

**Testimony by Citizens Against Beltway Expansion (CABE)  
Before the Rockville City Council  
June 1, 2020  
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Mayor Newtown, Council members, thank you for this opportunity to testify on behalf of Citizens Against Beltway Expansion. CABE is a coalition of civic associations, residents, environmental groups, and small business owners in Maryland and Virginia.

We are united by deep concerns about the impact of the proposed \$11 billion expansion of I-495 and I-270 for privatized for-profit tollways and the credibility of the promises project supporters are making.

In particular, we are skeptical the current plan can deliver less congestion at zero cost to taxpayers or the general public.

Although that's the way it's being sold to the public, for-profit tollways are sold to investors as a very profitable way to turn ever worsening traffic jams into high toll revenues. Since these tollway contracts run 50 years, investors like a public backstop to keep revenues flowing in bad times.

This dependence on public support is well documented in reports from the U.S. Department of Transportation, Congressional Budget Office, and other independent researchers.

According to their findings, public private partnership contracts often require state contingency payments to the tollway company when revenues drop to a certain level, penalty payments when the public improves roads the company calls competitive, or other subtle mechanisms to transfer risk from the private company to the general public.

Here's another way -- The surprise announcement from the Washington Suburban Sanitary Commission that our water bills could rise an estimated \$2 billion to cover the cost of moving water and sewer pipes for the I-495/I-270 expansion.

There are two broad reasons why taxpayers are on the hook for "100 percent private sector risk" projects.

First, the private sector traffic and revenue projections used to win approval often prove over-optimistic and require public support when revenues fall short. Second, knowing how hard it is to make reliable projections for a 50-year contract, investors want the peace of mind that comes with public support.

These maneuvers are not popular and are triggering popular backlash in Alabama, Connecticut, North Carolina and other states. In 2017, a Texas tax-revolt led to legislation clawing back some \$10 billion in P3 highway tax subsidies.

While we expect public transportation to depend on public help, why should we expect the same thing from for-profit toll companies who promise to take on 100 percent of the risk for 50 years?

Yet that's what the P3 companies are doing now that COVID-19 has cut traffic levels as much as 80 percent. The International Bridge, Tunnel and Turnpike Association called for a \$9.2 billion federal bailout. Australian toll giant Transurban wants more taxpayer subsidy via a lower subsidized interest rate on its federal transportation loans, despite having billions of dollars in undrawn lines of credit to meet the next 12 months of obligations.

I also want to note investors tend to see promises to let buses and carpools access the tollways for discounts as weaknesses that cut into investor returns. Consequently, we would expect constant market pressure to weaken these promises for I-270 and I-495.

Given these risks, we strongly encourage you to join efforts to make tollway companies keep their promises and protect taxpayers by demanding, before any further action is taken:

1. That the for-profit tollway contractor pay all of WSSC's cost to move water and sewer lines.
2. That MDOT provide the public with revised traffic and revenue projections that account for commuting changes triggered by COVID-19.
3. That the revised revenue and traffic projections be independently analyzed to identify taxpayer liabilities.
4. Develop iron clad language to protect promised benefits from a future bait and switch.

Finally, I want to acknowledge that we share many of the same concerns being made by others speaking tonight, including the Sierra Club, Don't Widen 270, and the Maryland Transit Opportunities Coalition.

I am happy to answer any questions you have.

Thank you again for this opportunity.