

# **Public Private Partnerships**

*for New Construction Transportation Projects*

**Presented By:**

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# **Agenda**

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- **The Importance of Public Private Partnerships (PPPs)**
- **Advantages of PPPs**
- **New Construction PPPs**
  - **Trans Texas Corridor**
  - **SH 121**
  - **SH 161**
  - **I-635 Managed Lanes**
  - **Oregon Innovative Partnerships Program**

# The Importance of Public Private Partnerships

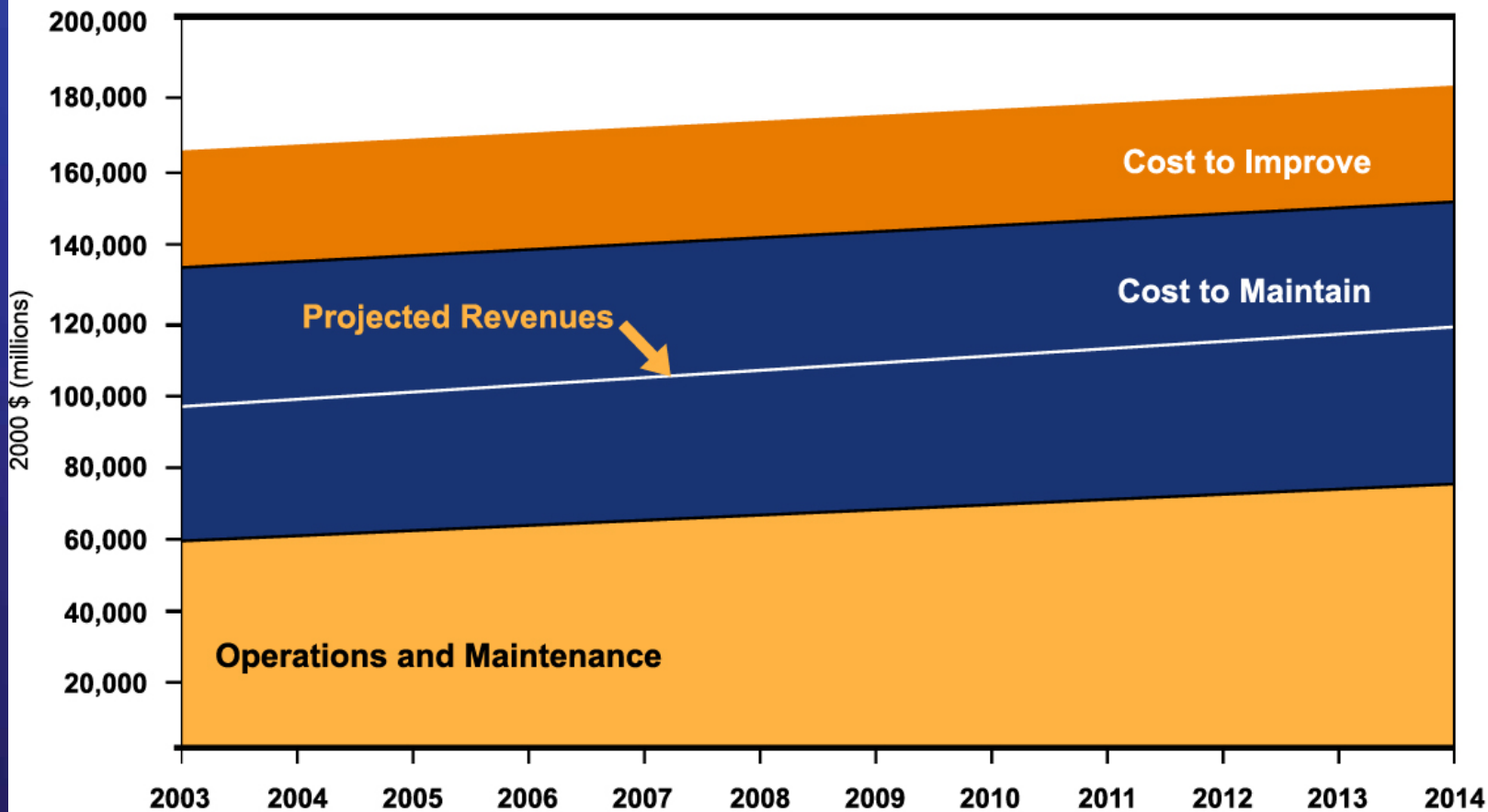
- **Growing Transportation Needs Nationwide**

<i>Highway, Bridges &amp; Transit Money Needed to Maintain Current Condition</i>	<i>Highway, Bridges &amp; Transit Money Needed to Provide Improvements</i>
<i>\$101 Billion Annually</i>	<i>\$169.6 Billion Annually</i>

- **Decreasing Buying Power of Traditional Funding Sources**
- **Recognition that Most States Must Find Alternatives to Supplement Federal Funding Solutions**

# The Importance of Public Private Partnerships

### Comparison of Projected Highway Revenue with Investment Requirements



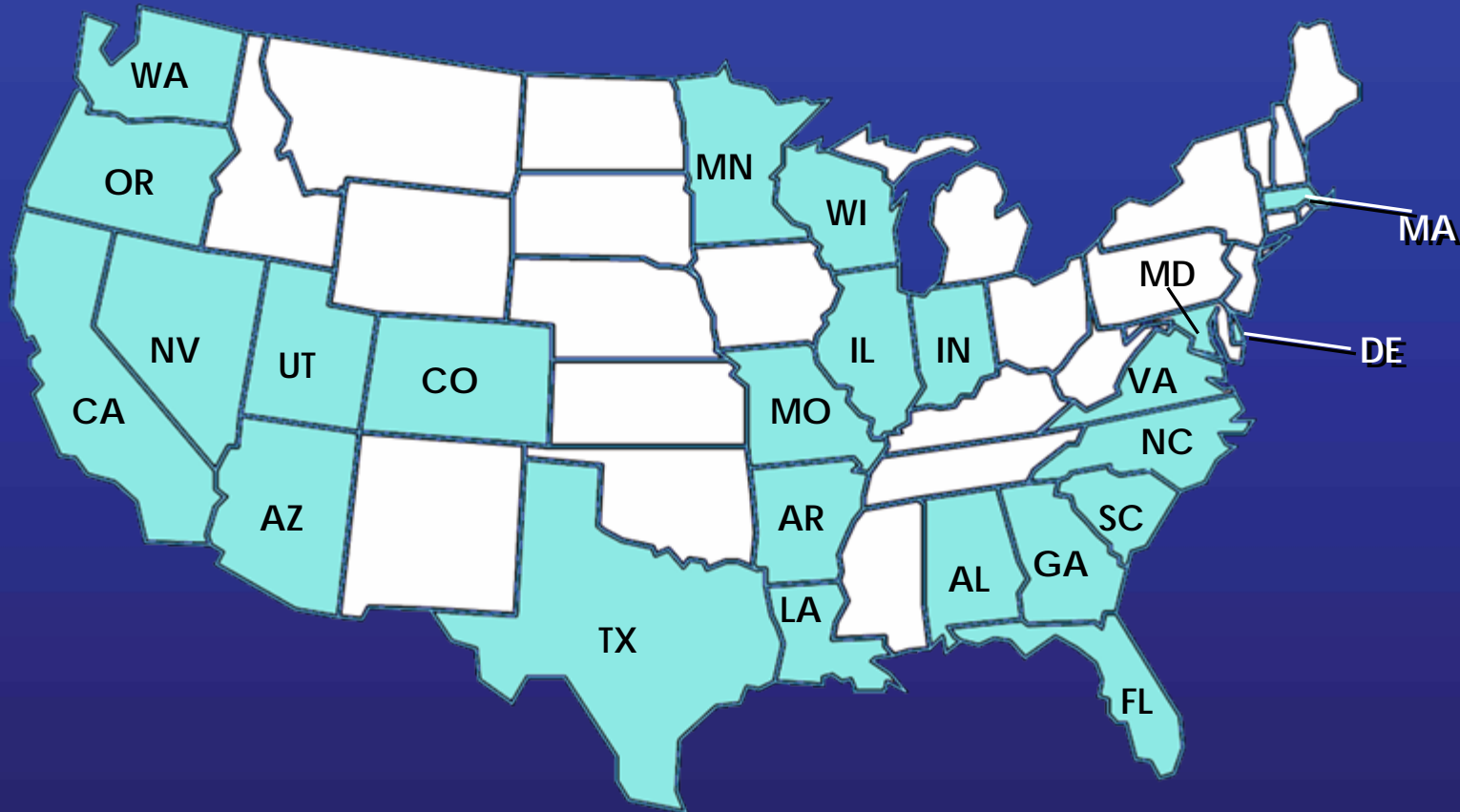
# **Reasons For the Emergence of PPPs in Transportation Project Delivery**

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- **Gas Tax Does Not Keep Pace With Inflation and Demand**
- **New Legislation Allows Leveraging of Federal Gas Tax**
- **Project Costs Have Escalated Faster Than Inflation**
- **Greater Acceptance of Private Sector Project and Investment Capacity**
- **Improved Procurement and Project Management Efficiency**
- **Risk Mitigation**

# PPPs in the US

## States with PPP Legislation



- **Increased Interest in User Pay Options Nationwide**
  - **Over Half of the 50 States are Currently Engaged in Tolling Activities Including Puerto Rico**

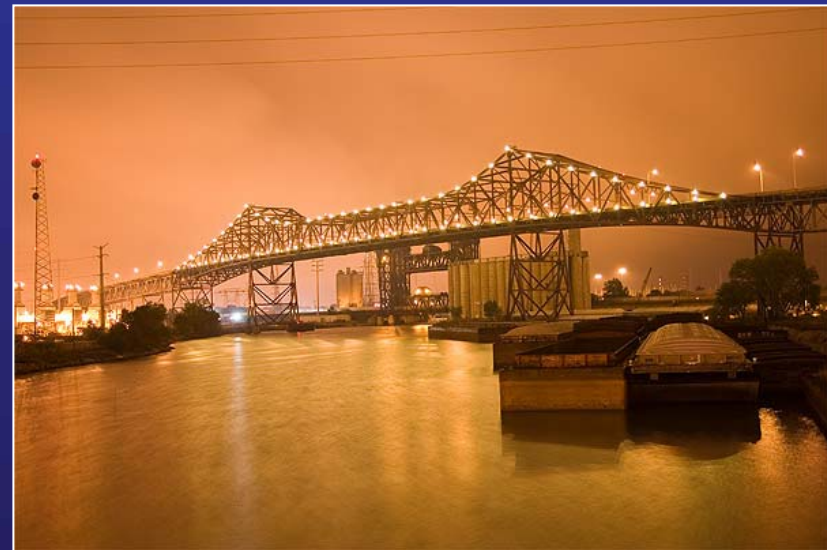
# **Advantages of Using PPPs**

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- **Accelerates Project Delivery**
- **Fixes Costs/Schedule Early**
- **Involves Private Sector Early in Project Development Process**
- **Shifts Risk and Reduce Claims**
- **Uses Private Capital to Leverage Limited Traditional Government Funding**

# What's New in the US

- **Existing PPPs**
  - Chicago Skyway
  - Indiana Toll Road
- **Numerous States with Current PPPs Under Consideration or Procurement**
  - Alaska
  - Florida
  - Georgia
  - Indiana
  - Oregon
  - Texas
  - Virginia



*Chicago Skyway*

# **New Construction PPPs**

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- **Trans Texas Corridor**  
Statewide Texas
- **SH 161**  
Dallas, Texas
- **SH 121**  
Dallas, Texas
- **I-635 Managed Lanes**  
Dallas, Texas
- **Oregon Innovative Partnerships Program**  
Statewide Oregon

# **Trans Texas Corridor**

## **Need for Project**

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- **Growing Population**
- **Rising Demand for Added capacity**
- **Aging Infrastructure**
- **Increasing Maintenance Costs**
- **Anticipated Decline in Gas Tax Revenues**
- **Rising Construction and Right of Way Costs**
- **Pay as You Go Can't Keep Up With Demand**

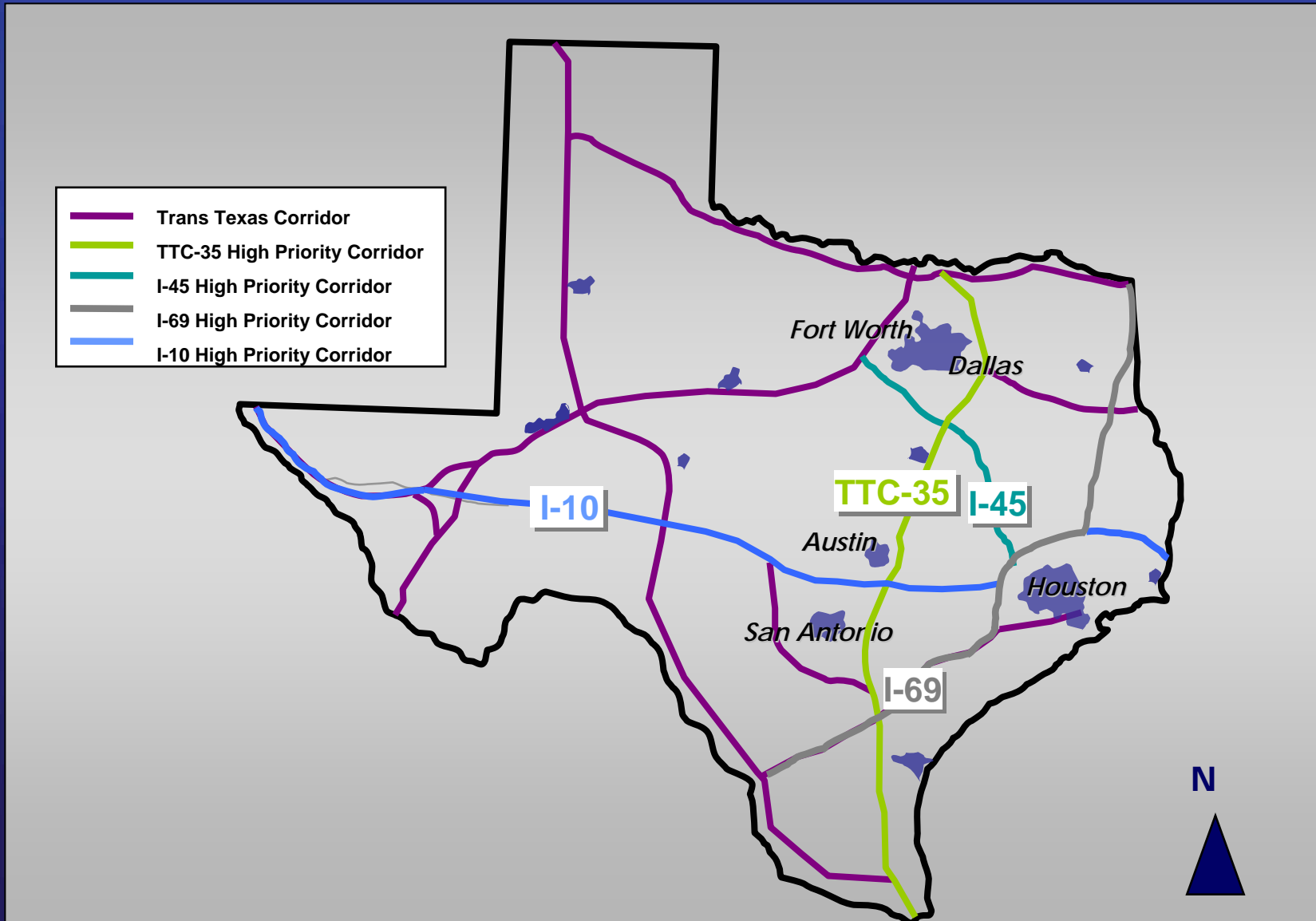
# **Trans Texas Corridor**

## **Project Characteristics**

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- **Proposed Statewide Network**
- **Governor Perry's Vision**
  - **HB 3588 in 2003**
  - **HB 2702 in 2005**
- **Each Route Could Include**
  - **Separated Car Lanes and Truck Lanes**
  - **Rail Lines (Freight and Passenger)**
  - **Utility Transmission (Water, Oil, Electricity)**

# Trans Texas Corridor Proposed Routes



# Trans Texas Corridor Project Goals

Announced in January 2002

- **Multi-Modal Contiguous Corridor**
- **Mobility**
- **Congestion Relief**
- **Safety**
- **Efficiency**
- **Economic Development**
- **Environmental Quality**



# SH 121

Dallas, Texas

- **Unsolicited Proposal Received in January 2005 from Skanska BOT**
- **Four Proposers Shortlisted on July 26, 2005**
- **Includes Segments in Two Counties**
  - Denton and Collin County
- **Construction Underway in Denton County**

*Initial Segments Opened to Traffic in June 2006 With Introductory Free Toll Rate*

*Subsequent Segments Expected for Completion by February 2008*



## SH 121

## Anticipated Concession Procurement Schedule

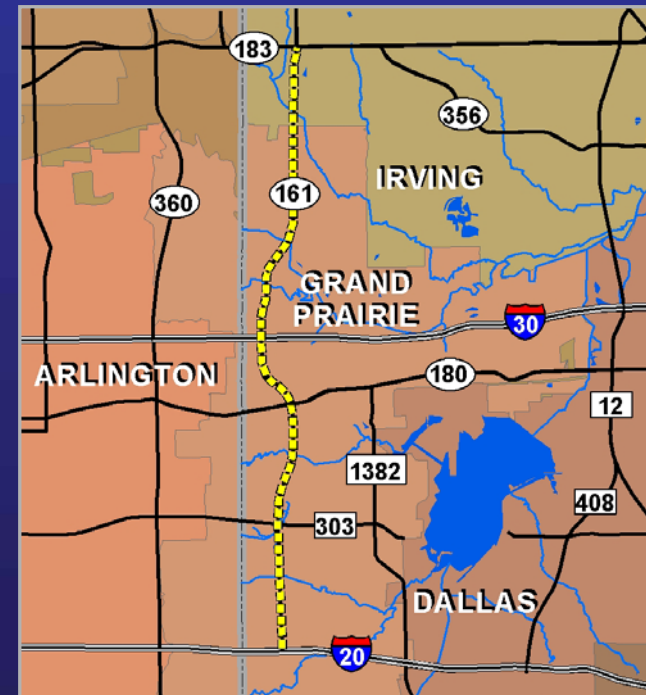


<b>8/15/2006</b>	Issue Final Request for Proposals
<b>9/6 to 10/27/2006</b>	One-on-One Meetings with Proposers
<b>9/29/2006</b>	<ul style="list-style-type: none"> <li>▪ Deadline for Submittals of ATCs</li> <li>▪ Last Date for Proposer Submittal of Final Questions Regarding the RFP</li> </ul>
<b>10/19/2006</b>	<ul style="list-style-type: none"> <li>▪ Last Date for TxDOT Responses to ATCs</li> <li>▪ Last Date for TxDOT Responses to Questions Regarding the RFP (If Necessary)</li> </ul>
<b>10/30/2006</b>	Last Date for Submittal of Changes in Organization and Key Personnel
<b>11/16/2006</b>	Last Date for Submittal of Benchmark Rate(s)
<b>11/30/2006</b>	Proposals Due From Proposers
<b>1/2007 (Target Date)</b>	Selected CDA Awarded Contract by Commission
<b>4/2007 (Target Date)</b>	CDA Executed and Delivered

# SH 161

Dallas, Texas

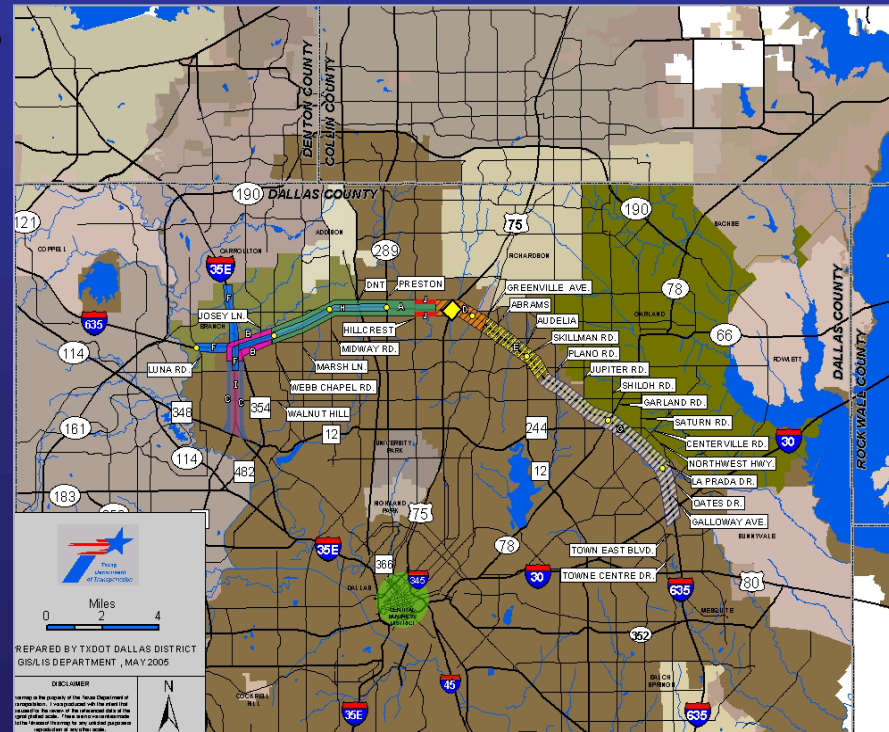
- **Unsolicited Proposal Received in August 2005 from AECOM**
- **Frontage Roads are Currently Under Construction**
- **Procurement is Underway  
Received 10 RFPQ's**



# I-635 Managed Lanes

Dallas, Texas

- **Four Proposers Shortlisted on November 22, 2005**
- **Base Project is Environmentally Approved**
- **Project Milestones**
  - Tolling Policy Established
  - Confirmation of Public Funding
  - Value Engineering



# I-635 Managed Lanes

## Anticipated Timing

### ***Fall 2006***

- *Complete Technical Provisions*
- *Complete Project Specific CDA Terms*
- *Create RFP and Issue for Industry Review*

### ***Winter 2006***

- *Finalize RFP Based Upon Industry Review*

### ***Summer 2007***

- *Evaluate Submissions*
- *Select Concessionaire*

### ***Fall 2007***

- *Complete Negotiations*
- *Execute Contract*
- *Achieve Financial Close*

# **Oregon Innovative Partnership Program**

## **Statewide Oregon**

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- **Unique Approach to PPPs**
- **Only Projects That Meet the Goals of the Legislation Will be Executed Through OIPP**
- **Expedites Project Delivery**
- **Creates Innovative Project Development**
- **Provides Access to New Revenues and Financing Arrangements**

# Oregon Innovative Partnership Program

- **Proposals Solicited for 3 Projects**
  - South I-205 Capacity Expansion
  - Sunrise Corridor Highway Extension
  - Newberg-Dundee Bypass
- **Two-Phase Process**
  - Pre-Development Agreement
  - Implementation Agreement



# Summary

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- **PPPs are Helping to Meet Transportation Delivery and Funding Challenges**
- **Movement in the US From Design-Build PPP to the International Concession Model (DBFO)**
- **PPPs Provide Greater Flexibility in Design, Construction and O/M Through Use of Innovative Financing, Design, Construction and Management Techniques**

# **Thank You**

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