



Association for the Improvement of American Infrastructure

Market Sounding - Engaging the Private Sector

In order to properly and efficiently gauge the interest in a public-private partnership project from both the market delivering the project and the community affected by it, it is important to reach out to the relevant parties. There should be a clearly planned structure to this market sounding, and the results of this outreach can determine the viability of the project. Some key aspects of Market Sounding to consider include:

TIMING

Government should have a project in mind when reaching out to the market for feedback. If an owner reaches out too early in the planning process without a substantial opportunity being presented, they could lose the interest of the market. It is also important to get market feedback throughout the planning process. Additionally, if a fully detailed project scope comes to market without proper input, it could lead to a lack of interest. Incorporating innovative solutions from the market will allow the owner to achieve maximum value for money.

AUDIENCE

Prospective bidders, experienced advisers, and potential financial partners can all provide valuable market insight. Contractors who have executed similar work in the past can provide information on technical aspects of the project. Experienced advisers can lay out everything from technical scope, to structuring, financial, legal and tax aspects of the project. Financiers will be able to expand on the market’s appetite for inherent risks and what it will cost to finance the project. The communities affected by the project should be consulted since public resistance can significantly affect a project timeline.

PROCESS

Market sounding can be done in a variety of ways. Owners frequently have one on one meetings with potential bidders prior to releasing procurement documents in order to get their individual input on scope and structure. This allows companies to be more candid while not showing their hand to potential competitors. Industry meetings and forums are another common form of market outreach, giving the owner an opportunity to cast a wide net, presenting the project at one meeting to a large group of interested parties and allowing them to provide input. It can also be done in writing by issuing a Request for Information from interested parties or publishing a draft of the project contract and asking for comments by potential bidders and advisers.

TRANSPARENCY

Project goals should be clearly communicated to both the market and the community the project is serving in order to prevent confusion and provide a level of comfort for all parties involved. Well defined rules of procurement, and what information provided by potential bidders will be kept confidential, will allow bidders to provide innovative solutions early in the process. If a bidder is comfortable that their proposed solution will be kept confidential, they are more willing to provide suggestions that could be useful to the owner. Important factors to focus on sounding include:

Project Scope	Risk Allocation
Key Technical Risks	Repayment/Funding
Cost	Schedule
Structure	