

Public Private Partnerships

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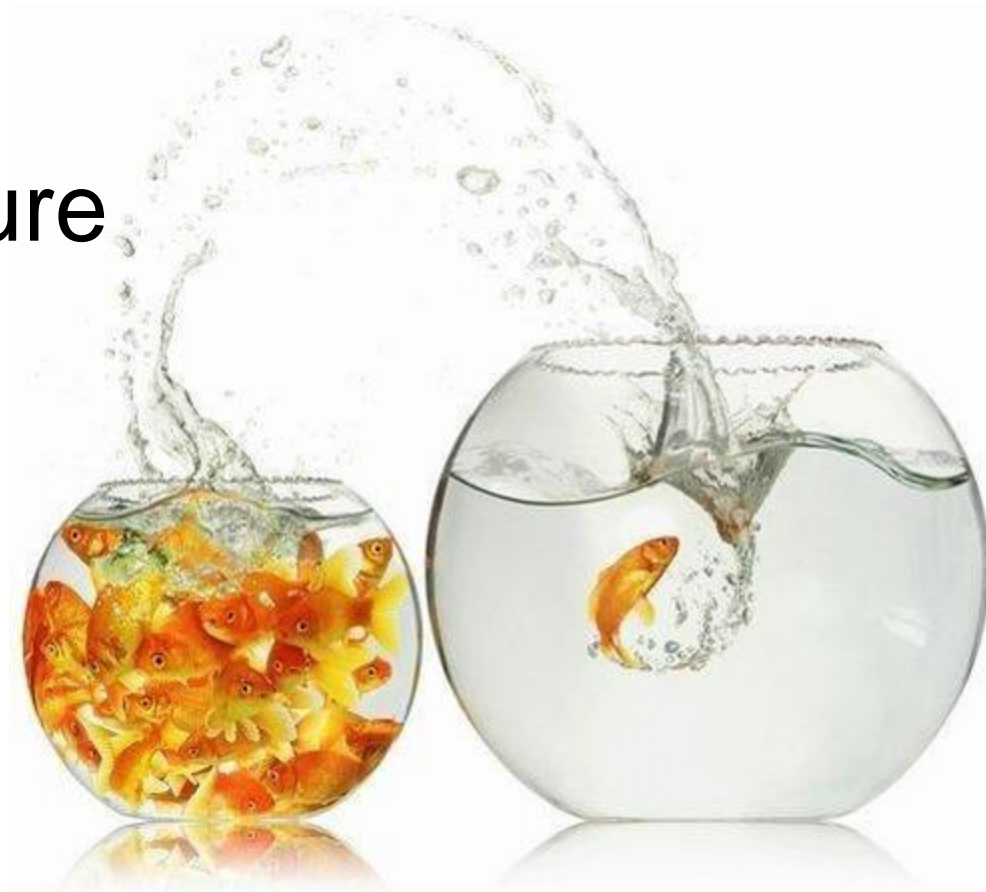
Reasons to Consider Public-Private Partnerships

- Immediate need for additional capacity or infrastructure R/R
- Limited funds
- Limited resources
- Procurement rules



Immediate need for additional capacity or infrastructure R/R

- Regulatory requirements
- Rapid growth
- Aging infrastructure



Limited funds

- Bonding capability
- Revenue availability
 - Debt coverage



Limited resources

- Qualified staff
- Material/supply contracts
- Technical expertise



Procurement rules

- Time consuming
- Resource limited
- Expensive



Types of Partnerships

- Utility owns permits and facilities
- Utility owns permit, private contractor owns facilities (Trust Indenture P3)



Utility owns permits and facilities

- DBO
- Contract O&M

Utility owns permit, private contractor owns facilities (Trust Indenture P3)

- Capital cost
- O&M
- Environmental Indenture
 - Ensures proper facility O&M
 - County/City may take over facility if not operated pursuant to environmental law

Funding (P3 Option)

- Venture capital
- Development/revenue bonds



Fees

- Utility Owned
 - Debt service responsibility
 - Lower service fee (actual cost, profit, overhead and escalation)
- Private Partner
 - Assume all design/build operate cost and responsibility
 - Long term contract
 - Higher service fees (Capital, ROI, O&M, and escalation)

Limited Risk

- Permit compliance responsibility
- O&M cost responsibility
 - Environmental/maintenance covenants identify facilities operator responsibility
- Limit the transfer of risk (stop loss)

Performance Guarantees

- Regulatory
- Operation
- Maintenance
- Nuisance (noise, odor, traffic)
- Staffing
- Security



Cost Recovery

- User fees
 - water/sewer revenues
- Development fees
 - tap fees



Cost Savings (O&M Contract)

- O&M cost reduction about 10%
 - Labor
 - Material/supplies
- Lump sum or unit cost
 - Fixed Fee

Questions

