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Infrastructure PPPs riskier than ever, some lawmakers say

If ever there was a time for the U.S. DOT and state governments to be cautious about leasing public infrastructure to private investors, it's during financial uncertainty, two top lawmakers said Tuesday, Nov. 4.

Rep. James Oberstar, D-MN, chairman of the U.S. House Transportation and Infrastructure Committee, and Rep. Peter DeFazio, D-OR, chairman of that Committee's Subcommittee on Highways and Transit, sent a letter to U.S. Transportation Secretary Mary Peters, urging her to tighten up the guidelines and develop stricter criteria for public-private partnerships for infrastructure.

Peters is fresh off an announcement on Friday, Oct. 31, that the Department of Transportation had created a new office to assist states with congestion pricing, tolling and public-private partnerships.

Oberstar and DeFazio stated that they understand that the private sector plays an important role in infrastructure but caution against the DOT's shift toward more public-private partnerships as a policy or solution to funding shortfalls.

The two lawmakers refrained from mentioning specific public-private partnerships such as the Indiana Toll Road, Chicago Skyway or Dulles Greenway – the three largest PPP deals to date – but warned that long-term leases of infrastructure may not be in the best interests of the public, particularly during tough financial times.

“While no deal in the U.S. has collapsed to date, the lack of transparency and unacceptable level of risk assumed by these firms underscores the need for strong public interest protections to ensure that the public partner to these deals is not left responsible for bad business decisions, or that roadway users are not forced to pay artificially high tolls to meet investor revenue expectations,” Oberstar and DeFazio stated.

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