



P3

PROJECTS

An Introduction

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WHAT IS A P3?

- Public Private Partnership
- Project Delivery Method Emphasizing
 - Shared Responsibility
 - Shared Risk
 - Shared Reward, and
 - Investment of Private Capital

Many Different P3 Projects

Many Different Deal Structures



Photo credit: Louisville and Southern Indiana Bridges Authority

Ohio River Bridges East End Crossing



Northwest Parkway





THINK ABOUT USING A P3 WHEN YOUR PROJECT...

- Requires Outside Creative Expertise
- Is Capital Intensive
- Has More Risk than You Care to Bear
- Might be Completed More Efficiently?



P3

PROJECT DELIVERY

Build me a bridge that will accommodate rush hour traffic at this location in year twelve.

NOT

Build me a bridge to these specifications using these methods by this date.



P3

PROJECT DELIVERY

- Attracts Capital Investment (“Project finance”)

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- Provides a Return on Investment
 - User fees, tolls, airline revenue, concessions (“pure P3”)
 - Fixed payments from the public entity (e.g., “availability payments” or “shadow tolls”)
 - Some combination of the two



PROJECT DELIVERY LIFE-CYCLE

- Project Selection
- Procurement
- Execution



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PROJECT SELECTION

- What is the project?
- Does the project provide value for money?
- Is P3 delivery feasible?
 - Will users or the public be willing to pay the cost of the project?
 - Can risk be transferred?
 - Is it bankable? (Will it attract investors?)
- Does P3 delivery provide value for money?



CONVENTIONAL PROJECT ADVERTISEMENT

- Request for Expressions of Interest
- Request for Qualifications
- Request for Proposals



P3

PROJECT ADVERTISEMENT

- Industry Days
- Technical Briefings
- Request for Expressions of Interest
- Request for Qualifications
- Request for Proposals
- Release of Technical Details
- Payment to Defray Cost of Proposing



CONVENTIONAL PROPOSER SELECTION

- Evaluation
- Selection
- Negotiation
- Contract Award and Contract Execution



P3

PROPOSER SELECTION

- Interaction (What is the project?)
- Evaluation
- Selection
- Negotiation (May be constrained by P3 statute)
- Contract Award and Execution
- Financial Close

Risks during this phase can greatly affect feasibility and bankability of P3 method.



P3

PROJECT EXECUTION

Expect continuous pressure to renegotiate sharing of risk, reward and responsibility.

- Adjustments Permitted by Contract
- Unforeseen Events
- Disputes