

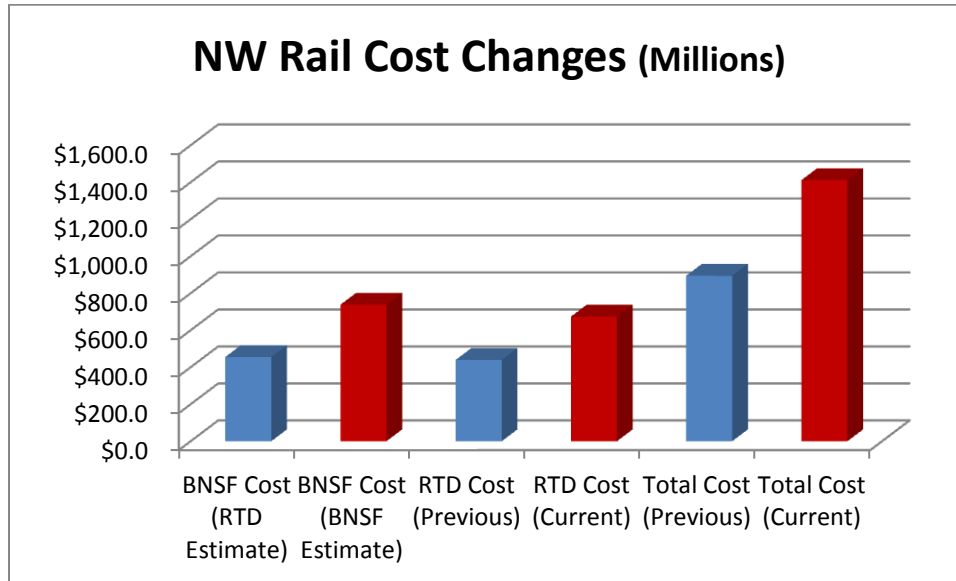
Overview of Northwest Rail Cost Increases January 10, 2012

The most up-to-date cost projections for the Northwest Rail Line represent a significant increase compared to RTD’s previously-estimated costs. While there are a number of complex reasons for the increase, the change is primarily related to two key factors:

1. New estimates are based on 30 percent engineering design plans; and
2. RTD’s initial scope assumptions and costs estimates were prepared without the availability of formal BNSF input.

The Northwest Rail Line will cost, in year-of-expenditure dollars, over \$500 million more than previous estimates (for the 2020 construction completion date). Delay in completion of the Northwest Rail Line beyond 2020, to 2024 to meet RTD’s cash flow constraints, will increase the total project cost from \$1.4 billion to \$1.7 billion.

The NW Rail project includes two key cost components: (1) costs that will be charged by BNSF to allow RTD’s commuter rail to share the BNSF corridor for distinct operating time slots and associated capital costs, plus (2) RTD’s own capital costs for right-of-way, station construction, environmental mitigation, and operations. Negotiations between RTD and BNSF for an agreement began in 2007, however formal input from BNSF was not available until late 2011. In previous years, RTD had to make *assumptions* regarding likely BNSF costs; the most recent RTD assumption for these costs was \$455 million – which is now projected (based on BNSF input) to be \$738.1 million. In addition, RTD’s previous assumption for RTD’s costs was \$439.6 million; this figure is now projected to be \$673.5 million. These are illustrated in the chart below.



The major scope changes based on recent/more specific BNSF changes:

- Increased need for right-of-way;
- Increased cost for environmental mitigation and utility relocations due to project footprint;
- Additional vehicles needed to meet BNSF service scenarios;
- Upfront cost for operating time slots in perpetuity.