



# Initial Financial Plan Update - Overview

December 9, 2010

# Agenda

## Background

## Initial Financial Plan Review

### Executive Summary

### Chapter 1 – Introduction

### Chapter 2 – Project Cost Estimate

### Chapter 3 – Implementation Plan

### Chapter 4 – Financing and Revenue

### Chapter 5 – Project Cash Flow

### Chapter 6 – Risk Identification and Other Factors

## Timeline and Milestones



## Background

# Requirements

- **Initial Financial Plan (IFP)**
  - Submitted by KYTC and INDOT to FHWA in September 2007
  - Approved by FHWA in January 2008
- **KYTC and INDOT technically required to perform updates; however, Kentucky budget requires KPTIA and Authority involvement**
- **KY budget of June 2010 lays out financial plan requirement**
  - KPTIA, in conjunction with the Authority, shall update the initial financial plan (“IFP Update”) for the project
  - IFP Update must be submitted to FHWA by 12/31/10
  - Failure to meet deadline stops KYTC funding for the project

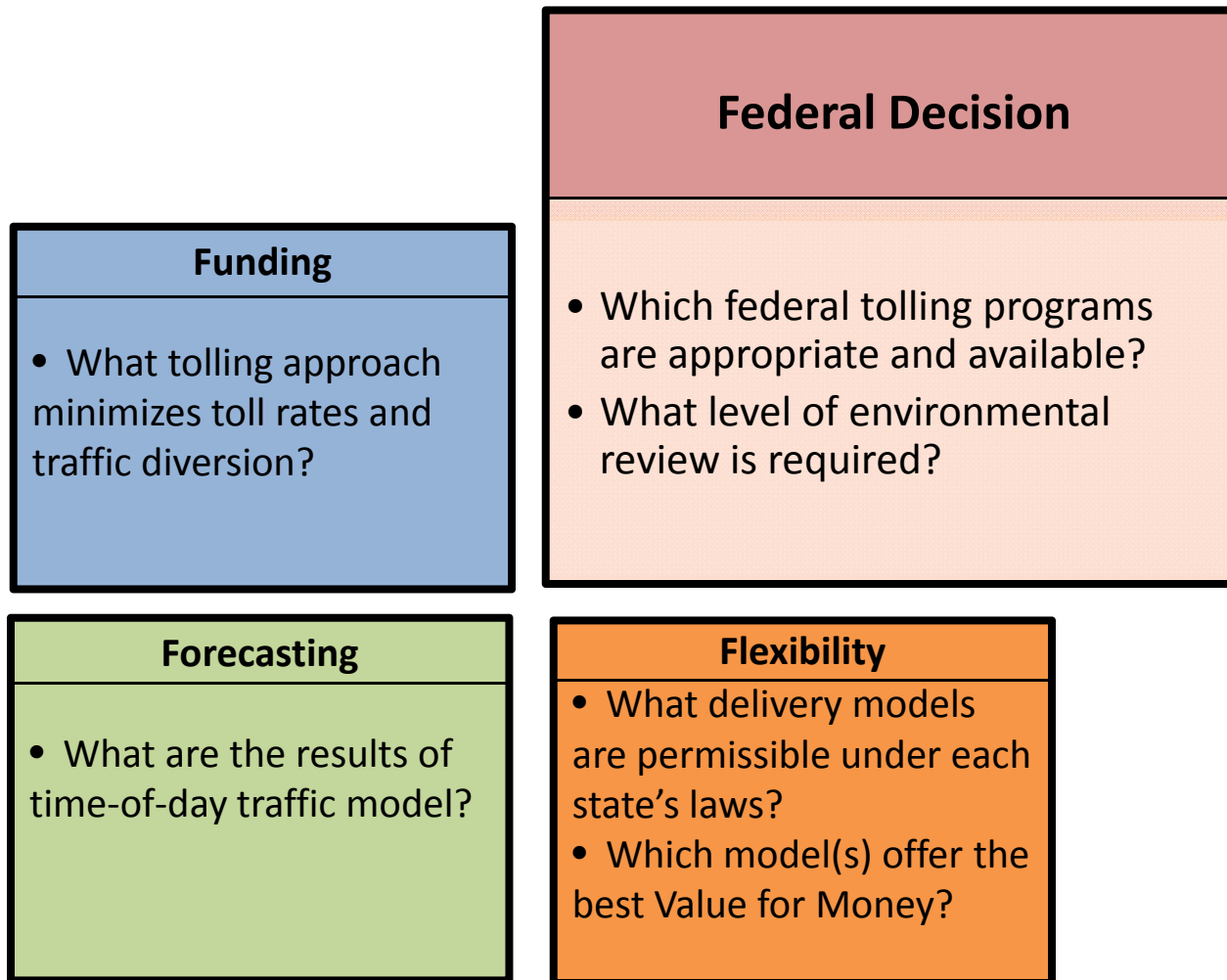
# Background

- Update started with the approved IFP from 2008
- Financial Demonstration for KIPDA's long-range transportation plan update (July 2010) provided an interim view of financial plan
  - Key change from the original IFP is that traditional public funds are no longer expected to fully fund the project
  - Identified need for additional funding sources, including potential toll revenues
- IFP Update builds on both documents
- An important milestone in developing a plan that meets project objectives

# Background (cont'd)

- **Based on best case that can be presented using information available today:**
  - Latest construction and O&M cost estimates (GEC, KYTC, INDOT)
  - Current project schedule (GEC, KYTC, INDOT)
  - Updated estimates of state and federal contributions (KYTC, INDOT)
- **Project delivery approach assumes traditional public delivery model**
  - Design-bid-build
  - Can be done under existing legislative authority in both states
  - Mix of state and federal funding and toll revenues
- **Update includes discussion of possible enhancements**
  - Alternative delivery models, tolling scenarios and funding sources

# Keys to Financial Implementation





## Initial Financial Plan Update Review

# Current Project Schedule

- Project schedule assumes traditional design/bid/build contracting

Project Section	Current Activities	Approximate Status <sup>(1)</sup>	Estimated Construction Start Date (SFY)	Estimated Open to Traffic Date (SFY)
Section 1 – Kennedy Interchange	Design phase ROW phase	50% complete 5% complete	2014	2022
Section 2 – I-65 Kennedy Bridge	Design phase	20% complete	2016	2020
Section 3 – Downtown Indiana Approach	Design phase ROW phase	5% complete 0% complete	2016	2020
Section 4 – East End Kentucky Approach	Design phase ROW phase	50% complete 50% complete	2013	2017
Section 5 – East End Bridge	Design phase	30% complete	2013	2017
Section 6 – East End Indiana Approach	Design phase ROW phase	35% complete 60% complete	2013	2017
Other costs <sup>(2)</sup>	Ongoing			

(1) Provided by KYTC and INDOT

(2) Other costs include project-wide enhancements, costs associated with historic mitigation requirements and a limited portion of program management costs.

# Current Cost Estimate

- Current cost estimates developed by the Bi-State Management Team in conjunction with the GEC and FHWA

Project Segment	Construction and Contingency	Other Costs (Design, ROW, etc.)	Total Cost (\$MM) <sup>(2)</sup>
Section 1 – Kennedy Interchange	\$1,294.7	\$235.3	\$1,530.0
Section 2 – Downtown River Bridge	\$482.2	\$27.9	\$510.1
Section 3 – Downtown IN Approach	\$324.5	\$68.3	\$392.7
Section 4 – KY East End Approach	\$783.7	\$101.4	\$885.2
Section 5 – East End River Bridge	\$384.0	\$22.2	\$406.2
Section 6 – IN East End Approach	\$194.1	\$40.7	\$234.8
Other Costs <sup>(1)</sup>	\$0.0	\$124.2	\$124.2
<b>TOTAL</b>	<b>\$3,463.2</b>	<b>\$620.0</b>	<b>\$4,083.2<sup>(3)</sup></b>

(1) Includes costs that are not section-specific, such as project-wide program management, archaeology, and enhancements.

(2) Current estimate as of 11/30/10. Amounts under final review.

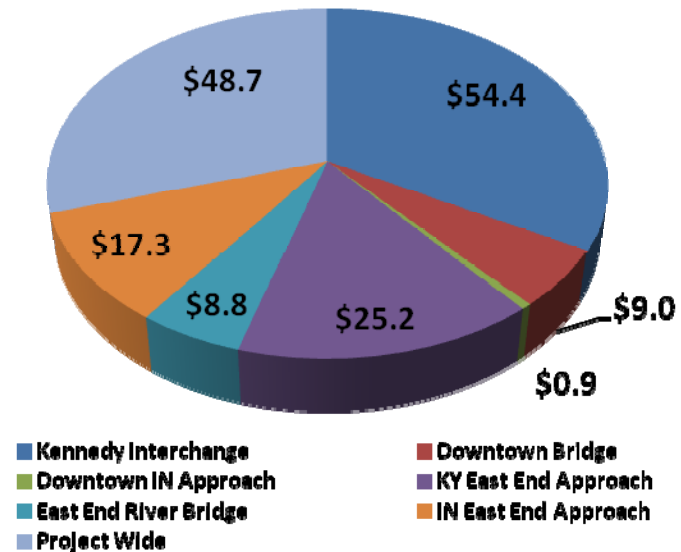
(3) Totals may not add due to rounding.

# Project Expenditures

- Approximately \$164 million has been expended on the Project through SFY 2010
- The Bi-State Management Team (BSMT) has ongoing responsibility for the management of Project costs and schedule

Total Expenditures to Date by State Fiscal Year (\$MM)			
SFY	KY	IN	Total
2004	1.0	0.6	1.6
2005	15.1	4.1	19.2
2006	29.3	7.2	36.6
2007	29.9	6.7	36.6
2008	17.7	4.4	22.2
2009	17.8	7.6	25.4
2010	17.2	5.5	22.7
<b>TOTAL</b>	<b>\$128.1</b>	<b>\$36.1</b>	<b>\$164.3</b>

Expenditures to Date  
In Year-of-Expenditure (\$MM)



# Project Delivery Options

- **IFP Update assumes traditional design/bid/build delivery approach with expected completion by end of SFY 2022**
- **Project size, complexity makes coordination of design and construction sequencing critical**
- **Alternative project delivery models could accelerate schedule and provide greater schedule certainty through:**
  - **Guaranteed completion dates**
  - **Single point of responsibility**
  - **Compressed procurement schedule**

# Tolling Scenarios to be Evaluated

- Tolling scenarios need to be evaluated using a comprehensive time of day traffic model, which is anticipated to be ready by the first quarter of 2011
- Higher revenue capacity could allow for lower toll rates

Scenario	I-65 Bridge	East End Bridge	I-64 Bridge	US 31 Bridge	Kennedy Interchange	Potential Diversion Impact	Potential Revenue Capacity
1	✓	✓				<ul style="list-style-type: none"> <li>• High</li> <li>• I-64, US 31, local routes</li> </ul>	<ul style="list-style-type: none"> <li>• Moderate</li> </ul>
2	✓	✓	✓			<ul style="list-style-type: none"> <li>• Medium</li> <li>• No diversion to I-64</li> </ul>	<ul style="list-style-type: none"> <li>• High</li> </ul>
3	✓	✓	✓	✓		<ul style="list-style-type: none"> <li>• Low</li> </ul>	<ul style="list-style-type: none"> <li>• High</li> </ul>
4	✓	✓			✓	<ul style="list-style-type: none"> <li>• Medium</li> <li>• Moderate diversion to I-64, local routes</li> </ul>	<ul style="list-style-type: none"> <li>• Medium-high</li> </ul>

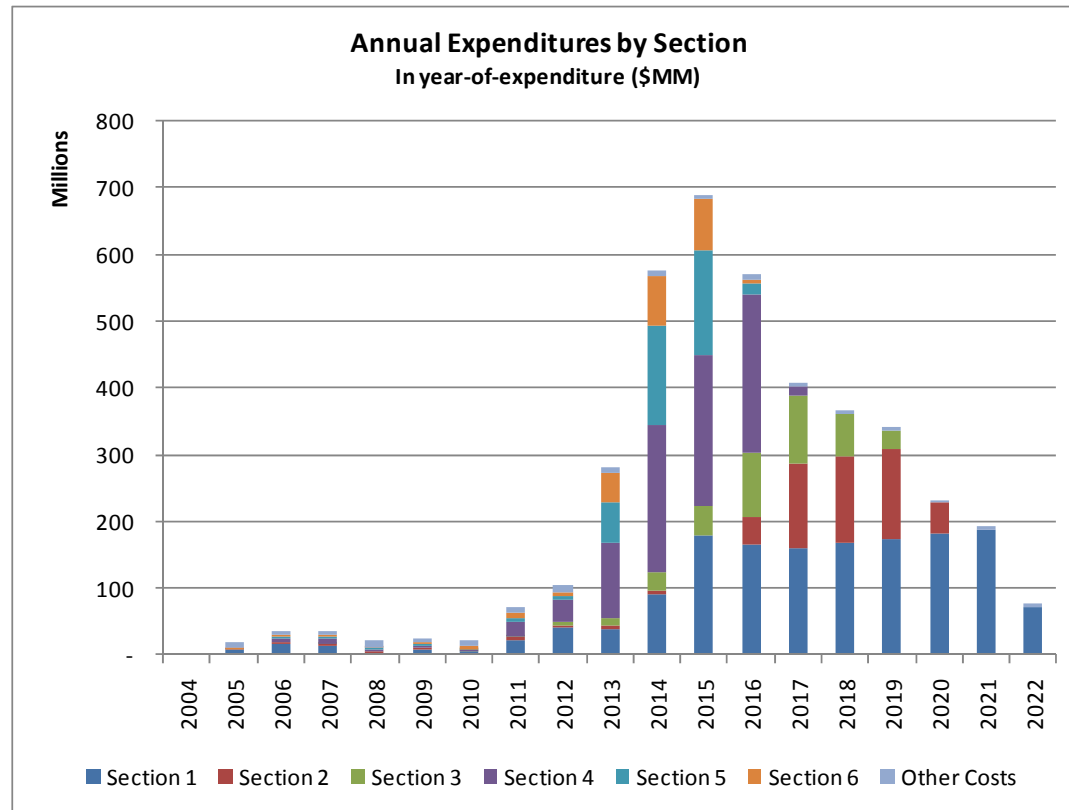
# Estimated Funding Availability

- Current estimates indicate up to \$1.9 billion of state and federal funding could be available, with the difference to be made up by toll revenue
- Initial studies indicate that toll revenues could be sufficient to bridge the gap between total costs and available state and federal funding

Funding Source		Expended	Committed (in Budget)	Scheduled and/or Anticipated	Total
Kentucky	Federal-aid Formula and State Transportation Funds, including GARVEE debt proceeds	\$ 75.6	\$ 350.2	\$ 500.0	\$ 925.8
	TEA-21 HPP (incl. state match)	21.6	-	-	21.6
	SAFETEA-LU HPP & Discretionary (incl. state match)	16.7	17.5	-	34.2
	Annual Federal Appropriation Earmarks	14.2	6.3	-	20.5
	Future Federal Discretionary Programs			317.0	317.0
	<b>Subtotal</b>	<b>128.1</b>	<b>374.0</b>	<b>817.0</b>	<b>1,319.1</b>
Indiana	Federal-aid Formula and State Transportation Funds	16.9	17.8	400.0	434.7
	TEA-21 HPP (incl. match)	9.1	4.3		13.4
	SAFETEA-LU HPP (incl. match)	6.5	15.9		22.4
	Annual Federal Appropriation Earmarks	3.6			3.6
	Future Federal Discretionary Programs			90.0	90.0
	<b>Subtotal</b>	<b>36.1</b>	<b>38.0</b>	<b>490.0</b>	<b>564.1</b>
<b>Subtotal - State and Federal</b>		<b>164.2</b>	<b>412.0</b>	<b>1,307.0</b>	<b>1,883.2</b>
<b>Project Revenues</b>	Toll-Based Funding			2,200.0	2,200.0
<b>Subtotal - Project Revenues</b>		<b>-</b>	<b>-</b>	<b>2,200.0</b>	<b>2,200.0</b>
<b>Total - All Sources</b>		<b>\$ 164.2</b>	<b>\$ 412.0</b>	<b>\$ 3,507.0</b>	<b>\$ 4,083.2</b>

# Projected Cash Flow

- Chapter 5 includes a year-by-year breakout of Sources and Uses of Funds
- Ability to finance against funding streams provides flexibility, i.e., project not dependent on pay-as-you-go funding



# Risk Identification and Other Factors

- Various risks can impact the ability to deliver Project on time and on budget
- Significant consideration has been given to identifying risks and potential mitigation measures
- Major risk categories:
  - Cost
  - Schedule
  - Financing
  - Long term operations and maintenance



## Timeline and Milestones

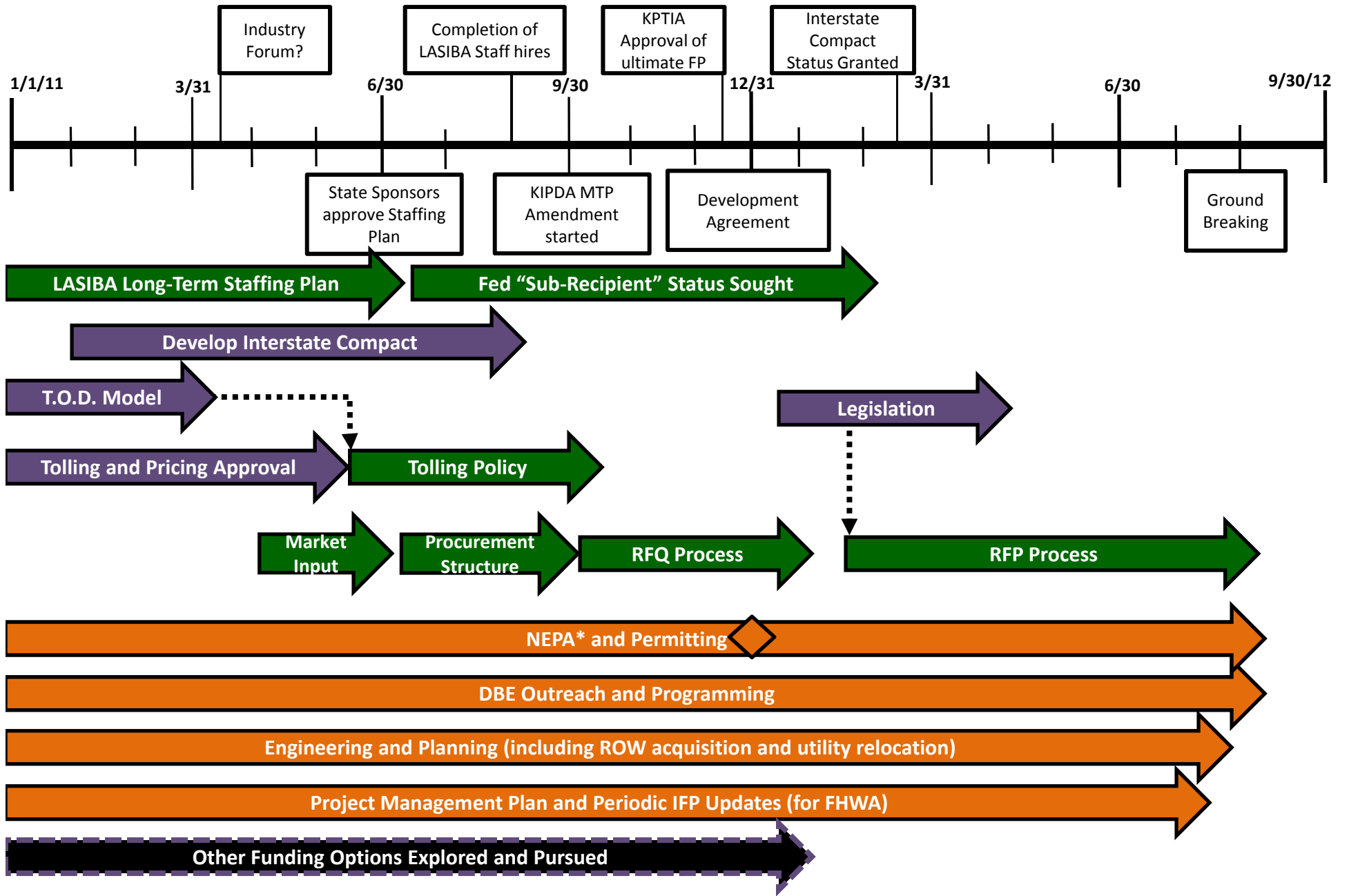
# IFP Update: Timeline and Milestones

<b>Upcoming Milestones</b>	<b>Date</b>
<b>Review draft with Finance Committee</b>	<b>12/2</b>
<b>FHWA Approval of MTP</b>	<b>Completed</b>
<b>Present draft to Authority</b>	<b>12/9</b>
<b>Present draft to KPTIA</b>	<b>12/10</b>
<b>First public input session</b>	<b>12/13</b>
<b>Consideration by LASIBA</b>	<b>12/16 (AM)</b>
<b>Consideration by KPTIA</b>	<b>12/16 (PM)</b>
<b>Submittal to FHWA by LASIBA and KPTIA, through KYTC and INDOT</b>	<b>12/17</b>



# Project Delivery Plan

December 9, 2010



\* Timeline pending consultation with FHWA



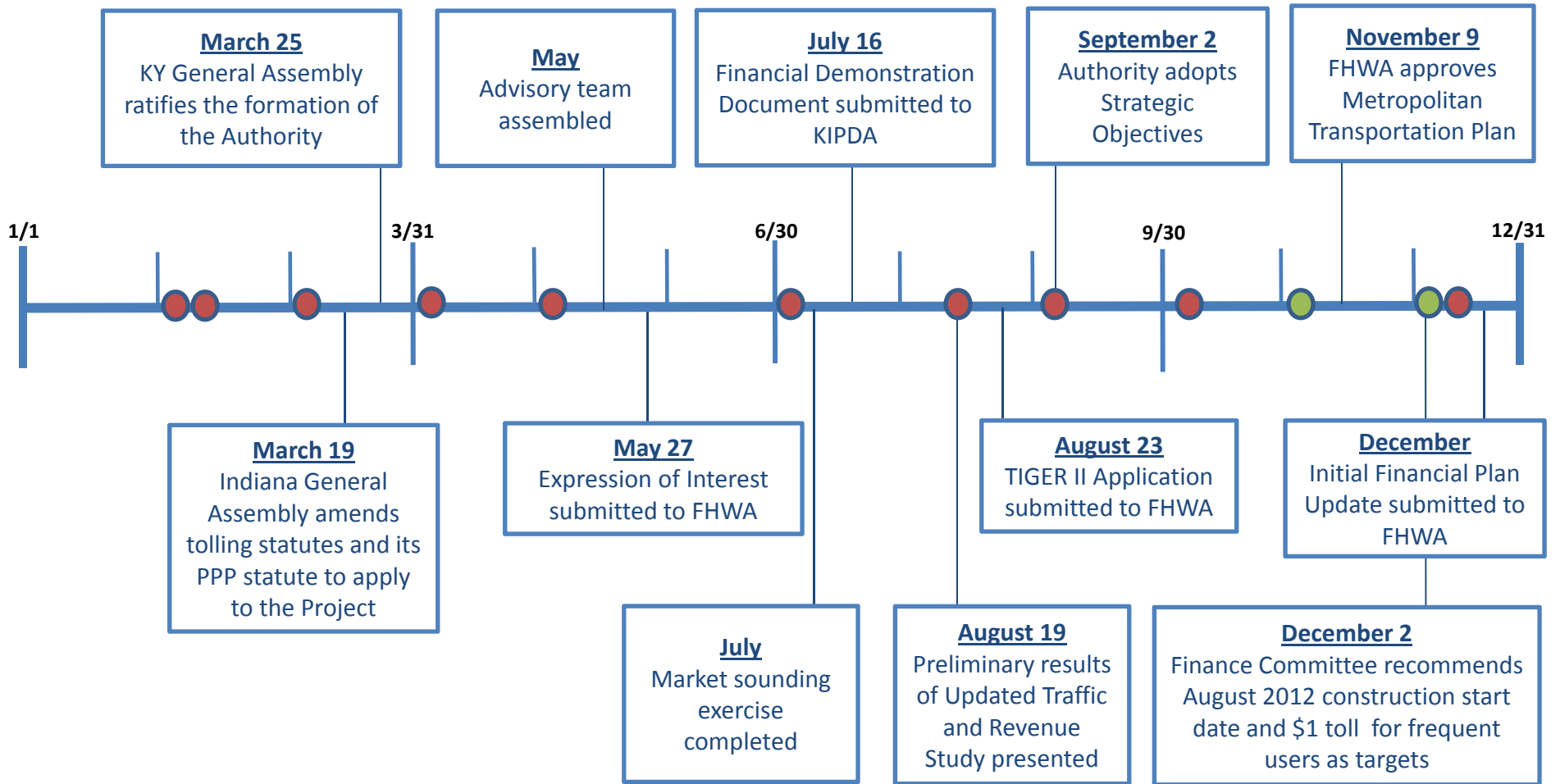
INTERAGENCY ADVISORY AND DELIBERATIVE PRELIMINARY DRAFT



## 2010 Milestones

December 9, 2010

# 2010 Milestones



- Authority Meeting
- Committee Meeting

