

PUBLIC-PRIVATE TRANSPORTATION PARTNERSHIP BOARD
SUMMARY MINUTES
HARRISBURG, PENNSYLVANIA
JUNE 16, 2021

CALL TO ORDER:

The eighteenth meeting of the Public-Private Transportation Partnership Board (Board) was convened by Secretary of Transportation Yassmin Gramian, at 1:02 p.m. on Wednesday, June 16, 2021, via Microsoft Teams virtual meeting.

ROLL CALL:

P3 Office Director Michael Bonini called roll and noted that all seven Board members were present, and as such a quorum was established.

Members Present:

Honorable Yassmin Gramian
Honorable Representative Michael Carroll
Mr. Geoffrey Clarke
Mr. Gregory Davis
Mr. Ronald Drnevich
Dr. Tim Murphy
Mr. Mark Ryan (designated alternate to Honorable Jen Swails)

ADOPTION OF MEETING MINUTES:

The November 12, 2020, meeting minutes were unanimously approved on a motion by Honorable Michael Carroll and seconded by Mr. Ronald Drnevich. For the record, Dr. Murphy and Mr. Clarke both voted "Present" for this item.

CHAIR'S REMARKS:

Secretary of Transportation (and P3 Board Chair) Yassmin Gramian welcomed everyone to the virtual Board meeting and began by introducing the two new Board members; Honorable Tim Murphy, appointed by the Senate Majority leader; and Geoffrey Clarke, appointed by the Senate Minority leader. She then asked the new Board members to introduce themselves and their backgrounds.

Honorable Tim Murphy thanked the Secretary, and noted that he is a former state senator and also worked in Congress for 15 years; he expressed his excitement to be a part of the Board and for future discussions. Geoffrey Clarke also thanked Secretary Gramian and added that he has worked in the construction industry for 46 years, beginning as a laborer and working his way up to various executive roles. He continued, noting that he is currently retired but very interested in highways, and looks forward to serving on the Board and helping Pennsylvania move forward. Secretary Gramian thanked the new Board members, and expressed gratitude for the service of the Board members they had replaced, James Kunz and Howard A. Cohen.

Secretary Gramian continued, noting that this is the first Board meeting since the passing of dear friend and colleague, Executive Deputy Secretary George W. McAuley. Mr. McAuley was a passionate supporter of public-private partnerships and was extremely proud of his work on the Rapid Bridge Replacement project. She continued, noting the impact of his 33 years of service as part of the PennDOT family.

Secretary Gramian noted that PennDOT has been focused on the education of stakeholders, partners and the highway and bridge industry related to the Major Bridge P3 Initiative, adding that the P3 Office and the Alternative Funding Program Office have held multiple working sessions and industry outreach events about the project. She explained that this work is in addition to efforts in the District Offices to conduct public outreach, environmental clearance activities and preliminary design.

Secretary Gramian continued, adding that the P3 Office has worked to onboard two new Sponsorship & Advertising program vendors who will assist in identifying candidate sponsorship projects, including the continued efforts on the Safety Service Patrol initiative. She noted that sponsorship of this highly visible program helps offset Department program costs to ensure safety and mobility on interstates in the most congested areas of the Commonwealth.

She also noted that during the meeting, the Board will be considering for approval the 2020-2021 P3 Report for Pennsylvania; adding that this annual report is a requirement of the P3 enabling legislation. She informed attendees that, once reviewed and approved, the report will be posted online and shared with the General Assembly. In closing, Secretary Gramian thanked the Board members who also serve as Transportation Revenue Options Commission (TROC) members. She explained that this commission was established in March 2021 through an Executive Order signed by Governor Tom Wolf and will develop comprehensive funding recommendations for Pennsylvania's vast transportation network.

NEW BUSINESS:

Secretary Gramian then turned the floor over to PennDOT P3 Office Director Michael Bonini, who noted that the only item on the agenda for new business was the approval of the 2020-2021 P3 Report for Pennsylvania, copies of which the Board members have been provided for review prior to the Board meeting. Mr. Bonini echoed Secretary Gramian's earlier statement that, once approved by the Board, the report will be made available to the public on the P3 website.

With no questions or comments from the Board, Secretary Gramian asked for a motion to approve the 2020-2021 P3 Report for Pennsylvania. Dr. Murphy noted that he would abstain from this action item, as he was not a member of the Board at the time.

The request to approve the 2020-2021 P3 Report for Pennsylvania was approved to proceed on a motion by Mr. Gregory Davis, seconded by Honorable Michael Carroll and unanimously approved. For the record, Dr. Murphy and Mr. Clarke both voted "Present" for this item.

PROJECT UPDATES:

MAJOR BRIDGE P3 INITIATIVE: PRESENTED BY MR. KENNETH MCCLAIN AND MR. MICHAEL BONINI

Mr. Bonini then turned the floor over to Mr. Kenneth McClain, PennDOT Alternative Funding Program Office Director. Mr. McClain thanked Mr. Bonini as well as Secretary Gramian and the Board. He began by noting that the PennDOT Alternative Funding Office was established in October 2020, which is when his work with the program began.

Mr. McClain continued with an update on PennDOT Pathways, the brand name PennDOT has developed for the alternative funding program in Pennsylvania. He noted that transportation departments nationwide have experienced downturns and troubles with potential revenue streams over the past decade, and Pennsylvania is among that group. Mr. McClain explained that a large component of this is the significantly lower revenue from gas taxes; combustible engine vehicles are much more efficient, hybrid vehicles are even more efficient than that, and all-electronic vehicles are much more prevalent. Although motorists are traveling more, they are not filling up their gas tank nearly as much, resulting in a significant downturn in gas tax revenue.

He noted that Pennsylvania also faces the challenge of unpredictable federal funding, as a result of previous assumed expanded federal funding not coming to fruition back when Act 89 was legislated. While PennDOT is hopeful for passage of upcoming initiatives that will provide additional funding, nothing is guaranteed. Mr. McClain also noted that as a direct result of the COVID-19 pandemic, vehicle miles traveled fell by 40% and have not yet fully recovered. This also had a negative effect on revenues.

He added that his team is currently working with the Federal Highway Administration (FHWA) on a Planning and Environmental Linkages (PEL) study to identify what types of alternative funding mechanisms to consider for the first time in Pennsylvania. Mr. McClain noted that this will serve as a guidebook for how the team analyzes and investigates programs moving forward and transparently relays this information to the public. The PEL study examines both mid/long-term solutions, such as congestion pricing and corridor tolling; and near-term solutions, such as managed lanes and bridge tolling. He noted that these studies will only grow in importance as revenues continue to shrink.

Mr. McClain then gave an overview of bridge tolling specific to the Major Bridge P3 Initiative, noting that this method allows for much quicker implementation than many other alternative funding options. He explained the overall goals of the initiative: accelerating renewal of major bridges to ensure public safety; avoiding time and financial impacts of travel diversion; offsetting gas tax revenue losses; ensuring users contribute fairly to the replacement/rehabilitation of the bridges; and creating a sustainable funding model for the Commonwealth major bridges. Regarding a designated revenue source, Mr. McClain noted that PennDOT currently carries an \$8.1 billion annual funding gap to maintain and improve state-owned bridges and highways, and that one way to address this is through applying alternative funding mechanisms through a P3 delivery model. Currently, PennDOT relies heavily on the state gas tax, which generates roughly 74% of PennDOT's revenues.

Continuing, Mr. McClain displayed a map of the initiative's nine candidate bridge locations, which are located on major interstates throughout the Commonwealth. He explained that, in total, these nine bridges are anticipated to represent approximately \$1.5 billion in construction costs; with the I-83 South Bridge being the largest, estimated at \$650 million. He noted that the other bridges are anticipated to cost between \$40 million - \$200 million each. Mr. McClain highlighted bridges, as labeled on the map, G (I-80 Canoe Creek) and H (I-80 North Fork), as being fracture critical; noting most of the bridges listed were not designed for the types of vehicles and amount of traffic carried today. He also informed attendees that further information on the bridges can be found at the individual websites set up for each candidate bridge, as well as on PennDOT's Major Bridge P3 Initiative project website. He noted that more defined information on the bridges and their costs are anticipated to be included in the upcoming Request for Qualifications (RFQ) release.

Mr. McClain then provided an overview of the outreach and engagement initiatives and progress to this point; detailing the efforts made to inform the public and stakeholders, as well as receive comments and feedback. This included various press releases, media briefings and interviews, and community and industry group presentations. He added that significant efforts were made virtually as well, highlighting monthly e-newsletters and email alerts distributed, and the amount of engagement the team has received via website and social media.

He then concluded his presentation with an overview of the next steps for the Major Bridge P3 Initiative, noting that the nine candidate bridges remain candidates until the proper processes mandated by FHWA are completed. Mr. McClain explained that much work is still left to be done, including an Environmental Justice effort to ensure low income and minority populations in the areas surrounding the candidate bridge locations are properly represented and impacts properly mitigated. In terms of status update, he estimated that the project team is currently halfway through the necessary technical studies.

Mr. McClain then concluded his presentation, thanked the Board and turned the floor back over to Mr. Bonini, who began with a procurement overview of the Major Bridge P3 Initiative and several noteworthy details. He explained that the purpose of the initiative is to deliver infrastructure improvements focusing on the rehabilitation and replacement of nine candidate major bridges across the Commonwealth. PennDOT aims to pursue this through a Progressive P3 Design-Build-Finance-Maintain (DBFM) approach, with several finer details still to be determined, including concession period and repayment method. Mr. Bonini also noted that the toll collection component will be operated by the Pennsylvania Turnpike Commission (PTC), with toll-setting authority maintained by PennDOT.

He then detailed several key factors for P3 success that the project team has shared with the industry throughout the development of the project contract documents. Continuing, Mr. Bonini noted that, since receiving Board approval in November 2020, PennDOT has conducted a multitude of industry outreach events to promote the Major Bridge P3 Initiative and educated interested stakeholders in the process. Outreach has included holding industry events with APC and ACEC-PA; releasing a Project Request for Information (RFI) for industry input and feedback; and hosting various webinars and

one-on-one sessions with industry and RFI respondents. Mr. Bonini also emphasized the importance of the outreach that PennDOT has conducted focused on the Pennsylvania General Assembly, which has included Secretary Gramian participating in both Senate Transportation Committee and House of Representatives hearings in early 2021; and the participation of Department staff in a hearing related to the PEL study document.

Mr. Bonini proceeded to explain that these outreach efforts play a crucial role in providing PennDOT direction in how to proceed, specifically in the application of a Progressive P3 approach with a Development Entity to design, construct, finance and maintain the nine candidate bridges. He displayed a flow chart graphic that further detailed the outreach process and next steps for the project, highlighting that PennDOT is currently in a position to release the project Request for Qualifications (RFQ) document in late June or early July 2021. After next providing an overview of the elements of a Progressive P3, Mr. Bonini explained the importance of the pre-development agreement (PDA) which will govern the initial work between the Development Entity and public owner. He then displayed a timeline which visualized the Major Bridge P3 Initiative process, spanning from June 2021 through January 2022, highlighting key milestones such as issuance of the RFQ, RFP and the hosting of individual bridge project public meetings.

To conclude his presentation, Mr. Bonini reminded attendees that PennDOT will continue to evaluate the nine candidate bridges for the project, and that the project team is focused on delivering a program that is both financially solvent without the need for outside subsidies and also able to replace these large bridges without needing to divert funding away from regional projects. He added that PennDOT is committed to working with industry partners to enhance the P3 approach in Pennsylvania based on lessons learned from previous projects and best practices occurring nationwide. He then opened the floor to the Board for questions.

Dr. Tim Murphy raised an inquiry regarding whether the funding generated from tolling begins once the project starts or once it is complete. Mr. Bonini responded that tolling would be able to begin at the commencement of project financial close, and that PennDOT will determine when exactly that timeline would begin, pending the current ongoing financial study. Dr. Murphy then asked if this process was legally permitted. Mr. Bonini confirmed that it is. As a follow-up, Dr. Murphy inquired regarding where the funds generated from the user fees would accrue. Mr. Bonini explained that the funds would start with the Development Entity and be deposited into a public-private transportation account, and that these funds would be used to pay back the Development Entity for their upfront financing of the project; fund Operations & Maintenance; and create a project risk reserve; for example.

Dr. Murphy brought forth an issue regarding traffic diversion and mitigation, citing that he resides in the general area of the Bridgeville candidate bridge and is wary of the implications of potential local traffic diversion once the user fees are in place. Mr. McClain responded, explaining that each bridge location will have diversion mitigation conducted prior to user fees being in place. He continued, noting that PennDOT already has and continues to conduct a variety of traffic projections and models for each location, and that the project team is confident in the resulting data. Mr. McClain also

added that user fee revenue can also be used to address any additional mitigation needed throughout the project timeline.

With no additional questions from the Board, Mr. Bonini turned the floor over to Mr. Joseph Gurinko, Deputy Director of the P3 Office, to provide an update on the Partnership 81 Project.

PARTNERSHIP 81 PROJECT: PRESENTED BY MR. JOSEPH GURINKO

Mr. Gurinko began his presentation by noting that, while the Partnership 81 Project in its current form is a highway project, it has taken on several different forms in the time between Board approval and present day. He explained that in December 2019, the Board approved the project as a bundle of 15 interstate bridge replacements along a section of Interstate 81 (I-81) in Wilkes-Barre, PA. However, PennDOT conducted further analysis which recognized additional substantial needs for that corridor beyond strictly bridges. Mr. Gurinko continued, explaining that, in its current form, the Partnership 81 Project encompasses a corridor-based P3 project focusing on needed safety and mobility improvements; including widening to three lanes in both directions, elimination of a left-hand exit, improvements to adjacent intersections, and bridge replacements over a 7.5-mile section of I-81.

He then displayed a map of the project limits, noting that the project limits reached the 7.5-mile span as the result of an expansion to the project limits, approved by the Board in June 2020. At that time, the Board also approved the project to be procured through a Design-Build-Finance (DBF) approach. Mr. Gurinko then detailed the progress of project activities conducted since the previous Board meeting. Activities included receiving FHWA approval on the Purpose & Need document, identifying and onboarding the selected Preliminary Design Consultant, and performing an Alternatives Analysis.

Mr. Gurinko then opened the floor to the Board for any questions. With no questions from the Board, he turned the floor over to Mr. Bonini to provide an update on the Rapid Bridge Replacement (RBR) project.

RAPID BRIDGE REPLACEMENT (RBR) PROJECT: PRESENTED BY MR. MICHAEL BONINI

Mr. Bonini thanked Mr. Gurinko and provided an overview to the Board and attendees regarding the RBR project, noting that it was a Design-Build-Finance-Maintain project to replace 558 poor-condition bridges located across the Commonwealth. He explained that the Development Entity, Plenary Walsh Keystone Partners (PWKP), started construction in 2015 and established agreements with local contractors, which was essential in the project reaching over 95% of the bridges replaced within the first three years; with all 558 replaced by 2020. Mr. Bonini added that this successful project would not have been feasible without a P3 agreement, which allowed the bridges to be replaced more quickly and as a complement to the Department's traditional delivery program.

Providing a progress update, Mr. Bonini explained that the agreement is currently in the Maintenance Phase, meaning that the Development Entity, PWKP, is responsible for

maintaining these bridges until 2043, which marks the end of the 25-year maintenance period. At that point, the bridges will then be turned back over to PennDOT in the agreed suitable condition as established by handback requirements. He added that significant efforts and resources have been produced to ensure District and county forces are aware of the P3 requirements, including the development of the Maintenance Guidance Document, Publication 104, a user guidebook which articulates the details of the maintenance and handback requirements. In closing, Mr. Bonini noted that a considerable effort was placed into gathering lessons learned from the RBR project and that PennDOT aims to apply these to future projects.

With no questions from the Board, Mr. Bonini turned the floor over to Mr. Andy Batson, Bureau of Public Transportation, to provide an update on Compressed Natural Gas (CNG) Fueling Stations.

COMPRESSED NATURAL GAS (CNG) FUELING STATIONS: PRESENTED BY MR. ANDY BATSON

Mr. Batson provided a project status update and displayed a project map, noting that 19 of the 24 fueling stations are complete, with three opening in the past year: Mercer, Monroe and Erie. He continued, adding that five stations remain in the program for completion, with each of these five being located on the I-81 corridor. These stations are planned for opening between 2022 and 2024. Mr. Batson noted that, to date, the completed stations have pumped almost 8 million gasoline gallon equivalents and accrued savings of \$4.1 million. He explained that the P3 agreement extends through 2037, at which point the assets will be turned back over to PennDOT and respective transit agencies.

With no questions from the Board, Mr. Batson turned the floor over to Mr. Bonini to provide an update on the PennDOT Sponsorship and Advertising Program.

PENNDOT SPONSORSHIP AND ADVERTISING PROGRAM: PRESENTED BY MR. MICHAEL BONINI

Mr. Bonini explained that this project aims to generate sponsorship and advertising revenue to offset the costs of sponsored programs, as well as provide an additional source of funds for other transportation-related projects and initiatives. The main sponsorship program included is the Safety Service Patrol, which provides free assistance to motorists on the Commonwealth's busiest interstates and expressways in 5 metropolitan areas across the State.

He also provided a status update, noting that two firms have been selected based on last year's Request for Proposals (RFP) issuance, with these firms being The Superlative Group and 2i Group. The two teams are currently conducting an evaluation of sponsorship opportunities to present to the P3 Office and PennDOT for consideration. Mr. Bonini concluded by adding that over \$1.5 million was generated to offset operational costs in the past four years, and they look forward to effectively continuing this program.

With no questions from the Board, he turned the floor over to Mr. Charles Dertinger, Director of Administration for Northampton County, to provide an update on the Northampton County Bridge Renewal Program.

NORTHAMPTON COUNTY BRIDGE RENEWAL PROGRAM: PRESENTED BY MR. CHARLES DERTINGER

Mr. Dertinger provided an overview of the project, originally aimed to replace and/or rehabilitate 33 bridges located within Northampton County, with eight eventually being recommended for removal from the program, cited as being unnecessary to replace. He noted that since work began in 2017, 19 bridges have been completed; with five of those 19 still with punch list items remaining. He then explained that, in 2019, they experienced a complete work stoppage and thus no bridges were completed that year, which necessitated litigation. Mr. Dertinger noted that, despite no success garnered in the mediation that followed, substantial progress was made during the COVID-19 pandemic, with five previously dormant program bridges reaching completion in 2020. He added that 2021 began encouragingly, with three bridges beginning work and one reaching substantial completion, but another complete stoppage in March 2021 has halted progress. He concluded his presentation by noting that seven bridges remain to be replaced; two of which may take several years.

With no questions from the Board, he turned the floor over to Mr. Bonini.

UNSOLICITED PROPOSALS UPDATE: PRESENTED BY MR. MICHAEL BONINI

Mr. Bonini then shifted focus to provide an update on Unsolicited Proposals, which the P3 Office accepts twice each year in pursuit of new, innovative opportunities. He displayed data tables which placed the current Unsolicited Proposals into three categories: Under Consideration, On Hold and Dismissed. The Under Consideration table encompasses items on which the Department is conducting feasibility analyses to determine merit in pursuing as a public-private partnership; four proposals fall under this categorization, two of which were received in the April 2021 submission window. He then explained that the items categorized as On Hold were projects that have passed a high-level screening stage but require further coordination with the proposer and/or stakeholders. This additional coordination will then lead to either further consideration or dismissal. Mr. Bonini concluded the update by explaining that the seven items listed as Dismissed had each been recommended for dismissal in the past year, specifics of which are provided in the 2020-2021 P3 Report for Pennsylvania. He explained that dismissal is typically determined due to a project not having merit as a P3 or if decided as the best approach following Department review.

With no comments from the Board, Mr. Bonini turned the floor over to Secretary Gramian.

OTHER BUSINESS:

Secretary Gramian thanked Mr. Bonini before asking if any attendees wished to provide public comment. With no comments from the public, she opened the floor to the Board for any remaining comments. With no comments from the Board, Secretary Gramian thanked all attendees for their time and support of the P3 program and thanked all presenters. After noting that the next Board meeting is scheduled for December 9, 2021, at 1 p.m., she brought forth a request for a motion to adjourn.

ADJOURNMENT:

On a motion by Dr. Tim Murphy, seconded by Mr. Ronald Drnevich and unanimously approved, the meeting was adjourned at 2:56 p.m.