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Toll authority wants state aid for 2 big North Texas projects

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The [North Texas Tollway Authority](#) voted unanimously today to seek help from the Texas Department of Transportation to build two major toll roads.

The two projects together would cost nearly \$3 billion and, for the first time, would give the toll authority a major presence in Tarrant County.

The two long-promised roads -- State Highway 161 in Dallas County and the Southwest Parkway in Tarrant County -- would cost more than NTTA can afford without significant assistance by the state. SH 161 is already partially open to traffic; construction on Southwest Parkway could begin within six months.

NTTA has about \$400 million of its own money to invest in the two projects, and will have to borrow the remaining costs.

But because the economic slowdown has greatly lowered the amounts lenders will loan against future revenues on toll roads, NTTA needs help to secure the necessary funds.

That help from the state would come in two forms.

First, for both projects, NTTA needs a co-signer to secure loans big enough to cover the costs associated with the roads. It wants the state to pledge part of its gasoline tax collections as a backstop.

Those gas-tax funds would be used only if revenues from the roads proved insufficient to cover debt payments. Officials at both NTTA and the Regional Transportation Council, an arm of the North Central Texas Council of Governments, have said repeatedly that they do not expect revenues to fall that low, and that if they did, collections would soon recover.

Nevertheless, state transportation officials have until now been reluctant to backstop both projects, citing the unpredictability of toll projections.

The second, and far more substantial, assistance NTTA is seeking from the state is a promise to loan NTTA \$300 million from the new Texas State Infrastructure Bank. That money would be used for the Southwest Parkway should NTTA fail to secure a special federal loan it would seek first.

Prospects for the federal loan are slim, experts told the board today. And without a state promise to lend the \$300 million, NTTA would be hard-pressed to finance the Southwest Parkway, the experts said.

The Texas Transportation Commission is set to decide next week whether it will act as co-signer for the two projects, and NTTA officials are hoping it will also commit to making the \$300 million loan, if needed, for the Southwest Parkway.

Christopher Lippincott, spokesman for the agency in Austin, said the commission is committed to helping NTTA build both projects, and that top-level staff members have been engaged in weeks of negotiations toward that end.

"Everyone is focused on getting a deal," Lippincott said. "Folks worked through the holiday weekend and we have every confidence that we can work together to advance both these projects in a timely and successful way."

NTTA must, in turn, vote before Feb. 28 on whether to take on Highway 161. It has scheduled a Feb. 26 meeting of the board of directors to make that decision, which would final, just ahead of the deadline.

Some NTTA board members are worried that a vote on Feb. 26 to proceed on Highway 161 -- a move that would require NTTA to spend all but a sliver of its \$400 million in equity on that road -- would jeopardize its capacity to build Southwest Parkway. By using the equity on SH 161, NTTA would leave the financing for Southwest Parkway contingent upon getting either the federal loan -- seen as unlikely -- or the \$300 million loan from the state.

But the state loan may be hard to nail down by Feb. 28, no matter how supportive of the projects the transportation chiefs are. The State Infrastructure Bank, designed to help fast-forward toll projects throughout Texas, was created last year by the Legislature, which also directed that \$1 billion in bonds be sold to fund it. But no formal rules for the program -- nor directions on how regions throughout the state can apply -- have been created. Competition for the funds is likely to be intense.

NTTA board member Bob Day conceded that an ironclad certainty about funding for the Southwest Parkway may not be possible by the time the board must decide whether to go forward with SH 161.

"At some point, we're just going to have to take a leap of faith," he said.

That worries some of his colleagues, particularly those from the western side of the region.

Board member David R. Dennison of Denton County said if he had to choose between the two projects, he'd choose the Southwest Parkway.

And vice-chairman Victor Vandergriff of Arlington, while eager to build both, said he's uncomfortable with the lack of certainty. "I've worked hard for 17 months now to secure both projects," he said. He added that it's essential that the board be given a side-by-side comparison of how it might use its equity, should it be forced to choose between the two toll roads.

"We're never going to get absolute certainty, but trying to make everyone feel more comfortable that that leap of faith is not just a leap into the air with nothing for support, that is what we're doing here today," Day said.

Board member Alan Sims of Dallas County said he hopes the board doesn't get into a fight over which of the two projects to fund. "I think that deciding to do one over the other would be very divisive for the board," he said.

Broad consensus among board members is critical. NTTA rules require a supermajority -- eight of nine members -- to agree to move forward on any given project.

Even with the help from the state, NTTA would be making an enormous bet on traffic on both roads, should it move forward. It would be spending all the equity it can expect "in the foreseeable future," according to its financial advisers. It would also be using all of its available borrowing capacity, plus potentially exhausting its ability to tap into special loan programs designed by the federal and state government to help speed up big projects like these.

Day said the push for NTTA to borrow all it can is political in nature. Demands from local elected officials to build more roads to ease congestion create an urgency among NTTA to borrow everything it can.

"If it were not for those considerations, we'd slow down and simply wait to build these roads until they are so traffic-clogged that we'd know the traffic and revenue would be there for us," he said.