



**AIAI**

Association for the Improvement  
of American Infrastructure

Public Private Partnerships in Infrastructure:

# **A GUIDE TO SUCCESSFUL P3 EVALUATION AND DELIVERY**

USING A PUBLIC PRIVATE PARTNERSHIP (P3) TO DELIVER A PUBLIC FACILITY MAY BE THE RIGHT APPROACH FOR YOUR INFRASTRUCTURE NEEDS. THIS GUIDE INCLUDES AIAI'S STEP-BY-STEP APPROACH TO P3 DEVELOPMENT AND SUMMARIZES WHAT ARE CONSIDERED BEST PRACTICES FOR IMPLEMENTATION.

## KEY ELEMENTS FOR A SUCCESSFUL P3:

- Supportive P3 Enabling Legislation
- Thorough Delivery Options Analysis Process
- Effective Contract Documents and Outcome Specifications
- Competitive and Transparent Procurement Process
- Dedicated P3 Team or P3 Center of Excellence
- A Clear Project Champion
- An Effective and Consistent Stakeholder Outreach Program

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### A P3 IS:

- **A DESIGN AND CONSTRUCTION, FINANCING, OPERATIONS AND MAINTENANCE PARTNERSHIP**

Public sector contracts with private sector to deliver assets and services for the benefit of the general public

- **A RISK SHARING APPROACH**

Private sector assumes financial, technical and operational risk; public sector sets policy and retains ownership

- **A LIFECYCLE PROCUREMENT APPROACH THAT GUARANTEES PERFORMANCE**

By integrating delivery with operations and maintenance, the asset performance is optimized for the long term

- **A TRANSPARENT RELATIONSHIP**

Public stakeholders can expect to be regularly updated and informed throughout the project

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### A P3 IS NOT:

- **PRIVATIZATION**

Public sector retains ownership and ultimate control of the public asset

- **A FUNDING SOLUTION**

Government agency pays for the project through the ability to leverage private financing not otherwise available through regular public procurement

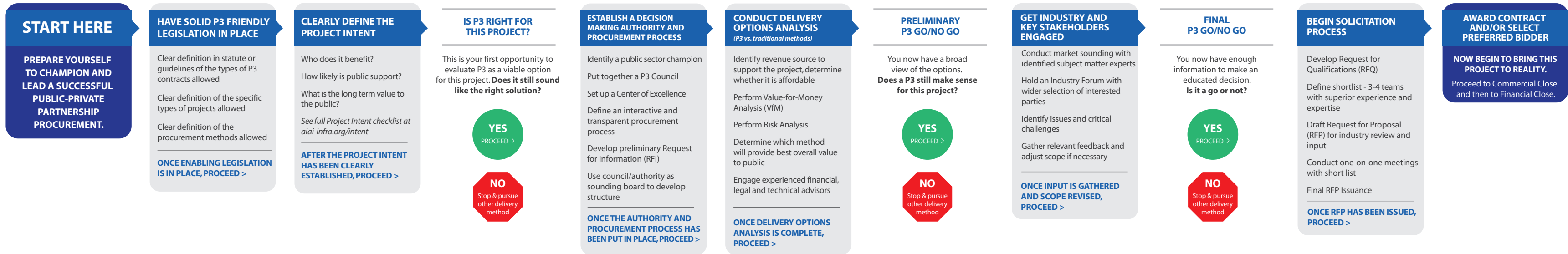
- **A LOW QUALITY DELIVERY MODEL**

Private entity enters into a performance-based contract with financial penalties imposed by the public agency if availability and quality standards are not met

- **THE RIGHT SOLUTION FOR EVERY PROJECT**

A Value-for-Money analysis is performed by experienced legal, technical and financial advisors to determine if a P3 is right for your project

# MAKING THE RIGHT PROJECT APPROACH DECISIONS AT THE RIGHT TIME REQUIRES THE RIGHT PROCESS



## FOR THE RIGHT PROJECT, THERE ARE MANY BENEFITS A P3 DELIVERY APPROACH CAN PROVIDE, INCLUDING:

- ON-TIME | ON-BUDGET DELIVERY**  
Experience with P3s, both globally and in North America, shows that using this approach consistently delivers infrastructure on-time and under budget, and exceeds quality expectations.
- COST CERTAINTY**  
A P3 contracting approach provides owners with cost certainty not only for the development of the asset but also during operations and maintenance over the 20+ year contract term.
- ACCOUNTABILITY**  
The public sector looks to the P3 concessionaire to be the single point of accountability for all aspects of delivery, including finance, operations and maintenance.
- GREATER INNOVATION**  
By incorporating the design and delivery considerations through a P3 approach, and initiating the procurement before all project elements are fixed, the partners work as a team in a competitive procurement to optimize project performance standards and outcomes, thus greatly enhancing the public asset through private sector innovation.
- LIFE-CYCLE MAINTENANCE**  
The P3 concessionaire, who not only designs and builds the asset, but provides operations and maintenance over the 20+ year contract term, uses an integrated, life-cycle approach to optimize asset performance over the long term.

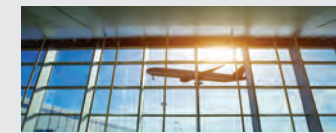
- ACCELERATED DELIVERY**  
Because of integrated delivery and single point of accountability, P3s can deliver assets much sooner than traditional design-bid-build approaches.
- PUBLIC OWNERSHIP AND CONTROL**  
With P3s, the Public Agency never loses ownership or control of the asset, and the P3 contract guarantees the condition of the asset upon delivery and at the end of the contract term.
- EFFECTIVE RISK TRANSFER**  
The transfer of risk from the public to the private sector is a key advantage of a P3. The private sector can best bear cost, schedule, integration and performance risks which can be cost effectively transferred from the public sector.
- JOB CREATION & ACCELERATED DELIVERY**  
P3s create jobs in the local economy. By accelerating the delivery of critical infrastructure improvements and providing private financing, P3s enable the public sector to bring more projects to market simultaneously. The result is accelerated job creation and a strong job market over time.
- PAYMENT FOR PERFORMANCE**  
With P3s, the concessionaire receives payments based on the asset's availability and performance. This can be directly through revenues generated by the project or through an assessment of its availability, based on outcome indicators and performance standards agreed to in the contract documents.

## EXAMPLES OF GOOD P3 PROJECT CANDIDATES:



### ADMINISTRATIVE

City Halls, Government Offices



### AVIATION

Terminals, Maintenance Facilities, Parking Structures



### CIVIC

Convention Centers, Performing Arts



### EDUCATION

Schools, Academic Buildings, Housing, Research



### JUSTICE

Police Stations, Prisons, Courthouses, Jails



### HEALTH CARE

Hospitals, Clinics, Labs

## A PUBLIC-PRIVATE PARTNERSHIP MAY BE THE RIGHT SOLUTION IF YOU ARE INTERESTED IN:

- Providing long term solutions for critical infrastructure needs
- Being part of a sustainable solution for the community that results in the best value for the money spent
- Evaluating options transparently and rigorously to enhance and encourage private and public cooperation
- Finding a way to accelerate delivery of important public assets that are highly desired by the community
- Mitigating risks in a way that will guarantee performance over the long term

### IS A P3 RIGHT FOR YOUR INFRASTRUCTURE NEEDS?

We'll introduce you to resources to assist you in your P3 efforts.  
Contact AIAI at [readytowork@aiai-infra.org](mailto:readytowork@aiai-infra.org) or 516-277-2950.



#### ADVOCATE

For Public Private Partnerships



#### EDUCATE

Across the Country



#### ENGAGE

With P3 Thought Leaders

## WE HAVE TOOLS, CASE STUDIES, BEST PRACTICES GUIDES AND MEMBERS THAT CAN HELP

AIAI's membership includes broad representation from the P3 industry. We are ready and available to discuss with you how P3s can be an effective way to improve America's infrastructure.

AIAI can also facilitate introductions to recognized professionals and organizations that specialize in helping Public Sector Owners develop, procure and deliver P3 projects. AIAI can provide you with materials that describe P3 Best Practices and case studies in more detail.



Association for the Improvement  
of American Infrastructure

The Association for the Improvement of American Infrastructure (AIAI) is a non-profit organization formed in the District of Columbia to help shape the direction of the national Public Private Partnership marketplace.