



# Interstate Bridge Replacement Program

## *Draft Conceptual Finance Plan*

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# Presentation Agenda

- ▶ Conceptual Finance Plan (CFP) Current Status
- ▶ Core Assumptions
- ▶ Understanding What the CFP is / is not
- ▶ Conceptual Cost Estimates
- ▶ Funding vs. Financing
- ▶ Funding Sources for other Major Projects
- ▶ Key Funding Options
- ▶ Preliminary Scenario Results and Funding Gap Range
- ▶ Next steps

# Conceptual Financial Plan Current Status

- The Interstate Bridge Replacement Program is preparing a Conceptual Finance Plan as directed by the Washington State 2019-2021 Transportation Budget (ESHB 1160)
- This Conceptual Finance Plan (CFP) will:
  - Identify and evaluate potential funding sources and financing mechanisms
  - Prepare conceptual cash flow analyses to determine the funding gap range
  - Establish next steps for identifying / securing funding
- On-schedule to meet the December 1, 2020 deadline

# Core Assumptions

- The conceptual capital cost ranges are based on estimates from the previous 2012 CRC design
- The toll funding range is based on prior analysis for the CRC project
- Current assumptions capitalize on existing work but do NOT assume the same outcomes for the IBR Program
- The IBR Program planning process will generate new or revised designs that will need to be factored into future financial planning (cost savings or increases)

# Understanding the CFP

- The CFP is a conceptual and preliminary examination of the updated cost estimates and potential funding options.

The CFP includes...	The CFP is not ...
conceptual analysis of potential funding	a prescriptive recommendation of funding options
updated and adapted cost estimates from 2012	a revised engineering analysis with detailed cost estimates
an initial review of funding gap range	a precise quantification of the funding gap

# Conceptual Cost Estimates

- Conceptual capital costs are adapted from the prior 2012 CRC estimates
  - All options include a replacement bridge and highway improvements
  - Low and high values considered for Bus Rapid Transit (BRT) and Light Rail Transit (LRT) options
- Based on scope assumptions that the IBR Program has not yet investigated or refined:
  - Bridge type, size and location
  - Transit mode and footprint
  - Adjacent interchange improvements
- As new ideas and alternatives are identified, the range of cost estimates will be refined

# Conceptual Cost Estimates

Scenario / Scope of Work	Updated Base Cost (2012 \$)	Risk Range Adjustments (2012 \$)	IBR Program Conceptual Cost (2012 \$)	IBR Program Conceptual Cost (2020 \$)	IBR Program Conceptual Cost (YOE \$)	Modal Shares of Total Costs
<b>Bridge + LRT Project   Low</b>	<b>+ \$2.71 B</b>	<b>– \$0.36 B</b>	<b>+ \$2.35 B</b>	<b>+ \$2.74 B</b>	<b>+ \$3.32 B</b>	
<i>Transit Project Share</i>	<i>+ \$0.63 B</i>	<i>– \$0.08 B</i>	<i>+ \$0.54 B</i>	<i>+ \$0.63 B</i>	<i>+ \$0.77 B</i>	<i>23%</i>
<i>Highway Project Share</i>	<i>+ \$2.08 B</i>	<i>– \$0.28 B</i>	<i>+ \$1.80 B</i>	<i>+ \$2.11 B</i>	<i>+ \$2.55 B</i>	<i>77%</i>
<b>Bridge + LRT Project   High</b>	<b>+ \$2.96 B</b>	<b>+ \$0.37 B</b>	<b>+ \$3.33 B</b>	<b>+ \$3.96 B</b>	<b>+ \$4.81 B</b>	
<i>Transit Project Share</i>	<i>+ \$0.80 B</i>	<i>+ \$0.10 B</i>	<i>+ \$0.90 B</i>	<i>+ \$1.07 B</i>	<i>+ \$1.30 B</i>	<i>27%</i>
<i>Highway Project Share</i>	<i>+ \$2.16 B</i>	<i>+ \$0.27 B</i>	<i>+ \$2.43 B</i>	<i>+ \$2.89 B</i>	<i>+ \$3.51 B</i>	<i>73%</i>
<b>Bridge + BRT Project   Low</b>	<b>+ \$2.59 B</b>	<b>– \$0.35 B</b>	<b>+ \$2.24 B</b>	<b>+ \$2.62 B</b>	<b>+ \$3.17 B</b>	
<i>Transit Project Share</i>	<i>+ \$0.52 B</i>	<i>– \$0.70 B</i>	<i>+ \$0.45 B</i>	<i>+ \$0.53 B</i>	<i>+ \$0.64 B</i>	<i>20%</i>
<i>Highway Project Share</i>	<i>+ \$2.07 B</i>	<i>– \$0.28 B</i>	<i>+ \$1.79 B</i>	<i>+ \$2.09 B</i>	<i>+ \$2.53 B</i>	<i>80%</i>
<b>Bridge + BRT Project   High</b>	<b>+ \$2.67 B</b>	<b>+ \$0.33 B</b>	<b>+ \$3.00 B</b>	<b>+ \$3.51 B</b>	<b>+ \$4.25 B</b>	
<i>Transit Project Share</i>	<i>+ \$0.64 B</i>	<i>+ \$0.08 B</i>	<i>+ \$0.72 B</i>	<i>+ \$0.84 B</i>	<i>+ \$1.01 B</i>	<i>24%</i>
<i>Highway Project Share</i>	<i>+ \$2.03 B</i>	<i>+ \$0.25 B</i>	<i>+ \$2.29 B</i>	<i>+ \$2.67 B</i>	<i>+ \$3.24 B</i>	<i>76%</i>

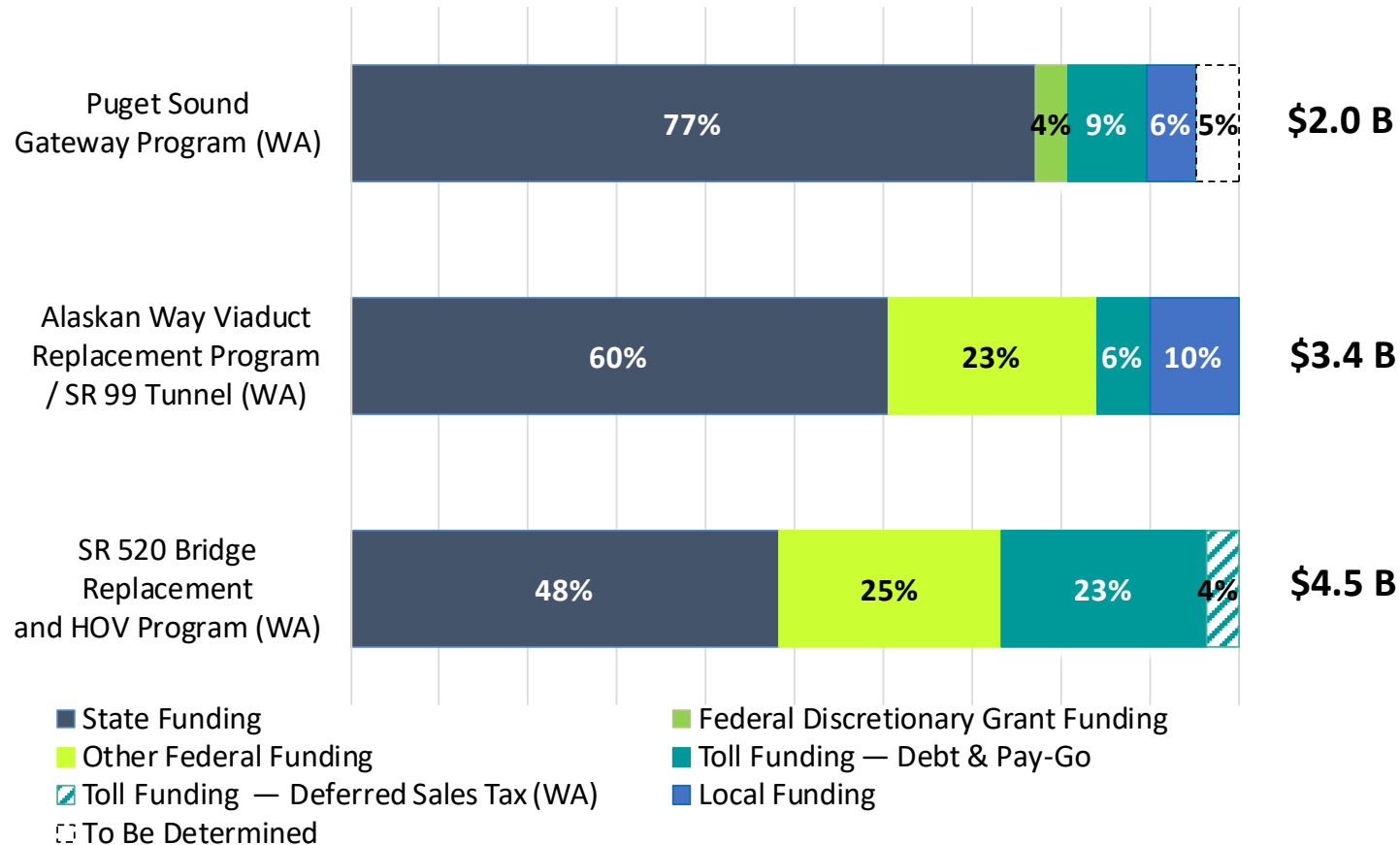
Conceptual cost estimates reflect prior planning and design efforts. Cost estimates will be updated when new IBR Program alternatives are developed.

# Distinction between Funding vs. Financing

- **Funding** is money that can be used to pay for capital investments as needed
- **Financing** is a tool to facilitate borrowing against *future revenues* to convert them into funding earlier in time when needed.
  - Borrowed funds must be *repaid with interest* in the future.



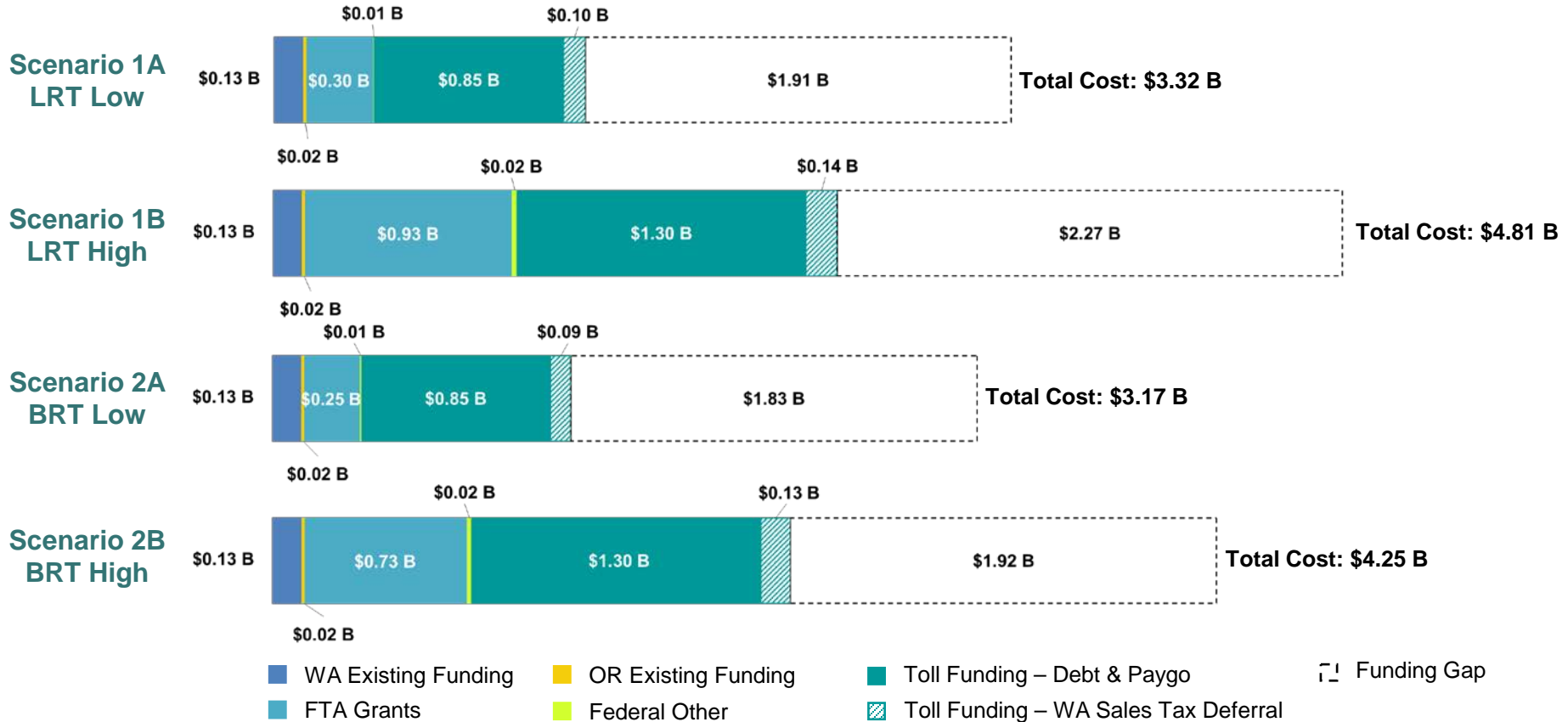
# Funding Sources for other Major Projects



# Key Potential Funding Options

Funding Source	Included at this early stage	Funding Range		Likelihood of funding
		Low	High	
Existing WA State Funding – Mill Plain I/C	Yes	\$97 M		High
Existing WA State Funding for IBR	Yes	\$35 M		High
Existing OR State Funding for IBR	Yes	\$15 M		High
FTA CIG Grant	Yes	\$250 M	\$930 M	Medium
USDOT BUILD	Yes	\$5 M	\$20 M	Medium
Toll funding – debt	Yes	\$850 M	\$1,300 M	High
Toll funding – WA state sales tax deferral	Yes	\$92 M	\$141 M	Medium
Toll funding – pre-completion tolling	No	\$250 M	\$300 M	Not rated
Miscellaneous Regional/Local Funding	No	\$1 M	\$30 M	Medium
Potential Future INVEST in America Act Programs (e.g. Projects of Nat'l. & Reg'l. Significance)	No	\$5 M	\$100 M	Low/Medium
FHWA INFRA Grant or successor program	No	\$0 M	\$135 M	Medium
Potential future state funding package in OR & WA	No	TBD	TBD	Not rated

# Review of Preliminary Scenarios and Funding Gap



# Review of Preliminary Scenarios and Funding Gap

Scenario	Transit Mode	Cost Assumptions		Funding Assumptions				Funding Subtotal	Funding Gap (YOE\$)
		High/Low	Cost (YOE\$)	High/Low	FTA Grants	Toll Bond Proceeds	Other Funding		
1A	LRT	Low	\$3.32 B	Low (More Conservative)	\$0.30 B	\$0.85 B	\$0.25 B	\$1.40 M	\$1.91 B
1B		High	\$4.81 B	High (More Optimistic)	\$0.93 B	\$1.30 B	\$0.31 B	\$2.54 M	\$2.27 B
2A	BRT	Low	\$3.17 B	Low (More Conservative)	\$0.25 B	\$0.85 B	\$0.24 B	\$1.34 M	\$1.83 B
2B		High	\$4.25 B	High (More Optimistic)	\$0.73 B	\$1.30 B	\$0.30 B	\$2.33 B	\$1.92 B

► **Initial Estimated Funding Gap** is \$1.8 to \$2.3 billion (YOE\$)

# Next Steps

- Finalize the Conceptual Finance Plan document by December 1, 2020
- Coordinate with program partners to further develop the IBR Program scope and refine the finance plan
- Consider the near-term funding gap range in developing future biennium budgets
  - Funding needs in the next two biennia include program development, acquisition of ROW, and start of construction

<b>Biennium</b>	<b>Estimated Funding Gap <i>Low Range</i></b>	<b>Estimated Funding Gap <i>High Range</i></b>
2021-23	\$12 M	\$45 M
2023-25	\$173 M	\$338 M



# Questions and feedback

- Does this approach seem feasible?
- Are there any concerns with the approach that we should address?