CENTRAL TEXAS
Regional Mobility Authority

Financing Mobility Infrastructure Using Innovative Methods

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Agenda

- The mobility dilemma
- The concept of regional mobility
- A new financial paradigm
- Change is risky

The Mobility Dilemma

The Gas Tax Isn't Working

- Not indexed to inflation
- Difficult to increase
- Facility maintenance burden growing
- Cost of new facilities increasing

The Gas Tax Isn't Working

- Inequitable distribution of funds
- Alternative fuels
- Greater fuel efficiency means less tax collected
- Not truly an equitable user fee
- Regressive - no choice
- Funds being diverted

Allotment of Federal Gas Tax

- Of every gas tax dollar Texas sends to Washington, we only receive 30-cents back for highway capacity improvements

Allotment of Federal Gas Tax

- $1.00 of federal gas tax
  - 0.5¢ Leaking Underground Storage Tank fund
  - 15.5¢ Mass Transit Account
- $.84 Highway Account (TX is guaranteed $.70)
  - 1.6¢ Transportation enhancements
  - 11.5¢ Maintenance
  - 2.6¢ Safety
  - 2.9¢ CMAQ
  - 2.7¢ Demonstration projects
  - 0.8¢ Border infrastructure
  - 0.1¢ Recreational trails
  - 4.43¢ Bridge replacement & rehabilitation
  - 0.4¢ Metropolitan planning
  - 5.6¢ Environmental & planning costs
  - 7.0¢ ROW costs

The Concept of Regional Mobility

The Texas Model

- Board of directors (appointed)
  - Local control
- A multi-modal approach
  - Planes, trains, automobiles and more
- Jurisdictional flexibility
  - Multiple counties
  - Non contiguous counties
- Innovative contracting methods
  - Comprehensive development agreement

The Texas Model

- A blend of funding sources
  - Revenue bonds
  - Private equity
  - Private capital
  - Federal funds
  - State funds
  - Grants and loans
    - Toll Equity Grant
    - Texas Mobility Fund
    - TIFIA
    - SIB
  - Local contributions/taxes

Getting Started

- Government loans, grants and donations create financial foundation
- Revenue bonds or private investment provides primary capital
- Tolls or fees generate revenue to meet debt obligations
- As business increases, surplus revenue can be used to fund other regional mobility needs

The Central Texas Regional Mobility Authority

- 1st regional mobility authority in Texas
- Began operation in January 2003
- Bi-county agency with seven member board
- Initial focus regional toll road plan

First Project

- Originally proposed in 1982
- Being built under a Comprehensive Development Agreement
  - Design/build process
  - Contractor assumes risk
  - Guaranteed maximum price of $166 million
  - Guaranteed completion March 2007
  - Public involvement activities included

Benefits of CDA Process

- Fosters innovation
- Best value approach
- Expedited schedule
- Reduced risk

Sources of Funding

TIFIA LOAN
$66,000,000

Senior Lien Bonds	$167,967,611
BANS (Bond Anticipation Notes)	$66,000,000
TxDOT Equity	$64,700,000
Local Contributions (Right-of-Way)	$18,000,000

The New Financial Paradigm

The Environment

- Government agencies are struggling to keep up with the demand for transportation infrastructure
- Government agencies are under pressure to improve efficiency
- Elected officials have been passing legislation encouraging public/private partnerships

The Environment

- Private companies (many foreign) are showing increased interest in the ownership of traditionally public infrastructure
- Eminent domain and property rights are major issue
- Debate about private ownership is far from over

The Environment

- Elected officials:
  - Want projects to be developed quickly
  - Prefer not to increase taxes or user fees

A Range of Options

- Allow a private company to have complete ownership of a traditional public facility
- Allow a private company to operate a public facility under a long term concession or lease
- Create a public corporation with stockholders

A Range of Options

- Allow a private company to finance a project while retaining public ownership
- Allow a private company to have a minority financial stake in an otherwise public facility (share profits)

A Range of Options

- Use a mix of funding
  - Tax exempt bonds
  - Private activity bonds
  - Private equity
  - Government grants and/or loans
  - Special districts/tax increment financing
  - Property donations

The Risk of Change

Things to Contemplate

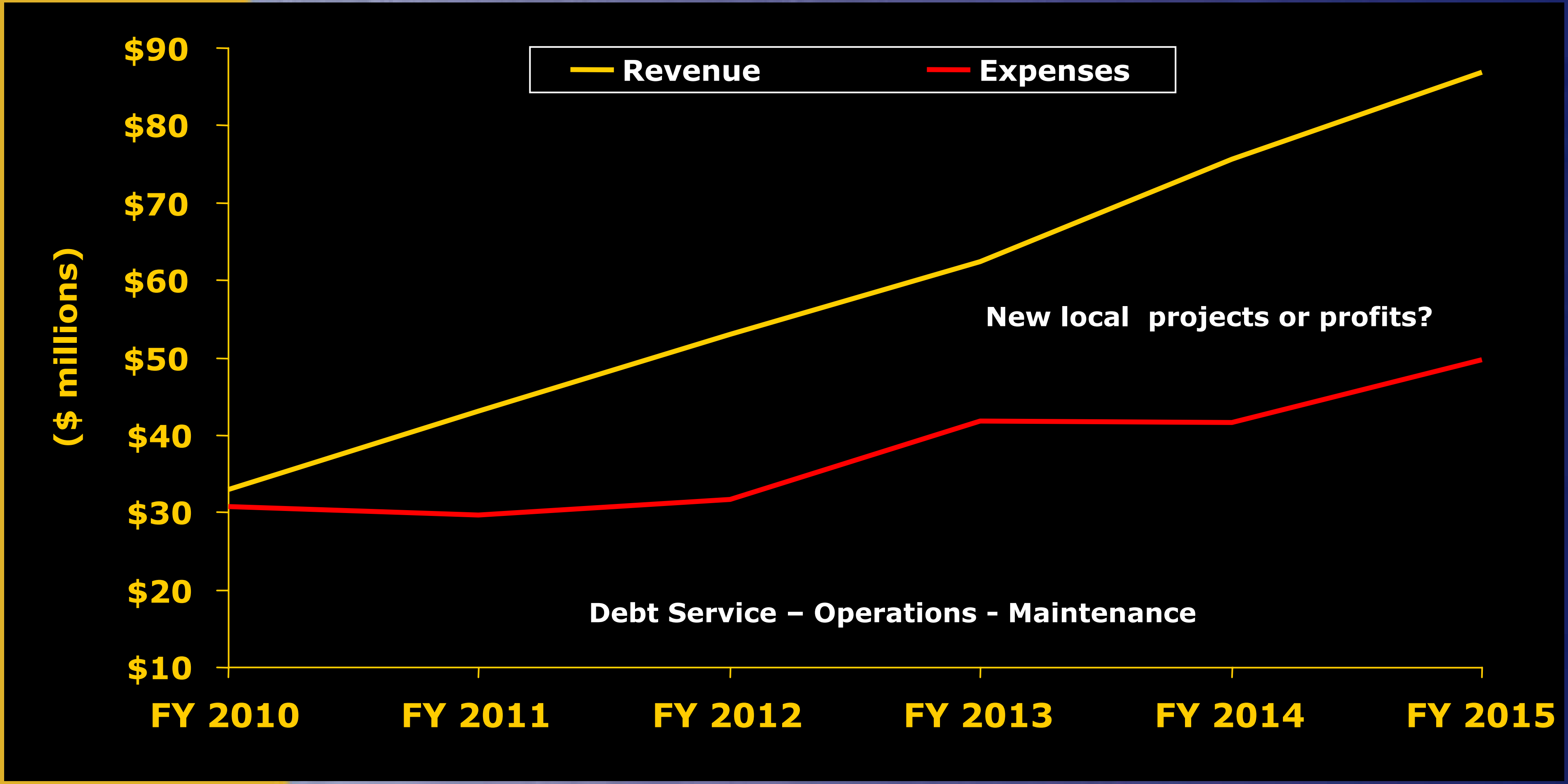
- What happens if the project isn't finished in a timely manner or at all?
  - Who assumes the development risk?
- Will the facility meet cash flow requirements?
  - What happens if it does not?
- Is the public interest being served?
  - Could the government have actually done it cheaper or better?

Things to Contemplate

- Will the facility cash flow meet requirements?
  – What happens if it does not?
- What are the long term impacts?
  – Will the facility be operated well?
  – Who controls the fee structure?
  – How will future facility needs be met?
  – What competing facility restrictions will be required?

Things to Contemplate

Where do the surplus funds go?



Things to Contemplate

- Change is difficult
  - The American public has grown accustomed to infrastructure like highways being publicly owned and generally free of user fees
  - There is public disconnect between increasing congestion and the need for additional funding sources such as user fees
  - Putting user fees on a traditionally public facility is an attack on the core values of some individuals

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