State of California
DEPARTMENT OF TRANSPORTATION

California State Transportation Agency

M e m o r a n d u m

TAB 54

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: January 22, 2015

Reference No.: 2.5b.(2)
Action Item

From: NORMA ORTEGA
Chief Financial Officer

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Transportation Programming

Subject: **FINANCIAL ALLOCATION FOR SHOPP PROJECTS – PRESIDIO PARKWAY PROJECT RESOLUTION FP-14-14**

RECOMMENDATION:

The California Department of Transportation (Department) recommends that the California Transportation Commission (Commission) allocate $3,750,000 for one State Highway Operation and Protection Program (SHOPP) project identified below.

The attached vote list describes one SHOPP project request totaling $3,750,000. The Department is ready to proceed with this task and is requesting an allocation from the project's risk reserve at this time.

BACKGROUND:

The Presidio Parkway improvement project is located in the city and county of San Francisco on Doyle Drive (Route 101) and Richardson Avenue from Lombard Street to the Golden Gate Bridge Toll Plaza. The Commission in May 2010 approved an original $1,401.79 million budget for the Presidio Parkway Public Private Partnership (P3) Project. In June 2013, the Commission approved a revised $1,080,540,000 budget including a $36.84 million risk reserve which was set aside to pay for certain Department obligations as expressly identified in the P3 Agreement (i.e.: insurance, differing site conditions, etc.). The Commission has approved four requests from the risk reserve for $20.4 million, leaving a balance of $16.44 million.

This request, against the remaining balance of the risk reserve, is for $3,750,000 to cover the Presidio Trust fees for its oversight of design and construction activities for its facilities until the final contract acceptance in March 2016.

BASIS OF RISK RESERVE ALLOCATION:

The Presidio Trust is the property owner and signatory to the Right of Entry Agreement (ROE), which requires the Department to interact with the Presidio Trust on design development of the facilities that revert back to the Presidio Trust. In addition, the ROE also requires the Department to interact with the Presidio Trust on design development of the highway facilities that may impact the Presidio Trust. The Project Contract Documents have transferred most of the risk of such review and coordination process with the Presidio Trust to the developer, Golden Link Concessionaire (GLC). GLC is responsible for coordinating, with the Presidio Trust, the review of GLC's design and construction work, including work specifically related to facilities returned to the Presidio Trust.

The Department and GLC have an unresolved potential dispute about which party is liable for payment of the Presidio Trust staff coordination and review costs assessed by the Presidio Trust (the Presidio Trust Fees) in connection with the Project. In order to be granted access to the Project Right of Way by the Presidio Trust, GLC's design-build joint venture otherwise known as Flatiron-Kiewit (DBJV) has entered into a General Services Agreement (GSA) with the Presidio Trust. Financial close was achieved in June 2012. As a condition precedent to financial close, and in order to mitigate the impact, if any, of this potential dispute, the Department and GLC agreed that GLC shall be responsible for financing and paying the Presidio Trust Fees up to $4 million; and the Department shall be responsible for the financing of any amount that exceeded the $4 million. The rights of both parties regarding the underlying potential dispute are preserved.

As of December 2014, the total amount of the Presidio Trust Fees is approaching the $4 million threshold. In compliance with the parties' agreement described above, the Department is requesting an additional $3.75 million to cover the Presidio Trust Fees until the end of construction and scheduled Final Acceptance date, which is anticipated in March 2016. The additional $3.75 million is based on historic and projected monthly expenditure rate by the Presidio Trust. The additional amount will cover all Presidio Trust design development efforts through Final Acceptance of the Project. GLC will continue to make direct payments to the Presidio Trust for the design development efforts subject to a reimbursement by the Department.

The Department will seek to limit additional Presidio Trust Fees and is conducting an audit of the first $4 million of Presidio Trust Fees to ensure accurate invoicing and proper work scopes were followed and transmitted by GLC.

FINANCIAL RESOLUTION:

Resolved, that $3,750,000 be allocated from the Budget Act of 2013, Budget Act Item 2660-302-0890 for State Highway Operation and Protection Program work described on the attached vote list. The Department has complied with the National Environmental Policy Act and California Quality Act requirements in preparing this project.

Project # Allocation Amount County Dist-Co-Rte Postmile	Location Project Description	PPNO Program/Year Prgm'd Amount Project ID Adv Phase EA	Budget Year Item # Fund Type Program Code	Amount by Fund Type
2.5b.(2)	**SHOPP Project (Risk Reserve) – Presidio Parkway**			**Resolution FP-14-14**
1 $3,750,000 San Francisco 04-SF-101 8.0/9.8	In San Francisco, from Marina Boulevard to south of the Golden Gate Bridge. Outcome/Output: Improve the seismic, structural and traffic safety of Doyle Drive to maintain structural integrity. Allocation is from the projects SHOPP Risk Reserve. ($3,750,000 for construction capital)	04-0619P SHOPP/14-15 $16,440,000 0400020166 4 1637U4	2013-14 302-0890 FTF 20.20.201.110	$3,750,000