

★ ★ ★ GOVERNMENT OF THE DISTRICT OF COLUMBIA
MURIEL BOWSER, MAYOR

DC BUILDS!

THE STATE OF INFRASTRUCTURE



Basics of Public-Private Partnerships

District of Columbia Office of Public-Private Partnerships

Friday, October 28, 2016

OFFICE OF
PUBLIC-PRIVATE PARTNERSHIPS

What a P3 is NOT

- Not – Free money
- Not – Privatization or Outsourcing
- Not – Philanthropy

What is a P3?

- Long-term, performance-based agreement
- Risks allocation to the party best able to manage that risk
- Private entity performing some functions normally undertaken by the government, but the government remains ultimately accountable for the project
- The District retains ownership, but the private entity may be given additional decision-making rights in determining how the asset is financed, developed, constructed, operated, and maintained over its life cycle - *D.C. Code § 2-271.01*

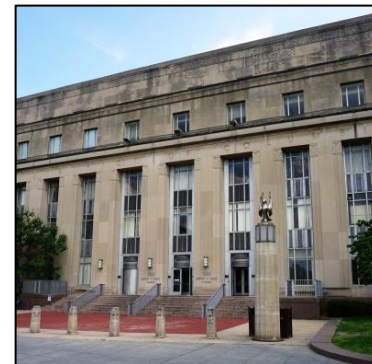
What are P3s? – Transferring Risk from the District to the Private Sector

Traditional Procurement	
District	Contractor
Financing	
Permits	
Program	
Force Majeure	
Organization	
Design	Construction
O & M	
Availability	

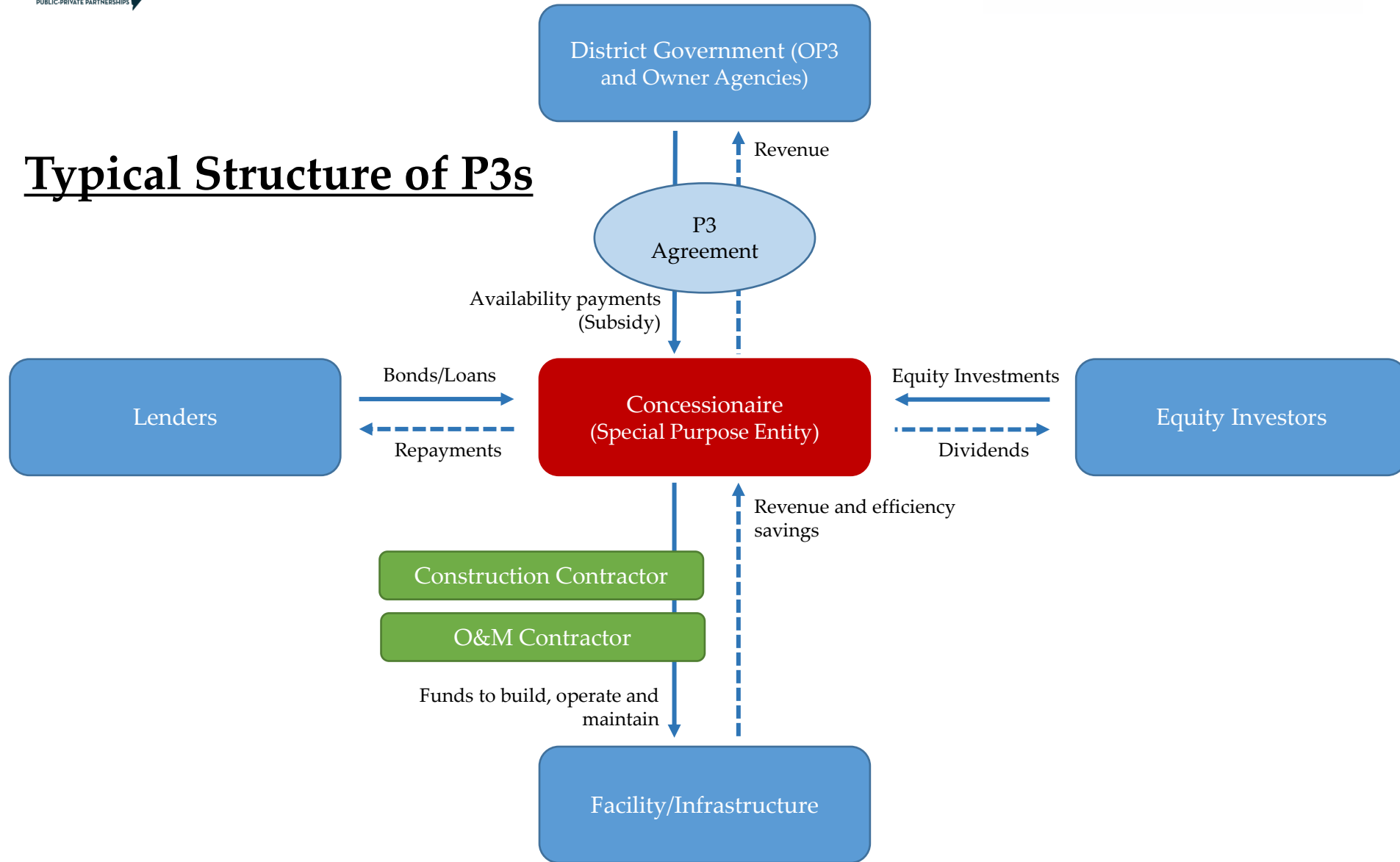
P3	
District	Contractor
	Financing
Permits	
Program	
Force Majeure	
	Organization
	Design
	Construction
	O & M
	Availability

Benefits of P3s

- **Incentivizes Innovation**
Outcome-based solutions to address infrastructure needs
- **Incorporates “Cost of Ownership” Financial Planning**
Forces a comprehensive financial analysis of a facility and a comparison of the traditional public sector procurement
- **Manages Risk**
Risks managed by the sector (government or private) best able to mitigate that risk
- **Greater Accountability**
Incentivizes long-term life-cycle efficiencies and holds both the private and public partners accountable for maintaining the project
- **Debt Capacity**
Facilitates new sources of private financing, potentially reducing need for public debt



Typical Structure of P3s



Examples of P3s

- **Beltway I-495 Express Lanes (Virginia):** 14 miles of demand-based priced toll lanes, 75 years, \$1.9B. Private entity assumes revenue risk so Virginia doesn't pay more if usage lower than expected.
- **KentuckyWired:** 30-year, \$324M; Construction and maintenance of 3,000-mile broadband network for state agencies and last-mile providers; Privately financed and will generate revenue to offset public cost.
- **Long Beach Courthouse (California):** 530,000 sq. ft., 35 years, \$492M; delivered faster, cheaper and higher quality than comparable court houses delivered through traditional design-build model.
- **Rapid Bridge Replacement (Pennsylvania):** Replaced 558 bridges in 3 years with 20% savings versus traditional contract. State only pays availability payments if contractor maintains bridges at certain level for 25 years.
- **Detroit Streetlights (Michigan):** 15-year, \$145M; install and maintain 15,000 energy-efficient LED lights on highways. Private financing, increase performance from 70% to 95% and save \$13M.
- **Okanagan Correctional Centre (British Columbia):** 30-year, \$200M; design, build, finance, operate and maintain new 300,000 sq. ft. facility to serve 750 inmates; created 250 construction and 240 permanent jobs; saved \$39M (14%) compared to traditional design-build contract.



District of Columbia Public-Private Partnerships Facts:

- Authorized under D.C. Act 20-550, the “Public-Private Partnerships Act of 2014”
- Mayor Bowser launched the Office of Public-Private Partnerships in November 2015
- Mandate to find those infrastructure projects, **in all sectors**, with the highest possibility to deliver best value-for-money to the District residents
- Rules and Guidelines approved by District Council October 2016
- Advisory services contract issued and proposals currently under review
- Public engagement on P3 topic begins today – DC Builds!



Fun Facts about P3s

- Every dollar spent on infrastructure, generates \$3.54 in GDP growth
- \$1 billion invested in infrastructure creates 21,671 jobs
- P3's are on average 17% less expensive and 3 times as likely to be delivered ahead of schedule
- 39 states and 31 countries have laws in place to procure P3s
- Canada procured 36% of its infrastructure with the P3 model in 2015, while the U.S. was just 1%

Thank You!

D.C. Office of Public-Private Partnerships

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Active P3 Projects in the District of Columbia

Friday, October 28, 2016

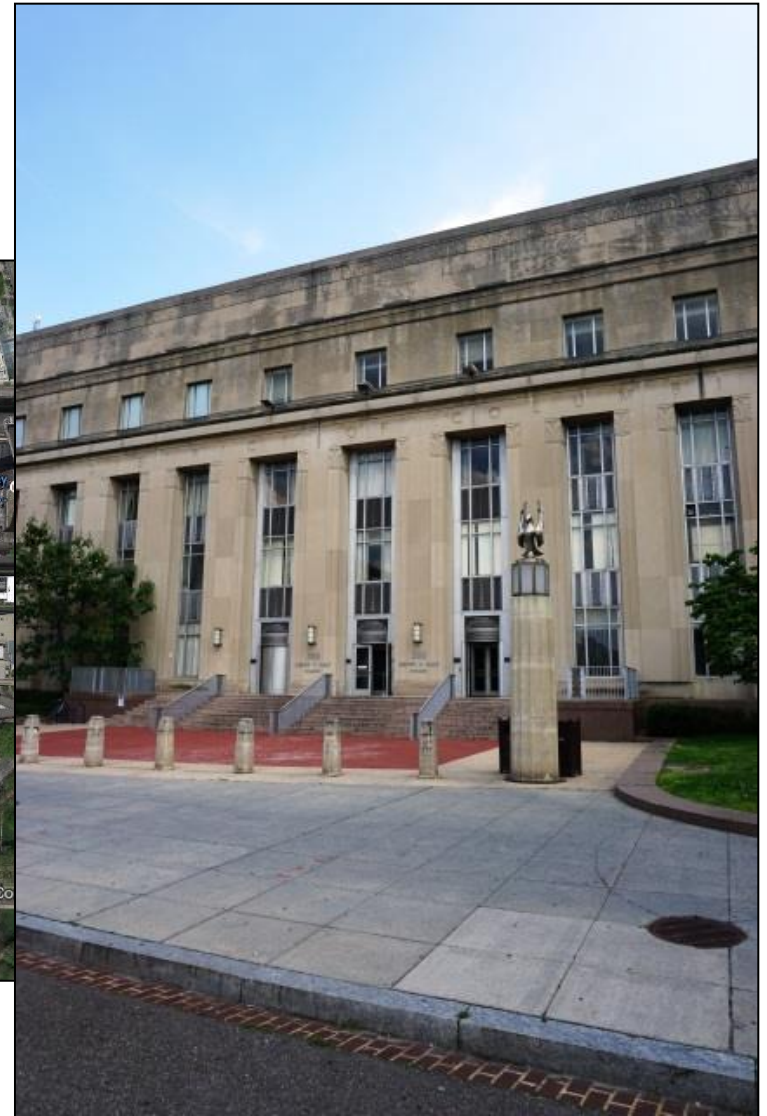
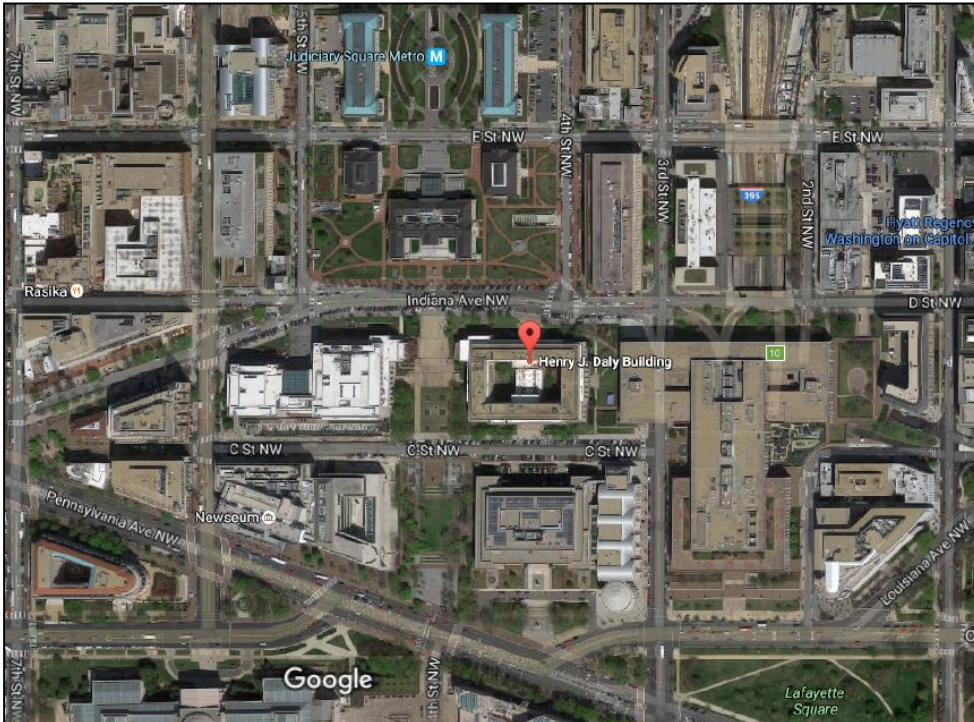
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Street Lighting LED Conversions and Smart City Technologies

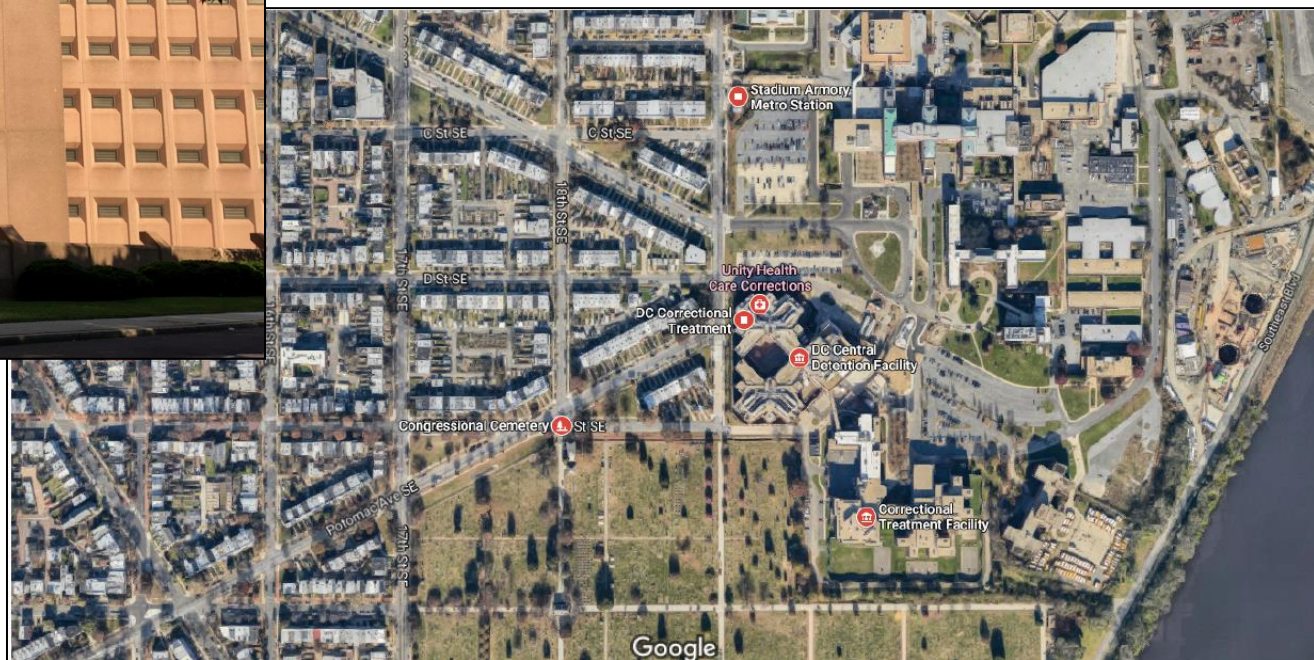


Henry J. Daly Building





Corrections Center



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Best Practices in P3s and What is Possible for the District



OP3

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Process, Pipeline and Closing



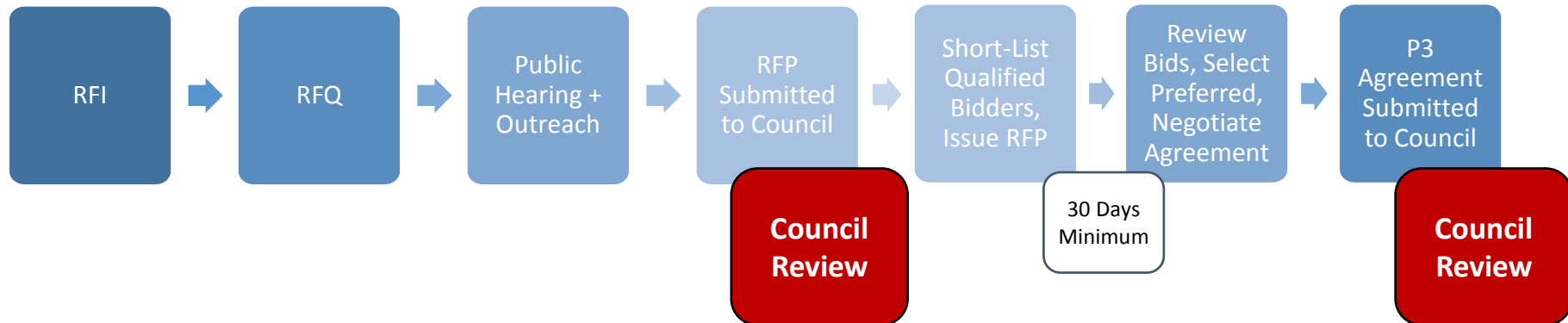
Rashad Young
City Administrator

Friday, October 28, 2016

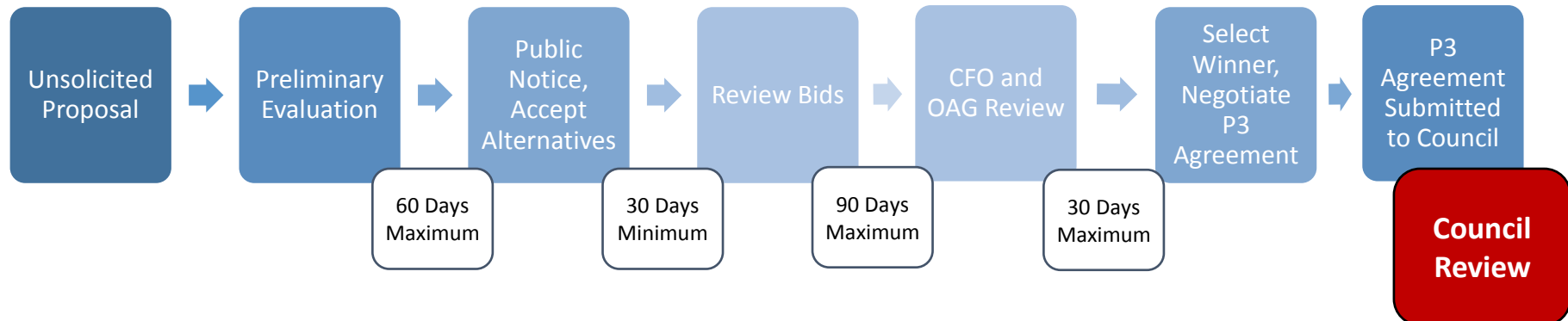
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P3 Procurement Process

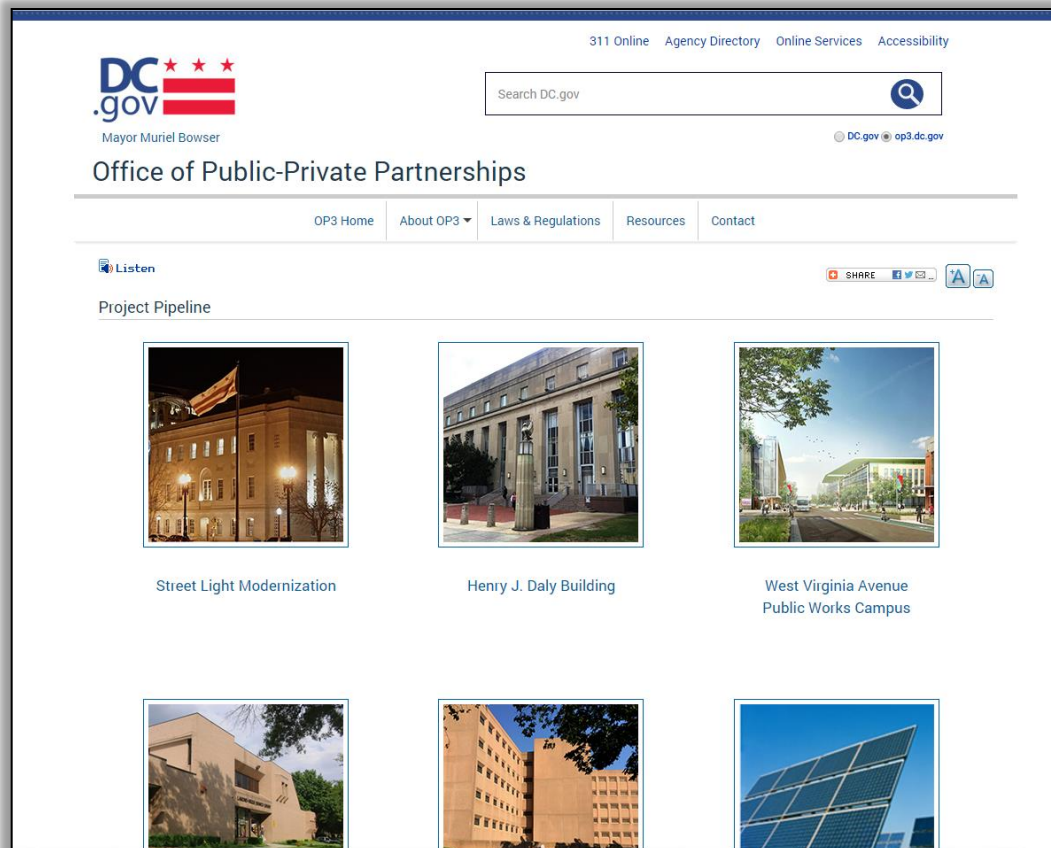
Solicited Proposal



Unsolicited Proposal



Pipeline of Potential P3 Projects:



op3.dc.gov/pipeline

Unsolicited Proposals:

op3.dc.gov/proposals

DC OP3 will be open for unsolicited proposals:

November 28th, 2016 - January 26th, 2017

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