



# ***Public Private Partnerships (P3)***

*Executive Committee  
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# P3s Are Public/Private Partnerships to Build & Operate Capital Projects

- What are P3?
  - Innovative method to contract with a private party to build and often operate a capital project
- Traditional project delivery
  - Design Bid Build
  - Design Build
  - GCCM
- P3
  - Design, Build, Finance (DBF)
  - Design, Build, Operate, Maintain (DBOM)
  - Design, Build, Finance, Operate, Maintain (DBFOM)
  - Design, Build, Finance, Maintain (DBFM)

# P3 Has Been Successfully Used in Transit in U.S. & Canada

Project Overview				Other Notes
Project <sup>(1)</sup>	Agency <sup>1</sup>	Total Capital Cost <sup>1</sup>	Type	Stand Alone or Interoperable
<b>Denver FasTrack (Eagle P3 Light Rail Project)</b>	Regional Transportation District (Denver)	USD 2,200M	DBFOM	Standalone from existing system
<b>Edmonton Valley Line</b>	City of Edmonton	USD 929.81M	DBFOM	Standalone from existing system
<b>Evergreen Line Rapid Transit Project</b>	Government of the Province of British Columbia, Partnerships BC , The Ministry of Transportation and Infrastructure	USD 899	DBFOM	Interoperable with existing system
<b>Maryland Purple Line</b>	Maryland Transit Administration (MTA) , Maryland Department of Transportation (MDOT)	USD 2,000M	DBFOM	Standalone from existing system
<b>Toronto - Eglinton (Eglinton Crosstown LRT)</b>	Metrolinx , Infrastructure Ontario, Toronto Transit Commission	USD 4,071M	DBFM	Interoperable with existing system
<b>Vancouver Canada Line</b>	Government of the Province of British Columbia	USD 1,760M 3	DBFM	Standalone from existing system

# P3 Can Provide Multiple Benefits

- Capacity
  - While Pre-30% require additional agency staff work to create bid documents, final design & construction, can transfer substantial work from ST staff to private party
- Risk transfer
  - ST still “owns” project risk and delivery through environmental phase
  - Once contract is signed, transfers much of project delivery and operational risks (costs/schedule) to private party
- Cost Savings
  - Difficult to establish and should not be motivation for entry into P3
  - However, long-term cost savings could perhaps be realized
- Financial Capacity
  - May augment agency financial capacity via private equity contribution (10-100%)
- Fed

# Initial Evaluation Work Underway

- Established ST Staff inter department Steering committee (1Q 2017)
- Hired legal and program advisors (2Q 2017) - Nossaman, KPMG, Ernst & Young, Hatch.
- Working with advisor team:
  - Completed program P3 assessment (4Q 2017)
  - Completed financial analysis of impacts of moving to availability payment approach (4Q 2017)
  - Completed initial workshop on “central link” extension P3 opportunities (4Q 2017)
  - Completed initial report on bus P3 opportunities (4Q 2017)

# Evaluation Results

- Good initial candidates for further study
  - BRT (522/405)
  - Bus base expansion
  - Issaquah-Kirkland LRT (stand alone)
  - Parking expansion & management
- Projects that need more evaluation work
  - Central link expansions
  - Tacoma CC extension
- Not good candidates
  - Smaller projects
  - Projects already post 30% design

# Next Steps

- Additional analysis on best candidate projects
- Additional analysis on benefits/risks of P3 approach
- Engagement with market
- Board guidance as evaluation results are completed
  - Willingness to change operating business model and contract with private parties for ongoing operations?
  - Willingness to lock down design and scope issues to avoid later expensive change orders?
  - Willingness to allow private vendors to innovate?