

Pennsylvania, New York and New Jersey P3 Market Snapshot

The Business Case for CNGNY

The Consulate General of Canada in New York (CNGNY) is responsible for covering the states New York, New Jersey, Delaware, Connecticut, Pennsylvania and Delaware, as well as Bermuda. Only Pennsylvania has enacted P3 legislation. Therefore, our efforts have traditionally focused on that region above the others in the past.

While there is no indication that New York State (NYS) will pass legislation on P3 in the near term, the 2016-17 State Budget included provisions allowing for the use of P3s linked to select projects under the State's \$100B infrastructure funding. Recent major projects such as the \$3.6B LaGuardia Airport project have revived interest in major infrastructure projects, and made a strong case for the establishment of P3 legislation in New York state. The demographics of the state, along with its aging infrastructure, should also create some interesting opportunities in the future.

Delaware Governor John Carney announced in May 2017 a plan to create a P3 entity, the Delaware Prosperity Partnership, which will help accelerate the State's economic development

efforts starting in early 2018. Additional details are forthcoming.

Connecticut has not seen any significant P3 activity in the last few years, so it was excluded from this snapshot.

The Government of Bermuda is currently working on a P3 airport project, being implemented under a framework agreement with the Canadian Commercial Corporation (CCC). CCC has sub-contracted the project work to Aecon, who is responsible for the project's development, financing and long-term operation and maintenance, valued at \$274M.

Pennsylvania

- With P3 enabling legislation for transportation, Pennsylvania is the hottest state for P3s in CNGNY territory.
- In late 2014, PA Department of Transportation awarded an \$899M contract to Plenary Group for its Rapid Bridges Replacement P3, and has further issued an RFP to build CNG refueling stations
- In August 2015, it issued another RFP for P3 legal and advisory services.
- Before these projects, Middletown Water/Sewer completed a \$126M upgrade utilizing the P3 model.
- Given the success of past projects, enabling legislation, new Administration support and several projects in the pipeline, it is expected for PA to continue utilizing P3s for infrastructure projects throughout the state

- Future projects may include additional bridge repairs, as 27% of Pennsylvania's 22,280 bridges are considered structurally deficient and 17% are deemed functionally obsolete
- Another area of possible development is Pennsylvania's roadways, specifically its highway network - the 5th largest in the United States - for the number of state-owned highways with 40,000 State and 76,000 local miles. Truck traffic on Pennsylvania's 1,754 miles of interstate roads is more than double the national average, and many of the state's roads are at or exceed their design capacity, with demand predicted to increase in the near future.

New York

- The latest P3 legislation in NYS was proposed by state Sen. Greg Ball (R) in 2014. The legislation, which aimed at allowing P3s for public infrastructure projects, stalled the same year and has not been re-addressed.
- In place of the P3 bill, state lawmakers have focused on limited authorization of design-build projects through the NYS Infrastructure Investment Act, originally passed in 2011 and used, for example, by the Thruway Authority to rebuild the Tappan Zee Bridge - scheduled for completion in 2018 at an estimated cost of \$3.9B.
- The NYS Infrastructure Investment Act expired in March 2017. In its place, as part of the 2016/17 State Budget, the Transformational Economic Development Infrastructure and Revitalization Projects Act was initiated to allow for the use of alternative financing contracts on select projects (the Jacob K. Javits Convention Center, Empire Station Complex, James A. Farley Redevelopment and Penn Station New York Redevelopment projects). These projects are part of a \$100B investment in infrastructure by the State, and offer evidence of growing support for P3s in NYS.
- In November 2016, the governments of NY and NJ established the Gateway Program Development Corporation, a not-for-profit entity under the Port Authority of NY/NJ, charged with developing the bi-state Hudson River rail tunnel project, estimated to cost over \$20B, with half of the money coming from the federal government. In response to federal budget cuts affecting the U.S. Department of Transportation, the board overseeing the project has agreed to consider a P3 model to build and finance portions of the project and is soliciting information from private-sector construction and finance firms.
- Considered a separate federal entity, the Port Authority of NY & NJ is free to pursue opportunities under a P3 model, absent of any governing P3 legislation. Accordingly, the Port Authority of NY/NJ has continued its use of P3s for megaprojects, such as the Goethals Bridge P3 (design, build, finance & maintain) scheduled for completion in 2018 at a cost of \$1.16B, and the LaGuardia Airport Central Terminal Building P3 (design, build, finance, maintain & operate), which was awarded in May 2015 to a consortium led by Vancouver's Vantage Airport Group at \$3.6B.

New Jersey

- NJ Governor Chris Christie conditionally vetoed a P3 bill in August 2015 which was approved by the NJ Assembly and Senate in June 2015. The Bill (Senate bill 2489) provides that the state's counties, municipalities and some other qualifying government entities can enter into a P3 engagement for certain building and highway infrastructure projects with a price tag of at least \$10 million.
- Successful P3s in NJ include the campuses of Montclair State University, Rutgers University, Ramapo College, Drew University and the College of New Jersey, and a successful water/wastewater P3 completed by Bayonne Municipal Utilities Authority (BMUA) in November 2012 at a cost of \$173M.

New York and its neighboring states are committed to improve their infrastructure in various areas and are willing to see more Canadian companies developing those projects. The decision is yours!

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