

PUBLIC-PRIVATE TRANSPORTATION PARTNERSHIP BOARD
SUMMARY MINUTES
HARRISBURG, PENNSYLVANIA
SEPTEMBER 29, 2014

CALL TO ORDER:

The fourth meeting of the Public-Private Transportation Partnerships Board (Board) was convened by Executive Deputy Secretary Bradley L. Mallory at 11:15 a.m. on Monday, September 29, 2014, in PUC Hearing Room 1, Keystone Building, Harrisburg, PA.

ROLL CALL:

Members Present:

Honorable Barry J. Schoch, P.E, Chair
Mr. Ryan Boyer
Mr. Ronald Drnevich (via telephone)
Honorable Steve Santarsiero
Mr. Peter Tartline, alternate for Honorable Charles Zogby

Members Not Present:

Mr. Michael Murchie
Mr. Nicholas DeBenedictis

OLD BUSINESS:

On a motion by Representative Santarsiero, seconded by Mr. Boyer, and unanimously approved, the meeting minutes from the February 28, 2014 were approved.

APPROVED PROJECTS UPDATE:

Rapid Bridge Replacement Project:

Director of the P3 Office, Bryan Kendro, provided an update on the Rapid Bridge Replacement Project. The Board approved the project on September 27, 2013. Proposals from the four shortlisted firms are due September 29th. Commercial close is planned for December, which would be followed by a financial close in the first quarter of 2015.

The benefit to the commonwealth is the replacement of 558 structurally deficient bridges statewide under one P3 contract with the private sector accepting responsibility to design, build, finance, and maintain the bridges.

No action was required by the Board.

Sponsorship and Advertising Program:

Dale Witmer, P3 Office Deputy Director, gave the Board an update on the sponsorship and advertising program. The Board approved the program in January 2013. Travelers Marketing was selected as the marketing consultant in December 2013. The benefit to the commonwealth is to raise revenue and offset the cost of freeway service patrols, rest areas, welcome centers, 511 and other PennDOT and PA Turnpike services and programs.

State Farm entered into a three-year contract with Travelers Marketing to sponsor PennDOT's Freeway Service Patrol, which offers motorist assistance on select expressways in the Lehigh Valley, Harrisburg, Pittsburgh, and Philadelphia. The sponsorship will offset nearly 11% of PennDOT's \$4 million annual cost. A launch event was held on September 9th with Lieutenant Governor Jim Cawley, Executive Deputy Secretary Brad Mallory, and representatives of State Farm.

Upcoming sponsorship projects that are under consideration include Yellow Dot, Safe Phone Zones in rest areas, sponsorship of the 511 system, and direct mail inserts.

Mr. Drnevich asked if the Freeway Service Patrol sponsorship is part of the Pennsylvania Turnpike Commission's program with State Farm. Mr. Witmer explained that the three-year contract is separate from the Turnpike's sponsorship, but the program is designed to allow for a combined program with the Turnpike in the future, if that would prove advantageous.

No action was required by the Board.

Wireless Telecom Partnership:

Mr. Witmer updated the Board on the Wireless Telecom Partnership, which was approved by the Board on September 27, 2013. The commonwealth would benefit through the receipt of revenue from telecommunications companies that would lease space on existing PennDOT assets while also improving wireless coverage for emergency response and PennDOT operations.

The Department has evaluated Statements of Qualifications received in response to a Request for Qualifications (RFQ), issued on May 19, 2014. Shortlisted firms will be invited to respond to a Request for Proposals (RFP). In October, the shortlist will be announced and a draft RFP will be issued for the purpose of receiving input from the industry. The schedule anticipates finalization of the RFP by the end of the year and selection of the firm by the first quarter of 2015.

Mr. Kendro mentioned that this project is the result of an unsolicited proposal from the private sector. After an evaluation of the merits of the proposal by P3 Office staff and its consultants, the P3 Board approved the project for a competitive procurement. Unsolicited proposals are accepted by the P3 Office during the months of April and October of each year.

Mr. Drnevich asked how many firms responded to the RFQ. Mr. Witmer informed the Board that eight firms submitted Statements of Qualifications.

No action required by the Board.

NEW BUSINESS:

UPDATES TO P3 IMPLEMENTATION MANUAL AND GUIDELINES:

Mr. Kendro presented proposed updates to the Implementation Manual and Guidelines, adopted by the Board on January 9, 2013. The updates reflect the progression of the P3 Office from the early stage of implementation into the permanent structure prescribed by Act 88 of 2012. In August 2014, the Office of Administration approved the formation of PennDOT's P3 Office as a separate and distinct office from the Policy Office. The following proposed changes reflect the new organizational structure of the P3 Office and define the roles and responsibilities of the P3 Office Deputy Director:

- Revised organizational chart in Section 2.1 to depict the P3 Office separate from the Policy Office and with a direct report to the Secretary of Transportation.
- Deleted last paragraph in Section 2.1 that described the early stages of implementation.
- Inserted Section 2.2.1 to provide a description of the role and responsibilities of the P3 Office Deputy Director.

Mr. Drnevich inquired about the current staffing of the P3 Office and if the current level is sufficient. Mr. Kendro explained the current roles, including his role as Director, Mr. Witmer as Deputy Director, Ms. Kathryn Tartaglia's role as Project Manager, and administrative support provided by other staff members. Mr. Kendro stated that the level of staffing is sufficient to handle the current workload.

A motion was made by Mr. Boyer and seconded by Mr. Drnevich to approve the updates to the Implementation Manual and Guidelines. The motion passed unanimously.

COMPRESSED NATURAL GAS FUELING STATIONS FOR TRANSIT:

Mr. Kendro provided a presentation on the proposed Compressed Natural Gas (CNG) Fueling Stations for Transit project. The project was presented to the Board for consideration as a P3 project. The Board received a briefing paper and a slide presentation.

Mr. Kendro provided background and summarized the findings of research conducted by PennDOT's Bureau of Public Transportation staff and consultants. The project is intended to provide reliable access to CNG fuel to facilitate transit fleet conversions; upgrade facilities to accommodate CNG; reduce long-term operating costs; and establish a new long-term revenue source to support capital improvement projects. PennDOT is working with 37 of the commonwealth's 63 transit agencies to determine current fleet size, annual diesel fuel consumption, and expected rate of converting existing diesel buses to CNG buses. P3

procurement is being proposed to allow the transfer of certain risks associated with design, construction, operation and maintenance of CNG fueling to a private partner. PennDOT would accept proposals offering a turn-key solution for the design and construction of fueling stations and necessary upgrades, upfront private-sector investment, and ongoing operation and maintenance responsibilities for the fueling stations. Transit agencies that opt-in to the project would agree to an established conversion schedule and fuel purchase commitment. PennDOT would enter into a supply agreement with the private sector, committing to a minimum statewide purchase of CNG by transit agencies. The private sector would be permitted to sell CNG “outside the fence” to the public or other private fleets, subject to a revenue sharing arrangement with PennDOT.

If approved by the Board, PennDOT would advance the procurement through the following stages: industry forum (late October); RFQ release (November); shortlisting of firms (January); RFP issuance (spring 2015); and proposal selection (summer 2015).

Representative Santarsiero inquired about the size of SEPTA’s fleet, as a percentage of the total transit fleet in Pennsylvania, and the reason why SEPTA would not be included in the project.

Deputy Secretary for Multimodal Transportation, Toby Fauver, informed the Board that SEPTA’s fleet represents about 80% of the total transit fleet in the commonwealth. Mr. Kendro added that SEPTA is of sufficient size to pursue conversion to CNG independently. PennDOT is focusing on the smaller transit agencies to serve as a catalyst to facilitate the construction of CNG fueling facilities in areas where the market does not currently exist.

Secretary Schoch stated that the conversion of transit facilities to CNG maintenance and fueling stations in the areas served by SEPTA presents challenges due to limited land area and zoning restrictions. Secretary Schoch added that there is significant interest across the commonwealth, beyond this project. The southeast is the area that is of least interest to the private sector regarding this project, because CNG will advance with or without the project due to the density of transit fleets.

Representative Santarsiero asked if school districts with school bus fleets might benefit from the project. Mr. Drnevich suggested involving school bus contractors as well.

Mr. Kendro responded that additional consideration could be given to school bus fleets as the project advances. Secretary Schoch added they could be included in the industry forum.

Representative Santarsiero asked where the transit agency contracts come into play. Mr. Kendro responded that each agency will be committing to a minimum CNG demand schedule.

Mr. Kendro added that Act 89 includes funding for CNG conversions and this project is a continuation of PennDOT’s initiative to reduce long term operating costs and promote consolidation of transit agencies.

Mr. Tartline added that the Commonwealth Finance Authority has funded slightly less than 50 CNG fueling stations, which gives further support to the project.

Representative Santarsiero moved to approve the project. Mr. Boyer seconded the motion. The Board unanimously approved the project.

NEXT MEETING:

Future Board meeting has not been scheduled at this time.

OTHER BUSINESS

None.

PUBLIC COMMENTS:

No public comments were received.

ADJOURNMENT:

On a motion by Mr. Drnevich, seconded by Mr. Santarsiero, and unanimously approved, the meeting was adjourned at 12:10 p.m.