

## Tolling: One Form of Public-Private Partnership

The authority to enter into public-private partnerships to build toll lanes and roads is needed to move Nevada forward.

Toll lanes and other tolled transportation facilities are just one of many forms of public-private partnerships. Nevada needs the legislative authority to enter into toll-related public-private partnerships to move the state forward.

Toll lanes and facilities have proven popular and effective with commuters in California, Utah, Oregon, Washington, Florida, Minneapolis, Denver, Dallas, Houston, and many other areas. Public-private partnerships can deliver toll projects in several ways. Utilizing a long-term lease public-private partnership, the private partner may finance, design, build, operate, and/or maintain a facility for a period of years in exchange for rights to project-related income generated. In another approach, the state could retain such project-related income and pay the private partner a set amount for a number of years based on facility performance.

There are many forms that toll facilities could take in Nevada:

- New toll roads
- New toll lanes as an addition to an existing facility
- Toll bridges or other toll transportation facility



### How Modern Toll Facilities Work

Here are some potential characteristics of how a managed toll facility project could work in Nevada.

**Electronic Tolling-** Electronic tolling systems allow tolls to be collected continuously at highway speeds, helping to keep traffic moving smoothly and avoiding the construction and maintenance of toll booths.

**Carpool, Transit and Emergency Vehicles Travel Free-** Public transit and emergency vehicles, as well as preregistered carpools with a certain number of occupants, could use toll facilities free of charge or at a discount. Over and above very important safety benefits, this could lead to increased ride-sharing and transit use in certain areas.



**Enforcement-** Nevada law enforcement agencies would enforce the use of toll facilities. Automated electronic and visual means could be used to reduce the number of violators illegally using toll facilities, while any personally-identifying data would be secure and only used for toll collection and enforcement.

**Congestion Pricing-** For managed lanes projects, solo drivers and non-carpool vehicles could choose to access the toll facilities for a charge. This By more than two to one, Americans prefer tolls

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charge could be placed by motor vehicle type or according to time of day and corresponding amount of congestion, with travel during less-congested times being charged less. These congestion-related fees spur travel during less-congested times; thus stabilizing traffic flow and maximizing roadway capacity.

## Toll Lanes Across the U.S.



over gas tax increases as a method of paying for new roads. 84% of Americans feel tolls should be considered project-by-project or as a primary source of transportation revenue.

- *HNTB Corporation Poll*

On State Route 91 in greater Los Angeles, the 91 Express Lanes were the first privately-funded tollway built in the U.S. since the 1940s. Today, the two toll lanes carry twice as many vehicles per lane than the four neighboring general purpose lanes during peak times at speeds up to four times faster.

- [www.sr91project.info](http://www.sr91project.info)

Nearly 80% believe toll roads are a quick, stress-free

way to get around Orange County and 76 percent believe toll roads have helped relieve local traffic.

- *The San Joaquin Hills Transportation Corridor Agency / The Foothill/Eastern Transportation Corridor Agency*

## Beyond Toll Facilities: PPPs in Nevada

Bringing private capital to benefit the citizens and state of Nevada is not new. The state has a history of improving both urban and rural life through partnerships between the public and private sector.



### Other Innovative Financing Sources

**Nevada currently has authority to utilize these funding methods for state transportation**

**TIFIA Loans:** The federal Transportation Infrastructure Finance and Innovation Act (TIFIA) program provides direct loans, loan guarantees, and standby lines of credit to finance surface transportation projects of national and regional significance. TIFIA can help advance qualified, large-scale projects that otherwise might be delayed or deferred because of size, complexity, or uncertainty over the timing of revenues.

**Private Activity Bonds:** Private activity bonds are a form of tax-exempt bond financing issued on behalf of state or local governments for privately-developed/operated projects that provide private entities with access to rates that are close to municipal tax-exempt interest rates.

**Developer Financing:** A type of financing in which a private entity finances the construction of a public facility that allows or enhances access to the private entity's property, such as an interchange.

**State Infrastructure Bank:** The National Highway System Designation Act of 1995 authorized state transportation departments to establish state infrastructure banks to provide flexible, short-term financing to public entities and public-private partnerships for the purpose of accelerating the delivery of transportation projects. Section 129 of Title 23 U.S.C. allows federal participation in a state loan to support projects with dedicated revenue streams, such as toll revenue.

**Pass Through/Shadow Tolls:** Per-vehicle or per-vehicle-mile tolls paid by a public agency to a private concessionaire as reimbursement for services such as road finance, design, construction, operation and/or maintenance. These tolls are paid by the state or local government instead of individual drivers.

**Availability Payments:** Payments made by a public agency to a private project sponsor based on project milestones and/or facility performance standards.

**Nevada would need legal authority to utilize these funding methods for state transportation**

**Direct User Charges (tolls/transit fares):** Direct user charges can be used to help finance projects delivered through public delivery or pursuant to public-private partnerships.

**Toll Revenue Bonds:** Certain bonds can be secured by toll revenue. Public projects are typically constructed using bond proceeds. Toll revenue bonds can be issued for toll facilities and are then repaid using toll revenue.

**Private Equity/Shareholder Equity/Private Debt:**

A private entity, such as a concessionaire, contractor or the capital markets could contribute to a project, with the terms tailored as appropriate for the specific project.

**VMT (Vehicle Miles Traveled):** A VMT system charges users by the number of miles driven instead of gallons of fuel purchased. This is not an additional tax. It is a potential replacement for current fuel taxes that have fallen to insufficient levels due to inflation, new fuel-efficient vehicles, and other reasons.



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