

C/CAG AGENDA REPORT

Date: December 13, 2018

To: City/County Association of Governments of San Mateo County Board of Directors

From: Sandy Wong, Executive Director

Subject: Receive an update on the owner/operator options for the US 101 Managed Lanes Project and next steps

(For further information, contact Sandy Wong at 650-599-1409)

RECOMMENDATION

That the C/CAG Board of Directors receive an update on the owner/operator options for the US 101 Managed Lanes Project and next steps.

FISCAL IMPACT

This is a discussion item.

SOURCE OF FUNDS

N/A.

BACKGROUND

The TA and the C/CAG Boards met on December 6, 2018 and December 13, 2018 respectively to decide on the owner/operator for the 101 Managed Lanes Project (Project). Both Boards were presented with two options:

Option 1: Authorize Bay Area Infrastructure Financing Authority (BAIFA) to own and operate the US101 Managed Lanes facility in San Mateo county, subject to the following:

- BAIFA agrees to take on the responsibility for funding current Project construction costs that are anticipated to be provided by future toll revenues (~\$50 Million);
- BAIFA agrees to cover the cost of any Project cost overrun that may materialize;
- BAIFA commits to how it would prioritize the construction of US 101 express lanes north of I-380, into San Francisco, relative to other express lane projects in the region; and
- BAIFA agrees to implement the TA and C/CAG's decisions on the investment of toll revenues generated in San Mateo County, as set forth in a Corridor Investment Plan as is.

The above-listed conditions would need to be met no later than the February 2019 TA and C/CAG Board meetings for this Option 1 to take effect.

OR:

Option 2: Authorize the Executive Director or his designee to retain ownership of the US101 Managed Lanes facility, and to enter into an agreement with Santa Clara Valley Transportation Authority (VTA) to operate the facility, subject to the TA and C/CAG reaching agreement on the structure of the two agencies' joint governance of the facilities, no later than the February 2019 TA and C/CAG Board meetings.

December 2018 Adopted Motions from the Two Boards:

The TA Board met on December 6, 2018, and the following decision was reached in the form of two motions:

Motion 1: Authorized the TA Executive Director or his designee, subject to C/CAG doing the same, to retain ownership of the managed lane facility and to enter into an agreement with VTA to operate the facility. (Vote: 5-2)

Motion 2: Directed staff to explore another alternative in the relationship structure between C/CAG and the TA to consider a structure where one Board or the other retains the authority, subject to what is required by statute, to simplify and streamline the ownership governance structure. (Vote: 7-0)

The CCAG Board met on December 13, 2018 and the following decision was reached:

Motion: Directed staff to enter into negotiations with BAIFA and 1) directed the C/CAG Executive Director to work with the TA to set up a joint C/CAG /TA ad hoc committee (Joint Ad Hoc Committee), consisting of 3 members from each board, to resolve governance issues to ensure input to the San Mateo County's BAIFA member comes from the TA and C/CAG Boards and 2) to bring resolution to the C/CAG Board no later than the February 2019 TA and C/CAG Board meetings. (Vote: 11-7; 3 absentees)

Joint Ad Hoc Committee of 101 Managed Lanes Project

Since the TA and C/CAG Boards selected different options and provided inconsistent direction for their respective staffs at their December 2018 meetings, staff of the two agencies recommend that the Joint Ad Hoc Committee confer and recommend the appropriate actions for the TA and C/CAG Boards to consider at their respective Board meetings on February 7 and February 14, 2019. Any delay in reaching and agreeing on the same direction would likely delay the 101 Managed Lanes capital project and may increase project costs. The capital project is currently in the final design phase for the segment north of Whipple Avenue, and is getting ready to begin construction in the segment south of Whipple Avenue on US101.

Don Horsley, Chair of the TA, and Maryann Moise Derwin, Chair of C/CAG, appointed the following members to the Joint Ad Hoc Committee to meet on Wednesday, January 2, 2019:

TA

Emily Beach
Maureen Freschet
Don Horsley

CCAG

Alicia Aguirre
Doug Kim
Diane Papan

Among the questions that the Joint Ad Hoc Committee was recommended to answer included, but not limited to, the following:

1. Under either option (the BAIFA or VTA model), how should the TA and C/CAG assign financial responsibility (between the TA and C/CAG) for construction budget overruns? (See #2 in Attachment A)
2. If BAIFA is selected as the owner-operator, what are the required conditions for consummating an arrangement with BAIFA? (See Attachment A)
3. If VTA is selected as the operator, what should the governance model be between C/CAG and the TA? Previously, staff provided three governance model options, including joint governance by agreement, joint governance under the advice of a policy committee or a creation of a new joint powers authority.
4. If VTA is selected as the operator, how should financial responsibility be split between the TA and C/CAG for future operating funding needs in the start-up phase and/or if revenues generated are insufficient to cover operating and maintenance (O&M) costs?

On January 2, 2019, the Joint Ad Hoc Committee met, no action was taken. VTA and BAIFA staff were in attendance to respond to questions. A verbal update of that meeting will be provided to the C/CAG Board at the January 10, 2019 meeting.

Additional Project History:

In 2012, C/CAG, as the Project Sponsor, applied for and was awarded \$2 million TA Measure A Highway Program funds to develop a Project Initiation Document (PID) to extend High-Occupancy Vehicle lanes (HOV) Study on US 101 from Whipple to the I-380 interchange.

On May 4, 2015, the California State Department of Transportation (Caltrans) approved a Project Initiation Document (PID) for a project that proposed to extend existing High Occupancy Vehicle (HOV) lanes on the Highway 101 Corridor in San Mateo County 14.5 miles from Whipple Road to the Interstate 380 interchange.

In May 2015, as the project sponsor, C/CAG applied for and was awarded \$8.5 million TA Measure A Highway Program funds to prepare the Environmental Study and Project Report for the project.

Based on stakeholder input, a express lane option was added to the project scope (for the environmental study) in addition to the carpool lane option.

In June 2016, work began on the environmental phase of the 101 Corridor Managed Lanes Project which proposed to modify US101 resulting in 22.5 miles of managed lanes in each direction from Santa Clara County to I-380. An integrated project delivery team including staff from Caltrans, TA, C/CAG, and consultants was formed to implement the project.

Given the complexity, large size, and regional nature of the project, partnership and collaboration between C/CAG and the SMCTA is required to ensure success. It was recommended that C/CAG and the SMCTA serve as co-sponsors of the project.

On November 10, 2016 the C/CAG Board approved a resolution to co-sponsor the environmental phase of the US 101 Managed Lane Project with the TA.

C/CAG has since programmed a total of \$33.5 million in STIP funds and \$9.5 million in Federal earmark repurposed funds for the project, which is matched by various funding sources, including SB 1, regional bridge tolls, local, and private sector funding.

After extensive outreach and public review, the environmental document, which reports the benefits and impacts that are anticipated to be realized with the implementation of the project, was finalized and certified by Caltrans in November 2018.

ATTACHMENTS

The following attachments were provided to the Joint Ad Hoc, and provided here as information:

1. San Mateo County conditions to joining BAIFA.
2. Additional Comparison Between BAIFA and SMCVTA Models.
3. Managed Lanes Project Funding Plan
4. Questions and Answers from ad hoc member to staff and BAIFA
5. BAIFA Express Lanes Program Quarterly Report – 3rd Quarter 2018 (Available on-line only at: <http://ccag.ca.gov/committees/board-of-directors/>)