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Meeting our road needs

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Guest Columnists

It's no secret that one of the biggest budget challenges facing our state revolves around North Carolina's aging infrastructure. The American Society of Civil Engineers graded the conditions of our bridges, roads and dams in the range of C- to D. It found 30% of the state's bridges are structurally deficient or functionally obsolete, and 27% of our roads are in poor or mediocre condition. The U.S. Chamber of Commerce rated North Carolina's transportation infrastructure the seventh-worst in the nation.

It's also no secret state revenue is down, and political leaders are looking for innovative ways to resolve infrastructure issues. The http://www.bizjournals.com/profiles/company/us/nc/raleigh/nc_department_of_transportation/3304889N.C. Department of Transportation estimates it must spend about \$60 billion by 2040 to ensure safe and stable bridges and highways. Gov. Pat McCrory has proposed a 25-year plan focused on maintaining infrastructure and prioritizing new projects with emphasis on value, environmental impact and economic-development opportunities.

In the state's search for solutions, some assistance may be provided

by the federal government. That aid will allow North Carolina not only to maintain but to improve and expand its infrastructure. The Federal Transit Administration recently signed an agreement with the city of Charlotte to pay half the construction costs for a 9.2-mile expansion of the light-rail system. That's a commitment of roughly \$580 million, with construction scheduled to begin in November.

Congress recently passed legislation providing funding for highways, bridges and other transportation projects through 2014 at an estimated expenditure of \$120 billion.

The construction industry is responding to the infrastructure crisis and new market realities. Contractors, accustomed to traditional construction delivery methods, have responded to lender concerns by offering additional assurances such as parent-company guarantees and more bonds. Joint-venture and partnership projects are increasingly common. Owners have come to expect contractors to offer value-engineering services during preconstruction. Many contractors also offer design-build packages, often agreeing to assume the additional risk of site selection and project design traditionally borne by the owner.

One controversial approach not yet adopted in North Carolina is public-private partnerships. Such partnerships

allow for the sharing of resources, risks and rewards. These so-called P3s also require an early assessment of long-term operation and maintenance costs. Such an assessment has been markedly absent from public projects, a dearth which many attribute to today's infrastructure dilemma.

P3s are common internationally, but states have become receptive to the idea only recently. Texas, California and Florida – states facing challenges similar to ours – have enacted legislation to guide state and municipal agencies through the P3 procurement process.

Industry sources expect the General Assembly to consider P3s in the current session. Although passage of enabling legislation isn't guaranteed, advocates say it's a matter of time until P3s become an established part of the state's construction industry.

The challenges faced as a result of North Carolina's population growth and infrastructure demands are not insurmountable. The public demands maximum value from its government, and the government in turn passes these high expectations along to the construction industry. The construction industry will have an opportunity to embrace the challenge.

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