

PUBLIC COMMENTS

HB 4420

HOUSE COMMITTEE ON STATE AFFAIRS

Hearing Date: April 20, 2021 8:00 AM

Carlos Rubinstein

SELF

Austin, TX

Mr. Chairman and Members of the Committee,

My name is Carlos Rubinstein. I am Principal of RSAH2O LLC, an environmental consulting firm focused on Texas water issues. I am also a member of Invest Texas Council. I am submitting comments in FAVOR of HB 4420 by Representative Krause.

I had the honor of serving as Chairman of the Texas Water Development Board (TWDB) from 2013 – 2015 and as Commissioner of the Texas Commission on Environmental Quality from 2009 – 2013.

From my time at the TWDB in particular I recognized that the amount of investment needed for all water infrastructure construction, operation, maintenance and expansion needs exceeds in many cases the amount of publicly available funds.

As Texas continues to grow, and existing water supplies decline - as clearly outlined in the State Water Plan - Texans will have to rely on increased conservation as well as new water supplies. Treatment costs, maintenance and operations (project life cycle costs) associated with these new sources of water will add to cost pressures.

Failure to undertake these investments in a timely manner can have negative effects beyond water supply. Water, as most Texans are well aware, is a limiting factor as it relates to economic development potential.

HB 4420 charges the Texas Department of Transportation (TxDOT) and the TWDB to work with the Office of the Comptroller to study the feasibility of alternative project delivery methods for large scale projects. Central to this effort is recognizing and quantifying the potential project benefits from a Public-Private-Partnership (P3) component in the project.

P3s are a collaboration between a government agency and a private-sector company that can be used to finance, build, maintain, and operate public infrastructure projects. P3 participation in project delivery can bring private sector expertise and efficiency. Private capital infusion in a project can reduce the amount of state and local general revenue supported debt issuance.

Specific to the TWDB's interests, any portion of a project that can be effectively delivered under a P3 reduces the amount of funds needed to be issued under a TWDB loan agreement. This reduction in public supported debt issuance can help extend the actual capacity of the very effective but not unlimited TWDB funding mechanisms, such as the SWIFT program.

Additionally, the work called for under HB 4420 can help dispel misconceptions regarding alternative project delivery structures.

HB 4420 does not in any way require that a project include a P3 component.

For all of the reasons stated, I respectfully submit these comments in support of HB 4420.

Carlos Rubinstein, Principal
RSAH2O, LLC
April 19, 2021

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Carlos Marin, Dr.
Self. Principal Engineer
Brownsville, TX

My name is Carlos Marin and I'm a principal engineer with Ambiotec Group, a civil and environmental engineering and consulting firm with offices in the Rio Grande Valley, and also a member of the Invest Texas Council.

I wish to submit my comments in FAVOR of HB 4420 by Representative Krause.

My professional engineering career trajectory has taken me from academia and a traditional engineering perspective, to now a greater focus on the role of infrastructure as a key element of economic development and job creation.

What has become clear to me over that time, is that the current reliance on traditional public sector management, procurement and financing of water resources disincentivizes the risk management, innovation and efficiency that are needed to keep Texas competitive on the infrastructure-economic development front.

Water together with labor and energy will become the next constraints to economic development worldwide. As the world moves away from globalization and toward regional economies, USMCA will become the leading regional economy. And Texas, as the largest trading partner with Mexico, can continue to play that leading role. But how Texas faces water, labor and energy shortages in the future will determine its long term competitiveness and success, vis-a-vis its national and international trading partners

By requiring the TWDB to work with the Office of the Comptroller to study the feasibility of alternative project delivery methods for large scale projects, HB 4420 provides opportunities for the private sector to introduce badly needed innovation, cost effectiveness and improved risk management into the water sector that will be necessary for Texas to maintain and increase its global economic leadership.

Of course there are always parties that will be affected favorably and unfavorably by any legislative program. But we should not let the potential negative effects on a limited number of interests hold back the long term interests of Texas.

HB 4420 is an essential part of the toolbox that will promote the greater good for Texas and Texans, and I fully support its passage.

Respectfully,

Carlos Marin, Ph.D. P.E.

Jeff Austin III
Self - Banker and former TXDOT Commissioner
Tyler, TX

Good Morning Committee members. My name is Jeff Austin III, I live in Tyler Texas and I'm a lifelong banker and a former TXDOT Commissioner for 8 years and also served as the 1st Chairman of the Northeast Texas RMA. I am IN SUPPORT of HB 4420. Even before the COVID and winter storm crisis over the past two years, Texas has faced a funding shortfall for critical transportation infrastructure for some time. While Clear lanes may be a popular program, It has harmed the states and especially rural areas. CAT 12 was designed to assist the entire state to help fill in gaps, not just the major metro areas. The lack of utilizing some of the available tools that TXDOT, the State and the RMAs can utilize has hurt the TXDOT and especially during a period where funds are scarce. In order to maintain the States critical US, Rural, and Interstate highways, I respectfully request that both chambers enact this bill as presented without a lot of amendments or adding additional projects. The project list is a good list where an alternative method and financing can work. Please note, in the real estate business, a developer cannot put a Class-A building on every corner. In transportation, alternative delivery cannot work on every project. What it can do is proved funding relief and shifting of construction risk so the funds that are freed up can be directed to additional congestion and strategic projects across the state.

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Lets talk about funding and financing - with historically low interest rates, some strategic projects can be funded by SMART debt or CDA' - including tolls to repay the debt. Especially when these financing tools represent interest rates that are lower than the rate of inflation. In TXDOT's case -even much lower than the Construction Cost Index! If we the legislature was a fortune 500 business - it would utilize these tactics. I stress that they should be tactics given a specific set of economic conditions like we are faced with now. If these methods are reauthorized, first I support the projects, specifically I-35 in Austin and also Toll 49 in Tyler.I would recommend that the contracts and legislation require a specific formula for buyback - not just an open ended appraisal. This is something that most financial institutions and other businesses already use. IN addition, if there is a contract with a potential developer - should they be in substantial non-compliance on another TXDOT project, then they should NOT be allowed to bid on such project for a period of at least 10 years unless waived by the legislature, the Governor or the LBB.

In closing, having been on the front line working for the citizens of Texas like you do, we need to help provide adequate funding for critical transportation projects across the State including the rural areas to address increases in population and One easy way to do o is to authorize PPP and CDA legislation and/or at least study it between sessions.

Respectfully Submitted.