

PUBLIC-PRIVATE TRANSPORTATION PARTNERSHIP BOARD
SUMMARY MINUTES
HARRISBURG, PENNSYLVANIA
MAY 30, 2019

CALL TO ORDER:

The thirteenth meeting of the Public-Private Transportation Partnerships Board (Board) was convened by Secretary of Transportation Leslie S. Richards at 1:30 p.m. on Thursday, May 30, 2019, in the Forest Room, Keystone Building, Harrisburg, PA.

ROLL CALL:

P3 Office Director Michael Bonini called roll and noted that only three Board members were present; the meeting would continue without a quorum (until one was reached) as an informational discussion, and the adoption of the November 28, 2018, meeting minutes and approval of the 2018-2019 P3 Report for Pennsylvania would not be achieved until a quorum was reached. Mr. Ronald Drnevich then joined via phone, and the Board began to visit all agenda items.

Members Present:

Honorable Leslie S. Richards
Honorable Michael Carroll
Mr. Gregory Thall (alternate to Honorable Jen Swails)
Mr. Ronald Drnevich

Members Not Present:

Mr. James Kunz, Jr.
Mr. Gregory Davis

CHAIR'S REMARKS:

Secretary Richards welcomed everyone to the board meeting. Secretary Richards mentioned a new Board Member, Jen Swails, who replaced Randy Albright on the Board as Secretary of the Budget. Secretary Richards introduced Secretary Swails' designated alternate Gregory Thall, as well as Honorable Michael Carroll, who replaced Representative William Keller as the Appointee of the Senate Minority Leader.

Secretary Richards noted that PennDOT has been working to move P3 projects forward, including completion of 546 bridges under the Rapid Bridge Replacement project with an additional 11 under construction. Fifteen CNG fueling stations have been built since April 2017. Of those 15, four are available for public fueling. The P3 Office released a Request for Qualifications for the Chalfont Mitigation Banking project, and

shortlisted three teams. In addition, Secretary Richards announced that Deputy Secretary James D. Ritzman will be retiring after 34 years with the Department, and thanked him for all of the work he has done. Mr. Larry Shifflet will be taking the position of Deputy Secretary upon Mr. Ritzman's retirement.

APPROVED PROJECT UPDATES:

RAPID BRIDGE REPLACEMENT: UPDATE PRESENTED BY MR. MICHAEL BONINI

The Rapid Bridge Replacement (RBR) project was approved by the Board in September 2013. This was the first P3 project to be approved. Plenary Walsh Keystone Partners (PKWP) was selected as the Development Entity in October 2014. Commercial close occurred in January 2015 and bridge construction started in June of that same year. PKWP is tasked to replace 558 bridges rated poor across the Commonwealth. The Department will maintain ownership of the bridges, but the Development Entity is responsible for maintaining each bridge for 25 years after replacement.

Mr. Bonini noted that as of the P3 Board meeting, 546 bridges have been successfully replaced and open to traffic. Another 10 bridges are under construction. The remaining two will be completed by the end of 2019. And, in an effort to use the experience of the RBR project as a learning tool, PennDOT is developing a "Lessons Learned" presentation to not only disseminate the findings that will be useful in developing future projects but also to gather experiences from other partners in the project.

Mr. Bonini opened the floor for questions or comments. Ed Dice, PWKP, provided a comment commending the effort, noting that they are entering a 25-year period of maintenance responsibilities, but the milestones already achieved are significant.

No action required by the Board.

DISTRICT 4-0 INTERSTATE BRIDGES: UPDATE PRESENTED BY MR. MICHAEL BONINI

The District 4-0 Interstate Bridges project was approved by the P3 Board in November 2018. This alternative delivery project, which includes the reconstruction of 15 bridges along I-81 and I-80 in Luzerne County, aims to also ease the financial load on an already tight budget for the maintenance of these structures through value-added delivery. PennDOT is currently looking at different procurement options, including the possibility of adding a maintenance and/or financing component. Mr. Bonini noted that PennDOT will also incorporate takeaways from the RBR "Lessons Learned" initiative, in determining the procurement method for the project.

No action required by the Board.

COMPRESSED NATURAL GAS (CNG) INFRASTRUCTURE FOR PUBLIC TRANSIT AGENCIES:
UPDATE PRESENTED BY MR. JOSEPH GURINKO

This project was approved by the Board in September 2014. Upon completion, the project will bring CNG fueling stations to 25 transit agencies across the Commonwealth (at 29 locations) as they begin to transition from diesel fleets to natural gas buses and support vehicles. Trillium CNG was chosen to design, build, finance, operate and maintain CNG fueling infrastructure for transit agencies while permitting the opportunity for public outside-the-fence sales to other public and private fleets at six locations. Using CNG to power transit fleets will provide better cost certainty to both transit agencies and PennDOT, and help the environment by using a cleaner burning fuel.

Mr. Gurinko reviewed a map of the project with the Board, noting that to-date 15 stations have been built, including four of the six that provide public access. Another four stations are scheduled to be open in 2019. The project will pay for itself through economies of scale in building the stations and savings in fuel costs for the participating transit agencies.

Mr. Ronald Drnevich requested information on the rates/history of public use at the noted public access CNG stations that have been opened thus far. Mr. Gurinko noted that he will get back to the Board with that information.

No action required by the Board.

CHALFONT MITIGATION BANKING: UPDATE PRESENTED BY MR. JOSEPH GURINKO

This design, build, finance, operate and maintain (DBFOM) project was approved by the P3 Board in July 2017. When a PennDOT project has environmental impacts, the conventional approach to mitigate the impact is to develop a one-off mitigation site to satisfy the specific needs. However, this proposed P3 project aims to optimize efficiency by developing 140 acres of PennDOT-owned land in Chalfont Borough and New Britain Township, Bucks County, into a Mitigation Banking site. The site will provide on-demand wetland mitigation credits for PennDOT projects. Benefits include cost effectiveness, accelerated project delivery and the creation of 30-40 environmental mitigation credits in a watershed where no mitigation banks currently exist. Additionally, liability would be transferred from PennDOT to the private partner.

A Request for Information was issued in February 2018, and information gleaned as a result was used as a basis for the development of a Request for Qualifications, which was issued in November 2018. The P3 Office then held an Industry Forum and Site Visit in December 2018 for potential proposers. In March 2019, PennDOT announced the three teams that were shortlisted to respond to the Request for Proposals when it is released. PennDOT has since conducted one-on-one meetings with each of the potential proposers and met with the Interagency Review Team (IRT) to introduce the project and answer questions.

A question was asked from the audience about an estimate on the cost of the mitigation credits. Mr. Gurinko responded that there is not an estimate, as it will be ultimately determined by the design of the site and the credit yield.

No action required by the Board.

SPONSORSHIP AND ADVERTISING: UPDATE PRESENTED BY MS. KATHRYN TARTAGLIA

The Sponsorship and Advertising program was passed by the P3 Board in January 2013. A contract was awarded to Travelers Marketing in December 2013. Travelers Marketing was tasked to create the Program and advise the Department in its consideration of sponsorship and advertising opportunities with respect to marketable assets owned by the Department and the Pennsylvania Turnpike Commission ("PTC"), with Department approval.

Ms. Tartaglia noted that the program's first contract with Travelers Marketing expired in March 2019. A new Request for Proposals, a multi-contract award, is being prepared with an anticipated issuance in fall 2019.

- Freeway Service Patrol: Travelers secured State Farm to sponsor the Department's roving safety patrol. This sponsorship generated \$1.7 million in sponsorship revenue for the Department and assisted over 23,000 motorists in 2018 alone.

No action required by the Board.

NORTHAMPTON COUNTY BRIDGE RENEWAL PROGRAM: UPDATE PRESENTED BY MR. MICHAEL BONINI

The Northampton County Bridge Renewal Program was approved in 2015 using the RBR model. The program includes the design, construction, financing, and maintenance for the replacement and rehabilitation of 34 bridges in the county. Twenty-eight bridges will be replaced and 6 will be rehabilitated within a 4-year timeframe. The project objectives include enhancing the overall condition of the county bridge inventory, eliminating structurally deficient bridges, reducing the quantity of functionally obsolete bridges, addressing safety needs, removing weight limit postings, and exceeding traditional delivery schedule.

Mr. Bonini reported that seven bridges have been completed to date, and four are currently open to traffic. Through the end of 2019, 10 bridges are scheduled to be completed. Design has started on the remaining bridges. Kriger is changing the construction schedule, and the P3 Office held a meeting with Northampton County to advise them on this regard. Mr. Bonini will follow up with the Board as updates become available.

No action required by the Board.

PENNSYLVANIA TURNPIKE COMMISSION BROADBAND: UPDATE PRESENTED BY MR. MICHAEL BONINI

This project includes the installation of a fiber optic cable with wireless mesh overlay along the 550 mile-extent of the turnpike and extensions. The fiber optic cable will provide communication capacity for the PTC, PennDOT, and other Commonwealth needs. The PTC is developing a Design, Build, Finance, Operate, and Maintain (DBFOM) partnership which will allow a private partner to market and lease the remaining capacity.

A Request for Qualifications was released in July 2017, and subsequently four teams were shortlisted. The PTC issued a Request for Proposals to the teams on October 9, 2018, but bids were determined unresponsive and the procurement was canceled. The PTC now plans to construct the fiber optic cable where needed most through traditional design-build delivery, and will bid two contracts in summer 2019. The PTC is considering maintaining this infrastructure as a P3 project and building the remainder of the network as a second P3 project. The P3 Office released a Request for Information on issues pertaining to these broadband activities. The PTC is reviewing the seven responses received.

No action required by the Board.

ADOPTION OF MEETING MINUTES:

With Mr. Ron Drnevich having joined via phone, Secretary Richards called upon the action items previously mentioned from the agenda, the adoption of the November 2018 Meeting Minutes and the approval of the 2018-2019 P3 Report for Pennsylvania.

The November 29, 2018 meeting minutes were unanimously approved on a motion by Mr. Gregory Thall and seconded by Honorable Michael Carroll.

APPROVAL OF THE 2018-2019 P3 REPORT FOR PENNSYLVANIA:

The 2018-2019 P3 Report for Pennsylvania were unanimously approved on a motion by Mr. Gregory Thall and seconded by Honorable Michael Carroll.

NEW BUSINESS

UNSOLICITED PROPOSALS UPDATE: PRESENTED BY MR. MICHAEL BONINI

Mr. Bonini stated that PennDOT accepts unsolicited project submittals semiannually, with windows typically open in April and October of each year. Once each window closes, the P3 Office must evaluate each submittal received for merit. At the time of the Board Meeting, four proposals were under consideration, while five had been dismissed.

Mr. Bonini started with a report on an unsolicited proposal received in April 2017. The submission, Environmental Solutions P3, came from Resource Environmental Solutions (RES). RES proposed to address multiple environmental issues that typically come up when assessing the impact of transportation projects through five proposed environmental solutions; three of which are included in the Chalfont Mitigation Banking project that will serve as a “pilot” for this proposal before deciding whether to recommend it on a larger scale.

The PennDOT Truck Parking Expansion Program (TPEP) was proposed by Truck Specialized Parking Services, Inc. in April 2018. The proposal looks to take underutilized public and private real estate along key highways that produce the best results in reducing parking congestion in eastern PA. Mr. Bonini noted that an RFI was issued by the P3 Office in fall 2018, and over 12 responses have been received and are currently under review. A P3 recommendation will be brought to the Board when PennDOT truck parking activities are better defined.

The Rapid Stormwater Rehabilitation project, submitted in fall 2018 by Abel Recon and Rettew Associates, aims to encompass a statewide PennDOT stormwater culvert and infrastructure condition assessment program for PennDOT-designated high-volume traffic corridors. PennDOT plans to conduct feasibility and value-for-money analyses before moving forward.

The Pennsylvania Turnpike Commission (PTC) Tunnel Rehabilitation Project was proposed by Kiewit Infrastructure Company in April 2018. The purpose of the project is to rehabilitate and modernize the PTC tunnel systems in 5 tunnels through a scalable (Design/Build/Finance or Design/Build/Finance/Maintain) P3 delivery. Mr. Bonini announced that the PTC evaluated the financial components of the project and dismissed the unsolicited proposal in April 2019.

The Smithfield Gateway Infrastructure Road Improvements project, proposed by Monroe County Industrial Development Authority (MCIDA), contemplates road improvements to accommodate the construction of commercial development on 128 acres of land located in Smithfield Township, Monroe County. Mr. Bonini provided an update on the proposal, noting that the P3 Office conducted multiple meetings and conference calls with the proposal team since receiving the submission. However, ownership and legal complications have led to PennDOT dismissing the proposal.

Mr. Bonini also provided updates to the remaining unsolicited proposals that were mentioned in the November 2018 Board Meeting; PennDOT Broadband P3; Enhanced Environmental Outcomes and Performance Value Capture; and DGS CNG Vehicle Replacement and Infrastructure Program. Each of these projects have been

dismissed, as none meet the requirements of a Public-Private Partnership under Act 88 of 2012.

Mr. Bonini continued, providing background information and status updates on the Unsolicited Proposals received during the April 2019 window, of which there were seven received. The first proposal mentioned was the Public-Private Partnership for Rapid Implementation and Effective Management of Stormwater Assets, proposed by Corvias / Plenary, which focuses on meeting PennDOT stormwater and sedimentation requirements with a project resulting in lower costs and faster delivery than a piecemeal approach. At the time of the Board Meeting, PennDOT had met with the proposing team, and needs to conduct a financial analysis.

The Philadelphia SPaT Challenge PPP, proposed by American Tower Corporation, involves the installation of necessary architecture for connected and autonomous vehicles, including signal phasing and timing. Secretary Richards provided a comment, adding that the SPaT Challenge was released to get states involved in preparation for such infrastructure; Pennsylvania currently already meets the minimum requirements. Testing will take place in State College, PA, at the PennSTART high-speed test track.

The PennDOT Solar Initiative, a no-cash-involved proposal submitted by Solar Renewable Energy LLC, is currently being reviewed by PennDOT, specifically in terms of needing to select/identify appropriate prospective implementation sites.

Mr. Bonini then detailed two proposals that were both submitted by Itinera Infrastructure & Concessions, Inc. The first was that of the Accelerated Reconstruction P3, a project designed for major roadway and bridge enhancements. Their second proposal, the Delaware River Bridge (I-95 Turnpike) Replacement, aims to replace the Delaware River Bridge; adding four more lanes and providing technological updates; and has been shared with the PTC for their review.

The final two proposals received in the April 2019 window that were discussed were both proposed by CDR Maguire / Brayman Construction JV. Both utilize Accelerated Bridge Construction techniques and follow a similar structure to PennDOT's RBR Project. The Mercer County Unsolicited Bridge Bundling Project involves the replacement of 30 local bridges, and the Erie County Unsolicited Bridge Bundle P3 aims to replace 18 local bridges.

Honorable Michael Carroll raised a question following Mr. Bonini's closing, inquiring if the PennDOT P3 Office needs to approve county/private contracts such as the CDR Maguire / Brayman Construction JV proposals just mentioned, and what the P3 Office's role is in such scenarios. Mr. Bonini replied that their job is to evaluate and screen ideas, then provide recommendations to the P3 Board. All P3 proposals must be transportation related and must be approved by the P3 Board.

No action required by the Board

PUBLIC COMMENTS

Ed Dice, Plenary Group, addressed the Board with reference to the current P3 laws/legislation in Pennsylvania, specifically the restriction to strictly transportation-based projects. He believes there would be ample opportunities available if this legislation enabled other areas to be eligible for P3 projects, such as sewer, water, court rooms and other social infrastructure opportunities. He asked the Board for their consideration and to pass on his comments.

Craig Coval, Itinera Infrastructure, also addressed the Board, introducing himself and Itinera Infrastructure, a U.S. concession company and the 3rd largest toll road operator globally. He commended the P3 Board and P3 Office as a whole, specifically the unsolicited proposal opportunities they provide. His company submitted two proposals during the April 2019 window, and he expressed his gratitude to the Board for the opportunity.

Bob Latham was the final attendee to provide public comment, in which he urged the Board to look at the cost effectiveness of P3 projects moving forward, and to also examine alternate methods and states for ideas when evaluating unsolicited proposals.

ADJOURNMENT:

On a motion by Mr. Thall, seconded by Mr. Carroll, and unanimously approved, the meeting was adjourned at 2:50 p.m.