CALIFORNIA TRANSPORTATION COMMISSION

Riverside County Transportation Commission
Public Partnership
High Occupancy Toll Lane Application
Eligibility Review and Determination

TABLE OF CONTENTS

Section 1	**Commission Eligibility Resolution**
Section 2	**Public Comments**
Section 3	**Staff Review Summary**
Section 4	**Staff Review Worksheet**
Section 5	**Department of Transportation Review**
Section 6	**Financial Feasibility Report**
Section 7	**AB 1467**
Section 8	**Applicable Streets & Highways Code Sections**
Section 9	**California Transportation Commission Public Partnership Transportation HOT Lane Guidelines**
Section 10	**RCTC Application**

CALIFORNIA TRANSPORTATION COMMISSION

PASSED BY
CTC
APR 09 2008
CALIFORNIA
TRANSPORTATION COMMISSION

Riverside County Transportation Commission
Public Partnership
High Occupancy Toll Lane Application
Determination of Eligibility

RESOLUTION G-08-07

1.1 WHEREAS Assembly Bill 1467, Nunez, added Section 149.7 to the Streets and Highways Code to allow a Regional Transportation Agency, as defined in Section 143, in cooperation with the Department of Transportation, to apply to the Commission to develop and operate high-occupancy toll lanes, including the administration and operation of a value pricing program and exclusive or preferential lane facilities for public transit, consistent with the established standards, requirements, and limitations that apply to those facilities in Sections 149, 149.1, 149.3, 149.4, 149.5, and 149.6, and

1.2 WHEREAS Assembly Bill 1467 requires that the Commission shall review each application for the development and operation of the facilities described in subdivision (a) according to eligibility criteria established by the Commission, and

1.3 WHEREAS Assembly Bill 1467 requires that for each eligible application, the Commission shall conduct at least one public hearing in Northern California and one in Southern California, and

1.4 WHEREAS Assembly Bill 1467 requires that following the public hearings, the Commission shall submit an eligible application and any public comments made during the hearings to the Legislature for approval or rejection. Approval shall be achieved by enactment of a statute, and

1.5 WHEREAS Assembly Bill 1467 requires that the number of facilities approved under this section shall not exceed four, two in Northern California and two in Southern California, and

1.6 WHEREAS Assembly Bill 1467 requires that a Regional Transportation Agency that develops or operates a facility, or facilities, described in the subdivision (a) as set forth in Assembly Bill 1467 shall provide any information or data requested by the Commission or the Legislative Analyst, and

1.7 WHEREAS Assembly Bill 1467 requires that the Commission, in cooperation with the Legislative Analyst, shall annually prepare a report on the progress of the development and operation of a facility authorized under this section. The

Commission may submit this report as a section in its annual report to the Legislature required pursuant to Section 14535 of the Government Code, and

1.8 WHEREAS Assembly Bill 1467 requires that no applications may be approved under this section on or after January 1, 2012, and

1.9 WHEREAS the Commission determined that in order to ensure that the Public Partnership Transportation High Occupancy Toll (HOT) Lane Projects selected promote California's transportation goals and advance the public interest, the Commission adopted guidelines at its October 24, 2007 meeting to set forth the eligibility criteria and procedures for the Commission to evaluate Public Partnership transportation project eligibility, and

1.10 WHEREAS the Riverside County Transportation Commission (RCTC) on December 13, 2007 submitted a *Public Partnership Application for HOT Lanes for the Interstate 15 Corridor and HOT Lane Project in Riverside County* to the Commission for determination of eligibility for consideration by the Legislature in accordance with AB 1467 and the Commission's Public Partnership HOT Lane Guidelines, and

1.11 WHEREAS Commission staff reviewed the Application for compliance with the Commission's Public Partnership HOT Lane Guidelines and AB 1467, and

1.12 WHEREAS this review included a technical analysis by the Department and a financial feasibility analysis prepared by an independent financial consultant retained by the Commission, and

1.13 WHEREAS based on this review, the Commission staff recommended that the Commission, in accordance with the requirements of AB 1467 and the Commission's Public Partnership HOT Lane Guidelines, find the RCTC *Public Partnership Application for HOT Lanes for the Interstate 15 Corridor and HOT Lane Project in Riverside County* eligible for consideration by the Legislature,

2.1 NOW THEREFORE BE IT RESOLVED that the Commission finds the RCTC *Public Partnership Application for HOT Lanes for the Interstate 15 Corridor and HOT Lane Project in Riverside County* eligible for consideration by the Legislature, and

2.2 BE IT FURTHER RESOLVED that the Commission directs staff to hold public hearings, one in Northern California and one in Southern California, as required by AB 1467, and

2.3 BE IT FURTHER RESOLVED that the Commission directs the Executive Director to submit the eligible application and any public comments made during the hearings to the Legislature.

California Transportation Commission
RCTC Public Partnership HOT Lane Application
Public Comments

AB 1467 requires that the Commission hold public hearings in both Northern California and Southern California for each application that the Commission deems eligible for consideration by the Legislature. The Commission, at its meeting on April 9, 2008, adopted Resolution G-08-07, which deemed RCTC's *Public Partnership Application for HOT Lanes for the Interstate 15 Corridor and HOT Lane Project in Riverside County* eligible for consideration by the Legislature and directed staff to hold the required public hearings.

Northern California Hearing

California Transportation Commission Meeting
April 10, 2008
10:00 AM
Department of Water Resources
Sacramento, CA

Public Comments:

- There were no public comments.

Southern California Hearing

California Transportation Commission Hearing
April 24, 2008
10:00 AM
Riverside County Transportation Commission
Riverside, CA

Public Comments:

- There were no public comments.

California Transportation Commission
RCTC Public Partnership HOT Lane Application
Staff Review Summary

Prepared by: Maura F. Twomey, Deputy Director
March 27, 2008

On December 13, 2007, the Riverside County Transportation Commission (RCTC) submitted a *Public Partnership Application for HOT Lanes for the Interstate 15 Corridor and HOT Lane Project in Riverside County* to the Commission for determination of eligibility for consideration by the Legislature in accordance with AB 1467 and the Commission's Public Partnership HOT Lane Guidelines.

BACKGROUND: Assembly Bill 1467 (Nunez), approved by the Governor May 19, 2006, authorizes that, until January 1, 2012, Regional Transportation Agencies, in cooperation with the Department of Transportation (Department) may apply to the Commission to develop and operate high-occupancy toll lanes, including the administration and operation of a value pricing program and exclusive or preferential lane facilities for public transit, as specified. The number of projects that may be approved is limited to four, two in Northern California and two in Southern California.

AB 1467 provides that the Legislature will select the HOT lane project(s). The Commission's role in implementing this legislation is limited to establishing eligibility criteria, determining whether each HOT lane application is eligible, holding public hearings in both Northern and Southern California for each eligible application, and submitting eligible application(s) and any public comments to the Legislature for approval or rejection. Approval is achieved by enactment of a statute.

On October 27, 2007, the Commission adopted the Public Partnership High Occupancy Toll (HOT) Lane Guidelines and Application to implement the requirements of AB 1467.

On December 13, 2007, RCTC submitted their *Public Partnership Application for HOT Lanes for the Interstate 15 Corridor and HOT Lane Project in Riverside County* (Application) to the Commission.

EVALUATION & REVIEW: Commission staff evaluated the Application for compliance with the Public Partnership HOT Lane Guidelines (Guidelines) adopted by the Commission and AB 1467. Eligibility objectives included obtaining evidence to determine whether the project is consistent with the Streets & Highways Code Sections 149-149.7; whether there is cooperation with the Department of Transportation (Department) and consistency with state highway system requirements; whether the project is technically and financially feasible; whether the project is consistent with the

Regional Transportation Plan; and whether there are performance measures established for project monitoring and tracking.

To address the issues of cooperation with the Department, compliance with the Streets & Highways Code Sections 149-149.7, consistency with the state highway system requirements, consistency with the Regional Transportation Plan, and technical feasibility, the Department reviewed the Application. Based on this review, the Department submitted a letter to the Commission stating that the Application is consistent with state highway system requirements, is consistent with regional priorities, is technically feasible, and was submitted in cooperation with the Department. The Department did note some inconsistencies with the Streets & Highways Code Sections 149-149.7, but committed to working with RCTC to ensure that the HOT Lane project is technically consistent with state highway system requirements. Also, the Department agreed to coordinate with RCTC to ensure that the HOT Lanes are maintained and operated consistent with the requirements set forth in the Streets and Highways Code.

To assist Commission staff in the review of the Application, the Commission retained a financial consultant. The consultant provided Commission staff with an independent review and opinion on the reasonableness of the financial data included in the RCTC Application and whether the Application met the financial eligibility requirements stated in the Commission's HOT Lane Guidelines and AB 1467. Specifically, the consultant reviewed the Application to determine whether RCTC submitted adequate evidence that the project is financially feasible; that the Application includes a reasonable financial plan demonstrating financial guarantees; that the Application includes a documented commitment to provide sufficient equity; that the Application documents reasonable funding for project development and operations; and that the projected rate of return and life cycle cost estimates are reasonable. The consultant determined that the construction of HOT lanes along the I-15 corridor appears to be financially feasible.

RECOMMENDATION: Commission staff recommends that the Commission, in accordance with the requirements of AB 1467 and the Commission's Public Partnership HOT Lane Guidelines, find the RCTC Public Partnership Application for HOT Lanes for the Interstate 15 Corridor and HOT Lane Project in Riverside County eligible for consideration by the Legislature. Staff also recommends that the Commission direct staff to hold public hearings, one in Northern California and one in Southern California, as required by AB 1467. Further, staff recommends that the Commission direct the Executive Director to submit the eligible application and any public comments made during the hearings to the Legislature.

California Transportation Commission
Public Partnership Transportation Projects
High Occupancy Toll Lanes Application Review
RCTC/I-15 Corridor

Submitted: December 17, 2007
Revised: March 13, 2008
Reviewer: Maura F. Twomey, Deputy Director

I. Project Eligibility

PART A – COMPLIANCE WITH STREETS & HIGHWAYS CODE

Description of Required Documentation for Submission	Ref.	Review Notes
Provide evidence to support that the proposed project is consistent with the established standards, requirements, and limitations that apply to those facilities in Sections 149, 149.1, 149.3, 149.4, 149.5, 149.6 and 149.7 of the Streets and Highways Code.	A1	Documented: RCTC Application, Pages 1-3
Provide the reason for pursuing this project.	A 2	Documented: RCTC Application, Pages 3-4

PART B – DEPARTMENT OF TRANSPORTATION COOPERATION & STATE HIGHWAY COMPATIBILITY

Description of Required Documentation for Submission	Ref.	Review Notes
Provide evidence that the Department of Transportation (Department) supports this project and that the project application was submitted in cooperation with the Department.	B1	Documented: Caltrans Review of RCTC Public Partnership Application, Dated March 25, 2008. RCTC Application, Attachment II.
Provide evidence that the Department determined the project to be consistent with State Highway System requirements.	B2	Documented: Caltrans Review of RCTC Public Partnership Application, Dated March 25, 2008. RCTC Application, Attachment II.

PART C – TECHNICAL FEASIBILITY

Description of Required Documentation for Submission	Ref.	Review Notes
Provide a Project Study Report/Project Report (PSR/PR) or a PSR equivalent that describes, but is not limited to, the following:	C	Documented: RCTC Application, Attachment III.
The type and size of the project, the location, all proposed interconnections with other transportation facilities, the communities that may be affected, and alternatives (e.g. alignments) that may need to be evaluated.	C1	Documented: RCTC Application, Attachment III.
The timeframe for project completion.	C2	Documented: RCTC Application, Pages 7-8. I-15 Segment A/Estimated Operation Date: 2019.
How the proposed schedule is reasonable given the scope and complexity of the project.	C3	Documented: RCTC Application, Page 8. Schedule assumes Design-Build method of project delivery. Should Design-Build authority not be obtained, RCTC is prepared to consider alternative delivery options and adjust the delivery schedule accordingly. It is estimated that the opening of the HOT Lanes would be delayed by three years without the authority to use the Design-Build approach.
The methods expected to be followed to assure that the project will be completed and will be completed on time.	C4	Documented: RCTC Application, Pages 8-9. RCTC plans to contract with an experienced engineering/construction firm to provide to assist in project management.
The plan for operation of the facility.	C5	Documented: RCTC Application, Page 9. RCTC plans to operate and maintain the HOT Lanes consistent with current practices used by the 91 Express Lanes in Orange County. RCTC plans to contract for the maintenance of the electronic toll collection system and traffic management systems.
The technology that will be used to maximize interoperability with relevant local and statewide transportation technology.	C6	Documented: RCTC Application, Page 10. FasTrak Transponder Technology.
How the proposed project is consistent with applicable state and federal statutes and regulations and standards. Document the applicable state and federal standards and provide evidence that the proposed design meets the standards.	C7	Documented: RCTC Application, Page 10 and Attachment II (Caltrans Review of RCTC Public Partnership Application, Dated March 25, 2008).
Whether the project is outside the purview of federal oversight, or whether it will require some level of federal involvement due to its location on the National Highway System or Federal Interstate System or because federal permits are required.	C8	Documented: RCTC Application, Page 11. Project will probably require NEPA and federal permits.

Description of Required Documentation for Submission	Ref.	Review Notes
Evidence that the project has received environment clearance. If environmental clearance was not yet received, explain whether the project is likely to receive environmental clearance to meet the timeline set forth in the project proposal.	C9	Documented: RCTC Application, Page 11. Project is currently in the environmental process.
The required state and local permits and the schedule to obtain them.	C10	Documented: RCTC Application, Page 11. Required state and federal permits will be determined as part of the project development phase.
All negative impacts known for the project. For each negative impact, document whether there is a mitigation plan identified.	C11	Documented: RCTC Application, Page 11-12. Impacts will be determined during the environmental phase of the project.
If not too early to determine, the method by which the operator proposes to secure all property interests required for the transportation facility.	C12	Documented: RCTC Application, Page 12. RCTC plans to enter into a Right of Way Cooperative Agreement with Caltrans.
Whether there is a process in place to develop a maintenance plan with the Department. Specifically, whether there is a process to clearly define assumptions or responsibilities during the operational phase including law enforcement, toll collection and maintenance.	C13	Documented: RCTC Application, Page 12. RCTC plans to enter into a Maintenance Cooperative Agreement with Caltrans.

PART D – FINANCIAL FEASIBILITY

Description of Required Documentation for Submission	Ref.	Review Notes
Provide information relative to the project financial plan and feasibility.	D1	Documented: RCTC Application, Attachment V. For review of financial plan and feasibility, see independent financial consultant report prepared for the Commission, "Financial Analysis of Public Partnership High Occupancy Toll (HOT) Lane Project Proposals," dated March 26, 2009.
Document a financial plan and financial guarantees which will allow for access to the necessary capital to finance the facility.	D2	Documented: RCTC Application, Attachment V. For review of financial plan and feasibility, see independent financial consultant report prepared for the Commission, "Financial Analysis of Public Partnership High Occupancy Toll (HOT) Lane Project Proposals," dated March 26, 2009.
Provide evidence of the proposer's ability and commitment to provide sufficient equity in the project as well as the ability to obtain the other necessary financing.	D3	Documented: RCTC Application, Attachment V. For review of financial plan and feasibility, see independent financial consultant report prepared for the Commission, "Financial Analysis of Public Partnership High Occupancy Toll (HOT) Lane Project Proposals," dated March 26, 2009.

Description of Required Documentation for Submission	Ref.	Review Notes
Explain how shortfalls will be funded if revenues do not meet projections.	**D4**	Documented: RCTC Application, Attachment V. For review of financial plan and feasibility, see independent financial consultant report prepared for the Commission, "Financial Analysis of Public Partnership High Occupancy Toll (HOT) Lane Project Proposals," dated March 26, 2009.
Explain how the financial plan demonstrates a reasonable basis for funding project development and operations.	**D5**	Documented: RCTC Application, Attachment V. For review of financial plan and feasibility, see independent financial consultant report prepared for the Commission, "Financial Analysis of Public Partnership High Occupancy Toll (HOT) Lane Project Proposals," dated March 26, 2009.
If, applicable, describe the nature and amount of the proposer's financial contribution to the project.	**D6**	Documented: RCTC Application, Attachment V. For review of financial plan and feasibility, see independent financial consultant report prepared for the Commission, "Financial Analysis of Public Partnership High Occupancy Toll (HOT) Lane Project Proposals," dated March 26, 2009.
Describe how the estimated cost of the facility is reasonable in relation to the cost of similar projects through a cost/benefit analysis.	**D7**	Documented: RCTC Application, Attachment V. For review of financial plan and feasibility, see independent financial consultant report prepared for the Commission, "Financial Analysis of Public Partnership High Occupancy Toll (HOT) Lane Project Proposals," dated March 26, 2009.
Provide an analysis of the projected rate of return and life cycle cost estimate of the proposed project and/or facility.	**D8**	Documented: RCTC Application, Attachment V. For review of financial plan and feasibility, see independent financial consultant report prepared for the Commission, "Financial Analysis of Public Partnership High Occupancy Toll (HOT) Lane Project Proposals," dated March 26, 2009.
Explain how the financial information submitted is sufficient to determine the financial capability to fulfill the obligations described in the project application.	**D9**	Documented: RCTC Application, Attachment V. For review of financial plan and feasibility, see independent financial consultant report prepared for the Commission, "Financial Analysis of Public Partnership High Occupancy Toll (HOT) Lane Project Proposals," dated March 26, 2009.
Identify the proposed ownership arrangements for each phase of the project and indicate assumptions on legal liabilities and responsibilities during each phase of the project.	**D10**	Documented: RCTC Application, Page 19. RCTC will be primarily responsible for all phases of the project.
Describe the extent that adequate and transparent procurement policies have been adopted to maximize competitive bidding opportunities for potential contractors and suppliers.	**D11**	Documented: RCTC Application, Page 19 and Attachment XII (Procurement Policies Manual).

PART E – REGIONAL TRANSPORTATION PLAN & COMMUNITY SUPPORT

Description of Required Documentation for Submission	Ref.	Review Notes
Provide documentation to show that the project is consistent with City and County comprehensive plans and regional transportation plans and with plans and documents for the Regional Transportation Agency's long range plan. If the project is not consistent, please identify the steps proposed that will achieve consistency with such plans.	**E1**	Documented: RCTC Application, Pages 19-20 and Attachment II (Caltrans Review of RCTC Public Partnership Application, Dated March 25, 2008).
Describe how the project proposed includes improvements that are compatible with the present and planned transportation system. Include the methods by which the project provides continuity with existing and planned state and local facilities.	**E2**	Documented: RCTC Application, Pages 20-21 and Attachment II (Caltrans Review of RCTC Public Partnership Application, Dated March 25, 2008).
Explain how the proposed project helps to achieve performance, safety, mobility, and air quality or transportation demand management goals.	**E3**	Documented: RCTC Application, Pages 21-22.
Explain whether the proposed project is consistent with applicable state and federal environmental statutes and regulations, the air quality component of the RTP, and whether the proposal adequately addresses or improves air quality conformity.	**E4**	Documented: RCTC Application, Pages 22-23.
Identify any emission reductions provided by the proposed project.	**E5**	Documented: RCTC Application, Page 23.
Explain how the project improves connections among the transportation modes.	**E6**	Documented: RCTC Application, Page 23.
Identify the project benefits to the affected community transportation system and provide an explanation whether this project enhances adjacent transportation facilities.	**E7**	Documented: RCTC Application, Pages 23-24.
Explain whether the proposed project will enhance the state's economic development efforts.	**E8**	Documented: RCTC Application, Page 24.
Explain if the project is critical to attracting or maintaining competitive industries and businesses to the region, consistent with state objectives.	**E9**	Documented: RCTC Application, Pages 24-25.

Description of Required Documentation for Submission	Ref.	Review Notes
Explain whether the regional agency governing body has taken action to approve this proposal and whether local impacts have been addressed. Provide the Board or other resolution to document the action taken.	**E10**	Documented: RCTC Application, Page 25 and Attachment VIII. RCTC approved the I-15 Corridor and HOT Lane Project at their December 13, 2006 Meeting.
Explain whether this project will bring a significant transportation and economic benefit to the community, the region, and/or the state.	**E11**	Documented: RCTC Application, Page 25.
Describe any ancillary benefits to the communities because of the project.	**E12**	Documented: RCTC Application, Page 25-26.
Explain the extent of support or opposition for the project. Explain the national and regional transportation issues and needs, as well as the impacts this project may have on those needs.	**E13**	Documented: RCTC Application, Page 26.
Describe any plans intended to work with the community. List the affected local jurisdictions and provide clear written statements of the extent of support for the project from all affected local jurisdictions, if available. Describe any environmental justice issues or concerns.	**E14**	Documented: RCTC Application, Page 26-27.

PART F – PERFORMANCE MEASURES

Description of Required Documentation for Submission	Ref.	Review Notes
Describe the Regional Transportation Agency's performance measures used to track and report annually on the following:	**F1**	Documented: RCTC Application, Page 27-29.
Safety		Documented: RCTC Application, Page 27-29.
Mobility		Documented: RCTC Application, Page 27-29.
Accessibility		Documented: RCTC Application, Page 27-29.
Reliability		Documented: RCTC Application, Page 27-29.
Productivity		Documented: RCTC Application, Page 27-29.
System Preservation		Documented: RCTC Application, Page 27-29.
Return on investment/Lifecycle Cost		Documented: RCTC Application, Page 27-29.
Emission Reduction		Documented: RCTC Application, Page 27-29.

II. Secondary Evaluation and Project Eligibility Criteria

The following criteria are to be completed only if the project team is known. Where a project team is not known given the stage of the project, this secondary evaluation and eligibility criteria is not required.

Description of Required Documentation for Submission	Ref.	Review Notes
Describe the team's qualifications and experience.	G1	Documented: RCTC Application, Page 30-34. Project Management team will include RCTC staff and a consultant team from HDR.
Describe the extent of experience with similar infrastructure projects.	G2	Documented: RCTC Application, Page 30-34.
Provide a description of the team's ability to perform work.	G3	Documented: RCTC Application, Page 30-34.
Describe the leadership structure.	G4	Documented: RCTC Application, Page 30-34.
Provide a description/background relative to the Project Manager's experience.	G5	Documented: RCTC Application, Page 30-34.
Describe the anticipated management approach for this project.	G6	Documented: RCTC Application, Page 30-34.
Describe the planned public involvement strategy.	G7	Documented: RCTC Application, Page 30-34.

State of California
DEPARTMENT OF TRANSPORTATION

Business, Transportation and Housing Agency

Memorandum

Flex your power!
Be energy efficient!

To: JOHN BARNA
Executive Director
California Transportation Commissioner

Date: March 25, 2008

From: MICHAEL A. PEROVICH
District Director

Subject: Review of RCTC Public Partnership Application

Riverside County Transportation Commission (RCTC) submitted a Public Partnership Application for High Occupancy Toll (HOT) Lanes along Interstate 15 (I-15 Corridor and HOT Lane Project) in Riverside County to the California Transportation Commission (CTC) on February 5, 2008.

Caltrans Headquarters Programming staff and CTC staff have requested that Caltrans District 8 provide a technical assessment of the proposed project. This memorandum is intended to provide technical background on the project and Caltrans District 8 staff conclusions.

- **Project Eligibility**—Compliance with Streets and Highway Code Sections 149 through 149.7

RCTC's project application for the I-15 Corridor and HOT Lane Project is not entirely consistent with established standards, requirements, and limitations that apply to those facilities in Sections 149, 149.1, 149.3, 149.4, 149.5, 149.6, and 149.7. The code sections cite "Unrestricted access to the lanes by high-occupancy vehicles shall be available at all times." The I-15 Corridor and HOT Lane Project policy for HOV2 and HOV3 would require flexibility in order to be consistent with the adjoining SR-91 Express Lanes. The SR-91 Express Lanes currently allow HOV3 to travel for free at all times with the exception of the eastbound rush hour, when HOV3 is charged half price. HOV2 must pay the same toll as all other vehicles.

Sections 149-149.7 specify transit and HOV lanes as exclusive uses of remaining toll revenue. Transit and HOV facilities are not part of RCTC's current I-15 Corridor and HOT Lane Project proposal. RCTC is requesting flexibility in this area as well. It should be noted that RCTC has jointly submitted with the Riverside Transit Agency an application to the USDOT for the I-15 Corridor and HOT Lane Project. This application,

submitted in December 2007 under the Congestion-Reduction Demonstration Initiative program, requests tolling authority for the corridor and funding to conduct an FTA Alternatives Analysis for a Bus Rapid Transit system utilizing the I-15 HOT Lanes.

- **Cooperation and Consistency with State Highway System Requirements**

Caltrans District 8 supports the submittal of and finds that the RCTC proposal for the I-15 Corridor and HOT Lane Project is consistent with state highway system requirements.

District 8 staff has worked closely with RCTC staff since 2003 performing alternatives analyses and discussing the feasibility of developing HOV or HOT lanes on SR-91 and I-15. District staff provided RCTC with preliminary engineering layouts for proposed SR-91/I-15 Interchange improvements and for HOV or managed lanes on SR-91 and I-15.

RCTC staff provided formal presentations to their board in December 13, 2006 and July 11, 2007 regarding possible development of HOT Lanes and toll facilities, and evaluating the feasibility of public/private partnerships to build additional transportation capacity. The focus of these presentations was on the SR-91 and I-15 corridors. At the December 2006 meeting, RCTC took action to seek legislative approval for toll facilities on SR-91 and I-15. Mike Perovich, District 8 Director, attended the board meetings noted above and is an ex-officio member of the RCTC board representing Will Kempton.

- **Maintenance and Operation Agreements**

No agreement has been drafted for maintenance and operations of the proposed toll facility at this time. However, RCTC has indicated that a proposed maintenance agreement would be similar to the existing SR-91 Maintenance Service Agreement (MSA) for the Orange County/SR-91 Toll Facility. Using language from that agreement, RCTC would maintain the facility in accordance with Caltrans' then-applicable published maintenance schedules and standards, and would be entitled—but not obligated—to engage Caltrans to maintain the non-toll collection components of the Initial Facility.

The Department and RCTC will need to negotiate an MOU for Operations and Maintenance. RCTC has indicated that they intend to follow the SR-91 Franchise Agreement.

A draft cooperative agreement between Caltrans and RCTC for the Project Approval/ Environmental Document phase of this proposed project has been initiated.

Technical Feasibility

- **State Highway System Compatibility and Hot Lane Viability**

The route concept for this portion of I-15 is for the Interstate to operate at a minimum Level of Service (LOS) E. With the HOT lanes operating at LOS C, the general-purpose lanes are expected to operate at an acceptable LOS C to D. Without HOT lanes the Interstate is projected to operate at LOS F.

A study of operating conditions on the SR-91 shows that HOT lanes are beneficial and sustainable. During peak hours, the eastbound SR-91 Toll lanes currently carry 4,000 people in 2,800 vehicles. This benefits SR-91 by reducing congestion in the general-purpose lanes. It is anticipated that extending the Toll lanes on SR-91 and building toll lanes on I-15 will expand these benefits.

- **Project Proposal**

Segment A: The first segment of the proposed I-15 Corridor and HOT Lane Project (from San Bernardino County Line to I-215) is to be constructed by 2019. This segment consists of: Two HOT lanes in each direction from the San Bernardino County line to SR-74; One HOV lane in each direction from SR-74 to I-215; and one general purpose lane in each direction from the San Bernardino County line to SR-74; Merging lanes at each point of ingress or egress to the I-15 HOT lanes; HOT lane direct connector from the I-15 corridor north of SR-91 to the 91 Express Lanes west of I-15 (HOT lane direct connector consists of a one-lane ramp for southbound to westbound traffic and a one-lane ramp for eastbound to northbound traffic). Also included is the installation of electronic toll collection equipment, video enforcement equipment, and electronic occupancy detection systems.

Segment B: The second segment of the I-15 Corridor and HOT Lane Project (SR-74 to the San Diego County Line) would be constructed in the future as the San Diego County facilities along I-15 are extended north to the Riverside County line.

- **Network of Toll Facilities**

The I-15 Corridor and HOT Lane Project proposal has been developed to be compatible with and provide connectivity to existing and proposed toll facilities in Southern California such as I-15 managed lanes, SR-91 Express Lanes and the Orange County Toll Roads (SR-73/133/241/261). Note: Los Angeles and San Bernardino Counties are investigating toll options as well.

- **Regional Transportation Plan (RTP) Listing**

The draft 2008 RTP includes provisions for:

- Building HOV/HOT lanes (2 HOV 3+ lanes or HOT lanes in each direction) from SR-74 to San Bernardino County Line. Estimated cost for this project is: $873 million.
- Building/Extending 4 HOT lanes (2 in each direction) from Orange County Line to I-15 and including construction of Connector Lanes from EB SR-91 to SB I-15 and from NB I-15 to WB SR-91. Estimated cost for this project is: $751 million.

- **Riverside County Measure A**

Riverside County Measure A includes wording: I-15 add one lane in each direction from route 60 to San Diego County Line $359 M. RCTC is proposing funding for the general-purpose lane using Measure funds.

Funding for the I-15 Corridor and HOT Lanes Project is based on revenue bonds issued on projected toll revenue. No additional funding is identified beyond the Measure.

- **Caltrans PSR**

The PSR did not include a HOT lane alternative but it did acknowledge RCTC's 2009 Delivery Plan and proposed RTP amendment both of which detail an I-15 corridor with HOT Lanes from the San Bernardino County line to SR-74. The PSR proposed to widen from six to eight mixed flow lanes and two HOV lanes from I-15/I-215 (City of Murrieta) Junction to the Riverside/San Bernardino County Line.

The HOT lane alternative was not officially defined at the time of completion of the PSR, as the PSR alternatives were established prior to RCTC adopting HOT lane corridors in their 2009 Delivery Plan. The HOT lane alternative will be fully developed during the Project Approval and Environmental Document (PA/ED) phase.

- **Geometrics**

Within the project limits, I-15 is predominantly a six-lane divided urban freeway with three 12-foot lanes in each direction, with the exception of the segment between Railroad Canyon Road and Temescal Canyon Road for approximately 13 miles, where a fourth lane exists in each direction, that presently function as the outside shoulders. The inside and outside shoulders are 8 feet and 10 feet wide, respectively. The existing median is 70 feet wide and is unpaved beyond the shoulders. The structural section of the existing pavement consists of asphalt concrete pavement. The horizontal alignment is general

tangential and the vertical alignment is in general gentle rolling profiles. There are 41 bridge structures, including twenty-five local street interchanges, three railroad overheads and thirteen drainage facilities within the project limits.

- **Engineering Challenges**

From a horizontal and vertical alignment perspective, the existing interstate alignment does not present any geometric restriction, as the facility was originally designed and constructed to freeway standards. Limitations may exist with regards to the right of way, as the existing median is approximately 70 feet wide, and does not provide the required width to construct the additional mixed flow, HOV lane, buffer, and standard inside shoulder called for in the TCR for the Ultimate Concept Facility. In addition, the split profile configuration of the roadbed at some locations may require the construction of extensive retaining walls. Use of the existing right of way, which varies between 230 and 450 feet beyond the outside shoulders would be restrictive as well, given the topography of the terrain abutting the facility, as well as the closeness of local development.

- **Riverside County 2009 Delivery Plan**

Language reads add 2 HOT lanes in each direction from SB County to SR-74.

- **Public Benefits**

Currently there are insufficient public funds to make these improvements. RCTC's proposal would use anticipated revenues from a toll facility—user fees—to finance these improvements.

Without these improvements, conditions on SR-91 and I-15 will deteriorate beyond their current critically congested level. The increased congestion will negatively affect air quality, commercial development, quality of life, and mobility in western Riverside County, Orange County, and southern Los Angeles County.

- **Route Classification**

I-15 is a National Highway System (NHS) High Priority Corridor – Economic Lifeline Corridor, as well as part of the Strategic Highway Corridor Network of National Defense. I-15 is considered a major interstate goods-movement corridor, which links to the Los Angeles area, High Desert and beyond. I-15 is classified as a "High Emphasis" and "Gateway" route in the Interregional Road System (IRRS).

Conclusion: RCTC's Public Partnership Application is consistent with Caltrans District 8 and other regional priorities. RCTC has noted the need for additional legislation to implement this project. While District 8 staff has identified a number of challenges in developing this project, none of these issues constitute a fatal flaw. Therefore, Caltrans finds that the I-15 Corridor and HOT Lane Project application is consistent, in concept, with state highway system requirements, and is in compliance with applicable state and federal laws and regulations except as described in this letter. Also, Caltrans is committed to working with RCTC to ensure that that I-15 Corridor and HOT Lane Project is technically consistent with state highway system requirements, and will coordinate with RCTC to ensure that the I-15 HOT Lanes are maintained and operated consistent with the requirements set forth in the Streets and Highways Code.

California Transportation Commission (CTC)

FINANCIAL ANALYSIS OF PUBLIC PARTNERSHIP HIGH OCCUPANCY TOLL (HOT) LANE PROJECT PROPOSALS

FINDINGS

March 26, 2008

Table of Contents

Overview 3
1. Assessment of Project Objectives 4
2. Review of Financial Plan and Model 6
3. Findings and Conclusions 17
4. Attachments 18

Overview

This draft report summarizes the main findings of System Metrics Group, Inc. in association with Jeffrey A. Parker & Associates and Aldaron, Inc. (the "Consultant Team") in evaluating the eligibility from the standpoint of financial feasibility of the application filed by the Riverside County Transportation Commission (RCTC) in seeking legislative authority to develop High-Occupancy Toll Lanes ("HOT Lanes") in the entire length of the I-15 corridor in its jurisdiction. RCTC's application was filed in accordance with Assembly Bill (AB) 1467 and California Transportation Commission (CTC) HOT Lane guidelines promulgated pursuant to AB1467. The CTC guidelines specify numerous eligibility criteria, amongst which is "Financial Feasibility."

RCTC's application was based on a number of initial analyses and was necessarily submitted prior to RCTC expending additional resources to undertake more detailed studies and forecasts and in advance of environmental approvals. Thus, the data and assumptions contained therein and reviewed in this report must be viewed as being preliminary and subject to refinement during later stages of project development. Accordingly, our finding of financial feasibility is based on a level of due diligence that is appropriate and possible given the technical analyses that have been performed to-date. It can be anticipated that additional analyses and refinements, including an investment-grade toll revenue study, will be conducted prior to RCTC's seeking financing from capital markets.

RCTC's application contemplates initially developing a portion of the corridor under a project scope that comprises HOT Lanes as well as new general purpose lanes and HOV Lanes. **This report finds that the construction of HOT lanes along the I-15 corridor (which is the subject of the legislative authority being sought by RCTC) appears to be financially feasible, given the preliminary information provided, including the availability of subsidy from RCTC and the assumption of all cost and schedule risks being assumed by RCTC.** The construction of the new general purpose lanes and HOV lanes shown in the initial project concept may require RCTC to reprogram additional 2009 Measure A or other funds. It should be noted, however, that such lanes are outside the scope of the authority being sought by RCTC from the Legislature.

Given the relatively early stage of project development, a number of issues have been identified that cannot reasonably be definitively resolved at this juncture, and these are described at appropriate points in this report. The identification and subsequent resolution of such issues is typical for any project of the magnitude being contemplated. None of these issues can be said, at this stage, to render the project financially *infeasible*, but instead should be viewed as matters that require further refinement and resolution prior to final project financing arrangements being put in place.

RCTC's application includes a draft MOU with Caltrans for the Project Report/Environmental Document phase that explicitly allocates essentially all project development costs and overrun risk to RCTC for the current phase. The MOU is silent on operating and renewal costs which

RCTC and Caltrans have indicated to the Consultant Team will be addressed in a future MOU with Caltrans. However, RCTC and Caltrans have both indicated that the responsibilities for these costs in respect to the HOT Lanes portion of the project will be allocated to RCTC as well. The CTC and Caltrans may wish to reach a clear understanding on this point during the application review and approval process.

This report is comprised of four sections:

1. Assessment of Project Objectives;
2. Review of Financial Plan and Model;
3. Review of Financing Arrangements;
4. Attachments

1. Assessment of Project Objectives

The Riverside County Transportation Commission (RCTC) is seeking legislative approval to develop HOT lanes along the entire length of I-15 within the county. The goal of the application is obtain approval to toll I-15 within RCTC's jurisdiction.

RCTC's application describes an initial project (the "Project" or "Segment A") consisting of:

- Adding two HOT Lanes and one General Purpose Lane per direction of traffic between the San Bernardino County Line and the intersection of I-15 with SR-74;
- Building one HOV lane per direction of traffic between the intersection with SR-74 and the junction with I-215 near the town of Murrieta.

As noted above, RCTC is seeking legislative authority to develop HOT lanes in the entire I-15 corridor in Riverside County from the San Bernardino County line to the San Diego County line. RCTC has offered the "Segment A" project, as defined, so as to provide the basis for assessing the financial feasibility of HOT lanes in the corridor.

1.1 Project Scope

RCTC has included scope beyond HOT lanes in its application. The scope included in the application is consistent with that of the project currently in development through the standard Caltrans Project Development process. This project is in the Project Report/Environmental Document Phase. As discussed below, this broader scope negatively impacts the feasibility of the HOT lanes. However, because RCTC has indicated in its application that development of the additional, non-tolled lanes could be delayed or potentially funded from other sources, in effect de-linking them from the HOT lanes from a financing standpoint, the Consultant Team has considered them <u>optional</u> for the purposes of assessing the feasibility of the HOT lanes.

The decision to include the entire length of the I-15 corridor in the application rather than simply the initial project is reasonable and will help to ensure that the project objectives are realized: should congestion become significant between the junctions of I-15 with I-74 and I-215, and the San Diego County line, then RCTC will have the flexibility add capacity on the southern segments. Otherwise, congestion at the terminus of the initial project HOT lanes could result in back-ups on the HOT lanes which by definition should have free-flow at all times.

1.2 Benefit / Cost Analysis

System Metrics reviewed the benefit-cost analysis submitted by the Riverside County Transportation Commission (RCTC) in support of its I-15 High Occupancy Toll (HOT) lane application. RCTC provided project input sheets and the results pages from California Life-Cycle Benefit/Cost Analysis Model (Cal-B/C). RCTC submitted data for the project section from the I-15/SR-74 junction to the Riverside/San Bernardino County Line, including an expansion of the general purpose travel lanes in addition to HOT lanes. The data indicate that a total of six lanes (four HOT and two general purpose) are being added to the freeway.

Based on information provided elsewhere in RCTC's application, System Metrics identified a number of changes (described below) that might be appropriate to make to the B/C analysis to more accurately reflect the project. While some of these changes would lower and others would increase the B/C Ratio for the Project, System Metrics believes that the net effect of the above omissions will be higher benefit-cost ratios and a more defensible and detailed analysis. Taking into account all of these changes, the highway section could have a benefit-cost ratio between 2.0 and 3.0. By contrast, RCTC reports a benefit-cost ratio of 1.1. Our analysis indicates this ratio does not take into account the following factors:

a. No-Build Project Hourly High Occupancy Vehicle (HOV) Traffic. Cal-B/C is currently unable to estimate benefits accurately if different numbers of HOVs are entered in the no-build and build cases.

b. High Estimates of HOV Traffic – According to the 2003 edition of the HOV Operations Manual, Caltrans considers level of service (LOS) C to occur at approximately 1,650 vehicles per hour per lane (vphpl). Some Caltrans districts assume that the capacity of an HOV lane is even lower at about 1500 vphpl. In the application and accompanying correspondence, RCTC and its consultants indicate that they estimated low toll revenues to make a conservative financial case, but it also results in higher estimates of HOV traffic. The project information sheets suggest that 3600 vph for the two HOT lanes in each direction. This exceeds the assumed capacity and results in speeds on the HOV lanes of about 35 miles per hour (mph), which is slower than on the general purpose lanes. A reduction in the HOV traffic estimate to 1,650 or 1,500 would increase speeds and project benefits.

c. Low HOV Lane Capacity – The benefit-cost analysis indicates a capacity of about 1500 vphpl. This is a conservative estimate of capacity, which could be higher since demand will be actively managed. A higher capacity would be consistent with the HOV Operations Manual.

d. High Average Vehicle Occupancy (AVO) – The project information sheet and benefit-cost analysis indicate an AVO on the HOT lanes of about 2.05. This is probably a high estimate, since the HOT lanes would carry a combination of HOVs and toll-paying non-HOVs.

e. Operating and Maintenance Costs – The benefit-cost calculation does not include operating and maintenance costs for the facility.

2. Review of Financial Plan and Model

This section presents an overview and brief discussion of the financial elements of the submission. The financial team was not provided with a soft copy of the financial model; hence, only limited comments can be made about its robustness.[1] The level of detail in the model and the support for its assumptions reflect that the project analysis to-date is preliminary and has been conducted over the course of a series of non-contemporaneous studies. For example, the "Financial Model Assumptions Book" in Attachment V of the Application was prepared in October of 2007 for a different project scope than the Project described in the Part IV of the Application and the Financial Model Results shown in Attachment V. This is reasonable given the state of the Project. However, this report and the application would be more conclusive if the Assumptions Book, dated October 2007, were updated to match the assumptions in the March 2008 financial model results.

RCTC's application includes two sets of results: "Segment A – Base Case Run" (hereafter referred to as the "Original Run"), and "Segment A – JPA Assumptions w/DSCR=1.75" (hereafter referred to as the "Revised Run"). For purposes of this feasibility review, the Consultant Team believes that the Revised Run is the appropriate base case for considering feasibility (it should not be considered a "stress" or conservative case). As further discussed below, this is because: (a) the Original Run contains cost indexation assumptions that are considerably more aggressive than those used by Caltrans in its cost projections and than are typical in the experience of the Consultant Team and rating agency professionals consulted by the Consultant Team; and (b) because the Original Run shows that construction will be funded in part by a toll revenue bond issue sized given potentially unrealistic assumptions that the bonds will receive an A rating with a 1.0x debt service coverage ratio ("DSCR"). While not indicated in the RCTC application, it is implicit that RCTC would have to back these bonds by pledging additional RCTC funds (such as Measure A monies) to the Project. The Revised Run includes this subsidy and uses a more realistic, but not conservative 1.75x DSCR. (According to the

[1] In the "Financial Model Assumptions Book" in Part IV of the Application, RCTC's consultant states, "The Assumptions Book should be read in conjunction with the electronic version of the Model… KPMG makes no representation or warranty as to the consistency of the assumptions contained in this Assumptions Book… Users should satisfy themselves independently that the Assumptions Book and the Model are consistent with the scope and terms governing the Project." For the purposes of this report, the Consultant Team *has* assumed that the Model and the Assumptions Book are consistent unless otherwise indicated.

results shown in the RCTC application, the Revised Run requires over $400 million (in 2007 dollars) in additional subsidy than the amount shown in the Original Run.[2])

Based on the current project scope, funding proposal and available information regarding their entire Measure A program, RCTC appears able to build the HOT Lane portion of the project with adequate fund subsidy available for this purpose. RCTC has available to it a number of options for addressing potential funding shortfall issues. These include:

a) Deferring or, if necessary, removing the general purpose and HOV lanes from the Project scope;
b) Allocating some share of future federal and State formula and/or discretionary funds to the Project;
c) Reprogramming Measure funds from other projects;
d) Increasing toll revenues by ensuring the use of optimized toll policy parameters;
e) Accessing Federal credit programs such as TIFIA, an important source for subordinate borrowing on advantageous terms; and
f) Developing other, more efficient borrowing structures involving subordinated debt.
g) Using recourse financing.
h) Using the net proceeds from other toll projects for which revenues exceed costs.

RCTC has indicated that it intends to consider some or all of the above as well as other options as the financial analysis of the Project evolves from its current preliminary state.

2.1 Financial Model Assumptions

A. Funding Sources

Toll revenues are forecasted by Stantec (formerly Vollmer Associates), under contract from PB Consult. The forecast is preliminary and is not investment grade. Stantec predicts traffic patterns throughout Riverside County based on extrapolations from pre-existing population and economic forecasts.

According to RCTC, total toll revenues for the Project are expected to generate a Net Present Value ("NPV") of $1,397 million in 2007 dollars, assuming a 5% discount rate. However, this total includes revenues through 2080. Given the uncertainty of revenue models so far in the future and the relative lack of long-term, municipal debt instruments which extend beyond 40 years, this figure does not represent revenues available to support the project construction. An NPV of revenues for 45 years from the time of debt issuance is $955 million in $2007.

[2] Because the DSCR creates a cash-flow cushion, KPMG estimates that under the Revised Run there will be approximately $75 million (in $2007) in additional free cash flow returned to RCTC once the Project is in operations AND if revenues projections are realized, as compared to the Original Run. However, RCTC indicates that the subsidy would be provided during the construction period, so the additional revenue does not directly offset the subsidy from a cash flow perspective.

The main traffic assumptions of the forecasting model are:

a) Two toll rates: $0.30 per mile during peak hours; $0.15 per mile during off peak hours (in 2006 $).
b) Tolls assumed to be escalated yearly at 3% (which is in excess of the 2.5% rate for CPI assumed elsewhere in the financial plan).
c) Same toll structure for all vehicles.
d) Buses use the lanes without charge.
e) No charge for HOV 3+.
f) No trucks in HOT lanes.
g) Maximum free-flow volume for the two Express Lanes is 3,200 vehicles per hour.
h) Ramp up 60% of forecast in first year, 80% in second and 100% in third year.
i) Long run traffic growth of 1% per year (takes effect after 2030).
j) 280 traffic revenue days/year.
k) SR-91 Express Lanes extension is open to I-15 in 2015.
l) The Mid County Pkwy is not built.

Caltrans reviewed these assumptions and found them to be reasonable. SR-91 seems to be a primary traffic generator for the Project. The proposed peak toll rates are lower than those levied on SR-91. It seems likely that the toll rate elasticity on I-15 will be affected by the rates charged on SR-91.

Some issues relating to the traffic model remain open and will have to be addressed in the future. For instance, according to Caltrans, the acceptable range for maintaining free flow conditions (65 mph, LOS C) is between 1,100 to 1,600 vehicles per lane per hour. The observed maximum usage of the SR-91 toll lane is approx 2,800 vehicles (1,400 vehicles per lane per hour) – lower than the 3,200 assumed by RCTC. However, PB Consult indicated (in response to a question from the Consultant Team) that RCTC would use a higher toll rate when needed to constrain traffic to an optimal level. PB Consult assumes that the increase in tolls would at least offset the revenue lost due to decreased vehicle counts.

Traffic and revenue levels could also be impacted by design choices and capacity constraints at the SR-91 interchange, a key traffic generator for the project. According to the Application, only one-lane ramps are envisioned to connect the I-15 HOT lanes with the SR-91 HOT lanes. RCTC's consultant PB Consult indicated that two lane ramps were considered but believed likely to cause traffic backup on SR-91 due to excess traffic from I-15. If the ramp capacity is constrained to create a bottleneck then the effective capacity of the I-15 HOT lanes may be less than 2,800 near the SR-91 interchange. RCTC has indicated that this issue will be studied further as the project is developed and a solution will be achieved.

Measure A tax revenues are an important source of revenue for The Project, as RCTC is accepting complete responsibility for overruns and subsidies. Measure A is identified RCTC's sole local funding source for the project for purposes of these analyses. (RCTC has suggested to the Consultant Team that its transportation projects can be funded from

a variety of funding sources.) RCTC estimates that the total nominal Measure A revenues over the 2009-2039 interval will be $11,143m, divided between three geographical areas: Western County (74.6%), Coachella Valley (28.84%) and Palo Verde (0.7%). Within each region, the funds will be further subdivided for as economic development, regional arteries, bond financing and highway development. It should be noted that in 2007 receipts from the Measure A tax decreased by some 2%, reflecting a slowdown in the regional economy. RCTC indicates in its application that estimates provided reflect this slow-down.

RCTC has indicated that the Project will be funded from the Western County Highways fund, expected to be collect some $2,518m in nominal terms over the lifetime of the tax. Fully assessing this forecast was beyond the scope of our analysis. According to RCTC, this amount represents the minimum allocation to this fund based on the voter-approved expenditure plan, and RCTC may have the discretion to allocate an increased amount of total receipts to this fund if needed. According to RCTC, the current 10-year Western County Highway Delivery Plan commits 2009 Measure A moneys to four major projects: Route 91 ($814m), I-215 ($294m), I-15 ($827m) and I-10 ($47m). In total, RCTC expected in this plan that these Projects would require some $1,982m in nominal Measure A funding or other funding, according to RCTC's correspondence with the Consultant Team.

Because the bulk of the Measure A funds will be collected in the later years of the period and project spending is to occur in the early years, there may be a funding gap that RCTC will have to address as discussed in Section 2 above. Specifically, as currently allocated the Measure A Western County Highways funds by themselves appear to be insufficient to fund the likely shortfalls for the initial project described as "Segment A" in the RCTC application. However, pending further study, it seems reasonable to assume that total funds available could fund at least the HOT Lanes portion of the Segment A project (i.e. excluding the new general purpose and HOV lanes).

Table 1 below summarizes RCTC's projection for the Western County Highways fund as currently allocated and provides a very rough estimate of the borrowing capacity of those funds for upfront subsidy as calculated by the Consultant Team in $2007 (in RCTC's application, the financial model results are summarized in $2007 net present value terms).

Table 1: Summary of 2009 Measure A Funds Available to RCTC

Year	RCTC Projection*	Y-o-Y Growth Rate	Estimated Upfront Subsidy Capacity**
FY09/10	$29,752,421	-	$22,038,830
FY10/11	30,347,469	2.0%	22,479,607
FY11/12	31,561,368	4.0%	23,378,791
FY12/13	33,455,050	6.0%	24,781,519
FY13/14	35,984,876	7.6%	26,655,464
FY14/15	38,823,852	7.9%	28,758,409
FY15/16	41,791,697	7.6%	30,956,813
FY16/17	44,939,034	7.5%	33,288,173
FY17/18	48,305,401	7.5%	35,781,779
FY18/19	51,865,485	7.4%	38,418,878
FY19/20	55,607,878	7.2%	41,191,020
FY20/21	59,431,140	6.9%	44,023,067
FY21/22	63,477,450	6.8%	47,020,333
FY22/23	67,758,747	6.7%	50,191,665
FY23/24	72,294,735	6.7%	53,551,656
FY24/25	77,206,175	6.8%	57,189,759
FY25/26	82,215,897	6.5%	60,900,665
FY26/27	87,342,899	6.2%	64,698,444
FY27/28	92,835,156	6.3%	68,766,782
FY28/29	98,672,344	6.3%	73,090,626
FY29/30	104,805,687	6.2%	77,633,842
FY30/31	111,301,936	6.2%	82,445,879
FY31/32	118,092,331	6.1%	87,475,801
FY32/33	125,116,495	5.9%	92,678,885
FY33/34	132,511,392	5.9%	98,156,587
FY34/35	140,201,214	5.8%	103,852,751
FY35/36	148,115,090	5.6%	109,714,882
FY36/37	156,374,713	5.6%	115,833,121
FY37/38	164,977,612	5.5%	122,205,638
FY38/39	173,765,487	5.3%	128,715,176
Net Present Value in $2007***	**$936,015,863**		**$693,345,084**

* RCTC estimates, Official Application, March 13 2008, Attachment VI

** Assumes 1.35x Debt Service Coverage Ratio requirement

*** Uses 5% discount rate from RCTC's financial model

Federal Funding. In its revised application, RCTC indicated that a variety of additional funding sources may be available for The Project. For instance, according to RCTC, over $600 million of state and federal revenue in the form of formula funds may be available over the 30-year life of Measure A (2009-2039). This would likely equate to a total Present Value of $200 - $300 million depending on when such funds are available. However, assessing the reasonableness of any assumption that these funds could be available for this Project and/or that they would not create a shortfall on another Measure A project of equal priority was beyond the scope of our analysis. The Consultant Team does expect that Federal credit programs such as TIFIA could be an important source for subordinate borrowing on advantageous terms, should such programs remain in place.

Excess Toll Revenue. Finally, RCTC expects some additional revenues from the SR-91 HOT lanes project to be allocated to the Western County Highways fund. A revenue forecast for the SR-91 project was not provided with the application, so no assessment of this option can be made.

B. Costs

Initial Capital Expenditure. The current initial capital cost assumptions are outlined in Attachment 1 hereto. According to Caltrans, these assumed costs are generally consistent with Caltrans practice/expectations for the corridor. RCTC has indicated the Capex estimates include a 25% contingency for most line items, although this is not included as a separate line item in the Part V of the application. The recently completed Project Study Report (PSR) included as Attachment III of Part IV of the Application details a different project scope than one currently contemplated in the Project – essentially four lanes within the median only. However, on a rough order of magnitude basis, the PSR costs seem to correlate with the cost-per-mile of the HOT Lanes portion of the Project shown in Part V.

Operating and Rehabilitation & Renewal Expenditures. Attachment 2 hereto outlines the projected Operating costs for the Project. The costs do not include those associated with the general purpose or HOV lanes because current policy does not require local agency sponsors to fund these costs. Caltrans' Maintenance records for Fiscal Year (FY) 2007 shows that the annual cost for routine maintenance of the existing 6 lane segment of roadway between the SR-74 and San Bernardino County Line (30 miles) was $1,100,000, or $36,700 per mile. This includes pavement, drainage, landscape, electrical, storm water, litter, and graffiti maintenance. The actual incurred cost for maintaining the (4 lane) SR-91 HOT Lanes was $47,000 per mile. Caltrans indicates that estimates provided for the Project by RCTC seem reasonable. RCTC has indicated that it included a 20% contingency for most O&M costs.

Ideally, Caltrans strives to provide preventive maintenance (chip seals, open grade, crack seals) every 5-7 years. Larger rehabilitation projects are programmed in the 10-year SHOPP. This is consistent with the rehabilitation and refurbishment (R&R) schedule proposed by RCTC for the Project (see Attachment 3 hereto). Like the Operating cost

estimates, the R&R costs estimates are for the HOT lanes only as the other facilities apparently will be incorporated into Caltrans inventory.

Scheduling The proposed project schedule is provided in Attachment 3 hereto. RCTC currently assumes it will have design-build authority for the Project. In commenting on the schedule, Caltrans cited an FHWA survey that found that the overall duration of projects were reduced by 14 percent and total cost by 3 percent due to design-build. Should RCTC not obtain design build authority, it expects the project to continue on schedule until 2011, at which time procurement of the design-build contractor would otherwise commence. Instead, final design would start in 2012, construction would begin in 2018, and the HOT lanes would open to traffic in 2022. RCTC did not provide a sensitivity analysis demonstrating how this would affect the project cost. Caltrans indicated that it finds the project schedule shown to be reasonable and potentially achievable without design-build.

In Part IV of the Application, RCTC expresses its flexibility in constructing the general purpose lanes at a later date than what is proposed in the Project, but before the Measure A extension expires in 2039, in order to enhance the feasibility of the Project. This could result in some cost savings, as hard costs for the GP lanes are forecast at some $516.3 million in $2007. However, RCTC did not provide a financial model result showing this delayed option. Incurring hard costs at a later date would reduce financing costs and result in a more feasible project. Still, the amount saved may be reduced due to lost economies of scale for hard costs. Similarly, delaying these lanes may not result in a commensurate savings of soft costs. Currently soft costs allocated to the general purpose lanes are $169m out of a project total $326m.

In Section 2.2, below, the Consultant Team undertook a rough estimate of savings that might be achieved if the non-tolled HOV and general purpose lanes are excluded from the project.

Indexation. A summary of the cost escalation rates that RCTC uses its Part V financial model runs is shown as Table 2 below (Caltrans' recently adopted standard assumptions are also provided as a reference).

Table 2: Summary of Cost Escalation Assumptions

Operations & Management	2.50%	2.75%	3%
Rehabilitation & Resurfacing	2.50%	3.50%	5%
Right-of-Way ("RoW") acquisition	8%	8%	20%
Capital expenditure w/o RoW	3.50%	5%	5%

Original Run indexation figures seem aggressive compared to national practice, particularly since costs are being escalated from $2006. The Consultant Team believes that the Revised Run is a more reasonable base case. (Caltrans ROW expenditures inflation estimates reflect recent history but may prove overly conservative beyond 2007. In any case, ROW is a limited cost for the Project.)

C. Financing Structure

The financial model results shown in the RCTC application indicate that pre-development costs will be paid for with Measure A proceeds prior to environmental approval. Short-term loans, referred to as "Traditional Construction Financing" in the RCTC application, is used to repay Measure A pre-development expenditures and to initiate construction of portions of the Project. The bulk of the Project is financed using what the model shows as a RCTC Measure A-funded subsidy during the construction period and non-recourse capital appreciation bonds (CABs) leveraging future toll revenues.

Traditional Construction Financing. While the current short-term securities market is in flux, it is a reasonable assumption that this market will be available to the Project by 2012 as contemplated in the Financial Model Results. For the Revised Run, RCTC assumes that approximately $50m of short-term financing will be used until CABs are issued and additional Measure A subsidy is provided. RCTC currently has the capacity to issue $185m of such financing and it is a reasonable assumption that similar capacity will exist in the future (subject to availability of unpledged Measure A funds).

Capital Appreciation Bonds. The Financial Model Assumptions Book in Part IV of the Application indicates that CABs are assumed to be issued on the following terms:

a) Bonds would receive an "A" category rating;
b) 5% annual yield;

c) One year grace period;
d) Financing fee of 1.5% paid at financial close;
e) Amortization: sculpted repayments based on available cash flows that would meet coverage ratios based on mortgage style repayment; principal deferred until construction.
f) Debt Service Reserve Account equal to one year of debt service.

In subsequent correspondence with the Consultant Team, KPMG indicated that a 1.75x DSCR was considered reasonable for the bonds. The Consultant Team finds that this is an aggressive assumption for A rated bonds issued pre-construction – but that it is an acceptable plug for this stage of the project analysis because more efficient borrowing structures involving subordinated debt, including TIFIA, might be assumed in the future. As discussed above, the Original Run assumed a 1.0x DSCR which is not realistic without an ongoing subsidy from RCTC to provide additional coverage.

The Consultant Team also discussed the expected bond rating for non-recourse HOT lane-based toll revenue bonds with rating agency professionals familiar with SR-91's bond issuances. SR-91 bonds achieved an "A" rating, but this came after construction was complete and seven years of successful, documented revenue operations. For non-recourse bonds on I-15 pre-construction a more reasonable assumption would be BBB or BBB-. The Revised Run assumes a 6% annual yield, which is not conservative based on the long-term yield curve and prospective rating. The rating agency would also expect greater liquidity reserves for construction overruns and ramp-up of revenue operations. Accordingly, the Consultant Team finds the Revised Run to be a more reasonable, not overly conservative base case from a debt perspective.

RCTC Contributions provide all subsidy for the Project. According to the Financial Model Results in the Application for the Revised Run, this contribution is expected to amount to a Net Present Value ("NPV") of more than $1.1bn in $2007 and nearly $2 billion in nominal dollars. All subsidy is shown as provided prior to 2020, implying funding through the issuance of Measure A revenue bonds or other sources. As shown in Table 1, the upfront subsidy potential of the projected 2009 Measure A Western Country Highways funds may be approximately $700 million in $2007 and in any case, no more than $950 million, representing a shortfall of $400 million under reasonable assumptions. Further, I-15 is not the only project for which the Western County Highway funds are currently pledged. Options for addressing potential funding shortfalls are summarized in Section 2 above.

However, as described below, the Consultant Team expects that the available Measure A subsidy would be sufficient to fund the HOT Lanes alone.

2.2 Financial Model Testing

As noted above, a soft copy of the financial model was not provided, so its robustness could not be fully evaluated. However, output data for a number of model runs was provided. The difference between the various model runs was summarized in the following table which was provided by RCTC with the application (note that the "Original Run" is the Base Case Assumptions row shaded in gray, and the "Revised Run" is row #9").

Table 3. Model results, US$000' in 2007 NPV *(Excerpted from RCTC)*

Summary of Sensitivity Runs on the I-15 Project Segment A Base Case

	Variables/ Assumptions			Results in $000's ; Present Value to 1/1/2007		
	Item	Base Case	Sensitivity	Project Development Cost	Required Subsidy	Distributions to RCTC
1	Operating Expenses Escalation Rate	2.50%	2.75%	1,199,188	718,681	332,866
2	Initial Capex (excl. ROW) Escalation Rate	3.50%	5.00%	1,381,175	883,803	347,523
3	Rehabilitation & Refurbishment Escalation Rate	2.50%	3.50%	1,199,188	718,201	291,775
4	DSCR	1.00 X	1.40 X	1,199,188	845,917	512,423
5	DSCR	1.00 X	1.75 X	1,199,188	917,686	594,153
6	Interest Rate on CABs	5.00%	6.00%	1,199,188	806,439	330,637
7	DSCR & Initial Capex Escalation Rate	DSCR=1.00 InCapex=3.5%	DSCR=1.40 InCapex=5%	1,381,175	1,028,730	512,794
8	All JPA assumptions: DSCR=1.40	see note below		1,381,175	1,122,274	424,229
9	All JPA assumptions: DSCR=1.75			1,381,175	1,174,863	501,112

As discussed above, the Consultant Team considers that the Revised Run (#9) should be considered the base case. Discussions with rating agency executives and Caltrans support this conclusion.

To begin to consider the feasibility of a HOT lanes only project (as this application only pertains to HOT lanes), the Consultant Team utilized information provided by RCTC in Part V to test rough estimates of the reduction in subsidy requirements that could be achieved, as shown in Table 4. Allocation of capital costs between HOT Lanes and non-tolled lanes was estimated based on the relative weighting shown in Attachment 1 hereto but using the costs from the Revised Run. Because the financial model for the project was not provided, these estimates should only be considered useful for gauging order of magnitude differences, if at all.

Table 4: Considering the Feasibility of a HOT Lanes-only scope

Revenue and Expense Estimates (as NPV in $2007)	Revised Run (per RCTC Application)	HOT Lanes Only Assumptions*	HOT Lanes Only	HOT Lanes Only Stress Case*	HOT Lanes Only
Toll Revenues thru 2053, less:	$841	115%	$967	95%	$799
Operating Expenditures	(399)	100%	(399)	110%	(439)
Rehabilitation & Resurfacing	(181)	55%	(100)	65%	(118)
Capital Expenditures	(1,381)	55%	(760)	65%	(898)
Rough Estimate of NPV Shortfall	(1,120)		(291)		(655)

* Percentages applied to revenue and expense amount used in Revised Run as provided by RCTC
Note that according to RCTC, hard costs of HOT Lanes comprise approximately 53% of the total hard costs.

Table 4 shows a rough, order-of-magnitude test of a HOT Lanes-only scope.[3] The HOT Lanes-only test assuming some increase in revenue as additional general purpose lane capacity will not be added, and assuming reduced costs. Operating costs are assumed unchanged as RCTC estimates already excluded General Purpose and HOV lanes to be maintained by Caltrans. The Stress Case assumes a "perfect storm" of events that could conceivably combine to adversely affect the financial feasibility. These events include significant losses in economy of scale for Capital, O&M and R&R costs, as well as toll revenues being less than forecast in the PB Consult estimate and thus also low in the HOT Lane only scenario. To be clear: the fact that these events *could* happen is not a prediction that they *will* happen, but they do serve to illustrate the due diligence that RCTC will need to continue to exercise during the project development process to ensure the financial integrity of the project.

There appears to be sufficient 2009 Measure A Western County Highway funds available for either HOT Lanes-only scenario (see Table 1 and), and thus the HOT Lanes can be considered feasible under the given assumptions. The Stress Case considers a simultaneous shortfall in revenues and overrun in costs and should be reviewed for reasonableness in future studies. However, in the event of such a scenario, funding now allocated to major Western County Highway projects during the first 10 or more years of 2009 Measure A may need to be utilized to support the I-15 HOT Lanes. Should it wish to pursue the full Segment A Project, RCTC may need to review and potentially re-prioritize its 2009 Measure A commitments, pending the results of more detailed cost and revenue analysis of the Project.

[3] In all Table 4 cases, DSCR and debt convenants are not directly considered, but will be part of RCTC's constraints and subject to more complete analysis as project development proceeds.

3. Findings and Conclusions

Based on the materials provided to CTC by the applicant, the construction of HOT lanes themselves on the I-15 corridor appears feasible from a financial perspective. The feasibility analysis undertaken thus far is preliminary, which is not unexpected given the early stage of the project. A number of concerns remain, particularly regarding the Project scope, and must be addressed before RCTC can raise financing from capital markets. RCTC has agreed in the draft MOU with Caltrans to bear the development costs required to answer these questions, including nearly all of the pre-environmental approval costs – as well as all future construction costs. Thus, it remains RCTC's and its constituent's prerogative to allocate available Measure A funds as they so choose.

4. Attachments

Attachment 1: Construction Cost Estimates (from Part V of RCTC Application)

SEGMENT A: I-15 CORRIDOR AND HOT LANE PROJECT

February 27, 2008
Revision 1

COST ESTIMATE IN 2008 DOLLARS

TOTAL SEGMENT A PROJECT

	I-15 GENERAL PURPOSE AND HOV LANES	I-15 EXPRESS LANES (OUTSIDE PORTION)	I-15 EXPRESS LANES (MEDIAN PORTION)	TOTAL
Soft Costs				
Project Approval and Environmental Document	$ 25,819,000	$ 6,488,000	$ 22,679,000	$ 54,986,000
Preliminary Design & Design Review	$ 15,492,000	$ 3,893,000	$ 13,607,000	$ 32,992,000
Final Design	$ 36,147,000	$ 9,082,000	$ 31,750,000	$ 76,979,000
Total Development Cost	$ 77,458,000	$ 19,463,000	$ 68,036,000	$ 164,957,000
Legal/Procurement Support	$ 1,250,000	$ -	$ 3,750,000	$ 5,000,000
Construction Services	$ 51,637,000	$ 12,975,000	$ 45,355,000	$ 109,967,000
Subtotal Project Soft Cost	$ 130,345,000	$ 32,438,000	$ 117,141,000	$ 279,924,000
Hard Costs				
Right of Way Acquisition Cost	$ 5,460,000	$ 1,821,000	$ -	$ 7,281,000
Roadway Items Cost	$ 350,493,649	$ 85,141,000	$ 329,017,000	$ 764,651,649
Additional Roadway Items for Express Lanes	$ -	$ -	$ 1,000,000	$ 1,000,000
Structure Items Cost	$ 155,450,071	$ 42,763,000	$ 97,037,000	$ 295,250,071
Subtotal Construction Cost	$ 505,943,720	$ 127,904,000	$ 427,054,000	$ 1,060,901,720
Toll Collection System Cost	$ -	$ -	$ 8,676,000	$ 8,676,000
ITS Cost	$ 4,945,251	$ -	$ 11,208,000	$ 16,153,251
Building Cost	$ -	$ -	$ 6,600,000	$ 6,600,000
Subtotal Project Hard Cost	$ 516,349,000	$ 129,725,000	$ 453,538,000	$ 1,099,612,000
Total Capital Cost				
Subtotal Project Soft Cost	$ 130,345,000	$ 32,438,000	$ 117,141,000	$ 279,924,000
Subtotal Project Hard Cost	$ 516,349,000	$ 129,725,000	$ 453,538,000	$ 1,099,612,000
Total Capital Cost	$ 646,694,000	$ 162,163,000	$ 570,679,000	$ 1,379,536,000

Basis for Cost Estimate

I-15 GENERAL PURPOSE LANES	Cost estimate is based on PB cost estimate prepared for RCTC on 03-30-07
I-15 EXPRESS LANES	Cost estimate is based on the cost estimate jointly prepared for Phase 1 of the I-15 Managed Lanes by Bechtel and PB submitted to RCTC on 10-6-2006
ITS Cost	Cost estimate is based on modification to the cost estimate prepared for Phase 1 of the I-15 Managed Lanes by PB on 11-10-2006

Attachment 2: O&M Costs (estimates and comparables provided by PB Consult / RCTC)

	Actual COSTS INCURRED, SR-91						
DESCRIPTION	12 MONTHS ENDING 6/30/05	11 MONTHS ENDING 5/31/06	ANNUALIZED COSTS ENDING 5/31/06	COST/MILE FOR COSTS THAT VARY WITH LENGTH	OCTA ANNUALIZED COSTS OR BUDGET FOR 2005/06	ESTIMATE PREPARED FOR SR-91	I-15 ESTIMATE GIVEN TO KPMG FOR TOLL FEASIBILITY STUDY
Contracted Services	$5,336,765	$5,046,254	$5,505,004		$5,505,004	$1,400,000	$1,400,000
Administrative Fee	$1,526,590	$1,400,449	$1,527,763		$1,527,763	$585,000	$585,000
Other Professional Services/Refinancing Costs	$1,302,235	$1,835,128	$2,001,958		$1,701,174	$2,100,000	$2,100,000
Credit Card Processing Fee	$971,054	$973,082	$1,061,544		$1,061,544	$265,000	$265,000
Toll Road Account Servicing	$1,075,505	$751,382	$819,689		$819,689	$205,000	$205,000
Transponders Issued*	$903,100	$678,071	$739,714		$739,714	$185,000	$185,000
Other Insurance Expense	$338,763	$221,408	$241,536	$24,154	$241,536	$174,000	$174,000
Toll Road Maintenance Contract - Caltrans	$492,582	$427,514	$466,379	$46,638	$1,131,654	$815,000	$815,000
Patrol Services	$397,366	$348,799	$380,508	$38,051	$397,366	$400,000	$400,000
Advertising Fees	$119,374	$89,609	$97,755		$97,755	$100,000	$100,000
Other Services	$143,329	$209,468	$228,511				
Utilities	$234,246	$129,789	$141,588	$14,159	$141,588	$102,000	$102,000
Office Expense	$496,949	$487,500	$531,818		$531,818	$250,000	$250,000
Bad Debt Expense (To be adjusted at year end)	$1,067,550	$25,394	$27,703		$218,695	$55,000	$55,000
Toll Road Maintenance Supply/Repairs					$466,379		
Building Equipment Repairs and Maintenance	$326,777	$349,500	$381,273		$381,273	$152,000	$152,000
Miscellaneous**	$77,465	$200,470	$218,695				
Travel and Mileage	$4,203	$6,093	$6,647		$6,093	$5,000	$5,000
Training and conferences	$359	$0	$0		$0	$2,000	$2,000
Books and Subscriptions	$1,570	$545	$595		$595	$1,000	$1,000
Dues and memberships	$14,702	$16,400	$17,891		$17,891	$10,000	$10,000
Bond Issuance Expense					$142,335	$150,000	
Leases	$267,244	$317,074	$345,899		$345,899	$100,000	$100,000
Property Taxes	$0	$0	$0		$0		
Depreciation and Amortization	$9,108,316	$8,357,060	$9,116,793		$0		
			$0				
Total Operating Expenses	$24,206,044	$21,870,989	$23,859,261		$15,475,765	$7,056,000	$6,906,000

Note: a 20% contingency has been added into the O&M costs for the project according to RCTC.

Attachment 3: Construction and rehabilitation schedules assumed for I-15 HOT Project
(from Part V of RCTC Application)

Scenario 2 Construction Schedule		
	Completion year	Constructed mile lanes
Phase 1	2016	9.4 HOT + 23.3 GP
Phase 2	2020	59.2 HOT + 23.6 GP
Phase 3	2020	62.5 HOT + 29.0 GP
Phase 4	2030	37.3 HOV + 16.4 GP
Phase 5	2030	61.8 HOV + 29.4 GP
Source: Attachment V.		

Note: the above "scenario 2" phasing schedule differs slightly from "Segment A" as proposed in the latest version of the RCTC application. Based on the information available, this variance does not appear to impact feasibility of the HOT Lanes portion of the project.

Year*	Description	Cost
2026	Crack seal – roadway	$173,000
2030	Crack seal – roadway	$1,217,000
2036	5% Slab replacement/grinding	$3,460,000
	Crack seal – structures	$346,295
	Upgrade/replace toll equipment	$780,000
	Phase Cost	$4,587,295
2040	5% Slab replacement/grinding	$24,340,000
	Crack seal – structures	$1,666,560
	Crack seal – roadway	$0
	Upgrade/replace toll equipment	$3,847,000
	Phase Cost	$29,583,560
2046	5% Slab Replacement/Grinding	$3,4600,000
2050	5% Slab Replacement/Grinding	$24,340,000
	Crack seal – structures	$0
	Upgrade/replace toll collection equipment.	$0
	Phase Cost	$24,340,000
2056	Lane Reconstruction – Roadway	$34,600,000
	Crack seal – structures	$346,925
	Upgrade/replace toll collection equipment.	$781,000
	Phase Cost	$35,727,295
2060	Lane Reconstruction – Roadway	$243,400,000
	5% Slab Replacement/Grinding	$0
	Crack seal – structures	$1,666,560
	Upgrade/replace toll collection equipment.	$3,487,000
	Phase Cost	$248,913,560
2066	Crack seal – roadway	$173,000
2070	Crack seal – roadway	$1,217,000
	Crack seal – structures	
	Lane Reconstruction – Roadway	
	Upgrade/replace toll collection equipment.	
	Phase Cost	$1,217,000
2076	5% Slab Replacement/Grinding	$3,460,000
	Crack seal – structures	$346,295
	Upgrade/replace toll collection equipment.	$781,000
	Phase Cost	$4,587,295
2080	5% Slab Replacement/Grinding	$24,340,000
	Crack seal – roadway	$1,666,560
	Crack seal – structures	$0
	Upgrade/replace toll collection equipment.	$3,847,000
	Phase Cost	$29,853,560

Exhibit 10: Rehabilitation and Refurbishment costs in 2006$ - Scenario 2

BILL NUMBER: AB 1467 CHAPTERED
BILL TEXT

CHAPTER 32
FILED WITH SECRETARY OF STATE MAY 19, 2006
APPROVED BY GOVERNOR MAY 19, 2006
PASSED THE ASSEMBLY MAY 5, 2006
PASSED THE SENATE MAY 4, 2006

INTRODUCED BY Assembly Member Nunez and Senator Perata

FEBRUARY 22, 2005

An act to amend Section 143 of, and to add Section 149.7 to, the Streets and Highways Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1467, Nunez Transportation projects: facilities: public-private partnerships.

Existing law, until January 1, 2003, authorized the Department of Transportation to solicit proposals and enter into agreements with private entities or consortia for the construction and lease of no more than 2 toll road projects, and specified the terms and requirements applicable to those projects. Existing law authorizes the department to construct high-occupancy vehicle and other preferential lanes.

This bill, until January 1, 2012, would instead authorize the department and regional transportation agencies, as defined, to enter into comprehensive development lease agreements with public and private entities, or consortia of those entities, for certain transportation projects that may charge certain users of those projects tolls and user fees, subject to various terms and requirements.

The number of projects authorized by these provisions would be limited to 4, with 2 in northern California and 2 in southern California, as selected by the California Transportation Commission. The projects would be primarily for improvement of goods movement.

The bill would also authorize regional transportation agencies, in cooperation with the department, to apply to the commission to develop and operate high-occupancy toll lanes, including the administration and operation of a value pricing program and exclusive or preferential lane facilities for public transit, as specified. The bill would, until January 1, 2012, prescribe the procedures for approval of the applications and limit the number of approved projects to 4, 2 in northern California and 2 in southern California, and would enact other related provisions.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 143 of the Streets and Highways Code is amended to read:

143. (a) (1) "Regional transportation agency" means any of the following:

(A) A transportation planning agency as defined in Section 29532 or 29532.1 of the Government Code.

(B) A county transportation commission as defined in Section 130050, 130050.1, or 130050.2 of the Public Utilities Code.

(C) Any other local or regional transportation entity that is designated by statute as a regional transportation agency.

(D) A joint exercise of powers authority as defined in Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code, with the consent of a transportation planning agency or a county transportation commission for the jurisdiction in which the transportation project will be developed.

(2) "Transportation project" means one or more of the following: planning, design, development, finance, construction, reconstruction, rehabilitation, improvement, acquisition, lease, operation, or maintenance of highway, public street, rail, or related facilities supplemental to existing facilities currently owned and operated by the department or regional transportation agencies that is consistent with the requirements of paragraph (2) of subdivision (b).

(b) (1) Notwithstanding any other provision of law, only the department, in cooperation with regional transportation agencies, and regional transportation agencies, may solicit proposals, accept unsolicited proposals, negotiate, and enter into comprehensive development lease agreements with public or private entities, or consortia thereof, for transportation projects.

(2) The number of projects authorized pursuant to this section shall be limited to two projects in northern California and two projects in southern California. The California Transportation Commission shall select the candidate projects from projects nominated by the department or a regional transportation agency. No less than two of the selected projects shall be nominated by a regional transportation agency. The projects shall be primarily designed to improve goods movement, including, but not limited to, exclusive truck lanes and rail access and operational improvements. The projects shall address a known forecast demand, as determined by the department or regional transportation agency.

(3) All negotiated lease agreements shall be submitted to the Legislature for approval or rejection. Any approval shall be achieved by the enactment of a statute. Prior to submitting a lease agreement to the Legislature, the department or regional transportation agency shall conduct at least one public hearing at a location at or near the proposed facility for purposes of receiving public comment on the lease agreement. Public comments made during this hearing shall be submitted to the Legislature with the lease agreement.

(c) For the purpose of facilitating those projects, the agreements between the parties may include provisions for the lease of rights-of-way in, and airspace over or under, highways, public streets, rail, or related facilities for the granting of necessary easements, and for the issuance of permits or other authorizations to enable the construction of transportation projects. Facilities subject to an agreement under this section shall, at all times, be owned by the department or the regional transportation agency, as appropriate. For department projects, the commission shall certify the department's determination of the useful life of the project in establishing the lease agreement terms. In consideration therefor, the agreement shall provide for complete reversion of the leased facility, together with the right to collect tolls and user fees, to the department or regional transportation agency, at the expiration of the lease at no charge to the department or regional transportation agency. At time of reversion, the facility shall be delivered to the department or regional transportation agency, as applicable, in a condition that meets the performance and maintenance standards established by the department and that is free of any

encumbrance, lien, or other claims.

(d) (1) The department or a regional transportation agency may exercise any power possessed by it with respect to transportation projects to facilitate the transportation projects pursuant to this section. The department, regional transportation agency, and other state or local agencies may provide services to the contracting entity for which the public entity is reimbursed, including, but not limited to, planning, environmental planning, environmental certification, environmental review, preliminary design, design, right-of-way acquisition, construction, maintenance, and policing of these transportation projects. The department or regional transportation agency, as applicable, shall regularly inspect the facility and require the lessee to maintain and operate the facility according to adopted standards. The lessee shall be responsible for all costs due to development, maintenance, repair, rehabilitation, and reconstruction, and operating costs.

(2) In selecting private entities with which to enter into these agreements, notwithstanding any other provision of law, the department and regional transportation agencies may, but are not limited to, utilizing one or more of the following procurement approaches:

(A) Solicitations of proposals for defined projects and calls for project proposals within defined parameters.

(B) Prequalification and short-listing of proposers prior to final evaluation of proposals.

(C) Final evaluation of proposals based on qualifications, best value, or both. If final evaluation is to be based on best value, the California Transportation Commission shall develop and adopt criteria for making that evaluation prior to evaluation of a proposal.

(D) Negotiations with proposers prior to award.

(E) Acceptance of unsolicited proposals, with issuance of requests for competing proposals.

(3) No agreement entered into pursuant to this section shall infringe on the authority of the department or a regional transportation agency to develop, maintain, repair, rehabilitate, operate, or lease any transportation project. Lease agreements may provide for reasonable compensation to the leaseholder for the adverse effects on toll revenue or user fee revenue due to the development, operation, or lease of supplemental transportation projects with the exception of any of the following:

(A) Projects identified in regional transportation plans prepared pursuant to Section 65080 of the Government Code and submitted to the commission as of the date the commission selected the project to be developed through a lease agreement, as provided in this section, unless provided by the lease agreement approved by the department or regional transportation agency and the commission.

(B) Safety projects.

(C) Improvement projects that will result in incidental capacity increases.

(D) Additional high-occupancy vehicle lanes or the conversion of existing lanes to high-occupancy vehicle lanes.

(E) Projects located outside the boundaries of a public-private partnership project, to be defined by the lease agreement.

However, compensation to a leaseholder shall only be made after a demonstrable reduction in use of the facility resulting in reduced toll or user fee revenues, and may not exceed the reduction in those revenues.

(e) (1) Agreements entered into pursuant to this section shall authorize the contracting entity to impose tolls and user fees for

use of a facility constructed by it, and shall require that over the term of the lease the toll revenues and user fees be applied to payment of the capital outlay costs for the project, the costs associated with operations, toll and user fee collection, administration of the facility, reimbursement to the department or other governmental entity for the costs of services to develop and maintain the project, police services, and a reasonable return on investment. The agreement shall require that, notwithstanding Sections 164, 188, and 188.1, any excess toll or user fee revenue either be applied to any indebtedness incurred by the contracting entity with respect to the project, improvements to the project, or be paid into the State Highway Account, or for all three purposes, except that any excess toll revenue under a lease agreement with a regional transportation agency may be paid to the regional transportation agency for use in improving public transportation in and near the project boundaries.

(2) Lease agreements shall establish specific toll or user fee rates. Any proposed increase in those rates during the term of the agreement shall first be approved by the department or regional transportation agency after at least one public hearing conducted at a location near the proposed or existing facility.

(3) The collection of tolls and user fees for the use of these facilities may be extended by the commission or regional transportation agency at the expiration of the lease agreement. However, those tolls or user fees may not be used for any purpose other than for the improvement, continued operation, or maintenance of the facility.

(4) Tolls and user fees may not be charged to noncommercial vehicles with three or fewer axles.

(f) The plans and specifications for each transportation project developed, maintained, repaired, rehabilitated, reconstructed, or operated pursuant to this section shall comply with the department's standards for state transportation projects. The lease agreement shall include performance standards, including, but not limited to, levels of service. The agreement shall require facilities on the state highway system to meet all requirements for noise mitigation, landscaping, pollution control, and safety that otherwise would apply if the department were designing, building, and operating the facility. If a facility is on the state highway system, the facility leased pursuant to this section shall, during the term of the lease, be deemed to be a part of the state highway system for purposes of identification, maintenance, enforcement of traffic laws, and for the purposes of Division 3.6 (commencing with Section 810) of Title 1 of the Government Code.

(g) Failure to comply with the lease agreement in any significant manner shall constitute a default under the agreement and the department or the regional transportation agency, as appropriate, shall have the option to initiate processes to revert the facility to the public agency.

(h) The assignment authorized by subdivision (c) of Section 130240 of the Public Utilities Code is consistent with this section.

(i) A lease to a private entity pursuant to this section is deemed to be public property for a public purpose and exempt from leasehold, real property, and ad valorem taxation, except for the use, if any, of that property for ancillary commercial purposes.

(j) Nothing in this section is intended to infringe on the authority to develop high-occupancy toll lanes pursuant to Section 149.4, 149.5, or 149.6.

(k) Nothing in this section shall be construed to allow the conversion of any existing nontoll or non-user-fee lanes into tolled

or user fee lanes with the exception of a high-occupancy vehicle lane that may be operated as a high-occupancy toll lane for vehicles not otherwise meeting the requirements for use of that lane.

(l) The lease agreement shall require the lessee to provide any information or data requested by the California Transportation Commission or the Legislative Analyst. The commission, in cooperation with the Legislative Analyst, shall annually prepare a report on the progress of each project and ultimately on the operation of the resulting facility. The report shall include, but not be limited to, a review of the performance standards, a financial analysis, and any concerns or recommendations for changes in the future.

(m) No lease agreements may be entered into under this section on or after January 1, 2012.

(n) To the extent that the design-build procurement method is utilized for the award of construction or design contracts for projects authorized under this section, those contracts shall be subject to the requirements, parameters, and processes set forth in Chapter 6.5 (commencing with Section 6800) of Part 1 of Division 2 of the Public Contract Code, if that chapter is added by either Assembly Bill 143 of the 2005-06 Regular Session or Senate Bill 59 of the 2005-06 Regular Session.

SEC. 2. Section 149.7 is added to the Streets and Highways Code, to read:

149.7. (a) A regional transportation agency, as defined in Section 143, in cooperation with the department, may apply to the commission to develop and operate high-occupancy toll lanes, including the administration and operation of a value pricing program and exclusive or preferential lane facilities for public transit, consistent with the established standards, requirements, and limitations that apply to those facilities in Sections 149, 149.1, 149.3, 149.4, 149.5 and 149.6.

(b) The commission shall review each application for the development and operation of the facilities described in subdivision (a) according to eligibility criteria established by the commission. For each eligible application, the commission shall conduct at least one public hearing in northern California and one in southern California.

(c) Following public hearings, the commission shall submit an eligible application and any public comments made during the hearings to the Legislature for approval or rejection. Approval shall be achieved by the enactment of a statute. The number of facilities approved under this section shall not exceed four, two in northern California and two in southern California.

(d) A regional transportation agency that develops or operates a facility, or facilities, described in subdivision (a) shall provide any information or data requested by the commission or the Legislative Analyst. The commission, in cooperation with the Legislative Analyst, shall annually prepare a report on the progress of the development and operation of a facility authorized under this section. The commission may submit this report as a section in its annual report to the Legislature required pursuant to Section 14535 of the Government Code.

(e) No applications may be approved under this section on or after January 1, 2012.

STREETS AND HIGHWAYS CODE
SECTIONS 149 - 149.7

149. The department may construct exclusive or preferential lanes for buses only or for buses and other high-occupancy vehicles, and may authorize or permit such exclusive or preferential use of designated lanes on existing highways that are part of the State Highway System. Prior to constructing such lanes, the department shall conduct competent engineering estimates of the effect of such lanes on safety, congestion, and highway capacity.

To the extent they are available, the department may apply for and use federal aid funds appropriated for the design, construction, and use of such exclusive or preferential lanes, but may also use other State Highway Account funds, including other federal aid funds, for those purposes where proper and desirable.

This section shall be known and may be cited as the Carrell Act.

149.1. (a) Notwithstanding Sections 149 and 30800 of this code, and Section 21655.5 of the Vehicle Code, the San Diego Association of Governments (SANDAG) may conduct, administer, and operate a value pricing and transit development program on the Interstate Highway Route 15 (I-15) high-occupancy vehicle expressway. The program, under the circumstances described in subdivision (b), may direct and authorize the entry and use of the I-15 high-occupancy vehicle lanes by single-occupant vehicles during peak periods, as defined by SANDAG, for a fee. The amount of the fee shall be established from time to time by SANDAG, and collected in a manner determined by SANDAG.

(b) Implementation of the program shall ensure that Level of Service C, as measured by the most recent issue of the Highway Capacity Manual, as adopted by the Transportation Research Board, is maintained at all times in the high-occupancy vehicle lanes, except that subject to a written agreement between the department and SANDAG that is based on operating conditions of the high-occupancy vehicle lanes, Level of Service D shall be permitted on the high-occupancy vehicle lanes. If Level of Service D is permitted, the department and SANDAG shall evaluate the impacts of these levels of service of the high-occupancy vehicle lanes, and indicate any effects on the mixed-flow lanes. Continuance of Level of Service D operating conditions shall be subject to the written agreement between the department and SANDAG. Unrestricted access to the lanes by high-occupancy vehicles shall be available at all times. At least annually, the department shall audit the level of service during peak traffic hours and report the results of that audit at meetings of the program management team.

(c) Single-occupant vehicles that are certified or authorized by SANDAG for entry into, and use of, the I-15 high-occupancy vehicle lanes are exempt from Section 21655.5 of the Vehicle Code, and the driver shall not be in violation of the Vehicle Code because of that entry and use.

(d) SANDAG shall carry out the program in cooperation with the

department, and shall consult the department in the operation of the project and on matters related to highway design and construction. With the assistance of the department, SANDAG shall establish appropriate traffic flow guidelines for the purpose of ensuring optimal use of the express lanes by high-occupancy vehicles.

(e) (1) Agreements between SANDAG, the department, and the Department of the California Highway Patrol shall identify the respective obligations and liabilities of those entities and assign them responsibilities relating to the program. The agreements entered into pursuant to this section shall be consistent with agreements between the department and the United States Department of Transportation relating to this program and shall include clear and concise procedures for enforcement by the Department of the California Highway Patrol of laws prohibiting the unauthorized use of the high-occupancy vehicle lanes. The agreements shall provide for reimbursement of state agencies, from revenues generated by the program, federal funds specifically allocated to SANDAG for the program by the federal government, or other funding sources that are not otherwise available to state agencies for transportation-related projects, for costs incurred in connection with the implementation or operation of the program. Reimbursement for SANDAG's program-related planning and administrative costs in the operation of the program shall not exceed 3 percent of the revenues.

(2) All remaining revenue shall be used in the I-15 corridor exclusively for (A) the improvement of transit service, including, but not limited to, support for transit operations, and (B) high-occupancy vehicle facilities and shall not be used for any other purpose.

(f) SANDAG, the San Diego Metropolitan Transit Development Board, and the department shall cooperatively develop a single transit capital improvement plan for the I-15 corridor.

149.3. The department may undertake the construction of exclusive or preferential lane facilities pursuant to a cooperative agreement with any public or private agency that provides mass transit services. Such cooperative agreement shall establish such geometric design standards, scheduling, reservations, restrictions, and conditions as the department deems necessary or desirable. Provisions may also be made for electrification or use of other power sources under such terms and conditions as the department deems necessary to accomplish the objectives of this section. Additionally, any such agreement shall provide for the payment of compensation where required by other provisions of law or where otherwise deemed appropriate.

149.4. (a) (1) Notwithstanding Sections 149 and 30800 of this code, and Section 21655.5 of the Vehicle Code, the San Diego Association of Governments (SANDAG) may conduct, administer, and operate a value pricing and transit development demonstration program on a maximum of two transportation corridors in San Diego County.

(2) The program, under the circumstances described in subdivision (b), may direct and authorize the entry and use of high-occupancy vehicle lanes in corridors identified in paragraph (1) by

single-occupant vehicles during peak periods, as defined by SANDAG, for a fee. The amount of the fee shall be established from time to time by SANDAG, and collected in a manner determined by SANDAG. A high-occupancy vehicle lane may only be operated as a high-occupancy toll (HOT) lane during the hours that the lane is otherwise restricted to use by high-occupancy vehicles.

(b) Implementation of the program shall ensure that Level of Service C, as measured by the most recent issue of the Highway Capacity Manual, as adopted by the Transportation Research Board, is maintained at all times in the high-occupancy vehicle lanes, except that subject to a written agreement between the department and SANDAG that is based on operating conditions of the high-occupancy vehicle lanes, Level of Service D shall be permitted on the high-occupancy vehicle lanes. If Level of Service D is permitted, the department and SANDAG shall evaluate the impacts of these levels of service of the high-occupancy vehicle lanes, and indicate any effects on the mixed-flow lanes. Continuance of Level of Service D operating conditions shall be subject to the written agreement between the department and SANDAG. Unrestricted access to the lanes by high-occupancy vehicles shall be available at all times. At least annually, the department shall audit the level of service during peak traffic hours and report the results of that audit at meetings of the program management team.

(c) Single-occupant vehicles that are certified or authorized by SANDAG for entry into, and use of, the high-occupancy vehicle lanes identified in paragraph (1) of subdivision (a) are exempt from Section 21655.5 of the Vehicle Code, and the driver shall not be in violation of the Vehicle Code because of that entry and use.

(d) SANDAG shall carry out the program in cooperation with the department pursuant to a cooperative agreement that addresses all matters related to design, construction, maintenance, and operation of state highway system facilities in connection with the value pricing and transit development demonstration program. With the assistance of the department, SANDAG shall establish appropriate traffic flow guidelines for the purpose of ensuring optimal use of the express lanes by high-occupancy vehicles without adversely affecting other traffic on the state highway system.

(e) (1) Agreements between SANDAG, the department, and the Department of the California Highway Patrol shall identify the respective obligations and liabilities of those entities and assign them responsibilities relating to the program. The agreements entered into pursuant to this section shall be consistent with agreements between the department and the United States Department of Transportation relating to this program and shall include clear and concise procedures for enforcement by the Department of the California Highway Patrol of laws prohibiting the unauthorized use of the high-occupancy vehicle lanes. The agreements shall provide for reimbursement of state agencies, from revenues generated by the program, federal funds specifically allocated to SANDAG for the program by the federal government, or other funding sources that are not otherwise available to state agencies for transportation-related projects, for costs incurred in connection with the implementation or operation of the program.

(2) The revenue generated from the program shall be available to SANDAG for the direct expenses related to the operation (including collection and enforcement), maintenance, and administration of the demonstration program. Administrative expenses shall not exceed 3

percent of the revenues.

(3) All remaining revenue generated by the demonstration program shall be used in the corridor from which the revenue was generated exclusively for preconstruction, construction, and other related costs of high-occupancy vehicle facilities and the improvement of transit service, including, but not limited to, support for transit operations pursuant to an expenditure plan adopted by SANDAG.

(f) (1) SANDAG may issue bonds at any time to finance any costs necessary to implement the value pricing program established pursuant to subdivision (a) and any expenditures as may be provided for in the expenditure plan adopted pursuant to paragraph (3) of subdivision (e), payable from the revenues generated from the program.

(2) The maximum bonded indebtedness that may be outstanding at any one time shall not exceed an amount that may be serviced from the estimated revenues generated from the program.

(3) The bonds shall bear interest at a rate or rates not exceeding the maximum allowable by law, payable at intervals determined by SANDAG.

(4) Any bond issued pursuant to this subdivision shall contain on its face a statement to the following effect: "Neither the full faith and credit nor the taxing power of the State of California is pledged to the payment of principal of, as the interest of this bond."

(5) Bonds shall be issued pursuant to a resolution of SANDAG adopted by a two-thirds vote of its governing board. The resolution shall state all of the following:

(A) The purposes for which the proposed debt is to be incurred.

(B) The estimated cost of accomplishing those purposes.

(C) The amount of the principal of the indebtedness.

(D) The maximum term of the bonds and the interest rate.

(E) The denomination or denominations of the bonds, which shall not be less than five thousand dollars ($5,000).

(F) The form of the bonds.

(g) Not later than three years after SANDAG first collects revenues from any of the projects described in paragraph (1) of subdivision (a), SANDAG shall submit a report to the Legislature on its findings, conclusions, and recommendations concerning the demonstration program authorized by this section. The report shall include an analysis of the effect of the HOT lanes on the adjacent mixed-flow lanes and any comments submitted by the department and the Department of the California Highway Patrol regarding operation of the lane.

149.5. (a) (1) Notwithstanding Sections 149 and 30800 of this code, and Section 21655.5 of the Vehicle Code, the Sunol Smart Carpool Lane Joint Powers Authority (SSCLJPA), consisting of the Alameda County Congestion Management Agency, Alameda County Transportation Improvement Authority, and the Santa Clara Valley Transportation Authority, may conduct, administer, and operate a value pricing high-occupancy vehicle program on the Sunol Grade segment of State Highway Route 680 (Interstate 680) in Alameda and Santa Clara Counties and the Alameda County Congestion Management Agency may conduct, administer, and operate a program on a corridor within Alameda County for a maximum of two transportation corridors in Alameda County pursuant to this section in coordination with the

Metropolitan Transportation Commission and consistent with Section 21655.6 of the Vehicle Code.

(2) The program, under the circumstances described in subdivision (b), may direct and authorize the entry and use of the high-occupancy vehicle lanes in the corridors identified in paragraph (1) by single-occupant vehicles for a fee. The fee structure for each corridor shall be established from time to time by the administering agency. A high-occupancy vehicle lane may only be operated as a high-occupancy toll (HOT) lane during the hours that the lane is otherwise restricted to use by high-occupancy vehicles.

(3) The administering agency for each corridor shall enter into a cooperative agreement with the Bay Area Toll Authority to operate and manage the electronic toll collection system.

(b) Implementation of the program shall ensure that Level of Service C, as measured by the most recent issue of the Highway Capacity Manual, as adopted by the Transportation Research Board, is maintained at all times in the high-occupancy vehicle lanes, except that subject to a written agreement between the department and the administering agency that is based on operating conditions of the high-occupancy vehicle lanes, Level of Service D shall be permitted on the high-occupancy vehicle lanes. If Level of Service D is permitted, the department and the administering agency shall evaluate the impacts of these levels of service on the high-occupancy vehicle lanes, and indicate any effects on the mixed-flow lanes. Continuance of Level of Service D operating conditions shall be subject to the written agreement between the department and the administering agency. Unrestricted access to the lanes by high-occupancy vehicles shall be available at all times. At least annually, the department shall audit the level of service during peak traffic hours and report the results of that audit at meetings of the administering agency.

(c) Single-occupant vehicles that are certified or authorized by the administering agency for entry into, and use of, the high-occupancy vehicle lanes identified in paragraph (1) of subdivision (a) are exempt from Section 21655.5 of the Vehicle Code, and the driver shall not be in violation of the Vehicle Code because of that entry and use.

(d) The administering agency shall carry out the program in cooperation with the department pursuant to a cooperative agreement that addresses all matters related to design, construction, maintenance, and operation of state highway system facilities in connection with the value pricing high-occupancy vehicle program. With the assistance of the department, the administering agency shall establish appropriate traffic flow guidelines for the purpose of ensuring optimal use of the high-occupancy toll lanes by high-occupancy vehicles without adversely affecting other traffic on the state highway system.

(e) (1) Agreements between the administering agency, the department, and the Department of the California Highway Patrol shall identify the respective obligations and liabilities of those entities and assign them responsibilities relating to the program. The agreements entered into pursuant to this section shall be consistent with agreements between the department and the United States Department of Transportation relating to programs of this nature. The agreements shall include clear and concise procedures for enforcement by the Department of the California Highway Patrol of laws prohibiting the unauthorized use of the high-occupancy vehicle lanes, which may include the use of video enforcement. The agreements

shall provide for reimbursement of state agencies, from revenues generated by the program, or other funding sources that are not otherwise available to state agencies for transportation-related projects, for costs incurred in connection with the implementation or operation of the program.

(2) The revenue generated from the program shall be available to the administering agency for the direct expenses related to the operation (including collection and enforcement), maintenance, construction, and administration of the program. Administrative expenses shall not exceed 3 percent of the revenues.

(3) All net revenue generated by the program that remains after payment of direct expenses pursuant to paragraph (2) shall be allocated pursuant to an expenditure plan adopted biennially by the administering agency for transportation purposes within the program area. The expenditure plan may include funding for the following:

(A) The construction of high-occupancy vehicle facilities, including the design, preconstruction, construction, and other related costs of the northbound Interstate 680 Sunol Smart Carpool Lane project.

(B) Transit capital and operations that directly serve the authorized corridors.

(f) (1) The administering agency may issue bonds, refunding bonds, or bond anticipation notes, at any time to finance construction and construction-related expenditures of programs adopted pursuant to subdivision (a) and construction and construction-related expenditures that are included in the expenditure plan adopted pursuant to paragraph (3) of subdivision (e), payable solely from the revenues generated from the respective programs.

(2) The maximum bonded indebtedness that may be outstanding at any one time shall be an amount equal to the sum of the principal of, and interest on, the bonds, but not to exceed the estimated revenues generated from the respective programs.

(3) Bonds shall be issued pursuant to a resolution adopted by a two-thirds vote of the governing board of the administering agency. The resolution shall state all of the following:

(A) The purposes for which the proposed debt is to be incurred.

(B) The estimated cost of accomplishing those purposes.

(C) The amount of the principal of the indebtedness.

(D) The maximum term the bonds proposed to be issued shall run before maturity.

(E) The maximum rate of interest to be paid, which shall not exceed the maximum allowable by law.

(F) The denomination or denominations of the bonds, which shall not be less than five thousand dollars ($5,000).

(G) The form of the bonds, including, without limitation, registered bonds and coupon bonds, to the extent permitted by federal law, the registration, conversion, and exchange privileges, if any pertaining thereto, and the time when all of, or any part of, the principal becomes due and payable.

(H) Any other matters authorized by law.

(4) The bonds shall bear interest at a rate or rates not exceeding the maximum allowable by law, payable at intervals determined by the administering agency.

(5) The full amount of bonds may be divided into two or more series and different dates of payment fixed for the bonds of each series. A bond shall not be required to mature on its anniversary date.

(6) Any bond issued pursuant to this subdivision shall contain on its face a statement to the following effect:

"Neither the full faith and credit nor the taxing power of the State of California is pledged to the payment of principal of, or the interest on, this bond."

(g) Not later than three years after the administering agency first collects revenues from the program authorized by this section, the administering agency shall submit a report to the Legislature on its findings, conclusions, and recommendations concerning the demonstration program authorized by this section. The report shall include an analysis of the effect of the HOT lanes on the adjacent mixed-flow lanes and any comments submitted by the department and the Department of the California Highway Patrol regarding operation of the lane.

149.6. (a) Notwithstanding Sections 149 and 30800, and Section 21655.5 of the Vehicle Code, the Santa Clara Valley Transportation Authority (VTA) created by Part 12 (commencing with Section 100000) of the Public Utilities Code may conduct, administer, and operate a value pricing program on any two of the transportation corridors included in the high-occupancy vehicle lane system in Santa Clara County in coordination with the Metropolitan Transportation Commission and consistent with Section 21655.6 of the Vehicle Code.

(1) VTA, under the circumstances described in subdivision (b), may direct and authorize the entry and use of those high-occupancy vehicle lanes by single-occupant vehicles for a fee. The fee structure shall be established from time to time by the authority. A high-occupancy vehicle lane may only be operated as a high-occupancy toll (HOT) lane during the hours that the lane is otherwise restricted to use by high-occupancy vehicles.

(2) VTA shall enter into a cooperative agreement with the Bay Area Toll Authority to operate and manage the electronic toll collection system.

(b) Implementation of the program shall ensure that Level of Service C, as measured by the most recent issue of the Highway Capacity Manual, as adopted by the Transportation Research Board, is maintained at all times in the high-occupancy vehicle lanes, except that subject to a written agreement between the department and VTA that is based on operating conditions of the high-occupancy vehicle lanes, Level of Service D shall be permitted on the high-occupancy vehicle lanes. If Level of Service D is permitted, the department and VTA shall evaluate the impacts of these levels of service on the high-occupancy vehicle lanes, and indicate any effects on the mixed-flow lanes. Continuance of Level of Service D operating conditions shall be subject to the written agreement between the department and VTA. Unrestricted access to the lanes by high-occupancy vehicles shall be available at all times. At least annually, the department shall audit the level of service during peak traffic hours and report the results of that audit at meetings of the program management team.

(c) Single-occupant vehicles that are certified or authorized by the authority for entry into, and use of, the high-occupancy vehicle lanes in Santa Clara County are exempt from Section 21655.5 of the Vehicle Code, and the driver shall not be in violation of the Vehicle

Code because of that entry and use.

(d) VTA shall carry out the program in cooperation with the department pursuant to a cooperative agreement that addresses all matters related to design, construction, maintenance, and operation of state highway system facilities in connection with the value pricing program. With the assistance of the department, VTA shall establish appropriate traffic flow guidelines for the purpose of ensuring optimal use of the high-occupancy toll lanes by high-occupancy vehicles without adversely affecting other traffic on the state highway system.

(e) (1) Agreements between VTA, the department, and the Department of the California Highway Patrol shall identify the respective obligations and liabilities of those entities and assign them responsibilities relating to the program. The agreements entered into pursuant to this section shall be consistent with agreements between the department and the United States Department of Transportation relating to this program. The agreements shall include clear and concise procedures for enforcement by the Department of the California Highway Patrol of laws prohibiting the unauthorized use of the high-occupancy vehicle lanes, which may include the use of video enforcement. The agreements shall provide for reimbursement of state agencies, from revenues generated by the program, federal funds specifically allocated to the authority for the program by the federal government, or other funding sources that are not otherwise available to state agencies for transportation-related projects, for costs incurred in connection with the implementation or operation of the program.

(2) The revenues generated by the program shall be available to VTA for the direct expenses related to the operation (including collection and enforcement), maintenance, construction, and administration of the program. The VTA's administrative costs in the operation of the program shall not exceed 3 percent of the revenues.

(3) All remaining revenue generated by the program shall be used in the corridor from which the revenues were generated exclusively for the preconstruction, construction, and other related costs of high-occupancy vehicle facilities and the improvement of transit service, including, but not limited to, support for transit operations pursuant to an expenditure plan adopted by the VTA.

(f) (1) The VTA may issue bonds, refunding bonds, or bond anticipation notes, at any time to finance construction and construction-related expenditures necessary to implement the value pricing program established pursuant to subdivision (a) and construction and construction-related expenditures that are provided for in the expenditure plan adopted pursuant to paragraph (3) of subdivision (e), payable from the revenues generated from the program.

(2) The maximum bonded indebtedness that may be outstanding at any one time shall not exceed an amount that may be serviced from the estimated revenues generated from the program.

(3) The bonds shall bear interest at a rate or rates not exceeding the maximum allowable by law, payable at intervals determined by the authority.

(4) Any bond issued pursuant to this subdivision shall contain on its face a statement to the following effect:
"Neither the full faith and credit nor the taxing power of the State of California is pledged to the payment of principal of, or the

interest on, this bond."

(5) Bonds shall be issued pursuant to a resolution of VTA adopted by a two-thirds vote of its governing board. The resolution shall state all of the following:

(A) The purposes for which the proposed debt is to be incurred.

(B) The estimated cost of accomplishing those purposes.

(C) The amount of the principal of the indebtedness.

(D) The maximum term of the bonds and the interest rate.

(E) The denomination or denominations of the bonds, which shall not be less than five thousand dollars ($5,000).

(F) The form of the bonds, including, without limitation, registered bonds and coupon bonds, to the extent permitted by federal law, the registration, conversion, and exchange privileges, if applicable, and the time when all of, or any part of, the principal becomes due and payable.

(G) Any other matters authorized by law.

(6) The full amount of bonds may be divided into two or more series and different dates of payment fixed for the bonds of each series. A bond shall not be required to mature on its anniversary date.

(g) Not later than three years after VTA first collects revenues from any of the projects described in paragraph (1) of subdivision (a), VTA shall submit a report to the Legislature on its findings, conclusions, and recommendations concerning the demonstration program authorized by this section. The report shall include an analysis of the effect of the HOT lanes on adjacent mixed-flow lanes and any comments submitted by the department and the Department of the California Highway Patrol regarding operation of the lanes.

149.7. (a) A regional transportation agency, as defined in Section 143, in cooperation with the department, may apply to the commission to develop and operate high-occupancy toll lanes, including the administration and operation of a value pricing program and exclusive or preferential lane facilities for public transit, consistent with the established standards, requirements, and limitations that apply to those facilities in Sections 149, 149.1, 149.3, 149.4, 149.5, and 149.6.

(b) The commission shall review each application for the development and operation of the facilities described in subdivision (a) according to eligibility criteria established by the commission. For each eligible application, the commission shall conduct at least one public hearing in northern California and one in southern California.

(c) Following public hearings, the commission shall submit an eligible application and any public comments made during the hearings to the Legislature for approval or rejection. Approval shall be achieved by the enactment of a statute. The number of facilities approved under this section shall not exceed four, two in northern California and two in southern California.

(d) A regional transportation agency that develops or operates a facility, or facilities, described in subdivision (a) shall provide any information or data requested by the commission or the Legislative Analyst. The commission, in cooperation with the

Legislative Analyst, shall annually prepare a report on the progress of the development and operation of a facility authorized under this section. The commission may submit this report as a section in its annual report to the Legislature required pursuant to Section 14535 of the Government Code.

(e) No applications may be approved under this section on or after January 1, 2012.

California Transportation Commission
Guidelines for the Determination of Eligible
Public Partnership Transportation Projects
High Occupancy Toll Lanes

Background:

In accordance with AB 1467, until January 1, 2012, Regional Transportation Agencies, in cooperation with the Department of Transportation (Department), may apply to the California Transportation Commission (Commission) to develop and operate high-occupancy toll lanes, including the administration and operation of a value pricing program and exclusive or preferential lane facilities for public transit, as specified. The number of projects that may be approved is limited to four, two in Northern California and two in Southern California.

In order to ensure that Public Partnership (PP) transportation projects selected promote California's transportation goals and advance the public interest, the Commission will use technical and financial criteria to determine eligibility of PP applications relative to the development and operation of the facilities proposed. The proposed eligibility criteria and procedures for the Commission to evaluate PP transportation project eligibility are set forth below.

Legislative Background:

Assembly Bill 1467, Nunez, added Section 149.7 to the Streets and Highways Code to read:

(a) A Regional Transportation Agency, as defined in Section 143, in cooperation with the Department, may apply to the Commission to develop and operate high-occupancy toll lanes, including the administration and operation of a value pricing program and exclusive or preferential lane facilities for public transit, consistent with the established standards, requirements, and limitations that apply to those facilities in Sections 149, 149.1, 149.3, 149.4, 149.5 and 149.6.

(b) The Commission shall review each application for the development and operation of the facilities described in subdivision (a) according to eligibility criteria established by the Commission. For each eligible application, the Commission shall conduct at least one public hearing in Northern California and one in Southern California.

(c) Following public hearings, the Commission shall submit an eligible application and any public comments made during the hearings to the Legislature for approval or rejection. Approval shall be achieved by the enactment of a statute. The number of facilities approved under this section shall not exceed four, two in Northern California and two in Southern California.

(d) A Regional Transportation Agency that develops or operates a facility, or facilities, described in subdivision (a) shall provide any information or data requested by the

Commission or the Legislative Analyst. The Commission, in cooperation with the Legislative Analyst, shall annually prepare a report on the progress of the development and operation of a facility authorized under this section. The Commission may submit this report as a section in its annual report to the Legislature required pursuant to Section 14535 of the Government Code.

(e) No applications may be approved under this section on or after January 1, 2012.

Guidelines for Determining PP Transportation Project Eligibility

Proposed PP transportation project applications arising from AB 1467 will be evaluated for eligibility according to the following criteria:

Phase One: Review of Application

Commission staff will perform a preliminary qualification review of each application to determine whether the proposer has:

- A project that conceptually meets the requirements of AB 1467.
- Evidence that the application was submitted in cooperation with the Department.
- A project plan which appears technically feasible.
- A financial plan which appears to allow access to the necessary capital to finance the facility.

Phase Two: Evaluation of Project Eligibility

A. In order to determine project eligibility, Commission staff will evaluate project applications against eligibility criteria. The Commission may obtain professional opinions from necessary experts in the evaluation of the detailed application. For example, consultation and opinions could be obtained from expert engineers, accountants and attorneys as applicable.

B. Eligibility Objectives
Eligibility objectives include obtaining evidence to support that:

- The proposed project complies with Sections 149, 149.1, 149.3, 149.4, 149.5, 149.6 and 149.7 of the Streets and Highways Code.

- The application was submitted in cooperation with the Department and the Department has determined that the project is consistent with State Highway System requirements.

- The project is technically and financially feasible.

- The project is consistent with the Applicant's Regional Transportation Plan.

- The Regional Transportation Agency has established performance measures for project tracking and reporting purposes.

C. Eligibility Criteria
Eligibility criteria for public partnership transportation projects submitted in accordance with AB 1467 are set forth in Attachment I.

D. Executive Director's Recommendation to the Commission
Upon final evaluation of the project application against eligibility criteria, the Commission's Executive Director will make a recommendation to the Commission to accept or reject the application.

Phase Three: Public Hearings & Legislature Review and Approval/Rejection

A. Public Hearings
For those applications accepted as eligible by the Commission, one public hearing will be held in Northern California and one in Southern California. The purpose of the public hearings is to allow agencies, stakeholders and the public an opportunity to present concerns pertaining to the project.

B. Legislative Approval
For those applications meeting the eligibility requirements established by the Commission, the eligible application(s) and any public comments made during the hearings will be forwarded to the Legislature for approval or rejection. Approval will be achieved by the enactment of a statute.

Phase Four: Approved PP Application

Upon Legislature's enactment of a statute for the project, the Department will enter into an agreement with the Regional Transportation Agency. This agreement will include all the requirements outlined in AB 1467 and all applicable laws and regulations.

Phase Five: Report to the Legislature

Annually the Commission, in cooperation with the Legislative Analyst, will provide a report on the progress of the development and operation of each facility approved under these guidelines and the Streets and Highways Code Section 149.7.

Attachment I

California Transportation Commission
Public Partnership Application Eligibility Criteria
High Occupancy Toll Lanes

The eligibility criteria set forth below will be considered by the California Transportation Commission (Commission) staff in making a determination whether a public partnership (PP) transportation project submitted in accordance with Assembly Bill 1467 should be recommended to the Commission for approval, public hearings, and final submission to the Legislature.

Documentation to support the development and operation of high-occupancy toll lanes including the administration and operation of a value pricing program and exclusive or preferential lane facilities for public transit should be provided with each project application submitted. Applications that do not satisfactorily address the primary elements of the eligibility criteria will be considered incomplete and will not be recommended for approval.

Eligibility Criteria

Compliance with Streets & Highways Code

1. **Streets & Highways Code**
   Was evidence provided to support that the proposed project is consistent with the established standards, requirements, and limitations that apply to those facilities in Sections 149, 149.1, 149.3, 149.4, 149.5, 149.6 and 149.7 of the Streets and Highways Code?

Department of Transportation Cooperation & State Highway Compatibility

1. **Department of Transportation Cooperation**
   Was evidence provided that the Department of Transportation (Department) supports this project and that the project application was submitted in cooperation with the Department?

2. **State Highway System Compatibility**
   Has the Department determined the project to be consistent with State Highway System requirements?

Technical Feasibility

1. **Project Definition**
   Is the project described in sufficient detail to determine the type and size of the project, the location, all proposed interconnections with other transportation facilities, the communities that may be affected, and alternatives (e.g. alignments) that may need to be evaluated?

2. **Proposed Project Schedule**
   Is the time frame for project completion clearly outlined? Is the proposed schedule reasonable given the scope and complexity of the project? Does the proposal contain adequate assurances that the project will be completed and will be completed on time?

3. **Operation**
   Does the applicant present a reasonable statement setting forth plans for operation of the facility?

4. **Technology**
   Does the technology proposed maximize interoperability with relevant local and statewide transportation technology?

5. **Conforms to Laws, Regulations and Standards**
   Is the proposed project consistent with applicable state and federal statutes and regulations and standards? Does the proposed design meet appropriate state and federal standards?

6. **Federal Permits**
   Is the project outside the purview of federal oversight, or will it require some level of federal involvement due to its location on the National Highway System or Federal Interstate System or because federal permits are required?

7. **Meets/Exceeds Environmental Standards**
   Has the project received environment clearance? If not, is the project likely to receive environmental clearance to meet the timeline set forth in the project proposal?

8. **State and Local Permits**
   Does the proposal list the required permits and schedule to obtain them? Are there negative impacts known for the project? If so, is there a mitigation plan identified?

9. **Right of Way**
   If not too early to determine, does the proposal set forth the method by which the operator proposes to secure all property interests required for the transportation facility?

10. **Maintenance**
    Is there a process in place to develop a maintenance plan with the Department? Specifically, is there a process to clearly define assumptions or responsibilities during the operational phase including law enforcement, toll collection and maintenance?

Financial Feasibility

It is expected that the proposer will provide information relative to the project financial plan and feasibility. This will include information to support whether the proposer has provided a financial plan and financial guarantees which will allow for access to the necessary capital to finance the facility as well as the following:

1. **Financing and Financial Plan**
   Does the financial plan demonstrate a reasonable basis for funding project development and operations? Are the assumptions on which the plan is based well defined and reasonable in nature? Are the plan's risk factors identified and dealt with sufficiently? Are the planned sources of funding and financing realistic? Did the proposer demonstrate evidence of its ability to obtain the other necessary financing? Does the proposer have the ability to fund shortfalls if revenues do not meet projections?

2. **Estimated Cost**
   Is the estimated cost of the facility reasonable in relation to the cost of similar projects? A significant portion of the final determination will rely on a cost/benefit analysis.

3. **Life Cycle Cost Analysis**
   Does the proposal include an appropriately conducted analysis of projected rate of return and life cycle cost estimate of the proposed project and/or facility?

4. **Business Objective**
   Does the proposer clearly outline the reason for pursuing this project? Do the assumptions appear reasonable?

5. **Financial Condition**
   Is the financial information submitted by the proposer sufficient to determine the financial capability to fulfill its obligations described in the project application?

6. **Project Ownership**
   Does the application identify the proposed ownership arrangements for each phase of the project and indicate assumptions on legal liabilities and responsibilities during each phase of the project?

7. **Competitive Bidding**
   To what extent have adequate and transparent procurement policies been adopted by the applicant to maximize competitive bidding opportunities for potential contractors and suppliers?

Regional Transportation Plan & Community Support

1. **Consistency with Local, Regional and State Transportation Plans**
   Is the project consistent with City and County comprehensive plans and regional transportation plans? Is this project consistent with plans and documents for the Regional Transportation Agency's long range plan? If not, are steps proposed that will achieve consistency with such plans?

2. **Compatibility with the Existing Transportation System**
   Does this project propose improvements that are compatible with the present and planned transportation system? Does the project provide continuity with existing and planned state and local facilities?

3. **Fulfills Policies and Goals**
   Does the proposed project help achieve performance, safety, mobility or transportation demand management goals? Does the project improve connections among the transportation modes?

4. **Air Quality and Environmental Statutes and Regulations**
   Is the proposed project consistent with applicable state and federal environmental statutes and regulations? Is the project consistent with the air quality component of the RTP? Does the proposal adequately address or improve air quality conformity?

5. **Enhance Community-Wide Transportation System**
   Are there identified project benefits to the affected community transportation system? Does this project enhance adjacent transportation facilities?

6. **Economic Development**
   Will the proposed project enhance the state's economic development efforts? Is the project critical to attracting or maintaining competitive industries and businesses to the region, consistent with state objectives?

6. **Local Support**
   Has the regional agency governing body taken action to approve this proposal? How have or will local impacts be addressed?

7. **Community Benefits**
   Will this project bring a significant transportation and economic benefit to the community, the region, and/or the state? Are there ancillary benefits to the communities because of the project?

8. **Community Support/Environmental Justice**
   What is the extent of support or opposition for the project? Does the project proposal demonstrate an understanding of the national and regional transportation issues and needs, as well as the impacts this project may have on those needs? Is there a demonstrated ability to work with the community? Have all affected local

jurisdictions provided clear written statements of the extent of their support for the project?

Performance Measures

Does the Regional Transportation Agency have performance measures in place to track and report annually on the following?

1. **Safety**
   The ratio of the number of fatalities to the number of vehicle miles traveled, the ratio of the number of fatal collisions to the number of vehicle miles traveled, and the ratio of the number of injury collisions to the number of vehicle miles traveled.

2. **Mobility**
   The total amount of delay per traveler that exists on a designated area over a selected amount of time, the average travel time for peak period trips taken on regionally significant corridors and between regionally significant origin and destination pairs, the average travel time for non-peak period trips taken on regionally significant corridors and between regionally significant origin and destination pairs.

3. **Accessibility**
   The accessibility of transit service.

4. **Reliability**
   The difference between expected travel time and actual travel time and the ability of transit service operators to meet customers' reliability expectations.

5. **Productivity**
   The utilization of the transportation system by all vehicles, by people, and by trucks as well as the effectiveness of mass transportation system operations by measuring the number of passengers carried for every mile of revenue service provided.

7. **System Preservation**
   The number of lane miles in poor structural condition or with bad ride (pavement condition) and roadway smoothness.

8. **Return on investment/Lifecycle Cost**
   The ratio of resources available to assets utilized. Lifecycle cost analysis is a benefit cost analysis that incorporates the time value of money.

9. **Emission Reduction**
   The amount of emission reduction achieved as required to be reported in accordance with Assembly Bill 32, Nunez, and set forth in the Health and Safety Code, Division 25.5 commencing with Section 38500.

Secondary Evaluation and Eligibility Criteria

The following evaluation and eligibility criteria are to be addressed only if the project team is known. Where a project team is not known given the stage of the project, this secondary evaluation and eligibility criteria is not required to be addressed.

Qualifications and Experience

Does the Regional Transportation Agency propose a team which is qualified, led, and structured in a manner which will clearly enable the team to complete the proposed project?

1. **Experience with Similar Infrastructure Projects**
   Have members of this team previously worked together constructing, improving or managing transportation infrastructure? Has the lead agency managed, or any of the member agencies worked on infrastructure projects?

2. **Demonstration of Ability to Perform Work**
   What commitments has the team made to carry out the project? Does the team possess the necessary financial, staffing, equipment, and technical resources to successfully complete the project? Do the team and/or member agencies have competing financial or workforce commitments that may inhibit success and follow-through on this project?

3. **Leadership Structure**
   Does the organization of the team indicate a well thought out approach to managing the project? Is there an agreement/document or joint powers agreement in place between members and/or multiple agencies?

4. **Project Manager's Experience**
   Depending on applicability given the stage of the project, is a Project Manager identified, and does this person work for the Regional Transportation Agency, Lead Agency or principal firm? If not, is there a clear definition of the role and responsibility of the Project Manager relative to the member firms? Does the Project Manager have experience leading this type and magnitude of project?

5. **Management Approach**
   Have the primary functions and responsibilities of the management team been identified? Have the members of the team developed an approach to facilitate communication among the project participants?

Public Involvement Strategy

What strategies are proposed to involve local and state elected officials in developing this project? What level of community involvement has been identified for the project? Is there a clear strategy for informing, educating and obtaining community input through the development and life of the project?

California Transportation Commission
Public Partnership Application
for
High Occupancy Toll Lanes

Part I	Certification
Part II	Project Fact Sheet
Part III	Project Cost & Funding Plan
Part IV	HOT Lane Eligibility Documentation

California Transportation Commission
Public Partnership Application
For High Occupancy Toll Lanes

Certification

County:	Route:	PPNO:
Project Title:		

We acknowledge the scope, cost, schedule, benefits, and information as identified on the attached application and project fact and funding sheets are true to the best of our knowledge and belief. We certify that funding sources cited are committed and expected to be available; the estimated costs represent full project funding, and the description of benefits is the best estimate possible.

Name: Date

Title:

Agency:

California Transportation Commission

Public Partnership Application *for* High Occupancy Toll Lanes Project Fact Sheet

Lead Agency: **Fact Sheet Date:**

Contact Person			
Phone Number		Fax Number	
Email Address			

Project Information:

County	Caltrans District	PPNO *	EA *	Region/MPO/ TIP ID*	Route / Corridor *	Post Mile Back *	Post Mile Ahead *

* NOTE: PPNO & EA assigned by Caltrans. Region/MPO/TIP ID assigned by RTPA/MPO. Route/Corridor & Post Mile Back/Ahead used for State Highway System.

Legislative Districts	Senate:	Congressional:
	Assembly:	
Implementing Agency (by component)	E&P (PA&ED):	PS&E:
	R/W:	CON:
Project Title		

Location - Project Limits - Description and Scope of Work (Provide a project location map on a separate sheet and attach to this form)

Description of Major Project Benefits

Daily Vehicle Hours of Delay Saved	Hrs.
Daily Peak Duration Person-Minutes Saved	Min.

Other:

Corridor System Management Plan	Month/Year
Lead Agency:	
Plan Adoption Date:	
Plan Implementation Date:	

Expected Source(s) of Additional Funding if the Current Funding Plan Proves Insufficient

Project Delivery Baseline (Milestones)		Month/Year
Begin Environmental Phase (PA&ED)		
Draft Environmental Document Milestone	Document Type:	
Draft Project Report Milestone		
End Environmental Phase (PA&ED Milestone)		
Begin Design Phase		
End Design Phase (Plans, Specifications, and Estimates Milestone)		
Begin Right-of-Way		
End Right-of-Way (Right-of-way Certification Milestone)		
Begin Construction Phase		
End Construction Phase (Construction Contract Acceptance Milestone)		
Begin Closeout Phase		
End Closeout Phase (Closeout Report Milestone)		

California Transportation Commission

Public Partnership - HOT Lane Application
Project Fact Sheet - Project Cost and Funding Plan
(dollars in thousands and escalated)

				Date:
County	CT District	PPNO *	EA*	Region/MPO/TIP ID *
Project Title:				

* NOTE: PPNO and EA assigned by Caltrans. Region/MPO/TIP ID assigned by RTPA/MPO

Proposed Total Project Cost								Project
Component	Prior	07/08	08/09	09/10	10/11	11/12	12/13	Total
E&P (PA&ED)								
PS&E								
R/W SUP (CT) *								
CON SUP (CT) *								
R/W								
CON								
TOTAL								

Funding Source:								
Component	Prior	07/08	08/09	09/10	10/11	11/12	12/13	Total
E&P (PA&ED)								
PS&E								
R/W SUP (CT) *								
CON SUP (CT) *								
R/W								
CON								
TOTAL								

* NOTE: R/W SUP and CON SUP to be used only for projects implemented by Caltrans

Funding Source:								
Component	Prior	07/08	08/09	09/10	10/11	11/12	12/13	Total
E&P (PA&ED)								
PS&E								
R/W SUP (CT) *								
CON SUP (CT) *								
R/W								
CON								
TOTAL								

Funding Source:								
Component	Prior	07/08	08/09	09/10	10/11	11/12	12/13	Total
E&P (PA&ED)								
PS&E								
R/W SUP (CT) *								
CON SUP (CT) *								
R/W								
CON								
TOTAL								

Funding Source:								
Component	Prior	07/08	08/09	09/10	10/11	11/12	12/13	Total
E&P (PA&ED)								
PS&E								
R/W SUP (CT) *								
CON SUP (CT) *								
R/W								
CON								
TOTAL								

California Transportation Commission
Public Partnership Transportation Projects
High Occupancy Toll Lane Application

Hot Lane Eligibility Documentation

The California Transportation Commission will consider the eligibility of those project applications that are completed comprehensively. Those applications received that do not provide sufficient evidence to support the eligibility criteria will be rejected and returned to the proposer.

For each of the requirements below, please provide detailed information and supporting documentation. Please ensure that all information provided is identified to correspond with the applicable document reference set forth below.

I. Project Eligibility

PART A – COMPLIANCE WITH STREETS & HIGHWAYS CODE

Description of Required Documentation for Submission	Document Reference
Provide evidence to support that the proposed project is consistent with the established standards, requirements, and limitations that apply to those facilities in Sections 149, 149.1, 149.3, 149.4, 149.5, 149.6 and 149.7 of the Streets and Highways Code.	A 1
Provide the reason for pursuing this project.	A 2

PART B – DEPARTMENT OF TRANSPORTATION COOPERATION & STATE HIGHWAY COMPATIBILITY

Description of Required Documentation for Submission	Document Reference
Provide evidence that the Department of Transportation (Department) supports this project and that the project application was submitted in cooperation with the Department.	B 1
Provide evidence that the Department determined the project to be consistent with State Highway System requirements.	B 2

PART C – TECHNICAL FEASIBILITY

Description of Required Documentation for Submission	Document Reference
Provide a Project Study Report/Project Report (PSR/PR) or a PSR equivalent that describes, but is not limited to, the following:	C
The type and size of the project, the location, all proposed interconnections with other transportation facilities, the communities that may be affected, and alternatives (e.g. alignments) that may need to be evaluated.	C 1
The timeframe for project completion.	C 2
How the proposed schedule is reasonable given the scope and complexity of the project.	C 3
The methods expected to be followed to assure that the project will be completed and will be completed on time.	C 4
The plan for operation of the facility.	C 5
The technology that will be used to maximize interoperability with relevant local and statewide transportation technology.	C 6
How the proposed project is consistent with applicable state and federal statutes and regulations and standards. Document the applicable state and federal standards and provide evidence that the proposed design meets the standards.	C 7
Whether the project is outside the purview of federal oversight, or whether it will require some level of federal involvement due to its location on the National Highway System or Federal Interstate System or because federal permits are required.	C 8
Evidence that the project has received environment clearance. If environmental clearance was not yet received, explain whether the project is likely to receive environmental clearance to meet the timeline set forth in the project proposal.	C 9
The required state and local permits and the schedule to obtain them.	C 10
All negative impacts known for the project. For each negative impact, document whether there is a mitigation plan identified.	C 11

If not too early to determine, the method by which the operator proposes to secure all property interests required for the transportation facility.	C 12
Whether there is a process in place to develop a maintenance plan with the Department. Specifically, whether there is a process to clearly define assumptions or responsibilities during the operational phase including law enforcement, toll collection and maintenance.	C 13

PART D – FINANCIAL FEASIBILITY

Description of Required Documentation for Submission	Document Reference
Provide information relative to the project financial plan and feasibility.	D 1
Document a financial plan and financial guarantees which will allow for access to the necessary capital to finance the facility.	D 2
Provide evidence of the proposer's ability and commitment to provide sufficient equity in the project as well as the ability to obtain the other necessary financing.	D 3
Explain how shortfalls will be funded if revenues do not meet projections.	D 4
Explain how the financial plan demonstrates a reasonable basis for funding project development and operations.	D 5
If, applicable, describe the nature and amount of the proposer's financial contribution to the project.	D 6
Describe how the estimated cost of the facility is reasonable in relation to the cost of similar projects through a cost/benefit analysis.	D 7
Provide an analysis of the projected rate of return and life cycle cost estimate of the proposed project and/or facility.	D 8
Explain how the financial information submitted is sufficient to determine the financial capability to fulfill the obligations described in the project application.	D 9

Identify the proposed ownership arrangements for each phase of the project and indicate assumptions on legal liabilities and responsibilities during each phase of the project.	**D 10**
Describe the extent that adequate and transparent procurement policies have been adopted to maximize competitive bidding opportunities for potential contractors and suppliers.	**D 11**

PART E – REGIONAL TRANSPORTATION PLAN & COMMUNITY SUPPORT

Description of Required Documentation for Submission	**Document Reference**
Provide documentation to show that the project is consistent with City and County comprehensive plans and regional transportation plans and with plans and documents for the Regional Transportation Agency's long range plan. If the project is not consistent, please identify the steps proposed that will achieve consistency with such plans.	**E 1**
Describe how the project proposed includes improvements that are compatible with the present and planned transportation system. Include the methods by which the project provides continuity with existing and planned state and local facilities.	**E 2**
Explain how the proposed project helps to achieve performance, safety, mobility, and air quality or transportation demand management goals.	**E 3**
Explain whether the proposed project is consistent with applicable state and federal environmental statutes and regulations, the air quality component of the RTP, and whether the proposal adequately addresses or improves air quality conformity.	**E 4**
Identify any emission reductions provided by the proposed project.	**E 5**
Explain how the project improves connections among the transportation modes.	**E 6**
Identify the project benefits to the affected community transportation system and provide an explanation whether this project enhances adjacent transportation facilities.	**E 7**

Explain whether the proposed project will enhance the state's economic development efforts.	**E 8**
Explain if the project is critical to attracting or maintaining competitive industries and businesses to the region, consistent with state objectives.	**E 9**
Explain whether the regional agency governing body has taken action to approve this proposal and whether local impacts have been addressed. Provide the Board or other resolution to document the action taken.	**E 10**
Explain whether this project will bring a significant transportation and economic benefit to the community, the region, and/or the state.	**E 11**
Describe any ancillary benefits to the communities because of the project.	**E 12**
Explain the extent of support or opposition for the project. Explain the national and regional transportation issues and needs, as well as the impacts this project may have on those needs.	**E 13**
Describe any plans intended to work with the community. List the affected local jurisdictions and provide clear written statements of the extent of support for the project from all affected local jurisdictions, if available. Describe any environmental justice issues or concerns.	**E 14**

PART F – PERFORMANCE MEASURES

Description of Required Documentation for Submission	**Document Reference**
Describe the Regional Transportation Agency's performance measures used to track and report annually on the following: Safety Mobility Accessibility Reliability Productivity System Preservation Return on investment/Lifecycle Cost Emission Reduction	**F 1**

II. Secondary Evaluation and Project Eligibility Criteria

The following criteria are to be completed only if the project team is known. Where a project team is not known given the stage of the project, this secondary evaluation and eligibility criteria is not required.

Description of Required Documentation for Submission	Document Reference
Describe the team's qualifications and experience.	G 1
Describe the extent of experience with similar infrastructure projects.	G 2
Provide a description of the team's ability to perform work.	G 3
Describe the leadership structure.	G 4
Provide a description/backgroup relative to the Project Manager's experience.	G 5
Describe the anticipated management approach for this project.	G 6
Describe the planned public involvement strategy.	G 7