

## STAFF REPORT

**SUBJECT:** Proposition 1B: Corridor Mobility Improvement Account

**MEETING DATE:** June 19, 2008

**AGENDA ITEM:** 11

**STAFF CONTACT:** Steve VanDenburgh

### RECOMMENDATION:

Authorize the Chair to send a letter to the California Transportation Commission expressing the position that projects that were recommended for CMIA funding by CTC staff, but not funded by the Commission, be considered for funding from project cost savings along with new projects in a CMIA-funded corridor.

### SUMMARY:

The California Transportation Commission is considering adopting policies for the Proposition 1B CMIA program that would determine how any cost savings from projects funded through the program would be allocated. SBCAG staff is recommending that the board take the position that before any costs savings are awarded, the CTC should consider the merits of projects that were originally recommended for CMIA funding but were not funded and new projects in a corridor with a CMIA funded project. This policy would allow the Santa Maria River Bridge, which was recommended for but denied funding, to compete for the cost savings. It is recommended that this position be communicated to the CTC through a letter from the chair.

### DISCUSSION:

At its May 28-29 meeting, the California Transportation Commission discussed issuing additional guidance for various matters that have arisen related to the implementation of the Proposition 1B Corridor Mobility Improvement Account program. The CMIA program was created by the passage of Proposition 1B in November 2006. It authorized the State to issue \$20 billion in bonds for transportation projects to be funded through a variety of new programs. The CMIA program, at \$4.5 billion, is intended to relieve congestion by expanding capacity and enhancing operations in high congestion corridors.

When the Transportation Commission issued a call for projects for the new program in the Fall of 2006, SBCAG, SLOCOG, and Caltrans District 5 submitted a joint application for \$58 million to widen the Highway 101 Santa Maria River Bridge to 6 lanes. The project is well aligned with the program's goals: it will relieve a bottleneck that will be created when the Highway 101 6-lane project through Santa Maria is completed later this year. Northbound traffic approaching the bridge will have to merge back to two lanes to cross the bridge as traffic merges from the Highway 135\Broadway northbound on-ramp at the same location. The fact that the bridge widening project had a completed environmental document and could easily meet the December 31, 2012 deadline to start construction made it a strong application. The CTC staff recommended funding the project, along with other projects that would utilize the \$4.5 billion. But because of the intense competition statewide for the funds, which included legislators and mayors from the largest cities in the State lobbying the Commission at its February 2007 meeting in support of projects in their region, the

Santa Maria River Bridge project was removed literally at the last minute from the list of projects that were awarded CMIA funding by the CTC.

A joint VCTC\SBCAG\Caltrans project to widen Highway 101 to 6 lanes from Mussel Shoals to the Carpinteria Creek Bridge near the city of Carpinteria was, however, included on the funded list and a total of \$131.6 million in CMIA funding was awarded for construction of the project.

The CTC is now contemplating issuing guidance on what to do with the construction cost savings that could arise from projects that were awarded funding. At the time that the CTC adopted the project funding list, cost savings on projects seemed like an unrealistic expectation. The competition for labor and materials due to the robust market for new housing and a lack of contractors competing for transportation projects were just a few reasons for significant project cost escalations and many project bids coming in over the engineer's estimate. But with the housing market collapse, agencies bidding out projects are finding that materials prices have stabilized and contractors looking for work are submitting aggressive bids, in some cases well below the engineer's estimate.

One idea being floated is to allow the cost savings to be used on a different project in the same corridor as the original CMIA project. For example, if there were any expected cost savings on the Mussel Shoals\Carpinteria project, the funds could be used to make other improvements elsewhere between Mussel Shoals and the north end of the congested 101 corridor extending to Winchester Canyon, so long as the improvements are supported in a Corridor System Management Plan that must be completed for each CMIA project. This approach may be favored by some on the Transportation Commission who will remember well the intense lobbying that they were subjected to during the first call for projects. They may not wish to relive it by holding a second call for projects in order to award the cost savings. Adopting a policy that leaves the funds in the congested corridor for use on other projects would be a way to avoid it. SBCAG staff is concerned that this option of convenience is the one the commission could select. This would prevent the Santa Maria River Bridge project from even being considered for funding with cost savings.

SBCAG staff is recommending that the board take the position that before any costs savings from existing CMIA projects are awarded, the CTC should consider the merits of new projects in a corridor supported by a Corridor System Management Plan and projects that were originally recommended for funding by the CTC staff but not funded by the Commission. This policy would allow the Santa Maria River Bridge and a small number of other projects from around the State to compete for CMIA funding that may become available. This would allow SBCAG to make its case to the Commission that the bridge project is still a viable project, and in even better shape to make the December 31, 2012 deadline to start construction because final design is underway and 60% completed. It would also create a very manageable competition for funding a more restrained round of lobbying from a limited number of project sponsors. Staff believes this is the fairest and best option, and one the Commission should adopt.

### **Recommendation**

SBCAG staff recommends that the board Chair be authorized to send a letter to the Commission expressing the position that projects that were recommended for CMIA funding by CTC staff, but not funded by the Commission, be considered for funding from cost savings along with new projects in a CMIA-funded corridor.

### **Committees:**

None.