RCTC’s Road to Recovery: Recalibrating the Western Riverside County Highway Delivery Plan

January 28, 2010
Progress – the Key to Recovery

• New Measure A now in place
• Economic crisis has led to declining revenues
• Uncertain traffic and revenue from tolls
• State’s economic issues are jeopardizing programs
• RCTC must take advantage of opportunities for success and progress while continuing to move forward on projects of significance
Today’s Agenda

• Consider changes since 2006
  – Review original plan
  – Review changed economic conditions

• Discuss current progress in regard to individual projects

• Review and re-evaluate previous policy decisions and assumptions

• Obtain clear Commission direction on how to move forward to ensure long-term success and progress
Review of the Original Plan
Original Delivery Plan

• Immediately pursue construction:
  – Interstate 215
  – Interstate 10
  – State Route 91
  – Interstate 15

• Pursue environmental clearance:
  – Bi-county Interstate 215 project
  – Mega projects: State Route 79 realignment & Mid County Parkway

• Protect right of way for mega projects

• Consider additional projects as opportunities arise
Improvements

- Add mixed flow lane in each direction from I-15 to Nuevo Road
- Construct HOV lane in each direction from Nuevo Road to Box Springs Road
Proposed

PROPOSED I-215
ADD ONE (1) MIXED FLOW LANE EACH DIRECTION IN EXISTING MEDIAN FROM NUEVO ROAD TO I-215 / I-15 INTERCHANGE

LEGEND:
- Green: Widened Lanes

3 MIXED FLOW

I-215
Construct east bound truck climbing lane from San Bernardino County line to 60/10 interchange
Improvements

- Construct two HOT lanes & a general purpose lane from OC line to I-15 & a general purpose lane to Pierce Street
- Construct EB auxiliary lane from OC Line to Serfas Club Drive
- Build Connector Improvements & Collector Distributor (CD) System at SR-71
- Implement Connector Improvements and CD System at I-15
Improvements

PROPOSED ROUTE 91
ADD ONE (1) MIXED FLOW + ONE (1) AUXILIARY + TWO (2) TOLLED EXPRESS LANES
EACH DIRECTION FROM ORANGE COUNTY LINE TO I-15
Improvements

- Add 2 HOT lanes in each direction from San Bernardino County line to SR-74
- Construct HOV lane from SR-74 to I-215
- Support French Valley Parkway
- Coordinate with SANDAG regarding future improvements
Proposed

Proposed I-15
Add two (2) toll lanes + one (1) mixed flow in each direction from SR-74 to SR-60

Legend:
- Tolled Express
- Widened Lanes
Riding the Rollercoaster

Measure A Revenues

- Actual
- Projection
- Budget
Measure A Reality

- Western County highway program receives 22.5% of overall Measure A receipts
- Measure A receipts have declined by 20% in recent months
- FY 2010 receipts average $9 million monthly
- Current projection for this fiscal year is $106 million for the entire program
- Western County highway receipts for the first 10 years will be less than half of the 2006 forecast
State Funding Another Worry

- Governor’s budget proposal could impact STIP projects
- STIP problems compounded by state’s shaky credit rating
- Uncertainty is the biggest problem – especially if budget conflicts drag on beyond deadlines
- The Measure A program relies on state and federal revenues to leverage local dollars
Facing Reality

• We lack the money to fund the entire 2006 Western County Delivery Plan as envisioned

• Revised project priorities need to be established

• Direction needed on a number of unprecedented actions including:
  – Lifting the bond cap
  – Considering private sector involvement on toll projects
  – Strong advocacy on state and federal policy direction

• The Commission faces cash flow issues in mid-2012 without revisions to current plans
Western County Expenditure Plan funds a variety of project and service categories including:

- State Highways
- New Transportation Corridors
- Public Transit
- Regional Arterials
- Local Streets and Roads
- Economic Development Incentives
- Debt Financing Costs
Additional Limitations

- Some funding sources are limited to specific projects:
  - CMIA (I-215 & SR-91 HOV)
  - Federal Earmarks (Perris Valley Line)
- Return to source provision in Measure A
- Measure contains $500 million bond limitation
So What Do We Do?
Active Projects Nearing Construction

- 60/215 East Junction
- SR-91 HOV lanes in downtown Riverside
- 74/215 Interchange Project
- SR-60/Valley Way Interchange
- SR-91/Van Buren Interchange
- SR-74 Curve Realignment
- Additional ARRA projects
Current Projects

- Dependent on 1989 Measure A and State Funding
  - Total cost: $425 million
  - State funding needed: $211 million
  - Federal or other funding needed: $121 million
  - Measure funding available: $123 million

- Outlook: Can be funded if state transportation funds remain whole

- Recommendation: Continue at full speed but consider delaying SR-91 HOV in Riverside if state funds are cut
Strategic Highway Projects

- **Mid County Parkway**
  - Complete PA/ED
  - Consider extraordinary right of way acquisitions on a pay-as-you go basis

- **SR-79 Realignment**
  - Complete PA/ED
  - No right of way acquisition funding available at this time
Rail Projects/Operations

- Currently operating on 1989 Measure A reserves
- Sufficient funds for short-term capital projects
- Sufficient funds for operations through 2013
- Long term operating needs exceed planned revenue – station costs are a major concern
- Perris Valley Line has attracted federal support, but will add to long-term operational costs
Priority Projects

• Insufficient funds to maintain progress on all projects

• Projects “above the line”
  – Prioritize
  – Loss of state funding = Delay

• Projects “below the line”
  – Complete current work and stop
  – No money for new projects
I-215 Priority Projects

- I-215 – Murrieta Hot Springs to Scott Road
  - Heavily dependent on CMIA
- I-215 – Scott Road to Nuevo Road
  - Requires STIP funding
- I-215 Bi-County Gap Closure
  - Attracts San Bernardino funding
- French Valley Parkway Interchange
  - Eligible for Measure A new corridor funding and included in the STIP
I-215 Priority Projects

• I-215 Gap Project
  – Relatively inexpensive project to maximize benefit of I-215 widening & French Valley Parkway

• I-215 Nuevo Road to Box Springs Road
  – Has yet to begin environmental work – already at three lanes in each direction
Additional Priority Projects

- **I-10 Truck Climbing Lane**
  - Included in Delivery Plan but project yet to be defined

- **71/91 Interchange and Flyover**

- **I-15 Corridor Improvement Project**
  - Environmental Work Underway

- **SR-91 Corridor Improvement Project**
  - Envisioned to be the largest RCTC project in history – environmental work underway
PRIORITIZATION STRATEGY
Current Projects

- Maintain delivery
- Retain Measure A savings on 74/215 Interchange
  - SR-91 HOV, East Junction, eligible regional arterial
  - No local stimulus program
  - Maximize federal funding
- SR-91 HOV
  - Delay Riverside project if CMIA funds fail to materialize
Establish the following priorities:

1. South--Murrieta Hot Springs Road to Scott Road
2. Central--Scott Road to Nuevo Road
3. Bi-County HOV Project
4. French Valley Parkway IC and Gap Closure

Defer: North—Nuevo Road to Box Springs Road
I-15 Corridor

• Complete PA/ED
• Scope re-evaluation underway- complete July 2010
• Assume deferral of PS&E
• Reassess status in July 2010
• Continue monitoring and support of French Valley Parkway
I-10 Corridor

- Defer start on truck climbing lane
Rail Program

• Deliver PVL
• In conjunction with SCRRRA, explore long-range budget issues
• Work with Commission to consider long-range RCTC Metrolink policy items including:
  – Station operations costs
  – Advertising
  – Parking
SR-91 Corridor Improvement Project...

...Full Speed Ahead
SR-91 CIP

• Don’t stop/don’t slow down
  • Continue to move the project forward

• Implement phasing plan
  • Need to reduce project cost to maintain project financial feasibility
  • Proceed with an initial project and ultimate project concept
  • Defer certain improvements

• Explore alternative funding options
  • Private company equity
  • OCTA
  • Federal funds
SR-91 CIP Design-Build

• Don’t stop/don’t slow down
  • Continue environmental phase of work
    • 65% complete, environmental approval Sept. 2011
  • Continue design-build phase of work
    • Obtain design-build authority from the CTC
    • Commence procurement of a Design-Builder
    • Start application to obtain federal TIFIA funding
    • Green light to Project and Construction Manager (PCM) for remaining design-build phase 1 work
  • Commence acquisition of right of way
  • Continue agreement work with other agencies
    • Caltrans, OCTA, Corona, and others
SR-91 CIP Funding

- Three-legged funding stool
  - Toll revenue bonds
  - Federal loan
    - (TIFIA - Transportation Investment Finance Innovation Act)
    - Measure A sales tax (and other public funds)
- First, maximize use of toll revenue bonds and federal TIFIA loan
- Second, use Measure A funds to close any funding gap
SR-91 CIP Funding

- 2006/2007 toll feasibility work (Level 1)
  - Use Measure A funds for project development work
  - **Pay back** Measure A funds after the sale of toll revenue bonds
    - No net Measure A dollars needed for SR-91
  - Allowed Measure A dollars planned for SR-91 to be used elsewhere

- 2009/2010 toll feasibility work (Level 2)
  - Use Measure A funds for project development work
  - Significant Measure A funds needed to close funding gap
    - **Current estimate = $450 million ($2011) of Measure A funds needed**
  - Impact to planned use of Measure A funds by other projects
SR-91 CIP Funding

• 2002 Measure A (excerpt from voter information)
  • SR-91 – Pierce St. to Orange County Line – 1 lane in each direction $161 million
  • 91/15 – interchange – add new connector from I-15 North to 91 West $243 million
  • Total $404 million ($2001) ($658 million in $2011)

• 2006 Measure A 10-Year Western County Delivery Plan
  • SR-91 – Pierce St. to Orange County Line – 1 lane in each direction $300 million
  • 91/15 – interchange – add new conn. (I-15N to 91W) and CD system $311 million
  • Orange County line to 91/15 interchange – extend Express Lanes $125 million
  • Total $736 million ($2006) ($939 million in $2011)
SR-91 CIP Phasing Funding

- Project remains financially feasible
  - Positive net present value over life of project (2016-2066)
  - Measure A funds are now required to construct it

- Tolled express lanes still subsidize other improvements
  - General purpose lane, auxiliary lanes, collector-distributor system, and interchange improvements are still partially paid by tolls

- Strategies used to maintain a financially feasible project
  - Revisited key assumptions in 2009 (financial, Corridor A, traffic & revenue forecast, etc.) that have a major impact to results
  - Prepared an independent financial model to verify previous work
  - Reduced capital costs and the necessary Measure A funds required by deferring some work elements to the future (phasing the work over time)
SR-91 CIP Phasing Elements

- Implement phasing plan to “right-size” project and reduce capital costs
- *Initial Project* will construct...
  - One lane each direction from SR-71 to I-15
  - Improvements to six local interchanges
  - Merging and weaving lanes between interchanges
  - I-15/SR-91 interchange improvements
  - Extend tolled Express Lanes to I-15
  - Tolled Express Lane direct connector to and from the south at I-15
- *Ultimate Project* will...
  - Defer five elements to the future
Five potential phasing elements were chosen from a longer list of ideas to reduce capital costs:

- Phasing options were selected based on their potential to significantly reduce costs.
- Other factors: Measure A commitments, toll revenue, purpose and need of project, practicality.

Incorporating these phasing elements has...

- Reduced capital costs by an estimated $600 million.
- Substantially improved the project’s financial feasibility.
SR-91 CIP Phasing Elements

Phasing Element 1: Tolled express lanes to the north of SR-91
- Defer one tolled express lane in each direction on I-15 between SR-91 and Hidden Valley Parkway
- Defer tolled express lane direct connector to and from the north at I-15

Phasing Element 2: Gen. purpose lanes from SR-71 to SR-241
- Defer one general purpose lane in each direction from SR-71 to SR-241

Phasing Element 3: 71/91 interchange project
- Defer the two-lane, freeway-to-freeway, flyover ramp between eastbound SR-91 and northbound SR-71 and other interchange improvements

Phasing Element 4: SR-91 improvements east of I-15
- Defer one general purpose lane and one tolled express lane in each direction between I-15 and Pierce Street

Phasing Element 5: I-15 improvements south of SR-91
- Defer one tolled express lane in each direction on I-15 from south of Magnolia Avenue to south of El Cerrito Road
SR-91 CIP Phasing Options

- The map below shows the Initial Project elements in yellow and the five phases of work proposed to be deferred in green as part of the Ultimate Project.
SR-91 CIP Alternative Funding

- Explore alternative funding options
  - Is a Public Private Partnership (PPP) a viable Plan B?

- How much $ could a PPP bring to the project in private equity?

- Currently updating initial PPP feasibility work from 2006/2007

- Policy issues raised with PPP...
  - Ownership vs. control of the toll facility
  - RCTC Board approve tolling policy
  - Prevent “non-compete” clauses
SR-91 CIP Alternative Funding

– Can OCTA assist with funding?
  • General purpose lanes from SR-71 to SR-241 (phasing option 2) are desired
  • Staff reviewing possible options with financial/toll experts

– Seek new federal funding for the SR-91 CIP
  • Federal reauthorization (multi-year funding plan to replace SAFETEA-LU)
Related Policy Positions

• Build SR-91 CIP prior to I-15 CIP
  – Traffic management and demand requires 91 work
  – 91/15 interchange work will have impact
  – French Valley Parkway and I-215 critical to addressing Southwest county traffic issues along with I-215

• Defer Corridor A project
  – Toll feasibility assumes no Corridor A, revenue impact

• Federal support needed for TIFIA
  – Expand and improve TIFIA in next federal transportation reauthorization

• CTC action for design-build (or PPP) authority
  – Application for design-build authority submitted
Next Steps
$500 Million Debt Limit

- We need to increase cap to $1 billion even if SR-91 CIP can be financed under the current limit
- Timing a concern and polling is critical early this year
- Funding needed for other Measure A priorities
  - Regional arterials
  - New corridors
  - Coachella Valley needs
Next Steps

• Approval of Project Reprioritization Strategy
• Designation of 91 CIP as the top “Priority Project”
• Support “right-sized” 91 project scope
• Consider private sector possibilities
• Take initial steps to consider raising of bond cap
  – Initial polling
  – Work with other agencies to coordinate job creation messages and efforts