

**Annual Report to the
Maryland General Assembly**

regarding

**Public-Private Partnerships
(State Finance and Procurement Article, § 10A–104(a))**

**The Maryland Department of Transportation
The Maryland Transportation Authority**

January, 2019

MSAR # 9952, 9953, 9728, 9891

Public-Private Partnerships

(State Finance and Procurement Article, § 10A–104(a))

I. Introduction

The Maryland Department of Transportation (MDOT) and Maryland Transportation Authority (MDTA) hereby submit this *Annual Report to the Maryland General Assembly regarding Public-Private Partnerships* pursuant to State Finance and Procurement Article § 10A–104(a). This report is designed to ensure that the budget committees receive sufficient and timely information regarding the status of each public-private partnership (P3) in which MDOT and MDTA are either involved or considering as required by the following statutory language from State Finance and Procurement Article § 10A-104(a)(1)(I) and (II):

(a) (1) By January 1 of each year, each reporting agency shall submit to the budget committees, in accordance with § 2–1246 of the State Government Article:

(I) A report concerning each public-private partnership under consideration that has not been reviewed or approved previously by the General Assembly; and

(II) A status report concerning each existing public-private partnership in which the reporting agency is involved.

II. The Scope of the Report

The scope of this report includes status reports on MDOT’s and MDTA’s existing or contemplated projects that meet the following definition of a P3 provided in State Finance and Procurement Article, § 10A-101(f):

“A method for delivering public infrastructure assets using a long-term, performance-based agreement between a reporting agency and a private entity where appropriate risks and benefits can be allocated in a cost-effective manner between the contractual partners in which:

1. A private entity performs functions normally undertaken by the government, but the reporting agency remains ultimately accountable for the public infrastructure asset and its public function; and

2. The State may retain ownership in the public infrastructure asset and the private entity may be given additional decision-making rights in determining how the asset is financed, developed, constructed, operated, and maintained over its life cycle.”

MDOT is involved in two existing P3s: the Seagirt Marine Terminal project and the Purple Line Light Rail Transit Project. MDTA is involved in one existing P3: the I-95 Travel Plazas Redevelopment project. MDOT and MDTA will continue to evaluate and assess the best project delivery model for all major transportation and economic development projects, including P3

Public-Private Partnerships
(State Finance and Procurement Article, § 10A–104(a))

project delivery models. MDOT is currently assessing an innovative delivery method for the MDOT State Highway Administration (SHA) I-495 and I-270 (P3) Program, the MDOT Maryland Transit Administration (MTA) Automated Fare Collection System, the MDOT SHA light efficient design (LED) Lighting Program, and the MDOT MTA Penn-Camden Connector.

A. MDOT Existing P3s

1. Purple Line Light Rail: On April 6, 2016, the Maryland Board of Public Works (BPW) voted unanimously in favor of the \$5.59 billion contract to design, build, finance, operate, and maintain the Purple Line. The Purple Line is a 16.2-mile light rail line between Bethesda in Montgomery County and New Carrollton in Prince George’s County. It will provide direct connections between three lines on the existing Metrorail system, all three MARC commuter rail lines, Amtrak’s Northeast Corridor, and local transit options. The 36-year performance-based agreement includes a 6-year design and construction period followed by a 30-year operations and maintenance period. Construction is currently underway with substantial completion planned in 2022.
2. Seagirt Marine Terminal: A private entity, Ports America Chesapeake (PAC), assumed responsibility for the operation of Seagirt on January 12, 2010 in a 50-year agreement. Their responsibilities include gate, terminal, and vessel activity; MDOT Maryland Port Administration (MDOT MPA) retains security obligations. With construction completed in 2012, the deep-water Berth 4 was in place far ahead of both PAC’s contractual commitment and the June 2016 opening of the expanded Panama Canal.

B. MDTA Existing P3s

1. I-95 Travel Plazas Redevelopment: MDTA entered into a Lease and Concession Agreement with Areas USA MDTP, LLC which resulted in the redevelopment (including financing) of the plazas and long-term operations and maintenance of the plazas under the MDTA’s oversight and specific service level requirements for a period of 35 years.

C. MDOT P3s under consideration not previously reviewed or approved by the General Assembly

1. I-495 and I-270 P3 Program: MDOT SHA and the MDTA are jointly investigating opportunities to implement priced managed lanes on I-495 and I-270 to accommodate existing and long-term traffic growth, enhance trip reliability, provide additional roadway travel choices, accommodate homeland security, and improve the movement of goods and services.

Public-Private Partnerships
(State Finance and Procurement Article, § 10A-104(a))

III. Report Details

A. **Existing MDOT P3s: Project Status**

1. **Purple Line Light Rail Transit Project**



Overview of Project

The Maryland Purple Line Light Rail Project (the Purple Line) is a 16.2-mile, 21-station, east-west, light rail transitway that will extend from its western terminus just west of Wisconsin Avenue and the Bethesda Metro Station in Montgomery County to its eastern terminus at the New Carrollton Metro Station in Prince George's County, just inside the I-495/Capital Beltway in the Washington, D.C. metropolitan area.

The Maryland Purple Line Light Rail Public-Private Partnership Agreement also includes certain other improvements as generally described in the Technical Provisions, such as:

- Bethesda Red Line Metro Station South Entrance;
- Silver Spring Red Line Mezzanine Connection;
- College Park Metro Kiss-n-Ride and Bus Loop;
- Capital Crescent Trail;
- Silver Spring Green Trail; and
- University of Maryland Bicycle Path.

As planned, the Purple Line will be largely at grade with one short tunnel section in the Long Branch community of Silver Spring, three elevated sections, and several bridge structures. It will operate mainly in dedicated or exclusive lanes, serving five major activity centers just north of Washington, D.C.: Bethesda, Silver Spring, Takoma-Langley Park, College Park/University of

Public-Private Partnerships

(State Finance and Procurement Article, § 10A-104(a))

Maryland, and New Carrollton. Major commercial and residential projects are either planned or underway in these activity centers, which are experiencing active development. The Purple Line will serve as a major connector to other transit in the region, including the Washington, D.C. region's Metrorail system (Metrorail), operated by the Washington Metropolitan Area Transit Authority (WMATA) at four of these major activity centers; and MARC, Maryland's commuter rail system, at three of these major activity centers (see image below). Also, Amtrak services along its Northeast Corridor connect at New Carrollton. The Purple Line will provide passenger transfer capability at each of the major activity centers; however, it is physically and operationally independent from the Metrorail and MARC operations.

P3 Solicitation

In accordance with Chapter 5 of 2013, MDOT adopted P3 regulations in 2013 that formally established an MDOT P3 program, and described the process for developing, soliciting, evaluating, awarding, and delivering P3s. Prior to and following the implementation of P3 regulations, MDOT MTA conducted a series of analyses and outreach efforts to thoroughly consider project delivery options for the Purple Line, including risks and mitigation strategies. To further ensure due diligence, on April 9, 2013, MDOT MTA issued a Request for Information (RFI), as required by Chapter 429 of 2013 and hosted an Industry Forum on May 15, 2013. MDOT MTA determined that delivering the Purple Line as a Design-Build Finance-Operate-Maintain (DBFOM) P3 project would provide for long-term efficiencies and savings over traditional project delivery approaches.

On November 6, 2013, the BPW formally approved MDOT MTA's plan to deliver the Purple Line as a P3, and the proposed competitive solicitation method for selecting a private sector partner. After issuing a Request for Qualifications (RFQ) on November 8, 2013, MDOT MTA shortlisted four private concessionaire teams on January 8, 2014. MDOT MTA released a formal Request

for

The Purple Line is a new transit system for Montgomery and Prince George's counties and connects travelers to the major transit systems serving Washington D.C.

Purple Line links to:

- Four D.C. Metro rail lines
- Three MDOT MTA regional commuter rail lines
- Amtrak's Northeast Corridor
- Local bus services.



Public-Private Partnerships (State Finance and Procurement Article, § 10A-104(a))

Proposals (RFP) on July 28, 2014. Technical Proposals were received from the shortlisted proposer teams on November 17, 2015 followed by Financial Proposals on December 8, 2015. MDOT MTA announced a Purple Line Transit Partners (PLTP) as the preferred proposer in March 2016. Following the mandated 30-day review by the Maryland General Assembly, the State Treasurer, and the State Comptroller, on April 6, 2016 the BPW voted unanimously in favor of the 36-year \$5.59 billion contract to build and operate the Purple Line. Following this milestone, the State of Maryland and PLTP reached Financial Close on June 17, 2016.

PLTP's financing includes an \$874.6 million Transportation Infrastructure Finance and Innovation Act (TIFIA) loan at a 2.41% interest rate from the United States Department of Transportation and \$313 million in "Green Bonds" from Private Activity Bonds underwritten by JP Morgan and RBC Capital Markets. Supported by contracts backed by the investment grade credit ratings of the Maryland Transportation Trust Fund and Fluor Corporation, the bonds were sold at the lowest interest rates ever achieved in the U.S. P3 market, which generated significant savings for MDOT MTA.

The DBFOM structure for the Purple Line involves a 36-year, performance-based agreement between MDOT MTA and PLTP in which appropriate risks and benefits are allocated in a cost-effective manner between the contractual partners. The private entity, PLTP, will be responsible for key aspects of final design, construction, financing, operations, and maintenance of the Purple Line over a 6-year design and construction period and an operating period of 30 years. MDOT MTA will retain ownership of the asset and remain ultimately accountable for the Purple Line and its public function, including setting fares and policing.

The P3 Agreement signed by the State of Maryland and PLTP includes Key Performance Indexes that PLTP must adhere to or face financial and other penalties, ensuring high quality long-term operations and maintenance standards are met.

Litigation Update

Purple Line I (Friends of the Capital Crescent Trail v. Federal Transit Administration, et al.) The first case, originally brought in 2014 in the U.S. District Court for the District of Columbia against the Federal Transit Administration (FTA), was resolved in 2017, after proceedings in the U.S. Court of Appeals for the D.C. Circuit. The District Court originally stayed the implementation of the Record of Decision (ROD) and ordered a supplemental Environmental Impact Statement (EIS) under the National Environmental Policy Act (NEPA). These rulings were overturned on appeal, and judgment was entered on July 19, 2017 by the Court of Appeals in favor of the FTA and the State of Maryland, as intervenor. The judgment resulted in the reinstatement of FTA's ROD and the dismissal of the District Court's order requiring a supplemental EIS.

Public-Private Partnerships (State Finance and Procurement Article, § 10A-104(a))

Shortly thereafter, in early August 2017, FTA and MDOT MTA executed the Purple Line Full Funding Grant Agreement (FFGA), clearing the way for appropriated federal construction funds to flow to the project.

Purple Line II (Friends of the Capital Crescent Trail v. FTA, et al.)

In the second case, brought in September 2017, the plaintiffs in Purple Line I case filed a second action in the same U.S. District Court against FTA, the U.S. Department of Transportation and MDOT MTA (the defendants) seeking a temporary restraining order and preliminary injunctive relief to halt tree clearing and declaratory relief concerning FTA's authority to sign the FFGA. The District Court denied the temporary restraining order and preliminary injunctive. After the State and other defendants filed a motion to dismiss to plaintiffs' initial complaint, the plaintiffs filed an amended complaint that challenges the legality of the FFGA and whether the defendants complied with the NEPA and the National Historic Preservation Act. On March 1, 2018, the defendants submitted final motions to dismiss the amended complaint based on several legal defenses. The motions are pending with the District Court for decision. In the meantime, the Purple Line project continues to move forward.

Construction

Construction commenced on August 28, 2017, immediately following the groundbreaking and \$900 million FFGA award ceremony at the Glenridge site in Prince George's County. Corridor-wide activities, such as the construction of staging areas and field offices, building demolition, installation of erosion controls and fencing, tree clearing, utility relocations and support of excavation commenced the following week.

Most recently, PLTP has been working on reconstruction of the Lyttonsville Place Bridge, construction of a new golf cart underpass at the Columbia Country Club, excavation of the Bethesda South Metro Entrance shaft, excavation of the Manchester Place Station, excavation of the Plymouth Street Tunnel, retaining walls, pavement removal, construction of the Riverdale aerial bridge and station, construction of the test track on Ellin Road, and site work in preparation for the construction of the Operations and Maintenance Facility.

As of this report, PLTP has approximately 612 workers engaged in design and construction activities. Their workforce will grow to more than 1,500 workers over the course of the project.

As construction commenced, MDOT MTA also activated Community Advisory Teams (CATs), to maintain an open dialogue with residents and businesses impacted by construction. The CATs are member-driven teams with representatives appointed from neighborhood and civic associations adjacent to the alignment. There are also representatives from business associations and local governments. There are eight CATs, one for approximately every two miles of the project.

Public-Private Partnerships
(State Finance and Procurement Article, § 10A-104(a))



Plymouth Street Tunnel Top Heading Excavation



**Baltimore-Washington Parkway Temporary Bridge
Abutment**



Reconstruction of the Lyttonville Place Bridge

Public-Private Partnerships

(State Finance and Procurement Article, § 10A-104(a))

Financial Plan and Payments

During the design-build phase, when and to the extent that the Concessionaire demonstrates it has made adequate progress, the Owner will provide the Concessionaire with monthly progress payments (totaling \$860 million during construction), a \$100 million Revenue Service Availability (RSA) payment, and a \$30 million Final Completion payment (for total construction funding payments of \$990 million). Progress payments will pay no more than 85 percent of the earned value (with the Concessionaire financing the remainder). MDOT MTA imposed annual caps on the progress payments as follows:

- \$190 million for FY 2016;
- \$220 million for FY 2017;
- \$220 million for FY 2018;
- \$180 million for FY 2019; and
- \$50 million for FY 2020.

Other Costs and Funding

On August 22, 2017, the FTA awarded the MDOT MTA a Full Funding Grant Agreement with a total FFGA project cost of \$2,407,030,286 and provided \$900,000,000 in Section 5309 Capital Investment Grants Program New Starts funds. The balance of the \$1,507,030,286 FFGA eligible project funding will come from the following sources: \$36,000,000 from FTA Section 5307 Urbanized Area Formula Grant funds, \$450,308,633 from the Maryland Transportation Trust Funds (TTF), and \$1,020,721,653 in private equity and funds borrowed by PLTP, including a TIFIA loan. Through the end of October 2018, \$242.2 million had been billed against the FFGA.

Both Prince George's and Montgomery counties are making financing contributions toward the Purple Line P3 construction program. Prince George's County committed \$120 million cash, while Montgomery County committed \$40 million cash plus approximately \$170 million in in-kind contributions.

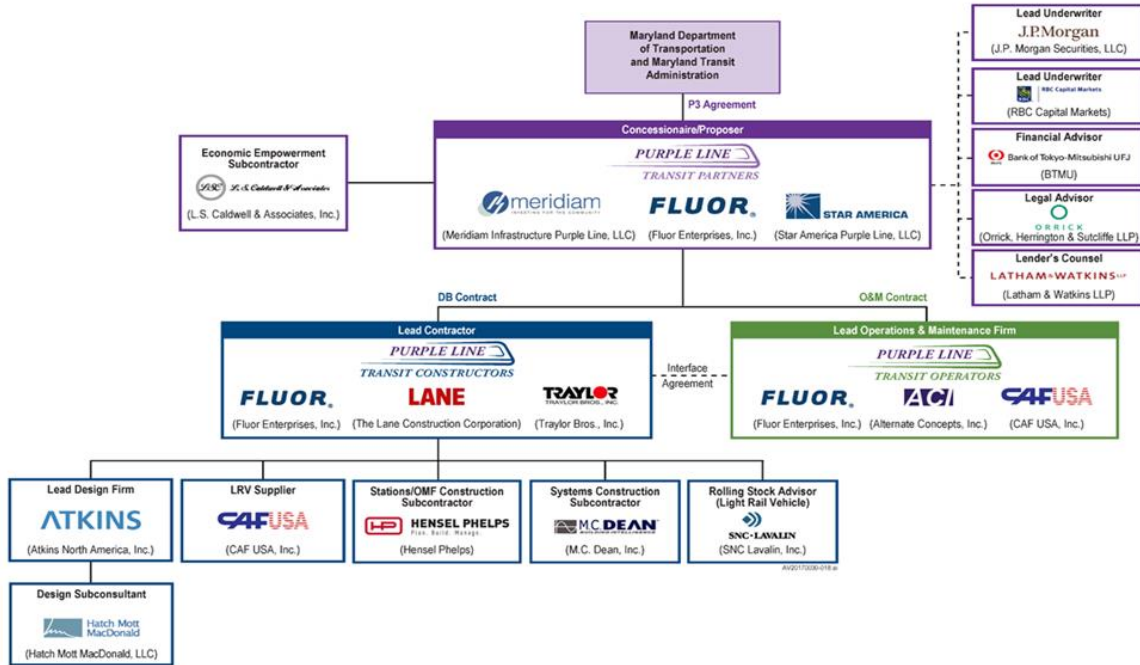
Our Partner

The MDOT and MDOT MTA selected PLTP as the Concessionaire to design, build, finance, operate, and maintain the Purple Line over a 36-year term. PLTP is a special purpose consortium comprised of three equity partners:

1. Meridiam Infrastructure Purple Line (70%)
2. Fluor Enterprises, Inc. (15%)
3. Star America Fund GP LLC (15%)

Public-Private Partnerships (State Finance and Procurement Article, § 10A-104(a))

Featured below is PLTP’s organizational structure, which captures the relationship hierarchy of its parts:



Disadvantaged Business Enterprises, Workforce Goals and Compliance

The MDOT MTA’s Purple Line contract established strong Disadvantaged Business Enterprise (DBE) and Nationally Targeted Worker (NTW) goals for the project. The P3 agreement set an aggressive goal of 26% for Design Services and 22% for Construction Services during the Design-Build period. Thus far, PLTP’s DBE participation attainment is at 33.69%, which exceeds the established Design Goal of 26% DBE participation. This represents \$34.9 million in spending with DBE-certified firms. Since construction commenced in August 2017, PLTP has disbursed \$13.4 million in payments to DBE firms, which will be counted towards the DBE Participation Goal for Construction Services. Additionally, PLTP has procured 66 subcontract agreements with DBE firms, accounting for the current commitment value of \$89.5 million towards DBE participation for the construction phase. Moving forward, PLTP will continue to implement Good Faith Efforts to procure contracts with DBE firms to ensure all DBE goals are achieved.

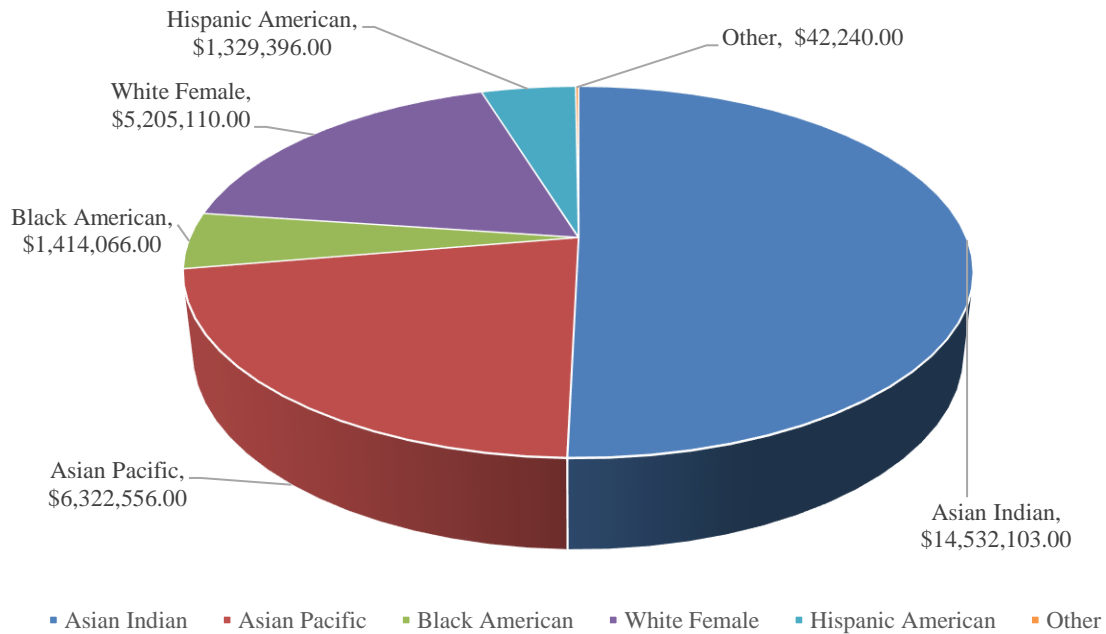
Public-Private Partnerships
(State Finance and Procurement Article, § 10A-104(a))

The chart below represents commitments to date to the Purple Line DBE Program:

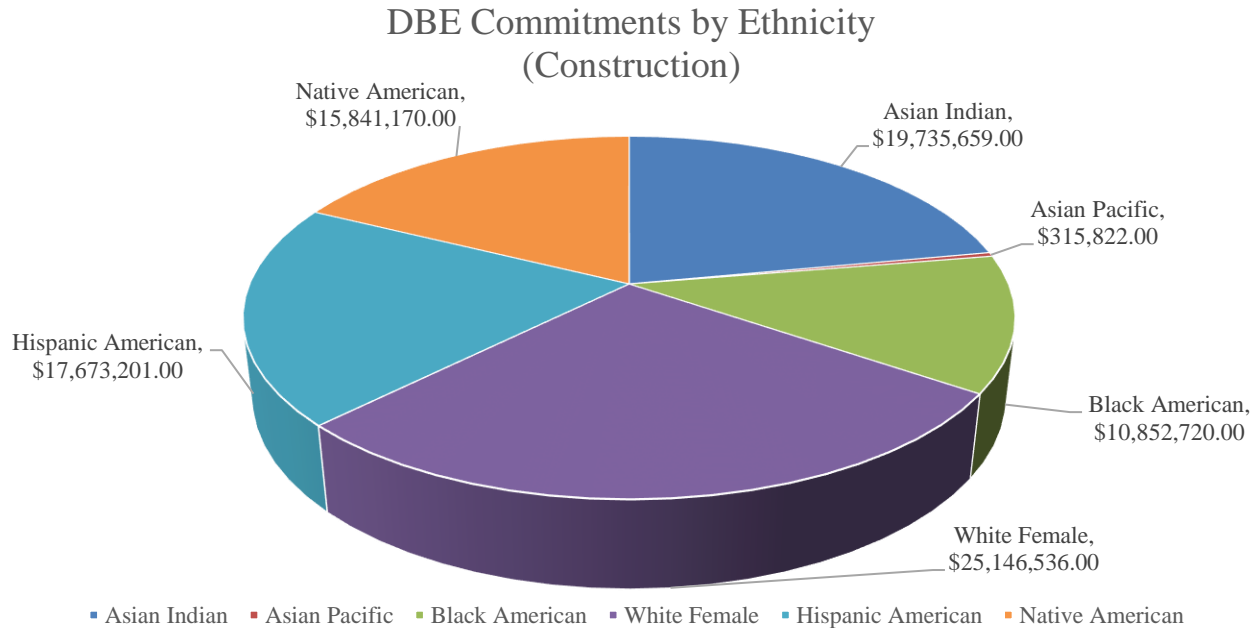
Disadvantaged Business Enterprise Program					
Activities & Goals	Commitments to Date		Paid thru 10/30/2018	DBE Attainment % (Payments vs Contract Value) *	DBE Subcontractor Firms to Date
Design 26%	27.6%	\$29.0M	\$34,954,517	33.69%	33
Construction 22%	5.5%	\$89.5M	\$13,482,502	0.82%	66

*DBE Attainment (payments) value represents the current percentage of DBE Participation in regard to the value of the contract.

**DBE Commitments by Ethnicity
(Design Phase)**



Public-Private Partnerships
 (State Finance and Procurement Article, § 10A-104(a))



To monitor full DBE Program and Plan execution, reporting requirements from the concessionaire to MDOT MTA are as follows:

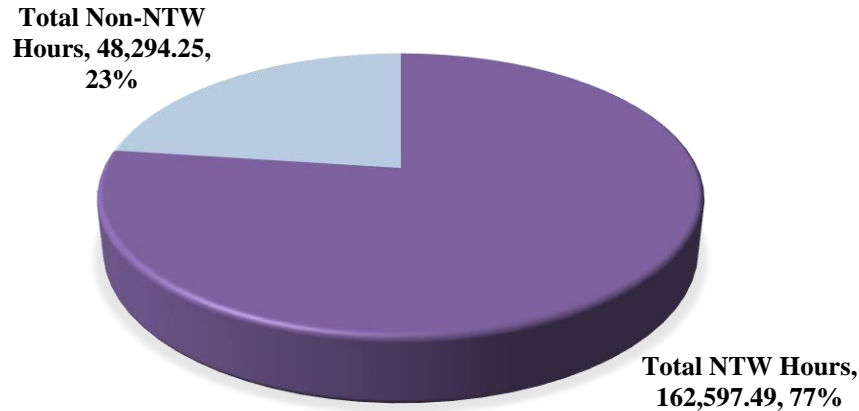
Reporting

- | | |
|---------------------------------------|-----------|
| • Subcontract Report/Goal Achievement | Monthly |
| • DBE Payment Compliance | Monthly |
| • Good-Faith Efforts | Quarterly |

Throughout the project, the MDOT MTA will conduct administrative and on-site Commercially Useful Function reviews to ensure all DBE firms performing on the project are eligible to receive full DBE participation credit towards the established DBE goals. To ensure all applicable resources are being applied, the MDOT MTA and PLTP’s Civil Rights compliance team conducts monthly coordination meetings to discuss challenges as they arise, the project’s progress, and ongoing compliance efforts.

The NTW program is an ongoing effort to cultivate a viable, robust, and diverse construction workforce through the identification, training, and sustained employment of persons significantly affected by poverty and/or social barriers. To achieve compliance with the established goal, participants of the NTW program must perform 33% of all construction work hours. As of October 31, 2018, PLTP had exceeded the established NTW overall goal by having 77% of its construction hours completed by NTW program members.

**PURPLE LINE PROJECT
NATIONALLY TARGETED WORKERS (NTW)
PROGRAM**



The MDOT MTA has continually monitored and verified that the Concessionaire is in compliance with federal Davis-Bacon prevailing wage requirements by validating contractor-submitted certified payroll reports and conducting workforce interviews with field workers who are performing under classifications covered during the construction phase.

Ongoing Activities

Right of Way Property Acquisition

Acquisition activities continue to provide property rights needed for Purple Line construction. As of November 1, 2018, possession of property rights, both private and public, was 98.8% complete. Negotiations continue to secure title to the property rights. Relocations were 98% complete, with residential relocations complete and one business relocation underway. Additional property rights, mainly for utility relocation, have been proposed by PLTP. MDOT MTA is reviewing these and pursuing acquisition where appropriate.

Fare Equipment

MDOT MTA is working with our local transit partners in the Washington D.C. area (e.g., Montgomery County, Prince George's County, Arlington County, Fairfax County, and the District of Columbia Department of Transportation) toward the goal of implementing off-board fare systems for light rail and bus rapid transit systems that will be compatible with the WMATA

Public-Private Partnerships
(State Finance and Procurement Article, § 10A-104(a))

SmarTrip system. MDOT MTA and representatives of the local systems meet regularly to ensure our efforts to implement compatible fare systems remain coordinated and any issues are discussed and addressed well in advance of implementation.

Art in Transit

Public meetings were held in each county, and community members were able to view and comment on the artists' proposals for each of the 21 stations. These artist proposals were also put on the project website for further public comments and input. The Art in Transit Selection Committees, Montgomery County Prince George's County met in May 2017 to review the proposals submitted for each station. The selection committees consisted of art professionals from the State, Montgomery County and Prince George's County, MDOT MTA and representatives of PLTP and the individual communities. The selection committees reviewed each proposal and considered input from the public. The committees selected 22 art proposals, one for each station. Two artists were selected for different locations at the Lyttonsville Station. The PLTP and MDOT MTA Art in Transit team has been holding follow-up discussions with each of the 22 artists to further refine their proposals.

The PLTP and MDOT MTA Art in Transit team also has met with Prince George's County and University of Maryland staff and officials to update them on the status of the art proposals and the final selected artists who will work on stations within the county. Based on this coordination, further discussions are being held regarding additional refinements of the art proposals for specific stations in the county. These discussions, as well as contract negotiations with the selected artists, are continuing.

Similar meetings with Montgomery County staff and officials will be held to provide updates on the art proposals for those stations within that county.

2. Seagirt Marine Terminal

Ports America Chesapeake (PAC) assumed operational control of Seagirt Marine Terminal (SMT) on January 12, 2010 through a 50-year P3 agreement. MDOT MPA continually monitors SMT's key performance indicators, and since the transition, SMT's operational efficiency has remained high while cargo throughput has increased. Since the start of this agreement, SMT's containerized cargo tonnage increased 84% for an average of approximately 7.9% per year through 2017. For the first nine months of 2018 container tonnage increased an additional 3.0%, total container counts were up 6.0%, and ship and barge calls were up 2.8% compared to the same period in 2017.

One of the primary goals of the SMT P3 Agreement was to ensure the construction of a new 50-foot deep container berth prior to the completion of the Panama Canal expansion. At the time of

Public-Private Partnerships (State Finance and Procurement Article, § 10A-104(a))

the P3 Agreement, the Panama Canal expansion was scheduled for completion in 2014 but was delayed until June 2016.

PAC has performed better than its contractual commitment relative to the new berth. The berth construction was completed in the summer of 2012. Four new, state-of-the-art super Post-Panamax container cranes were purchased and delivered in early fall of 2012. Thus, the State's Port of Baltimore now has a deep, state-of-the-art container berth in place. This ensures a strong competitive position for the port in the container market. MDOT MPA and PAC jointly market the container business and maintain a strong collaborative working relationship. The P3 Agreement is performing well by all measures. PAC has proven itself to be an excellent tenant, a successful local employer and a strong community partner.

In CY2017 MDOT MPA acquired 70 acres of the Point Breeze Industrial Park, located adjacent to SMT. Approximately 36 acres have been leased to PAC on a long-term basis and runs concurrent with the P3. This parcel will be developed by PAC in a manner that will expand SMT and provide expansion of SMT as business develops and grows. PAC has also invested in a secondary gate on New Vail St. to improve access to SMT.



Anticipated Action in CY2019: PAC, through a joint venture with Marine Repair Services, will open a dedicated near-dock chassis depot to enhance service levels to the trucker community and the beneficial cargo owners that use SMT. This depot opened December 3, 2018 and will provide needed capacity at SMT to handle growing container volumes and grow jobs.

The Canton Warehouse property is being developed by PAC to provide empty container storage and is expected to be completed by March 2019. This project will increase SMT's capacity to

Public-Private Partnerships
(State Finance and Procurement Article, § 10A–104(a))

handle loaded containers and provides truckers with a new gate to access the terminal via the new empty yard.

PAC has committed significant additional capital funds to rehabilitate the existing Berth 3 to provide SMT a much needed second 50-foot deep berth to handle the large 11,000 TEU vessels now calling the Port of Baltimore. This investment will include four additional ship-to-shore cranes, 22 rubber-tired gantry cranes, additional terminal container handling equipment, a new terminal operating computer system and truck gate improvements to increase truck capacity and velocity. These investments programmed from 2019-2021 show PAC's commitment to Baltimore and will greatly increase service levels and expand the capacity of the facility to further grow jobs and have a positive impact on our State economy. Announced December 2018 MDOT MPA will be awarded a \$6.6 million USDOT BUILD grant to contribute to the Berth 3 project, which will provide the last piece of funding for this second 50-foot deep container berth at SMT.

B. Existing MDTA P3s: Project Status

1. I-95 Travel Plazas Redevelopment

This P3 involves the completed redevelopment and subsequent operation and maintenance of the two travel plazas located on I-95 in Maryland (the Maryland House and Chesapeake House Travel Plazas in Harford County and Cecil County, respectively). MDTA entered into a Lease and Concession Agreement with Areas USA MDTP, LLC (Areas USA) to undertake the redevelopment (including financing) and long-term operations and maintenance under MDTA's oversight and specific service level requirements for a period of 35 years. The revenue generating agreement was approved by the BPW on March 7, 2012.

The original John F. Kennedy Memorial Highway (I-95) included the Maryland House travel plaza in Harford County, which provided a restaurant and two automotive service stations for highway travelers at its opening in 1963. The second travel plaza, the Chesapeake House, opened in 1975 north of the Susquehanna River in Cecil County. Engineering studies conducted in 2004 and 2005 identified issues that warranted full redevelopment of both locations. Traffic volumes had increased significantly since the original design concept was developed and overcrowding was a problem during peak interstate travel periods, especially on holidays and summer weekends. The facilities were at the end of their design life and the changing nature of highway-oriented food and beverage business required an updated interior and site layout. Since the opening of the travel plazas in 1963 and 1975, these facilities have been operated by third-party vendors under revenue-generating contracts.

MDTA cancelled the original RFP on November 8, 2010. On March 11, 2011, MDTA submitted a letter to the legislative budget committees notifying them of the intent to issue

Public-Private Partnerships (State Finance and Procurement Article, § 10A–104(a))

another public notice of solicitation for a P3, as required under § 4-406 (c) (1) of the Transportation Article of the Annotated Code of Maryland (repealed in 2013). The MDTA then re-issued an RFP on June 27, 2011. Briefings were provided on the project details to the budget committees on November 7, 2011 and November 10, 2011.

The proposals for the I-95 Travel Plazas P3 Redevelopment project were due on November 10, 2011. MDTA received three proposals in response to the RFP. The evaluation of the proposals was completed by a team of senior level MDTA and MDOT staff. The team evaluating the proposals was assisted by advisors and other State agency personnel knowledgeable with P3 projects. Evaluation of proposals was based on the project's three goals:

- To obtain new or like-new facilities using a P3;
- To ensure that the facility design and operations will provide a positive customer experience; and
- To provide a fair return to the State and to provide for transfer of the facilities in satisfactory condition at the end of the term.

A report of the impact of the P3 Agreement as required by § 4-406 (e) of the Transportation Article of the Annotated Code of Maryland (repealed in 2013), was sent to the budget committees on January 23, 2012. The language directs:

“(e) Not less than 30 days before entering into a public-private partnership agreement, the Authority shall submit to the budget committees, in accordance with § 2-1246 of the State Government Article, an analysis of the impact of the proposed public-private partnership agreement on the Authority's financing plan, including the Authority's operating and capital budgets and debt capacity.”

The report provided details of the Agreement. In summary, the Agreement provides for the:

- Complete replacement of the Maryland House and Chesapeake House at a combined cost of \$56 million;
- Estimated revenue payments to MDTA exceeding \$400 million;
- Capital reinvestment in the travel plazas in the range of \$44-48 million; and
- Operation and maintenance of the travel plazas in a manner that provides a positive customer experience and protects valuable State assets for the next 35 years.

MDTA's P3 partner, Areas USA, is the prime concessionaire for the project. Areas USA began operations at the Chesapeake House on September 16, 2012. The Maryland House was closed for renovations as of midnight on September 15, 2012 and reopened January 20, 2014. The original Chesapeake House closed at that time, and the already under construction new Chesapeake House opened on August 5, 2014. At the Chesapeake House, Areas USA also funded the design,

Public-Private Partnerships (State Finance and Procurement Article, § 10A-104(a))

construction, and installation of the Maryland Women in Military Service Monument, which was unveiled on Veterans Day, November 11, 2014.

The redevelopment of the travel plazas has resulted in appropriately sized primary service facilities accommodating all functional requirements and; a separate fuel service station with a canopy an adequate number of fueling positions, and a convenience store at each location. The primary service facility includes spacious modern restrooms, food service facilities, indoor and outdoor seating, retail space, tourism information, and administrative offices. Areas USA assembled a team to redevelop and operate the travel plazas consisting of nationally-known companies and Maryland-based businesses including Minority Business Enterprise (MBE) / DBE firms. Areas USA's parent company is International Group Elixior. Areas USA is 3rd in the restaurateur industry for travelers worldwide. For more than 45 years Areas USA has been providing food, beverage, and retail services to the travel industry and currently maintains a presence in over 70 airports and 160 service plazas around the world encompassing 2,200 locations with 21,600 employees. Areas USA began operations in the United States in 2006 and is now servicing 9 airports (including Chicago, Atlanta, and Los Angeles) and the Florida Turnpike (Design/Build/Operate 8 service plazas).

Sunoco is the fuel concessionaire with an adjacent A-Plus Convenience Store at both travel plazas. At the Maryland House Travel Plaza, Areas USA features food and beverages from Wendy's, Phillips Seafood, Dunkin' Donuts, Jerry's Subs & Pizza, Currito, Nathan's Famous, Auntie Anne's, Carvel, Deli & Co (Daily Smart Food) which features fresh local flavors inside the main facility and Elevation Burger inside the Sunoco A-Plus store. Food options at the Chesapeake House include Earl of Sandwich, Pizza Hut, Kentucky Fried Chicken, Wendy's, Peet's Coffee and Tea and Auntie Anne's. Both travel plazas also offer a variety of retail options.

The Maryland House and Chesapeake House Travel Plazas were awarded in 2015 with the Leadership in Energy & Environmental Design (LEED) "Silver" Certification Award from the U.S. Green Building Council and the Green Building Certification Institute. Additionally, both travel plazas received the 2015 Maryland Excellence in Design Award from the American Institute of Architects.

During National Distracted Driving Awareness Month (April 2016), MDOT officials joined representatives from the Maryland State Police, MDTA Police, AAA and AT&T to launch a coordinated statewide effort to save lives by unveiling new highway signs designating rest areas as safe texting and calling zones. The official unveiling of the "It Can Wait" highway signs took place at the Maryland House Travel Plaza. Both the Maryland House and Chesapeake House Travel Plazas are designated areas for this important program in the Northern region of I-95.

Public-Private Partnerships (State Finance and Procurement Article, § 10A–104(a))

Both Sunoco gas stations at the travel plazas received awards during a Customer Service Contest in 2016. The award came from The Service Station & Automotive Repair Association in recognition of Excellence in Customer Needs and Appearance.



In 2017, electric vehicle charging capability was made available at the travel plazas. The Maryland House and the Chesapeake House Travel Plazas each have four universal charging stations plus one more station in a handicapped-accessible parking space. The Maryland House Travel Plaza has eight Tesla charging stations and the Chesapeake House Travel Plaza has ten Tesla charging stations (only for use with Tesla vehicles).

Anticipated Action in CY2019: MDTA anticipates that Areas USA will continue to successfully operate both travel plazas, providing motorists with a welcome oasis that offers rest and refreshment, while providing MDTA with a steady, reliable revenue stream.

C. MDOT P3s under consideration not previously reviewed or approved by the General Assembly

1. I-495 and I-270 P3 Program

The I-495 and I-270 P3 Program is the largest effort under Governor Hogan's Traffic Relief Plan and includes the entirety of I-495 in Maryland and I-270 from I-495 to I-70. In 2018, MDOT SHA initiated an environmental study under the National Environmental Policy Act (NEPA) as the first element of the I-495 and I-270 P3 Program. The initial environmental study, known as the "I-495 and I-270 Managed Lanes Study", includes I-495 from south of the American Legion Bridge in Virginia to east of the Woodrow Wilson Bridge, and I-270 from I-495 to I-370 including the east and west spurs of I-270.

The I-495 and I-270 Managed Lanes Study, initiated in March 2018, is in the environmental planning stage. As part of the NEPA process, the Notice of Intent was issued in March 2018 and

Public-Private Partnerships (State Finance and Procurement Article, § 10A-104(a))

four public scoping meetings were held in April 2018 to inform the public about the I-495 & I-270 Managed Lanes Study and receive their input on the need for the study, environmental concerns and other topics that should be considered in the study. A scoping report was published on the I-495 and I-270 P3 Program website (www.495-270-P3.com) in June 2018 to summarize the scoping process including public input.

A preliminary range of alternatives, which considers a full spectrum of potential alternatives that may meet the purpose and need of the I-495 and I-270 Managed Lanes Study, was developed after the scoping process and presented to the public at four workshops in July 2018. Considering feedback from the public and federal, State, and local environmental agencies, the preliminary range of alternatives was objectively evaluated to determine which of the fifteen alternatives represent a reasonable set of alternatives that meet the study's purpose and need. The alternatives determined to be reasonable are being carried forward to complete detailed study throughout 2019. Detailed studies are evaluating potential effects to community resources, private property, environmental justice populations, park land, historic properties and archeological resources, wetlands, streams, forests, noise, air quality, and hazardous materials.

Concurrently with the development of the I-495 and I-270 Managed Lanes Study, the internal P3 screening and pre-solicitation development process is underway. The concept application for the I-495 and I-270 P3 Program was approved by both MDOT SHA and MDTA to proceed to the detailed-level screening phase. The development of the detailed-level screening - including scope, technical concepts, schedule, commercial structuring, compliance with federal environmental requirements, financial feasibility analysis and preliminary debt affordability analysis, operations and maintenance cost estimates, asset lifecycle cost estimates, traffic and revenue estimates, and risk assessment of key asset delivery elements - has been ongoing. The detailed-level screening was submitted to the MDOT and MDTA P3 Steering Committees for recommendation to the Secretary of MDOT and the MDTA Board for approval. The MDOT Secretary approved the recommendation to advance the Pre-Solicitation Report for the I-495 and I-270 P3 Program on November 21, 2018. The Pre-Solicitation Report was submitted to the legislative budget committees and the Department of Legislative Services for their review on December 11, 2018.

A Request for Information (RFI) was solicited to all interested parties. In addition to receiving 27 responses from industry representatives around the world to the RFI issued in September 2017, one-on-one meetings were held with more than 30 parties interested in the P3 Program throughout 2018 to better understand market interest and seek feedback for the development of the P3 Program. A second industry forum was held on December 13, 2018, and major contractor and concessionaire focused one-on-one meetings were held on December 13 and 14, 2018 to further engage with and seek additional feedback from the industry considering the new information developed in 2018.

<p style="text-align: center;">Public-Private Partnerships (State Finance and Procurement Article, § 10A–104(a))</p>

Anticipated Action in CY19: The environmental review process for the I-495 and I-270 Managed Lanes Study will continue in CY19 including public workshops on the Alternatives Retained for Detailed Study, identification of the MDOT SHA recommended preferred alternative, and release of the Draft Environmental Impact Statement. The second environmental study under the I-495 and I-270 P3 Program along I-270 from I-370 to I-70 will begin work in CY19.

Formal designation of the I-495 and I-270 P3 Program from BPW as a Public-Private Partnership under the State Finance and Procurement Article will be sought in early 2019. Initiation of the solicitation process for the first phase of the I-495 and I-270 P3 Program, along with shortlisting of the most highly qualified offerors and issuance of the draft RFP, is planned in CY19, pending formal BPW designation as a P3.