

DEPARTMENT OF TRANSPORTATION

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May 06, 2010

Ms. Bimla Rhinehart
Executive Director
California Transportation Commission
1120 N Street, MS 52
Sacramento, CA 95814

Dear Ms. Rhinehart:

On behalf of the California Department of Transportation and the San Francisco County Transportation Authority (SFCTA), this transmittal is to update our February 11, 2010 submittal of the Presidio Parkway Public Private Partnership (P3) Project currently under consideration by the California Transportation Commission for approval as a P3 project.

Attached are the final revised Project Proposal Report (PPR) and attachments. Specifically, we have updated the PPR to include revisions necessary to have the financial plan better match existing programming requirements and further assure best value determination through the evaluation process. Attachment 4 of the PPR shows in more detail how funds available to the project can in fact be used per existing rules and program requirements. As a result, State Highway Operation and Protection Program funds will only be used through the Milestone Payment (MP) and will not be used for Availability Payments (AP). APs would therefore be paid from available non-state resources and from the State Highway Account (SHA), subject to legislative appropriations.

In addition, as a result of further analysis of sources and uses of funds, Attachment 4 was developed to fine tune the financial plan presented in the Business Case and reflected in the February 11th PPR. One significant change is in the proposed Milestone Payment (MP). The MP has been increased to \$173.43 million, which includes the original \$150 million plus the \$23.43 million of State and Local Partnership Program and Regional Improvement Program (RIP) Fiscal Year (FY) 14/15 funds. Because funds were not available, the 2010 State Transportation Improvement Program (STIP) does not include the FY 12/13 RIP amount shown in the funding plan. SFCTA will include the \$13 million RIP amount in the 2012 STIP. In the event funds are again not available in the 2012 STIP, the \$13 million will be advanced from funds provided by the Golden Gate Bridge, Highway and Transportation District with the expectation that Bridge District funds would be replenished from RIP funds in a future STIP. The total Phase II cost under this revised base case should be no more than \$1.40 billion (\$443 million in net present value) including up to \$1.11 billion (\$257 million in net present value).

While not reflected here, due to the increased milestone payment, the total nominal sum of the APs will be less than the level identified in the Business Case, and this total includes the same risk reserve and transaction costs as the Business Case.

The Sponsors, while expecting APs closer to the business case, have set an AP limit of \$43.53 million. This is the full likely draw on state resources. Attachment 4 also provides cash flows assuming the increased MP (\$173.43 million) and this AP limit. The net effect of the AP limit is an additional commitment of \$251.55 million (\$59 million in net present value) over the base case. The total Phase II cost under this AP limit is: \$1.65 billion (\$503 million in net present value) with about \$1.36 billion of the State Highway Account (SHA). The Sponsors will not award the project if the bid amount or negotiated AP exceeds the AP limit of \$43.53 and a total SHA commitment of \$1.36 billion (\$315 million in net present value).

There were other revisions made earlier to address findings in the April staff report on mobility and air quality that are reflect in Section 5 of the PPR and in more detail on Attachment 5. Finally, Attachment 8 was also amended to ensure that our evaluation process will reasonably result in a 'best value' determination.

Again, thank you for your patience and cooperation working through this new process. If you have any questions please feel free to contact me at (916) 654-4227.

Sincerely,



KOME AJISE
Program Manager
Public-Private Partnership

Attachments:

- (1) Revised Presidio Parkway P3 Project Proposal Report (dated May 4, 2010)
 - (2) Financing Competition Process
 - (3) Form A – Instructions to Proposers, Proposal Letter
 - (4) Appendix 22 – Baseline Reporting Description – Draft
 - (5) Technical Document Description - Draft
- c: Dale Bonner, Secretary, Business, Transportation and Housing Agency
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