

Public-Private Transportation Partnerships Office
A Report for Pennsylvania
2015 - 2016



May 2016

LETTER FROM THE SECRETARY

On behalf of the Pennsylvania Department of Transportation (PennDOT) and the Public-Private Transportation Partnerships Office (P3 Office), I am pleased to present the 2015-2016 activities report. This details our work to advance one of the most ambitious and comprehensive P3 programs in the nation. Established by the Public-Private Transportation Partnership Law, enacted in 2012, the P3 Office develops innovative project delivery and financing models for a wide array of initiatives designed to strengthen our transportation network, improve motorist safety, accelerate the delivery of major transportation projects, and generate revenue for the commonwealth.

This report features updates on P3 projects and highlights the accomplishments we have achieved over the past year. In 2015, the P3 Board met twice to evaluate and approve new projects. The Board approved the Amtrak Station Improvement Project for the Keystone Corridor-Middletown Station and the Northampton County P3 Bridge Renewal Program. All P3 projects support PennDOT's strategic initiative to connect communities safely and efficiently.

Our P3 Office is regarded as an innovative and collaborative partner within the international P3 community. We continue to build strong relationships and implement state-of-the-art projects with a variety of private sector firms. I know our team will continue to deliver first class services to stakeholders and all Pennsylvanians, and I look forward to seeing their work take us into the future.



Leslie S. Richards

Leslie S. Richards
Secretary of Transportation



P3 Board Members

Leslie S. Richards

Secretary of Transportation, Chair

Randolph Albright

Secretary of the Budget

Gregory Davis

Vice President, NFP Lincoln Benefits Group

Ronald Drnevich

Chairman/CEO Gannett Fleming (Former)

James Kunz

Business Manager, International Union of Operating Engineers, Local 66

Honorable Steve Santarsiero

PA House of Representatives

P3 Office Team

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ABOUT THE P3 OFFICE

The P3 Office leverages public and private resources to invest and improve Pennsylvania's transportation infrastructure and explores new opportunities to deliver value to the commonwealth and its citizens.

What is a P3 Project?

A P3 project is a contractual agreement between a public entity and a private entity (or another public entity), in which the public entity transfers the responsibility for engineering, construction, operation, financing, and/or maintenance (or any combination) of a transportation project or facility to the private sector for a defined period of time.

The P3 Office is responsible for overseeing all aspects of the P3 program:

- Identifying, screening, and prioritizing unsolicited proposals and candidate projects;
- Presenting proposals to the P3 Board for review and approval at board meetings;
- Managing the successful implementation of PennDOT projects from development to procurement and deployment; and
- Assisting and providing counsel to other public entities.

The P3 Office is currently managing a portfolio of projects highlighted in this report to leverage private investment in transportation infrastructure. These projects bring value to Pennsylvania by significantly reducing structurally deficient bridges, supporting motorist safety, enhancing mass transit and rail service, and in some cases, generating new revenue to offset other project costs and support future investment.

BENEFITS of Public-Private Partnerships

- Accelerate the delivery of major transportation projects
- Access private sector skills and innovation
- Leverage private investment to enable major projects
- Allocate key risks to entities best positioned to manage those risks



P3 PROJECT UPDATE

Rapid Bridge Replacement (RBR) Project

Pennsylvania's population of state-owned bridges is among the largest and oldest in the nation. PennDOT has prioritized transportation investments to repair and replace structurally deficient bridges. The RBR Project is a key component to this effort. The project will allow PennDOT to expeditiously replace 558 structurally deficient bridges around the state while minimizing impacts to the traveling public.

PennDOT selected Plenary Walsh Keystone Partners (PWKP) in October 2014 to perform this effort. The commonwealth retains ownership of each of the bridges throughout the partnership, but PWKP is responsible for the project design, construction, and financing of all 558 bridges. In addition, the private entity is responsible for maintaining the bridges for 25 years after replacement.

This project has attracted national attention, positioning the P3 Office as a trailblazer for several reasons. The RBR Project is unique because it is the first of its kind in the nation to bundle the replacement of hundreds of bridges in a P3 agreement. No other P3 project in the country has embarked on a multi-asset, multi-location undertaking of this magnitude. In addition to leveraging private investment, the innovative delivery of the RBR Project is increasing efficiency. By focusing on bridges of similar size and design, components can be mass produced, which results in a time and cost savings to taxpayers.



PennDOT's Rapid Bridge Replacement Project successfully completed more than 40 bridges in its first year.



**48 BRIDGES
REPLACED AND
OPEN TO TRAFFIC**

**19 BRIDGES
UNDER
CONSTRUCTION**

**BRIDGES BUILT IN
8 PENNDOT
DISTRICTS
AND EXPANDING**

As of May 1, 2016

Bridges are replaced quickly by utilizing one of three basic designs that can be easily adjusted for site conditions.

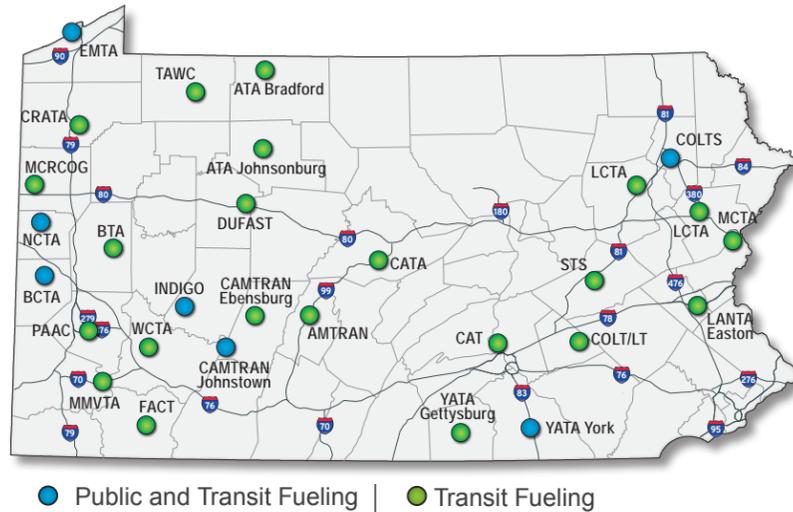
P3 PROJECT UPDATE (continued)

Compressed Natural Gas (CNG) Transit Fueling Stations for Transit Agencies

In early 2016, PennDOT announced its partnership with Trillium CNG, which includes Larson Design Group of Williamsport, to design, build, finance, operate, and maintain compressed natural gas (CNG) fueling stations at 29 sites through a 20-year P3 agreement. The P3 procurement mechanism allows PennDOT to install the fueling stations faster than if a traditional procurement mechanism was used for each individual site, resulting in significant capital cost savings of more than \$46 million.

The CNG fueling stations will supply gas to more than 1,600 public transit buses at the 29 sites. In addition to a lower cost per gallon, the clean burning fuel extends the engine life beyond that of conventional gas and diesel engines. This results in savings to

transit agencies, making the agencies more sustainable while reducing their reliance on the state to fund operations. It is estimated that after 10 years the project will pay for itself with an estimated \$100 million in savings.



Secretary Leslie S. Richards announced PennDOT's project partnership with Trillium CNG that will supply gas to over 1,600 CNG buses at 29 sites and realize an estimated savings of \$46 million in capital costs alone in just five years.



PennDOT's State Farm Safety Patrol assisted over 16,000 motorists and generated \$425,000 in sponsorship revenue in 2015.

Sponsorship and Advertising Program

In January 2013, the P3 Board approved the Sponsorship and Advertising Program to evaluate PennDOT's assets to determine which had potential for generating sponsorship revenue. One of the most successful results of this initiative is the State Farm Safety Patrol, a roving patrol offering free motorist assistance on select expressways in the Lehigh Valley, Harrisburg, Philadelphia, and Pittsburgh regions.

The State Farm Safety Patrol assists motorists with towing, jump starts, flat tire repair, and more. The advertising program offsets nearly 11 percent of PennDOT's roughly \$4 million annual cost to operate the service. The cost-savings associated with this public-private project is tremendous, but more importantly, the patrol provided vital assistance to more than 16,000 motorists in 2015.

"Truck #151 assisted me on Route 581 by fixing a coolant hose that had ruptured. He was very helpful, and courteous. I really appreciate his help. It is great that you're supporting us drivers when we are in need. Thank You." - Assisted Motorist

NEW P3 PROJECTS

Amtrak Station Improvement Project – Keystone Corridor: Middletown Station, Dauphin County

PennDOT is working with Amtrak to relocate the Middletown Station from Union and Mill Streets to a new location on Ann Street/Airport Drive (Route 441) at West Main Street (Route 230) near the Penn State Harrisburg campus.

The project will address Americans with Disabilities Act (ADA) compliance issues at the current Amtrak-owned station and offer multimodal connections by accommodating a bus stop, a pedestrian walkway connection for Penn State Harrisburg students, and covered bicycle racks. PennDOT is exploring P3 opportunities to transfer services to the private sector to coincide with and enhance these station upgrades.

Potential P3 opportunities include: construction of a parking facility; construction of a commercial development adjacent to the parking facility; and operations and maintenance from the developer for a specified time. Revenue from the parking facility can be used to offset costs, and the possibility of commercial development at this location has the potential to attract private sector investments in infrastructure.

A Request for Qualifications (RFQ) will be made this summer, and the Request for Proposals (RFP) will be issued in the fall. PennDOT expects to announce the selected developer in early 2017.

Amtrak Keystone Corridor



The new station design will offer greater accessibility and multimodal options, such as those in Elizabethtown, than the current Amtrak-owned station.



Northampton County Bridge Renewal Program Modeled after P3 Process

Not only has the RBR Project been recognized nationally as an innovative model for infrastructure management, the concept is now being used as a tool by Northampton County to finance and replace locally-owned structurally deficient bridges.

Proposed in November 2015, the Northampton County Bridge Renewal Program is modeling its bridge rehabilitation project after the P3 RBR Project, with plans to replace 28 bridges and rehabilitate five others across the County in a four-year timeframe. To fund part of the project, the County is considering the use of financing tools made available to local governments through Act 89 of 2013.

By using a P3 process to bundle the bridge replacements, the project is also maximizing

taxpayer investment. In fact, Northampton County estimates this process will reduce bridge repair costs by up to 30 percent. The innovative financing model also allows the County to deliver the projects faster than through traditional transportation funding mechanisms.

The PennDOT P3 Office is providing technical assistance as the County navigates the procurement process to issue a request for proposals and select the private partner to design and construct the bridges. This project demonstrates the power of public-private partnerships to deliver transportation projects and will serve as a model for other counties responsible for the maintenance of Pennsylvania's 6,400 locally-owned bridges.

The P3 bridge bundling process allows Northampton County to address infrastructure needs and provides the following benefits:

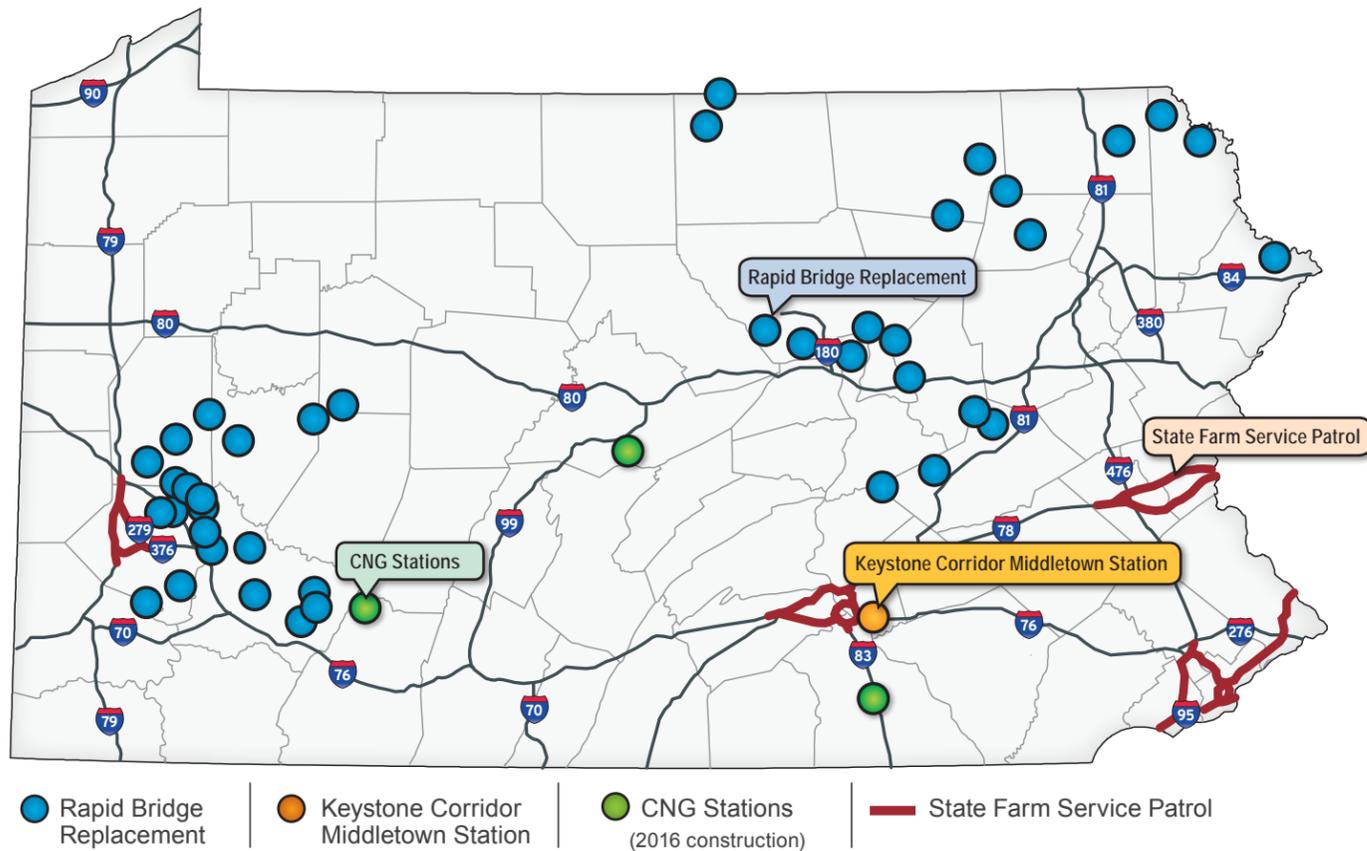
- Eliminate Structurally Deficient Bridges;
- Address Safety Needs;
- Remove Weight Limit Postings;
- Exceed Traditional Delivery Schedule; and
- Realize Cost Savings.



Northampton County will replace 28 bridges and rehabilitate five structures using P3 project delivery.

“Public-private partnerships are one way that we can leverage private-sector ideas and resources to improve transportation in our state.” - Leslie S. Richards, PennDOT secretary and P3 board chair

P3 PROJECTS are making an **IMPACT** across Pennsylvania



P3 Office Recognized as a Game Changer

Infrastructure Journal Global (IJGlobal) Awards: PPP Deal of the Year – North America

- PennDOT was recognized with an IJGlobal Award which celebrates outstanding transactions and institutions in infrastructure finance for the RBR Project.

P3 Awards: Gold Awards

- PennDOT was recognized with two gold awards for Government Agency of the Year and Best Transportation Project for the RBR Project.

Bond Buyers of America 2015: Deal of the Year Award – Northeast Region

- PennDOT was recognized with the “Deal of the Year” award for the RBR Project transaction, which marked the biggest P3 Private Activity Bond financing in U.S. history.

Engineering News-Record Mid-Atlantic 2016: Owner of the Year Award

- PennDOT was recognized for making a big impact in the design and construction industry with several large-scale P3 projects in the pipeline.

American Council of Engineering Companies of Pennsylvania 2016: Diamond Award

- PennDOT was recognized for strengthening the state’s infrastructure, enhancing public safety, and offering sustainable and economical solutions for taxpayers.

LOOKING AHEAD

Over the past year, the P3 Office has successfully delivered on major projects including the groundbreaking on the RBR Project and the selection of the CNG fueling stations partner. Looking ahead, PennDOT and the P3 Office are committed to working with private partners to support the implementation and success of the current P3 projects and to exploring new opportunities.

2016 Project Milestones

CNG Fueling Stations	Keystone Corridor Middletown Station	Wireless Communications Partnership	Rapid Bridge Replacement Project
Achieve the commercial close of the contract and begin work to design and construct the fueling stations	Solicit Request for Qualifications to identify development partners	Issue a Request for Proposals, identify a sponsor, and achieve the commercial close of the contract	Partner with Plenary Walsh Keystone Partners team to advance towards ultimate goal of replacing 558 bridges
			

Beyond supporting project deployment, the P3 Office is reaching out to stakeholders to increase awareness and encourage new proposals for P3 projects. For example, PennDOT is looking for new opportunities to promote motorist safety and the P3 Office is working to identify a sponsor for the Safe Phone Zone initiative. This project will help reduce distracted driving by providing a safe and convenient spot along Interstates for travelers to park and utilize their phone.

We look forward to meeting new challenges and creating innovative solutions for Pennsylvanians.



For More Information:

Public-Private Transportation Partnerships Office

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