



## **Transportation Committee**

June 3, 2009

### **Current Status of U.S. 50 HOV Funding Shortfall**

**Issue:** Whether the Transportation Committee should endorse the proposed action by the SACOG Executive Director to borrow approximately \$8M from another regional agency to backfill the U.S. 50 HOV project shortfall?

**Recommendation:** That the Transportation Committee review the information contained in this memo and recommend that the Board concur in the Executive Director's decision to provide a bridge loan to Caltrans for the U.S. 50 HOV project.

**Discussion:** Since last week's May 26, 2009, memo to the Transportation Committee, there have been almost hourly changes in the financial status of this project. As soon as one issue gets resolved, it seems one or two new issues are raised. At this time, the project is still on track to be risk-advertised on July 9, assuming that (1) the Sacramento Transportation Authority (STA) approves the modifications to the STA financial package and (2) Caltrans and California Transportation Commission (CTC) staffs are satisfied that the necessary financial and institutional arrangements requirements have been met. The project would then be voted by the CTC at its July 8-9, 2009, meeting. In order to keep this schedule, SACOG, STA, and Caltrans staffs have been working intensely to find an option that meets the state and federal requirements and provides the necessary funding to keep from losing the funds for the project to another region.

The most realistic option at this point seems to be for SACOG to provide a bridge loan of approximately \$8 million to Caltrans for the project. This loan would be in addition to the \$3.5 million loan which was discussed at the May 21, 2009, SACOG Board meeting. The \$8 million would be repaid by STA when it receives State-Local Partnership Program funds. It is expected that these funds could be received by STA as early as August or September 2009. It is important to note, however, that because of current state budget problems, in a worst case scenario, it could take as long as two years for bonds to be sold to provide the necessary funds. SACOG will structure any loan from another regional agency in such a way to provide for such a negative contingency.

There are other options under very active consideration as of this writing, which may be discussed at the Thursday, June 4, meeting.

Approved by:

Mike McKeever  
Executive Director

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Key Staff: Matt Carpenter, Director of Transportation Planning, (916) 340-6276  
Olin Woods, Manager of Capital Programs, (916) 340-6220  
Samson A. Okhade, Senior Planner, (916) 340-6222