

Government Perspective on Evaluating PPP Approach

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Agenda

- What to consider
- Types of PPPs
- What to expect
- The contracting process
- Challenges/Outcomes
- Summary

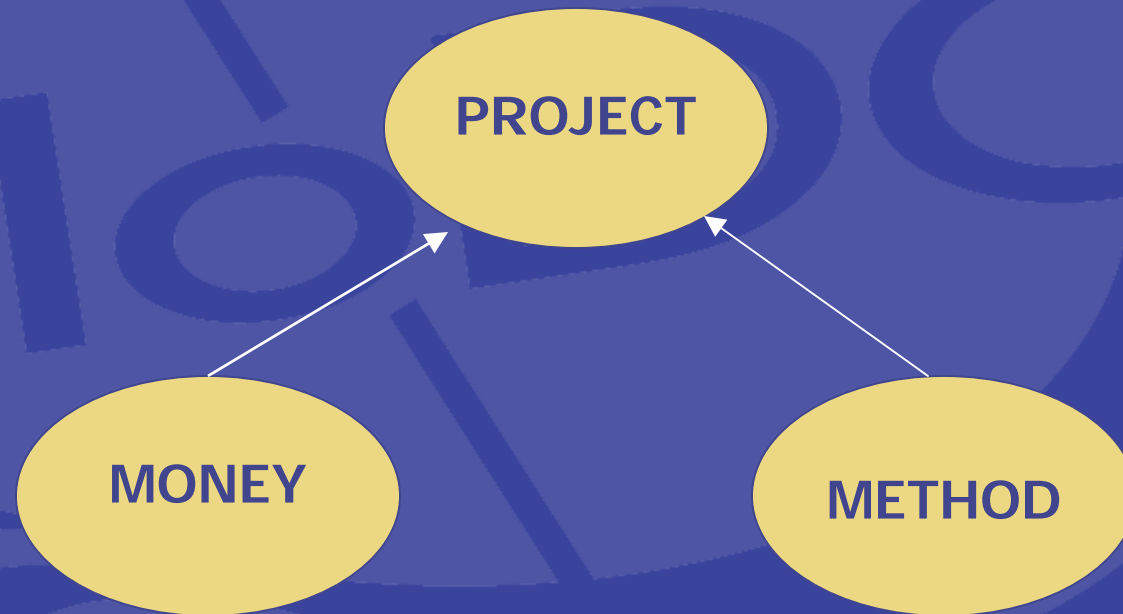
What to consider

- Private-sector efficiencies
- Economies of scale
- Assignment of risk
- Speed
- Funding
 - Lower seniority of debt or revenue generation

Types of PPPs

- Design-Build
- Design-Build-Finance-Maintain
 - Availability payment
- Toll Project
 - Revenue generator
- Other combinations and variations

Types of PPPs



- Where does your project fit in the spectrum of contract methods?
- What can you legally do?
 - Statutory Authority

What to expect from a PPP

- Lots of unsolicited help
 - PPP experts, financial advisors, legal advisors, potential developers/contractors/designers/financiers
- Process guidance/contract models that may not fit
- “Deer in the Headlights” reaction from staff
- Complex contract requirements, driven by lenders and equity partners
- Public Perception

The procurement process

- Statements of Qualification
- Select a short-list of qualified teams
- Lengthy contract negotiations (lots of NY lawyers)
- Less-for-less vs. Technical innovation/efficiency
- Award/Execution timing
 - Allow time for financing process

Challenges

- Best-value scoring process
 - Fair and documented
- Don't rely totally on advisors.
 - Staff should be "hands on" to learn the process.
- Follow the money.
- Assign risk to the party best able to manage.
- Learn from others. Expect the unexpected.

Outcomes

- Effective risk transfer
- Efficiency
- Speed
- Positive effect on funding

Summary

- Provides new options for Project Delivery
- Be willing to pull the plug if it doesn't make sense.