

Regional Express Lanes Application to the CTC

Presentation to MTC Policy Advisory Council

on

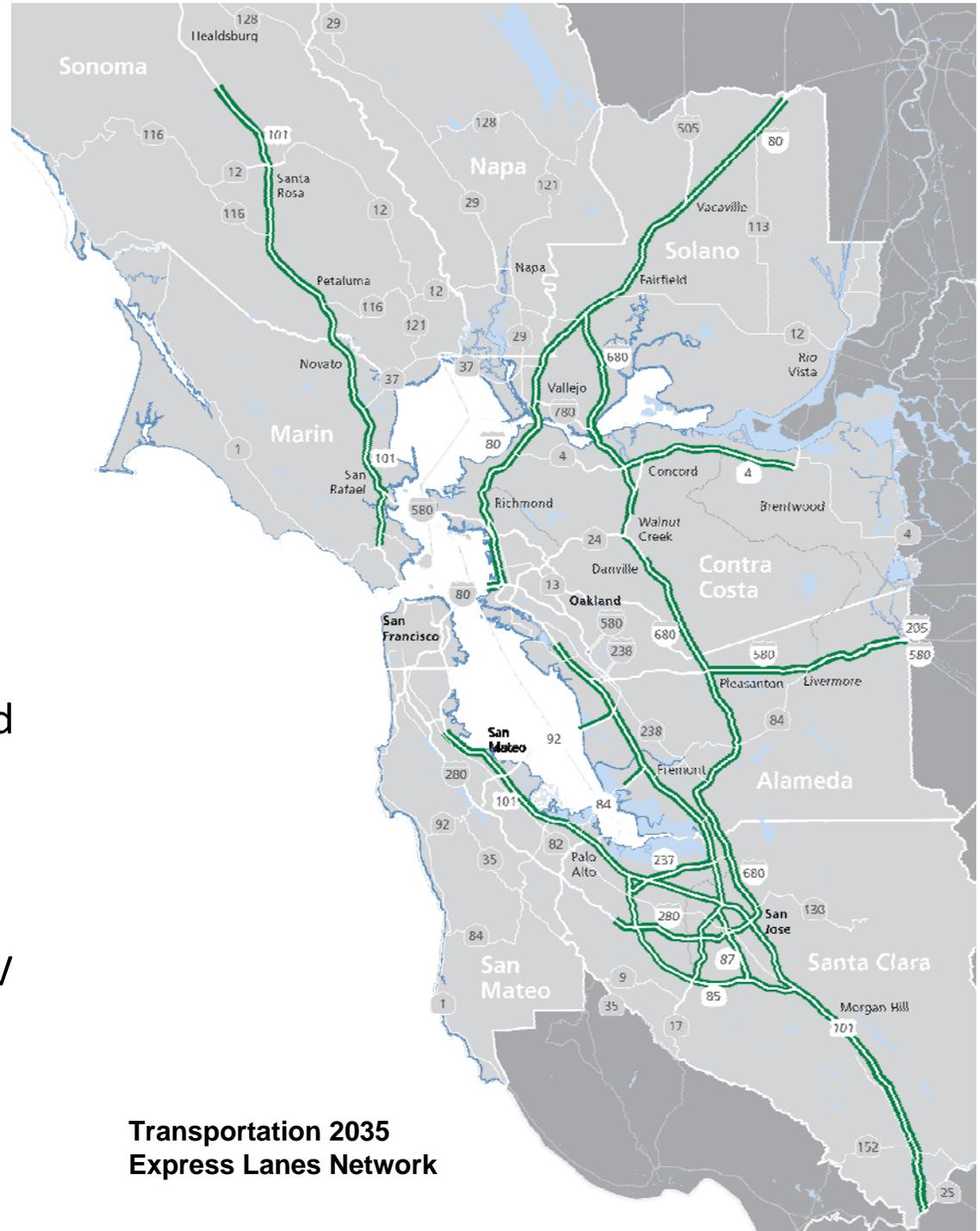
September 6, 2011

T-2035 Express Lane Network

- Complete the HOV lane system
- Use freeway capacity more efficiently
- Offer travel options
- Cooperation with CMAs and Caltrans

800 miles total

- ✓ 500 miles of converted HOV lanes
- ✓ 300 miles of new lanes

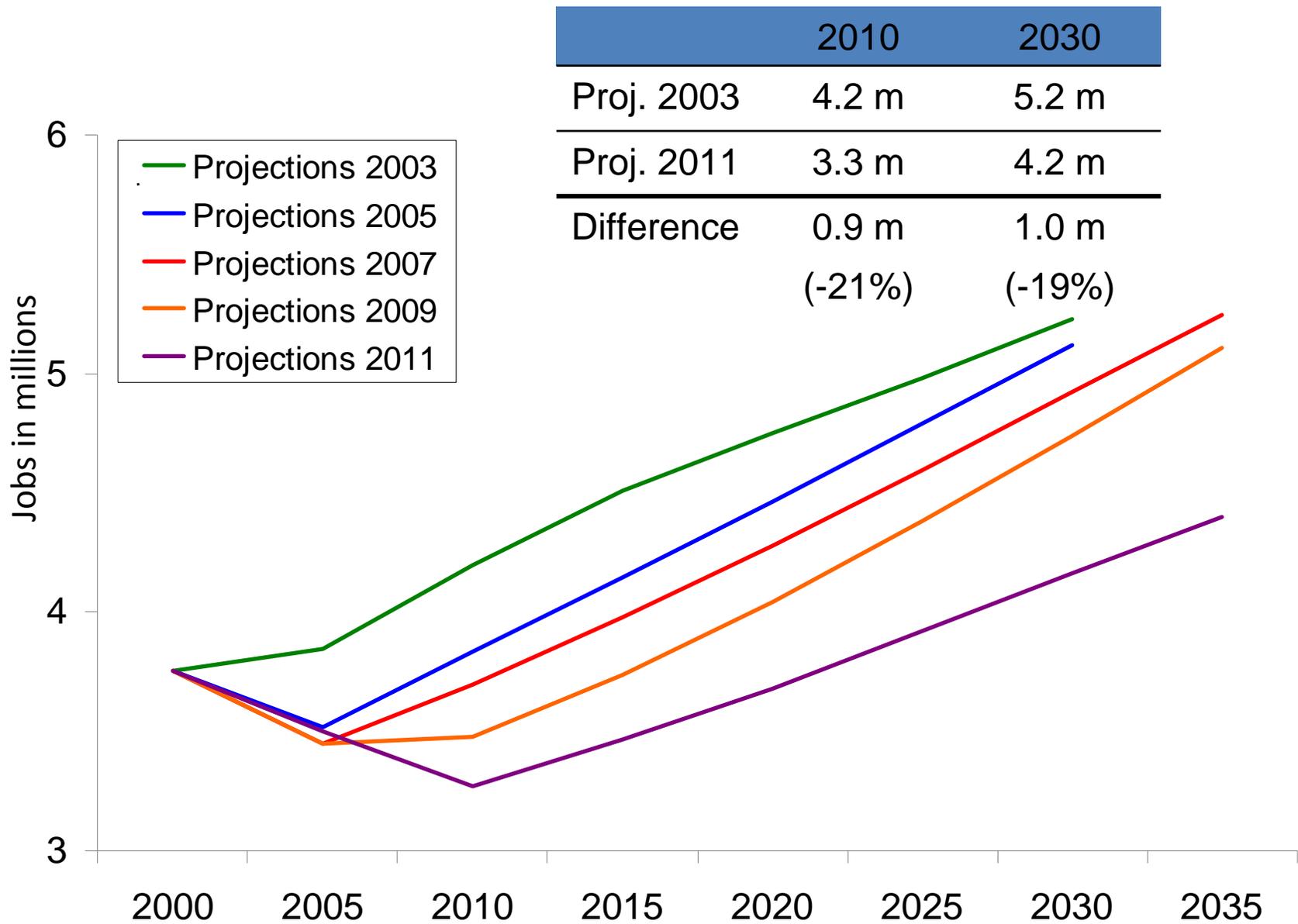


Transportation 2035
Express Lanes Network

Reasons to Chart a New Course

- Financial analysis was out of date:
 - T-2035 revenue projections were too high, given prolonged economic slump and lower longer-term job forecasts.
 - Delivery schedule was aggressive, with network completion in 2016 and increased HOV occupancy assumed at date of express lane opening.
- Cost estimates and design assumptions deserved a second look, in coordination with Caltrans.
- I-680 Express Lane opened, providing hands-on experience.
- AB 744 encountered various legislative difficulties.

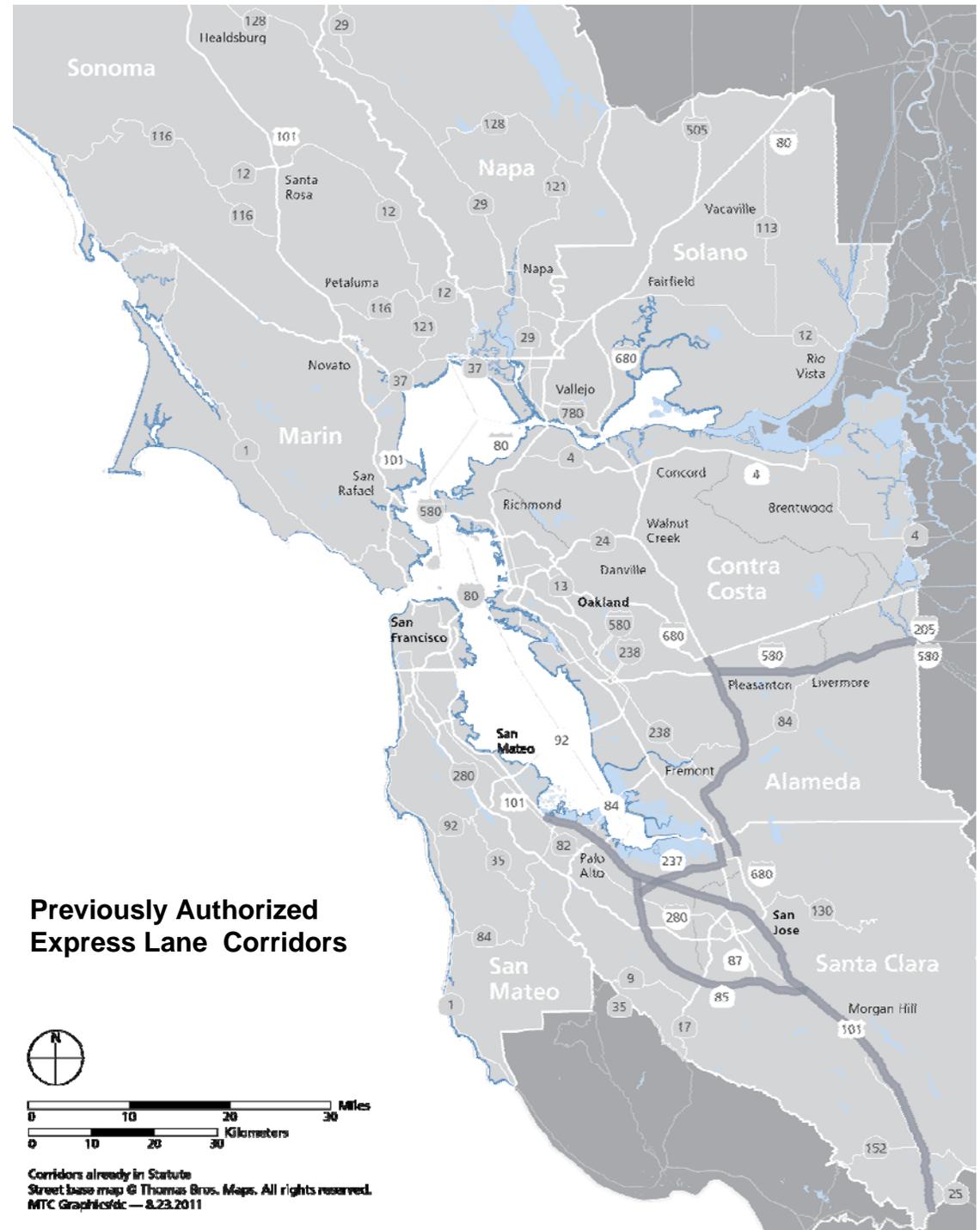
Regional Job Projections



Previously Authorized Corridors

280 miles

- ✓ Ala-680 SB Sunol Grade already in operation
- ✓ 237/880 operational early 2012

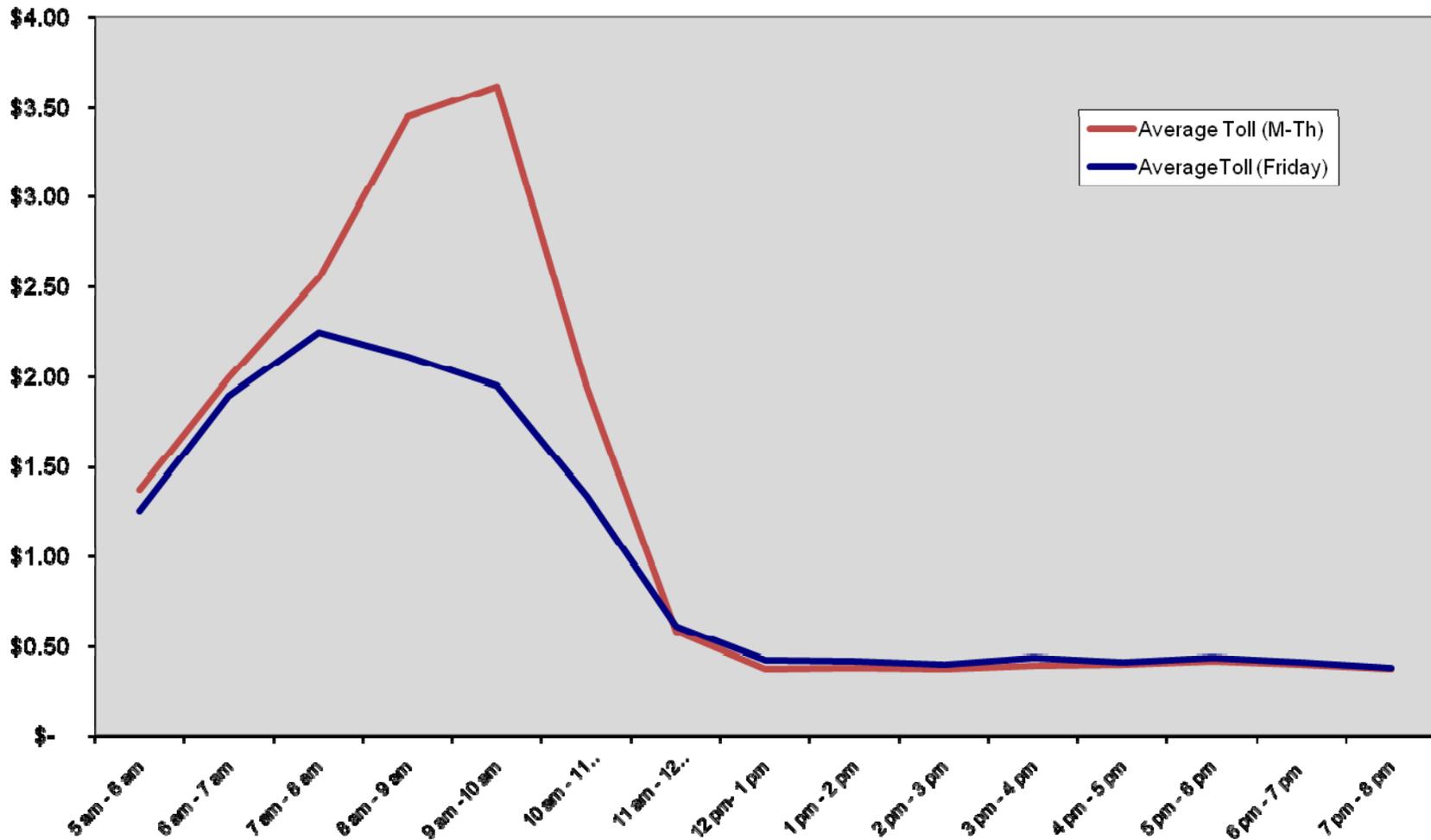


I-680 Sunol Southbound Express Lane

- Opened September 2010
- Met financial projections in FY 10-11: \$660,000 (over 9 months)
- Test case for access, signage, communications, enforcement
- Focused effort to reduce violations rates is underway
- Average tolls
 - Peak period: \$2.97
 - Off-peak toll \$0.50



I-680 Express Lane Average Toll Rate by Time of Day



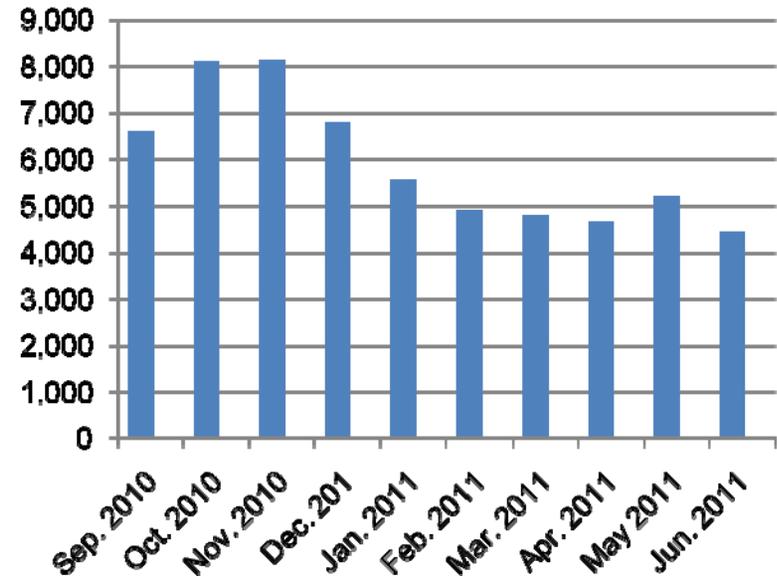
I-680 Express Lane Performance

(first 9 months of operation)

Weekly Gross Revenue

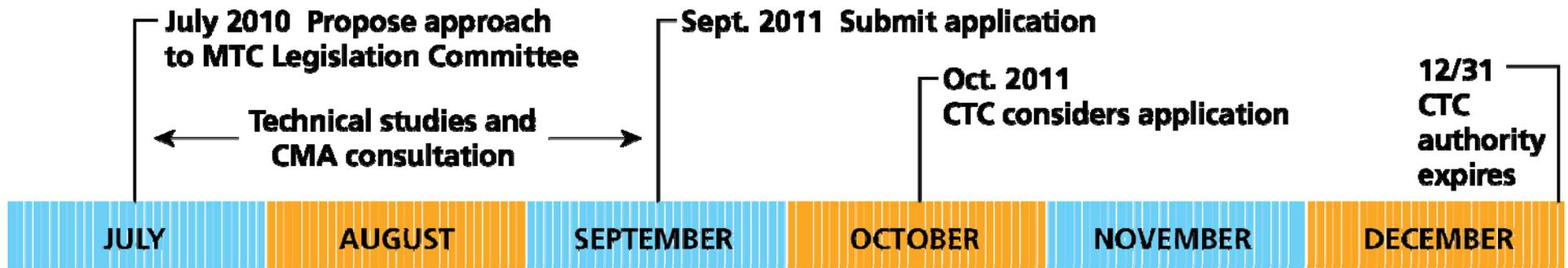


Number of First Time Users



Current Approach

- Seek authorization from the CTC for a smaller regional network under existing law (S&H Code §149.7)
- Already authorized express lanes could become part of the network through negotiated agreements
- Work with Caltrans to prepare application and develop “realistic delivery” approach
- Update costs and revenues to reflect current conditions



Application to CTC

- Provides basis for CTC to grant authority for express lanes not authorized under current law
- Demonstrates feasibility based on reasonable assumptions
- Does not commit region to specific tolling policies, phasing, financing or project delivery
- Components
 - Project study report (PSR), signed by Caltrans
 - Caltrans independent finding on operational impacts
 - Financial feasibility analysis
 - Discussion of impacts (mobility, multi-modal, environmental, economic)
 - Demonstration of local support

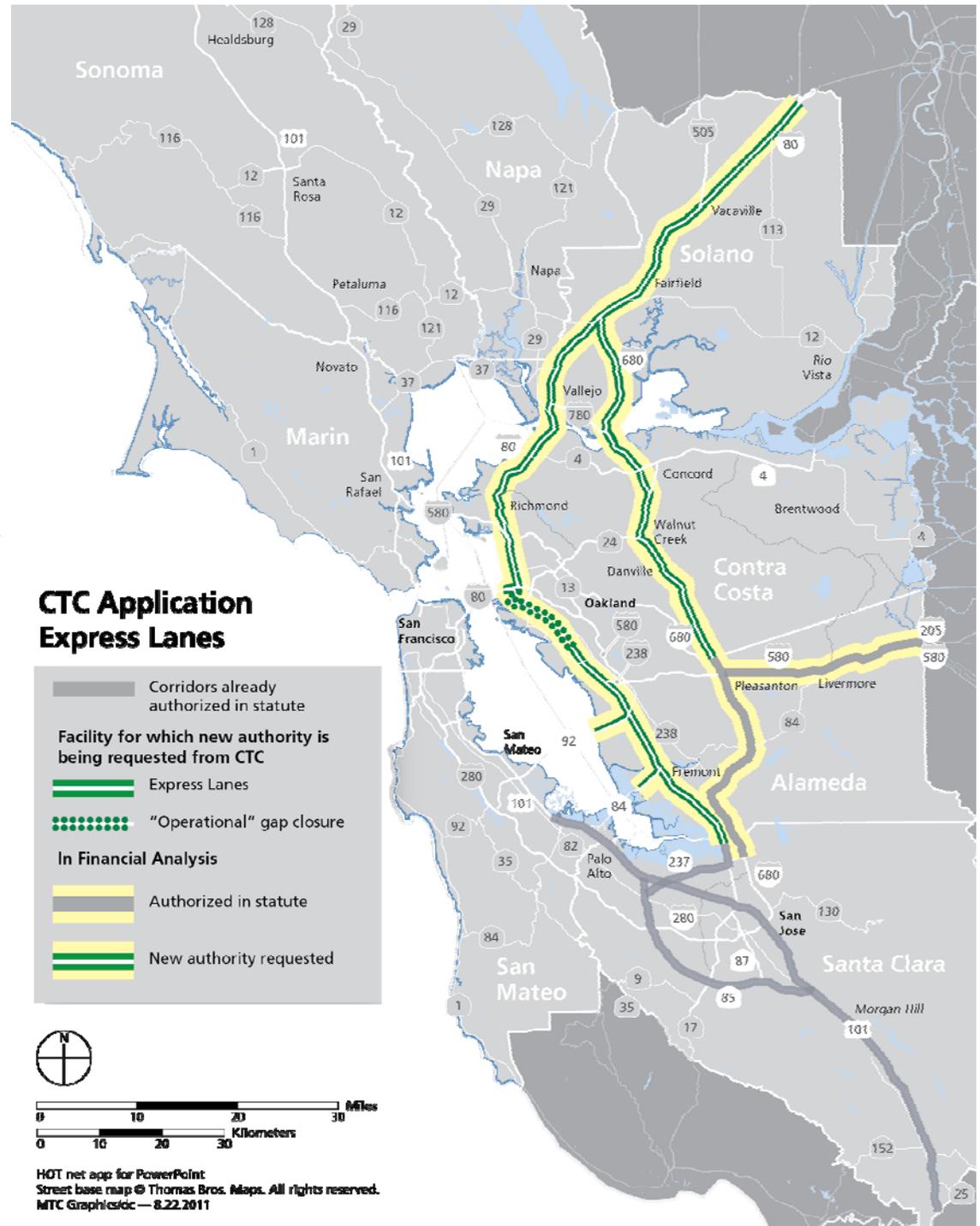
Authority Requested in CTC Application

New Authority for 290-mile* Facility

- ✓ 150 miles of converted HOV lanes
- ✓ 120 miles of new lanes
- ✓ 20 miles of operational gap closures (no tolling)

Financial Analysis

Includes facility plus previously authorized lanes in Alameda County, subject to agreement (70 miles)



*1 Directional miles

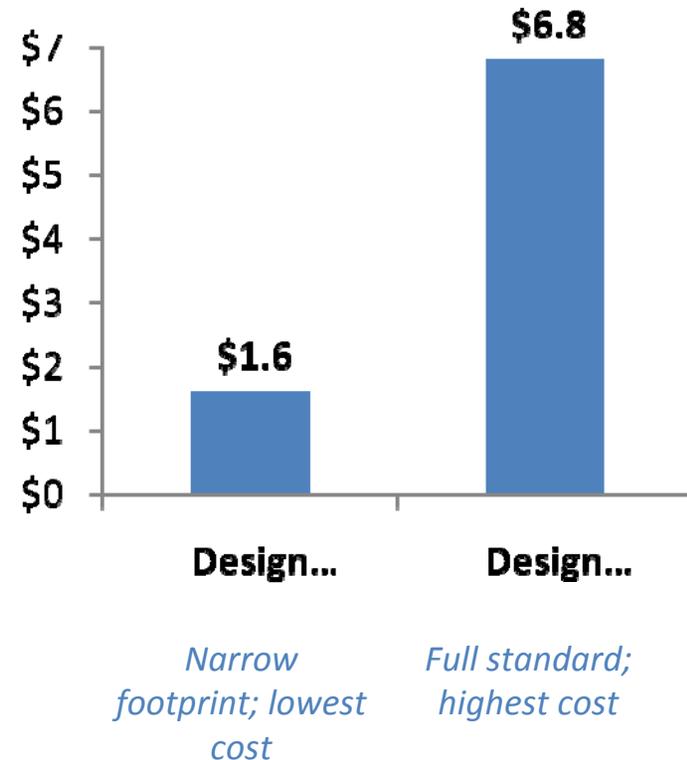
Major Changes from Transportation 2035 Assumptions

Costs, design approach	<ul style="list-style-type: none">• Closer coordination with Caltrans (Project Study Report)• More detailed cost estimation process
Revenue	<ul style="list-style-type: none">• Updated demographic projections reflect current economic climate; traffic and revenue forecast reflects less congestion and lower revenue• Forecast methodology reflects current experience on I-680• Financial analysis reflects tolling policies that are closer to status quo:<ul style="list-style-type: none">• Continue current HOV occupancy until lanes fill or network becomes connected (in 2020 or 2035) vs. increase to HOV 3+ upon opening of express lane• Peak period or daytime tolling vs. 24/7
Financial analysis	<ul style="list-style-type: none">• Assesses feasibility for a range of outcomes• BATA participation consistent with existing statute and does not require amendment

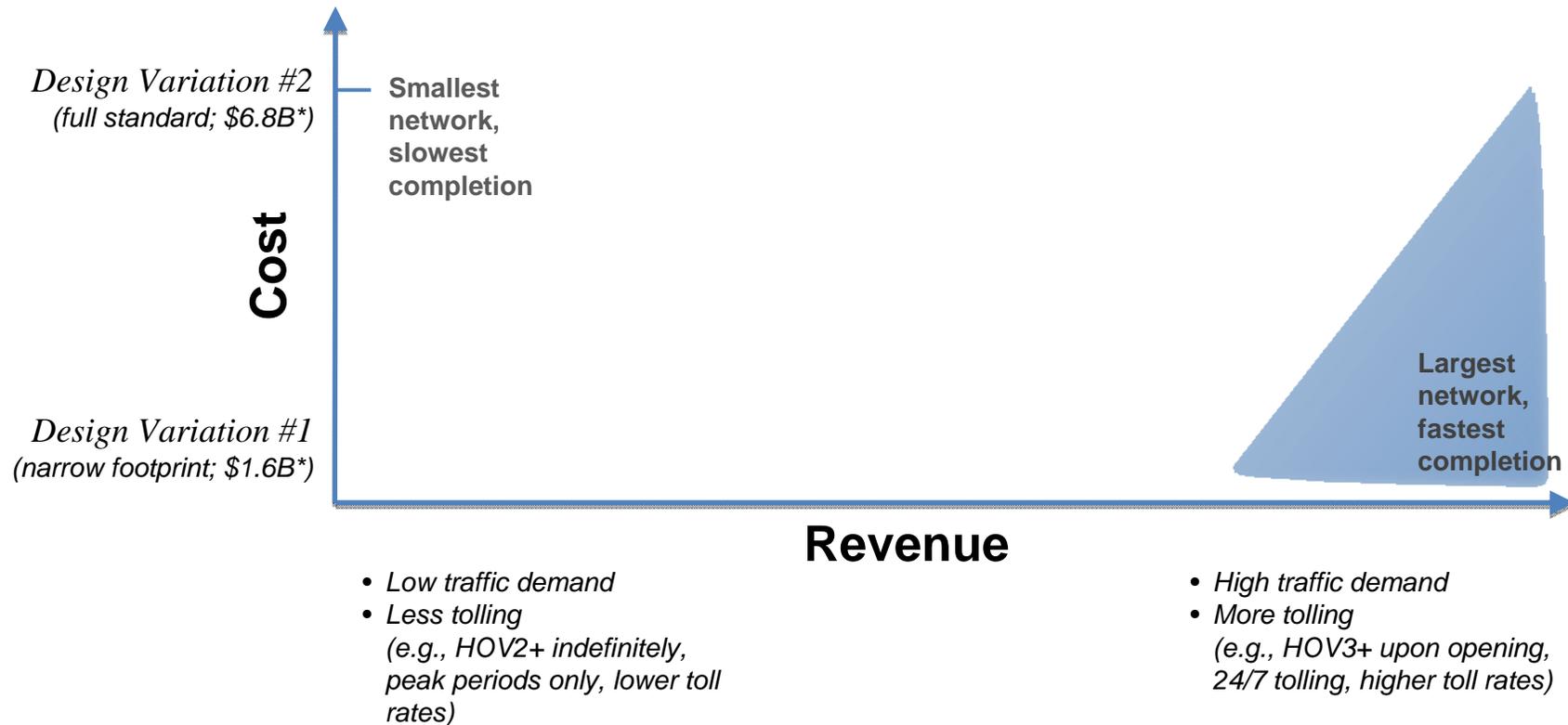
Project Study Report Establishes Engineering Feasibility and Cost Range

- Substantial level of detail:
 - Each corridor analyzed in 1/5th mile segments
 - Unit cost data averaged from active and planned express lane projects
- Caltrans HOV guidelines used to prioritize lane & shoulder reductions
- O&M cost from active and planned express lane facilities
- Frequent CHP enforcement areas, video license plate detection & violations processing
- 40% contingency factor applied to capital cost, 25% contingency to O&M cost

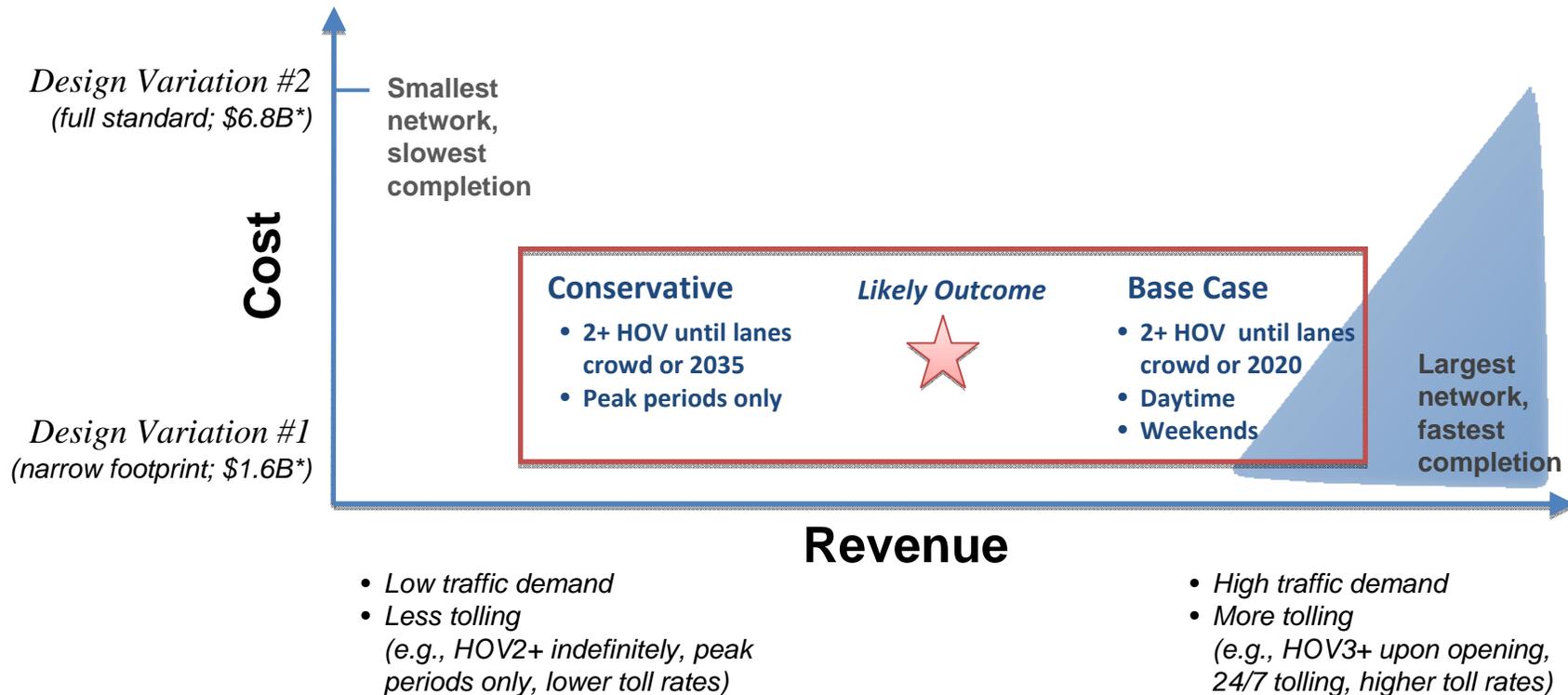
**Capital Cost Range
(Billions of 2010\$)**



Financial Feasibility Envelope



“Bookends” for Financial Analysis in Application



- Financial analysis cases, expressed as tolling policy scenarios, provide an envelope for variations in other factors including costs and financing terms.
- Implementation of specific tolling policies would be subject to future MTC Commission actions, in consultation with regional partners.
- Emphasizes need to contain costs within Caltrans design assumptions.

Financial Summary

	Base Case	Conservative Case
Express Lane Toll Revenue	6,500	4,400
Debt Proceeds (Bonds/TIFIA)	2,100	2,400
Local Funding	100	100
Grant Funding	400	800
Capital Costs	(3,000)	(3,600)
Operations, Maintenance and Rehabilitation	(1,500)	(1,300)
Debt Service	(3,400)	(2,300)
Other*	100	100
Potential Net Revenue**	1,300	600

* Net amount including financing fees, reserves funding/releases and interest income

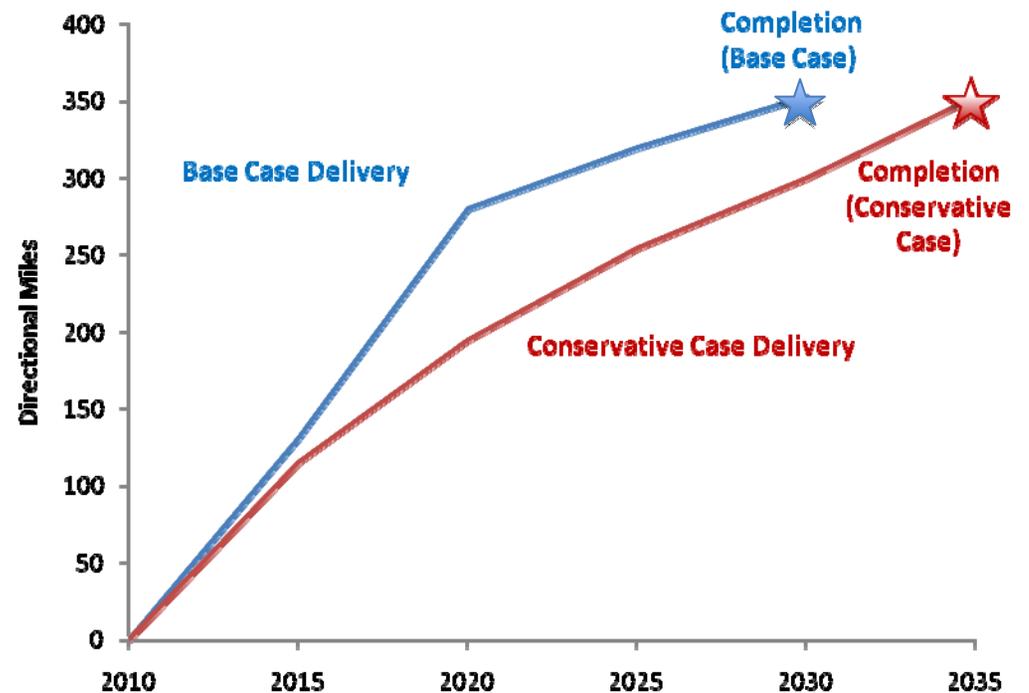
** These at-risk surpluses emerge in the later years (after completion of the Network), and due to their bottom-line nature, are highly sensitive to variations in toll policy, revenue, cost, schedule and financing assumptions.

Network Phasing

Phasing approach in financial analysis prioritizes segments based on financial feasibility, subject to operational considerations.

In general,

1. Conversions, first
2. Then gap closures
3. Then extensions and direct connectors



Recommend BAIFA Submit the Application

- Joint powers authority (JPA) should develop and operate the Network to protect MTC in the event of any financial shortfalls associated with the Express Lanes Network.
- Bay Area Infrastructure Financing Authority (BAIFA) can serve this purpose, with MTC consent.
 - BATA already responsible for toll collection, by law, and customer service
 - Structure also protects BATA
 - BAIFA joint exercise of power agreement would require amendment
- BAIFA will be asked to authorize submission of application on September 28, following MTC action.

Questions and Considerations

1. How does the CTC application relate to Plan Bay Area?

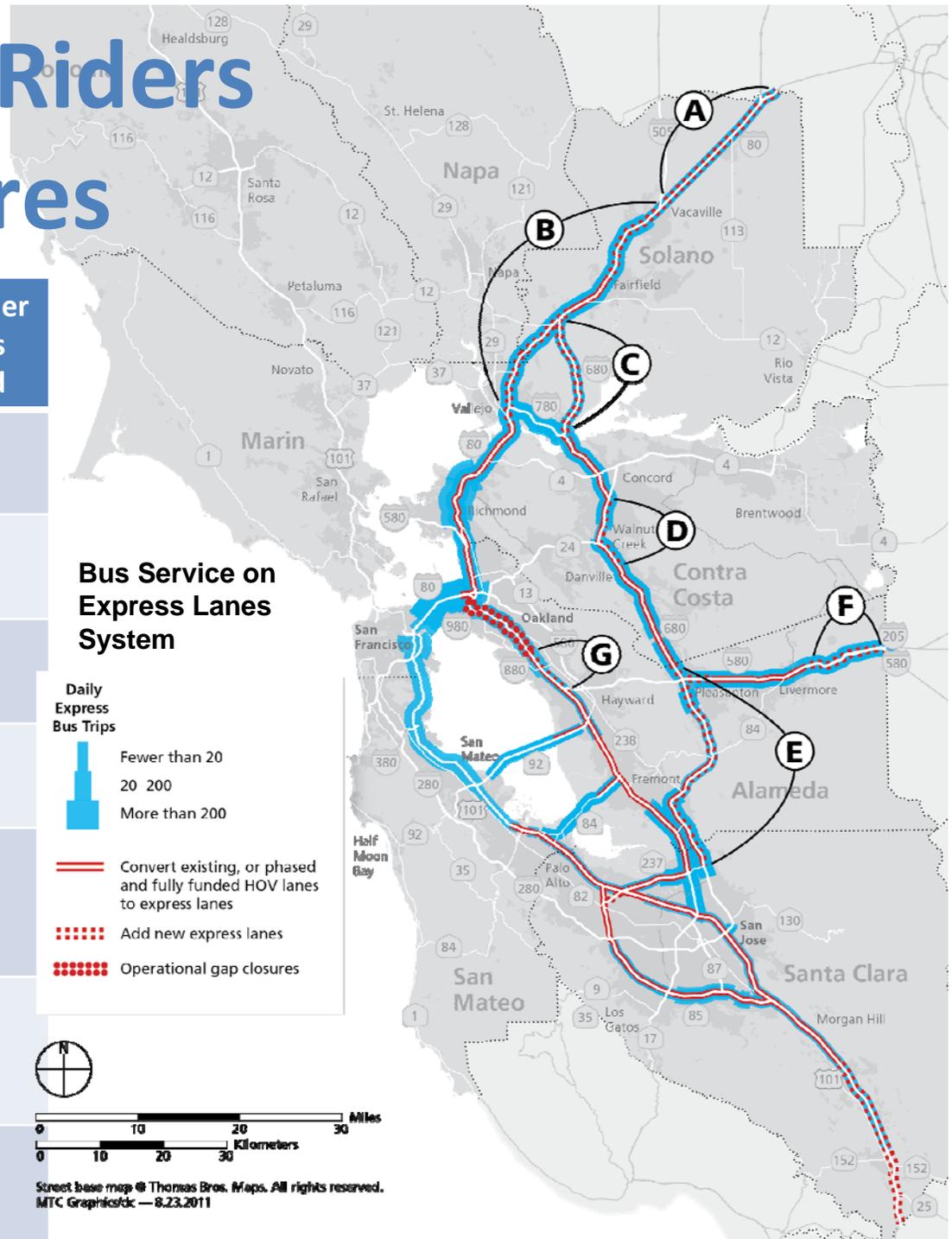
- The CTC application establishes feasibility but does not dictate what is included in Plan Bay Area, which is the subject of the Commission's trade-off discussions later this year.
- The Express Lanes Network is subject to performance assessment to show how the network meets the 10 adopted Plan Bay Area targets; staff will present preliminary results on September 9.

2. Will there be net revenue to invest in transit operations or other projects?

- It is too early, given the level of study to date, to count on net revenues.
- The net revenue projected in this financial analysis accrues late and should be considered at-risk surplus.
- If net revenue is projected after more detailed study, an expenditure plan will be developed based on consultation and public input.

Benefits to Bus Riders from Gap Closures

Route	Peak Hour Bus Trips (current service)	Bus Rider Hours Saved
A. I-80 Yolo County to I-505	4	90
B. I-80 I-505 to Carquinez Bridge	40	840
C. I-680 Gold Hill Rd. to I-780	4	50
D. I-680 Route 242 to North Main St.	40	70
E. I-680 Alcosta Blvd. to SR 237	4	80
F. I-580 Greenville to San Joaquin County	40	360
G. I-880 Hegenberger to Lovell	30	90



Questions and Considerations, cont.

3. Is financial feasibility dependent on increasing HOV occupancy requirements?

- The financial analysis demonstrates the Network is still feasible if increases in HOV occupancy requirements are deferred until 2035, except in the cases where lanes crowd with HOVs before then, but could be completed sooner if occupancy requirements are increased in 2020.

4. Do local jurisdictions support the application?

- The affected CMAs will consider letters of support in September. MTC staff is working with CMA staff to identify and address any concerns. (The staff memo and presentation address concerns arising to date.)

5. How will other agencies have input to future planning, implementation and operations?

- Policies will be established for public input and consultation.

Getting Authority is Just the First Step

- Additional steps required to establish the network include:
 - Conduct detailed analysis of revenue, toll policy and financing;
 - Assign project development responsibilities and explore delivery approaches;
 - Develop project-level engineering and environmental documentation for each construction segment; and
 - Coordinate on system operations.
- Policies will be established for public input and consultation with Caltrans, CHP, and the CMAs prior to making major policy decisions including:
 - phasing and design;
 - project development;
 - operations, including toll policies; and
 - and other corridor improvements.

Schedule for CTC Approval

