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Memorandum

TO: Interested Parties

DATE: January 24, 2012

FR: Sean Co, Lisa Klein, and Dave Vautin

W.I.

RE: Plan Bay Area: Project Performance Assessment – Revised Results

Summary

Since the November release of draft project performance assessment results, MTC staff has received feedback from Commissioners, county congestion management agencies (CMAs), project sponsors, and other stakeholders. The attached revised results reflect additional information we received for specific projects, as well as refinements to the assessment methodology for selected targets. At the February Planning Committee meeting, MTC staff will seek the Committee's approval of criteria to identify outliers (high- and low-performing projects) and a process for CMAs and sponsors to make a compelling case for low-performing projects they propose be included in the transportation investment strategy for the preferred Sustainable Communities Strategy (SCS).

Background

All non-committed projects, as defined by the Commission in its Committed Funds and Projects Policy for Plan Bay Area (Resolution No. 4006) adopted in April 2011, are subject to the performance assessment. The project performance assessment aims to determine the degree to which potential transportation projects and programs: (1) advance the ten performance targets adopted by MTC and ABAG in January 2011 (Resolution No. 3987) and (2) are cost-effective. The performance assessment allows comparison of projects on a consistent qualitative and quantitative basis to the extent possible and practical. For a description of the overall approach and analysis methodology for the benefit-cost and targets assessments, please refer to the October 28, 2011 memo to the MTC Planning Committee: http://www.onebayarea.org/pdf/Project_Assessment_11-4-11.pdf.

Revisions to Project Assessment since November

An overview of the major revisions follows below. These are reflected in the revised summary tables and “bubble charts” in **Attachment A**. Today's release includes a significant quantity of materials, each designed to provide further insight on the revised project performance assessment results. (See list of attachments at the end of this memo.) This spring, MTC staff will release a final report on the Plan Bay Area project performance assessment.

As noted from the beginning, the project performance assessment is most useful to identify outliers at both ends of the spectrum – the highest and lowest performing projects. (See below under Next Steps.) While the revisions affect the numeric results for a number of projects, the net effect in terms

of identifying high- and low-performing outlier projects is relatively modest. In particular, there is virtually no change in highest performing projects. At the other end of the spectrum, the number of projects with low benefit-cost scores and low target ratings has decreased as a result of improved project definitions and corrections.

Benefit-Cost Assessment

Revisions were made for a handful of projects subject to benefit-cost assessment. Most revisions reflected updated cost estimates, while a few revisions reflect refined estimates of projects' associated benefits. For a list of projects with updated benefit-cost ratios, see **Table B-1**. Complete results for all projects are shown in **Tables B-2** through **B-5**.

Targets Assessment

In **Attachment C-1**, MTC staff has provided a description of the methodology used to rate each of the targets, including those for which the methodology has been revised. Detailed discussion of the specific changes and revised results for all projects are included in **Attachments C-2** through **C-4**.

MTC staff made three types of changes to the targets assessment.

- **Individual Project Review**: The target scores for several projects were revised on a case-by-case basis in response either to additional project detail provided by CMAs and sponsors or based on a review of consistency among similar projects. **Table C-2** lists these changes. Note that the total revised target scores for these projects are also affected by the revised methodologies for the housing target and the low-income household housing & transportation cost target (as described below).
- **Adequate Housing Target**: This assessment approach for this target was significantly revised to consider the target's emphasis on accommodating both overall housing demand and the demand for affordable housing without displacement. The assessment of support for addressing overall housing demand was updated to reflect housing growth in the more realistic Focused Growth scenario, as opposed to the prior use of the unconstrained Initial Vision scenario. In addition, jurisdictions' track records in meeting their Regional Housing Needs Assessment (RHNA) targets provided the basis for assessing support for affordable housing. The revised approach is described in more detail in **Exhibit C-1**.
- **Target to Reduce Low-Income Household Expenditures on Housing & Transportation**: This target was previously assessed based on whether or not the project provided a lower-cost transit alternative to driving. The updated assessment considers data available for transit operators on the number of low-income riders served. Transit projects sponsored by agencies that serve a high share of low-income riders or have a large number of low-income riders receive higher ratings for this target. We continue to assume that road improvement projects have minimal impact on this target. The revised approach is described in more detail in **Exhibit C-1**.

Equity Considerations

The table summarizing equity considerations has been updated to reflect the revised target assessment results describe above. In addition, MTC staff has generated county maps reflecting each project's level of support for Communities of Concern and towards the corresponding equity-related targets. These materials are presented in **Attachment D**.

Next Steps: Impacts for High- and Low-Performing Projects

In March/April 2012, MTC and ABAG staff will recommend a preferred SCS that will include a preferred land use and transportation investment strategy. The Commission will use its policy discretion along with the performance assessment results to decide which projects and programs to include in the investment strategy. Staff proposes the following guidelines for leveraging project performance assessment results in the development the preferred SCS investment strategy.

1. The analysis results should be used to identify outliers at both ends of the spectrum – the highest and lowest performing projects, as shown in **Table A-5** and described below.
2. The highest performing projects should be included in the preferred investment strategy, subject to analysis of financial feasibility. The highest performing projects include those with:
 - **High benefit-cost ratio (≥ 10) and at least a moderate target score (≥ 2); or**
 - **High target score (≥ 6) and at least a moderate benefit-cost ratio (≥ 5)**
3. The lowest performing projects should be included only if the sponsor or CMA can make a compelling case. The lowest performing projects include those with:
 - **Low benefit-cost ratio (< 1), regardless of target score; or**
 - **Low target score (< -1), regardless of benefit-cost ratio**
4. A county congestion management agency (CMA) and/or project sponsor must make a compelling case in writing and may be asked to present the case at the March Planning Committee meeting. Further details on making this compelling case will be discussed at the February meetings of the Partnership Technical Advisory Committee (PTAC), MTC Policy Advisory Council, and MTC Planning Committee.

Proposed Schedule (subject to approval by MTC Planning Committee in February)

February 2012	<ul style="list-style-type: none"> ▪ Notify CMAs and project sponsors of the guidelines for applying the project performance assessment results
March / April 2012	<ul style="list-style-type: none"> ▪ CMAs/sponsors submit compelling cases in writing by March 2 and present their cases at the March 9 joint MTC Planning Committee/ABAG Administration Committee meeting ▪ Release preliminary preferred scenario for Plan Bay Area (includes investment strategy)
May 2012	<ul style="list-style-type: none"> ▪ MTC / ABAG approves preferred scenario for Plan Bay Area

List of Attachments

A. Project Assessment Summary Materials

- **Table A-1:** Summary of Benefit-Cost Ratios and Target Scores, ranked by B/C ratio
- **Figure A-2:** Project Performance Bubble Chart by project type
- **Figure A-3:** Project Performance Bubble Chart for road projects
- **Figure A-4:** Project Performance Bubble Chart for transit projects
- **Table A-5:** High-Performers and Low-Performers (based on thresholds proposed by staff for approval at the February meeting of the MTC Planning Committee)

B. Revised Benefit-Cost Assessment – Detail

- **Table B-1:** Projects with Revised Benefit-Cost Ratios since November Draft Release
- **Table B-2:** Benefit-Cost Assessment – Nominal Annual Benefits
- **Table B-3:** Benefit-Cost Assessment – Monetized Annual Benefits
- **Exhibit B-4:** Benefit-Cost Sensitivity Testing
- **Exhibit B-5:** Confidence Assessment of Benefit-Cost Results

C. Targets Assessment – Detail

- **Exhibit C-1:** Targets Assessment Methodology
- **Table C-2:** Projects with Revised Target Scores since November Draft Release (based on improved project definitions)
- **Table C-3:** Targets Assessment – Detailed Results (for large projects)
- **Table C-4:** Targets Assessment – Results by Project Type (for small projects)

D. Equity Considerations

- **Table D-1:** Project Assessment Equity Considerations
- **Figure D-2:** Project Assessment Equity Considerations Mapping (Alameda County)
- **Figure D-3:** Project Assessment Equity Considerations Mapping (Contra Costa County)
- **Figure D-4:** Project Assessment Equity Considerations Mapping (Marin County)
- **Figure D-5:** Project Assessment Equity Considerations Mapping (North Bay Counties)
- **Figure D-6:** Project Assessment Equity Considerations Mapping (San Francisco County)
- **Figure D-7:** Project Assessment Equity Considerations Mapping (San Mateo County)
- **Figure D-8:** Project Assessment Equity Considerations Mapping (Santa Clara County)

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