

Transportation Public-Private Partnerships



Legislative Analyst's Office

Background

- **Prior California state statute authorized up to four projects.**
- **SB 2X 4 (2009) authorizes an unlimited number of projects through 2016.**
- **SB 2X 4 was part of the 2009 budget deal.**

Statutory Framework

- **Caltrans, in cooperation with a regional transportation agency, is authorized to enter into P3 agreements.**
- **Eligible projects include highways, streets, rail, and related facilities.**
- **Authorizes the lessee to charge tolls and user fees.**

Statutory Program Framework

- **The California Transportation Commission (CTC) is responsible for reviewing projects and determining if they are consistent with statutory requirements.**
- **Public Infrastructure Advisory Commission (PIAC) was created by SB 2X 4 to advise the state on P3 best practices.**

Statutory Program Framework

- **The Legislature and the PIAC have a 60 day period to review all P3 agreements prior to Caltrans signing a contract.**
- **The CTC in cooperation with the Legislative Analyst's Office will conduct annual reporting on the progress of each project.**

How the Program Works In Practice

California Transportation Commission (CTC)

- *Required to adopt “best value” evaluation criteria prior to evaluating a project.*
 - CTC has not adopted criteria.
 - CTC plans to allow project sponsors to develop their own criteria, which CTC will then adopt on a project-by-project basis.

How the Program Works in Practice

Public Infrastructure Advisory Commission (PIAC)

- *Set up as a “best practices” commission.*
 - No process in place to implement best practices.

How the Program Works In Practice

The Legislature

- *Budget and policy committees have a 60 day review period for each P3 contract*
 - Committee staff do not have the skill set needed to review a complicated legal contract.
 - Review only, no authority to require changes to the contract.

Lessons Learned from Doyle Drive

- **Early stages of project selection and development are critical**
 - Difficult or impossible to make substantial changes (or stop altogether) a project after a certain point.
 - Strong program framework is needed to ensure good project selection and business case analysis.
 - Review and oversight needed early.



Lessons Learned from Doyle Drive

- **Rushing to do a P3 can lead to poor project selection.**
 - Difficult to transfer an appropriate amount of risk for projects that are too far along in development.
 - Lack of tolls or user fees can negatively impact funding for other projects.
 - Difficult to manage community concerns after giving up control of design.

Lessons Learned from Doyle Drive

- **Knowing the cost is important, but can be difficult to determine.**
 - Using Net Present Value (NPV) analysis and determining how much to discount the value of future generations.
 - Cost analysis should fully account for P3 costs to the state, including oversight, etc.
 - Other costs may or may not be appropriate to include, such as tax adjustments.

Lessons Learned from Doyle Drive

- **Developing in-house P3 expertise is needed**
 - State and Legislative staff need more familiarity with P3s.
 - Consultants sometimes do not know state processes.
 - Consultant contracts must be rebid every couple of years, their expertise could be lost.

Pipeline of Projects

- **Interstate 710 Freight Corridor.**
- **Interstate 710 Gap Closure.**
- **San Francisco-Oakland Bay Area High Occupancy Toll Lane Network.**