



Public-Private Partnerships: A Contractor's Perspective

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**National Surface Transportation Policy
and Revenue Study Commission**
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Outline

Kiewit Corporation

Transportation PPP Experience

PPP Lessons Learned

Recommendations

Wrap-up



Kiewit Corporation

Kiewit Corporation



General contractor since 1884

Owned entirely by active employees

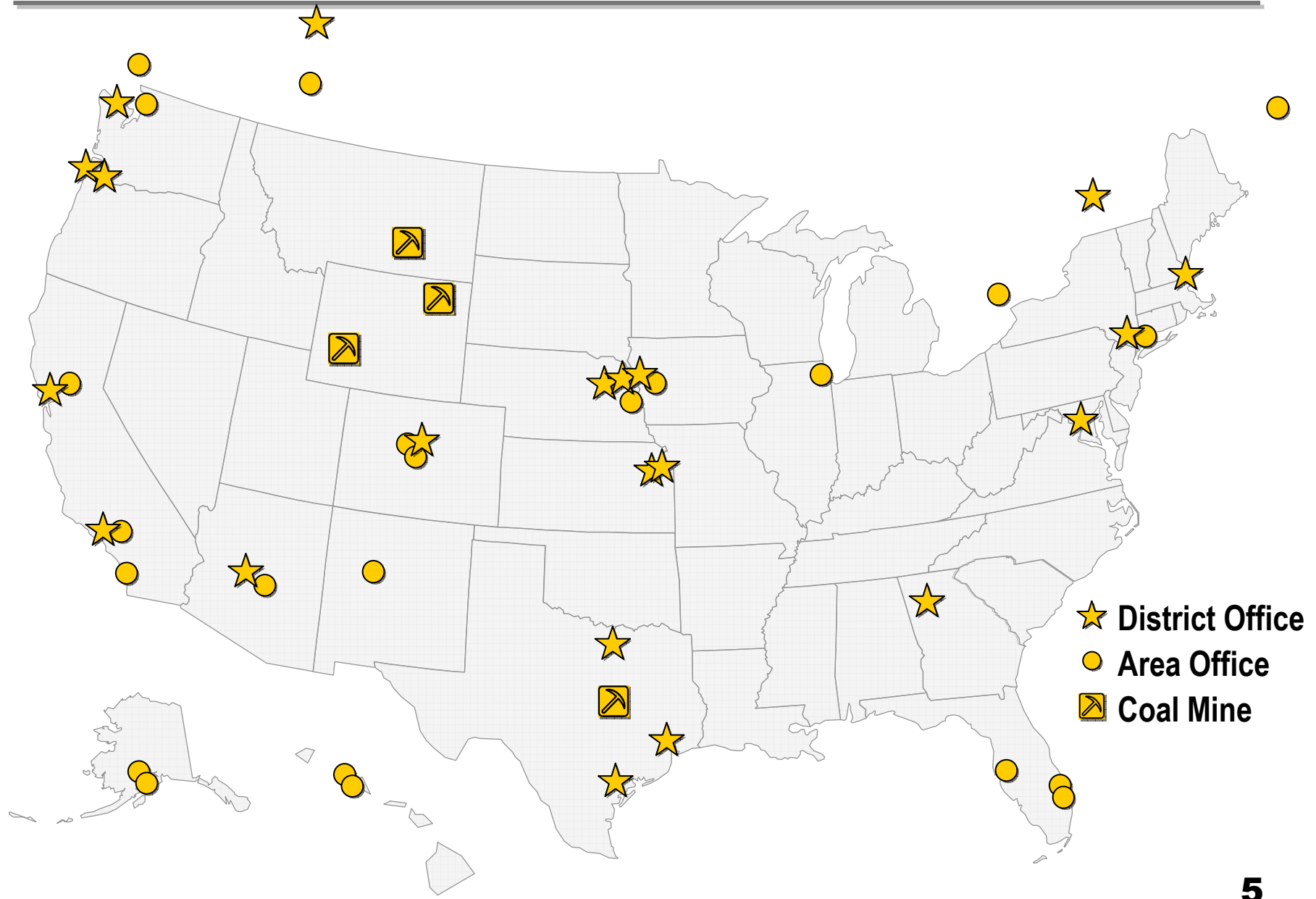
Over \$4 billion in revenue

Nation's largest equipment fleet

Committed to

- **Safety**
- **Quality**
- **Training**

Facilities Across North America



2005 Industry Rankings

***Engineering News-Record* magazine**

8th Overall

2nd Transportation

2nd Highways

1st Bridges

2nd Transit

***Fortune* magazine**

“Most Admired Firms” in construction industry

Interstate Highway System



Tulsa, Oklahoma

I-25 Reconstruction (T-REX)



Denver, Colorado

San Francisco-Oakland Bay Bridge



Oakland, California

I-40 Repaving



West Memphis, Arkansas

I-10 Emergency Bridge Repair

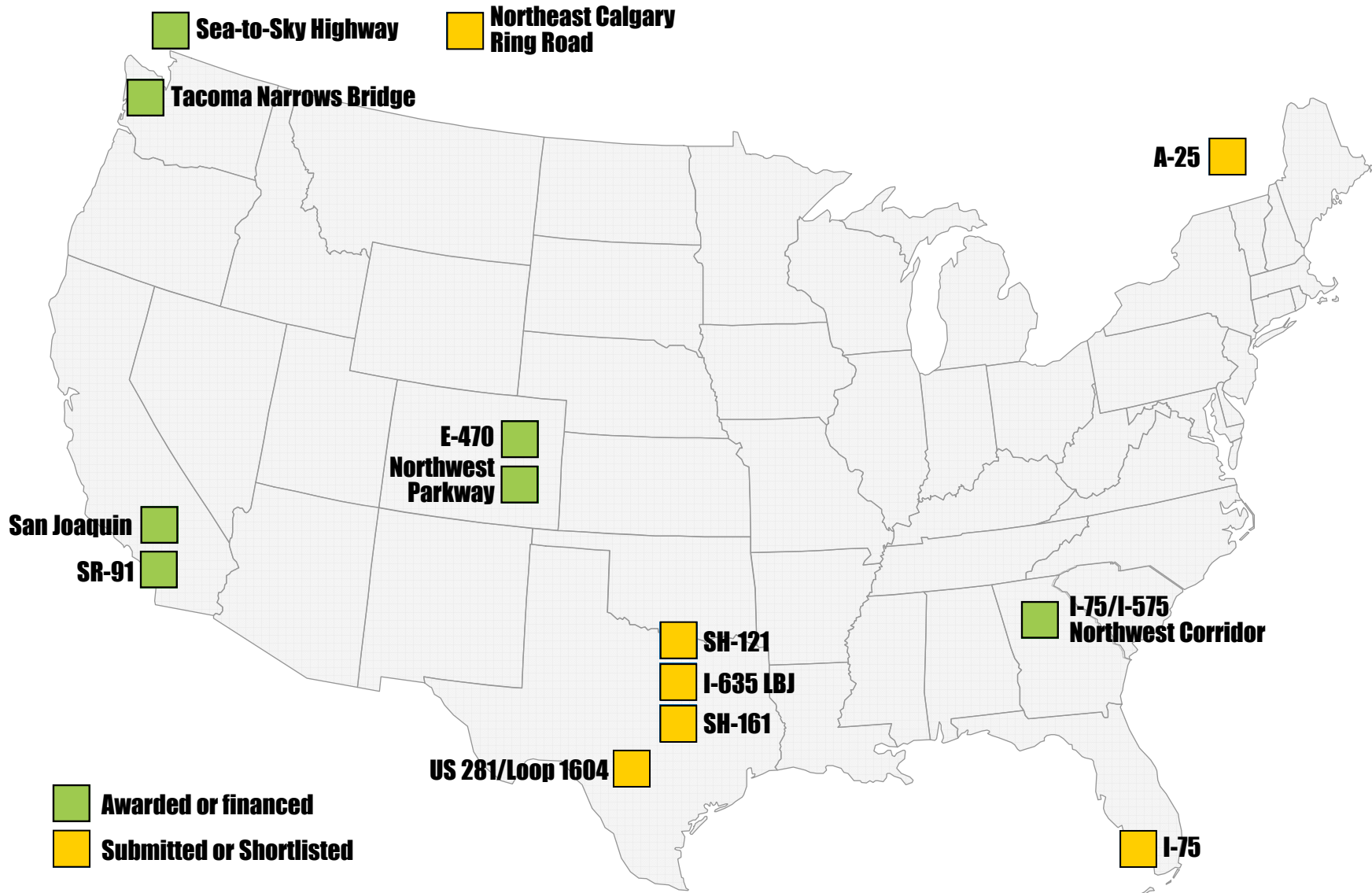


Escambia Bay, Florida



Transportation PPP Experience

Kiewit Transportation PPPs



SR-91



Orange County, California

SR-91 Firsts

First toll road privately financed in U.S. since World War II

World's first fully automated toll road

First use of time-of-day “value” pricing



Transponder



Variable Toll Rate Sign

91 Express Lanes Toll Schedule
Effective October 1, 2006
Eastbound 55 to Riverside Co. Line

	Sun	M	Tu	W	Th	F	Sat
Midnight	1.15	1.15	1.15	1.15	1.15	1.15	1.15
1:00 am	1.15	1.15	1.15	1.15	1.15	1.15	1.15
2:00 am	1.15	1.15	1.15	1.15	1.15	1.15	1.15
3:00 am	1.15	1.15	1.15	1.15	1.15	1.15	1.15
4:00 am	1.15	1.15	1.15	1.15	1.15	1.15	1.15
5:00 am	1.15	1.15	1.15	1.15	1.15	1.15	1.15
6:00 am	1.15	1.85	1.85	1.85	1.85	1.85	1.15
7:00 am	1.15	1.85	1.85	1.85	1.85	1.85	1.15
8:00 am	1.50	1.85	1.85	1.85	1.85	1.85	1.85
9:00 am	1.50	1.85	1.85	1.85	1.85	1.85	1.85
10:00 am	2.30	1.85	1.85	1.85	1.85	1.85	2.30
11:00 am	2.30	1.85	1.85	1.85	1.85	1.85	2.30
Noon	2.70	1.85	1.85	1.85	1.85	2.80	2.70
1:00 pm	2.70	2.55	2.55	2.55	2.80	4.35	2.70
2:00 pm	2.70	3.70	3.70	3.70	3.80	4.35	2.70
3:00 pm	2.30	3.95	3.95	4.20	4.20	8.50	2.70
4:00 pm	2.30	6.65	7.25	7.75	8.50	8.50	2.70
5:00 pm	2.30	5.90	7.75	8.50	8.50	7.25	2.70
6:00 pm	2.30	3.95	4.70	4.20	5.00	4.75	2.30
7:00 pm	2.30	2.80	2.80	2.80	4.00	4.40	1.85
8:00 pm	2.30	1.85	1.85	1.85	2.55	4.00	1.85
9:00 pm	1.85	1.85	1.85	1.85	1.85	2.55	1.85
10:00 pm	1.15	1.15	1.15	1.15	1.15	1.85	1.15
11:00 pm	1.15	1.15	1.15	1.15	1.15	1.15	1.15

Toll Schedule

San Joaquin Hills Transportation Corridor



Orange County, California

Tacoma Narrows Bridge



Tacoma, Washington

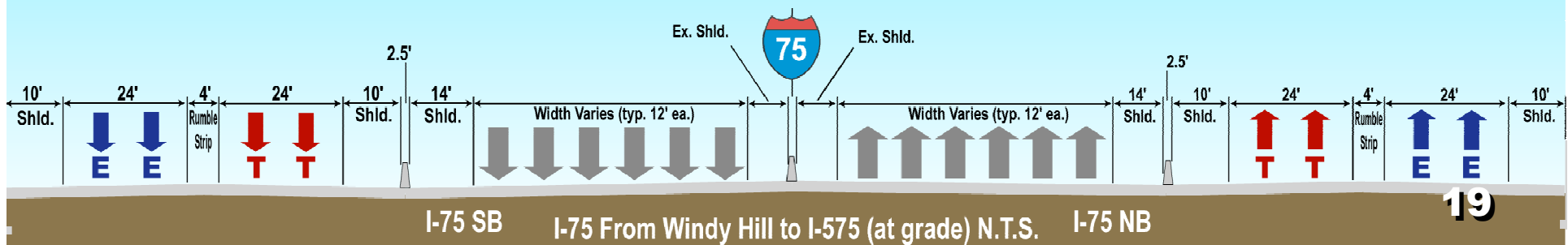
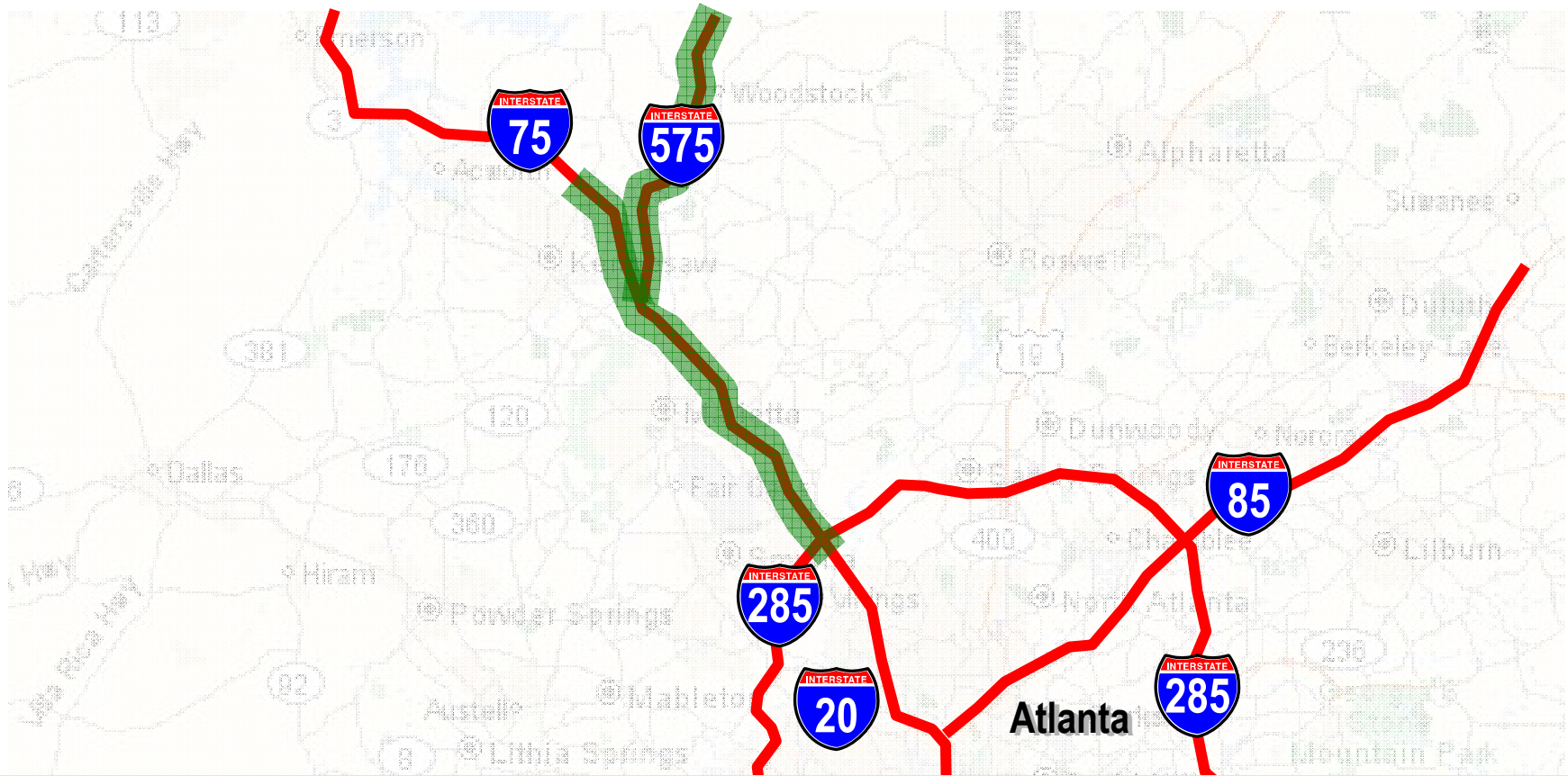


Sea-to-Sky Highway



Vancouver, British Columbia

Northwest Corridor (I-75/I-575)





PPP Advantages

Accelerate high priority projects

Leverage private-sector expertise

- Design-build
- Innovative concepts and technologies
- Longer-term, life cycle mindset

Take advantage of more creative financing options

- Private equity
- Flexible debt structures
- Depreciation

PPP Procurement Types

Selection methods

- Qualifications-based
- Indicative financing and prices
- Fully-committed financing, capital and O&M prices

Costly, Time-Consuming, Risky Deals

Every project and procurement process different

- Documents vary widely among states
- Each deal carefully negotiated
- Most documents “hand-hewn”

Long gestation periods

Costly, Time-Consuming, Risky Deals (cont'd)

Often very political

- Tolls
- Toll booths
- Environmental issues
- Private control of public assets



Costly, Time-Consuming, Risky Deals (cont'd)

Non-recourse financing

- Special-purpose entities
- Limited contingency funds
- Heavy liquidated damages

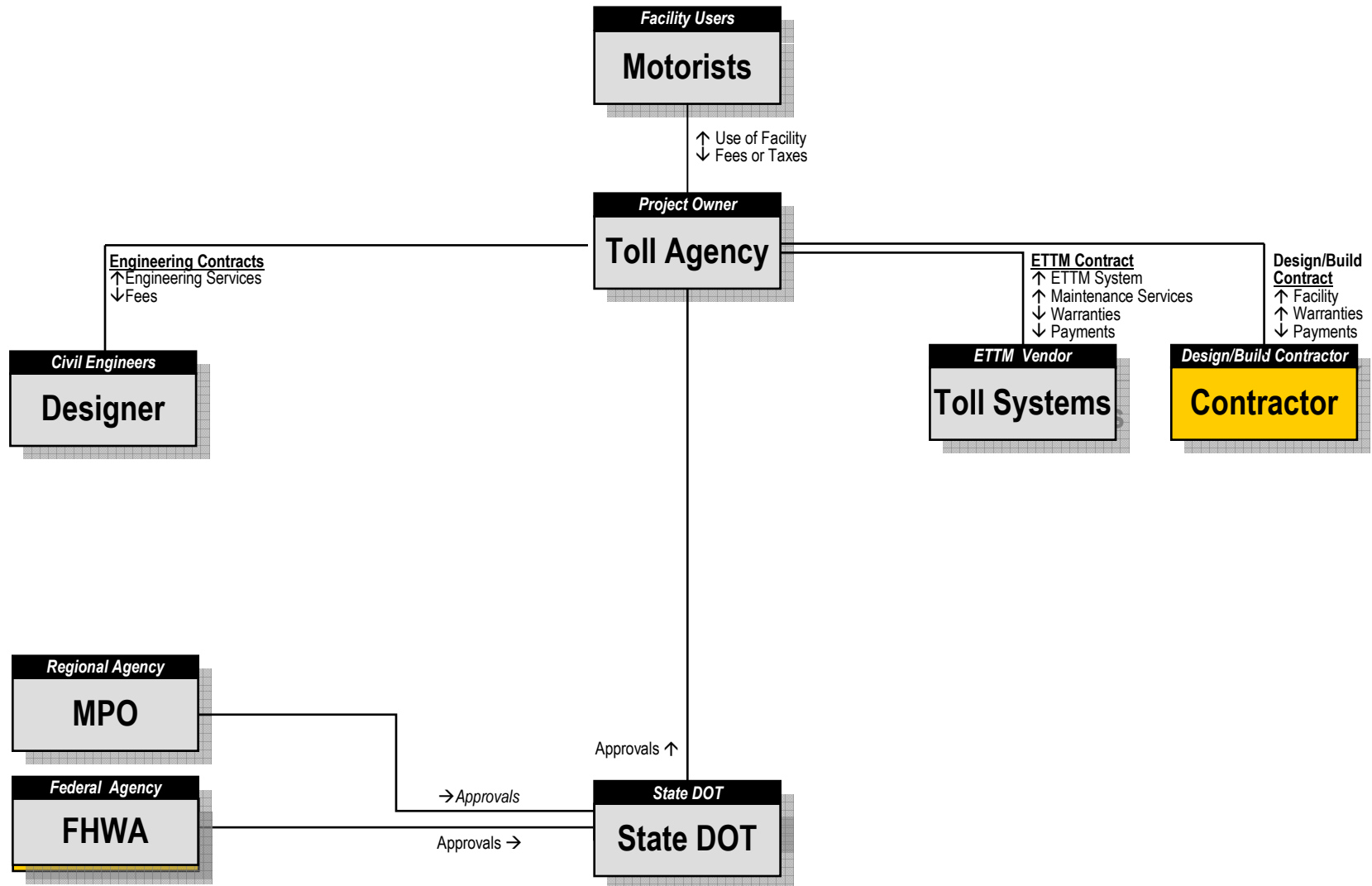
Increased construction risks

- Differing site conditions
- Utility relocation

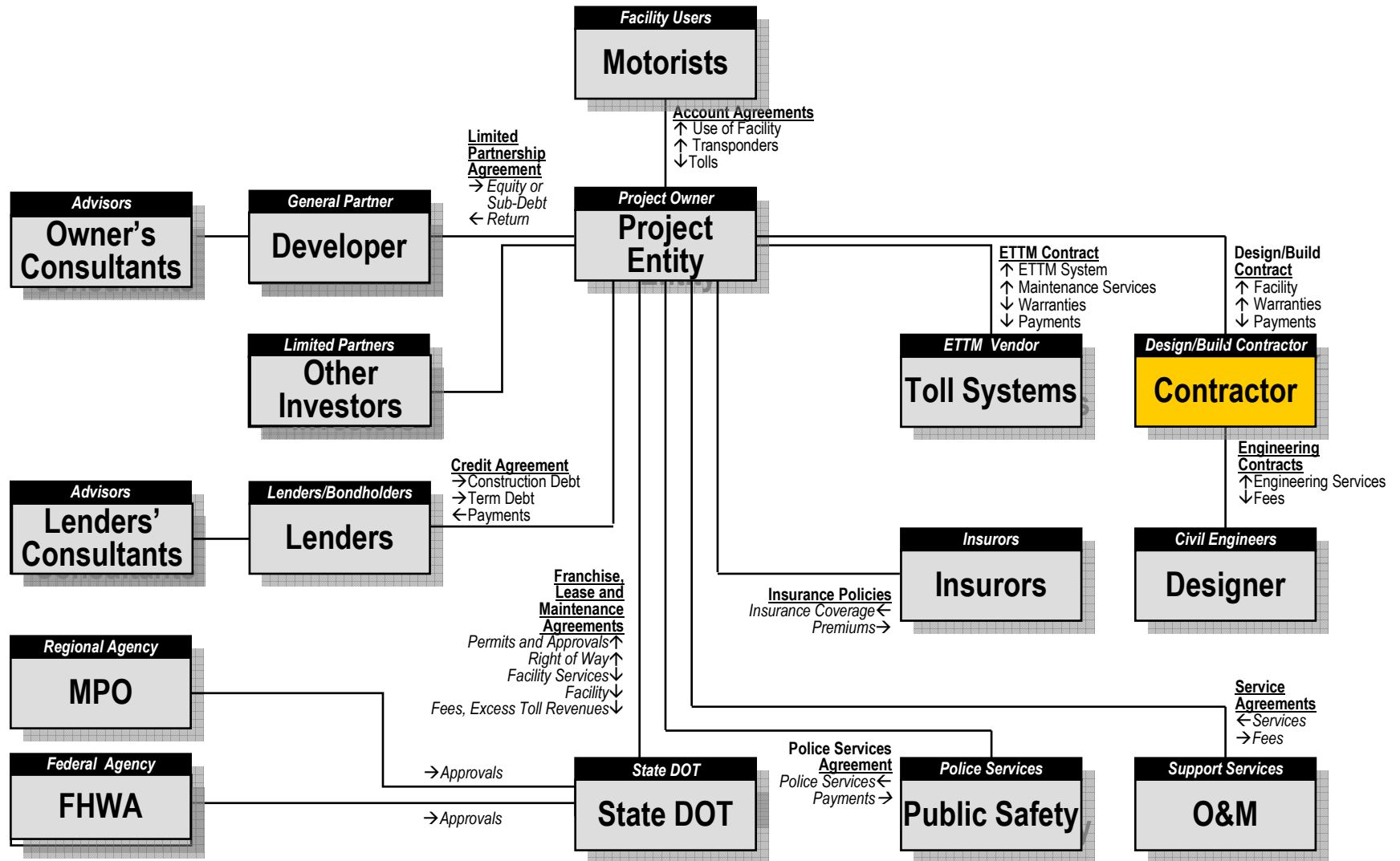
More team members to coordinate



Traditional Design-Bid-Build Procurement



PPP Toll Road (Simplified)





PPPs Not a Panacea

Not all transportation projects suitable for tolling

Not all toll roads suitable for PPP's

Not all PPP's are toll roads

Preserve and enhance existing revenue streams

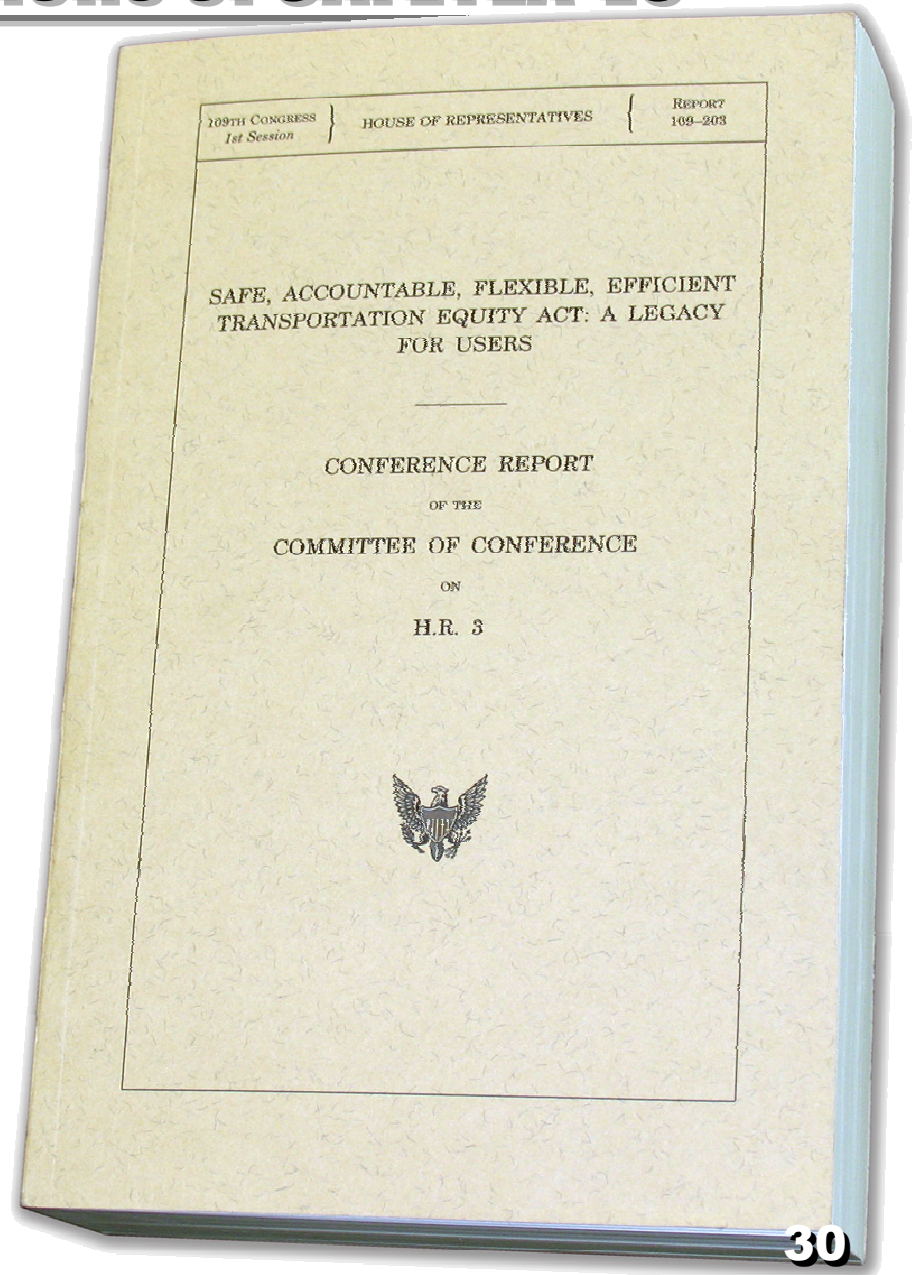
Build on Key PPP Provisions of SAFETEA-LU

Finance

- Increase availability of private activity bonds
- Expand TIFIA program

Tolling

- Eliminate restrictions on interstate tolling
- Allow states to convert HOV lanes to toll lanes



Encourage States to Embrace PPP's

Pass strong enabling legislation

Evaluate all proposed facilities first for viability

Blend public and private funds where appropriate

Solicit PPP proposals for all toll-viable projects

Provide Maximum Technical Flexibility

Encourage experimentation

- Tolling methods
- Pricing approaches
- Improved materials and techniques

Encourage innovative delivery methods

- Design-build
- Finance-design-build
- Finance-design-build-operate-maintain

Encourage metropolitan planning organizations to improve timeliness and accuracy of transportation, land use and demographic data



Wrap-up

Wrap-Up

Wide variety of PPP project types and procurement methods

Pursuit can be costly, time-consuming and risky

PPPs will accelerate delivery of major projects

PPPs not a panacea, but an important tool in our toolbox

Identify additional funding resources



Kiewit