Final Preferred Scenario:
Regional Growth Pattern & Investment Strategy

Ken Kirkey, MTC – November 17, 2016

Special Joint Meeting of the Metropolitan Transportation Commission and the ABAG Executive Board
November is an important month for Plan Bay Area 2040.

August 31
Draft Preferred Scenario Released

September 9
Joint Committee

September 7 - 29
County Workshops & One-on-One Meetings

October 14
Joint Committee & End of Public Comment Period

November 4
Joint Committee

November 17
Commission and Executive Board Consider Adoption

October 14
Commission and Executive Board Consider Adoption

November 4
Commission and Executive Board Consider Adoption

November 17
Commission and Executive Board Consider Adoption
Local jurisdictions, stakeholders, and members of the public provided robust feedback on the Draft Preferred Scenario.

Specific issues included:

- **Technical corrections** on pipeline data, opportunity sites, and zoning assumptions to better match local plans

- **Requests to increase jobs-housing ratios** to improve commutes and to boost regional affordability

- **Requests for implementation action plans** on issues like affordability, physical activity, preservation of open space, and transportation funding advocacy

20 staff-to-staff meetings with individual cities  
9 county-level meetings with planning directors
In response, staff updated strategies in the Final Preferred Scenario, as well as baseline data inputs, when appropriate.

**CHANGES TO POLICIES/STRATEGIES IN FINAL PREFERRED SCENARIO**

- Adjusted zoning in PDAs to align with PBA 2040 performance targets
- Incorporated or added office or commercial development caps to reduce employment growth in job-rich cities
- Added back select express lane projects not included in Draft Preferred Scenario

**CHANGES TO BASELINE DATA AND MODEL ASSUMPTIONS**

- Updated employee office space density to trends more similar to status quo
- Incorporated missing pipeline projects to better reflect current development underway
- Made technical corrections on other land use baseline data (e.g., current zoning)
Our economy is booming – but we’re not building enough housing.

Jobs added from 2011 through 2015: 501,000

Housing units built from 2011 through 2015: 65,000

Regionally: 1 house was built for every 8 jobs created

Big 3 Cities: 1 housing unit built for every 7 jobs created

Bayside Cities and Towns: 1 housing unit built for every 15 jobs created

Inland, Coastal, Delta Cities and Towns: 1 housing unit built for every 3 jobs created

The Final Preferred Scenario builds upon the Draft Preferred – with a few notable changes.
Land use strategies influence the location of future housing and jobs.

The Final Preferred Scenario has the following key strategies for land use:

• Assign **higher densities** than currently allowed by cities to select PDAs.

• Keep **current urban growth boundaries** in place.

• Preserve and incorporate **office space caps** in job-rich cities.

• Assume for-profit housing developments make **10 percent of units deed-restricted** in perpetuity.

• Reduce the cost of building in PDAs and TPAs through **eased parking minimums** and **streamlined environmental clearance**.

• Assume **subsidies** stimulate housing and commercial development within PDAs.

• Assess **commercial development fee** based on VMT to improve jobs-housing ratio and to fund affordable housing in PDAs.
Compared to the Draft Preferred Scenario, the Final Preferred Scenario boosts housing growth in the “Big 3” cities.

Where will the region plan for the **820,000** new households?

- **Big 3 Cities**: 46% (Draft)
  - Draft: 43%
- **Bayside**: 33% (Draft)
  - Draft: 33%
- **Inland, Coastal, Delta**: 21% (Draft)
  - Draft: 24%
- **in PDA**: 77% (Draft)
  - Draft: 75%
- **outside PDA**: 23% (Draft)
  - Draft: 25%

### 2010: 2.6 million households
- 30% Outside PDA
- 30% in PDA
- 40% Bayside
- 28% Inland, Coastal, Delta

### 2040: 3.4 million households
- 34% Outside PDA
- 38% in PDA
- 28% Bayside
- 20% Inland, Coastal, Delta
New strategies included in the Final Preferred Scenario shifted some job growth away from Bayside communities.

Where will the region plan for the **1.3 million** new jobs?

- **Big 3 Cities**: 43% in PDA
- **Bayside**: 40% in PDA
- **Inland, Coastal, Delta**: 17% in PDA
- **outside PDA**: 45% in PDA

- **2010**: 3.4 million jobs
  - Outside PDA: 26%
  - In PDA: 33%
  - Inland, Coastal, Delta: 26%
  - Big 3 Cities: 34%

- **2040**: 4.7 million jobs
  - Outside PDA: 36%
  - In PDA: 23%
  - Inland, Coastal, Delta: 36%
  - Big 3 Cities: 21%
More information for local jurisdictions interested in detailed forecasts is publicly available.

Primary changes as a result of **policy** and **technical** changes since **September’s draft release** include:

- **Reduced job growth** in San Francisco
- **Increased job growth** in San Jose (and Oakland), with lower job forecasts for other Silicon Valley cities
- **Reduced housing growth** in North Bay, especially in Sonoma County
- **Shifted housing growth** from Contra Costa to other high-population, job-rich counties
The Final Preferred Scenario Recommendation was modified to incorporate the results of the November 8th election.

Bay Area voters approved $12 billion of the possible $19 billion in transportation revenue measures, including:

- BART G.O. bond
- Santa Clara County ½ cent sales tax
- AC Transit parcel tax
- City of Oakland infrastructure bond

Revisions to the Final Preferred Scenario:

- Program reductions for San Francisco and Contra Costa counties; minor project changes
- $2 billion less funding for local streets and roads repair
Final Preferred Scenario includes transportation ballot measures passed on 11/8, SF + Contra Costa measure revenue was removed.

**Revenue Envelope for Plan Bay Area 2040**

- $29B Federal
- $48B State
- $44B Regional
- $156B Local
- $14B Anticipated
- $12B 2016 Transportation Ballot Measures

**$303 billion**
Year of Expenditure $
The Final Preferred Scenario allocates over 90 percent of funds towards maintenance and modernization, similar to Plan Bay Area.

### Total Plan Bay Area 2040 Expenditures - $303 billion (in billions of $YOE)

- **90%** Operate, Maintain, and Modernize
- **10%** Expand Existing System

**Breakdown by Category:**

- **$157 billion** (52%)
  - Operate and Maintain - Roads/Freeways/Bridges
- **$66 billion** (22%)
  - Modernize
- **$50 billion** (16%)
  - Expand Existing System
- **$30 billion** (10%)
  - Operate and Maintain - Transit

*Note: The figures are approximate and subject to change.*
Future regional discretionary revenues support maintaining the existing system while balancing modernizing and expanding.

### Major Discretionary Fund Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount (in billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTA Formula Funds + Other Cond. Discr. Sources</td>
<td>$30.5</td>
</tr>
<tr>
<td>STP-CMAQ</td>
<td>$4.7</td>
</tr>
<tr>
<td>New Starts/Small Starts/Core Capacity</td>
<td>$5.0</td>
</tr>
<tr>
<td>Cap and Trade</td>
<td>$4.8</td>
</tr>
<tr>
<td>STA-Pop</td>
<td>$1.9</td>
</tr>
<tr>
<td>ATP + ITIP</td>
<td>$1.2</td>
</tr>
<tr>
<td>High Speed Rail</td>
<td>$0.7</td>
</tr>
<tr>
<td>Future Regional Measures</td>
<td>$8.9</td>
</tr>
<tr>
<td>Other Federal</td>
<td>$2.3</td>
</tr>
<tr>
<td>Anticipated/Unspecified</td>
<td>$14.0</td>
</tr>
</tbody>
</table>

### Regional Discretionary Revenue - $74 billion

- **$39.6B, 53%**: Operate and Maintain - Roads/Freeways/Bridges
- **$19.0B, 26%**: Modernize
- **$7.5B, 10%**: Expand
- **$8.0B, 11%**: Future Regional Measures
Discretionary revenue is used to close the gaps on transit operating expenses over the next 24 years.

### Overview of Regional Transit Operations: Service & Funding

#### Service Levels

- **7.5%** greater than the original Plan Bay Area

#### Annual Costs

- **23%** greater than the original Plan Bay Area

**Note:** statistics cited focus solely on operating existing service. Funding for projects that increase service is included within the modernize and expand investment categories.

#### Draft Transit Operating Needs and Funding, 2017 - 2040

(In billions of YOE$)

<table>
<thead>
<tr>
<th>Transit Service</th>
<th>Committed Revenue</th>
<th>Regional Discretionary Revenue (e.g. TDA/STA/AB1107)</th>
</tr>
</thead>
<tbody>
<tr>
<td>VTA</td>
<td>$15.7</td>
<td>$X.X</td>
</tr>
<tr>
<td>SamTrans</td>
<td>$5.4</td>
<td></td>
</tr>
<tr>
<td>SFMTA</td>
<td>$35.2</td>
<td></td>
</tr>
<tr>
<td>GGBHTD</td>
<td>$3.9</td>
<td></td>
</tr>
<tr>
<td>Caltrain</td>
<td>$5.5</td>
<td></td>
</tr>
<tr>
<td>BART</td>
<td>$30.7</td>
<td></td>
</tr>
<tr>
<td>AC Transit</td>
<td>$13.4</td>
<td></td>
</tr>
</tbody>
</table>
Maintenance funding is directed to highest asset need, but does not fully achieve a state of good repair for transit capital.

Draft Transit Capital Needs and Funding, 2017 - 2040
(In billions of YOE$)

- VTA: $0.1
- SFMTA: $5.4
- SamTrans: $0.8
- GGBHTD: $0.5
- Caltrain: $0.7
- BART: $4.9
- AC Transit: $1.1

Legend:
- Committed Investment
- Discretionary Investment
- November Ballot Measures
- Remaining Need (State of Good Repair)
Funding for local streets and roads also brings us closer, but not completely, to a state of good repair.

Draft Local Streets and Roads Needs and Funding, 2017 - 2040
(In billions of YOE$)

- Sonoma: $2.6 (Committed Investment: $2.0, Discretionary Investment: $0.6, Remaining Need: $0.9)
- Solano: $1.8 (Committed Investment: $1.5, Discretionary Investment: $0.3)
- Santa Clara: $2.3 (Committed Investment: $2.0, Discretionary Investment: $0.3)
- San Mateo: $1.3
- San Francisco: $0.9
- Napa: $0.3
- Marin: $0.7
- Contra Costa: $1.6
- Alameda: $2.1

- November Ballot Measures
- Discretionary Investment
- Remaining Need (State of Good Repair)
Future regional funding is also directed to three key issue areas for Plan Bay Area 2040.

- Closing the GHG Gap
- Sustainable Goods Movement
- Core Capacity Transit
Most of the Plan’s GHG emission reductions will come from MTC’s Climate Initiatives Program.

Transportation and land use strategies are not enough to meet the climate goals of SB375, requiring the following additional programs:

- Transportation Demand Management
- Alternative Fuel/Vehicle Strategies
- Car Sharing and Vanpool Incentives

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Local/Comm.</th>
<th>Regional Discr.</th>
<th>Total Plan Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Climate Initiatives Program</td>
<td>$36 million</td>
<td>$490 million</td>
<td>$526 million</td>
</tr>
</tbody>
</table>

Total = ~11% reduction in greenhouse gas emissions from 2005
Almost $3 billion of discretionary funding would go toward modernizing the region’s goods movement network.

The draft investment strategy seeks to improve goods movement operations while also increasing the environmental sustainability of the sector.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Local/Comm.</th>
<th>Regional Discr.</th>
<th>Total Plan Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modernizing Infrastructure</td>
<td>$2,100 million</td>
<td>$2,300 million</td>
<td>$4,400 million</td>
</tr>
<tr>
<td>Clean Fuels and Impact Reduction</td>
<td>$350 million</td>
<td>$350 million</td>
<td>$350 million</td>
</tr>
<tr>
<td>Smart Deliveries and Operations</td>
<td>$300 million</td>
<td>$300 million</td>
<td>$300 million</td>
</tr>
</tbody>
</table>

Increase efficiency within the Port of Oakland
Reduce emissions of small trucks
Reduce neighborhood impacts
Fund strategic highway investments
The Final Preferred Scenario investment strategy would provide transit crowding relief throughout the region’s core.

Major investments include:

- Extending BART to Silicon Valley
- Extending Caltrain to downtown San Francisco
- Increasing frequencies and capacity on BART
- Electrifying and modernizing Caltrain
- Bus rapid transit in San Francisco and Silicon Valley
- More vehicles for SFMTA, AC Transit, VTA and WETA
- Transit priority infrastructure in San Francisco and along the Bay Bridge approaches

<table>
<thead>
<tr>
<th>Location</th>
<th>Total Plan Investment*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transbay Corridor</td>
<td>$5.5 billion</td>
</tr>
<tr>
<td>Peninsula Corridor</td>
<td>$7.3 billion</td>
</tr>
<tr>
<td>Within San Francisco</td>
<td>$2.7 billion</td>
</tr>
<tr>
<td>Within Santa Clara County</td>
<td>$8.2 billion</td>
</tr>
<tr>
<td>Planning for future capacity projects</td>
<td>$0.5 billion</td>
</tr>
</tbody>
</table>

*Includes funding from local/committed sources, regional discretionary sources and November 2016 ballot measures
Changes between the Draft Preferred and Final Preferred did not have any significant impacts on overall performance results.

**Performance Target Summary for the Final Preferred Scenario**

Refer to **Attachment D1** for detailed results.

**Target Achieved (5)**
- Climate Protection
- Adequate Housing
- Open Space and Agricultural Preservation
- Middle-Wage Job Creation
- Goods Movement/Concentration Reduction

**Right Direction (5)**
- Healthy and Safe Communities
- Affordable Housing
- Non-Auto Mode Shift
- Road Maintenance
- Transit Maintenance

**Wrong Direction (3)**
- Housing + Transportation Affordability
- Displacement Risk
- Access to Jobs

Final performance results will differ slightly from those shown here, as the final scenarios will include a complete network of all transportation projects. The final results will also be analyzed against the 2040 Plan horizon year.
We know what land use & transportation strategies are needed to tackle congestion – affordability is a much bigger challenge.

Final performance results will differ slightly from those shown here, as the final scenarios will include a complete network of all transportation projects. The final results will also be analyzed against the 2040 Plan horizon year.

<table>
<thead>
<tr>
<th>Performance Target</th>
<th>Goal</th>
<th>Final Preferred</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods Movement/Congestion Reduction</td>
<td>-20%</td>
<td>-29%</td>
</tr>
<tr>
<td>Climate Protection</td>
<td>-15%</td>
<td>-18%</td>
</tr>
<tr>
<td>Middle-Wage Job Creation</td>
<td>+38%</td>
<td>+43%</td>
</tr>
<tr>
<td>Open Space and Agricultural Preservation</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Adequate Housing</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Transit Maintenance</td>
<td>-100%</td>
<td>-78%</td>
</tr>
<tr>
<td>Non-Auto Mode Shift</td>
<td>+10%</td>
<td>+3%</td>
</tr>
<tr>
<td>Road Maintenance</td>
<td>-100%</td>
<td>-16%</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>+15%</td>
<td>+2%</td>
</tr>
<tr>
<td>Healthy and Safe Communities</td>
<td>-10%</td>
<td>-1%</td>
</tr>
<tr>
<td>Access to Jobs</td>
<td>+20%</td>
<td>-0%</td>
</tr>
<tr>
<td>Displacement Risk</td>
<td>+0%</td>
<td>+9%</td>
</tr>
</tbody>
</table>

Housing + Transportation Affordability

-10%  +13%

Target results for the Final Preferred are ranked from best to worst, depending on the degree to which performance exceeds (or underperforms) on a given target.
Even though we move in the wrong direction on three targets, we are making progress compared to the No Project.

**SELECT PERFORMANCE TARGET RESULTS**

**Housing + Transportation Affordability**

- **Target:** -10%
  - **No Project:** +14%
  - **Final Pref.:** +13%

**Displacement Risk**

- **Target:** +0%
  - **No Project:** +20%
  - **Final Pref.:** +9%

**Access to Jobs**

- **No Project:** -2%
  - **Target:** +20%
  - **Final Pref.:** -0%

*Final performance results will differ slightly from those shown here, as the final scenarios will include a complete network of all transportation projects. The final results will also be analyzed against the 2040 Plan horizon year.*
Transportation investments are being targeted to benefit low-income Bay Area residents.

<table>
<thead>
<tr>
<th></th>
<th>Share of Population</th>
<th>Share of Investment Benefit</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Transit</td>
<td>Roadway</td>
<td>Total</td>
</tr>
<tr>
<td>Low-Income</td>
<td>24%</td>
<td>48%</td>
<td>27%</td>
</tr>
<tr>
<td>Minority</td>
<td>59%</td>
<td>61%</td>
<td>52%</td>
</tr>
</tbody>
</table>

Final Title VI assessment may differ slightly from these preliminary estimates.
While the Final Preferred Scenario makes progress on many fronts, **regional affordability challenges remain.** Implementation actions on this front **are a key priority for MTC and ABAG in 2017.**
MTC and ABAG are committed to establishing an Action Plan in 2017, which will:

- begin following the adoption of the Preferred Scenario
- be in consultation with local jurisdictions, interested public agencies, and non-governmental entities
- identify near and medium-term actions for MTC, ABAG, and other entities to make meaningful progress on the Plan’s performance
We recommend the following actions:

1) Adoption of the **Final Preferred Scenario and Investment Strategy**
2) Approval of the proposed **Action Plan policy statement**