Public-Private Partnerships
To Use or Not to Use

Indiana Advisory Commission on Intergovernmental Relations
Indianapolis
December 1, 2015
Traditional Options:
- Cut spending
- Raise taxes and fees
- Defer projects or payment
- Borrow from other agencies

P3 Options:
- Use private party to fill gaps in various ways
Types of Public-Private Partnerships

- Design-Build
- Design-Build-Finance
- Design-Build-Operate
- Design-Build-Maintain
- Design-Build-Operate-Maintain
- Design-Build-Finance-Operate
- Design-Build-Finance-Operate-Maintain
Types of Public-Private Partnerships (con’t)

► Build-Operate-Transfer
► Design-Build-Finance-Operate-Maintain-Transfer
► Build-Transfer-Operate
► Lease-Develop-Operate
► Concession
► Privatization*
Generally, governmental bodies can enter into contracts with private entities for acquisition, planning, design, development, reconstruction, repair, maintenance or financing of public facilities (Ind. Code Sec. 5-23-1-1 et. seq.)

- Applicable to the State
- Political subdivision in a county with a consolidated city

**Political subdivision that adopts these provisions by resolution or ordinance**

- Up to 5 years or requires approval
- Requires public hearing
Indiana law authorizes:

- The issuance of toll road bonds (Ind. Code Sec. 8-15-1-1 et seq.)
- The IFA to enter into agreements with private party to finance toll roads (Ind. Code Sec. 8-15.5-1-1 et. seq. )
- The DOT to enter into agreement with private parties to build toll roads (Ind. Code Sec. 8-15.7-1-1 et. seq. )
- The DOT to convert state highways to a toll road (Ind. Code Sec. 8-23-7-22)
Indiana Law – Toll Road P3s

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  ► The DOT to convert state highways to a toll road (Ind. Code Sec. 8-23-7-22)
Public-Private Partnership Misconceptions

- Loss of public control will cause unnecessary user rate increases and unfair private profit and loss of public assets
- Municipal bonds and tax revenue are less expensive than taxable, private financing
- Contract negotiations are too complex and costly to yield positive outcome
Value for Money Analysis

- Public Sector Comparator (capital, operating costs, taxes, project income, risk-related costs)

- Full Life Cycle Costs (personnel wages and benefits; 50%-75% life cycle budget is O&M)

- Determine most appropriate risk-sharing scenarios

- Assess of public opinion and maintain transparency
Possible P3 Applicability

► Energy
► Operation and Management/Maintenance
► Public Safety
► Public Works
► Real Estate and Economic Development
► Technology Infrastructure
► Transportation Infrastructure
► Water/Wastewater Infrastructure
Examples

- Wastewater and Stormwater Management, Indianapolis
- Combined Sewer Overflow Abatement, Holyoke, MA
- District Energy System, Nashville, TN
- Automated Traffic Enforcement, Washington DC
- Public Works Partnership, Long Beach, MS
- GIS (Geographic Information System), Ft. Bend County, TX
- Airport Management/Real Estate Development, Gary, IN
- Electrical Vehicle Sharing, Indianapolis
The P3 Process

► Preparation: goals, expectations (transparency), teams
► RFI/REIQ/RFQ
► RFP/RFRP
► Published Timeline - TRANSPARENCY
► Mandatory meeting(s)/tours/Q&A
► Preliminary evaluation
► Short list/interviews
► Evaluation
► Negotiation of Agreement
The RFP Schedule

► Prepare for opposition and delays
  ► Boards
  ► Governmental/regulatory
  ► Public
  ► Media
  ► Unions
  ► Consumer watchdogs
  ► Religious and other special interest groups
Evaluation Process

► Selection of Evaluation Team
► Preparing Evaluation Team
► Managing Evaluation
  ► Statutory requirements re: meetings?
  ► Check references
  ► Other due diligence
► Documentation of evaluation decisions
RFP Process

- Long process
- Adversarial process
- Transparency is Critical
Questions?
THANK YOU

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