



## CENTER FOR INNOVATIVE FINANCE SUPPORT

### QUICK FACTS

P3s include any contractual arrangement in which the private sector takes on more risk than what is traditional.

P3 goals may vary from raising funds from lease of an existing facility (Brownfield), to constructing a brand-new facility (Greenfield).

P3s do not necessarily involve toll facilities.

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[www.fhwa.dot.gov/innovativeprograms/centers/innovative\\_finance/](http://www.fhwa.dot.gov/innovativeprograms/centers/innovative_finance/)

## PUBLIC-PRIVATE PARTNERSHIPS (P3s)

### What Are Public-Private Partnerships (P3s)?

Under traditional procurement, private contractors construct projects based on a public design with public financing and turn them over to the public sector upon completion for operations and maintenance. Under P3 models, the private sector may also participate in design, finance, operations, maintenance, and toll-revenue collection. “Availability payments” are a type of long-term lease in which the private sector designs, builds, finances, and operates a facility over a specified term in exchange for an annual payment. Under a toll concession, the private concessionaire receives the right to collect toll revenues from the facility instead of collecting a specified payment.



I-495 Capital Beltway high-occupancy toll lanes.

### FHWA’s P3 OBJECTIVES

The Center for Innovative Finance Support (CIFS), under FHWA’s Office of Innovative Program Delivery (OIPD), seeks to provide technical support for the consideration and use of P3s as a mechanism for procurement and financing of highway projects. CIFS seeks to develop an understanding of P3s by key stakeholder groups, transportation leaders, and elected officials and encourages consideration of P3s (where appropriate). CIFS also seeks to improve the capacity of P3 units (or other teams) within State governments to support the consideration and use of P3 procurement.

### PROGRAM NEEDS

Building the organizational capacity needed to develop P3s while protecting the public interest presents a major challenge to transportation agencies. Agencies will need to acquire or develop new policy, legal, technical, financial, and managerial skills and establish processes and structures, such as specialized P3 units, that allow them to apply those skills in a multidisciplinary way.

To design partnerships that are both in the public interest and attractive to private investors, public agencies will need to gain a better understanding of private sector interests as well as public concerns. Managing the organizational changes needed to develop, implement, and monitor P3s will require agencies to involve and educate agency staff and external project stakeholders to build committed leadership at multiple levels.

### CIFS’s ROLE

CIFS assists States in developing new P3 knowledge, skills, and abilities that vary by phase of project development, including policy, legal, technical, financial, and managerial capabilities. CIFS supports research and development of tools to facilitate consideration and implementation of P3s, assists in building the capacity of practitioner communities, develops and implements Federal policy on P3s, and collaborates with State and local partners to communicate the various aspects of P3s to elected officials, transportation leaders, and the public.

The target audience for CIFS assistance varies by project phase, as follows:

- Legislative, executive, and policy staff who need capacity to establish a statutory and policy framework in the early phase.

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- Transportation planners and project development professionals who need capacity to identify and evaluate potential P3 projects in the planning and project development phases.
- Major project engineers, finance specialists, and legal professionals who need capacity to conduct procurement.
- Construction, operations, and maintenance engineers who need capacity for performance monitoring and oversight.

To achieve its objectives, CIFS:

- Conducts research on key P3 questions.
- Develops appropriate P3 tools and guides to assist each target audience.
- Conducts training, education, and other capacity building, including dissemination of information through various electronic and other media.
- Develops and implements Federal P3-related policies, including Special Experimental Programs (SEP).
- Exercises stewardship to ensure that applicable Federal laws, regulations, and policies are effectively implemented.

The CIFS draft *Program Plan and Road Map for Performance Years 2013–2017*, which outlines planned collaborative efforts for research, tool development, capacity building, policy development, and stewardship, is available on the IFS Web site at [www.fhwa.dot.gov/ipd/pdfs/p3/p3\\_road\\_map.pdf](http://www.fhwa.dot.gov/ipd/pdfs/p3/p3_road_map.pdf).

#### CURRENT CIFS ACTIVITIES

A key current research activity is the development of comparative case studies of representative projects that highlight maturing or evolving P3 policies and practices. Current activities in tool development include the development of an analytical toolkit to assist in understanding how to compare a P3 procurement option with the traditional approach. Supporting guides and a training program are also being developed.

CIFS periodically conducts P3 Webinars, both introductory and advanced. Recordings and transcripts of past Webinars are available to FHWA staff on the CIFS Academy Staffnet Web site at <http://staffnet.fhwa.dot.gov/ipd/academy.htm>. CIFS also provides a variety of P3 resources on its Web site at [www.fhwa.dot.gov/ipd/p3/index.htm](http://www.fhwa.dot.gov/ipd/p3/index.htm).



I-595 corridor roadway improvements.

### THE FEDERAL HIGHWAY ADMINISTRATION'S (FHWA'S) ROLE IN P3s

The Center for Innovative Finance Support works to ensure that decisionmakers are aware of alternative procurement and payment models, that they understand the benefits as well as the risks, that they have the analytical and evaluation tools necessary to determine when P3s are appropriate, and that they have the professional capacity to manage implementation of a P3 project delivery model.

- **Education/Research:** FHWA's Web site provides information gained from P3 experience in the United States and abroad, including sample legislation, decision tools, and case studies.
- **Finance:** Financial assistance is available for eligible projects under the TIFIA program, as well as allocations of Private Activity Bonds.
- **Stewardship/Oversight:** FHWA provides oversight and stewardship, as required, on P3 projects that involve Federal-aid funds or TIFIA assistance.

The FHWA Office of Innovative Program Delivery helps State and local transportation officials consider innovation in revenue sources, financial tools, and procurement.

For more information, visit the Web site: <https://www.fhwa.dot.gov/innovativeprograms/>



OFFICE OF INNOVATIVE PROGRAM DELIVERY

## PROGRAM AREAS OF THE CENTER FOR INNOVATIVE FINANCE SUPPORT

The Center for Innovative Finance Support provides a one-stop source for expertise, guidance, research, decision tools, and publications on program delivery innovations. Our Web page, workshops, and other resources help transportation professionals deliver innovation.

### PUBLIC-PRIVATE PARTNERSHIPS

The Center for Innovative Finance Support's P3 program focuses on the potential of design-build-operate-finance-maintain (DBFOM) concessions funded through tolls or availability payments to reduce project cost, improve quality outcomes, and provide additional financing options.

### ALTERNATIVE PROJECT DELIVERY

The Center for Innovative Finance Support's Alternative Project Delivery Program provides information on contractual arrangements that allow for greater private participation in infrastructure development by transferring risk and responsibility from public project sponsors to private sector engineers, contractors, and investors.

### PROJECT FINANCE

The Center for Innovative Finance Support's project finance program focuses on alternative financing, including state infrastructure banks (SIBs), grant anticipation revenue vehicles (GARVEEs), and Build America Bonds (BABs).

### TOLLING AND PRICING

The Center for Innovative Finance Support's Federal tolling and pricing program focuses on the use of tolling and other road user charges as a revenue source to fund highway improvements and the use of variably priced tolls as a tool to manage congestion.

### VALUE CAPTURE

The Center for Innovative Finance Support's Value Capture Strategies explores strategies for tapping into the added value the transportation improvements bring to nearby properties as a means to provide new funding for surface transportation improvements.



U.S. Department of Transportation  
Federal Highway Administration