

I-10 Calcasieu River Bridge

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Secretary

October 24, 2023



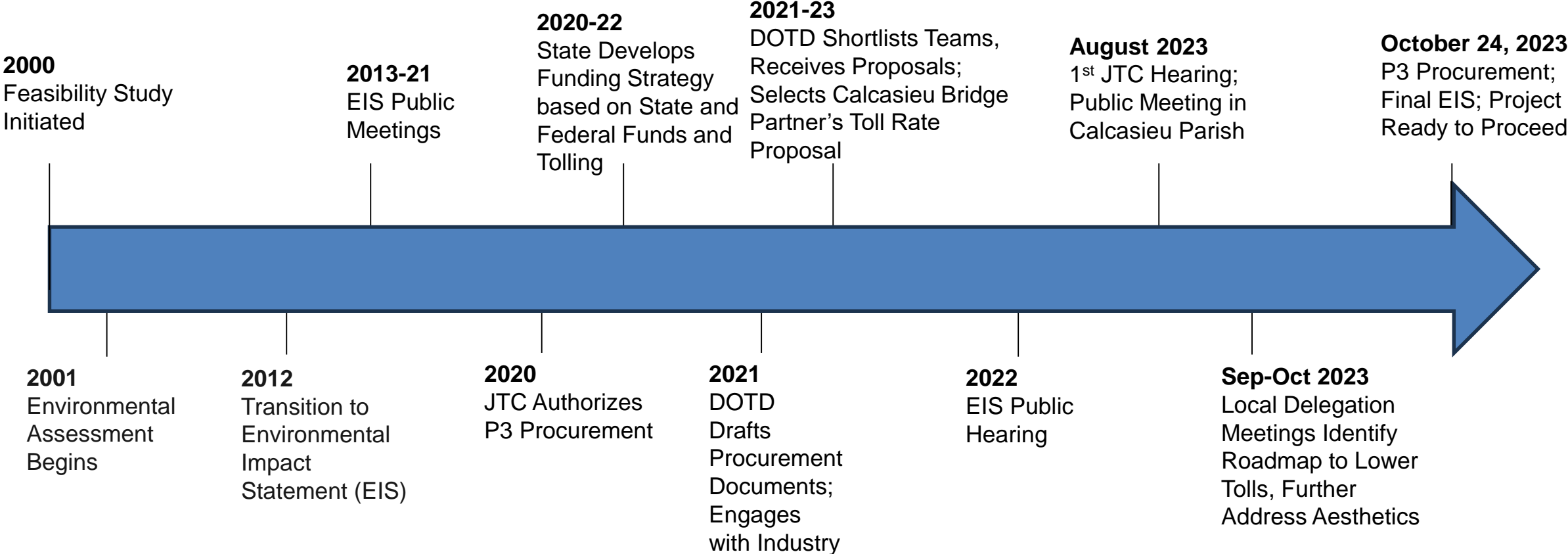
Agenda

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Background

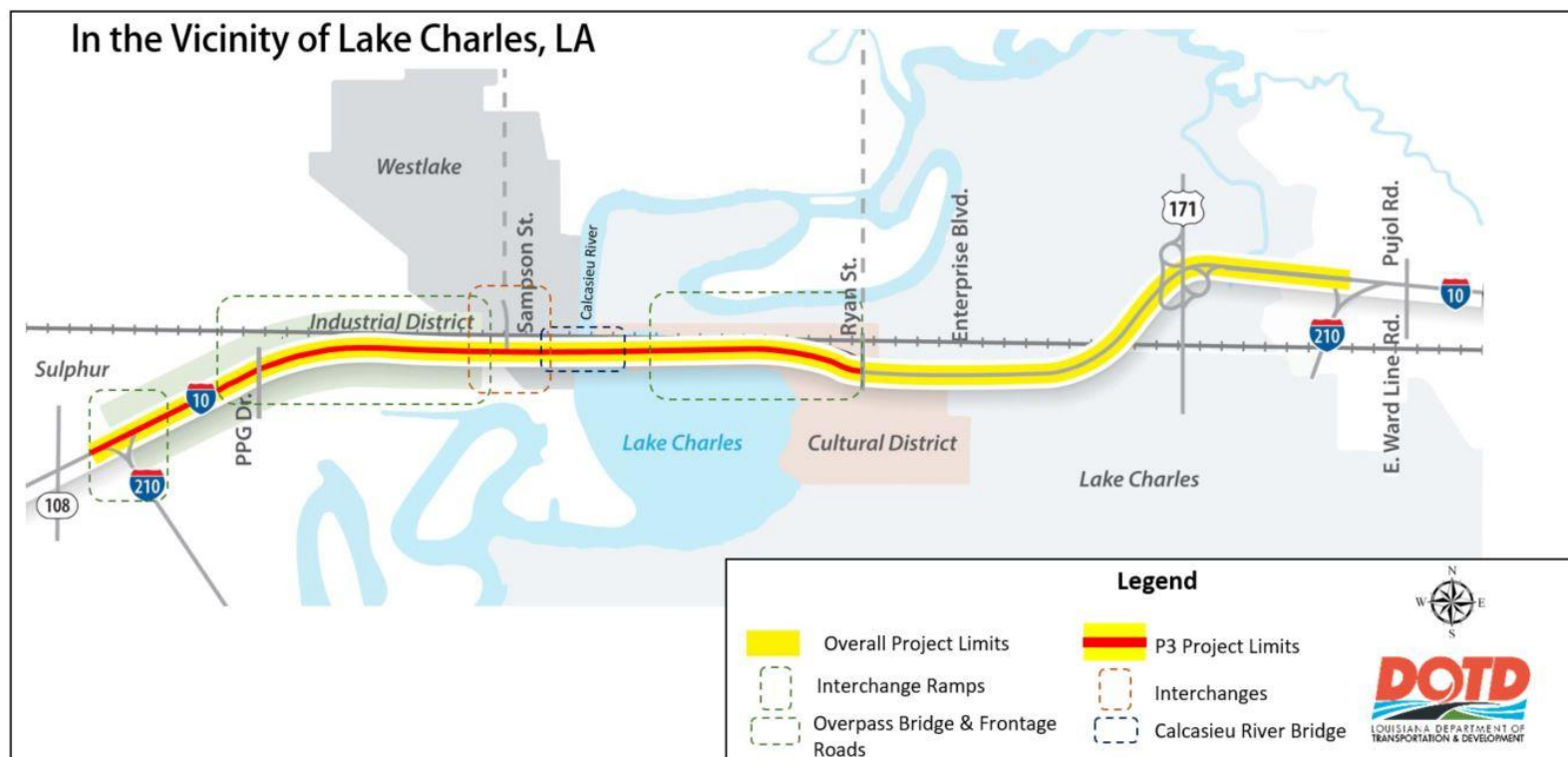
- Bridge opened in 1952 as US 90; incorporated into I-10
- State has been pursuing replacement since mid-1990s
- In 2017, the late Representative Steve Carter filed a bill to increase the fuel tax to fund preservation and megaprojects including the I-10 Calcasieu River Bridge
 - Failed to make it through the House
 - Citizens not allowed to vote on it
 - Tolls first discussed at public meeting in L.C. in July 2017
- In December 2020, Joint Transportation Committee gave approval for DOTD to pursue a public-private partnership for the replacement of the Bridge

How We Got Here



Project Limits

- Overall project I-10/I-210 west to I-10/I-210 east
- P3 project I-10/I-210 west to near Ryan Street



P3 Funding

➤ Design and Construction Cost

- P3 project design and construction cost \$2.1 billion

➤ Public Funding

- \$800 million total
 - \$150 M IIJA Mega Grant Discretionary Award
 - \$ 50 M American Rescue Plan Act (Act 485 in 2021)
 - \$100 M American Rescue Plan Act (Act 117 in 2022)
 - \$240 M first six years of Vehicle Sales Tax
 - \$ 85 M State General Obligation Bonds
 - \$ 75 M Highway Priority Program (TTF Federal)
 - \$100 M State General Fund (Act 167 in 2022)

P3 Funding

➤ DOTD Retained Costs

- \$150 million total from Highway Priority Program
 - \$25 M environmental mitigation cost
 - \$25 M right-of-way costs
 - \$10 M utility relocation costs
 - \$25 M railroad relocation costs
 - \$10 M pipe rack relocation cost
 - \$55 M owner verification costs

DOTD Retained Costs and Risks are in addition to \$2.1 billion design-build P3 cost

➤ Other Potential State Risks

- \$265 million total from VST in years 7 and beyond if needed
 - \$ 35 M contingency for DOTD retained costs
 - \$ 85 M interest rate escalation risk
 - \$125 M delay claims (rail relocation, Coast Guard permit, etc.)
 - \$ 20 M change orders

Toll Schedule

➤ Four Vehicle Classifications

- Local Auto* (vehicles registered in Allen, Beauregard, Calcasieu, Cameron, and Jefferson Davis Parishes)
- Auto
- Medium Trucks (e.g., box trucks)
- Large Trucks (e.g., semi-trailer trucks)

➤ Two Rates per Classification

- Non-Toll Tag Rate / Toll Tag Rate

➤ 50% HOV Discount during Peak Traffic Times

- Available for Local Auto and Auto Classifications only*

*Requires toll tag for eligibility

Toll Schedule

(2023 Dollars^)

| Classification | Toll Tag Rate | Non-Toll Tag Rate | Peak Hour HOV Rate* |
|----------------|---------------|-------------------|---------------------|
| Local Auto* | \$0.25 | N/A | \$0.13 |
| Auto | \$2.50 | \$3.75 | \$1.25 |
| Medium Truck | \$2.55 | \$3.82 | N/A |
| Large Truck | \$12.50 | \$18.73 | N/A |

*Local Auto is limited to vehicles registered in the five parish area and requires a toll tag for eligibility; peak hour HOV rates require 3+ occupants and a toll tag for eligibility

^Toll rates are indexed to CPI and will escalate over time

❖ Toll tags offered to public at no cost

Comparable Toll Rates

| Vehicle Class | Belle Chasse *Opening Year 1 Toll Rates; Source: Plenary Infrastructure Belle Chasse Website) | LA 1 (one-way toll) *Proposed Toll Rates Effective 2023 Mid-Year; Source: LA DOTD | River Link (KY/IN) *Toll Rates Effective July 1, 2023-June 30, 2024; Source: River Link Website (East End Crossing Project) | I-10 Mobile *Proposed Future Tolling Plan; Source: ALDOT RFI Proposed Tolling Plan | Elizabeth River (VA) *Toll Rates Effective January 1, 2023; Source: Elizabeth River Crossing Website and FHWA Project Profile |
|----------------------------|--|---|--|---|--|
| Local Auto | \$0.25 | \$2.70 com. | - | - | - |
| Non Local – Auto (AVI) | \$0.99 | \$4.50 | \$2.52 | \$2.50 | \$2.10 - \$2.77 |
| Non Local – Auto (non-AVI) | \$1.99 | \$5.40 | \$5.04 | \$5.50 | \$6.28 - \$6.95 |
| Medium Truck (AVI) | \$3.31 | \$10.50 | \$6.30 | \$4.00 - \$9.00 | - |
| Medium Truck (non-AVI) | \$4.31 | \$11.40 | \$8.81 | \$4.00 - \$9.00 | - |
| Large Truck (AVI) | \$6.62 | \$21.00 | \$12.57 | \$9.00 - \$21.00 | \$6.28 - \$11.08 |
| Large Truck (non-AVI) | \$7.62 | \$21.90 | \$15.09 | \$9.00 - \$21.00 | \$10.46 - \$15.26 |

Leading Concerns

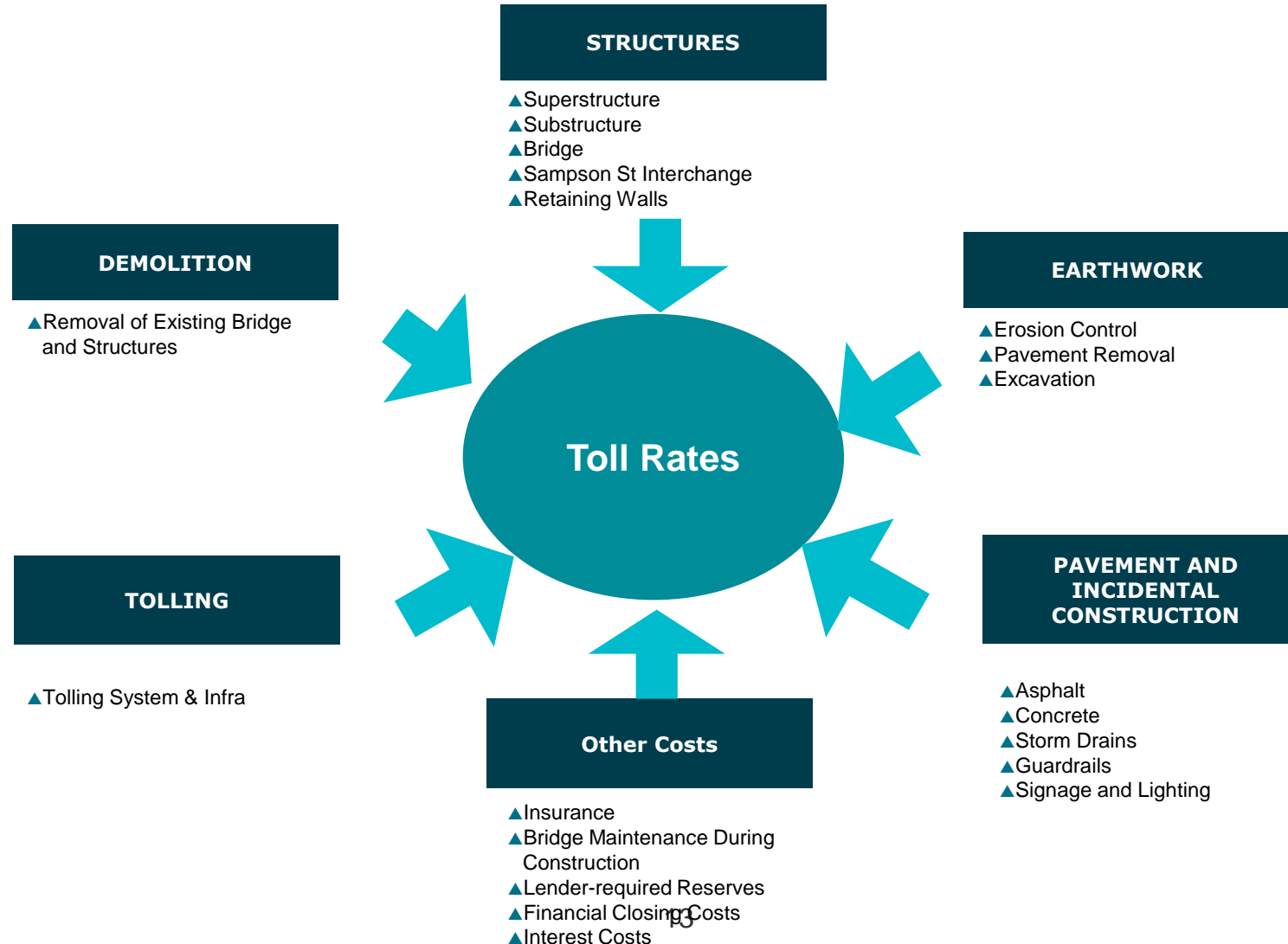
| CONCERN | CONSTRAINT | SOLUTION |
|------------------------------|---|--|
| Extend proposal to January | Developer cannot control interest rates, inflation or 150+ price elements from dozens of businesses | None – proposal expires December 3 |
| Push for Oct 24 JTC approval | Required to manage SBC and other 3 rd -party process needed to arrange project financing, minimize interest rate and financial market risks | Strategy that allows more time to arrange financing while facilitating the transition |
| Lower or eliminate tolls | Requires new resources and legislative action | Contract allows for new money to lower or eliminate tolls; more federal grant apps pending & planned |
| Feds should pay more | Federal funding is limited and over-subscribed | Retain current federal funding and pursue more |
| Current P3 scope too broad | W/o funding for all improvements, eliminating scope from the P3 would decrease safety, increase congestion, push more traffic to 210, and materially impact traffic projections | None – the current scope is required to maximize mobility and safety in the corridor and any changes would require changing the Environmental Impact Statement |
| Bridge aesthetics | Requires further analysis | CBP agrees to more robust look at aesthetics |
| Lakefront access roads | Not included in Developer’s proposal | Developer/DOTD working to include during design development w/o additional cost |

The Schedule all Teams Bid

| SCHEDULED EVENT | DATE |
|---|-------------------------------------|
| Draft RFP Issued | December 22, 2021 |
| Issue final RFP | March 14, 2023 |
| Last day for Proposers to submit questions and comments on the final RFP | May 2, 2023 |
| Issue date for final minor Addendum to the final RFP and/or answers to Proposer final RFP questions | May 23, 2023 |
| Proposal Due Date | June 6, 2023, 12:00 p.m. CST |
| Proposer Presentations/Interviews | June 15 and 16, 2023 |
| Selection for negotiations | June 23, 2023 |
| Commercial close and Notice to Proceed (NTP) | October 4, 2023 |
| Financial Close | November 30, 2023 |

Why the Toll Rate Proposal Can't be Extended

150+ Proposals from Dozens of Contractors, Vendors, Suppliers & Others beyond CBP's Control



Design-Build Cost Detail

| CATEGORY | COST (\$ millions) |
|---------------------------------|----------------------|
| Site Preparation & Earthwork | 91.4 |
| Demolition | 66.0 |
| Base Courses & Pavements | 145.4 |
| Incidental Construction | 233.6 |
| Signage and Pavement Markings | 30.3 |
| Structures | 1,247.3 |
| ITS | 11.6 |
| DB Period O&M | 18.9 |
| Bond and Insurance Premiums | 40.0 |
| Engineering & Design | 137.5 |
| Environmental Compliance | 1.7 |
| Utility & Railroad Coordination | 5.2 |
| Public Information Activities | 2.0 |
| Design & Construction QC | 60.9 |
| Tolling* | 15.2* |
| Total Cost | 2,107 million |

* Separate contract with Kapsch (Tolling Service Provider)

Path to Financial Close



- December FC is required to align with financial market calendar and minimize pricing risks
- After December 21, there is substantial risk to the project financing
- Oct 24 JTC approval required to complete all necessary steps by December 21

Legal Requirements

- Louisiana Revised Statute 48:250.4(A)(2)

“Prior to executing a contract for a public-private partnership, the department shall receive approval from the House and Senate transportation, highways and public works committees to enter into the contract.”

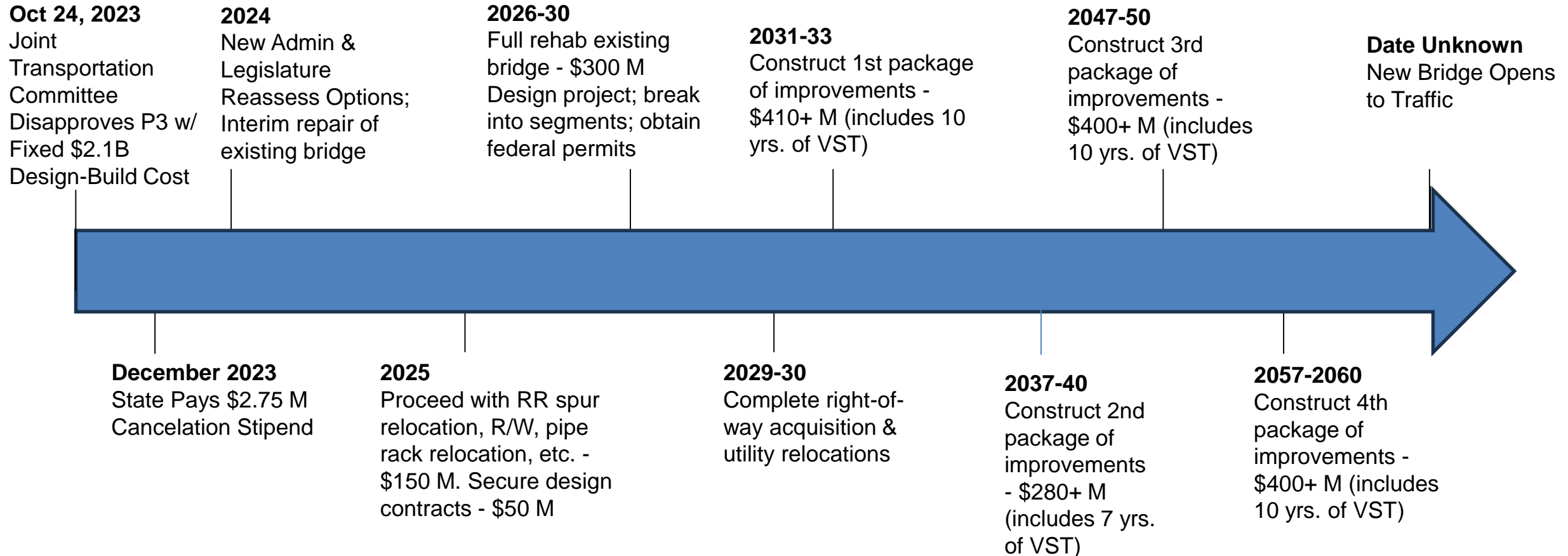
Consequences of Cancelling P3

- Incoming Administration set up for failure
 - Public expectation that the new Administration and Legislature will deliver a new toll-free bridge
 - Will be an attempt to convince next Governor and next Secretary to use regular highway and bridge funds (state and federal TTF)
- Options for proceeding forward if P3 cancelled
 - Design-Bid-Build pay-as-you-go
 - Public Toll Operation

Consequences of Cancelling P3

- Design-Bid-Build pay-as-you-go
 - Begin work on a long-term full rehabilitation of existing bridge
 - Extend life 30+ years
 - Break project into components that can be constructed independently
 - Use design-bid-build to implement components of project and assemble like a puzzle as funding allows

Canceling I-10 P3 and pursue Design-Bid-Build (pay-as-you-go)

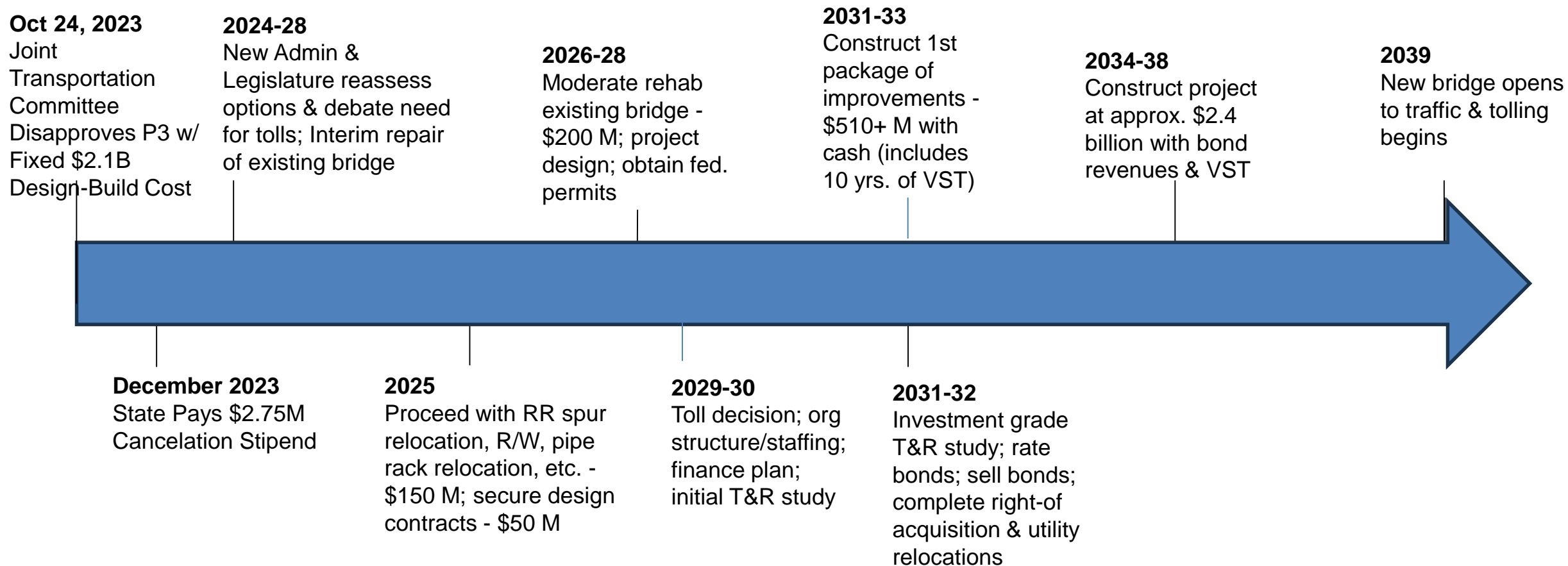


- \$150 million TTF remains committed
- \$800 million remains committed less \$150 million federal grant, less \$100 million ARPA, and less \$300 million for full rehabilitation of existing bridge
- Construction inflation (long-term at 4%) outpaces revenue stream; cannot deliver without additional revenue over VST

Consequences of Cancelling P3

- Establish public toll operation through Louisiana Transportation Authority (LTA)
 - Begin work on a moderate rehabilitation of existing bridge (extend life 15 to 25 yrs)
 - Resolve debate about whether tolls are necessary
 - Start project design – develop plans and specifications
 - Determine structure and staffing for public toll operation
 - Develop financing plan and structure through toll revenue bonds & VST
 - Prepare investment-grade traffic and revenue study to establish toll rates
 - Revenue bonds rated and sold
 - Undertake construction
 - Operate toll facility until revenue bond debt is satisfied

Canceling I-10 P3 and pursue Public Toll Operation



- \$150 million TTF remains committed
- \$800 million remains committed less \$150 million federal grant, less \$100 million ARPA, and less \$200 million for moderate rehabilitation of existing bridge
- Construction inflation next 10 years at 5% annually

Typical Fate of Cancelled Projects

| STATE | PROJECT | DELIVERY MODEL | YEAR | Stage | Est. CapEx | Status | Est. CapEx Today (7.5% inflation) |
|-----------|--|----------------|-------------|-------------------------|---------------|-----------------------|-----------------------------------|
| FL | NW Hillsborough Expressway | DBFOM | 2008 | Preferred Bidder | \$150M | Deferred | \$444M |
| TX | I-35 Trans Texas Corridor | DBFOM | 2009 | [Commercial Close] | \$1.5B | Deferred | \$4.1B |
| FL | First Coast Outer Beltway Jacksonville | DBFOM | 2011 | RFQ | \$1.8B | Certain Segments Only | \$4.2B |
| NC | Mid-Currituck Bridge | DBFOM | 2012 | Preferred Bidder | \$500 | Deferred | \$1.1B |
| NV | US 95/I-15 Project Neon | DBFOM | 2014 | Shortlisted Teams | \$1B | Deferred | \$1.9B |
| IL/IND | Illiana Expressway | DBFOM | 2015 | Shortlisted Teams | \$1B | Deferred | \$1.7B |
| GA | SR 400 | DBFOM | 2021 | Shortlisted Teams | \$1.3B | Certain Segments Only | \$1.5B |
| LA | Calcasieu River Bridge? | DBFOM | 2023 | Preferred Bidder | \$2.1B | ? | \$3.5B (2030) |

Path Forward

- **Option 1:** Up or down vote on approving DOTD to execute P3 contract with Calcasieu Bridge Partners
- **Option 2:** Provide more time for P3 consideration and discussion
 - State Bond Commission will consider preliminary approval of bonds upon request from Joint Transportation Committee
 - Joint Transportation Committee will need to make final decision prior to State Bond Commission meeting on November 16

Questions?