



This Value for Money (VFM) analysis was prepared in response to Section 11508 of the Infrastructure Investment and Jobs Act (IIJA), which stipulates a VFM requirement for P3 projects costing \$100m or more

Value For Money Analysis

I-10 CALCASIEU RIVER BRIDGE



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EXECUTIVE SUMMARY

The Louisiana Department of Transportation and Development (“LA DOTD”) is in the process of procuring a P3 developer to facilitate the construction of a new Interstate 10 (I-10) bridge over the Calcasieu River (“New Bridge”), and associated highway improvements creating three travel lanes in each direction (“the Project”).

The Project’s scope extends from the I-10/I-210 interchange to the I-10/Ryan Street exit ramp. The Project aims to relieve congestion, improve travel time reliability, improve safety, and enhance multimodal connectivity. Despite the implementation of a number of projects to rehabilitate the existing I-10 Calcasieu River Bridge (“Existing Bridge”), the Existing Bridge is not expected to be able to effectively handle projected traffic growth, nor address identified safety and mobility deficiencies. As such, the Project will build a New Bridge to the north of the Existing Bridge. The Existing Bridge will be demolished once the New Bridge is open to traffic.

The Project will be delivered through a Public Private Partnership

Since 2021, LA DOTD has been managing a formal procurement exercise to deliver the Project using a Public Private Partnership (“P3”) where a P3 developer will be selected to design, build, finance, operate, maintain, and toll the Project. A preferred proposer was identified in July 2023 and the current procurement schedule anticipates Financial Close in April 2024. This document contains information consistent with the proposal received from the preferred proposer and subsequent negotiations between LA DOTD and the preferred proposer. Should any further update to the assumptions occur, some details of this report may be subject to change.

Typically, LA DOTD would deliver a Project of this nature using a Design Build approach, where LA DOTD would procure a contractor to execute the final design and construction of the Project, utilizing LA DOTD’s own resources to fund or finance, operate, and maintain the asset. However, in this instance, LA DOTD has determined that the size, scope and complexity of the Project, and the constraints on LA DOTD’s available public funding, lends itself to an alternative approach. The rationale for LA DOTD’s current approach and use of P3 is discussed in Sections 3, 4 and 5.

A Value for Money Assessment to comply with 2021 Bipartisan Infrastructure Law

This report contemplates the requirements set forth in the 2021 Bipartisan Infrastructure Law and assesses the Value for Money (“VFM”) to LA DOTD by comparing P3 delivery to a Design Build delivery approach (“Public Sector Comparator” or “PSC”). Traditionally, VFM analysis compares delivery methods by exploring the qualitative and quantitative factors associated with each approach and holding constant certain key variables.

Qualitative Analysis	Quantitative Analysis
<ul style="list-style-type: none"> ▶ Analysis of risks and benefits of the two delivery approaches that are impossible or inappropriate to quantify. ▶ Given the inherent uncertainties and subjectivity in forecasting costs and benefits, the qualitative analysis forms an important aspect of the VFM study. 	<ul style="list-style-type: none"> ▶ The analysis compared, in present value dollars, the estimated cost of payments from LA DOTD to the P3 developer under a P3 arrangement versus the estimated cost of LA DOTD payments under a Design Build contracting approach.

In this instance, both the qualitative and quantitative outcomes are impacted by two fundamental LA DOTD assumptions where the PSC deviates from the P3 option beyond the delivery approach:

- **Project Delivery Schedule** – The LA DOTD estimates that under the PSC delivery option, construction of the Project would commence in approximately 20 years’ time, once the LA DOTD is able to accumulate the necessary funds. The LA DOTD has determined that it does not have the resources to fund a Project of this magnitude in the near term. Even redirecting funds from other significant project priorities around the State of Louisiana (“State”), depleting its bonding capacity and likely deteriorating its credit standing, the LA DOTD would fall short of funding sufficient to meet the estimated capital funding requirements. Therefore, two alternative PSC options

have been considered in this report; one which contemplates commencement of the PSC within the same timeline (“Current PSC”) as the P3 alternative and another which delays the PSC (“Delayed PSC”) due to the rationale described above.

- **Project Tolling** – As a matter of policy, the LA DOTD will not be the operator of a tolled facility. As such, the PSCs assume that the new facility would be un-tolled. In comparison, utilizing a P3 structure, it is assumed that the P3 developer will charge a toll to users of the New Bridge and will retain all toll revenues, allowing the LA DOTD to capitalize on one of few potential revenue-generating facilities in the State, and creating a new funding source for the Project.

P3 Delivery Approach Has Potential to Deliver Greater Value for Money

LA DOTD’s qualitative and quantitative analysis (summarized below) suggests that a P3 delivery approach could offer higher VFM compared to PSC delivery, supporting the LA DOTD’s decision to enter into a P3 procurement. Most importantly, the P3 delivery approach provides a means to deliver the Project now, whereas under the viable, Delayed PSC, the deficiencies of the Existing Bridge would not be addressed for decades to come, exposing the LA DOTD, interstate users, and the surrounding community to continued operational, safety, and mobility challenges.

Qualitative Analysis

The LA DOTD’s qualitative analysis compared the financial and non-financial impact of adopting the P3 and both PSC delivery approaches. For this analysis several key factors in project delivery were identified and used for the basis of comparison between methods.

Factor	PSC Delivery Approach	P3 Delivery Approach
Delivery Method is expected to provide a Qualitative or Quantitative advantage <input checked="" type="checkbox"/>		
Program Delivery	Requires LA DOTD to arrange funding for the entire cost of constructing, operating, and maintaining the Project. This would divert funds from other priority projects across the State and dilute bonding capacity, leading to delays in implementing the LA DOTD’s broader program.	<input checked="" type="checkbox"/> P3 developer will use toll revenues to arrange financing for a portion of the Project design and construction cost, reducing the upfront capital contribution from LA DOTD. This approach will lower the funding needed from the State and help keep the LA DOTD’s broader program on track. Operation, maintenance, and rehabilitation costs would also be funded from toll revenues over the long-term, removing the LA DOTD’s long-term funding need.
Project Delivery	Higher upfront funding needs may require LA DOTD to break up the Project into smaller design build procurements,	<input checked="" type="checkbox"/> LA DOTD would be able to procure the entire Project as part of the P3, helping deliver the Project faster and accelerating related

Factor	PSC Delivery Approach		P3 Delivery Approach	
		<p>delaying the Project until sufficient funds are accumulated; currently estimated at 20 years in the future thereby exposing LA DOTD to further high and sustained construction cost escalation, and delaying Project benefits.</p> <p>The Current PSC shows the impact of starting the PSC within the same timeline as the P3, but is not considered a viable option based on the amount of funding it would redirect from other critical State projects.</p>		<p>economic and safety benefits. As compared to the PSCs, the P3 approach provides a viable option to deliver the Project within a reasonable timeframe, and notably quicker than under the viable, Delayed PSC.</p>
<p>Revenue and Operating Expense Risk Transfer and Tolling Considerations</p>		<p>LA DOTD is fully exposed to all the lifecycle and operational costs and requirements for the duration of the Project's lifetime. As a matter of policy, the LA DOTD would not toll the PSC implemented facility and would therefore not benefit from additional revenue.</p>	<p><input checked="" type="checkbox"/></p>	<p>Risk of lower-than-expected toll revenue, or higher-than-expected operating or maintenance expenses is transferred to the private sector – though the State retains some exposure to these risks through its entitlement to a percentage of the distributions made by the developer. Consequently, the P3 developer will face reduced returns, or obligations to repay or restructure debt obligations on the Project, should these risks materialize, if traffic is below forecast levels or if operating expenses are higher than forecast. This approach also unlocks the ability to leverage one of few potential revenue-generating facilities in the State, enabling expedited delivery.</p>
<p>Disputes and /Compensation</p>	<p><input checked="" type="checkbox"/></p>	<p>Potential for disputes and related compensation payments are lower under the PSCs than under the P3 approach, particularly</p>		<p>P3 projects are long term and complex. Also, the private sector will be making significant financial investments into the</p>

Factor	PSC Delivery Approach		P3 Delivery Approach	
		during the long-term operational phase of the New Bridge.		Project. Potential for disputes and related compensation (esp. termination compensation), therefore, is higher.
Innovation		Design Build procurements are typically structured to incentivize innovation, but bidders only have somewhat limited incentive to improve the operational efficiency of the asset, since they are only involved during Project design and construction.	<input checked="" type="checkbox"/>	P3s can provide more incentive to innovate since bidders stand to gain financially from better quality of service, lower operating expenses, and higher revenues. Consequently, the P3 developer can be more likely to optimize design, construction, and operations.
Flexibility	<input checked="" type="checkbox"/>	LA DOTD is not bound by the terms of a long term P3 Agreement, and hence has more flexibility to respond to changing economic conditions, consumer preferences or other similar market changes.		While the contract provides certain ongoing rights for LA DOTD to make changes to the P3 scope or terms, or to terminate the P3 altogether, LA DOTD is bound by the terms of the 55+ year P3 agreement for as long as it is in place.

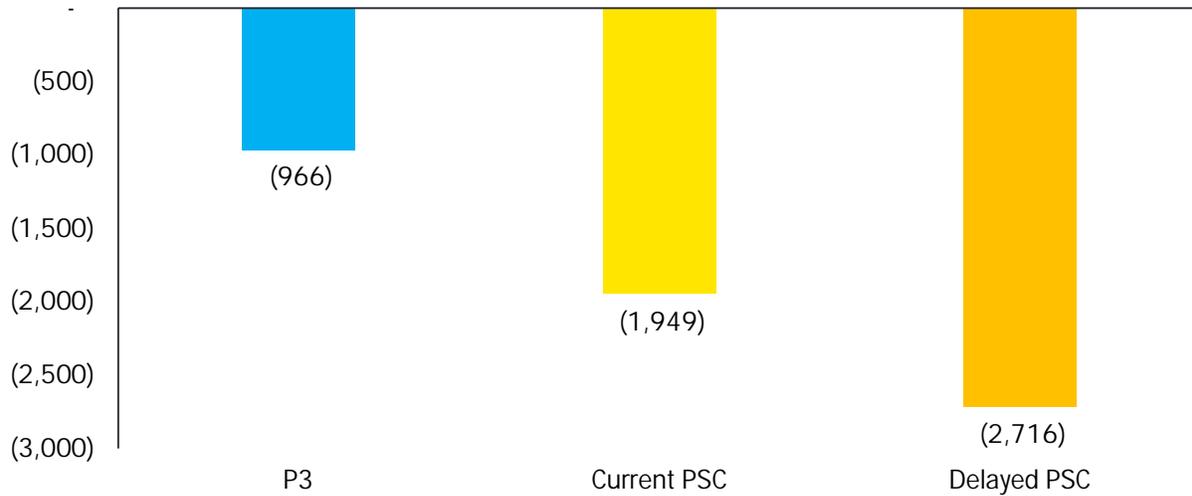
Quantitative Analysis

LA DOTD followed guidance issued by the Federal Highway Administration’s Center for Innovative Finance Support for quantitative analysis in this VFM. LA DOTD’s quantitative analysis compares the net present cost (“NPC”) to LA DOTD of the projected Project cashflows under PSC delivery and P3 approaches.

All delivery approaches considered require LA DOTD to contribute public funds. While tolls can be considered a form of public money, the focus of this VFM is to compare the direct cost impacts on the LA DOTD, and so this analysis compares the public funds required directly from the LA DOTD under each of the PSCs and P3. Under the P3 approach, the LA DOTD’s public funds are contributed to the form of a approximate \$1,200m subsidy paid by the LA DOTD to the P3 developer as defined milestone payments during construction, with no ongoing payments for operational or rehabilitation costs as these costs would be covered by the P3 developer using toll revenues. Under the PSC approaches, which do not contemplate tolling the facility, LA DOTD is responsible for all capital and operational costs over the life of the New Bridge. In the case of the Delayed PSC, this includes the capital costs required to keep the Existing Bridge operational and re-constructing the New Bridge at a future date, and then the long-term maintenance and rehabilitation of the New Bridge. Based on the set of assumptions described herein and comparing both delivery methods in net present cost terms in today’s dollars, using the LA DOTD cost of long-term borrowing as a discount rate, the **P3 approach is expected to result in a lower LA DOTD funding contribution**, as compared to the Current PSC delivery option. This outcome is further supported by the Delayed PSC option which delays the construction of the New Bridge by 20 years compared to the P3

delivery currently underway. Given the unique combination of factors in play, even when testing sensitivities in projected construction cost escalation rates and discount rates, **in all analyzed outcomes, the P3 is still expected to result in a lower LA DOTD funding contribution.**

Projected Net Present Value Cost to LADOTD (\$M) *



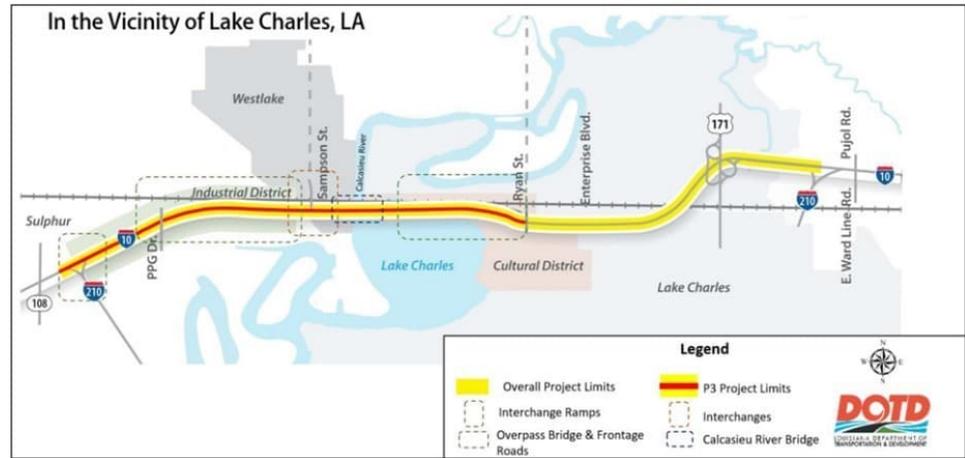
*Net present costs values shown using LA DOTD’s cost of long-term borrowing as the discount rate. P3 value does not include value of any potential distributions to LA DOTD by Developer.

This figure shows the relative projected net present costs of the PSCs and the P3 discounted at the long-term cost of borrowing for the LA DOTD. For the purposes of this VFM analysis, the above results show the “Base VFM Case” that exemplifies the results of this VFM comparison for the Project. Sensitivities on construction cost escalation rates and discount rates are presented in Section 5 of the report.

1. I-10 CALCASIEU RIVER BRIDGE PROJECT

The existing I-10 Calcasieu River Bridge is located between Lake Charles and Westlake, Louisiana, and opened to traffic in 1952. The bridge became part of the Interstate system in the 1960s with the construction of I-10. Despite the implementation of a number of projects to rehabilitate the Existing Bridge, it is not expected to be able to effectively handle projected traffic growth.

The Project will demolish the Existing Bridge and will build a New Bridge to the north of the Existing Bridge. It is expected that the New Bridge will be a mainline toll bridge and will be tolled using a toll rate schedule established during the current procurement process. The New Bridge will be open to all traffic including interstate trucking.



The Draft Environmental Impact Study (“DEIS”) identified preferred alternative for the I-10 Calcasieu Bridge and improvements project supported the goals of key project stakeholders and agencies.¹ While the limits of the DEIS are from the I-10/I-210 western interchange to the I-10/I-210 eastern interchange (see figure), the limits of the Project are from the I-10/I-210 western interchange to the I-10/Ryan Street exit ramp. The Project consists of the following elements:

- A. Design and construction of a new bridge over the Calcasieu River with three travel lanes and one auxiliary lane in each direction. The Project’s scope extends generally from the I-10/I-210 interchange on the west side of the existing bridge to east of the I-10/Ryan Street exit ramp on the east side of the existing bridge (see map above). Also included is widening the existing eastbound two-lane section of I-10 from west of the Ryan Street overpass to tie into the existing three-lane section to the east. The new bridge will have a minimum vertical clearance of 73 feet and ascending and descending grades shall not exceed 4% on the western approach and 3% on the eastern approaches; addressing current safety concerns on the Existing Bridge’s design. Additional safety features include lighting, shoulders, and a center barrier;
- B. Development of a new toll system (all-electronic tolling) appropriate for the type and size of the Project. The provision of the new toll system includes design, installation, integration, operation, and maintenance of roadside and back-office systems, including customer services. The new toll system will be interoperable with existing toll systems in the State and neighboring states²;
- C. Modification and relocation of existing roadways and interchanges; and
- D. The demolition and removal of the Existing Bridge once traffic is transferred to the New Bridge.

¹ For further information on the preferred alternatives and goals of the preferred alternative recommended, please refer to the DEIS.

² Interoperability includes LA 23 Belle Chasse Bridge and Tunnel (HBI), LA 1, the Greater New Orleans Expressway Commission (GNOEC), the Central US Interoperability Hub (CUSIOP HUB), and the Southern States Interoperability Hub (SSIOP HUB) (ITP 21.4.3.5).

1.1. PROJECT BENEFITS

The Project seeks to implement equitable solutions to national freight bottlenecks and regional mobility challenges surrounding the 70-year-old Existing Bridge on I-10 in southwest Louisiana. The ‘historic’ Calcasieu River Bridge is designated as structurally and functionally deficient and predates the Eisenhower Interstate Highway System. By replacing the Existing Bridge and increasing capacity on the approaches, this Project will support preservation and resilient renewal of a cornerstone asset of the surface transportation system in the southern U.S.

This Project has numerous benefits including:

- **Improved Safety** – The Sufficiency Rating for the Existing Bridge is 6.6/100 (April 2016).³ In the core segment of I-10 between the I-210 interchanges, the current structural and functional design issues have resulted in a crash rate that is 66% higher than comparable multi-lane, limited-access facilities throughout the State.

In addition, the narrow lanes and lack of shoulders affect incident management and put first responders, law enforcement, and construction and maintenance workers at risk.

Further, the congestion is particularly dangerous during natural disaster evacuations. In 2020, the Existing Bridge was cited as the region’s primary bottleneck during at least seven evacuation events including the recent Hurricane Laura on August 27, 2020 and Hurricane Delta on October 5, 2020.

The proposed Project will improve safety through:

- Replacing the antiquated Existing Bridge to address structural and functional deficiencies by modifying for a lower crest, gentler approach grade, compliant shoulders and center barriers;
 - Addressing functional roadway deficiencies along the I-10 mainline by modifying vertical and horizontal alignments, weaving lane distances, acceleration and deceleration lane distances, and shoulder areas;
 - Developing shoulders and installing lighting along the new bridge, neither of which are currently present; and
 - Developing a new grade separation structure at Sampson Street interchange that reduces impacts from existing at-grade crossings while minimizing risk of Ethylene Dichloride (“EDC”) contamination (contingent on the Preferred Alternative identified through the Draft Environment Impact Study).
- **Addressing Climate Change and Improving Environmental Justice** – The proposed Project will support achieving these goals through:
 - Implementing tolling, which functions as a demand management strategy that reduces congestion and GHG emissions, and is important given the high proportion of diesel-fired trucks on the bridge;
 - Reducing steep inclines and lowering ultimate clearance, thereby promoting more energy-efficient crossings for diesel trucks; and
 - Incorporating sustainable materials (recycled, recyclable, CO₂ reducing) in the construction of the Project.
 - **Promoting Equity** – The chronic deficiencies of the Existing Bridge impact the quality of life and access to economic and educational opportunities for disadvantaged communities within the car-dependent region.

³ Federal Highway Administration’s National Bridge inventory

Under the IMCAL Vulnerability Index, census blocks within the City of Lake Charles are some of the most vulnerable in the State⁴. Congestion hot spots such as the Sampson Street at-grade railroad crossings affect the quality of life for residents and employers within a region that has historically been home to numerous low-income, minority-majority communities. An EJSCREEN of the Project area indicates the local Environmental Justice communities are within the 95th percentile of traffic proximity compared to the State, meaning the EJ communities experience severe congestion.⁵

Further, the adjacent communities are affected by pollution from vehicles traveling on the Existing Bridge. The 135' vertical clearance and steep 5% grades of the Existing Bridge affect the community through negative air and noise impacts, as diesel-fired trucks attempt to overcome the steep incline. Notably, a cost-benefit analysis found that the Project is expected to reduce NO_x emissions by 352.3 tons, SO_x emissions by 5.4 tons, and PM₁₀ emissions by 13.2 tons.⁶

Lastly, the congestion caused by the Existing Bridge acts as a barrier to education – two public colleges, as well as the region's public magnet school (Lake Charles Boston Academy), are in downtown Lake Charles located at the east end of the bridge, with students bused from across Calcasieu Parish. Residents living in westerly communities like Sulphur are also separated from educational opportunities at SOWELA Community College that could help prepare for a new career and support the regional economy.

- **Economic Benefits** – This Project will provide local, regional, and national economic benefits. At a local level, the Project will provide quality of life improvements and access to educational and employment opportunities, which are noted under the equity benefit described above.

At a regional and national level, this Project will improve reliability and system continuity along a strategic National Highway Freight Network (“NHFN”) Primary Highway Freight System (“PHFS”) link vital to supporting national energy security, sustaining domestic production capacity, and enabling emergency and disaster preparedness and response.

The Existing Bridge is a weak link in the region's transportation chain for domestically produced goods such as oil, petroleum products, industrial gases, and chemicals. The growth in freight and passenger bridge crossings is driven by the expansion of energy-based employment opportunities within the Lake Charles region and the Gulf Coast over the past 20 years. Since the I-10 corridor is the only continuous east-west National Highway System (“NHS”) facility traversing southern Louisiana, the bridge now serves as the primary rural pinch-point hindering otherwise efficient goods movement along one of the nation's principal freight corridors. The 350-mile stretch of I-10, which unites the congested, energy-rich multimodal freight hubs of New Orleans, LA and Houston, TX contains and connects almost half of the nation's Top 16 largest ports by tonnage (7 of 16), including 5 of the Top 10 and the local Port of Lakes Charles.⁷

Without this Project, further congestion is predicted. In terms of delay per mile, I-10's junctions with I-210 experienced the 3rd most rapid rate of increase 2018 to 2019, growing by 93% to 61,114 hours of annual truck delay.⁸ The delay per mile within the I-10 Project area almost doubled in the one-year period – a problem that demands urgent attention.

⁴ “FY 2021 INFRA Grant Application for I-10 Lake Charles P3 Bridge Replacement Project.” LA DOTD dated 19 March 2021.

⁵ “FY 2021 INFRA Grant Application for I-10 Lake Charles P3 Bridge Replacement Project.” LA DOTD dated 19 March 2021.

⁶ “I-10 Lake Charles P3 Bridge Replacement Project: Benefit 0 Cost Analysis Appendix.” WSP. Dated March 2021.

⁷ At the national level, these regions and the I-10 corridor itself play a central role in the production, movement, and storage of liquefied fuels, which, apart from a potential transportation use, can also be used to develop raw materials that underlie other value-added products (e.g., plastics) that drive international exports. The “Tier 1” terms come from LA DOTD's 2018 State Freight Plan..

⁸ Federal Highway Administration. “National List of Major Freight Highway Bottlenecks and Congested Corridors: Truck Hours of Delay, 2019 - Tables 1 and 2.” https://ops.fhwa.dot.gov/freight/freight_analysis/mobility_trends/national_list_2019.htm

2. VALUE FOR MONEY: A PRIMER

LA DOTD is over two years into a procurement process for the selection of a preferred P3 developer to deliver the Project. The tables below compare the contemplated P3 delivery approach with LA DOTD's PSC options.

P3 Delivery Approach – Revenue-Risk toll concession with final contract award in 2024

Under a P3 delivery approach, LA DOTD will select a P3 developer to design, build, finance, operate, maintain, and toll the Project for a fixed period through a Revenue Risk DBFOM. While P3s can involve several commercial structures, this approach was chosen to minimize fiscal impact to the State, expedite Project delivery and transfer several key Project risks to the P3 developer (as explained further in the next Section).

To recover its investment, the P3 developer will have the right to charge tolls (within defined parameters) over a fixed operating term of 50 years following construction of the New Bridge. The maximum toll rates for travel over the New Bridge will be set through the P3 procurement competition, subject to various constraints and incentives set by the LA DOTD. A Comprehensive Agreement will be entered into by the LA DOTD and the successful P3 developer and will include an operating term of 50-years.

PSC Delivery Approach – Design Build contract with final contract award in 2044

LA DOTD has delivered complex projects such as this one using a 'Design Build' approach, where LA DOTD funds or finances the project but hires a contractor to complete the final design and construction, with the LA DOTD being responsible for maintenance. The Current PSC assumes this methodology with the New Bridge delivered in an identical timeframe to the P3 approach. Given the scale of the Project, both with respect to scope and cost, the Delayed PSC is also evaluated where it is assumed that LA DOTD would need to delay execution of the Project until it has accumulated the necessary funding and/or debt capacity to implement the scope.

Further, due to various policy considerations, a State operated bridge, under either PSC options, would not be a tolled facility. The lack of toll revenue would directly impact the amount of out-of-pocket contribution from the State, potentially further delaying the timeline to compile sufficient funds. This is a key distinction between the P3 and viable, Delayed PSC and one that is more fully explained in Sections 4 and 5.

A VFM analysis compared benefits and costs to LA DOTD when delivering the Project under the P3 approach with delivering the Project under the PSC approaches. The analysis considered both **qualitative** and **quantitative** factors and estimated whether the Project generates a higher net present cost for LA DOTD if delivered as a P3 or using one of the PSC Project delivery approaches.

2.1. QUALITATIVE ANALYSIS

A qualitative analysis considers factors that are relevant for selecting the appropriate delivery approach for the Project but are hard to quantify. For example, the P3 delivery approach could lead to greater certainty on costs or schedule, improved service quality or access to private financing, but is likely to be more complex and less flexible than a PSC. These are important factors to consider but are hard to express in dollar terms.

Qualitative analysis forms an important aspect of any VFM study given uncertainties and subjectivity in making assumptions on costs and revenues under the two delivery approaches.

Qualitative analysis results are discussed in Section 3.

2.2. QUANTITATIVE ANALYSIS

A quantitative analysis aims to calculate costs and revenues to LA DOTD under the considered delivery approaches and demonstrates which approach has the lowest net cost to the LA DOTD.

For the analysis, LA DOTD built financial models projecting revenues and costs under the P3 approach and the PSC delivery approaches. Several assumptions were made for these calculations which we discuss later in Section 4.

Since these cash flows are projected to occur over a long time (50+ years for both the P3 and PSCs), they were then discounted to present value (i.e., today's dollars) to help compare overall cost between the two approaches. While the operating life of the PSC will continue past the 50-year period examined in this Net Present Value Cost discount analysis, terms for each method of delivery were set at 50 years for consistency in analysis.

Quantitative value for money analysis should reflect the different risks retained by the State, and inherent in the cashflows under the different delivery options. Risk can be accounted for in the costs themselves, or in the discount rates used to translate the cashflows to present values but should not be reflected in both. This analysis has reflected the different risk profiles of each delivery option in the cashflows compared under each option. While this analysis does not consider the additional retained risks borne by the State, the cashflow profiles of the P3 and the PSCs show the unique costs borne by the LA DOTD for each delivery method. Adding State retained risks to the PSC cashflow would only serve to emphasize the difference in costs between the two delivery methods.

Calculation of the discount rate is also consequential to any VFM analysis as results can vary based on the discount rate chosen. To test a range of results and their robustness, several sensitivities were run on the discount rate to assess the impact of the selected discount rate on the VFM results.

Ultimately, under most scenarios, the P3 delivery method is estimated to generate a lower net present value cost to the LA DOTD over the PSC delivery methods. Qualitative analysis assumptions are discussed in Section 4 and results of the analysis are discussed in Section 5.

A final note to this report's quantitative methodology is with respect to tax and competitive neutrality. "Competitive neutrality" is a concept often applied in VFM analysis whereby adjustments are made to ensure that both the PSC and P3 approaches are being compared on an equivalent basis. One such adjustment typically relates to the treatment of taxes. While either PSC approach would not trigger income taxes at the project level, the developer (or its shareholders) would incur and pay taxes under the P3 approach and would price these into the Project. However, these taxes would flow to the government (both State or federal) - therefore the tax cost that the developer would incur under the P3 approach, would also be a tax revenue to government. The FHWA P3 User Guide expands on this concept, suggesting that "if the P3 is more expensive due to taxation that would flow back to the government, the increased cost due to taxation should logically not negatively impact the [VFM] evaluation."⁹

Since this analysis is being undertaken at the agency (LA DOTD) level and the benefit of such tax payments would not directly flow to the agency, these taxes have not been deducted from the P3 approach, or added to the PSC approaches, in the quantitative analysis. However, doing so would serve to further increase the relative quantitative benefit of the P3 approach.

LA DOTD followed the Guidebook for Value for Money Assessment issued in December 2013 by Federal Highway Administration's Center for Innovative Finance Support for quantitative analysis.

⁹ U.S. Department of Transportation. "Guide to P3-Value 2.3" January 2021.

2.3. BIPARTISAN INFRASTRUCTURE LAW REQUIREMENTS FOR VFM

The Bipartisan Infrastructure Law (“BIL”) passed in November 2021 requires Section 11508, stipulates a VFM requirement for P3 projects costing \$100m or more.

Section 6 discusses requirements of the BIL and lists how this report complies with such requirements.

3. QUALITATIVE ANALYSIS

The LA DOTD’s qualitative analysis compared the financial and non-financial impact of adopting the P3 or PSC delivery approaches. For this analysis several key factors in delivery methods were identified and used for the basis of comparison between methods. The analysis found that the P3 delivery approach has advantages over the PSC delivery approaches for the majority of these key factors.

Findings are presented below.

3.1. FINANCIAL FACTORS

<p>Program Delivery</p>	<p>I-10 Calcasieu River Bridge is one Project within a much larger Statewide Transportation Plan (“STIP”) ¹⁰. The STIP projects significant investment over the next 20 years and a baseline view that demonstrates a gap in currently committed funding (see graph).</p>	<table border="1"> <caption>FY 2012 - 2044 Funding Gap</caption> <thead> <tr> <th>Mode</th> <th>Baseline Revenue</th> <th>Projected Needs</th> </tr> </thead> <tbody> <tr> <td>Non-Motorized</td> <td>0.5</td> <td>0.5</td> </tr> <tr> <td>Aviation</td> <td>1.0</td> <td>4.0</td> </tr> <tr> <td>Ports & Waterway</td> <td>0.5</td> <td>7.0</td> </tr> <tr> <td>Freight Rail</td> <td>0.5</td> <td>2.0</td> </tr> <tr> <td>Passenger Rail</td> <td>0.5</td> <td>0.5</td> </tr> <tr> <td>Transit</td> <td>2.0</td> <td>7.0</td> </tr> <tr> <td>Road and Bridge</td> <td>15.0</td> <td>35.0</td> </tr> </tbody> </table>	Mode	Baseline Revenue	Projected Needs	Non-Motorized	0.5	0.5	Aviation	1.0	4.0	Ports & Waterway	0.5	7.0	Freight Rail	0.5	2.0	Passenger Rail	0.5	0.5	Transit	2.0	7.0	Road and Bridge	15.0	35.0
Mode	Baseline Revenue	Projected Needs																								
Non-Motorized	0.5	0.5																								
Aviation	1.0	4.0																								
Ports & Waterway	0.5	7.0																								
Freight Rail	0.5	2.0																								
Passenger Rail	0.5	0.5																								
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	<p>A PSC delivery approaches would require LA DOTD to arrange funding for the entire cost of the Project; likely requiring higher upfront cash contributions and/ or use of restricted General Obligation debt capacity.</p>																									
<p>✓ P3 PSC Delivery</p>	<p>This would divert funds from other projects in the STIP, potentially leading to delays in implementing, or cancellation of, these other projects. Delays are likely to lead to higher construction costs (especially relevant in the current high-inflation market) and deferred realization of various intended mobility improvements for users within the State.</p>																									
	<p>The use of a P3 procurement method enables LA DOTD to reduce upfront capital payments to deliver the Project, freeing funds for other projects in the STIP.</p>																									

¹⁰ 2015 Louisiana Statewide Transportation Plan as amended in November 2016

<p>Project Delivery</p>  <p>✓ P3 PSC Delivery</p>	<p>Given financing constraints described above, under the Delayed PSC delivery, LA DOTD would need to defer commencement of the Project, spend funds on a “fill-gap solution” that includes the construction of crash rated barriers, deck replacement, cleaning and painting, strengthening of bearings and joints, and other safety and lighting enhancements in the near-term and implement the construction only once sufficient funds are generated in the future. A longer delivery period will lead to the same issues as discussed in the context of the wider STIP delivery above (higher costs, delayed benefits etc.) and generally does not present a viable option to deliver the Project.</p> <p>P3 delivery, on the other hand, will help deliver the whole Project under one procurement—decades faster than the estimated timeline for the viable, Delayed PSC delivery.</p> <p>Earlier completion and delivery also generate other financial benefits including cost escalation containment, avoiding interim improvements, which would undoubtedly be required in the case of the Existing Bridge, and multiple mobilization expenses.</p> <p>The Current PSC shows the impact of starting the PSC within the same timeline as the P3 and avoids many of these additional costs but is not considered a viable option by the DOTD due to funding constraints.</p>
<p>Other Risk Transfer</p>  <p>✓ P3 PSC Delivery</p>	<p>In addition to revenue risk transfer, due to the complexity of the Project, the transfer of other potential risks is expected to be a benefit to the LA DOTD under the P3 delivery approach.</p> <p>The Comprehensive Agreement, the contract which will govern the relationship between the LA DOTD and the preferred P3 developer, will stipulate the responsibilities of the Developer over the 55-year+ contract term and will include the standard to which the Project must be operated and maintained.</p> <p>In contrast to the PSC alternatives where the LA DOTD would be fully responsible for the ongoing operations, maintenance and lifecycle costs of the facility, the P3 delivery approach insulates the LA DOTD from such exposure pursuant to the terms established in the Comprehensive Agreement.</p>
<p>Disputes and Compensation</p>  <p>P3 ✓ PSC Delivery</p>	<p>Large and complex projects can be difficult to deliver especially in today’s challenging construction market. Design Build contracts are relatively standard and disputes, if any, are restricted to design, permitting and construction matters (on this Project, anticipated to be around six or seven years). The LA DOTD maintains a Design-Build Handbook, initially adopted in November 2012, which outlines the procedure for dispute resolution and other claims procedures.</p> <p>A P3 contract is much longer (>50 years) and more complex. While P3s typically follow precedents (including LA DOTD’s own P3 precedent), multiple contract provisions need to be tailored to the Project. A longer contract term and the myriad potential changes during that period (whether foreseen or unforeseen) may create higher potential for disputes. Further, since the P3 developer would invest private debt and equity in the Project in case the Project concession contract must be terminated, LA DOTD will generally have to pay termination compensation to the P3 developer. And where the LA DOTD is responsible for certain Project risks during design and construction, the LA DOTD would be exposed to certain financing costs were those risks to materialize.</p> <p>In case the Project does not go as planned and there are disputes, a traditional design build contract is cheaper and faster for LA DOTD to terminate. Further, compensation for changes to the contract are likely to be lower under the PSCs than under the P3 approach.</p>

<p>Revenue Risk Transfer</p>  <p>✓ P3 PSC Delivery</p>	<p>Under the PSC delivery approaches, LA DOTD, as a matter of policy, would not toll the New Bridge. This loss of potential revenue has affordability implications for the Project and would further exacerbate the LA DOTD’s funding obligations.</p> <p>Conversely, under the P3 approach, the LA DOTD would allow the P3 developer to toll the facility, generating revenues which can be used to repay the developer’s private financing.</p> <p>Not only does this toll revenue stream reduce the funding obligation of the LA DOTD, but the P3 approach also transfers the risk of lower-than-expected revenues to the P3 developer thereby insulating LA DOTD from several factors, many of which are outside of its control, including:</p> <ul style="list-style-type: none"> • Economic downturns, • Slower regional economic development, and • Construction delays. <p>Within the P3 construct, if revenues do not materialize as forecast, LA DOTD is not required to make any additional contributions to the P3 developer. In addition, under the P3 contract, the LA DOTD has the right to receive and utilize Windfall Proceeds Payments and a percentage of distributions made by the Developer, as well as share in the Developer’s Refinancing Gains should the project perform better than expectations.</p> <p>There have been several Revenue-Risk P3 projects in the US which did not perform as forecasted. The private investors reduced their return expectations or, in some cases, wrote off their investments in such situations but the projects were still successfully delivered, users continued to benefit, and the public sponsors did not make any additional contributions – illustrating the potential value of transferring this risk.</p>
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3.2. NON-FINANCIAL FACTORS

<p>Innovation and Expertise</p>  <p>✓ P3 PSC Delivery</p>	<p>The P3 procurement approach uses a two-step process, the first of which shortlists bidding teams which are the most qualified to do the work, both technically and financially. The second step offers an opportunity for such shortlisted teams to propose alternative technical concepts which LA DOTD may not have considered.</p> <p>The P3 structure - particularly one where the P3 developer stands to gain from higher revenues - incentivizes the partner to optimize design, construction, and operations. Consequently, the private partner is likely to make using the tolled facility as convenient and attractive as possible which, in turn, should lead them to invest in design and technologies that increase user convenience and improve service quality.</p> <p>A Design Build contract would also be procured through a two-step process and allow alternative technical concepts, but unlike a P3, the universe of innovation is limited to design and construction, so innovations that could improve operations and maintenance, whole life costs, or traffic flows and revenue may not be considered.</p>
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<p>Flexibility</p>  <p>P3 ✓ PSC Delivery</p>	<p>Projects with long life cycles such as toll roads face several changes through their life. These changes could be related to market conditions, technology, consumer behavior, climate change etc. LA DOTD will need to address these challenges as and when they arise.</p> <p>A PSC delivered Project provides more flexibility to LA DOTD to address changing market needs since the LA DOTD is responsible for maintaining and operating the asset. A P3 contract, on the other hand, is relatively inflexible since LA DOTD would be unable to do anything that could negatively affect the P3 developer 's ability to earn revenues without compensating the partner for such a change.</p> <p>P3 contracts could be drafted to anticipate uncertainty and build a mechanism to address these changes but, with a private partner involved, agreeing, and implementing a strategy is likely to be more complicated and expensive.</p>
<p>Safety and Equity Concerns</p>  <p>✓ P3 PSC Delivery</p>	<p>Implementation of the Project is not driven simply by a desire to relieve congestion in the area. While an important benefit of the Project, there are also safety and equity concerns in the greater Lake Charles area that cannot be mitigated with the Existing Bridge in place.</p> <p>Under the IMCAL Vulnerability Index, census blocks within the City of Lake Charles are some of the most vulnerable in the State. Congestion hot spots affect the quality of life for residents and employers within a region that has historically been home to numerous low-income, minority-majority communities.</p> <p>Vulnerable communities adjacent to the bridge are subject to noise, pollution, and constrained in their ability to access various economic and educational opportunities in the region. The P3 delivery approach presents an opportunity for the LA DOTD to expedite the Project and deliver these much-needed benefits to historically disadvantaged communities.</p> <p>This qualitative factor could be perceived as neutral to the Current PSC but the lack of availability of funds at this time eliminates the Current PSC as a realistic alternative for the Project.</p>
<p>Economic Benefits</p>  <p>✓ P3 PSC Delivery</p>	<p>The LA DOTD's principal objective from the Project is to improve the lives of Louisiana's taxpayers through lower congestion, more secure travel, lower pollution and by providing better commuting choices.</p> <p>As discussed above, the LA DOTD will be able to deliver the Project faster under a P3 approach compared to a Design Build approach where the LA DOTD would need to delay the Project to accommodate budget constraints.</p> <p>Faster completion and commissioning under a P3 approach would result in greater economic benefits to the region and better service to users.</p> <p>Further, under the P3, the Developer will be motivated to provide good quality maintenance and maintain a free flow of traffic through the corridor. This is expected to lead to greater travel time savings and better reliability for users.</p>

4. QUANTITATIVE ANALYSIS: ASSUMPTIONS

Separate financial models were developed for PSC delivery and the P3 approaches to assess the Project’s potential VFM and to create the Base VFM Case. This section outlines the assumptions used in each model in the Base VFM Case.

Methodology Approach

This VFM compares the net present costs to the LA DOTD under the PSC and P3 delivery methods. While this approach does not adjust the risk profile of the cashflows, each set of cashflows includes cost assumptions that incorporate unique contingencies and schedule float assumptions related to each delivery method. For the purposes of this analysis, it is assumed that the P3 is a tolled project, and the PSCs are un-tolled.

For the purposes of the Delayed PSC, the LA DOTD assumes that construction of the New Bridge would have to be significantly delayed, by 20 years, due to the LA DOTD’s current and expected funding constraints (Refer to Section 3.1 for more information on Funding Gaps for the LA DOTD and the STIP). As a result, the costs measured for the Delayed PSC include both the upfront costs to extend the useful life of the Existing Bridge, the cost of building a New Bridge, as well as the operating costs incurred for both over a 50-year period. In contrast, the Current PSC only includes the cost of building a New Bridge, as well as the operating costs incurred for both over a 50-year period. The cost of the P3 to the LA DOTD measured in this analysis is only the public funds amount (“PFA”) provided to the private partner for the construction of the Project.

Ultimately, the comparison of the net present costs of the cashflows to be paid by LA DOTD using the same discount rate, shows that the total costs to be funded by the LA DOTD are significantly higher for the PSC delivery models than the P3 model. While not considered in this analysis, it is reasonable to expect that the additional retained risks and contingencies held by the LA DOTD under the PSC models would further inflate the net present value cost of the PSCs and further strengthen the LA DOTD’s decision to pursue a P3.

4.1. SCHEDULE

All delivery approaches are assumed to have the same procurement, design and construction duration, however such timeline for the assumed Delayed PSC is expected to be shifted 20 years into the future due to the LA DOTD’s expected funding constraints. Based on the LA DOTD’s planning assumptions and the constraints that would prevent the Current PSC from coming to fruition, the construction of the New Bridge would not occur in the short to medium term unless delivered through a P3.

Key Milestones	Current PSC	Delayed PSC	P3
Procurement Deferral	N/A	20 years	N/A
Procurement Start	Q1 2021	Q1 2041	Q1 2021
Design and Construction Start	Q2 2024	Q2 2044	Q2 2024
Operations Start	Q2 2031	Q2 2051	Q2 2031

The projected final design and construction period under both the PSC and P3 approaches is 7 years from contract award, and for the P3, the operations period is assumed to be 50 years from when the New Bridge opens to traffic. For comparison purposes in the net present value cost discounted cash flow calculation, as the Delayed PSC will be built 20 years into the future, the assumed operations period for the Delayed PSC is 30 years after completion of the New Bridge.

The timing of the Delayed PSC approach impacts the net present value cost to LA DOTD of the cash flows of the Delayed PSC and P3 delivery options. If the discount rate is equal to or exceeds the projected construction cost escalation assumptions (which it does in the Base VFM Case), the net present value cost of the Delayed PSC option improves with each additional year delay in the start of construction – but all Project benefits are delayed. Additionally, the starting date of the New Bridge construction of the Delayed PSC is set 20 years in the future, magnifying this effect. This effect is applicable to both the design and construction costs and the operations and maintenance costs discussed in the following Sections. As expected, the delay in construction increases the nominal costs of the Delayed PSC significantly as compared to the nominal cost of the Current PSC or P3 calculated at the same discount rate.

4.2. DESIGN AND CONSTRUCTION COSTS

Costs Borne By (nominal)	Current PSC	Delayed PSC	P3
Rehabilitation of Existing Bridge	N/A	\$250 million	N/A
Design and Construction of New Bridge	\$2,107 million	\$5,547 million ¹¹	\$2,107 million
Total	\$2,107 million	\$5,797 million	\$2,107 million

Under all delivery approaches, all Project development and procurement period costs such as preliminary engineering and right-of-way acquisition are expected to remain the same and will be paid for by LA DOTD. While these are additional Project costs to the LA DOTD, they are excluded from the Base VFM Case and from the net present value cost analysis as they are consistent under all scenarios. The \$2.107 billion cost estimate is reflective of the design and construction cost of the preferred Developer in its proposal received as part of the competitive procurement process currently being undertaken by the LA DOTD. Under the Delayed PSC delivery option, the LA DOTD has determined that a \$250 million upfront investment¹² would be required (with spending in years 1 and 2 of the VFM analysis, and also in year 10), to extend the life of the Existing Bridge 20 years before the New Bridge can be delivered. At that point, the LA DOTD would run a procurement to select a contractor and pay for the construction of the New Bridge and demolition costs.

4.3. MAINTENANCE AND REHABILITATION COSTS

LA DOTD will maintain and rehabilitate the Project under either PSC approach, while this responsibility (within defined O&M limits) will be transferred to the private sector under a P3.

¹¹ Reflective of a \$2,107 million D&C cost escalated for 20 years

¹² Source: LA DOTD estimate

Average Annual Costs (nominal)	Current PSC	Delayed PSC	P3
Roadway O&M	\$26 million/year	\$0.5 million/year on Existing Bridge until New Bridge is constructed; \$26 million/year on New Bridge	\$26 million/year
Roadway Lifecycle	\$23.2 million/year	\$23.2 million/year on New Bridge	\$23.2 million/year

Operation and maintenance costs of \$500,000/year under the Delayed PSC delivery approach prior to completion of the New Bridge are estimated by the LA DOTD based on historical precedent. The operation and maintenance cost assumption of \$4.25 million/year under a P3 approach has been estimated by the LA DOTD’s technical advisor as of April 2022 and are reflective of the scope of the Project and of the P3 developer’s incentive to budget costs conservatively given that they will be tasked with maintaining the asset, and held to detailed contractual performance requirements, for the full 50-year operational term. After construction of the New Bridge using either PSC approach, it is assumed that the New Bridge will have a similar scope to the New Bridge constructed by the P3 developer, therefore, the LA DOTD would apply the same standards to its O&M and lifecycle obligations and incur an identical cost.

4.4. TOLLING COSTS AND REVENUE

Under the P3 approach, the P3 developer will administer and collect tolls from users of the New Bridge through a back-office operation. In

Average Annual Costs (Nominal ¹³)	Current PSC	Delayed PSC	P3
Tolling O&M	N/A	N/A	\$35.22 million/year
Tolling Lifecycle	N/A	N/A	\$0.654 million/year

addition, the P3 developer will incur operations and maintenance (including lifecycle) costs for toll systems equipment. The assumed costs of each are reflective of the LA DOTD technical advisor’s estimates as of April 2022. Under either PSC delivery, the LA DOTD will not toll the facility and therefore no tolling costs will be borne by the LA DOTD.

The toll revenues collected by the P3 developer from users of the New Bridge will be utilized to cover the costs of operations, maintenance and rehabilitation of the New Bridge and to repay the P3 developer’s private debt and equity. Such toll revenue would be generated across various vehicle classifications (Local Vehicles, Autos, Medium Trucks and Large Trucks) in accordance with the preferred bidder’s current toll rate schedule.

	Local Vehicle					Auto					Medium Truck/Trailer				Large Truck/Trailer				
	Peak			Off-Peak		Peak			Off-Peak		Peak		Off-Peak		Peak		Off-Peak		
	AVI	AVI (HOV)	Non-AVI	AVI	Non-AVI	AVI	AVI (HOV)	Non-AVI	Non-AVI (HOV)	AVI	Non-AVI	AVI	Non-AVI	AVI	Non-AVI	AVI	Non-AVI	AVI	Non-AVI
Toll Rates	\$0.25	\$0.13	-	\$0.25	-	\$2.50	\$1.25	\$3.75	-	\$2.50	\$3.75	\$2.55	\$3.82	\$2.55	\$3.82	\$8.25	\$12.36	\$8.25	\$12.36

If the Project is delivered through either PSC, LA DOTD will not toll the facility and will pay the capital, operating, maintenance and rehabilitation costs of the Project from its own available funds.

¹³ Nominal dollars (i.e. including expected inflation)

4.5. FINANCING COSTS & ASSUMPTIONS

The P3 approach assumes that the P3 developer will finance a portion of the final design & construction costs of the Project, through issuing debt (tax-exempt Private Activity Bonds) and investing equity, with repayments of all private financing from projected toll revenues over the 50-year operating period. To partially offset the costs of private finance, the LA DOTD will also provide approximately \$1,200m of public funding (the “Public Funding Amount” or “PFA”) to the P3 developer during the design and construction period, upon achievement of certain contractual milestones.

P3 Sources of Funds		(millions)
Tax-Exempt Private Activity Bonds		\$1,303
Equity Contributions		\$494
LA DOTD Public Funds Amount		\$1,209
Other Cash Balance		\$26.5
Total		\$3,049
P3 Uses of Funds		(millions)
Design and Construction Costs		\$2,107
Other Costs During Construction Period		\$787
Net Financing Costs and Other Costs Payable at Financial Close		\$156
Total		\$3,049
Financing Costs ¹⁴	PSC Delivery	P3
Private Activity Bond Interest Rate	N/A	5.55%
Equity IRR (pre-tax, nominal)	N/A	14.06%
P3 developer weighted average cost of capital	N/A	8.06%

Under either PSC delivery approach, LA DOTD expects to use Federal sources or PAYGO (“pay-as-you-go” cash) from the State’s General Fund which would be appropriated through the State’s annual budget process. Depending on the required capacity needed for other projects, the LA DOTD may also have State and Federal grant opportunities to supplement the funding plan for the Project. If capacity is available at the time, General Obligation bonds could also be used to finance a portion of the Project.

¹⁴ The PABs interest rate is based on a 3.40% MMD rate, a 1.75% credit spread in line with current market comps and a 0.75% buffer added to cover potential interest rate fluctuations.

Please refer to Appendix A for further information on the State’s General Obligation bonds and the State’s expected Funding Plans for each of the PSC and P3 delivery models.

4.6. DISCOUNT RATE

The discount rate is the rate at which cash flows from LA DOTD under both the P3 and PSC delivery options are discounted to their present values (i.e., in 2023 dollars) to enable a like-for-like comparison.

The discount rate for this VFM analysis has been derived based on the following principles:

- Since the risk has already been accounted for in the costs and LA DOTD cashflows, it is appropriate to use the State’s long-term cost of borrowing (**currently slightly higher than 4%¹⁵**) as the risk-free discount rate for cashflows.

- For the purposes of calculating net present value cost sensitivities relating to different rate scenarios, the range of discount rates considered has been expanded to range from a low of 3% to a high of 5%, representing sensitivities of +/- 100bps around the Base VFM Case discount rate.

Base VFM Case Discount Rate (range)	Current PSC	Delayed PSC	P3
Discount Rate	3%-5%	3%-5%	3%-5%
Construction cost escalation rate	3%-5%	3%-5%	3%-5%

- Because the results of this analysis are sensitive to the assumed construction cost escalation rate, this report also includes sensitivities around changes in escalation rates with a range from 3% to 5%, representing sensitivities of +/- 100bps around the Base VFM Case rate.

Sensitivities for the net present value cost calculations for both the PSCs and the P3 with respect to the discount rate and construction cost escalation rate have been included in Section 5.

4.7. TRANSACTION COSTS

P3 procurements generally incur higher transaction costs as compared to PSC delivery. P3s require more complex documentation than a PSC, and a detailed focus on operations, maintenance, tolling and private financing to structure a long-term 55+ year contract. Both LA DOTD and the P3 developer need additional technical, financial, and legal resources to successfully complete many of these tasks. By comparison, LA DOTD has managed several design build procurements and has a standard Design Build Manual which serves as a template for DB contract development and other related activities.

Based on LA DOTD’s historical procurement costs, LA DOTD transaction costs under the PSC delivery approaches are assumed to be \$5 million¹⁶ whereas under the P3 approach are assumed to be \$20 million.

¹⁵ This State’s long-term borrowing cost was established based on US Treasury rates as of August 2023 plus a credit spread of 65 basis points based on the State’s General Obligation credit rating of Aa2/AA--/AA.

¹⁶ Exclusive of State costs for Railroad and Utility Relocation; Source: LA DOTD

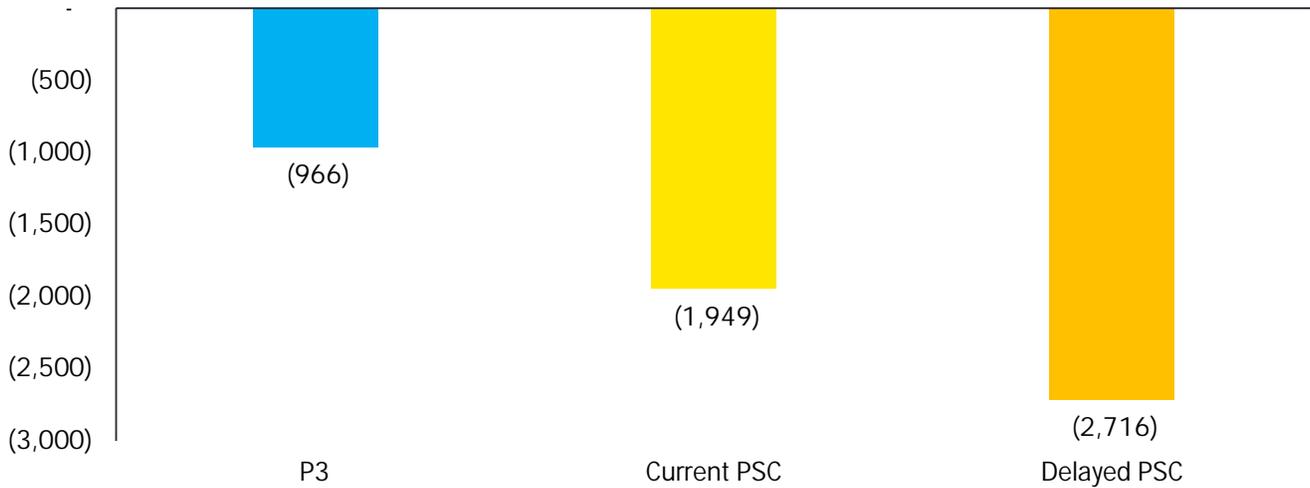
5. QUANTITATIVE ANALYSIS: VALUE FOR MONEY RESULTS

The quantitative analysis herein compares the present value of LA DOTD cashflows under P3 and PSC delivery approaches as described below.

P3 Delivery Approach
<p>Under a P3 delivery approach, LA DOTD will select a P3 developer which will finance, design, construct, operate, maintain, and toll the Project for a fixed period through a revenue risk DBFOM contract. Since this is a revenue risk DBFOM, the private financing for the project relies on project-generated revenues. In addition, revenue risk financing is non-recourse, and the P3 developer’s invested equity, and potentially the debt from private bond issuance, is at risk if the project underperforms. From the LA DOTD’s perspective on a P3, its projected outgoing cash flows will be limited to the approximate \$1,200m public subsidy or milestone payments made to the P3 developer.</p>
PSC Delivery Approach
<p>Under the PSC delivery approach, LA DOTD will pay for Project construction, operations, and maintenance, as well as any public financing costs, to the extent incurred. The Current PSC considers implementation of the project using available State funds and the operation and maintenance of the facility on an identical schedule as the P3 alternative. Due to insufficient funds in the near-term to realistically implement the Project, the LA DOTD also considered the Delayed PSC where it will invest \$250 million to undertake limited rehabilitation of the Existing Bridge, although such works will have no, or minimal, impact on underlying capacity and safety constraints. The LA DOTD will operate the Existing Bridge for an additional 20 years (plus 7 years through construction), following which it is assumed that LA DOTD will fund the Project on a PAYGO basis, identical with respect to size and scope of the P3 delivery approach.</p>

Both approaches require LA DOTD to contribute funds. However, the **P3 approach, in all potential outcomes analyzed, results in a lower LA DOTD funding contribution** in net present value cost terms, as compared to either PSC delivery. As shown in the chart and table below for our Base VFM Case, under either PSC option, the LA DOTD costs are significantly higher than for the P3 option.

Projected Net Present Value Cost to LADOTD (\$M) *

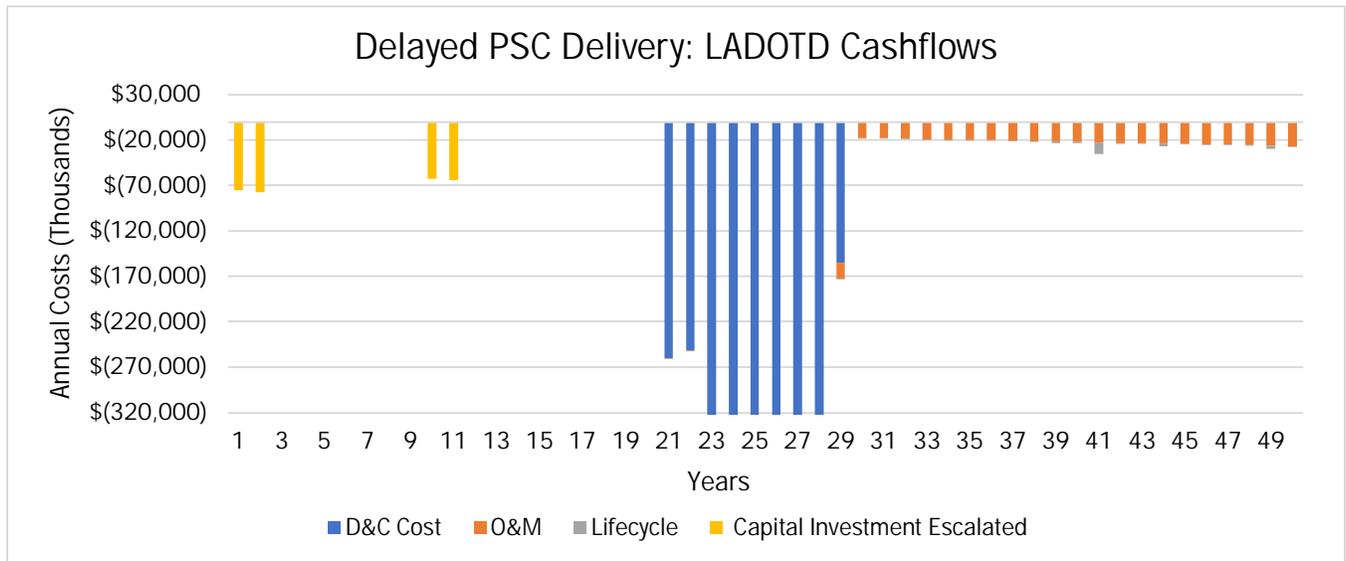
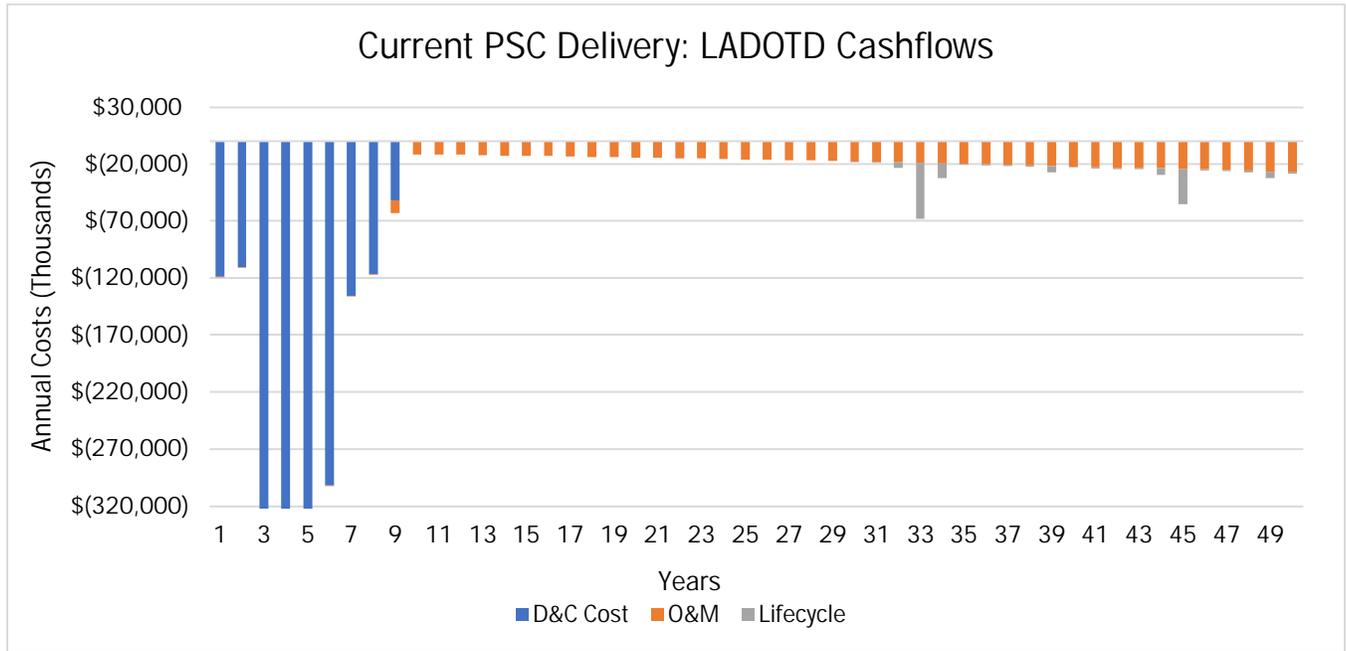


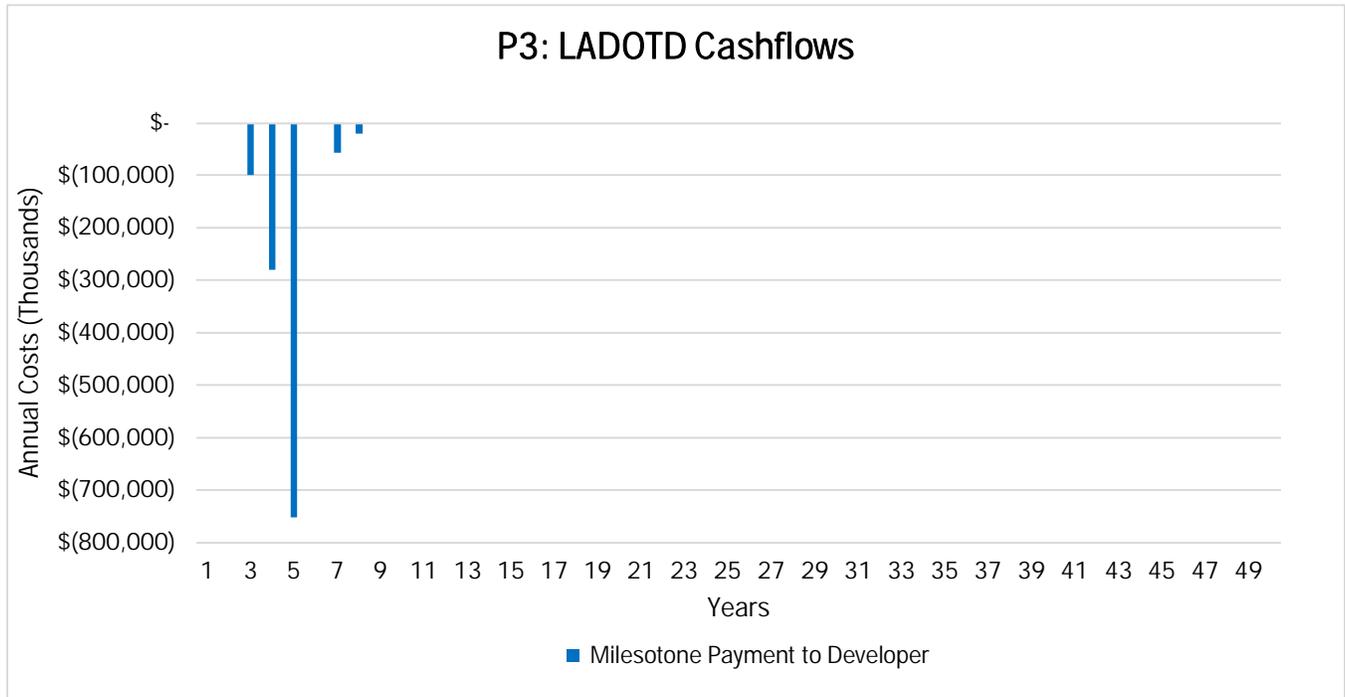
* The same discount rate reflecting the LA DOTD's expected long-term borrowing cost, was used for this comparison. P3 value does not include value of any potential distributions to LA DOTD by Developer.

	Comparison			Increased PV Cost of DB vs. P3	
	Current DB	Delayed DB	P3	Current DB & P3	Delayed DB & P3
Net Present Value Cost	\$1,949	\$2,716	\$966	\$984	\$1,751
Total Costs for LA DOTD	\$3,353	\$6,663	\$1,209		

Note that a public works project may not generate positive cash flows but could still generate positive net economic benefits for users and the wider community. This report does not discuss detailed quantified economic costs and benefits from the Project other than those referenced on a qualitative basis in Section 3 which are outlined in the DEIS.

LA DOTD cash flows under the three approaches are presented in further detail below:



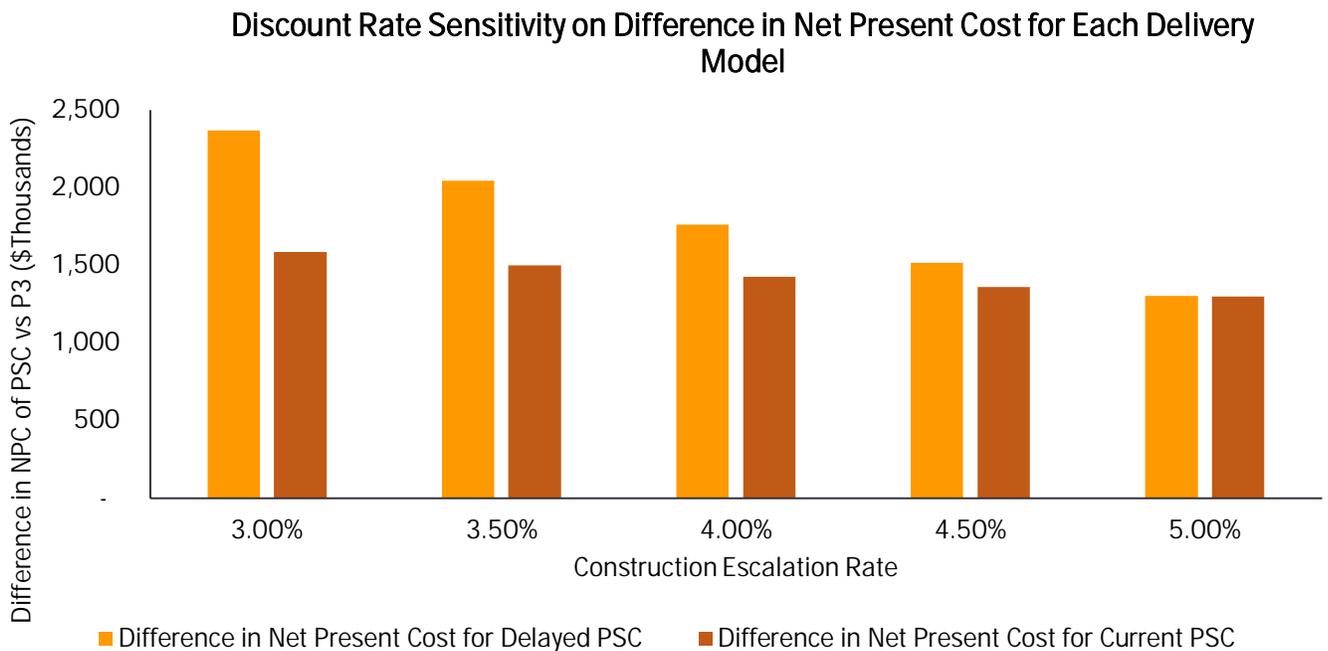
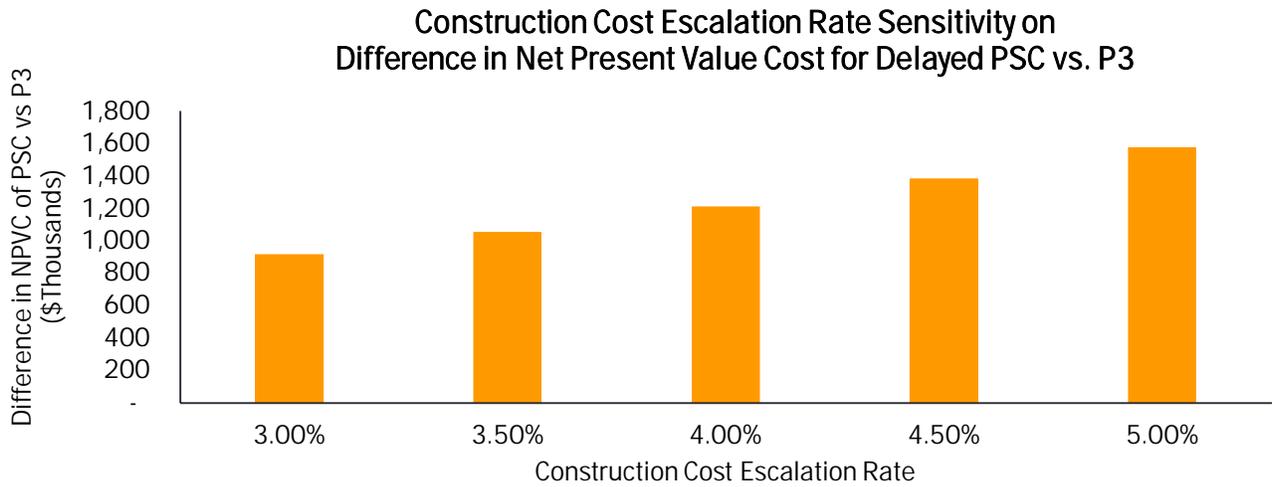


Since the PSCs and P3 cash flows are compared on an NPV basis for the purposes of Value for Money, the discount rate assumed for the calculation can have an impact on the overall VFM results. As alluded to in the Executive Summary, the 20-year delay in the Delayed PSC delivery approach creates a unique dynamic where the Delayed PSC option looks increasingly favorable as the gap between the assumed capital escalation rate and the discount rate grows. Despite this dynamic, the Base VFM Case analysis assumes a discount rate (4%) which still suggests in most potential outcomes that the P3 approach is likely to generate better value to the LA DOTD despite the delay in the PSC approach.

Also previously noted above, the LA DOTD also faces the unique dynamic of toll revenues impacting the P3 alternative cash flows but not the PSCs. As toll revenues are used to support operations, maintenance and the repayment of private debt and equity, LA DOTD’s net cash flows to the Project are equal to the LA DOTD Public Funds Amount in the form of milestone payments during construction, with all other Project costs being paid for by the P3 developer using toll revenues. The LA DOTD also has a contractual right to a percentage of any distributions made to the developer. These potential cash inflows to the State will depend upon project performance and have not been taken into account in this quantitative analysis.

5.1 RESULTS OF THE CONSTRUCTION COST ESCALATION AND DISCOUNT RATE SENSITIVITY ANALYSIS

Different discount rate assumptions can also affect the results of the NPVC calculations. For that reason, the results of this analysis were tested for sensitivity in both rate assumptions. While for our Base VFM Case analysis, we chose to compare the cashflows each at a 4% discount rate, the estimated owner’s cost of capital, and at a 4% construction cost escalation rate for the PSCs, the following graphic indicates that the P3 is likely to be beneficial in a range of discount rate sensitivity scenarios.



The charts above summarize the difference in net present value costs of the estimated State cashflows under the PSC approaches and the P3 approach, using ranges for the expected construction cost escalation rates and discount rates that approximate potential market movements in escalation and rates. Positive values in the table denote that the P3 approach has a lower net present value cost to the LA DOTD than the PSC and represents higher estimated quantitative VFM; negative values denote that the PSC approach has lower net present value cost.

The P3 approach is anticipated to result in a lower net present value cost for the LA DOTD compared to both the Current PSC and the Delayed PSC both of which are un-tolled, and the second of which is delivered 20 years in the future - in each case discounting the PSC and the P3 cash flows at the same discount rate (the LA DOTD's expected long-term cost of borrowing). In all considered cases, the P3 generates a lower net present cost than the PSCs.

The direct funding commitment required from LA DOTD in the P3 case is the upfront Public Funds Amount of approximately \$1,200m. Under the PSCs, the LA DOTD would have to invest both an upfront investment and fund the whole Design and Construction.

When calculating the difference between the net present value cost of both sets of cash flows, the P3 has an almost \$1 billion lower net present value cost than the Current PSC and over \$1.7 billion lower than the Delayed PSC alternative. This nearly \$1 billion difference implicitly approximates the cost premium today, should the LA DOTD find sufficient funding and elect to pursue the Current PSC delivery method.

Further, if additional retained risks to the LA DOTD and potential Project cost overruns were incorporated into this analysis, LA DOTD expects that the difference in net present value cost between the PSCs and the P3 (where a larger portion of Project risk is transferred to the P3 developer) would be increased.

6. VALUE FOR MONEY: REQUIREMENTS UNDER THE BIPARTISAN INFRASTRUCTURE LAW

The 2021 Bipartisan Infrastructure Law (“BIL”) requires a VFM analysis to be submitted to the Build America Bureau and the Secretary of Transportation for certain projects:

- Section 11508 stipulates that project sponsors receiving Federal loans (TIFIA (Transportation Infrastructure Finance and Innovation Act) or RRIF (Railroad Rehabilitation and Improvement Financing)), or grants should include a VFM analysis within the financial plan if the project sponsor intends to carry out the project using a P3. The Section also requires Major Projects (i.e., projects > \$100m in costs) to conduct a VFM analysis.
- Section 70701 requires a VFM analysis for projects over \$750 million in total cost in states with P3 legislation for transportation projects and utilizing a Transportation Infrastructure Finance and Innovation Act (“TIFIA”) loan. This section, unlike Section 11508, lists the requirements that a VFM study or similar comparative analysis should meet. These requirements are set out see below.

6.1. BIL SECTION 70701 REQUIREMENTS

The table below maps the requirements of Section 70701 in BIL with the sections in this report where this information has been provided.

Subsection	Information Required	Section Cross-Reference
(a)(1)	Lifecycle cost and project delivery schedule	Section 4.1 and 4.3
(a)(2)	The costs of using public finance versus private financing for the project	Section 4 and 5
(a)(3)	A description of key assumptions made in developing the analysis, including quantitative assumptions	Section 4 and 5
(a)(3)(A)	An analysis of any Federal grants or loans and subsidies received or expected (including tax depreciation costs)	Appendix A
(a)(3)(B)	The key terms of the proposed public-private partnership agreement, if applicable (including the expected rate of return for private debt and equity), and major compensation events	Appendix B
(a)(3)(C)	A discussion of the benefits and costs associated with the allocation of risk	Section 1, 2 and 3
(a)(3)(D)	The determination of risk premiums assigned to various project delivery scenarios	Section 5 presents the results of the net present value cost calculation comparing the cash flows of the P3 and PSC delivery scenarios
(a)(3)(E)	Assumptions about use, demand, and any user fee revenue generated by the project	Section 4.4
(a)(3)(F)	Any externality benefits for the public generated by the project	Section 1.1
(a)(4)	A forecast of user fees and other revenues expected to be generated by the project, if applicable	Section 4.4
(a)(5)	Any other information the Secretary of Transportation determines to be appropriate	N/A; No other information determined appropriate to date

APPENDIX A: PROJECTED FUNDING SOURCES AND AVAILABILITY

Section 70701(a)(3)(A) of the BIL requires VFM reports to summarize the funding sources assumed for the P3 and PSC delivery approaches.

Funding and Financing Sources under PSC delivery

If the Project is delivered through the PSC delivery approach, LA DOTD would need to plan and arrange the entire funding required for the Project. While not considered in this analysis, it is reasonable to expect that the additional retained risks and contingencies held by the LA DOTD under the PSC models would further inflate the net present value cost of the PSCs and further strengthen the LA DOTD's decision to pursue a P3. Below are summaries of the different funding sources which LA DOTD would expect to use to pay for the Project:

- **Pay-Go Funding:** The primary source of funding for the Project would come as pay-go cash from the State's Transportation Trust Fund (including funds allocated by the legislature through the American Rescue Plan Act of 2021 (ARPA) as State lost revenue replacement) and General Fund. Funds would be appropriated through the State's annual budget process.
- **Federal Grant Programs:** The initial required investment in the Existing Bridge of \$250 million would be addressed through pay-go and monies received in the Infrastructure Investment and Jobs Act Bridge Formula Program and MEGA grant program (should funds remain available). These are the same funds which comprise a portion of the Public Funds Amount being contributed by the LA DOTD as a PFA payment under the P3 option.
- **State General Obligation ("GO") Bonds:** While debt capacity and the need to address the State's broader transportation program remain as key considerations, the State may utilize GO Bonds to fund a portion of the Project if it is deemed financially viable at the time.
- **Motor Vehicle Sales Tax ("VST") Funds:** The State has passed legislation which diverts certain VSTs to a Construction Sub-fund dedicated to the Project. While the VST funds are subject to modification through amendment during subsequent legislative sessions, they provide a viable funding source or bond securitization option for the LA DOTD.

Other Potential Sources under PSC delivery

TIFIA Loan: To reduce financing costs, LA DOTD could also seek a TIFIA loan backed by the State's GO pledge or VSTs.

Funding Sources under P3 delivery

LA DOTD will make an approximate \$1,200m public funds amount available to the P3 developer. In addition to this \$1,200m PFA, the P3 developer is expected to use debt (tax-exempt Private Activity Bonds) and private equity to pay for Project construction. PFA totaling \$1,200 million is expected from the following sources:

- \$100 million of ARPA funds
- \$85 million of GO bonds
- \$75 million of IJA Bridge Formula funds¹⁷
- \$150 million of allocated cash from the State's Transportation Trust Fund and General Fund
- \$150 million of MEGA grant funds¹⁸
- \$640 million in Vehicle Sales Tax revenue provided on a cash basis and through securitization of such funds through future bond issuance

¹⁷ Through the IJA Bridge Formula Program, the State will receive ~\$100 million over a five-year period beginning in Federal fiscal year 2022. \$45 million of these funds have been dedicated to the Project via an internal allocation by the LADOTD. Such funds must be obligated by 9/30/2025.

¹⁸ In January 2023, the LADOTD was awarded a \$150 million National Infrastructure Project Assistance program (Mega) grant. These funds were awarded specifically for the Project.

APPENDIX B: KEY TERMS OF THE COMPREHENSIVE AGREEMENT

Section 70701(a)(3)(B) of the BIL requires VFM reports to include key terms of the proposed public-private partnership agreement and major compensation events. Key terms of the proposed P3 contract (the Comprehensive Agreement) for the Project are listed below:

Topic	Summary
Parties	<ul style="list-style-type: none"> a) LA DOTD (the LA DOTD); and b) Developer
Developer Concession Rights	<p>The LA DOTD will grant the Developer the right and obligation to –</p> <ul style="list-style-type: none"> a) finance, develop, design, and construct the Project. b) use, manage, operate, and maintain the Project (including renewal work and upgrades). c) collect tolls and toll revenues; and d) access and use the Project and the Project Right of Way, for itself and its Subcontractors
Term	<p>This Agreement will take effect on the Agreement Date and will remain in effect, until the first to occur of the date that is 50 years after the Partial Acceptance Date, or the effective date of the termination of this Agreement pursuant to the agreed upon Termination provisions (Termination Upon Expiration of Term, Termination due to NEPA Documents Alternative Selection Other than Alternative 5G , Termination for Failure to Achieve Financial Close, Termination for Developer Default, Termination for LA DOTD Default, Termination for Extended Force Majeure, Termination for Persistent Closure, Termination in the Public Interest, Termination due to LA DOTD’s Exercise of Early Handback Option, and Termination due to Judicial Order).</p>
Project Scope: Design & Construction	<p>The Developer will furnish all design, construction, and other services, provide all materials, equipment, and labor to perform the Work as required by the Contract Documents and perform the Work in accordance with the Contract Documents.</p> <p>As part of the Project Management Plan, the Developer shall prepare a Design Management Plan and submit for Approval. It is the intent of the LA DOTD to allow construction to begin on a Design Unit prior to completion of all Design Units. The Developer may begin construction on any Design Unit at any time after the applicable Release for Construction review process has been completed for the Design Unit. The Developer shall schedule and conduct a Final Design review when the Design Documents for a Design Unit are complete. After all comments from the Final design submittal have been addressed and appropriately incorporated, the Developer shall submit Release for Construction Documents to the LA DOTD for Review and Comment.</p> <p>Except as otherwise expressly provided in the Agreement, the LA DOTD makes no warranties or representations as to any surveys, data, reports or other information provided by the LA DOTD or other Persons concerning surface or subsurface conditions, the existing condition of the roadway and other Elements, drainage, the presence of Utilities, Hazardous Materials, contaminated ground water, archaeological, paleontological and cultural resources, or endangered and threatened species, affecting the Project Right of Way or surrounding locations. The Developer acknowledges that such information is for the Developer’s reference only and has not been verified by the LA DOTD, and that the Developer will be responsible for conducting all surveys, studies, and assessments as it deems appropriate for the Project.</p>

Topic	Summary
Project Scope: Tolling System	The Developer shall design, provide, furnish, install, integrate, test, update and operate a complete end-to-end Tolling System for the New Bridge. The Developer shall provide all required software, hardware, systems, equipment, materials, resources, and training necessary to establish, operate, and maintain the entire Tolling System in an efficient, responsive, accurate and accountable manner.
Project Scope: Operation and Maintenance	The Developer will perform the O&M Work during both the Design-Build Period and the Operating Period. During the Design-Build Period, beginning no later than the earlier of: (i) Commencement of Construction, or (ii) 180 days following NTP, after Partial Acceptance, the Developer shall be responsible for O&M and Renewal Work for the Elements within the O&M Limits shown on the O&M Limits drawings in the Reference Documents. For the DB and Operating Periods, the LA DOTD will retain responsibility for all NBIS Inspections, incident management, the Motorist Assistance Program (MAP), Winter Maintenance, and certain activities associated with severe weather (hurricanes) events within the DB Limits and O&M Limits. The LA DOTD will also retain O&M activities on the Existing Bridge during the DB Period until all traffic is transferred off the Existing Bridge.
Handback requirements	The Developer shall turn the Project over to the LA DOTD at the end of the Term in accordance with the requirements of the Contract Documents. The Developer shall identify areas that may need major or minor Renewal Work to meet the Handback requirements and include these items in the Handback Work Plan.
Right and Obligation to Toll	The Developer shall have the right to – <ul style="list-style-type: none"> a) Toll Revenues. b) From and after the Partial Acceptance Date and continuing during the Term, the Developer will have the exclusive right to establish, impose, charge, collect, use, and enforce the collection and payment of the Toll Revenues, in accordance with the terms of the Contract Documents, and the exclusive right, title, entitlement and interest in and to the Toll Revenues. The Developer acknowledges that only those amounts set forth in clauses (a) and (b) of the definition of Toll Revenues may be collected from Users, in accordance with the Contract Documents. c) Without prejudice, the Developer acknowledges and agrees that it will not be entitled to receive from the LA DOTD any compensation, return on investment or other profit for performing the Work contemplated by the Contract Documents, other than the Public Funds Amount and other payments to the extent and in the manner specified in the Agreement.
Noncompliance events	To ensure that the Developer constructs, operates and maintains the Project as per agreed standards, the Comprehensive Agreement will use a performance measurement and noncompliance point system to monitor the Developer’s performance. Performance shortfalls may trigger increased oversight by the LA DOTD, require development and implementation of corrective action plans by the Developer, and, if uncured beyond an agreed timeline, a Developer Default.
Public Funds Amount from LA DOTD to Developer	<ul style="list-style-type: none"> a) The LA DOTD will make payments of the Public Funds Amount to the Developer. b) The LA DOTD agrees to include in its annual budget and seek appropriation for payment of all monetary obligations of the LA DOTD under the Comprehensive Agreement including the Public Funds Amount, from the State Legislature to meet the LA DOTD’s payment obligations. c) The parties acknowledge that the Public Funds Amount may only be adjusted through amendment to the Comprehensive Agreement.

Topic	Summary
	<p>1. Milestone Payments</p> <p>1.1 Milestone Payment Terms</p> <p>a. The LA DOTD will make Milestone Payments to the Developer, in accordance with Section 1.2, as follows:</p> <p>(i) Upon achievement of a DB Percentage of 25%, in accordance with Section 8.08(a) of the Agreement, the LA DOTD will pay to the Developer \$100,000,000 of the Public Funds Amount;</p> <p>(ii) Upon achievement of a DB Percentage of 50%, in accordance with Section 8.08(b) of the Agreement, the LA DOTD will pay to the Developer \$280,000,000 of the Public Funds Amount;</p> <p>(iii) Upon either (a) October 28, 2027, if the LA DOTD has issued the 30% Completion Certificate by such date, or (b) the date that is 45 days after the date that the LA DOTD issues the 30% Completion Certificate, if the LA DOTD has not issued the 30% Completion Certificate by October 28, 2027, the LA DOTD will pay to the Developer \$472,100,000 for a Large Truck Buy-Down Milestone;</p> <p>(iv) Upon achievement of a DB Percentage of 75%, in accordance with Section 8.08(c) of the Agreement, the LA DOTD will pay to the Developer \$280,000,000 of the Public Funds Amount;</p> <p>(v) Upon achievement of Partial Acceptance, in accordance with Section 8.09 of the Agreement, the LA DOTD will pay to the Developer \$56,752,660 of the Public Funds Amount; and</p> <p>(vi) Upon achievement of Final Acceptance, in accordance with Section 8.11 of the Agreement, the LA DOTD will pay to the Developer \$20,000,000 of the Public Funds Amount.</p>
<p>Windfall Proceeds; LA DOTD Share of Distributions</p>	<p>Payments due from the Developer to the DOTD when the Developer’s actual cumulative gross toll revenue at the end of each year exceeds various contractual tiers, bands and thresholds included in the Comprehensive Agreement.</p> <p>Additionally, at any time that the Developer makes a Distribution, or at any time that a Distribution occurs, the Developer shall first pay to the LA DOTD the LA DOTD Distribution Amount.</p>
<p>Delay Events</p>	<p>The Comprehensive Agreement incorporates a comprehensive list of Delay Events. A Delay Event prior to Final Acceptance will excuse the Developer from performing its obligations to perform Work outlined by the Comprehensive Agreement and extensions in Milestone Payments and the Project Baseline Schedule as well as extensions on the Partial and Final Acceptance Dates will be made in accordance with an updated Project Baseline Schedule.</p> <p>Delay Events include the occurrence of one or more of the following events occurring prior to Final Acceptance:</p> <p>a) Force Majeure Events</p> <p>b) An unreasonable and unjustifiable failure by a Governmental LA DOTD to issue, or an unreasonable and unjustified delay by a Governmental LA DOTD in issuing, any Governmental Approval or other authorization required for the Project or the Work</p>

Topic	Summary
	<ul style="list-style-type: none"> c) The issuance by a court having jurisdiction over the Project of any injunction or other order enjoining or estopping the Developer or the LA DOTD from the performance of its rights or obligations pursuant to the Contract Documents d) LA DOTD Change or LA DOTD Enhancement e) LA DOTD-Caused Delay f) Discovery of a Utility which could not have been reasonably discovered pursuant to, or the existence of which could not have been reasonably inferred from, the Developer’s examinations, review, and other activities undertaken prior to the Setting Date or as reasonably inferred from information contained in the Reference Documents or Contract Documents g) The LA DOTD’s lack of good and sufficient title or right to enter or occupy any parcel that the LA DOTD owns as of the Agreement Date h) Discovery within the Project Right of Way of archaeological, paleontological, or cultural resources (including historic properties), excluding any such resources known to Developer prior to the Setting Date or set forth in the Reference Documents or Contract Documents i) Discovery within the Project Right of Way of any threatened or endangered species j) Discovery of a Differing Site Condition k) Any suspension of the Work by the LA DOTD or by any Governmental LA DOTD having jurisdiction due to an EDC Event l) Any Force Majeure Event that causes physical damage to the Existing Bridge m) Discriminatory Change in Law n) Utility Owner Delay o) Pipe Racks Delay p) Third-Party Right-of-Way Delay q) Railroad Delay r) Social distancing requirements, stay-at-home orders, travel restrictions, or other order, decree, directive, or requirement regarding public conduct related to the COVID-19 pandemic, but only to the extent of requirements imposed by Law that are materially different from those in effect on the Setting Date s) Any meteorological event not included in the definition of Force Majeure Event, and agreed by the Developer and the LA DOTD t) Failure by the LA DOTD to Approve a Design Deviation u) Discovery of Unknown Pre-Existing Hazardous Materials v) Discovery of Third-Party Hazardous Materials w) An unreasonable delay or failure by the LA DOTD in performing any of its material obligations <p>With respect to any Work performed after Final Acceptance, the occurrence of one or more of the following events occurring after Final Acceptance:</p> <ul style="list-style-type: none"> x) A Force Majeure Event

Topic	Summary
	<ul style="list-style-type: none"> y) The issuance by a court having jurisdiction over the Project of any injunction or other order enjoining or estopping the Developer or the LA DOTD from the performance of its rights or obligations pursuant to the Contract Documents z) LA DOTD Change or LA DOTD Enhancement aa) An LA DOTD-Caused Delay bb) Social distancing requirements, stay-at-home orders, travel restrictions, or other order, decree, directive, or requirement regarding public conduct related to the COVID-19 pandemic, but only to the extent of requirements imposed by Law that are materially different from those in effect on the Setting Date cc) Any meteorological event not included in the definition of Force Majeure Event, and agreed by the Developer and the LA DOTD dd) Failure by the LA DOTD to Approve a Design Deviation ee) Discovery of Unknown Pre-Existing Hazardous Materials ff) Discovery of Third-Party Hazardous Materials gg) An unreasonable delay or failure by the LA DOTD in performing any of its material obligations hh) Failure by the USACE to issue the Section 404 CWA Permit, the Section 10 RHA Permit, or the Section 408 Permission within 240 days of USACE’s receipt and acceptance of the Governmental Approval package prepared by the Developer ii) Failure by the USCG to issue the Section 9 RHA Permit by the later of (a) 360 days of USCG’s receipt and acceptance of the Governmental Approval package prepared by the Developer or (b) 45 days after the USACE issues the Section 404 CWA Permit, the Section 10 RHA Permit, and the Section 408 Permission jj) Failure by the USCG to issue the Navigational Lightning Approval by the later of (a) 360 days of USCG’s receipt and acceptance of the Governmental Approval package prepared by the Developer or (b) 45 days after the USACE issues the Section 404 CWA Permit, the Section 10 RHA Permit, and the Section 408 Permission
<p>Compensation Events</p>	<p>For Delay Events that are also Compensation Events, the Developer must first comply with the requirements of the Delay Events section and the Developer will not be required to submit a separate Compensation Event Notice for an event that is covered by a written claim under Delay Events.</p> <p>The Comprehensive Agreement will incorporate Compensation Events, which entitle the Developer Damages including –</p> <ul style="list-style-type: none"> a) LA DOTD- caused delay b) LA DOTD Change or LA DOTD Project Enhancement c) An order by the LA DOTD suspending tolls on the New Bridge subject to conditions specified in the Comprehensive Agreement d) The issuance by a court having jurisdiction over the Project of any injunction or other order enjoining or estopping the Developer or the LA DOTD from the performance of its rights or obligations e) Discovery within the Project Right of Way of archaeological, paleontological, or cultural resources f) Discovery within the Project Right of Way of threatened or endangered species,

Topic	Summary
	<ul style="list-style-type: none"> g) Discovery of a Differing Site Condition h) Any suspension of the Work by the LA DOTD or by any Governmental LA DOTD having jurisdiction due to an EDC Event i) The LA DOTD's lack of good and sufficient title or right to enter or occupy any parcel that the LA DOTD owns as of the Agreement Date j) Discovery of a Utility which could not have been reasonably discovered pursuant to, or the existence of which could not have been reasonably inferred from, the Developer's examinations, review, and other activities undertaken prior to the Setting Date k) Discriminatory Change in Law l) Alternative Facilities m) Pipe Racks Delay n) Third-Party Right-of-Way Delay o) Railroad Delay p) Failure by the LA DOTD to approve a design deviation q) East End Improvement Construction Lane Closure r) Discovery of Unknown Pre-Existing Hazardous Materials s) Discovery of Third-Party Hazardous Materials t) An unreasonable delay or failure by the LA DOTD in performing any of its material obligations pursuant to the Agreement, provided that such delay or failure has a direct negative impact on the Permit u) failure by the USACE to issue the Section 404 CWA Permit, the Section 10 RHA Permit, or the Section 408 Permission within 240 days of USACE's acknowledgement of receipt of a complete Governmental Approval package prepared by the Developer Failure by the USCG to issue the Section 9 RHA Permit by the later of (a) 360 days of USCG's receipt and acceptance of the Governmental Approval package prepared by the Developer or (b) 45 days after the USACE issues the Section 404 CWA Permit, the Section 10 RHA Permit, and the Section 408 Permission v) Failure by the USCG to issue the Navigational Lightning Approval by the later of (a) 360 days of USCG's receipt and acceptance of the Governmental Approval package prepared by the Developer or (b) 45 days after the USACE issues the Section 404 CWA Permit, the Section 10 RHA Permit, and the Section 408 Permission w) discovery of actual physical conditions that conflict with the Survey Data identified in the Reference Documents; provided that each of the above events does not arise as a result of the breach of contract, negligence or other culpable act or omission of the Developer or any other Developer Party. <p>The Developer, upon occurrence of such event, may claim compensation for increase in costs, loss of revenue or increased financing costs subject to certain deductibles, risk sharing, specified allowances and/or exclusions.</p>
Performance and Payment Security	The Developer will furnish, or require the Design-Build Contractor to furnish, to the LA DOTD: a performance bond in the amount of 50% of the value of the Design-Build Work; and a payment bond in the amount of 50% of the value of the Design-Build Work.
Financing	The Developer shall be solely responsible for financing the Project and repaying every financing incurred by the Developer and all Developer Debt, at its own cost and risk and without recourse

Topic	Summary
	to any State Party. The LA DOTD will have no liability to the lenders except through the terms of the Direct Agreement.
Termination and Compensation	<p>The Comprehensive Agreement includes a variety of termination events and rights that may be terminated over the Term:</p> <ul style="list-style-type: none"> • Termination for Failure to Achieve Financial Close • Termination for Developer Default • Termination for LA DOTD Default • Termination for Extended Force Majeure • Termination in Public Interest • Termination due to LA DOTD’s Exercise of Early Handback Option <p>If one of the Termination events above is triggered, the Comprehensive Agreement includes termination payments that would be payable by the LA DOTD to the Developer, with the amount varying depending on the reason for termination. These termination payment amounts are different for Developer Default Termination, Extended Force Majeure Termination, and LA DOTD Default Termination.</p>