



THE CASE FOR P3s: A STRONGER AMERICA

FBT/TEAM FL LEADERSHIP RETREAT
ORLANDO, FLORIDA

JULY 25, 2008



Who We Are

- Nonprofit business coalition
- Nationally based with active presence in five target states
- Industry-led and focused
- Aim to educate and raise awareness around the benefits of public-private partnerships
- Focused on ***all*** public-private partnership models – brownfields to greenfields
- www.americamovingforward.org

AMERICA MOVING FORWARD Solutions to Our Nation's Infrastructure Crisis

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America's Infrastructure Crisis

America's infrastructure is approaching a critical point. Americans pay millions of dollars in taxes, tolls and maintenance fees every year, and yet states are unable to keep up with the escalating costs of maintaining their infrastructure. Across the country bridges are deteriorating, railways are underfunded and highways are falling apart due to age, heavy congestion and inadequate maintenance. States try, but simply lack resources needed to solve this problem.

America Moving Forward believes in investing in safe, practical solutions to our nation's infrastructure crisis. We envision a program of innovative partnerships between government, communities and the private sector that eases the burden on taxpayers and provides vital funding for states to dedicate more money to infrastructure investment, affordable healthcare and strengthening our schools. These partnerships will not only restore the reliability of America's

Stay Involved

Name

Email Address **GO**

Public Private Partnerships





The Problem

High Costs

- \$185B required for road systems over the next five years.¹
- U.S. must spend at least \$250B on rail lines over next 20 years to catch up with Europe and Asia.¹
- Congress estimates that airports require \$14B in annual capital infusions to keep pace.¹

Inadequate Resources

- Highway Trust Fund projected to reach negative balance by 2009.²
- Florida transportation deficit predicted to rise to \$50B over next 20 years.²
- The combined deficits of the 20 states that have provided estimates for FY2009 are expected to total at least \$34 billion.³

Increasing Volume

- Over the last 40 years, highway lane miles have increased by 6% while miles traveled has increased by 194%.²
- Congestion in top 85 cities causes \$63B annually.⁴
- Between 1980 and 2002, number of freight trucks increased from 5.8M to 7.9M.²

Need for Creative Solution

- 97% of directors of planning for state departments of transportation said roads, bridges and highways need much or moderate improvement.¹
- 29% of the nation's 585,000 bridges are deemed structurally deficient or functionally obsolete.²



¹ *Infrastructure 2007: A Global Perspective*, Urban Land Institute and Ernst & Young

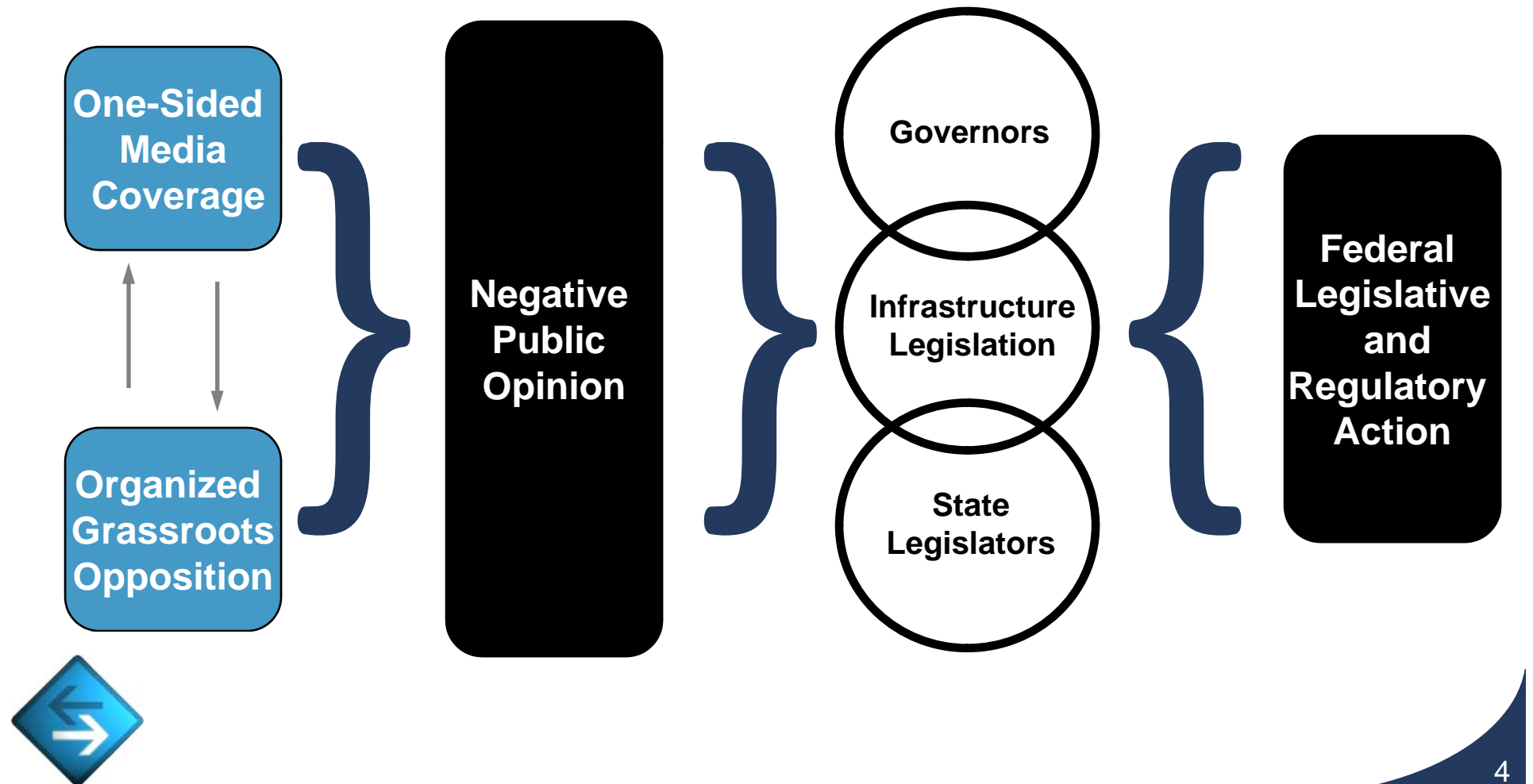
² National Surface Transportation Policy and Revenue Study Commission

³ The Center on Budget and Policy Priorities

⁴ U.S. Department of Transportation



The Pressure





One-Sided Media Coverage

Leasing our roads is highway robbery

(Herald Tribune, 6/27/08)

Alligator Alley lease proposal under fire

(The News-Press, 4/19/08)

Town Council opposes plan for Alligator Alley

(Sun-Sentinel, 6/27/08)

Collier residents protest alley privatization

(WINK News, 5/28/08)

The folly of privatization

(Herald Tribune, 7/5/08)





Why the resistance?

- **“It’s the way it’s always been done.”** Belief that a “public asset” should only be managed by government, despite many longstanding examples (utilities, loans, airlines)
- **Fear of the unknown – aversion to change – belief that toll costs will rise exorbitantly**
- **Misconception about how public-private partnerships work**
- **Lack of understanding about extent of state’s budget woes and what is needed to maintain road conditions**
- **Think state is “selling out” for a “quick fix”**
- **Bias against corporate management and/or foreign companies**
- **Don’t drive/transportation not important**





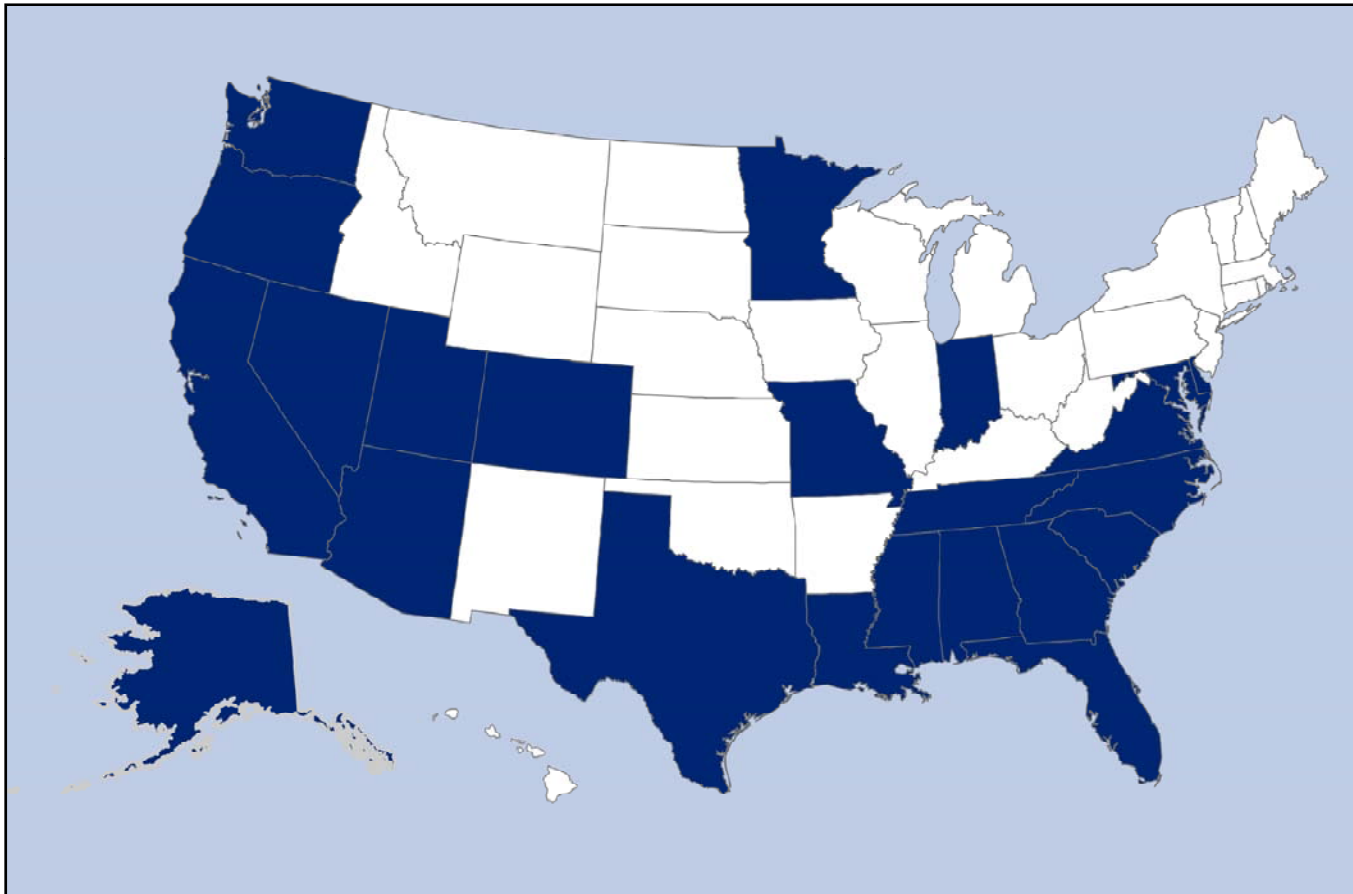
The facts

- **Transportation budget is in dire straits and new sources of revenue must be identified – old methods not adequate**
- **Highway Trust Fund drying up - now is not the time to raise the gas tax**
- **P3s can take many different forms, from the Port of Miami tunnel project to HOT lanes to turnpike lease**
- **Upfront payment won't be spent all at once – invested to provide continuous source of funding from interest**
- **State would set rate at which tolls could be increased (i.e. tied to consumer price index); \$10 tolls is a myth**
- **Prospective bidders have proven track records; foreign companies operating American icons is nothing new (i.e. 7-11, Chrysler Building, Ben & Jerry's, Indiana's I-65)**





States which have PPP enabling legislation

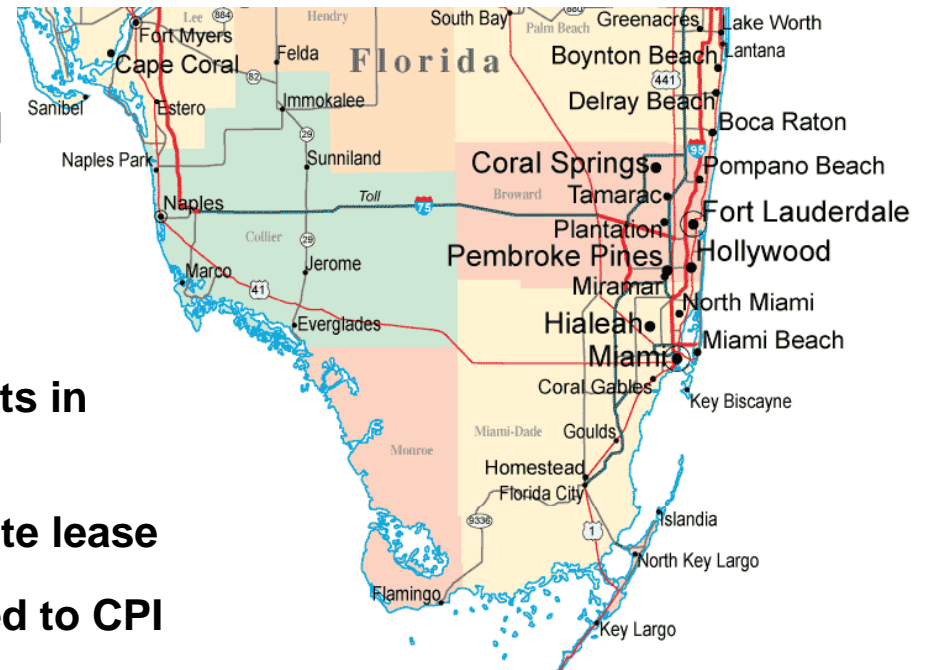


Source: U.S. DOT Public Private Partnership Website: <http://www.fhwa.dot.gov/ppp/legislation.htm>.



Potential Alligator Alley lease

- 78 miles in length
- Likely duration of 50 years – concessionaire responsible for operating and maintaining road in top condition
- Estimated value between \$500 and \$1 billion
- Money must be invested in South Florida (i.e. Everglades Fund, road construction projects in Broward & Collier counties)
- State retains ownership – and right to terminate lease
- Toll increases would be set by FDOT, likely tied to CPI
- FDOT entitled to excess revenue from tolls





Imperatives

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- **Don't rush to judgment: Let the process play out and the facts emerge**
 - **Only by letting FDOT do its job can we determine whether an Alligator Alley lease – and other PPPs – are right for the state, and what the value would be**
 - **Public workshops being hosted by FDOT in surrounding communities**
 - **Following release of shortlist of qualified bidders, RFP to be issued late August**
 - **Response to RFP due by early December 2008**
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