November 30, 2007

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San Diego Business Journal PRINT | CLOSE WINDOW

South Bay Expressway New Tool in Toolbox

By LIZ WIEDEMANN - 11/26/2007
San Diego Business Journal Staff

The highway that's been on the drawing boards since 1959 finally opened Nov. 19.

It had been scheduled to open 13 months ago.

Under a partnership between Caltrans and South Bay Expressway Ltd., a 10-mile stretch of concrete and asphalt running from state Route 54 in Spring Valley to Otay Mesa is designed to ease congestion on surrounding roads, including heavily traveled Interstate 805.

Opening day "couldn't have been smoother," said Chief Executive Officer Greg Hulsizer.

"We think the road will follow regular traffic patterns, and should absorb about 20 to 25 percent of I-805, state Route 905 and arterial traffic. I-805 alone sees about 200,000 cars a day," Hulsizer said.

The new Mater Dei Catholic High School, located at the state Route 125/Olympic Parkway interchange, which has 300 students commuting from Tijuana, may benefit the most, said Hulsizer.

"I talked with school representatives who reported that the shortcut reduced the Tijuana commute from 30 minutes, after crossing the border, to four minutes," Hulsizer said.

Previously, those passengers would have used SR-905, connected to I-805 and taken the Olympic Parkway exit.

The cost for the private toll road from SR-905 to San Miguel Road was $644 million. The remaining portion from San Miguel Road to SR-54 cost $159 million, funded through a program sponsored by the San Diego Association of Governments, or Sandag.

Rights To Tolls

South Bay Expressway, or SBX, will be granted the right to charge tolls for 35 years before handing the road over to the state. The company did not say when it hoped to turn a profit.

"We're fully at risk here," Hulsizer said. "Just like any business … we owe money to investors, and we'll either do well or we won't. It's a long-term investment."

The company said it hired Caltrans to do routine maintenance, but would not discuss operating costs until SBX files an annual report in late 2008.

When asked if truck traffic might negatively affect passenger car traffic on the expressway, Caltrans spokesman Steve Saville said that there's room for everyone.

"The South Bay Expressway is really just another tool in the toolbox for us in dealing with congestion. Some truckers will use it, and some won't, but I see it as a win-win for all commuters," Saville said.

The highway features two lanes in each direction.

Hulsizer says the car-to-truck ratio on SR-125 will probably mirror that of I-805, where trucks account for about 12 percent of all vehicles.

Saville said that since "Mexico is our No. 1 trade partner, the road will be useful for travelers crossing the border, too."

The expressway "was a vital segment to our transportation system, but state money just wasn't there to build it. Not only will the road eventually revert back to the state, but it didn't cost taxpayers a dime," Saville said.

He also said that the gas taxes previously used to fund state roads are no longer a viable means of funding.

He also said usage counts won't be available for a few months.

While Caltrans relies heavily on Sandag's ability to raise money to finance transportation projects, Saville says, teaming with private companies is a viable option to consider for future projects.

Smooth Ride

Despite a smooth ride for SR-125 commuters on opening day, the San Diego Regional Water Quality Control Board was not totally satisfied.

Board spokesman Dave Gibson said that when the board granted authorization for South Bay Expressway, with offsets for the project's impact, in 2001, one requirement was to implant storm water vegetation at the base of the road's hillsides to remove metals and total suspended solids from storm water runoff.

The plants were to function with 80 percent metal removal efficiency the day the road opened.

"SBX didn't get them finished. They're in a mad dash to get them in shape and are employing interim measures to replace these necessary biological functions," Gibson said.

Whether temporary measures work, he says, will depend on the amount of rain for the season.

"Caltrans and SBX are certainly doing their best to remedy the problem," Gibson said. "We're embarking as a community on a lot of big transportation projects like the widening of I-5 and others. We have to make sure that best management practices are in effect."

Los Angeles Times

http://www.latimes.com/news/local/la-me-arnold28nov28,1,737023.story?ctrack=1&cset=true
From the Los Angeles Times

Schwarzenegger calls for new tack on infrastructure

He wants private firms to partner with the state in building and maintaining roads and other projects.

By Michael Rothfeld
Los Angeles Times Staff Writer

November 28, 2007

SACRAMENTO — Gov. Arnold Schwarzenegger on Tuesday signaled a controversial push to engage private companies in the building and management of state and local public works projects, proposing a strategy widely employed in Canada, Europe and elsewhere.

In such partnerships, which could take a variety of forms, private companies could finance, build and manage roads, schools, waste-water treatment plants, ports, levees, hospitals and other projects. The companies would rent the facilities to the government or collect fees from users.

Though public-private partnerships have been undertaken in some other states and occasionally in California, such as in the construction of San Diego's South Bay Expressway, state law does not explicitly authorize or set rules for such deals.

Until now, Schwarzenegger's piecemeal efforts to involve the private sector in state government generally have been opposed by lawmakers and labor unions. But the governor is considering an ambitious proposal that would institutionalize private-sector deals, and would need legislative approval for it.

Schwarzenegger, who has repeatedly criticized the state's failure to maintain its public works, said he would offer more details in his State of the State speech in January. He said California needs $500 billion in public projects over the next two decades to catch up to, and keep up with, rapid population growth.

"There's not enough money there in the public sector, in the tax base," Schwarzenegger said Tuesday morning at a forum on information technology sponsored by USC. "We could never afford that.

"When you're governor, I think that you have to really be able to look at people in the eyes and say, 'I can guarantee you that in 30, 40 years from now, when you turn on your faucet, there will be water coming out,' " Schwarzenegger said.

The governor's plan also could involve leasing existing state assets, along the lines of his proposal to privatize the lottery to pay for a healthcare overhaul. But aides said sell-offs of state property were not on the governor's immediate agenda.

Advocates say that working with the private sector can benefit the public by shifting the financial risk, and the outlay of money, to businesses. They also argue that although governments let roads, bridges and buildings erode when budgets are tight, private companies will keep them in good repair because they stand to lose too much if they don't.

Opponents contend that giving control of public projects to companies can cost the public more in the end, through increased fees or tolls over the long term or through the possibility that a private partner will go under before completing a job.

"They've generally been bad economics and bad public policy decisions up to now," said Bruce Blanning, an official with Professional Engineers in California Government. "It's not that there's anything wrong with private money. The problem is there's been nobody around from the public interest to make sure that the project is done properly."

He cited the completion of the South Bay Expressway, which was late and over budget, and problems with the 91 Freeway in Orange County.

Schwarzenegger's administration has been crafting a plan that aides say will enable governments to enter into smart deals that would avoid such pitfalls. It would entail the creation of a master agency staffed by finance experts and others to negotiate deals that protect taxpayers' interests.

State officials have been discussing their plans with federal authorities who offer financial incentives for such projects across the country.

"The governor's plan to expand the private sector's role in financing and managing the state's transportation infrastructure is a very welcome sign," U.S. Transportation Secretary Mary E. Peters said in a statement Tuesday. "California has always been viewed by the private investment community as the most attractive destination, because the economy is so big."

Schwarzenegger has been studying partnerships in Canada, Britain, Australia and other countries. In Canada, one agency that oversees public-private projects, Partnerships British Columbia, has undertaken 26 projects since its creation in 2002. They include a hospital, bridges and roads with and without tolls, a long-term care facility and a water treatment plant.

Larry Blain, a former banker and the group's chief executive officer, said the province enters deals "where we can transfer risk to the business partners, get competition in the process, get innovation from the private sector."

The governor visited a project in Vancouver, Canada, last summer and touted it as a model for California.

He acknowledged Tuesday that such projects could be a tough sell at home

"Right now, it's such a new concept for our legislators that they're not there yet 100%," the governor said. "They're concerned about it, they're suspicious about it, what it means, and so I think it will take a bit of time. But I think [in] the next round of infrastructure that we're going to do, there will be much more public-private partnerships."

Senate President Pro Tem Don Perata (D-Oakland), however, bristled at the idea of "another bureaucracy" in state government.

"Ask anybody that is trying to build anything, from a hospital to a bridge to a moat, and they will tell you all the hoops that they have to jump through and all the rivers they have to traverse," Perata said. "So adding another agency is not what I would consider the first thing to further the goal."

He said the governor should bring specific projects to the Legislature, private or not, and fund them with the $42 billion in bond spending that voters approved last fall.

Schwarzenegger, who frequently refers to his business experience in Hollywood, has been tapping the private sector since taking office.

He and his aides have traveled to other countries on trips funded by donors to a tax-exempt foundation. He supplemented the salaries of top aides with donations from campaign contributors, citing political work they did.

But his attempts to introduce privatization in public works through high-occupancy toll lanes, the hiring of private engineers for road projects and the shifting of new government workers to a 401k-style program have gone up in smoke because of opposition from various quarters.

Among the scattered instances of private-public partnerships in California are a courthouse project in Long Beach; investments by the state pension fund in projects outside the state; and the U.S. Navy's privatization over the last six years of all 14,000 housing units for sailors in California.

Those partnerships pale against the potential that some private investors see in California's public works.

Kathleen Brown, a former Democratic state treasurer and candidate for governor who is now an investment banker, praised Schwarzenegger for "an extraordinarily positive and good idea."

"Given the depth of infrastructure deficit that we have in this state and in the country," said Brown, who heads the public sector and infrastructure group for the Western Region of Goldman Sachs, "policymakers need every tool to reinvest and rebuild."

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naplesnews.com

Guest commentary: Expressway Authority scrambles for tolls to justify itself

GARY EIDSON, Special to the Daily News

Friday, November 23, 2007

The Southwest Florida Expressway Authority seems to be in disarray.

SWFEA seems to be struggling to rush through its Interstate 75 toll-lane project. The members do not appear to have the full support of the Lee or Collier county commissions. SWFEA members are questioning if the toll project can or should proceed without the support of either local government and their respective Metropolitan Planning Organizations.

When asked why the traffic projections of the Wilbur Smith consulting firm are so much different from projections of URS, the firm that did the initial analysis for the Florida Turnpike Enterprise, Wilbur Smith responds that its future traffic count estimates are usually close to URS estimates. But not in this case. Projections are 34 percent to 65 percent higher. That makes it appear that there is an indisputable need for the 10-lane road. It also serves as justification for this project.

SWFEA is struggling over express lanes and high-volume occupancy lane designations. Members are not sure if they can charge a toll on lanes with those designations or not. A legal interpretation of the ability of SWFEA to toll contradicted the opinion of Florida Department of Transportation District Secretary Stan Cann and his current experiences with tolling interstate highway projects. A year and a half into the project, with over $1 million spent by the SWFEA organization, and they are just now addressing the legalities of whether they can toll a roadway built with our tax funds or not.

SWFEA board members have become vested in promoting “their project.’’ It appears that the grave concern by SWFEA now is how to justify their existence. They push furiously to get something tolled in hopes the authority can expand to include Collier and Charlotte counties.

Taxpayers get to foot the entry fee by paying tolls and gas tax dollars to help build tollways — tollways which cost four to five times more than freeways. Tollways to generate decade upon decade of profit for private investors. Profit that only occurs if the projected traffic appears and if the subsequent projected revenues occur.

SWFEA’s consultant addressed concerns about outside companies leasing the highway. In current transportation jargon, those companies are called P3s — or public-private partnerships — a euphemism for profit-making private businesses. The consultant indicated that if the toll-road project failed, it would not matter because it would be a loss to the P3 and the counties would not be liable. Not so.

The public loses because coveted transportation dollars will all go to one failed project. The I-75 10-lane expansion puts all our eggs in one basket — one mega-highway susceptible to shut down by one mega-accident, one drought-induced smoke-producing fire, or one hazardous spill. The public deserves to have coveted transportation dollars spent on alternative north-south routes; routes located east of I-75; routes located where growth is occurring and will continue to occur.

I thought we had a federal interstate freeway system. The government is taking steps to turn it into a federal interstate tollway system. Tollways to help investors make a profit from the driving public. This concept is failing throughout the state and the country.

The money spent on underwriting SWFEA would be better spent lobbying Washington to give us our fair share of gas taxes we send them every time each one of us fills up the tank.

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Gary Eidson lives in North Naples. He is the founder and chair of the Citizens Transportation Coalition of Collier County. He is a retired sales manager, former business owner and has been active in homeowner, political and civic organizations.

Back

Published: Monday, November 26, 2007

Leasing Roads Could Cost Drivers

By MIKE BRASSFIELD
St. Petersburg Times

TAMPA | Picture the Sunshine Skyway under the control of profit-driven investment bankers instead of state bureaucrats. That could lead to soaring tolls on the bridge, which has charged the same price for a quarter-century.

But faced with a $2.5 billion budget shortfall over the next two years, Gov. Charlie Crist and state transportation officials are considering selling 50-year leases on Florida toll roads such as the Skyway, the Pinellas Bayway and Alligator Alley in exchange for large sums of cash up front.

Other local toll roads such as the Polk Parkway, Veterans Expressway, Suncoast Parkway and Lee Roy Selmon Crosstown Expressway are off the table. They are part of Florida Turnpike Enterprise and can't easily be leased because they're all part of a system that's tied together financially.

"We won't do it unless it is good for the state," Crist has said repeatedly.

There is no doubt that road privatization can be lucrative in the short term, with the cash-strapped state potentially raking in billions. Indiana, Chicago and several foreign countries already have done the same thing. Supporters argue that Florida will only end up with more gridlock if it doesn't come up with creative ways to raise money for road construction.

But over the long run, would drivers be getting a raw deal?

It would mean handing over the operation and maintenance of a toll road or bridge to a private company, which could raise prices at the toll booth and keep most of the revenue. Critics say the state would be letting investors make fat profits from aggressive toll hikes.

Judging from public records obtained from the governor's office and the Florida Department of Transportation, it's clear officials are running the numbers, trying to figure out what would be a fair deal.

They're also looking at leasing Alligator Alley first, because the Skyway and Bayway have maintenance issues.

How much would drivers pay?

No free ride

Today it costs $1 in cash or 75 cents with a SunPass to cross the Skyway in a car. The state says that's low compared with similar bridges. (The Golden Gate Bridge costs $5.) The Skyway's price has stayed the same since 1982, although lawmakers have come close to raising it a couple of times.

Under new management, prices would certainly go up.

In a preliminary study, the Transportation Department estimated a 50-year lease on the Skyway could be worth $1.3 billion if investors were allowed to set tolls at "market rates." The study used the example of the SunPass toll, which would double in the first, fourth and 10th years of the deal, climbing from 75 cents to $5 within a decade.

A more politically palatable deal would raise tolls by 50 percent starting in the first, fourth and 10th years. In a decade, Skyway drivers would be paying $3.50 in cash or $2.50 via SunPass. More price hikes would follow in the 40 years after that. A lease with those conditions could net the state $477 million.

And leasing Alligator Alley, which runs between Naples and Fort Lauderdale, could bring in between $500 million and $1.3 billion, depending on how high the toll could rise - either to $6.75 or a whopping $10 in the first decade.

Any deal would come after negotiations over how expensive the tolls could get over a full, 50-year span. It also would require public hearings and legislative approval.

Proponents of this idea make the point that companies don't raise their prices high enough to scare off customers. There's no reason for a private firm to hike tolls to the point where no one is using the road, said Rep. Gary Aubuchon, a Cape Coral Republican. He co-sponsored a bill earlier this year that paved the way for the leasing of toll roads.

Also, tolls will start creeping upward incrementally no matter what, thanks to a new law that indexes them to inflation.

But critics say private investors would still hike tolls more aggressively than the government, disproportionately hurting low-income drivers.

Worth the PRICE?

Alligator Alley has emerged as the state's prime candidate for privatization. It got picked through a process of elimination.

A law passed this year allows Florida to lease toll roads that are operated by the Transportation Department, but not by Florida Turnpike Enterprise.

That leaves four roads: the Alley, the Skyway, the Pinellas Bayway and a state-owned stretch of the BeachLine Expressway (formerly the Bee Line) in Central Florida.

But the upkeep costs of the Tampa Bay area's toll bridges would lower the price that investors would be willing to pay for them. Florida officials fear they wouldn't get enough cash to make the deal worth it.

Sunshine Skyway: The 20-year-old landmark has undergone major repairs for corroded columns, worn-out 20-ton expansion joints, and peeling paint on its distinctive yellow suspension cables.

The $18 million collected each year at its toll booths pays for its upkeep, with the extra revenue funneled to road construction in neighboring Pinellas and Manatee counties.

Pinellas Bayway: It's in worse shape. Its two 45-year-old bridges were supposed to have been replaced by now. In fact, the Transportation Department will hold a public meeting Wednesday night in St. Pete Beach to discuss raising tolls to pay for that.

Alligator Alley: The long, flat road through the Everglades has lots of bridges to let water and wildlife pass underneath. Those require upkeep. But as the only east-west highway in South Florida, it's a virtual monopoly.

Why consider doing this in the first place?

Because Florida's traditional way of building roads is starting to break down, becoming too costly.

sun-sentinel.com/news/columnists/sfl-flbmayocol1127sbnov27,0,7126506.column

South Florida Sun-Sentinel.com

Private Alligator Alley would be paved with fool's gold

Michael Mayo

News Columnist

November 27, 2007

Here's the only way I'd be for a privatized Alligator Alley with $10 tolls each direction: If the ride came with a double-latte from Starbucks, a slots voucher for the Big Cypress Seminole gambling tent and a 90 mph speed limit.

Otherwise, this sounds like a really bad idea.

Faced with budget shortfalls, Gov. Charlie Crist is considering raising quick cash by leasing some toll roads and bridges to private investors. Earlier this year the Legislature approved, and Crist signed, a law allowing long-term private leases on state toll roads not operated by the Florida Turnpike Enterprise.

Alligator Alley, the 78-mile toll stretch of Interstate 75 that runs through the Everglades from Naples to Weston, is a top privatization candidate, according to a preliminary study done by the Florida Department of Transportation.

The state estimates a 50-year private lease on Alligator Alley could bring $500 million to $1.3 billion, with the higher figure based on tolls allowed to reach $10 in the first decade.

The toll for passenger cars is now $2.50 each way, $2 for those who use the electronic SunPass.

"I have great concerns about the state turning over existing toll roads to private companies," said state Sen. Mike Fasano, a Republican from New Port Richey and chairman of the Senate Transportation Committee. "But if the state goes through with it, hey, I'll bid for it."

Fasano was being facetious. He knows the privatization concept could be a great deal for the private companies but could leave drivers digging into their pockets for outrageous toll hikes.

"They might say they'll only be able to raise the tolls so much so many times, but I'm sure they'll have the best lobbyists money can buy to get around that," Fasano said Monday.

Fasano said the intent of the law approved earlier this year was to stimulate "public-private partnerships" to build new toll roads in congested areas. Something like the plan to expand Interstate 595 with additional toll lanes built and operated by private companies.

"I'm all for public-private partnerships if it means we can build or expand something that the state doesn't have money for," Fasano said. "But Florida taxpayers have already built Alligator Alley."

Alligator Alley opened as a two-lane state road in the late 1960s. It was widened to four lanes from 1986-1992. Even though it was designated part of the federal interstate system in 1993, the road is owned, operated and maintained by the state.

Some privatization ideas seem defensible, such as Crist's exploration of outsourcing the Florida Lottery. In that case, it might be possible to have the state get more and spend less to have someone else manage a product that isn't essential like gambling.

But the idea of leasing out public infrastructure for a fast buck seems unseemly. About 25,000 vehicles use Alligator Alley to cross the southern part of the state every day, and the route is a virtual monopoly, with no easy alternatives. A steep toll hike could price it out of reach for low-income travelers.

No matter how many safeguards are written into a contract, the private operator's chief goal would be maximizing profits. Fasano wonders how much oversight the state would have to ensure proper maintenance. There's no telling if the private company would act in the public's best interest by suspending tolls when hurricanes threaten.

In 2006, Indiana leased its 157-mile East-West Toll Road to an Australian-Spanish consortium for 75 years for a lump-sum payment of $3.8 billion. Critics say the company will make a profit after 15 years.

"I think it could be a very good opportunity for Florida," Crist said in September. "I'm just trying to be innovative and not raise taxes."

But if all it does is raise tolls and line private pockets for decades, what's the point?

Michael Mayo's column runs Tuesday, Thursday and Sunday. Read him online every weekday at sun-sentinel.com/mayoblog. Reach him at mmayo@sun-sentinel.com or 954-356-4508.

Cincinnati.Com | THE ENQUIRER

Last Updated: 7:50 pm | Tuesday, November 20, 2007

Ky. Senate boss touts highway bill

BY MARGARET A. MCGURK | MMCGURK@ENQUIRER.COM

WILDER
– Kentucky Senate President David Williams this morning urged bipartisan support for his plan to let local governments take over big-ticket projects, including the Brent Spence Bridge replacement, when the federal government falls short.

Williams, a Republican from Burkesville, spoke to the Northern Kentucky Chamber of Commerce about a looming crisis over infrastructure funding. The federal trust fund that for decades has paid for roads and bridges will run out of money in 2009.

“We have to be non-political and pretty smart about this, or we will be stuck in traffic on the Brent Spence Bridge,” he said at a chamber event in the Marquis Banquet Center.

A bill that Williams has pre-filed for the next session of the Kentucky legislature would allow local officials to set up special-purpose funding authorities that could borrow money for road projects. The authorities could also lease their projects to the state and make deals with private companies to operate facilities such as toll roads.

While his bill would allow for public-private arrangements, Williams said he is wary about pitfalls that could come with turning public functions over to private companies. For one thing, he said, public agencies have limited experience with international firms in the field.

“Are we smart enough to out-pencil people who are billionaires?” he asked.

Nonetheless, Williams said, toll-road arrangements with private firms have succeeded in Virginia, Indiana and Texas. Among other advantages, Williams said, tolls roads “let users from out of state pay their fair share.”

The 44-year-old Brent Spence that carries Interstates 71 and 75 over the Ohio River is classified as functionally obsolete because of its narrow lanes, lack of shoulders and overcrowding.

Despite efforts by members of Congress to earmark money for the region, Williams said, “There are no additional funds in Washington for us to get.”

New Orleans CityBusiness

Roadwork takes private turn

by Jaime Guillet

Posted: Monday, November 26, 2007

State transportation and economic development officials are taking a new tack to finance transportation infrastructure projects in hopes of taking a sizable bite out of Louisiana's $14-billion highway backlog.

Public-private partnerships are not a new concept. PPPs — contractual agreements formed between a public agency such as a state transportation department and a private company to allow greater and faster implementation of transportation projects — have been common in Europe and Australia for more than two decades and are now gaining prominence in the United States.

There are many types of PPPs. The Louisiana Transportation Infrastructure Model for Economic Development, which is responsible for the Huey P. Long Bridge expansion, is one type known as "Strategic Program Management" because it has a private program manager.

Officials at the Louisiana Departments of Economic Development and Transportation and Development have been studying using two different PPPs for projects such as Interstate 69, a proposed highway connecting Mexico and Canada via Louisiana, and completion of Interstate 49 from Lafayette to New Orleans.

The Legislature passed House Bill 1294 in 2006, which allows the DOTD to engage in PPPs through the Louisiana Transportation Authority.

"Louisiana is one of 22 states who have passed enabling legislation (for PPPs)," said LED Secretary Michael Olivier. "We just have to determine how to approach these agreements. This is in the very preliminary stages."

The two most popular PPPs are long-term lease agreements for existing highways and Design Build Finance Operate and Maintain for road construction. The partnerships allow a private consortium to design, build and maintain a highway.

One example of a long-term lease agreement is the Indiana Toll Road, a 157-mile highway across northern Indiana running from its Ohio border to Illinois. The ITR is the primary connection to downtown Chicago. For 25 years the Indiana Department of Transportation operated and maintained the highway and toll plazas, the last five at a deficit, said Jennifer Alvey, public finance director for the Indiana Finance Authority.

In September 2005 the IFA released a request for toll road concessionaires. Granger, Ind.-based ITR Concession Co. later contracted with the IFA on behalf of the Indiana Department of Transportation to maintain and operate the road for up to 75 years. ITRCC paid the state $3.85 billion, which the state invested. ITRCC began maintaining and operating the ITR June 29, 2006.

"We made more in interest in a year and a half than we made in the whole history of operating the toll toad," Alvey said.

Indiana has funded a 10-year transportation plan from the PPP, which includes 200 new construction and 200 renovation projects, Alvey said. ITRCC is a joint venture between Cintra, based in Spain, and Macquarie Infrastructure Group, a subsidiary of Macquarie Bank Ltd., Australia's largest investment bank. These two companies have been major PPP players.

More U.S. companies are looking at PPPs, said Rick Norment, executive director of the Washington, D.C.-based advocacy group National Council for Public-Private Partnerships.

The Canadian Council for Public-Private Partnerships claims some criticism regarding PPPs includes loss of public control, organized labor concerns and a lack of regulatory framework.

PPP benefits to private contractors accrue slowly.

“It’s not about immediate returns. This is a marathon,” said Matt Pierce, ITRCC spokesman. “You’ve got to be willing as a company to see it through the long term.”

Fewer federal funds are available today for states to complete transportation projects but demand for expanded roads continues. Companies and PPPs can help fill the void, Norment said.

“Since Louisiana has an estimated $14-billion backlog, it may be the only way to cut into that is to look at these other methods like PPPs.”•

The Boston Globe

LOVETT C. PETERS

Paying the bills

By Lovett C. Peters | November 24, 2007

LESLIE KIRWAN, secretary for administration and finance, says the Commonwealth faces a budget deficit of at least $1.3 billion next year. That doesn't include a down payment on a number of new programs Governor Deval Patrick has proposed that have one thing in common: They would cost a lot of money.

Patrick wants to spend $2 billion to repair crumbling state colleges and $1 billion to boost the commonwealth's biotech industry. Building a commuter rail line to New Bedford and Fall River would cost another $1.4 billion and add about $21 million to the MBTA's annual operating deficit.

Universal early childhood education, a longer school day, and free community colleges would cost yet-uncalculated billions. A dramatic increase in capital spending will add to interest costs that are already the fourth-largest line item in the state budget at nearly $1.8 billion.

The governor proposes to use proceeds from his casino gambling proposal to provide property tax relief and invest in our deteriorating transportation infrastructure, but the new revenue wouldn't be enough to solve these existing problems, never mind close the budget gap or fund any new spending.

In a September speech before a business group, House Speaker Salvatore DiMasi took a different approach. "When people . . . say 'new revenue,' " he declared, "I like to say, 'What about efficiencies and cutting costs?' "

What about cutting costs? Here are a few savings ideas that would improve the Commonwealth's fiscal condition.

Get public employee benefits under control. State pension laws allow public employees to begin collecting at a younger age than private employees. Last year, the Commonwealth paid out more than $500 million in pension benefits to retirees and their survivors under the age of 60.

State employees currently pay 15 percent of their health insurance premiums. Tens of millions of dollars could be saved by bringing the Commonwealth more into line with the private sector by boosting the employee share to 25 percent.

For years, the argument for generous public sector benefit packages was that government employees earned less. But according to the federal Bureau of Labor Statistics, public employees in Eastern Massachusetts now earn an average of 15 percent more than their private sector counterparts who perform similar work.

Common-sense construction. Project labor agreements require that owners use exclusively union workers on a construction project. Since only about 20 percent of Massachusetts construction workers choose to join a union, the agreements increase costs by limiting competition. The premium is at least 12 percent, according to a 2003 Beacon Hill Institute study of Massachusetts school construction.

Twelve percent can add up quickly when you're talking about almost $1 billion. This year alone, the Massachusetts School Building Authority will provide about $500 million in aid to municipal school projects and the Department of Capital Asset Management will get another $300 million in capital funds for state building projects.

Massachusetts also requires that police patrol roadway construction projects. One recent analysis found that the Commonwealth could save $44 million this year by joining the 49 other states that allow civilians to perform the work.

There is little appetite for new broad-based taxes, and they might slow a state economy that already shows signs of sputtering. Other ideas could raise additional revenue. One is to grant a long-term lease to operate the Massachusetts Turnpike (and collect the toll revenue) in return for a large upfront payment that could be dedicated to maintaining transportation infrastructure. In the last couple of years, Chicago netted $1.8 billion for its toll highway and Indiana's toll road attracted a $3.85 billion payment.

A similar deal to operate the state lottery and collect the proceeds could produce enough money to guarantee that state aid to cities and towns would be at least held harmless for years to come. These ideas should be explored, but care must be taken to ensure that any deals protect the public interest.

Any prudent approach to addressing our strained state finances must begin with capturing savings. Only when we know how to pay the bills can we intelligently decide whether the governor's proposals represent the best path for Massachusetts.

Lovett C. Peters *is founding chairman of Pioneer Institute, a Massachusetts public policy think tank.* ■

November 25, 2007

Tolls could spike under asset plan

By LARRY HIGGS
STAFF WRITER

The state's toll roads may not be paved with gold, but they are worth a fortune to Gov. Corzine. He is banking on using the highways to pay down New Jersey's massive debt, a tricky, high-stakes game that could end up costing motorists plenty.

Corzine has kept his so-called roadway monetization plan under tight wraps, saying that he will unveil details in January.

The plan most likely will call for the selling of bonds to unlock the total value of the roadways — a principle similar to getting a home-equity loan — to help retire $16 billion in state debt.

The monetization plan, one roadway expert says, could spike tolls by 2-1/2 times what they are now. Others say toll booths could spring up on currently free highways.

"Think about the average commuter whose toll is $2," said Peter Humphreys, a Wall Street lawyer and spokesman for "Save Our Assets" a New Jersey group opposed to all types of monetization. "If it goes up 2-1/2 times, that becomes a $5 toll, and the same guy who was paying $20 a week is now paying $50 a week or an extra $1,500 a year. That is a big chunk of change."

In broad terms, Corzine said his plan will involve leveraging the value in the state's toll roads to pay down debt and create a permanent funding source for the state's Transportation Trust Fund, which will run out of money in 2011.

His final recommendations will rely on findings in an $887,000 report by Steer Davies Gleave Ltd., a British company that examined revenue possibilities and other issues for the state's toll roads and major highways.

Corzine is not talking about the rate of a potential toll hike in what he is calling a "financial restructuring" plan, said Lilo Stainton, the governor's spokeswoman.

"There are no final numbers in connection with the plan, which isn't final," Stainton said. "When it's ready, we'll have a full discussion."

Although constructive criticism is welcome, Stainton said there should be a full public discussion about the financial structure of the state and how to "pay for progress."

3 toll roads discussed

At stake are the tolls on the New Jersey Turnpike, the Garden State Parkway and the Atlantic City Expressway. New Jersey has the second-largest toll collection system in the nation, taking in an estimated $1.12 billion a year. New York state is first with about $2 billion in revenue.

The roadways won't be sold or leased to a private company, Corzine has said. They will remain under some type of public control, but how it will raise money — most likely through the sale of bonds — hasn't been revealed.

What is on the table is forming a public benefit corporation to borrow money against future toll increases over a given period of time. No roadway jobs will be affected, he has said.

Still, how Corzine splits up the money remains a matter of speculation. Corzine said he wants to reduce the state's $32 billion debt by half — which could consume all the money raised by the sale of bonds.

A major concern is the type of control the government and public will have over the public benefit corporation Corzine wants to form to oversee the borrowing, said Humphreys, who testified before the Legislature in February.

What Humphreys doesn't want to see is a model being touted by the Federal Highway Administration, under which the Legislature would form the public benefit corporation, which could have the power to approve monetization terms or a contract.

"It just delegates authority . . . you could say, let the public benefit corporation decide on the deal and the Legislature doesn't have to approve it," Humphreys said.

That lack of oversight and accountability led to cost overruns and other issues with Boston's $14.7 billion "Big Dig" tunnel project to replace the Central Artery elevated highway through the city. It was constructed and managed by a private enity.

"The Big Dig is an example of what can go wrong without public accountability," said Matt Sundeen, transportation policy analyst with the National Conference of State Legislatures. "There should have been a public entity accountable to the voters and Legislature."

Other experts questioned why the existing New Jersey Turnpike Authority, which operates the Turnpike and Parkway, can't handle the work of a public benefit agency.

"Why do we need another public agency. Isn't that something the Turnpike Authority could do?" said Carlos Rodrigues, Regional Plan Association New Jersey director.

Only a few leases in U.S.

The concept of leasing roads to private companies is new in the United States, meaning there aren't a lot of examples for officials or the public to examine, Sundeen said.

Australia-based Macquarie Infrastructure Group and Partners, and Cintra, based in Spain, are the only companies with active leases on six highways in the United States.

"This is a new topic in the U.S. The Indiana Toll Road and Chicago Skyway (leases in 2005 and 2006) are the first time private companies paid for lease rights," Sundeen said.

Those leases are long — 99 years for the Skyway and 75 years for the Indiana Toll Road. But overseas, toll road leases are for shorter time periods, said Jonathan Peters, associate finance professor at the College of Staten Island, who has studied the issue.

Spain has a long history of toll road leases, but Spanish officials generally grant concessions of 40 years for new highway construction and 20-year leases on existing highways, Peters said.

"You won't get as much cash up front for a 20-year lease, but the Spaniards' thinking is they want to renegotiate on a regular basis, so if something changes, such as demographics or technology, they want the opportunity to get revenue from it," Peters said.

The Spanish government also receives revenue sharing for items such as increases in traffic volume. If traffic volume increases over a certain number of vehicles, the government receives 40 percent of the added revenue, he said.

"Their thinking is more about creating situations where there is not so much transfer of benefits," Peters said. "They're looking at striking a balance."

That will be the challenge for New Jersey's negotiators — to strike a balance between maximizing revenue and state control over the roads, Peters said.

"As we go into this, it's important to know what others do," he said.

Experts also agreed that the state has to spell out everything it wants to control and conditions it doesn't want in any contract.

"There are interests the government needs to protect, such as (against) non-competition clauses," Sundeen said. "It's also (protecting) the rights of the state under the contract, to make sure the road is maintained, to govern law enforcement on the road, how fast a private entity can raise tolls and when, and a standard for electronic toll collection. There are a lot of things."

A non-competition clause was in the contract to build toll express lanes on the existing Riverside Expressway 91 in California. It cost the Orange County Transportation Authority $203 million to buy those lanes in January 2003.

"The California non-competition clause made it difficult for the county to build new roads and improve existing roads," Sundeen said. "The state has to make sure the private entity doesn't have an agreement infringing on the ability to improve roads or mass transit."

Corzine has said that "all safety, security and maintenance standards for the roads will be set and monitored by the state."

The contents of the report from Steer Davies Gleave, the British consultant hired by the state, remain confidential, but the company has recommended tolling plans on other roadways around the world.

It helped set up the tolling plan and financing for the United Kingdom's M6 expressway. The company even opposed the Scottish government's plan to remove tolls on two major bridges, because it would lead to more roadway congestion, according to Scottish media reports.

Tolls for I-80 in Pa.?

An alternative to borrowing against toll revenue is to impose new tolls on toll-free highways, an idea under way in Pennsylvania.

That state is seeking federal permission to begin charging tolls on Interstate 80, starting in 2010, by leasing I-80 to the Pennsylvania Turnpike Commission for 50 years. That could raise a total of $83 billion. A series of eight public meetings started Nov. 7 to allow citizens to comment on the plan.

The proposed I-80 tolls are part of a larger plan by the commission and the Pennsylvania Department of Transportation to use several funding sources, including increased turnpike tolls, turnpike revenue bonds and I-80 toll revenue to improve transportation statewide.

Humphreys, of SOS, said he doubts there would be the political will to do that in New Jersey.

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HOME NEWS TRIBUNE

Corzine's program could cost Jerseyans

Home News Tribune Online 11/25/07

By LARRY HIGGS
GANNETT NEW JERSEY

EDITOR'S NOTE: Gov. Corzine wants to use the state's toll roads to raise billions of dollars to pay down the government's debt. In the first part of a two-day series, Gannett New Jersey looks at what it will cost you.

The state's toll roads may not be paved with gold, but they are worth a fortune to Gov. Jon S. Corzine. He is banking on using the highways to pay down New Jersey's massive debt, a tricky, high-stakes game that could end up costing motorists plenty.

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APP.com
FROM THE JERSEY SHORE TO YOU

November 26, 2007

Deep in debt, N.J. must slash budget or raise money

By JASON METHOD
STAFF WRITER

Balancing the state budget is supposed to be simple.

A big pile of money is coming in. A big pile of money is going out. The state Constitution says both piles are supposed to be the same size.

But it hasn't worked that way for at least 15 years, as the budget has grown to its $33.5 billion form and politicians have found ways to borrow instead of raising taxes or making cuts.

If Gov. Corzine is rebuffed in his still-unannounced roadway monetization plan — which likely would call for toll increases — motorists still might see a hike in tolls as well as the gasoline tax, experts say. Otherwise, government leaders will have to inflict serious budget cuts to reduce state debt, they say.

And the debt is a very big number: $32 billion. If the money needed now to cover future pensions and retiree health care is counted, up to another $102 billion could be considered.

"There may not be a state in the country with as bad (a budget problem) as New Jersey has," said Jon Shure, president of the liberal think tank New Jersey Policy Perspective. "We're really the worst state that hasn't been hit by (Hurricane) Katrina. We have no natural disaster to blame this on. We actually have pretty good tax revenue. This is a man- and woman-made disaster."

Democratic Gov. Corzine has said he wants to essentially borrow billions of dollars that will be paid off by future road toll increases and possibly other assets that could net $16 billion.

He said earlier this month he believes he could pay down half the state's long-term debt to free up some $1.3 billion each year in the budget.

But those plans may have faced a setback this month when voters rejected a proposal to borrow $450 million for stem cell research. Political observers felt the defeat showed voters were fed up with borrowing.

If monetization is stopped, then budget experts across the state and political spectrum say there will be a fundamental, and monumental, task at hand:

Increase the pile of money coming in, decrease the pile of money going out, or do some of both.

Most state budget and economics experts, as well as the state's own treasurer, say state taxes are about as high as they can be without severely hurting the state's economy.

And that's if it hasn't happened already. A recent Rutgers University report said middle-class residents were leaving the state, possibly because of high costs such as property taxes, and the state population could actually decrease next year as a result.

A Monmouth University/Gannett New Jersey poll in October showed that nearly half the state's adults want to move out of state.

Nonetheless, some revenues will have to increase anyway.

Transportation advocates note the state is quickly losing its ability to pay for the multibillion-dollar task of maintaining and expanding the state's infrastructure.

The current $1.2 billion-a-year Transportation Trust Fund, which used to pay for such projects, will be consumed by debt payments in about two years. The present gasoline tax — at 14.5 cents per gallon — pays for that fund.

Those advocates note the gasoline tax hasn't been raised since 1988 and remains one of the lowest among the states.

The gas tax could be raised by another 20 to 25 cents a gallon to raise $1 billion a year, experts say. That would pay for some transportation projects even though experts say much more needs to be spent to repair and replace New Jersey's roads, bridges, trains and buses.

A 20-cent hike would give New Jersey the highest state gas taxes in the nation, according to data collected by the Federation of Tax Administrators, Washington, D.C.

Toll increases on the New Jersey Turnpike, Garden State Parkway or Atlantic City Expressway also would raise more revenue.

Other states have considered outside-the-box ideas. Some, like Pennsylvania, are considering new tolls on highways that currently are free, or others, like Oregon, may charge drivers by how many miles they drive in state through using a global positioning system.

While a gas tax increase and/or toll hikes could pay for transportation projects, they likely would do little about overall state debt, the pension system or retiree health care costs, which is another looming state budget problem.

David Weinstein, a New Jersey spokesman for the AAA Motor Club, sees a gas tax hike as the likely scenario.

"It's been 20 years since it was raised — and 14.5 cents (a gallon) is pretty meaningless," Weinstein said.

Zoe Baldwin, New Jersey coordinator at Tri-State Transportation Campaign, a transportation advocacy group, says gas tax and toll hikes are probably inevitable even if a monetization plan is passed, because most of the money raised by monetization would probably cover debt and pay for programs other than transportation.

"We have a lot of debt in this state," Baldwin said. "We do need a dedicated stream of transportation funding."

But other experts say it is high time to cut state costs.

Those experts are blunt about what they say needs to be done: lay off or otherwise reduce the state work force, cut pensions and benefits, force consolidation of school districts and municipalities.

Such words are considered heresy in many parts of the political realm. But to finance professor Jonathan Peters, it's a matter of simple math.

"We need to control the pensions and benefits systems," said Peters, a Fair Haven resident who teaches at the College of Staten Island and has studied state fiscal costs. "You are going to have to go in and cut out some of these benefits. No one likes it, but you have to. I fear New Jersey is headed for a financial crisis like New York City did in the 1970s," when the city was near bankruptcy.

Peters said state officials must decide on core services and workers and cut much of the rest, especially because worker and retiree health benefits and pensions will continue to weigh down the state budget.

"A lot of the bureaucracy in the state doesn't function very well; how come it has grown so much?" Peters said. "The growth in the budget is not sustainable."

Michael P. Riccards, executive director of the Hall Institute, a centrist think tank based in Trenton, agrees that major cuts in the $33.5 billion state budget are absolutely necessary.

Riccards said the state has to slash the billions of dollars in aid to the state's 30 poorest school districts; reduce the state work force through attrition; and stop funding unnecessary construction projects, such as a proposed $30 million allocation to a new Rutgers University football stadium.

Corzine's asset monetization won't "deal with the major problems of the state," Riccards said. "We've been through this before. We said we'd increase the state sales tax to deal with pensions, and one-third of it went to pork.

"(Monetization) doesn't deal with the difficulty of the lack of balance between taxes and expenditures. We have to ask ourselves what are we not going to do?"

Shure, the president of New Jersey Policy Perspective, doesn't agree with Riccards. He thinks monetization may be undesirable but necessary, and he thinks the sales and income taxes could be expanded to bring in more money.

"Most government programs are there because people want them," said Shure, who added that the state should pursue the mergers of municipalities and school districts as one way to save money.

Shure also concedes that the debt problem is very large, and nothing has caused it other than bad political decisions.

"New Jersey is in a terrible financial hole that comes from 15 years of terrible policies, and — the hole is so big that no one thing is going to fill it," Shure said.

November 27, 2007

Hocking the Highways: N.J. bailout — 50% toll hike?

Codey: State must act to reduce $38B debt

By JONATHAN TAMARI
GANNETT STATE BUREAU

Gov. Corzine's plan to raise tolls in order to cut state debt could lead to toll hikes of 50 percent or more within two years of taking effect, Senate President Richard J. Codey said Monday.

Codey, D-Essex, said he does not know an exact figure, but that it's "reasonable to say" tolls would rise by 50 percent or more, based on the amount of money Corzine hopes to raise in order to reduce the state's $38 billion debt.

A 50 percent increase would mean a more than $3.20 increase on the $6.45 it currently costs cars to drive the length of the New Jersey Turnpike. A 70-cent Garden State Parkway toll would rise by 35 cents.

"The governor is doing what he has to do, frankly, to bail us out," Codey said. "We all have an obligation to either say yes or to come up with a better plan, and at this point I don't have a better plan."

Corzine spokeswoman Lilo Stainton said the governor has seen a wide range of toll proposals but has not yet committed to an increase.

Codey, who considered leveraging the roads to generate revenue when he was governor, said Parkway tolls have not increased in 17 years and that 35 percent of the fees are paid by out-of-state residents. On the Turnpike, he said, only half of tolls are paid by New Jerseyans.

Responding to a WNBC report of a potential 75 percent toll hike, Stainton said the figure is "not outrageous." She said the figure did not come from the administration, but that Corzine had seen proposals for increases both larger and smaller.

Two people familiar with Corzine's thinking, however, said the final proposal for raising tolls and reducing state debt will likely be less expensive immediately than 75 percent.

Details due Jan. 8

Corzine's yet-to-be-unveiled plan involves issuing bonds and guaranteeing payment with future toll revenue. It could raise between $20 billion and $40 billion to cut debt and pay for transportation projects.

A study of transportation needs released in October said a 45 percent toll increase would be needed just to pay for bridge repairs and a planned widening on the Turnpike.

Corzine has discussed his plan in broad terms and plans to announce details Jan. 8.

Meanwhile, a report meant to aid his planning can remain confidential because it is still in draft form, Superior Court Judge Linda Feinberg ruled Monday, confirming what she said at a hearing earlier this month.

Government documents that are considered deliberative and part of advisory discussions are exempt from the state's Open Public Records law.

Assembly Republicans had sued for the release of the $800,000 study by transportation consultants Steer Davies Gleave, saying lawmakers and the public will soon have to weigh Corzine's plan. But state officials said the report was still being crafted, and that the consultants had only submitted the third piece of a four-part contract. The latest document was stamped "draft."

Everything Jersey

The Star-Ledger

Court lets administration keep toll study private

GOP sued for release of highway proposals

Tuesday, November 27, 2007

BY JOE DONOHUE
Star-Ledger Staff

A Mercer County judge yesterday ruled that Gov. Jon Corzine can keep under wraps a study of how much new toll revenue he might be able to squeeze from three state highways.

"Clearly, the governor has not decided to make monetization of toll roads the official policy of the state. Rather, the administration is still weighing the merits of such a policy," said Superior Court Judge Linda Feinberg.

Republicans filed a lawsuit in September seeking the release of the study by Steer Davies Gleave of London. The consultants analyzed the toll-raising potential of the New Jersey Turnpike, Garden State Parkway and Atlantic City Expressway, as well as a stretch of Route 440 that connects the Turnpike and Parkway. Administration officials have paid $800,000 to the consultants, but say they are withholding a $80,000 payment until the final work is done.

After reviewing the study privately, the judge decided Corzine administration officials were right in asserting that it is still a work in progress. Republicans contend that immediate release of the publicly funded analysis would help clarify the governor's sweeping plan to put the state's long-term finances on sounder footing. Feinberg disagreed, saying releasing it now "could lead to confusion of the public."

Corzine has said he wants to create a new public agency that would use higher tolls and other revenue sources to pay down about $32 billion in state debt while also financing a new wave of public works projects. He is expected to unveil his plan in January, which is when administration officials now estimate the toll study will become final.

"We're gratified that the court recognized the public interest in allowing a governor to receive and review advice in a deliberative manner," said Tom Vincz, a Treasury Department spokesman. "The administration looks forward to engaging the public in an open dialogue, including at least 21 town halls in 21 counties, when it completes its work on a plan to restore structural stability to New Jersey's finances."

Republicans denounced the judge's decision but said they have not yet decided whether to appeal.

"It's outrageous that a judge believes a government agency may censor information from the public who paid to produce it," said Assemblywoman and Sen.-elect Jennifer Beck (R-Monmouth), who filed the lawsuit along with Assemblyman Sean Kean (R-Monmouth). "Today this ruling hides information about the impacts of toll hikes. Tomorrow it could shield information about patronage, land deals or pollution."

Assembly Minority Leader Alex DeCroce (R-Morris) said the decision creates a "huge loophole" in the Open Public Records Act that the Legislature needs to plug. "Anytime the courts rule against the best interests of the taxpayers, everyone loses," he said.

Joe Donohue may be reached at jdonohue@starledger.com or (609) 989-0208.

Sound tunnel would link Rye, Long Island

By GREG CLARY
THE JOURNAL NEWS
(Original Publication: November 21, 2007)

WHITE PLAINS - A shortcut from Westchester to Long Island has failed for decades because of opposition to a bridge over the Sound. Now a new plan calls for tunneling underneath it.

Learn more

For more information on this proposal and to see how the digging would be done, log on to www.crosssoundlink.com/index.htm

Long Island developer Vincent Polimeni heads a group of engineering, environmental, construction and financial experts proposing a public-private partnership to construct the world's longest truck-and-car tunnel between Rye and the northern terminus of the Seaford Oyster Bay Expressway.

Initial reaction ranged from outrage about potential traffic increases to skepticism about air-quality improvements to support of the idea of tunneling new traffic routes in the region.

Rye city Mayor Steve Otis doesn't see anything but problems if the 16-mile tunnel ends up handling the region's traffic.

"I believe this proposal would have a devastating impact on all of Westchester by clogging the I-287 corridor and I-95 to parking-lot conditions," Otis said yesterday.

The consortium's idea is to offer motorists the option of a direct route for a toll that could cost as much as $25 for a car in today's dollars and up to $100 for trucks traveling during rush hour.

Put together by the private sector selling public works bonds to the public, the project would be run privately and the tolls ultimately set by the market - those willing to pay extra to save time.

"We are challenging the region to consider a very big idea and one whose time we believe has come," Polimeni said. "We are proposing that 21st-century technology be employed to create solutions to environmental issues that are guaranteed to grow if left unresolved. ... This will involve no taxpayer dollars."

Polimeni's group includes engineering and construction firm Hatch Mott MacDonald, the global financial resources of Bear Stearns and experts in government affairs and public relations, including former Suffolk County Executive Patrick Halpin.

"The Sound Link," as it is proposed, would consist of one-way tunnels built on either side of a third safety tunnel underground for 16 miles, connecting Long Island to Westchester near the intersection of interstates 287 and 95.

Polimeni said his real estate company has invested hundreds of thousands of dollars to "document the science that seeks to determine whether a tunnel beneath the Long Island Sound should be considered as a strategic response to strategic problems."

He said there would be little need to take land in Westchester.

The group believes it would take truck and car traffic off heavily traveled sections of Interstate 95 and other legs of the circuitous route that drivers are forced to use now.

Group representatives yesterday cited the English Channel "Chunnel" as a tunnel construction project with a successful track record that would translate well to this region.

More importantly, the group said, "the daily lineup of polluting traffic slowly leaving Long Island for New

England and lining up in the Bronx and Westchester to access the Throgs Neck and Whitestone would be seriously reduced, and tons of vehicular emissions from Syosset to the Bronx to the Hutch would be removed from the region's atmosphere."

Otis, Rye's mayor, said the overall effect once the shortcut became a reality would mean way more traffic - especially trucks - than the area can handle.

"Truck traffic that now goes through Queens and onto the George Washington Bridge would be choosing 287 and the Tappan Zee Bridge as an alternative," he said.

The net increase of traffic through the county would render the Interstate 287 corridor useless to Westchester residents and businesses because trucks traveling to and from Long Island would raise the traffic levels more than a shortcut would decrease them, said Otis, who sat down with the group a couple of weeks ago.

Otis cited the increased truck traffic on the Tappan Zee Bridge after the I-287 interchange was completed in 1994 linking New Jersey to the New York State Thruway in Suffern. Truck use on the route nearly doubled in less than a decade.

Adrienne Esposito, executive director of the Citizens Campaign for the Environment, with offices in Westchester and Long Island, said she met with the tunnel group a few weeks ago and came away skeptical but willing to hear more.

"They were definitely prepared, and they're serious," Esposito said. "We're keeping an open mind, but we are going to serve in our protector's role for Long Island Sound."

Both she and Westchester County officials credited the idea as innovative.

"Somebody's got to get us out of the box because what we have now isn't working," Esposito said.

Deputy Westchester County Executive Larry Schwartz said it is "way, way, way too premature" to take a position on the proposal.

"It's going to take a lot of due diligence and homework to gauge the merits of this project," said Schwartz, who was part of a meeting with the group when the idea was pitched to the county. "This proposal could take 10 to 20 years to do."

Polimeni's group said it could open the tunnels in about 10 years at an estimated cost of $8 billion to $10 billion.

Public interest in bonding such projects is high, the group said, and once the region understands the success of tunnels around the world, residents will begin to see the vision as something substantial and practical.

What it wants next is a working group of officials and experts on either side of the Sound and from the state to take an in-depth look at the proposal.

"The first step is to find out, is this something that the public wants?" Halpin said. "If people realize that this is feasible ... the logic of the project makes a lot of sense."

Bypass shifts into cost-cutting mode

Published: November 24, 2007

By DAVID BATES
Of the News-Register

The idea of a public-private joint venture for the Newberg-Dundee Bypass has been set aside, but officials say they will proceed with a second Environmental Impact Statement that looks at design considerations for the preferred route.

The Oregon Department of Transportation says it plans to complete environmental work that would allow the agency to proceed with construction as funding becomes available.

"We anticipate the EIS completion in 2009," ODOT spokesman Adam Torgerson said this week. "We are currently developing an agreement with the contractor who will perform most of the environmental work, and we estimate a cost of $3 to $4 million."

Yamhill County Commissioner Leslie Lewis said she's not thrilled about the prospect of yet another EIS, but she added that some of that work is necessitated by the fact that cost-cutting efforts could significantly impact the road's design.

Officials shifted into cost-cutting mode after prospects for a public-private partnership with an Australian toll-road builder withered. ODOT determined last summer that the project's estimated cost of $500 million or more was "beyond what any of the funding mechanisms, public or private, can support at this time."

Since then, Lewis said, engineers have eyed cost-saving measures that add up to $80 million in savings. Those proposals are in various stages of internal review with state agencies that have jurisdictional oversight.

The biggest change, she said, would be to not have the road depressed, or below grade, in certain spots.

"It's just much more expensive to have the bypass below grade," she said. "So we'd end up with berms instead, or some kind of sound-wall structure. That's cheaper than going below grade."

Meanwhile, she said, the hunt for money continues.

"Obviously we have a major funding problem," she said. "We don't know where we're going to get the money yet. But that's our job."

www.mcall.com/news/opinion/anotherview/all-left_col-a.6148828nov21,0,2569865.story

themorningcall.com

Another View

Public-private partnership can fix state's highways

By Rick Geist

November 21, 2007

Pennsylvania and the entire nation face a very real transportation infrastructure crisis. Our Interstates, now a half-century old, are in desperate need of maintenance and expansion. Our bridges are reaching the end of their design life, and nearly a quarter of them in Pennsylvania (5,913) have been deemed structurally deficient. Congestion is a seemingly constant condition, as the increasing volume of vehicles threatens to exceed existing capacity, jeopardizing the safety of motorists.

The tragic bridge collapse in Minneapolis in August focused national public attention on this serious situation. In Pennsylvania, the scope of the problem is massive.

I served on the Governor's Transportation Funding and Reform Commission, which spent two years quantifying Pennsylvania's transportation infrastructure needs. Last November the commission reported that an additional $1.7 billion is needed annually just to meet the existing and immediate needs. Considerably more funding will be needed if we hope to improve and expand the infrastructure to meet future needs.

We know that help will definitely not be coming from Washington. The Federal Highway Trust Fund, which is the main source of revenue for funding maintenance and improvement of the nation's roads and bridges, is projected to have an estimated $1 billion shortfall by 2009. Why? Because the fund gets most of its revenue from the 18.4-cent per gallon federal gas tax, which has not been raised since 1993.

Given these harsh financial realities, Pennsylvania must turn to an innovative approach to fund its transportation infrastructure needs: Public-private partnerships.

Public-private partnerships, which have proven to be successful in other states and around the world, can provide billions of private-sector dollars as up-front capital to accelerate the maintenance, improvement and expansion of Pennsylvania's roads, bridges and other infrastructure. In these partnerships, private industry joins forces with government in the operation, maintenance and/or construction of transportation assets.

The Transportation Funding and Reform Commission recommended that Pennsylvania seriously consider private-partnerships to bridge the funding gap. House Bill 555, which is modeled after the landmark public-private partnership legislation in Virginia, would allow Pennsylvania to enter into these arrangements. We must approve H.B. 555. All revenue generated by public-private partnerships would be placed in a secure fund to be used exclusively for the improvement of Pennsylvania's transportation infrastructure.

Private investment in infrastructure is an enormous emerging asset class, both nationally and internationally. More than $3 trillion in U.S. labor pension funds alone is poised to be invested in infrastructure projects, according to testimony to the House Republican Policy Committee Oct. 18 by Leo Gannon, director of Legislative and Government Affairs for the Laborers-Employers Cooperation and Education Trust. For Pennsylvania to be a real player in this emerging market, we need to approve enabling legislation in this session of the General Assembly.

This sense of urgency was heightened on Oct. 17 when the Federal Highway Administration sent a letter to the Pennsylvania Turnpike Commission and PennDOT, chastising those agencies for prematurely creating the perception that the proposal to toll Interstate 80 has all but gained the necessary federal approval. Federal approval, which is the linchpin of Pennsylvania's newly minted transportation funding plan, might not be granted for another two years -- if it is ever granted at all. If approval is denied, the Turnpike's $13-billion bond deal that is at the heart of Act 44 could ultimately implode, putting the Commonwealth's Motor License Fund in jeopardy.

Pennsylvania cannot afford to wait. Our road and bridge needs are too immediate and too extensive. Act 44's transportation funding plan enacted in July falls far short of solving this crisis even as it mortgages our future with billions of dollars in borrowing. We have no choice but to explore other alternatives to alleviating this crisis. Private-public partnerships represent the most viable alternative.

Private-sector capital could be invested, with the interest earned being used exclusively to fund transportation infrastructure needs well into the future. Projects could be completed more quickly and more efficiently. Thousands of Pennsylvanians could be put to work rebuilding the infrastructure. And future generations would not be strapped by massive debt payments.

Private-public partnerships are not a panacea, but they certainly are a viable tool to fix what has become a broken infrastructure.

Rep. Rick Geist of Altoona is Republican chairman of the state House Transportation Committee.

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The Dallas Morning News
OPINION Editorials

Infighting on 161: Toll road too cruicial to be delayed

09:25 AM CST on Friday, November 23, 2007

This is getting old.

The state transportation department and the North Texas Tollway Authority are locked in another power struggle over who builds a lucrative toll road, this time State Highway 161 in western Dallas County.

It's similar to the nasty fight over State Highway 121, only it's playing out by yet another set of new and untested rules. We hope it ends with less blood on the floor and with fewer political wounds left to heal.

In a nutshell: The Highway 161 extension would run 11 miles, from State Highway 183 south to Interstate 20, through Irving and Grand Prairie. NTTA wants to complete and operate the project but first must agree with the state on how much upfront money it would be required to pay for the rights.

Legislation passed in Austin this year handed the tollway authority new power to veto a toll project if it doesn't like the upfront figure that the state calculates as fair. A veto of the toll project would be unacceptably costly, denying the region an estimated $1 billion that would be spread around to other projects.

As an alternative, NTTA could let the project go out to bidding from the private sector. We hope that's the way things turn out if the agency concludes that it can't afford more debt on top of obligations stemming from the Highway 121 project.

Bidding by private investors on Highway 121 turned out to be lucrative for the region, producing $3.3 billion for other transportation projects. The North Texas Tollway Authority had to come up with that amount because it was pushed by competition from private bidders.

The Highway 161 project is significant for the region in one other regard: The Super Bowl is coming to the Dallas Cowboys' new Arlington stadium in 2011, and major transportation arteries need to be complete by that time to handle the influx of traffic.

The state transportation department and NTTA need to demonstrate good faith in operating under the new negotiating rules. They must show the region that they can get over any grudges left over from the bruising Highway 121 battle.

LEESBURG Today

Print Page

Wolf, Chapman Press Greenway On Profits

(Created: Friday, November 23, 2007 11:24 AM EST)

The election may be over, but Ashburn's Lynn Chapman is continuing his campaign against higher tolls on the Dulles Greenway.

During his run to challenge David Poisson (D) for the 32nd District House of Delegates seat, Chapman charged that the State Corporation Commission erred in granting the owners of the private 14-mile toll road permission to raise fees to as high as $9.60 for a round trip by 2012. He argues that, while the Greenway may have yet to turn a profit as an independent operating entity, its owner is working to bilk Northern Virginia motorists to increase its profit margin.

U.S. Rep. Frank R. Wolf (R-VA-10th) agrees. He has repeatedly called the toll increases approved by the SCC in September "highway robbery" and says he has won a commitment from Attorney General Robert F. McDonnell to investigate the financial structure of Macquarie Bank, the Australian investment firm whose subsidiaries have been buying up infrastructure projects, including the Dulles Greenway, around the world.

Wolf and Chapman argue that the SCC failed to adequately review the Greenway owner's finances, the impact on surrounding roads and other legally required evaluations before authorizing higher tolls. SCC members and staff have disputed those claims, saying that records show that the toll road operation continues to lose money on an operating basis and that under state law the owner is entitled to make a reasonable return on investments made as part of Virginia's privatization initiatives.

"It is imperative that Macquarie's financial records be scrutinized to ensure the firm has not violated the public trust by potentially circumventing our laws in order to raise tolls on the Greenway," Wolf wrote in a letter requesting the state investigation last month.

Chapman says a review of the Greenway's financials appears to show that the firm saddled the project with more debt than needed in order to pay dividends and delay operational profits.

Additionally, he argues the SCC failed to assess the impact higher tolls would have on local roads. The SCC examined Rt. 7 and Rt. 50 as alternate routes for Greenway users unwilling to pay the fees. Chapman says that it is Evergreen Mill Road, Waxpool Road and other local streets that will experience the most increased congestion.

Wolf said that situation is made worse by the Greenway's increase in truck tolls that has forced more dump trucks and tractor trailers onto residential routes. From his experience monitoring the Loudoun County Sheriff's Office frequent truck inspection operations, Wolf said he is worried about public safety. "They are the dangerous ones," he said, pointing to the high percentage of trucks found with bad brakes and bald tires.

Chapman and Wolf are pressing state leaders, including Gov. Tim Kaine, McDonnell and the General Assembly, to suspend the toll hikes and conduct a new evaluation of the request.

"If the General Assembly does nothing and the governor does nothing, they win," Wolf said of Macquarie.

The Business Magazine for Professional Truckers
LAND LINE MAGAZINE
The Official Publication of the Owner-Operator Independent Drivers Association

November 26, 2007

U.S. representative wants Macquarie investigated

A U.S. representative from Virginia has asked the state attorney general to investigate the business practices of toll road operator Macquarie Bank.

In a letter dated Oct. 15, Rep. Frank Wolf, R-VA, a 14-term representative, asked Virginia Attorney General Robert McDonnell to investigate the financial workings of the parent bank whose subsidiary, Toll Road Investor Partners II, operates and collects tolls on the privately built Dulles Greenway.

The state commissioned the Greenway decades ago, but it was not built until 2003 and required financial backing from the private sector. The Macquarie subsidiary paid $533 million in 2005 for the right to operate the roadway and collect tolls for 51 years, when the Greenway will become property of the state.

TRIP II, a consortium of Macquarie Bank subsidiary Macquarie Infrastructure Group and other private investors, submitted an application in 2006 to increase tolls on the Greenway and implement congestion pricing during peak traffic times. The State Corporation Commission approved the increases in September of this year and the new tolls took effect in October.

Greenway tolls are scheduled to increase each year from $3 to reach $4 by 2012 for passenger vehicles in addition to congestion pricing being added during morning and afternoon rush hours. Truck tolls are based on the number of axles. A five-axle truck traveling the entire length of the Greenway currently pays $10.25, and the increase will take that total to $14 by 2012.

Wolf wants the toll increase overturned and the toll operator investigated.

“It is imperative that Macquarie’s financial records be scrutinized to ensure the firm has not violated the public trust by potentially circumventing our laws in order to raise tolls on the Greenway,” Wolf wrote.

Click here to read Wolf’s letter.

TRIP II officials responded by saying the need for toll increases is legitimate.

“All of the information provided to the SCC by TRIP II in relation to its toll increase application was factual, complete, accurate, and is on the public record,” company officials stated in October on the Dulles Greenway Web site, www.dullesgreenway.com.

During a public comment period prior to the approved increases, the State Corporation Commission received 600 public comments, most of which were in opposition to toll increases.

Wolf and several state lawmakers have also expressed concern.

In his letter to the attorney general, Wolf cites an Oct. 2 article in *Fortune* magazine in which editor-at-large Bethany McLean writes about Macquarie. Her article included the claim, attributed to Jim Chanos, that

Macquarie was “engaging in an old-fashioned Ponzi scheme.”

Webster’s Dictionary
defines a Ponzi scheme as “a fraudulent investment scheme in which funds paid in by later investors are used to pay artificially high returns to the original investors, thus attracting more funds.”

Macquarie officials have rebutted those assertions. Click here to read the *Fortune* article and click here to read Macquarie’s rebuttal.

– By David Tanner, staff writer
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THE CHRISTIAN SCIENCE MONITOR csmonitor.com

from the November 27, 2007 edition - http://www.csmonitor.com/2007/1127/p03s03-usgn.html

A local approach to easing gridlock

Planners raise local funds for innovative projects instead of relying on state and federal money.

By Patrik Jonsson | Staff writer of The Christian Science Monitor

Atlanta

Coming soon to a bottleneck near you:

•"Queue-jumper" lanes such as one in Lee County, Fla., where harried drivers paying a 25-cent toll can get around backed-up intersections.

•Trucker toll lanes, already under consideration in Atlanta, that will in effect segregate big rigs from the rest of the freeway public.

•Privately managed zoom lanes, similar to the South Bay Expressway that opened in San Diego on Nov. 19, that allow motorists to move at a heavenly 65 miles per hour.

With 55 of the nation's 85 densest population centers estimated to have Los Angeles-style road congestion within the next 20 years, local road planners are increasingly blowing by the stagnant revenue from state and federal fuel taxes and instead raising their own money to build new roads and optimize existing roadways.

Head winds include the risk of political failure as Americans not only balk at more taxes, but also resist the prospect of foreign companies swooping in to manage toll roads in the land of Ford and Chevy.

"The message from everybody right now is, if you think the federal government or even state government is going to come in and completely solve your transportation problems, you're kidding yourselves," says Scott Van Lanningham, vice chairman of the Northwest Arkansas Council, a private infrastructure think tank.

Short term, the gridlock continues. In its 2007 Urban Mobility Report, the Texas Transportation Institute estimated that Americans wasted 4.2 billion hours and 2.9 billion gallons of fuel while sitting in traffic jams last year. Before this Thanksgiving, a survey by Discover Card found that 15 percent of Americans said the hassle of getting to their holiday destination was almost not worth it.

Pressures to stay globally competitive and keep urban areas attractive are forcing the highway make-overs. Before now, politicians – and the voting public – either failed to anticipate such pressures or put off the projects because of costs, experts say.

"The inevitability of having to deal with this issue on this scale will force us to make policy choices and change things, so that in the long run we do solve these problems," says Sam Staley, coauthor of "The Road More Traveled," a book about potential solutions to America's "congestion crisis."

Three decades ago, no state allowed local authorities to raise funds for highway projects; 35 states now do. Such local problem-solving is not necessarily a bad thing, given the regional complexities of gridlock, says Martin Wachs, a transportation expert at the RAND Corp. What's more, he says, busy roads are a result of success, not failure.

"Congestion is associated with economic growth, and if it were uncongested, it wouldn't be so exciting," says Mr. Wachs. "Congestion is not an unmitigated disaster."

But America's response, so far, is "a joke," says Joe Washington, a software engineer waiting for Amtrak's hour-late Crescent train Saturday night in Atlanta. New bus and rail routes are the real solution, Mr. Washington believes.

But there's a fundamental problem: Mass transit's share of ridership is steadily losing ground to cars across the United States, according to the Reason Foundation, a free-market-oriented think tank in Los Angeles.

At the same time, the US is approximately $1.5 trillion behind on current infrastructure commitments, according to the Institute of Transportation Engineers in Washington. Raising the 18.4-cent federal fuel tax – last boosted in 1992 – seems a political impossibility with gas prices rising, experts say.

Indeed, the road to transportation salvation is pitted with political potholes. When Indiana leased the Indiana Toll Road to an Australian company, the state Republicans, at least partly as a result, lost their majority in the House as voters balked at the idea of handing over a major state asset to foreign management.

But when foreign-management controversies are taken out of the equation, there are some signs of a shift in public attitudes toward paying for highway improvements. For example, in California, most of the much-touted county infrastructure bonds passed last November.

"Unfortunately, 20 years ago, our land planners didn't talk to our transportation planners, so now we're in a mess," says Sarah Catz, director of the Center for Urban Infrastructure in Irvine, Calif. "Finally, everyone is starting to talk to each other. Hopefully it's not too late."

In some places, highway planners are already stepping on the gas.

Inspired by efforts in Europe and Asia, Oregon is testing on-board GPS systems that could one day allow mile-by-mile pricing for all car travel in the state. Flexible plans could give discounts to drivers traveling in off-peak hours.

Despite ardent opposition, new express toll roads that opened this year in Austin, Texas, have been hailed as a success – meaning lots of fast-moving cars, and revenues outpacing costs.

The trucking industry, meanwhile, is experimenting with switching more loads to nights.

And don't think that rail is dead. The first commuter rail since 1938 in Charlotte, N.C., opened on Saturday and was packed to the gills.

Finally, in a gambit straight out of the Jetsons, the Swedish government is working with Santa Cruz, Calif., to plan a "personal rapid transit" (PRT) system – individual cars connected by cables to a rail system.

Pie in the sky? Given the growing gridlock, maybe not, says Ms. Catz.

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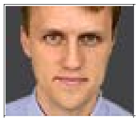
Infrastructure problems? Investors can pave the way



DEREK DECLOET
NOVEMBER 24, 2007

Few great economic ideas ever seem to come from France. Its growth is languid. It has the highest unemployment rate in the G7 except for Germany. Raw-meat capitalists have little to learn from a nation of union lovers, subsidy-dependent farmers and cheese eaters.

Until they get on the Autoroute system, that is, a 12,000-kilometre network of freeways via which you can zip around the country, legally, at 130 km/h. It's not cheap, and the six-hour jaunt from Paris to Aix-en-Provence, lovely though it is, can quickly empty your wallet of euros. In the land of *liberté, égalité, fraternité*, the user's the one who pays.

Toll highways are big business in France. One of the largest operators, Vinci SA, last year raked in €4-billion ($5.9-billion) in revenue from running French toll roads, bridges, parking lots, airports and tunnels. It just took over full control of Autoroutes du Sud de la France, a highway network in the south in which the French government had been a partner. No one is overly fussed by this. You want great highways? Send the bill to the drivers, the French say. That's how a mature, grown-up country does it.

Here's how an immature country does it. The provinces bitch at the feds. The mayors complain to the provinces and the feds. The federal finance minister squawks back at the mayors, accuses them of whining and declares that he's "not in the pothole business." Everyone bickers while the roads crumble. That's the way we do it in Canada.

Print Edition - Section Front

DundeeWealth Suitors lining up as stock skyrockets

Report on Business

How many corporate directorships can fit inside this man's head?

Twenty-five. And no regrets.

Where the old boys' club still thrives

Knowing the known unknowns of a possible market disaster

Enlarge Image

More Report on Business Stories

- Court clobbers store for selling Vuitton fakes
- New vehicles left in legal limbo
- ACTS readies its expansion plan
- Molson ends Facebook contest
- E-tailers set for Cyber Monday

- Go to the Report on Business section

This week, the Federation of Canadian Municipalities scored a few headlines with an alarmist report on the state of roads, water pipes and other plumbing local governments take care of. The report's subtitle ("The coming collapse of Canada's municipal infrastructure") tells you all you need to know. The pleas of poverty begin on page 2 with claims of a $123-billion infrastructure "deficit" - the amount the municipalities need to fix things up. About $45-billion of this is for roads and transit.

The huge numbers are designed to grab attention. If you borrowed $123-billion at 6 per cent, the interest alone would equal $224 for every man, woman and child in Canada, every year. The municipalities' answer is (surprise) to get Ottawa to pay, since it's the one sitting on a monster surplus. The feds' vaunted $33-billion infrastructure plan isn't enough to satisfy them. You wonder what would.

David Miller, the mayor of Toronto, wants a penny of the GST. Now there's every politician's fantasy: Someone else collects the tax while you get to spend the money. Keep dreaming, David.

Toronto has a particular grievance in that it owns a very old and very expensive elevated highway, the Gardiner Expressway, the major route into downtown. Traffic figures suggest about 90,000 people use it to get into the city on an average day, with maybe another 30,000 using Lake Shore Boulevard that runs underneath it. Charge $3 a pop, you're talking $130-million in annual revenue. Call it $90-million if you wish to be conservative.

Will the city do it? Uh, no, because people would just clog up other city streets to get downtown, says the mayor's spokesman. Oh, really. Which ones?

Real cities find a way around these objections. London has a congestion charge. Singapore has had electronic tolls for nearly a decade. Oslo does it. Stockholm is doing it, too. In the U.S., you'll find tolls all over the Interstate system..

You can put tolls on public roads or you can use them to entice private pension money - and there is a ton of it - to build new roads for you and fill that so-called "infrastructure deficit." All it takes is some imagination. But attempts to bring in user-pay are inevitably politicized. Highway 407, which runs north of Toronto, is a great highway (it was privatized too cheaply by the previous provincial Tory government). Users like it; the number of daily trips is up 20 per cent in four years. Yet when the Liberals took office four years ago, the first thing they did was launch a legal fight against the 407's owners to try to force them to roll back fees (it didn't work). Before that, Bernard Lord got elected premier of New Brunswick in part on the strength of a promise to abolish tolls on a stretch of the Trans-Canada Highway that had been built in a public-private partnership.

It's fair to ask, if the public *needs* the roads, and no level of government wants to *fund* the roads, yet institutional investors with billions are willing to *build*
the roads, why politicians won't just let them. So Ottawa's not "in the pothole business?" Fine. But somebody's got to be. This is not a radical concept: Use private money, and make the

user pay.

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Thursday » November 29 » 2007

Feds to look for bridge partner

Infrastructure plan unveiled

Dave Battagello
Windsor Star

Wednesday, November 28, 2007

Federal Transportation Minister Lawrence Cannon said Tuesday he will aggressively look for a private sector partner to build a new bridge in Windsor as part of the federal government's $33-billion Building Canada federal infrastructure program.

The Windsor-Detroit bridge is the showpiece project of the new national public-private partnership investment plan launched by Cannon in Toronto. The plan is intended to tackle Canada's crumbling infrastructure.

"We are experiencing the second-longest period of economic expansion in Canadian history," said Cannon in his keynote address to the annual conference of the Canadian Council for Public-Private Partnerships.

"That's why our government is investing in modern, world-class infrastructure projects that foster a stronger economy, a cleaner environment and safer, more prosperous communities."

He specifically pointed to the new Windsor-Detroit border crossing, saying it is clearly a priority.

"A stronger border crossing will be good for Ontario and good for the country."

Final crossing and plaza locations in Windsor, somewhere near Brighton Beach, will be announced in the spring by the Detroit River International Crossing (DRIC) team -- a binational group that includes federal government officials assigned to oversee the local bridge crossing decisions.

Ottawa next intends to seek private sector participation to design, build, finance and operate the Canadian inspection plaza and a portion of the new bridge between Windsor and Detroit, Cannon said.

The federal government also announced it will ensure public oversight of the next Windsor-Detroit crossing -- something it doesn't entirely have today, given the private ownership of the Ambassador Bridge by Michigan businessman Matty Moroun.

Transport Canada indicated Tuesday there has been plenty of early interest from private sector investors from around the world looking to get involved in building a new bridge in Windsor. The anticipated price is $1.5 billion to $2 billion.

"There have been people who have come forward, but there have been no serious discussions," said Mark Butler, spokesman for Transport Canada.

Moroun -- who generates $60 million in annual toll revenues from the Ambassador Bridge -- is also pushing forward in pursuit of his twin span proposal, his plan to build a new crossing within metres of his existing

79-year-old bridge.

Bridge company president Dan Stamper said his company is moving forward with its twin-span bridge and has no plan to bid on building the bridge proposed for Brighton Beach. As far as he's concerned, Cannon's announcement Tuesday in no way cuts the Ambassador Bridge out. The bridge company is the kind of private partner the government is talking about, he said. "We're a private partner, have been for 80 years," Stamper said.

He said his company agrees with Cannon that a new crossing in Windsor-Detroit is a high priority. He said the new bridge could be DRIC's in Brighton Beach or it could be the Ambassador Bridge's twin span.

"We're the only ones who can get a bridge in the ground sooner rather than later," he said.

Transport Canada's Butler said the environmental assessment that's required before a bridge can proceed is ongoing for the twin-span proposal and apart from the DRIC plan. "There is always a possibility to have two bridges being built. We can't foresee the outcome.

Butler said "it wouldn't be appropriate" to identify potential investors who have so far expressed interest in helping build the DRIC bridge.

The federal government will not issue a request for proposals from the private sector for construction of a new border crossing until late next year at the earliest, he said.

Brian Masse (NDP -- Windsor West) is against the federal government's move toward private sector investment to help solve the nation's infrastructure crisis -- including construction of a new border crossing in Windsor.

"Windsor will be the canary in the mine shaft for (public-private partnerships), that's what it boils down to," Masse said.

"This is the busiest border crossing in the continent. Why is there any concern over return on investment, why is this about private profits?" said Masse, citing the potential of long-term toll revenues to wipe out any federal government construction costs.

The public-private joint partnerships, also known as P3s, have proven to be more costly for users, said Masse, citing as an example high costs for travellers on Highway 407 in Toronto.

Commuter and trade vehicles stand to be the big losers in Windsor, socked with higher tolls if the private sector gets involved in the new bridge, he said.

"You will have increased tolls to pay for private profits," Masse said. "Is some consortium from Spain or Australia going to have the people of Windsor's best interests at heart?"

The local MP has instead repeatedly touted creation of a self-financed public border authority to oversee border crossings in Windsor: "Rates would be lower and accountability greater."

The Building Canada plan also includes $2.1 billion through the new Gateways and Border Crossings Fund.

"One of the biggest beneficiaries of these investments will be the Windsor-Detroit border crossing, which is a priority project for the Ontario-Quebec continental gateway and trade corridor," Cannon said in his speech.

The plan will include a fund dedicated specifically to public-private partnerships, including $25 million to establish a new federal P3 office.

CLOSE WINDOW