

LA 1 Toll Road Status Report

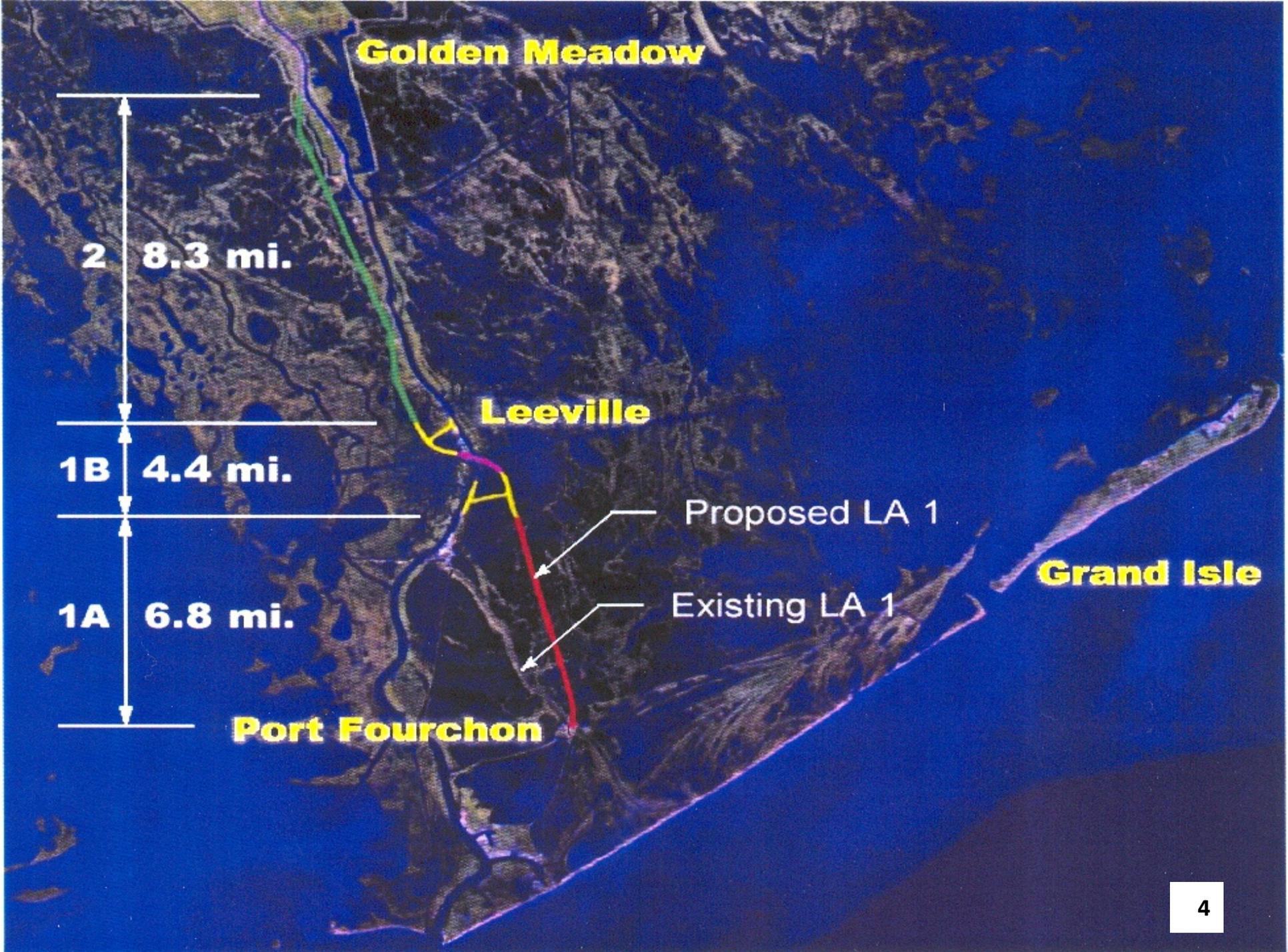
Presentation to the
Louisiana Transportation
Authority Board
December 21, 2012



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Golden Meadow

2 8.3 mi.

Leeville

1B 4.4 mi.

Proposed LA 1

1A 6.8 mi.

Existing LA 1

Grand Isle

Port Fourchon



Phase 1A Ribbon Cutting Ceremony



New LA 1 High Level Crossing at Bayou Lafourche







Financial Background



LA 1 Toll Road Sources

Project Funding Summary

| SOURCE OF FUNDS | As of 6/11/12 | |
|----------------------------|---------------|--------------------|
| Bonds / TIFIA Loan | \$ | 140,489,780 |
| Federal Earmarks | \$ | 65,205,641 |
| Federal Formula Funds | \$ | 59,114,901 |
| State TTF | \$ | 6,731,789 |
| State General Fund Surplus | \$ | 63,706,255 |
| State GO Bonds | \$ | 60,000 |
| CIAP / Local / NOAA Funds | \$ | <u>36,169,005</u> |
| TOTAL | \$ | 371,477,371 |

The Greater Lafourche Port Commission contributed \$6.0 million for dredging and mitigation (not included in total)

LA 1 Toll Road Uses

Project Funding Summary

| USE OF FUNDS | As of 6/11/12 | |
|---|---------------|--------------------|
| Engineering, R/W and Utilities | \$ | 42,306,591 |
| Phase 1A (South Connector to LA 3090) | \$ | 145,051,612 |
| Phase 1B (North and South Connector) | \$ | 152,305,045 |
| Phase 1C (High Level Crossing over Bayou Lafourche) | \$ | 21,490,543 |
| Phase 1D (Tolling System and Customer Service Center) | \$ | <u>10,323,579</u> |
| TOTAL | \$ | 371,477,371 |

Overview of Bonds and TIFIA Loan

- \$164,246,141 in Bonds and Bond Anticipation Notes were sold in May of 2005
 - \$95,006,125 in Senior Lien Toll Revenue Bonds
 - \$78,350,000 in current interest bonds
 - \$16,313,286 in capital appreciation bonds
 - \$69,240,016 in bond anticipation notes (BANS)
 - \$66,000,000 TIFIA Loan was activated in August of 2009 to pay off the BANS

Toll Revenue Coverage on Debt Service

- Tolls and Interest earnings in each Fiscal Year must equal to at least (i) 120% of the Debt Service due on the Senior Lien Bonds and (ii) 110% of the Debt Service due on all Bonds.
- If the rate covenant is not met, the Authority shall engage a Toll Road Consultant to conduct a study and, within 60 days of such engagement, deliver a written report to the Authority and the Trustee containing the results of such study and the recommendations of the Toll Road Consultant as to the actions required in order to provide sufficient Revenues in each subsequent Fiscal Year to comply with the rate covenant
- The Authority shall take the actions recommended by the Toll Road Consultant in such report no later than 60 days after the receipt of such report.

2005 Ratings

| | Senior Lien | Subordinate Lien | TIFIA Loan |
|---------|----------------|---------------------|---------------|
| Moody's | A2 | Aa3 | -- |
| S&P | A | AA | -- |
| Fitch | A- | A+ | BB |

2012 Ratings

| | Senior Lien | Subordinate Lien | TIFIA Loan |
|---------|----------------|---------------------|---------------|
| Moody's | A2 | N/A | -- |
| S&P | AA-/stable | N/A | -- |
| Fitch | BBB | N/A | CCC |



Status of Toll System and Operational Improvements



Status of Past Recommendations

- ✓ Remove Kiosks (pre and post-pay process) and implement cash option at the toll plaza
- ✓ Update the Business Rules to Industry Standards
- Implement a new Optical Character Recognition (OCR) software solution
- ✓ Improve the Integrated Voice Recognition (IVR) and Website functionality and ease of use for customers
- ✓ Develop a process to pursue out of state violators
- ✓ Identify LADOTD required reports from Electronic Toll Collection System and validate their accuracy

Cash/Credit Card Lane



Toll System

Positive Impacts

- Toll System is stable and accurately capturing and reporting revenue
- Numerous Business rule changes were implemented to increase revenue and productivity
 - GeauxPass accounts in bad standing began receiving Violations Invoices
 - 98.02% - Monthly average of earned revenue collected from June through November 2012

Operational Positive Impacts

- Operational improvements
 - Focus is on timely issuance of Violation Notices and operational efficiencies
 - Violation Invoices
 - ~400 per week July 1 to November 31, 2012
 - Generated \$15,597 tolls & \$93,443 Admin Fees
- Toll violators having Texas and Mississippi License Plates are being sent Violation Notice

Operational Positive Impacts

- Further Improvements to Intersection and Lane Geometry
- Continue to Simplify ATPM Process
 - Software changes will compensate for common human interface errors
- Canopy and enclosure to environmentally protect ATPMs and customer experience

Future Plans

- Complete the ATPM deployment
 - 2nd ATPM for redundancy
 - ATPM #2 & #3 (replacement) are at DOTD warehouse undergoing pre-test and turn-up activities
- Continued Public Outreach Efforts
 - LA1 GeauxPass sales are flat – average 30 per day

Future Plans

- Researching options for Single Trip Passes
Tokens or Magnetic Card
 - Tap-N-Go Pre-paid Toll Card
 - Optical scanner to read a smartphone QR (square) barcode
- Review and process the outstanding violation images

Future Plans

- Implementation of Skip Trace and other means for address correction
- Implement software enhancements to improve communications with customers
- Explore possibility of expanding marketing techniques and simplification of violation process

Future Plans

- Implementation of Statewide Interoperability
 - Implement Team Louisiana concept
- Migrate Operations from CCCD to other DOTD Divisions
- Revise GeauxPass User Agreement
- RFP for General Engineering and Bond Indenture Services

Future Plans

- Evaluate Outsourcing:
 - Back Office
 - Violation Collections
 - Customer Service
 - Call Center



LA1 Toll Consultant Report 2012 Update



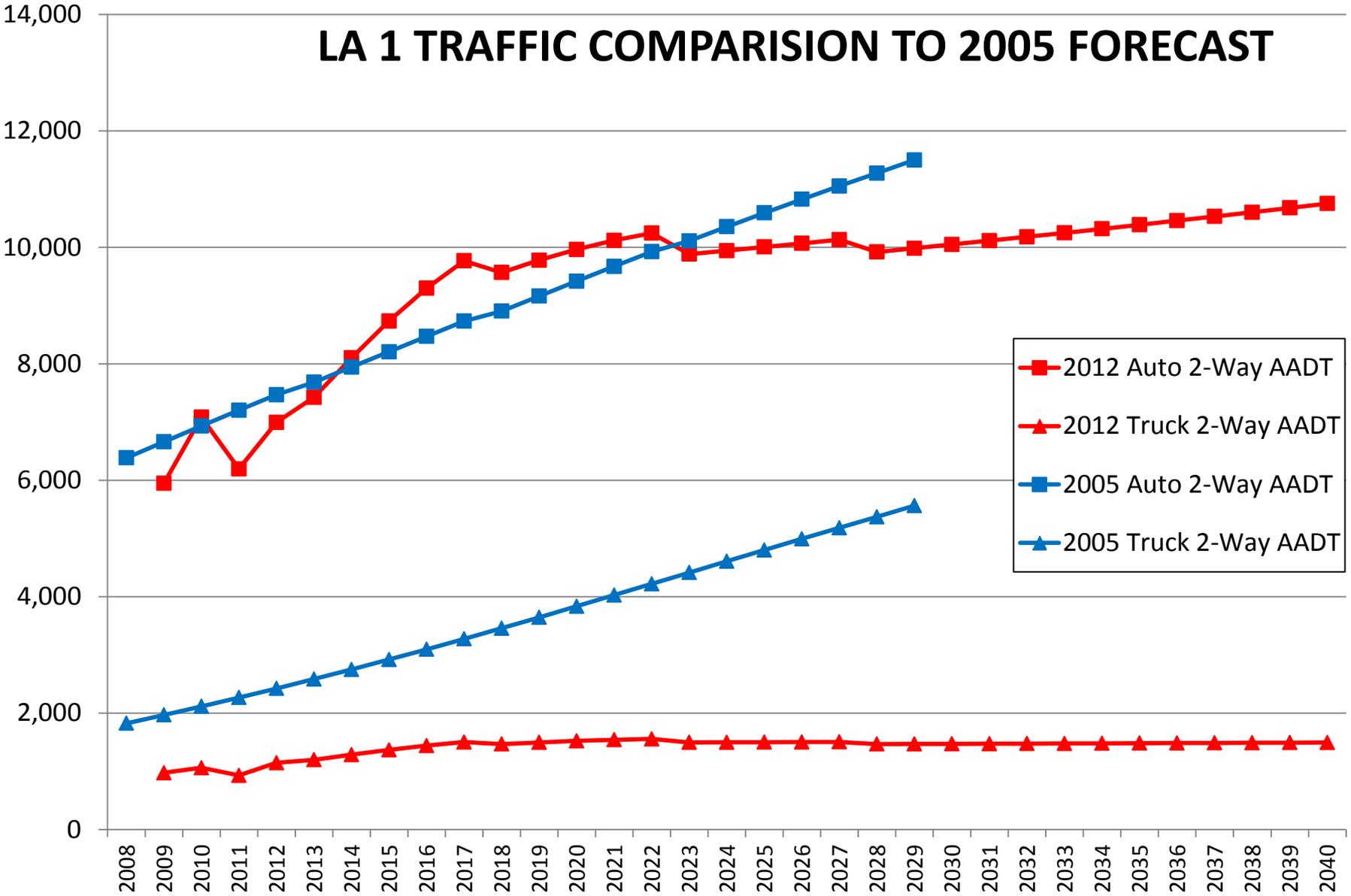
Background Review

- Toll collections were not sufficient to achieve debt coverage requirements in CY10
 - Truck traffic is approximately 50% of forecast
 - Collection rate was 70 -80% due to incomplete toll system
- DOTD engaged URS as the Toll Consultant
- DOTD reimbursed LTA for “uncollected tolls”
 - \$1.4 million was paid on May 20, 2011 for CY09 & 10
 - \$830,236 was paid in January, 2012 for CY11
- Payment of uncollected tolls will allow LTA to meet coverage requirements for debt service payments due in Dec’11, June’12 and Dec’12.

Background Review (con't)

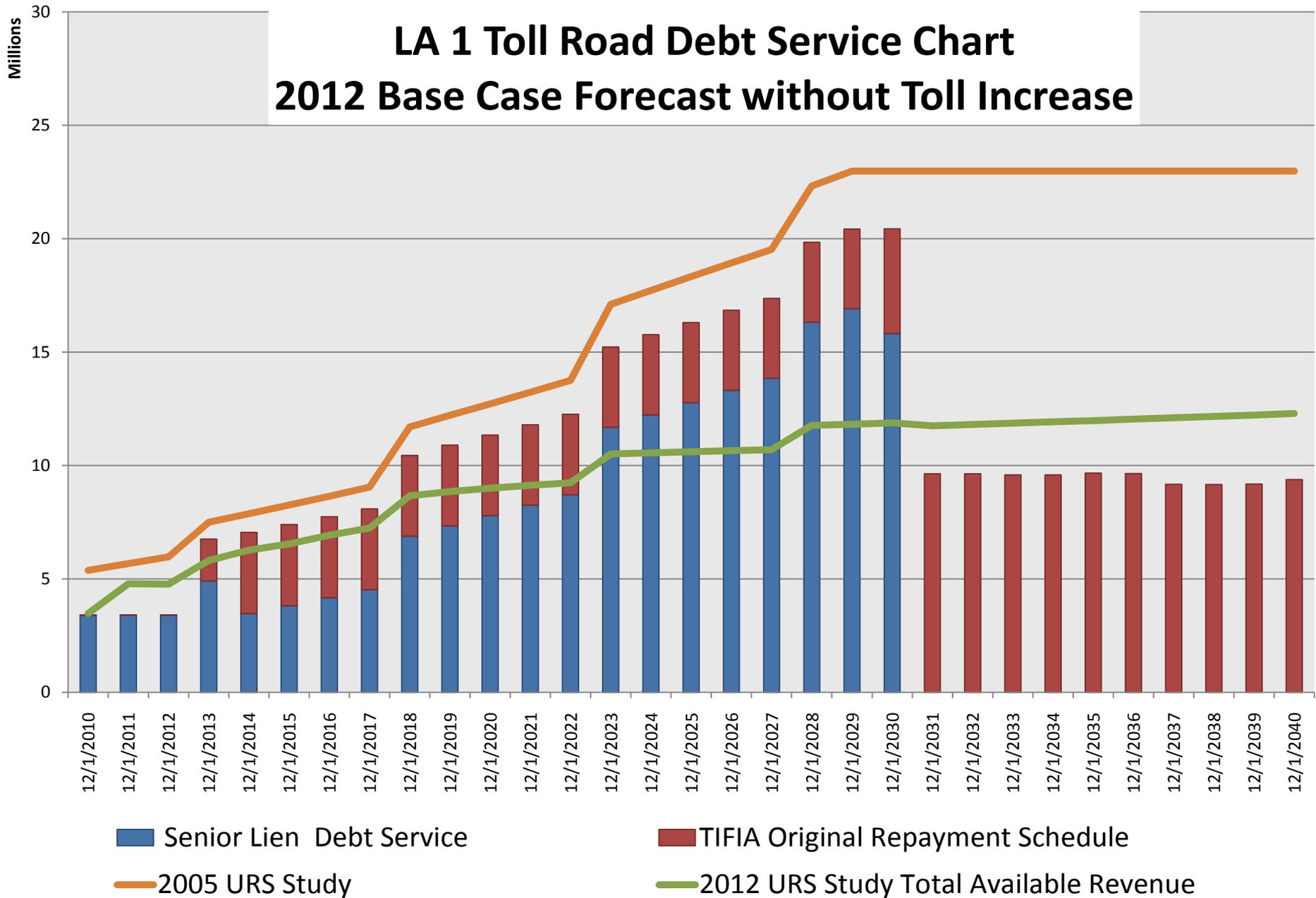
- In May of 2011, LTA directed DOTD to move forward with URS study recommendations and report back by November 30, 2011.
- Since the LTA should be able to meet debt service requirements in CY 2012, the time table for the delivery of recommendations be moved to the fall of 2012.
- This will allow DOTD sufficient time to complete the additional studies and to explore all options including restructuring the debt payments.

LA 1 TRAFFIC COMPARISION TO 2005 FORECAST



LA 1 Toll Road Debt Service Chart

2012 Base Case Forecast without Toll Increase



2012 Toll Consultant Report

Required Toll Schedule Increases

Assumes No Restructuring of Debt Payments

| Year of Increase | Toll Rate Increases | | | | | |
|---------------------------|---------------------|------|------|------|------|------|
| | 2013 | 2018 | 2023 | 2028 | 2033 | 2038 |
| Existing Toll Schedule | 20% | 25% | 20% | 11% | 0% | 0% |
| Required - Base Scenario* | 108% | 37% | 61% | 25% | 0% | 0% |
| Required - Low Scenario* | 124% | 120% | 78% | 25% | 0% | 0% |

*Includes the built-in toll schedule rate increase

Effect of 108% Increase to Toll Schedule

- For a doubling of the LA 1 Toll Rates, there is a projected reduction in the personal and sales tax from Port Fourchon and Grand Isle equivalent to 45% of the increase in the toll revenue.

TIFIA Loan Payment Deferral Proposal

- Delay the payments until December 2016.
 - Allows LTA to meet Senior and Total Debt Service requirements
 - 108% increase to toll schedule avoided
 - Allows additional time for traffic to recover and cash lane to prove itself
 - Allows time for the Fitch rating to be upgraded
 - Allows LTA time to explore refinancing alternatives

TIFIA Loan Letter of Interest

- DOTD submitted a LOI on October 12, 2012
- New \$174 million loan would consolidate bonds and existing TIFIA loan
- New Rural Infrastructure TIFIA loan would receive $\frac{1}{2}$ of the prime interest rate
- Base case toll revenue using existing toll schedule with built-in increases will provide 1.3 times debt service coverage.



DOTD RECOMMENDATIONS



DOTD Recommendations

1. Delay the implementation of the proposed toll schedule above the built-in 20% increase scheduled for January 1, 2013 until after the recommendations of the Toll Consultant have been completed, including the long-term refinancing of the debt or until January 1, 2015.
2. DOTD will seek funding through the legislative process in the event there is insufficient toll revenue for calendar 2013 or 2014 to achieve the debt service requirements in the Rate Covenant.

Existing Toll Schedule

| Vehicle Class | Total Toll per Vehicle | | | | |
|--|------------------------|-------|-------|-------|-------|
| | 2008 | 2013 | 2018 | 2023 | 2028 |
| 2-axle/4-tire vehicles | | | | | |
| Transponder/resident toll | \$0 | \$0 | \$0 | \$0 | \$0 |
| Transponder/commuter toll | 1.50 | 1.80 | 2.25 | 2.70 | 3.00 |
| Cash toll | 2.50 | 3.00 | 3.75 | 4.50 | 5.00 |
| 2-axle/6-tire vehicles | 3.75 | 4.50 | 5.50 | 6.50 | 7.50 |
| 3-axle vehicles | | | | | |
| 2-axle/4-tire with 1-axle trailer | 3.75 | 4.50 | 5.50 | 6.50 | 7.50 |
| Trucks and buses | 5.00 | 6.25 | 7.50 | 8.75 | 10.00 |
| 4-axle vehicles | | | | | |
| 2-axle/4-tire with 2-axle trailer | 5.00 | 6.25 | 7.50 | 8.75 | 10.00 |
| Trucks | 7.50 | 9.25 | 11.25 | 13.00 | 15.00 |
| 5-axle vehicles | 10.00 | 12.50 | 15.00 | 17.50 | 20.00 |
| 6+ axle vehicles (maximum toll) | 12.00 | 15.00 | 18.00 | 21.00 | 24.00 |

Questions ??

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TRANSPORTATION & DEVELOPMENT