Mega-Region Working Group
SACOG – MTC – SJCOG
Wednesday, March 23, 2016, 12noon
Joseph P. Bort MetroCenter
101 Eighth Street, Oakland, CA 94607
Claremont Conference Room, 2nd Floor

AGENDA

1. **Welcome and Introductions**

2. **Mega-Region Economic Development Study***
   Staff will provide a status update on the Bay Area Council Economic Institute's (BACEI) Northern California Megaregion Economic Development Study.

3. **RAND Study***
   Staff will provide an overview of the RAND Institute's Study of the Sacramento, San Joaquin, and San Francisco Bay Area Regional Transportation Plans/Sustainable Communities Strategies.

   3a. MTC and Lyft Partnership*
   At the request of SACOG, MTC Staff will provide an update to a new carpooling option for Bay Area commuters.

4. **Proposed Approach to Setting Round 3 SB375 Targets***
   Staff will provide an update on discussion with CARB related to the next SB375 targets.

5. **Mega Region Goods Movement Plan***
   Staff will present an outline of the approach and key objectives to inform the development of the MTC/SJCOG/SACOG/Caltrans Inter-regional Goods Movement Plan.

6. **Inter-Regional Passenger Rail**
   6a. MTC comments on draft High Speed Rail 2016 Business Plan

7. **Discussion of Expansion of Mega-Region Memberships**

8. **Next Steps**

9. **Other Business/Public Comment/Adjourn**

* Item is available to view on the MTC website.

BAY AREA COUNCIL ECONOMIC INSTITUTE

The Northern California Megaregion: Innovative, Connected and Growing

As population continues to concentrate in growing metropolitan regions, challenges in housing, land use, jobs, and transportation have crossed regional boundaries and are linking cities, counties, and metropolitan regions together across wider geographies referred to as megaregions. The heart of the **Northern California Megaregion** is composed of 21 counties divided currently into four regions: Bay Area, Sacramento Area, Northern San Joaquin Valley, and Monterey Bay Area.

A Few Key Data Points from the Report

- The Sacramento Area and the Northern San Joaquin Valley are the fastest growing areas on a percentage basis. Since 2000, these geographies account for the greatest share of the megaregion's absolute population growth, adding over 765,000 people, 39,000 more than the Bay Area during this time.

- The Bay Area's share of gross megaregional product is 77.3%, but the Sacramento Area and the Northern San Joaquin Valley have been growing their economies at a similar rate since the turn of the century—with all three areas posting growth rates between 65% and 70% since 2001.[1]

- While the burst of the dot-com bubble produced sharp employment losses in the Bay Area—and the region has just recently returned to its job levels from 2000—other parts of the megaregion grew employment throughout the period up to the Great Recession. Leading the way, the Sacramento Area produced job growth of 13.8% between 2000 and 2007, while the Northern San Joaquin Valley posted an 11.0% increase.

- Expanding industries and their employment are concentrated within urban centers, such as San Francisco, Silicon Valley, and Sacramento, while households are increasingly moving into the geographic center of the megaregion, including eastern Contra Costa and Alameda counties and the Northern San Joaquin Valley.

- The relatively high jobs-to-housing balance in the Bay Area has fueled housing prices that make the region one of the most expensive places to live in the country.[2] With median home values in San Francisco and San Mateo counties exceeding $1 million, the cost of living discussion has intensified in the Bay Area, and migration figures point to a movement of residents to more affordable Bay Area counties. The total number of households moving into Alameda and Contra Costa counties from San Francisco increased by 29% between 2006 and 2012.[3]

- While the megaregional workforce has increased by 17% over this period, commuters crossing regional boundaries (as defined in this report) have grown by 78%. There is a large movement of households out of the Bay Area to other areas in the megaregion. Many of these households, however, continued to work in the Bay Area, which has pushed inter-regional commuting numbers upward.

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[1] Since 2001, gross regional product from the Bay Area has grown by 68.3%; the Sacramento Area has posted 69.2% growth; Northern San Joaquin Valley has increased output by 65.6%; and the Monterey Bay Area has grown by 49.4%. All data taken from the Bureau of Economic Analysis.
[2] Khouri, Andrew. "Bay Area home prices soar," *Los Angeles Times*, May 14, 2014.
[3] Dineen, J.K. "S.F. workers lured eastward as home prices head upward," *San Francisco Chronicle*, January 16, 2016.

Preliminary Policy Recommendations (Partial Lists in Each Policy Area)

Increasing Economic Prosperity

Recommendation #1: Make Substantial Investments in Education Attainment Outside of the Bay Area: Achieving the level of workforce talent needed to power prosperity across a broader geography will require substantial investments in educational attainment, in particular outside of the Bay Area

Recommendation #2: Focus Career Technical Education Programs in Industries of Need: Networks between Community College agencies and industries in subregions can be created to provide more tailored education that meets local workforce training needs.

Recommendation #3: Institute Incentives for Venture Capital Investment in New Areas: To create a stronger market for venture capital investments across the state, especially in disadvantaged areas, California should employ a tax credit for investments made in areas that have traditionally not received a high share of investment—such as the Northern San Joaquin Valley.

Recommendation #4: Create More Collaborative Efforts across the Megaregion's Universities: An engagement summit focused on the role of universities as drivers of technology development and economic impact can help to create a more cohesive innovation system amongst the megaregion's many universities.

Improving Transportation Infrastructure

Recommendation #1: Make Capitol Corridor a More Attractive Option for Commuters: Capitol Corridor can be the backbone of the megaregional rail system, connecting to high-speed rail, BART, ACE, and other regional transit systems. However, its frequencies and travel times keep it from reaching its full potential.

Recommendation #2: Support ACE's Growing Ridership with Improved Levels of Service: The ACEforward plan calls for extension of the ACE service stations and an increase of trains' frequency and service. Beyond the ACEforward plan, the entire megaregional transportation network would benefit from an improved connection of ACE and BART in the Bay Area. A direct connection between ACE and BART at Greenville Road in Livermore and at the Freemont BART station would provide passengers with faster commutes.

Recommendation #3: Use Megaregional Partners in Advocacy Efforts to Secure Funding; Simultaneously Explore Dedicated Sources of Infrastructure Finance: Infrastructure projects that span the megaregion require partnership and support from a megaregional group of stakeholders. Both the ACE and Capitol Corridor projects described above require a significant amount of coordination and capital investment. Benefits from projects need to be recognized across the megaregion so that a coalition can support efforts to gain funding from Sacramento and Washington.

Restructuring the Goods Movement Landscape

Recommendation #1: Create a Structure for Passenger Rail and Freight Rail to Work Together: An entity or structure that can identify and prioritize key rail projects, optimize existing rail routes, and negotiate the acquisition of right-of-way is needed to ensure that passenger rail efficiently links the megaregion while freight operators continue to meet market objectives. This more structured conversation can be elevated to the State Transportation Agency and incorporated into the statewide rail plan. Alternatively, a focal point can be created within the megaregion that acts as the point of contact for engagement with private rail operators.

Recommendation #2: Make Investments in Inland Port Operations: The most congested highways in the megaregion are those that facilitate truck movement to and from ports. The M-580 Marine Highway program should be re-instated through a public-private partnership that would turn the program over to a private operator with some financial assistance from the state. A similar program linking the Port of Oakland and the Port of West Sacramento should also be explored. The public sector can also partner with private industry in making investments in inland ports. These investments might include more seamless rail connections and dredging to accommodate larger vessels.

Recommendation #3: Coordinate Advocacy for Dedicated Goods Movement Funding: Many local and regional infrastructure projects have goods movement co-benefits that extend into the megaregion. One source of funding could come from an increase in the gasoline tax, which could be levied at the state level or brought to voters on a regional scale. The Northern California Megaregion's policymakers should also help the state designate freight corridors of need. Projects identified in these corridors would be able to access state funding when available and have the state's support in efforts to garner funding from the recently-signed FAST Act, the federal government's transportation spending plan.

Decision Support for Urban Resilience

The RAND Corporation with support from the MacArthur Foundation
January 2015

Cities are at the forefront of efforts to reduce greenhouse gas emissions, understand and respond to current and future climate change impacts, and develop resiliency and adaptation capacity in response to climate change. Through the generous support of the John D. and Catherine T. MacArthur Foundation, RAND is available to help advance these efforts by bringing new analytical and planning capabilities pioneered at state and multi-state levels into a regional urban context. RAND's staff and analysis would be made available *pro bono* to the region. We are seeking three cities with whom to partner on these pilots.

Why Are We Doing This?

These pilots aim to:

(1) Add value to each city's current decision processes surrounding challenging investment and policy choices related to urban climate risk management;

(2) Identify and analyze a range of potential solutions in an open, deliberative, and interactive public process;

(3) Facilitate consensus around an effective and fiscally sustainable approach;

(4) Build in-house capacity within city and regional organizations to tackle these increasingly complex planning choices on their own using best available analytical methods; and

(5) Provide a template and tools that can be widely used by cities across the world.

Experience with these pilots will also help inform the Foundation's future work in urban climate risk management.

How Will This Work?

RAND would work in close collaboration with city leaders and other key players to scope, design, and implement an interactive, stakeholder-informed planning process that fits the region's needs.

Building on our work in climate risk management at the state and multi-state level, the process would involve a series of meetings extending over approximately a year. The first several meetings with a broad range of stakeholders would aim to clearly articulate the problem to be solved, the goals to be achieved in a solution, and the options to address the problem.

RAND would then incorporate these discussions into a decision support tool (Planning Tool) that organizes information about the system of interest, policy or investment options, and metrics of interest when assessing the options and trade-offs among goals. The next set of meetings with the region's technical experts would focus on gathering the data and models needed to relate alternative decisions to their potential consequences. The Planning Tool would then gather output from these models and employ visualization software to help interpret results.

The final set of meetings would be interactive sessions with stakeholders and decisionmakers to explore the range of possible outcomes under different options and scenarios of climate change and other key uncertain factors affecting future benefits and costs. We envision each pilot lasting about 12 months although arrangements could be made to extend it as needed.

Who Should Volunteer?

We are looking for urban regions that are facing major, complex, multi-agency, climate-related decisions and who would support a novel approach to "deliberation with analysis." Participation in a pilot will require a commitment of staff and time to help assemble the appropriate models and data, organize and manage an interagency process, and provide overall logistical support and guidance for public engagement.

What Are the Benefits of Being a Pilot Site?

Each region will receive RAND's services *pro bono*, directed to yielding tangible benefits to the region in the form of a robust, cost-effective, and publicly acceptable plan that can be implemented. Each pilot will yield a Planning Tool to guide future decisionmaking. Another important benefit will be the development of regional capacity to further refine and apply a replicable and sustainable "deliberation with analysis" process.

About RAND:

The RAND Corporation is a non-profit, independent, non-partisan policy research organization, known for its pioneering methods in analysis of public policy decisions. The Foundation has awarded a grant to RAND to offer decision support to three urban regions in the United States that are confronting major investment and policy choices related to climate risk management. These choices could relate to infrastructure, regulation, programmatic initiative or reform, taxation, or some combination of actions. RAND will draw on its prior and on-going experience in providing analytical support to public agencies facing long-term investment decisions with uncertain outcomes.

News Release

MTC and Lyft Partnership Brings New Carpooling Resource to the Bay Area

Credit
Noah Berger
Monday, March 14, 2016

OAKLAND, CA — The Metropolitan Transportation Commission (MTC) announced today that its 511 Rideshare program (link is external) is partnering with Lyft (link is external) to launch a new carpooling option for Bay Area commuters. This partnership will bring together Lyft's peer-to-peer ridesharing platform and MTC's established efforts to promote carpooling to make it easier for Bay Area residents to share rides.

Lyft's new carpooling service will allow commuters to offset the costs of driving on their regular commute routes. More details on this new carpooling service—which will operate separately from existing Lyft services—will be made available in the coming weeks, but interested drivers can sign up now at lyft.com/carpool. (link is external)

Commuters already have the option of using MTC's 511 RideMatch system to find carpools, vanpools or bicycle partners. The partnership with Lyft continues MTC's longstanding commitment to promoting carpooling and supporting technologies that make ridesharing more convenient, and represents MTC's first official partnership with a Transportation Network Company. MTC also has partnerships with the carpool-matching apps Carma (gocarma.com (link is external)) and Scoop (takescoop.com (link is external)).

MTC is the regional transportation planning, financing and coordinating agency for the nine-county San Francisco Bay Area.

Contacts: John Goodwin, MTC, 510-817-5862

DRAFT APPROACH TO SETTING ROUND 3 SB375 TARGETS

This CALCOG working draft paper reflects ongoing coordination with the Big 4 MPOs

January 25, 2016

About 10-15 years ago the four largest MPO's conducted long-range, regional scenario planning projects examining different land use patterns and their impact on transportation, air quality economic development and other topics. These scenarios were not fiscally constrained or otherwise limited by any regional, state or federal rules or guidance. They were intended to build knowledge about the connections between land use, transportation and air quality and policy options that could derive from local general plans and Regional Transportation Plans. Caltrans embraced this approach and established the "Blueprint" financial and technical assistance program to encourage regions throughout the state to conduct similar planning exercises, and refine and implement the growth strategies that emerged from their scenario planning projects.

Seven years ago SB375 was signed into law and all of the MPOs in the state have adopted their first round of Sustainability Communities Strategies. The law requires regional scenario planning in many ways similar to the Blueprint planning exercises, but this time with state and federal requirements that relate to Regional Transportation Plans, most notably the Federal Clean Air Act, the federal requirements for financially constrained transportation investments and realistic projected land use patterns, and a state performance target for greenhouse gas emissions reduction from passenger vehicles. These plans are less visionary and more intended for direct implementation. As a result, the scenarios analyzed through the planning process are necessarily within a narrower range of possibility than scenarios that are analyzed in a more wide-open blueprint-style visioning process. Additionally, CARB established a general decision-rule that the SB375 targets should be set at a level that would be "the most ambitiously achievable", adding a strong element of practicality to the process.

Currently, the Gubernatorial Executives Orders, and recently SB350, establish statewide goals of reducing greenhouse gas emissions 80% below 1990 levels by 2050 and 40% below 1990 levels by 2030. CARB's preliminary technical analysis indicates that much higher greenhouse gas reductions from Regional Transportation Plans/Sustainable Communities Strategies likely will be needed to achieve those goals.

To implement these new climate goals, MPOs propose to work with each other, and CARB staff, to conduct a more visionary, less constrained form of Scenario Planning, we'll call it "stress test scenarios", to determine what kinds of: a) land use and transportation measures; b) more aggressive implementation of technology solutions (e.g. electric vehicles, autonomous vehicles, etc.) and c) changes to exogenous variables (e.g. millennial driving patterns, gas prices, etc.) might be needed to create the greater greenhouse gas reductions CARB may determine are necessary from RTPs/SCSs.

First, CARB would provide, for analytical purposes only, a stretch performance goal (or maybe more than one) and then the MPOs would prepare stress test scenarios that would include policies and actions that are within the responsibilities of local, regional, and state agencies as well as important exogenous factors outside the control/influence of all participants. It is likely that this more top-down and laboratory style approach would yield options that would be difficult to implement, at least in the near-term (e.g. beyond the financial and/or land use capabilities of the MPOs). But they would build knowledge about the costs and benefits of meeting the more ambitious 2030 and 2050 performance levels. It is important to us that the ultimate SB375 targets continue to be set at levels that we can meet with and SCS, not an APS, and take into account federal requirements we must meet for financial and land use constraint.

Before embarking on this approach, the MPOs would also like to discuss with CARB the pros and cons of building and analyzing some of the stress test scenarios at a multi-region, rather than single region scale. SB375 expressly allows multi-region Sustainable Communities Strategies among the 8 San Joaquin Valley MPOs, but there is no similar authorization for other MPOs. Given the challenges created by accounting for inter-regional trips in the first round of SCS's, some multi-region scenario analysis could yield valuable information that could inform target setting and performance measurement going forward.

Procedurally, MPOs would like to work even closer with each other to build and measure the impact of these stress test scenarios than we did during the bottom up process that supported the first round of CARB target setting. At a high level, this would mean greater standardization of the technical methods we use to measure the impacts and possibly even cross jurisdictional teams helping to build the scenarios within each region. The stress test scenarios would include not just GHG levels as performance metrics, but also to a set of metrics at the heart of integrated land use transportation planning since the "Blueprint" processes started.

We also want CARB staff to be sitting at the table working with us. While the assumptions and results of the work would all be well documented and publicly available as it is completed, we do not believe we have the capacity for these scenarios to be built through a public or stakeholder process. It would be advisable, however, for CARB at the outset of the process to gather input from a broad range of stakeholders for the purpose of defining the universe of ideas they believe we should consider addressing in the stress test scenarios.

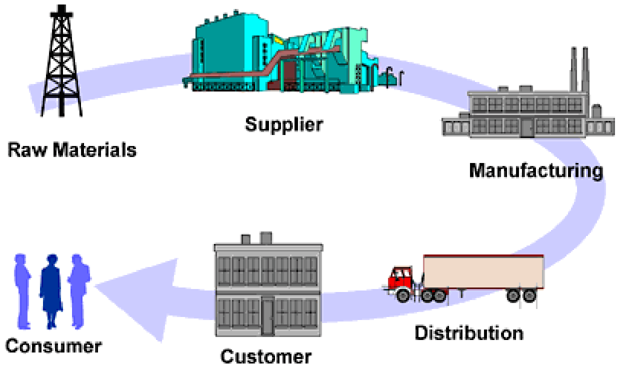
Mega-Region Goods Movement Plan

MPO Partners Meeting

March 23, 2016

Why Goods Movement?

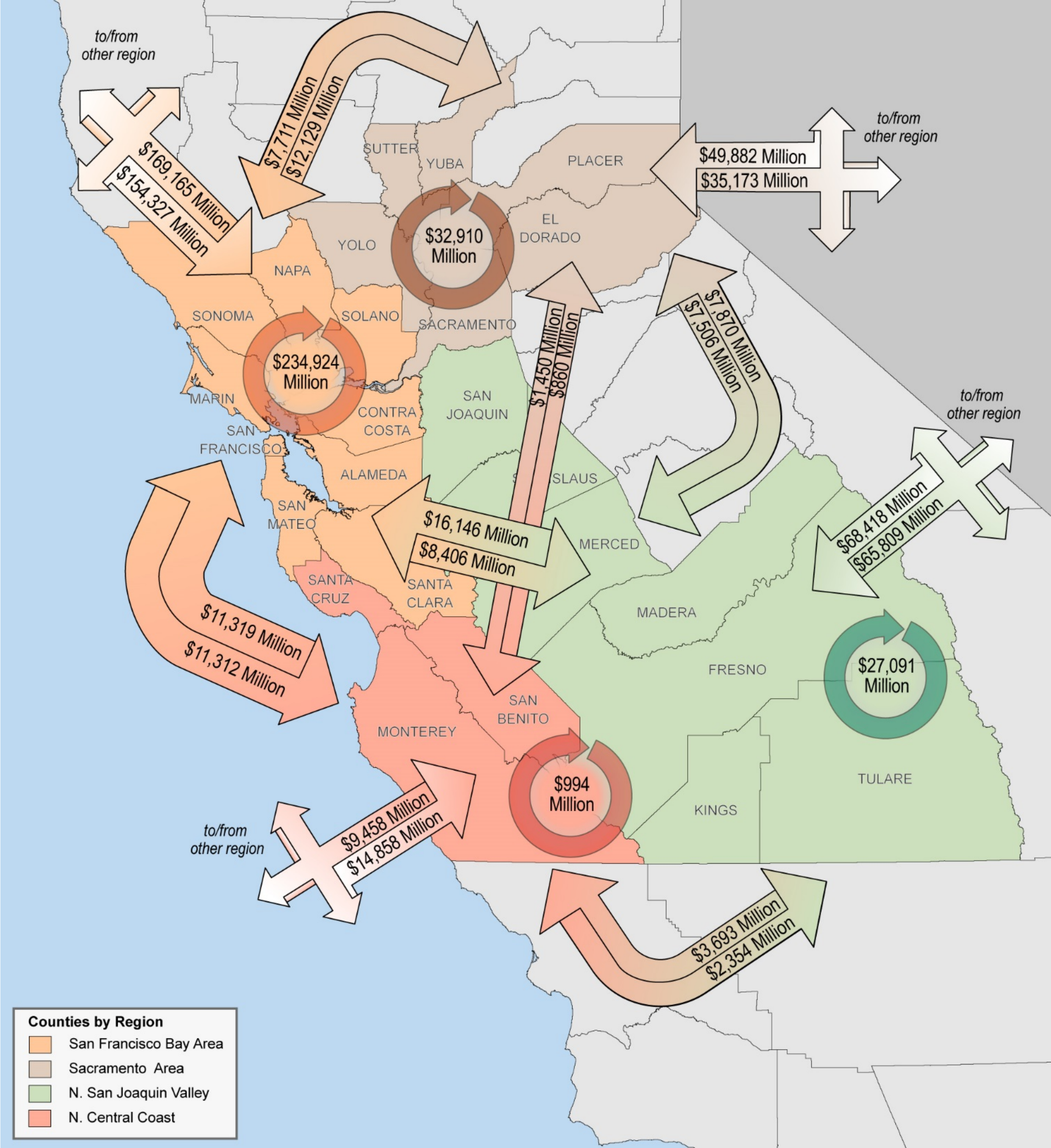
- An estimated one third of the mega-region's jobs are in goods movement dependent industries
- Key source of regional job diversity - middle-income jobs
- Nation's 5th largest marine port and major cargo airport
- Major distribution and warehouse facilities, critical agricultural linkages



- Future trends creating opportunities
  - Changing trade logistics and supporting rail demand
  - Core and emerging industry base with needs for modernized infrastructure
  - New land use approaches creating challenges on local roads
  - New technologies and operational practices can improve efficiency and reduce impacts

Goods Movement in the Northern California Mega-region

- Nearly $1 trillion in freight flows moving to, from, within, and through the megaregion
- Expected to grow to $2.6 trillion by 2040
- Roughly 40% moves entirely within the megaregion
- Each of the four "sub-regions" has distinct characteristics and comparative advantages



Bay Area Regional Goods Movement Plan

- Bay Area Plan adopted in February
- Focuses on three "opportunity packages" of high-priority projects, programs, and policies:
  - Building Sustainable Global Competitiveness
  - Smart Deliveries and Operations
  - Modernizing Infrastructure
- Plan focuses on investments to spur middle-wage jobs, increase efficiency, reduce local impacts

Moving Forward

- Coordinate Rail Investments
- Develop Funding Strategy
- Strengthen Partnerships

Preliminary Cost Estimate of Goods Movement "Opportunity Packages"
(Millions of dollars)

Category	Total Cost	Programmed Funding	Funding Shortfall
Sustainable Global Competitiveness	$ 2,507	$284	$2,222
Smart Deliveries and Operations	408	13	394
Modernizing Infrastructure	899	277	622
Total	**$3,814**	**$575**	**$3,239**

Note: Amounts may not sum to total due to rounding.

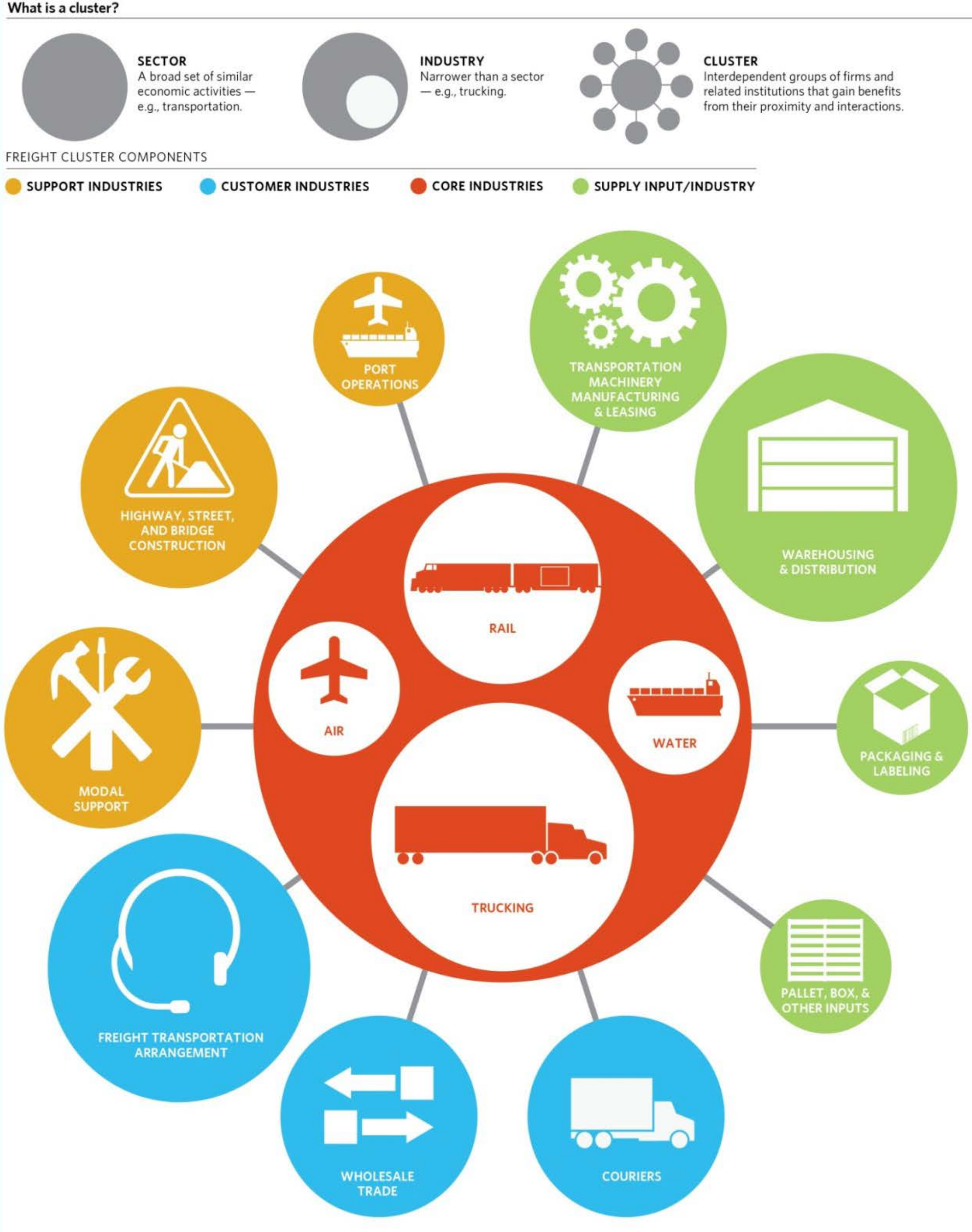
Mega-region Goods Movement Plan

- Caltrans planning grant awarded to MTC
- SJCOG and SACOG are sub-recipients and funding partners
- $300K grant award + $150K local match
- Agencies are currently refining scope and schedule and finalizing funding agreements
- Timeline for study July 2016-June 2018

Cluster Approach to Mega-Regional Goods Movement

- Guiding methodology to:
  - describe the structure of mega-regional economy
  - recognize relationships between firms
  - identify key strategies for economic growth across subgeographies

- Primary goals of a cluster approach:
  - Quantify Northern California's role in the national and global supply chain
  - Illuminate challenges and opportunities faced by critical industries across infrastructure, workforce, innovation



Mega-regional Goods Movement Infrastructure Challenges

- Drill-down into 5-10 geographic areas facing challenges with access to existing or emerging goods movement facilities. Key issues including:
  - System bottlenecks
  - Last mile access constraints
  - Land use/goods movement conflicts
- Identify solutions including:
  - Smart operations and deliveries
  - Strategic capacity improvements
  - Industrial land use preservation/policies

Near-term strategies can proceed alongside this planning effort

- As the planning work proceeds, it may benefit the mega-region to forge a closer working relationship on near-term goods movement priorities
- MTC is developing a goods movement implementation strategy and policy commitment to inform Plan Bay Area 2040 investment strategy (July-September 2016)
- Focus on prioritizing a near-term set of projects and programs, and aligning these with federal, state, regional funding opportunities
- Taking a mega-regional approach to these priorities may position northern CA for upcoming funding opportunities

Freight Funding

The FAST Act includes both a formula-based and a competitive national freight program.

Both programs have a highway focus with a cap on non-highway uses.

National Highway Freight Program

- $6.3 billion nationwide over five years
- California share is approximately $582 million
- Funds distributed directly to states
- Up to 10 percent may be spent on intermodal or freight rail projects
- State legislation likely in 2016 to determine how projects are selected

FASTLANE Program- Nationally Significant Freight and Highway Projects

- $4.5 billion nationwide over five years
- Projects selected by U.S. Secretary of Transportation
- $25 million minimum grant award
- Cap of $500 million on intermodal, rail or water projects

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Memorandum

TO: Commission

DATE: March 15, 2016

FR: Deputy Executive Director, Policy

RE: California High Speed Rail Draft 2016 Business Plan

The Planning Committee met on March 11, 2016 and referred comments on the California High Speed Rail Draft 2016 Business Plan to the Commission for approval, with several additions and refinements.

Staff has revised Attachment 1 – the proposed comments – as shown in track changes adding the following three focus areas based on Committee input:

1. We believe that additional investment in all three stations from San Jose to San Francisco (Diridon, Millbrae, and the Transbay Transit Center) will be critical to the success of High Speed Rail.

2. We request that CAHSRA strengthen connections to the BART system to ensure that east bay connectivity is achieved. In particular, the underground connection from the Transbay Transit Center to Embarcadero Station will be a key Bay Area connection.

3. We recommend that CAHSRA expand efforts to strengthen relationships between the regions and Metropolitan Planning Organizations (MPOs) along the corridor – so that lessons learned, impacts and synergies related to land use and station area planning – key to building strong communities and retaining farmland and opens space – can be understood, shared and implemented in a positive manner.

Alix A. Bockelman

AB: KK
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MTC Comments to CAHSRA 2016 Draft Business Plan

Our proposed comments on the Draft Plan are focused in the following ~~six~~ nine areas:

1. We strongly support the Bakersfield to San Jose line as the first operational segment.
2. We urge the CAHSRA to seek additional alternative revenue sources to advance the initial operating segment into San Francisco and to the new Transbay Transit Center.
~~2.~~3. We believe that additional investment in all three stations from San Jose to San Francisco (Diridon, Millbrae, and the Transbay Transit Center) will be critical to the success of High Speed Rail.
4. We ask that that CAHSRA redouble its effort to engage the Bay Area on the efforts needed to complete the Caltrain Electrification project, including securing full funding for that project and addressing other managerial issues. It is vital that this project enter construction in 2016.
~~3.~~5. We request that CAHSRA strengthen connections to the BART system to ensure that east bay connectivity is achieved. In particular, the underground connection from the Transbay Transit Center to Embarcadero Station will be a key Bay Area connection.
6. We recommend that CAHSRA continue its role and strengthen its efforts in assisting station site communities all along the initial segment, with respect to the important land use decisions that will certainly emerge as the rail line forges new transportation connections. This effort should support California's economic development while revitalizing communities, and preserving agricultural lands and open space.
~~4.~~7. We recommend that CAHSRA expand efforts to strengthen relationships between the regions and Metropolitan Planning Organizations (MPOs) along the corridor – so that lessons learned, impacts and synergies related to land use and station area planning – key to building strong communities and retaining farmland and open spaces – can be understood, shared and implemented in a positive manner.
~~5.~~8. We support the expeditious construction of the line to the Los Angeles Basin to achieve the CAHSRA vision of connecting California's two largest mega-regions.
~~6.~~9. We recommend additional refinement and sensitivity analysis with respect to the capital and operating cost assumptions, based on Bay Area experience in building and operating large capital transit systems.

First Operational Segment: Bakersfield to San Jose

Seeking to connect high-speed rail to the vibrant economy of the Silicon Valley and the San Francisco Bay Area, with its large and growing transit ridership and the existing and future transit connectivity features of the San Jose Diridon station, will best position the initial segment for strong ridership. In addition, the much lower construction cost supports the CAHSR's recommendation to build the first segment to San Jose as the best option to achieve the most successful service as soon as possible for California.

Among future California high-speed rail stations, the Diridon Station in San Jose is already a major transit hub with Amtrak, Altamont Commuter Express (ACE), Caltrain and Santa Clara Valley (VTA) light-rail and bus service. With the addition of Bay Area Rapid Transit (BART) and High Speed Rail Service – both anticipated in 2025 – and expanded Caltrain, ACE and Capitol Corridor service, Diridon Station will become one of the busiest multi-modal stations in North America. MTC, the City of San Jose, VTA, CAHSRA and Caltrain staff are already working cooperatively on planning efforts, including environmental clearance under CEQA to pave the way for a broad mix of transit-supportive, high-intensity land uses in and around the station area. Investment in Diridon Station should be prioritized to ensure that the new station is positioned to be a pre-eminent transportation hub and is fully operational when High Speed Rail Service commences.

Connecting to San Francisco's Transbay Transit Center

We agree that connecting the initial operating segment to San Francisco should be the goal. We also recognize that relying primarily on federal funds may be risky. We therefore urge the Authority to consider an alternative funding plan for the San Francisco connection, should anticipated federal rail funds not materialize as expected. This alternative could be a combination of private investment, additional Cap-and-trade funds, local funds and other state support.

In recent years, the travel patterns between San Francisco and Silicon Valley have grown steadily in each direction. Major corporations have developed multiple locations from Downtown San Francisco to the South Bay and many locations in between. Caltrain is breaking ridership records each month, and Highway 101 and I-280, the main routes of travel on the San Francisco Peninsula, are each burdened by growing congestion. Continuing high speed rail service to San Francisco and ensuring high quality connections to the San Francisco International Airport through investments at the Millbrae Station will provide CAHSRA with a certainty of growing consumer demand and success.

And, the connection in San Francisco eventually must go all the way to the Transbay Transit Center. This transit hub is currently under construction, and already includes a federally-funded "train box" platform level that will allow for connection to Caltrain and High Speed Rail. The region has already invested close to $2 billion in the Transbay Transit Center and its long-term future should include high speed rail. The Transbay Transit Center, located in the heart of downtown San Francisco, will also afford connections to other key regional transit systems such as BART, San Francisco Muni, and numerous other regional bus services. In particular, the Transbay Transit Center will be a primary connection point to High Speed Rail from Oakland and the East Bay. A new underground pedestrian link between the Transbay Transit Center and Embarcadero Station will be key to this connectivity. The Downtown Extension of the Caltrain line from its current terminus at 4th and King streets to the Transbay Transit Center is one of the Bay Area's key regional projects and is a federal New Starts priority for the region.

We look forward to the state's support of the Downtown Extension project and related connections to the BART system and the East Bay as key to supporting a successful high-speed rail line into San Francisco.

Funding Plan for Electrification

Building on the comment above it is critical that full funding for the Caltrain electrification project be secured, and quickly, so that the project can move ahead in time to meet the arrival of high-speed rail.

Our region's Regional Transportation Plan/Sustainable Communities Strategy, Plan Bay Area, assessed hundreds of transportation projects. High performing projects were defined as projects with high benefit-cost ratios and strong performance target scores related to measures such as greenhouse gas reduction. Caltrain Electrification, which will provide electrified service for high-speed rail blended with expanded Caltrain service, was a high scoring project in our regional plan, and is one of

MTC's highest priorities in terms of regional funding and as a candidate for federal Core Capacity/New Starts funding

We applaud the strong and longstanding partnership of the CAHSRA, formalized in 2012 through a nine-party memorandum of understanding, and underscored through its $600 million commitment to the electrification project, currently estimated to cost $1.8 billion. The Draft Plan provides new urgency to start construction on this important project before the close of 2016. There remain a number of outstanding issues related to costs, funding, and service integration, and we look forward to the CAHSRA playing an important role, alongside the regional partners, to resolve these matters and close the funding gap.

Station Area Planning

As pointed out in the Draft Plan, "connecting the Silicon Valley to the Central Valley will usher in a new era of transportation and have a transformative effect as it creates new connections and access. The impact of this line will be inestimable in terms of the economic impacts within each region."

To that end, we recommend that CAHSRA continue its role and strengthen its efforts in assisting station site communities all along the initial segment, with respect to the important land use decisions that will certainly emerge as the rail line forges new transportation connections. This effort should support California's economic development while revitalizing communities, and preserving agricultural lands and open space.

Today, the Bay Area and the Central Valley have dramatically different economic strengths and challenges. While the Bay Area is the global center of technological innovation, the Central Valley is the nation's single most important agricultural region. Prioritizing the development of the Bay Area to Bakersfield HSR segment has the potential to provide tremendous economic benefits to both regions. Reducing the trip time between San Jose and Fresno from three hours in a car today to one hour via high-speed rail in 2025 will usher in a new era of connectivity between the Bay Area and the Central Valley.

The actions to-date by the CAHSRA – establishing high speed rail station principles and guidelines and providing station area planning grants – are laudable. To fully realize the benefits of high-speed rail, communities that will serve as locations for stations should be supported through a comprehensive station area planning program, appropriately scaled and funded at a level commensurate with the transformative nature of the planned service. It would also be highly beneficial for CAHSRA to engage MPOs and regions along the corridor in an effort to foster communication between regions to share best practices related to economic development and focused growth. We recommend that the CAHSRA continue to engage with local communities and regional agencies well in advance of the launch of High Speed Rail Service in 2025, and MTC stands ready to assist in this regard as needed.

Cost Analysis

The following preliminary comments are offered on the operating and capital cost assumptions contained in the Draft Plan and its supplemental reports. There is much detail summarized in these reports, and we look forward to working with CAHSRA staff to fully review and understand the basis for the estimates.

Capital Costs and Funding:

We commend the Authority for the extensive value engineering that they have done to reduce the overall cost of the project. Cost containment is important both at the outset of the project as well as throughout construction. In its technical supporting document detailing capital costs used in the Draft Plan, the CAHSRA estimates a cost of $3.1 billion for the San Francisco to San Jose segment, and $4.4 billion for the San Jose to Gilroy segment. These estimates include small amounts (<5%) of general contingency, and varying levels of contingency (10-25%) for the specific cost categories. Based on other large construction projects in the region that MTC staff is familiar with, the level of general contingency seems low given the complexity of the project and the fact that it is the nation's first high-speed rail line.

We also observe that the capital cost figures include significant proposed scope and funding changes, which include a reduction of funding support for the Transbay Transit Center/Downtown Extension project from $2 billion to $0.5 billion, the removal of aerial guideways at the San Jose station, and the removal of dedicated guideway at Millbrae. Additionally it appears that all of the high-speed rail cap-and-trade funds are being used for the high-speed rail line itself. We would like to better understand these decisions and the potential impacts on the high-speed rail project as well as on the related Caltrain Electrification project, the Diridon Station, and the Downtown Extension. We acknowledge the challenge of building an infrastructure project of the scope and scale of high speed rail in a constrained revenue environment. However, we believe that the high speed rail system itself would benefit from the completion of the Transbay Transit Center/Downtown Extension project, and that the benefits warrant an increased CAHSRA investment in that project more on the order of $2 billion than $0.5 billion.

Finally, regarding potential funding sources, it appears that the Authority intends to consider or seek funding from the competitive and formula freight programs that were enacted in the FAST Act. There will almost certainly be strong competition for these funds, from within the state and from other states. It also appears that the Authority may seek a loan from the federal Transportation Infrastructure Finance and Investment Act (TIFIA) program. The region has some experience with this program, and we would advise the Authority to learn from the region's experience and to enter into the program carefully so as not to hinder their financial capacity in the future.

Operating Costs:

The Draft Plan assumes a very low rate of operations cost growth after the first five years of operations. For Phase 1 (2030 – 2060), the annual real growth (not including inflation) in operating costs is less than one-half percent per year. In MTC's experience, this may be an optimistic assumption. Over the last five years, real growth in operations costs per service mile for heavy-rail operators in the MTC region has averaged 2.6 percent per year.

Given the disparity in cost growth assumed in the Draft Plan versus the Bay Area's actual cost growth, MTC recommends that CAHSRA consider refining the assumptions related to real growth for several components of the Plan, or increasing the allocated contingency assumed in the "medium" forecast of operations cost.

Additionally, ridership and fare revenue are exceedingly difficult to project past a five-year horizon. The Draft Plan attempts to estimate ridership and farebox revenue over many decades. Factors such as fuel price, fuel economy and high-speed rail ticket prices will have a significant effect on ridership rates and fare revenue potential.

The Draft Plan currently combines the "Medium Revenue" scenario with the "Medium Cost" scenario as the basis of its break-even analysis. To address uncertainty in both the operating costs and forecasted revenue from operations, MTC recommends additional sensitivity analysis that uses either a "Low Revenue"/"Medium Cost" scenario or a "Medium Revenue"/"High Cost" scenario in order to provide for a more conservative break-even point.

Conclusion

MTC staff applauds the 2016 Draft Plan's overall direction, and looks forward to continuing to work in close cooperation with CAHSRA and other involved agencies to realize the full potential of the project and its connections

Agenda Item 7

Date: December 16, 2015
W.I.: 1121
Referred by: Planning Committee

ABSTRACT

Resolution No. 4209

This resolution establishes and formalizes the role of MTC in the Mega-Region Working Group comprised of MTC, the Sacramento Area Council of Governments (SACOG) and the San Joaquin Council of Governments (SJCOG).

Further discussion of this action is contained in the MTC Executive Director's Memorandum to the Planning Committee dated December 4, 2015.

Date: December 16, 2015
W.I.: 1121
Referred by: Planning Committee

Re: Establish Mega-Region Working Group

METROPOLITAN TRANSPORTATION COMMISSION
RESOLUTION NO. 4209

WHEREAS, there is substantial and increasing evidence that mega-regions, or mega-metropolitan areas, are the functional geographic scale for many natural, transportation, labor, housing, land use, economic and other systems; and

WHEREAS, various recent studies and analyses have identified an existing mega-region geography inclusive of the 9 member counties and 101 cities of the Metropolitan Transportation Commission, the 6 counties and 22 cities of the Sacramento Council Area of Governments, and the county and 6 cities of the San Joaquin Council of Governments; and

WHEREAS, it is not possible for any one of the regional planning organizations to optimize the provision of services to its residents without considering and addressing the cross-border impacts and influences on and from the residents of the other two regional planning organizations; and

WHEREAS, federal, state and philanthropic programs, policies, regulations and funding are increasingly encouraging coordinated planning and action between organizations functioning within the same mega-region; and

WHEREAS, the governing boards of these three Metropolitan Planning Organizations conclude it is in the interests of their residents and employees to build on and enhance the existing substantial coordination and cooperation between these organizations; now therefore, be it

RESOLVED, that the Metropolitan Transportation Commission will participate with the Sacramento Council Area of Governments and the San Joaquin Council of Governments to do the following:

1. Establish a Mega-Region Working Group by designating two to four Board members and senior staff from each Metropolitan Planning Organization (MPO) to meet at least three times each year to identify issues of common interest and recommend joint activities for consideration by the three governing boards;

2. Coordinate the Regional Transportation Plan/Sustainable Communities Strategies of the organizations to optimize the performance of the plans and make efficient the work effort required to produce them, with particular emphasis on jobs-housing balance issues between the three MPOs, improving transportation infrastructure for all modes of transportation, making easier the flow of goods within the mega-region and in and out of the mega-region, and growing in a way that protects essential natural resources such as air, water and farmland.
3. Participate in joint data gathering and analysis, research, planning, service delivery and policy-making activities to enhance the quality of life and economic prosperity of the mega-region and work with private, higher education and civic organizations as appropriate to conduct this work;
4. Continually update and analyze data and research on the geography of the mega-region and recommend any appropriate changes to the Mega-Region Working Group, initially and specifically considering the addition of the Association of Monterey Bay Area Governments serving Monterey, San Benito and Santa Cruz counties, and the Tahoe Regional Planning Agency and the Regional Transportation Commission serving Reno and Washoe County, Nevada.
5. Pursue additional ways to integrate the staff-work of the three organizations to improve effectiveness and efficiency;
6. Partner with each other and organizations from other sectors to hold a biennial conference that highlights key shared issues within the mega-region;
7. Conduct other activities to enhance the performance of the mega-region as identified by the mega-region Working Group and, when appropriate, approved by the three governing boards.

METROPOLITAN TRANSPORTATION COMMISSION

Dave Cortese, Chair

The above resolution was entered into by the
Metropolitan Transportation Commission
at a regular meeting of the Commission held in
Oakland, California, on December 16, 2015.