

# Memorandum

To: CHAIR AND COMMISSIONERS  
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: June 11, 2013

Reference No.: 4. 6  
Action Item

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Chief Financial Officer

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Subject: **UPDATES TO PRESIDIO PARKWAY FUNDING PLAN SINCE ITS APPROVAL AS A PUBLIC-PRIVATE PARTNERSHIP PROJECT**

## **RECOMMENDATION:**

The Department recommends that the Commission approve the revised Presidio Parkway Funding Plan.

## **SUMMARY:**

The Presidio Parkway (Doyle Drive) project will reconstruct 1.6 miles of existing Route 101 with a new six-lane facility just south of Golden Gate Bridge in San Francisco. The overall project will be completed in two phases. Phase I is being delivered using the traditional design-bid-build method. At its May 2010 meeting, the California Transportation Commission approved public-private partnership (P3) procurement for Phase II of the project.

Since the Commission's approval, the project has achieved Commercial Close (January 2011) and Financial Close (June 2012) as well as the three Notices to Proceed under the P3 Agreement. However, a number of factors have led to changes to the original funding plan. This book item summarizes those changes.

## **BACKGROUND:**

The Presidio Parkway (Doyle Drive), or Route 101, serves as the southerly access to the Golden Gate Bridge. This roadway is the primary highway and transit link, through San Francisco, between counties to the south (San Mateo and Santa Clara) and the north (Marin and Sonoma). The project limits extend from the Golden Gate Bridge Toll Plaza on the west to Broderick Street on the east, and includes Richardson Avenue, Gorgas Avenue and Marina Boulevard.

Doyle Drive is located within the Presidio of San Francisco and provides access to various historic and cultural landmarks, including the Golden Gate National Recreation Area, the Presidio, the Golden Gate Bridge, and the Palace of Fine Arts. Originally built in 1936, the roadway was beyond its useful life and was severely inadequate for current traffic volumes. Furthermore, the existing facility did not meet the current seismic standards.

The completion of Phase I has already shifted traffic from the seismically deficient structures onto a temporary alignment. The traffic will stay on this temporary alignment until the project is completed. Golden Link Concessionaire (GLC), the P3 developer, will complete Phase II construction and will also operate and maintain the facility for 30 years post construction.

### Updates to Phase II Funding Plan

Prior to Phase II approval as a P3 project by the Commission, the overall project was proposed to be delivered as a traditional design-bid-build project with the following funding plan:

TABLE 1 – Original Budget

Funding Type	Original Budget	
	Phase I	Phase II
Federal Private Lands Highways Discretionary (PLHD)	\$23.57 M	\$13.20 M
Federal C High Priority	\$12.60 M	
Federal C – Urban Partnership Agreement (UPA)	\$27.30 M	
Federal R – ER Demo (Devil's Slide Funds)		\$6.00 M
Federal R – Demo (Port Sonoma Ferry Funds)		\$20.00 M
<b>Subtotal Federal (Regional Control)</b>	<b>\$63.47 M</b>	<b>\$39.20 M</b>
Federal Stimulus Regional Share (TIGER)		\$46.00
Federal Stimulus State Share (ARRA SHOPP)	\$106.32 M	
<b>Subtotal Federal Stimulus</b>	<b>\$106.32 M</b>	<b>\$46.00 M</b>
State – SHOPP	\$157.59 M	\$174.83 M
State - TCRP	\$14.75 M	\$ 0.25 M
<b>Subtotal State</b>	<b>\$172.34 M</b>	<b>\$175.08 M</b>
SFCTA – Prop K	\$29.10 M	\$38.80 M
SFCTA – STIP (RIP – Programmed)	\$16.87 M	\$54.23 M
SFCTA – STIP (RIP – Future)		\$13.00 M
SFCTA – SLPP		\$21.00 M
<b>Subtotal SFCTA</b>	<b>\$45.97 M</b>	<b>\$127.03 M</b>
MTC – Toll Bridge Funds	\$80.00 M	
GGBH&TD – GG Bridge Toll Funds		\$75.00 M
Marin County – STIP (RIP State Only)		\$4.00 M
Sonoma County – STIP (RIP State Only)		\$1.00 M
<b>Subtotal Other Regional</b>	<b>\$80.00 M</b>	<b>\$80.00 M</b>
<b>Total</b>	<b>\$468.10 M</b>	<b>\$467.31 M</b>

At its May 2010 meeting, the Commission approved Phase II delivery as a P3 project with the following funding plan on Table 2.

TABLE 2 – Approved Phase II Budget (May 2010)

<i>Funding Type</i>	<i>CTC Approved Phase II (P3) Total Funding Plan</i>	<i>Milestone Payment</i>	<i>Risk Reserve</i>	<i>Transaction Costs</i>	<i>Availability Payments</i>
Federal Private Lands Highways Discretionary (PLHD)	\$13.20 M	\$13.20 M			
Federal R – ER Demo (Devil’s Slide Funds)	\$6.00 M	\$6.00 M			
Federal R – Demo (Port Sonoma Ferry Funds)	\$20.00 M	\$20.00 M			
<b>Subtotal Federal (Regional Control)</b>	<b>\$39.20 M</b>	<b>\$39.20 M</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>
Federal Stimulus Regional Share (TIGER)	\$46.00	\$46.00			
<b>Subtotal Federal Stimulus</b>	<b>\$46.00 M</b>	<b>\$46.00 M</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>
State – SHOPP	\$15.99 M			\$15.99 M	
<b>Subtotal State</b>	<b>\$15.99 M</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>	<b>\$15.99 M</b>	<b>\$0.00 M</b>
SFCTA – Prop K	\$38.80 M			\$16.11 M	\$22.69 M
SFCTA – STIP (RIP – Programmed)	\$54.23 M	\$54.23 M			
SFCTA – STIP (RIP – Future)	\$13.00 M	\$13.00 M			
SFCTA – SLPP	\$21.00 M	\$21.00 M			
<b>Subtotal SFCTA</b>	<b>\$127.03 M</b>	<b>\$88.23 M</b>	<b>\$0.00 M</b>	<b>\$16.11 M</b>	<b>\$22.69 M</b>
GGBH&TD – GG Bridge Toll Funds	\$75.00 M				\$75.00 M
Marin County – STIP (RIP State Only)	\$4.00 M				\$4.00 M
Sonoma County – STIP (RIP State Only)	\$1.00 M				\$1.00 M
<b>Subtotal Other Regional</b>	<b>\$80.00 M</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>	<b>\$80.00 M</b>
<b>Total Programmed Funds (Excluding Risk Reserve)</b>	<b>\$308.22 M</b>	<b>\$173.43 M</b>	<b>\$0.00 M</b>	<b>\$32.10 M</b>	<b>\$102.69 M</b>
State – SHA	\$1047.05 M			\$18.67 M	\$1028.38 M
<b>Total Project Costs</b>	<b>\$1355.27 M</b>	<b>\$173.43 M</b>	<b>\$0.00 M</b>	<b>\$50.77 M</b>	<b>\$1131.07 M</b>
State – SHOPP Risk Reserve	\$46.52 M		\$46.52 M		
<b>Total</b>	<b>\$1401.79 M</b>	<b>\$173.43 M</b>	<b>\$46.52 M</b>	<b>\$50.77 M</b>	<b>\$1131.07 M</b>

During the procurement period, the availability of the following funds changed:

- a. Federal C – PLHD (\$13.2 M) – Funds were determined not to be eligible for use on the project.
- b. Federal R – ER Demo (Devil’s Slide - \$6.0 M) – Earmark was removed from Federal funding.
- c. Federal R – Demo (Port Sonoma Ferry - \$20.0 M) – Earmark was removed from Federal funding.
- d. Proposition K (\$12.52 M) – Recession reduced tax revenues that could be allocated to the project.
- e. Short fall (adjustment) in State-Local Partnership Program funds (\$1.64 M).
- f. The correct RIP programmed amount was \$54 M and not \$54.23 M.

These changes resulted in a funding shortfall of \$53.36 M. In March 2012, the Department, the San Francisco County Transportation Authority (SFCTA) and the Metropolitan Transportation Commission (MTC) worked together to develop a regional solution for this shortfall. MTC, through an arrangement with the SFCTA, agreed to contribute \$34 M in Surface Transportation Program/ Congestion Mitigation and Air Quality funds to bridge majority of the shortfall. The SFCTA also approved an amendment to the Proposition K Strategic Plan to make an additional \$9.68 M in Prop K funds available to close the gap. The remaining shortfall was backfilled by transferring \$9.68 M of

SHOPP funds from the project risk reserve. This lowered the project risk reserve from \$46.52 M to \$36.84 M. The revised project funding is shown on Table 3 below.

TABLE 3 – Revised Phase II Budget (March 2012)

<i>Funding Type</i>	<i>Revised Phase II (P3) Total Funding Plan</i>	<i>Milestone Payment</i>	<i>Risk Reserve</i>	<i>Transaction Costs</i>	<i>Availability Payments</i>
Federal Private Lands Highways Discretionary (PLHD)	\$0.00 M				
Federal R – ER Demo (Devil’s Slide Funds)	\$0.00 M				
Federal R – Demo (Port Sonoma Ferry Funds)	\$0.00 M				
<b>Subtotal Federal (Regional Control)</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>
Federal Stimulus Regional Share (TIGER)	\$46.00	\$46.00			
<b>Subtotal Federal Stimulus</b>	<b>\$46.00 M</b>	<b>\$46.00 M</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>
State – SHOPP	\$25.67 M	\$9.68 M		\$15.99 M	
<b>Subtotal State</b>	<b>\$25.67 M</b>	<b>\$9.68 M</b>	<b>\$0.00 M</b>	<b>\$15.99 M</b>	<b>\$0.00 M</b>
SFCTA – Prop K	\$35.96 M			\$14.78 M	\$21.18 M
SFCTA – STIP (RIP – Programmed)	\$54.00 M	\$54.00 M			
SFCTA – STIP (RIP – Future)	\$13.00 M	\$13.00 M			
SFCTA – SLPP	\$19.36 M	\$19.36 M			
<b>Subtotal SFCTA</b>	<b>\$122.32 M</b>	<b>\$86.36 M</b>	<b>\$0.00 M</b>	<b>\$14.78 M</b>	<b>\$21.18 M</b>
GGBH&TD – GG Bridge Toll Funds	\$75.00 M				\$75.00 M
Marin County – STIP (RIP State Only)	\$4.00 M				\$4.00 M
Sonoma County – STIP (RIP State Only)	\$1.00 M				\$1.00 M
<b>Subtotal Other Regional</b>	<b>\$80.00 M</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>	<b>\$80.00 M</b>
<b>Total Programmed Funds (Excluding Risk Reserve)</b>	<b>\$273.99 M</b>	<b>\$142.04 M</b>	<b>\$0.00 M</b>	<b>\$30.77 M</b>	<b>\$101.18 M</b>
MTC – RSTP/CMAQ Cash Flow Loan	\$34.00 M	\$31.39 M		\$1.33 M	\$1.28 M
State – SHA	\$1047.05 M			\$18.67 M	\$1028.39 M
<b>Total Project Costs</b>	<b>\$1355.05 M</b>	<b>\$173.43 M</b>	<b>\$0.00 M</b>	<b>\$50.77 M</b>	<b>\$1130.85 M</b>
State – SHOPP Risk Reserve	\$36.84 M		\$36.84 M		
<b>Total</b>	<b>\$1391.89 M</b>	<b>\$173.43 M</b>	<b>\$36.84 M</b>	<b>\$50.77 M</b>	<b>\$1130.85 M</b>

Due to a favorable bidding environment at the time of proposal submittal, improvements to the financial structure and positive financial market conditions at the time of Financial Close, the overall project costs is lower than the original budget. This lower cost includes the impact of increased project costs of approximately \$21.5 M due to the litigation delay. The final funding plan shows:

- a. A reduction of Availability Payment from the Commission approved maximum amount of \$35.0 M to \$22.1 M per year.
- b. A reduction of \$321.25 M in the overall project cost as compared with the original project estimate approved by the Commission.
- c. Increase of Milestone Payment from \$173.43 M to \$185.43 M due to additional bank financing of equal amount.
- d. Introduction of a two-tranche TIFIA loan which reduced the total amount of the availability payments

A new Milestone Payment (\$91 M shown on the right column of Table 4) has been added as part of a two-tranche TIFIA loan structure. During discussions with TIFIA, it was noted that since there were non-federal funds available at Substantial Completion, it would be more efficient to pay down part of the TIFIA loan at Substantial Completion in the same fashion as the Milestone Payment was used to pay down bank debt. TIFIA Program indicated a strong preference for using all available non-federal funds for TIFIA repayment as opposed to a State budget change to adjust the federal/State split at a later date. This lowered the total Availability Payments by about \$100 M for relatively the same level of TIFIA loan. Project Sponsors worked with TIFIA to create a first of its kind TIFIA loan with a short-term and long-term tranche which allowed use of the non-federal funds in a more efficient financial structure. The following table shows the current budget which was an outcome of the financing process with Financial Close achieved on June 14, 2012.

TABLE 4 – Current Phase II Budget (Post June 2012)

Original Financial Plan (May 2010)	\$1401.79 M	\$173.43 M	\$46.52 M	\$50.77 M	\$1131.07M	\$0.00
Funding Type	Revised Phase II (P3) Total Funding Plan	Milestone Payment	Risk Reserve	Transaction Costs	Availability Payments	TIFIA Short Term Milestone Payment
Federal Private Lands Highways Discretionary (PLHD)	\$0.00 M					
Federal R – ER Demo (Devil's Slide Funds)	\$0.00 M					
Federal R – Demo (Port Sonoma Ferry Funds)	\$0.00 M					
<b>Subtotal Federal (Regional Control)</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>
Federal Stimulus Regional Share (TIGER)	\$46.00	\$46.00				
<b>Subtotal Federal Stimulus</b>	<b>\$46.00 M</b>	<b>\$46.00 M</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>
State – SHOPP	\$25.67 M	\$9.68 M		\$15.99 M		
<b>Subtotal State</b>	<b>\$25.67 M</b>	<b>\$9.68 M</b>	<b>\$0.00 M</b>	<b>\$15.99 M</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>
SFCTA – Prop K	\$35.96 M	\$4.39 M		\$15.57 M		\$16.00 M
SFCTA – STIP (RIP – Programmed)	\$54.00 M	\$54.00 M				
SFCTA – STIP (RIP – Future)	\$13.00 M	\$13.00 M				
SFCTA – SLPP	\$19.36 M	\$19.36 M				
<b>Subtotal SFCTA</b>	<b>\$122.32 M</b>	<b>\$90.75 M</b>	<b>\$0.00 M</b>	<b>\$15.57 M</b>	<b>\$0.00 M</b>	<b>\$16.00 M</b>
GGBH&TD – GG Bridge Toll Funds	\$75.00 M					\$75.00 M
Marin County – STIP (RIP State Only)	\$4.00 M	\$4.00 M				
Sonoma County – STIP (RIP State Only)	\$1.00 M	\$1.00 M				
<b>Subtotal Other Regional</b>	<b>\$80.00 M</b>	<b>\$5.00 M</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>	<b>\$0.00 M</b>	<b>\$75.00 M</b>
<b>Total Programmed Funds (Excl. Risk Reserve)</b>	<b>\$273.99 M</b>	<b>\$151.43 M</b>	<b>\$0.00 M</b>	<b>\$31.56 M</b>	<b>\$0.00 M</b>	<b>\$91.00 M</b>
MTC – RSTP/CMAQ Cash Flow Loan	\$34.00 M	\$34.00 M				
State – SHA	\$735.71 M			\$19.21 M	\$716.50 M	
<b>Total Project Costs</b>	<b>\$1043.70 M</b>	<b>\$185.43 M</b>	<b>\$0.00 M</b>	<b>\$50.77 M</b>	<b>\$716.50 M</b>	<b>\$91.00 M</b>
State – SHOPP Risk Reserve	\$36.84 M		\$36.84 M			
<b>Revised (Current) Financial Plan (June 2012) Total</b>	<b>\$1080.54 M</b>	<b>\$185.43 M</b>	<b>\$36.84 M</b>	<b>\$50.77 M</b>	<b>\$716.50 M</b>	<b>\$91.00 M</b>
<b>Diff. between Original &amp; Revised Funding Plans</b>	<b>(\$321.25) M</b>	<b>\$12.00 M</b>	<b>(\$9.68) M</b>	<b>\$0.00</b>	<b>(\$414.57) M</b>	<b>\$91.00 M</b>