



Indiana, Kentucky Governors Agree on Plan to Pay for Two New Bridges Across Ohio River

Costs cut by 40 percent; construction to begin this year

FOR IMMEDIATE RELEASE

Media Contacts:

Kerri Richardson, Gov. Beshear, (502) 564-2611

Jane Jankowski, Gov. Daniels, (317) 232-1622

LOUISVILLE, Ky. (March 5, 2012) – The governors of Indiana and Kentucky have forged an historic agreement to pay for two new bridges across the Ohio River. Construction will begin before year's end and is expected to be completed within six years at a cost \$1.5 billion less than originally projected.

“Through cooperation and determination, we will achieve what this region has talked about – but been unable to deliver – for four decades,” said Kentucky Gov. Steve Beshear.

The governors opened today's meeting of the Louisville and Southern Indiana Bridges Authority by signing a Memorandum of Understanding (MOU) that outlines each state's terms and responsibilities for financing and building the new bridges.

“Decades of waiting for greater convenience and quality of life in the metro area will soon be over, but that's only part of what's ahead: Southern Indiana has tremendous economic prospects and these new bridges are the key to making them real,” said Indiana Gov. Mitch Daniels.

The two states have negotiated a term sheet that forms the basis for today's historic MOU and the project's financial plan. Last week, each state hosted informational meetings that drew hundreds of private sector professionals interested in competing to build the project.

Under the bi-state agreement, Indiana will oversee construction of the East End bridge between Utica, Ind., and Prospect, Ky. This bridge will link the Lee Hamilton Expressway in Indiana and the Gene Snyder Freeway in Kentucky, completing a loop around the east end of the metropolitan area. The state plans to use a private sector team for financing, construction and long-term maintenance of the bridge.

As a part of its initial steps, Indiana has assembled an advisory team, including financial, technical and legal advisers, to help manage the competitive bidding process that will identify a private partner to build the East End crossing.

This week, Indiana will issue a request for qualifications (RFQ) to identify the private sector teams interested in partnering with the state on a rapid and innovative approach to completing the East End crossing. Responses will be due in a month and a short list of bid teams will be selected by the third week of April. Indiana will issue its request for proposals to those teams by the beginning of May, with the expectation of awarding a contract by year end.

Kentucky will oversee financing and construction of the downtown portion – a new I-65 bridge, a reconfigured Kennedy Bridge and modernization of the downtown interchanges on both sides of the river. The Commonwealth will use a design-build approach with the Kentucky Public Transportation Infrastructure Authority (KPTIA) issuing toll revenue bonds to help cover construction costs.

Kentucky issued a draft request for qualifications (RFQ) last week and will finalize the document this week. All teams will be required to submit their qualifications by April 2 and Kentucky will select the three competing finalists by April 16.

Teams will spend the summer developing specific proposals that will include innovative concepts, technical designs and cost details. The schedule calls for the winning team to be selected in October, allowing preliminary construction work to begin before year's end.

According to the financial plan adopted today by both the Bridges Authority and KPTIA:

- The two states will use a combination of traditional transportation funding and toll-based funding and will share the toll revenues collected on the project bridges.
- Kentucky has pledged \$536 million in traditional funding for the downtown portion
- Indiana has committed \$432 million in traditional funding for the East End portion.

Kentucky's portion of the plan requires General Assembly approval of traditional transportation dollars, which is part of Gov. Beshear's recommended six-year highway plan. Today's financial plan was contemplated by the Kentucky law and the Indiana executive order that created the Bridges Authority. Before construction can begin later this year, the Federal Highway Administration must approve a more detailed plan under its own guidelines.

The Bridges Authority helped the states reach agreement on two potential financing and delivery options for the \$2.6 billion project, and the governors agreed in December to use both approaches – but in separate procurements led by the two states – to save time and money.

Under the plan, tolls will be collected on the new East End bridge, the new downtown I-65 bridge and the revamped Kennedy Bridge. Tolls will begin as soon as the first bridge is completed.

Under the current plan, toll rates would be in the range of \$1 per crossing for frequent commuters in cars, SUVs and other passenger vehicles using transponder devices. Toll rates for other cars, SUVs and passenger vehicles would be in the \$2 range, panel trucks in the \$5 range, and tractor trailers in the \$10 range.

Toll rates would be set and periodically adjusted by the two states' transportation and finance agencies and governed by the financing contracts and bond agreements the states reach with private sector firms. Tolls would be collected by a third-party vendor mutually chosen by the two states.

Though decreased federal support for major transportation projects has forced states across the country to rely more heavily on tolls or to shelve needed interstate improvements, Beshear and Daniels said they will continue to pursue the limited federal funding opportunities that could potentially lower toll rates and ease the burden on the two states' citizens and motorists. The states have submitted a Letter of Interest for funding support through the next round of federal TIFIA awards and will make a joint application next month for TIFIA funding through the U.S. Department of Transportation's TIGER grant program.

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