

I-11 and Intermountain West Corridor Study

Funding, Financing and Alternative Delivery

Focus Group

February 26, 2013

1:30 – 3:30 p.m. PST, 2:30 – 4:30 p.m. MST

The Arizona and Nevada departments of transportation are working together on the two-year Interstate 11 (I-11) and Intermountain West Corridor Study (Corridor) that includes detailed corridor planning of a possible high priority Interstate link between Phoenix and Las Vegas (the I-11 portion), and high-level visioning for potentially extending the Corridor north to Canada and south to Mexico. Congress recognized the importance of the portion of the Corridor between Phoenix and Las Vegas and designated it as future I-11 in the recent transportation authorization bill, Moving Ahead for Progress in the 21st Century Act (MAP-21).

As part of the study, interested public agencies, non-profit organizations and private interests groups are invited to participate in a Stakeholder Partners group that will be asked to provide data and other input, and to share their opinions and ideas on decision points throughout the process. As part of this effort, Stakeholder Partners could participate in a series of topical focus groups. On February 26, 2013, the Funding, Financing and Alternative Delivery Focus Group was held. Meetings were conducted simultaneously in three locations: Las Vegas, Nevada; Carson City, Nevada; and Surprise, Arizona. Additionally, individuals could call-in and log-on to participate in a live webinar. A total of 34 participants signed in. The following report summarizes the results of this focus group.

The comments presented in this report represent input from Stakeholder Partners that participated and will be reviewed and considered by the study team.



Photo 1: A view of webinar participants' experience participating in the focus group

The purpose of these focus groups was to provide an opportunity to validate and add to the information that has already been gathered by the study team in order to complete the first half of the study and development of the Corridor Justification Report. Participants were provided access to copies of the PowerPoint presentation prior to the focus group meeting.



The meeting was initiated by a detailed PowerPoint presentation viewed at all locations and online. Project team member Bardia Nezhati provided a brief review of the project, vision concepts and work plan and schedule. Fellow project team member Derek Morse continued, providing a thorough background on transportation funding, financing and alternative delivery opportunities and challenges for the Corridor. Case study briefs of US 93 and the Boulder City By-Pass were provided by John McNamara and Roger Patton, respectfully. Mr. Morse closed the technical portion of the presentation with a review of the study's Business Case, funding and financing timeline and process. Audra Koester Thomas, project team member, concluded the presentation, highlighting some of the feedback already received relative to funding, financing and alternative delivery and introduced the focus group discussion questions.

At the completion of the PowerPoint presentation, breakout session discussions were facilitated. Facilitators asked participants at each location to provide feedback on the following:

- What are your preliminary ideas about how various sections of this Corridor might be funded, financed or delivered? Which particular strategies would your organization or constituents be most inclined to support?
- What do you see as the relative role that federal, state and local funding will play/should play in implementing the Corridor?
- What role would you like to see the private sector take in the development of the Corridor?
- Do you think accelerating the Corridor using non-traditional methods of funding, financing and delivery would be beneficial?
- What are other potential non-traditional opportunities for revenue generation within the Corridor?
- Is there anything else that we should consider in this Corridor planning effort, and are there key groups/individuals missing from this dialogue?

The following identifies some of key points derived from the focus group discussion; full reports summarizing the discussion in each location are included in this report.

- Economic recovery and a champion is needed to fund this Corridor's development
- Find additional uses for the highway to increase traffic and revenues (such as a truck plaza, amenities, etc.)
- A cost-benefit analysis of individual 10-mile segments will never prove viable and thus never gain the local support needed. The benefits of the entire Corridor must be compared to the costs, and specific benefits need to be identified for each community along the Corridor
- Use multiple funding/financing options; indexing fuel taxes is the first place to start
- Need to increase the "pie", not just to slice it differently – new options are required
- Any opportunities to accelerate project delivery should occur; it save money in the long-run and allow revenue generation more quickly



Carson City, Nevada Meeting Summary Report

NDOT
Director's Conference Room
1263 S. Stewart St.
Carson City, NV

Meeting Feedback

Following a brief PowerPoint presentation, Derek Morse facilitated participants in a dialogue regarding funding, financing and alternative delivery opportunities related to the I-11 Corridor. The following feedback was provided by participants as part of that discussion.

What are your preliminary ideas about how various sections of this Corridor might be funded, financed or delivered? Which particular strategies would your organization or constituents be most inclined to support?

- Exactions from development adjacent to corridor
- Road impact fees and other "fair share" funding mechanisms should be used and studied
- Contributions from local government (cities/counties/regional entities)
- Truck toll lanes
- National infrastructure bank
- Consider reduction in right of way costs by repealing PISTOL in Nevada
- Use existing tools for right of way preservation
- Expand tools for right of way preservation
- Be mindful that I-11 is competing with other state/federal projects; resources are limited
- Look at design standards to lower costs; consider having rural portions of I-11 as an alternative "super 2" instead of as "Interstate"
- Tariffs on extraction industry
- Index gas tax
- Most local governments should want this project, thus state and federal entities should assist local governments in exploring funding mechanisms
- Look at localized, large-scale developments to shoulder some of the cost. The Corridor could potentially open up a wide spectrum of development opportunities, including restarting developments slowed during the economic downturn
- City and local entities should be consulted with early in the study to help with alignment considerations; ensure local governments understand how to protect potential right of way and how to dedicate right of way for future Corridor use
- Create better methods of obtaining right of way; correct right of way acquisition methods that are currently flawed

What do you see as the relative role that federal, state and local funding will play/should play in implementing the Corridor?

- Significant local funding; federal and state sources are oversubscribed and the future outlook is not encouraging. These constraints will require "buy in" from agencies and stakeholders regarding the potential positive outcomes created by a new Corridor
- Who wants to contribute may be driven by who wants control



- Potential for federal contributions from non-departments of transportation sources (such as Department of Defense, Bureau of Land Management, Department of Agriculture and its Forest Service and other agencies, and Department of Homeland Security)
- Explore how other state and federal agencies could benefit from the Corridor and try and parley this into funding, right of way acquisition, outreach, etc.
- Urban sections of the Corridor should be funded by local governments due to large volumes of commuter/local traffic; rural sections of the Corridor should be funded by state/federal governments due to the potential for interstate commerce (i.e. high percentage of trucks)
- There are significant long-term operation and maintenance costs that traditionally fall to the agency that owns the infrastructure. Is this how it should be for I-11?
- Review the Corridor's asset and the potential burden created when it's built; look at how each agency can contribute to the maintenance of such an asset. Who will be burdened with oversight if a number of funding mechanisms are employed?

What role would you like to see the private sector take in the development of the Corridor?

- The private sector has a significant role; there are probably things that the private sector would be interested in doing if given the chance that we can't currently imagine. We need to cultivate these opportunities
- Private entities can take a larger role than just with the roadway corridor; opportunities exist for private sector involvement in utilities, power transmission and generation, freight/passenger rail, etc.
- Electric personal transit within corridor
- Have the private sector build the rail (freight and/or passenger) for concession rights to operate by have the public entity retain ownership of infrastructure (similar to an airport model)
- Consider having the private sector manage operations and maintenance for all or portions of the Corridor
- Consider concession(s) by private sector and Design, Build, Finance, Operate and Maintain (DBFOM) for a percentage of gross receipts of businesses served by Corridor
- Better understand how the private sector can benefit from such a corridor. Determine how private entities will generate revenue. This will allow for the private sector to push the regulatory agencies to help alleviate "roadblocks" created by dated or obstructing regulations and/or laws
- Innovation from the private sector will help determine the success of the Corridor. The private sector will help determine the uses within the Corridor and it will rely on the regulatory agencies to make adjustments in the regulations ensuring the Corridor is successful

Do you think accelerating the Corridor using non-traditional methods of funding, financing and delivery would be beneficial?

- Yes: we need to capture the trade streams from Mexico/Canada/Asia before others do
- Yes: right of way costs would probably be significantly lower
- No: what if we build it and they do not come?
- No: water constraints may not allow development to occur that would justify investment
- Yes: the Corridor is essential for disaster response and homeland security
- Yes: California is already in gridlock and additional capacity is needed now or trade streams will be captured by others
- Maybe: it would depend on the potential "use" as dictated by the movement of goods. The measurement of goods moved and the potential benefits of a "new" movement created by the Corridor will determine if an accelerated pace is beneficial



- Maybe: accelerating the Corridor will also be dictated by competition of other potential routes or corridors. If this Corridor is important to all the states involved because of the created “benefits”, then acceleration becomes important

What are other potential non-traditional opportunities for revenue generation within the Corridor?

- Utilize bill boards/advertising
- I-11 would increase the amount of recreational opportunities available to visitors (particularly from California) within a reasonable travel time. Levy fees on tourists accessing the areas now made available with I-11
- Build a highway with high design speeds; charge folks for driving on a roadway with no speed limits
- Consider tariffs on the goods actually being moved within the newly recreated Corridor. If demand for a new Corridor is high enough then the producer/user of the goods will be willing to pay an added cost
- Consider tolling of lanes both for truck and passenger users
- Consider trucking taxes for the benefits of moving goods more quickly

Is there anything else that we should consider in this Corridor planning effort, and are there key groups/individuals missing from this dialogue?

- If one of the primary justifications of the Corridor is trade, you need to involve federal/state/local agencies with mission to encourage/support economic development; the Department of Commerce, Small Business Administration, development authorities, etc. are good examples of entities to engage
- We should compare the cost/time of building I-11 to the cost/time of building an equivalent system in California; it may become self evident that I-11 offers a significant comparative advantage
- Retirees are strongly drawn to Nevada and Arizona and I-11 could improve their quality of life, mobility, safety, etc. Get AARP involved



Las Vegas, Nevada Meeting Summary Report

RTC Southern Nevada
Room 127
600 S. Grand Central Pkwy.
Las Vegas, NV

Meeting Feedback

Following a brief PowerPoint presentation, Dan Andersen facilitated participants in a dialogue regarding funding, financing and alternative delivery opportunities related to the I-11 Corridor. The following feedback was provided by participants as part of that discussion.

The following provides a summary of discussion regarding the Boulder City By-Pass (BCB) that followed the presentation:

- *It is unlikely that any federal funding will be available for the BCB. 25% of the funding could come from tolling, so the remaining 75% will need to come from local or state funding. Fuel tax indexing would provide needed funds, if the legislature will authorize it.*
- *The tolling revenues were based on currently adopted traffic projections, and did not account for any increase in traffic as a result of a completed I-11 corridor. Should I-11 be developed, induced growth would likely increase the traffic volumes and tolling revenues.*
- *Private industry is not willing to take a risk, and has not come forward with any innovative concepts for the BCB.*
- *Forcing trucks to use the BCB would generate very little additional revenue and would not be worth the political backlash.*
- *The RTC conducted a complete streets study on Nevada Way through the old downtown that was embraced by the city. Extending that concept on all of US 93 through Boulder City will help the city to achieve the hometown feel they desire, and have the added benefit of slowing traffic, and increasing the time differential between US 93 and the BCB.*

What are your preliminary ideas about how various sections of this Corridor might be funded, financed or delivered? Which particular strategies would your organization or constituents be most inclined to support?

Most of the local residents and elected officials are supportive of BCB, but coming up with the funding in this economy is difficult. Funding for I-11 would likely face the same challenges

What do you see as the relative role that federal, state and local funding will play/should play in implementing the Corridor?

- We need an elected official to champion cost indexing or raising taxes to fund infrastructure
- The Clark County Beltway was constructed entirely with local money from two separate tax initiatives, but that was during the “boom” years. The fiscal environment is different today. We need economic recovery and a champion to fund Corridor development
- Public private partnerships are more politically acceptable for greenfield projects, not expansions of existing corridors

What role would you like to see the private sector take in the development of the Corridor?

- A Korean concessionaire proposed an innovative project in conjunction with the BCB. He wanted to build a Korean Garden using reuse water from Boulder City, and create an attraction that



would draw people and generate additional traffic, and thus toll revenue, for BCB. He has yet to follow-up, but the general concept makes sense: find additional uses for the highway to increase traffic and revenues (such as a truck plaza, amenities, etc.)

- Solar generation within the corridor is another concept, but it does not need to be developed within the highway right of way. Federal land anywhere could be leased with the revenues earmarked for the highway corridor
- The Howard Hughes Corporation donated eight miles of corridor land and excavated it for the Clark County Beltway in exchange for access to the Summerlin development. It proved to be a win-win for both the County and developer

Is there anything else that we should consider in this Corridor planning effort, and are there key groups/individuals missing from this dialogue?

- Getting I-11 around population centers, such as Kingman and Boulder City, will be challenging
- We need to demonstrate the economic development benefits that will come from developing this Corridor
- A cost-benefit analysis of individual 10-mile segments will never prove viable and thus never gain the local support needed. The benefits of the entire Corridor must be compared to the costs, and specific benefits need to be identified for each community along the Corridor



Surprise, Arizona Meeting Summary Report

Communiversity
Room 1004
15950 N. Civic Center Plaza
Surprise, AZ

Meeting Feedback

Following a brief PowerPoint presentation, John McNamara facilitated participants in a dialogue regarding funding, financing and alternative delivery opportunities related to the I-11 Corridor. The following feedback was provided by participants as part of that discussion.

What are your preliminary ideas about how various sections of this Corridor might be funded, financed or delivered? Which particular strategies would your organization or constituents be most inclined to support?

- There's potential for an additional funding proposition/sales tax on top of existing mechanisms (e.g., Prop 400A) to pay for specific projects (e.g., I-11).
- Is there potential to broaden sales tax opportunities for services (e.g., landscaping, hair salons, etc.)? The comfort level is high for an increase in sales tax when people know what they are paying for; it also polls well
- Index fuel taxes (current fuel tax has not kept up with increased efficiency of vehicles) to—at minimum—keep up with maintenance costs
- How does I-11 fit within the broader transportation funding scenario in Arizona and Nevada? It's not on the front burner because it is so early in the planning phase, but we need to begin developing consensus early
- Private sector involvement will require some form of "payback"
- Must look at tolling as part of the mix (users become accustomed to paying toll; toll proceeds generally maintain facilities)
- Funding I-11 will be part of solving statewide transportation funding
- We fundamentally need to increase the transport funding "pie"

What do you see as the relative role that federal, state and local funding will play/should play in implementing the Corridor?

- Need to use multiple funding/financing options. Based on current suggested methods, bonding capacity at county level is missing. Consider regional dollars in Maricopa County (e.g., Prop "500") in Arizona, Washoe and Clark Counties in Nevada, etc.
- Tolling should be part of the mix. Rates should differ throughout Corridor based on demand and other factors. Private sector participation is important and a revenue stream (e.g., tolling) is required to pay off financing
 - Challenge to tolling is that a true conversation cannot occur with financiers until EIS/environmental clearance is complete
 - If the business case is there, financiers will come to the table eventually. Develop a mix of funding/financing options. If tolling becomes a possibility, allows ability to not rely on as many alternative financing options later



What role would you like to see the private sector take in the development of the Corridor?

- Donation of right of way. Between I-10 and Wickenburg, there are two private land owners who own nearly half the approximately 35-mile corridor and are willing to donate the right of way, free of cost to the state. Right of way counts toward a local funding match for federal funds. This opens up an opportunity for the state
- Help make the business case. Although there is pushback from the trucking industry on tolls, for example, can we show the benefits of using this Corridor (even with tolls), as opposed to using I-5 or other parallel corridors? This is an international trade corridor
- Have the business community come out in support of this project's funding strategies. This project needs champions!

Do you think accelerating the Corridor using non-traditional methods of funding, financing and delivery would be beneficial?

- Yes, accelerating construction results in lower ultimate costs and allows revenue generation to occur more quickly
- Use Derek Morse's list of alternative delivery methods; it was comprehensive

What are other potential non-traditional opportunities for revenue generation within the Corridor?

- See Derek Morse's menu; it was comprehensive
- Consider county bonds
- Consider reallocation of MAG Prop 400 (or a new Prop 500)
- As mentioned previously:
 - Right-of-way dedication
 - Shared usage (e.g., utilities, etc.)
 - Tolling
 - Funding from:
 - Cities and Towns
 - Counties
 - Regional agencies
 - State resources
 - Value capture

Is there anything else that we should consider in this Corridor planning effort, and are there key groups/individuals missing from this dialogue?

- What happens to funds within Prop 400 that are allocated and won't be spent?
- Need to get more people involved to begin gaining consensus for the vision. We understand this project is still at a conceptual planning stage, but many major players are not at the table (e.g., large cities and towns along the Corridor)
- Need to understand the Corridor in terms its role in the transportation system and its high-capacity transportation connections to neighboring communities. The city of Surprise is here to understand the connection of the proposed White Tanks Freeway to I-11; Surprise wants the connection to the Corridor, but are not currently located in the "swathe" of I-11
- Eventually, there needs to be involvement from transportation finance experts in preliminary discussions to garner an understanding of project
- Need to involve representatives of connecting cities (e.g., Buckeye)



Webinar Meeting Summary Report

Meeting conducted via Live Meeting and teleconference

Meeting Feedback

Following a brief PowerPoint presentation, Audra Koester Thomas solicited feedback online and via teleconference regarding funding, financing and alternative delivery opportunities related to the I-11 Corridor. The following feedback was provided by participants as part of that discussion.

What are your preliminary ideas about how various sections of this Corridor might be funded, financed or delivered? Which particular strategies would your organization or constituents be most inclined to support?

- The use of alternative financing with public private partnerships would be the most favored strategies and would help in the development of public support for the project(s)
- The ADOT Research Center is beginning a study co-championed by its P3 Initiatives office and MAG that will identify public attitudes toward managed lanes and toll roads, and pinpoint the conditions that would influence individuals to support public private partnerships funding. It will also help ADOT and MAG to develop messaging to aid future public private partnerships efforts
- Public private partnerships, design-build, construction management at risk (CMAR) seem like viable options, particularly since most of the previously mentioned alternate funding sources are either already being used or currently being explored in Nevada

What do you see as the relative role that federal, state and local funding will play/should play in implementing the Corridor?

- The role of public entities is vital, particularly in delivering the project in a more timely manner and, perhaps, in piquing private sector interest
- Analysis on who would benefit from the Corridor would be helpful in determining who should pay for it

What role would you like to see the private sector take in the development of the Corridor?

- At least a 50% share of the portion between Las Vegas and Phoenix should be a public private partnership; in rural areas the Corridor may depend on a public presence
- Private sector will play a significant role in the Corridor's development

Do you think accelerating the Corridor using non-traditional methods of funding, financing and delivery would be beneficial?

- Yes, very beneficial
- Yes, particularly if it can relieve pressure on local, state and federal budgets and deliver the project in a more timely manner than is possible through traditional financing
- The private sector should be allowed to have as large a role as it is willing to handle, but should also be required to assume risk. If there is little interest on the part of the private sector, it may suggest this Corridor is perceived to be of low priority/benefit



What are other potential non-traditional opportunities for revenue generation within the Corridor?

- To clarify on the casino comment: I didn't mean casinos up and down the highway. Rather, they may benefit from the traffic carried by I-11, and thus, could they be part of the financing mix
- Consider a defined area Corridor gas tax or sales tax
- Were truck-only toll lanes in the list of opportunities in the earlier presentation? Corporate sponsorships? Anything Las Vegas casinos can add to this mix (since casinos may benefit from the traffic carried by I-11, could they be part of the financing mix?)

Is there anything else that we should consider in this Corridor planning effort, and are there key groups/individuals missing from this dialogue?

I encourage the study team to consider the findings of the public private partnership research study conducted by ADOT's Research Center regarding public attitudes. We will be conducting public polling, focus groups, and interviews to identify what people really think. We may be surprised by what we learn



Post-Meeting Feedback

Feedback provided after the meeting via the follow-up questionnaire to Stakeholder Partners or by other means. Feedback is provided as it was submitted and neither edited nor grammatically corrected.

What are your preliminary ideas about how various sections of this Corridor might be funded, financed or delivered? Which particular strategies would your organization or constituents be most inclined to support?

- It seems to me that PPP/Tolling is the only viable opportunity for funding this corridor in the near-term. neither the states, nor the federal government, are in a position currently to fund a new interstate segment.
- Public/Private Partnering. Major research needs to be completed on future AADT to justify a return on a private partners investment.
- I'm not yet certain that true need has been established. Agencies should tread very carefully before giving high priority to this corridor, with consideration of the high level of competition for scarce resources and the desire to promote compact development.
- Break the project into smaller more affordable parts.
- Toll roads and public private partnerships involving adjacent land owners

What do you see as the relative role that federal, state and local funding will play/should play in implementing the Corridor?

- See above: ["It seems to me that PPP/Tolling is the only viable opportunity for funding this corridor in the near-term. neither the states, nor the federal government, are in a position currently to fund a new interstate segment."]
- It would have to play a major role in order for this project to move forward. Currently the AADT does not justify tolling as a private company could not recoup it's investment.
- All levels of government should be fully informed on the benefits vs. costs of building this facility before they prioritize it against other projects and commit funds. I would advise all agencies to be cautious in the face of cheerleading in support of this project.
- I do not see much in the way of State funding going to this project
- If I11 is to be built it will take all of the government entities working together, perhaps right of way acquisition could be a local responsibility. Since it covers multiple states the federal government needs to lead the effort.

What role would you like to see the private sector take in the development of the Corridor?

- See above: ["It seems to me that PPP/Tolling is the only viable opportunity for funding this corridor in the near-term. neither the states, nor the federal government, are in a position currently to fund a new interstate segment."]
- The level of interest from private investors should be an indicator of the potential value of this road. Encourage as much private investment as possible. If it's not there, listen carefully to that message.
- they should help finance
- Financing via toll roads and/or development of adjacent properties.

Do you think accelerating the Corridor using non-traditional methods of funding, financing and delivery would be beneficial?

- Yes, definitely.



- I don't see any other way. With the economy as it is there is not enough money available to build this project.
- Of course, if you can get it and agencies are protected. I wouldn't necessarily focus on acceleration, though. Just securing the non-traditional methods could be an advantage.
- not at this time
- yes, the sooner the corridor is identified the less likely it is to become developed therefor costing more money to build.

What are other potential non-traditional opportunities for revenue generation within the Corridor?

Open up possibilities for private rest stops, advertising, etc.

Is there anything else that we should consider in this Corridor planning effort, and are there key groups/individuals missing from this dialogue?

Enbiased economic analysis is needed. Also, transportation agencies should stay focused on their role in promoting certain types of land use. What effect would this road have in the fringes of the metro areas? Are we still encouraging growth further and further away from city cores?



Appendices

List of Attendees by Agency

Presentation Transcript

PowerPoint Presentation



List of Attendees by Agency

Meeting	First Name	Last Name	Agency
Webinar	Dianne	Kresich	ADOT
Surprise	John	McNamara	AECOM
Surprise	Jaclyn	Pfeiffer	AECOM
Webinar	Brett	Jones	Arizona Construction Association
Las Vegas	Dan	Andersen	CH2M HILL
Webinar	Candice	Hein	CH2M HILL
Carson City	Derek	Morse	CH2M HILL
Las Vegas	Bardia	Nezhati	CH2M HILL
Webinar	Duane	Eitel	City of Casa Grande
Webinar	Kevin	Louis	City of Casa Grande
Las Vegas	Randy	Fultz	City of Las Vegas
Surprise	Karen	Savage	City of Surprise
Webinar	Tom	Peterson	Clark County Department of Aviation
Surprise	Jim	Kenny	El Dorado Holdings
Carson City	Susan	Klekar	Federal Highway Administration, Nevada Division
Carson City	Greg	Novak	Federal Highway Administration, Nevada Division
Webinar	Greg	Walker	Huitt-Zollars, Inc.
Las Vegas	Roger	Patton	Louis Berger Group
Webinar	Denise	Lacey	Maricopa County
Carson City	Tom	Greco	NDOT
Webinar	Damon	Hodge	NDOT
Carson City	Andrea	Napoli	NDOT
Carson City	David	Olsen	NDOT
Carson City	Coy	Peacock	NDOT
Carson City	Teresa	Schlaffer	NDOT
Carson City	Christi	Thompson	NDOT
Carson City	Jason	Van Havel	NDOT
Carson City	Kevin	Verre	NDOT
Webinar	Audra	Koester Thomas	PSA
Las Vegas	Suparna	Dasgupta	Regional Transportation Commission of Southern Nevada
Las Vegas	Mike	Hand	Regional Transportation Commission of Southern Nevada
Las Vegas	Andrew	Kjellman	Regional Transportation Commission of Southern Nevada
Webinar	Michael	Britt	State of Arizona
Webinar	Shane	Hastings	USDA



Presentation Transcript

The following is a transcript of the focus group presentation. It was completed in real-time, and is has not been edited, proofread or corrected. It may contain computer-generated mistranslations or electronic transmission errors, and may have inaccurate references, spellings or word usage. It is provided for purposes of reference only.

Operator: Good afternoon, my name is Kendra and I will be your conference operator today. At this time I would like to welcome everyone to the Focused Group Meeting for the I-11 Study. All lines have been placed on mute to prevent any background noise.

After the speakers remarks all lines will be open in order for you to ask questions. If you should need assistance during the call please press star then zero and an operator will come back online to assist you.

Thank you. I would now like to turn the call over to your host, Mr. Bardia Nezhati. Sir you may begin.

Bardia Nezhati: Thank you. Good afternoon everybody and thanks for being here today for our Focused Group Meeting on the I-11 Intermountain West Corridor study. This Focused Group discussion is regarding funding, financing and alternative delivery.

Normally our project manager from Nevada DOT would be presenting this first portion of the presentation but Sondra Rosenberg had a family emergency so I am filling in for her.

Next slide please.

As for the agenda for today, I'll cover a brief overview of the project and then turn it over the Derek Morse who'll cover the funding financing alternative delivery and then we'll have a couple of case studies, one on U.S. 93 that John McNamara will cover. Then a presentation on the Boulder City bypass P3 Project which Mike Hand from RTC Southern Nevada and his consultant will cover and then we'll follow up with the discussion and next steps.

Next slide please.



A quick background on this project, this I-11 Corridor has had a long lengthy history dating back to the CANAMEX Corridor designation in 1995 and follow up to that were several studies that Maricopa Association of Governments has done including Hassayampa and Hidden Valley framework studies, again parts of those projects looked at the I-11, those studies were done in 2000 through 2009.

Later the Building a Quality Arizona of BQAZ as it's known locally in 2010, follow up with a study done by Nevada DOT and RTC or Southern Nevada on the Boulder City Bypass in 2005 and ongoing right now which you're going to hear a little bit more later on.

Just recently in 2012 MAP 21 designated a portion of the CANAMEX Corridor along U.S. 93 between Phoenix and Las Vegas.. Then both states Departments of Transportation of Arizona and Nevada, the signed an interagency agreement to begin this two year study, the I-11 and Intermountain West Corridor study.

Next slide please.

So in terms of what the study actually entails, it's being done at two levels. First level is more of a detailed Corridor Study of the portion between Las Vegas and Phoenix and the next level is more a high level visioning for the portion between Las Vegas and Canada and the south portion from Phoenix to Mexico.

The Corridor is going to consider multitude of modes, in addition to interstate highway, freight rail, passenger rail and public transit will be considered. We'll also incorporate or look at feasibility of power a telecommunication of data, so truly a multimodal Corridor.

Next slide --

This slide actually starts forming the vision for this Corridor, in terms of enhanced local regional and national and global connectivity, enhancing economic competitiveness, providing network redundancy and flexibility in addition to looking at modal choices and the flexibility of future modal choices and ultimately providing sustainable development.



In terms of study participants, this chart basically shows how the study is organized. The very top of course are the sponsoring agencies of Arizona and Nevada, Departments of Transportation who are funding this study. Below that is the core agencies partners in addition to NDOT and ADOT, we have Federal Highway Administration, Federal Railroad Administration, Maricopa Association of Governments and also RTC of Southern Nevada.

Below that are the stakeholder partners, these are basically all the partner agencies from both states of Arizona and Nevada. The middle portion are basically the focused groups that we have established for this project and you see the checkmarks coming up any minute now for those meetings we've already held. Basically there's seven of them, six of these focused groups have already met and the one we're talking about today is the alternative delivery and finance. And of course all of this is being supported by a team of consultants from both Arizona and Nevada.

Next is our study work plan. We have divided the project into three separate phases and shows how we're going to deliver this study. The three separate phases are the Corridor Vision phase which was the first month or so of the project. Followed by the phase that we're in right now which is the Corridor Justification phase and then later on in the year, we'll get into the Corridor Concept phase which we'll be looking at more detailed corridor alignment alternatives and options.

We're roughly six months into this 24 month process. So with that, I'm going to turn the presentation over to Derek Morse who's going to cover funding, financing and alternative delivery. Derek.

Derek Morse: Thank you, Bardia.

Why don't we go ahead and get the next slide up there. You know in looking at this Corridor or from a funding and financing alternative delivery perspective, there are some striking challenges that I think are (inaudible) to those folks but we might as well run into these. It's a long Corridor, its 1,800 miles when we look border to border, pretty ambitious undertaking.



There are a few urban areas and a lot of wide-open spaces which creates some issues in terms of trying to get together funding and financing for it. There is large differential in the volume and type of traffic. We have the urban areas with a lot of commuter traffic and high levels of congestion around Phoenix and Las Vegas and the Reno Sparks area.

And then we have the great spaces in between was relatively light passenger car traffic, but a lot of trucks in terms of the percentage of vehicles using the roadway in these areas. This is a Corridor, that likes many you know we kind of looked at it and planned for the entire thing, but it's going to build -- be built in pieces over several decades and most likely that's the pattern that we've seen in the past for these types of things.

And alternate cost and someone may raise their hand and say where did you get this number, but I think it's safe to say that if we look at the entire 1,800 miles, so this is going to be the tens of billions of dollars to do this. And with inflation perhaps more by the time we're done.

And of course we cross multiple jurisdictions, we have the two states, we've got cities, we've got counties, we've got regional authorities, we've got all sorts of other things and that also starts to complicate and present challenges and opportunities for funding and financing and the way we're going to deliver these things.

Next slide please.

In order to have any kind of a meaningful discussion about funding and financing, it's first important to clarify or make one basic distinction and that's the difference between funding and financing. It always amazes me when I hear even very sophisticated political leaders use these terms interchangeably and they're really not interchangeable.

You know, you see the two pictures, funding is real money, financing is just borrowing money. Borrowed money always have to be paid back and the other one which I think and particularly important is the private sector finances, they never fund projects, they always need to return on investment when they do these things.



And the real issue at core of all of these is funding, it's always been funding, it always will be funding. If we don't have that solved or addressed then discussions of financing and delivery and everything really don't have a lot of meaning because you don't have any money anyway to move forward with these projects.

Next slide please.

So let me just a little bit about the state, from the pictures, this is at the state level this table shows you the types of funding sources that are available to the Arizona DOT and the Nevada DOT. I'll just focus on these two states because this is really where the core of the project is at least for the time being.

No surprises here for both states, the current primary source of transportation funding are federal and state fuel taxes. But I will point out that the federal and state fuel taxes in both these states, now the federal level haven't been increased for about 20 years and my opinion is looking at what's happening politically, it's pretty unlikely we're going to see major increases anytime in the near future in this funding sources and I think that's important to remember.

The states are struggling to do everything they can with what they've got but the pie is kind of shrinking every year, as inflation eats us up and we get great fuel efficiency and all those other things that we're seeing.

Next slide please.

This table was kind of the recap of the local and regional funding sources that are available. I would just make a couple comments here, it's quite diversified, you see a lot of mechanisms being used, the other thing to keep in mind is that the majority of all the new transportation, funding both in Arizona and in Nevada, in the last 20 years, have come with a local and state -- local and regional level and as the states had their hands tied because the inability to raise fuel taxes and at the federal level as well.

The local government just stepped up in Arizona quite noticeably the sales taxes that had been imposed for transportation down there in the Phoenix area, they're



pretty significant. There had been a number of measures of course in Nevada in the Las Vegas area the Reno sparks area as well.

Next slide please.

So in terms of funding as we look to the future, we've got a laundry list here of some emerging funding sources, you know some of these are existing funding sources at both states are using either at the state or the local or regional level. They could positively be expanded as we move to the future.

There are some that are in one state, not the other that maybe could be transplanted and there some that are new to both states, you know that could be of interest. And there are some but maybe unique to this particular Corridor as well, when we start to look at occupancy fees from non-road users within the Corridor or things like transit and rail and pipelines and power transmission and generation, some of these things.

And then there could be possibly income from services in the Corridor as well, there is a whole array of potential things that could be done in here. And of course there is you know mileage, base user fees and all these other things that had been talked about as eventual replacements possibly for fuel taxes.

We don't know what those will look like but this is an ongoing dialogue, right now the Nevada legislature is in session and we expect to see bills introduce or some already has been. One would allow Clark County to index their fuel taxes. In Clark County, very significant revenue generation there, in fact come through. There is a bill that is been talked about that maybe introduced, we'll how well it fairs eventually to raise a state fuel taxes. I've heard numbers as high as \$.20 a gallon. We'll see how that goes.

And then there is also a bill currently that was introduced to redirect some existing revenue streams to the state highway fund and to a bond fund for local public works. So this is ongoing, Arizona is kind have -- be having all the same discussion, so this is influx and is larger than this particular Corridor certainly but we'll present opportunities for eventually talking about the funding for the Corridor.



Next slide please.

So let's talk a little bit about financing tools, this slide and the following slide, you'll see a list of some of the typical financing tools that are out there today. And keep in mind financing is just borrowing money, these are ways to borrow money, it has to be paid back, we've got the grant anticipation vehicles, we've got all sorts of build America bonds and private activity bonds and these other things that are out there.

And we'll point out on this first slide, that the principal way that people are borrowing money today and shortly this is going to take your state municipal bonds. That's where the vast majority of all these, the borrowing is coming from and that will be with us into the future too, now the question will be, where do you get the money to service that debt -- that goes back to the funding issue.

Next slide please.

And there are some other opportunities here, Arizona does have a state infrastructure bank, Nevada does not. We've got some more exotic things, the 63-20 corporation which allows private investors to issue actually tax exempt bonds, to build the infrastructure that has a primarily public use but will be privately held -- that's an interesting concept. But it is being used, that's one of the mechanisms that they use extensively in transportation in Virginia. They have some mega projects there that can be -- have been financed and will be financed using 63-20 corporations.

And then we've got designed build finance but it kind of looking at the shorter term, cash flows, we've got bridge loans and that type of thing and eventually the last one on the list are P3 concessions and I'll talk little more about those. But keep in mind for everything that P3s do, one of the principal things is that they are a financing tool as well.

Next slide please.

So the question I think that maybe in some folk's minds is why, when we talk about funding and financing which are related, are we also talking about you know alternative delivery. And this graph really addresses that, it kind of shows the



spectrum of delivery, methodologies that we have at the bottom, we have the traditional design-builds, it works very well and is perfectly appropriate in a lot of cases, we're seeing more design build, we see these -- see more at risk things.

And that we start to get into typically people are calling PPP and delivery options, public-private partnerships. The design build finance -- design build finance operate, maintain that comes in two flavors, typically availability payments or what they call revenue concessions where they're going strictly on the revenue produced from tolls or some other user fees.

But these last three boxes at the top, they come and saying there is that letter F, they call include financing by the private sector. In some cases it could be for the entire project, in other cases it's going to be a mix of private sector financing and some public sectors that you're financing as well for the project. But this is why we start to talk about delivery, when we talk about funding and financing because this offer some pretty powerful new tools for us to be using in the future.

Next slide please.

OK, so PPP delivery, I will say this with the grain of salt because every time you see something like this, make these statement, people can show you examples where that's not the case, but I will say that some of the implications of PPP delivery are that in the right project and the right time with the right partner.

It may save cost in construction and an operation maintenance because in these design build finance offer it maintained a risk for operation and maintenance -- operations and maintenance and construction is being moved to the private sector partner. And so you can save cost here, they are looking at this truly in the total lifecycle perspective.

It can expedite construction and provide schedule certainty over traditional methods, they can get pricing certainty and develop fewer change orders, these are often again driven so much by the bottom line of that concessionaire and so they are really you know kind of shorten their pencils and give you pricing certainty and typically all that risk is on them as it goes over that, they are going to have to pick those additional cost up.



It does place financing and revenue at risk where the party best able to manage them, it doesn't mean they're necessarily that it's entirely with the private sectors, sometimes it is a combination in many projects. And people don't want to say this publically but quite honestly if it's structured properly, P3 can avoid the limited public sector debt capacity.

Those are running into that, that in the State of Nevada with particular bill that they want to create the bond fund for public sector improvements, but there is a limit to the safe debt capacity. And so the amount of money that maybe available through that program is going to be limited by what is available in terms of that bonding capacity. And these projects can sometimes avoid that move -- this kind of off the books it you will.

Another thing that people don't often want to say publically but it is a very real factor, it that by bringing your private sector partner into projects particularly toll type projects whether are these user fees, that gives political cover to the political decision makers, the publically elected officials they can sometimes not have the anchor vented at them directly for raising tolls on these facilities.

It's done as part of the partnership agreement and all these is really reflected and very publically done with the private sector partner in that regard and finally P3 again because of all these things that were listed above, allow some projects that wouldn't normally happen using traditional methods to come about.

Next slide please.

There's a lot of discussion about selecting the right delivery method and I think that what we have to keep in mind here is that in order to select the right delivery method for a project, you really have to know a lot of things. And right now, most of the projects in this Corridor are not far enough long and their development as individual projects to tell us a lot of these things.

What we don't have, you know estimates of cost, good estimates of cost, we don't really understand in a lot of cases the value for money whether or not private sector



participation could actually offer a better deal than traditional delivery. We don't know a lot about the risks, there is a changing regulatory environment.

And so you know you can talk about alternative delivery in kind of theoretical terms but you really have to -- have a lot of project information to start making real decisions about if that's the right way to go, there's a lot of factors that you need to consider.

That shouldn't frighten anyone of course but you know we do need to keep that in mind and not get too locked in to saying a particular should or must be delivered in this way, until we know enough about it to say that's really the right way of doing it.

So that was I believe my last slide in this section, I've got a few other that we'll come back to. We wanted now to do just a couple of what I call mini-case studies that kind of tell you and to give you examples of what's happening in the real world in this Corridor, even right now in terms of funding and financing, how we're delivering some of the early pieces or precursor pieces to the Corridor improvements. With that Bardia, I believe I'm turning it back to you for U.S. 93.

Bardia Nezhati: It's actually turn over to John McNamara.

Derek Morse: Oh I'm sorry, John I apologize. John McNamara.

John McNamara: Good afternoon.

A very quick update on the U.S. 93 project, ADOT as many of you know has been involved in conducting a variety of improvement programs along U.S. 93 between Wickenburg and Kingman over the last 25 years. In fact between Wickenburg and the Hoover Dam bypass over the last 25 years.

And as you look at the slide that's now up, you can see all of those projects illustrated with yellow triangles, all of those projects have used the traditional design bid build approach that was just referred to as we saw the menu of delivery options available.

And in fact as you heard, most of those delivery options are very -- are fairly new to us over the last 10, 12 years. But ADOT has used pretty much the traditional



approach to design bid and build those projects and none of the alternatives have been used.

In the current program, ADOT has -- there are really four projects left to complete the improvement of U.S. 93 to four lane standards. Not necessarily to interstate standards but to four lane standards between Kingman and Wickenburg and they're identified in the red triangles.

The first project is the one at the very top, the red triangle up at the very top, closes to Kingman is the Antelope Wash project and its forecasted -- they're not forecast, it's programmed to be completed within the current fiscal year.

The next project is the second red triangle down from Kingman and that is about a 3.5 -- I'm sorry, it's about a 3 mile stretch of U.S. 93 in the Cane Springs area and that's forecasted to be built or programmed to be built in fiscal year 2019. And then the third red triangle down from Kingman is about a 3.5 mile stretch and that's the stretch from Carrow to Stephens and that's forecasted or program to be build in the 2016 fiscal year.

The last piece, the one closes to Wickenburg is the Santa Maria to Wickenburg stretch and it's longer than any of these other three and at this point on time, there have been no funds identified for completion of that component and as a result it is not programmed in any upcoming fiscal year.

So that's a quick overview of how ADOT has gone about making improvements on a phase basis to a major Corridor and of course one of the Corridors that we will examine as an alternative for I-11, between Wickenburg and Kingman. And as I said all of these projects including those three that are in the program now have been constructed through the design bid build approach.

Mike Hand:

Hi this is Mike Hand, Derek asked me so say a few quick words about the Boulder City bypass phase two, next slide. I'm with the regional transportation commission in Southern Nevada. At the conclusion of the 2011 legislature, the Nevada legislature passed a Senate Bill 506 which charge the RTC with creation of a public-private partnership, toll road demonstration project for the Boulder City bypass.



We immediately went out and hired a consultant to perform that activity, brought them on board in April of 2012, that consultant was the Louis Berger Group and so with me today is Roger Patton from Louis Berger who's going to hit the next six or seven slides and give you quick thumbnail sketch of where we are with the 12 mile long Boulder City bypass phase two project.

Roger Patton: OK, thanks Mike. Next slide please.

The Boulder City bypass is proposes a 15 mile long freeway that would bypass Boulder City and connect to I-15 in Las Vegas to the Hoover Dam bypass. The first phase, the first three miles is under design by the Nevada Department of transportation and this section has been authorized for study of a P3 toll road is the blue section on your screen which were calling phase two, it's 12 miles long and it wraps around the eastern side of Boulder City.

Next slide please.

The design on this thing is thoroughly far along, we've already gotten to the 30 percent level, we've got a fairly decent cost estimate, we're estimating a \$330 million and that includes the cost of tolling facilities and the cost is fairly high because it is -- has a major amount of cut going through the El Dorado Mountains.

Next slide please.

The traffic revenue study and the P3 feasibility analysis is already been completed for the Boulder City bypass. It's just been completed this last month. The traffic revenue study predicts 6,000 vehicles per day in 2018, growing to 9,000 vehicles per day in 2035, recommended initial toll of \$2.25 with an estimated eight percent of vehicles to be trucks.

Now compared to driving to Boulder City, this is really only expected to save about four minutes of travel but it gives a full freeway experience as you're going from Arizona into Las Vegas. I should mention that during holiday weekends, it does take about 20 minutes extra in terms of delays to go through Boulder City compared to the bypass.



As a tolling facility we're estimating that opening year of gross revenues would be \$3.8 million with inflation growing to \$26.1 million after 30 years, about half of that would be net revenue and the other half would be the cost operating toll system.

We in the P3 feasibility analysis, we compared traditional public financing with the (d-bomb) type of alternative delivery mechanism, with two types of public-private partnerships both being designed build, finance, operate and maintain, one using availability payments and the other using a toll concession and full revenue risk transfer to the private sector.

Next slide please.

As part of the traffic revenue study however we found that the tools would only pay for about one quarter over the project. As a result the revenue risk was not very desirable by industry or desirable to transfer to private partners. We had industry meetings where private partners basically confirmed that that risk transfer was not something they're interested in.

And the best options appear to either be going with the design build finance operate and maintain with availability payments for which public funding would have to be -- come up with about three-quarters of the cost. Or a traditional design build with public financing, with either option we are strictly looking at the design build method of procurement. And that's for that -- we transfer it back to somebody else.

Derek Morse: Thank you, Roger.

This is Derek Morse again and I'm just going to close out a zip portion of the presentation with just a couple of final thoughts. You know right now we're doing the business case and I want to just make sure that people can see the connection between the business case to the discussion of funding, financing and alternative delivery and we try to capture this with the side -- a slide.

The business case is going to articulate a vision, it's going to identify benefits of the project or the investments in the Corridor and it's going to define the economic value that's being created with these investments. So that's really the job of the



business case but from that when you start to see the value that's being created then the funding portion is going to be eventually be a discussion of what mechanisms will we use that can capture a portion of this economic value that's been created so that that can be used to make these investments.

And that's not a new concept, that's really what we do today. Some of it is very direct in terms of tolls when you have a toll project. Some of it is much more indirect when you simply use traditional funding mechanisms and capture the value through fuel taxes that are generated by increased economic activity for instance and that type of thing.

But that's really how this connects and then eventually once we have looked at the funding mechanisms, we can start talking about the appropriate tools for financing specific projects and selecting the right delivery method for each project.

Next slide, please. So I think also we need to really understand where we are in the process of -- you know, the development process right now, we are way down in the lower left-hand corner of this chart, we are developing the vision, OK?

And it is really premature to have detailed discussions of funding, financing, delivery methods and indeed, if we do that, they may be counterproductive. We've seen time and time again across the country where projects have been derailed by controversy over discussions of funding -- shall we raise this tax or do this or that, the other, without having the balanced perspective where people can really understand the benefits that they would get out of that.

And so we really need to get the business case developed, create this vision to get folks to reach consensus on that vision and then we can have these discussions because then it makes sense. You know, if you like the vision, if you like the benefits, you want to see this happen then it's a lot easier to talk about where are going to get the means to do this.

So people shouldn't be alarmed that we're not going into a lot of detailed discussion on funding and financing yet, we really need as I've said to develop the vision and if we keep that mind, I think we can be successful with this and not get derailed and



go down that path of so many good projects that got killed because of the controversies that was unnecessary early on in the discussion.

So with that, I will stop and turn this over to Audra.

Audra Thomas: Great, thanks so much, Derek. For those of you who've joined this in the past, you know what is ahead of you and that's kind of the mission of the day which is to discuss at your individual locations or with me online about your potential thoughts related in this case to our topic of the day, funding, financing and alternative delivery.

As Bardia had mentioned, we've been at this now for several months and your feedback today as feedbacks have been received throughout this project, will really be used to help inform the corridor decisions for this particular phase of the study with the intent really to create a holistic and flexible corridor.

And as Bardia mentioned, we really want this feedback ultimately to evolve and to future NEPA studies if the corridor is identified as valid in moving forward.

So we have already received feedbacks. Some of you may have participated last fall in our stakeholder partners meetings and we have heard several themes related to funding, financing and alternative delivery.

Most notably being the fact that it's the most challenging implementation aspect is in fact funding and financing. But we've heard that the private sector will probably be a very important element to realizing the I-11 corridor and that public-private partnership may be a tool for its implementation.

We've heard that advanced planning may lend itself to new opportunities and I'll turn it to finding streams and that furthermore, potential funding sources could include a variety of tools and strategies including anything from managed lanes and tolling.

Derek reviewed several of those alternative early in today's presentation. And that ultimately significant support from agencies, our partners in the public may increase federal funding opportunities in the future.



I really want to reiterate one of Derek's recent comments which is that funding is simply means to reach a vision and as he articulated, we're really early in this process. We really want to identify consensus corridor vision first before concentrating on the specifics of particular implementation tools.

So with that in mind, we really considered today an opportunity simply to begin the discussion on potential funding, financing and delivery ideas. Think of today as an opportunity perhaps to identify the universe of potential ideas related to delivering this potential corridor.

So with the goal to remain visionary today, we have several questions that we would like to use as discussion starters. Our first, what are your preliminary ideas about how various sections of the corridor might be funded, financed or delivered, and what particular strategies would your organization or your constituents mostly inclined to support, what is the relative role that federal, state and local funding will play or should play in implementing the corridor, what role would you like to see the private sector take in the development of the corridor?

Number four, do you think that accelerating the corridor using non-traditional methods of funding, financing and delivery would be beneficial? And number five, what are the other potential non-traditional opportunities for revenue generation within the corridor?

And then finally, those of you who have participated with us in the past know that we end each of these discussions with this final question which is, is there anything else that we should consider in this corridor planning effort and are there any key groups or individuals missing from this dialog?

So what are our next steps? Today is a bit of a milestone for the project. This is our seventh and final focus group for this phase of the project. And for those of you who have joined us in the past, thanks for your contributions. If this is your first focus group, we appreciate you being part of this phase of the dialog.

Our team has been busy working on the technical memorandum number 1 which is the existing and future conditions report which is due here early this spring as well



as what Derek mentioned the preliminary business case foundation and then subsequent to that, the delivery of the corridor justification report.

We anticipate a general meeting of the stakeholder partners which all of you are a part of sometime later this spring perhaps in the month of May.

So with that, I would like to thank everyone for your participation. At this point, our individual locations of Carson City, Las Vegas and Surprise will disconnect, and while we do that I would ask for those of you who have joined us online and via the webinar just to hold momentarily while we transition into our discussion. Thanks again for participating and we'll start our online dialog shortly.





I-11 & Intermountain West Corridor Study

Focus Group Meeting

Funding, Financing, and Alternative Delivery



In partnership with



February 26, 2013




Agenda

- Study Overview
- Funding, financing and alternative delivery
- Case study: US 93 from Interstate 40 to Wickenburg
- Case study: Boulder City By-pass
- Next steps





2




Background

- Federal transportation authorizations identified high priority corridors
- CANAMEX Corridor designated (1995)
- Corridor advanced through:
 - MAG Hassayampa and Hidden Valley Framework Studies (2006 – 2009)
 - Building a Quality Arizona (bqAZ, 2010)
 - NDOT/RTCSNV Boulder City Bypass (2005 and ongoing)
- CANAMEX Corridor along US 93 between Phoenix and Las Vegas designated as future “I-11” in MAP-21 (2012)
- Arizona and Nevada DOTs signed an interagency agreement and begin a joint planning study (2012+)





3



What Does this Study Entail?

- Two levels of investigation:
 - Detailed corridor planning between Las Vegas and Phoenix
 - High-level visioning from Las Vegas to Canada, and from Phoenix to Mexico
- Multimodal consideration:
 - Interstate/highway, freight rail, passenger rail, and public transportation
 - Power, telecommunication, etc.



4



Corridor Opportunities

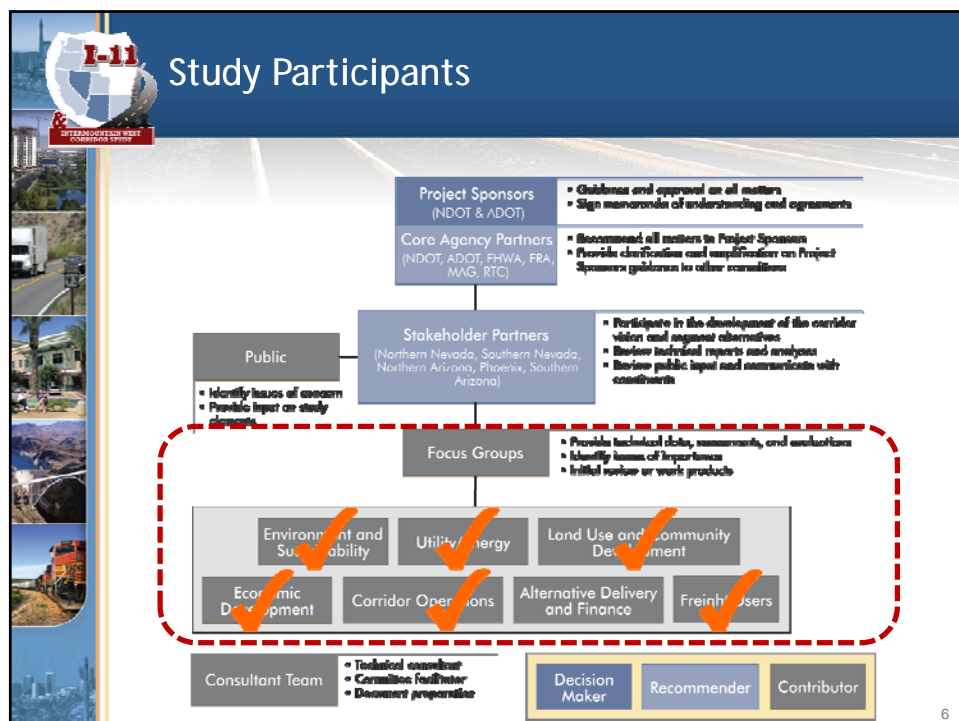
- Enhance local, regional, national and global connectivity
- Enhance economic competitiveness and activity
- Provide network redundancy and flexibility
- Provide flexibility for evolving modal choices
- Promote sustainable development

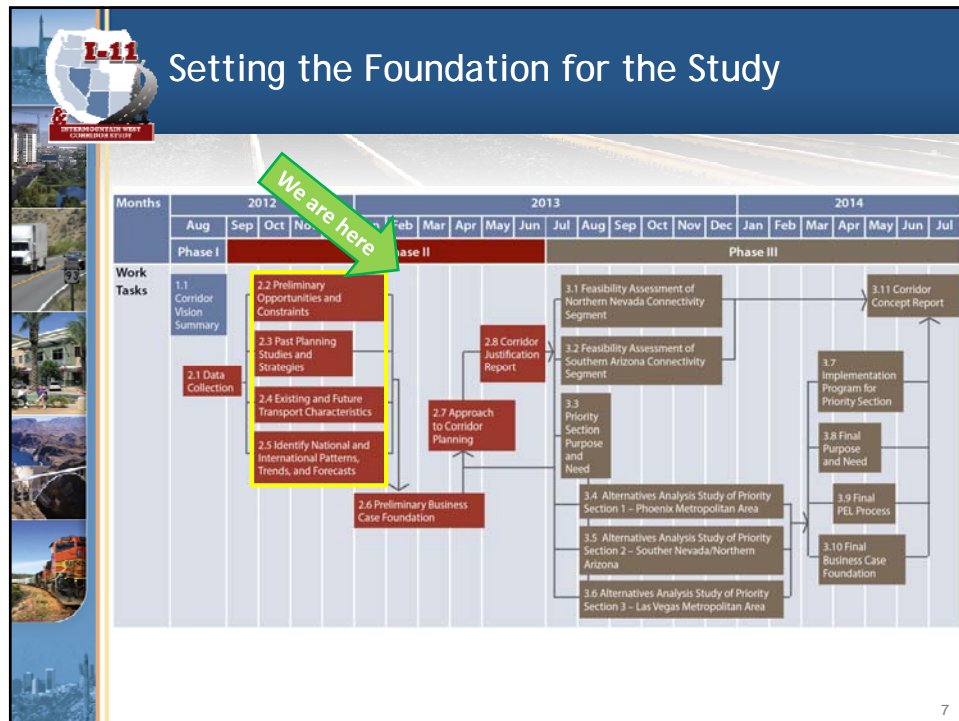







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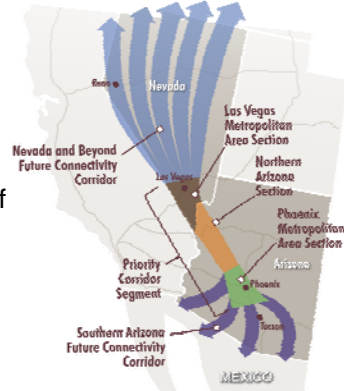







Funding, Financing and Alternative Delivery: The Challenges of I-11



- Border-to-border: about 1,800 miles
- Few urban areas; a lot of wide-open spaces
- Large differential in volume and type of traffic (trucks and automobiles)
- Will be built in pieces over several decades
- Ultimate cost will be tens of billions of dollars
- Multiple jurisdictions




9



Funding versus Financing




- Financing must always be repaid with funding
- The private sector finances but does not fund
- The real issue is and always has been **funding**



State Transportation Funding Sources

Source	Arizona Use		Nevada Use	
	Highway	Transit	Highway	Transit
Federal transportation funds	X	X	X	X
Gas taxes	X		X	
Special fuel taxes	X		X	
General sales tax			X ⁽⁴⁾	
General funds			X	
Tolls	X ⁽²⁾		X ⁽⁵⁾	
Truck and commercial vehicle fees ⁽¹⁾	X			
Vehicle registration or license fees	X		X	
Motor vehicle operator license fees	X			
Lottery		X ⁽³⁾		


⁽¹⁾ Includes such things as permit fees, overweight fees, safety inspections, apportioned highway use taxes, etc.
⁽²⁾ Must be in conjunction with a P3 with public input
⁽³⁾ The allocation of lottery proceeds for transportation was suspended in 2010
⁽⁴⁾ Portion collected on vehicle sales dedicated to transportation
⁽⁵⁾ Only pilot project for Boulder City By-pass authorized



Local/Regional Transportation Funding Sources


Source	Arizona Use		Nevada Use	
	Highway	Transit	Highway	Transit
Federal transportation funds	X	X	X	X
Local gas taxes			X ⁽²⁾	
Local special fuel taxes			X ⁽³⁾	
General sales tax	X	X	X	X
General funds	X	X	X	X
Tolls	X ⁽¹⁾		X ⁽⁴⁾	
Transit fares		X		X
Impact fees			X	
Development tax			X	
Government services tax			X	
Value capture: tax increment districts, assessments	X		X	

⁽¹⁾ Must be in conjunction with a public-private partnership (PPP); requires ADOT approval
⁽²⁾ All counties have local option fuel taxes; Washoe County indexes gas taxes to capture lost purchasing power on all gas taxes (federal, state, and local)
⁽³⁾ Washoe County indexes special fuel taxes (primarily diesel) to capture lost purchasing power on all special fuel taxes (federal, state, and local)
⁽⁴⁾ Only pilot project for Boulder City By-pass authorized for RTCSN



Emerging Funding Sources

- Dynamic tolling
- Truck only toll lanes
- Managed lanes
- Fuel tax indexing
- Impact fees
- Mileage based user fees
- Occupancy fees from non-road users of the corridor: transit, rail, telecom, pipelines, power transmission and generation
- Income from services within the corridor: auto/truck plazas, rest areas, traveler services, etc.
- Sales taxes on motor fuels
- Area congestion charging



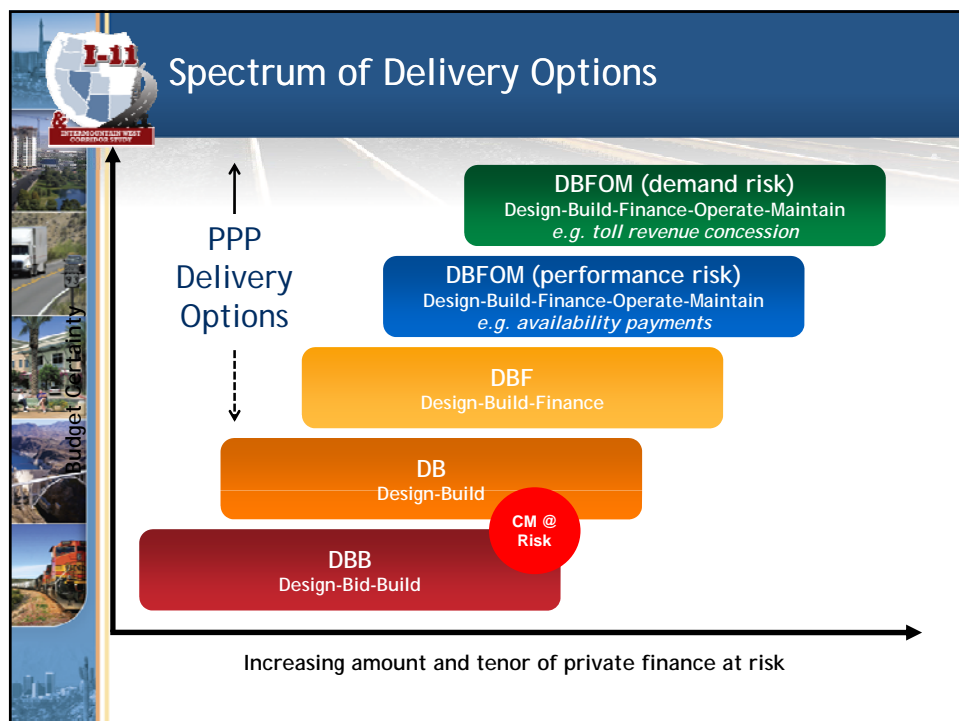
Financing Tools


- Grant Anticipation Revenue Vehicles (GARVEE)
- Build America Bonds (BAB)
- Private Activity Bonds (PAB)
- Transportation Infrastructure Finance and Innovation Act (TIFIA)
- State and municipal bonds (including general obligation bonds, revenue bonds, tax credit bonds, tax increment bonds, certificates of participation, etc.)



Financing Tools

- State Infrastructure Bank (SIB)
- Financing by non-profit 63-20 corporations
- Design-build-finance (DBF)
- Short-term bridge financing including short-term loans, inter-fund loans, lines of credit, etc.
- Section 129 loans
- PPP concessions (revenue or availability payment) with private equity and debt financing



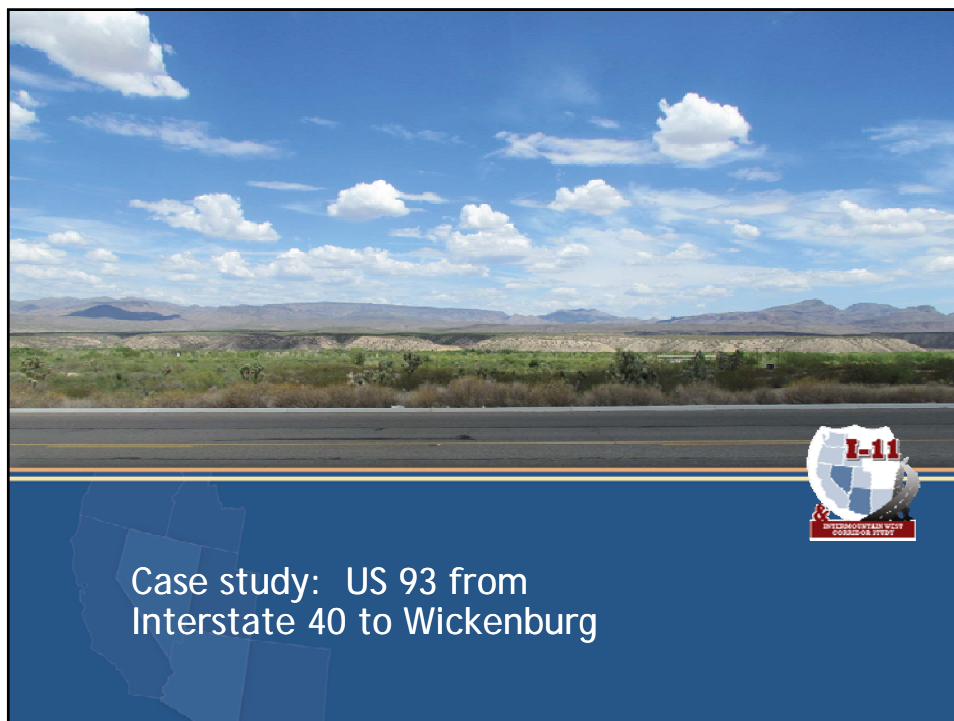


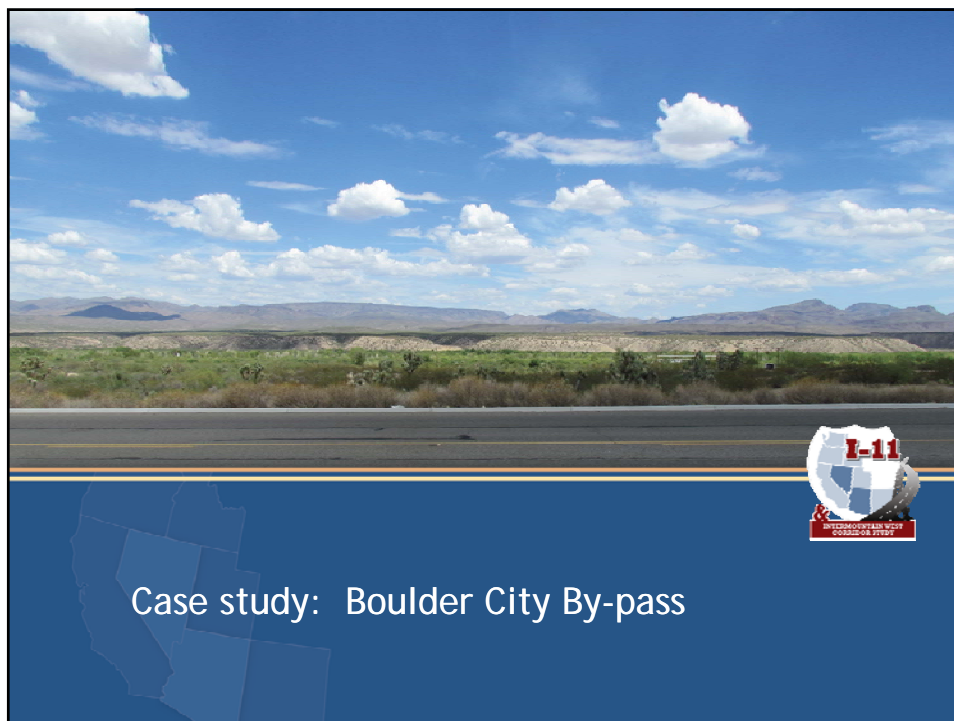
Funding and Financing Implications of PPP Delivery

PPP delivery may...

- Save costs in construction and operation and maintenance
- Expedite construction and provide schedule certainty
- Give pricing certainty and fewer change orders
- Place financing and revenue risks with the party best able to manage them
- Avoid limited public sector debt capacity
- Provide political cover for increased revenues/fees
- Allow some projects that wouldn't happen otherwise







**Regional Transportation Commission
of Southern Nevada**

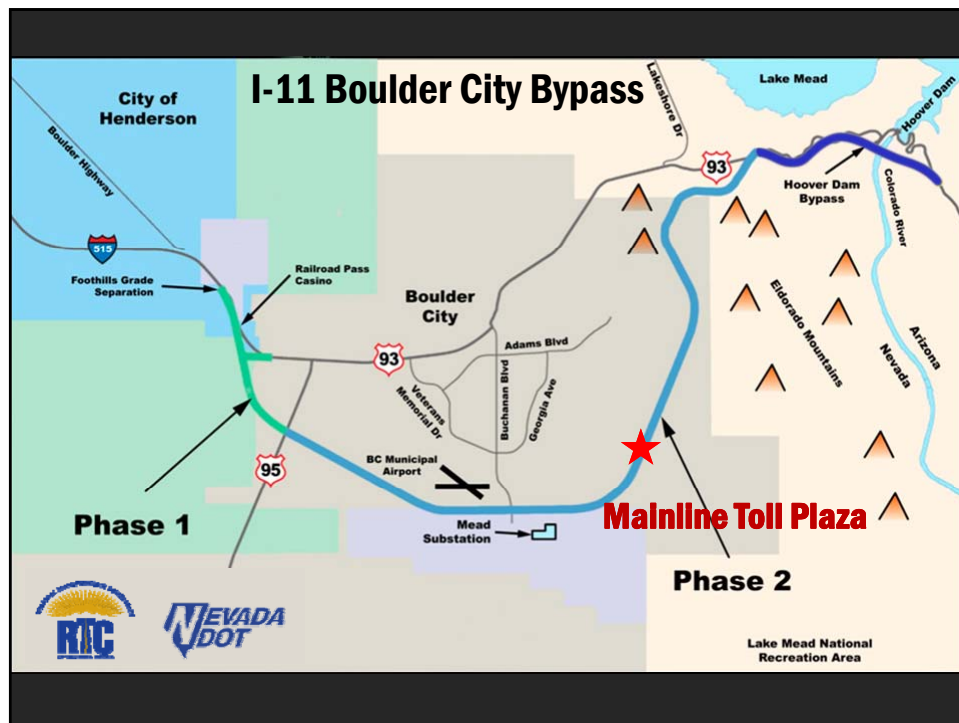
I-11

**The Boulder City Bypass
P3 Analysis Summary**

February 26, 2013

**NEVADA
DOT**

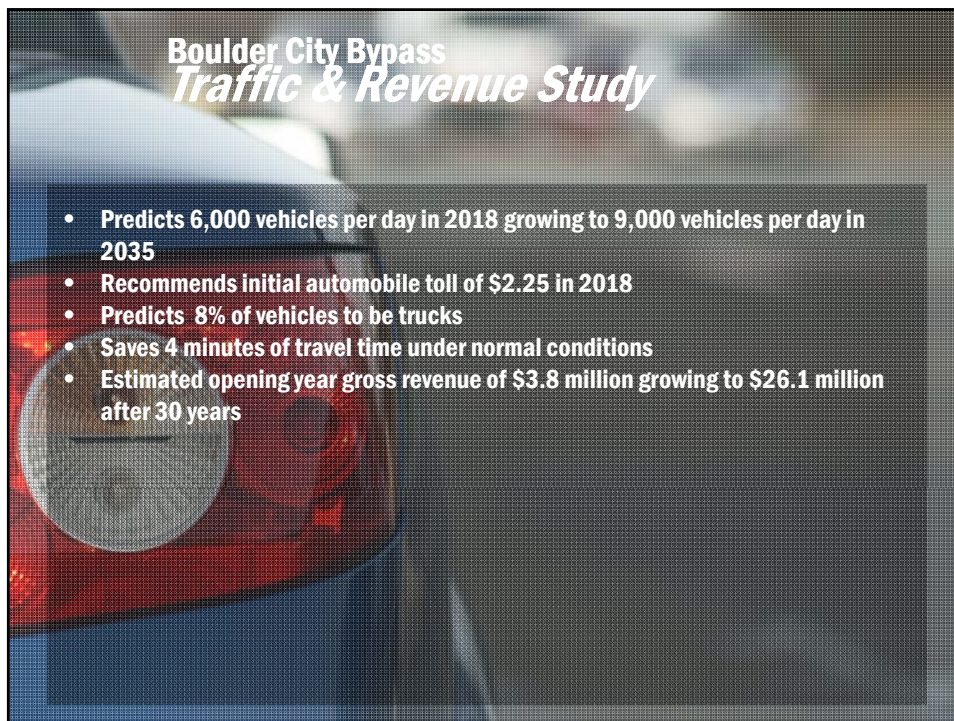
RTC



Boulder City Bypass

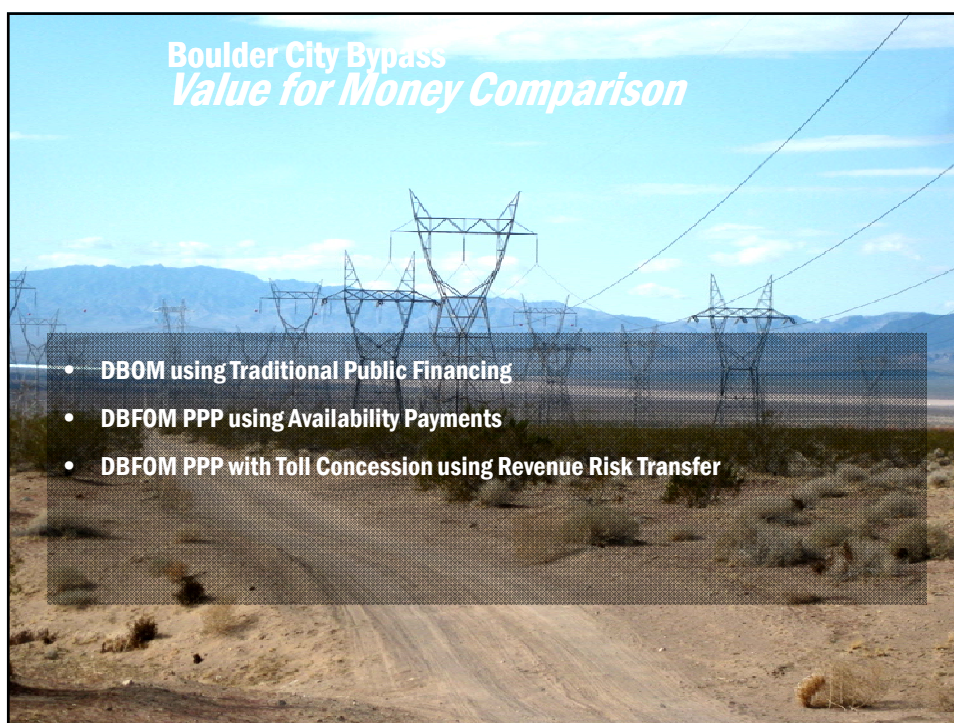
Preliminary Construction Cost Estimate: November 8, 2012

Item	Estimated Cost
Earthwork	\$65,700,000
Pavement	\$45,000,000
Bridges and Structures	\$42,800,000
Drainage	\$36,500,000
Environmental Mitigation	\$15,200,000
Interchanges	\$6,500,000
Electronic Toll System	\$10,300,000
Toll Plaza	\$3,500,000
Miscellaneous Roadway Items	\$23,400,000
Signing	\$3,600,000
Utility Relocations (WPA and CRC)	\$10,500,000
Mobilization	<u>\$18,000,000</u>
Subtotal	\$281,000,000
Design	\$22,000,000
Construction Engineering	<u>\$27,000,000</u>
Total	\$330,000,000



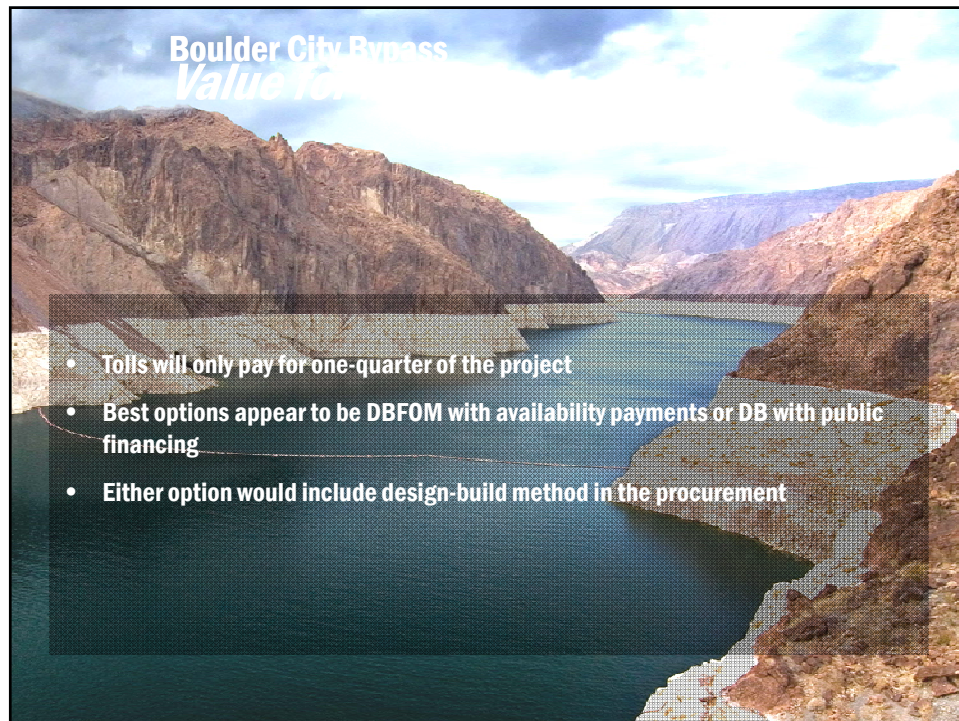
**Boulder City Bypass
*Traffic & Revenue Study***

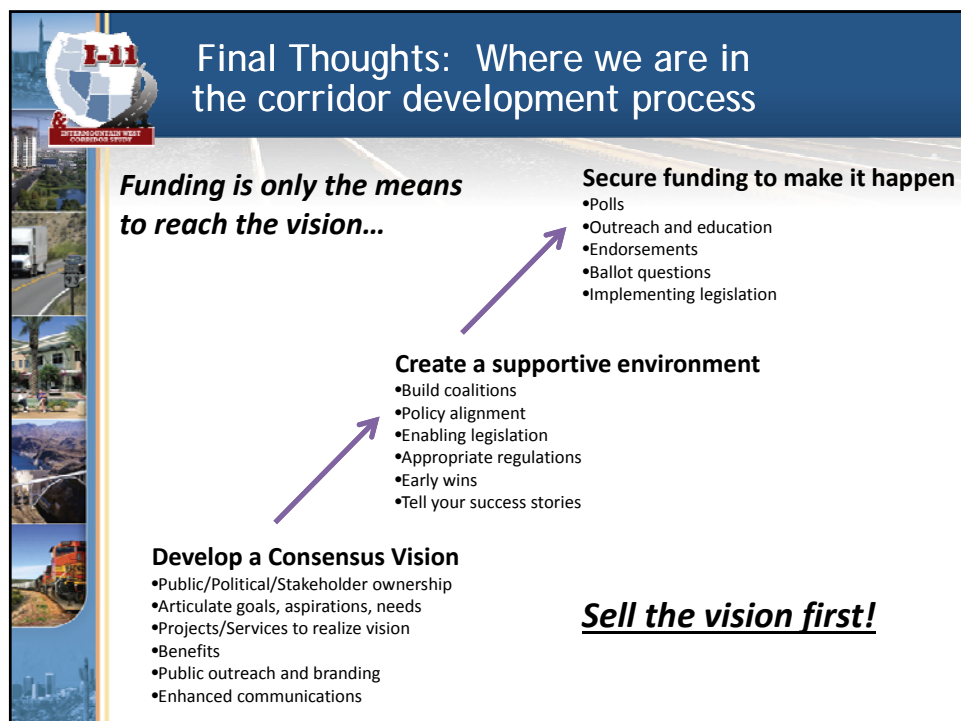
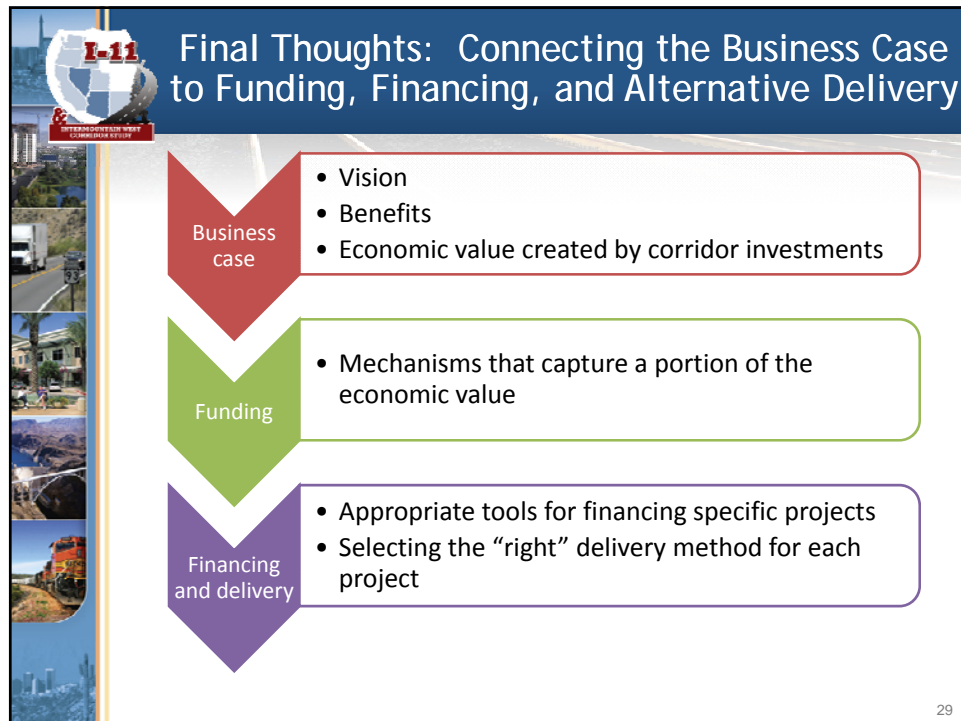
- Predicts 6,000 vehicles per day in 2018 growing to 9,000 vehicles per day in 2035
- Recommends initial automobile toll of \$2.25 in 2018
- Predicts 8% of vehicles to be trucks
- Saves 4 minutes of travel time under normal conditions
- Estimated opening year gross revenue of \$3.8 million growing to \$26.1 million after 30 years




**Boulder City Bypass
*Value for Money Comparison***

- DBOM using Traditional Public Financing
- DBFOM PPP using Availability Payments
- DBFOM PPP with Toll Concession using Revenue Risk Transfer











Why Am I Here and How is My Input Used?

- Help us understand international, national, corridor, state, and local issues and opportunities
- Your input will:
 - Inform the Corridor decisions in this phase of the study
 - Help create a holistic and flexible Corridor
 - Will link to future decisions as study evolves to future NEPA studies



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Stakeholder Partner's Input Received to-date - Funding, Financing and Alternative Delivery

- The largest challenge to implementation will be funding and financing
- Private sector involvement will be important
- Developing a PPP maybe necessary for implementation
- Advanced planning may provide opportunity for new/alternate funding streams
- Potential funding sources could include managed lanes, tolling, etc.
- Significant support from agencies and partners may increase federal funding opportunities



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Discussion Questions

1. What are your preliminary ideas about how various sections of this Corridor might be funded, financed or delivered? Which particular strategies would your organization or constituents be most inclined to support?
2. What do you see as the relative role that federal, state and local funding will play/should play in implementing the Corridor?
3. What role would you like to see the private sector take in the development of the Corridor?
4. Do you think accelerating the Corridor using non-traditional methods of funding, financing and delivery would be beneficial?
5. What are other potential non-traditional opportunities for revenue generation within the Corridor?
6. Is there anything else that we should consider in this Corridor planning effort, and are there key groups/individuals missing from this dialogue?



Next Steps

- Focus Group Meetings
 - January 8: Utility/Energy
 - January 22: Economic Development
 - January 29: Freight Users
 - February 5: Environment and Sustainability
 - February 12: Land Use and Community Development
 - February 19: Corridor Operations
 - **February 26: Alternative Delivery and Finance**
- Reports
 - Technical Memorandum 1: Existing and Future Corridor Conditions (early Spring)
 - Preliminary Business Case Foundation (Late Spring)
 - Corridor Justification Report (Summer)
- General Stakeholder Partners Meeting (May)



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