

TESTIMONY

By

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JOINT COMMITTEE ON TRANSPORTATION OVERSIGHT

“P3” FORUM

1:00 PM – WEDNESDAY, JANUARY 18, 2012

INTRODUCTION

- AGC of Missouri: Statewide highway contractor association made up of 214 construction industry members located throughout Missouri.
- AGC of Missouri commends MoDOT for bringing this proposal before the Missouri General Assembly.
 - AGC of Missouri supports solutions for state transportation funding.
 - Rebuilding I-70 is one of the critical long-term transportation needs of the state.
 - With revenue from traditional federal and state user fees shrinking, an innovative alternative of “P3” should be strongly considered.
 - The up to \$90 million per year in maintenance savings from the I-70 “P3” project can be put to good use on other state roads and bridges.
 - This is a drop in the bucket, but at least it is a drop.
 - A comprehensive solution to meet all of Missouri’s transportation needs must be found.
 - Over the last two years the unemployment rate for construction workers in Missouri has averaged somewhere over 16% - double the average for other industries. There are contractors closing up shop or facing closure. Neither I-70 nor Missouri construction workers can wait for solutions.
- Missouri faces many challenges, but an effective and safe transportation system benefits the economic and personal well being of all Missouri citizens and should not be ignored.

CURRENT MISSOURI LAW

- Current Missouri law on “P3” (227.630 RSMo) is wholly inadequate to meet the transportation needs of Missourians.
 - “P3” is limited to “pipeline, ferry, river port, airport, railroad, light rail and mass transit facilities.” Use of “P3” is clearly limited to “non-highway” transportation.
 - We have no objection to use of “P3” for the other modes, but we see no movement to use it for those purposes.
 - Highways are the most likely use of “P3.”
 - Current law for “P3” projects for other modes also prohibits collecting user fees from “motor carriers.” Totally inappropriate for both “non-highway” and “highway” “P3” projects which will be the subject of 2012 legislation.
 - Ports “P3” is rendered useless by this provision.

OTHER STATES

- States having used “P3” to the greatest extent to date include:

Texas

Recent project: Highway 130, Texas to San Antonio
Many more projects planned – became controversial.

Florida

Recent project: \$1 billion Port of Miami Tunnel

Virginia

Recent project: \$2 billion Capital Beltway with HOT Lanes

Virginia piloted the “P3” method with passage of the “Public-Private Partnership Act of 1995”

AGC RECOMMENDATIONS FOR 2012 “P3” LEGISLATION

- AGC OF Missouri looks forward to seeing a “P3” bill introduced this session and to working with the sponsor towards its passage.

- Two key recommendations for provisions of bill:
 - 1) Require a competitive procurement of the “private partner.”

- Virginia law does not require.
- Virginia: Negotiations with a single proposer may be a closed record

MoDOT is in agreement with competitive procurement, but such requirement should be reflected in the law.

- 2) Require “performance” and “payment” bonds for the construction cost of the “P3” projects.

- “Performance Bond” – Protects the taxpayer in assuring completion.
- “Payment Bond” – Protects subcontractors, suppliers and workers in receiving payment.

MoDOT should have flexibility in setting the sum of bonds at less than 100% of construction costs if necessary due to the magnitude of the project. There is already a model in the Missouri “design/build” statute for such flexibility. However, bonding should be **required** and not an option.

CONCLUSION

- AGC of Missouri stands ready to work with MoDOT, the General Assembly and other stakeholders toward all solutions to Missouri’s transportation problems, including “P3”.