



FACT SHEET

MTC's Funding Framework for Cap and Trade Funds

February 6, 2014

Background

MTC and our transportation partners across California believe Cap and Trade funds derived from transportation fuels should be reinvested in low-carbon transportation projects, with the majority of the funds dedicated to help implement the state's landmark climate change legislation, Senate Bill 375 (Steinberg, 2008).

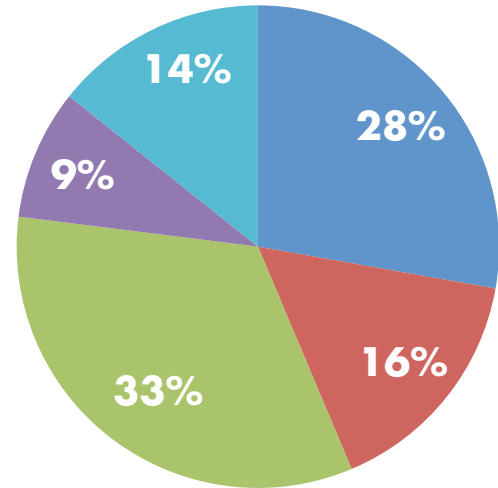
MTC's Cap and Trade Funding Framework

To ensure the Bay Area has a clear plan for how we will invest such funds, MTC recently adopted a Cap and Trade Funding Framework (hereafter "framework") for \$3.1 billion in Cap and Trade funds that could come to the region over the next 26 years. The framework assigns the funds to five broad program categories as shown at right. A comprehensive and competitive project selection process will be developed over the next twelve months. In short, the Bay Area will be able to hit the ground running once the legislature appropriates the Cap and Trade funds.

Program Rewards Counties That Build More Housing

The **One Bay Area Grant (OBAG) Program** is the largest category in the framework, receiving \$1 billion. This competitive program is administered by congestion management agencies at the county level and focuses on building complete streets, bicycle and pedestrian improvements and streetscape improvements. OBAG funds are distributed by a formula that rewards counties that plan for and produce affordable housing — a key incentive designed to ensure the region implements the infill development strategy incorporated into Plan Bay Area.

Total Program: \$3.1 billion



- Transit Core Capacity Challenge Grants Program
- Transit Operating and Efficiency Program
- One Bay Area Grants
- Climate Initiatives
- Goods Movement

Eligible OBAG projects include:

- Local Streets and Roads Preservation
- Bicycle and Pedestrian Improvements
- Transportation for Livable Communities
- Safe Routes to School
- Priority Conservation Areas
- Planning



Transit Core Capacity Grant Program

The framework invests another \$875 million in a new Transit Core Capacity Grant Program designed to address the region's highest priority transit capital needs, focusing on vehicle replacement and expansion and facilities improvements at the region's three largest operators: AC Transit, BART and SFMTA. The Cap and Trade funds are leveraged by an additional **\$6.6 billion** in local, regional and federal funds, for a **\$7.5 billion** total program.

Transit Operating & Efficiency Program

The framework also commits \$500 million through 2040 towards improving transit service. Funds are to be distributed by a formula that provides 40% to core capacity transit operators (AC Transit, BART, and SFMTA) and 60% to the remaining transit operators, based 50% on total ridership, 25% on low-income ridership and 25% on minority ridership. Amounts forecast for the region's larger operators are shown below, and are subject to each operator submitting qualifying projects for funding through a competitive selection process:

Operator	Amount (\$ in millions)
AC Transit	\$35
BART	\$54
Caltrain	\$35
Golden Gate	\$22
SFMTA	\$111
Samtrans	\$44
Santa Clara Valley Transportation Authority	\$140
SUBTOTAL	\$441
Small Operators	\$59
TOTAL	\$500

Plan Focuses on Disadvantaged Communities

Consistent with SB 535 (DeLeon, 2012), which directs that at least 25 percent of the state's Cap and Trade funds benefit disadvantaged communities, the framework requires that at least 25 percent of the region's share of Cap and Trade funds benefit disadvantaged communities, with each category of funding benefiting such communities by at least that amount.



Climate Innovation & Goods Movement

\$450 million is reserved for goods movement projects that either improve the efficiency of the movement of goods within and through the region or mitigate the associated environmental impacts. The framework also invests \$275 million in a Climate Initiatives Program, including \$75 million to support Safe Routes to Schools programs. Other eligible categories include technology advancements and strategies to reduce demand for driving. All projects in these two categories will be competitively selected.



A Broad Coalition Supports a Regional Approach

A broad coalition of transportation organizations known as the Transportation Coalition for Livable Communities, agrees that the majority of Cap and Trade funds should be distributed by population to metropolitan planning organizations for competitive grant programs that support the highest priority GHG reduction strategies at the *local* level.¹ Given that greenhouse gas emissions correlate very closely with population, this approach will best ensure that state-level GHG reduction programs are met *and* that *all* metropolitan areas benefit from transportation improvements that will help reduce their carbon footprint.

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¹ The TCLC steering committee is comprised of the California Alliance for Jobs, the Natural Resources Defense Council, the California Association of Councils of Government, the California Transit Association, the California State Association of Counties and the League of California Cities. MTC and many other transportation agencies are also members of the coalition.