

# Economic and Fiscal Challenges in Project Delivery

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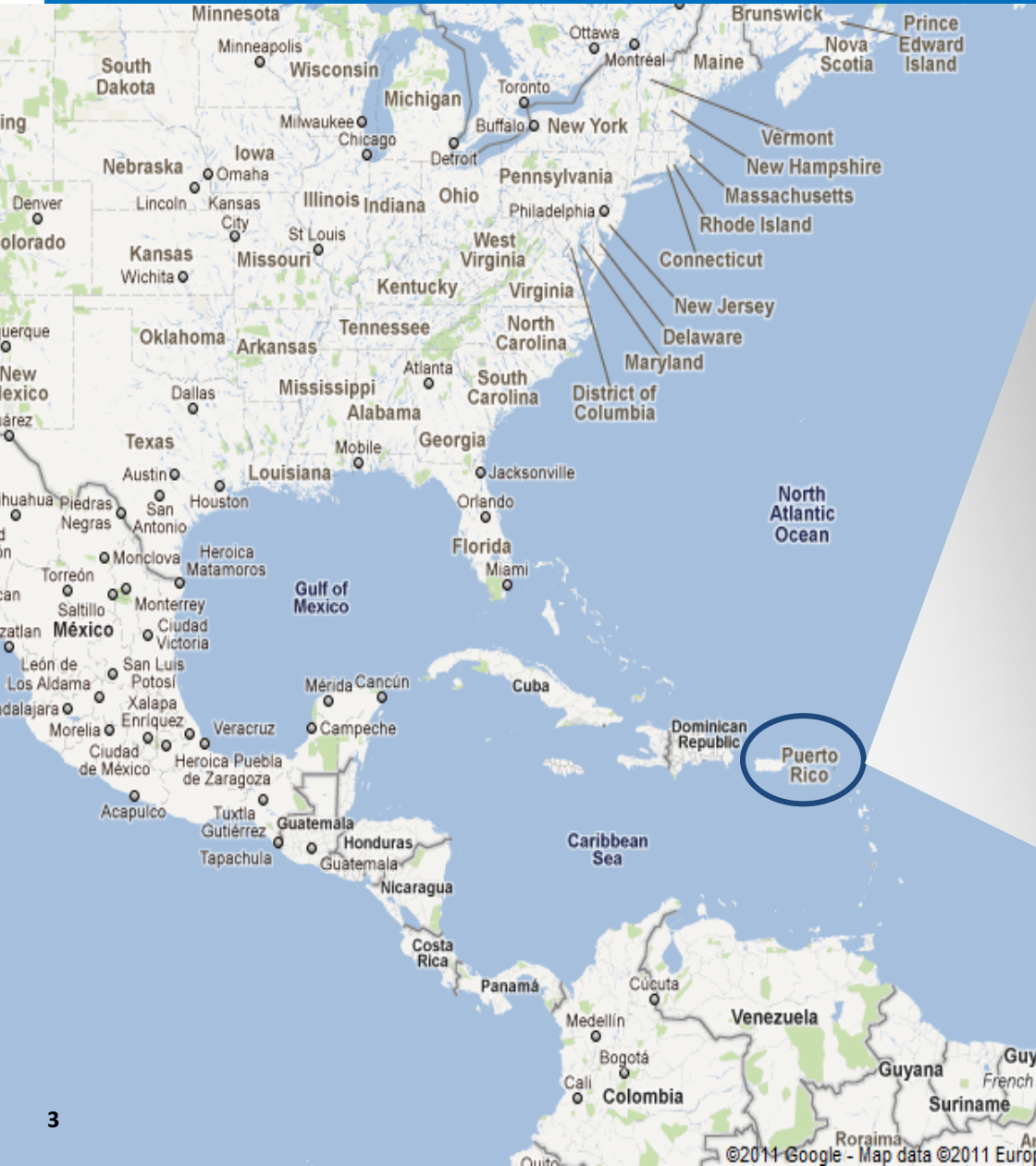
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# Puerto Rico is a leading economy in the Caribbean



## Puerto Rico Facts 2010

<b>Population</b>	<b>3.7 million</b>
<b>Currency / Language</b>	<b>US Dollar / Spanish &amp; English</b>
<b>GDP Per Capita</b>	<b>\$24.2 thousand</b>
<b>Credit Ratings</b> (S&P/Moody's)	<b>BBB / A3</b>
<b>Vehicles Per Capita</b>	<b>1.2 vehicles per every 2 persons</b>

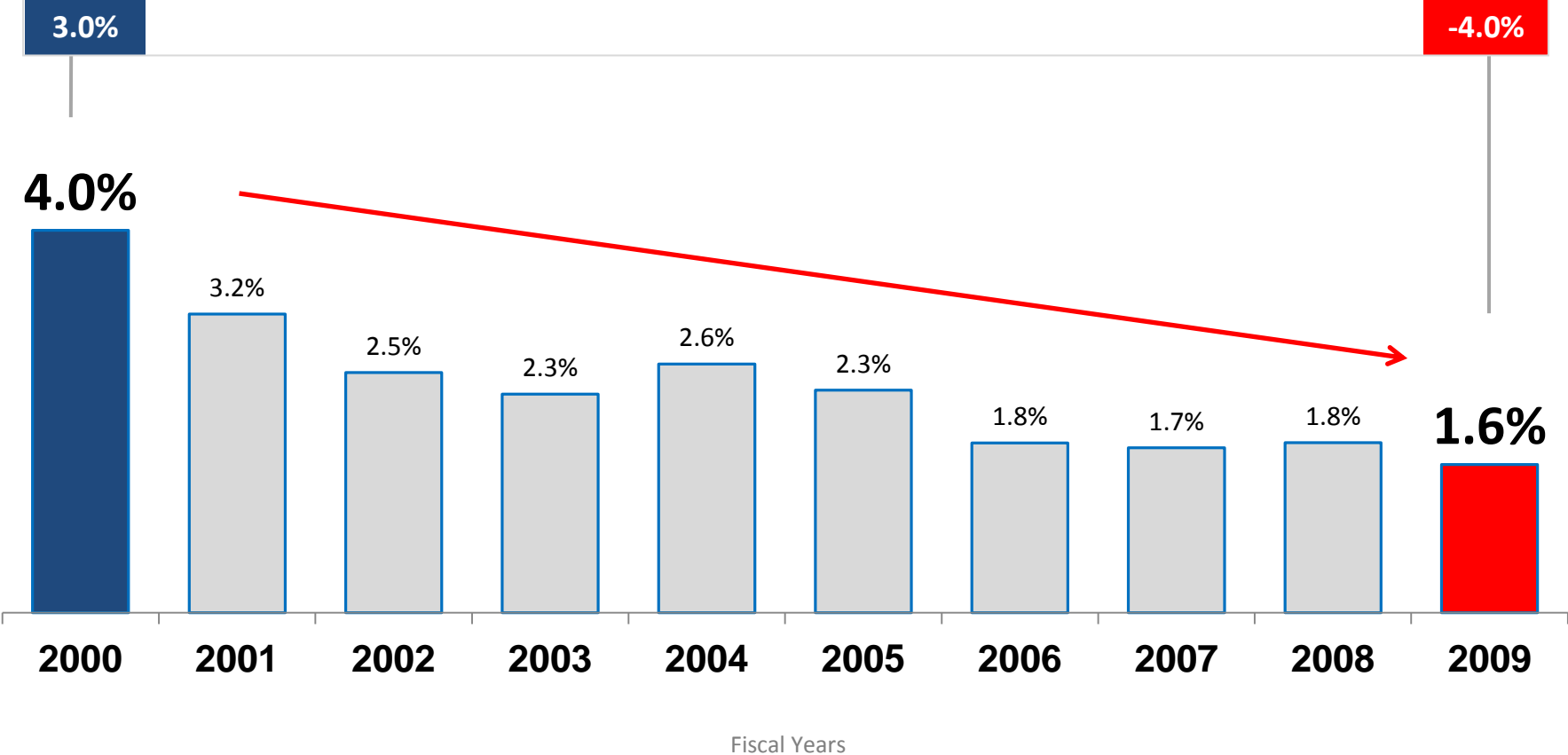
# Economic and Fiscal Challenges



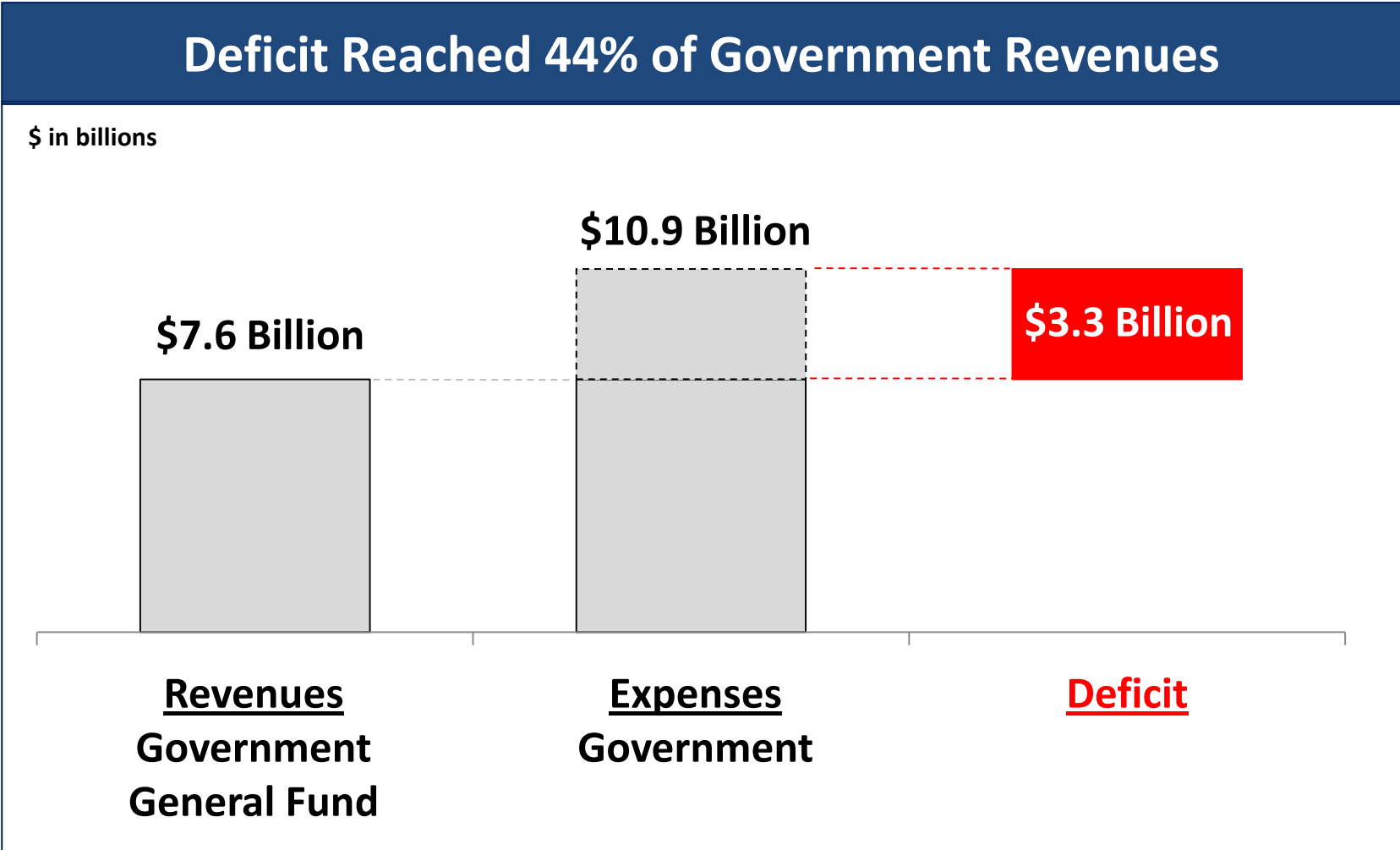
# Need to restore investment in infrastructure

## Infrastructure Investment as % Share of GDP\*

*% Real Economic Growth*



# Puerto Rico inherited a fiscal deficit FY 2009...



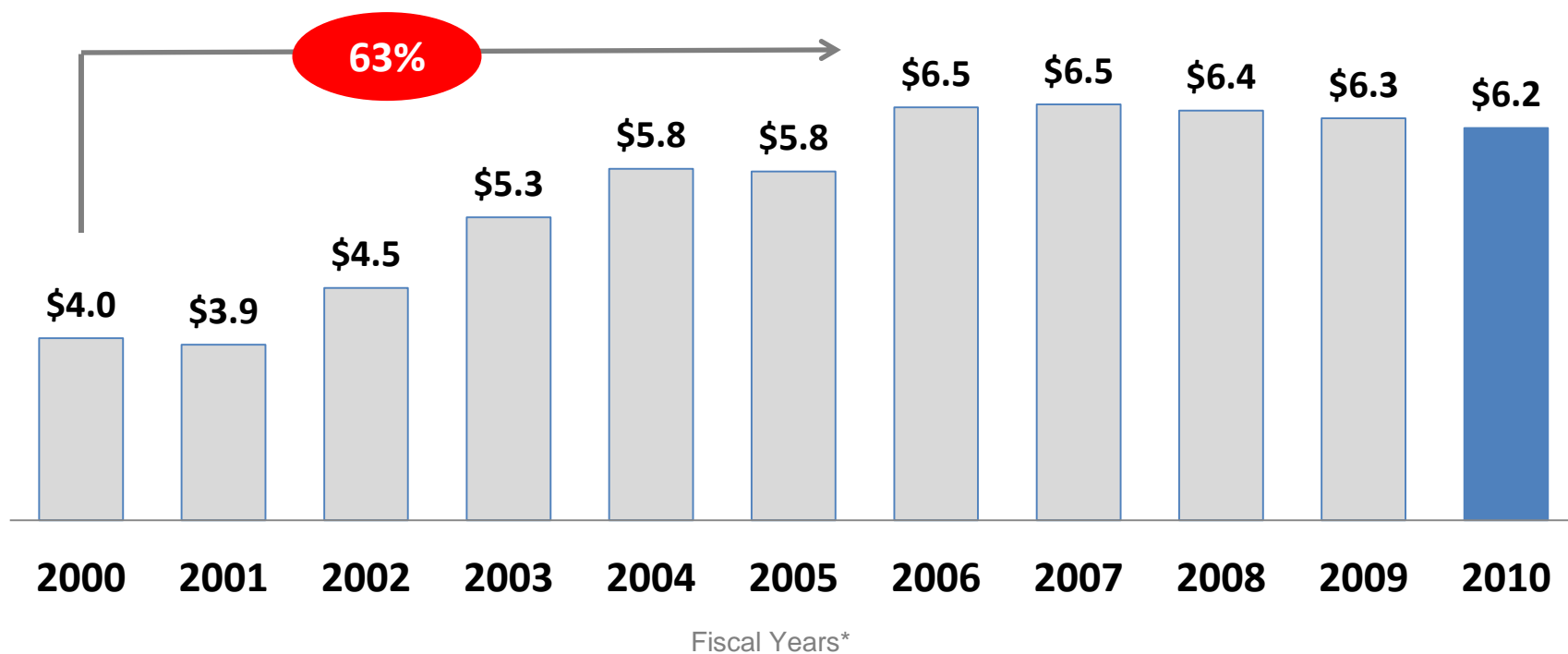
Source: Government Development Bank for Puerto Rico.



# ... and the high level of debt of the Highways Authority is a limiting factor...

## Debt of the Puerto Rico Highways and Transportation Authority

\$ in billions



Source: Puerto Rico Highways and Transportation Authority.

\* Refers to Puerto Rico fiscal years, which are 12 month periods beginning every July 1.

# Project Delivery & Financing: Toll Road P3 Concession



## Puerto Rico embraced P3 concessions

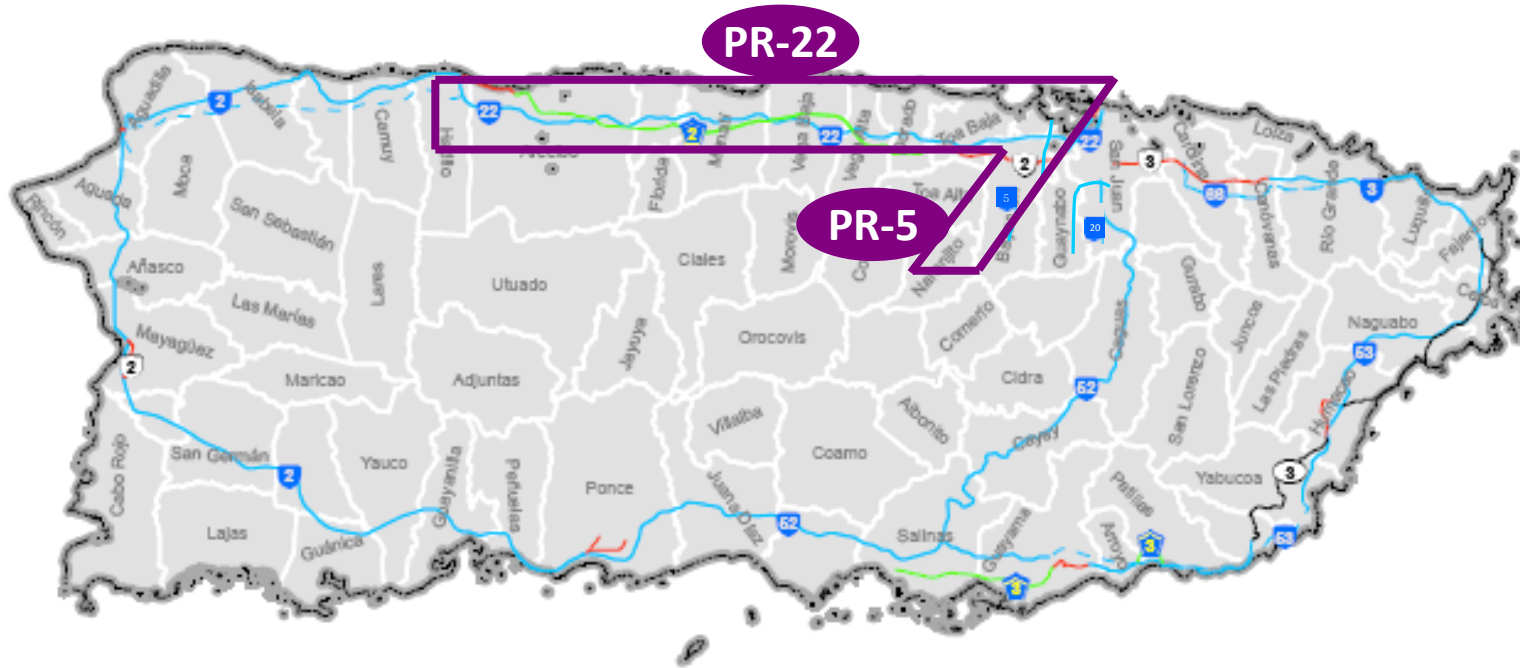
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### Government objectives:

1. Deliver world class toll roads for citizens;
2. Restore investment and foster economic growth; and
3. Enhance the financial condition of the Highways and Transportation Authority.



# In 2010, launched a P3 concession of PR-22 & PR-5



## Main characteristics of PR-22 and PR-5:

- Busiest toll road in Puerto Rico.
- Critical transportation route for commerce, manufacturing and tourism.
- Connects 12 townships in the north part of Puerto Rico.

# Needed to improve conditions of PR-22

## Actual General Pavement Conditions



# Needed to improve conditions of PR-22

## Actual General Safety Conditions



# Key elements in Puerto Rico concessions

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- 1. Concession Term:** Keep moderate terms below 50 years.

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- 2. Capital Improvements:** Require immediate improvements to rapidly enhance conditions.

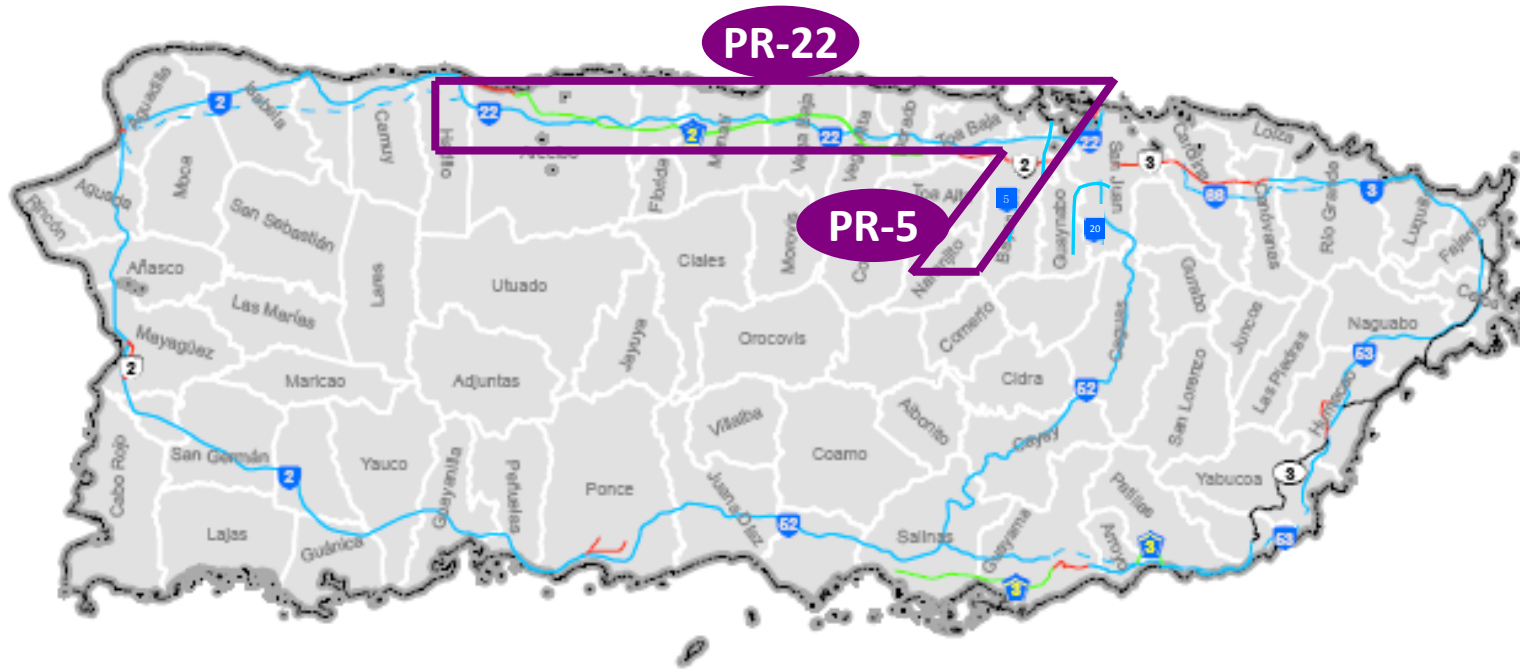
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- 3. World Class Standards:** Require operating standards that integrate world class levels and best practices.

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- 4. Consumer Protection:** Users should be protected of high increases in rates. Moderate/reasonable increases linked to inflation only.

# Successfully completed the P3 concession



- 40 years administrative concession.
- Preferred bidder selected on May-31-2011.
- Expected financial close by Sept-22-2011.

**Winner: Metropistas Consortium**



# Concluding Remarks



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- 1** Numerous states are facing fiscal challenges in financing projects. Puerto Rico has moved early and quickly.
- 2** Puerto Rico selected P3 concessions as a tool to finance projects and deliver world class infrastructure.
- 3** Projects such as PR-22 and PR-5 concession are examples of successes being achieved with the P3 approach in Puerto Rico.

**Visit: [www.p3.gov.pr](http://www.p3.gov.pr)**

