AN INTRODUCTION TO

PUBLIC PRIVATE PARTNERSHIPS

Annual Conference:
June 28th, 2018 | Orlando, FL

WHAT IS A PUBLIC-PRIVATE PARTNERSHIP?

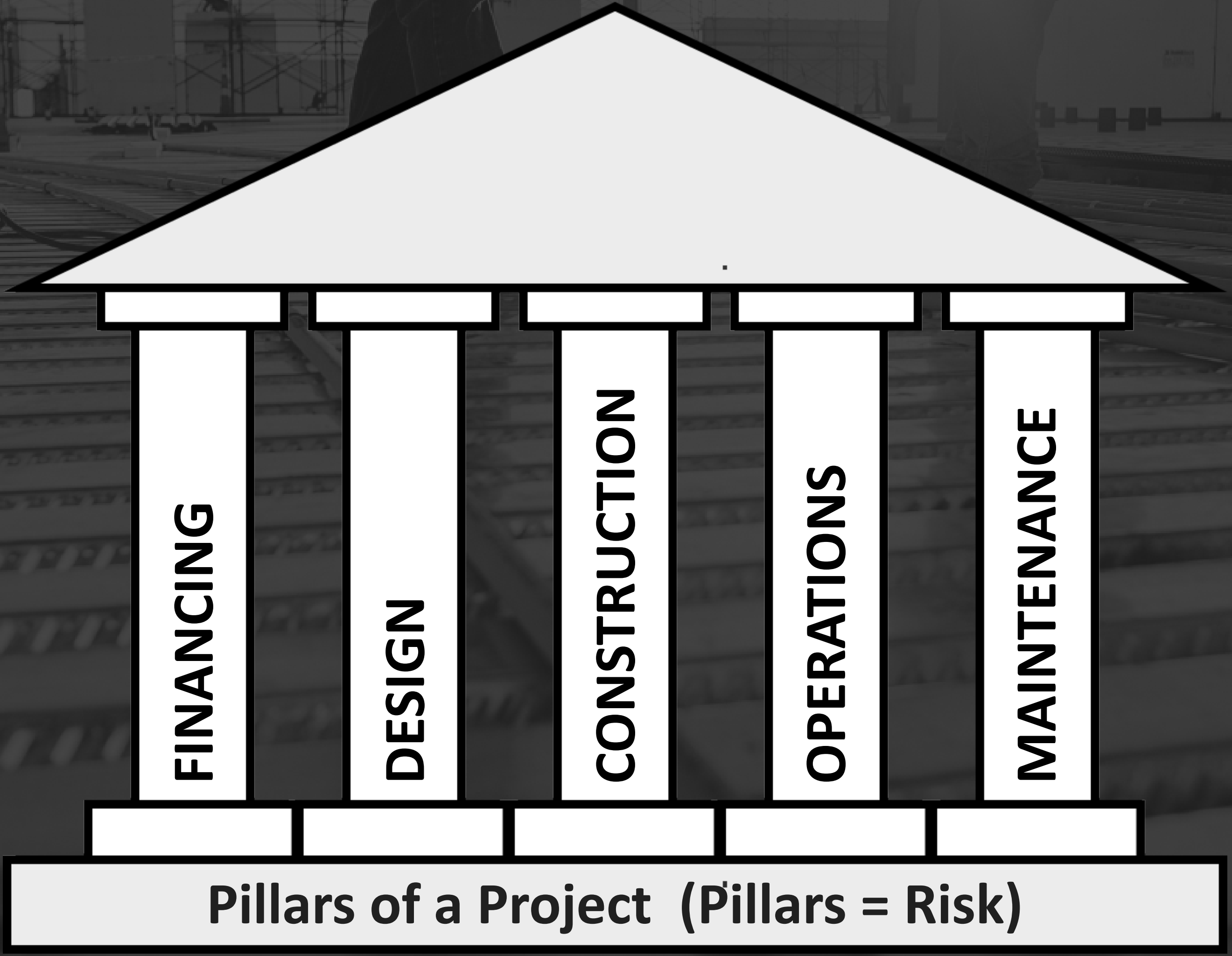
A public–private partnership (PPP, P3 or 3P) is a contractual agreement between a public agency and a private sector entity organized for the purpose of delivering a service or facility to be used by the general public or constituency.

WHY EMPLOY PUBLIC-PRIVATE PARTNERSHIPS?

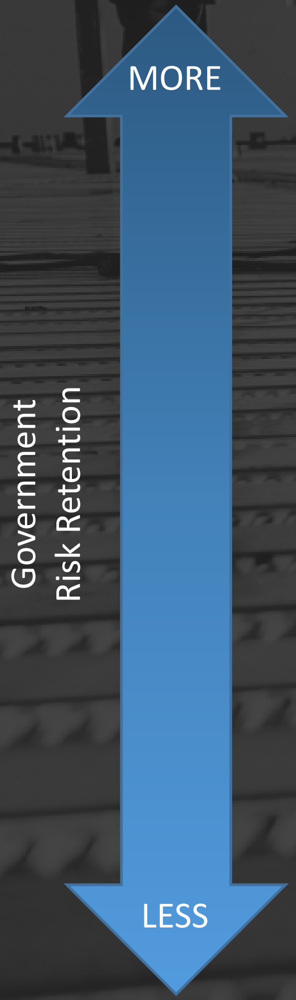
After decades of underinvestment and an increasing population, today's public infrastructure needs are great and continue to grow. Federal, state and local governments are finding it difficult to finance new projects on their own due to decreased tax revenues, shrinking budgets, etc.

In response, P3 has emerged as an alternative delivery method that transfers portions of the risk associated with designing, building, financing, operating and maintaining public infrastructure assets from a government entity to a private sector entity. When structured correctly, this process fosters unparalleled innovation, efficiency and collaboration.

RISK ALLOCATION

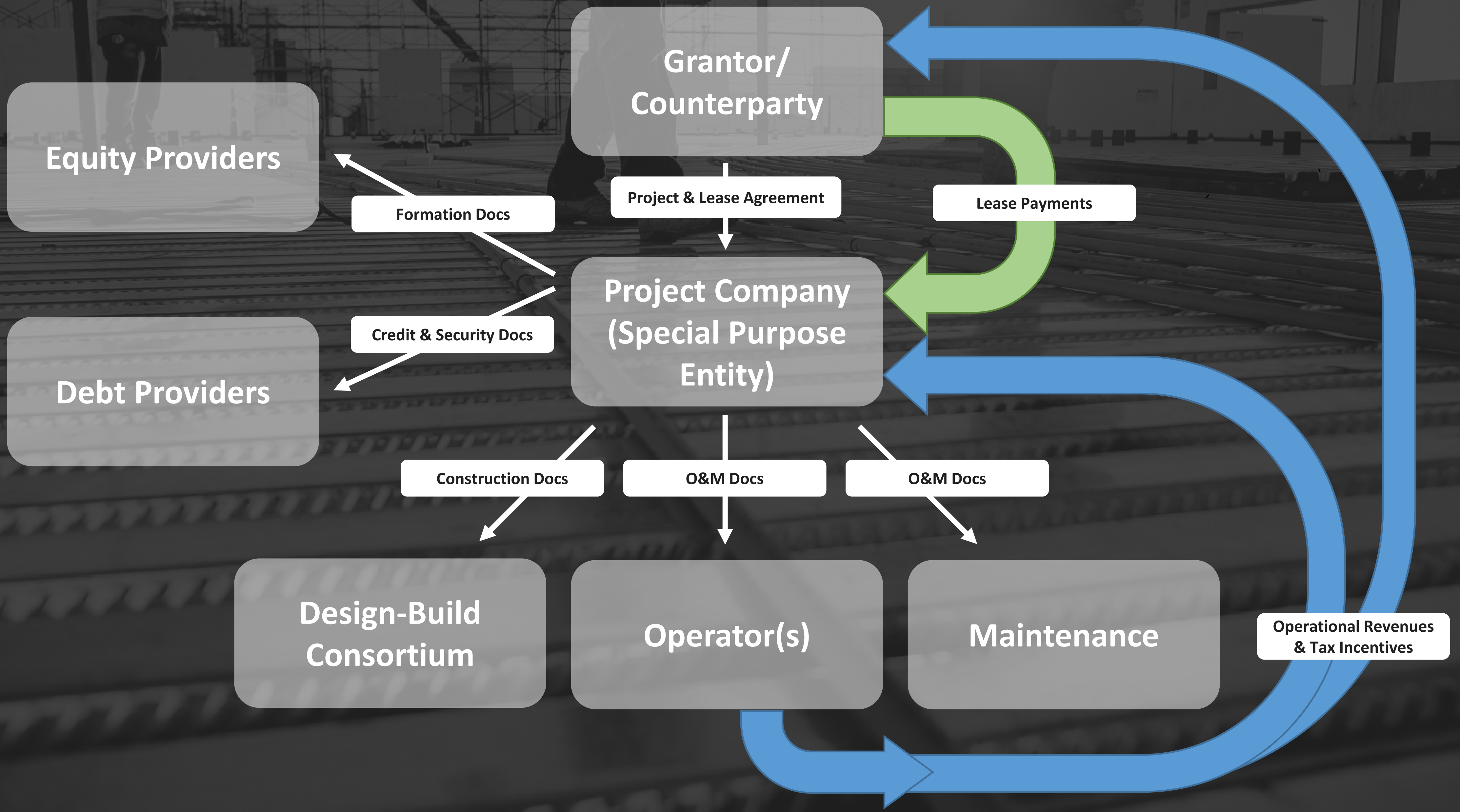


CONTRACT STRUCTURES RELATIVE TO RISK

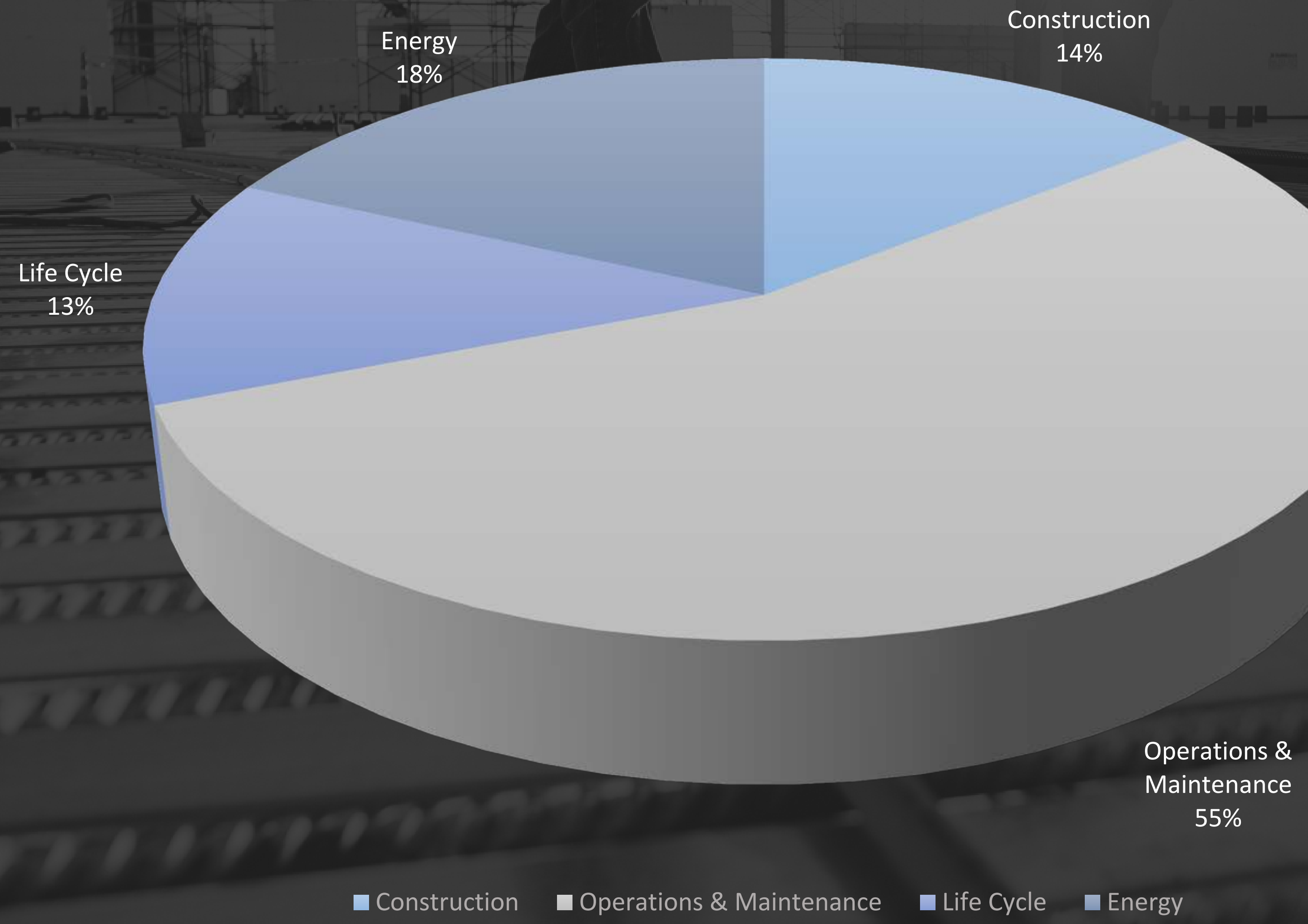


Design-Build (DB)	Under this model, a government agency contracts with a private partner to design and build a facility. The government agency finances the project, and after completing the improvements, the government assumes responsibility for operations and maintenance.
Design-Build-Finance (DBF)	This model is similar to design-build except that the private sector is also responsible for financing the project. The public sector is responsible for maintenance and operations.
Design-Build-Finance-Maintain (DBFM)	Under this model, the private sector designs, builds, finances and maintains a new facility under a long-term lease. The public sector is responsible for all operations, and at the end of the lease term, the facility is transferred to the public sector.
Design-Build-Finance-Operate-Maintain (DBFOM)	Under this model, the private sector designs, builds, finances, operates and maintains a new facility under a long-term lease. At the end of the lease term, the facility is transferred to the public sector.

PROCESS FLOW CHART



FACILITY COST OF OPERATION



VALUE PROPOSITION

- Reduce time and cost associated with procurement.
- Focus on manageable lease payments over the long term, rather than on first-in capital costs.
- Finance model tailored to the individual client and project, utilizing a formula that achieves best value.
- Guaranteed on-time and on-budget project delivery via an IPD (integrated project delivery) approach.
- Facility management (FM) model focused on lifecycle costing.
- Off-balance sheet/non-recourse solution with ownership of all improvements transferred to the public sector sponsor at no additional cost at the end of debt service.

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