

PUBLIC-PRIVATE TRANSPORTATION PARTNERSHIP BOARD
SUMMARY MINUTES
HARRISBURG, PENNSYLVANIA
JUNE 17, 2020

CALL TO ORDER:

The sixteenth meeting of the Public-Private Transportation Partnership Board (Board) was convened by Deputy Secretary for Planning Larry S. Shifflet, on behalf of Secretary of Transportation Yassmin Gramian, at 10:02 a.m. on Wednesday, June 17, 2020, via Skype virtual meeting.

ROLL CALL:

P3 Office Director Michael Bonini called roll and noted that Deputy Secretary for Planning Larry S. Shifflet would be acting as alternate to Board Chair, Secretary Yassmin Gramian, who was unable to attend. With all seven Board members being present, Mr. Shifflet noted that a quorum was established.

Members Present:

Mr. Larry S. Shifflet (alternate to Honorable Yassmin Gramian)
Honorable Representative Michael Carroll
Mr. Howard A. Cohen
Mr. Gregory Davis
Mr. Ronald Drnevich
Mr. James Kunz, Jr.
Mr. Mark Ryan (alternate to Honorable Jen Swails)

ADOPTION OF MEETING MINUTES:

The December 4, 2019, meeting minutes were unanimously approved on a motion by Mr. James Kunz, Jr. and seconded by Mr. Ronald Drnevich.

CHAIR'S REMARKS:

Deputy Secretary Larry S. Shifflet welcomed everyone to the board meeting and provided an overview of the agenda items that would require Board action during the meeting, including the December 4, 2019, Board Meeting Minutes, the P3 Report for Pennsylvania 2019 – 2020 and a request for consideration regarding the project limits of the Partnership 81 project.

He continued, noting that PennDOT has been working to move P3 projects forward and has placed much focus on managing the successful delivery of projects initiated as public-private partnerships, on which updates will be provided today.

Deputy Secretary Shifflet then turned the floor over to Mr. Bonini, who introduced and welcomed the newest member of the P3 Office team, Project Manager James Nicastro.

He noted that Mr. Nicastro manages the Sponsorship and Advertising program, as well as identifying opportunities for nontraditional P3 projects.

APPROVED PROJECT UPDATES:

PARTNERSHIP 81 PROJECT: PRESENTED BY MR. MICHAEL BONINI

Mr. Bonini began the approved project updates with the Partnership 81 project, explaining to the Board the evolution of the project from its original bundle of 15 interstate bridges in Luzerne County to the current configuration which was approved by the P3 Board in December 2019. The approved configuration added safety, mobility and design improvements to address current and projected congestion in addition to the bridge improvements for 8 of the 15 included in the original project scope.

Mr. Bonini continued, detailing the current activity status of the Partnership 81 project, specifically what progress has been made in 2020 to date. Since receiving P3 Board approval in December 2019, the preliminary engineering consultant has been selected, the scopes have been identified and data collection has begun. Within that progress has been a multitude of procedures and steps taken along the way, such as financial analyses, risk identification workshops, environmental research and scoping tasks, and general scheduling and milestone frameworks.

With the progress made thus far, Mr. Bonini explained, it has allowed the project team to better identify improvements to the project that are better suited to enhance the overall delivery and resulting benefits of the project. Due to the nature of these improvements, the actions warranted presentation to the P3 Board in request for approval; these being a request for approval of extended project limits and a request for approval of a revised delivery model to Design-Build-Finance (DBF). Mr. Bonini noted that extending the southern project limit, mile marker 163.3, further south to mile marker 161.2 would not only allow further safety and mobility needs to be addressed, but also allow for a seamless southern terminus to make the interstate three lanes in both directions. This would then make the new project limits stretching from mile marker 161.2 to 168.7; a 7.5-mile reconstruction in total.

The second action item being requested for approval was that of the delivery model. Originally approved as a Design-Build-Finance-Maintain (DBFM) contract in December 2019, the P3 Office was now requesting to pursue delivery through a Design-Build-Finance (DBF) contract. Mr. Bonini added that the Executive Team had already been briefed on this item and supported the initiative. He noted that after performing delivery alternatives analyses, the project team concluded that a DBF delivery would result in overall lower costs for PennDOT, as well as maximize the benefits associated with Transportation Improvement Program (TIP) contributions through reducing overall project costs via debt service savings. Mr. Bonini concluded this request by adding that a DBF approach would provide PennDOT the opportunity to meet their goals while offering flexibility in design and construction, as well as improvements to quality.

Mr. Bonini then opened the floor for questions and comments from the P3 Board. Mr. James Kunz inquired as to why the maintenance component of the contract was being eliminated. Mr. Bonini responded that the main consideration behind that decision was

cost optimization and value for money. With the limited resources available, a DBF contract offered a better opportunity to replace the existing infrastructure at limited cost. Also, PennDOT currently has county maintenance contracts existing, specifically with District 4-0 and Luzerne County which are already responsible for portions of most of Interstate 81. In addition, PennDOT prefers to always maintain responsibility for snow removal. Mr. Howard A. Cohen agreed with this rationale and offered his support and wishes to approve the request. Honorable Representative Carroll asked for clarification on if the requested extension would create the interstate three lanes in both directions for the entire project area, to which Mr. Bonini confirmed and added that he would compile more detailed information to provide to Honorable Representative Carroll.

The request to extend the project limits and pursue a Design-Build-Finance (DBF) contract for the Partnership 81 project was approved to proceed on a motion by Mr. Howard A. Cohen, seconded by Mr. Gregory Davis and unanimously approved.

RAPID BRIDGE REPLACEMENT: PRESENTED BY MR. MICHAEL BONINI

The Rapid Bridge Replacement (RBR) project was approved by the Board in September 2013. 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 was 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, 556 bridges have been successfully replaced and open to traffic. The remaining two bridges are currently under construction and will be completed by August 2020 despite experiencing delays due to COVID-19. While the number of completed bridges was the same as the previous Board Meeting, Mr. Bonini added that many activities had taken place in the time between. One major consideration is the preparation for the 25-year maintenance phase, which will become the focus of the project with the design and construction phase coming to a close.

No action required by the Board.

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

Approved by the P3 Board in September 2014, this \$84 million, 20-year P3 agreement allows public transit providers an opportunity and incentive to transition seamlessly to natural gas, a plentiful resource in Pennsylvania and currently the cleanest burning transportation fuel, Mr. Gurinko explained. He continued, noting that Trillium CNG, as the selected development entity and partner, will supply CNG fueling equipment to 25 transit facilities and up to 750 transit agency vehicles throughout the commonwealth. In addition, Trillium CNG will make CNG-related upgrades to existing transit maintenance facilities as well as design, build, finance, operate and maintain the CNG fueling stations until 2037. By bundling the construction of 25 sites into one P3, the fueling stations will be completed more quickly and affordably than under a traditional procurement process.

Mr. Gurinko then presented a map of the project, detailing construction status. To date, 16 stations have been built, and three are currently under construction and slated for completion in 2020; the remaining six are scheduled for completion between 2021 and 2024. Mr. Gurinko also noted that, as of May 2020, Pennsylvania transit agencies have saved an estimated \$2.6 million in fuel costs. The project provides considerable value for money, as it will pay for itself through economies of scale in building the stations, and through savings in fuel costs for the participating transit agencies. Having completed his status update, Mr. Gurinko opened the floor for questions and comments.

Mr. Howard A. Cohen expressed his gratitude for the correspondence he received from the P3 Office team regarding a request for further information on this project at the December 2019 Board Meeting.

No action required by the Board.

SPONSORSHIP AND ADVERTISING PROGRAM: PRESENTED BY MR. MICHAEL BONINI

The Sponsorship and Advertising program was approved by the P3 Board in January 2013 as an opportunity to offset operational costs by identifying sponsorship and advertising opportunities with respect to marketable assets owned by PennDOT and the Pennsylvania Turnpike Commission (PTC).

Mr. Bonini noted that PennDOT is currently working to select a private partner under a second solicitation to develop sponsorship and advertising opportunities. This includes continuing the Safety Service Patrol program, in partnership with State Farm, which will provide motorists with free assistance on Pennsylvania's busiest interstates and expressways in five metropolitan areas across the Commonwealth. State Farm was selected to sponsor the Department's roving safety patrol. This sponsorship has generated \$1.7 million to date in sponsorship revenue for the Department and assisted over 25,000 motorists in 2019 alone.

Mr. Bonini also noted that a press release regarding the upcoming advertisement to identify a partner to develop and execute the marketing and sponsorship program would be coming soon, and that contract execution is anticipated to take place in 2020.

No action required by the Board.

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

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 county bridges. 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 accelerating traditional delivery schedule.

Mr. Charles Dertinger, Northampton County Director of Administration, noted that the project experienced significant improvements since he last reported at the December 2019 Board Meeting. At the previous Board Meeting, Mr. Dertinger announced that only four bridges had been substantially completed, and a total of seven were open to traffic. However, he was happy to announce that there are currently 11 bridges open to traffic, an additional three soon entering maintenance and another seven under construction. The project also did not experience any impacts or delays as a result of COVID-19. Mr. Dertinger continued, adding that eight bridges are currently in legal mediation, but is pleased with the progress. He then opened the floor for questions and comments.

Mr. Ronald Drnevich commended Mr. Dertinger and the project team on taking a considerable step forward.

No action required by the Board.

NEW BUSINESS:

ADOPTION OF THE P3 REPORT FOR PENNSYLVANIA: PRESENTED BY MR. MICHAEL BONINI

Mr. Bonini reviewed the P3 Report for Pennsylvania 2019-2020 with the P3 Board and opened the floor for questions and comments. Mr. Howard A. Cohen inquired as to whether the Letter from the Secretary should be dated. The P3 Board and P3 Office agreed to add a date to the letter.

The P3 Report for Pennsylvania 2019-2020 was approved on a motion by Mr. Howard A. Cohen, seconded by Mr. Ronald Drnevich and unanimously approved.

UNSOLICITED PROPOSALS UPDATE: PRESENTED BY MR. MICHAEL BONINI

Mr. Bonini began the update by noting that the P3 Office stands in accordance with the Commonwealth's efforts regarding COVID-19, and thus did not accept Unsolicited Proposals in April 2020. However, PennDOT would be reopening the window for Unsolicited Proposal submittals in July and October 2020.

Mr. Bonini then presented a list of Unsolicited Proposals currently in review and under consideration at the time of the Board Meeting, of which there were five. He also added that the Erie County Unsolicited Bridge Bundle P3, which was in review at the time of the December 2019 Board Meeting, had since been withdrawn by the proposer. Mr. Bonini then opened the floor for questions and comments.

Mr. Howard A. Cohen asked Mr. Bonini to discuss House Bill 2065 and how it might impact the Erie and Mercer County bridge bundle proposals. Mr. Bonini explained that unsolicited proposal submittals are currently limited to organizations that are proprietary public entities, and the amendment included in the bill is designed to update the definition of a proprietary public entity to allow submittals involving county and municipal entities.

Mr. Cohen also inquired as to the need for the P3 Board to publicly support House Bill 2065. Honorable Carroll responded that PennDOT had plenty of input on the bill, and that the Department has no concerns; he did not see the need to publicly support it, as there has been no opposition to the bill. Mr. Ronald Drnevich added that he believed it was not the role of the Board to comment publicly. Deputy Secretary Shifflet agreed.

No action required by the Board

STRATEGIC DIRECTION FOR P3 OFFICE: PRESENTED BY MR. JOSEPH GURINKO

Mr. Gurinko introduced the strategic direction for the P3 Office by focusing on defining the P3 program in both the short and long term, and that much of the P3 Office's efforts will be focused on Pennsylvania's interstate system. He noted that, within the multitude of needs on Pennsylvania's interstate network, the P3 Office sees an excellent opportunity to take advantage of alternative delivery as a tool to help bridge the gap between needs and available funding while maximizing the benefits of alternative delivery procurement, such as accelerated schedule, innovation and leveraging private investment.

Mr. Gurinko detailed that a current assessment of needs on the interstate system estimates that \$1.2 billion is needed annually to maintain the network in its current condition, and between \$1.5 - \$3 billion annually is needed to enhance the network's safety, mobility and maintenance. The P3 Office believes that alternative delivery can be an effective strategy in PennDOT's toolbox to help bridge that gap, through a clear understanding of the network's well-documented needs. He explained that these needs can be combined at a variety of levels; such as corridor, regional or statewide; to maximize competition in the P3 market. The presence of a P3 program in Pennsylvania that offers a variety of delivery methods and project sizes would demand market attention and encourage competition in the Pennsylvania market.

Mr. Gurinko also noted that there is a predictable funding stream that allows PennDOT to develop a long-term financial plan for network improvements, and by accelerating the program schedule as a whole, motorists can benefit from improvements in the short-term while PennDOT pays for projects over a longer term when the funding is available.

He added that the P3 Office is currently working with the PennDOT Executive Staff and Interstate Steering Committee over the next year to develop the program and will keep the P3 Board updated on any developments moving forward. Mr. Gurinko then opened the floor for questions and comments.

Mr. Howard A. Cohen added a comment regarding electric vehicle charging stations, specifically regarding a pending bill currently in legislation. There had been no movement on the bill yet, but Mr. Cohen wanted to offer the idea as a potential P3 project and wished to discuss options with the P3 Office. Mr. Gurinko clarified that his presentation intended to focus on the direction of the program, not any specific options, and that the P3 Office would not preclude any ideas for potential projects.

No action required by the Board

NON-TRADITIONAL P3 OPPORTUNITIES: PRESENTED BY MR. ROGER COHEN

Mr. Roger Cohen, Office of the Secretary, introduced his presentation on non-traditional P3 opportunities, the Growing Right-of-Way Revenues Study (GROWR). He explained that study was requested by Secretary Yassmin Gramian to ensure PennDOT continues to fully explore and reevaluate the ability of the Department to leverage its right-of-way to generate revenue.

The focus of the study was to identify and evaluate strategies based on legal and regulatory authorities and limitations, case studies of best practices, and synergies with PennDOT policies. He added that the study aimed to identify areas for reducing operational costs, generating revenue for infrastructure maintenance, enhancing network efficiency and safety, and improving general service and traveler experience.

The strategy of the study centered around seven strategies identified for evaluation: advertising and sponsorship; air-rights development; broadband and wireless; rest area commercialization; electric vehicle charging infrastructure; solar power generation; and truck parking. These seven strategies were identified through guidance from Secretary Yassmin Gramian and Executive Deputy Secretary George McAuley, in addition to a legal briefing from the Office of Chief Counsel.

In his detailing of the study, Mr. Cohen noted how the findings showed many synergies with the P3 Office, and he feels some strategies resulting from the study could generate P3 opportunities.

Mr. Howard A. Cohen inquired if there were any existing timeframes on moving forward with proposals relating to electric vehicle charging stations, to which it was responded that there are possible opportunities moving forward; they are still currently just possibilities, but the potential is there. Executive Deputy Secretary George McAuley added a mention of the long-term goal of and benefits of mileage-based user fees.

OTHER BUSINESS:

Mr. Howard A. Cohen thanked the P3 Office team for preparing and hosting the meeting.

PUBLIC COMMENTS:

There were no public comments.

ADJOURNMENT:

On a motion by Mr. Gregory Davis, seconded by Mr. Howard A. Cohen and unanimously approved, the meeting was adjourned at 12:00 p.m.