



# JTC Public-Private Partnership (P3) Work Group

Meeting 1

September 21, 2023  
1:00 – 3:00 pm



**CDM  
Smith**



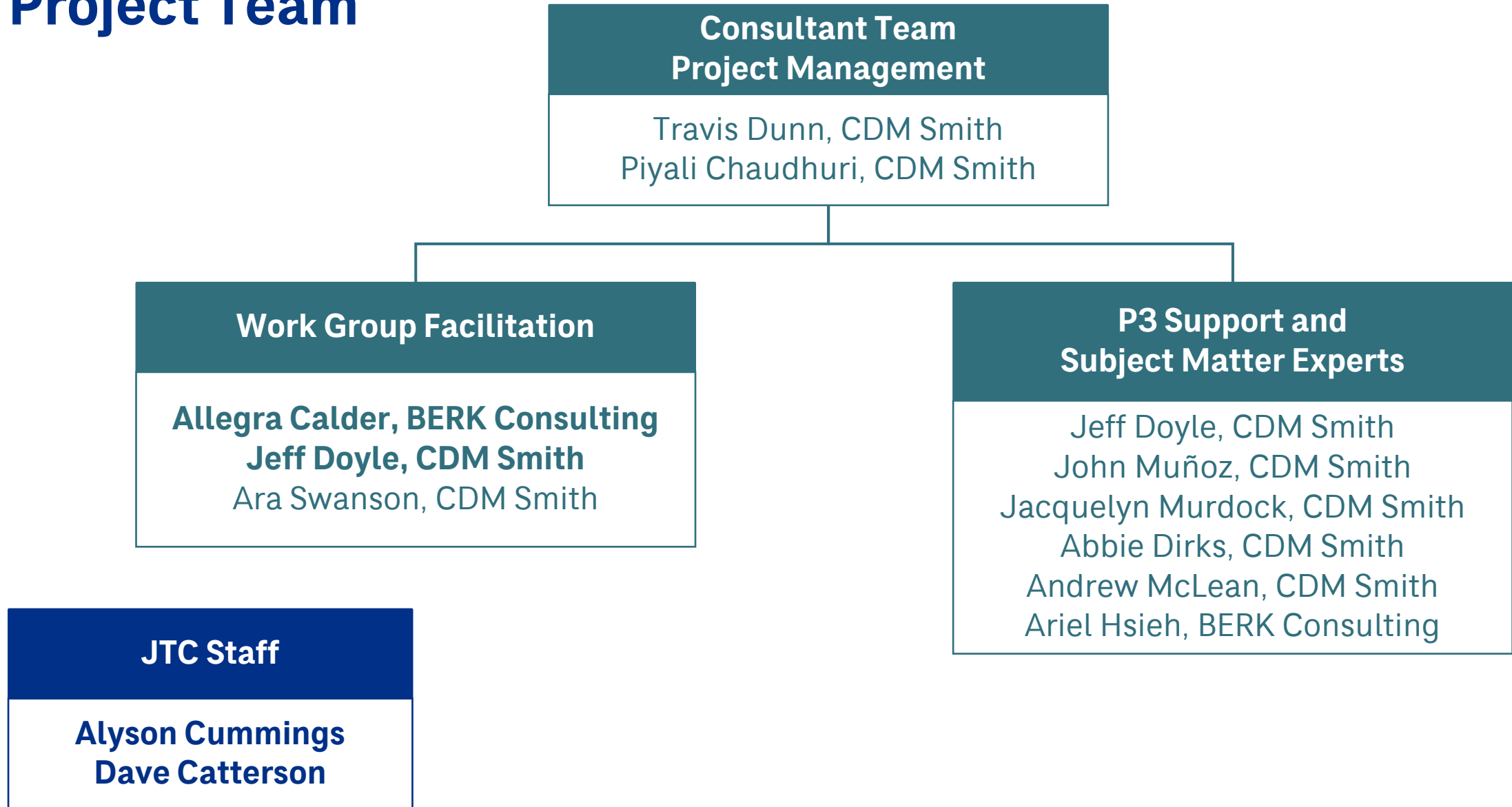
# Agenda

- 1:00 pm**      **Opening remarks by JTC Co-Chairs**
- 1:05 pm**      **Work Group member self-introductions**
- 1:10 pm**      **Project Team self-introductions**
- 1:20 pm**      **Overview of the P3 Work Group purpose, scheduled meetings, topics and proposed meeting agreements**
  - Jeff Doyle, CDM Smith
- 1:35 pm**      **What we've heard: the Work Group's beginning views**
  - Allegra Calder, BERK Consulting
- 1:45 pm**      **Presentation by the Association for the Improvement of American Infrastructure (AIAI): *"Fundamentals of P3, and Recent Successes in the U.S."***
  - Lisa Buglione, Executive Director, AIAI
  - Q&A
- 2:30 pm**      **Washington's P3 experience to date**
  - Jeff Doyle, CDM Smith
  - Anthony Buckley, Director, WSDOT Innovative Partnerships Office
- 2:55 pm**      **Preview of October meeting**

The background features a dark blue gradient with numerous horizontal light streaks in shades of blue and white, creating a sense of motion and depth. A solid teal horizontal bar spans the width of the image, serving as a backdrop for the text.

# Introductions

# Project Team



# Work Group membership

Work Group Member	Representative or Designee
<b>Joint Transportation Committee Executive Committee Members</b> (or designees)	<b>Co-Chair, Sen. Marko Liias</b> <b>Co-Chair, Rep. Jake Fey</b> <b>Sen. Curtis King</b> <b>Rep. Ed Orcutt</b>
<b>Office of the Governor</b>	<b>Debbie Driver</b> , Senior Policy Advisor - Transportation
<b>Secretary of Transportation</b> (or designee)	<b>Anthony Buckley</b> , Director of Innovative Partnerships, WSDOT
<b>State Treasurer</b> (or designee)	<b>Jason Richter</b> , Treasurer's Office
<b>Representative of a national nonprofit organization specializing in public-private partnership program development</b>	<b>Lisa Buglione</b> , AIAI
<b>Representative of the construction trades</b>	<b>Jennifer Ziegler</b> , National Construction Alliance
<b>Representative from an organization representing general contractors</b>	<b>Geoff Owen</b> , Kiewit Construction, Association of General Contractors of Washington



# Work Group Overview



# Work Group purpose

from Section 204 of the 2023-25 Transportation Budget

- **Study and recommend a new statutory framework** for the department's public-private partnership program.
- **Review the 2012 joint transportation committee's "Evaluation of Public-Private Partnerships" study**, consisting of:
  - **an evaluation of the recommendations for replacing chapter 47.29 RCW** and
  - **development of a process for implementing public-private partnerships** that serve the defined public interest, including, but not limited to:
    - Protecting the state's ability to retain public ownership of assets constructed or managed under a public private partnership contract;
    - Allowing for the most transparency during the negotiation of terms of a public-private partnership agreement; and
    - Addressing the state's ability to oversee the private entity's management of the asset.
- **Identify any barriers to the implementation of funding models** that best protect the public interest, including statutory and constitutional barriers.
- May also **evaluate public-private partnership opportunities for**
  - required fish passage and culvert work on state highways,
  - for the construction of, replacement of, or commercial retail options within Washington state ferries' terminals, and
  - for other projects as determined by the work group.
- **Update the 2012 recommendations and devise an implementation plan** for the state.
- **Submit a preliminary report, including any recommendations or draft legislation**, to the office of the governor and the transportation committees of the legislature by **December 15, 2023**, and **a final report with draft legislation** to the same by **July 1, 2024**.

# Each Work Group meeting has an overall objective, with specific agenda items and outcomes in support

## MEETING 1

September 21, 2023  
1 – 3 pm, Virtual



### Establish common understanding

- Introductions by Work Group members, overview of the P3 study directive, Work Group meeting schedule, deliberation process, and ground rules.
- Overview of the fundamentals of P3s and key issues for Work Group consideration.
- Washington's experience with P3s, including a higher-level overview of RCW 47.29, Washington's current P3 law.

## MEETING 2

October 20, 2023  
9 am – Noon, In-Person



### Review of P3 challenges and opportunities

- How other states have addressed P3s, in law and practice.
- Washington's ability to deliver large, complicated or innovative transportation projects under current laws and processes.
- Essential elements of a successful P3 enabling statute.
- Challenges and barriers to broader uses of P3s in Washington.

## MEETING 3

December 8, 2023  
9 am - Noon, In-Person



### P3 statutory provisions and deliberation

- Review of P3 statutory framework and draft legislative language.
- Discussion of key issues to be resolved.
- Viability of select transportation projects under draft P3 enabling statute.
- Process and schedule for implementation plan development (2024) final report.



# Work Group operating rules

- Meetings will start and end on time.
- Respect and acknowledge differences and similarities.
- Assume good intentions and listen to understand.
- Actively participate and prepare for each meeting by reading all materials in advance and submitting any feedback requested.
- We ask that you attend every meeting to achieve continuity in discussions. If you cannot attend a meeting it is your responsibility to be informed about the topics discussed.
- Direct any media inquiries to Dave Catterson at the JTC.



# What We've Heard: Work Group Member Interview Themes

# What we heard: Range of experience with, and understanding, of P3

- What is it? How does it work? When does it make sense? How are risks managed? How do we protect the taxpayers?
- Spectrum of P3 options (though not everyone is clear on what they are).
- Openness to explore it as another tool for project delivery – won't solve all transportation needs.
- Concerns about timeline and not wanting to be pressured to take action.
- Concerns about participant incentives and potential to bias the outcome.
- Cautionary tales from early P3s raise concerns about risk transfer and accountability.

# What we heard: Areas for further discussion

- What problem are we trying to solve with P3?
- What would success look like?
- What are the State of Washington's goals?
  - What parameters are needed to realize those goals?
  - How to craft legislation that provides needed assurances with enough flexibility to whatever agency ends up with the P3 program?

# What we heard: Potential benefits

- Accelerated delivery (could also result in less disruption to public).
- Long-term life cycle value.
- Project bundling (bridges, fish passage barriers).
- Integrated multi-modal approach.
- Coordinated approach to labor agreements.
- Increased opportunities for contractors of color and workforce training.
- Equity, climate, and sustainability could be included in the competitive process.
- Opportunities to address other state needs such as affordable housing, TOD.
- Technology provides fee structure options if tolling.
- Greater innovation potential (state employees often don't access the latest training and technology because workflow and/or resources don't allow it).

# What we heard: Other thoughts or concerns

- Learn from and adapt what is done elsewhere - don't overcomplicate it - competition is national and has choices about where they work.
- Beware of asking for too much.
- Minimize political risk early on (non-partisan program). People won't bid if they think leadership changes could jeopardize a project.
- Regardless of delivery mechanism, private sector exists to make a profit.
- Expert panel that supported 99 Tunnel contract may be a model.
- Project funding is available, project delivery is the current challenge.
- Cost comparisons need to be "like for like."
- Evaluation process will be important.
- P3 education needed beyond this group - Legislature, WSDOT, public.
- Don't want to diminish the value of WSDOT's staff - they need to be at the table.



# **Presentation by the Association for the Improvement of American Infrastructure**

AAIA

**P3DIRECT**

JTC Public–Private Partnership  
Work Group

**P3Direct** 



## What is a P3?

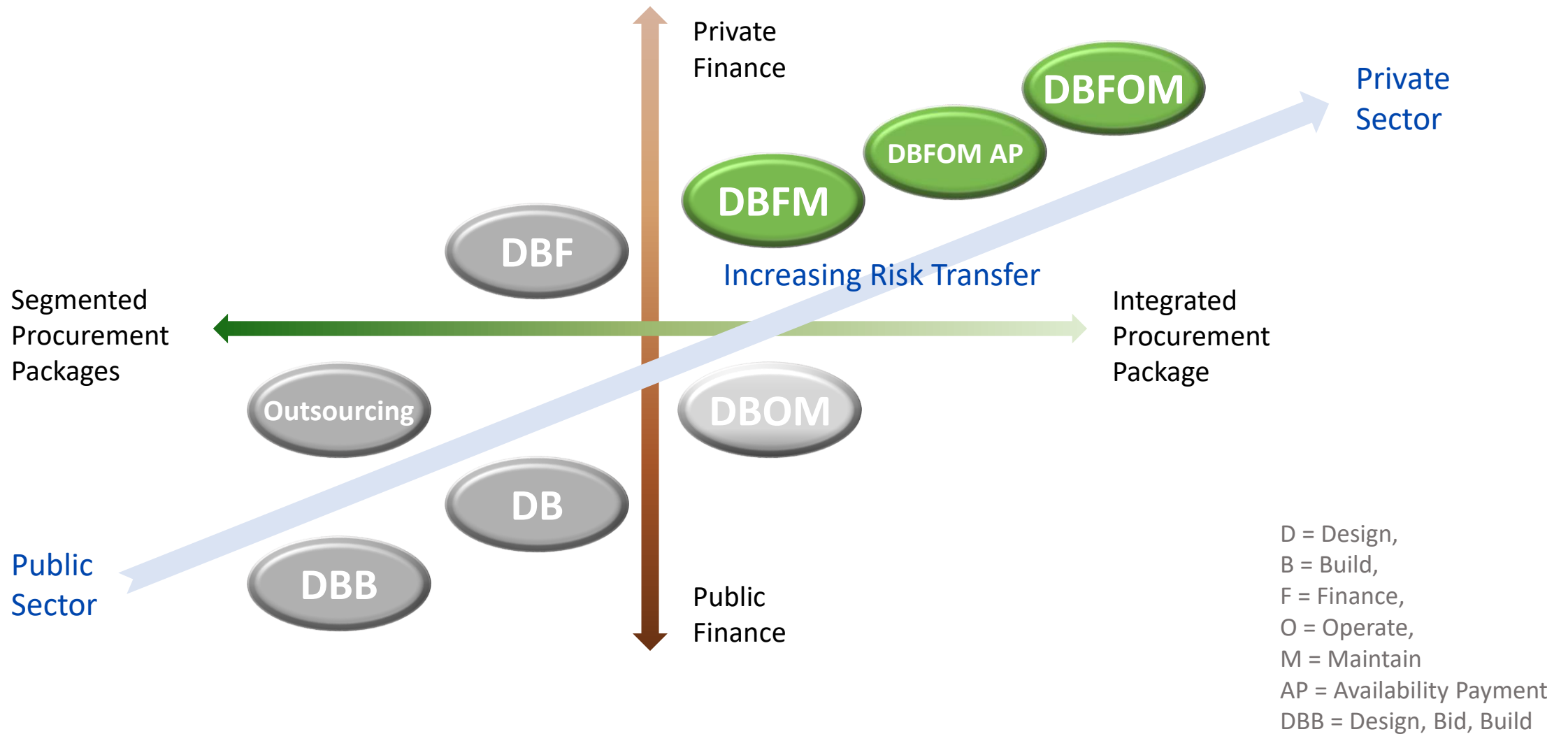
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A **P3**, or **Public-Private Partnership** is a delivery method that offers best value to the taxpayer through risk transfer.

A contractual agreement between a public agency and a private entity that allows for greater private sector participation in the life cycle performance of the asset.

Generally, we consider a P3 to include long-term capital and financing as part of a **Design-Build-Finance-Operate-Maintain (DBFOM)** contract structure (greenfield) or a **Monetization transaction** (brownfield).

# Delivery methods

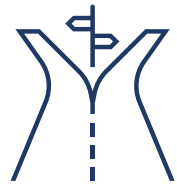


# What sectors can P3 be applied to?

The P3 model can be applied to most infrastructure sectors. Infrastructure can be defined as any large capital-intensive asset that provides essential services over a long service lifetime, and in doing so underpins broader economic and community activity. Sectors include transportation, energy, water, and community-based infrastructure.



**MASS TRANSIT**



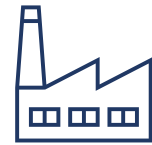
**HIGHWAYS**



**RAIL**



**AIR &  
MARITIME PORTS**



**WATER & SEWAGE  
TREATMENT  
PLANTS**



**EDUCATIONAL  
FACILITIES**



**HOSPITALS**



**COURTHOUSES  
& JUSTICE  
CENTERS**



**OTHER MUNICIPAL  
OR COMMUNITY-  
USE FACILITIES**



**RENEWABLE  
ENERGY**

## Overview

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P3s offer an additional tool in the procurement toolbox to deliver and maintain infrastructure efficiently.

### PUBLIC SECTOR PERSPECTIVE

- Retain ownership** of public asset
- Accelerate** project delivery
- Transfer risks** of delivering projects
- Long-term **life cycle**
- Cost savings**
- Project performance **guarantees**

### PRIVATE SECTOR PERSPECTIVE

- Investment opportunity**
- Fosters **innovation**
- Competitive process** and transparency

## Benefits of a P3

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SCHEDULE DISCIPLINE



BUDGET CERTAINTY



COST SAVINGS



GREATER INNOVATION



LIFE-CYCLE MAINTENANCE



ACCELERATED DELIVERY



PUBLIC OWNERSHIP & CONTROL



EFFECTIVE RISK TRANSFER



JOB CREATION



PAYMENT FOR PERFORMANCE/ACCOUNTABILITY

## Identifying a P3 – A P3 is:

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**A DESIGN AND CONSTRUCTION, FINANCING, OPERATIONS AND MAINTENANCE PARTNERSHIP** – the public sector enters into a long-term contract with the private sector to deliver assets and services for the benefit of the general public



**A LIFECYCLE PROCUREMENT APPROACH THAT GUARANTEES PERFORMANCE** – by integrating design, construction, and financing with operations and maintenance, the asset performance is optimized for the long term



**A RISK SHARING APPROACH** – the private sector assumes key financial, technical and operational risks, while the public sector sets policy and retains ownership



**A TRANSPARENT RELATIONSHIP** – the owner creates the control parameters during procurement and retains ownership of the project.

## Identifying a P3 – A P3 is NOT:



**PRIVATIZATION** - the public sector retains ownership and ultimate control of the public asset



**A FUNDING SOLUTION** - the government agency gains access to private financing options which may not be available in regular public procurement, but the project must still be creditworthy

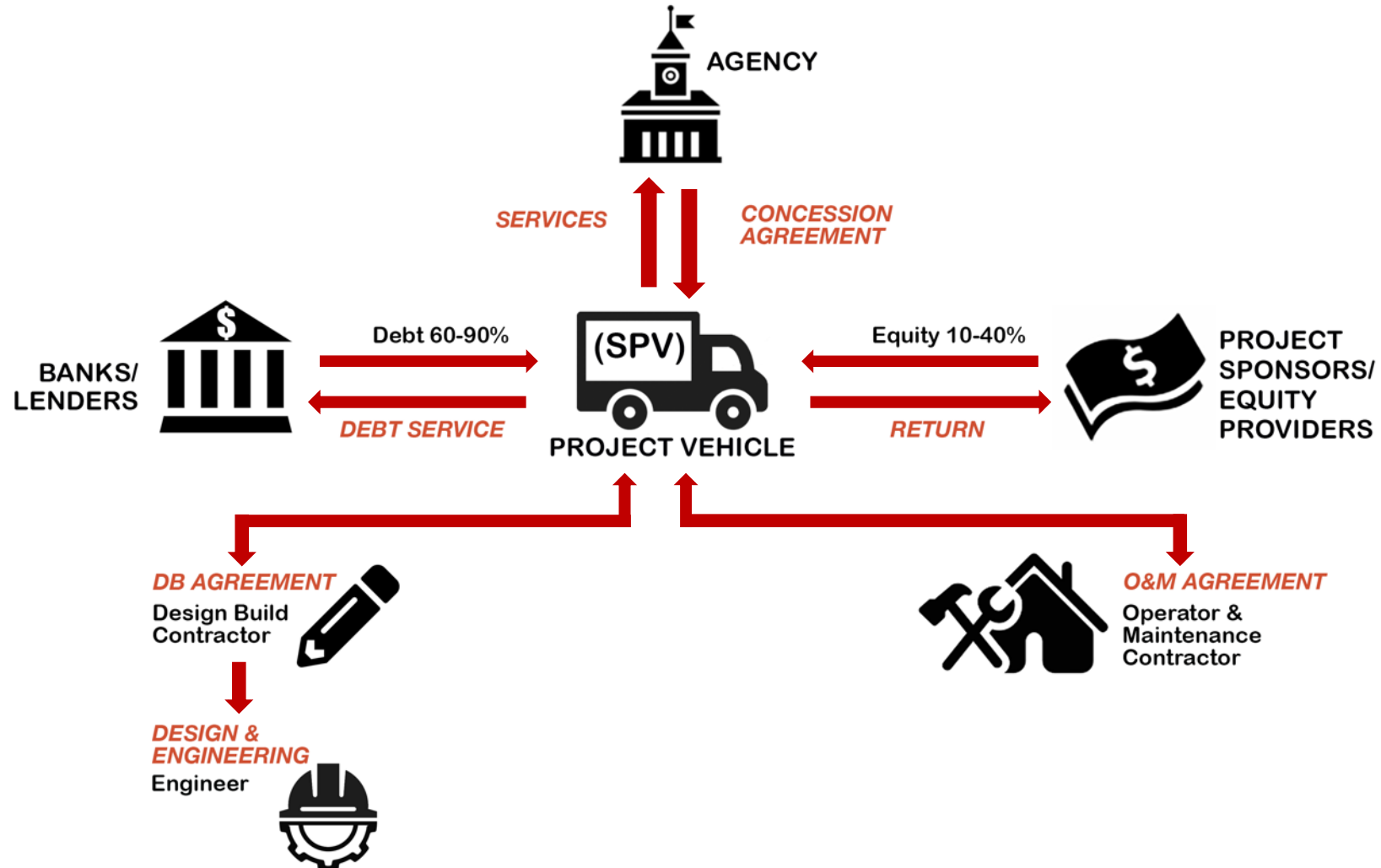


**A SHORT TERM CONTRACT** - the private entity enters into a performance-based contract with financial penalties imposed by the public agency if availability and quality standards are not met



**THE RIGHT SOLUTION FOR EVERY PROJECT**- a value-for-money analysis should be performed by experienced legal, technical and financial advisors to determine if a P3 approach is right for the project.

# Typical P3 structure





## P3s are not “free money”

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A P3 is a **project delivery method** - not a funding approach

Private financing and equity must be repaid

A funding/revenue stream must be in place and be “marketable” to ensure a viable P3.

# Funding v Financing

## FUNDING

Public money made available to the project. This contributed capital is not intended to be repaid or carry a cost (ie interest or return on investment).

**Typical sources include:**

### TAXES

- General fund
- Project or specific use allocation

### GRANTS or FUNDING PROGRAMS

### PROJECT REVENUES

- Tolls
- Value capture

### PROPERTY DEVELOPMENT REVENUES

## FINANCING

Money provided by private investors to pay for construction costs, concession payments and other large project costs. This capital is intended to be repaid and does carry a cost (ie interest and return on investment).

**Typical sources include:**

### DEBT

- Municipal bond (tax exempt or taxable)
- Private placement
- Bank loans

### EQUITY

- Shares
- Deeply subordinated debt

### FEDERAL CREDIT PROGRAMS

- Shares
- Deeply subordinated debt

# Funding v Financing

## FUNDING

### Pros

- No need to repay
- No “cost” to access
- Can share burden of project cost

### Cons

- May not be available when needed in terms of timing and/or quantum
- Can significantly delay project
- Cost may fall on some who do not benefit from project
- Can add to project requirements/federalization burden
- Sometimes high level of public scrutiny
- Limited risk transfer/performance incentive

## FINANCING

### Pros

- Capital liquidity can accelerate projects
- Increased oversight and management of costs and performance due to “skin in the game”
- Additional risk transfer
- Greater ability to match and sculpt cash flows

### Cons

- Typically finance cost is higher due to higher risk
- Some loss of control
- Additional scrutiny from third parties such as lenders or credit rating agencies

# P3 Payment Mechanism

There are two primary forms of payment mechanism: **availability** and **revenue-based**.

## AVAILABILITY

An **availability payment mechanism** – the government entity will make monthly availability payments to a concessionaire.

In order to receive payment, the concessionaire must ensure that the asset meets certain performance standards.

The concessionaire recoups its development, financing, construction and maintenance costs from the government entity through the 'availability payments' over the term of the concession.

## REVENUE-BASED

A **revenue-based payment mechanism** – when the revenue risk (ie toll risk) resides with the concessionaire.

By collecting revenues directly from those that use the facility, the concessionaire uses those revenues to repay lenders, operate and maintain the asset and deliver a profit to its investors.

# Value for Money

Value for Money (VfM) analysis is a process that can be used to compare the financial impacts for the public sector of a P3 project, compared against traditional public delivery alternatives.

The process to establish VfM includes:

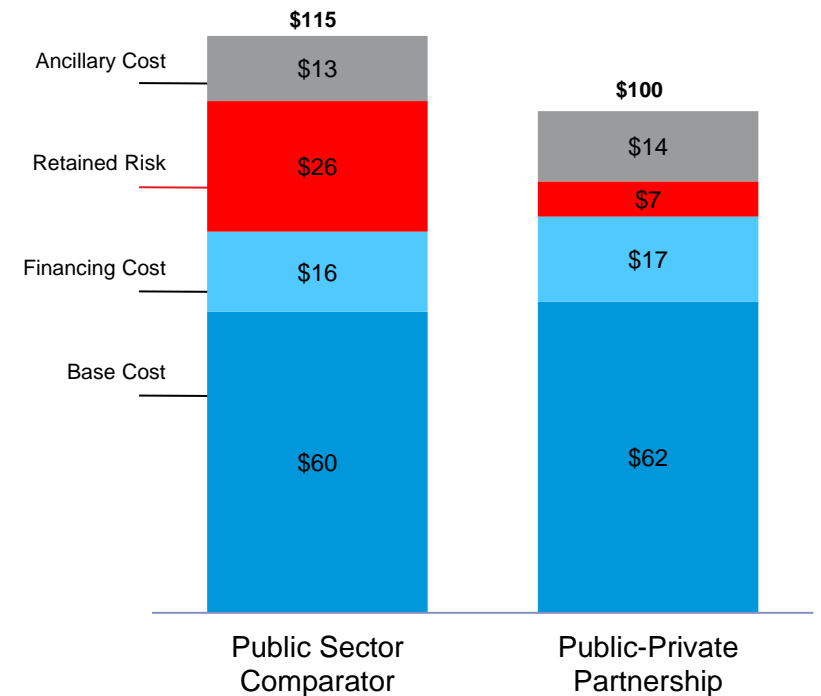
Creating a Public Sector Comparator (PSC), which estimates the whole-life cost to the public sector of the project through a traditional procurement approach including development and finance, operations and maintenance, and lifecycle management;

Estimating the whole-life cost of the P3 alternative (either as proposed by a private bidder or a hypothetical “shadow bid” at the pre-procurement stage); and

Comparing results.

**Value for Money is an industry-accepted decision driver.**

## Value for Money Example



# Life Cycle

The whole life of an asset, including planning, design, construction, operations, maintenance, and reconstruction. Life cycle costs include any and all things through the asset life cycle.



# Payment for Performance

## UNAVAILABILITY DEDUCTIONS

Loss of part or all of service  
Importance of area or service  
Time of day unavailability occurs  
“Unavailable” but still useable

## PUBLIC SECTOR



## NON-COMPLIANCE DEDUCTIONS

Smaller performance failures  
Incident response and clean up on time  
Persistent failure to perform leads to remedial plans and potentially termination

## PRIVATE SECTOR

# AIAI

Association for the Improvement  
of American Infrastructure

# P3Direct



## A FEW EXAMPLES OF P3 PROJECTS ACROSS THE US





# AIAI

Association for the Improvement  
of American Infrastructure

# P3Direct



**Pennsylvania Rapid  
Bridges**



**I-595 Express Lanes**



**Portsmouth Bypass**

**DC Streetlighting**



**Long Beach  
Courthouse**



**Travis County  
Courthouse**





# AIAI

## P3 Case Studies

**AIAI**

Association for the Improvement  
of American Infrastructure

*Together, we move P3s forward.*

# CASE STUDY: DENVER FASTRACKS EAGLE LINE



**Owner:** RTD Denver  
**Structure:** DBFOM Availability  
**Project Value:** \$1,700 million  
**Project Team:** Macquarie, Balfour Beatty, Fluor

## Project Timeline

- **Transaction Launch:** August 2008
- **Pre-Qualified Shortlist:** November 2008
- **Preferred Proponent:** June 2010
- **Financial Close:** August 2010

## Project Overview

The project includes development and operations and maintenance of the East line, nearly 23 miles of new electric commuter rail with five stations connecting downtown Union Station with Denver International Airport. The new services allow passengers to connect from downtown to the airport in 35 minutes, providing an alternative to the automobile. Also included in the project are the 11 mile Gold Line, a new maintenance facility, a control room, and new transit vehicles. RTD retains ownership of all assets, sets fare policy, defines the operating plan, collects and retains the fares, provides advertising, and retains naming rights. Denver Transit Partners, the private partner, is designing, building, financing and operating and maintaining the system for a term of 36 years.

# CASE STUDY: PENNSYLVANIA RAPID BRIDGES



**Owner:** PennDOT  
**Structure:** DBFM Availability  
**Project Value:** \$1,010 million  
**Project Team:** Plenary Americas, Walsh Group

## Project Timeline

- **Transaction Launch:** December 2013
- **Pre-Qualified Shortlist:** March 2014
- **Preferred Proponent:** October 2014
- **Financial Close:** March 2015

## Scope

A 28 year Availability Payment concession to replace of 558 structurally deficient bridges in three years under a single design, build, finance, maintain P3 contract across the Commonwealth of Pennsylvania.

## Project Overview

The Commonwealth has for many years - largely due to diminishing revenues for its capital program - struggled to adequately address its aging bridges with as many as 6,000 at one point being classified as structurally deficient, that is, in need of repair or replacement. The average age of the bridges in Penn DOT's bridge inventory is well over 50 years old, which has led to many of them being weight restricted to preserve their useful life or buy time until funding becomes available to rehab or replace them.

Most of the bridges included in the program range from 40 to 75 feet in length and are located in rural regions on the state highway system. The bridges are clustered in two groups, one in northeastern Pennsylvania and the second in the southwest. The project was completed in two phases with the first involving the replacement of 87 Early Completion Bridges (ECBs), and the second including the 471 Remaining Eligible Bridges (REBs).

# CASE STUDY: SH-130



**Owner:** Texas DOT  
**Structure:** DBFOM Demand Risk Based  
**Project Value:** \$1.325 billion  
**Project Team:** Cintra Concessions, Zachry American Infrastructure

## Project Timeline

- **Comprehensive Development Agreement Signed:** May 2013
- **Financial Close:** March 2008
- **Substantial Completion:** October 2012
- **Bankruptcy Filing:** March 2016

## Scope

TXDOT signed a Comprehensive Development Agreement with SH 130 Concession Company for 50-year concession to Design-Build-Finance-Operate-Maintain a 40-mile extension of the road. SH 130 segments 5 & 6 has the highest legal speed limit in the nation at 85 mph and the use of open tolling allows tolls to be charged without drivers having to slow for a toll booth.

## Project Overview

Traffic revenues immediately failed to live up to projections, and in 2014, the SH 130 Concession Company nearly defaulted on its debt. Revenues were nearly 60% below projections. Despite increased traffic on the tollway in 2015, the company filed for Chapter 11 bankruptcy in March 2016. In September 2016 the SH 130 filed a reorganization plan as part of its Chapter 11 proceedings. The plan called for restructuring of the company's debt, and investors relinquished ownership of the facilities. Cintra and Zachry continued to operate and maintain the facility under the new ownership structure. Strategic Value Partners, an investment firm focused on distressed debt, assumed ownership of the concession company. Under the new ownership SH130 Concession Company secured \$262 Million credit facility and emerged from bankruptcy. The debt was refinanced in 2019.

# CASE STUDY: I-66



**Owner:** Virginia Department of Transportation  
**Structure:** DBFOM Demand Risk Based  
**Project Value:** \$3.724 billion  
**Project Team:** Meridiam, Cintra, John Laing, APG Group

## Project Timeline

- **Transaction Launch:** August 2015
- **Financial Close:** November 2017
- **Early Construction:** December 2017
- **Substantial Completion:** November 2022

## Scope

The project will reconstruct and expand 22.5 miles of I-66 in Virginia from the I-495 Capital Beltway to US 29 in Gainesville. This section of I-66 currently has three general purpose lanes in each direction between I-495 and US 50 in Fairfax and two general purpose lanes in each direction west of US 50. The corridor also includes a single HOV lane in each direction. The Washington Metropolitan Area Transit Authority Metrorail runs along the median of I-66 from the Capital Beltway 2.5 miles west to the Vienna/Fairfax Metro Station.

## Project Overview

The project is intended to alleviate peak congestion, which extends across four to five hours in both the a.m. and p.m. peak periods, with speeds as low as 10-15 mph. I-66 currently serves over 220,000 vehicles on weekdays in Fairfax County. The corridor also experiences higher than average crash rates compared to other Virginia highways and few alternatives to single occupant vehicle use, as well as a growing regional population.

The project is being delivered under a 50-year design-build-finance-operate-maintain public-private partnership concession. The private partner's investment includes an upfront payment of approximately \$500 million that will be used to fund additional transportation improvements in the corridor. The concession agreement also requires the private partner to pay a net present value of \$800 million for transit service in the corridor and \$350 million for other projects to improve the I-66 corridor over the life of the concession.

# CASE STUDY: Puerto Rico Maritime Transportation Services P3



**Owner:** Puerto Rico Public-Private Partnership Authority  
**Structure:** Improvement Operations & Maintenance Services  
**Project Value:** \$21 Million  
**Project Team:** HMS Ferries

## Project Timeline

- **Transaction Launch:** October 2017
- **Preferred Proponent:** July 2019
- **Financial Close:** November 2020
- **Project Term:** 23 years

## Project Overview

The project involves the existing MTA operations and the development of a new ferry route from the Municipality of Ceiba (former Naval Station Roosevelt Roads). The scope of work comprises the rehabilitation and remodeling of existing facilities at the Fajardo terminal, improvements to the Vieques and Culebra terminals and the remodeling of existing structure and new docks at the Ceiba location. It also involved the replacement of vessels.

The project also involves the management, operation, maintenance, and improvement of ferry terminals throughout Puerto Rico, which includes Metro and Island Services, and the maintenance facility located in Isla Grande, San Juan. The enhancements are expected to provide additional revenue streams such as cargo, concessions, and parking. In light of recent developments in the Caribbean as a result of Hurricanes Irma and Maria, the owner is interested in assessing the potential feasibility of providing maritime services and developing additional routes to nearby islands and/or developing a port hub for other regional maritime transportation providers. The development and establishment of a regional port hub and additional routes to the Caribbean islands in close proximity to Puerto Rico represent a significant opportunity to increase ridership and enhance the potential revenue generated from the operation of the Project.



# AIAI



## More P3 Case Studies

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# P3Direct



## Union Station, Denver, CO

Redevelopment of under-utilized commercial space, abandoned lots, and transportation assets and resources which were not optimized for performance or delivery of services vital to the region.

The project redeveloped the rail station and site into a multimodal transportation hub connecting passenger rail, vehicle parking, commuter rail, light rail, bus rapid transit, regularly scheduled bus service, bicycle and pedestrian access, and other related transportation services. These transportation activities are surrounded by substantial transit-oriented development including a mix of residential, retail, and office space.

**Financial Close:** 2010

**Construction Completion:** May 2014

**Total Capital Cost:** \$500 million

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# P3Direct



## Rapid Bridge Replacement, PA

Project includes the replacement of 558 bridges across Pennsylvania, making a commitment to reducing the substantial backlog of structurally deficient bridges in the state.

Plenary Walsh Keystone Partners was selected in part because of its commitment to deliver the full compliment of bridges eight months earlier than required. The project is the first multi-asset P3 to be undertaken in the US, allowing Pennsylvania to replace and maintain a significant number of bridges in a more economical way.

**Financial Close:** March 2015

**Construction Completion:** 2019

**Total Capital Cost:** \$1.1 billion

## Rapid Bridge Replacement, PA

### By the numbers:

- **6.4:** total length, in miles, of bridges aligned end-to-end
- **500+:** subcontractors/suppliers needed to execute the project (350+ which were local PA based)
- **28,000:** design submittals required for the bridges
- **8.1 million:** number of construction man-hours required to complete the project (and counting)
- **600:** amount of public meetings held over the course of the design phase
- **86 million:** value, in dollars, of locally awarded contracts to disadvantaged, minority, and woman-owned businesses



# AIAI

Association for the Improvement  
of American Infrastructure

# P3Direct



## DC Smart Streetlighting, Washington, DC

- The project includes replacing ~75,000 street and alley lights with energy-efficient LEDs, including those that shine on “Welcome to Washington, D.C.” entrance signs, certain bike paths, underpass, and tunnel lights.
- The implementation of LED technology on this project is expected to reduce energy consumption by more than 50% and eliminate 38,000 tons of greenhouse gas emissions each year.
- The project company is committed to hiring and training a local workforce, and both conversion and operations work will be performed by local subcontractors.
- The modernization of the streetlight network will greatly improve safety across the District for pedestrians, cyclists, and those travelling by motor vehicle.

**Financial Close:** May 2022

**Project Value (NPV):** \$309 million

**Project Term:** 15 years

**Project Team:**

**Equity Partners:** Plenary Americas, Kiewit Development Company,  
Phoenix Infrastructure Group

**Design & Construction:** ENGIE

**Asset Management:** Equans



## DC Smart Streetlighting, Washington, DC

- **Green Bonds**

The Private Activity Bonds supporting this project were designated as green bonds based on the Green Bond Principles. The project qualified for green bonds based on its key purpose of improving the District's sustainability, and because of the social benefits of expanding wireless access points. The Concessionaire ultimately issued \$160 million of Green Bonds, many of which were sold to ESG funds.

- **Availability Payment**

The project financing was supported by an availability payment, a fixed, long-term payment made by the District to the Concessionaire. These payments are an alternative method to revenue-supported projects and offer long-term cost certainty to government partners.

- **Minority Participation (DBE, CBE, SBE)**

While only DBE was required on Smart Street Lighting (for both Design and Construction as well as Asset Management), PIDC also heavily sourced CBE and SBE partners, including a local- and minority owned equity partner, Phoenix Infrastructure.

- **Wireless Access Points**

In addition to LED implementation across the District, PIDC will install 239 Wireless Access Points (WAPs) in Wards 7 and 8, where approximately 35% of households are without access to broadband internet service. In today's digital society, the ability to access internet and digital tools are important for securing employment, starting and expanding businesses, and learning in remote environments.

- **Energy Savings Performance**

PIDC responsible for energy consumption which exceeds scheduled consumption set in proposal.



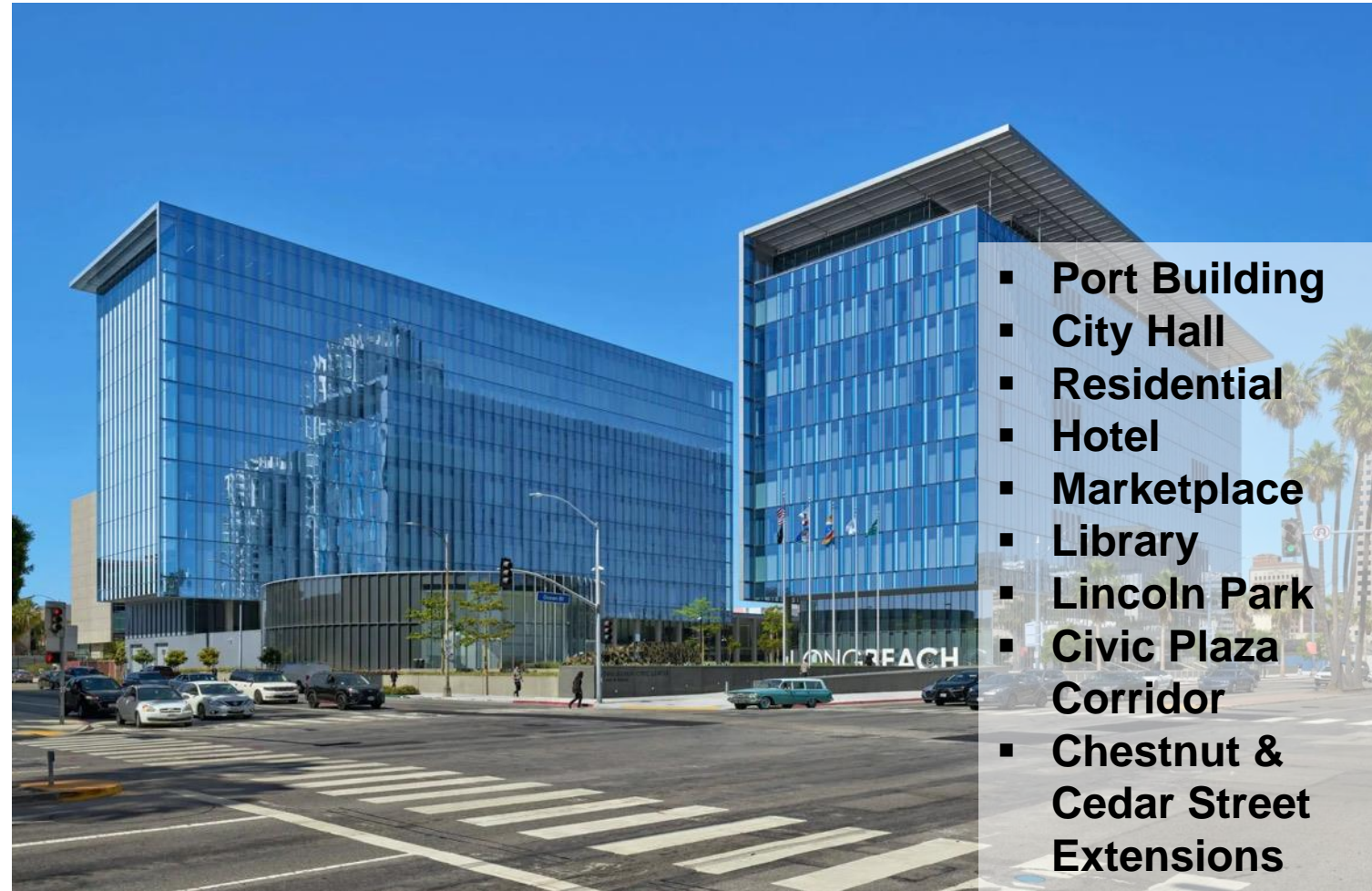
## City of Long Beach Civic Center, Long Beach, CA

- Develop, design, build, finance, operate, and maintain a new Long Beach Civic Center and potential related downtown development
- Bring the Port Headquarters downtown
- Revitalize Lincoln Park to a destination park
- Maintain annual operating cost of \$12.6M (2013\$) plus escalation
- Monetization of remaining site redevelopment potential
- Equity required (risk transfer)
- Up to 40-year term
- Create a citywide amenity
- P3 legal authorization left open

**Financial Close:** November 2016

**Construction Completion:** June 2019

**Total Capital Cost:** \$520 Million



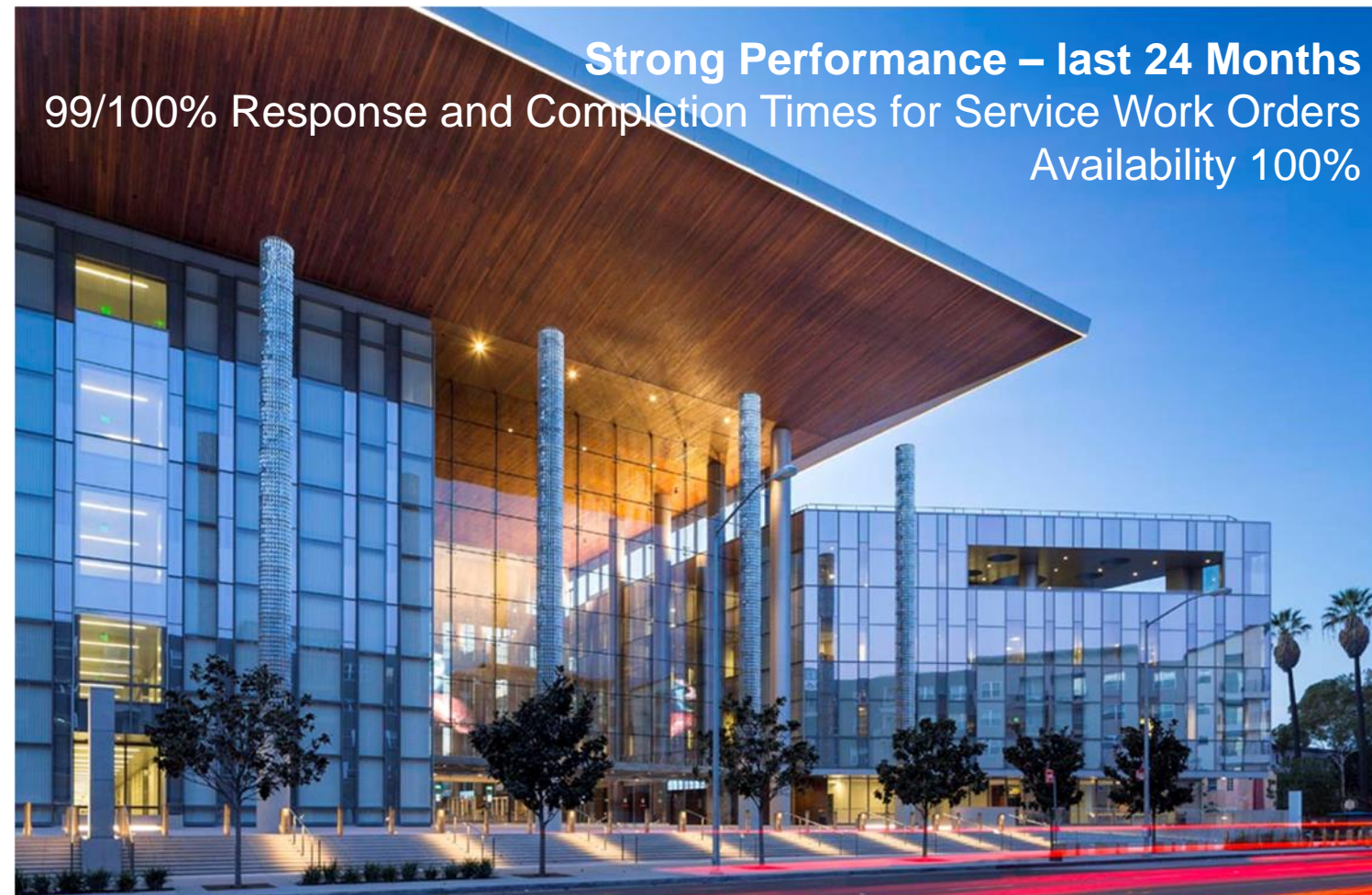
- Port Building
- City Hall
- Residential
- Hotel
- Marketplace
- Library
- Lincoln Park
- Civic Plaza Corridor
- Chestnut & Cedar Street Extensions

## Governor George Deukmejian Courthouse, Long Beach, CA

- 31 Courtrooms: 31 (+ 6 future expansion)
- 415,000 SF Court, 5,500 SF Retail
- Construction cost: \$279,280,431
- Financial Close: 12/20/2010,  
Occupancy Date: 8/30/2013
- 1st US social infrastructure project

### Solicitation Process:

- 11 teams responded, 5 shortlisted, 3 in final competition
- Compared with similar size San Bernardino Court CMR:
  - Design & Construction 10 months faster
  - Procurement



# AIAI

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**P3Direct**



**AIAI**

Association for the Improvement  
of American Infrastructure

*Together, we move P3s forward.*

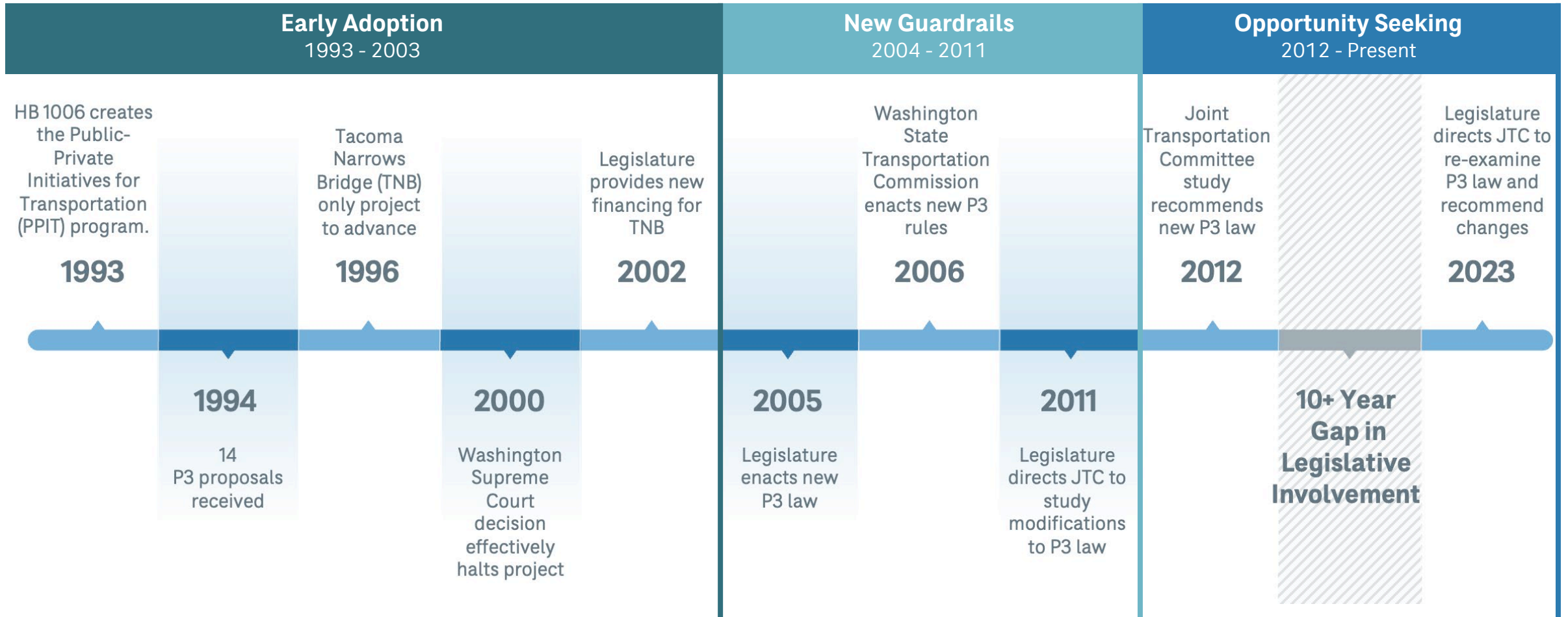




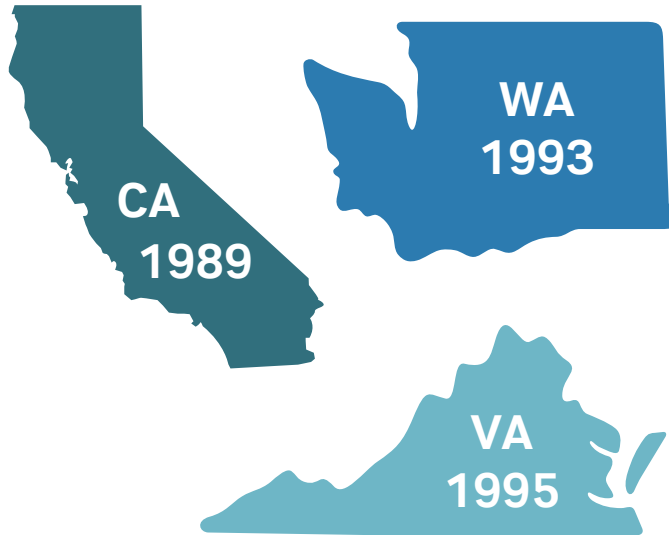
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# Washington's P3 Experience To-Date

# Washington history with transportation P3s



# Washington was among the first states to enact a P3 law and implement a program



**+ 27 other states  
since 1995**

- **HB 1006 (1993): Public Private Partnerships in Transportation (PPIT Act) unanimously approved.**

## Key provisions:

- Projects initiated by the private sector - not through solicitation.
- WSDOT authorized to develop up to 6 projects as P3s.
- Proposals must be DBFOM, for up to 50 years.
- Transportation Commission had ultimate approval authority – no legislative appropriations or approvals required.
- Private sector authorized to impose user fees or tolls to recoup costs + reasonable profit.
- Excess revenue collections: distributions subject to negotiation.

# Fourteen (14) unsolicited P3 proposals spurred strong public (and legislative) reactions

**Six projects were selected for further development as a P3:**

1. SR 18 Corridor between I-90 (near North Bend) and I-5 (near Federal Way)
2. SR 520 corridor including the Evergreen Point Floating Bridge
3. Puget Sound Congestion Pricing Project
4. SR 522 from Woodinville to Monroe
5. King County Park and Ride Lot Improvements
6. SR 16/Tacoma Narrows Bridge Project

# From 1995 - 1998, the Legislature began to roll back the PPI program

1995

Curtailed further advancement of P3 projects and **required a citizen advisory vote** before any P3 toll projects could be advanced.

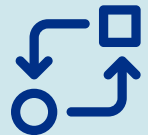
1996

Required WSDOT's pre-development work on P3 projects to be funded with state **appropriations**, not privately funded.

1998

A public advisory vote was held in portions of Kitsap, Pierce, and Thurston counties on the Tacoma Narrows Bridge P3 Project. The vote within this special district passed, with 53% in favor.

# After nearly two years of deliberation, the Legislature approved tolling the TNB, so long as the project would be publicly funded and financed



## KEY CHANGES

- **Public financing:** All project debt must be issued by the Office of the State Treasurer.
- **State-funded O&M:** The state will fund project management, ongoing operations and maintenance of the TNB



## EXPECTED BENEFITS

- **Borrowing cost savings:** The difference between the P3 financing (6.3%) and state-issued, state-backed bonds (4.5%) results in substantial savings to toll payers.
- **Publicly-funded and managed bridge:** The TNB would be developed, operated, and maintained like all other highway facilities—O&M costs were forecasted to be lower when under public control.



## TRADEOFFS

- **State responsible for revenue shortfalls:** Unlike other toll projects, the TNB public financing pledged the state's full faith and credit – making the general fund potentially responsible for any toll revenue shortfalls.
- **Appropriations from MVF to cover O&M:** If toll revenue cannot fund maintenance and operations costs, legislative appropriations would be required to cover those costs.

# In 2005, a new P3 law was enacted – this time, with stringent procedural and financing guardrails intended to replicate the legislatively-revised TNB project

**SHB 1541 was enacted (as RCW 47.29). Major changes from the prior 1993 PPI law were:**

- All modes and assets eligible for P3 development.
- Public assets that can “spin off” revenue – even if they are not strictly “transportation facilities” – eligible for P3.
- Directed an assessment of the state’s highway system to determine feasible candidates for P3 tolling.
- Stricter regulation of unsolicited proposals, including public notice and opportunity to seek competing proposals.
- Publicly-owned transportation facilities must be financed by the state treasurer. For non-transportation projects, financing must be approved by the state finance committee or by a public benefit corporation (specified in federal law).
- Detailed public involvement plans required, including establishing a citizen advisory committee for projects in excess of \$300 million.

# Tradeoff: security vs. opportunity



## Peak attribute of RCW 47.29:

Institutionalizes the least-cost public funding/financing approach used in the TNB project



## RCW 47.29's main drawback:

Limits opportunities to pursue new P3s for transportation projects, programs, or priorities.

Security

Opportunity





# 2012 Joint Transportation Committee Study

## Direction:

- Legislatively-directed re-consideration of Washington's P3 law
- Legislature sought P3 assessment for five specific projects:
  - I-405/SR 167 Express Toll Lanes
  - I-5/SR 509 Extension
  - SR 167 Extension
  - US 2 Monroe Bypass
  - I-5 Columbia River Crossing
- Developed a P3 screening tool that utilized a detailed Value for Money (VfM) analysis

## Results:

- **VfM analysis:** some projects could potentially benefit from P3 delivery if long-term maintenance and operational costs were included in the calculation
- **Broad-scale recommendations for changes:**
  - to the current P3 enabling statute, RCW 47.29;
  - the accompanying administrative rules, WAC 468-600; and
  - the organizational processes and governance of potential P3 projects in Washington



# Preview of October Meeting

# Work Group Meeting 2: October 20, 2023, 9:00 am – Noon Highline College, Des Moines, WA

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## Review of P3 challenges and opportunities

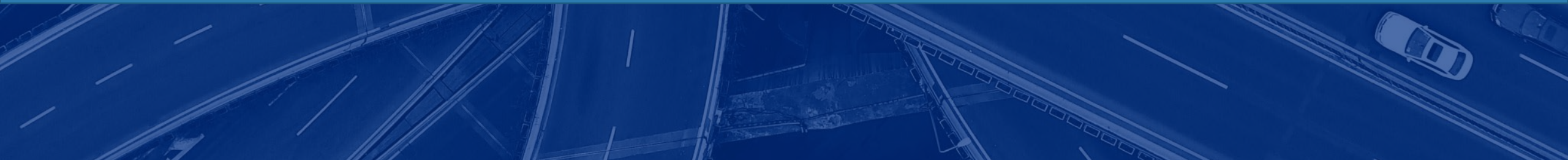
- How other states have addressed P3s, in law and practice.
- Washington's ability to deliver large, complicated or innovative transportation projects under current laws and processes.
- Essential elements of a successful P3 enabling statute.
- Challenges and barriers to broader uses of P3s in Washington.



**Adjourn**



# Backpocket



# The 2012 P3 study recommendations, in brief

## ■ Policy

22 total recommendations

- Allow availability payments.
- Use 2-step screening tool that is qualitative and quantitative.
- Use a 30 to 60 year time horizon to measure P3 project Value-for-Money (VfM).
- P3 projects must conform to state's tolling policies.
- State must de-politicize and professionalize its P3 selection process.

## ■ Legislative

12 total recommendations

- Repeal current P3 law and replace with new legislation.
- Remove any post-procurement approval by the Transportation Commission.
- Allow private debt to be issued.
- Allow availability payments to have priority for legislative appropriations, similar to debt service on bonds.

## ■ Administrative

8 total recommendations

- Adopt procedures for reviewing/screening projects using VfM analysis.
- Concentrate all P3 support and activity through a new P3 office within WSDOT.
- Ensure WSDOT P3 office has the ability and resources to carry out its role, with consultant help as needed.

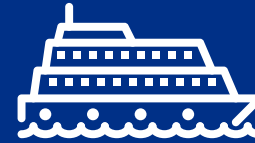
# The Washington Supreme Court ruled that state law prohibited tolls on the existing Tacoma Narrows Bridge, upending the P3 project's financing plan

- The TNB P3 project was effectively halted until the 1959 statutory prohibition on bridge tolls could be repealed (or amended).



Photo: [WSDOT](#)

# WSDOT taps into other legal authority to pursue non-traditional P3 projects



## West Coast Electric Highway

Network of EV charging stations along important longer-distance travel corridors.

## Online advertising on select WSDOT pages

Generates revenue that can help support WSDOT's traveler information pages, especially those that support tourism.

## Commercial development at state-owned park & ride lots

Proposals that allow limited commercial activities (e.g., coffee shops) co-located at select park-and-ride lots.

## Co-development of Washington State Ferry terminals

P3 concepts that would allow certain WSF terminals and/or adjacent state-owned lands to be developed in exchange for terminal improvement and/or ferry rider amenities.

## Property exchanges

P3 concepts that would allow WSDOT to exchange unused real property (including airspace leases) in exchange for revenue and/or transportation-related improvements to nearby facilities.