

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: June 27-28, 2012

Reference No.: 4.19
Action

From: BIMLA G. RHINEHART
Executive Director

Subject: **CORRIDOR MOBILITY IMPROVEMENT ACCOUNT – POLICY FOR PROGRAMMING AND ALLOCATING PROJECT COST SAVINGS AT CONTRACT AWARD - REMAINING AND ACCRUED THROUGH DECEMBER 2012 RESOLUTION CMIA-P-1112-24**

ISSUE:

Should the Commission approve the policy for programming and allocating Corridor Mobility Improvement Account (CMIA) project cost savings at contract award - remaining and accrued through December 2012 as detailed below?

RECOMMENDATION:

Commission staff recommends that the Commission adopt the policy discussed below for programming and allocating CMIA project cost savings at contract award remaining and accrued through the remainder of the statutory deadline of the CMIA Program.

POLICY FOR THE PROGRAMMING OF CMIA PROJECT COST SAVINGS:

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 was approved by the voters as Proposition 1B on November 7, 2006. Proposition 1B authorized \$4.5 billion in general obligation bond proceeds to be deposited in the CMIA. Funds in the CMIA are available for performance improvements on the state highway system, or major access routes to the state highway system on the local road system, that relieve congestion by expanding capacity, enhance operations, or otherwise improve travel times within these high-congestion travel corridors. Inclusion of a project in the CMIA program was conditioned on the commencement of construction no later than December 31, 2012.

At the time of adoption of the original CMIA program in February 2007, the Commission programmed 54 projects for \$4.5 billion, leveraging another \$4.6 billion in additional federal, state and local funds. Since, the Commission has allocated over \$2.5 billion to CMIA construction-ready projects, while the remainder is expected to be allocated by June 30, 2012. As the Commission has focused on assuring the delivery of the CMIA program within the statutory deadline, the Commission has also worked with sponsoring agencies to recapture any cost savings at construction contract award. These contract award savings were proportioned among the mix of project funding sources, and resulting CMIA dollars were recycled to program additional CMIA projects. Through the end of 2011, the Commission had committed \$600 million of CMIA savings to 27 additional

projects, leveraging an addition \$900 million in other federal, state and local funds. What started as a program of 54 projects valued at \$9.1 billion in total project cost is now a program of 81 projects valued at \$10.6 billion in total project cost, generating over 190,000 jobs and responding to the wish of the voters by furthering the performance improvements to our transportation system.

As the remaining CMIA projects are awarded, project cost savings continue to accumulate. Since the last round of CMIA project award savings reprogramming in June 2011, approximately \$300 million in additional savings capacity has accrued and is available for programming and allocation by June 30, 2012.

In order to maximize the use of the CMIA funding and the resulting transportation benefits, Commission staff recommended and the Commission adopted a "Ready to Allocate" strategy for the programming and allocation of accrued CMIA project award savings at its April 2012 meeting. Under this strategy, and at its April and May 2012 meetings, Commission programmed and allocated CMIA award savings to only those projects that are Ready-to-List, consistent with the Department of Transportation's established criteria, that are eligible for allocation by June 30, 2012, and that can commence construction by the statutory deadline of December 31, 2012. At the June 2012 meeting, the Commission will be asked to program and allocate CMIA savings to additional projects consistent with the same "Ready to Allocate" strategy. Any project cost savings beyond June 30, 2012, staff recommends that the Commission direct staff to work with Caltrans to do the following:

- Identify State Highway Operations and Protection Program (SHOPP) projects currently in the procurement phase that are also CMIA eligible per current Commission policies.
- Develop the necessary documentation and bring to the Commission a request for action to program and allocate an appropriate level of CMIA savings to these SHOPP funded projects.
- Develop the necessary documentation for the Commission to de-allocate an equal amount of SHOPP funding from these project to program to other SHOPP projects as directed by the Commission.
- Develop a specific program of SHOPP projects subject to the same accountability requirements applicable to the CMIA program, taking into account the North/South proportions of CMIA accrued savings, and emphasizing the start of construction as a controlling criterion.

Staff believes this approach will allow the maximum utilization of CMIA funds within the statutory deadline and at the same time bring additional benefits to preserving the state highway system by advancing eligible SHOPP projects that would otherwise be subject to SHOPP funding constraints.