

The Miami Herald

Posted on Thursday, 10.21.10

CONSTRUCTION

Foreign firms play a key role in South Florida transportation projects

BY ALFONSO CHARDY

ACHARDY@ELNUEVOHERALD.COM

Odebrecht, a Brazilian company, celebrated 20 years of operations in the United States last week with a reception in Miami -- an event that in a way reflected how foreign multinationals have come to play a key role in major U.S. construction projects, particularly transportation.

Odebrecht is a contractor in the construction of key elements connected to a \$1.7 billion transit hub just east of Miami International Airport, one of three immense transportation projects in South Florida. Other foreign multinationals are also involved in the other two: a \$1 billion tunnel to the Port of Miami under Biscayne Bay and the \$1.8 billion reconstruction of Interstate 595 in Broward, the most expensive highway and bridge project state transportation officials have ever awarded.

"There is no question foreign multinationals have made a mark in transportation in the United States," said José Abreu, director of the Miami-Dade Aviation Department, who served as Florida Secretary of Transportation from 2003 to 2005.

Why foreign multinationals have emerged as leaders in the U.S. transportation business is a subject of debate among experts. But most believe that the principal reasons are the globalization of the economy, the ability of foreign multinationals to raise larger amounts of cash than U.S. firms and development of specialized technologies such as giant tunnel-boring machines and high-speed rail systems.

But to some of the foreign multinationals that have emerged in leadership roles in U.S. transportation circles, the real reason they have been successful is because they have been "Americanized," acting not as subsidiaries of a far-away company but virtually as local firms.

"Odebrecht does well because it becomes local everywhere it goes," said Gilberto Neves, president and chief executive officer of Odebrecht USA during the company's party last week. "We are of Brazilian origin, but we are local."

The party was held at the Adrienne Arsht Center for the Performing Arts, a landmark Odebrecht built just north of downtown Miami.

BIG PROJECTS

Odebrecht, one of the world's leading construction and engineering firms, has built the guideway and stations for the Metromover Brickell loop and is currently building the guideways and stations for key elements linked to the transit hub just east of MIA.

The hub, Metrorail's AirportLink, will connect the airport to the existing Metrorail system and the MIA Mover, which will connect airport terminals to the transit hub known as Miami Intermodal Center or MIC. Odebrecht is also building MIA's new North Terminal.

The MIC is the second most expensive transportation project in South Florida after the I-595 reconstruction in central Broward, now in progress.

That project was awarded to the Spanish conglomerate Actividades de Construcción y Servicios S.A. (ACS) Infrastructure Development of Madrid and partners. This group, in turn, created the subsidiary I 595 Express LLC. to implement the contract.

PARTNERSHIP

Under a deal signed last year, reversible toll lanes and other new features, including ramps, bypass and auxiliary lanes, an upgraded bike path alongside the North New River Canal, north of the highway, and noise walls are being built by I 595 Express LLC, which also is financing the project and plans to run and maintain the road for 35 years.

The arrangement was part of a public-private partnership in which the Florida Department of Transportation awards the project to a partner instead of a contractor. Normally, the agency allocates state and federal money to build, expand or reconstruct a highway or bridge; prepares designs; and finds a private contractor to carry out the work to its specifications.

But under the 2009 deal, I 595 Express LLC fronts the money, designs the project and carries out all construction from beginning to end.

Florida Department of Transportation officials have said that public-private partnerships allow for quicker completion of expensive and complex projects that otherwise would have to be done in installments over decades.

Had FDOT carried out the I-595 reconstruction in the traditional contractor formula, it might have taken 20 or more years to complete the project. Through I 595 Express LLC, officials expect to complete the project in five years.

PORT TUNNEL

FDOT used a similar arrangement for the coming renovation of the eight service plazas on Florida's Turnpike and for the construction of the Port of Miami tunnel under Biscayne Bay.

The agency awarded the tunnel concession to a French-led consortium called MAT Concessionaire, which includes French construction firm Bouygues Travaux Publics, which built the French portion of the English Channel tunnel.

Excavation of the tunnel is scheduled to begin next year.

The \$45 million tunnel-boring machine is being built in Germany by Herrenknecht, one of the world's leading tunnel-boring machine manufacturers. Herrenknecht is also involved in construction of the world's longest tunnel in the Swiss Alps, where boring was completed last week.

Meanwhile, the turnpike service plaza renovation project is scheduled to begin Nov. 1 at a cost of \$162 million, a project awarded to Miami-based Areas USA -- a subsidiary of the Spanish multinational Areas S.A. of Barcelona.

The new arrangements are a far cry from how the United States built its signature interstate highway system starting in the 1950s.

Bob Burleson, president of Tallahassee-based Florida Transportation Builders Association, said the interstates were largely built by family-owned construction firms within the states where each highway segment was being constructed. The federal government largely funded the project with state contributions over 35 years.

Burleson's family, in fact, owned one of the companies involved in construction of Interstate 95 -- the Wiley N. Jackson Co., with offices in Virginia and Orlando.

FUTURE ROLE

For the foreseeable future, foreign multinationals are likely to continue playing a prominent role in U.S. transportation.

President Obama's plan to build a national high-speed rail system likely will draw major foreign multinationals from Europe and Asia where the bullet train technology was developed.

Already French and Spanish officials have traveled to Florida offering their respective high-speed rail systems, the Train à Grande Vitesse or TGV and Alta Velocidad Española or AVE.

FDOT plans to build a bullet train from Tampa to Orlando with a possible extension in the future to Miami.

Read more: <http://www.miamiherald.com/2010/10/21/v-fullstory/1883539/making-a-mark.html#ixzz130O0cKBP>

