

Public-Private Partnerships (P3)
Can Energize
Downtown Development



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DEVELOPING DOWNTOWN
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Planning Correctly Is Everything.....



"We made a miscalculation, but it's consistent with our over-all strategy."

What are P3s?

- Public-Private Partnerships - **close collaboration of public and private entities to structure, negotiate and implement the finance, design, development, construction and operation of facilities or infrastructure**
- **P3s are a flexible delivery approach - no single model**
- Tax-exempt developer-led turnkey lease-purchase project delivery of a municipal facility
- Taxable turn-key finance and development approach for municipal facilities
- Primary method for financing federal facilities
- **Not suited for all projects but should be a considered option for any significant public project**

Public Sector Rationale

- Commercial conversations about project, economics and requirements
- Delaying capital plans risks higher costs later
- Competing priorities and politics
- Limited debt capacity, “inability” to raise taxes, or limited financing options
- New or increased demand on services, facilities or infrastructure
- Referendum fear
- Long standard procurement cycle

The P3 Process - Public Sector

- Defining the Project and Investment Decision
- Procurement Decision
- Value for Money Analysis
- Integrated Recommendation
- Project Funding and Affordability
- Procurement Strategy
- **Implementation Plan**

Public Risks, Private Risks, Shared Risks

- **P3 method transfers and allocates risk to appropriate party - it does not eliminate the project cycle risk**
- Pay for performance / incentivizes innovation
- Operations & Maintenance (O&M) are included in project scope and budget
- Discipline and rigor around defining requirements are essential
- Investors see infrastructure and public facilities as a class of assets
- Sharing of costs, risks, responsibilities, and economic returns is attractive to capital markets

Prime P3 Project Candidates

- Infrastructure
- Municipal Facilities
- Hotel and Conference Centers
- Parks and Recreation
- Affordable Housing
- Healthcare
- Education

Principles of Downtown Development

- **Broaden the Economic Development Finance/Incentive Toolkit**
- **Build Strong Public-Private Partnerships**
- Develop a Vision and Plan for Downtown
- Identify and Build Upon Local Assets
- Enhance the Downtown's Sense of Place
- Determine the Downtown Market
- **Consider P3 as the Delivery Method for Appropriate Projects**

Indicators of Success

- Organization and Partnerships – CIDs, Development Authorities,
- Downtown Mixed-Use Development – Office, Hospitality, Retail and Housing
- Downtown Traffic Generators – Arts, Attractions, Sports, Natural Amenities, Civic
- Preservation and rehabilitation – Historic rehab and adaptive reuse, Heritage tours
- Demographic Diversity – Age, Gender, Ethnicity
- Downtown Design – Sense of Place, Design guidelines, Green Space
- Multi-purpose Infrastructure – Bike/Pedestrian friendly streets, Green Infrastructure
- Branding and promotion – Events, Celebrations, Regular Activities
- Downtown Economics – Increased property values, New investment

Resources

- World Economic Forum and PwC Strategic Infrastructure Steps to Prioritize and Deliver Infrastructure Effectively and Efficiently, 2012
- World Economic Forum and The Boston Consulting Group - Strategic Infrastructure - Steps to Prepare and Accelerate Public-Private Partnerships, 2013
- World Economic Forum and The Boston Consulting Group - Strategic Infrastructure Steps to Operate and Maintain Infrastructure Efficiently and Effectively, 2014
- World Economic Forum - Paving the Way:
www3.weforum.org/docs/WEF_IV_PavingTheWay_Report_2010.pdf
- World Economic Forum - Infrastructure Investment Policy Blueprint -
www3.weforum.org/.../WEF_II_InfrastructureInvestmentPolicyBlueprint_Report_2014.pdf
- World Economic Forum - Infrastructure and Urban Development - <http://www.weforum.org/industry-partners/groups/iu-infrastructure-urban-development>

Thank you!



"We've considered every potential risk except the risks of avoiding all risks."

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