

YOUR RIDE IS HERE.



The Maryland Purple Line - Public-Private Partnership (P3)

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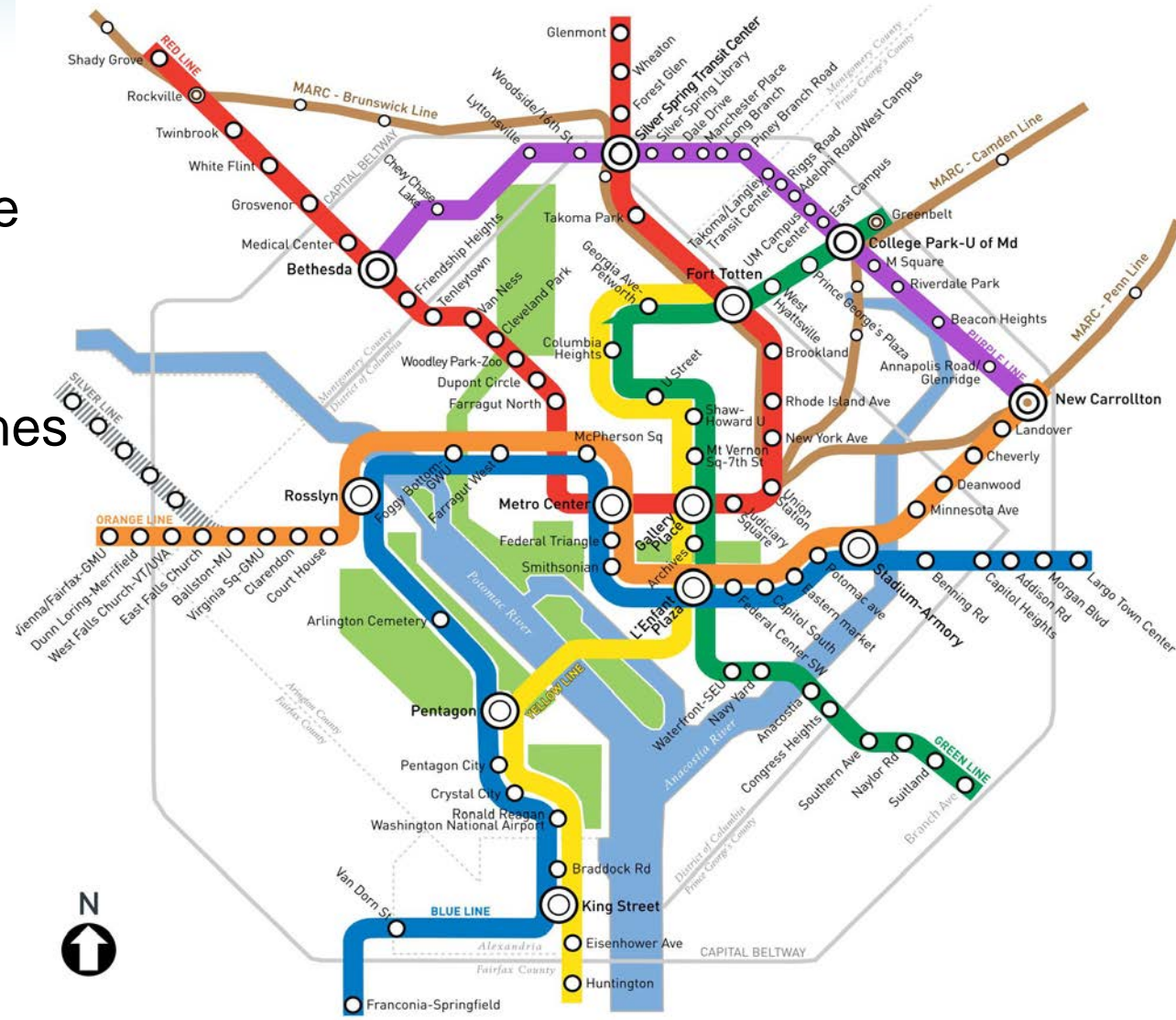
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Purple Line within Washington's Rail Network

New 16-mile LRT line that connects:

- 4 Metrorail lines
- 3 commuter rail lines
- Amtrak Northeast Corridor



Purple Line Overview

- Funding & financing includes:
 - State & local funding
 - Federal transit “New Starts” grant
 - Federal TIFIA loan to P3 concessionaire
 - Private equity investment
- P3 Delivery:
 - Combines design, construction, financing, operations and maintenance into a single 35-year umbrella (“DBFOM”) contract
 - Shares risk between MTA and a private partner (“Concessionaire”)
 - Concessionaire expected to earn a return on investment if it manages costs, innovates, and delivers the project on schedule

General Scope of the P3

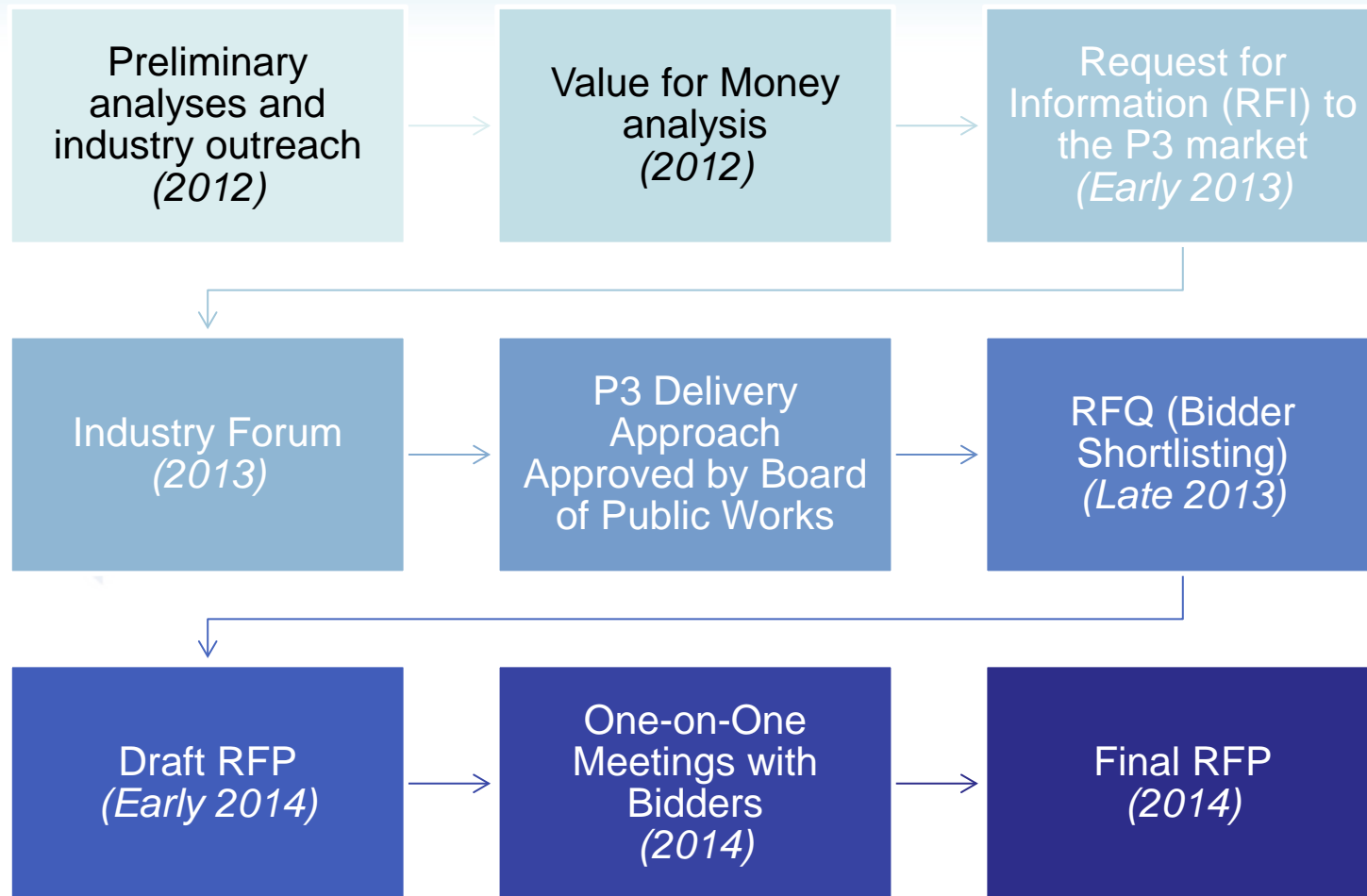
Design and Construction (Approx. 5 Years)

- Concessionaire responsible for:
 - Final Design
 - Construction of Purple Line and some 3rd party improvements
 - Financing the project (in part using public funding contributions)
- Agency responsible for:
 - Acquiring right of way
 - Public outreach
 - Agency's quality assurance

O&M and Capital Renewal (30 Year Period)

- Concessionaire responsible for:
 - Operations, maintenance, and capital renewal/replacement
 - Asset handback requirements at end of 30 years
- Agency responsible for:
 - Fare policy and specifying amount of service
 - Ridership & fare revenue risk
 - Electricity costs
 - Policing

P3 Development Process for the Purple Line



Current status: P3 bids due in March, with a 2015 construction start

Why a DBFOM P3 on Purple Line?

- **Operational factors**
 - Increase likelihood of consistently excellent, highly responsive service; natural stand-alone asset
- **Risk transfer**
 - Integrate various elements into a single agreement that clearly outlines optimal allocation of project risk between the public and private partners
- **Whole life-cycle planning and cost optimization**
 - Provide greater incentive to make investment decisions that are optimized over life of asset
- **Schedule discipline**
 - Create strong incentives for concessionaire to maintain schedule discipline during project delivery and startup
- **Enhanced opportunities for innovation**
 - Offer the private sector with opportunities and incentives to propose enhancements to the design and delivery approach that could benefit long-term O&M performance
- **Potential financial value**
 - Due to aforementioned factors, there is potential for long-term financial value relative to a traditional project delivery approach

MTA's Goals Are Not Specific to P3

What we always want from new projects:

1. Quality construction
2. Quality service
3. On-time and on-budget delivery
4. Role for the community



P3 is a different tool for delivering the same goals ₇

How is Quality Achieved?

- Traditional approach:
 - Agency develops entire design then performs all O&M and renewal work after initial construction
- Purple Line P3 approach:
 - Agency develops minimum acceptable requirements, then uses financial deductions during the operating period to incentivize strong performance
 - Performance standards include areas such as:
 - Service availability and on-time performance
 - Vehicle and station cleanliness
 - Station maintenance (e.g., lighting, elevators/escalators, snow)
 - Safety & security compliance (e.g., ADA, fire/life safety)
 - Concessionaire determines optimal trade-offs between initial construction design, O&M, and capital renewal
 - Effectively represents a 33 year warranty

Lessons Learned on P3 Development

- Make decision on delivery approach early
 - Shift mindset and approach when decide to pursue P3
 - Engage stakeholders and third parties early
 - Balance tradeoffs between certainty and flexibility to facilitate innovation and efficient transfer of risk to the P3 partner
- Recognize that P3 investors and lenders have different needs and concerns than procurements w/o private financing at risk
 - DBFOM \neq DB + O&M
 - Significant attention to P3 precedent
- Seek and listen to industry feedback before and after the start of a P3 procurement

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