

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: April 25-26, 2012

Reference No.: 4.15
Action

From: BIMLA G. RHINEHART
Executive Director

Subject: **CORRIDOR MOBILITY IMPROVEMENT ACCOUNT – POLICY FOR THE
PROGRAMMING OF PROJECT COST SAVINGS
RESOLUTION CMIA-P-1112-16**

ISSUE:

Should the Commission approve the policy for programming and allocating Corridor Mobility Improvement Account (CMIA) project cost savings at contract award as detailed below?

RECOMMENDATION:

Commission staff recommends that the Commission adopt a “Ready to Allocate” strategy, as detailed below, for programming and allocating CMIA project cost savings at contract award.

POLICY FOR THE PROGRAMMING OF CMIA PROJECT COST SAVINGS:

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 was approved by the voters as Proposition 1B on November 7, 2006. Proposition 1B authorized \$4.5 billion in general obligation bond proceeds to be deposited in the CMIA. Funds in the CMIA are available for performance improvements on the state highway system, or major access routes to the state highway system on the local road system, that relieve congestion by expanding capacity, enhance operations, or otherwise improve travel times within these high-congestion travel corridors. Inclusion of a project in the CMIA program was conditioned on the commencement of construction no later than December 31, 2012.

At the time of adoption of the original CMIA program in February 2007, the Commission programmed 54 projects for \$4.5 billion, leveraging another \$4.6 billion in additional federal, state and local funds. Since, the Commission has allocated over \$2.5 billion to CMIA construction-ready projects, while the remainder is expected to be allocated by June 30, 2012. As the Commission has focused on assuring the delivery of the CMIA program within the statutory deadline, the Commission has also worked with sponsoring agencies to recapture any cost savings at construction contract award. These contract award savings were proportioned among the mix of project funding sources, and resulting CMIA dollars were recycled to program additional CMIA projects. Through the end of 2011, the Commission had committed \$600 million of CMIA savings to 27 additional projects, leveraging an addition \$900 million in other federal, state and local funds. What started as a program of 54 projects valued at \$9.1 billion in total project cost is now a program of 81 projects

valued at \$10.6 billion in total project cost, generating over 190,000 jobs and responding to the wish of the voters by furthering the performance improvements to our transportation system.

As the remaining CMIA projects are awarded, project cost savings continue to accumulate. Since the last round of CMIA project award savings reprogramming in June 2011, approximately \$300 million in additional savings capacity has accrued and is available for programming and allocation by June 30, 2012.

In order to maximize the use of the CMIA funding and the resulting transportation benefits, Commission staff recommends that the Commission adopt a "Ready to Allocate" strategy for the programming and allocation of accrued CMIA project award savings. Under this strategy, the Commission will consider programming and allocating CMIA award savings to only those projects that are Ready to List, consistent with the Department of Transportation's established criteria, that are eligible for allocation by June 30, 2012, and that can commence construction by the statutory deadline of December 31, 2012. Proposed projects must be consistent with existing Commission policies and guidelines related to the CMIA program. Eligible projects will include projects proposed but not funded in the original CMIA Program and enhancements to existing CMIA projects. Staff also recommends that the Commission considers eligible projects to include advancements, that is, projects that are Ready to List by June 30, 2012 but cannot advance to construction due to the lack of funding availability in the current year. Proposed projects will be evaluated and prioritized by Commission and Department staff to confirm CMIA eligibility, Ready to List status, Ready to Allocate by June 30, 2012, and ability to commence construction by December 31, 2012. Projects which meet these criteria will be included on the next Agenda for Commission consideration.

Staff also recommends the Commission invite project sponsors to propose projects that are consistent with the above strategy to the Commission for evaluation and consideration of placement on the upcoming May and June meeting agendas.