



DECEMBER 6, 2017

AGENDA ITEM # 9

CALTRANS REQUEST TO ADVANCE MEASURE A FUNDING FOR HOV LANE PROJECTS ON INTERSTATE 5 AND US HIGHWAY 50

Action Requested: Authorize Executive Director

Key Staff: Norman Hom, Executive Director (Interim)

Recommendation

1. Receive a presentation from Caltrans regarding their request; and
2. Receive a staff analysis on the Caltrans request.

Approval of Caltrans' request will be to authorize the Executive Director to execute the attached allocation and expenditure contracts with Caltrans.

Background Informaton

Caltrans' Interstate 5 High Occupancy Vehicle (HOV) Lanes project is a Measure A project with funding originally scheduled to start FY2022/23. Caltrans' has requested that \$42.5 million of that funding be advanced four years to begin in FY2018/2019. The request consists of two components:

- \$30 million to construct HOV lanes on Interstate 5 from US Highway 50 to south of Elk Grove Blvd., construct new sound walls, and widen medians and structures. Construction would be concurrent with pavement rehabilitation work Caltrans will already be doing on that section of Interstate 5.
- \$12.5 million to complete the design and acquire right-of-way for HOV lanes on US Highway 50 between Watt Avenue and Interstate 5 and for sound walls along the south side of US Highway 50 from Stockton Blvd to 65th Street to get the project shovel-ready for construction.

Advancing the I-5 HOV lanes project allows Caltrans to combine the HOV lanes construction with the road rehabilitation work they will already be doing. This will result in early delivery of the total project at significant cost savings.

Funding for the US Highway 50 HOV lanes project allows Caltrans to complete the preliminary work so that the project can be ready and positioned to compete for state and federal funding.

Measure A monies on both projects can be used as match to pursue Senate Bill (SB) 1 funding.

Discussion

Current Plan. According to the five-year capital expenditure plans approved by the STA Board on August 27, 2015, the next set of capital projects eligible for Measure A funding are:

County of Sacramento

- Greenback Lane: Fair Oaks Blvd—Main Avenue, Phase 1
- Watt Avenue: Antelope—Capital City Freeway
- Madison Avenue, Phase 1: Sunrise Blvd—Hazel Avenue
- Sunrise Blvd: Jackson Road—Grant Line Road
- Hazel Avenue: US Highway 50—Folsom Blvd
- South Watt Ave/Elk Grove-Florin Rd Improvements, Phase 1

City of Sacramento

- Richards Blvd/Interstate 5: Interchange Upgrade
- Folsom Blvd: 65th Street—Watt Avenue
- Downtown Intermodal Station

City of Citrus Heights

- Antelope Road, Phase 2: Interstate 80—Auburn Blvd
- Sunrise Blvd, Phase 2: Greenback Lane—Oak Avenue

Capital|SouthEast Connector JPA

- Cosumnes River Permanent Open Space Preserve

Following our normal schedule, allocation and expenditure contracts for these projects will be presented to the Board for approval in the spring. Projected Measure A revenues and associated cashflows are sufficient to fund the anticipated expenditures for these projects above on a pay-as-you-go (PAYGO) basis over the next three-year capital contract cycle that begins July 1, 2018.

The Caltrans I-5 HOV project is not in this next funding cycle but rather in the one after but, because of the time sensitivity, the Board is being asked to consider it ahead of schedule and the above projects. After the already-planned-for projects listed above, there will not be enough leftover PAYGO money for the Caltrans projects during the next funding cycle.

Funding Plan. Staff has developed a preliminary funding plan that includes the Caltrans request funded by a future bond issue. According to the recent bond capacity analysis performed by the STA's financial advisors, Public Financial Management, Inc., the STA has the capacity to issue a short-term bond in 2020 of \$61 million. A \$61 million bond issue could fund the Caltrans projects with monies left over for other ready-to-go Measure A capital projects.

Analysis

The Caltrans request is consistent with the Measure A Transportation Expenditure Plan (TEP). Both the I-5 and US 50 HOV projects were included in the TEP when the Measure A Ordinance was approved by Sacramento County voters in 2004.

Project Pros. Granting the Caltrans request offers the following potential benefits:

- **Early Delivery.** On Interstate 5, the entire project may be completed as much as seven years earlier than previously planned. On US Highway 50, the segment between Watt Avenue and I-5 project can be made ready to list for construction by the spring of 2020.
- **Cost Savings.** Combining the roadway rehabilitation and HOV lane projects will result in millions of dollars in project savings that Caltrans can potentially apply elsewhere in the region.
- **Reduced Disruptions.** Combining the roadway rehabilitation and HOV lane construction projects reduces the total time of construction and the associated disruptions to the motoring public caused by lane closures and traffic diversions.
- **Leveraging.** The Measure A funds will be used to match SB1 and other state and federal funding, potentially bringing in millions of outside dollars into the region.
- **Funding for Other Capital Projects.** Excess bond proceeds may be used to advance other ready-to-go capital projects in the Measure A Transportation Expenditure Plan.
- **Non-Competition in the SB1 LPP Competitive Pool.** Approval obviates the need for Caltrans to compete for Local Partnership Program Competitive Grants Program funds against local capital construction projects.

Project Cons. Potential downside of granting the Caltrans request:

- **Limits Flexibility.** In 2019, STA will have the opportunity to update and amend the Measure A Transportation Expenditure Plan for the first time. Approval of the request commits a significant amount of the STA's bonding capacity to these two Caltrans projects and may limit the range of possibilities for the TEP revision.

Conclusion

The Caltrans advanced funding is doable but will require the STA issue a bond at some point in the near future if no other funding sources emerge or can be identified. Issuing bonds to advance the construction of capital projects so that those paying the taxes can enjoy the early benefits of the improvements they're paying for is consistent with the Measure A Ordinance and Plan of Finance.