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Toll road bonds in danger of 'junk' label

**By Kevin Flynn, Rocky Mountain News
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More than \$400 million of Northwest Parkway bonds are in danger of being classified as "junk," which should put the brakes on plans to extend the metro beltway through Golden, opponents said Friday.

Standard & Poor's and Fitch Ratings have put \$404.5 million of Northwest Parkway bonds, already listed at the lowest investment-grade level, on their negative ratings watch list.

The next drop would be to non-investment grade, so-called "junk bonds," which could force some investors to sell their holdings. The Northwest Parkway Authority is working on a financial restructuring that would delay some debt payments, said executive director Steve Hogan.

But opponents of the planned Northwest Corridor toll road, which would connect the Northwest Parkway to the C-470 freeway in Golden, say the troubles illustrate a common problem in toll road development - overoptimism.

In a 2001 traffic forecast, Northwest Parkway - which stretches from the Boulder Turnpike in Broomfield to connect with the E-470 tollway at Interstate 25 - was predicted to carry 30,236 vehicles a day in 2004, its opening year, and produce \$12.3 million of revenue.

Instead, its daily average was 7,479 vehicles, and it took in \$6.3 million.

Traffic has been growing lately. Last month the daily average was 10,703 vehicles. Put in perspective, that's about the same level of traffic that passes through the quiet intersection of West 10th Avenue and Perry Street in Denver's Villa Park neighborhood.

Fitch predicted that without a restructuring, Northwest Parkway will have to dip into its reserve funds to begin paying on bonds in 2007.

The parkway faced a number of unanticipated problems, said Hogan.

"Our story is a slow start, 9/11, a national recession and no job growth in the corridor, even though there has been almost-on-target residential growth. It's the kind of thing that is not unusual given the economy and where we are."

The Northwest Corridor study, and all other toll-road planning in Colorado, should be stopped "until they can figure out how to accurately forecast traffic," said Tom Atkins of Citizens Involved in the Northwest Quadrant, an opponent of the proposed toll link through Golden.

Golden City Manager Mike Bestor said the forecasts for the tollway though his city are driven by the inaccurate forecasts used for Northwest Parkway.

"They used to say the Northwest Parkway was a loaded shotgun pointing traffic right at the heart of Arvada," Bestor said. "Well, that argument falls apart. There's more cars on my residential street."

Atkins said since traffic from the parkway was used to develop the forecasts for a potential toll-road extension through Golden, the results are questionable.

In fact, the CDOT study's current traffic forecast shows Northwest Parkway with current traffic of 28,000 vehicles a day, nearly three times what it actually is carrying.

Bill McDonnell, project manager for the Colorado Department of Transportation on the environmental study, said the numbers are not final until the study is done.

Fitch analyst Scott Trommer said much is riding on how Northwest Parkway restructures its debt payments.

"Given the traffic and revenue trends that occurred through 2004 and really through 2005," Trommer said, "it hasn't met expectations of the authority or of our own stress analysis. What we're seeing is a growing divergence between actual traffic and revenue and what was expected when the authority sold the bonds."

Nearly all of Northwest Parkway's bonds are insured, so bondholders would continue to receive payments.

flynnk@RockyMountainNews