

Columbia River Crossing Project

Revised Finance Plan

DRAFT: September 12, 2013

Capital Finance Plan: Columbia River Crossing Project

The capital finance plan for the Oregon led phase of the CRC Project is described below. It was prepared by ODOT in cooperation with the Office of the State Treasurer, C-TRAN, TriMet, WSDOT, City of Vancouver, and others; and has been vetted with FTA and FHWA.

A. Background

Key differences between the proposed plan and the plan previously provided include:

- The proposed scope for the initial phase of the project, including light rail, bridge, bicycle, pedestrian, and highway improvements, is similar to the previous project scope, except the highway interchange improvements in Washington north of SR 14 would be deferred until WSDOT allocates funding for these improvements.
- Project design and construction would be led by ODOT. TriMet is proposed to be the grantee for the federal transit discretionary grants. Both of these roles were the responsibility of WSDOT in the previous plan.
- ODOT would collect and retain all net toll revenues; where WSDOT would have collected tolls and the revenues would have been equally divided between WSDOT and ODOT in the previous plan.
- The OTC would set toll rates through an established public process in consultation with the state of Washington. The OTC and WSTC would have mutually approved toll rates in the previous plan.
- All TIFIA loans and toll bonds would be issued and paid by Oregon/ODOT, where the previous plan had these obligations equally divided between ODOT and WSDOT.

B. Capital Costs

The revised capital cost estimate is summarized in Exhibit 1. Because bridge height mitigation costs were just recently settled, height mitigation cost is addressed separately below.

Exhibit 1: Capital Cost Estimate	
Cost Element	Amount
Replacement Bridge and Approaches	\$1,094.8
Demolition of Existing Bridge	\$78.5
Highway (<i>other than bridge construction/ demolition costs</i>)	\$695.1
Transit (<i>other than bridge construction/ demolition costs</i>)	\$709.9
Bicycle/Pedestrian Improvements	\$37.6
Toll Bond Issuance Cost, Capitalized Interest, Bond Reserves	\$32.7
Interim Borrowing Costs	\$63.1
Total	\$2,711.7

(1) Amounts are in millions of year of expenditure dollars

(2) Costs shown do not include bridge height mitigation costs of \$86.4 million

(3) Costs include all professional services and project oversight costs

(4) Interim borrowing costs are primarily caused by the anticipated lag in receipt of New Starts funds appropriated for the Project pursuant to the Full Funding Grant Agreement with FTA.

The cost estimate incorporates approximately \$455 million for inflationary costs and other contingencies. This represents a risk reserve of approximately 20 percent. Design-build contracts are proposed for the main bridge and approach improvements; transferring certain risks to the private contractors. The proposed project delivery plan also provides opportunity to defer costs and/or undertake value engineering in the outer years of construction should a cost overrun/revenue under-run occur.

C. Capital Revenues

The capital finance plan is summarized in Exhibit 2, and further explained below.

Exhibit 2: Capital Revenue Plan	
Revenue Source	Amount
ODOT Previously Committed Funds	\$57.9
WSDOT Previously Committed Funds	\$49.9
ODOT Contribution	\$450.0
Toll-Funded Sources	
• TIFIA Loan Repaid with Toll Revenues	\$900.0
• Toll Revenue Bonds	\$174.5
• Pre-completion Toll Proceeds (Pay-Go)	\$229.6
FTA New Starts Funds	\$850.0
Total	\$2,711.8

(1) In millions of year of expenditure dollars. Numbers may not add due to rounding

(2) ODOT contribution is planned to consist of about \$382 million in GO bonds repaid with highway fund revenues and \$68 million in formula federal funds

(3) Revenues to pay bridge height mitigation costs separately addressed.

Previously Committed Funds: These are federal and state funds committed to the project by ODOT and WSDOT prior to June 30, 2013 and mostly spent for preliminary engineering and environmental work between December 2009 and June 2013.

Revenues for Bridge Height Mitigation Costs: The revenues for height mitigation have not yet been identified. Options include new revenue sources, scope reductions or tolling revenues. At current rates plus 50 basis points, toll revenues would yield sufficient project funding to cover height mitigation costs. At current interest rates plus 100 basis points, toll revenues would yield sufficient project funding to pay for slightly less than 40 percent of the height mitigation cost.

State Contribution: Consistent with the previous plan, the current plan seeks legislative approval for a further state contribution of \$450 million. About \$382 million of the \$450 million total is anticipated from issuing General Obligation bonds to be repaid with state highway funds. The remaining \$68 million is anticipated to be formula federal funds.

Tolling-related Funding Sources: As in the previous plan, the proposed finance plan relies on tolling the I-5 Interstate Bridges. Unlike the previous plan, the current plan proposes that OTC be solely responsible for approving toll rates, as Oregon/ODOT would be the sole issuer of all toll-related borrowings. The proposed finance plan employs updated traffic and gross toll revenue forecasts prepared by CDM Smith, the investment-grade traffic consultant. The plan assumes the same toll rate as the previous plan. As before, the financing structure does not rely on any toll rate increase after the new bridges are fully operational. Toll collection would be under ODOT.

The plan uses toll revenues to pay the annual operations and maintenance costs of the project, including paying for casualty and business interruption insurance (i.e. protecting against the risk of lost toll

revenues due to acts of nature, etc.). In addition, the plan incorporates several operating reserves, including a toll stabilization reserve equal to 30% of annually anticipated toll revenues to mitigate the risk of lower than forecasted toll revenues.

Net toll revenues remaining after payment of operations and maintenance costs and funding of reserves are available for project funding, including paying for bond issuance costs, capitalized interest, and bond reserves. Funding scenarios were tested under various borrowing structures and interest rates. The financial results shown in this letter assume interest rates at the current rate plus 100 basis points for each of the respective components of the borrowing program. The resulting finance plan employs net toll revenues in three ways:

- **Pre-Completion Toll Proceeds:** Net toll proceeds from tolling the existing I-5 Interstate Bridges during construction of the new bridge are applied to project costs on a pay-go basis.
- **TIFIA:** The plan proposes to seek a \$900 million TIFIA loan from the USDOT. While MAP-21, the current federal transportation authorization act, allows TIFIA loans up to 49% of project costs, the practice has been to limit amounts to no more than 33% of project costs. The proposed plan complies with this practice. A Letter of Interest would be submitted to USDOT soon after legislative approval of an amended HB 2800. A preliminary credit rating would be sought for the TIFIA loan shortly after completion of the investment-grade toll revenue report this December. The project cash flow requirements have been structured to permit deferring non-bridge improvements or providing supplemental toll revenues should approval of the TIFIA loan be delayed or approved for an amount less than planned.
- **Toll Bonds:** The plan also proposes to issue toll revenue bonds. The costs and revenues shown in the plan include the issuance cost, capitalized interest, and bond reserves that would be associated with issuing these bonds.

Federal Transit Administration New Start Funds: Consistent with the previous plan, the current plan seeks an \$850 million grant of New Starts funds from the Federal Transit Administration (FTA). In last year's report to Congress, FTA recommended the CRC project for a full funding grant agreement. The current proposal should equally satisfy FTA ratings criteria. Project staff has begun discussions with FTA regarding the currently proposed plan, and will formally submit the proposed plan to FTA for review and rating by the end of this month.

CRC Project Cash Flow
9-2-2013

COST	Total	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Professional Services & Program Management	\$141.8	\$19.5	\$31.3	\$23.4	\$24.6	\$5.6	\$6.4	\$5.6	\$4.9	\$4.9	\$4.9	\$4.9	\$4.9	\$0.8		\$141.8
Permitting - Columbia River Bridges	\$25.5					\$8.4	\$17.1									\$25.5
Permitting - Other	\$30.5					\$6.9	\$21.8	\$1.8								\$30.5
Right of Way	\$191.4					\$37.6	\$144.4	\$9.4								\$191.4
River Xing and Approaches	\$1,069.3					\$19.1	\$217.4	\$233.9	\$280.3	\$233.5	\$66.6	\$18.5				\$1,069.3
Hayden Is. Interchange	\$46.9								\$12.6	\$20.1	\$14.2					\$46.9
SR-14 Interchange	\$109.3							\$10.5	\$19.8	\$32.4	\$37.2	\$9.4				\$109.3
Demolition	\$78.5											\$38.3	\$40.2			\$78.5
Mainland Connector	\$89.3							\$22.6	\$42.4	\$24.3						\$89.3
Marine Drive Interchange	\$257.2									\$31.3	\$72.7	\$72.9	\$72.7	\$7.6		\$257.2
Washington North																
LRT Guideway and Support Facilities	\$253.5				\$0.9	\$5.2	\$33.2	\$76.6	\$74.4	\$60.9	\$2.3					\$253.5
LRT System	\$70.2										\$55.7	\$14.4				\$70.2
Park-and-Ride	\$162.0						\$11.7	\$87.1	\$63.3							\$162.0
LRV	\$90.8							\$54.8	\$21.3	\$14.6						\$90.8
TriMet Interim Borrow Interest	\$30.9						\$0.1	\$1.1	\$6.3	\$8.7	\$7.1	\$5.0	\$1.6	\$0.6	\$0.5	\$30.9
ODOT Interim Borrow Interest (Toll Bond Component)	\$16.3												\$16.3			\$16.3
ODOT Interim Borrow Interest (New Starts Component)	\$15.9														\$15.9	\$15.9
Toll Bond Issuance/Cap Interest/Reserve	\$32.7												\$32.7			\$32.7
Total	\$2,711.8	\$19.5	\$31.3	\$23.4	\$25.5	\$82.8	\$452.0	\$503.5	\$525.3	\$430.5	\$260.8	\$163.4	\$168.4	\$9.0	\$16.4	\$2,711.8

REVENUE	Total	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Committed OR - Fed	\$52.5	\$8.8	\$14.1	\$10.5	\$11.1	\$8.0										\$52.5
Committed OR - State	\$5.4	\$1.1	\$1.7	\$1.3	\$1.3											\$5.4
Committed WA - Fed	\$31.7	\$6.1	\$9.8	\$7.3	\$8.6											\$31.7
Committed WA - State	\$18.2	\$3.6	\$5.8	\$4.3	\$4.5											\$18.2
ODOT Appropriation	\$68.4					\$17.1	\$34.0	\$16.0	\$1.3							\$68.4
ODOT BAN (interim borrow)						\$49.7	-\$49.7									
ODOT GO Bond	\$381.6	\$0.0	\$0.0	\$0.0	\$0.0		\$345.0	\$36.7								\$381.6
TIFIA	\$900.0							\$162.3	\$242.3	\$219.6	\$122.5	\$82.5	\$65.3	\$5.4		\$900.0
Toll Bonds	\$174.5												\$174.5			\$174.5
Pre-Completion Revenue	\$229.6							\$7.1	\$32.4	\$45.5	\$49.0	\$51.1	\$41.8	\$2.7		\$229.6
New Start Funds (Shown when Used)	\$850.0						\$48.9	\$151.1	\$100.0	\$100.0	\$100.0	\$100.0	\$100.0	\$100.0	\$50.0	\$850.0
ODOT Interim Borrow (Repaid with Toll Bonds)	\$0.0					\$7.9	\$73.9	\$64.4					-\$146.3			\$0.0
ODOT Interim Borrow (Repaid w/ New Starts)	\$0.0							\$5.8	\$78.0	\$68.6	\$22.8	\$3.7	-\$57.2	-\$100.0	-\$21.7	\$0.0
TriMet Interim Borrow	\$0.0						\$0.0	\$60.0	\$71.4	-\$3.1	-\$33.6	-\$73.9	-\$9.7	\$0.8	-\$11.9	\$0.0
TOTAL	\$2,711.8	\$19.5	\$31.3	\$23.4	\$25.5	\$82.8	\$452.0	\$503.5	\$525.3	\$430.5	\$260.8	\$163.4	\$168.4	\$9.0	\$16.4	\$2,711.8