Annual Report to the

Maryland General Assembly

regarding

Public-Private Partnerships
(State Finance and Procurement Article, § 10A–104(a))

The Maryland Department of Transportation
The Maryland Transportation Authority

MSAR # 9728

January 2018

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 State Finance and Procurement Article § 10A–104(a) 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 and MDTA are either involved or considering as required by the following statutory language from State Finance and Procurement Article § 10A-104(a)(1)(I) and (II):

(a) (1) 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:

> *(I) A report concerning each public-private partnership under consideration that has not been reviewed or approved previously by the General Assembly; and*
>
> *(II) A status report concerning each existing public-private partnership in which the reporting agency is involved.*

II. Report Scope

This report includes status reports on MDOT's and MDTA's existing or contemplated projects that meet the following definition of a public-private partnership (P3) provided in State Finance and Procurement Article, § 10A-101(f):

"A method for delivering public infrastructure assets using a long-term, performance-based agreement between a reporting agency and a private entity where appropriate risks and benefits can be allocated in a cost-effective manner between the contractual partners in which:

> *1. A private entity performs functions normally undertaken by the government, but the reporting agency remains ultimately accountable for the public infrastructure asset and its public function; and*
>
> *2. The State may retain ownership in the public infrastructure asset and the private entity may be given additional decision-making rights in determining how the asset is financed, developed, constructed, operated, and maintained over its life cycle."*

MDOT is involved in two existing P3s: the Seagirt Marine Terminal project and the Purple Line Light Rail Transit Project (Purple Line). MDTA is involved in one existing P3: the I-95 Travel Plazas Redevelopment project. MDOT and MDTA will continue to evaluate and assess the best project delivery model for all major transportation and economic development projects, including P3 project delivery models. MDOT is currently assessing an innovative P3 delivery method for the major Traffic Relief Plan (TRP) to relieve congestion along I-495/I-95 and I-270.

A. MDOT Existing P3s

1. Purple Line Light Rail: On November 6, 2013, the Board of Public Works (BPW) approved MDOT Maryland Transit Administration's (MTA) plan to deliver the Purple Line as a Design-Build-Finance-Operate-Maintain (DBFOM) P3, as well as the proposed competitive solicitation method for selecting a concessionaire. Subsequently, MDOT/MTA issued a Request for Qualifications (RFQ) on November 8, 2013 for the P3 and shortlisted four private concessionaire teams on January 8, 2014. MDOT MTA released a formal Request for Proposals (RFP) on July 28, 2014. The four shortlisted proposer teams participated in a two-year-long, competitive P3 solicitation process for the Purple Line. Technical Proposals were received from the four shortlisted proposer teams on November 17, 2015 followed by Financial Proposals on December 8, 2015. MDOT MTA announced Purple Line Transit Partners (PLTP) as the preferred proposer in March 2016. Following a mandated 30-day review period by the Maryland General Assembly Budget Committees, Comptroller, and State Treasurer, the Maryland Board of Public Works (BPW) on April 6, 2016 voted unanimously in favor of the 36-year $5.59 billion-dollar contract to build and operate the Purple Line. Following this milestone, the State of Maryland and PLTP reached Financial Close on June 17, 2016. Construction commenced on August 28, 2017.

2. Seagirt Marine Terminal: Ports America Chesapeake (PAC), 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 PAC's contractual commitment and the opening of the expanded Panama Canal.

B. MDTA Existing P3s:

1. I-95 Travel Plazas Redevelopment: MDTA has entered into a Lease and Concession Agreement with Areas USA MDTP, LLC which has resulted in the redevelopment (including financing) of the plazas and long-term operations and maintenance of the plazas under the MDTA's oversight and specific service level requirements for a period of 35 years.

C. MDOT P3s under consideration not previously reviewed or approved by the General Assembly:

1. Traffic Relief Plan (TRP): MDOT State Highway Administration (SHA) is soliciting input from the private sector on potential P3 opportunities related to the relief of congestion on the I-495/I-95 and I-270 corridors.

D. MDTA P3s under consideration not previously reviewed or approved by the General Assembly (State Finance and Procurement Article, § 10A-104(a)(1)(I)):

1. **Governor Harry W. Nice Memorial Bridge Replacement Project:**
   The US 301 Nice Bridge Replacement Project was previously included as a project under consideration for a public-private partnership while the delivery method for the project was being determined. In November 2016, the MDTA Board voted to move this project forward as a State-funded design build project. The $769 million project will be funded with a combination of MDTA cash and debt, with construction beginning in 2020 and completion by 2023. As this project is no longer under consideration as a public-private partnership, it will not be included in future versions of this report.

III. Report Details

A. Existing MDOT P3s: Project Status

1. Purple Line Light Rail Transit

Overview of Project

The Maryland Purple Line Light Rail Project (Purple Line) is a 16.2-mile, 21-Station, east-west, light rail transitway that will extend from its western terminus just west of Wisconsin Avenue and the Bethesda Metro Station in Montgomery County to its eastern terminus at the New Carrollton Metro Station in Prince George's County, located just inside the I-495/Capital Beltway in the Washington, D.C. metropolitan area.

The Maryland Purple Line Light Rail Public-Private Partnership Agreement also includes certain other improvements as generally described in the Technical Provisions, such as:

- Bethesda Red Line Metro Station South Entrance;
- Silver Spring Red Line Mezzanine Connection;
- College Park Metro Kiss-n-Ride and Bus Loop;
- Capital Crescent Trail;
- Silver Spring Green Trail; and
- University of Maryland Bicycle Path.

As planned, the Purple Line will be largely at grade with one short tunnel section just east of Silver Spring, three sections elevated on structures, and several bridge structures. It will operate mainly in dedicated or exclusive lanes, serving five major activity centers just north of Washington, D.C.: Bethesda, Silver Spring, Takoma-Langley Park, College Park/University of Maryland, and New Carrollton. These activity centers are experiencing active development, and major commercial and residential projects are planned. The Purple Line will serve as a major connector to other transit in the region, including the Washington, D.C. region's Metrorail system, operated by the Washington Metropolitan Area Transit Authority (WMATA) at four of these major activity centers; MARC, Maryland's commuter rail system at three of these major activity centers (see image below); and Amtrak services along its Northeast Corridor at New Carrollton. The Purple Line will provide passenger transfer capability at each of the major activity centers; however, it is physically and operationally independent from the Metrorail and MARC operations.

The Purple Line is a new transit system for Montgomery and Prince George's counties and connects travelers to the major transit systems serving Washington D.C.

Purple Line links to:

- **Four D.C. Metro rail lines**
- **Three MDOT MTA regional commuter rail lines**
- **Amtrak's Northeast Corridor**
- **Local bus services.**

<u>P3 Solicitation</u>

In accordance with HB 560, Chapter 5, Acts of 2013, MDOT adopted P3 regulations in 2013 that formally established an MDOT P3 program, as well as described the process for developing, soliciting, evaluating, awarding, and delivering P3s. Prior to and following the implementation of P3 regulations, MDOT MTA conducted a series of analyses and outreach efforts to thoroughly consider project delivery options for the Purple Line, including risks and mitigation strategies. To further ensure due diligence, MDOT MTA issued a Request for Information (RFI), as required by HB 1515, on April 9, 2013 and hosted an Industry Forum on May 15, 2013. MDOT MTA determined that delivering the Purple Line as a Design-Build Finance-Operate-Maintain (DBFOM) P3 project offers potential for long-term efficiencies and savings over traditional project delivery approaches.

On November 6, 2013, the Maryland Board of Public Works (BPW) formally approved MDOT MTA's plan to deliver the Purple Line as a P3, as well as the proposed competitive solicitation method for selecting a private sector partner. MDOT MTA issued a Request for Qualifications (RFQ) on November 8, 2013 for the P3 and shortlisted four private concessionaire teams on January 8, 2014. MDOT MTA released a formal Request for Proposals (RFP) on July 28, 2014. The four proposer teams participated in a two year-long, competitive P3 solicitation process for the Purple Line. Technical Proposals were received from the four proposer teams on November 17, 2015 followed by Financial Proposals on December 8, 2015. MDOT MTA announced a preferred proposer in March 2016. Following a mandated 30-day review period by the Maryland General Assembly Budget Committees, Comptroller, and State Treasurer, the BPW on April 6, 2016 voted unanimously in favor of the 36-year $5.59 billion-dollar PLTP contract to build and operate the Purple Line. Following this milestone, the State of Maryland and PLTP reached Financial Close on June 17, 2016.

PLTP's financing includes an $874.6 million Transportation Infrastructure Finance and Innovation Act (TIFIA) loan at a 2.41% interest rate from the United States Department of Transportation and $313 million in "Green Bonds" from Private Activity Bonds underwritten by JP Morgan and RBC Capital Markets. Supported by contracts backed by the investment grade credit ratings of the Maryland Transportation Trust Fund and Fluor Corporation, the bonds were sold at the lowest interest rates ever achieved in the U.S. P3 market, which generated significant savings for MDOT MTA.

The DBFOM structure for the Purple Line involves a 36-year, performance-based agreement between MDOT MTA and Purple Line Transit Partners (PLTP) in which appropriate risks and benefits are allocated in a cost-effective manner between the contractual partners. The private entity, PLTP, will be responsible for key aspects of final design, construction, financing, operations, and maintenance of the Purple Line over a 6-year design and construction period and an operating period of 30 years. MDOT MTA will retain ownership of the asset and remain ultimately accountable for the Purple Line and its public function, including setting fares and policing. The P3 Agreement signed by the State of Maryland and PLTP includes Key Performance Indexes to which PLTP must adhere or else face financial and other penalties, ensuring high quality long-term operations and maintenance standards are met.

Litigation Update

On Appeal: This case, originally brought in 2014 in the U.S. District Court for the District of Columbia against the Federal Transit Administration, is now on appeal before the US D.C. Circuit Court of Appeals. In May of 2017, the District Court ruled in favor of FTA and the State, as intervenor, on all claims brought by the plaintiffs, with the exception of its finding that the State was required to complete a Supplemental Environmental Impact Study (SEIS) with regard to the impact of potentially declining WMATA Metro ridership. During the course of this litigation, the U.S. District Court vacated the Record of Decision pending the completion of a SEIS, which, in effect, prevented construction of the project. After seeking and being denied a stay from the District Court to reinstate the Record of Decision so that the Project could proceed, the State sought relief from the D.C. Circuit Court of Appeals. The appellate court granted the State's request for a Stay and reinstated the Record of Decision in July 2017. On August 22, 2017, a Full-Funded Grant Agreement was executed by the FTA and construction on the Project begun. Oral argument took place on November 1, 2017. The State, alongside the primary defendant FTA, presented a solid argument in favor of its appeal. On December 19, 2017, the Circuit Court ruled in favor of the State, reversing the District Court ruling that would have required a SEIS and, absent appeal to the Supreme Court, ending the three-year litigation.

New Litigation: In September 2017, the plaintiffs in the aforementioned case filed a second action in the U.S. District Court for the District of Columbia, seeking declaratory and preliminary injunctive relief. On September 22, 2017, the Court denied the plaintiffs' motions for a temporary restraining order and preliminary injunction to halt tree clearing on the Project. This ruling, along with the Appeals Court's granting of the State's request to reinstate the FTA's Record of Decision, has allowed the Project to move forward with construction. The State's motion to dismiss on the grounds of lack of standing, res judicata, and statute of limitations was filed December 5, 2017.

Commencement of Construction

Construction commenced on August 28, 2017, immediately following the groundbreaking and $900 million Full Funding Grant Agreement award ceremony at the Glenridge site in Prince George's County. Corridor wide activities such as the construction of staging areas and field offices, building demolition, installation of erosion controls and fencing, tree clearing, utility relocations and support of excavation commenced.

As of December 2017, PLTP has approximately 375 workers engaged in design and construction activities. Their workforce will grow to more than 1,500 workers over the course of the project.

As construction commenced MDOT MTA also activated Community Advisory Teams (CATs) in order to maintain an open dialogue with residents and businesses impacted by construction. The CATs are member-driven teams with representatives appointed from neighborhood and civic associations adjacent to the alignment. There are also representatives from business associations and local governments. There are eight CATs, one for every two miles of the project.

Financial Plan and Payments

During the design-build phase, when and to the extent that the Concessionaire demonstrates that it has made adequate progress, the Owner will provide the Concessionaire with monthly progress payments (totaling $860 million during construction), a $100 million Revenue Service Availability (RSA) payment, and a $30 million Final Completion payment (for total construction funding payments of $990 million). Progress payments will pay no more than 85% of the earned value (with the Concessionaire financing the remainder). The Owner has imposed annual caps on the progress payments as follows:

- $190 million for FY 2016;
- $220 million for FY 2017;
- $220 million for FY 2018;
- $180 million for FY 2019; and

- $50 million for FY 2020.

Other Costs and Funding

On August 22, 2017, the Federal Transit Administration (FTA) awarded the MDOT/MTA a Full Funding Grant Agreement with a total FFGA project cost of $2,407,030,286 and providing $900,000,000 in Section 5309 Capital Investment Grants Program New Starts funds. The balance of the $1,507,030,286 FFGA eligible project funding will come from the following sources: $36,000,000 from FTA Section 5307 Urbanized Area Formula Grant funds, $450,308,633 in Maryland Transportation Trust Funds (TTF), and $1,020,721,653 in private equity and funds borrowed by a public-private partnership (P3) concessionaire, including a TIFIA loan. Through the end of October 2017, $151.7 million had been billed against the Full Funding Grant Agreement.

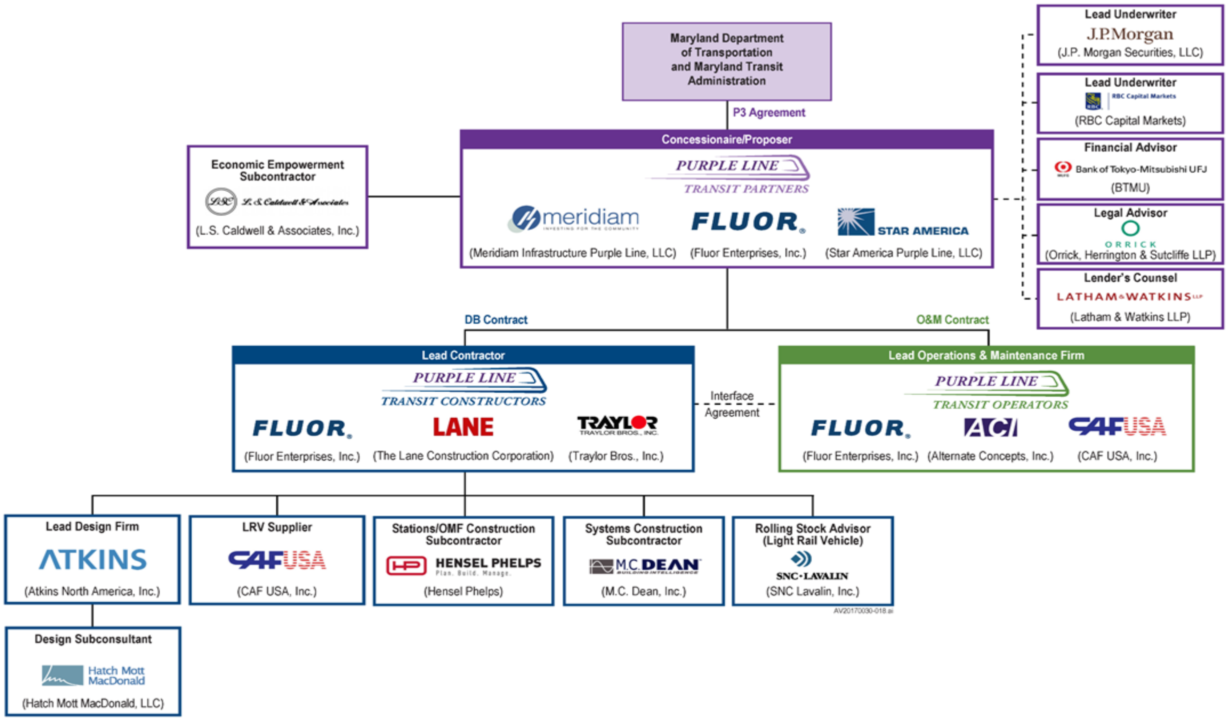
Both Prince George's and Montgomery Counties are making financing contributions toward the Purple Line P3 construction program. Prince George's County committed $120 million cash, while Montgomery County committed $40 million cash plus approximately $170 million in-kind contributions.

Our Partner

The MDOT and MTA selected Purple Line Transit Partners (PLTP) as the concessionaire to design, build, finance, operate, and maintain the Purple Line over a 36-year term. PLTP is a special purpose consortium comprised of three equity partners:

1. Meridiam Infrastructure Purple Line (70%)
2. Fluor Enterprises, Inc. (15%)
3. Star America Fund GP LLC (15%)

Featured on the following page is the PLTP's organizational structure, which captures the relationship hierarchy of its parts:


Maryland Department of Transportation and Maryland Transit Administration
P3 Agreement
Concessionaire/Proposer
PURPLE LINE TRANSIT PARTNERS
(Meridiam Infrastructure Purple Line, LLC)
(Fluor Enterprises, Inc.)
(Star America Purple Line, LLC)
Economic Empowerment Subcontractor
(L.S. Caldwell & Associates, Inc.)
Lead Underwriter
(J.P. Morgan Securities, LLC)
Lead Underwriter
(RBC Capital Markets)
Financial Advisor
(BTMU)
Legal Advisor
(Orrick, Herrington & Sutcliffe LLP)
Lender's Counsel
(Latham & Watkins LLP)
DB Contract
O&M Contract
Lead Contractor
PURPLE LINE TRANSIT CONSTRUCTORS
(Fluor Enterprises, Inc.)
(The Lane Construction Corporation)
(Traylor Bros., Inc.)
Interface Agreement
Lead Operations & Maintenance Firm
PURPLE LINE TRANSIT OPERATORS
(Fluor Enterprises, Inc.)
(Alternate Concepts, Inc.)
(CAF USA, Inc.)
Lead Design Firm
(Atkins North America, Inc.)
LRV Supplier
(CAF USA, Inc.)
Stations/OMF Construction Subcontractor
(Hensel Phelps)
Systems Construction Subcontractor
(M.C. Dean, Inc.)
Rolling Stock Advisor (Light Rail Vehicle)
(SNC Lavalin, Inc.)
Design Subconsultant
(Hatch Mott MacDonald, LLC)

Disadvantaged Business Enterprises, Workforce Goals and Compliance

The MDOT MTA's Purple Line contract established strong Disadvantaged Business Enterprise (DBE) and Nationally Targeted Worker (NTW) goals for the project. The public-private partnership agreement established an aggressive goal of 26% for the Design Services and 22% for Construction Services for the Design-Build period. Thus far, PLTP has committed 26.7% to various DBE firms exceeding the established Design Goal of 26% DBE participation; this represents $28.7 million dollars in spending with DBE-certified firms. The initial phases of construction have been underway for approximately 3 months, and PLTP has disbursed $4.7 million dollars in payments to DBE firms that will be counted towards the DBE Participation Goal for Construction Services. Moving forward, PLTP will continue to implement Good Faith Efforts to procure contracts with DBE firms to ensure that all DBE goals are achieved.

The chart below represents commitments to date to the Purple Line DBE Program:

Disadvantaged Business Enterprise Program				
Activities & Goals	**Commitments to Date**		**Paid thru 11/30/2017**	**DBE Subcontractor Firms to Date**
Design 26%	26.7%	$28.7M	$26,120,514	34
Construction 22%	2.6%	$42.4M	$4,786,426	37

To monitor full DBE Program and Plan execution, reporting requirements are as follows:

Reporting

- Subcontract Report/Goal Achievement — Monthly
- DBE Payment Compliance — Monthly
- Good-Faith Efforts — Quarterly

Throughout the duration of the project, MDOT MTA's DBE/Civil Rights staff will be conducting administrative and on-site Commercially Useful Function Reviews to ensure that all DBE firms performing on the project are eligible to receive full DBE participation credit towards the established DBE goals. In order to ensure that all applicable resources are being applied, the MTA's DBE/Civil Rights team and PLTP's Civil Rights compliance team have formed a Task Force meeting monthly to discuss challenges as they arise, the project's progress, and ongoing compliance efforts.

The NTW program is an ongoing effort to cultivate a viable, robust, and diverse construction workforce through the identification, training, and sustained employment of persons significantly affected by poverty and/or social barriers. To achieve compliance with the established goal, participants of the NTW program must perform 33% of all construction work hours. As of October 31, 2017, PLTP has exceeded the established NTW overall goal by having 80% of its construction hours completed by members of the NTW program.

The MDOT/MTA has been continually monitoring and verifying that the Concessionaire is in compliance with the Federal Davis-Bacon, Prevailing Wage requirements by validating contractor submitted certified payroll reports and conducting work force interviews with field workers who are performing under classifications covered during the construction phase.

Highlights of Current and Ongoing Activities

Right of Way Property Acquisition

Acquisition and relocation activities continue to provide the property rights needed for Purple Line construction. As of November 1, 2017, possession of property rights, both private and public was 84% complete. Rights of entry by agreement for construction for the 149 public properties are nearing completion. Relocations were 93% complete with residential relocations 100% complete.

The Office of the Attorney General has filed condemnation on 227 properties with an additional 12 in process for condemnation. In many instances, the State has reached settlements with property owners without having to go court.

Fare Equipment

MDOT MTA is currently working with our local transit partners in the Washington D.C. area (e.g., Montgomery County, Prince George's County, Arlington County, Fairfax County, and the District of Columbia Department of Transportation) toward the goal of implementing off-board fare systems for light rail and bus rapid transit systems that will be compatible with the WMATA SmarTrip system. MDOT/MTA and representatives of the local systems meet regularly to ensure that our efforts to implement compatible fare systems remain coordinated and that any issues are discussed and addressed well in advance of implementation.

Art in Transit

Public meetings were held in each county where the communities were able to view and comment on the 3 to 5 artist proposals assigned to each of the 21 stations. These artist proposals were also put on the project website for further public comments and input. The Art in Transit

(AIT) Selection Committee for Montgomery County stations and the Selection Committee for Prince George's County stations met in May 2017 to review the proposals submitted for each of the stations. The selection committees consisted of art professionals from the State and each county, MDOT/MTA and PLTP representatives, and community representatives. The selection committees reviewed each proposal and also considered the input received from the public. The committees selected a total of 22 art proposals, one for each station except for the Lyttonsville Station, where two artists were selected for different locations at the station.

The PLTP AIT team has been holding additional follow-up discussions with each of the 22 artists to further refine their proposals.

Anticipated Action in CY2018: PLTP with oversight and coordination from MDOT MTA will continue to design, acquire permits, and begin construction activities along the corridor of the Purple Line.

2. Seagirt Marine Terminal

Ports America Chesapeake (PAC) assumed operational control of Seagirt Marine Terminal in January 2010 through a P3. The Maryland Port Authority (MPA) 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 tonnage at Seagirt was up 17% compared to 2009, partly due to consolidation of containers from Dundalk to Seagirt. Between 2010 and 2016, Seagirt's containerized cargo tonnage increased 43.9% for an average of approximately 6.25% per year. For the first ten months of 2017 container tonnage increased 11%, total container counts were up 12.9%, and ship/barge calls were down 6% due to larger vessel size compared to the same period in 2016.

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 was delayed until June 2016.

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 (POB) now has a deep, state-of-the-art container berth in place. This ensures a strong competitive position for the POB in the container market. MDOT 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 an excellent tenant, a successful local employer and a strong community partner.

In CY2017 MDOT/MPA acquired 70 acres of the Point Breeze Industrial Park, located adjacent to Seagirt Marine Terminal. Approximately thirty-six (36) acres have been leased to PAC on a long-term basis and runs concurrent with the P3. This parcel will be developed by PAC in a manner that will expand Seagirt Marine Terminal and provide expansion of Seagirt Marine Terminal as business develops and grows. PAC has also invested in a secondary gate on New Vail St. to improve access to Seagirt Marine Terminal.

Anticipated Action in CY2018: The Canton Warehouse property is being developed by PAC to provide empty container and chassis storage that further enhances access for the motor carriers.

B. Existing MDTA P3s: Project Status

1. I-95 Travel Plazas Redevelopment

This P3 involves the complete redevelopment and subsequent operation and maintenance of the two travel plazas located on I-95 (the Maryland House and Chesapeake House Travel Plazas in Harford County and Cecil County, respectively). MDTA 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 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 provided a restaurant and two automotive service stations for highway travelers at its opening in 1963. The second service area, the Chesapeake House, opened in 1975 north of the Susquehanna River in Cecil County. Engineering studies conducted in 2004 and 2005 identified issues that warranted full redevelopment of both locations. Traffic volumes had increased significantly since the original design concept was developed and overcrowding was a problem during peak interstate travel periods, especially on holidays and summer weekends. The facilities were at the end of their design life and the changing nature of highway-oriented food and beverage business required 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.

MDTA cancelled the original Request for Proposal (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), (Annotated Code of Maryland). The MDTA then re-issued a 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 proposals in response to the RFP. The evaluation of the proposals was completed by a team of senior level MDTA and MDOT staff, with assistance from 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 then-required by Transportation Article, § 4-406 (e) (Annotated Code of Maryland) (*repealed by Ch. 5, Acts of 2013),* was sent to the General Assembly budget committees on January 23, 2012.

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.

MDTA's P3 partner, Areas USA, is 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 reopened January 20, 2014. The original Chesapeake House closed at that time, and the already under construction new Chesapeake House opened on August 5, 2014. At the Chesapeake House, Areas USA also funded the design, construction, and installation of the Maryland Women in Military Service Monument, which was unveiled on Veterans Day, November 11, 2014.

The redevelopment of the Travel Plazas has resulted in appropriately sized primary service facilities accommodating all functional requirements; a separate fuel service station with a canopy and an adequate number of fueling positions and a convenience store at each location. The primary service facility includes spacious modern restrooms, food service facilities, indoor and outdoor seating, retail space, tourism information, and administrative offices.
Areas USA assembled a team to redevelop and operate the Travel Plazas consisting of nationally-known companies and Maryland-based businesses including Minority Business Enterprise (MBE)/Disadvantaged Business Enterprise (DBE) firms. Areas USA's parent company is International Group Elior. Areas USA is 3rd in the restaurateur industry for travelers worldwide. For more than 45 years Areas USA has been providing food, beverage, and retail services to the travel industry and currently maintains a presence in over 70 airports and 160 service plazas around the world encompassing 2,200 locations with 21,600 employees. Areas USA began operations in the United States in 2006 and is now servicing 9 airports (including Chicago, Atlanta, and Los Angeles) and the Florida Turnpike (Design/Build/Operate 8 service plazas).

Sunoco is the fuel concessionaire with an adjacent A-Plus Convenience Store at both travel plazas. At the Maryland House Travel Plaza, Areas USA features food and beverages from Wendy's, Phillips Seafood, Dunkin' Donuts, Jerry's Subs & Pizza, Currito, Nathan's Famous, Auntie Anne's, Carvel, Deli & Co (Daily Smart Food) inside the main facility and Elevation

Burger inside the Sunoco A-Plus store. The Chesapeake House Travel Plaza's food options include Earl of Sandwich, Pizza Hut, Kentucky Fried Chicken, Wendy's, Peet's Coffee and Tea and Auntie Anne's. Both Travel Plazas also offer a variety of retail options.

The Maryland House and Chesapeake House Travel Plazas were awarded in 2015 with the Leadership in Energy & Environmental Design (LEED) "Silver" Certification Award from the U.S. Green Building Council (USGBC) and the Green Building Certification Institute (GBCI). Additionally, both travel plazas received the 2015 Maryland Excellence in Design Award from the American Institute of Architects (AIA).

During National Distracted Driving Awareness Month (April 2016), officials with the Maryland Department of Transportation joined representatives from the Maryland State Police (MSP), MDTA Police, AAA and AT&T to launch a coordinated statewide effort to save lives by unveiling new highway signs designating rest areas as safe texting and calling zones. The official unveiling of the "It Can Wait" highway signs took place at the Maryland House Travel Plaza. Both the Maryland House and Chesapeake House Travel Plazas are designated areas for this important program in the Northern region of I-95.

Both Sunoco gas stations at the travel plazas received awards during a Customer Service Contest in 2016. The Service Station & Automotive Repair Association awarded the honor in recognition of Excellence in Customer Needs and Appearance.

In 2017, electric vehicle charging capability was made available at the Travel Plazas. The Maryland House and the Chesapeake House Travel Plazas each have four universal charging stations plus one more station in a handicapped-accessible parking space. The Maryland House Travel Plaza has eight Tesla charging stations and the Chesapeake House Travel Plaza has ten Tesla charging stations (only for use with Tesla vehicles).

Anticipated Action in CY2018: In 2018, MDTA anticipates that Areas USA will continue to successfully operate both Travel Plazas, providing motorists with efficient, accessible, and appropriate services, while providing MDTA with a steady, reliable revenue stream.

C. MDOT P3s under consideration not previously reviewed or approved by the General Assembly

1. Traffic Relief Plan (TRP)

On September 21, 2017, Governor Hogan announced his commitment to address traffic along the two most congested routes in Maryland: a 42-mile stretch along I-495/I-95 within

Montgomery and Prince George's Counties and a 31-mile stretch along I-270 within Frederick. Long term congestion relief solutions have previously been evaluated for each corridor; the robust P3 sector continues to expand its capacity to develop new and innovative concepts.

A Request for Information (RFI) in conjunction with this project was also released in September 2017. MDOT is seeking input from the private sector in developing and/or financing this large transportation project. Estimated at $7.6 billion, this is believed to be the largest P3 highway project in North America. MDOT held an international industry forum on December 13, which attracted the participation of over 350 transportation professionals. RFI responses from the industry are due December 20, 2017. The purpose of the RFI is to solicit comments on potential P3 opportunities, and is an inquiry only. No contract or agreement will be entered into as a result of this RFI process.

Anticipated Action in CY18: Ongoing compilation and assessment of information obtained from the RFI; Completion of Pre-Solicitation Report; Legislative Briefings; Designation from Board of Public Works; Request for Qualifications; and Request for Proposal.