

**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 2021

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. In addition, MDOT and MDTA are jointly developing the I-495 & I-270

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P3 Program. MDOT and MDTA will continue to evaluate and assess the best project delivery model for all major transportation and economic development projects, including P3 project delivery models.

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 included a 6-year design and construction period followed by a 30-year operations and maintenance period. Construction was well underway when the Concessionaire partner, the Purple Line Transit Partnership (“PLTP”) gave notice of termination and threatened to leave the project in Summer 2020 and its design-build contractor, Purple Line Transit Constructors, began demobilizing in September. MDOT MTA assumed several hundred contracts and purchase orders with contractors and subcontractors; and the work resumed on October 12. On December 16, the Board of Public Works approved a \$250 million settlement with PLTP – to settle all outstanding financial claims and terminating litigation between the parties regarding the Purple Line project. As part of the settlement agreement, PLTP will proceed with Meridiam and Star America as P3 developers and equity partners, but not Fluor and PLTP, in coordination with MDOT MTA, is proceeding with the resolicitation of the Design-Build contract..
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. Operations at Seagirt continue to perform well, and PAC continues to invest in terminal infrastructure.

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 and MDTA Joint Development P3s

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1. I-495 & I-270 P3 Program: The Maryland Department of Transportation State Highway Administration (MDOT SHA) and the MDTA are jointly delivering the I-495 & I-270 P3 Program. The BPW designated the program as a P3 on June 5, 2019. This P3 Program includes over 70 miles of existing interstate highway extending along I-495 & I-270 and will be developed and delivered pursuant to the following overarching goals: congestion relief, impact minimization, no net cost to the state, accelerated delivery, and shocking innovation.

D. MDOT and MDTA P3s under consideration not previously reviewed or approved by the General Assembly

Currently, there are no MDOT or MDTA P3s under consideration that have not been previously reviewed or approved by the General Assembly.

III. Report Details

A. Existing MDOT P3s: Project Status :

1. Purple Line Light Rail Transit Project



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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 at 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.

As part of the Purple Line, MDOT MTA and its county partners remain committed to 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 1000-foot tunnel 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 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, it will connect to Amtrak services along its Northeast Corridor at New Carrollton. The Purple Line will provide passenger transfer capability at each of the major activity centers; however, it will be physically and operationally independent from Metrorail and MARC operations.

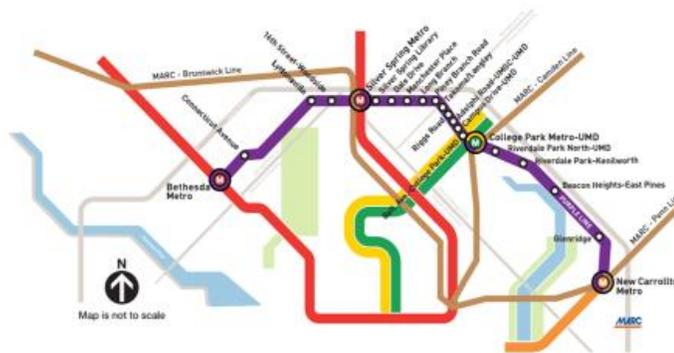
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Project Overview

- Connects with:
 - 4 Metrorail Stations
 - All 3 MARC Commuter Rail Lines
 - Amtrak's NE Corridor
 - Regional and local buses
- Travel, economic, social and environmental benefits



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MARYLAND TRANSIT ADMINISTRATION

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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 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 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, the BPW unanimously voted in favor on April 6, 2016 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.

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As part of the arrangement, PLTP’s financing included an \$874.6 million Transportation Infrastructure Finance and Innovation Act (TIFIA) loan at a 2.41 percent interest rate from the United States Department of Transportation (USDOT) and \$313 million in “Green Bonds” from Private Activity Bonds underwritten by JP Morgan and RBC Capital Markets.

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 were allocated in a cost-effective manner between the contractual partners. PLTP is responsible for key aspects of final design, construction, financing, operations, and maintenance of the Purple Line over the design and construction period and an operating period of 30 years. MDOT MTA retains ownership of the asset and remains 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 will adhere to or face financial and other penalties, ensuring high quality long-term operations and maintenance standards were 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 vacated the FTA’s 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 the Court of Appeals entered judgment on July 19, 2017 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.

Shortly thereafter, on August 22, 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. Federal Transit Administration, et al.*)

In the second case, brought in September 2017, the plaintiffs in Purple Line I filed a second action in the same U.S. District Court against the FTA, the USDOT 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 relief. After the State and other defendants filed a motion to dismiss plaintiffs’ initial complaint, the plaintiffs filed an amended complaint that challenged 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 District Court found in favor of FTA, USDOT and MDOT MTA on March 5, 2019 and dismissed the action.

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Purple Line III (*Friends of the Capital Crescent Trail, et al, v. U.S. Army Corps of Engineers*)

In a third case brought in the U.S. District Court for the District of Maryland in January 2019, the plaintiffs from Purple Line I & II challenged the U.S. Army Corps of Engineers (“Corps”) issuance of a Clean Water Act (Section 404) permit to MDOT MTA for the construction of the Purple Line. In accordance with the Court’s August 26, 2019 scheduling order, the plaintiffs filed a motion for summary judgment on September 19, 2019. The Corps and the State of Maryland filed their cross-motions for summary judgment and opposition to the plaintiffs’ motion for summary judgment on November 4, 2019. In April 2020, a federal judge rejected the third and final lawsuit brought by opponents of the Purple Line project. The plaintiffs then filed an appeal to the U.S. Court of Appeals for the Fourth Circuit. All parties have filed all briefs on appeal and are awaiting an order or decision from the Court to determine how the case will proceed for oral argument or if it will be decided without oral argument.

Baltimore City Circuit Court (*MTA v. PLTP*)

Over the course of four years of design and construction, project delays occurred. PLTP sought over \$755,000,000 in relation to several disputed matters. On June 23, 2020, PLTP issued a notice of unconditional termination of the public-private partnership agreement. The Department disputed PLTP’s claims and filed a complaint against PLTP in the Circuit Court for Baltimore City. PLTP filed a counterclaim for breach of contract on September 15, 2020. On December 12, 2020, the Board of Public Works approved a settlement agreement between the parties that resolves all claims, dismisses the litigation, continues the P3 Agreement, replaces the design-build contractor, and provides a settlement payment of \$250,000,000.

Construction

Construction commenced informally 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 completed 95 percent of construction of the Operations and Maintenance Facility in Glenridge and the placement of track on Ellin Road in Lanham and on Campus Drive in College Park. The Concessionaire completed major work at the Silver Spring Transit Center and continued work on excavation of the Bethesda South Metro Entrance shaft, construction of the Manchester Place Station, retaining walls, pavement removal, overhead and underground utility relocation, and reconstruction of the Talbot Avenue Bridge.

As of this report, MDOT MTA has approximately 550 workers engaged in design and construction activities, roughly 300 fewer than in 2019. This is to be expected due to the departure of PLTP in September and October. MDOT MTA expects the number of staff supporting the project to continue to increase in the coming months as more work commences under State management. Ultimately, over 6,300

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jobs will be directly created over the course of Purple Line construction. That includes an estimated 4,800 construction jobs, 1,500 professional, scientific and technical service jobs, and 425 jobs in operations and maintenance.

As construction continued, MDOT MTA also held Community Advisory Team (CAT) meetings, 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.



Girder Installation at the Paul S. Sarbanes Transit Center in Silver Spring

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Final Touches Are Applied to the Manchester Place Station and Tunnel



The Glenridge Operations and Maintenance Facility is near completion

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Financial Plan and Payments

During the design-build phase, when and to the extent that the Concessionaire demonstrates 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). As of November 2020, the \$860 million had been paid to the Concessionaire. 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 Fund (TTF) and local funding, and \$1,020,721,653 in private equity and funds borrowed by PLTP, including a TIFIA loan. Through the end of November 2020, \$514.9 million has been drawn 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 was 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%)

As of December 31, 2020, Fluor has left the project and Meridiam and Star America are the remaining equity partners.

Disadvantaged Business Enterprises, Workforce Goals and Compliance

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The MDOT MTA’s Purple Line contract established strong Disadvantaged Business Enterprise (DBE) and Nationally Targeted Worker (NTW) goals for the project. The public-private partnership agreement established an aggressive goal of 26 percent for Design Services and 22 percent for Construction Services during the Design-Build period. Thus far, PLTP’s DBE participation attainment for Design Services is at 44 percent, which exceeds the established Design Goal of 26 percent DBE participation; this represents \$46.4 million in spending with DBE-certified firms. Since the commencement of construction in August 2017, PLTP has disbursed \$142.4 million in payments to DBE firms, which will be counted towards the DBE Participation Goal for Construction Services. Additionally, PLTP had procured a total of 114 subcontract agreements with 94 different DBE firms for Construction Services. This accounts for the current commitment value of \$348 million towards DBE participation for the construction phase. The MDOT MTA will continue to implement good faith efforts to procure contracts with DBE firms to ensure that all DBE goals are achieved.

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

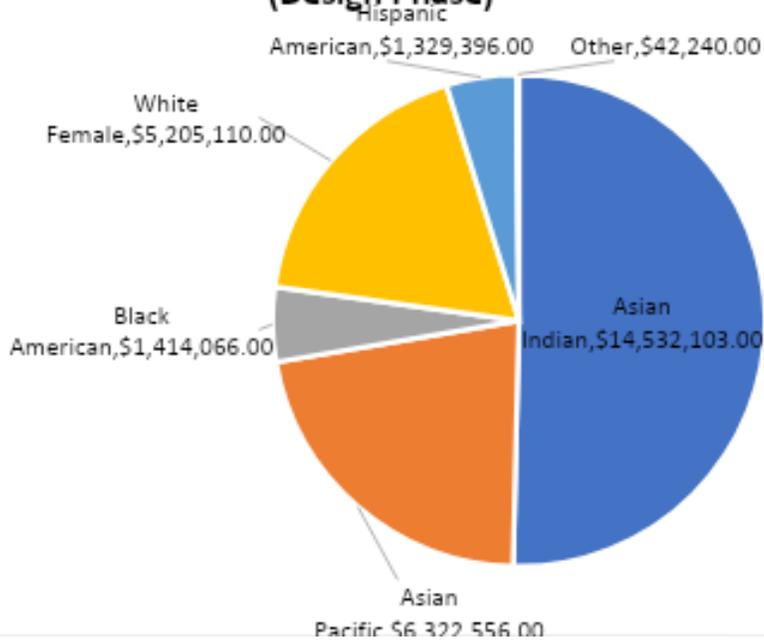
Disadvantaged Business Enterprise Program					
Activities & Goals	Commitments to Date		Paid thru 10/31/2020	DBE Attainment % (Payments vs Contract Value) *	DBE Subcontractor Firms to Date
Design 26%	27.6%	\$29.0M	\$46,435,890	44%	35
Construction 22%	20.9%	\$348M	\$142,420,541	8.7%	94

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

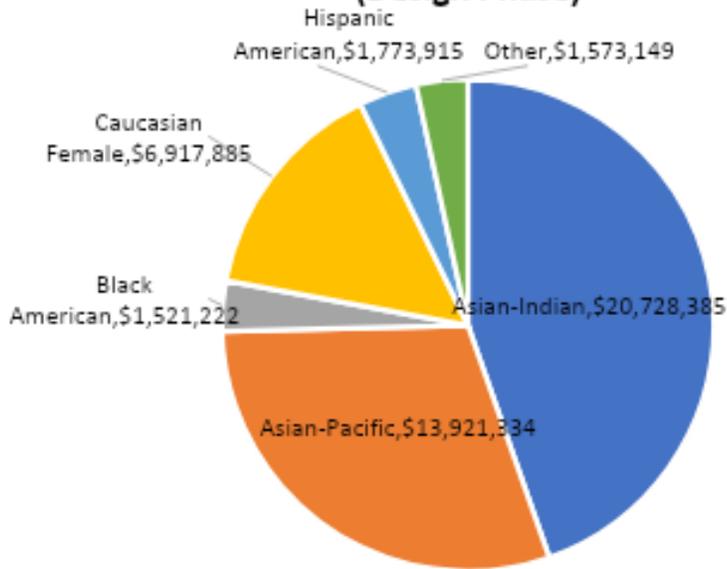
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DBE Commitments by Ethnicity (Design Phase)

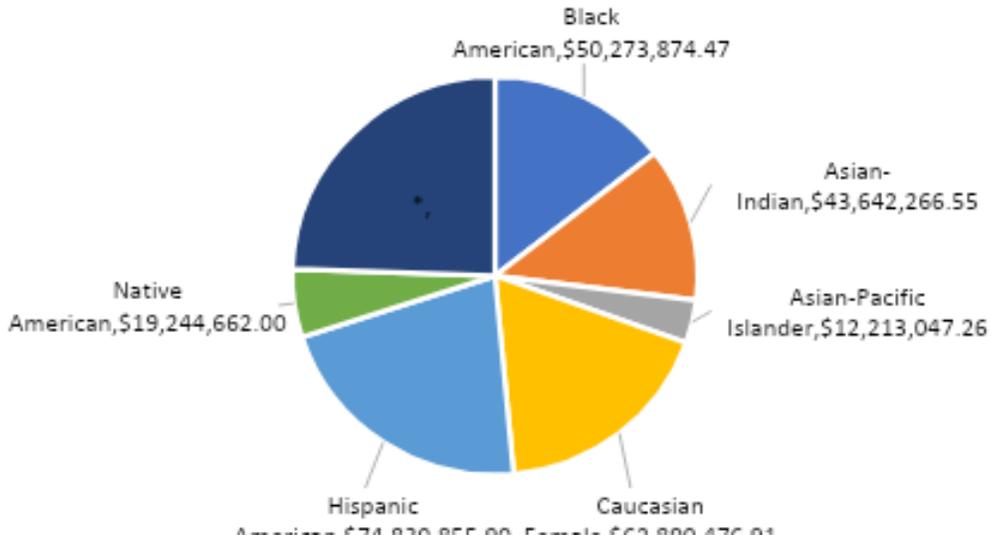


DBE Payments by Ethnicity (Design Phase)



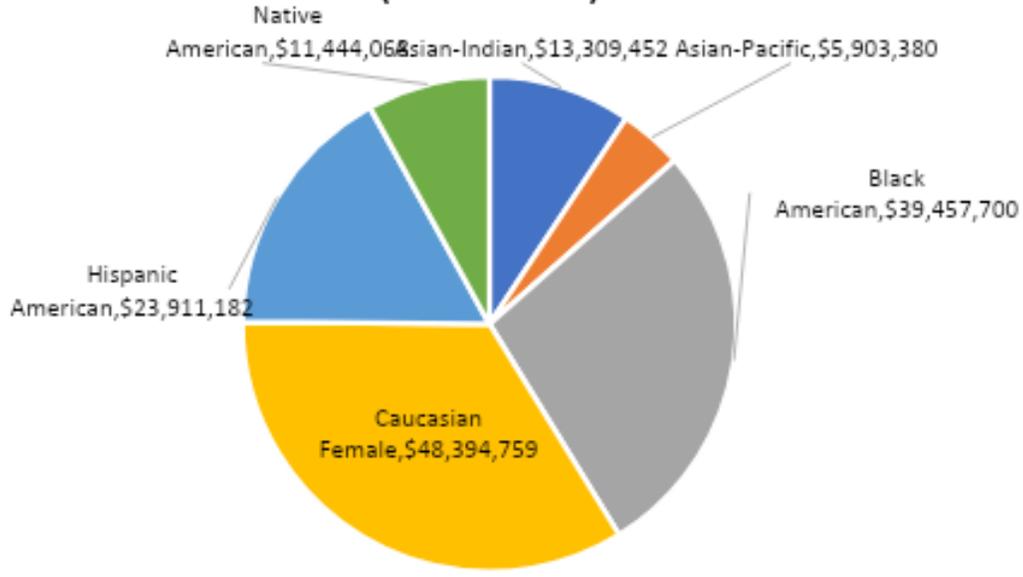
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**DBE Commitments by Ethnicity
(Construction Phase)**



*Projected DBE Commitments are based upon anticipated DBE participation that has been written into the contracts. Projected commitments are based on the concessionaire's awarded contracts and commitments to date. The project is on target to meet its DBE goal for construction based on additional construction activity, anticipated change orders, and unawarded scopes of services with potential for DBE participation for the duration of the construction period.

**DBE Payments by Ethnicity
(Construction)**



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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 that 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 Purple Line compliance team previously conducted a monthly coordination meeting with the Concessionaire to discuss challenges as they arise, the project’s progress, new opportunities for DBE participation and ongoing compliance efforts. The same level of effort and collaboration with continue internal to the MDOT MTA Purple Line project management office.

The MDOT MTA aimed to develop a diverse workforce, reduce barriers to careers in construction, and create meaningful employment opportunities in disadvantaged communities in the project area. This led to the MDOT MTA’s data-driven decision to adopt the workforce provisions set forth in the P3A, which specifically state as follows:

9.11 Workforce Provisions

“**9.11.1** Concessionaire shall make good faith efforts to assure that:

- (a) not less than 33% of all Construction Work Hours are performed by Nationally Targeted Workers;
- (b) not less than 10% of the Construction Work Hours under Section 9.11(a) are performed by Nationally Targeted Workers of Social Disadvantage”

Nationally Targeted Workers are persons that reside in Economically Disadvantaged Areas, further defined as a zip code that includes a census tract or portion thereof in which:

- the unemployment rate is at least 1% higher than the national average; or
- at least 50 percent of the household is earning below 80 percent of Area Median Income.

Nationally Targeted Workers (NTW) of Social Disadvantage face at least one of the following barriers to employment:

- being homeless
- being a veteran of the armed forces
- lacking a GED or high school diploma
- being an apprentice with less than 15 percent of the apprenticeship hours required for journeyman level
- receiving public assistance

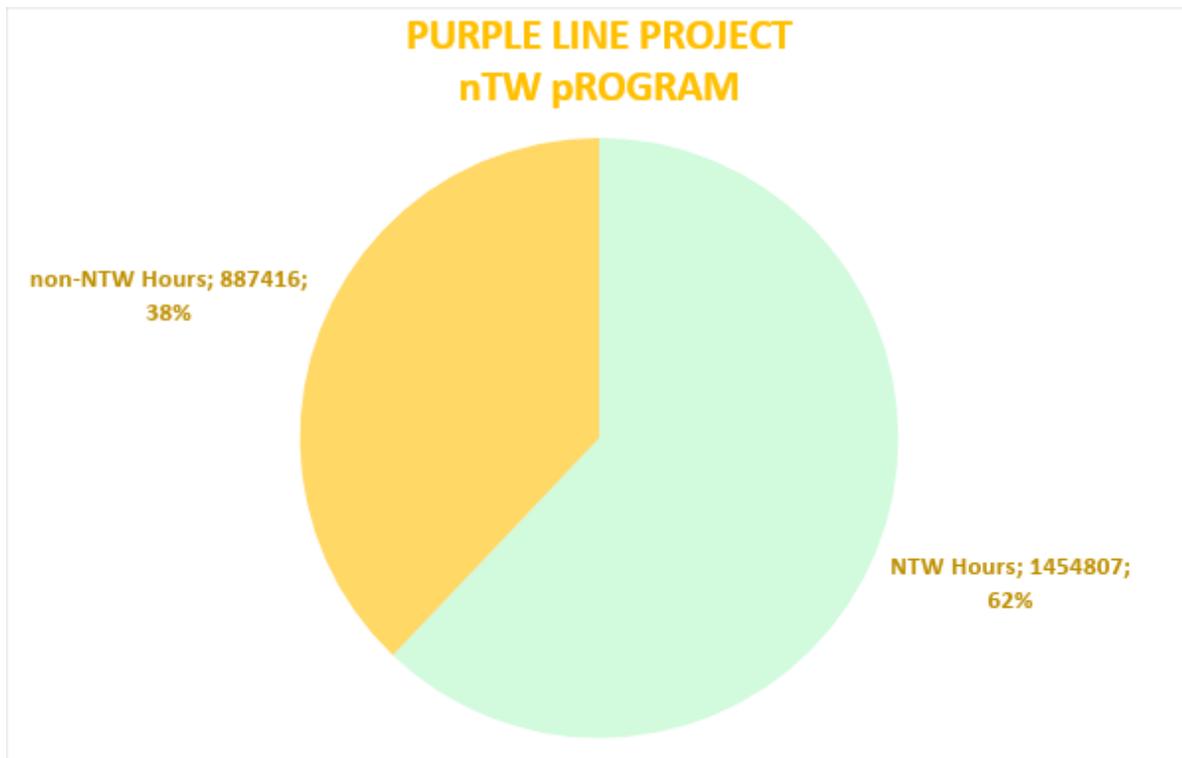
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- suffering from chronic unemployment
- having a criminal record/ex-felon
- emancipated from the foster care system

As of October 31, 2020, the concessionaire has exceeded the established NTW overall goal by having 62 percent of its construction hours completed by members of the NTW program.

The MDOT MTA monitored and verified that the concessionaire was in compliance with the 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, 2020, possession of property rights, both private and public, was 99.7 percent complete. Efforts continue to settle negotiations and secure title to the property rights with 73.3 percent of those titles being secured. Physical relocations are 100 percent complete for all residential and business relocations and

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reestablishment is nearly complete with four relocation claims to be completed. Additional property rights, mainly for utility relocation, have been proposed by PLTP and reviewed by MDOT MTA. MDOT MTA is pursuing these acquisitions, where appropriate, and has 97.2 percent in possession for construction.

Fare Equipment

MDOT MTA is implementing an off-board fare system for the Purple Line light rail system. Users will have the option of paying with their WMATA SmarTrip card or purchasing a ticket at the light rail station.

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Art in Transit

The Art in Transit Selection Committees of Montgomery and Prince George's counties met in May 2017 to review the proposals submitted for each station. The selection committees consisted of art professionals from the State, Montgomery and Prince George's counties, 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 of the 21 stations, and two artists for different locations at the Lyttonsville Station. One artist opted to leave the project; and a runner-up was named as a replacement. The MDOT MTA Art in Transit team has held follow-up discussions with each of the 22 artists to further refine their proposals. Contracts with the artists are being finalized. The artists proposals have been put on the project's revamped website for the public to view.

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 2010, SMT's containerized cargo has increased 152 percent for an average of 15.2 percent per year through 2019.

The COVID-19 pandemic has had a negative effect on SMT's volumes. Through the first nine months of 2020, container volumes were down 7.5 percent from the previous year. SMT started seeing signs of recovery as volumes increased by 11.7 percent in July 2020 from the low experienced in June. SMT continued its recovery from those June lows in August (increased 8.6 percent over June) and September (increased 15.8 percent).

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

PAC 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 Street to improve access to SMT.

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PAC, through a joint venture with Marine Repair Services, opened 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 provides needed capacity at SMT to handle growing container volumes and to grow jobs.

The Canton Warehouse property was developed by PAC in early 2019 to provide empty container storage. This project increased SMT's capacity to 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 to 14,000 TEU vessels now calling the Port of Baltimore. Construction started in August 2020 and is currently underway to deepen the Berth 3. This investment includes the purchase of four additional ship-to-shore 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 2020-2022 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. MDOT MPA was awarded a \$6.6 million USDOT BUILD grant to contribute to the Berth 3 project, which provided 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

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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 for a period of 35 years. The revenue generating agreement was approved by the BPW on March 7, 2012.

Since the opening of the travel plazas in 1963 and 1975, these facilities have been operated by third-party vendors under revenue-generating contracts. At its opening in 1963, 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. 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 a need for 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.

On March 11, 2011, MDTA submitted a letter to the legislative budget committees, as required under § 4-406 (c) (1) of the Transportation Article of the Annotated Code of Maryland (repealed in 2013), notifying them of the intent to issue a public notice of solicitation for a P3. The MDTA then 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.

Three proposals for the I-95 Travel Plazas P3 Redevelopment project were received on November 10, 2011 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 directed:

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“(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 provided 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 assumed reconstruction and operational responsibilities on September 16, 2012. The Maryland House was closed immediately for renovations and reopened January 20, 2014. The original Chesapeake House remained in operation while the new Maryland House was constructed. The Chesapeake House closed on January 17, 2014 and the new Chesapeake House opened on August 5, 2014. At the Chesapeake House, Areas USA also funded the design, 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

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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 Worldwide is third in the restaurateur industry for travelers worldwide. For 50 years, Areas Worldwide has been providing food, beverage, and retail services to the travel industry and currently maintains a presence in more than 90 airports and 170 service plazas around the world, encompassing 2,100 locations with 23,000 employees. Areas USA began operations in the United States in 2006 and is now servicing 11 airports (including Chicago, Atlanta, and Los Angeles) and 9 service plazas. Areas USA is ranked second in travel catering in the United States.

In July 2019, PAI Partners acquired Areas Worldwide from Elior Group. PAI Partners is a leading European private equity firm. PAI Partners provides the companies it owns with the financial and strategic support required for their development and enhance strategic value creation. Operations at the travel plazas will not be impacted as a result of this acquisition.

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, Auntie Anne's, and the newly constructed Deli & Co. Both travel plazas also offer a variety of retail options.

In 2015, the Maryland House and Chesapeake House Travel Plazas were awarded 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. Areas USA has continued its focus on energy conservation. In 2019, Areas USA replaced less efficient high-mast lighting and interior plaza lighting with LED at the Chesapeake House. These improvements are also underway at the Maryland House and are scheduled to be completed in 2020.

In April 2016, during National Distracted Driving Awareness Month, 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.

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Both Sunoco gas stations at the travel plazas received awards during a Customer Service Contest in 2016 by the Service Station & Automotive Repair Association in recognition of Excellence in Customer Needs and Appearance. Additionally, Sunoco was awarded the Washington/Maryland/Delaware Dealer Association Supplier Best and Customer Service awards in 2016, 2017, 2018, and 2019.

In 2017, electric vehicle charging capability was made available at the travel plazas. The Maryland House and the Chesapeake House Travel Plazas each have six 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).

Each year, the Maryland House hosts the participants of the annual 9/11 Memorial Motorcycle Ride who are riding in honor of, and to raise money for, the survivors of 9/11. The ride begins at the Flight 93 Memorial in Pennsylvania, then proceeds to the Pentagon Memorial site in Virginia. The riders then head up I-95 to the Maryland House for gas and discounted meals and beverages before they travel to the 9/11 Memorial in New York. At the Chesapeake House, there are annual wreath laying ceremonies during the Memorial Day and Veteran’s Day weekends for the disabled veterans of the Armed Forces, and for the women of Maryland who have served in the military. Areas USA’s dedication to philanthropic activities and partnering with local organizations has stayed strong. Cumulative donations through 2019 totaled nearly \$375,000.

Anticipated Action in CY2021: 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. At both plazas, the Cinnabon bakeries concept is scheduled to open in late 2021. Additionally, food order kiosks are being readied for operations in CY2020 to further enhance the customer experience at the plazas.

C. MDOT and MDTA Joint Development P3s: Project Status

1. I-495 & I-270 P3 Program

Background

MDOT and MDTA, collectively “the Reporting Agencies”, are jointly developing the I-495 & I-270 P3 Program to relieve traffic congestion in the National Capital Region. MDOT SHA, acting as MDTA’s agent, is leading the solicitation and delivery of the P3 Program. The program, which was designated as a P3 by the BPW on June 5, 2019, has since been progressing. In accordance with NEPA, the I-495 & I-270 Managed Lanes Study Draft Environmental Impact Statement was released on July 10, 2020. Preliminary

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planning (pre-NEPA) activities continue for I-270 from I-370 in Gaithersburg to I-70 in Frederick. While the two environmental studies advance, the Reporting Agencies are continuing with the solicitation development in order to move forward with requesting proposals to design, build, finance, operate, and maintain improvements on both I-495 and I-270. On January 8, 2020, the BPW amended the P3 designation to include a phased solicitation whereas Phase 1 was defined to include improvements to I-495 from the vicinity of the George Washington Memorial Parkway in Virginia, including replacement of the American Legion Bridge, to I-270 and I-270 from I-495 to I-70. The formal solicitation process for Phase 1 was initiated on February 7, 2020. Finally, the Managed Lanes Transit Work Group, which was established with regional and local transit providers to focus on ways that transit programs could take advantage of managed lanes on I-495 and I-270, released the Transit Service Coordination Report in May 2020.

Status

I-495 & I-270 Managed Lanes Study

MDOT SHA conducted four virtual and two in-person public hearings between August – September 2020 for the public to provide oral testimony. The public comment period on the DEIS closed on November 9, 2020. These public hearings were the fourth set of public meetings hosted since the Study began in March 2018. Dates, locations, presentations, and a summary of Public and Stakeholder Engagement for the all of the public workshops/hearings are available on the P3 Program website (www.495-270-P3.com).

Pre-NEPA Activities Underway on I-270 from I-370 to I-70

In 2019, MDOT SHA began preliminary planning or “Pre-NEPA” activities for potential congestion-relief improvements on I-270 from I-370 in Gaithersburg to I-70 in Frederick. These activities are intended to identify the purpose and need, develop a range of alternatives, review existing and future traffic volumes, existing environmental conditions, and engage the public in the Pre-NEPA planning activities. MDOT SHA hosted four public workshops in November 2019 to provide an overview of the Pre-NEPA activities and discuss the transportation needs of the corridor and receive feedback from the public on potential solutions. These preliminary activities are still underway and are expected to culminate in a Pre-NEPA Report to be released to the public for comment in Spring 2021.

Solicitation of Phase 1

MDOT and MDTA issued a Request for Qualifications (RFQ) on February 7, 2020, and on July 17, 2020, announced that four teams had been shortlisted to respond to the Request for Proposals. The shortlisted teams include:

Accelerate MarylandExpress Partners

Lead Project Developer / Equity: Itinera Infrastructure & Concessions, Inc.

Lead Contractor: Transurban and Macquarie

Designer: Atkins North America, Inc. and Gannett Fleming, Inc.

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Accelerate Maryland Partners LLC

Lead Project Developer / Equity: Transurban (USA) Operations Inc. and Macquarie Infrastructure Developments LLC

Lead Contractor: Archer Western Construction, LLC

Designers: Dewberry Engineers Inc. and Stantec Consulting Services Inc.

Capital Express Mobility Partners

Lead Project Developer / Equity: Cintra Global SE and John Laing Investments Limited

Lead Contractor: Ferrovial Agroman US Corp.

Designers: AECOM Technical Services, Inc. and HNTB Corporation

Potomac Mobility Group

Lead Project Developer / Equity: ACS Infrastructure Development, Inc.

Lead Contractor: Dragados USA, Inc.

Designers: Parsons Transportation Group Inc., Jacobs Engineering Group Inc., and HDR Engineering, Inc.

Technical and Financial Proposals were received from the shortlisted teams in January 2021.

Continued Community and Stakeholder Engagement

As part of the P3 Program, MDOT SHA has been involved in extensive community outreach through over 280 engagements, including 16 public workshops and 6 public hearings, with communities, elected officials, property owners, and other stakeholder groups to brief them on the P3 Program activities. Public comments have been, and will continue to be, considered at each stage of development of the P3 Program. Engagement opportunities will continue throughout the development of the P3 Program.

Opportunity MDOT

In addition to providing travelers with congestion relief, the P3 Program has initiated Opportunity MDOT, which is intended to provide new potential economic opportunities for Marylanders. Maryland businesses and workforce will benefit from the estimated \$9 billion to \$11 billion economic investment in the P3 Program; these funds will assist Maryland's businesses, workforce, and economy in recovering from the COVID-19 pandemic, as well as allow them to further strengthen and grow. Opportunity MDOT held its kickoff event in August 2019 providing information to the business community on how businesses and workers can start securing help and support through training and advisory services and prepare for potential opportunities related to the P3 Program. More than 220 people, representing 150 businesses, attended the Opportunity MDOT Kickoff. A virtual networking event was held with the shortlisted teams in November 2020 to network with DBE firms. A total of 178 firms registered for the event and one-on-one networking sessions were held with each shortlisted proposer and 120 DBE firms.

Anticipated Action in CY21: NEPA activities for the I-495 and I-270 Managed Lanes Study will be completed in CY2021, including the release of the FEIS and Record of Decision and the I-270 from I-370 to I-70 Pre-NEPA activities will be completed.

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The solicitation process for Phase 1 of the I-495 and I-270 P3 Program will be completed in CY2021. During this time, selection of the preferred offeror will be made, and approval of from the BPW will be sought. Upon approval of the BPW, predevelopment activities will be initiated in collaboration with the selected Developer in CY2021. The MDTA Toll Rate Hearing process to establish the toll rates for Phase 1 of the P3 Program is scheduled to occur between Spring – Summer 2021.

D. MDOT and MDTA P3s under consideration not previously reviewed or approved by the General Assembly

Currently, there are no MDOT or MDTA P3s under consideration that have not been previously reviewed or approved by the General Assembly.