

Figure 2.1

Sponsors and Features of Highway Financing[10]

Sponsor	Major Features of Financing	Examples
Private Equity Investors	Finance and develop the project using primarily private resources	Dulles Greenway (Virginia) 91 Express Lanes project (California) SR-125 South Toll Road (California)
Private, Nonprofit Entity	Issues tax-exempt debt backed by tolls (and without recourse to taxes) and oversees the project under the terms of the agreement between the state and the private developer	TH 212 (Minnesota) Southern Connector (South Carolina) Interstate 895 (Virginia)
Special-Purpose Public Agency	Issues tax-exempt debt backed by tolls (and without recourse to taxes) and oversees the project under the terms of the agreement with a private developer	E-470 (Colorado) Orange County, California, transportation corridor agencies
State Agency	Issues tax-exempt debt backed by tolls (and without recourse to taxes)	Some turnpikes
State Agency	Issues tax-exempt debt backed by taxes	Most highway projects that are financed by debt
State Agency	Finances highway on a pay-as-you-go basis using state taxes and fees plus federal aid	Most highways

In addition to private sector involvement in financing the project, a variety of contracting methods also can increase the level of private sector involvement in surface transportation construction. Figure 2.2 describes the name of the contracting method, the major features of the contracting methods, including the level of public and private sector involvement, and examples of projects for which the contracting method was used. These contracting methods are further discussed in Chapter III.

Figure 2.2

Contracting Methods Involving Different Levels of Private Involvement

Contracting Method	Major Features of Contracting Method	Examples
Purely Private Project	There is virtually no involvement by the public sector in the project and no contract or other formal agreement between the public and private sectors.	Dulles Greenway (Virginia).
Design, Build, Finance, Operate (concession or franchise)	Under the DBFO contracting method the private sector is responsible for all or a major part of project financing as well as facility design, construction, operation, and maintenance. Typically the facility reverts to the State after 25+ years. Revenues to the private sector can come from direct user charges, payments from the public sector, or both. Operations typically would be covered by performance incentives, and contracts would have to include such things as maximum rate of return, non-compete clauses, and maximum toll rates, etc.	SR-91 and SR-125 (California) Southern Connector Toll Road (South Carolina), Massachusetts Rt. 3, Las Vegas monorail.
Design, Build, Operate, Maintain (concession or franchise)	This is similar to the DBFO contract, but involves a lesser role by the private sector in project finance. Like the DBFO, the private sector assumes major responsibilities for project design, construction methods, operations, and maintenance. Payments from the public sector may include performance incentives/disincentives for operational performance and physical condition.	Central Texas Turnpike Project, Hudson Bergen Light Rail (New Jersey), I-15 (Utah), Seattle monorail.
Design, Build, Warrant	Based on general information concerning the type of facility desired and the performance expected from that facility, the private sector is given the responsibility for design and construction of the facility. This promotes innovation in design and efficiencies in the construction process since the same firm or group of firms are responsible for both design and construction. In many cases the private sector will provide a warranty for key components of the project. The private sector may or may not participate in project financing.	Pocahontas Parkway (Virginia), San Joaquin Hills Toll Road (California). Many States have experimented with design build for large or complex projects. Other States, like Florida, use design-build almost on a routine basis.
Asset Management Contract	This type of contract is used for long-term maintenance and/or operation of an existing facility or system of facilities. The private sector typically would be responsible for financing needed improvements and would be paid a fee by the public sector for doing so. The fee may include performance incentives or disincentives. Experience to date is that private sector management contracts can often result in substantial cost savings over traditional public sector management of the road system.	Texas, Virginia, Florida.
A+B Contracting	This is a modification of the traditional design, bid, build contract in which the private contractor bids both the project cost (A) and the time to complete the project (B). The contractor assumes the risk of not completing the project in the specified time, and bonuses for early completion or penalties for late completion typically are included.	Used most frequently for major highways where completion time is a critical element.
Traditional Design, Bid, Build Contract	Public agency designs the project and awards construction contract to private sector. Very little opportunity for innovation or efficiencies.	Most highways.

West Alabama Freeway Project Status

October 27, 2008

This project is a proposed freeway facility connecting I-10 in south Alabama to the proposed Memphis to Atlanta Corridor in the Quad Cities Area.

The project is approximately 320 miles long.

The project has been divided into two sections, a northern section from I-59/20 to the proposed Memphis to Atlanta Corridor in the Quad Cities Area and a southern section from I-10 near Mobile to I-59/20.

Currently, over \$6.78 million has been authorized for the project. A break down of these monies is listed below.

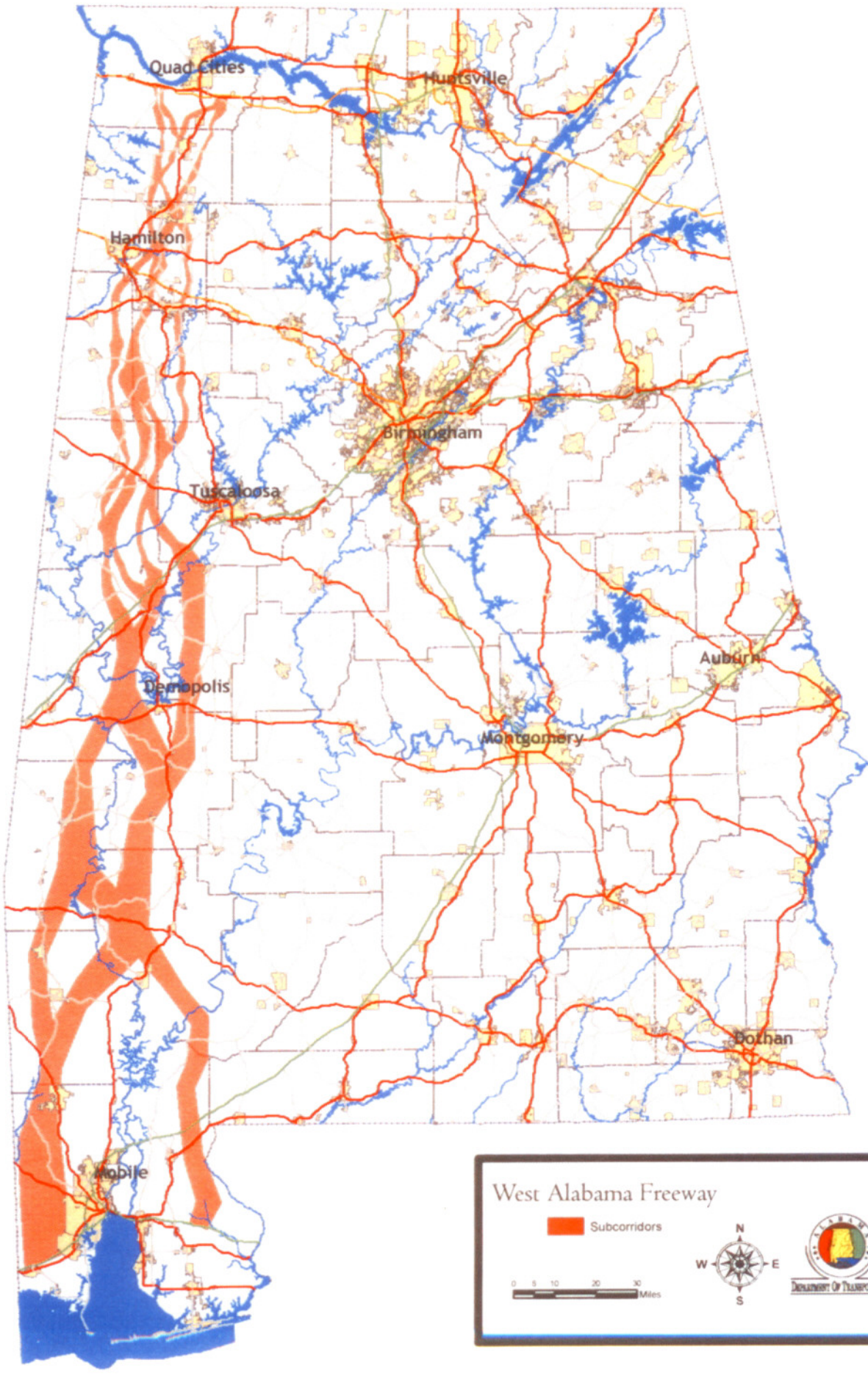
	Miles	Funds Spent	Remaining Funds	Cost to Complete
I-10 to US-84	90	\$350,000	\$250,000	\$1.20 Billion
US-84 to US-80	55	\$200,000	\$300,000	\$0.75 Billion
US-80 to I-59/20	40	\$400,000	\$100,000	\$0.70 Billion
I-59/20 to Corridor X	80	\$400,000	\$2,800,000	\$1.50 Billion
Corridor X to MTA	55	\$500,000	\$1,500,000	\$1.15 Billion
TOTAL	320	\$1,850,000	\$4,950,000	\$5.30 Billion

Public Involvement Meetings were held for the segments North of I-59/20 in February 2005 and held for the segments South of I-20/59 in October 2006.

Cursory environmental and engineering studies have been performed to identify known topographical, cultural, and environmental constraints. These constraints were then used to define possible subcorridors roughly three to five miles wide for the proposed roadway.

Currently, representative alignments for each of the subcorridors are being studied to further narrow the established subcorridors to a width of one mile. Upon completion of this study a report will be compiled outlining preliminary locations, impacts, and costs for a proposed alternate within each refined subcorridor. This report is projected to be completed this fall.

The information gathered in the initial study will be used in the development of an Environmental Impact Statement (EIS). The EIS will be a detailed study of all the alternates considered and will take a minimum of 5 years to complete. Following the completion of the EIS the project will be broken into manageable segments for design, ROW acquisition, and construction.



West Alabama Freeway

Subcorridors

