

**Case Studies that Illustrate the Process**

Michael Brenchley, AIA, NCARB  
HDR Architecture, Inc.

NWACC Public Private Partnership Workshop  
July 22, 2008  
Bentonville, Arkansas

HDR

---

---

---

---

---

---

---

---

**What makes a partnership work?**

Public-Private Partnerships are created when public sector agencies "partner" with private sector entities:



1. through a contract;
2. to pursue a commonly shared goal;

*and...*

3. to share risk.

P3 Also known as 3P, PPP, PPV and PFI.

© 2008 by HDR, Inc. All Rights Reserved.

NWACC Public Private Partnership Workshop, Bentonville

HDR

---

---

---

---

---


---

---

---

**A New Paradigm for Economic Development**

In short, P3 is a form of public-private contracting that shares risk and occupies the space between the two extremes of outsourcing and privatization.



© 2008 by HDR, Inc. All Rights Reserved.

NWACC Public Private Partnership Workshop, Bentonville

HDR

---

---

---

---

---

---

---

---

### Determining P3 Appropriateness

1. Do statutes allow it?
2. Does the government need it?
3. Does the public want it?
4. Will public leadership (staff and elected) support the need?
5. Are there statutory, political & public champions?
6. Is there a detailed program & business plan in place?
7. Is there a formal P3 procurement process?
8. Can the gov't remain flexible throughout the process?

NWACC Public Private Partnership Workshop, Bentonville

HDR

---

---

---

---

---

---

---

---

---

---

### P3 Transactions Can Range:

**From the simplest** – sale with development covenants

**To the complicated** – ground lease w/ upfront payment and subsequent sharing of public costs & private revenues

**Many, many variations on a theme**

NWACC Public Private Partnership Workshop, Bentonville

HDR

---

---

---

---

---

---

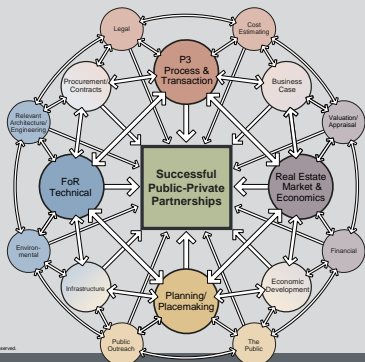
---

---

---

---

### Talent Needed to Pull-off a P3



© 2005 by HDR, Inc. All Rights Reserved.

NWACC Public Private Partnership Workshop, Bentonville

HDR

---

---

---

---

---

---

---

---

---

---

## To P3 or not to P3?

Much more than just an issue of upfront cost

Need to assess economics and other benefits

You cannot defend a better deal if it appears to be a "higher cost"

There are three "cost" aspects

1. development,
  2. operating, and
  3. economics;
- second two not often considered when analyzing P3

NWACC Public Private Partnership Workshop, Bentonville

HDR

---

---

---

---

---

---

---

---

## P3 Success Hinges on

### Following a Proven Process

Several years of research on P3 found that the single most common denominator for success was utilizing a proven process.

Many governments that have experienced the benefits of P3, but want to avoid the pitfalls, have taken the time to develop and depict a P3 process.

After a careful study of the processes used in the US and abroad, it is clear that they all involve a two-step process that hinges first on skillfully crafting the partnership, followed by effectively implementing the partnership.

NWACC Public Private Partnership Workshop, Bentonville

HDR

---

---

---

---

---

---

---

---

## Two Critical Steps

CRAFTING

IMPLEMENTATION

Broken down into 6 Distinct Phases:

Genesis

Feasibility

Plan & Test

Procure

Implement

Operations

NWACC Public Private Partnership Workshop, Bentonville

HDR

---

---

---

---

---

---

---

---

## P3 PM® - "6 Distinct Phases"

- Genesis** What's the need, what's driving the need, and is there a need for a Public-Private Partnership?
- Feasibility** Is a Public-Private Partnership feasible, not only financially, but practically? Can it be done?
- Plan & Test** What is the best way to complete the project? Has the plan been thoroughly tested to assess market demand, public and stakeholder feedback, economics and potential "fatal flaws" that could derail the project?
- Procure** How do you choose and contract with the best-value private partner? What's the best method and what do current statutes allow?
- Implement** How can the project best be delivered — financed, designed, built, operated and maintained?
- Operations** Is the private sector partner fulfilling its obligations, and is it necessary to negotiate changes to the contract? Is everything running smoothly?

© 2006 by HDR, Inc. All Rights Reserved.  
NWACC Public Private Partnership Workshop, Bentonville

---

---

---

---

---

---

---

---

---

---

---

---

## P3 PM® - "Itemized"

Genesis	Feasibility	Plan & Test	Procure	Implement	Operate
Situation	Objective Setting & Alternative Indexing	Asset / System Eval. & Site Selection	Risk Assessment / Allocation	Design Compliance	Startup
Idea / Vision	Economic/ Financial Analysis	Environ. & Political Analysis	Deal / Structure & Financing Sources	Construction Oversight	Monitoring
Project Definition	Fatal Flaw Analysis	Master Plan, Phasing & Budget	Developer Pre-Qualification	Commissioning Admin	Assessment & Enhancement
Seed Funding	Process Map	Finalize Business Plan	Proposals & Contract Negotiations		Contract Maintenance

© 2006 by HDR, Inc. All Rights Reserved.  
NWACC Public Private Partnership Workshop, Bentonville

---

---

---

---

---

---

---

---

---

---

---

---

## P3 PM® - "Full Framework"

**6 Distinct Phases:**

Genesis Feasibility Plan & Test Procure Implement Operations

**41 Project Milestones:**

**Matching Players to Milestones:**

NWACC Public Private Partnership Workshop, Bentonville

---

---

---

---

---

---

---

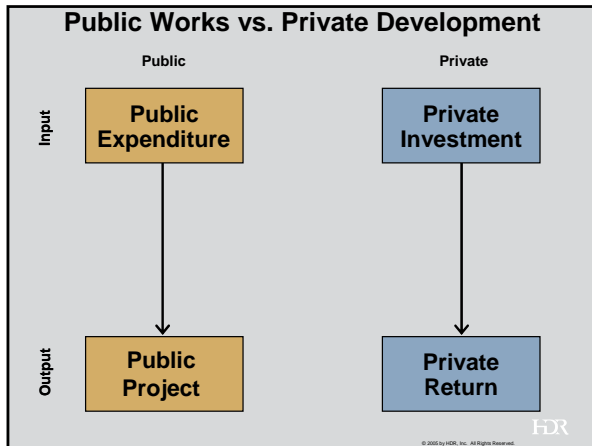
---

---

---

---

---




---

---

---

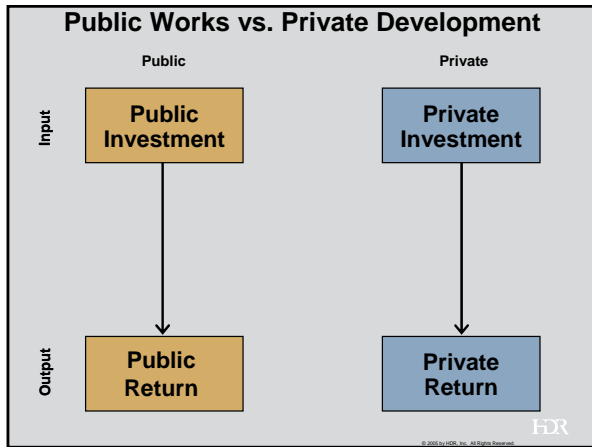
---

---

---

---

---




---

---

---

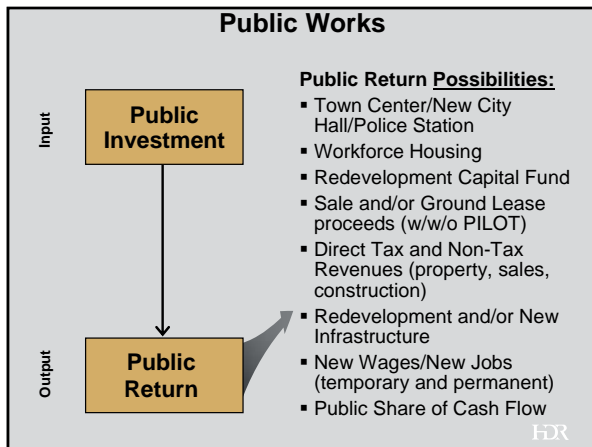
---

---

---

---

---




---

---

---

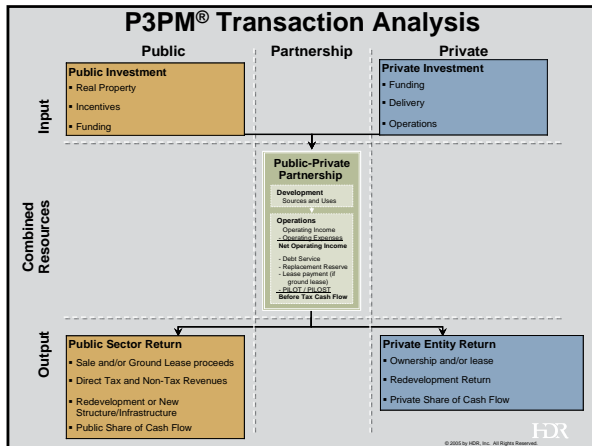
---

---

---

---

---




---

---

---

---

---

---

---

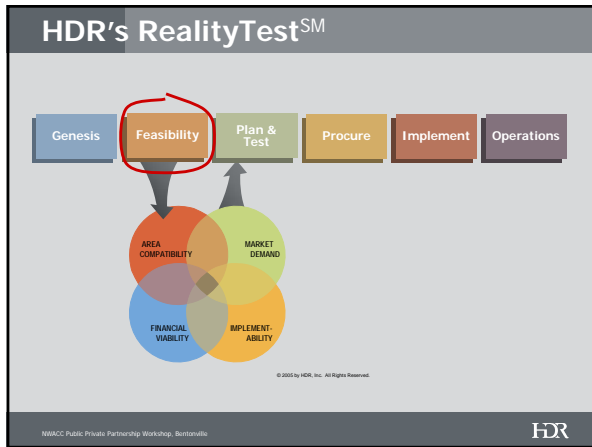
---

---

---

---

---




---

---

---

---

---

---

---

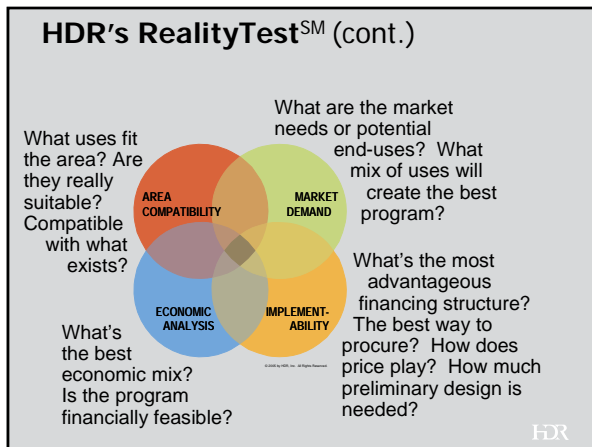
---

---

---

---

---




---

---

---

---

---

---

---

---

---

---

---

---

### Three Step Procurement Process

The solicitation process should consist of two or three steps:

1. **Request for Expressions of Interest** (optional)
2. **Request for Qualifications**
3. **Request for Proposals**

The RFQ invites all interested developers to submit their qualifications. The most qualified firms will then be presented with the RFP. All responsive and responsible Proposals (responses to the RFP) will be evaluated, and a contract will be negotiated with the first ranked firm.

NWACC Public Private Partnership Workshop, Bentonville



---

---

---

---

---

---

---

---

### Three Step Procurement Process

1. Request for Expressions of Interest (RFEOI)
  - Notice/Advertisement/Announcement
  - Helps determine interest, demand
2. Request for Qualifications (RFQ)
  - Identify and create a shortlist of the most qualified parties
3. Request for Proposals (RFP)
  - Most qualified invited to submit proposal
  - Proposals evaluated on criteria specified in the RFP
  - Stage may also involve information sessions, interviews and reference checks

NWACC Public Private Partnership Workshop, Bentonville



---

---

---

---

---

---

---

---

### RFP Contents

- Solicitation document
- FoR (Frame of Reference)
- Development guidelines
- Functional/space program (if public bldg involved)
- Concept design drawings (if public bldg involved)
- Performance specifications (if public bldg involved)
- Contract & conditions

NWACC Public Private Partnership Workshop, Bentonville



---

---

---

---

---

---

---

---

## Procurement Documents



NWACC Public Private Partnership Workshop, Bentonville

FDR

---

---

---

---

---

---

---

---

## Calgary Courts Centre

Alberta, Canada

### Project Details

**Cost:** \$250 Million (US)  
**Square Footage:** 1,100,000 SF  
**Components:** Courtrooms, judicial and clerical support, administration, computer services  
**P3 Transaction:** DBOM  
**Financing:** Government of Alberta  
**Developer:** GCK Consortium



NWACC Public Private Partnership Workshop, Bentonville

FDR

---

---

---

---

---

---

---

---

## Blount St. Restoration

Raleigh, North Carolina

### Project Details

**Cost:** \$150 - \$175,000,000  
**Square Footage:** 33 Acres  
**Components:** Historic Restoration of residential structures combined with smart-growth mixed-use redevelopment with sympathetic infill and streetscape infrastructure  
**P3 Transaction:** Sale w/ Redevelopment Covenants  
**Financing:** By Developer  
**Developer:** LNR Property Corp



NWACC Public Private Partnership Workshop, Bentonville

---

---

---

---

---

---


---

---

## Moynihan Station/Farley Building

*New York, New York*

Project Details	Cost:	\$1.5 Billion
	Square Footage:	1,400,000 SF (+ 1M SF of air rights)
	Components:	Historic restoration w/ mixed-use intermodal
	P3 Transaction:	Ground lease w/ revenue sharing, option to purchase
	Financing:	Public funding for public facilities, private for private, some private for public gap
	Developer:	Contract underway



NWACC Public Private Partnership Workshop, Bentonville

---

---

---

---

---

---


---

---

## Goodyear City Center

*Goodyear, Arizona*

Project Details	Cost:	\$650-800 Million (total build-out)
	Square Footage:	1,000,000 SF (total build-out)
	Components:	mixed-use urban development encompassing governmental facilities
	P3 Transaction:	Ground Lease
	Financing:	Private Sector
	Developer:	Lankford Associates Phelps Development



NWACC Public Private Partnership Workshop, Bentonville

**HDR**

---

---

---

---

---

---

---

---

## Questions & Contact Info

HDR, one of the world's leading architecture, engineering and consulting firms, has 25 years of experience providing advice and management for P3 projects across the United States. With successful projects in areas as diverse as transportation, water and waste resources, administrative complexes, correctional facilities, hospitals and courthouses, HDR uniquely understands the potential of P3s – and to how to help steer these projects to their optimal outcomes.

**HDR: Committed to Helping Public Clients Do More With Less.**

**Michael Brenchley**  
Senior Vice President  
HDR  
17111 Preston Road, Suite 150  
Dallas, TX 75248

Phone: (972) 960-4103  
Fax: (972) 960-4015 |  
Mike.Brenchley@hdrinc.com

NWACC Public Private Partnership Workshop, Bentonville

**HDR**

---

---

---

---

---

---

---

---