



### Meeting of the Board of Directors

**Location:** Rancho Cordova Council Chambers  
2729 Prospect Park Drive  
Rancho Cordova, CA

**Date:** Friday December 9, 2011, 8:30 am – 10:30 am

**Roll Call:** Directors Budge, Hume, Knight, Nottoli, Starsky

Members of the public may comment on any item on the agenda at the time that it is taken up by the Board. We ask that members of the public complete a request to speak form, submit it to the Clerk of the Board, and keep their remarks brief. If several persons wish to address the Board on a single item, the Chair may impose a time limit on individual remarks at the beginning of the discussion.

**Public Communications:** Any person wishing to address the Board on any item not on the agenda may do so at this time. After ten minutes of testimony, any additional testimony may be heard following the New Business Items.

1. Executive Director's Report

#### Consent Agenda

2. Minutes for November 10, 2011, Board Meeting
3. Approve Amendment No. 2 to Contract with ENS Resources, Inc.
  - a. Attachment – Staff Report
  - b. Attachment – Amendment No. 2
  - c. Attachment – Resolution

#### New Business Items

4. Quarterly Update on the South Sacramento Habitat Conservation Plan (SSHCP)
  - d. Attachment – Staff Report
5. Plan of Finance – Presentation of Initial Feasibility Study
  - a. Attachment – Staff Report
  - b. Attachment – Presentation
6. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL  
POTENTIAL LITIGATION (Government Code § 54956.9)
7. Adjournment

The Board may take action on any matter, however listed on this Agenda, and whether or not listed on this Agenda, to the extent permitted by applicable law. Staff Reports are subject to change without prior notice.

*If requested, this agenda can be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990 and the Federal Rules and Regulations adopted in implementation thereof. Persons seeking an alternative format should contact the Board Secretary for further information. In addition, a person with a disability who requires a modification or accommodation, including auxiliary aids or services, in order to participate in a public meeting, should telephone or otherwise contact the Board Secretary as soon as possible. The Board Secretary may be reached at 10640 Mather Blvd., Suite 120, Mather, CA 95655 or by telephone at 916-876-9094.*



**Capital SouthEast Connector Board of Directors**

**Item # 1  
Receive and File**

December 9, 2011

**Executive Director's Report**

**Issue:** An Executive Director's report is filed every month on current JPA activities.

**Recommendation:** Receive and File

**Discussion:** The following is a brief status report on some of the more significant issues and activities currently being pursued by the Connector JPA staff.

**Administrative**

- Staff is working on possible revisions to the 2012 Board Calendar to accommodate Director Nottoli's schedule which is constrained by his responsibilities to the Delta Bay Stewardship Council.

**Project**

- Staff is in the process of re-scheduling presentations to the member jurisdictions for Spring, 2012 which were put on hold pending the outcome of negotiations with advocacy groups in relation to the certification of the PEIR.

**Fiscal**

There are no fiscal items of significance to be reported this month.

**Correspondence/Media**

- A request for financing support to the initial phases of Silva Valley interchange from the JPA was received from the El Dorado Department of Transportation. Staff supports the concept of providing short term financing for the project and has forwarded this request to the Sacramento Transportation Authority for their consideration. Additional information will be forthcoming at the January, 2012 meeting.

**Miscellaneous**

- The Findings of Fact and Statement of Overriding Considerations ("Findings") as adopted by the Board pursuant to Resolution 2011-16, have been updated to reflect the revisions requested and approved by the Board of Directors during its October 14, 2011, hearing. These revisions included the changes to the findings related to Impact TRF-21, on page 45 of the Findings. The substitute pages 45 and 86, as provided to the Board and the public at the October 14, 2011, hearing, were also incorporated into the Findings.

Respectfully Submitted,

Tom Zlotkowski  
Executive Director



**Capital SouthEast Connector Board of Directors**

**Item # 2  
Receive and File**

December 9, 2011

**Action Minutes of the November 10, 2011, Meeting**

The Capital SouthEast Connector Authority's Board of Directors met in regular session on November 10, 2011, in the Rancho Cordova Council Chambers, located at 2729 Prospect Park Drive, Rancho Cordova, CA, at 8:30 a.m.

**Call to Order:** Director Knight called the meeting to order at 8:47 a.m.

**Roll Call:** Directors Knight, Nottoli, and Starsky were present.

**Executive Director's Report:** Mr. Tom Zlotkowski, the Executive Director of the Authority, summarized the highlights from his Executive Director's Report, including the status of the following items: presentations to the member jurisdictions regarding the status of the Project; the formation of committees for the next phase of the Project; and the outcome from the Executive Director's trip to Washington D.C.

**Consent Agenda**

The consent agenda included: (1) minutes of the October 14, 2011, meeting; (2) meeting schedule for calendar year 2012; and (3) amendment No. 2 to contract with MMS Strategies. It was moved by Director Starsky, seconded by Director Nottoli, and passed by unanimous vote that:

**THE CAPITAL SOUTHEAST CONNECTOR AUTHORITY BOARD OF DIRECTORS APPROVES THE FOLLOWING ITEMS FROM THE CONSENT AGENDA: (1) MINUTES OF THE AUGUST 12, 2011, MEETING; (2) MEETING SCHEDULE FOR CALENDAR YEAR 2012; AND (3) AMENDMENT NO. 2 TO CONTRACT WITH MMS STRATEGIES.**

**New Business Items**

**CLOSED SESSION: Conference with Legal Counsel – Potential Litigation.** The Board adjourned to closed session at 8:50. The Board reconvened into open session at 9:45 a.m. The Board reported that the Executive Director was authorized to enter into a tolling agreement and stipulation related to the potential litigation.

**Adjournment:** The meeting adjourned at 9:45 a.m.

Approved By:

Attest:

\_\_\_\_\_  
Director Knight  
Chairperson

\_\_\_\_\_  
Tom Zlotkowski  
Board Secretary

**Capital SouthEast Connector Board of Directors**

**Item # 3  
Resolution**

December 9, 2011

**Approve Amendment No. 2 to Contract with ENS Resources, Inc. for Advisory Services on Federal Grant Funding**

**Issue:** To approve the proposed Amendment No. 2 to the ENS Resources, Inc. contract.

**Recommendation:** Staff recommends that the Board approve the proposed contract Amendment No. 2 to the JPA's current contract with ENS Resources, Inc.

**Discussion:** In June 2010, the Executive Director used his delegated contracting authority to enter into a six month contract with ENS Resources, Inc. (ENS) for advisory services on federal grant funding for the Connector project. Under this contract, ENS began providing advisory services in July 2010, including providing guidance regarding TIGER II grant opportunities, advising the Authority on additional federal grant opportunities, monitoring congressional and federal agency activities, and providing updates and weekly reports regarding transportation related legislation and funding opportunities, etc.

Effective January 1, 2011, the Executive Director entered into Amendment No. 1 to this contract, extending the time of performance through December 31, 2011 and increasing the not-to-exceed amount to \$38,000.

At this time, the Executive Director recommends that the Board approve Amendment No. 2 to this contract, thereby allowing ENS to continue its advisory service efforts on the Project through December 31, 2012. This proposed amendment includes the addition of \$24,000, for a total not-to-exceed amount of \$62,000.

Under the JPA's current contracting and purchasing procedures, special services contracts exceeding \$50,000 are to be awarded pursuant to a request for proposals (RFP). However, in light of the following factors, staff would like to extend ENS's contract for twelve months before issuing an RFP: (1) ENS's familiarity with the Connector Project; (2) ENS's extensive knowledge of transportation related issues and financing tools, including the federal grant process; (3) the reasonableness of ENS's rates and fees; and (4) the excellent working relationship JPA staff has with ENS.

In light of these factors, the time that will be saved, and the efficiencies that will be realized by continuing to work with a consultant who is familiar with our Project and JPA staff, the Executive Director recommends that the Board approve the proposed amendment through December 31, 2012.

Respectfully Submitted,



Tom Zlotkowski  
Executive Director

**AMENDMENT NO. 2**  
**AGREEMENT FOR PROFESSIONAL SERVICES BETWEEN**  
**THE ELK GROVE – RANCHO CORDOVA – EL DORADO AUTHORITY**  
**AND ENS RESOURCES, INC.**

---

This Amendment No. 2 to the June 1, 2010, agreement for professional services (“Agreement”) between the Elk Grove – Rancho Cordova – El Dorado Connector Authority, also known as the Capital SouthEast Connector Authority (“Authority”), and ENS Resources, Inc. (“Contractor”), is entered into effective January 1, 2012.

WHEREAS, the Authority and Contractor wish to amend the Agreement to extend the term of the Agreement and increase the not-to-exceed amount to be paid to Contractor to reflect that Contractor will provide advisory services on federal grant funding for an additional twelve (12 months).

NOW, THEREFORE, the Authority and Contractor agree as follows:

1. Section 1 of the Agreement (Time of Performance), is amended to read as follows:  
  
“Contractor shall commence work upon execution of this Agreement and in accordance with the Scope of Work, attached hereto as Exhibit “A” and incorporated herein. Contractor shall complete work as expeditiously as is consistent with generally accepted standards of professional skill and care and the orderly progress of work. Work shall be completed and this Agreement shall expire on December 31, 2012, unless otherwise terminated as provided for in this Agreement or extended by written agreement between the parties.”
2. Section 5 of the Agreement (Consideration), second sentence only, is amended to read as follows: “The amount to be paid to Contractor under this Agreement shall not exceed sixty-two thousand dollars (\$62,000.00), unless expressly authorized in writing by the Authority.”
3. The “Contract Term” Section of the Scope of Work (Exhibit A), is amended to read as follows: “The contract term is June 1, 2010, through December 31, 2012.”
4. Except as expressly amended herein, all terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, THE PARTIES HAVE ENTERED INTO THIS AGREEMENT AS OF THE DATE HEREIN ABOVE APPEARING.

**ELK GROVE – RANCHO CORDOVA – EL DORADO  
CONNECTOR AUTHORITY**

---

TOM ZLOTKOWSKI  
Executive Director

**RECOMMENDED BY:**

---

MILLER & OWEN  
Legal Counsel to the Authority

**ENS RESOURCES, INC.**

---

ERIC SAPIRSTEIN  
ENS Resources, Inc.



Item # 3  
Attachment

RESOLUTION NO. 2011-21

RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE CAPITAL SOUTHEAST CONNECTOR  
AUTHORITY APPROVING AMENDMENT NO. 2 TO THE  
AGREEMENT FOR ADVISORY CONSULTING SERVICES  
ON FEDERAL GRANT FUNDING BETWEEN THE  
CAPITAL SOUTHEAST CONNECTOR AND ENS RESOURCES, INC.

**BE IT RESOLVED** by the Board of Directors (“Board”) of the Capital SouthEast Connector Authority that Amendment No. 2 to the Agreement for Advisory Consulting Services on Federal Grant Funding between the Capital SouthEast Connector and ENS Resources, Inc., presented to the Board at this meeting, is hereby approved in substantially the same form as attached hereto.

This Resolution shall take effect from and after the date of its passage and adoption.

\* \* \* \* \*

PASSED AND ADOPTED this 9<sup>th</sup> day of December, 2011, by the following vote:

AYES:

NOES:

ABSENT:

---

Chairperson

ATTEST:

---

Secretary



Capital SouthEast Connector Board of Directors

Item # 4  
Presentation

December 9, 2011

### Quarterly Update on the South Sacramento Habitat Conservation Plan (SSHCP)

**Issue:** To update the Board on the process and schedule for the South Sacramento Habitat Conservation Plan, as required in the executed Memorandum of Agreement (MOA).

**Recommendation:** To hear an update on the progress of the South Sacramento Habitat Conservation Plan and provide any input as desired.

**Discussion:** The South Sacramento Habitat Conservation Plan (SSHCP) is a regional effort that will provide development and infrastructure components with streamlined, predictable federal and state permitting processes while creating a preserve system to protect sizeable habitat preserves, open space, and agricultural lands. The SSHCP is the most efficient means of complying with regulatory requirements and will greatly assist the Connector Project in obtaining many of the federal permits required for Project construction. The SSHCP is a regional project. In addition to the JPA, the joint applicants ("Plan Partners") include the County of Sacramento, the Cities of Elk Grove, Galt, and Rancho Cordova, the Sacramento County Regional Sanitation District, and the Sacramento County Water Agency.

### Update

As an element of its Memorandum of Understanding (MOA) with the Plan Partners in the SSHCP, the Connector JPA is scheduled to receive status updates on a quarterly basis. Your last update was provided in June 2011. Since the last update, there have been numerous meetings and correspondence between the Plan Partners, represented primarily by the project manager and the technical team, and local representatives of the federal and state agencies in charge of the permitting process. Those meetings have been time consuming yet inconclusive towards reaching agreement on a number of critical HCP principles, despite indications that the preserve design needed to secure permits meets the issuance criteria for an HCP. Given this apparent stalemate in concept over basic elements of the plan, both the Plan Partners and JPA staff are discussing alternative processes to maintain momentum towards securing the necessary permits for the Connector as well as the numerous other projects covered by the SSHCP.

Today, the SSHCP Project Manager, Stacey McKinley, will provide an update of the process to date and an overview of the strategy and timeline for the next steps in the negotiation, as well as a timeline for advancing the SSHCP document to Federal Register publication.

Respectfully Submitted,

Tom Zlotkowski  
Executive Director



## Capital SouthEast Connector Board of Directors

Item #5  
Presentation & Motion

December 9, 2011

### Plan of Finance – Presentation of Initial Feasibility Study

**Issue:** To present to the Board the Initial Feasibility Study of the Plan of Finance by the consultant, KPMG.

**Recommendation:** Hear an overview presentation of the Initial Feasibility Report element of the Plan of Finance and provide direction as to the next steps in that process.

**Background:** In March, 2011, your Board heard a status report on the project Plan of Finance. In that report, staff indicated that the first stage of the *Plan of Finance* would be presented to the Board in fall of 2011. The JPA Financial Advisor, KPMG, divided their work into stages in order to provide the JPA options in pursuit of various delivery strategies. In doing so, it allowed the deliverables from each phase to assist in the selection of an overall strategy based on opportunities available in various segments and/or geographic locations within the Connector alignment. This phasing approach also assures that a subsequent phase of work on the overall plan will not commence without a thorough examination of the critical assumptions and conclusions of previous ones. The commencement of a subsequent phase of work will also require the written consent of the Board of Directors. At this time, KPMG is prepared to present their results from stage one, the Initial Feasibility Study.

As was reported in March, this first phase of work on the plan was extensive, not only with regard to the development of possible financing mechanisms to compliment and support the funds already anticipated for use on the project, but due to the need to provide a concise and accurate project cost. This project cost estimate was complicated by a number of factors that included but were not limited to: the parallel process underway by the JPA to select a route alternative and options; the timing and extent of various critical project components; the expected duration of the project construction; the estimated cost of project mitigation measures; and the proposed project delivery mechanism, as from others.

In order to best inform the development of the financial model, the project was broken into five segments and the capital project costs were estimated by the environmental consultant team based on input from the JPA. The five segment limits were based on several factors that included geographic and jurisdictional boundaries, adjacent community characteristics, projected traffic demand, and potential financing opportunities. Those segments, as presented to the Board in March 2011, moving from southwest to northeast are as follows:

- I-5 to SR 99 along the general alignment of Kammerer Road
- SR 99 to Bond Road along existing Grant Line Road
- Bond Road to Calvine Road along existing Grant Line Road

- Calvine Road to the Sacramento/El Dorado County line along existing Grant Line Road and White Rock Road (with a re-aligned section west of Prairie City Road)
- Sacramento/El Dorado County line to the future Silva Valley interchange along existing White Rock Road

Once initial costs were estimated, three alternative scenarios were identified that would provide the best opportunity for the introduction of new revenue to assist in overall project delivery. The three scenarios included two isolated tolling sections for the segments between I-5 to SR-99 and from Calvine Road to the County line. The third scenario was included to estimate the added demand and revenue that would be generated if all five segments of the project could be delivered at the same time. While this scenario was considered highly unlikely due to financial reasons, it did provide an estimate of the full future demand potential for the analyzed toll sections at project build-out.

As reported out in March, 2011 a significant construction cost subsidy requirement remained after consideration of the estimated toll revenues from this initial exercise for the two potential toll segments. Even though these initial model runs did not produce the desired results, staff felt there was enough room in the construction cost estimate to reduce project costs and still maintain the needed benefits within the two segments that would make them viable as toll sections. Staff and the consultant team have been working since that presentation in March to close this revenue “gap” and are prepared at this time to present our findings.

**Discussion:** Once the initial project costs were found excessive to support a toll inclusive financing model, staff sought out consultation with an engineering firm with experience in design-build estimating. Since design-build delivery mechanisms have proven extremely successful in reducing overall project costs by up to 40%, staff felt confident that such a delivery model could have significant positive effect on segment financing. In addition to a more in-depth review of the proposed delivery method, other significant capital costs were further examined based on recent statewide construction contracts that included: major unit cost items for commensurate roadway construction; right of way costs, given recent adjustments in land prices; and miscellaneous costs for mobilization, contingencies, mitigation, and tolling assets. In addition, staff downgraded/delayed the initial construction of some significant improvements when possible and inserted them into the plan in later years. While these delays will increase the individual construction costs of the selected improvements (grade separations, overcrossings) it will reduce initial capital costs, while still maintaining acceptable initial levels of service in the early years of operation. The attached Figure 1 provides a breakout of the revised capital construction costs developed over the last several months in support of the current analysis. This cost estimate represents a significant decrease from the costs originally developed in 2010 and used in the earlier analysis presented in March, 2011. This difference in capital cost estimates represents a 39% decrease in overall costs from \$726M to \$444M in today's dollars. While both these figures exclude both toll asset and right of way engineering and support cost, they provide an equitable comparison of the range of possible capital cost variations that must be accounted for as the Plan of Finance advances. It should also be noted that the El Dorado County portion of the project identified in the estimate will be assumed reimbursable to the plan based on early discussions with El Dorado County's Department of Transportation leadership. The cost of the US 50/Silva Valley interchange is currently included in the attached estimate, but is assumed that it will be reimbursed by El Dorado County.

Today's presentation by KPMG is intended to provide the Board with information relative to both the construction cost estimate, as well as the potential tolling revenue that can be generated as part of the overall Plan of Finance. While it is still very early in the development of the overall plan to decide how much of a role tolling could play in the delivery of the project, it is evident that under reasonable assumptions regarding both revenue and cost, it would provide an advantage. Based on this first phase of work on the plan, staff has gained valuable insight into the various aspects of tolling, as well as established a benchmark construction cost estimate that it feels very confident in using as the plan advances.

At this time, staff recommends that you hear the presentation by KPMG on additional details of the work performed as part of this first phase of work on the Plan of Finance. It is also desired that upon hearing the outcome of the tolling analysis, the Board provide direction to staff as to the extent to include tolling considerations for all or parts of the project as the plan advances. While it is very early in the overall plan to conclude with any assurance which portions would best be suited for user based financing, the additional investigation of tolling as a significant component of the plan, to be complimented by traditional federal, state, and local funding mechanisms, is considered essential to the timely delivery of the project.

Respectfully Submitted:



Tom Zlotkowski  
Executive Director

**Adjusted Construction Costs  
for Optimistic Design Build Scenario**

11/29/2011

**Scenario 5b (Recommended Scenario, Design-Build Project Delivery)**

| <b>Construction Costs</b>                                      |                   |                             |                                   |                                     |                                 |                      |                         |                     |                                    |
|--|-------------------|-----------------------------|-----------------------------------|-------------------------------------|---------------------------------|----------------------|-------------------------|---------------------|------------------------------------|
| <i>Roadway Segment</i>   | <i>Lane Miles</i> | <i>Roadway Construction</i> | <i>Frontage Road Construction</i> | <i>Multi-Use Trail Construction</i> | <i>Signalized Intersections</i> | <i>Interchanges</i>  | <i>Traffic Handling</i> | <i>Minor Items</i>  | <i>Subtotal Construction Costs</i> |
| I-5 to Bruceville Road   | 12.2              | \$ 8,540,000                | \$ -                              | \$ 3,086,400                        | \$ 483,200                      | \$ 18,403,200        | \$ 915,200              | \$ 3,051,200        | \$ 34,479,200                      |
| Bruceville Road to State Route 99                              | 10.0              | \$ 8,871,200                | \$ 572,000                        | \$ 2,546,400                        | \$ -                            | \$ 22,436,000        | \$ 1,043,200            | \$ 3,442,400        | \$ 38,911,200                      |
| State Route 99 to Bond Road                                    | 21.2              | \$ 12,464,800               | \$ 1,948,000                      | \$ -                                | \$ 1,092,000                    | \$ -                 | \$ 775,200              | \$ 1,550,400        | \$ 17,830,400                      |
| Bond Road to Calvine Road                                      | 10.9              | \$ 7,452,000                | \$ -                              | \$ -                                | \$ 1,379,200                    | \$ -                 | \$ 533,600              | \$ 964,800          | \$ 10,329,600                      |
| Calvine Road to White Rock/Grant Line Road                     | 46.8              | \$ 28,604,000               | \$ 1,096,000                      | \$ 10,439,200                       | \$ 274,400                      | \$ 44,871,200        | \$ 2,558,400            | \$ 8,528,800        | \$ 96,372,000                      |
| White Rock/Grant Line Road to Sacramento/El Dorado County Line | 25.5              | \$ 17,893,600               | \$ 1,636,800                      | \$ 7,880,800                        | \$ 392,000                      | \$ 30,702,400        | \$ 1,259,200            | \$ 5,850,400        | \$ 65,615,200                      |
| Sacramento/El Dorado County Line to US-50/Silva Valley Parkway | 8.7               | \$ 5,287,200                | \$ -                              | \$ -                                | \$ 2,030,400                    | \$ -                 | \$ 365,600              | \$ 732,000          | \$ 8,415,200                       |
| <b>Total</b>   | <b>135.3</b>      | <b>\$89,112,800</b>         | <b>\$5,252,800</b>                | <b>\$23,952,800</b>                 | <b>\$5,651,200</b>              | <b>\$116,412,800</b> | <b>\$7,450,400</b>      | <b>\$24,120,000</b> | <b>\$271,952,800</b>               |

| <b>Total Project Costs</b>                                     |                   |                                    |                       |                          |                                   |  |                                   |   |                      |
|--|-------------------|------------------------------------|-----------------------|--------------------------|-----------------------------------|--|-----------------------------------|---|----------------------|
| <i>Roadway Segment</i>   | <i>Lane Miles</i> | <i>Subtotal Construction Costs</i> | <i>Tolling Assets</i> | <i>Mobilization (6%)</i> | <i>Construction Contingencies</i> | <i>Project Delivery Costs (20% of CON)</i> | <i>Right of Way Capital Costs</i> | <i>Right of Way Engineering and Support Costs</i> | <i>Total</i>         |
| I-5 to Bruceville Road   | 12.2              | \$ 34,479,200                      | \$ 5,172,000          | \$ 2,068,752             | \$ 6,896,000                      | \$ 8,275,000                               | \$ 3,320,000                      | \$ 483,000  | \$ 60,693,952        |
| Bruceville Road to State Route 99                              | 10.0              | \$ 38,911,200                      | \$ 5,837,000          | \$ 2,334,672             | \$ 7,751,200                      | \$ 9,332,000                               | \$ 2,562,000                      | \$ 226,000  | \$ 66,954,072        |
| State Route 99 to Bond Road                                    | 21.2              | \$ 17,830,400                      | \$ -                  | \$ 1,069,824             | \$ 3,545,600                      | \$ 4,275,000                               | \$ 15,628,000                     | \$ 965,000  | \$ 43,313,824        |
| Bond Road to Calvine Road                                      | 10.9              | \$ 10,329,600                      | \$ -                  | \$ 619,776               | \$ 2,206,400                      | \$ 2,507,000                               | \$ 4,895,000                      | \$ 1,057,000                                      | \$ 21,614,776        |
| Calvine Road to White Rock/Grant Line Road                     | 46.8              | \$ 96,372,000                      | \$ 14,456,000         | \$ 5,782,320             | \$ 19,274,400                     | \$ 23,129,000                              | \$ 1,627,000                      | \$ 542,000  | \$ 161,182,720       |
| White Rock/Grant Line Road to Sacramento/El Dorado County Line | 25.5              | \$ 65,615,200                      | \$ 9,842,000          | \$ 3,936,912             | \$ 13,123,200                     | \$ 15,748,000                              | \$ 3,825,000                      | \$ 393,000  | \$ 112,483,312       |
| Sacramento/El Dorado County Line to US-50/Silva Valley Parkway | 8.7               | \$ 8,415,200                       | \$ -                  | \$ 504,912               | \$ 2,104,000                      | \$ 2,104,000                               | \$ 4,443,000                      | \$ 303,000  | \$ 17,874,112        |
| <b>Total</b>   | <b>135.3</b>      | <b>\$271,952,800</b>               | <b>\$35,307,000</b>   | <b>\$16,317,168</b>      | <b>\$54,900,800</b>               | <b>\$65,370,000</b>                        | <b>\$36,300,000</b>               | <b>\$3,969,000</b>                                | <b>\$484,116,768</b> |

**ASSUMPTIONS/NOTES:**

1. ROW Capital and Support Costs were not discounted for Design Build.
2. A 25% Contingency was added to ROW Costs.
3. Project Delivery Costs were assumed to be 20% of Construction Costs plus Contingencies.
4. The elimination of the r/w engineering and tolling assets reduces the Total Project Costs to \$444M.

**Figure 1**

**Elk Grove – Rancho Cordova – El Dorado Connector Authority**

**Capital SouthEast Connector  
Initial Financial Analysis**

December 9th, 2011

## Update to March presentation

- The interim analysis presented in March identified preliminary findings and additional activities to be completed including:
  - Additional analysis of inputs:
    - Updating traffic and revenue forecasts to reflect recent economic changes by DKS
    - Refining construction costs following additional review by JPA staff by DHA
    - Further analysis of Right of way by JPA staff
  - Completion of cash flow analysis and presentation of initial results:
    - Summary results are included in this report for a range of potential development scenarios.

## Approach and methodology

- The objective of the analysis is to provide a high level indication of the financial alternatives for pursuing the project.
- At this very early stage of project development, estimates for costs and revenues are preliminary and subject to change.
- To reflect the preliminary nature of the analysis, the inputs and assumptions used have been based on a range taking into account “Conservative” and “Optimistic” approaches to forecasting potential outcomes. For example:
  - Traffic and revenue forecast estimates are a range created by the two regional demand forecasts developed in 2006 and 2011;
  - Two construction cost estimates have been provided with a 15% range between highest and lowest; and
  - Construction cost differences due to the timing of delivery are analyzed based on a range of timing for each scenario.

## Approach and methodology contd.

- Three scenarios have been identified based on the project scope and segmentation (refer to next slide).
- Each selected scenario has been analyzed over a 50 year time period from the year of construction start, 2014.
- In each scenario the potential debt raising capacity has been calculated based on:
  - Toll revenues, less
  - Toll collection costs, less
  - Operating costs and routine maintenance.
- The estimated net upfront funding requirement is the subsidy needed after consideration of the initial toll revenue estimates. It is estimated as the difference between total construction costs, plus other construction period costs (including fees and any net operational costs), and the potential debt raising capacity based on forecast toll revenues for the scenario.
- All project cash flows presented in Year of Expenditure dollars are based on a 3% inflation assumption.

## Project corridor segments

The corridor comprises five segments described below:

| Segment       | Description  |
|---------------|--|
| El Dorado     | Expansion of White Rock Road from 2 to 4/6 lane arterial connecting county line to US-50.  |
| Expressway    | Development of White Rock Road and Grant Line Road from Empire to Calvine Road to a 4 lane expressway. The base case assumes all interchanges and no signals for the expressway segment. |
| Sheldon       | Expansion to 4 lane thoroughfare of existing 2 lane road running through the town of Sheldon   |
| Bond Road     | Expansion to a 6 lane and 4 lane section thoroughfare  |
| Kammerer Road | Improvements in line with general plans between SH-99 and I-5 to develop a portion to a thoroughfare, 6 lanes (99 to Lent Ranch Road) and 4 lanes (Lent Ranch Road to I-5).              |

## Scenarios considered

Three scenarios analyzed are described below:

- Scenario 1 - All segments: All segments (from El Dorado to Kammerer Road) are to be delivered at the same time. All users of the Expressway and Kammerer Road segments to be tolled on a per mile basis.
  - Scenario 2 - Expressway segment: Expressway segment has been analyzed individually as a standalone tolled expressway.
  - Scenario 3 - Kammerer Road: Kammerer Road segment has been analyzed individually as a standalone tolled expressway.
- 
- Each scenario analyzed incorporates the following common assumptions:
    - A Design-Build approach to project delivery.
    - A 50 year analysis period.
    - A preliminary financing solution using tax exempt toll revenue bonds.

## Summary of preliminary inputs and assumptions

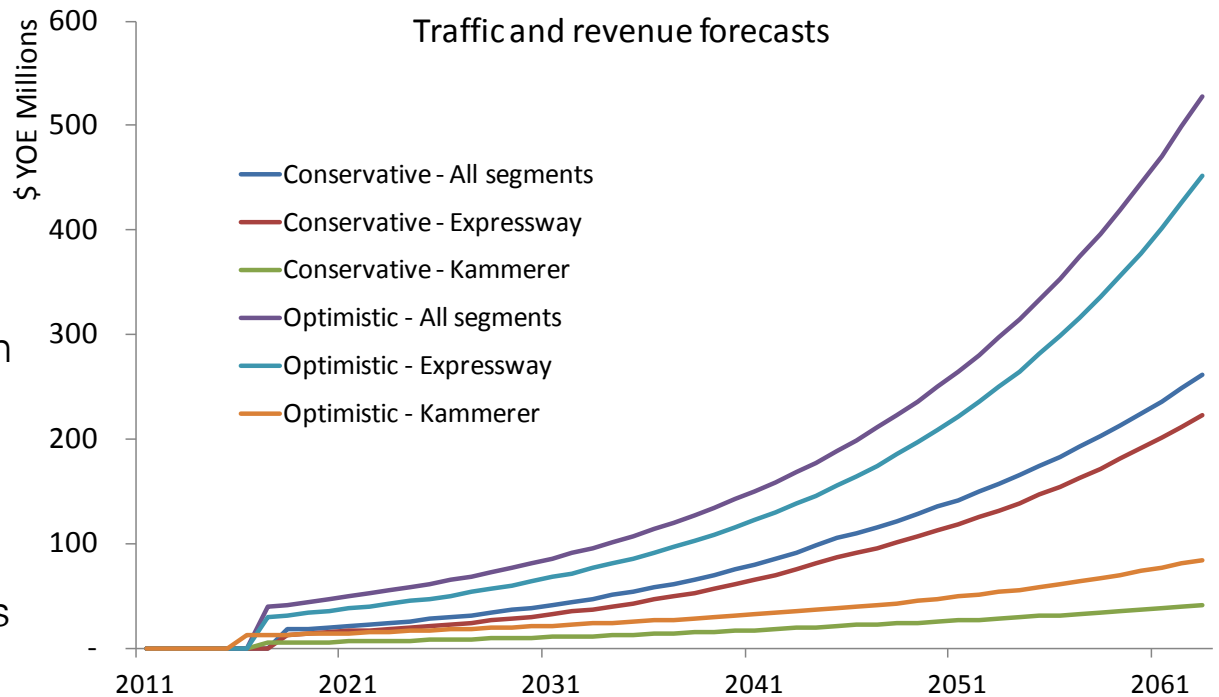
| <b>Input</b>                | <b>"Conservative"</b>  | <b>"Optimistic"</b>  |
|-----------------------------|--|--|
| T&R - pricing               | \$0.25 per mile autos<br>\$0.50 per mile trucks                | Same   |
| T&R – demand                | Recent estimate for regional growth                            | Pre-recession estimate for regional growth                     |
| Toll collection             | Per transaction charge and charge for credit card transactions | Same   |
| O&M and capital maintenance | High cost estimate   | Low cost estimate  |
| Construction                | Design-Build delivery estimate                                 | 15% reduction to estimate (2011 \$)                            |
| Construction timing         | 6 yrs (Scenario 1)<br>4 yrs (Scenario 2)<br>3 yrs (Scenario 3) | 5 yrs (Scenario 1)<br>3 yrs (Scenario 2)<br>2 yrs (Scenario 3) |
| Financing                   | "Conservative" cost of debt and ratio requirements             | "Optimistic" cost of debt and ratio requirements               |

***T&R – traffic and revenue***

***O&M – operations and maintenance***

# Traffic and revenue assumptions

- T&R forecast data available for the corridor includes:
  - February 2010 forecast based on 2006 assumptions (pre-recession) for growth in the region for the Expressway.
  - April/June 2011 forecasts based on recent downward adjustments to regional growth made by the MPO for Kammerer Road and Expressway.
- These forecasts have been used in this analysis to provide the existing range of potential toll revenue for the project.
- Note, specific toll forecast data relating to trucks and the Kammerer Road segment were not available relating to February 2010 forecast. These data sets have been developed based on interpolation by JPA staff.



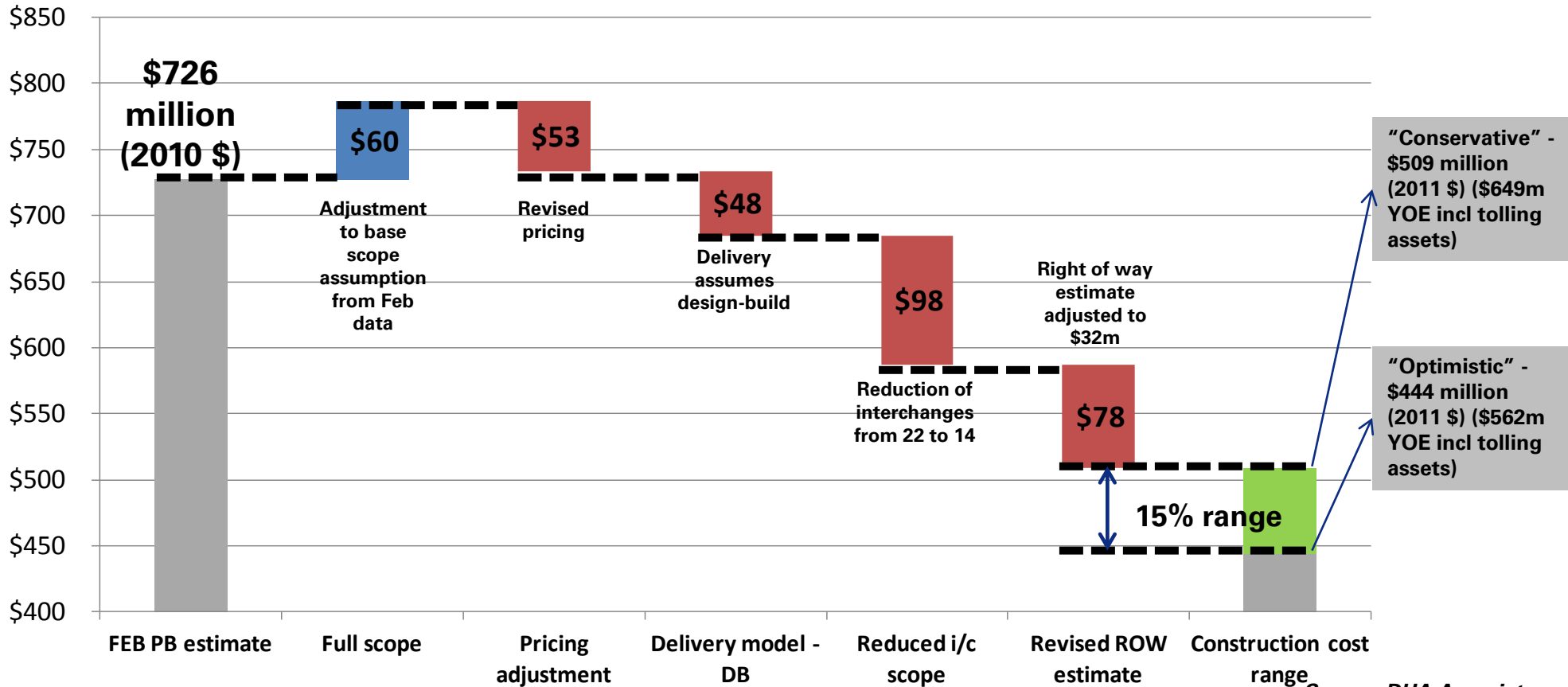
| Input           | All segments                                | Expressway                                 | Kammerer Road                             |
|-----------------|---|--|---|
| Toll rate       | \$0.25 per mile autos<br>\$0.50 trucks      | Same                                       | Same                                      |
| Length          | Overall – 33.5 miles<br>Tolled – 23.5 miles | Overall– 18 miles<br>Tolled – 18 miles     | Overall– 5.5 miles<br>Tolled – 5.5 miles  |
| Revenue in 2020 | Conservative – \$20m<br>Optimistic – \$47m  | Conservative - \$15m<br>Optimistic – \$35m | Conservative – \$6m<br>Optimistic – \$14m |

# Development of cost inputs

- Construction cost estimates (excluding tolling assets) for the project corridor were initially \$726m (2010\$). Several revisions to the estimate have been completed since February and are summarized as follows (BLUE = cost increase, RED = cost reduction):

\$ millions REAL 2011

## Development of construction cost estimates



\* Adjustments for inflation included within reconciled items

Source: DHA Associates

# Analysis results

- The table below summarizes the results of the analysis.

| Scenario \$m YOE                                 | All segments      |                  | Expressway        |                 | Kammerer Road     |                  |
|--|-------------------|------------------|-------------------|-----------------|-------------------|------------------|
|  | Conservative      | Optimistic       | Conservative      | Optimistic      | Conservative      | Optimistic       |
| <i>Inputs</i>                                    |                   |                  |                   |                 |                   |                  |
| Construction                                     | 649               | 562              | 359               | 308             | 164               | 142              |
| Other costs during construction                  | 22                | 128              | 27                | 100             | 9                 | 30               |
| <i>Total funding required</i>                    | <u>671</u>        | <u>690</u>       | <u>386</u>        | <u>408</u>      | <u>173</u>        | <u>172</u>       |
| Less: Potential debt raised from traffic revenue | 104               | 619              | 91                | 408             | 33                | 147              |
| <b><i>Additional funding required</i></b>        | <b><u>567</u></b> | <b><u>71</u></b> | <b><u>295</u></b> | <b><u>-</u></b> | <b><u>140</u></b> | <b><u>25</u></b> |

Notes:

Other costs during construction include financing costs, reserves and net cash flow during construction.

Expressway and Kammerer Road scenarios assume network improvements outside of the analyzed scope (for example Consumnes River Blvd interchange).

## Next steps

### Funding plan

- Affirm use of tolling in the corridor
- Review current funding available for the project
- Explore opportunities for local, state and federal assistance

### Phasing

- Develop delivery approach based on feasibility and funding
- Establish phasing and segmentation plan

### Plan of finance

- Develop plan of finance
- Identify critical path items
- Identify key decisions and authorizations required