

Joint Legislative Committee on the Budget

GARVEE UPDATE

February 22, 2019

Dr. Shawn D. Wilson Ph.D.,
Secretary



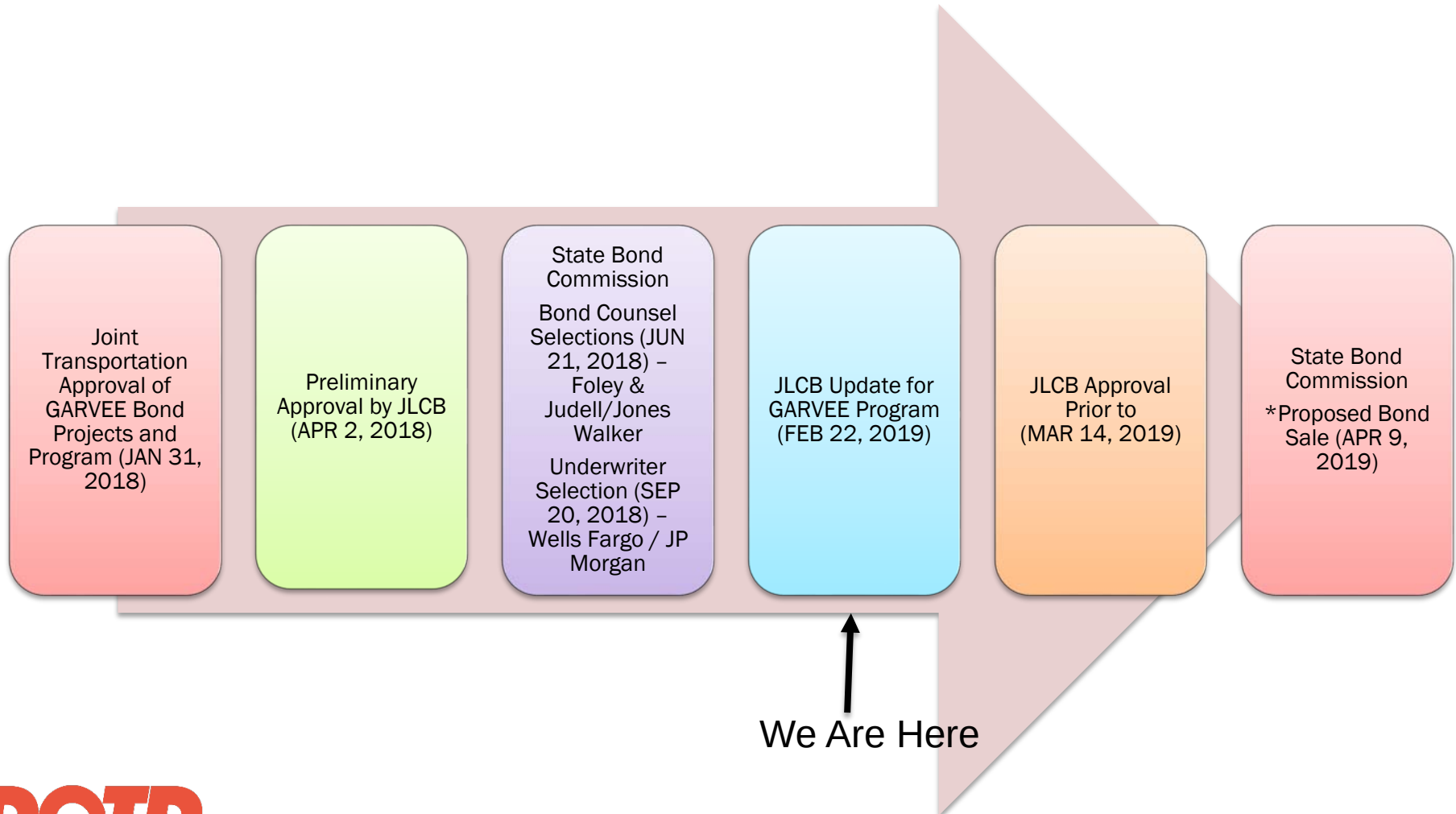
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Agenda

1. GARVEE Approval Process
2. GARVEE Program Update
3. GARVEE Projects
4. Change Orders
5. Request
6. Questions

GARVEE Approval Process to Date



GARVEE Program Update

1. The GARVEE Program will include issuance of up to \$650 million in bonds subject to JLCB approval by series.
 - A. The program will allow DOTD to **efficiently** manage the life cycle of the GARVEE projects with the issuance of bonds.
 - B. Each series of bonds provides funding for a specified time period for the projects.
 - C. Allows for an efficient cash management process across the project life cycle **to limit idle bond proceeds**, while still taking advantage of current low interest rates.
 - D. Approval **of the program** will demonstrate Louisiana's commitment to the GARVEE Program, thereby gaining more attention and interest among investors.
 - i. Resulting in a more favorable rate for the bonds, than approving project specific bonds. We estimate that the latter would **increase interest rates by 5 to 10 basis points**.
 - ii. **Cost savings of issuing** a single, program-based bond sale to launch the three initial projects, compared to bonding incrementally by project , **is estimated at approximately \$2 million. Extended to the full \$650 million program, the increased costs could be \$3.5 million**, depending on interest rates at the time that the balance of the program is financed.
 - E. Allows the Department to plan and implement projects without disruption, and is the National Best Practice.

GARVEE Program Update

2. Project Approval process.

- A. Joint Transportation projects approved January 2018.
- B. Provide project specific updates to JLCB for before awarding any contract.
- C. Obtain JLCB approval for each series of bonds sold.

I-220/I-20 Interchange Imp & BAFB Access

Schedule

- Lump Sum Price Proposals opened on February 5, 2019
- Award is scheduled for March 6, 2019
- Notice to Proceed is scheduled for April 24, 2019

Projected Construction Costs

- Actual - \$72M

Design and Construction Time

- 2.5 years

I-220/I-20 Interchange Imp & BAFB Access

Project Scope:

- The Barksdale Project consists of a new state route roadway extending from the existing I-220 terminus north of I-20 south to a terminus within the Barksdale Air Force Base.
- The interchange includes an elevated section which will cross the Kansas City Southern Railway Company railroad (KCS RR) and end on the Barksdale Air Force Base (BAFB) property.
- The new construction will remain a controlled access facility. Access to and from I-20 eastbound and westbound to the new state route will be provided via at-grade ramps, loop ramps and flyovers.

Loyola Dr./Interstate 10 (I-10) Interchange

Schedule

- Proposals due April 23, 2019
- Award is scheduled for July 1, 2019
- Notice to Proceed is scheduled for August 27, 2019

Projected Construction Costs

- Construction is estimated at \$125M

Design and Construction Time

- Approximately 4 years

Loyola Dr./Interstate 10 (I-10) Interchange

Project Scope:

- The existing Loyola Drive / Interstate 10 interchange is located within Jefferson Parish in the City of Kenner, Louisiana.
- The Loyola Project will improve operational conditions and increase traffic capacity to accommodate future traffic demand in the area.
- Congestion currently exists on Loyola Drive at its interchange with I-10 and at its intersection with Veterans Boulevard during peak periods on typical weekdays.
- Future traffic demand without the new airport terminal is expected to result in the queuing of traffic onto the I-10 mainline.

I-10 Corridor Reconstruction and Widening (Baton Rouge)

Project Schedule:

- During the period of the first Bond Sale the following phases will begin:
 - Start the geotechnical investigation along Corridor in March 2019.
 - Start construction on the KCS Railroad Bridge over Acadian in June 2019.
 - Begin early ROW acquisition in August 2019.
 - Start construction on the College Flyover in April 2020.

Projected Costs:

- Initial project cost is \$30.6M

I-10 Corridor Reconstruction and Widening (Baton Rouge)

Project Scope:

- DOTD proposes GARVEE Bonds for improvements on I-10 from the Mississippi River Bridge to the I-10 and I-12 split in East Baton Rouge Parish, Louisiana.
- An engineering firm will be selected for the entire I-10 Corridor. (LA415 to Essen LN)
- The mainline alternative involves adding one additional travel lane to I-10 eastbound and to I-10 westbound through the project area. These modifications may include any of the following:
 - interchange configuration modifications
 - ramp lengthening; auxiliary lanes
 - frontage roads
 - additional shoulder width
 - exit and entrance ramp relocations or removals

Summary of GARVEE Projects

2 Year Spend Down

- **I-20 entrance into Barksdale Air Force Base**
 - 2yr Spend Down: \$61.6M
 - Actual Contract Amount: \$72M
- **I-10/Loyola Drive Interchange improvements in Kenner**
 - 2yr Spend Down: \$77.6M
 - Estimated Contract Amount: +/- \$125M
- **I-10 Corridor reconstruction and widening in Baton Rouge**
 - 2 yr Spend Down for first segment: \$30.6M
 - Includes: geotechnical investigation, early ROW, KCS Bridge, and the College Flyover
 - The GARVEE Program for the I-10 Corridor is estimated at \$750M (East of MR Bridge)
- **Belle Chasse Bridge & Tunnel Replacement**
 - 2yr - Not to exceed \$12.5M
- **Construction Engineering and Inspections: \$15.1M**

Guidelines for Design Build Change Orders

- La. Rev. Stat. Ann. § 48:252 B - Any plan change outside the scope of the contract ...shall be let out for public bid as provided by law.
 - Plan changes shall be limited to situations arising after the receipt of bids.
- La. Rev. Stat. Ann. § 48:250.2
 - Plan changes on design build contracts are limited to unknown site conditions or inflation.
- Engineering Directives and Standards Manual (EDSM)
- Standard Specifications for Roads and Bridges

Summary of Change Orders for Design-Build Projects to Date

- Total DB Construction cost is \$778.5M since 2006.
- 6 DB projects completed:
 - 1 DB project with \$ 0.00 Change Order
 - 5 DB projects with a 4.55 % average cost increase due to Change Orders
- 2 DB projects under construction:
 - Estimated completion dates are March 2019 and February 2020
 - The current cost increase is 5.48 % due to Change Orders.
- Change Order examples include:
 - unknown condition of existing structures
 - unknown soil condition
 - unknown HAZMAT
 - unknown security requirements
 - Inflation (i.e. rising fuel cost)

Today's GARVEE Request

1. Change approach from a Project Specific Delivery to a Program Delivery.
2. Request JLCB meeting prior to March 14, 2019 for the approval of the GARVEE program and issuance of the bonds.
 - A. Resolution for the GARVEE Program and issuance of the bonds up to \$650M subject to further JLCB approval.
 - B. Resolution for the GARVEE bond sale up to \$185M based on the 24 month spend down.

* Will obtain JLCB approval for each series of bonds sold.

QUESTIONS