A “Crystal Ball” View of the Future of P3s

CSG/ERG Transportation Policy Committee

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Agenda

• P3s Generally
• Recent Projects
• Current Procurements
• Future - ?
Public Private Partnerships

- Accelerating project delivery
- Funding problems well documented nationally
- States, transportation, other infrastructure agencies are struggling
- P3s defined (generally includes a “F”)
- $1 B isn’t what it used to be [!]
What We are Seeing Today

- Greenfield Toll Roads
- Managed Lanes Projects
- Transit Projects
- Water Systems
- Ports
- Airports & Associated Assets
- Social Infrastructure
- Other Public Assets
  - LED Street Lighting
  - Broadband
Canada

- Mature P3 Programs
- Strong Government Support
- Central Government Procurement
- Availability Payment Based
~28 States have broad P3 Legislation

Recent Developments / Highlights

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Recent Public Private Partnership Projects
PennDOT Rapid Bridge Replacement

- Replacement of 558 structurally deficient bridges
- $ 1.1 B
- Bridges chosen for highest public benefit
- State to pay via AP over the 25 year term
- Developer responsible for design and construction related maintenance long term
- Maintenance performance dictated by contract, enforced by AP deductions
- Handback requirements
- High local participation
Managed Lanes

SH 288 Toll Lanes

- $1.1 Billion total investment
- Financial Close March 2016
  ✓ Managed lanes revenue-risk project; financing structure includes PABs and TIFIA
  ✓ 10 miles of 4 new lanes in the median and partial rehabilitation of the existing SH 288
  ✓ 2 major interchanges providing connectivity from and to the managed lanes (at IH 610 and at Beltway 8)
  ✓ Technical innovations provided enhanced connectivity and significant value to TxDOT
  ✓ ACS led team

I-77 HOT Lanes

- $650 M Construction Cost
- Financing includes TIFIA, PABs, equity
- Financial Close – early 2015
- Project opened on schedule in late 2017
  ✓ Revenue Risk Concession
  ✓ 1st Managed Lanes Project in NC
  ✓ HOV to HOT Conversion
  ✓ Cintra led team
From the Widen I-77 Website

Toll Lane Thickness Half of GP Lanes
September 16, 2015
The I-77 toll lanes will be constructed with about half the thickness of standard general purpose lanes. According to the contract between NCDOT and Cintra, the general purpose lanes are currently 32 inches thick, including an aggregate base course and a subgrade. In contrast, the toll lanes will be 17 inches thick, with no subgrade.

NCDOT Ensures No Improvements on I-77 for 50 Years
The I-77 tolling contract contains a non-compete clause that allows Cintra to be compensated for lost revenues resulting from certain public improvements. Basically, if we add any general purpose interstate lanes we’ll not only pay for construction costs but also whatever revenues Cintra is projected to lose.
Kentucky Broadband

- 3,200-mile network of major fiber lines, connecting all 120 counties
- $350 million project, financed through a series of bonds & equity
- State to pay via AP over the 30 years
- Performance Based
- 1st Stage: Construct main broadband fiber lines across the state
- Open access network allows private sector to use the fiber to deliver services to communities.
- Once complete, other internet service providers, cities, partnerships, or other groups will be able to tap into the system.
- Improved cell phone coverage is also anticipated as part of the initiative.
Michigan Freeway Lighting

- $45 million project, financed through a series of bonds & equity
- State to pay via AP over the 13 years
- Performance Based
- ≈ 90% of the 15,000 freeway lights in the Detroit area are high-pressure sodium or metal halide
- These will be replaced with energy-efficient LED lights in the first two years.
- ≈ 70% of existing lights are working. Problems include funding, copper theft, and other challenges.
- 90% of the lights must be operational after the first year, 98% after the second year.
- Developer is contractually obligated to monitor all lighting infrastructure while identifying and repairing deficiencies.
- The 15-year contract is divided into one two-year construction period and another 13-year O&M period.
Transit

Eagle P3 - Denver

- $2.2 Billion total investment
- Financial Close in 2011
- 36+ mile new light rail transit (LRT) system from Denver International Airport to downtown Denver and surrounding communities
- Includes 14 stations, maintenance and storage facility
- The light rail vehicles have been procured as part of the P3 contract

Purple Line - Maryland

- $2.5 Billion Capital Cost
- Financial Close anticipate 2016
- 16 mile light rail line that will extend from Bethesda to New Carrollton. It will provide a direct connection to the Metrorail Red, Green, and Orange lines; at Bethesda, Silver Spring, College Park, and New Carrollton
- 1 tunnel, 22 stations
- Includes context sensitive solutions
- Anticipated Opening: 2021
In Procurement
I-70 Managed Lanes - Denver

- Rebuilds I-70 through Denver (Phase I)
- Lowers sections of the highway
- Includes 4 acres of cover
- $1 B, AP
I-66 Outside the Beltway
LAX LAMP Program

2 Main Projects: APM, CONRAC
Miami Beach Light Rail

- $250 M, AP
- Part of larger planned Miami area system
- Submitted as an Unsolicited Proposal
- Traditional Procurement underway
Fargo-Moorhead Diversion Channel

- “Split Delivery”
- FM Flood Authority
- USACE
- FM - $800 M AP P3
Nearing Procurement
LAMP Projects @ LAX

Consolidated Rent-A-Car Facility
California High Speed Rail

- $64B Corridor
- DB to date
- P3 in 2016?
Future Project Procurements?

- Large Transportation Projects will continue
- Smaller Projects
- Bundled Projects
- “Different” Projects
  - LED Lighting
  - Broadband
- Transit/Rail
- Water Related
- More Local/Regional Projects
- Airports, Ports
- Social Projects

...Leading into more widespread acceptance