



Pennsylvania Rapid Bridge Replacement Project

Interactive Webinar Series

Webinar 1

November 4, 2015



Pennsylvania Rapid Bridge Replacement Program

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2. Overview
3. Decision to Pursue as a P3
4. Federal Requirements
5. Project Procurement
6. Project Financing
7. Project Oversight
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Pennsylvania Rapid Bridge Replacement: Overview

Jim Ritzman

*Deputy Secretary for Planning
Pennsylvania Department of Transportation*

Program Scope

- Replace 558 bridges in three years
- Maintain the bridges for 25 years



Project Need

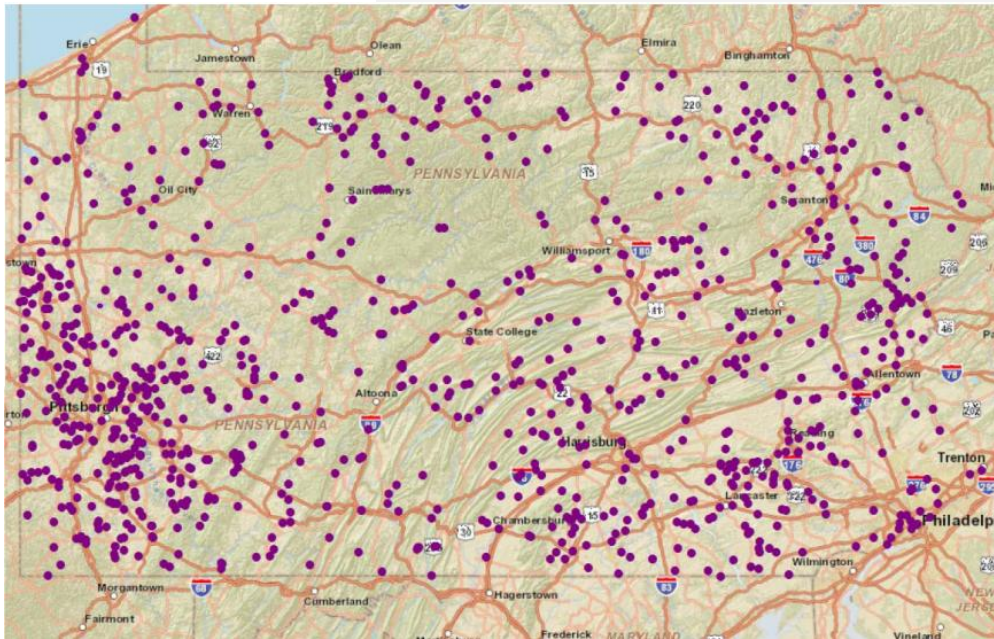
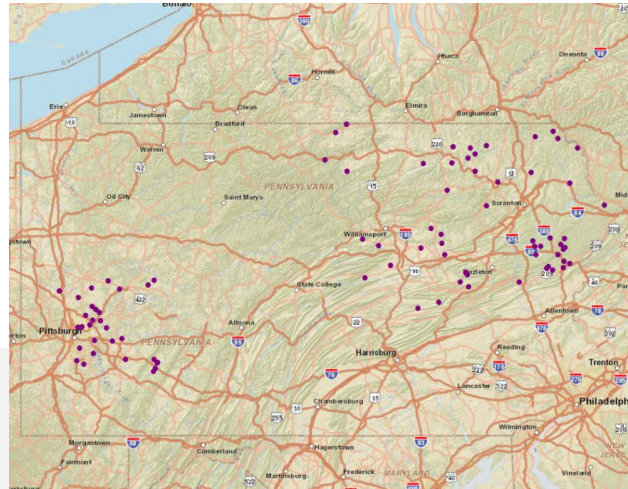
- Pennsylvania has a large inventory of structurally deficient bridges
- Average bridge is over 50 years old.
- Weight restrictions imposed on 1,000 bridges statewide
- To address the 250-300 new bridges that become structurally deficient each year

Program Goals

- Expedite delivery of the Replacement Bridges
- Implement high quality Replacement Bridges
- Minimize environmental impacts and public inconvenience during construction
- Take advantage of asset management best practices
- Create efficiencies through economies of scale



Early Completion Bridges



Remaining Eligible Bridges

Rim Rock Drive

MONROE COUNTY



West Cruickshank Road Bridge

BUTLER COUNTY



Decision to Pursue as a P3

Benjamin Perez

Principal Consultant

WSP | Parsons Brinckerhoff

Factors Influencing the P3 Decision

- High priority of remediating structurally deficient bridges in Pennsylvania
- Missouri Safe and Sound Bridges Program 2008



Jim Ritzman
Deputy Secretary for Planning, PennDOT

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Pennsylvania Acts 88 and 89

Act 88 Enables P3s

- New and existing transportation facilities
- Concessions up to 99 years
- State P3 Board

Act 89 Increases Transportation Funding Dramatically

- Replaces 12¢/gallon retail gas tax with an increase in the wholesale Oil Company Franchise Tax
- Increases vehicle registration and license fees
- Raises \$2.3 billion in new transportation funding annually in Pennsylvania by FY 2017-18
- \$1.65 billion dedicated to highways and bridges by FY 2017-18



Jim Ritzman
Deputy Secretary for Planning, PennDOT

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Federal Requirements

The Rationale for Federalizing the Project

- Gave the option of using federal monies to supplement state funds for future availability payments
- PennDOT also applied for a PAB allocation



Federal Requirements

BATIC's mission is to help sponsors of strategic projects navigate federal regulations and access federal credit programs

- NEPA Process
- Major Projects Requirements
- SEP-15 approval



SEP-15

- An experimental process for FHWA to test new P3 approaches to project delivery
- Allows USDOT to grant exceptions to specific requirements of Title 23 on a case-by-case basis
- Applies to environmental approvals, contracting, right-of-way acquisition and project finance



Renee Sigel

FHWA Pennsylvania Division Administrator

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Pennsylvania SEP-15 Experiment

- Streamline the process
- Accelerate the Schedule
- Reduce costs
- Assure Quality
- Protect NEPA



SEP-15 Early Development Agreement

- Outlines the conditions under which deviations from federal requirements may occur
- Establishes reporting requirements



Renee Sigel

FHWA Pennsylvania Division Administrator

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Project Procurement

Project Procurement

- Procurement process prescribed in Act 88
- Involved extensive consultation with private sector
- Fast track process: RFQ to intent to award in ten months



Procurement Schedule

2013 DEC 12..... RFQ Issued

2014 JAN 31..... PennDOT receives qualifications from five bidders

MAR 26..... Four shortlisted proposers announced

APR 4..... Draft RFP issued to pre-qualified teams

AUG 12..... Final RFP issued to pre-qualified teams

SEP 29..... Proposals submitted

OCT 24..... Selection of preferred proposer announced

2015 JAN 8..... Plenary Walsh Keystone Partners achieve commercial close

MAR 18..... Financial Close

Awarding the Project

- Proposals reviewed by an evaluation committee
- Each responsive element was scored independently
- Cost was given a 90% weighting
- The competition was quite close



Bob Shea

Senior Deputy Chief Council, Governor's office of General Counsel

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Project Financing

David Seltzer

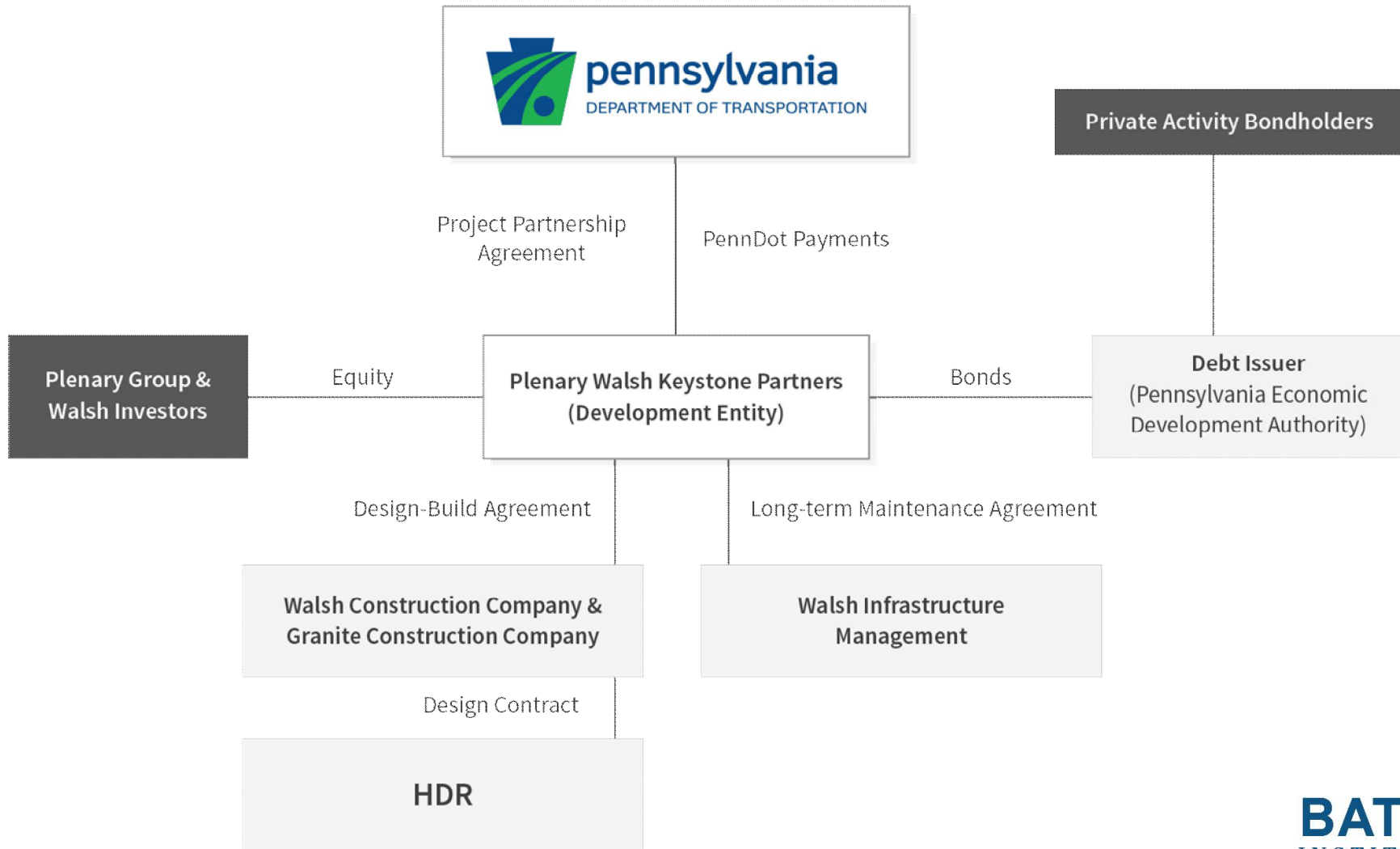
Principal

Mercator Advisors

Availability Payment Transaction Basics

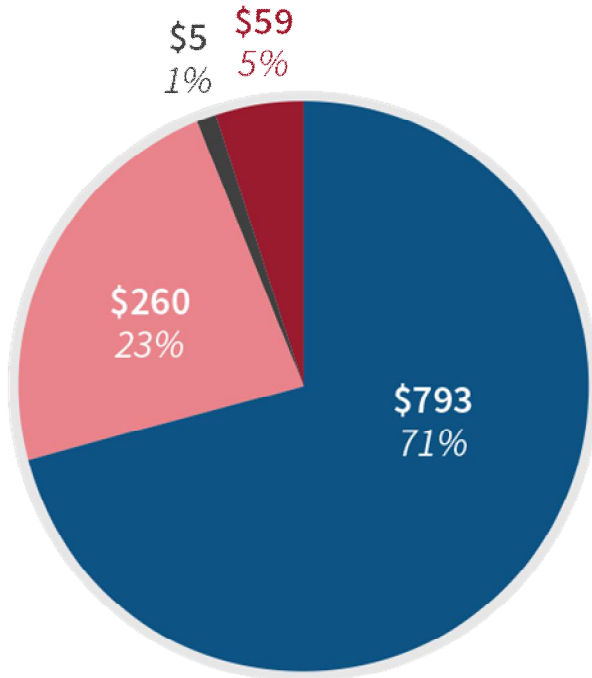
- Used when financing backed by user charges is infeasible or undesirable
- Private Developer is responsible for project delivery, financing and long-term maintenance
- Public Sponsor uses its resources to make payments to Private Developer
- Private Developer takes financial risk to ensure the project remains “available”
- Government payments to Private Developer are reduced if the project fails to meet contract standards

P3 Organization



Sources and Uses of Funds

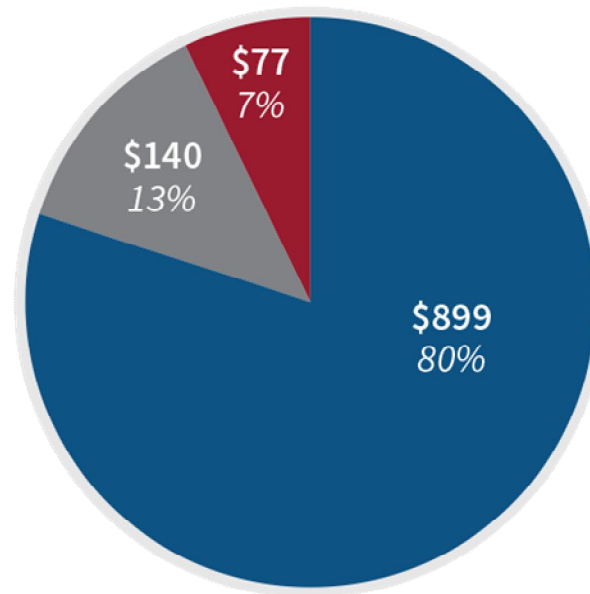
Sources
\$ in millions



Total Sources: \$1,117

- PennDOT Payments
- Private Activity Bonds (PABs)
- Equity Investment
- Interest Earned During Construction

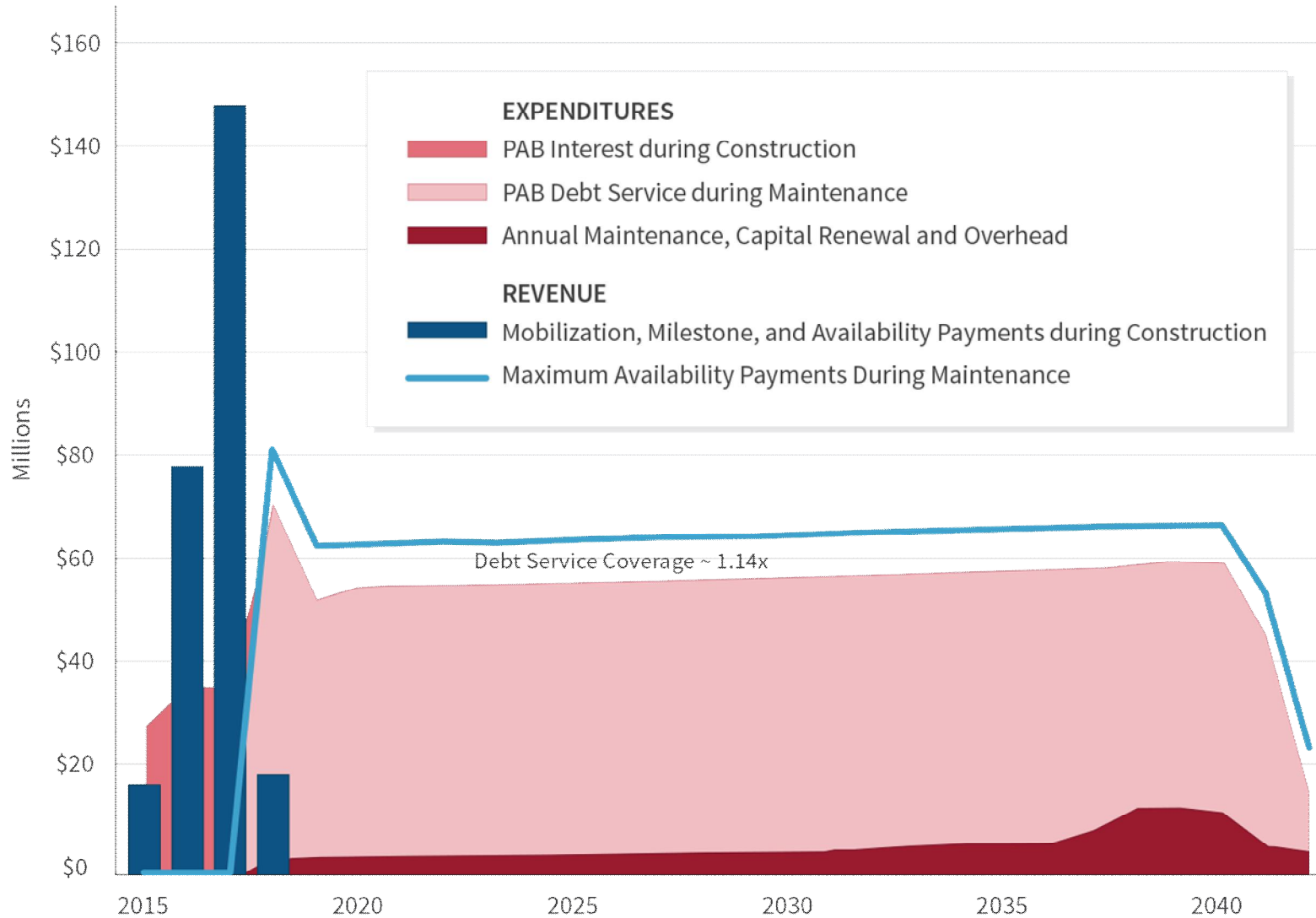
Uses
\$ in millions



Total Uses: \$1,117

- Construction Costs
- Financing Costs
- Other Development Costs

Forecast Project Cash Flows



Project Oversight

Benjamin Perez

Principal Consultant

WSP | Parsons Brinckerhoff

Oversight Approach

- PennDOT is coordinating management from Headquarters
- PennDOT is relying on consultant assistance
 - Project Management Consultant
 - Design Review Consultant
 - Right-of-way Acquisition Consultant
- PennDOT's regular program has not been delayed by the project

Bob Shea

Senior Deputy Chief Council, Governor's office of General Counsel

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Implementation Challenges

- Design review for 558 Bridges
- Managing a program extending across the state
- Aggressive implementation schedule
- First project bundling with P3 financing



Matt Girard

Executive Director, Plenary Walsh Keystone

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Lessons Learned

Lessons Learned

Lessons Learned

- Close coordination between PennDOT, FHWA and BATIC has been essential
- Both public and private sector staff must be skilled and committed
- Cultivate political champions
- Work out key issues and process with other parties prior to P3 procurements

Moving Forward

- New insight in life cycle costing and economies of scale with bundled programs
- Opportunities for PennDOT to learn from the private sector and expand the options available to the Department
- PennDOT would be pleased to share its experience with the Rapid Bridge Replacement Projects with transportation professionals around the country



Leslie Richards

Secretary of Transportation Commonwealth of Pennsylvania

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Pennsylvania Rapid Bridge Replacement Project



Questions and Answers

Jennifer Brickett

Director

BATIC Institute

An AASHTO Center for Excellence

baticinstitute@ashto.org

Discussion



Michael
Bonini
PennDOT

Matt
Girard
Plenary Group

Gary
Kleist
PennDOT

Jim
Ritzman
PennDOT

Bob
Shea
PennDOT

Renee
Sigel
FHWA

Submit additional questions by email at: baticinstitute@aaashto.org

Wrap Up

- The BATIC Institute will post responses to all questions received today on its website
- The Rapid Bridge Replacement Project webinar will also be available on the BATIC Institute website
- Please remain on the webinar for a minute to answer brief questions that will help us serve your needs better
- Many thanks for attending today's webinar