

## **Southwest Parkway and Texas 161 toll road projects clear big hurdle**

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AUSTIN — A deal approved Thursday all but assures that the proposed Southwest Parkway toll road in Fort Worth will be under construction later this year.

The Texas Transportation Commission agreed to use the state's gas taxes as collateral on two projects being developed jointly — Southwest Parkway and Texas 161 in Grand Prairie — even though those projects are toll roads.

The move, approved Thursday morning by a voice vote, could tie up highway funds normally used on nontoll projects for years. Nonetheless, it strongly improves the chances that the first eight miles of Southwest Parkway, from Interstate 30 near downtown Fort Worth to Dirks Road on the city's southwest side, will be under construction by the end of the year and open by mid-2013.

Officials from the Texas Department of Transportation and the North Texas Tollway Authority agreed that the two roads would be developed together and would share revenue until each was paid for.

"I believe there is less risk doing the projects together than doing the projects separately," said state Rep. Rob Orr, R-Burleson, who spoke to the commission along with state Sen. Wendy Davis, D-Fort Worth.

Still, Thursday's action was a preliminary step. Over the next 30 days, both sides must hammer out specific legal language to make the agreement stick.

### **Key question**

A crucial question is whether the agreement can be structured to pass muster with bondholders, who may not approve of combining finances for the two projects and may insist that their investments be restricted to one road or the other.

The Transportation Department also wants an assurance in the contract that the tollway authority will release the state's gas tax fund — Fund 6 — as collateral as early as possible.

Commissioner Ned Holmes of Houston expressed doubt that the two sides could agree on language that satisfies that concern by Feb. 28, the tollway authority's deadline for deciding once and for all whether to take over the Texas 161 project.

Texas 161 runs parallel to Texas 360 in Arlington and is expected to be a main path to Cowboys Stadium, especially for fans coming from north Dallas.

"I don't know how you'll be able to do that in the next 30 days," Holmes said. "It's been going on for some time now."

Still, with the state's highway fund as a backstop, the North Texas Tollway Authority expects to get a much higher credit rating on the bond market. As a result, it will enjoy a better interest rate

— and will raise about \$400 million more for the project through bond sales than would have otherwise been possible.

Despite that infusion of \$400 million, there is still a \$300 million funding gap between the estimated cost of the projects and the amount of revenue the tollway authority can raise.

### **Funding gap**

The long-term risk for Texas taxpayers is that if either toll road project struggles financially at any time during the next four decades, the state may have to dip into its gas tax reserves to help the tollway authority pay its debts.

The arrangement — a toll equity loan — could tie up millions of dollars a year in highway funds that otherwise would be spent on nontoll projects.

Transportation commissioners originally opposed taking that risk but ultimately decided to go along with it. The alternative, they noted, was to not build Southwest Parkway.

In recent years, lawmakers have severely restricted the Transportation Department's ability to build its own toll projects — especially if private developers were involved. In Dallas-Fort Worth, the tollway authority, which is a public agency, has first dibs on any project, according to state law.

"The tools that have been taken away from this agency need to be returned so we can be creative in our delivery," said Deirdre Delisi of Austin, the Transportation Commission chairwoman. "There's only so much capacity we have. It ties our hands for future projects."

Meanwhile, the North Central Texas Council of Governments, the Dallas-Fort Worth area's official planning body, is searching for other funding sources to close the \$300 million gap, transportation director Michael Morris said.

One option is securing a federal transportation infrastructure loan, although that's considered a long shot. Another could be a state infrastructural bank loan, although that source likely wouldn't be available until September at the earliest.

"We've got 30 days to close a \$300 million gap," Morris said.

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