ACRP Insight Keynote

P3s and Possibilities

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10 July 2019
What is the Build America Bureau?

• Congressionally created center for innovative project finance and delivery

• Identifying best practices and innovative approaches
  – Project identification and development (streamlining)
  – Project financing (TIFIA, RRIF, PABs)
  – Project delivery (P3s)

• Changing the infrastructure conversation
  – Including private resources in the mix

• Supporting new asset classes
  – We’re not just building highways

• One-stop shop for credit programs and some grants
Why are we here?

• **$128 Billion** needed in airport investment, 2019-2023*
• Grants and revenues = **$34-38 Billion**, 2019-2023
  – Airport Improvement Program (AIP)
    • $3.5 Billion in 2018
  – Passenger Facility Charge (PFC)
    • $3.35 Billion annually through 2023
• **$90+ Billion** gap over the 5-year period

Filling that gap with private resources

How can the private sector help?

• Innovation
  – Based on experience (both airports and other modes)
  – Inherently less risk-averse than govt entities

• Passenger Experience Management
  – Increased revenues
  – Better customer service & amenities

• Efficiencies/Costs
  – During construction
  – Building for post-construction (O&M) cost-saving
## Private Sector Involvement in US Airports

<table>
<thead>
<tr>
<th>Type of private involvement</th>
<th>Service contracts</th>
<th>Management contracts</th>
<th>Developer financing for capital investment</th>
<th>Long-term lease or sale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example:</td>
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<tr>
<td></td>
<td>• Janitorial</td>
<td>• Parking facilities</td>
<td>• Terminals</td>
<td>Airport Investment</td>
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<td></td>
<td>• Landscaping</td>
<td>• Airport-wide</td>
<td>• Fuel systems</td>
<td>Partnership Program</td>
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<td></td>
<td>• Shuttles</td>
<td>management</td>
<td>• Cargo</td>
<td>(formerly APPP)</td>
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<td></td>
<td>• Concessions</td>
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<td>Specific cases:</td>
<td>Pittsburgh</td>
<td>Albany</td>
<td>LaGuardia</td>
<td>San Juan</td>
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<tr>
<td></td>
<td>Boston</td>
<td>Indianapolis</td>
<td>BOSFuel</td>
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<tr>
<td></td>
<td>Washington, DC</td>
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<td>Austin rental car</td>
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**Source:**

**As presented in:**
What is the best delivery model for this particular project?

• Are the project characteristics appropriate for a P3?
• Public/political acceptance/support
• Does a P3 support our policy objectives?
  – Spreading risk
  – Leveraging private sector innovation & experience
  – Maximizing up-front payment for use on other priorities
  – Level of control
• Can we align a private partner’s motivations with our public-sector goals?
Can P3s be used to develop airports?

- Europe: 41% of airports have some form of P3
- Challenges in the U.S.
  - Satisfying multiple stakeholders
    - Passengers
    - Airlines
    - Cities/Counties/Authorities
    - Existing investors/bondholders
    - Future investors
  - Multiple existing constraints
    - Debt
    - Contracts
    - Legislation
    - Complexity of intertwined functions
The Bureau can help

• Best practices
• Technical Assistance
• Credit programs (ask us about TIFIA)
  – Private sector
  – Public sector
• One-stop shop
  – Coordinating between USDOT entities
What’s holding us back?

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