

Public-Private Partnerships Proceedings  
PNWER Annual Summit – Big Sky, Montana  
July 15, 2015

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*Co-chair: Senator Chuck Winder, Idaho State Legislature*

*Co-chair: Bruce Agnew, Director, Cascadia Center*

**Speakers:**

Consul General James K Hill, Consulate General of Canada, Seattle

Mark Romoff, President & CEO - The Canadian Council for Public-Private Partnerships (CCPPP)

Mark Liedemann - Vice President - Partnerships BC

Bob Rowe – CEO - NorthWestern Energy

Rick Adcock – Managing Director - MWH Infrastructure Development, Inc.

*Tes Rasmussen - HDR*

*Arun Eapen – SNC Lavalin Capital*

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**Discussion Topics**

*A Primer on Public Private Partnerships - Mark Romoff*

Mark Romoff began by giving a background on Canada and their relationship with P3. As showcased by a number of projects, P3 projects are not new to Canada. 229 projects in Canada have been introduced, with a total worth of 72.7 billion. Ontario accounts for more than half of the projects in Canada, with most projects focusing on transportation. In general, Canadian projects tend to be on time and on budget, resulting in a lower risk for investors. Recently, new players have joined the P3 process including Saskatchewan. In addition, a conference focusing on P3 will be held in November in Toronto.

*The P3 Experience: Perspectives on the benefits and implementation of public private partnerships - Mark Liedemann, Bob Rowe*

Partnerships BC focuses on supports the public in meeting its infrastructure needs by providing leadership, expertise and consistency in the procurement of complex capital projects by utilizing private sector innovation, services and capital to deliver measureable benefits for taxpayers. P3 has a number of benefits including:

- Certainty
- Life cycle asset management
- Collaborative and transparent procurement
- Public ownership
- Discipline and value for money
- Integration and innovation

- Investment and job creation

Foundations of success in BC include:

- Political will and policy framework
- Established track record
- Centralized procurement expertise
- Steady project pipeline
- Consistent documentation and process
- Fair and transparent competitive selection process

*Case Study: Transportation – Bob Rowe, Tes Rasmussen, Arun Eapen*

Bob Rowe began on the building of a strong foundation. It includes: building on ongoing operation – capital and expenses, utility infrastructure investment, supply adequacy & stability, and evolving the grid program. Approximately \$348 million (\$133 million already spent through 2014) of capital investment into the multiyear project through 2019. The foundation for the Gas Plan seeks to: improve leak rate, enthusiastically embrace the industry’s new safety model (DIMP), and employ state-of-the-art analytical skills in order to proactively manage safety. The major systems used to monitor system capabilities are:

- Asset Life (managed by components)
- Reliability (by segment and asset performance)
- Capacity (by segment and asset performance)
- Compliance (by segment and asset performance)
- Automation and Technology (used throughout the major categories)

Tes Rasmussen stressed the reasons for investing in P3 projects. These include:

- Saves total life-cycle cost; establishes known future O&M costs
- Can advance projects faster to realize economic development & QoL benefits
- Creates a contractual obligation to ensure adequate levels of facility maintenance
- Private operation of revenue-producing facilities can maximize revenue

However, there are a number of challenges to implementing P3 projects, such as:

- Public perception
- Trust in private involvement
- Long term commitments required for annual availability payments
- The myth of “free money”
- Agency expertise in negotiations and analysis of P3 project proposals / assigning risk
- Inconsistent P3 legislation in different states and countries

Every P3 is different, but there are ways to standardize the approach (legislation, procurement processes, agency organization, and risk allocation) to make it a successful project that is attractive to private involvement.

Arun Eapen outlined a number of projects that SNC-Lavalin Capital Inc. has been involved with including: the New Champlain Bridge, John Hart Generating Station Replacement, and the Confederation Line (Ottawa Light Rail), among others. Canada’s P3 market landscape has evolved considerably and has established Canada

as one of the world’s most stable and significant P3 markets in both volume and capital size of transactions. The financing of P3s through both bond and bank solutions have allowed success in the Canadian P3 market.

*Case Study: Water - Rick Adcock*

Rick Adcock discussed the advantages of private financing, including: the leverage of capital, saving of money, and transferring of risks. Currently, there is not a large amount of water associated P3 projects in the United States. Active projects have to do mostly with storm water, drinking water treatment, waste water treatment, and water storage & conveyance. For P3 projects to be successful there are a few hurdles to overcome, including:

- Cost of Capital Hurdle Overcome
- Political Will
- Stakeholder Engagement
- Legal, Commercial, Financial, Technical Sophistication - Both Sides
- Parties Must Accept Changed Roles
- Key Contract Issues Recognized and Addressed Early
- Innovative Thinking – P3s Can Add Flexibility

*Public-Private Partnership Discussion*

Generally speaking, there needs to be a promotion for research projects to conduct an analysis of the lessons and obstacles learned from US and Canadian P3 projects

**Action Items**

<b>1</b>	The Transportation Working Group will engage and support the efforts of PNWER and President Curt McKenzie to expand the program emphasis on Public Private Partnerships and "lessons learned" from Canada. We will facilitate monthly calls among PNWER delegates, continue the previous pre-PNWER Summit tours to showcase P-3's and seek program funding from governments and private sector sponsors
<b>2</b>	Promote research projects to conduct an analysis of the lessons and obstacles learned from US and Canadian P3 projects