

The ABCs of Public-Private Partnerships

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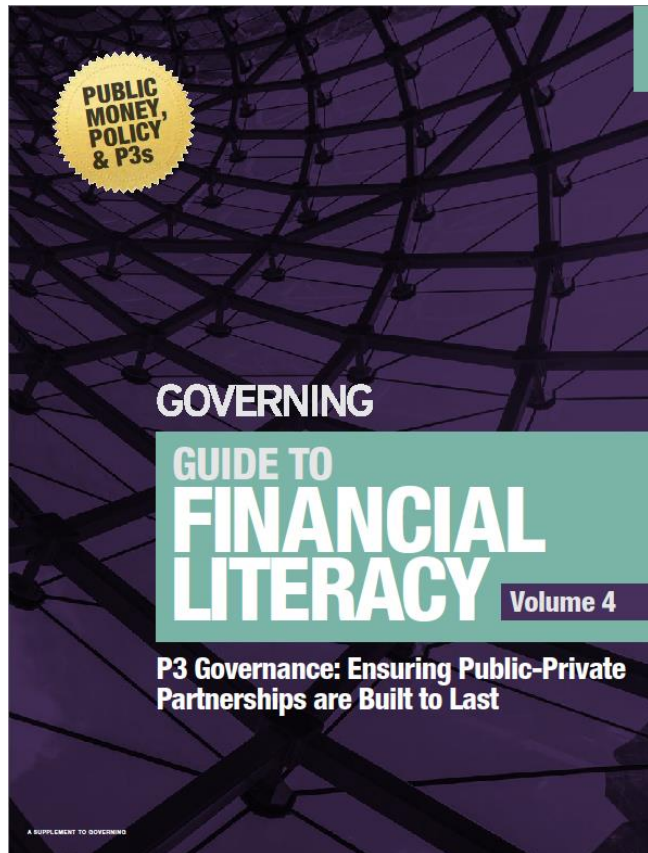
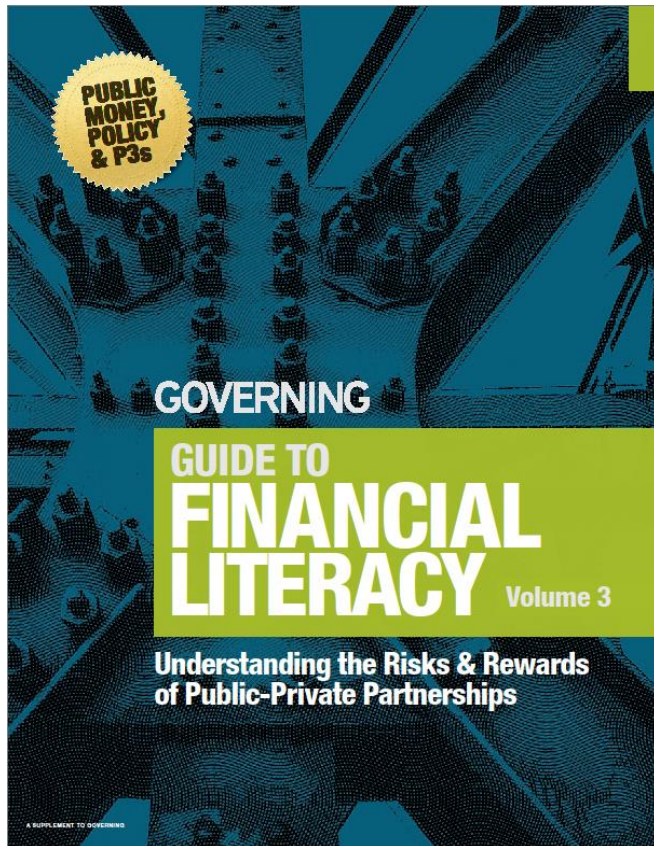
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NALEO Public Finance Workshop

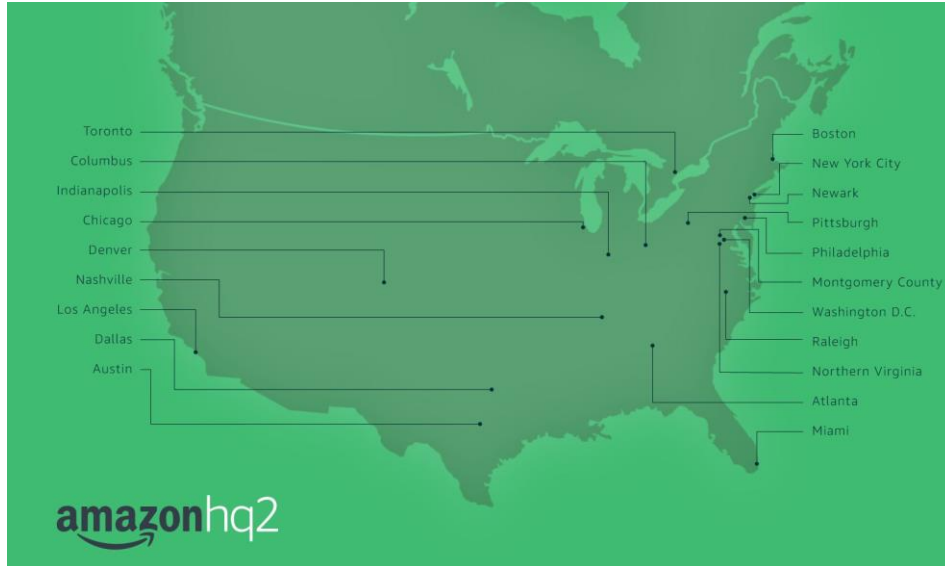
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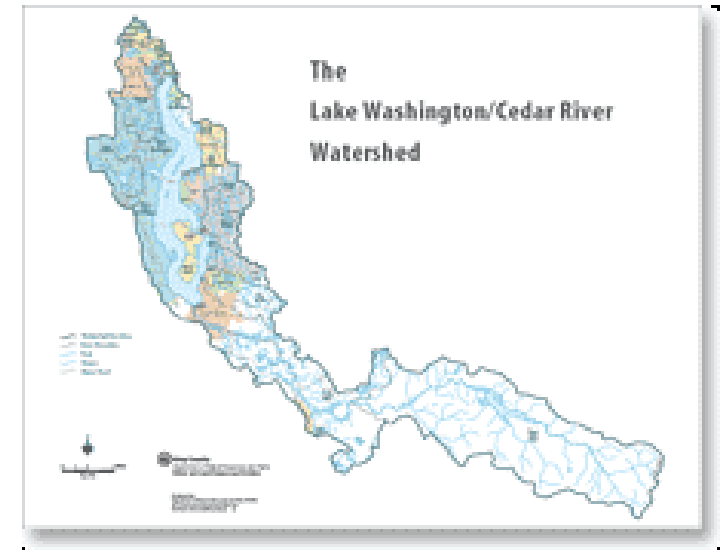
“Public-Private Partnerships” Are Everywhere



Key Takeaways for Today

- Public-private partnerships (P3s) are now a permanent part of the infrastructure finance and management toolkit.
- P3s are a financing method, not a funding mechanism.
- P3s are distinct because of their emphasis on risk sharing and performance-based accountability.
- P3s work best for certain types of infrastructure projects.

A "Textbook" Infrastructure Public-Private Partnership – Seattle Public Utilities Cedar River Water Treatment Facility



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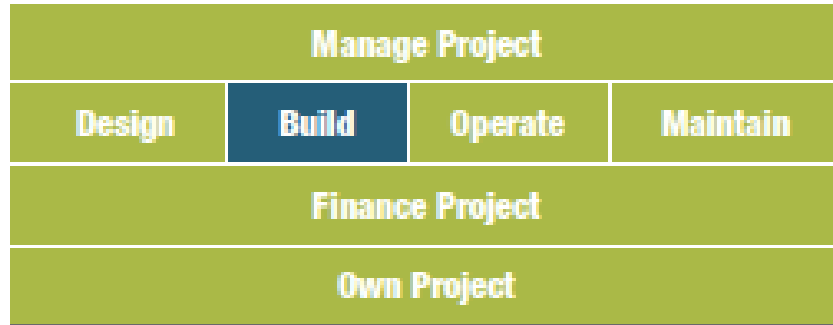
"Public-Private Partnerships" (P3s) Defined

- "A contractual relationship between public and private entities to deliver infrastructure through risk-sharing and performance-based accountability."
- Two key elements:
 - Risk-Sharing – Each party manages the risks it's best able to manage
 - Performance-Based Accountability – Private partner(s) delivers outcomes, not just assets

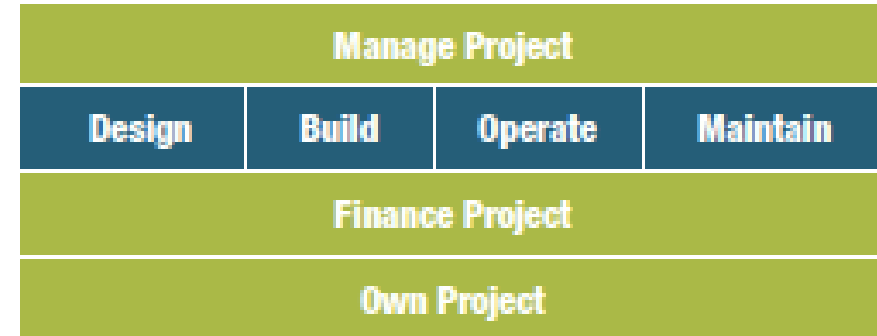
Models of Public-Private Partnerships



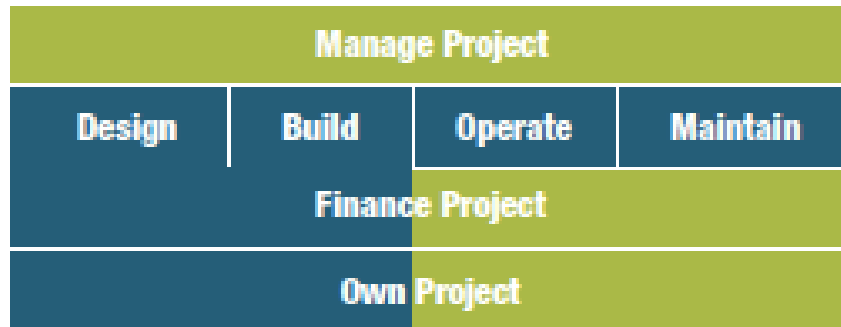
TRADITIONAL PUBLIC SECTOR PROCUREMENT



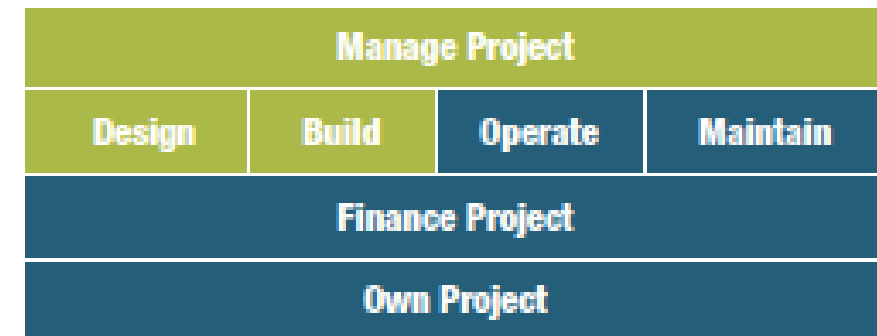
DESIGN-BUILD-OPERATE-MAINTAIN (DBOM) P3



JOINT VENTURE P3



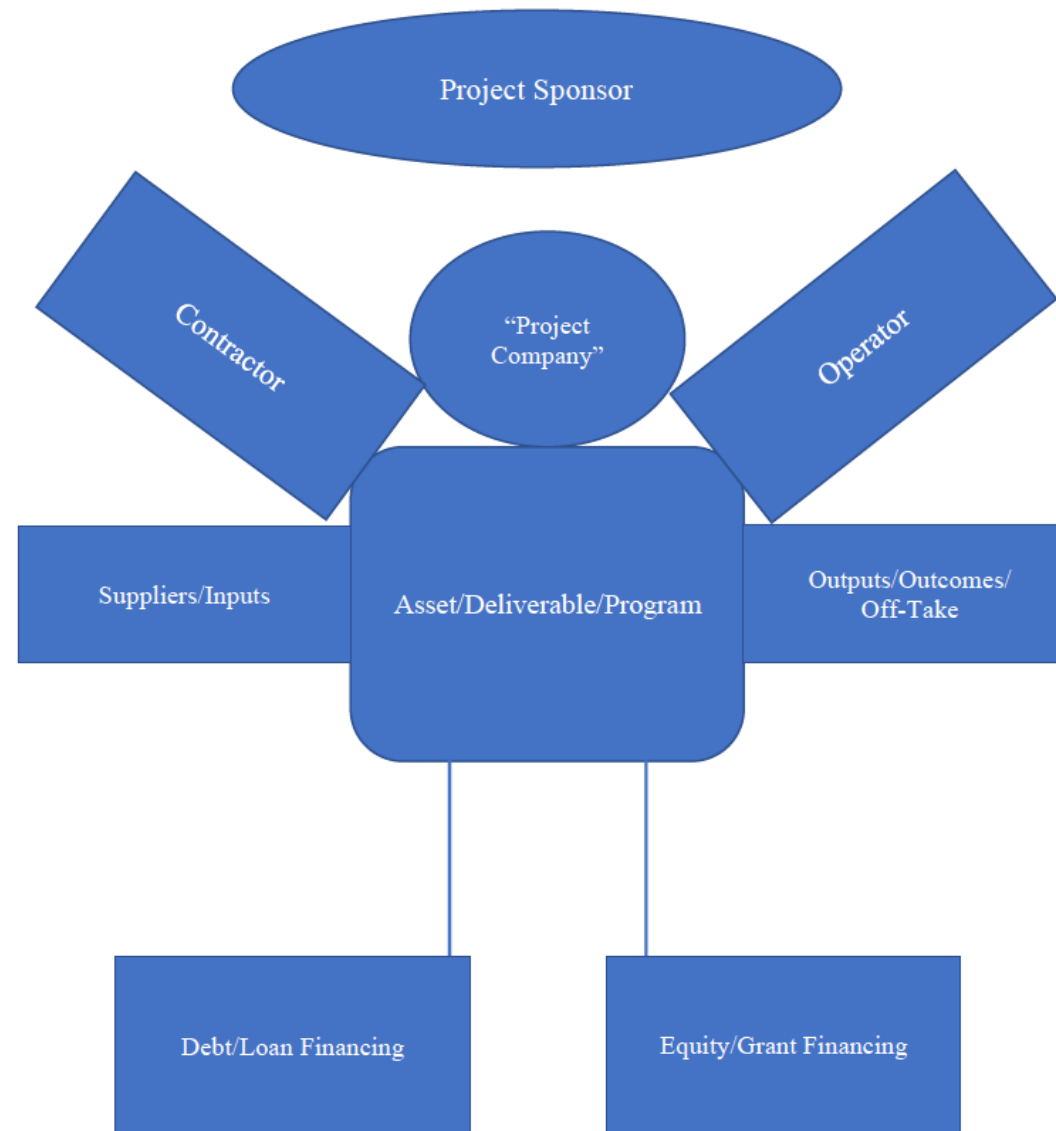
BROWNFIELD PRIVATIZATION



Another Example: Long Beach, CA Civic Center



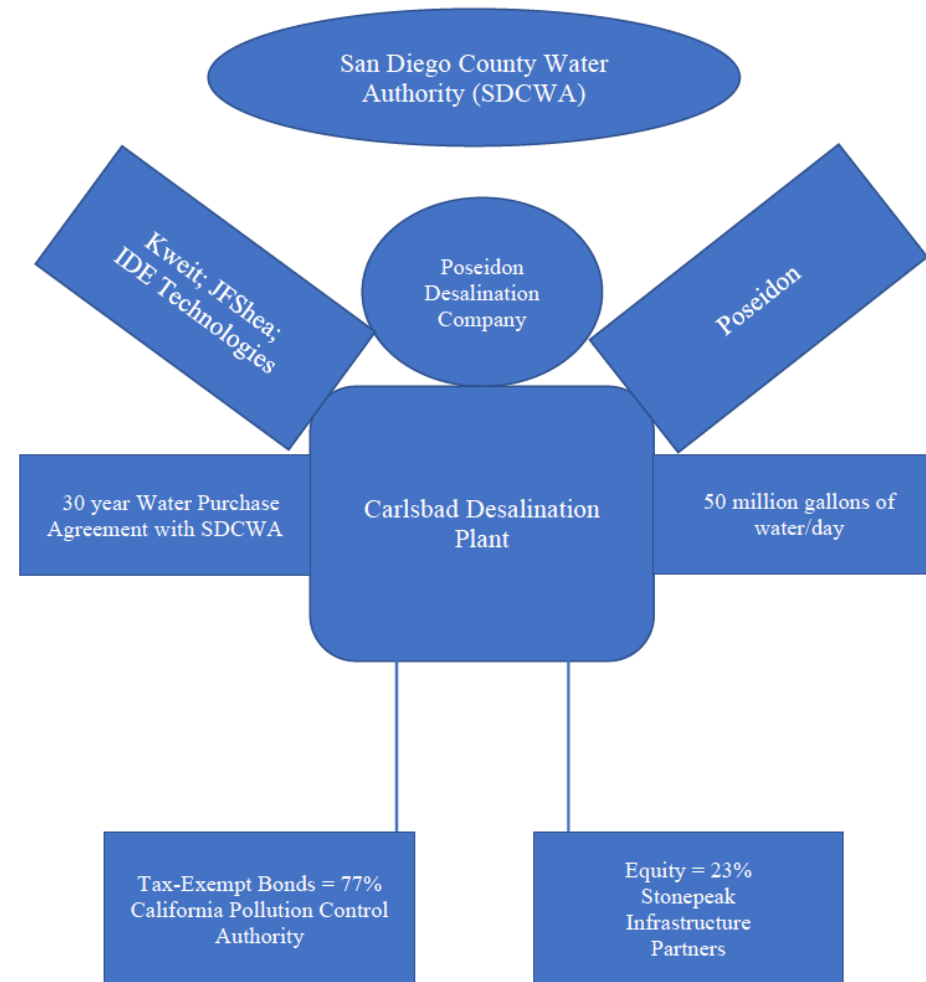
The P3 "Angel"



An Example: Poseidon/Carlsbad (CA) Water Desalination



P3 Angel – Poseidon/Carlsbad Water Desalination



Why P3s? What's in It....

■ For Governments

- ✓ Access to financing for certain projects
- ✓ Faster delivery
- ✓ Cost transparency and predictability
- ✓ Access to innovation
- ✓ “Rational” capital investments

Why P3s? What's in It....

- For Private Sector Partners
 - ✓ Profitability (mostly through efficiency)
 - ✓ Steady revenue streams
 - ✓ Access to new markets
 - ✓ Product development
 - ✓ Branding and goodwill

“The Five Proverbs of P3s”

1. “Clear and measurable goals are essential” BUT “Innovate and adapt.”
2. “P3s aren’t for routine projects” BUT “Standardize and streamline”
3. “Do your homework” BUT “Beware of ‘garbage in-garbage out’ analysis”
4. “Get independent advice” BUT “There’s no independent advice”
5. “Trust is key” BUT “Get the contract right”

Thanks for your time.
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