

Killing bridge could cost \$10M

By Cindy Beamon
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CURRITUCK — The state risks losing up to \$10 million if it pulls out of a partnership agreement to build the proposed Mid-County Bridge in Currituck, an official with the agency responsible for building the span says.

David Joyner, executive director for the N.C. Turnpike Authority, also has adjusted the proposed construction starting date for the \$600 million bridge project to January 2014.

Under that timeline, the seven-mile span across the Currituck Sound wouldn't open to traffic until 2018.

Joyner made both projections as part of his response to questions posed recently by four powerful state Republican lawmakers critical of the state's funding for the Mid-Currituck Bridge project.

In a letter to Joyner, state Sens. Bill Rabon, R-Brunswick, Kathy Harrington, R-Gaston, and state Reps. Phillip Frye, R-Mitchell and Grey Mills, R-Iredell, each of them a chairman of the Joint Legislative Transportation Oversight Committee, asked several questions about the bridge. They said the state's first public-private partnership to build a road project needs to be "highly scrutinized" to avoid a negative outcome.

Among other things, the lawmakers wanted to know the terms of the state's agreement to build the bridge, and the state's projected risks and financial obligations for the project.

In his Aug. 3 response, Joyner said the state's private partner in the bridge project, Currituck Development Corp., is expected to contribute \$40 million toward the bridge. CDC is a consortium of private partners including Spanish bridge-building company ACS Group.

Under the proposed public-private partnership, CDC will design, construct, operate and maintain the project over 50 years. The company is expected to recoup its costs by charging tolls, estimated earlier to cost motorists between \$6 and \$12 one way.

Joyner said if the state were to back out of the partnership agreement with the CDC before closing the deal, it would have to pay up to \$10 million.

The private partners have also agreed to shoulder "key risks" in the project, he said. Those risks include: absorbing the risk for collecting tolls; keeping construction on time, and on budget; and operating and maintaining the bridge for 50 years.

The state's obligation includes providing "gap funds" to subsidize construction costs.

The state Legislature has agreed to pay up to \$28 million in gap funds each year for 30 years. For the past two years, however, the General Assembly has delayed its appropriation of the gap funds and diverted the funds elsewhere.

This year, the Senate even removed funding for the project altogether but later agreed in budget negotiations to a one-year delay in funding instead.

Apparently, the new round of questions from the committee chairmen is a continued challenge to the project.

“Transportation infrastructure needs in this state are great and we all must grapple with which projects to finance and how to finance them,” states their letter to Joyner.

Local officials say the questions by the Republican lawmakers signal a serious threat to the bridge project.

“I am very worried they will not come back next year and refund the bridge even though we have assurances they will,” Currituck Commissioner Owen Etheridge said.

The General Assembly is expected to hammer out next year’s budget during its winter session. Funding for the bridge is expected to be part of those budget deliberations.

In the meantime, the state will be working toward finalizing its agreement with CDC.

The Turnpike Authority has projected its commercial agreement with CDC will be ready by October. The next steps would be the project’s final design and environmental permits before the financial closing in December 2013.

Joyner said any legal challenge to the project — which the Turnpike Authority is expecting — would not increase the state’s \$10 million liability.

“Historically, environmental lawsuits do not kill projects but they can delay projects,” Joyner said. “Eventually projects go forward assuming financial conditions allow. We have anticipated a reasonable delay from litigation.”

The lawmakers’ letter states their committee plans to meet this fall to review the information from Joyner.