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SH 130 Toll Road Operator Files for Bankruptcy

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A private company that operates part of the Texas toll road with the highest speed limit in the country filed for bankruptcy Wednesday, fewer than three years after the section of the road it oversees first opened.

The SH 130 Concession Company, a partnership between Spain-based Cintra and San Antonio-based Zachry American Infrastructure, opened the 41-mile-long southern portion of the State Highway 130 toll road, from north of Mustang Ridge to Seguin, in October 2012 to much fanfare. In addition to the record 85 mile-per-hour speed limit, the company signed an unprecedented deal with the state to build and operate its section of the road for 50 years in exchange for a portion of the toll revenue.

But the road has faced a slew of financial headwinds in the years since, as lower-than-expected traffic has led to shortfalls in revenue. A year after the road opened, the lack of traffic prompted Moody's Investors Service to severely [downgrade](#) the company's debt, and Moody's released a report eight months

later warning that the company was [dangerously close](#) to defaulting.

SH 130, which runs a total of 91 miles from north of Austin to Seguin, was initially touted as a way to alleviate gridlock on Interstate 35 through the capital city. The southern section is the only part operated by the Concession Company; the rest is run by the state department of transportation.

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SH 130 Concession Company CEO Alfonso Orol said in a statement that the road will continue to operate while it goes through Chapter 11 bankruptcy proceedings.

“The filing will have no financial impact on the state of Texas,” Orol said. “It’s business as usual for our customers, employees, vendors, and surrounding communities during these proceedings.”

When the southern section of SH 130 was first unveiled, then-Gov. [Rick Perry](#) hailed the project as a significant achievement for the state, after he had pushed for private toll leases despite skepticism around the Capitol.

“This stretch of road holds a special place in our history,” Perry said at the ribbon-cutting. “This is the first road built via a public-private partnership.”

Bob Kaufman, the chief communications and marketing officer at the Texas Department of Transportation, said that the company’s bankruptcy filing should have no impact on state taxpayers.

“No state money was used to build the portion from SH 45SE

south to Seguin operated by the SH 130 Concession Company, and the state is not liable for any of its outstanding debt,” Kaufman said. “SH 130 continues to be a viable alternative for drivers who want to bypass Austin and avoid congestion on Interstate 35.”

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The company said that, while its current debt payment schedule is "unsustainable," it hopes to announce a resolution to its financial troubles in the coming months and points to gradual traffic increases as reason for confidence moving forward.

"We believe that this trend will continue and that the road will become an increasingly popular alternative to I-35 and a valuable asset for the Central Texas region in the years to come as connectivity improves and the area's economy and population continues to grow," Orol said.