

**5. Presentation/Discussion by Hisham Noeimi, Engineering Manager, CCTA on Update to the Measure J Strategic Plan**

**Attachments:**

- 2/2/11 CCTA Administration and Projects Committee Staff Report initiating the Strategic Plan Update;
- CCTA Measure J Strategic Plan Update Power Point Presentation;
- 5/5/11 CCTA Administration and Projects Committee Staff Report on the I-680 Southbound HOV lane Gap Closure Project;
- Excerpt from the 2009 Measure J Strategic Plan



## Administration and Projects Committee Meeting **STAFF REPORT**

Meeting Date: February 3, 2011

<b>Subject</b>	<b>2011 Update to the Measure J Strategic Plan: Revenue Projections and Development Schedule</b>
<b>Summary of Issues</b>	<p>The 2011 <i>Update</i> to the Measure J <i>Strategic Plan</i> comes following the end of the “great recession” which adversely affected Measure J revenues and reduced available funding to Measure J projects and programs. Staff is proposing to initiate the <i>Update</i> now to reassess sales tax revenue projections, cash flow needs, and debt service costs. Based on this assessment, the timing and size of future bond issuances will be re-evaluated.</p> <p>The 2011 <i>Update</i> will cover the period between July 1, 2011 and June 30, 2015, and will have four major components:</p> <ul style="list-style-type: none"> <li>• Sales tax revenue projections.</li> <li>• A “Program of Projects” commitment of funding schedule for specific projects through FY2015.</li> <li>• Cashflow projections to ensure funding needs are met.</li> <li>• A policy section to guide the <i>Update</i> to the <i>Strategic Plan</i>.</li> </ul> <p>Actual revenues for FY2010 were lower than the 2009 <i>Strategic Plan</i> projections, resulting in a lower overall revenue projection. It is now estimated that \$403 million would be generated through June 30, 2015, compared to \$427 million estimate in the 2009 <i>Strategic Plan</i>.</p>
<b>Recommendations</b>	Staff recommends approval of the overall approach and revenue projection to carry forward in the 2011 <i>Update</i> .
<b>Financial Implications</b>	Measure J sales tax revenues are now estimated to total \$1.5 billion over 25 years (April 1, 2009 through March 31, 2034), compared to the \$1.55 billion estimated in 2009 <i>Plan</i> (or about \$50 million less over the life of the Measure).
<b>Options</b>	The Authority could defer any action pending further deliberations
<b>Attachments</b>	A. Sales Tax Projections
<b>Changes from Committee</b>	

## Background

Measure J – a continuation of a half-percent countywide sales tax for transportation – was passed by Contra Costa voters in November 2004. The Measure started on April 1, 2009 and will be in effect for 25 years. The *Strategic Plan* is the blue print for delivering the voter-approved projects included in Measure J Expenditure Plan. It provides details on when and how much funding will be available for the various projects, taking into consideration revenue growth, inflation and debt service costs. The last Measure J *Strategic Plan* was adopted in December 2009, covering the period between FY2010 and FY2015.

Recognizing that there will be economic cycles and that project development might falter, the Authority committed to update the *Strategic Plan* approximately every two years committing to specific projects only for a specified period. Updates to the *Strategic Plan* are necessary to revisit assumptions relative to revenue growth and inflation, and to ensure that project commitments do not exceed projected Measure J revenues.

This 2011 update to the *Strategic Plan* comes following the end of the “great recession” which adversely affected Measure J revenues and reduced available funding to Measure J projects and programs. Despite the official end of the recession in June 2009, the impacts of the downturn in the housing market and reduction of sales tax revenues are still expected to impact funding available for Measure J projects.

## Sales Tax Revenue Projections Update

The 2009 *Strategic Plan* projected revenues of \$427 million in escalated dollars (or \$351 million in constant 2004 dollars) for the six year period between April 1, 2009 and June 30, 2015. Of the total amount, approximately 59% or \$252 million (escalated) was set aside for *Programs*, leaving approximately \$175 million (escalated) for *Capital Projects* and *debt service*. The projections assumed a relatively shorter recession with the economy continuing to deteriorate in FY2010, but flattening in FY2011. Economic recovery was assumed to start in FY2012.

A real growth rate of 1% was used to develop the estimate beginning in FY2012 with an average real growth rate of 0.84% and inflation rate near 3% for the life of the Measure.

Continuing with the overall average growth rate and inflation rate assumptions used in 2009 *Strategic Plan* but adjusting for actual FY2010 revenues and budgeted amount for FY2011 revenues, it is anticipated that over the life of the Measure \$1.5 billion (in 2004 dollars) would be generated compared to \$1.55 billion projected in the last *Strategic Plan*.

By June 30, 2015, it is now estimated that \$403 million in escalated dollars (or \$339 million in 2004 dollars) would be generated, a reduction of 3.4%. Of the total amount, approximately 59% or \$238 million (escalated) is set aside for *Programs*, leaving approximately \$165 million (escalated) for *Capital Projects* and *debt service*.

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**Policy Issues to be addressed in the 2011 Measure J Strategic Plan**

The projected reduction in sales tax revenues presents several policy issues for the Authority:

**Financial Capacity to Issue Bonds** – To expedite high priority projects throughout Contra Costa, the Authority issued \$200M fixed rate Bond Anticipation Notes (BANs) in September 2009, which were re-financed to Floating Rate Notes on October 1, 2010. The 2009 Strategic Plan anticipated three additional bond issues of \$92M, \$168M and \$26M in FY2011, FY2012 and FY2015, respectively

Staff is proposing to initiate the *Update* now to reassess sales tax revenue projections, cash flow needs, and debt service costs. Based on this assessment, the timing and size of future bond issuances will need to be re-evaluated.

**Tightening of Funding Caps** – As a first step in implementing Measure J, the Authority adopted a financial framework in May 2006 that segregated Measure J annual revenues earmarked for *Capital Projects* from those dedicated to *Programs*. By committing an “off-the-top” percentage of annual revenues to each *Program*, the on-going needs of operating programs are addressed. On the other hand, for *Capital Projects* the need for Measure J funding is essentially dictated by the project delivery schedule and ability to secure other funding sources.

With this adopted framework, *Programs* receive an annual distribution of the Measure J revenue stream based on percentages set in the Expenditure Plan. Fluctuations in sales tax revenues on a year to year basis are reflected in the annual *Program* distributions. On the other hand, *Project Categories* will receive a fixed amount in 2004 dollars that will escalate based on the Bay Area Consumer Price Index (CPI).

The Measure J Expenditure Plan has neither an unallocated contingency nor a set aside to recover the cost of borrowing. In the 2009 Measure J Strategic Plan, the Authority imposed an overall “Expenditure Cap” of ~66% on all Measure J capital project categories to address a 23% projected reduction in Measure J revenues and increased debt service costs.

With sales tax revenues coming below projections for FY2010 and FY2011, the Authority will need to tighten the expenditure caps further (~4%) in the 2011 Strategic Plan.

**Swap Termination** - Another factor that will impact the Authority debt capacity (and consequently funding available for projects in the short and long terms) is termination of the \$200 million forward interest rate swap. In May 2005, the Authority entered into a \$300 million swap agreement to secure low interest rates on planned bond issuance in 2009. Following the financial turmoil in 2008 and 2009, \$100 million of the swap was terminated at a cost of \$11.4 million. To reduce risk exposure, the Authority previously discussed terminating the remaining \$200 million when the swap value approaches -\$17 million.

With projected rise in interest rates, the swap value is expected to improve (i.e. termination cost reduced). However, termination of the swap has the following immediate impacts on project delivery:

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1) termination cost (if swap value is negative) will come out of Measure J projects funding; 2) since the Authority is presumed to issue fixed-rate bonds in a higher interest rate environment, financing costs will be higher resulting in less funding for projects; 3) ~10% of the bond proceeds will be set aside in a debt service reserve fund resulting in less proceeds to advance projects in the short term.

The termination of the swap means further tightening of the funding caps on projects. Preliminary analysis indicates the impact of the swap termination to project funding at approximately \$40 million. The *2011 Measure J Strategic Plan* will assume continuation of the swap. Should the Authority decide to terminate the swap after the adoption of the *Plan*, an update will be warranted.

**Measure J Commitments to Major Capital Projects** – With the passage of Proposition 1B in November 2006, the Authority successfully applied for funding from the Corridor Mobility Improvement Account (CMIA) for three Measure J projects:

- \$175 million for the Caldecott Tunnel 4<sup>th</sup> bore.
- \$85 million for State Route 4 East Widening from Somersville to SR160.
- \$55.3 million for the I-80 Integrated Corridor Mobility (ICM) project (along with \$21.4 million in the Traffic Light Synchronization Program)

In addition, both MTC and BART agreed to contribute \$20 million each from their Proposition 1B transit funds to the eBART project.

The Authority's ability to secure the CMIA funds is contingent upon its ability to deliver promised Measure J funds, and upon its partners' ability to deliver other local funding sources. This overriding need to deliver the CMIA- funded projects limits the Authority's ability to tighten the funding "cap" on these projects.

The Authority's current Measure J commitments to the CMIA projects are:

- Caldecott Tunnel: \$127 million (Measure J)
- SR4 East (Somersville to SR160): \$125 million (Measure J), \$30 million (ECCRFFA), \$12 million (Measure C)
- I-80 ICM: \$4.9 million (Measure J)

Given the downturn in the housing market, the Authority and TRANSPLAN will need to discuss the status of the \$30 million in remaining commitment for State Route 4 East Widening from east county transportation mitigation fees (ECCRFFA).

**Subregional Equity** – During the development of the Measure J Expenditure Plan, each sub-region placed different emphasis on *Programs* versus *Project Categories*. In West County, for example, greater emphasis was placed on *Programs*, while in East County the emphasis was placed on *Capital Projects*. During the development of the 2007 and 2009 Measure J *Strategic Plans*, each RTPC was requested to

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provide its *Capital Project* priorities within a funding target. The funding target was based on each sub-region's proportional share of *Capital Project Categories* in Measure J Expenditure Plan:

Central County (TRANSPAC): 29.7%  
East County (TRANSPLAN): 48.5%  
West County (WCCTAC): 9.0%  
Southwest County (SWAT): 12.8%

In return for dedicating the last bond issue to eBART, which skewed the above percentages in favor of East County, the Authority adopted a policy to focus programming of the 2012 STIP cycle primarily on Measure C and Measure J projects in West, Central and Southwest County, except for the pre-commitment of \$13 million to eBART. This policy will need to be revisited based on the updated size of the last bond issuance dedicated to eBART.

#### **Proposed Schedule for the Development of the 2009 Strategic Plan**

- Jan 10: Approve overall approach and revenue projections
- Feb – Apr 11: Work with RTPCs and project sponsors to determine project priorities and cashflow needs for projects through FY2015
- May 11: Discuss policies for *2011 Measure J Strategic Plan*.
- June 11: Present draft *2011 Measure J Strategic Plan*.
- July 11: Finalize the *2011 Measure J Strategic Plan*.

**Attachment A**

**CONTRA COSTA TRANSPORTATION AUTHORITY - SALES TAX FORECAST  
MEASURE J (starts April 1, 2009)**

Fiscal Year	Real Growth	Projected Sales Tax Rev.	Inflation	Inflation Factor	Total Inflated Sales Tax Rev.	Term	CPI	Escalation Factor	De-Escalation Factor
July 1 - June 30		(2004 \$ x 1000)			(\$ x 1000)				
2003	-	-	-	-	-		195.3833	-	-
2004	-	65,684 *	0.94%	-	65,684		197.2167	1.0000	1.0000
2005	6.31%	69,828 *	1.70%	1.6986%	71,014		200.5667	1.0170	0.9833
2006	2.27%	71,411 *	2.83%	4.5719%	74,676		206.2333	1.0457	0.9563
2007	-1.78%	70,140	3.26%	7.9822%	75,738		212.9588	1.0798	0.9261
2008	-4.52%	66,969	3.27%	11.5136%	74,680		219.9235	1.1151	0.8968
2009	-15.28%	56,736	1.66%	13.3673%	64,320		223.5792	1.1337	0.8821
2010	-5.51%	53,610	1.24%	14.7674%	61,527	1	226.3405	1.1477	0.8713
2011	0.09%	53,660	1.00%	15.9151%	62,200	2	228.6039	1.1592	0.8627
2012	1.00%	54,197	1.00%	17.0742%	63,450	3	230.8899	1.1707	0.8542
2013	1.00%	54,739	2.00%	19.4157%	65,366	4	235.5077	1.1942	0.8374
2014	1.00%	55,286	2.00%	21.8040%	67,340	5	240.2179	1.2180	0.8210
2015	1.00%	55,839	2.00%	24.2401%	69,374	6	245.0223	1.2424	0.8049
2016	1.00%	56,397	3.00%	27.9673%	72,170	7	252.3729	1.2797	0.7814
2017	1.00%	56,961	3.00%	31.8063%	75,078	8	259.9441	1.3181	0.7587
2018	1.00%	57,531	3.00%	35.7605%	78,104	9	267.7424	1.3576	0.7366
2019	1.00%	58,106	3.00%	39.8333%	81,252	10	275.7747	1.3983	0.7151
2020	1.00%	58,687	3.50%	44.7275%	84,936	11	285.4268	1.4473	0.6910
2021	1.00%	59,274	3.50%	49.7930%	88,788	12	295.4168	1.4979	0.6676
2022	1.00%	59,867	3.50%	55.0357%	92,815	13	305.7563	1.5504	0.6450
2023	1.00%	60,465	3.50%	60.4620%	97,024	14	316.4578	1.6046	0.6232
2024	1.00%	61,070	3.50%	66.0781%	101,424	15	327.5338	1.6608	0.6021
2025	1.00%	61,681	3.50%	71.8909%	106,024	16	338.9975	1.7189	0.5818
2026	1.00%	62,298	3.50%	77.9071%	110,832	17	350.8624	1.7791	0.5621
2027	1.00%	62,921	3.50%	84.1338%	115,858	18	363.1426	1.8413	0.5431
2028	1.00%	63,550	3.50%	90.5785%	121,112	19	375.8526	1.9058	0.5247
2029	1.00%	64,185	3.50%	97.2487%	126,605	20	389.0075	1.9725	0.5070
2030	1.00%	64,827	3.50%	104.1524%	132,346	21	402.6227	2.0415	0.4898
2031	1.50%	65,799	3.50%	111.2978%	139,033	22	416.7145	2.1130	0.4733
2032	2.00%	67,115	3.50%	118.6932%	146,777	23	431.2995	2.1869	0.4573
2033	2.00%	68,458	3.50%	126.3475%	154,952	24	446.3950	2.2635	0.4418
2034	2.00%	52,370	3.50%	134.2696%	122,688	25	462.0188	2.3427	0.4269
<b>MEASURE J TOTAL</b>		<b>1,501,318 **</b>			<b>2,451,162</b>				

\* Based on Actual Receipts.  
\*\* Includes fourth quarter of 2009

<b>Measure J Revenues Through FY2015</b>	
In 2004 \$	\$339,512
Inflated	\$403,345
<b>Bonds Debt Service Through FY2015</b>	
Inflated	\$90,915

<b>Averages (2010 - 2034):</b>	
Real Growth Rate	0.84%
Inflation Rate	2.95%

# Measure J Strategic Plan UPDATE

Presentation to the RTPCs

May 2011



# **Presentation Outline**

- Background
- Revenue Projections
- Bonding Capacity
- Expenditure Caps and RTPCs Input
- Schedule for the **2011 Strategic Plan**

# Measure J

- Approved by Contra Costa voters in November 2004
- Extends 1/2 cent **Transportation Sales Tax** for 25 years
- **Effective April 1, 2009** through March 31, 2034
- Originally Measure J projected to generate an estimated **\$2 Billion** in sales tax revenues for transportation projects/ programs.
- **Assigns funding** for specific projects in Expenditure Plan (in 2004 dollars).
- Sub-regional Funding in **Expenditure Plan** was based on projected 2020 population.

BACKGROUND

# BACKGROUND

## Capital Project Categories

in Measure J Expenditure Plan

Distribution of Funding By Sub region

Funding Categories	Millions \$	Distribution of Funding By Sub region			
		(a)	(b)	(c)	(d)
		Central	West	SW	East
1. Caldecott Tunnel Fourth Bore	\$125	\$62.5		\$62.5	
2. BART - East Contra Costa Rail Extension	150				150.0
3. State Route 4 East Widening	125				125.0
4. Capitol Corridor Improvements including Rail Stations at Hercules and Martinez	15	7.5	7.5		
5. East County Corridors: Vasco, SR4 Bypass, Byron Hwy, Non Freeway SR4	94.5				94.5
6. Interchange Improvements on I-680 & State Route 242	36	36.0			
7. I-80 Carpool Lane Extension and Interchange Improvements	30		30.0		
8. I-680 Carpool Lane Gap Closure/ Transit Corridor Improvements	100	75.0		25.0	
9. Richmond Parkway	16		16.0		
10. BART Parking, Access and Other Improvements	41	12.0	15.0	3.0	11.0
19. Additional Bus Transit Enhancements	1.3		1.3		
24. Major Streets: Traffic Flow, Safety and Capacity Improvements	80.4	48.0		14.4	18.0
27. Capitol Corridor Rail Station Improvements at Martinez	2.5	2.5			
<b>Total</b>	<b>\$816.7</b>	<b>243.5</b>	<b>69.8</b>	<b>104.9</b>	<b>398.5</b>
		40.8	%		

# Programs in Measure J Expenditure Plan

Distribution of Funding By Sub-region

Funding Categories	Millions					
	\$	%	Central	West	SW	East
			(a)	(b)	(c)	(d)
11 Local Streets Maintenance & Improvements	\$360	18.0%	\$108.0	\$82.8	\$79.2	\$90.0
12 Transportation for Livable Communities Project Grants	100	5.0%	29.0	24.0	18.0	29.0
13 Pedestrian, Bicycle and Trail Facilities	30	1.5%	2.5	2.5	2.5	2.5
14 Bus Services	100	5.0%	24.0	52.0	15.0	9.0
15 Transportation for Seniors & People with Disabilities	100	5.0%	25.0	35.0	17.0	23.0
16 Express Bus	86	4.3%	20.0	40.0	20.0	6.0
17 Commute Alternatives	20	1.0%	5.8	4.8	3.6	5.8
18 Congestion Management, Transportation Planning, Facilities & Services	60	3.0%	n/a	n/a	n/a	n/a
19 Additional Bus Transit Enhancements	67.2	3.36%	24.0	43.2		
20 Additional Transportation for Seniors and People with Disabilities	23	1.2%	10.0	13.0		
21 Safe Transportation for Children	90.9	4.5%	10.0	14.5	66.4	
22 Ferry Service in West County	45	2.3%		45.0		
23 Additional Local Streets and Roads Maintenance & Improvements	41.8	2.1%	20.0	11.0	10.8	
25 Additional Transportation for Livable Communities Project Grants	8	0.4%		8.0		
26 Additional Pedestrian, Bicycle and Trail Facilities	0.8	0.0%		0.8		
28 Sub-regional Transportation Needs	30.6	1.5%	16.2	6.0	4.7	3.7
29 Administration	20	1.0%	n/a	n/a	n/a	n/a
<b>TOTAL</b>	<b>\$1183.3</b>	<b>59.2%</b>	<b>\$294.5</b>	<b>\$382.6</b>	<b>\$237.2</b>	<b>\$169</b>

# Programs v. Project Categories

- Programs receive annual revenue stream based on set percentages in Measure J Expenditure Plan

*Fluctuations in sales tax revenues on year to year basis will be reflected in the annual program distributions.*

- Project Categories receive a fixed amount (subject to funding caps) in 2004 \$ that will escalate based on Bay Area CPI (inflation)

- Expenditure Plan did not contain a line item for project financing or contingency for revenue reductions

BACKGROUND

# Measure J Strategic Plan

- Blueprint for delivering Measure J Capital Projects
- Anticipates funding needs and availability for next 5 years
- Commits funding for specific Measure J Projects in specific years – “Program of Projects”
- Authority uses “Program of Projects” to appropriate Measure J funds to Capital Projects

BACKGROUND

# Measure J Strategic Plan

- Authority approved the first Measure J Strategic Plan in December 2007
- At that time, estimated sales tax revenues for next 25 years was \$1.98B (in 2004 dollars)
- Affirmed capacity to issue 3 bonds:
  - \$300M in Sept 2009
  - \$150M in FY2012
  - \$138M in FY2015 – eBART specific
- Excluded East County from competing for future State STIP funding (2012 – 2020 STIP cycles) in return for dedicating 3<sup>rd</sup> bond to eBART.
- Imposed 90% funding caps on all Project Categories to pay for debt service on proposed bonds.

**BACKGROUND**

# Measure J Strategic Plan

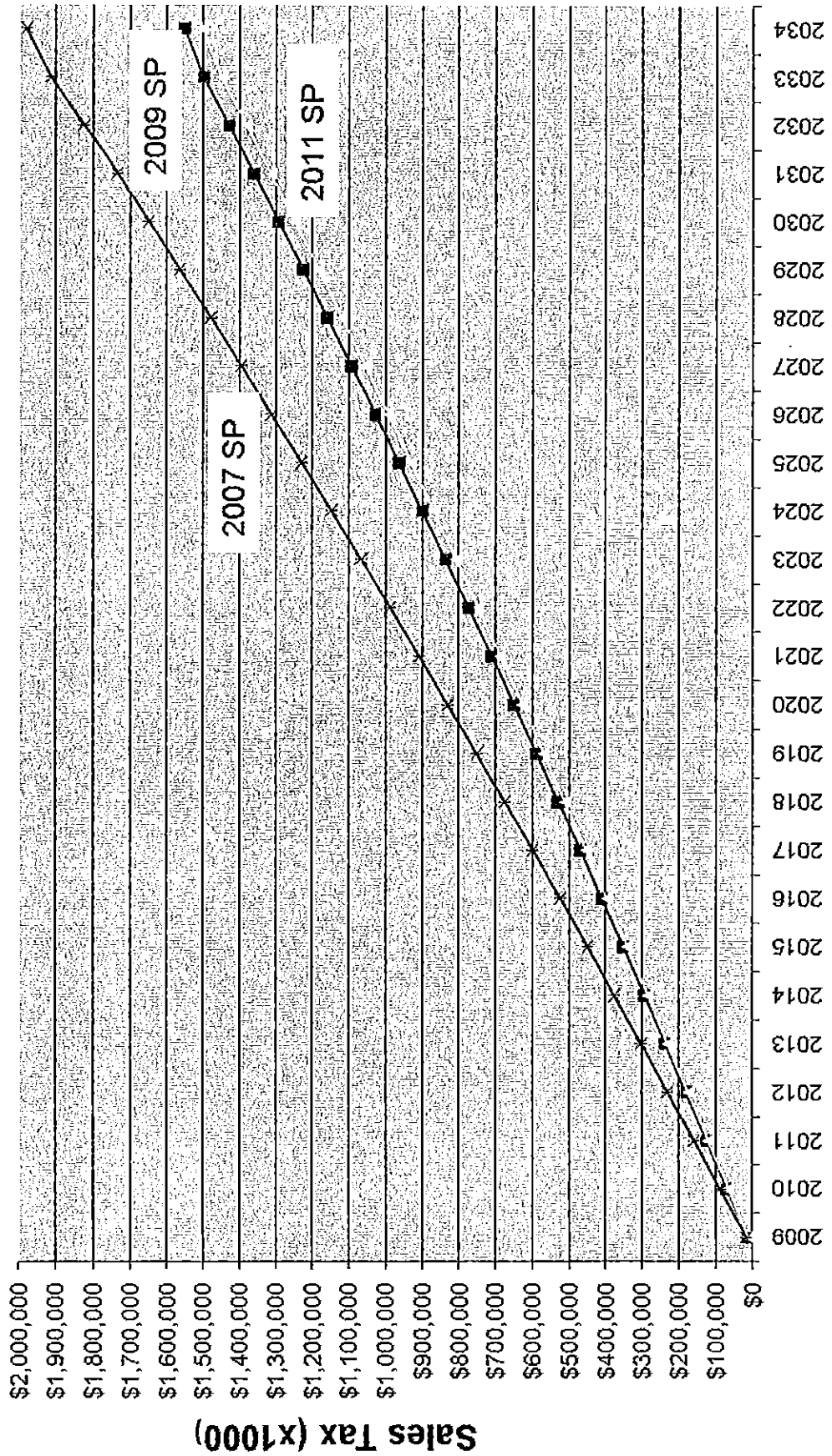
- Funding Cap applied to ALL project categories
- Cap allows Authority to:
  - Pay for debt service and bonding costs
  - Pay for overall program management consultant costs (1.5%)
  - Provide a buffer against reduced revenues
  - Pay for staff project management costs

## BACKGROUND



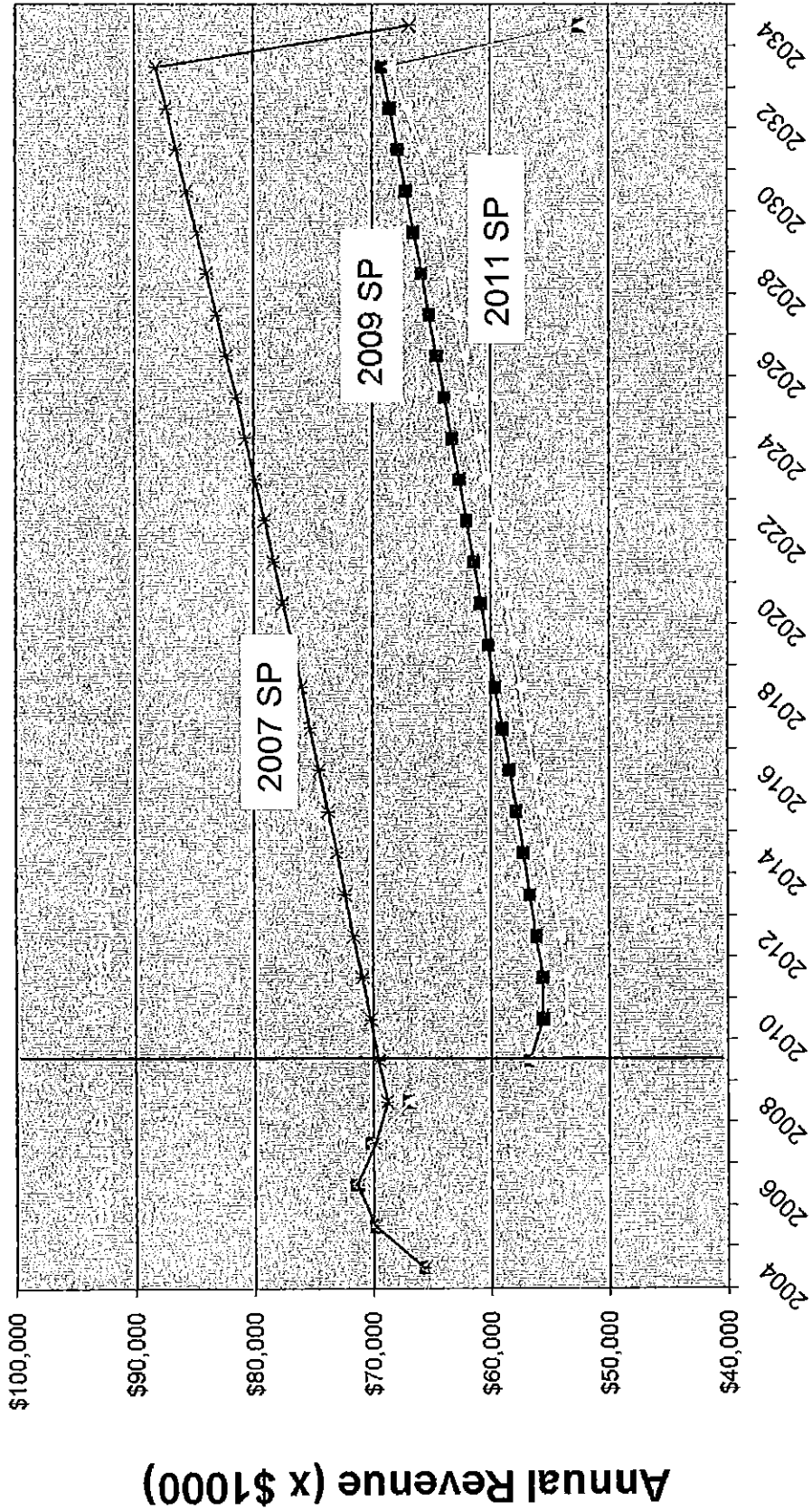
# REVENUE PROJECTIONS

**MEASURE J Revenue Projections (cumulative 2004 dollars)**



# REVENUE PROJECTIONS

## Annual Sales Tax Revenues (2004 Dollars)



Fiscal Year

# REVENUE PROJECTIONS

July 1 - June 30	(2004 \$ x 1000)	( \$ x 1000 )	
2003	-	-	1
2004	-	65,684	2
2005	6.31%	69,828	3
2006	2.27%	71,411	4
2007	-1.78%	70,140	5
2008	-4.52%	66,969	6
2009	-15.28%	56,736	7
2010	-5.51%	53,610	8
2011	0.09%	53,660	9
2012	1.00%	54,197	10
2013	1.00%	54,739	11
2014	1.00%	55,286	12
2015	1.00%	55,839	13
2016	1.00%	56,397	14
2017	1.00%	56,961	15
2018	1.00%	57,531	16
2019	1.00%	58,106	17
2020	1.00%	58,687	18
2021	1.00%	59,274	19
2022	1.00%	59,867	20
2023	1.00%	60,465	21
2024	1.00%	61,070	22
2025	1.00%	61,681	23
2026	1.00%	62,298	24
2027	1.00%	62,921	25
2028	1.00%	63,550	
2029	1.00%	64,185	
2030	1.00%	64,827	
2031	1.50%	65,799	
2032	2.00%	67,115	
2033	2.00%	68,458	
2034	2.00%	52,370	
<b>MEASURE J TOTAL</b>	<b>1,501,318</b>	<b>2,451,162</b>	

# Bonding Capacity

- Authority issued \$200M Floating Rate Notes in October 2010 (no debt service reserve required)
- Currently \$105M is unspent
- Capital projects lower cash drawdown due to:
  - Use of state and federal funds first such as ARRA, demo, STIP
  - Lower construction bids
  - Delay in project starts by project sponsors

# Planned Bond Issues

- \$222M bond planned for FY2012
- \$67M eBART-specific bond planned for FY2014

BONDING CAPACITY

# Expenditure Caps

Overall expenditure cap on Measure J "Project Categories" were tightened to ~66% in **2009 Strategic Plan** to account for:

- 23% reduction in revenues
- Higher debt service costs on proposed bonds
- Swap termination cost

*Reduction in revenue projections in the 2011 Strategic Plan, and/or swap termination would require further tightening of the caps.*

# EXPENDITURE CAPS

## West County Projects

PROJECT DESCRIPTION	Expenditure Plan Amounts in 2004\$	% Cap Set	Capped Expenditure Plan Amounts in 2004\$	Capped Expenditure Plan Amounts in Escalated \$
<b>Capitol Corridor Improvements</b>				
West County (Hercules Intermodal Transit Center)	\$7,500	66.6%	4,995	5,891
<b>I-80 Carpool Lane Extension/Interchanges</b>	30,000	66.6%	19,980	24,030
<b>Richmond Parkway</b> (Marina Bay Pkwy Grade Separation)	16,000	66.6%	10,656	12,502
<b>BART Parking, Access &amp; Other Improvements</b>				
West County	15,000	66.6%	9,990	12,814
<b>Additional Bus Transit Enhancement</b>	1,274	66.6%	848	1,018
<b>West County TOTALS</b>	<b>\$69,774</b>	<b>66.6%</b>	<b>\$46,469</b>	<b>\$56,256</b>

# Southwest County Projects

## EXPENDITURE CAPS

PROJECT DESCRIPTION	Expenditure Plan Amounts in 2004\$	% Cap Set	Capped Expenditure Plan Amounts in 2004\$	Capped Expenditure Plan Amounts in Escalated \$
Caldecott Tunnel 4 <sup>th</sup> Bore*	\$125,000/2	83.3%	\$104,176/2	\$127,000/2
I-680 Carpool Lane Gap Closure	25,000	42.0%	10,500	13,708
Southwest County – Norris Canyon HOV Ramps				
BART Parking, Access & Other Improvements	3,000	42.0%	1,260	1,657
Southwest County				
Major Streets. Traffic Flow and Safety Improv.	14,400	42.0%	6,052	7,959
Southwest County				
<b>Southwest County TOTALS</b>	<b>\$104,900</b>	<b>66.6%</b>	<b>\$69,900</b>	<b>\$86,824</b>



# Central County Projects

PROJECT DESCRIPTION	Expenditure Plan Amounts in 2004\$	% Cap Set	Capped Expenditure Plan Amounts in 2004\$	Capped Expenditure Plan Amounts in Escalated \$
Caldecott Tunnel 4 <sup>th</sup> Bore	\$125,000/2	83.3%	\$104,176/2	\$127,000/2
Capitol Corridor Improvements Central County (Martinez Intermodal Station)	7,500	90.0%	6,750	7,685
Interchange Improvements on I-680 and SR4	36,000	42.5%	15,300	19,796
I-680 Carpool Lane Gap Closure Central County	75,000	42.5%	31,875	41,497
BART Parking, Access and Other Improvements Central County	12,000	90.0%	10,800	13,660
Major Streets. Traffic Flow and Safety Improv. Central County	48,000	90.0%	43,200	54,636
Capitol Corridor Rail Station Improv. at Martinez	2,500	90.0%	2,250	2,602
<b>Central County TOTALS</b>	<b>\$243,500</b>	<b>66.6%</b>	<b>\$162,263</b>	<b>\$203,375</b>

EXPENDITURE CAPS

# East County Projects

## EXPENDITURE CAPS

PROJECT DESCRIPTION	Expenditure Plan Amounts in 2004\$	% Cap Set	Capped Expenditure Plan Amounts in 2004\$	Capped Expenditure Plan Amounts in Escalated \$
BART - East Contra Costa Extension	\$150,000	60.4%	\$90,653	114,899
State Route 4 East Widening	125,000	90.0%	112,500	135,105
East County Corridors	94,500	83.2%	78,652	92,097
SR4 Bypass/Vasco (spent)			37,988	42,129
SR4 East ECCRFFA commitments backlog			40,664	49,968
BART Parking, Access and Other Improvements				
East County	11,000	0.0%	0	0
Major Streets. Traffic Flow and Safety Improv.				
East County	18,000	0.0%	0	0
Transport. for Livable Communities - East Co	28,827	0.0%	0	0
Subregional Transportation Needs - East Co.	3,619	0.0%	0	0
<b>East County TOTALS</b>	<b>\$430,946</b>	<b>65.4%</b>	<b>\$281,805</b>	<b>\$342,101</b>

# Schedule

- Feb 11: Approve revenue projections/schedule
- Mar – Apr 11: Determine project cashflow needs
- May 11: Discuss issues/policies
- June 11: Present draft 2011 plan
- July 11: Finalize 2011 plan

SCHEDULE

# QUESTIONS?

**Attachment A**

**CONTRA COSTA TRANSPORTATION AUTHORITY - SALES TAX FORECAST  
MEASURE J (starts April 1, 2009)**

Fiscal Year	Real Growth	Projected Sales Tax Rev.	Inflation	Inflation Factor	Total Inflated Sales Tax Rev.	Term	CPI	Escalation Factor	De-Escalation Factor
July 1 - June 30		(2004 \$ x 1000)			(\$ x 1000)				
2003	-	-	-	-	-		195.3833	-	-
2004	-	65,684 *	0.94%	-	65,684		197.2167	1.0000	1.0000
2005	6.31%	69,828 *	1.70%	1.6986%	71,014		200.6667	1.0170	0.9833
2006	2.27%	71,411 *	2.83%	4.5719%	74,676		206.2333	1.0457	0.9563
2007	-1.78%	70,140	3.26%	7.9822%	75,738		212.9588	1.0798	0.9261
2008	-4.52%	66,969	3.27%	11.5136%	74,680		219.9235	1.1151	0.8968
2009	-15.28%	56,736	1.66%	13.3673%	64,320		223.5792	1.1337	0.8821
2010	-5.51%	53,810	1.24%	14.7674%	61,527	1	226.3405	1.1477	0.8713
2011	0.09%	53,660	1.00%	15.9151%	62,200	2	228.6039	1.1592	0.8627
2012	1.00%	54,197	1.00%	17.0742%	63,450	3	230.8899	1.1707	0.8542
2013	1.00%	54,739	2.00%	19.4157%	65,366	4	235.5077	1.1942	0.8374
2014	1.00%	55,286	2.00%	21.8040%	67,340	5	240.2179	1.2180	0.8210
2015	1.00%	55,839	2.00%	24.2401%	69,374	6	245.0223	1.2424	0.8049
2016	1.00%	56,397	3.00%	27.9673%	72,170	7	252.3729	1.2797	0.7814
2017	1.00%	56,961	3.00%	31.8063%	75,078	8	259.9441	1.3181	0.7587
2018	1.00%	57,531	3.00%	35.7605%	78,104	9	267.7424	1.3576	0.7366
2019	1.00%	58,106	3.00%	39.8333%	81,252	10	275.7747	1.3983	0.7151
2020	1.00%	58,687	3.50%	44.7275%	84,936	11	285.4268	1.4473	0.6910
2021	1.00%	59,274	3.50%	49.7930%	88,788	12	295.4168	1.4979	0.6676
2022	1.00%	59,867	3.50%	55.0357%	92,815	13	305.7563	1.5504	0.6450
2023	1.00%	60,465	3.50%	60.4620%	97,024	14	316.4578	1.6046	0.6232
2024	1.00%	61,070	3.50%	66.0781%	101,424	15	327.5338	1.6608	0.6021
2025	1.00%	61,681	3.50%	71.8909%	106,024	16	338.9975	1.7189	0.5818
2026	1.00%	62,298	3.50%	77.9071%	110,832	17	350.8624	1.7791	0.5621
2027	1.00%	62,921	3.50%	84.1338%	115,858	18	363.1426	1.8413	0.5431
2028	1.00%	63,550	3.50%	90.5785%	121,112	19	375.8526	1.9058	0.5247
2029	1.00%	64,185	3.50%	97.2487%	126,605	20	389.0075	1.9725	0.5070
2030	1.00%	64,827	3.50%	104.1524%	132,346	21	402.6227	2.0415	0.4898
2031	1.50%	65,799	3.50%	111.2978%	139,033	22	416.7145	2.1130	0.4733
2032	2.00%	67,115	3.50%	118.6932%	146,777	23	431.2995	2.1869	0.4573
2033	2.00%	68,458	3.50%	126.3475%	154,952	24	446.3950	2.2635	0.4418
2034	2.00%	52,370	3.50%	134.2696%	122,688	25	462.0188	2.3427	0.4269
<b>MEASURE J TOTAL</b>		<b>1,501,318 **</b>			<b>2,451,162</b>				

\* Based on Actual Receipts.

\*\* Includes fourth quarter of 2009

<b>Measure J Revenues Through FY2015</b>	
In 2004 \$	\$339,512
Inflated	\$403,345
<b>Bonds Debt Service Through FY2015</b>	
Inflated	\$90,915

<b>Averages (2010 - 2034):</b>	
Real Growth Rate	0.84%
Inflation Rate	2.95%



## Administration and Projects Committee Meeting **STAFF REPORT**

Meeting Date: May 5, 2011

<b>Subject</b>	<b>I-680 Southbound HOV Lane Gap Closure (Project 8001) – Authorization to enter into Consultant Agreement No. 320 with Parsons for Environmental Document, Project Report Services</b>
<b>Summary of Issues</b>	Parsons was selected as the top-ranked firm for the Environmental Document, Project Report Services for the I-680 Southbound HOV Lane Gap Closure project between Livorna Road to 0.2 mile north of Geary Road, in response to the Request for Qualifications (RFQ) 10-14 issued on September 10, 2010. At the Authority Board meeting on January 10, 2011, approval was given for staff to begin negotiations on scope and fee and once negotiated, issue a Notice to Proceed (NTP) in an amount not-to-exceed \$50,000. The NTP was issued on April 27, 2011. It is proposed that this phase be done as a partnership with Caltrans, who will be providing much of the preliminary engineering work, similar to the arrangement on the Caldecott Tunnel project.
<b>Recommendations</b>	Staff recommends authorization for the Chair to enter into Agreement No. 320 with Parsons for Environmental Document, Project Report Services for the I-680 Southbound HOV Lane Gap Closure project, in an amount not to exceed \$2,492,550 which includes \$226,000 (approximately 10%) for contingency items.
<b>Financial Implications</b>	This phase will be funded with RM2 funds, the Metropolitan Transportation Commission approved \$4.8 million in RM2 tolls for this project (Resolution No. 3721) at their meeting on April 27, 2011.
<b>Options</b>	1. The APC could modify the staff recommendation or not approve this request. However, preparation of the environmental document may be delayed.
<b>Attachments</b>	A. Scope Proposal from Parsons dated April 22, 2011 ( <i>Distributed to Board members; copies available upon request</i> )
<b>Changes from Committee</b>	

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## Background

On September 10, 2010, the Authority issued a Request for Qualifications (RFQ 10-14) to establish a list of qualified firms to prepare project study reports, environmental documents and project reports. A panel consisting of staff from the City of Concord, City of San Ramon, Caltrans and the Authority reviewed written proposals and interviewed eight engineering firms on October 25, 2010. Parsons was recommended for work on the I-680 Southbound HOV Gap Closure project and at the January 19, 2011 Authority Board meeting, approval was granted to begin negotiations on scope and fee and at the satisfactory conclusion of the negotiations, to issue a Notice to Proceed (NTP) for an amount not to exceed \$50,000. The NTP was issued on April 27, 2011.

Staff entered into discussions with Caltrans to determine the potential role Caltrans would take in the process. Caltrans expressed a desire to have a partnership approach similar to the Caldecott Tunnel whereby Parsons would prepare the environmental document, and Caltrans would do much of the engineering (detailed in Board item 17.2). Caltrans will provide oversight of the environmental consultant services.

Parsons has developed a scope and fee proposal for the project. The total proposed budget, combined with Caltrans portion of reimbursable work is approximately 3.8% of the construction cost (if compared to the lowest cost alternative), which is within the Authority guidelines for the environmental phase of a project on a State facility.

## PROJECT DESCRIPTION

The I-680 Southbound HOV Gap Closure project would close a 5.4 mile HOV lane gap along I-680 southbound direction, between approximately N. Main and Livorna Road. When completed, I-680 will have a continuous HOV lane in the southbound direction from the Solano County line to the Alameda County line.

The PSR was approved by Caltrans on May 27, 2009. Two build alternatives and one no-build alternative were studied in the PSR. Build Alternative 1 proposed to provide an HOV lane by widening SB I-680 from 0.6 mile north of Livorna Road to South Main Street off-ramp and restriping the existing freeway from South Main Street off ramp to 0.4 mile north of North Main Street. Build alternative 2 proposes to provide a HOV lane by widening the existing freeway throughout the project limits to meet the minimum design standards. The total project cost is estimated at \$80 million for Build Alternative 1. Fund sources for the project include \$14 million in Regional Measure 2 funds (available now), and \$38.5 in Measure J funds programmed in FY2016-34 in the 2009 Strategic Plan.



## Administration and Projects Committee Meeting **STAFF REPORT**

Meeting Date: May 5, 2011

<b>Subject</b>	I-680 Southbound HOV Gap Closure (Project 8001) – Authorization to enter into Cooperative Agreement No. 90.11.16 with the California Department of Transportation (Caltrans) for Preliminary Design Services
<b>Summary of Issues</b>	Caltrans expressed interest in continuing a partnership approach that has proven to be most successful for the SR4 Widening Project and the Caldecott Tunnel project. Following selection of the consultant team for the I-680 Southbound HOV Gap Closure project, staff entered into discussions with Caltrans on the most efficient share of work for the environmental phase of the project. It was determined that the consultant (Parsons) would prepare the environmental document, technical support studies, assemble the Project Report and facilitate public outreach. Caltrans will prepare the engineering design, Geometric Approval Drawings, design exceptions, hydraulics and highway planting concept.
<b>Recommendations</b>	Staff recommends authorization for the Chair to enter into Cooperative Agreement No. 90.11.16 (District Agreement 04-2354) with Caltrans for design services for the environmental phase of the I-680 Southbound HOV Lane Gap Closure project, in an amount not to exceed \$611,000, and authorize the Executive Director to include any changes that do not substantially change the intent of the agreement.
<b>Financial Implications</b>	This phase will be funded with RM2 funds, the Metropolitan Transportation Commission approved \$4.8 million in RM2 tolls for this project (Resolution No. 3721) at their meeting on April 27, 2011.
<b>Options</b>	1. The APC could modify the staff recommendation or not approve this request. However, preparation of the environmental document may be delayed.
<b>Attachments</b>	A. Caltrans letter dated April 25, 2011 and proposed scope of work. B. Draft Cooperative Agreement No. 90.11.16
<b>Changes from Committee</b>	



## Background

Caltrans completed the Project Study Report for the I-680 Southbound HOV Lane Gap Closure project in May of 2009. This project was included as one of the five projects recommended by the Authority in July of 2010 to advance to the next phase. A Request for Qualifications (RFQ) process was completed by the end of 2010 with recommendations to the Authority for approval in January 2011. At that time, it was recommended that Parsons be selected as the consultant for the environmental work for the project.

Caltrans staff participated in the interview process for the environmental list and expressed interest in continuing their involvement in the design with a larger role than strictly oversight. Successful projects reflecting this model include the Caldecott Tunnel project and the SR 4 Widening project where Caltrans was involved with the technical work and design integrated with the consultant team.

STATE OF CALIFORNIA—BUSINESS, TRANSPORTATION AND HOUSING AGENCY

EDMUND G. BROWN, Jr., Governor

## DEPARTMENT OF TRANSPORTATION

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*Flex your power!  
Be energy efficient!*

April 25, 2011

Ms. Susan Miller  
Director of Projects  
Contra Costa Transportation Authority  
2999 Oak Road, Suite 100  
Walnut Creek, CA 94597

Dear Susan:

We are pleased to submit this Proposed Scope of Work for the Interstate 680 Southbound HOV Lane Gap Closure Project, EA# 3A5800. The Proposed Scope of Work attached for the project is based on the joint venture agreement between the Department and the Contra Costa Transportation Authority (CCTA). The Department will utilize the team approach to work closely with the CCTA's consultant for the roadway and structure design. The cost estimate for our effort including contingency is \$611,000.

We have enjoyed the working relationship with CCTA, and are excited about this opportunity to build a strong project delivery team. The Department has well-rounded expertise in project management, design, right-of-way, and construction administration. Over the last few decades, the Department has prepared planning and contract documents for numerous transportation agencies, cities, and counties. As owner and operator to the State highway system, we are committed to improve mobility and efficiency of our highways.

The Department is fully committed to supporting CCTA and to providing our services on time and within budget. We look forward to working with you to make this project a success. Please contact me at (510) 286-6018 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Yadollah Fathollahi'.

Yadollah (Hamid) Fathollahi  
Project Manager  
Project Management East

Attachment

c: Ross Chittenden, Hisham Noeimi, Amin AbuAmara



CONTRA COSTA  
transportation  
authority

# Measure J Strategic Plan

2009

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## EXECUTIVE SUMMARY

Measure J – a continuation of half-percent countywide sales tax for transportation – was passed by Contra Costa voters in November 2004. The Measure which started on April 1, 2009 will be in effect for 25 years. Recognizing that there will be economic cycles, the Contra Costa Transportation Authority (Authority) updates its *Strategic Plan* approximately every two years.

The Authority recognizes that these are extraordinary times. This *Strategic Plan* comes on the heels of a major downturn in the economy – the worst since the depression of the 1930s – that has negatively impacted Measure J revenues, reduced the Authority's debt capacity, and increased the debt service on proposed bonds. As explained in more detail below, the Authority regrets the need to cap and in some cases suspend funding for projects and programs in the Measure. While the Authority felt it had no choice but to make the difficult decisions contained herein, it remains committed to the vision approved by the voters of Contra Costa in November 2004. Just as it did under the economic downturn in the early 1990s (during the Measure C program) the Authority will aggressively pursue opportunities to fulfill the original Measure J vision and approved expenditure plan as funds become available through savings or new revenues.

Approximately \$533 million in escalated dollars (\$444 million in 2004 dollars) is now estimated to be available for *Capital Projects* through June 30, 2015, a reduction of \$174 million in escalated dollars (\$112 million in 2004 dollars) from the 2007 Strategic Plan.

This *Strategic Plan* fulfills three objectives related to the expenditure of sales tax funds generated by Measure J. First, it revises the overall estimate of anticipated sales tax revenues expected to be generated by Measure J. It is now projected that \$1.55 billion (2004 dollars) will be generated by Measure J over its 25-year life, a reduction of \$430 million compared to the 2007 Strategic Plan. The assumptions relative to inflation, real growth rate, and actual sales tax receipts to date are spelled out in the *Plan*, including a cash flow analysis encompassing annual sales tax receipts, interest income, debt service and project commitments. The underlying assumptions in the financial plan and the resultant cashflow estimates are critical to ensuring that the Authority will have the financial resources to deliver its project and program commitments.

Second, the *Plan* includes policies to guide the overall programming of projects and implementation of Measure J. These policies are spelled out in Section III of the main text (*Policies to Guide the 2009 Measure J Strategic Plan*).

Third, the *Plan* makes financial commitments, by fiscal year, to individual projects. The *Program of Projects* (Appendix A) represents the heart of the *Plan* because it is the basis for evaluating project proponents' requests for fund appropriations. Fund appropriations – which the Authority makes by Resolution – may not exceed the amounts programmed for the project in the *Program of Projects*. For Measure J, the Authority keeps track of its expenditures in 2004 dollars (the year in which the Measure was passed by the voters), and the *Program of Projects* is depicted in both current (or *escalated*) dollars as well as in fixed 2004 dollars.

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Fund commitments are made in this *Strategic Plan* to numerous high visibility projects such as the Caldecott Tunnel 4<sup>th</sup> bore, State Route (SR) 4 East widening, BART extension in East County (eBART), construction of a Capitol Corridor Rail Station in Hercules, Major Streets improvements in Central Contra Costa County, and BART Parking and Access improvements. Appendix B includes a series of Fact Sheets that depict each project proposed for funding. The fact sheets provide a thumbnail sketch of each project, its intended objective, status and funding.

A major challenge addressed by this *Strategic Plan* is achieving full funding for eBART and SR4 East widening despite the reduction in Measure J revenues and slower collection of sub-regional transportation mitigation fees. The *Plan* responded to this challenge by shifting Measure J funding from other project categories (Major Streets, BART Parking and Access Improvements) and programs (Transportation for Livable Communities and Sub-regional Transportation Needs) in East County. As noted above and requested by TRANSPLAN, it is the Authority's intention to assist East County in pursuing new sources of funds, and to restore funding to impacted projects/programs if revenues exceed current projections, project costs are further reduced, and/or new fund sources are secured.

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## I. BACKGROUND

The Authority updates its *Strategic Plan* approximately every two years committing funding to specific projects for a specified period (usually 5 to 7 years). The 2009 *Strategic Plan* comes on the heels of a major downturn in the economy that has negatively impacted Measure J revenues, reduced the Authority's debt capacity, and increased the debt service on proposed bonds. The 2009 Measure J *Strategic Plan* achieves the following:

- Reviews funding availability and project needs for the next six years (through June 30, 2015);
- Reaffirms debt financing in order to build projects faster than would be possible under a "pay-as-you-go" scenario;
- Takes into consideration the tighter credit environment and the finance strategy adopted by the Authority which included issuance of \$200 million in Bond Anticipation Notes (BANs) in September 2009;
- Tightens the "Expenditure Caps" on capital projects categories in the Measure J expenditure plan to reflect increased debt service and lower revenues; and
- Commits to a funding schedule for specific projects through FY2015, including a plan to achieve full funding for eBART and SR4 East despite the reduction in Measure J revenues and sub-regional transportation fees.

Four major components make up the 2009 *Strategic Plan*:

- Sales Tax Revenue Projections;
- An Overall Financial Plan;
- Policies to guide the *Strategic Plan* and the implementation of Measure J *Projects* and *Programs*; and
- A "*Program of Projects*" committing to a funding schedule for specific projects (through June 30, 2015).

## II. APPROACH

In May 2006, the Authority adopted a financial framework that segregates Measure J annual revenues earmarked for *Capital Projects* from those dedicated to *Programs*. By committing an "off-the-top" percentage of annual revenues to each *Program*, the on-going needs of operating programs are addressed. On the other hand, for *Capital Projects* the need for Measure J funding is essentially dictated by the project delivery schedule and ability to secure other funding sources.

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With this adopted framework, *Programs* will receive an annual revenue stream based on percentages set in the Measure J Expenditure Plan. Fluctuations in sales tax revenues on a year to year basis will be reflected in the annual *Program* distributions. On the other hand, *Project Categories* will receive a fixed amount in 2004 dollars that will escalate based on the Bay Area Consumer Price Index (CPI).

Determining which *Programs* will receive a set annual percentage of Measure J revenues is one aspect of the *Strategic Plan*. The Measure J Expenditure Plan was divided into *Programs* and *Capital Project* categories. For *Programs* with potential *Capital* elements, sponsors were asked to identify capital components that may be advanced by bond proceeds. Table 1 identifies the *Capital Project Categories* in Measure J Expenditure Plan while Table 2 identifies the *Programs*. Both tables reflect input received from the Regional Transportation Planning Committees (RTPCs) on the capital components of *Programs*. Only West County identified a capital component of its share of the "Additional Bus Transit Enhancements" program to be advanced by bond proceeds.

During the development of the Measure J Expenditure Plan in 2004, different sub-regions placed different emphasis on *Programs* versus *Project Categories*. In West County, for example, greater emphasis was placed on *Programs*, while in East County the emphasis was placed on *Capital Projects*. As part of the first *Strategic Plan*, each RTPC was requested to provide its *Capital Project* priorities within a funding target based on each sub-region's proportional share of *Capital Project Categories* in Measure J Expenditure Plan.

Because of the downturn in the economy which has resulted in reduced revenues and increased debt service, the funding target for each sub-region has been lowered compared to the last *Strategic Plan*. Each RTPC was asked in this *update* to delay their proportionate share of capital projects beyond FY2015.

To expedite high priority projects throughout Contra Costa, the Authority reaffirmed its commitment to issue bonds to build projects faster than would be possible under a pay-as-you-go scenario. In September 2009, the Authority issued \$200 million in BANs. The Authority also decided to lower its risk profile by terminating \$100 million of a \$300 million swap agreement entered into with Bank of America and Merrill Lynch in 2005.

In the last *Strategic Plan*, it was assumed the last bond issuance would be exclusively dedicated to the BART extension in East County (eBART). In return, the Authority would focus programming of state funds from the next five cycles of the State Transportation Improvement Program (STIP), on sales tax projects in the other parts of the County. The Authority is still planning on dedicating the proceeds from the last bond to eBART, although the size of the bond will be much smaller due to the reduced Measure J revenues.

**Table 1**  
**Capital Project Categories in Measure J Expenditure Plan**  
(Millions of 2004 Dollars)

Funding Categories	Millions \$	Distribution of Funding By Sub region			
		Central	West	SW	East
		(a)	(b)	(c)	(d)
1. Caldecott Tunnel Fourth Bore	125	\$62.5		\$62.5	
2. BART - East Contra Costa Rail Extension	150				150.0
3. State Route 4 East Widening	125				125.0
4. Capitol Corridor Improvements Including Rail Stations at Hercules and Martinez	15	7.5	7.5		
5. East County Corridors: Vasco, SR4 Bypass, Byron Hwy, Non Freeway SR4	94.5				94.5
6. Interchange Improvements on I-680 & State Route 242	36	36.0			
7. I-80 Carpool Lane Extension and Interchange Improvements	30		30.0		
8. I-680 Carpool Lane Gap Closure/ Transit Corridor Improvements	100	75.0		25.0	
9. Richmond Parkway	16		16.0		
10. BART Parking, Access and Other Improvements	41	12.0	15.0	3.0	11.0
19. Additional Bus Transit Enhancements	1.3		1.3		
24. Major Streets: Traffic Flow, Safety and Capacity Improvements	60.4	48.0		14.4	18.0
27. Capitol Corridor Rail Station Improvements at Martinez	2.5	2.5			
<b>Total</b>	<b>\$816.7</b>	<b>243.5</b>	<b>69.8</b>	<b>104.9</b>	<b>398.5</b>

(1) Funding amount shown is based on WCCTAC recommendations to advance a portion of the program funds for capital components.