

The logo for the Association for the Improvement of American Infrastructure (AIAI) is displayed in large, bold, white capital letters.

Association for the Improvement
of American Infrastructure

Together, we move P3s forward.

A wide-angle photograph of a large concrete dam with multiple spillways. Water is cascading over the spillways, creating a misty spray at the base. The dam has several small buildings or control houses on top. The background shows a line of green trees under a blue sky with some clouds.

How to do a P3

(in 1500 easy steps)

June 6, 2017



What is the process?

First:

¹question
noun | ques·tion | \ˈkwes-chən, ˈkwesh-\

Is it a good project?

Good projects make good P3 projects

The P3 procurement process cannot save a bad project idea!

Public Asset Types Delivered via P3

EXAMPLES OF GOOD P3 PROJECT CANDIDATES:



ADMINISTRATIVE

City Halls, Government Offices



AVIATION

Terminals, Maintenance Facilities,
Parking Structures



CIVIC

Convention Centers, Performing Arts



EDUCATION

Schools, Academic Buildings,
Housing, Research



JUSTICE

Police Stations, Prisons,
Courthouses, Jails



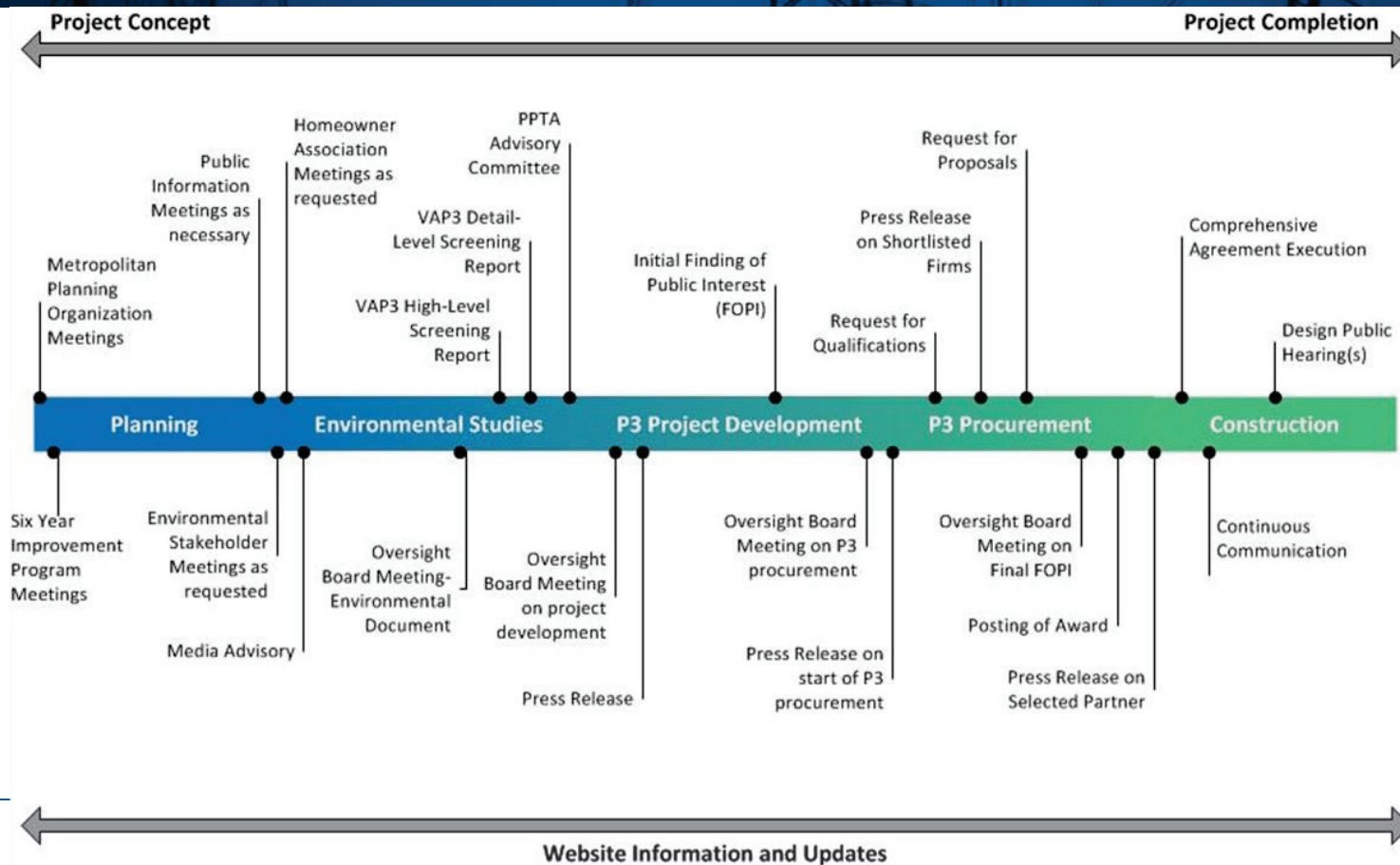
HEALTH CARE

Hospitals, Clinics, Labs

While most P3s in the United States have been revenue-based (toll roads) the P3 model has worked well in the social infrastructure space.

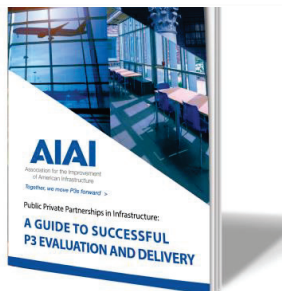
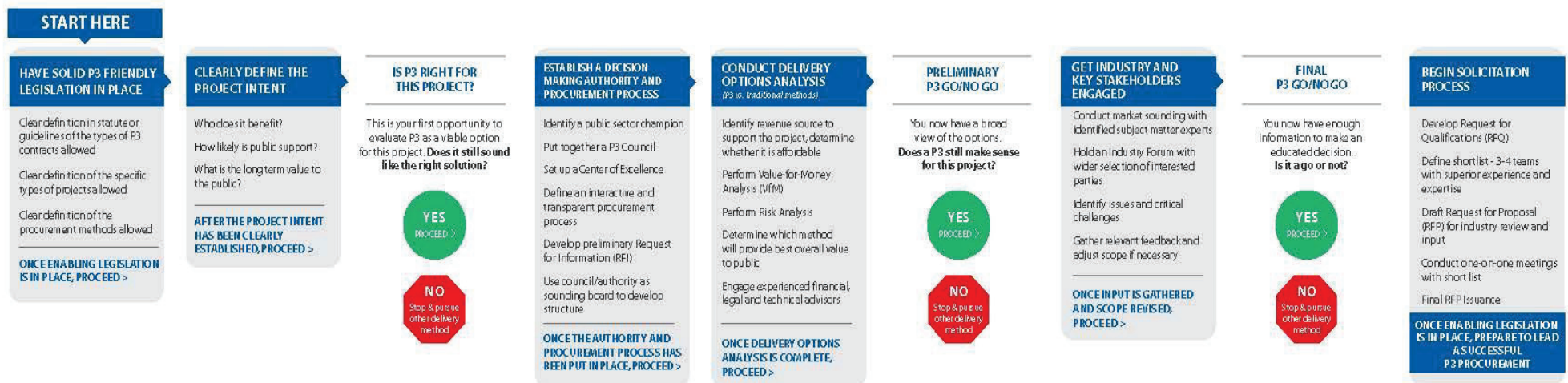
Governments just need to be prepared to work with the private sector to identify good projects and agree to a long-term partnership.

P3 Public Engagement Opportunities

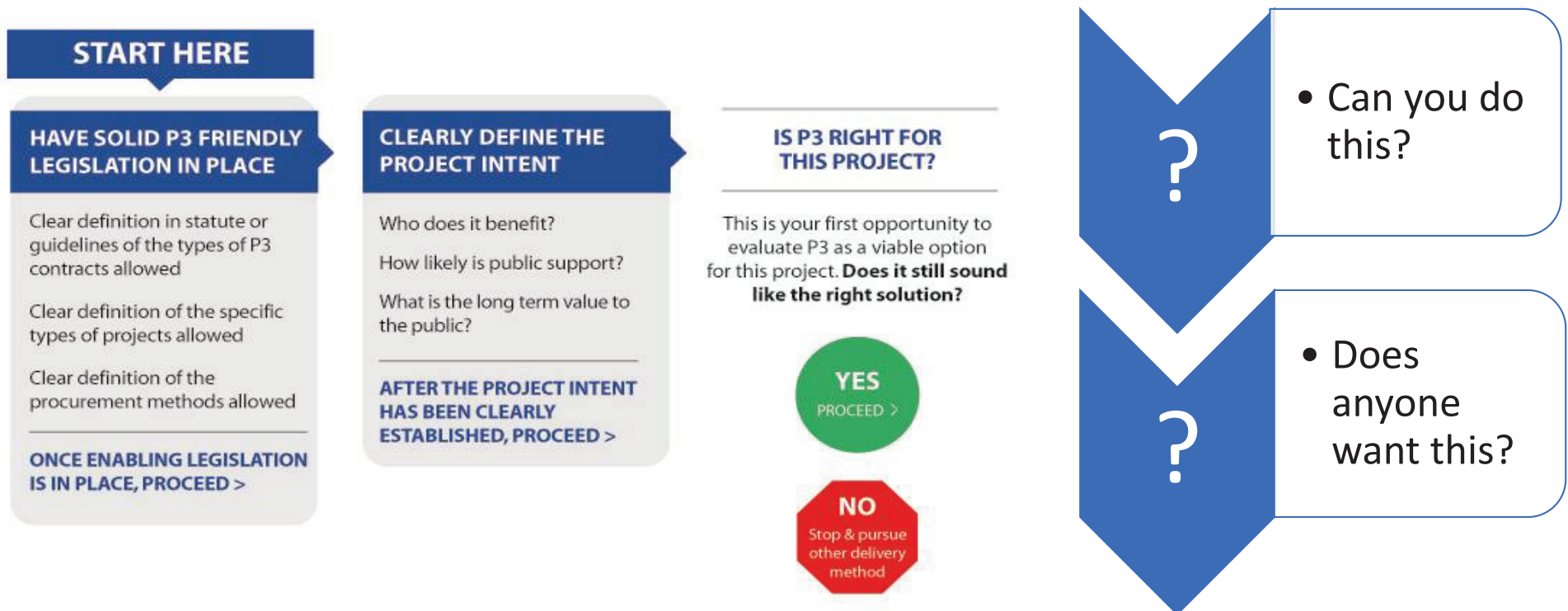


What is the process?

MAKING THE RIGHT PROJECT APPROACH DECISIONS AT THE RIGHT TIME REQUIRES THE RIGHT PROCESS



What is the Process?



What is the Process?

ESTABLISH A DECISION MAKING AUTHORITY AND PROCUREMENT PROCESS

Identify a public sector champion
Put together a P3 Council
Set up a Center of Excellence
Define an interactive and transparent procurement process
Develop preliminary Request for Information (RFI)
Use council/authority as sounding board to develop structure

ONCE THE AUTHORITY AND PROCUREMENT PROCESS HAS BEEN PUT IN PLACE, PROCEED >

CONDUCT DELIVERY OPTIONS ANALYSIS

(P3 vs. traditional methods)

Identify revenue source to support the project, determine whether it is affordable
Perform Value-for-Money Analysis (VfM)
Perform Risk Analysis
Determine which method will provide best overall value to public
Engage experienced financial, legal and technical advisors

ONCE DELIVERY OPTIONS ANALYSIS IS COMPLETE, PROCEED >

PRELIMINARY P3 GO/NO GO

You now have a broad view of the options.
Does a P3 still make sense for this project?

YES

PROCEED >

NO

Stop & pursue other delivery method

?

- How should you do this?

?

- Can you afford this?

What is the Process?

GET INDUSTRY AND KEY STAKEHOLDERS ENGAGED

Conduct market sounding with identified subject matter experts

Hold an Industry Forum with wider selection of interested parties

Identify issues and critical challenges

Gather relevant feedback and adjust scope if necessary

ONCE INPUT IS GATHERED AND SCOPE REVISED, PROCEED >

FINAL P3 GO/NO GO

You now have enough information to make an educated decision.
Is it a go or not?

YES
PROCEED >

NO
Stop & pursue other delivery method

BEGIN SOLICITATION PROCESS

Develop Request for Qualifications (RFQ)

Define shortlist - 3-4 teams with superior experience and expertise

Draft Request for Proposal (RFP) for industry review and input

Conduct one-on-one meetings with short list

Final RFP Issuance

ONCE ENABLING LEGISLATION IS IN PLACE, PREPARE TO LEAD A SUCCESSFUL P3 PROCUREMENT

?

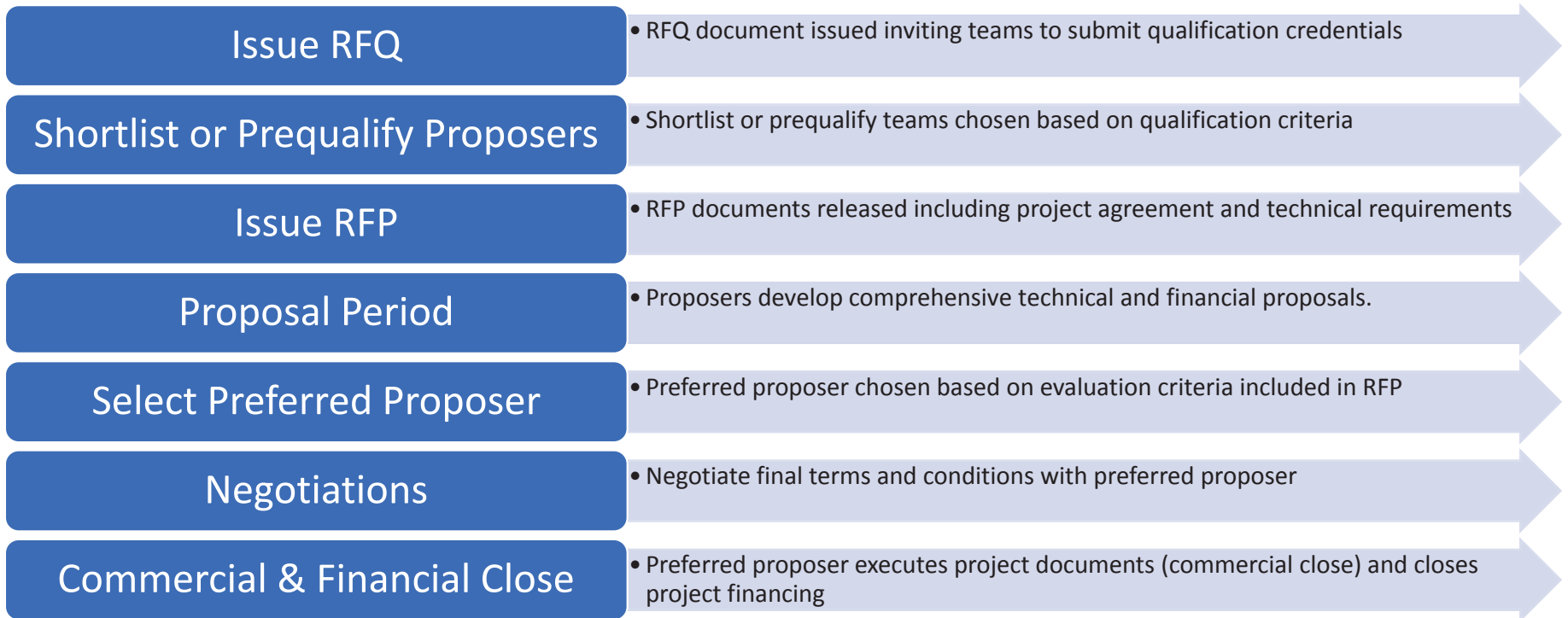
- Is there interest in the market?

?

- Did you find the right partner?

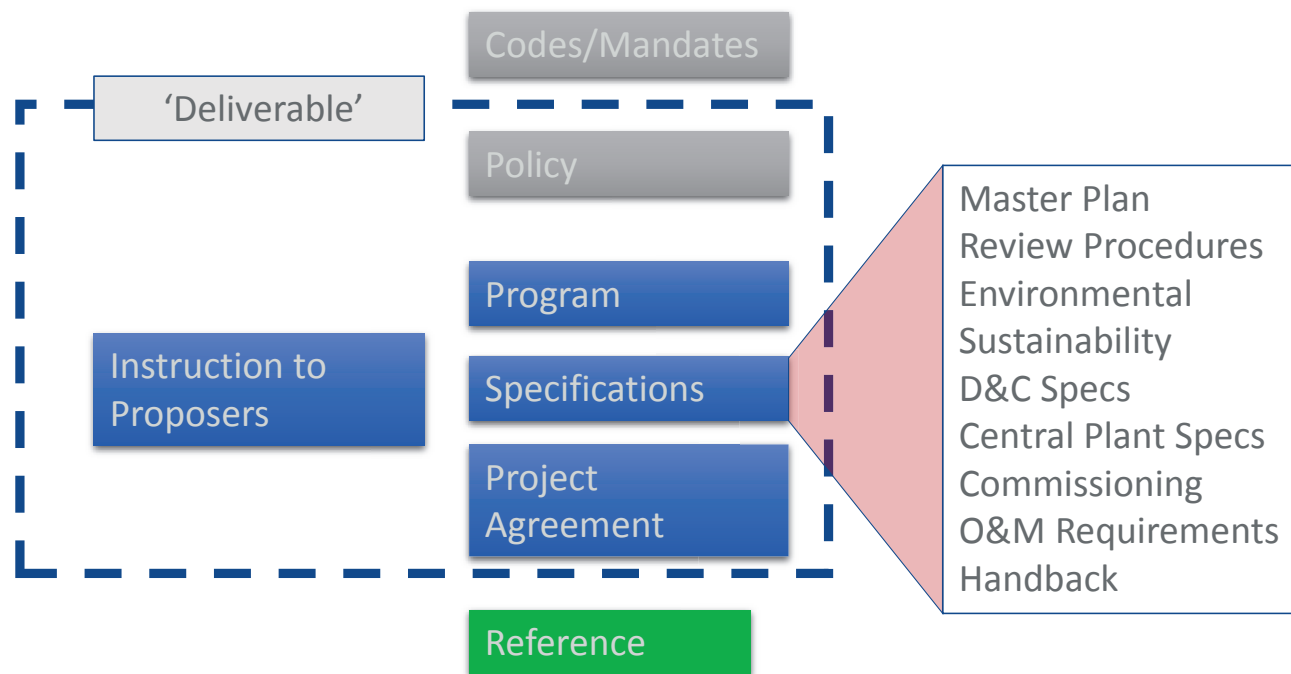
Procurement Process

One of the key drivers for the successful development of a P3 project is a defined, properly structured procurement process that encourages private sector companies to bring forward their best people and ideas. The key stages of the P3 process include:

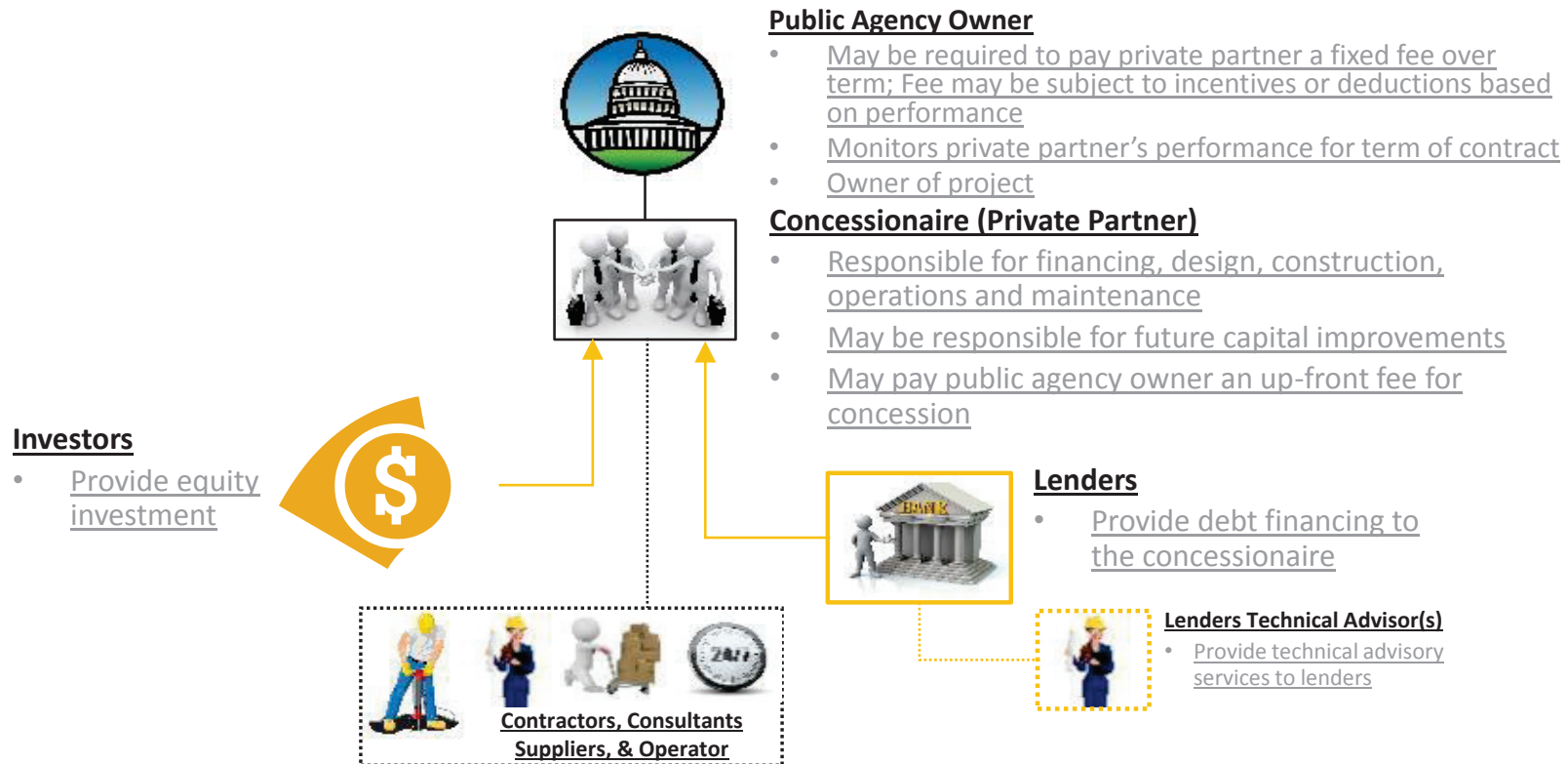


Contractual Landscape

Contract Documents



P3 Structure



Typical Durations for a Procurement

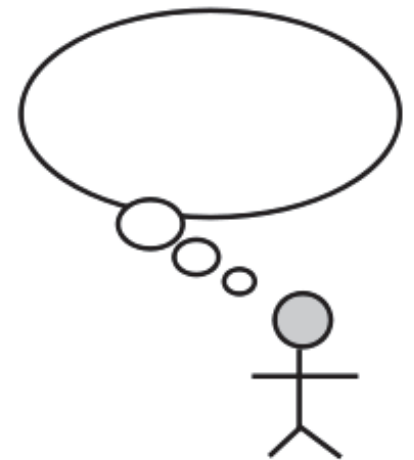
- Issue RFQ – 30-60 days
- Shortlist or Prequalify Proposers – 30-45 days
- Issue RFP – 60-90 days after RFP issued
- Proposal period – 3 to 6 months
- Select Preferred Proposer – 30-60 days
- Negotiations – 30-60 days
- Commercial/Financial Close – 60-90 day



CRITICAL POINTS TO REMEMBER

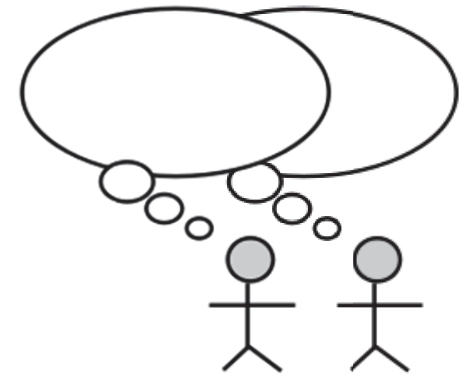
Thoughts on Procurement

- “*What are we trying to do here*”
- Public Sector habits: quality, no risk, specificity, low price
- Private Sector wants: payment certainty, capped risks, transparency, full public/political buy-in
- P3 procurement and negotiation:
 - Focus on performance (rather than specificity)
 - **Priceable** risks
 - **Reliable** payment stream
 - **Reduced** political risk – think statutory solutions before the start!
 - Partner attitude
 - Chance at the upside
- Guiding principles lead to **procurement best practices**

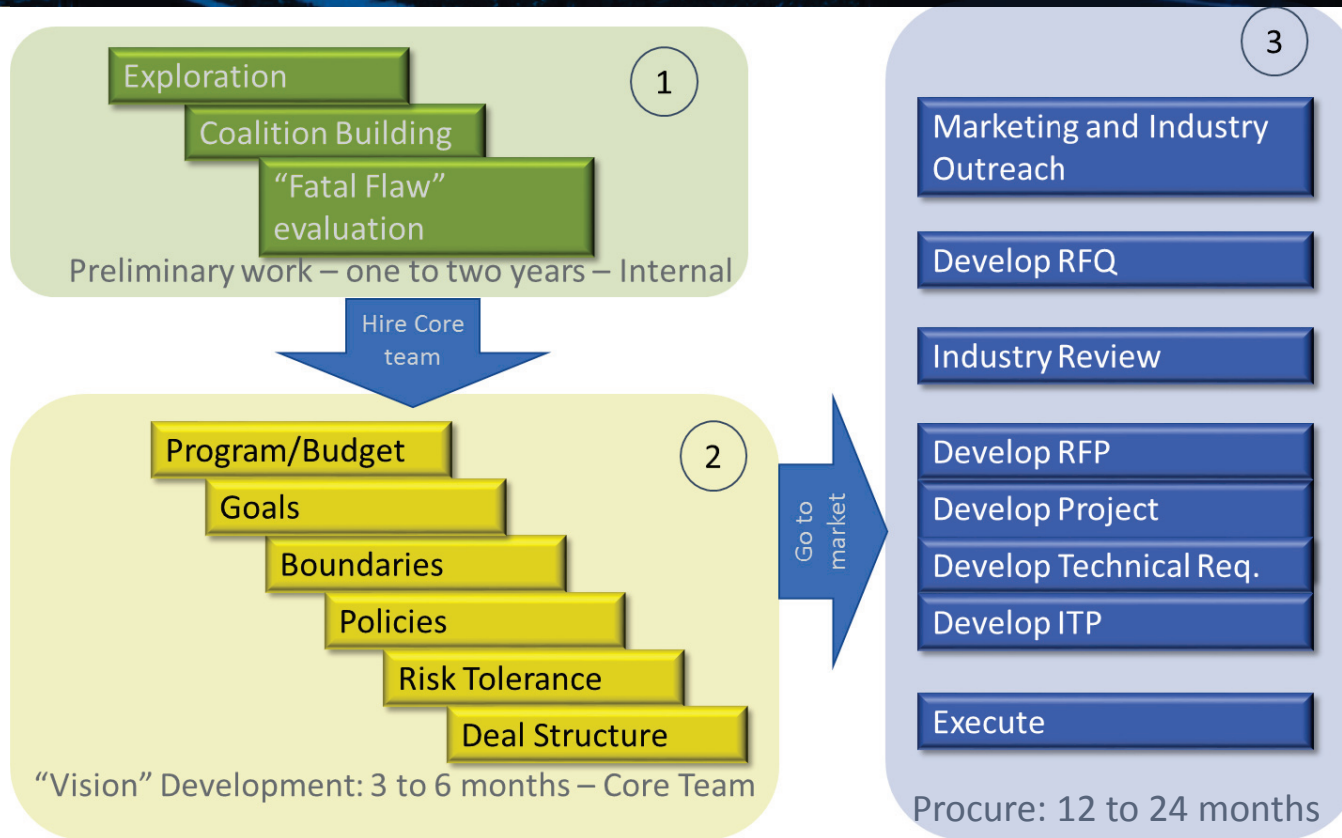


More Thoughts on Procurement

- Industry Days; RFIs
- Qualifications
- Draft Documents with Proposal instructions
- Hard look at regulatory, conventional requirements
- Industry Review during Procurement, with one-on-ones
- ATC process (there are others)
- Separate financial and technical evaluations
- Stipends (are they needed for the project?)



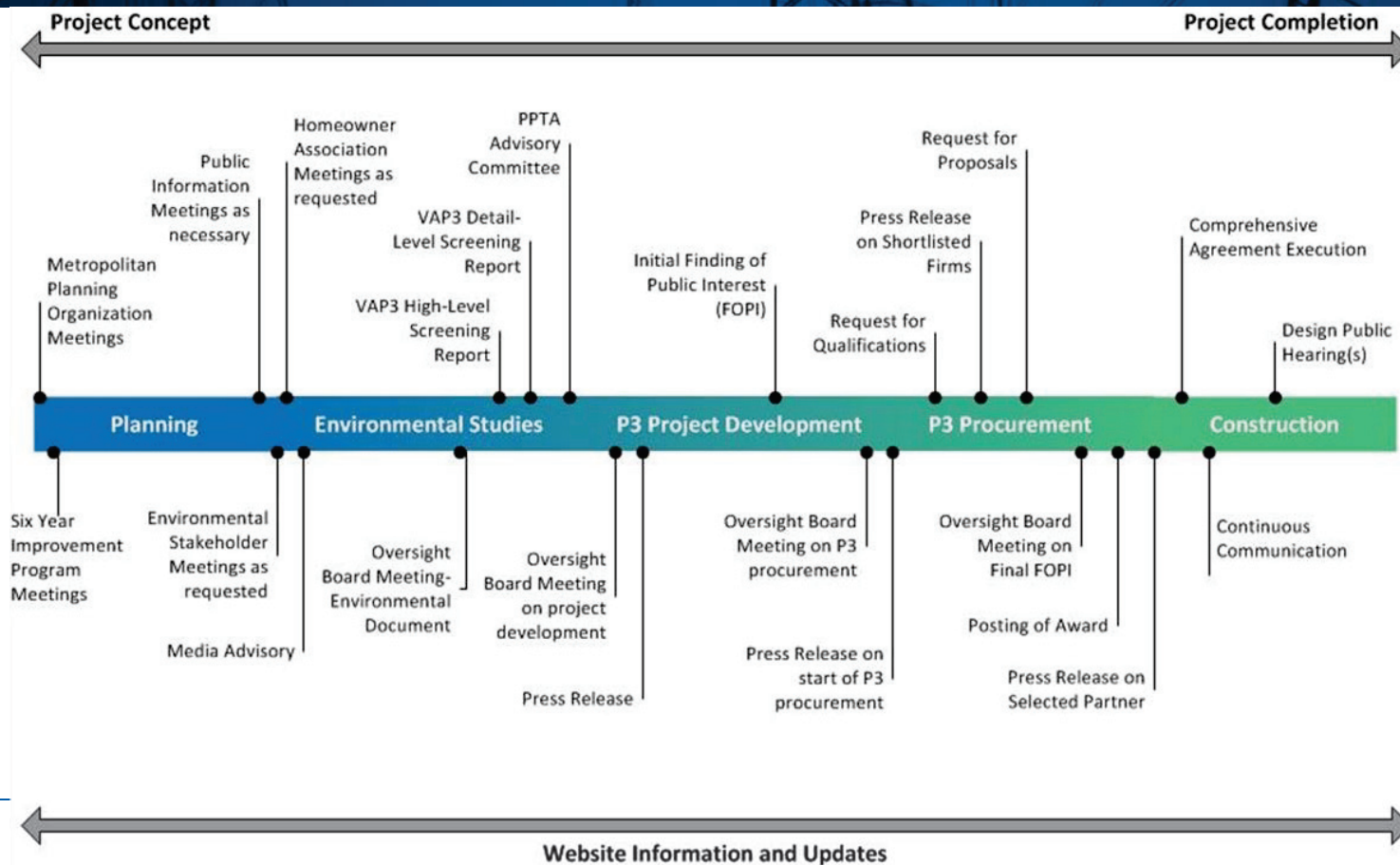
Lessons Learned



Lessons Learned

Know what you want	Get the right advisors	Have a clearly defined process
<ul style="list-style-type: none">• Establish clear goals and success criteria• Develop a strong program with clear output specifications• What do you want the partner to do?• What risk will you assume?• Benchmark costs and establish targets• Evaluate Financing strategies	<ul style="list-style-type: none">• Real Estate and Development Advisory• Capital formation strategies and analysis• Legal and legislative• Public procurement process expertise• Expertise in complex evaluation and contract negotiations• Design and construction oversight• Communication and public outreach	<ul style="list-style-type: none">• Transaction structure including financing considerations• Attainable schedule and milestones identified• Clear goals, expectations & evaluation criteria• Clearly defined design process• Clearly defined performance specifications• Construction oversight• Ensure transparency and accountability in process• Communication plan for internal and external stakeholders

P3 Public Engagement Opportunities



Questions & Answers

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P3Direct is an AIAI partnership program which seeks to create a connection between experienced P3 industry professionals (our members) and public sector representatives across agencies at every level. The program is active throughout the year and has a strong presence at the annual P3 Conference (Feb. 27 - Mar. 5, 2017 in Dallas).

WHO IS P3DIRECT RIGHT FOR?

- Public officials/administrators who have some interest in P3s but aren't entirely clear on the benefits or details of this delivery method
- Those who have tried to institute P3s in their districts or states, but have not succeeded
- Those who think P3s might be a good option for their projects, but have no idea where to start

PROGRAM BENEFITS

- A base understanding of how to navigate the complex process of P3s
- An informal relationship where P3-centric questions can be asked and complexities clarified
- An introduction to current trends, challenges, and opportunities in the P3 market
- Introductions to other participants and organizations

INTERESTED IN PARTICIPATING?

In order for us to make P3Direct as effective as possible, we need your input. Please answer a few quick questions and also to be considered as a participant:

Together, we move P3s forward.

AIAI