

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: May 21-22, 2003

Reference No.: 2.1a.(8)
Action Item

From: ROBERT L. GARCIA
Chief Financial Officer

Prepared by: Jim Nicholas
Division Chief
Transportation Programming

Ref: STIP AMENDMENT 02S-060

Action Update: The Background was revised and Attachment A was added to include details for the GARVEE financing.

Santa Clara Valley Transportation Authority (VTA) is requesting the California Transportation Commission (Commission) to approve this State Transportation Improvement Program (STIP) amendment. This amendment was noticed at the April 2003 Commission meeting. The Commission requested the Action Item be placed on the consent calendar for the May 2003 meeting provided that the total financing amount and source of non-federal matching funds are provided.

VTA proposes that the Commission select three projects for Grant Anticipation Revenue Vehicle (GARVEE) funding to advance project delivery. Two of the projects are current STIP projects 1) Route 880/Coleman Interchange (PPNO 0409C); and 2) Route 87 HOV Lane – I-280 to SR-85 (PPNO 0443S); and one new project 3) Route 87 North HOV Lane – Julian Street to Route 280 (PPNO 0443N) to be programmed with this amendment. Projects 1 and 2 will be reprogrammed and project 3 will be programmed as GARVEE debt service projects. Reprogrammed Regional Improvement Program (RIP) funds on projects 1 and 2 along with a commitment from VTA's future county shares will be used to pay the debt service for the bond. The bond proceeds will fund utility relocation, construction and construction support for the three projects starting in Fiscal Year (FY) 2003-04. This is a revenue neutral programming action for the 2002 STIP cycle. (Noticed at April 2003 CTC meeting.)

RECOMMENDATION:

The Department of Transportation (Department) recommends that the item be placed on the consent calendar for approval at the May 2003 meeting per Commission request. The Commission requested this item be placed on the consent calendar with the inclusion of financial details.

BACKGROUND:

This request follows Chapter 862 of the Statutes of 1999 (SB 928) which authorizes the State Treasurer to issue GARVEE bonds and authorizes the California Transportation Commission (Commission) to select projects for accelerated construction from bond proceeds.

GARVEEs are tax-exempt debt instrument financing mechanisms backed by annual Federal appropriations for Federal Aid transportation projects. They were authorized in Federal law by Section 311 of the National Highway System Designation Act of 1995. GARVEE proceeds can be used for the costs of right of way and/or construction of highway or other transportation projects that are eligible under Title 23 of the United States Code, that meet all federal requirements. Repayment of debt service is subject to the constraints of Article XIX of the State Constitution. For STIP projects, the repayment will be charged to the county and/or interregional share from future STIP funds. Bond repayments are typically made over several STIP programming cycles.

Approval of (PPNO 0409C), (PPNO 0443S) and (PPNO 0443N) to use GARVEE bond proceeds would advance construction of these projects, providing a vital link to the transportation infrastructure in San Jose. For project specific background see project descriptions listed below.

The GARVEE proceeds (including cost of issuance) for the three projects is \$143,400,000. The total cost for the GARVEE bond with financing will be approximately \$180,059,000 based on an interest rate of 4%. The debt service is proposed to start with a single interest payment of approximately \$2,868,000 in FY 2003-04 and end in 2014-2015 with 11 years of annual principal and interest payments of approximately \$16,100,000. The actual repayment figures will be available upon the sale of the bonds. Local Sales Tax Measure funds; "State only" State Highway Operation and Protection Program (SHOPP) funds and Traffic Congestion Relief Program (TCRP) funds will be used to provide the required match for the federal GARVEE funds. "Attachment A" shows a detailed funding and cost summary for the three projects.

In addition to requesting approval to use GARVEE bond funds, this amendment also proposes to reprogram \$66,300,000 of existing funds on projects 1 and 2 and commit Santa Clara County future shares as debt service for the repayment of the GARVEE bond starting in FY 2003-04. Currently (PPNO 0409C) is programmed with \$51,050,000 of RIP funds in FY 2003-04 for construction and \$4,450,000 of RIP funds in FY 2003-04 for Right of Way (R/W) and (PPNO 0443S) is programmed for \$10,800,000 of RIP funds in FY 2006-07 for construction. The \$66,300,000 in RIP funds will be reprogrammed and spread out to service GARVEE bond debt service from FY 2003-04 to FY 2006-07 with \$15,152,000 remaining. The remaining \$15,152,000 in RIP funds plus a commitment of Santa Clara County future shares will be applied to the debt service for the remaining years outside the current 2002 STIP.

Project #1 – Route-880 Coleman Avenue Interchange Reconfiguration (PPNO 0409C)

The I-880/Coleman Interchange provides access to the Norman Mineta San Jose International Airport from I-880, Santa Cruz and the East Bay and Coleman Avenue is a major arterial link for local traffic between the Airport, Civic Center, and downtown San Jose. Heavy freeway and local traffic on Coleman Avenue and non-standard freeway interchange configurations result in severe peak hour traffic. This project is key to the airport's planned expansion and new terminal, which is prohibited by local ordinance from opening for use before the I-880/Coleman Interchange reconstruction is complete. The project is on schedule for construction to begin in Summer 2003.

The two Route 87 projects are not fully funded and with the limited availability of future funds, VTA is proposing to use GARVEE funds to advance the delivery of the Route 87 Projects. The Route 880 project is being included with the GARVEE request so that the current RIP funds on the project can be reprogrammed to enable VTA to make payments on the GARVEE debt service for all three projects through the 2002 STIP cycle.

This amendment proposes to amend the 2002 STIP by reprogramming \$55,500,000 in RIP funds for construction in FY 2006-07 for PPNO 0409C and program an interest only payment of \$1,300,000 in 2003-2004, followed by eleven principal and interest payments in the amount of \$7,400,000 each year as debt service from FY 2004-05 to 2014-15. The RIP funds for the debt service in the current STIP will come from reprogramming the RIP funds on this project and PPNO 0443S. Future debt service payments will come from Santa Clara future county shares

Project #2 – Route 87 HOV Lane – Route-280 to Route-85 (PPNO 0443S)

Improving Route 87 from Route 101 to Route 85 has been a county-wide priority for over 20 years. Route 87 provides regional access from Route 101 to the San Jose Mineta International Airport, downtown San Jose, and the southern end of the Santa Clara Valley. This project will construct a High Occupancy Vehicle (HOV) lane in each direction in the existing median between Route 85 and Route 280 in downtown San Jose. In addition to new HOV lanes, the project will include construction of collector/distributor lanes from Route 280 to Alma and add an auxiliary lane.

Currently, VTA does not anticipate that sufficient funds will be available to fully fund this project in the 2004 STIP; therefore, they are proposing to use GARVEE proceeds to ensure and advance project delivery.

Advancing this project will also facilitate the combining and coordinating of the Route 87 HOV lane project with a \$18,502,000 State Highway Operation and Protection Program (SHOPP) settlement repair project (PPNO 0442E) scheduled for construction in FY 2003-04. Advancing the Route 87 project and combining with the SHOPP project will reduce traffic impacts and create cost savings.

This amendment proposes to amend the 2002 STIP by reprogramming \$10,800,000 in RIP funds for construction in FY 2006-07 for PPNO 0443S and program an interest-only payment of \$828,000 in 2003-04 followed by eleven principal and interest payments in the amount of \$4,700,000 each year as debt service from FY 2004-05 to 2014-15. The RIP funds for the debt service in the current STIP will come from reprogramming the RIP funds on this project and PPNO 0409C. Future debt service payments will come from Santa Clara future county shares.

Project #3 –Route 87 North HOV Lane – Julian Street to Route 280 (PPNO 0443N)

Improving Route 87 from Route 101 to Route 85 has been a county-wide priority for over 20 years. Route 87 provides regional access from Route 101 to the San Jose Mineta International Airport, downtown San Jose, and the southern end of the Santa Clara Valley. This project will construct a High Occupancy Vehicle (HOV) lane in the existing median between Julian Street and Route 280 in downtown San Jose. In addition to a new HOV lane, the project will include the widening of six bridges and the installation of ramp meters.

Currently, VTA does not anticipate that sufficient funds will be available to fully fund this project in the 2004 STIP; therefore, they are proposing to use GARVEE proceeds to ensure and advance project delivery.

This amendment proposes to amend the 2002 STIP by programming PPNO 0443N as debt service with an interest only payment of \$720,000 in 2003-04, followed by eleven principal and interest payments in the amount of \$4,000,000 each year from FY 2004-05 to 2014-15. The RIP funds for the debt service in the current STIP will come from reprogramming RIP funds on PPNO 0443S and PPNO 0409C. Debt service payments in future STIP cycles will come from Santa Clara future county shares.

RESOLUTION:

Resolved, that the California Transportation Commission (Commission) revise the 2002 State Transportation Improvement Program (STIP) at the end of the 30-day notice period as follows:

Revises:

County	CT District	PPNO	EA	Element	Const. Year	PM Back	PM Ahead	Route/Corridor							
Santa Clara	04	0409C	26200k	CO	2003-04	2.4	3.2	880							
Implementing Agency: (by component)		PA&ED	Santa Clara Valley Transportation Authority (VTA)		AB 3090	PS&E	Santa Clara Valley Transportation Authority (VTA)								
		R/W	Santa Clara Valley Transportation Authority (VTA)		AB 3090	CON	Santa Clara Valley Transportation Authority (VTA)								
RTPA/CTC :		Santa Clara Valley Transportation Authority (VTA)													
Project Title:		I-880 Coleman Avenue Interchange Reconfiguration													
Location:		In San Jose, at Coleman Avenue, adjacent to San Jose International Airport													
Description:		Reconfigure and reconstruct I-880													
(DOLLARS IN THOUSANDS)															
FUND	TOTAL	Project Totals by Fiscal Year							Project Totals by Component						
		Prior	02/03	03/04	04/05	05/06	06/07	Future	PA&ED (E & P)	PS&E (Design)	R/W SUP	CON SUP	R/W	CON	
State - RIP (GARVEE Debt Service)															
Existing	\$55,500			\$55,500	\$0	\$0	\$0	\$0						\$4,450	\$51,050
Change	(\$55,500)			(\$55,500)										(\$4,450)	(\$51,050)
Change	\$82,700			\$1,300	\$7,400	\$7,400	\$7,400	\$59,200							\$82,700
Proposed	\$82,700			\$1,300	\$7,400	\$7,400	\$7,400	\$59,200						\$0	\$82,700
State - Other															
Existing	\$5,000	\$5,000							\$2,000	\$3,000					
Change	\$0	\$0							\$0	\$0					
Proposed	\$5,000	\$5,000							\$2,000	\$3,000					
Other - Local															
Existing	\$5,000	\$5,000							\$0	\$5,000					
Change	\$287	(\$3,142)							\$3,429	(\$3,142)					
Proposed	\$5,287	\$5,287							\$3,429	\$1,858					
Grand Total															
Existing	\$65,500	\$10,000		\$55,500	\$0	\$0	\$0	\$0	\$2,000	\$8,000				\$4,450	\$51,050
Change	(\$55,500)	\$287		(\$55,500)	\$7,400	\$7,400	\$7,400	\$59,200	\$1,429	(\$1,142)				(\$4,450)	(\$51,050)
Change	\$82,987			\$1,300											\$82,700
Proposed	\$92,987	\$10,287		\$1,300	\$7,400	\$7,400	\$7,400	\$59,200	\$3,429	\$6,858				\$0	\$82,700

And Revises:

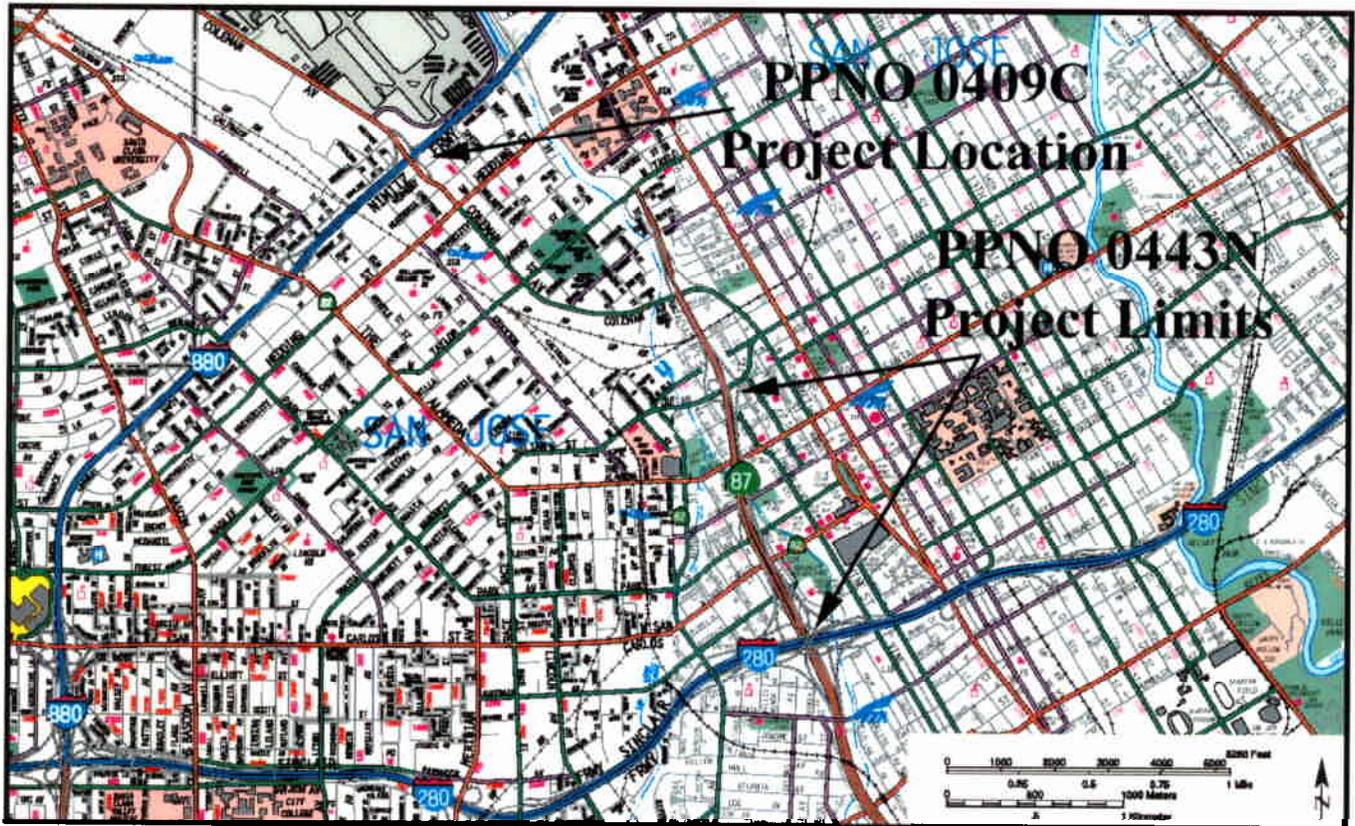
County	CT District	PPNO	EA	Element	Const. Year	PM Back	PM Ahead	Route/Corridor							
Santa Clara	04	0443S	43960K	CO	2003-04	4.9	6.3	87							
Implementing Agency: (by component)	PA&ED	Santa Clara Valley Transportation Authority (VTA)			AB 3090	PS&E	Santa Clara Valley Transportation Authority (VTA)		AB 3090						
	R/W	Santa Clara Valley Transportation Authority (VTA)			AB 3090	CON	Santa Clara Valley Transportation Authority (VTA)		AB 3090						
RTPA/CTC :	Santa Clara Valley Transportation Authority (VTA)														
Project Title:	Route 87 HOV Lane – I-280 to SR-85														
Location:	Between Branham Lane and I-280, a distance of approximately 4.5 miles														
Description:	Construct a HOV lane in each direction in the existing median														
(DOLLARS IN THOUSANDS)															
FUND	TOTAL	Project Totals by Fiscal Year							Project Totals by Component						
		Prior	02/03	03/04	04/05	05/06	06/07	Future	PA&ED (E & P)	PS&E (Design)	R/W SUP	CON SUP	R/W	CON	
Existing	\$10,798			\$0	\$0	\$0	\$10,798	\$0							\$10,798
Change	(\$10,798)						(\$10,798)								(\$10,798)
	\$52,528			\$828	\$4,700	\$4,700	\$4,700	\$37,600							\$52,528
Proposed	\$52,528			\$828	\$4,700	\$4,700	\$4,700	\$37,600							\$52,528
Existing	\$31,000	\$6,830	\$24,170						\$502	\$6,278				\$50	\$24,170
Change	(\$24,170)	\$5,897	(\$24,170)						\$3,707	\$2,140				\$50	(\$24,170)
	\$5,897														
Proposed	\$12,727	\$12,727	\$0						\$4,209	\$8,418				\$100	\$0
Existing	\$41,798	\$6,830	\$24,170	\$0	\$0	\$0	\$10,798	\$0	\$502	\$6,278				\$50	\$34,968
Change	(\$34,968)	\$5,897	(\$24,170)	\$828	\$4,700	\$4,700	(\$10,798)	\$37,600	\$3,707	\$2,140				\$50	\$(34,968)
	\$58,425						\$4,700								\$52,528
Proposed	\$65,255	\$12,727	\$0	\$828	\$4,700	\$4,700	\$4,700	\$37,600	\$4,209	\$8,418				\$100	\$52,528

And Adds:

County	CT District	PPNO	EA	Element	Const. Year	PM Back	PM Ahead	Route/Corridor						
Santa Clara	04	0443N	43961K	CO	2003-04	4.9	6.3	87						
Implementing Agency: (by component)		PA&ED	Santa Clara Valley Transportation Authority (VTA)		AB 3090	PS&E	Santa Clara Valley Transportation Authority (VTA) AB 3090							
		R/W	Santa Clara Valley Transportation Authority (VTA)		AB 3090	CON	Santa Clara Valley Transportation Authority (VTA) AB 3090							
RTPA/CTC :		Santa Clara Valley Transportation Authority (VTA)												
Project Title:		Route 87 North HOV Lane – Julian Street to I-280												
Location:		In downtown San Jose, between Julian Street and I-280												
Description:		Construct a HOV lane in each direction in the existing median												
(DOLLARS IN THOUSANDS)														
FUND	TOTAL	Project Totals by Fiscal Year							Project Totals by Component					
		Prior	02/03	03/04	04/05	05/06	06/07	Future	PA&ED (E & P)	PS&E (Design)	R/W SUP	CON SUP	R/W	CON
STIP Programming – RIP (GARVEE Debt Service)														
Existing	\$0			\$0	\$0	\$0	\$0	\$0						\$0
Change	\$44,720			\$720	\$4,000	\$4,000	\$4,000	\$32,000						\$44,720
Proposed	\$44,720			\$720	\$4,000	\$4,000	\$4,000	\$32,000						\$44,720
Other – Measure Funds														
Existing	\$0	\$0							\$0	\$0				\$0
Change	\$11,563	\$11,563							\$3,608	\$7,217				\$738
Proposed	\$11,563	\$11,563							\$3,608	\$7,217				\$738
TOTALS														
Existing	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0				\$0
Change	\$56,283	\$11,563		\$720	\$4,000	\$4,000	\$4,000	\$32,000	\$3,608	\$7,217				\$738
Proposed	\$56,283	\$11,563		\$720	\$4,000	\$4,000	\$4,000	\$32,000	\$3,608	\$7,217				\$738

STIP AMENDMENT 02S-060

Location Map



04-Santa Clara

PPNO 0409C & PPNO 0443N

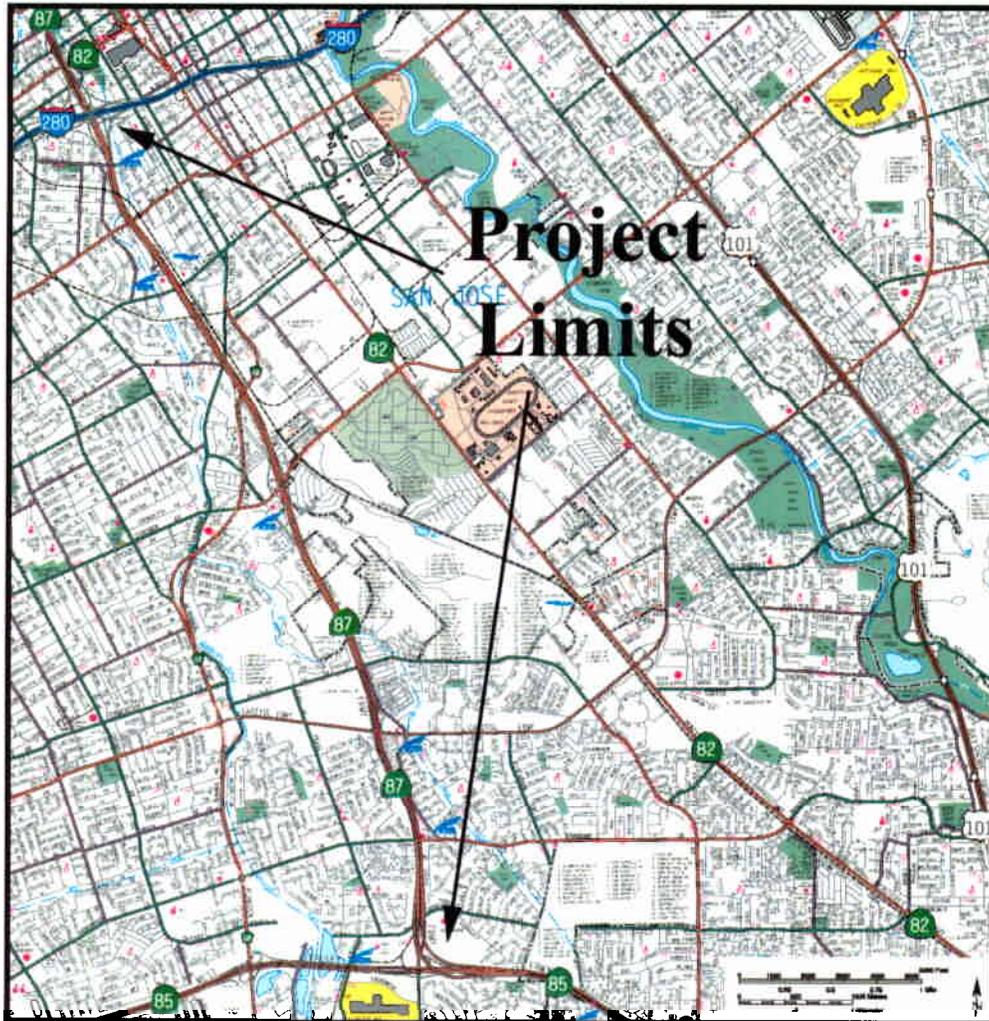
Location: PPNO 0409C – San Jose, Route 880 at
Coleman Ave
PPNO 0443N – San Jose, Route 87
from Julian Street to Route 280

Description: PPNO 0409C – Reconstruct
interchange
PPNO 0443N – Construct HOV lane



STIP AMENDMENT 02S-060

Location Map



04-Santa Clara

PPNO 0443S

Location: San Jose, Route 87 from Branham Lane
to I-280

Description: Construct HOV lane



ATTACHMENT

**SUMMARY OF FUNDING SOURCES AND FEDERAL MATCHING EXPENDITURES
FOR PROJECTS PROPOSED FOR GARVEE FINANCING
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY**

Funding and Cost Summary

Project	PPNO	Principal Amount of GARVEE	Costs of Issuance	Interest Cost at 4%	Total Est'd. GARVEE Financing	SHOPP (Federal)	Total Federal Funds	SHOPP (State)	TCRP Funding	Local Funds	Total Matching Funds	Other Funds (Non-Federal, Non-Matching)	Total Project Cost incl. Financing
I-880/Coleman	0409C	\$ 65,341	\$ 659	\$ 16,872	\$ 82,872	\$ -	\$ 82,872	\$ -	\$ 2,000	\$ 11,429	\$ 13,429	\$ 5,018	\$ 101,319
SR-87 South	0443S	40,901	499	10,584	51,984	14,580	66,564	3,922	-	7,209	11,131	8,603	86,298
SR-87 North	0443N	35,705	295	9,203	45,203	-	45,203	-	-	3,608	3,608	7,291	56,102
		\$ 141,947	\$ 1,453	\$ 36,659	\$ 180,059	\$ 14,580	\$ 194,639	\$ 3,922	\$ 2,000	\$ 22,246	\$ 28,168	\$ 20,912	\$ 243,719

Federal Matching Expenditure Detail

Project	PPNO	Total Federal Funds	Total Matching Funds	Federal Matching Requirement	Surplus Matching Requirement
I-880/Coleman	0409C	\$ 82,872	\$ 13,429	10,737	\$ 2,692
SR-87 South	0443S	\$ 66,564	11,131	8,624	2,507
SR-87 North	0443N	\$ 45,203	3,608	5,857	(2,249)
Total SR-87		\$ 111,767	14,739	14,481	258
Grand Total		\$ 194,639	\$ 28,168	\$ 25,218	\$ 2,950

*For federal matching requirements, the SR-87 North and South projects will be treated as one project.



May 19, 2003

Mr. James Nicholas
Chief, Division of Transportation Programming
California Department of Transportation
Division of Transportation Programming, MS 82
P.O. Box 942874
Sacramento, CA 94274-0001

Dear Jim:

Please let this letter serve as VTA's certification that STIP amendment 02S-060, submitted to the California Transportation Commission (CTC) for action at its' May 2003 meeting is accurate as attached.

Please contact John Ristow of my staff if you need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Evanhoe".

Michael P. Evanhoe
Chief Development Officer

cc: Mark Hariri, Caltrans
Randy Steen, Caltrans
David Brewer, CTC
Marcella Rensi, VTA

**SUMMARY OF FUNDING SOURCES AND FEDERAL MATCHING EXPENDITURES
FOR PROJECTS PROPOSED FOR GARVEE FINANCING
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY**

Funding and Cost Summary

Project	PPNO	Principal Amount of GARVEE	Costs of Issuance	Interest Cost at 4%	Total Est'd. GARVEE Financing	SHOPP (Federal)	Total Federal Funds	SHOPP (State)	TCRP Funding	Local Funds	Total Matching Funds	Other Funds (Non-Federal, Non-Matching)	Total Project Cost incl. Financing
I-880/Coleman	0409C	\$ 65,341	\$ 659	\$ 16,872	\$ 82,872	\$ -	\$ 82,872	\$ -	\$ 2,000	\$ 11,429	\$ 13,429	\$ 5,018	\$ 101,319
SR-87 South	0443S	40,901	499	10,584	51,984	14,580	66,564	3,922	-	7,209	11,131	8,603	86,298
SR-87 North	0443N	35,705	295	9,203	45,203	-	45,203	-	-	3,608	3,608	7,291	56,102
		\$ 141,947	\$ 1,453	\$ 36,659	\$ 180,059	\$ 14,580	\$ 194,639	\$ 3,922	\$ 2,000	\$ 22,246	\$ 28,168	\$ 20,912	\$ 243,719

Federal Matching Expenditure Detail

Project	PPNO	Total Federal Funds	Matching Funds	Federal Matching Requirement	Surplus Matching Requirement
I-880/Coleman	0409C	\$ 82,872	\$ 13,429	10,737	\$ 2,692
SR-87 South	0443S	\$ 66,564	11,131	8,624	2,507
SR-87 North	0443N	\$ 45,203	3,608	5,857	(2,249)
Total SR-87		\$ 111,767	14,739	14,481	258
Grand Total		\$ 194,639	\$ 28,168	\$ 25,218	\$ 2,950

*For federal matching requirements, the SR-87 North and South projects will be treated as one project.