Public-Private Partnerships
*Florida’s Experience*

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Project Financing Options

Tools in the Financial Toolkit

✓ P3s
  o Design-Build-Finance
  o Design-Build-Finance-Operate-Maintain utilizing PABs and TIFIA
✓ Tolling
✓ Bonding
✓ TIFIA
✓ Private Activity Bonds (PABs)
✓ State Infrastructure Bank (SIB) loans
## FDOT’s Strong Public-Private Partnership History

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

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P3 Website Link:
http://www.dot.state.fl.us/officeofcomptroller/PFO/p3.shtm