

Historical Florida Tolling Model

- Toll Systems leverage overall system to expand facilities and build new toll facilities:
 - Turnpike System
 - Authorities like Orlando-Orange Co. Expressway Authority and Miami-Dade Expressway Authority
- State may subsidize to support financial feasibility and “ramp up years”:
 - Toll Facilities Revolving Trust Fund loans
 - Operations & Maintenance (O&M) covenants/subsidies
 - Grants and State Infrastructure Bank loans

What is Driving PPPs?

- “Needs” far outweigh available resources
- Gas Tax purchasing power is eroding
- Land/construction cost increases
- Changing financial markets/tools
- Legal authority for PPPs opened up
- Ability to toll roadways more acceptable
- Bottom line - PPP can advance projects

Florida Environment

- PPP law in excellent shape
- Last updates approved in 2007 legislative session – by current legislators and Gov. Crist
- Supportive environment at FDOT
- Long history partnering with private sector
- FDOT a very innovative state DOT
- Needs in Florida larger than current funding

Florida Law on PPPs

- Public-Private Transportation Act in Section 334.30, Florida Statutes
 - Private sector may advance projects in Adopted Work Program
 - FDOT may partner with private sector and use state funds where appropriate
 - Allows existing FDOT toll facilities to be leased to a PPP, except the Turnpike
 - Accept unsolicited or request proposals

Key 2007 Legal Updates

- Project Development
- PPP Toll Facilities, build new and possible lease of four existing facilities (with Legislative Budget Commission approval)
- Cost-effectiveness/overall public benefit study
- Clarified Payment Structures
- PPP Terms and Other Limits

Key Benefits of PPP

- **Private Sector Expertise**
- **Use Others Money**
- **Promote Innovation in Project Development and Delivery – Profit Motive**
- **Accelerate High Profile Projects**

Facts vs. Fiction

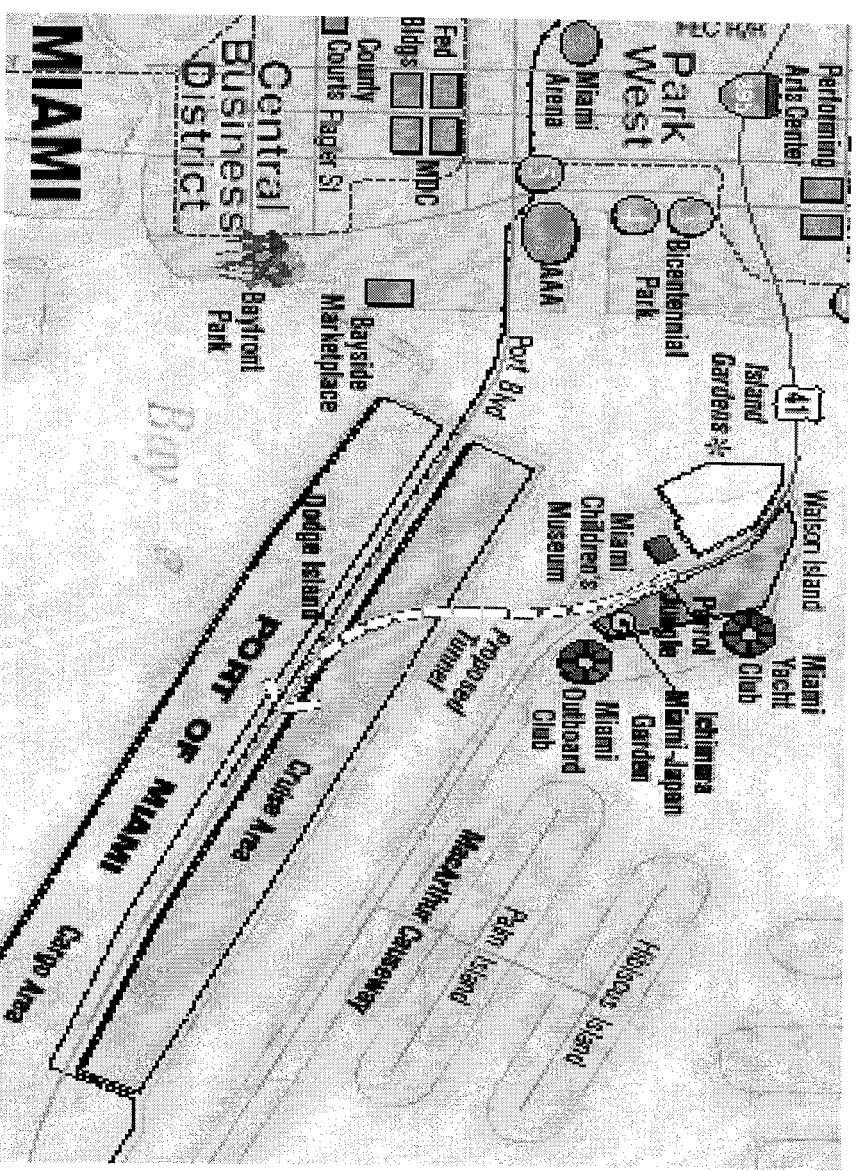
- PPPs increase funding for transportation ?
- All PPPs led by foreign firms?
- PPPs “take away” work from US based firms?
- PPPs will replace “traditional” project delivery approaches?
- PPPs will raise tolls to excessive levels?
- Selling our infrastructure to foreigners?
- You need a PHD in PPPs to understand this new tool?

Environment for Success

- Outside the Box Thinking
- Political Support
- Project Champions
- Understanding /willingness to take risk
- Solid PPP “owner” processes
- Select the right projects at the right time

Port of Miami Tunnel

- Tunnel under main channel of Government Cut
- Roadway work on Dodge and Watson Islands
- MacArthur Causeway Bridge widening
- Cost - \$1 Billion



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Due Diligence

- Environmental approvals prior to procurement
- Experts asked to evaluate key questions.
 - Is the project technically feasible?
 - Can permits be achieved?
 - Are the cost estimates realistic?
 - Is the project financially feasible?
 - What is the best project delivery approach?

Decision on PPP Approach

- All major private firms that deliver bored tunnels based overseas – normal delivery process for these firms is PPP
- Desire for risk transfer
 - Fixed price
 - Private firm responsible for design-build AND operate-maintain – tunnel experts!
 - Sharing of risk for geological conditions
 - Private sector equity/lenders at risk provides more discipline and extra oversight

Term and Payment Approach

- 35-year agreement between FDOT & concessionaire – financial equilibrium
- FDOT begins availability payments once tunnel opens - Estimated to be 2012
- Payment subject to reduction if tunnel not operational during required hours
- Tunnel will be returned to FDOT in first-class condition at end of contract