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Tollway authority, state near deal on funds for Southwest Parkway, Texas 161

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AUSTIN — The North Texas Tollway Authority would get an extra \$400 million from the sale of top-rated bonds if the Texas Transportation Department agrees to back the debts for the Southwest Parkway and Texas 161 toll roads, officials said Wednesday.

Co-signing on the tollway authority's debt would improve the agency's credit rating, which in turn would lead to lower interest rates and a savings of \$400 million, officials said during a Texas Transportation Commission workshop Wednesday.

But even with extra cash from a bond sale, the authority might need to tap into the state's gas tax funds — potentially diverting millions of dollars a year from other nontoll highway projects — if the toll roads were to fall short of financial expectations.

Vote expected today

Today, commission members today plan to consider whether to enter into such a deal with the North Texas Tollway Authority in an effort to expedite construction of the Southwest Parkway. The 8-mile-long, \$1 billion toll road from downtown Fort Worth to the city's southwest side could be under way before year's end.

Several commissioners expressed discomfort during the workshop because the deal, as currently drawn, has no limit to the state's responsibility. At any time during the life of the bonds — often a period of nearly 40 years — the Transportation Department could be called upon to provide a loan, backed by state gas taxes, to ensure the tollway authority pays its bills.

"I would prefer that TxDot have an upfront amount of capital put up for exposure instead of an uncertain amount," said Commissioner Ned Holmes of Houston. Holmes and other commissioners also expressed concerns about how the deal might affect their own ratings for bond projects authorized by the Legislature.

Tapping the gas tax

Officials on both sides were still working on language late Wednesday to address those concerns.

The deal could get preliminary approval today during the commission's monthly meeting in Austin — with final approval coming in late February.

The gas tax funding would likely never be used, and would be tapped only in a worst-case scenario after several other funding alternatives had been used, said Allen Clemson, executive director of the tollway authority.

Even so, the state's backing is needed because bondholders want protection from factors that could lead to a drop in toll revenue. Factors could include construction delays, or traffic counts that fall below expectations.

Striking a deal to build Southwest Parkway is also favorable to the future of Texas 161 east of Arlington, a toll road designed to be a major reliever route for Texas 360 and a gateway to Cowboys Stadium in Arlington.

Texas 161

The projects have been financially linked at the insistence of the Regional Transportation Council, the Metroplex's official planning body, in an effort to ensure that both long-overdue roads get built without further delays.

While Texas 161 is expected to generate more than enough money to cover expenses, Southwest Parkway will likely generate only enough traffic to cover a portion of its costs.

One reason is that earlier this month Fort Worth officials persuaded everyone involved to keep a 50 mph speed limit on a section of Southwest Parkway from Arborlawn Drive to Interstate 30 — a low speed limit meant to ensure that traffic noise has a minimal impact on nearby serene neighborhoods, Fort Worth Councilman Jungus Jordan said.

But that lower limit also has an impact on Southwest Parkway's moneymaking ability. Toll road planners had asked Fort Worth officials to consider a 60 mph speed limit to increase the number of cars on the road and therefore raise revenue for the project.

Even with some of the speed bumps that emerged Wednesday, John Barton, state Transportation Department assistant executive director, said they were close to making a deal.

"We have reached what we believe is an agreement that all parties believe is fair and at the same time minimizes the state funding put at risk," Barton said.

Proposed agreement The tollway authority would pull \$400 million from the balance of its tollway system, and make that money available only for Texas 161 and Southwest Parkway. That money would be in addition to the \$400 million generated by having the state co-sign on debts.

The Regional Transportation Council would allow \$91 million already set aside for the project to remain, although the money is only programmed in and won't be available until 2015 at the earliest.

The projects would share revenue until both were paid off, which typically takes 36 to 38 years. Language would be included in the deal encouraging the tollway authority to buy out the Transportation Department — and therefore eliminate the need for gas tax backing — at the earliest possible time.

Before seeking gas tax-supported funds, the authority would consider raising its tolls during peak travel periods to increase revenue.

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