EARLY DEVELOPMENT AGREEMENT
BETWEEN
THE FEDERAL HIGHWAY ADMINISTRATION
AND
THE NEW HAMPSHIRE DEPARTMENT OF TRANSPORTATION
FOR
BUS TERMINAL / PARK AND RIDE FACILITIES:
PUBLIC PRIVATE PARTNERSHIP (P3) PROJECT

THIS EARLY DEVELOPMENT AGREEMENT ("EDA" or "Agreement"), made and entered into this 22\th\day of July 2019, by and between the NEW HAMPSHIRE DEPARTMENT OF TRANSPORTATION (hereinafter "NHDOT") and the FEDERAL HIGHWAY ADMINISTRATION, UNITED STATES DEPARTMENT OF TRANSPORTATION, (hereinafter "FHWA") (collectively the "Parties");

WITNESSETH

WHEREAS, on October 6, 2004, FHWA announced, in the Federal Register at 69 Fed. Reg. 59983, a new special experimental project to explore alternative and innovative approaches to the overall project development process known collectively as Special Experimental Project Number 15 ("SEP-15") pursuant to the authority in 23 U.S.C. § 502(b)(1)(B);

WHEREAS, SEP-15 is designed to permit tests and experimentation in the project development process for title 23 projects that are specifically aimed at attracting private investment and lead to increased project management, flexibility, more innovation, improved efficiency, timely project implementation, and new revenue streams;

WHEREAS, under SEP-15, in order to facilitate tests and experimentation in the project development process, FHWA may grant modifications or deviations from the current requirements contained in title 23 of the United States Code and title 23 of the Code of Federal Regulations;

WHEREAS, on November 20, 2018, NHDOT, submitted an application under SEP-15 requesting a deviation from certain provisions in title 23, United States Code (U.S.C.) to permit experimentation with parking fees and retail/commercial services at five park and ride lots ("the Proposal").

WHEREAS, the Proposal is an effort of NHDOT to generate revenue to address parking demand, increase capacity at park and ride facilities, and to pay for maintenance and operation costs and capital improvements.

WHEREAS, on December 21, 2018, FHWA conditionally accepted NHDOT’s SEP-15 application;

WHEREAS, FHWA and NHDOT worked together to further define the Proposal, and NHDOT has amended its application through a letter dated June 18, 2019; and
WHEREAS, under SEP-15, an EDA between NHDOT and FHWA is required in order to specify the conditions relating to the modifications or deviations from Federal requirements that are granted for the amended Proposal (hereinafter referred to as “the Project”), as well as to identify the reporting requirements that will be used to evaluate the extent to which the modifications or deviations contributed to the success of the process.

NOW THEREFORE, NHDOT and FHWA hereby agree as follows:

SECTION 1. SCOPE OF EARLY DEVELOPMENT AGREEMENT

Scope of the Early Development Agreement

A. This EDA is intended to identify and establish the parameters of the modifications or deviations from title 23 Code of Federal Regulations for the Project, which shall be hereinafter referred to as the “experimental features” and are described further in Section 4. Nothing in this EDA shall be construed as a relinquishment of any Federal oversight or stewardship responsibility.

B. The FHWA shall use the information provided in the evaluation report required in Section 6 to determine whether to propose changes in law to authorize the experimental features evaluated under this EDA.

C. Pursuant to the terms and conditions of this EDA, the NHDOT and a private partner may enter into a concession agreement, including any necessary ground lease(s), under which the private partner may:

1. Operate, maintain, expand, and improve the five parking facilities that are described in Exhibit D to this EDA (“the five parking facilities”). All the parking facilities are outside the Interstate right-of-way and have no direct access to the Interstate.

2. Charge fees for the use of the five parking facilities and generate parking fee revenue above and beyond the revenue limits established in 23 U.S.C. 137 and 142.

3. Construct, operate, lease, and maintain retail/commercial facilities within the existing limits of the five parking facilities.

4. If authorized by NHDOT, and subject to this EDA and applicable Federal requirements, provide expanded parking/transit capacity on, or in close proximity to, the five parking facilities (all expansion to be outside of the Interstate right-of-way, and to have no direct access to the Interstate). This may include providing shuttle service between an expansion lot and its parent parking facility.

5. If authorized by NHDOT, and subject to this EDA and applicable Federal requirements, provide new, increased, or improved transit-related services linking the five parking facilities to other transit facilities in the I-93, I-95, and Spaulding Turnpike Corridors.

6. Use parking and retail/commercial revenues as follows:
a. Pay to NHDOT the lease fee and fixed percentage of revenues as provided in the concession agreement.

b. Provide the private partner a reasonable payment for its services, and reasonable rate of return on the private partner’s capital investment paid for from sources other than revenue generated by the activities described in Section 1(C)(1)-(5).

c. Pay ordinary maintenance, repair, and operation costs for the five parking facilities.

d. Pay the costs of capital improvements for parking and transit elements at the five parking facilities.

e. With NHDOT approval, pay the costs of expanding the five parking facilities to provide additional parking/transit capacity on, or in close proximity to, the five parking facilities (all to be outside of the Interstate right-of-way, and to have no direct access to the Interstate). This may include capital costs; ordinary maintenance, repair, and operation costs; and the cost of shuttle service between an expansion lot and its parent parking facility.

f. With NHDOT approval, pay the costs of new, increased, or improved transit-related services linking the five parking facilities to other transit facilities in the I-93, I-95, and Spaulding Turnpike Corridors.

D. Pursuant to the terms and conditions of this EDA, the NHDOT may use the concession payments received from the concession agreement to pay the costs of new or expanded public transportation services that connect to one or more fringe and corridor parking facilities in the State.

SECTION 2. DEFINITIONS

Reserved.

SECTION 3. GENERAL PROVISIONS

3.1 Applicability of Federal Law

A. All Federal laws, rules and regulations shall be applicable to any project using Federal funds, including, but not limited to, the requirements set forth in titles 23 and 49 of the United States Code, and titles 23 and 49 of the Code of Federal Regulations, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 U.S.C. §§ 4601 to 4655, and the FHWA’s implementing regulations found at 49 CFR Part 24, and the NEPA, with respect to any related facility, except as otherwise specified herein.

B. With respect to title 23 of the United States Code and title 23 of the Code of Federal Regulations, compliance with the experimental features described in Section 4 of this EDA shall be deemed to be in full compliance with Federal law, rules and regulations.
3.2 Withdrawal of Approval for Experimental Features

FHWA's approval of the SEP-15 experimental features may be withdrawn at any time by the FHWA if the FHWA determines that the experimental features are not in the public interest. Prior to any such withdrawal, the FHWA will issue a written notice to NHDOT describing the FHWA's concerns and give NHDOT a reasonable period of time to address the FHWA's concerns. However, during such period of time, no further work shall be conducted based on the approval at issue until such time as the FHWA determines that NHDOT has fully addressed the FHWA's concerns. Upon withdrawal of approval of an experimental feature, the applicable requirements of 23 U.S.C. §137(a) and 23 CFR 810.106(a)(4) and 810.4(b)(2) shall immediately apply. Nothing in this EDA permits deviation from applicable requirements of title 23 of the United States Code and titles 23 and 49 of the Code of Federal Regulations except as specified in Section 4, and nothing in this paragraph shall prevent the FHWA from performing any of its obligations or regulatory functions pursuant to applicable law, or undertaking any lawful action or remedy to enforce applicable law.

3.3 Access to Documents

A. As provided in 23 CFR 1.5, NHDOT shall furnish, or make available, to the FHWA such information as the FHWA deems necessary to administer the Federal-aid program in connection with the Project and ensure compliance with the applicable Federal requirements. NHDOT must make available to the FHWA, upon reasonable notice, any documents and communications, in whatever format or media, that is pertinent to the Project or to performance of this EDA. This provision applies to documents and communications of both NHDOT and the private partner. NHDOT is responsible for ensuring its contract with the private partner contains appropriate provisions that provide NHDOT with the necessary access to the private partner’s documents and communications.

B. In response to any request made to the NHDOT from the FHWA to furnish or make available any information pursuant to 23 CFR 1.5 pertinent to the Project or performance of this EDA, documents and communications the private entity asserts are trade secrets or confidential or commercial information, shall be handled as follows: (1) the document or communications may be provided in a separate document; (2) state on the cover of that document that it “Contains Confidential Business Information (CBI)”; (3) mark each page that contains confidential information with “CBI”; (4) highlight or otherwise denote the confidential content on each page; and (5) at the end of the document, explain how disclosure of the confidential information would cause substantial competitive harm. The FHWA will protect confidential information by complying with these requirements to the extent required under applicable law. If FHWA receives a Freedom of Information Act (FOIA) request for the information that the applicant has marked in accordance with this section, FHWA will follow the procedures described in its FOIA regulations at 49 CFR 7.29. Only information that is in the separate document, marked in accordance with this section, and ultimately determined to be confidential under § 7.29 will be exempt from disclosure under FOIA.

3.4 Order of Precedence

Except as otherwise specified herein, this EDA supersedes the November 20, 2018, NHDOT SEP-15 application, the June 18, 2019 letter from NHDOT amending the application, and the FHWA
December 21, 2018, SEP-15 conditional acceptance letter. The November 20, 2018, NHDOT SEP-15 application, the June 18, 2019 letter from NHDOT amending the application, and the December 21, 2018, FHWA SEP-15 conditional acceptance letter attached to this EDA as Exhibits A, B, and C may be used for historical and interpretive purposes, provided that this EDA shall be given effect to the extent there is any conflict. Any modifications to this EDA shall supersede any conflicting provisions of the November 20, 2018, SEP-15 application, the June 18, 2019 letter from NHDOT amending the application, the December 21, 2018, SEP-15 conditional acceptance letter and any prior modifications to this EDA.

SECTION 4. EXPERIMENTAL FEATURES


A. FHWA acknowledges and agrees to NHDOT’s deviation from 23 U.S.C. § 137(a), 23 U.S.C. § 142(a), and 23 CFR 810.106(a)(4) for the Project by allowing NHDOT to advertise and award a concession agreement to a private partner who will be permitted to charge fees for the use of the five specified parking facilities in excess of the limitations in the cited provisions and to construct and operate retail/commercial facilities on the five parking facilities, and to use the resulting fees and revenues, in part, for the capital expenditures necessary for the improvement and expansion of the five parking facilities, all as described in detail in Section 1(C).

B. The Federal statute at 23 U.S.C. § 137(a), 23 U.S.C. § 142(a) and the FHWA regulation at 23 CFR 810.106(a)(4) allow States to charge fees for the use of parking facilities constructed with Federal-aid highway funds but the rate of the fees shall not be in excess of that required for maintenance and operation and the cost of providing shuttle service to and from the facility. This EDA will assess the transportation benefits associated with the experimentation with the revenue limitations under these provisions. In addition, neither provision, nor any FHWA guidance, defines what activities constitute the “maintenance and operation of the facility.” This EDA permits the experimentation with this definition, and also with the definitions of “parking facilities” and “shuttle service.” This experiment will allow NHDOT to contract with a private partner to carry out the activities described in Section 1(C), including to construct, maintain, and operate retail/commercial facilities at the five parking facilities. The private partner may generate revenue from the five parking facilities over and above the limits set in 23 U.S.C. § 137(a), 23 U.S.C. § 142(a), and 23 CFR 810.106(a)(4) through parking fees, shuttle fees, and retail/commercial development and operation. This experiment will test whether these deviations will lead to more sustainable park and ride facilities and an increase in the use of public transportation, carpools, and vanpools.

4.2 Deviations from 23 U.S.C. § 142(a) and 23 CFR 810.4(b)(2): Use of Concession Agreement Payments to Pay Costs of New or Expanded Public Transportation Services in the State of New Hampshire
A. FHWA acknowledges and agrees to NHDOT’s deviation from 23 U.S.C. § 142(a) and 23 CFR 810.4(b)(2) for the Project by allowing NHDOT, pursuant to the terms and conditions of this EDA, to use payments from a concession agreement executed with a private partner as described in Section 1 to pay costs of new or expanded public transportation services that connect to one or more fringe or corridor parking facility defined in 23 U.S.C. § 142 in the State of New Hampshire, as described in Section 1(D).

B. The FHWA regulation at 23 CFR 810.4(b)(2) defines “parking facilities” to include, but not be limited to, access roads, buildings, structures, equipment, improvements and interests in land. This term is broadly defined to include anything located on or linked to the facility. The regulation also defines “fringe and corridor parking facilities” as facilities to be used for the temporary storage of vehicles and to facilitate the transfer of people to and from high occupancy vehicles and/or public mass transportation systems including rail. Under 23 U.S.C. § 142, the purpose of “fringe and transportation corridor facilities [is] to serve high occupancy vehicle and public mass transportation passengers.” Experimentation with these definitions supports evaluation of the scope of title 23 eligibility under 23 U.S.C. § 142, to determine whether public transportation services should be considered an essential component of, and key to the success of, a fringe or corridor parking facility, and therefore within the title 23 eligibility provisions in 23 U.S.C. § 142. As eligible activities, the use of the revenues for such purposes would meet the requirements of 23 U.S.C. § 156.

4.3 Conditions

A. To protect the purposes of 23 U.S.C. § 137(a), 23 U.S.C. § 142(a), 23 CFR 810.106(a)(4), and 23 CFR 810.4(b)(2), NHDOT must comply with the following conditions:

i. None of the parking facilities or retail/commercial facilities covered by this SEP-15 experiment may be located within the right-of-way of, or with direct access to, an Interstate Highway.

ii. As required by 23 U.S.C. § 156, NHDOT must receive fair market value for the use, lease, or lease renewal of parking facilities. The fair market value shall be determined as prescribed in 23 CFR 710.709.

iii. As required by 23 U.S.C. 156(c), and subject to the experimental provisions in Section 4.2, all such proceeds received by NHDOT under the terms of the concession agreement will be used for projects eligible for assistance under title 23, United States Code.

iv. Revenue received by a private partner under the concession agreement must be used for the purposes described in Section 1(C)(6).
v. Neither NHDOT nor the private entity may decrease the parking capacity or physical transit capacity (i.e., bus docking stations) in existence at the five parking facilities as of the execution date of the EDA.

vi. The approval of the experimental features in 4.1 and 4.2 are deemed to be in the public interest for purposes of 23 CFR 1.23(c). Design, construction, and operation of the experimental features authorized under this EDA, must be consistent with the safe operation and maintenance of the facility, and cannot impair the highway or interfere with the free and safe flow of traffic thereon.

vii. NHDOT will ensure that the private partner adequately maintains and operates the five parking facilities and any new, increased or improved parking or transit-related facilities and services that NHDOT may authorize under Section 1(C)(4) or 1(C)(5).

viii. Advertising and media displays are permitted inside the structures on the five parking facilities if such advertising and displays are not visible from the traveled way of any highway.

ix. Upon the expiration of the concession agreement entered into between the NHDOT and the private partner for the Project, or withdrawal of the experimental features under section 3.2 of this EDA, or the expiration of the period authorized for the experimental features under Section 7.2, whichever shall first occur, NHDOT will ensure the private party removes and discontinues any experimental features which are inconsistent with the applicable requirements of 23 U.S.C. § 137(a) and 23 CFR 810.106(a)(4) and 810.4(b)(2).

   a. After termination, the private party may request NHDOT to consider disposal of the parking facility to the private entity. Any disposal will be done in accordance with 23 CFR Subpart D (or successor regulations).

SECTION 5. EVALUATION CRITERIA

5.1 Purpose

The purpose of this section is to describe the evaluation criteria that NHDOT shall use in evaluating the Experimental Features.

5.2 Proposed Performance Measures

The NHDOT will use the following metrics to evaluate the impacts on transit, carpooling, and vanpooling utilization at each parking facility:

A. Number of parking spaces and percentage of utilization at each facility.
B. Changes in transit ridership, by number and percentage, year-to-year
C. Annual increase/decrease in carpooling and vanpooling.
D. Improved or enhanced transit services provided at the parking facility.
The NHDOT will use the following metrics to evaluate the budgetary impacts of this initiative: at each parking facility:

A. Annual gross (total) parking revenue generated at each facility.
B. Annual gross (total) revenue from experimental features generated at each facility.
C. Operation and maintenance expenses assumed by the private partner(s).
D. Capital expenditures at each facility by the private partner.

SECTION 6. REPORTING

NHDOT shall commission an independent third-party to prepare all reports required by this EDA.

6.1 Annual Progress Report

A Baseline Report, based on the evaluation criteria in Section 5, must be submitted one month before execution of the concession agreement. Thereafter, NHDOT shall submit an Annual Progress Report based on the evaluation criteria in Section 5 for each park and ride facility subject to this EDA every twelve (12) months, due on the month and day of the execution of the concession agreement with the private partner, for a period of ten (10) years after the agreement with private partner is executed. If additional data or time is necessary to evaluate the experimental features, then the Parties may amend this EDA to require Annual Progress Reports beyond 10 (ten) years based on analysis of the facilities in the Baseline Report and Annual Progress Reports.

6.2 Annual Progress Report Components

The Annual Progress Report shall include the performance measures in Section 5.2 and:

A. A description of any new transit, carpool, and vanpool services and/or facilities produced by this initiative.
B. An analysis of the data collected for each of the evaluation criteria described in Section 5.2.
C. An evaluation of reactions from the public and stakeholders to the experiments.
D. A discussion of any significant issues encountered and how they were or will be resolved.

6.3 Final Report

At the determination of FHWA pursuant to Section 6.1, the NHDOT shall submit a Final Report on the experimental features of this EDA.

6.4 Final Report Components

The Final Report shall include the following components:

A. An analysis of the cumulative data collected for each of the evaluation criteria described in Sections 5.2 and 6.
B. A summary of assessments by the transit agencies and private partners regarding the use of the Experimental Features.

C. Discussions of significant issues that occurred during the Project as a result of the Experimental Features, and how those were resolved.

D. Recommendations for modifying FHWA statute, regulation or policy regarding parking facilities.

SECTION 7. MISCELLANEOUS PROVISIONS

7.1 Amendments

This EDA may be amended at any time by written agreement of FHWA and NHDOT. Amendments to this EDA may include, but are not limited to, the addition or deletion of SEP-15 experimental features, modification of performance measures, and modification of reporting requirements. The FHWA New Hampshire Division Administrator shall have the authority to amend this EDA for the FHWA, subject to the concurrence of the Office of Environment, Planning and Real Estate Services.

7.2 Termination

A. Except as provided in Section 3.2 and Section 6.1, the provisions in Sections 5 and 6 of this EDA will terminate 10 years after the concession agreement between the NHDOT and the private entity is executed. Upon the termination of Sections 5 and 6, the remaining terms and conditions shall remain in effect.

B. The Parties acknowledge that to attract private sector interest and investment in the Project proposed in this EDA, a long-term (e.g. up to 40 years) concession agreement may be necessary to allow a private entity to amortize its investment in the Project. For that reason, this EDA allows the NHDOT to continue the authorized experimental features after the termination of the evaluation and reporting requirements in Sections 5 and 6 of this EDA. The total period of time authorized for the experimental features is a maximum of 40 years from the date of this EDA. Continuation of the experimental features after the termination of Sections 5 and 6 of this EDA shall be subject to Section 3.2 and the other terms and conditions set forth in this EDA. Upon termination of the concession agreement between NHDOT and the private entity or expiration of the period of time authorized for the experimental features, whichever may first occur, this EDA shall terminate and the NHDOT shall remove and discontinue the experimental features, or cause the private entity to do so, as required in Section 4.3(A)(ix).

C. In the event any of the experimental features in Sections 4.1 and 4.2 are enacted into law, the Parties shall work together to terminate the experimental feature covered by the new law.

7.3 Original Copies

This EDA shall be prepared in duplicate so that each signatory has an original copy.
IN WITNESS THEREOF, the Parties hereto have caused this Early Development Agreement to be duly executed in duplicate as of the day and year first written above, either on one original document or via multiple counterparts through facsimile, which, when taken together, shall constitute one and the same instrument.

FEDERAL HIGHWAY ADMINISTRATION

By: ____________________________
   Brandye Hendrickson
   Deputy Administrator

NEW HAMPSHIRE DEPARTMENT OF TRANSPORTATION

By: ____________________________
   Victoria F. Sheehan
   Commissioner
EXHIBIT A
Mr. Patrick Bauer  
Division Administrator  
FHWA - New Hampshire Division  
James C. Cleveland Federal Building  
53 Pleasant Street, Suite 2200  
Concord, NH 03301

Re: NHDOT “SEP-15” Request for Bus Terminal / Park’n’Ride Facilities in connection with Public-Private Partnership (P3) Proposal

Dear Mr. Bauer:

This letter constitutes an application for a Special Experimental Project Number 15 ("SEP-15") project to allow the New Hampshire Department of Transportation ("NHDOT" or "State") to collect parking fees and implement other revenue generating services for operation and maintenance including capital improvement at five State-owned bus terminals / park and ride facilities. Current Federal Highway Administration (FHWA) regulations do not definitively authorize the generation of revenue beyond the costs of operations and maintenance. As discussed herein, the proposed project would experiment with the definition of maintenance and operation to include capital improvement of park and ride facilities under 23 U.S.C. §137(a), 23 CFR 810.106(a)(4), and 23 CFR 810.4(b)(2).

Purpose of the Experiment

The purpose of the experiment is to generate revenue for the improvement and operation of FHWA funded and administered bus terminal / park and ride facilities.

Description of the Experiment

Under this experiment, the NHDOT would award a long-term lease agreement contract to a private partner, selected through a competitive procurement process, to improve and operate several bus terminal / park and ride facilities located in Portsmouth, Dover, Londonderry and Salem. The private partner would charge fees to users as well as potential vendors of these facilities and use the generated revenues for the operation and maintenance of the facilities, including the improvement and expansion of these facilities. The private partner would also be permitted to propose and implement services at these facilities and also utilize the revenues for the operations and maintenance. The five bus terminal / park and ride facilities are located in Portsmouth (I-95 off Exit 3), Dover (Spaulding Turnpike off Exit 9), North Londonderry (I-93 off Exit 5), Londonderry (I-93 off Exit 4), and Salem (I-93 off Exit 2).

The two locations in Portsmouth and Dover were constructed in 1999 and 2008 respectively. The Portsmouth facility has a 4-dock bus terminal and 1277 spaces and operates near capacity on a daily basis. The Dover terminal has a small bus terminal building with 450 spaces and operates at 85% or higher capacity. Discussions
have been ongoing over the last several years regarding how to better manage the parking demand and/or increase capacity at these facilities.

The three locations along the I-93 corridor in Salem and Londonderry are located adjacent to the Interstate with access available off the respective interchanges. The Exit 4 facility in Londonderry was constructed in 2006 and includes a small terminal building and 452 spaces. The Exit 5 facility in North Londonderry was constructed in 2007 and includes a 4-dock bus terminal, bus storage facility, bus maintenance facility and 728 spaces. It operates at 70% capacity with ridership growing along the corridor. The Exit 2 facility in Salem was constructed in 2008 and includes a small terminal building and 476 spaces. It operates at nearly 90% capacity and during peak periods exceeds capacity with parking occurring in grassed areas alongside the pavement. As transit ridership increases at these facilities, better management of the parking demand is necessary.

Proposed Experiment 1 - Experimentation under 23 U.S.C. §137(a) and 23 CFR 810.106(a)(4) to define revenue generation for maintenance and operation to include capital improvement.

The NHDOT proposes to advertise and award a contract to a partner who will be permitted to charge fees for the use of the specified parking facilities, and use those fees, in part, for the capital expenditures necessary for the improvement and expansion of those facilities.

Current law under 23 U.S.C. §137(a) and 23 CFR 810.106(a)(4) authorizes States to charge fees for the use of parking facilities constructed with Federal-aid highway funds. If a fee is charged, these provisions provide that the rate of the fee shall not be in excess of that required for maintenance and operation and the cost of providing shuttle service to and from the facility (including compensation to any person for operating such facility and for providing such shuttle service). Neither provision, nor any FHWA guidance, defines what activities constitute the “maintenance and operation” of the facility. However, we know that (1) these facilities have a limited design life, necessitating capital improvements over time, (2) the demand for these facilities has exceeded their capacity, making expansion necessary, and (3) NHDOT has limited public funds available for these capital improvements. As such, NHDOT proposes to interpret “maintenance and operation” in a way that would enable the selected partner to use parking revenues for necessary capital improvements of these facilities. Additionally, if enough fees are generated, the NHDOT would propose that the partner would compensate the State a percentage of such revenues to be used for expanding transit related services and/or facilities in the region.

Proposed Experiment 2 - Experimentation under 23 CFR 810.4(b)(2) to interpret “parking facilities” to include any services located on or provided at these facilities.

The NHDOT proposes to allow the selected partner to implement services at these facilities to raise additional revenue that would be dedicated to the overall operation and maintenance (including capital improvement) of these and other facilities.

The FHWA regulations at 23 CFR 810.4(b)(2) define “parking facilities” to include, but not be limited to, access roads, buildings, structures, equipment, improvements and interests in land. This term is broadly defined to include anything located on or linked to the facility. As such, NHDOT proposes an experiment that would interpret “parking facilities” to include any services located on or provided at these facilities. Any revenues raised through these services would be used for the overall operation and maintenance (including capital improvement) of these and other facilities. Any services proposed by a partner and approved by NHDOT will
be for the primary benefit of users of the parking facilities, will not decrease the capacity of the parking facilities, and will not be detrimental to the safety of the users of the facilities.

**Benefit of the Experiment and Expected Value to be Achieved from the Experiment**

As described above, these facilities presently operate at or near capacity with different levels of subsidy required to pay for operational and maintenance expenses. Under a fee-based parking approach, the revenue generated would be used to pay for needed maintenance and operational costs, future building and site capital improvements, including the opportunity to expand parking either on-site with a parking structure or off-site through lease/purchase and development of additional land for parking.

The fee-based parking would provide the opportunity to gather a predictable revenue stream in order to offset maintenance and operating costs, as well as required building and site capital improvements associated with the parking lot and any shuttle operations serving the premises.

Fee-based parking would manage the demand on the lots thereby effectively managing overnight and extended parking to reduce the periods of time the lots are at capacity. This would improve the ability of users to obtain parking at the lots thereby improving user expectations.

Under the terms of an envisioned long-term lease agreement, the selected Operator would be responsible for the following:

- The selected Operator will be responsible for 100% of the costs of maintaining the facilities in a state of good repair, including landscaping and snow removal, resulting in no maintenance cost to the State over the term of the lease.
- The selected Operator will be responsible for developing and implementing strategies to deal with increased parking demand through the term of the lease. This would include being responsible for the design, construction, operation, and maintenance of any fee-based parking equipment throughout the term of the lease.
- The selected Operator will be responsible for completing programmed improvements and repairs to buildings, parking areas and other amenities more efficiently due to fiscal and budget stability. Additionally, NHDOT will not have to budget for preventative and unscheduled maintenance at the facilities throughout the term of the lease.
- The selected Operator will be able to respond to unplanned maintenance issues and effect repairs in a timelier manner due to organizational flexibility. Additionally, NHDOT employees will not be required to respond to maintenance issues at the facilities, freeing them for other tasking.
- The selected Operator will have the option to invest a certain percentage of the proceeds into parking expansion opportunities.
- The State will not be required to invest in construction of expanded parking at the facilities to meet current and future demand. Cost for expanded parking is projected to be significant due to limited property adjacent to the facilities that would be available for additional parking.
- The State will seek a fixed rent and percentage of gross revenue from the total parking fees and any additional revenues collected.
• At the end of the lease term, the facilities (including facilities expanded or additional property acquired for parking) will be transferred to the NHDOT in satisfactory and operational condition. This would include any new infrastructure constructed or installed at the facilities during the term of the lease.

Over a 5-year period once the operator is identified and a facilities lease agreement is executed, an annual report will be compiled and submitted to FHWA to communicate the following items and will ultimately determine the success of this experiment.

• Annual parking revenue generated at each facility
• Annual alternative revenue generated at each facility
• Operation and maintenance expenses paid by the Operator and saved by the State at each facility
• The number of parking spaces and percentage of utilization at each facility
• The number of new parking spaces constructed along each corridor
• The ridership utilizing transit at each facility and percentage growth year over year
• A description of any new transit services and/or facilities that evolve out of this initiative
• The percentage increase/decrease annually in carpooling and vanpooling out of each facility
• The dollars saved by the state at each facility due to shifting responsibility for maintenance, operation, reduced oversight, and capital expenditure to the private sector.

In closing, the Department believes this is an exciting opportunity to introduce private investment in the operation, management, and expansion of bus terminal, park’n’ride and transit facilities in the southern part of the state, and looks forward to FHWA’s favorable review and approval of this exciting special experimental project.

Sincerely,

[Signature]

Victoria F. Sheehan
Commissioner

cc: C. Waszczuk, Deputy Commissioner
B. Cass, Assistant Commissioner
P. Herlihy, Director, Aeronautics, Rail & Transit
S. Winters, NHDOT Rail & Transit
June 18 2019

Mr. Patrick Bauer
Division Administrator
FHWA New Hampshire Division
James C. Cleveland Federal Building
53 Pleasant Street, Suite 2200
Concord, NH 03301

Re: NHDOT "SEP-15" Request for Bus Terminal / Park'n'Ride Facilities in connection with Public-Private Partnership (P3) Proposal - Amendment

Dear Mr. Bauer:

This letter constitutes an amendment to the application for a Special Experimental Project Number 15 ("SEP-15") project to allow the New Hampshire Department of Transportation ("NHDOT" or "State") to collect parking fees and implement other revenue generating services for operation and maintenance including capital improvement at five State-owned bus terminals park and ride facilities, which was previously submitted and dated November 20, 2018.

After several conference calls and discussion regarding the original application and formation of the Early Development Agreement (EDA), the Department and FHWA concluded that clarification was needed to specifically outline what would be permissible under this SEP-15 request. Attached is the NHDOT SEP-15 Summary document, which outlines 6 items that would be permissible in the P3 Concession Agreement and two items that outline permission NHDOT use of concession payments.

In closing, the Department believes this is an exciting opportunity to introduce private investment in the operation, management, and expansion of bus terminal, park'n'ride and transit facilities in the southern part of the state, and looks forward to FHWA's approval of this exciting special experimental project and finalization of the EDA.

Sincerely,

Victoria F. Sheehan
Commissioner

Attachment: NHDOT SEP-15 Summary

cc: C. Waszczuk, Deputy Commissioner
B. Cass, Assistant Commissioner
P. Herlihy, Director, Aeronautics, Rail & Transit
S. Winters, NHDOT Rail & Transit
NH DOT SEP-15 Summary

The first section describes the scope of activities that will occur under the SEP-15 experiment. The second section describes the experimental features needed to support the scope of activities described in the first section.

Revised Summary of NH DOT SEP-15 Proposal

Part I. P3 Concession Agreement

To permit NH DOT to enter into a concession agreement with a P3 under which the P3 will:

1. Operate, maintain, expand, and improve the 5 parking facilities detailed in the November 20, 2018 NH DOT SEP-15 application (all the parking facilities are outside the Interstate right-of-way).

2. Charge fees for the use of the parking facilities and generate parking fee revenue above and beyond the revenue limits established in 23 U.S.C. 137 and 142.

3. Construct, operate, lease, and maintain retail/commercial facilities within the existing limits of the 5 parking facilities (as defined in the EDA) (necessary ground lease to be part of the concession agreement). Such work cannot decrease the parking capacity or transit capacity in existence as of the execution date of the EDA. Advertising and media displays are permitted inside the structures on the 5 facilities if such advertising and displays are not visible from the traveled way of any highway.

4. If authorized by NH DOT, and subject to the EDA and applicable Federal requirements, provide expanded parking/transit capacity on, or in close proximity to, the 5 parking facilities (all to be outside of the Interstate right-of-way, and to have no direct access to the Interstate). This may include providing shuttle service between an expansion lot and an existing parking facility.

5. If authorized by NH DOT, and subject to the EDA and applicable Federal requirements, provide new, increased, or improved transit-related services linking the 5 parking facilities to other transit facilities in the I-93, I-95, and Spaulding Turnpike Corridors.

6. Use parking and retail/commercial revenues as follows:
   a. Pay to NH DOT the lease fee and fixed percentage of revenues as provided in the concession agreement.
   b. Provide the P3 a reasonable payment for its services, and reasonable rate of return on any P3 capital investment paid for from sources other than revenue generated by the activities described in Part I, paragraphs (1)-(5).
   c. Pay ordinary maintenance, repair, and operation costs for the 5 parking facilities.
   d. Pay the costs of capital improvements for parking and transit elements at the 5 parking facilities.
e. Pay the costs of expanding the 5 parking facilities to provide additional
parking/transit capacity on, or in close proximity to, the 5 parking facilities (all to
be outside of the Interstate right-of-way, and to have no direct access to the
Interstate). This may include capital costs; ordinary maintenance, repair, and
operation costs; and the cost of shuttle service between an expansion lot and an
existing parking facility.

f. With NH DOT approval, pay the costs of new, increased, or improved transit-
related services linking the 5 parking facilities to other transit facilities in the I-93,
I-95, and Spaulding Turnpike Corridors.

Part II. NH DOT Use of Concessionaire Payments - Title 23 Eligibility

To permit NH DOT to use concession payments received from the P3 to pay the costs of new or
expanded public transportation services that connect to one or more fringe or corridor parking
facilities in the State.

Requested Experimental Features and Deviations from Title 23

1. Activities under Part I above would be allowed under deviations from 23 U.S.C. § 137(a),
§ 142(a)(1), 23 CFR 810.106(a)(4) and 23 CFR 810.4(b)(2). This experiment will assess
the transportation benefits associated with the elimination of the revenue limits
established in 23 U.S.C. 137 and 142. The deviations permit experimentation with
definitions of “parking facilities,” “maintenance and operation of the facility,” and
“shuttle service” to promote improved parking facilities and increased use of public
transportation, carpools, and vanpools. Experimental features allow:

a. Constructing, maintaining, and operating retail/commercial facilities as part of the
5 parking facilities.

b. Providing transit links between the 5 facilities and other transit points in the I-93,
I-95, and Spaulding Turnpike Corridors.

c. Generating revenue from the 5 specified parking facilities over and above the
limits in the statutes and regulations as presently applied, through parking fees,
shuttle fees, and retail/commercial development.

d. Using the revenues as specified in Part I (6) above.

2. Activities under Part II above would be allowed under deviations from 23 U.S.C. §
142(a) and 23 CFR 810.4(b)(2). The deviations permit NHDOT to use concession
payments received from the P3 to pay costs of new or expanded public transportation
services that connect to one or more 23 U.S.C. 142 fringe or corridor parking facilities in
the State. The deviations allow experimentation with definitions of “fringe and
transportation corridor facilities... to serve high occupancy vehicle and public mass
transportation passengers.” The deviations support evaluation of the scope of title 23
eligibility under 23 U.S.C. 142, to determine whether public transportation services
should be considered an essential component of, and key to the success of, a fringe or
corridor parking facility, and therefore within the title 23 eligibility provisions in 23
U.S.C. 142. As eligible activities, the use of the revenues for such purposes would meet
the requirements of 23 U.S.C. 156.
December 21, 2018

In Reply Refer To:  
HIN-CPS

Ms. Victoria F. Sheehan  
Commissioner  
New Hampshire Department of Transportation  
P.O. Box 483  
Concord, NH 03302

Dear Commissioner Sheehan:

I am pleased to inform you that the Federal Highway Administration (FHWA) has conditionally accepted for administration, under Special Experimental Project No. 15 (SEP-15), the New Hampshire Department of Transportation (NHDOT) Bus Terminal/Park and Ride Facilities Public-Private Partnership (P3) Proposal (the “Project”) submitted to the FHWA New Hampshire Division Office on November 20, 2018.

If you wish to proceed with the Project under the SEP-15 program, the next major action will be for FHWA to work with you to draft an Early Development Agreement (EDA). The EDA will identify the specific roles of all parties, define procedures and requirements, and establish timeframes, reporting requirements, and other conditions under which the experimental features will be administered. In addition, the EDA will identify the performance measures that will be used to evaluate the success of the Project’s experimental features.

I have asked Ms. Mary Ridgeway, Director, Office of Real Estate Services, and Mr. Patrick A. Bauer, Division Administrator for our New Hampshire Division Office, to serve as co-facilitators for the Project. They will establish an FHWA interdisciplinary team to work with NHDOT to develop the provisions of the EDA.

Sincerely,

[Signature]

Brandyce L. Hendrickson  
Deputy Administrator
EXHIBIT D
NH state-owned bus terminals subject to EDA:

1. Salem Exit 2 Bus Terminal/Park & Ride Lot
   10 Raymond Avenue
   Salem, NH 03079

2. Londonderry Exit 4 Bus Terminal/Park & Ride Lot
   2 Garden Lane
   Londonderry, NH 03053

3. Londonderry Exit 5 Bus Terminal/Park & Ride Lot
   4 Symmes Drive
   Londonderry, NH 03053

4. Dover Bus Terminal/Park & Ride Lot
   23 Indian Brook Drive
   Dover, NH 03820

5. Portsmouth Bus Terminal/Park & Ride Lot
   185 Grafton Drive
   Portsmouth, NH 03801
State-Owned Bus Terminals
Subject to EDA