

# FUNDING CRISIS AVERTED

Budget deal, ARRA funding has road builders breathing easier

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If lawmakers had not worked at an 11th-hour deal on the state budget June 30, it could have been bad — even devas-

tating — to road builders. One of the agencies caught in the middle of no-man's land in the war between Gov. Haley Barbour and the Mississippi Legislature over the state budget was the Mississippi Department of Transportation (MDOT). That in turn left road builders, suppliers and others in the squeeze.

## A little compromise

"We're just hoping this does not delay our road and bridge projects in the area," said Mitch Stennett, president of the Economic Development Authority of Jones County before the deal was struck. Stennett said he was concerned about the impact on local contractors as well as traffic congestion and related problems.

Mike Pepper, executive director of the Mississippi Road Builders Association (MRBA), said the impasse could not have come at a worse time. The dry summer months are the peak of the working season for road builders. A shut down now would have been devastating to his members.

On June 19, MDOT sent out a sobering announcement. Due to the lack of action on the fiscal year 2010 appropriations bill, it was taking action to suspend, terminate or issue stop-work orders pertaining to certain contracts with the MDOT or the Mississippi Transportation Commission as of 12:01 a.m. on July 1. Procurement vendors were advised to suspend all work. Construction vendors were to terminate construction contracts. And, consultant services vendors were ordered to stop all work.

Each notice contained the wording "...any work performed by you after this date will be at your own risk."

Fortunately, lawmakers and Barbour struck a deal, but it did cost MDOT. According to Pepper, MDOT offered \$30 million out of its proposed \$1.05-billion budget proposal to keep the budget process going and contractors working. While Pepper hated to see road funds sacrificed, it was a relatively small price to pay.

Pepper said, "It has been well publicized that contracts to road and bridge contractors could (have been) suspended or terminated. Depending on which one, it could (have) cost the state into the hundreds of millions of dollars."

MDOT can breathe a little easier, too. According to the law, MDOT could not fire any of its personnel. It was discussing with its attorneys the best way to handle this matter before the budget compromise was reached.



Pepper

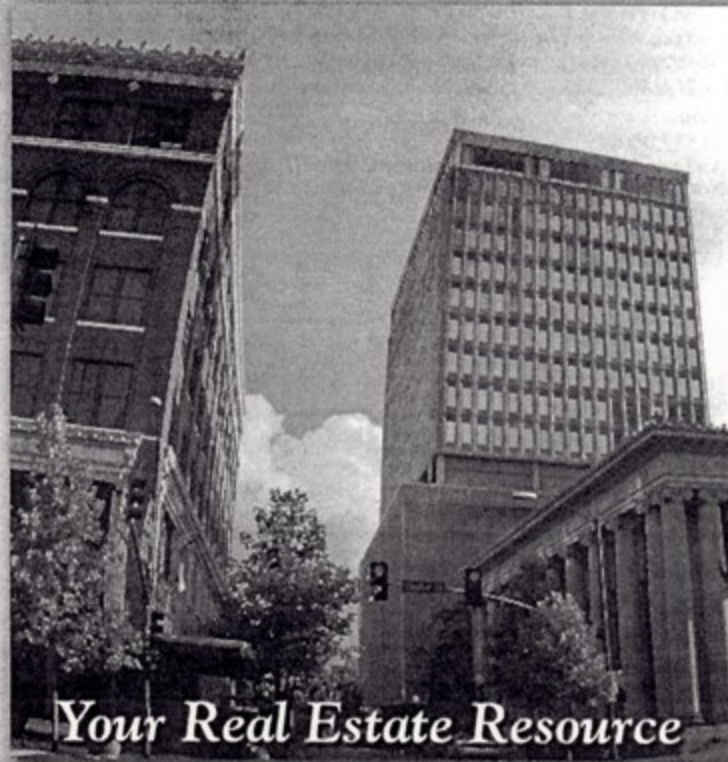
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## MDOT

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### A little stimulus

While the budget war had road builders and MDOT sweating, there has been reason for at least some relief when it comes to the transportation funding received under the American Recovery and Reinvestment Act (ARRA). The state

might have had the "slows" when it came to the state budget, but it has been ahead of the curve when it comes to grabbing stimulus money.

As part of the Obama Administration's effort to infuse ARRA funds swiftly into the economy, states were required to obligate 50 percent of their highway funds by June 29, 2009. The U.S. Department of Transportation (DOT) report reported in late June that all 55 U.S. states and territories successfully beat this deadline at

least 10 days ahead of schedule.

Mississippi did far better than that. According to the DOT, the state had obligated half of its ARRA funding as of April 23, 2009. That was better than 29 other states.

According to MDOT, the total amount of stimulus funding awarded to the state for transportation projects was approximately \$354.56 million. A little more than \$116 million of that went to municipalities as stipulated by the ARRA. Roughly

*Mississippi*  
**projects** that have seen  
the most stimulus assistance  
put to work in a single award

- \$35.1 million for work Mississippi 19 in Neshoba County
- \$32 million for an I-20/I-59 interchange in Lauderdale County
- \$21 million for work on U.S. 45 in Lowndes County
- \$18 million for work on U.S. 45 in Noxubee County
- \$15.717 million for work on Mississippi 19 in Newton County
- \$14 million for work on Mississippi 25 in Rankin County
- \$10.7 million for work on U.S. 90 in Jackson County
- \$10.53 million for work on Mississippi 8 in Sunflower County
- \$10 million for widening of I-59 in Lauderdale County

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Nominee Company \_\_\_\_\_ Year founded \_\_\_\_\_

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Please check one:  Manufacturing  Construction  Wholesale/Distribution  Retail  Service  Other

On a separate sheet, please provide: \* Revenues for year ended in  Fiscal 2008  Fiscal 2007  Fiscal 2006

Please mail your nominations to: **Fast 40**, KPMG LLP, Suite 1100, One Jackson Place, 188 East Capitol Street, Jackson, MS 39201

For more information call Jackie Mason at KPMG, (601) 714-7442 or fax to: **Fast 40** at (601) 354-3745

#### Criteria for Participation

The Fast 40 Program, co-presented by the *Mississippi Business Journal*, KPMG LLP and *Watkins Ludlam Winter & Stennis, PA* honors the state's most dynamic privately-owned businesses for their contributions to the growth and success of the entire community. Like the INC 500 list of the nation's fastest-growing companies, the Fast 40 list represents the backbone of Mississippi business and industry.

If your company, or a company you are familiar with, qualifies by meeting the following criteria, please complete the entry form above and mail only to KPMG LLP.

\*Qualifying companies will be ranked based on revenue growth over a three-year period. All revenue figures are subject to verification and will be held in the strictest confidence by KPMG LLP and *Watkins Ludlam Winter & Stennis, PA*.

#### Eligible companies must

1. Be independent and privately held.
2. Have revenue of at least \$1 million in 2008 and have three complete years of operations.
3. Have its home office and principal place of business in Mississippi.

#### Awards Presentation

Chief Executive Officers and top management teams of the Fast 40 will be honored at an awards luncheon at the Country Club of Jackson on October 22, 2009.

\$238 million of the stimulus money has gone to road and bridge projects.

MDOT and MRBA would obviously like to have seen more, but are not complaining too loudly.

"We are very grateful for the stimulus funding," said Melinda McGrath, deputy executive director and chief engineer at MDOT. "We were hoping to receive considerably more than we did to restore the state's infrastructure, but we are excited about being able to provide much needed improvements to Mississippi's highways and roadways."

Pepper said, "For legislation that was touted in Washington, D.C., to be an infrastructure bill, the road and bridge element was roughly only 4 percent of the \$800-and-something billion. It was a shot in the arm and we are very appreciative, but it will carry no long-term relief in an industry that has seen its share of cost increases operations and declining revenue of our vehicle gas taxes, or what I call 'user fees. However, reports have been positive that stimulus money that has gone into infrastructure has yielded positive results."

According to figures released by DOT on June 25, Mississippi ranked 20th in the nation in the amount of ARRA transportation funds that had been put to use. (DOT's numbers were older than those supplied by MDOT. DOT gave Mississippi's ARRA funds put to use as approximately \$214.78 million.) By comparison, Alabama had put \$205.18 million to use by that date, Louisiana \$198.59 million and Arkansas \$136.93 million.