



DATE: June 10, 2011  
TO: STA Board Workshop  
FROM: Janet Adams, Deputy Executive Director/ Director of Projects  
RE: Opportunities for Public Private Partnerships

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**Background:**

With the decline in reliability for state and federal funds paired with the fact that Solano County does not have a local funding source for transportation, STA has been evaluating various funding options for funding needed transportation infrastructure. One approach is to bring in private funding partners.

A Public-Private Partnership (PPP or P3) is a contractual agreement between a public agency (federal, state or local) and a private sector entity. Through this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. In addition to the sharing of resources, each party shares in the risks and rewards potential in the delivery of the service and/or facility. An example of a traditional P3 would be the Route 91 Toll Facility in Orange County. This facility was designed and constructed by a private company in partnership with Caltrans. The private company then charged tolls to vehicles for use of the facility as the means to recoup the upfront financial cost to construct the roadway.

According to the National Council for Public-Private Partnerships (NCPPP), there are six critical components of any successful Public-Private Partnership (PPP). While there is not a set formula or an absolute foolproof technique in crafting a successful PPP, each of these keys is involved in varying degrees.

1. **Statutory and Political Environment:**  
A successful partnership can result only if there is commitment from "the top". The most senior public officials must be willing to be actively involved in supporting the concept of PPPs and taking a leadership role in the development of each given partnership. A well-informed political leader can play a critical role in minimizing misperceptions about the value to the public of an effectively developed partnership. Equally important, there should be a statutory foundation for the implementation of each partnership.
2. **Public Sector's Organized Structure:**  
Once a partnership has been established, the public-sector must remain actively involved in the project or program. On-going monitoring of the performance of the partnership is important in assuring its success. This monitoring should be done on a daily, weekly, monthly or quarterly basis for different aspects of each partnership (the frequency is often defined in the business plan and/or contract).

3. **Detailed Business Plan (Contract):**  
The participants must know what to expect of the partnership beforehand. A carefully developed plan (often done with the assistance of an outside expert in this field) will substantially increase the probability of success of the partnership. This plan most often will take the form of an extensive, detailed contract, clearly describing the responsibilities of both the public and private partners. In addition to attempting to foresee areas of respective responsibilities, a good plan or contract will include a clearly defined method of dispute resolution (because not all contingencies can be foreseen).
4. **Guaranteed Revenue Stream:**  
While the private partner may provide the initial funding for capital improvements, there must be a means of repayment of this investment over the long term of the partnership. The income stream can be generated by a variety and combination of sources (fees, tolls, tax increment financing, or a wide range of additional options), but must be assured for the length of the partnership.
5. **Stakeholder Support:**  
More people will be affected by a partnership than just the public officials and the private-sector partner. Affected employees, the portions of the public receiving the service, the press, appropriate labor unions and relevant interest groups will all have opinions, and frequently significant misconceptions about a partnership and its value to all the public. It is important to communicate openly and candidly with these stakeholders to minimize potential resistance to establishing a partnership.
6. **Pick Your Partner Carefully:**  
The "lowest bid" is not always the best choice for selecting a partner. The "best value" in a partner is critical in a long-term relationship that is central to a successful partnership. A candidate's experience in the specific area of partnerships being considered is an important factor in identifying the right partner.

For Solano County, partnering with private sector has been done in recent years to construct roadway improvements for the North Connector and is planned as part of the Jepson Parkway project. This P3 approach is planned to be studied as a mechanism to construct and maintain transit facilities around the county. Many of the facilities are not fully funded, have remaining phases of construction that are not fully funded, or require operations maintenance plans. The intent is to explore traditional P3s, but also look at more global opportunities around the transit facilities to attract private investments.

### **Discussion:**

#### **P3 Study for Transit Centers**

STA is beginning a P3 Feasibility Study for the transit facilities along the I-80 corridor. The objective is to implement incentive strategies for private investment to assist in completing or maintaining existing and planned transit facilities along I-80.

These facilities include Transit Centers of Regional Significance previously identified by the STA Board as priority transit facilities for current and future funding opportunities. The attached map (Attachment A) provides details for private investment opportunities related to transit facility locations (transportation centers and park and ride lots) along the I-80 corridor.

The cities of Vallejo, Fairfield, Vacaville and Dixon have a number of existing and/or planned transit centers and park and ride facilities designed to serve commuters (carpool, bus, train and ferry riders) along the I-80 corridor in Solano County. State and Federal funding from traditional sources are currently more limited now than it has been in the past. As a result, funding is generally prioritized for ongoing operation and maintenance of existing transit facilities rather than on expansion. This includes Caltrans Park and Ride Facilities. In partnership with Caltrans, Metropolitan Transportation Commission (MTC) and Solano County cities located along the I-80 corridor, the STA will develop a feasibility study which identifies P3 options as well as a P3 Implementation Plan for the I-80 corridor. The goal is to develop a P3 strategy for the STA to implement with its partners in addition to being replicated by other agencies, including Caltrans, to implement in similar corridors.

This effort will provide opportunities for a public private partnership to assist in maintaining, managing and allowing for more efficient use of each facility. The feasibility study will demonstrate how this effort could spur the local and regional economy by encouraging private sector job growth as a result of the private sector partnership. Enhancing public safety and security is a priority option for any potential revenue that results from a public private partnership. In terms of community values, the feasibility study will have an extensive public outreach to solicit public input on ideas for creating a nexus with their transit needs and incentive options for the private sector's participation. Lastly, transit facilities and park and ride lots along the I-80 corridor will be more attractive to users as a result of this corridor wide P3 approach, thereby increasing transit users and enhancing the environment by decreasing single occupancy vehicles and CO2 emissions.

Upon adoption by the STA and the partnering agencies, the I-80 Corridor P3 Feasibility Study will provide a toolkit of strategies that can be the framework for public agencies to attract private investment. These strategies will be available to be applied to transit facilities on I-80 in the cities of Dixon, Vacaville, Fairfield, and Vallejo in addition to Caltrans Park and Ride facilities. Opportunities for private investment can potentially include alternative fuels infrastructure, paid parking and/or parking management plan, bicycle e-lockers, retail and/or other business service opportunities. In addition, mixed use development at or directly adjacent to these transit facilities will be considered as part of the Study. Mix use development commitments by the cities, can open opportunities for public investment in infrastructure that facilitates these uses. The P3 Feasibility Study will include at least 3 Priority Development Areas (PDA) which are areas designated to accommodate the region's growth over the next 30 years as part of the Bay Area SCS. The Feasibility Study will identify options that will enhance transit facilities that are the foundations for PDA's. This will allow PDA's to be more attractive and livable for growth that is anticipated to occur at these locations.

The revenue obtained from these overall opportunities can assist in maintaining, operating and/or expand transit facilities on the I-80 Corridor. The goal is to develop the study in a manner that can be a model for P3's in other counties in the Bay Area as well as the State.

#### Partnerships with Private Sector to Deliver Local Corridor Improvements

The STA Board adopted a 50/50 policy whereas if a project provides both local and regional benefits, then it regional funds are eligible to fund 50% of the project. A recent example of this policy at work is the North Connector East/Central Segment (Attachment B).

This new local roadway is located in the I-80/I-680/State Route 12 Interchange Complex. Located to the north of I-80 running parallel to it, it provides both regional and local benefit as it provides an alternative for local trips in lieu of traveling on I-80. The STA through Regional Measure 2 (RM 2) funds provided for 50% of the cost of the new roadway. The remaining 50% funds were provided by the developer who constructed the roadway a portion of the roadway improvements.

A second model of this approach is with the Jepson Parkway Project. The 12-mile Jepson Parkway project is an I-80 Reliever Route that will improve intra-county mobility for Solano County residents. The project upgrades a series of narrow local roads to provide a north-south travel route for residents as an alternative to I-80. The plan proposes a continuous four-lane roadway from the State Route 12 / Walters Road intersection in Suisun City to the I-80 / Leisure Town Road interchange in Vacaville. The project also includes safety improvements, such as the provision for medians, traffic signals, shoulders, and separate bike lanes. The Jepson Parkway project is divided into 10 segments for design and construction purposes. Five (5) construction projects within the Jepson Parkway project have been completed: the extension of Leisure Town Road from Alamo to Vanden; the relocation of the Vanden/Peabody intersection; improvements to Leisure Town Road bridges; the Walters Road Widening (Suisun City); and the I-80/Leisure Town Road Interchange (Vacaville). The Project is being completed in partnership by the STA, the City of Fairfield, the City of Suisun City, the City of Vacaville and Solano County.

In the spring of 2011, the project partners identified the initial construction phases to include portions of the project, Segment 6 through Segment 11 as shown on the overall Jepson Parkway Map (Attachment C). Specifically the Fairfield Project being defined as Segments 6 and 7, from the east side of the Cement Hill Road/ Peabody Road/ Vanden Road Intersection that would be completed as part of the Fairfield Vacaville Train Station Project to south side of the Vanden Road /Leisure Town Intersection. The total cost for design, R/W, construction, and environmental mitigation is estimated at \$31.8 million. These Segments include approximately ½ mile of unincorporated Solano County roadway improvements.

The Vacaville Project will construct Segments 8 thru 11, from the south side of the Vanden Road/ Leisure Town Road Intersection (where the Fairfield project ends) to north of the Alamo Drive/ Leisure Town Road Intersection. The total cost for design, R/W, construction and environmental mitigation is estimated at \$23.4 million.

These projects will be funded on a 50/50 shared basis between each agency and STA. STA has a total of \$36.7 million (\$2.4 m for design, \$3.8 m for R/W, and \$30.5 m for construction) of STIP funding programmed for this project. The STA funding should be able to deliver a total of \$73.4 million toward this Corridor based upon the 50/50 sharing of project costs. The combined total cost is estimated at \$55.2 million for the segments identified above. It is believed that the costs utilized from the Technical Report may be as much as 20% high due to the current favorable bidding climate. The Cities anticipate much of the R/W being dedicated by proposed development that will contribute a portion of the required local funding. The remaining funds from each agency would be on a 5-year payback plan to the project. A portion of these reimbursements would be needed to fund the second of the identified projects. The remaining funds would be set-a-side for the 3<sup>rd</sup> project phase, yet to be determined. The remaining 50% of funds or in-kind dedications will be made through private investment from adjacent development along the corridor for the segments specifically identified.

The STA and its partner agencies are in the process of finalizing a Memorandum of Understanding (MOU) for this Project. The MOU defines the roles and responsibilities of the Jepson Parkway Working Group and each agency in the delivery of the Jepson Parkway Corridor. It also establishes the Guiding Principles from which to select and prioritize project phases. The MOU also codifies the commitment that the Cities have for development of the portion of the Parkway that would fall within future City limits after the anticipated annexations occur. In addition, Funding Agreements with the partner agencies have been/are being developed.

Several other local corridors have been identified as project candidates for STA. These include the: Western Segment of the North Connector, Peabody Road, Columbus Parkway and McCormack Road. Identifying funding for Local Roadway projects is a challenge. There is a lack of identified funding sources from traditional sources local, state, regional and federal. A local Regional Transportation Impact Program (RTIP) evaluation is currently underway and provides one option, but the recent concern about level of current fees may make this option more difficult.

**Workshop Discussion:**

1. How do local priority transportation corridors get funded?
2. Once the P3 Feasibility Study is completed, what should STA's role be in the implementation of the options?

Attachments:

- A. P3 Transit Facility Opportunities
- B. North Connector Map
- C. Jepson Parkway Map
- D. Transit Facilities Fact Sheet (To be provided under separate cover.)

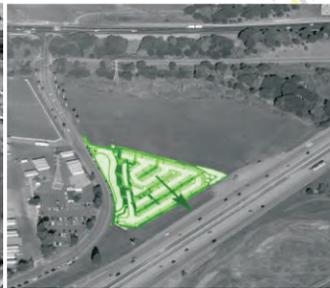
# California's Interstate-80 Regional Travel Corridor

Solano County's Transit Centers and Park & Ride Lots Create Opportunities for Public-Private Partnerships

**Fairfield Transit Centers & Park & Rides**  
 Fairfield Transportation Center (Candenasso)  
 Fairfield/Vacaville Train Station (future)  
 Red Top Road PnR (under construction)



Fairfield Transportation Center



Red Top Road PnR

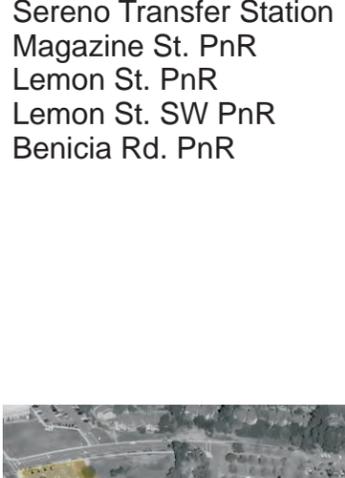


Leisure Town Road PnR



Davis St & Bella Vista PnRs

**Vallejo Transit Centers & Park & Rides**  
 Vallejo Station (under construction)  
 Vallejo Ferry Terminal  
 Sereno Transfer Station  
 Magazine St. PnR  
 Lemon St. PnR  
 Lemon St. SW PnR  
 Benicia Rd. PnR



Vallejo Station



Fairfield Transportation Center



Vallejo Ferry Terminal, Vallejo Station Transit Center, and York & Marin Transfer Station



Lemon St. PnR



San Francisco



York & Marin Transfer Station

**Vacaville Transit Centers & Park & Rides**  
 Vacaville Regional Transportation Center (Allison)  
 Cliffside @ Peabody & I-80 PnR  
 Davis St. @ I-80 PnR  
 Bella Vista @ I-80 PnR  
 Leisure Town Rd. @ I-80 PnR



Vacaville Regional Intermodal Center



Davis St & Bella Vista PnRs



Vacaville Transit Center



Cliffside @ Peabody & I-80 PnR



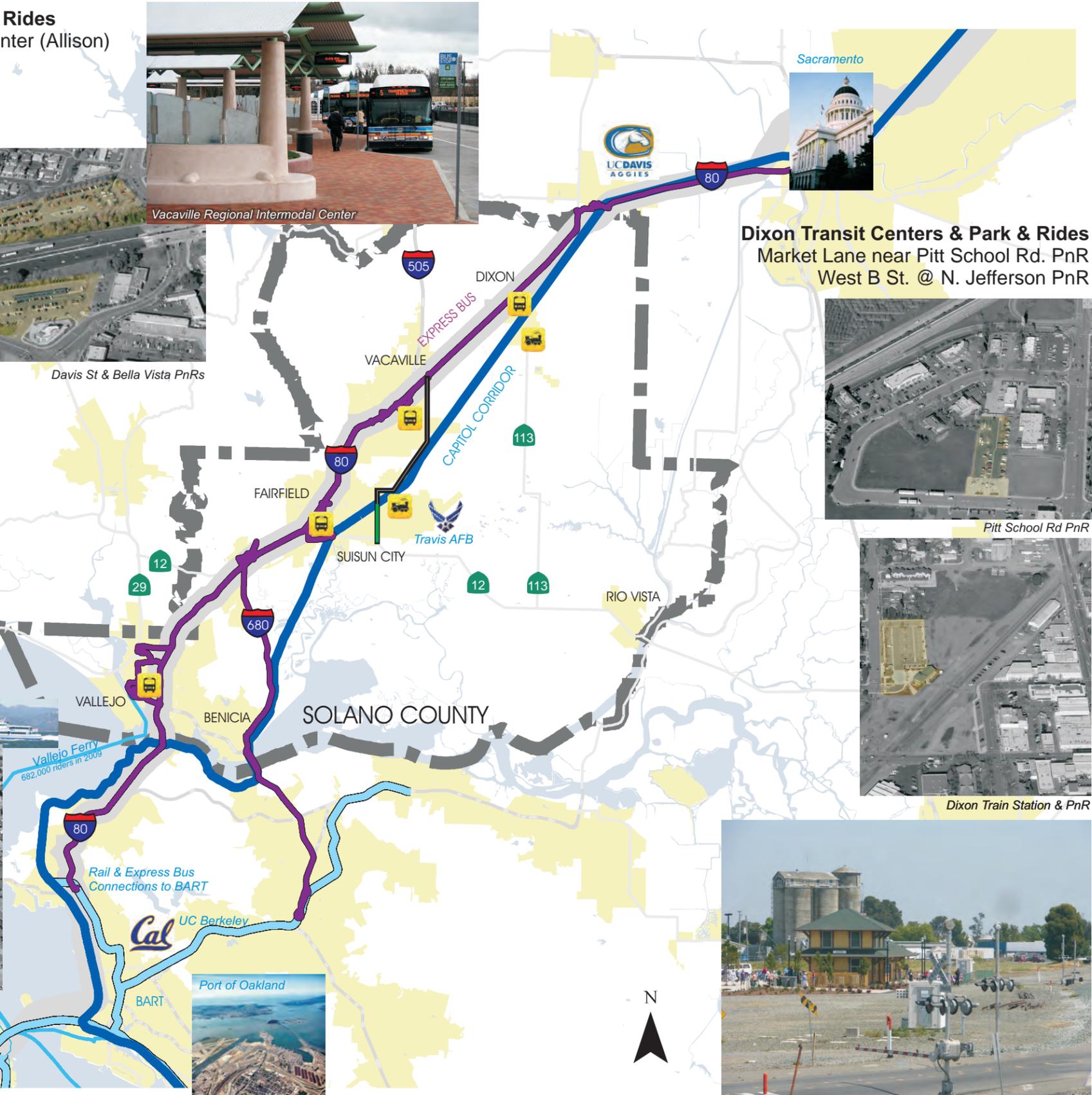
Davis St. @ I-80 PnR



Bella Vista @ I-80 PnR



Leisure Town Rd. @ I-80 PnR



**Dixon Transit Centers & Park & Rides**  
 Market Lane near Pitt School Rd. PnR  
 West B St. @ N. Jefferson PnR



Pitt School Rd PnR

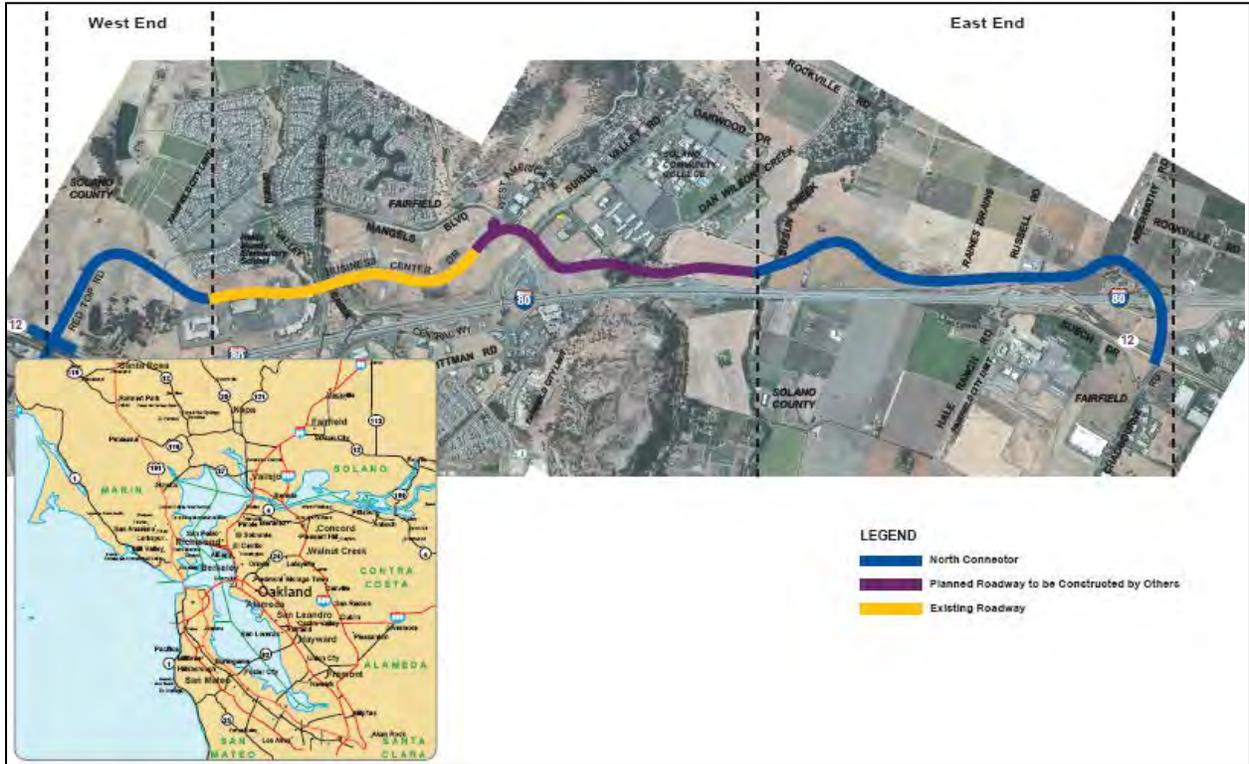


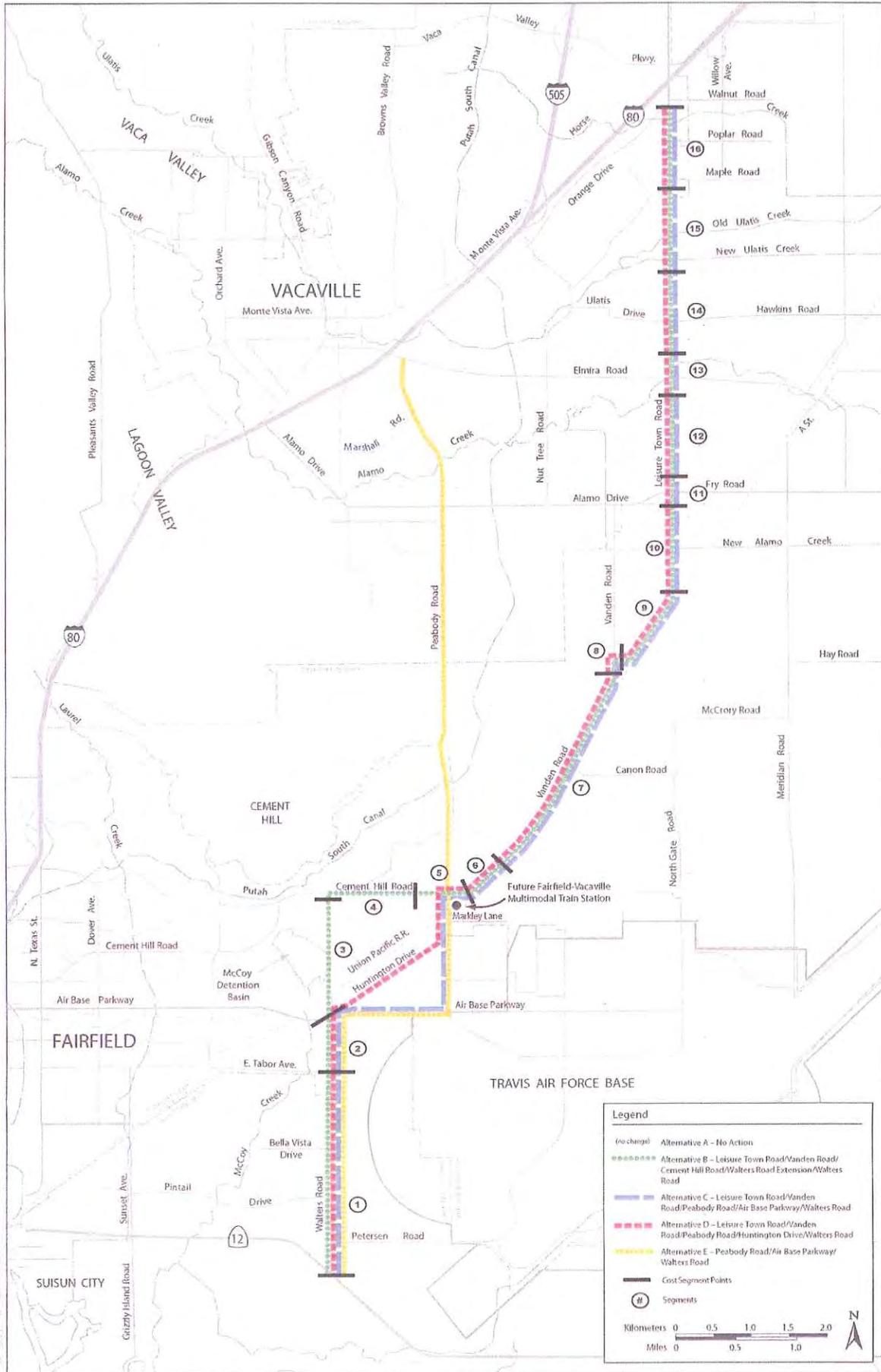
Dixon Train Station & PnR



Dixon Train Station & PnR

Central Segment





Source: Jones & Stokes, 2006.

Figure Jepson Parkway Project Location and Cost Segments