Indiana’s Experience with 3P projects

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The Vision for Indiana

- Indiana can become a global distribution and logistics capital.

- Transportation is key to Indiana’s economic future.
Pluses Indiana has as a State

- 80% of U.S. population within 24 hours of state.

- Indiana has major lake and river ports, rail lines and a comprehensive highway network.
What is future for INDOT work?

- There are a lot of projects in the pipeline that need to be built.
- There are a lot of projects that the State and Locals want to be designed and built.
- How can this be accomplished?
Big Challenge

- Money

- $2.8 billion gap to build projects over next 10 years.

- Innovative ideas were necessary.
Indiana’s Governor takes Action

- Gov. Mitch Daniels & INDOT comes up with Major Moves program.

- Major Moves is a 10 year construction & major renovation schedule for projects that need to be completed.
Indiana’s Toll Road has problems

- Indiana only has one toll road.
- Connects with Chicago Skyway on west and Ohio Turnpike to the east.
- 157 miles in length.
- 600 employees.
Indiana Toll Road (cont.)

- Underperforming asset that lost more than $40 million in three out of last five years.

- Tolls not raised since 1985.

- Unable to perform needed upgrades (added lanes and bridge repairs) due to lack of sufficient funds.
Highway Funding

- There are only two types of roads...
  - Tax roads - Built with tax dollars
  - Toll roads - Built with user fees
Leasing the Toll Road  
(Partial 3P Agreement)

- Could fund backlog of state highway projects.

- Could fund needed upgrades to toll road.
  - Private operator responsible for maintenance, salaries, state police, etc
  - Road must be maintained to federal standards.
Action Taken to Start Process

- Indiana Legislature Authorized Lease of Indiana Toll Road & Use of 3P Funding for Completion of I-69 …..March 2006

- I-69 was only completed from Michigan stateline to Indianapolis in the 1970’s.
INDOT hired a consultant firm to determine approximate worth of Toll Road.

The same consultant firm was used to put the word out to public about Indiana’s desire to lease that facility.
Bids for Toll Road

- Five bidders submitted their proposals in January 2006.

- Reviewed by Indiana Finance Authority – the entity that owns the Toll Road.
Winning Bid

- Highest bid: $3.85 billion for 75-year lease

- Cintra-Maquarie (Australian-Spanish Consortium)
  - i.e. Indiana Toll Road Concession Company (ITRCC)

- They Operate more than 40 toll facilities around the world – including the Chicago Skyway (next to Indiana Toll Road).
Timeline

- March 17: State legislature approves lease.

- April 12: Lease documents signed.

- June 27: ITRCC wires $3.8 billion to state and assumes operations of Indiana Toll Road.
Toll Road Staff

- All current Toll Road employees stay in place for 9 months as state employees.

- Employees were interviewed. Benefit and fringe package similar to State’s.

- Those not offered positions or opting to stay with ITRCC were offered other State positions at comparable pay and benefits.
Transition

- Top officials from ITRCC met with employees in small groups before beginning operations.

- Employees pleased with benefits and most operational changes.
Transition

- Toll road operations never missed a beat
- State received $3.8 billion for statewide highway improvements.
- Increase state police officers 45 to 70 on toll road. Paid by ITRCC.
Transition (cont.)

- ITRCC to make $375 million in highway improvements in next three years.

- At least $4.4 billion in improvements over the 75-year agreement.
How have these funding dollars helped INDOT?

- Indiana now has a fully funded 10 year plan for projects to be built.

- Toll Road lease funds are currently earning approx. $500,000/day in interest.
What happened next?

- Indiana’s Gov. directs INDOT to pursue I-69 extension as a 3P funded project.
  - Look at completing the I-69 Interstate from Indianapolis to Evansville In. as a toll road.
  - Public opposes the toll road option.
  - Legislature puts restrictions on I-69 tolling.
  - Gov. withdraws tolling option for I-69 and proposes expressway concept.
What happened Next? (Cont.)

- At the same time as when the I-69 project was being reconsidered, the Gov. wanted:
  - INDOT to pursue 2 additional project for 3P funding.
    - Look at building a **Commerce Connector** to bypass Indianapolis from I-69 to I-70 with interchanges at I-70 both sides in Indy, I-74, I-65 to the south, & the new proposed I-69 to Evansville In.
    - Look into building the **Illiana Expressway** in northern Indiana connecting I-94 east of Gary/East Chicago to I-57 in Illinois which would provide a bypass of Indiana’s I-80/94 Borman expressway in that area. This interstate is our busiest highway in our state.
I-69 Proposed Corridor
Proposed Commerce Connector
Proposed Illiana Expressway
What happened with these proposed projects?

- Many public hearings and meetings were held in the areas of the state where the projects were proposed.
- The proposed projects, as previous ones had, also met major opposition from the public.
Problems with public concern

- They didn’t want any more toll roads in the state.
- They didn’t like the proposed roadway going through their farm land or near their homes.
- They didn’t see the need to have more or expand our interstate system.
What Happened next?

- In March of 2007 the Gov. withdrew the Commerce Connector project and the east portion of the Illiana Expressway.

- In May of 2007, the Indiana Legislature proposed a feasibility study for the remaining portion of the Illiana Expressway from the Indiana’s I-65 Interstate to I-57 in Illinois. (Ind. is the lead State on this).
Where are we today?

- Based on the findings of the feasibility study for that remaining portion of the Illiana Expressway, the Legislature will determine if they will allow INDOT to proceed with that project being a 3P funded project.

- Therefore, at this time our Toll Road lease is the only project (even thou only a partial 3P venture) to survive public/private concerns.
Questions?

Thank You!