

Billing Code: 3720-58

DEPARTMENT OF DEFENSE

Department of the Army, Army Corps of Engineers

Request for Information on Conceptual Public Private Partnership (P3) Delivery of Specific U.S. Army Corps of Engineers Civil Works Projects.

AGENCY: U.S. Army Corps of Engineers, DoD.

ACTION: Notice; request for information.

SUMMARY: The Assistant Secretary of the Army (Civil Works) has directed the U.S. Army Corps of Engineers (Corps) to establish a Public Private Partnership (P3) pilot program with the goals of demonstrating the viability of new delivery methods that can significantly reduce the cost and time of project delivery. The Corps is to identify up to 10 additional P3 pilot projects and has been provided guidance on the screening and selection criteria.

DATES: Information must be submitted to Headquarters U.S. Army Corps of Engineers on or before [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: You may submit information by any of the following methods:

- Mail: Headquarters, U.S. Army Corps of Engineers, Directorate of Civil Works, Infrastructure Team, Attn: John Coho 3F65, 441 G Street, NW, Washington, DC 20314.
- E-mail: CW.Infrastructure.Team@usace.army.mil

FOR FURTHER INFORMATION CONTACT: Mr. Aaron Snyder, USACE Infrastructure Funding and Financing Lead, at 651-290-5489, or e-mail: aaron.m.snyder@usace.army.mil

SUPPLEMENTARY INFORMATION: To develop the pilot program and identify up to 10 additional P3 pilot projects, information will need to be submitted based on the initial screening

and selection criteria. The Corps will use a matrix to evaluate the project information that will be the basis for coordination and discussions for possible development of P3 delivery of specific U.S. Army Corps of Engineers Civil Works projects. Submitters are encouraged, but not required, to coordinate with the local Corps of Engineers District prior to providing information for this request. The criteria are as follows:

Initial screening criteria:

(1) The P3 proposal:

(a) Has a construction cost in excess of \$50 million;

(b) Has non-Federal sponsor support;

(c) Includes design, build, finance, operation and maintenance (DBFOM) or some combination thereof for Federally authorized projects;

(d) Accelerates project delivery; and

(e) Has the ability to generate revenue or leverage non-Federal funding sources.

(2) Existing authorities are sufficient to allow the P3 project to be completed.

(3) A qualitative assessment demonstrating that the P3 will deliver the project faster and/or more cost effectively than traditional delivery.

Selection criteria:

(1) Return on Federal Investment

- (a) P3 project proposals will be evaluated and ranked on the basis of Return on Federal Investment (ROFI). ROFI will be calculated by annualizing the total project benefits and Federal costs utilizing the current discount rate, and applying the formula:
$$\frac{\text{Benefits} - \text{Federal Costs}}{\text{Federal Costs}}$$
- (b) For any P3 project where it has been determined that a reduction in the non-Federal share is warranted with authority provided in 33 USC 2213, the ROFI calculation will be adjusted to account for those modifications and address concerns pertaining to equity.
- (2) Replicability: Project proposals that are replicable, meaning the proposed P3 structure or underlying concepts may be applied to other prospective projects.
- (3) Reliable Funding Sources: Reliable non-Federal funding sources for the design, construction, operation and maintenance of Federally authorized water resource projects are identified.
- (4) Risk Allocation: Project effectively allocates delivery and performance risk to non-Federal entities and minimizes Federal direct and contingent liabilities associated with the project.

The USACE has developed implementation guidance that will guide the development, coordination, and selections for this P3 pilot program. That implementation guidance and other relevant information can be obtained at: https://www.usace.army.mil/Missions/Civil-Works/Infrastructure/Infra_P3_program/

Projects carried out under the P3 pilot program will be subject to the cost-sharing requirements included in the project authorization. The USACE intends to conduct follow up

discussions and coordination with interested parties to gain a better understanding of the P3 proposals, understand obstacles to implementation and to inform project selection.

Existing challenges:

Significant research and analysis has been completed to date on the challenges facing the use of P3 projects on U.S. Army Corps of Engineers Civil Works Projects, particularly projects that are owned and operated by USACE. Reports documenting some of this information can be found at: https://www.usace.army.mil/Missions/Civil-Works/Infrastructure/Infra_P3_program/ and should be considered when providing a response to this request. The report from the Harvard Kennedy School, citation below, can be used as a resource for information.

Ash Center for Democratic Governance and Innovation. (2017). *Tapping Private Financing and Delivery to Modernize America's Federal Water Resources*. Cambridge, MA: Harvard Kennedy School.

Key known challenges are: 1) inability to collect, retain and reinvest fees; 2) inability to make commitments on future appropriations; and 3) enabling framework and authorities to implement P3 projects. The Corps has explored options for utilization of P3 on Federally owned assets to include the navigation system and hydropower, both of which have existing challenges pertaining to authorities and budget scoring. These challenges should be considered and understood when providing a response to this request.

Entities submitting information on a project must include the following information:

1. Project Name.
2. Project Location.

3. Name of the project sponsor.
4. Statement of support from non-Federal sponsor, or likely non-Federal sponsor.
5. The type of project (i.e Flood Risk Management, Ecosystem Restoration, Navigation, etc).
6. The authority that authorized the project.
7. Clearly identify if existing authorities are sufficient to allow the P3 to be completed (State and Federal).
8. Identification of additional authorities necessary to carry out the project as a P3.
9. The investment size of the project (i.e. \$70,000,000)
10. Anticipated activities included in the proposed P3 (i.e. design, build, finance, operate and maintain)
11. Anticipated revenue sources for funding the P3 component of the project.
12. Ability to leverage non-Federal funding sources.
13. Expected impact on the project delivery schedule and costs.
14. A qualitative assessment demonstrating that the P3 will deliver the project faster and/or more cost effectively than traditional delivery.
15. Anticipated Return on Federal Investment. ROFI will be calculated by annualizing the total project benefits and Federal costs utilizing the current discount rate, and applying the formula: $(\text{Benefits} - \text{Federal Costs}) / (\text{Federal Costs})$.
16. Statement on replicability and how this approach may be applied to other prospective projects.
17. Statement on risk allocation and how this approach will effectively allocate delivery and performance risk to non-Federal entities and minimize Federal direct and contingent liabilities

associated with the project.

18. Socioeconomic information to address concerns of equity which include: Population Benefited, Number of existing jobs in benefited area, Median Family Income, Unemployment Rate, and trends on population growth.

Although not required as part of the submittal the Corps is interested in gathering input on how equity issues can be addressed as part of the P3 program development. This could include means, methods, analysis, or other modifiers that could allow for an equitable distribution of projects.

Dated: January 29, 2019

John W. Coho

USACE Infrastructure Team

U.S. Army Corps of Engineers

[FR Doc. 2019-00709 Filed: 1/31/2019 8:45 am; Publication Date: 2/1/2019]