

WSDOT Public-Private Partnership (P3) Program

Implementation Update Under ESSB 5801

Washington State Joint Transportation Committee

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Julie Meredith, Secretary of Transportation
Mike Gribner, Deputy Secretary of Transportation
Steve Nevey, Deputy Secretary of Transportation – WA State Ferries

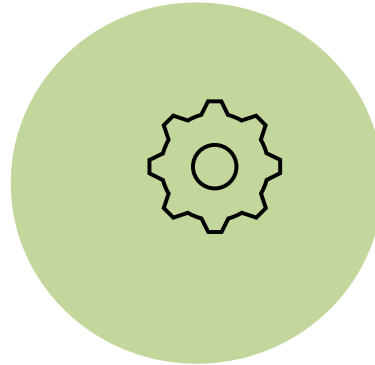
Purpose of Today's Briefing



1

P3 101

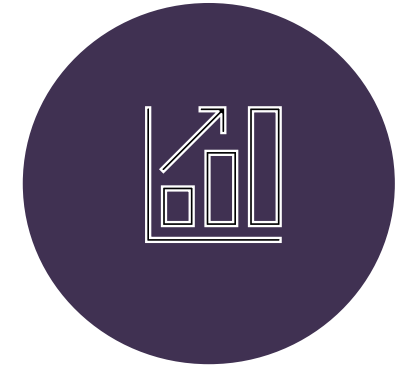
What are P3s and why do governments use them?



2

Proviso Implementation Update

What is the status of implementing P3-related provisos in ESSB 5801 and ESSB 6005?



3

Next Steps

What are the next steps?

P3 101: What is a Public-Private Partnership?

A P3 is an alternative project delivery and financing model that aligns public-sector objectives with private-sector expertise, innovation, and in some cases, capital.

P3 models may include:



Design



Construction



Financing



Operations



Maintenance

Public ownership remains



Washington retains ownership, policy control or oversight responsibilities.

What P3s are not:



Privatization



Sale of public assets



Transfer of public control and oversight

Strategic advantages of P3s

P3s can provide advantages when structured to the public interest.



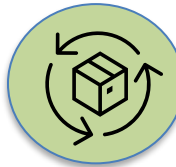
Improved Risk Management

Transfer appropriate risks to parties best able to manage them.



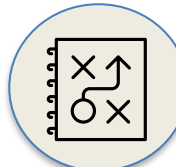
Innovation

Encourage alternative technical and operations solutions.



Lifecycle Perspective

Consider long-term performance and maintenance needs.



Delivery Flexibility

Expand available project delivery options.



Access to Additional Expertise

Leverage specialized private-sector capabilities.

Important Note: P3s are one tool among many and are not appropriate for every project.

Washington faces a new transportation reality



GROWING NEEDS

- Preservation
- Safety
- Ferry system investments
- Bridge improvements
- Corridor modernization



FUNDING CHALLENGES

- Construction inflation
- Changing revenues
- Competing priorities
- Significant future investment needs



LEGISLATIVE OBJECTIVE

Provide WSDOT with modern tools to evaluate complex delivery options while maintaining public ownership, accountability, legislative oversight, and public-interest safeguards.

ESSB 5801 At a Glance



Establishes modern P3 authority



Requires Public Interest Findings



Requires State Finance Committee approval



Requires legislative authorization for projects over \$500 million



Preserves public ownership and accountability



A framework for evaluation – not a directive to pursue P3 for a specific project.

Deeper dive into ESSB 5801 requirements

- WSDOT shall develop policies and, where appropriate, adopt rules to govern the use of P3 for transportation projects. This includes:
 - The types of projects allowed
 - A process and methodology for determining whether P3 will be in the public's interest
 - The types of contracts allowed
 - Minimum standards and criteria requirements for all proposals
 - Procedures for identification, solicitation, acceptance, review and evaluation of projects
 - Protection of confidential proprietary information while still meeting need for transparency and public disclosure
- All rulemaking activities done in consultation with Office of Equity and Civil Rights
- WSDOT will submit a report by Sept. 1, 2026, to HTC and STC on proposed P3 policies and guidelines it intends to develop into administrative rules
- Jan. 1, 2027, is stated as effective date for P3 program.

First Step: Identify Phased P3 Program Implementation Strategy



PHASE 1 FOUNDATION



- Governance Framework
- Administrative Rules
- Program Manual
- Steering Committee
- Advisory Committee
- Stakeholder Engagement

OBJECTIVE:

Establish the institutional framework.

PHASE 2 READINESS



- Staff Training & Development
- Evaluation Tools
- Public Interest Findings Process
- Risk Framework
- Contract Templates
- Market Engagement

OBJECTIVE:

Build organizational capability.

PHASE 3 PROGRAM ACTIVATION



- Program Activation
- Project Screening
- Governance Reviews
- Feasibility Studies
- State Finance Committee Coordination

OBJECTIVE:

Apply the framework to opportunities.

PHASE 4 PROGRAM GROWTH



- Pipeline Development
- Market Credibility
- Delivery Innovation
- Strategic Partnerships
- Continuous Improvement

OBJECTIVE:

Mature into a sustainable statewide program.



WHY A PHASED APPROACH?

WSDOT intentionally chose to build governance, policies, procedures, and organizational capability before pursuing specific projects.

This approach reduces risk, strengthens accountability, builds partner confidence, and ensures the Department is ready to responsibly implement a P3 program after the Jan. 1, 2027 effective date.

Work in progress: developing the foundation for WSDOT's P3 program

Focus 1: P3 program resourcing

- Selected a consultant to serve as a P3 advisor focused on P3 implementation guidance.
- Hired P3 Project Manager

Focus 2: Drafting P3 Program Manual

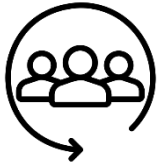
- Policies
- Procedures
- Governance Structure
 - Steering Committee
 - Advisory Committee
 - Executive oversight
- Evaluation tools
 - Screening criteria
 - Decision gates and approval pathways
 - Risk assessment
 - Public Interest Findings

Focus 3: Rules development

- Administrative framework
- Statutory implementation



Coming next: partner and public review of draft P3 Program Manual and draft rules



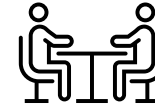
Key audiences:

- Internal WSDOT Partners
- State Partners
- Tribal Partners
- Federal Partners
- External Partners
- Public



Key tools:

- Interviews
- Workshops
- On-line and in-person engagement
- Feedback summary



Key upcoming dates:

- June – August:
 - Engagement activities
- Sept. 1:
 - Draft P3 manual and rules due to Legislature



Broad engagement leads to better policy, stronger decisions, and greater public confidence.

Success Measures for an Operational P3 Program

Success is measured by readiness, capability, and credibility – not by the number of P3 projects.



Governance

Completed manuals, rules, and committee structures.



Capability

Trained staff and processes in place.



Partners

Broad engagement, transparent processes.



Market Credibility

Industry confidence in Washington as a knowledgeable public owner.



Outcomes

Informed decisions that deliver value, manage risk, and protect the public interest.



These leading indicators show the program is ready to evaluate future opportunities.

ESSB 6005 - US-2 Trestle Feasibility Study

The US-2 Trestle corridor is critical to Washington's people, economy, and the movement of goods.



Aging infrastructure



Reliability concerns



Capacity constraints



Freight mobility needs



Regional economic importance



PURPOSE OF THE STUDY

- ✓ Determine if a P3 approach may be appropriate
- ✓ Identify and compare delivery options
- ✓ Assess risks and opportunities
- ✓ Evaluate financing and market interest
- ✓ Identify what preliminary public interest consideration will need to be addressed before any future advancement
- ⊗ Inform future Public Interest Findings and decision-making
- ⊗ This is not developing a P3 procurement for the project



Key Objective: Study due Jan. 1, 2027, to Legislature to provide decision-makers with objective information to support future policy decisions.

Expected Outcomes from the US-2 study



Investment Needs

Understand the magnitude of investment needs and potential phasing of corridor improvements.



Delivery Options

Evaluate DBB, Design-Build, Progressive DB, P3, and hybrid approaches.



Risk Assessment

Identify construction, cost, schedule, and operating risks.



Financial and Market Analysis

Assess market interest, financing structures, revenue opportunities, and fiscal exposure.



Public Interest Findings

Evaluate benefits and risks to taxpayers, public ownership, accountability, and oversight.



A data-driven foundation to support future policy decisions for the corridor.

Closing

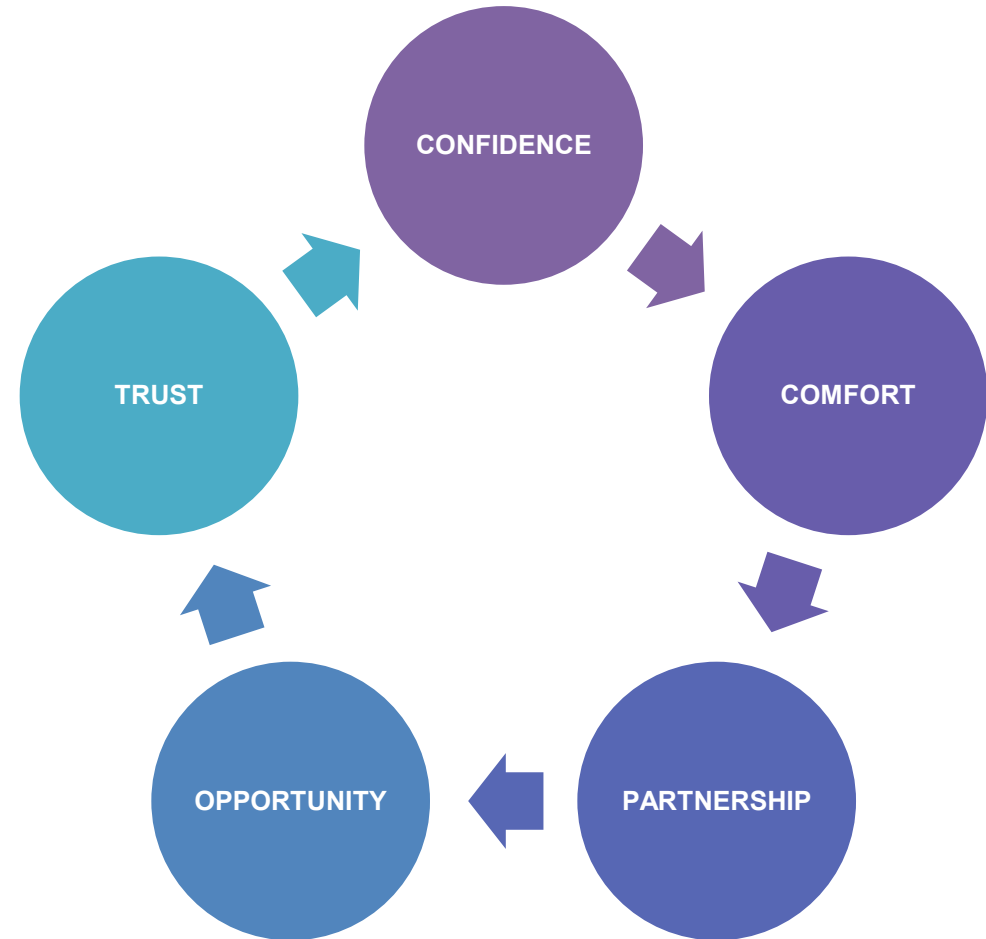
WSDOT's current focus is on fulfilling legislative direction to create a modern P3 program. This includes governance, policies, procedures, and institutional capability needed to ensure that any future opportunity can be evaluated transparently, objectively, and in the public interest.



Objective: Build a strong program today to make better decisions tomorrow.

What We Want You to Leave Knowing

- WSDOT is making meaningful progress
- WSDOT is taking a disciplined approach
- Strong public oversight remains intact
- No projects are being advanced today
- P3 is a tool, not a goal



✓ WSDOT is implementing the Legislature's direction in a deliberate and disciplined manner.

Thank you

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