MR. LUFFY: Thank you. Chairman DeFazio and Members of the Subcommittee.

I have been out and have not had the opportunity to give written documentation. But I will provide it afterward, naturally.

I would like to tell you that I am President and CEO of American Bridge Company. We have been building steel bridges around the world, particularly in the United States, for over 140 years. We are a heavy civil contractor, and there is probably not a major bridge to be built anywhere in the world today, with the exception of the Far East, that we would not be in pursuit of the project. We currently are the lead in two contracts on the Woodrow Wilson Bridge, two main crossings, we are the contractor there. And we are the lead of the joint venture that has the SAS project that was the subject of questions here with the last group.

So I have, I think, the facts on many of your questions, and I am going to cut my comments short, so that you have the opportunity to ask me whatever. I do want to say that we as a company are pretty unique. We not only are a large civil construction company, but we are a steel fabricator. We not only are a large civil construction contractor, but we are a steel fabricator. We not only are a large civil construction contractor, but we are a steel fabricator. We are the only company in the United States that is in control of every aspect of a Steel Fabrication/Construction project. And we are in support of Buy America. We would like to sit this afternoon and talk about the steel fabrication business, because that is the subject, and this is a topic very dear to me.

I have been in this business 35 or 40 years, and I can tell you that the steel fabrication capability in the United States has deteriorated over the last 20 years. It has not gotten stronger. It probably would not exist at all if not for Buy America. But still today, bridges without Federal money or, I don’t even understand how this works, bridges by the Coast Guard and the Coast Guard are open to Buy America, or are not subject to Buy America. In fact, we just completed a Florida Avenue bridge down in the Port of New Orleans for the Coast Guard, and that steel went to a foreign provider.

Huie P. Long Bridge. It will be a $60 million to $100 million steel contract. It is bidding in June in New Orleans. It will definitely go to a foreign steel fabricator. And nobody else in the United States was interested in the job late. There is no way we could have done the job on time. And nobody else in the United States was interested in the job because of the constraints of the project itself. Any major project that requires a fast delivery, you are going to have this problem, whether you have Federal money in it or not. There is not a significant capacity to the largest steel fabrication facility in the United States for bridges. I don’t know if Conn Ahee is still in the building, but I am guessing, because I know the industry so well, it is probably 300 or 400 people on the floor working. I was in a facility that is going to fabricate the steel for the Oakland Bay Bridge all last week. They have 32,000 people in that facility. It is not even a contest. It is not even a contest. Anyway, we are in support of Buy America. We would like to see it a lot more strongly enforced. There is some ambiguity, obviously, and that needs to be straightened out. It should apply to the whole project.

The details of a job will require that the job be broken into various segments, just so they can be bid and make more competition and therefore a better price to the State or the letting agency. But you have to look at the Buy America provision across the whole project, and that is the point. So I will cut my comments off there. I really appreciate being here. I have a lot of first-hand knowledge to this particular issue and I will answer any questions you have. Thank you.

Bay Bridge Steel Fabrication Facts

A GLOBAL EFFORT FOR A WORLD-CLASS BRIDGE

The 2.2 mile long East Span of the Bay Bridge serves almost 300,000 vehicles each day and is situated between two major seismic faults. After the Loma Prieta earthquake severely damaged the bridge in 1989, plans were made to reconstruct it. In 2011, the new Bay Bridge will be delivered into public service. Responsible replacement of one of the world’s busiest bridges – designed to withstand the largest earthquake to occur in the next 1,500 years – required a global approach. However, when it opens, the new bridge will be an overwhelmingly American story.

• More than 75 percent of the permanent steel in the new bridge is American made.
  • In the United States, fabrication took place in more than 30 locations.
  • In California, fabrication took place in more than ten locations.
  • All work on site is performed by U.S. industry.
  • Most of the international steel fabrication is involved in the Self-Anchored Suspension Span (SAS) of the new bridge. The SAS is a one-half mile-long piece of the 2.2 mile-long new bridge. Steel fabrication for the SAS was performed at several sites around the world, including China, Japan, South Korea and the United States.

BUY AMERICA

The main span contract (the SAS) involves a huge amount of complex steel fabrication work. It includes almost 1 million individual welds. The main span contract was first put out to bid in 2004. Federal funds were potentially involved in the contract so the requirements of federal Buy America law did apply. One bid was received from American Bridge/Fluor (ABF), with a price of $1.8 billion using a domestic steel fabricator (American Bridge proposed using its own steel fabrication facility) and a price of $1.4 billion using a foreign steel fabricator. Under Buy America law, the contract would have been exempt from using domestic steel as the price of domestic steel was more than 25 percent higher than the price of foreign steel. Buy America would not have resulted in the work being done in the U.S. The contract was not awarded as the low bid of $1.4 billion exceeded the available project budget.

CONTRACT AWARDED

Additional state and local funds were identified and the contract was put out to bid again in 2005. No federal funds would be used, so Buy America did not apply. Two bids were received, both proposing use of foreign steel. ABF was the low bidder – proposing Shanghai-based Zhenhua Port Machinery Company (ZPMC) for fabrication of the permanent tower and deck – and was awarded the $1.4 billion contract. ABF received no proposals from U.S. fabricators for this work and was only able to submit a bid in 2004 because American Bridge proposed using its own domestic facility to fabricate the steel, and did so knowing that their domestic facility could not complete the work on time.

A RACE AGAINST TIME

The original bridge is vulnerable to collapse in the next – and long overdue – major earthquake. ZPMC fabricated 50 permanent SAS segments in less than five years. In comparison, two similar permanent steel deck segments fabricated domestically for the Bay Bridge’s Skyway took two years to complete using nearly all of the fabricator’s capacity, indicating that it would take a similar U.S. fabricator 50 years to complete the permanent SAS work. If the work was reasonably distributed among the largest U.S. fabricators, it would take 10 to 12 years at best to complete, resulting in 5 to 7 more years of significant seismic risk to the people who use the Bay Bridge and to the economy and jobs of the region.

FABRICATION CAPACITY

ZPMC has extensive plant, labor and equipment capacity, with 3 square feet of fabrication bays, 3 million square feet of open engineered facilities, to hire and train people and the liquidated damages that would have been necessary, because we would have been late. There is no way we could have done the job on time. And nobody else in the United States was interested in the job because of the constraints of the project itself.

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BAY BRIDGE EAST SPAN STEEL FABRICATION FACTS AT A GLANCE

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