

Attachment E

Key Issue/ Policy: Transportation Investments

Issue: A large number of comments addressed the level of investment for public transit and local streets and roads. Many stakeholder organizations and individuals requested more funding for transit, specifically funding for local bus operations and youth bus passes. In addition, letters from several agencies flagged the need to address the remaining unfunded transit capital needs. Many others questioned the cost-effectiveness of additional transit services and emphasized the importance of maintaining the existing infrastructure, both transit and streets and roads. Others called for a larger investment in the region's road network to better maintain the roads and expand them, alongside comments from many stakeholder organizations critical of roadway expansion.

Key Considerations: After accounting for the transit and local road investment proposed in the Draft Plan, the region faces a \$17 billion transit capital shortfall and a \$20 billion shortfall in local street and road rehabilitation needed to achieve the Plan's adopted performance targets for this critical infrastructure. The Draft Plan fully funds the operating shortfalls of the existing transit system but also recognizes the importance of controlling costs, improving service and attracting new riders. The Transit Sustainability Project seeks a five percent drop in operating costs by 2018, and then indexes those costs to inflation. The Draft Plan also assumes an investment of \$500 million over the Plan period to support infrastructure improvements in ridership and service productivity.

Cap and Trade revenues will be available starting in 2015 and staff is recommending that the Plan revenues be increased to reflect a total of \$3.1 billion from this revenue source through 2040. After accounting for an investment of \$600 million of these funds for transit-oriented affordable housing (see Attachment C), the balance of funds totals \$2.5 billion.

Recommendation: Staff recommends that the balance of Cap and Trade revenues (\$2.5 billion) be reserved for transit operating and capital rehabilitation/replacement, and for local street and road rehabilitation, consistent with the focused land use strategy outlined in Plan Bay Area. The share of funds reserved for these purposes, the specific project sponsors, and investment requirements (i.e., consistency with the goals of Transit Sustainability Project and complete streets elements, etc.) would be subject to further deliberation and public outreach following adoption of Plan Bay Area.