

4. **Legislation.** Staff presented proposed principles for legislation regarding future High-Occupancy Toll (HOT) lanes in the Bay Area for discussion and potential action. *The attached position statement was approved.*
5. **Strategic Plan Update.** *Staff advised the Authority that a delay was appropriate for the submittal of regional transportation planning committee (RTPC) recommendations relative to updating the Strategic Plan. As there were no objections, staff has revised the date for submittal to May 27, 2009. A letter to the RTPCs will follow.*



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March 18, 2009

COMMISSIONERS:

*Maria Viramontes,
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Honorable Ellen Tauscher, Congressional District 10
U.S. House of Representatives
2459 Rayburn House Office Building
Washington, D.C. 20515

RE: Earmark Requests for the Next Federal Transportation Act

Dear Congresswoman Tauscher:

The Transportation Authority appreciates your continued commitment to improving transportation and the economy, both in Contra Costa and the nation. In that context, your staff has requested that the Authority formally transmit to you its preferences for special federal project "earmark" appropriations as part of the process to renew the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), which is scheduled for legislative action prior to October 1, 2009. We are pleased to respond to your request.

Specifically, the Authority hereby requests your support for a \$40 million appropriation to cover one or more projects along the East County Corridor to widen Route 4 east, in the area from Somersville Road to State Route 160, complete various Route 4 Bypass projects, and improve Vasco Road as our top priority. In addition, within Contra Costa, the Authority also supports earmarked funding for I-680 Transit Corridor Improvements (\$28 million), I-80 San Pablo Dam Road Interchange Improvements (\$15 million), and the SB I-680 HOV Project (\$10 million).

These identified projects align well with state and local priorities. CCTA staff used the following criteria to select projects: Regional Transportation Planning Committee priority, deliverability (progress toward having environmental clearance and/or completed design), Strategic Plan priority (inclusion in the first 6 years of Measure J Strategic Plan), and maximization of other fund sources.

We appreciate your request for our input early in the process. If you have any questions, please contact Jack Hall of our staff at 925.256.4743. Your continuing support for critical transportation improvements, and your interest in working with the Authority on those projects, is greatly appreciated.

Sincerely,

Robert K. McCleary
Executive Director

cc. Hon. George Miller
Hon. Jerry McNerney
Steve Heminger
Bijan Sartipi





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Ted Droettboom
Joint Policy Committee
P.O. Box 2050
101 Eighth Street
Oakland, CA 94604-2050

RE: Proposed Joint Policy Committee (JPC) Policies for Implementation of SB 375

Dear Mr. Droettboom:

Thank you for the opportunity to comment on the draft proposed JPC policies. The Authority supports cost-effective approaches to reducing greenhouse gas (GHG) emissions, consistent with the overall goal of SB 375. We are interested in working closely with MTC, ABAG and the JPC to identify and implement meaningful steps towards that goal.

Expanding the JPC Partnership

The Authority supports expanding the JPC's partnership to include the Bay Area's nine congestion management agencies (CMAs) and their constituent local jurisdictions in the preparation of the "sustainable communities strategy" (SCS) required under SB 375, and the regional transportation plan (RTP). The CMAs are best-positioned to effectively and realistically link transportation investment decisions with the land use decisions of their constituent cities and counties, particularly as the latter have sole authority over land use.

Proposed Changes to Specific Draft Policies

- **Policy 1, Seeking GHG emissions reduction targets that "provide significant challenges to current trends and habits", and may go beyond those set by the CARB.**

Revised Recommended Policy: *The Bay Area regional agencies will seek factors, methodologies, and GHG emissions reductions targets from the Air Resources Board (ARB) that are feasible, reasonable and realistic.¹ MTC and ABAG will*

¹ Having the ARB set a reasonable and realistic target for GHG emissions is critical to minimize the exposure to litigation against the SCS and the RTP. As revised by SB 375, Section 65080 (b)(2)(B)(vii) of the Government Code now requires each metropolitan planning organization (MPO; in the Bay Area, MTC

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work in partnership with the CMAs and the cities, towns and counties of the Bay Area to seek the most effective approaches that could achieve reductions in GHG emissions well beyond ARB targets.²

Concerns with the JPC Draft Policy: We believe that the draft policy raises litigation and equity issues. If the region obtains aggressive targets from ARB that prove unattainable, litigation against MTC's RTP might well occur which could freeze project delivery for essential infrastructure, and could also lead to the redirection of funding away from projects and programs beneficial to and desired in a particular county. Specifically, in Contra Costa we believe that litigation could place Measure J projects at risk, once the "exemption period" in the statute ends.³

If, for example, our sales tax projects need federal funds, but (a) the GHG emission target is not met, and (b) the projects are deemed to be inconsistent with achieving the ARB target, then state and/or federal matching funds for accomplishing them could be prohibited by policy or litigation.⁴ Such an outcome would then block the Authority's ability to implement the vision approved by its voters as set forth in Measure J.

and ABAG have split responsibilities) to prepare an SCS that shall "set forth a forecasted development pattern for the region, which, when integrated with the transportation network, and other transportation measures and policies, will reduce the greenhouse gas emissions from automobiles and light trucks to achieve, if there is a feasible way to do so, the greenhouse gas emission reduction targets approved by the state board;" (*emphasis added*). This section is the primary potential source of future litigation, in our view, and why it is important to keep the formal targets reasonable and realistic.

² Such "expanded" targets should be explored through the evaluation of alternative land use and transportation investment strategies similar to the fully collaborative approach taken in the Sacramento region.

³ Footnote 11 in the JPC document (p. 6) is incorrect and needs to be revised. The exemption from the provisions of SB 375 only applies to projects programmed for funding on or before December 31, 2011. For local sales tax measures, only those projects specifically listed in a ballot measure prior to December 31, 2008 are exempt, and any state or federal funds necessary to complete them not programmed by that date would not be exempt. Proposition 1B bond projects and those contained in the 2007 or 2009 Federal Statewide Transportation Improvement Program are also exempt from the requirements of SB 375 if programmed for funding on or before December 31, 2011. Govt. Code Section 65080(b)(2)(K).

⁴ It would not be beneficial to repeat the region's experience with transportation control measure 2 (TCM 2), a forecast that Bay Area transit ridership would increase 15% from 1982 to 1987 – when in fact that 15% ridership increase had not been achieved even by 2007, 25 years later.

- **Policy 2, Modeling the Relationship between Transportation and Land Use.**

We support the policy as stated with three caveats: (1) the “integrated and transparent modeling system” for assessing transportation and land use policy choices could be accomplished without necessarily linking the two models mechanically; (2) development of model enhancements or an “integrated” model should not compromise the Bay Area’s implementation schedule and working relationship with the CMAs and local jurisdictions; and (3) the policy should be further framed as follows:

- At the end of the day, models are simply a tool to assist in our understanding of complex human choices, and their outcomes should be carefully assessed and tested against our knowledge and understanding of human behavior and the plans, expectations and constraints of local jurisdictions.⁵
- It is critically important for the modeling and analytical techniques to be applied in a way that conveys the assumptions made, the range of outcomes likely to result from varying those assumptions, and the sensitivity of the model to those variations.
- Models and analytical procedures must not only assess the prospective impact of varying transportation capacity on land use, but also consider other factors influencing the decisions that individuals and families make regarding where to live, work, shop and socialize, and how to get there. Such factors include the quality of schools, housing affordability, proximity to youth, sports or recreational activities, public safety, and other quality of life considerations that often may trump transportation considerations.

- **Policy 3, Preparing a Sustainable Communities Strategy (SCS) and an Alternative Planning Strategy (APS).**

Revised Recommended Policy: “The Bay Area regional agencies are committed to achieving the region’s GHG-reduction targets through the SCS and will prepare an APS only as a last resort. To assist in the preparation of a realistic and attainable SCS, the regional agencies will:”

- *Form a partnership with the CMAs and local land use jurisdictions to cooperatively prepare an SCS, beginning no later than the end of 2009;*
- *Work collaboratively through the CMAs to identify capital investments that are necessary for achieving or facilitating transit-oriented and*

⁵ For example, modeling and analysis suggested that the BART SFO/Milbrae extension would not require an operating subsidy. When those forecasts were not achieved, a major dispute resulted in whether BART or SAMTRANS would be responsible for defraying the several million dollars in operating subsidies required to sustain the services. In another example that was a precursor to today’s financial challenges, in the late 1990s the hedge fund Long Term Capital nearly brought down the banking system when its sophisticated mathematical trading models failed to anticipate the impact of defaults in Russian bonds.

“smart growth” developments where supported by local jurisdictions, identify funding needed to accomplish those projects, and support CMA development of funding packages for them.

- *Recognize that investments in transit-oriented and smart growth projects must be viewed in the context of other existing commitments and policies, including the provision of sufficient funding to address the most critical capital shortfall needs of local streets and roads and transit, and implementation of voter-approved state bond measures and local sales tax programs.*

Concerns with the JPC Draft Policy: We believe that the draft JPC proposal, with its emphasis on starting a new funding program oriented towards “incentivizing” “priority development areas”, could result in: (a) reducing funding available to accomplish the “Fix It First” policy, an existing regional commitment necessary to help address the unmet rehabilitation needs of local streets and roads and transit systems; (b) diverting funds away from accomplishing voter-approved initiatives to the new and, as yet, untested PDA program; (c) benefiting areas that “plan” to absorb new housing and transit-oriented development, as reflected in a desired growth scenario, while reducing the funding to those areas that have absorbed significant growth in the last 30 to 50 years. In that regard, Contra Costa has absorbed a much higher share of housing growth in the Bay Area over the past three decades than many areas in the urban core, and continues to need investment to meet the needs of its residents and employers. For example, increased job growth in east and west Contra Costa could be beneficial to reducing GHG emissions by reducing trip lengths of current residents.

We believe that working in partnership to develop funding packages that support beneficial growth would be more productive. Contra Costa has relatively dense, transit-oriented and/or mixed use developments emerging or planned in Antioch, Concord, El Cerrito, Hercules, Pittsburg, Pleasant Hill, Richmond, San Ramon, and Walnut Creek. The Authority has already invested millions of dollars to support some of these efforts, and plans further investments under our Measure J and STIP programs.

Finally, we believe that the JPC should not advocate for a specific policy such as road pricing without further analysis and collaboration. For example, it is not clear that HOT lanes are beneficial for reducing GHG emissions; they may, in fact, divert people out of carpools and vanpools, and have other negative impacts. Pricing can have a significant role to play in reducing GHG emissions, but issues of social equity and providing alternatives to the single occupant vehicle to sustain mobility in the face of increased pricing all need to be considered.

- **Policies 4 through 6.** The Authority has no concerns with these policies.
- **Policy 7, Vetting and evaluating all regional agency policies affecting the location and intensity of development or transportation infrastructure through the JPC.** We are concerned that this proposed policy could complicate

Ted Droettboom
March 18, 2009
Page 5

the preparation of both the SCS and the RTP. The policy implies that the JPC has a role in regional governance. In reality, the JPC has limited accountability to the local governments that appoint individuals to the JPC's constituent agencies. This policy should be revised to either (a) include representatives from each CMA or the JPC in order to broaden the policy discussions, or (b) focus the JPC's efforts on a discussion of key regional policies as a way to inform the individual agencies, or (c) be eliminated.

Conclusion

We appreciate the opportunity to comment on the JPC's proposed policies. If you have any questions, please contact Bob McCleary (925.256.4724) or Martin Engelmann (925.256.4729) of our staff.

Sincerely,



Maria T. Viramontes
Chair

c.c. Authority members; MTC Commissioners
Hon. Mark DeSaulnier
Hon. Tom Torlakson
Hon. Joan Buchanan
Hon. Nancy Skinner
Steve Heminger, MTC
Henry Gardner, ABAG



COMMISSIONERS: *Maria Viramontes, Chair* *Robert Taylor, Vice Chair* *Janet Abelson* *Newell Arnerich* *Ed Balico*
Susan Bonilla *David Durant* *Federal Glover* *Michael Kee* *Mike Metcalf* *Julie Pierce*

CONTRA COSTA TRANSPORTATION AUTHORITY POSITION REGARDING HOT/EXPRESS LANES IN THE BAY AREA

Overarching Considerations

- High Occupancy Toll (HOT)/Express Lanes are a tool that can, under appropriate circumstances, be used as part of a corridor management strategy. HOT lanes should be implemented only if a thorough analysis demonstrates the project will:
 - Maintain or enhance the safety of a facility, with minimal exceptions sought to Caltrans design standards;
 - Reduce overall delay in the corridor;
 - Increase the benefits for travelers in alternative modes to the single occupant vehicle, including carpools, vanpools, and bus transit; and
 - Provide sufficient revenues to offset the cost of operating and maintaining the HOT lanes.
- After defraying debt service, maintenance and operating costs, a portion of the excess revenues generated by the HOT lanes should be dedicated to sustaining and/or expanding transit services in the corridor.
- Implementation of HOT lanes in any county should be contingent upon the support of the Congestion Management Agency (or agencies) through which the corridor runs.
- In general, additional HOT lanes in the Bay Area should be implemented only after (1) a minimum of three years of operating experience is gained from the Alameda and Santa Clara projects authorized by existing statute; and (2) the Legislative Analyst's Office (LAO) completes an independent assessment of the performance of these lanes.
- While the Authority would support authorizing legislation allowing a third HOT lane corridor in each of those two counties, as well as a HOT lane on I-80 in Solano County, it is our contention that other future HOT lanes should be built only after (1) a full analysis indicates they can fulfill the considerations specified above; (2) the analysis includes a thorough review of the proposed financial plan for the HOT lane and the Expenditure Plan for the use of any revenues in excess of maintenance and operating costs; and (3) the projects have the support of the affected CMA(s) and local jurisdictions.

Bay Area HOT Lanes: Principles for Legislation

The Authority requires any legislation regarding HOT lanes to incorporate the following principles, and will oppose any legislation affecting Contra Costa facilities that does not.

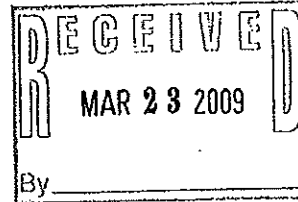
1. For HOT lanes in the San Francisco Bay Area, MTC/BATA shall be responsible for toll collection, establishing standard signs, branding, marketing and customer services, and shall facilitate coordination of the Congestion Management Agencies (CMAs), Caltrans, and the California Highway Patrol (CHP).
2. MTC/BATA shall staff and support a Technical Advisory Committee (TAC) comprised of staff from Caltrans, the CMAs, the CHP and MTC/BATA.
3. The CMAs shall, for each corridor that one or more CMAs select for implementation of a HOT lane, prepare a financing plan, an expenditure plan, and a maintenance and operations plan in collaboration with Caltrans, MTC/BATA and local jurisdictions. Each expenditure plan shall be subject to approval by both the appropriate CMA board(s) and by MTC/BATA. The maintenance and operations plan shall be subject to the approval of Caltrans.
4. Financing mechanisms, including tolls, shall be selected by the CMA(s) responsible for the corridor. BATA may offer to use its bridge tolls to provide credit enhancement. If it does so, to prevent default on the bond covenants, or in the event of such default, BATA shall be authorized to temporarily increase bridge tolls, and/or to impose a temporary surcharge on such HOT lane as needed to prevent or resolve the default.
5. A CMA will have the prerogative to "opt in" to the HOT lanes network at its discretion. The decision to construct a HOT lane facility in a county shall rest with the CMA for that county, such approval to be by a majority of the members of that CMA Board, with subsequent approval from Caltrans and MTC/BATA.
6. The CMA for the proposed HOT lane facility shall be responsible, in cooperation with Caltrans, for development of the HOT lane facility, setting tolls, and defraying the costs of ongoing operations and maintenance. These efforts shall be done in collaboration with BATA, and any adjacent CMA(s) that partner in the development of a multi-county HOT lane. The CMA(s) and Caltrans shall jointly determine which agencies shall be responsible for accomplishing these various tasks.
7. The CMA(s) responsible for each corridor shall form corridor management groups (CMGs), in collaboration with MTC/BATA and Caltrans, to assist in the preparation of all necessary plans for the corridor and provide the first level of management oversight.
8. Any revenue generated in a HOT lane corridor shall be allocated as follows, in priority order:
 - a. Debt service;
 - b. Operations and maintenance, and long-term capital replacement needs for the HOT lane(s);
 - c. Transit for travelers within the specific corridor, including sustaining and expanding transit services through capital and operating investments;
 - d. Defraying the costs of corridor traffic management, and new capital investments for highways and local streets and roads.
9. BATA's authority to impose a toll surcharge on a facility within a corridor shall sunset upon successful completion of any financing for which BATA has provided credit enhancement or financing.



Solano Transportation Authority

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Members:

March 20, 2009

- Benicia
- Dixon
- Fairfield
- Rio Vista
- Solano County
- Suisun City
- Vacaville
- Vallejo

Ted Droettboom
Joint Policy Committee
101 Eighth Street
P.O. Box 2050
Oakland, CA 94607-4756

RE: Comments on the Proposed Joint Policy Committee (JPC) Policies for Implementation of SB 375

Dear Mr. Droettboom:

Thank you for the opportunity to provide comment on the draft policies the JPC is proposing to guide the process for implementing SB 375 in the San Francisco Bay Area. The Solano Transportation Authority (STA) is one of the nine Bay Area Congestion Management Agency (CMAs) and collectively represents Solano County's seven cities and the County of Solano. STA and the other CMAs are in an ideal position to link transportation investment decisions with land use decisions of our local jurisdictions, of which have sole authority over the land use decisions critical to the implementation of SB 375. In fact, under state law, the congestion management programs developed by the CMAs have as one their objectives the coordination of land development and transportation.

STA agrees with and strongly supports the overall intent of the draft SB 375 implementation policies, we also recognize the extraordinary efforts it will take to implement them. Therefore, the STA believes it is crucial that the greenhouse gas (GHG) reduction targets be realistic and that the process to determine those goals be inclusive of those responsible for implementing the programs that will lead to achieving those targets. With this perspective, STA has reviewed the draft policies and submit the following comments and requests:

Expand the JPC Partnership

The JPC partnership needs to be expanded to more clearly define a way for the Bay Area's nine CMAs and the cities, towns and counties they represent to provide input. In order to successfully implement SB 375, we must be directly involved early-on in the process of crafting the solutions that we will ultimately be responsible for implementing. We recommend that the phrase "Bay Area regional agencies" in all policies be modified to include representation from the CMAs from each of the nine counties, transit districts, and local agencies.

Identify a Process for Review and Input

The JPC needs to spell out a process for how CMA, transit district and local input will be obtained. This should be done as soon as possible, since decisions are already being made

and processes solidified without adequate local input. In fact, the California Air Resources Board Regional Technical Advisory Committee (CARB RTAC) and working groups have already met twice about defining recommendations on factors, methodologies, and metrics. We recommend that the JPC form subcommittees for the various policy tasks, including representation from the four regional agencies, the CMAs, the local jurisdictions, the transit districts and other groups as appropriate. These sub-committees would report to the JPC at its regular meetings and provide input as well as receive updates from MTC and ABAG about how SB 375 is being implemented. At a minimum the following sub-committees should be formed: (1) Land Use, for developing the Sustainable Community Strategy (SCS) and Alternative Planning Strategy (APS); (2) Modeling, for developing the model and metrics for modeling and to inform the RTAC; and (3) Transportation, for development and implementation of the Climate Change Strategies identified by MTC in its recently developed Regional Transportation Plan, which references Safe Routes to School, Safe Routes to Transit, Transit Corridors, and other programs.

Policy 1: Setting Targets

STA supports vigorous implementation of SB375, with the goal of achieving measurable and significant GHG reductions, but believes that setting reasonable targets is paramount to the success of the program. Unrealistic targets can heighten the risk of litigation if Regional Transportation Plan goals are not achieved. Such litigation could negatively affect our ability to implement Countywide Transportation Plans, and local funding initiatives that are crucial to making progress toward regional climate change targets and goals. It is important that the infrastructure needed to implement the targets be fundable. STA recommends the following edit to the 5th paragraph of text leading up to Policy 1:

“The Bay Area’s regional agencies are committed to achieving a significant reduction in transportation-related GHGs and will work with CMAs, transit operators and local agencies to ensure that reduction targets are both aggressive and achievable with the resources committed to that effect.”
~~and are opposed to constraining that reduction by setting targets that are too low and that do not provide sufficient challenge to business as usual.”~~

In addition, it is recommended that the following wording replace the proposed language of Policy 1:

The Bay Area regional agencies will seek factors, methodologies and targets that are feasible and achievable. At the same time, MTC and ABAG, working in partnership with the CMAs, transit districts and local jurisdictions, shall explore various alternative land use and transportation strategies that would take the region beyond the achievement of the ARB targets and further reduce GHG emissions, and work collaboratively towards implementation of those strategies.

Policy 2: Modeling the Relationship between Transportation and Land Use

The STA recommends that this policy be modified to recognize that the model is a tool that has limitations and should be applied in a way that conveys the assumptions made, the outcomes of differing assumptions (e.g., model more than one scenario), and the sensitivity of the model to variations in the assumptions. It should consider other factors that influence where people choose to live, work, shop, and socialize and how they choose to get there. As soon as possible, a process for obtaining input from the CMAs and local jurisdictions should be implemented particularly since decisions in this area are already being formed by the regional agencies and the RTAC. Finally, it

should be noted that a travel model that is transparent and understandable to a lay audience may lack the sophistication to reliably model and predict travel behavior. It is important for the model development *process* to be transparent, but for the model to be as *functional* as is technically achievable.

It is recommended that the following wording replace the proposed language of Policy 2:

The Bay Area regional agencies will work together to construct an integrated regional travel demand model and appropriate sub-regional models, and a transparent system explaining assumptions such as travel choice, vehicle fleet and land use used in the model. The model(s) should facilitate technical, decision-makers and public understanding of existing and projected travel patterns, and show how changes in transportation and transit networks, vehicle fleets, land use and traveler behavior impact congestion and air emissions.

Policy 3: Preparing a Sustainable Communities Strategy and an Alternative Planning Strategy

Because targets set in SB 375 cannot be achieved without a transit component and funding for transit has been drastically cut at the state level, and because taking funding off the top for the FOCUS program could reduce funding available for MTC's adopted "fix it first" maintenance of the existing infrastructure investments in transit and local streets and roads, this policy should be modified to include the following:

- (1) *Actively advocate for a restoration of and new transit funds to contribute to reducing VMT and GHGs.*
- (2) *Work collaboratively through the CMAs and local jurisdictions to identify capital investments that are necessary or can facilitate transit-oriented and "smart growth" development, identify funding needed, and jointly pursue funding packages for them.*
- (3) *Work with the CMAs and transit providers to ensure that adequate operational and maintenance funds are provided for transit service.*

In addition, Policy 3 implies that the regional agencies will be programming Transportation for Livable Communities (TLC) funds. These funds should continue to be programmed at both the regional and CMA level, in order to leverage other regional, CMA and local funds in support of this effort.

The first full paragraph on Page 7 states that "*Transportation 2035 has been instrumental in introducing climate protection as a core regional transportation planning objective to the CMAs and to other transportation planning and operating agencies.*" In reality, a number of CMAs and local agencies have already been working with the MTC and the BAAQMD and through CMA and local agency programs and projects. One particular example is the TLC program, which pre-dates SB375 and is designed to achieve improvements in air quality, reductions in greenhouse gas emissions, and to effectively link transportation investment with land use decisions.

In Solano County, STA and its members participated in the I-80 Smart Growth study, have begun implementing a Safe Routes to School program and projects in partnership with local school districts, have a highly successful rideshare program, have developed countywide bicycle, pedestrian and TLC master plans that have resulted in a number of completed projects, and our member agencies have developed and implemented innovative alternative fuel vehicle programs. In addition, STA has created a successful partnership with the two air districts that cover our county. The first paragraph on Page 7 should reflect that reality.

The second bullet on Page 8 states "Advocate for early and appropriately directed incentives for PDAs and PCAs from existing state programs and for the creation of additional incentive mechanisms through new state legislation in advance of the SCS;" While there will be a clear need to direct funding to PDAs, this bullet raises issues about whether existing programs would be negatively affected. The intent should be further clarified to exclude such an outcome.

A final bullet point should be added to Policy 3 that recognizes transportation funding under the SCS should be directed not only to where housing is planned to go, but also where it actually is developed. This ensures that jurisdictions that have official housing plans but may put up obstacles to the development of that housing are not rewarded for those obstacles.

Policy 5: Synchronization

The policy statement only refers to the regional agencies such as ABAG and MTC for the development of the synchronized housing and transportation plans. The policy and supporting text should be re-written to explicitly involve local decision makers, CMAs and transit providers.

Policy 7: Aligning Regional Policies

Policy 7 identifies the need for aligning regional agency policies to achieve a workable SCS. These new regional policies and regulations will affect the region's distribution of land uses, the placement of public infrastructure, and include consideration of an indirect source rule by the Bay Area Air Quality Management District. Because of this, these regional policies need to be vetted through the CMAs and their local jurisdictions as well as the JPC. Because this policy is identified as being implemented immediately, a process for vetting policies through the CMAs and their local jurisdictions needs to be developed as soon as possible. The policy should be modified to reflect CMA and local input.

STA appreciates the opportunity to comment on the JPC's proposed policies and your consideration of our comments and suggested changes. If you have any questions, please contact me at (707) 424-6075.

Sincerely,



Daryl Halls
Executive Director
Solano Transportation Authority

Cc: STA Board Members

Steve Heminger, Executive Director, Metropolitan Transportation Commission (MTC)
Henry Gardner, Executive Director, Association of Bay Area Governments (ABAG)
Jack Broadbent, Executive Director, Bay Area Air Quality Management District (BAAQMD)
Will Travis, Executive Director, San Francisco Bay Conservation and Development Commission
Dennis Fay, Executive Director, Alameda County Congestion Management Agency
Robert McCleary, Executive Director, Contra Costa Transportation Authority
Dianne Steinhauer, Executive Director, Transportation Agency of Marin
Paul Price, Executive Director, Napa County Transportation and Planning Agency
Jose Luis Moscovich, Executive Director, San Francisco County Transportation Authority
Rich Napier, Executive Director, San Mateo City-County Association of Governments
John Ristow, Chief CMA Officer, Santa Clara Valley Transportation Authority
Suzanne Smith, Executive Director, Sonoma County Transportation Authority

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SUMMARY MINUTES
February 18, 2009

Commissioners Present: Janet Abelson, Newell Arnerich, Ed Balico, David Durant, Michael Kee, Mike Metcalf, Julie Pierce, Bob Taylor, Maria Viramontes

Commissioners Absent: Susan Bonilla, Federal Glover

Alternates Present: Gayle Uilkema for Susan Bonilla

Ex-Officios Present: Gail Murray for Joel Keller, Mike Shimansky

Staff Present: Bob McCleary, Arielle Bourgart, Martin Engelmann, Paul Maxwell, Susan Miller, Amin AbuAmara, Brad Beck, Randall Carlton, Erick Cheung, Peter Engel, Jack Hall, Hisham Noeimi, Stan Taylor (Authority Counsel), Danice Rosenbohm (Executive Secretary)

A. **CONVENE MEETING:** *Vice Chair Viramontes* convened the meeting at 6:01 p.m.

B. **PLEDGE OF ALLEGIANCE:**

C. **PUBLIC COMMENT:**

There were no public comments on items not on the Agenda.

D. **ELECTION:** Election of Chair and Vice Chair for 2009

Commissioner Pierce nominated *Commissioner Viramontes* as the next Chair, and *Commissioner Taylor* as Vice Chair, seconded by *Commissioner Arnerich*. The motion passed unanimously, 9-0. (*Commissioner Durant had not yet arrived.*)

E. **COMMENDATION:** Commendation to Outgoing Chair Dave Hudson

Chair Viramontes presented outgoing chair *Dave Hudson* an award commending his service as Chair, and thanked him. *Outgoing chair Hudson* said that he looked forward to continuing on the Authority Board as an alternate.

Commissioner Pierce said that *outgoing chair Hudson* had been a delight to work with, and that she looked forward to seeing him regularly as he continued his service on SWAT and on the Authority as an Alternate. *Chair Viramontes* said that she appreciated *outgoing chair Hudson's* commitment to attending both committee meetings, and that he would be missed.

F. **COMMITTEE ASSIGNMENTS:** Please submit assignment requests to the Chair through Danice Rosenbohm by Friday, February 20th.

Bob McCleary stated that ideally, each committee would include one representative from each of the sub-regional committees, and to avoid a quorum of the full Authority, one of the eleven commissioners

historically has not been appointed to a committee.

Alternate Uilkema asked for clarification of alternate participation at committee and Authority meetings. Mr. McCleary responded that that the second commissioner from each sub-region or Board of Supervisors would serve as the first alternate on the committee to which the commissioner is assigned. If that commissioner is unable to attend the committee meeting, the designated alternate to the member would then be asked to attend. If a commissioner is not available to attend a full Authority Board meeting, his/her designated alternate would be asked to attend.

Alternate Uilkema also requested that the Executive Secretary communicate committee appointments, and assist in communicating to alternates when attendance is needed.

1. **APPROVAL OF MINUTES:**

Authority Minutes of January 21, 2009.

ACTION: *Commissioner Abelson* moved to approve the Minutes of January 21, 2009, seconded by *Commissioner Pierce*. The motion passed unanimously, 9-0. (*Commissioner Durant had not yet arrived.*)

2. **CONSENT CALENDAR:** Consent Items recommended by the following committees:

ACTION: *Commissioner Pierce* moved to approve the Consent Calendar, seconded by *Commissioner Abelson*. The motion passed unanimously, 9-0. (*Commissioner Durant had not yet arrived.*)

2.A **Administration & Projects Committee:**

2.A.1 **Monthly Project Status Report.**

2.A.2 **Monthly Expenditure Report for December 2008.** This report also includes the summary of payroll and benefits costs by organizational unit.

2.A.3 **Monthly Investment Report for December 2008.** The Authority's Investment Policy requires this report.

2.A.4 **Quarterly Sales Tax and Investment Report for Quarter Ended December 31, 2008.** This is presented in accordance with regulations and the Authority's Investment Policy, which requires that the Chief Financial Officer provide an analysis of the Authority's portfolio including composition, credit quality, maturity distribution, and an analysis of sales tax revenues.

2.A.5 **Internal Accounting Report for the Six Months Ended December 31, 2008.**

2.A.6 **Commercial Paper Update.** The Authority's Commercial Paper program provides interim financing for Measure J projects until permanent financing is secured in September 2009. The purpose of this item is to brief the APC and Authority on the status of the program.

2.A.7 **Modifications to Existing Resolutions.** Consistent with Authority policy, appropriation resolutions may be modified to extend their expiration date or reflect actual construction bid amounts, or be terminated if the activity that was funded has been completed. Recommended changes are summarized.

2.A.8 **Route 4 Bypass Authority – Sand Creek Road Interchange – Phase 1 (Project 5003).** The Route 4 Bypass Authority has requested closing Resolution #07-02-PJ, and transferring the balance of funds from

construction of Phase 1, Stage 1 to right-of-way acquisition for Phase 1, Stage 2. **Resolution No. 07-04-PJ, rev.1**

2.A.9 I-680 Auxiliary Lanes (Project 1106).

2.A.9.1 Authorization to Advertise for Construction Bids on the Four-Year Landscaping Maintenance Contract. Staff seeks authorization to seek bids for a four-year landscaping maintenance contract which will follow the initial landscaping construction and the first year of Plant Establishment. **Resolution No. 09-04-P.**

2.A.9.2 Amendment No. 3 to Consultant Agreement No. 200 with DMJM+Harris for Engineering Services during Construction. Staff seeks authorization to amend Agreement No. 200 in the amount of \$100,000 for additional design services to prepare the Bid Documents for the Four-Year Landscaping Maintenance Contract and to extend the term of the Agreement to September 30, 2013.

2.A.9.3 Amendment No. 3 to Consulting Agreement No. 199 with S&C Engineers, Inc. for Construction Management Services. Staff seeks authorization to amend Agreement No. 199 in the amount of \$161,000 for additional construction management services to administer the Four-Year Landscaping Maintenance Contract and to extend the term of the Agreement to September 30, 2013.

2.A.10 City of Concord – Ygnacio Valley Road Permanent Restoration – Phase 2 (Project 24027) – Request for Appropriation for Design. The City of Concord is requesting an appropriation of \$200,000 for Design Services and Project Management to complete final plans for the Ygnacio Valley Road Slide Repair project. **Resolution No. 09-03-PJ.**

2.A.11 Route 4 Somersville Road to Route 160 (Project 1407/3001):

2.A.11.1 Right-of-way Acquisition Funding. Staff seeks authorization to increase resolution #07-21-P to \$29 million to cover estimated right of way acquisition costs. **Resolution No. 07-21-P, rev.1.**

2.A.11.2 Construction of Custom Forms for Aesthetic Enhancement. Staff seeks authorization to enter into an agreement with Surface Strategy LLC, in the amount of \$368,335 to provide custom form panels which will be used by the freeway construction contractors to achieve the enhanced aesthetic treatments proposed for the project retaining walls and bridges.

2.A.12 Route 4 Widening Project - Railroad Avenue to Loveridge Road - Amendment No. 10 to Agreement No. 128 with Mark Thomas & Company (Project 1405). Staff seeks authorization to execute Amendment No. 10 to Agreement No. 128 with Mark Thomas & Co. in the amount of \$115,168 for additional Right of Way Engineering services. Amendment No. 10 also extends the term of the Agreement to June 30, 2010.

2.A.14 East Contra Costa County Subregional Transportation Fee Projections Report. The Authority authorized a study of transportation impact fees collected in East Contra Costa County. Such fees are an important funding source for Route 4 Corridor and Route 4 Bypass projects. Economic & Planning Systems (EPS) has completed the study with input from local jurisdictions and made a presentation to the APC with an overview of the findings. APC sought additional information before finalizing the report.

2.A.17 Federal Transportation Reauthorization – Potential for Federal Earmarks. In December the Authority recommended that Contra Costa develop priorities for a short list of high priority projects that

could be candidates for a federal earmark in the federal transportation reauthorization bill anticipated later in 2009. The attachment lists the proposals that have been received from the regional committees. Staff will recommend a priority list at the March APC meeting.

2.A.18 Route 4 Widening Project – Loveridge to Somersville – Team Track Facility (Project 1406). Staff seeks authorization to enter into Agreement #260 with PG&E and to reimburse them for approximately \$18,000 for relocation of PG&E facilities which are in conflict with the proposed Team Track Facility construction.

2.B Planning Committee:

2.B.1 Measure J Paratransit Allocation for April 1 – June 30, 2009. The Paratransit Coordinating Council is requesting that Measure J funds be allocated to existing Measure C recipients for the last quarter of FY 2008-09 to reduce the impact of the economic downturn on paratransit operators. The operators would be unable to maintain existing service levels without the allocations. The Measure J expenditure plan does not address a paratransit allocation until FY 2009-10, the recommendation is that 2.97% of sales tax revenues be allocated to the current Measure C recipients. This is below the 5% program levels identified in the expenditure plan. The original plan to “back-fill” the last quarter of FY 2008-09 with Measure C paratransit program reserves has proven to be insufficient as reserves did not meet projections as sales tax revenues declined.

End of Consent Calendar

Commissioner Durant arrived at 6:17 p.m.

3.0 MAJOR DISCUSSION ITEMS:

3.A.16 Bond Financing Update and 2009 Strategies. The Authority will receive a briefing from the Authority’s Financial Advisor, Public Financial Management on the current financial situation and discuss bond financing strategies for 2009.

ACTION: *(None taken)*

STAFF REPORT:

Randall Carlton, Chief Financial Officer, introduced Peter Shellenberger from Public Financial Management (PFM), the Authority’s financial advisor. Mr. Carlton said that the APC had received a series of updates beginning in October on the Authority’s bond financing strategies, market updates, status of Authority debt, and strategies related to the upcoming September 2009 issuance of \$300 million of Sales Tax Revenue Bonds.

Mr. Carlton mentioned the transportation impact fee on the Consent Calendar, and that due to the economy, fee projections would be reduced. He said that the Strategic Plan and sales tax projections were sobering and would be discussed later in the meeting.

Mr. Carlton stated that the Authority’s credit rating by Standard & Poors was very high (AA+) for a public agency, and that the Authority would be debt free by March 1st. He said that cash flow and capacity would be monitored closely in relation to the debt issuance scheduled for September 2009, and also for those in 2012 and 2015.

Mr. Shellenberger said that he and his colleague, Peter Miller, had updated the APC in February on various options, and outlined a framework for monitoring market conditions to allow the Authority to

make informed decisions prior to the upcoming 2009 bond issue. He reviewed key elements of the Powerpoint presentation that had been made.

Mr. Shellenberger highlighted components of the Authority's existing debt which was issued for Measure C and matures next month, and said that the Commercial Paper program was a variable rate instrument, approximately 45-55 basis points (0.45 – 0.55%) that resets periodically.

Alternate Uilkema asked if any of the instruments were callable, and if the Authority's bonds had a private activity component. Mr. Shellenberger responded that the Commercial Paper was callable upon maturity at 270 days, and that there was no *private activity component*.

Mr. Shellenberger discussed the 2005/2009 Swap agreements. He explained that Bank of America and Merrill Lynch, both Swap counterparties, had since merged and soon the Authority would have one counterparty instead of two. Additionally, Ambac, the insurer on the swap and underlying bonds, had since been downgraded to BBB and therefore the value of the insurance was gone. Mr. Shellenberger stated that the underlying swap index was performing well. (The index has been a good match to the market.)

Alternate Uilkema asked what impact the devaluation of the Ambac insurance had on the rate. Mr. Shellenberger responded that the impact was minimal. He said that Ambac would no longer insure the underlying bonds, and that the Authority would instead be purchasing liquidity (which does engender a cost).

Mr. Shellenberger outlined four options for Authority consideration related to the 2009 bond issue. He clarified that the Authority would need to make a decision about what option to pursue relative to the contracted 2009 bond issue by the summer.

Commissioner Arnerich stated that all of the options appeared to be short term solutions, and that the Authority should anticipate things getting worse. *Chair Viramontes* said that the APC had asked the same question, and that issuing \$300 million in two-year bond anticipation notes, with the execution of a second two-year offsetting swap, would allow flexibility, protect liquidity, and buy some time. Peter Shellenberger noted that the cost of liquidity had increased significantly (100 basis points), and that it may be more economical to stay in the swap for a year and hope that the liquidity market improves.

Bob McCleary clarified that when the APC was briefed, it was apparent that the cost of the swap plus liquidity was comparable to switching to a fixed rate, in terms of total interest costs. He said that Commissioners could be briefed separately, and that the issue would return to the Authority in March or April.

Alternate Uilkema asked that further information related to callable bonds be provided when the item returns to the Authority. *Commissioner Durant* asked that the data be converted to dollars. *Chair Viramontes* suggested that specific examples would also be very helpful.

Commissioner Abelson commented that reduced sales tax revenue projections should be addressed. Bob McCleary responded that updates to the Measure J Strategic Plan would be discussed, and implications of the three bond issues would be considered. He noted that *Commissioner Pierce* had requested that the Programs side of the Strategic Plan also be reevaluated. Mr. McCleary said that the APC would be working on the issues over the next few months, and that the Authority would be briefed completely.

3.B.3 Projections 2009 "what if?" Scenarios. In December 2008, ABAG released a preliminary forecast for 2035, showing a prospective major shift in growth trends for Contra Costa. Called Projections 2009, "what if?" the projections are now under review by local jurisdictions with final adoption expected in

April 2009. According to the Draft Projections, Contra Costa is forecast to continue to grow through 2035, but at a slower rate than previously forecast. ABAG also proposes a policy shift that would direct new growth in households and jobs away from East County, towards Central County and points south and west. As the Congestion Management Agency (CMA) for Contra Costa, the Authority is responsible for maintaining a travel model and land use data set that is consistent with the ABAG forecast. Staff has reviewed the proposed "what if" scenarios, and developed comments to forward to ABAG.

ACTION: *(None taken)*

PRESENTATION:

Commissioner Pierce introduced Paul Fassinger, ABAG, who stated that the *Projections 2009* was a jobs, housing, population, and land use forecast done by ABAG every two years, used in regional transportation and air quality planning. He said that ABAG had tried to improve the process by looking at performance targets, using two different scenarios to determine if regional goals were being met. Mr. Fassinger said that comments received in writing and at public meetings had been incorporated into a third scenario, and that comments on the third scenario were being received and would be brought forward to ABAG's Executive Board in March.

Mr. Fassinger said that policy issues had recently been discussed at ABAG's Regional Planning Committee, and that the forecast would be used by local government as the complicated process of implementing SB 375 begins. He stated that incentives would be used to encourage more growth in transit-oriented areas.

Commissioner Balico commented that the numbers needed to be in line with MTC's projections, and that the process should include the CMAs. Mr. Fassinger responded that *Projections 2009* would eventually be incorporated into MTC's next Regional Transportation Plan, and that more outreach and input from the CMAs would be sought.

Representative (Alternate) Murray said that BART had sent a letter to ABAG stating that ABAG's planning effort did not address the cost to transit providers for providing capacity to serve transit demand for the scenarios. Mr. Fassinger responded that such input had been considered, and that the job numbers (in San Francisco) had been reduced considerably. He added that because VTA had capacity, Santa Clara County jobs and housing numbers had also been adjusted.

Chair Viramontes asked if the five quantitative targets set for 2035 were being applied to all three of the scenarios, and how the financing component was being addressed. Mr. Fassinger responded that each of the scenarios should meet all objectives and should represent goals important to the region. Through performance targets, changes in land use that would allow different mobility choices, vehicle technology and pricing would all be factors. *Commissioner Pierce* said that the process was extremely complicated and that funding for the needed changes was not available. She stated that the Focused Future objective may not be attainable.

Commissioner Arnerich asked how the objectives could be met if no housing or new transportation systems were constructed in the next three to five years? Mr. Fassinger agreed that there were serious issues in the short term. He said that economic and population growth would need to be addressed in the longer term, and reinforcing capacity in the existing system was crucial. *Chair Viramontes* commented that the proportions of funding for Projects vs. Programs had changed significantly in Richmond and West Contra Costa since the first sales tax measure.

Alternate Uilkema asked what environmental analysis would be done, and how agencies like the Authority would be involved? Mr. Fassinger said that an EIR would be done on a regional level as part of the RTP, and would not involve individual project EIRs.

Commissioner Taylor commented that there was room for managed growth in East County, and that people would continue to want to come. *Commissioner Durant* said that the ABAG scenarios did not include numbers or policy decisions addressing the balance between housing and local jobs. Mr. Fassinger stated that ongoing policy discussions were needed, and that the process was just beginning.

Martin Engelmann, Deputy Executive Director, Planning, stated that ABAG's numbers would be distributed to each jurisdiction for a detailed review, and that under CMA flexibility guidelines, growth (in housing and jobs) could be moved within the county but must remain within one percent of ABAG's totals for the county. Bob McCleary added that staff would work iteratively with the local jurisdictions to move in the direction of the goals.

Mr. Fassinger said that *Projections 2009* would be published in April or May, available for review and comment by local jurisdictions in October or November.

- 3.B.4 Review of the Joint Policy Committee's Proposed Policies for the Bay Area's Implementation of Senate Bill 375.** On January 23, 2009, JPC staff released a draft set of policies to guide the Bay Area's regional agencies through implementation of SB 375. Policy recommendations include: (1) Setting aggressive targets for Greenhouse Gas (GHG) emissions reductions for the Bay Area; (2) Developing an "integrated" land-use transportation model that improves analyst's ability to assess impacts of land use decisions on GHG emissions; (3) Commit to the development of a realistic and attainable Sustainable Communities Strategy (SCS – a presumed land use pattern for future development), leaving the Alternative Planning Strategy (APS – a set of policy alternatives not constrained by existing authority) only as a last resort; (4-6) Integrate, coordinate, and facilitate the process through the Partnership to arrive at a consensus SCS no later than June 2010; and (7) Starting immediately, allow for all regional policies affecting land use and transportation infrastructure to be vetted through the JPC, and filtered against the emerging SCS. These proposed policies could have major implications for the Authority's programs and its local jurisdictions.

ACTION: *Commissioner Arnerich* moved to approve the approach outlined by Authority staff, and that staff prepare a draft comment letter for the March PC packet, seconded by *Alternate Uilkema*. The motion passed unanimously, 10-0.

PRESENTATION:

Commissioner Pierce introduced Ted Droettboom, manager of the Joint Policy Committee (JPC), who gave a PowerPoint presentation (available at www.ccta.net) on the draft policies outlining the premise, progress, prescriptions and policies for the Bay Area's implementation of SB 375. Mr. Droettboom said that the draft policies would be considered by the Joint Policy Committee on March 20th.

Mr. Droettboom said that the Bay Area's per capita carbon footprint was three times the world average, and 41 percent of the Bay Area's greenhouse gases were a result of transportation. He said that The Bay Area would see rising sea levels, more hot smoggy days, water shortages, and an increasing number of wild fires with fine particulate pollution. The presentation included slides which depicted the relative effects of the Pavley bill (fuel efficiency standards), gasoline consumption on CO2 (a greenhouse gas) emissions, the locations within the Bay Area of varying per household CO2, and implications of more focused growth.

Mr. Droettboom stated that local governments planning Priority Development Areas (PDAs) were asked to provide capital budgets for what was needed to achieve PDAs. He said that of those governments that responded, the capital infrastructure need was \$24.3 billion, and much would *not* come from development impact fees and the like.

Mr. Droettboom stated that the implementation of SB 375 would: establish CO2 (GHG) targets for each region; prescribe travel models; require a Sustainable Communities Strategy (SCS) and an Alternative Planning Strategy (APS); and affect both Regional Housing Needs Assessment (RHNA) process and offer some CEQA assistance.

Mr. Droettboom said that the SCS, the preferred development plan, was at the center of SB 375, and that the SCS would be a merged land use and transportation plan. He explained that setting targets and model reform were very important tasks, required by the statute to be achievable and internally consistent, and discussed other complex challenges of implementing SB 375.

Chair Viramontes asked about the timeline and when the SCS must be approved. Mr. Droettboom responded that the process would take approximately two years, and that the final SCS would be adopted simultaneously with the Regional Transportation Plan in March, 2013. He explained that targets would establish an end point, and that the process would start now with a direction to reduce CO2 arising from transportation and land use.

Commissioner Durant stated that many of the qualifiers in the presentation were not evident in the draft policies, and asked if "incentives" were really being forced? Mr. Droettboom said that incentives could be compared to "a bribe for doing the right thing", which is greatly complicated for local governments by California's fiscal crisis.

Commissioner Durant also said that he had concerns about transparency, and that the public should have sufficient opportunity to participate in the process.

Commissioner Balico asked for clarification of the last date for comment on the draft policies. Mr. Droettboom responded that comments submitted one week in advance of the JPC's meeting scheduled for March 20th would be ideal, but that they could also be made at the meeting. *Commissioner Pierce* suggested that a letter to the JPC commenting on the draft policies could be finalized at the Authority's March 18th meeting.

Commissioner Arnerich emphasized that achieving 1990 levels of GHG emissions was not possible, and could easily be litigated. He asked how the proposed policies would impact the Authority's ability to deliver its promises to the voters in Contra Costa. Mr. Droettboom said there was a clear intent in the writing of the bill to exempt existing sales tax initiatives. Bob McCleary said that those exclusions were very limited, and efforts seeking amendments (with the bill's author and sponsor) had been completely unproductive. He said that the bill was clearly intended to provide opportunities to fundamentally change transportation investment. Mr. McCleary said that while the goals for the region could be supported, only technology and pricing would change behavior. He said that there were provisions in SB 375 that would exempt projects programmed in the STIP prior to December 31, 2011, and exclusions would apply only to that narrow framework.

Alternate Uilkema stated that SB 375 appeared to be a financial mechanism applied to local governments that mandated incentives at a time of extreme financial hardship for them. *Commissioner Pierce* said that she was concerned that funding the implementation of additional programs would compromise commitments to existing projects.

Commissioner Taylor commented on the significant investment of staff time and paperwork required by SB 375. Bob McCleary mentioned a number of transportation funding challenges, and said that it was important not to incentivize planned future growth at the expense of those business and homes already here.

Commissioner Abelson stated that the City of El Cerrito had measured GHG emissions, and that 45 percent was a result of transportation, and two percent was a result of city government. She said that in a community without capacity for further development, behavioral changes were needed to significantly impact emissions. *Commissioner Abelson* suggested that the Authority's comment mention its increased focus on (transit) programs. Mr. Droettboom said that SB 375 was concerned only with CO2 emissions from automobiles and light trucks.

Commissioner Pierce said that the goal was laudable and much like the Shaping our Future process. She stated that the targets should be reasonable in their impacts on local governments, but should be meaningful targets that could be aspired to. She suggested that the Authority's comment letter convey a positive tone and be reflective of the Authority as a contributing partner.

Commissioner Metcalf stated that he appreciated staff's summary of the issues, and that the Authority's message should not be diluted in an attempt to be overly tactful. Staff was given direction to prepare a comment letter for review in February, consistent with the issues raised.

4.0 REGULAR AGENDA ITEMS:

4.A Administration & Projects Committee

- 4.A.13 Legislation.** Staff will report on the status of state budget discussions and proposed economic stimulus packages. The Committee may take action on these subjects or on any other matter related to the Authority's legislative objectives

ACTION: *(None Taken)*

STAFF REPORT:

Arielle Bourgart, Director for Government and Community Relations, said that the President had signed the Economic Recovery Bill on February 17th. She referenced three meeting handouts, one of which summarized the Streets and Roads provisions of the bill.

Ms. Bourgart stated that the *HRI California Distribution Existing Law* handout depicted the 70/30 split between the State and region required by the legislation. She said that the *Draft California Distribution* handout was a draft proposal for legislation providing for 62.5 percent of the funding for the regions, with sub-allocations to local agencies.

Ms. Bourgart said that she would distribute the handouts by e-mail to the Authority along with further detail.

Commissioner Taylor asked about the status of California's share of the stimulus package, in light of the fact that it had not yet passed a State budget. Ms. Bourgart confirmed that California could be in jeopardy of not being able to obligate stimulus funds in a timely fashion without a budget for spending California's own money.

- 4.A.15 Update to the Measure J Strategic Plan: Revenue Projections and Development Schedule.** The significant downturn in the economy has adversely affected Measure J sales tax projections. Consequently, staff recommends updating the Measure J Strategic Plan.

ACTION: *Commissioner Balico* moved to approve the overall approach presented by staff, seconded by *Commissioner Arnerich*. The motion passed unanimously, 10-0.

STAFF REPORT:

Hisham Noeimi, Engineering Manager, stated that the Authority had adopted the first Measure J Strategic Plan in December 2007. He said that two revenue projections had been prepared by staff for this update: the first assumes a prolonged recession, with recovery in 2013; the second assumes a shorter recession with a recovery in 2012. Mr. Noeimi said that both projections were more conservative than ABAG's projections.

For the six years covered by the Strategic Plan, Mr. Noeimi said that the difference between the two scenarios was approximately \$11 million. Mr. Noeimi stated that sales tax revenues were estimated between \$428 million and \$439 million, a significant reduction of approximately 25 percent from the \$583 million estimated used in the 2007 Strategic Plan. He noted that 41 percent was allocated for Projects, and 59 percent was allocated for Programs.

Mr. Noeimi stated that policy issues for the Authority to consider over the next few months concerned financial capacity to issue bonds, tightening of funding caps, Measure J commitments to major capital projects, and subregional equity.

Mr. Noeimi outlined the proposed schedule for the development of the 2009 Strategic Plan, which would begin with Authority approval of the overall approach and revenue projections, and end with approval of the final Strategic Plan in July 2009.

Chair Viramontes said that the APC had touched upon using State Local Partnership funds of \$25 million to lessen the impact of reduced revenues, funding caps for projects, and reducing project funding as the last option. She said that the Authority would need to discuss these issues at a later date.

Commissioner Abelson asked for clarification on the Integrated Corridor Management Project. Mr. Noeimi said that funding for project development was included in Measure J Amendment #2, in order for the ICM project construction to be eligible for Proposition 1B bond funding.

Commissioner Arnerich commented that project commitment levels appeared to be unchanged despite reduced revenues. Bob McCleary explained that the Measure J funding commitments to major capital projects included in the staff report were actually State matching funds from grants, at risk if the Authority did not keep its commitment. He said that he was concerned about SB 375 further complicating the Authority's commitments.

Commissioner Pierce said that she was concerned about the Authority's projects bearing the burden of reduced revenues, and said that both Projects and Programs needed to be considered when evaluating how best to manage the Strategic Plan. *Commissioner Abelson* emphasized the importance of maintaining regional equity. Mr. McCleary noted that equity was viewed as a core Authority principle by the staff.

Chair Viramontes commented that when the Authority voted for the bonds, there were tradeoffs considered for East County. She said that the Authority had experienced sales tax dips in the past and regional equity had been maintained.

4.B Planning Committee

- 4.B.2 Consideration of Measure J Enhancement Funding to Support Existing Transit and Paratransit Services.** The Bus Transit Coordinating Committee (BTCC) and the Paratransit Coordinating Council (PCC) are requesting that the Authority consider a Measure J Expenditure Plan amendment or policy action that would, under limited circumstances and with appropriate RTPC support, allow eligible bus and paratransit operators to use funds from Measure J bus and paratransit enhancement programs to maintain existing services when funding shortfalls threaten those services.

ACTION: *Commissioner Abelson* moved to authorize staff to develop a proposal allowing more flexibility in the use of Measure J funds for bus and paratransit funding from program categories 16, 19, and 20, seconded by *Commissioner Arnerich*. The motion passed unanimously, 10-0.

STAFF REPORT:

Peter Engel, Program Manager, stated that the staff report included historical and projected sales tax allocations for the Bus Service Program. He said that it did not reflect STA funds which would likely disappear in future State Budgets, or TDA as a sales tax revenue base which had also significantly decreased.

Mr. Engel said that there were two programs slated for new services, but that it did not make sense to start new programs when existing services were not adequately funded.

Commissioner Viramontes asked if the Expenditure Plan needed to be addressed. Bob McCleary responded that future clarifying language may be needed, but that staff was looking for Authority direction on whether staff should pursue future Authority action to allow flexibility with regard to the eligible use of Measure J funding sources for bus and paratransit operations.

Commissioner Pierce said that it was important not to create unrealistic expectations on behalf of the bus transit operators, and that the issue would need to be discussed by the RTPCs.

5.0 CORRESPONDENCE AND COMMUNICATIONS:

5.1 Letter from SWAT dated February 4, 2009 RE: Federal Transportation Reauthorization Bill related to Agenda Item 2.A.17.

Authority Meeting Handout: MTC letter dated February 11th, 2009 RE: Draft Transportation 2035 Plan.

Authority Meeting Handout: City of San Pablo Letter dated January 30th, 2009 RE: Federal Transportation Act Reauthorization Funding Request for San Pablo Dam Road Interchange Reconstruction Project.

6.0 ASSOCIATED COMMITTEE REPORTS:

6.1 Central County (TRANSPAC): *Report of February 12th (Meeting Handout if Available)*

6.2 East County (TRANSPLAN): *Report of February 12th (Meeting Handout if Available)*

6.3 Southwest County (SWAT): *Report of February 2, 2009*

6.4 West County (WCCTAC): *Report of January 30, 2009 (Meeting Handout if Available)*

6.5 Conference of Mayors (COM):

6.6 Contra Costa County (COUNTY)

6.7 CCTA Citizen Advisory Committee (CAC)

7.0 COMMISSIONER AND STAFF COMMENTS:

7.1 Chair's Comments and Reports

Chair Viramontes thanked *Commissioner Durant* and the Planning Committee for their work leading up to the presentation on the draft JPC policies.

7.2 Commissioners' Comments and Reports

CTF Transportation Forum, February 18, 2009

Commissioner Pierce stated that neither she nor *Alternate Hudson* were able to attend the CTF Transportation Forum in Sacramento on February 18th.

7.3 Executive Staff Comments

8.0 CALENDAR: March/April/May 2009

10.0 ADJOURNMENT to Wednesday, March 18th, at 6:00 p.m.

The meeting was adjourned at 9:42 p.m. to March 18th, 2009, at 6:00 p.m.