

**POLICY**  
**For**  
**ADVANCEMENT OF MEASURE J PROJECT DEVELOPMENT WORK**

The Authority has committed to a \$300 million bond issue in September 2009, and is anticipating an additional bond issue of \$150 million in 2012. Bond proceeds must be expended on capital projects within three years from the date of the issuance. In order to meet this requirement, the Authority has previously expressed a strong desire to have as much project development work completed as possible prior to September 2009.

Significant advance work is already underway in East County, with the Authority taking the lead on final design for State Route 4 (east) (Liveridge to Somersville and then to State Route 160) using a mix of Measure C, Traffic Congestion Relief Program (TCRP), and federal earmarks. Authorization and funding capacity exists in the Measure C program for the activities underway on this segment of Route 4. In addition, BART and the Authority are working collaboratively on the environmental clearance phase for eBART using Regional Measure 2 (RM-2) toll bridge funds, Measure C and MTC funds.

In Central/Southwest County final design for the Caldecott Tunnel fourth bore is underway using RM-2 and TCRP funds. By adopted Authority policy, Measure C funds are used to pay Caldecott invoices, and then the Measure C program is entirely reimbursed with RM-2 and TCRP funds. In Central County, work is about to get underway on the RM-2 mandated study of HOV access in the I-680 corridor, which will help define a Measure J-eligible project(s). Staff understands that there are also potential projects in Central County's Measure J "Major Streets" category that could be advanced. Using Measure C funds for these activities, even as a bridge before reimbursement with other funds would require Board authorization.

In West County, Authority staff has begun discussions with local jurisdictions to begin project development work on the I-80/San Pablo Dam Road interchange (environmental clearance) and I-80/Central Avenue interchange (preparation of project study report and environmental document). The City of Hercules is taking the lead in designing the Hercules rail station. Using Measure C funds for these activities, even as a bridge before reimbursement of other funds would require Board authorization.

In Southwest County, San Ramon has expressed interest in advancing project development work (preparation of project study report) for the I-680 HOV/Express bus ramps at Norris Canyon – which is also eligible for Measure C I-680 category funds. While sufficient capacity exists in the Strategic Plan, use of Measure C funds would require Board confirmation.

As can be seen from this brief survey of ongoing efforts, several options are available for funding advance project development work on major Measure J-eligible projects. If the project is also eligible under Measure C and funds remain unprogrammed in the

appropriate category, the Authority could elect to appropriate Measure C funds consistent with its current policies. If other funding sources are available in addition to Measure C and Measure J – such as federal earmarks, TCRP or MTC funds they could be used. If other funds are not available, or are exhausted – and the Authority’s cash flow permits - Measure C funds could potentially be advanced with future reimbursement/repayment from Measure J revenues earmarked for the relevant project category in 2009. The sponsor would have to agree to a loan interest rate over the period. (Loan rates have already been specified by the Authority for the SR4 Bypass and Caldecott projects, and are required under GASB accounting rules). If Measure C cash flow became constrained, and the cash balance were to drop below the reserve target of \$10 million, the Authority has already approved in concept a short term financing strategy (e.g. commercial paper) to be repaid with Measure J.

The following policies address advancement of project development work for Measure J projects:

1. **Sponsor Advancement of Funds for Project Development.** A prospective sponsor of a Project may undertake project development work at its own cost, without reimbursement from Measure J funds. Retroactive reimbursements from Measure J will not be provided for project development work undertaken without prior approval from CCTA.
2. **Authority Advancement of Project Development Work for a Project which is also included in the Measure C Expenditure Plan.** When a sponsor requests commencement of project development work for a Project eligible for funding under Measure C (such as Route 4 East widening, I-680 Improvements, etc.), the sponsor must:
  - a. Obtain support from the relevant RTPC(s);
  - b. Submit a request for a Measure C Strategic Plan amendment to the Authority detailing the project scope, schedule, and financial plan including the proposed appropriation of Measure C funds;
  - c. Comply with all relevant policies governing the expenditure and management of Measure C projects;
  - d. If the proposed Measure C funding category is already fully programmed, the Authority would be unable to approve the request unless funds were shifted from another project in the same category.
3. **Authority Advancement of Project Development Work for Project not in Measure C Expenditure Plan.** When the Authority advances project development work for Measure J projects, the following conditions apply:

- a. The sponsor must submit a letter requesting Authority approval of the advanced project development effort and detail the Project schedule and proposed funding plan<sup>1</sup>. The Authority must make a determination that advance project development work is prudent, given the project's readiness, financial plan and local support; and
- b. The sponsor should request the RTPC designate the project as a desired candidate for bonding;
- c. Measure C funds that are advanced for a Project will be repaid with Measure J revenues earmarked for the Project in October 2009. The reimbursement will include accrued interest based on the actual LAIF rate in effect. If the Authority's cash balance is projected to go below \$10 million, the reimbursement will include capitalized interest at the Commercial Paper rate;
- d. If the Authority chooses to issue "Commercial Paper" in order to advance Measure J project development, the advance including interest and the Project's proportional cost to issue the "Commercial Paper" will be repaid from Measure J revenues earmarked for the Project in October 2009;
- e. Repayments from Measure J in October 2009 shall include capitalized interest<sup>2</sup> accruing during the period of the advance;
- f. Reimbursement will be limited to consultant services costs. Sponsor's staff costs for oversight of the project development work will not be reimbursed;
- g. The Authority and the sponsor enter into an cooperative agreement, prior to commencement of project development work, that spells out the conditions, responsibilities of each party, requirements and timing for reimbursement – including strict accounting of the eligible expenses for which future reimbursement will be requested; and
- h. In approving such requests the Authority will consider geographic equity in light of the anticipated use of bond proceeds. To the maximum extent possible, allocation of bond proceeds between the different RTPCs should

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<sup>1</sup> Authority staff is investigating any restrictions that might affect its ability to directly allocate Measure C funds to a local agency for Measure J project development.

<sup>2</sup> As a point of reference, if the Authority were to advance \$1 million in October 2006 at an effective LAIF or commercial paper rate of 3%, the repayment from Measure J in October 2009 would be \$1.093 million, which includes capitalized interest over 3 years. If the interest rate were 4% or 5%, the Measure J repayments would be \$1.125 million and \$1.158 million, respectively.

conform to the percentages of Measure J capital funds designated for each subregion as approved in the expenditure plan approved by the voters in November 2004. However, the Authority may deviate from said percentages if expenditure of bond proceeds within the required time frame is not attainable.