





Basics of Public-Private Partnerships

District of Columbia Office of Public-Private Partnerships

Friday, October 28, 2016

PUBLIC-PRIVATE PARTNERSHIPS

What a P3 is NOT

• Not – Free money

Not – Privatization or Outsourcing

• Not – Philanthropy







What is a P3?

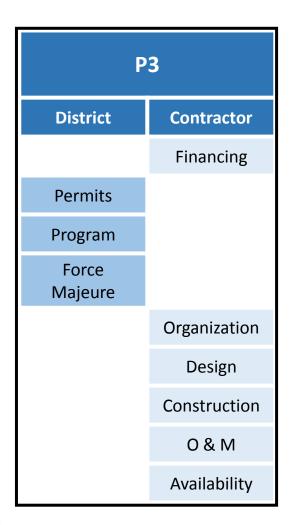
- Long-term, performance-based agreement
- Risks allocation to the party best able to manage that risk
- Private entity performing some functions normally undertaken by the government, but the government remains ultimately accountable for the project
- The District retains ownership, but the private 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 | |





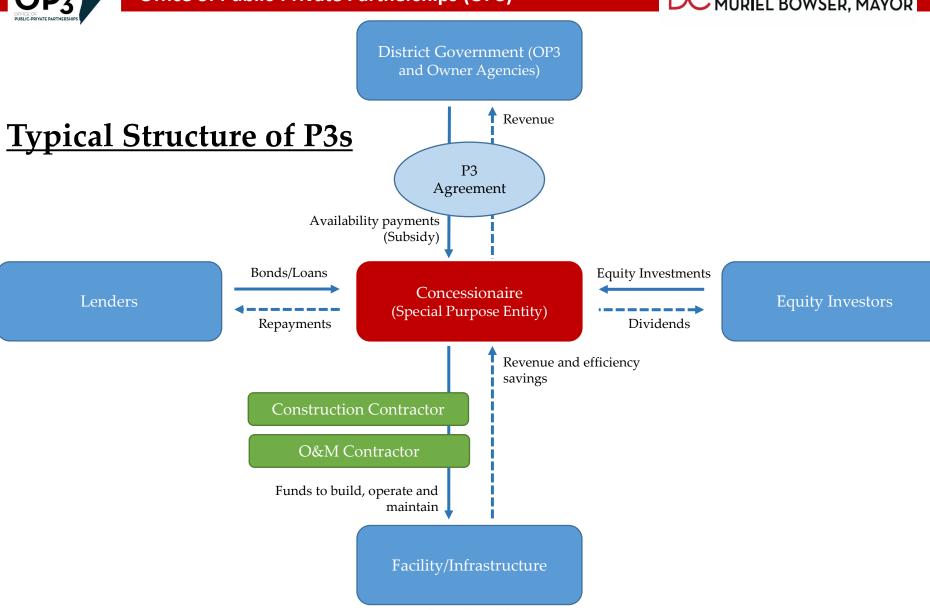


Benefits of P3s

- 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











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"

NEOU LEE OBICEN

AN ACT D.C. ACT 20-550

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

DECEMBER 29, 2014

cutabilis the Office of Public-Private Parteceships ("Office") to facilitate the procurement and administration of public-private parteceships in the District (Chumbis, to establish the authority to here professional staff and consultants, to budget for operations of the Office and to adopt rote an origination with one goal to public-private parteceships, to establish requirements for the procurement of public-private parteceships, to establish requirements for the procurement of public-private parteceships, the insurance of solicitations for public-private parteceships, the consultants of produce private parteceships, the consultants of public-private parteceships, the consideration of public-private parteceships, the consideration for public-private parteceships, the consideration of public-private parteceships are public-private parteceships, and consideration of public-private parteceships are publicated to public-private parteceships agreement, the digute revolution process for public-private parteceships agreements, the requirements to comply with District Javance particles, and public-private parteceships agreements, the requirement to comply with District Javance particles, and the public-private parteceships agreements, the requirement to comply with District Javance particles, and the public private parteceships agreements, the requirements to comply with District Javance particles, and the public private parteceships agreements, the requirement to comply with District Javance particles, and the public private particles private particles are regarding First Source agreements, fair wages, usual, local and minority-owned make activity confirming amendments.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Public-Private Partnership Act of 2014".

TITLE I. PUBLIC-PRIVATE PARTNERSHIP ACT.
Sec. 101. Definitions.

 "Administrative Procedure Act" means the District of Columbia Administrative Procedure Act, approved October 21, 1968 (82 Stat. 1204; D.C. Official Code 2-501 et seq.).

(2) "Freedom of Information Act of 1976, effective March 25, 1977 (D.C. Law 1-96; D.C. Official Code § 2-531 er seq.).

(3) "Material default" means the failure of an operator to perform a duty under a multi-carvisate nature-phia suscenument that inoxynatics the delivery of adequate service to the

- 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!

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Active P3 Projects in the District of Columbia

Friday, October 28, 2016

OFFICE OF

PUBLIC-PRIVATE PARTNERSHIPS





Street Lighting LED Conversions and Smart City Technologies





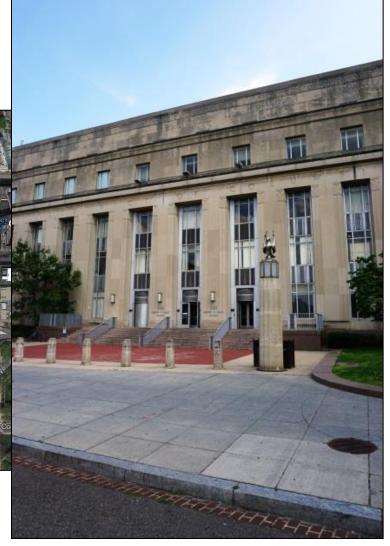






Henry J. Daly Building









Corrections Center













Best Practices in P3s and What is Possible for the District









Process, Pipeline and Closing

Rashad Young
City Administrator

Friday, October 28, 2016

OFFICE OF

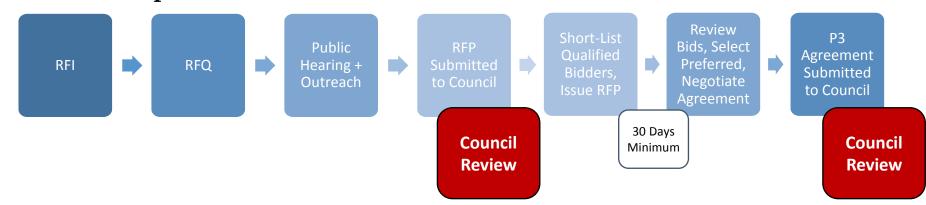
PUBLIC-PRIVATE PARTNERSHIPS





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

