

December 2024 RM3 Capital Program Semi-Annual Report

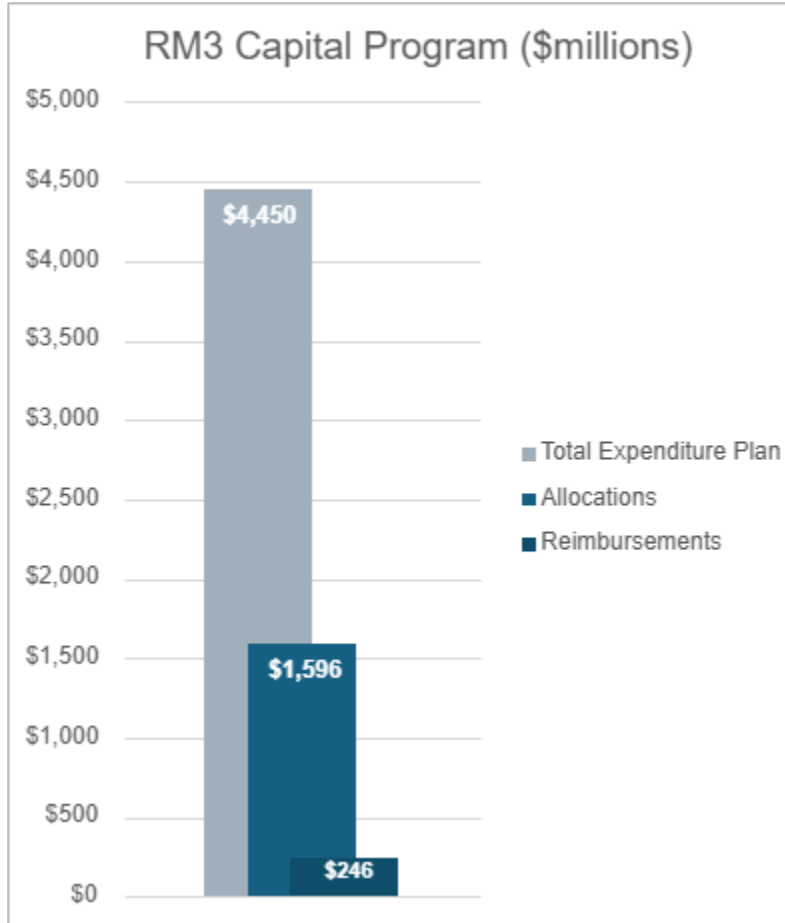
This report covers RM3 capital program updates from May 2024 through October 2024 and RM3 capital project updates from April 2024 through September 2024, including highlights of recently completed projects and notable progress.

RM3 Program Overview and Updates

The RM3 capital program has a total program amount of \$4.45 billion in capital funds for transportation improvements throughout the Bay Area.

As of October 2024, MTC has approved approximately \$1.6 billion in RM3 capital allocations, or 36% of the total RM3 capital program, to 50 projects or subprojects. MTC has approved \$246 million, or 5% of the total RM3 capital program, in reimbursements to these projects.

Because the RM3 capital funds are distributed on a reimbursement basis, project sponsors have likely spent additional funds on RM3 projects that have not yet been invoiced to or approved by MTC. Staff continues to work with sponsors to submit timely invoices based on the information provided to MTC as part of the RM3 Initial Project Reports.



The following tables show the distribution of allocations by mode and county.

Allocations by Mode	Allocated (\$M)
Transit	\$954
Highway	\$628
Active Transportation	\$14
Total	\$1,596

Allocations by County	Allocated (\$M)
Regional/Multiple	\$569
Alameda	\$241
Contra Costa	\$39
Marin	\$96
Napa	\$40
San Francisco	\$179
San Mateo	\$28
Santa Clara	\$160
Solano	\$229
Sonoma	\$16
Total	\$1,596

Letters of No Prejudice

Prior to the resolution of the RM3 litigation and release of RM3 funds, MTC issued Letters of No Prejudice (LONPs) to projects in the RM3 expenditure plan that were ready to proceed with RM3-eligible work using alternative funding, allowing the sponsor to preserve eligibility to request RM3 allocation and reimbursement at a later date if and when funding was available. MTC issued LONPs to 20 projects or subprojects totaling \$602 million in RM3 funding. When RM3 allocations began in 2023, MTC staff prioritized allocating funds to projects with LONPs. Almost all projects with approved LONPs have received an allocation for those funds, many were able to make significant progress and advance towards later phases, and a few were completed, as highlighted later in this report.

A few projects have not received allocations for their full LONP amount. The Mission Bay Ferry Landing project was delayed due to the COVID-19 pandemic and a related cost increase; the Water Emergency Transit Authority (WETA) is conducting a value engineering and feasibility study to determine how the project will move forward. The Sonoma-Marín Area Rail Transit (SMART) extension to Windsor and Healdsburg secured other funds to complete the LONP scope and is working with MTC staff to determine the scope for the remaining RM3 funds. The original LONP scope for the I-80/I-680/SR-12 Interchange project was advanced with other funding sources and required less RM3 funding than originally planned to complete; the remaining RM3 funding will be used for later phases of the project.

Approved Changes to Projects

The RM3 statute gives MTC discretion to approve changes to the scope of projects within the RM3 expenditure plan or reassign funds to another project within the same bridge corridor, provided MTC consults with the program or project sponsor and holds a public hearing. No such changes were made, or public hearings held, during the reporting period.

RM3 capital allocations have expiration dates set at the end of the final fiscal year of RM3 spending, based on the sponsor-provided cash flows for each allocation. The first capital allocations were set to expire at the end of June 2024, and sponsors of four projects submitted requests to extend their allocations. The FPP RM3 team determined that RM3 allocation extensions could be made through the Executive Director's Delegated Authority, and in June the Executive Director approved extensions to the expiration dates of six RM3 allocations across four projects. Future extension requests will be processed each spring prior to the end of the fiscal year.

RM3-Funded Project and Program Updates

This section provides updates on completed projects, projects advancing into construction, and regional megaprojects and programs. A brief status update on all projects with RM3 capital allocations is included in Attachment B: RM3 Project Status Summaries. For this semi-annual report, updates from project sponsors were only collected for projects with RM3 allocations as of August 2024; updates for a few other significant projects without allocations or with more recent allocations are also included in this section.

Completed Projects/Subprojects

SR-29/Soscol Junction

- Replaces signalized intersection of State Route 29, State Route 221, and Soscol Ferry Road with a new configuration to reduce congestion
- Major road construction completed and ribbon cutting held September 2024



SR-29/Soscol Junction. Top: Photo of Soscol Junction Flyover Connector. Left: Photo of Soscol Junction Roundabout. Right: Photo of Soscol Junction bike lanes.

NVTA photos

Projects in Closeout

The following projects were reported as complete in previous semi-annual updates, but project closeout and drawdown of RM3 funds has continued into this reporting period.

Mokelumne Trail Bicycle/Pedestrian Overcrossing of SR-4:

- Closes a gap between the Mokelumne Trail segments east and west of the highway; opened to the public in March 2024 but closeout work continues, including an extended plant establishment period



Mokelumne Trail Bicycle/Pedestrian Overcrossing of State Route 4.
Contra Costa Transportation Authority Photo

Solano County I-80/I-680/SR-12 Interchange Project (Package 2)

- Together with the other I-80/I-680/SR-12 Interchange Packages, this project will reduce congestion and improve safety on this key regional corridor; reported as complete in the last report, but project closeout has continued through this reporting period



First RM3-funded construction package for the I-80/I-680/SR-12 interchange in Fairfield.
Caltrans photo

Projects Entering Construction

AC Transit Telegraph Rapid

- After award of the construction contract in the last reporting period, AC Transit broke ground on construction in October 2024.

AC Transit Quick-Build Transit Priority Projects

- Construction on the MacArthur Boulevard and International Boulevard segments in Oakland completed during this period
- Construction on the Durant Avenue segment in Berkeley broke ground in September 2024

Eastridge to BART Regional Connector

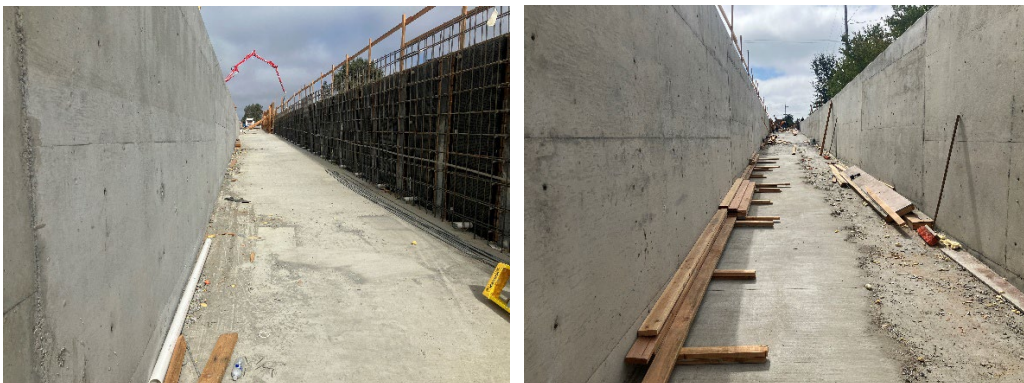
- Construction contract awarded in March 2024 and Notice to Proceed issued in April 2024
- Broke ground in June 2024
- Stage 1 construction ongoing along with community outreach work on construction impacts
- New construction completion date (after delay due to high construction bids and additional funding need) is 2029



VTA Eastridge to BART Regional Connector. Left: project rendering. Right: construction photo.
VTA images

SMART Windsor Extension - Windsor High School Undercrossing

- Construction started shortly after RM3 funds were allocated in May 2024
- Substantial construction progress made during reporting period



Construction progress photos of the SMART Windsor High School Undercrossing
SMART images

101/92 Area Improvements Project

- SMCTA executed agreement for Caltrans to serve as implementing agency
- Construction contract advertised in fall 2024

SR 37 and Fairgrounds Drive Interchange

- Construction contract advertised in in fall 2024

Regional Megaprojects and Programs

San Francisco Bay Area Rapid Transit District (BART) Expansion Cars

- Full RM3 amount of \$500 million was allocated in April 2024.
- Ongoing production of railcars, with 27 cars delivered and 22 accepted as of October 2024

Bay Area Corridor Express Lanes

- A total of \$182 million has been allocated to express lanes projects in Solano and Alameda Counties
- All projects with allocations under this program are in construction



Left: Map of Bay Area Express lanes showing lanes under construction in Solano and Alameda Counties.

Right: Construction photo of I-680 South Bound Express Lanes in Alameda County

MTC and ACTC images

Caltrain Downtown Extension (“The Portal”)

- The Transbay Joint Powers Authority (TJPA) completed 30% design
- Received Federal Transit Administration (FTA) medium-high rating in February and was recommended for \$500 million in the FY25 draft budget
- Accepted into the Engineering phase of the federal Capital Investment Grant (CIG) program in May with a lower federal share than requested – leaving a larger construction funding gap
- TJPA will be preparing a revised Financial Plan and Project Management Plan
- RM3-funded right-of-way acquisition is expected to advance by the end of 2025

- Plan to request additional RM3 funds for pre-construction work in early 2025

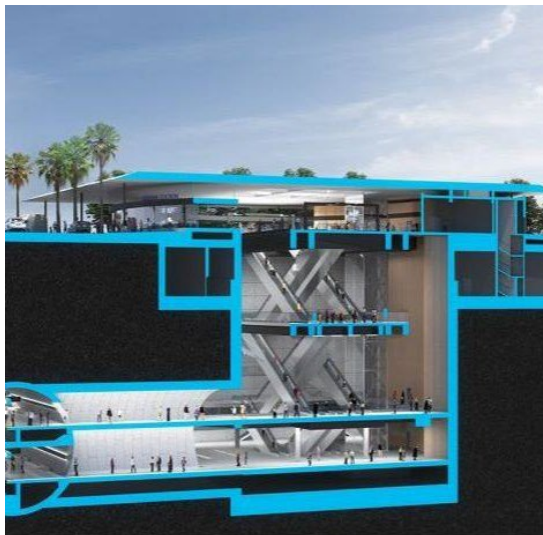


The Portal alignment map

Image: Caltrans

San Jose Diridon Station

- Early right-of-way acquisition of key parcels was completed using RM3 funds
- RM3 allocation for preliminary engineering and environmental work approved July 2024
- The project has started pre-environmental work, with the environmental phase starting in 2025 and expected to be complete in 2028
- Diridon Station business case (non-RM3 funded) work continues



Diridon BART Station Rendering

VTA image

BART to Silicon Valley Phase 2

- RM3 funding planned for Construction; may request allocation in late fall 2024 or winter 2025.
- Accepted into the Engineering phase of the federal CIG program in August with a 40% federal share, leaving a construction funding gap
- Work to identify cost savings and additional funding ongoing
- Ground breaking held in June 2024 and began early construction work

Issues

RM3 Funding Does Not Escalate

RM3 funding for each legislated project is fixed and does not escalate over time with inflation. Delays in allocating and expending funds will effectively reduce the value of RM3 investments, requiring larger portions of projects to be funded through other sources. Delivering projects and programs sooner rather than later will preserve the purchasing power of RM3 investments.

Risk of Cost Increases and Delivery Challenges

Through RM3, MTC has invested or plans to invest significantly in several megaprojects and other large capital projects. Large projects with long delivery timelines are at high risk for delays, cost increases, and other delivery issues. Staff are continuing to coordinate internally and with project sponsors to monitor progress on these projects and respond to issues as they come up. Staff are also working to develop MTC's role in project oversight and risk management, including through the MAP stage gate process.

Invoicing, Reimbursements, and Cash Flow

Most sponsors with RM3 allocations have been submitting invoices at a slower pace than was planned in their allocation requests, including several projects that have not begun invoicing within the first six months after receiving an RM3 allocation.

Staff rely on the cash flow estimates provided by project sponsors to plan for future RM3 allocations and reimbursements, including when making decisions about investing collected bridge toll funds and issuing bonds. Inconsistencies between the cash flow plans provided by sponsors and the actual spend down rates create risk for MTC, and further highlight the need for improved risk management and project oversight throughout the region.

Common Causes of Delay

Many projects have reported delays of six months or more to the project timelines. Common causes of delays include:

- Supply chain issues
- Weather impacts
- Cost increases or other issues during procurement

- Coordination with roadway owners, permitting agencies, and other stakeholders

Look Ahead

- \$9.3 million in RM3 funds are recommended for allocation in December to three projects.
- Staff have received three allocation requests for January 2025 totaling \$2 million.
- Several large allocation requests for RM3 megaprojects are anticipated in 2025, including for advancement of design on the Valley Link project, preconstruction for The Portal, and construction of BART to Silicon Valley Phase 2.
- Advancement of other projects and programs throughout the region is also anticipated, such as Dumbarton Corridor Improvements, MUNI Fleet Expansion and Facilities and North Bay Transit Improvements.
- Applications for the first cycle of the RM3 Safe Routes to Transit and Bay Trail were due in October. Staff anticipate recommending awards in early 2025.
- Nearly \$400 million in RM3 spenddown via invoices from project sponsors is anticipated in the second half of FY25, based on timelines and estimates provided by project sponsors.