

Mo. scraps private financing for bridge project

By DAVID A. LIEB

JEFFERSON CITY, Mo. (AP) — Credit market troubles have forced officials to scrap an innovative plan to fix hundreds of Missouri's worst bridges, thwarting what was to serve as a national roadmap for quickly renovating aging infrastructure.

The plan would have awarded a single contract to finance, design and build 802 bridges within five years and then maintain them for the next 25 years. The state would have made annual payments to the contractor.

The plan was hailed as a potential model for other states and a better alternative for getting repairs done that otherwise would take two decades at Missouri's current pace.

But that was before the credit market crisis caused the cost of the bridge project to spike.

Though the private contracting teams offered good proposals, "they simply could not overcome the burden of a financial market that has melted down," said Pete Rahn, director of the Missouri Department of Transportation.

The Missouri Highways and Transportation Commission, the board that governs the DOT, instead decided Thursday to issue its own bonds to finance the bridges, which it pledged still would get rebuilt or repaired within five years.

Missouri has more bridges in poor condition than all but three other states — Oklahoma, Pennsylvania and Iowa. Of its 24,024 bridges, nearly 20 percent, or 4,595, are structurally deficient, according to a 2006 Federal Highway Administration report.

Missouri's massive bridge project gained national attention because of the Aug. 1, 2007, collapse of a Minneapolis bridge that killed 13 people and injured 145 others.

Meeting in a special session just weeks later, the Missouri Legislature waived conventional contractor requirements that — because of the scope of the project — had prevented it from going forward.

By coincidence, Missouri's decision to scrap its privately financed initiative in favor of state bonds came on the same day the new Interstate 35W bridge opened in Minnesota.

Gov. Matt Blunt said the revised plan still is "the most aggressive bridge program in Missouri history."

"The positive changes this initiative will bring to our state's transportation infrastructure over a relatively short period of time will be dramatic," Blunt said.

Missouri announced in December that it had picked a preferred contracting team for the project, a coalition of state and national firms calling itself Missouri Bridge Partners. The state then set out to negotiate the contract details with a goal of limiting annual payments to about \$50 million.

In February, the state nearly closed a deal that would have paid Missouri Bridge Partners \$52.7 million annually. But the deal was contingent on the contractors assembling a private financing package through Wall Street firms. As the credit markets tightened, the financing options dwindled and the costs rose.

By September, the cost of the project had escalated to an average annual cost of between \$65 million and \$74 million, which department officials said could have threatened Missouri's ability to complete other already scheduled highway projects.

"Despite every creative way we tried to come up with this program, we are not able to overcome the problem that the private financing component of this is bringing to it," said Don Hillis, the department's highway system management director. "It basically makes it unaffordable."

An official with San Antonio-based Zachry American Infrastructure, the lead entity in Missouri Bridge Partners, issued a statement expressing disappointment about the decision.

"We believe our efforts over the past two years culminated in an innovative proposal that provided the maximum scope of work for the lowest cost possible given parameters set by the Federal Highway Administration," senior project manager Dwight Munk said.

After ditching the private financing model, transportation commissioners agreed to a revised plan under which the department will issue \$700 million in bonds to be paid off with future federal highway dollars.

The 25-year cost of the revised plan is estimated at \$1.4 billion — significantly less than the private financing estimate of \$1.74 billion to \$1.96 billion, the department said. Another difference from the original plan is that the state will now be responsible for both the financing and the long-term maintenance.

Transportation commissioners expressed disappointment Thursday but said they realized the private financing model probably could not work.

"The end game is the same," as far as getting the bridges fixed, commissioner Jim Anderson said. "But obviously the means to the end are different."

On the Net:

- Missouri Department of Transportation: <http://www.modot.org>