



Capital Area Metropolitan Planning Organization
August 16, 2006

NCTA Mission

Alternative Financing

- To fund most critical transportation needs
- In period of...
 - Rapid growth
 - Dwindling resources
 - Rising costs



Rapid Growth

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

US Census Bureau



Rapid Growth

Corridor Population

▪ 2002	154,000
▪ 2030	447,000
▪ Increase	191%

Corridor vs. Region

▪ Regional Growth Forecast	2.5% per year
▪ Corridor Growth Forecast	3.9% per year

Source: Wilbur Smith Associates
(MPO TRM)



Rapid Growth

Corridor Employment

- 2002 58,000
- 2030 266,000
- Increase 360%

Corridor vs. Region

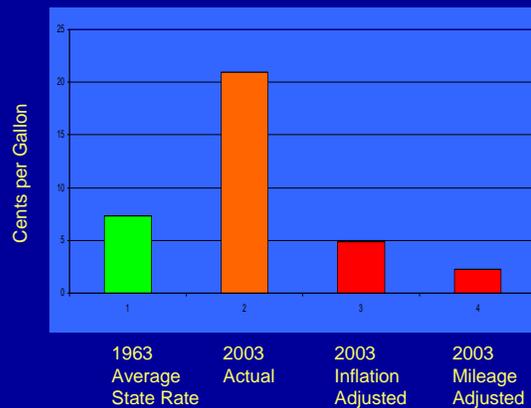
- Regional Growth Forecast 3% per year
- Corridor Growth Forecast 5.6% per year

Source: Wilbur Smith Associates
(MPO TRM)



Dwindling Resources

Gas Tax



National Average
Source: Wilbur Smith Associates



Dwindling Resources

Federal Gas Tax: \$.18

- Unchanged since 1993
- Highway Reauthorization Act refused to consider any new revenue

N.C. Gas Tax: \$.30

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



Dwindling Resources

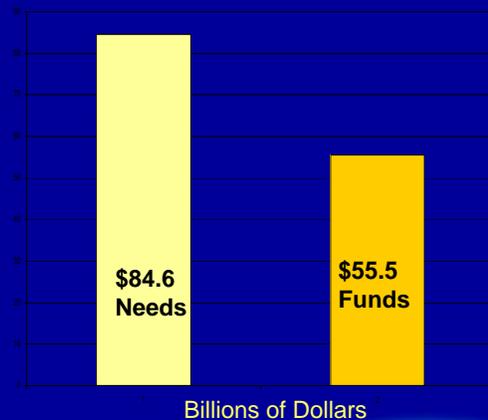
In April the Federal Highway Administration announced it is rescinding the funding growth promised to states under Highway Reauthorization Act.

- We were promised:
 - \$.92/\$1.00
- But we are getting:
 - \$.88/\$1.00 actual



Dwindling Resources

Two years ago, NCDOT projected \$30 billion shortfall in meeting critical transportation needs over the next 25 years.



Source: NCDOT Long Range Statewide Plan
September 2004



Dwindling Resources

As a result...

- North Carolina has been forced to slash its estimated federal match by more than \$900 million for the next three years.
- Reports out of Washington say the Federal Highway Trust Fund will be in a deficit situation by 2009.



Dwindling Resources

NCDOT 2007 Budget

- \$3.6 billion
- \$839 million in state funds for new construction
- \$401 million in Federal match

That equals:

- 25 miles of turnpike-grade construction (\$50 million per mile)



Meanwhile, Costs Are Skyrocketing

45% increase in construction costs over the past three years

Foreign competition, especially from Pacific Rim nations, has North Carolina struggling for critical materials

- Asphalt
- Concrete
- Steel

Creates huge strain on DOT's budget



Bottom Line

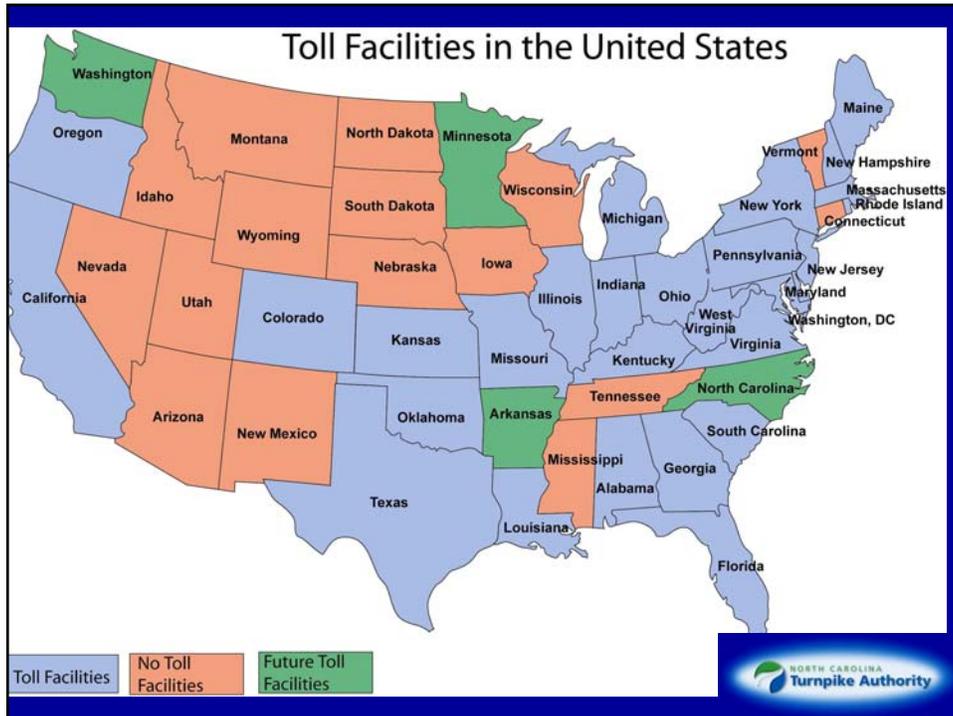
- Funds are Dwindling
- Costs are Soaring
- Growth is Exploding



What's the Solution?

- Not turnpikes alone
- But turnpikes can help





Other States

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

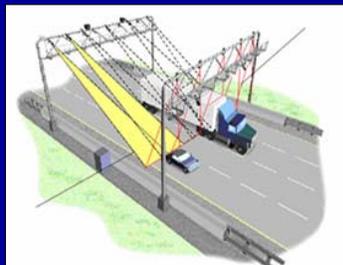
Well-maintained Facilities

- Generate continuous revenue for upkeep
- Smoother, safer roads



Electronic Toll Collection

- **NO STOPPING TO PAY TOLLS!!**



Time Savings

Three-week time savings for full commute over one year

- = 20 minutes per each way
- = 166 hours per year
- = 7 full days per year



Time Savings

Time is a finite commodity

- Reducing time in travel is one of the only ways to add time back into your life
- How much is 833 extra minutes a month worth?



Accelerated Project Delivery

- No waiting for an incremental series of 7-year TIP cycles to advance a project
- Can fund projects in single offering through bonds and private financing



Accelerated Project Delivery

Example: Western Wake Parkway

- Total price tag = \$800 million
- Inflation = 4.26%
- TIP budget = \$50 million/year

Completion Date: 2035



Accelerated Project Delivery

Western Wake Parkway

Engineer's Estimates:

- Start construction in two years or less
- Open to traffic in five to six years
- Time savings of twenty-five to thirty years



Accelerated Project Delivery

Ripple Effect

- Eliminates \$800 million in project costs from Division 5 TIP priority list
- Frees these funds for other projects



Attitudes of Wake Voters / Drivers

- NC Go! Survey of 600 voters / drivers
- Fielded July 25-31, 2006
- Margin of error +/- 4.1%

Source: NC GO!
July, 2006



Attitudes of Wake Voters / Drivers

Would you strongly approve, somewhat approve, somewhat disapprove or strongly disapprove of toll roads...

- If drivers had a choice of taking a toll road or free road?
 - Strongly / Somewhat Approve 66%
 - Strongly / Somewhat Disapprove 32%

Source: NC GO!
July, 2006



Attitudes of Wake Voters / Drivers

Would you strongly approve, somewhat approve, somewhat disapprove or strongly disapprove of toll roads...

- If tolls were collected electronically so there was no slowing down or stopping at toll booths?
 - Strongly / Somewhat Approve 64%
 - Strongly / Somewhat Disapprove 32%

Source: NC GO!
July, 2006



Attitudes of Wake Voters / Drivers

Would you strongly approve, somewhat approve, somewhat disapprove or strongly disapprove of toll roads...

- If the toll money was spent only on the new highway and when it was paid off, the toll was eliminated?
 - Strongly / Somewhat Approve 62%
 - Strongly / Somewhat Disapprove 36%

Source: NC GO!
July, 2006



Attitudes of Wake Voters / Drivers

Do you feel that tolls should be considered as a general source of transportation revenue, only in special project-by-project situations, or should never be considered?

General Situations	18%
Special Situations	51%
Never	30%

Source: NC GO!
July, 2006



Summary

- Electronic Toll Collection
 - No stopping to pay tolls
- Can deliver projects 20-30 years sooner



Summary

Western Wake Parkway

- Frees up \$800 million for other projects
- Saves motorists as much as 7 full days of driving time



Summary

- Wake drivers willing to accept choice.
- Tolling is viable tool to finance critical infrastructure.

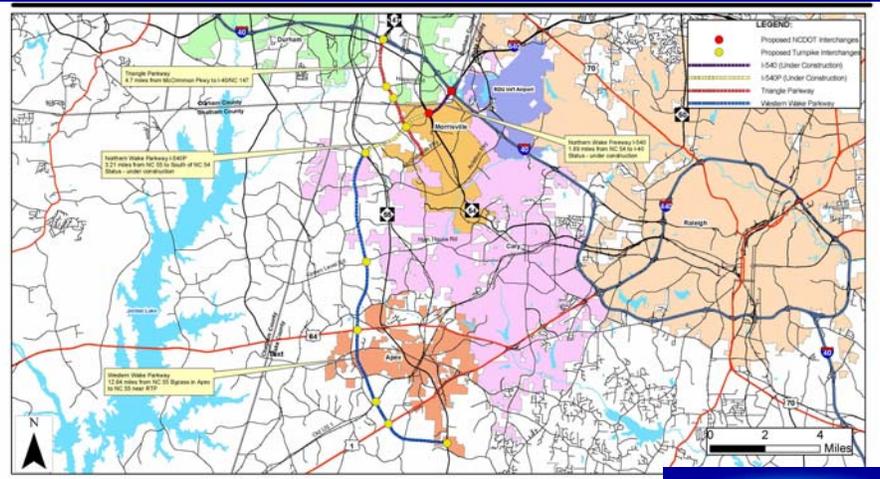


The Western Wake Parkway

- Process
- Timeline
- Next Steps



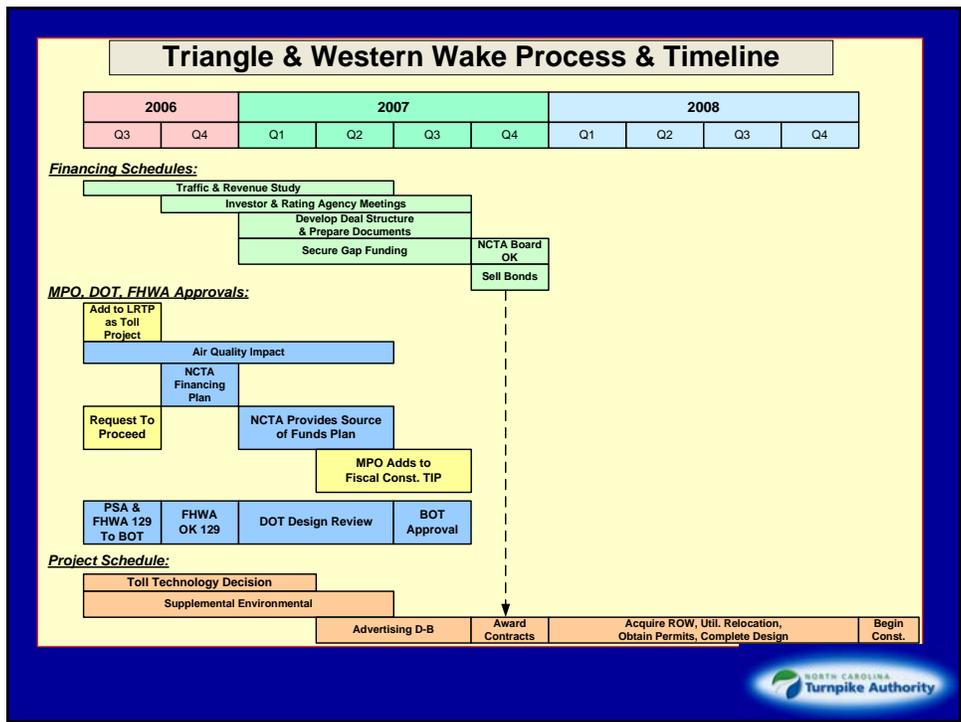
Project Map



Objectives for Today

Information for your Decisions:

- Request NCTA to proceed with studies for Triangle Parkway, Western Wake and I-540P.
- Begin LRTP amendment process and air quality conformity process and complete necessary approvals by February 2007.



CAMPO

Air Quality Modeling:

- Modified Long Range Transportation Plan to show project as a toll road
- Model air quality impact
- Approve modified air quality as required

Following the above...

- Modify TIP to show as funded with “other funds”



Financing

NCTA will initiate Major Studies:

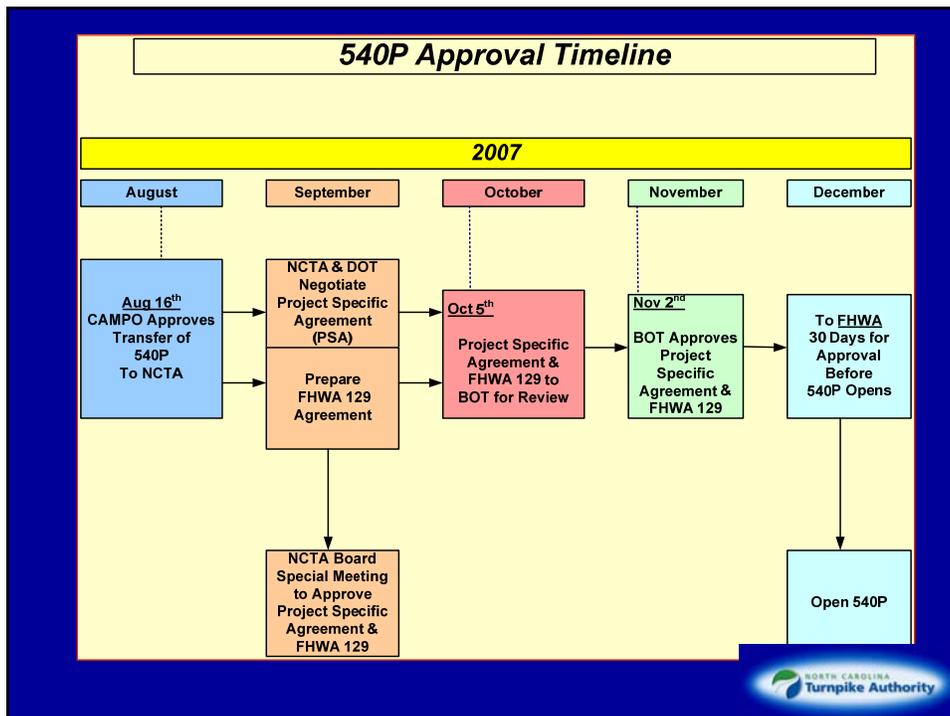
- Investment Grade Traffic and Revenue Study by Wilbur Smith Associates
[Target Completion 3rd quarter 2007]
- Consulting Engineers Report by HNTB
- One year to complete



Financing

NCTA will also:

- Develop Project-Specific Agreements
- Begin the FHWA 129 approval process for I-540P



Financing

While studies are underway...

- Select an investment banker
[Target Date 1st quarter 2007]
- Hold initial meetings with investors and investment rating agencies
- Begin developing the deal structure and preparing draft documents
- Submit initial application for the Federal TIFIA loan [Target Date 1st quarter 2007]



Financing

Gap Funding.....Target Date 2nd quarter 2007

- NCTA will seek gap funds with NC General Assembly

Alternative PPP Funding...

- If gap funds are not secured, NCTA will consider solicitation of Public Private Partnership proposals

NCTA BoardTarget Date Oct. 1, 2007

- Approves financing plan and bond marketing plan



Current 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	
Revenue Supplement		\$12 million per year
Total	\$ 809.5	\$ 820.1
Effective Interest Rate	7.05%	5.94%

* \$ millions



Financing Alternatives

What if...

I-540P is not transferred to NCTA...

- The annual revenue supplement will increase from \$12 million to \$18+ million (Lump sum \$215 million vs. \$340 million)



Financing Alternatives

What if...

The project financing term is reduced from 35 years to 25 years...

- The gap would increase by \$165 million (from \$215 million to approximately \$380 million).



Financing Alternatives

What if...

DOT provides right-of-way...

- Right-of-way is projected to cost over \$130 million. If provided by DOT, this would reduce the gap by that amount .



Project Development

NEPA Permitting:

- Develop supplemental environmental submissions for the project as a toll road
[Target Date 3rd quarter 2007]

Air Quality:

- Approval of air quality modifications
[Target Date 2nd quarter 2007]



Project Development

Toll Technology:

- Select toll technology to be employed
[Target Date 2nd quarter 2007]
- Ensure that the project design incorporates this technology
- Develop tolling agreements with other states



Project Development

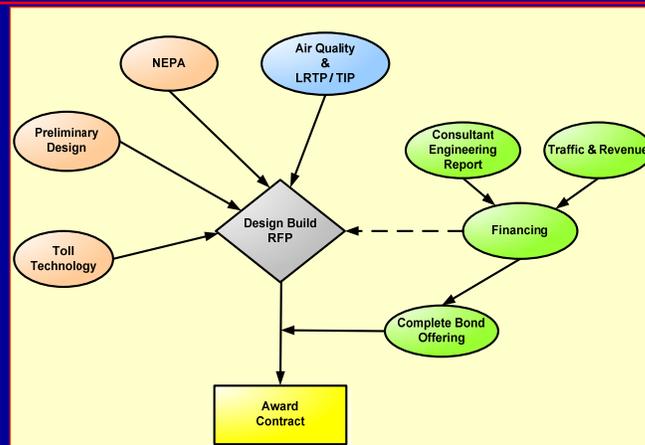
Design-Build RFP:

Target Date 2nd quarter 2007

- RFP for selection of Design-Build teams
- Likely that several Design-Build teams will be selected
- NCDOT has a review/approval step



Concurrent Actions



Project Development

After Bond Closing:

- Let contract

Road Opens:

- Triangle Parkway Target Date 4th quarter 2010
- Western Wake Target Date 4th quarter 2011



After the Road is In Service

Focus on Customer Service:

- Fast and accurate toll collection
- Clean and well-maintained roadway
- Time savings



After the Bonds are Paid

NCTA is required by legislation to...

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



Going Forward – CAMPO Support

NCTA projects are local and regional initiatives

- Local elected officials initiate study process
- Following initial feasibility studies, the local MPO directs the Turnpike Authority to proceed with the project



Going Forward – CAMPO Support

We are seeking indication of your commitment today prior to issuing \$9 million in preliminary engineering contracts.

But we will be back next year...

- To move ahead with the modified air quality study.



Next Steps

We need:

- Request NCTA to proceed with studies for Triangle Parkway, Western Wake and I-540P.
- Begin LRTP amendment process and air quality conformity process and complete necessary approvals by February 2007.



In Conclusion

- Western Wake is a top priority for CAMPO.
- Region gets project for \$0.25 on the dollar.
- Each month delay adds \$2.5 million to project costs.
- 69% of Wake drivers feel tolls should be considered in general or special situations.
- With TIP funding, this project may not be delivered for over 25 years.



The Real Question

- It's not "toll road or free road"
- It's "toll road or no road" for the next 25-30 years



Questions?

