

Memorandum

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: May 28, 2015

Reference No.: 2.1b.(19)
Information Item

From: NORMA ORTEGA
Chief Financial Officer

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Programming

Subject: **STIP AMENDMENT 14S-30**

RECOMMENDATION:

The California Department of Transportation (Department) will request that the California Transportation Commission (Commission) approve the requested program amendment at the next scheduled Commission meeting following the notice period.

ISSUE:

The Department proposes to program \$14,095,000 of Federal Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) Border Infrastructure Program (BIP) funds and revise the funding plan and schedule for the Route 11 and Otay Mesa Port of Entry (POE) projects, Segments 2 and 3 (PPNO 0999B and 0999C) in San Diego County. The San Diego Association of Governments (SANDAG) concurs with this request.

BACKGROUND:

The Route 11 and Otay Mesa East POE project will construct a new 4-lane highway to the Mexico border, freeway-to-freeway connectors and a POE. The project will increase capacity to the regional border-crossing infrastructure and create a link between the United States regional highway system and the Mexico free-and-toll road system. This link will maintain the economic viability of goods movement through the California/Baja California region.

In 2008, the Commission approved \$75 million of Proposition 1B Trade Corridor Investment Funds (TCIF) for construction of the Route 11 and Otay Mesa East POE project.

In January 2012, the Commission approved segmenting the project into three distinct project segments to facilitate delivery:

- Segment 1 (PPNO 0999A) - Construct the SR 905/SR 11 freeway-to-freeway connectors up to Enrico Fermi Drive
- Segment 2 (PPNO 0999B) - Construct SR 11 from Enrico Fermi to the POE and the Commercial Vehicle Enforcement Facility
- Segment 3 (PPNO 0999C) - Construct the POE

The \$75 million of Proposition 1B TCIF funds were programmed on the construction phase of Segment 1, and then reduced upon award of the construction contract to \$71.625 million.

The overall project includes \$70.6 million in SAFETEA-LU BIP funding. The SAFETEA-LU, enacted in August 2005, authorizes funding through the BIP to improve transportation at international borders and ports of entry, and within trade corridors. This program replaced the TEA-21 Coordinated Border Infrastructure discretionary program that ended after 2005. Since enactment of SAFETEA-LU, California received a total apportionment of \$188 million. To date, approximately \$162.8 million has been obligated to eligible border region projects.

Pursuant to Section 164.1 of the California Streets and Highways Code, BIP funds shall be programmed, allocated, and expended in the same manner as other federal funds made available for capital improvement projects in the State Transportation Improvement Program (STIP). These BIP funds are eligible in a border region, defined as any portion of a border state within 100 miles of an international land border with Canada or Mexico, for the following types of improvements to facilitate/expedite cross-border motor vehicle and cargo movements:

- Improvements to existing transportation and supporting infrastructure.
- Construction of highways and related safety and safety enforcement facilities related to international trade.
- Operation improvements, including those related to electronic data interchange and use of telecommunications.
- Modifications to regulatory procedures.
- International coordination of transportation planning, programming, and border operation with Canada and Mexico.

Senate Bill 1486 established SANDAG as the Toll Authority for Route 11, authorizing SANDAG to, among other things, solicit and accept grants of funds and to enter into contracts and agreements for the purpose of establishing highway toll projects to facilitate the movement of goods and people along the State Route 11 corridor in the County of San Diego or at the Otay Mesa East Port of Entry. The bill also authorized SANDAG to issue bonds for the acquisition, construction, and completion of transportation facilities and to impose tolls and user fees for the use of the corridor.

Proposal

Currently, local funds programmed on Segments 2 and 3 include funds from innovative financing methods, such as the sale of bonds backed by future toll revenues, loans, grants, and private sector sources. The Right of Way (R/W) components for Segments 2 and 3 are currently programmed with these future local sources. However, the local funding has been unavailable due to significant delays in completing an Investment Grade Traffic and Revenue (T&R) Study. This study is necessary to determine the financial leveraging power of the border projects for the sale of bonds. The T&R study is currently being finalized and a major agreement has been reached between Mexico and the United States facilitating the movement forward of this project.

The Department now has the opportunity to begin early acquisition of a significant portion of the right of way needed for Segments 2 and 3. This opportunity will add value to the project for the development of a more realistic and sustainable financing strategy to successfully bring the financing needed for this Public-Public-Partnership project.

Segment 2 (PPNO 0999B)

In order to move forward with early R/W acquisition on Segment 2, it is proposed to replace locally generated toll revenues (backed by bonds) with BIP funds as follows:

- Reduce local funds programmed for R/W by \$9,200,000, from \$49,900,000 to \$40,700,000.
- Program \$9,200,000 in BIP funds to R/W in Fiscal Year (FY) 2015-16.

Segment 3 (PPNO 0999C)

The Department, with SANDAG's concurrence, requests that the implementing agency for R/W be changed from SANDAG to the Department. The Department has developed the preliminary engineering for the project through the environmental phase and they are the subject matter experts on the right of way needs for this segment.

In order to move forward with early R/W acquisition on Segment 3, it is proposed to replace locally generated toll revenues (backed by bonds) currently programmed on Segment 3 R/W with BIP funds as follows:

- Reduce local funds programmed for R/W by \$21,383,000, from \$41,900,000 to \$20,517,000.
- Reprogram \$10,000,000 of BIP funds from PS&E in Fiscal Year (FY) 2014-15 to R/W (\$627,000 for R/W Support; \$9,373,000 for R/W Capital) in FY 2015-16. The \$10,000,000 of BIP funds moved from PS&E will be backfilled with locally generated toll revenue funds in FY 2016-17.
- Program an additional \$4,895,000 in BIP funds for R/W Capital in FY2015-16.
- Program an additional \$6,488,000 in local TransNet funding for R/W in FY 2015-16.

Schedule

The schedules for Segment 2 and 3 are being updated due to the following factors:

Financing is the backbone for this Public-Public-Partnership and it controls the project schedule. The Traffic and Revenue (T&R) study is essential for the financing and was delayed due to the prolonged review by the Mexican Ministry of Communication and Transportation (SCT). However, a Memorandum of Understanding between the United States and Mexico was signed on July 30, 2014, forming a bi-national oversight committee to expedite project delivery and in April 2015, the SCT finalized its review of the T&R study.

The Department has been working on elements of R/W support, analyzing the R/W footprint and preparing maps for appraisals. However, R/W acquisition and construction of Segments 2 and 3 are delayed by a year as the following next steps to pursue financing in the markets are completed:

- o Agreements on the Port of Entry’s design concepts, approach transportation facilities, and staffing with the U.S. and Mexican customs.
- o Bi-National Revenue Sharing Agreement between the project proponents on both sides of the border (SANDAG and SCT).

These next step items are expected to be completed by January 2016.

Segment 3 is planned as a design-build project so the PS&E and construction phases will begin concurrently. This will move the schedule for Segment 3 PS&E phase out by two years.

The proposed funding plans and schedule changes are as follows:

REVISE: Route 11 and CVEF project (PPNO 0999B):

County	District	PPNO	EA	Element	Const. Year	PM Back	PM Ahead	Route/Corridor					
San Diego	11	0999B	5633	CO	2016-17	0.0	2.8	11					
Implementing Agency: (by component)	PA&ED	Caltrans			PS&E	Caltrans							
	R/W	Caltrans			CON	Caltrans							
RTPA/CTC:	San Diego Association of Governments												
Project Title:	Route 11 and CVEF												
Location	In San Diego County near San Diego on Route 11 from 0.1 mile east of Sanyo Avenue undercrossing to 1.9 miles east of Sanyo Avenue undercrossing.												
Description:	Segment 2 includes construction of a new 4 lane highway and CVEF.												
(DOLLARS IN THOUSANDS)													
FUND	TOTAL	Project Totals by Fiscal Year						Project Totals by Component					
		Prior	14/15	15/16	16/17	17/18	18/19	R/W	CON	PA&ED	PS&E	R/W Supp	CON Supp
Local Funds													
Existing	225,800		49,900	175,900	0			49,900	155,800				20,100
Change	(9,200)		(49,900)	(135,200)	175,900			(9,200)	0				0
Proposed	216,600		0	40,700	175,900			40,700	155,800				20,100
Federal Disc.													
Existing	19,600	17,500	2,100	0				0			17,500	2,100	
Change	9,200	0	0	9,200				9,200			0	0	
Proposed	28,800	17,500	2,100	9,200				9,200			17,500	2,100	
Total													
Existing	245,400	17,500	52,000	175,900	0			49,900	155,800		17,500	2,100	20,100
Change	0	0	(49,900)	(126,000)	175,900			0	0		0	0	0
Proposed	245,400	17,500	2,100	49,900	175,900			49,900	155,800		17,500	2,100	20,100

REVISE: Route 11 East Otay Mesa Land Port of Entry (PPNO 0999C):

County	District	PPNO	EA	Element	Const. Year	PM Back	PM Ahead	Route/Corridor					
San Diego	11	0999C	5634	CO	2015-16	2.4	2.8	11					
Implementing Agency: (by component)	PA&ED	Caltrans				PS&E	SANDAG						
		SANDAG											
	R/W	Caltrans				CON	SANDAG						
RTPA/CTC:	San Diego Association of Governments												
Project Title:	East Otay Mesa Land Port of Entry												
Location	Near San Diego on Route 11 from 2.4 miles east of Sanyo Avenue undercrossing to the Mexico Border.												
Description:	Segment 3 includes construction of a Port of Entry at the border with Mexico.												
(DOLLARS IN THOUSANDS)													
FUND	TOTAL	Project Totals by Fiscal Year						Project Totals by Component					
		Prior	14/15	15/16	16/17	17/18	18/19	R/W	CON	PA&ED	PS&E	R/W Supp	CON Supp
Local Funds													
Existing	326,900		41,900	285,000	0			41,900	285,000		0		
Change	(11,383)		(41,900)	(264,483)	295,000			(21,383)	0		10,000		
Proposed	315,517		0	20,517	295,000			20,517	285,000		10,000		
Federal Discretionary (Coordinated Border Infrastructure) Program													
Existing	10,000		10,000	0				0			10,000	0	
Change	4,895		(10,000)	14,895				14,268			(10,000)	627	
Proposed	14,895		0	14,895				14,268			0	627	
Local Funds (Local TransNet Border funds)													
Existing	0			0				0				0	
Change	6,488			6,488				6,215				273	
Proposed	6,488			6,488				6,215				273	
Total													
Existing	336,900		51,900	285,000	0			41,900	285,000		10,000	0	
Change	0		(51,900)	(243,100)	295,000			(900)	0		0	900	
Proposed	336,900		0	41,900	295,000			41,000	285,000		10,000	900	