

 U.S. DEPARTMENT OF TRANSPORTATION



BUILD AMERICA BUREAU

ACRP Insight Keynote

P3s and Possibilities

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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"> • Janitorial • Landscaping • Shuttles • Concessions 	<ul style="list-style-type: none"> • Parking facilities • Airport-wide management 	<ul style="list-style-type: none"> • Terminals • Fuel systems • Cargo • Solar 	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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