



# Preparing for a Successful Procurement

P3 Water Summit July 8, 2020

# AIAI

Association for the Improvement  
of American Infrastructure

*Together, we move P3s forward.*

# P3 Procurement

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## What

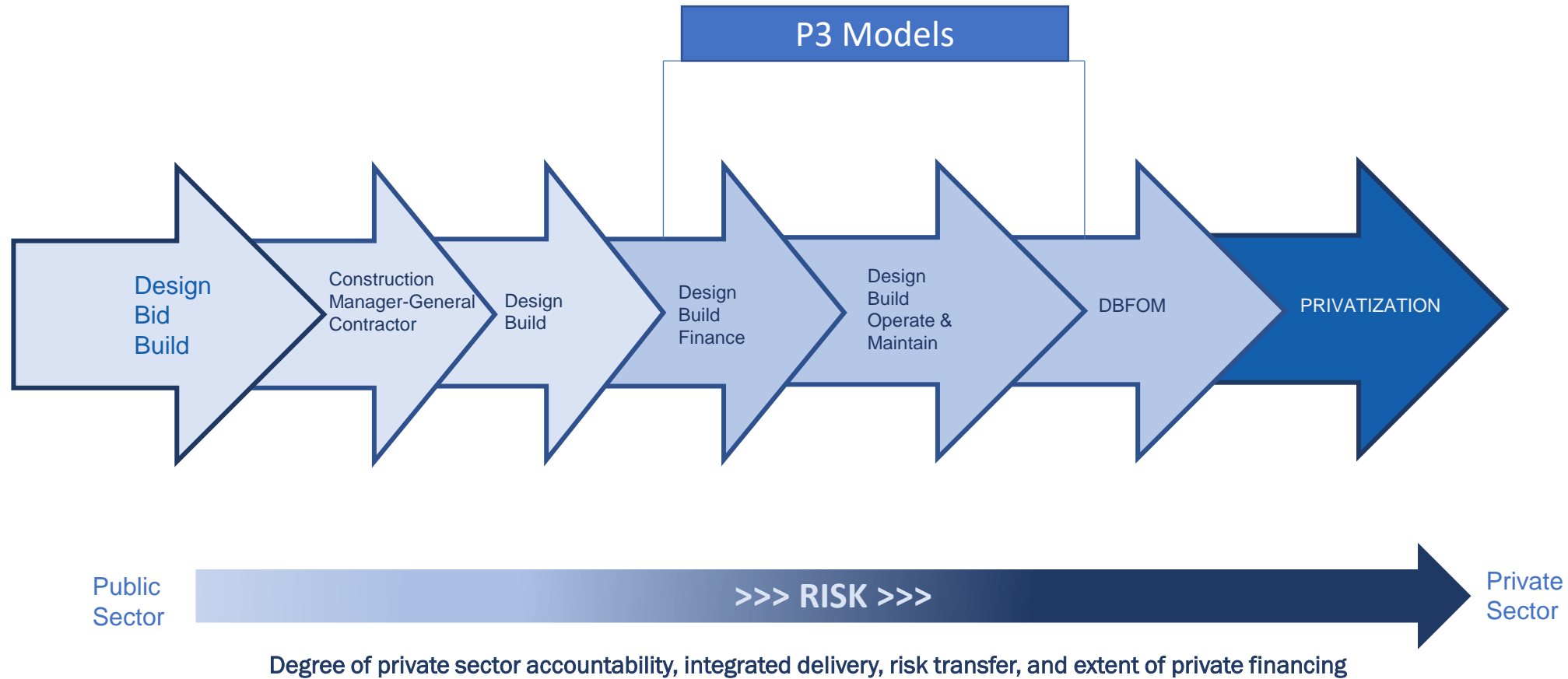
- Non-traditional way to finance and deliver infrastructure projects
- Any combination of: Design, Build, Finance, Operate and/or Maintain infrastructure project (multiple variations)
- It is not privatization of public assets

## Why

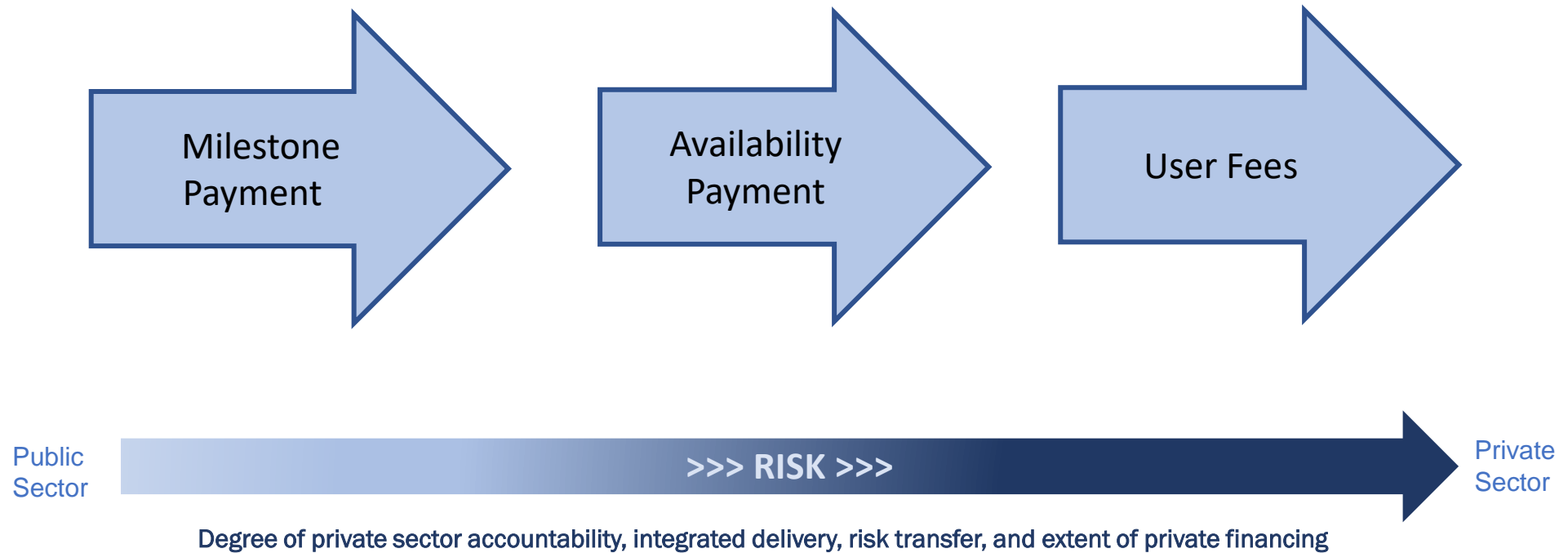
- Increased value for money over useful life of asset
- Efficiency in aligning design/construction/O&M
- Possible transfer of risk(s) to entity in best position to manage
- Potential alternative source of financing

# Delivery Options for Infrastructure Delivery

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## Payment Options



# First Steps



Before initiating a P3 procurement, the owner should have clear project goals and the organizational capabilities to deliver the Project. Key issues to consider are:

## P3 Authority

Confirm legal authority to conduct P3 procurement and structural requirements

## Project Scope

Identify a clear scope that meets objectives. Provides evidence that proposals will achieve goals

## P3 Champion

Select an internal owner P3 champion. Will coordinate all relevant owner stakeholders to take the project forward

## Specialist Advisors

Review existing skillsets. Create a dedicated internal project management team that would stay with the project over the entire procurement, design and construction. Supplement internal skills with specialist financial, legal and technical advice

# First Steps



Additional key issues to consider are:

## Project Budget

Establish the affordability envelope and definition of value for the project. Determine whether realistic

## Schedule Requirements

Identify any NTP or completion requirements, or other schedule considerations

## Engage Stakeholders

Identify and engage stakeholders (agencies/municipalities, governmental officials, community leaders)

## Risk Allocation Strategy

Prepare a list of project risks including likelihood and impact. Determine which should be appropriately outsourced in the project

# Preparing the Solicitation

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- Preliminary feasibility analysis
- Engage with private sector
- Refined scope
- Realistic timelines
- Objective evaluation criteria
- Allow for creativity and innovation

# Evaluation, Selection & Negotiation

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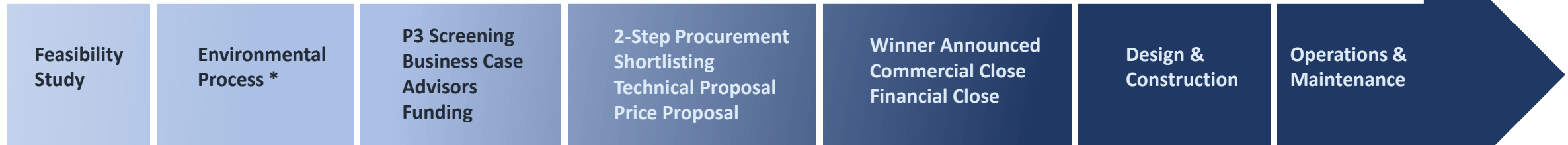
- Transparency and communication
- Best value selection
- Recognize your partner's role
- Be mindful of key milestones
- Don't lose sight of objectives



# Procurement Options



- **Full Competitive Procurement**



- **Predevelopment Agreement (PDA)**



- **Unsolicited Proposal**

\* Environmental Process is movable in the timeline depending on the needs of the project

# Typical Procurement Durations



## General Procurement Timeline

	<b>Market Outreach</b>	<b>Request for Qualifications</b>	<b>Request for Proposals</b>	<b>Award/ Commercial Close</b>	<b>Financial Close</b>	<b>Total</b>
<b>Typical duration</b>	<b>6-8 weeks</b>	<b>10-14 weeks</b>	<b>6-9 months</b>	<b>4-8 weeks</b>	<b>3-4 months following Commercial Close</b>  <b>(longer for revenue risk concessions)</b>	<b>9 – 15 months</b>

# Next Steps



Run by public sector P3 experts, P3Direct is a program implemented by AIAI for the public sector as a means to create a connection between experienced P3 professionals and those looking to gain more information on the P3 procurement model across agencies at every level.

**P3Direct provides an opportunity for public officials to both engage with P3 experts and share their experiences.**

The program encourages an understanding of the model, and collaboration of agencies to promote best practices and share lessons learned and success stories around P3 in a sales-free environment.

**For more information please get in touch:**

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