



NORTH CAROLINA

Turnpike Authority

*Providing
Alternative Transportation Solutions*

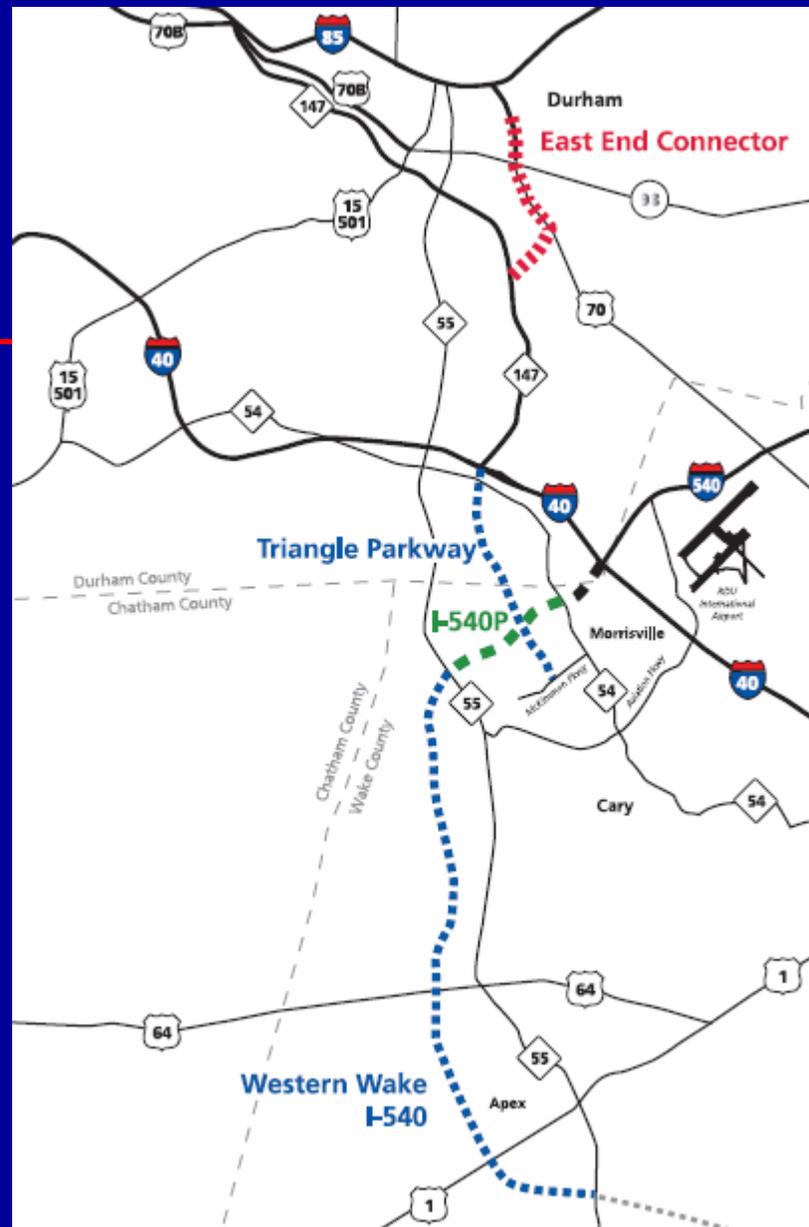
Durham Chapel Hill Carrboro
Metropolitan Planning Organization
October 11, 2006

Mission Statement

**To provide alternative
transportation financing in a
period of:**

- **Rapid growth**
- **Dwindling resources**
- **Rising costs**

A Look at the Project



We Will Discuss

- **The Problem**
- **Benefits of Tolling**
- **The Project**
- **Your Concerns**
- **Going Forward – Next Steps**

The Problem

- **Rapid Growth**
- **Dwindling Resources**
- **Rising Costs**

The Problem

Rapid Growth

- The Research Triangle had the nation's second largest increase in commuter time over the past decade.

US Census Bureau

The Problem

Rapid Growth

Corridor Population

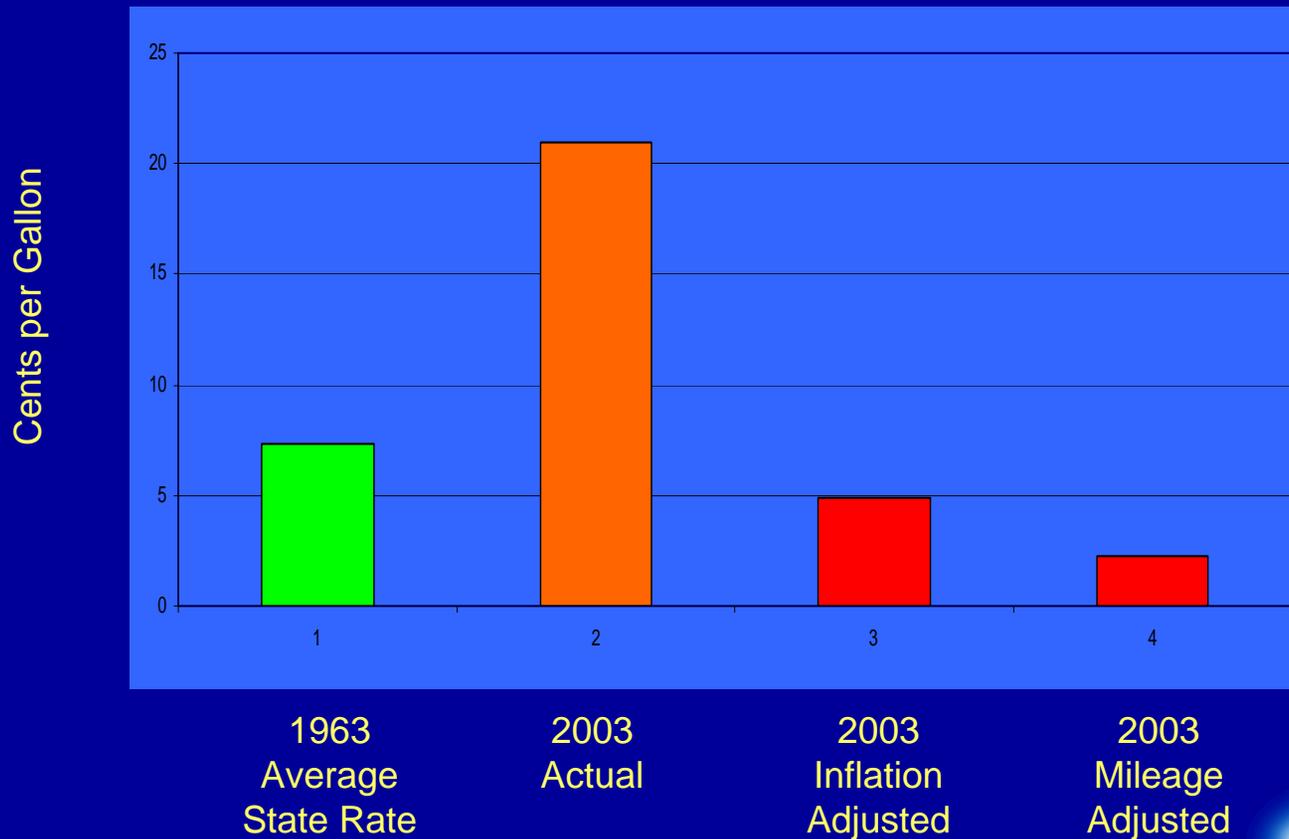
- Increase from 2002 to 2030 **191%**

Corridor Employment

- Increase from 2002 to 2030 **360%**

Dwindling Resources

Value of NC Gas Tax Revenues



**FLU SEASON IS COMING:
WHAT YOU SHOULD KNOW**

CITY & STATE



**WHY WHERE YOU GET
YOUR FOOD MATTERS**

LIFE, ETC.

THE NEWS & OBSERVER

NEWS UPDATES AT WWW.NEWSOBSERVER.COM • FINAL EDITION, 50 CENTS

THURSDAY, OCTOBER 5, 2006

©2006 THE NEWS AND OBSERVER PUBLISHING COMPANY • RALEIGH, N.C.

State \$65 billion short on road needs

Just two years ago, the gap between North Carolina's long-range transportation needs and the money to pay for them was pegged at \$29 billion. The new estimate, delivered Wednesday, is \$65 billion.

North Carolina is expected to swell from 8.7 million residents to 12 million by 2030, with traffic flows growing two or three times as fast. That could mean more rush-hour jams for commuters and more demand for bus service among the poor and elderly.

"We need to review options for how we are going to address this \$65 billion gap," Susan Coward, a deputy transportation secretary, told the state Board of Transportation. "We all know it affects our mobility, economic development and

the quality of life."

North Carolina can count on \$57 billion in gas taxes and other state and federal transportation revenues over the next 25 years — but it will take more than

twice that to pay for transportation needs now pegged at \$122 billion, she said.

As the state tries to build roads and keep old ones in shape, the cost of each mile is rising faster than inflation. The price of a new bridge has risen 44 percent in five years.

Taxes on car sales are increasing only slightly. As cars go farther on each gallon, gas-tax collections rise more slowly than traffic.

Lanny Wilson of Wilmington, a board member, said local governments must take a bigger role for the state to work its way out of congestion.

— Bruce Sicheloff

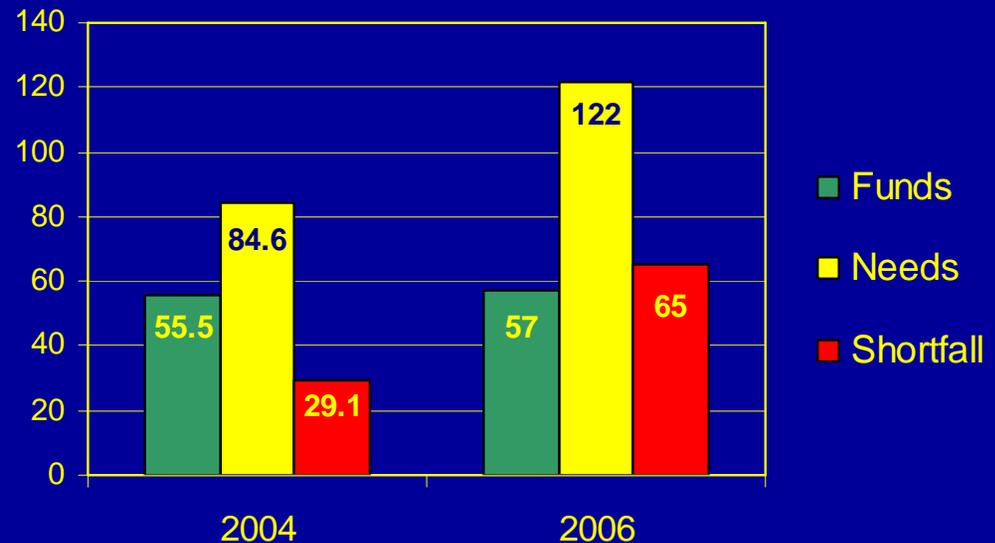


DOT's work-zone mascots might not be smiling for long.

Dwindling Resources

- **\$65 billion shortfall over next 25 years**
- **Shortfall more than doubled in two years**

NC DOT Budget Shortfall



Transportation Needs vs. Funds Available
(in billions of dollars)

Dwindling Resources

Federal Gas Tax: 18 cents per gallon

- Unchanged since 1993
- Highway Reauthorization Act allowed no increase

NC Gas Tax: 30 cents per gallon

- 2.5 cent increase in 2005 created political firestorm
- General Assembly froze rate this year

Dwindling Resources

North Carolina is a Donor State

- FHWA promised NC 92 cents on every \$1.00
- But now receiving only 88 cents on every \$1.00

As a Result...

- **NC has slashed its estimated federal match by more than \$900 million for the next three years.**
- **Reports from Washington say the Federal Highway Trust Fund will be in a deficit situation by 2009.**

Rising Costs

45% increase in construction costs over the past three years

Foreign competition has North Carolina struggling for critical materials

- **Asphalt**
- **Concrete**
- **Steel**

Creates huge strain on DOT's budget

Summary

- **Growth is Exploding**
- **Funds are Dwindling**
- **Costs are Skyrocketing**

Other States

- **Currently, 33 states operate more than 5,000 miles of toll roads.**
- **Every state on East Coast, except NC and CT, operate toll facilities.**
- **Today, every project in the U.S. over \$500 million is being built as a toll road.**

Tyler Duvall, Assistant Secretary, USDOT

Benefits of Tolling

Accelerated Project Delivery

- **No waiting for 7-year TIP cycles**
- **Can fund projects in single offering**

Traditional Project Delivery

Assume:

- Project cost of \$800 million
- Annual inflation of 4.26%
- TIP contribution of \$50 million/year

Completion Date: Never!

Inflation Impacts

| Period | Project Cost | Inflation Loss | Net Gain | Balance Needed |
|---------|--------------|----------------|----------|----------------|
| Year 1 | \$800 | \$0 | \$50 | \$750 |
| Year 2 | \$834 | \$34 | \$16 | \$734 |
| Year 4 | \$907 | \$37 | \$13 | \$707 |
| Year 8 | \$1,071 | \$44 | \$6 | \$667 |
| Year 12 | N/A | \$52 | \$2 | \$666 |

Dollars in millions
Assumes \$50 million per year from TIP

Accelerated Project Delivery

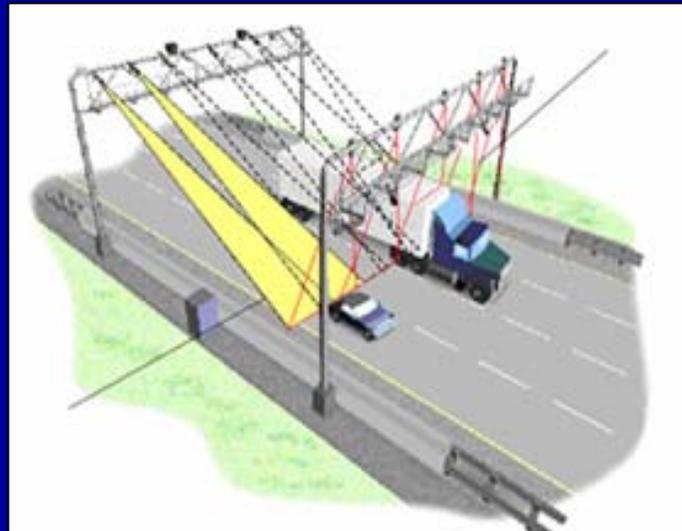
Triangle and Western Wake Parkway

- **Start construction in two years or less**

- **Open to traffic in five to six years**

Electronic Toll Collection

**NO STOPPING TO PAY TOLLS!!!
(Motorists' biggest objection)**



Commuter Time Savings

- **20 minutes per day each way**
- **173 hours per year**
- **7 twenty-four-hour days per year**

Environmental Benefits

- Value Pricing
- Reduced Congestion
- Improved Air Quality

Ripple Effect

- **Eliminates \$800 million in project costs and \$100+ million in maintenance costs**
- ***Frees these funds for other critical projects such as East End Connector***

Project Milestones

- **Investment-Grade Traffic and Revenue Study by Wilbur Smith Associates**
3rd quarter 2007
- **Consulting Engineers' Report by HNTB**
4th quarter 2007

Project Milestones

- **NEPA reviews:**
3rd quarter 2007
- **Air Quality study:**
2nd quarter 2007
- **Select toll technology:**
2nd quarter 2007

Project Milestones

- **Bond closing and let contract:**
December 2007
- **Open to traffic:**
 - **Triangle Parkway** **4th quarter 2010**
 - **Western Wake** **4th quarter 2011**

Triangle Parkway Financing Plan

Projected 35-year Debt Structure

| | Single Gap Payment* | Annual Revenue Supplement* |
|-------------------------|---------------------|----------------------------|
| Current Interest Bonds | \$169.6 | \$ 393.1 |
| Capital App. Bonds | 139.4 | 138.6 |
| TIFIA Bonds | 285.6 | 288.4 |
| GAP Funding | 214.9 | |
| Annual Revenue | | \$12 million per year |
| Total | \$ 809.5 | \$ 820.1 |
| Effective Interest Rate | 7.05% | 5.94% |

* \$ millions

Triangle Parkway Financing Plan

- **Will seek gap funds from General Assembly.**
- **No local participation in gap financing.**

Addressing Your Concerns

Transit Considerations

Traffic and Revenue Study will measure financial impact of:

- Buses
- Vanpools
- Carpools
- Rail (Western Wake)

But... A Word of Caution

- **“Anything that will erode revenue will have to be examined carefully.”**
- **“There’s a delicate financial balance with transit and a start-up toll facility. Rating agencies view start-ups as moderate to high risk.”**

Ed Regan, Sr. Vice President, Wilbur Smith Associates, speaking to TTA

To the extent possible...

- **Utilize current RTP Foundation's Right-of-Way**
- **Consider designs that allow bicycle and pedestrian facilities**

Once the Bonds are Paid

NCTA is required by law to:

- **Remove toll equipment**
- **Turn road over to NCDOT**

Revenue Retention Policy

“... toll revenues generated in one corridor are intended to be expended on financial obligations and improvements in the corridor from which those revenues are generated.”

Adopted by the NCTA Board, August 16, 2006

Going Forward – Next Steps

DCHC Support

We are seeking your support today to proceed with Investment-Grade Traffic and Revenue Study.

We will be back next year...

- **For approval of the modified air quality study.**

Going Forward – Next Steps

What We Need

- **Acceptance of Mayor Bell's letter**