

**FBT LEADERSHIP RETREAT
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**Alternative Contracting Presentation
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Starting about 15 years ago (1990), FHWA began evaluating different methods of improving the efficiency of transportation improvement projects using the umbrella of Special Experimental Projects 14. SEP – 14 as it is known in the industry has provided state DOTs a mechanism to evaluate and use different types of non-traditional contracting procedures on certain highway projects. Under SEP – 14 different contract types, including some of those currently used in Florida were allowed to be used, including design/build.

In 1995, Florida legislature, authorized the FDOT to use design/build on buildings, rail corridors, and major bridges,

A year later, in 1996, this authority was expanded to cover all project types under the umbrella of innovative practices; with the primary goal of improving construction projects through speedy project delivery, without a reduction in safety or project quality.

From a designer's point of view, the only opportunity to participate in innovative practices in the construction process has been to become a member of a design/build team. Although design/build has proven effective in delivering certain types of projects, it is not the silver bullet that cures all of our program delivery concerns. For one, many designers do believe that there exists an inherent internal conflict of interest, in being a part of a contractor led D/B team. This conflict of interest comes about as a result of the designer believing that they cannot represent the best interests of the owner on one hand and those of their client, the contractor on the other.

Additionally, some designers believe that the process of providing a cost proposal for their design services as a part of the D/B proposal violates the intent of Florida's Consultant's Competitive Negotiations Act (CCNA).

Looking ahead, we are encouraged to see that the Department is investigating the possibility of incorporating Construction Management at Risk process for horizontal construction projects. In the CM at Risk process, the owner maintains control over both design and construction activities by retaining a CM at Risk firm for a maximum guaranteed price to deliver the project. This delivery method has been successfully utilized by other governmental entities on both vertical and horizontal construction projects and we strongly support FDOT's interest in this process.

While working under SEP-14, opportunities arose to look at project delivery in a different light, in particular, in the way they are funded. Although SEP – 14 allowed these types of innovations, FHWA decided to move forward with SEP- 15, which continues to allow for innovative contracting, along with a host of others points of emphasis.

Of particular interest to the private sector is the opportunity for Public-Private Partnerships (PPP) in delivering much needed transportation projects where other current needs or financial restraints make project delivery difficult.

SEP – 15 allows for a continuum of public/private partnership in design, build, operate and finance of major transportation projects, with the emphasis on “partnerships”. Chicago’s Skyway toll bridge, Texas’ TTC 35, and Colorado’s route 470 are examples of how this partnership can be implemented.

Private entities, by establishing 6320 corporations are allowed to participate in the tax-exempt bond markets to bond projects as a part of this process. We request that Florida legislature encourage the development of such entities by possibly providing additional incentives to these entities, as a mean to provide additional opportunity for faster project delivery.

Florida’s Turnpike Enterprise Model is a shining example of what innovative approaches can do for program delivery. We encourage continued use of PPP projects with the Enterprise as the FDOT representative for State. We also would like to see more public/private partnership opportunities with private financing of projects with other transportation organizations in Florida.

Finally, we believe that for-profit, private equity also has a place in the mix. We believe that in order for us to meet the challenge of providing safe and efficient transportation in Florida, we need to look at all options available to us and we know that under the leadership of Florida legislature and the FDOT, we can accomplish this task.

Thank you.