

PPTA Reform

Fix the Public Private Transportation Act

Statement of the Issue

There has been a dramatic increase in the number of projects proposed under the Virginia Public-Private Transportation Act of 1995 (PPTA), which allows private entities to enter into agreements with VDOT to construct, improve, maintain, and operate transportation facilities. Experience with PPTA projects and proposals thus far indicates that the statute is seriously flawed and raises serious doubts about how effectively it serves the public interest.

Background

The PPTA is designed to facilitate private investment in public infrastructure and transportation facilities. It allows both solicited and unsolicited proposals, and is viewed by its supporters as a way to make needed improvements and additions to the state transportation system sooner, more cheaply, and more efficiently than with public funds alone. Projects undertaken so far under the PPTA or its predecessor include the Dulles Greenway and Route 28 interchanges in Northern Virginia, the Pocahontas Parkway (Route 895) in Richmond, and Route 288 in Richmond. There are numerous additional PPTA proposals currently

under consideration by VDOT.

The track record of PPTA projects thus far calls into question the claims made in support of the statute. Among other things, potential costs and liabilities to taxpayers have often been underestimated or not provided to the public. Under the agreement for the widening of the Capitol Beltway, for example, state

taxpayers will have to pay an undisclosed amount to the project developer if carpooling and transit use of the new High Occupancy Toll lanes rise above a certain level. This is in addition to the \$409 million taxpayers are investing in the project that was originally projected to



cost taxpayers little or nothing. In addition, in the past, the bonds for the Pocahontas Parkway were downgraded and placed on a watch list by credit agencies because traffic and toll revenues were lower than expected.

Although the PPTA could be an innovative tool for getting transportation projects funded and built, there are many apparent problems with the Act, including concerns that:

- It undermines sound transportation planning by advancing projects that are not high priorities for the public, moving proposed projects to the head of the list of projects un-

Recommendations

Support PPTA reform. Legislation to improve the PPTA should be supported. Potential measures include:

- Requiring greater public input into each proposal (such as traditional public hearings at an early stage of review and a public hearing before an agreement is signed).
- Requiring approval of PPTA proposals by the Commonwealth Transportation Board (CTB).
- Limiting proposals under the PPTA to projects contained in state transportation plans and to projects with complete environmental studies.
- Redefining the process to ensure that bidding is competitive, including adding requirements for national and international advertising and a longer response period.
- Giving priority to proposals that include significant private sector equity contributions.
- Requiring evaluation of the impacts of any proposed project on land development patterns.

Oppose additional taxpayer funding until the PPTA is reformed. The General Assembly created the Transportation Partnership Opportunity Fund to support PPTA projects. No additional money should be placed into this fund until the PPTA is reformed.

der consideration and making a claim on state revenues at the expense of other projects.

- Opportunities for public input into the PPTA process are limited.
- The PPTA process could circumvent or undermine environmental review of proposals as a result of the time tables for decisions under the PPTA and the selection of a proposal before it has been studied or alternatives evaluated.
- Requirements for competitive bidding are inadequate and have allowed, in the first phase of a proposal, a project proponent or bidder to establish a sole-source arrangement for later phases.
- Applicants have failed to disclose all necessary information about costs and design.
- There has been a lack of information about potential costs to taxpayers and potential risk to the state's bond rating.
- It creates incentives for sprawl, driving,

and environmental damage. The primary concern of PPTA developers is maximizing profit, not the public interest. For example, the previous owner of the Pocahontas Parkway supported a massive new development and an additional interchange that would increase the amount of traffic (and revenue) on the highway. Most PPTA projects built or proposed thus far have been highway construction that will subsidize sprawl and increase motor vehicle dependence, destroying open space and increasing air and water pollution.

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