



Association for the Improvement
of American Infrastructure

Together, we move P3s forward.

COMMITTEEWORKS

AIAI's mission is to promote best practices in the P3 model and to share information and resources as we advocate and educate. Through their committee work, our members are advancing the model throughout the US. Outlined below are the committees and the work they are doing as we work together to move P3s forward.

EDUCATION

The Education Committee creates the foundation for AIAI's mission. Through the P3 Direct platform, the committee delivers education, information and resources for public officials. Additionally, the group raises P3 awareness through webinars and topically-specific industry conversation and workshops throughout the US.

The success of our P3Direct webinar series continues, with the introductory series delivered to public officials who desire a fundamental understanding of the model:

- **P3 The Basics** Understanding the Model and the Benefits
- **P3 Case Studies** Practical Examples of P3 Projects
- **P3 Lessons Learned** Best Practices and Pitfalls to Avoid in P3 Procurements

For participants who need next level deeper dives, the committee presented webinar discussions on more specific topics such as **Repayment Mechanisms, Risk** and **Financing Structures for P3s**. The increasing attendance for these discussions is a positive indication of the public sector's increasing understanding of P3.

P3 Questions | P3 Answers has become a staple of P3 industry events, such as The P3 Conference, as well as for the P3 Summits for Federal P3 opportunities, the water, higher education and airports sectors. The audience input feature of these sessions has been embraced by public officials, as it allowed them to pose questions to the panels of experts via text to live screens, which were then addressed to the entire audience.

The Education Committee exemplifies AIAI's mission to raise awareness and deepen the understanding of the P3 model, and help public officials determine how best to develop a program to improve the state of their infrastructure.

Academic Research

This academic year's (2017-18) research initiative with the student-led team at Syracuse University involved an in-depth assessment of repayment mechanisms for a range of P3s, which is now under review. The focus of this year's research was a metric-based evaluation and assessment of the timeliness of alternative delivery, using revenue-or demand-risk repayment, availability payments and a hybrid approach to repayment. The committee then uses that research and leverages it as a means of supporting the arguments for investment in public infrastructure through P3s, including municipal facilities, as well as water and transportation sectors.

DIVERSITY & INCLUSION

The primary focus of the Diversity & Inclusion Committee has been an assessment of the merits and challenges associated with DBE goal setting and programs during the operations and maintenance phases. This is a joint initiative with the Operations & Maintenance Committee and includes participants from both the public sector and the concessionaires who lead P3 teams.

Moving forward, the key follow-up steps are to work with the O&M Committee to gather the data necessary to press ahead with the development of a thought leadership piece to convey the emerging practices for this critical area of study. The committees will explore what makes sense when addressing diversity and inclusion goals for local workforce development programs.



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GOVERNMENT AFFAIRS

The Government Affairs Committee continues to work with and through the P3 Coalition for Federal matters. Attention has been focused on the results and impacts on P3s of the **Tax Cuts and Jobs Act of 2017**. In addition to working through several key areas of interest for P3s, such as restoring PABs and interest deductibility, the Committee members have remained attuned to rhetoric from the White House related to P3s, as well as proposals impacting the infrastructure sector. This included the “Legislative Outline for Rebuilding Infrastructure in America”. Many of the recommendations made by AIAI, through the Government Affairs Committee (“AIAI’s Guide for Increasing Private Investment in U.S. Infrastructure”) have been implemented or incorporated into Administration policy through Executive Order. The Committee will continue to work with Capitol Hill and the White House to ensure that P3s are front and center as an integral part of the solution to the Nation’s infrastructure crisis.

While it appears that all eyes are on the Federal Government, the Committee has continued to be immersed at the state level. The focus for the past year has been on markets in which legislation has been introduced which might support P3s, or have a detrimental impact. These markets have included: California, Colorado, Hawaii, Indiana, Massachusetts, New Jersey, Oklahoma, Pennsylvania and Virginia.

State Fly-In: Virginia

The Government Affairs Committee commissioned its first state fly-in which took place in Richmond, Virginia. A dozen member firms came together in the snow to visit the State Capitol and VDOT during a compressed legislative session, and with a newly elected Governor in office. Armed with legislative recommendations, and positions of support and opposition to the bills pending before the Senate Transportation Committee, members made a compelling appearance. Subsequently, our presence was notable in that the bills with potential to harm P3s were not passed, and the one which may ease P3 engagement did.

The format of the fly-in and the participation of member firms served as a continuation of ongoing dialogues with agency heads, for both the Virginia Department of Transportation (VDOT) and Rail and Public Transportation (DPRT) and ultimately introduced AIAI and member firms to key legislative leaders, engaging them at a critical time in session.

LAW & LEGISLATIVE

For those states with active legislative session in 2018, the Committee focused on shoring up seemingly stable P3 markets and introducing new possibilities to emerging markets.

The theme for the Committee’s reports has been “Markets to Watch”. The weekly updates include those states or markets in which there are proposed changes to existing P3 programs

Colorado: saved, plus new funding! Utah: established a P3 program office. Vermont: pilot program enabled for transportation projects. Kentucky and Virginia both tweaked their statutes. Pennsylvania and New Jersey are very much in play. Hawaii came up short at the finish line due to a labor issue. California is still ineligible for Caltrans P3s; but efforts are underway to re-engage.

Key to the success of this Committee’s efforts has been stepping in as early in the process as possible. In working to be proactive, the Committee has drawn into the market intelligence network represented by the state chapters of AGC, as well as local affiliates of SFAA. The extension of these member networks has been helpful in creating a ‘boots on the ground’ collaborative presence.



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OPERATIONS & MAINTENANCE

The O&M Committee produced a Best Practice Guide for O & M, focused on public works procurement processes. The Committee continues to share the report with public agency representatives, as a resource of P3 Direct.

Additionally, the committee is in the early stages of undertaking a position paper on brownfield P3s to gain consensus and bring awareness to the agencies that there is a value for private sector involvement during the O & M phase. Addressing this concern and working to create an understanding of the differences between brownfield and greenfield procurements under the P3 model is important as we work to ensure the model is not underutilized.

The O&M Committee has also been actively engaged in a joint initiative addressing goal setting and attainment, in conjunction with the Diversity & Inclusion Committee. The shared objective to help raise awareness of and focus on the out-years of P3 contractual periods of performance, what issues public and private partners should be aware of, and for which they will need to plan and make accommodations.

The O&M Committee has contributed to the evolving discussion related to the value proposition of P3s. The focus on life cycle cost considerations has helped raise awareness across a wide range of infrastructure asset classes.

RISK & PERFORMANCE

Risk and performance security has been an engaging topic of late. Education and advocacy efforts of the Committee have focused on P3 offices at the state level (Pennsylvania, Virginia, Indiana, Colorado), Washington, DC's OP3, and in meetings with key staff of committees of jurisdiction on Capitol Hill and the USEPA.

In conjunction with the Water Committee, one area of concentration for the group has been input to the public comment period for rules for WIFIA implementation. This included the inclusion of payment and performance guarantees, consistent with other public works projects and comparable to bonding for transportation projects. Member firms provided their individual input, and the Committee had a significant role in the input from AIAI.

Interactions with the ratings agencies have been productive, as they continue to revisit and refine their project evaluation criteria. The most recent wave of these updates has included due consideration of the role of sureties in addressing the double hit for liquidity that impacts concessionaires of P3s.

A P3 Projects spreadsheet compiled by the Committee includes attributes of completed projects which can form the basis of research and ongoing evaluation of the value proposition of P3s.

SOCIAL INFRASTRUCTURE

The Committee has remained focused on raising awareness of the value and benefits of P3 for municipal facilities and other vertical infrastructure assets. Their predominant activities have been aligned with and produced in conjunction with the Education Committee.

Members of the Social Infrastructure Committee have been actively involved in planning for and delivering the P3 message to the audiences at The P3 Conference and the P3 Water, Airport and Higher Ed Summits.

The social infrastructure imperative also contributed to the discussion of the interest deductibility and 163(J) guidance recommendations. New member companies have added to the dialogue and strengthened AIAI's commitment to the broadest possible range of infrastructure assets.



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WATER INFRASTRUCTURE

AIAI's Water Committee oversaw the production and delivery of a first of its kind publication in the water sector, **"P3 Questions | P3 Answers"**. Shared widely on the website and created with public sector in mind, this collection of questions and answers provides handy information and insight.

The Water Committee has provided specific industry feedback for and input to the Trump Administration for regulatory reform recommendations. In addition, members have also provided input to the public comment period for WIFIA implementation.

Members of the Water Committee continue to provide thought leadership at industry forums, sharing best practices and practical experiences related to water P3s. They have also been providing thoughts on upcoming meetings with key water-related issues, both on Capitol Hill and with the USEPA.

WORKING GROUPS

P3 COALITION

The mission of the AIAI-coordinated P3 Coalition in Washington, DC is to serve as an industry advocacy platform for pro-P3 Federal infrastructure policies at the White House, the Administration and on Capitol Hill. The P3 Coalition meets regularly and currently has a roster of over 25 industry associations.

Recent activities included pro-P3 advocacy for tax code Section 163(J) guidance to Treasury and helping preserve the Private Activity Bond tax exemption during the Tax Bill debate. The P3 Coalition continues to discuss the issue of Federal Budget scoring reform for Federal real property. This has been part of a broad educational effort, as well as advocacy to make recommendations for regulatory reform and process improvements to streamline decision making and permitting.

AIRPORT WORKING GROUP

P3 market activity in the airport sector has picked up in pace. AIAI's Airport Working Group has focused on the delivery of best practices recommendations for airport authorities who have expressed interest in pursuing a modernization campaign. Educational outreach has included raising awareness of the value and benefits to taxpayers and travelers of the consideration of accelerated project delivery methods to achieve their goals. The activities in which the Airport Working Group have been engaged are readily apparent in AIAI's participation in the P3 Airport Summit.

Current events, such as the flooding at JFK during the 2017 holiday season prompted the Working Group to release public statements about airport operations, and how P3s can help shape a more efficient and sustainable future.

FINANCE WORKING GROUP

Riding to the rescue of PABs and taking on the technical issues associated with section 163 (J) are but a selection of the activities in which the Finance Working Group has been engaged. Their review and assessment of proposed and enacted changes to the IRS Code, as well as the impacts on P3 programs (and their active procurements) have led to many constructive discussions which ultimately formed a basis for both education and advocacy on these issues.

Working with other members of the P3 Coalition, the Finance Working Group made significant contributions to the recommendations for interpretation or guidance on how the US Treasury treats interest deductibility for infrastructure. This is a critical issue for the P3 industry, and the P3 Coalition and Finance Working Group will stay in touch with both the Treasury Department and key advisors to reconcile this unintended consequence of the tax overhaul.

Be part of the movement and join in the efforts. *Together, we move P3s forward.*