

THE U.S. TRANSPORTATION MARKET – WHAT CAN P-3'S DO FOR YOU?

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AGENDA

- ✘ The history of transportation P-3's
- ✘ Why P-3's in the U.S.
- ✘ How does, and can, a P-3 help you
- ✘ Summary

AGENDA

- ✘ The history of transportation P-3's

HISTORY OF TRANSPORTATION P-3'S

- ✘ Transportation Concessions were initiated in Europe after World War II
- ✘ Private firms were awarded long-term franchises to design, finance, build, and operate facilities
- ✘ Originally most of the franchisers were partly or mostly owned by a government before being privatized
- ✘ Today, fuel taxes in Europe are not fully dedicated to transportation, but go to general revenue uses
- ✘ The D-B-F-O-T approach is now often referred to as a Concession model
- ✘ This approach moved to the U.S. during the last decade

AGENDA

- ✘ Why P-3's in the U.S.

WHY P-3'S IN THE U.S.

- ✘ Lost purchasing power/value of current transportation funding sources
 - + Increasing efficiency of the automobile and decreasing efficiency of the funding source
 - + Inflation of costs, but not revenues
- ✘ Lack of desire to increase the existing tax-based revenue source...

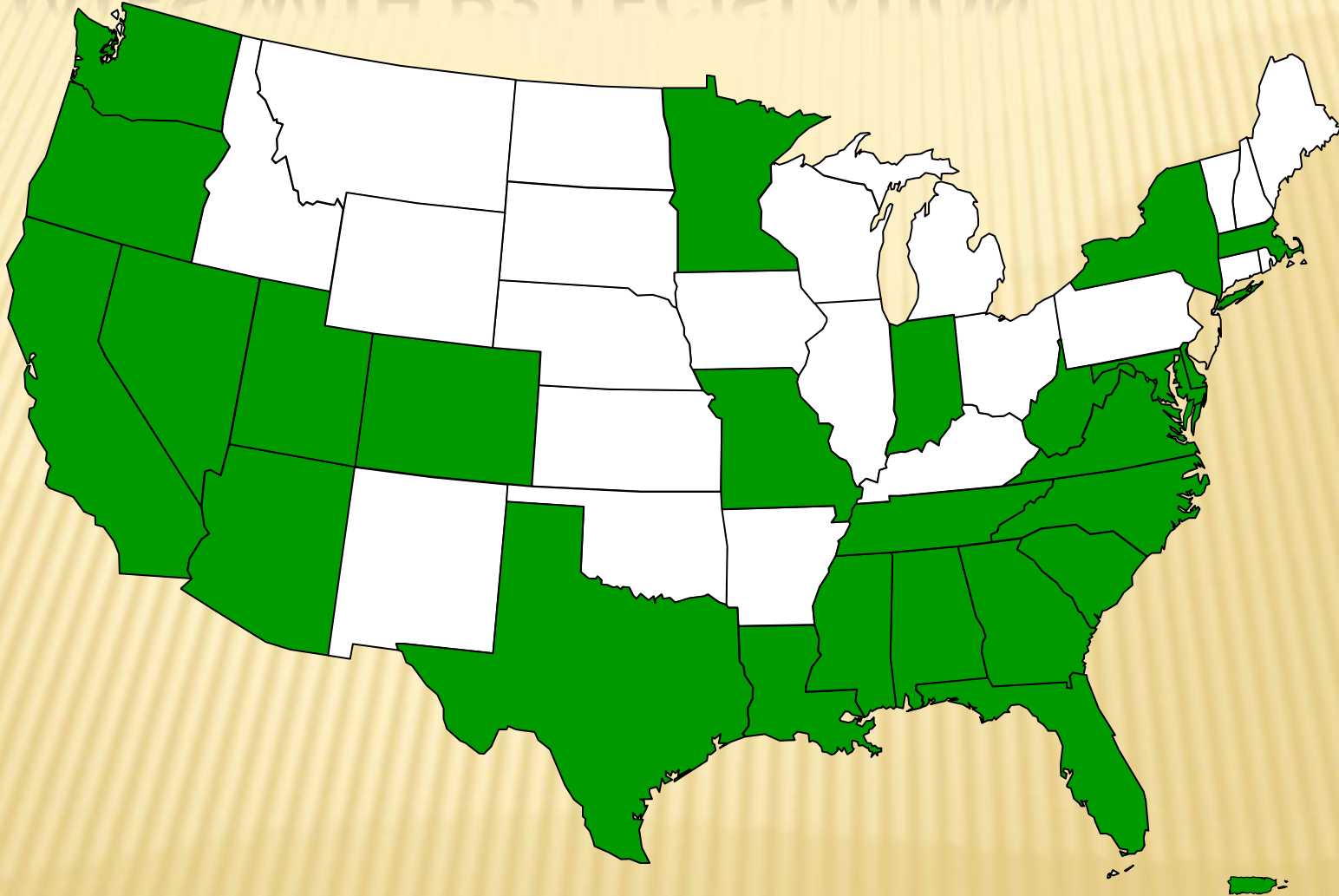
WHY P-3'S IN THE U.S.

- ✘ No overriding federal mandate or vision for transportation
- ✘ Generally poor condition of infrastructure in the U.S.

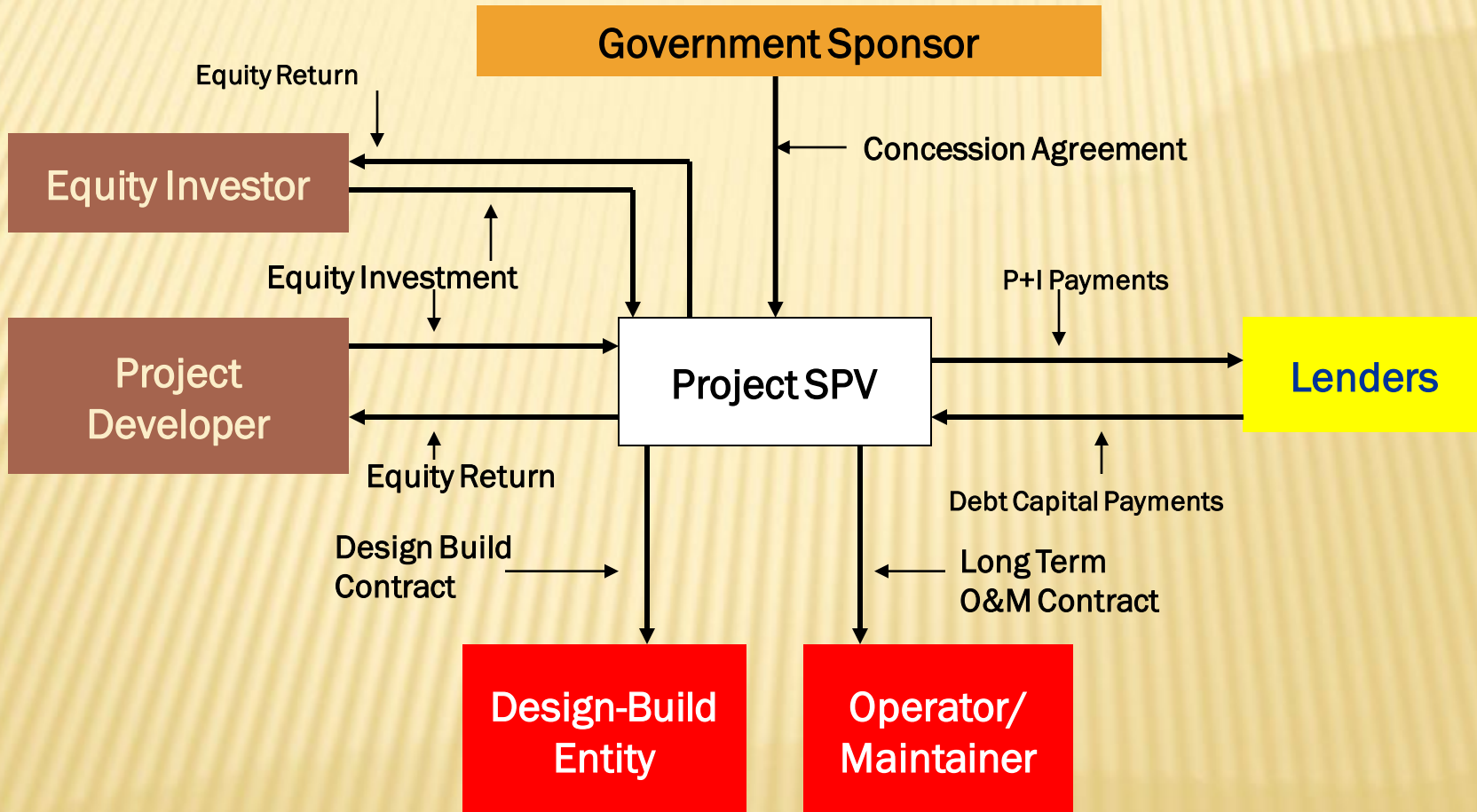
P-3 TRANSPORTATION PROJECTS IN THE U.S.

- ✘ Types of P-3 activities
 - + Brown-field: existing facility – no major construction
 - + Green-field: new construction – new capacity
 - + Revenue generating
 - + Non-revenue generating
- ✘ A Concession-based P-3 does not equal selling ownership of public transportation facilities
- ✘ Agencies learned that the Private sector will focus on
 - + Financial performance
 - + Policy direction and impacts
 - + Procurement: transparency, preparation, commercial terms and methods

STATES WITH P3 LEGISLATION

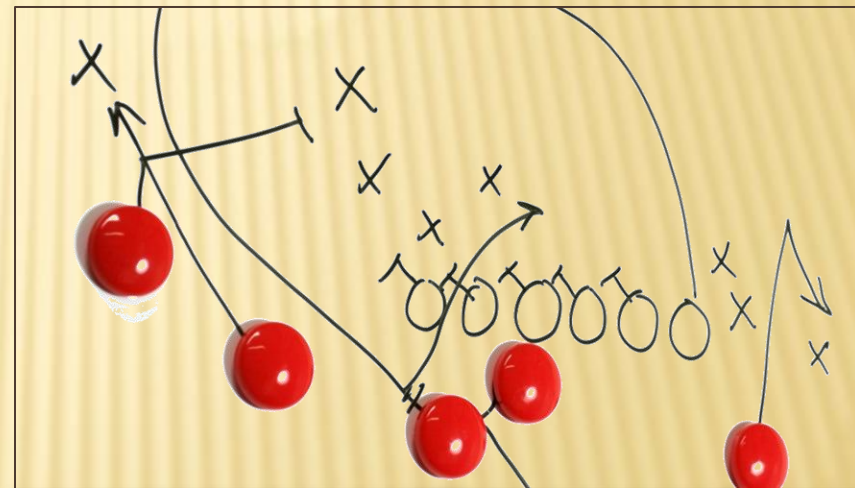


TYPICAL P3 STRUCTURE



AGENDA

- ✘ How does, and can, a P-3 help you
 - + Address the basics first
 - + Advance the ball
 - + Do what you do well
 - + Recruit for success
 - + Keep your eye on the ball
 - + It's a long game



ADDRESS THE BASICS FIRST

- ✘ Is it the right game plan?
 - + Does it align the strengths of the public sector and private sector for the public's benefit?
 - + Are political factors supportive of the approach?
- ✘ Is the team prepared?
 - + Does everyone understand their role?
 - ✘ Offense
 - ✘ Defense
 - ✘ Special teams

ADVANCE THE BALL

- ✘ The right play must be called
 - + Opening with the wrong project for the wrong reasons will result in a big loss of momentum, or worse
- ✘ Procurement has to be “commercial”
 - + It is difficult to “audible” after the ad hits the street
- ✘ The game clock is always ticking
 - + It costs time and money to move in this direction – make sure you are ready to start the process in the right manner

DO WHAT YOU DO WELL

- ✘ Don't extend beyond your abilities, but make sure the things you do well, are done well
 - + Does your team have solid experience in: Design-build? Scheduling? Negotiating?
 - + Does your staff have credible experience in:
 - ✓ Financial Modeling
 - ✓ P-3 Procurement and Contracting
 - ✓ Innovative Finance
 - ✓ Long Term Operating Expense Estimating
 - ✓ Long Term Capital Expense Estimating
 - ✓ Life-cycle Costs
 - ✓ Operations and maintenance

RECRUIT FOR SUCCESS

- ✘ Go for new recruits and “free agents”
 - + Don’t assume you can cover it all – don’t let pride trip you up
 - + Remember: you learn from others – remain teachable and coachable
- ✘ Internal or external – both can work, but be sure before you buy
 - + What is best for the short-term and long-term

KEEP YOUR EYE ON THE BALL

- ✘ Focus on the catch before the run
 - + Don't get ahead of the procurement process
- ✘ Stay “in the moment”
 - + Thinking about tomorrow's victory can ruin today's success

IT'S A LONG GAME

- ✘ Just like the games of sports, it is a long game
- ✘ Don't underestimate how long it will take to reach a deal
 - + And that is only the beginning – partnerships can last from 5 to 50 years
 - + Make sure your contracts are comprehensive, yet flexible and fair

WHAT CAN P-3'S DO FOR YOU?

- ✘ Advance your overall program faster
- ✘ Provide new sources of funding
- ✘ Transfer risks and the value/costs of risks to another partner
- ✘ Teach new skills to your team
- ✘ Bring new ideas and techniques to solving technical and financial challenges
- ✘ Focus your team on meeting the needs of the users through partnerships

SUMMARY – *TALENT IS NEVER ENOUGH*

- ✘ Belief
- ✘ Initiative
- ✘ Focus
- ✘ Passion
- ✘ Perseverance
- ✘ Courage
- ✘ Teamwork
- ✘ Teachability

FOR MORE INFORMATION

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