Public-Private Partnerships (P3s)

House Committee on Transportation

COSTA PAPPIS, POLICY & PLANNING

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VTrans Working to Get You There
Vermont Agency of Transportation

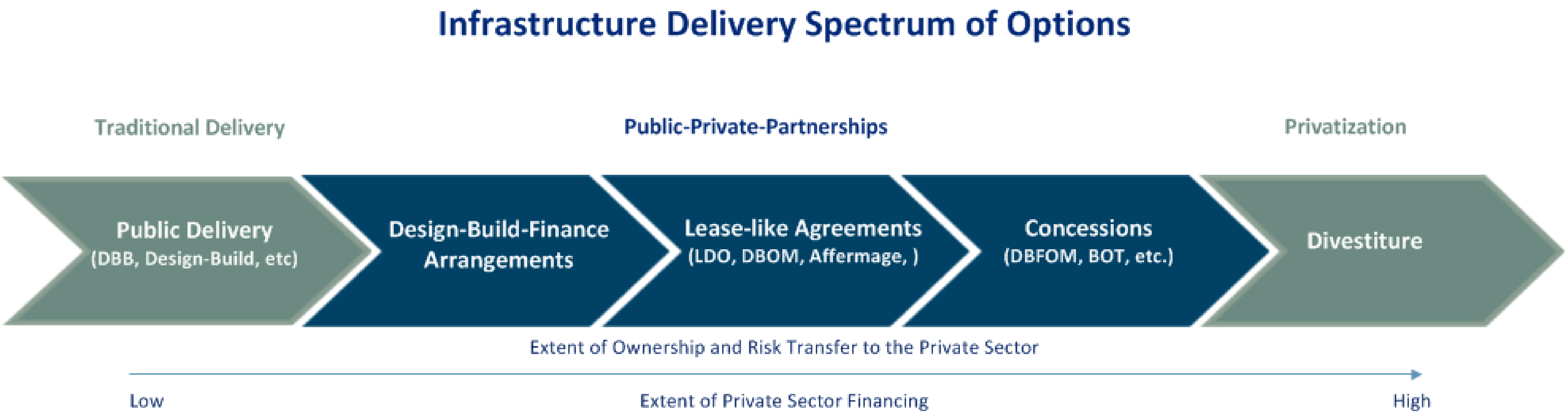
What are Public-Private Partnerships?

Definition: contractual agreements between a public agency and a private entity that ***allow for greater private participation*** in the delivery of transportation projects. Typically, this participation involves the private sector taking on additional project risks, such as design, construction, finance, long-term operation, and traffic revenue.

Traditional Project Delivery Model - private contractors construct projects based on a public design with public financing and turn them over to the public sector upon completion for operations and maintenance.

What are Public-Private Partnerships?

- There is no universal definition of P3, but generally speaking P3 refer to any of a number of contracting arrangement involving risk-sharing, bundled services, and an asset life-cycle focus.
- Contracts are differentiated by risk allocation and scope of services:



Three Components to Public-Private Partnerships

Identifying, evaluating, and developing potential projects

Conducting Procurement

Monitoring & Oversight

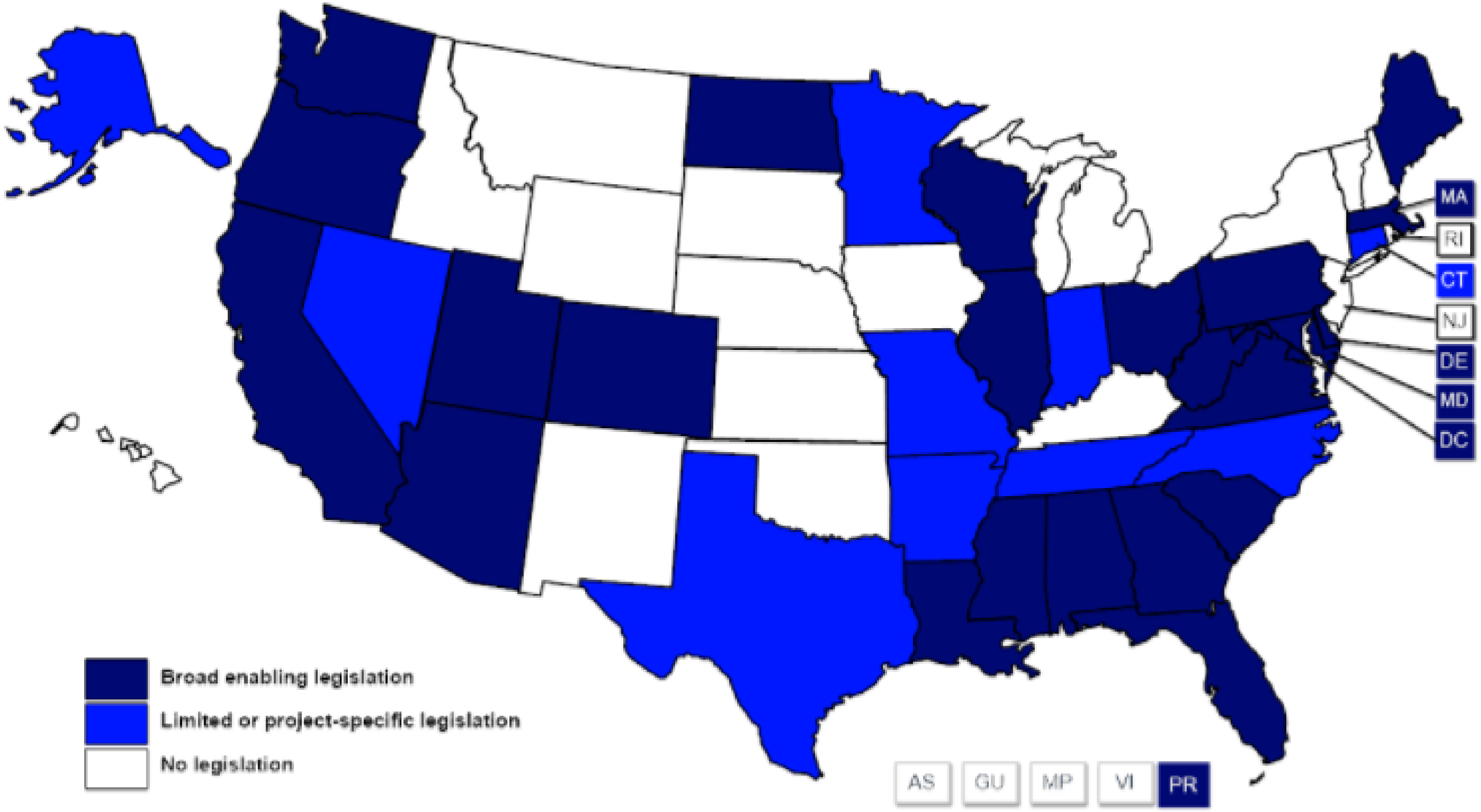
Why are Public-Private Partnerships Important?

Federal Administration's focus on Public-Private Partnerships – i.e. National Infrastructure Plan's Incentives Program (proposed at $100 billion in grant funding)

Proposed Evaluation Criteria:

- The dollar value of the project or program of projects (weighted at 10 percent);
- Evidence supporting how the applicant will secure and commit new, non-Federal revenue to create sustainable, long-term funding for infrastructure investments (weighted at 50 percent);
- Evidence supporting how the applicant will secure and commit new, non- Federal revenue for operations, maintenance and rehabilitation (weighted at 20 percent);
- Updates to procurement policies and project delivery approaches to improve efficiency in project delivery and operations (weighted at 10 percent);
- Plans to incorporate new and evolving technologies (weighted at 5 percent);
- Evidence supporting how the project will spur economic and social returns on investment (weighted at 5 percent).

States with Transportation P3 Enabling Legislation as of Jan. 1, 2016



Does Vermont Use Public-Private Partnerships for Transportation?

Some forms of Public-Private Partnerships are currently undertaken by VTrans:

- Highway design-build contracts and property leases
- Rail operating agreement with private railroad; 3-Way program
- Airport leases to fixed-based operators
- Intercity bus services provided by private carriers

Possible Types of Public-Private Partnerships for Vermont

Investment Outcome (by Contract)

Joint Financing

Traditional P3 Model

Hypothetical example:
Public investment in Rail infrastructure for a private operator to build a transload facility

Hypothetical example:
Joint public-private financing of expensive intersection projects; construction of new interchange

Hypothetical example:
Construction, maintenance, and operation of electric vehicle charging stations on state property

What are the advantages and limitations of P3s?

POTENTIAL ADVANTAGES

- May accelerate project delivery.
- May enable longer term view of asset management.
- May provide access to additional capital.
- May reduce public cost and/or debt requirements.

POTENTIAL LIMITATIONS

- Requires resources for administrative cost and time to develop, analyze, procure, and monitor.
- Requires revenue streams to work.
- May not be the most cost-effective or appropriate procurement model for projects if the public sector can deliver better value without it.

Questions / Comments?

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