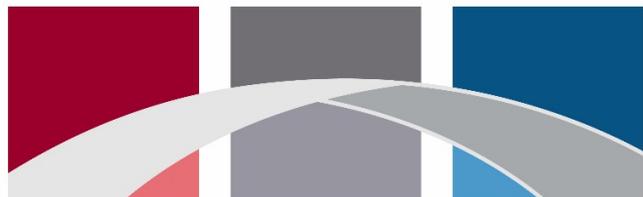


 U.S. DEPARTMENT OF TRANSPORTATION



**BUILD AMERICA BUREAU**

# ACRP Insight Keynote

## P3s and Possibilities

Dr. Morteza Farajian, *Executive Director*,  
Build America Bureau, US Dept. of Transportation

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# 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

\* Airports Council International – North America (ACI-NA), February 2019, “*Terminally Challenged*,” documenting US airport infrastructure investment needs 2019-2023.



# 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

Type of private involvement	Service contracts	Management contracts	Developer financing for capital investment	Long-term lease or sale
Example:	<ul style="list-style-type: none"> <li>• Janitorial</li> <li>• Landscaping</li> <li>• Shuttles</li> <li>• Concessions</li> </ul>	<ul style="list-style-type: none"> <li>• Parking facilities</li> <li>• Airport-wide management</li> </ul>	<ul style="list-style-type: none"> <li>• Terminals</li> <li>• Fuel systems</li> <li>• Cargo</li> <li>• Solar</li> </ul>	Airport Investment Partnership Program (formerly APPP)
Specific cases:	Pittsburgh Boston Washington, DC	Albany Indianapolis	LaGuardia BOSFuel Austin rental car	San Juan

Source:

Congressional Research Service (R.Y. Tang), *“Airport Privatization: Issues and Options for Congress,”* 2017.

As presented in:

Eno Center for Transportation, *“Deal or No Deal: Prospects for Airport Privatization in the United States,”* 2018.



# 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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