

# PARTNERSHIPS IN TRANSPORTATION WORKSHOP

VOICES OF EXPERIENCE – HOW OTHERS ARE DOING IT

Minneapolis, Minnesota  
December 8, 2003

# 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**

<b>Name</b>	<b>Dulles Greenway</b>
<b>Description</b>	<b>New 14-mile private toll road extension of Dulles Toll Road connecting Leesburg to the Dulles Airport area</b>
<b>Cost</b>	<b>\$350 million</b>
<b>Contract</b>	<b>Design-Build-Operate</b>
<b>Owner</b>	<b>Toll Road Investors Partnership (TRIP II)</b>
<b>Financing</b>	<b>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 bonds maturing in 2003 and 2005 with blended interest rate of 7%</b>
<b>Revenue</b>	<b>Tolls</b>
<b>Status</b>	<b>Opened in 1995</b>

# CALIFORNIA

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 TOLLROAD FACILITIES

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

<b>Name</b>	<b>SR 125 South San Miguel Mountain Parkway</b>
<b>Description</b>	<b>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.</b>
<b>Cost</b>	<b>\$257 million</b>
<b>Contract</b>	<b>Franchise. Design-Build-Maintain-Finance</b>
<b>Owner</b>	<b>Caltrans</b>
<b>Financing</b>	<b>\$94 million TIFIA loan guarantee \$33 million TIFIA line of credit \$132 million federal and local funding</b>
<b>Revenue</b>	<b>Tolls</b>
<b>Status</b>	<b>Begin design/construction 2002 Completion 2005</b>

# 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**

# WASHINGTON PUBLIC PRIVATE INITIATIVES IN TRANSPORTATION ACT

**BASED ON CALIFORNIA'S AB680 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 TH 212 TOLL ROAD  
PROJECT**

# VIRGINIA

**NEW LEGISLATION**

**SOLICITED/UNSOLICITED PROPOSALS**

**ALL MODES OF TRANSPORTATION**

**OPERATIONS, MAINTENANCE AND CAPITAL  
PROJECTS**

<b>Name</b>	<b>Pocahontas Parkway/I-895 Connector</b>
<b>Description</b>	<b>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</b>
<b>Cost</b>	<b>\$324 million</b>
<b>Contract</b>	<b>Design-Build-Finance</b>
<b>Owner</b>	<b>DOT</b>
<b>Financing</b>	<b>\$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</b>
<b>Revenue</b>	<b>Tolls</b>
<b>Status</b>	<b>Completed 2002</b>

# THE CHALLENGES AND ISSUES OF THE EARLY YEARS

**COLD FEET**

**“HERE COMES THE JUDGE”**

**“NOT IN MY BACKYARD” OR “NOT PAYING FOR  
WHAT’S ALWAYS BEEN FREE” OR “MY  
CONSTITUENTS AREN’T GOING TO BE THE  
ONLY TOLLPAYERS IN THE STATE”**

**“WHERE HAS ALL THE MONEY GONE?”**

# 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

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

<b>Name</b>	<b>Transportation Expansion Project (T-REX)</b>
<b>Description:</b>	<b>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 Southeast Business District, the two largest employment centers in the region</b>
<b>Cost</b>	<b>\$1.7 billion</b>
<b>Contract</b>	<b>Design-Build</b>
<b>Owner</b>	<b>DOT/RTD</b>
<b>Financing</b>	<u>Transit</u> <b>\$525 million FTA grant</b> <b>\$30 million local funds</b> <b>\$324 million bonds backed by future local sales tax revenues</b> <u>Highway</u> <b>\$680 million GARVEE bonds of future federal allocations</b> <b>\$115 million state sales and use tax revenue</b>
<b>Status</b>	<b>Completion of all phases in 2006</b>

# MASSACHUSETTS

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

# NEW JERSEY

<b>Name</b>	<b>Atlantic City/Brigantine Connector</b>
<b>Description</b>	<b>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</b>
<b>Cost</b>	<b>\$330 million</b>
<b>Contract</b>	<b>Design-Build</b>
<b>Owner</b>	<b>DOT</b>
<b>Financing</b>	<b>\$125 million South Jersey Transportation Authority bond sales \$95 million State Transportation Trust Fund \$110 million Mirage Resorts</b>
<b>Revenue</b>	<b>Casino Parking Fees Atlantic City Expressway Tolls</b>
<b>Status</b>	<b>Completed 2001</b>

# 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**

# OBSERVATIONS

**GOVERNMENTS (FEDERAL, STATE, AND 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 AND MAINTAINING FACILITIES.**

**EACH VENTURE MUST BE TREATED AS INDEPENDENT AND UNIQUE. A COOKIE CUTTER APPROACH DOESN'T WORK.**