

North Carolina Turnpike Authority

**TOLLROAD PPP/CONCESSIONS –
OPTIMAL CRITERIA**

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Overview

1. Tool in Toolbox – Not a Panacea
2. Benefits
3. Criteria
4. Safeguards
5. Pitfalls



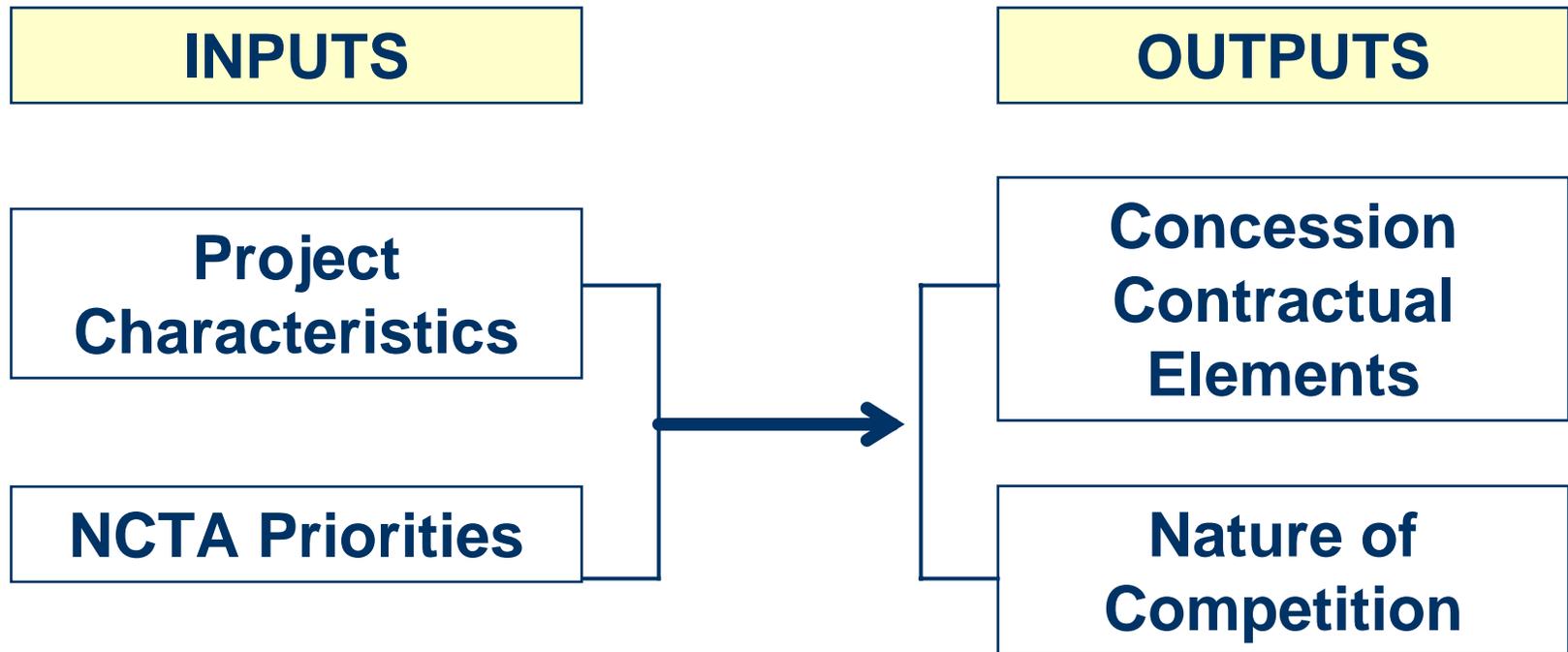
Benefits from Concession

- Greater risk transferred to private sector
 - traffic and revenue
 - design and construction cost
 - schedule
- Minimizes public funding
- Possibility of upfront fees and revenue sharing for use on other projects
- Private sector innovation

PPP Forms – Roles of Private Partner

- Pre- Development and Design-Builder
 - Pocahontas 1998
 - Tacoma Narrows
- Final design, construct, finance + operate
 - TxDOT 121 “hard bid”
- Finance and Operation
 - Existing: Skyway and Indiana Tollway
 - Greenfield: ??
- Operation and/or Maintenance only
 - VDOT Interstate Maintenance
 - Private Toll Operations

Decision Matrix



Key Criteria - Project Characteristics

- Available Funding – are public funds needed?
- Status of Environmental Approvals – ready to go?
- Status of Engineering – can project be priced?
- Traffic & Revenue Studies – revenue positive?
- Public Support – receptivity to tolls, private ownership?
- Stand-alone project or part of a network?

Key Criteria - NCTA Priorities

**Goals for Revenue
Positive Project**

Mutual Goals

**Goals for Revenue
Negative Project**

**Maximize
Payments to NCTA**

**Hard Pricing/
Minimized
Development Cost**

**Shifting Revenue
Risk to the Private
Sector**

**Good Road
Performance**

**Committed
Funding**

**Filling the Gap
Between Cost and
Funding**

**Minimize
Government
Investment**

Safeguards

Concession Contractual Framework

- Term/Duration – 35, 50, 75 or 99 years?
- Revenue Sharing
- Toll Setting Mechanisms
- O&M
- Capacity Enhancements



Pitfalls

- Non-compete restrains development needed in future – SR 91 “poster child”
- Contingent liability of owner
 - Tax changes
 - Discriminatory Action
 - Changes in law
 - Impact of competing facilities
- Nature of the competition
 - pre-development award – negotiate pricing
- Termination expensive

Contact

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