

Metropolitan Transportation Commission Programming and Allocations Committee

May 13, 2020

Agenda Item 3a – 20-0532

MTC Resolution No. 4411, Revised.

Regional Measure 3: Bay Area Corridor Express Lanes Initial Programming

Subject: A recommendation for initial programming of the Regional Measure 3 (RM3) Bay Area Corridor Express Lanes program category.

Background: Bay Area voters approved Regional Measure 3 (RM3) on June 5, 2018. RM3, as authorized by Senate Bill 595 (Beall, 2017), includes a comprehensive traffic relief program of projects funded by toll increases on the seven state-owned toll bridges in the Bay Area. Bay Area Corridor Express Lanes is one of six RM3 programmatic categories subject to further programming by MTC. RM3 provides a total of \$300 million in toll funds for the Bay Area Express Lane Network. MTC is to make the funds available based on performance criteria including benefit-cost and project readiness. As a reminder, RM3 is under litigation and collected RM3 revenue is being held in an escrow account. The Authority's current policy is that no allocations of RM3 funds are anticipated until and unless litigation is resolved in favor of RM3.

Staff recommends initial programming of the RM3 Express Lanes Program in May to align with MTC endorsements for the 2020 Senate Bill 1 (SB1) State Competitive funding program (see Item 4a on this agenda). As detailed in Attachment 1, the recommendation aims to leverage RM3 funding by directing funds strategically to ready, high performing projects to best position the region to secure additional funding through SB1. This recommendation is consistent with the policy principles and specific 2020 programming strategy discussed by the Programming and Allocations Committee in March.

Since that discussion, the COVID-19 pandemic has created uncertainty for project funding, performance, prioritization, and delivery. Based on staff's assessment, the express lanes projects proposed for initial programming are still important investments in a seamless transportation system that can serve the region's travel needs in the future. We also believe the project funding plans and revenues, while strained in the current environment, should be able to continue to support the project implementation.

Issues: Attachment 1 lists the following issues, summarized below.


- 1) The full funding plans for the express lanes projects recommended for initial programming on I-80 in Solano County and I-680 in Alameda County are contingent on future actions by MTC and the California Transportation Commission; in the case of I-680, Federal and State actions are required to complete environmental clearance.

- 2) San Francisco requested SB1 funding for the I-280 HOV Lane project, as described in Item 4a. Since this phase of the project is not an express lane, it is not eligible for RM3 Express Lane Program funds; future express lane phases would be eligible. Santa Clara requested funding for the US-101 Express Lanes, Phase 5 Project; staff is recommending MTC nominate this project for the Solutions for Congested Corridors Program. Since it can be fully funded without RM3, as described under Item 4a, staff is not recommending initial RM3 programming for this project.

Recommendation: Refer MTC Resolution No. 4411, Revised to the Commission for Approval, and prioritize the Alameda I-680 project for \$10 million of SB1 Local Partnership Formulaic Program funds allocated to BATA, subject to future MTC approval.

Attachments:

1. Bay Area Corridor Express Lanes Initial Programming Recommendation
2. MTC Resolution No. 4411, Revised
3. Presentation slides



Therese W. McMillan

Attachment 1
MTC Resolution No.4411
Bay Area Corridor Express Lanes Initial Programming Recommendation

Background

Bay Area voters approved Regional Measure 3 (RM3) on June 5, 2018. RM3, as authorized by Senate Bill 595 (Beall, 2017), includes a comprehensive traffic relief program of projects funded by toll increases on the seven state-owned toll bridges in the Bay Area. Bay Area Corridor Express Lanes is a programmatic category subject to further programming by MTC. RM3 provides a total of \$300 million in toll funds. MTC is to make the funds available based on performance criteria including benefit-cost and project readiness.

As a reminder, RM3 is under litigation and collected RM3 revenue is being held in an escrow account. The Authority's current policy is that no allocations of RM3 funds are anticipated until and unless litigation is resolved in favor of RM3.

Recommended Initial Programming

Staff recommends initial programming based on the general principles and specific 2020 strategy outlined below. This approach aims to leverage RM3 funding by directing funds strategically to ready, high performing projects to best position the region to secure additional funding through Senate Bill (SB1). With a total cost to complete the Express Lane Network in excess of \$5 billion, it is critical to leverage RM3 funds with other funds, including state, local and federal sources in order to deliver projects with high benefit-cost performance. In addition, because of the connection with SB1 endorsements, the initial RM3 programming is consistent with MTC's prioritization principles for the SB1 competitive programs, which include providing mobility in key congested corridors and reducing greenhouse gas emissions.

General RM3 Express Lanes Policy Principles

- Projects should be ready-to-go.
- Projects must have strong benefit-cost performance.
- Recipients must agree to follow regionally consistent toll policies established by MTC/BAIFA.

2020 RM3 Express Lanes Program Strategy

- Deliver seamless system to Bay Area commuters sooner.
- Put funds to work; get ready projects fully funded and constructed in each express lanes corridor group.
- Maximize opportunity to secure SB1 funding.
- Meet commitments by making regional funds available when needed.
- Provide that if projects recommended for funding fail to secure funding or meet other requirements required to begin construction as planned, RM3 funds in the initial programming action will be returned to Reserve.

Since that discussion, the COVID-19 pandemic has created uncertainty for project funding, performance, prioritization, and delivery. Among the uncertainties is whether transit use and driving will rebound at the same rate as the economy recovers. Based on staff's assessment, the

express lane projects proposed for initial RM3 programming are still important investments and provide a seamless transportation system that can serve the region's travel needs in the future. Staff also believes that the project funding plans and revenues, while strained in the current environment, should be able to continue to support the project implementation. Staff will work with project sponsors to continue delivery of the projects.

I-80 Express Lanes: Red Top Road to I-505: \$85 million

This project is important to the development of seamless travel in Solano County as it will eventually connect to priced managed lanes on I-80 through Alameda and Contra Costa County. In addition, it serves as a guideway existing for SolTrans express bus service from Fairfield to El Cerrito del Norte BART and enhanced express bus service from Suisun City to El Cerrito del Norte BART proposed for consideration in Plan Bay Area 2050. RM3 funds would complete the \$249.4 million funding package for construction, in combination with an application to the 2020 SB1 competitive programs for \$123.4 million (subject to endorsement by MTC under Item 4a). Additional project funds include a total of \$41 million comprised of:

(1) Bay Area Toll Authority (BATA) Express Lanes Capital Funds previously remaining from a prior allocation for project development; and

(2) State Transportation Improvement Program (STIP) funds as described in item 4a

The project is ready to start construction in 2021 and has a benefit cost ratio of 1.4¹.

I-680 Express Lanes Southbound: Alcosta Boulevard to SR-84: \$80 million

With construction of this project, there would be a continuous express lane on I-680 southbound from the Benicia Bridge in Contra Costa County, through Alameda County and to State Route 237 in Santa Clara County. This lane serves one of the enhanced express bus routes proposed for consideration in Plan Bay Area 2050. RM3 funds would complete the \$252 million funding package for construction without requiring any competitive SB1 funding, thus improving the chances of the region's other 2020 SB1 submittals as recommended under Item 4a. MTC staff proposes prioritizing \$10 million from the SB1 Local Partnership Formulaic Program funds allocated to BATA for the I-680 funding plan, subject to future MTC approval. BATA is expected to receive \$18 million in Local Partnership Formulaic Program funding over the next three years. Other funds include a total of \$162 million comprised of: (1) county sales tax; (2) loan by Alameda County Transportation Commission against future express lane toll revenue; and (3) future State Transportation Improvement Program (STIP) funds. The project is ready to start construction in March 2022, pending amendment of Plan Bay Area 2040 and approval of the final environmental document, and has a benefit cost ratio of 2.5².

¹ Based on prior analysis and subject to updates for the 2020 SB1 funding cycle.

² Based on prior analysis and subject to updates for the 2020 SB1 funding cycle.

U.S. 101 Express Lanes: I-380 to Santa Clara County: \$75 million

This recognizes the bridge toll commitment made in the 2018 SB1 funding cycle, in which the region was successful in securing \$253 million in for express lanes in San Mateo and Santa Clara counties. In order for the project to proceed on the schedule, BATA included this \$75 million in its FY 2019-2020 Toll Bridge Program Operating and Capital Budgets with the understanding that MTC could program RM3 Express Lane Program funds to the project to offset the BATA funding. The project began construction in 2019 and has a benefit cost ratio of 2.1.

Because BATA secured bridge tolls for this project through a prior action, staff recommends it not be subject to the requirement to follow regionally consistent toll policies established by MTC/Bay Area Infrastructure Financing Authority (BAIFA). However, the San Mateo Express Lanes Joint Powers Authority (JPA) and BAIFA have entered into an agreement whereby BAIFA will provide the toll system and operate the express lanes under contract to the JPA. This agreement provides that the JPA will work with other Bay Area toll operators toward regionally consistent policies that allow seamless travel among toll operators.

Reserve: \$60 million

The reserve provides leverage for future SB1 funding or other competitive funding opportunities. 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 and sufficient design to determine the benefit-cost ratio and development of a full funding plan.

In addition, funds from the reserve may be used to develop a pipeline of high performing express lane projects or for supportive operational improvements, as allowed by statute, and consistent with the Bay Area Express Lanes Strategic Plan that is currently under development. The Strategic Plan, which will be completed later this year, will articulate policies and identify a larger network that can be delivered over the next 15 years and that will require considerable funding in addition to RM3. The Strategic Plan will address important considerations such as:

- Interface with robust and cost-effective express bus service.
- Strategies to address equity.
- An approach to achieve consistent toll policies.
- Strategies and tradeoffs for closing gaps and for addressing mega-region travel and reducing greenhouse gas emissions.
- Ways to reduce capital costs and expedite delivery.

Return to Reserve

Staff recommends the initial programming action provide that if the projects funding fail to secure funding or meet other requirements necessary to begin construction as planned, RM3 funds in the initial programming action will be returned to reserve. Specifically, for the Solano I-80 project, the RM3 funds would return to reserve if the sponsors do not successfully secure 2020 SB1 competitive funds. For the Alameda I-680 project, the RM3 funds would return to reserve if the sponsor does not begin construction by December 31, 2022 (about nine months from the current estimated construction start date). MTC may consider extending these deadlines or reaffirming RM3 programming to support subsequent funding opportunities for these projects if the above conditions are not met.

Issues

As noted above, the full funding plans for the I-80 and I-680 express lane projects are contingent on future actions by MTC and the California Transportation Commission; in the case of I-680, Federal and State actions are required to complete environmental clearance.

San Francisco requested SB1 funding for the I-280 HOV Lane project, as described in Item 4a. Since this phase of the project is not an express lane, it is not eligible for RM3 Express Lane Program funds; future express lane phases would be eligible. Santa Clara requested funding for the US-101 Express Lanes, Phase 5 Project; staff is recommending MTC nominate this project for the Solutions for Congested Corridors Program. Since it can be fully funded without RM3, as described under Item 4a, staff is not recommending initial RM3 programming for this project.

Recommendation

Refer MTC Resolution No. 4411 to the Commission for Approval, and prioritize the Alameda I-680 project for \$10 million of SB1 Local Partnership Formulaic Program funds allocated to BATA, subject to future MTC approval.

Date: March 25, 2020
W.I.: 1258
Referred by: PAC
Revised: 05/27/20-C

ABSTRACT

MTC Resolution No. 4411, Revised

This resolution establishes programming for Regional Measure 3 (RM3) capital projects sponsored or co-sponsored by MTC or BATA.

This resolution includes the following attachments:

Attachment A – Goods Movement and Mitigation Program of Projects

Attachment B – Bay Area Corridor Express Lanes Program of Projects

This resolution was revised on May 27, 2020 by Commission Action to add Attachment B – Bay Area Corridor Express Lanes Program of Projects.

Additional discussion of this allocation is contained in the Executive Director’s memorandum and MTC Programming and Allocations Committee Summary sheet dated March 11, 2020 and May 13, 2020.

Date: March 25, 2020
W.I.: 1258
Referred by: PAC

Re: Programming of Regional Measure 3 Capital Projects Sponsored or Co-Sponsored by MTC or BATA

METROPOLITAN TRANSPORTATION COMMISSION
RESOLUTION No. 4411

WHEREAS, pursuant to Government Code Section 66500 *et seq.*, the Metropolitan Transportation Commission (“MTC”) is the regional transportation planning agency for the San Francisco Bay Area; and

WHEREAS, Streets and Highways Code Sections 30950 *et seq.* created the Bay Area Toll Authority (“BATA”) which is a public instrumentality governed by the same board as that governing MTC; and

WHEREAS, on June 5, 2018, a special election was held in the City and County of San Francisco, and the Counties of Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano, and Sonoma (individually, each a “County” and, collectively, the “Counties”) to approve a toll increase of three dollars (\$3.00) phased in over time, including a one dollar (\$1.00) toll increase on January 1, 2019, a one dollar (\$1.00) toll increase on January 1, 2022, and a one dollar (\$1.00) toll increase on January 1, 2025, for vehicles traveling on the state-owned bridges located in the San Francisco Bay Area (“Regional Measure 3”); and

WHEREAS, on September 26, 2018, the Bay Area Toll Authority (“Authority”) adopted Resolution No. 126 accepting certified statements from the Registrar of Voters of the City and County of San Francisco and each of the Counties and observing that a majority of all voters voting on Regional Measure 3 (“RM3”) at such special election voted affirmatively for RM3; and

WHEREAS, on December 19, 2018, the Authority adopted Resolution No. 128 adopting a toll schedule phasing in the toll increase approved pursuant to RM3, effective on January 1, 2019; and

WHEREAS, RM3 establishes the RM3 Expenditure Plan and identifies specific capital projects and programs and operating programs eligible to receive RM3 funding as identified in Sections 30914.7(a) and (c) of the California Streets and Highways Code; and

WHEREAS, BATA shall fund the projects of the RM3 Expenditure Plan by bonding or transfers to MTC; and

WHEREAS, MTC adopted RM3 Policies and Procedures for the implementation of the RM3 Expenditure Plan, specifying the allocation criteria and project compliance requirements for RM3 funding (MTC Resolution No. 4404); and

WHEREAS, the RM3 Expenditure Plan gives certain responsibilities to MTC or BATA for specific projects, including project sponsorship or co-sponsorship, making funds available for projects, providing funding for competitive grant programs, allocating funding to an agency designated to build a project, or consulting with entities to determine a project sponsor, as identified in Sections 30914.7(a) and (c) of the California Streets and Highways Code; and

WHEREAS, pursuant to Section 30914.7(a) of the California Streets and Highways Code, other entities are joint project sponsors of certain RM3 capital projects or otherwise listed in determining the project sponsor;

WHEREAS, the Attachments to this resolution, attached hereto and incorporated herein as though set forth at length, list project programming determinations for specific projects pursuant as Section 30914.7(a) of the California Streets and Highways Code; now, therefore, be it

RESOLVED, that MTC approves the programs of projects as set forth in the Attachments; and be it further


RESOLVED, that MTC may take further action to issue RM3 Letters of No Prejudice based on the programs of projects as set forth in the Attachments; and, be it further

RESOLVED, that further MTC action in the form of approved allocations are required to expend RM3 funds; and, be it further

RESOLVED, that MTC will meet all obligations for these projects regarding joint sponsors and other entities pursuant to Section 30914.7(a) of the California Streets and Highways Code; and be it further

RESOLVED, that a certified copy of this resolution and applicable attachments shall be forwarded to any applicable project sponsor, co-sponsor, or implementing agency.

METROPOLITAN TRANSPORTATION COMMISSION



Scott Haggerty, Chair

The above resolution was entered into
by the Metropolitan Transportation
Commission at the regular meeting
of the Commission held in San Francisco,
California, on March 25, 2020.

Goods Movement and Mitigation

RM3 Project No.	3
Project Title	Goods Movement and Mitigation
Funding Amount	\$160,000,000
Statute Project Description	
Provide funding to reduce truck traffic congestion and mitigate its environmental effects. Eligible projects include, but are not limited to, improvements in the County of Alameda to enable more goods to be shipped by rail, access improvements on Interstate 580, Interstate 80, and Interstate 880, and improved access to the Port of Oakland.	
Statute Project Sponsor Description	
The Metropolitan Transportation Commission shall consult and coordinate with the Alameda County Transportation Commission to select projects for the program. Eligible applicants include cities, counties, countywide transportation agencies, rail operators, and the Port of Oakland. The project sponsor is the Metropolitan Transportation Commission and the Alameda County Transportation Commission.	
Other Project Sponsor Action Required for Programming	
Alameda County Transportation Commission (Alameda CTC) is expected to adopt a program of projects consistent with the list below at its March 26, 2020 meeting.	

Program of Projects

Project Sponsor	Project Title	RM3 Amount (\$ millions)
Alameda County Transportation Commission	GoPort Suite of Projects at the Port of Oakland, including the 7 th Street Grade Separation (East and West) Project*	\$80
Alameda County Transportation Commission	Other Rail Crossing Safety and Emissions Reduction Projects	\$40
Program Reserve	TBD	\$40
Total		\$160

*Alameda CTC has applied for an INFRA (Infrastructure for Rebuilding America) program grant for the GoPort project. If successful, the INFRA funds, rather than RM3 funds, will go toward the cost increase of the 7th Street Grade Separation East project.

RM3 Program of Projects – Bay Area Corridor Express Lanes

RM3 Project No.	2
Project Title	Bay Area Corridor Express Lanes
Funding Amount	\$300,000,000
Statute Project Description	
Fund the environmental review, design, and construction of express lanes to complete the Bay Area Express Lane Network, including supportive operational improvements to connecting transportation facilities. Eligible projects include, but are not limited to, express lanes on Interstate 80, Interstate 580, and Interstate 680 in the Counties of Alameda and Contra Costa, Interstate 880 in the County of Alameda, Interstate 280 in the City and County of San Francisco, Highway 101 in the City and County of San Francisco and the County of San Mateo, State Route 84 and State Route 92 in the Counties of Alameda and San Mateo, Interstate 80 from Red Top Road to the intersection with Interstate 505 in the County of Solano, and express lanes in the County of Santa Clara.	
Statute Project Sponsor	
Eligible project sponsors include the Bay Area Infrastructure Financing Authority, and any countywide or multicounty agency in a bay area county that is authorized to implement express lanes. The Metropolitan Transportation Commission shall make funds available based on performance criteria, including benefit-cost and project readiness.	
Other Project Sponsor Action Required for Programming	
Sponsors must agree to follow regionally consistent toll policies established by MTC/BAIFA	

Program of Projects

Project Sponsor	Project Title	RM3 Amount (\$ millions)
San Mateo County Transportation Authority	US 101 Express Lanes: I-380 to Santa Clara County Line ¹	\$75
Solano Transportation Authority	Interstate 80 Express Lanes: Red Top Road to I-505 ²	\$85
Alameda County Transportation Commission	Interstate 680 Southbound Express Lane: Alcosta Boulevard to SR-84 ²	\$80
Express Lanes Program Reserve	TBD ³	\$60
Total		\$300

¹ Project exempt for requirement to follow regionally consistent toll policies established by MTC/BAIFA since toll funds were committed through prior BATA action.

² Funds programmed to these projects are intended as leverage for 2020 Senate Bill 1 (SB1) Solutions for Congested Corridors Program (SCCP), Trade Corridor Enhancement Program (TCEP), and Local Partnership Program (LPP). If the I-80 project fails to secure sufficient 2020 SB1 funding to fully fund the project and start construction as planned in 2021, the \$80 million in RM3 programmed to this project will be returned to the RM3 Express Lanes Program Reserve. If the I-680 project fails to secure fully funding and meet environmental and regulatory requirements to start construction by the end of calendar year 2022, the \$80 million in RM3 programmed to this project will be returned to the RM3 program reserve.

³ 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.

Regional Measure 3

Bay Area Express Lanes

Initial Programming



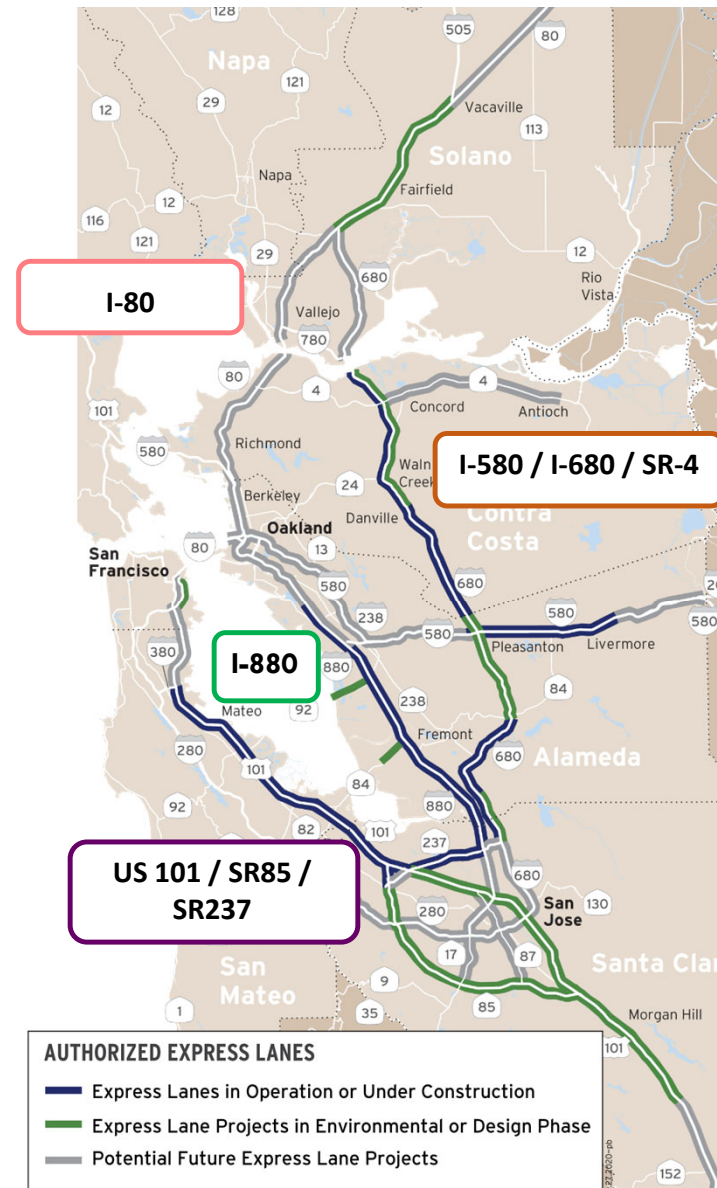
May 13, 2020

Programming and Allocations Committee

Bay Area Corridor Express Lanes

- \$300 million available in Regional Measure 3
- Eligible projects include express lanes and supporting operational strategies
- MTC shall make funds available based on performance criteria, including benefit-cost and project readiness

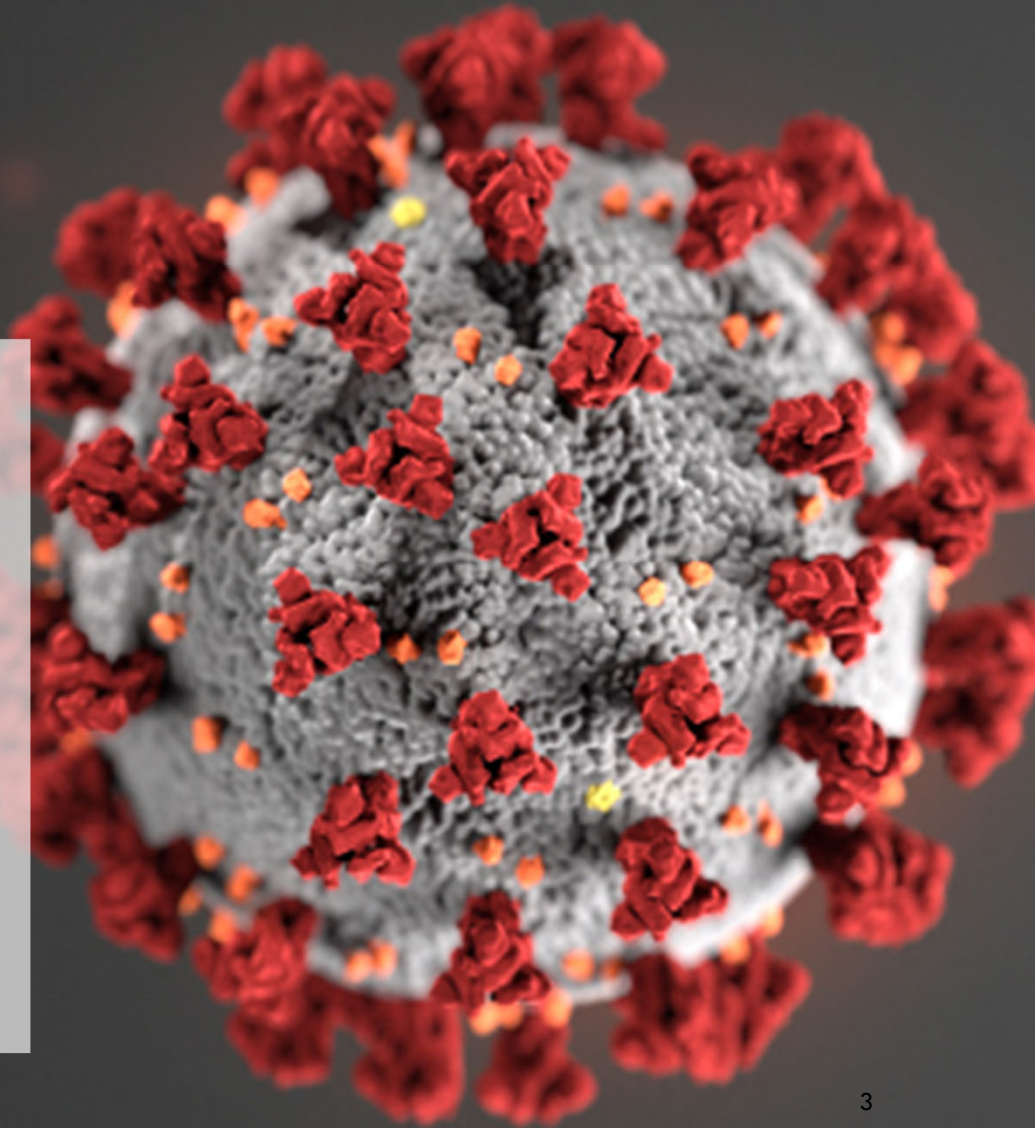
The cost to complete the express lanes network is on the order of \$5 billion



Background

COVID-19 Pandemic

- Current pandemic and “new normal” create project uncertainty
- Proposed projects critical for Bay Area transportation network, providing significant benefits
- Bridge Tolls, while decreased, are still committed to legislatively-named projects like Express Lanes



2020 RM3 Express Lanes Program Strategy

- Deliver seamless system to Bay Area commuters
- Put funds to work in each express lanes corridor group
- Maximize opportunity to secure SB1 funding
- Meet commitments by making regional funds available when needed
- RM3 funds returned to reserve if projects fail to secure funding or meet other requirements to start construction

General RM3 Express Lane Policy Principles



Projects should be ready-to-go



Projects must have strong benefit-cost performance



Recipients must agree to follow regionally consistent toll policies established by MTC/BAIFA

RM3 Express Lanes Program - Initial Programming Recommendation

Tied to 2020 SB1 Competitive Programs Strategy	\$165 million
San Mateo 101 express lanes funded in the 2018 Senate Bill 1 program	\$75 million
Reserve* <ul style="list-style-type: none"> • Leverage future competitive funding opportunities • Develop a pipeline • Implement projects that align with the Strategic Plan (underway) 	\$60 million
TOTAL	\$300 million

* Priority for a portion of this reserve will be given to Interstate 680 Northbound Express Lane: Livorna to Marina Vista, pending future project development including benefit/cost and full funding.

Project Detail Initial RM3 Programming Recommendation

Corridor	Express Lane Project	RM3 Statute Requirements		Construction Cost and Funding (\$M)			
		Readiness (Start of Construction)	Benefit/Cost	Total Cost	RM3	SB1 Competitive Proposed	Other
I-80	1 I-80: Red Top to I-505	2021	1.4 ⁽¹⁾	\$249	\$85	\$123	\$41
I-680/ I-580	2 I-680 Southbound: Alcosta Boulevard to SR-84	2022	2.5 ⁽¹⁾	\$252	\$80	\$0	\$172 ⁽³⁾
US-101/ SR-237/ SR-85	3 US-101: I-380 to Santa Clara County ⁽²⁾ Funded in 2018 SB1 Cycle	2019	2.1	\$393	\$75	\$220 ⁽⁴⁾	\$98
RM3 Express Lanes Program Reserve					\$60		
RM3 Total					\$300		

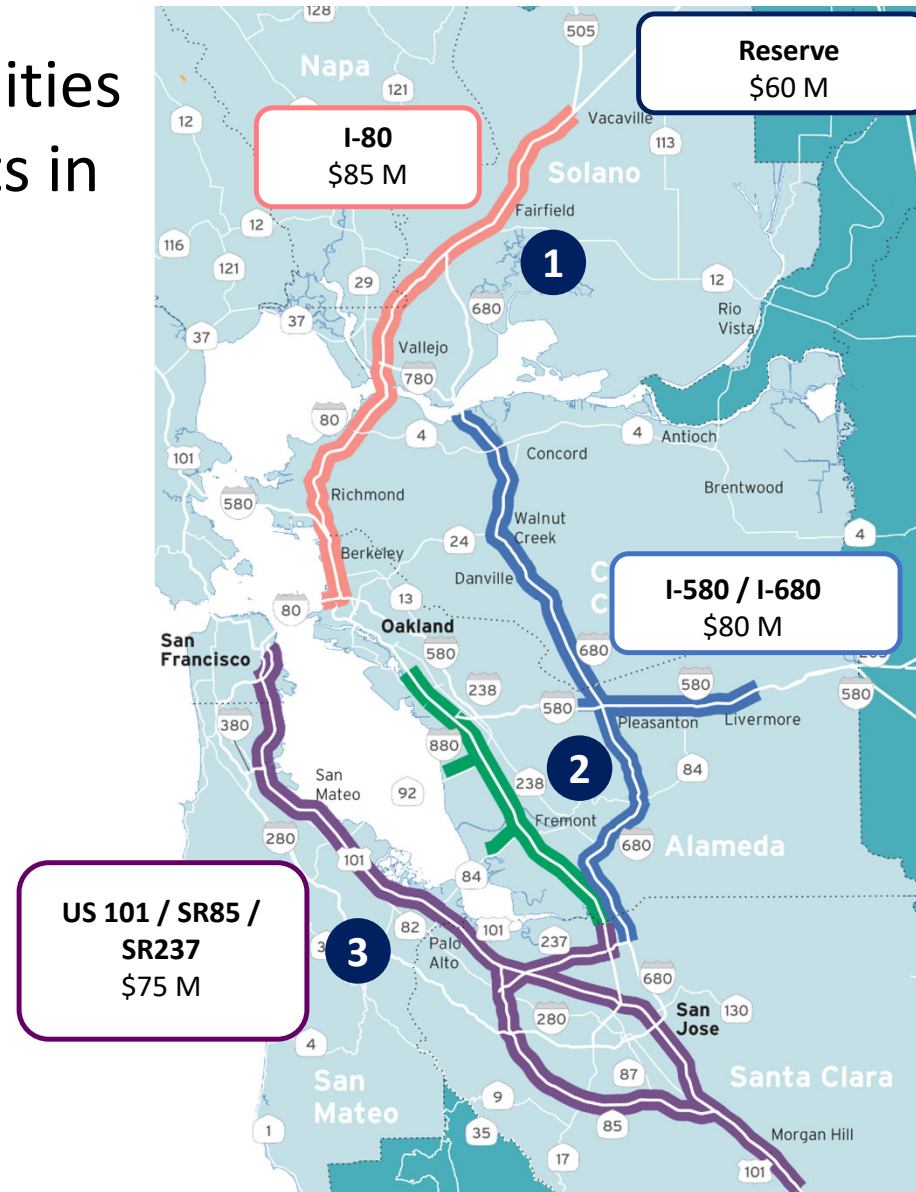
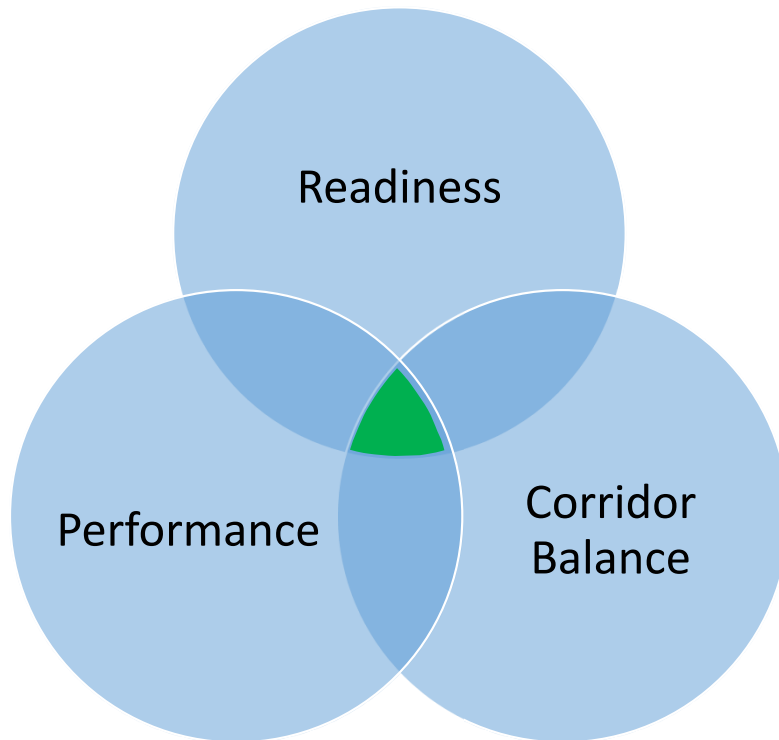
⁽¹⁾ Based on prior analysis and subject to updates for the 2020 SB1 funding cycle.

⁽²⁾ Project already under construction. Propose toll policy requirement not be applicable since BATA committed bridge tolls through prior action.

⁽³⁾ Recommend MTC prioritize \$10 million of SB1 Local Partnership Funds allocated to BATA, subject to future MTC approval.

⁽⁴⁾ Funds secured in 2018 SB1 funding cycle.

Leverage Senate Bill 1 funding opportunities and fund ready, high performing projects in major express lane corridors.



Bay Area Express Lanes Strategic Plan

Define express lane network goals	✓
Identify potential projects over 30 years	✓
Inform near-term funding opportunities	✓
Develop 15-year priority network	Underway
Integrate into Plan Bay Area 2050	Underway
Explore policy issues & develop recommendations <ul style="list-style-type: none"> • Close gaps • Express bus interface • Equity • Toll policy consistency • Mega Region • Financing, cost reductions & expedited delivery 	Underway

