodology estimates use through equating shares of trips made by low-income and minority populations to level of investment in particular categories.

Table 5 summarizes the use-based assessment. The draft strategy invests $197 billion into transit (operations, maintenance, modernization, and expansion), of which $89 billion is estimated to benefit low-income residents and $113 billion is estimated to benefit minority residents. Almost 70% of the transit benefits for low-income residents is through investments in SFMTA, VTA, and BART. Similarly, the strategy invests $107 billion in roadway projects, of which $28 billion is estimated to benefit low-income residents and $55 billion is estimated to benefit minority residents. Across the total draft strategy, 42% of the investments is estimated to benefit low-income residents, compared to 28% of trips, and 57% of the investments is estimated to benefit minority residents, compared to 52% of trips.

Table 5. Low-Income and Minority Assessment for the Draft Investment Strategy

	Population	Share of Population	Share of Transit Trips	Share of Transit Investment	Share of Roadway Trips	Share of Roadway Investment	Share of All Trips	Share of All Investment
Low-Income Population	1,777,132	**24%**	53%	**45%**	27%	**26%**	28%	**42%**
Minority population	4,497,334	**59%**	61%	**58%**	52%	**52%**	52%	**57%**

Cost Contingency and Debt Service
The draft investment includes a reserve for future cost increases for transportation projects. As projects move through the design, environmental, and construction phases, cost estimates tend to increase. In response to past cost increases and federal input on our planning process, this draft strategy sets aside $1 billion of future funding as contingency.

Additionally, the draft investment strategy includes an accounting of the amount of future revenue that is required to pay for financing costs of previous projects (or already constructed projects). Financing is a common method for funding expansion projects that require future revenues, like sales tax or bridge tolls, all at once. Even though the project may be completed, the investment strategy must account for all transportation expenditures, including financing costs. This draft strategy includes $1.1 billion for financing costs of the future bridge toll and $2.8 billion for VTA's existing transportation sales tax, Measure A.

Alix A. Bockel
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Attachments

AB:kc

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Investment Strategy		Investment	Funding Source			Total Plan Investment	Share of Reg. Discr	Share of Total Plan
			Local/ Committed	November Measure	Regional Discretionary			
1	Operate and Maintain	Transit Operations	$107	$0	$16	$122	21%	40%
		Local Streets Preservation and Operations	$26	$4	$8	$37	11%	12%
		Transit Capital Preservation	$5	$4	$22	$31	30%	10%
		Highway and Bridge Preservation	$30	$0	$0	$30	0%	10%
		Cost Contingency and Debt Service	$3	$0	$2	$5	3%	2%
		Subtotal	**$171**	**$7**	**$48**	**$226**	**65%**	**73%**
2	Modernize	Transit Efficiency	$6	$3	$8	$18	11%	6%
		Highway Operational and Interchanges	$4	$1	$3	$7	3%	2%
		Express Lanes (Conversions) and Pricing	$7	$0	$0	$7	0%	2%
		Multimodal and Bike Ped	$3	$1	$2	$6	2%	2%
		Transit Service Increase and Other Improvements	$2	$2	$1	$5	1%	1%
		Goods Movement	$2	$0	$3	$5	4%	2%
		Planning and Programs	$2	$1	$1	$4	1%	1%
		Regional and County Access Programs	$1	$0	$1	$2	2%	1%
		Climate	$0	$0	$1	$1	1%	0%
		Subtotal	**$27**	**$9**	**$19**	**$54**	**25%**	**17%**
3	Expand	Express Lanes (Expand) and Roadway Expansion	$6	$1	$1	$8	2%	3%
		Transit Expansion	$12	$2	$6	$20	8%	7%
		Subtotal	**$18**	**$3**	**$8**	**$29**	**10%**	**9%**
Grand Total			**$216**	**$19**	**$74**	**$309**	**100%**	**100%**

values in millions of YOE $

ROW #	RTPID	County/ Sponsor	Listing Type	Project Title	Total Project Cost	Pre2017 Funding	Cost Included in the Investment Strategy
97	17-02-0038	Contra Costa	Project	Main Street Bypass	$4	$0	$4
98	17-02-0039	Contra Costa	Project	Hercules Train Station - All Phases	$97	$0	$97
99	17-02-0040	Contra Costa	Project	Martinez Intermodal Project: Phase 3	$7	$0	$7
100	17-02-0041	Contra Costa	Project	Privately Run Ferry Service including Small-Scale (non-WETA complying) Landside Improvements from Antioch, Martinez, and Hercules to San Francisco	$73	$0	$73
101	17-02-0042	Contra Costa	Project	Richmond-San Francisco Ferry Service	$53	$0	$53
102	17-02-0043	Contra Costa	Project	BART Capacity, Access and Parking Improvements - non vehicles	$46	$0	$46
103	17-02-0044	Contra Costa	Project	Landside Improvements for Richmond Ferry Service	$25	$0	$25
104	17-02-0045	Contra Costa	Project	El Cerrito del Norte BART Station Modernization, Phase 1	$22	$0	$22
105	17-02-0046	Contra Costa	Project	Civic Center Railroad Platform Park & Ride Complex	$8	$0	$8
106	17-02-0047	Contra Costa	Project	East County Rail Extension (eBART), Phase 1	$525	$525	$0
107	17-02-0048	Contra Costa	Project	East County Rail Extension (eBART), Phase 2 - environmental and reserve	$111	$0	$111
108	17-02-0049	Contra Costa	Project	West County High Capacity Transit Investment Study Implementation - Phase 1	$15	$0	$15
109	17-02-0050	Contra Costa	Project	Brentwood Intermodal Transit Center	$52	$0	$52
110	17-03-0001	Marin	Program	Bicycle and Pedestrian Program	$30	$0	$30
111	17-03-0002	Marin	Program	Climate Program: TDM and Emission Reduction Technology	$1	$0	$1
112	17-03-0003	Marin	Program	County Safety, Security and Other	$4	$0	$4
113	17-03-0004	Marin	Program	Roadway Operations	$20	$0	$20
114	17-03-0005	Marin	Program	Minor Transit Improvements	$45	$0	$45
115	17-03-0006	Marin	Project	Implement Marin Sonoma Narrows HOV Lane and corridor improvements Phase 2 (Marin County)	$136	$0	$136
116	17-03-0007	Marin	Project	US 101/580 Interchange Direct Connector - PAED	$15	$0	$15
117	17-03-0008	Marin	Project	Tiburon East Blithedale Interchange - PAED	$12	$0	$12
118	17-03-0009	Marin	Project	Access Improvements to Richmond San Rafael Bridge	$7	$0	$7
119	17-03-0010	Marin	Project	Highway Improvement Studies	$5	$0	$5
120	17-03-0011	Marin	Project	Widen Novato Boulevard between Diablo Avenue and Grant Avenue	$17	$0	$17
121	17-03-0012	Marin	Project	Sir Francis Drake Boulevard/Red Hill Avenue/Center Boulevard (known as "The Hub") - project development	$6	$0	$6
122	17-03-0013	Marin	Project	San Rafael Transit Center (SRTC) Relocation Project	$36	$0	$36
123	17-03-0014	Marin	Project	Larkspur Ferry Terminal Parking Garage - Planning Study	$1	$0	$1
124	17-03-0015	Marin	Project	SMART Downtown San Rafael to Larkspur Rail Extension	$42	$2	$40
125	17-04-0001	Napa	Program	Bicycle and Pedestrian Program	$100	$0	$100
126	17-04-0002	Napa	Program	County Safety, Security and Other	$7	$0	$7
127	17-04-0003	Napa	Program	Multimodal Streetscape	$9	$0	$9
128	17-04-0004	Napa	Program	Minor Roadway Expansions	$16	$0	$16