

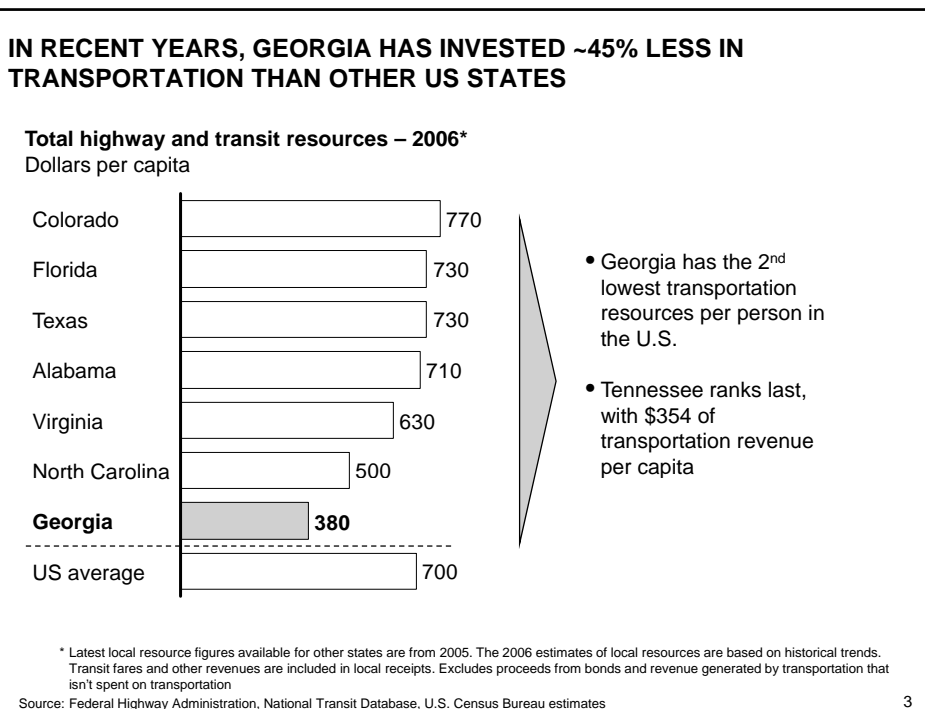
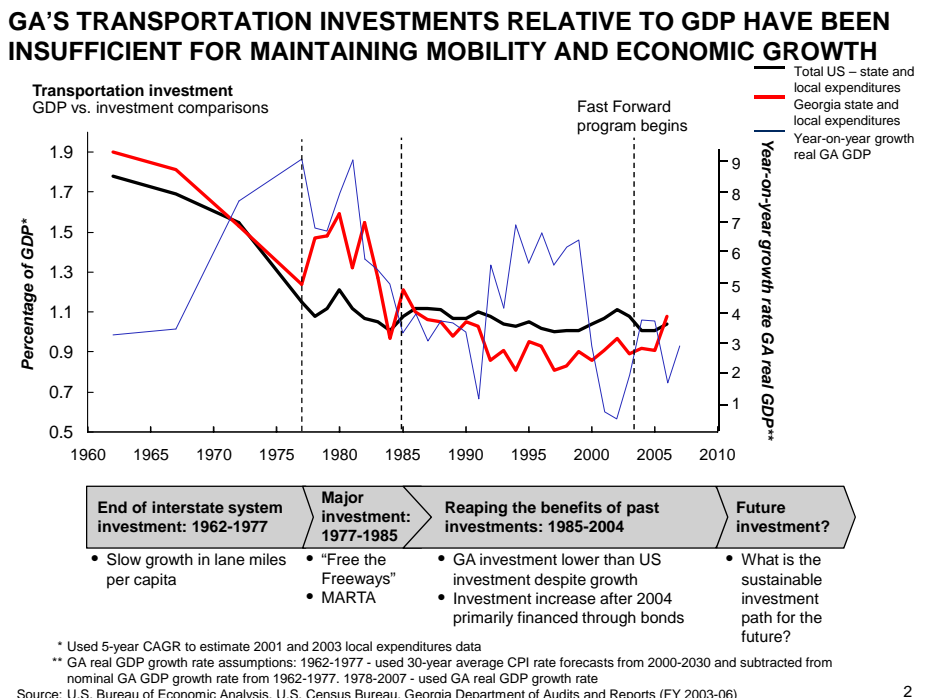
IT3 Scenario Results and Implications

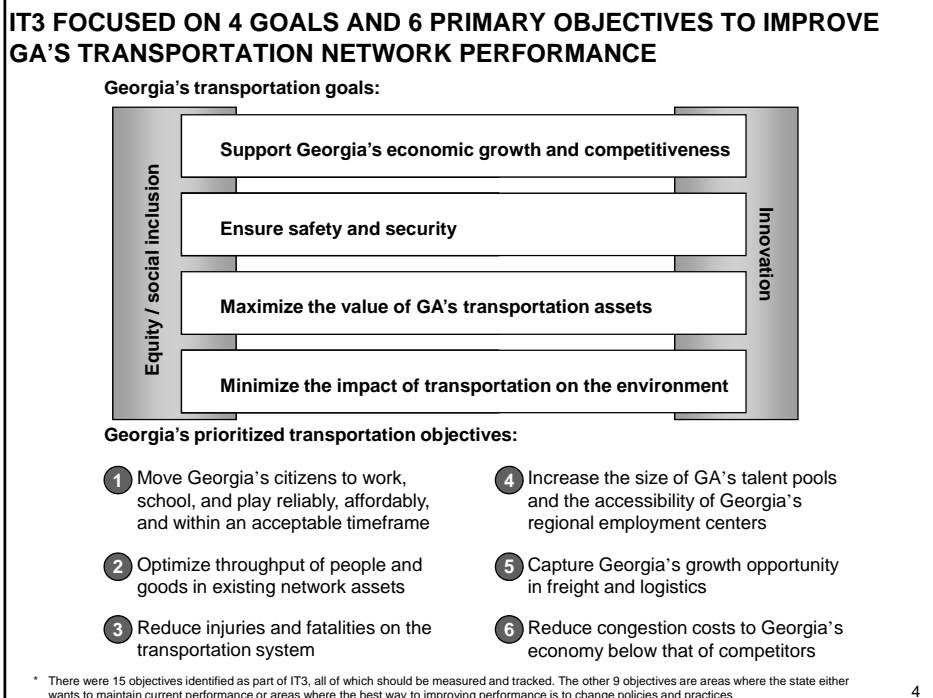
Presentation to the GAMPO
December 9, 2008

Dania G. Aponte, GRTA
Discussion Document Prepared by: McKinsey & Company, Inc.

IT3 STRATEGY: KEY FINDINGS

- Over the last several decades, Georgia's population and economy have grown rapidly, and its transportation investments have played a key role in that success
- However, over the last 20 years, Georgia has undermanaged and underinvested in its assets. The lack of improvement to these assets has contributed to performance gaps on the transportation system and put Georgia's future quality of life and economic growth at risk. Scenarios were developed to find the best solutions
- The economic benefits of changing "business as usual" in transportation are compelling: a disciplined, outcome-focused strategy in 3 categories (people mobility in Metro Atlanta, freight and logistics, and people mobility / safety in rest of state) could generate an additional 320,000 jobs over the next 20 years and up to ~\$590 billion in economic benefits to Georgia over the next 30 years
 - In Metro Atlanta, by combining demand management, infrastructure investments, and coordinating those investments with development patterns, Georgia could generate an additional 230,000 jobs over 20 years and \$306-345 billion in economic benefits over 30 years
 - In medium-sized cities and rural areas, by combining demand management, infrastructure investments, and coordinating those investments with development patterns, Georgia could generate an additional ~90,000 jobs over 20 years and ~\$156 billion in economic benefits over 30 years
 - By capturing the freight opportunity, Georgia could generate ~\$57-88 billion in economic benefits over 30 years
- The investment costs to achieve these outcomes range from \$150-257 billion (in year of expenditure terms) over 20 years. 1/3 to 2/3 of these costs are already covered by existing revenues and the remainder can be addressed through a variety of sources over 20-40 years



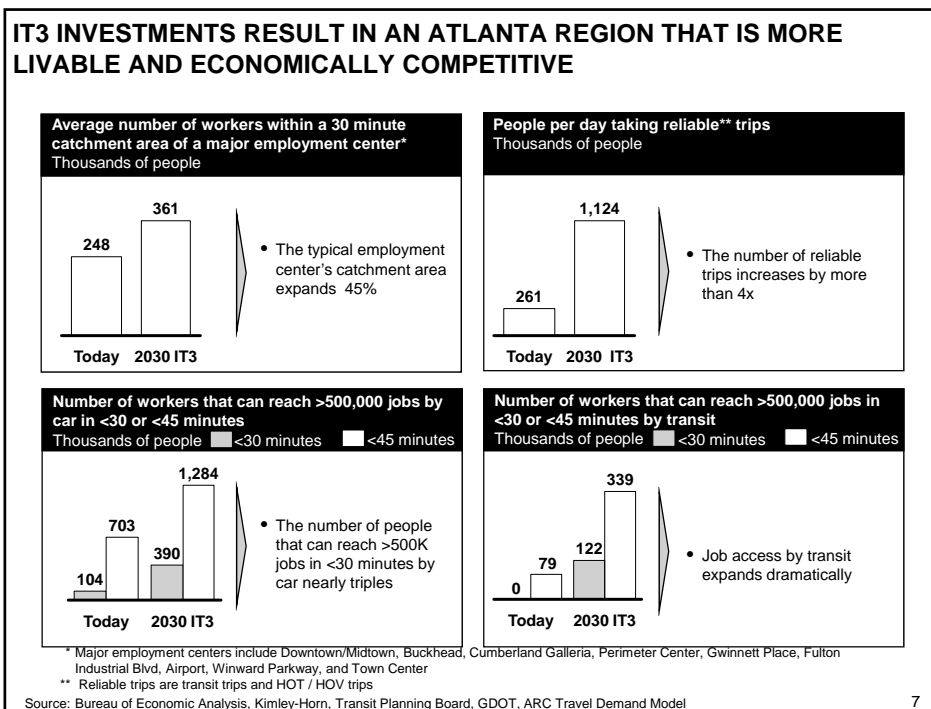
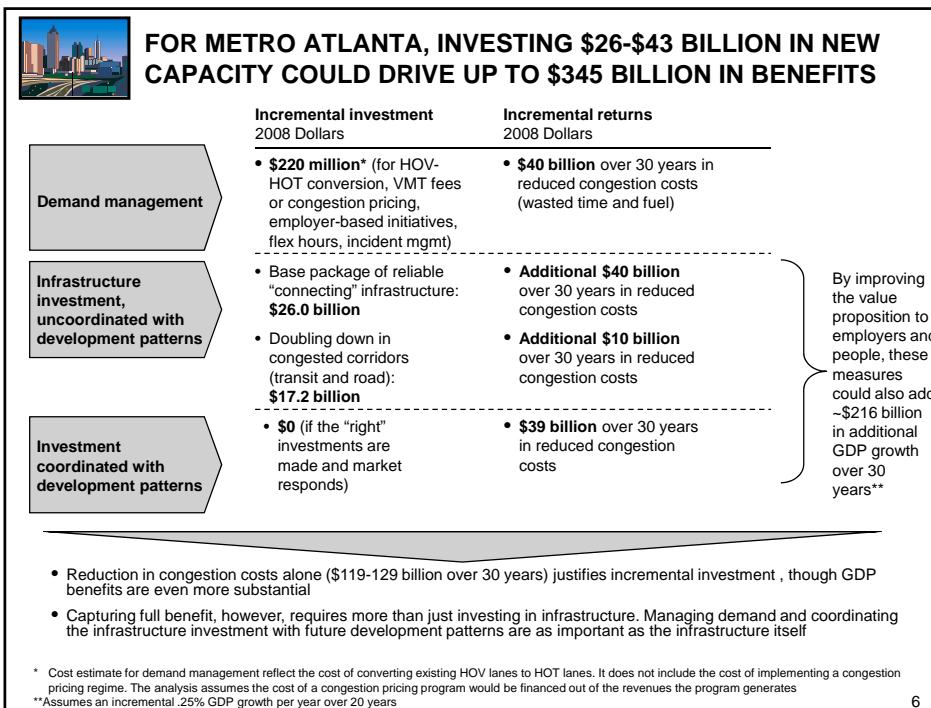


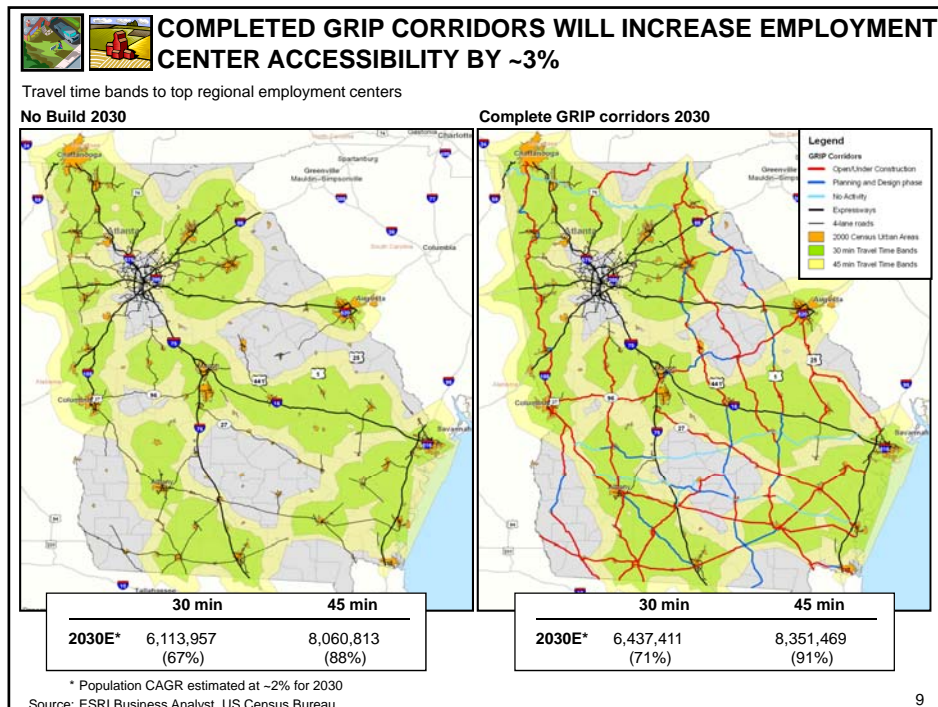
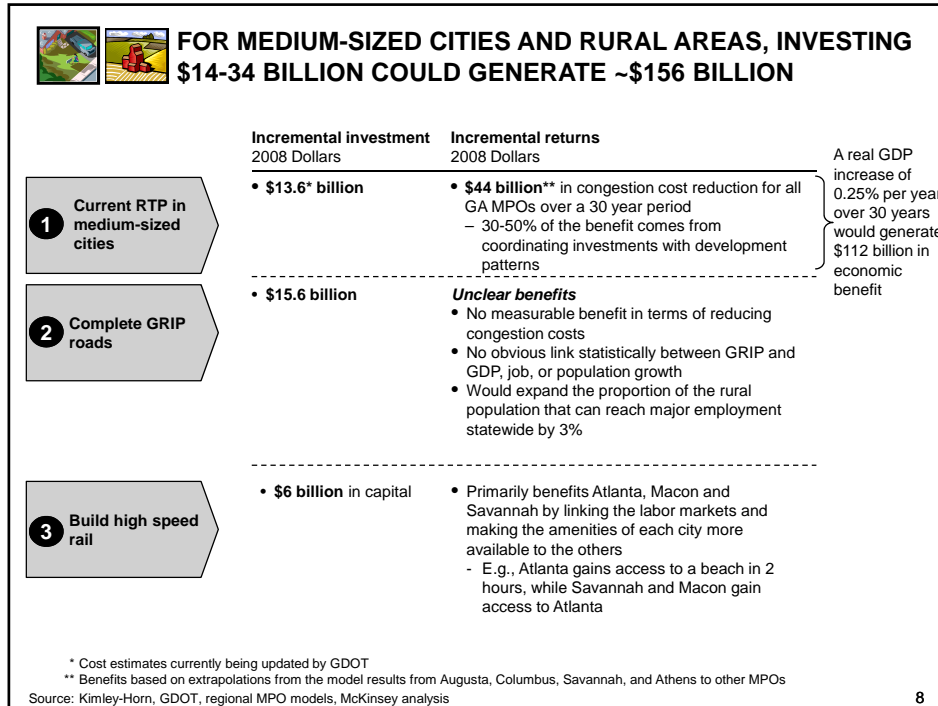
SCENARIOS ACROSS 3 CATEGORIES WERE DEVELOPED TO DETERMINE WHAT INVESTMENTS BEST SUPPORTED THOSE GOALS

Investment categories	Cost 2008 dollars	Benefit* 2008 dollars
New capacity:**		
1. Metro Atlanta people mobility	• \$26-43B	• \$306-345B
2. Medium-sized cities and rural area people mobility	• \$15-36B	• \$156B
3. Freight	• \$18-37B	• \$57-88B
Maintenance of existing system	• \$27B	• Lifecycle savings
Debt service on current bond issuance	• \$5B	• Not applicable
Total	• \$91-148B	• \$520-590B in economic benefit • 320,000 jobs

* Jobs estimated over 20 year period; economic benefit (congestion costs and expected GDP growth) estimated over 30 year period
 ** Includes O&M costs for new capacity investments. All cost and benefit figures are in 2008 dollars
 Source: Kimley-Horn, ARC Travel Demand Model, McKinsey analysis

5







FOR FREIGHT, INVESTING \$19-38 BILLION COULD DRIVE \$57-88 BILLION IN ECONOMIC BENEFIT

- 1 Address today's most urgent problems
- 2 Getting "ahead of the curve" (priority truck corridors only)
- 3 Perfect connectivity (additional truck corridors)
- 4 Freight rail investments

Incremental investment 2008 Dollars	Incremental returns 2008 Dollars
<ul style="list-style-type: none"> \$510 million (for first and last mile connectivity near Port of Savannah and Atlanta intersections) 	<ul style="list-style-type: none"> \$547 million in congestion cost reduction over 30 years Additional safety benefits
<ul style="list-style-type: none"> \$17.6 billion (new limited access expressways to provide alternative routes) 	<ul style="list-style-type: none"> \$2 billion in congestion cost reduction for Atlanta over 30 years (from diverting trucks at peak hour) \$500 million in direct benefits to haulers (time savings and fuel savings) \$54 billion in potential GDP benefit* over 30 years
<ul style="list-style-type: none"> \$9.6 billion 	<ul style="list-style-type: none"> \$71 million in time and fuel savings freight haulers \$31 billion in potential GDP benefit* over 30 years
<ul style="list-style-type: none"> \$9.7 billion 	<ul style="list-style-type: none"> TBD (data not yet available)

- "Priority" corridors have ~10X the volume as other potentially significant corridors and higher benefits in terms of time savings and congestion cost reduction
- However, none of the options (except "address today's problems") can be justified on the basis of "reducing congestion costs" or time savings alone - the business case hinges on whether the investments can drive GDP

* GDP benefits assume counties receiving limited access roads have a .25% annual GDP boost per year for 20 years.



HISTORICALLY, LIMITED ACCESS FACILITIES HAVE BEEN POWERFUL DRIVERS OF ECONOMIC GROWTH IN RURAL AREAS

10-year growth rate: 1990-2000

	Population	Income	Employment	
Rural Interstate Counties without GRIP	• 23%	• 87%	• 26%	<ul style="list-style-type: none"> Presence of a limited access facility like an interstate is a much stronger driver of economic growth than a GRIP road Data suggests adding new limited access facilities for freight could add an incremental 1.2-1.3% of GDP per year over the next 10-20 years in rural areas
Rural Non-Interstate Counties with GRIP Roads – Middle GA	• 10%	• 67%	• 11%	
Rural Non-Interstate Counties with GRIP Roads - Southern GA	• 13%	• 71%	• 17%	

Source: "A Study on the Economic Benefits of Governor's Road Improvement Program" – Jeffrey M. Humphreys (University of Georgia)

