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2001, 2003, 2007, 2011
Construction Writers Association
Robert F. Boger Award for Editorials

2002, 2008 (2), 2011
Construction Writers Association
Robert F. Boger Award for
Feature Articles

2011
Construction Writers Association
Robert F. Boger Award for Videos

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Not a pretty picture

Public group's investment in P3s may not be a wise one

I have not purchased a special magnet for the day. There is not even a spot picked out on the wall for it.

Have you seen the latest commercial by Prudential, the one that shows all the photos of the first sunrise of people's retirement? I can't help but think that will never be me, that there will be nothing to proudly display on the refrigerator or frame as a keepsake. A Social Security system, which has its doors wide open for the taking, and the Ow! Jones Industrial Average makes me think this ride into the dawning landscape is only possible in TV land.

The California Public Employees' Retirement System (CalPERS) firmly believes in the Kodak moment, and is so anxious to make it happen for so many people it announced the investment of \$800 million into road, bridge and other projects across the nation over a three-year span. The move is part of a massive \$5 billion worldwide infrastructure effort that CalPERS hopes is worth its weight in golden years.

It's a strategy that experienced its first sunrise a short time ago. In fact, CalPERS has dipped its toe and created a few minor splashes with a \$60 million investment.

"The outcome could be good if we get all of the stars aligned," said CalPERS board President Rob Feckner.

Why don't you throw in a few successive shooting stars as well? I mean, the last thing I want to hear from someone who is about to toss my nest egg into either a pillow or a concrete block is that it all depends on astrological formations.

Still, CalPERS is rocketing into this endeavor. It wants to invest in private contracts and insists it will only mingle with jobs that hire public workers.

"The last thing anyone wants is, 'Oh, my retirement fund just displaced my job,'" added Feckner.

I also would not want my retirement fund to displace my, well, retirement. Those who have followed my column over the last few years know my stance on private enterprises entering the road and bridge industry. It is a risk, and certainly one that has not had much of a sunny side. Sure, the initial investment

fires off a round of excitement, and public-private partnerships have given an ignored road and bridge network a pat on the head and pinch of the cheek. But what has happened when that first smile has worn off? Rumors floating around indicate that some of these P3s could eventually be looking at Chapter 11s, mainly due to the ever-increasing price for gas and the wart-infested economy. I recently traveled the Dulles Greenway, a privately owned 14-mile toll road that connects the Washington Dulles International Airport with Leesburg, Va. After the shock of a \$4.45 fare wore off (for a whole 2 miles worth of travel) my senses soaked in a disturbing picture—a highway hurting for customers.

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What I refuse to buy is Feckner's attempt to comfort public workers with the half-hearted assurance that CalPERS would flat-out refuse to deal with something that would ostracize the public worker.

How much control will CalPERS have in this whole process? Will it be involved in every single hiring linked to the project? A good portion of the work on your typical P3 goes to private contractors, which in turn hire private employees. OK, most are tied to unions, but I still do not think that favors card-carrying members of Caltrans. And what if a venture comes along that will guarantee millions and millions of dollars? Will CalPERS have the will power to turn away from the opportunity due to some private hires? My guess is the system will try to capture the moment. **R&B**