Clean Water Partnership: A Community-Based P3 for Prince George’s County

Maria A. Montalvo, Corvias
CORVIAS AS INNOVATOR, PARTNER, AND SOLUTIONS PROVIDER

• 30 long-term partnerships across the country
  – More than $6 billion in assets under management

• Financed more than $2.3 billion for our partners priorities

• Nearly half a billion in debt defeased for higher education partners alone, and more than $800 million returned to federal/municipal partners via reinvestment reserve account since 2004

• Proven and flexible approach to innovative financing and partnership structure(s) with government

• Innovation to meet systematic infrastructure and facilities challenges
  – 1st large-scale, 50-year P3 under a pilot with the DoD at Fort Meade, MD
  – 1st system-wide, 65-year higher education P3 with the University System of Georgia
  – 1st EPA-endorsed CBP3 partnership with Prince George’s County, MD
WHAT HAS A CBP3 PROVEN?

• CBP3 developed in collaboration with the EPA
  – Find new ways to address challenges to systemic problems
  – Develop capital projects at 30-50% less than traditional approaches
• Stormwater can be impactful high-road infrastructure
  – Achieves regulatory compliance
  – Surpasses broader goals for local community and economic development
• Maximize impact to untapped local economy
  – Low barrier to entry for target class businesses and local workforce with a P3 partner willing to invest the right way
CREATING OPPORTUNITY FROM A CHALLENGE

• Urban MS4 Area
  – 11 Watersheds
  – 27 municipalities
  – 9 County Council Districts

• Phase 1
  – 2,000 acres for under $100M
  – No initial projects identified
  – 117 project sites, 330+ BMPs
  – $44K per acre average

• Phase 2: 2,000 acres
• Meet requirements current MS4 (2019); on track for 2025
  – 2004-2014, County treated 200 acres
  – No change in staff
CBP3 STRUCTURE AND STAKEHOLDERS

• Maximize contribution of public and private entities

• Nationally recognized:
  – National Resource Defense Council High Road Infrastructure Program, 2017
  – 2017 ASCE National Infrastructure Report Card “Game Changer” Project
  – Clinton Global Initiative 2016
ROADMAP TO 2,000 acres by 2017

**PRE-CONSTRUCTION**
Permitting & Program Agreements

- **January 2, 2014**
  NPDES Permit Issued
- **March 26, 2015**
  Master Program Agreement (MPA) for P-3 executed
- **April-October 2015**
  Program Team Formation including initial Corvias/CWP internal infrastructure: hiring personnel, procurement selection of contractor, engineers/designers, GCS, maintenance contractors, etc.

**2014**

**FIRST CONSTRUCTION SEASON**
Planning, Design & Construction

- **November 2015-May 2016**
  Evaluation, design and permitting the 1st wave of projects; and
- **May-August 2016**
  Bidding and contracting construction work for first construction season spring 2016.

**2015**

**SECOND CONSTRUCTION SEASON**
Planning, Design & Construction

- **November 2016-May 2017**
  Evaluation, design and permitting the 2nd wave of projects
- **May-August 2017**
  Bidding and contracting construction work for second construction season spring 2017
- **May-November 2017**
  Commencement and Execution of Second Construction Season

**2016**

**2017**

$50M Low-Interest SRF
OUTCOMES-BASED PROGRAM DESIGN MAXIMIZES VALUE TO THE COUNTY

- Ability to treat more acres and utilize a variety of technologies/ BMPs through innovations in site selection, public and private property access, and risk transfer
  - About making the most of the property, not the technology
  - Incentivizing property owners
- Projects assessed and selected on “best value” basis
  - Price
  - Acre credit
  - Stakeholder access
  - Constructability
  - Maintainability
  - Location
  - Community Benefit
TRANSFORMING EXPECTATIONS

• Complete a paradigm shift related to the stormwater cost stack

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
<th>% of Total</th>
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<tbody>
<tr>
<td>Design</td>
<td>$18.3M</td>
<td>18%</td>
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<tr>
<td>Construction</td>
<td>$69.6M</td>
<td>70%</td>
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<td>Program/Socioeconomic</td>
<td>$4.1M</td>
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<tr>
<td>Surplus</td>
<td>$8.0M</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$100M</strong></td>
<td><strong>100%</strong></td>
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• Local tax revenue of more than $14.6 million from retrofits in two years
• Partnership focus on community impact comes from performance-based compensation
  – 25% of metrics based on cost and schedule (completion is a minimum)
  – 75% of metrics based on outreach and subcontracting
SOCIOECONOMIC IMPACT: PUBLIC SECTOR CAN AND SHOULD DEMAND MORE

• Evaluated by Towson University RESI Study: community economic benefit is 2.5x MPA requirements

• Creation of a competitive market with increased local capacity and participation

• 95% of target class is local
  – Almost doubled target class requirement
  – Quadrupled local utilization
COMMUNITY OUTREACH

• Partnerships with Local Schools, 501c3s, mentor-protégés, and Faith-Based Organizations
  – CWP Schools Program at 30+ schools
  – Junior Achievement Finance Park (in cooperation with Capital One) at James Gholson Middle School
  – End Time Harvest Ministries paid internships for Environmental Health Summer Program (6 weeks, 50 students)
AS A LONG-TERM SOLUTION

• Innovation and courage has positioned Prince George’s County to be a regional and national leader in water infrastructure and economic development
• Phase 2 puts County on the road to 15,000 acre MS4 requirements by 2025
  – Projected $53,000 per acre
  – 58% public/42% private property
  – Additional $100 million of private financing through innovative capital stacks blending taxable and tax-exempt, and includes pre-funded maintenance for both phases
  – Increased subcontracting goal
• Legacy materializing in the City of Chester, PA, in transition for CBP3
  – Project initiation: December, 2017
  – $1M PennVest Predevelopment Grant funding
  – $5M PennVest Immediate Impact Grant funding
  – 400+ sites prescreened for initial programming; 26 selected
POSSIBILITIES FOR CBP3s NATIONWIDE

- Stormwater management can be an impactful infrastructure program that achieves regulatory compliance and local community goals
- Water quality and infrastructure capital projects can be developed quickly and at a reduced cost (30-50+%) from traditional project delivery and procurement methods
- CBP3 encourages municipalities to demand aggressive goals and objectives for socioeconomic development
- True partnership creates opportunities for education of the importance of sustainability, water quality, and community resiliency
“It really is about opportunities. Not the things that have already been done or are happening in the present, but what could happen in the future.”

—RUSHERN L. BAKER, III
PRINCE GEORGE’S COUNTY EXECUTIVE