

**NORTH COUNTY CORRIDOR  
TRANSPORTATION EXPRESSWAY AUTHORITY**

**ITEM: 3a**

**SUBJECT:**

Funding Strategy to Further Implement State Route 132 Expressway and North County Corridor

**STAFF RECOMMENDATIONS:**

Approve the Memorandum of Understanding State Route 132 Expressway Funding Agreement

**FISCAL IMPACT:**

The proposed Memorandum of Understanding State Route 132 Expressway Funding Agreement is revenue neutral. Both local Regional Transportation Improvement Program (Regional Improvement Plan [RIP] shares) and Interregional Transportation Improvement Program funds are funded through the State Transportation Improvement Program and will experience the same volatility and reliability.

**DISCUSSION:**

The California Transportation Commission (CTC) is responsible for the programming of the State Transportation Improvement Program (STIP). The STIP consists of two broad programs; the Regional Transportation Improvement Program (RTIP) funded from 75 percent of the STIP funding and the Interregional Transportation Improvement Program (ITIP) funded from 25 percent of STIP funding. The 75 percent regional program is further subdivided by formula into county shares to be nominated by regions for projects that improve the regional transportation system within the region. Both the Regional agencies and Caltrans are required to submit the finalized RTIPs and ITIP to the Commission by December 15th of each odd numbered year. However, Senate Bill 486 of 2014, now requires that Caltrans submit a Draft ITIP document to the Commission by October 15th of each odd numbered year prior to its finalized submission in December. As specified by law, Caltrans nominates its 25 percent ITIP share of the STIP with projects that improve the interregional transportation system between regions for the movement of people, vehicles, and goods.

State Route (SR) 132 Expressway and the North County Corridor are both regionally significant and of high priority for our region. Developing a funding strategy for these projects is critical to their success. Considering that these two corridors are the only projects being developed in our region that are ITIP eligible then it makes strategic sense to develop a strategy that makes use of each projects strengths for the benefit of both projects being delivered. This document is intended to describe just one of those strategies. Below are descriptions of each project and then a description of the proposed funding strategy.

Caltrans is the CEQA and NEPA lead agency for the North County Corridor State Route 99 to State Route 120 Project. Public comments collected at this meeting are not part of the CEQA or NEPA public review process and will not be made a part of the official public record.

The North County Corridor (NCC) is an east-west expressway serving directly the communities of Oakdale, Riverbank, and Modesto with interregional connectivity to promote goods movement and safe travel for our entire community. The project is in the final stages of environmental documentation and preliminary design to determine a precise alignment along this 18-mile corridor. In May of 2010, the California Transportation Commission (CTC) approved the NCC Route Adoption making the project eligible for ITIP funding. In May of 2008, CTC passed a resolution supporting up to \$91 million of ITIP funds for the NCC project as an ITIP eligible project. The NCC is the Oakdale Bypass replacement project.

The SR 132 Expressway project begins along SR 132 near the intersection of existing SR 132 (Maze Boulevard) and North Dakota Avenue and extends east of SR 99 near the existing Kansas Avenue (Franklin Street) and Needham Street intersection. The new alignment for SR 132 is located north of existing SR 132 (Maze Boulevard) alignment and south of the Kansas Avenue alignment, between North Dakota Avenue and SR 99. The project limits also include a portion of SR 99 from existing I Street overcrossing to south of Woodland Avenue overcrossing. The project is proposed to be constructed in two phases. Phase 1, in general, would construct a 2-lane expressway on new alignment. Phase 2, in general, would construct the remaining portion of the proposed 4-lane freeway/expressway, the proposed SR 132/Carpenter Road interchange, the proposed SR 99/SR 132 freeway to freeway interchange, and SR 99 corridor connectivity improvements. The SR 132 Expressway is a vision originally developed by Caltrans many decades ago. The vast majority of right of way has been purchased for this project.

Currently the Phase 1 SR 132 Expressway project is estimated to cost \$82 million. The project currently has \$59 million programmed and ready for use in 2018. The shortfall of \$23 million is the topic of this funding strategy paper.

It is being proposed that SR 132 Expressway pursue \$23 million of the ITIP funds committed to the NCC with a repayment plan of using future RTIP funds for the NCC Project. It is proposed that all new RTIP funds in our region be committed to NCC until the \$23 million is repaid, should SR 132 be successful securing ITIP funds currently. Below is a table showing the history of our regions RTIP funding. It appears that in a little more than one STIP cycle NCC funding could be fully restored.

This funding strategy would benefit both projects, by potentially programming ITIP funds to our region for a shelf ready project (SR 132) and providing secure funding for the NCC project in a year where funding is needed most.

Regional Funds Availability Totals (RIP)	Funding Apportionment				
	2008 RTIP (FY 08/09 – FY12/13)	2010 RTIP (FY 10/11-FY 14/15)	2012 RTIP (FY12/13-FY16/17)	2014 RTIP (FY 14/15 – FY 18/19)	2016 RTIP (FY 16/17 – FY 20/21)
Total New Regional County (RIP) Shares	\$22,860,000	\$0	\$25,327,000	\$14,697,000	\$0
Total Carry Over Funds from last RTIP	\$12,063,000	\$3,250,000	\$4,090,000	\$23,250,000	\$37,981,000
<b>Total Regional Shares Programmed</b>	<b>\$34,923,000</b>	<b>\$3,250,000</b>	<b>\$29,417,000</b>	<b>\$37,947,000</b>	<b>\$37,981,000</b>

- The 2012 RTIP and prior contained Transportation Enhancement (TE) funding. The TE funded projects are now under the Active Transportation Program (ATP). Stanislaus Council of Governments (StanCOG) received an apportionment of \$2.175 in ATP Cycle 2 Fiscal Years 16/17-18/19 (\$725k per fiscal year) and an additional \$1.082 for two City of Turlock projects per the statewide call for projects (3 year total of \$3.257 million - \$1.09 per fiscal year). TE in 2010 (\$1.835 - \$917k per fiscal year), 2012 (\$1.652 - \$826k per fiscal year), and 2014 (\$0).
- Table is reflective of 13 years of Regional Improvement Plan (RIP) funding.
- StanCOG expects to receive between \$19 million and \$21 million in RIP funds in the 2018 RTIP.

To memorialize this strategy and document the intent, a Memorandum of Understanding (MOU) has been drafted to this affect. Attached is the draft MOU as developed by NCC Joint Powers Authority Staff and StanCOG staff.

**MEMORANDUM OF UNDERSTANDING**  
**SR 132 EXPRESSWAY FUNDING AGREEMENT**

This Memorandum of Understanding (“Agreement”), is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2016, by and between the Stanislaus Council of Governments, a joint powers authority established under California Government Code section 6500 et seq., (hereinafter “StanCOG”), and the North County Corridor Transportation Expressway Authority (hereinafter “NCCTEA”) a Joint Powers Authority pursuant to CA Government Code.

**RECITALS**

A. WHEREAS, the State Route 132 Expressway and North County Corridor are regionally significant projects of high priority for the Stanislaus region; and

B. WHEREAS, developing a funding strategy for these projects is critical to their success; and

C. WHEREAS, the North County Corridor (“NCC”) is an east-west expressway with interregional connectivity to promote goods movement and safe travel in the region and the NCC project is in the final stages of environmental documentation and preliminary design to determine the precise alignment for this 18-mile corridor; and

D. WHEREAS, in May of 2010 the California Transportation Commission (“CTC”) approved the NCC Route Adoption making the project eligible for Interregional Transportation Improvement Program (“ITIP”) funding, previously designated for the Oakdale Bypass Project; and

E. WHEREAS, in May of 2008, CTC passed a resolution supporting up to \$91 million of ITIP funds for the NCC project as an ITIP eligible project, and as a replacement project for the Oakdale Bypass; and

F. WHEREAS, the State Route 132 Expressway (“SR 132”) project is intended to improve regional and interregional circulation, relieve traffic congestion along existing State Route 132 (Maze Boulevard), and enhance safety and operations for the transportation network in the area; and

G. WHEREAS, the SR 132 project will be built in two phases. Phase 1, in general, will construct a 2-lane expressway on a new alignment. Phase 2, in general, will construct the remaining portion of the proposed 4-lane freeway/expressway, the proposed State Route 132/Carpenter Road interchange, the proposed State Route 99/State Route 132 freeway to freeway interchange, and the State Route 99 corridor connectivity improvements; and

H. WHEREAS, Phase 1 of the SR 132 Expressway project is estimated to cost \$82 million. The project currently has \$59 million programmed and ready for use in 2018 resulting in a \$23 million shortfall in programmed dollars; and

I. WHEREAS, SR 132 can benefit from a loan of \$23 million of the ITIP funds committed to the NCC project; and

J. WHEREAS, the CTC has already committed up to \$91million for the NCC project and earmarked those dollars for the NCCTEA; and

K. WHEREAS, StanCOG as the Regional Transportation Planning Agency for Stanislaus County, administers the Regional Transportation Improvement Program (“RTIP”); and

L. WHEREAS, State Transportation Improvement Program (“STIP”) funds are used to fund projects within the RTIP program and these STIP funds will be used to repay the ITIP loan; and

M. WHEREAS, the parties to this Agreement desire to secure funding for the SR 132 Expressway project subject to the terms and conditions to this Agreement.

### **AGREEMENT**

NOW, THEREFORE, the parties hereto agree as follows:

1. ITIP Funds. The parties to this Agreement will pursue \$23 million of ITIP funds committed by CTC resolution to the NCC project (Oakdale Bypass). The NCCTEA and StanCOG hereby agree to use best efforts to secure \$23 million (“ITIP Loan”) of the \$91 million of ITIP funds programmed for the NCC project (Oakdale Bypass) and program those ITIP Loan dollars for use for the SR 132 Expressway project.

2. Repayment.

a. If the SR 132 project is successful in securing the ITIP Loan, StanCOG, acting as the Regional Transportation Agency, subject to StanCOG Policy Board approval, agrees that from the date the ITIP Loan is secured, all STIP funds allocated to the Stanislaus County region will be committed to the NCC project (Oakdale Bypass) until the ITIP Loan is repaid in full. Loan repayment funds shall be committed on an annual basis for the period the ITIP Loan is outstanding not to exceed fifteen (15) years from the date of the ITIP Loan.

b. Interest shall not accrue on the ITIP Loan funds to be repaid.

c. In the event STIP funds decline significantly or cease to be available as a repayment source of the ITIP Loan, StanCOG may designate and commit an alternative funding source(s) for repayment of the ITIP Loan. The new repayment source(s) shall be committed on terms and conditions as determined by StanCOG, in its sole discretion, provided however, that the ITIP Loan shall be repaid within fifteen (15) years from the date of the ITIP Loan.

3. Collateral. Other than the commitment of STIP funds as set forth in Paragraph 2, there shall be no collateral for this Agreement.

4. Condition Precedent. As a condition precedent to the duty of the NCCTEA to secure the ITIP Loan and the duty of StanCOG to commit all new STIP funds allocated to the Stanislaus County region to repayment of the ITIP Loan, each respective party shall have passed and adopted a resolution approving this Agreement.

5. Entire Agreement. This Agreement represents the entire Agreement of the parties with respect to the subject matter hereof. No representations, warranties, inducements or oral agreements have been made by any of the parties except as expressly set for herein or in other contemporaneous written agreements.

6. Amendment. This Agreement may not be changed, modified or rescinded except in writing signed by all parties hereto, and any attempt at oral modification of this Agreement shall be void and of no effect.

7. No Assignment. The Agreement may not be assigned, transferred, hypothecated, or pledged by any party without the express written consent of the other party.

8. Binding on Successors. This Agreement shall be binding upon the successor(s), assignee(s), or transferee(s) of the parties or as the case may be. This provision shall not be construed as an authorization to assign, transfer, hypothecate, or pledge this Agreement other than as provided above.

9. Severability. Should any part of this Agreement be determined to be unenforceable, invalid, or beyond the authority of either party to enter into or carry out, such determination shall not affect the validity of the remainder of this Agreement which shall continue in full force and effect; provided that, the remainder of this Agreement can, absent the excised portion, be reasonably interpreted to give effect to the intentions of the parties.

10. Counterparts. This Agreement may be executed in one or more counterparts and shall become effective when one or more counterparts have been signed by all of the parties; each counterpart shall be deemed an original but all counterparts shall constitute a single document.

11. Time of the Essence. Time is and shall be of essence of this Agreement and each and all of its provisions in which performance is a factor.

12. California Law. This Agreement shall be governed by, and construed and enforced in accordance with the State of California.

13. Waiver. The waiver by any party of any breach of any of the provisions of this Agreement shall not constitute a continuing waiver or a waiver of any subsequent breach of the same, or of any other provision of this Agreement.

14. Third Parties. Nothing in this Agreement, expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any third party, nor is

anything in this Agreement intended to relieve or discharge the obligation or liability of any third party to any party to this Agreement, nor shall any provision of this Agreement give any third party any right of subrogation or action over or against any party to this Agreement.

15. Authority. Each party warrants to each other that it is fully authorized and competent to enter into this Agreement by the signature(s) below and agrees to be bound by this Agreement as of the day and year first mentioned above upon the execution of this Agreement by each other party.

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement on the day and year first written above.

**STANISLAUS COUNCIL OF GOVERNMENTS**

By: \_\_\_\_\_  
VITO CHIESA  
StanCOG Policy Board Chair

Date: \_\_\_\_\_

**NORTH COUNTY CORRIDOR  
TRANSPORTATION EXPRESSWAY  
AUTHORITY**

By: \_\_\_\_\_  
WILLIAM O'BRIEN  
NCCTEA Chairman

Date: \_\_\_\_\_