

Texas has numerous upcoming public-private transportation initiatives



SELLING TO GOVERNMENT

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Public-private partnerships (P3s) is a term that all Texans need to understand. We will hear a lot about P3s in the next few years and these initiatives will impact every taxpayer, public official, government employee and company of every size and type. It's almost impossible to read a newspaper or listen to a news broadcast without hearing some mention of public-private partnerships. But the average citizen does not understand a P3, and that is a big problem.

P3s exist because government is out of money, and yet public officials must continue to build roads, provide public safety, construct new classrooms and repair bridges. Large public projects must find new revenue sources and private-sector firms are willing to bring new capital to the table in exchange for the ability to partner with public agencies.

Public-private partnerships for transportation projects are common throughout the country. However, P3s are now being used for all types of vertical construction, economic development projects and delivery of services. P3s are attractive to public officials because they provide capital and allow the government to transfer project risk to the private partner. Private sector firms like P3s because the projects are usually large and the government is a credible partner. The private partner usually gets the ROI on the upfront investment over a period of years, sometimes decades.

The Texas Department of Transportation (TxDOT), which earned praise in July when Texas was named the No. 1 state in transportation and infrastructure, attributes some of its success to the department's willingness to be innovative in how it does business. One example of innovation is State Highway 130, segments 5 and 6, which are P3 projects.

The toll road, which should be complete by the end of this year, is being constructed and managed by a private-sector partner. The state will lease the new road from the company for 50 years and then own the road. In the 50-year interim, the private partner will operate and maintain the toll road. Toll revenues will be split between the two partners.

Last April, the Texas Legislature passed a bill to create a legal frame-

work for public-private partnerships. The bill states that projects must be in the public interest. It also established a Partnership Advisory Committee to oversee projects. The new law also set out provisions that allow private firms to submit unsolicited proposals.

In Texas, there are a number of upcoming transportation P3 opportunities.

■ TxDOT has issued an RFQ for a 9.3-mile stretch of SH 183 and SH 161 in the Dallas area. The solicitation includes a three-phase project that includes toll lanes, general lanes and associated facilities for an estimated cost of \$1.8 billion.

■ TxDOT sent out another request for information in June for a toll plaza on Texas 130 toll road, east of Austin. The plaza would sit in a 30-acre section in the median and could include a gas station, restaurant and a retail business of some sort. Although a request for information is not a guarantee that the project will happen, a bidding process will follow if plans are approved.

■ Another highway project may turn into a P3 toll road in central Austin. TxDOT would like to add a fourth lane to MOPAC (Loop 1) that would be an express toll lane. The \$200 million project should receive federal environment approval and a bid will go out soon after that.

■ Harris and Montgomery counties, in partnership with TxDOT, are considering a public-private partnership to expand SH 290. Although leaders have long wanted to expand the road, it was kept low on the priority list until P3 legislation passed in Texas.

■ In San Antonio, Loop 1604 and U.S. 281 will be expanded. Earlier this month, the transportation planning authority approved \$1.2 billion in infrastructure projects, including plans to expand the roads by adding both toll and nontoll lanes. The first project in the pipeline is toll lanes on Loop 1604 from Bandera Road to just past U.S. 281.

■ Many residents of Texas have long hoped for a fast and easy way to commute between some of the state's largest cities. A P3 rail project could make the trip from the Dallas-Fort Worth area to Houston much quicker. Although still a long way off, officials and private companies have discussed public-private partnerships that could make high-speed rail a reality in Texas in the near future. The state has received \$15 million in funding from the federal government for research.

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