

The background of the entire image is a long-exposure photograph of a train at night. The train's lights create horizontal streaks of blue, white, and red, moving from left to right across the frame. In the background, there are dark silhouettes of trees and a building with some lit windows. A street lamp with two glowing lights is visible in the upper center.

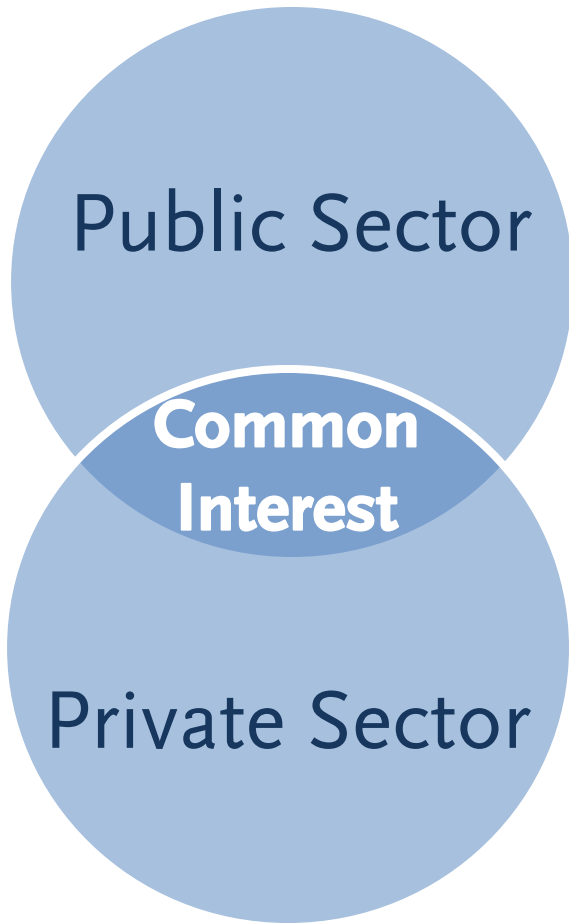
# OEI

OFFICE OF EXTRAORDINARY  
**INNOVATION**

The Potential Role of  
**Public-Private Partnerships**  
in Delivering Metro Projects



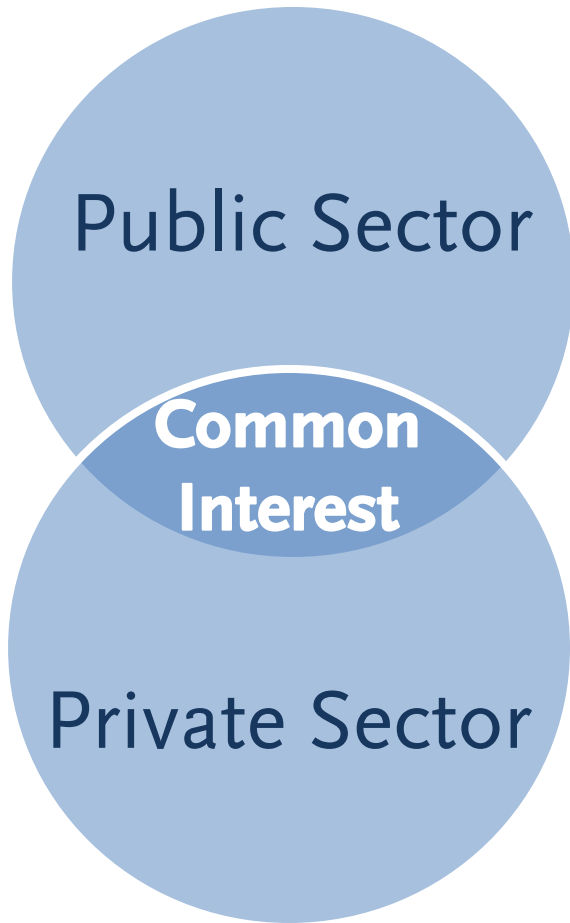
# PUBLIC-PRIVATE PARTNERSHIPS (P3)



## What is a Public-Private Partnership?

- > Collaboration between a public agency and a private company to deliver a public service or facility
- > Each party shares its key skills and takes on the risks it is best able to manage, leading to cost savings and project acceleration

# PUBLIC-PRIVATE PARTNERSHIPS (P3)



## Why use a Public-Private Partnership?

- > Brings private-sector expertise, ingenuity, and rigor to building and managing public infrastructure
- > The skills and assets of each sector are shared, as are risks and potential rewards

# POTENTIAL P3 PUBLIC BENEFITS

## > Faster Project Delivery Timeframes

Accelerate construction of high priority projects by compressing and overlapping project sequences

## > Allows Greater Creativity & Technology Access

Use of advanced technologies or proprietary methods that are not generally available through standard procurement

## > Creates New & More Flexible Funding Access

New sources of private debt and equity can be structured to be more flexible and minimize costly project risks

# KEY P3 COST SAVINGS

- > Construction & Life-Cycle Cost Savings

  - Minimizes schedule and cost overruns and creates incentives for cost savings over the life of the project

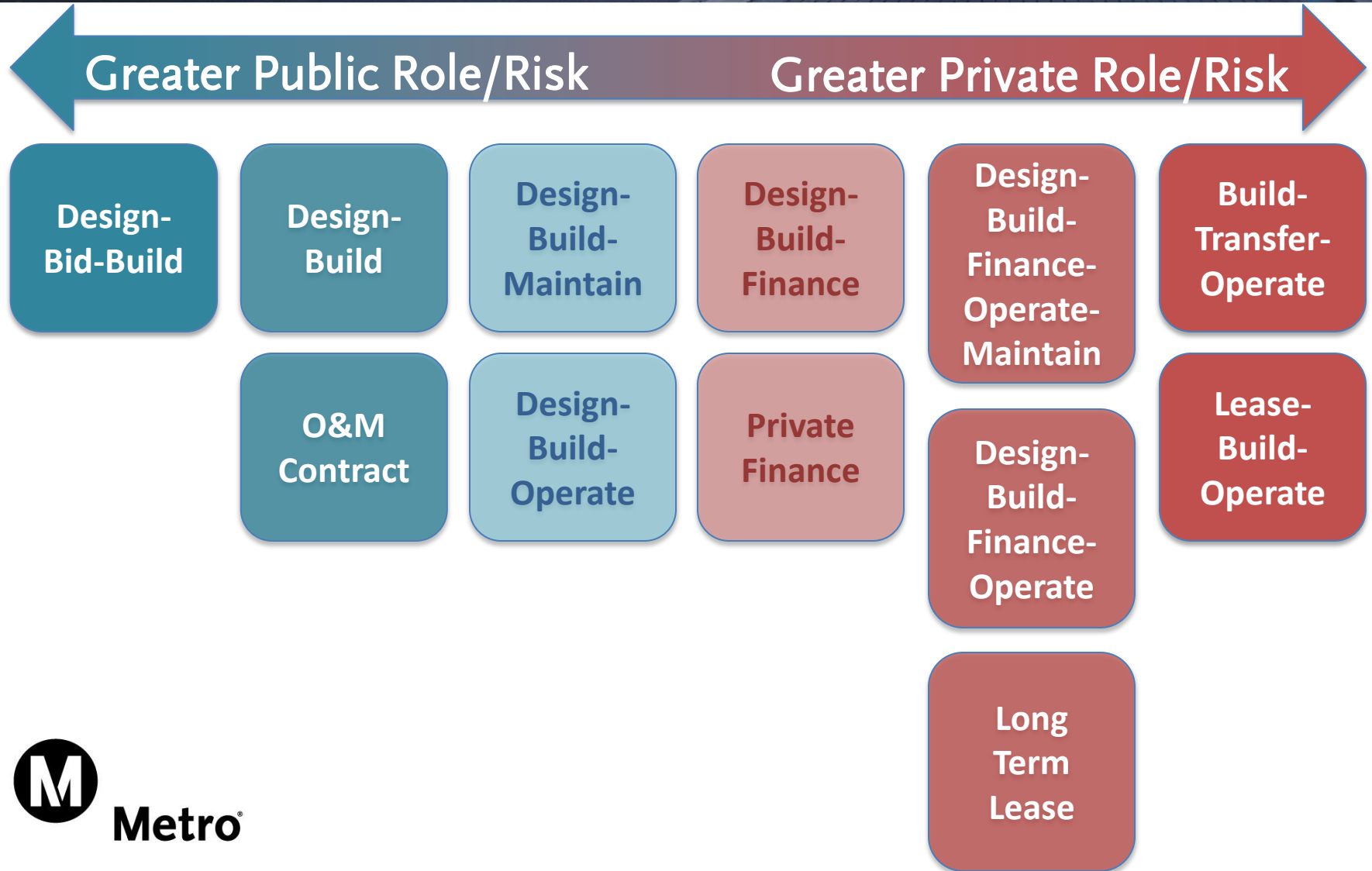
- > Shifts Risks & Costs to Private Partner

  - Private assumption of project risks leads to more effective management and shields the public from potential costs

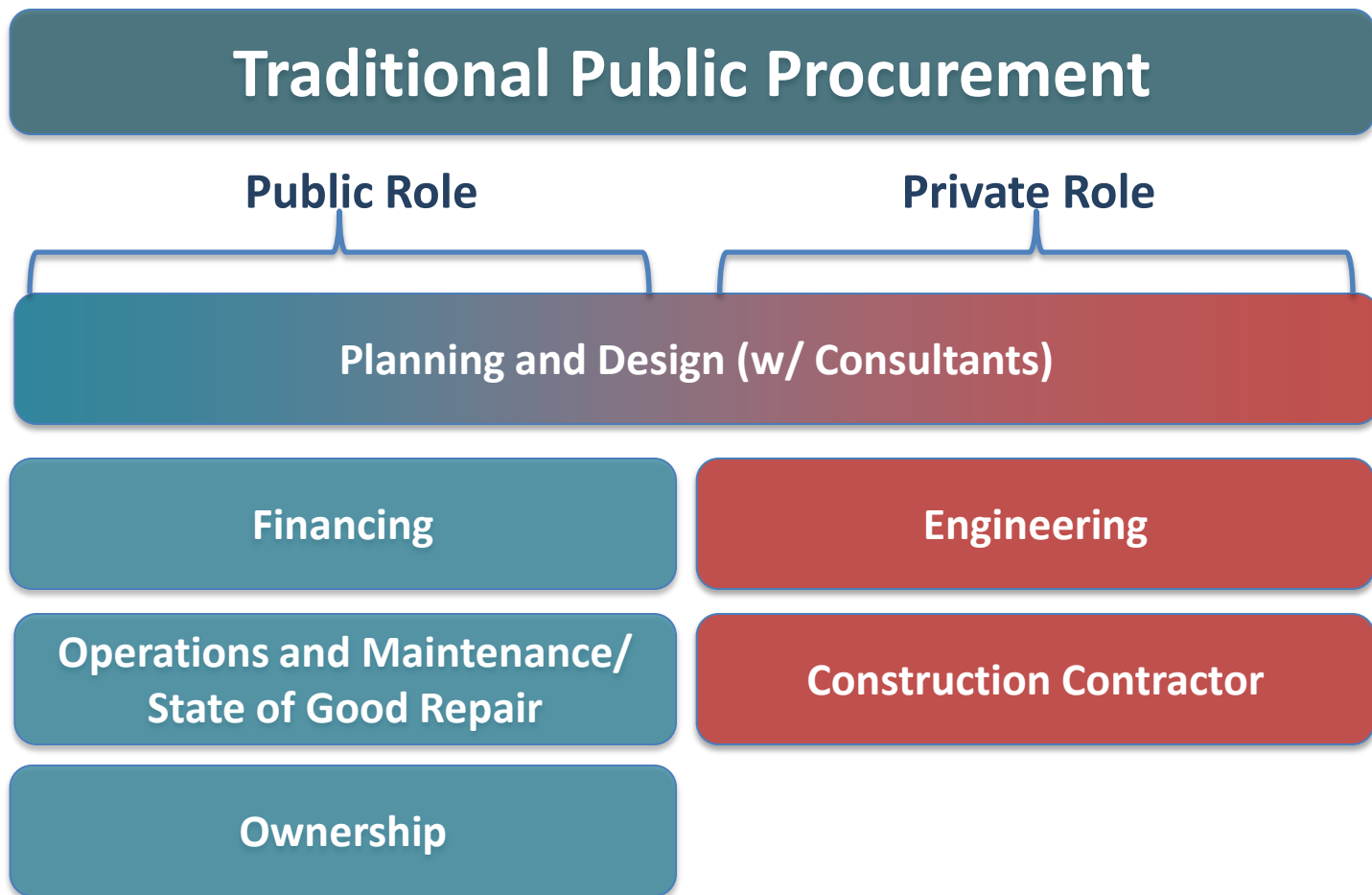
- > Improves Project Performance

  - Performance and accountability for complex project tasks with built in financial incentives and penalties

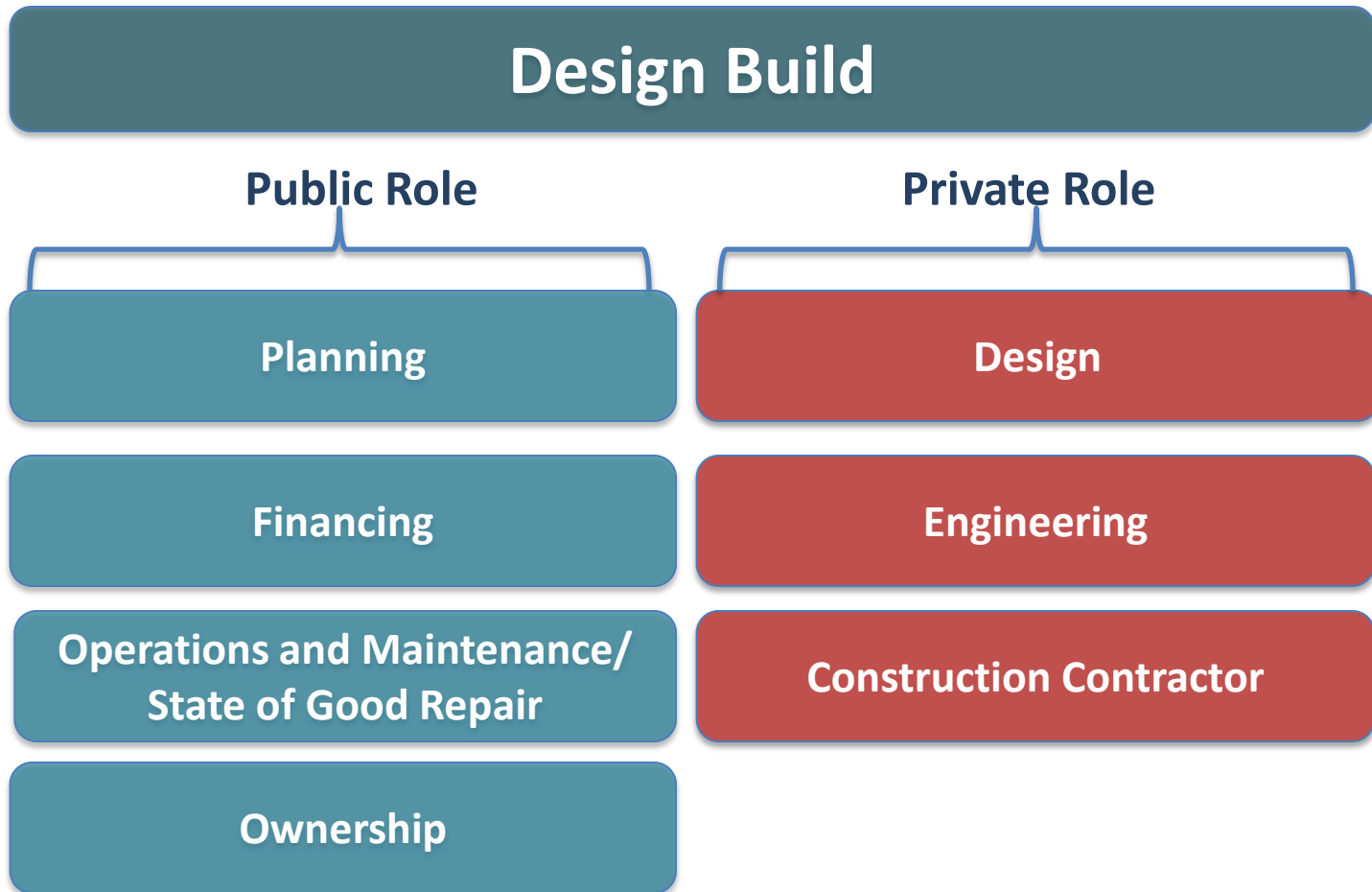
# MANY DIFFERENT P3 MODELS



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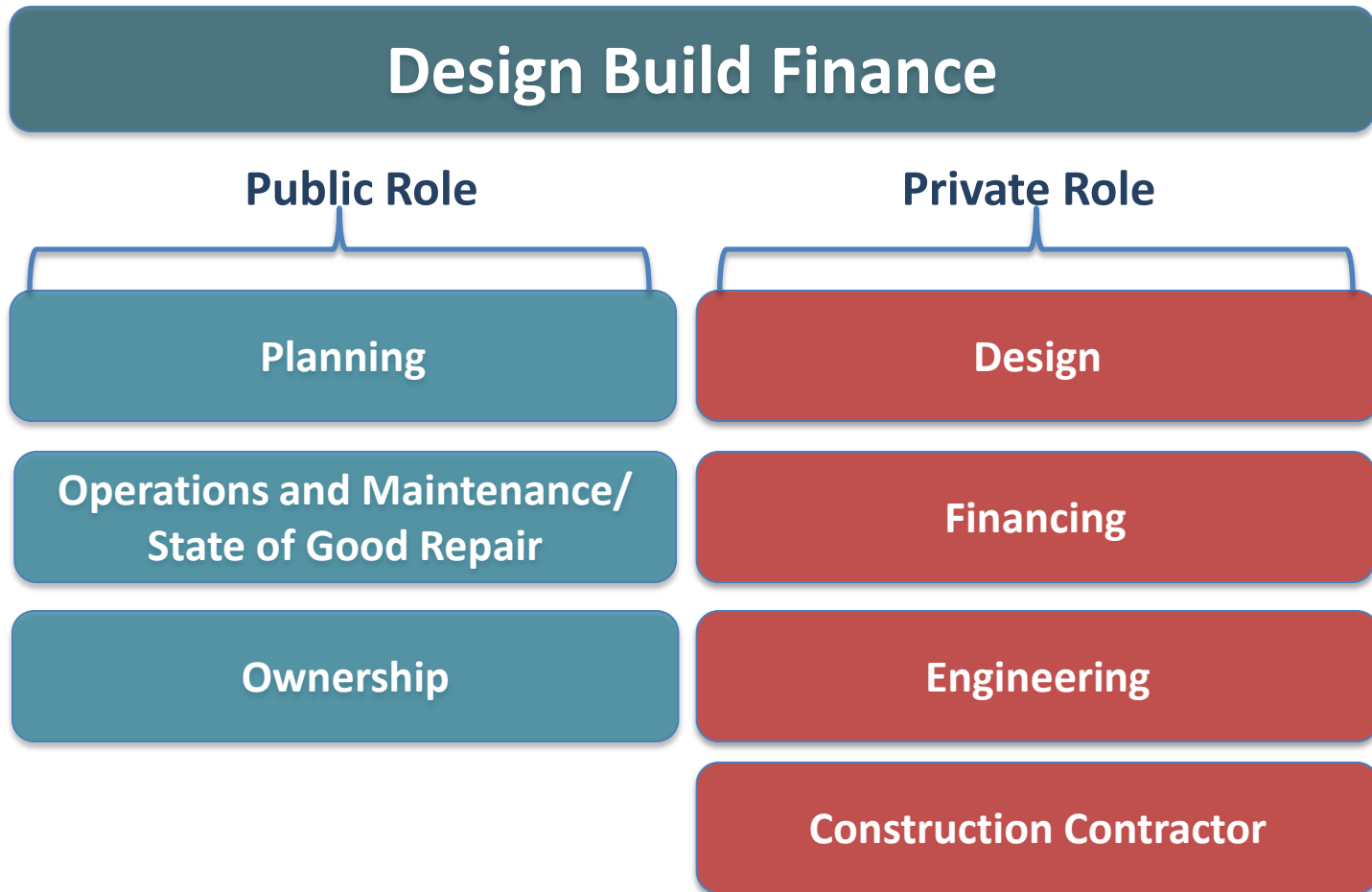


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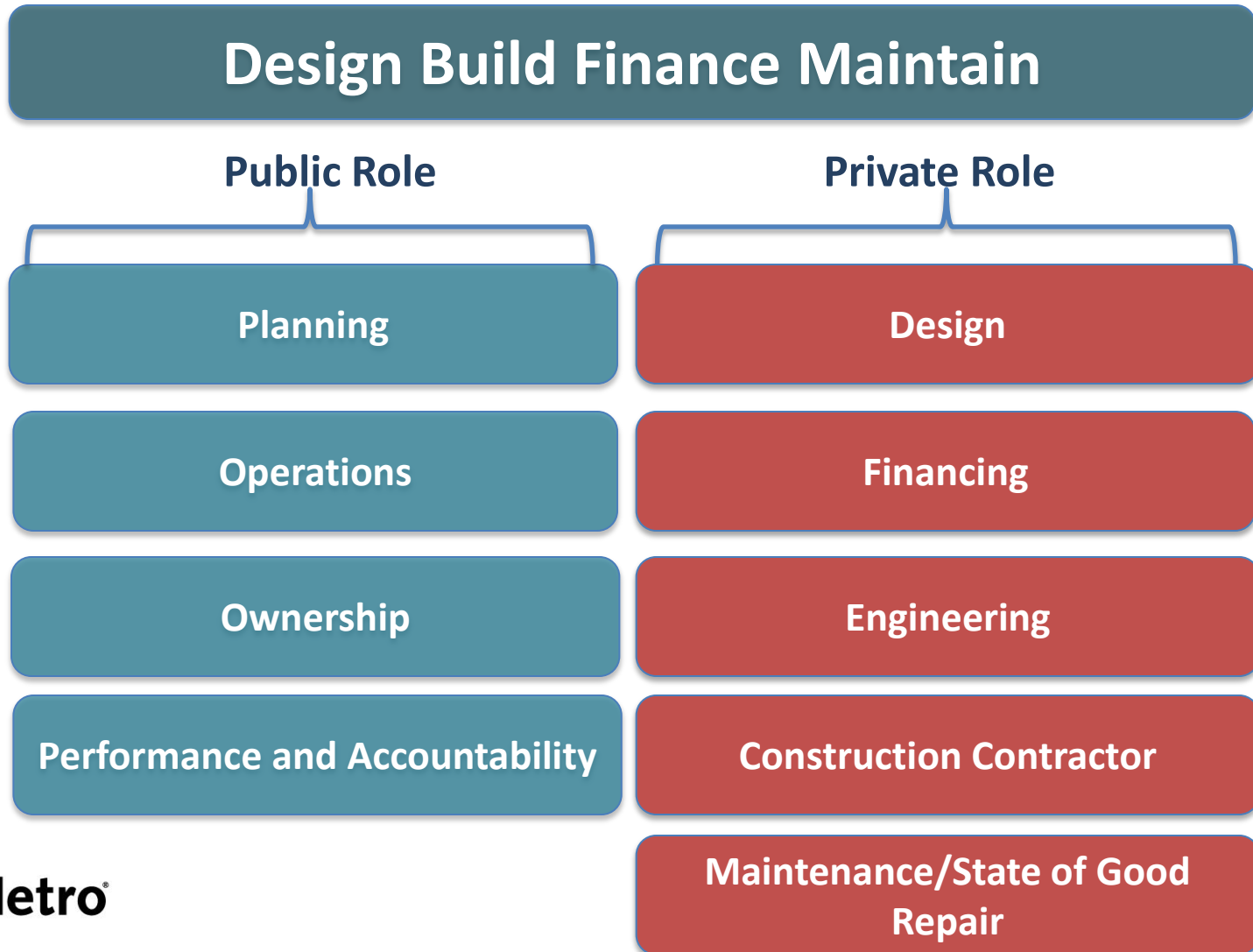




# MANY DIFFERENT P3 MODELS



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# MANY DIFFERENT P3 MODELS

## Design Build Finance Operate Maintain

### Public Role

Planning

Ownership

Performance and Accountability

### Private Role

Design

Financing

Engineering

Construction Contractor

Operations

Maintenance/State of Good  
Repair

# P3 MISCONCEPTIONS

- > P3s DO NOT privatize public resources. The public retains ownership and oversight of their investments.
- > P3s DO NOT lead to public sector job losses. Any Metro P3 must meet state and county workforce standards, and be governed by Labor agreements.
- > Public services DO NOT take a backseat to private sector profits. Projects and performance agreements are designed to maximize public benefit.
- > Smart P3s DO NOT exclude small and local contractors. P3s can and do include SBE and DBE requirements.

# TYPICAL PUBLIC AND PRIVATE ROLES

## Public Sector Roles

- > Corridor and project definition
- > Political/stakeholder
- > Environmental clearance
- > Financial feasibility and programming
- > Ownership, oversight and accountability

## Private Sector Roles

- > Financial/cash flow
- > Project design/engineering
- > Construction and project management
- > Deadlines/milestones
- > Facility management
- > System performance



# METRO P3 PRINCIPLES

- > Public interest is paramount – The top priority is securing greater value than a fully public approach
- > Value for money must be clear – The *actual financial value* of the P3 must clear, compared to a public model
- > Process must be fair and transparent – Appropriate documentation, public notice and comment, full competition
- > Public ownership and control – Private role is limited by public ownership and oversight with clear accountability mechanisms



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**THANK YOU**



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