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United States, Maryland – I-495 and I-270 PPP Project

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On this page: *Case Study 3: United States, Maryland – a two-stage procurement process together with an innovative dialogue process could prove critical to finding the most qualified PPP team and to enhancing the probability of success.*

Background

For decades, congestion has plagued travelers on the Maryland side of the Capital Beltway (I-495) and I-270. In 2017 the governor of Maryland announced Maryland's Traffic Relief Plan to reduce traffic congestion, increase economic development, enhance safety, and return quality of life to commuters. The plan proposed replacement of the American Legion Bridge and addition of four new “high-occupancy toll” (HOT) lanes to portions of the I-495 and the I-270. The plan was designated as eligible for public-private partnership (PPP) projects. Once completed, the project will be the largest highway PPP of its kind in the world. It includes over 70 miles of existing interstate highway extending along I-495 and I-270 and will be developed and delivered pursuant to the following overarching goals: congestion relief, impact minimization, no net cost to the state, accelerated delivery, and significant innovation.

PPP Projects

The procuring authorities are the Maryland Department of Transportation (DTOT) and the Maryland Transport Authority (MTA). They will jointly deliver the I-495 and I-270 PPP project. The project is divided into three phases that represent sections of the project. The first section encompasses work for I-495 from the vicinity of the George Washington Memorial Parkway in Virginia, across and including the American Legion Bridge to its interchange with I-270, and for I-270 from its interchange with I-495 to its interchange with I-70 (phase 1).

Different from other PPPs that have so far been delivered in Maryland, the project will be developed and delivered using a multi-step progressive PPP approach for each section. The selected bidder will first enter into a phase PPP agreement and collaborate directly with the relevant agencies and stakeholders on predevelopment work. This upfront effort will focus on advancing the preliminary design and due diligence activities for the project by involving all stakeholders—including affected counties, municipalities, property owners, utilities, and citizens. Afterwards the procuring authority intends to move forward with a section PPP agreement under which a subsidiary of the phase developer will be responsible for the section work, i.e., the final design, construction, financing, operations and maintenance of a section for a term of 50 years.

The procuring authorities issued a request for proposal (RFP) for phase 1 in February 2020. Qualified respondents were then invited to submit a proposal to assist in the predevelopment work and enter into the phase PPP agreement for the project in July 2020. The procuring authorities have incorporated an unusual dialogue process to foster creativity and innovation in the development and delivery of phase 1 of the project.

This process allows bidders to deviate from the RFP documents and to introduce innovative technical or financial solutions.

On February 18, 2021, the Maryland Department of Transportation (DTOT) and the Maryland Transportation Authority (MTA) chose the consortium Accelerate Maryland Partners LLC (AMP) to handle the first phase. The consortium includes Transurban and Macquarie Infrastructure Developments as lead equity developers and lead contractors. To make the project more sustainable, efficient and accessible for communities through technology, AMP added strategic partners to the team, e.g., an innovative transit company as well as a transportation technology start-up for digital innovation that aims to build the future of roads "alongside strong government and industry partners for the acceleration of autonomous and connected vehicles" providing "digitally advanced road technology that is designed to be safer, less congested, more efficient in the movement of goods, and improve access to public transit."

Lessons Learned

Where new and unknown technologies are involved, a two-stage procurement process together with an innovative dialogue process could prove critical to finding the most qualified PPP team and to enhancing the probability of success. Likewise, early robust and comprehensive public engagement with key stakeholders (including affected counties, municipalities, property owners, utilities, and citizens) perhaps using a progressive model, can foster a collaborative and transparent process, advance the preliminary design and due diligence activities, and, it is hoped, will in turn lead to more resilient projects for the community and the project sponsor.

Sources: Maryland Department of Transportation and Maryland Transportation Authority. 2021. A Report to the Maryland General Assembly, Senate Budget and Taxation Committee, and House Appropriations Committee, House Ways and Means Committee Regarding Phase 1 of the I-495 and I-270 Public-Private Partnership (P3) Program.

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Maryland Department of Transportation and Maryland Transportation Authority. 2021. Annual Report to the Maryland General Assembly regarding Public Private Partnerships.

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