

PPP FOR TRANSIT WORKSHOP

Sponsored by FTA

Laurie Berman
Chief Deputy District Director
Caltrans District 11
July 2009



PRESENTATION OVERVIEW

- Senate Bill 4 (“SBX2 4”) - Authorizing Legislation and Plans for Implementation of PPP in California
- Overview of the New State Route 11/Otay Mesa East Border Crossing - Public-Public Partnership project in San Diego
- A Short History Lesson - Highlights of the State Route 125 project



SBX2 4: Public-Private Partnerships

- Authorizes specified governmental entities to carry out transportation projects using public-private partnership method of procurement and contracting
- Authorized governmental entities:
 - Caltrans
 - Regional Transportation Agencies (“RTAs”)
 - Defines “RTAs” as transportation planning agencies, county transportation commissions, any other local or regional transportation agency that is designated by statute as a regional transportation agency, and joint exercise of power authorities



SBX2 4: Public-Private Partnerships

- Authorized Projects
 - Highway, public street, rail, or related facilities supplemental to existing facilities currently owned and operated by Caltrans or RTAs
 - Unlimited number of projects are authorized



SBX2 4: Public-Private Partnerships

- Role of Caltrans / RTAs
 - Screens projects for PPP suitability
 - Nominates candidate transportation projects for approval by CTC
 - Conducts procurement
 - Evaluates proposals
 - Selects winning proposer
 - Optional negotiations
 - Awards contract
 - Contract administration, oversight and enforcement
 - Owns transportation project



SBX2 4: Public-Private Partnerships

- Role of Public Infrastructure Advisory Committee (“PIAC”)
 - Auxiliary organization established by the Business, Transportation and Housing Agency (“BT&H”) that will serve as advisor for PPP-related services and information
 - SBX2 4 authorizes PIAC to:
 - Identify candidate PPP projects throughout California
 - Research PPP best practices/lessons learned
 - Assemble information related to PPPs that Caltrans/RTAs can utilize
 - Review and comment on final lease agreement
 - Projects that PIAC identifies as good PPPs will be submitted to Caltrans/RTA for screening; Caltrans/RTA ultimately decides which projects to submit to the CTC for approval



SBX2 4: Public-Private Partnerships

- Role of CTC:
 - Provides formal approval of nominated projects based upon the following objectives:
 - Improve mobility through improved travel times or reducing delay in the corridor
 - Improve operation/safety in the corridor
 - Provide quantifiable air quality benefits in the region
 - Address known forecast demand
 - Charged with establishing the evaluation criteria for best value proposals



SBX2 4: Public-Private Partnerships

- Procurement
 - Unsolicited Proposals - Caltrans and RTAs may accept unsolicited proposals
 - Agencies subsequently must issue a request for competing proposals
 - Caltrans and RTAs may award a project to an entity that submitted an unsolicited proposal if they receive at least one other responsible bid



SBX2 4: Public-Private Partnerships

- Procurement
 - Solicited Proposals - Caltrans and RTAs may use, but are not limited to using, call for project proposals, requests for qualifications, pre-qualifications, shortlists, requests for proposals and negotiations
 - Statute authorizes use of low bid, qualifications and best value for final evaluation and proposal selection
 - Caltrans/RTAs must hold at least one public hearing at a location near the proposed facility for purposes of receiving public comment on the lease agreement



SBX2 4: Public-Private Partnerships

- Legislative/PIAC review of lease / opportunity to comment:
 - At least 60 days prior to executing the lease agreement, Caltrans/RTAs must submit the draft lease and any comments from the public hearing(s) to the Legislature and PIAC for review
 - The Legislature or the Secretary of BT&H may provide written comments to Caltrans/RTAs within this 60-day period; Caltrans/RTAs shall consider those comments prior to executing the lease
 - No approval is required from the Legislature or PIAC to execute the lease



SBX2 4: Public-Private Partnerships

- Project ownership
 - At all times, owned by Caltrans or RTA
 - Agreements may grant to private party a lease of right-of-way and airspace
 - All granted interests revert back to Caltrans or RTA at the end of the term
 - At reversion, private entity must deliver project in condition that meets Caltrans/RTAs performance and maintenance standards



SBX2 4: Public-Private Partnerships

- Tolling
 - Statute authorizes tolling, including after expiration of the term
 - Lease agreements for tolled projects must establish specific toll or user fee rates
 - Increases not established or identified in agreement are subject to Caltrans/RTA approval, after a public hearing



SBX2 4: Public-Private Partnerships

- Tolling
 - Tolls must be applied to project capital outlay costs, operating costs, toll collection costs, maintenance, police services, debt service and reasonable return on investment
 - Any tolls left over go to the State Highway Account (for Caltrans projects) or to RTA for “improving public transportation in or near the project boundaries”
- Sunset - lease agreements must be signed no later than December 31, 2016

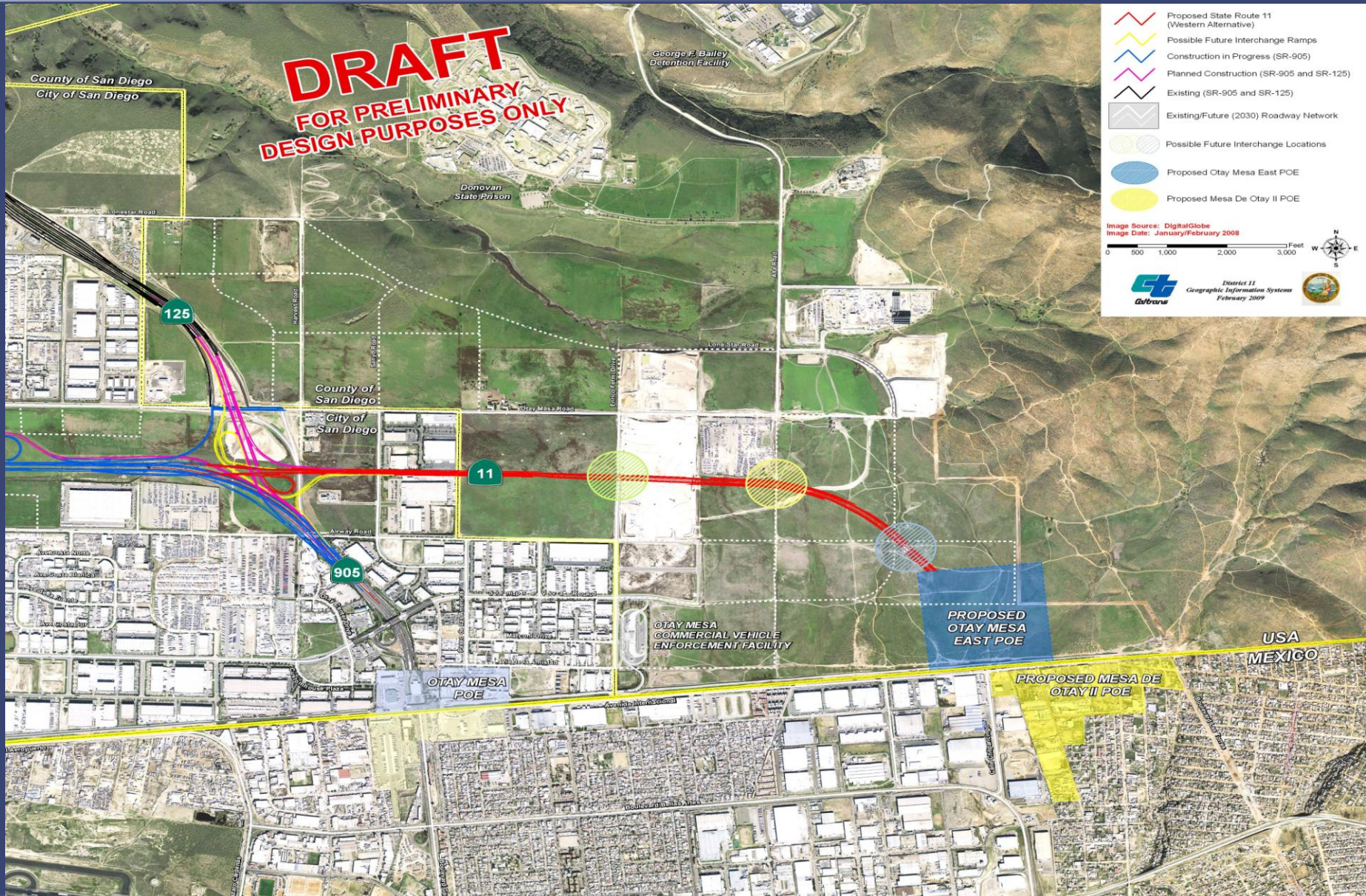


STATE ROUTE 11/OTAY MESA EAST PORT OF ENTRY (POE)



SR 11/OTAY MESA EAST POE

Study Area



Purpose of SR 11/Otay Mesa East POE

- Increase interconnections between the rapidly growing populations and economic centers on both sides of the San Diego/Tijuana border region
- Reduce long border wait times
- Serve as an alternative border crossing for the San Ysidro and Otay Mesa POEs





Caltrans



California and Baja California:

4.36 MILLION WORKING HOURS
are spent in *DELAYS* annually

Border Wait Time



California/Mexico Border Delays

Lost Economic Benefits for United States & Mexico

Personal Travel and Freight Movements

\$8.63 Billion in Lost Output =

22 Super
Bowls



73,900 Lost Jobs =

5 Google
Companies



SR 11 and Otay Mesa East POE PROJECT CONCEPT

- Toll financing for POE and SR-11
- Provide a “Turn Key” POE for the U.S. Customs and Border Protection (CBP) and General Services Administration (GSA)
- Goal is to provide premium service to reach primary inspection at the POE:
 - 30 minutes for autos and commercial vehicles



PROJECT STATUS: MILESTONES COMPLETED

- Scoping Document: Project Study Report
- \$13.8 Million Programmed Funds for Tier 1 & 2 Environmental Document
- Exchange of Diplomatic Notes
- Financial Feasibility Studies: Mexico & U.S.
- Port of Entry Feasibility Studies - Mexico & U.S.
- TCIF Funding Approved by CTC - \$75 Million



PROJECT STATUS: MILESTONES COMPLETED

- Toll Legislation Approved - SB 1486 (Ducheny)
- Phase/Tier I Program EIS/EIR, Approved - October 2008
- U.S. Presidential Permit Application, Approved by State Department - December 2008
- Tier II Preliminary Design and Environmental Analysis Initiated - November 2008



PROJECT STATUS: MILESTONES COMPLETED

Transportation Border Congestion Relief Program (TBCRP)

- SR-11/Otay Mesa East project was selected by U.S. DOT/FHWA on September 18, 2008
- One of three binational projects selected
- Federal government will provide technical assistance and support to expedite project (i.e., environmental, design, right-of-way, toll financing, Intelligent Transportation Systems, etc.)



SR 11 and Otay Mesa East POE Financial Team



CORRIDOR DIRECTOR

Delivery Team

Financial Team

**Intelligent Technology
Team**



Financial Team



CORRIDOR DIRECTOR

Financial Team



Financial Advisor

Bond Counsel

Manager/Underwriter



Financial Feasibility Study

- SR-11 toll road and Otay Mesa East POE are potentially a good investment provided:
 - Toll/user fee to provide premium inspection service
 - Sufficient external resources for the POE's capital, operating, and maintenance costs
 - With traditional debt finance, minor default risks in early years
 - Grant or financing mechanism with possibly low-interest TIFIA loan



PROJECT UPDATE: Toll Finance Strategy

- Financial Strategy Research and Findings:
 - Held interviews with 23 finance and construction management firms to identify best model
 - The team identified the project model implemented by the “Alameda Corridor Transportation Authority” as a model that can be tailored to meet our needs under the Public-Public Partnership scenario



PROJECT UPDATE:

Toll Finance Strategy (Cont'd)

- **Next Steps:**

- We will soon be approaching the SANDAG Board with the details of implementation strategy
- Recently, we have acquired the services of the Financial Advisor and will soon begin our work to implement the model



SR 11/Otay Mesa East Port of Entry

Total project cost: \$715 Million

Programmed Funding Available:

•State (STIP)	Tier II Env./Eng.	\$13.0 M
•Federal (SAFETEA-LU)	Tier II Env./Eng.	\$.8 M
•State (Prop. 1B TCIF)	Construction	<u>\$75.0 M</u>
	Total	\$88.8 M
Remaining Funds Needed (Toll Funds/Other):		\$626.2 M

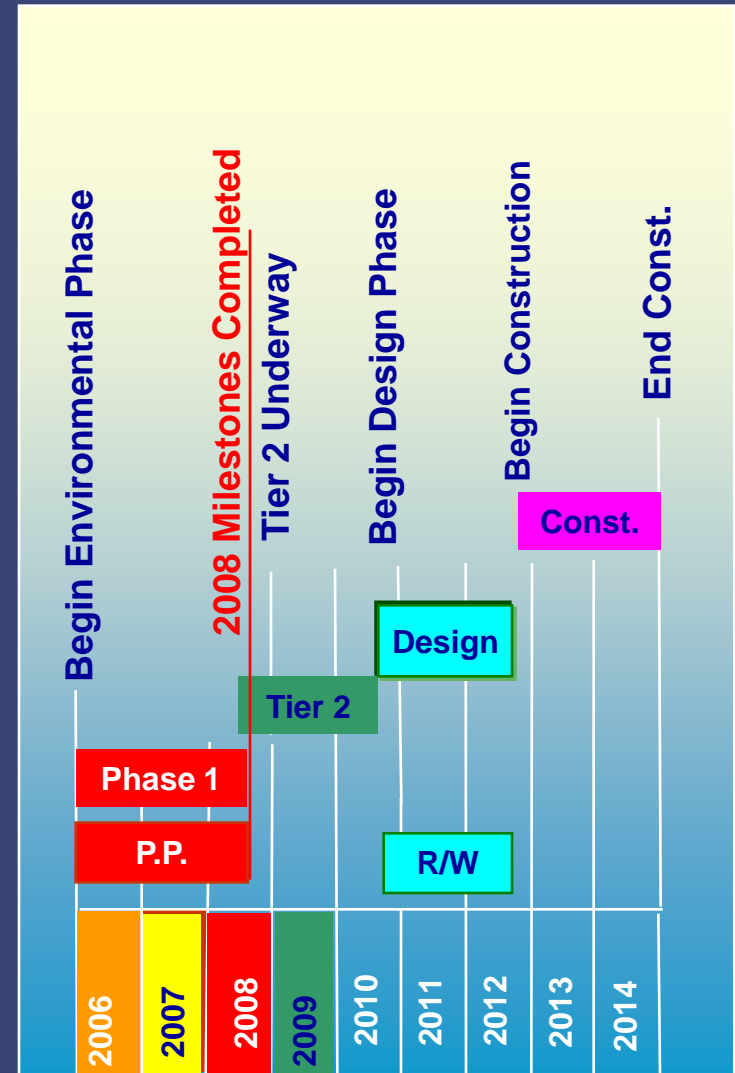


SR 11/Otay Mesa East Port of Entry

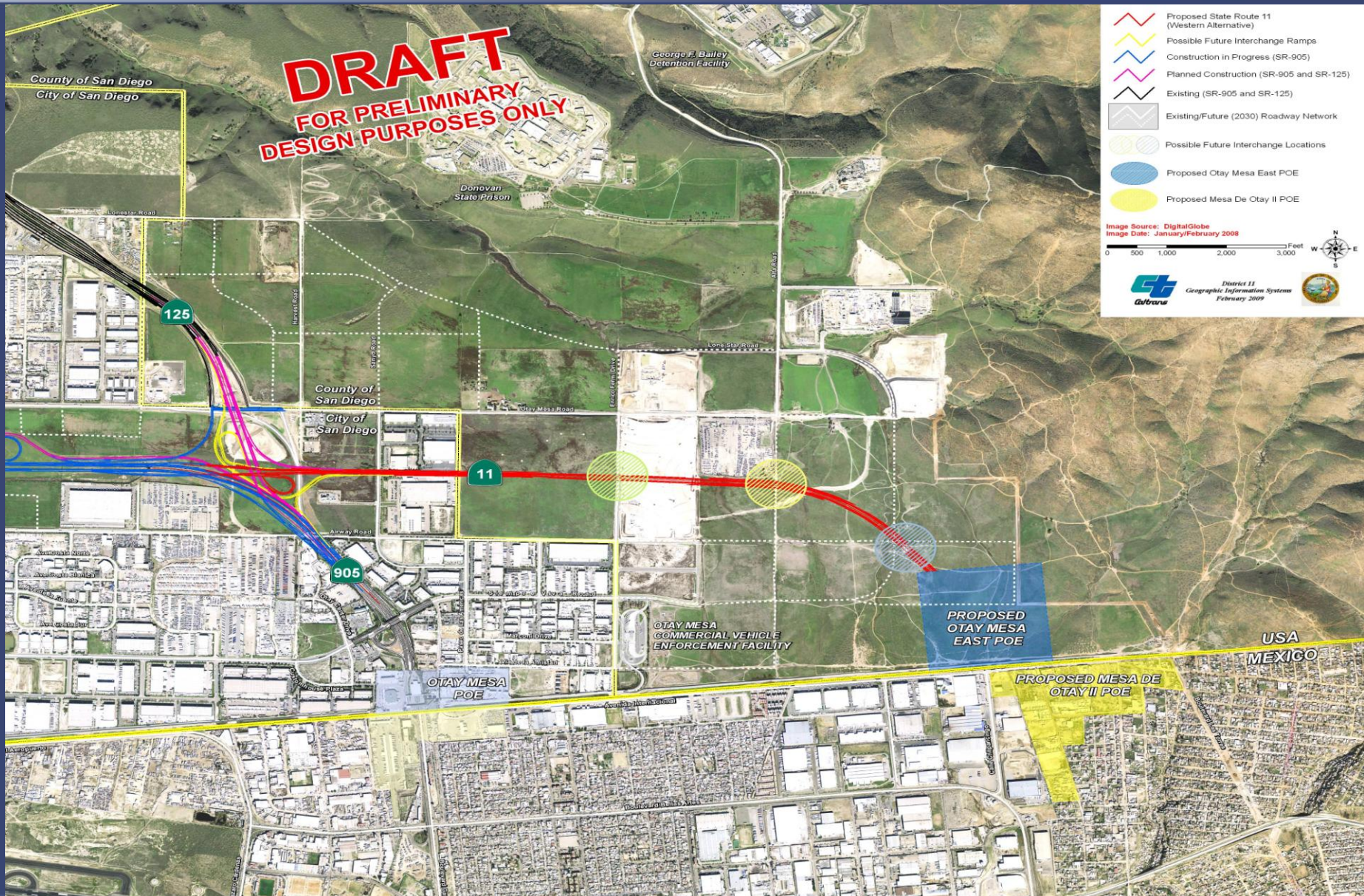
PRESIDENTIAL PERMIT - APPROVED 12/8/08

Project Schedule:

Toll Finance Implementation/ Solicitation to financial firms	2010
Tier II Env. Doc.	2010
Design/Right of Way	2011
Begin Construction	2012
End Construction	2014

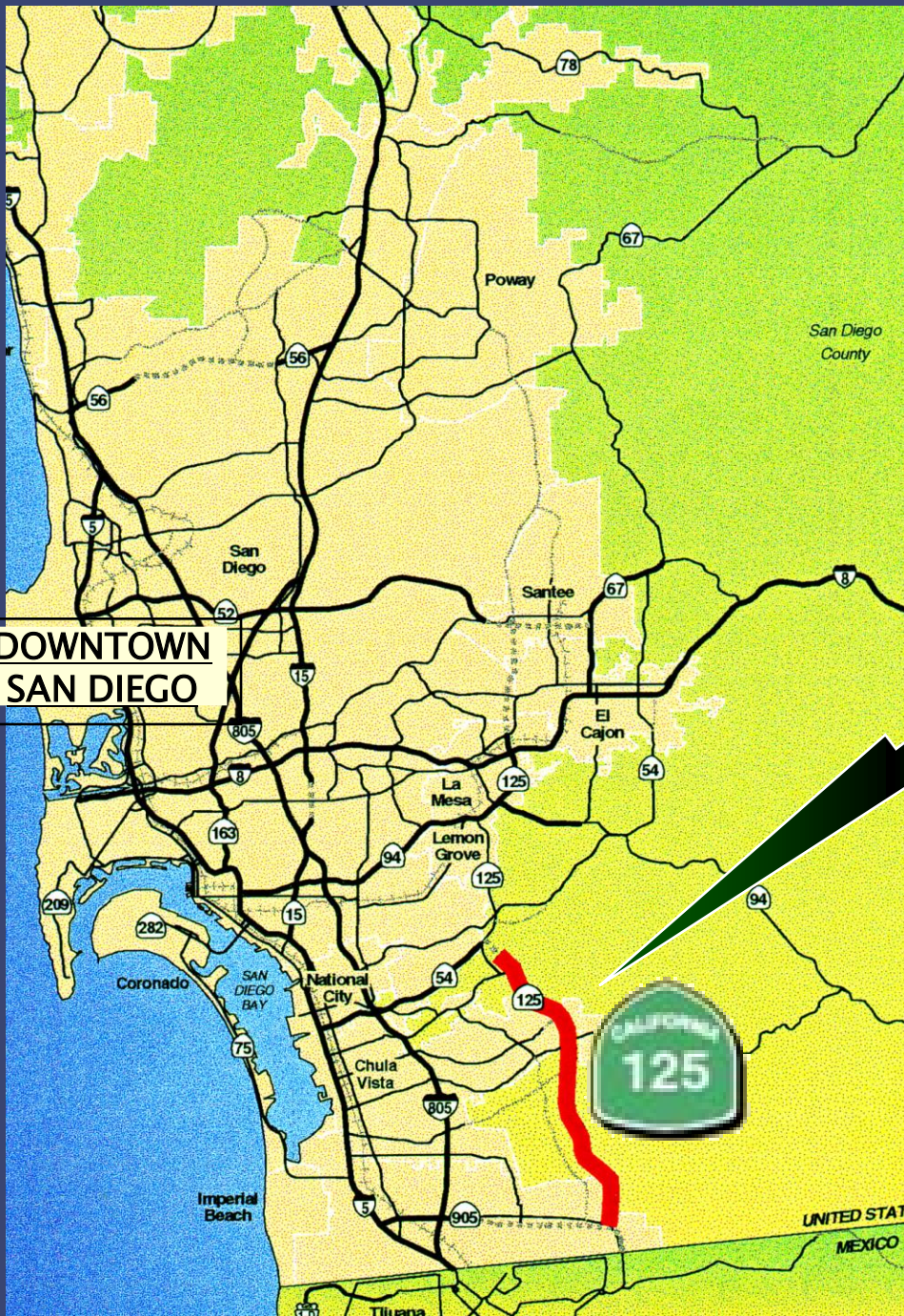


SR 11/OTAY MESA EAST POE



SR 125 PROJECT

**DOWNTOWN
SAN DIEGO**



California AB 680

- Passed by Calif. Legislature in 1989
- RFQ Issued in March 1990
- 13 International Consortia Responded
- RFP Issued in June 1990
- 12 Projects Proposed
- 4 Projects Selected by Caltrans
- Franchises Signed in 1991



California AB 680



- Caltrans

- State Dept of Transportation
- Lead Agency for Project Development



- Federal Highway Administration

- Federal Financing
- Oversight Role



- San Diego Assoc. of Governments

- Regional Agency
- Funding Priority/Allocation



California AB 680



- California Transportation Ventures, Inc.
- CTV was Equally Owned by PB and Egis
- Sept 2002, Franchise sold to Macquarie Infrastructure Group



SR 125 Franchise Overview

- Finance, Transfer, Design, Build, & Operate
- Secure All Financing
- Pre-Negotiated 35 Year Lease Commences at Opening
- Caltrans Oversight of Toll Road Paid by CTV
- Air Rights for 99 Years
- Return Limited to 18.5% of Total Invested Capital



SR 125 Private Sector Requirements

- Avoidance of Tort Liability
 - Title Transferred to State on Opening Day
- Unrestricted Ability to Set and Modify Toll Rates
- Unrestricted Ability to Request Eminent Domain Powers of State



PPP FOR TRANSIT WORKSHOP

Questions?

Laurie Berman
Chief Deputy District Director
Caltrans District 11
July 2009

