

## **Meeting Presentation**

### **I-10 and I-15 Joint Sub-Committee**

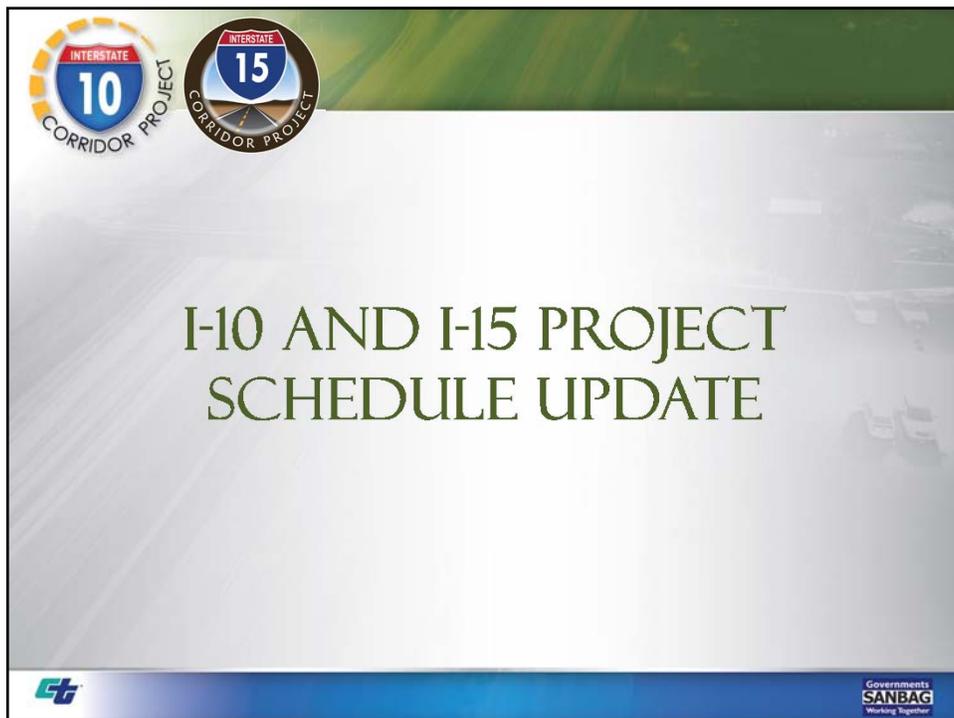
June 9, 2016

10:15 AM

(Immediately Following Metro Valley Study Session)

Location: San Bernardino Associated Governments  
1170 W. 3<sup>rd</sup> Street, 1<sup>st</sup> Floor Lobby  
San Bernardino, CA 92410

*The meeting presentation is attached.*





## I-10 Corridor Project Update

- I-10 Contract 1 TIFIA Letter of Interest (LOI) – Submitted March 2016
- Investment Grade Traffic and Revenue (T&R) results – Completed March 2016
- Initial financial plan – Submitted April 2016
- I-10 Corridor Project Draft Environmental Document – Circulated April 2016
- Procure Legal Advisor (July 2016) and Project/Construction Management Team (Dec 2016)



## I-10 Contract 1 TIFIA Schedule

2016 March	Submit Letter of Interest (LOI)
April	Rating Agency Coordination
May	
June	Submit Ratings/Updated Financials/\$100k
July	Creditworthiness (TIFIA Oral Presentation) and Credit Council #1
August	
September	Invitation to Submit Application
October	Submit Application
November	Application Approval
December	Finalize Loan Terms
2017	Finalize Loan Terms
2018	Execute TIFIA Agreement





## Overall I-10 Contract 1 Schedule

2016 2Q	Circulate DED and Compile Public Comments
3Q	
4Q	Award Project/Construction Mgmt Contract
2017 1Q	
2Q	Record of Decision (ROD)
3Q	
4Q	
2018 1Q	Execute Design/Build Agreement, TIFIA Credit Agreement, and Close Toll Revenue Bonds (Financial Close)
2019 1Q	Start Construction
2022	Express Lanes Operational



## I-10 DRAFT ENVIRONMENTAL DOCUMENT CIRCULATION





## I-10 Express Lanes Contract 1 Financial Analysis Update

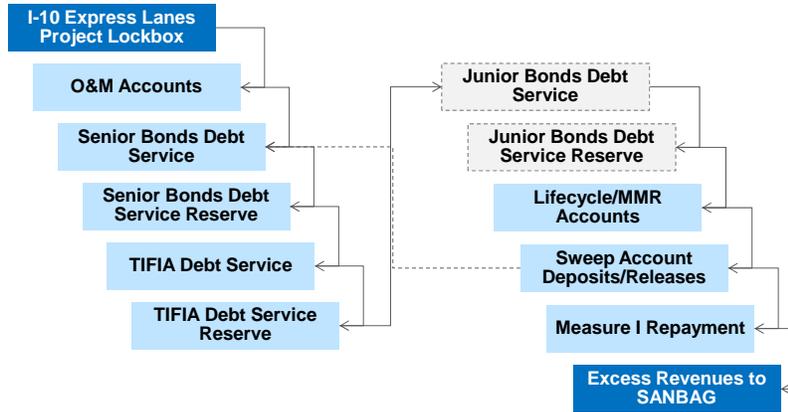
San Bernardino Associated Governments  
June 9, 2016

### Financial Plan Status Update

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- Key principles:
  - Maximize use of toll-backed debt (TIFIA / toll revenue bonds)
  - Minimize use of local funding (Measure I)
  
- Revised key inputs:
  - Capital cost estimates
  - Operations and maintenance (O&M) and lifecycle cost estimates
  - Level III / investment-grade traffic and revenue (T&R) forecasts
  
- Range of financial scenarios have been developed
  
- Financial plan submitted to Fitch Ratings; requesting Indicative Ratings Letter

## Flow of Funds – Net Pledge Structure



  Accounts reserved for possible future financing

## Construction Sources & Uses (Current as of 06/02/2016)

Project Sources & Uses (amounts in 000s)	Scenario 3 (No Backstop) <sup>1</sup>	Scenario 5 (Backstop) <sup>2</sup>
<b>Sources</b>		
TIFIA Loan Proceeds	205,000	209,000
Toll Revenue Bonds – Tax Exempt CIBs	--	60,000
Toll Revenue Bonds – Tax Exempt CABs	36,000	--
Measure I Contribution	36,000	36,000
Measure I Investment during Construction	73,000	55,000
Federal Funds (CMAQ and STP) <sup>1</sup>	279,000	280,000
<b>Total Sources</b>	<b>\$629,000</b>	<b>\$640,000</b>
<b>Uses</b>		
Pre-development/Design/Construction Costs	618,000	618,000
Financial Closing and Issuance Costs	4,000	4,000
Capitalized Interest – Tax Exempt CIBs	--	13,000
Project Reserves <sup>2</sup>	7,000	5,000
<b>Total Uses</b>	<b>\$629,000</b>	<b>\$640,000</b>
<i>Funding Surplus (Deficit)</i>	--	--

Note: these results are based on an anticipated revenue adjustment to achieve an investment-grade rating; any difference in the actual adjustment applied by rating agencies will require additional analysis and may result in different funding amounts.

<sup>1</sup> CMAQ and STP funding as provided by SANBAG on 3/1/2016

<sup>2</sup> Includes O&M reserve and DSRAs

<sup>3</sup> Assumes additional operating subsidy of \$9m from Measure I proceeds; amount not included in S&U totals

<sup>4</sup> Assumes additional O&M backstop of up to \$30m from Measure I proceeds; amount not included in S&U totals

## Measure I Backstop

- Similar to a line of credit, drawn for O&M expenses when cash flows are insufficient to fund O&M, lifecycle and debt service obligations in any given period
- Limited to \$30M in draws during first 15 operating years
- Repayment would be made from excess net cash flows
- Key benefit is to minimize Measure I support

Measure I Support	Scenario 3 (No Backstop)	Scenario 5 (Backstop)
Contribution (not repaid)	\$36m	\$36m
Construction Investment	\$73m	\$55m
Operating Subsidy Investment*	\$9m	--
Operating Backstop Investment	--	\$0-30m
<b>Total Measure I Support</b>	<b>\$118m</b>	<b>\$91-121m</b>

\*This is akin to the Construction Investment, except the investment is planned during initial operating years to support expenses which are planned to exceed toll revenues which would still be ramping-up.

## Measure I Backstop

- Allows for additional toll backed debt / reduced Measure I
- Reduces overall cost of interest to the Project

Interest Expense (over life of debt)	Scenario 3 (No Backstop)	Scenario 5 (Backstop)
Toll Revenue Bonds (CABs)	\$112m	--
Toll Revenue Bonds (CIBs)	--	\$87m
TIFIA Loan	\$174m	\$176m
Measure I Investment	\$24m	\$16m*
<b>Total Interest Expense</b>	<b>\$310m</b>	<b>\$279m</b>

\* Does not include interest on potential draws from Measure I backstop; amount of interest would vary based on the timing of draws and principal repayment.

## Upcoming Financing Milestones

Milestone	Target Completion Date
Obtain indicative rating from Fitch	June 2016
Receive TIFIA invitation to enter creditworthiness stage	June 2016
TIFIA oral presentation and creditworthiness review	July-October 2016
Project approval by USDOT (following requisite Credit Council approvals)	November 2016

INTERSTATE 10 CORRIDOR PROJECT

INTERSTATE 15 CORRIDOR PROJECT

# TOLLING OPERATIONS – COORDINATION WITH TCA

CT

Governments  
**SANBAG**  
Working Together




## Electronic Toll Collection System

**Toll Lane Collection System**





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**Toll Back Office System and Customer Service Center Operations (BOS/CSC)**







## Stand-Alone or Shared Approach

BOS/CSC Approach	BOS/CSC Provider	Considerations
Standalone	SANBAG	<ul style="list-style-type: none"> <li>- High capital expense to open</li> <li>- Higher operational risk to SANBAG</li> <li>- More SANBAG oversight and management.</li> </ul>
Shared	Existing Regional Toll Agency	<ul style="list-style-type: none"> <li>- Cost effective</li> <li>- Leveraging an existing operation</li> <li>- Common in the toll industry</li> </ul>






## Shared Approach

### Transportation Corridor Agencies (TCA)

- Supports both Transponder (FasTrak) and License Plate (ExpressAccount)
- Regional Consistency
- Advertising for a new back office system and customer services provider
- Desire to partner with other regional toll agencies

Transponder



License Plate



## Recommendation

- SANBAG staff requests direction from SANBAG committee and Board to negotiate and develop an agreement for shared BOS/CSC services with TCA





## RCTC and Metro Coordination

- RCTC I-15 Corridor Project
  - Invited into TIFIA creditworthiness evaluation – Jan 2016
  - Received final environmental approval – May 2016
  - Pursuing “Indicative Rating Letter” – July 2016
  - Issue Final RFP for Civil and Tolling – Summer 2016
  - Open year target: mid-2020
  - Continuing coordination of “gap closure” and Concept of Operations development



## RCTC and Metro Coordination

- Metro Express Lanes
  - Draft Express Lanes Strategic Plan in review
  - I-10 from I-605 to County Line – “Tier One”
  - SCAG RTP update indicates Express Lanes by 2022



## PUBLIC COMMENT

