

PARTNERSHIPS IN TRANSPORTATION WORKSHOP

VOICES OF EXPERIENCE – HOW OTHERS ARE DOING IT

Austin, Texas
December 16, 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

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 bonds maturing in 2003 and 2005 with blended interest rate of 7%
Revenue	Tolls
Status	Opened in 1995

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

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	\$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
Revenue	Variable Rate Tolls
Status	Opened in 1995 Purchased by OCTA December, 2002

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**

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**

Name	Pocahontas Parkway/I-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

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

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 Southeast Business District, the two largest employment centers in the region
Cost	\$1.7 billion
Contract	Design-Build
Owner	DOT/RTD
Financing	<u>Transit</u> \$525 million FTA grant \$30 million local funds \$324 million bonds backed by future local sales tax revenues <u>Highway</u> \$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**

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.