P3s in the United States

October 2015
Specific P3 Legislation required state by state

Currently, 36 states and D.C. And P.R. have some sort of P3 legislation

Not all have states have broad P3 powers
CURRENT STATE OF PLAY IN U.S. TRANSPORTATION

1993 to Present

Total Value of Concessions:

33 Projects

$36.2 Billion

$8 bn in 5 brownfield leases of toll roads

$25 bn in 25 highway and bridge capacity additions

- 16 ($15.1 bn) toll revenue risk
- 9 ($10 bn) availability payment

$2.4 bn in 2 transit P3s

$0.7 bn in P.R. Airport
CURRENT STATE OF PLAY IN U.S. TRANSPORTATION

Preferred Bidder status:

$ 5+Billion

→ $1.1 bn SH 288 in TX (revenue risk)
→ $4.0 bn LaGuardia Central Terminal in NY (revenue risk)
In Procurement:

$ 6+ Billion

- $2.0 bn I-70 East in CO (availability payment)
- $2.1 bn I-66 in VA (revenue risk)
37 Projects
$47.2 Billion Market

Projects are large > $1.3 bn
Predominantly Roads and Bridges
More than 2/3 are revenue risk
Tend to close 2 to 3 per year over last 10 years.
Majority include TIFIA/PABs
Only 12 states and P.R. have used P3s
13 P3s are in two states:

- **Virginia**: 7 P3s
  - Dedicated P3 office
  - Revenue Risk focus
  - Managed lanes and toll roads under operation

- **Texas**: 6 P3s
  - Revenue Risk focus
  - New bills limit tolling
  - Hybrid models: DBOMf (25 year O&M)
  - Active pipeline for complex projects in urban areas: I-35, LBJ East, South Padre 2nd Access, Grand Pkwy
14 P3s are in four states + PANY/NJ

- Indiana: 4 P3s
- Florida: 3 P3s
  - Primarily AP but capped
- Colorado: 4 P3s
  - Active pipeline
- California: 3 P3s
  - Legislation expires in 2016
BEHIND THE NUMBERS: TRANSPORTATION

6 States, PANY/NJ, P.R. Have 2 or less

- Pennsylvania (separate P3 office, accepts solicited and unsolicited)
- Ohio (separate P3 office)
- North Carolina (Revenue Risk)
- Nevada
- Alabama
- Illinois
- Puerto Rico (separate P3 office) (2)
- PANY/NJ (2)
STATE OF PLAY IN THE U.S. SOCIAL P3 MARKET

A Wide Variety
- Municipalities
- Institutions
- Military

- Military Housing: A huge success!
- Long Beach Court House and Long Beach Civic Center: Successful models but will they be replicated?
- Student Accommodations:
  - U.C. Merced
  - A robust pipeline under a variety of models
- Kentucky Broadband
- Michigan Street Lighting
- Ohio State Parking
- Miami Dade $7.5 bn pipeline
CHALLENGES FOR THE U.S. MARKET

- Deal Flow ebb and flows
- Political influences in the P3 process:
  - Indianapolis Justice Facility
  - Nevada Project Neon
- Tolling is becoming more political
- Public financing comparisons
- Long term federal funding is not resolved and affecting megaprojects
- Transit and airport P3s are not really taking off
- Social Infrastructure pipeline is weak
OPPORTUNITIES FOR THE U.S. MARKET

→ Infrastructure needs are growing more acute
  ▪ Estimated $2,700 billion of needed investment
→ P3 project performance in U.S. consistently stellar
→ White House and DOT support P3s
→ Bright spots:
  ▪ LA Metro has the potential for a large pipeline
  ▪ Water and wastewater opportunities on the rise
    – Five potential projects in Miami
  ▪ Potential Port P3s in Philadelphia and Miami
  ▪ U. S. COE has mandate to use P3s
WHAT DOES THE U.S. MARKET TAKE?

→ Have patience because the procurement process is long
→ Continually help to educate public officials and communities
→ Be flexible because things change all the time
→ Do your homework to evaluate deals
→ Develop relationships at every level in the public and private sector