

P3 Value for Money Analysis (VfM)

Definition

P3 VfM – A process used to compare financial impacts of a P3 project against those for the traditional public delivery alternative.

The VfM may address ALL or COMBINATIONS of Design, Construction, Financing, Operations, and Maintenance (DBFOM).

Analysis Methodology

- Create a Public Sector Comparator (PSC), to estimate the whole-life cost of carrying out the project through a traditional approach.
- Estimate the whole-life cost of the P3 alternative (either as proposed by a private bidder (RFQ) or a hypothetical “shadow bid” at the pre-procurement stage).
- Complete an “apples-to-apples” comparison of the costs of the two approaches.



CBP3 VfM

A CBP3 VfM may also include Triple Bottom Line & Faster, Cheaper, Greener considerations for sustainable stormwater management, community economic development, jobs, and other local/social benefits related, but not limited to use of integrated green stormwater infrastructure.



CREATING VALUE FOR COMMUNITY INVESTMENT

Public Sector Comparator (PSC) For A CBP3 Vs. Traditional County/Municipal Stormwater Management Approach

Stormwater/CSO/Water Quality Regulatory Compliance Needs

Triple Bottom Line Benefits (Environment, Economic, Social)/Sustainable Community Goals

Degree of Control – Governance

Capital Costs

Integrated Planning (Programmatic Priorities)

Project Design, Construction

Procurement & Delivery

Performance & Accountability

Lifecycle Management, Including Operations & Maintenance

Debt/Balance Sheet Impacts

Vulnerability to Rate Increases, New Policy Requirements & Politics

Risk Management



Example - Comparison of Traditional and P3 Retrofit Programs Benefits

(Table 5: Comparison Table of Prince George’s County vs .CBP3 Program Retrofit Program Aspects – USEPA CBP3 Guide)

Item	Traditional County	Traditional Description	P3 Approach	P3 Description
		Staffing		
Project Management	15	Each project manager oversee several projects	1	Only one project manager need to track P3
Inspectors	10	Each to oversee several projects	3	P3 will be required to inspect and certify
Field Engineers	0	None proposed	2	Needed to approve field modifications
Professional Service Contracts	13	Consultants need to design projects	3	P3 provides consultants
		Funding		
Funding Options	Bond sales / tax	Could reduce fees for bond sale	Private financing / tax	Perhaps better rates and terms
		Contract Terms		
Retrofit Cost per Acre	\$100,000	Piecemeal costly designs	\$70,000	Optimized BMP to reduce costs
Project Procurement Time	12-18 months	Typical bid process time	2-4 weeks	Up to P3 general contractor
Planning Time	Months	Several months	Days to Weeks	Site visit for BMP placement
Maintenance	County maintains	Additional burden to County	P3 maintains	P3 takes all responsibility
Retrofit Practices	Use Maryland standards	Costly and not optimized for retrofit	Optimized flexible standards	Only a few techniques will be used

CREATING VALUE FOR COMMUNITY INVESTMENT – Use of RFQ's

The CBP3 approach advocates use of a Request for Qualifications (RFQ) to Evaluate the Capacity and Track Record of Interested Contractors in order to select the Best Possible Partner.

The RFQ process will allow for the following:

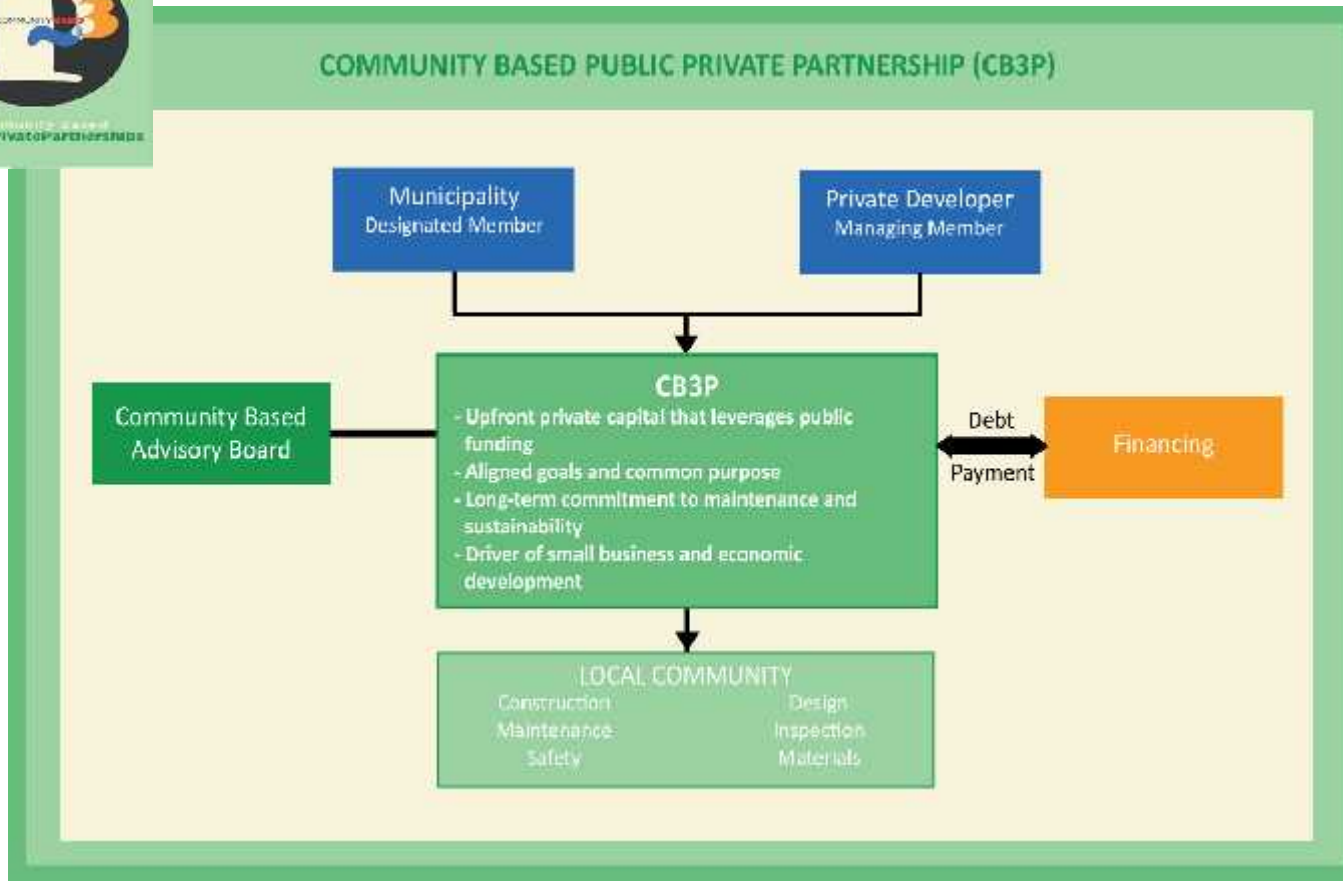
- A VfM based upon local goals & priorities,
- An evaluation of the CAPACITY,
- New SOLUTIONS,
- Previous SUCCESS; and
- COMMITMENT of potential contractors to the COMMUNITY.

It will also allow for an open dialogue and will help the community to begin the procurement and contract process.





Partnership Model - General



Types of CBP3 Legal Mechanisms:

- A CBP3 between a municipality and developer in a Partnership LLC;
- A CBP3 through a privately held LLC; and
- A municipality borrowing public capital through conventional (performance-based) contracting mechanisms.

Figure 13: Partnership Model –General USEPA CBP3 Guide