



# The “New” New York Bridge

Project Support Materials for TIFIA Financing Request

# Every Day and Every Dollar Count

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To replace the Tappan Zee Bridge, New York's new Design-Build project delivery approach is historic:

- Open and transparent process
- Concurrent environmental review and procurement
- Aggressive, consolidated schedule
- Cost savings, price certainty and risk sharing
- Close collaboration with local, state and federal agencies
- Cooperation from labor
- Rigorous community outreach and planning

*Supporting the “New” New York Bridge will provide a model project for cities and states nationwide*

# Project Schedule

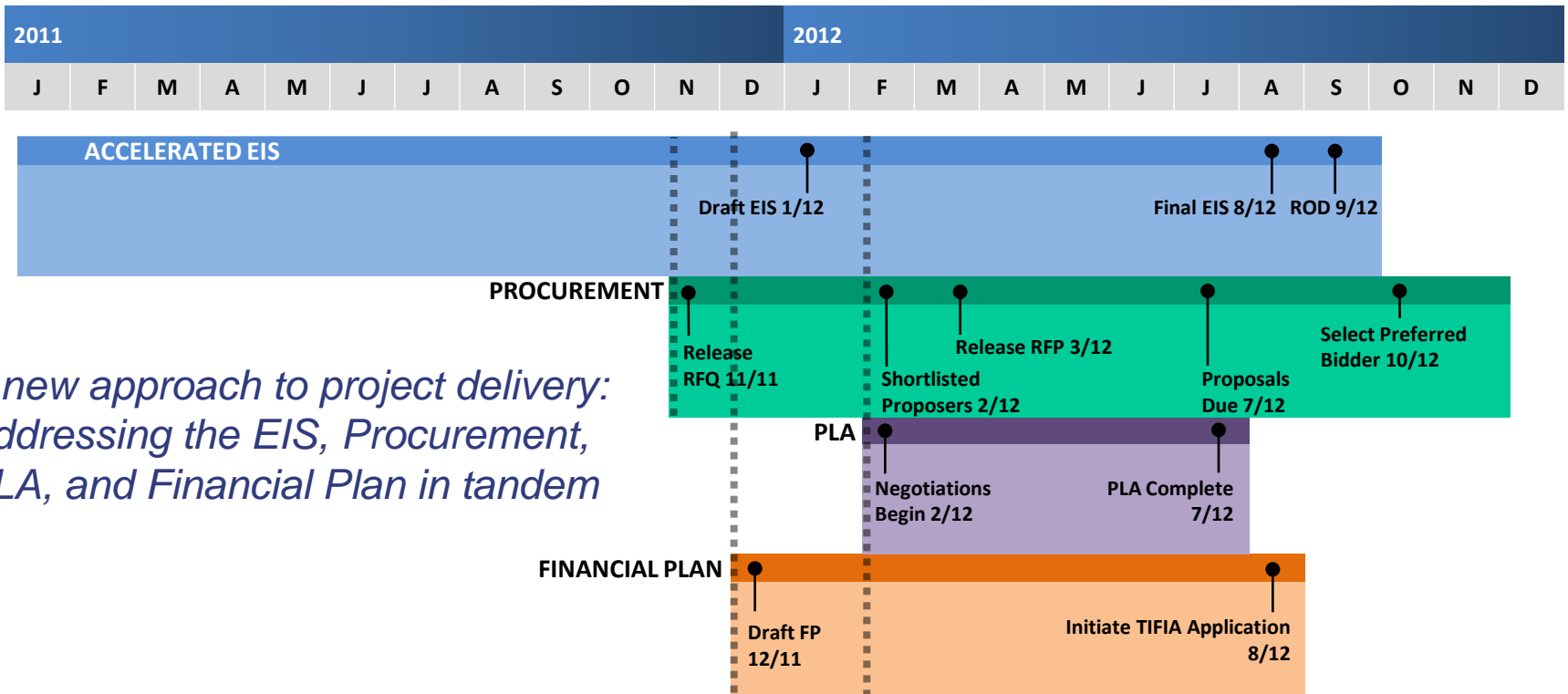
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## ***Why now, why this project?***

- Designated as a High-Priority Project by President Obama
  - Largest of 3 accelerated TIFIA highway bridge projects in the US
- The Project's aggressive consolidated schedule addresses 4 components simultaneously:
  - Accelerated EIS Process
  - Design-Build Procurement Process
  - Project Labor Agreement
  - Project Financial Plan

# Project Schedule

The Project's aggressive consolidated schedule can serve as a best practice for cities and states nationwide:



*A new approach to project delivery:  
Addressing the EIS, Procurement,  
PLA, and Financial Plan in tandem*

# Procurement

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- Governor Cuomo signed Design-Build legislation into law in 2011, to foster creativity and innovation and help control costs
- Transparent, open Design-Build procurement has attracted world-class professional talent:
  - Kiewit-Skanska-Weeks
  - Bechtel-Tutor Perini
  - Fluor-American Bridge-Granite-Traylor Brothers
- Proposals under final review – Award in October 2012
- “Smart Early Work,” Project Labor Agreement and competitive procurement likely to result in Project cost lower than the \$5.4 billion estimated by FHWA
- Procurement process secured and verified by an independent auditor
- TIFIA loan is an important component of financing plan



# Project Labor Agreement

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Partnering with 14 construction unions including 26 locals yielded a PLA with \$452 *million* in project savings, including:

- 10 hour workdays
- Apprenticeship and training requirements
- Lower shift differentials
- Alternative Dispute Resolution for Worker's Compensation
- Early arrival benefits
- No-strike provision
- Sets a new national precedent for PLAs



# The “New” NYS Thruway Authority

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- Governor Cuomo appointed a new Board Chairman and management, who have taken actions to stabilize finances and advance the “New” New York Bridge
- The new Thruway Authority has:
  - Enhanced transparency, in tandem with the Governor's new approach to governing
  - Refinanced potentially risky short-term debt
  - Right-sized Capital Program and deployed smart asset management systems
  - Reduced expenses by streamlining operations
  - Addressed high personnel and benefit costs



# The Need – Outdated and Overcrowded

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- Built to last 50 years, opened in 1955
- **138,000+** vehicles cross the bridge daily – 40% more than it was designed to handle
- Traffic jams and long delays are a daily occurrence
- Seven bridge lanes mismatched with eight lanes at landings
- Accident rate is **2x** the average accident rate on the rest of the 574-mile Thruway
- No lanes or shoulders for emergency services or disabled vehicles
- No access for pedestrians or bicyclists
- No mass transit capability





# An Essential Element for the Regional Economy

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- Serves as the critical link for 50 million vehicles per year
  - Key access route to NYC and other areas for suburban commuters
  - Local, regional, and interstate commercial & passenger traffic
- There are no nearby alternatives, and other Hudson crossings already over capacity
- By 2040, Westchester-Rockland corridor population to increase by 17%, jobs to increase by 33%
- A “New” New York Bridge will create or sustain at least **45,000 jobs**



# Current Bridge is Extremely Costly to Maintain

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- **\$750 million** spent on bridge maintenance over the past decade
- **\$3-4 billion** needed for major structural overhaul and seismic protections, if bridge is not replaced
- Keeping current bridge means:
  - Growing safety concerns
  - Massive additional investment
  - No additional capacity
  - No mass transit component



# Process Reform Yields Results

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- Previous efforts to replace the bridge stalled:
  - 13 years of study and inertia
  - 430 public meetings
  - 150 concepts
  - \$88 million spent
- Governor Cuomo initiated a new, accelerated process to bring the Project to fruition:
  - Comprehensive and thorough review, using past studies
  - “Smart Early Work” to shift risk and save money, including test pilings and soil borings
  - Accelerated EIS process concurrent with Design-Build procurement



# A Vital Regional Transportation Link To Last into the Next Century

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- Built to last 100+ years
- Built with enhanced express commuter bus service from opening, and also to accommodate future transit: Commuter rail or Bus Rapid Transit systems
- During Bridge construction project, local communities achieve consensus on mass transit options and funding through regional transit task force agreed upon by Governor and County Executives



# A Vital Regional Transportation Link To Last into the Next Century

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- 8 traffic lanes, matching landings on both sides
- Dedicated lanes and wide shoulders for emergency vehicles
- Enhanced express commuter bus service
- Dedicated walkway / bikeway
- High-tech sensors provide real-time data on traffic and road conditions
- Improved toll collection and more E-Z Pass lanes





# Comprehensive Environmental Review:

## *A National Model*

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### Final Environmental Impact Statement (FEIS)

Widespread Public Feedback:

- 1,100+ people attended Public Hearings
- 3,000 comments received and responded to
- Extended 60-day comment period



### Public Support Shown for:

- Building a better, safer bridge
- Improving traffic operations
- Providing mass transit options
- Creating jobs



# Mitigating Community Impacts

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## What we heard:

Concerns about noise, dust and air quality, local traffic



## What we are doing:

- Online, 24-hour real-time video, noise and air quality monitoring
- Stringent noise reduction measures
- State-of-the-art dust and exhaust emissions controls
- Transporting materials by barge and direct Thruway access to reduce construction traffic

# Protecting the River Environment

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## What we heard:

Concern about endangered species, dredging, navigable waters

## What we are doing:

- Restricting dredging to three months annually
- Using innovative pile driving procedures, including “bubble curtains” to protect endangered species, and vibration installation where possible
- Accommodations for falcon nesting

*The National Marine Fisheries Service declared that the plan for building the bridge will not jeopardize endangered species*

# Transit for the Future

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## What we heard:

Transit options must be incorporated into the bridge



## What we are doing:

- Enhanced express commuter bus service on the bridge from the day it opens
- Hundreds of millions of dollars included in Project to make new bridge ready for BRT or commuter rail

# Governor Cuomo Says Projected Toll is Too High

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Thruway, State, Federal & Local Officials will explore ways to Reduce Tolls

- Working with Congressional Members to maximize Federal Support
- Expanding discount programs to benefit Westchester & Rockland
- Identifying ways to lower the Cost of Credit and Borrowing
- Reserving Bridge toll increases for the Bridge & Regional Transportation





# TIFIA and Project Finance

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- **Regional and National Significance**

The significance of the Project warrants substantial federal participation

- **The Importance of TIFIA Support**

The Project will be **funded by toll revenues** generated from the new bridge, supporting toll revenue bonds and the TIFIA loan

- **Ensure Regional Economic Growth**

A TIFIA loan equal to 49% of TIFIA-eligible Project costs, with its low interest rates and flexible repayment terms, would promote economic growth by providing an essential regional link and stabilizing toll rates for commuters, residents and local businesses as well as interstate passenger and truck traffic.

# TIFIA Loan Request

<b>TIFIA-ELIGIBLE PROJECT COSTS (\$ millions, year-of-expenditure dollars)</b>		
	<b>\$4.6B Capital Cost Case</b>	<b>\$5.4B Capital Cost Case</b>
Project Capital Costs	4,600	5,400
Non-TIFIA financing fees	35	40
BAN interest fund deposits	9	9
Toll Revenue Bonds DSRF deposits	146	171
Toll Revenue Bonds interest during construction	206	243
<b>Total TIFIA-Eligible Project Costs</b>	<b>4,996</b>	<b>5,864</b>
TIFIA max % of Eligible Costs	49%	49%
<b>Maximum TIFIA Loan</b>	<b>2,448</b>	<b>2,873</b>

The Thruway Authority is requesting TIFIA loans equal to 49% of total eligible Project costs, the maximum allowable under new guidelines

# Project Capital Cost

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- Official Project Capital Cost:
  - EIS Estimated Range: \$4.6 billion - \$5.4 billion
  - Reviewed and affirmed by FHWA in 2012
  - Includes large contingencies
- All three submitted bids confirmed at or below \$5.2 billion – below maximum EIS estimate.
- For TIFIA Loan, \$4.6 billion Capital Cost estimate included to reflect:
  - “Smart Early Work” that provides more certainty on soil conditions
  - Historic PLA agreement savings of over \$450 million
  - Competitive process in which 3 major international syndicates have submitted bids
- Final Project cost will be confirmed in October when preferred bidder is selected.

# TIFIA and Project Financing

<b>TIFIA-ELIGIBLE COSTS: SOURCES &amp; USES OF FUNDS (\$ millions, year-of-expenditure dollars)</b>		
	\$4.6B Capital Cost Case	\$5.4B Capital Cost Case
<b><u>Sources</u></b>		
Paygo	206	243
BANs net proceeds	7	7
TIFIA proceeds	2,448	2,873
Toll Revenue Bonds	2,333	2,743
Interest Income	15	14
Capital Funds reserve	(14)	(16)
<b>Total Sources</b>	<b>4,996</b>	<b>5,864</b>
<b><u>Uses</u></b>		
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# How Will the TIFIA Loan be Repaid?

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- Revenues from the increase in bridge tolls will be used pay back funds borrowed for the project
- The TIFIA loan will benefit from a system-wide pledge of revenues generated by the Thruway Authority
  - Thruway Authority has a more-than-50-year revenue history
  - There are few nearby alternatives to the bridge, and current toll rates are among the lowest in the Eastern United States
  - Authority's financial condition is strong, evidenced by its A1 / A+ credit ratings
- The TIFIA loan is expected to have an investment grade rating
- These factors would allow cost of loan to be lower than for most other TIFIA applicants. Reducing the cost of the loan allows for maximum TIFIA support for this Project, while at the same time preserving TIFIA's ability to leverage resources nationally



# Conclusion

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- The regional and national significance of the Project warrants significant federal participation
- A TIFIA loan at 49% of TIFIA-eligible Project costs will maximize the economic impact of the Project, provide an essential regional link supporting mobility and commerce in New York, New Jersey and Southern New England, and stabilize toll rates for commuters, residents and local businesses as well as interstate passenger and truck traffic
- With federal support, the “New” New York Bridge can serve as an historic, best practice model for other major projects across America