

PARTNERSHIPS IN TRANSPORTATION WORKSHOP

EXAMPLES OF PPPS

Orlando, Florida
October 6, 2004

WHY?

- Needs Greater than Resources
- Attract New Capital
- Streamline Processes
- Reduce Time/Reduce Cost
- Economic Opportunities

VIRGINIA DULLES GREENWAY

- Virginia Highway Act of 1988
- Regulated Utility Model
- Project Specific “Greenfield” Toll Road
- Private Road/Development of Adjacent Land

Name	Dulles Greenway
Description	New 14-mile private toll road extension of Dulles Toll Road connecting Leesburg to the Dulles Airport area
Cost	\$350 million
Contract	Design-Build-Operate
Owner	Toll Road Investors Partnership (TRIP II)
Financing	1999 Refinancing Bonds issued to satisfy all previous note agreements and all other outstanding agreements \$35 million of current pay interest only bonds \$297 million zero coupon maturing in 2003 and 2005 with blended interest rate of 7%
Revenue	Tolls
Status	Opened in 1995

CALIFORNIA

- 1989 – AB680 Authorized Agreements for the Construction and Lease of Four Demonstration Projects
- Orange County Transportation Corridor Agencies (OCTCA) Multi Jurisdictional Authorities Charged with Construction of Toll Road Facilities

Name	SR 91 (Riverside Freeway) Express Lanes
Description	Four-lane toll highway in the median of a 10-mile section of the Riverside Freeway connecting Orange and Riverside Counties
Cost	\$130 million
Contract	Franchise, Design-Build-Operate-Maintain-Finance
Owner	Orange County Transportation Authority (OCTA)
Financing	<p>\$65 million in 14-year variable rate bank loans</p> <p>\$35 million in longer term loans (24 years)</p> <p>\$20 million private equity</p> <p>\$9 million subordinated debt to OCTA to purchase previously completed engineering and environment work</p>
Revenue	Variable Rate Tolls
Status	<p>Opened in 1995</p> <p>Purchased by OCTA December 2002</p>

Name	SR 125 South San Miguel Mountain Parkway
Description	New 9.5-mile toll road from SR 905 near the International Border to SR 54 connecting the only commercial port of entry to the regional freeway system
Cost	\$257 million
Contract	Franchise, Design-Build-Maintain-Finance
Owner	CalTrans
Financing	\$94 million TIFIA loan guarantee \$33 million TIFIA line of credit \$132 million federal and local funding
Revenue	Tolls
Status	Begin design/construction 2002 Completion 2005

ARIZONA

- Authorized Two “Privatization” Models
 - Regulated Utility Model
 - AB680 Franchise Model
- Solicited Proposals under Franchise Model for Two Development Routes Specified in the Legislation (Squawpeak Parkway and Pima Highway)
- Unsolicited Proposals for Other Projects were Allowed
- No Projects Approved

WASHINGTON PUBLIC PRIVATE INITIATIVES IN TRANSPORTATION ACT

- Based on California's AB 680 Model
- Authorized Six Demonstration Projects
- Legislative Amendments:
 - Required Public Advisory Vote on Projects with Opposition (Petitions with 5,000 Signatures)
 - Stopped Projects or Changed the Private Role

MINNESOTA

- Authorized the Public Private Development of Toll Roads
- Allowed Local Governments the Option to Veto Development Agreements
- One Community Exercised Veto Power Ending the TH212 Toll Road Project

VIRGINIA

- PPTA of 1995 – New Legislation
- Solicited/Unsolicited Proposals
- All Models of Transportation
- Operations, Maintenance and Capital Projects

Name	Pocahontas Parkway/-895 Connector
Description	New 8.8-mile toll road connecting I-95 and I-29 near Richmond International Airport, including a high-level bridge over the James River
Cost	\$324 million
Contract	Design-Build-Finance
Owner	DOT
Financing	\$297 million in tax exempt revenue bonds sold by 63-20 corporation \$9 million in federal funds for design costs \$18 million in SIB loans
Revenue	Tolls
Status	Completed 2002

Name	Virginia Route 288
Description	10.5-miles New Highway 7-miles of Expansion 6 New Interchanges & 2 Modified 23 Bridges
Cost	\$236 million
Contract	Design-Build-Warrant
Owner	DOT
Status	Complete
Savings	\$47 million and three years
Bonus	20-year Pavement Warranty

Name	Virginia Asset Management Maintenance
Description	251-miles of Total Responsibility for Interstate Maintenance
Cost	\$131.6 million Lump Sum (no change orders) for first 5.5 years
Contract	Performance Based Asset Management (fence line to fence line)
Owner	VDOT
Status	Ongoing and Extended for 5 years
Savings	\$16-23 million on initial 5-year contract

VIRGINIA PPTA PROJECTS ACTIVE & UNDER CONSIDERATION

- Route 28 (Northern Virginia) \$200 million
- Coalfields Expressway (Southwest Virginia) \$30.6 million for Preliminary Engineering for First Phase
- Jamestown 2007 Improvements to Routes 199, 31 and Relocation of Route 359 for 400th Anniversary of Jamestown \$31.8 million
- Route 58 Improvements
- Capital Beltway (I-495) Hot Lanes
- Dulles Rail
- I-81 Widening
- Third Hampton Roads Crossing

THE SECOND WAVE

- More Projects
- Greater Use of 63-20 Not for Profit Corporations
- Maintenance and Asset Management Contracts
- Joint Development Agreements
- Tax Increment Finance
- Design-Build and Alternative Procurement

COLORADO

Name	E-470 PHA Toll Road
Description	New 47-mile toll road along the eastern edge of the Denver metro area linking major arterials and new Denver International Airport
Cost	\$1.2 billion
Contract	Design-Build-Finance
Owner	E-470 Public Highway Authority
Financing	Revenue Bonds
Revenue	Tolls Vehicle Registration Fees Highway expansion impact fees on adjacent properties Lease revenues from cellular towers Easement permit fees
Status	Segment I opened in 1991 Segment IV completed in January 2003

Name	Transportation Expansion Project (T-REX)
Description	Widen 17-miles of I-25/I-225 and construct a 19-mile Light Rail Transit (LRT) line extension along the west side of I-25 and median of I-225 linking the Denver Central Business District with the Southwest Business District, the two largest employment centers in the region
Cost	\$1.7 billion
Contract	Design-Build
Owner	DOT/RTD
Financing	<p>Transit:</p> <ul style="list-style-type: none"> \$525 million FTA grant \$30 million local funds \$324 million bonds backed by future local sales tax revenues <p>Highway:</p> <ul style="list-style-type: none"> \$680 million GARVEE bonds of future federal allocations \$115 million state sales and use tax revenue
Status	Completion of all phases in 2006

MASSACHUSETTS

Name	Route 3 North
Description	Improvements to existing 21-mile corridor from Boston to the New Hampshire border
Cost	\$385 million
Contract	Design-Build-Maintain-Finance
Owner	DOT
Financing	\$385 million tax-exempt revenue bonds through 63-20 Not For Profit Corporation
Revenue	Surface, Sub-surface and fiber optic rights Annual appropriation from Legislature Construction and lease of service plaza Development of adjacent land
Status	Completion Spring 2004

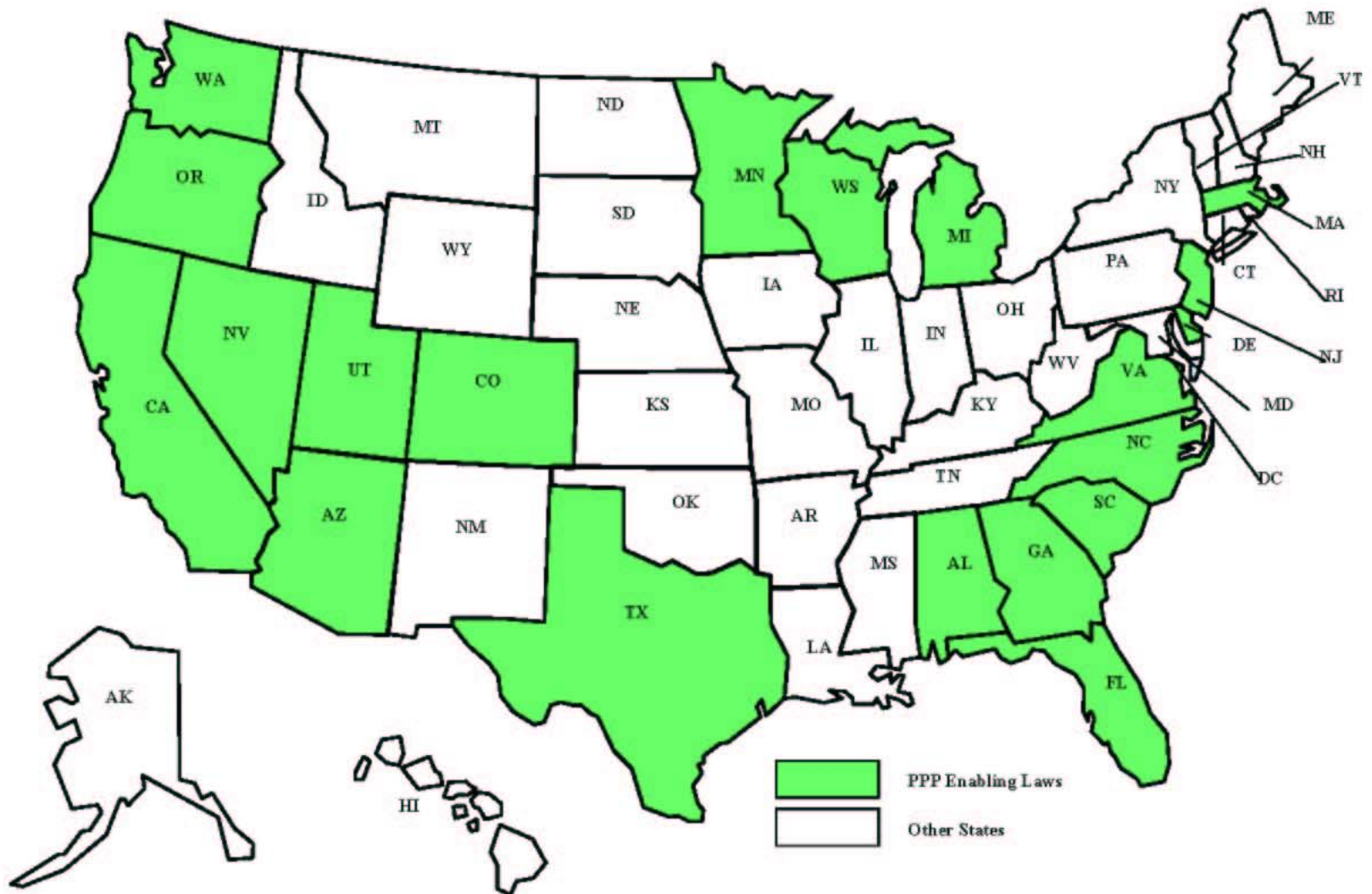
NEW JERSEY

Name	Atlantic City/Brigantine Connector
Description	2.2-mile highway with a 2,200-foot tunnel connecting Atlantic City Expressway to the north end of Atlantic City and resort city of Brigantine
Cost	\$330 million
Contract	Design-Build
Owner	DOT
Financing	\$125 million South Jersey Transportation Authority bond sales \$95 million State Transportation Trust Fund \$110 million Mirage Resorts
Revenue	Casino Parking Fees Atlantic City Expressway Tolls
Status	Completed 2001

WHAT NOW?

- Changing Federal Policy
 - Transportation Reauthorization Bill
 - Private Activity Bonds
- Does Success Bring More Success and Acceptance?
- It's Not New Anymore – A Greater Level of Knowledge and Expertise

States with Enabling PPP Laws



Data from *Public Works Financing/January 2004*.

OBSERVATIONS

- Governments (Federal, State & Local) are Financially Unable to Meet All Transportation Needs Using Traditional Revenues
- Public Private Partnerships are an Option for Some but Not All Transportation Needs
- Public Private Partnerships are Not a Silver Bullet or a Substitute for Conventional Public Financing but an Important Tool to Financing, Operating & Maintaining Facilities
- Each Venture Must be Treated as Independent & Unique – A Cookie Cutter Approach Doesn't Work