Public Private Partnerships (P3) known as Comprehensive Development Agreements (CDAs) in Texas differ from a completely private road/project and differ from the government simply contracting work out to the private sector since a P3 involves an ownership stake or a long-term leasehold. While claiming to be built with private money and transferring the risk from the public sector to the private sector, this controversial financing mechanism virtually always involves public money and public risk through profit guarantees and taxpayers being on the hook for potential losses.

**P3 contracts are so reviled by the public that both parties have a plank opposing P3s/CDAs in their platform.** Voting for them is a lose-lose!

### Why we must keep the current BAN on public private partnerships/CDAs in Texas:

**Privatizing our PUBLIC infrastructure through public private partnerships (P3s)...**

- Grants private, even foreign, entities state-sanctioned MONOPOLIES for 50 years. Georgia Gov. Nathan Deal put it this way: “I am and will be opposed to contracting away […] sovereignty for a 60 or 70 year period over a transportation corridor that is so vital to our future.” He also called P3s ‘ill-conceived sell-outs.’

- Represents eminent domain for private gain

- Restricts flow of traffic on free roads (to guarantee congestion on the free routes) & forces taxpayers to pay for potential losses through ‘compensation events’ and ‘adverse event’ clauses.

- Manipulates speed limits to drive more traffic to the toll road (increase speed on tollway, decrease on free route as happened on the state’s first CDA, SH 130 segments 5 & 6)

- Charges punitively higher toll rates

- Allows private corporations the power to tax

- Use massive amounts of public money & debt to subsidize/prop-up toll projects that can’t pay for themselves. It’s corporate welfare and voters on both sides of the aisle hate it! (See page 2 for proof.)

  This model is not a ‘user’ fee. One billion in gasoline taxes subsidized the private toll lanes on LBJ and North Tarrant Express in the Metroplex. Clearly taxpayers, not the private entities, are taking on the risk if the traffic doesn’t materialize. It amounts to DOUBLE and TRIPLE taxation to use the same stretch of road. The toll becomes a tax, not a user fee, when free alternatives cannot be expanded or improved and when nearly all new capacity is tolled.

- Private equity firms also force taxpayers to pay for other losses like uncollectible tolls, and they use the state as their toll collector - giving them access to the power to impound your car or block your vehicle registration for failure to pay a toll.

After over a decade of studying these contracts, we haven’t found a single P3/CDA that was a good deal for the taxpayer, and none that compare to the affordability of gas tax funded roads. P3 expert Dennis Enright with Northwest Financial testified before the Senate Transportation Committee in March 2007 that P3s cost 50% more. A Canadian government report on P3s revealed Canadians paid $8 billion more for highways than if the government had done the projects itself.
Cost to build in Texas skyrocketed under toll/CDA model

In October 2014, the Texas Legislative Council documented that the cost to build Texas roads DOUBLED from 2003 (pre-toll road era) to 2013, while the national highway cost increase over the same period was just 12%. Therefore, another reason special interests continue to push tolls despite the public opposition is that tolls drive up the cost to build, necessarily putting more money into the pockets of road builders at great expense to Texas taxpayers. Costs have spiraled out of control and the price tag on these big projects are made to look so out of reach that it causes legislators to cave to tolls because they perceive it’s the ‘only’ way to get a project done. By rejecting this toll-debt-increased cost spiral, it will put the cost of road building back in line with the national average and force project costs to return to more reasonable levels.

This cost savings just happened on the LBJ E project in Dallas. Once Gov. Abbott put his foot down and said local officials could not do it as a toll project, they finally prioritized the funding and got it done WITHOUT tolls, and at a lower cost than the toll project.

Why repeat failure?

When Texas’ first P3/CDA went bankrupt in less than 3 years, why would Texas lawmakers gamble with billions in taxpayer money and choose a contracting method prone to bankruptcy and repeat the failure? The public smells cronyism as the reason.

Managed lanes and congestion pricing are ‘code’ for government control of one’s freedom to travel, since the price is purposely ratcheted-up in real time in order to price the public off the road to maintain speed and profit guarantees. So those who cannot pay tolls are relegated to second class citizens on congested general purpose lanes or stop light ridden frontage roads, with no expressway option.

CDAs - The Most Expensive Option

1) CDAs cost more. They’re the MOST expensive option.

Before the Texas Senate Transportation Committee in March 2007, Dennis Enright of Northwest Financial in New Jersey, stated public private partnership (P3) toll projects cost 50% more. He said the risk by the private operator was ‘de minimis’ (translation: zero), and that it’s ALWAYS best to have the toll project in the public’s hands, not under the control of a private entity. A Government Accountability Office Report from February 2008 states, “While private investors can make billions of dollars available for critical infrastructure, these funds are largely a new source of borrowed funds, repaid by road users over what potentially could be a period of several generations. There is no ‘free’ money in highway public-private partnerships.” A Canadian government report on P3s revealed Canadians paid $8 billion more for highways than if the government had done the projects itself.

Commuters in the Metroplex report having to pay $30-$40 a day in tolls to use these privately operated toll lanes.

“It is too expensive to drive on the tollways. When you get on it says it is $0.97. Once you are on, the price changes to $5.67. The cost to Dallas is $20 and the cost back to Fort Worth is $20 so in one day you pay $40 in tolls just to go to work and come home. At that rate, the one person driving the car has spent two and a half hours of work just paying for the drive to go to work. This is not right. NTTA has set prices for their toll roads, why does I-820 not have the same?” — Kenneth Roman, Ft. Worth resident

The truth of the matter is, there is NO CAP on how high the toll rates go with a public-private toll project. No elected official has any control over the toll rates, by design. TxDOT simply approves a toll rate methodology. They can raise the tolls as high as they want in order to maintain certain speed
and performance goals outlined in the contract (arbitrarily set by unelected officials who negotiate the minutiae of these contracts outside the public’s view). They’re designed to extract the highest possible toll from the traveling public.

2) Will drive up the cost of everything you buy. When companies have to pay tolls to get their goods to market, all of us pay more because the cost gets passed onto consumers.

3) CDAs would impose over $20 billion in new debt for roads.

Just ten of the CDA projects proposed last session (I-35 in Austin, Dallas, San Antonio, 635, I-30, I-45, 1604, MoPac S, 290 W, Hempstead tollway that were listed in HB 2861) cost $20 billion, so when you add the cost of the debt, that figure nearly doubles to $40 billion. How do virtually unlimited CDAs comply with the Governor’s promise to not only fix our roads without tolls, but also without more debt?

**MYTH - VS - FACT**

Are the private corporations really bringing the money to the table?

Do PPPs really transfer the risk from the taxpayer to the private entity?

Every Texas CDA has required public money.

Public money for private profits = corporate welfare

**Public Private Partnership financing in TX:**

1) **SH 130 segments 5 & 6, Austin to Seguin** (Awarded to Cintra)
   
   Cost = $1.3 billion
   
   Funding Sources:
   
   - $685.8 million, Senior bank loans
   - $430 million, TIFIA loan (a federally-backed loan that provides low interest rates and lenient repayment schedules)
   - $209.8 million, private equity
   

2) **LBJ - I-635, Dallas** (Awarded to Cintra)
   
   Cost = $2.7 billion
   
   Funding Sources:
   
   - $850 million TIFIA loan (a federally-backed loan that provides low interest rates and lenient repayment schedules)
   - $606 million, Private Activity Bonds (federal, low interest, tax deductible bonds)
   - $682 million, private equity (including Dallas Fire and Police Pension Funds)
   - $490 million in Texans’ gas tax dollars (this portion is supposedly to re-build the free lanes, but is this baked into the toll rates? )
   
   (Source: https://www.fhwa.dot.gov/ipd/project_profiles/tx_lbj635.aspx)

3) **North Tarrant Express - I-820, Ft. Worth** (Awarded to Cintra)
   
   Cost = $2 billion
   
   Funding Sources:
   
   - $398 million cash from investors
   - $43 million from the Dallas Fire and Police pension fund
   - $650 million TIFIA loan (a federally-backed loan that provides low interest rates and lenient repayment schedules)
   - $398 million in Private Activity Bonds (federal, low interest, tax deductible bonds)
   - $594 million in Texans’ gas tax dollars
   
   (Source: https://www.fhwa.dot.gov/ipd/project_profiles/tx_north_tarrant.aspx)

   The taxpayers put in more cash than did the private investors!
4) **SH 288, Houston** (Awarded to *Blueridge Transportation Group*, which is a litany of foreign entities)

**Cost = $1.06 billion**

**Funding Sources:**
- $375.3 million in private equity
- $357 million in TIFIA loan (a federally-backed loan that provides low interest rates and lenient repayment schedules)
- $298.6 million in Private Activity Bonds (federal, low interest, tax deductible bonds)
- $17 million in state funds

(Source: [https://www.fhwa.dot.gov/ipd/project_profiles/tx_sh288.aspx](https://www.fhwa.dot.gov/ipd/project_profiles/tx_sh288.aspx))

**Multi-generational Implications**

Multiple generations of Texans will be impacted by these 50 year contracts. Is it really worth in-debting so many future generations to build today’s roads? Thomas Jefferson didn’t think so.

> “No generation can contract debts greater than may be paid during the course of its own existence.” —Thomas Jefferson

The Texas Constitution says that one Legislature cannot financially bind a future Legislature, perhaps based on Jefferson’s wisdom. Carefully weigh and consider these things in the decisions you face. Represent the interest of all Texans, both this generation and future generations, well.

**What we expect:**

First, **prioritize the new Prop 1/Prop 7 funding** that the voters overwhelmingly approved, and get these major bottlenecks fixed without harming commuters and WITHOUT RAISING TAXES through tolls, as Governor Greg Abbott promised in his Texas Clear Lanes Initiative ([Press Release, September 2015](https://www.texas.gov)).

Second, **remove the toll once the debt is retired**. As it stands today, unelected toll authorities continually expand their systems, increase tolls, and refinance or co-mingle toll revenues from road with another to ensure no road is ever paid off. Texans have protection from perpetuities in the Texas Constitution Art. I, Sec. 26 and state law MUST end system financing and perpetual tolling. Pass toll cessation this session! A plank demanding tolls be removed once the road is paid for is in the GOP Platform.

Third, **pass a uniform toll collection reform** bill THIS SESSION. The oppressive fines and fees tacked onto toll bills and the criminalization of unpaid tolls has reached crisis levels. TxDOT alone has put more than 2 million people in collections (not counting NTTA, HCTRA, or 13 RMAs). *Texans should not be financially ruined or have their vehicle registration blocked or cars impounded over an unpaid toll bill*, which is counterproductive to getting the toll bill paid. Each toll entity has different definitions of a toll violator, different administrative fees and fine structure which confuses the public. The state must step in and have a uniform standard so drivers know what to expect when they have to travel on a toll road.

*Texas TURF is a non-partisan, grassroots group defending Texans’ concerns with toll road policy and eminent domain abuses, and promotes non-toll transportation solutions.*