

INNOVATIVE FINANCING

DESIGN-BUILD

The Legislature passed the original design build in the 2006 Session which allowed the DOH to design-build up to three projects. To collect further data, the Legislature passed Acts in both 2009 and 2011 allowing for an additional ten projects. To date, our data shows that we have saved \$18,613,000 and 63 months in construction costs.

The DOH has awarded all 13 projects and since the legislation currently has a sunset of June 30, 2013, we cannot proceed further without either continuing the pilot program or creating a permanent program.

PUBLIC-PRIVATE PARTNERSHIPS (3P)

The Legislature passed Public-Private Partnerships Act in 2008 which allows the DOH to enter into a contract with a private entity to build a facility. The DOH attempting several times to locate interest parties but talks eventually broke down for the following reasons:

1. The DOH is required to provide the Legislature with a copy of the comprehensive agreement and the Legislature must approve the agreement by passage of a concurrent resolution. Since most private entity funding would be done by bonding, the time delay to receive the legislative approval prevents a private entity from acting in a quick moving bond market. Additionally, private entities indicated that they did not like revealing possible trade secrets that may be included in the agreement.
2. The Act requires that all employees on the project be paid at prevailing wages. The private entities indicated that they should not be subjected to prevailing wages if they were using employees currently on staff.

The DOH has the following issues:

1. The current Code prohibits the DOH from expending any state funds (except for sunsets). The DOH feels that if this is a needed project, the Commissioner should have the option to commit funding.
2. The Code sunsets on June 30, 2013.

TOLLING

The DOH working with the Parkways Authority attempted to toll a highway (US 35) and went through the public involvement process. As required by Code, the DOH received letters of support from the counties where the highway was located. Unfortunately one of the counties rescinded their support after the DOH had expended a large sum of money. The case was adjudicated and the ruling was in favor of the State. Unfortunately, during the process, the bond ratings increased making the project unfeasible.