



Administration and Projects Committee **MINUTES**

MEETING DATE: March 7, 2013

MEMBERS PRESENT: Robert Taylor, Julie Pierce, Janet Abelson, Newell Arnerich,
Mike Metcalf

STAFF PRESENT: Randell Iwasaki, Ross Chittenden, Susan Miller, Randy Carlton,
Hisham Noeimi, Arielle Bourgart

MINUTES PREPARED BY: Nikki Simonsen

A. CONVENE MEETING: Acting Chair Julie Pierce convened the meeting at 8:30 am.

B. PUBLIC COMMENT: None.

C. ELECTION OF CHAIR AND VICE CHAIR FOR 2013.

ACTION: The Committee elected Robert Taylor as Chair, 5-0, nominated by Janet Abelson and seconded by Newell Arnerich

The Committee elected Julie Pierce as Vice Chair, 5-0, nominated by Janet Abelson and seconded by Mike Metcalf

D. APPROVAL OF MINUTES:

ACTION: The Committee approved the Minutes, 5-0, moved by Chair Taylor and seconded by Julie Pierce.

CONSENT CALENDAR

1.0 Monthly Project Status Report.

2.0 Monthly Accounts Payable Invoice Report for January 2013.

3.0 Monthly Cash and Investment Report for January 2013.

- 4.0 Listing of Construction Change Orders (CCOs) Greater than \$25k for Construction Contracts Less than \$15M, and Greater than \$50k for Construction Contracts Larger than \$15M.**
- 5.0 Annual Acknowledgement of Respect in the Workplace Policy.**
- 6.0 I-680 Auxiliary Lanes Project – Segment 2 (Project 1106S2) – Authorization to Execute Amendment No. 2 to Cooperative Agreement No. 90.11.18 (District Agreement No. 04-2439) with Caltrans for Construction and Construction Management Services.**
- 7.0 State Route 4 Widening Project – Somersville Road to SR160 (Project 1407/3001) – Amendment No. 1 to Agreement No. 294 and Amendment No. 2 to Agreement No. 301 with PG&E for Utility Relocation.**
- 8.0 Railroad Avenue Station in Pittsburg (Project 2002).**
 - 8.1 Amendment No. 3 to the 2011 Measure J Strategic Plan.**
 - 8.2 Concurrence with BART Regional Measure 2 (RM2) Allocation Request to the Metropolitan Transportation Commission (MTC).**

ACTION: The Committee approved the Consent Calendar, 5-0, moved by Julie Pierce and seconded by Mike Metcalf.

End of Consent Calendar

REGULAR AGENDA ITEMS

- 9.0 Regional Express Lanes Network**
 - 9.1 Metropolitan Transportation Commission (MTC) Status Update.**

ACTION: This item was presented for information only.

DISCUSSION:

Ross Chittenden, Deputy Executive Director for Projects, presented this item, noting that it was one in a series related to the regional Express Lanes Network. Mr. Chittenden provided background on the express lane project and proposals presented in 2011 for operating a regional express lanes route through Alameda, Solano, and Contra Costa counties. He stated that studies over the summer of 2012 indicated that regional express lanes provided a choice for non-carpool drivers to use excess capacity in carpool

lanes for a fee, showing that transportation demand management reduces congestion and improves throughput on the existing infrastructure, and that it was a popular tool for improving travel time as well as producing a modest revenue stream.

Mr. Chittenden said that MTC proposed to use the express lane revenue stream to complete the HOV network, intended to promote carpooling and the use of express buses. He noted that the revenue stream would be an important tool in managing the system. Mr. Chittenden said that MTC received approval from the CTC to develop the network, and was working with the Bay Area Toll Authority (BATA) to establish policies which address concerns related to collaborative planning and local control.

Mr. Chittenden introduced Andrew Fremier, the Executive Director of Operations for MTC, who reviewed a PowerPoint presentation on the MTC Express Lane Network. Mr. Fremier started by pointing out that the Express Lane Network included 550 miles total between 4 counties, for which MTC had authority to construct 270 miles in the northern part of the district, including the I-80, I-680, and the I-880 corridors. He noted that MTC was making an effort to ensure a seamless system, making communication simple and easy for users. Mr. Fremier emphasized the importance of express lanes due to the inability to widen the corridors and the need to relieve congestion. He added that while there was an efficient express bus service in place, its effectiveness was limited by gaps in the HOV system.

Mr. Fremier also discussed the coordination of ramp metering with the express lanes. He said that there were many projects currently underway in the I-880 and I-680 corridors, and that MTC recognized the need to maintain open communication with the local agencies and the general public. Mr. Fremier noted that MTC was working closely with CCTA on the I-680 corridor, which he said was recognized as a designated scenic corridor.

Mr. Fremier said that MTC hoped to convert large portions of the network of HOV lanes to toll lanes that would be put into service in 2015, with a toll system that works for the entire region.

Mr. Fremier reported on a change in the governance structure to include an existing joint powers authority called the Bay Area Infrastructure Financing Authority (BAIFA). He said that BAIFA, made up of a subset of MTC commissioners, would take on the authority to develop and operate the network. He explained that BAIFA has some key policy decisions, separate from MTC or BATA, and that it would deal with phasing, design, procuring and operating the toll system, and financing for the various projects.

He pointed out that MTC, BATA and BAIFA were working together on a very aggressive timeline for the projects.

Mr. Chittenden added that in addition to the collaborative efforts of CCTA and MTC, a public information group had been initiated to inform and educate the public on express lanes.

Newell Arnerich said he was impressed by the progress, and while the Walnut Creek southbound to Danville area seemed like an easy conversion process, he was concerned for Danville about ramp metering going northbound. Mr. Arnerich said that it would gridlock the streets of Danville, and that ramp metering would cause slowing at the conversion area near the Park and Ride facility. He went on to say that, considering the high cost of the project, he was concerned about the actual revenue that would be generated.

Mr. Chittenden responded that there would be other operational improvements on I-680 that should help the overall project run smoothly. He mentioned the recently-formed corridor study groups that would be looking at all points of congestion, especially northbound through Walnut Creek. Mr. Arnerich reiterated for the record there were some real concerns from the Town of Danville.

Janet Abelson expressed concerns regarding transponder usage and travelers from out of town. Mr. Chittenden responded that education and signage would be a main focus. Discussion ensued regarding the use of transponders and toll tags.

Mike Metcalf asked about the public's perception of the express lanes and whether they were being constructed to accommodate additional traffic in the future. Mr. Fremier responded that the goal of carpooling was to relieve current and future congestion.

Julie Pierce explained that while she was skeptical at first, she now views express lane systems as beneficial. She said that she uses the express lanes in San Jose and appreciates having a choice to pay a little to get through traffic quicker when necessary.

Newell Arnerich expressed his concern that ramp metering would not be a valuable addition to the express lanes project.

Mike Metcalf said he appreciated that the project would be well studied, and that he hoped there would be a concerted regional public outreach effort.

There was further discussion regarding express lanes and ramp metering across the nation and in other countries. Ross Chittenden explained that widening I-680 was not an

option. Mr. Fremier pointed out that closing the gaps between the HOV lanes would be a key factor in relieving congestion.

Chair Taylor requested that MTC staff be present at future meetings to answer any questions that may arise.

9.2 Interstate 680 – North Segment (I-680N) Express Lane Conversion - Request for Proposals (RFP).

Action: The committee approved this item 4-1, with direction to staff to request that the HOV lanes open and operate for 6 months prior to express lane conversion, moved by Chair Taylor and seconded by Julie Pierce.

Discussion:

Ross Chittenden presented this item, and explained that the Request for Proposals was to scope and environmentally clear a segment of the regional Express Lane Conversion and HOV Network on I-680, and design the combined Express Lane Gap Closure project. He said that upon completion of design, either Caltrans or CCTA would issue a construction contract to build the HOV Gap Closure through I-680 and install signage, communication equipment, and toll equipment. Mr. Chittenden pointed out that CCTA was not taking on operational or maintenance responsibilities under the proposed contract, but only the studies and environmental work and design. He explained that it would take roughly 14 months to get to the final environmental document for the southbound I-680 HOV project.

Mr. Chittenden said that staff recommended initiating the scoping and environmental study on I-680 to convert the HOV lanes to express lanes. He noted that staff wanted to combine this project with the gap closure project. If approved, CCTA would release the RFP in late March, allow six weeks for consultants to respond, and following an interview process and selection process, staff would return to the Authority in June for consultant selection approval.

Newell Arnerich requested that the HOV lanes stay in place before conversion to express lanes to see if HOV Gap completion helps congestion, instead of jumping ahead to charging people for Express Lane usage.

Discussion ensued regarding proper signage on the roads to prevent violators and to educate drivers and the local public.

Mr. Chittenden said the main goal was to get the HOV lanes open with no gaps. He pointed out there was valuable experience gained from Santa Clara's express lanes, and that the lanes could be adjusted for peak and slow times.

Janet Abelson explained that in Alameda County she often heard talk of drivers looking for carpool partners in order use the express lanes; therefore they increase carpooling and decrease congestion.

Mike Metcalf requested information on the public education plans. Ross Chittenden responded that there was broad education and region-specific education planned, and that there would also be a requirement for consultants to work with MTC to communicate the projects to the public.

9.3 I-680 North Segment (I-680N) Express Lane Conversion - Authorization to Request RM2 Allocation from MTC for Environmental Clearance and Plans, Specifications and Estimate (PS&E).

Action: The committee approved this item, 5-0, moved by Chair Taylor and seconded by Julie Pierce.

Discussion:

Ross Chittenden presented this item, and explained that it was an administrative action item to request that MTC reallocate RM2 funds for this consultant contract.

10. Legislation.

10.1 Legislative History.

Action: This item was presented for information only.

Discussion:

Arielle Bourgart, Director of Government and Community Relations, explained that in light of the discussion at the last APC meeting regarding legislation, she felt it was important to update the APC on staff's approach to reporting on legislation. She explained that the legislative matrix in Item 10. 1 was being used to provide an overview of legislation with a direct impact on Authority projects, or legislation that could be of interest to the Authority. She stated that items in the matrix had been prioritized to reflect what staff believed to be of the highest interest to the Authority, and that the matrix would be updated monthly. Ms. Bourgart explained that staff makes

representation on certain bills it believes directly affect the Authority, and that specific bills that seem to align with CCTA's objectives are studied closely with recommendations postponed until the bill is fully assessed.

Ms. Bourgart reviewed the matrix form in the packet, and pointed out that AB 416 concerned funding potentially available through the Cap and Trade Program. She also pointed out SB 731, a revised bill which she said appeared to be an example of a bill that is aligned with the Authority's objectives but not yet fully vetted by the Authority's Projects Department staff. She said that SB 731 would later be brought to the Board providing there are no issues with it. Lastly, Ms. Bourgart requested feedback from the APC on the current legislative matrix reporting style.

Mike Metcalf stated he felt the matrix reporting style was informative and impressive.

Julie Pierce referenced the bills the board considers, and said there was a need to concentrate only on what truly affects transportation funding and management.

Newell Arnerich expressed his agreement, and said that he hoped to have the scope narrowed in the future.

Mike Metcalf added that bills which affect the Authority because of their funding basis needed to be reviewed.

10.2 State Legislation-Items for Discussion and/or Action.

Action: This item was presented for information only.

Discussion:

Arielle Bourgart introduced Juanita Martinez with Smith Watts and Martinez LLC. Ms. Martinez explained that the goal of AB 32, which was passed in 2006, was to reduce greenhouse gas emissions to 1990 levels by 2020. She said that the California Air Resources Board (CARB) was put in charge of the scoping plan, which would identify different policies which would be used to reduce emissions. She explained that one policy adopted was the Cap and Trade program, through which CARB would generate revenues through the sales of allowances to regulated and non-regulated parties under AB 32. Ms. Martinez said that CARB recently finalized its second auction generating a little over \$200 million, which was significantly lower than anticipated.

Ms. Martinez stated that other bills introduced that dealt with revenues of Cap and Trade included AB 1532 and SB 535. She said that AB 1532 laid the groundwork for

distribution of Cap and Trade revenues, and while no specific guidelines had been set regarding how the money should be spent, it identified there would be a 3-year investment plan put together by CARB and the Department of Finance to identify revenue sources and that implementation of that process was underway. She reported that comments from stakeholders were due within the week, with the plan of going to the legislature in May.

Ms. Martinez said that SB 535 identified and targeted disadvantaged communities, claiming 25% of the revenues from Cap and Trade, with 10% to be used for development within the disadvantaged community. Under the implementation plan there is a large coalition working towards having 40% used for transportation and transit funding.

She noted that other bills that could impact cap and trade revenues included AB 416, which concerns guidelines for grant programs for revenues used for local government projects, and AB 26, which deals with the distribution of revenues.

Ms. Bourgart added that the report was provided for information only, and that the bills would be watched to ensure that an appropriate proportion of the funds is commensurate with the amount of emissions to transportation.

Chair Taylor asked why there wasn't more money generated from the auctions. Ms. Martinez responded that the auctions didn't generate as much revenue as CARB had projected due to the current state of the economy.

11. FY 2012-13 Mid-Year Budget Revision for the Contra Costa Transportation Authority and Congestion Management Agency resolution 12-13-A, (rev.1)

Action: The committee approved this item, 5-0, moved by Newell Arnerich and seconded by Janet Abelson.

Discussion:

Randy Carlton, Chief Financial Officer, announced that Erick Cheung was no longer with CCTA. He noted that Mr. Cheung's staff report well summarized the mid-year budget.

Mr. Carlton reviewed the proposed mid-year 2012-2013 Budget. He said that the sales tax picture had improved, as was reflected in the recommendation to increase the revenue projection for the current year by 2 million dollars, a 5.9% increase from the original budget. He explained there was also a shift in the RM2 spending, using less grant money and more bond proceeds.

With respect to expenditures, Mr. Carlton noted that the 2010 bonds were paid off, which caused an increase in the budget.

Mr. Carlton said that project expenditures would be reduced by \$26 million, and that other funding sources included \$225 million in new bonds.

Mr. Carlton added a request to change the status of the Senior Engineer from a limited appointment to a permanent appointment, which would have no budget impact for Fiscal Year 2012-13. He said that staff was requesting approval of Resolution 12-13-A.

Ross Chittenden noted that the current Senior Engineer had extensive knowledge and experience with Caltrans and construction projects, and with many upcoming new contracts, it would be beneficial to the Authority to permanently retain the employee.

Mike Metcalf asked if the Authority still utilized outside project managers. Ross Chittenden responded that the Authority still used consultants, but due to decisions that need to be made quickly and necessary expertise in the Authority's goals and objectives, it would be difficult to utilize that option. Randy Iwasaki added that it was more cost effective to limit the number of consultants hired for each project.

Newell Arnerich agreed it was more cost effective for CCTA to permanently retain the current full-time Senior Engineer.

12.0 Fourth Quarter 2012 Investment Portfolio Review

Action: This item was presented for information only

Discussion:

Randy Carlton introduced Carlos Oblites from PFM, the Authority's financial advisor, who gave a presentation on the Authority's fourth quarter 2012 investment portfolio, status of investments, and the current economy.

Mr. Oblites discussed the bond market, its relationship with interest rates, and the state of the economy. He explained that when interest rates rise, investors have opportunities to invest money at higher interest rates generating higher income, but the values of current bonds in existing portfolios go down. Conversely, when interest rates fall, the value of existing investments rises.

Mr. Oblites said the value of the Authority's portfolio had gone up. When reinvesting, interest rates will be on the low scale due to the nature of the current market. He

explained that the Authority needs to have liquid funds on hand, and that PFM carefully structures the investments, noting that short maturities pay the least amount of yield, and longer maturities pay much higher. He stated that the safety of these funds is of utmost consideration, and that PFM carefully considers the credit levels of all investments. Mr. Oblites stressed the importance of diversification, and stated that PFM employs an active management style of portfolio management. Mr. Oblites also briefly discussed the current state of the housing economy and mortgage rates.

Mike Metcalf asked how the swap was affected by the government adding more money into the economy. Mr. Oblites responded that it could make inflation happen faster and borrowing easier, but the government tries to balance that. He mentioned that currently there is a great demand for treasury bonds.

Newell Arnerich said that he hoped no Authority investments would be sold before maturity. Mike Metcalf encouraged active management. He said he had been on a few finance boards in the past and found PFM's style and performance thorough and effective. Julie Pierce said she appreciated PFM's thoroughness and stressed the need for maximizing returns.

13.0 Correspondence and News Clippings

Chair Taylor asked Ross Chittenden to share the clippings he brought in with his staff.

14.0 Commissioner and Staff Comments

14.1 Chair's Comments and Reports-None

14.2 Commissioner's Comments and Reports-Ross Chittenden stated there would be an urgent item going directly to the Authority Board.

14.3 Executive Staff Comments-none

15.0 Other Business

16.0 Adjournment to Next Meeting. The meeting was adjourned at 11:26 a.m. The next meeting is scheduled for Thursday, April 4, 2013 at 8:30am.