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Key Commercial Considerations for Agencies Planning Express Lane P3s.

Priced managed lanes are having their moment. For decades after their mid-20th-century conception, only a handful of projects reached operation, and most were regarded as risky bets. They were difficult to forecast, dependent on government subsidies, and met with skepticism from both investors and the public. Over the past fifteen years, the narrative has shifted. Today, procuring and operating a public-private partnership (P3) priced managed lane (PML) on the right corridor is approaching routine.

Recent developments illustrate this transformation. Georgia's 15-mile-long SR-400 Express Lanes recently closed with the winning consortium covering the $4.7 billion construction cost and a $3.8 billion upfront payment. These figures would have seemed impossible a decade ago. Rating agencies, once skeptical, are now upgrading the credit of operational assets, recognizing their sustained performance through COVID-19's disruptions. P3 PML projects have routinely exceeded revenue expectations and investor appetite for managed lane debt is robust.

Three developments explain why priced managed lanes have become viable and attractive to both owners and investors. First, familiarity breeds acceptance. With dozens of facilities now operating, priced managed lanes are becoming normalized. The public accepts, if not always enthusiastically, that reliable mobility comes at a price.

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Public Works Financing

by John Brady, Jonathan Startin, and Noah Jolley

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