

**Tampa Bay Water
Private – Public Partnerships
July 29, 2002**

Restructuring of our Organization

- **In order to fulfill our mission our agency needed to be restructured**
 - **Goals were to balance the development of drinking water supplies while protecting the environment**
 - **Alternative supplies to groundwater needed to be developed**
 - **Current use of groundwater supplies needed to be reduced**

- Under our reorganized governing structure
 - Develop 85 million gallons a day (m gd)
 - 38 m gd by December 31, 2002
 - 47 m gd by December 31, 2007
- Reduce pumping from existing wellfields
 - From 158 m gd current
 - To 121 m gd by December 31, 2002
 - To 90 m gd by December 31, 2007
- Partnership agreement with South West Florida Water Management District for \$183,000,000 to help defray the cost of alternative supply development

- **In order to meet the requirements of our Governing contracts and our Partnership agreement with the SWFWMD over \$609,000,000 capital program needed to be implemented - QUICKLY and COST EFFECTIVELY**

- **Constraints**
 - **Time**
 - **Cost**
 - **High Water Quality requirements**
 - **Risk mitigation**

- **Two alternative deliveries selected**
 - **Design Build Operate – for the 66 m³/gd Surface Water Treatment Plant**
 - **Design Build Own Operate Transfer – for the 25 m³/gd Seawater Desalination Facility**

Design Build Operate (DBO)

- **Benefits:**
 - **Single Umbrella Contractor**
 - **Contractor has built-in incentive to assure quality since they will be the long-term operator**
 - **Allows owner to assign certain risks to DBO contractor**
 - **Guarantees on Design/Construction/Operation**
 - **Cost savings on both EPC and O & M portions of the facility cost**

- **Lessons learned:**
 - **Pre-qualify based upon experience/financial strength**
 - **Ability to receive parent guarantees**
 - **Risk assessments**
 - **Allocate based upon best party to control/manage risk**
 - **Allow review of draft Service Agreement (SA) by all pre-qualified teams**
 - **Any exceptions submitted with bids**
 - **Investigate ability to employ an Owner Controlled Insurance Program**

- **Benefits:**
 - **Similar benefits as the DBO**
 - **Increased risk transfer to private sector**
 - **Ownership/risk of operation**
 - **Project financing**
 - **Potential for off balance sheet financing**

- **Lessons Learned**
 - **Similar Lessons as the DBO**
 - **Requires Project Financing**
 - **Actions that improved the economics of project financing**
 - » **Private Activity Bonds to allow for tax-exempt bonding**
 - » **Investment Grade rating on the Project**
 - » **Municipal Bond Insurance**
 - **Difficulty in acquiring property (no eminent domain powers for the private sector)**