While a number of states have deployed public-private partnerships (P3s) to tackle infrastructure projects over the last decade, many believe the P3 industry in this country still has yet to take off in the way it has elsewhere in the world. That’s despite demonstrated success of P3s in traditional areas like managed lane projects and promising developments in a variety of new asset classes including airports, broadband projects and high-tech applications. And while the Trump administration looks to encourage more P3s and institutionalize their practices in federal programs, there are many factors that could limit growth in the industry and prevent any kind of a much-needed infrastructure push from ever getting off the ground in the years ahead.

Those were just some of the takeaways from the Inframation Group’s U.S. P3 Infrastructure Forum 2018 held June 13-14 in New York City. The annual event brings together state and federal public officials and regional transportation authorities, along with infrastructure developers, investors and financiers to talk about the issues shaping the P3 industry’s future.

“We saw financial close of $4.77 billion (in P3 projects) in 2017,” noted Inframation Americas Editor Jon Berke at the outset of the conference. “It was way off the $10.66 billion in projects that closed in 2016. In the first half of 2018, things haven’t fared much better.”

But Berke said there have been promising signs of late, including P3s to tackle rural broadband and smart city projects, water infrastructure and renewable energy projects, and autonomous vehicle programs. Airport projects have also started to gain momentum, he said. On June 8, the city of Los Angeles reached financial close on a $4.9 billion agreement to build an automated people mover at Los Angeles International Airport. A consolidated rental car facility project at the airport is also getting the P3 treatment. P3 projects at JFK and LaGuardia airports in New York are also moving forward.

Nuria Haltiwanger, North America CEO for ACS Infrastructure, said the people mover at LAX is an example of a great P3 project because it involves a client that could have moved forward on their own but they instead decided a P3 could offer added benefits.

“They decided to do this project as a P3 specifically because they thought they were going to be able to … achieve the right innovations, risk transfer and life cycle optimization that they were looking for,” she said.

Haltiwanger believes if P3s like the Los Angeles and New York airport projects are successful, success will breed success.

“As we see more of those projects, I think other airports are going to realize the applicability of the projects and how they can implement the potential P3 approach,” Haltiwanger said.

**Broadband P3s**

While not immune to growing pains, one area of growth in the P3 arena of late has been broadband
The senior managing director of Ernst & Young Infrastructure Advisors, Mark Powell, explained that there is a 'perfect storm' in telecommunications right now, driven by factors such as continued growth in data usage, the transition to higher-speed 5G networks, and the expansion of technology applications in transportation, including intelligent transportation systems, all-electronic tolling, smart city technologies, and connected automation.

Powell pointed out that due to all these factors, the value of the right-of-way on which telecom networks can be built is increasing. This increase in value has led to a need for transportation agencies to reassess their needs and consider innovative financing mechanisms to meet those needs without having to spend a large amount of money.

Michael Bonini, director of the P3 office at the Pennsylvania Department of Transportation, mentioned that the decision to enter a P3 with the Pennsylvania Turnpike Commission to install a fiber optic network within the turnpike's right-of-way was motivated by the fact that operating such a network fell outside the core functions of the state's transportation agencies. The P3 allows them to have someone manage the network operations and maintenance, enabling them to shift to all-electronic and cashless tolling and provide broadband to underserved sections of Pennsylvania.

Other P3 Technology Applications

In addition to broadband, state transportation agencies have sought new partners to deliver infrastructure innovation. For instance, Colorado is studying the feasibility of the Hyperloop travel system and has partnered with Arrivo to build a half-mile test track near Denver's airport. David Spector, director of the Colorado High Performance Transportation Enterprise, said that as public servants, they must continue to fix potholes and plow snow, but mobility is changing, and people are looking for different mobility options. He believes in aggressively pursuing innovative solutions to mobility problems.

Elsewhere, the state of Michigan is participating in partnerships that are advancing research into autonomous and connected vehicles. The Mcity project in Ann Arbor, where vehicles are subject to various factors they might encounter on the open road, is an example. The university and state of Michigan paid for construction, and private companies have since provided the funding for continued operations.

The document highlights the increasing role of P3s in innovation across various infrastructure sectors, driven by changing mobility needs and the expansion of technology applications.
of Transportation director Kirk Steudle. “Currently there are 11 private companies in what they call the leadership circle. They each put in $1 million apiece over three years. There’s 45 affiliate companies that each put in $150,000 over three years. And they provide for the operations of that facility and fund the research.”

The model was so successful, Steudle noted, Michigan decided to replicate it and scale it up to create the American Center for Mobility, a 330-acre site where vehicles can move from proof of concept to validation testing. The $140 million facility is another public-private partnership built by challenge grants with six companies contributing $5 million apiece to get it started.

See the extended version of this article here. [2]

CSG served as a supporting organization for the U.S. P3 Infrastructure Forum.

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