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October 6, 2017

Ms. Susan Bransen
Executive Director
California Transportation Commission
1120 N St., MS-52
Sacramento, CA 95814

RE: SB 1 Guidelines for Consideration at the October 2017 CTC Meeting

Dear Ms. Bransen:

Thank you for the opportunity to comment on Senate Bill 1 (SB 1) Guidelines planned for adoption at the October 2017 California Transportation Commission (CTC) meeting. Over the course of the past few months, you and your staff have solicited input from a variety of stakeholders statewide, and the Bay Area region appreciates your consideration of our comments.

The Metropolitan Transportation Commission (MTC) offers the following comments related to two programs: the Local Partnership Program (LPP) and the Trade Corridor Enhancement Program (TCEP).

<u>Local Partnership Program (LPP)</u>

LPP: Section 6 – Incentive for New and Renewed Sales Tax Measures

MTC applauds CTC for the inclusion of an incentive amount for jurisdictions to pass new voter-approved measures. The effort to create additional funding through a ballot measure is not an easy undertaking, and an immediate share of funds from the LPP serves as a strong incentive. MTC encourages the CTC to include voter-approved tolls and fees in addition to sales taxes as being eligible for the incentive program. Not only does this make the incentive consistent with the LPP formula program, but it also encourages jurisdictions to examine other transportation revenue-generating sources.

LPP: Section 5 – Distribution (Formula)

While Proposition 1B used population as the main distribution factor for formula funds, population does not account for the additional revenue generated by jurisdictions that have asked voters to approve multiple transportation taxes. MTC supports the proposed 50/50 weighting split between revenue and population as a reasonable and fair distribution that recognizes the effort to pass multiple voter-approved taxes while also moderating the swing from past programs. As a region, the Bay Area stands to gain additional formula funds due to the 50/50 split (compared to a population-only formula), which acknowledges the amount of revenue Bay Area residents generate for transportation purposes.

LPP: Section 7 – Matching Requirements

CTC staff proposes that the one-to-one match come from sources not allocated by CTC. However, this does not consider smaller jurisdictions that may have already committed local and federal sources to other priorities, or to pre-construction phases of a project. In these situations, county shares from the State Transportation Improvement Program (STIP) are an important source to match LPP formula funds. To recognize the diverse methods of fully funding transportation projects, and to be able to make the fullest advantage of SB 1 funding, MTC suggests the following changes:

- Expand the fund sources that may be used as match to include STIP funds and legislatively-approved fund sources pending voter approval; and
- Recognize previously-expended funds used for the pre-construction phases in the definition for matching or leveraging of funds.

LPP: Section 8 – Funding Restrictions

The current guidelines propose to return cost savings at contract award and project completion to the program proportionally, and re-distribute using the formula specified in Section 5. Since the formula funds are already distributed based on established factors, MTC recommends that any savings from the formula program be returned to that jurisdiction's share, and not re-distributed to the program. This will ensure that jurisdictions are not penalized if costs are lower than expected, and meets the intent of the formula program to serve as an incentive for seeking voter approval for transportation taxes, tolls, and fees, and incentivize value engineering and cost reduction opportunities.

<u>Trade Corridor Enhancement Program (TCEP)</u>

TCEP: Section 5- Distribution

The proposed guidelines state that any project savings will be returned proportionally to the program. MTC suggests adding language to specify that cost savings generated by a project in the regional corridor program will be returned to that regional corridor for future projects. This is consistent with the successful model of the corridors established under the Proposition 1B Trade Corridor Improvement Fund (TCIF) program, and will ensure the corridor is not penalized if costs are lower than expected.

TCEP: Section 7 – Matching Requirements

Similar to the LPP, CTC staff proposes the match come from sources not allocated by the CTC. However, this does not consider smaller jurisdictions that may not have other sources of funding to use as match besides State Transportation Improvement Program (STIP) funds, or that have proceeded with pre-construction phases with their own discretionary funds. To recognize the diverse methods of fully funding transportation projects, and to be able to make the fullest advantage of SB 1 funding, MTC suggests the following changes:

- Expand the fund sources that may be used as match to include STIP funds and legislatively-approved fund sources pending voter approval;
- Reduce the match *requirement* from 30% to 10%, and assign an evaluation metric to over-match and/or leveraging of funds; and
- Recognize previously-expended funds used for the pre-construction phases in the definition for matching or leveraging of funds.

TCEP: Section 10 – Eligible Projects
The region appreciates the need to select capital projects that have cost, scope, and schedule well defined. However, MTC encourages the CTC to vary this requirement based on the level of environmental document required. For instance, a project requiring a CEQA Categorical Exemption (CE) or Mitigated Negative Declaration (MND) should be able to program capital funding if they are in the process of completing the document. However, a more involved document, like an Environmental Impact Report (EIR) may need full adoption before programming capital funding.

<u>LPP and TCEP</u>
Extension Limitations
The guidelines for both LPP and TCEP allow for only one extension for allocation and award, limited to six months directly attributable to unforeseen delays. Given the large number of potential unforeseen delays, including high bids and bid challenges, MTC suggests adding language to state the CTC's expectation of extensions not to exceed six months, but that extensions longer than six months will be considered on a case-by-case basis.

Thank you for your consideration of MTC's comments in the SB 1 Guidelines being considered at this month's CTC meeting. The region is committed to working with the State and our regional partners to deliver transportation benefits from SB 1 to the public as expeditiously as possible. If you have any questions on our comments, please contact Anne Richman, Director of Programming and Allocations, at (415) 778-5722.

Best regards,

Steve

Steve Heminger
Executive Director

cc: Bijan Sartipi, Caltrans District 4 Director
Bay Area Congestion Management Agency Directors

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