Cash-strapped state governments are asking private companies to pay for badly needed projects. But not every driver can afford the trip.

*BY FAWN JOHNSON*
TRANSPORTATION

The (New) Rules of The Road

Cash-strapped states like Virginia are turning to the private sector to help finance large infrastructure projects, but it may just be a way of forcing drivers to pay more in the long run. By Fawn Johnson

RICHMOND, Va.—Dusty Holcombe had to look up his new boss on Google when he learned in 2011 that he would be transferred to a small government office with the sole mission of making deals with the private sector. Holcombe, a 13-year veteran of the Virginia Transportation Department, had never heard of Tony Kinn, the man tapped to head the commonwealth’s newly minted Office of Transportation Public-Private Partnerships.

That’s because Kinn had spent most of his career far away from government, honing marketing and business-development strategies for clients such as Macy’s, General Foods, and Procter & Gamble.

Not a typical civil servant, Kinn can sell you an island in Montana. “We’re in the sales and marketing game,” he declares. “Twenty percent of the time we’re a state agency—
the private sector gives not one tinker’s damn about that.... We’re dealing with them business-to-business.”

Kinn’s boisterous personality, his white hair, his overstuffed frame, his mile-a-minute chatter—it all seems to clash with the bureaucratic nothingness of this public office building in downtown Richmond. He’s an imp, not a drone—the visiting uncle who sneaks the kids an extra dessert at Thanksgiving. “This is fun. Are you kiddin’ me?” he says. “We’ve got limited money. We’ve got 50 competitors.”

Kinn arrives an hour late to a meeting with National Journal and his top two staffers, Holcombe and project director Jacqueline Cromwell, because he was busy plotting with other state officials about the next round of public-private deals coming through his office. One project involves cultivating developers for land around Metrorail stops where Virginia owns air rights. He dangles tidbits about the other projects without further embellishment. In that way, he is also a tease. “One will be urban, one will be rural, and one will be really rural. I can’t tell you any more,” he says.

Like it or not, this tenuous marriage of business and government is the new normal. The salad days of massive federal investment in public services are long gone. The most recent surface-transportation measure to pass Congress, clocking in at $105 billion, didn’t even make it past the halfway mark in terms of keeping pace with maintenance needs for the next five years. Absent a steady influx of taxpayer funding to build highways and transit systems, state governments are increasingly looking for help from the business world.

Holcombe’s role is to serve as Kinn’s opposite—the one who makes the gears turn in the office. He is a government whiz who can navigate a procurement process blindfolded. Buzzwords and acronyms pepper his dialogue. Holcombe, not Kinn, is the one you can picture leafing through back issues of Public Works magazine that lie in his office’s reception area, the ones with profiles of heavy-duty excavator buckets and track-mounted crushers. Holcombe talks like this: “Our goal is to try to mature a project enough before we take it out for procurement. Get the environmental petition in place. Make sure sketch-level traffic and revenue studies are done. Make sure you’ve done your business model to define that it brings value.”

Together, Kinn and Holcombe form the perfect blend of bureaucratic know-how and private-sector competitiveness, a relationship that is increasingly vital as state and federal budgets shrink. Like phosphorus and sulphur on a match, their combined aptitudes are intended to spark new and cheaper ways to allow people to travel about Virginia with less hassle.

Their solution is to woo corporate partners who aren’t shy about boosting their own bottom lines. Such an unvarnished quest for profits can be off-putting to residents who just want the roads to be pothole-free. Why should a Wall Street firm make money from a taxpayer-supported utility? Typical public-private arrangements, such as leased roads or privately tolled tunnels, are often met with grumpy skepticism by drivers, who are just as likely to complain about traffic snarls along the Capital Beltway or I-264 into Norfolk.

Is the United States ready to make the shift from the Eisenhower-era national highway network—in which the public owns the roads and highways it supports with tax dollars—to a privately held, profit-based system that invites partners from Wall Street and even other countries?

The benefits of such a shift are rooted deeply in the tenets of capitalism, if not public works. Businesses looking for new markets have struck a gold mine of need, if they can respond to it, in the country’s crumbling infrastructure. If market-based motives operate as capitalism dictates, the private sector should be able come up with new and innovative ways to solve complex traffic problems at a lower cost for a city or state. The disadvantages lie in the public’s potential lack of access to a needed utility. If private companies run the roads, it’s possible that those who are able to pay more would get better access because they could assume the higher cost of tolls.

We may not be quite ready for the shift. The Virginia Transportation Department is fighting to keep aloft a $2.1 billion public-private tunnel project in the Hampton Roads region after a Portsmouth judge ruled in May that the accompanying toll hike was unconstitutional. The case will likely wind up at the Virginia Supreme Court, putting at risk the department’s ability to negotiate tolling authority with private investors, a near-essential component of public-private partnerships.

There is a history to this kind of objection. Texas Republican Gov. Rick Perry faced withering criticism for forging a deal with the Spanish infrastructure giant Cintra to build a 4,000-mile network of tolled highways. The project eventually died after the federal Transportation Department refused to sanction it in 2010. The state Legislature made sure to outlaw it in 2011.
Former Gov. Mitch Daniels fared better in Indiana. The Republican succeeded in completing a public-private deal to finance the 157-mile Indiana Toll Road, which secured $3.8 billion for the state. Yet critics still complain that truck tolls could increase more than 3,000 percent over the 75-year deal. Economists say the private dollars were a windfall for the state when the deal closed in 2006, but the agreement will wind up being a net loss for future generations.

“It’s almost a kind of confidence game, where you’re continually putting more debt into the future,” says Phineas Baxandall, a federal budget and tax analyst with U.S. PIRG.

GOP Gov. John Kasich of Ohio recently opted not to pursue a leasing deal with a private infrastructure company to upgrade Cleveland’s I-90 Innerbelt, because he didn’t want the state to relinquish control of tolling on the road. Kasich is up for reelection, and Democrats say the move was a political ploy. Political or not, the decision shows the governor is sensitive about public wariness when it comes to handing over roads to unelected entities, no matter how efficient those businesses are at doing the work.

Public-private ventures can cause new kinds of headaches. Market investors don’t run in the same circles as bureaucrats, and they barely speak the same language. (This is one reason Holcombe and Kinn make a good team: They can translate for one another.)

And that’s not the only problem. In business, a cash return on an investment is expected, something generally not required of government-paid projects. Taxpayers stuck in traffic and having to pay out of pocket for the privilege get even grumpier.

Skeptical taxpayers and sketchy economics be damned: Officials such as Kinn and Holcombe are looking for creative ways to attract private investors to develop roads, tunnels, and government land because they see no other options. State budgets are not going to increase anytime soon, and tax increases are politically unpalatable. What’s more, when private investors are looking for places to put their capital, why not take advantage?

“GOTTA FREAKIN’ PRODUCE”

Virginia is far ahead of other states in courting private investors. Global analytical firm Inspiratia recently ranked the commonwealth as the top entity in the United States, and second in the world, for private-sector attractiveness. Virginia’s deal-making seeds were planted in 1995, when the General Assembly passed a law encouraging transportation officials to chase private-sector dollars. Talks with investors went slowly at first because government funds were plentiful and public-private partnerships were in their infancy. By 2012, only three public-private projects had been completed under Virginia’s law, but 18 others were in the works.

Kinn’s job is to step up the pace, a goal he attacks with gusto. His office is one of the first government agencies in the United States to be judged on the private investment it attracts. Since it was formed in July 2011, it has secured $6.3 billion for Virginia, using $1.8 billion from taxpayers as seed money, a better than 3-1 ratio of private-to-public dollars.

Kinn prides himself on consistently bugging all of Virginia’s agencies to seek out potential investors. “You gotta freakin’ produce!” he says. “Our job is to drive these agencies, give them opportunities on a regular basis so that they don’t even want to see us coming.”

Kinn’s office is wading into the real-estate market by courting investors who want to develop the land around several of Northern Virginia’s Metro stations. They are concocting similar pacts for a NASA space-flight facility off Virginia’s coast, looking for investors who might want to sell recreational rides into space.

“Kind of like King’s Dominion on steroids,” says Cromwell, the office’s program director in charge of public relations, referring to the state’s popular amusement park. “Where are you going to beat flames and shooting rockets?”

The office was the brainchild of the state’s sometimes controversial Republican governor, Bob McDonnell, who has a geek streak when it comes to transportation. McDonnell is one of the few high-level elected officials to openly declare what transportation gurus have been saying for a decade without being heard: The gas tax is an antiquated way to fund roads. Without changes, highway coffers will dwindle over time as cars become lighter and more fuel-efficient. McDonnell was pilloried from both the right and the left for his proposal to replace Virginia’s gas tax with new sales taxes, but he is to be commended for pointing out the elephant in the room. His gas-tax replacement bill became law in March.

Kinn and McDonnell are kindred spirits, but Kinn had not met the governor when he was asked to head the new office. “I got a phone call on a Friday afternoon from someone who says, ‘Do you want to speak to the governor?’ My response is unprintable in this interview,” Kinn says cheerfully as he holds court, Falstaff-like, with Holcombe, Cromwell, and National Journal in a brightly lit conference room. “I said, ‘Who are you? What are you calling me for?’...I told my wife after both interviews, ‘I fixed that one. They’ll never call me back.’”

Cash up front: Indiana Gov. Mitch Daniels’s plan to privatize the state’s toll road has been widely criticized.
BEYOND BUREAUCRACY

Kinn was just the type McDonnell wanted for the job: a business-first operator who isn’t happy unless investment opportunities are moving, moving, moving. Kinn met his team for the first time at an alehouse across the street from their Richmond office. “I talked to these people, and I thought, ‘My goodness, if they just allowed these people to do their jobs, we can do just about anything we want,’” he says.

His attitude toward his staffers, whom he says he dearly loves, is an odd mix of contempt for government culture and awe of their individual expertise. It drives him crazy to see their ingenuity squelched in bureaucracy, and he insists they have to rise above it. “If I want the private-sector industry to play with us, then our people have to be held to a higher standard,” he says. “They have to deliver.” For example, Holcombe and his team created an interim agreement with two private partners to help finance the tunnel between Portsmouth and Norfolk, which got them in earlier than usual. That made everything work better. “We were both putting funds in for the development of the project,” Holcombe says. “It matured the project a little bit more.”

Holcombe and Cromwell, who each have decades of civil-service experience, are critical players in fashioning deals that are attractive to the private sector. They make sure permits are delivered on time and concurrently with construction plans. They navigate the matrix of federal, state, and local rules for the private companies. They schedule public meetings and contact all the stakeholders. They let the private partners in on the construction planning early so they can seek their own contracts in non-bureaucratic ways.

“You’ve got contractors that are not looking so much for change orders or more money or more time out of a traditional contract. They’re looking to deliver on time, on budget for less than what they told you,” Cromwell says. “It’s a completely different way.”

Public-private partnerships make sense only for the biggest and most complex infrastructure projects. Simple road paving, for example, needs nothing more than a standard “design-bid-build” process to seek out cost-effective contractors. It doesn’t need a lot of up-front money, and the job can be completed in a few months or years.

Bigger projects that span five, eight, or 10 years—and probably a few electoral cycles—benefit from private-sector partners because the firms can infuse a state with cash at the front end. They can also provide consistency in the design and construction phases even if political administrations change. No matter how sophisticated an infrastructure contract gets, private-sector partners add a tricky new dimension to an already difficult process. Unwieldy projects can run amok for any number of reasons, and that makes some people suspicious of the private partners from the get-go.

The biggest concern the public expresses, although often not in an organized fashion, is lack of accountability. Citizens carry the impression, true or not, that a big project is being turned over to a company that has no roots in the community and no reason to take the public’s preferences into account. The reality tends to be more complex. Municipalities often have dueling political goals. Large projects tend to cross several local jurisdictions, which can make the political talks messier. Even without these local problems, transportation analysts acknowledge that elected bodies will always end up ceding some of their authority to a private entity in the course of these deals (witness the recent dustup over flaws in the Silver Spring Transit Center in suburban Maryland). That doesn’t always sit well with the locals.
Such doubts were on display when Kinn’s office sought private investors to operate what’s called the Port of Virginia, composed of ports in Newport News, Norfolk, and Portsmouth. The administration thought a private operator seemed like the right idea because the port was not running efficiently. Yet the Virginia Port Authority’s board of directors unanimously turned down multiple private offers in March and stuck with its existing nonprofit government operator. The unspoken reason, according to several observers, was that the nonprofit was a known and trustworthy entity to the port operators. The private bidders were unknowns, and the prospect of dealing with them made the businesses surrounding the port nervous.

The decision didn’t go over well with the losers. David Narefsky, an infrastructure lawyer for Chicago law firm Mayer Brown, sees the failure to secure private operators at the Port of Virginia as a show of weakness by the McDonnell administration. Kinn’s office could not overcome the general anxiety about a long-term private-sector lease for a highly visible Virginia asset.

Kinn even had to buck up his own staff lawyer when it was over; the lawyer thought they had lost the fight. “I said, ‘You have won a major battle. You’ve changed the Titanic. You’ve created mileposts. You’ve created signposts on how the performance needs to be done, and our job is to do projects that benefit the citizens of the commonwealth.’”

Kinn and his staff spend a lot of time calculating and communicating the benefits of public-private partnerships. In January, they published a slick-looking set of fact sheets for members of the General Assembly highlighting the jobs and personal-earnings growth that come from projects such as new express lanes on the Capital Beltway and improvements to Virginia’s Route 460. Fairfax County, for example, realized $425 million in additional personal earnings for its residents and got support for more than 13,000 jobs, according to the fact sheets.

It is imperative for the office’s success, and the success of public-private partnerships anywhere, that these types of jobs and earnings numbers are repeated again and again. Complaints arise automatically when new projects are announced, especially if they involve tolls. By taking a more holistic view of the economic impact, Kinn and his team hope to expand the dialogue about privatization beyond just tolling and fees to also include jobs and earnings figures.

“PAY OUT THE KAZOO”

Drivers hate tolls. That is the beast that Kinn’s team is continually fighting, and it is also the biggest drawback to government’s exploration of private-sector deals. Tolling is the most common characteristic of public-private transportation agreements because it is the private sector’s way of collecting payment for its work.

Kinn ran into this problem almost immediately. His first task was to close a pending public-private deal to finance a new tunnel in the Hampton Roads area connecting Portsmouth and Norfolk. The negotiations were far along and relatively uncontroversial; they began in the administration of Virginia’s Democratic former governor, Tim Kaine, and were heartily endorsed by McDonnell.

Kinn brought the agreement to the finish line in December 2011, less than six months after he took his job. The project is valued at $2.1 billion, with a taxpayer contribution of $420.5 million. The new Midtown Tunnel is slated to run parallel to an existing tunnel under the Elizabeth River. The two private-sector partners, the Australian Macquarie Group and the Swedish Skanska Infrastructure Development, will operate and maintain the tolling for both tunnels.

Here’s the catch: Tolls will go up 25 cents per car in 2014. After that, they can go up annually, as much as 3.5 percent a year, for 56 years. The private partners will use the toll revenue to maintain the tunnels and subsidize bus and ferry services between Portsmouth and Norfolk. They will pocket the rest.

McDonnell hailed the agreement with Macquarie and Skanska as “a significant step forward for transportation improvements in Hampton Roads.” Some constituents weren’t impressed. “He outsourced this mega-billion-dollar contract to a foreign country and got our corner of the state to pay out the kazoo for the next 56 years to the tune of a guaranteed $20-something billion in profits,” was one comment on the website for the local Virginian-Pilot newspaper.

“NO TOLLS!!! NO TOLLS!!! NO TOLLS!!!” shouted a commenter on the website for WAVY, the local NBC News affiliate.

Experts shrug off such pocketbook complaints, contending that the beauty of the deal isn’t readily apparent to people forking over $1.84 every time they traverse a tunnel. The average Hampton Roads resident doesn’t see, for example, that Virginia taxpayers no longer have to assume the “revenue risk” that comes from unpredictable traffic patterns, says Simon Santiago, a lawyer with the Washington-based Nossaman law firm, who helped broker the agreement with Macquarie and Skanska.

Transferring the risk to the private sector gives state officials the ability to “keep public contributions at their lowest,” Santiago explains. Private companies, meanwhile, have incentive to “keep tolls at their lowest” to attract customers.

The rationale is cold comfort to many Hampton Roads residents. Regular commuters calculate that the initial toll hike will amount to $1,000 in yearly travel expenses. Truckers could pay as much as $15 to cross during rush hour, an expense that could force some of them out of business. As an added irritant, the contract calls for tolls to go up in February 2014, but the new tunnel isn’t scheduled to open for two years after that.

The fate of the toll hike is in doubt after Portsmouth Circuit Court Judge James Cales Jr. ruled that the law used to craft the Midtown Tunnel agreement violates Virginia’s constitution. Cales said in a court hearing that he agreed with the plaintiffs’ assertion that the General Assembly cannot pass a law that cedes tolling and taxing authority to another entity. The agreement with Macquarie and Skanska does just that. An appeal will likely wind up at the Virginia Supreme Court, and it could prompt major queries about the ramifications of inviting Wall Street firms to finance public infrastructure.
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“The principle of public accountability has to be stabilized,” says Patrick McSweeney, the lawyer who represents a Portsmouth City Council member and hundreds of other residents in the case. “Elected officials are out of the picture for 58 years.”

McSweeney says it is typical that big public-private infrastructure projects like the Midtown Tunnel go unchallenged because the public can’t figure out how, or whom, to fight. They may be told one thing in an early public meeting and then, as a deal develops, some of the features of the project change. They may face divided opinions among their elected officials.

“The developers, the chamber, they have such an influence on government. The government officials don’t realize they are being influenced in that way,” McSweeney says.

It’s hard to get the public’s attention until it’s almost too late. Despite the government’s seemingly endless stream of postcard notices, public meetings, Web announcements, and communication to local media, someone will always be caught off guard.

“Throughout this whole process, you will still get individuals who indicate, ‘Oh, I never knew about this project,’ ” Holcombe says.

MONSTER IN THE CLOSET

It is ironic that one of the most socialized parts of American society, the national highway system, came about out of fear of being overrun by communism. At the height of the Cold War, President Eisenhower saw the folly of a local, unconnected, and disorganized network of dirt roads if the country ever faced a land invasion or an atomic bomb. As supreme commander of the Allies in World War II, he had been inspired by Germany’s autobahns and the ease at which goods and services (and weapons) were transported.

Less well-known is that Eisenhower originally proposed that the national highway system be funded by tolls. The Democratic Congress rejected that, and negotiators finally hit on the idea of a Highway Trust Fund fed by a tax on fuel. Half a century later, with fuel-efficient cars putting a big dent in Trust Fund revenue, states are scrambling for solutions. Still, the public by and large isn’t ready to surrender its romantic, 1950s-era worldview. “Nobody wants to pay for something they think they are getting already for free,” says Patrick Jones, executive director of the International Bridge, Tunnel and Turnpike Association, offering perhaps the best explanation for why public-private partnerships have not been used to their full potential in the United States.

Jones, who represents the tolling industry, believes the public negativity about tolling is misplaced yet understandable. After all, the only time tolling shows up in the news is when rates go up. This phenomenon is so pervasive that Jones’s group is trying to counter what he calls the “niggling negativity” about tolling with a relentlessly upbeat public-relations campaign.

Last year, IBTTA hired a team of PR experts to make sure the industry is pointing out the positive aspects of tolling at every opportunity. When San Francisco’s Golden Gate Bridge implemented all-electronic tolling, for example, the association applauded. “Tolling once meant, ‘Stop.’ But today high-tech tolling means ‘Go, go, go,’” Jones says in the press release.

People may be willing to embrace tolls if they have few other choices. A recent poll from the infrastructure firm HNTB found that 46 percent of respondents preferred new roads funded by tolls if the only other choices were new roads funded by higher gas taxes (25 percent) or no new roads (28 percent).

People also feel better about tolls if they see a direct benefit from them. Seventy-one percent of respondents in the HNTB poll say they would be willing to pay a higher fare on a road or highway to save travel time.

Therein lies the problem. The benefits of tolling are frequently not obvious, and years of construction while tolls are still being collected further cloud the picture. It is difficult to walk back from an initial bad impression. The headlines about the improvements for...
Cleveland’s I-90 Innerbelt highlight the traffic jams during construction. Regular users of the Hampton Roads tunnel fear similar delays. It’s not hard to see how a toll hike becomes an additional affront to drivers.

Even when commuters are given the choice, they may not opt for the costlier, faster way around. The “HOT lanes” on I-495, another of Virginia’s much-touted public-private partnerships that gives drivers the choice to pay to avoid Washington’s Beltway congestion, posted an $11.3 million loss in the first six weeks of operation. Drivers simply didn’t see the need to pay the extra money. “It’s kind of expensive,” one Virginia driver told NJ.

In Hampton Roads, Kinn thinks Virginia screwed up the public-relations effort because the toll hike was one of the first and most well-known facts about the project. “If timing is everything, the horse had left the barn” by the time the deal was inked, he says.

Kinn has a better way of explaining it, but his sound bite now comes off like an excuse for the toll hike instead of a big bonus for the area. He believes local drivers should not have had the opportunity to add up the annual costs of the toll hikes without taking into account reduced gas expenses and faster commute times. “Would you pay 18 cents a day to get home an hour earlier?” he asks.

PLEADING THE CASE

Public-private partnerships have a distinct advantage in the current political climate. They bring in dollars from private investors willing to bet on the future flow of traffic so the state doesn’t have to. The terms of such deals tend to be good for cities and states that are short on cash—they get two to three times the value of the taxpayer investment for a new road or bridge. They can then invest more state money in basic repairs.

“A city or a state says, ‘There’s no way we can raise money, and [a public-private partnership] puts money on the table,’” says Baxandall, the PIRG analyst.

That’s more or less how it worked in Hampton Roads. The Midtown Tunnel has been the No. 1 transportation priority in the area for at least 10 years, but it is hugely expensive. The deal with Macquarie and Skanska definitely makes sense at the moment, with three-fourths of the up-front costs coming from two outside companies. It could turn out to be a worse deal later, and the residents would have no recourse.

“Twenty years from now, let’s say, people may be cursing how high these tolls are. The people who put down the Hampton Roads project now won’t get the blame for that,” Baxandall says.

It is difficult to fault the Hampton Roads contract on any other grounds than a basic dislike for private-sector involvement in government and the long-term obligations it brings. The project gives an economic boost to the area with minimal risk to the taxpayer. The negotiators had the right expertise, did their homework, got all the technical specifications right, and touched base with all the right people. The Virginia Transportation Department and the attorney general’s office are banking on a judicial reversal from their appeal, and the beginning stages of tunnel construction are going forward in the interim. If the contract is found to be unconstitutional, the department could find itself with a $1 billion financing hole to continue the project.

It wouldn’t be the first time a deal like this threatened to crumble. A classic example of a private-public partnership gone awry is the Bay Expressway, a 10-mile express toll road near San Diego. California negotiated the deal in 1991 with Macquarie, the same company partnering in the Hampton Roads project. In 2010, just three years after the road opened, the private operator hired by Macquarie declared bankruptcy. San Diego eventually bought the road back at fire-sale terms.

The South Bay deal was among the first of its kind in the United States, and it suffered from rookie errors. Delays and unexpected costs led to large budget overruns. A design-and-build team sued Macquarie over the construction timetables. The road opened for business at the start of a massive economic recession that hit Southern California especially hard. Both the costs of the lawsuit and the collapse of the subprime housing market were cited in the bankruptcy declaration.

Even here, the story has a happy ending. After the city took over the expressway, it was able to slash tolls by almost half to attract drivers. Usage went up 20 percent in just a few months. The road won’t be paid off until 2042, but like any mortgage, the owner-taxpayers can use it while paying down their debt.

Since that debacle, government operators have learned a lot about how the pieces of a public-private partnership need to fit together to make sense to the public. Kinn likes to say that even the name is a misnomer. “They’re not public-private partnerships,” he argues. “They’re public, private, political, publicity-type partnerships. We don’t have any public relations arm that’s strong enough to deal with what we’re facing.”

That’s why Kinn recently hired a political operator and an old friend, Rick McGeorge, whose main job is to go from town to town and make sure Virginia’s local officials and opinion leaders are aware of potential public-private infrastructure projects in their areas. The worst thing the deal-makers can do to a city is blindside it, even if the projects on tap would be a boon to residents.

Kinn and McGeorge spend a lot of time on the road, glad-handing. “We’ve gotten to know the mayors. We’ve got to know the [metropolitan planning organizations],” Kinn says. “I’ve taken Rick on one of these junkets. It’s tiring for Rick, and its tiring for me. But we don’t walk in there as unknowns. Every key person is there. We’ve worked to earn that right, and now we’ve got to stay there.”

These “junkets” seem more like political tours than business trips, but Kinn understands they are just as critical to a well-crafted deal as the final signatures in a CEO’s conference room. Like politics, all business is personal. Local champions are essential when you blend government with business, because the agreements look smarmy and opportunistic without them.

The rules are simple: Get the mayor and city council on board; show the neighboring mayors and city councils that you have ideas for them, too; treat cities like equals with your private-sector partners; above all, do not underestimate the people by keeping them in the dark. Kinn’s team is comfortable presenting at churches, county fairs, 4-H clubs, and any other community group that will have them. Still, it doesn’t always work. They did all of this outreach for the Hampton Roads tunnel and still met considerable opposition in Portsmouth.

Even so, it’s hard to imagine a transportation network operating in this budget climate without the influx of private-sector cash. The people who protest that investment, such as Portsmouth lawyer McSweeney, acknowledge that the government has its back up against a wall, that choices have to be made. “Maybe it’s better,” he says, “just to recognize we’ve bumped up against the debt limits.”