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ICA'S GOT IT COVERED

■ Infrastructure Corp., an idea launched at Belmont, maintains hundreds of miles

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Next month, Infrastructure Corporation of America, based in Brentwood, begins maintaining 483 miles of Virginia interstate.

The \$27-million, five-year contract covers 120 miles of Interstate 81 and 64 out of Staunton, Va. In two years, ICA has won seven contracts in Virginia as the state for lovers shifts all of its interstate to the privatized-road maintenance model by next year.

For 10 years, the company has been riding a growing wave among states to do what is called asset management as they seek to pare ever-increasing costs in highway maintenance.

The wave looks like it is growing bigger. Observers say revenue from gas taxes won't keep up with rising costs. Studies conclude that unless something is done, the nation's highway system will continue to deteriorate.

"In almost all cases, the operational efficiency of our key transportation assets is slipping, and we have no agreed upon methods or solutions to restore them to an optimal level of utility," according to the January report issued by the National Surface Transportation Policy and Revenue Study Commission.

Congress created the commission to come up with ideas. And one was encouraging more private investment in road maintenance.

"That's all creating opportunity for us," said Butch Eley, ICA's chief executive officer and founder in the company.

Eley got the idea for the company while getting his MBA at Belmont University.

To start up, ICA's investors included Tom Beasley, a founder of prison operator Corrections Corporation of America; Tom Cone, founder of Cone Oil; Ray Bell, founder of Bell & Associates Construction; and Sam Bartholomew, a founder and chairman of Nashville law firm Stokes Bartholomew Evans & Petree, which merged with Adams and Reese in 2005.

ICA won its first contract eight years ago in Florida for 250 miles of Interstate 75. Subsequently, the company won 12 more contracts, including one for the Tampa/St. Petersburg area's Sunshine Skyway Bridge, the longest cable-stayed main span in the world.

The company has 230 employees in four states working 22 contracts. Eley wouldn't disclose the company's financials but says the company has been profitable for several years.

"After 10 years, it is clear this industry, this concept is proven and here to stay," Eley said.



Matthew Williams/The City Paper

Butch Eley, chief executive of Infrastructure Corporation of America (center), David Rader, executive vice president (right) and Darrell Massengale, chief financial officer, say they've found niche providing privatized road maintenance contracts for other states.

CP City Business

Infrastructure Corp. maintains rest areas, picks up trash, dead animals

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Florida and Virginia have been on the forefront of privatizing road maintenance about a decade as a way of saving money. Outside the U.S. place such as British Columbia, Canada, have been at it longer. The province went that route in 1988.

Texas and North Carolina have ventured down the path and ICA has won contracts in both states. South Carolina has a proposal out and Georgia is thinking about it.

"We knew this concept of asset management always had the potential for going nationwide," Eley said. "Now, we're getting calls from DOT and tollway officials around the country on whether we can be helpful."

Tennessee isn't considering the concept although the state is facing the same issue as other states, rising costs and flat tax revenues and fewer federal dollars.

"It has been discussed," said State Sen. Jack Johnson (R-Brentwood), who has urged the discussion. "I think Tennessee is a ways away from serious consideration. All of these options have to be on the table."

Observers say road building is low on Gov. Phil Bredesen's list and it's an election year.

These maintenance contracts cover everything from cleaning up dead animals to moving the grass to picking up trash. There are contracts for maintaining a state's rest areas. ICA has most of those areas in Virginia.

In the latest Virginia contract, ICA picked up a new duty — snow and ice removal.

"That's kind of a new twist," Eley said. Snow and ice is a vital service being entrusted to a private company. That may be a learning experience for ICA as well as the state in the same way disaster clean-up was defined on contracts.

After Hurricanes Wilma and particularly Katrina, portions of road contracts in Florida had to be redefined.

"It's so complicated and convoluted, we actually still have some outstanding money owed us," Eley said. "There was \$10 million of damage to just our section of the roadway."

The difficulty is in pricing insurance and the clean-up cost for when such storms don't come often. Terrorism insurance in contracts posed a challenge as well.

For the Sunshine Skyway, the price of terrorism insurance alone would have been higher than the cost of the maintenance contract. In both situations,



Courtesy of the City of St. Petersburg, Fla. is an example ICA's private maintenance contracts.

Maintaining the 15-mile Sunshine Skyway Bridge in St. Petersburg, Fla., is an example ICA's private maintenance contracts. the state determined that the catastrophic risk should remain with the state.

The term concession is becoming a more popular term in the industry. With that, a state signs a long-term lease with a company to rehabilitate, design, build and maintain roads and bridges.

And long-term could mean 99 years. "It's the first time in the U.S., you have public-private partnerships where the private sector is put-

ting equity into the arrangement," Eley said.

The companies pursuing such deals have to come up with money on the front end to get the work

ICA is part of a group that is in final contract negotiations for doing work around Missouri for the state's bridge improvement program. If done, Missouri Bridge Partners could begin work in the spring. **CP**