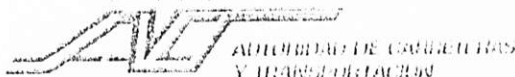


Government of Puerto Rico
Department of Transportation and Public Works
Highway and Transportation Authority

The Puerto Rico Highway and Transportation Authority, Tren Urbano, Finance, and Other Things

Presented to the
UPR/MIT Tren Urbano Students
by
Carlos A. Colón
January 15, 1998

Sergio L. González
Executive Director, PRHTA



TREN URBANO

Carlos I. Pesquera
Secretary, DTPW



How is value created?

- ⇒ To explain the creation of value, in Finance we distinguish between the:
 - Financial Sector or the Financial Markets, and
 - Real Sector or the Real Markets.
- ⇒ The greatest lesson of Modern Finance:
 - Value is not created in the Financial Markets.
 - Value is created in the Real Markets.

Presentation Outline

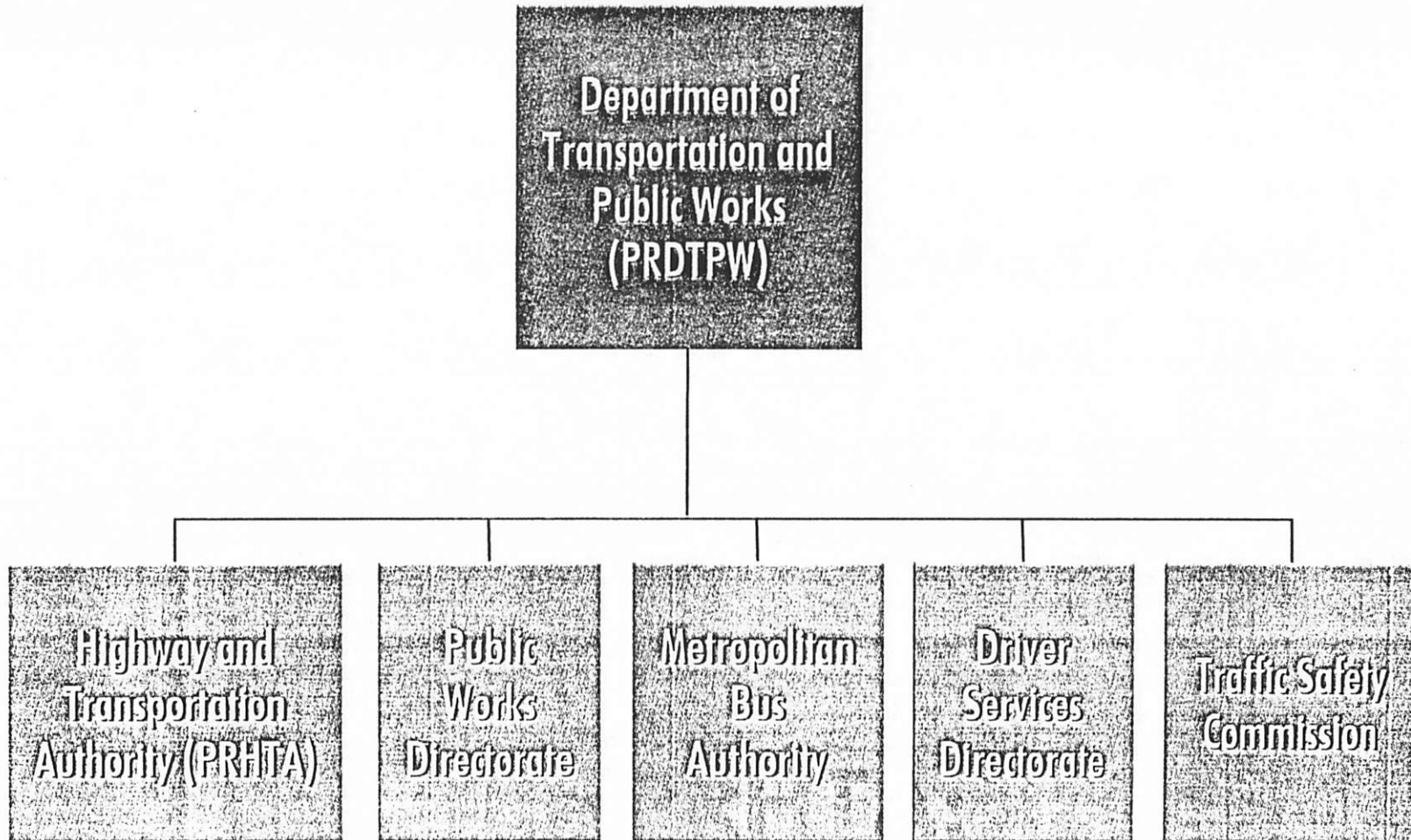
- ⇒ PRDTPW/PRHTA
- ⇒ Operations and Maintenance
- ⇒ Revenues
- ⇒ Priorities Construction Program
- ⇒ PR-66 Tollroad
- ⇒ Tren Urbano
- ⇒ Teodoro Moscoso Bridge
- ⇒ Financing Plan
- ⇒ Other Things

PRDTPW/PRHTA

PRDTPW Mission

To provide Puerto Rico with the modern, efficient, and safe surface transportation infrastructure necessary to improve the Island's competitive position in the global marketplace.

PRDTPW: An Intermodal Umbrella



The PRHTA: An Evolving Mission

⇒ **Act 74 of June 23, 1965**

**Created the Puerto Rico Highway Authority (PRHA)
as an autonomous public corporation.**

⇒ **Reorganization Plan Number 6 of 1971**

Attached the PRHA to the DTPW.

**Abolished the PRHTA Board of Directors and gave
its powers to the Secretary of the DTPW.**

The PRHTA:

An Evolving Mission (continued)

⇒ Act 4 of August 24, 1990

Enabled the PRHA to privatize transportation facilities.

Authorized the PRHA to use a negotiated bids procurement process.

⇒ Act 1 of March 6, 1991

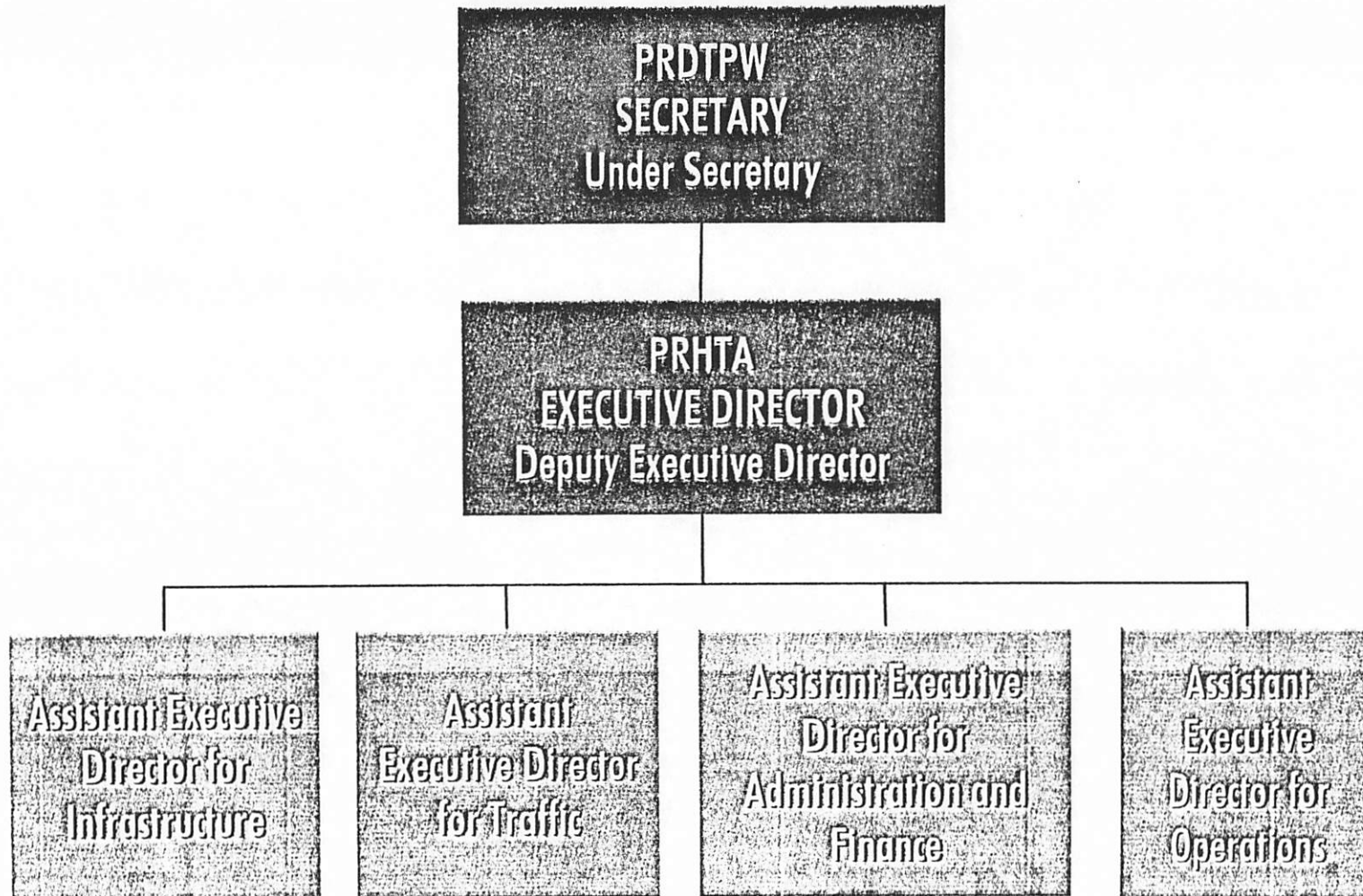
Added role in mass transportation.

PRHA becomes the PRHTA.

PRHTA Responsibilities

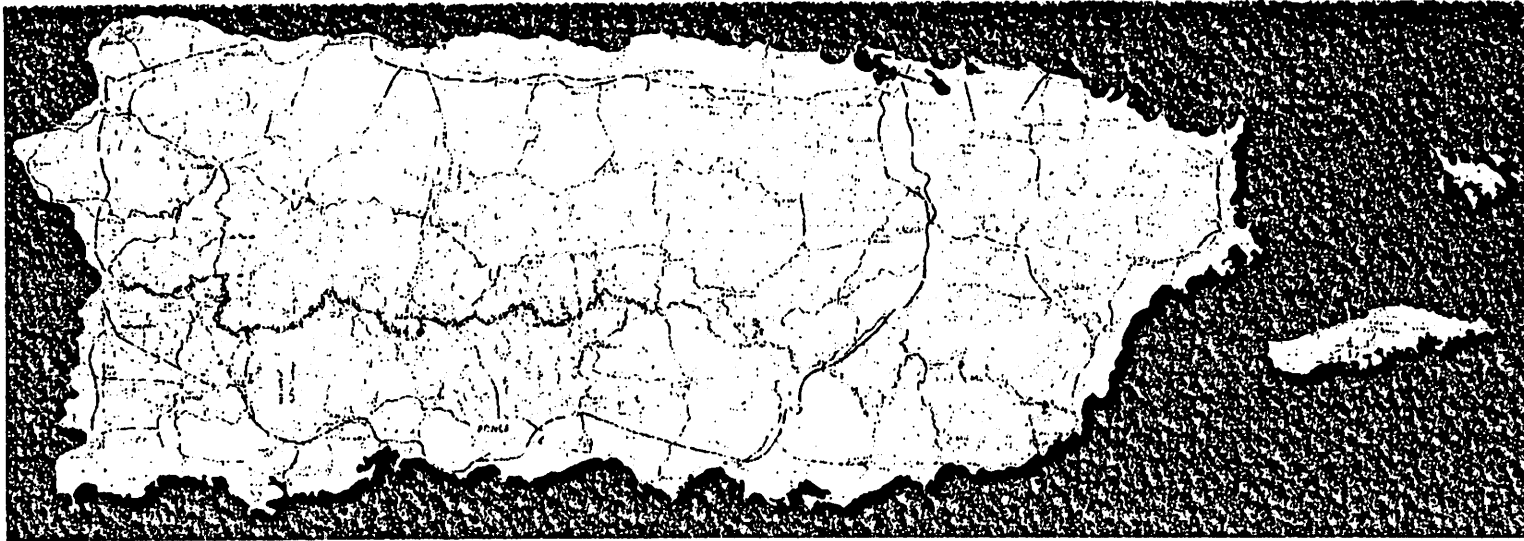
- ⇒ Construction of roads and highways**
- ⇒ Maintain and operate tollways**
- ⇒ Develop transportation plan**
- ⇒ Implement Secretary's mass transportation policy**

PRHTA: Organization



Existing Highway Network

Primary System Highways	691 miles
Secondary System Highways	1,319 miles
Tertiary System Highways	2,580 miles
Municipal Roads	<u>9,967</u> miles
Total	14,557 miles



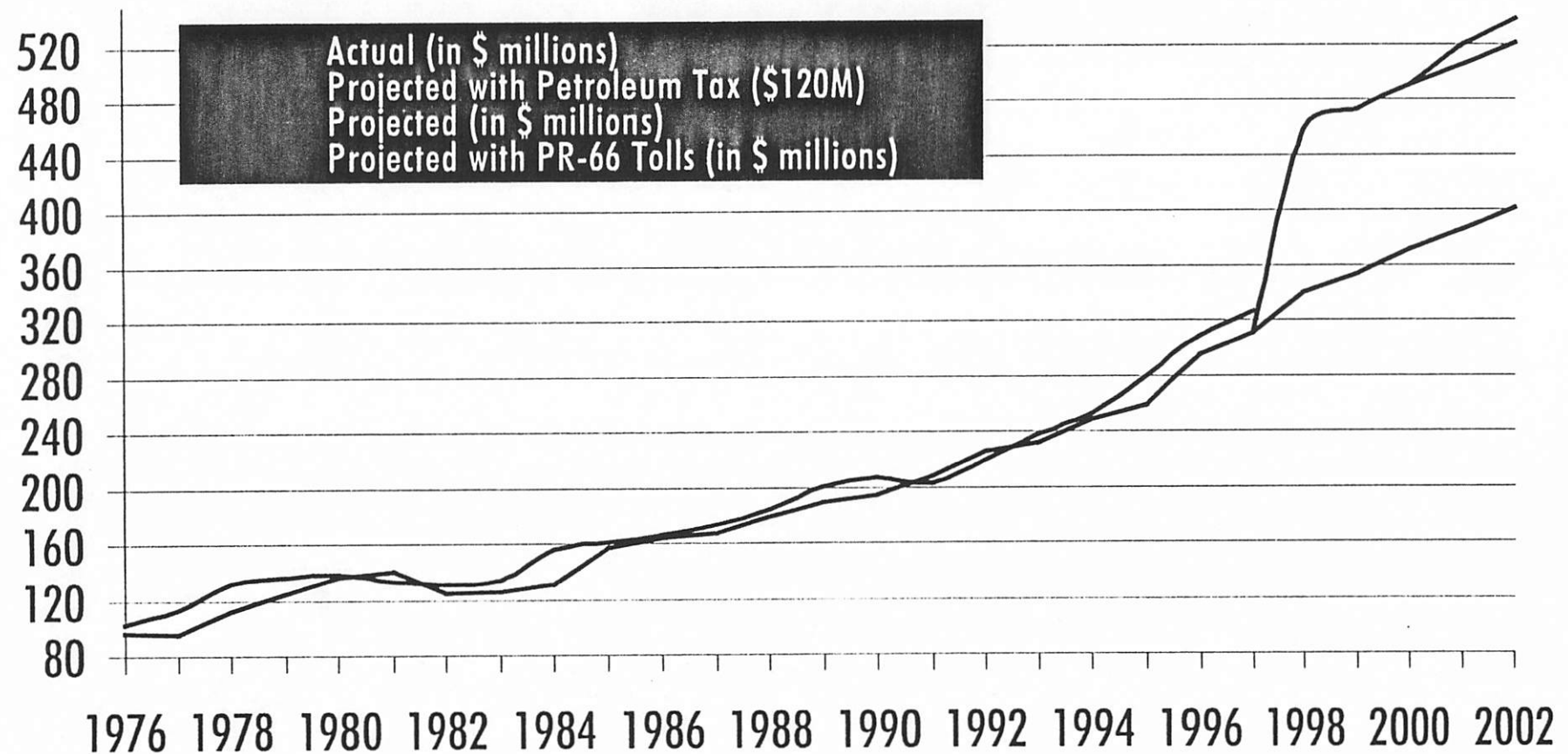
Revenues

Pledged Revenues (in \$ millions)

	1995	1996	1997	1998*
Gasoline Taxes (\$0.16/gallon)	\$152.1	\$163.0	\$163.6	\$171.9
Diesel Oil Taxes (\$0.04/gallon)	11.1	14.1	16.6	17.2
Motor Vehicle License Fees (\$15/vehicle)	25.0	25.1	26.5	27.6
Tolls	80.7	93.0	103.7	105.5
Investment Income	<u>11.0</u>	<u>13.3</u>	<u>16.1</u>	<u>17.5</u>
Total 68-18 Resolution	\$279.9	\$308.5	\$326.5	\$336.5
Petroleum Tax	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>118.9</u>
TOTAL	\$279.9	\$308.5	\$326.5	\$455.4

*Projected

Trends in Total Pledged Revenues



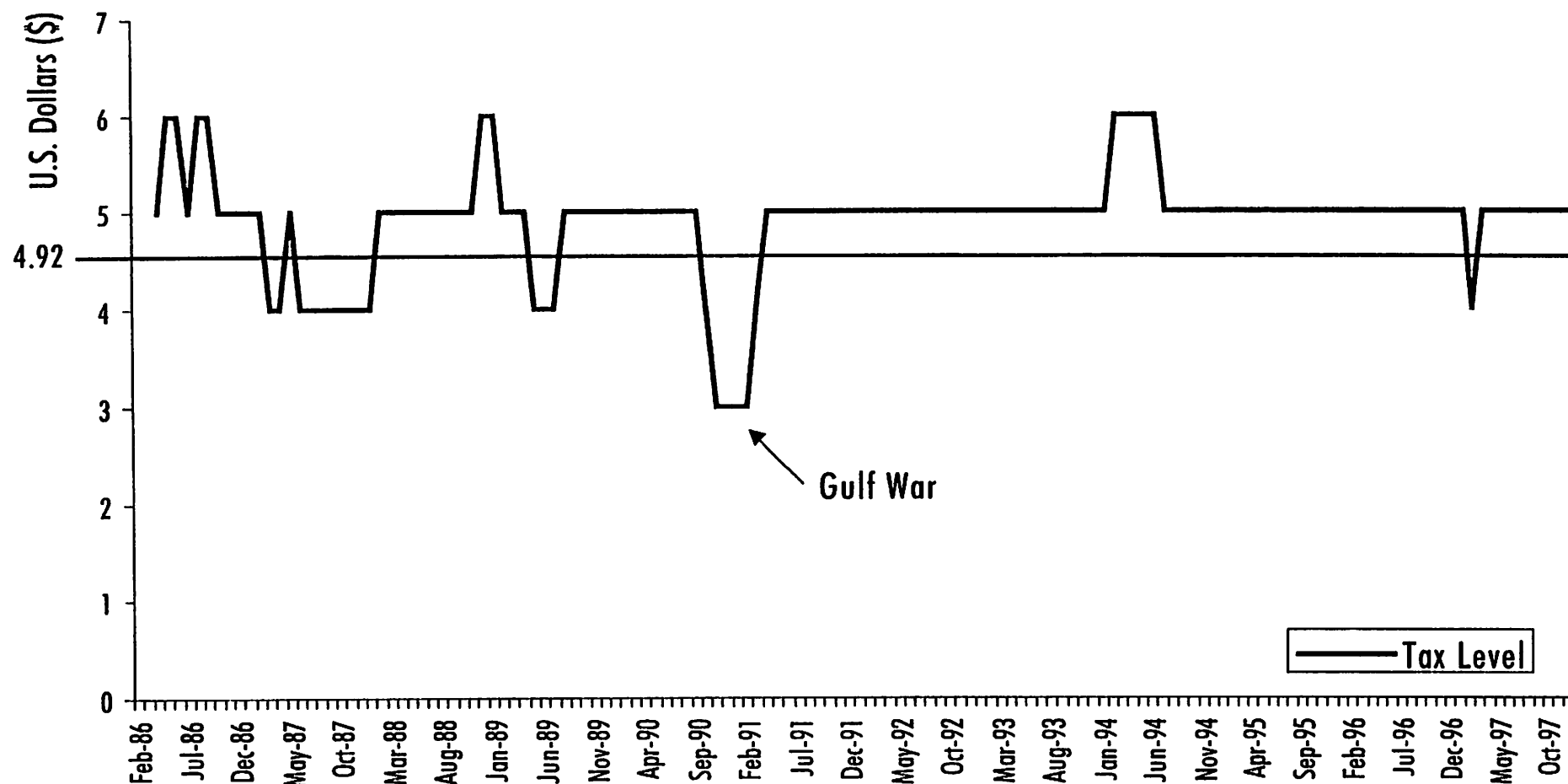
Petroleum Tax

(Crude Oil and Derivative Products Tax)

Price of Oil (Per Barrel) *	Petroleum Tax (Per Barrel)
\$0.01 - \$16.00	\$6.00
\$16.01 - \$24.00	\$5.00
\$24.01 - \$28.00	\$4.00
\$28.01 <	\$3.00

* West Texas Intermediate Spot

Historical Petroleum Tax Level (Per Barrel)



Average Tax Imposed Since 1986 = \$4.92

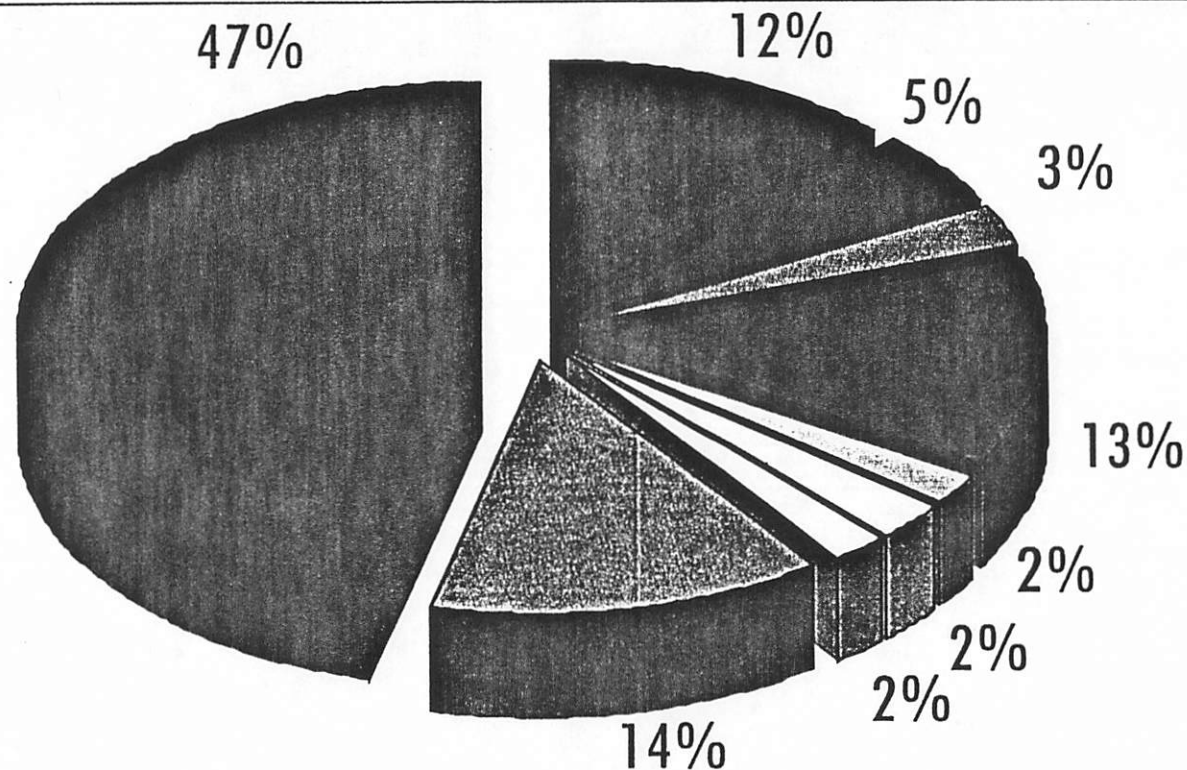
Priorities Construction Program

Priorities Construction Program: 1998-2002

(in millions)

⇒ Islandwide Strategic Network	\$369
⇒ Regional Network	148
⇒ Congestion Management - Islandwide	86
⇒ Congestion Management - SJMR	406
⇒ ITS	62
⇒ Reconstruction and Repavement	75
⇒ Safety and Signage	24
⇒ Enhancement Projects	62
⇒ Other Highway projects, ROW, and Design	412
⇒ Tren Urbano	<u>1,392</u>
Total	\$3,036

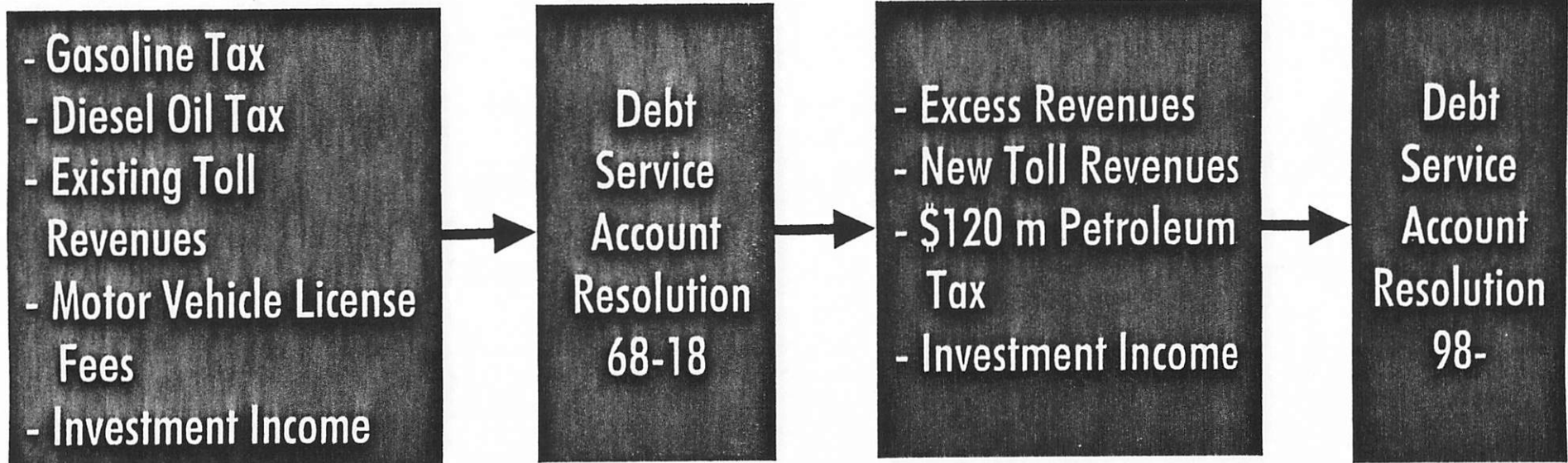
Priorities Construction Program: 1998-2002



■ Islandwide Strategic Network
■ Congestion Management - Islandwide
□ ITS
□ Enhancement Projects
■ Tren Urbano

■ Regional Network
■ Congestion Management - SJMR
□ Reconstruction and Repavement
■ Others

Pledged Revenues



Research Ideas

- ⇒ **Performance Measurement: The Case of Tren Urbano**
 - Compared to the past: great success
 - Compared to what should be: a failure in the making
- ⇒ **Planning**
 - Its true importance (e.g., the role of a "project champion")
 - Municipal autonomy vs Centralization (or planning vs. execution)
 - For paper or for real? (e.g., Urban Renewal: the Case of Santurce and Joint Development)
- ⇒ **Joint Development**
 - Roles of the planning agency and the transit agency
 - The disappointing case of Puerto Rico (e.g., City of San Juan planning station areas at the request of the Planning Board while Tren Urbano rests)
- ⇒ **Privatization**
 - Infrastructure projects in general
 - Public transportation in Puerto Rico (e.g., Tren Urbano feeder services)
- ⇒ **Impacts to the Environment and to Historic Places**
 - How should trade-offs be evaluated?