



The Owner's Role in P3 Procurement Long Beach Civic Center

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Project Development: Two Basic Questions

Investment Decision

- Should the project be pursued?
- Drivers:
 - Public policy
 - Purpose and Need
 - Project definition
 - Costs and benefits

Procurement Decision

- How should the project be delivered?
- Drivers:
 - Project risk
 - Funding options
 - Financing options
 - Market factors

The Procurement Decision

- **Evaluation of Delivery Options (Business Case)**
 - Defines sponsor's goals, desired outcomes
 - Identifies and compares feasible delivery options
 - Makes a recommendation
 - Provides a strategic roadmap for procurement and delivery
- **Qualitative and Quantitative Factors**
 - Protection of public interest
 - Competition & transparency
 - Flexibility & accountability
 - Cost (initial construction, financing, and life-cycle)
 - Funding & revenue streams
 - Service quality
 - Risk management
- **Set project parameters for procuring the desired service**

Traditional versus P3 Procurement

	Traditional	P3
Development of project revenues	Public or Private	Private
Design @ bid stage	100%	< 20%
Construction Price & Schedule	Lowest Bid & Target Schedule	Fixed Price & Schedule
Financing	Muni bonds	Non-recourse private equity + debt
Maintenance	Public	Private
Operations	Public	Public or Private

Owner's Roles and Responsibilities in P3 Procurement

	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
	Planning	Formulation	Structuring	Procurement	Implementation
Design	N/A	Conceptual design 5%	Schematic design 5%-40%	Schematic Design 5%-40%	DD-CD-RfC 40%-100%
Cost	N/A	Parametric	AACE Class 4	AACE Class 3	Fixed Price
Focus of Stage	Develop pipeline of projects. Build rationale for investment decision.	Make the investment decision(s) relative to prioritized projects.	Evaluate delivery options. Develop full project technical feasibility, risk register and financial model.	Develop contractual & procurement documentation. Run solicitation. Selection and negotiations.	Actively manage contract execution, modifications and associated risks.

- Project definition
- Stakeholder engagement
- Structuring and managing P3 procurement
- Negotiations and approvals
- Contract oversight and enforcement

Owner's Roles and Responsibilities in P3 Procurement

	Project Role	Typical Functions and Expertise Required
In-house	Project Director	<ul style="list-style-type: none"> Gaining approvals, political savvy Stakeholder management and project promotion
	Project Manager	<ul style="list-style-type: none"> Oversight, risk management & reporting Negotiations and Contract management (i.e. technical, financial, legal)
	Deputy PMs	<ul style="list-style-type: none"> Technical: programming, design, engineering, land entitlements/approvals Financial: budget, debt management, tax revenue Legal: procurement, land entitlements/leases, contracts
External	Technical Advisor	<ul style="list-style-type: none"> Programming and performance specification writing Design & Engineering, cost consulting, risk analysis Procurement management, construction and contract management
	Financial Advisor	<ul style="list-style-type: none"> Project finance (e.g. non-recourse debt structuring, leverage) Financial modeling and funding/financial risk Payment mechanism (e.g. how public payments will work in P3 contract)
	Legal Advisor	<ul style="list-style-type: none"> Legal authorization strategy Project finance (e.g. non-recourse debt structuring)

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