

**BAIFA Resolution No. 34 – Support of Contra Costa Transportation Authority 680  
FORWARD Program**

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**Subject:**

A request for approval of BAIFA Resolution No. 34 reserving up to \$20 million of BAIFA funds for Contra Costa Transportation Authority’s 680 FORWARD program subject to receipt of Mega Program funds and other conditions, and to develop a BAIFA reserves policy in conjunction with a long-range plan.

**Background:**

In May, Contra Costa Transportation Authority (CCTA) submitted an application for National Infrastructure Project Assistance program (Mega Program) funds, consistent with the Bay Area Bipartisan Infrastructure Bill priorities adopted by MTC in March 2022. CCTA’s application is called 680 FORWARD and includes several projects combining transit improvements, active transportation projects, congestion relief strategies and innovative technologies. The program features Phase 1 of the I-680 Northbound Express Lanes Completion project to complete the northbound express lane from SR24 to the Benicia-Martinez Bridge, which is part of the BAIFA express lanes network authorized by the California Transportation Commission (CTC) in 2011.

680 FORWARD is applying for \$395 million in Mega Program funding to be matched by \$511 million in local, state and other federal funds. The express lanes component costs \$213 million that MTC and BAIFA propose be funded, in part, by a combination of RM3 Express Lane Program funds and BAIFA toll revenue, to match the Mega Program funds.

The original RM3 Express Lanes Program includes \$300 million. MTC’s intention has been to leverage the RM3 funding by directing funds strategically to ready high performing projects to best position the region to secure additional funding. RM3 funds were programmed, as shown in Table A on the next page, at the May 2020 Programming and Allocations Committee meeting. For the \$60 million that was not programmed, CCTA was given priority for the 680 northbound project subject to delivery readiness as indicated in the table footnote copied from MTC Resolution No. 4411.

**Table A: Programming of RM3 funds for express lanes projects (Source: MTC Resolution No. 4411, Attachment B --- Bay Area Corridor Express Lanes)**

Project Sponsor	Project Title	RM3 Amount (\$ millions)
San Mateo County Transportation Authority	US 101 Express Lanes: I-380 to Santa Clara County Line	\$75
Solano Transportation Authority	Interstate 80 Express Lanes: Red Top Road to I-505	\$53.724
Bay Area Infrastructure Financing Authority	Interstate 80 Express Lanes: Red Top Road to I-505 (Toll System)	\$31.276
Alameda County Transportation Commission	Interstate 680 Southbound Express Lane: Alcosta Boulevard to SR-84	\$80
Express Lanes Program Reserve	TBD <sup>1</sup>	\$60
<b>Total</b>		<b>\$300</b>

MTC staff proposes that MTC program, through a future MTC action, between \$55 million and \$60 million to the Northbound Express Lanes Project included in 680 FORWARD. On the lower end, \$5 million would remain available for future projects consistent with MTC’s strategy to leverage other state or federal funds and with the region’s Bipartisan Infrastructure Bill grant strategy and MTC’s Major Project Advancement Policy. Staff propose to fund the balance of \$15 million to \$20 million from BAIFA toll revenue (for a total of \$75 million between RM3 and BAIFA toll revenue).

For BAIFA’s express lanes, statute dictates “eligible expenses” for toll revenue. These include debt (of which BAIFA currently has none), development, maintenance, repair, rehabilitation,

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<sup>1</sup> Projects may include development or construction of express lanes or supportive operational improvements. Priority for a portion of this reserve will be given to Interstate 680 Northbound Express Lane: Livorna to Marina Vista, pending completion of environmental review, sufficient design to determine the benefit-cost ratio and development of a full funding plan.

improvement, reconstruction, administration, operation of the toll facility, and reserves for these purposes. BAIFA’s enterprise model allows for the revenue from one corridor to pay for eligible expense on another. After eligible expenses, the remaining revenue (i.e., net revenue) must be used in the corridor from which it was generated pursuant to an expenditure plan developed in consultation with Caltrans and approved by BAIFA. BAIFA has not yet adopted an expenditure plan as it has not generated net revenue.

BAIFA’s FY 2022-23 budget projects operating revenue of \$71 million and an operating surplus before depreciation and transfers of \$39 million. BAIFA has started directing revenue towards an operating reserve to equal one year’s operating revenue and a capital reserve to equal BAIFA’s accumulated depreciation expense. Currently the projected reserves are as follows in Table B below.

**Table B: BAIFA Reserves**

<b>Reserve</b>	<b>FY2021-22 (projected)</b>	<b>FY2022-23 (projected)</b>
Operating	\$0	\$20 million
Capital	\$10 million	\$25 million
Unrestricted	\$36 million	\$40 million
Total	\$46 million	\$85 million

Staff estimates a \$3 million reduction in violation revenue should BAIFA adopt Resolution No. 36 in Item 4a to reduce penalties from a maximum of \$70 to a maximum of \$30; this is projected to reduce the operating surplus by \$3 million to a revised total of \$36 million and is not reflected in Table B.

Still, BAIFA has sufficient capacity to carry the \$20 million expense for the express lanes project in 680 FORWARD, assuming expenditure in FY2025-26. This would be an eligible expense but would be the first use of BAIFA toll revenue to develop the network. Given the rare opportunity to secure a large amount of federal funds, and the need to demonstrate the commitment of local funds during the Mega Program application review by the United States Department of

Transportation (US DOT), staff recommends taking a policy action via BAIFA Resolution No. 34 to conditionally commit to funding up to \$20 million for the express lanes project in 680 FORWARD.

Conditions of BAIFA's commitment would mirror those of the RM3 Express Lanes Program, which include completion of environmental review, sufficient design to determine the benefit-cost ratio (completed for the Mega Program application), and development of a full funding plan including award of Mega Program funds in the 2022 application cycle. Should these conditions not be met, BAIFA would defer consideration of funding the 680 Express Lanes Project until the adoption of a BAIFA long-range plan planned for early 2023. The return of revenue on the 680 corridor to pre-pandemic levels and the strong revenue generation on 880 gives an opportunity to update traffic and revenue models for this purpose.

**Issues:**

BAIFA's commitment of funds to 680 FORWARD would come before BAIFA adopts a reserves policy informed by a long-range plan in which consideration will be given to network development, toll system replacement and appropriately allocated share of express lane roadway maintenance and rehabilitation (consistent with BAIFA's Operations and Maintenance Agreement with Caltrans). To the extent opportunities and needs, such as this, arise before BAIFA approval of the long-range plan, staff will make one-off recommendations. The action is not meant to be a precedent for use of BAIFA reserves but to capitalize on a unique opportunity to help secure MEGA Program funds; direction to staff to develop a reserves policy is included in the recommendation.

**Recommendations:**

Staff recommends the Authority approve BAIFA Resolution No. 34, Support of Contra Costa Transportation Authority 680 FORWARD program, which would reserve up to \$20 million of BAIFA funds for such purpose, and to develop a BAIFA reserves policy in conjunction with a long-range plan.

**Attachments:**

- Attachment A: BAIFA Resolution No. 34 – Support of Contra Costa Transportation Authority 680 FORWARD Program.



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Therese W. McMillan

Date: July 27, 2022  
Referred by: BAIFA

ABSTRACT

BAIFA Resolution No. 34

This resolution approves setting a reserve in the amount of \$20 million of BAIFA funds for Contra Costa Transportation Authority's 680 FORWARD program subject to receipt of National Infrastructure Project Assistance program (Mega Program) funds and other conditions.

Further discussion of this resolution is contained in the Executive Director's memorandum dated July 27, 2022.

Date: July 27, 2022  
Referred by: BAIFA

Re: Adoption of a reserve in the amount of \$20 million for Contra Costa Transportation Authority's 680 FORWARD program.

BAY AREA INFRASTRUCTURE FINANCING AUTHORITY  
RESOLUTION No. 34

WHEREAS, the Metropolitan Transportation Commission ("MTC") and the Bay Area Toll Authority ("BATA") have executed a joint exercise of powers agreement dated as of August 1, 2006, as amended, which created and established the Bay Area Infrastructure Financing Authority ("BAIFA"); and

WHEREAS, the Metropolitan Transportation Commission ("MTC") has been authorized by the State of California to develop and operate high-occupancy toll lane facilities constituting the Bay Area Express Lane Network ("Project") pursuant to California Streets and Highways Code section 149.7 ("Express Lanes Statute"); and

WHEREAS, the Bay Area Infrastructure Financing Authority ("BAIFA") is authorized by the Joint Exercise of Powers Agreement between MTC and the Bay Area Toll Authority ("BATA") dated as of August 1, 2006, as amended, to develop and operate high-occupancy toll lane facilities pursuant to the Express Lanes Statute; and

WHEREAS, pursuant to California Streets and Highways Code section 149.7 the revenue generated from the operation of the toll facility shall be available to the sponsoring agency for direct expenses including development of the toll facility; and

WHEREAS, the Contra Costa Transportation Authority (CCTA) submitted an application for National Infrastructure Project Assistance program (Mega Program) funds for the 680 FORWARD program, which includes Phase 1 of the I-680 Northbound Express Lanes Completion Project, part of the BAIFA network;

NOW, THEREFORE, BE IT RESOLVED, that BAIFA will reserve up to \$20 million of BAIFA operating revenue to serve as part of the local commitment to Mega Program funds for the I-680 Northbound Express Lanes Completion Project that are part of the 680 FORWARD program, subject to the final amount of Regional Measure 3 (RM3) funds programmed by MTC; and be it further

RESOLVED, that BAIFA's commitment is subject to completion of environmental review, sufficient design to determine the benefit-cost ratio, and development of a full funding

plan including award of Mega Program funds in the 2022 application cycle, and that should these conditions not be met, BAIFA may defer any commitment of BAIFA toll revenue for the I-680 Northbound Express Lanes Completion Project until BAIFA adopts an Express Lanes Long-Range Plan.

Bay Area Infrastructure Financing Authority

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Alfredo Pedroza, Chair

The above resolution was entered into by the Bay Area Infrastructure Financing Authority at a regular meeting of the Authority held in San Francisco, California, and at other remote locations, on July 27, 2022.