

March 3, 2021

Transportation Committee

Senate Bill 920: An Concerning Public Private Partnerships - Oppose

Senator Cassano, Representative Lemar, Senator Somers, Representative Carney, and members of the Transportation Committee:

My name is Travis Woodward, P.E. I am an engineer with the Department of Transportation and the president of the CSEA SEIU Local 2001 P-4 bargaining unit. I am testifying today against Senate Bill 920: An Act Concerning Public Private Partnerships.

Public Private Partnerships or P3s are often sold to us as a fix to crumbling infrastructure, a way to boost economic growth or a way to shift public risk to a private contractor. The reality is that when considering Public versus Public Private Partnerships, always remember, it's either the taxpayers pay or the taxpayers pay.

Instead of contracting out an individual project as we do now, a P3 sells State assets to be administered by for-profit contractors. If loose P3 language exists like the current proposed language changes would make in SB 920, private contractors could assume quasi-governmental status and will place profits over the needs of the people.

When P3 Projects fail, they fail miserably and the Public is left holding the bag. Often this debt is handed off to the next generation of taxpayers.

The only way public private partnerships work is with public trust and transparency. Probably the most scandalous example of P3's gone wrong is the Texas Highway 130. This 50-year P3 was signed in 2006 and tasked with maintaining a 41-mile stretch of highway between Austin and San Antonio.

- Within eight years of the company's "lease", the road is in desperate need of repair and lack of oversight has caused nearby homes to flood.
- Although many of the companies involved made a lot of money on the deal, the private consortium that won the project itself filed for bankruptcy with \$1.6 Billion in debt.
- Throughout the bidding process they were allowed to make their own traffic projections. Even after the company took control of the highway, this information was considered proprietary information and never made available to the public.

Senate Bill 920 as written strips the requirements of 4e-16, an important cost analysis safeguard put in place to prevent transparency issues like the Texas Highway 130 disaster. You may ask yourself why the author of this bill seeks to remove this important language from the statutory requirements. The only reason to remove cost comparison requirements from this section is that P3's are rarely, if ever, cost effective to the public.

Senate Bill 920 removes the fifty-year limit for partnership agreements (Lines 115-117). Stripping this important safeguard means we as taxpayers could get stuck in a shortsighted agreement and loss of public property for generations to come.

Senate Bill 920 removes the five project limit for public-private-partnerships. This provision has been in place from 2011 through 2020. How many P3's have been entered into since 2011? Has there been a pilot P3 yet? If P3's have been performed since 2011, what have we learned from them? If P3's have not been performed since 2011, why not? Are P3's only palatable to businesses when all the transparency and safeguards are stripped away?

More can and must be done to protect the taxpayers. Since projects that do fail end up being the responsibility of the public taxpayers by default, it is important that language in this bill include:

- Requirements for administrative performance bonds
- A business plan to return the infrastructure or P3 asset to public control upon failure
- Requirements for public posting notice of proposed projects under this bill with an option for public hearing if written opposition is made

Before we sell off State assets to the lowest bidder, let's make sure the public is getting the better end of the deal.

I urge you to vote NO on Senate Bill 920.

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CSEA SEIU Local 2001

<https://www.inthepublicinterest.org/the-fastest-road-in-america-is-falling-apart-heres-why/>

<http://projects.expressnews.com/the-end-of-the-road-texas-130-toll-road>