Maryland Department of Transportation
The Secretary's Office

Martin O'Malley
Governor

Anthony G. Brown
Lt. Governor

Darrell B. Mobley
Acting Secretary

Leif A. Dormsjo
Acting Deputy Secretary

January 2, 2013

The Honorable Edward J. Kasemeyer
Chairman, Senate Budget and Taxation Committee
3W Miller Senate Building
Annapolis MD 21401-1991

The Honorable Norman Conway
Chairman, House Appropriations Committee
131 Lowe House Office Building
Annapolis MD 21401-1991

Dear Chairmen:

Please see the attached report concerning *Public-Private Partnerships* pursuant to Senate Bill 979/ House Bill 1370, Chapters 640 and 641, Acts of 2010 (State Finance and Procurement Article § 10A-101(d) (2) and (3), and Transportation Article § 4-406 (c)(2) and (3)).

This report is designed to ensure that the budget committees receive sufficient and timely information regarding the status of each public-private partnership in which MDOT or MDTA are either involved or considering as required by the following statutory language from State Finance and Procurement Article § 10A-101(d)(2) and (3):

> *"(d) (2) By January 1 of each year, each reporting agency shall submit to the budget committees, in accordance with § 2-1246 of the State Government Article, a report concerning each public-private partnership under consideration at that time by the reporting agency that has not been reviewed or approved previously by the General Assembly;*
>
> *(3) By January 1 of each year, each reporting agency shall submit to the budget committees, in accordance with § 2-1246 of the State Government Article, a status report concerning each existing public-private partnership in which the reporting agency is involved."*

And the following statutory language from Transportation Article § 4-406 (c)(2) and (3):

> *"(c) (2) By January 1 of each year, the Authority shall submit to the budget committees, in accordance with § 2-1246 of the State Government Article, a report concerning each public-private partnership under consideration at that time by the reporting agency that has not been reviewed or approved previously by the General Assembly.*

> *(3) By January 1 of each year, the Authority shall submit to the budget committees, in accordance with § 2-1246 of the State Government Article, a status report concerning each existing public-private partnership in which the reporting agency is involved."*

If you have additional questions or concerns, please do not hesitate to contact Mr. Leif Dormsjo, Acting Deputy Secretary for the Maryland Department of Transportation, at 410-865-1006. Of course, you should always feel free to contact me directly.

Sincerely,

Darrell B. Mobley
Acting Secretary

cc: Members of the Budget Committees
Mr. Leif A. Dormsjo, Acting Deputy Secretary, Maryland Department of Transportation

Annual Report to the

Maryland General Assembly

regarding

Public-Private Partnerships

(SB 979/HB 1370, Chapters 640 and 641, Acts of 2010;
State Finance and procurement Article § 10A-101(d) (2) and (3)
And Transportation Article § 4-406 (c) (2) and (3))

The Maryland Department of Transportation

and

The Maryland Transportation Authority

January 2013

Public-Private Partnerships
(SB 979, HB 1370, Chapters 640 and 641, Acts of 2010; State Finance and Procurement Article § 10A-101(d) (2) and (3) and Transportation Article § 4-406 (c)(2) and (3))

I. Introduction

The Maryland Department of Transportation (MDOT) and Maryland Transportation Authority (MDTA) hereby submit this *Annual Report to the Maryland General Assembly regarding Public-Private Partnerships* pursuant to Senate Bill 979/ House Bill 1370, Chapters 640 and 641, Acts of 2010 (State Finance and Procurement Article § 10A-101(d)(2) and (3), and Transportation Article § 4-406 (c)(2) and (3)). This report is designed to ensure that the budget committees receive sufficient and timely information regarding the status of each public-private partnership in which MDOT or MDTA are either involved or considering as required by the following statutory language from State Finance and Procurement Article § 10A-101(d)(2) and (3):

> *"(d) (2) By January 1 of each year, each reporting agency shall submit to the budget committees, in accordance with § 2-1246 of the State Government Article, a report concerning each public-private partnership under consideration at that time by the reporting agency that has not been reviewed or approved previously by the General Assembly.*
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And the following statutory language from Transportation Article § 4-406 (c)(2) and (3):

> *"(c) (2) By January 1 of each year, the Authority shall submit to the budget committees, in accordance with § 2-1246 of the State Government Article, a report concerning each public-private partnership under consideration at that time by the reporting agency that has not been reviewed or approved previously by the General Assembly.*
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> *(3) By January 1 of each year, the Authority shall submit to the budget committees, in accordance with § 2-1246 of the State Government Article, a status report concerning each existing public-private partnership in which the reporting agency is involved."*

II. The Scope of the Report

The scope of this report includes status reports on MDOT's and MDTA's existing or contemplated projects that meet the following definition of public-private partnership (P3) provided in State Finance and Procurement Article § 10A-101(d)(2) and (3) and Transportation Article § 4-406 (c)(2) and (3):

"A sale or lease agreement between a unit of State government and a private entity under which:

1. *The private entity assume controls of the operation and maintenance of an existing State facility; or*
2. *The private entity constructs, reconstructs, finances, or operates a State facility or a facility for State use and will collect fees, charges, rents or tolls for the use of the facility."*

MDOT is involved in two existing P3s under the existing definition: Seagirt Marine Terminal project and State Center Development Phase I. MDTA is involved in one existing P3 under the existing definition: I-95 Travel Plazas Redevelopment project. Future phases of the State Center project may or may not be structured as P3s. MDOT is also currently working to determine if any of the three New Starts projects (Purple Line, Red Line, or Corridor Cities Transitway) should be structured as P3s. There are two additional MDOT projects which may or may not be structured as P3s (Curtis Bay and Cambridge); it is not anticipated that decisions will be made in the coming year to make that determination, however, MDOT will keep DLS and the budget committees informed if these or other projects are structured as proposed P3s.

A. MDOT Existing P3s (State Finance and Procurement Article § 10A-101(d (3)):

   1. Seagirt Marine Terminal: A private entity has assumed responsibility for the operation of Seagirt, including gate, terminal and vessel activity. With construction completed in 2012, the new container berth is in place far ahead of both Ports America Chesapeake's (PAC) contractual commitment and the opening of the enlarged Panama Canal.

   2. State Center Development Phase I: In Phase I of the State Center project, a private entity will reconstruct, finance and collect rents for existing state offices.

B. MDTA Existing P3s (Transportation Article § 4-406 (c)(2) and (3)):

   1. I-95 Travel Plazas Redevelopment: MDTA has entered into a Lease and Concession Agreement with Areas USA MDTP, LLC, to undertake the redevelopment (including financing) and long-term operations and maintenance

under the MDTA's oversight and specific service level requirements for a period of 35 years.

C. P3s Under consideration not previously reviewed or approved by the General Assembly (State Finance and Procurement Article § 10A-101(d) (2)):

1. State Center Development – Future Phases: Future phases of the project may or may not include the reconstruction, financing and collecting of rents for existing office space.

2. New Starts: Maryland National Capital Purple Line Light Rail, Baltimore Red Line Light Rail, and Corridor Cities Transitway (CCT): The Maryland Transit Administration (MTA) is proposing to construct three transit lines, all of which will be considered as possible P3s.

D. Projects which may or may not be structured as P3s in the future:

1. Curtis Bay Ordnance Depot (Anne Arundel County) – It is unclear whether this will evolve into a P3. This project involves MDOT's efforts to acquire a 400+ acre site from the General Services Administration (Anne Arundel County) for redevelopment port-related warehousing, storage and distribution facility.

2. Cambridge Marine Terminal (Dorchester County) – It is unclear that this project would evolve into a P3. This project involves MDOT's anticipated disposition through a competitive process of a 12-acre parcel that is owned by the Maryland Port Administration (MPA) on the Cambridge Waterfront to a private developer for the purposes of creating a mixed-use development.

III. Report Details

A. Existing MDOT P3s: Project Status

1. Seagirt Marine Terminal

Through a Public Private Partnership, Ports America Chesapeake (PAC) assumed operational control of Seagirt Marine Terminal in January 2010. The Maryland Port Administration continually monitors Seagirt's key performance indicators, and since the transition, Seagirt's operational efficiency has remained high while cargo throughput has increased. In 2010, container cargo volumes were up 7.6% compared to 2009, and 2011 container volumes were up 4% over 2010. For 2012 year-to-date (9 months), container volumes handled at Seagirt have increased 6.25% over the same period in the prior year.

One of the primary goals of the Seagirt P3 Agreement was to ensure the construction of a new 50-foot deep container berth prior to the completion of the Panama Canal expansion. At the time of the P3 Agreement, the Panama Canal expansion was scheduled for completion in 2014, but has now been delayed to 2015. PAC has performed better than its contractual commitment relative to the new berth. The berth construction was completed in the summer of 2012. Four new, state-of-the-art super Post-Panamax container cranes were purchased and delivered in early fall of 2012. Thus, the Port of Baltimore now has a deep, state-of-the-art container berth in place. This ensures a strong competitive position for the Port of Baltimore in the container market. MPA and PAC jointly market the container business, and maintain a strong collaborative working relationship. The P3 Agreement is performing well by all measures. PAC has proven itself to be both a successful local employer and a strong community partner.

Anticipated Action in CY13: MDOT does not anticipate any potential action in calendar year 2013.

2. State Center Development Project Phase 1

State Center Phase 1 Summary: The Board of Public Works approved a Master Development Agreement (MDA), which calls for a phased development of a $1.4 billion mixed-use (office, residential and retail) project on the site. The project is currently envisioned to be developed in five phases, with a 10-15 year build out. Under Phase 1, a private entity will reconstruct, finance and collect rents for existing State offices.

State Center Background: The Maryland Department of General Services (DGS) owns the 28-acre parcel that comprises the State Center complex and serves as the lead State agency for the project in partnership with MDOT. The site includes the State Center Baltimore Metro station and is adjacent to the Cultural Center Light Rail stop. In September 2005, DGS issued a Request for Qualifications seeking a project developer. In March 2006, the State selected a development team that included Struever Brothers, Eccles and Rouse, Doracon Development, and McCormack Barron Salazar (MBS) to pursue the project pursuant to a Memorandum of Understanding (MOU) that granted the developers an exclusive negotiating privilege (ENP). The State and development team subsequently engaged in an extensive community engagement process. In December 2007, the BPW approved an Interim Development Agreement (IDA) among DGS, MDOT and the development team that extended the ENP and that laid out a road map for reaching a final MDA. On June 3, 2009, the BPW approved the MDA, which calls for the phased development of a $1.4 billion mixed-use (office space, residential and retail), mixed-income project to be built on the site.

The project team reports to the State Center Executive Committee, which serves as an advisory board for the project. The State Center Executive Committee includes the Maryland secretaries of General Services, Transportation, Business and Economic Development, Planning, and Housing and Community Development, Maryland Senators Verna Jones-Rodwell and James DeGrange, Maryland Delegates Talmadge Branch and Galen Clagett, and the Maryland Stadium Authority Executive Director Michael Frenz.

The site currently contains five State office buildings containing approximately 950,000 square feet of State office space. The new State Center, in addition to adding private office space, residential, and retail components to the site, would replace the existing State office space with new leased State office space.

As permitted in the IDA, State Center, LLC restructured itself during 2009-10 subject to State approval. In May 2009, Struever Brothers Eccles and Rouse assigned its equity interest in State Center to PS Partners (a joint venture of Linden Associates and Ekistics Capital LLC). During early 2009, Doracon Development withdrew from the project and was subsequently replaced by a minority development team in 2010 that includes: National Development Company (Adrian Washington), State Center Baltimore Development, LLC (Kevin Johnson, Joseph Haskins, Eddie Brown), Midtown Convergence (CL McCoy, Omari Patterson), and TAC Companies LLC (Ron Adolph). The development includes the following:

- Master Developer Rights: the State Center, LLC entity will be the master development entity for the overall project. It is 33% owned by PS Partners which will serve as managing member, 33% owned by MBS, and 33% owned by minority partners. However, State Center, LLC is a "horizontal" project entity that does not develop any components of the project. Instead, separate development entities will be established to develop and own the office/commercial, the for-sale housing, and the rental housing components for each phase of the project. These "vertical" development entities will generate the returns to the developers. More specifically, the agreement calls for the following:

- Office and Retail Development Rights: PS Partners generally retains the right to develop the office and retail components for the project. However, PS Partners and the proposed minority partners have negotiated the following agreement for the ownership of "vertical" development entities that develop the office and retail components:
  - *Phase One of the Project* -- The office and retail development entity is owned as follows: 50% PS Partners; 20% State Center Baltimore Developers (Kevin Johnson, Joe Haskins, and Eddie Brown); 10% Midtown Convergence (C.L. McCoy and Omari Patterson); 10% TAC (Ron Adolph); 10% Neighborhood Development Company (Adrian Washington).

- For-Sale Housing: National Development Company (NDC) generally retains the right to develop the "for sale" housing for the project. However, the minority partners have agreed to the following ownership structure for the for-sale housing development entity for all phases of the project up to 300 units: 75% NDC; 12.5% State Center Baltimore Development; 12.5% Mid-Town Convergence. If the development includes more than 300 for-sale housing units, then PS Partners has the right to participate in additional units.

- Rental Housing: MBS retains all rights to develop the rental housing for all phases of the project.

Agreement Framework: The MDA calls for a phased approach to the development. For each phase, the State will ground lease the phase parcel to the developer and will have the option to lease back office space in newly constructed or refurbished privately-owned office buildings.

Pursuant to the MDA, the BPW must approve the ground leases for any phase where the State leases office space in a building.

On July 28, 2010, the BPW approved the ground leasing of two parcels to the developer in exchange for both a base ground rent with escalation and a profit share. The ground lease has been structured to provide the State with annual base rent equivalent to the net present value of the land and 7% of net cash flow from the project after the debt is retired. The BPW also approved State office space leases totaling approximately 500,000 square feet. The BPW also approved amendments to the MDA that included MDOT's agreement to fund the construction of a 928-space State garage in an amount not to exceed $28.2 million in hard and soft construction costs. In December 2010, the BPW approved amendments to the leases, as well as, a lease of the State garage from MEDCO to MDOT in exchange for rent payments that would be used by MEDCO to make garage debt payments.

The Phase One development program includes approximately 500,000 square feet of office space serving the Maryland Department of Health and Mental Hygiene (DHMH), the Maryland Transit Administration (MTA) and the Maryland Department of Planning (MDP); approximately 15,000 square feet of private office space; 60,000 square feet of retail space; and 100-130 units of mixed income rental housing. MTA and MDP will share a headquarters building to be constructed near the intersection of Howard Street and Preston Street. The DHMH building and State garage will be constructed on a surface parking lot at Martin Luther King Boulevard.

In future phases, if the State decides not to lease office space during a particular phase, the developer may proceed with construction on a vacant project parcel pursuant to Transit Oriented Development (TOD) density guidelines. Alternatively, the State can terminate the developer's contract in exchange for reimbursement of the developer's unpaid costs from December 2007 forward through a certain point in the project. The MDA also provides that the developer must meet a required development timeline and gives the State the ability to replace any member of the development team who becomes insolvent or cannot obtain financing for the project.

Anticipated Action in CY13: Phase One of the project has received all necessary State approvals to proceed to financing and construction. However, a lawsuit filed in the Baltimore Circuit Court in December 2010 by a group of downtown building and business owners has made it difficult for the private developer to obtain financing for the private portions of the project. MDOT and DGS will continue to brief the Budget Chairs and the Department of Legislative Services about State Center in CY13.

B. Existing MDTA P3s: Project Status

1. I-95 Travel Plazas Redevelopment

The only P3 that is being considered or actively pursued by the MDTA is the I-95 Travel Plazas P3 Redevelopment project. This project involves MDTA's plan to redevelop the two travel plazas located on I-95 and includes the Maryland House and Chesapeake House Travel Plazas on I-95 (Harford County and Cecil County, respectively). MDTA has entered into a Lease and Concession Agreement (Agreement) with Areas USA MDTP, LLC, (Areas USA) to undertake the redevelopment (including financing) and long-term operations and maintenance under the MDTA's oversight and specific service level requirements for a period of 35 years. The revenue generating Agreement was approved by the BPW on March 7, 2012.

The original John F. Kennedy Memorial Highway (I-95) included the Maryland House service area in Harford County, which at its opening in 1963 provided a restaurant and two automotive service stations for highway travelers. The second service area, the Chesapeake House, opened in 1975, north of the Susquehanna River in Cecil County. Engineering studies conducted in 2004-05 identified issues that warrant full redevelopment of both locations. Traffic volumes have increased significantly since the original design concept was developed and overcrowding is a problem during peak interstate travel periods, especially on holidays and summer weekends. The facilities are nearing the end of their design life and the changing nature of highway-oriented food and beverage business requires an updated interior and site layout. Since the opening of the Travel Plazas in 1963 and 1975, these facilities have been operated by third-party vendors under revenue-generating contracts.

The redeveloped facilities will result in an appropriately sized primary service facility accommodating all functional requirements; a separate fuel service station with a canopy, and a convenience store with an adequate number of fueling positions. The primary service facility will include restroom facilities, food service facilities, indoor and outdoor seating, retail space, tourism information, and administrative offices.

MDTA cancelled the original RFP on November 8, 2010. On March 11, 2011, MDTA submitted a letter to the Budget Committees notifying them of the intent to issue another public notice of solicitation for a P3, as required under Transportation Article § 4-406 (c) (1). The MDTA then re-issued a Request for Proposals (RFP) on June 27, 2011 Briefings were provided on the project details to the Budget Committees on November 7, 2011 and November 10, 2011.

The proposals for the I-95 Travel Plazas P3 Redevelopment project were due on November 10, 2011. The MDTA received three (3) proposals in response to the RFP. The evaluation of the proposals was completed by a team of senior level MDTA and MDOT staff. The team evaluating the proposals was assisted by advisors and other State agency personnel knowledgeable with P3 projects. Evaluation of proposals was based on the project's three goals:

- To obtain new or like new facilities using a public-private partnership;
- To ensure that the facility design and operations will provide a positive customer experience; and
- To provide a fair return to the State and to provide for transfer of the facilities in satisfactory condition at the end of the term.

A report of the impact of the partnership Agreement as required by Transportation Article § 4-406 (e) was sent to the General Assembly budget committees on January 23, 2012. The language directs:

> "*(e) Not less than 30 days before entering into a public-private partnership agreement, the Authority shall submit to the budget committees, in accordance with § 2-1246 of the State Government Article, an analysis of the impact of the proposed public-private partnership agreement on the Authority's financing plan, including the Authority's operating and capital budgets and debt capacity.*"

The report provided details of the Agreement. In summary, the Agreement provides for the:

- Complete replacement of the existing Maryland House and Chesapeake House at a combined cost of $56 million;
- Estimated revenue payments to MDTA exceeding $400 million;
- Capital reinvestment in the travel plazas in the range of $44-$48 million; and
- Operation and maintenance of the travel plazas in a manner that provides a positive customer experience and protects valuable State assets for the next 35 years.

Our P3 partner, Areas USA is a newly created company formed for the purpose of engaging in the redevelopment of the I-95 Travel Plazas. Areas USA will be the prime concessionaire for the project. Areas USA began operations at the Chesapeake House on September 16, 2012. The Maryland House was closed for renovations as of midnight on September 15, 2012 and is expected to reopen by the end of 2013.

Areas USA has assembled a team to deliver the Travel Plazas project which consists of nationally-known companies and Maryland based businesses including Minority Business Enterprise (MBE)/Disadvantaged Business Enterprise (DBE) firms.

Areas USA's parent company is Areas S.A. (Areas). Areas has been providing food, beverage and retail services to the travel industry for more than 40 years and currently maintains a presence in over 70 airports and 160 service plazas around the world encompassing 1,700 locations with 12,000 employees. Areas began operations in the United States in 2006 and is now servicing 11 airports (including Boston, Atlanta, and Los Angeles) and the Florida Turnpike (Design/Build/Operate 8 service plazas).

<u>Anticipated Action in CY13</u>: MDOT does not anticipate any potential action in calendar year 2013.

C. <u>P3s under consideration not previously reviewed or approved by the General Assembly</u>

1. State Center – Future Phases

While Phase 1 of the project includes a P3, future phases of the project may or may not include the reconstruction, financing and collecting of rents for existing State office space. (See earlier summary of State Center for further explanation). As Phase 1 is delayed due to litigation, future phases are as well. MDOT and DGS will continue to brief the Budget Chairs and the Department of Legislative Services about State Center Phase 1 in CY13. Coordination with the legislature would occur prior to the advancement of any future phases.

2. Purple Line, Red Line, and Corridor Cities Transitway (CCT)

The Maryland Transit Administration (MTA) is proposing to construct three new transit lines:

- The Maryland National Capital Purple Line (Purple Line) is a proposed 16-mile light rail line that would extend from Bethesda in Montgomery County to New Carrollton in Prince George's County. Construction of the project is planned to begin in 2015, with revenue service scheduled for November 2020.
- The Baltimore Red Line (Red Line) is a proposed 14-mile east-west light rail line in the Baltimore region. Project construction is planned to begin in 2015 with revenue service scheduled for December 2021.
- The Corridor Cities Transitway (CCT) is a 15-mile bus rapid transit (BRT) line in Montgomery County that would extend from the Shady Grove Metrorail Station in Rockville to COMSAT, a former communications satellite industrial site located just south of Clarksburg. Phase I includes the nine-mile segment from Shady Grove to Metropolitan Grove. Phase II will extend six miles from Metropolitan Grove to COMSAT. The construction timeline for Phase I would run from 2018 to 2020, with operations commencing in 2020. An implementation schedule has not been developed for Phase II.

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MTA has prepared financial plans for the Purple Line and Red Line as part of the Federal Transit Administration's (FTA) New Starts process. The plans include a detailed discussion of how the MTA plans to fund construction of the projects, the basis of the capital and operating cost estimates, a cash flow analysis that places the New Starts projects in the context of MDOT's overall budget and capital needs, and risk mitigation strategies. Placeholder assumptions for the CCT are included in the Purple Line and Red Line Financial Plans as a detailed cost estimate and schedule for the CCT is under development. MDOT is currently working to determine whether a P3 would be more or less costly to the State than traditional public-sector delivery methods for these projects. .Specifically, MDOT is investigating key questions related to potential contract terms, financial structures, and risk transfer for the Purple Line and Red Line. Based on a preliminary understanding of the proposed project, P3 or other alternative delivery methods could also be appropriate for the CCT. Some key factors include:

- CCT operates independently of existing networks, with a fully dedicated running way and bus fleet. This will make the operation relatively simple and minimize the challenge of coordinating with other operators. (This benefit would diminish if we allow Montgomery County Ride-On buses to use the CCT for parts of their routes.)
- The civil design features (2-lane concrete roadway, 14 at-grade stations, bridges) are well understood by a large community of builders and should attract a lot of competition
- There are many experienced bus operators in the region that are likely to be interested in this providing this type of service.
- Environmental impacts and community requirements are likely to be minimal, providing a lot of latitude for a design-builder.
- No agency, including the Maryland Transit Administration (MTA), has organizational capacity to operate the CCT, and the geography does not overlap with any existing or proposed MTA service. MTA has no experience operating BRT on a dedicated running way.
- There are notable opportunities for coordination with private property owners (King Farm, Crown Farm, DANAC, Belward, Medimmune) where a concessionaire could negotiate agreements to construct features in exchange for contributions to the capital and operating costs.
- Some significant share of the CCT could be funded by private property owners either though a special tax district, Tax Increment Financing, or negotiated contributions. This revenue would flow directly to the concessionaire.
- The life cycle of a bus is short compared to a rail car, providing an opportunity for a concessionaire to weigh investments in overhauls vs. replacement.
- The capital cost ($500-600 million) should be financeable by a wide range of bidders. The differential between the cost of public and private debt would be less than for a larger project.

Anticipated Action in CY13: In 2013, MDOT anticipates making a decision regarding the applicability of P3 delivery methods to any of the three New Starts projects.

D. Projects that may or may not be structured as P3s

There are two projects which are not currently structured as P3s. While reported previously as P3s not yet reviewed by the General Assembly, it is not clear that these will be structured as P3s. MDOT will keep the Department of Legislative Services (DLS) and the budget committees informed if these or other projects are structured as proposed P3s.

1. Curtis Bay Ordnance Depot

This project represents a potential acquisition from the U.S. General Services Administration (GSA) for development as a freight rail and highway served warehousing, storage, and distribution facility for use by the Port of Baltimore.

Background: The Curtis Bay Ordnance Depot (Depot) is currently owned by the GSA. The 435.46 +/- acre site is located along Ordnance Road in Glen Burnie, Anne Arundel County. The Depot site was made available for purchase in September 2007.
The Maryland Department of Transportation (MDOT) Office of Real Estate has expressed its interest in acquiring the property from the GSA for use as a port-related warehousing, storage and distribution complex. MDOT is currently in discussions with the US General Services Administration regarding MDOT's potential acquisition of the Depot. It is unclear whether this project would be pursued as a P3, given the uncertainty about the potential project's ownership and financial structures.

MDOT would acquire the property from GSA after it has been certified as clean to an industrial use standard (the federal government would be responsible for all environmental remediation costs). A framework for the implementation of the project will be developed in the future and reported to DLS and the budget committees.

Anticipated Action in CY13: MDOT will continue to work with GSA to ensure the property has been certified as clean for an industrial use. MDOT is reviewing environmental studies prepared by GSA and will monitor additional study and/or remediation efforts which may be taken by GSA. Acquisition is not anticipated to proceed until the completion of those studies.

2. Cambridge Waterfront Redevelopment

This project represents a property disposition for the Maryland Port Administration (MPA), through a competitive process, for redevelopment as a mixed-use development.

Public-Private Partnerships
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Background: The Cambridge Waterfront Redevelopment project would involve the redevelopment of an 11.77 acre MPA waterfront parcel located in Cambridge, Maryland that includes a deep water dock and two buildings as a private mixed use community. The project will likely not be structured as a P3, but as a more traditional joint development real estate project.

The City of Cambridge completed an economic development study for the site calling for a mixed-use private development on the site. During the past two years, at the City's request, MDOT has explored the City's redevelopment concept and engaged stakeholders. It has also completed certain due diligence regarding the site. In June 2010, MDOT entered into a nonbinding Memorandum of Understanding (MOU) among MDOT, the MPA and the City of Cambridge that outlined the intentions, considerations and important milestones that would be part of a joint effort to solicit a developer for redevelopment of the site.

The Request for Qualifications was released on May 4, 2011. MDOT selected a master developer – Jerome J. Parks Companies - providing a one-year Exclusive Negotiating Privilege beginning on June 26, 2012.

Potential Cambridge Agreement Framework: MDOT anticipates that it would either sell or long-term lease the site to a private developer that would implement the City's vision for a mixed-use maritime village development on the site. Although the project may require certain infrastructure and public components, MDOT has not made any financial commitments to the project. Potential infrastructure needs related to the development include repairs to a wharf and bulkhead on the site, as well as bike/pedestrian improvements connecting the site to the City's downtown area.

Anticipated Action in CY13: MDOT anticipates entering into an agreement with a selected developer, which will likely require the Board of Public Work's (BPW) approval. MDOT will provide project updates throughout the year to the DLS analyst assigned to the Cambridge project.