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Short cash puts road officials in 2-way bind

By Howard Fischer

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PHOENIX — Arizona's cash-flow problems are forcing state transportation officials to choose between delaying road projects and making contractors wait for their money for work already done.

Tim Tait, spokesman for the Arizona Department of Transportation, said the dilemma follows the decision of state Treasurer Dean Martin to cut off his agency's line of credit, forcing ADOT to repay \$110 million it already had borrowed.

ADOT, in turn, decided it could not afford to pay the bills of construction companies and their subcontractors who had already completed paving and other improvement projects.

Tait said they will get their money, but only after his agency is reimbursed by the federal government. And that, he conceded, could add weeks to when the contractors, who have to meet their own payrolls, get paid.

The move provoked an angry reaction from David Martin, president of the Arizona chapter of Associated General Contractors, which represents many businesses with state contracts.

"It's unacceptable for the contractors to underwrite the infrastructure system for this state," he said. Martin said the bills submitted should be paid "in the normal process."

Tait said depending on the project and the ability of contractors to get their bills in on time, they have been paid "almost immediately" for the work performed, until now.

He said ADOT is sympathetic to the contractors, which is why his agency is looking at reprogramming the state's five-year list of construction projects, to create additional available cash.

"But that has an impact because it reduces the number of projects the state can do," Tait said. "So instead of applying that money to the highway system, we're now going to have to apply it just for maintaining a cash balance."

At this point, there is no specific list of projects that would be deferred. But Tait said the need to have \$110 million sitting around to pay contractors' bills has got to impact how much the state spends each year in road construction.

The cash-flow problem comes as the state is getting ready to award contracts for about \$350 million in work to be financed through federal stimulus dollars. But here, too, the Federal Highway Administration will pay up only when each segment of the project is completed. And if ADOT doesn't have ready cash, it means contractors will have to wait while the federal agency processes the claims.

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