

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: August 14-15, 2019

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.1b.(1), Information Item

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Division of Transportation Programming

Subject: **STIP AMENDMENT 18S-20**
SAN DIEGO COUNTY – PPNO 1405

SUMMARY:

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.

The San Diego Association of Governments (SANDAG) proposes to program \$2,000,000 of Federal Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) Border Infrastructure Program (BIP) funds for the State Route 11 (SR-11)/Otay Mesa East Point of Entry (POE) Investment Grade Traffic and Revenue (T&R) Study project (PPNO 1405) in San Diego County. The Department concurs with this proposal.

BACKGROUND:

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. Since the enactment of SAFETEA-LU, California has received a total apportionment of \$188 million in BIP funding. To date, approximately \$173 million has been committed to eligible border region projects in the State.

It is proposed to program \$2,000,000 of the remaining BIP funds for the SR-11/Otay Mesa East POE Investment Grade T&R Study project. An Investment Grade T&R Study is necessary to determine the financial leveraging power of the SR-11/Otay Mesa East POE project.

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A T&R Study has two major components. It provides an estimate of the traffic that will use the POE and an estimate of the toll revenue generated over a period of time. This study is the cornerstone for the project's Financial Strategy and is used to rate the project's bonding capacity which is used to determine interest rates.

As reported to the Commission in January 2018, there was a T&R Study completed for this project in 2015 which revealed an overall shortfall in revenue versus project cost. The team then embarked on additional studies to address the shortfall. This study, referred to as the Innovation Analysis (IA), addressed maximizing throughput while minimizing project cost.

The benefits of the IA have been studying:

- Innovations that promote a more efficient POE;
- reduced POE costs;
- consensus between the United States and Mexico on cost savings and innovative alternatives; and,
- a solid planning level T&R model to be the basis of the next phase of the T&R study.

The updated investment grade T&R will provide a study that will be the basis of the financial strategy for funding the remainder of the project. The study will allow the financial team to go to the rating agencies to get a bond rating necessary to fund the project.

The first step of upgrading the T&R will be to bring a financial consultant on board who will review the IA phase, including the T&R model. Based on this information, a request for proposal will be written and a consultant will be hired to conduct the above noted surveys and data collection. At that point, they will certify the model is investment grade. We expect minor adjustments to the model along with the updated input data. Then the project will be rated and a financial strategy will be solidified.

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.

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The proposed funding plan for the new study is as follows:

ADD: SR-11/Otay Mesa East POE Investment Grade Traffic and Revenue Study project (1405)

County	District	PPNO	EA	Element	Const. Year	PM Back	PM Ahead	Route/Corridor					
San Diego County	11	1405		LA	2019-20								
Implementing Agency: (by component)	PA&ED	San Diego Association of Governments				PS&E							
	R/W					CON							
RTPA/CTC:	San Diego Association of Governments												
Project Title:	SR-11/Otay Mesa East POE Investment Grade Traffic and Revenue (T&R) Study												
Location:	SR-11/ Otay Mesa East Port of Entry												
Description:	Develop an investment grade T&R study for the SR-11/ Otay Mesa East Port of Entry project.												
(DOLLARS IN THOUSANDS)													
FUND	TOTAL	Project Totals by Fiscal Year						Project Totals by Component					
		Prior	18/19	19/20	20/21	21/22	22/23+	R/W	CON	PA&ED	PS&E	R/W Supp	CON Supp
Coordinate Border Infrastructure Program													
Existing	0	0	0	0	0	0	0	0	0	0	0	0	0
Change	2,000	0	0	2,000	0	0	0	0	0	2,000	0	0	0
Proposed	2,000	0	0	2,000	0	0	0	0	0	2,000	0	0	0
Total													
Existing	0	0	0	0	0	0	0	0	0	0	0	0	0
Change	2,000	0	0	2,000	0	0	0	0	0	2,000	0	0	0
Proposed	2,000	0	0	2,000	0	0	0	0	0	2,000	0	0	0

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