

6. Funding and Implementation

The purpose of this initial inventory is to identify sources of funds that might be available for the construction, operation, and maintenance of the transit service options being considered for the EBOTS study area and provide a real world roadmap for positioning potential projects for funding. The scan of sources will provide a basis from which fund sources can be further analyzed for applicability, availability, and requirements and timelines for obtaining funding for specific elements of a recommended EBOTS transit service alternative.

Potential Funding Sources

The potential funding sources described below take into account certain capital costs for the proposed new Enhanced Bus Trunkline Route and the proposed West Oakland and Emeryville Streetcar routes. However, to take advantage of traditional sources of operating and capital funds, projects must be included in local and regional transportation planning documents. Some potential funding sources described below specify they are for operating and maintenance costs as well, specifically the Transportation Development Act (TDA) and the State Transit Assistance (STA) and fare revenues. **Table 13** lists which funding sources would be possible options for each improvement type. State Cap and Trade funds are not included because they have high VMT reduction requirements, which limit those funds to places denser than the study area.

Table 13: Summary of Potential Funding Sources by Project

Potential Funding Sources		Shuttles	Enhanced Bus Trunkline Route	Streetcar Routes
Source	Description			
Federal Transit Administration (FTA) Section 5312 Research: Low or no Emission Vehicle Deployment	For projects in nonattainment or maintenance areas, funding for capital projects for low or no emission vehicles, facilities and related equipment. <ul style="list-style-type: none"> • Must be a federal section 5307 eligible recipient • The Metropolitan Transportation Commission (MTC) would need to submit application. 		✓	
Section 5339 Bus and Facilities Program	Can be used for vehicles and to construct bus related facilities. These are relevant to new bus and facility capital costs. <ul style="list-style-type: none"> • Regional distribution on a formula basis annually 		✓	
Congestion Mitigation and Air Quality Improvement (CMAQ)	Funds can be used for transportation projects and programs that help meet the requirements of the Clean Air Act. Projects must be in the local Transportation Improvement Program (TIP). The Metropolitan Transportation Commission (MTC) has a three year programming cycle for the funds it manages and the local Congestion Management	✓	✓	

Potential Funding Sources		Shuttles	Enhanced Bus Trunkline Route	Streetcar Routes
Source	Description			
	<p>Agency (CMA) administers its share through the One Bay Area Grant Program (OBAG) for projects that are consistent with OBAG priorities. MTC develops a regional framework on how to allocate the region's funds roughly every three years.</p> <ul style="list-style-type: none"> Next availability would be FY 15/16 for projects that are consistent with new priorities 			
Section 5309 New Starts Funding	<p>This funding is administered and competed for nationally. It is the main source of significant funding for streetcar improvements, although matching funds will need to be found. Must have on-going operating sources confirmed prior to federal full funding grant agreement.</p> <ul style="list-style-type: none"> The process needs to be in a full funding grant agreement, which often takes years and can only take place after the environmental document has been certified. 			✓
Transportation Development Act (TDA)/State Transit Assistance (STA)	<p>Funds allocated to transit operators for use on operating and capital expenditures. They are fully subscribed. These are relevant for capital costs as well as operations and maintenance costs.</p> <ul style="list-style-type: none"> Annual distribution 	✓	✓	✓
Senate Bill 142 (SB142)/Public Transit Assessment District	<p>Transit District, municipal operator, or other public agency operating transit, commuter rail, or intercity rail services to approve, by a two-thirds majority, to issue bonds and levy a fee on the special district for bond repayment. To be implemented, the levy may not be opposed by a majority of the properties affected. Funds may only be used for capital costs.</p> <ul style="list-style-type: none"> The area in the benefit district must be within a half mile of the center point of the transit station. Projects must provide special benefits to the parcels of land and improvements to land within the vicinity of the rail station. 			✓
Transportation Fund for Clean Air (TFCA)	<p>The Bay Area Air Quality Management District's TFCA can be used for clean air vehicles only. Can fund shuttle service connecting to train stations.</p> <ul style="list-style-type: none"> Ongoing collections 	✓	✓	

Potential Funding Sources		Shuttles	Enhanced Bus Trunkline Route	Streetcar Routes
Source	Description			
Alameda County Measure BB Sales Tax – Community Development Investments	Half cent sales tax for transportation in Alameda County. Community Development Investment funds may include shuttles.	✓	✓	
State Transportation Improvement Program (STIP)/Regional Transportation Improvement Program (RTIP)	These funds are at historical lows and significant amounts of them are currently programmed to AC Transit for the East Bay Bus Rapid Transit (BRT) through 2028. <ul style="list-style-type: none"> Programmed for multiple years 		✓	
Fare Revenues	Fares only cover a percentage of the cost of operating service. While these revenues can be used for operations and maintenance as well as capital costs, they tend to be used for operations and maintenance because the cost of operations far exceeds the fare revenue received. <ul style="list-style-type: none"> Ongoing collections 	✓	✓	✓
Property-Based Business Improvement District	One is in place already in Emeryville and supports the Emery Go-Round shuttle. Business owners in a specific area pay a fee to fund improvements and/or improve the quality of the area paying the fee.	✓	✓	✓
Transit Investments for Greenhouse Gas and Energy Reduction (TIGGER)	Can help fund electric buses that use batteries.	✓	✓	

Federal Funding Recipients

In some cases there may be issues receiving Federal funding depending on the applicant and operator of the transit route. Since the operator has not yet been defined for the Enhanced Bus trunkline or Streetcar routes, this information will be important in understanding the types of funding available and who could be the operator.

For urbanized areas with 200,000 and greater in population, funds are apportioned and flow directly to a designated recipient selected locally to apply for and receive Federal funds. Funding is made available to recipients that must be public bodies with the legal authority to receive and dispense Federal funds under 49 U.S.C. 5307. It is important to note that becoming a direct recipient can be difficult. In addition to the legal authority that is required to become a recipient, applicants may also fall under the federal compliance requirements such as having a 1/2 fare for senior/disabled passengers; providing complementary paratransit service; complying with federal procurement regulations; and fulfilling transit related Title VI anti-discrimination requirements.

Additionally, funding is allocated on the basis of legislative formulas. In the Bay Area, it is based on a combination of bus revenue vehicle miles, bus passenger miles, fixed guideway revenue vehicle miles, and fixed guideway route miles as well as population and population density. That means that a fixed dollar amount comes to the region and is divided among the direct recipients (transit agencies). Because the 5307 and 5339 funds are overprescribed, as indicated, an applicant would need to first become a legal entity that can access the funds, while convincing the regional partners that funds should be allocated.

Section 5312 funds can be available to non-transit operators. Eligible recipients are determined for each competition, and may include: universities, public transportation systems, state Department of Transportation (DOT), non-profit and for-profit entities, amongst others. However, this year's competition is limited to existing direct recipients of Federal Transit Administration (FTA) grants.

Enhanced Bus Trunkline Route

Funding Sources

For the Enhanced Bus trunkline route, the operator and the specific enhancements making up the bus route need to be identified. Many of these improvements also need to be specified in regional planning documents, as well as in the planning documents of the sponsor agency. The funding strategies do not take into account the need for replacement of vehicles after initial purchase, which increases the total capital cost at the time the vehicles and other infrastructure need to be replaced (approximately 12 years for buses).

Bus Capital Cost Funding Sources (all costs including a new bus line and bus stops):

- Transportation Development Act (TDA)/State Transit Assistance (STA) funds (annual distribution)
- Alameda County Measure B Sales Tax (ongoing collections)
- State Transportation Improvement Program (STIP)/Regional Transportation Improvement Program (RTIP)

Clean Air Vehicle Capital Cost Funding Sources:

- Federal Transit Administration (FTA) Section 5312 Research: Low or no Emission Vehicle Deployment (funds are programmed in cycles)
- Section 5339 Bus and Facilities Program (regional distribution on a formula basis annually to federal recipients)
- Congestion Mitigation and Air Quality Improvement (CMAQ) Section 5307 Funds (programmed in cycles; currently programmed through the One Bay Area Grant program)²⁵

²⁵ Hybrid vehicles must meet certain requirements <http://www.epa.gov/fedrgstr/EPA-AIR/2007/May/Day-24/a9821.htm>

- Transportation Development Act (TDA)/State Transit Assistance (STA) funds (annual distribution)
- Bay Area Air Quality Management District's Transportation Fund for Clean Air (ongoing collections)
- Alameda County Measure B Sales Tax (ongoing collections)

Operation and Maintenance Funding Sources:

- Transportation Development Act (TDA)/State Transit Assistance (STA) funds (annual distribution)
- Fare revenues (ongoing collections)

Operator Options

Many aspects of the system, particularly costs, will be dependent on the operator of the proposed system. Additionally, many funding options require the operator to be specified in advance of the project start. The options below should be considered for choosing an operator:

- **ETMA as Operator.** A new association could be formed or the Emeryville Transportation Management Association could expand, if property owners in West Oakland and West Berkeley (and Emeryville if it is a second association) vote to join an improvement district. Someone would have to initiate the formation or expansion and conduct the election.
- **AC Transit as Operator.** AC Transit receives Federal funding. Or a new transit agency could be formed, but Federal Transit Administration (FTA) allocates funding to AC Transit and BART by formula for some of its programs.

Streetcar Routes

Funding Sources

If the City of Oakland changes its policy in the future to support streetcars, a full analysis needs to identify the project sponsor for the streetcar service. Certain improvements also need to be included in regional planning documents, as well as in the planning documents of the sponsor agency, in order to take advantage of new funding sources not currently contemplated such as a regional gas tax. The funding sources do not take into account the need for replacement of vehicles after initial purchase, which increases the total capital cost at the time the vehicles and other infrastructure need to be replaced (approximately 30 years for streetcar infrastructure and vehicles).

Capital Costs (all elements of the streetcar infrastructure):

- Federal Transit Administration (FTA) Section 5309 New Starts Funding
- FTA Transit Investments for Greenhouse Gas and Energy Reduction (TIGGER)

Operation and Maintenance Funding Sources:

- Transportation Development Act (TDA)/State Transit Assistance (STA) funds (annual distribution)
- Fare revenues (ongoing collections)

Operator Options

There are several options for choosing an operator for the proposed Streetcar routes. These options are closely related to how the system is funded. Several options include:

- **ETMA as Operator.** A new association could be formed or the Emeryville Transportation Management Association could expand, if property owners in West Oakland and West Berkeley (and Emeryville if it is a second association) vote to join an improvement district. Someone would have to initiate the formation or expansion and conduct the election.
- **Current or New Transit Agency as Operator.** AC Transit and BART receive Federal funding. If they were interested, they could add the new service – perhaps BART for streetcars. Or a new transit agency could be formed, but Federal Transit Administration (FTA) allocates funding to AC Transit and BART by formula for some of its programs.
- **Three-City Joint Powers Authority (JPA).** The three cities, with or without AC Transit and/or BART, could form a Joint Powers Authority (JPA), but a JPA would have a hard time competing with existing transit agencies for funding.

Fund Readiness Strategies

It is not sufficient to simply identify potential capital and operating sources to build and operate expansion projects. A successful funding strategy will be based on sound project planning, and will require a good deal of political will. Because major capital investments are costly and almost always require a variety of funding sources from all levels of government, it is important for project sponsors to understand what is needed to take advantage of new funding that may become available. For projects that are not yet a part of regional and local planning documents, it can be a challenge to access traditional transit funding resources, which are generally committed in advance to projects that have been in the queue for several years. Therefore non-traditional funding might be available more quickly, such as Business Improvement Districts (BIDs), or transit benefit assessment districts.

In the event that funds can be identified through BIDs, Developer fees, or other non-traditional transit related funding, projects may be able to be forwarded at a much quicker pace. This can be helpful for accessing project development funds that would help advance the project in order to take advantage of traditional federal and state transportation funds. **Table 14**, below, represents the timeline and strategies if projects can find “Independent Means” to implement portions of the project sooner. Due to the cost of the Streetcar Alternative, it is assumed that some level of federal funds would be sought.

Some of these steps are similar to the Fund Readiness Strategies in order to ensure that projects are included in required planning documents should they wish to qualify for federal, state or local fund

programs. Additionally, even though the list is numbered, some tasks can occur concurrently (such as procuring vehicles at the same time as local decision making process for the alignment of the streetcar).

Table 14: Independent Means Fund Readiness Strategies

Independent Means Fund Readiness Strategies	
Time Frame	Action
1 - 5 years	<ol style="list-style-type: none"> 1. Establish project sponsors 2. Determine priority for improvements for future study 3. Confirm priority with project sponsors 4. Ensure AC Transit projects are included in AC Transit’s Short Range Transit Plan 5. Obtain funds for Project Development for capital investments (Enhanced Bus trunkline and/or Streetcar service) 6. Conduct process to establish local decisions on mode and alignment for major capital investments, including alternatives analysis for Enhanced Bus trunkline and Streetcar routes 7. Complete required environmental and Plans, Specifications & Estimates (PS&E) for Enhanced Bus trunkline bus alternatives (includes Title VI minority and low-income anti-discrimination analysis)
5 - 10 years	<ol style="list-style-type: none"> 8. Secure funds for vehicle expansion (bus alternatives) 9. Secure operating funds for Enhanced Bus trunkline alternative 10. Procure vehicles for bus alternatives 11. Ensure projects are included in local and regional transportation plans (Countywide Transit Plan, RTP, Countywide Plan) 12. Complete required environmental documentation for streetcar 13. Secure operating funds in order to secure federal 5309 funds 14. Secure local match funds for federal program 15. Secure federal funds for major capital investments 16. Preliminary Engineering for Streetcar routes
10 - 20 years	<ol style="list-style-type: none"> 17. Design and Construction of Streetcar routes

Other Potential Sources

Other potential funding sources exist, but in some cases the projects will need to have more fully developed scopes before it can be determined whether these sources are potential matches or not. In other cases, the funding sources are dependent on new development, or the adoption of additional fees or taxes, and therefore are more speculative or have longer lead times. The additional potential sources are listed in **Table 15**.

Table 15: Additional Potential Sources of Funding for Proposed Routes

Funding Source	Element
Highway-Rail Grade Crossing Program	For elements at railway-highway crossings including signing and pavement markings at crossings, active warning devices (e.g. lights and gates), crossing surface improvements, sight distance improvements, grade separations (new and reconstructed), and the closing and consolidation of crossings.
Transit Oriented Development Planning Pilot	For new fixed-guideway and core capacity improvement projects that focus growth around transit stations to promote ridership, affordable housing near transit, revitalized downtown centers and neighborhoods, and encourage local economic development. <ul style="list-style-type: none"> Pilot program funding may not be available in future.
Federal Transit Administration (FTA) Section 5310 Enhanced Mobility Seniors and Individuals with Disabilities	This source is applicable if any of the service benefits the target populations.
Developer Fees	Fees that can be used to pay for public facilities necessitated by development. Generally, a nexus study must demonstrate that the development dictates the need for the facilities.
OneBayArea Grant Program	Program administered by the Alameda County Transportation Commission (ACTC) and the Metropolitan Transportation Commission (MTC) that combines many sources of funding in support integrating the Federal Transportation Program with California’s climate law.
New Transportation Sales Taxes	Cities have the ability to put a tax for transportation on the ballot depending upon their identified need.
Prop 1B Traffic Light Synchronization	This funding can be used in support of traffic light synchronization projects.
Parcel Taxes	Through a two-thirds vote of property owners, the imposition of a tax for a specific purpose. <ul style="list-style-type: none"> Can be put on the ballot by cities, counties, AC Transit or BART.

Funding Source	Element
Transportation Investment Generating Economic Recovery (TIGER) Discretionary Grant Program	Administered by the federal government, this program funds rail and transit projects which promise to achieve critical national objectives.
Parking Taxes and Revenues	Parking taxes and revenues may be allocated for funding transit-supportive infrastructure improvements.

Owners and Operators

If a non-operator, such as a tri-city Joint Powers Authority, owns a shuttle, bus or streetcar system, then that owner should contract with an existing operator.

Evolution and Phasing of Routes and Services

The routes shown in this report are adaptive. As transit evolves, routes can be adjusted. Several decisions will be made in 2015, including AC Transit’s restructuring of routes and a vote on renewal of Emery Go-Round’s Property-based Business Improvement District. Based on those decisions, the enhanced bus routes and shuttle routes may adjust to accomplish service that does not exist today. We have made the best recommendations possible at this point, but it is impossible to say how things will shape up in the next three to five years. The Enhanced Bus Trunkline may require modification to AC Transit routes. When the Enhanced Bus Trunkline and potential Streetcar routes are implemented, it will likely require revision to AC Transit and Emery Go-Round service to make them complementary. For example, AC Transit’s potential rerouting of its Line 26 and a new shuttle service could complement each other, and if a street car is built there may be no need for the Enhanced Bus Trunkline to go to West Oakland. Routes are adaptable as new routes are implemented.