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San Bernardino Associated Governments
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TRANSPORTATION MEASURE I

■ San Bernardino County Transportation Commission ■ San Bernardino County Transportation Authority
■ San Bernardino County Congestion Management Agency ■ Service Authority for Freeway Emergencies

REVISED AGENDA ITEM NO. 32

Board of Directors Meeting

April 4, 2012

Location:
San Bernardino Associated Governments
Santa Fe Depot – SANBAG Lobby, 1st Floor
1170 West Third Street
San Bernardino, CA

DISCUSSION CALENDAR

32. 2012 Corridor Mobility Improvement Account (CMIA) Baseline Agreements

1. Approve the execution of CMIA Baseline Agreements as listed in Attachment 1 for the following nominated projects:
   a. I-15 Ranchero Interchange Project, CMIA request of $21.1 million;
   b. I-10 Tippecanoe Interchange Phase I Project, CMIA request of $10 million;
   c. I-215 (Bi-County) Newport Bridge Replacement Project, CMIA request of $3.4 million; and
   d. I-15 Duncan Canyon Interchange Project, CMIA request of $12 million.
2. Approve an exception to Strategic Plan Policy 40001 IV (I.1) whereby the $2M of State and Local Partnership Program (SLPP) discretionary funds programmed on the I-15/Duncan Canyon Project is allowed to reduce the local/development share of the project cost.
3. Approve the termination of Project Advancement/Cooperative Agreement C07129 between San Bernardino County Transportation Authority and City of Fontana for I-15/Duncan Canyon Road Interchange Project.
4. Direct staff to develop a new project funding agreement with the City of Fontana to provide the revised development fair share of the project costs.

This item was revised to include additional recommendations and background information that became available after the posting of the agenda.

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TRANSPORTATION MEASURE I

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Minute Action

REVISED AGENDA ITEM: 32

Date: April 4, 2012

Subject: 2012 Corridor Mobility Improvement Account (CMIA) Baseline Agreements

Recommendation:*

1. Approve the execution of CMIA Baseline Agreements as listed in Attachment 1 for the following nominated projects:
   a. I-15 Ranchero Interchange Project, CMIA request of $21.1 million;
   b. I-10 Tippecanoe Interchange Phase I Project, CMIA request of $10 million;
   c. I-215 (Bi-County) Newport Bridge Replacement Project, CMIA request of $3.4 million; and
   d. I-15 Duncan Canyon Interchange Project, CMIA request of $12 million.
2. Approve an exception to Strategic Plan Policy 40001 IV (I.1) whereby the $2M of State and Local Partnership Program (SLPP) discretionary funds programmed on the I-15/Duncan Canyon Project is allowed to reduce the local/development share of the project cost.
3. Approve the termination of Project Advancement/Cooperative Agreement C07129 between San Bernardino County Transportation Authority and City of Fontana for I-15/Duncan Canyon Road Interchange Project.
4. Direct staff to develop a new project funding agreement with the City of Fontana to provide the revised development fair share of the project costs.

Background: **Recommendation 1:** The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B), approved by the voters in November 2006, included $4.5 billion for the Corridor Mobility Improvement

*

COG		CTC	x	CTA	x	SAFE		CMA	

Check all that apply.
BRD1204a-wl
Attachment: BRD1204a1-wl

Approved
Board of Directors

Date: ______________________

Moved: *Second:*

In Favor: *Opposed:* *Abstained:*

Witnessed: ______________________

Account. Proposition 1B established a statutory requirement that CMIA projects must go to construction no later than December 31, 2012. As of March 2012, there are 25 CMIA projects totaling approximately $810 million of bond funds that have yet to be voted by the California Transportation Commission (CTC).

Starting in December 2011, the CTC requested monthly status reports from Caltrans on all remaining CMIA projects. Each project was assigned risk factors so that critical delivery issues could be closely monitored. It is the CTC's desire to vote all CMIA funds for projects by June 2012. Meanwhile, project savings continue to occur. As of February 2012, Caltrans staff shared a preliminary figure of $100 million in CMIA savings generated from southern California and about the same amount of savings in the north. Projects that are eligible for CMIA savings must be programmed ahead of, or at the time of allocation.

On March 7, 2012, staff provided information to the SANBAG Board on candidate projects that might qualify to receive CMIA savings. Since then, more eligibility criteria were shared at statewide CMIA meetings hosted by Caltrans and CTC staff. In addition to all CMIA eligibility criteria established in the current guidelines, project deliverability will be a key factor in project selection. Regions that have CMIA-eligible projects that can meet the deadline were encouraged to submit allocation request packages by March 23, 2012 for a CTC vote as early as April. Consequently, staff has already submitted these proposed baseline agreements to Caltrans to meet required deadlines. The packages included the required signed CMIA Baseline Agreement, Project Program Request, and Funding Allocation Request.

This item requests Board approval of the following CMIA Baseline Agreements, detailed in Attachment 1, ahead of possible CTC programming actions on April 25th or May 23rd:

1. I-15 Ranchero Interchange Project, CMIA request of $21.1 million;
2. I-10 Tippecanoe Interchange Phase I Project, CMIA request of $10 million;
3. I-215 Newport Bridge Replacement Project, CMIA request of $3.4 million; and
4. I-10 Duncan Canyon Interchange Project, CMIA request of $12 million.

The first three projects above were discussed in the SANBAG Board agenda of March 7, 2012. The Duncan Canyon Interchange project is a new CMIA nomination. The project can meet the allocation deadline and is CMIA-eligible because of its location on I-15, a CMIA Corridor.

Recommendations 2, 3 & 4:

As stated above, staff has recommended nomination of the Duncan Canyon Interchange project to receive CMIA savings. The Duncan Canyon project is one of three Valley freeway interchanges for which Project Advancement Agreements were executed. Absent CMIA funds for this project, failure is likely because of local Redevelopment Agency revenue shortfalls. There is no assurance at this time that the project will receive an allocation of CMIA savings, but an understanding between SANBAG and the City is needed in the event that all or a portion of the requested $12 million is awarded.

Staff recommends that $2 million in SLPP discretionary funds awarded competitively to Fontana by the California Transportation Commission and programmed on this project be allowed to buy down the local/development share of the project cost. This recommendation is an exception to Strategic Plan Policy 40001 IV (I.1) that states, "Funds that buy down the total cost of the project (after which the development fair share percentage is applied) include State grants and Federal Congressional earmarks (through appropriations process, competition, etc.) from transportation sources that are not allocated or approved by SANBAG…

The SLPP discretionary fund program had not been created and was therefore not considered at the time of policy development. The understanding at that time was that local competition for transportation funds awarded at the discretion of the State or Federal government deserves some credit, with the understanding that such awards impact the amount of formula funds received by SANBAG. The SLPP discretionary funds do not impact the amount of funds that SANBAG receives by formula because the discretionary funds represent a predetermined percentage of the total SLPP funds provided by Prop 1B. The success or failure of a local agency to receive SLPP discretionary funds does not impact the amount of SLPP formula funds that SANBAG receives.

A Project Advancement Agreement (PAA, Cooperative Agreement C07129) was entered into with the City of Fontana in December 2006. The agreement limited SANBAG's contribution to 22.7% (Nexus percentage) of the total estimated project cost at that time, which equates to $4,086,000. With this agreement in place, the City has undertaken and completed the project development for the interchange project. The project cost rose after execution of the PAA to a current estimated total of $34,300,000, of which SANBAG's share per the Nexus Study percentage would be $7,786,100. The estimated construction cost is $28 million.

Although the project failed to meet the delivery schedule requirements of the Project Advancement Program, staff has consistently recommended against cancellation of the PAA for Duncan Canyon because it provides the only assurance of reimbursement to Fontana for a portion of the cost of the project, given the project's position on the Valley Interchange Program priority list (only SANBAG has the discretion to cancel a PAA).

Staff has identified two alternatives in conformance with the Measure I 2010-2030 Expenditure Plan and the Strategic Plan Policies. Policy 40001 IV (I.2) states "Funds considered part of the public of the project cost include apportionments or allocations of State or federal transportation funds to SANBAG for funding or projects, whether managed by SANBAG or local agency... CMIA is therefore treated as public share funds. The City of Fontana has asked the SANBAG Board to consider a third alternative. The discussion of these alternatives below assumes that the full $12 million of CMIA funds is received and that the SLPP funds will buy down the local share for reasons described above. The funding plan for the construction of the project is the same for all three alternatives and is shown below. The difference in the alternatives is the amount of the reimbursement to SANBAG from the City. The dollar values shown below are rounded for simplicity.

<u>Funding Plan</u>	
Local Share	
• City of Fontana	$14 million
• SLPP	$ 2 million
Public Share	
• CMIA	$12million
Total	$28million

Alternative 1: Do not terminate the Project Advancement Agreement.

Per the PAA, the public share is limited to $4 million. Therefore, the City would need to reimburse the Valley Interchange Program for an excess public share contribution of $8 million.

Alternative 2: Terminate the Project Advancement Agreement.

Per the Nexus Study percentage, the public share is $7.8 million. Therefore, the City would need to reimburse the Valley Interchange Program for an excess public share contribution of $4.2 million.

The City of Fontana alternative: Do not terminate the Project Advancement Agreement, but allow the excess public share contribution to reduce the development share, so the City would provide no reimbursement to the Valley Interchange Program.

The Fontana staff argument is that CMIA funds awarded to this project cannot be expended on any other project; therefore, they should only benefit this project. SANBAG staff does not concur with this argument for the following reasons:
i. Measure I Expenditure Plan states that new development must pay its fair share contribution. This alternative does not conform to this requirement;
ii Measure I Strategic Plan policy states that allocation of State funds is to be considered part of the public share. Again, this alternative does not conform to this requirement; and
iii Reimbursement from the City to the Valley Interchange Program for the excess public share will benefit other projects.

Staff recommends Alternative 2, which terminates the Project Advancement Agreement. With the City's Redevelopment Agency being disbanded, the ability for the City to comply with the terms of the PAA has been severely impacted. The opportunity to obtain CMIA funds will allow this project to move to construction, brings additional transportation funds to the region, and provides construction related jobs. This option supports delivery of an additional Valley interchange project and benefits the Valley Interchange Program as a whole.

Staff also recommends development of a new funding agreement consistent with SANBAG Board direction on the issues described above. The new funding agreement will include, if applicable, the reimbursement to the Valley Interchange Program from the City for overpayment of the public share. The terms of the reimbursement will be consistent with the Strategic Plan policies.

Financial Impact: This item has no financial impact to SANBAG's Fiscal Year 2011/2012 budget.

Reviewed By: This item has not had Policy Committee review and will be presented to the SANBAG Board of Directors on April 4, 2012.

Responsible Staff: Ty Schuiling, Interim Executive Director