

News Release
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NCDOT Completes Financial Requirements for Locally Requested I-77 Express Lanes Project

Cancellation would have cost the state more than \$100 million

CHARLOTTE — The I-77 Express Lanes project, proposed by local planners, remains on schedule for construction to begin later this year, avoiding costly delays.

NCDOT and I-77 Mobility Partners (Cintra US) signed the final agreement in June of 2014 to construct express lanes along 26 miles of I-77 as requested by the local transportation planning organization (CRTPO formerly MUMPO). After four years of study local planners requested the project in March 2011 and May 2013 to help manage traffic on one of the state's most congested corridors by providing drivers with more choices for a reliable travel time.

Through this public-private-partnership (P3) the project will provide immediate and long-term traffic management solutions within three years. Under the agreement NCDOT is investing \$95 million directly in the I-77 Express Lanes project, and an additional \$145 million in other transportation projects (bonus allocation funds) for a total \$240 million investment in the region, significantly more than any other single project in the proposed highway bond list.

Cancelling the I-77 contract anytime after June 26, 2014 would have cost the state \$22 million, today damages for canceling would potentially exceed \$100 million. Under the Strategic Transportation Investments Law, the region would also lose the additional \$145 million investment for other I-77 regional projects if the state cancels the contract.

If the project were delayed beyond July 1, 2015 the I-77 region would lose at least \$45 million for other transportation projects under state law, and the state would risk inflated interest rates on the project bonds as well as increased construction costs.

As referenced in the May 4 news release following months of review by the Local Government Commission (that includes the State Treasurer, State Auditor, Secretary of State and Secretary of Revenue) and the Federal Transportation Infrastructure Finance and Innovation Act (TIFIA) Credit Council, NCDOT received approval from both and secured funding at historically low interest rates.

Following the schedule outlined in a public presentation to the Local Government Commission on April 28, NCDOT finalized the Private Activity Bonds on May 13 and will complete the TIFIA loan process on May 19, completing the financial requirements of the final agreement signed in June of 2014.

Why NCDOT Can't Switch to General Purpose Lanes Now

In addition to losing millions of dollars in local transportation investment if the I-77 Express

Lanes project is canceled, the state could not immediately build general-purpose lanes as an alternative.

As required by law, a new I-77 project would have to be scored under the strategic mobility formula and would be subject to the corridor spending limits during a five-year period. (More on STI Law) In response to questions NCDOT ran a hypothetical scoring of the project in July 2014. Using the same criteria to produce a hypothetical score there is no section of I-77 North that would score high enough, or fall within corridor cap limits, to be funded for construction ahead of the I-77 Express Lanes project south of Charlotte for at least the next ten years under the law. The hypothetical scores and corresponding news release were posted on NCDOT's website in July 2014.

North Carolina is one of the fastest growing states in the nation and the Charlotte area is the 25th most congested in the nation. Governor McCrory signed into law sweeping transportation funding reforms in 2013 that address congestion, travel time, safety, jobs and freight. Consistent with Governor McCrory's 25 Year Vision, taking advantage of historically low interest rates and P3 projects like this one are vital in connecting people to jobs, healthcare, education and recreation as traditional transportation revenue is not keeping pace with growth. The new funding formula, bond proposal and P3 project propose to inject more than \$1.2 billion along the I-77 corridor in the next ten years. (see chart below)

Last week, Governor Pat McCrory spoke about the I-77 Express Lanes project and the choices it will provide motorists traveling through the I-77 Corridor.

The I-77 Express Lanes project will provide traffic management solutions along the entire 26-mile segment within three years instead of attempting piecemealed road projects over the next several decades, beyond the current ten year program. Once completed in 2018 drivers will always have the choice to remain in free general-purpose lanes, use the express lanes for free with at least three people in a vehicle, or choose to pay to enter express lanes for a more predicible travel time.

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