

March 24, 2021

Please Support SB 361, P3 Reform

Dear Members of the Budget and Taxation Committee:

Our organizations urge you to vote to give a favorable recommendation to SB 361, which would reform the process for establishing future public-private partnerships (P3s).

The need to reform the P3 process has become more evident with the challenges related to the Purple Line P3. The withdrawal of the construction contractor, the \$250 million in added costs and the lengthy delays make clear that the existing P3 process does not protect the State and its taxpayers from the substantial risks inherent in public-private partnerships.

The establishment of a review board under SB 361 would provide the General Assembly with oversight of future P3 projects. The requirement for a risk analysis and independent assessment of a project's impact on the State's credit rating would protect taxpayers. The revised non-compete clause would prohibit P3 developers from blocking transit or road improvements initiated by local governments, similar to an existing prohibition for State transportation projects.

For P3s estimated at over \$500 million, SB 361 would require that a presolicitation report include a Final Environmental Impact Statement (FEIS). This provision would ensure that we have the best understanding of the fiscal, environmental and social impacts of a proposed P3 before any contracts with a developer are signed. We urge the Committee to retain this critical provision.

Unfortunately, the I-495/I-270 P3 exemplifies the need for the FEIS requirement. The Draft Environmental Impact Statement (DEIS) for the I-495/I-270 project had numerous deficiencies. For example, while it estimated that the project could require a subsidy of up to \$482 million to the developer, it does not account for the cost of moving water/sewer and other utility infrastructure. The DEIS failed to analyze transit alternatives or smaller scale road improvements. It failed to assess whether the project's adverse impacts would be disproportionately borne by communities of color and low-income communities. Yet, MDOT plans to sign a predevelopment agreement months before the FEIS is completed and before these important questions are addressed.

On Friday, the House Environment and Transportation Committee added a provision requiring MDOT to submit an analysis of the impact of recent increases in telework to the Board of Public Works. The Committee also made its bill an emergency bill to accommodate the added study. The addition of this study is a smart improvement to the bill and we urge the Budget and Taxation Committee to adopt it.

Given the experience with the Purple Line and the I-495/I-270 P3, it is clear that the process must be reformed for future P3 projects to protect the State and its residents. We urge you to vote for SB 361 with the addition of the traffic study and change in effective date.

Sincerely,

AFSCME Council 3

Chesapeake Bay Foundation

Citizens Against Beltway Expansion

Climate Change Task Force, Unitarian Universalist Legislative Ministry of Maryland

Coalition for Smarter Growth

Don'tWiden270.org

DoTheMostGood

Glen Echo Heights Mobilization

Greater Farmland Civic Association

Greenbelt Climate Action Network

Howard County Climate Action

League of Women Voters of Maryland

Maryland Campaign for Environmental Human Rights

Maryland Conservation Council

Maryland Sierra Club

National Parks Conversation Association Save

Our Seminary at Forest Glen Inc.

Sligo Creek Golf Association (SCGA)

Washington Area Bicyclist Association

Woodside Forrest Civic Association