

Subject	Issues relative to the Regional High Occupancy Toll (HOT) Lanes Network Proposal in MTC’s T-2035 Regional Transportation Plan (RTP).
Summary of Issues	MTC staff is proposing that a “regional” HOT lane network be included in the 2009 RTP. At issue, is how such a network should be managed, and how the potential revenues would be administered. Initial discussions have been held among staff from MTC and the Alameda, Santa Clara, Solano and Contra Costa CMAs, but a consensus has yet to emerge. Alameda and Santa Clara - which already have statutory authority to proceed with HOT lanes - are concerned about how future revenues from their projects might be used if a regional network were to be created, and the initial reservations of our Authority have been shared. Major issues to be resolved include governance, management, the degree to which HOT lanes in one area would fund construction of those in other areas, and how revenues from HOT lanes might be applied.
Recommendations	Staff recommends that the Authority provide general direction to staff regarding issues of greatest importance to the Authority.
Financial Implications	MTC has projected that revenues “net” of debt service and operating costs from a Bay Area HOT lanes network could be between \$1.5 and \$6.1 billion over the twenty-five year period covered by the RTP. Under MTC’s assumptions, Contra Costa’s share of net revenue could range from \$400 million to \$1.8 billion, 29 percent of the total.
Options	<ol style="list-style-type: none"> 1. Defer discussion until more formal proposals are presented; 2. Provide other direction.
Attachments (For “A”, see APC Packet dated 6/5/2008)	<ol style="list-style-type: none"> A. Selected MTC Slides re HOT Lanes Proposal B. (NEW) Draft Proposed “Bay Area Express (HOT) Lanes Network: Objectives and Principles for Implementation” prepared by staff of Alameda, Contra Costa and Santa Clara CMAs, dated June 3, 2008.
Changes from Committee	<i>The above working draft proposed HOT Lanes Objectives and Principles are forwarded for Authority review and discussion.</i>

Background

The Alameda CMA has been working to implement HOT lanes since 2001, focused particularly on I-680 over the Sunol Grade, and I-580 through the Tri-Valley. Final design is underway for the I-680 Sunol Grade project. Santa Clara also has statutory authority for two HOT lanes, and ultimately envisions a HOT lane network throughout Silicon Valley.

As part of the initiation of the 2009 RTP, MTC staff proposed a “regional” HOT lane network that included major corridors in seven of the nine Bay Area counties, excluding only Napa and San Francisco. The proposal also identified three “donor” counties – Alameda, Contra Costa, and Santa Clara – whose

excess HOT lanes revenue (after accounting for maintenance and operations), would help fund the capital cost of HOT lanes in the remaining four counties.

MTC staff has identified the benefits of a regional HOT lane network and joint financing as:

- Quick delivery – full network by 2015 versus 2035 under pay-as-you-go scenarios;
- Uniform design approach to Caltrans relative to design exceptions;
- Consistent standards and operating procedures for the consumer; and
- Potential generation of \$5 billion over the RTP period for other purposes. (MTC staff identified these as “discretionary” revenues as part of the RTP)

Authority staff believes that these benefits are overstated, particularly the rapid delivery concept - which is not reasonable, given the time required to implement the projects - and the many operational and design issues that a large network would entail. In addition, surveys conducted by the Alameda and Santa Clara CMAs indicate that toll revenues need to be used to benefit travelers in the same corridor in order to generate public support. The concept of shifting toll revenues from one corridor to support projects in another – particularly if they were to be in different counties – seem problematic from a political and public acceptability standpoint. Nonetheless, the Authority will need to respond to this policy initiative.

Until recently, MTC staff had not entered into any dialog with the CMAs. However MTC staff now acknowledges that this is a politically sensitive subject, which will require a collaborative approach. Further discussion is to occur at a CMA Association meeting to be held on May 30th. Staff will brief the APC on any consensus that might emerge from that meeting. A set of *Objectives, Principles for Implementation, and Principles of Agreement* is being drafted by the CMAs, and will be presented to the APC if there appears to be agreement on an overall approach.

Subsequent to the APC meeting, further discussions were held with MTC staff, and an informal exchange of policy proposals has occurred. The attached document reflects an initial framework proposed by Alameda, Contra Costa and Santa Clara staff as a starting point for discussions. Of great interest to the CMAs are the questions of governance, policy setting, and how costs and revenues would be utilized. The attached document seeks to lay out broad objectives and principles for implementation without delving into the more difficult issues of cost and revenue sharing, governance, and policy setting.

To date, MTC staff's proposals have been less formal, but tend towards MTC management of the HOT lanes program through the Bay Area Toll Authority (BATA) and its committees. MTC staff has emphasized the purported “benefit” of faster delivery of the HOT lanes network presumed to be a function of their proposal to utilize BATA bridge toll revenues as a “credit enhancement” facility (essentially, insurance) for HOT lane revenue bonds. However, debt service would be defrayed by HOT lanes revenue; the MTC staff proposal does not envision actually using bridge toll revenues to cover debt service. Staff has not included an attachment since the MTC staff proposal is not formally documented, other than through a superficial Powerpoint presentation that does not clearly deal with governance, detailed objectives, a clearly conceived strategic plan for how the lanes would be implemented, or other critical issues.

Relative to the MTC staff's apparent position, Alameda, Contra Costa and Santa Clara CMA staff believe that a governance structure different from BATA that provides a more significant role for appointees from the CMAs, as well as spelling out a detailed role for Caltrans, will be critical to achieving consensus. The other principles outlined in the attachment are also essential provisions.

2009 RTP

BAY AREA EXPRESS (HOT) LANES NETWORK

June 3, 2008

2009 RTP OBJECTIVES

Development and Implementation of a Bay Area Express /High Occupancy Toll (HOT) Lanes Network has four primary objectives:

- More effectively manage the region's freeways in order to provide higher vehicle and passenger throughput and reduce delays for those traveling within each travel corridor;
- Provide an efficient, effective, consistent, and seamless system for users of the network;
- Provide benefits to travelers within each corridor commensurate with the revenues collected in that corridor, including expanded travel options and funding to support non-highway options that enhance effectiveness and throughput; and
- Implement an Express/HOT Lane Network including all freeways in the Bay Area in an expedited time frame.

IMPLEMENTATION

1. Collaboration and Cooperation. To accomplish the objective requires collaboration and cooperation by numerous agencies at several levels of government, including the CMAs, Caltrans, CHP and MTC.
2. Corridor-Based Focus & Implementation. Utilize a corridor-based structure that recognizes commute-sheds and geographic communities of interest as the most effective and user-responsive models for Bay Area Express/HOT Lane facilities implementation.
3. Reinvestment within the Corridor. Recognize that popular, political and legislative support will rest on demonstrating that the revenues collected in a corridor are returned to benefit travelers – including the toll payers – in the corridor through a variety of mechanisms, including additional capital improvements on the freeway and parallel arterials, providing support for transit capital and operations that increase throughput capacity in the corridor, and providing funds for enhanced operations and management of the corridor.
4. Corridor Investment Plans. Corridor Investment Plans, developed by stakeholder agencies within the corridor, will direct reinvestment of toll revenues to capital and operating programs serving the corridor.
5. Simple System. Users deserve a simple, consistent and efficient system that is easy to use and includes the following elements: (a) consistent geometric design; (b) consistent signage; (c) safe and simple operations; (d) common technology; and (e) common marketing, logo and terminology.
6. Governance. Establish a new policy body to oversee the implementation and management of a Regional Express/ HOT Lane Network for the Bay Area.