P3 Doesn't Mean Free: Innovative Financing for Major Infrastructure Projects

Panelists:

Erin Aleman, Illinois Department of Transportation

Rina Cutler, Amtrak

Jonathon Hart, CDM Smith

*Panel Moderator: **Elaine McKenzie**, Cambridge Systematics*

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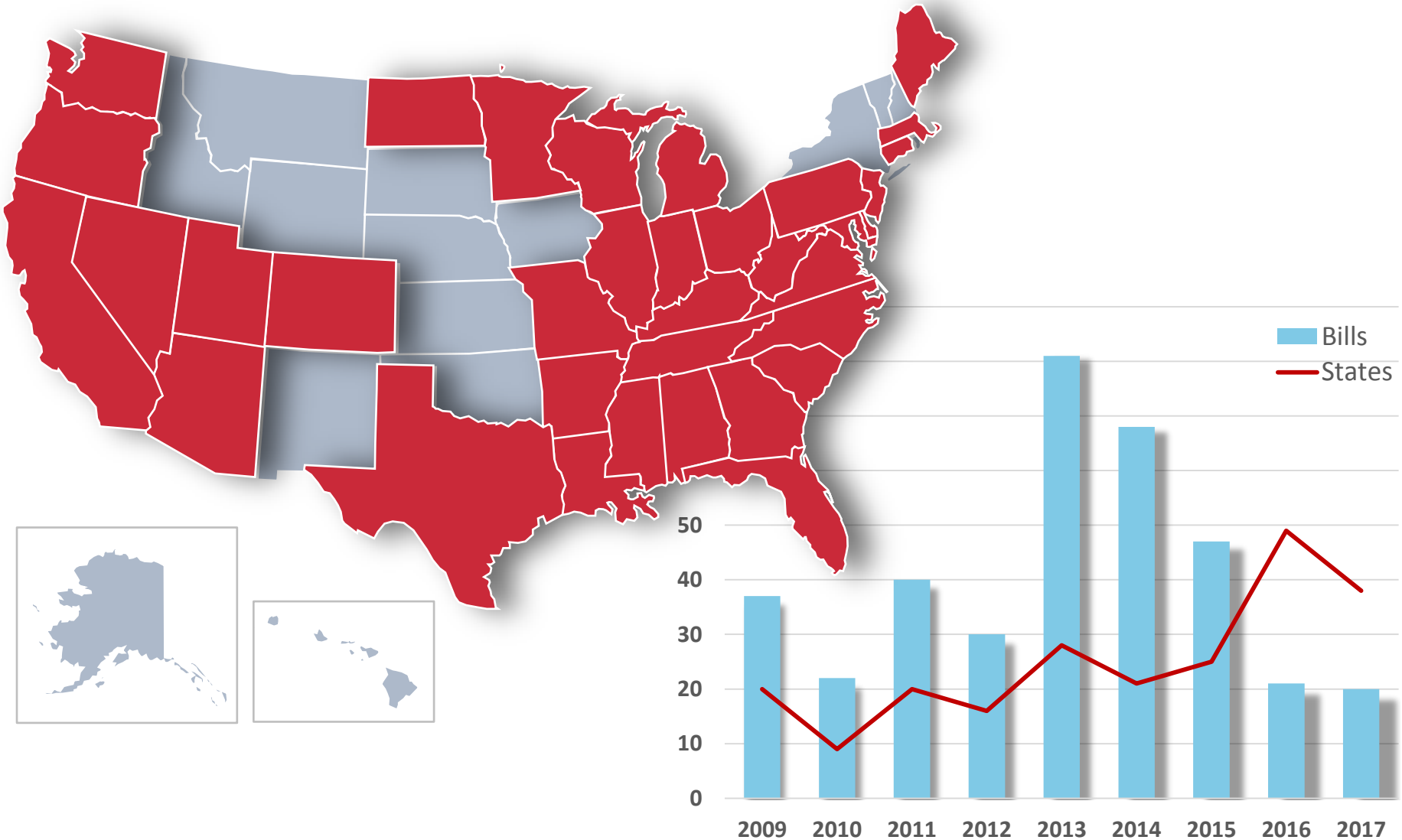
People are always looking for the single magic bullet that will totally change everything. There is no single magic bullet.

- Temple Grandin

P3 Enabling Legislation



Source: National Council for Public-Private Partnership

Why Pursue a Public-Private Partnership?

PUBLIC

- Transfer Risk
- Access to Capital
- Innovative Delivery Methods
- Assurance of Service Standards
- Access To External Resources
- Lower Lifecycle Cost

PRIVATE

- Profit

Maximizing Chances of Success

- **Select The Right Projects**
- **Retain Expertise**
- **Have A Common Playbook**
- **Ensure Proper Valuation**
- **Have Political Support**

The Process

Select Project Structure (RFI)

- Determine which private sector consortia are interested
- Receive market feedback on key project terms

Issue RFQ May 2016

- Define rules of procurement
- Outline project scope
- Request proposer team qualifications (financial, experience)

Create Shortlist August 2016

- Evaluate submissions from proposers against predetermined evaluation criteria
- Based on evaluation criteria, select shortlist that were invited to submit proposals

Issue Draft RFP November 2016

- Issue draft RFP to shortlisted proposers
- Issue the draft term sheet and draft development agreement to shortlisted proposers

One-on-One Meetings (Dec '16 – May '17)

- Discuss project and draft documents with proposers
- Communicate Amtrak's objectives to proposers
- Receive and incorporate appropriate portions of feedback into the RFP

Receive Conceptual Plans

- Review conceptual design and financial plans submitted and discuss concerns with proposers in one-on-one meetings

Receive Bids April 2017

- Review these proposals against predetermined evaluation criteria – focusing on the technical and financial merits

Select Best Value Proposer May 2017

- Award one proposer the status of Best Value Proposer based on the evaluation criteria

Due Diligence (60 days)

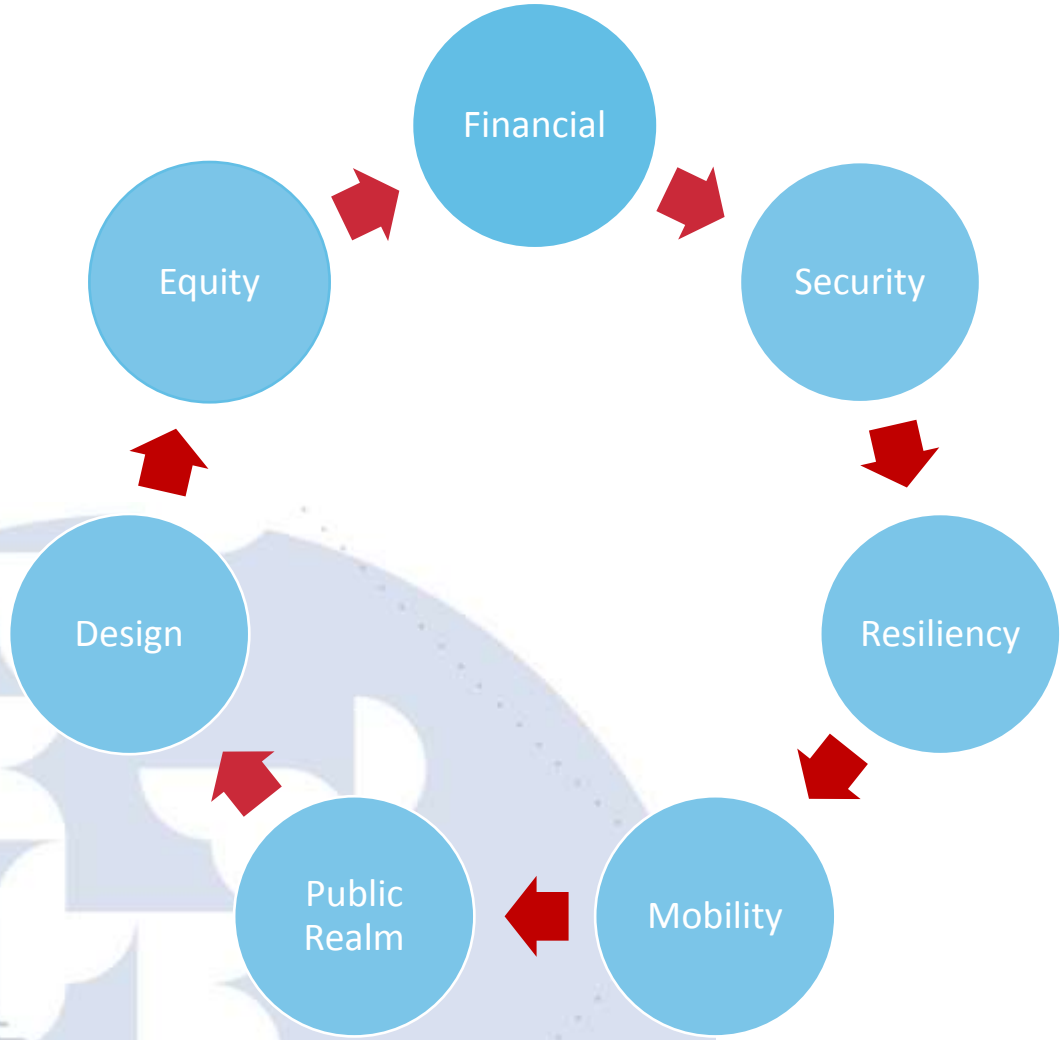
- Best Value Proposer to do diligence on the site

Commercial Close Q4 2017

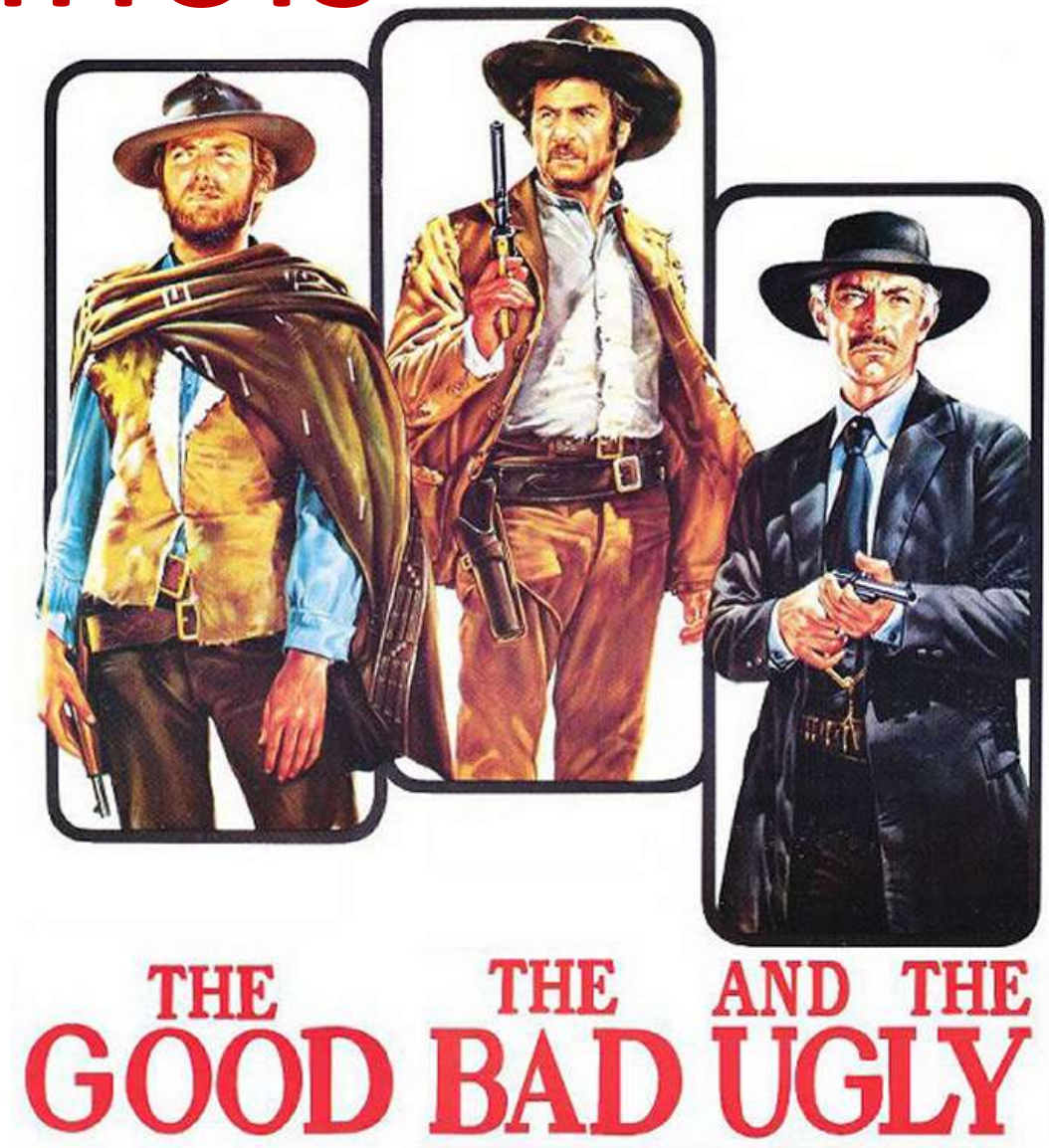
- Reach Commercial Close

ONCE YOU'VE DONE ONE P3 DEAL, YOU'VE DONE ONE P3 DEAL. LESSONS LEARNED

Defining Success: Metrics/Values



P3 in Illinois

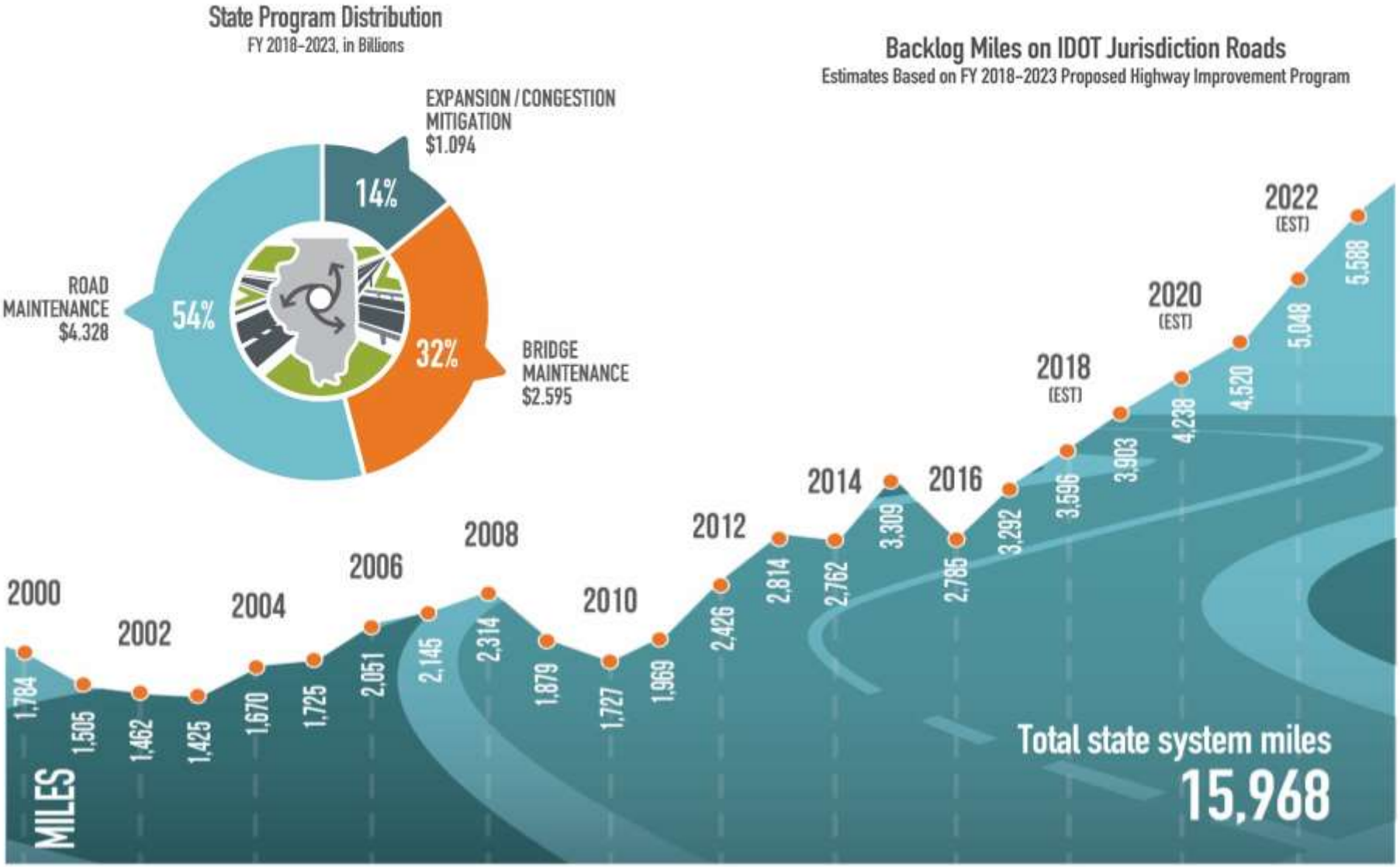


The Good

Performance and Financial Benefits

- On-time, On-budget Project Delivery
- Technical Innovation
- Private Sector Efficiencies
- Investment of Private Capital

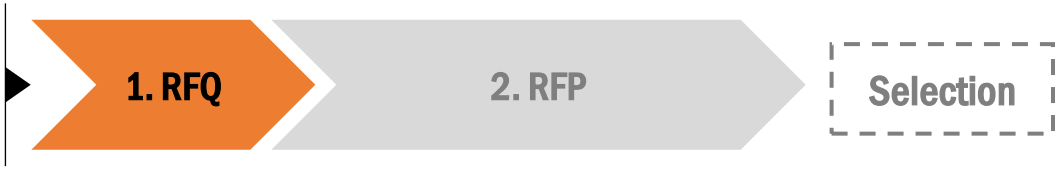
The Bad


State Program Distribution
FY 2018–2023, in Billions
EXPANSION / CONGESTION MITIGATION $1.094
14%
ROAD MAINTENANCE $4.328
54%
32%
BRIDGE MAINTENANCE $2.595
Backlog Miles on IDOT Jurisdiction Roads
Estimates Based on FY 2018–2023 Proposed Highway Improvement Program
MILES
2000 1,784
2002 1,505
1,462
1,425
2004 1,670
1,725
2006 2,051
2,145
2008 2,314
1,879
2010 1,727
1,969
2012 2,426
2,814
2014 2,762
3,309
2016 2,765
3,292
2018 (EST) 3,596
3,903
2020 (EST) 4,238
4,520
2022 (EST) 5,048
5,588
Total state system miles
15,968

The Ugly

- Public-Private Agreements for the South Suburban Airport Act (620 ILCS 75/)
- Public Private Agreements for the Illiana Expressway Act (605 ILCS 130/)
- Public Private Partnerships For Transportation Act (630 ILCS 5/)

- Tollway ROFR
- GA Approval



Now it’s your turn…

What do you want to know?

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