

Toll Revenue Financing 101

Public Financial Management, Inc.
300 South Orange Avenue
Suite 1170
Orlando, Florida 32801
407-648-2208
407-648-1323 fax





**Public
Investment**

**Capital
Costs**

**Revenue
Study**

*Financial Plan
and
Overview of Elements*

**Operations
& Maintenance**

**Private Project
Developer/Equity**

**Project
Revenue Debt**





**Socio-
Economic
Need**

**Construction
Issues**

**Revenue Study &
Net Revenues**

**Economically
Justified**

**Risk
Management
Plan**

**Public Support &
Public Interests**

*Elements
of
Credit*



Elements of Credit



- **Socio-Economic Need**

- Safety
- Environment
- Economic Development

- **Economically Justified**

- Efficient Transportation
- Generates Revenue
- Connecting Key Business/
Tourism/Trade Regions

- **Revenue Study**

- Should include Analysis of, or
reference to Socio-Economic Need
and Economic Justification
- Independent and Credible
- Bond Offering Disclosure

- **Construction & Operating Issues**

- Construction and O&M Cost Risks
- Lump Sum/Fixed Price Contracts
- Financial Strength/Performance of
Construction Team

- **Risk Management Plan**

- Environmental Mitigation
- Construction Completion
- Force Majeure/Builder's Risk
- Toll Collection Risks, especially with ORT

- **Public Support & Public Interest**

- State and Local Political Support
- Federal Agencies
- Public Equity/Funding for EIS, Design
and Engineering



Competition/
Choice

Base
Economy

Travel Cost
Comparison

*Revenue
Study
Elements*

Diverted
Ridership

Induced &
Generated Ridership

Market
Segmentation



Revenue Study Elements



•Competition/Choice

- Modal Analysis
- Competing Routes
- Origin and Destination Studies

•Base Economy

- Industries
- Economic Growth
- Demographic Trends

•Travel Cost Comparison

- Value of Time
- Time Comparison
- Stated Preference Surveys
- Cost per Mile Travelled

•Market Diversification

- Tourism/Leisure vs Commuter
- Local vs. Non-Local
- Commercial

•Diverted Traffic

- Justified by Savings/Cost Comparison
- Methodology for Projections
- Examples

•Induced & Generated Traffic

- Credit Sensitive
- Induced by Mitigation of Inconvenience
- Generated by Economic Development



**Revenue
Sources**

**Lien
Structure**

**Security
Requirements**

***Project
Revenue Debt
Structuring
Elements***

**Issuance
Timing**

**Credit
Enhancement**

**Private Sector
Enhancements**



Project Revenue Bonds



•Security Sources

- Net Operating Revenues
- State and Local Taxes
- Value Capture

•Bond Lien Structure

- Senior & Subordinate Debt
- Diversification of Product
- Short-Term/Long-Term Mix

•Security Requirements

- Capitalized Interest
- Coverage Ratios
- Reserve Funds

•Issuance Timing

- Interim Construction Financing
- Use Public Equity First
- Bond Best Credit First

•Credit Enhancement

- Federal Programs - TIFIA
- Special Tax Supplemental Pledge
- Bond Insurance/Letter of Credit

•Private Sector Enhancements

- Deferred Compensation
- Vendor Concessions/Parking
- Private Equity

Managing the Financing Process



Managing the Financing Process

