

The Brent Spence's Long Road to Bridge Funding

by Michael Bennon, Editor

In 2011, when *Public Works Financing* reported on Ohio's new enabling legislation for transportation Public-Private Partnerships, one project was identified as a prime candidate for the procurement model: the Brent Spence Bridge replacement and expansion project.

The Brent Spence, which carries interstates I-71 and I-75 across the Ohio River near Cincinnati, has been operating since 1963. It now accommodates twice the number of daily vehicles that it was designed for. The replacement project, first agreed to by Kentucky and Ohio in 2004, would have replaced the bridge and expanded capacity along the congested corridor. The timing, scale, complexity and likely need to implement toll funding made it appear to be a good candidate for a P3 procurement.

But the Brent Spence Bridge Corridor Project didn't happen then. It was delayed and delayed until the beginning of this year. Now, nearly two decades later, the \$3.6 billion project is finally moving ahead, but not as a P3. At the start of the new year, the Brent Spence Bridge Corridor Project just received more than \$1.6 billion in federal grant funding via the Bipartisan Infrastructure Law (BIL).

It is one of the largest federal support packages for a bridge replacement project in US history, and President Biden even visited the Brent Spence to celebrate the funding on January 4th.

The Brent Spence's federal grants come from a few sources. The project received a \$250 million MEGA grant, in addition to a \$1.385 billion Large Bridge grant via the BIL's Bridge Investment Program. The grants are of such a scale that Kentucky Governor Andy Beshear has already pledged that no tolls will be used to fund the project.

The Brent Spence Bridge Corridor Project has a long, and politically contentious history. Along the way there were many who wanted the project to simply move forward with toll funding given the lack of federal support. The political coalition around doing nothing instead won the day, however, and delayed the project long enough for the federal grants to come through.

Now, the Brent Spence replacement project is off to the races. Kentucky and Ohio solicited proposals in February and hope to break ground in late 2023. And it can be built without tolls.

To the victors, go the spoils.



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Toll Bridge Politics

Progress for the Brent Spence Bridge project looked promising a decade ago. In 2012, the project received a Finding of No Significant Impact (FONSI) for its federal environmental permit. In 2013, the project completed a procurement "options analysis" that studied various procurement models for the project, settling on either a design-build procurement or an availability payment P3 option.

Could you imagine a better candidate for that federal bridge funding than a \$3.6 billion replacement project stuck in predevelopment for 17 years because no one would pay for it?

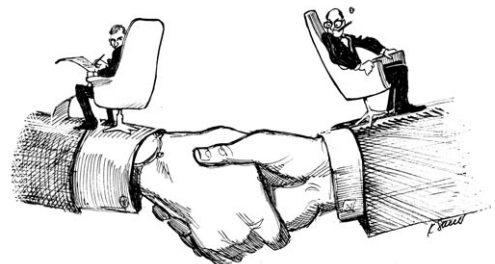
The problem was that tolls were the likely (and likely only available) source of funding for a project of the Brent Spence's scale. Not long after, in 2014, an anti-toll movement in northern Kentucky would derail the project for years.

That year, the issue of tolling came to a head when the Kentucky legislature took up a bill to authorize a P3 for the Brent Spence project. Constituencies in northern Kentucky adamantly opposed tolling, but legislators from other parts of the state, especially

those that had authorized tolls for their local bridge projects, wouldn't support a different source of funding for the Brent Spence project.

A state law authorizing the project passed the House, but with an amendment from Representative Arnold Simpson from Covington, Kentucky that prevented the project from being funded with tolls. Covington is the landing of the Brent Spence Bridge in Kentucky, where anti-toll sentiment was particularly strong.

Then-Governor of Kentucky Steve Beshear vetoed that legislation because of the anti-toll amendment in 2014, and warned lawmakers that tolling was the only way to pay for the project. In 2015, however, the FHWA reevaluated the project's environmental permit from 2012 and concluded that a supplemental study would need to be completed to account for the environmental impacts of the tolls. The impasse over the P3 legislation continued until 2016, when



Governor Matt Bevin signed legislation that would authorize the project, but with the anti-toll provision included. Project planning could, and did, continue, but there was no path forward to fund the actual project.

Ohio and Kentucky have been studying and planning the Brent Spence ever since. By 2014, more than \$100 million in taxpayer funds had been spent on planning studies for the project, a number that has likely continued to balloon in the intervening years. In 2018, FHWA completed another environmental reevaluation and determined that the federal environmental permit would need another look irrespective of whether the project was toll funded. The original 2012 permit was simply too old. In 2016, the Brent Spence made *The Hill's* list of "Five Infrastructure Emergencies" in the United States.

In 2021, ODoT even put together a report simply summarizing all of the studies and plans that were completed for the Brent Spence over the last 17 years. It includes a list of roughly 40 different design, traffic, environmental, financial and procurement studies.


That report was published in November 2021, just as the Bipartisan Infrastructure Law was turning the corner in Congress. Biden had long campaigned on bridge repair funding as part of the legislation.

Federal funding programs need to strike a balance between allocating capital where it is needed most, and rewarding public sponsors that actually deliver on public works.

Could you imagine a better candidate for that federal bridge funding than a \$3.6 billion replacement project stuck in predevelopment for 17 years because no one would pay for it?

Downstream Impacts

Down the Ohio River, however, folks aren't nearly as happy about the Brent Spence's federal windfall. A local news article from Louisville's *WDRB* in December noted that residents around the Ohio River Bridges project were still needing to pay tolls to cross the Lewis and Clark Bridge or the Lincoln Bridge.



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Mayor Mike Moore of nearby Jeffersonville was quoted in the article saying "We aren't so lucky. Good for northern Kentucky. We got screwed."

How did southern Kentucky get screwed? Well, their state and local leaders (in Kentucky and across the river in Indiana) actually moved forward and funded the Ohio River Bridges project, instead of delaying the project for more than a decade while hoping for federal funds. And they funded the project using tolls.

In 2008, the Kentucky Transportation Cabinet concluded that tolls would need to be part of the funding package for the Ohio River Bridges project. The Lincoln bridge was completed in 2015, and the Lewis and Clark bridge was delivered as the East End Crossing project in 2016. That project was an availability payment DBFOM P3 with a 35-year operating concession.

The concessionaire for the P3 project is East End Crossing Partners, which is a joint venture between Vinci Concessions and BBGI.



Congressman Brent Spence on the Brent Spence Bridge Prior to Opening, 1963. Photo Credit: Jack Klempe

Funding and Incentives

The secondary impacts of large federal spending programs for infrastructure projects are always difficult to anticipate. Mayor Moore asked, per *WDRB*, “why in the world are you punishing the people who live in Southern Indiana or Kentucky?”

The answer is the obvious one. Those people are being punished because they took responsibility for their local infrastructure, put safety first, and built the bridges that they needed.

That was, politically, at least, a huge mistake. If they would have instead delayed the project for a decade and a half, then they would have had a chance at grant funding when all of that federal funding finally, and somewhat improbably, came through in the form of the BIL. Squeaky wheel gets the grease, and fixed bridges don’t squeak.

That is the lesson Jeffersonville drivers are likely learning every time they cross the river into Indiana. Hopefully future public sponsors with bridge replacement projects will not learn that lesson as well.

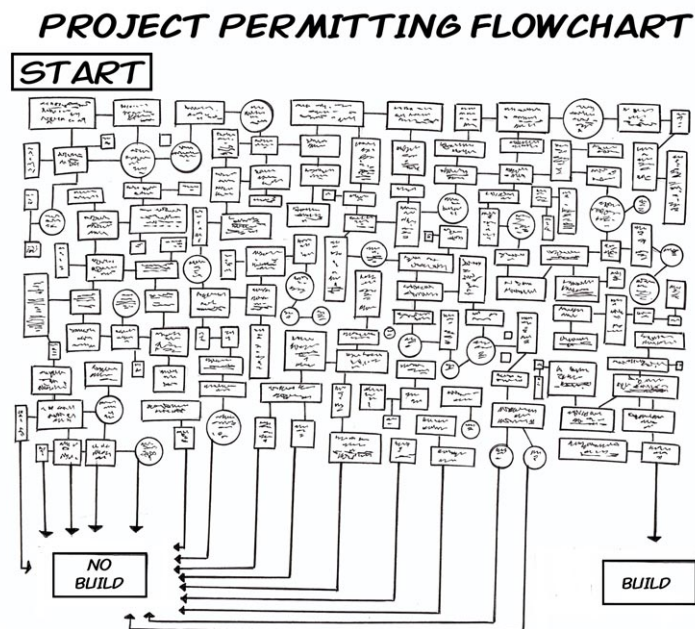
For the Brent Spence, \$1.6 billion in federal funding broke the political logjam

that had delayed the project for nearly a decade. But it could also generate the wrong incentives for state and local project sponsors. Federal funding programs need to strike a balance between allocating capital where it is the needed most, and rewarding public sponsors that actually deliver on public works.

It is undeniable, however, that large amounts of direct federal funding provides a strong incentive for public sponsors to get the ball rolling. For the Brent Spence, Ohio and Kentucky are already moving forward with procurement.

\$1.6 billion in federal funding is large enough to attract the attention of other project stakeholders as well. At the end of January, the Coalition for Transit and Sustainable Development of greater Cincinnati wrote a letter to the Federal Highway Administration (FHWA) regarding the Brent Spence project. It states that the FHWA “should not provide an environmental approval for this project until the civil rights and environmental justice issues presented herein are properly analyzed, addressed, and resolved.”

To the victors, go the spoils.



Inglewood Transit Connector Gets State Funding Boost

The Inglewood Transit Connector took another step towards full funding with the award of a \$407 million grant from the state of California. The project will deliver a 1.6 mile, 3-station automated transit line to connect the LA Metro K Line to the LA Stadium and Entertainment District (LASED).

Labor and materials inflation have increased the cost estimate for the project from the early project planning estimate of \$1.2 billion up to \$1.5 billion over the last year. If the project receives a federal Capital Investment Grant sufficient to cover the remainder of funding, the project could see an initial DBFOM award later this year.

Time is of the essence. The city is hoping to complete the new transit line in time for LA to host the 2028 Olympics.

The state grant for the project is from the Transit and Intercity Rail Capital Program (TIRCP), which is administered by the California State Transportation Agency. The program also awarded a \$600 million grant to LA Metro's East San Fernando Valley Transit Corridor project, a \$375 million grant to support the BART Silicon Valley Phase II Extension project in the Bay Area, and a \$367 million grant for the Caltrain Electrification Project on the peninsula. The program plans to award another \$1.14 billion in transit funding grants this spring.

Last year, the public sponsor for the project shortlisted teams for a dual-track DBFOM procurement, and has since started the Request for Proposals Process. In addition to a shortlist for the DBFOM partner, the city shortlisted Transit Technology Suppliers as well. During the current proposal phase of the procurement, developers are partnering with shortlisted technology providers.

The recent state funding grant is crucial. The city does not have an alternative funding plan for the project, should both the state and federal grants not come through. In October, Mayor James T. Butts noted in a city council meeting that the city

would "halt the project where it stands" if adequate project funding isn't received.

In addition to the recent state grant, the project's sponsors have also raised approximately \$350 million to support the project, which includes \$95 million from a prior state grant, \$25 million from the city of Inglewood, and \$230 million from LA Metro's Measure R sales tax.

The remaining gap between the funds raised to support the project and its cost estimate will have to be filled by the project's anticipated federal Capital Investment Grant. According to the Federal Transit Agency's February Capital Investment Grant dashboard, the project is requesting a \$784 million federal grant, for a 51% federal cost share. The estimated grant date for the project is still to be determined.

The state's big commitment to the project will likely help the project secure federal funding.

"The City of Inglewood is on the move - both literally and figuratively. Over the past decade we have been able to attract unprecedented economic investment in our City, but it's success will ultimately be based on whether our residents, employees and patrons have a quality transit option to get to these new amenities," said Inglewood Mayor James T. Butts. "I want to thank Governor Newsom,



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Map of the planned Inglewood Transit Connector. Source: City of Inglewood

our partners at the California State Transportation Agency, and our legislative delegation, for making a significant financial investment in the Inglewood Transit Connector, which paves the way in making this project not just a vision, but reality.”

The public sponsor for the project is a joint powers authority between the city of Inglewood and LA Metro formed specifically to oversee the project. In late January, the LA Metro Board of Directors approved a Master Cooperative Agreement (MCA) with Inglewood for the project.

“The Inglewood Transit Connector will provide a valuable first/last mile connection to the K Line and give Metro customers a fast and easy way to get from

our expansive rail network to some of our region’s premier sports and live entertainment destinations,” said Metro CEO Stephanie Wiggins.

The shortlisted teams for the DBFOM concession are:

Elevate Inglewood Partners, led by Plenary and MJE-Loop Capital Partners, with lead contractor Tutor Perini, Lead Designer Parsons Transportation Group, and O&M provided by an ACI Plenary joint venture.

Envision Inglewood Connected, led by Cintra, John Laing, and Alstom, with lead contractors Ferrovial and Griffith, lead designers Arcadis, SENER Engineering and Systems, and Gruen Associates, and O&M provided by Cintra and Bombardier.

Inglewood Community Connectors, led by ACS and Phoenix, with lead contractor Dragados, lead designers IBI Group and AZTEC Engineering, and O&M provided by ACS.

The shortlisted Transit Technology Suppliers for the project are:

- Bombardier Transportation (Holdings) USA
- BYD Transit Solutions
- DCCCA1, Inc.
- Leitner-Poma of America
- Schwager Davis, Inc.
- Woojin Industrial Systems Co., Ltd.

US Transportation P3 Developers

US SURVEY OF PUBLIC-PRIVATE PARTNERSHIPS

Company	#P3 Projects Financed	Project Name	STATE	Project Cost (\$M)	EPC Cost (\$M)
Meridiam	9	Presidio Parkway	CA	365	254
		Port of Miami Tunnel	FL	1,073	902
		NTE 1	TX	2,047	1,807
		NTE 2	TX	1,377	1,100
		I-635	TX	2,615	2,069
		Purple Line	MD	2,650	2,000
		Central 70	CO	958	811
		Laguardia Central Terminal	NY	3,914	2,788
		I-66 Outside the Beltway	VA	3,685	2,232
					18,684
Ferrovial (Cintra)	7	I-77	NC	648	441
		SH130	TX	1,328	968
		I-66 Outside the Beltway	VA	3,685	2,232
		NTE 1	TX	2,047	1,807
		NTE 2	TX	1,377	1,100
		I-635	TX	2,615	2,069
		JFK Terminal 1	NY	9,500	
			21,200	8,617	
ACS	6	Portsmouth Bypass	OH	634	430
		SH288	TX	1,069	800
		I-595	FL	1,833	1,220
		Gordie Howe Bridge	MI	4,400	
		Presidio Parkway	CA	365	254
		LAX People Mover	CA	2,748	1,980
			11,049	4,684	
Fluor	6	Gordie Howe Bridge	MI	4,400	
		LAX People Mover	CA	2,748	1,980
		Eagle FastTracks	CO	2,046	1,270
		Purple Line	MD	2,650	2,000
		495 Express	VA	1,938	1,347
		95 Express	VA	918	691
			14,700	7,288	
John Laing	5	Eagle FastTracks	CO	2,046	1,270
		I-75 Modernization Project	MI	829	628
		I-66 Outside the Beltway	VA	3,685	2,232
		I-4 Ultimate	FL	2,877	2,300
		I-77	NC	648	441
			10,085	6,871	
Macquarie	4	Goethals Bridge	NY	1,436	934
		Dulles Greenway	VA	350	150
		Elizabeth River Crossings	VA	2,090	1,470
		SR 125	CA	773	653
			4,649	3,207	
Skanska	3	I-4 Ultimate	FL	2,877	2,300
		Laguardia Central Terminal	NY	3,914	2,788
		Elizabeth River Crossings	VA	2,090	1,470
			8,881	6,558	
Transurban	3	495 Express	VA	1,938	1,347
		95 Express	VA	918	691
		395 Express	VA	475	301
			3,331	2,339	
Plenary	3	Rapid Bridge Replacement	PA	1,118	899
		US 36 FastTracks	CO	175	120
		Belle Chasse Bridge and Tunnel	LA	170	148
			1,463	1,167	
Star America	3	Purple Line	MD	2,650	2,000
		Portsmouth Bypass	OH	634	430
		SH288	TX	1,069	800
			4,353	3,230	
Walsh	2	Ohio River Bridges (East)	IN	1,319	772
		Rapid Bridge Replacement	PA	1,118	899
			2,437	1,671	
Kiewit	2	SR 91	CA	130	90
		Central 70	CO	958	811
			1,088	901	
Fengate	2	LAX CONRAC Facility	CA	2,000	1,050
		EWR CONRAC Facility	NJ	500	
			2,500	1,050	
AECOM Capital	1	I-75 Modernization Project	MI	829	628
Aecon	1	Gordie Howe Bridge	MI	4,400	
APG	1	I-66 Outside the Beltway	VA	3,685	2,232
Balfour Beatty	1	LAX People Mover	CA	2,748	1,980
Bilfinger	1	Ohio River Bridges (East)	IN	1,319	772
Bombardier	1	LAX People Mover	CA	2,748	1,980
Hochtief	1	LAX People Mover	CA	2,748	1,980
JLC Infrastructure	1	JFK Terminal 1	NY	9,500	
Ullico	1	JFK Terminal 1	NY	9,500	
Vantage Airport Group	1	Laguardia Central Terminal	NY	3,914	2,788
Vinci	1	Ohio River Bridges (East)	IN	1,319	772

Developers are ranked by the number of road, rail, and airport concessions, over \$50m investment value, that they have developed alone or in JV, and are currently operating or under construction. Concessions under predevelopment agreement are not listed in this table. The table reflects concession ownership at original financial close. To capture all of a firm's development experience, both active and sold projects are included. In aggregate, the rankings are intended to show project development success by the number of financial closings a company has completed alone or in consortia with others during the past 30 years. Team members in a consortia each are credited by PWF with closing a financing so there is some double/triple counting in the totals. Cost information is based on financial close and may not include sponsor transaction costs, O&M, or other adjustments. Information is from PWF's Major Projects Database and developer surveys. Please send corrections/updates to contact@publicworksfin.com

Source: PUBLIC WORKS FINANCING ANALYSIS, MAJOR PROJECTS DATABASE



Emerging Threats to U.S. Toll Revenue

by Robert W. Poole Jr. Director of Transportation Policy, Reason Foundation

In recent columns I've discussed a growing trend of "equity" concerns (such as free or reduced-rate trips for lower-income express toll lane users) and a separate trend of politicians disguising the real costs of using highways. The bad news is both trends are getting worse, with serious consequences for future highway revenue-adequacy.

In December Florida Gov. Ron DeSantis signed a one-year "toll-relief bill" that applies to every toll road, toll bridge, and express toll lane in the state. Those who drive 35 or more trips per month on tolled roadways will be given a 50% discount on the tolls they were charged. The state will compensate toll operators via \$500 million in general fund money. Not to be out-done, New Jersey legislators are considering a similar measure for that state's toll roads. Oregon DOT is working on low-income discounts for those who will use soon-to-be-tolled Interstates and bridges in the Portland area.

What shocked me most is one section of an otherwise very well-done study of potential toll-financed Interstate highway modernization in Michigan, released in January. It was researched and written for Michigan DOT by HNTB and CDM Smith, two firms with great expertise in toll financing. The most promising near-term corridors would be rebuilt and modernized, corridor by corridor, financed by toll revenue bonds, over the next 10 years, at a cost of \$18.5 billion. The toll financing plan is estimated to fully cover the capital and operating costs and to attain an investment-grade bond rating.

The financial projections took 5% of revenue off the top to account for an array of possible discounts, mitigations, and rebates. One component, which I think is defensible, is called "local community transportation mitigation." Because some traffic that now uses Interstates will divert when they are tolled, spending a bit of the toll revenue to assist communities with signal timing, park & ride lots, and commuter buses is defensible. In addition, quite a few toll

roads offer discounts for frequent commuters, which is also suggested.

But I draw the line at what the study calls "local community non-transportation mitigation." It suggests using toll revenue to buy community support by funding "arts and cultural abundance," "public health and well-being," "learning," and "sustainable environment and natural resources," among other nice-sounding things. Also proposed is 100% discounts (i.e., no tolls at all) for "environmental justice communities." Remember, this is for people who own and drive cars, not those who commute via subsidized transit.

Part of the rationale for these mitigations is the projected extent of traffic diversion. The report includes diversion rate estimates for each corridor, ranging from 6% to 18%, based on the most-viable car/SUV toll of 6 cents/mile. An alternative way to reduce diversion—mentioned in the report but not included in the plan—is to provide rebates of state fuel taxes for all miles driven on newly tolled corridors. The state gas tax is about one cent/mile, so if motorists received a rebate of that amount, the net cost per mile to use the tolled Interstate would drop from 6 cents to 5 cents (17% less). And since diversion rates are proportional to the cost of using a toll road, diversion would likely be 17% less than the study estimated. In a research paper of mine, published last month in *Transportation Research Record*, I estimated that the net present value of a fuel-tax rebate for newly tolled Interstates in a mid-size state would be less than 7% of gross toll revenue. That is within the ballpark of the 5% that HNTB would set aside for its set of mitigations and discounts.

Let's now consider some of the down-sides to this growing trend of discounts and exemptions from tolling. In a report on the new Florida legislation, Moody's points out how unsustainable a one-year discount program will be. State budgets go up and down, and in 2023 many states still have unspent windfalls

from trillions of dollars in pandemic-era federal programs. That is not going to be the case in many future years. But once motorists are used to paying far less tolls than before, that will seem like an entitlement, and there will be political pressures to continue the discounts—either at the expense of other state obligations (Medicaid, public schools, etc.) or at the expense of the toll roads. That could reduce toll road bond ratings, increasing their debt service costs.

Discount programs also lead motorists to think highways cost less to build, maintain, and expand than they actually do. This will lead to political pressures for more federal and state funding of what had previously been self-supporting major highways and bridges. That is bad news for the long-term sustainability of highway funding.

And that brings me to one last point. The United States is facing a once-in-a-century need to replace what will soon be an obsolete method of highway funding—per-gallon fuel taxes—with a funding source that is independent of vehicle propulsion source. The general consensus is that the fairest and best replacement is to charge per mile driven, with higher charges for the heaviest vehicles that produce the most wear and tear on roadways.

The easiest way to begin this transition is with per-mile tolls on limited-access highways, such as Interstates and freeways. With all-electronic tolling and prepaid accounts, the cost of toll collection can be a very small fraction of the gross revenue collected. The transponder technology—E-ZPass and equivalents—is in widespread use and widely accepted with little or no concerns about privacy.

If states adopt this path toward shifting from per-gallon to per-mile, it's vital that they do it right. The gas tax was designed as a users-pay/users-benefit road-use charge. There are no gas tax discounts for "social justice communities," nor are there such discounts for electric bills, water bills, cable bills, or smart-phone bills. Some utilities offer "lifeline rates"—a lower rate for a minimum amount of monthly use. Something like that could be considered for per-mile highway charges.

As I wrote in my December column on transportation equity, there's a real danger in converting highways into social welfare programs. We need solidly funded highways going forward, and those who use them should pay for them.

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Transit Costs Project Publishes Final Report

The *Transit Costs Project* based out of NYU's Marron Institute of Urban Management has been collecting data on mass transit projects around the world, inspired by a single question: Why are transit projects in the United States so incredibly expensive?

Today, the research initiative's trove of data amounts to more than 900 projects in 59 countries, including more than 11,000 km of urban rail. The goal of the study was to compare costs and practices of building mass transit projects across countries, and derive findings to help public sponsors get costs under control.

This month, the *Transit Costs Project* released its final report, and at more than 400 pages, it is a lot to digest. The bulk of the final report, however, is comprised of very detailed case studies on transit project development in Istanbul, Italy, Sweden, and New York. There is also a special case study focused on Boston's Green Line Extension project, which was recently completed (*see PWF January edition*).

This article will examine the report's key findings, but we can barely scratch the surface. Visit the study's [website](#) for the full report.

The report attempts to identify the drivers of exorbitant transit costs by first forming a "baseline" case for transit project costs. It formulates this baseline using data from the Italy, Istanbul and Sweden cases, as well as data from projects in Paris, Berlin, Helsinki and Spain. The project also leveraged data from the Green Line and transit projects in London and Toronto.

Sources of Excess Costs

The final report for the project buckets the excess costs of US transit projects into three broad categories. One includes the excess costs in the Physical Structures of US transit, another includes the excess costs of US Labor, and the third (broad) bucket includes excess costs due to Procurement and Soft Costs.

The report analyzes excess costs due to physical structures and finds that two

main drivers there are the sheer size of US transit structures, and the general lack of standardization in their delivery. For New York transit projects, station size alone was identified to be a massive driver of excess costs relative to similar projects elsewhere. The stations for New York's Second Avenue Subway project, for instance, were roughly twice as long as the actual platforms in the station, which is much larger than comparable projects internationally. This factor alone, the report concludes, essentially doubled the project's costs relative to the project type's baseline.

A lack of standardization for stations was also identified as a driver of costs above the baseline, since the stations in US case studies required more bespoke designs and configurations. When compared to international case studies, the US cases included much higher system and station finishes costs relative to spending on tunneling and civil works.

It is not altogether surprising that the study found that labor costs in the US transit projects were much higher than international comparators. However, this is not simply due to US wages being higher than those in other countries studied. As a percentage of overall project costs, US transit project labor costs were found to be significantly higher (40-60% of project hard costs) than even labor costs in high-wage Sweden (23% of hard costs). The study concluded that relatively little of the differential comes from differences in



pay. They suggest that it is more driven by redundancy in blue-collar labor, and overstaffing in white-collar labor, a phenomenon observed in all of the US cases studied. The report also identified that fringe labor issues such as overtime rules and labor mobility were greater drivers of total labor costs in the US, noting that “among politicians, the mentality is that unions are a veto point rather than one additional interest group that they can accommodate or overrule based on circumstances.”

Political Drivers of Cost

The report goes into additional details regarding the underlying drivers of some of these buckets of costs, and the usual suspects are included. It briefly discusses politics and meddling by elected officials as potential drivers of higher US costs, noting that in some of the low-cost countries political actors are limited to some of the major project decisions, with the civil service more empowered to sort out details.

The principle of risk transfer in procurement was originally intended to mean “transfer risks to the party best able to manage those risks,” but was in some cases misinterpreted to mean “transfer as much risk as possible to the private sector.”

The report also discusses the issue of “early commitment,” wherein a project is essentially too well-supported politically, and it therefore “becomes easier for external actors to extract surplus and harder for the planners to engage in value engineering or fight feature creep.” This is certainly an issue in the US, where very large federal grants go to mass transit projects, thus locking in that early political commitment.

Procurement and the “Globalized System”

The report’s conclusions on procurement are the most striking. It concludes that many of the recent

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trends in procurement practices in the English-speaking world have increased costs, rather than reduced them. Interestingly, the report estimates that soft costs are generally higher in English-speaking countries, though this is difficult to measure. Of particular note are the study’s conclusions on the root causes of what it ascertains are significant, procurement-related excess costs. Here, it states that drivers include “a pervasive culture of secrecy and adversarialism between agencies and contractors, a lack of internal capacity at agencies to manage contractors, insufficient competition, and a desire to privatize risk that leads private contractors to bid higher.”

As part of its solution set, the report’s final recommendations for procurement include using only either Design-Bid-Build or Design-Build procurements for projects. Another recommendation reads in part: “Keep the risk in the public sector. Requiring the private sector to own all of the risks just leads to higher bid prices, without reducing the risk of major cost overruns...”

Many members of the P3 industry would likely agree with the idea that US megaproject procurement did overstep on matters of risk transfer in some recent cases. The principle of risk transfer in procurement was originally intended to mean “transfer risks to the party best able to manage those risks,” but was in some cases misinterpreted to mean “transfer as much risk as possible to the private sector.”

The *Transit Costs Project* report goes well beyond a mere course correction. It defines something called the “globalized system” of procurement, which relies more on risk transfer, design-build, fixed-price, and large-scale contracts. This is contrasted with design-bid-build, itemized contracts where risk is retained by the public sector.

The prevailing wisdom in the project development industry is that the procurement trends towards more risk transfer, guaranteed pricing and larger contracts are policy responses to the increasing development costs and risks in the English-speaking world. The *Transit Costs Project* essentially concludes the opposite: that this trend in procurement is, in fact, itself partly responsible for the increase in costs.

A major corollary to this conclusion, and the associated recommendation that more project risks should be retained by the public sector, is that public agencies would need to staff up. For the public sector to assume more risk on projects going forward, agencies would need to build internal capacity and provide better management, both of which are recommendations in the report.

Other procurement recommendations are more nuanced. For example, the report actually recommends limiting contingencies for projects, because high contingencies simply end up being “absorbed” into the project budget and thus ultimately increasing costs. The report also highly recommends open-book, itemized cost contracts that are publicly reviewable, as this was a common practice in low-cost cases.

That is not to say that “good management” doesn’t matter. Of course it does. The problem is that good public management solves everything in hindsight.

More Capacity, Better Management

The report’s recommendation to improve internal public sector capacity for megaprojects is a good one irrespective of the report’s additional recommendations on procurement models. Public agencies are almost always understaffed to manage the large contracts (or the large number of contracts) necessary to develop a transit megaproject.

But more public sector capacity or better public sector management are easy recommendations to make in a study like *Transit Costs Project*; they are always solutions in hindsight. The assumption underlying the study’s procurement conclusions is that the act of transferring risk to a private contractor does not inherently change that very risk. The justification for transferring risk in procurement presumes that the very opposite is true: we transfer risks in order to align incentives and thereby reduce those risks.

If risks are retained by the public sector, and the project goes awry, an observer could always conclude that the solution is better public sector management. If risks are transferred to a private contractor, and things go fine, an observer could always conclude that costs were too high because the contractor needed to price the risk.

That is not to say that “good management” doesn’t matter. Of course it does. The problem is that good public management solves everything in hindsight. It can also, in hindsight, be difficult to discern the directionality of causation between the good management and the low cost of an infrastructure project. The *Transit Costs Project* noted the correlation, at the very least: “Across our cases, we find that the procurement method matters less than how the process is managed and how competent public oversight is.”

What About Laws?

The *Transit Costs Project* final report is full of detailed project case studies, trend data, and broader findings. It is a transit nerd’s dream. The broader project will likely produce more important findings in the future, but already the final report addresses a wide range of potential sources for cost differentials on large transit projects across countries.

Yet the most surprising part of the study is not any one of its findings regarding procurement but the one topic that appears to get relatively short shrift: the laws, regulations and other policies that govern large projects, and how they differ between each of the country cases.

Is there a correlation between costs and the specifics of the planning process in some of the low-cost countries? Or are utility relocations faster or slower in part due to the rights of the project relative to incumbent utilities in the various country cases?

Perhaps this could be the topic of a future comparative study.

In fact, the phrase “National Environmental Policy Act” does not come up at all in the final report of the *Transit Costs Project*.

Permitting, more generally, is of course discussed in the *Transit Costs Project*. In fact, the case on low-cost Turkey notes that an environmental permit for a transit project there takes just a few months to get an exemption from the usual environmental assessment process. In Turkey, mass transit is viewed as good for

the environment, so transit projects there get faster permits.

Perhaps NEPA, and the variations in permitting processes more generally, were determined to not be a major driver of high US transit project costs. If that were the case, it would certainly be worth writing up. Blame it for everything or exonerate it completely, but a study of the costs of US mass transit projects should probably address, one way or the other, the federal law that governs US mass transit projects.

World’s Largest Transportation Developers

2022 SURVEY OF PUBLIC-PRIVATE PARTNERSHIPS

Ranked by Number of Current Transport Investments Operating or Under Construction

Operating or Under Construction In:

<u>Company</u>	<u>Operating or Under Const.</u>	<u>US</u>	<u>Canada</u>	<u>Home Country</u>	<u>All Other</u>
Vinci (France)	58	6	3	22	27
Abertis (Spain)	46	4	0	10	32
Meridiam (France)	46	9	3	5	29
Sacyr (Spain)	42	0	0	14	28
ACS Group/Iridium (Spain)	39	6	10	17	6
Macquarie (Australia)	39	6	0	5	28
Ferrovial/Cintra (Spain)	29	7	3	4	15
ASTM/Itinera (Spain)	25	0	0	13	12
Transurban (Australia)	24	3	1	20	0
Invesis (Netherlands)	21	0	0	6	15
John Laing (UK)	16	6	1	2	7
Plenary (Australia)	16	6	6	4	0
FCC (Spain)	14	0	0	11	3
Balfour Beatty (UK)	13	1	0	12	0
Fluor (US)	9	5	0	5	4
Skanska (Sweden)	9	3	0	0	6
Acciona (Spain)	8	0	1	3	4
SNC-Lavalin (Canada)	7	0	6	6	1
Egis (France)	6	0	0	1	5
Star Americas (US)	5	4	1	4	0
Shikun & Binui (Israel)	5	1	0	3	1
Kiewit (US)	3	3	0	3	0

Developers are ranked by the number of road, rail, port, airport and ancillary transportation DBFOM or concession projects, over \$50 million investment value, that they have developed worldwide, alone or in JV, and are currently under construction or in operation. In aggregate, the rankings are intended to show project development success by the number of current investments alone or in consortia. This listing does not include projects under predevelopment agreement. All investors in the concession company are credited with a successful financial close, resulting in some double counting in totals. Please send corrections/updates to contact@publicworksfin.com.

Source: PUBLIC WORKS FINANCING ANALYSIS, MAJOR PROJECTS DATABASE

Key Vote Moves I-77 Express Lanes Project Forward

The North Carolina Department of Transportation (NCDOT) is moving forward with a study to extend the I-77 express lanes network near Charlotte. The proposal would add 8.4 miles of express lanes from the end of the current system south the South Carolina border. The potential extension is moving forward after a key vote from the local Metropolitan Planning Organization (MPO) in February.

The extension project stems from an unsolicited proposal the state received last year from Cintra, which operates the existing I-77 Express Lanes system from Charlotte to Mooresville. On February 15th, the Charlotte Regional Transportation Planning Organization (CRTPO) held a vote that moved the proposed extension project forward for further study.

The proposed project would add two tolled managed lanes in each direction along the extended stretch of I-77. These would supplement the existing four free lanes near Charlotte and three free lanes on I-77 south of Charlotte. Cintra's proposal was for a

DBFOM P3 for the extension with a 50-year operating concession.

After the vote, an NCDOT spokesperson told local news station *WBTB* that the NCDOT study would be focused on how the extension project would be delivered, rather than whether or not the project would be funded via tolls. The CRTPO has included a toll-funded express lanes project for I-77 South in its transportation plan since 2014.

According to NCDOT's estimates, Cintra's proposal would deliver on that capacity expansion along I-77 South 15 years earlier than a publicly delivered alternative.

The Charlotte region is one of the fastest growing metropolitan areas in the United States. In January 2022, the CRTPO adopted the "Beyond 77 Corridor Study," which evaluated the corridor's future mobility needs. The study was developed over more than two years of planning, workshops and community consultations. It estimated that one million people lived within three miles of the I-77 corridor and that the same area would nearly double in density in less than three decades, and grow to 1.7 million residents by 2050. As a result of that growth, the same study forecasted a more than 200% increase in traffic delays through 2045, even accounting for all of the currently planned projects in the corridor.

Cintra's original unsolicited proposal for the project included estimates for civil works construction of \$1.7 billion and a \$211 million up front concession payment. Following the CRTPO board vote, the next step for the project will be a review of the proposal for its compliance with North Carolina's enabling legislation. NCDOT will then complete a study to compare the potential P3 to a traditional procurement.

Assuming NCDOT elects for a DBFOM procurement for the extension project, it would be run through a competitive procurement process, per the agency's P3 policy. By virtue of submitting the original unsolicited proposal, Cintra, if qualified, would be included in the shortlist for that subsequent procurement.



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Commercial Close for Prospect Lake Clean Water Center in Florida

A DBFOM P3 to develop the 50 MGD Prospect Lake Clean Water Center in Fort Lauderdale, Florida reached commercial close in February. The concessionaire for the project is a joint venture between IDE Technologies and Ridgewood Infrastructure, with Kiewit as the design-builder for the project. The project includes fixed costs of \$485 million and will require \$181 million in enabling works.

The new water treatment facility will replace Fiveash water treatment plant, which was built in 1953 and is in dire need of replacement. The treatment process at the old plant is also currently unable to meet the city's color goals for treatment and may soon be unable to meet regulatory requirements.

The project has a 42-month construction schedule. In order to reduce the cost of financing, the city is planning to fund 75% of the project's capex during construction. The remaining costs will be financed by the concessionaire, with IDE and Ridgewood investing 25% and 75%, respectively. The new plant will include a combination of nano-filtration treatment capacity and ion exchange treatment capacity.

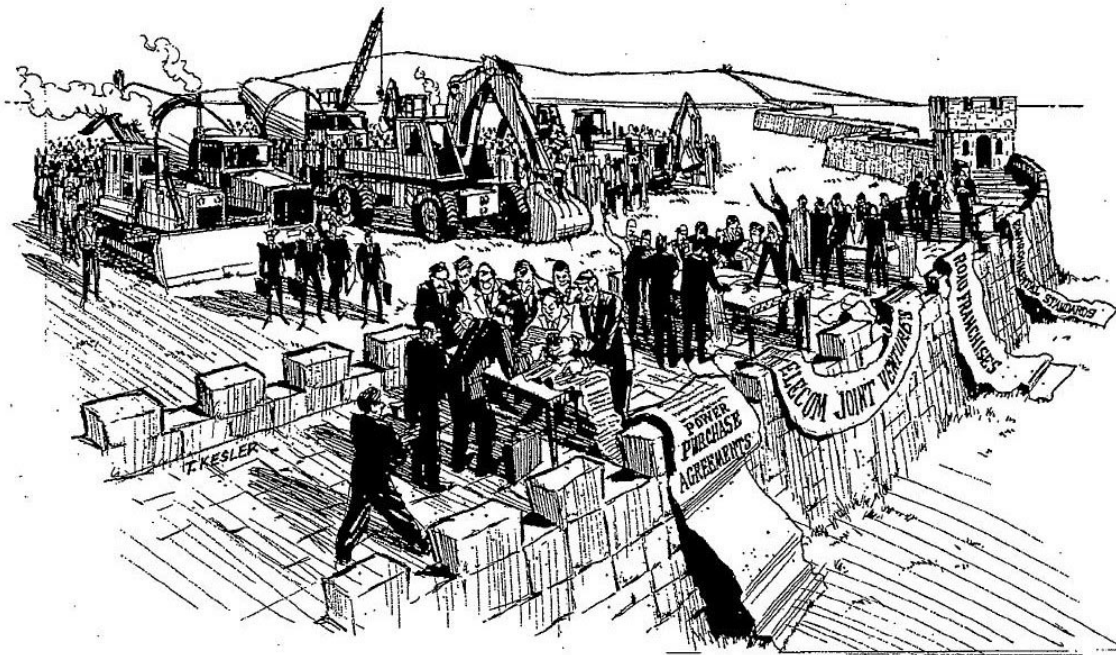
The P3 stems from an unsolicited proposal made by the concessionaire to the city in December 2020. Fort Lauderdale received another unsolicited proposal from a different bidder for the project in May 2021, and announced that it intended to enter into a P3

agreement in June of that year. The city then received two additional unsolicited proposals for the same project. Florida's P3 statute requires public sponsors to announce their plans to accept an unsolicited proposal and invite competing proposals from industry.

The city selected the IDE and Ridgewood team for the project in March 2022 after a technical and financial analysis of the four proposal alternatives.

"This project is a true public private partnership between the City of Fort Lauderdale, IDE and Ridgewood Infrastructure, each bringing its strengths and best capabilities. We are excited to start the project and proud to add Prospect Lake Clean Water Center to our list of innovative, large scale water infrastructure projects. We look forward to a long, continuous relationship with all stakeholders," said Lihy Teuerstein, CEO, IDE Water Assets.

Under the terms of the agreement, the concessionaire will be remunerated by an availability payment during a 30-year operating concession. O&M risk will be taken by the concessionaire outside of electricity, chemical, and city labor costs. The concessionaire is providing the city with guaranteed maximum consumption levels for energy and treatment chemicals, with exceedances feeding back into the availability payment calculation. Other availability payment cri-

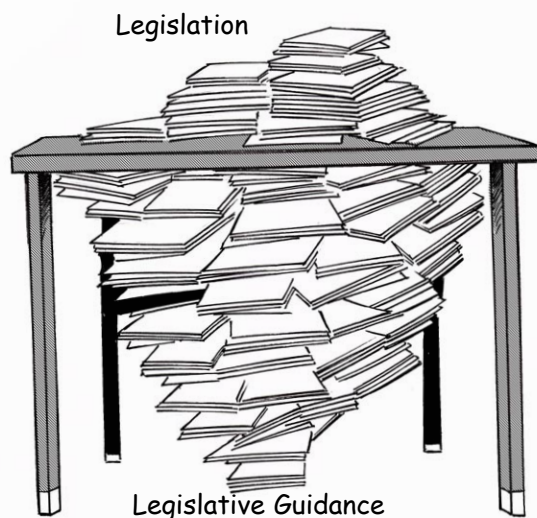


FHWA Updates BIL Implementation Guidance Memo

On February 24th, the FHWA published an update to its “Policy on Using Bipartisan Infrastructure Law Resources to Build a Better America” guidance memo. The new memo replaces the original guidance from December 16th, 2021. That original memo caused quite a stir from Republicans in Congress and some governors, who claimed that the guidance was putting limits on state flexibility in allocating BIL formula funding, or at least pressuring states to align with the administration’s priorities.

The new version published in February is clearly pivoting away from any language that could be construed that way.

“Different States have different needs when it comes to transportation assets that must be reconfigured and modernized, expanded and added, or retired and replaced,” reads the updated memo. “FHWA recognizes and values the authority and role of the States in deciding how to prioritize the use of their Federal-aid highway dollars and will continue to administer funds and programs consistent with all requisite statutory requirements and considerations.”



“The Iceberg Theory of Federal Infrastructure Legislation”

The December 2021 memo included language that appeared to push states to use BIL funding on state of good repair investments and transit, rather than on expanding road network capacity.

For instance, in one section, the old guidance stated: “Application of this Policy does not prohibit the construction of new general purpose capacity on highways or bridges, but in most cases Federal-aid highway and Federal Lands funding resources made available through the BIL should be used to repair and maintain existing transportation infrastructure before making new investments in highway expansions for general purpose capacity.”

Another part of the old memo stated that “[s]tate transportation departments should also be mindful of their ability to transfer resources to support transit projects that may be more consistent with these priorities.”

The memo prompted criticism from some Republicans in Congress and some state DoT officials for directing, or perhaps pressuring, the states regarding how they spend the formula funding in the BIL.

In Senate testimony last March, Secretary Buttigieg acknowledged that the guidance memo was not binding on state’s use of formula funds: “I want to make clear that we recognize and value the role of the states in deciding how to prioritize the use of formula dollars, as laid out in the law.”

While the new memo does reiterate the administration’s transportation priorities generally, it is clearly an effort to address concerns about the original guidance.

Senator Shelley Capito (R-WV) has been a vocal critic of the original FHWA guidance memo over the last year, and the memo revision may have been prompted, in part at least, by her pledge to challenge the memo in a Congressional Review Act resolution.

At the request of Senator Capito, the Government Accountability Office (GAO) completed a review of the original guidance in December, and concluded that the original FHWA memo was in fact a “rule”

and thus subject to the Congressional Review Act. The GAO's conclusion was based in part on a determination that the memo was not simply an internal FHWA policy document: "Here, FHWA clearly expresses a preference for specific types of projects and emphatically states that the Memo will inform decision-making."

The GAO further concluded that the original memo was in fact making policy even though the policy statements in the memo were technically non-binding: "[B]ecause the Memo specifies a goal to inform decision-making and goes beyond simply restating the requirements in the law, consistent with our case law, the Memo has a substantial impact despite the non-binding nature of FHWA's preferences and FHWA's lack of a direct role in the selection process."

The determination opened the door to a potential Congressional Review Act resolution. If such a resolution was ever brought forward, it would have required Democrats in Congress to vote against or in favor of the memo's policy prescriptions.

Formula Funding Fights

The FHWA memo saga may be coming to an end, but additional conflicts over formula funding are likely to continue as states pursue transportation projects that don't necessarily align with federal priorities – especially when it comes to road network expansion.

The Biden administration is also eager to turn all of that BIL funding into actual infrastructure projects. To that end, state of good repair projects generally have a much easier time with federal permitting relative to new build or capacity expansion projects.

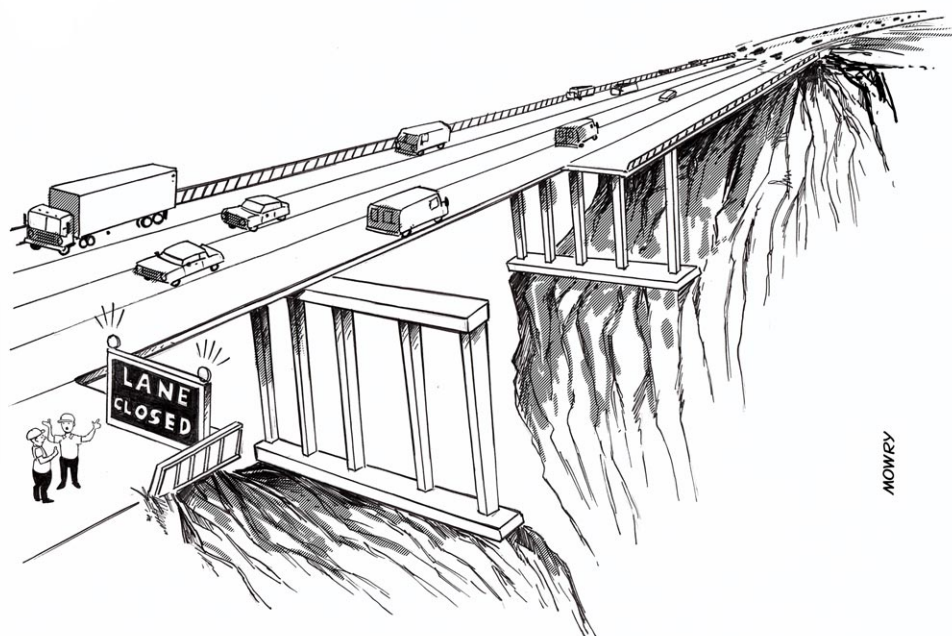
The next round of formula fights will very likely be over performance metrics relating to state GHG emissions. Last year, the FHWA published a Notice of

Proposed Rulemaking (NPRM) for a new GHG emissions measure, which would be added to the National Transportation Performance Management program. The broader program is for reporting and tracking state DoT performance on a range of transportation issues such as safety and road conditions; but, this will be the first time it includes a metric for the carbon emissions of the cars on the roads.

In October, a group of Senate Republicans sent a letter to the FHWA challenging their statutory authority for the new rulemaking.

The rule would require state DoTs to set declining GHG emissions targets, report on progress, and document proposed actions when targets aren't met.

Like the other performance management metrics in the program, there would not be other consequences when performance goals are not met – but that may not last forever. An early draft version of the BIL in the House (called the Invest in America Act) included language that would have limited a state's ability to invest in highway capacity for single occupancy vehicles unless certain performance requirements were met. Those provisions were dropped before the final version of the BIL.



"Instead of cost-plus, this time they wanted to try scope-minus."

Academic Perspectives on P3s

Professor Eoin Reeves (ed), University of Limerick, Ireland

The European Investment Bank as Policy Entrepreneur and the Promotion of Public-Private Partnerships

Moritz Liebe & David Howarth

This paper focuses on the important role of the European Investment Bank (EIB) in the European Union's promotion of Public-Private Partnerships (PPPs). The EIB as the EU's main lending body has provided senior debt to PPP-like projects since the late 1980s and is regarded as one of the biggest single lenders to such schemes in Europe. The paper demonstrates the relative importance of the EIB in relation to the European Commission (the executive of the European Union) on the promotion of PPPs and asks how should the EIB's role in PPP promotion best be understood?

Based on original empirical research, the paper contests the frequent claims of EIB officials that the bank is a 'policy-taking' body and not a 'policymaking' body and that its position towards PPPs is 'one of neutrality between...procurement mechanisms'.

This paper demonstrates that with regard to the promotion of PPPs, the supranational activism of the EIB can be explained in terms of the bank's operation as a 'policy entrepreneur'. They further argue that the entrepreneurial role of the EIB with regard to PPPs relied massively on the presence of, principally, British 'norm entrepreneurs' who actively promoted the PPP concept and the specific norms that supported it within the EIB. By combining an analysis of the role of the EIB in promoting PPPs with one focused upon the important role of individuals in promoting specific norms within the EIB, this paper offers a more accurate understanding of EIB activism in the realm of PPP-promotion.

The paper provides details of the development of PPP in Europe. It notes that although introduced initially to Europe in the late 1980s through the Channel (Euro-) Tunnel project, procurement through PPPs

did not increase significantly in EU member states until a decade later due to promotion efforts by the UK New Labour government. Spain, Ireland, and Portugal were relatively early PPP adopters.

Figures from the EIB suggest that by 2010 – the peak year by value for new PPP projects in the EU – more than 1,400 PPP projects had been signed corresponding to an estimated capital value of almost €260 billion. By the 2000s, the EIB had become the single biggest lender for PPP projects in Europe. The PPP portfolio for projects signed in the period 2000–2010 comprised 133 PPP projects reaching €24.4bn, which corresponded to roughly 9.4 per cent of all PPP projects set up in the EU over the period. It should be noted that both the number and value of new PPP projects declined from, respectively, peaks in 2006 and 2010. More recent data shows that since 2018 the annual value and number of new transactions are at their lowest since the late 1990s.

The EIB was the centre of PPP-related knowledge at the EU-level, and it has access to a vast policy network on PPPs that reached down to national, regional and local levels.

To address the main research question concerning the EIB's role in PPP promotion the authors employed methodologies including semi-structured elite interviews with nineteen EIB and Commission officials and other public and private sector stakeholders who have worked on PPPs. The findings from these interviews were triangulated with written material from press reports, private sector company documents, official Commission and EIB documents, and articles written by EIB officials.

To frame their empirical research the authors explored political science and European integration theories. They concluded that the existing toolkit of theories and approaches (including Rational Choice Institutionalism and Historical Institutionalism) fail to help them explain the "unique form of supranational institutional activism" performed by the EIB regarding PPP promotion. Instead they adopt a combination of "well-worn" approaches of policy entrepreneurship and more specifically norm entrepreneurs.

The paper argues that the policy-shaping role of the EIB which officially lacks a policy-making role cannot be understood without analysing the contribution of norm entrepreneurs – individual officials working in the EIB – who both defined and promoted the underlying norms that resulted in the de facto promotion of PPPs by the institutional entrepreneur.

While rational interests might have encouraged the EIB's entrepreneurial promotion of PPPs, this paper argues that there is stronger evidence that so-called norm entrepreneurs directed this effort.

The authors identify several approaches taken by the EIB which positioned it as a policy entrepreneur. They argue that over the past thirty years, the EIB was regularly present when PPPs were discussed at the European level, engaging in what can be described as ‘softening up the ground’ with the aim of preparing and facilitating ‘windows of opportunity’. For example, the Franco-British Eurotunnel Project provided the EIB with the first opportunity to create a ‘policy window’ for PPPs. The Thatcher government was reluctant to spend any public money on the project either through national or European Community (EC) funds and instead sought EIB funding with a guarantee from private lenders and investors. Later ‘policy windows’ include the international financial crisis after which the Commission and the EIB undertook substantial action to revive lending to PPP projects by announcing plans to facilitate the creation of EU project bonds.

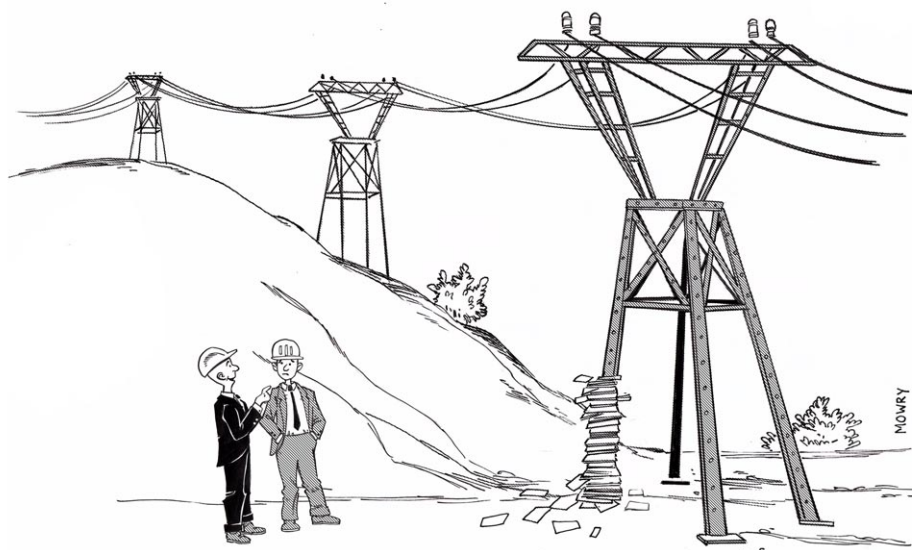
Another approach which further enabled the EIB to be influential on PPPs – meeting a core characteristic of policy entrepreneurship – was the wide array of pertinent public and private sector contacts it developed (coalition building). The EIB was the centre of PPP-related knowledge at the EU-level, and it has access to a vast policy network on PPPs that reached down to national,

regional and local levels. The authors argue that the EIB pursued a strategy of garnering support from national PPP Task Forces with the aim of formalising the existing network by creating a *European PPP Expertise Centre* (EPEC). In 2008, EPEC was launched with the aim of helping to strengthen the capacity of its national public sector members to promote PPPs.

The expertise of the EIB and EPEC on PPPs enabled it to generate knowledge and frame ideas and ultimately exploit its expertise and experience. EPEC issued a number of detailed guidance papers and advice to member states on how to support PPP markets. As a major financier of PPP projects, the EIB had access to detailed data. This gave the EIB an important information advantage and it came to possess greater knowledge of PPP financing techniques than both governments and many private sector actors.

While rational interests might have encouraged the EIB's entrepreneurial promotion of PPPs, this paper argues that there is stronger evidence that so-called norm entrepreneurs directed this effort. The authors identify six officials working for the EIB who played a central role developing instruments in support of EIB lending to PPPs and in promoting PPPs. All but one were British – the exception was an Irishman with PPP professional experience in the UK.

Most had both public and private sector work experience and all had considerable experience with and expertise in PPPs. For all, this experience was



“This project was supported by a robust permitting process”

gained in the United Kingdom or by following developments in UK PFI markets for the EIB. All were motivated by a strong ideological commitment to the contribution of private sector methods to public sector financing.

The paper provides details of the influential role played by these norm entrepreneurs in promoting PPP. It describes one official as “unabashedly open about EIB/EPEC’s role in the promotion of PPP usage which “he views as positive and a model for investment”. The authors conclude that both documentary evidence – and notably their own writings – and a range of interviewees confirm the activism of EIB officials and the importance of this activism to both the EIB’s and the European Commission’s promotion of PPPs.

The authors conclude by emphasising how understanding the EIB as a policy entrepreneur in the promotion of PPPs relies in part upon understanding the norm entrepreneurship of a small number of its officials. They argue that these findings and resultant perspective on the EIB’s PPP promotion efforts over the past three decades remains important to how we should understand both the role of the EIB as a de facto policy-making EU body but also the Bank’s relationship with the Commission and other EU bodies, member states and a range of other public and private sector actors.

Full reference for this paper:

Liebe, M., and D. Howarth (2020) “The European Investment Bank as Policy Entrepreneur and the Promotion of Public-Private Partnerships” *New Political Economy*, 25:2, pp. 195-212, DOI: 10.1080/13563467.2019.1586862

Professor Reeves’s Comments

- It is widely accepted that the success of national PPP programs depends on the quality of the broader institutional environment and the specific institutions and agencies that promote and support the adoption of PPP. National or supranational development banks can play an important role in this regard. However, the literature on these development banks is scarce. This paper makes a welcome contribution by providing original insights into the role of the EIB in the development of PPP policy Europe.
- It provides unique insights into policy-making in the EU and the workings of European institutions including the EU Commission, European Council and the EIB.
- The EIB has played an important role in encouraging and facilitating the adoption of PPP in Europe. However, this paper makes an interesting political observation by empirically challenging the EIB’s claims that it is PPP-neutral it does not have a policy-making role.
- Notwithstanding the original and interesting nature of these findings they are not likely to ruffle the feathers of the EIB and its Centre for PPP Expertise (EPEC) which are now firmly established components of the PPP institutional framework in Europe.

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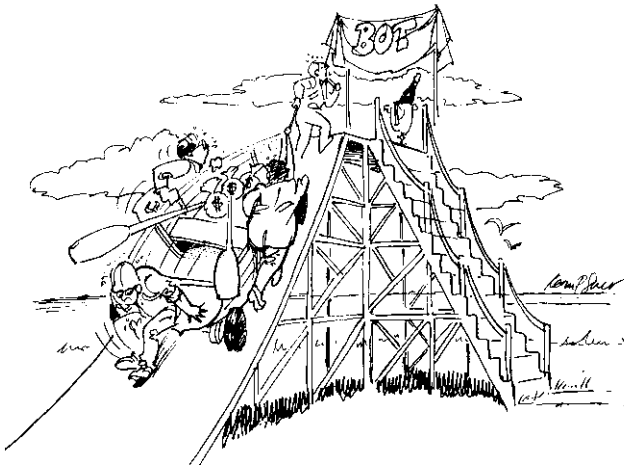
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With over \$20 billion in PPP projects, Raba Kistner Infrastructure (RKI) has established its reputation as a leader in quality management programs. We are a national company that provides professional consulting and engineering services in the areas of Construction Quality Management, Program Management (PM+)™, Independent Engineer and Owner's Verification and Testing, and Construction Quality Control/Quality Acceptance Programs, Right of Way (ROW) Management and Acquisition, and Subsurface Utility Engineering to government and industry clients. Our expertise in quality programs goes beyond satisfying the fundamentals. We ensure that quality programs address the unforeseen challenges that arise in Design and Construction QC/QA programs. Our award winning data management and document control program, ELVIS, provides real time management information to assist in making time-critical decisions.

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graba@rkci.com or by calling 866-722-2547.



Plenary Americas is the leading specialized developer of long-term Public-Private Partnerships (PPP) projects in North America, with more than \$20 billion in public infrastructure assets currently under management. We have offices in Los Angeles, Denver, Tampa, Vancouver and Toronto, as well as site offices that manage the construction and operation of more than 50 concessions throughout the US and Canada. Our business model relies on strong partnerships with clients, local contractors, subcontractors and trades to ensure the efficient and timely completion of projects, with a view towards the long-term.

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More information can be found at

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Infrastructure plays a critical role in economies and communities across the globe. At Iridium Concesiones (part of the ACS group), we are global leaders in the development, financing, operations, and maintenance of infrastructure projects. We have developed more than 150 projects internationally, including 6,400 km of highways, 6 signature bridges, 1,860 km of railroads, 16 airports, and numerous social infrastructure projects, totaling over €52 billion of capital value. With more than 122,000 employees spread across 50 countries, the ACS Group is one of the largest infrastructure developers in the world. Our expertise, from having developed some of the world's most complex concession P3s, coupled with our commitment to innovation, sustainability, and good governance, allows us to ensure a best-in-class approach to future challenges.

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Sacyr Concesiones is one of the world's leading infrastructure developers under the formula of Public-Private Partnerships (PPP or P3). Focused on greenfield projects, Sacyr Concesiones is committed to excellence during all phases of the project lifecycle, including its design, construction, financing, operation, and maintenance.

Throughout its more than 20 years of history, Sacyr Concesiones has demonstrated both its technical and financial capability through the development of +100 P3 projects, which have entailed a global investment of more than \$34.3 bn. Holders of a highly diversified and globally distributed asset portfolio, we currently invest in and manage 52 P3 infrastructure projects and more than 16 green business projects (related to water and waste management) in 16 different countries.

Sacyr Concesiones strongly advocates for a responsible business management (ESG) model geared towards creating long-term value for all our stakeholders, contributing to societal advancement, and prioritizing sustainable development, including the United Nations 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs).

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Established in 1884, Kiewit is one of the largest construction organizations in North America leveraging a network of more than 50 offices to develop a respected multifaceted business presence across North America. With a staff of management, technical, financial, commercial and legal experts dedicated to successfully delivering PPP projects, our success is based on the trust that we have built with government officials, stakeholders and the financial community. As a recognized leader in design-build and PPP project development, Kiewit combines extraordinary financial credibility and extensive resources with a creative, solution-oriented approach to ensure a predictable outcome of success for our clients.

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Ferrovia Construction has designed and built some of the most iconic, large-scale, and transformative civil engineering, commercial and industrial projects in the world. Our work spans 50 countries on five continents with more than 770 projects successfully completed. Wholly owned by the same parent company as CINTRA, the world's largest transportation developer by invested capital, Ferrovia Construction has over 90 years' experience in DBB, DB, and PPP projects across all types of infrastructure assets, including construction of highways and roads, tunnels, canals, water pipelines, gas and oil pipelines, hydroelectric power stations, dams, water treatment plants, wharfs and ports, airports, stadiums, and railways, including high-speed rail.

With its North American operations headquartered in Austin, Texas, Ferrovia Construction has managed nearly \$14.4 billion in design-build construction since 2006, representing some of the largest, most complex transportation infrastructure projects in the U.S. and Canada. Currently, Ferrovia Construction is managing six major highway construction projects in Georgia, Texas and Virginia, as well as the U.S.'s first high-speed rail development project in California.

Contact Heather DeLapp, Director of Operational Outreach, hdelapp@ferrovial.us

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