

# Public Issues in P3 Projects

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Charles Whatley  
UrbanIS

Seyfarth Shaw Sidebar  
May 30, 2013



# What are the Ps?

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- **Public-Private Partnerships - close collaboration of public and private entities to structure, negotiate and implement the finance, design, development, construction and operation of facilities or infrastructure**
- Tax-exempt developer-led turnkey lease-purchase project delivery of a municipal facility
- Taxable turn-key finance and development approach for municipal facilities
- Primary method for financing federal facilities
- Not suited for all projects but should be a considered option for any significant public project

# The Power of Public-Private Partnerships

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- Value for all stakeholders
- Brings stakeholders together early on
- Systematic approach for better life-cycle planning
- Market-based and market-responsive
- Rewards innovation
- Risk mitigation with appropriate party and tools
- Complexity of projects is best dealt with collaboratively

# Public Rationale

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- Commercial conversations about project, economics and requirements
- Delaying capital plans risks higher costs later
- Competing priorities and politics
- Limited debt capacity and/or “inability” to raise taxes
- New or increased demand on services, facilities or infrastructure
- Referendum fear
- Long standard procurement cycle

# Private Requirements

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- Transparency
- Clarity
- Certainty
- Consistency
- Market-based

# Mutual Responsibilities and Benefits

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- Transparent process fosters collaboration
- Fastest project delivery method
- Lower cost of ownership
- High quality and innovative design and construction rewarded
- Increases likelihood of on-time/on-budget delivery
- Maximizes owner input and control
- Can meet other policy goals

# My Risk, Your Risk, Our Risk

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- P3 method transfers and allocates risk to appropriate party
- Pay for performance / incentivizes innovation
- Operations & Maintenance (O&M) are included in project scope and budget
- Discipline and rigor around defining requirements
- Investors see infrastructure and public facilities as a class of assets
- Sharing of costs, risks, responsibilities, and economic returns is attractive to capital markets

# The Other Ps

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- Patience
- Perseverance
- Persistence
- Productive
- Proactive



Here we go!

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# Thank you!

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- Charles Whatley - Managing Director
- UrbanIS
- [charles@urbanis-usa.com](mailto:charles@urbanis-usa.com)
- (404) 519-3218