November 21, 2013

Dear Interested Industry Representative:

You are invited to an industry workshop to explore alternative project delivery methods for State Route 156 (SR 156) West Corridor Project (Project). As sponsors, the California Department of Transportation (Caltrans) and the Transportation Agency for Monterey County (Agency), will hold the SR 156 West Corridor Project Industry outreach on December 17, 2013, at the Monterey Conference Center, 1 Portola Plaza, Monterey, CA 93940.

The industry outreach will begin at 9:00 a.m. and conclude at 5:00 p.m. Five one-hour time slots are available for confidential one-on-one meetings between project sponsors and those organizations that have a track record in leading a team for projects of similar size, scale, and complexity as the SR 156 West Corridor Project. The purpose of these one-on-one meetings is to exchange information on the questions posed in Attachment 6. Interested parties are urged to submit a reservation request as soon as possible but no later than close of business on December 4, 2013. Registration for the event is highly encouraged and may be completed by email (Attachment 2 Registration Form). Slots will be assigned on a first come, first serve basis. If necessary, additional slots maybe made available at a later date.

Overview of Project Area
The existing SR 156 is a two-lane conventional highway with 12-foot lanes and 6-foot to 8-foot outside shoulders. There are at-grade intersections and several private driveways along the route. Left-turn lanes at the intersections allow motorists to turn onto county roads from SR 156.

The existing U.S. Route 101 within the project limits is a four-lane expressway with 12-foot-wide lanes, 4- to 8-foot-wide outside shoulders, a 16- to 22-foot-wide median and three at-grade intersections that allow right-in, right-out turns. Two interchanges—one at the SR 156 junction and one at San Miguel Canyon Road — sit in the project limits along U.S. Route 101.

The Project sponsors propose to widen SR 156 between U.S. Route 101 and west of Castroville Boulevard and rebuild the U.S. Route 101/SR 156 interchange in Monterey County. The preferred alternative would add two new lanes in both eastbound and westbound directions, while the existing highway would essentially function as a frontage road. It also would include construction of a new interchange with a new flyover at the junction of US Route 101 and SR 156. Additionally, a new interchange would be constructed at the intersection of SR 156 and Castroville Boulevard.

Additional information on the SR 156 can be found in Attachment 3 and online at: http://www.dot.ca.gov/dist05/projects/mon_156w/index.htm

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Cost and Funding
A balanced funding strategy has been developed for the State Route 156 West Corridor Project, relying on a combination of federal, State, regional, and local funds, to meet the project’s approximately $264 million price tag. Information on the sponsors’ funding strategy is set forth in Attachment 4 (Project Funding and Schedule). The sponsors, however, are re-examining the funding plan to see if it is in the public’s interest to reschedule the timing of expenditures.

The issues
At the industry outreach, the sponsors intend to engage industry participants in a dialogue regarding key issues affecting the use of alternative delivery methods. Participants are urged to come to the industry outreach prepared to express their interests, ideas, preferences, and concerns. Some issues described on Attachment 6 (Project Opportunities) are provided for your consideration.

In addition, Caltrans and the Agency welcome your questions, comments and ideas prior to the industry outreach, which you may submit by written communication to:

Public-Private Partnership Program
California Department of Transportation
Caltrans.p3.program@dot.ca.gov
Attn: SR 156 West Corridor Project Industry Outreach

We look forward to your interest and participation in the industry outreach.

Sincerely,

KOME AJISE
Deputy Director
Planning and Modal Programs

Attachments
(1) Industry Outreach Agenda
(2) Registration Form
(3) State Route 156 West Corridor Project Summary
(4) Project Funding and Schedule
(5) State Route 156 West Corridor Project Location
(6) Project Opportunities

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Industry Outreach Agenda

December 17, 2013
Monterey Conference Center
One Portola Plaza, Monterey

9:00 a.m.  Welcome
Caltrans District 5 Director
Tim Gubbins

9:15 a.m.  Project Overview
Caltrans Project Manager
David Silberberger
Caltrans Design Manager
Roberto Banda

10:00 a.m.  Local Context
TAMC Executive Director
Debbie Hale

10:30 a.m.  Closing Remarks
Caltrans Deputy Director, Planning and Modal Programs
Kome Ajise

11:00 am–5:00 p.m.  One-on-One Meetings (lunch break: noon–1:00 pm)
Registration Form  
State Route 156 West Corridor Project Industry Outreach  
December 17, 2013

Please complete the information requested below and mail or email the completed form to:

Public Private Partnership Program  
State Route 156 West Corridor Project  
1120 N Street, MS 49  
Sacramento, CA 95814

Attention: Nizar Melehani, Acting Program Manager  
Caltrans.P3.Program@dot.ca.gov

Name(s): ____________________________________________________________

Name of Organization: ____________________________________________

Address: __________________________________________________________

Business Phone: __________________________________________________

Email: ____________________________________________________________

If your organization intends to request a time slot for a one-on-one meeting on December 17, please check your first, second and third choices below.

<table>
<thead>
<tr>
<th>Time Slot</th>
<th>First Choice</th>
<th>Second Choice</th>
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<tr>
<td>4:00 pm–5:00 pm</td>
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“Caltrans improves mobility across California”
STATE ROUTE 156 WEST CORRIDOR PROJECT SUMMARY

**Project Overview**
State Route 156 is a Focus Route and gateway for tourists traveling from the Bay Area to the Monterey Peninsula. On the weekends, SR 156 is heavily congested and there are safety concerns. This project proposes to convert the narrow two-lane conventional highway to a four-lane freeway.

The Transportation Agency for Monterey County has worked with Caltrans for many years. Through the environmental process, Alternative 11 has been selected as the Preferred Alternative. The selection was based on many factors including: improvements for safety, improving traffic operations, relieving traffic congestion, and seeking the least impacts to the surrounding community and environment.

**Preferred Alternative**
The Preferred Alternative proposes to convert the existing 2-lane conventional highway to a 4-lane freeway from Castroville to the 101/156 interchange on US 101. The existing 101/156 interchange would be replaced by a more extensive interchange that would handle local traffic and interregional travel. A new interchange would be constructed at the intersection of the Castroville Boulevard and SR 156. Also, the existing 156 lanes would be converted to a frontage road that will serve the local community.

**Project Facts**
The EIR/FONSI was signed on January 31, 2013. A supplemental environmental document process is underway to examine the impacts of tolling. The Project is in the Coastal Zone and will require a Coastal Development Permit. Additional permits will be required from Army Corps, USFWS and CADF.W.

**Project Funding Options**
Total project cost is $264 million and about $44 million is currently programmed. The funding gap is about $220 million. An option considered in the environmental document is to build the project in phases. Phase 1 would construct the four-lane freeway on SR 156 and defer work on the US 101/SR 156 interchange and associated improvements to Phase 2. This approach would continue project development especially design and begin some right-of-way activities with the hope of future opportunities to fully fund project development activities. As an alternative, the TMC board, in partnership with Caltrans, sought to investigate the possibilities of having toll revenues close the project funding gap to build the entire project rather than in phases.
There are two logical steps in this direction. First was the direction and funding for a “sketch level” traffic and revenue study to assess the potential toll revenue generation of this corridor. This assessment was completed last year. The second is to have further industry consultation to verify the viability of a toll road proposal on the SR 156 corridor.

**State Route 156 Tolling Traffic and Revenue Study**

The SR 156 Tolling Traffic and Revenue Study is a “sketch-level” analysis, a high-level investigation to determine if tolling could generate sufficient revenue to construct an improved SR 156. The study investigated tolling plans and toll rates to determine values that balance financial feasibility (toll revenues) with the traffic impacts of tolling the new SR 156 improvements—providing the most toll revenue while minimizing toll induced diversion and impacts on other roadways in the corridor. The study utilized the Association of Monterey Bay Area Regional Travel Model; including population, socioeconomic data, existing traffic volumes and travel time observations to estimate traveler’s sensitivity to tolls and, in turn, the potential revenue generated by tolling.

The study analyzed historical and existing travel conditions in the corridor; provided a 20 and 30 year planning-level toll traffic and revenue forecast for each tolling scenario; and provided an assessment of the overall financial feasibility of each toll alternative. The study also looked at traffic diversion and the factors determining the willingness to pay a toll versus seeking alternate toll-free routes on local roads, as well as the feasibility of tolling visitors only or providing local discount options.

The study evaluated the following: 1) Tolls: $1.60/passerger car on weekdays; $2.50/passenger car on weekends; $2.50/truck anytime; 2) No toll for Prunedale and Castroville resident's passenger cars; and 3) Tolls are to be collected both eastbound and westbound. Seven different alternate routes were analyzed to estimate how much diversion would occur as a result of tolling, including expected diversion to the existing SR 156 (frontage road). The study estimates that tolling SR 156 would divert approximately 20-35 percent of traffic.

**Financial Analysis**

The results of this study indicate that utilizing toll revenues for funding the construction of Phase 1 is feasible. It also indicated that there would be approximately $85 million of additional toll revenue generated that would be available for construction of Phase 2. However, the additional toll revenue would fall short of overall Phase 2 funding requirements. With further study and analysis, it is anticipated that additional refinements could be made to advance construction of Phase 2. Other refinements could include looking at design modifications or revenue modifications. It is possible to plan for a phased approach that might include construction of Phase 1, a modified Phase 2 design, and potentially better financing options.

The SR 156 Tolling Traffic and Revenue Study was presented to the TAMC board and the board recommended that Caltrans further study the feasibility of the project and evaluate various design and financing options that would allow building both Phases of the project. This industry outreach will allow the project team to interact with major industry developers to ascertain the market viability of this project.

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Project Funding and Schedule

Project Funding:

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<th>Fund</th>
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<th>PS&amp;E</th>
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<td>$12,000</td>
<td>$6,000</td>
<td>$25,000</td>
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Notes: Yellow highlight identifies components that are currently funded. The green highlight identifies Right of Way components funded in 16/17 year. Right of Way Capital is underfunded by $51,000,000 and Right of Way support underfunded by $4,000,000. Blue highlight identifies PS&E component funded in the 14-15 year. PS&E component underfunded by $6,000,000. It should be noted that estimates in this table do not include the costs of the supplemental environmental process for tolling. All costs based on estimates from 2012 or earlier.

Project Schedule:

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<td>1/31/2013 Actual</td>
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<td>Supplemental Environmental Document</td>
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<td>Start Plans Specification and Estimate (PS&amp;E)</td>
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<td>Right of Way (R/W) Cert</td>
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<td>Oct. 2023</td>
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Project Opportunities

The Sponsors are interested in your views on issues affecting the procurement for the SR 156 West Corridor Project. The following issues are provided for your consideration:

i. **Project Scope**—To date, the sponsors have been pursuing a conventional design-bid-build delivery model for the Project to be delivered in two separate phases. The sponsors are looking for your ideas and views on how to optimize the delivery of the Project using alternative delivery methods, including design-build and P3. What type of procurement is likely to produce better value for the sponsors?

ii. **Environmental**—The EIR/FONSI was signed on January 31, 2013, and did not include “Tolling” as a funding element. What are your thoughts in introducing tolling as an option in the EIR? What is your appetite for taking such risk?

iii. **Financing**—The T&R study was intended to be a “sketch” level review of the corridor’s capacity to sustain tolling and the preliminary findings introduced tolling as a new source of funding that may be used to bridge the funding gap for the Project.

   A. What are your views and recommendations with respect to using tolls as a part of the overall funding strategy? What are your views and recommendations on the toll time frame (duration)?
   B. What other funding sources that you would recommend to the sponsors to pursue?
   C. Are these sources of financing advantageous to proposers?
   D. What are your impressions about traffic diversion caused by a toll effect as compared to the diversion caused by existing traffic congestion?

iv. **Predevelopment Agreement Procurement**—Can you please share with us your most recent experiences working with the public sector under a Predevelopment Agreement (PDA) arrangement? If a PDA was entertained for the Project, what would be the ideal term of the PDA?

v. **Operations and Maintenance Scope**—What is the appropriate scope of operations and maintenance responsibility to delegate to the private entity? Are there portions of the project or certain types of operations and maintenance responsibility that are more appropriate to be retained by Caltrans?