Columbia River CROSSING

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Key Toll/Finance Assumptions

Draft as of September 10, 2008

Cost Estimates

- Highway and Transit cost estimates were from Cost Risk Assessment (CRA)
- 60% and 90% confidence cost estimates shown
- Schedule was from CRA, but was very preliminary
- Interim borrowing not assessed

Toll Structure

- Toll I-5 only; sensitivity analysis on tolling I-5 and I-205
- All-ETC tolling with pay-by-plate for vehicles without transponders
- Variable toll rates by time of day, $2.00 peak period toll (both ways) in 2006$ for cars with transponders ($2.50 toll considered for Supplemental Bridge option)
- Medium trucks 2X passenger car rate; Large trucks 4X passenger car rate
- $1.00 surcharge for pay-by-plate transactions
- No reduced rates, or exemptions except public transit vehicles
- Tolling starts at project completion; pre-completion tolling not considered
- Toll rates increase with CPI, assumed to be 2.5% per year

Gross and Net Toll Revenues

- Range of gross toll revenues prepared, +/- 20% bandwidth around baseline estimate
- Two-year ramp up period with reduced collections
- Gross revenues reduced by 5% for uncollectible accounts
- Gross revenues reduced by 2% for credit card payment
- Gross revenues reduced by estimated toll collection costs, fixed and variable, escalated at 2.5%/year
- Gross revenues reduced by bridge operations costs, incident response costs in project area, roadway repaving in project area over life of bonds, bridge renovation costs, etc.

Financial Assumptions

- Considered 3 basic bond structures: state-backed, non-recourse, TIFIA
- Considered 30-year and 40-year maturities
- Debt structure incorporates escalating annual debt service to match revenue growth; goal to produce approximately level senior debt coverage
- A blend of Current Interest Bonds and Capital Appreciation Bonds to maximize financial capacity
- Capitalized interest included to cover pre-opening interest

- Five bond issuances assumed; one in each of the last five years of construction (amount of each issue not optimized)
- Borrowing yields based on then-current MMDs + adjustment for state credit rating + adjustment for CABs (when applicable) + 100 basis points for mitigating interest risk
- No bond insurance assumed on state-backed bonds; insurance on non-recourse bonds at 200 basis points
- Debt service reserve at lesser of maximum annual debt service, 10% of par amount issued, or 125% of average annual debt service
- Debt coverage ration of 1.25 on state-backed bonds and 1.80 on senior non-recourse bonds; when TIFIA used with non-recourse, coverage is at overall average of 1.25
- Issuance costs at 0.8%

Other relevant materials:

Notebooks will be prepared with the following documents and made available at the meeting.

- *Toll Financial Capacity Analysis Assumptions*; November 28, 2007
- *Toll Financial Capacity Analysis Results,* November 2007 (Included in electronic mailing)
- *Operations, Maintenance and Major Rehabilitation Assumptions Including Toll Collection Capital Cost Estimates,* November 28, 2007
- *Funding Options and Strategies for the Columbia River Crossing Project*, May 2005