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Those in the know doubt if Toll Road deal good for state

WILLIAM O'ROURKE

Given the recent attention paid to revisiting the Indiana Toll Road privatization issue, I wanted to contribute the following:

Last year, on June 25, a commentary by me was published in The Tribune, about the governor's plan to privatize the Toll Road, the "Main Street of America." In it, I made an error, saying that Indianapolis' former mayor, Steve Goldsmith, had privatized the city zoo. The zoo business, for a variety of reasons, had become (mistaken) family lore.

Former Mayor Goldsmith, of course, privatized a number of city services, but not the zoo. He wasn't about to help it out with public funding, but no matter. But the rest of my piece described Goldsmith's and Gov. Mitch Daniels' enthusiasm for privatizing anything and everything. Many claim that is the legacy Daniels wants to leave behind.

Recently, I came across "An Analytical Review of Two Public/Private Partnerships," about the privatizations of the Chicago Skyway and the Indiana Toll Road, by the NW Financial Group, LLC, dated Nov. 1, 2006. For those of you who would like to see the whole thing, it can be found at this Internet site: www.nwfinancial.com/pdf/indianatollroads.pdf. Usually, I do not spend a lot of my time reading such publications, but this one is worth the effort. Here is one of its chief findings: "Indiana's sale of the Toll Road, while helping fund transportation projects for the next ten years, will result in depriving the public transportation funding network of very large and much needed future revenues in the final 65 years of the concession agreement to pay for publicly needed capital projects both on and off the toll road. Instead these revenues are directed to private corporate profits and shareholders. If road users are willing to pay higher tolls these funds should be captured for the public good."

Back then, the state legislature passed at the 11th hour higher tolls yet to come into effect, in order to sweeten the privatization deal.

The report makes clear that for short-term gain (his years as governor, in other words), Daniels gave away long-term profits. The entire report makes for depressing reading. The report isn't the work of a ranting critic; it comes from the same financial sector Daniels holds in such high esteem, in this case the NW Financial Group, out of New Jersey.

The report also questions some of the assumptions of the favorable Crowe Chizek of Indianapolis report on the Toll Road sale, concerning operating expense rates, toll increases, traffic growth, etc. The report demonstrates why Crowe Chizek's assumptions are challengeable.

The NW Financial Group analysis ends with this question, which it calls "significant": "How will the loss of State control over a statewide thoroughfare impact future economic development efforts in the state given the critical role that transportation infrastructure plays in driving economic development and growth?" Yes, that's an important question. The report's author concludes that the Chicago Skyway sale may well be a good one, given that it is just one small part of an extensive city highway system; whereas, the Indiana sale was not a smart one, given that it is such a primary roadway, cutting across the entire state, sold for less money than it is worth.

Obviously, Daniels will not be around to see what he has sown decades from now; many of us won't be around.

In May, David Hoppe, writing in Nuvo, Indianapolis's alternate newspaper, reported that the state legislature passed a bill at the end of its session (HB 1373) allowing digital advertising along its interstate highways, U.S. routes and state highways, a practice banned in a number of states. Imagine what lies in store for advertising along our-no-longer-public Toll Road?

In the early years of the New York City subway system, pieces of it were public, then sold to private holders, then sold back to public, back and forth, making money for members of the inner circle of the time with each transaction. So, who knows? Taxpayers already facing the loss of revenue and control for the roads built with so much public money might well be buying

them back sometime in the future for yet more public money. Privatization is often a form of plunder, where the few reap the profits of the work of many. Everything's for sale, especially in Mitch Daniels' Indiana.

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