

Public v. private toll roads: Here we go again



8:18 AM Wed, Jun 17, 2009 | [Permalink](#) | [Yahoo! Buzz](#)

[Michael Lindenberger/Reporter](#) | [Bio](#) | [E-mail](#) | [News tips](#)

Thanks, dear readers, for your engagement in the **toll road stories** we've been cranking out over the past few days. It's a big story, with implications for state and national policy makers as well as the balance in your checking account.

It's also a big story because there are so many angles to it, and so much that could be addressed in any given story. To address a few angles I've skimmed over, I spent some time over my not-quite-strong-enough morning coffee. **If I've left out something you think important, let me have it in the comments.**

Will the higher prices simply cause more drivers to avoid the tolls? Judging from our comments by readers like you, the answer to that is a resounding yes. But as I noted in an earlier story, NTTA's expert believe the revenue boost will more than compensate for the folks who opt out of the toll roads. That's certainly a position the Regional Transportation Council has held for years, which has urged NTTA to raise its rates for years. But there's other evidence, too. I spoke to Walter Lowe yesterday. He's the one quoted as in the **shorter of today's stories**, saying that he and his wife already pay \$160 a month for tolls. "If you raise the tolls, we will be forced to abandon the tollway completely. We just can't afford it anymore." But he also told me that driving on Highway 121 saves his wife 30 minutes each way, every day. And his commute would be lengthened by about 20 minutes. For now, he said, they'll simply have no choice but to suffer the longer commute--a \$50 increase in tolls is simply more than their budget can bear in these times.

But I wonder, how many of us would pay \$25 each a month to save an hour a day on commute? My hunch is that over time Walter and his wife will find a way to fit in the extra \$50, or at least try very hard to do so.

After all, once the economy improves, traffic will grow right back where it was before, and keep growing. The region's infrastructure will not have improved, and the commutes for folks like the Lowes will only be worse. (update: For additional thoughts on this issue, see the comments below.)

Wouldn't NTTA be out of this jam if it simply did a better job making the scofflaws who use its roads for free pay? We've seen a lot of comments like this on the blog, and in the emails I get from readers. And here's what I can tell you about that: NTTA has a significant problem on its hands collecting fares from drivers who do not have a toll tag, and who simply ignore the mailed notices they get asking for payment.

I sat in on a meeting with the top officials from NTTA at the Editorial Board yesterday, and chairman Paul Wageman, vice chairman Victor Vandergriff, and new executive director Allen [Clemson](#) all took questions on this score. Here's the skinny:

- Most drivers on NTTA roads have toll tags, and therefore pay their tolls upfront. But not as many as they'd like. On Sam Rayburn Tollway, for instance, 77 percent of drivers have tags, not the 85 percent they'd expected by now.
- For those without tags, tolls are either paid in cash at the remaining toll booths, or by mail. The latter are the folks who drive through the toll gantries without tags, and are spotted by cameras. NTTA sends a letter asking for payment.
- Of those people, more people don't pay than do, said vice chairman Vandergriff.
- There are so many who don't pay, that the cases have completely piled up, swamping the administrative courts in Collin County where there are head. Some 13 million delinquent toll transactions are awaiting collection, but simply can't be processed quickly enough in the courts. At an average of 70 cents each, that's some \$9 million NTTA is owed, but can't collect.

- We'll write more about this because there's a lot more to say here. But a parting thought: As bad as the problem is now, it's likely to get better as more and more people get toll tags. One board member proposed Tuesday to make tolls twice as expensive for non-tag users -- a steep incentive to get the tags.

It looks like NTTA is raising its rates to cover debt payments on Highway 121. Isn't that what proponents of letting a private firm build the road said would happen?

Yes it is. Gov. Rick Perry and Ric Williamson, his old friend who ran TxDOT at the time, and legions of others tried hard to keep NTTA from building this road. They wanted a private firm, Cintra, to build it instead. They wanted that for a lot of reasons that I don't have to time to go into, but one argument they and others, including Regional Transportation Council director Michael Morris, gave at the time was that NTTA would be putting taxpayers (ie: toll payers) at risk by taking on the big project.

After all, if Cintra got in over its head, it would simply go out of business or, far more likely of course, default on its contract.

All that is true, but it's not the full story, either. And it's why this remains a policy debate that has yet to be fully settled, not here, not in Austin and not in Washington. It's also why the business and policy world watched Texas so closely during the tense standoff over 121 two years ago.

For one thing, the "risk" in Highway 121 was only a risk at all because the people of North Texas wanted to squeeze every penny they could out of future tolls to spend now. The road will be profitable for decades, and hugely so. But we wanted the cash up front so badly, that we demanded that whoever built it borrow hugely against future tolls to give us the cash now. So it is hardly NTTA alone who bears responsibility for any problems the deal poses now. (And that money, by the way, remains in Austin mostly unspent even now, two years later -- despite the best efforts of the RTC to do so.)

But we asked Paul Wageman yesterday: What would have happened if Cintra had won the deal. Here's what he said -- and, despite his obvious interest here, it's a good place to start. Wageman said, if Cintra had bought the contract, this is what would have happened:

They would have borrowed a great deal of the upfront payment at higher interest rates than NTTA's credit (and more conservative guesses about traffic) allowed it to do so. Having banked on far more optimistic toll numbers, Cintra would be feeling far more pain than NTTA is at the moment.

The company would have been faced with possible default already, or soon, and asked TxDOT to renegotiate its terms to allow for higher toll rates. If they didn't get that, they would have been faced with possibly defaulting.

Then Texas gets the road, but Cintra's creditors would have the rights to toll collections there for nearly 50 years. They would have raised toll rates.

I haven't checked with Cintra, or with lawyers and others, to verify the details of the default scenario Wageman painted, and I will when I get some time to do so. But for now I think he raised at least a valid set of reasons why it's not such an open and shut case whether Cintra would have been a better choice.

The tsunami that has hit Wall Street, and corporate earnings everywhere, hit Cintra and other toll operators too. (For a quick take on pressures on the giant conglomerate that owns 67 percent of Cintra stock, [read here](#).) It's not clear that Cintra would be feeling anything but extreme regret had it borrowed the billions it had planned to raise to pay for SH 121.

More on this later, but meanwhile, your thoughts and suggestions are welcome.