INTRODUCTORY WORKSHOP
THE FUNDAMENTALS OF PUBLIC-PRIVATE PARTNERSHIPS

An initiative of The United States Conference of Mayors

What is a P3?

Simply stated - a procurement model that uses an integrated and life cycle approach to delivering infrastructure incorporating design, construction, financing, operations and maintenance functions into one contract.

Local State and Federal Governments across the U.S. face a challenge: they must do more with less, but they must also invest massively to rebuild and expand our infrastructure.

Public-Private Partnerships (P3s) offer a solution. P3s are partnerships between a public entity and a team of private companies to deliver a public good or service. P3s are not free money, but they offer a more efficient and time tested method to design, construct, finance and maintain public building, transportation and water systems. P3s allow private capital to jump start and help finance projects. They also keep the ownership of the facility with the government.

In times when public budgets are constrained, P3s offer governments a way to transfer risks to the private sector, help ensure infrastructure projects are built on time and on budget, and better maintain public facilities over many decades.

A P3 is:

- **Design and Construction, Financing, Operations and Maintenance Partnership.**
  Public sector enters into a long-term contract with the private sector to deliver assets and services for the benefit of the general public.

- **A Risk Sharing Approach.**
  Private sector assumes key financial, technical and operational risks, while the public sector sets policy and retains ownership.

- **A Lifecycle Procurement Approach that Guarantees Performance.**
  By integrating design, construction, and financing with operations and maintenance, the asset performance is optimized for the long term.

- **A Transparent Relationship.**
  The owner creates the control parameters during procurement and retains ownership of the project.

A P3 is NOT:

- **Privatization.**
  Public sector retains ownership and ultimate control of the public asset.

- **A Funding Solution.**
  The government agency gains access to private financing options which may not be available in regular public procurement, but the project must still be creditworthy.

- **A Short Term Contract.**
  The private entity enters into a performance-based contract with financial penalties imposed by the public agency if availability and quality standards are not met.

- **The Right Solution for Every Project.**
  A value-for-money analysis should be performed by experienced legal, technical and financial advisors to determine if a P3 is right for your project.

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