

Memorandum

To: CHAIR AND COMMISSIONERS

Date: April 5, 2010

From: BIMLA G. RHINEHART
Executive Director

File: Book Item 4.6b
Information

Ref: Public Private Partnership Project - Presidio Parkway Project (Doyle Drive)
Public Hearing

ISSUE:

Section 143 of the Streets and Highways Code requires that the Commission hold a public hearing prior to selecting and approving a public private partnership (P3) project nominated by the Department or a regional transportation agency.

BACKGROUND:

Section 143 of the Streets and Highways Code was amended by Senate Bill 4, Second Extraordinary Session (2009), to authorize the Department of Transportation and regional transportation agencies to enter into comprehensive development lease agreements with public or private entities for transportation projects, commonly known as public private partnership (P3) agreements. Section 143 provides that P3 projects and associated lease agreements proposed by the Department or a regional transportation agency shall be submitted to the California Transportation Commission, and that the Commission shall select and approve the projects before the Department or regional agency begins a public review process leading to a final lease agreement. Section 143 further provides that the Commission shall certify the Department's determination of the useful life of a project in establishing lease agreement terms and that the Commission shall adopt the criteria to be used by the project sponsor(s) to make a final evaluation of project bids based on qualifications and best value.

The Presidio Parkway P3 project being proposed by the Department and the San Francisco County Transportation Authority (project sponsors) is described as the Phase 2 portion of the Doyle Drive Replacement project. Phase 1 of the Doyle Drive Replacement project is now under construction and will shift traffic from the existing seismically deficient structures on to a temporary alignment. Phase 2 (Presidio Parkway P3 project) would reconstruct the existing six-lane facility south of the Golden Gate Bridge in San Francisco to current seismic standards.

Under the P3 proposal, a private developer would be engaged to design, build, finance, operate and maintain the Presidio Parkway projects over 33 years. For comparison to the design-bid-build option, the project proposal posits a "business case" under which the developer would be paid a \$150 million milestone payment at the end of construction, with availability payments of \$1.13 billion over a 30-year period. Users would not be assessed tolls; availability payments would be made from the State Highway Account.