

PUBLIC-PRIVATE TRANSPORTATION PARTNERSHIP BOARD
SUMMARY MINUTES
HARRISBURG, PENNSYLVANIA
SEPTEMBER 27, 2013

CALL TO ORDER:

The third meeting of the Public Private Transportation Partnerships Board (Board) was convened by Secretary Barry J. Schoch, P.E., at 1:05p.m. on Friday, September 27, 2013, in PUC Hearing Room 1, Keystone Building, Harrisburg, PA.

ROLL CALL:

Members Present:

Honorable Barry J. Schoch, P.E, Chair
Mr. Ryan Boyer
Mr. Nicholas DeBenedictis
Mr. Ronald Drnevich
Honorable Steven Santarsiero

Members Not Present:

Honorable Charles Zogby
Mr. Michael Murchie

OLD BUSINESS:

On a motion by Mr. DeBenedictis, seconded by Mr. Drnevich, and unanimously approved, the meeting minutes from the January 9, 2013 were approved.

APPROVED PROJECTS UPDATE:

Bryan Kendro, Director of the Public Private Partnerships (P3) Office gave an update on the approved P3 project, the Traffic and Traveler Information Project. This project included the 511 Traffic Information Service as well as associated sponsorship, marketing and advertising opportunities. For the 511 Traffic and Traveler system, the Department issued a Request for Information (RFI) from the private sector and other stakeholders as well as sent out a customer survey to gather information as to what enhancements should be made to the service and what the Department should be thinking about in terms of what the next generation of service will

look like. An Invitation for Bid (IFB) was recently issued to procure services to bring the next generation of the 511 system to match standards identified in the RFI process.

The other component to the project is the associated advertising and sponsorship opportunities throughout PennDOT including: 511, freeway service patrols, welcome centers and rest areas, sponsor-a-highway program, yellow dot program, traffic camera video and other possible assets that may be available in the future upon Board approval. The Department issued a Request for Proposal (RFP) to procure a marketing consultant to advise the Department on how other state DOT's have developed similar programs so PennDOT can learn best practices. PennDOT has reached out to some state DOT's who have had successful programs. The next steps will include developing the proposal and working with the consultant selected to solicit possible sponsors and bring those contract opportunities to the Department which will bring in additional revenues and help costs of maintaining them so the Department can ensure these projects are funded in the future and have the ability to add additional services that cannot be provided today.

UNSOLICITED PROPOSALS:

Two projects were deferred by the Department that was determined not ready for Board consideration at this time. They were a Capital Area Transit bus maintenance facility and a wireless waterways project which is being undertaken by the Port of Pittsburgh Commission. The Department believes there are potential opportunities with these projects and will continue to review and evaluate them. Two projects have been recommended for consideration for the Board.

PRESENTATIONS:

WIRELESS TELECOM PARTNERSHIP

Dale Witmer, special assistant to the Deputy Secretary for Planning and Public Private Partnerships (P3) Office, gave an overview of the wireless telecom project to the Board. This proposal was submitted by the firm Site Acquisition Services. This is an aggressive campaign to capitalize PennDOT's assets leasing space to wireless companies to locate equipment. The financial structure would be a design-build-finance-operate-and-maintain with the private sector to take on all program management responsibilities. Compensation to the consultant would be based on a percentage of revenue generated and would require zero capital investment by PennDOT. The consultant responsibilities would include evaluation of assets, legal review, and development of a marketing campaign. The benefits include additional revenue generation and enhanced safety that would go along greater wireless coverage and communication upgrades to PennDOT's traffic cameras. Consultants for the P3 Office PFM and CDM Smith have been assisting PennDOT in evaluating this proposal. The consultants and PennDOT have identified examples of revenue streams per carrier, per site ranging anywhere from \$8,000-\$20,000 per year depending on urban or rural areas. Smaller sites such as traffic lights could produce revenue anywhere from \$5,000-\$12,000 per year.

Secretary Schoch mentioned the 511 Traveler Information System relies on real time data which could help PennDOT. Instead of PennDOT making this investment, the Department can use this investment from the private sector to help improve and provide more real time data. Secretary Schoch also mentioned autonomous vehicles are right around the corner. He rode in an autonomous vehicle for 33 miles to Pittsburgh airport which was developed by CMU. The more wireless equipment the Department gets into its system the more equipped PennDOT will be to accommodate these future needs. For Secretary Schoch, he believes benefits of this would reduce PennDOT's requirement for investment and allows the private sector to do something that benefits them on public sector assets.

Representative Santarsiero asked Mr. Witmer what the disparity in annual revenue between the particular states presented in the PowerPoint. Mr. Witmer explained the disparity is due to the number of carriers on each site as well as the structure of the deal for each state. Some states could have contracts that date back to 10 years which could influence the revenue stream. Representative Santarsiero also asked about the range of fees and if that was based on the current market rate. Mr. Witmer stated that was what SASI indicated in their proposal. Secretary Schoch mentioned that the Turnpike Commission took an aggressive approach to this when cell phones were developed so old contacts could play into the low fees.

On a motion by Representative Santarsiero, seconded by Mr. DeBenedictis, and unanimously approved, the wireless telecommunications partnership was approved and granted PennDOT the authority to issue an RFP.

Secretary Schoch thanked SASI for their proposal and attending the Board meeting today.

APRAS UPGRADE:

Phillip Tomassini, Chief Information Officer (CIO), presented the second unsolicited proposal, APRAS upgrade, to the P3 Board. This proposal was submitted by Bentley Systems. PennDOT developed the APRAS system back in 1998. The primary focus of this system is to generate hauling permits of oversized and overweight trucks. Last year it issued over 500,000 permits and generated \$28 million in revenue last year.

Last year, PennDOT started taking a closer look at this system to determine what improvements could be made to the system to better serve PennDOT's customers. PennDOT conducted a study with 18 business partners to determine what the customer's expectations are using the APRAS system. Surveys were sent to each state asking to describe what solutions they have developed for hauling permits. PennDOT received 24 responses. Based upon the feedback given, it was determined there were 6 primary vendors that have a similar APRAS system. Surveys were then sent out to those 6 vendors and asked what system they are using, cost, etc. From the studies done as well as all the feedback from the different surveys, PennDOT was able to learn a lot about its own APRAS system and its faults. There are currently many shortcomings to PennDOT's system: when a user goes in to apply for a permit all the analysis and feedback occurs after all the information is entered which is a time waste to the consumer; when routes are being generated due to restrictions sometimes the results are inaccurate and must be manually

reviewed which delays issuing the permit; GIS mapping capabilities need improved; there are two sets of technology used to support the APRAS system, one for the external user and another for PennDOT, if enhancements or changes need to be made to the system there are two different sets of changes that need to be made which costs money and time; and from the customer perspective, any errors that occur on the system are hard to understand.

PennDOT estimated \$8 million would be needed to build its own next generation APRAS system. The opportunity to go through a P3 approach and leverage potential private sector investors is something PennDOT believes is a good value. From a costing perspective, there have been different costing models and PennDOT has talked to several states that have taken the cost and passed it back to the constituent such as New Jersey. If there are additional added value services that can be provided to a new APRAS system, such as if you go to one portal to get permits for multiple states at one time, PennDOT would discuss whether or not that additional convenience charge should be passed along to the customer.

Secretary Schoch mentioned an issue the trucking industry is facing at the moment on the multi-state permits. Right now, haulers have to go through each state to get individual permits. Pennsylvania has been working with AASHTO to work through some of these difficulties. PennDOT has been taking the lead in working through this issue to allow a hauler to go to one state and receive one permit instead of multiple. PennDOT is trying to be more customer friendly and perhaps this P3 initiative will enhance this effort.

Mr. Drnevich asked where the \$28 million in revenues go. Secretary Schoch explained that all revenues are placed in the motor license fund. Mr. Drnevich wanted some clarification as to why the APRAS system has two inputs. Mr. Tomassini explained this was done for a security reason as well as the issues of two different users accessing the system, internal and external. Mr. Drnevich also wanted some clarification as to if APRAS provides to the permittee any restrictions on roads and bridges. Secretary Schoch answered yes, this information is extractable. Secretary Schoch also mentioned that these are the biggest issues permittees are complaining about because of the restrictions throughout the state due to the condition of our bridges. The system also addresses what items cannot be hauled through Pennsylvania.

On a motion by Mr. DeBenedictis, seconded by Rep. Santarsiero, and unanimously approved, the APRAS upgrade project was approved and granted PennDOT the authority to issue an RFP.

Secretary thanked SASI for their proposal and for attending today's public meeting. He also mentioned the second unsolicited proposal timeframe will be from October 1-31st.

SOLICITED PROPOSAL

RAPID BRIDGE REPLACEMENT PROJECT

Bryan Kendro, P3 Director, described the bridge project to the P3 board members. Mr. Kendro explained the reason why the Department went on a P3 route instead of a traditional design-bid-build approach is because the Department believes utilizing the P3 process would help to replace

the structurally deficient bridges much more quickly. He explained that there are several benefits to this initiative: accelerate the construction of structurally deficient bridges; reduce the negative impact on a range of impacted agencies such as the timber or agricultural industry by addressing their concerns; going through a P3 process, the construction of bridges can be done much more quickly minimizing impact on the driving public; and would be a huge impact on the Commonwealth's economy, allowing truckers to be able to get to their destination on time instead of dealing with long detours. Eligible bridges for this project must be structurally deficient structures, need to be a full replacement, single or multi-spans, geographically diverse and are important to the community to get fixed. This project will also look at local and county bridges to see if they meet the same criteria for this project.

The project structure will include an availability payment. PennDOT is not looking at tolling these bridges. An availability payment is a performance based payment. If at any point the contractor or developer isn't adhering to the terms of the contract, the performance based payments can be reduced. The selected bidder will be responsible for all aspects of the project including the design, construction, finance and maintenance.

Prior to issuing a Request for Qualification (RFQ), PennDOT will be holding an industry forum. This will give PennDOT the opportunity to present what they envision the project to look like and to hear feedback from the industry before the procurement process begins. During the RFQ process, PennDOT expects a team of firms whether it's a designer, contractor, developer or investment entity to team up in making sure they are qualified and capable to perform the work PennDOT puts out. Once PennDOT has created a shortlist of qualified firms, a Request for Proposal (RFP) will be issued.

PennDOT has developed a list of bridges eligible for this project and created specific criteria in which they believe will help build these bridges quickly. PennDOT will still need to go through the required permitting and approval process. Bridges that they believe will take more time to go through this process will not be considered for the first wave of bridges in the package. PennDOT must consider the split of the bridges which will be determined by additional funding. If this is a 200 bridge package and there is no additional revenue from the General Assembly, this will more than likely be one package. If action is taken and additional funding becomes available, there is the opportunity to pursue anywhere from 900-1,000 bridges which could be spilt up into multiple packages.

Representative Santarsiero asked Mr. Kendro for some clarification on the availability payments that will be made during the term of the contract and if this is what gives PennDOT the assurance that the operation and maintenance of the bridge is done correctly. Mr. Kendro explained that there will be a list of performance based criteria in the contract for the developer to follow. Depending on what the contractor is not adhering to will determine if their availability payment is lowered and by how much. PennDOT bridge engineers will be highly involved in the requirements. Representative Santarsiero also commented on how important additional transportation funding is to this project.

Ron Drnevich asked if the department will be reviewing the project plans. Secretary Schoch clarified that the design of the bridge will be reviewed by PennDOT to make sure it is complaint

with the department's design standards as well as federal standards. Mr. Kendro also mentioned that PennDOT will still conduct audit reports of each bridge being built and that the contactor is adhering to these standards.

On a motion by Rep. Santarsiero, seconded by Mr. Drnevich, and unanimously approved, the rapid bridge replacement project was approved.

NEXT MEETING:

Future Board meeting has not been scheduled at this time.

PUBLIC COMMENTS:

No public comments were received.

ADJOURNMENT:

On a motion by Mr. Debenedictis, seconded by Rep. Santarsioer, the meeting was adjourned at 2:05pm.