



Florida Department of Transportation-D-6 News Clip Port of Miami Tunnel Project

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Subject: **State seeks private financing for tunnel under seaport**

State seeks private financing for tunnel under seaport

By Charlotte Libov

The state hopes to finance a \$1 billion-plus Port of Miami tunnel through a partnership that would be among a few in the US - and possibly the first in Florida - to build a public project using mostly private funds.

Without a private partner, state officials say, a tunnel under Biscayne Bay linking the seaport with Watson Island wouldn't be feasible.

The plan is to develop a public-private partnership in a concession agreement between the Florida Department of Transportation and a business selected through competitive bidding.

"A public-private partnership is not the way it's been done in the US, but it will probably be the way major projects are done in the future," said Ric Katz, a project spokesman.

On Feb. 17, the transportation department requested statements of qualifications from bidders to design, finance, build and operate a tunnel. Bids are due March 31. They are to be reviewed and a short list of proposers culled by fall, with a choice made by year's end.

Although there's no way to know who will bid, Mr. Katz said, interest is high.

"From the day we had our industry forum back in December up to the day we advertised the RFQ (request for qualifications), we met with about a dozen interested parties. We've also been receiving phone calls referred to our contracts office. Most of the people calling are foreign concessionaires who are interested in the pre-qualifications," he said, adding that they would need to be state-certified to build the project.

He acknowledged that because of the current furor over the proposed move into six US ports including the Port of Miami by Dubai Ports World, a company controlled by the United Arab Emirates government, safety aspects had "crossed our minds."

"Since this is an infrastructure, it has nothing to do with security," he said, but he added that the state would have the opportunity to evaluate bidders from that standpoint.

"The tunneling industry is a very small one," he said. "We know who the bidders are likely to be."

A meeting for potential bidders to discuss the process is to be held from 1-5 p.m. Monday in the transportation department's main auditorium, 1000 NW 111th Ave. Those interested can pre-register at the project's Web site, www.portofmiamitunnel.com.

The tunnel is to link Interstate 395 and the MacArthur Causeway on Watson Island with port facilities on Dodge Island. The goal is to improve access to the port and siphon off some of the traffic that now snarls downtown Miami.

Javier Rodriguez, district director of transportation, said the call for bids is pivotal in determining whether the project is financially feasible.

"Since the early 1980s access into the Port of Miami has been a big issue, and environmental studies have concluded that the tunnel was the best solution. But the problem has been, who will pay for this project?" he said.

"This request for submissions will tell us once and for all if it's technically feasible and financially viable. When we receive the (statements of qualification) back we'll know if it's doable. We are cautiously optimistic that this will get us forward."

He said \$300 million is authorized for it - \$200 million from his department and \$100 million from Miami-Dade County - but the final cost is estimated to be in excess of \$1 billion.

"This port tunnel is a lot of money," Mr. Rodriguez said. "The state could finance it, but do you want to put all of your eggs in one basket?"

After studying alternatives, it was determined that a public-private partnership would be the route to go, he said, and the legislature passed a bill during the last session to allow it.

"It's been done in Chicago, where they just awarded the contract for the Chicago Skyway Bridge," he said, and a highway project in San Diego and one in British Columbia were financed in this way.

"This is very commonly done in Asia and in Europe," Mr. Rodriguez said. "Projects have been built in Europe this way for years."

The concessionaire would begin receiving payments once the tunnel opens and continue to be paid regularly over its 30- to 50-year life, he said. The sums, known as "availability payments," would be based on performance, which would enable the transportation department to ensure that the tunnel was built well and operated efficiently.

That way, he said, if the tunnel were closed for a period or any of the lanes were restricted, the payments would be reduced.

Although a concessionaire would front the cost of the tunnel, Mr. Katz said, the state would not be paying interest on construction costs - the total costs of the project would be built into the bid.

"Paying interest is not a factor," Mr. Katz said. "The concessionaire is going to get a set payment on a set schedule. I would think that over the years, there would be inflation factors built in" but not interest payments.

Until bids are submitted, few details will be known, Mr. Rodriguez said, but one thing is certain - the concessionaire will not be allowed to recoup costs by tolls on either the tunnel or the road leading up to it.

"Back in 2000, (the transportation department) and the Florida Turnpike Authority did a feasibility study," he said. "It was decided that tolls just didn't make sense."