

**CORONADO TUNNEL COMMISSION
SPECIAL MEETING
Thursday, June 7, 2007**

**Police Facility, 700 Orange Avenue
Community Meeting Room**

Minutes

1. ROLL CALL:

Attendees: Sut Clark, Lou Smith, Art Osborne, Bill Huck and Darrell Sarich; Al Ovrom (City Council representative)

Absent: Margaret Pimpo and Steve Clarey

City Staff: Jim Benson, Ed Walton and Danielle Spahn, City Hall intern.

Consultant: Brian Pearson, PB Americas, Inc. (PB)

2. MINUTES: Mr. Clark requested a clarification to the April 12, 2007 minutes. Under Item 4. A. 1. "Agency Coordination," there was mention of "the Navy's 40% plans." This was clarified by changing the wording to "the Navy's [Third Street Gate] 40% plans." Mr. Smith moved to approve the minutes with the clarification, Mr. Osborne seconded the motion and it passed unanimously, with Mr. Sarich abstaining.

3. ORAL COMMUNICATIONS: New Commissioner, Darrell Sarich, was introduced.

4. DISCUSSION ITEMS:

A. Update:

1. Project Report and Environmental Document (PR/ED):

- Status of Technical Reports – Engineering/Environmental – Mr. Pearson said there's about to be a major shift in the thrust of the technical work. PB has been focusing on producing individual technical reports and is almost at the end of that process. They will deliver the last of the technical and environmental reports to the City and Caltrans shortly and will shift their focus to preparing the Caltrans Project Report (PR) and the draft EIR/EIS (Environmental Document or ED). These reports are scheduled to be delivered to the City in August and there will be a year-long process to get approvals from Caltrans, the Navy and FHWA to release the documents for public review. The City Council will be requested to approve release of the documents for review at their September 4 meeting. By the August 9 Tunnel Commission meeting, the two drafts will be available. Mr. Pearson noted that there has been a change in the last few years in trying to produce documents that are

“reader-friendly.” The way this is structured is that it poses a series of questions the City and PB feel the public would be most interested in and not a lot of technical detail. Attached to the report will be all of the technical reports that PB has been working on over the last three years. He distributed a revised Project Description with the most current descriptions of the project alternatives. Mr. Benson commented that this is the linchpin of the PR/ED and an FHWA requirement.

- Status of July Newsletter – PB is working with Southwest Strategies on a summer newsletter which will focus on information that should be of the most interest to the public: financing, updated project schedule, description of alternatives. It will be an insert in the *Coronado Eagle-Journal* probably the week before the Council meeting. The CTC will see an early draft at their July meeting.

- Agency Coordination – Navy/Caltrans – Coordination with Caltrans is going well. There have been some shifts in environmental personnel, so the new people are being brought up to speed. Mr. Benson noted that Caltrans has been doing a good job of smooth hand-offs. The Navy process is getting better. There was a second meeting with Kim Jacobsen, the Navy civil engineer assigned by SWDIV. She is a trained and qualified technical reviewer and is a registered civil engineer with several years of experience reviewing projects. She attends the PDT meetings and meets with the City/PB monthly. Mr. Benson is optimistic that this will speed things up. The Navy set out a minimal review period of 60 days (12 weeks), but this does not guarantee they will complete their review in that time and Mr. Benson said we’re trying to find a way to keep the Navy review process moving. There will be a meeting with the Navy upper levels on June 12 and he understands that Capt. Gaiani will be doing a PowerPoint presentation. Mr. Ovrom said the genesis of this meeting was a talk he and Capt. Allen had regarding needing to get everything out there and decide if there’s a showstopper or not and to decide what they want staff to do. There will be no constraints at this meeting – the point is to bring ideas.

2. Funding:

- Draft Financial Strategy Report/City Council Presentation – This report is not a financial plan. Mr. Benson showed a PowerPoint presentation which outlined various financial strategies and funding sources. There is no attempt in this report to make a recommendation; it just outlines how much revenue must be raised from various sources to fund each alternative. This will be put into the ED where there is a section on how each alternative might be financed. In March 2009 the City Council, as lead agency under CEQA, will select a preferred alternative and a proposed financial plan. Based on written direction from the regional office, FHWA won’t authorize funds for construction until there is a financial plan that will allow complete construction of the project.

- Draft Financial Strategy Report – CTC Comments – Mr. Ovrom observed that the City needs to get funding locked down now for the design of the project and Mr. Pearson said this is in the City’s long-range plan. Mr. Osborne felt the key is the number of carriers mentioned in the Purpose and Need (P&N). Mr. Pearson said that when the P&N was written there were no extra carriers, but increased traffic was discussed. He’ll get the process started to include that and asked if there is a document that PB can use in making a change to the P&N. Mr. Ovrom suggested the

second Buddy Penn letter. Mr. Osborne suggested changing the wording “intended berthing of two carriers” to “berthing of two carriers and intended berthing of at least one more.”

Mr. Pearson said there is no easy money out there as far as the state is concerned. Current costs indicate significant project cost increases. PB used SANDAG’s transportation project escalation rate of 3.6% to arrive at projected costs for the various alternatives. Mr. Smith wondered how much risk there was in tying our project escalation rate to SANDAG’s and Mr. Pearson has noted that SANDAG’s rates are half of the Associated General Contractors’. Mr. Smith is afraid that people will say “you don’t know what you’re doing” when our escalation rate doesn’t match reality and Mr. Pearson responded that from a policy point of view the City has adhered to the SANDAG rate. Mr. Benson said if we used a different factor our project would start to look so much higher than other projects out there. Mr. Pearson noted that a 25% contingency had been added to the cut-and-cover tunnel and 20% to the other alternatives.

Discussion turned to added user fees; they were specifically excluded previously by the City Council. Mr. Smith was concerned that people will instinctively want to go to a toll road idea and he worries about giving them as many numbers as we’re giving them here. Mr. Ovrom was concerned about putting out projected numbers rather than 2007 numbers. It looks “too big, too bad. People will focus on the biggest numbers and say ‘you can’t do this.’” Mr. Huck said he was struck that it seems optimistic to get 50% from federal monies and the state person said you’ll get nothing from the state. He synthesized this by realizing that there are audiences that think this is worthy to be done by local sources, but does not rise to a federal, state or regional level. The City has a policy that we will not burden our residents to pay for this. The biggest change to him is that we put the word “tolls” back into our vocabulary. He agrees with Mr. Clarey’s comment (see attached email) that a table to compare what was paid for other projects would be beneficial. If this is to be a viable project we need to be willing to consider tolls and we need to continue to hammer home the viability of the project in light of the three carriers. Mr. Pearson felt that without tolls the viability of the project will probably go away.

Mr. Smith believes this will be about compromise. There will probably be a hybrid of sources and we need to determine what the right balance is. A bond or increase to the TOT for a specific purpose requires a two-thirds vote. Mr. Ovrom noted that if there is a toll, Navy users will have to pay it. This might be an incentive to perk up their interest in being a partner. He observed that at this time we’re not talking about a strategy; it’s just possibilities now.

Dick Scharff (in the audience) asked what role SANDAG has in regard to tolls; there is rabid opposition at the municipal level throughout the County. Mr. Benson said that SANDAG is recognizing that they can’t build projects without tolls and Mr. Huck observed that other people think Coronado residents should be paying for this themselves. He then said that if you look at the bridge and tunnel as one entity, and if 40-50% of the tolls are used for bridge operations and maintenance, you relieve Caltrans of about \$25 million annually. He agrees that the toll discussion should be brought to the table. Mr. Clark asked if the CTC wanted to take the position of including user fees in the potential funding sources.

Mr. Huck said that another point is that big companies around the world are now buying projects with cash flow. He said if the City put out an RFP or RFQ we could get some pretty interesting concepts without much cost to the City and we might learn something.

After considerable discussion, Commissioner Huck moved that the Tunnel Commission recommend retaining all funding sources that have been articulated in the report, including a new one, public/private partnerships. Commissioner Osborne seconded the motion and it passed unanimously.

- Draft Presentation on Financial Strategy Report – CTC Comments – The Commission had the following suggestions for the PowerPoint presentation (also discussed under Item #2, but summarized here):

General about the Financial Strategy Report:

- Page 8: Change language regarding the berthing of the carriers.
- Reiterate that the report represents possible revenues, not a financial plan.

Specific to Slides:

- Slide 2, Presentation Overview: Mr. Osborne recommended mentioning the three carriers.
- Slide 33, Next Steps:
 - +Concern on giving too much information on tolls.
 - +Concern about giving future projections.
 - +Council policy is to not ask locals to pay for it.

B. Reports and Discussion from Commission Members or Staff on Current Issues:

1. Status of Third Street Gate Project: The gate will open on July 9. The Navy's contractor is having to protect a 4" high-pressure gas line in place, which has caused delays. The dedication of the gate will be August 30 at 11:00 a.m. There will be light "burn-ins" for the next two to three weeks and residents along Alameda will be notified.
2. Congestion Relief Working Group (CRWG) Project: On June 19 staff will go to the City Council with a conceptual report on bulb-outs. The traffic signals are under review by Caltrans and the Navy.
3. Vacancy on Coronado Tunnel Commission – City Council Approved Appointment of Darrell Sarich on May 1, 2007: Mr. Sarich was introduced at the beginning of the meeting.
4. General Information Update: The Transbay sanitary sewer pipe replacement project and the emergency wet well repairs are done. They were completed ahead of schedule and under budget.

All Navy bases have been required to put in loudspeaker systems to allow announcements to be broadcast and cover the entire base. This will be in effect on June 29 at NASNI.

C. Future Meeting Schedule: The next meeting will be Thursday, July 12, 2007 at 4:00 p.m. in the Police Department Community Room.

5. ADJOURNMENT: The meeting concluded at 6:00 p.m.

Approved:

Jackson S. Clark, Chairman

Attachment: Email from Steve Clarey dated June 7, 2007

From: [Steve Clarey](#)

To: '[Reynolds, Nancy](#)'; '[Art Osborne](#)'; '[Benson, Jim](#)'; '[Bill Huck](#)'; '[Brian Pearson](#)'; '[Darrell Sarich](#)'; '[Dianne Swanson](#)'; '[Lou Smith](#)'; '[Margaret Meadows Pimpo](#)'; '[Ovrom, Al \[san.rr.com\]](#)'; '[Spahn, Danielle](#)'; '[Svante Hjertberg](#)'; '[Walton, Ed](#)'

Sent: Thursday, June 07, 2007 8:31 AM

Subject: RE: Special Tunnel Commission Meeting - Thursday, June 7, 2007 @ 4:00 p.m.

Nancy, et al

Greetings from sunny (!) and crisp New England. Sorry to miss this afternoon's special CTC meeting.

I have read the entire draft SR 75/282 TCP Financial Strategy Report and have attached specific comments and editorial suggestions in the attached MS Word file.

I found this to be an outstanding report – comprehensive, professional, and very well-written. The discussion of various funding sources and the treatment of TOT and PPVs were particularly well done. I have three recommendations, the details of which are included in the attachment:

- Make specific reference to the homeporting of three nuclear-powered CVNs at NASNI with berthing potential for up to four or five, to add to the rationale for DOD funding
- Refer to the previous BRAC closings of the Naval Stations at Alameda and Long Beach to amplify the strategic importance of San Diego and add to the rationale for the use of BRAC funding
- I found the comparative analysis of TOT compelling and it strengthened the argument for increasing Coronado's TOT. I believe a similar analysis describing user tolls on other State of California bridges would be a beneficial addition to the next draft of the report.

See you all on the 12th of July, if not before.

Warm regards,

Steve Clarey

MOTION OF THE CORONADO TUNNEL COMMISSION
AS RELATED TO DISCUSSION OF DRAFT FINANCIAL STRATEGY REPORT AT
JUNE 7, 2007 SPECIAL MEETING

After considerable discussion of the Draft Financial Strategy Report, Commissioner Huck moved that the Tunnel Commission recommend retaining all funding sources that have been articulated in the report, including a new one, public/private partnerships. Commissioner Osborne seconded the motion and it passed unanimously (Clark, Sarich, Smith, Osborne and Huck).