

# NORTHWEST CORRIDOR

State Transportation Board  
Alternative Financing/Funding Committee

January 14, 2009

## Key Items

- **Capital Cost**
  - \$1.045 Billion for Reversible Alternative
  
- **Consistent with McKinsey IT3 Study Presentations**
  - Move Georgia's Citizens to Work, School, and Play Reliably, Affordably, and within an Acceptable Timeframe
  - Optimize Throughput of People and Goods in Existing Network Assets
  - Reduce Congestion Costs to Georgia's Economy Below that of Competitors
  
- **Consistent with "Managed Lane Vision"**
  - All New Capacity Lanes within Limited Access Corridors in Metro-Atlanta shall be managed
  - Within the context of a system-wide plan, each solution will be tailored to individual Corridor needs
  
- **Consistent with Managed Lane System Plan**
  - Priority Corridor
  
- **Consistent with Department's Plan to Convert HOV to HOT on I-85**

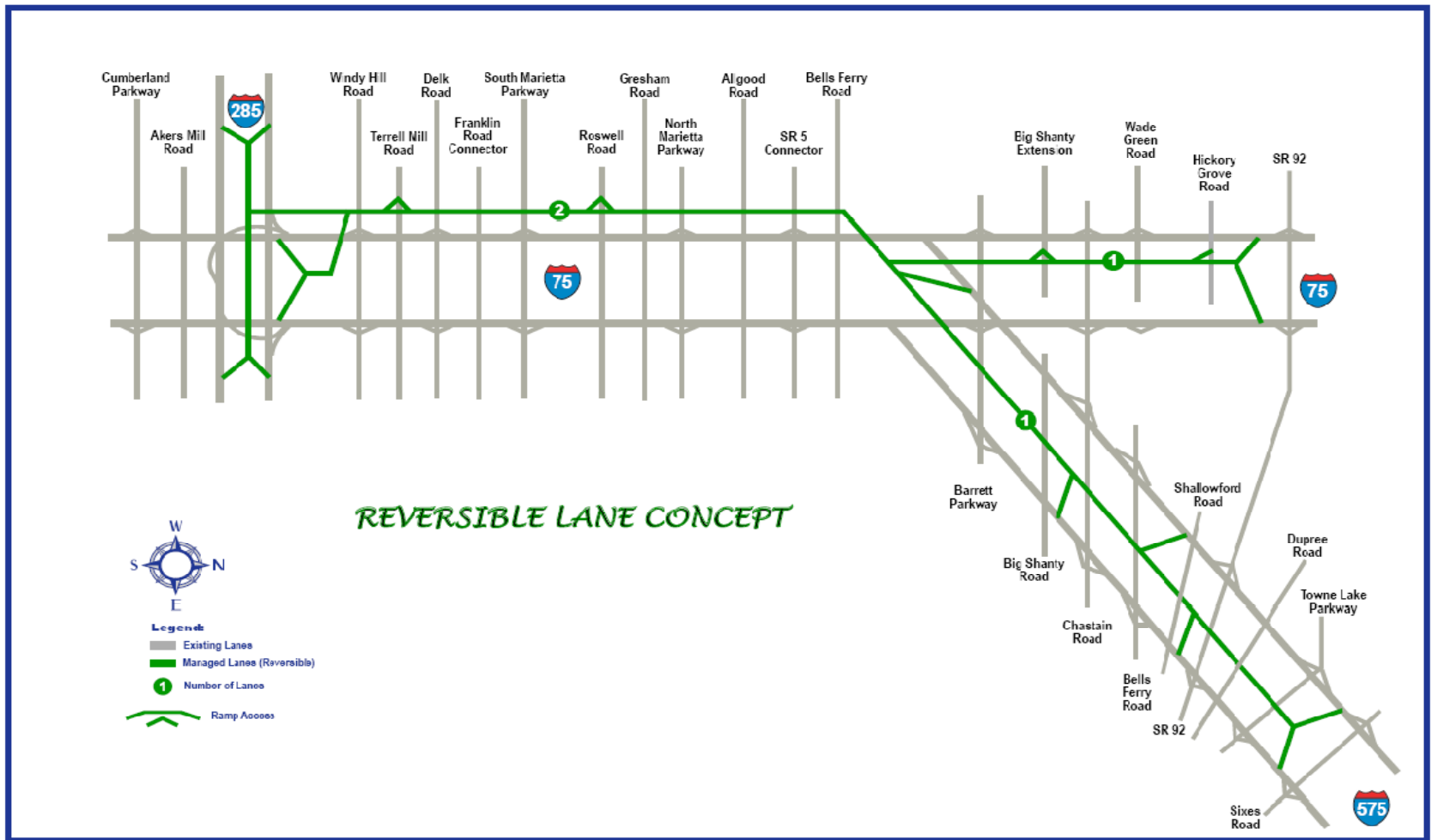
## Key Items (continued)

- **Significant Economic Stimulus Benefits**
  - Construction peak Workforce of approximately 800, and Expenditures of over \$250 million in the peak year
  - Indirect and Induced employment could create another 1250 jobs based on a 2007 FHWA estimated job multiplier on construction labor personnel
  - Using USDOT Metrics - \$5.4 Billion in Total Economic Benefits
  - New Congestion-Free HOT Lanes Estimated to Save over 1.4 Million Hours Annually in Lost Time due to Traffic Congestion
  
- **NWC is Further Developed than other Regional Corridors**
  - Environmental Analysis
  - Engineering, Site Investigations
  - Corridor Traffic & Revenue

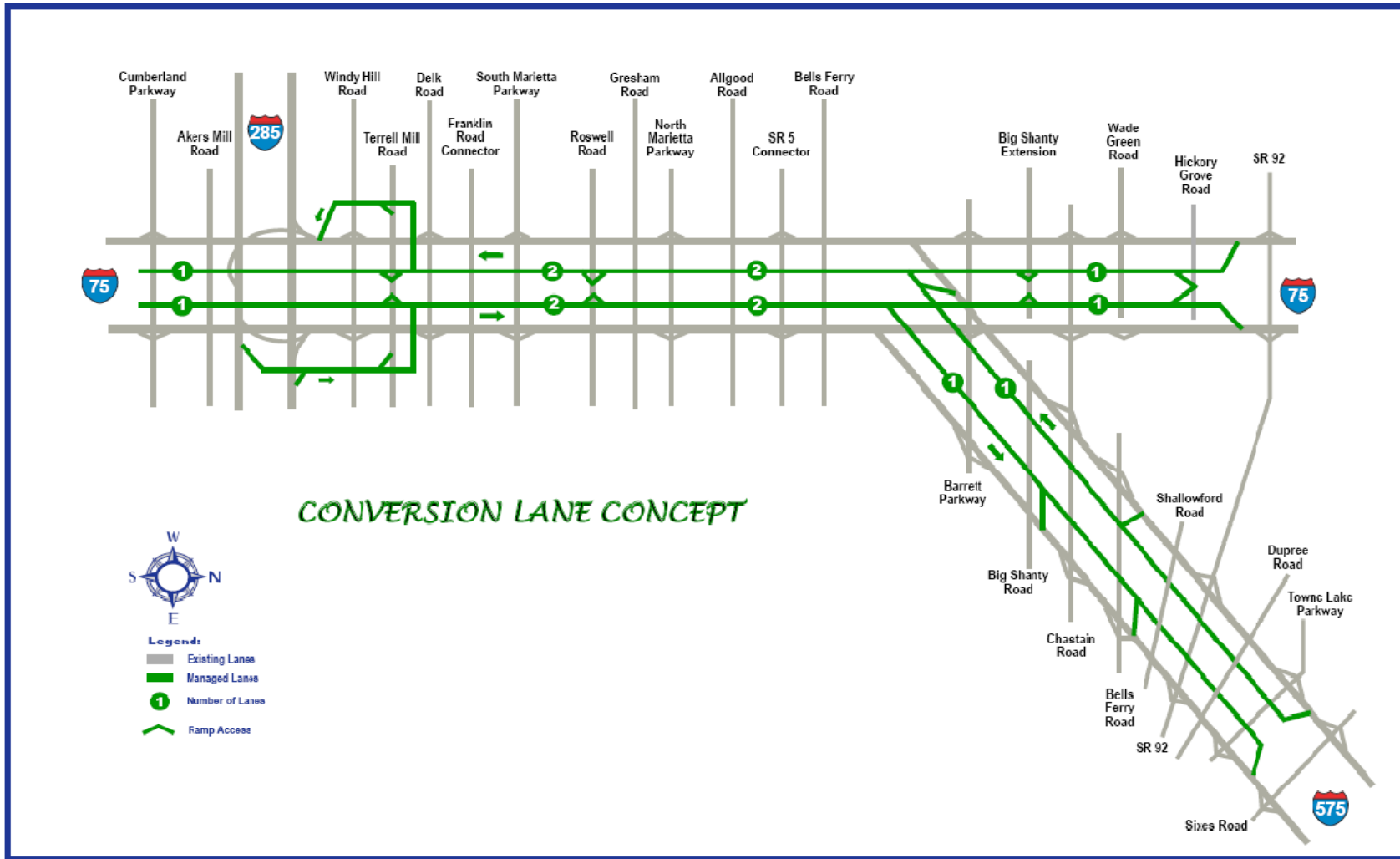
## Current Study for the Department

- Two (2) Alternates – Reversible and Conversion
- Concept Engineering
  - Alignment
  - Bridges/Structures
  - Right-of-Way
  - Maintenance of Traffic
- Capital Cost Estimate
- Traffic and Revenue Analysis
- Evaluation of Financial Scenarios
  - Funding Alternatives
  - Cash Flow and Debt Capacity Analysis
  - Sensitivity Analysis

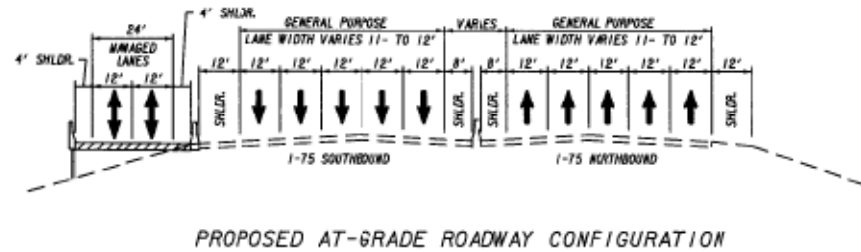
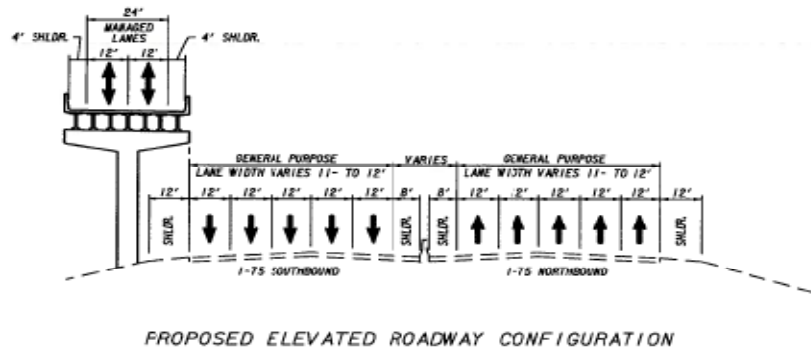
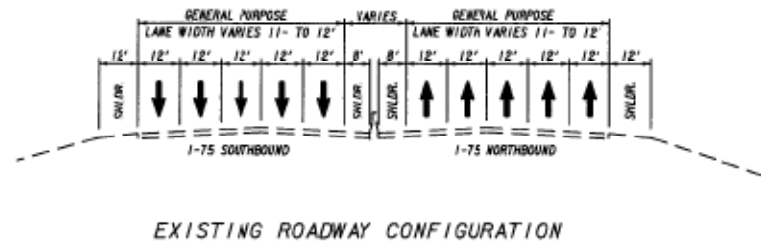
# Schematic - Reversible



# Schematic - Conversion



# Typical Sections - Reversible Alternative



## Cost Estimate (000's)

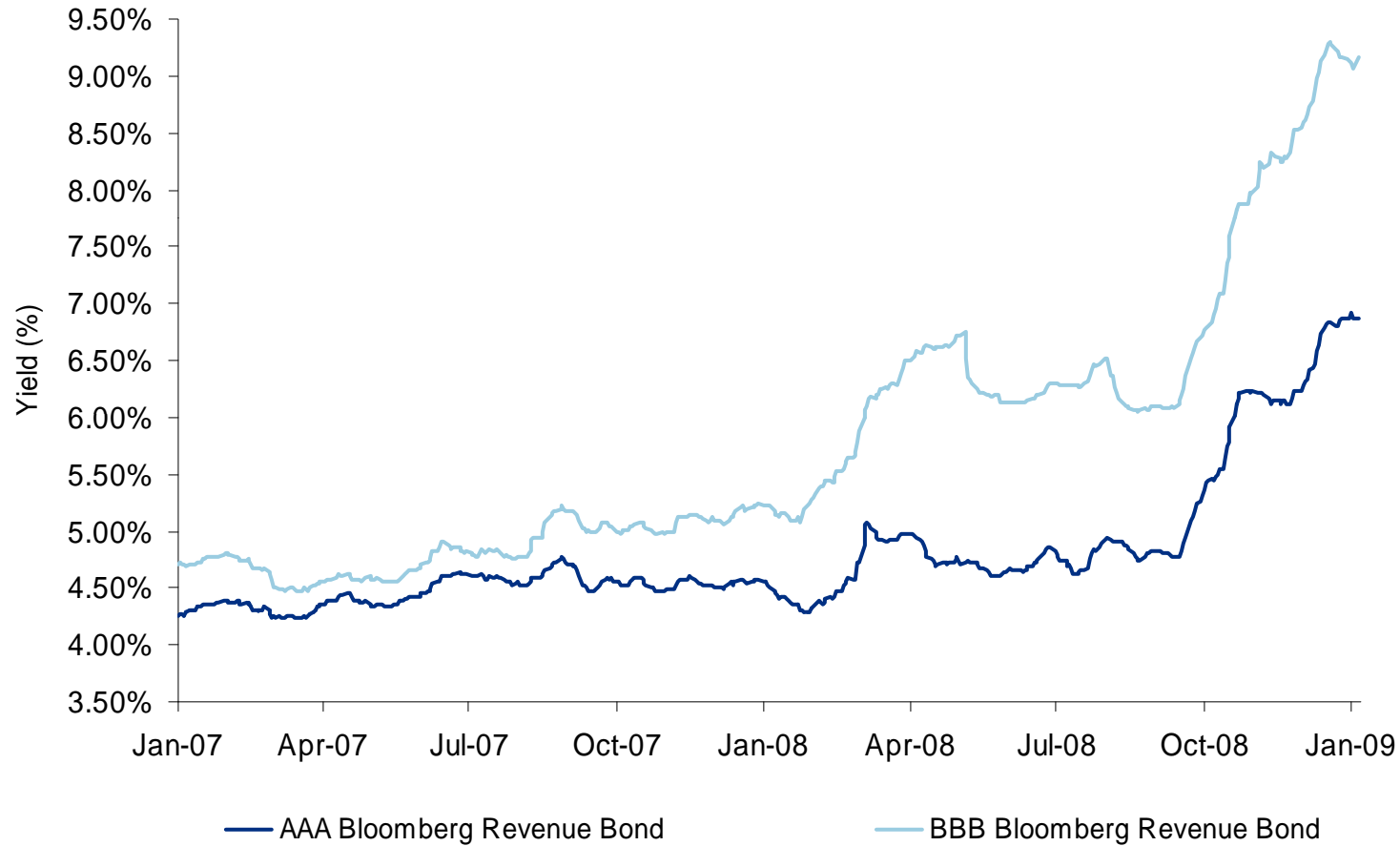
ITEM	Reversible	Conversion
Design/Build Subtotal	\$1,013,134	\$1,355,001
Right-of-Way	\$27,396	\$44,715
Utilities and Relocations	\$4,470	\$26,784
Total	\$1,045,000	\$1,426,500

## Traffic & Revenue - Forecast

- AECOM Retained to Prepare Traffic & Revenue Forecasts
- Sub-Area/Corridor Model Extracted From ARC 20-County Model
- Corridor Model Calibrated Against Recently Collected Traffic Data
  - Screen Line/Vehicle Counts
  - Vehicle Classification

# Financial Markets

Revenue Bond Credit Spreads



# Financial Markets (Continued)

30-Year MMD vs 30-Year UST



## Financial Markets Impact

- Higher cost of capital
- Complete reevaluation and repricing of risk
- Wider credit spreads
- Near-total collapse of the municipal bond insurers
- Severe flight to quality has seen treasury yields plummet to historic lows
- Lower investor demand for BBB credits
- Letters of Credit (LOC) capacity for variable rate debt is significantly constrained
- For P3 projects, equity contribution has increased from 15%-20% to 40%-50%

## Financial Scenarios

- **Case 1 - Equity Scenario**
- **Case 2 - Toll Revenue Bonds/TIFIA**
  - Maximize toll revenue funding
- **Case 3 - General Obligation Bonds**
  - Minimize Cost of Debt
- **Case 4 - Refinance**
  - Initial Offering Uses Benefits of Case 3 (Minimize Cost of Debt) during Construction
  - Captures Benefits of Case 2 after Completion of Construction (Maximizing Toll Revenue Funding)

## Financial Scenarios - Sources/Uses (\$M)

	Case 1 Equity Scenario	Case 2 Toll Revenue Bonds (2007)	Case 3 GO Bonds	Case 4 Refinance	
				Initial Offering	Refinance
CIBs, G.O. Bonds, PABs or Non Callable CABs	98	412	1,012	1,012	579
Equity	129				
Subordinate TIFIA/BAN	97	396			385
Interest Earned/Misc	86	103	46	46	4
Total Sources	410	911	1,058	1,058	968
Design Build and ROW	1,045	1,045	1,045	1,045	
Escrow Deposit to pay off G.O. Bonds					873*
Bond Insurance Payment	14	30			39
Issuance Costs/ Underwriter's Discount	3	12	13	13	14
Debt Service Reserve Fund	10	41			58
Net Capitalized Interest Deposit/Capitalized BAN Interest	32	108			
Total Uses	1,104	1,236	1,058	1,058	984
<b>(Shortfall)/Gain</b>	<b>(694)</b>	<b>(325)</b>	<b>-</b>	<b>-</b>	<b>(16)</b>
<b>Toll Revenues to State-Net or Total Over 40 years.</b>	<b>-</b>	<b>789</b>	<b>3,301</b>	<b>18**</b>	<b>1,305</b>

\* P&I Payments prior to refinancing - \$306 Million (Principal - \$139M, Interest - \$167M)

\*\* Represents Toll Revenues from Commercial Operation until refinancing

## Plan Forward

- Select Alternative for the NWC
  
- Finalize Policies and Plans
  - Approve Configuration
  - Identify and Secure Policy Approvals (Tolling, BRT, etc.)
  - Environmental Assessment Advancement
  - Advance Design Concept
  - Continue Site Investigation
  - Prepare Engineering Plans, Cost Estimate and Schedule
  - Investment Grade Traffic & Revenue
  - Finalize Plan of Finance

# Timeline

	2008	2009	2010
<b><u>Engineering Planning Tasks</u></b>			
Technical Concept Report – SO24			
Site Investigations			
Geotechnical – I-75			
Engineering			
Environmental Assessment			
Cost Estimate			
<b><u>Finance Planning Tasks</u></b>			
Investment Grade Traffic & Revenue			
TIFIA Process/Financial Analysis			
Financial Close			
<b><u>NTP</u></b>			