

Public-Private Partnerships

Florida's Experience

presented at the

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Robin M. Naitove, CPA
Comptroller

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Project Financing Options

Tools in the Financial Toolkit

- ✓ P3s
 - Design-Build-Finance
 - **Design-Build-Finance-Operate-Maintain utilizing PABs and TIFIA**
- ✓ Tolling
- ✓ Bonding
- ✓ TIFIA
- ✓ Private Activity Bonds (PABs)
- ✓ State Infrastructure Bank (SIB) loans

FDOT P3 History

FDOT's Strong Public-Private Partnership History

Project	Type	Contract Executed	Estimated Completion	Estimated Years Advanced	Dollar Value of Projects Awarded
I-595	DBFOM	March 2009	Spring 2014	15 years	\$1.2B
Port of Miami Tunnel	DBFOM	October 2009	Spring 2014	Undetermined	\$663M
I-4 Ultimate	DBFOM	Summer 2014	TBD	20+ years	Anticipated \$2.1B
All Other Projects	10 – DBF 2 – BF	Varies	5 completed	1 to 5 years	\$2.57B

Procurement Steps

Steps to Procure a DBFOM

- ✓ Legislative Notification/Governor Approval
- ✓ Industry Forum and One-on-Ones
- ✓ Request for Qualifications (RFQ)
- ✓ Shortlist Bidders
- ✓ One-on-Ones and ATC Meetings
- ✓ Request for Proposals (RFP)
- ✓ Selection of Preferred Bidder
- ✓ Financial Close and Contract Execution

P3 Value Proposition

P3 Seeks to Achieve 5 Primary Goals

- Transfer Risk
- Reduce Cost
- Accelerate Project Timetable
- Secure Additional Financing
- Leverage Private Sector Innovation

Risk Allocation

FDOT Focused on Best Value

- Risk transfer/sharing of key project components
 - ✓ Construction
 - ✓ Financing
 - ✓ Operations and maintenance
 - ✓ Renewal and replacement

Reduce Cost

P3s Deliver Cost Efficiencies

- Eliminates phasing
- Advancing construction = lower costs
- Transfers risk of construction cost overruns
- Sets long-term life cycle cost expectations
- Incorporates TIFIA / PABs
- Minimizes finance costs

Accelerate Project Timetable

P3s Deliver Tomorrow's Projects Today

- Eliminates need for full up front funding
- Leverages future revenue streams
- Eliminates multiple procurements and mobilizations
- Financial incentives & lender oversight keep projects on schedule

Leverage Private Sector Innovation

Private Sector Brings Financial, Technical Innovations

- Access to innovative financing
- Investment grade ratings
- Expertise for complex projects
- Alternative Technical Concepts (ATCs)
- Creative scheduling or staging



Port of Miami Tunnel

Why Availability Payments?

A Trend in the U.S.

- FDOT's P3 statute provides authority and bolsters creditworthiness
- More easily financed ("bankable")
- Eliminates private sector windfall profits
- Enhances competition
- Easier budgeting
- Concessionaire only paid for performance
- Less chance of project bankruptcy

P3 Lessons Learned

- Each project is unique
- Evaluate cost effectiveness or value for money early
- Multidisciplinary team needed
- Secure government and community stakeholders' support



P3 Lessons Learned (continued)

- Educate, Educate, Educate
- Be clear on your value proposition
- Secure external experts, build internal expertise
- Be transparent, have an interactive process
- A properly structured deal can close, even in a tough market



Questions?



For More Information Contact:

Robin M. Naitove, CPA

Comptroller

Florida Department of Transportation

Robin.Naitove@dot.state.fl.us

P3 Website Link:

<http://www.dot.state.fl.us/officeofcomptroller/PFO/p3.shtm>