

Graves, Natalie (Consultant)

From: Arnis, Amy
Sent: Monday, August 03, 2009 12:37 PM
To: Grotefendt, Amy (Consultant); WSDOT MediaContacts
Cc: Paananen, Ron; Dye, Dave; Brown, Lloyd; Van Ness, Kristy (Consultant); Lenz, KaDeena (Consultant); White, John; Greco, Theresa
Subject: RE: Viaduct - 7/31

Mr. Anderson emailed me today with follow-up questions. My response to his questions are below. Amy Grotefendt reviewed/edited before I transmitted.

Mr. Anderson: Below are responses to your questions. Thank you.

You mentioned \$2.4 billion is currently funded by the state for the tunnel, although the DOT is still using, online, \$2.8b as its cost. Could you tell me which is correct? The difference between the \$2.4B and \$2.8B is the \$400m that is to be financed from tolls. We are currently working on the tolling scenarios for the tunnel. That work will be completed by the end of the year. The \$400m funding contribution supported by tolls will also have interest cost, but we do not have an estimate for those costs at this time since that work is underway.

And is, again, \$1.9 billion the interest amount - and is that based on \$2.4b and not 2.8b? The 2.4B

Also, that interest cost is just for the state's portion, correct? Yes.

Thus, is \$4.24 billion still the total estimated cost (amount being contributed from all sources, city, state, US, etc.)? Yes, it is the estimated cost for the entire program of investments including the bored tunnel, the new south mile of the corridor near the stadiums, the north and south portals, investments in transit and city streets, seawall replacement, the new grade-separated street from Elliott and Western to the waterfront, and the new Alaskan Way boulevard.

And, adding the \$1.9 interest to that, is the cost thus \$6.14 billion - not counting any interest that the other contributors may incur? Yes (also not counting the borrowing costs to support the \$400m in funding from tolls, as mentioned above).

From: Grotefendt, Amy (Consultant)
Sent: Friday, July 31, 2009 9:27 AM
To: WSDOT MediaContacts
Cc: Paananen, Ron; Dye, Dave; Arnis, Amy; Brown, Lloyd; Van Ness, Kristy (Consultant); Lenz, KaDeena (Consultant); White, John; Greco, Theresa
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Seattle Weekly

Amy Arnis spoke with Rick Anderson at the Seattle Weekly about the financing costs associated with the replacement of the Alaskan Way Viaduct. Currently \$2 billion of the \$2.4 billion in funding for the project will be financed. If financed at an average interest rate of 5.8 percent, the total cost would be approximately \$3.9 billion.

Amy discussed how the state sells bonds as the project is under construction to match the expenditures and look for opportunities to use cash to lower the borrowing costs. Typically the bonds are sold as 25-year debt so the **bonds would be paid back by 2042** (last sale occurring in 2017). This is typical financing and is funded by the gas tax revenue as authorized by the Washington State Legislature. **If the gas tax revenue does not come in as planned, the legislature will need to take action to remedy the situation.** Rick said it is interesting that most government agencies don't talk about financing and it might actually behoove the state to tell people how the bonds are being paid for by gas tax. He plans to write a blog posting and potentially a story.