

Subject	Proposed Letter to MTC Requesting Consideration for Applying “ARRA Replacement” Proposition 1B Funds to the Route 4 Bypass Segment 3 Final Layer of Pavement and Related Work
Summary of Issues	As part of the process to distribute funds from the Federal American Recovery and Reinvestment Act (ARRA), the state agreed to an allocation of funds directed initially to the state for highways as follows: 37.5 percent. State; 62.5 percent, regions. Some regions agreed to apply the “state-based” ARRA funds to Proposition 1B projects to allow timely construction. In return, the regions were promised equivalent CMIA funds for future projects to be determined. The Caldecott Tunnel was programmed for \$105 million of these “state-based” ARRA funds by MTC out of a total \$157.3 million available; the state provided \$92.7 million. In the future, MTC expects to have an opportunity to designate projects to receive up to the \$157.3 million of Proposition 1B bond funds. While no formal application process has been provided, staff has been advised that some CMAs have submitted one or two projects as candidates for use of the replacement funds.
Recommendations	Staff recommends drafting a letter to MTC requesting funding from the ARRA “replacement” funds for the Route 4 Bypass, Segment 3 final lift of paving at an estimated cost of \$4 million.
Financial Implications	The estimated cost of the work is \$4 million. Measure J funding was originally envisioned, together with fee revenues, to complete this work and approximately \$50 million in other improvements. Due to the downturn in sales tax revenues, Measure J funds are not expected to be available for the work, and the timing of fee revenues is also uncertain.
Options	<ol style="list-style-type: none"> 1. Not submit a letter to MTC; or 2. Solicit other projects for consideration and prioritize among them.
Attachments	A. Draft letter and fact sheet to MTC for Route 4 Bypass Segment 3, paving project funding request.
Changes from Committee	

Background

In April 2009 and following approval of State legislation (AB XXX 20, third special session) that reallocated “state highway share” of ARRA funds 37.5 percent to the state, and 62.5 percent to the regions, MTC agreed to match the \$92.7 million in state-based ARRA funds and committed \$105 million of the reallocated “regional” state-based funds to the Caldecott Tunnel. This aggregate commitment of approximately \$208 million in ARRA funds relieved the state of its STIP and CMIA funding commitments for the project totaling that amount, which is highly beneficial for the project given the uncertainties surrounding the timing and amount of future State bond sales needed to provide the STIP and CMIA funds.

The “state share” of ARRA funds received by the region available for highways totaled \$157.3 million. In exchange for applying the funds to offset CMIA and other state funding, MTC (and other regions) expect to receive \$157.3 million of future CMIA funding for flexible application within the region. Separately, in February MTC committed approximately \$32 million in ARRA regional funds to discretionary projects, including \$10 million to Vasco Road safety improvements. If the total “discretionary” funds of approximately \$190 million were distributed on a population-share basis, Contra Costa would receive approximately \$27.4 million, less the \$10 million for Vasco Road.

However, since the Caldecott received approximately 66.8 percent of the “state share” funds, Contra Costa received both a political and financial benefit. The combined \$208 million in ARRA funds provides assurance of the availability of the state’s share of funding for the Caldecott Tunnel Fourth Bore project. Because the ARRA funds will be expended first, this commitment allowed the Authority to decrease its initial sales tax bond sale from \$300 to \$200 million at a net savings of approximately \$5 million in interest costs. It also allowed the Authority to consider termination of the unneeded \$100 million of the 2005 Forward Interest Rate Swap and thereby improve the Authority’s risk profile.

As a result of the economic downturn and the need to preserve East Contra Costa funds for Route 4 and eBART, the Authority is unlikely to be able to provide any additional funding for the Route 4 Bypass beyond the approximately \$42 million advanced for the construction of segments 1 and 3 through the commercial paper program. Segment 3 needs a final “lift” (layer) of pavement to be complete – and once finished, our understanding is that Caltrans is willing to relinquish the existing Route 4 through Oakley and Brentwood to the local cities, and incorporate the Bypass into the State Highway system. For these reasons, staff believes it would be prudent to limit our informal request to MTC for use of ARRA replacement funds, and suggests that the \$4 million paving project would be a good candidate.

Alternatively, the Authority could solicit other projects, or request MTC to provide a specific process and expectations for how the replacement funds would be used. However, at present we have no expectations such a process will occur.



CONTRA COSTA
transportation
authority

September 4, 2009

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Steve Heminger, Executive Director
Metropolitan Transportation Commission
101 Eighth Street
Oakland, CA 94607-4700

RE: CMIA "Replacement Funds" For Application of AB XXX20 ARRA Funds –
Request to Fund the Final Paving Overlay for the Route 4 Bypass, Segment 3

Dear Director Heminger:

The Authority appreciates MTC's efforts to keep the critically important Caldecott project on schedule through your Commission's approval of MTC Resolution 3896 in April, allocating \$105 million to the Caldecott Tunnel Fourth Bore project from "state-based" ARRA funds made available to you through AB XXX 20. In concert with the State's commitment of an additional \$92.7 million, the aggregate \$208 million commitment to replace otherwise uncertain State funds allowed the project to be put out to bid in a timely way. We look forward to receiving the bids on September 16th, with the expectation that construction can start expeditiously on this long-anticipated project later this fall.

In return for applying the AB XXX 20 ARRA funds to the Caldecott and other projects, Resolution 3896 indicates that MTC expects to receive, in the future, approximately \$157 million in replacement CMIA bond funds that the commission may use for more flexible allocations. We recognize that the allocation of ARRA funds to the Caldecott has allowed the project to move forward when it would otherwise still be waiting for State funding commitments to materialize. We also appreciate that the Commission separately allocated \$10 million in regional ARRA funds to the Vasco Road Safety improvements. Consequently, we wish to make a modest request for the Commission's consideration in future allocation of ARRA Replacement funds.

Specifically, we request the Commission's consideration for funding of the final paving overlay for the third segment of the Route 4 Bypass from the replacement CMIA bond funds, at a cost of \$4 million per the attached description of the project. The final overlay is ready to go to construction and has three major benefits:

- When the overlay is completed, truck traffic can be moved to the third segment of the Bypass, thereby significantly reducing truck traffic and safety problems in downtown Brentwood (while the segment is open to vehicular traffic, trucks are not allowed pending that final overlay);

*Robert K. McCleary
Executive Director*

3478 Buskirk Ave.
Suite 100

Pleasant Hill
CA 94523

PHONE:
925/ 256-4700

FAX:
925/ 256-4701

<http://www.ccta.net>

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- The California Department of Transportation (Caltrans) has been an active partner with the Route 4 Bypass Authority on all aspects of this project. Completion of the Segment 3 overlay project is necessary before Caltrans can accept this new roadway into the state highway system and relinquish existing substandard State Route 4 to Contra Costa County and the communities of Oakley and Brentwood; and
- Relinquishment of the existing Route 4 will benefit Oakley and Brentwood, allowing them to better plan their local downtowns and manage local traffic.

The SR 4 Bypass Project is an important segment of the regionally important SR 4 corridor that connects Interstate 680 in central Contra Costa County with Interstate 580 in Alameda County via Vasco Road (future SR 84), the Port of Stockton via SR 4 across the Delta and Interstates 5 and 580 via the Bryon Highway (future SR 239).

We thank you in advance for the Commission's consideration. Please let us know if there is any additional information that we can provide, and whether there will be a more formal application process for the replacement funds over the next few months.

Sincerely,

Robert K. McCleary
Executive Director

cc: Senator Mark DeSaulnier
Assemblywoman Joan Buchanan
Assemblyman Tom Torlakson
Amy Worth, Metropolitan Transportation Commission
Federal Glover, Metropolitan Transportation Commission
Maria Viramontes, Chair, Contra Costa Transportation Authority;
Authority members
Supervisor Susan Bonilla, Chair, Contra Costa Board of Supervisors
Mary Piepho, Contra Costa Board of Supervisors
Jim Frazier, Chair, Route 4 Bypass Authority
Randy Iwasaki, Director, Caltrans
Bijan Sartipi, District Director, Caltrans
Julie Bueren, Public Works Director, Contra Costa County
Linda Best, Executive Director, Contra Costa Council
Dale Dennis, Route 4 Bypass Authority
John Cunningham, TRANSPLAN

Attachment