



KNIK ARM CROSSING



Delivering Statewide benefits, regional connectivity and economic growth.

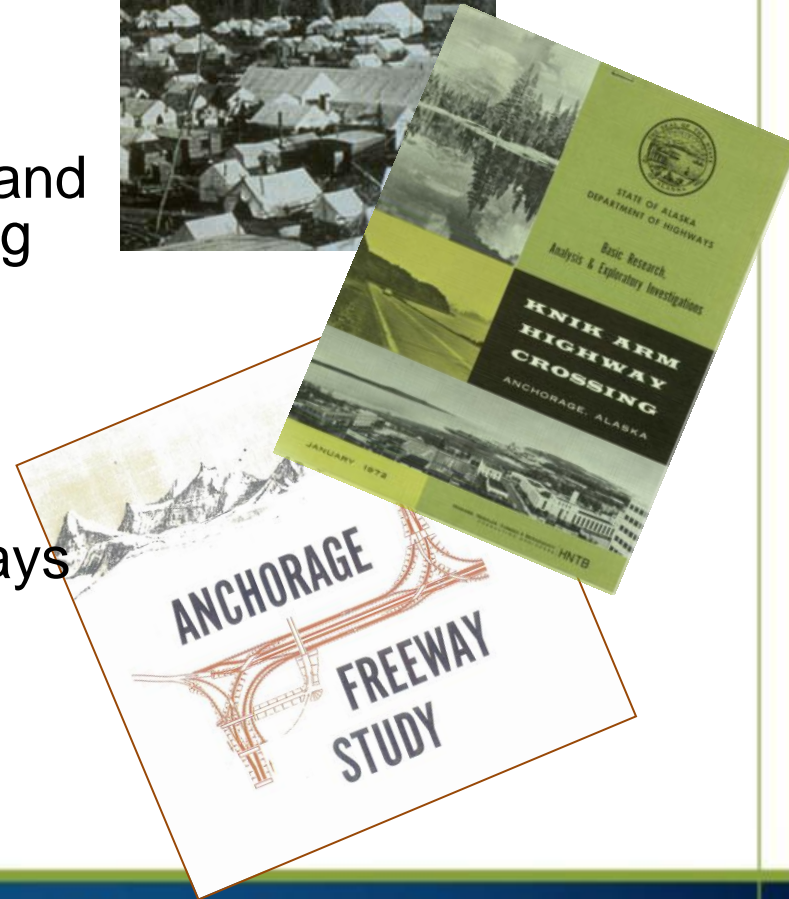
www.knikarmbridge.com

Resource Development Council Project Briefing

February 2, 2012

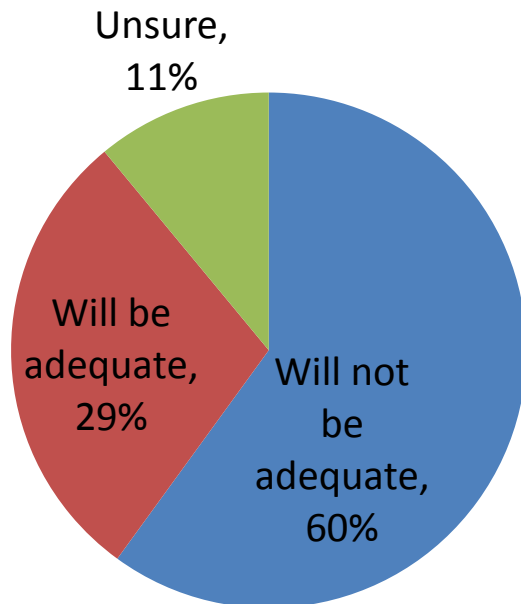
Over 80 Years of Planning

- **1915** – Anchorage settled
- **1923** – Alaska railroad studies causeway across Knik Arm
- **1955** – Bloch report cites economic and engineering advantages of a crossing
- **1963** – Anchorage Freeway Study recommends toll bridge crossing
- **1970** – Seward's Success Conceptualized
- **1972** - Alaska Department of Highways engineering study
- **1984** – Draft EIS published for proposed crossing
- **2010** – Record of Decision

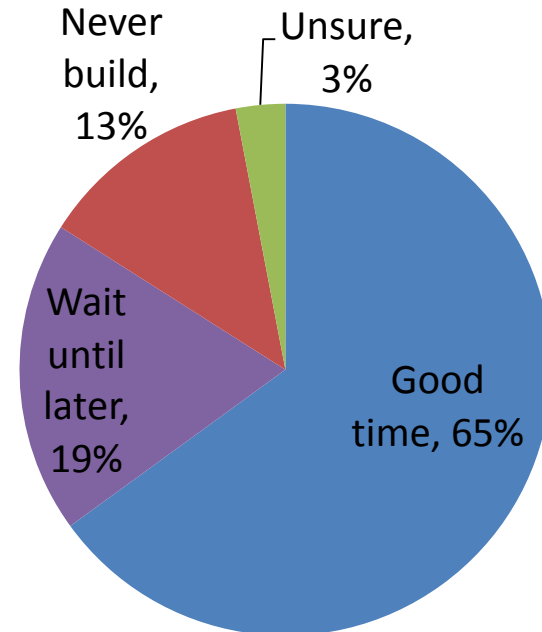


Alaskans Recognize Bridge Value

Do you feel the current Glenn and Parks Highways between Anchorage and the Mat-Su Valley will or will not be adequate for transportation and commuting over the next 25 years?

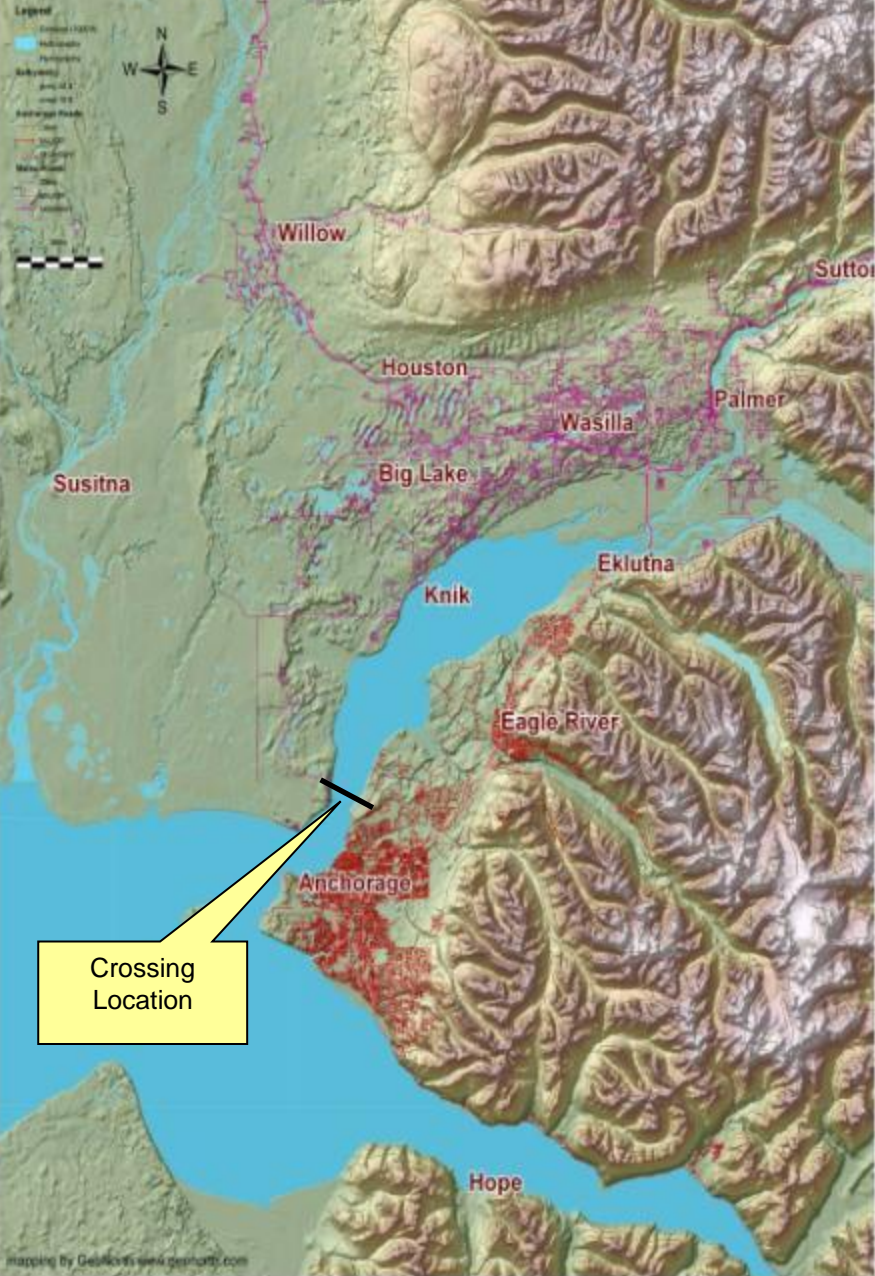


Overall, when everything is considered, would you say now is a good time to build the Knik Arm Bridge, should we wait until later, or should it never be built?



Dittman Research and Communications Alaskan Attitudes and Perceptions Survey, November - December 2011.

Knik Arm Crossing Vicinity Map



Anchorage Metropolitan Statistical Area – 54% of Alaskans

89,737 residents *

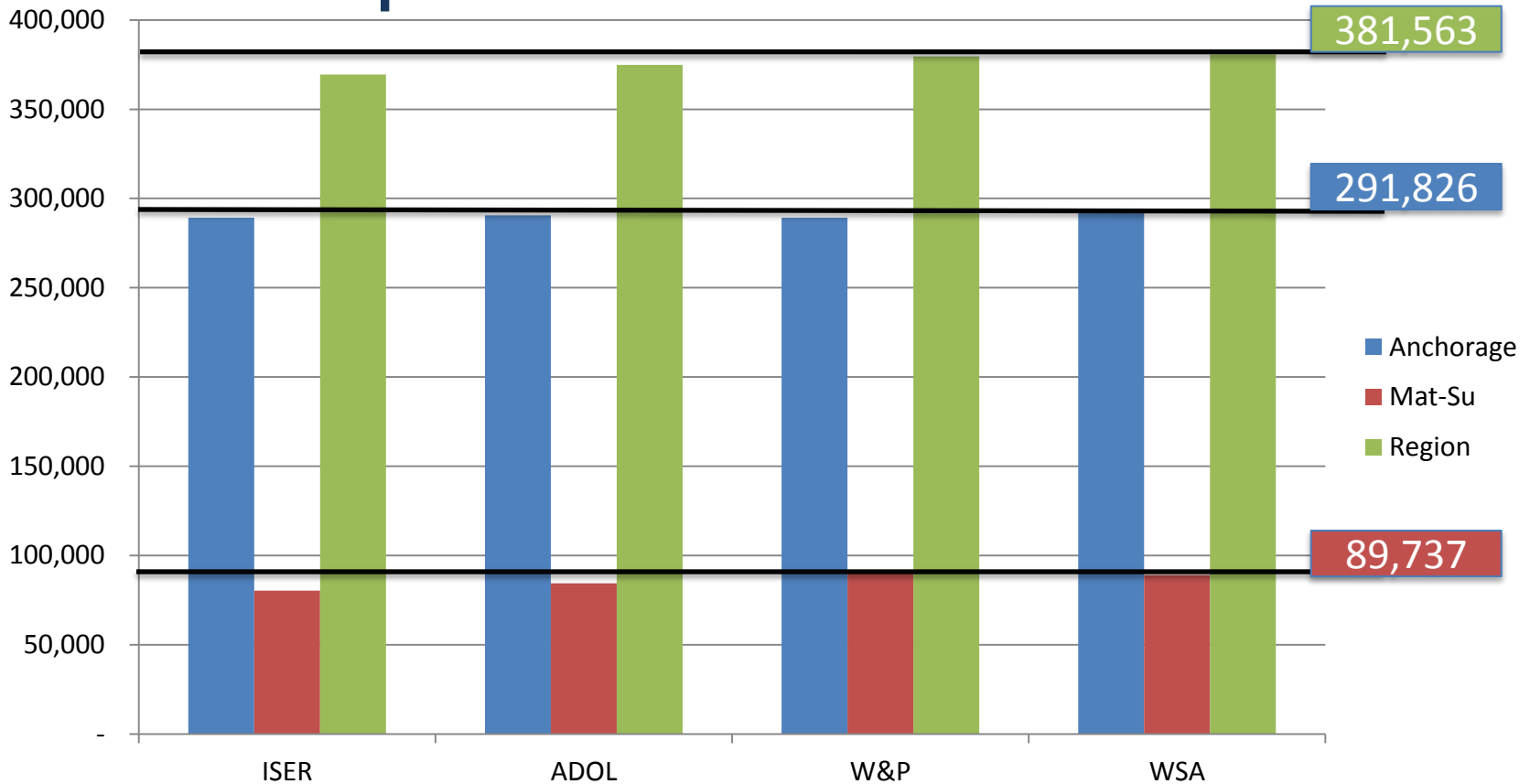
Mat-Su in top 1% of fastest
growing “counties” in U.S.

291,826 residents *

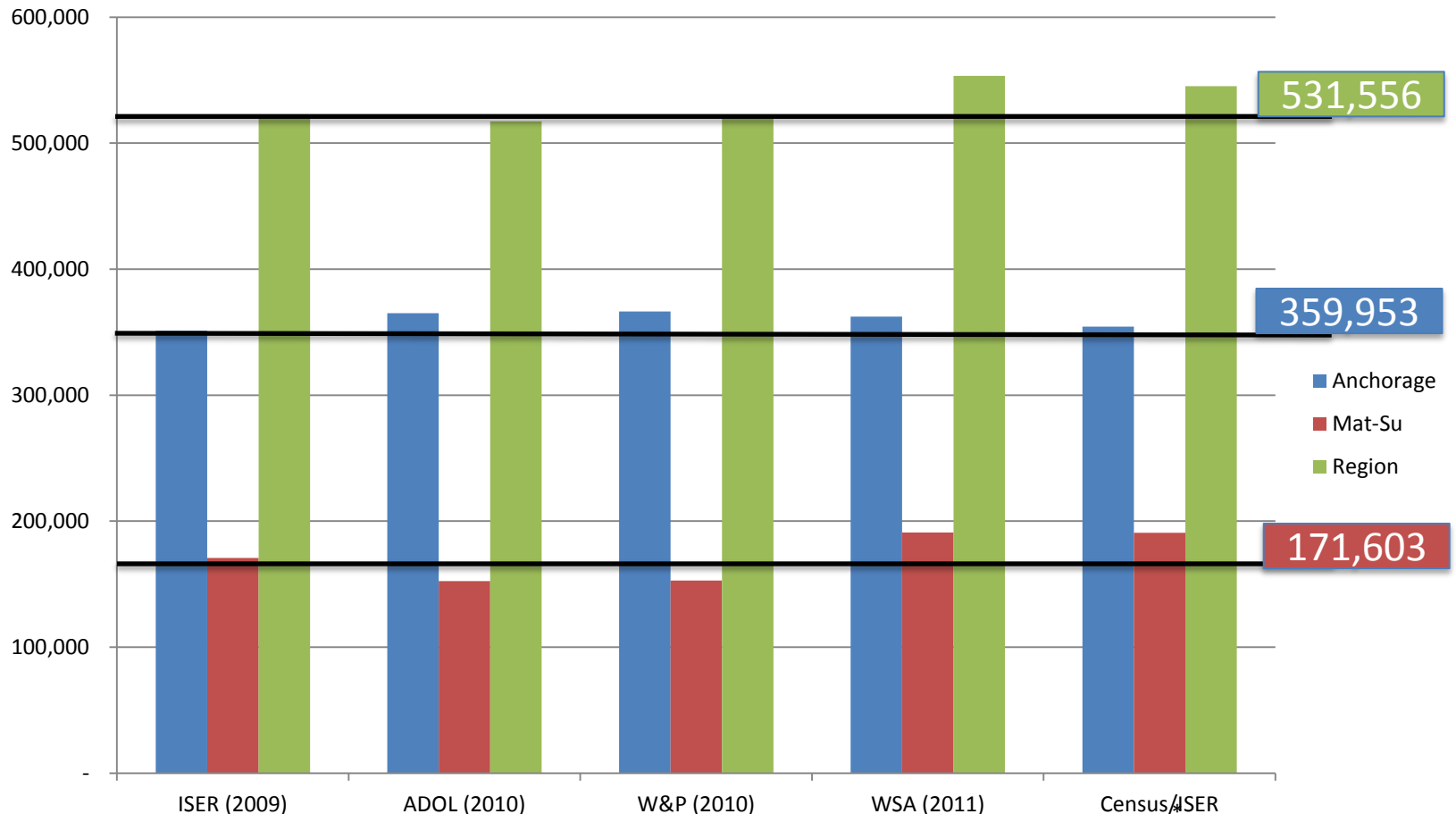
Municipality of Anchorage is
the largest city in Alaska

* April 2010 Census - US Census Bureau

2010 Population Forecasts Compared to Census Actual

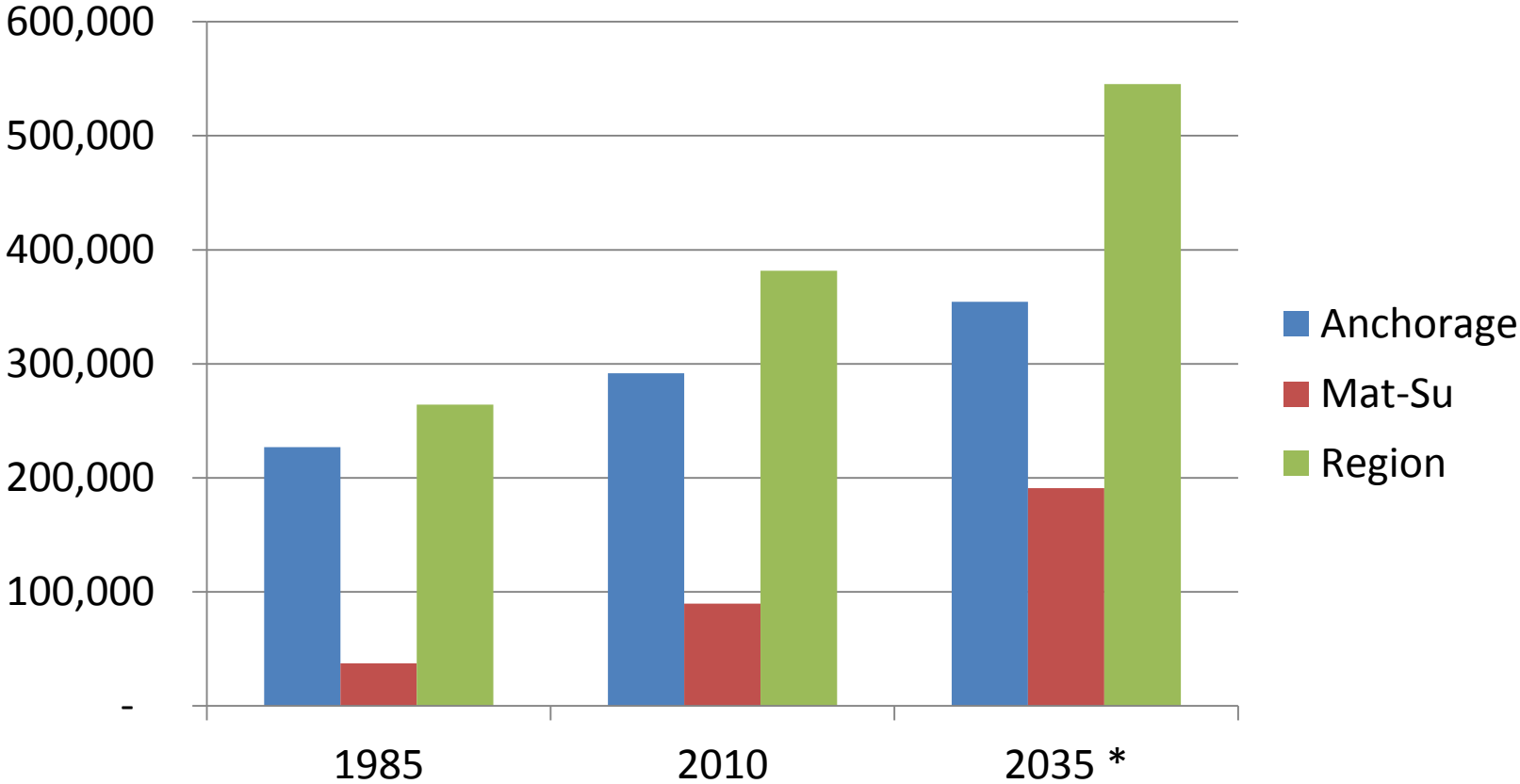


2035 Population Forecasts



- 2010 Census number increased by ISER annual growth rate for 2035 forecast.
- Forecasts assume completion of the Knik Arm Crossing.

Historic and Projected Population Trend 1985 to 2035



* 2010 Census number increased by ISER annual growth rate for 2035 forecast.

Population Forecasts Comparison

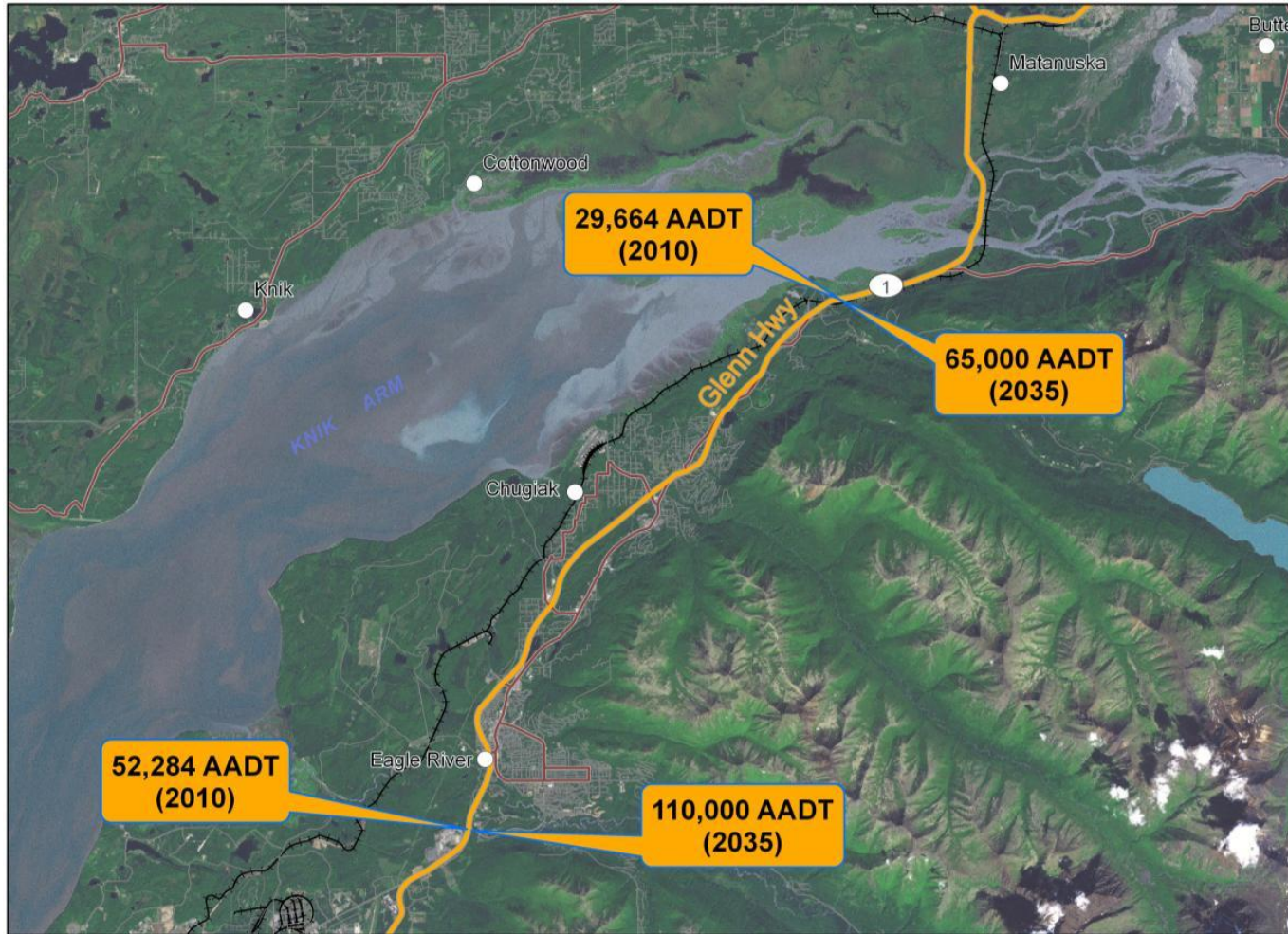
	ISER (2009)	ADOL (2010)	W&P (2010)	WSA (2011)	2010 Census *
2010					
Anchorage	289,200	290,588	289,200	291,826	291,826
Mat-Su	80,300	84,314	90,433	89,737	89,737
Region	369,500	374,902	379,633	381,563	381,563
2035					
Anchorage	351,300	364,973	366,544	362,458	354,490
Mat-Su	170,800	152,456	152,908	190,976	190,873
Region	522,100	517,429	519,452	553,434	545,363

- 2010 Census number increased by ISER annual growth rate for 2035 forecast.
- Forecasts assume completion of the Knik Arm Crossing

Traffic Is Coming

- Current Glenn Highway Traffic:
 - $\approx 30,000$ AADT at Eklutna 2010
 - $\approx 52,000$ AADT at Hiland Road 2010
- $\approx 35,000$ additional AADT at Eklutna by 2035
 - 2035 AADT $\approx 65,000$ (without the bridge)
- $\approx 58,000$ additional AADT at Hiland Road by 2035 (without the bridge)
 - 2035 AADT $\approx 110,000$

Glenn Highway AADT Counts



What Happens Without the Bridge?

- State has to accommodate transportation needs to maintain existing level of service:
 - 6 lane improvements on Glenn Highway from Eagle River to Wasilla
 - 8 lane improvements on Glenn Highway from South Eagle River to 5th Avenue
 - Parks Wasilla Bypass
 - Network improvements in Palmer/Wasilla corridor
- ≈\$3 billion total cost with no toll revenue *

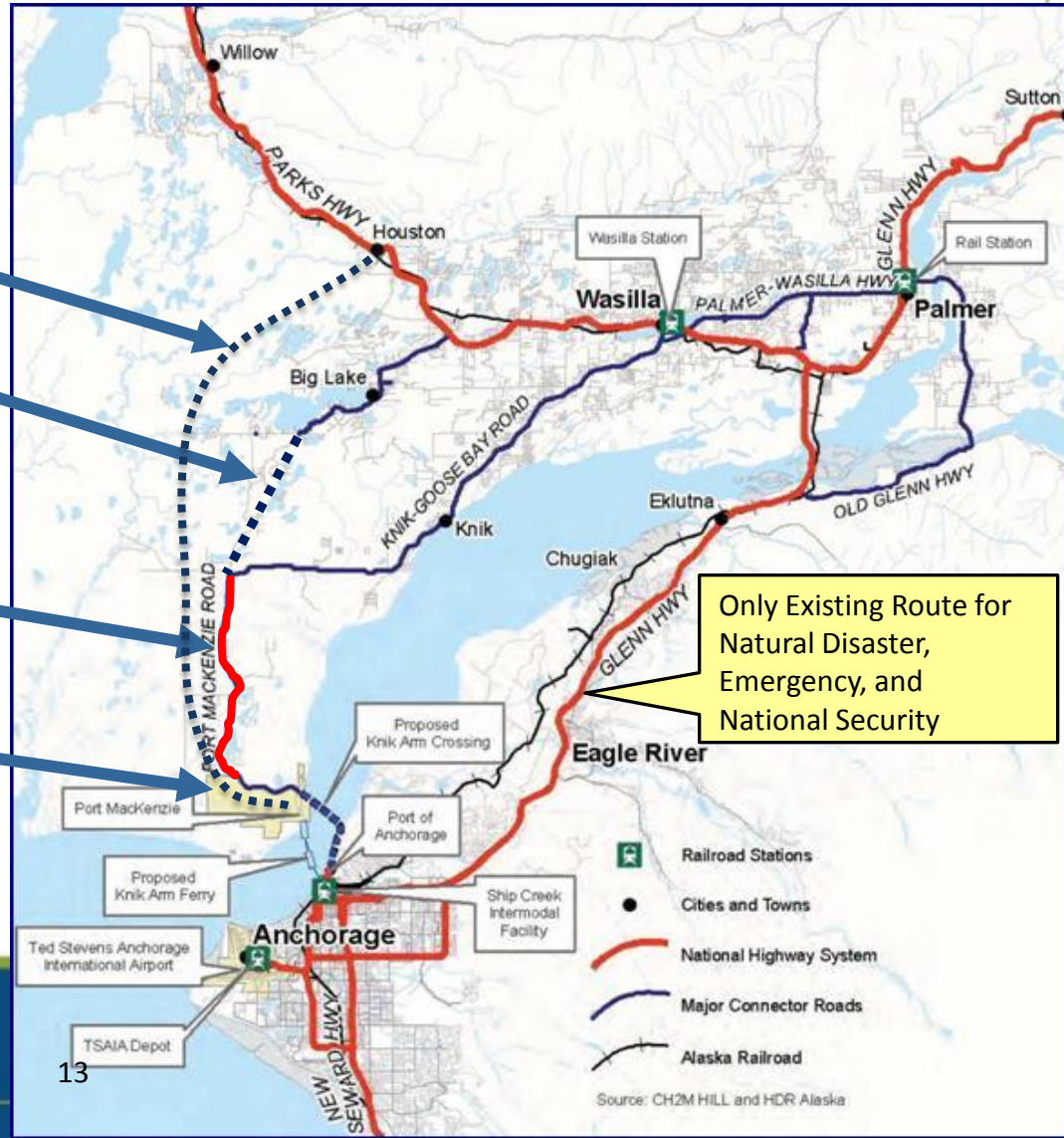
* Estimate per 2008 Statewide LRTP prepared by ADOT&PF

Population and Traffic

		With Bridge	Without Bridge
Mat-Su population	2010 (Census)	88,995	88,995
	2035	190,000	152,200
	% Growth	114%	71%
Eagle River Population	2010 (estimate)	39,000	39,000
	2035	67,000	68,000
	% Growth	72%	74%
Glenn Highway at Eklutna AADT	2010 (actual)	29,664	29,664
	2035	48,700	65,300
	% Increase	64%	120%
Glenn Highway at Hiland Road AADT	2010 (actual)	52,824	52,824
	2035	88,200	110,000
	% Increase	67%	108%
Knik Arm Bridge AADT	2020	16,300	0
	2025	22,500	0
	2030	30,300	0
	2035	36,000	0

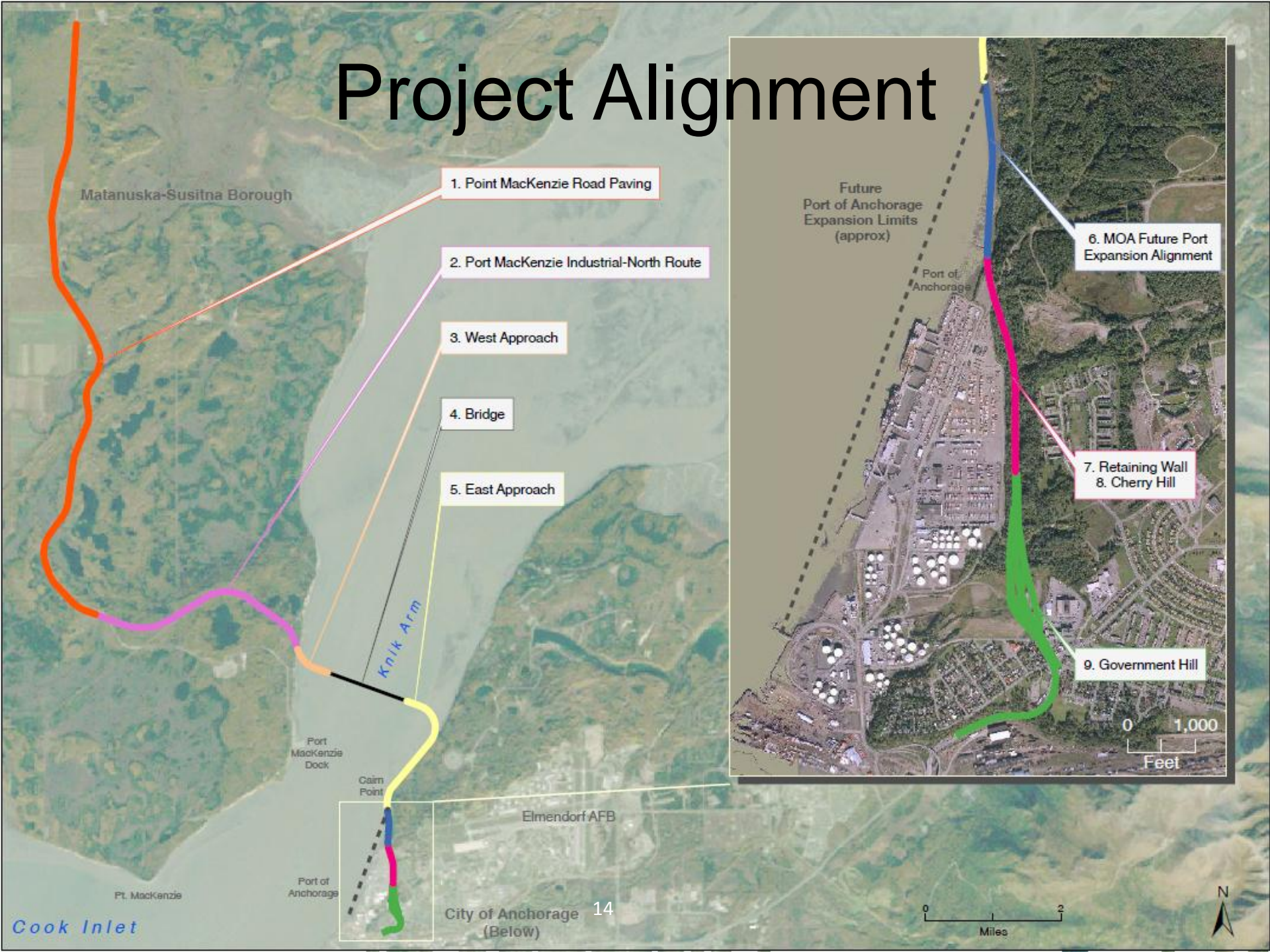
Regional Transportation Network

- Planned Rail Corridor
- South Big Lake and Burma Road
- Point MacKenzie Road Upgrade
- Port MacKenzie Industrial District



Map source: Anchorage AMATS LRTP public review draft – August 2005.

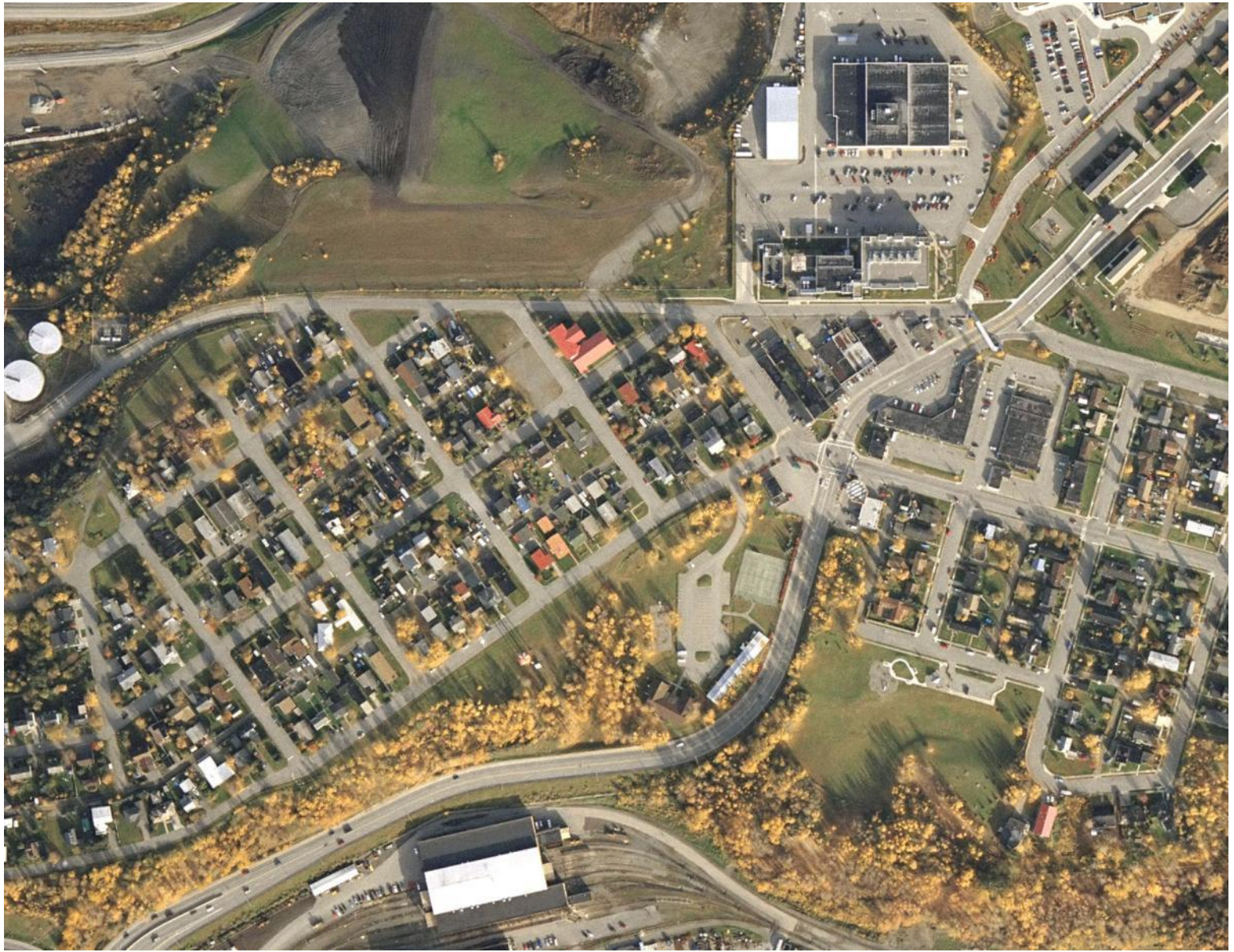
Project Alignment

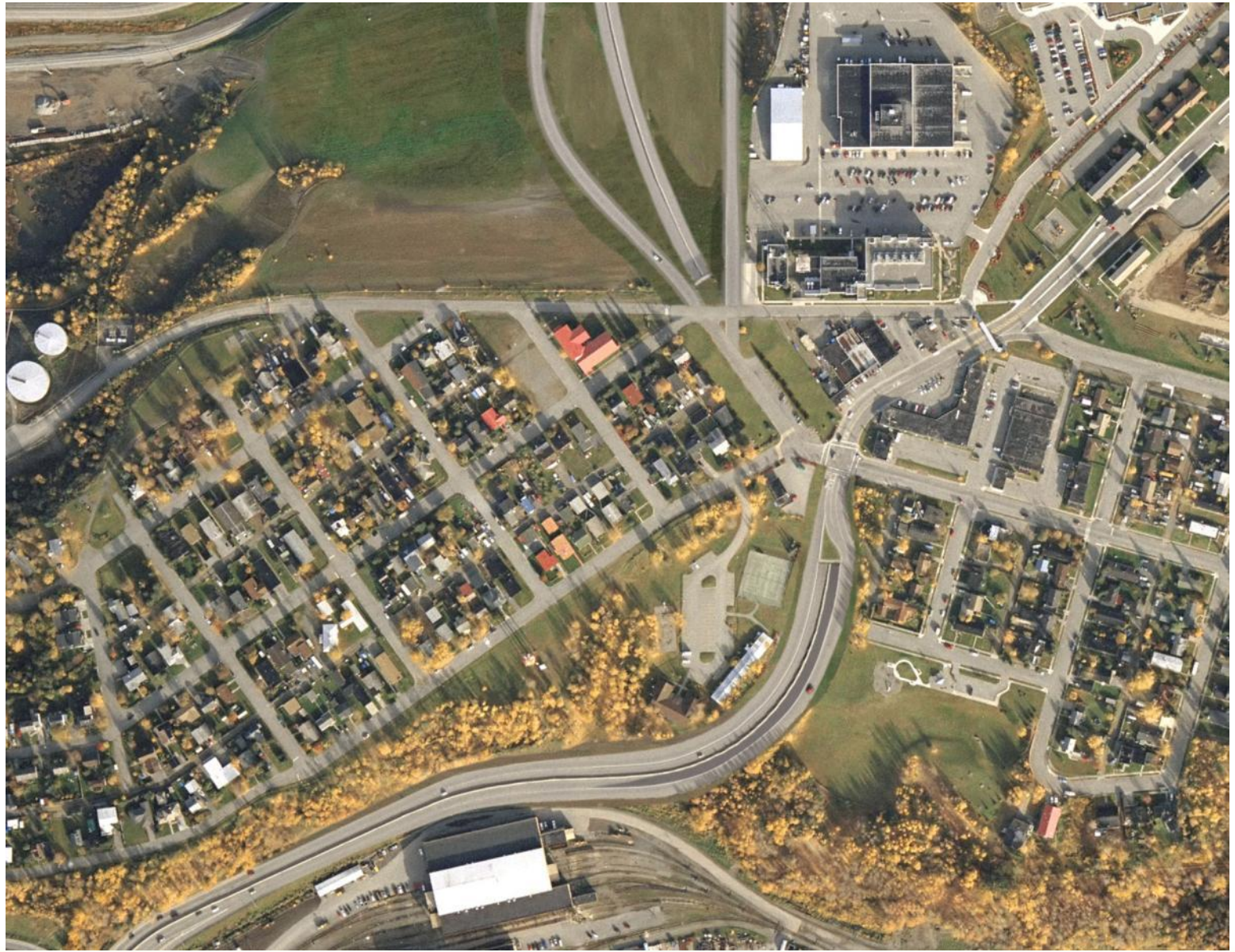


Knik Arm Crossing

P3 Partner Scope Phase 1

- Point MacKenzie Road to A/C connector
- 2-4 lane bridge with 4-lane foundation
- Cut-and-cover tunnel under Government Hill neighborhood
- 4 years to construct (+/- 1 year)
- Cost estimate in 2015 dollars:
 - Phase 1a ≈ \$715 million minimum scope (two lanes)
 - Phase 1b ≈ \$115 million additional for four lane build out
- Full build out contractually obligated





Knik Arm Crossing KABATA Build Out Scope Phase 2

- New viaduct connection to Ingra-Gambell
- 4-lane upgrade to Point Mackenzie Road

**Total Cost Estimate in 2011 dollars:
≈ \$243 million**

* Timing based on recently updated traffic and population forecast.

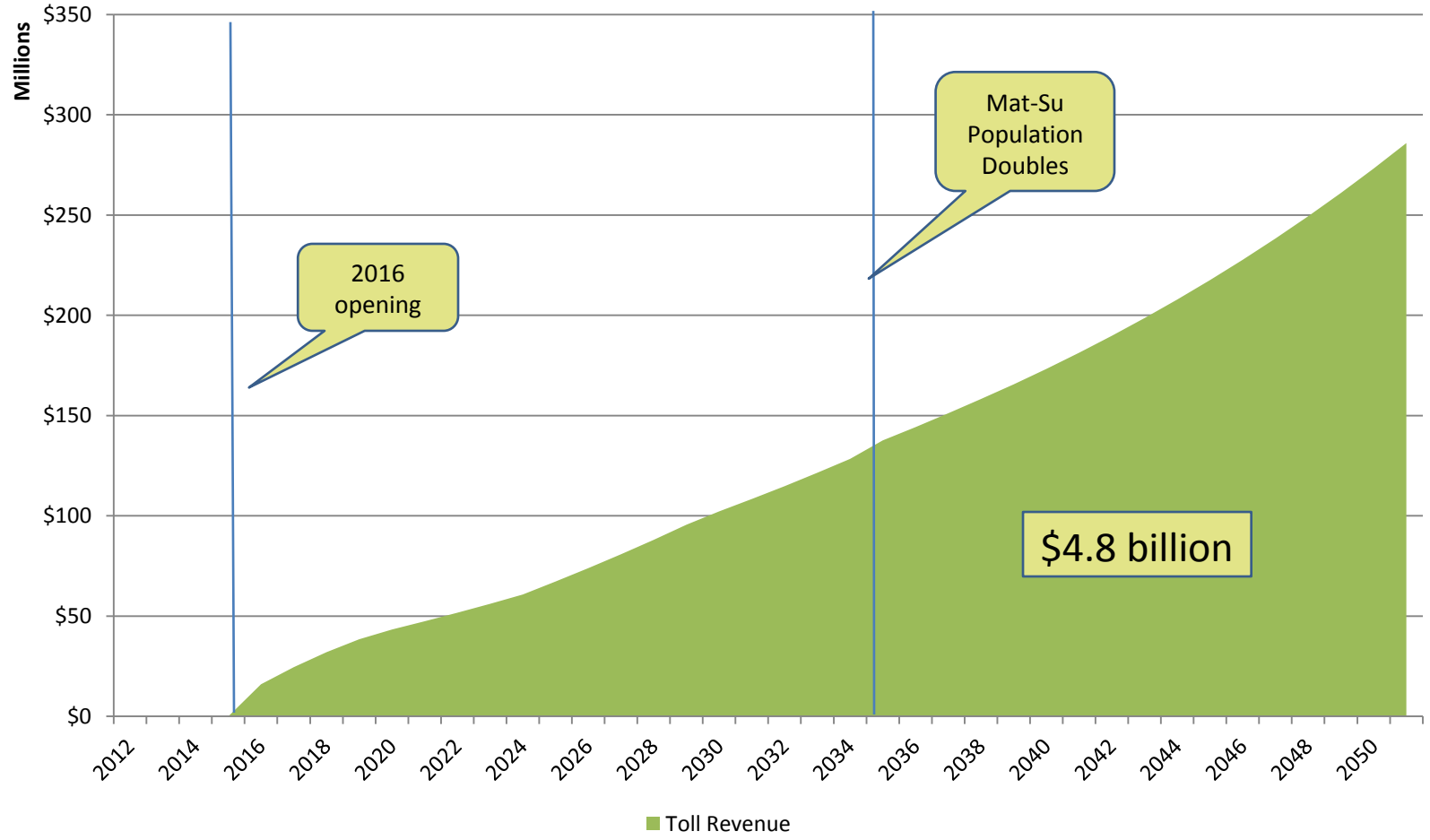
KABATA Ingra-Gambell Connector



Existing A/C Couplet (Phase 1)

New Ingra-Gambell Connector (Phase 2)

Base Revenue Over 35 Year P3 Term



Project Risks

	<u>State</u>	<u>Private</u>
• Toll Revenue	●	
• Construction		●
• Operations and Maintenance		●
• Toll Collection		●
• Financing/Refinancing		●
• Capacity improvements ¹	●	●

1. KABATA responsible for Ingra-Gambell connection and Point Mackenzie Road upgrade to four lane. Developer responsible within concession alignment.

Shortlisted Teams

	Alaska Infrastructure Access Partners	Cook Inlet Passage Partners	North Star Mobility Group
Equity	Infrared Partners, Bouygues, Colaska, Weeks	Meridiam	HOCHTIEF PPP Solutions, ACS Infrastructure
Design-Builder	Bouygues, Weeks Marine	Kiewit, Manson Construction	Flatiron, Dragados, Traylor Brothers
Operations and Maintenance	Colaska	Transfield Services	HOCHTIEF, ACS
Design	URS, Moffatt Nichols	Parsons Transportation Group	HNTB, CH2M Hill
Financial Advisor	Macquaire Capital	KPMG Corporate Finance	ACS, HOCHTIEF

Alaska Firms Well Represented

Alaska Interstate Construction LLC

URS Alaska, LLC

Golder Associates Inc.

Denali Drilling

R&M Consultants, Inc.

Dowell HKM

CoAlaska, Inc. dba QAP

Peter Keiwit

USKH, Inc.

Kodiak Map

CH2M Hill, Inc.

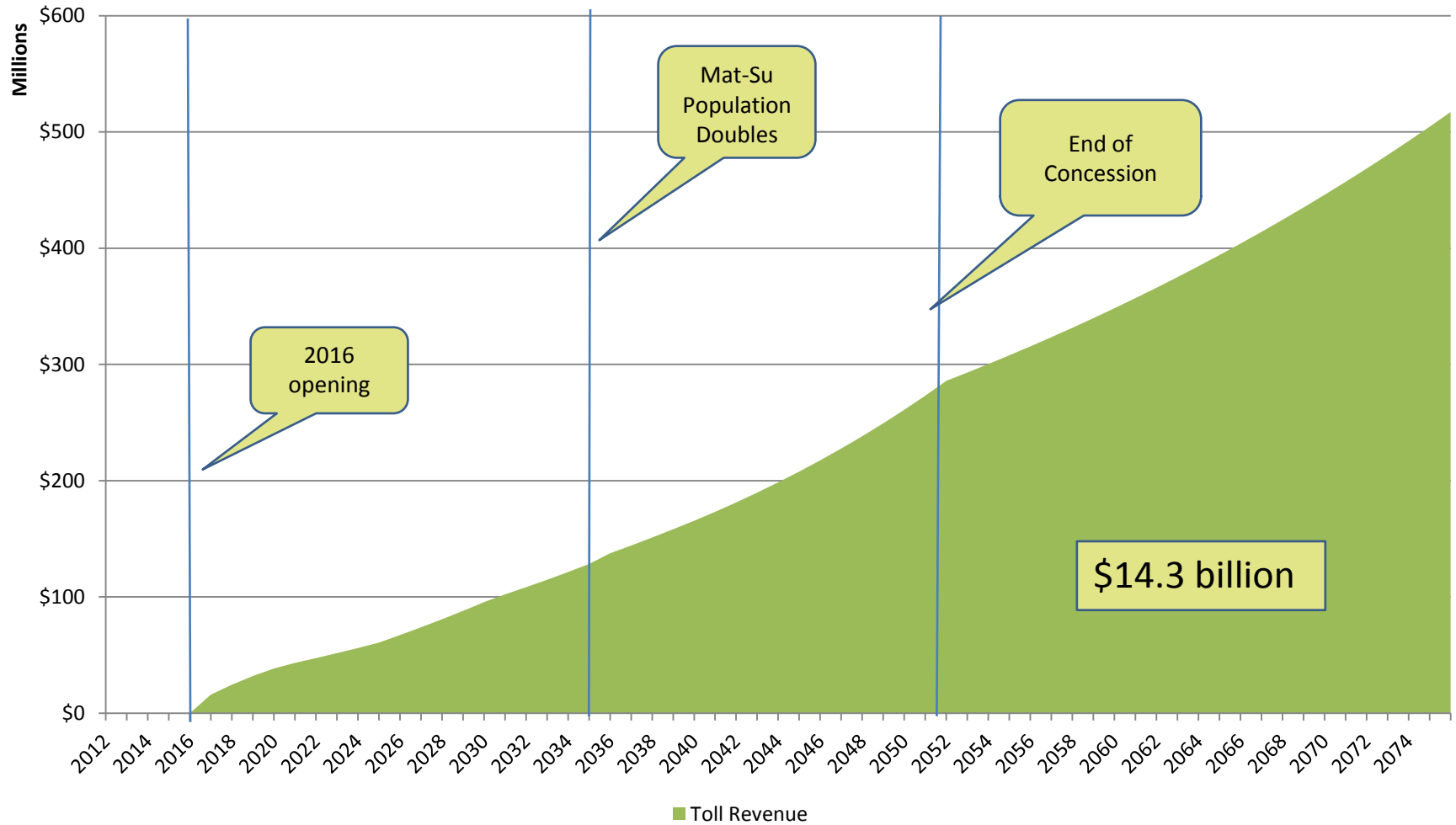
Procurement Process Following Shortlisting

- RFP drafted
 - Develop RFP documents by KABATA, DOL, DOR, consultants
 - RFP documents reviewed by Governor's Office
 - RFP approved by KABATA Board of Directors and Governor's Office
- Draft RFP released including Public-Private Agreement (PPA)
- Industry review including one-on-one meetings
- Formal RFP issued
- One-on-one meetings and Q&A
- Proposals submitted
- Evaluation and selection of best value proposer
- Award and execution of PPA / financial close

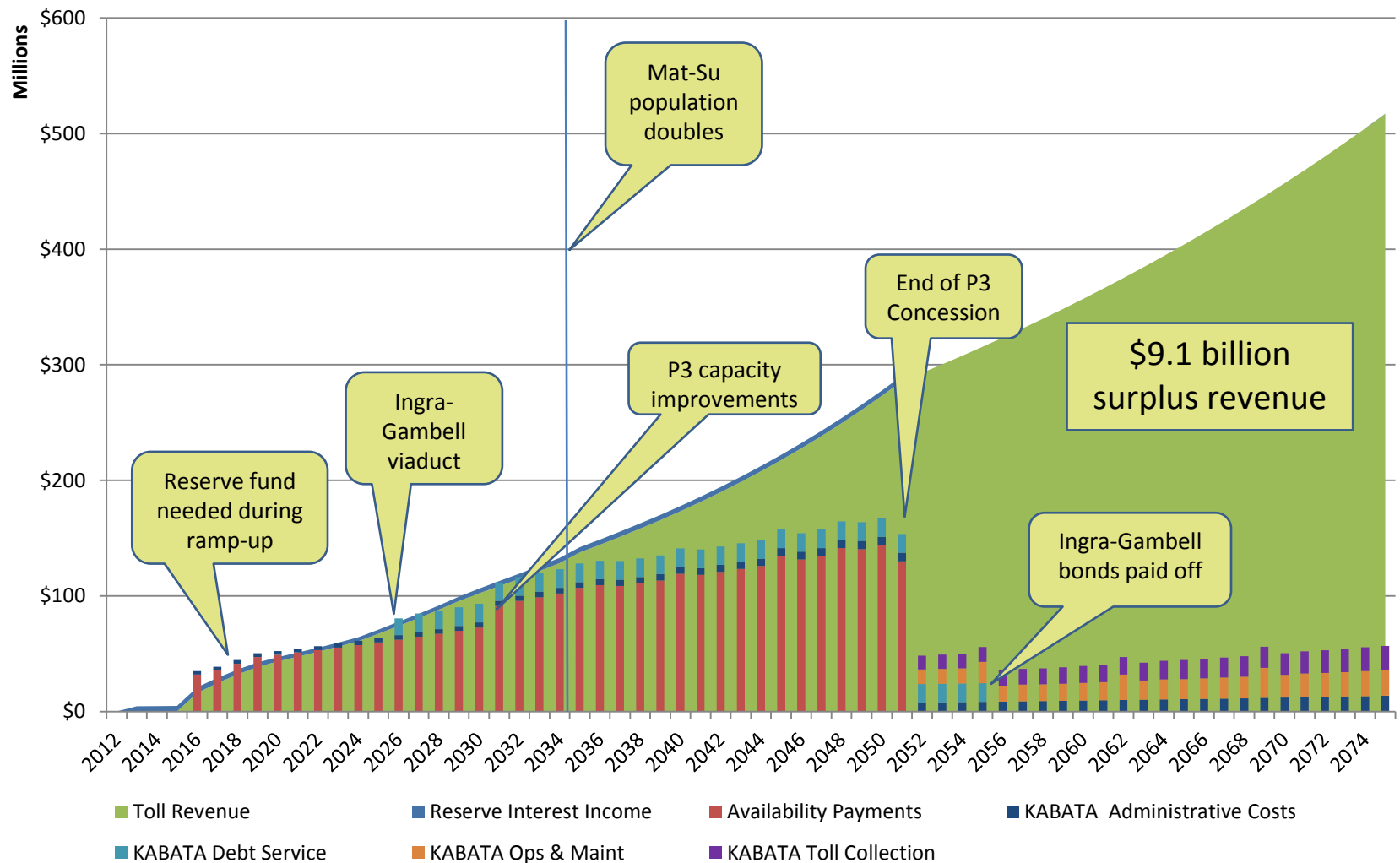
Availability P3 Indicative Terms

- **Scope**
 - FDBOM in exchange for periodic availability fees
 - Future capacity improvements in segments operated by developer
 - Includes tolling operations on behalf of Authority
- **Term - 35 years after substantial completion**
- **Potential Financial / Credit Support:**
 - \$150 million funded project reserve (SB 78 / HB 158)
 - Potential milestone payment(s)
 - \$600 million SAFETEA-LU Private Activity Bonds allocation
 - \$310 million TIFIA loan letter of interest submitted for Knik Arm
 - Potential future TIGER Discretionary Grant
- **Termination for Convenience Clause**

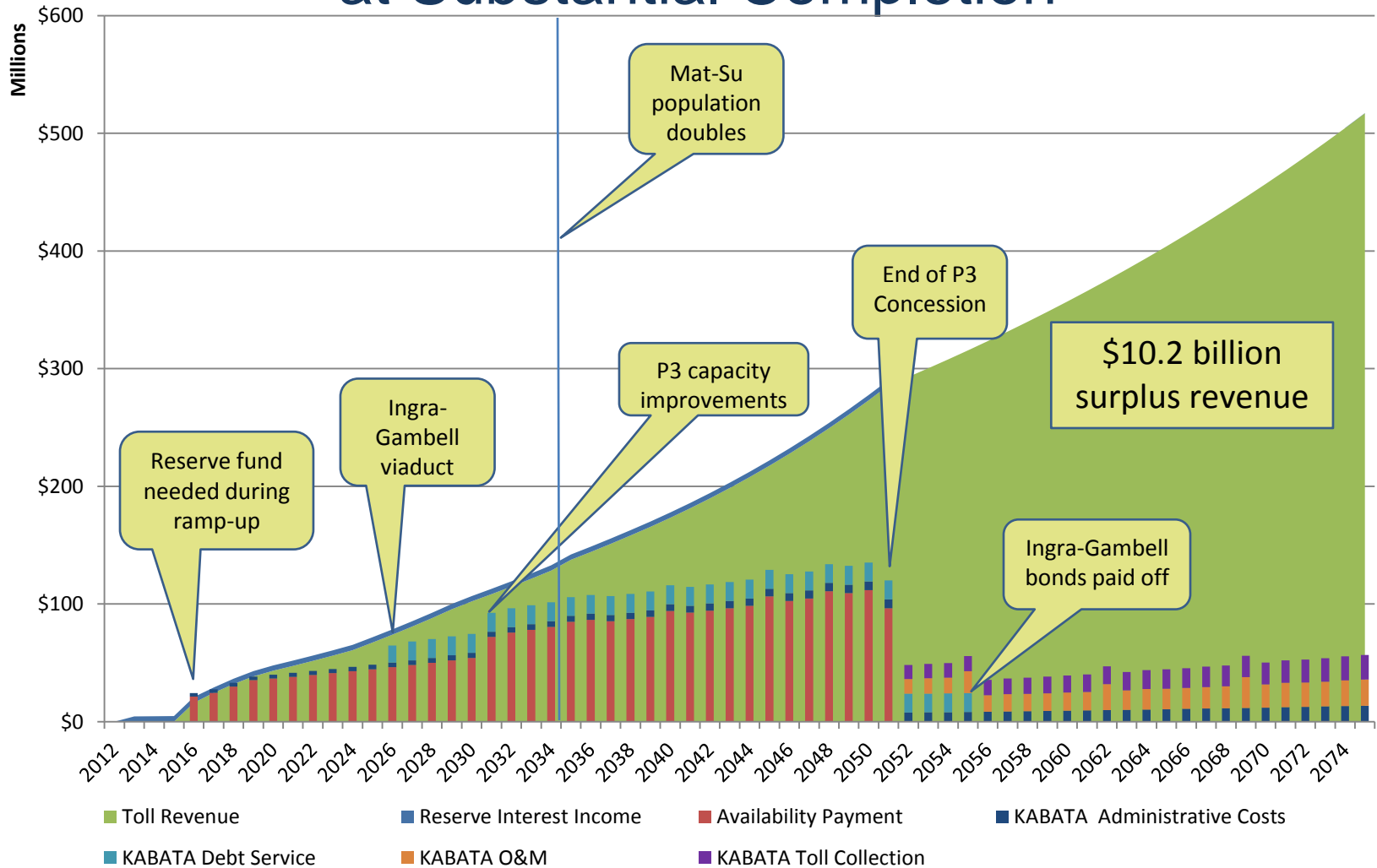
Revenue Forecast Over 60 Years



60 Year Cost and Revenue Projection



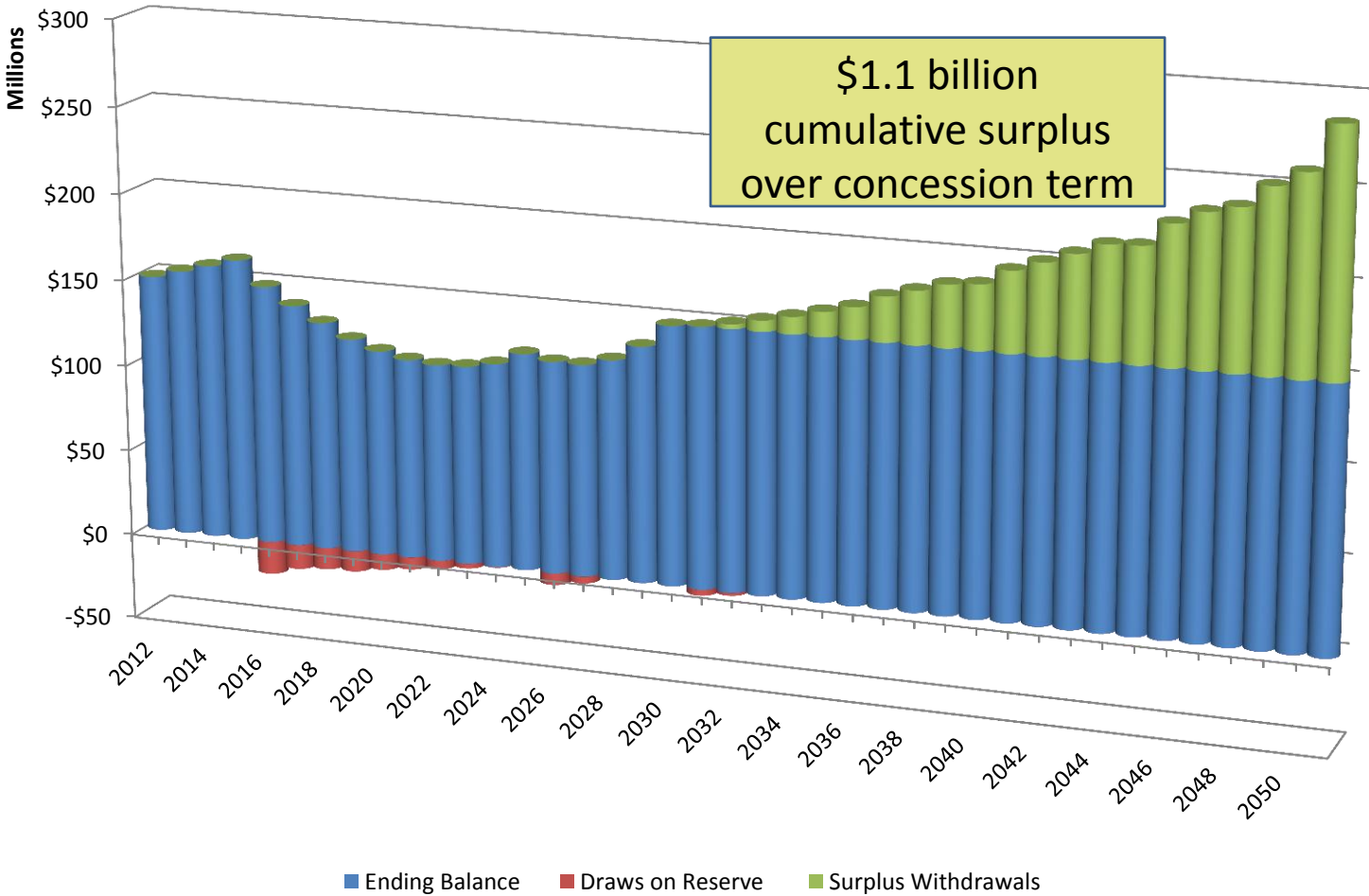
60 Year with \$200mm Milestone Payment at Substantial Completion



Why Reserve Fund Needed

- Similar to a line of credit, that is paid back
- Cover forecasted revenue shortfall during early years ramp-up period
- Reduces availability payment by reducing cost of capital

Reserve Fund Projected to be Sufficient



Transportation Investment and Return

	With Bridge		Without Bridge
	\$150 Million Reserve	\$200 Million Milestone	
Transportation Comparison (Capital):			
Public	\$0	\$200 million	\$3 billion
Private	\$830 million	\$630 million	\$0
Sources:			
Federal	\$0	\$0	\$2.7 billion
State	\$0	\$200 million	\$300 million
Private	\$830 million	\$630 million	\$0
Net Revenue:			
Through 2035	\$34 million	\$360 million	\$0
Through 2050 (end of P3 contract)	\$927 million	\$1.7 billion	\$0
Through 2075 (60 years of operation)	\$9.0 billion	\$10.2 billion	\$0

ROW and Permitting Status

Rights-of-Way:

- Anticipate securing title or right of entry to all parcels by end of 2012

Key Permits:

- Record of Decision Issued December 15, 2010
- 404 permit application filed with Corps Sept 2011
(including 401 Cert., Rivers and Harbors Act, General Bridge Act, among others)
- LOA application under MMPA filed with NMFS
- Coast Guard permit application filed Dec 2011

Project Timeline

2011	2012				2013	2014	2015	2016	2017	2018
4Q	1Q	2Q	3Q	4Q						

Key Permits



ROW Acquisition



Procurement



Construction



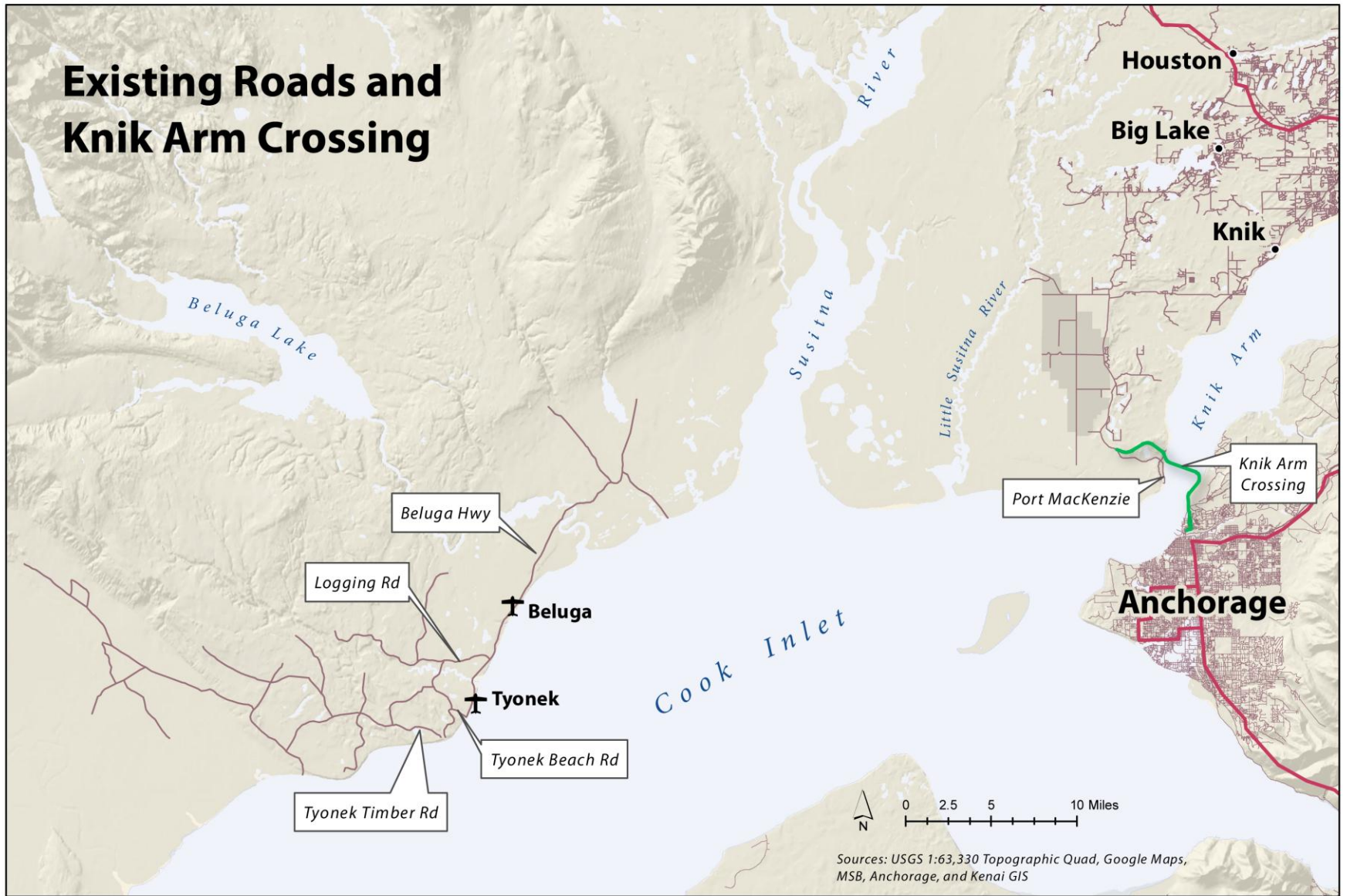
Operations



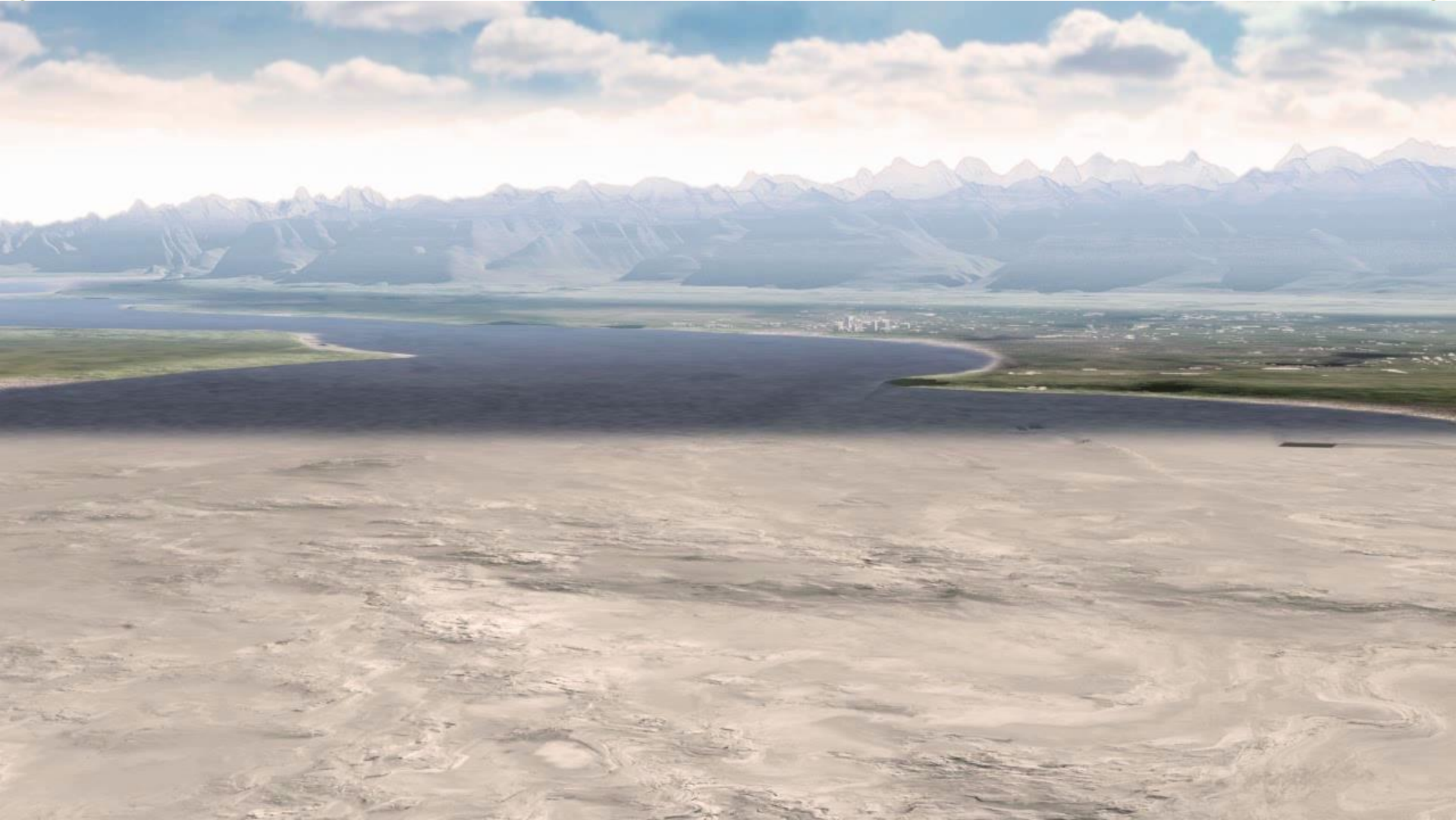
Benefits of the Bridge

<ul style="list-style-type: none"> • 1,500 construction related jobs and enables thousands of permanent direct and indirect jobs 	<ul style="list-style-type: none"> • Second route for safety and emergencies for 54% of the State's population (61% if Kenai included)
<ul style="list-style-type: none"> • Supports coming population growth 	<ul style="list-style-type: none"> • Funds future transportation projects
<ul style="list-style-type: none"> • Goose Creek Correctional Center 12 miles from courts, jail and supplies in Anchorage with bridge (72 miles without) 	<ul style="list-style-type: none"> • First leg to western Cook Inlet resources (Kenai Peninsula Borough); Coal, Hydroelectric, Timber, Oil and Gas, Geothermal
<ul style="list-style-type: none"> • Intermodal connectivity between ports, rail, airports and highway network 	<ul style="list-style-type: none"> • Defers need for capacity improvements in Glenn Highway / Parks Highway corridor
<ul style="list-style-type: none"> • User fees (tolls) cover maintenance and operations over the life of the facility 	<ul style="list-style-type: none"> • Reduces transportation costs to Denali, Fairbanks, the Interior and North Slope
<ul style="list-style-type: none"> • Opens up the Port MacKenzie Industrial District (8,940 acres) for commercial and industrial development – just 5 miles from Anchorage 	<ul style="list-style-type: none"> • Significantly reduces vehicle miles travelled, fuel consumption and greenhouse gas emissions, saving Alaskan's time and money
<ul style="list-style-type: none"> • Allows northbound freight traffic to bypass downtown Anchorage, preserving city streets 	<ul style="list-style-type: none"> • Provides access to housing closer to Anchorage, promoting smarter growth

Existing Roads and Knik Arm Crossing



Bathymetry and Tides



Late Season 1



Oscillated Drilled Shaft Operation



Foundation Wrap Up - Season 2



The Future

Concept Rendering

