

**BOARD COMMUNICATION: YOLO TRANSPORTATION DISTRICT**

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<b>Topic:</b> Yolo 80 Managed Lanes Project Update	<b>Agenda Item#:</b>	<b>5</b> <b>Informational</b>
	<b>Agenda Type:</b>	
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**RECOMMENDATION:**

Informational. This staff report reflects the monthly written update on significant Yolo 80 Managed Lanes Project activities.

**BACKGROUND:**

Important Yolo 80 Managed Lanes milestones were expected to be reached this summer to maintain the project’s delivery schedule. However, several developments have occurred requiring the Caltrans / YoloTD team to regroup and determine potential paths forward.

Draft Environmental Impact Report Delayed

Caltrans District 3 has been preparing the Draft Environmental Document (DED) since fall 2023. The project team led by Caltrans District 3 with YoloTD support, submitted a \$103 million grant application to the California Transportation Commission’s (CTC) Trade Corridor Enhancement Program (TCEP) which would have substantially closed the project’s funding gap. A grant program requirement was the DED must be complete within six months of grant application submittal, upon which the June 30, 2023 DED release date was based. However, two events have occurred delaying DED release for a few more weeks:

First, the Yolo 80 Managed Lanes project was not selected for funding by the TCEP program. Thus, the imperative to release the DED by the end of June no longer applies, allowing, among others, time for further refinement and to fully address YoloTD staff’s input on the DED.

Second, the project’s DED is among the first in the region to address emerging California Environmental Quality Act (CEQA) regulations on freeway expansion projects, specifically Vehicle Miles Traveled (VMT) impacts. Caltrans Headquarters and District 3 need additional time to coordinate on the DED prior to its release, contributing to the delay.

YoloTD staff will continue to support Caltrans as needed toward release of a completed DED.

Exploration of Project Funding Alternatives

As referenced, the \$103 million TCEP project was not awarded funding by the CTC in late June. This outcome requires the Caltrans / YoloTD project team to regroup and evaluate alternative funding paths to move the project forward. However, a project challenge is the existing \$86 million federal INFRA grant funding awarded to the Yolo 80 Managed Lanes project must be obligated by September 2024, with the obligation request required two months prior. Staff have extensively explored whether the funding obligation date can be extended with a conclusive response from the Federal Highway Administration (FHWA) that a congressional act would need to occur extending the obligation date defined in the statute. While an unlikely scenario, staff are aware several INFRA-funded projects find themselves in a similar position so it’s not entirely impossible; just beyond YoloTD’s control.

We do not yet have information on whether a partial project can be delivered with exclusively INFRA funding. However, a few potential funding options, or combinations thereof, exist that could be considered:

1. The project could apply for Transportation Infrastructure Finance and Innovation Act (TIFIA) program, which provides credit assistance for qualified projects of regional and national significance. Many large-scale, surface transportation projects - highway, transit, railroad, intermodal freight, and port access – such as the Yolo 80 Managed Lanes project are eligible for assistance. Eligible applicants include state and local governments, transit agencies, railroad companies, special authorities, special districts, and private entities for projects with an identified revenue stream.
2. The project could issue municipal bonds to fund project construction or a portion thereof, securing the loan with revenues from the tolled managed lanes. Time constraints may preclude this as a feasible option that could be implemented prior to the September 2024 deadline for obligating the INFRA grant.
3. There may be options to secure funding from state programs, particularly because the \$86 million in federal funding is at risk.

YoloTD staff and Caltrans District 3 staff met on July 5 to discuss alternative funding paths. While no decisions were made, project partners are exploring the three above options.

#### Tolling Advance Planning Continues

Recent developments will pause some Tolling Advance Planning (TAP) activities for which YoloTD is lead, while other background activities will continue:

*Governance/Tolling Authority.* YoloTD staff and consultants will continue engaging regional transportation agencies to discuss project and regional tolling issues. The Regional Working Group (RWG) will also continue working toward establishing a Joint Powers Authority (JPA) for the Yolo 80 Managed Lanes project, with a broad objective to establish a single regional tolling authority with membership expansion as additional tolled managed lane projects are constructed within the region.

*Concept of Operations (COO).* A COO - a preliminary managed lanes operational and design plan - is needed to apply for tolling authority. Elements of this planning effort which are not dependent on resolution of the funding issue will continue.

*Funding Plan.* Consultants WSP are exploring alternative funding options, including those referenced above parallel to YoloTD / Caltrans D3 efforts.

*Project Risk Register.* Consultants WSP are developing a project risk register that identifies risks to important project milestones and their relationship to the project schedule. This tool will allow YoloTD and Caltrans D3 to clearly understand which decisions need to be made by when to maintain project schedule.

#### Conclusion

Recent events have raised some project delivery uncertainties. However, staff are hopeful that continued collaboration with Caltrans District 3, Caltrans Headquarters, SACOG, and potential funding partners will result in the Yolo 80 Managed Lanes project moving forward while retaining previously awarded funding.