

FPUA
COMMUNITY PROUD

Public-Private Partnership – PPP

FPUA Board Meeting June 15, 2021

What is a PPP

The National Council for Public-Private Partnerships (NCPPP) defines a public-private partnership as:

“A contractual agreement between a public agency (federal, state, or local) and a private sector entity. Through this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. In addition to the sharing of resources, each party shares in the risks and reward potential in the delivery of the service and/or facility.”

Common PPP

➤ Highways

➤ Airports

➤ Railroads

➤ Bridges

➤ Tunnels

➤ Ports

➤ Tunnels

➤ Schools

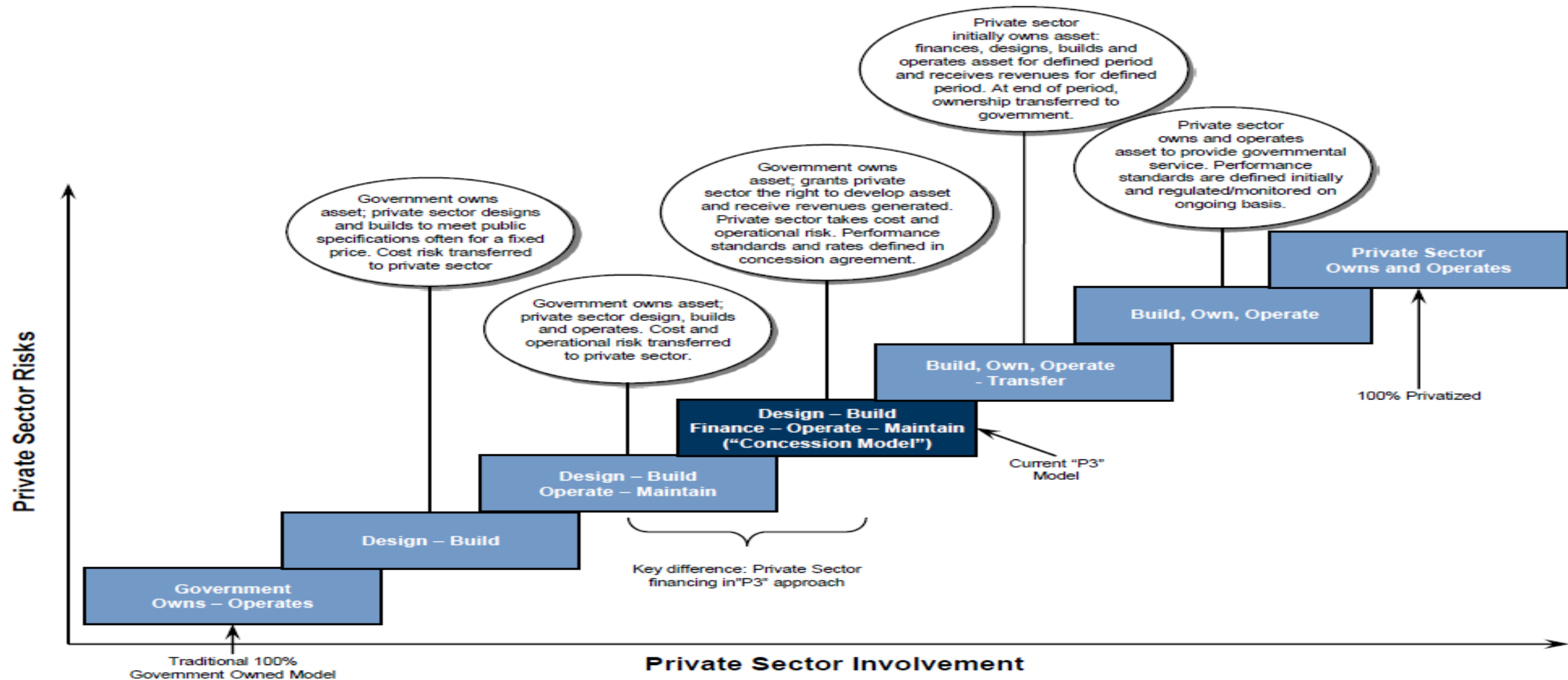
➤ Prisons

➤ Dormitories

➤ Stadiums

➤ Water & WW Facilities

Spectrum of Private Sector Risk and Involvement



Advantages

- Accelerated Time of Construction
- Reduced Management Overhead & Time
- Delegation of Risk
- Leverage Value of Land to Offset Construction Costs
 - Taxes
 - Sales Proceeds

Pitfalls

- Conflict of Priorities
- Principal Hires an Agent to Act in the Principal's Best Interest, but the Agent has a Conflicting Agenda
- Information Asymmetry - When the Agent is Better Informed Than the Principal it May Blur The Line of Responsibility
- Moral Hazards – Where Either Party Takes Excessive Risks Because the Other Party Bears The Burdon
- Separation of Ownership and Decision Making Rights



Unsolicited Proposals

Aqualia

Profits from MWRF O&M

Finances

Constructs

New Technology

Owens for 30 Yrs.

Operates with Private Employees

Leverage Cash Reserves

Taxes Offset Debt

NewCo

Profits from Redevelopment

Finances

Constructs

Technology TBD

FPUA Owns

FPUA Operates

Property Sale Offset Debt

Taxes Offset Debt



Where We Are Now

- **Plan A:** Partnership with Saint Lucie County
 - Interlocal Agreement

- **Plan B:** Proceed Independently with Option for Partnership
 - Raftelis/Hazen – Evaluate Rates
 - Update MWRf Design
 - Apply for State & Federal Grants

- **Plan C:** Public Private Partnership
 - Decide What PPP Structure is Right for FPUA Rate Payers
 - Request for Proposal



Procurement Requirements

- **255.065 F.S. authorizes municipal entities to enter into P3 projects (~2013)**
 - Statute includes requirements for how P3 projects are Procured, Approved, Qualified, and Financed.
 - Requires a Comprehensive Agreement
 - A “Responsible Public Entity” may solicit proposals or receive unsolicited proposals for a qualifying PPP project
- **The “Responsible Public Entity” is the public body authorized to develop & operate the project**
 - For Water/WW projects FPUA is the Responsible Public Entity (*Charter Art. XII, § 169*)

Procurement Requirements

- **Must follow FPUA procurement requirements**
- **Requires a competitive solicitation/RFP** (*Charter Art. XII, § 179*)
 - Design Specifications & Scope for the project
 - Must publicly announce the project - FPUA is accepting proposals (~21 days)
 - Advertise in Florida Administrative Register & Newspaper once a week for 2 weeks
- **Engineering Design & Construction**
 - Must Qualify Professional Services/Professional Engineer (per 287.055 F.S. *the CCNA*)
 - 255.065 requires Professional Review & Eval. of Design & Construction by P.E. (*throughout project*)

- Reutilization of Property to Offset Debt Service
- Delegation of Risk
- Accelerated Timeframe
- Low Interest Loan
- FPUA Oversees Construction
- FPUA Owns MWRF
- FPUA Operates MWRF

Conclusion & Discussion

- Wide range of arrangements -- one “size” does not fit all.
- Project delivery/service management tool -- they do *not* generate resources in and of themselves.
- Shift risks, accelerate projects, introduce innovations and bring efficiencies.
- Access new sources of capital -- but whether they are advantageous depends on the project.
- The P3 decision should be driven by suitability, not ideology.