



I-77 HOT LANES PROJECT

Commercial and Financial Overview



Commercial Structure

- Toll concession
- Revenue risk taken by concessionaire
- Approximately 50 year agreement
- Maximize private financing and minimize public funds
- Dynamic pricing





NCDOT Proposed Funding / TIFIA & PABs

- NCDOT wishes to maximize the use of private project financing and toll revenues
- NCDOT will pursue the availability and use of federal assistance programs. These programs are potential sources of financing for developers
 - Transportation Infrastructure Finance and Innovation (“TIFIA”) credit assistance
 - Issuance of Private Activity Bonds (“PABs”)
- NCDOT actions related to federal assistance programs:
 - The project currently has an invitation to apply for a TIFIA allocation of \$57M
 - NCDOT is pursuing additional allocation for TIFIA through TIGER IV and/or notice of funding availability (NOFA)
 - NCDOT will seek and apply for a PABs allocation for potential use by a Proposer
- Proposers are encouraged to demonstrate strong experience with TIFIA/TIGER financing, PABs and equity funding for P3s
- Public funding will be provided for operations and maintenance for General Purpose lanes





Tolling Policy Highlights and Enforcement

- Tolling has been accepted in North Carolina as a means to improve road infrastructure and address capacity needs
- NCDOT anticipates the project will be tolled through a 100% all electronic tolling (including video) toll plaza-free open road system requiring no reduction in speed
- The project will utilize dynamic tolling set to meet, at minimum, SAFETEA-LU level of service of 45MPH
- Developer's scope of work will include:
 - Design, installation, and integration of the toll collection system for the project
 - Toll collection system operations and maintenance (including back-office functions)
 - Coordination of the system design and toll collection operation with other facilities





Tolling Back Office and Interoperability

- Proposers will choose the firm they wish to perform the services, but will maintain interoperability and compliance with the existing tolling systems and requirements
- NCDOT may consider allowing the Developer to contract with the North Carolina Turnpike Authority to provide certain toll services, if it provides best value to the project
- The concessionaire may provide tolling solutions to the project at their sole discretion
- Proposers may not exclusively team with a toll integrator/operator during the RFQ phase





Traffic and Revenue Data

- NCDOT has worked with Stantec to conduct a Level 2 Traffic and Revenue analysis
- Traffic count raw data is available on the project website:

http://www.ncdot.org/doh/preconstruct/altern/design_build/

- Projected total weekday traffic (AADT) for project scenarios being contemplated are:

| Scenario/AADT | 2015 | 2035 |
|---------------------------------|---------|-----------|
| Central section | 400,500 | 543,900 |
| Central +South section | 582,600 | 758,700 |
| Central + North section | 619,600 | 841,100 |
| Central + South + North section | 801,700 | 1,055,900 |





Procurement Structure & Environmental Issues

- The procurement involves a two-stage process: Request for Qualifications (“RFQ”) followed by selection of a short list and draft/final Request for Proposals (“RFP”)
- The procurement will be aligned with environmental approvals for the South, Central, and North sections
- At minimum NCDOT anticipates a financially committed hard bid on the Central Section based on completion of a Categorical Exclusion in June 2012
- NCDOT is working with FHWA and resource agencies to finalize timing for Environmental Approvals for the South and North sections (expedited within 12-14 months)
- Inclusion of the North and South sections will be structured so that reasonable risk allocation exists in the procurement. This could entail the following:
 - Firm, committed financial proposals
 - Future phases delivered through pre-development agreement(s)
 - Cost proposals based on assumed quantities
 - Conditional cost and/or financial proposals, assuming a defined alternative and scope of work





THANK YOU