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One Bay Area Grant (OBAG 3) Program

Project Selection and Programming Policies

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Appendices

Appendix A-1 County & Local Program Call for Projects Guidelines (pending)

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The One Bay Area Grant Program (OBAG 3) establishes the policy framework and commitments for investing federal Surface Transportation Block Grant Program (STP) and Congestion Mitigation and Air Quality Improvement Program (CMAQ) funds for a four-year period covering federal fiscal year (FY) 2022-23 through FY 2025-26. Attachment A outlines the OBAG 3 program principles and objectives, revenue estimates, program architecture, and programming policies. Attachment B details the projects, funding amounts, and project sponsors, as they are approved by the Commission.

Background

The Commission adopted the inaugural One Bay Area Grant Program (OBAG 1) in May 2012 (MTC Resolution 4035) to better integrate the region's federal transportation program with its Sustainable Communities Strategy (SCS). Pursuant to SB 375 (Steinberg 2008), the SCS aligns regional transportation planning with land use and housing in order to meet state greenhouse gas reduction targets. Since 2013, MTC and ABAG have jointly adopted a SCS along with MTC's long-range Regional Transportation Plan (RTP) every four years, with the documents collectively known as *Plan Bay Area*.

The OBAG 1 program established a framework for leveraging discretionary federal highway funding to support the implementation of *Plan Bay Area* by focusing transportation investments in Priority Development Areas (PDAs) and in jurisdictions producing and planning for new housing under the Regional Housing Needs Allocation (RHNA) process, among other strategies. The framework also consolidated funding sources and increased local agency flexibility to advance priority projects. OBAG 1 programming covered the five-year period from FY 2012-13 through FY 2016-17. Following the initial success of OBAG 1, the Commission adopted OBAG 2 in November 2015 (MTC Resolution 4202) with a similar framework and supporting policies. OBAG 2 programming covered the five-year period from FY 2017-18 through FY 2021-22.

In keeping with prior cycles, the proposed OBAG 3 framework is designed to advance the implementation of the region's latest RTP and SCS, *Plan Bay Area 2050*, adopted in October 2021.

Program Principles

The following principles, established through Commission direction and stakeholder input, guided the development of the OBAG 3 program and policies:

- **Preserve effective program features from prior OBAG cycles to support regional objectives.** Key aspects of the prior cycles are preserved under the proposed OBAG 3 County & Local Program, including concentrating transportation investments within PDAs, incorporating housing factors into the project prioritization process, and local jurisdiction policy requirements. Partnership with County Transportation Agencies (CTAs) to identify local community-based projects for funding that are consistent with regional goals is also continued.
- **Strategically advance *Plan Bay Area 2050* implementation through OBAG investments and policies.** As with OBAG 1 and 2, the primary objective of the OBAG 3 program, both the in the Regional and County & Local components, is to support the interconnected strategies of the RTP and SCS. With the adoption of *Plan Bay Area 2050*, OBAG 3 reflects new and updated implementation strategies as well as new Growth Geographies.

- **Incorporate recent MTC policy initiatives and adapt to the current mobility landscape.** In the years following the adoption of OBAG 2, MTC has undertaken several major policy initiatives which were taken into consideration in the development of OBAG 3. These policy actions include adoption of the MTC Equity Platform, Regional Safety/Vision Zero Policy, and Express Lanes Strategic Plan, and completion of the Transit Transformation Action Plan. In addition, the OBAG 3 program takes into account sustainable staffing levels necessary to implement continued and new initiatives.
- **Advance equity and safety through policies and investments.** Building off the principles of the MTC Equity Platform, the OBAG 3 framework integrates cross-cutting equity considerations into each of its proposed program areas. In addition, while the program requirements stop short of mandating local Vision Zero policies, jurisdictions will be required to adopt Local Road Safety Plans (or equivalent safety plans), and priority will be given to funding projects that align with and support these plans. OBAG 3 also significantly increases funding levels for Healthy, Safe, and Sustainable Streets projects and implementation of projects in Equity Priority Communities that have been prioritized through Community-Based Transportation Plans or Participatory Budgeting processes.
- **Address federal planning and programming requirements.** As the federally-designated Metropolitan Planning Organization (MPO) for the Bay Area, MTC is responsible for regional transportation planning and programming efforts, including performance-based requirements. OBAG 3 documents and clarifies MTC's roles and responsibilities for programming STP and CMAQ funding, including the areas of project selection and funding distribution processes, and the prioritization process for CMAQ funds.
- **Coordinate with complementary fund sources to develop a comprehensive regional investment strategy.** Recognizing that STP and CMAQ funds constitute a relatively limited proportion of the total transportation funding available to the region, the OBAG 3 program is designed in coordination with other complementary existing and anticipated fund sources to implement the ambitious strategies laid out in *Plan Bay Area 2050*.
- **Emphasize a shared, partnership approach to program implementation.** OBAG 3 preserves and continues to build upon the robust partnerships with CTAs, transit agencies, Caltrans, and local jurisdictions established through prior programming cycles. The program architecture and policies recognize and uphold local expertise in project development and prioritization, while providing a framework for all stakeholders to work together to advance shared regional priorities.

Revenue Estimates

OBAG 3 programming capacity is based on anticipated federal transportation program apportionments from the regional Surface Transportation Block Grant (STP) and Congestion Mitigation and Air Quality Improvement (CMAQ) programs for a four-year period covering FY 2022-23 through FY 2025-26.

Over the four year OBAG 3 period, \$750 million in STP/CMAQ programming capacity is estimated. Additional STP/CMAQ apportionments beyond that amount are anticipated from the recently enacted Infrastructure Investment and Jobs Act (IIJA). When actual STP/CMAQ apportionments from IIJA are made available, or if additional federal programs are authorized or appropriated during the OBAG 3 period, the Commission may adjust the programming capacity accordingly. Such adjustments include increasing or decreasing funding amounts to one or more programs, postponement of projects, expansion of existing programs, development of new programs, or adjustments to subsequent program cycles.

As federal programs are subject to change with each federal surface transportation authorization, any reference to specific fund sources in the OBAG 3 programming resolution (i.e. STP/CMAQ) serve as a proxy for replacement or new federal fund sources for which MTC project selection and programming authority. However, MTC may elect to program replacement or new federal fund sources outside of the OBAG 3 program resolution.

OBAG 3 programming capacity is based upon apportionment rather than obligation authority. As the amount of obligation authority available to the region is less than the region's annual apportionments, there is typically a carryover balance of apportionment each year. MTC's successful project delivery in recent years has allowed the region to capture additional, unused obligation authority from other states, enabling the region to advance the delivery of additional projects each year. MTC staff will continue to monitor apportionment and obligation authority balances throughout the OBAG 3 period to support the accelerated delivery of programmed projects.

Program Categories

The OBAG 3 program categories carry forward elements from previous OBAG cycles, reorganized for clarity and refined to more closely align with *Plan Bay Area 2050* strategies, advance regional goals for equity and safety, and address federal performance-based programming requirements. These revised categories further integrate the Regional Programs and County & Local Programs by providing a common framework for project types and focus areas. The five OBAG 3 program areas and corresponding objectives are as follows:

- **Planning & Program Implementation:** Carry out coordinated regional and countywide planning and programming activities within MTC's performance-based planning and programming processes, consistent with federal requirements and regional policies. Additionally, commit staffing resources necessary to deliver OBAG 3 projects and programs.
- **Growth Framework Implementation:** Support and assist with local efforts to create a range of housing options in PDAs, select Transit-Rich Areas (TRAs), and select High-Resource Areas (HRAs), and carry out other regional studies, programs, and pilots to advance the *Plan Bay Area 2050* growth framework.
- **Climate, Conservation, and Resilience:** Reduce emissions and solo vehicle trips through accelerated electrification and clean vehicle programs and expanded transportation demand management programs. Additionally, protect high-priority natural and agricultural

lands; modernize and expand access to parks, trails, and recreation facilities; and increase transportation system resiliency to the impacts of climate change.

- **Complete Streets and Community Choice:** Improve and maintain local streets and roads to meet the needs of all users while improving safety, promoting walking, biking and other micro-mobility, and sustainable infrastructure. In addition, support community-led planning efforts and assist with the development and advancement of community-led transportation enhancements in Equity Priority Communities (EPCs).
- **Multimodal Systems Operations and Performance:** Support and coordinate efforts to achieve an integrated, efficient, reliable, and easy to navigate public transit network to increase ridership and improve mobility options consistent with the Transit Transformative Action Plan recommendations. Additionally, continue to optimize existing freeways, highways, key arterials, and communications infrastructure to maximize person throughput and multimodal system performance.

Similar to previous OBAG cycles, the OBAG 3 program structure is divided into Regional and County & Local components, with the latter programs comprising of projects selected by MTC and nominated by CTAs through a unified call for projects process. Both the Regional and County & Local programs are organized around the five categories listed above.

REGIONAL PROGRAMS

OBAG 3 directs 50% of available program funds towards regional investments that are targeted to address critical climate and focused growth goals of *Plan Bay Area 2050*, and coordinate and deploy strategies that are best suited for regional implementation. As specific regional projects and programs are approved by the Commission for funding, they will be added to Attachment B-1.

Planning & Program Implementation

The Planning & Program Implementation program supports a variety of regional planning, programming, and outreach activities to implement *Plan Bay Area 2050* and comply with performance-based planning and programming requirements. This program category also includes dedicated resources and staffing support to deliver OBAG 3 projects and programs.

Growth Framework Implementation

The purpose of this program is to support and assist local efforts to create a range of housing options that align with *Plan Bay Area 2050* growth geographies, with a focus on completing approved plans for all existing PDAs by 2025. Funding from this program will provide capacity-enhancing support for local jurisdictions through the PDA Planning and Technical Assistance Grant program and the Regional Housing Technical Assistance program. These funds will also support implementation of MTC's Transit Oriented Development (TOD) Policy, or its successor, to ensure land use supports future transit investments. In addition, this program may fund regional land-use studies, programs, and pilot projects identified in *Plan Bay Area 2050 Implementation Plan*. Such studies could include redevelopment of malls and office parks, reuse of public and community-owned land, or a Priority Production Area (PPA) pilot program.

Climate, Conservation, and Resilience

Funding from this program supports a suite of interconnected objectives, including reduced vehicle emissions through accelerated electrification and transportation demand management, protection of high-priority natural and agricultural lands, expanded access to parks and open space, and increased resiliency of the transportation system to the impacts of climate change. These goals align with regional transportation and environmental strategies outlined in *Plan Bay Area 2050*.

Within the Regional Program, this category includes expanded investments to accelerate electrification, as well as a variety of emission reduction strategies and transportation demand management programs. Programs may include Mobility Hubs, Targeted Transportation Alternatives, car sharing, bikeshare and e-bike incentives; carpool programs; Commuter Benefits Program and targeted commuter programs; and assistance for the development of local demand management policies and programs.

The regional Priority Conservation Area (PCA) program provides grant funding for critical conservation and open space projects. Grants will be available to support the implementation of the updated PCA framework (currently underway).

This program category also includes a new regional resilience and sea level rise pilot to support the protection of vulnerable transportation assets from sea level rise and other climate impacts.

Complete Streets and Community Choice

This program is intended to improve and maintain local streets and roads to meet the needs of all users while increasing safety, with an emphasis on supporting the development and advancement of community-led transportation enhancements in EPCs.

Regional Program funding in this program category will implement recommendations of the Regional Active Transportation Plan, or its successor, including compliance with the Regional Complete Streets Policy and the implementation of the Regional Active Transportation Network. The program also continues technical assistance programs, and supports completion of key Bay Trail gaps. The program will also advance the Regional Safety/Vision Zero Policy, including support for the Regional Integrated Safety Data System and other regional safety initiatives, coordination efforts, and technical assistance. Ongoing regional programs that support local streets and roads asset management, including StreetSaver, StreetSaver Plus, and the Pavement Technical Assistance Program, are broadened to include upgrades to local roadway asset inventories to support complete streets and safety strategies, as well as encouraging green infrastructure, where possible.

Funding in this program category will also support increased regional investment in Community-Based Transportation Plans (CBTPs) and Participatory Budgeting (PB) processes, and provide a dedicated source of funding for the acceleration and delivery of projects identified through community plans and participatory budgeting efforts.

Multimodal Systems Operations and Performance

The purpose of this program is to improve mobility options across the Bay Area's multimodal transportation system and emphasizes achieving an integrated, efficient, reliable, and easy to navigate public transit network to increase ridership and improve mobility options.

Regional Program funding in this program category supports implementation of near-term priorities identified through the Blue Ribbon Transit Transformation Action Plan, as well as planning, design, and implementation of near-term operational improvements, incident management, and deployment of regional fiber communications infrastructure on the region's existing freeways and highways. Regional projects and programs to be funded include Bay Area Forwards, transit priority improvements, and additional freeway and arterial operational improvements.

COUNTY & LOCAL PROGRAMS

OBAG 3 directs the remaining 50% of available funding for local and county projects prioritized through a call for projects process selected by MTC. Local jurisdictions, transit agencies, and CTAs may apply for these funds for a variety of project types and program categories described below. As specific projects and programs are approved by the Commission for funding within the County & Local Program, they will be added to Attachment B-2.

Planning & Program Implementation

Similar to prior cycles, OBAG 3 provides dedicated funding within the County & Local Program to support planning and programming activities throughout the nine Bay Area counties. Administered by MTC through funding agreements with each CTA, these funds are used to cooperatively implement *Plan Bay Area 2050* and associated regional policies, development of countywide transportation plans, outreach activities, and the advancement of additional plans and projects as determined by MTC. CTAs may request additional funding to augment these base funding levels for countywide planning and programming through the call for projects process.

Growth Framework Implementation

The OBAG 3 County & Local Program continues to focus investments in PDAs through investment thresholds.

- **PDA Minimum Investments:** In the Bay Area's most populous counties (Alameda, Contra Costa, San Mateo, San Francisco, and Santa Clara), a minimum of 70% of County & Local Program investments must be directed to PDAs. In the remaining counties (Marin, Napa, Solano, and Sonoma), a minimum of 50% in County & Local Program investments must be directed to PDAs. Funds programmed for CTA planning and programming activities are given partial credit towards each county's minimum investment threshold calculations (70% or 50%, in line with each county's minimum threshold).
- **Uniform Definition for PDA Supportive Projects:** To be credited towards each county's PDA minimum investment threshold, a project must be located within or connected to a PDA, or be within one mile of a PDA boundary. Projects that are not physically located within one mile of a PDA but have a clear and direct connection to PDA implementation, such as transit maintenance facility improvements, may also be credited towards the PDA minimum investment thresholds. Determinations for such projects will be provided by MTC staff on a case by case basis.

- **Housing Element:** Cities and counties must have a general plan housing element adopted and certified by the California Department of Housing and Community Development (HCD) for the 2023-2031 Regional Housing Needs Allocation (RHNA) to maintain eligibility for County & Local Program funding. Projects that are awarded funding to a jurisdiction through the call for projects process will not be programmed into the TIP until the jurisdiction's housing element has been certified. After December 31, 2023, MTC will deprogram County & Local Program funds awarded to jurisdictions that do not yet have a certified housing element. After this date, MTC, in coordination with CTAs, will reprogram these funds to projects located in compliant jurisdictions.

Additionally, jurisdictions must submit Housing Element Annual Reports to HCD by April 1 every year throughout the OBAG 3 program period to maintain funding eligibility.

- **State Housing Laws:** To maintain funding eligibility, all cities and counties must demonstrate compliance with state housing laws related to surplus lands, accessory dwelling units, density bonuses, and the Housing Accountability Act. Jurisdictions are required to self-certify compliance with the first three elements (state housing laws related to surplus lands, accessory dwelling units, and density bonuses) through a local resolution. Projects that are awarded funding to a jurisdiction through the call for projects process will not be programmed into the TIP until such a resolution is adopted. After December 31, 2023, MTC will deprogram County & Local Program funds awarded to jurisdictions that have not yet adopted a resolution affirming compliance. After this date, MTC, in coordination with CTAs, will reprogram these funds to projects located in compliant jurisdictions. Self-certification resolutions must be adopted by local jurisdictions and submitted to MTC by December 31, 2023 to maintain eligibility for County & Local Program funding.

Compliance with the Housing Accountability Act is an ongoing program requirement, which may be monitored by MTC staff as appropriate. MTC may deprogram County & Local Program funds awarded to a jurisdiction that it determines to be out of compliance with the Housing Accountability Act.

In addition to focusing investments in PDAs, the County & Local Program supports mobility and access projects that serve additional *Plan Bay Area 2050* growth geographies, such as select TRAs and HRAs. Eligible projects in these growth areas will also be given consideration through the call for projects process.

Eligible project types for the County & Local Program that directly support the Growth Framework Implementation program category include:

- Local PDA Planning grants (in addition to those funded through the Regional Program)
- Local planning grants for other new *PBA 2050* Growth Geographies

Climate, Conservation, and Resilience

The County & Local Program supports regional coordination in the Climate, Conservation, and Resilience program category by identifying and funding additional local projects to achieve the interconnected goals to reduce emissions, protect and improve access to priority open spaces, and increase transportation system resiliency through the call for projects process.

Eligible project types for the County & Local Program that fall within the Climate, Conservation, and Resilience program category include:

- Transportation demand management programs
- Mobility Hub planning and implementation
- Parking reduction and curb management programs
- Car share and bike share capital projects
- Plans and projects to assist in the preservation and enhancement of open space, natural resource and agricultural lands, and critical habitats (may require non-federal funds)
- Bicycle and pedestrian access to open space and parklands
- Regional Advance Mitigation Planning (RAMP) planning activities and implementation (may require non-federal funds)

Complete Streets and Community Choice

The County & Local Program plays a critical role in meeting the objectives of Complete Streets and Community Choice by funding local improvements to local streets and roads to improve safety and meet the mobility needs of all users, as well as advancing transportation enhancements that have been vetted and prioritized by residents of Equity Priority Communities.

- **Active Transportation Investment Target:** OBAG 3 establishes a regionwide target of \$200 million for active transportation projects, including bicycle, pedestrian, and Safe Routes to School (SRTS) programs and projects. Bicycle and pedestrian elements included on projects that are not solely focused on active transportation (such as sidewalk or bike lane improvements included in a local road preservation project) also contribute to this regionwide investment target.
- **SRTS Investment Target:** OBAG 3 carries forward ongoing commitments to SRTS programming, by establishing a \$25 million regionwide target for SRTS programs and projects.
- **Complete Streets Policy:** Jurisdictions must comply with MTC's Complete Streets Policy, and its successor, including the requirement to complete a Complete Streets Checklist for each project applying for OBAG 3 funding. As part of the County & Local Program call for projects, CTAs are required to make completed project checklists available to their Bicycle and Pedestrian Advisory Committee (BPAC) for review prior to the CTA's nomination of prioritized projects to MTC.
- **Regional Safety/Vision Zero Policy:** Starting with California Highway Safety Improvement Program (HSIP) Cycle 11, jurisdictions are required to have a Local Roadway Safety Plan (LRSP) or equivalent safety plan in order to be eligible for HSIP funding. Consistent with this

state requirement, local jurisdictions must have a LRSP or equivalent safety plan adopted in order to maintain eligibility for County & Local Program funding. Projects that are awarded funding to a jurisdiction through the call for projects process will not be programmed into the TIP until the jurisdiction has a LRSP or equivalent safety plan completed or underway. After December 31, 2023, MTC will deprogram County & Local Program funds awarded to jurisdictions that do not yet have a completed LRSP or equivalent safety plan. After this date, MTC, in coordination with CTAs, will reprogram these funds to projects located in compliant jurisdictions. Jurisdictions OBAG 3 funds may be used to complete an LRSP or equivalent safety plan.

- **Pavement Management Program:** To maintain County & Local Program funding, jurisdictions with local public streets and roads, must:
 - Maintain a certified Pavement Management Program (StreetSaver® or equivalent) updated as prescribed by MTC staff
 - Fully participate in statewide local streets and road needs assessment surveys (including any assigned funding contribution)
 - Provide traffic count data to MTC to support FHWA's Highway Performance Monitoring System (HPMS) on an annual basis, or as directed by MTC staff

Eligible project types for the County & Local Program that align with the Complete Streets and Community Choice program category include:

- Bicycle and pedestrian improvements and programs
- SRTS projects and programs
- Safety projects, local road safety plans (LRSP), and Vision Zero planning activities
- Complete streets and sustainable streets improvements
- Streetscape projects to encourage biking, walking, and transit use
- Example project elements include bulb outs, sidewalk widening, crosswalk enhancements, audible signal modification, mid-block crossing and signals, new striping for bicycle lanes and road diets, pedestrian street lighting, medians, pedestrian refuges, wayfinding signage, tree grates, bollards, permanent bicycle racks, signal modification for bicycle detection, street trees, raised planters, planters, costs associated with on-site storm water management, permeable paving, and pedestrian-scaled street furniture including bus shelters, benches, magazine racks, and garbage and recycling bins.
- Local streets and roads preservation projects on the federal-aid system. Projects should be based on a needs analysis from the jurisdiction's Pavement Management Program:
 - Pavement rehabilitation projects must be consistent with segments recommended for treatment within the programming cycle by the jurisdiction's PMP. Preventive maintenance projects with a PCI rating of 70 or above are eligible only if the jurisdiction's PMP demonstrates that the preventive maintenance strategy is a cost-effective method of extending the service life of the pavement.
 - Eligible non-pavement activities include rehabilitation or replacement of existing features on the roadway facility, such as bridge structures, storm drains, National Pollutant Discharge Elimination System (NPDES), curbs, gutters, culverts, medians, guardrails, safety features, signals, signage, sidewalks, ramps, complete streets elements, and features that bring the facility to current standards.

(Continued)

- Federal Aid Secondary (FAS) rural road improvements are eligible for the following five counties: Alameda, Contra Costa, Santa Clara, Solano, and Sonoma. The counties of Marin, Napa, and San Mateo receive FAS funding from Caltrans as “off the top amounts” prior to distributing regional STP amounts to MTC. San Francisco County is not eligible for FAS funding, as it does not have rural roads. FAS funding amounts for eligible counties are determined by California’s Federal-Aid Secondary Highways Act (California Code § 2200-2214).
- Projects and programs prioritized in CBTPs and PB processes, which may include any of the above project types and project elements, as well as a variety of transit capital improvements.
- Community-based transportation plans or participatory budgeting processes in Equity Priority Communities (in addition to CBTP and PB processes administered through the Regional Programs)

Multimodal Systems Operations and Performance

The County & Local Program can support regional coordination and implementation the Multimodal Systems Operations and Performance program category by funding additional local projects to improve mobility options and performance of the Bay Area’s existing multimodal transportation system, particularly on arterials and along fixed-route transit; or by nominating County & Local Program funds to match or augment Regional Program funds for these types of projects.

Eligible project types for the County & Local Program within the Multimodal Systems Operations and Performance program category include:

- Transit capital improvements, including vehicles for new or expanded service
- Transit station improvements such as plazas, station access improvements, bicycle parking, and replacement parking or parking management for Transit Oriented Development (TOD)
- Local actions to advance implementation of the Transit Transformation Action Plan
- Cost-effective, technology-driven active operational management strategies for local arterials and highways (for highways, when used to augment state or federal funds and developed/implemented in coordination with MTC)
- Mobility management and coordination projects that meet the specific needs of seniors and individuals with disabilities and enhance transportation access for populations beyond those served by one agency or organization within a community. Examples include the integration and coordination of services for individuals with disabilities, seniors, and low-income individuals; individualized travel training and trip planning activities; development and operation of one-stop transportation traveler call centers to coordinate transportation information on all travel modes and to manage eligibility requirements and arrangements for customers among supporting programs; and the operation of transportation brokerages to coordinate providers, funding agencies, and passengers.

Activities *not eligible* for funding include: air quality non-exempt projects, new roadways, roadway extensions, right of way acquisition for future expansion, operations, and routine maintenance.

Project Lists

Attachment B of Resolution 4505 contains the list of projects to be programmed under the OBAG 3 program. Attachments B-1 and B-2 list the projects receiving OBAG 3 funding through the Regional Programs and County & Local Programs, respectively. The project lists are subject to MTC project selection actions. MTC will update Attachments B-1 and B-2 as projects are selected or revised by the Commission.

Programming Policies

GENERAL POLICIES

The following programming policies apply to all projects funded in OBAG 3:

- 1. RTP Consistency:** Projects funded through OBAG 3 must be consistent with the adopted Regional Transportation Plan (RTP), currently *Plan Bay Area 2050*. As part of the project selection and TIP programming processes, project sponsors must identify each project's relationship with meeting the goals and objectives of the RTP, including the specific RTP ID number or reference. RTP consistency will be verified by MTC staff for all OBAG 3 projects as part of the project selection and TIP programming processes.
- 2. Federal Fund Eligibility:** Projects must be eligible for STP or CMAQ funds in order to be selected for OBAG 3 programming of those fund sources. However, eligibility for STP or CMAQ alone does not guarantee eligibility for funding through the OBAG 3 program. Projects must meet all program requirements and project selection criteria to be eligible for OBAG 3 funds.
 - STP is a flexible source of federal funding, with a wide range of projects that may be considered eligible. Eligible projects include roadway and bridge improvements (construction, reconstruction, rehabilitation, resurfacing, restoration), public transit capital improvements, pedestrian and bicycle facilities and programs, highway and transit safety projects, transportation demand management, and transportation planning activities. More detailed eligibility requirements can be found in 23 U.S.C. § 133 and at: <https://www.fhwa.dot.gov/fastact/factsheets/stbgfs.cfm>.
 - CMAQ is a more targeted federal funding source for transportation projects that generate emissions reductions that benefit a nonattainment or maintenance for ozone, carbon monoxide, or particulate matter. Eligible project categories that meet this basic criteria include: Transportation Control Measures (TCMS) in an approved State Implementation Plan (SIP), transit expansion projects, transit vehicles and equipment, bicycle and pedestrian facilities and programs, travel demand management, public education and outreach activities, congestion reduction and traffic flow improvements, carpool, vanpool, and carshare programs, travel demand management, outreach and rideshare activities, telecommuting programs, and intermodal freight projects. For more detailed eligibility information, refer to 23 U.S.C. § 149 and at: http://www.fhwa.dot.gov/environment/air_quality/cmaq/policy_and_guidance/.
- 3. Air Quality Conformity:** In the Bay Area, it is the responsibility of MTC to make a regional air quality conformity determination for the TIP in accordance with federal Clean Air Act

requirements and Environmental Protection Agency (EPA) conformity regulations. MTC evaluates the impact of the TIP on regional air quality during the update of the TIP. Non-exempt projects that are not incorporated in the current finding for the TIP will not be considered for funding in the OBAG 3 program until the development of a subsequent air quality finding for the TIP. Additionally, the EPA has designated the Bay Area as a non-attainment area for fine particulate matter (PM_{2.5}). Therefore, based on consultation with the MTC Air Quality Conformity Task Force, projects deemed Projects of Air Quality Concern (POAQC) for PM_{2.5} must complete hot-spot analyses as required by the Transportation Conformity Rule. Generally, POAQC are those projects that result in significant increases in, or concentrations of, emissions from diesel vehicles.

- 4. Public Involvement.** MTC is committed to a public involvement process that is proactive and provides opportunities for continuing involvement, comprehensive information, timely public notice, and public access to key decisions. MTC provides many methods to fulfill this commitment, as outlined in the *MTC Public Participation Plan*. The Commission's adoption of the OBAG 3 project selection and programming policy meets the provisions of the *MTC Public Participation Plan*. MTC's Policy Advisory Committee and the Bay Area Partnership working groups are consulted in the development of funding commitments and policies for OBAG 3. Additional opportunities for public and stakeholder involvement will be provided throughout the OBAG 3 program period as specific programs are developed.

OBAG 3 investments must be consistent with federal Title VI requirements. Title VI prohibits discrimination on the basis of race, color, income, and national origin in programs and activities receiving federal financial assistance. Public outreach to and involvement of individuals in low income and minority communities covered under Title VI of the Civil Rights Act and the Executive Order pertaining to Environmental Justice is critical to both local and regional decisions.

Additional details on the public involvement requirements for the County & Local Program, including Title VI considerations, are provided in Appendix A-1. The current *MTC Public Participation Plan* is available online at: <https://mtc.ca.gov/about-mtc/public-participation/public-participation-plan>.

- 5. Project Selection Processes:** The OBAG 3 program categories are designed to reflect the investment priorities established in *Plan Bay Area 2050*. Within these program categories, MTC selects projects for STP and CMAQ funding that are consistent with *Plan Bay Area 2050*, and with consideration of their achievement toward regional targets of federal performance goals, and project delivery.
- 6. CMAQ Project Selection:** Additional project selection processes guide MTC's programming of CMAQ funds. MTC referred to FHWA's CMAQ Cost Effectiveness Tables (2020), emissions reductions benefits of OBAG 2 CMAQ projects, regional strategies in the Bay Area Air Quality Management District's (BAAQMD's) *Clean Air Plan*, and *Plan Bay Area 2050* air quality improvement strategies to develop CMAQ programmatic priorities for the OBAG 3 program. The CMAQ programmatic priorities to reduce emissions through vehicle miles traveled reduction include: bicycle and pedestrian facilities and programs, transit capital improvements, carpool, vanpool, rideshare, and travel demand management. CMAQ programmatic priorities to

otherwise reduce transportation emissions reductions include: alternative fuel infrastructure and programs, traffic flow improvements, and incident management. Programmatic priorities are intended to guide initial program development, and do not preclude other project types from being selected for CMAQ funds.

- **Regional Programs.** CMAQ programmatic priorities are used to develop a proposed focus for CMAQ funds within various components of the Regional Programs. All regional projects that are eligible for CMAQ funding will be assessed for emissions reductions benefits and cost effectiveness prior to CMAQ project selection.
- **County & Local Program.** As part of the call for projects process, project sponsors will provide project data necessary to assess the emissions benefits and cost effectiveness for projects eligible for CMAQ funding. These assessments will be incorporated into the prioritization and CMAQ project selection as described in Appendix A-1.

- 7. TIP Programming:** Projects approved as part of the OBAG 3 program must be amended into the federal Transportation Improvement Program (TIP). The federally-required TIP is a comprehensive listing of transportation projects that receive federal funds, are subject to a federally required action, or are regionally significant for air quality conformity or modeling purposes. OBAG 3 project funding must first be approved by the Commission through revision to the Attachment B before it can be amended into the TIP.

Once a project has been selected for funding and is programmed in Attachment B, project sponsors must submit the project information into MTC's Fund Management System (FMS) in order for the project to be amended into the TIP. Proper submittal of project information into FMS is required for inclusion into the TIP in a timely manner. Additional information on FMS is available here: <https://mtc.ca.gov/funding/fund-management-system-fms>.

- 8. Resolution of Local Support:** a Resolution of Local Support approved by the project sponsor's governing board or council and submitted in FMS. A template for the Resolution of Local Support can be downloaded from the MTC website using the following link: <https://mtc.ca.gov/funding/federal-funding/federal-highway-administration-grants/one-bay-area-grant-obag-3>.

- 9. Local Match:** Although local match requirements are subject to change, the current local match requirement for STP and CMAQ funded projects in California is 11.47% of the total project cost, with FHWA providing up to 88.53% of the total project cost through reimbursements. For capital projects, sponsors that fully fund the project development or Preliminary Engineering (PE) phase with non-federal funds may use toll credits in lieu of a match for the construction phase. For these projects, sponsors must still meet all federal requirements for the PE phase.

Per the Regional Toll Credit Policy (MTC Resolution No. 4008), MTC may use toll credits to waive the local match requirements for programs and projects of regional significance, such as ongoing regional programs and planning efforts.

- 10. Environmental Clearance:** Project sponsors are responsible for compliance with the requirements of the California Environmental Quality Act (Public Resources Code § 21000 et seq.), the State Environmental Impact Report Guidelines (14 California Code of Regulations

Section § 15000 et seq.), and the National Environmental Policy Act (42 U.S.C. § 4321 et seq.) standards and procedures for all projects with federal funds.

11. Fund Exchanges: Federal STP and CMAQ funding may be exchanged with non-federal funds for projects that are consistent with the OBAG 3 programming policy but are ineligible or poorly suited to federal funding. Development and implementation of a funding exchange is the responsibility of the project sponsors and CTAs. Exchanges must be consistent with MTC's fund exchange policy for regional discretionary funds (MTC Resolution No. 3331), which also requires the locally-funded project to be included in the TIP for tracking purposes.

12. Regional STP/CMAQ Exchanges: State and federal timely use funds provisions, such as Sections 182.6 and 182.7 of the State Streets and Highways Code, require federal apportionment to be obligated within three years of federal eligibility. If a region of the state is unable to fully obligate their lapsing STP or CMAQ balances in a given year, another region in the state can enter into temporary exchange agreements to obligate the older, unused STP or CMAQ balances in exchange for an equal amount of future year STP or CMAQ funds. Such exchanges benefit both regions by avoiding the loss of funds in one region, while another region can advance projects that may be stalled due to a lack of eligible funding.

To facilitate such exchanges, the MTC Executive Director or designee is authorized to sign letters of understanding with Caltrans and other regions for the exchange of STP or CMAQ funds with the following conditions and limitations:

- The exchange does not negatively impact the delivery of Bay Area STP/CMAQ projects.
- The exchange is a dollar for dollar exchange.
- The exchange is allowed under Caltrans' obligation authority management policy.
- Exchanges over \$2 million are reported to a standing Committee of the Commission for information.
- The Letter of Understanding can be executed in time for the MTC to secure the funds prior to any lapse or rescission.
- If any timely use of funds deadlines or Caltrans processes are not met in time and therefore result in the loss of apportionment balance, MTC's apportionment shall not be negatively affected and the Letter of Understanding is null and void.

Exchanges beyond these conditions and limitations may be approved by a standing Committee of the Commission.

13. Advanced Construction: When certain federal funds are not available for obligation due to an insufficient balance of apportionment or obligation authority project sponsors may request authorization from FHWA and Caltrans to proceed with the project under advance construction (AC) procedures. AC procedures allow FHWA to authorize work to begin on a project without obligating federal funds. Project sponsors given the federal authorization to proceed with a project under AC procedures use local funds to perform work eligible for future federal reimbursement. Once federal apportionment or obligation authority becomes available, the sponsor may then seek to covert the amount authorized through AC into a real obligation of federal funds.

AC procedures streamline the delivery of federal projects and programs by allowing projects to proceed when current year apportionments or obligation authority has run out, and enables the region and the state to better manage the use of obligation authority for large projects.

To facilitate AC procedures on regional projects, the MTC Executive Director or designee, in consultation with the Chief Financial Officer, is authorized to execute AC authorizations with Caltrans and/or FHWA for federal projects sponsored or implemented by MTC, with the following conditions and limitations:

- The agency must have sufficient local funds to pay for all project costs until the federal funds become available.
- The project must comply with all federal requirements including programming in the TIP.
- The federal authorization date establishes the start date for performance federally-reimbursable work.

14. Regional Fund Management: OBAG 3 funding is available in federal fiscal years (FY) 2022-23 through FY 2025-26. Funds may be programmed in any of these years, conditioned upon the availability of federal apportionment and obligation authority (OA), and subject to TIP financial constraint requirements. In addition, in order to provide uninterrupted funding to ongoing efforts and to provide more time to prepare for the effective delivery of capital projects, priority of funding for the first year of programming apportionment (FY 2022-23) will be provided to ongoing programs, such as regional and CTA planning activities, non-infrastructure projects and programs, and the preliminary engineering phase of capital projects.

Specific programming timelines will be determined through the development of the Annual Obligation Plan, which is developed by MTC staff in collaboration with the Bay Area Partnership technical working groups and project sponsors.

OBAG 3 projects are selected for funding based on program and fund source eligibility, project merit to achieve program objectives, and deliverability within established deadlines.

The OBAG 3 program funding is composed of approximately 60% STP and 40% CMAQ funding. MTC will select projects throughout the nine-county Bay Area based on the established project selection criteria and programming policies. STP and CMAQ funds will be assigned to specific projects as part of the project selection process. The amount of STP or CMAQ in any one program, or in the case of the County & Local Program in any one county, will be determined as part of the project selection process. Following the initial project selection and fund assignment process, MTC may re-assign fund sources to reflect available apportionment or obligation authority, or to otherwise effectively manage regional STP and CMAQ funds.

All OBAG 3 programming amounts must be rounded to the nearest thousand.

All project savings are returned to MTC for future programming, and are not retained by the project sponsor or county.

15. Project Delivery Policy: Once programmed in the TIP, the funds must be obligated by FHWA or transferred to the Federal Transit Administration (FTA) within the federal fiscal year the funds

are programmed in the TIP. Additionally, all OBAG 3 funds must be obligated no later than January 31, 2027.

Project sponsors are responsible for securing necessary matching funds and for cost increases or additional funding needed to complete the project.

Obligation deadlines, project substitutions and redirection of project savings will continue to be governed by the MTC Regional Project Funding Delivery Policy (MTC Resolution No. 3606 and any subsequent revisions). All funds are subject to obligation, award, invoicing, reimbursement and project close-out requirements. The failure to meet these deadlines may result in the de-programming and redirection of funds to other projects.

To further facilitate project delivery and ensure all federal funds in the region are meeting federal and state regulations and deadlines, every recipient of OBAG 3 funding is required to identify and maintain a staff position that serves as the single point of contact (SPOC) for the implementation of all FHWA-administered funds within that agency. The person in this position must have sufficient knowledge and expertise in the federal-aid delivery process to coordinate issues and questions that may arise from project inception to project close-out. The agency is required to identify the contact information for this position at the time of programming of funds in the TIP, and to notify MTC immediately when the position contact has changed. This person will be expected to work closely with FHWA, Caltrans, MTC, and the respective CTA on all issues related to federal funding for all FHWA-funded projects implemented by the recipient.

Project sponsors that continue to miss delivery milestones and funding deadlines for any federal funds are required to prepare and update a delivery status report on all projects with FHWA-administered funds they manage, and participate, if requested, in a consultation meeting with the CTA, MTC, and Caltrans prior to MTC approving future programming or including any funding revisions for the agency in the TIP. The purpose of the status report and consultation is to ensure the local public agency has the resources and technical capacity to deliver FHWA federal-aid projects, is fully aware of the required delivery deadlines, and has developed a delivery timeline that takes into consideration the requirements and lead-time of the federal-aid process within available resources.

COUNTY & LOCAL PROGRAM POLICIES

In addition to the general programming policies, the following policies also apply to all projects selected for funding in the County & Local Program.

- 1. Minimum Grant Size:** Projects must be a minimum of \$500,000 for counties with a population over 1 million (Alameda, Contra Costa, and Santa Clara counties) and \$250,000 for counties with a population under one million (Marin, Napa, San Francisco, San Mateo, Solano, and Sonoma counties). The purpose of grant minimum requirements is to maximize the efficient use of federal funds and minimize the number of federal-aid projects which place administrative burdens on project sponsors, CTAs, MTC, Caltrans, and Federal Highway Administration (FHWA) staff.

On a case by case basis, MTC may program a grant award that is below the county minimum, but no less than \$150,000. These exceptions are subject to MTC staff discretion,

but may be limited to non-infrastructure projects, safety projects, or projects that are already federalized.

2. **Project Selection Process:** MTC selects project in the County & Local Program through a competitive call for projects process, administered by MTC in coordination with the CTAs. In early 2022, MTC will develop and approve the call for projects guidelines (Appendix A-1) prior to releasing a regionwide call for local and county project nominations. In coordination with MTC, CTAs will assist with local agency outreach, public engagement, and initial project screening and evaluation. Following this initial process, CTAs will submit a locally prioritized list of project nominations for MTC's regional evaluation and final project selection in early 2023.
3. **County Nomination Targets:** With the release of the regionwide call for projects, MTC will provide CTAs with their nomination targets for the OBAG 3 County & Local Program. Nomination targets are established to guide the maximum funding request from each county. Similar to prior cycles, these targets will be based on population, recent housing production and planned growth, and housing affordability. However, these investment targets do not commit or imply a guaranteed share of funding to any individual county or jurisdiction. Each county's nomination target will also be adjusted to ensure that it is greater than the amount of base planning funding for that county (affects Napa County).

In order to ensure a sufficient pool of projects for MTC's final project selection, the nomination targets will be 120% of the total amount available for the County & Local Program minus the amounts for CTA Base Planning. Nomination targets will be detailed in Appendix A-1.

4. **Project Selection Criteria & Outreach:** MTC will develop detailed project selection criteria and outreach requirements prior to the release of the call for projects, and provided in Appendix A-1. The project selection guidelines will include, but may not be limited to, the following criteria:
 - Screening of all projects for consistency with *Plan Bay Area 2050*, federal fund eligibility, and OBAG 3 programming policy requirements.
 - Alignment with *Plan Bay Area 2050* strategies and federal performance management targets.
 - Consistency with adopted regional plans and policies, such as Regional Safety/Vision Zero policy, Equity Platform, Regional Active Transportation Plan (AT Plan), Complete Streets Policy (update pending), Transit Oriented Communities (TOC) Policy (update pending), and priority actions from the Blue Ribbon Transit Transformation Action Plan.
 - Projects located within PDAs, or select new growth geographies, and EPCs
 - Projects identified in completed CBTPs or PBs
 - Project deliverability within program deadlines.
 - Emissions reductions benefit and cost effectiveness calculation (for projects eligible for CMAQ).

In addition to these criteria, final project selection will also reflect the relative PDA investment targets per county and the regionwide investment target of \$200 million in

active transportation (as described in Program Categories section, above). Consideration will also be given to overall project mix, equity, geographic spread, and to available fund sources and amounts.

POLICY CONSISTENCY

OBAG 3 Program Categories are designed to support and advance regional and federal priorities, including *Plan Bay Area 2050* strategies and FHWA Federal Performance Goal Areas, as illustrated in the matrix below.

OBAG 3 Program Category	PBA 2050 Strategies	Federal Performance Goal Areas
Planning & Program Implementation	H3, H4, H5, H6, H8 T1, T2, T3, T6, T7, T8, T9, T10, T11, T12 EC4, EC5, EC6 EN1, EN2, EN3, EN4, EN5, EN6, EN7, EN8, EN9	Safety Infrastructure Condition System Reliability Freight Movement and Economic Vitality Congestion Reduction Environmental Sustainability
Growth Framework Implementation	H3, H4, H5, H6, H8 T1, T2, T3, T11 EC4, EC5, EC6 EN4	Congestion Reduction Environmental Sustainability
Climate, Conservation and Resilience	T2, T7, T8 EN1, EN4, EN5, EN6, EN7, EN8, EN9	System Reliability Congestion Reduction Environmental Sustainability
Complete Streets and Community Choice	T1, T2, T3, T6, T7, T10	System Reliability Freight Movement and Economic Vitality Congestion Reduction Environmental Sustainability
Multimodal Systems Operations and Performance	T1, T2, T3, T8, T9, T10	Safety Infrastructure Condition Congestion Reduction Environmental Sustainability

For a complete list of Plan Bay Area 2050 strategies, see pages vii-x of the adopted plan, available at <https://www.planbayarea.org/>.