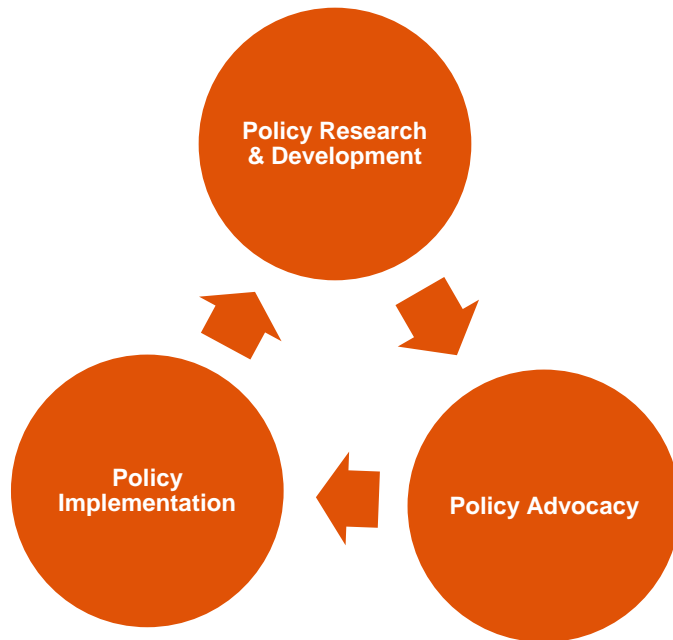


Public Private Partnerships

Peter Skosey
Vice President
Metropolitan Planning Council

Metropolitan Planning Council

Since 1934, the Metropolitan Planning Council (MPC) has been dedicated to shaping a more sustainable and prosperous greater Chicago region. As an independent, nonprofit, nonpartisan organization, MPC serves communities and residents by developing, promoting and implementing solutions for sound regional growth.



Policy research & development is done through direct research and the use of models tested in communities around the region.

Policy advocacy is done through education and outreach to policymakers at all levels of government.

Policy implementation is done through the practical application of MPC-designed tools communities can use.

Unintended result of a good policy

Increases fuel efficiency means less Motor Fuel Taxes.

\$7.8 billion in federal Motor Fuel taxes lost since 2000

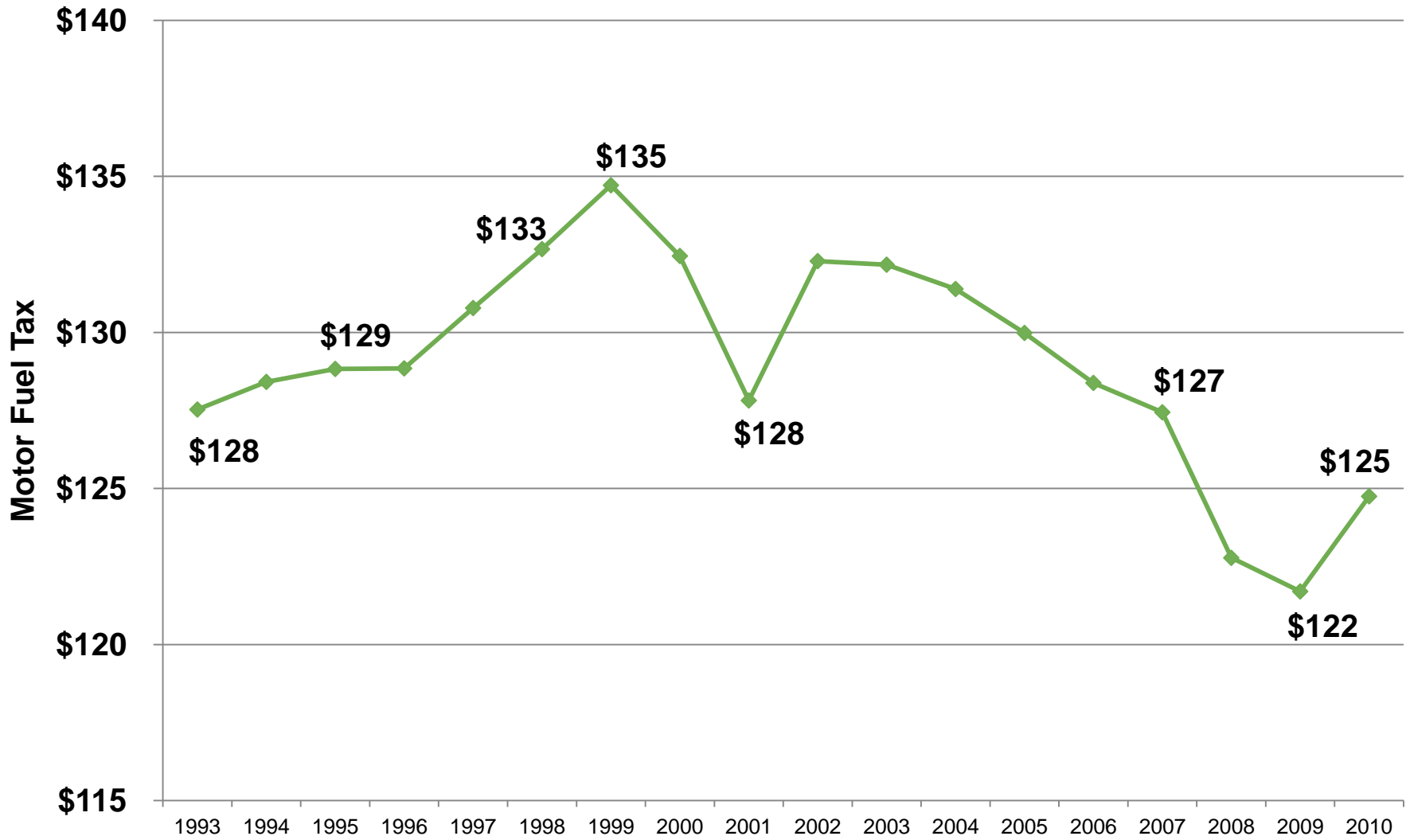
Roads still need maintenance



Stagnant Motor Fuel Tax

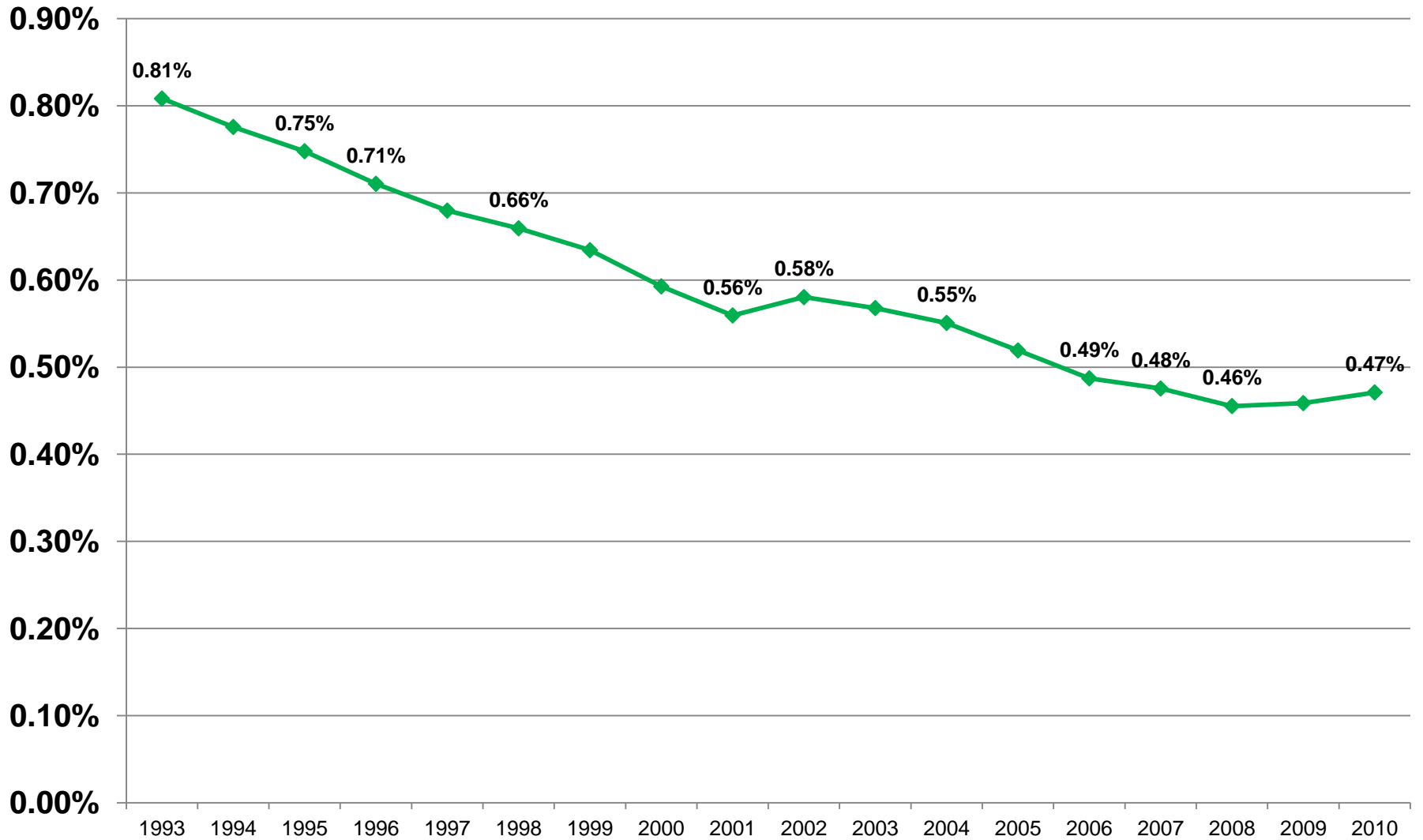
- Currently 18.4 cents per gallon (since 1993)
- 29 cents per gallon = Amount MFT would be today if indexed to inflation in 1993.
- \$18 billion = Potential 2012 dollars if MFT had been indexed to inflation

Average Federal Motor Fuel Tax Paid Per Vehicle

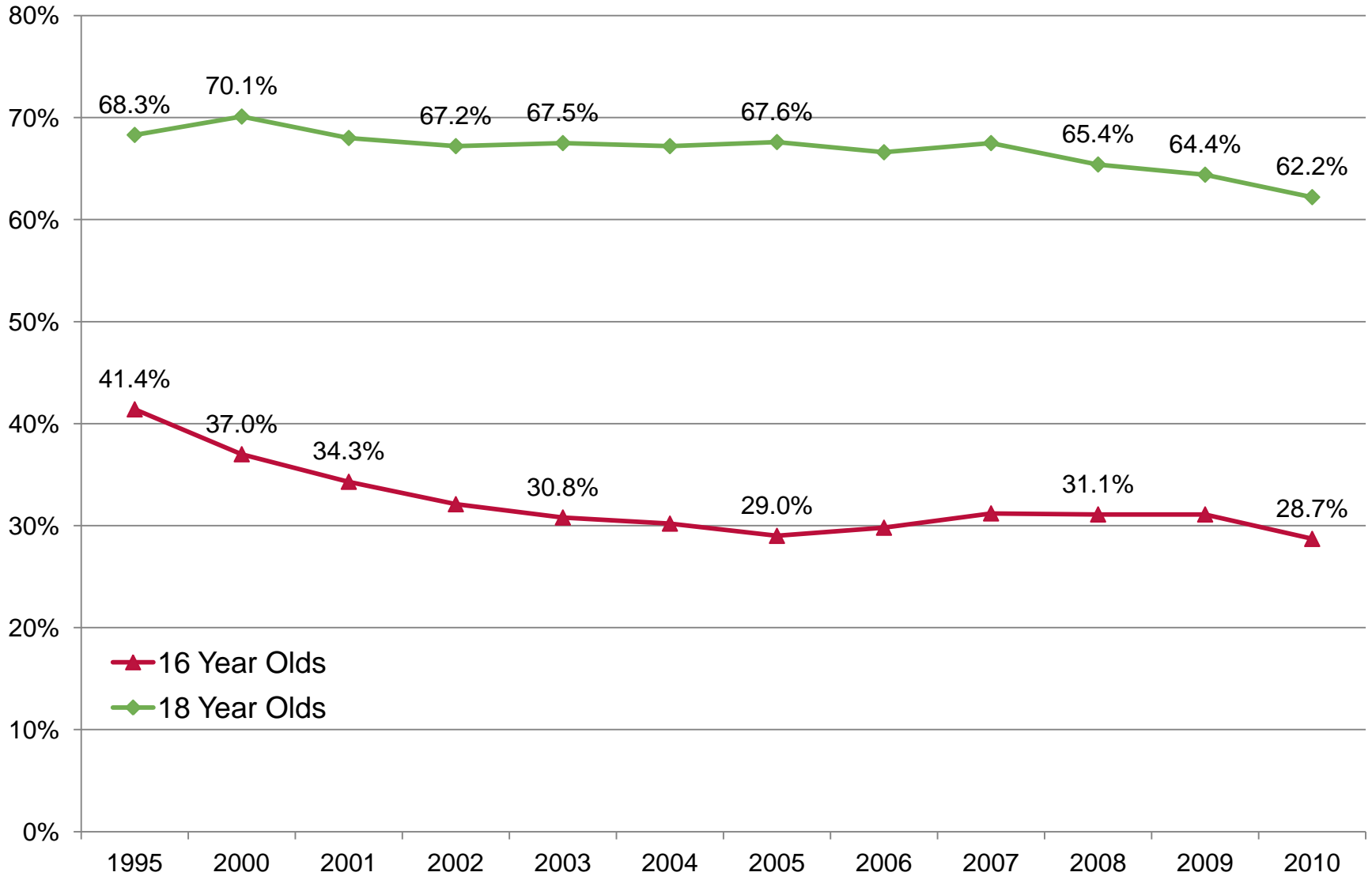


Calculated based on Federal Highway Administration Highway statistics data, 2010.

Federal Motor Fuel Tax Paid as a Percent of Income



16 and 18 Year Old Drivers as a Percent of Total Age Group



So What's the Answer?

- Congress not willing to raise the MFT
- Rethink Investment
 - » Need more tools in the toolbox
 - » Innovative Financing
 - » Public-Private Partnerships
 - » TIF/FIA
 - » Tolling
 - » Value Capture

Why PPPs?

Benefits

- Ability to Advance Projects
- Cost Savings
- Minimized Public Risk
- Shortened Project Delivery Time
- Innovation
- Built-in performance measures

- **Not free money**
 - »Funding sources-toll revenues, public funding
 - »Private sector investors expect a return on their investment



Types of PPPs

- Leasing existing assets
 - » Chicago Parking meters
 - » Chicago Skyway
- Build new (MPC's Focus)



Keys to Success

- Detailed Business Plan
 - »Ensure that public partner receives the fair value for the asset.
 - »The private partner should be responsible for budget overruns.
 - »The public partner should retain authority to set and/or manage fares or tolls.
 - »Payments to the private partner should be based on performance (such as construction benchmarks and/or ridership rates).

Illinois Public-Private Partnership for Transportation Act

- The Illinois General Assembly must approve all potential PPP projects prior to issuing RFQs or RFPs.
- Projects must be consistent with the corresponding region's plan.
- The Commission on Government Forecasting and Accountability will conduct an independent review prior to final approval of a PPP.
- Prohibits leasing existing assets of the Illinois Tollway
- Contractor must adhere to all existing employee contracts and obligations for existing facilities.
- Public input pre introduction and post response

Potential PPPs in Illinois

- **Elgin-O'Hare Western Access**
 - Cost = \$2.2 billion
 - Toll revenues = \$68-\$110 million
 - Bonding authority = \$515 – 585 million
- **Illiniana**
 - Cost = \$1 billion
 - Toll revenues = \$30 million by 2020
 - Bonding authority = \$275 million
- **I-90**
 - No authority for PPP in add lane

Canada Line: PPP for Transit

- **Project Delivery:** Design, Build, Finance, Operate, Maintain
- **Cost:** C\$2.051 billion (all dollar amounts are in Canadian)
- **Funding Sources:**
 - Government of Canada: C\$450 Million
 - Province of British Columbia: C\$252 million
 - City of Vancouver: C\$30 million
 - Private Consortium (InTransitBC): C\$720 million
 - Greater Vancouver Transportation Authority (TransLink): C\$333 million
 - Vancouver Airport Authority: C\$259 million
 - Sale of Bridgeport Parkade (parking capacity): C\$5 million
 - Net Interest: C\$2 million



Denver Eagle P3: PPP for Transit

- Design, Build, Finance, Operate, Maintain
- **Cost:** \$1.64 billion / 34 years
- **Funding Sources:**
 - Government contribution: \$1.14 billion construction payments and \$44 million pre-completion service payments
- Equity: \$54.3 million
- Debt: \$397.8 million in Private Activity Bonds
- Monthly Availability payments based on availability and performance of the Eagle P3.



TIFIA

- TIFIA provides loans and loan guarantees to public and private entities to help finance highway, transit, intercity passenger facilities, and freight rail projects.
- Funding is increased from \$122 million to \$750 million in FY 2013 and \$1 billion in FY 2014.
- Selection criteria eliminated.
- TIFIA loans will now be available on a first-come, first-served basis instead of through a competitive process.
- The maximum size of the TIFIA loan was increased from 33 to 49 percent of total project cost.

PPP& TIFIA: Dallas-Fort Worth I-635 Managed Lanes

- \$2.626 billion / 52 years
- Design/Build/Finance/Operate/Maintain
- **Funding Sources:**
 - Cintra, Meridiam & Dallas Police and Fire Pension Funds - \$665 million in equity
 - Private activity bonds - \$615 million
 - TIFIA loan - \$850 million
 - TxDOT funds - \$496 million



- Toll revenues will pay debt service, maintenance, and operations.
- Revenues that exceed specified levels will be shared with TxDOT
- Private partner is liable for payment (ranging from 25 to 100 percent of tolls collected) to TxDOT if average speeds in the managed lanes fall below 50 mph.

PPP & TIFIA: I-495 Capital Beltway HOT/HOV lanes

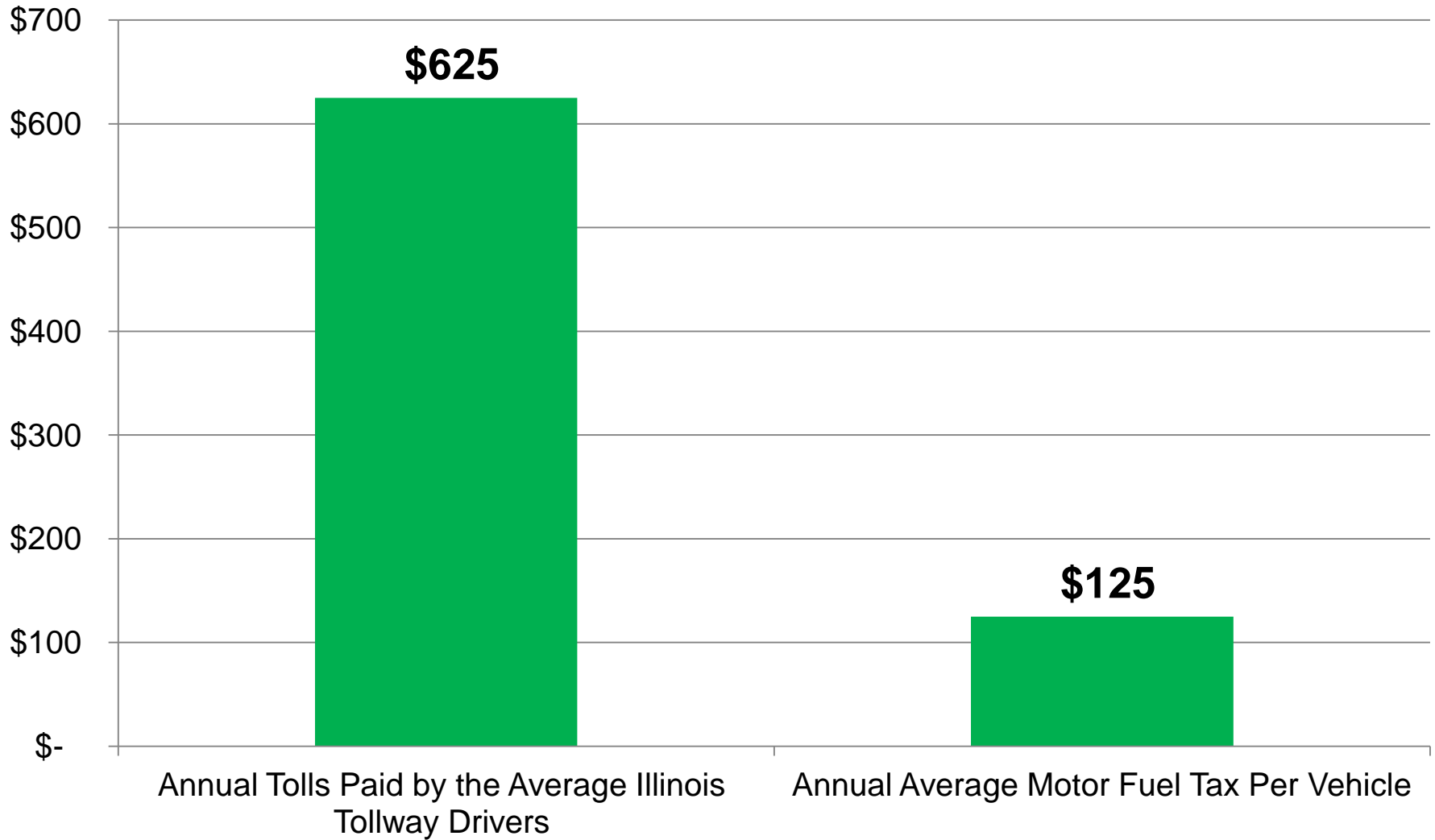
- \$1.93 billion / 85 years
- Design/Build/Operate/Maintain
- **Private Partner:** Capital Beltway Express, LLC - Joint venture between Fluor and Transurban
- **Funding Sources:**
 - Private activity bonds - \$586 million
 - TIFIA loan - \$589 million
 - Commonwealth of VA grant - \$409 million
 - Private equity - \$349 million
- Two new high-occupancy toll (HOT)/high-occupancy vehicle (HOV) lanes running in both directions along the entire 14-mile length of the Beltway on the Virginia side.



Tolling

- MAP-21 *only* allows States to toll new capacity added to the Interstate system.
- The number of non-tolled lanes must exceed tolled lanes.
- MPC Supports Sen. Kirk's *Lincoln Legacy Development Act*
 - Removes caps on Interstate tolling pilot programs.
 - Incentivizes PPPs

You Get What You Pay For



Denver Union Station: Value Capture

- \$484 million renovation
 - » TIFIA - \$145.6 million
 - » RRIF - \$155 million
- TIFIA and RRIF repaid with Tax Increment Financing District.
- First combination of TIFIA and RRIF loans.



The Future

- MAP-21 requires the Federal Transit Administration to conduct research, identify best practices, and provide technical assistance on the issue of public-private partnerships in transit.
- Layering
 - Motor Fuel Tax
 - G.O. Bonds
 - PPPs
 - TIFIA
 - Value Capture
 - Tolling

Thank You

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