

Public Private Partnerships (P3) through PPEA

Presentation to City Council
September 14, 2021



Public-Private Education Facilities and Infrastructure Act (PPEA)



- Law passed in 2002
- Allows for both solicited and unsolicited proposals for development and/or operation of “qualifying projects”
- Responsible Public Entity (RPE) must adopt guidelines to consider project proposals
- Generally, 2 phase process – conceptual and detailed
- Over 200 projects completed or underway
- Adopted by numerous jurisdictions including Loudoun, Fairfax, Arlington, Prince William, Richmond, Virginia Beach

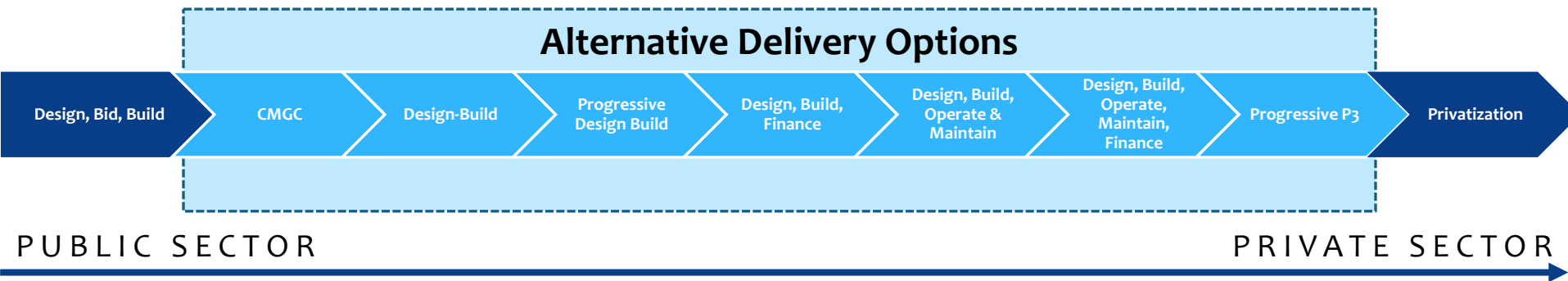
Qualifying Projects



City to select qualifying projects from the permission categories enumerated in the PPEA
Va. Code § 56-575. 1

- A **building or facility that meets a public purpose** and is developed or operated by or for a public entity;
- Improvements and equipment to **enhance public safety and security** of buildings principally used by a public entity;
- **Utility, telecommunications, and other communications** infrastructure;
- A **recreational** facility;
- **Technology** infrastructure, services, and applications, including automated data processing, word processing and management information systems, and related equipment, goods, and services;
- **Services** to increase the productivity or efficiency of the responsible public entity through technology or other means;
- Technology, equipment, or infrastructure to deploy **wireless broadband services** to schools, businesses, or residential areas;
- Necessary or desirable improvements to unimproved publicly-owned **real estate**;

P3/Alternative Delivery Continuum



Risk

Degree of control, development integration, risk transfer and extent of private financing

P3: What it is.



- Alternative procurement model
- Public sector retains ownership
- Risk sharing approach
- Ability to enter long term contracts
- Lifecycle approach for better asset performance
- Performance based agreement

P3: What it is Not.



- Not a panacea
- Not free money
- Not secret negotiations
- Not necessarily cheaper
- Not privatization
- Not a one-size fits all

PPEA: Process

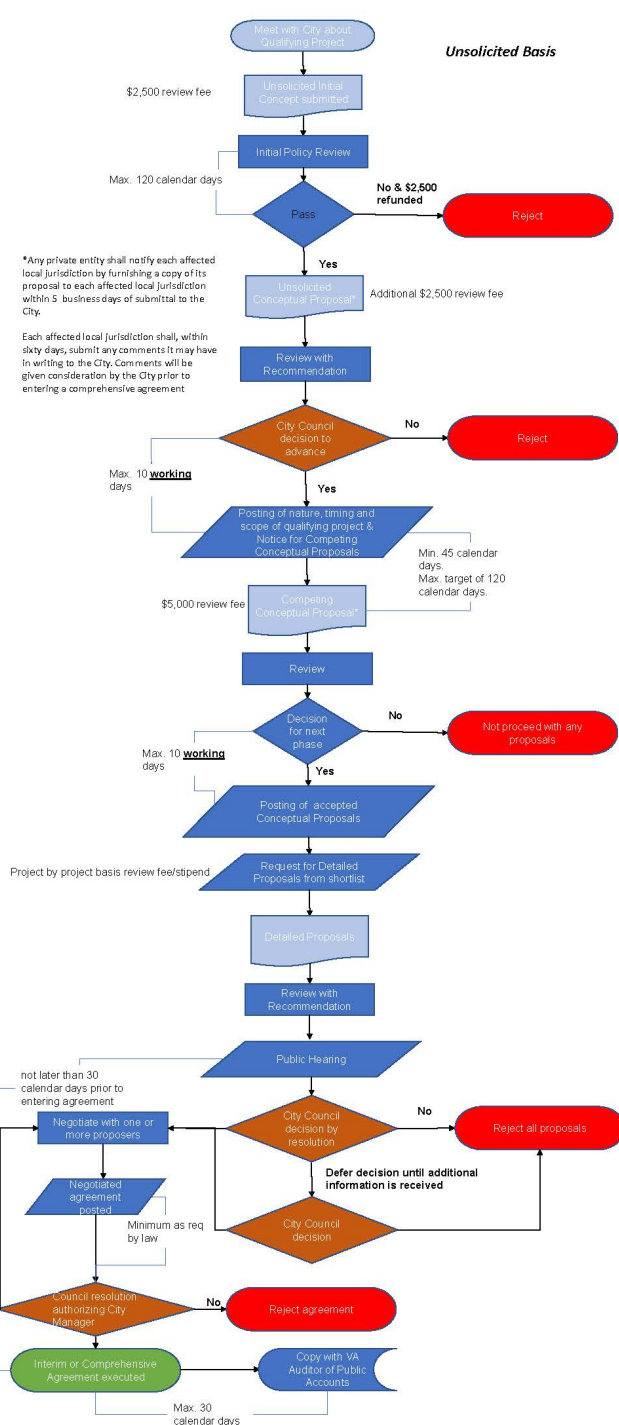


- RPE solicits for proposals or accepts unsolicited proposals
- FOIA protections for confidential/proprietary information
- For unsolicited process, conceptual proposal outlines qualifications, proposed scope, financial plan and benefits
- Minimum of 45 day open competition period for unsolicited proposals
- RPE may levy a proposal review fee on both solicited and unsolicited proposals to cover procurement costs (in most cases partially)
- Competing proposals are reviewed, followed by a shortlist
- Detailed proposals are requested
- Detailed proposals start to finalize project scope, costs, schedule, financial terms and conditions
- Leads to an interim or comprehensive agreement
- Requirements for public notification and hearings

Proposals Evaluation Criteria



- Qualifications and Experience
- Project Characteristics
- Project Financing
- Project Benefit and Compatibility
- Other Factors



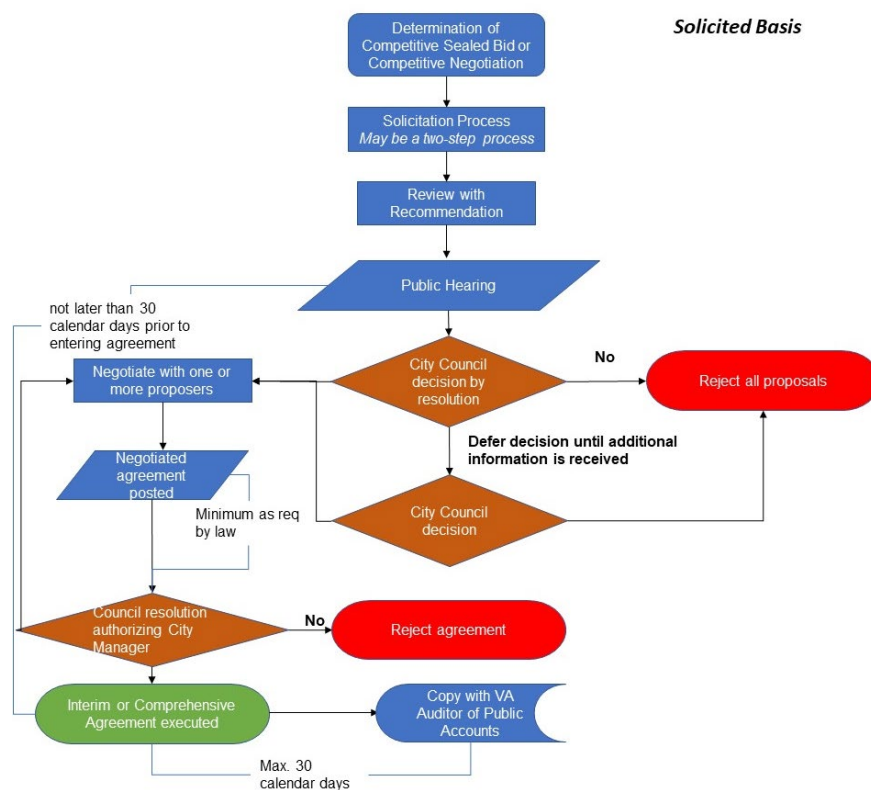
City Council Decision Points



- **Unsolicited Process**
 - Decision to advance to competing proposals stage or end the process
 - Decision to proceed to negotiation phase with one or more private entities or end the process
 - Authorize City Manager to execute Interim/Comprehensive Agreement



City Council Decision Points



■ Solicited Process

- Adoption of project in the CIP
- Decision to proceed to negotiation phase with one or more private entities or end the process
- Authorize City Manager to execute Interim/Comprehensive Agreement

PPEA: Pros



- Provides opportunities for creative and innovative approaches to addressing City needs
- Incorporates “Cost of Ownership” financial planning
- Better risk management with cost and schedule certainty
- Lifecycle cost optimization
- Better service performance
- PPEA has a certain “cachet” with state regulatory and funding bodies
- Portion of project costs can be covered by proposers
- Staff augmentation and single point responsibility

PPEA: Cons



- Project scope and cost may not be defined until late in the negotiation process
- Learning curve for public officials and public
- Negotiations can be lengthy and complex
- Requires revenue stream
- Administrative cost and time
- May be unsuitable for projects with limited risks

Sample Projects

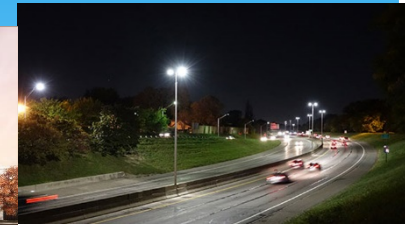


- Power Purchase Agreement
- Energy Saving Performance Contracts
- Recreational Fields (natural to synthetic turf, and lighting)
- City Hall Renovation
- Electric Vehicle Charging Infrastructure
- Police Shooting Range
- Witter Wheeler Corridor Redevelopment
- Parking Garages

Example P3 Projects



- Energy from Waste Facility (Alexandria, VA)
- Recreational and Hospitality Facility (Fairfax County)
- Mid-County Warehouse Complex (Prince William)
- Indoor Sports and Convocation Center (Henrico)
- Affordable Senior Housing (Fairfax County Housing and Redevelopment Authority (FCRHA))
- Prince George County Public Schools (Maryland)
- Howard County Courthouse (Maryland)
- KentuckyWired (Kentucky)
- Prince George's County Clean Water Partnership (Maryland)
- Detroit and DC Streetlights (Michigan/DC)
- Bundled Bridge Replacement (Pennsylvania)
- Montgomery Smart Energy Bus Depot (Maryland)
- Virtual PPA (Arlington)
- Public School Energy Saving Performance Contract (Loudoun)
- University of California Parking Garage and Sports Field
- Mixed-Use Bus Yard P3 (SF Municipal Transportation Agency (SFMTA))
- Public Safety HQ and Correctional Microgrids (Montgomery)



Conclusions



- P3 is an addition tool in the toolbox
- P3s do not imply loss of control by owner
- Proper alignment of public and private interests and risks is essential
- Not every project is suitable for a P3
- P3s are not “free” - private financing must be repaid
- Attempting a P3 will not turn poorly conceived projects into a success
- P3 procurements are not inexpensive to administer, nor are they inexpensive to pursue
- Provides opportunities for creative and innovative approaches to addressing City needs

Questions?