

Public Private Partnerships

A Consultant's Perspective

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The Consultant's perspective

- When and where does the Consultant fit into the P3 model
- Understanding risk
- Lessons Learned

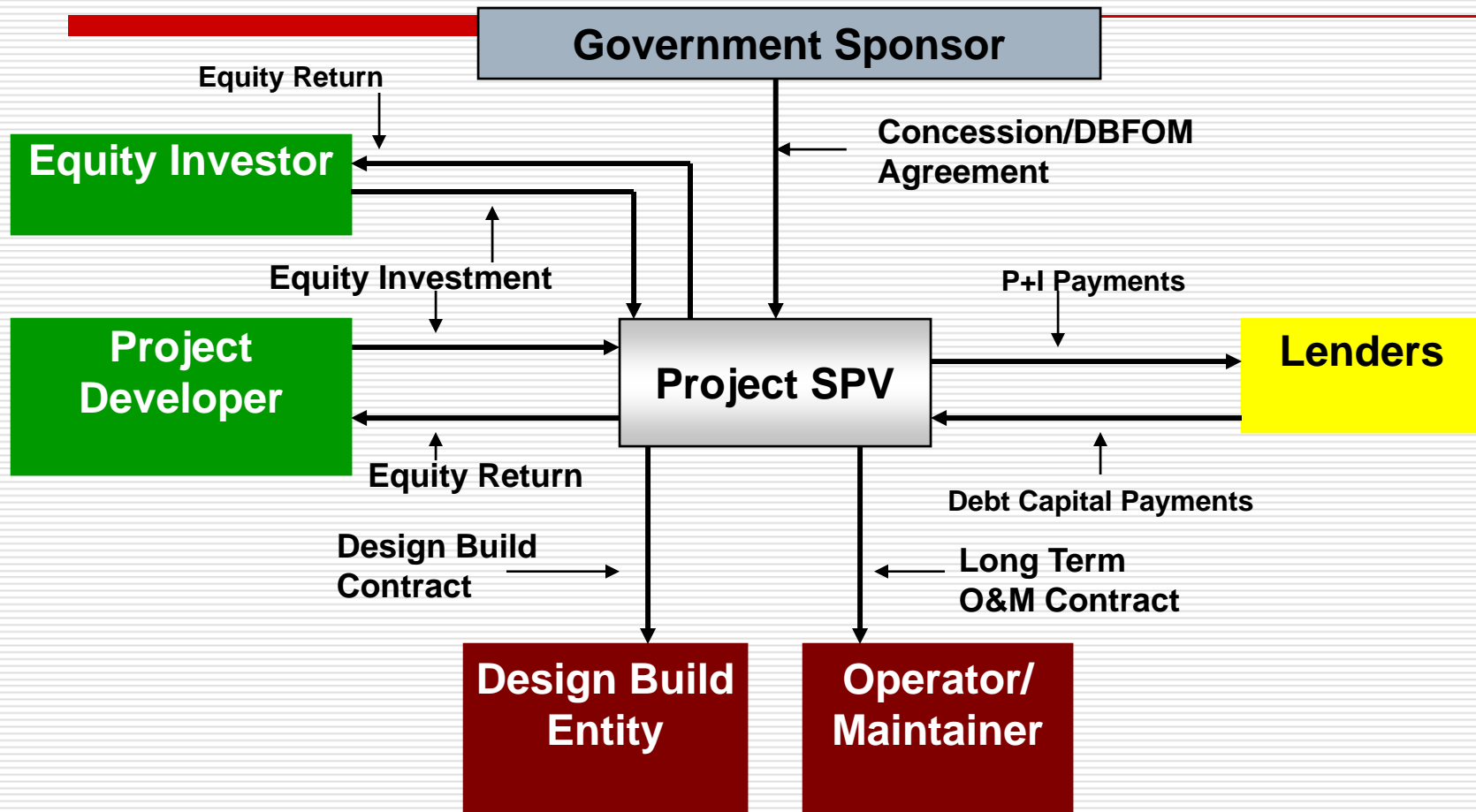
When...

- When no conflict-of-interest exists
 - Cannot play both sides, public and private, within the same “geographic” space
- When an identified opportunity presents itself based on:
 - Teaming
 - Positioning
 - Strengths and abilities
 - Available staff
 - Risk vs. Reward
- When the different “levels” of risk and reward can be identified and understood
- When a focus can be placed on a single role
- When value can be brought to a team via recognized expertise

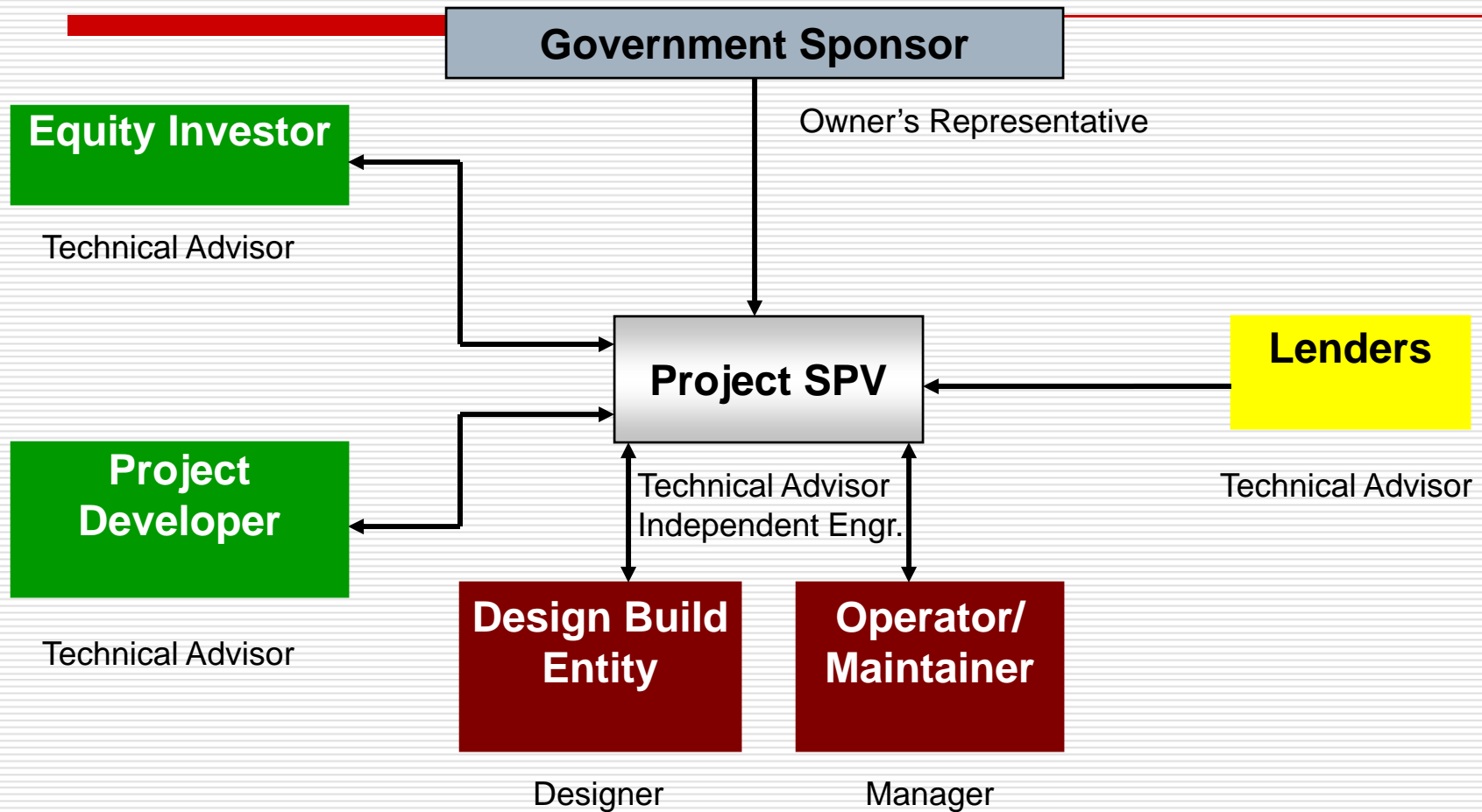
Where...

- To answer this question, the P3 organization must be considered

Typical P3 Structure



Consultant P3 Participation



Understanding Risk

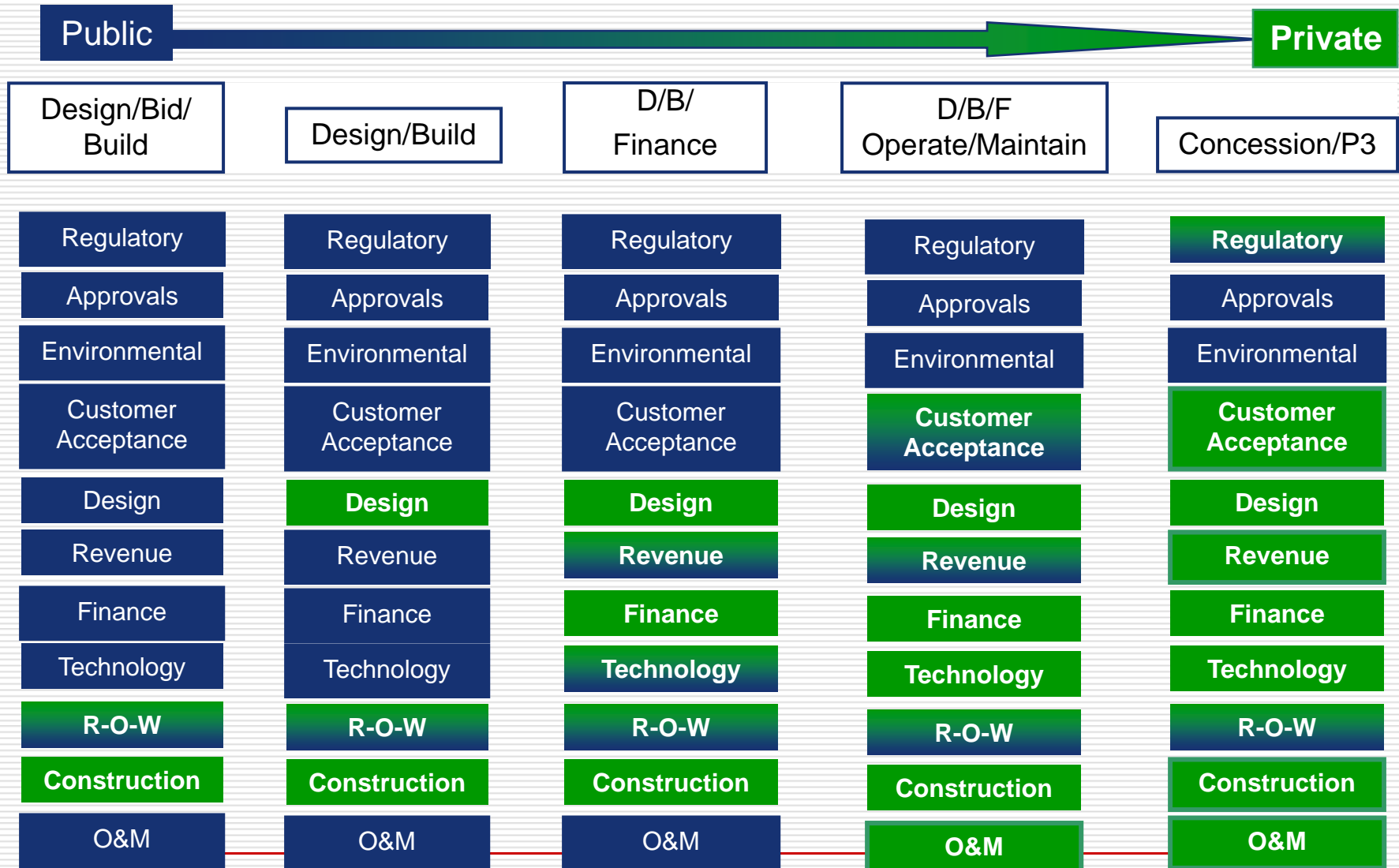
First, understand the levels of risk

Role/Responsibility	Risk Factor
Owner's Representative	1.0 – 2.0
Technical Advisor (Private)	1.0 – 5.0
Designer (D/B JV)	20.0 – 50.0

1. Cost to pursue the opportunity.
2. Chances of success.
3. Amount of work performed "at-risk".

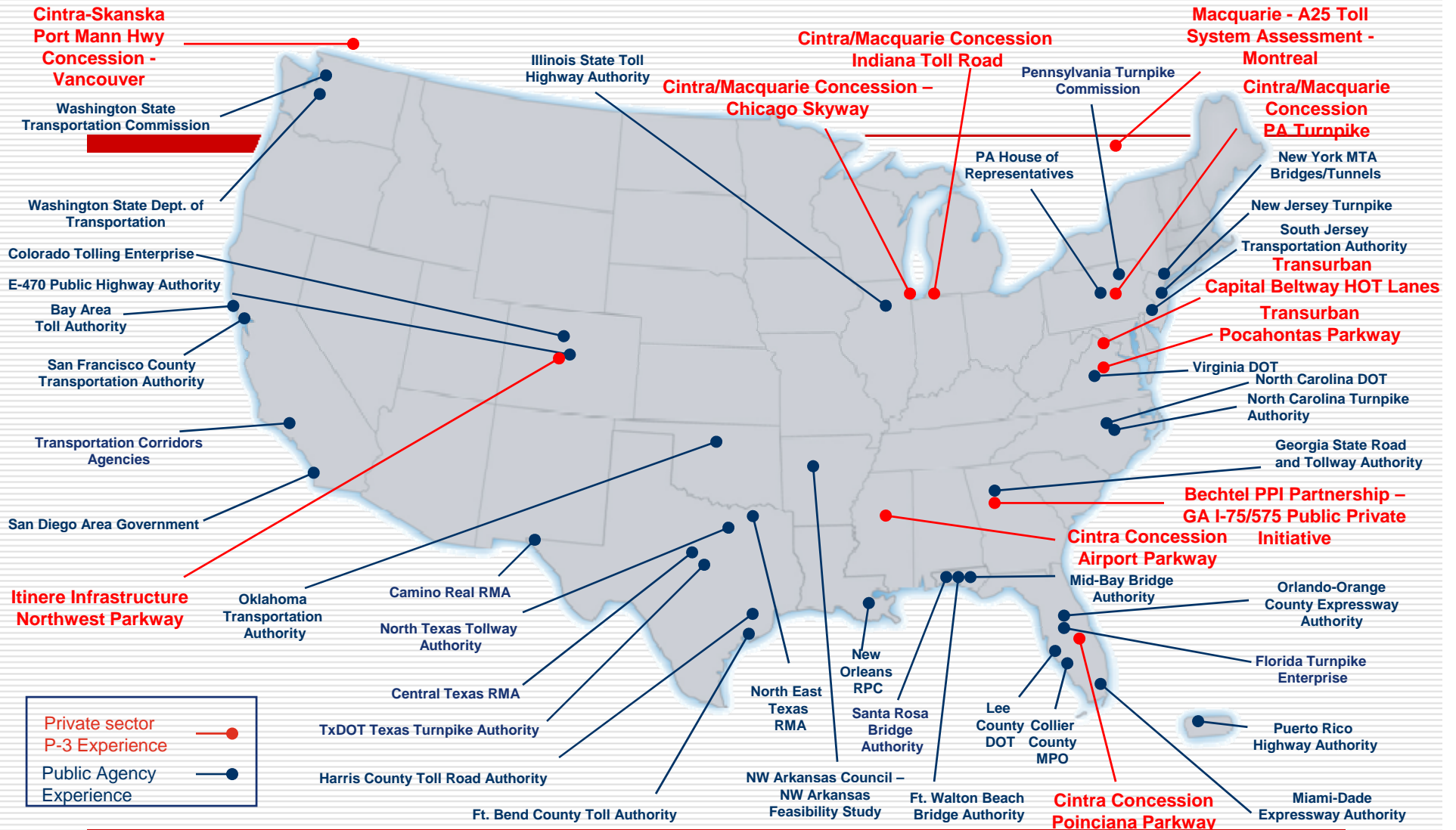
Second, understand the transfer of risk

Risk Transfer



Lessons Learned

PBS&J's Toll Infrastructure Experience



Lessons Learned: The Consultant

- It's all about managing risk
 - Risk flows from the top down on concession deals and each entity must ensure they receive adequate compensation for that risk
 - Negotiating scope and fee can be very challenging
 - The consultant's Project Manager must be at the top of his/her game
- Short time-line/high-pressure environment

Lessons Learned: The Consultant

- ❑ Concessionaire team members are kept at “arms length” if they are not a part of the managing group
- ❑ Often a “highly charged” P3 environment
 - Politically
 - Publicly
 - Professionally

Lessons Learned: The Consultant

- “Hard” money is at stake
 - Bid development is very expensive
 - Concessionaire must acquire capital
 - Long term deal/lease: 30, 50, to 99 year horizon
- Uncertainty is certain
 - Concessionaires issue RFP’s based on their knowledge of the project at the time, but things change rapidly as knowledge is gained or clarified
 - Must be adaptable and willing to press forward in this environment

Lessons Learned: The Consultant

- Success fee is often part of agreement
 - Concessionaires want partners to have a vested interest in winning
- Knowledge gained from these experiences enhances future service of the Consultant to both public and private sector clients

Summary

- The Consultant can gain from the experience of working in the P3 private-side environment:
 - Technically
 - Operationally
 - Financially
- The Consultant can also lose from the experience...
- Understand the potential risks, gains, and losses before entering into the P3 marketplace.

For additional information

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