

May 20, 2010

**CALIFORNIA TRANSPORTATION COMMISSION**

**Resolution for  
Approval of Public Private Partnership Project  
Presidio Parkway Project (Doyle Drive Phase 2)**



**RESOLUTION G 10-14**

- 1.1 WHEREAS Section 143 of the Streets and Highways Code, as amended by Chapter 2, Statutes of 2009 (SBX2 4), authorizes the California Department of Transportation (Department) 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; and
- 1.2 WHEREAS Section 143 provides that projects and associated lease agreements proposed by the Department or a regional transportation agency shall be submitted to the California Transportation Commission (Commission), and that the Commission shall select and approve the projects before the Department or regional transportation agency begins a public review process for the final lease agreement; and
- 1.3 WHEREAS, for Department projects, Section 143 requires that the Commission certify the Department's determination of the useful life of the project in establishing the lease agreement terms; and
- 1.4 WHEREAS, when the Department or a regional transportation agency uses a final evaluation of proposals based on qualifications and best value to select a contracting private entity, Section 143 mandates that the Commission adopt the criteria for making that evaluation; and
- 1.5 WHEREAS on October 14, 2009, the Commission adopted Resolution G-09-13 establishing its policy guidance for carrying out its role in implementing P3 projects in order to assist and advise the Department, regional transportation entities and private entities that may be contemplating the development of P3 agreements; and
- 1.6 WHEREAS on February 11, 2010, the Department, together with the San Francisco County Transportation Authority (SFCTA) submitted a project proposal report and request for the Commission's project approval, pursuant to Section 143, to implement a P3 project for the Presidio Parkway in San Francisco; and

- 1.7 WHEREAS the proposed P3 project is described as the Phase 2 portion of the Doyle Drive Replacement project, which would reconstruct the existing six lane facility south of the Golden Gate Bridge in San Francisco to current seismic standards; and
- 1.8 WHEREAS Commission staff reviewed the February 11, 2010 request and related documents for consistency with Commission policy and engaged a consultant team headed by System Metrics Group (SMG), to perform an independent evaluation of the reasonableness of the proposal, assumptions, financial data and other information presented in the project proposal report; and
- 1.9 WHEREAS the Commission deferred action on the project proposal at its April 2010 meeting, directing Commission staff and SMG to work with the Department and its consultant team to provide clarification of the project proposal and to resolve issues identified in the initial staff and SMG evaluation; and
- 1.10 WHEREAS the Department submitted a revised project proposal report and request for approval on May 6, 2010; and
- 1.11 WHEREAS the Commission received a revised staff report and report from SMG on May 15, 2010, and heard further testimony on the proposed project on May 20, 2010; and
- 1.12 WHEREAS the project financial plan, as revised, calls for a \$173.43 million milestone payment at the end of construction, followed by availability payments over 30 years, with a maximum availability payment in 2014, not to exceed \$43.53 million; and
- 1.13 WHEREAS the Department's letter dated May 6, 2010 transmitting the project proposal report states that, "The Sponsors will not award the project if the bid amount or negotiated [availability payment] exceeds the [availability payment] limit of \$43.53 [million] and a total SHA commitment of \$1.36 billion"; and
- 1.14 WHEREAS the financial plan included in the updated project proposal report includes \$13.0 million in STIP funds that are not programmed; and
- 1.15 WHEREAS the Commission finds each of the following, consistent with its Public Private Partnership Policy Guidance adopted in October 2009 and on the basis of its review of the proposed project:
  - (1) that the project as described in the project proposal report is consistent with the requirements of statute;
  - (2) that the Commission's approval of the project and its financial plan does not create a new commitment of state transportation revenues or create an undue risk to state transportation revenues committed to other projects;

- (3) that the project, consistent with Section 143(c)(3), is primarily designed to achieve the following performance objectives: improve mobility by improving travel times or reducing the number of vehicle hours of delay in the affected corridor, improve the operation or safety of the affected corridor, and provide quantifiable air quality benefits for the region in which the project is located;
- (4) that the project, consistent with Section 143(c)(4), addresses a known forecast demand, as determined by the Department or regional transportation agency and evidenced in the project proposal report;
- (5) that the criteria that the Department or the SFCTA proposes to use for a final evaluation of proposals based on qualifications and best value are consistent with statute; and
- (6) that the Department has made a determination of the useful life of the project in establishing the lease agreement terms that is consistent with the terms of the lease agreement.

- 2.1 NOW THEREFORE BE IT RESOLVED that the Commission approves the proposal of the Department and the SFCTA to enter into a lease agreement pursuant to Section 143 of the Streets and Highways Code for the development of the Presidio Parkway, as presented in the project proposal report submitted to the Commission on May 6, 2010; and
- 2.2 BE IT FURTHER RESOLVED that the maximum availability payment in 2014, will not exceed \$35.00 million per annum; and
- 2.3 BE IT FURTHER RESOLVED that the Commission's approval is conditioned upon the SFCTA's replacement of the \$13.0 million identified in the project financial plan as anticipated STIP funds for the milestone payment; and
- 2.4 BE IT FURTHER RESOLVED that the Commission certifies the Department's determination of the useful life of the project is sufficient for purposes of establishing the proposed lease agreement terms; and
- 2.5 BE IT FURTHER RESOLVED that the Commission adopts the criteria proposed by the Department for the final evaluation of proposals based on qualifications and best value to select a contracting private entity.