

# Transportation Committee JOINT FAVORABLE REPORT

**Bill No.:** SB-920

**Title:** AN ACT CONCERNING PUBLIC PRIVATE PARTNERSHIPS.

**Vote Date:** 3/24/2021

**Vote Action:** Joint Favorable Substitute

**PH Date:** 3/3/2021

**File No.:**

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## **SPONSORS OF BILL:**

Transportation Committee

## **REASONS FOR BILL:**

This bill expands previous legislation and opens extra avenues for a potential public private partnership to be approved, which may be necessary given the lack of accepted P3's throughout the duration of previous statute. This bill allows the Department of Transportation to seek more creative ways of funding projects while maintaining DOT's existing ability to seek out potential public private partnerships.

## **RESPONSE FROM ADMINISTRATION/AGENCY:**

**Joseph Giulietti, Commissioner, DOT**

The Public-Private Partnership (P3) language which passed in 2011 was seen as an opportunity for the State to work with private entities to pursue state projects. Since 2011, the State has been unsuccessful in taking advantage of such agreements due to restrictive requirements, including inflexible payment terms. The bill amends the current P3 statutes to enhance the State's ability to utilize P3 agreements in designing, developing, financing, constructing, operating, and maintaining projects.

The bill broadens the definition of the types of projects eligible for a P3, eliminates the requirement that the State portion of a P3 not exceed 25% of the cost of the project, and allows availability payments, which can be an attractive financing and project payment mechanism for projects which, for reasons related to policy, public perception and/or profitability are not feasible for advisable under a user-fee based concession.

## **NATURE AND SOURCES OF SUPPORT:**

**Wyatt Bosworth, Assistant Counsel, CBIA:** "The changes to the P3 statute offered in this bill will better incentivize public-private creativity, efficiency, innovation, and capital to address the state's immense infrastructure needs. Additionally, it will unlock enhanced assistance from the federal government, such as the Federal Highway Administration's Center for Innovative Finance Support, to finance projects, transfer delivery risks, and get Connecticut residents to work."

**Keith R. Brothers, Business Manager/Secretary Treasurer, CT Laborers' District Council:** " We support this careful recrafting the Public Partnership legislation (sections 4-255, 4-256, 4-259 and 4- 261). It provides greater flexibility in how this legislation may be applied and by its new language ensures that a proposed project must be found by the Governor to result in job creation and economic growth."

**Connecticut Construction Industries Association:** "CCIA supports the amendments in this bill that greatly improve the application, effectiveness, and administration of the state Public Private Partnership (P3) statutes."

**Christopher Fryxell, President, Associated Builders & Contractors, CT Chapter:** Supportive of the legislation, but suggests amendments to require public input and the removal of certain language that they feel adds nothing to the meaning of the statute.

**Joseph Toner, President, Greater Hartford-New Britain Building & Construction Trades Council:** Supportive of provision in the legislation that would provide wage protection for workers. Supports change that would provide oversight to PPP's through the State Contracting Standards Board.

#### **NATURE AND SOURCES OF OPPOSITION:**

**Carl Chisem, President, Connecticut Employees Union Independent, SEIU Local 511:** Concerned that this legislation would lift previously established regulations and open the PPP process to "corruption".

**Lawrence Fox, Chair, State Contracting Standards Board:** Opposes the provisions of: "The elimination of the cost-benefit-analysis provided under C.G.S Sec. 4e-16 and, more importantly, the business case justification for any public-private partnership, the expansion of public-private partnerships to any endeavor by the State, and the elimination of the 50-year duration of a public-private partnership to allow for never ending agreement."

**David Glidden, Executive Director, CSEA SEIU Local 2001:** Opposes how the legislation "seeks to strip out from current law all of the existing limits, transparency, and due diligence relating to the state's use of P3's" in their understanding.

**Shar Habibi, Research and Policy Director, In the Public Interest:** "My organization has long studied public-private partnerships (P3s) and examined numerous contracts and deals from around the country. We have found that many of these deals present significant risks to the state and the public, including loss of public control of the asset, financial and budgetary

risks, decreased affordability and accessibility, overly rosy projections that don't materialize, and the loss of transparency and accountability."

**Sal Luciano, President, CT AFL-CIO:** Opposed to language that would lessen regulations and requirements for P3's.

**Travis Woodward, President, CSEA SEIU Local 2001 P-4 bargaining unit:** Opposed to language that would lessen regulations as well as potential transparency issues.

**Stacey Zimmerman, Representative, SEIU CT:** Has concerns that this legislation would lead to inefficiency and corruption regarding P3's.

**Reported by: Justin Kaiser**

**Date: 3/30/2021**