Public Private Partnerships for Infrastructure Projects

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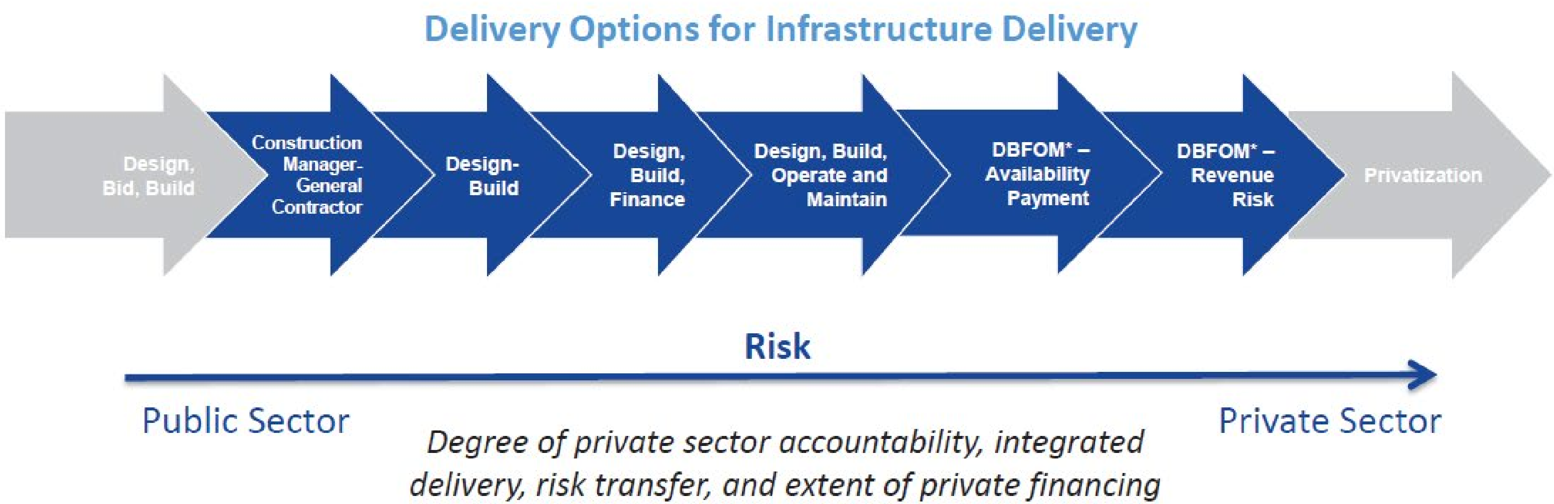
What are Public-Private Partnerships (P3s)?

- A method for delivering projects
- An opportunity to combine financing with contractor performance
- A potential to share risk
- A new flavor of an old idea?

Source: Honolulu Star-Advertiser (2018)

- A broad term for many types of agreements
  - *Alternative delivery vehicles, Performance-Based Contracts*

Many Types of P3 Arrangements

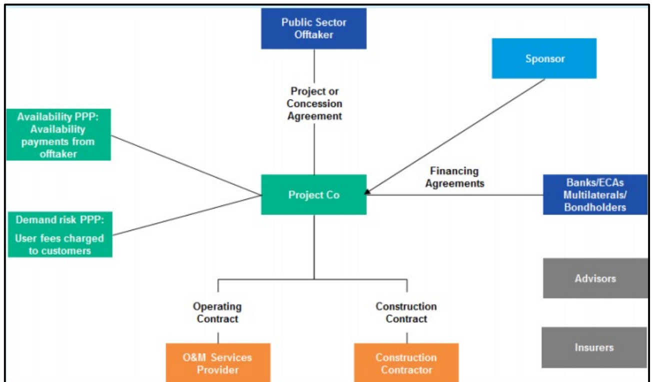


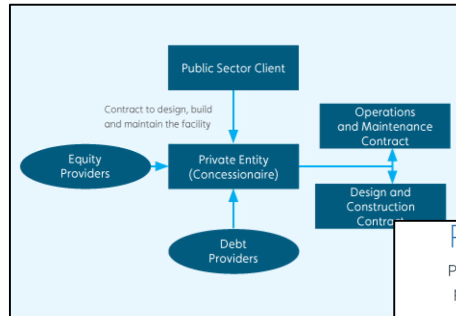
Source: Association for the Improvement of American Infrastructure, Hawaii P3 Workshop, 2017

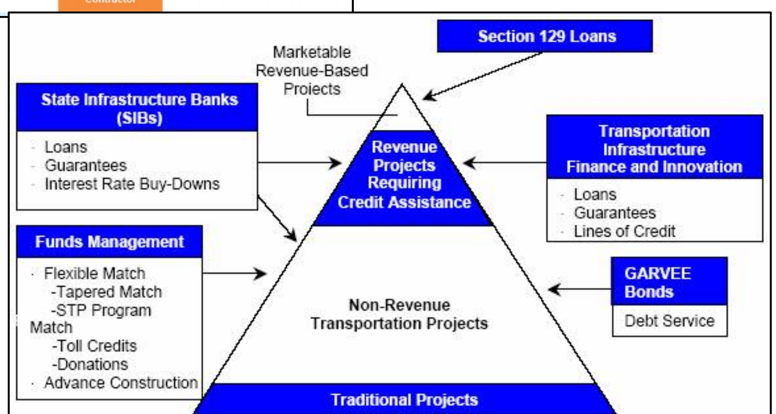
- P3 novelty comes from private industry including some or all aspects of operating/maintaining infrastructure with traditional roles to build and finance

Organizing a Public-Private Partnership

- Delivery mechanisms are complex and complicated







Capital and Potential Cost Savings

- P3 arrangements can still require initial outlays by the municipality
  - Access to "cheap" money reduces costs
- May not actually yield cost savings, but still relive headaches
- Still requires time and resources to manage contracts

> *"In some cases, projects were sold primarily on a basic presentation of financial benefits even though the underlying objective of using an alternative service delivery model may have had more to do with project and service quality than cost savings." - EFC at UNC Chapel Hill (2017)*

Source: Hughes et al. *The Financial Impacts of Alternative Water Project Delivery Models: A Closer Look at Nine Communities. EFC at UNC Chapel Hill. 2017*

Links

OWP at Sacramento State

https://www.owp.csus.edu

US EPA Region 9 Environmental Finance Center

http://www.efc.csus.edu

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